TAKING ACTION FOR YOU

UNIVERSAL REGISTRATION DOCUMENT

2020 ANNUAL FINANCIAL REPORT

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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

2020 Annual Financial Report

The French language version of this *Document d'Enregistrement Universel* (Universal Registration Document) was filed on April 8, 2021 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.

This 2020 Universal Registration Document follows an unprecedented year, marked by the Covid-19 pandemic whose health, social and economic impact reverberate to this day in all the countries in which we operate.

Above all, 2020 was a year of commitment for Carrefour. Our teams showed incredible dedication in the face of immense health, logistical and human challenges, outdoing themselves in support of our customers. Our entire Group rose to the occasion, maintaining a high level of vigilance and rigor on the sanitary front at all times. Our social and environmental commitments never wavered. In fact, with the current economic crisis, our role as leader of the food transition, that is our mission to make good quality, sustainable food accessible to all, proves to be more important than ever.

2020 was also a decisive year for Carrefour. In a crisis which is accelerating the ongoing transformations in our industry, our Group reached a watershed. Three years ago, the

"2020 was a year of commitment for Carrefour. Our teams showed incredible dedication in the face of immense health, logistical and human challenges, outdoing themselves in support of our customers. (...) 2020 was also a decisive year for Carrefour. In a crisis which is accelerating the ongoing transformations in our industry, our Group reached a watershed. We have established an attractive growth model based on customer satisfaction and new consumer trends."

Carrefour 2022 plan marked a first turning point for our Group and set out our ambition. After three years of flawless roll-out of our transformation, we have established an attractive growth model based on customer satisfaction and new consumer trends. This model is now delivering sustainable growth in sales and profitability for our Group, allowing us to generate significant financing capacity.

With 2020 now behind us, I observe that despite the crisis, we continue to grow. Despite the emergencies, we are achieving our financial and extra-financial objectives. Despite the uncertainty over the health and economic situation, we inspire confidence. Buoyed by this success, in 2021 we will continue to promote the values of diversity, dignity and service on which our Group is built. As always, we will be there for our customers, who expect so much from us.

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

With a multi-format and omni-channel network, Carrefour is one of the world's leading food retailers. Its 13,048 stores and e-commerce sites welcome 77 million customer households.

With over 320,000 employees in nine integrated countries (France, Spain, Italy, Belgium, Romania, Poland, Brazil, Argentina and Taiwan), the Group generated 78.6 billion euros in gross sales in 2020, an increase of 7.8% like for like. Recurring operating income came to 2,173 million euros, up 16.4% at constant exchange rates and under accounting standards comparable to those applied in 2020(1).

2020 was dominated by the Covid-19 pandemic, which turned the global economy upside down. In all its host countries, Carrefour teams made an exceptional effort to ensure the continuity of food distribution and meet new consumer expectations, in a complex and constantly changing environment.

As recognised by accredited certification bodies, the Group implemented robust measures to protect the health of its employees and customers, often going above and beyond the health measures recommended by public authorities in each country.

Carrefour also assumed new social responsibilities during the crisis by organising community outreach initiatives and making a commitment to providing hospital staff and the most vulnerable members of society with new services (meal deliveries, baskets of basic necessities, priority store access, etc.). The Group also supported the local economic fabric, deprived of outlets due to health measures, by prioritising local supplies, facilitating the listing of producers and opening up its stores to traders subject to administrative closure. Carrefour's singular contribution to the national effort was recognised and applauded by consumers. In France, Carrefour was cited as the most useful brand during the period of nationwide lockdown, which began at the end of October 2020, ahead of other retail banners(2).

In 2020, Carrefour made customer satisfaction its number one priority. Its strategy in this area is based on "5/5/5", an innovative programme defined in 2018 by Carrefour Taiwan CEO Rami Baitiéh and subsequently rolled out in Argentina, Spain and France. The programme leverages employees' individual and collective engagement, both at the head office and in stores, to ensure customer satisfaction through 15 commitments divided into three categories: trust, service and experience. The 5/5/5 programme is about tying the Group's actions to the 15 customer relationship and satisfaction points where it needs to focus its efforts, by making strong promises and guarantees. After contributing to commercial successes in Argentina, Spain, Taiwan and Poland since 2018, it was extended in 2020 to all Group countries. The dynamic roll-out of the 5/5/5 programme in France at the beginning of summer 2020 drove a 16-point increase in the NPS® customer satisfaction indicator for the year, with contributions from all formats, particularly hypermarkets. At Group level, the NPS® was up 12 points.

Carrefour also performed well in terms of price competitiveness in many countries, especially France, Brazil and Spain. Particular attention was paid to Carrefour-brand products, which accounted for 29% of sales.

The health crisis and lockdowns drove sharp increases in food e-commerce and convenience store sales. Thanks to the rapid development of the Drive network and home and express delivery services and to the new start-ups integrated into the Group in 2020 (Dejbox and Potager City), the food e-commerce segment recorded growth of 70%.

Carrefour continued to outperform the market in organic products, with 18% growth in its sales. In France, the Group strengthened its store network in this segment by acquiring specialist banners Bioazur and Bio c' Bon.

The health crisis confirmed the relevance of the strategic choices made in 2018 with regard to the "Carrefour 2022" transformation plan, which focuses on the food transition. Countries like Brazil and Spain, which were facing major challenges just two years ago, are now in a winning position, as illustrated by their renewed growth dynamic.

Carrefour has shown great financial discipline since 2018. The Group has one of the strongest balance sheets in the industry, which is an important asset in an environment shaped by rapid changes in food retail and by the Covid-19 pandemic. The Group is more attentive than ever to moderately sized external growth opportunities that complement its existing operations. The acquisitions in 2020 of 30 Makro stores in Brazil (25 of which were completed by end-December), 224 convenience stores (Wellcome and Jasons) in Taiwan and 172 Supersol stores in Spain reflect this strategy.

(1) Recurring operating income for 2020 includes income and expenses related to Covid-19. Exceptional bonuses and similar benefits awarded to employees (128 million euros in first-half 2020) are recognised in non-recurring expenses.
(2) Source: CSA Brands&You survey, November 2020.

1.1.2 BUSINESS OVERVIEW

With operations in over 30 countries, the Group generates 52% of its revenue outside of France. It develops its business through a network of integrated stores in its two main markets, Europe and Latin America. Carrefour is also present in Taiwan and benefits from a network of franchised stores with local partners in other regions (Middle East, Africa, etc.).

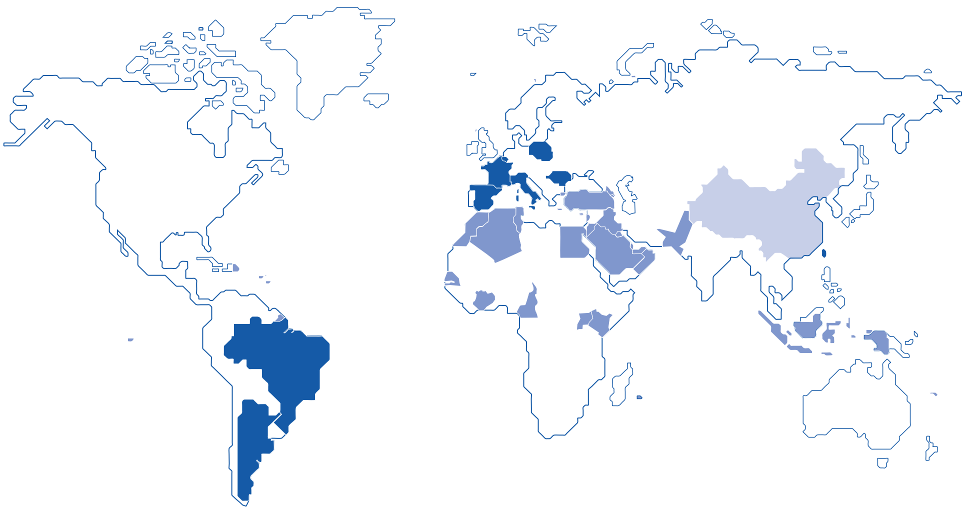
Carrefour offers its customers all retail formats: hypermarkets, supermarkets, convenience stores, cash & carry stores, and e-commerce. Its multi-channel structure gives customers the option of shopping in-store, ordering online, having their shopping home delivered or picking up their purchases from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

In France, the Carrefour group had 5,592 stores under its banners at end-2020, in four formats: 248 Carrefour hypermarkets, 1,179 Carrefour Market supermarkets and Bio c' Bon stores, 4,018 convenience stores operating under the Carrefour City, Carrefour Contact, Carrefour Express, Carrefour Bio etc. banners and 147 Promocash cash & carry stores. In Europe (excluding France), Carrefour had 5,553 stores under its banners at end-2020, including 456 hypermarkets, 1,873 supermarkets, 3,156 convenience stores and 68 cash & carry stores. A key retailer in Latin America, the Group has a local multi-format network of 185 hypermarkets, 151 supermarkets, 530 convenience stores and 215 cash & carry stores in the two growth markets of Argentina and Brazil. In Asia, following the divestment of Carrefour China in 2019, 248 stores were operating at end-2020, including 172 hypermarkets, 10 supermarkets and 66 convenience stores. Carrefour also operates 574 stores with local franchisee partners around the world (Middle East, Africa etc.).

1.1.3 OPERATING REGIONS

Carrefour Group
13,048 stores around the world

France* **5,430** stores | Belgium **787** stores | Poland **937** stores | Romania **369** stores



Argentina **592** stores | Brazil **489** stores | Spain **1,250** stores | Italy **1,485** stores | Taïwan **132** stores | Other **1,577** stores

Integrated countries/regions · Franchised countries/regions · China**

* Metropolitan France.
** The agreement for the disposal of Carrefour China signed in 2019 stipulated that the stores can remain under the Carrefour banner during the transition period.

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 July, Carrefour acquired the So.Bio banner.
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.

2020

In response to the Covid-19 epidemic, the Group fulfilled its mission as a food distributor while protecting its employees and customers. The health crisis confirmed the relevance of Carrefour's strategic choices in favour of the food transition, local purchasing, the link between food, health and the environment, low prices and e-commerce. Carrefour also adopted a new customer-oriented approach in 2020, with an emphasis on revitalizing customer traffic and driving comparable growth, notably by deploying the 5/5/5 method, which makes customer satisfaction central to all of the Group's initiatives. Lastly, Carrefour pursued its strategy of making targeted, value-creating acquisitions.

+ **The highlights of 2020 and the first quarter of 2021 are presented in Sections 1.5.1 and 1.5.2 of this Universal Registration Document**

1.1.5 OUR BUSINESS MODEL, BASED ON CREATING SHARED VALUE

Through its physical and intellectual capital, Carrefour leverages its business model to create value for its stakeholders and make a positive contribution to society. Carrefour sells products and services for consumers and food services professionals. Its mission is to provide customers with quality services, products and food accessible to all across all distribution channels. In all its host regions, this process includes the direct or indirect purchasing of products, definition of specifications for the Group's own-brand lines, organisation of supply logistics and management of physical and online stores.

Carrefour leverages its business operations to strengthen its contribution to the UN Sustainable Development Goals (SDGs) and aims to facilitate and promote the food transition for all, alongside its various stakeholders. The key ways in which the Group has a positive impact on society are presented in the infographic below and described in Section 1.4.2.5.

PRESENTATION OF THE CARREFOUR GROUP
Group profile – Executive summary

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

OUR ASSETS

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

Capital and resources

FINANCIAL & ECONOMIC CAPITAL

- **13,048** stores and **2,225** Drive outlets worldwide
- Over **30** host **countries**
- **€78.6 billion** in gross sales
- **€2,183 million** in other income (finance companies, real estate development, leases)
- **€50 million** in financial income

HUMAN & INTELLECTUAL CAPITAL

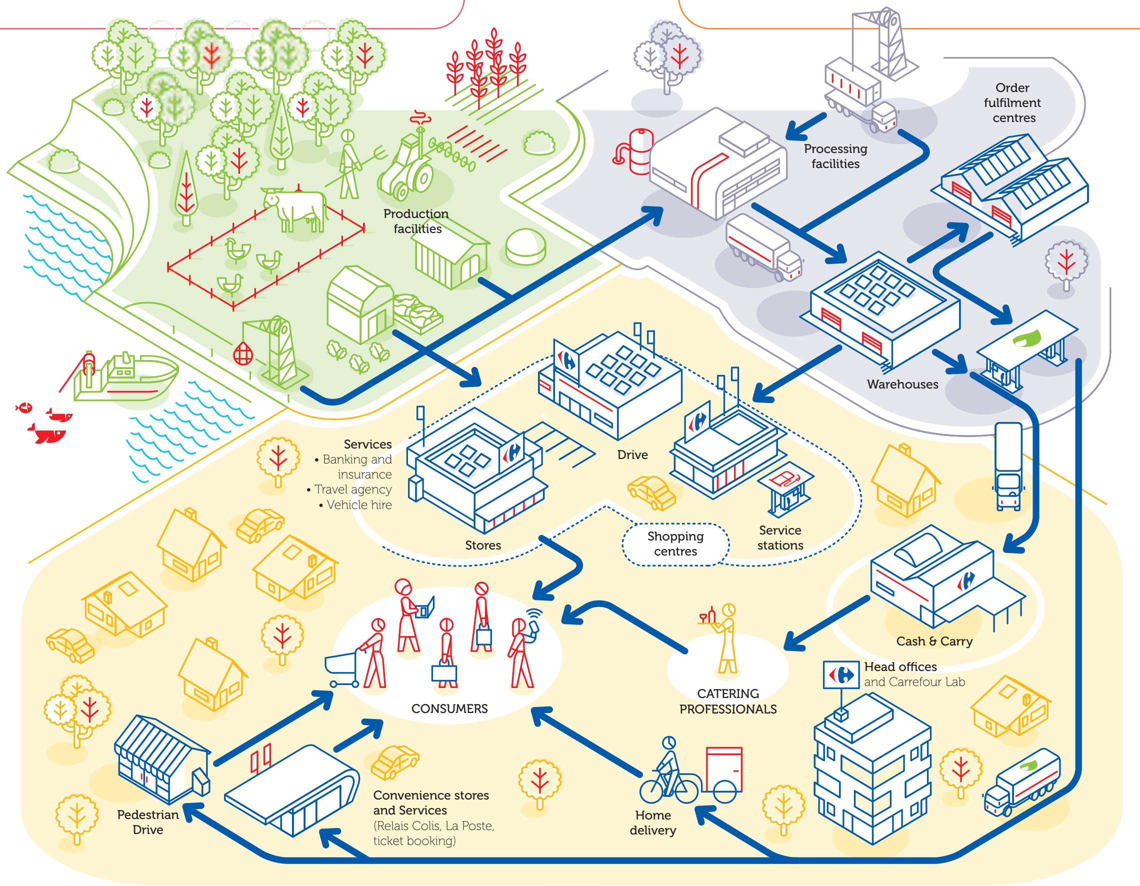
- **322,164** employees worldwide
- **300** job families
- Worldwide agreement signed with the UNI Global Union
- Act for Change managerial programme

RELATIONAL CAPITAL

- **77 million** customer households
- **1** worldwide e-commerce site
- **49 million** loyalty cardholders
- **13** international partnerships
- **2,670** production facilities in Europe
- **27,884** 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

- Flow of goods
- Suppliers' operations
- Producers' operations
- Integrated and franchised Carrefour operations

Creating shared value

FINANCIAL & ECONOMIC CAPITAL

- **€183 million** in dividends paid to parent company shareholders
- **€962 million** in income and other taxes
- **€1,597 million** in payroll taxes
- **€334 million** in net finance costs
- **€384 million** in expenses on financial transactions

HUMAN & INTELLECTUAL CAPITAL

- **€7,262 million** in wages, salaries and payroll taxes
- Employee **Net Promoter Score® (NPS®)**
- **8.04 hours** of training per employee per year
- **1,418** social audits performed at our suppliers
- **23.2%** women among those appointed to key positions in 2020

RELATIONAL CAPITAL

- **17 million** fans on social media
- Net Promoter Score® (NPS®) **up 12 points** in 2019
- **€60,135 million** in purchased merchandise and services
- **753** Carrefour Quality Lines
- **1,139** Carrefour organic product listings
- **77 million** meals donated to food aid charities
- **47** projects supported by the Carrefour Foundation

NATURAL & ENVIRONMENTAL CAPITAL

- **9.1%** reduction in CO_2 emissions (vs. 2019)
- **66.1%** of waste recovered and reused
- **-28.7%** reduction in food waste (vs. 2016)
- **43.7%** of tested seafood products are from sustainable sources
- **6,154 tonnes** of packaging avoided since 2017

1.1.6 "CARREFOUR 2022" TRANSFORMATION PLAN – STRATEGY AND PROGRESS REPORT

Strategy

To build a sustainable development model capable of meeting the challenges associated with 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 relevance of the "Carrefour 2022" transformation plan was confirmed in 2020 against the backdrop of the Covid-19 pandemic. The Group continued to gradually implement a successful retail model based on a robust customer-oriented culture, a flawless operational and commercial performance, strong price competitiveness, an efficient omni-channel approach and a dynamic product assortment aligned with customer expectations.

- The priority given to customer satisfaction – notably thanks to the deployment of the 5/5/5 method in all Group countries – resulted in a 12-point Net Promoter Score® (NPS®) gain in 2020.
- A key component of purchasing power and price image, Carrefour-brand products saw their the penetration rate increase by 2 points in 2020 to represent 29% of sales.
- Carrefour strengthened its leadership in the organic segment during the year, with sales up 18% to 2.7 billion euros.
- Food e-commerce GMV accelerated significantly, rising by 70% to total 2.3 billion euros.
- The cost-cutting dynamic continued during the year, resulting in savings of 3 billion euros since the beginning of the strategic plan.
- Carrefour remains vigilant with regard to the selectivity and productivity of its investments, which were kept below 1.24 billion euros in 2020.

For further details on the Group's strategy, see Section 1.4.

Objectives

The Group is reiterating the key focuses of the "Carrefour 2022" strategic plan and also stepping up its commitments with additional objectives.

Operational objectives:

- Group's NPS® growth objective increased to 30 points over the period 2020-2022 (vs 23 points previously);
- 350,000 sq.m. reduction in hypermarket sales area worldwide by 2022: objective suspended during the health crisis;
- 15% reduction in product assortments by 2020;
- Carrefour-brand products accounting for one-third of sales in 2022;
- 2,700 convenience store openings by 2022.

Financial objectives:

- 4.2 billion euros in food e-commerce GMV in 2022;
- 4.8 billion euros in sales of organic products in 2022;
- The objective of 3.0 billion euros in savings on a full-year basis by end-2020 has been met;
- 2.4 billion euros in additional cost savings by 2023 on a full-year basis (in addition to the 3.0 billion euros in savings already achieved since the start of the plan);
- Net free cash flow in excess of 1 billion euros per year from 2021, after cash-out for non-recurring expenses (notably related to restructuring plans);
- Annual capital expenditure of around 1.5 billion euros to 1.7 billion euros;
- 300 million euros in additional disposals of non-strategic real estate assets by 2022.

1.1.7 CORPORATE SOCIAL RESPONSIBILITY – STRONGER COMMITMENTS AND RESULTS

Carrefour made progress on the construction of its sustainable value creation model in 2020. Ranked the leading French retailer and in the top 5 global retailers by the Dow Jones Sustainability Index (DJSI) World for the fourth consecutive year, the Group saw its CSR and Food Transition index rise to 115% in 2020, from 114% in 2019.

Carrefour performed particularly well on the following points during the year:

- 6,154 tonne reduction in packaging since 2017. Forecasts prompted the Group to revise its objectives during 2020: Carrefour is now doubling its packaging reduction target to 20,000 tonnes by 2025, including 15,000 tonnes of plastic;
- 9.1% reduction in CO_2 emissions in 2020 (vs 2019), thanks in large part to improved energy efficiency and reduced use of non-natural refrigerants in stores. Carrefour raised its climate targets in 2020. It is now aiming to reduce energy and refrigerant-related CO_2 emissions by 30% by 2030 and 55% by 2040 (vs 2019). The Group's targets have been approved by the Science Based Target initiative and include a 20 megatonne reduction in its product footprint (scope 3) by 2030;
- reduction in food waste: Carrefour confirms its objective of halving food waste by 2025 (vs 2016), with a reduction of 29% achieved in 2020 (vs 2016).

Carrefour's pioneering role in the food transition is influencing all parties involved in the industry. The Group was the first retailer to ask its biggest suppliers to sign the Food Transition Pact, which includes commitments in relation to nutrition, controversial substances, packaging and the climate. As a result, 24 multinationals have joined forces with Carrefour to take joint action in these areas. In addition, the Group's Chairman and Chief Executive Officer Alexandre Bompard has become a co-sponsor of the Forest Positive Coalition of Action, which was launched by Carrefour within the Consumer Goods Forum to speed up efforts to eliminate deforestation in food supply chains.

The proprtion of women in management positions within the Group increased in 2020 (+0.4 points for Senior Directors, +0.5 points for Directors). Lastly, Carrefour obtained GEEIS certification in all countries in 2020 with a view to promoting professional equality and diversity.

In the exceptional context of the Covid-19 pandemic and as part of a socially-responsible corporate approach, Alexandre Bompard decided to waive 25% of his fixed compensation for a two-month period corresponding to the acute phase of the health crisis. The Group's Executive Committee members' compensation was also frozen for all of 2020, and they were asked to forgo 10% of their fixed compensation for a period of two months. All of the members of the Board of Directors decided to reduce the amount of their compensation due in respect of the 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.

Lastly, Carrefour's Board of Directors decided on April 20, 2020 to reduce the recommended 2019 dividend by 50%.

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. It is now crucial to understand and adapt to their new eating behaviours, the digital transformation of their consumption habits, and their demands for just and fair prices. Worldwide, society is challenging production-oriented agriculture, the industrialisation of harvest methods, product processing and distribution, and the disregard for seasonality. It has therefore become more urgent than ever to rethink the food industry model in order to protect the planet's limited natural resources and meet new consumer expectations.

The health crisis that impacted the whole world in 2020 is likely to speed up these deeply rooted structural changes.

1.2.1 RETAIL'S ESSENTIAL ROLE DURING THE HEALTH CRISIS

In the first half of 2020, the Covid-19 pandemic had a severe impact on the global economy and created an unprecedented environment. In an attempt to slow the spread of the virus, lockdowns lasting several weeks were imposed on 3.4 billion people, or 43% of the global population.

Considered essential in a crisis, the food retail industry continued to operate. Food retailers found themselves on the front lines, ensuring the supply of basic necessities to communities in lockdown. The industry demonstrated its responsiveness, adapting extremely rapidly to new health regulations and guidelines and to drastic changes in consumer behaviours.

As soon as lockdown measures were announced, retailers worldwide faced the same situation: a surge in sales of consumer goods. In France, an increase of 223% was recorded on Monday, March 16, 2020[(1)]. Retail industry players therefore had to deal with higher customer traffic in a worsening health situation, as well as a peak in demand caused by consumers stocking up on groceries as a precautionary measure.

To ensure the safety of their employees and customers while maintaining continuity of service, retailers demonstrated their agility by rapidly implementing numerous changes, including social distancing and other protective measures, the disinfection of premises and equipment and modified opening hours. They also expanded their delivery and Drive services to make their products accessible to as many consumers as possible.

The situation put pressure on the supply chain. Entire sections of the supply chain were forced to adapt to sudden changes and unprecedented issues in terms of order planning and management, including production shutdowns, supply shortages and shipping problems.

Retailers had to swing into action to absorb the impact of these difficulties and to implement the necessary measures to enable consumers to continue obtaining essential supplies safely, thereby fulfilling a key public service: feeding the population. These efforts were recognised by consumers, who rewarded retailers with high confidence levels. In terms of image, the retail industry came out of the first lockdown stronger. It also capitalised on the lessons learned during the second wave of the pandemic in the autumn, resulting in better management of supply shortages during the second lockdown.

1.2.2 AMPLIFIED FOOD TRENDS

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 whole population with access to a healthy diet. Today, more than 3.2 billion people suffer from poor nutrition, whether they are undernourished in developing countries or overnourished in developed countries[(2)].

People have become highly aware of this imbalance. Over the past few years, this awareness has brought about new behaviours and an emphasis in developed countries on quality over quantity, organic products, taste and authenticity, as well as a rise in vegetarian, flexitarian and other alternative diets. As a result, 64% of consumers worldwide follow a diet that limits or prohibits consumption of certain ingredients and 70% say that they make dietary choices to help prevent health issues[(3)]. Consumers' purchasing decisions are 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.

(1) Source: "*L'Europe de la distribution alimentaire face à la crise*" [The impact of the crisis on the food retail segment in Europe], LSA, April 22, 2020.
(2) Summary report from the EAT-Lancet Commission, "Healthy Diets from Sustainable Food Systems", 2019.
(3) Source: Nielsen Global Ingredients and Dining Out Trends, a survey conducted in 2016 among 30,000 consumers in 63 countries.

These underlying trends were amplified in 2020, with consumer concerns focusing in particular on health because of the Covid-19 pandemic. In 2020, 48% of French people said they favoured healthy products when shopping, making nutritional value a more important selection criterion than price[(1)]. Product origin nevertheless remains a key concern. A majority of Europeans believe that it is important (51%) or even a priority (43%) to encourage consumers to purchase products made locally[(2)]. In France, 45% of consumers say they favour French products, 37% prefer fresh products and 37% choose products from local distribution networks[(3)].

Consumers' expectations about the quality, authenticity and traceability of their food have increased around the world. The global situation has caused even more people to rethink their eating habits and consumer behaviours, with a shift towards products that are healthier, more natural and more local. Flexitarianism, a style of eating where people limit or reduce the amount of animal proteins in their diet, has become increasingly popular. In 2020, 40% of French households had at least one flexitarian, representing an increase of 5 points compared with 2019. Vegetarian and vegan diets are also on the rise; they accounted for 2.3% and 0.8% of French households respectively. Lastly, 68% of the French people surveyed said that they paid attention to the composition of products during lockdowns[(1)].

1.2.3 THE RISE OF E-COMMERCE

The health crisis has sped up the development of the food e-commerce segment. With consumers in lockdown and trying to limit their visits to physical stores, the segment recorded growth that was initially expected to take several years in the space of just a few months.

As a result, the food e-commerce segment has gained market share worldwide. In the second half of 2020, it represented 10% of the market in France and 11% in the United Kingdom. In Spain and Italy, total food e-commerce sales increased by 85% and 133%, respectively[(4)].

A significant percentage of consumers, particularly among the older generations, purchased food online for the first time during the crisis. Demand for home delivery services increased sharply, and 80% of the growth in e-commerce recorded by the retail industry was in the Drive segment, which became one of the preferred shopping methods during lockdown periods. In France, 7.4 million households did their shopping via Drive at least once during the month of April, versus 4.9 million a year earlier. The customer base also became more diversified. In the first week of lockdown, 1.2 million households tested the Drive experience, including nearly 500,000 retirees[(5)]. By attracting new, previously reticent consumer profiles, the e-commerce segment has successfully renewed and enriched its customer base.

Retailers worked hard to improve their Pick Up, Click & Collect and Drive services and to enhance their delivery capacities for online orders. There was also a trend towards mixing different concepts to offer alternative shopping experiences, such as subscriptions to home-delivered meal kits and cashierless stores.

The retail industry invested the equivalent of three years of its digital transformation budget in just six months in order to enhance the safety and security of the shopping experience[(6)], through self-checkout, contactless payment, autonomous last-mile delivery, the conversion of stores for use as order preparation centres, and more. Over three-quarters of the world's major retailers have now adopted artificial intelligence systems or plan to roll them out by the end of 2021. Retailers also invested in their digital solutions and applications in order to minimize friction during the purchasing process, whether in-store or online. Partnerships with technology companies have also flourished, as retailers strive to rapidly implement new solutions.

After the first lockdown, the food e-commerce market remained dynamic. In France, the home delivery and Drive segments recorded 26% and 25% growth respectively in August 2020[(5)]. During the second lockdown, e-commerce sales picked up again. The segment's penetration rate is expected to remain high compared to pre-crisis levels, particularly since remote working facilitates online shopping. While physical stores remain highly attractive, they now exist alongside a fully-fledged e-commerce segment. According to survey results, 60% of Europeans – and more than 70% of consumers in Spain and Italy – say that the crisis has motivated them to make a long-term commitment to e-commerce[(2)].

(1) Source: Kantar, Consumer Day 2020, "*Entre crise sanitaire et crise économique, quels enjeux pour les marchés PGC*" [Impact of the health and economic crisis on consumer goods markets], September 2020.
(2) Source: Observatoire Cetelem, September 2020.
(3) Source: Ipsos survey, May 6, 2020.
(4) Source: "*Second confinement et potentiel pour le e-commerce*" [Second lockdown and its potential for e-commerce], Nielsen webinar, December 8, 2020.
(5) Source: Protéines XTC, November 2020.
(6) Source: Global retail trends 2021, IGD RetailAnalysis, December 2020.

1.2.4 SIGNIFICANT PRICE SENSITIVITY

Reconciling the duty to provide healthy food with affordability is a global issue. In a survey conducted in 2018 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[1]. 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's population, were undernourished in 2018[2]. In France, the portion of the population with "low" purchasing power stood at 31% in 2019, and the budget item under the most pressure was food[3].

The Covid-19 pandemic has exacerbated pre-existing difficulties. Following the introduction of lockdown measures, seasonally adjusted GDP fell by 14.1% in the European Union in the second quarter of 2020, and annual inflation on food products came to 3.1% in June[4]. In Spain and Italy, countries whose economies were already fragile before the crisis, nearly one out of every two people believes that their purchasing power has declined[5].

In France, GDP declined by 8.3%, while overall inflation was 0.5% for the year. In September, 60% of households feared financial difficulties, 46% felt they had to be careful about non-essential spending and 22% were unable to meet their monthly budget. More than eight out of ten people in France had the impression that prices had increased during lockdown, even though, on average, consumer goods did not experience any price inflation in 2020. In fact, household purchasing power per unit of consumption is estimated to have declined by 2% in 2020[6]. The crisis therefore heightened consumers' sensitivity to price increases on food products. In the post-lockdown period, price remained the number one selection criterion for 43% of the French population[7]. The crisis also threatens to deepen the food divide: in May 2020, four in ten French people said they had already been affected by the economic consequences of the health crisis. It was particularly felt by the most financially precarious and people whose business activity had decreased or stopped, while 75% of high-income people in France did not feel the impact[8].

1.2.5 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[9]. 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[10], i.e., a 60% increase between now and 2050.

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[11]. 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. It should now be able to count on increased support from consumers in this regard. The Covid-19 pandemic has highlighted the importance of local production, bringing consumers closer to their local agricultural industry. In September 2020, 77% of French people said they had confidence in farmers – a record high and an increase of 7 points compared to January 2020[6].

(1) Source: "The challenge of our resources", ELABE study for Veolia conducted in January 2018 of 14,000 people in 28 countries.
(2) Source: SOFI report (FAO, WHO, WFP, UNICEF), July 2019.
(3) Source: Eighth edition of the Cofidis CSA annual survey, September 2019.
(4) Source: European Retail: Future Outlook, IGD, August 2020.
(5) Source: Observatoire Cetelem, September 2020.
(6) Source: Kantar, Consumer Day 2020, "*Entre crise sanitaire et crise économique, quels enjeux pour les marchés PGC*" [Impact of the health and economic crisis on consumer goods markets], September 2020.
(7) Source: "*Les grandes tendances structurantes et les signaux faibles*" [Major structural trends and low-level warning signs], ProtéinesXTC, November 2020.
(8) Source: Ninth edition of the Cofidis CSA annual survey, June 2020.
(9) Source: World Population Prospects 2019, United Nations, published in June 2019.
(10) Source: FAO http://www.fao.org/sustainability/background/en/
(11) Source: ELAB study, "Which foods in 2049?", November 2019.

1.2.6 THE NEED TO PRESERVE NATURAL RESOURCES

Demographics, urbanisation and human activity are causing large-scale climate change that threatens the Earth's natural balance. 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. Consumers 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. The Covid-19 pandemic has not weakened this collective awareness of environmental issues. In fact, it has highlighted the benefits of more responsible consumption. Against the backdrop of the health crisis, purchasing local products is perceived positively by consumers for various reasons, notably because it contributes to reducing CO_2 emissions[1].

1.2.7 SUSTAINED COMPETITIVE PRESSURE

The retail industry is focused on creating a more differentiated offering that is more closely aligned with consumers' needs and with their changing expectations, eating behaviours and 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, 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) Source: Observatoire Cetelem, September 2020.

1.3 Our response to the health crisis

Due to its global dimension, the Covid-19 epidemic impacted each of the geographies where the Carrefour group operates, first in Asia, then in Europe and South America. The subsidiary in Taiwan, which was one of the first countries exposed to the pandemic, provided valuable lessons in defining and implementing good health practices to protect employees and customers. Those lessons enabled the Group to react quickly in Europe and South America, taking the necessary preventive and protective measures at a very early stage in stores, warehouses and head offices.

From one wave of the epidemic to the next, from one lockdown to another, the Carrefour group also implemented socially-responsible measures and a range of support initiatives throughout the year, creating dedicated services for priority customers (particularly the elderly and healthcare professionals), providing financial and food donations from the Carrefour Foundation, and supporting local producers and small businesses. The Carrefour group adjusted its offering in all countries, notably by freezing thousands of prices to help its customers cope with purchasing power constraints which were made worse by the economic and health crisis.

1.3.1 PROTECTION OF EMPLOYEES AND CUSTOMERS

Employee and customer protection was made an absolute priority everywhere. In Taiwan, the first of the Group's host countries to be exposed to Covid-19, with the first positive case identified there on January 21, 2020, the pandemic was quickly contained and brought under control by the authorities, which required stores to systematically take customers' temperatures and provide them with hand sanitiser at the entrance of all stores. The Group drew on those lessons by imposing heightened hygiene measures very early on in Europe and South America, even before governments successively began following the lead set by Italy, which was the first country to impose lockdown on March 9, 2020.

In France, the first initiatives and measures were put in place before lockdown was announced on March 16, 2020, notably the opening of an internal Covid-19 hotline on February 26, restrictions on domestic and international travel, and the supply of hand sanitiser and gloves in stores from early March. Millions of protective masks were ordered and progressively distributed to employees as soon as the government lifted its requisition order on March 21. In total, Carrefour secured orders for 70 million disposable masks for its employees and 225 million masks for its French customers, sold at cost price, during the first wave of the pandemic. At Carrefour head offices throughout the world, remote working was embraced virtually everywhere during the various phases of lockdown.

The Group's Human Resources teams stepped up their exchanges, particularly with Italy, which was hit particularly hard by the first wave of the epidemic, with a view to sharing solutions to the same problems posed by the health situation everywhere. Social distancing and protection protocols, often more stringent than the rules imposed by local government authorities, were laid down in all of the Group's host countries as the virus spread. For example, checkout counters were systematically fitted with plexiglass partitions and the entire fleet of trolleys was disinfected several times a day. The health protocol implemented by Carrefour was certified by third-party bodies in various countries. In Spain, Carrefour was the first company to obtain AENOR Covid-19 certification in June 2020. In September, Carrefour Brazil became the first retailer to be awarded the international My Care label developed by DNV GL. In October, our subsidiary in Romania received the SAFE Asset Group certificate. In France, following inspections by AFNOR Certification teams, Carrefour hypermarkets, Carrefour Market stores and warehouses were awarded the "Covid-19 Hygiene Measures" label.

Social distancing and protection measures were maintained for employees and customers at the end of the first wave, and have since become the norm in stores, warehouses and head offices. This caution was proven to be warranted by the arrival of a second wave in Europe early in the autumn of 2020 and the return to a state of health emergency in many of the Group's countries.

1.3.2 SUPPORT FOR VULNERABLE PEOPLE AND HEALTHCARE PROFESSIONALS

Because the health situation required solidarity and attention to all, Carrefour committed to helping hospital and medical staff, as well as the most vulnerable people. In all of the Group's host countries, priority checkouts were reserved in stores for the frail, the elderly and healthcare professionals in order to keep time waiting to complete their purchases to a minimum. They were also offered direct priority telephone access in a number of countries including Italy and France, as well as free home delivery of shopping done online. In Poland, Spain and Argentina, special slots were set aside for senior citizens in the mornings to allow them to do their shopping with peace of mind.

1.3.3 SUPPORT FOR THE GROWTH OF E-COMMERCE

Lockdown triggered a sharp increase in the number of visits to Carrefour's food e-commerce sites. In France, online traffic on Carrefour.fr increased sixfold in the spring of 2020, during the first wave of the epidemic. In Brazil, food e-commerce sales grew by more than 230% in 2020. In stores and warehouses, order processing systems, for sourcing and delivery, also experienced very heavy traffic. To meet the increase in demand, Carrefour continued to strengthen its preparation and delivery capacities across all geographies. The number of drive-through and home-delivery slots was optimised despite uncertainties related to supplier constraints and the availability of staff. The administrative closure of "non-essential" departments imposed at the start of the second nationwide lockdown in France on October 28, 2020 also prompted Carrefour to increase the listing of non-food items on its e-commerce site.

1.3.4 SUPPORT FOR THE LOCAL ECONOMY

The local economy was not forgotten. Initiatives were taken across the Board, from stores to national head offices, to support producers and businesses deprived of market opportunities due to lockdown. Carrefour Romania offered baskets of seasonal produce on which 25% of the selling price was donated to an agricultural support fund. The health situation reinforced to the Group's overall strategy of favouring local purchasing and short supply chains for fruits and vegetables. For the Group as whole, nearly three-quarters of food products are sourced from local suppliers. In France, more than 90% of seasonal fruits and vegetables already come from France, apart from exotic products that are not grown in mainland France. In Brazil, Carrefour offered exclusive financial services to its suppliers at a time when banks were limiting credit.

The opening of a food marketplace dedicated to vendor partners on Carrefour.fr in June 2020 also provided an additional sales channel and exposure for small and medium-sized businesses in need of outlets. During the second nationwide lockdown imposed by the French government, Carrefour also decided to help independent retailers and producers ramp up their digitalisation by waiving the subscription fee for its marketplace until the end of 2020.

1.3.5 PRICE FREEZES

During lockdown, Carrefour decided to freeze the prices of many everyday products to help customers deal with purchasing power challenges. In France and Belgium, the price freeze was applied to all items sold in stores and online during both the spring and autumn lockdowns, whether for Carrefour-brand or national-brand products, with the exception of fresh produce such as seasonal fruits and vegetables or seafood, whose prices can fluctuate. Similar measures were taken in Poland, Romania and Italy, where the prices of 350 basic necessities were frozen indefinitely in the wake of the second epidemic wave. Carrefour's renewed commitment to purchasing power took other forms around the world. In Brazil, for instance, massive daily promotions were offered on fruits and vegetables, an unprecedented commercial policy for the country.

1.3.6 SOCIAL RESPONSIBILITY INITIATIVES

The Carrefour Foundation and Carrefour's local teams stepped up social responsibility initiatives around the world to help the people most exposed to the socioeconomic effects of the pandemic. In Poland, during each wave of the epidemic, Carrefour provided funds to support medical staff at 41 infectious diseases hospitals. In Romania, more than 2,000 food kits were distributed to very poor families. In France, in the autumn, Carrefour reactivated the charity solidarity website created during the first lockdown to connect stores and charities so as to streamline the delivery of food donations to the most disadvantaged. In Italy, the Carrefour Foundation donated 500,000 euros for two hospitals in Milan. In Brazil, drawing on the experience acquired in Europe, Carrefour donated 100,000 masks to the São Paulo state government at the outset of the pandemic in Brazil at the end of April, before distributing the equivalent of 15 million reals of food to the most vulnerable families.

1.4 Our *raison d'être*

In January 2018, at the initiative of Alexandre Bompard, Carrefour launched its five-year "Carrefour 2022" transformation plan (see 1.1.6) in response to previously identified global challenges, with the aim of becoming the leader in the food transition for all. The overhaul of the Group's business model is geared towards promoting healthier, more affordable food, while committing to the agricultural transition and preserving the planet's resources.

The health crisis that swept across the planet in 2020 confirmed the relevance of the strategic choices made in the "Carrefour 2022" transformation plan. The fundamental changes behind its development gathered pace with the Covid-19 pandemic: awareness of the links between food, health and the environment, mobilisation in favour of local sourcing, increased search for low prices and rapid roll-out of e-commerce.

The Group aims to continue and accelerate its transformation to help its customers emerge from the crisis through the food transition. In doing so, its goal is to resolutely reaffirm its corporate mission, which it included in 2019 in the preamble to its Articles of Association in the form of a *raison d'être*:

"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 13,048 stores in more than 30 countries and e-commerce sites that attract around 46 million monthly visits;
- local roots and contributions by each store to the day-to-day life and development of its host community;
- and 322,000 employees putting their skills into practice every day in more than 300 different areas of expertise.

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

Multi-format, omni-channel and customer-oriented, the Carrefour model demonstrated its robustness and relevance during the health crisis. The Group's highly complementary network of stores, present across the country, showed itself capable of adapting to customer expectations at every phase of the crisis. The hypermarkets rose to the occasion, even before lockdown measures were announced, as consumers made precautionary purchases. Convenience formats and e-commerce sites, offering a range of home delivery, Drive and Click & Collect options, came to the fore during lockdown, providing customers with responsive, secure and flexible responses.

Carrefour employees ensured the continuity of food distribution in a complex health context. Despite the exceptional situation, customer satisfaction remained their key focus on a day-to-day basis, without neglecting their mobilisation in favour of the food transition. By contributing to the development of agroecology and short circuits, the preservation of biodiversity, the reduction of pesticides and carbon emissions, and the promotion of better health through quality food, the food transition is a means of guarding against health crises.

1.4.1.1 The food transition for and with our customers

Carrefour serves 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 on food

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

Across the world, the Covid-19 pandemic has intensified consumer expectations as regards the quality, authenticity and traceability of their food. The strategic choice made by Carrefour in 2018 to commit to the food transition for all, with the goal of making quality food accessible to as many people as possible, is, now more than ever, in line with the concerns of consumers facing an unprecedented health crisis in 2020.

Sourcing geared towards local agriculture, building an offer that favours fresh, organic, local and seasonal produce, own brands and Quality Lines: the key markers of Carrefour's work, enshrined in the actions of the global Act for Food programme since 2018, all reflect deep-rooted expectations shared by consumers at all levels of society.

Putting customer satisfaction first

Customer satisfaction is central to all Group initiatives, including the overhaul 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.

In 2019, Carrefour launched the Act for Change programme to align the Group's management values and culture with the objectives of the "Carrefour 2022" strategic plan. "Serve the customer with passion" is one of the four key commitments. 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.

In 2020, Carrefour took this priority a step further by adopting an unprecedented customer focus, with the implementation of the 5/5/5 method, leveraging employees' individual and collective commitment, both at head offices and in stores, to the shared priority of customer satisfaction through 15 commitments, divided into three categories: trust, service and experience. The 5/5/5 programme, which has contributed to commercial success in Argentina, Spain, Taiwan and Poland since 2018, was extended to all Group countries in 2020.

In France, where Carrefour introduced 5/5/5 in a very forceful way starting in June, the NPS® increased by 16 points over the year. Progress was recorded across all formats, especially hypermarkets (up 17 points) and supermarkets (up 18 points). The numbers reflect the method's initial benefits.

At Group level, the improvement in customer satisfaction is reflected in a 12-point increase in the Group NPS® in 2020.

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 September 2020, against the backdrop of the health crisis, Carrefour France offered its customers a comprehensive and practical solution for recycling single-use masks in 10 Carrefour stores in the Île-de-France region. Once deposited in special collection boxes, masks are sent to TerraCycle, where they are quarantined before being recycled into plastic granules. Carrefour plans to roll out this initiative in all stores. In Spain, as part of the "Mission Zero Plastic" online consultation launched by Carrefour in November 2019 to give customers a chance to help come up with ways of reducing plastic waste, 300,000 customers belonging to "committed consumers clubs" voted to select three beaches for the #PlasticFreeBeaches initiative.

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 2020, in-store events and special campaigns like the Fraich'Kids educational programme and the Act for Food Caravan, which travels around Spain, were suspended due to the health crisis. Carrefour's response was to make the six-part documentary series "Food: does everything need to change?" available for streaming on its website to give consumers a better grasp of the food system.

(For more information, see *Carrefour.com*: What about a more healthy diet?)

1.4.1.2 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 host communities and under all circumstances, thanks to the mobilisation of its teams.

Expanding the organic and vegetarian product offering

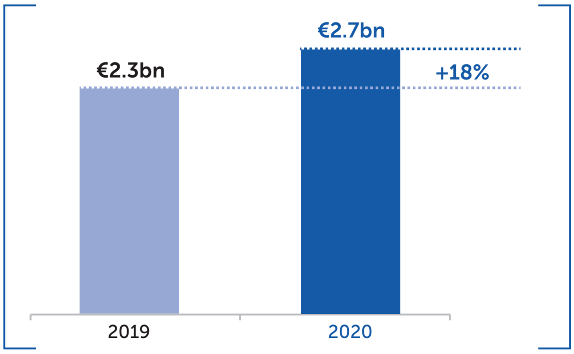
In 2020, the Group confirmed its leadership in organic products. It continued to build a comprehensive retail network in this segment, by expanding the space dedicated to organic products in its stores, revamping the Carrefour Bio concept and rolling it out across Europe, acquiring specialist banners So.bio in 2019 and Bioazur in 2020, and announcing the acquisition of Bio c' Bon in November. At the same time, Carrefour has strengthened its organic online offer following the acquisition by Greenweez, European leader in the online distribution of organic products, of its Spanish and Italian competitors, Planeta Huerto (in 2018) and Sorgente Natura (in 2019).

The Group is constantly innovating to enhance its product offering. For example, in 2020 Carrefour Bio launched 13 new product references of fully French organic pork deli meats, making it the largest range of French own-brand organic deli meats in supermarkets and hypermarkets.

In France, Carrefour further strengthened its leadership in the organic market in 2020.

As France's leading retailer of organic produce, the Group generated total net sales of 2.7 billion euros in 2020, up 18%, and has set an objective of generating 4.8 billion euros in 2022. Carrefour is deploying its assortment of organic products, which exceeds 1,150 own-brand items.

GROUP SALES OF ORGANIC PRODUCTS



A target of
€4.8bn
in sales of organic products
by 2022

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, with vegetarian products that are GMO-free and contain no artificial colours or flavours. In 2020, Carrefour Veggie brought out eight new meat substitute product references, bringing the number of V-label certified European products in its range to 70.

Promoting healthy eating for the health of our customers

Carrefour is improving the composition of its own-brand products to optimise their nutritional profile in all its host countries. Since 2018, 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-brand products, and the use of pesticides has been reduced for Carrefour Quality Lines. For example, in 2020, Carrefour France launched the Carrefour Classic "OUI AU BON !" range, containing 20 product references without any GMOs, additives, preservatives, artificial colours or pesticides, and all at the best possible price. The range will be expanded in 2021. Since June, Carrefour has stocked a new range of ice cream free of controversial substances, sold at low prices.

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 1.4.2.3 "New production and consumption modes" and Section 2.2.1.1 "Safeguarding our customers' health through our products and in our stores".)

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. A European blockchain pioneer, Carrefour joined the IBM Food Trust consortium in October 2018 to broaden the technology's use on a global scale. In 2020, Carrefour applied blockchain technology on six new Carrefour Quality Lines (salmon, organic wine, bananas, organic eggs, pork and citrus fruits), bringing the number of products to use the technology to 34 worldwide. (For more information, see *Carrefour.com*: Guaranteeing 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.

Carrefour launched the customised INNIT score in 2020. This open digital platform dedicated to food helps consumers optimise their choices and keep a balanced diet according to their preferences by providing them with customised information. After food blockchain and the Nutri-Score, this new service is another step in the Act for Food programme to empower consumers to choose to eat better.

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. 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 is also investing in new economic concepts, notably with the opening of the first Carrefour Occasion shop-in-shop for second-hand goods in March (see 1.4.1.3).

In 2020, to respond to the difficulties facing customers against the backdrop of the crisis, Carrefour mobilised in favour of purchasing power by strengthening its commitment to bridging the food divide. In the first quarter, the Group froze prices on thousands of products in all of its host countries, including 5,000 Carrefour-brand products and 500 "Unbeatable" products in France. In the second half of the year, Carrefour strengthened its price competitiveness in most countries, notably in France with the "committed prices" and "market premium", and in Belgium with price cuts on 1,000 products. Special attention was given to Carrefour-brand products, which offer excellent value for money and whose penetration rate was up 2 points over the year, accounting for 29% of sales in 2020.

1.4.1.3 Across all distribution channels

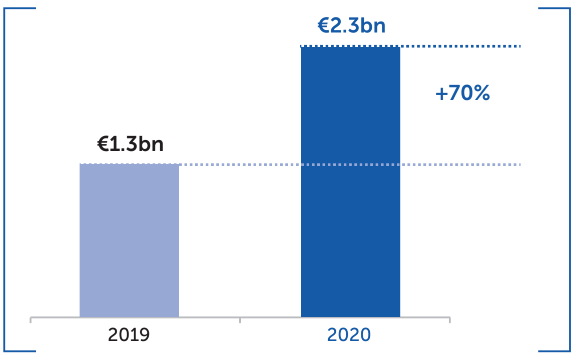
Carrefour is also taking action to increase the density of its network to bring its stores closer to all its customers.

Carrefour benefits from a global network of over 13,048 stores in more than 30 countries. Measures are 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. Carrefour has also 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.

The Covid-19 pandemic illustrated the relevance of the transformation of Carrefour's sales network and accelerated its implementation. Its impact was especially pronounced on e-commerce, which grew significantly in 2020 following successive lockdowns around the world. Most notably, food e-commerce grew by more than 230% in Brazil, 70% in Spain and 50% in France over the year.

In 2020, the Group generated GMV of 2.3 billion euros worldwide in food e-commerce, a year-on-year increase of more than 70%.

GROUP FOOD E-COMMERCE GMV



A target of
€4.2bn
in food
e-commerce GMV
by 2022

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 pick-up points, 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 has stepped up its investments in digital technology since 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, next-day and express delivery.

To meet the very substantial increase in demand for food e-commerce in 2020, Carrefour continued to increase its preparation and delivery capacities across all geographies. The Group is rolling out its network of Drives, whose number was increased to 2,225 worldwide at the end of 2020, representing more than 525 openings during the year. Home delivery has also been developed in all the Group's host countries, with full coverage in Spain and the extension to new areas in France, where it is now available in more than 5,500 cities and towns across the country. Express delivery has been stepped up in all the Group's host countries, either directly in France, Poland (Carrefour Sprint), Belgium and Romania (Bringo) or in partnership (with Glovo, Uber Eats, Rappi, Cornershop, etc.) in other geographies. Innovative services have been launched, such as the "Les Essentiels Carrefour" offer in France and Italy, using a dedicated mini-site to make baskets of essential food items available to customers.

To support the rapid growth of its e-commerce activities, Carrefour has accelerated the automation and mechanisation of order preparation in warehouses and stores, with partners including Dematic and Exotec in France. The Group has also signed an exclusive partnership with Food-X technologies Inc. in Belgium to improve the productivity and profitability of its e-commerce operations.

Putting stores at the centre of the omni-channel universe

Stores continue to play a central role even as Carrefour's operations are rapidly digitalised. 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 locations for customers via Drives, Click & Collect solutions, etc.

When the first lockdown was announced, all store formats and e-commerce benefited from sustained momentum in food sales, with consumers making precautionary purchases, mainly in dry groceries and long-life products. Once lockdown measures were implemented, customers turned to convenience formats and supermarkets, which are closer to home and more accessible. Customers reduced their store visits. Convenience stores and supermarkets maintained their appeal when lockdown was gradually lifted in May, while hypermarkets – now fully reopened – enjoyed good post-lockdown momentum, particularly in France. In Brazil, Carrefour Retail posted record growth in the third quarter, with hypermarkets growing at twice the pace of the overall market.

Continuing to innovate in-store

Carrefour continued to develop new, specialised spaces in its stores in 2020.

Since 2019, Carrefour has also increased the number of shops-in-shops, in partnership with specialist retailers, in order to respond to changes in consumption patterns. The first Carrefour Occasion shop-in-shop was opened in March 2020 in the Carrefour Les Ulis hypermarket (Essonne, France). Created in partnership with Cash Converters, this 100 sq.m. space dedicated to the purchase and resale of second-hand goods is a response to consumers' expectations in terms of reusing objects and improving purchasing power, while strengthening Carrefour's commitment to the circular economy.

Speeding up the development of promising formats

In 2020, Carrefour continued 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 1,874 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, which is particularly well suited to various innovations aligned with the specific needs of local customers, saw its appeal increase during lockdown due to its ease of access.

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. In Brazil, the Atacadão banner continued its expansion, with 14 openings and six conversions of Makro stores. The rest of the 30 acquired Makro stores will gradually be converted in the first half of 2021.

Soft discount: the Supeco banner, based on the soft discount supermarket model, was launched in France in 2019. After the first two Supeco stores were opened in 2019, a further four were opened in 2020, all of them in northern France.

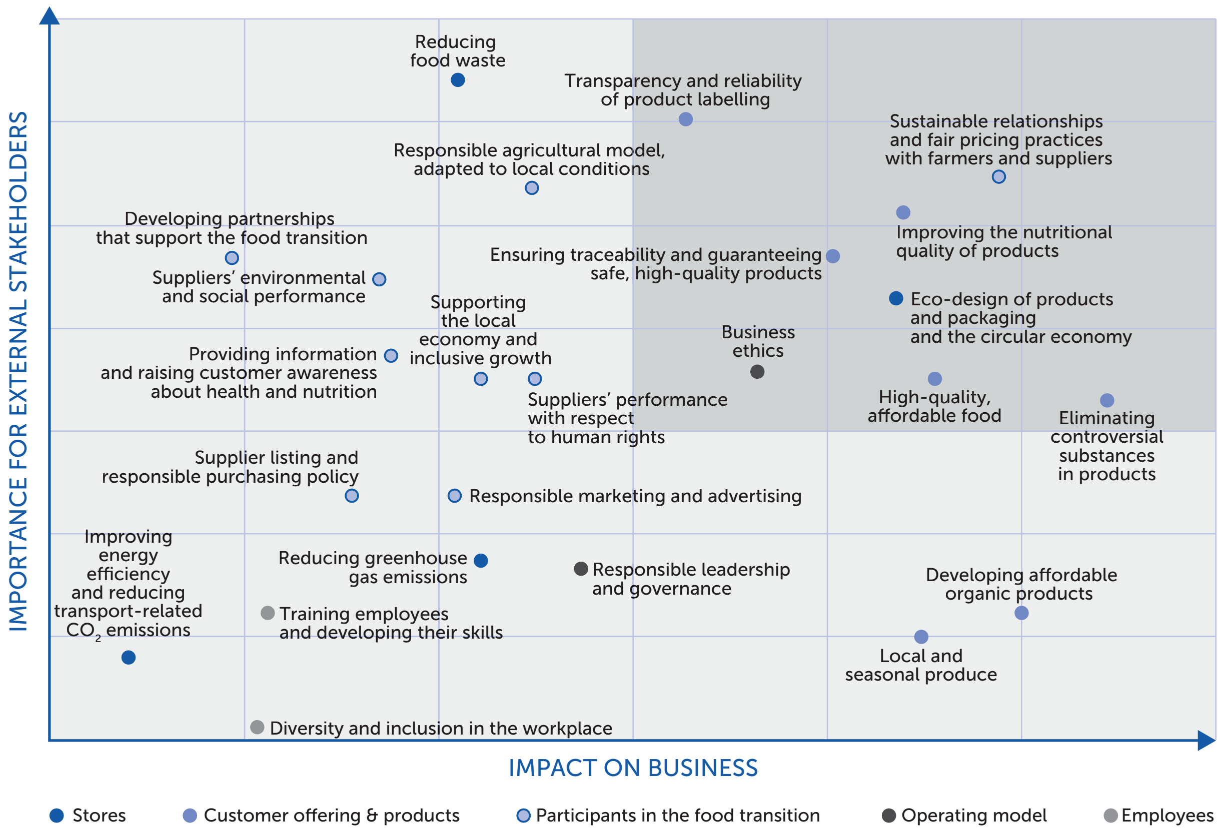
The **organic store** segment is expanding rapidly. In November 2020, Carrefour acquired Bio c' Bon, a banner that has developed a highly attractive specialist retail network combining a modern store concept with an offering suited to prime urban locations. After the acquisition of Bio Azur (five stores) in October 2020, the Bio c' Bon network has strengthened Carrefour's portfolio of specialised organic stores operated under the So.bio banner (23 stores). This roll-out is being carried out at the same time as the expansion of the online organic offering, with the acquisition of Greenweez (2016), the European leader in the online distribution of organic products, Planeta Huerto in Spain (2018) and Sorgente Natura in Italy (2019).

1.4.1.4 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 2020 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.

1.4.2 OUR INITIATIVES TO ACCELERATE THE FOOD TRANSITION FOR ALL

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.

Coupled with the development of e-commerce, this combination of assets 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.

1.4.2.1 Diversity and our employees' skills

To achieve its objectives, Carrefour can count on its people. The Group's workforce comprises 322,164 employees worldwide, 55% of whom are women. They allow Carrefour to offer quality services, products and food for everyone on a daily basis, through all distribution channels – in the Group's nine integrated countries.

The health situation made 2020 a year of exceptional mobilisation for all employees. Their commitment allowed the Group to continue its activity and, as a result, give people access to food and basic necessities in compliance with the public authorities' recommendations. Carrefour reacted swiftly to ensure its employees were protected: on February 25, the Group stopped all international travel, issued health instructions and updated its Business Continuity Plans.

Against that backdrop, the Group held ten European Consultation and Information Committee (ECIC) meetings on the health crisis between March and October. In May, Carrefour signed the ECIC joint declaration for a European Health Pact to take management of the health crisis to the European level. Social dialogue also resulted in the implementation of a proactive equality policy, adapted to the new challenges of the transformation of our businesses, the Company's transformation plan and its *raison d'être*, with the agreement on professional equality in France signed on March 9, 2020.

Making a difference with Act for Change

The Act for Change managerial and cultural transformation plan, which is the translation of the Group's *raison d'être* into management practices, continued to be implemented in 2020. The Act for Change programme is based on four key commitments, which break down into concrete 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 Group's Carrefour University programmes have all been updated and restructured with this commitment in mind. In 2020, to continue its role as a driving force in social mobility, Carrefour France launched the Leaders School, an internal training school dedicated to its high-potential employees. The approach is geared towards promoting pride in belonging, entrepreneurial spirit and the Carrefour culture; it fosters internal promotion and equal opportunity within the Group. The "C Booster" and "D Booster" programmes, which aim to identify and nurture high-potential managers, were also launched in 2020;
- **"Serve the customer with passion"** reminds us of the need for our employees to improve quality of service and customer satisfaction. The 5/5/5 method, implemented in Taiwan, Argentina and Spain from 2018, has now been rolled out in all Group countries. It is based on three principles – trust, service and experience – and is broken down into 15 concrete commitments aimed at making customers central to stores' concerns again. In Spain, for instance, a great deal of work has been done to improve the customer experience at checkouts, giving checkout staff greater autonomy. In Romania, customers have recognised and rewarded the work of employees whose prompt resolution of complaints highlights their customer focus. Together, these initiatives resulted in an improvement in the Net Promoter Score® (NPS®) in all Group countries in 2020;
- **"Act with simplicity"** emphasises the importance of seamless, efficient resource management that promotes a proactive approach and a fast adaptation process. In this spirit, the TOP project was launched in summer 2020 to improve business processes and eliminate "customer irritants" based on four principles: no products in the stockroom that are not on shelves in the sales area, a price for each product, no out-of-stock or out-of-date products offered for sale, and employees always available to assist customers in sales areas. The development of digital tools also continued in 2020, with the digitalisation of the leave/absence request process for head office employees in France;
- **"Be proud to change our business"** aims to foster innovation in support of the food transition. This commitment encourages openness to outside ideas as well as experimentation. To get stores and their teams involved in the food transition, the "Act for Food Superheroes" programme showcases employee initiatives and shares best practices. The community of ambassadors exceeded 2,200 employees in 2020. Carrefour is also devoting significant resources to training its employees in fresh produce and the food transition to support the roll-out of Act for Food. The Group offers training inspired by three key goals: building a shared culture of food transition, strengthening the professionalism of teams and supporting the Company's transformations. Employees are trained in the fundamentals of the food transition to embody Carrefour's *raison d'être* with customers. In Italy and Argentina, "trade schools" provide support for employees from Traditional Fresh Products departments in their efforts to continuously improve service quality: certification training, sharing of best practices, experimentation and testing of innovative projects.

Several of these commitments demonstrated their relevance in the management of the health crisis. The managerial skills of "cooperating", "acting quickly and simply" and "using resources appropriately and efficiently" were particularly important during lockdown.

- **The "cooperating" skill** was reflected in the participation of head office employees, who volunteered to reinforce the workforce to support stores, Drives and warehouses, and help teams in the field deal with the large influx of customers following the lockdown announcement in March.
- **The "acting quickly and simply" skill** was illustrated by the rapid implementation of creation of "seniors" and "healthcare professionals" baskets from the very outset of lockdown, to enable those people to place orders as simply as possible and benefit from fast-tracked delivery for essential products.
- **The "using resources appropriately and efficiently" skill** was reflected in the mobilisation of head office employees, who helped reinforce telephone ordering service teams for priority customers.

The progress made in these four areas of the Group's cultural performance is assessed via the Employee Net Promoter System® (E-NPS®), measured in each country. Its results are used to guide actions and they point to steady progress on each of the Act for Change commitments.

Attracting, supporting and training talented employees

Employee development and attractiveness to new talent are critical means of serving the key challenges of transformation.

Under the Act for Change programme, new multi-format, multi-business talent development programmes have been put in place. Carrefour France has launched the Leaders School, an internal training school that offers high-potential employees an opportunity for career development.

The Group invests heavily in training to prepare its employees for changes in the sector. In 2020, work continued to implement 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, 19.4% of Carrefour employees were trained in 2020 on key topics, such as the organic market and fresh produce. Listening to and better understanding customers are also central to these programmes in order to strengthen the customer-oriented culture underpinning the 5/5/5 approach adopted in all Group countries.

To attract young talent, as well as people with different profiles and new skills aligned with its strategic orientations, Carrefour has introduced or renewed various initiatives. In particular, it has launched "Graduates" programmes (Executive, Finance, Hypermarket Director) to prepare young graduates to become future senior managers at Carrefour, and expanded the internships and apprenticeships programme, notably for professions where the Group lacks resources. These policies will continue in 2021, with a commitment to recruit 15,000 young people in France, some on work-study programmes, and to strengthen partnerships with schools and universities, particularly around new technologies and digital technology.

Despite the health situation, Carrefour maintained its points of contact with candidates by switching as many of its events as possible to virtual formats in the spring (recruitment fairs, talks in schools, educational initiatives, participation in student selection panels, support and coaching for vulnerable groups or those excluded from the job market). Training that was already scheduled took place remotely wherever possible.

To help retain its talent, Carrefour develops internal promotion and professional development programmes. In Italy, it has set up the Masters Retail for Talents programme to train store Directors in new retail trends; in France, skills sponsorship is offered to employees to meet their desire for purpose and commitment while developing their skills.

(For more information, see Section 2.2.3.2 and *Carrefour.com*: Growing & moving forward together.)

Promoting diversity

Carrefour made an early commitment to promoting diversity by signing the Diversity Charter in 2004. It aims to give everyone, in all countries, the same opportunities for career development and equality during the recruitment process. 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 178,776 women, together representing 55% 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 the Group's 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. In line with this commitment, Carrefour joined the Leading Executives Advancing Diversity (LEAD) Network in 2020. For several years, Carrefour has been committed to a proactive approach to continuous improvement in gender equality: all of the Group's countries of operation had earned Gender Equality European & International Standard (GEEIS) certification by the end of 2020. In France, the *Carrefour Elles* programme promotes the place of women in the Company and in managerial positions, and facilitates practical initiatives for the development of high-potential female employees.

The Group has more than 11,306 employees with disabilities; making up 3.6% of its workforce. More than 20 years after signing 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 above the legal requirement of 6% in France. Carrefour also participates in various awareness-raising events, such as European Disability Employment Week or the Duo Day operation; these events were held digitally in 2020.

1.4.2.2 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 for all and digital technology.

This transformation enabled the Group to adapt its business and operating models to the changing health situation throughout 2020, in all the countries where it operates.

Enhancing agility and cross-functionality

To capitalise more effectively on its size, the Group has fostered the synergies between its various components since 2018. 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 business areas and professions that are strategic to the Group's development. Particular emphasis has been placed on partnerships to strengthen its capabilities in food e-commerce, a sector that experienced strong growth in 2020.

In the area of digital technology and e-commerce

- Carrefour has partnered with Canadian company Food-X Technologies Inc., which has developed an advanced technology solution for online order management in the food industry. This partnership is designed to enable the Group to improve the productivity and profitability of its e-commerce operations, as well as the digital customer experience.
- Carrefour has entered into or strengthened its partnerships with express delivery companies in all its host countries: Uber Eats, Glovo, Rappi, Cornershop, etc.

In the area of food safety and traceability

- Carrefour has been a member of the IBM Food Trust collaborative platform since 2018. Based on blockchain technology, it enables retailers and their suppliers to share information about product traceability and safety.
- Carrefour continued to apply blockchain technology to its Carrefour Quality Lines (CQL) products in its host countries. In 2020, the technology was used for salmon, bananas and organic wine, for organic eggs in Belgium, for pork in Taiwan and citrus fruits in Brazil.
- By end-2020, blockchain technology had been applied to 34 CQL and national-brand products.

In the area of purchasing

The purchasing partnerships signed in 2018 continued to be rolled out in 2020, including new joint agreements with Tesco on own-brand products.

In the area of food waste and waste reduction

- The Too Good To Go mobile app, which allows customers to identify unsold food baskets at low prices using their smartphone, which had already been rolled out in France, Spain, Italy, Belgium and Poland, was extended to all Carrefour stores in Spain in 2020 after the success of the pilot project launched in Madrid in 2019.
- Loop, a deposit system developed by TerraCycle, which has been offering its solution in Île-de-France on the Carrefour.fr website since May 2019, was extended to seven physical points of sale in Paris at the end of 2020.

Carrefour partnered with Cash Converters to open the first Carrefour Occasion shop-in-shop for second-hard goods in the Carrefour Les Ulis hypermarket (Essonne, France) in March 2020.

Maintaining the cost reduction dynamic

Since the launch of the "Carrefour 2022" plan, the Group has developed a culture of strict financial discipline. By end-2020, the Group had achieved cost savings of 3 billion euros since the start of the plan and has set a new target of an additional 2.4 billion euros in savings on a full-year basis by 2023.

Carrefour is also vigilant with regard to the selectivity and productivity of its investments, which were reduced to 1,241 billion euros in 2020. Annual capital expenditure (capex) is expected to range between 1.5 billion euros and 1.7 billion euros in the coming years.

Since 2018, Carrefour has shown great financial discipline and has strengthened its balance sheet and liquidity. The Group has one of the strongest balance sheets in the industry, which is an important asset in an environment shaped by rapid changes in food retail and the Covid-19 pandemic.

Optimising the operating scope

As part of the Group's refocus on food, Carrefour announced the sale of all of the share capital of Rue du Commerce to Shopinvest in November 2019. The transaction was completed in April 2020.

In April 2020, the Board of Directors of Carrefour Banque decided to discontinue the C-zam business of current account management services for retail banking customers, in order to focus on the bank's core consumer finance business.

Enhancing price competitiveness

Streamlining its expenses in this way has enabled the Group to invest in its price competitiveness, in line with its commitments. Since 2018, Carrefour has made significant investments in the competitiveness of its offer.

During the various lockdowns, Carrefour froze the prices of thousands of products in all of its host countries and strengthened its price competitiveness.

Good levels of price competitiveness have been achieved in many countries, particularly in Latin America, Spain and Eastern Europe. These investments contributed to the strong sales momentum in the third and fourth quarter. The Group intends to continue its efforts, particularly in France.

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 1.2 billion euros in 2020, 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 hypermarkets;
- the broadening of Drives, Click & Collect and home delivery and express 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, strategic investments in early 2020 included 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.

1.4.2.3 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 CQL 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. In France, Carrefour supported more than 250 new French organic farmers in 2020, bringing the total to 2,150, including 200 in conversion. 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 CQL products are expected to carry a competitively differentiating agroecology statement. Examples include: "fed GMO-free", "fed without antibiotics", "grown without chemical treatment", etc.).

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.

In 2020, Carrefour focused its support on players in the organic and agroecological sectors during the health crisis. By way of example, in September, Carrefour stepped up its support for French organic food by forging new partnerships with six cooperatives and three French manufacturers for its Carrefour Bio brand.

(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. On that basis, in 2020, Carrefour committed to transparency regarding the welfare of all chickens under its brands, ensuring the traceability of more than 20 million birds via blockchain technology and implementing a new Animal Welfare label on products sold. Carrefour works alongside producers to improve breeding, transport and slaughtering conditions for all Carrefour-brand chickens. The Group has also created a Label Rouge beef Quality Line featuring specifications based on animal welfare, optimal rearing conditions and controlled feeding for animals, consisting mainly of grass for adults and milk for their young. Tex, Carrefour's textile brand, is also committed to ensuring that 100% of its cashmere comes from a quality-traced chain guaranteeing animal welfare by 2021.

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

Promoting the circular economy

Carrefour is committed to promoting more resource-efficient practices, such as ecodesign 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.

As part of the "Zero Plastic Challenge", the Group is working to avoid the use of 10,000 tonnes of packaging by 2025. Carrefour offers brown paper and organic cotton bags at fruit and vegetable stands, and brown paper bags at cost price (9 euro cents) at checkouts. It also aims to eliminate as much plastic as possible on fruit and vegetable stands, as well as in non-food packaging. In 2020, Carrefour was the first retailer to offer whole and skim milk in opaque recycled PET bottles, plus a fully recycled plastic bottle for its new range of Organic Fruit Nectars with no added sugar under the Carrefour Bio brand. At the end of 2020, 80% of Carrefour Bio products had recyclable packaging.

(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. In 2020, the partnership with the Too Good To Go app was rolled out in Spain and Italy.

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 2020 represented the equivalent of 77 million meals. Unsold foods that cannot be donated are used as biowaste for the production of biomethane.

In 2020, Carrefour reduced its food waste by 29% compared with 2019.

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

1.4.2.4 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.

Thanks to its global network of 13,048 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 5,430 stores in urban areas, suburban areas and 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. Its new version of Contact stores, specially designed for rural and suburban areas and featuring an expanded range of organic products and fresh produce, as well as an on-site eating area, is being rolled out in four regions. 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.

In 2020, the Group's multi-format model enabled it to respond appropriately at each stage of the crisis. In particular, convenience formats and supermarkets, which are close to home and easily accessible for consumers, provided an effective response for people needing to comply with lockdown measures.

Contributing to the vitality of host communities

Carrefour is 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. The Group intends to create a network of small-to-medium enterprises in all its host countries connecting them to its stores and involving them in its growth, drawing inspiration from the SME Plan. Created in France in 2014, the SME Plan aims to strengthen cooperation between Carrefour and SMEs across all food and non-food industries. 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.

In 2020, Carrefour focused on supporting players in the agricultural sector during the health crisis, which reduced opportunities for many SMEs in the agricultural/fish and food industries. The Group made a commitment to wholesalers to support French fishing, by guaranteeing volumes and purchase prices on some ten major species. For seasonal products in hypermarkets, the Group committed to sourcing exclusively from French farmers. Carrefour was also the first retailer to contribute to the Solidarity Fund for Consumers and Citizens created by "*C'est qui le patron ?*" (Who's the Boss?). This fund aims to support people whose self-employed professional activity has been significantly impacted by the crisis (freelancers, shops, farmers and very small businesses).

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. To do so, it leverages three food-related programmes, focusing on sustainable agriculture, solidarity-based anti-waste initiatives and social responsibility. It conducts sponsorship 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, Foundation for Agricultural Development in Romania, Fundación Solidaridad Carrefour in Spain and Fundación Carrefour Argentina.

During the health crisis, the Carrefour Foundation released 3 million euros for emergency food aid and hospitals. In France, it contributed to the Assistance Publique-Hôpitaux de Paris Foundation's emergency fund to help hospital teams and support research into Covid-19. In Italy and Belgium, the Carrefour Foundation also provided support for several hospitals. In Poland and Romania, it purchased equipment to help the local Red Cross.

In addition, Carrefour Brazil has distributed the equivalent of 15 million reals in food to families that are the most vulnerable in the face of the virus.

(For more information, see *Carrefour.com*: Community responsibility.)

1.4.2.5 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 ten 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.

SUSTAINABLE DEVELOPMENT GOALS

01. NO POVERTY

Contribution to the SDG

➔ Carry out food aid initiatives to make the most of unsold items in stores: support for food banks and associations. The food donated by Carrefour in 2020 represented the equivalent of 77 million meals

➔ Work towards the responsible food transition with the Carrefour Foundation: promoting sustainable, responsible agriculture, anti-waste initiatives and a societal commitment

Group objectives

➔ Contribute to the responsible food transition by relying on sustainable and responsible agriculture, inclusive anti-waste initiatives and a societal commitment (Carrefour Foundation)

02. ZERO HUNGER

Contribution to the SDG

➔ Reduce food waste through three focus areas: in-store measures (e.g., Too Good To Go), partnerships with suppliers (e.g., review of use-by and durability dates of more than 400 Carrefour products) and consumer awareness (e.g., "Zero Gaspi" events)

Group objectives

➔ 50% reduction in food waste by 2025 *vs.* 2016

➔ 100% of countries implement an annual Act For Food communication programme

03. GOOD HEALTH AND WELL-BEING

Contribution to the SDG

➔ Offer nutritional products in its stores and using the Nutri-Score labelling system to help consumers eat healthy, balanced meals regardless of their dietary requirements

➔ Implement a series of requirements and procedures to guarantee the quality and compliance of the products it sells

➔ Safeguard the health and well-being of all employees

Group objectives

➔ Ban controversial substances

➔ Ensure the quality and safety of Carrefour products

➔ 6,000 nutritional products in store in 2022

➔ 100% of countries implement a nutrition plan

➔ 100% of countries implement an action plan on health/safety/quality of life in the workplace

04. QUALITY EDUCATION

Contribution to the SDG

➔ Promote the hiring of interns and work-study students, particularly in disadvantaged areas

Group objectives

➔ 15,000 young people hired on permanent contracts or work-study programmes, half of which will come from disadvantaged neighbourhoods in 2021

➔ 3,000 job-shadowing work experiences for high school students from French priority urban areas in 2021

05. GENDER EQUALITY

Contribution to the SDG

➔ Promote diversity, notably through the Diversity Charter signed back in 2004, in a commitment to give everyone the same opportunities in terms of career development and recruitment in all countries. The day-to-day actions it takes as part of this commitment include promoting gender equality in the workplace, integrating people from diverse backgrounds and people with disabilities, and combating all forms of discrimination and harassment

Group objectives

➔ Women accounting for at least 40% of appointments to key positions within the Group by 2025

➔ GEEIS certification for gender equality in all countries

06. CLEAN WATER AND SANITATION

Contribution to the SDG

➔ Raise awareness, train and monitor textile industry suppliers on the management and efficiency of processes that consume water and chemicals through the Clean Water Project launched in 2016

➔ Reduce the use of pesticides (organic farming and agroecology) and develop more environmentally friendly certified products (EcoLabel)

Group objectives

➔ All the production sites of key integrated textile suppliers trained and now working on corrective plans

➔ All Carrefour Quality Lines products feature Agroecology labels by 2025

➔ Help 3,000 producers in France with organic farming, or with the transition to organic production, by 2022

07. AFFORDABLE AND CLEAN ENERGY

Contribution to the SDG

➔ Improve the energy efficiency of stores and develop the use of renewable energies

➔ Reduce the greenhouse gas emissions associated with its activities and engage all of its stakeholders, and more particularly its suppliers, in the low-carbon transition

Group objectives

➔ Reduce our GHG emissions (scopes 1 and 2) by 30% by 2030, and by 55% by 2040, compared with 2019

08. DECENT WORK AND ECONOMIC GROWTH

Contribution to the SDG

➔ Promoting social and ethical responsibility through our business relationships. Carrefour has specific purchasing rules and integrates social, environmental and ethical criteria into its business relationships. The Group notably ensures compliance with human rights principles in its supply chains and promotes fair compensation for all parties, via fair trade products, long-term partnerships and initiatives like "C'est qui le patron ?" (Who's the Boss?)

Group objectives

➔ All of our supply plants located in risk countries must undergo a compliance audit

09. INDUSTRY, INNOVATION AND INFRASTRUCTURE

Contribution to the SDG

➔ Support our suppliers through financing (crowdfunding, financing entity) and three-way and/or long-term contracts (FQC, Bio)

➔ Promote innovation relating to the food transition, particularly through the Food Transition Pact

Group objectives

➔ 300 suppliers are signatories the Food Transition Pact by 2025

10. REDUCED INEQUALITIES

Contribution to the SDG

➔ Make our product range accessible to as many people as possible

➔ More affordable organic, agroecological and local products

➔ Participate in food solidarity by donating our unsold goods

➔ Priority focus on food through the actions of the Carrefour Foundation

Group objectives

➔ Carrefour-brand products accounting for one-third of sales by 2022

➔ 80% of customers believe that Carrefour helps them eat healthier and more responsibly, while remaining affordable, by 2022

11. SUSTAINABLE CITIES AND COMMUNITIES

Contribution to the SDG

➔ Contribute to integration in city centres via our convenience formats

➔ Use a fleet of biomethane delivery vans in large urban areas and obtain noise certifications

Group objectives

➔ 800 vans running on biomethane in France in 2021

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

Contribution to the SDG

➔ Offer products in its stores that contribute to the food transition for all, while supporting local suppliers and responsible practices (organic farming, environmental certifications, etc.) and ensuring transparency for consumers

➔ Reduce waste production and guarantee its recovery

Group objectives

➔ €4.8 billion in sales of organic products in 2022

➔ 10% Carrefour Quality Line products in the Fresh Products range by 2025

➔ Key objectives of our animal welfare policy implemented in all countries by 2025

➔ Guarantee transparency and traceability of Carrefour products

➔ 100% reusable, recyclable and compostable packaging by 2025

➔ Recover 100% of waste by 2025

➔ 100% of countries roll out a program focused on local products and purchasing by 2020

➔ 30,000 local partners in 2025

13. CLIMATE ACTION

Contribution to the SDG

➔ Reduce the greenhouse gas emissions associated with its activities, and engage all of its stakeholders, and more particularly its suppliers, in the low-carbon transition

Group objectives

The following objectives have been approved by the Science Based Targets initiative:

➔ Reduce our GHG emissions (scopes 1 and 2) by 30% by 2030, and by 55% by 2040, compared with 2019

➔ Reduce product-related GHG emissions by 20 MT compared with 2019

14. LIFE BELOW WATER

Contribution to the SDG

➔ Participate in the development of sustainable fishing by developing an offering of more responsible seafood and aquaculture products

Group objectives

➔ 50% of seafood products sourced from sustainable fisheries in 2025 (Carrefour-brand and national-brand products)

➔ 20,000 tonnes of packaging avoided by 2025 (since 2016), including 15,000 tonnes of plastic

15. LIFE ON LAND

Contribution to the SDG

➔ Participate in the development of sustainable agriculture by expanding the range of products sourced from the organic farming and agroecology segments and supporting producers through long-term partnerships

➔ Fight against deforestation linked to our sourcing, in particular for our priority raw materials (beef, palm oil, wood and paper, soya, cocoa, packaging and textile fibres).

➔ Reduce the environmental impact of our sites

Group objectives

➔ See goals 6 and 12

➔ Roll-out a Sustainable Forests action plan on deforestation-linked products by the end of 2025 (beef, palm oil, wood and paper, soya, cocoa, packaging and textile fibres)

➔ Ensure that all new shopping centre constructions and expansions are certified to BREEAM standards and roll out BREAM In-Use certification across 75% of sites in France by 2021

16. PEACE, JUSTICE AND STRONG INSTITUTIONS

Contribution to the SDG

➔ Fight against illegal fishing

➔ Tackle illegal deforestation

➔ Apply international conventions on working conditions in our supply chain

➔ Apply the European F-Gas legislation (refrigerants) in all our host countries

Group objectives

➔ See goals 14 and 15

17. PARTNERSHIPS FOR THE GOALS

Contribution to the SDG

➔ Carrefour develops all of its action plans in conjunction with its stakeholders

➔ Part of the Consumer Goods Forum. As a member, the Group actively participates in coalitions on soy, wood and paper, palm oil, beef and plastic

➔ Alexandre Bompard now co-leads the coalition to combat deforestation

1.5 Description of the Group's businesses

1.5.1 AN INTERNATIONAL OMNI-CHANNEL RETAILER

Carrefour has been opening stores under its banners in France and abroad for 60 years. It currently operates in Metropolitan 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 2020, Carrefour opened or acquired 1,253 stores under Group banners, representing some 261,000 sq.m. of gross additional sales area. As of the end of 2020, Carrefour had 13,048 stores under its banners in more than 30 countries.

Carrefour reported net sales of 70.7 billion euros in 2020, a 4.3% increase at constant exchange rates. 2020 gross sales (before the impact of IAS 29) amounted to 78.8 billion euros, an increase of 4.4% at constant exchange rates. This increase is attributable to the following factors:

- a 7.8% increase in same-store sales excluding petrol and calendar effects, adjusted for the impact of construction/renovation work;
- a favourable 0.1% calendar effect;
- a 1.2% positive contribution from store openings;
- a 1.0% unfavourable impact from changes in the scope of consolidation and other effects (including transfers);
- a negative 3.6% petrol effect.

After taking into account a 6.8% adverse currency effect, mainly due to the depreciation of the Brazilian real and the Argentine peso, sales at current exchange rates were down by a total of 2.4% in 2020. Including the impact of IAS 29, total consolidated gross sales in 2020 amounted to 78.6 billion euros.

Recurring operating income came to 2,173 million euros. Overall, recurring operating income represented 3.1% of net sales.

Cash flow from operations stood at 3.4 billion euros in 2020 versus 3.4 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 1.2 billion euros in 2020 compared with 1.7 billion euros in 2019. Net free cash flow came to 1,056 million euros in 2020, versus 324 million euros in 2019.

France

In France, the Carrefour group had 5,592 stores under its banners at end-2020, in four formats: 248 Carrefour hypermarkets, 1,179 Carrefour Market supermarkets and Bio c' Bon stores, 4,018 convenience stores operating under the Carrefour City, Carrefour Contact, Carrefour Express and Carrefour Bio banners, and 147 Promocash cash & carry stores. The Group's integrated network included a total of 652 stores including 192 hypermarkets, 447 supermarkets, 11 convenience stores and 2 cash & carry stores.

In Metropolitan France, the proportion of franchised stores within the network represented 17.6% for hypermarkets, 60.9% for supermarkets and 99.7% for convenience stores.

Carrefour operates in Metropolitan France and, through a number of long-standing partnerships, in the French overseas territories. A total of 162 stores are operated under Group banners in the French overseas territories: 15 hypermarkets, 36 supermarkets, 107 convenience stores, and 4 cash & carry stores.

In 2020, Carrefour France opened or acquired 348 stores under Group banners, including 123 supermarkets, 223 convenience stores and 2 cash & carry stores, representing a total of approximately 53,000 sq.m. of gross sales area.

Net sales totalled 34.1 billion euros. Like-for-like gross sales excluding petrol and calendar effects were up by 3.6%. Hypermarkets were up 1.0% in like-for-like sales excluding petrol and the calendar effect, whereas supermarkets enjoyed a 6.8% increase and other formats (mainly convenience stores) gained 5.2%.

Recurring operating income totalled 629 million euros, for an operating margin that represented 1.8% of net sales, an increase of 13.2% the 2019 figure. This change reflects excellent momentum in retail, where profitability has risen by around 160 million euros. Recurring operating income in France suffered a negative impact of around 90 million euros from the decreased contribution from the financial services companies and the sharp slowdown in retail services (travel agency, tickets etc.) and Promocash business.

In France, operational investments totalled 582 million euros, representing 1.7% of sales.

Other European countries

In Europe (excluding France), Carrefour had 5,553 stores operating under Group banners at the end of 2020. These included 456 hypermarkets, 1,873 supermarkets, 3,156 convenience stores and 68 cash & carry stores. Carrefour operates stores in five integrated countries: Belgium, Spain, Italy, Poland and Romania. The integrated store base included 1,476 units, of which 415 hypermarkets, 672 supermarkets, 321 convenience stores and 68 cash & carry stores.

Over the year, Carrefour opened or acquired 813 stores under its banners, gaining approximately an additional 72,000 sq.m. of gross sales area. These included 6 hypermarkets, 206 supermarkets, 591 convenience stores and 10 cash & carry outlets.

Net sales in Europe totalled 21 billion euros in 2020, an increase of 1.6% at constant exchange rates. Like-for-like gross sales excluding petrol and calendar effects were up by 3.5%.

Recurring operating income totalled 698 million euros for the year, an increase of 6.4% at constant exchange rates, for a stable operating margin of 3.3%. Operations in virtually every country saw growth in recurring operating income. The profitability of retail operations grew by around 150 million euros thanks to good sales momentum and reduced costs. Recurring operating income in Europe was suffered a negative impact of around 110 million euros due to the decreased contribution from the financial services companies and the slowdown in B2B sales.

Present in Spain since 1973, the Group had a local multi-format network of 205 hypermarkets, 112 supermarkets, 906 convenience stores and 27 cash & carry stores at the end of 2020. Net sales totalled 9.1 billion euros. Like-for-like gross sales rose by 7.1% excluding petrol and calendar effects. Carrefour posted strong growth momentum in each quarter.

Carrefour excels in Spain thanks to an attractive business model and the continuous improvement of customer satisfaction.

Present in Italy since 1993, Carrefour manages a local store base comprising 48 hypermarkets, 492 supermarkets, 932 convenience stores, and 13 cash & carry stores. Net sales totalled 4.2 billion euros. Like-for-like gross sales were down 5.2% excluding petrol and calendar effects. Carrefour was adversely affected by its exposure to shopping centres, which were closed for part of the year, and to tourist areas which were heavily affected by the crisis.

In Belgium, Carrefour is the most multi-format group, with 40 hypermarkets, 442 supermarkets and 305 convenience stores. Net sales totalled 4.1 billion euros. Like-for-like gross sales rose by 8.3% excluding petrol and calendar effects. In 2020, Carrefour made further market share gains in Belgium and strengthened its price positioning.

Carrefour has been operating in Poland since 1997, with 90 hypermarkets, 160 supermarkets and 687 convenience stores under its banners. Net sales totalled 1.8 billion euros. Like-for-like gross sales were down slightly by 0.6% excluding petrol and calendar effects. Carrefour posted a solid performance in 2020 despite slower inflation at the end of the year and the closure of shopping centres due to the health crisis.

In Romania, where Carrefour has been present since 2001, the Group manages 40 hypermarkets, 193 supermarkets, 108 convenience stores and 28 cash & carry stores. Net sales totalled 2.1 billion euros. Like-for-like gross sales rose by 2.1% excluding petrol and calendar effects.

In Europe, the Group also operates through franchise partnerships in Turkey, Armenia, Georgia and, since September 2020, in Andorra, with a total of 725 stores under its banners: 33 hypermarkets, 474 supermarkets and 218 convenience stores.

Operational investments in Europe (excluding France) totalled 314 million euros in 2020, representing 1.5% 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 1,081 units, including 185 hypermarkets, 151 supermarkets, 530 convenience stores and 215 cash & carry stores.

In 2020, Carrefour also announced the acquisition of 30 Makro stores in Brazil, of which 6 had already been converted by December 31.

Net sales in Latin America totalled 13.2 billion euros in 2020, an increase of 22.6% at constant exchange rates. Due to an unfavourable currency effect over the year, sales declined by 9.7% at current exchange rates. Recurring operating income came to 786 million euros, an increase of 26.4% at constant exchange rates and a decrease of 5.7% at current exchange rates.

The operating margin therefore stood at 5.9%. The sharp increase in volumes in Brazil was supported by increased cost discipline and greater operational efficiency. The profitability of retail operations improved by around 280 million euros, offsetting the roughly 90-million-euro decrease in the contribution from the financial services companies. In Brazil, recurring operating income increased by 22.0% (or 184 million euros) at constant exchange rates to 764 million euros. Recurring operating income in Argentina increased significantly to 22 million euros, including a negative impact of 25 million euros due to the application of IAS 29.

In Brazil, Carrefour operated a network of 100 hypermarkets, 53 supermarkets, 130 convenience stores and 206 cash & carry stores as of end-2020. Net sales in Brazil totalled 11.5 billion euros. Like-for-like gross sales increased by 18.2% excluding petrol and calendar effects. Carrefour is capitalising on the attractiveness of its leading ecosystem. The Group is reaping the advantages of a virtuous circle with dynamic footfall and market share gains.

Carrefour has been operating in Argentina since 1982 where it manages a local store base comprising 85 hypermarkets, 98 supermarkets, 400 convenience stores, and 9 cash & carry stores. Net sales totalled 1.7 billion euros in 2020. Like-for-like gross sales rose by 49.3% excluding petrol and calendar effects.

Operational investments in Latin America[1] amounted to 298 million euros in 2020, representing 2.2% of sales.

Asia

Present in Asia since 1989, Carrefour has operations in Taiwan, as well as in Indonesia and Uzbekistan through franchising. At the end of 2020, the Group had a total of 248 stores under banners, including 172 hypermarkets, 10 supermarkets and 66 convenience stores.

Net sales in the Asia region, representing the operations of Carrefour Taiwan and taking into account the disposal of the Carrefour China business in 2019, came to 2.1 billion euros. Like-for-like gross sales increased by 1.2% excluding petrol and calendar effects. Recurring operating income stood at 94 million euros in 2020, up 9.8% at constant exchange rates.

In Taiwan, the network of stores was made up of 66 hypermarkets and 66 convenience stores at December 31, 2020. Carrefour strengthened its position by completing the acquisition of 224 Wellcome convenience stores at the end of December. These stores will be converted to the Carrefour banner during first-half 2021.

Carrefour also operates through franchising in Indonesia and, since December 2020, in Uzbekistan with 116 stores under its banners: 106 hypermarkets and 10 supermarkets.

Operational investments in Asia totalled 34 million euros in 2020, representing 1.6% of sales.

(1) Excluding the Macro acquisition.

Other regions

In addition to the French overseas departments and territories, Europe, Asia and Latin America, Carrefour also operates 574 stores with franchisee partners elsewhere in the world (Middle East, Maghreb, West Africa, Dominican Republic, etc.).

Development of franchise partners

In 2020, Carrefour continued to expand its banner base by supporting its partners outside Europe and in the French overseas territories, with a total of 128 new points of sale opened during the year.

The GBH group, a historic Carrefour partner overseas, completed the acquisition of Vindemia in 2020. Operating in the Indian Ocean, Vindemia's stores were placed under the Carrefour banner on January 1, 2021.

In the Middle East, the Majid Al Futtaim group continued its multi-format expansion with the opening of 57 stores in 2020.

The Carrefour banner continued to expand into new countries in 2020, setting up operations in Andorra and Uzbekistan.

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 other major retailers: Aldi, Auchan, Casino, E.Leclerc, Intermarché, Lidl and Système U. With a market share of 20.7%[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 country's second-largest grocery retailer and the leading hypermarket operator. Its 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 and the Piedmont, Lazio and Lombardy regions.

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 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) Market sahare in value - Nielsen Scantrack Panel - fast-moving consumer goods + self-service fresh products over a period of 53 weeks ending January 3, 2021 (HM + SM + SDMP + Proxi + Drive).

1.5.2 STORE AND WEBSITE OPERATIONS

Network of stores (franchised and partner stores included)(1)

Store network at December 31, 2020	Hyper-markets	Super-markets	Conve-nience stores	Cash & carry stores	Total number of stores 2020	Total number of stores 2019	Total sales area (in thousands of sq.m.) 2020	Total sales area (in thousands of sq.m.) 2019
France	233	1,143	3,911	143	5,430	5,274	5,353	5,327
French CPI overseas territories and Dominican Republic	15	36	107	4	162	150	154	147
Total France	248	1,179	4,018	147	5,592	5,424	5,507	5,475
Belgium	40	442	305	0	787	789	929	927
Spain	205	112	906	27	1,250	1,149	2,023	2,011
Italy	48	492	932	13	1,485	1,089	1,116	940
Poland	90	160	687	0	937	906	685	671
Romania	40	193	108	28	369	371	497	479
Other	33	474	218	0	725	655	914	568
Total Europe (excl. France)	456	1,873	3,156	68	5,553	4,959	6,165	5,596
Argentina	85	98	400	9	592	597	649	648
Brazil	100	53	130	206	489	464	2,068	1,967
Total Latin America	185	151	530	215	1,081	1,061	2,717	2,616
Taiwan	66	0	66	0	132	137	464	481
Other	106	10	0	0	116	115	571	569
Total Asia	172	10	66	0	248	252	1,035	1,050
Other	151	348	57	18	574	529	1,486	1,379
Total Other	151	348	57	18	574	529	1,486	1,379
TOTAL GROUP	**1,212**	**3,561**	**7,827**	**448**	**13,048**	**12,225**	**16,910**	**16,116**

Carrefour is creating an omni-channel universe in which its online presence is closely integrated with its 13,048 physical stores and this universe was expanded in 2020.

The Group's store ownership strategy is based on franchised 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, its well-known brands and banners, broad product assortment and business methods as well as its quality, health and safety standards. Franchising is developing rapidly across the Group.

Carrefour provides its customers with the full range of 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 tailor 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 point of sale or a Drive, or have their shopping home delivered. In 2020, the Group operated 2,225 Drives throughout the world and had a GMV of 2.3 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 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 2020, the Group acquired start-ups Dejbox (meal delivery to offices) and Potager City (delivery by online subscription of ultra-fresh, seasonal fruit and vegetable boxes from local distribution networks). In 2020, the Group also acquired Bio c' Bon (107 stores), a city centre chain specialising in the distribution of organic products, as well as Bio Azur (5 stores). Carrefour has expanded the So.bio network, which it acquired in 2019, to 31 stores. With 6 stores at the end of 2020, Carrefour continued to roll out the Supeco model in France, a discount supermarket aimed at the general public and professionals.

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

1.5.3 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.

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-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-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-brand products has been strengthened at Group level since 2018 with the arrival of agribusiness experts. At the end of 2020, there were 9,917 Carrefour own-brand products including 1,100 organic products and 1,000 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 more than 600 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.

1.5.4 FINANCIAL AND PURCHASING SERVICES

While varying by country and local practices, Carrefour services help satisfy customers with the same commitment to quality products and services at the best price 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 2020, business slowed sharply, with some operations forced to shut during lockdown.

All of the Group's integrated countries 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.

Market Pay, a European payment platform founded in 2016 to meet the challenges of Carrefour's omni-channel commerce in its various geographies, began marketing its payment services in France, Belgium, Spain and Italy in May 2020. The FinTech company, which targets both retailers and pure players to help them roll out innovative payment solutions, already operates at a volume of 1.3 billion transactions, managing 45,000 terminals and 5 million cards.

Market Pay made it possible to roll out payment solutions that help everyone comply with protective measures. By March 26, in just four days, the Pass card ceiling was raised from 50 to 100 euros, and payment pathways were put in place for the "Les Essentiels Carrefour" sites. Market Pay played an active role in discussions with GIE Carte Bancaire aimed at lifting the limit on contactless payments from 30 to 50 euros in all Carrefour stores in France, Spain and Belgium.

In October 2020, Carrefour sold 60% of Market Pay to AnaCap Financial Partners. The transaction resulted in a capital gain on disposal of 245 million euros in the Group's financial statements (before transaction costs). Through the transaction, Carrefour aims to capitalise on AnaCap's in-depth expertise in the sector and its experience in growth and business development to enable Market Pay to continue developing, diversifying and accelerating its transformation in support of Carrefour's innovation projects and its other existing and prospective customers. The deal, subject to standard closing conditions, is expected to close in the first half of 2021.

Carrefour Banque is the Group's banking subsidiary that markets banking and insurance products in France, Italy and Belgium. Today, it serves close to 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 more than 2 billion euros. To help simplify the daily lives of its customers, Carrefour Banque offers a range of payment, credit and insurance products, available at points of sale in hypermarkets, as well as via a dedicated website, mobile applications and an integrated call centre in France.

In Spain, the financial services provider SFC offers credit card and payment solutions. In 2020, SFC had 2.5 million cards and 1.8 million customers. The digital transformation in Spain is underway, with the majority of cards granted via tablet or directly online.

In April 2020, the Board of Directors of Carrefour Banque decided to discontinue the C-zam business of current account management services for retail banking customers, in order to focus on the bank's core consumer finance business.

1.5.5 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-2020, the Group had 125 warehouses and logistics centres in its integrated countries, operated either by service providers or employees.

The Group kept the supply chain running smoothly during lockdown. It established plans to secure supplies to stores and warehouses, with specific measures for the most sensitive, priority products. A crisis unit dedicated to supply chain management was organised with suppliers to increase direct flows. Supplier ranges were streamlined (reallocation of product references, listing of new suppliers, etc.). Risk mapping, particularly of shortages, and alert monitoring systems were introduced. Head office teams were mobilised in the field on a voluntary basis. The Group also accelerated the automation and mechanisation of order preparation in warehouses and stores.

1.5.6 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, 2020, the Group operated 16.9 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.

1.6 The Carrefour group in 2020

1.6.1 SIGNIFICANT EVENTS OF 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 issues 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 decides to hold the Shareholders' Meeting of May 29, 2020 behind closed doors at the Company's head offices 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 decides 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 informs 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 decide 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).
- **May 13:** Market Pay, the payment platform designed by Carrefour to meet the challenges of omni-channel commerce in its various geographies, begins marketing its payment services in France, Belgium, Spain and Italy.
- **May 29:** Carrefour's Shareholders' Meeting is held behind closed doors at the head office and the Group's 2019 annual report is published.
- **June 2:** acquisition of 224 convenience stores under the Wellcome banner in Taiwan.
- **June 5:** Carrefour announces a new objective of reducing its CO_2 emissions by 30%, i.e., an additional saving of 20 megatonnes of CO_2 by 2030.
- **June 11:** Carrefour is the first retailer in Spain to obtain AENOR Covid-19 certification.
- **June 15:** Rami Baitiéh, Executive Director, Spain, is appointed Executive Director, France.
- **June 22:** launch of a food marketplace on Carrefour.fr.
- **June 23:** Carrefour Argentina uses renewable energy to power its points of sale in the Cordoba and Buenos Aires regions, and in the city of Buenos Aires.
- **June 30:** Carrefour Belgium launches its range of "Les Belges" Carrefour-brand products to highlight the wealth of its gastronomic heritage.
- **July 8:** Carrefour is elected retailer of the year in Poland at the 2020 Retail Summit.
- **July 21:** announcement of the opening of the first Carrefour hypermarket in the Principality of Andorra.
- **July 27:** Carrefour and Uber Eats sign an exclusive agreement for the delivery of everyday shopping outside Ile-de France and announce the launch of the service in Belgium.
- **July 28:** Carrefour publishes its second-quarter 2020 sales (see Section 5.4 of this Universal Registration Document).
- **August 10:** following the explosions in the port of Beirut, Carrefour sends 40 tonnes of food aid to Lebanon through its Foundation.
- **August 27:** acquisition of 172 convenience stores and supermarkets under the Supersol banner in Spain.
- **September 16:** Carrefour partners with Canadian company Food-X Technologies Inc. to strengthen its capabilities in food e-commerce.
- **September 17:** Carrefour opens its third store in Cameroon.
- **September 21:** Carrefour Brazil becomes the first company in the retail sector in Brazil to receive the international My Care label, attesting to the effectiveness of its measures adopted for the protection of customers and employees.
- **September 23:** after Belgium, France and Spain, Carrefour Poland introduces the Nutri-Score label on its Carrefour-brand products.
- **September 30:** launch of the "Horizons by Carrefour" blog, which helps familiarise customers with the digital innovations implemented by the Group.
- **October 14:** meeting with 50 global representatives under the framework agreement signed between Carrefour and the UNI Global Union international union federation to present the Company's non-financial information.

- **October 21:** Carrefour Belgium stops the sale of single-use plastic bags at check-out in all its stores.
- **October 28:** Carrefour publishes its third-quarter 2020 sales (see Section 5.4 of this Universal Registration Document).
- **October 30:** Carrefour sells 60% of its Market Pay payment platform to AnaCap Financial Partners.
- **November 2:** the Paris Commercial Court accepts the Carrefour group's offer to take over the Bio c' Bon banner.
- **November 5:** since its launch in May, the Carrefour Marketplace has recorded more than 8,500 orders on an offer of 45,000 products.
- **November 23:** the death of a customer of a Carrefour supermarket in Brazil following an altercation with two employees of a security company prompts Carrefour Brazil to request a comprehensive review of training in safety, respect for diversity and tolerance for all employees and subcontractors in the country.
- **November 24:** launch of the INNIT customised nutritional score on the French e-commerce website Carrefour.fr.
- **December 2:** after France, Belgium, Italy and Poland, Carrefour Spain joins forces with anti-food waste app Too Good To Go.
- **December 8:** Alexandre Bompard announces plans by Carrefour France to hire 15,000 young people in 2021, 8,000 on work-study programmes and 7,000 on permanent contracts, half of which will come from disadvantaged neighbourhoods.
- **December 14:** for the fourth consecutive year, Carrefour is ranked the leading French retailer and in the top five global retailers by the DJSI index, a benchmark index evaluating the results of CSR policies of more than 3,500 companies worldwide.

1.6.2 SIGNIFICANT EVENTS OF FIRST-QUARTER 2021

- **January 16**: Carrefour and Canadian group Couche-Tard announce that they are looking into opportunities for operational partnerships and sharing expertise in areas where both groups are present.
- **January 25:** the Carrefour Foundation celebrates its 20th anniversary.
- **February 16**: Carrefour and Système U finalize agreements with Sodiaal, Yoplait, Lactalis, Savencia and Eurial to adjust the price of milk for the third year in a row.
- **February 26:** Carrefour reaffirms its commitment to Restos du Coeur for the 14th year in a row.
- **March 2:** Carrefour France commits to fighting period poverty.
- **March 9:** Carrefour Brazil deploys Blockchain technology in the citrus industry.
- **March 15:** Carrefour finalises the acquisition of 172 convenience stores and supermarkets in Spain under the Supersol banner.
- **March 17:** Carrefour Spain lowers the price of more than 1,000 products.
- **March 24:** acquisition of Grupo BIG, Brazil's third-leading food retailer.

1.6.3 SUMMARY OF FINANCIAL PERFORMANCE

(in millions of euros)	2020	2019 restated[(1)]	2019 IFRS 5 post-IAS 29 post-IFRS 16	2018 restated for IFRS 5 post-IAS 29	2017 restated for IFRS 5[(2)]
CONSOLIDATED INCOME STATEMENT					
Gross sales	78,609	80,672	80,672	80,772	87,605
Net sales	70,719	72,397	72,397	72,355	78,315
Recurring operating income before depreciation and amortisation[(3)]	4,465	4,417	4,417	3,403	3,735
Recurring operating income	2,173[(4)]	2,099	2,088	1,937	2,135
Recurring operating income after net income/(loss) from equity-accounted companies	2,160	2,101	2,090	1,952	2,139
Operating income	1,686	1,071	1,060	823	978
Net income/(loss) from continuing operations	853	216	219	36	(85)
Net income/(loss) from continuing operations, Group share	663	29	32	(187)	(254)
Total net income/(loss)	831	1,308	1,311	(344)	(362)
Net income/(loss), Group share	641	1,126	1,129	(561)	(531)
CONSOLIDATED STATEMENT OF CASH FLOWS					
Cash flow from operating activities	3,408	3,400	3,400	2,107	2,653
Net cash from operating activities	3,395	3,247	3,247	2,108	2,843
Net cash from/(used in) investing activities	(1,841)	(1,013)	(1,013)	(1,613)	(2,635)
Net cash from/(used in) financing activities	(1,126)	(1,987)	(1,987)	529	362
Net change in cash and cash equivalents	(27)	166	166	708	288
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Net debt	2,616	2,615	2,615	3,510[(5)]/3,785[(6)]	3,743[(6)]
Total equity	11,297	11,673	11,675	11,286	12,159
Equity – Group share	9,795	9,937	9,940	9,169	10,059

(1) 2019 restated for the IFRS IC decision on IFRS 16.
(2) Including Carrefour China.
(3) Recurring operating income before amortisation (including supply chain depreciation).
(4) Recurring operating income for 2020 includes income expenses related to Covid-19. Exceptional bonuses and other similar benefits awarded to employees (128 million euros at H1 2020) are reported under "Non-recurring income" or "Non-recurring expenses".
(5) Excluding the IAS 17 impact: liabilities relating to financing-leasing contracts recorded in accordance with IAS 17 were restated as leasing commitments.
(6) Including the IAS 17 impact.

1.6.4 SUMMARY OF STOCK MARKET PERFORMANCE

Summary of stock market indicators

Closing price *(in euros)* [1]	2014	2015	2016	2017	2018	2019	2020
highest	*29.20*	*32.80*	*26.74*	*23.64*	*19.62*	*18.14*	*16.89*
lowest	*22.09*	*23.65*	*20.90*	*16.47*	*13.14*	*14.62*	*12.33*
at December 31	*25.30*	*26.65*	*22.89*	*18.04*	*14.91*	*14.95*	*14.03*
Number of shares at December 31	734,913,909	738,470,794	756,235,154	774,677,811	789,252,839	807,265,504	817,623,840
Market capitalisation at December 31 *(in billions of euros)*	18.6	19.7	17.3	14.0	11.8	12.1	11.5
Average daily volume[1][2]	2,985,228	3,064,488	3,167,915	3,310,080	3,723,706	2,394,148	3,218,500
Net dividend *(in euros)*	0.68	0.70	0.70	0.46	0.46	0.23	0.48[3]

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

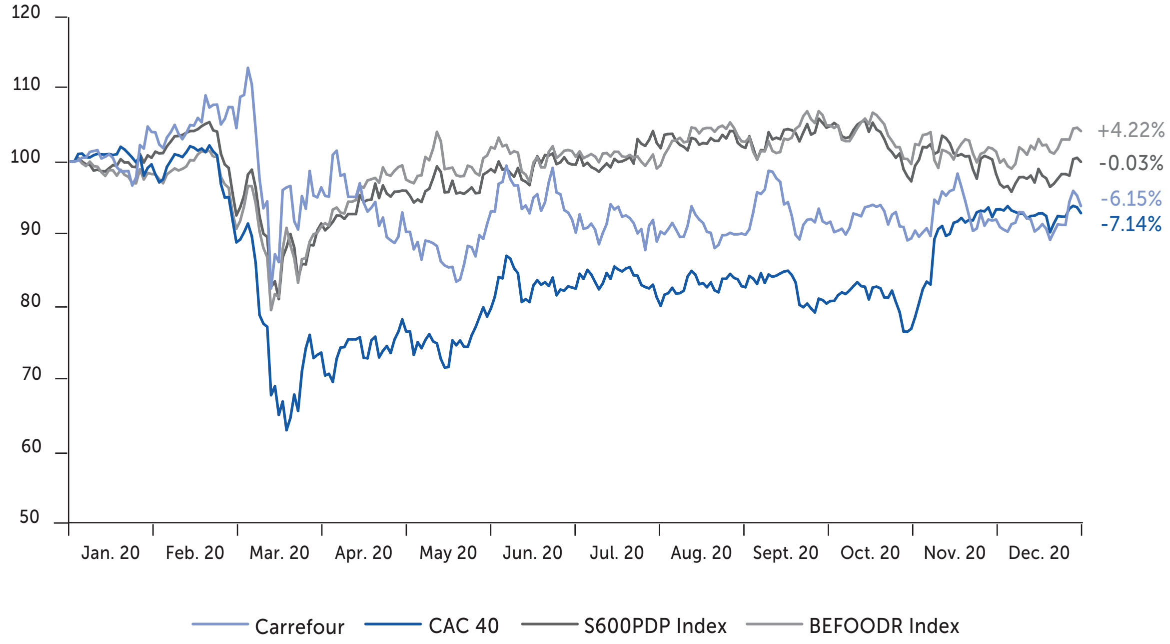
Carrefour share price in 2020

	Highest share price[1]	Lowest share price[1]	Average closing price[1]	Number of shares traded	Amount of capital traded[1]
January	15.675	14.455	15.07	59,450,780	896,845,087
February	16.32	15.23	15.77	60,128,312	952,066,645
March	16.89	12.325	14.50	134,758,706	1,933,996,176
April	15.175	13.265	14.05	58,007,191	817,540,109
May	13.655	12.465	13.06	67,284,736	879,208,753
June	14.865	13.755	14.23	76,179,862	1,085,746,806
July	14.065	13.12	13.63	61,584,913	838,924,813
August	14.025	13.16	13.52	39,504,139	534,550,635
September	14.76	13.34	13.98	68,587,834	958,076,373
October	14.055	13.32	13.74	55,069,666	754,000,768
November	14.7	13.395	13.91	76,402,183	1,064,490,753
December	14.345	13.33	13.74	70,196,061	974,646,040

(1) In euros.

Share price in 2020 (100 base)

Carrefour share price in relation to the CAC 40, BEFOODR[(1)] and STOXX Europe 600 Personal Care Drug and Grocery Stores[(2)].



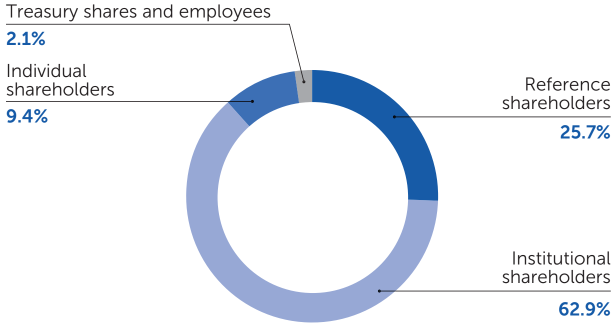
Source: Bloomberg.

Share capital and ownership structure

At December 31, 2020, the share capital amounted to 2,044,059,600 euros (two billion, forty-four million, fifty-nine thousand and six hundred euros), divided into 817,623,840 shares with a par value of 2.50 euros each.

The number of voting rights at December 31, 2020 was 1,039,716,834. After deducting the voting rights that cannot be exercised, the total number of voting rights is 1,030,259,295.

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2020 was as follows:



(1) Composition of Bloomberg Europe Food Retailers (BEFOODR) index at December 31, 2020: Ahold Delhaize, Carrefour, Colruyt, HelloFresh, ICA Gruppen, Jeronimo Martins, Just Eat Takeaway.com, Kesko OYJ, Metro AG, Morrison, Ocado, Sainsbury, Tesco.
(2) Composition of STOXX Europe 600 Personal Care Drug and Grocery Stores (S600PDP) at December 31, 2020: Ahold Delhaize, Axfood, Beiersdorf, Carrefour, Colruyt, Dino Polska, Essity, Galenica, HelloFresh, ICA Gruppen, Jeronimo Martins, Kesko OYJ, Morrison, Ocado, Reckitt Benckiser, Sainsbury, Tesco, THG, Unilever, Zur Rose Group.

1.6.5 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 2020, Carrefour exceeded its non-financial objectives, as measured by its CSR & Food Transition Index with a score of 115%. This performance reflects the progress made in cutting greenhouse gas emissions, reducing food waste, developing agroecology and deploying its packaging strategy.

The 2020 version of the CSR index is being updated for the 2021-2025 period. The objectives that expired at the end of 2020 (relating to sustainable fishing, forestry and nutrition initiatives) will be revised. This is to allow the Group to step up the level of its ambition while continuing to report on existing initiatives over the medium term. In addition, the Group's strategic priorities are changing, and the 2021-2025 CSR & Food Transition Index can incorporate new objectives, relating to animal well-being and climate change for the indiriect scope (scope 3). The new version of the index will be published during the course of 2021.

FIGURE 1 – CSR AND FOOD TRANSITION INDEX

Carrefour's 2020 CSR & Food Transition Index = 115%

	I. Products	2019 Result	2020 Result	2020 Score 106%
1	€4.8 billion in sales of organic products by 2022	€2.3 billion	€2.7 billion	90%
2	10% Carrefour Quality Lines (CQL) products in the Fresh Products range by 2022	6.6%	7.4%	101%
3	50% of Carrefour fish sold from sustainable fishing by 2020	47%	44%	88%
4	Roll-out of a Sustainable Forests action plan deforestation-linked products by 2020	68%	88%	88%
5	Save 10,000 tonnes of packaging by 2025	3,460 tonnes	6,154 tonnes	168%

	II. Stores	2019 Result	2020 Result	2020 Score 163%
6	Reduce food waste by 50% by 2025 (vs 2016)	-10%	-29%	191%
7	Recover 100% of waste by 2025	63.4%	66.2%	96%
8	Reduce CO_2 emissions by 30% by 2030 (vs 2019)	-%	-9.1%	> 250%
9	2,000 employees identified as "food transition superheroes" in stores by 2020	870 superheroes	2,286 superheroes	114%

	III. Customers	2019 Result	2020 Result	2020 Score 100%
10	80% of customers identify the food transition in stores by 2022	72%	77%	106%
11	100% of countries roll out a programme focused on local products and purchasing by 2020	44%	93%	93%
12	100% of countries implement an annual Act for Food communication programme	100%	100%	100%
13	100% of countries rolling out a Healthier Diet action plan by 2022	56%	100%	100%

	IV. Employees	2019 Result	2020 Result	2020 Score 90%
14	40% women among those appointed to key positions by 2025 & 100% of countries roll out GEEIS certification by 2020	32% 78%	23% 100%	75% 100%
15	Disabled employees to account for 4% of total Group employees by 2025	3.7%	3.6%	103%
16	13 training hours per Group employee by 2025	12 hours	8 hours	69%
17	100% of countries implement an action plan on health/safety/quality of life in the workplace by 2020	89%	100%	100%

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.

Ratings agency	2016	2017	2018	2019	2020
CDP – Carbon Disclosure Project	B(1)	A-	A-	A	A-
Oekom	Prime C+	Prime C+	Prime C+	-(4)	Prime C+
DJSI – RobecoSAM	74	74 68(2)	69	73	77
MSCI	A	A	A	AA	AA
Sustainalytics		75	74	70	-
Vigeo Eiris	55	67	-	A1+(3) 68	67
CDP Forest					
• Palm oil	B	A-	B-	B	B
• Soy	B	B	B-	B	B
• Meat	C	B	C	B-	B
• Wood and paper	B	A-	B-	B-	B
CDP Water	-	-	-	-	A-

(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.

1.6.6 SIMPLIFIED LEGAL CHART AT DECEMBER 31, 2020

France*

Retail	Carrefour Hypermarchés	Société d'exploitation Amidis et Compagnie (Integrated supermarkets)	Carrefour Proximité France	Genedis (cash & carry)	
E-Commerce	Greenweez	Quitoque	Carrefour Drive	Dejbox	Potager City
Logistics	Carrefour Supply Chain				
Purchasing	Interdis (Central purchasing centre for food)	Maison Johanès Boubée (Beverages)	Envergure (Central purchasing centre with Système U)		
Real Estate	Carrefour Property France	Carmila**			
Financial services	Carrefour Banque (Financial services)	Carma (Insurance)	Market Pay (Payment)		

Europe*

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

Latin America*

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

Taiwan

Retail	PresiCarre Corporation

Partnerships/Master franchisees*

	France	Sub-Saharan Africa	Tunisia/Algeria	Morocco	Turkey
Retail	Provencia	Adialea	UHD	Hypermarché LV/ Maxi LV	Carrefour SA Carrefour Sabanci Ticaret Merkezi **
	North Africa and Middle East	Indonesia			
	Majid Al Futtaim	PT Trans Retail			

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

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

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CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE

Introduction

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 the leader of the food transition for all. In line with this ambition, this chapter also looks at projects developed by the Group, as well as 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 details how CSR is structured within the Group, and the method deployed for implementing the food transition for all, creating value for all stakeholders, and therefore developing the positive impact of the Group's business on society. It describes the methodologies enabling Carrefour to develop CSR policies in response to societal risks it has identified in its business model and through dialogue with stakeholders. It presents these policies, action plans and duty of care measures put into action along with identified risks. Lastly, it transparently explains the Group's CSR performance through a set of key indicators. Section 2 also contains information on the Non-Financial Information Statement, the duty of care and the main international standards applied, in particular the Sustainability Accounting Standards Board (SAS-B), the Task Force on Climate Disclosure (TCFD) and the Global Reporting Initiative (GRI). Cross-reference tables specific to the Non-Financial Information Statement, SAS-B, TCFD and GRI-G4 appear in Section 9.6.

Alignment with applicable regulations

Non-financial Information Statement: This Universal Registration Document 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.

The Non-Financial Information Statement consists of the following:

- the business model, provided in Section 1.1.7;
- the map of Group risks based on the business model, which incorporates societal risks, presented in Section 4.1.1. The methodology for identifying societal risks and their definition are detailed in Section 2.1.2.1;
- the policies and action plans that address societal risks, described in Section 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 (Section 2.2.1), operations and stores (Section 2.2.2), employees (Section 2.2.3), responsible business relationships (Section 2.2.4);
- the Group's Key Performance Indicators in 2020 are detailed for each policy in Section 2.2. Performance is summarised in Section 2.4.1 and Section 2.4.2 provides details on the reporting method;
- lastly, Section 2.4.3 contains the independent third-party report on consolidated CSR information.

Duty of care: This section contains information on 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. It complies with the requirements set out in French law no. 2017-399 of March 27, 2017 with regard to the duty of care. As such, the following items and information are covered:

- the map used to identify, analyse and classify risks (see Section 2.1.2);
- procedures used to regularly assess the position of subsidiaries, subcontractors and suppliers with which the Group maintains an established business relationship, based on the risk map (see Section 2.3.1.2);
- adapted actions for mitigating risks or preventing serious threats (see Sections 2.3.1.1 and 2.3.1.2);
- the whistleblowing and warning systems for reporting the existence or materialisation of risks, established in cooperation with the trade unions of said company (see Section 2.3.2);
- the system for monitoring actions taken and measuring their effectiveness (see Section 2.3.1.2);
- the report on the implementation of the duty of care plan covering the previous financial reporting year (see Section 2.3.3).

The information included in Carrefour's duty of care plan is presented in this section as follows:

- governance of CSR and the food transition, as applied to the implementation of the duty of care plan along with measures specifically related to these areas, is presented in Sections 2.1.1.2 and 2.1.1.3;
- procedures for dialogue and collaboration with stakeholders, which can be used to set policy and to update and evaluate the implementation of third-party assessments and risk prevention and mitigation measures are presented in Section 2.1.1.4;
- the methodology used to map risks relating to human rights and fundamental freedoms, health and safety, and the environment is presented in Section 2.1.2.1. The main risks identified and their definition are available in Section 2.1.2.2;
- risk prevention framework, third-party assessments, risk prevention and mitigation measures and whistleblowing systems covered in the duty of care plan are detailed in Sections 2.3.1.1, 2.3.1.2 and 2.3.1.3. The report on actions implemented in 2020 in application of the duty of care plan is available in Section 2.3.1.4;
- a summary of Carrefour's non-financial reporting, which covers all of the Group's non-financial performance indicators, is presented in Section 2.4.1.

2.1 Implementation of CSR and the food transition at Carrefour

2.1.1 METHOD AND GOVERNANCE OF CSR AND THE FOOD TRANSITION

2.1.1.1 Method of CSR and the food transition

In conducting its business activities, Carrefour gives importance to creating value for all stakeholders. The Group has implemented CSR governance, developed methods and continuously improved its decision-making processes, tools and strategies to increase its positive impact on society.

Since the transformation plan was launched in 2018 by its Chairman and Chief Executive Officer Alexandre Bompard, the Group has accelerated its actions to promote sustainable development and the food transition for all. The Group's *raison d'être*, adopted at the Shareholders' Meeting in June 2019 and enshrined in the preamble of the Company's Articles of Association, marks the starting point of this acceleration and the transformations in progress, with the aim of becoming the leader of the food transition for all (see Section 1.4).

The timeline below shows the key events in Carrefour's history and their positive impact both on integrating CSR into internal practices and on improving production and consumption modes.

FIGURE 1: TIMELINE OF KEY EVENTS AND THEIR POSITIVE IMPACT BOTH ON INTEGRATING CSR INTO INTERNAL PRACTICES AND ON IMPROVING PRODUCTION METHODS AND CONSUMER HABITS

1976

■ Launch *of produits libres* (unbranded products), the first private-label products.

1987

■ "Our Common Future" report (Brundtland report) and definition of the term "sustainable development.

1992

■ Rio Earth Summit.

■ Creation of Carrefour Quality Lines (*Filières Qualité Carrefour* – FQC), the first tripartite agreements with farmers to develop taste, authenticity and agroecology.

■ Launch of Boule Bio organic bread, produced in French hypermarkets.

1997

■ Launch of an organic grocery line and organic baby food line under the Carrefour Bio brand name.

1998

■ Launch of the WWF® action plan.

■ Voluntary application of the precautionary approach to genetically modified organisms (GMOs).

2000

■ Eight Millennium Development Goals (MDGs) drafted by the United Nations.

■ Launch of the human rights programme in partnership with the International Federation for Human Rights (*Fédération internationale des ligues des droits de l'homme* – FIDH).

2001

■ Adherence to the UN Global Compact.

■ Formalisation of the sustainable development policy agreement with UNI Global Union in support of workers' rights and the promotion of equal opportunity (agreement updated in 2018).

2004

■ Signature of the Diversity Charter.

■ Adoption of a Code of Ethics.

2005

■ Launch of a range of products sourced from sustainable fisheries.

2015

■ UN Sustainable Development Goals (SDGs).

■ Paris Agreement (COP21).

■ Commitment by Carrefour to fight climate change through the introduction of goals to reduce CO_2 emissions.

2017

■ Introduction of a CSR Index.

■ Joins the Dow Jones Sustainability World Index.

2018

■ Announcement of the "Carrefour 2022" transformation plan designed to help the Group achieve its ambition to become the world leader of the food transition for all.

■ Launch of the worldwide Act for Food programme, which brings Carrefour's actions and their concrete results to the fore in all the countries where the Group operates.

■ Creation of the Food Transition Advisory Committee with external well-known figures and chaired by Alexandre Bompard.

■ Launch of the first Food Transition Store Challenge International which involves in-store employees in the food transition project.

2019

■ Inclusion of a *raison d'être* in the Group's Articles of Association, which aims to support Carrefour in fully embracing its ambition to become the world leader of the food transition for all by 2022.

■ Launch of the Loop project to promote returnable packaging both in-store and online, the first of its kind in the retail industry.

2020

■ Launch of the Food Transition Pact with national brands.

■ Alexandre Bompard co-leads the Forest Positive Coalition of the Consumer Goods Forum.

■ Approval of new climate goals by the Science Based Targets initiative and inclusion of a target to save 20 megatonnes of CO_2 for products sold.

■: markers of the integration of CSR into Group strategy
■: markers of Carrefour's positive impact on production and consumption modes
■: key CSR events

The Group's CSR methodology has evolved significantly due to the actions taken in implementing the "Carrefour 2022" transformation plan. The methodology is based on the following principles:

- **transparent goals with stakeholders supported at the highest level of the organisation:** Carrefour works with its partners in setting specific, quantitative targets. The Group presents its short- and long-term goals in line with material issues identified with its stakeholders (the materiality matrix is detailed in Section 1.4.1.4). The Group's objectives associated with CSR and the food transition are measured through a set of performance indicators. The most strategic objectives are integrated into the CSR & Food Transition Index. This index measures an achievement rate, which is also a criterion factored into management compensation (see Section 1.6.5);
- **dedicated governance:** Governance bodies for CSR and the food transition have been set up at every level in the organisation (see Section 2.1.1.2). The Group has created an external Food Transition Advisory Committee, which is chaired by Alexandre Bompard. Internal food transition Advisory Committees were set up at Group level and in integrated countries and within the various professions depending on the issues addressed;
- **actions integrated into products and stores for its customers**: The integration of actions tested by customers into stores is a key marker of the methodology, as these actions embody the Group's long-term objectives.

To achieve its mission of becoming the leader of the food transition for all, the Group acts at all levels to participate in transforming markets; directly engaging suppliers, partners, and customers; and bringing innovative solutions that can reshape production and consumption modes. Carrefour uses the following drivers to make this mission a success:

- **working towards a positive transformation in market standards:** Carrefour acts for progress in market standards through initiatives supported by retail companies, suppliers and stakeholders in the value chain, organisations and public authorities. These coalitions come together to facilitate market transformation by collectively shaping practices and bringing about large-scale changes, which can sometimes anticipate new regulations. The Group also takes part in different working groups to identify emerging solutions and co-build action plans at a collective industry level;
- **implementing exclusive initiatives at a local or international level** that serve as an industry benchmark and can change consumer standards. Initiatives that have been successful with consumers are applied industry-wide and help bring about transformation on the market. Campaigns include "*C'est qui le patron?*" (Who's the Boss?), "Bring your own container", returnable packaging, no-waste boxes, and the elimination of plastic from the fruits and vegetables section. Carrefour and its partners work to identify innovative solutions and support the implementation of these solutions in order to suggest new ways of producing and using products;
- **getting direct suppliers and partners involved:** Carrefour has direct relationships with thousands of farmers, manufacturers and service providers:
  - the Group uses its trade relations, especially with its suppliers of Carrefour-brand products, to include standards in line with CSR and the food transition. In 2020, Carrefour updated its purchasing rules to support the food transition, for example including criteria and requirements to respect marine resources, protect forests, integrate ecodesign into packaging and promote agroecology,
  - Carrefour sets up voluntary collaborations with its suppliers of Carrefour-brand products and national brands to initiate the transformations necessary to bring about the food transition for everyone. For instance, Carrefour offers its suppliers opportunities to work on joint projects (e.g., Collaboration for Healthier Life in Lyon), innovation platforms (e.g., RESET project for ecodesign in packaging) and technical support for supply lines (e.g., development of agroecology in Carrefour Quality Lines). Finally, the Group launched the Food Transition Pact in 2020, which unites national brand suppliers around common objectives on biodiversity, transparency, health and nutrition, climate and packaging;
- **educating and engaging customers:** To transform consumer habits, Carrefour offers products and solutions in stores to promote sustainable consumption. This enables Carrefour to identify and better meet customers' emerging societal and environmental expectations. But the Group also hopes to educate people about sustainability issues and co-build solutions that everyone can adopt. Carrefour also established customer consultation and engagement channels to define its strategies (e.g., activist consumer groups in Spain and France).

FIGURE 2: EXAMPLE OF THE ACTION PLAN ON PACKAGING AND PLASTIC: HOW CAN EVERYDAY CONSUMER USE BE TRANSFORMED INTO SOMETHING POSITIVE?

CSR Index 2020	Avoid **10,000 tonnes** of packaging by 2025
Participate in the market transformation	■ New Plastics Economy Global Commitment ■ European Plastic Pact ■ Plastic Pact Poland ■ French National Plastic Pact on Packaging
Get customers involved	■ Zero plastic challenge ■ Défi Zéro Plastique
Implement innovative solutions to transform practices	■ Loop ■ (Re)set packaging
Make our initiatives visible in stores	■ 6,154 tonnes of packaging avoided since 2017 ■ Developing bulk grocery shopping: 1,100 stores equipped ■ Possibility of bringing refillable containers to all stores (deli section)

Carrefour uses analysis and dialogue tools to identify material issues, and define its policies and action plans while taking a continuous improvement approach. The Group implements the following actions, which are detailed in other sections in this document:

- engaging with stakeholders and consumers on societal issues (Section 2.1.1.4);
- defining policies and helping the business segments to deploy action plans and achieve objectives (Section 2.2);
- risk analysis (Sections 4.1.1 and 2.1.2) and materiality analysis (Section 1.4.1.4);
- evaluating non-financial performance (Section 1.6.5).

2.1.1.2 Governance bodies for CSR and the food transition

Governance of the food transition and CSR policies is exercised jointly by the Group Executive Committee, Board of Directors and CSR Committee. This governance mainly applies to exercising the Carrefour group's duty of care. The governance bodies are the following:

- 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 2020, during meetings with the dedicated **CSR Committee** (Section 3.2.3.4), the Board expressed its opinion about monitoring consumer expectations and implementing the activist consumer group, the fight against deforestation in Brazil, progress on the Group packaging strategy, priority in-store CSR issues and the report on CSR initiatives deployed in Spain.

At Group level, the **Food Transition Committee** chaired by Alexandre Bompard includes various actors responsible for implementing the food transition. Together, they define strategy based on results and consumer trends. The Group Secretary General, the Strategy and Transformation, Merchandise, Quality and country-based departments coordinate the consistent roll-out of food transition and CSR programmes throughout the entire Group:

- the **Group Secretary General** oversees implementation of the food transition throughout the Group. He is in charge of the Food Transition Advisory Committee (Section 2.1.1.4.1). 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;
- the **Merchandise department** defines CSR and food transition targets for products and responsible purchasing. It is in charge of the Committee on purchasing rules for the food transition. The **Merchandise and Quality departments** then roll out objectives and implement purchasing rules for the food transition for all in all countries where the Group operates.

FIGURE 3: 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 is in charge of 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.	

2.1.1.3 Organisational structure of countries, professions and stores

Role and methods of departments reporting to the Secretary General

Reporting directly to the Group Secretary General, the Group CSR department oversees implementation of the CSR methodology to help meet the objectives that Carrefour has set for itself. It is responsible for building a vision for Carrefour's contribution to the UN Sustainable Development Goals (SDGs) and reports on Group performance to its stakeholders based on international standards. In addition to its contribution to Group strategy and with the help of Carrefour experts, the CSR department identifies emerging trends and supports the various professions with the design and implementation of innovative, substantive projects.

The CSR department, responsible for implementing these missions, comprises about ten employees, who work with all the Group professions and departments concerned, particularly the Merchandising, Quality, Marketing, Communication, Store and E-commerce departments. Every country where the Group operates has a CSR department.

The Risk and Audit department is tasked with identifying the Group's priority risks, which include societal risks. It assesses the integration of societal risks in the different professions and conducts audits.

The Group Secretary General also oversees the Organic Produce Market department, created in 2018. This multi-disciplinary team made up of about ten members 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.

Organisational structure of professions and countries

All Carrefour departments and employees play a role in implementing the food transition for all within their scope of responsibility. Business lines are in charge of implementing CSR targets, which are defined collectively with the teams involved, along with the drive and support of the CSR department. The responsibility of implementing the duty of care plan is shared between the different departments involved in the process, from defining risks to implementing action plans and measuring their effectiveness and performance. Committees covering several departments are tasked with monitoring progress towards Group and country targets on CSR issues and the duty of care.

The **Committee on purchasing rules for the food transition** (formerly the Risk and Sourcing Committee) analyses risks and threats involving Carrefour's sourcing practices, and defines sourcing strategy and objectives to implement. This committee ensures that the business lines concerned implement purchasing rules for the food transition within the Group. It holds bimonthly meetings chaired by the Group Executive Director, Merchandise and Formats, which are attended by the following key departments: Merchandise, Quality CSR, Strategy, Audit and Risk, Legal, Carrefour Brand, CPI, Communication and Global Sourcing (Carrefour's non-food sourcing entity since 1994, whose head office is located in Shanghai). In 2020, the committee reviewed the targets for the CSR and Food Transition Index for the period 2021-2025. Purchasing rules for the food transition were updated and disseminated in all countries where the Group operates.

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.

The Group's policies are implemented by the local CSR departments in 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.

Lastly, the CSR policy 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.

2.1.1.4 Organising dialogue with stakeholders

2.1.1.4.1 General dialogue processes with stakeholders

Dialogue with stakeholders informs the Group's CSR policy, from devising strategic focuses and objectives to operational deployment of projects. 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.

- 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. Social dialogue is an instrument for implementing the duty of care locally and globally. 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 European Information and Consultation Committee (ECIC).
  - **European Consultation and Information Committee (ECIC):** This is a European Works Council created under an agreement signed by Carrefour in 1996 with the FIET, the International Federation of Commercial, Clerical, Professional and Technical Employees (part of UNI Global Union since 2011). It involves an Annual Plenary Meeting 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 topic, as well as regular meetings in the form of a select committee aimed at ensuring continuity in social dialogue between plenary meetings, and specific committee meetings on the issues of sustainable development, diversity and new technologies. In 2020, The Group held ten European Consultation and Information Committee (ECIC) meetings in light of the health crisis. In May, Carrefour signed the CICE joint declaration for a European Health Pact to take management of the health crisis to the European level.
  - **International agreement with UNI Global Union:** 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. A meeting bringing together 50 representatives from around the world at which Carrefour presented its non-financial information was held by videoconference on October 14, 2020.
- Stakeholder consultation.
  - **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. They participate in projects working towards the food transition for all, share best practices, propose new ideas and lead exploratory discussions about changing food habits.

    In 2020, the Committee confirmed the direction taken by Carrefour's executive management and will monitor the implementation of four key forward-looking projects: development of new farming practices based on soil conservation and agroecology, calculation test for the true cost of food, in-store tests of a cooperative store model, and deployment of the fight against food waste. The Committee meets twice a year, with work sessions organised throughout the year to assess progress;
  - **stakeholder panels:** Several times a year, Carrefour arranges meetings in order to formulate functional recommendations on a specific CSR issue and/or the duty of care plan. 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 2020, three stakeholder consultation meetings were held on the themes of responsible e-commerce, the fight against deforestation and reduction in plastic packaging;
  - **bilateral dialogue and long-term partnerships:**

    Group teams are in daily contact with expert stakeholders on issues relating to human rights, the environment, and health and safety. For all risks defined as a priority under the duty of care, Carrefour identifies the relevant actors with which it should m(sauf les aintain special dialogue.

    Carrefour organises regular bilateral consultation processes to define and implement action plans. A consultation process was initiated in 2020 with about ten expert stakeholders on human rights to focus on the issue of a living wage.

    Carrefour also leads several long-term action plans in conjunction with various associations, such as the WWF® since 1998 and the FIDH since 2008.

- Consultation and onboarding of customers.

  Feedback channels were set up to leverage customer input:

  - **consumer panels.** More than 3,200 customer focus groups were organised in 2020 to test recipes and customer requests are processed throughout the year by the Customer Service department. Carrefour also organises themed panel discussions with small customer groups to raise awareness about specific issues and build its action plans. In 2020, panel discussions were held virtually with national brands on Food Transition Week and deposit-carrying containers, and in stores on animal welfare and eggs;
  - **civic consultation and onboarding of customers.** To secure customer buy-in to the Group strategy, Carrefour launched ten CSR projects following the *mission-zero-plastique.carrefour.com* civic platform organised in 2019. Testing is currently in progress throughout France. In 2019, Carrefour also created "Activist consumer groups" in Spain and France, which now include nearly 600 consumers on social media. These consumers are regularly invited to stores to discuss various topics, participate in some of Carrefour's decision-making processes – especially on projects resulting from the civic consultation process – and participate meetings with nutrition and environmental experts. Representatives were identified from among these consumers to keep the club active and build a strategy. Two Advisory Committee meetings were held in 2020.

- Transparency and performance reporting.

  - **NGO questionnaires, ratings agencies and investors.** Carrefour believes in the importance of replying to questionnaires sent by NGOs, investors and ratings agencies. That is how the Group engages in building transparent dialogue with its stakeholders to assess the relevance of its policies and action plans, and compare its performance with that of its peers and best practices available on the market. 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. Results from the CDP (climate and forest), Oekom, DJSI-SAM, MCSI, Sustainalytics and Vigeo Eiris questionnaires are detailed in Section 1.6.5.

2.1.1.4.2 Consultation and deployment of the duty of care plan with stakeholders

Carrefour works closely with trade unions, organisations, public authorities, suppliers and industry coalitions both globally (e.g., Consumer Goods Forum, Initiative for Compliance and Sustainability, Business Social Compliance Initiative) and locally (e.g., Cerrado Manifesto, Bangladesh Accord, etc.) to implement its duty of care. The dialogue processes contribute to continuously improving the Group's duty of care plan. They aim to:

- **identify and prioritise risks and threats:** The Group analyses the information provided directly by stakeholders and the threats that affect the business sectors it operates in. Reported threats, especially from organisations and NGOs, help keep Carrefour's identified risks up to date, provide more detailed insight into local issues and specify the level of risk;
- **co-build adapted actions for mitigating risks or preventing serious threats:** Carrefour consults with its stakeholders to develop its action plans and identify shared solutions with those concerned. Organisations and NGOs are frequently asked to consult on the objectives defined for Group policies, confirm the relevance of solutions (e.g., certification) and integrate external organisations to implement action plans;
- **monitor actions taken and measure their effectiveness:** Through this dialogue, Carrefour transparently reports on the implementation of risk mitigation measures and difficulties encountered via qualitative and quantitative indicators. Sharing feedback helps better adapt the actions deployed and round out solutions identified if necessary.

The monitoring of stakeholder dialogue in 2020 is presented in the report on the 2020 duty of care plan (see Section 2.3.3).

2.1.2 MAP OF SOCIETAL RISKS

2.1.2.1 Content of the Group's map of societal risks

2.1.2.1.1 Methodology for analysing Group risks

To improve the identification of risks of violations of human rights, health and safety and the environment resulting from its business operations, the Carrefour group applies a risk analysis methodology broken down into steps, which draws on existing mechanisms within the Group. By combining different internal procedures, Carrefour identifies and assesses risks adapted to the Group's activity and size.

For the first step, the Group Risk department carries out an overall identification of general risk factors that include criteria relating to the Company's corporate social responsibility. The framework for identifying risks includes:

- international standards and guidelines (GRI G4, ISO 26000, SAS-B);
- expectations expressed in ESG questionnaires to which the Group responds every year;
- the materiality analysis conducted with both internal and external stakeholders, which is used to confirm the main societal risk factors included in the analysis.

The general risk factors identified by the Group are then analysed by all departments concerned in each country. This helps better refine the assessment of risks detected in each region. This process is detailed in Section 4.1 of this Universal Registration Document. These risks are then ranked in order of their impact and net probability.

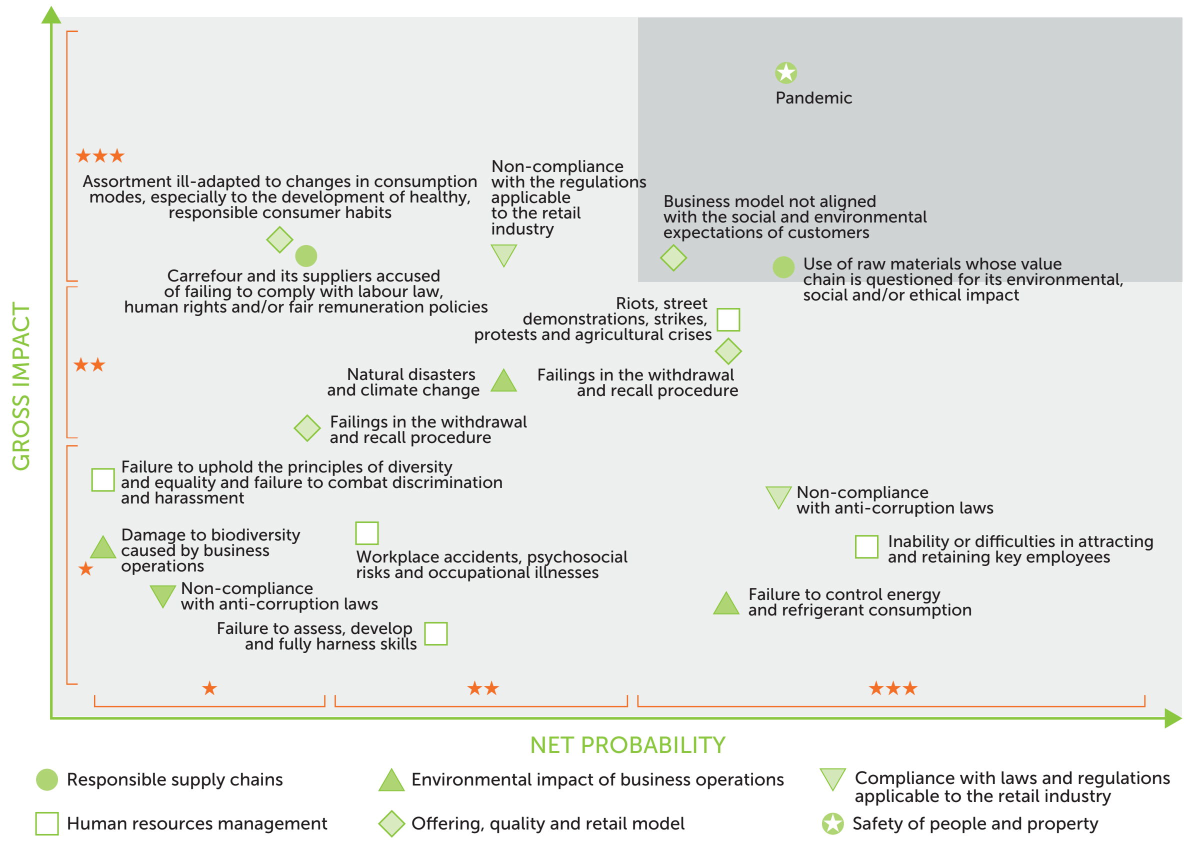
This first generic analysis highlights the main risk factors that could affect the Group's operations, financial position, reputation and results. The analysis is updated annually, and results are submitted to the Audit Committee, the Group Executive Committee and the Board of Directors.

Carrefour then identifies which Group risk factors are societal, i.e., factors that could lead specifically to violations of human rights, health and safety, and the environment. This selection of societal risk sub-factors primarily measures the impact on stakeholders (including customers, suppliers, NGOs and civil society). Section 2 details the analysis methods, action plans and assessment processes applied specifically for these societal risk sub-factors. It therefore contains information relating to the Non-Financial Information Statement and the duty of care.

2.1.2.1.2 Map of the Group's societal risks

The scope of the Non-Financial Information Statement and duty of care specifically addresses various societal risk sub-factors from the Group's risk analysis. The framework can also be used for risk scoring. These risks are assessed based on the following criteria:

- gross impact: this indicator measures the impact on stakeholders (consumers, employees, suppliers, organisations, etc.);
- net probability: this criterion measures the risk's probability of occurrence and the ability to control it. The level of control over risk occurrence is determined based on corrective measures and checks implemented internally.



2.1.2.1.3 Definition of the Group's societal risks and associated policies

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 risks correspond to risk sub-factors defined and described by the Internal Audit and Risk department. The findings have been confirmed by the materiality analysis conducted with both internal and external stakeholders. Section 2.2 contains all the measures used to manage these risks, which are covered in the last column of the table below.

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

Non-financial information reporting risk factor	Group risk sub-factor	Description of the risk	Policies, action plans and performance
Safety of people and property			
Pandemic	Rapid, massive spread of a deadly virus that disrupts Carrefour's operations	The outbreak of a pandemic could disrupt the Group's supply chain. Carrefour could also be held liable for not complying with or poorly applying health measures imposed by governments.	This risk is managed across all Group businesses and in all the policies impacted in 2020. A summary of measures implemented is also presented in Section 1.3
Responsible supply chains			
Responsible raw material procurement	Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact	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.).	1.4.2.3 Transformation of production and consumption modes 2.2.1.2 Promoting and developing sustainable agriculture 2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 4.1.1.3 Operations – Responsible supply chain
Resilience of supply chains	Riots, street demonstrations, strikes, protests and agricultural crises	Farming or industry crises could lead to supply shortages (e.g., milk or butter shortages in France). Supply chains can also be disrupted by events related to economic or political crises.	
Upholding human rights and decent pay across the entire value chain	Carrefour and its suppliers accused of failing to comply with labour law, human rights and/or fair remuneration	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 could have a strong negative impact on the Group's reputation.	1.4.2.3 Transformation of production and consumption modes 2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 4.1.1.3 Operations - Responsible supply chain
Offering, quality and retail model			
Sustainable product offering and retail model	Assortment ill-adapted to changes in consumption modes, especially to the development of healthy, responsible consumer habits	The product offer could be misaligned with customer expectations in terms of responsible consumption or healthy, quality food. An offer that is not coherent with the Group's *raison d'être* and its Act For Food programme could impact the Company's sales and reputation.	1.4.2.3 Transformation of production and consumption modes 2.2.1.1 Our products and our customers' health 2.2.1.2 Promoting and developing sustainable agriculture 2.2.1.3 Sourcing raw materials at risk
	Business model not aligned with the social and environmental expectations of customers (local products, reduction in packaging, food waste, etc.)	Carrefour could be held liable in a scandal involving food waste and poor waste management. Product offerings and the management of store operations could be misaligned with customers' emerging societal expectations, such as selling local products, promoting local distribution networks, or reducing packaging and plastic in stores.	1.4.2.3 Transformation of production and consumption modes 2.2.2.3 Developing ecodesign and a circular economy for packaging 2.2.2.1 Combatting food waste

Non-financial information reporting risk factor	Group risk sub-factor	Description of the risk	Policies, action plans and performance
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.	1.4.1.2 Quality services, products and food accessible to all 2.2.1.1 Our products and our customers' health 4.1.1.3 Operations – Product quality, compliance and safety
	Failings in the withdrawal and recall procedure	Malfunctions in the recall and withdrawal procedure for batches of food products could have serious health impacts on customers.	
Environmental impact of business operations			
The fight against climate change	Failure to control energy and refrigerant consumption, and contribution to climate change	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.	2.2.2.4 Fighting and preparing for climate change
	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	Damage to biodiversity (pollution from oil-based products, waste, construction work, etc.) caused by business operations.	Carrefour's business operations may have a negative impact on biodiversity, particularly due to pollution events. Ecosystems may be destroyed by construction work, pollution from fuel retail operations or poor waste management.	2.2.2.2 Limiting the environmental impact of our plants
Compliance with laws and regulations applicable to the retail industry			
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) which came into force in Brazil in September 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.	2.2.4.3 Personal data protection 4.1.1.1 Governance and business environment – Data protection

Non-financial information reporting risk factor	Group risk sub-factor	Description of the risk	Policies, action plans and performance
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.	2.2.4.2 Fair practices 4.1.1.1 Governance and business environment – Corruption/Sapin II law
Human resource management			
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.	2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment
Encouraging diversity and battling all forms of harassment and discrimination	Failure to respect the principles of diversity and equality and failure to combat discrimination and harassment	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.	1.4.2.1 Diversity and our employees' skills 2.2.3.3 Growing and moving forward together
Developing and enhancing skills	Failure to assess, develop and value skills	Poor deployment of skills assessment, development and recognition policy by managers and human resources is likely to demotivate employees and result in lower productivity and increased turnover.	1.4.2.1 Diversity and our employees' skills 2.2.3.3 Growing and moving forward together
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. These events are likely to result in loss of productivity and/or revenue.	2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment
Attracting and retaining talent	Inability or difficulty in attracting and retaining key employees	The Group could encounter difficulties in attracting, hiring or retaining talent for key positions. This risk may arise in particular due to departures from critical positions such as Directors and Senior Directors.	1.4.2.1 Diversity and our employees' skills 2.2.3.3 Growing and moving forward together 2.2.3.6 Taking pride in transforming our professions

2.1.2.2 Maps and tools for the detailed analysis of risks associated with the duty of care

2.1.2.2.1 Methodology for the detailed analysis of risks associated with the duty of care

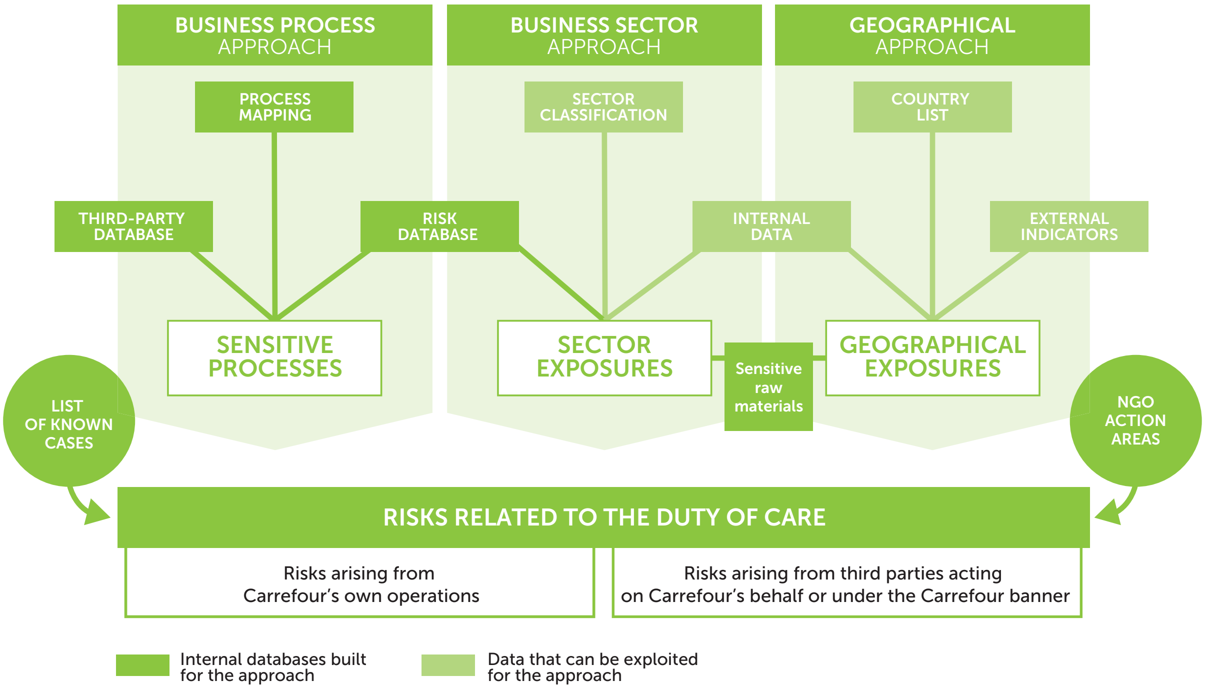
As indicated in Section 2.1.2.1., the Carrefour group combines various internal risk analysis tools. The results of these analyses form a basis for risk management adapted to each specific obligation incumbent on the Carrefour group. The Carrefour group methodically identifies risks of violations of human rights, health and safety, and the environment in line with the French duty of care law.

Based on the risk analysis, the Group then determines the degree of precision and granularity for each risk using its own or shared frameworks, which include:

- societal risk database: the various compliance issues are classified into generic risks as resulting from societal issues, based mainly on the ILO's fundamental conventions for the protection of human rights. For environmental protection, the identified risks include contribution to global warming, water pollution and uncontrolled waste management;
- third-party database: identification and classification of stakeholders into 14 categories, such as public agents, intermediaries, shareholders, employees, media, etc.

Analysing risks associated with the duty of care therefore combines several approaches, which are summarised in the diagram below:

- risks related to Carrefour's various professions;
- risks related to business sectors with which Carrefour interacts regularly;
- risks related to countries in which Carrefour operates or to materials Carrefour uses.



2.1.2.2.2 Specific risks relating to supply chain management

Identified supply chain risks are considered specific risks and must be managed differently. That is why the Carrefour group has implemented specific tools to analyse and manage risks associated with the duty of care. These tools chiefly include specific and separate maps, which can be used for an increasingly refined assessment of the level of risk. These tools cover several approaches, as mentioned above.

TABLE 2: EXAMPLE OF DETAILED MAPS IMPLEMENTED TO ANALYSE SUPPLY CHAIN MANAGEMENT RISKS.

Group risk sub-factor	Examples of detailed maps used for case-by-case analysis
Carrefour and its suppliers accused of failing to comply with labour law, human rights and/or fair remuneration	Map of high-risk regions Map of high-risk sectors and production phases
Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact	Map of high-risk raw materials (based on the following factors: respect for the environment, impact on biodiversity, resilience to climate change, respect for human rights, workers' health and safety)
Damage to biodiversity caused by business operations	Map of high-risk sectors and production phases

On this basis, the Carrefour group has identified the following priority risk factors relating to supply chain management:

- workers' health and safety violations and pollution at textile factories;
- human rights violations at factories located in high-risk countries;
- inadequate worker compensation by our suppliers;
- deforestation for conversion of land for agriculture (priority raw materials are Brazilian beef, palm oil, wood/paper and soy);
- human rights and environmental violations related to natural textile materials;
- damage to biodiversity and non-compliance with human rights in the use of sea resources and aquaculture;
- environmental damage caused by fruit and vegetable production and the use of GMOs;
- non-compliance with the welfare of livestock;
- pollution caused by transport for the procurement of goods;
- supply chain shortages caused by an exceptional event (health crisis, natural disasters and climate change).

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 fruits 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.

2020 was characterised by the unusual circumstances surrounding the Covid-19 health crisis. The Group implemented robust measures in all countries – adjusted on a day-to-day basis and often going further than public authorities' recommendations – to protect the health of its customers in its stores.

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 (89% in 2020), or audited by Carrefour (11% in 2020). Carrefour's control plans also include consumer focus groups and warehouse and in-store checks of product freshness and origin.

Key Performance Indicators[1]	2020	2019	Change
% of sites certified to IFS or BRC standards	89%	83%	+6 pts
% of sites audited by Carrefour, o/w:	11%	17%	-6 pts
• % of audit ratings ranging between A and B	93.0%	95.2%	-2.2 pts
• % of audit ratings ranging between C and D	6.3%	4.8%	+1.5 pts

Indicators[1]	2020	2019	Change
Number of suppliers/sites	2,670	2,606	+2.5%
Number of inspections performed – Analyses	44,727	45,815	-2.4%
Number of inspections performed – External panels	3,265	3,140	+4.0%

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

Indicators	2020	2019	Change
Number of products withdrawn	546	522	+4.8%
% of Carrefour-brand products withdrawn	58%	52%	+6 pts
Number products recalled	334[1]	183	+82%
% of Carrefour-brand products recalled	24%	21%	+3 pts

New indicator in 2020
Scope: products sold in France.
(1) 145 product recalls were attributable to the sesame seed incident.

In addition to guaranteeing high quality standards, the Group promotes transparency and traceability by extending blockchain technology across its food products, and on the Carrefour Bio brand since 2020. 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	2020	2019	Change
Number of blockchain technologies developed in Carrefour Quality Lines[1]	34 lines	28 lines	+6 lines in 2020

Scope: Carrefour-brand products (Carrefour Quality Lines, Carrefour Bio) and national-brand products.

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	2020	2019	Objective
Percentage of countries running a Healthier Diet action plan	100%	67%	All countries have implemented the programme in 2020

Scope: Nine integrated countries.

Action plans

1. Protecting customers in stores during the health crisis

In response to the Covid-19 pandemic, Carrefour took decisive steps in all countries to protect consumers shopping in its stores (see Section 1.3). As soon as the first lockdown was announced, the Group introduced protection measures relating to the management of incoming goods, cleaning and disinfecting shopping carts and baskets, plexiglass protective screens at checkouts and customer service desks, and floor markings to ensure social distancing. Employees were provided with thermometers for taking temperatures on a voluntary basis. On March 30, masks arrived for the teams working in Carrefour stores and warehouses and in Poland, free masks were given out to senior citizens in the Group's Warsaw hypermarkets. In certain Group stores, opening hours were staggered so that shelf-stacking could take place when stores were closed.

The proper application of health, hygiene and safety rules is regularly and strictly controlled and audited. The quality of the protection measures deployed by the Group was certified by third-party bodies. In Spain, Carrefour became the first company to obtain AENOR Covid-19 certification in June. Carrefour Brazil became the first retailer in the country to be awarded the international My Care label developed by DNV GL. In France, hypermarkets, Carrefour Market stores and warehouses obtained AFNOR certification in November.

2. 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 45,000 checks were also performed in stores and warehouses in 2020 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 and recall of any non-compliant products and is being developed to provide additional automated solutions to increase the safety level even further. For example, to make sure that non-compliant products cannot reach the end consumer, online information platforms have been developed to help the relevant supplier provide the data required for product recall. The platforms are also used to identify and warn the warehouses and stores likely to have received batches of non-compliant products, for more effective recall. Carrefour's international AlertNet system swiftly removes any potentially dangerous products from inventory and from the shelves. This system is used in France, Romania, Poland, Brazil, Argentina and Taiwan. Other systems have been deployed in the other countries in which the Group operates to ensure compliance with existing procedures for ensuring consumer safety. As a further precaution, in France, the EAN barcode of recalled products is also blocked at checkout.

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 3,200 external focus groups were organised in 2020 to test recipes. Every year, the Customer Service department commissions an independent organisation to run a survey of 800 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 approximately 100 Carrefour Quality Line products by 2023. 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-brand products have been free of genetically-modified ingredients since 1999. Carrefour developed a first GMO-free livestock feed soy line for Carrefour Quality Line products in Brazil in 2000, followed by a French line in 2017.

3. 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 more than 70 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 the Nutri-Score label 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.

In 2020, Carrefour launched the personalised INNIT score on its *Carrefour.fr* website. This open digital platform dedicated to food helps consumers optimise their choices and keep a balanced diet according to their preferences by providing them with customised information. This new service is another step in the process of providing consumers with a better understanding of food so they can make informed decisions about what they eat.

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 more healthy 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 protect 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 people and better for the planet. The health crisis has made customers even more aware of the need to "eat better" and to consume local produce. They are calling for even more information about product traceability and production conditions.

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 focusing on three areas to promote a more sustainable agricultural transition: 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, with the number of French organic farming producers, including those transitioning to this farming partnership, reaching 2,150.

The new objective is to help 3,000 producers in France with organic farming, or with the transition to organic production, by 2022.

In the other G6 countries (Spain, Belgium, Italy, Poland and Romania), almost 2,300 producers are supported, 223 of which are in the process of converting.

Key Performance Indicators	2020	2019	Change	2022 target
Sales of organic products[1]	€2.7 billion	€2.3 billion	+17.4%	€4.8 billion

(1) Sales in the food, household and personal care sections.

Indicators	2020	2019	Change	2022 target
Number of Carrefour-brand organic product references[2]	1,100	920	+19.6%	-
In France: number of organic farming producers, incl. a transition partnership (supported through sector-based contractual arrangements)	More than 2,150, including 188 in transition	1,776 o/w 173 in transition	+21%	3,000

(1) Sales in the household and personal care sections.

(2) In France.

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 2025 (e.g., "fed on GMO-free feed", "fed without antibiotics" and "grown without chemical treatment").

Key Performance Indicators	2020	2019	Change
Market penetration rate of Carrefour Quality Lines in fresh produce (in %)	7.4%	6.6%	+0.8%

Indicators	2020	2019	Change
Number of Carrefour Quality Lines products	753	726	+4%
Number of Carrefour Quality Lines partner producers	27,884	27,758	+0.45%
Gross sales of Carrefour Quality Lines products (in thousands of euros)	1,049,406	950,459	+10.4%

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

1

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 1.4.2.3 Transformation of production and consumption modes).

Action plans

1. Developing an affordable organic offering

Carrefour is investing heavily in organic food to achieve its objectives. This means activating three drivers: 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, Carrefour supported more than 250 new French organic farmers in 2020, bringing the total to 2,150, including almost 200 transitioning to this type of farming.

In its stores, Carrefour aims to offer a selection of organic products closely matched to consumer demand. Under Carrefour-brand products and national brands, the Group continues to adapt its product offering by adding vegan and raw products for example. Since 2018, Carrefour has been developing locally-grown organic fruits and vegetable ranges, including non-packaged produce. There are 1,100 Carrefour-brand Bio product references in France (Carrefour Bio, Nectar of Bio, Baby Bio), including the new Carrefour Bio range of grocery products (wholegrain pasta and fruit purées).

The Carrefour Bio brand has already achieved the target of 80% reusable, recyclable or compostable packaging.

Carrefour is harnessing all store formats to achieve its ambition by developing specialised stores (Carrefour Bio, So.bio, Biomonde), 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.). Carrefour consolidated its network in 2020 with the acquisition of BioAzur and Bio C' Bon, increasing the number of Group specialised organic stores in France to 168. New organic sections have also been opened in stores, bringing the total number of Bio Expérience areas in hypermarkets to 56 and shop-in-shops in Carrefour Market stores to 164 at the end of 2020.

2. Promoting agroecology via Carrefour Quality Lines (CQL)

Carrefour has a unique tool for developing agroecology: the Carrefour Quality Lines (CQL). There are 753 CQL products worldwide, involving 27,884 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 fruits and vegetables, among others. Carrefour draws up strict product specifications with each producer covering production methods as well as taste criteria and environmental protection obligations. In 2020, approximately 1,300 analyses and 2,100 audit engagements were performed to ensure the quality of agroecological Carrefour Quality Lines.

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.

In 2020, CQL products sales were up 10.4%, generating over 1 billion euros in sales and constituting 7.4% of the consolidated total.

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 21 partner banks to finance an investment structure dedicated to the food transition divided into the six following topics: reducing the agricultural use of chemical fertilisers, promoting biodiversity in farmed areas, transforming animal husbandry and welfare, developing more sustainable fishing and farming methods, developing circular and sustainable solutions, and promoting a healthy diet. Since launch, five projects have been funded for a total of 1 million euros in 2020. This stucture will be provided with 3 million euros over a period of 3 years;
- 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 2020, Carrefour had financed 100 projects with the support of some 10,000 contributors (twice as many as in 2019). Fourteen products are available under the Carrefour brand, and others under their own brand. Carrefour invested 1,400,000 euros in 12 selected projects and over 4 million euros were raised in total;
- the Carrefour Foundation supports sector-based and local stakeholders who are committed to sustainable agricultural practices. In 2020, 23 sustainable agricultural projects were funded by the Foundation for a total amount of 2,607,871 euros (49% of the overall budget);
- in Romania, the Carrefour Foundation supports three local associations — Synerb Venture Catalyze Association, CMSC, and the Civitas Foundation — that help local farmers develop their labour. In Brazil, it supports IDH, which provides veal producers with assistance in respecting forest resources. In this way, the Carrefour Foundation helps to structure fair and steady compensation for producers.

2 3 4 5 6 7 8 9

Joint initiatives and partnerships

- Synerb Venture Catalyzer Association, Civitas, Civitas Foundation
- Cirad (a French agricultural research body focused on international cooperation)
- MiiMOSA
- Open Agri Food

+ Find out more

- *Carrefour.com*: Act for innovation: 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

This first part of this section presents the targets that had been set for 2020 for the different types of sourcing and the progress recorded. To consolidate the Group's position in this area, more ambitious, longer-term objectives are presented in the second section.

Tackling deforestation

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.

Targets for end-2020:

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

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 geo-monitored 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]	2020	2019	Change	Target
Roll-out of the Sustainable Forests action plan on deforestation-linked products by the end of 2020	88.3%	67.7%	+20.6 pts	100% by end-2020

Indicator – Palm oil[2]	2020	2019	Change	Target
% of palm oil from RSPO-certified suppliers (segregated and mass-balance)	82.8%	82.0%	+0.8 pts	100% by end-2020
• Proportion of palm oil certified sustainable and wholly monitored (RSPO segregated)	54.6%	51.8%	+2.8 pts	100% by end-2022

Comments on 2020 performance: The 2020 target was not reached, but action plans are under way to ensure RSPO "Segregated" or "Mass Balance" certification of all palm oil contained in Carrefour-brand products by 2021 at the latest.

Indicator – Wood and paper[3]	2020	2019	Change	Target
Sales of Carrefour PEFC and FSC products (in millions of euros)	534	205	+160%	-
Proportion of Carrefour-brand products in ten priority categories sourced from sustainable forests (in %)	70.2%	48.6%	+21.6 pts	100% by end-2020

Comments on 2020 performance: Significant progress was made between 2019 and 2020 (especially in Italy, Spain and Poland). An action plan is currently being deployed to achieve the final target in the first half of 2021.

Indicator – Brazilian beef(4)	2020	2019	Change	Target
% of geo-referenced Brazilian beef suppliers	100%	95.7%	+4.3 pts	100% by end-2020

Comments on 2020 performance: The target for the geomonitoring of beef suppliers was reached in 2020 for the scope concerned, with data from more than 6,000 farms. A new target has been defined with a broader scope of application and the sustainable beef policy was also stepped up and improved, through the integration of action plans for indirect suppliers.

Indicator – Soy(4)	2020	2019	Change	2020 target
% of countries that have developed zero deforestation livestock feed	100%	44%	+66 pts	100%
Number of Carrefour Quality Lines products using zero deforestation livestock feed	20	14	+42.8%	

(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: excl. RO. Comparable BUs (96.7% of 2020 consolidated net sales).
(3) Scope: excl. RO. Comparable BUs (96.7% of 2020 consolidated net sales).
(4) Scope: Comparable BUs (100% of 2020 consolidated net sales).

Comments on 2020 performance: The objective of supply lines that use zero deforestation livestock feed has been achieved in each country and the Group now has a total of 20 soy-based, deforestation-free supply lines.

Targets for end-2025:

In light of the performance at end-2020, Carrefour is rounding out its action plan to tackle deforestation, and strengthening its ambition by setting out the following targets:

1. **palm oil:** 100% of palm oil and palm kernel oil used as an ingredient in Carrefour-brand products must be RSPO-certified "Segregated" by 2022;
2. **soy:** 100% of Carrefour Quality Lines and key Carrefour-brand products must use deforestation-free soy for livestock feed by 2025;
3. **wood and paper:** 100% of the ten priority product categories must comply with the sustainable forests policy by 2021. 100% of paper and cardboard packaging for all certified products must comply with the sustainable forests policy by 2025;
4. **beef:** 100% of suppliers are geo-monitored and compliant with the forest policy or committed to ambitious policies to combat deforestation by 2025. Scope: direct suppliers of fresh, frozen and processed meat, distributors and warehouses;
5. **cocoa:** 100% of Carrefour-brand chocolate bars must comply with our Sustainable Cocoa Charter by 2023 (in France, Belgium, Spain and Italy);
6. **traceability and assessment of traders**: 100% of key traders (intermediaries trading in agricultural commodities near the beginning of the supply chain) must be assessed and be making progress towards complying with the forest policy (palm oil, soy, wood and paper, beef, cocoa) by 2025;
7. **textiles:** 100% of wood fibres (i.e., viscose, modal and lyocell fibres) used in our TEX products must be deforestation-free by 2022.

Sustainable fishing

Target for end-2020:

The Group's aims to ensure that 50% of fish sold under Carrefour-brand products (and national brand products in the traditional section) come from sustainable sources by the end of 2020.

Key Performance Indicators	2020	2019	Change	Target
% of Carrefour-brand products sourced from sustainable fishing practices(1)	43.8%	47.5%	-3.7 pts	50% by end-2020

Indicator	2020	2019	Change	Target
Total sales of fish certified as organic, MSC, ASC or from Carrefour Quality Lines (in millions of euros)(2)	602	403	+49%	-

(1) Scope: Non-comparable BUs (96.7% of 2020 consolidated net sales vs, 93.6% in 2019). Excl. RO. AR, TW, PL included in 2020. 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 net sales).

Targets for end-2025:

Carrefour has been even more ambitious in area of the sustainable fishing in 2020 and has announced a new target. The Group is now including national brand products for all sections within the scope of its commitment and aims to ensure that 50% of all fish sold must come from sustainable sources by 2025.

Respect for animal welfare

Target for end-2020:

Carrefour's goal is for a progress plan to be in place in all the countries where it operates by 2020.

Indicators	2020	2019	Change	Target
Number of countries running national animal welfare action plans	100%	0%	+100 pts	100% in 2020

Comments on 2020 performance: All countries have implemented Group policy through detailed progress plans that include quantitative targets for key Group policy objectives such as transitioning to cage-free farming and keeping overcrowding and stress to a minimum during transport and slaughter. Local progress plans will be published by the various countries and they will be disclosed in annual reports that track progress.

Target for end-2025:

Now that the countries have devised action plans, the Group is aiming to deploy the eight key objectives of its animal welfare policy in the relevant countries by 2025.

Work has already been carried out on certain animal products. In all countries, Carrefour has committed to ensuring that all Carrefour-brand eggs will be sourced from alternative cage-free systems by 2025. This policy will be extended to all eggs sold in Carrefour stores.

Indicators(1)	2020	2019	Change	Target
% of own-brand eggs from cage-free production facilities	45.1%	32.1%	+13 pts	100% in 2025
% of own- and national-brand eggs from cage-free production facilities	53.5%	40%	+13.5 pts	-

(1) Scope: Non-comparable BUs (93% of consolidated sales excl. VAT vs. 92% in 2019) excl. IT. BE included in 2020. 2019 data an update of TW data.

In order to improve poultry farming conditions in France, Carrefour signed up to the Better Chicken Commitment initiative in 2019.

In 2020, Brazil pledged that by 2025, all Carrefour-brand products would come from pig farms that have stopped male piglet castrations without anaesthetic.

Action plans

Carrefour has established social and environmental compliance guidelines for its retail and non-retail purchases (see Section 2.2.4.1 Mobilising our supply chain). The Group has identified 22 sensitive raw materials that are covered by a programme to prepare action plans by 2025. 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. The purchasing rules for the food transition – including purchasing objectives and criteria for at-risk raw materials – were updated in 2020 and circulated to all countries. Training courses were organised for the Merchandise and Quality departments and the actions put in place are brought to the attention of consumers.

To step up the Group's commitment to forests and help drive systemic changes with all market stakeholders, Alexandre Bompard now co-leads the Consumer Goods Forum's Forest Positive Coalition of Action, bringing together 20 companies who are eliminating deforestation in their supply chains through concrete measures such as jointly assessing traders' policies and the degree to which they are implemented. The coalition uses these assessments to get traders to apply measures to combat deforestation across their own supply lines. For individual traders, these assessments can serve as a basis for dialogue and specific trade measures. This process has already been adopted for soy and palm oil. Carrefour is currently working on implementing a similar approach for beef.

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. Collective involvement of traders in the CGF and factoring outcomes into purchasing decisions.
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. Pilot project to monitor indirect suppliers. Collective involvement of traders in the CGF and factoring outcomes into purchasing decisions.
Wood and paper	Impact on biodiversity and land use	Group-level purchasing policy and rules provide for the use of FSC and PEFC or recycled wood and paper, or the performance of specific audits based on level of risk. This policy applies to ten priority product categories that account for more than 80% of wood and paper supplies and for any development or replacement of packaging. Paper for commercial publications is FSC- or PEFC-certified, or recycled.
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). Developing blockchain technology for key products.
Soy	Impact on biodiversity and land use Local pollution	Certification (ProTerra) and development of local livestock feed chains that guarantee zero deforestation in all countries. Participation in local initiatives such as *Moratoire amazonien sur le soja* and Cerrado Manifesto. Signing of a Soy Manifesto by French industry players, insertion of a non-conversion/non-deforestation clauses into agreements with key suppliers. Collective involvement of traders in the CGF and factoring outcomes into purchasing decisions.
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, allowing for the collective involvement of traders and for outcomes to be factored into purchasing decisions.
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); • an intermediate growth strain; • 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. Deployment of *in ovo* egg sexing technology to put a stop to the grinding of male chicks in France.
Bananas	Impact on biodiversity and land use Sensitivity to global warming Social development Working conditions	Development of agroecological and organic/fair-trade solutions.
Textiles: wool, cashmere	Animal welfare Impact on biodiversity and land use	Traceable supply lines, ensuring improved farming conditions and soil recovery.
Textiles: recycled polyester	Local pollution	Recycled material incorporated into the product manufacturing process.
Textiles: viscose	Impact on biodiversity and land use	Wood fibres used in FSC-certified products.

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 2020

Traceability in organic cotton production in India

By 2030, Carrefour aims to ensure that all natural raw materials used in its TEX products should be sustainable and traceable. Since 2019, Carrefour has been working with over 4,500 small organic cotton producers in the Madhya Pradesh region in central India on a project combining quality organic cotton, decent pay for producers and traceability starting from the seed. The Carrefour Foundation has helped build two organic pesticide production units that enable 2,000 local producers to obtain better yields and boost their income. This has made it possible to drill 100 wells to provide regular irrigation to cotton fields. A total of 1,000 farmers in 18 villages also received training in organic farming techniques. 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. Blockchain technology introduced for textiles in 2020 now makes it possible to include a QR code on the label that will enable customers to track the cotton from the field to the store shelf.

Launch of the Food Transition Pact

Carrefour launched the Food Transition Pact to form a network of supplier partners committed to the food transition. It is open to all national brand suppliers working with Carrefour who are encouraged to put in place projects and solutions for consumers in favour of the food transition, in areas such as eliminating controversial substances, deploying Nutri-Scores and reducing the use of plastic. Any supplier wishing to join must present an ambitious action plan before a panel made up of Carrefour experts. By end-2020, 26 international suppliers had signed up, including five who sit on the Steering Committee: Barilla, Bonduelle, Colgate, Nestlé and PepsiCo. This Committee devises themes for the Pact action plans around five priority issues that help to achieve the UN Sustainable Development Goals, namely packaging, biodiversity, transparency, sustainable products and the climate. Along with Carrefour, each Committee member co-leads a project linked to one of the five issues: responsible products (Barilla), which promote "better eating" and "better consumption"; biodiversity (Bonduelle), which aims to broadcast video messages to make the link between responsible farming practices and the product sold in shops; and 1,000 Reusable and Non-Packaging Solutions (Colgate), which shares innovative recycling ideas and packaging-free customer experiences, ways to eat and consume better (Nestlé), comprising video messages explaining how to use Nutri-Score for a more balanced diet; 20 megatonnes of CO_2 (PepsiCo), which backs climate action projects and compiles data on the related reduction in CO_2 emissions by Carrefour suppliers. The Food Transition Pact provides a platform for these suppliers to discuss best practices, explore new opportunities for collaboration with Carrefour, and share progress with consumers. Carrefour is aiming to get 300 suppliers to sign the pact by 2025.

Launch of the pesticide-free potato Carrefour Quality Line in France

As a pioneer in cutting down on chemical synthetic pesticides, Carrefour supports 25 product lines engaged in agroecological practices aimed at preserving the quality of the soil and ecosystems located near where produce is grown while maintaining high crop yields. Over 37,000 tonnes of fruits and vegetables produced under these conditions were sold in Carrefour stores in France in 2020. NGOs have applauded these marks of progress, positioning Carrefour as a leader in the drive to curtail the use of chemical synthetic pesticides in France.

By 2025, the Group is aiming to have all Quality Lines committed to sustainable agriculture and working hand-in-hand with partner-producers. As part of this goal, Carrefour worked with over 60 French producers and 18 suppliers in 2020 to come up with a new healthy, high-quality and environmentally friendly product: the Carrefour Quality Line Potato. From germination to harvest, these potatoes are grown and stored in France without the use of synthetic pesticides or any chemical treatment whatsoever. Pesticide-free potatoes represent another tangible achievement of the Act For Food programme to promote healthier eating and more responsible production methods.

Control of animal protection in slaughterhouses

In France, audits are carried out periodically by qualified independent auditors for all animal species (from one to three times a year depending on the case) to monitor transport conditions for animals and their protection in slaughterhouses. Carrefour relies either on a methodology co-constructed with OABA (*Oeuvre d'Assistance aux Bêtes d'Abattoirs*), a French body specialising in the protection of farm animals intended for human consumption, or equivalent approaches with AEBEA (*Association Étiquette Bien-Être Animal*) for chickens and the INTERBEV (French National Interprofessional Livestock and Meat Association) diagnostic for cattle. Carrefour has asked all slaughterhouses to introduce video surveillance at sensitive stages. New slaughterhouses must have video surveillance systems in place before they can be listed as referenced suppliers.

At Group level, each country prepared a progress plan in 2020 with the aim of having animal protection audit processes for CQL slaughterhouses and Carrefour-brand products up and running by 2022 and 2025, respectively. The assessment methodology will be similar to that applied in France, adjusted if necessary in consultation with local animal protection NGOs or existing certification bodies.

Implementation of animal welfare labelling

Since in 2020, Carrefour has provided information about animal welfare and farming methods for chickens sold under the Carrefour brand and Carrefour Quality Lines, and is including this information with the products that use blockchain technology. This animal welfare data will concern over 20 million chickens. The label rates both animal welfare and farming methods with a grade of A to E. The first products to be labelled are Auvergne Filière Qualité Carrefour free-range chickens, at level A (superior), then Carrefour chickens raised in henhouses at level C (fairly good). To produce the new labels, Carrefour participated in a working group with other members of Association Etiquette Bien-Être Animal. Independent external audits are also being performed to ensure compliance with labelling criteria.

Stopping the slaughter of male chicks

For several years now, Carrefour has been supporting initiatives to improve animal welfare in the French chicken and egg production sector and its 1,249 production facilities. Examples include GMO-free feed in 2010, antibiotic-free production in 2013, a commitment to ban cages in 2016, and outdoor shelters for free-range chickens in 2018. A new milestone was reached in 2020: Carrefour became the first French retailer to use spectrophotometers for *in ovo* egg sexing to select prospective laying CQL hens before hatching, thus putting a stop to the slaughter of male chicks. This programme is being deployed in collaboration with Fermiers de Loué, a long-standing partner of Carrefour Quality Lines and the AAT group, a world leader in *in ovo* sexing technology. As of May 1, 2020, this technology had already been used on 30,000 chickens, and in time it is expected to be rolled out for use on 7 million eggs annually. Carrefour is strongly encouraging all stakeholders in the sector to identify the best *in ovo* egg sexing practices available in France and to deploy them on an industrial scale. It provides support to all suppliers who are involved in this initiative.

Tackling deforestation in Brazil

The Group has deployed a series of initiatives to tackle the issue of deforestation linked to beef production in Brazil. It has introduced five supply criteria applicable to the fresh beef sold in its stores and set up a satellite geo-referencing platform to ensure compliance. 100% of Brazilian beef suppliers had been geo-referenced by end-2020. The Group also takes part in several working groups to come up with industry-wide solutions for reducing the risks that cattle farming poses to forest protection: Carrefour Brazil has been a member of the sustainable beef platform (GTPS) since it was set up in 2007 and has overseen the working group for monitoring indirect suppliers' practices in Brazil (GTFI) since 2017. As part of the Collaboration for Forests and Agriculture (CFA), Carrefour Brazil is helping businesses act on their commitments to tackle deforestation and restructure beef and soy production in the Amazon, Cerrado and Chaco biomes. The Carrefour Foundation has teamed up with IDH Foundation to develop a "zero-deforestation" beef line by 2030. This initiative supports over 450 calf supplier farms in the state of Mato Grosso, the country's biggest beef producer, and it is aiming to preserve 60% of the indigenous forest while doubling production between now and 2030. Providing support and training to these local producers experiencing difficulties helps boost their productivity. In late 2020, the Carrefour Foundation earmarked over 2 million euros for this project (see Section 2.3.1.2 for further details).

Concerted action in favour of zero-deforestation soy

Every year, France imports over 3.5 million tonnes of soy, mostly for livestock feed, and more than 2 million tonnes come from Brazil. This consumption takes a heavy toll on forests and ecosystems as farmers burn natural ecosystems to convert land into soy monocultures. In November 2020, Carrefour, along with seven other retail industry operators, signed a manifesto, "committing French supermarkets to fight against imported soy-driven deforestation". In particular, the Group committed to requiring its suppliers to reject soy grown on deforested or converted land in Cerrado, which is the main region in Brazil being deforested for soy production, from January 1, 2020 (deadline). This commitment applies primarily to Carrefour's own-brand poultry, pork, beef or dairy products that consumed soy-based livestock feed. Since January 2021, Carrefour has required its own-brand suppliers to include non-conversion/non-deforestation clauses for soy in their suppliers' contractual conditions. The Group is also urging national brand products to deploy these commitments.

Partnership with local Spanish fishermen

In December 2020, a first agreement was signed with the Spanish fishing sector with a view to removing the uncertainty of auction prices by guaranteeing fishermen sustainable prices for the industry as a whole. At the same time, this type of purchase commitment enables Carrefour to provide its customers with stable prices.

This first agreement was signed with the Santoña fishing association in Cantabria to sell the mackerel caught in this port as part of Carrefour's efforts to support the fishing industry which has been severely weakened by the Covid-19 pandemic. It is the first in a series of 12 agreements that will be signed in 2021.

2.2.2 OPERATIONS: LIMITING THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS

2.2.2.1 Combatting food waste and food insecurity

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, among others. 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.

This global issue took on a whole new dimension in 2020 as the health crisis worsened the situation of vulnerable people and low-income households. It became even more important to cut down on the amount of perfectly healthy and nutritious food being wasted so that it could be given to those most in need.

Policy and performance

Carrefour shares the Consumer Goods Forum (CGF) goal of achieving a 50% reduction in food waste by 2025 (compared to 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	2020	2019	Change	Target
Percentage reduction in food waste (vs 2016)[1]	28.7%	9.74%	+19 pts	50% in 2025
Percentage of unsold food products recovered[2]	57.4%	54.2%	+3.2 pts	-

Indicators	2020	2019	Change
Number of meal equivalents of unsold products donated to food aid associations (thousands of meals)[3]	77,071	105,382	-27%
Weight of unsold products recovered through sale of food baskets in partnership with Too Good To Go[4]	3,885 tonnes	2,374 tonnes	+63%

(1) Scope: Non-comparable BUs (73.3% of 2020 consolidated net sales vs 75% in 2019) – excl. ESP, BE, IT SM, TW. Including warehouse data for Atacadao, Romania and Brazil.
(2) Scope: Non-comparable BUs (73.3% of 2020 consolidated net sales) – excl. ESP, BE, IT SM, TW.
(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, ESP, FR, IT, PO. See 2.2.2.4.

Comments on 2020 performance: The proportion of food waste fell sharply in 2020. Inventory control and management of products approaching their use-by date has been optimised and Carrefour has began selling Too Good To Go baskets in its stores.

(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 are also promoting products nearing their use-by dates, offering 30% to 60% discounts in French stores, and up to 90% in Polish stores, where prominent endcap displays were tested in 2020 and will be rolled out in 2021 to hypermarkets and supermarkets.

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 neither be donated or processed are recycled into biomethane for use in almost 500 Carrefour delivery vehicles.

During the health crisis, the Group stepped up its support for food banks and associations. Partnerships with food banks have been continued at all Carrefour hypermarkets in Brazil, Spain and France. The Group has also partnered with Caritas and the Red Cross in some other integrated countries, such as Poland and Argentina. Every morning, the stores sort out unsold products that are safe and authorised for donation to local organisations, ensuring an uninterrupted cold chain for products where needed.

The Carrefour Foundation provided 3 million euros in emergency funding to support food aid charities with the help of the Promocash network. Carrefour Italy launched an initiative to support food banks in more than 1,400 stores: customer donations were converted into gift cards for the most disadvantaged families. Dejbox distributed tens of thousands of meals in hospitals, clinics and doctors' surgeries free of charge. The food donated by Carrefour in 2020 represented the equivalent of 77 million meals.

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-brand products have had their use-by or best-before dates extended, while the latter has been removed from over 100 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.

In 2020, hypermarkets put up prominent endcap displays for products more than one month past their best-before date. Employees receive awareness training in cutting down on waste and best practices to use on a day-to-day basis via an e-learning module on Cap Formation, Carrefour's in-house training tool available to all employees.

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 sells products that are non-compliant for shape or weight reasons, but perfectly compliant quality-wise, under the exclusive brand Tous Antigaspi. In 2018, this concept was taken up with the *únicos* ("one-offs") line of discounted fruits and vegetables in 130 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.

In 2020, the Group introduced the *Zéro Gaspi* (zero waste) challenge, a cross-functional tagging system designed to draw customers' attention to all of the initiatives deployed to cut down on waste. Carrefour Spain has been very proactive in this area, producing and selling one-litre vegetable creams made from very ripe ingredients. In France, since December, anti-waste baskets of substandard fruits and vegetables have been packaged in batches and sold off at knock-down prices in cardboard boxes bearing the *Zéro Gaspi* logo.

France also launched another *Zéro Gaspi* initiative in 2020: in an attempt to accelerate the reduction in food waste, Carrefour and 50 other French industry participants signed a national pact to make use-by and best-before dates easier to read.

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*: Combatting food waste.

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 and soil artificialisation, to emissions in air, water and soil. All of these issues must be taken into account at each site through conversations engaged 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 1,212 hypermarkets, 3,561 supermarkets, 7,827 convenience stores, 448 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	2020	2019	Change	Target
Proportion of hypermarket and supermarket waste recovered(1)	66.2%	63.4%	+2.8 pts	100% in 2025

Indicator	2020	2019	Change	Target
Total waste (in thousands of tonnes)(1)	728,677	696,193	+4.7%	-

(1) Scope: Non-comparable BUs (96.1% of 2020 consolidated net sales vs 88.6% of 2019 consolidated net sales) – excl. RO. 2019 ES data updated.

Carrefour's policy is focused on promoting responsible water use, seeking to reduce water consumption and impacts upstream, as well as in its operations and downstream. It focuses on the direct impacts of its business operations as well as the indirect impacts linked to products sold in stores. Carrefour is working to reduce water consumption per sq.m. of sales area.

Key Performance Indicators	2020	2019	Change	Target
Water consumption per sq.m. of sales area (cu.m.)	1.38(1)	1.43	-0.3%	

Indicator	2020	2019	Change	Target
Amount of water consumed (in millions of cu.m.)(2)	12,996(1)	12,457	+4.3%	-

(1) Scope: Non-comparable BUs (97% of 2020 consolidated net sales vs 96.1% of 2019 consolidated net sales) – excl. RO SM.

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 has been rolled out across 75% of sites, meaning that Carrefour's objective was achieved a year ahead of schedule.

Indicators	2020	2019	Change	Target
Projects certified to BREEAM New Construction standards (in %)(1)	100%	100%	-	100%
Sites certified to BREEAM In-Use standards (% by value)(1)	86%	60%	+26 pts	
• o/w Very Good (% by value)	75%	87%	-12 pts	
• o/w Good (% by value)	25%	13%	+12 pts	75% by end-2021
Number of trees planted locally(1)	1,872	38,000	-20 x	-

(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, including direct and indirect depletion, direct and indirect discharge of organic materials, pesticides, industrial discharge, soil sealing, changes in land use, deforestation. This enabled the Group to set priorities and draw up action plans designed to limit the water footprint and impacts of its products and business operations.

The Clean Water project is a good example of an action plan deployed in sourcing operations. This worldwide programme aims to identify the main global and regional environmental risks for the textile industries, and to raise awareness, train and monitor suppliers in the management and efficiency of processes that consume water and chemical products. Carrefour is involved in the project through the sustainable development teams from Global Sourcing (see the case study in Section 2.2.4.1).

Carrefour Quality Line products are produced using enlightened sustainable farming practices that comply with agroecology principles. Reducing water consumption is therefore both a production criterion and a quality driver.

Stores are gradually phasing in solutions to reduce their water consumption, including precise monitoring (with dedicated meters), and new solutions such as rainwater recovery, water-saving taps and water collectors. 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

- Spain: due to potential water shortages, an action plan to anticipate the consequences of potential regulations has been deployed in all hypermarkets and is in the process of being extended to the supermarkets, representing 297 sites or 51% of all Spanish sites.
- 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

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.

A Biodiversity Charter was drawn up for all operational sites in the summer of 2020. It proposes solutions for developing biodiversity at shopping centres by focusing on four aspects:

- improving knowledge of local biodiversity and managing green spaces;
- developing on-site biodiversity;
- managing green spaces with an ecological mindset and limiting impact of business operations on biodiversity;
- raising awareness, communicating and showcasing initiatives.

In Nice, "BiodiverCity" certification was obtained thanks to a specific focus on pro-biodiversity initiatives: beehives, nesting boxes and insect hotels, a 3,000 sq.m. vegetable garden created by Merci Raymond, and an olive grove where olives may be picked directly from the tree and events are organised that relate to the production of local olive oil using an old mill.

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' 11th arrondissement and a hypermarket in Villiers-en-Bière, Seine-et-Marne.
- Opening of a biomethane station in Cestas (33), with Planète Végétal.
- Carrefour Evreux hypermarket is using enlightened sustainable practices for its green spaces and it is the first shopping centre to be awarded the BiodiverCity label, the leading international label given to real estate, building and renovation projects that successfully factor in biodiversity.
- In partnership with Reforest'Action, Carrefour's stores in Billy Berclau and Aulnay-sous-Bois have planted urban forests of 800 sq.m. and 500 sq.m. respectively, to create biodiversity hotspots and carbon sinks.

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 towards a more reasonable and measured consumption of packaging, by working alongside its rivals to promote innovation and the ecodesign of 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.

Consumers are getting behind the efforts undertaken: according to a comparative study by Alkemics OpinionWay[1], although the health crisis has resulted in a slight decline in the relative importance accorded to this issue, it still remains highly relevant and topical. Despite the impact of the health crisis, customers continue to express a preference for recyclable or even reusable packaging across many categories of food products.

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	2020	2019	Change	Target
Cumulative reduction of packaging since 2017 *(in tonnes)*	6,154	3,460	+2,694	10,000 in 2025

Comments on 2020 performance: As the results of the CSR index are above the targets set for 2020, Carrefour has revised its packaging reduction target to 20,000 tonnes by 2025, including 15,000 tonnes of plastic.

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 has achieved its target of 80% of recyclable packaging for its own-brand organic products. Carrefour Bio fruits and vegetables are the target of a specific goal, which is to remove the plastic packaging (whether entirely plastic or partially plastic) from 90% of product references by the end of 2021. At the end of 2020, this figure stood at 70%.

(1) "Les Français et la réduction des emballages", March and November 2020, Alkemics OpinionWay.

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 container" 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 began 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*: over 200,000 bags per year are recovered and reused. With TerraCycle, Carrefour launched Loop by Carrefour in 2019, a home delivery service with returnable long-life containers that help to cut down on single-use packaging and included around 25 product references at end-2020. This initiative was also introduced into stores in October 2020 and consumers are now able to return containers for certain products in seven Paris convenience stores. It will be rolled out to other stores in 2021.

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. Bio-plastic bags were replaced with brown paper bags for all organic fruits and vegetables in 87 different hypermarkets and the Group continues its drive to replace packaging with recyclable alternatives. These changes helped achieve annual reductions of 32 tonnes for organic bananas (substituting ribons and labels) and 55 tonnes for onions (substituting cellulose nets) for example, bringing the total to 450 tonnes in 2020. Priority is given to non-packaged items in all Carrefour organic produce formats and sections. There are already 149 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. Electronic item packaging was reduced (light bulb packaging has been reduced by over 350 tonnes since 2019) and 45 less tonnes of plastic were used to package stationery items in 2020.

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. Since January 2019, Carrefour in France has been backing the launch of (RE)SET, a packaging innovation accelerator working on new complex formats for biscuits, salads, etc. In 2020, Carrefour teamed up with Laiterie de Saint-Denis-l'Hôtel (LSDH) to develop an alternative to the plastic bags being used for fresh salads sold under the Les Crudettes brand. This innovative new product will hit the shelves in the spring of 2021, making Carrefour a retailing pioneer in this area.

Carrefour works with customers to improve collection and sorting. Due to the positive results achieved, two additional RVMs (Reverse Vending Machines) have been installed in the Chartres and Rambouillet stores.

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.ellenmacarthur foundation.org/our-work/ activities/new-plastics-economy*
- *National pact on plastic packaging (in French only): https://www.ecologique-solidaire.gouv.fr/sites/default/files/ 2019.02.21_Pacte_National_emballages_plastiques.pdf*

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 towards 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.

At its Shareholders' Meeting of May 29, 2020, Carrefour announced new goals, approved by the Science Based Targets initiative, a partnership between the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI) and the WWF®. Carrefour has been certified, along with more than 800 other companies, in light of its commitment to keeping the global temperature increase to below 2°C by 2100 compared to pre-industrial temperatures. The Group has evaluated its greenhouse gas (GHG) emissions accordingly: 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. Finally, new consumption habits (such as a preference for local produce or organic food), deriving from concern on environmental protection, continue to exert an increasing influence on purchase decisions and Group preferences.

Policy and performance

In 2019, Carrefour achieved a 36% reduction in its greenhouse gas emissions (GHG) and a 39% reduction in scopes 1 and 2. In view of this performance, the Group updated its climate plan in 2020 to reflect even more ambitious targets for its direct scope (scopes 1 and 2) and to fulfil its commitments in relation to its indirect scope (scope 3). The targets for 2020 are as follows:

Scope 1 and Scope 2: Carrefour has set the goal of achieving a 30% reduction in its GHG by 2030 and a 55% reduction by 2040, compared to 2019. In-store consumption of gas, electricity and refrigerants are the main contributors to the Group's total direct greenhouse gas emissions. To meet these targets, Carrefour pledges to focus on:

- cutting energy consumption;
- increasing the proportion of renewable energies in power consumed;
- reducing refrigerant-related CO_2 emissions by 2025 compared to 2010, by phasing out hydrofluorocarbon (HFC) gas refrigerants and limiting refrigerant leaks.

Scope 3: Carrefour has set the goal of achieving a 29% reduction in its indirect GHG emissions (scope 3) by 2030, compared with 2019. In view of its main indirect emissions drivers, Carrefour has structured its Climate Action Plan around three priority areas that together account for 90% of scope 3 emissions:

- purchases of goods and services: reducing emissions from goods and services purchased by 30% by 2030, compared with 2019 (well below the 2°C scenario). This target means cutting 20 megatonnes of CO_2 between 2030 and 2019;
- product use: reducing emissions from product use (especially for fuel and consumer electronics) by 27.5% by 2030, compared with 2019 (2°C scenario);
- outbound transport: reducing CO_2 emissions linked to outbound transport by 20% by 2030, compared with 2019 (2°C scenario).

Key Performance Indicators	2020	2019	Change	Target
SCOPE 1 AND SCOPE 2				
Scope 1 and scope 2 GHG emissions (in T. CO_2 eq.)	1,663,797	1,830,539	-9.1%	
% reduction in scope 1 and scope 2 GHG emissions (vs 2019)	-9.1%	(-)%	-9.1 pts	-30% by 2030, and -55% by 2040, (vs 2019)
Energy[1]				
CO_2 emissions related to energy consumption	1,100,211	1,126,600	-2.3%	
Energy consumption per sq.m. of sales area kWh/sq.m.¤	492.5	503.1	-2.1%	
% reduction in energy consumption per sq.m. of sales area vs 2019	-2.1%	(-)%	+2.1 pts	
Refrigerants[2]				
Refrigerant-related CO_2 emissions¤	563,776	703,938	-19.90%	
% reduction in refrigerant-related GHG emissions compared with 2019	-20%	(-)%	-19.9 pts	

Key Performance Indicators	2020	2019	Change	Target
SCOPE 3: GOODS TRANSPORT[2]				
CO_2 emissions per shipping unit (in kg of CO_2/pallet)¤	6.32	6.49	-2.6%	
% reduction in transport-related CO_2 emissions (vs 2019)¤	-2%	(-)%	+2 pts	-20% in 2030
OTHER INDICATOR				
CDP Climate rating	A-	A		

(1) Scope: Comparable BUs (100% of 2020 consolidated net sales).
(2) Scope: Comparable BUs (83.9% of 2020 consolidated net sales) — excl. BRAT. 2019 BR data updated.

¤ 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 launched in 2020 is currently equipping seven hypermarkets with photovoltaic systems, and the aim is to roll it out to around 30 sites by the end of 2021. This initiative will cover 10% of these stores' consumption (21 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.

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. The Group has structured the plan around three priority areas that together account for 90% of scope 3 emissions: purchases of goods and services, product use and outbound transport of goods.

Production and use of products sold: the Group's scope 3 action plan seeks to secure the commitment of Carrefour-brand and national brand suppliers to cut their GHG emissions. Carrefour deploys concrete initiatives to help its suppliers to reduce the climate impact of products sold. It is concentrating its efforts on the following:

- reviewing the product assortment available at Carrefour to reduce the climate impact of the average basket, especially by increasing the proportion of vegetable proteins in food sold;
- reducing the climate impact of products by scaling back packaging, tackling deforestation and developing low-carbon farming practices;
- promoting low-carbon consumption among customers and in stores.

For Carrefour-brand products, the Group uses its Carrefour Quality Lines to support the development of agroecological farming practices through long-term progress plans and sales outlet guarantees for farmers. It sells its vegetarian ranges under the Carrefour Veggie brand. 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, Brazilian beef, and soy (see Section 2.2.1.3).

For national brand products, Carrefour is aiming to get the 100 biggest Carrefour suppliers to make quantified commitments to reduce CO_2 in their direct scope and upstream. Carrefour's main aim is for its ten biggest suppliers to adopt an approach consistent with the Science Based Targets initiative, and the 30 biggest suppliers to take up a climate commitment by 2025. The Food Transition Pact was launched in 2020, providing a platform for these suppliers to discuss matters and best practices, explore new opportunities for collaboration with Carrefour, and share progress with consumers. A special climate working group has been set up to study ways of making it easier for suppliers and stores to adopt low-carbon practices and oversees Carrefour's drive to reduce its scope 3 footprint.

Outbound transport: achieving a 20% reduction in transport-related CO_2 emissions by 2030 compared to 2019, through optimisation of logistics models and development of alternatives to diesel fuel. Supply chain teams in each country are working with carriers to improve truck loading, optimise travel distances and phase in alternative transport modes consistent with Group policy. In France, Carrefour is modernising its fleet. At end-2020, it had 500 PIEK-certified trucks, which run on biomethane and generate less pollution and noise (under 60dB).

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. Of the four unit-linked solutions, BNPP Aqua and PArvest Smart Food provide opportunities to invest in projects in the water management and food sectors.

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 (SBT)
- Climate Disclosure Standard Board (CDSB)
- Carbon Disclosure Project (CDP) — Reporter Services Membership
- Food Transition Pact

+ 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 2020

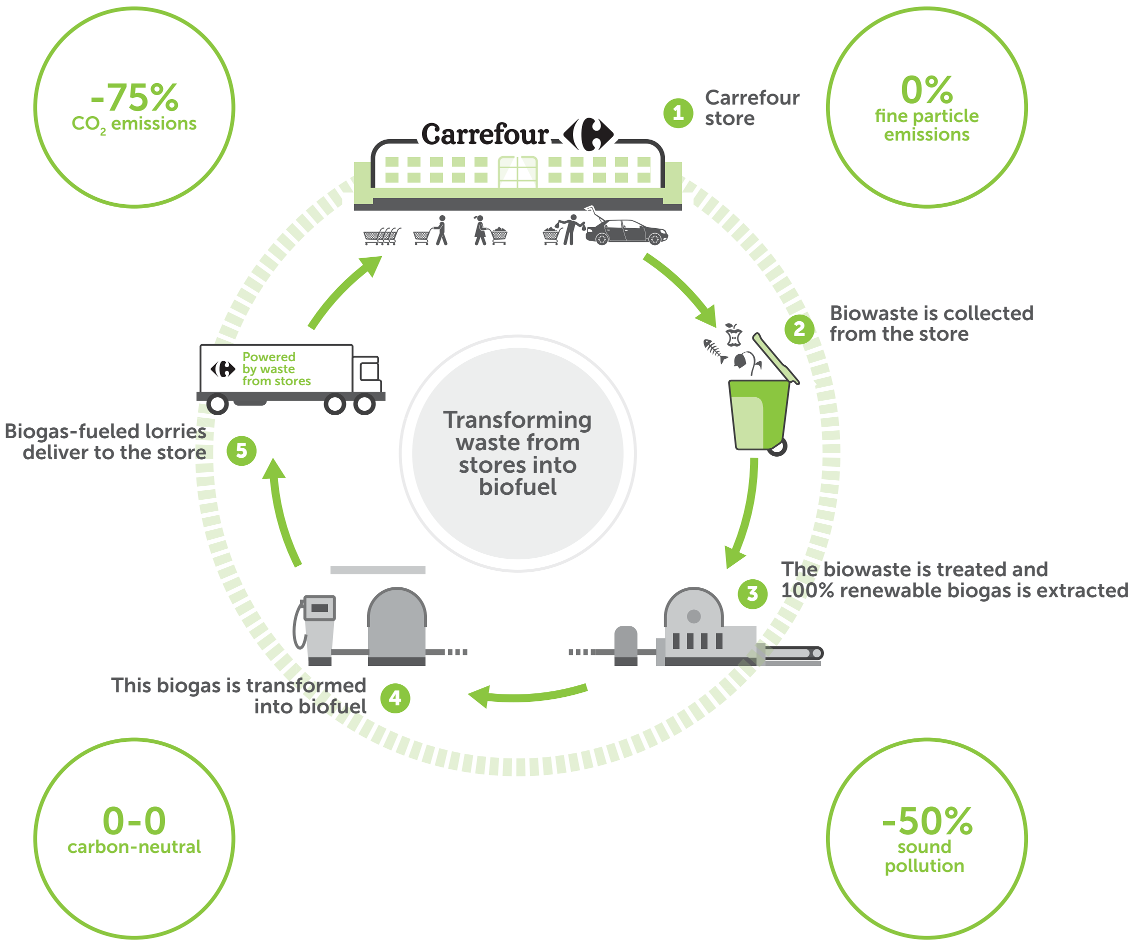
Using the 5/5/5 method to promote CSR in stores

5/5/5 is being deployed in the stores around the theme of CSR. It has three focuses – "zero waste", "zero food waste" and "local and solidarity-based" – and aims to empower stores with all the existing CSR initiatives and products. The stores are now able to raise awareness about more responsible consumption practices among customers and employees by promoting in-store CSR projects.

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, completely silent transport mode to cover 100% of delivery rounds in the Paris region by 2021 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 2020, there were 500 biomethane vehicles in service in the Carrefour France fleet, 13% of the total, delivering goods in four major cities: Paris, Lyon, Bordeaux and Lille. In one year, these trucks covered a total of 37 million kilometres, the equivalent of 48 return trips to the moon, and avoided the emission of 18,000 tonnes of CO_2. Carrefour is stepping up the development of this fleet: there will be 600 biomethane vehicles by the end of the first quarter of 2021 and 800 by the end of the year. In 2020, 14 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 2021. Carrefour actively encourages the use of this biofuel in the other countries where it operates, e.g., Italy, Spain, etc.

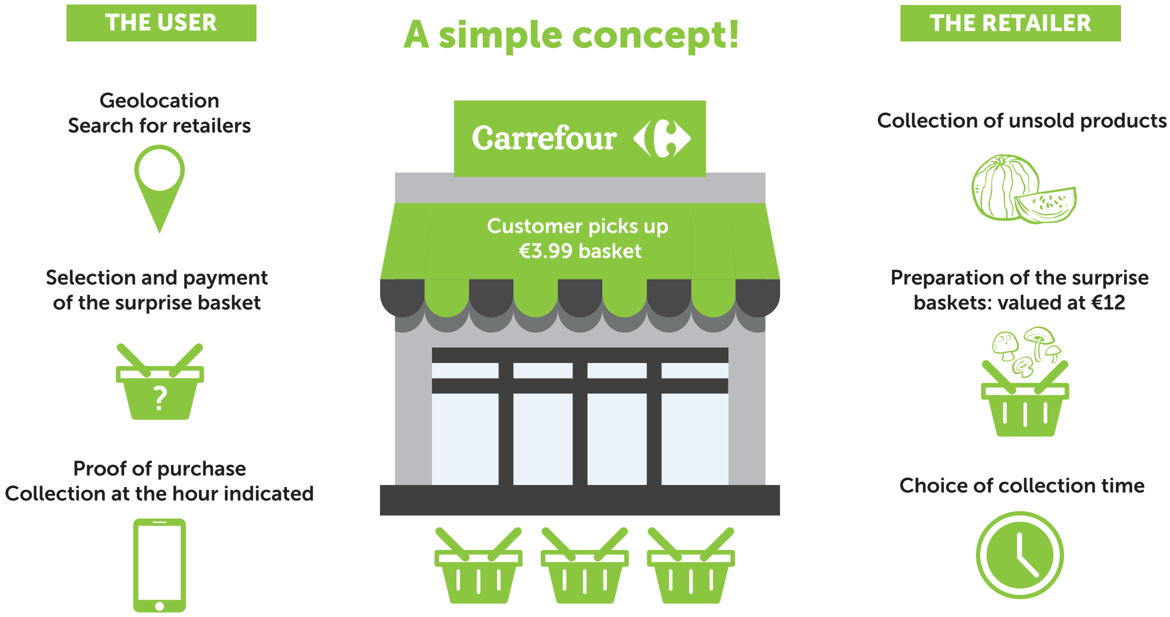
FIGURE 4: BIOMETHANE, A CIRCULAR ECONOMY INITIATIVE



Tackling food waste with Too Good To Go

In 2018, Carrefour entered into a partnership with Too Good To Go as part of its battle to reduce food waste. The eponymous smartphone application created by this partner enables 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 fruits and vegetables having minor surface damage but still perfectly eatable. Since 2019, Too Good To Go has been rolled out across 2,985 stores in France, Spain, Italy, Belgium and Poland, with sales of 1,942,510 baskets, the equivalent of almost 4,000 tonnes of unsold food (or 6.5 megatonnes of CO_2 not released into the atmosphere). In early 2020, Carrefour signed a Too Good To Go agreement which commits distributors, manufacturers, federations and associations to improving their understanding of product eat-by dates. According to the European Commission, difficulties in distinguishing between "use-by" and "best-before" dates are responsible for 10% of the 88 million tonnes of food wasted throughout the European food production chain every year. This represents annual economic losses of between three and 6 billion euros because, unlike the "use-by" date, "best-before" does not mean that a product is unsuitable for consumption after this date. Carrefour has taken the initiative of removing best-before dates from some of its own-brand products such as vinegar, salt, sugar, spices and certain sweets when the dates are of no significance. Products whose best-before dates have passed are regularly sold off at knock-down prices in clearly signed endcap displays.

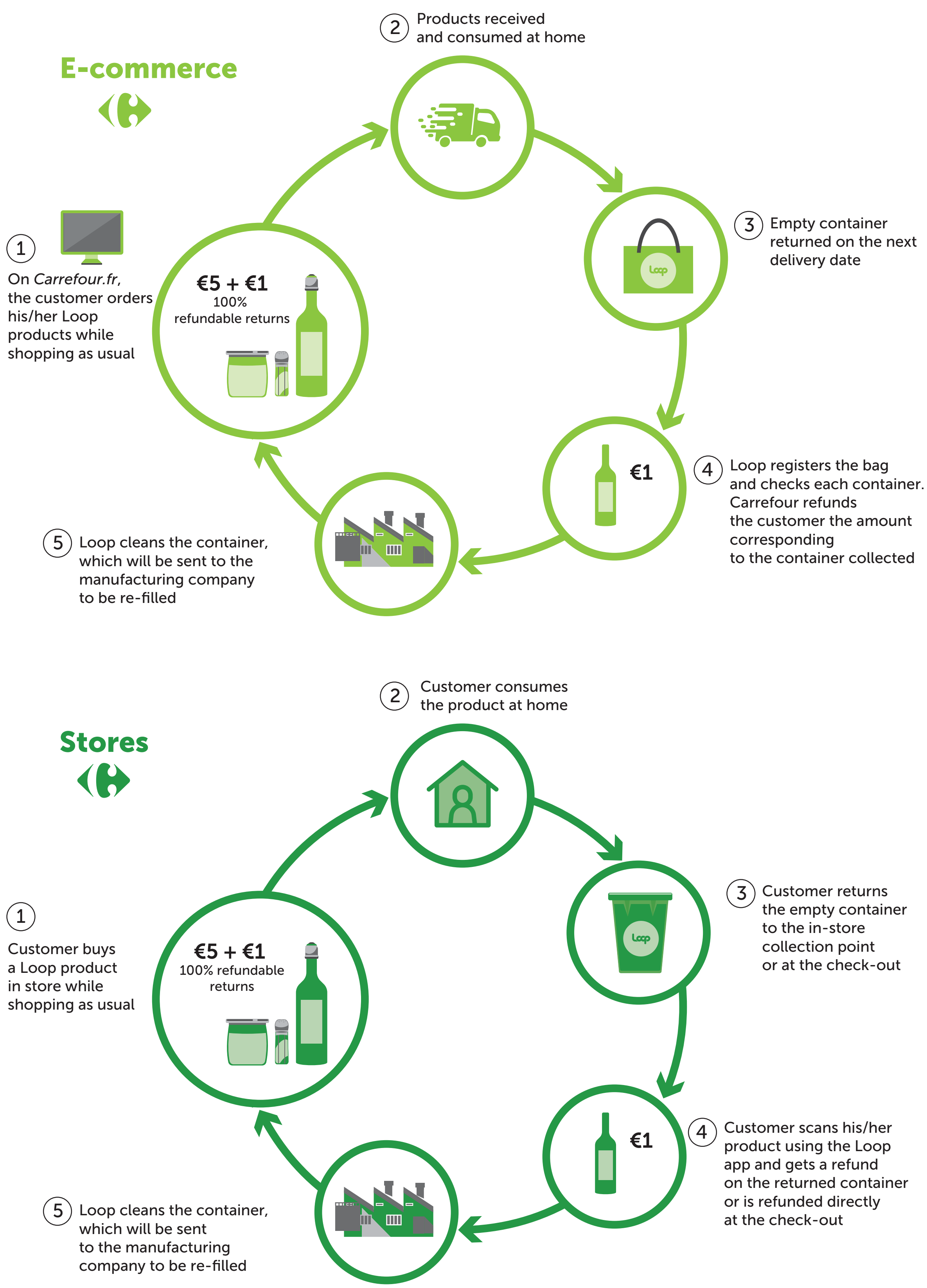
FIGURE 5: THE SALE OF TOO GOOD TO GO BASKETS IN STORES TO COMBAT FOOD WASTE



Using Loop to promote returnable packaging both in-store and online

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, the world leader in the recycling of waste considered difficult to recover. Customers use the platform to order from a selection of Carrefour-brand and national-brand items (Evian, Coca-Cola, Nivea, etc.), including a choice of organic products (Maison Verte, Herbal Essences). 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. Products sold in reusable packaging are put up directly on the *Carrefour.fr* website, enabling customers to include both Loop and conventional products in the same order. In late 2020, Carrefour rolled Loop out to its physical points of sale. Around 30 product references are available from its 21 brand partners in seven Paris stores, which have all been fitted out with dedicated Loop sections and collection points. Customers who have signed up are refunded their deposit once they return the packaging to the in-store collection point. This pilot scheme will be ramped up in 2021. With the Loop project, Carrefour is the first retailer to offer an alternative to disposable packaging, spearheading the sustainability drive with this new circular distribution system.

FIGURE 6: LOOP BY CARREFOUR IN STORE AND ONLINE



Developing photovoltaic systems in France and Argentina

As part of its Climate Action Plan, Carrefour aims to reduce its CO_2 emissions by 30% by 2030, and by 55% by 2040, notably by harnessing renewable energy for transport (biomethane) and by developing photovoltaic systems in stores. In order to do this, the Group is launching trailblazing initiatives in a number of countries where it operates.

In 2019, Carrefour reached a new milestone in its Climate Action Plan. To speed up its energy transition, the Group entered into an innovative partnership with France's leading independent photovoltaics company, Urbasolar. This industrial player specialises in photovoltaic technology and is helping Carrefour install photovoltaic shading systems on several hundred parking spaces in more than 30 French hypermarkets. This system will eventually enable the production and on-site consumption of 21,000 MWh of clean, green electricity each year, equivalent to the annual consumption (excluding heating) of 4,600 households – i.e., 210 tonnes of CO_2 avoided every year. The energy produced by these photovoltaic shades will be used to produce part of the electricity requirements of the Carrefour hypermarkets concerned. Through this initiative, Carrefour will become the leading producer of electricity for its own use in France and one of the biggest in Europe. This groundbreaking project also benefits consumers: the photovoltaic shades will provide Carrefour customers and their parked vehicles with welcome protection from the natural elements (rain, wind and sun).

The Group has also been active in Latin America, and in Argentina Carrefour signed a three-year agreement in 2020 with Central Puerto SA, one of the country's biggest clean and green energy producers. In Cordoba and Buenos Aires, the stores in the Group's multi-format supermarket chain are now powered by renewable energy. 80% of energy consumed at these points of sale now comes from an alternative clean energy source.

Complete waste recovery at Chambéry Chamnord hypermarket

The Group's objective is to recover 100% of waste by 2025. In France, the waste separation rate stood at 73% in October 2020. A number of stores have become leaders in this area, most notably the Chamnord hypermarket which has already achieved a recovery rate of 100%. This success is attributable to both the quality of waste sorting systems and the deployment of local recovery networks. The store has created a dedicated space in its loading bay where each waste type is clearly identified by a sign to make it easier for employees to sort. Recoverable waste is systematically separated from residual waste, increasing the waste separation rate. A daily check on the quality and volume of waste is also carried out. The hypermarket has launched 39 recovery initiatives with a number of different partners, including the Chambéry municipal waste management department which recovers buckets used to hold flowers and recycles them as bins in local schools and offices. Torn bags of cat kibble and litter are donated to a cat protection association. Sugar is used by a local beekeeper, who has placed three hives on the roof of the store and sells the honey at Christmas in the shopping mall. The leftover sugar is used to feed the bees during the winter.

2.2.3 EMPLOYEES

2.2.3.1 Employment

Context and definition

With its 322,164 employees, the Group welcomes customers directly in its integrated retail stores and via digital channels in nine host countries.

Carrefour's policy

Changes in headcount:

Carrefour's workforce increased slightly on a like-for-like basis, from 321,383 in 2019 to 322,164 in 2020.

Performance

Breakdown by store format

The breakdown between the Carrefour group's different store formats and businesses remained stable from 2019 to 2020. The decline in the share of the workforce at hypermarkets excluding Atacadão (53.3% in 2020 versus 53.8% in 2019) was offset by the increase in staff levels at Atacadão stores recognised as hypermarkets (+10.2% in 2020).

The breakdown of the workforce within the different formats remained stable:

Format	2020	2019	Change
Total hypermarkets	70%	69%	+1 pt
Supermarkets	16%	17%	-1 pt
TOTAL OTHER FORMATS AND BUSINESSES	14%	14%	-

Scope: Comparable BUs (100% of 2020 consolidated net sales).

Workforce by region

Brazil Atacadão, Brazil Carrefour, Romania and Belgium increased their workforce in 2020 (by 10%, 6%, 5% and 2%, respectively).

Region	2020	2019	Change	% change
Latin America	111,031	104,125	6,906	+7%
Europe	197,978	202,879	-4,901	-2%
Asia	13,155	14,379	-1,224	-9%
REGIONS TOTAL	322,164	321,383	781	+0.02%

Scope: Comparable BUs (100% of 2020 consolidated net sales).

Type of employment contract

The majority of Carrefour's personnel works full time (72.9%) on permanent contracts (91.9%).

Contract	2020	2019	Change
Permanent contracts	91.9%	92%	-0.1 pts
Fixed-term contracts	8.1%	8%	+0.1 pts
% of part-time employees	27.1%	28.2%	-1.1 pts

Scope: Comparable BUs (100% of 2020 consolidated net sales).

Type of new hires

Employees are hired on permanent and fixed-term contracts. The use of fixed-term contracts helps deal with increased workloads during busy seasons with high demand.

Number of new hires	2020	2019	Change
Permanent contracts	65,415	74,153	-11.7%
Fixed-term contracts	76,269	79,245	-3.7%
TOTAL	141,684	153,398	-7.6%

Scope: Comparable BUs (100% of 2020 consolidated net sales).

Departures

Departures by reason	2020	2019	Change
Redundancy	18,867	24,989	-24.5%
Resignation	31,905	37,051	-13.8%
End of trial period	10,676	12,813	-16.6%
TOTAL	61,448	74,853	-17.9%

Scope: Comparable BUs (100% of 2020 consolidated net sales).

Breakdown by job category

Category	2020	2019	Change
Senior Directors	0.1%	0.1%	-
Directors	0.6%	0.6%	-
Managers	10.1%	10%	+0.1 pts
Employees	89.2%	89.3%	-0.1 pts
TOTAL	100%	100%	-

Scope: Comparable BUs (100% of 2020 consolidated net sales).

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2.2.3.2 Protecting employees during the health crisis

Context and definition

Beginning in the first-half of 2020, the Covid-19 pandemic spread throughout the world and became a leading cause of mortality across the planet. In an attempt to slow the spread of the virus, lockdowns lasting several weeks were imposed on 3.4 billion people, or 43% of the global population.

The food retail industry found itself on the front line, continuing to operate and ensuring the supply of necessities to communities in lockdown. The industry demonstrated its responsiveness, adapting extremely rapidly to new health regulations and guidelines and to drastic changes in consumer behaviours.

Given the circumstances, 2020 was a year of exceptional mobilisation for all employees. Thanks to their commitment, people got access to food and basic necessities in compliance with the public authorities' recommendations.

Carrefour reacted swiftly to ensure the protection of its employees. On February 25, the Group issued health instructions and updated its Business Continuity Plans. Health crisis committees were set up in each country along with an intra-country committee and crisis unit reporting to the French and Group Executive Committees. The Group held ten European Consultation and Information Committee (ECIC) meetings on the health crisis between March and October 2020. On May 26, 2020, Carrefour signed the ECIC joint declaration for a European Health Pact. The Uniform Occupational Risks Assessment Document was updated for all Group establishments as and when this became necessary.

Policy and performance

Faced with the Covid-19 health crisis, the vast majority of the Group's host countries set up listening and psychological support systems for employees who felt the need to talk about their experience during this unprecedented period. In Taiwan, psychological support was offered to people placed in quarantine or isolation. In view of the fairly good control of the health situation there, it did not seem necessary to open the platform to all employees outside these situations.

Extraordinary indicator	2020
Number of countries deploying a psychological support system	8

Action plans

1. Protecting employees during the health crisis

As soon as the first lockdown was announced, the Group introduced rigorous protection measures relating to the management of incoming goods, cleaning and disinfecting shopping carts and baskets, plexiglass protective screens at checkouts and customer service desks, and floor markings to ensure social distancing. Employees were provided with thermometers for taking temperatures on a voluntary basis. In France, protective masks were provided to employees as soon as the government lifted its requisition order and they arrived in stores and warehouses on March 30. Stores closed earlier on weekdays and some were closed altogether on Sundays. In certain stores, opening hours were staggered so that shelf-stacking could take place when stores were closed.

Carrefour therefore reacted very swiftly: on February 25, the Group stopped international travel and issued health instructions concerning preventive measures, the use of hand sanitiser in stores and warehouses and the wearing of gloves. On February 26, a hotline was opened to answer questions from employees and managers and to monitor the application of procedures each time an employee tested positive for the virus. All head offices were closed and remote working arrangements were introduced for all employees. Protective measures were stepped up at sites where people had to be present to keep operations going.

The Group constantly adapted to the changes in the health measures recommended by public authorities in each country. It strictly adhered to government guidelines and exchanged information on an ongoing basis with company doctors about the epidemic situation in different places. An internal procedure was deployed for employees who test positive for Covid-19: disinfection of workstations and common areas after each infection or after any employee shows symptoms, identification of contact cases and isolation, and medical authorisation required before employees can return to sites. Covid-19 liaison officers were appointed and crisis communications were organised via a dedicated e-mail box to track government measures in each country in which the Group does business.

Following the lifting of restrictions after the first lockdown, the focus was on respecting preventive measures in the head offices. To start with, masks and hand sanitiser were handed out to employees and guidelines on proper conduct for complying with rigorous health rules were circulated. In France, the findings of an anonymous questionnaire on employees' experiences of the crisis pointed to a strong preference for remote working and pride in Carrefour's responsiveness and commitment during the crisis. 89% of respondents also believed that the crisis was an opportunity to accelerate the Group's transformation. Beginning on June 4, Carrefour France began organising webinars for employees. These included two workshops for managers ("How to manage large-scale remote working" and "Managing the return of employees to the sites") and an e-learning programme ("Identifying the signs of stress and helping both yourself and others").

2. Going beyond the measures required by public authorities

Throughout this period, the Group demonstrated great responsiveness by introducing measures that went beyond public regulations in order to ensure even greater protection for its employees. In France, thermal cameras were installed at the entrance to a number of head offices to take temperatures remotely, on a voluntary basis. In Italy and Romania, rapid tests were available to employees who wanted them free of charge. Measures to reinforce social distancing were introduced: plexiglass protective screens were installed in the French head office and in company restaurants in Taiwan. Health and psychological support was also provided to employees' families: face mask kits were handed out to each family in Brazil and psychological support was offered to employees' loved ones in Argentina. A number of measures were taken by the Group to cancel out the impact of the crisis on employees' salaries thanks to top-up payments made by Carrefour.

During this anxiety-inducing period, the Group bolstered its resources for providing psychological support to employees in the countries where it operates. France stepped up its efforts to support employees and provide them with round-the-clock, anonymous and confidential psychological support. In-person clinics were organised once a week at the headquarters. In Poland podcasts and online training given by psychologists were made available to help employees deal with the health crisis. In Romania, an internal procedure was set up for listening to and supporting store managers and directors and identifying what they needed during the March to May lockdown.

3. Reaching out to help the stores and warehouses

The lockdowns had many consequences on employee management including the generalisation of remote working for head office teams, a shortage of personnel in stores, warehouses and customer call centres due to an increase in absences, increased consumer demand at the sites (stores, warehouses, call centres), and an increase in online retail activity. To deal with the situation, "Everyone on the shop floor" was launched in France, a plan that allowed head office employees to come into the stores, drives and warehouses to support the teams in the field during the entire lockdown period. Those wanting to give a helping hand at the "Reimbursement of Drive Customers" and "Assisted Home Delivery" customer services were provided with training in internal procedures thanks to rapid and effective deployment of distance learning modules. In Poland, head office employees were able to help with click & collect orders and create written content on social networks. In Belgium, the "Days in stores" initiative was launched with great success, and 42% of head office employees went to work in the stores on a weekly basis. Online calls for participation were put out directly by store directors and their operational needs were identified and described in a file shared with all employees who could make themselves available based on their availability and skills. Argentina and Spain also put out calls for head office employees to come and help in the stores. The initiatives deployed in the different countries made it possible to act in a quick and straightforward manner in order to rally all employees around the needs of customers.

The dedication and commitment of employees has been recognised in different forms across the different Group countries: bonuses, discount vouchers or extra leave.

4. Supporting employees through the Executive Committee Solidarity Fund

Given the health crisis, the members of the Board of Directors and the Group Executive Committee announced in April 2020 that they were waiving part of their compensation (see Section 3.2.2.3). The corresponding amounts were set aside to fund solidarity initiatives for Group employees experiencing financial difficulties related to Covid-19. The beneficiaries will be employees on permanent or fixed-term contracts, and no conditions concerning status or level of remuneration will apply. This aid will be paid in a lump sum in the form of a bonus, after a file has been submitted to the country HR department and approved by the commission in charge of allocation. Amounts will be assessed based on the circumstances of the employee in terms of the Covid-19 pandemic, their family situation, number of years of service and the standard of living in their country of residence.

2.2.3.3 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 may be different from those of their parents. Employees today want a professional environment that gives everyone the opportunity to develop their talents and to flourish. They also want new management and work methods.

Faced with a profound transformation of its model and its sector, Carrefour sees these changes as key development drivers and has developed its approach to attracting, developing and retaining talent accordingly. 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.

With its international and local presence, Carrefour employs 322,164 people worldwide. It is the skills of all its employees that allow the Group 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

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. This pillar is evaluated several times a year by the employees who express their opinion on how it has developed. The conclusions are used to adjust the implementation of the Act for Change programme and to strengthen the Group's actions in favour of employee commitment and development.

This objective is also measured by the number of hours of training. The Group invests heavily in this area and every year, employees receive an average of over ten hours of training every year in all Group host countries.

However, in 2020, many classroom training sessions had to be cancelled due to pandemic-related restrictions. When possible, training modules were digitised, but in shorter formats and without fully compensating for cancellations, leading to a reduction in the number of hours training provided per employee. Once social distancing and travel restrictions are lifted, training should return to pre-pandemic levels, 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.

Key Performance Indicators	2020	2019	Change
Average number of training hours per employee	8.04	11.5	-30%
Key talent attrition rate[1]	4.1%	-	-

(1) New indicator in 2020.

Thanks to all the Group's actions and programmes, employees' average length of service is stable and 2,073 employees were promoted in 2020.

In total, 43% of new managers, 68% of new Directors and 32% of new Senior Directors were promoted internally in 2020.

Indicators	2020	2019	Change
Average seniority of employees	9.0	9.0	-
Rate of internal promotion: total	44%	45%	-1 pt
Rate of internal promotion: manager	43%	45%	-2 pts
Rate of internal promotion: Director	68%	55%	+13 pts
Rate of internal promotion: Senior Director	32%	23%	+9 pts

Action plans

1. Developing employees' skills

Internal promotion and mobility – which have always been a driving force in social 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. In 2020, Carrefour France launched the Leaders School, an internal training school that offers high-potential employees an opportunity to acquire new technical and managerial skills. The Accelerating Leadership Program developed by Carrefour Belgium in partnership with Vlerick Business School is taken by a maximum of 25 managers identified as high potentials who wish to enhance their leadership skills and take on more challenges.

The "Growing & moving forward together" commitment enshrined in the Act for Change programme continues to help more and more employees to develop their skills. In Romania, learning communities give future leaders the opportunity to develop their managerial skills using an innovative co-development approach that includes workshops on more effective teamwork, group coaching sessions on leadership and agile management, innovation and digitisation (customer learning expedition). In France, skills sponsorship has been offered to employees from September 2020 for a period of three years. The aim is to get more than 250 employees involved from different parts of France. Employees are personally invested in social enterprises and associations that act in the general interest and the missions involved reflect the Group's own social commitments to combatting waste, supporting the food transition and promoting social inclusion through work. Missions related to the current health crisis have also been launched such as tutoring children with learning difficulties and providing assistance to elderly or vulnerable people.

2. Attracting and retaining talent

In line with its transformation and to keep abreast of developments in the retail industry, Carrefour constantly enriches and adjusts its offering of professional training based on its four strategic focuses: the food transition, digital processing, management, and customer-oriented culture. In addition to training their existing employees, all of the Group's countries are taking concrete 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 for specialist professions experiencing hiring difficulties within the Group.

To prepare young graduates to become future senior executives, Carrefour France offers three Graduate Programmes – Executive Management, Finance and Hypermarket Director – to 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 one professional experience working in a Group host country. These programmes help to shape customized career development paths, enabling people to reach a whole range of diverse, high-level positions and responsibilities, develop team management skills, build up both an internal and external network, and gain field experience that combines sector-based and customer knowledge. Twenty people participated in the 2020-2021 Carrefour Taiwan Young Talents programme, which aims to develop plans for corporate succession and prepare the Company's future by identifying and grooming talent to occupy future senior positions.

In 2018, Carrefour signed a strategic partnership with Google to speed up its digital transformation and the countries have deployed initiatives to attract and recruit people with digital expertise as part of this initiative. In Spain, Carrefour participates in specialised digital job forums. In Romania, internal recommendations feed into the recruitment process for digital profiles. In 2020, Carrefour Taiwan hired a team of 24 top digital talents to bolster the Group's technical expertise in Asia following the sale of Carrefour China to Suning in 2019.

Attracting people with expertise in the food transition also requires forging links with schools and universities. Carrefour France provides classes for the Fast Moving Consumer Goods Chair at ESSEC business school and every year it organises a business case study as part of the Paris-Dauphine University's Masters in Retail and Customer Relations to get students thinking about strategic issues in the sector.

Internal promotions and initiatives to encourage upward social mobility help the Group to retain talent. In 2020, Carrefour France launched a programme for high potential managers designed to detect and nurture future directors: the "*Cadres Booster*" (Executive booster) programme gives managers a cross-cutting, hands-on and multi-format perspective of Carrefour's business, strengthening their ability to drive the Group's transformation and forge a professional network.

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. This online survey allows us to evaluate the development of the four pillars of the Act For Change programme. It also sets a target for Carrefour to improve its employer recommendation, as shown by the response "I would recommend Carrefour as an employer to my friends and family". Monitoring this indicator is essential for the success of the company's transformation, in all of its business lines and at all levels of the organisation.

In 2020, the Group stepped up its communication efforts on social networks and its corporate and careers websites to promote its corporate culture and attract new talent: more than 18,000 job offers in France were published and relayed on the websites of institutional partners and associations, as well as on job boards and metasearch engines to ensure the transparency and accessibility of Carrefour jobs for everyone. The Romanian careers website was redesigned and now includes an innovative chatbot that provides prospective candidates with a more personal and digitised experience.

Even at the height of the first lockdown, contact with candidates was maintained by switching as many events as possible to virtual formats: recruitment fairs, talks in schools, educational initiatives, participation in student selection panels, support and coaching for vulnerable groups or those excluded from the job market. In Spain, Carrefour employees took part in webinars and seminars organised by business schools. In France, the campaign to recruit interns and work-study students for the head offices, which kicked off in March, was maintained and digitised: almost 13,500 CVs were processed in just three months (50% more than in 2019). The recruitment campaign for the Graduates Programmes, which offer a path of excellence for high-potential participants, was showcased on social networks, resulting in a 35% increase in the number of applicants.

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*: Act for people: Growing and moving forward together.

2.2.3.4 Promoting diversity

Context and definition

Carrefour employs 322,164 people worldwide, of which 178,776 or 55% are women and 3.6% are disabled.

Carrefour was very quick to commit to promoting diversity: it signed the Diversity Charter in 2004, in which it pledges to give everyone, in all countries, the same opportunities in terms of career development and recruitment.

In this context, the Group works to promote gender equality in the workplace and integrate people with disabilities, while combatting all forms of discrimination and harassment.

Policy and performance

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 "Growing and moving forward together", the first of the four commitments of the Act for Change programme launched by the Group for its employees in 2019, as part of its managerial and cultural transformation. The commitments are translated into concrete actions that factor a twofold equality objective into the CSR index: "women to account for at least 40% of appointments to key positions within the Group by 2025" and "each country to obtain GEEIS (Gender Equality European & International Standard) certification by 2020".

In 2020, Carrefour remained engaged in initiatives to promote gender equality, notably through the signing of a professional equality agreement in France and the use of GEEIS labelling in all its host countries. The percentage of women in management positions also increased in 2020 (by 0.4 points for Senior Directors and by 0.5 points for directors). Nevertheless, there was a decline in the proportion of women offered promotions or recruited to key positions compared with 2019. At a time when appointments were down 50% compared with previous years, the increase in the number of women occupying key positions was actually slower than in the previous year. Actions taken in 2020 should make it possible to resume progress faster in the rebalancing process currently under way.

Key Performance Indicators	2020	2019	Change
% of women appointed to key positions	23.2%	31.5%	-8.3 pts
% of employees recognised as having a disability	3.6%	3.8%	-0.2 pts

Indicators	2020	2019	Change
% of women among Senior Directors	19.3%	18.9%	+0.4 pts
% of women among Directors	23.9%	23.4%	+0.5 pts
% of women among managers	42.7%	42.5%	+0.2 pts
% of women among employees	57.1%	57.8%	-0.7 pts
TOTAL GROUP	**55.4%**	**55.7%**	**-0.3 pts**
% of management positions held by women	41.5%	41.2%	+0.3 pts

Action plans

1. Promoting diversity and gender equality

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 178,776 women, together representing 55% 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. All countries are involved in this process through internal development programmes for women, providing dedicated coaching, mentoring, workshops and webinars. In Brazil, training modules on women in leadership have been set up and address disruptive, innovative topics such as the impostor syndrome, the superheroine syndrome and self-sabotage. In Spain, Carrefour has partnered with an innovative coaching programme for high-potential female employees. The annual programme involves eight female employees who compete in an inter-company regatta. The aim is to get them to know themselves better and encourage them to seek out new challenges. Specific career committees are in place, particularly in Belgium, to foster the promotion and visibility of women. All Group countries have had GEEIS (Gender Equality European & International Standard) certification since 2020 and this is helping to drive the continuous improvement in gender equality to which Carrefour has been committed for many years.

The Group's policy focuses on increasing the proportion of women in management positions, with the objective of women accounting for at least 40% of appointments to key positions within the Group by 2025. For this reason, career management development for senior women directors is overseen by the Careers Committee and chaired by the Chairman and Chief Executive Officer.

The first agreement on workplace gender equality covering all 60 Carrefour France legal entities was signed on March 9, 2020. It aims to preserve rights already secured in the course of negotiations to create a common approach to gender equality throughout Carrefour France and to pursue a proactive equality policy, adapted to the new challenges inherent in the transformation of the businesses. The agreement aims to help with the career development of women, who retain a key role at the heart of the family unit, and to enable men to become more involved in their family role, without having to fear for their professional development. The main themes addressed include parenthood, pay, work-life balance and recruitment.

The Act For Change programme also includes a number of pro-gender equality initiatives: quantified targets for the proportion of women managers, directors and Senior Directors, internal development programmes with 50% of women, sharing of GEEIS best practices, a reduction in gender-based pay differentials and a monthly review of actions and goals achieved in each country by Human Resources directors.

Equality of pay is a key component of the Group's gender equality policy. Salaries are closely monitored in all countries, especially in France, in accordance with current regulations. Thanks to the Group's pro-gender equality initiatives, Carrefour's gender equality score rose from 89/100 in 2019 to 94/100 in 2020.

2. Promoting the inclusion of people with disabilities

For years, Carrefour has been committed to a proactive approach to recruiting, integrating and keeping people with disabilities in employment. The target is for them to represent 4% of the Group workforce by 2025. Carrefour France continued to develop its disability policy in 2020. The first head office disability agreement was signed on June 8 with a view to stepping up commitments to hire, welcome and integrate people with disabilities into the Group. A partnership has been signed with AGEFIPH, an association that promotes employment opportunities for disabled workers, to post all French job offers on the association's job space. All Group countries stepped up their online initiatives to reiterate their commitments during European Disability Employment Week and International Day of Persons with Disability. These included an online awareness-raising tool in France to challenge preconceived ideas about disability, a communication campaign in Romania, 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 provide magnifying glasses that customers may use while shopping. 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).

3. Battling all forms of harassment and discrimination

Diversity and inclusiveness are part of Carrefour's core values. In all countries where it operates, equal opportunities and a culture of respect are fostered and translated into concrete initiatives. Nothing is more alien to Carrefour's values than the acts of violence perpetrated by the security guards at Carrefour Brazil, which resulted in the tragic death of a customer in Porto Alegre.

Carrefour Brazil immediately took strong action to perform a comprehensive review of training policies for employees and subcontractors in terms of safety, respect for diversity and values of tolerance. This audit was followed by a plan of action, prepared with an external committee for freedom of expression in diversity and inclusiveness, appointed to advise Carrefour Brazil in an independent manner on the measures to be taken to combat racism in its stores.

This plan will reinforce the measures already taken several years ago by Carrefour Brazil to combat racism. This commitment is apparent both within the Group, through awareness-raising and training initiatives (Diversity Day, workshops to discuss unconscious prejudice, diversity and inclusiveness guidelines for suppliers) and with society at large (signing of the Coalition of businesses for racial and gender equality, institutional partnerships and sponsorship of pro-diversity forums).

Pro-diversity and inclusiveness initiatives are also apparent in other countries and among the wider public. In France, for example, Carrefour has announced that it will be hiring 15,000 young people on permanent contracts or work-study programmes, half of which will come from disadvantaged neighbourhoods. The interns from these neighbourhoods will be offered 500 euros in aid to contribute towards financing their driving licence. The Group also offers 3,000 job-shadowing work experiences to high school students from urban areas to introduce them to the retail professions. These various measures are a testimony to the Group's commitment to promoting equal opportunities at a time when younger generations are reeling from the effects of a crisis that makes it more difficult for them to find sustainable job opportunities.

The Group's various countries are also firmly committed to combatting sexual harassment and casual sexism. Carrefour took advantage of International Women's Day to launch several awareness raising initiatives. Brazil communicated internally, asking people to reflect on sexist behaviour and how to change mentalities. In particular, the Group took part in the initiative to support employability organised during Women's Day by the Women's Secretariat of the São Paulo Trade Union. In France, sexual harassment and sexism liaison officers were appointed in 2019 (250 drawn from the Works Council and 250 Carrefour employees). An internal procedure for dealing with allegations of sexual harassment or sexism has also been set up. The liaison officers received training during 2020 on how to apply regulations to real-life situations of sexism or harassment, detect risky situations and identify means of prevention. They were also given a kit to help raise general awareness of these issues. E-learning modules were also provided for managers and employees to raise awareness of sexism and sexual harassment.

4. Taking a stand against domestic violence

Since 2018, Carrefour has redoubled its efforts to tackle 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. Carrefour also renewed its partnership with the French National Committee for UN Women, which runs a major awareness campaign each year 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 France has taken the system a step further by publishing a prevention guide entitled "Fighting in the workplace against violence against women" and running a poster campaign available in all languages.

The current health crisis is aggravating the situation. In light of the French Ministry of the Interior's assertion that the first lockdown led to an increase in domestic violence throughout France, Carrefour gave its full backing to temporary "safe areas" in around thirty shopping centres adjacent to Carrefour hypermarkets. The Group asked the stores to relay the information provided by the French government and the associations that have offices on-site. The hypermarkets have also provided victims with emergency kits containing hygiene products (shampoo, toothpaste, a toothbrush and shower gel), and essentials for children (jars of food, wipes, etc.) to enable them to leave home as quickly as possible. In partnership with France's National Gendarmerie police force, Carrefour France launched a digital alert system on its website's home page on November 24, 2020. Victims of domestic violence can now directly access the Gendarmerie's platform for reporting gender-based and sexual violence by clicking on the *"I report"* button. Totally secure, the report leaves no trace in users' browsing or purchase history, allowing victims to contact the nearest police station safely.

Joint initiatives and partnerships

- Partnership with the International Labour Organization (ILO)
- ILO Charter since 2015
- CEASE project (FACE)
- Orange Day with UN Women France, for the past six years
- International agreement between Carrefour and UNI Global Union signed in October 2018
- AFMD (French Association Of Diversity Managers)
- ARBORUS (GEEIS)
- ORSE (French Observatory of Companies' Societal Responsibility)
- Participation in working groups to discuss non-sexist education (GLORIA)
- Quality of Life at Work Observatory (formerly OPE)

✚ Find out more

- *Carrefour.com*: Act for people: Growing and moving forward together.

2.2.3.5 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 322,164 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.

At end-2020, it had achieved the goal for all of its host countries to have formalised an action plan on health, safety and quality of life at work.

At the Group level, social dialogue is governed by local or european/international collective bargaining agreements.

Key Performance Indicators	2020	2019	Change
Workplace accident frequency rate (number of accidents/millions of hours worked)	27.87	26.51	+1.36 pts
Workplace accident severity rate (number of days absent due to workplace accident/1,000 work hours)(1)	0.85	0.81	+0.04 pts

Indicators(2)	2020	2019	Change
Rate of absence due to workplace and travel-related accidents	0.63%	0.60%	+0.3 pts
Absenteeism rate: illness	5.86%	4.78%	+1.03 pts
Absenteeism rate: workplace accident	0.57%	0.56%	+0.03 pts
Absenteeism rate: travel-related accident	0.05%	0.06%	-

Key Performance Indicators	2020	2019	Change
Number of agreements signed(3)	87	460	-

(1) Scope: excluding AT.
(2) Hours absent (depending on the reason) as percentage of hours worked. Scope: excluding AT.
(3) New indicator in 2019.

Action plans

1. Protecting employees' health

Protecting the health and safety of the 322,164 Carrefour employees is a priority for the Group. Aside from managing the pandemic, which is described in detail in Section 2.2.3.2, "Protecting employees during the health crisis", 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.

Preventing the professional risks to which our employees are exposed in stores and in 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.). In Poland, employees involved in manual and mechanical handling activities in stores and warehouses receive training in the appropriate posture and movements for carrying out their activity safely, particularly when carrying and moving heavy loads. In Romania, technical inspections of work equipment are conducted regularly. In Taiwan, employees are asked to complete questionnaires concerning their ergonomic needs. In Brazil, a plan is implemented every year focusing on health and risk prevention in the work environment, alongside other measures including in particular an ergonomic assessment and regular mapping of workstations, in accordance with Brazilian legislation.

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 counsellors who can listen to them and provide assistance has been available since 2015. In Argentina, store directors receive support in the form of dedicated tools and workshops to help them manage their stress.

2. Innovating to enhance quality of life in the workplace

The Group has rolled out a wealth of solutions aimed at promoting work-life balance. Carrefour'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, which has been severely impacted by the Covid-19 pandemic. While most countries had been offering employees the option of working remotely where their job category allowed for this, the health crisis has accelerated the broadening of access to remote working for all the Group's support functions in each country. To support employees with these new work arrangements, the Group encourages the use of technology to increase flexibility and limit travel. Since 2018, Google Workspace has been deployed to facilitate remote working, and boost collaborative working methods with features such as Drive tools, video conferencing, shared calendars, and more. In addition, Carrefour provides support in the form of online training modules and webinars that give tips on correct posture to prevent muscle pain when working in a seated position.

The different countries have taken measures to promote work-life balance. 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. To promote a managerial culture that accords the utmost respect to the private lives of all employees, Carrefour France also signed the Work-Life Balance Charter in 2013. 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. In Belgium, store teams are given their work schedule six weeks in advance.

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. As part of the agreement, a video meeting at which Carrefour presented its non-financial information brought together 50 representatives on October 14, 2020.

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, as well as specific committee meetings on the issues of sustainable development, diversity and new technologies.

In 2020, the world of work was confronted with an unprecedented health and economic emergency. It was against this backdrop that on April 9, 2020, Carrefour signed a joint declaration with the international trade unions federation UNI Global Union and Auchan Retail concerning the sharing, study and deployment of good practices to prevent, reduce or eliminate the risks of contagion for their employees and customers. These measures are divided into the following themes: improving hygiene and safety rules recommended for all employees in the countries concerned, health regulations for stores, drive-throughs, home delivery and logistics warehouses, social support measures for employees, and support for employees in particular circumstances (e.g., disabled workers and pregnant women).

At the European level, European Consultation and Information Committee (ECIC) meetings are held every year to foster dialogue with the employee representatives who participate in these bodies. The main topics covered are the organisation of work, promoting diversity, professional training and employer health and safety policy, together with CSR and basic rights. In 2020, more meetings than usual were held due to the need to manage the health crisis, which culminated in the ECIC joint declaration for a European Health Pact. This draft text was discussed and negotiated with the ECIC Steering Committee in the midst of the Covid-19 health crisis and was unanimously approved by its members. It provides a common set of measures and commitments that have been circulated for implementation in each of the Group's European countries.

All of the countries where the Group operates are engaged in regular negotiations with the social partners, which were mostly conducted online over the course of this unusual year. The negotiations resulted in several agreements aiming to promote social dialogue and diversity while guaranteeing basic rights and principles in the workplace. In 2020, Carrefour France signed a new agreement on gender equality. Carrefour Argentina adopted specific measures to support women and signed an agreement to promote equality and equity and eradicate violence against women with the National Women's Institute (INAM) and the National Labour Secretariat. In Romania, monthly exchanges were organised with the social partners around the theme of diversity. Mandatory annual negotiations involve discussions on parenthood, the family and medical cover. Italy has a special gender equality committee, provided for in the collective bargaining agreement. Carrefour Brazil conducted numerous negotiations. Regular meetings were held with the São Paulo Trade Union to discuss diversity-related issues. Carrefour Spain signed an agreement with the legal employee representatives in December 2019 covering diversity, disability, gender equality and work-life balance.

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*: Act for efficiency: acting with simplicity

2.2.3.6 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 aimed to identify 2,000 food transition "superheroes" among employees working in stores by the end of 2020. This goal was not only achieved but exceeded.

KPI	2020	2019	Change
Number of food transition "superheroes" identified	2,286	870	+162%

Action plans

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

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, combatting food waste and promoting better waste management, etc. The training policy also focuses on a customer-oriented culture, management and the digital transformation.

In 2020, priority was given to training employees in fresh produce and the food transition to support the roll-out of Act for Food. Training on the food transition was greatly expanded in France, in both classroom and distance learning formats. As in 2019, e-learning modules were available to cover the Carrefour Quality Lines, hygiene and quality. 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. Specific training in "meats", seafood" or "cold meats/cheese" helps employees working in these departments present their produce to customers in an attractive way. Opportunities to learn more about selling vegetables, combatting waste in stores and showcasing the fish counter round out the Group's training offering. In France, over 10,000 employees received training in the food transition and in fresh produce in 2020 while Brazilian employees received 24,000 hours of training on these themes over the same period.

A customer-focused training programme is available to train employees on customer satisfaction. "5/5/5 training" is underpinned by the three guiding principles for putting the customers right back at the top of the in-store attention pyramid: trust, service and experience. All employees can take this training to learn about the 5/5/5 method and help to deploy it. In France, the Critizr training module helps managers develop their customer satisfaction culture by factoring all customer opinions into their decision-making.

Digital innovation has been a core focus of the Group's strategy for a number of years. All countries where Carrefour operates are developing programmes and tools to help employees better understand digital environment and culture. For example, in 2018, Carrefour launched a partnership with Google and other major companies to enhance the Group's digital culture. In France, Carrefour is also deploying digital literacy initiatives for all head office and store employees. These include organising plenary sessions to enhance employees' digital culture and keep them abreast of the major challenges involved in the transformation, and Google digital workshops to bring store directors up to speed with the tools that will enable them to attract new customers. Carrefour Italy performed a digital skills assessment of head office employees to organise the training required to ensure they could use the Group's digital tools to their full potential.

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. 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: promotion of healthy products, events focusing on healthier eating and cooking, initiatives to reduce and combat waste, etc.

Carrefour Spain teamed up with "Paisaje Limpio" and its supplier Procter & Gamble Spain to clean up a beach as part of "My beach without plastic", an initiative to raise awareness of the environmental impact of waste. Romania launched the #dinGRIJA initiative along with EY, Biodeck (compostable plates and cutlery), Gault Millau and more than 20 Bucharest restaurants to prepare daily meals for the medical teams caring for Covid-19 patients at the city's Colentina Hospital. The restaurants received the ingredients and then prepared and delivered the meals to the medical teams, with the help of the employees from the two Carrefour stores. In Argentina, a warm clothing drive was organised in Comodoro Rivadavia to aid people living in Patagonia who had been cut off by heavy snow. This initiative was organised in conjunction with the Red Cross and the national police force to ensure that the deliveries got through.

All of these projects were initiated by "food transition superheroes". In 2020, the number of food transition "superheroes" identified across the Group topped the 2,200 mark. The programme is being deployed in all countries in which the Group operates. An international event is held each year to honour superheroes all over the world, provide and opportunity for them to meet each other 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 2020, three stakeholder consultation meetings were held on the themes of responsible e-commerce systems, the fight against deforestation and reduction in plastic packaging.

✚ Find out more

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

2.2.3.7 Case studies in 2020

The gender equality agreement in France

Carrefour is firmly convinced that gender diversity enhances variety, open mindedness, innovation and performance and it has long been striving to promote gender equality in the workplace. Equal career opportunities for every employee, equal pay and equal access to management positions for women are the pillars on which our Human Resources policy is built. To take things even further, on March 9, 2020, Carrefour's management signed a gender equality agreement with the trade unions in France that aims to foster work-life balance and encourage employees to thrive professionally. The agreement focuses on new career development paths to help employees move into manager roles and provide them with support in their new positions. It also includes pro-parenthood measures such as flexible working hours for employees who are pregnant, undergoing assisted reproduction treatment or involved in oocyte donation, and three hours of paid leave for parents of children celebrating big steps in their school career, from nursery school to the sixth grade. The agreement also broadens access to remote working arrangements for eligible employees, regardless of gender, level or socio-professional category. It stipulates that fixed compensation is also calculated without reference to gender, based on salary scales for employees and management, as well as individual considerations such as responsibility and experience in order to ensure pay equality. Recruitment is based on identical criteria and expertise and all job descriptions are formulated without any distinction as to gender to promote gender diversity and combat stereotyping. Carrefour is also providing a number of resources to help combat violence against women, sexism and harassment, including round-the-clock hotlines, protection measures for employees who are victims of external violence and in-house awareness-raising campaigns. This agreement translates the Group's determination to provide all of its employees with equal opportunities into concrete actions.

Diversifying executive profiles

Carrefour has taken concrete steps to help women reach the highest levels of the Group. All senior women directors benefit from individual mentoring by Group teams, including interviews with the Career Committee and recruitment and promotion by the Group Talent department. Centralised management of Group senior executive compensation helps reduce gender-based pay differentials by 2 to 3 points every year. All of Carrefour University's "career accelerator" programmes require gender parity among participants. Promoting gender balance in senior management also draws on women as role models with the inclusion of gender equality objectives in the Group senior executive Long Term Incentives plan. Gender diversity policy got a boost in 2020 with the launch of the *"Carrefour Elles"* programme which showcases the role of women in the Group and in senior executive positions. It also puts women leaders in touch with each other so they can adapt their approaches and actions to enhance the Group's performance. The content of the programme is designed to inspire women, expand their professional network and raise their profile. All in all, *"Carrefour Elles"* is an inclusive, experiential, aspirational and pragmatic programme that includes complementary learning modules such as workshops, inspirational conferences and round table discussions, as well as access to online communities.

Expansion of the Leaders School in France

Following its counterparts in Argentina and Spain, Carrefour France launched the Leaders School, an internal training school for future leaders, in November 2020. The first intake, which will be known as the "Marcel Fournier" class, is mentored by Alexandre Bompard. The Leaders School is an opportunity for high-potential employees to develop their careers by simply sending an application to their manager. The multi-format programme is open to anyone who wants to take part: employees, managers or executive directors of integrated hypermarkets and supermarkets and integrated convenience stores. The Leaders School is another statement of the Group's intention to focus on internal promotion and equal career opportunities for every employee and to continue to be a driving force in social mobility. Its values are pride in belonging, entrepreneurial spirit and the Carrefour culture and it aims to promote 120 employees to the role of manager, 130 managers to the role of director, and 30 directors to executive director. The School is founded on three pillars. First, classroom training, with a core curriculum of 11 topics, adapted to three different learning groups, held over 12 days from November 2020 to May 2021, and run by French Executive Committee members and directors. Second, a ten-topic e-learning course selected for each group and completed during work hours. The last pillar consists of a project to be presented at the end of the programme. As Alexandre Bompard explains, "the idea is to give upward mobility a boost at all levels of the Group, with a promise for each participant of moving up a step once they have completed the programme."

Digital training

As part of the 2022 transformation plan, Carrefour has signed a strategic partnership with Google to help it speed up its digital transformation. The countries have deployed specific initiatives and programmes to give employees a better understanding of digital environment and culture. In Poland, a community of 222 Digitalents helps to promote apps and other tools developed in-house by training employees who wish to boost their digital literacy. Community members may share ideas for digital projects and be the first to try them out. They are also involved in creating new solutions for each new project. Brazil has launched a new training platform which may be accessed by all employees from their computer, tablet or smartphone. This digital training interface has been a huge success, with over 300,000 connections to the platform during the year. In particular, its multi-channel access made it possible to train 90% of employees in the protective measures necessary to prevent a risk of infection from Covid-19. Asynchronous learning was also very popular in Italy, where the proportion of employees who benefited from digital training jumped by 30% year on year. Poland launched a campaign to promote the main features of Google Workspace. Certain features, such as shared calendars, instant messaging and video conferencing, are especially useful when working remotely. In Romania, webinars on the digital transformation and future trends in "e-tailing" (electronic retailing) are provided to employees, and hypermarket Directors can take part in online training in new digital HR applications.

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 retailers 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, assesses the social and environmental compliance of its suppliers to promote the best CSR practices throughout its value chain.

During the health crisis, the supply chains of the major retailers came under severe strain. Entire sections of the supply chain had to be reorganised to cope with sudden changes and unprecedented issues that disrupted order planning and management, including production shutdowns, supply shortages and shipping problems.

Policy and performance

Social audits

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.

In accordance with our purchasing rules, all of Carrefour's supply plants located in high-risk or risky countries must undergo a compliance audit. 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]	2020	2019	Change
Percentage of audits with alerts (potential production plants)	17%	19%	-2 pts
• Of which alerts related to working hours	29%	32%	-3 pts
• Of which alerts related to compensation, working conditions and benefits	25%	25%	-
• Of which alerts related to health and safety	33%	26%	+6 pt

Indicators[2]	2020	2019	Change
Number of social audits (potential production plants)	1,418	1,941	-27%
• o/w Bangladesh	60	149	-60%
• o/w China	915	1,247	-27%
• o/w India	64	122	-48%
• o/w Turkey	69	93	-26%
• Other	310	330	-6.0%

(1) Audits carried out according to the ICS standard only.
(2) Audits conducted under ICS standards (number of audits carried out at Carrefour's request) and BSCI standards (number of audits carried out at Carrefour's plants).

Comments on 2020 performance. The decrease in the number of compliance audits between 2019 and 2020 can be attributed to several factors. The Covid-19 pandemic prompted a strategy aimed at maintaining activity among existing suppliers, which resulted in a slowdown in sourcing and consequently in the number of pre-listing audits. In addition, obstacles to freedom of movement meant that a number of audits were postponed by several months.

Keeping the supply chain going during the health crisis

The Group was able to keep its supply chain running smoothly during the crisis by putting in place plans to secure supplies to stores and warehouses, with specific measures for the most sensitive, priority products. A crisis unit dedicated to supply chain management was organised with suppliers to increase direct flows. Supplier ranges were streamlined and risk mapping, particularly of shortage risks, and alert monitoring were introduced.

Developing fair trade products

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

Indicators	2020	2019	Change
Gross sales of fair trade products (own-brand and national brand) (in thousands of euros)	111,198	102,404	+8.6%

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, "Sourcing raw materials at risk").

1. Country risk map

To identify those countries where risk of non-compliance with the charter is the 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.

4. Supporting suppliers and promoting CSR in supply chains

The Group trains its suppliers in partnership with consultants or local NGOs. Carrefour's Global 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 2016, the Clean Water Project set up to reduce the environmental impact of Carrefour supplier factories has been working to aims to raise awareness, train and monitor textile suppliers in the effective management and efficiency of processes that consume water and chemical products. The aim is to reduce their water and environmental footprint and to cover all the production sites of the key integrated textile suppliers being trained and working on corrective plans. This goal has been achieved in India and Bangladesh with the help of chemical product audits, and in China with the support of IPE.

In Bangladesh and India, Carrefour Global Sourcing has issued the Carrefour chemical guidebook, containing guidelines for handling chemicals in plants: purchasing, inventory, use and release. Integrated suppliers in both countries who are involved in the dyeing and washing process receive training at least once a year and are subject to annual unannounced inspections based on chemical audits performed by a third party. In 2020, 18 suppliers were trained on this subject.

In China, Carrefour works with the Institute of Public & Environmental Affairs (IPE), a non-profit environmental research organisation that gathers data from over 5,000 factories, to address issues of non-compliance with Chinese environmental laws within its supply chain. In 2020, 444 Carrefour supplier factories were audited based on IPE standards in the different sectors (clothing, small household goods and home appliances), including 339 tier 1 suppliers and 105 tier 2 suppliers. We note an improvement in results compared to last year: in 93% of factories inspected, no alerts were issued. In 2021, Carrefour is aiming for 100% compliance and it has moved up from 33rd to 17th place in the rankings of the brands inspected by the IPE (for all sectors). This improvement has been driven by the publication of the production sites of key integrated tier 1 and tier 2 textile suppliers, the PRTR (Pollutant Release and Transfer Register) environmental impact reports completed by 20 suppliers and shared with the IPE, and the results of the first assessments performed on tier 3 suppliers. Carrefour has also moved up in the IPE's brand rankings, from 31st to 18th place.

In 2020, Carrefour Global Sourcing offices continued to scale back the number of the Group's tannery suppliers, only keeping those that are certified by the Leather Working Group (LWG), which promotes sustainable practices within the leather industry. All of Carrefour tannery suppliers in Asia are LWG-certified.

In 2020, 928 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*: Mobilising the supply chain
- Supplier Commitment Charter.

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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. The corruption risk mapping process was updated in 2021 for each main business sector (Retail, Property, Banking and Insurance). 576 employees were interviewed in the course of 342 sessions organised throughout the Group. This update was used to redefine corruption risk scenarios for each managerial and operational process and rank any action plans for more effective risk management and analysis of existing controls.

The commitment of Carrefour's governing bodies is reflected in the decision to appoint a Compliance Officer in each Carrefour-integrated country where this was not already the case, to give local teams a better understanding of the fight against corruption and speed up the process of ensuring overall compliance.

A Responsible Lobbying Charter and a governing charter for the Carrefour Foundation were approved by the Group Ethics Committee.

Joint governance arrangements shared between the Safety and Compliance departments are being rolled out to all entities and countries in which Carrefour is present, for even more effective reporting and oversight.

Work is also in progress on a global training plan to ensure that employees are well informed about the risks of corruption based on their level of exposure.

An ambitious project to standardise assessments of third parties and stakeholders is also being rolled out.

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	2020	2019	Change
Amount paid by all Group entities in respect of their tax obligations	€962 million	€980 million	-1.9%
Social security contributions borne by the Group	€1,597 million	€1,695 million	-5.7%
% of at-risk employees trained on anti-corruption topics[1]	61%	-	-

(1) New indicator in 2020. Scope: excl. e-learning data in France and excl. PO BE.

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 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. It aims to standardise and centralise Group practices by deploying a common approach to evaluating third parties.

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).

Carrefour's 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 Personal data protection

Context and definition

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).

Policy and performance

As regards data protection, Carrefour has deployed a plan to comply with the General Data Protection Regulation (GDPR). The plan applies to all of the Group's integrated countries and involves regular communication between the different Data Protection Officers (DPO) to harmonise practices and comply with local legislation and specific local needs.

Indicators	2020	2019	Change
Number of countries/entities with a DPO(1)	8/8	-	-

(1) New indicator in 2020. Excl. AR because the nomination of a DPO is not required under local regulations.

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.

Personal data protection

At Group level, Carrefour has deployed a GDPR compliance programme based around regular meetings in each country of the various departments involved in managing personal data and dedicated GDPR committees.

It covers:

- application of general data protection policy;
- consent management;
- creation and updating of data processing records;
- creation of a data rights management process for providing responses within legal deadlines;
- implementation of a training programme;
- data conservation policy;
- deployment of a network of data protection officers in accordance with the recommendations of the French Data Protection Authority (CNIL);
- a DPO in each country to deal with data protection issues and support the country business segments;
- a register of incidents and personal data breaches in accordance with the GDPR for tracking different incidents, qualifying them from a legal standpoint to self-assess the appropriateness of notifying the French Data Protection Authority and/or disclosing them to the persons concerned.

2.2.4.4. Case studies in 2020

Assessing and mapping tier 2 suppliers in high-risk countries

Carrefour also supports its suppliers to improve CSR performance within the supply chain outside its direct scope. All suppliers must assess their own tier 1 suppliers identified as being high-risk (tier 2 suppliers for Carrefour) based on ESG criteria using a framework/application provided by Carrefour. The Group has developed a simplified audit standard for all tier 2 suppliers to check for social and environmental risks. In 2019, Carrefour provided the plants of its tier 1 suppliers in Bangladesh, Pakistan and India with training and other tools to deal with identified risks. Tier 1 suppliers received training (31 suppliers in India, 56 in Bangladesh and 15 in Pakistan) in how to assess the compliance standards of their own suppliers (192 in India, 191 in Bangladesh and 33 in Pakistan in 2019). The project, initiated in 2019 with an assessment of Tier 2 suppliers, was rolled out in the following countries in 2020: India (242 tier 2), Bangladesh (309 tier 2), Pakistan (57 tier 2), Cambodia (8 tier 2), Vietnam (4 tier 2), Burma (3 tier 2) and Sri Lanka (15 tier 2).

As part of the aim for all natural raw materials used in its TEX products to be sustainable and traceable by 2030, Carrefour intends to ensure complete traceability not only of its own products, but of its suppliers as well. Consequently, the Group began mapping tier 2 suppliers in 2020 to have visibility of the various third parties involved across the production and supply chain. For the clothing sector, this task consists of identifying the suppliers of the suppliers involved in the following stages: cloth manufacture (spinning, knitting, dyeing), product assembly, etc. We began this mapping process "manually" for Bangladesh and India, and an IT solution is currently being studied that could be used to systematically roll the process out to all of Group's high-risk countries.

Improving the living conditions of workers in Bangladesh

Bangladesh is the world's second largest exporter of textiles and the sector employs more than 4.2 million workers. Most do not have access to either healthcare or medical services. Three years ago, the Carrefour Foundation teamed up with non-profit SNV, two insurance companies and four local medical centres to fund a health insurance programme for textile workers in five factories in Bangladesh for three years, until 2019. Thanks to the coverage provided, workers got free access to medical consultations and diagnosis, family planning and maternity services. The annual cost was estimated at six euros per worker: the Carrefour Foundation paid four euros in 2017, three euros in 2018 and two euros in 2019. The programme was first rolled out in five and then eight Bangladesh factories, reaching more than 14,000 workers. It succeeded in reducing absenteeism and employee turnover while boosting productivity. Carrefour learned a great deal from this experience and is now looking for the best way to put it to good use in its living-wage project.

Similarly, in 2020 Carrefour piloted a scheme with another health insurance policy launched in 2019 based on the "Fair Price Shop" (FPS) model. Bengali workers who buy a basket of basic food necessities (rice, etc.) in the FPS get their annual health insurance for free. The aim is to link this to the Act for Food programme to educate workers in healthier eating while providing them with health coverage.

In 2020, one store was opened up, and 2,478 workers benefited from discounts on food, and 96 signed up for health insurance. We are looking into opening more stores in 2021 using the same model.

Two new lines of fair trade bananas

In March 2020, Carrefour launched a new line of Caribbean fair trade bananas, in partnership with UGPBAN (Union of banana producers of Guadeloupe and Martinique) and Cirad (a French agricultural research body focused on international cooperation). At the same time, Carrefour launched a new Carrefour Quality Lines (CQL) banana to support Caribbean agroecological production. It is currently grown without insecticides or post-harvest chemical treatment, with herbicides to be phased out by 2022. The new line incorporates blockchain technology and consumers may use a QR code on the label to access all of the information about the agroecological production methods. The CQL Caribbean banana is available in hypermarkets and convenience stores in France and will be introduced in all Carrefour stores as production increases.

Promoting sustainable cocoa in the supply chain

Carrefour's aim is for all of its own-brand chocolate bars to be sustainable and traceable from the farmer to the consumer. It sees this as the best means of combatting deforestation, ensuring that no child labour is used on cocoa plantations and securing a better deal for the farmers. Carrefour is helping its suppliers to achieve this objective by drawing up a "Cocoa Commitment Charter". Information provided on the chocolate bars will highlight the most virtuous initiatives and guide consumers towards more responsible choices.

Carrefour is also working with the Retailer Cocoa Collaboration (RCC) to involve importers further up the supply chain. Since 2019, this distributor platform has been fostering dialogue between retailers and cocoa traders to promote transparency and progress towards environmentally and socially sustainable cocoa production. The deployment of this annual assessment programme enables the RCC to:

- measure the progress being made by cocoa traders in terms of the eight core principles of the Cocoa & Forest Initiative (CFI);
- collectively align with an assessment method agreed between retailers;
- take better informed decisions when sourcing cocoa.

For more information, see:
https://retailercocoacollaboration.com/

Promoting a fairer deal for producers with the "C'est qui le patron?" brand

C'est qui le patron? (Who's the Boss?, or CQLP) is a local fair trade brand owned by more than 9,500 members. It allows consumers to decide what form they want to buy their products in as well as the prices paid to producers, with a view to giving them a fair deal. This initiative was first launched in 2016 by LSDH, Carrefour and Nicolas Chabanne, with the sale of milk for which producers received 390 euros/1,000 litres. In France, CQLP inspired the creation of the Nord-Nord fair trade label, which has been reproduced by other manufacturers and distributors. Together with the 2018 French National Food Conference, this has had a positive impact on the average annual price of milk in France, which rose from 294 euros/1,000 litres in 2016 to 335 euros/1,000 litres in 2019. After enjoying exclusive rights to sell this milk for six months in 2016, Carrefour subsequently rolled the initiative out in Belgium, Spain and Italy. CQLP has also launched a system of second-hand sales in villages and a Yuka-type app for getting information about products. As the brand does not use advertising or marketing or have a sales force, producers and consumers themselves organise in-store promotional events. CQLP products have a very positive image and Carrefour store teams regularly volunteer to promote them. The brand's successes are dotted around Carrefour stores in all formats: milk (2.5% of conventional milk sales), butter, eggs, apple juice and chocolate.

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.

2020 was dominated by the Covid-19 epidemic. To deal with the health crisis, the Carrefour group rolled out an action plan and several corrective measures aimed at protecting employees, customers and suppliers. Restrictions resulting from the health crisis were fully integrated into Group operations. And Carrefour successfully adapted to requirements to protect the health and safety of all stakeholders involved in its activities.

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 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.

This approach is based on Carrefour's Principles of Ethics, 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 Carrefour's countries of operation. This commitment is present throughout the Group's various business activities through many other initiatives, including partnerships, dialogue with stakeholders, CSR strategy, and social dialogue. It takes shape through the engagement of the women and men who work for the Carrefour group.

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.

Organisational structure and scope of duty of care

The Carrefour group is a French corporation structured as a holding company. Carrefour is a public limited company (*société anonyme*) registered with the Nanterre Trade and Companies Register.

In this document, the Carrefour group presents the social and environmental actions taken over the reporting period (January 1, 2020 to December 31, 2020), during which the Carrefour group employed 322,164 people.

In accordance with the French duty of care law no. 2017-399, the Carrefour group takes special care to identify and prevent the risk of serious violations of human rights and fundamental freedoms, health and safety, and the environment, which could result from:

1. the business activities of the company, its subsidiaries or any controlled company[(1)];
2. the business activities of its suppliers;
3. the business activities of its subcontractors.

(1) Article L. 233-16 II of the French Commercial Code (*Code de Commerce*) states: "II. Sole control of a company exists:
1. When a majority of its voting rights are held by another company;
2. When a majority of the members of its administrative structures are designated by another company for two successive financial years. The consolidating company is deemed to have effected such designations if, during that financial year, it held a fraction of the voting rights greater than 40%, and if no other partner or shareholder directly or indirectly held a fraction greater than its own;
3. When a dominant interest is exerted over the company by virtue of a contract or the terms and conditions of its memorandum and Articles of Association, when the applicable law allows this."

2.3.1 DUTY OF CARE PLAN

2.3.1.1 Risk prevention frameworks

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.

Principles of Ethics: Code of Professional Conduct

All employees are given a copy of the Principles of Ethics, 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 Principles of Ethics are as follows:

Respect diversity

Contribute to a safe and healthy working environment

Promote social dialogue

Ban all forms of harassment or discrimination

Select and treat suppliers with objectivity and loyalty

Cultivate transparent business relationships

Honour commitments to our partners

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 reliable and accurate reporting

Avoid conflicts of interests

Refuse all forms of corruption

Source: *https://secure.ethicspoint.eu/domain/media/en/gui/102586/code.pdf*

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 Principles of Ethics 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 for the social and environmental compliance of purchases of certified products concern 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, the rules apply to all Group entities and all production countries. Procurement potential and purchasing rules depend on the risk rating assigned to each country 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.

The purchasing rules for the food transition set out Carrefour's commitments. The CSR and food transition index measures progress in implementing them (see Section 1.6.5). Each commitment is associated with rules that must be applied in different countries to meet the Group's target set for its food transition for all strategy. Application is coordinated at the local level and updated as necessary in line with any adjustments or results from regular audits.

The rules include specific criteria for purchasing textiles, seafood, aquaculture products, and products whose production can impact forests. Other criteria cover packaging used for products, nutritional content of food, and elimination of additives and controversial substances.

Engagement tools shared with partners

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.

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 Carrefour 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. Once this has been validated by Carrefour, the candidates 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 annual Food Transition Week.

Carrefour Foundation initiatives for the responsible food transition

Created in 2000, the Carrefour Foundation works to combat exclusion at the international level (see Section 1.4.2.4). 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 2020, it invested a total amount of 7,481,652 euros in support of 47 projects in the following areas: 46% in supporting the agricultural industry's transformation towards sustainable and solidarity-based agriculture; 30% in anti-waste projects to upgrade substandard products and make them available to the neediest; and 24% devoted to food-related social commitments.

2.3.1.2 Third-party assessments, and risk prevention and management system

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, which correspond to the scopes delineated by the duty of care: at Carrefour, among suppliers and for customers.

Risk of 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 risk prevention and mitigation measures	
Combatting 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 combatting 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 refrigerant leaks, use of electronic speed controllers, low power LED lighting and sub-metering systems. The Group is committed to reducing refrigerant-related CO_2 emissions by 2025 with respect to 2010, through phase-out of hydrofluorocarbon (HFC) refrigerants and limitation of refrigerant leakage. • 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 (21 GWh) of these stores. • Integrated 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 500 trucks, now PIEK certified, which by the end of 2020 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.

Third-party assessments	
Supplier environmental compliance audits	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.
CSR rating of at-risk Carrefour-brand product 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.
Climate accounting	Introduction of an annual climate accounting system on supply chains to determine the highest-emission items and sources.
Key risk prevention and mitigation measures	
Developing local projects in high-risk regions (own-brand suppliers)	• 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.
Promoting and developing sustainable agriculture (own-brand suppliers)	• 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.

Third-party assessments	

Securing the supply of sensitive raw materials (own-brand suppliers)	Maps of high-risk raw materials are created and regularly updated (see Section 2.1.2.2.2).
	The Group has implemented specific raw materials purchasing rules in concertation with the stakeholders (i.e., experts, NGOs, customers, suppliers, public authorities, etc.).
	These purchasing rules for the food transition were updated in 2020. Carrefour remains involved throughout the supply chain by setting requirements for its direct suppliers and being involved at different levels in stakeholder coalitions (e.g., Consumer Goods Forum, SoS cerrado manifesto, French Soya Manifesto).
	
	The Group has made it a priority to address the following risks:
	
	• Deforestation for conversion of land for agriculture. Carrefour has taken on the co-leadership of the Consumer Goods Forum Forest Positive Coalition and is a member of the working groups on palm oil, wood, paper, beef and soy. This platform aims to collectively mobilise suppliers to drive systemic change across supply chains.
	
	  ◦ **Palm oil**: Carrefour has implemented a gradual action plan with its direct suppliers, based on RSPO certification, to protect this supply chain in all of the Group's integrated countries. The first step involved requiring its suppliers to provide certified mass balance raw materials by 2020. Standards are now being tightened to the stricter segregated certification, which ensures full traceability from plantation to consumer by 2022. In addition, Carrefour substitutes palm oil in its own-brand products when doing so improves the nutritional value of a product or to meet consumer expectations.
	  ◦ **Wood and paper**: Carrefour has implemented a supply inspection system based on a risk analysis of production countries. Ten product categories that use the largest volumes of wood and paper are defined as priority. In these ten categories, different certification or guarantees are required depending on product origin (recycled, FSC certification, PEFC certification or specific audit).
	  ◦ **Beef in Brazil:** Carrefour has implemented a supply inspection system for beef from ranch-raised cattle for its Carrefour-brand and national brand products via a geo-monitoring system (in Amazonia and Cerrado). The Group's purchasing data are cross-analysed against official deforestation maps, protected areas and indigenous lands. This is how Carrefour involves its suppliers in its anti-deforestation policy, while ensuring the compliance of products sold in stores. Carrefour works with its suppliers on identifying any non-compliant cattle farmers and takes action as necessary. Suppliers are urged to go a step further by signing a letter of commitment, which requires them to monitor indirect suppliers and report findings in an action plan provided by the Group. In addition, a traceability tool used to monitor indirect suppliers is being rolled out at supplier sites. Carrefour also encourages other retailers on the market to implement the unified protocol (*https://www.boinalinha.org/*) and regularly speaks at conferences to share its best practices. In 2021, the Group will measure the results from
	these action plans in order to strengthen and improve its monitoring tools.
	  ◦ **Soy**: soy is used in animal feed for Carrefour-brand poultry products such as chicken and eggs. Carrefour has pledged that the soy fed to animals used to manufacture key products under its own brand will have no deforestation impact by 2025. Carrefour has several solutions for making sure this raw material does not come from farming practices that contribute to converting forests and ecosystems – by developing local soy farming, promoting CQL organic animal feed made with GMO-free soy, using segregated certified soy and alternative proteins, supporting projects in the field and favouring the most virtuous upstream players for its supply. In addition the Group launched the Soy Manifesto with the aim of mobilising French players (government, NGOs, distributors and upstream players) to fight against the deforestation linked to Brazilian. In this context, additional criteria for the non-deforestation and non-conversion of ecosystems are integrated into the specifications for Carrefour brand products in France. Direct suppliers are educated to apply Group standards throughout the production chain. French retailers, civil society and the French Ministry, having all signed this Manifesto, unite in a joint effort around the National Strategy against Imported Deforestation to produce a viable nationwide whistleblowing system and engage the entire value chain. This initiative was presented and praised at the SNDI's two-year anniversary on 18 November 2020.
	
	• Biodiversity damage and human rights violations caused by the use of sea resources and aquaculture. Carrefour has implemented sourcing rules for seafood products through a range of programmes. For example, Carrefour Quality Lines were created to encourage the adherence of aquaculture products to strict specifications. Certification, such as AB, MSC and ASC, provides strict control of each step in the supply chain. And finally, low-impact fishing techniques are promoted (no fish aggregating devices, angling, etc.), and certain protected species including turtles and sharks are prohibited from sale at Carrefour.

Third-party assessments	
	• Environmental and human rights violations caused by cotton production. Cotton from Uzbekistan and Turkmenistan is banned. Carrefour created an organic cotton production line in the Madhya Pradesh region combining quality organic cotton, decent pay for producers and traceability starting from the seed. The Group aims to increase the share of organic cotton in its total supply, while raising the standards of conventional cotton. Carrefour also applies blockchain technology to certain TEX BIO textile products. Using a QR code, consumers can access information that tracks the product pathway from organic cotton production to distribution. • Environmental and human rights violations caused by fruit and vegetable production. ◦ Bananas: Bananas are the most popular fruit sold in stores. But they are subject to threats concerning climate change issues and human rights abuses on plantations. As the leader in organic, fair-trade bananas in France, Carrefour works with its suppliers to develop this type of banana production in response to these challenges. The Group also launched two new French banana lines, one organic and one agroecological, featuring blockchain technology. These lines create direct and indirect jobs in the French Antilles and provide consumers with transparent information about the production process.
Reducing the climate impact of products sold (own-brand and national brand suppliers)	Carrefour is seeking the commitment of its private and national brand suppliers to cut their GHG emissions. Carrefour has set a target to reduce emissions from goods and services purchased by 30% between 2019 and 2030. This target translates into savings of 20 megatonnes of CO_2, in collaboration with its suppliers. Carrefour is also targeting a reduction of 27.5% in its emissions from product use by 2030 (especially for fuel and consumer electronics). To meet these targets, Carrefour pledges to focus on: • encouraging the 100 biggest Carrefour suppliers to outline quantified commitments to reduce CO_2 in their direct scope and upstream. Carrefour's main aim is for its ten biggest suppliers to adopt an approach consistent with the Science Based Targets initiative, and the 30 biggest suppliers to take up a climate commitment by 2025; • review the assortment of products available at Carrefour to reduce the climate impact of the average basket; • reduce the climate impact of Carrefour-brand products, by scaling back packaging, combatting deforestation and developing low-carbon farming practices.
Eliciting suppliers' voluntary commitment to the food transition (national brand suppliers)	Carrefour has put in place the Food Transition Pact to gain adherence from its national brand suppliers. The Food Transition Pact provides a platform for these suppliers to discuss matters and best practices, explore new opportunities for collaboration with Carrefour, and share progress with consumers. Its key objectives are: • packaging: Limit the environmental impact of packaging by eliminating unnecessary packaging, reducing packaging volumes and providing clear information for the public about how to recycle the packaging; • biodiversity: Encourage environmentally-friendly farming practices; • climate: Guarantee a food system that is not harmful for the climate and reduces the environmental impact.

Risk of 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.

Assessment of the situation	
Key risk prevention and mitigation measures	
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 the 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). A meeting at which Carrefour presented its non-financial information was held by videoconference with 50 representatives worldwide on October 14, 2020, • 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. • Combatting 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 in 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), alterations to 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 asked all countries to draw up an action plan for health, safety and quality of life in the workplace by the end of 2020.
Suppliers' respect for human rights and ethics of employees and service providers towards customers	Carrefour wishes to guarantee respect for diversity and the religious and cultural specificities of all individuals, including its customers. This commitment is apparent both within the Group, through awareness-raising and training initiatives (Diversity Day, workshops to discuss unconscious prejudice, diversity and inclusiveness guidelines for suppliers) and with society at large (signing of the Coalition of businesses for racial and gender equality, institutional partnerships and sponsorship of pro-diversity forums). Intensified action plans are being put in place in Brazil, where the recent death of a customer in Porto Alegre highlighted this risk: • Carrefour Brazil immediately conducted an audit. Policies on training for employees and subcontractors in terms of safety, respect for diversity and values of tolerance were reinforced; • a plan of action has been prepared with an external committee for freedom of expression in diversity and inclusiveness, appointed to advise Carrefour Brazil in an independent manner on the measures to be taken to combat racism in its stores. This plan will reinforce the measures already taken several years ago by Carrefour Brazil to combat racism.

Among Carrefour suppliers

Third-party assessments	
Supplier social compliance 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 risk prevention and mitigation measures	
	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 2.3.1.1: **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 Global 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".

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 worked for three years to set up a health insurance system in Bangladesh. In 2019, for the last year of the project, the system covered eight factories, including five Carrefour suppliers, and the support of Carrefour Foundation helped fund this health insurance plan for approximately 14,500 workers. Carrefour learned a great deal from this experience and is now looking for the best way to put it to good use in its living-wage project,
	  ◦ 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. The first "sustainable cotton" collection appeared in spring-summer 2019.

For Carrefour customers

Third-party assessments	
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 risk prevention and mitigation measures	

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.

Combatting 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.
Promoting quality and transparency for national brand products	Carrefour has put in place the Food Transition Pact to gain adherence from its national brand suppliers. This pact provides a platform for these suppliers to discuss matters and best practices, explore new opportunities for collaboration with Carrefour, and share progress with consumers. Its key objectives are: • transparency: Provide customers with information about the sourcing of ingredients, food labels, and the impact of product manufacturing and distribution on the environment and the company along the entire production chain; • sustainable products: Guarantee healthy product composition.

2.3.2 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 fundamental freedoms, health and safety, 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/

Statistics on the types of alerts Carrefour received in 2020 *via* this system are provided in the report on the 2020 duty of care plan (see Section 2.3.3).

Other alert systems were set up in 2020, especially to support Covid-19 crisis management. A Covid alert system was created in all Group countries to provide a procedure for reporting cases of virus contamination and information about the disease. In France, Carrefour employees had access to counselling and social services, available 24/7.

2.3.3 REPORT ON THE 2020 DUTY OF CARE PLAN

In 2020, the Carrefour group stepped up the implementation of its compliance programme, by monitoring quantitative and qualitative indicators for the risk mitigation measures taken.

Summary of improvements in 2020

- In 2020, the governance system in place to ensure the compliance of supply chain processes was enhanced. Purchasing rules for the food transition were updated and disseminated in all countries where the Group operates. The Committee on purchasing rules for the food transition ensures that business lines in each country apply these purchasing rules to support the food transition.
- A task force was created to respond to alerts from Carrefour stakeholders. Alerts may involve any of Carrefour's societal challenges (issues relating to governance, compliance, and labour, ethical or environmental problems). The task force is in charge of investigating reported alerts and making sure that the most appropriate corrective action plans are implemented if a breach is confirmed.
- The Food Transition Pact was launched in 2019 and continued its action in 2020. Supporting the food transition for all, this network of Carrefour suppliers launched the 20 Megatonnes project as part of the climate pillar. This project encourages suppliers to make commitments, measure CO_2, engage consumers and develop low-carbon consumer habits.
- Carrefour reiterated its commitment to combatting deforestation by heading the Consumer Goods Forum (CGF), an international coalition of 18 manufacturers and retailers, to take action by involving all supply chain participants. The Group actively participates in dedicated working groups on palm oil, soya, wood, paper and beef. The mobilisation of the traders within this coalition has brought about positive changes in purchasing decisions for palm oil, soy and Brazilian beef.
- A consultation process was launched with external stakeholders on decent wages in the supply chain. The consultation aimed to identify potential solutions to mitigate risk.
- Transparency: the list of textile suppliers was published on Carrefour's website.

Report on dialogue and alerts identified in 2020

The Carrefour group methodically identifies risks of violations of human rights, health and safety, and the environment relating to its business operations. As such, the Group has implemented several policies to prevent and reduce the possibility of these risks from occurring.

The measures and resources implemented by the different governance bodies to set the duty of care plan were reaffirmed, by strengthening dialogue between key people directly involved in the compliance process. A task force was also created to identify and handle risks relating to the business operations of the Carrefour group. Due to the Covid-19 pandemic, the Carrefour group ramped up the mobilisation of teams in charge of health and safety policy to provide optimal working conditions for employees and protect customers in stores.

Dedicated functions also updated policies based on risks identified in relation to the Group's business operations. The purchasing rules for the food transition were updated accordingly in the first half of 2020 and formally articulated in a single document disseminated to the entire Group. The Committee for CSR rules and the food transition (see Section 2.3.1) is in charge of coordinating and rolling out these rules. Training was provided for the Merchandise, Quality and CSR departments in all countries in the second half of 2020.

The various governance bodies within the Carrefour group identify policies to implement in line with the assessment of risks of violations of human rights, health and safety, and the environment. In 2020, the Carrefour group therefore focused on selecting priority policies to implement based on measures taken by the dedicated task force. Reported alerts are divided into the following categories:

- industry-related alerts;
- alerts or incidents identified internally or through the ethics whistleblowing system;
- audits conducted with third parties;
- dialogue, reports and meetings organised with stakeholders.

The analysis of these alerts was included in the duties of the Group's CSR governance. Several internally defined criteria are applied to prioritise alerts and incident risks. Investigations are then conducted based on the level of risk. As part of this process, interaction with stakeholders is encouraged to identify precisely what measures to take in order to mitigate risk. The Carrefour group is in continuous contact with NGOs through bilateral dialogue and meetings held with a range of stakeholders. As part of its stakeholder inclusion policy, the Carrefour group also answered transparently and publicly to questionnaires sent by NGOs.

SUMMARY OF THE DIALOGUE WITH GROUP STAKEHOLDERS AS PART OF THE 2020 DUTY OF CARE PLAN

Types of risks	Dialogue on risks identified in 2020
Risk of human rights violations	• **Bilateral dialogue**: Special dialogue on the impact of Covid-19 on procurement practices, modern slavery in the supply chains, child labour, decent wages and the system of benefits in our textile production plants. About 20 dedicated meetings held during the year, and collaboration entered into with the International Federation for Human Rights (FIDH) to review the action plans in progress. • **Stakeholder consultations and panels**: Consultation with experts on living wages: organisations, coalitions and companies involved: FIDH, Achact, Global Living Wage Coalition, Ethical Trading Initiative, Fair Wage network, Fairtrade International, Mighty Earth, Etam, Bureau Veritas, Tesco. • **Response to questionnaires** on textile procurement during the health crisis and on tuna supply in the Pacific.
Risks to the health and safety of people	• **Dialogue with trade unions:** The Group held ten European Consultation and Information Committee (ECIC) meetings on the health crisis between March and October 2020. In May, Carrefour signed the ECIC joint declaration for a European Health Pact to take management of the health crisis to the European level. Social dialogue also resulted in the implementation of a proactive equality policy, adapted to the new challenges of the transformation of our businesses, the Company's transformation plan and its *raison d'être*, with the agreement on professional equality in France signed on March 9, 2020. • **Bilateral dialogue:** Close dialogue maintained with trade unions. Monthly meetings between the Executive Director France and the representative trade unions at the Carrefour group level since September.
Risks of environmental damage	• **Bilateral dialogue:** Special dialogue on forestry issues (beef, soy, wood and paper, palm oil, cocoa), pesticide use, feed for aquaculture fish, banana and berry production (around 50 dedicated meetings over the year, collaboration with Mighty Earth, WWF, Greenpeace, NWF, Canopée, Envol Vert, IDDRI, Changing Markets Foundation, Business & Human Rights Resource Centre and Max Havelaar Banana Link to review the action plan in progress). • **Coalitions:** Carrefour is part of the Consumer Goods Forum. As a member, the Group actively participates in coalitions on soy, wood and paper, palm oil, beef and plastic. Alexandre Bompard now co-leads the coalition to combat deforestation. • **Stakeholder consultations and panels:** a themed panel organised on the fight against deforestation with WWF France and Brazil, National Wildlife Federation, Envol Vert, Mighty Earth, Proforest, and the Consumer Goods Forum. • **Response to questionnaires** on the supply chains for beef in Brazil (three questionnaires, from the NGOs Mighty Earth, Amnesty International and Envol Vert) and soy (one questionnaire from Mighty Earth and Canopée); pesticide use in the fruit and vegetable supply chain (one questionnaire from Greenpeace), feed for aquaculture fish (one questionnaire from Changing Markets Foundation).

Based on this process, the Carrefour group implements corrective action plans and measures the effectiveness of actions taken. The group is now prioritising the next measures to implement and identifying areas for improvement. These points also help strengthen the methodology applied to design the corresponding risk map.

The table below presents concrete examples of how Carrefour's duty of care plan was applied in 2020 and corrective actions implemented or developed after associated risks were put in order of priority:

Manifestation of risk or alerts identified in 2020	Associated risk(s)	Additional measures in 2020 and development of existing action plans
High health risk for employees and customers during the Covid-19 pandemic *(March 2020)*	Safety of people and property (pandemic), Workplace health and safety	In April 2020, the Carrefour group met with other industry leaders to ratify the Joint declaration on preventive measures to protect workers and consumers in the food retail industry during the Covid-19 pandemic. In September 2020, the Carrefour group launched labelling programmes, for example for AFNOR certification in France and DNV GL in Brazil. These programmes consist in checking and monitoring the Covid-19 health measures implemented at its stores, warehouses and across its supply chain. The verification process mainly involves reminders of protective measures, mask requirements, availability of hand sanitiser, installation of plexiglass barriers, social distancing floor markers, and more frequent cleaning and disinfection of equipment surfaces (basket handles, cart handles, scanners, cash registers, etc.) and store space.
Known cases of deforestation in the Amazon caused by cattle ranching in Brazil *(April 2020)*	Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact	The Carrefour Brazil group reiterated its commitment to ethical, environmentally-friendly meat production and rejects any practice associated with deforestation in the Amazon. In response to the article published on April 27, 2020, the Carrefour Brazil group demanded clarification from its supplier JBS. The investigation revealed no ties with the producers mentioned in the article. As a preventive measure, the Carrefour Brazil group suspended purchases of meat from farms in Rondônia state *via* its direct supplier JBS. The Carrefour group is involved in the environmental protection project Desmatamento Zero (Déforestation Zéro). Its aim is to tighten monitoring processes and as a consequence the fight against deforestation. In a recent initiative, a standard protocol was set between the largest wholesalers and the three largest slaughterhouses, with the support of Imaflora. The Company also participates in the working group on sustainable livestock GTPS (*Grupo de Trabalho da Pecuária Sustentável*) and promotes the Bezerros Sustainable Production Programme in the state of Mato Grosso. In operational terms, the Group rigorously monitors production using a geolocation tool to prevent activity in illegal regions.
Known case of food waste due to unsold products dumped in the Forest of Mormal *(August 2020)*	Business model not aligned with the social and environmental expectations of customers (local products, reduction in packaging, food waste, etc.)	The Carrefour group stated that it was not aware of who committed this act, and reiterated its commitment on food waste and waste management. This case violates the practices and guidelines of the Carrefour group. As a result, an internal investigation was launched. The Carrefour group offered to cover cleaning costs. In parallel, the Task Force specifically approached the issue of food waste to tighten its inventory control.

Manifestation of risk or alerts identified in 2020	Associated risk(s)	Additional measures in 2020 and development of existing action plans
Death of a man after attack by security guards from a Carrefour store in Brazil *(November 2020)*	Failure to respect the principles of diversity and equality and failure to combat discrimination and harassment	The Carrefour group issued communications about the incident both locally and to the parent company. Diversity and inclusiveness are part of Carrefour's core values. In all countries where it operates, equal opportunities and a culture of respect are fostered and translated into concrete initiatives. Following the event, the Carrefour group in Brazil stepped up its commitment to fight discrimination in Brazil by donating all of the revenue it received on November 20, 2020, to anti-racism projects. The Carrefour group in Brazil also created a fund to support the inclusion of minorities within the Company. Carrefour Brazil swiftly took resolute action. On November 21, 2020, the Group led training programmes for employees and partners in Brazil to emphasise the Group's commitment to equality and the absence of discrimination. A committee was specially created following the event to advise Carrefour Brazil in an independent manner on the measures to be taken to combat racism in its stores. An audit was conducted, followed by a plan of action prepared with this external committee, which advocates for freedom of expression on diversity and inclusiveness. This plan will reinforce the measures already taken several years ago by Carrefour Brazil to combat racism (see Section 2.2.3.4).
Risk relating to human rights within tuna supply chains *(Response of the Carrefour group to a questionnaire about acts of modern slavery in the bluefin tuna fishing industry in the Pacific)*	Carrefour and its suppliers accused of failing to comply with labour law, human rights and/or fair remuneration	The Carrefour group reiterated its commitments to sustainable fishing (Carrefour Quality Lines, ASC Label, MSC Label, organic label). The Group also mentioned existing European regulations that ban illegal fishing practices. In light of these restrictions, the Group then had its tier 1 suppliers audited and checked to ensure their compliance with ethics and environmental commitments set at Group level. The Group also highlighted its obligations and duty of care resulting from requirements set out in the French duty of care law.
Potential case of forced labour in organic tomato fields in Spain	Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact	Following the identification of human rights risks in Spain in the fruit and vegetable units, Carrefour has increased its vigilance over its suppliers. Audits were immediately conducted in 2020 in the risk areas. Additional inspections will be carried out in 2021 during the harvest period.
Known cases of Uyghur forced labour at textile plants in China *(March 2020)*	Carrefour and its suppliers accused of failing to comply with labour law, human rights and/or fair remuneration	The Australian Strategic Policy Institute (ASPI) published a study listing 83 companies that have benefited from the use of potentially abusive labour transfer programmes at textile plants in China. Following the publication of this article and due to the controversial situation in Xinjiang province, Carrefour confirmed that it had no suppliers located in this province and is implementing a special monitoring programme to ensure compliance with social and environmental conditions for all materials that can be produced in the province. Since 2001, Carrefour has introduced actions to protect its supplier network by conducting social audits at its finished goods production facilities. All facilities have now been audited, with the support of independent auditing firms. Carrefour condemns the use of forced labour in its supply chain. These practices violate the contractual undertakings of each of its suppliers for its own operations and the operations of its subcontractors and suppliers.

Detailed policies and performance indicators

For further details about the mitigation actions implemented by the Group and the performance indicators measured every two years, please read about the policies and Key Performance Indicators described in Section 2.2. Policies to mitigate the risks related to our business. A summary of non-financial performance is also available in Section 2.4.1 and contains a set of indicators that can be used to monitor the measures taken. Reports on individual issues are also available on *carrefour.com via* the links below.

CONCORDANCE TABLE BETWEEN THE NON-FINANCIAL INFORMATION STATEMENT AND THE WEBSITE *CARREFOUR.COM*

Scope		Summary of action and Performance Plans for 2019
Serious environmental damage		
At Carrefour	2.2.2.2 2.2.2.1 2.2.2.3 2.2.2.4	In this report: • Limiting the environmental impact of our plants • Combatting food waste • Developing ecodesign and a circular economy for packaging • Fighting and preparing for climate change
		Detailed information available on *Carrefour.com* to find out more: • Limiting pollution at our sites and restoring biodiversity • Combatting food waste • Committing to ecodesign and a circular economy for packaging • Fighting and preparing for climate change
Among Carrefour suppliers	2.2.1.2 2.2.1.3 2.2.2.4 2.2.4.1	In this report: • Promoting and developing sustainable agriculture • Sourcing raw materials at risk • Fighting and preparing for climate change • Mobilising 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 our supply chain
Serious violations of human rights, health and safety		
At Carrefour	2.2.3.3 2.2.3.5	In this report: • Growing and moving forward together • Acting with simplicity
		Detailed information available on *Carrefour.com* to find out more: • Growing and moving forward together • Acting with simplicity • Taking pride in transforming our professions • Remuneration and decent wages for our employees
Among Carrefour suppliers	2.2.4.1	In this report: • Managing the supply chain
		Detailed information available on *Carrefour.com* to find out more: • Managing our supply chain.
For Carrefour customers	2.2.3.3 2.2.3.5 2.2.1.1	In this report: • Growing and moving forward together • Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment • Our products and our customers' health
		Detailed information available on *Carrefour.com* to find out more: • Growing and moving forward together • Acting with simplicity • Guaranteeing product quality, compliance and safety • What about a healthier diet?

✚ Separate document

The duty of care plan is also available as a separate document in the document "Carrefour's duty of care plan" on *Carrefour.com*.

2.4 Carrefour's non-financial performance

2.4.1 SUMMARY OF NON-FINANCIAL INDICATORS

Products

Commitments	Indicators	2020	2019	Change	Target
Develop agroecology, organic products and fair trade	**Market penetration rate of Carrefour Quality Lines in fresh produce** *(in %)*	**7.4%**	**6.6%**	**+0.8 pts**	**10% in 2022**
	Number of Carrefour Quality Lines (CQL) products	753	726	+4%	
	Number of Carrefour Quality Lines partner producers	27,884	27,758	+0.45%	
	Gross sales of Carrefour Quality Lines product *(in millions of euros)*	1,049,406	950,459	+10.4%	
	Gross sales of organic food products under banners ***(in billions of euros)***	**2.7**	**2.3**	**+17.4%**	**€4.8 billion in 2022**
	Number of own-brand organic products *(units)*	1,100	920	+19.6%	
	Gross sales of fair trade products (own-brand and national brand) ***(in millions of euros)***	111.19	**102.40**	+8.6%	
	% of own-brand products sourced from sustainable fishing practices	**43.8%**	**47.5%**	-3.8 pts	**50% by end-2020**
	Sales of sustainable, MSC and ASC + CQL seafood *(in millions of euros)*	602	403	+28%	
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**	**88.3%**	**67.7%**	**+20.6 pts**	**100% by end-2020**
	% of palm oil from RSPO-supported suppliers (segregated and mass-balance)	82.8%	82%	+0.8 pts	100% by end-2020
	• of which % certified sustainable and wholly monitored (RSPO segregated)	54.6%	51.8%	+2.8 pts	100% by end of 2022
	Proportion of Carrefour-brand products in ten priority categories sourced from sustainable forests *(in %)*	70.2%	48.6%	+21.6 pts	100% by end-2020
	% certified/recycled paper in catalogues	100	100	+0.1 pts	100%
	Sales of Carrefour PEFC and FSC products *(in millions of euros)*	533	205	+160%	-
	% geo-referenced tier 2 Brazilian beef suppliers	100%	95.7%	+4.3 pts	100% by end-2020
	Number of Carrefour Quality Lines using locally produced livestock feed	20	14	+42%	

Operations

Commitments	Indicators	2020	2019	Change	Target
Recover waste	% of waste recovered (food donations included)	66.1%	63.4%	+2.7 pts	100% in 2025
	Total waste *(in thousands of tonnes)*	727.9	696.2	+4.7%	
Combat climate change	% change in CO_2 emissions versus 2019[2]	(9.1)	-	-9.1 pts	-30% by 2030, and -55% by 2040 (vs. 2019)
	Total GHG emissions by source *(in thousands of tonnes of CO_2 equivalent)*[2]	2,001.0	2,173.2	-7.9%	
	• Scope 1 (refrigerants, gas and heating oil *(in thousands of tonnes of CO_2* equivalent)[2]	698.7	822.1	-15%	
	• Scope 2 (electricity) *(in thousands of tonnes of CO_2 equivalent)*[2]	965.1	1,008.4	-4.3%	
	• Scope 3 (logistics) *(in thousands of tonnes of CO_2 equivalent)*[2]	337.2	342.6	-1.6%	
	GHG emissions linked to energy consumption compared with 2019 (*in thousands of tonnes of CO_2 equivalent*)[2]	1,100.0	1,126.6	-2.4 pts	
	In-store energy consumption *(kWh per sq.m. of sales area)*[2]	492.5	503.1	-2.1%	
	GHG emissions linked to refrigerants compared with 2019 *(in thousands of tonnes of CO2 equivalent)*[2]	563.8	703.9	-19.9%	
	Number of stores equipped with a hybrid or 100% natural fluid system	462	412	+12%	
	All-natural refrigerants (HFC- or HCFC-free)	*216*	*153*	*+41%*	
	Hybrid (a mix of HFC and natural refrigerants)	*246*	*259*	*-5%*	
	GHG emissions per shipping unit transported compared with 2019[2]	337.2	342.6	-1.6 pts	
	CO_2 emissions per shipping unit *(in kg of CO_2/pallet)*[2]	6.32	6.49	-2.6%	
Reduce packaging	Reduce packaging by 10,000 tonnes by 2025 (in tonnes)	6,154	3,460	+77%	10,000 tonnes in 2025
Reduce water consumption	Amount of water consumed per sq.m of sales area (cu.m./sq.m.)	1.38	1.43	-3.4%	
	Amount of water consumed *(in millions of cu.m)*	12.9	12.5	+4.3%	
Protect biodiversity on our sites	Proportion of projects certified to BREEAM New Construction standards ***(in %)***[1]	100%	100%	-	100%
	Proportion of sites certified to BREEAM In-Use standards ***(in %)***[1]	86%	60%		75% by end-2021
	• of which Very Good *(in %)*	75%	87%	-	
	• of which Good *(in %)*	25%	13%	-	

(1) Scope: sites managed by Carmila.
(2) Indicators audited with reasonable assurance. Revision of the 2019 data following an update of the emission factors used.

Customers and partners

Commitments	Indicators	2020	2019	Change
Improve the way our results/actions are communicated to the non-financial community	RobecoSAM rating	77	73	+4 pt
	Carbon Disclosure Project – Climate rating	A-	A	
	Vigeo Eiris rating			
	• Standard rating	-	68	67
	• Requested rating	-	A1+	-
Ensure that Carrefour's suppliers respect human rights	Number of social audits	1,109	1,941	-75%
	% of ICS audits with alerts	17%	19%	-2 pts
Be a socially responsible retailer	Number of meal equivalents donated to food aid associations *(in millions)*	77,071	105,382	-30%
	Foundation budget *(in millions of euros)*	6.75	6.75	-
	Number of projects supported	47	73	-55%

Employees

Commitments	Indicators	2020	2019	Change	Target
Act as a responsible employer	Workforce *(total)*	322,164	321,383	+0.2%	-
	% of managers who are women	**41.5%**	**41.2%**	**+0.3 pts**	**-**
	% of employees on permanent contracts	91.9%	92%	-0.1 pts	-
	% of employees on part-time contracts	27.1%	28.2%	-1.1 pts	-
	Rate of internal promotion *(in %)*	44.0%	45.0%	-1 pt	-
	Number of new hires on permanent contracts	65,415	74,153	-11.7%	-
	Rate of absence due to workplace and travel-related accidents *(in %)*	0.63%	0.60%	+0.3 pts	-
	Number of employees with a disability	11,306	11,885	-4.8%	-
	% of employees recognised as having a disability	**3.6%**	**3.8%**	**-0.2 pts**	**4% in 2025**
	Total number of training hours over the year *(in millions)*	2.5	3.65[1]	-33.3%	-
	Average number of training hours per employee	**8.04**	**11.5**	**-30%**	**13 hours in 2025**

(1) Value modified in 2020 due to erroneous value for 2019.

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, mean 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 produces and publishes a non-financial report every year. Since 2012, it has been integrated into the Group's management report;
- clarity: 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 nine consolidated countries, and the Key Performance Indicators cover 86.4% of the Group's consolidated net sales in 2020.

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.

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 2020 management report adheres to the guidelines of the main international standards of reference, in particular the Sustainability Accounting Standards Board (SAS-B), the Task Force on Climate Disclosure (TCFD) and the Global Reporting Initiative (GRI), 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.

CO_2 emission factors

Emission factors are used to calculate CO_2 emissions based on site energy consumption, refrigerant consumption, and fuel consumption for downstream transportation. The emission factors in question are suggested by international organisations such as the DEFRA GHG Conversion Factors, the IPCC (Intergovernmental Panel on Climate Change), and the UNEP (United Nations Environment Programme). The indicators concerned are energy, refrigerants and logistics. BUs may also use specific national indicators.

Electricity: to calculate the CO_2 emission equivalent caused by the consumption of electrical energy, the emission factor from the local energy supplier is ideally used. In the absence of such a value, a default value is used that is based on the most recent data provided by:

- the AIB's European residual mix for European countries;
- the Ministry of Science, Technology and Innovation of Brazil for Brazil;
- the report on climate transparency, based on CAMMESA data, for Argentina;
- the Bureau of Energy, Ministry of Economic Affairs, Taiwan, for Taiwan.

Natural gas: to calculate the CO_2 emission equivalent caused by the consumption of natural gas, the emission factor provided by DEFRA – UK Government GHG Conversion Factors for Company Reporting is used: 2020 = 0.18387 kgCO_2e/kWh (gross CV).

LPG: to calculate the CO_2 emission equivalent caused by the consumption of LPG, the emission factor provided by DEFRA – UK Government GHG Conversion Factors for Company Reporting is used: 2020 = 0.21448 kgCO_2e/kWh (gross CV).

Fuel: to calculate the CO_2 emission equivalent caused by the consumption of fuel, the emission factor provided by DEFRA – UK Government GHG Conversion Factors for Company Reporting is used: 2020 = 0.25672 kgCO_2e/kWh (gross CV medium gas oil).

To calculate the CO_2 emission equivalent caused by the consumption of refrigerants, the global warming potential of the refrigerants (GWP 100 years) is used, which is published in the fifth evaluative report of the GIEC "Climate Change 2013: The Physical Science Basis" Appendix 8.a (notwithstanding certain "natural" refrigerants, for which the PRG 100 years is taken from UNEP Ozonaction, and a value of 4 PRG 100 years is used for Isopentane).

CO_2 emissions caused by downstream transportation: to calculate the CO_2 emission equivalent caused by Carrefour's logistics, the national emission factors recorded locally are used. Failing that, a default value based on the most recent data provided by DEFRA – UK Government GHG Conversion Factors for Company Reporting is used instead as follows (2020 conversion factors):

a. For diesel consumption: 2.68787 kgCO_2e/litre (100% mineral diesel)

b. For biofuel consumption

i. Biodiesel : 0.1658 kgCO_2e/litre

ii. Bioethanol : 0.00837 kgCO_2e/litre

iii. Biomethane : 0.10574 kgCO_2e/GJ

Environmental information

Concerning logistics KPI, CO_2 emissions related to the Group's logistics and CO_2 emissions related to outbound road transport (shipping of goods between warehouses and stores) are taken into account. 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.

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.

Food waste KPI: Carrefour has developed an in-store food waste monitoring tool which enables it to compare percentage reductions in food waste with 2016, the base year. The indicator is calculated on the basis of the Food Loss and Waste Accounting and Reporting Standard (FLW Standard). Add description of tracked data (shrinkage, donations, biowaste, etc.).

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

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.

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.

Work-related accidents: since 2020, the frequency and severity rates are calculated by the number of hours actually worked (and no longer by theoretical hours).

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.

Since 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 2019 calendar year and were therefore extrapolated on a year-on-year basis. This was the case for Spain in 2019 (waste: total waste and food donations for supermarkets, animal welfare: cage-free egg sales, Belgium: indicators for sustainable fishing).

In order to make reporting more efficient and precise, the environmental Key Performance Indicators integrated in the CSR index and food transition are calculated on a three-month basis (per trimester) as of 2020.

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 the 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

For the year ended 2020

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.

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 ended 2020 (hereinafter the "Statement"), included in the Group 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 "Detailed methodology for reporting CSR indicators".

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 express, at the request of the Group and outside the scope of accreditation, a conclusion of reasonable assurance that the information selected by the Group[1] has been prepared, in all material respects, in accordance with the Standards.

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;

(1) Energy consumption in GWh and kWh/m^2; CO_2 emissions related to store energy consumption per m^2; CO_2 emissions related to refrigerant consumption per m^2; CO_2 emissions per transport unit.
(2) ISA 3000 - Assurance engagements other than audits or reviews of historical financial information.

- 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 2 law), Significant lack of product control and traceability, Failure to draw up or comply with the specifications of our MDC products, Impeachment 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 (RGPD, LGPD, 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(1);
- 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 18% 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 8 people between October 2020 and February 2021 and took a total of 18 weeks.

We conducted some 50 interviews with the people responsible for preparing the Statement, representing in particular CSR, controlling, risk management, compliance, human resources.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Consolidated 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.

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 70% and 82% of the environmental information identified by the sign √.

We believe that this work allows 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.

Courbevoie, February 25, 2021

Independent third party

MAZARS SAS

Edwige REY

Partner CSR & Sustainable Development

(1) Business units where work has been carried out locally are presented in Appendix 1.

APPENDIX 1

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

- Rapid and massive spread of a deadly virus that disrupts the functioning of Carrefour's system
- Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact (CSR)
- Riots, popular demonstrations, strikes, social movements and agricultural crises (supply disruption)
- Carrefour and its suppliers accused of failing to comply with labor law, human rights and/or fair remuneration
- Non-conformity of the assortment to changing consumption patterns, in particular the development of healthy and responsible consumption
- Business model not aligned with customers' environmental and societal expectations (local products, reduction of packaging, food waste, etc.)
- Significant lack of product control and traceability
- Failure of the removal and recall device
- Failure to control energy and refrigerant consumption and contribution to climate change
- Natural disasters and climate change
- Deterioration of biodiversity linked to activities (oil pollution, waste, construction, etc.).
- Non-compliance with laws on the protection of personal data (RGPD, LGPD, etc.).
- Non-compliance with anti-corruption laws (Sapin 2)
- Work-related accidents, psychosocial risks or occupational illnesses
- Failure to comply with the principles of diversity and equality and failures to combat discrimination and harassment
- Failure to assess, develop and valorize skills
- Riots, popular demonstrations, strikes, social movements and agricultural crisis (social dialogue)
- Inability or difficulties in attracting and retaining key employees

Quantitative indicators including key performance indicators

- Energy consumption in GWh and in kWh/m^2 (primary indicator for the calculation of GHGE) (vs 2019) √[1,2,3,4,5,6,7,8]
- CO_2 emissions related to energy consumption √[1,2,3,4,5,6,7,8]
- CO_2 emissions related to refrigerants √[1,2,4,5,8]
- CO_2 emissions per transport unit (vs 2019) √[1,2,4]
- Percentage of food waste avoided (vs 2016)[9]
- Tons of packaging placed on the market avoided cumulatively since 2017[1,2,4]
- Share of waste from hypermarkets and supermarkets recovered (including food donations)[1,2,4]
- Sales of organic products[1,4,8]
- Penetration rate of Carrefour's quality channels in fresh products (in %)[1,2,4]
- Implementation of a sustainable forest action plan on products related to deforestation by the end of 2020, including:
  - Share of palm oil from RSPO-supported commodity chains (segregated and mass balance)[1,4] *of which share of palm oil used certified sustainable and fully traced (segregated RSPO)*[1,4]
  - Share of product sales to Carrefour brands in the 10 priority families, from sustainable forests[1,2,4]
  - Percentage of geo-referenced Brazilian beef suppliers[2]
  - Number of products Carrefour Quality Lines with zero deforestation[9]
- Percentage of own-brand products from sustainable fish[1,2,4,7]
- Percentage of social audits with alerts[9]
- Percentage of IFS or BRC certified suppliers[9]
- Percentage of sites audited by Carrefour[9] of which:
  - Percentage of audit scores between A and B
  - Percentage of audit scores between C and D
- Number of superheroes identified in store[1,2,4]
- Number of countries that have developed an annual communication plan Act for food[1,2,4]
- Number of actions of SME plan implemented[1,2,4]
- Percentage of countries that have established a program dedicated to local products and purchases[1]
- Number of countries with a "Better Food" Action Program in place[1,2,4]
- Share of customers who identified in-store food transition[9]
- Headcount[1]
- Percentage of women appointed to key positions[1,2]
- Percentage of persons with disabilities[1]
- Frequency rate[1]
- Severity rate[1]
- Average number of training hours per employee[1,2]
- Number of agreements signed[9]
- Key Talent Attraction Rate[9]
- Number of GEEIS certifications[9]
- % of at-risk personnel trained on anti-corruption topics[1,2]
- % of countries/entities with a DPO[9]

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

(1) France HM et SM

(2) Brazil HM et SM

(3) Brazil Atacadão

(4) Spain HM et SM

(5) Argentina HM

(6) Italy HM

(7) Poland HM

(8) Romania HM

(9) Group

1 2 3 4 5 6 7 8 9

3

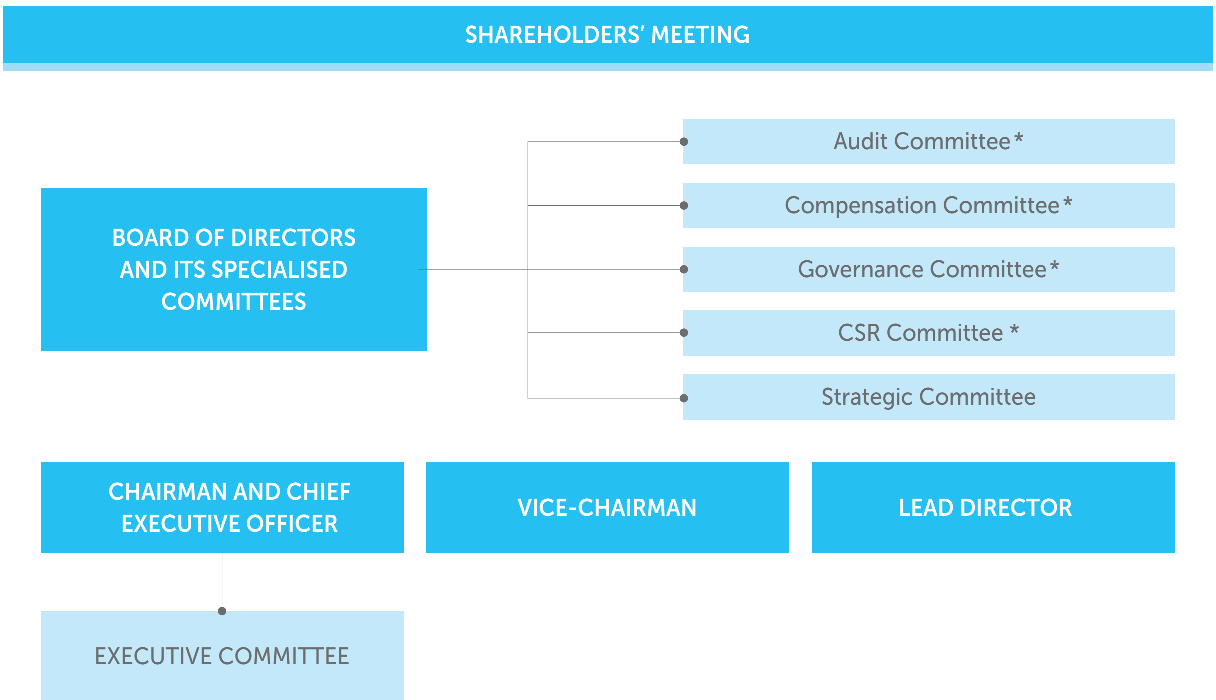
CORPORATE GOVERNANCE

The Board of Directors implements a balanced and appropriate governance structure, in line with best practices.

As part of this work, the Board of Directors relies on the recommendations of the Governance Committee. The Board refers to the AFEP-MEDEF corporate governance code for listed companies (AFEP-MEDEF Code), as amended in January 2020, which may be consulted at the Company's head office, on the AFEP website (www.afep.com) and on the MEDEF website (www.medef.com) and takes into account the recommendations set out in the implementing guidelines of the AFEP-MEDEF code, the recommendations of the High Commission on Corporate Governance (*Haut Comité de Gouvernement d'entreprise*) and of the AMF, ongoing dialogue with shareholders and voting results of the Shareholders' Meetings, as well as the recommendations of proxy advisory firms and extra-financial rating agencies.

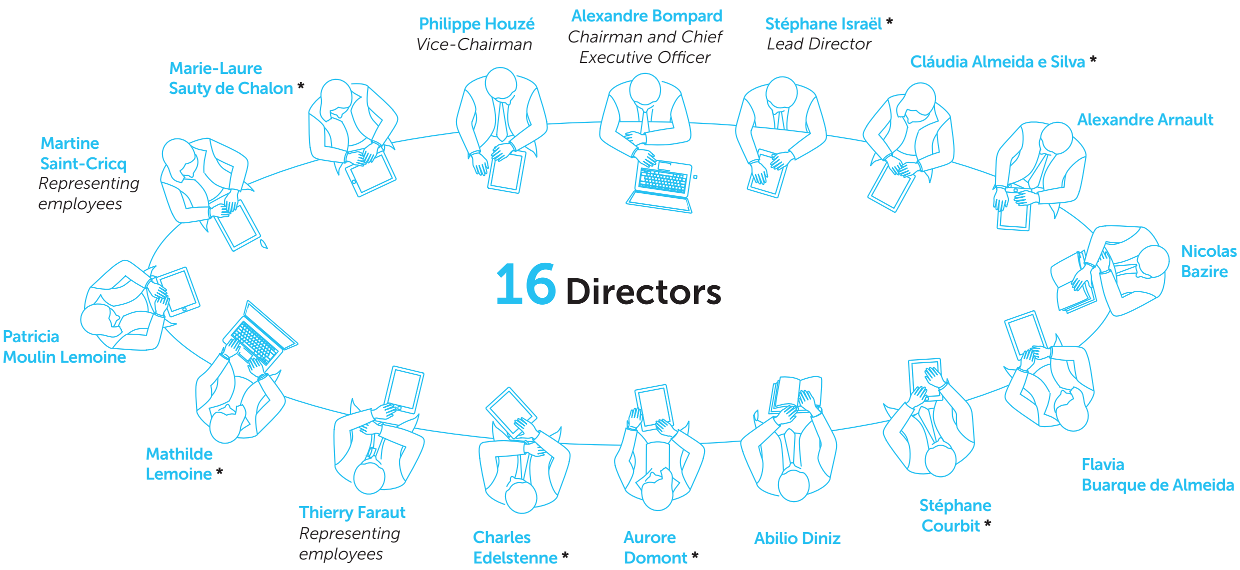
Governance summary

ACTORS OF GOVERNANCE



* Committee chaired by an Independent Director

COMPOSITION OF THE BOARD OF DIRECTORS



* Independent Director.

RECENT CHANGES IN CORPORATE GOVERNANCE

In light of the annual assessment of its procedures, the Board of Directors explored possible changes to the Company's governance system.

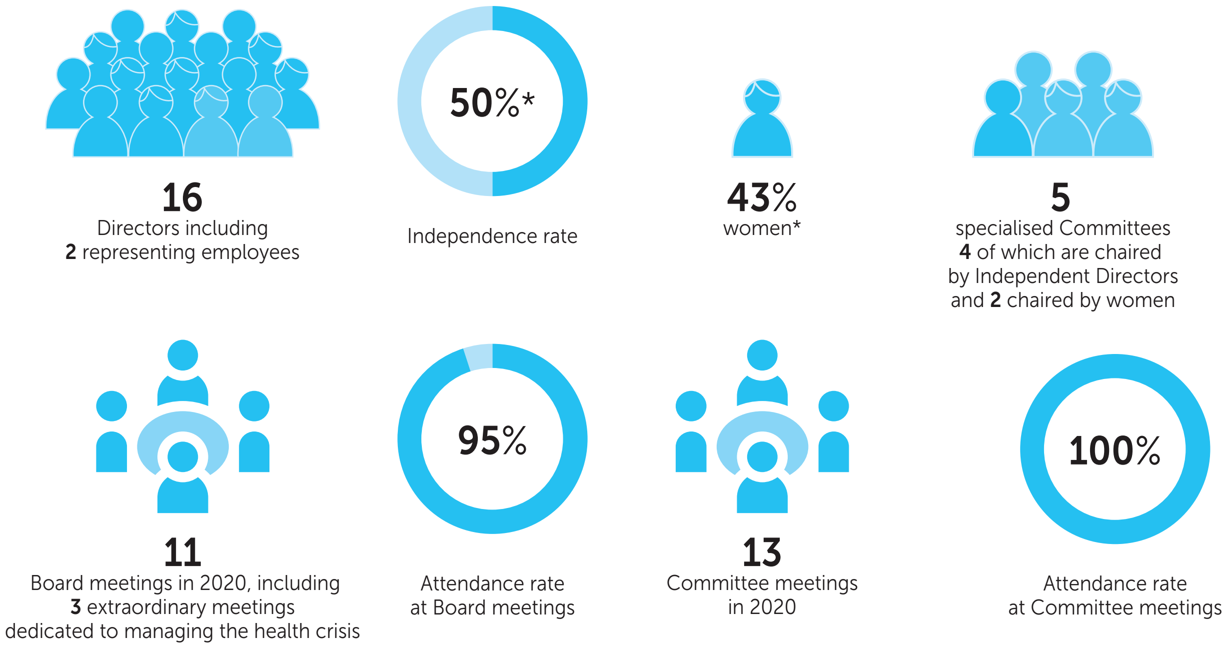
Following this work, on the recommendations of the Governance Committee, in 2020, the Board of Directors decided to:

- 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);
- 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; and
- extend the powers of the independent Lead Director in 2021 to enable the latter to be consulted on the agenda and schedule of Board meetings, propose specific items to be included in the agenda of Board meetings and organise meetings without the Executive Officers being present (executive sessions).

CARREFOUR GOVERNANCE - KEY FIGURES



* In accordance with the AFEP-MEDEF Code and the law, Directors representing employees are not included in the calculation of the above percentages.

3.1 A balanced governance structure

3.1.1 BALANCE OF POWERS

The Board of Directors regularly reviews whether the Company has a suitably balanced governance structure.

3.1.1.1 Executive Management structure

There is no preferred Executive Management structure under the French legislation in force.

It is the Board of Directors' responsibility to choose between the two possible Executive Management methods (separate or combined), as provided by Article 3.2 of the AFEP-MEDEF Code, according to the Company's specific requirements.

Among the CAC 40 companies, the combined Executive Management structure is preferred as the majority of companies with a Board of Directors opted for this 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. On 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 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.

The Board of Directors regularly examines its composition and operation and seeks to implement a balanced governance structure that is appropriate and capable of dealing with the circumstances and challenges of the Carrefour group. The Board of Directors considers that the governance measures implemented in the Company provide a suitable balance of powers in line with best practices and offer the guarantees required to operate a combined management structure, particularly in light of:

- the presence of a majority of Independent Directors as members of the Board of Directors and two Directors representing employees;
- the existence of the Board of Directors' five specialised Committees with different duties and responsibilities in the areas of audit, compensation, governance, CSR and strategy (see Section 3.2.3 of this Universal Registration Document on the role and composition of these Committees);
- the Chairmanship by an Independent Director of the Audit Committee, Governance Committee, Compensation Committee and CSR Committee;
- the presence of an independent Lead Director with specific responsibilities and duties that have been extended in 2020 and 2021 (see Section 3.1.1.3 of this Universal Registration Document);
- the appointment, in 2020, of a Vice-Chairman of the Board of Directors, a position held by a Director representing an early shareholder of the Company (see Section 3.1.1.4. of this Universal Registration Document); and
- limitations to the powers of the Chairman and Chief Executive Officer under the Board of Directors' Internal Rules, providing for the Board of Directors' prior approval on certain major strategic decisions or likely to have a material adverse effect on the Company (see below).

The Board of Directors noted the efficiency of the combination of the duties of Chairman and Chief Executive Officer and was satisfied with the balance of powers existing between the Chairman and Chief Executive Officer and the Directors. According to the external assessment of the Board of Directors' work, carried out at the end of 2019, and the annual self-assessment process conducted at the end of 2020, all the Board members appreciate the quality of governance implemented and confirm the relevance of the Executive Management structure which promotes a close relationship based on trust between the Chairman and Chief Executive Officer and the Directors. The Board of Directors considered that the consolidation of the duties of Chairman and Chief Executive Officer, at a time of profound transformation for the Group, allowed greater efficiency and responsiveness in the Group's management and enabled the Directors to perform their duties more effectively. The Board of Directors noted that this organisation promoted a transparent and dynamic dialogue between the Executive Management and the Board of Directors, in particular with a view to implementing a leaner, prompt and effective "Carrefour 2022" strategic plan. The Executive Management structure recently showed its relevance in the midst of an unprecedented health crisis highlighting the Directors' and Executive Management's involvement and responsiveness. As a result, at its meeting of March 23, 2021, subject to the renewal of Alexandre Bompard's directorship by the Shareholders' Meeting to be held on May 21, 2021, the Board of Directors unanimously decided to propose the renewal of Alexandre Bompard's term as Chairman and Chief Executive Officer for a period of three years. This proposed renewal reflects the Board of Directors' renewed confidence in its Chairman and Chief Executive Officer, its choice to continue to implement the Company's strategic plan and its intention to maintain a unified governance for the reasons described above.

3.1.1.2 Limitations of powers of the Chairman and Chief Executive Officer

Given the decision to combine the duties of Chairman and Chief Executive Officer, the Board of Directors' Internal Rules have included restrictions on the powers of the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer therefore 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.

In 2020, 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.

3.1.1.3 Vice-Chairman of the Board of Directors

On April 20, 2020, the Board of Directors decided, following the appointment of Stéphane Israël as Lead Director, to appoint Philippe Houzé, a recognised player in the retail industry, involved in the development of the omni-channel, responsible and innovative business, and representing one of the Group's main shareholders, as Vice-Chairman of the Board of Directors.

According to the Board of Directors' Internal Rules, the role of the Vice-Chairman of the Board of Directors is to chair the Board of Directors' meetings in the absence of the Chairman and to assist the Chairman of the Board of Directors in his duties to ensure that the Company's governance bodies are operating correctly.

3.1.1.4 Independent 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.

The external evaluation, carried out at the end of 2019, highlighted the investment and the skills of the Lead Director. 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.

In line with the work and discussions on the improvements that could be made to the Company's governance, on February 17, 2021, the Board of Directors decided, on the recommendation of the Governance Committee, to adapt its Internal Rules to extend the Lead Director's duties and specify the resources available for the performance of his duties.

A key intermediary for the Directors, the Lead Director can also be consulted on the agenda and schedule of Board meetings, propose specific items to be included in the agenda of Board meetings and organise meetings without the Executive Officers being present (executive sessions).

Within the scope of his responsibilities, the Lead Director has access to all the documents and information that he deems necessary to the performance of his tasks. He can request external studies at the Company's expense or require the assistance of the Group Secretary General in the performance of this duties.

2020 principal activities

In 2020, the Lead Director:

- had regular discussions with the members of the Board and its various committees about the practices and procedures of the Company's governance bodies, making him a key intermediary for the Independent Directors and the Chairman and Chief Executive Officer;
- led the Board of Directors' self-assessment and, met individually with each of the Directors;

- 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; and
- did not deal with conflicts of interest within the Board of Directors.

3.1.2 BALANCED COMPOSITION OF THE BOARD OF DIRECTORS

3.1.2.1 Diversity policy

As part of promoting the Directors' diverse backgrounds and in accordance with paragraph 2 of Article L. 22-10-10 of the French Commercial Code (*Code de commerce*) and recommendation 6.2 set out in the AFEP-MEDEF Code, the Board of Directors regularly examines whether the Board and its specialised Committees have a suitably balanced membership structure.

Targets

The Board of Directors, assisted by the Governance Committee, ensures that all the necessary skills are used to implement the Company's strategic plan. It seeks to ensure that the Directors' skills are balanced, relevant and complementary in light of the Carrefour group strategy so that their areas of expertise evenly cover knowledge of the retail sector, Executive Management experience, governance, finance, international experience, digital transformation and innovation, as well as corporate social responsibility.

The Board of Directors also aims at maintaining an appropriate global degree of independence in light of the Company's governance structure, shareholder base and gender balance, and strives to promote a diverse and adequate representation of Directors, in terms of experience, age, nationality and culture.

Implementation and monitoring

The Governance Committee regularly examines the adequacy of the composition of the Board of Directors and its specialised Committees and reports to the Board of Directors on its work.

It identifies, in accordance with the main objectives set out above, and more generally, as part of the ongoing dialogue with shareholders and best governance practices, the guidelines to be followed to ensure the best possible balance on the basis of its diversity policy.

The review of the implementation and the monitoring of the Board of Directors' diversity policy are conducted annually, as part of the Board of Directors' assessment process led by the Lead Director. The Board of Directors must devote one agenda item each year to discussing the conclusions of this self-assessment.

Since the 2019 financial year, the Board of Directors has established a Directors' skill matrix to facilitate the follow up of its diversity policy. This matrix, presented below, is updated annually, and allows the precise mapping of each Director's areas of expertise.

In 2020, the Board of Directors considered that its composition was appropriate based on the diversity criteria examined. However, it pays close attention to any potential changes that could be consistent with the Group's development and dynamism.

Results

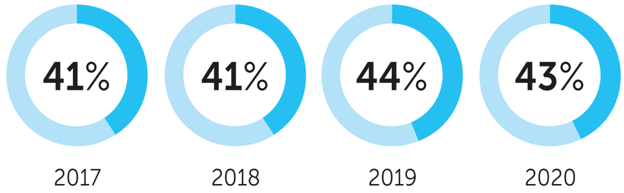
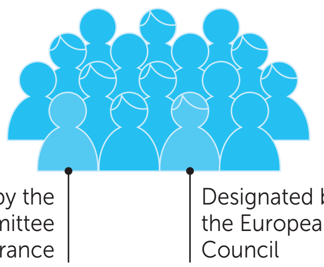
Since 2017, the Board of Directors' implementation of the policy has resulted in the continuous renewal of its composition in order to achieve equal representation, particularly in terms of independence, gender, expertise, age and seniority of its members.

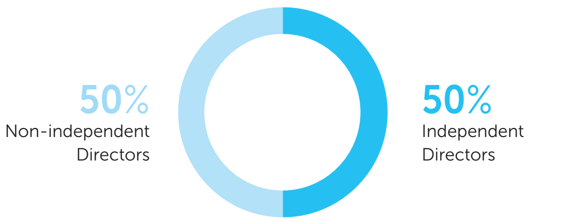
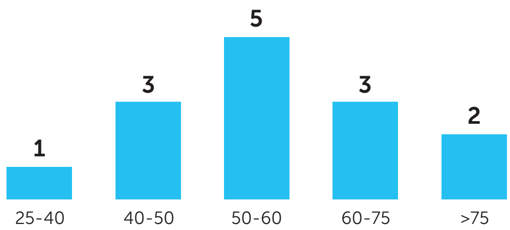
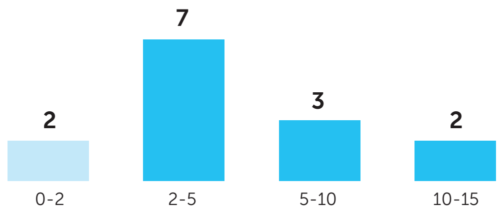
The addition of new, younger Directors (average age of 58 in 2020 compared to 62 in 2017) of different nationalities and with different skills and experience since 2017, has made the Board more international and expanded its entrepreneurial and digital expertise. In 2020, the Board of Directors decided, on the recommendation of the Governance Committee, as part of the ongoing dialogue with shareholders, to reduce its size by proposing not to appoint new Directors to replace two Directors, whose terms expired and one Director who resigned in 2019.

The result is a leaner Board of Directors, comprising 14 members (other than Directors representing employees), with gender balance and a degree of independence in line with best governance practices.

At December 31, 2020, the Board of Directors had 14 members in total, six of whom are women, thus representing a proportion of 43%, and 50% of independents (these percentages do not include the two Directors representing employees). Three of the Directors were non-French. In addition, four committees are chaired by Independent Directors, of which half are chaired by women.

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.

Criteria	Targets	Implementation and results obtained in 2020
Composition of the Board of Directors	Gender equality on the Board of Directors	 In accordance with AFEP-MEDEF Code recommendations, the above percentages do not include Directors representing employees
	Build up the necessary skills to implement the Company's strategic plan	
	Appointment of two Directors representing employees	**2** Directors representing employees  The terms of the two Directors representing employees which expired in 2020 were reappointed for a three-year term in October and December 2020, respectively.

Criteria	Targets	Implementation and results obtained in 2020
Directors' independence	50% of Independent Directors, in compliance with the AFEP-MEDEF Code for widely-held corporations without controlling shareholders	 In accordance with AFEP-MEDEF Code recommendations, the above percentages do not include Directors representing employees
Age of Directors	No more than one-third of Directors over the age of 75	 **Average age** **58 years** 2017 **62 years** · 2018 **59 years** · 2019 **58 years** · 2020 **58 years**
Average tenure of Board members		 **Average tenure** **5 years**

Directors are 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 3.2.1.3 of this Universal Registration Document.

3.1.2.2 Directors representing employees

Article 11 of the Company's Articles of Association specifies that "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 more Directors representing employees of which the number and conditions of appointment are set by the applicable legal provisions of these Articles of Association. When only one Director representing employees is to be appointed, he/she is appointed by the Group Committee (*Comité de Groupe français Carrefour*). When two Directors representing employees are to be appointed, the second is appointed by the European Works Council (*Comité d'Information et de Concertation européen Carrefour*)."

Following the meeting of the European Works Council on October 4, 2017 designating Martine Saint-Cricq as a Director representing employees, she joined the Board of Directors on October 18, 2017. She was reappointed by the European Works Council at its meeting of October 7, 2020.

Following the meeting of the Group Committee on November 23, 2017 designating Thierry Faraut as a Director representing employees, he joined the Board of Directors on January 17, 2018. He was reappointed by the Group Committee at its meeting of December 8, 2020.

Their biographies are presented in Section 3.2.1.3 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 2020 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.

3.1.2.3 Directors' independence

In accordance with the AFEP-MEDEF Code, applied by the Company, "the Independent Directors should account for half the members of the Board in widely held corporations without controlling shareholders".

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 Governance Committee, the Board of Directors conducted the annual assessment of the Directors' independence on March 23, 2021. Of the 14 Directors, seven 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, Stéphane Courbit, Charles Edelstenne and Stéphane Israël are considered to be Independent Directors.

On the recommendation of the Governance 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 Governance Committee, the Board of Directors re-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 December 31, 2021, had, as of July 2020, 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 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 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 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.

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
Flavia Buarque de Almeida	✓	✓	✓	✓	✓	✓	✓	X
Stéphane Courbit[*]	✓	✓	✓	✓	✓	✓	✓	✓
Abilio Diniz	✓	✓	✓	✓	✓	✓	✓	X
Aurore Domont[*]	✓	✓	✓	✓	✓	✓	✓	✓
Charles Edelstenne[*]	✓	✓	✓	✓	✓	✓	✓	✓
Mathilde Lemoine[*]	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Moulin Lemoine	✓	✓	✓	X	✓	✓	✓	X
Marie-Laure Sauty de Chalon[*]	✓	✓	✓	✓	✓	✓	✓	✓

(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 March 23, 2021, the Board of Directors considered that the duration of Charles Edelstenne's term, which exceeded 12 years from the date of the 2020 Shareholders' Meeting, does not compromise his independence.

CORPORATE GOVERNANCE
The Board of Directors

3.2 The Board of Directors

3.2.1 COMPOSITION OF THE BOARD OF DIRECTORS

3.2.1.1 Composition of the Board of Directors at December 31, 2020

On December 31, 2020, at the date of this Universal Registration Document, the Board of Directors has sixteen members including two Directors representing employees. The composition of the Board of Directors and its specialised Committees is presented in the following table:

					Duration of appointment				Board of Directors' specialised Committees				
Director	Nationality	Age	Gender	Independent	Date of appointment	Date of last renewal	End of term[1]	Other corporate offices[2]	Audit Committee	Compensation Committee	Governance Committee	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	French	48	M		07/18/2017	06/15/2018	2021 AGM	1					◆
Philippe Houzé *Vice-Chairman*	French	73	M		06/11/2015	06/15/2018	2021 AGM	1	○		○		○
Stéphane Israël *Lead Director*	French	50	M	x	06/15/2018	-	2021 AGM	-	◆				
Cláudia Almeida e Silva	Portuguese	47	F	x	01/22/2019[3]	-	2021 AGM	-	○			○	
Alexandre Arnault	French	28	M		04/24/2019[3]	05/29/2020	2023 AGM	-					
Nicolas Bazire	French	63	M		07/28/2008	06/15/2018	2021 AGM	3	○	○			○
Flavia Buarque de Almeida	Brazilian	53	F		04/12/2017	06/14/2019	2022 AGM	2			○		
Stéphane Courbit	French	55	M	x	06/15/2018	-	2021 AGM	-		○			○
Abilio Diniz	Brazilian	84	M		05/17/2016	06/14/2019	2022 AGM	1					◘
Aurore Domont	French	52	F	x	06/15/2018	-	2021 AGM	-			○	◆	
Charles Edelstenne	French	83	M	x	07/28/2008	06/14/2019	2022 AGM	3		○	◆		
Thierry Faraut[4]	French	50	M		11/23/2017	12/08/2020	12/08/2023	-			○		
Mathilde Lemoine	French	51	F	x	05/20/2011	06/15/2018	2021 AGM	1	○	◆			
Patricia Moulin Lemoine	French	72	F		06/11/2015	06/15/2018	2021 AGM	-				○	
Martine Saint-Cricq[4]	French	62	F		10/04/2017	10/07/2020	10/07/2023	-				○	
Marie-Laure Sauty de Chalon	French	58	F	x	06/15/2017	05/29/2020	2023 AGM	2				○	

(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) Date of appointment; ratified by the 2019 Shareholders' Meeting.
(4) Director representing employees.

◆ 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

Changes in the composition of the Board of Directors in 2020 are summarised in the following table:

	Departures	Appointments	Renewals
Board of Directors	Jean-Laurent Bonnafé[(1)] Lan Yan[(1)]	-	Alexandre Arnault[(1)] Marie-Laure Sauty de Chalon[(1)] Martine Saint-Cricq Thierry Faraut

(1) Independent Director.

The Shareholders' Meeting of May 29, 2020, renewed the terms of Alexandre Arnault and Marie-Laure Sauty de Chalon as Directors.

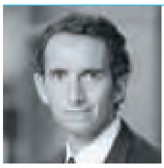
Jean-Laurent Bonnafé and Lan Yan, whose terms expired at the Shareholders' Meeting of May 29, 2020, decided not to seek the renewal of their terms.

The terms of Martine Saint-Cricq and Thierry Faraut as Directors representing employees expired on October 4 and November 23, 2020, respectively. Carrefour organised new elections, in accordance with its Articles of Association and applicable legal provisions. The term of Martine Saint-Cricq as Director representing employees was renewed by the European Works Council (*Comité d'information et de concertation européen Carrefour*) at its meeting of October 7, 2020. The term of Thierry Faraut was renewed by the Group Committee at its meeting of December 8, 2020.

3.2.1.3 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: 159,745
DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
July 18, 2017
RATIFICATION OF THE APPOINTMENT BY 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 ended December 31, 2020

YEARS IN OFFICE: 3 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, 2020

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/*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 ended December 31, 2020**

YEARS IN OFFICE: **5 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 a member 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 a member 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, 2020

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
- Vice-Chairman and Chief Executive Officer of Motier SAS
- Member 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)
- Member of the Supervisory Committee of BHV
- 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 AS (Expiry of term: 2015)
- Observer of the Board of Directors of Carrefour(*) (Expiry of term: 2015)
- Chairman of Motier Domaines SAS (Expiry of term: 2020) Vice-Chairman of the Association Alliance 46.2 *Entreprendre en France pour le Tourisme* (Expiry of term: 2020)

Abroad:

- None

(*) Listed company.

Stéphane Israël

INDEPENDENT DIRECTOR AND LEAD DIRECTOR/*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 ended December 31, 2020

YEARS IN OFFICE: 2 YEARS

ATTENDANCE RATE: 100%

Following two years of preparatory literature courses 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, Executive Chairman 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 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 the Executive Committee of ArianeGroup, a subsidiary of Airbus and Safran. 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, 2020

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

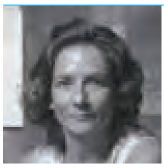
POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

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: 1,100

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 ended December 31, 2020

YEARS IN OFFICE: 2 YEARS **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, 2020

Abroad:

- Managing Director of Singularity Capital SA (Portugal)
- Managing Director of Praça Hub Lda (Portugal)

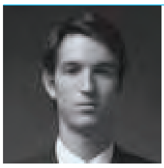
POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

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

DATE OF LAST RENEWAL: May 29, 2020

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022

YEARS IN OFFICE: 2 YEARS **ATTENDANCE RATE:** 91%

Alexandre Arnault has been the Executive Vice President of Products and Communications at Tiffany & Co, based in New York, since January 2021. In this role, he implements and develops the company's communications and products strategy. He previously headed up RIMOWA, a company he brought into the LVMH group and whose integration he oversaw for four years. 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, 2020

In France:

- Chairman of 24 Sèvres SAS
- Chairman of Köln Investments

Abroad:

- None

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

Abroad:

- Chairman of RIMOWA International SAS
- Chairman of RIMOWA France SARL
- Managing Director of RIMOWA Group GmbH (Germany)
- Director of RIMOWA Shanghai Commercial and Trading Co (China)
- 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 Spain S.L.U (Spain)

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 ended December 31, 2020**

YEARS IN OFFICE: **12 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, 2020

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 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)
- Director and Chairman of the Appointments and Compensation Committee of Atos SE(*) (Expiry of term: 2020)
- Director and member of the Audit and Accounts Committee, the Appointments Committee, the Governance Committee and the Strategic Committee of Suez SA(*) (Expiry of term: 2020)

(*) Listed company.

Flavia Buarque de Almeida

DIRECTOR/*Member of the Governance Committee*

BORN ON: August 4, 1967

NATIONALITY: Brazilian

NUMBER OF COMPANY SHARES OWNED: 1,068

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: 3 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, 2020

In Brazil:

- Managing Director and Partner of Peninsula Capital Participações SA
- Managing Director of O3 Gestão de Recursos Ltda
- Chief Executive Officer of the Península Group
- Director of W2W E-Commerce de Vinhos SA
- Director of BRF SA(*)
- Director of Vitamina Chile SPA
- Director of Ultrapar Participações SA(*)
- Member of the Deliberating Council of Instituto Península

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 ended December 31, 2020

YEARS IN OFFICE: 2 YEARS

ATTENDANCE RATE: 86%

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, 2020

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
- Representive of Lov Group Invest SAS, Chairman and Director of Betclic Everest Group SAS, member of the Administrative Committee of Betclic Everest Group SAS
- Representative of Betclic 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 Estoublon Holding
- 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 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
- Chairman and Director of Betclic Everest Group SAS, member of the Administrative Committee of Betclic Everest Group SAS

(*) Listed Company.

Abilio Diniz

DIRECTOR/*Vice-Chairman of the Strategic Committee*

BORN ON: **December 28, 1936**

NATIONALITY: **Brazilian**

NUMBER OF COMPANY SHARES OWNED: **24,809,568**

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 ending December 31, 2021**

YEARS IN OFFICE: **4 YEARS** **ATTENDANCE RATE:** **95%**

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, 2020

In Brazil:

- Director of Atacadão SA(*) (Carrefour group)
- Chairman and Director of Reco Master Empreendimentos e Participações SA, Península 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., Edgewood Real Estate LLC, Edgewood Realty Holding Corporation, Orca SARL, Península 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)

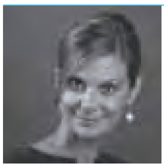
In Brazil:

- Chairman of the Board of Directors of BRF (Expiry of term: 2018)
- Director of Adams Avenue Real Estate LLC, Adams Avenue Realty Holding Corporation

(*) 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 ended December 31, 2020

YEARS IN OFFICE: 2 YEARS

ATTENDANCE RATE: 100%

Aurore Domont holds a Master's degree in Business law from Paris I - Panthéon Sorbonne 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. Her skills and experience make her a valuable member of the Board of Directors.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2020

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 ACPM

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

- Member of the Board of Directors of Social & Stories (Expiry of term: 2020)
- Member of the Board of Directors of Touchvibes (Expiry of term: 2020)

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: 12 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, 2020

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 Groupe Industriel Marcel Dassault SAS
- Director of Thales SA(*)
- Chairman of Dassault Médias SAS
- Chairman of Groupe Figaro SASU
- Chief Executive Officer of Dassault Wine Estates SASU
- Chairman of Rond-Point Immobilier SAS
- Legal manager of Rond-Point Investissement EURL
- Chairman of Société du Figaro SAS
- Manager of ARIE civil partnership
- Manager of ARIE 2 civil partnership
- Manager of NILI civil partnership
- Manager of NILI 2 civil partnership
- Manager of SCI Maison Rouge
- Director of the mutual fund Monceau Dumas

Abroad:

- Director of Dassault Falcon Jet Corporation (United States)
- Chairman of the Board of Directors of Sitam Belgique SA

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Chairman and Chief Executive Officer of Dassault Médias SAS (Expiry of term: 2019)
- Chairman of Rond-Point Holding SAS (Expiry of term: 2019)
- Director of Sogitec Industries SA (Expiry of term: 2019)
- Member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS (Expiry of term: 2018)
- Chief Executive Officer of Groupe Industriel Marcel Dassault (Expiry of term: 2018)

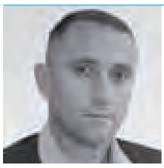
Abroad:

- Director of Banque Lepercq de Neuflize & Co. Inc. (United States) (Expiry of term: 2019)
- Chairman of Dassault International Corp. (United States) (Expiry of term: 2018)
- Director of SABCA(*) (Société Anonyme Belge de Constructions Aéronautiques) (Belgium) (Expiry of term: 2020)

(*) 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

DATE OF LAST RENEWAL: December 8, 2020

Term of office expires: December 8, 2023

YEARS IN OFFICE: 3 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.

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, 2020

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/*Chair of the Compensation Committee and member of the Audit 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 ended December 31, 2020

YEARS IN OFFICE: 9 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 perform structural analyses, risk mapping and international macroeconomic forecasts and scenarios. At the same time, she is continuing her work on human capital and its valuation. 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, 2020

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 ended December 31, 2020**

YEARS IN OFFICE: **5 YEARS** **ATTENDANCE RATE:** **100%**

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, 2020

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

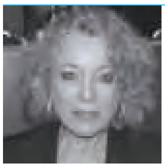
POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

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**

DATE OF LAST RENEWAL: **October 7, 2020**

TERM OF OFFICE EXPIRES: **October 7, 2023**

YEARS IN OFFICE: **3 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 was also a member of the UNI Europa Commerce Steering Committee from June 2011 to November 2019. 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, 2020

In France:

- Director representing employees at the Carrefour Foundation (Carrefour group)

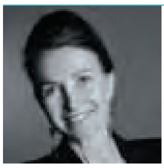
POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

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

DATE OF LAST RENEWAL: May 29, 2020

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022

YEARS IN OFFICE: 3 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, 2020

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 (*Autorité de la concurrence*)
- 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)
- Chair of SmartAdServer SAS (Expiry of term: 2015)

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.

3.2.2 OPERATION OF THE BOARD OF DIRECTORS

3.2.2.1 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 2020, 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' 16 members.

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.

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 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 section, "Managing conflicts of interest", above.

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.

3.2.2.2 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.

3.2.2.3 Work of the Board of Directors in 2020

Having considered the summaries prepared by the Audit, Governance, Compensation, CSR and Strategic Committees with respect to their work, the Board of Directors mainly focused its work on the following areas:

- **management of the Covid-19 crisis:**

  2020 was dominated by the Covid-19 crisis, which affected all the geographies where the Group operates. On this issue, the Board of Directors was actively involved and organised several extraordinary follow-up meetings on crisis management throughout the year.

  It also demonstrated solidarity in the exceptional context of the Covid-19 pandemic when it announced on April 20, 2020 that:

  - the Chairman and Chief Executive Officer decided to (i) waive 25% of his fixed compensation for a two-month period, (ii) freeze the 2020 fixed compensation of the members of the Group Executive Committee for the year, and (iii) ask said members to waive 10% of their fixed compensation for a two-month period,
  - the members of the Board of Directors also decided to waive 25% of their compensation due in 2020.

  The corresponding amounts are allocated to fund community service initiatives for Group employees, in France and abroad;

- **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 May 29, 2020, 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 2020 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 proposed acquisition of Makro stores in Brazil.

  The Board of Directors was informed about the economic and competitive climate, the market performance of the Carrefour share and financial rating issues;

1 2 3 4 5 6 7 8 9

- **governance:**
  - approval of the corporate governance report,
  - 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 Governance Committee (formerly the Appointments 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;
  - appointments and renewal of Directors' terms: on the recommendation of the Appointments Committee, the Board of Directors invited the Shareholders' Meeting of May 29, 2020, to renew the terms of Marie-Laure Sauty de Chalon and Alexandre Arnault as Directors,
  - 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,
  - changes in the composition of the Board of Directors' specialised Committees: Mathilde Lemoine joined as a member and was appointed Chair of the Compensation Committee in 2020,
  - 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;
- **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 2020. It also approved a new long-term incentive plan for Alexandre Bompard, comprising performance share awards; the Board decided to cancel Alexandre Bompard's supplementary defined benefit pension plan. Accordingly, all the conditional rights that had previously accrued before January 1, 2020 were lost and a new supplementary defined benefit pension plan was set up in compliance with the provisions of Article L. 137-11-2, as amended, of the French Social Security Code (*Code de la sécurité sociale*), effective from January 1, 2020,
  - Directors' compensation: the Board of Directors decided to change the reference period of the Directors' compensation, from August 1 to July 31, to January 1 to December 31, and, on the recommendation of the Compensation Committee, decided on the compensation policy for 2020 (policy whose annual amount and rules for allocating compensation to the Directors has remained unchanged since 2018);
- **CSR:**

  The Board of Directors considered the work of the CSR Committee throughout the year;
  - it was informed of the 2020 CSR results, particularly as regards the "food transition" programmes in each country and priority issues for Carrefour, grouped according to the following topics: 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 May 29, 2020:**

  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 information relating to the compensation of company officers of listed companies referred to in Article L. 225-37-3 I of the French Commercial Code, the components of compensation due or awarded in respect of 2019 to Alexandre Bompard, Chairman and Chief Executive Officer, the 2020 compensation policy for the Chairman and Chief Executive Officer and the 2020 compensation policy for Directors.

3.2.2.4 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.

During the second half of 2019, the Board of Directors conducted an external assessment, carried out by an independent consultant by means of questionnaires and interviews with each of the Directors. The summary of the external assessment results was presented by the Chairman of the Governance Committee to the Board of Directors. It should be noted that the Board of Directors 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' work, it was notably decided that a matrix of the skills held by members of the Board of Directors' would be presented annually in the Company's Universal Registration Document (see Section 3.1.2 Balanced composition of the Board of Directors). The external assessment of the Board of Directors also reflected 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.

For the 2020 financial year, the Board of Directors conducted a self-assessment. For this purpose, a questionnaire was prepared and sent to each Director by the Secretary General and the Lead Director met with each of the members of the Board of Directors. A summary of the external assessment was presented by the Chairman of the Governance Committee to the Board of Directors on February 17, 2021. The assessment concluded that the Directors are generally very satisfied with the Board's performance. The members of the Board of Directors expressed the wish to organise additional sessions to discuss certain questions, notably new strategic sessions and ad hoc meetings with specific operational executives. This wish was considered at the beginning of 2021.

3.2.2.5 Frequency of and attendance at Board of Directors and specialised Committee meetings in 2020

The Board of Directors and its specialised Committees met twenty-four times in 2020, with an average attendance rate of 96%.

24 meetings | **96%** attendance rate

The Board of Directors met eleven times in 2020, with an average attendance rate of 95%.

18 members(1) | **11** meetings | **95%** attendance rate

(1) Including Jean-Laurent Bonnafé and Lan Yan, whose terms expired at the Shareholders' Meeting of May 29, 2020.

Director	Board of Directors	Audit Committee	Compensation Committee	Governance Committee(1)	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	100%	-	-	-	-	100%
Stéphane Israël *Lead Director*	100%	100%	-	-	-	-
Philippe Houzé *Vice-Chairman*	100%	100%	-	100%	-	100%
Cláudia Almeida e Silva	100%	100%	-	-	100%	-
Alexandre Arnault	91%		-	-	-	-
Nicolas Bazire	100%	100%	100%	-	-	100%
Flavia Buarque de Almeida	100%	-	-	100%	-	-
Stéphane Courbit	73%	-	100%	-	-	100%
Abilio Diniz	91%	-	-	-	-	100%
Aurore Domont	100%	-	-	100%	100%	-
Charles Edelstenne	100%	-	100%	100%	-	-
Thierry Faraut	100%	-	-	100%	-	-
Mathilde Lemoine	100%	100%	100%	-	-	-
Patricia Moulin Lemoine	100%	-	-	-	100%	-
Martine Saint-Cricq	100%	-	-	-	100%	-
Marie-Laure Sauty de Chalon	100%	-	-	-	100%	-
Jean-Laurent Bonnafé(2)	56%	-	-	-	-	-
Lan Yan(2)	100%	-	100%	-	-	-

(1) Formerly the Appointments Committee.
(2) Director until May 29, 2020.

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 Governance Committee (formerly Appointments Committee);
- the CSR Committee;
- the Strategic Committee.

The specialised Committees are made up of Directors appointed by the Board of Directors for the period during which they are in office. During the 2020 financial year, the composition of the specialised Committees was reviewed following the departure of certain Directors (as described in Section 3.2.3 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 executives regarding issues falling within the specialised Committees' scope, as defined by the Board of Directors' Internal Rules.

Changes in the composition of the Board of Directors' specialised Committees in 2020 are summarised in the following table:

	Departures	Appointments	Renewals
Audit Committee	-	-	-
Compensation Committee	-	Mathilde Lemoine(*)(1)	-
Governance Committee(2)	-	-	-
CSR Committee	-	-	-
Strategic Committee	-	-	-

(*) Independent Director.
(1) Appointment as Chair of the Compensation Committee on January 23, 2020.
(2) The Appointments Committee was renamed the Governance Committee on April 20, 2020.

3.2.3.1 The Audit Committee

The Audit Committee meets at least four times a year.

Composition

In 2020, 60% of the Audit Committee members qualified as Independent Directors within the meaning of the AFEP-MEDEF Code (which recommends that at least two-thirds of members be independent). 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, 2020, the composition of the Audit Committee was as follows:

Chairman: **Stéphane Israël(1);**
Members: **Cláudia Almeida e Silva(1), Nicolas Bazire, Philippe Houzé and Mathilde Lemoine(1).**

(1) Independent Director.

In accordance with Article L. 823-19 of the French Commercial Code 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 3.2.1.3 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 3.2.1.3 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.

  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.

2020 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, 2019 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 2019; impacts of reorganisation and productivity measures under the Carrefour 2022 transformation plan on the consolidated financial statements for the year ended December 31, 2019,
  - dividend recommendation for 2019,
  - update of the impacts of the IFRIC decision on the application of IFRS 16 on leases,
  - 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, 2019;
- **in respect of internal control:**
  - follow-up on the Group Internal Audit department's tasks,
  - the Group's 2020-2021 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,
  - oversight of the tendering process for the renewal of the appointment of the Statutory Auditors.

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.

4 members | **3** meetings | **100%** attendance rate

In 2020, the composition of the Compensation Committee was as follows:

Chairman: **Mathilde Lemoine[(1)] since January 23, 2020;**
Members: **Nicolas Bazire, Charles Edelstenne[(1)], Stéphane Courbit[(1)].**

(1) Independent Director.

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.

2020 principal activities

Over the course of the Compensation Committee's meetings, the following main topics were reviewed:

- **compensation of Executive Officers:**
  - definition of the 2020 compensation policy for Alexandre Bompard,
  - setting of Alexandre Bompard's 2019 variable compensation; setting of Alexandre Bompard's long-term compensation,
  - ensuring compliance of Alexandre Bompard's pension with legislative and regulatory changes and implementation of a new defined benefit plan,
  - definition of the 2020 compensation policy for Directors,
  - grant of performance shares to key managers;
- **Shareholders' Meeting of May 29, 2020:**
  - review of the compensation policy for Alexandre Bompard,
  - review of the presentation of compensation components for Alexandre Bompard in the 2019 Universal 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").

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, 2020 majority of the members of the Governance 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 2020, the composition of the Governance Committee was as follows:

Chairman: **Charles Edelstenne[(1)];**
Members: **Flavia Buarque de Almeida, Philippe Houzé, Aurore Domont[(1)], Thierry Faraut (Director representing employees).**

(1) 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.

2020 principal activities

Over the course of the Governance 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,
  - analysis of the duties of the Lead Director and Vice-Chairman of the Board of Directors,
  - review of the proposed amendments to the Board of Directors' Internal Rules and Articles of Association,
  - oversight, with the Lead Director, of the Board of Directors' annual assessment;
- **Shareholders' Meeting of May 29, 2020:**
  - annual review of certain Directors' independence,
  - review of the report on corporate governance,
  - changes in the composition of the Board of Directors: renewal of terms of office for the Shareholders' Meeting;
- **Board of Directors' specialised Committees:**
- review of the composition of the Board of Directors' specialised Committees (including their Chairmanship).

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 2020, the composition of the CSR Committee was as follows:

Chair: **Aurore Domont(1);**
Members: **Cláudia Almeida e Silva(1), Patricia Moulin Lemoine, Marie-Laure Sauty de Chalon(1) and Martine Saint-Cricq (Director representing employees).**

(1) 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.

2020 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 2019 Universal Registration Document;
- discussions about the Group's action plans and priority initiatives as regards the food transition 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 2020, the composition of the Strategic Committee was as follows:

Chairman: **Alexandre Bompard;**
Vice-Chairman: **Abilio Diniz;**
Members: **Nicolas Bazire, Philippe Houzé, Stéphane Courbit(1).**

(1) 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.

2020 principal activities

The Directors were asked to review the terms of the proposed acquisition of Makro stores in Brazil.

3.3 Group Executive Committee

3.3.1 COMPOSITION OF 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 13 members:

	Main position held within the Group
Alexandre Bompard	Chairman and Chief Executive Officer
EXECUTIVE DIRECTORS – REGIONS	
Rami Baitiéh	Executive Director, France
Alexandre de Palmas	Executive Director, Spain
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)
Christophe Rabatel	Executive Director, Italy
EXECUTIVE DIRECTORS – OPERATIONS	
Guillaume de Colonges	Executive Director, Merchandise, Supply and Formats
Elodie Perthuisot	Executive Director, E-Commerce, Data and Digital Transformation
EXECUTIVE DIRECTORS – CORPORATE	
Charles Hufnagel	Executive Director, Communication for the Group and France
Matthieu Malige	Chief Financial Officer
Jérôme Nanty	Executive Director, Human Resources and Assets for the Group and France
Laurent Vallée	General Secretary
Morgane Weill	Executive Director, Strategy & Transformation

3.3.2 BALANCED COMPOSITION OF THE GROUP EXECUTIVE COMMITTEE

In accordance with paragraph 4 of Article L.22-10-10 of the French Commercial Code, the Board of Directors ensures the monitoring of the Group policy, which has been focused on gender equality within the Group Executive Committee for a number of years, as well as in the 10% of positions at the highest levels of responsibility.

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

At the time of its creation, the Committee comprised 14 members, including one woman, i.e., 7%. At the date of this Universal Registration Document, the Board of Directors has thirteen members including two women, i.e., 15%. The Executive Committee in France has five women at the date of this Universal Registration Document, compared to only one woman in 2017.

These changes broadly reflect the policy encouraging women's access to positions of responsibility. In 2020, the percentage of women in the Group management rose by +0.3 point; the percentage of women at the highest level of management, i.e., Senior Directors, rose by +0.4 point. These achievements can be explained primarily by Group policy, which has been focused on gender equality for a number of years (detailed in Section 2.1.3 of this Universal Registration Document), particularly with regards to diversity in leadership positions. Carrefour introduced the international Women Leaders programme in 2011 and signed the UN's Women's Empowerment Principles in 2013 to increase the number of women in leadership positions.

3.3.3 BIOGRAPHIES OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

ALEXANDRE BOMPARD

Information on Alexandre Bompard's educational background and work experience is described in Section 3.2.1.3 of this Universal Registration Document.

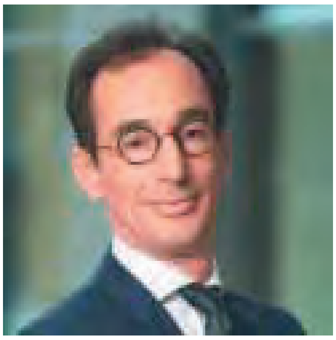
RAMI BAITIÉH

Rami Baitiéh 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, then of Carrefour France in July 2020.

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. In July 2020, he was appointed Executive Director of Carrefour Spain.

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.

CHRISTOPHE RABATEL

Christophe Rabatel is a graduate of the ICN Business School in Nancy and holds an MBA from Indiana University of Pennsylvania.

Christophe Rabatel joined the Carrefour group in 2004. He held various financial positions across Europe, was appointed CFO and Director of Carrefour Turkey, then Director of Finance, Expansion & Organisation for Carrefour Market in France.

He then took on a number of operational responsibilities with Carrefour Proximité in France, first as Regional Director, before being appointed Executive Director for Carrefour Proximité in March 2015.

Executive Director for Carrefour Poland since July 2018, he has been appointed Executive Director for Carrefour Italy, effective as of September 1, 2020.

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.

ELODIE PERTHUISOT

Elodie Perthuisot joined Carrefour as Chief Marketing Officer in 2018.

She then held the position of Executive Director E-commerce and Marketing before being appointed Director of E-commerce and E-commerce supply chain France in 2020.

In March 2021, she was named Chief E-commerce, Digital Transformation and Data Officer for the Carrefour group.

Prior to joining Carrefour, Elodie Perthuisot was Commercial Director at Fnac then Fnac Darty for some six years.

1 2 3 4 5 6 7 8 9

CHARLES HUFNAGEL

Charles Hufnagel is a graduate of the Paris Institute of Political Studies.

He began his career in the EDF press office in 1998. He joined the Areva group when it was created in 2001. He held the position of head of the press office and then of deputy Director of communication. From 2007 to 2010, he served as Director of Areva Abu Dhabi and then of Areva South-Korea.

From 2010 to 2012, he was communications advisor to Alain Juppé, Minister of Defence and then Minister of Foreign Affairs.

From 2012 to 2015, he served as Director of Communications for Areva. In 2016, he was appointed Director of Communications for Compagnie de Saint-Gobain.

From 2017 to 2020, he served as Communications Advisor to the Prime Minister, Édouard Philippe.

Charles Hufnagel joined the Carrefour group on September 1, 2020 as Executive Director, Communications for the Group and France.

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.

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.

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.

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. 22-10-8 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 led 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 2019 and 2020, the Directors received the following amounts:

	Amount of compensation received (in euros)[1]			
	2020		2019	
	Amount allocated[2]	Amount paid[3]	Amount allocated[4]	Amount paid[5]
Alexandre Bompard	56,250	27,083	75,000	75,000
Claudia Almeida e Silva[6]	48,750	22,917	65,000	33,810
Alexandre Arnault[7]	32,045	18,750	38,750	15,714
Bernard Arnault[8]	N/A	N/A	20,000	8,571
Nicolas Bazire	56,250	22,917	75,000	75,000
Jean-Laurent Bonnafé	22,689	18,750	37,857	37,857
Thierry Breton	N/A	12,500	57,857	61,429
Flavia Buarque de Almeida	41,250	18,750	55,000	55,000
Stéphane Courbit[9]	43,636	18,750	65,000	65,000
Abilio Diniz	39,545	18,750	55,000	51,429
Aurore Domont[9]	56,250	27,083	75,000	75,000
Charles Edelstenne	56,250	22,917	75,000	71,429
Thierry Faraut[10]	41,250	18,750	55,000	6,429
Philippe Houzé	86,250	39,583	115,000	115,000
Stéphane Israël[9]	74,659	35,417	85,000	85,000
Mathilde Lemoine	56,250	22,917	55,000	55,000
Patricia Moulin Lemoine	41,250	22,917	51,429	51,429
Amélie Oudéa-Castera[11]	N/A	N/A	N/A	8,096
Martine Saint-Cricq[12]	41,250	22,917	55,000	6,429
Marie-Laure Sauty de Chalon	41,250	22,917	55,000	55,000
Lan Yan	38,523	8,333	47,857	51,429
TOTAL	**873,598**	**422,918**	**1,213,750**	**1,059,048**

(1) Gross amounts before withholding tax for non-French residents and payroll tax for French residents.
(2) Amounts due based on actual attendance in 2020, i.e., from January 1 to December 31, 2020 following the Board of Directors' decision on April 20, 2020 detailed in section 3.4.2.1 above.
(3) Amounts paid in 2020 for the period from August 1, 2019 to December 31, 2019 following the Board of Directors' decision to align the Directors'compensation with the calendar year.
(4) Amounts due based on actual attendance in 2019, i.e., from January 1 to December 31, 2019.
(5) Amounts paid in 2019 for the period from August 1, 2018 to July 31, 2019.
(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. 22-10-8 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.

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 ended 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 March 23, 2021, 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. This fixed compensation will not be reviewed upon renewal of term in office.

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.

The annual variable compensation ceiling for the Chairman and Chief Executive Officer was set at 165% of his annual fixed compensation upon his appointment. At the renewal of the term of office of the Chairman and Chief Executive Officer, the Board of Directors decided, on the recommendation of the Compensation Committee, to bring his annual variable compensation ceiling in line with market practices, while adhering to current compensation policy, by setting it at 190%.

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. 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.

The annual variable compensation for 2021 may not, in accordance with Article L. 22-10-34 II 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, 2021.

Long-term incentive plan

The long-term incentive plan may include stock options, performance shares or a cash payout.

The long-term incentive plan may not exceed 60% 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 and remain in office at the end of the financial years considered (except measures contrary to plan rules applicable to all beneficiaries).

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, creating 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. 22-10-34 II 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, 2021.

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

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 cancel the plan applicable to the Chairman and Chief Executive Officer from January 1, 2020. Accordingly, all the conditional rights that had previously accrued before January 1, 2020 were lost.

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 and 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 and 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 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 any 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 (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 159,745 Carrefour shares.

Exceptional deviations from the compensation policy

In accordance with paragraph 2 of Article L.22-10-8, III of the French Commercial Code, under certain circumstances, the Board of Directors may deviate from the compensation policy, provided such deviation is temporary, if it is in the Company's best interest and is necessary to ensure the continued existence or viability of the Company. Exceptional circumstances that could give rise to the use of this possibility include, for example, a transforming acquisition or suspension of significant operations, a change in accounting policy, or a major event affecting markets generally and/or more specifically Carrefour group's business. Compensation components affected by this policy include annual and long-term variable compensation. Deviations could also be used to change performance conditions for all or some of the compensation components including increases or decreases to one or more criteria parameters (weight, thresholds and objectives). A deviation of this kind could only be implemented on the proposal of the Compensation Committee or, if necessary, other specialised committees, it being specified that any change to the compensation policy would be made public, and motivated and aligned in particular with the interests of the shareholders. Variable compensation components remain subject to a binding vote by the Shareholders' Meeting and may not be paid except in the event of a positive vote in accordance with Articles L.22-10-8 and L.22-10-34 II of the French Commercial Code.

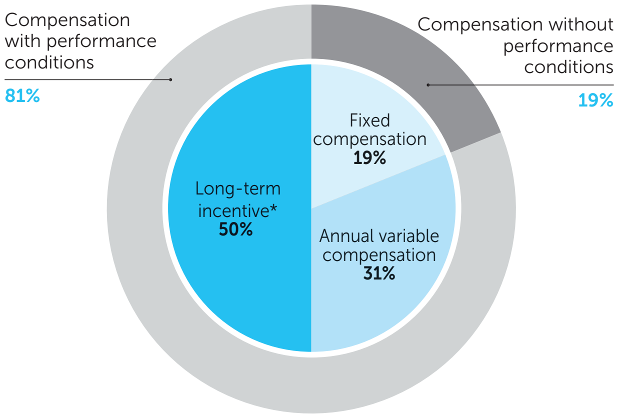
3.4.3.2 Components of compensation allocated to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2021

The Board of Directors set the structure of Chairman and Chief Executive Officer, Alexandre Bompard's, 2021 compensation as follows:

		Presentation
Fixed compensation	€1,500,000	At its meeting on March 23, 2021, the Board of Directors maintained the annual fixed compensation, unchanged since the Chairman and Chief Executive Officer took office in 2017.
Annual variable compensation	Up to 190% of fixed compensation	The Shareholders' Meeting of March 23, 2021 changed the Chairman and Chief Executive Officer's maximum annual variable compensation ceiling. The performance condition to reach said ceiling was increased. Annual variable compensation could represent up to 190% of the reference annual fixed compensation[1] if overall performance is greater than or equal to 140%.
Type of criteria	**Weighting**	**Comments**
Quantitative criteria (financial and non-financial) Sales Recurring operating income Net 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 were defined by the Board of Directors on March 23, 2021. Quantitative criteria set by the Board of Directors include Sales, Recurring operating income, Net free cash flow, Group NPS® and CSR. 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 1.6.5 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 17, 2021, 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, unchanged from 2020. 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 and continued presence at the Company to be assessed over a period of three years and continuing service as of February 17, 2024. 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, Net free cash flow, Total Shareholder Return (based on a panel of distribution companies) and corporate social responsibility (based on the Carrefour RSE and 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 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. Below 50%, no shares will vest with respect to the relevant criterion. The final vesting rate of the 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.

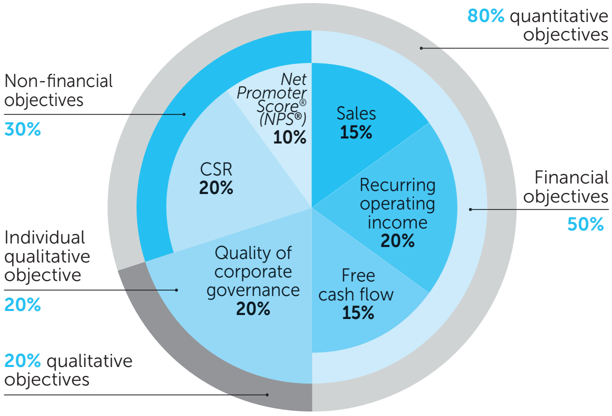
(1) As set by the Board of Directors on March 23, 2021.

2021 COMPENSATION STRUCTURE



* Based on the long-term incentive plan granted on February 17, 2021.

2021 ANNUAL VARIABLE COMPENSATION



3.4.3.3 Compensation allocated or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2020

The Shareholders' Meeting of May 29, 2020 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. 22-10-8 of the French Commercial Code.

The table below summarises the components of compensation allocated or paid to Alexandre Bompard in respect of 2020 in his capacity as Chairman and Chief Executive Officer.

The payment of the variable and exceptional components of compensation due in respect of the 2020 financial year is subject to the approval of the Shareholders' Meeting of May 21, 2021, in accordance with Article L. 22-10-34 II of the French Commercial Code.

	2019		2020	
(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	1,437,500	1,437,500
Variable compensation	2,475,000	2,475,000	2,475,000	2,475,000
Long-term incentive plan(1)	3,252,000	3,252,000	N/A	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	56,250	27,083
Benefits in kind(3)	3,055	3,055	3,822	3,822
TOTAL	**7,305,055**	**7,305,055**	**3,972,572**	**7,195,405**

(1) This amount corresponds to the two-year 2017-2018-2019 long-term cash incentive plans.
(2) See section 3.4.2.2 of this Universal Registration Document.
(3) Company car.

The components of compensation allocated or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in 2020 are as follows:

Annual compensation

Alexandre Bompard received annual compensation comprising a fixed portion and a variable portion.

Annual fixed compensation

For 2020, Alexandre Bompard's annual fixed compensation was set at 1,500,000 euros, unchanged from the prior year. On April 20, 2020, Alexandre Bompard announced to the Board of Directors that he had decided to waive 25% of his fixed compensation for a two-month period given the exceptional context of the Covid-19 pandemic. These amounts will be allocated to fund community service initiatives for Group employees, in France and abroad.

Annual variable compensation

The achievement of Alexandre Bompard's 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 quantitative objectives (Sales, Recurring operating income, Free cash flow, NPS®, and CSR and Carrefour Food Transition Index), and, for the remaining 20%, on achieving qualitative objectives (quality of governance). These criteria are weighted at 20% for recurring operating income/(loss), 15% for sales, 15% for free cash flow, 10% for NPS, 20% for the Carrefour CSR &Food Transition Index and 20% for corporate governance quality.

At its meeting on March 23, 2021, the Board of Directors reviewed the performance level achieved for each target:

- **Quantitative financial criteria (Sales, Recurring operating income and Free cash flow)**

  The Board of Directors noted great sales performance in 2020 with same-store sales up 7.8%, steadily growing profitability with an increase of 16.4% in recurring operating income at constant exchange rates for 2020, and strong cash generation with Net free cash flow up 732 million euros from 2019. In light of these results, the Board of Directors set performance levels achieved at 200% for Sales and Free cash flow, and at 138% for recurring operating income/(loss).

- **Non-financial quantitative criterion (NPS® and Carrefour CSR & Food Transition Index)**

  Customer satisfaction grew sharply in step with NPS®, which gained 12 points in 2020 (following an 8-point increase in 2018 and 2019). The performance level achieved for the NPS® criteria was set by the Board of Directors at 192%.

  The CSR criterion is based on the in-house Carrefour CSR and Food Transition Index which is audited externally. The index is comprehensive and reflects the Group's strategic priorities, with an achievement rate of 115% in 2020. See Section 1.6.5 of this Universal Registration Document for details on the composition of and change in this index.

  Carrefour is ranked the leading French retailer in terms of its CSR commitment by the Dow Jones Sustainability Index (DJSI) World and the Carbon Disclosure Project (CDP).

  The performance level achieved for the CSR criteria was set by the Board of Directors at 175%.

- **Qualitative criterion (Quality of governance)**

  - Given the quality of the relationships between the governance bodies, management leadership and health crisis management, as well as the year's results, the Board of Directors decided, on the recommendation of the Compensation Committee, to set the achievement rate for corporate governance quality at 200%. In its assessment, the Board of Directors noted the Company's exceptional performance in light of the extraordinary sanitary, logistical, retail and management challenges.
  - The overall performance level for all the criteria was therefore 182%. 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 sum may not be paid until approved by the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2020.

Long-term incentive plan (performance shares)

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 (i.e., 3,975,000 euros)(1). These shares will vest on February 26, 2023 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 26, 2023.

The Board of Directors set out the following performance criteria: Recurring operating income, Free cash flow, Total Shareholder Return (based on a panel of companies in the distribution sector) and corporate social responsibility (based on the Carrefour CSR and 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 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. 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. The financial benefit is set at 3,822 euros.

Compensation or benefits due or likely to be due upon taking office

None.

Compensation paid in respect of his directorship

The amount of compensation paid in 2020 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 3.4.2.2 of this Universal Registration Document. It amounted to 27,083 euros for the period August 1 to December 31, 2019, following the Board of Directors' decision to align the Directors' compensation with the calendar year.

(1) Information presented in Section 8.2 of this Universal Registration Document.

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

As the French government order no. 2019-697 of July 3, 2019 amended the legal regime applicable to supplementary defined benefit pension plans with conditional rights such as the plan in force within the Carrefour group, the Board of Directors, acting on recommendation of the Compensation Committee, decided to modify the plan applicable to the Chairman and Chief Executive Officer.

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 3, 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.

At its meeting of April 3, 2020, the Board of Directors decided to set up a new "top-up" defined benefit plan, applicable from January 1, 2020, that meets the new requirements of Article L. 137-11-2 of the French Social Security Code. The main characteristics of the new plan are described in Section 3.4.3.1 of this Universal Registration Document.

Rights will accrue subject to the same four annual performance criteria 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).

In accordance with annual vesting rates under the plan and on the basis of performance level achieved for each criteria, the Shareholders' Meeting of March 23, 2021 recorded average weighted performance over 125%, thus entitling the Chairman and Chief Executive Officer to a vesting rate of 2.75% for 2020.

The gross annual annuity accrued by the Chairman and Chief Executive Officer for 2020 therefore came to 67,874 euros.

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 2020.

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 2020 comply with the compensation policy decided by the Board of Directors acting on the Compensation Committee's proposal.

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 of May 29, 2020 approved the fixed, variable and exceptional components of total compensation and benefits in kind due or paid during the year ended December 31, 2019 to Alexandre Bompard, Chairman and Chief Executive Officer.

Pay ratios and changes in compensation

In accordance with paragraphs 6 and 7 of Article L. 22-10-9 of the French Commercial Code, 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 head office in France.

	2016	2017	2018	2019	2020
Average compensation ratio	46	47	45	42	42
Median compensation ratio	78	79	74	72	76
Change in the compensation of the Chairman and Chief Executive Officer	-8%	+8%	+4%	+5%	+4%
Changes in the average compensation of employees[(1)]	+9%	+5%	+9%	+12%	+4%
Net free cash flow (*in millions of euros*)	177	142	363	324	1,056
Carrefour CSR & Food Transition Index	-	-	104%	114%	115%

(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 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 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	2019	2020
Alexandre Bompard Chairman and Chief Executive Officer	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.

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 2020.

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 December 31, 2021, had, as of July 2020, 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 to the management team that took place 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 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 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 the 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 Governance 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 renewing their terms, Martine Saint-Cricq and Thierry Faraut, Directors representing employees, confirmed their wishes to only be members of the CSR Committee and Governance Committee, respectively.

3.6 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 2020 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)*
03/09/2020	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition	Shares	14.9300	298,600.00
03/12/2020	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition	Shares	12.5100	88,658.37
04/29/2020	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
04/29/2020	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
05/06/2020	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
05/06/2020	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
06/19/2020	Cervinia Europe SARL	A legal entity linked to Alexandre Arnault, Director	Acquisition by opting to receive payment of the dividend in shares	Shares	12.1900	9,379,607.69
06/22/2020	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	12.1900	743,017.07
06/23/2020	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	12.1900	18,313,561.17
06/29/2020	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Sale	Shares	12.1900	18,313,561.17
06/29/2020	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition by opting to receive payment of the dividend in shares	Shares	12.1900	29,963.02
06/29/2020	Peninsula Europe S.A.R.L	A legal entity linked to Abilio Dos Santos Diniz, Director	Transfer of 536,693 shares for no consideration under (i) a structured financing arrangement disclosed to the AMF on March 30, 2016 and (ii) other derivative instruments	Shares	N/A	N/A

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)*
06/29/2020	Peninsula Europe S.A.R.L	A legal entity linked to Abilio Dos Santos Diniz, Director	Transfer of 497,303 shares for no consideration under (i) a structured financing arrangement disclosed to the AMF on March 30, 2016 and (ii) other derivative instruments	Shares	N/A	N/A
06/29/2020	Peninsula Europe S.A.R.L	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition by opting to receive payment of the dividend in shares	Shares	12.1900	13,853,935.00
06/29/2020	Flavia Buarque de Almeida	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	12.1900	158.47
06/29/2020	Abilio Dos Santos Diniz	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	12.1900	170.66
08/27/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.4937	2,428,866.00
08/28/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.4699	3,098,077.00
08/31/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.5520	3,116,960.00
09/01/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.5003	5,400,120.00
09/02/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.6600	5,464,000.00
09/03/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	13.9580	5,583,200.00
09/04/2020	FIA Aspen	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition	Shares	14.2379	4,769,696.50
09/14/2020	Groupe Arnault SE	A legal entity linked to Alexandre Arnault, Director	Acquisition	Shares	13.8000	5,697,440.40
09/14/2020	Bunt SARL	A legal entity linked to Alexandre Arnault, Director	Sale	Shares	13.8000	5,697,440.40
09/14/2020	Bunt SARL	A legal entity linked to Alexandre Arnault, Director	Settlement of the financial contract based on a notional amount of 24,999,996 Carrefour shares subject to the filing of form no. 2016DD459923 resulting in the sale of 24,999,996 shares at the price of €13.80 a share by Crédit Agricole CIB on September 14, 2020.	Shares	N/A	N/A

3.7 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

No new agreements were authorised by the Board of Directors during the year ended December 31, 2020.

During its meeting on February 17, 2021, the Board of Directors reviewed the related-party agreements authorised in previous years and that continued during this financial year and concluded that they were no longer regulated due to the non-renewal of the term of Jean-Laurent Bonnafé as Director.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED RELATED-PARTY AGREEMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a translation into English of the Statutory Auditors' report on regulated agreements 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 agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the principal terms and conditions and 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 submitted to the approval of the shareholders' meeting

Agreements authorized and concluded during the year

We hereby inform you that we have not been advised of any agreement authorized and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

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.

Revolving credit facility concluded on May 2, 2017 with a banking syndicate, including BNP Paribas, amended on June 13, 2019

- **Person concerned:**

Jean-Laurent Bonnafé, Director of the Company until May 29, 2020, and director and CEO of BNP Paribas.

- **Nature and purpose:**

At its meeting on April 12, 2017, the Board of Directors of the Company authorized a revolving credit facility for a principal amount of €1.4 billion signed on May 2, 2017 with a banking syndicate including BNP Paribas. At its meeting of April 24, 2019, it authorized the signature of an amendment on June 13, 2019.

- **Terms and conditions:**

The €1.4 billion revolving credit facility has a term, extended by amendment, of five years expiring in June 2024 (with a one year extension option which may be exercised twice); the amendment also introduced a mechanism to adjust the amount of the non-utilization fee based on the Company's CSR performance.

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).

A non-utilization fee of €485,917 was recognized in 2020 in respect of this revolving credit facility.

The revolving credit facility was not drawn by the Company during the year ended December 31, 2020.

Revolving credit facility concluded on January 22, 2015 with a banking syndicate, including BNP Paribas, amended on June 13, 2019

- **Person concerned:**

Jean-Laurent Bonnafé, Director of the Company until May 29, 2020, and director and CEO of BNP Paribas.

- **Nature and purpose:**

At its meeting on October 15, 2014, the Board of Directors of the Company authorized a revolving credit facility for a principal amount of €2.5 billion signed on January 22, 2015 with a banking syndicate including BNP Paribas. At its meeting of April 24, 2019, it authorized the signature of an amendment on June 13, 2019.

- **Terms and conditions:**

The €2.5 billion revolving credit facility has a term, extended by amendment, of five years expiring in June 2024 (with a one year extension option which may be exercised twice); the amendment also introduced a mechanism to adjust the amount of the non-utilization fee based on the Company's CSR performance.

Interest payable on amounts drawn is calculated at Euribor plus an initial margin of 0.275% for the revolving credit 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).

A non-utilization fee of €782,726 was recognized in 2020 in respect of this revolving credit facility.

The revolving credit facility was not drawn by the Company during the year ended December 31, 2020.

The Statutory Auditors

Paris-La Défense and Courbevoie, March 30, 2021

French original signed by

DELOITTE & ASSOCIÉS	KPMG S.A.	MAZARS
Stéphane Rimbeuf Bertrand Boisselier	Caroline Bruno Diaz	Jerôme de Pastors 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 ensuring the long-term viability of the Group's business operations.

The Group Risk department is responsible for overseeing the risk management system. This system relies on identifying, assessing, analysing and addressing risks likely to affect people, assets, the environment and the Group's objectives. It leads to preventive or corrective measures designed to protect the Group's value and reputation (4.1.1).

The Group's 14 key risks in 2020 are described in this Universal Registration Document in accordance with the requirements of EU Regulation No. 2017/1129 (4.1.2).

To ensure that these risks are fully addressed, the Group also implements solutions to transfer risks to the insurance market (4.1.3).

4.1.1 RISK PREVENTION AND MANAGEMENT SYSTEM

The main objective of the risk prevention and management system is to protect the Group's value and reputation by providing Executive Management with a clear view of the Group's main threats and opportunities to assist in making decisions and managing the business.

Its objective is also to foster a risk management culture and a shared vision of the major risks among all employees.

The Country Executive Management teams:

- perform regulatory monitoring and recognise potential impacts;
- take measures to prevent risks occurring and mitigate their impacts;
- manage incidents and take corrective measures;
- inform the Group's Executive Management and Functional departments of any significant events.

The Group's Functional departments are responsible for defining and communicating the risk management rules applicable to their function. They support the countries in implementing these rules to ensure optimum management of the business.

Each year, the Group Risk Department maps the key risk factors based on discussions with the Country and Functional departments to measure the net criticality level and consolidate the associated action plans. It also reviews certain specific risks and assists some Functional departments in their risk mapping process.

4.1.2 MAIN RISK FACTORS

Methodology

In association with the Country Risk departments and all Functional departments, the Group Risk department has upgraded the risk database and evaluated 56 risk factors related to the Group's business operations, including the main CSR issues.

For this purpose, a self-assessment questionnaire is sent to all the Group's countries.

For each risk factor, they are 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.

After the questionnaires received were reviewed with the Country Executive Committee, the Group's mapping of material risks was presented to the Group Executive Committee and the Audit Committee.

This led to the identification of 14 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 14 key risks are divided into three categories:

- 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;
- net probability of occurrence.

The net score is obtained from the gross score less the impact of any mitigation measures taken and action plans implemented by the Group. The net score is calculated on the same basis as in previous years for consistency and comparability of results.

The impacts of the Covid-19 pandemic have been included in the risk assessment on two levels. First, the pandemic is one of the 56 risks assessed in the 2020 risk map and, second, its impact has been taken into consideration and described for each individual risk presented in this Universal Registration Document.

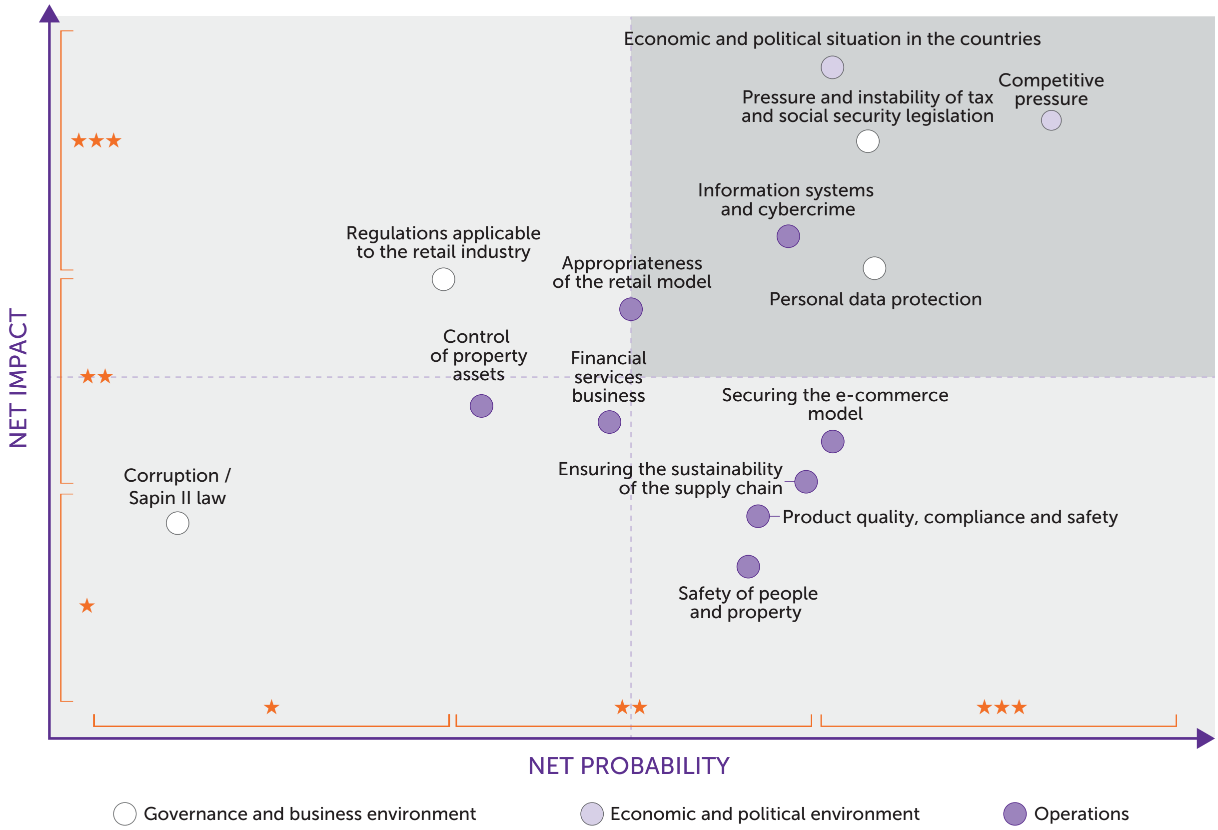
The table and risk map below summarise the 14 key risk factors identified and their historical trend since the 2019 risk map.

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 (2.1.2.1) and 6 (Note 14.7 to the 2020 consolidated financial statements), respectively, of this Universal Registration Document.

Non-financial risks disclosed in the Non-Financial Statement and included in the Group's 14 key risks are identified in the table below by the Δ symbol.

Category	Group risk factor	Change vs 2019	Financial impact	Reputational impact	Net probability
Governance and business environment	Pressure and instability of tax and social security legislation	~	★★	★★★	★★★
	Personal data protection (△)	↘	★	★★★	★★★
	Regulations applicable to the retail industry	~	★★	★★★	★
	Corruption/Sapin II law (△)	↘	★	★★	★
Economic and political environment	Economic and political situation in the countries	↗	★★★	★★	★★★
	Competitive pressure	↗	★★★	★★	★★★
Operations	Information systems and cybercrime	~	★★	★★★	★★★
	Securing the growth of e-commerce	↗	★★	★★	★★★
	Appropriateness of the retail model	~	★★	★★	★★
	Ensuring the sustainability of the supply chain (△)	↗	★	★★★	★★★
	Liquidity and credit risks related to financial services business	↗	★★	★★	★★
	Product quality, compliance and safety (△)	~	★	★★	★★★
	Control of property assets	↗	★★	★	★★
	Safety of people and property (△)	↗	★★	★	★★

Moderate ★ High ★★ Very high ★★★


Economic and political situation in the countries
Competitive pressure
Pressure and instability of tax and social security legislation
Information systems and cybercrime
Regulations applicable to the retail industry
Appropriateness of the retail model
Personal data protection
Control of property assets
Financial services business
Securing the e-commerce model
Corruption / Sapin II law
Ensuring the sustainability of the supply chain
Product quality, compliance and safety
Safety of people and property
★★★
★★
★
NET IMPACT
★
★★
★★★
NET PROBABILITY
Governance and business environment
Economic and political environment
Operations

4.1.2.1 Governance and business environment

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 these 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 and escalation of tax regulations: introduction of a retail sales tax in Poland in 2021, increase in the general tax on polluting activities in France by 2025;
- complexity of and developments in the Brazilian tax system;
- tax law instability in Argentina, Poland and Romania;
- uncertainty over the future tax regulations applicable to e-commerce activities;
- changes in social security legislation: increase in minimum wage in Poland in 2021, regulation of store opening hours in Italy, change in regulation of night shift work and overtime in Taiwan.

Covid-19:
The deterioration in the economic environment caused by the Covid-19 pandemic could prompt governments to raise new taxes to cover the public deficit and increase pressure on businesses.

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 poor application or interpretation of 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:

- the Finance department, and in particular the Tax department, as regards changes in tax legislation;
- the Legal and Human Resources departments, as regards changes in social security legislation.

The following measures have also been taken:

- ongoing monitoring and mapping of regulatory 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;
- in Brazil, automation of control processes to ensure proper application of tax changes;
- operating discipline to control the cost structure and limit the amount of new tax and social security costs passed on in selling prices.

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 which came into effect in Brazil on September 18, 2020.

These regulations set out a 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.

Covid-19:
The Group has adjusted to the constraints imposed by the health crisis and continues to protect the health and safety of its employees while complying with the applicable regulations. It has also had to adapt its internal health and safety training programmes and arrangements.

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;
- strengthening the system: consent management, application of the right to be forgotten, etc.;
- continuous improvement of the system by the Data Protection Officer (DPO) in each country;
- training and awareness-raising of employees in personal data protection (and development of e-learning to ensure training continuity);
- audits of compliance with the new regulations.

Regulations applicable to 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 strengthened 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.

Covid-19:
Although the retail sector saw an increase in sales of "essential" goods during the Covid-19 crisis, stores had to implement strict and regularly updated health regulations. They adjusted to all changes in the various measures taken, including opening hours, maximum number of people allowed in the store and bans on the sale of some non-food ranges.

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 promoting the loyalty programme).

Corruption/Sapin II law (∆)

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 influence peddling 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.).

Covid-19:
No material impact; the Group has adapted its internal training plan.

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 corruption and influence peddling risk 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 a policy against corruption and influence peddling;
- 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 awareness-raising of employees who are most exposed to the risk of bribery and corruption (coupled with development of e-learning to ensure training continuity);
- 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 corruption or influence peddling;
- 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;
- setting up and overseeing a corruption risk mapping process in each of the Group countries.

4.1.2.2 Economic and political environment

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.

Covid-19:
In the short term, Carrefour's business activity held steady or even accelerated thanks to its omni-channel profile and the capture of some purchases that would normally have gone to other business sectors, such as eating out. The health and economic crisis had a temporary impact on some of the Group's ancillary activities, such as retail services (e.g., travel, events and banking) and B2B services in Europe (e.g., Promocash).

In the longer term, depending on its intensity and duration, the pandemic could put pressure on the economic and social climate in the Group's countries. This could lead to a decrease in consumer purchasing power, forcing the retail sector to adapt gradually to the new landscape.

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, mainly through price reduction policies and launch of SIMPL, a range of entry-level products;
- stepping up the roll-out of the Supeco format in Europe and continued expansion of the Atacadão cash & carry format in Brazil;
- monitoring the changing economic climate and future outlook in the countries where it operates (e.g., Argentina);
- tracking key economic indicators in host countries on a monthly basis with a view to defining and updating strategic plans 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.

Competitive pressure

Description of the risk

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 in France, leading to severe pressure on margins.

Intense competitive pressure in the retail industry is reflected in:

- a historically very price-competitive market;
- traditional retailers like Carrefour from the physical retail world (including specialists in fresh or organic products) moving into e-commerce (via Drives, home delivery and click & collect);
- digital-only banners competing with historical operators by offering an innovative products and services range and increasingly establishing a physical presence, particularly through partnerships or acquisitions.

Covid-19:
The current economic and health crisis is putting further pressure on consumer purchasing power. It has also driven a boom in online food shopping, making e-commerce a more important factor of competition between retailers. Carrefour's omni-channel profile addresses these trends in consumption methods in its countries.

Potential impacts of the risk

The risk could lead to:

- deterioration of price image as a result of aggressive competition, including from discount stores and e-commerce;
- 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 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:

- setting objectives focused on customer satisfaction, particularly through the Net Promoter Score, and working on in-store operational excellence;
- continuously adjusting the price-promotion-loyalty equation, with price investments and more effective promotions, driven by better cost control;
- stepping up the roll-out of the Supeco and Atacadão formats;
- enhancing the value lines, mainly through the launch of SIMPL and roll-out of the In & Out bargain basement concept;
- freezing prices of basic products in some countries;
- accelerating the development of e-commerce and omni-channel retailing, which is at the heart of the Carrefour 2022 strategic plan (see Chapter 1 of this Universal Registration Document);
- continued commitment to the food transition through its global Act for Food programme;
- accelerating the roll-out of new services (e.g., second-hand goods shop-in-shop) and new partnerships (e.g., Uber Eats, Cash Converters).

4.1.2.3 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 (e.g., data theft and ransomware) is a major threat to business continuity and integrity of sensitive data.

Management of access to the various IT resources used in the Group, especially access to sensitive data, is a major issue in combating cyber attacks.

Covid-19:
Widespread recourse to home working for all support and head office staff is liable to increase the Group's exposure to information systems risks and cybercrime. However, the number of cyber attacks against the Group remained stable throughout the crisis.

Potential impacts of the risk

Information system failures could lead to:

- partial or total business disruption (stores, warehouses and supply chain, websites and applications);
- malfunctions in specific areas of its operations (e.g., order tracking, invoicing, cash collection);
- loss or leaks of sensitive data (about the Company, its customers, employees or partners);
- loss or deterioration of employee access to the IT tools required for them to do their jobs;
- 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, the Digital Transformation Officer, the Chief Technology Officer and the Information Security Officer, is responsible for overseeing the system, supported by a local country network;
- the appointment of a Chief Information Security Officer (CISO) at Group level, in charge of the cyber security strategy and coordination of cyber security arrangements in Group countries;
- setting up Security Operation Centers (SOC) in all Group countries to strengthen cyber security arrangements (e.g., vulnerability analyses and penetration tests);
- introducing an obsolescence and renewal management plan (IT roadmap);
- strengthening the regular data backup processes;
- migrating servers, archives and backups to the Cloud;
- extending Virtual Private Network (VPN) access guaranteeing better IT security for people working from home;
- 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;
- employee awareness-raising and training;
- hiring and training security experts (e.g., partnerships with engineering schools, internal training programmes for young engineers, creating dedicated functions internally to retain talent).

Securing the growth of e-commerce

Description of the risk

The boom in e-commerce (especially in the food sector) is driving traditional retailers like Carrefour from the physical retail world to expand their digital footprint by offering services such as Drive pick-up, home delivery, and click & collect.

Digital-only banners are competing with historical operators by offering an innovative products and services range and increasingly establishing a physical presence, particularly through partnerships or acquisitions.

In this context, the Group has to adapt its supply chain and its store and warehouse operations to guarantee a high quality of service and the best possible customer experience for all online shoppers, with an eye on continued improvement of the business model. In addition, customers are becoming increasingly omni-channel, shopping both in physical stores and online, which requires good coordination between all channels.

Customers could find that the choice and price of products available online are not as good as in the stores. They could also find that the quality of digital services is not good enough, for example a poor order conformity rate, too limited a choice of delivery/pick-up times, or poor customer service.

Covid-19:
Online sales have seen record growth since the beginning of the Covid-19 crisis due to lockdowns and various restrictions to stop the virus from spreading. The Group is adapting its logistics capacities to capitalise on these new opportunities and aims to improve its operational excellence.

Potential impacts of the risk

The risk could lead to:

- saturation of online order picking and delivery capacities;
- decline in customer satisfaction;
- deterioration in profitability of online operations;
- loss of market share and capture of growth in e-commerce sales.

Mitigation measures

The Group has taken the following actions to mitigate this risk:

- monitoring the order conformity rate by country;
- implementing specialised logistics tools to improve the conformity rate;
- improving picking model processes (hybrid, in-store picking and in-warehouse picking) to improve the quality of service (conformity rate and compliance with delivery or pick-up times);
- improving the productivity of picking models to boost their profitability;
- rolling out the hybrid model to increase picking capacity with a high order conformity rate;
- sharing best practices between countries to improve the customer experience and pathway (e.g., the 5/5/5 order picking method);
- forging partnerships with food e-commerce operators (e.g., Uber Eats, Stuart, Glovo, Rappi, Food-X);
- acquiring food e-commerce operators (e.g., Potager City, Dejbox).

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 the following areas:

- retail model: the Group seeks a good balance between the various store formats (hypermarket, supermarket, convenience store, and cash & carry) to expand its offering in response to changes in consumer behaviour;
- price-promotion-loyalty equation: price levels, promotions and the generosity of loyalty programmes, which must meet consumer expectations in terms of purchasing power, whether for national brands or Carrefour-brand products.

Covid-19:
The health crisis has changed consumer behaviour, with an increasing shift towards e-commerce, a sector in which Carrefour operates. Footfall in the various formats has changed in response to developments in health measures and restrictions on movement in the Group's countries. Carrefour's multi-format profile strengthens its resilience to these situations.
The price-promotion-loyalty equation will have to be adapted to changes in consumer purchasing power and the effects over time will have to be reassessed.

Potential impacts of the risk

The risk could lead to:

- difficulties in winning customers or retaining their loyalty;
- deterioration of price image;
- decline in footfall in the Group's stores;
- decline in the proportion of customer spending captured by the Group's stores (the banner's market share of total customer spending);
- decline in the attractiveness of the Carrefour banner for existing or potential franchisees;
- loss of market shares;
- deterioration in profitability.

Mitigation measures

The Group has taken the following actions to mitigate this risk:

- tracking and analysing market shares by format, price indexes, competition and changes in consumer preferences;
- reviewing external growth opportunities to improve the format mix (e.g., acquisition of Supersol stores in Spain to bolster the supermarket format, and Wellcome convenience stores in Taiwan);
- expanding the convenience format through franchising in countries where there is demand;
- stepping up the e-commerce format with more ambitious targets and developing new services (e.g., launch of the food marketplace concept in France);
- improving store appeal with concepts such as the In & Out bargain basement concept (designed to stimulate footfall) and strengthening marketing campaigns (e.g., for "big macs", non-food flagship products created by Carrefour);
- continued cost cutting with a further cost savings target in 2021 to provide leeway to invest in the marketing drive;
- launching the SIMPL entry-level product range;
- freezing prices of basic products in some countries;
- reducing displayed pricing errors in the stores (e.g., TOP programme to improve in-store execution in France).

All of these measures will also help to improve Carrefour's attractiveness as a franchisor.

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:

- respect for human rights and working conditions and fair remuneration for all parties involved in the supply chain (e.g., the textile industry and fruit and vegetable picking);
- use of environmentally and animal welfare friendly agricultural products and production processes, particularly with regard to deforestation (e.g., palm oil, timber and paper, Brazilian beef) and pollution (e.g., use of chemicals in the textile industry, use of GMOs);
- use of healthy and environmentally safe materials and ingredients (e.g., food additives, plastics);
- developing sustainable relationships with suppliers and resilient supply chains (e.g., long-term partnerships, local sourcing, adapting to climate change).

Covid-19:
The Covid-19 health crisis has been a catalyst for raising awareness about safe and sustainable consumption. This has led to increased media pressure and controversies about Environmental, Social and Governance (ESG) issues.

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 that do not respect human rights or comply with labour laws, especially in the countries most at risk such as China, Bangladesh and India (e.g., forced labour, child labour or practices that endanger workers);
- 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 whose manufacture causes 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 CSR and food transition purchasing rules and policies setting out:

- the commitments made by suppliers through their signing of a commitment charter that includes the Group's principles of ethics, which is an integral part of all purchasing contracts;
- compliance processes and rules for social audits of at-risk sectors (see Chapter 2 of this Universal Registration Document);
- action plans to bring sensitive production phases and raw materials into compliance with specific purchasing rules (see Chapter 2 of this Universal Registration Document);
- Carrefour's key objectives in developing more sustainable production methods, mainly by developing organic farming and agroecology.

Internal and external audits are performed regularly to ensure that these rules are properly applied in all relevant countries and departments.

The Group focuses on the following issues:

- suppliers' respect for human rights and labour rights;
- preventing risks related to the health and safety of workers;
- potential environmental harm caused by some agricultural sectors (e.g., deforestation);
- depletion of marine resources and industrial pollution caused by sensitive production stages (e.g., dyeing plants and tanneries);
- guaranteed traceability through tools such as blockchain and supplier certification or geomonitoring (see Chapters 1 and 2 of this Universal Registration Document).

The CSR Department, in association with the professions (merchandise, quality, etc.), has set up procedures for dialogue with stakeholders such as associations, NGOs, public authorities and suppliers, to guarantee continuous improvement in control over these issues throughout the Group.

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 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 Carrefour's cash 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.

Covid-19:
The health crisis has put pressure on the financial position of Carrefour's banking customers and on lending terms and conditions. A deterioration in customer solvency could lead to an increased risk of non-recovery of loans as a result of banking regulations. The Group could also suffer an escalation in attempted fraud during the loan application process (e.g., document fraud).

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, the Financial Services business 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.

Additional measures have been taken to curb the escalation in credit risk, including:

- more checks and tests for early detection of fraud (e.g., mass testing, alert thresholds);
- back testing to ensure continuous improvement in scoring tools;
- reassignment of after-sales staff during lockdown to those departments most affected by the health crisis (e.g., arrears processing).

The compliance function keeps abreast of regulatory matters to monitor any changes in banking regulations. As part of this process, compliance is an agenda item on all Financial Services Board Meetings.

The Compliance Committee is responsible for continuous monitoring of suspicious transactions. These controls are strengthened by internal and external audits.

Product quality, compliance and safety (Δ)

Description of the risk

Guaranteeing the quality and safety of Carrefour-brand products and complying with health standards across the entire supply chain and 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 the Group's commitments regarding Carrefour-brand products;
- 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.

Covid-19:
Restrictions on movement temporarily disrupted operations in the analysis laboratories, controls in the stores and warehouses, and certification of production sites. These disruptions were mitigated by the use of remote audit tools.

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 in stores or warehouses;
- non-compliance with withdrawal and recall procedures, made more difficult by shortcomings in traceability or identification of the products concerned;
- strong communication about commitments regarding Carrefour-brand products as part of the global Act for Food programme.

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 systems such as Alertnet, which warns store managers of non-compliant products and blocks them at checkout;
- improving communication flows about product withdrawal and recall procedures, particularly through messaging apps;
- blocking withdrawn or recalled products at checkout;
- rolling out blockchain technology, particularly for new food products in the Carrefour Quality Lines, to ensure full traceability and guarantee total transparency for consumers about where the products have come from.

Control of property assets

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 kept in proper working order (e.g., structural integrity inspections), brought into line with various regulations (e.g., fire safety standards) and upgraded, always 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 and the Group's activity as a lessor of shopping centre premises, its 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.

Covid-19:
In some countries, all activities considered non-essential were closed down for several weeks, increasing the rental risk and the attention paid to development project type.
The health crisis also generated additional costs for the Group in implementing measures to protect the health of its employees and customers.

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.

The Group's inability to adapt its activity as lessor during the Covid-19 crisis could lead to:

- deterioration in profitability of the lessor activity;
- decline in footfall in shopping centres: Carrefour hypermarkets and supermarkets and other tenant banners;
- decline in the attractiveness of premises leased in shopping centres.

Mitigation measures

The Group has taken the following measures to ensure control over property assets (shopping centres, stores, warehouses and service stations):

- monitoring the criticality and state of 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;
- 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);
- conducting technical audits of service stations;
- monitoring energy infrastructures and focusing on more energy-efficient solutions.

The measures taken by the Group to mitigate the risk related to its activity as lessor of shopping centre premises include:

- drawing up a business continuity plan (list and analysis of critical functions and resources, arrangements for resuming business as usual after the crisis);
- adopting measures to support tenants;
- optimising operating costs by shutting down non-essential services (e.g., heating, lighting, caretaking);
- suspending non-regulatory or non-safety investments;
- continuing to perform regulatory work normally done at night.

Safety of people and property (∆)

Description of the risk

Compliance with regulations on the health and safety of people and property 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 highly exposed to these risks. This can have a direct or indirect impact on the smooth operation of its stores and warehouses and on customer and employee safety.

The Group also has to ensure respect for diversity and the religious and cultural differences between individuals, whether customers, employees or suppliers.

To limit shrinkage (e.g., known shrinkage through breakage or unknown shrinkage through theft), which has an adverse impact on profitability, the Group has to control its in-store and in-warehouse product flows and inventories. An increase in shrinkage could be due to:

- lack of or insufficient permanent controls over our key processes (from reception of goods through to checkout);
- poor planning of demand preventing accumulated inventories from being sold in time;
- resurgence of in-store theft (internal or external);
- increase in inventory or pricing errors.

Covid-19:
During the health crisis, the Group's key priority was to guarantee the safety of its customers and employees, sometimes going beyond the measures required by the public authorities.
As regards shrinkage, the health crisis led to erratic fluctuations in demand for some types of products, varying by period and by country, leading to a one-off increase in known shrinkage. Unknown shrinkage could worsen due to a deterioration in the economic and social situation.

Potential impacts of the risk

Difficulties in assuring the safety of people and property could cause:

- injury or death following incidents in the stores or warehouses (e.g., armed robbery);
- partial or total destruction of inventories following incidents in the stores or warehouses (e.g., fire, natural disaster);
- 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

Measures to stop virus spread are strictly applied in all the Group's premises to protect customers and employees from infection. The integrated stores and warehouses have been certified by the various health and safety organisations in France, Spain, Belgium, Brazil and Romania.

As regards the risk related to the safety of people and property, the Group relies mainly on:

- the Group Security department;
- monitoring and analysing incidents and risks;
- 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;
- training sessions for safety personnel on the customer approach and diversity in Brazil;
- training programmes on violence management and in-store conflicts in Brazil.

The Group has taken the following actions to mitigate the risk of fire and the impacts of natural disasters:

- strict application of regulations applicable in the Group's countries;
- monitoring of store and warehouse structure by the technical teams;
- staff training, for example with initial fire safety and first responder training in France (SSIAP);
- regular audits in the premises on complying with the applicable safety standards.

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

To cover the main identified risks, the Carrefour group has set up comprehensive, worldwide programmes (especially for property damage and business interruption, and civil liability policies) with reputable international insurance companies, providing 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 Security department in coordination with local Group liaisons in each country, as well as with the Group's insurers.

Transfer of insurable risk and self-insurance of some risks

In order to optimise insurance costs and better manage risk, and in line with its insurance policy, the Group transfers identified insurable risks to the insurance market and 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 2020. 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 and exclusions of this property damage and business interruption policy are consistent with market practices. Deductibles are established as appropriate for the various store formats.

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.

Limits and exclusions in force for this policy comply with market practices. Deductibles vary from country to country.

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 laws, 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; and
- 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 160 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 and the main Group departments 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. The Group Internal Control department is thus 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:

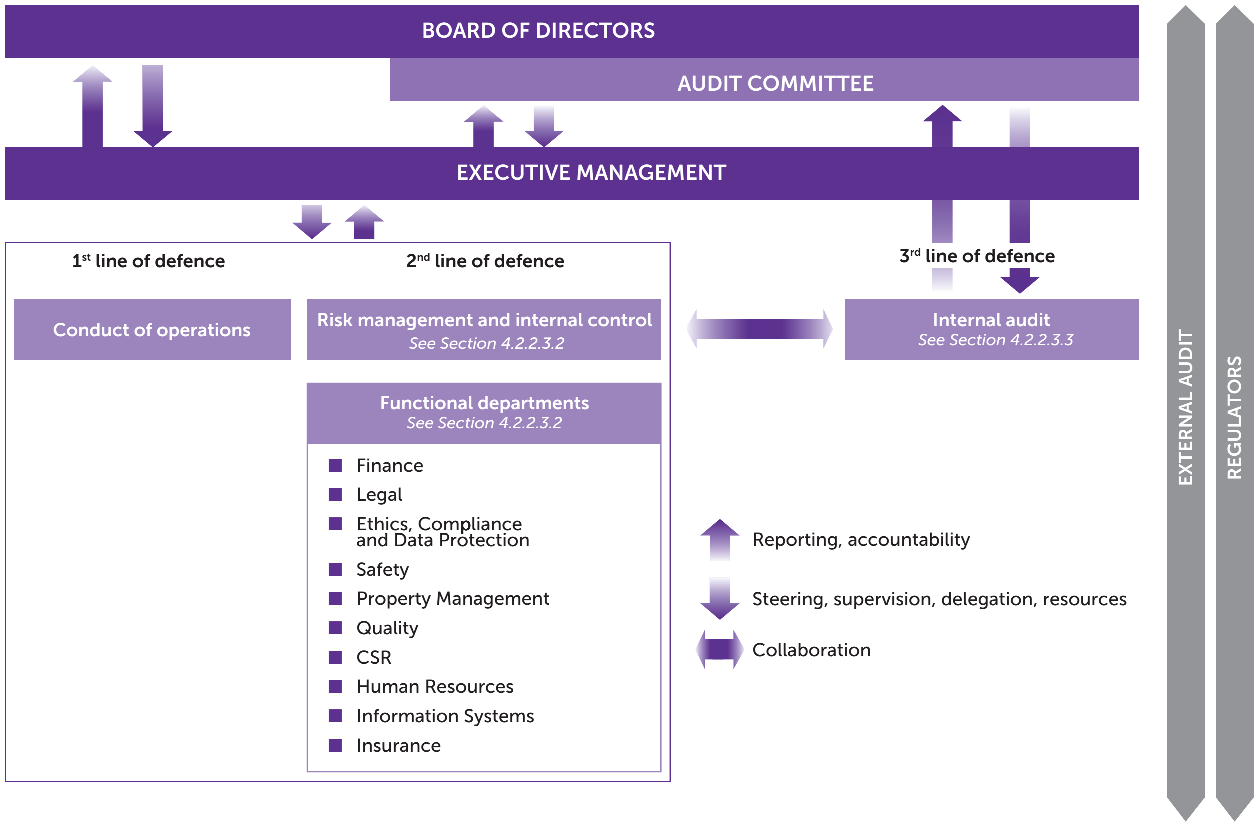
- helping to define the country internal control system, particularly by ensuring that the Group internal control framework is properly rolled out;
- ensuring that procedures defined by the country and the Group are properly applied, and, in the event of weaknesses, assist operational and functional departments in implementing remediation programmes.

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, operating independently from management to provide assurance and insight on the adequacy and effectiveness of governance and the management of risks (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 action plans;
- 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. The 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.

The 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 defence	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.
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 of this Universal Registration Document), as well as measuring and cross-functionally monitoring the CSR and Food Transition Index, a criteria for executive and Chairman and Chief Executive Officer compensation; ■ 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. ■ complying with and updating purchasing rules for the food transition, including responsible sourcing criteria to be introduced across all countries and the associated objectives.

Functional departments	Main role
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, while guaranteeing and complying with principles of diversity, • 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	■ defining the Group strategy on the security of information systems to manage the risks relating to the continuity, integrity, confidentiality and traceability of data, and the risk of cyber-attacks in particular; ■ coordinating the various Group entities and measuring the maturity of their information security system.
Group Insurance department	■ setting up insurance to cover the Group's insurable risks as effectively as possible, based on available capacity on the market and the optimal methods for spreading risk – from transfer to the market to self-insurance – pursuant to Group insurance policies. In this regard, it works with Group Audit and Risk department.

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.

As part of its mission, and where applicable, the Internal Audit department performs a review of self-assessments carried out by the Group's subsidiaries during the annual internal control self-assessment campaign. Any discrepancies are reported in the findings of the audit engagements and the conclusions are shared with the Group Internal Control department. Monitoring these divergences makes it possible to gauge the quality of the audited subsidiaries' 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;
- Group 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; and
- 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 can 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 and late November to anticipate, as far in advance as possible, any potentially sensitive subjects relating to the six-month and annual 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 and inventory 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, 2020

5.1 Business review and consolidated income analysis

5.1.1 MAIN INCOME STATEMENT INDICATORS

Note that Carrefour China was classified as a discontinued operation in 2019 in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* (see Notes 2 and 5 to the 2019 consolidated financial statements).

Argentina is classified as a hyperinflationary economy within the meaning of IFRS. IAS 29 – *Financial reporting in Hyperinflationary Economies* is therefore applicable to the consolidated financial statements for the year ended December 31, 2020. Comparative data for 2019 have also been adjusted for inflation.

Comparative data for 2019 have been restated (indicated as "restated" below) in the consolidated financial statements as of December 31, 2020 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in December 2019 on leases falling within the scope of IFRS 16 (see Note 4 to the consolidated financial statements).

(in millions of euros)	2020	2019 restated	% change	% change at constant exchange rates
Net sales	70,719	72,397	-2.3%	4.3%
Gross margin from recurring operations	15,445	16,091	-4.0%	2.5%
in % of net sales	*21.8%*	*22.2%*		
Sales, general and administrative expenses and amortisation	(13,272)	(13,992)	-5.1%	0.4%
Recurring operating income	2,173	2,099	3.6%	16.4%
Recurring operating income before depreciation and amortisation	*4,465*	*4,417*	*1.1%*	*9.0%*
Recurring operating income after net income from equity-accounted companies	2,160	2,101	2.8%	15.6%
Non-recurring operating income and expenses, net	(474)	(1,030)	-53.9%	-53.1%
Operating income	1,686	1,071	57.4%	81.7%
Finance costs and other financial income and expenses, net	(334)	(352)	-5.1%	5.6%
Income tax expense	(498)	(503)	-0.9%	10.7%
Net income from continuing operations – Group share	663	29	2,172.8%	2,556.2%
Net income from discontinued operations – Group share	(22)	1,097	-102.0%	-102.0%
NET INCOME – GROUP SHARE	**641**	**1,126**	**-43.1%**	**-33.2%**
FREE CASH-FLOW[1]	**2,223**	**1,686**		
NET FREE CASH-FLOW[2]	**1,056**	**324**		
NET DEBT[3]	**2,616**	**2,615**		

(1) Free cash flow corresponds to cash flow from operating activities before net finance costs and net interest related to lease commitments, after the change in working capital, less net cash from/(used in) investing activities.
(2) Net free cash flow corresponds to free cash flow after net finance costs and net lease payments.
(3) Net debt does not include lease liabilities or assets (see Note 2.2).

Net sales totalled 70.7 billion euros in 2020, an increase of 4.3% at constant exchange rates.

Recurring operating income before depreciation and amortisation came in at 4,465 million euros, up 9.0% at constant exchange rates.

Recurring operating income increased by 16.4% at constant exchange rates, to 2,173 million euros.

Non-recurring operating income and expenses represented a net expense of 474 million euros, a 556-million-euro improvement compared with 2019, due mainly to lower restructuring costs (93 million euros) than in the prior year (549 million euros).

Finance costs and other financial income and expenses represented a net expense of 334 million euros, a decrease of 18 million euros from the 2019 restated figure, chiefly attributable to the lower cost of net debt.

The income tax expense for 2020 amounts to 498 million euros (compared with 503 million euros for 2019 as restated).

Net income from continuing operations – Group share, totalled 663 million euros, a 634-million-euro improvement on 2019 as restated.

Discontinued operations generated a net loss – Group share of 22 million euros, versus net income of 1,097 million euros in 2019, which reflected the gain on the sale of the subsidiary Carrefour China.

The Group ended 2020 with a net income – Group share of 641 million euros, versus net income of 1,126 million euros in 2019 as restated.

Free cash flow came to 2,223 million euros, versus 1,686 million euros in 2019. Net free cash-flow came to 1,056 million euros, versus 324 million euros in 2019.

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)	**2020**	2019	% change	% change at constant exchange rates
France	34,135	34,765	-1.8%	-1.8%
Europe (excluding France)	21,239	20,999	1.1%	1.6%
Latin America	13,245	14,665	-9.7%	22.6%
Asia (Taiwan)	2,100	1,968	6.7%	3.7%
TOTAL	**70,719**	**72,397**	**-2.3%**	**4.3%**

The Carrefour group reported net sales of 70.7 billion euros in 2020, up 4.3% at constant exchange rates and up 4.5% restated for the application of IAS 29.

- Sales in France were down 1.8%, but edged up 3.6% versus 2019 on a like-for-like basis[1]. Growth was recorded across all formats in 2020. In hypermarkets (up 1.0% LFL), initiatives in the areas of operational excellence and customer satisfaction have produced results and led to a sharp improvement in sales performance. Supermarkets (up 6.8% LFL) and convenience stores (up 8.3% LFL) confirmed their solid performance. However, Promocash operations were heavily impacted by restaurant closures and lockdowns.
- In Europe (excluding France), sales were up 1.6% at constant exchange rates in 2020 and up 3.5% like-for-like, mainly driven by growth in Spain (up 7.1% LFL), Belgium (up 8.3% LFL) and Romania (up 2.1% LFL). In Spain, Carrefour maintained its very strong sales momentum, notably thanks to hypermarkets. In Italy (down 5.2% LFL), performance was impacted by measures linked to Covid-19 – notably the closure of shopping malls containing hypermarkets – and marked exposure to the heavily-impacted northern regions. In Belgium, Carrefour continued to gain market share and invest in prices. In Poland (down 0.6% LFL), the Group was adversely affected by slower inflation and significant exposure to stores located in shopping centres that closed due to the health crisis. Carrefour has also made major price investments on 1,000 products in early 2021. In Romania, Carrefour delivered a very solid performance in a market where travel restrictions have prevented migrant workers from returning home. The Group benefited notably from its leading position in food e-commerce.
- In Latin America, sales rose by 22.6% at constant exchange rates and by 23.0% like-for-like, reflecting strong sales momentum in Brazil and Argentina. Operations in Brazil delivered exceptional annual growth of 18.2% on a like-for-like basis, accompanied by market share gains. This strong performance was dampened by a negative 30.5% currency effect. Atacadão continued to expand, with 14 new stores opened during the year and the conversion of 6 Makro stores. The remaining Makro stores will be gradually integrated in first-half 2021. In addition, food e-commerce posted strong growth. In Argentina, good sales momentum was sustained, with 49.3% (pre IAS 29) like-for-like growth in 2020 coupled with increasing volumes and market share gains.
- In Taiwan (Asia), sales increased by 3.7% at constant exchange rates and by 1.2% on a like-for-like basis. The effects of the Covid-19 pandemic on consumption were less marked than in other Group geographies. Carrefour strengthened its position by completing the acquisition of 224 Wellcome convenience stores at the end of December. These stores will be converted to the Carrefour banner during first-half 2021.

(1) Like-for-like sales generated by stores open 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 %)	2020[1]	2019
France	45.2%	48.0%
Europe (excluding France)	28.3%	29.0%
Latin America	23.8%	20.3%
Asia (Taiwan)	2.7%	2.7%
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 54.8% in 2020, versus 52.0% in 2019.

Recurring operating income by region

(in millions of euros)	2020	2019 restated	% change	% change at constant exchange rates
France	629	555	13.2%	13.2%
Europe (excluding France)	698	659	5.9%	6.4%
Latin America	786	833	-5.7%	26.4%
Asia (Taiwan)	94	83	13.0%	9.8%
Global functions	(33)	(32)	2.7%	2.0%
TOTAL	**2,173**	**2,099**	**3.6%**	**16.4%**

Recurring operating income increased by 75 million euros in 2020 (up 16.4% at constant exchange rates), to 2,173 million euros.

In France, recurring operating income for 2020 was 629 million euros, up 13.2% on 2019 as restated. Operating margin increased by 24 bps to 1.8%. This change reflects excellent momentum in retail, where profitability has risen by around 160 million euros. Recurring operating income in France suffered a negative impact of around 90 million euros from the decreased contribution of the financial services companies and the sharp slowdown in other services (relating to travel and show ticketing, rentals, etc.) and Promocash business.

In Europe (excluding France), recurring operating income stood at 698 million euros, versus 659 million euros in 2019 as restated, an increase of 6.4% at constant exchange rates. Operating margin improved by 15 bps to 3.3%. Operations in virtually every country saw growth in recurring operating income. The profitability of retail operations grew by around 150 million euros thanks to good sales momentum and reduced costs. Recurring operating income in Europe suffered a negative impact of around 110 million euros from the decreased contribution of the financial services companies and the slowdown in B2B services.

In Latin America, recurring operating income rose by 26.4% at constant exchange rates to 786 million euros. Operating margin increased by 25 bps to 5.9% at current exchange rates, reflecting a commercial strategy promoting volume growth. In Brazil, the significant increase in volumes was supported by increased cost discipline and greater operational efficiency. The profitability of retail operations improved by around 280 million euros (at constant exchange rates), offsetting the roughly 90-million-euro decrease in the contribution from the financial services companies. Recurring operating income increased by 22.0% (or 184 million euros) at constant exchange rates, to 764 million euros. In Argentina, recurring operating income improved significantly to represent 22 million euros, with a negative impact of 25 million euros from the application of IAS 29.

In Taiwan (Asia), profitability improved once again with recurring operating income increasing by 11 million euros to 94 million euros in 2020, with operating margin moving up 25 bps to 4.5%. This increase reflects good expansion momentum and tight cost control.

Depreciation and amortisation

Depreciation and amortisation of property and equipment, intangible assets and investment property amounted to 1,319 million euros in 2020 compared with 1,361 million euros in 2019 as restated.

Depreciation of right-of-use assets (IFRS 16) relating to property and equipment and investment property totalled 721 million euros in 2020 compared with 725 million euros in 2019 as restated.

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 2,292 million euros was recognised in the consolidated income statement for 2020, compared with an expense of 2,318 million euros for 2019 as restated.

Net income/(loss) of equity-accounted companies

Equity-accounted companies represented a net loss of 13 million euros, versus net income of 2 million euros in 2019.

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 of non-current assets, gains and losses on sales of non-current assets, restructuring costs and provisions 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 474 million euros in 2020.

The detailed breakdown is as follows:

(in millions of euros)	2020	2019
Net gain on sales of assets	19	28
Restructuring costs	(93)	(549)
Other non-recurring items	(105)	(308)
Non-recurring income and expenses net before asset impairments and write-offs	(179)	(830)
Asset impairments and write-offs	(295)	(200)
of which impairments and write-offs of goodwill	*(104)*	*(1)*
of which impairments and write-offs of property and equipment, intangible assets and others	*(192)*	*(200)*
NON-RECURRING INCOME AND EXPENSES, NET	**(474)**	**(1,030)**
Of which:		
non-recurring income	*279*	*343*
non-recurring expense	*(753)*	*(1,373)*

Gains and losses on disposal of assets

Gains and losses on disposals of assets include the loss incurred on the sale of Rue du Commerce, which was completed on April 30, 2020 (see Note 2.2.d to the consolidated financial statements). The loss was more than offset by the gains recorded on the sale of store assets or businesses in France, Italy and Belgium.

Restructuring costs

Restructuring costs recognised in 2020 primarily corresponded to severance paid or payable under the measures implemented in Spain and Italy.

Other non-recurring items

The costs incurred in connection with the Covid-19 health crisis were recognised in recurring operating income for 2020, including necessary costs relating to logistics or product distribution in stores or to customers' homes, as well as costs relating to protecting the health of employees, customers and service providers.

In accordance with the Group's accounting principles, which have been applied consistently, exceptional bonuses and similar benefits were recognised in non-recurring expenses for a total amount of 128 million euros during the first half of 2020. These bonuses did not compensate employees for their work as such. Rather, they represented an act of corporate social responsibility, offering tax and employee benefits. The exceptional bonuses supplemented the usual components of fixed and variable compensation awarded to the employees concerned (in respect of overtime pay, various types of bonuses, profit-sharing, etc.), i.e., without replacing said components.

In Brazil, provision reversals on "basic products" (see below "main non-recurring items in 2019") were recognised for around 65 million euros in 2020 (net of costs) following expiry of the limitation period for tax claims or further relief under tax amnesty programmes introduced by certain Brazilian states.

Other non-recurring operating income and expenses recognised in 2020 related primarily to revised estimates of historical risks in France and Brazil.

Asset impairments and write-offs

At December 31, 2020, an impairment loss of 104 million euros was recognised on goodwill in Italy (see Note 7.3 to the consolidated financial statements).

In 2020, impairment losses of 150 million euros were recognised against non-current assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in Italy and France (mainly hypermarkets and Promocash stores) in line with the accounting principles set out in Note 7.3 to the consolidated financial statements.

In addition, 65 million euros' worth of assets were retired during the year, mainly in France (store assets), Brazil (former IT e-commerce platform) and Spain (certain software applications in particular). Assets were also retired at Carrefour Banque following the discontinuation of the C-zam business (see Note 2.2.e to the consolidated financial statements).

Lastly, the net impact of the dilution of Showroomprivé shares and the alignment of their net value with the stock market share price at December 31, 2020 represented non-recurring income of 23 million euros (see Note 9.2 to the consolidated financial statements).

Main non-recurring items in 2019

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 3.2 to the consolidated financial statements), the net gain on sales of assets in 2019 reflected gains and losses arising on various asset sales, mainly in France and Italy.

Restructuring costs in 2019 mainly included employee severance costs incurred in connection with the hypermarket transformation plan in France (mutually agreed termination) as well as the measures implemented in Italy.

Other non-recurring income and expenses recorded in 2019 concerned Brazil and France.

In Brazil, other 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 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 reflected experience acquired in 2019 with the adverse impact of recent regulatory changes on this type of customer.

In 2019, impairment losses against non-current assets other than goodwill amounted to 36 million euros and mainly concerned stores in Italy and France. In addition, 77 million euros' worth of software and other assets were retired during the year.

In addition, Rue du Commerce non-current assets were written down in full at December 31, 2019 (see Note 2.2.d to the consolidated financial statements). Lastly, shares in Showroomprivé were written down by 47 million euros in 2019 to bring them in line with the stock market share price at December 31, 2019.

Operating income

Operating income amounted to 1,686 million euros in 2020, versus 1,071 million euros in 2019 as restated.

Finance costs and other financial income and expenses

Finance costs and other financial income and expenses represented a net expense of 334 million euros in 2020, corresponding to 0.5% of sales, unchanged from 2019 as restated.

(in millions of euros)	**2020**	2019 restated
Finance costs, net	(171)	(214)
Net interests, related to leases commitment	(113)	(121)
Other financial income and expenses, net	(50)	(17)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(334)**	**(352)**

Finance costs, net improved by 43 million euros from 2019 to 171 million euros. This significant improvement reflects in particular a reduction in the cost of bond issues in terms of value and interest rates.

In accordance with IFRS 16, from 2019 finance costs and other financial income and expenses also include interest expense on leases as well as interest income on finance sub-leasing arrangements.

Other financial income and expenses consist for the most part of change in discounted values, late payment fees payable on certain liabilities, and the impacts of hyperinflation in Argentina. Finance costs in 2019 were positively impacted by gains on sales of financial assets.

Income tax expense

The income tax expense for 2020 amounts to 498 million euros (compared with 503 million euros for 2019 as restated), corresponding to an effective tax rate of 36.9% (compared with 69.9% in 2019 as restated). Excluding local business tax in Franche (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE), the Group's effective income tax rate for 2020 is around 32%, a rate close to the French legal tax rate. The Group's 2019 effective tax rate was impacted by the fact that deferred tax assets relating to material non-recurring expenses in certain countries were not recognised.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to 190 million euros 2020, versus 182 million euros in 2019 as restated.

Net income from continuing operations – Group share

As a result of the items described above, the Group share of net income from continuing operations amounted to 663 million euros in 2020, compared with 29 million euros in 2019 as restated.

Net income/(loss) from discontinued operations – Group share

The Group reported a 22-million-euro net loss from discontinued operations in 2020, compared with net income of 1,097 million euros in 2019. The positive balance corresponded mainly to the gain on the sale of Carrefour China to Chinese group Suning.com on September 26, 2019. Net income from discontinued operations also included the net income of Carrefour China in the first nine months of 2019. This indicator has been presented in line with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

5.2 Group financial position and cash flows

5.2.1 EQUITY

At December 31, 2020, equity stood at 11,297 million euros, compared with 11,673 million euros at December 31, 2019 (as restated), a decrease of 375 million euros.

This decrease mainly reflects:

- net income for the year of 831 million euros;
- other comprehensive income amounting to a 1,061-million-euro loss, impacted by exchange differences resulting from the sharp depreciation of the Brazilian real in 2020;
- dividends paid in an amount of 166 million euros, of which 57 million euros paid to Carrefour shareholders (representing the cash portion) and 108 million euros to non-controlling shareholders, relating mainly to Taiwanese, Spanish and Brazilian subsidiaries.

5.2.2 NET DEBT

Consolidated net debt increased from 2,615 million euros at December 31, 2019 to 2,616 million euros at December 31, 2020. The Group's net debt break downs as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Bonds and notes	6,822	6,981
Other borrowings	503	261
Total borrowings excluding derivative instruments recorded in liabilities	7,324	7,241
Derivative instruments recorded in liabilities	64	59
TOTAL LONG AND SHORT TERM BORROWINGS [1]	**7,389**	**7,300**
of which borrowings due in more than one year	*6,305*	*6,303*
of which borrowings due in less than one year	*1,084*	*997*
Other current financial assets(1)	334	219
Cash and cash equivalents	4,439	4,466
TOTAL CURRENT FINANCIAL ASSETS [2]	**4,773**	**4,685**
NET DEBT [1] - [2]	**2,616**	**2,615**

(1) Net debt does not include the current portion of amounts receivable from finance sub-leasing arrangements (see Note 14.2.5 to the consolidated financial statements).

Long and short-term 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)	December 31, 2020	December 31, 2019
Due within 1 year	1,019	939
Due in 1 to 2 years	1,216	1,127
Due in 2 to 5 years	3,047	3,368
Due beyond 5 years	2,042	1,808
TOTAL BORROWINGS EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES	**7,324**	**7,241**

Cash and cash equivalents totalled 4,439 million euros at December 31, 2020 compared with 4,466 million euros at December 31, 2019, representing a decrease of 27 million euros.

5.2.3 STATEMENT OF CASH FLOWS

Net debt increased by 1 million euros over the year, after decreasing by 895 million euros in 2019. The change is analysed in the simplified statement of cash flows of the Group presented below:

(in millions of euros)	2020	2019 restated	Change
Cash flow from operations	3,408	3,400	8
Change in trade working capital requirement	13	510	-497
Change in other receivables and payables	3	(454)	456
Change in consumer credit granted by the financial services companies	(29)	(205)	176
Operational investments	(1,241)	(1,725)	484
Change in amounts due to suppliers of fixed assets	(75)	99	-174
Impact of discontinued operations	-	(38)	38
Other	145	98	46
Free cash flow	2,223	1,686	537
Lease commitments (principal and interests)	(1,032)	(1,003)	-29
Sublease payments received	36	33	3
Lease commitments (principal and interests) – China (impact of discontinued activities)	-	(178)	178
Finance costs, net	(171)	(214)	43
Net Free-cash flow	1,056	324	732
Acquisitions of subsidiaries and investments in associates	(575)	331	-906
Dividends paid/Capital increase	(169)	(148)	-21
Foreign exchange	(289)	(70)	-219
Impact of discontinued operations	-	109	-109
Other	(24)	349	-373
Decrease/(Increase) in net debt	(1)	895	-896

Free cash flow came to 2,223 million euros in 2020, compared with free cash flow of 1,686 million euros in 2019, and mainly comprised:

- cash flow from operations totalling 3,408 million euros, compared with 3,400 million euros in 2019. Excluding discontinued operations, cash flow from operations came to 3,462 million euros, compared with 3,286 million euros in 2019;
- the change in trade working capital requirement and other receivables and payables, which amounted to 15 million euros versus 56 million euros in 2019;
- operational investments in an amount of 1,241 million euros (excluding the acquisition of 16 fully-owned Makro Atacadista stores for 250 million euros) compared with 1,725 million euros in 2019.

As a reminder, in 2019, the 895-million-euro decrease in net debt mainly reflected the disposals of Carrefour China and Cargo Property Assets (see Note 3.2.2 of the consolidated financial statements).

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, 2020, 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. In May 2020, Carrefour exercised the option to extend its two credit facilities from June 2024 to June 2025. The option has been applied to more than 95% of the Group's banking facilities. 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.

The main transactions of 2020 included the issue of 1-billion-euros' worth of 2.625% 7.5-year bonds on April 1, 2020, and the redemption of 802-million-euros' worth of 4% 10-year bonds on April 9, 2020 (see Note 14.2 to the consolidated financial statements). These transactions, which provide secure financing for 2020, are part of the strategy to ensure the necessary financing is in place to meet the Group's long-term needs.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years as at December 31, 2020.

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.

At December 31, 2020, as at December 31, 2019, there were no restrictions on liquidity resources.

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 Outlook

The Group is reiterating the key focuses of the "Carrefour 2022" strategic plan and strengthening its commitments with additional objectives.

Operational objectives:

- the objective of Group NPS® improvement by 2022 is raised to a 30-point increase since the start of the plan (versus a 23-point increase initially);
- the objective of a 350,000-sq.m. reduction in hypermarket sales area worldwide by 2022 has been suspended in the context of the health crisis;
- the objective of a 15% reduction in assortments by 2020 has been achieved;
- Carrefour own-brand products accounting for one-third of food sales in 2022;
- 2,700 convenience store openings by 2022.

Financial objectives:

- 4.2 billion euros in food e-commerce GMV in 2022;
- 4.8 billion euros in sales of organic products in 2022;
- the objective of 3.0 billion euros in cost savings on a full-year basis by end-2020 has been achieved;
- 2.4 billion euros in additional cost savings by 2023 on a full-year basis (in addition to the 3.0 billion in euros cost savings already achieved since the start of the plan);
- net free cash flow in excess of 1 billion euros per year from 2021;
- annual capital expenditure of around 1.5 billion euros to 1.7 billion euros;
- 300 million euros in additional disposals of non-strategic real estate assets by 2022.

5.4 Other information

5.4.1 ACCOUNTING PRINCIPLES

The accounting policies used to prepare the 2020 consolidated financial statements are the same as those used for the 2019 consolidated financial statements, except for the following amendments whose application is mandatory as of January 1, 2020:

- amendments to IAS 1 and IAS 8 – *Definition of Material*;
- amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform (Phase 1)*;
- amendments to IFRS 3 – *Definition of a Business*;
- amendments to References to the Conceptual Framework in IFRS Standards.

A further exception is the amendment to IFRS 16 – *Leases: Covid-19-Related Rent Concessions*, which is effective from June 1, 2020.

The application of these amendments had no material impact on the Group's consolidated financial statements.

Note that the impacts of the IFRS IC decision published in December 2019 regarding the term of leases falling within the scope of IFRS 16 were applied to the 2020 consolidated financial statements, with comparative data for 2019 adjusted retrospectively (see Note 4 to the consolidated financial statements).

Adopted by the European Union and effective from January 1, 2021

Standards, amendments and interpretations	Effective date
Amendment to IFRS 4 – *Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9*	January 1, 2021
Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform (Phase 2)*	January 1, 2021

The application of the IFRS 4 amendment is not expected to have an impact on the Group's consolidated financial statements, as it extends a temporary exemption already applied by the Group's insurance companies.

Regarding interest rate benchmark reform, Carrefour has applied the IFRS 9 and IFRS 7 Phase 1 amendments as from 2020. These amendments allow the Group to set aside uncertainty over future interest rate benchmarks when assessing hedge effectiveness and/or determining whether the hedged risk meets the highly probable requirement, thereby providing assurance regarding existing and future hedging relationships until such point as the uncertainty is lifted.

The Phase 2 amendments relating to interest rate benchmark reform would not have had any impact on Carrefour had they been applied to the 2020 consolidated financial statements, to the extent that the interest rate benchmarks had not changed in the Group's contracts as of December 31, 2020.

Carrefour is continuing the identification process in order to anticipate the impacts of the reform and initiate the adaptation process, so as to ensure a smooth transition to the new benchmarks. Interest rate derivatives designated as hedges of debt indexed to benchmarks are presented in Note 14 to the consolidated financial statements.

Not yet adopted by the European Union

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 3 – *Business Combinations*, IAS 16 – *Property, Plant and Equipment*, IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements to IFRSs – 2018-2020 cycle*	January 1, 2022
IFRS 17 – *Insurance Contracts*	January 1, 2023
Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	January 1, 2023

(1) Subject to adoption by the European Union.

Carrefour does not expect the application of this standard and these amendments to have a material impact on its consolidated financial statements.

5.4.2 SIGNIFICANT EVENTS OF THE YEAR

5.4.2.1 Covid-19 health crisis

During 2020, the Covid-19 pandemic had a severe impact on the global economy and led to a serious, unprecedented situation. In response to the pandemic, Carrefour's teams acted with exceptional agility to ensure the continuity of food distribution and meet new consumer expectations in a complex and rapidly changing environment.

The Group implemented robust measures to protect the health of employees and customers, in most cases anticipating and going beyond the health measures recommended by the public authorities in each country. Carrefour remains extremely vigilant with regard to the safety of its teams and customers, and is constantly adapting its commercial and operational models to the public health situation in all of the countries in which it is present. The robust protective measures implemented by the Group have been recognised by accredited certification bodies in several countries around the world. In June, Carrefour was the first company to earn AENOR certification in Spain. In September, Carrefour Brazil became the country's first retailer to be awarded the international My Care label developed by DNV GL, and in November, Carrefour received AFNOR certification in France.

Carrefour also took social responsibility measures and carried out concrete solidarity initiatives, such as rolling out dedicated services for priority customers (particularly the elderly and caregivers), making donations via the Carrefour Foundation and supporting local producers.

The multi-format model has made it possible to meet consumer needs during the different phases of the crisis. Most notably, the food e-commerce offering was highly successful this year.

First-half 2020 Group retail activity

In January and February, sales were boosted by the success of the strategic initiatives launched in the past two years. In March, Carrefour recorded a strong increase in sales, with consumers making precautionary purchases ahead of lockdown, mainly in dry groceries and shelf-stable products. All store formats and e-commerce benefited from this very sustained momentum in food.

Across all geographies, fairly similar consumption behaviours were observed as the pandemic spread and governments took lockdown decisions.

Once lockdown measures were implemented, consumers favoured convenience stores 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.

From May onwards, European countries gradually began to ease lockdown measures. In Brazil, public health policy varied from one state to the next with lockdowns being implemented on a local basis, while Argentina remainded under lockdown. While the health situation and the timing of lockdown easing varied from country to country, certain trends emerged. In May and June, food markets where generally buoyant, benefiting in particular from repressed demand for consumption outside of the home. Convenience stores and supermarkets maintained their appeal, while hypermarkets – now fully reopened – enjoyed brisk sales.

Second-half 2020 Group retail sales activity

Sales in the second half of 2020 were especially brisk in buoyant markets, particularly in Brazil and Spain and operations in France saw signs of an acceleration. In addition, the shift away from out-of-home spending and towards in-home spending – notably due to the expansion of remote working – continued to lift the market.

The health measures introduced by the authorities in Carrefour's various geographies did nevertheless have an adverse impact on a portion of business in certain geographies, notably operations in Italy due to the Group's exposure to heavily-impacted northern tourist areas, and big hypermarkets in Poland located in large shopping centres where footfall has declined.

B2B operations, financial and other services

Confronted with an uncertain macroeconomic environment, Carrefour's financial services companies very quickly applied greater selectivity in the loan approval process and strengthened collection procedures. The cost of risk nevertheless increased due to the economic crisis, particularly in Spain and Brazil.

B2B operations (Promocash in France) and other services (relating to travel and show ticketing, rentals, etc.) were impacted by the lockdowns and the various health restrictions.

Solid balance sheet, enhanced liquidity and financial discipline

Carrefour has for several years shown great financial discipline and has strengthened its balance sheet and liquidity. 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.

At December 31, 2020, the Group was rated Baa1 with a negative outlook by Moody's and BBB with a stable outlook by Standard & Poor's.

The main financing operations carried out in 2020 are described in detail in Note 2.3 to the consolidated financial statements.

Impact of the Covid-19 health crisis on the 2020 financial statements

The impacts on the financial statements are set out in Note 2.1 to the consolidated financial statements.

5.4.2.2 Main acquisitions and disposals in 2020

a. Investments in growth formats

In Brazil – Faster expansion of the Atacadão cash & carry format (asset acquisition)

On February 15, 2020, Atacadão signed an agreement with **Makro Atacadista** to acquire 30 cash & carry stores (including 22 fully-owned stores, and 8 rented stores) and 14 gas stations, located in 17 states across Brazil, for a total price of 1.95 billion Brazilian reals, payable in cash. This transaction corresponds to an asset acquisition.

A downpayment of 195 million Brazilian reals was paid during the first quarter of 2020.

The 30 stores represent a total retail surface area of over 165,000 sq.m. and annual sales of some 2.8 billion Brazilian reals (2019 figure).

Closing of the transaction was subject to certain customary conditions, notably including agreement by the owners of the rented properties and approval by CADE, Brazil's anti-trust authority. Following CADE's approval on October 5, 2020, the acquisition of the stores and service stations has been undertaken in several stages.

As of December 31, 2020, the Group had acquired 25 of the stores (16 fully-owned stores and 9 rented stores) and 10 of the service stations. The Group carried out these acquisitions in November and December 2020 for a total amount of 1,725 million Brazilian reals (around 290 million euros).

In addition, a further four stores are expected to be acquired in the first half of 2021. The acquisition of the 30th store is subject to the lessor's agreement.

In Taiwan – Faster development of the convenience format (business combination)

In June 2020, Carrefour signed an agreement with Dairy Farm for the acquisition of **Wellcome**. The deal covers 224 convenience stores and a warehouse (including title to the land and buildings). Wellcome reported net sales of some 390 million euros in 2019.

Closing of the transaction was subject to the customary conditions. After receiving clearance from the Taiwan Fair Trade Commission on December 10, 2020, the acquisition was completed on December 31, 2020 for a provisional price of 4.0 billion New Taiwan dollars (approximately 119 million euros).

Given that the transaction was carried out on the last day of the annual reporting period (i.e., December 31, 2020) and that local regulations restricted the exchange of information between the Carrefour group and the acquired company Wellcome until the transaction completion date, the purchase price allocation process stipulated in IFRS 3 – *Business Combinations* could not be implemented in the 2020 consolidated financial statements; provisional goodwill was therefore recognised at December 31, 2020 in the amount of 119 million euros. The provisional accounting for the business combination is expected to be finalised during the course of the first half of 2021.

In Spain – Strengthening of supermarket and convenience formats (business combination)

In August 2020, the Group entered into an agreement to acquire 172 convenience stores and supermarkets under the **Supersol** banner in Spain, located primarily in Andalucía and the Madrid area. Supersol has an enterprise value of 78 million euros. The acquired stores generated net sales of around 450 million euros in 2019.

Carrefour plans to convert them into convenience (Express), supermarket (Market) and Supeco formats. Through this transaction, Carrefour is consolidating its number 2 position in Spain by diversifying its store base and strengthening its presence in growth formats, in line with the "Carrefour 2022" transformation plan.

The transaction was subject to the customary conditions, in particular clearance by the Spanish competition authority, which was received on January 12, 2021. The acquisition is expected to close in the first half of 2021. Following its completion, the acquisition will be accounted for in accordance with IFRS 3 – *Business Combinations*.

b. Strengthening Carrefour's position in the organic segment (France)

Acquisition of the Bioazur banner (business combination)

On October 13, 2020, Carrefour announced that it was acquiring the entire share capital of the **Bioazur** banner through its subsidiary So.bio. Bioazur is a specialist retailer of organic products operating five stores located in South West France. The transaction was completed on November 12, 2020, corresponding to the date on which control was acquired.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition date, provisional goodwill in the amount of 4 million euros was recognised in the consolidated statement of financial position at December 31, 2020 in respect of this acquisition.

Takeover of the Bio c' Bon banner (business combination)

On November 2, 2020, the Paris Commercial Court accepted Carrefour's bid to acquire the **Bio c' Bon** banner through its subsidiary So.bio, effective the following day.

The acquisition will enable Carrefour to accelerate its development in the fast-growing specialist organic retailing segment in urban areas, with a concept that effectively complements the Group's existing banners. Bio c' Bon has developed a highly attractive specialist retail network, combining a modern store concept with an offering suited to prime urban locations.

The provisional acquisition price amounted to 60 million euros, corresponding to 107 stores and around one thousand employees operating under the banner. This amount will be adjusted if certain stores cannot ultimately be acquired due to lessors electing to exercise their lease termination clause.

This transaction was subject to an exemption from the suspensive effect of merger control and will be subject to review by the French competition authority.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition date, provisional goodwill in the amount of 81 million euros was recognised in the consolidated statement of financial position at December 31, 2020 in respect of this acquisition.

The revenue and profit attributable to Bioazur and Bio c' Bon recorded in the consolidated statement of comprehensive income for the period were not material. The two transactions are in line with the plan to strengthen Carrefour's specialist organic business, starting with the So.bio acquisition in 2019.

c. Extending Carrefour's food e-commerce offering in France (business combinations)

On January 8, 2020, Carrefour acquired a 50% controlling interest in **Potager City**, a company based in Lyon that delivers fruit and vegetable baskets directly from the farm to the consumer. At the end of March 2020, a shareholder's advance from Carrefour was used to underwrite a share issue, giving Carrefour 56% of Potager City's capital and voting rights. Further to the purchase of additional shares from minority shareholders in December 2020, Carrefour held 68% of the capital and voting rights at December 31, 2020.

On January 24, 2020, Carrefour acquired a majority stake (68%) 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.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition dates, final goodwill was accounted for at December 31, 2020 in the amount of 20 million euros for the Potager City acquisition and 53 million euros for the Dejbox acquisition.

The revenue and profit attributable to Potager City and Dejbox recorded in the consolidated statement of comprehensive income for the period were not material.

d. Disposal of Rue du Commerce (France)

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.

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities at December 31, 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.

The sale of Rue du Commerce was completed on April 30, 2020. The disposal loss recognised in 2020 amounted to approximately 40 million euros. It was accounted for in non-recurring operating expense (see Note 6.3 to the consolidated financial statements).

e. Discontinuation of Carrefour Banque's C-zam business (France)

In April 2020, the Board of Directors of Carrefour Banque decided to discontinue the C-zam business (current account management services for retail banking customers), in order to focus on the bank's core consumer credit business. The business was discontinued in July 2020.

This decision led to the write-down of the associated non-current assets in the 2020 interim consolidated financial statements, against non-recurring operating expenses (see Note 6.3 to the consolidated financial statements).

f. Disposal of a controlling interest in Market Pay (France)

On October 30, 2020, the Group announced the sale of 60% of its Market Pay payment platform to AnaCap Financial Partners, a private equity firm focused on European financial services, with the aim of accelerating the platform's development and diversification. Market Pay has an enterprise value of around 300 million euros.

Developed by Carrefour's teams since 2016, Market Pay is a European payment platform designed to meet the Group's omni-channel retail needs in its different geographies. It handles 1.3 billion transactions per year and manages 45,000 point-of-sale terminals and 5 million payment cards. Supporting physical points of sale and online retailers with the end-to-end deployment of innovative, simplified payment solutions, Market Pay has enjoyed continuous, strong growth since its creation.

Through this partnership, Carrefour aims to capitalise on AnaCap's deepened expertise in the sector and 15-year track record in growth and business development to enable Market Pay to continue expanding, diversifying and accelerating its transformation in support of Carrefour's innovation projects and of its other existing and prospective customers.

France's standard consultation process with employee representative bodies was completed in December 2020, and the transaction remains subject to the customary conditions, i.e., a review by the banking regulators in France and Spain and by the European Commission. It is expected to close in the first half of 2021.

In accordance with IFRS 5, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities from August 2020, and measured at the lower of their net carrying amount and fair value less costs to sell. In light of the financial conditions of the transaction, the assets are measured at their net carrying amount.

On completion of the transaction in 2021, the Group's residual interest in Market Pay (around 40%) will be accounted for by the equity method in the consolidated financial statements.

5.4.2.3 Securing the Group's long-term financing

In early March 2020, the Covid-19 health crisis cut off access to the money market and the primary long-term bond market. The primary bond market re-opened on March 20, after a ten-day closure, with credit spreads at 200 bps versus 150 bps pre-closure.

On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, issuing 1 billion euros worth of 2.625% bonds maturing in around 7.5 years (due December 15, 2027). On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.

These transactions, which ensure the Group's liquidity over the short- and medium-term, are part of the strategy to ensure the necessary financing is in place to meet Carrefour's needs. They also extended the average maturity of bond financing from 3.5 years at end-December 2019 to 3.6 years at end-December 2020, while reducing Carrefour's cost of debt.

Furthermore, in May 2020, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities.

On April 16, 2020, the Brazilian subsidiary Atacadão obtained various types of financing in US dollars and euros that were immediately swapped for Brazilian reals, for an amount of 1.5 billion Brazilial reals (representing approximately 235 million euros at the closing rate on December 31, 2020). These financing facilities have two and three year maturities. The above operations have ensured that the subsidiary's short- and medium-term financing needs are met in the current health crisis.

On December 28, 2020, Atacadão retired the tranche of bonds maturing in April 2021 for an amount of 1,000 million Brazilian reals (around 155 million euros at the December 31, 2020 closing rate), without any penalties or additional costs. This operation reflects a dynamic debt management strategy aimed at optimising the borrowing costs and debt/equity structure of its Brazilian subsidiary.

5.4.2.4 2019 dividend payment with a dividend reinvestment option

At the Annual Shareholders' Meeting held on May 29, 2020, the shareholders decided to set the 2019 dividend at 0.23 euro per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 12.19 euros per share, representing 95% of the average of the closing 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 0.23 euro per share and rounded up to the nearest euro cent.

The option period was open from June 10 to June 23, 2020. At the end of this period, shareholders owning 69% of Carrefour's shares had elected to reinvest their 2019 dividends.

June 29, 2020 was set as the date for:

- settlement/delivery of the 10,358,336 new shares corresponding to reinvested dividends, leading to a total capital increase including premiums of 126 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 57 million euros.

5.4.3 RESTATEMENT OF THE 2019 CONSOLIDATED FINANCIAL STATEMENTS

Following the December 2019 publication of the IFRS IC decision clarifying the rules for determining the term of leases within the scope of IFRS 16 – *Leases*, the Group conducted analyses to measure the corresponding impacts and then implemented them in its financial and accounting systems during the second half of 2020.

These analyses also took into account the position statement published by the French accounting standards setter (*Autorité des normes comptables* – ANC) on July 3, 2020, which supersedes the previous statement dated February 16, 2018, to determine the IFRS 16 lease terms of "3/6/9"-type French commercial leases, notably those which have entered an automatic renewal period.

The application of the IFRS IC decision had the effect of extending the IFRS 16 lease term of certain leases, which led to an increase in the right-of-use assets and related lease commitments. The impacts of this change in accounting method were recognised retrospectively with effect from the IFRS 16 transition date (i.e., January 1, 2019), and the 2019 consolidated financial statements were restated (see Notes 4.2 and 4.3 to the consolidated financial statements).

IFRS 16 – *Leases* – Application of the 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.

Note that Carrefour did not apply this decision when preparing its 2019 consolidated financial statements or the 2020 condensed consolidated interim financial statements (see Note 4 to both these sets of financial statements).

The Group's analyses focused mainly 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.

Based on the analyses performed during 2020, the following rules have been established:

- confirmation of depreciation periods of non-removable leasehold improvements for all the underlying assets concerned;
- for the determination of reasonably certain periods of use under IFRS 16:
  - application of a different approach taking into account the issues specific to each store format (convenience, hypermarket, supermarket, cash & carry) or warehouse format and the issues specific to each geographic area;
  - consideration of the economic incentive notably associated with material non-removable leasehold improvements for leased supermarkets, hypermarkets and cash & carry stores, which led to an increase in the IFRS 16 lease term for a certain number of leases;

- no change in IFRS 16 lease terms for other underlying assets (convenience stores, logistics warehouses and miscellaneous assets) due to the fact that existing leasehold improvements are not material.

In addition, and pursuant to the ANC position statement of July 3, 2020, the IFRS 16 lease terms of automatically renewable leases (which until now corresponded to their notice periods, i.e., generally six months) are now determined according to the same rules as for other types of leases, regardless of the format of the underlying asset (see above).

Due to the sale of Carrefour China in September 2019, the Chinese leases could not be submitted to further analysis. Accordingly, the IFRS 16 impacts on these leases have not been restated.

The Group has chosen to apply IFRS 16 using the simplified retrospective approach from January 1, 2019. Therefore, the 2018 financial statements have not been restated.

Taking into account the IFRS IC decision, the total impact of applying IFRS 16 represented 5.7 billion euros in the opening statement of financial position at January 1, 2019 (versus 5.0 billion euros as reported in the 2019 consolidated financial statements), including a negative 9 million euros in equity (unchanged versus the 2019 consolidated financial statements as reported).

The opening statement of financial position at January 1, 2019 and the consolidated financial statements as of December 31, 2019, restated to reflect the IFRS IC decision on leases (IFRS 16), are presented in Note 4 to the 2020 consolidated financial statements.

5.4.4 MAIN RELATED-PARTY TRANSACTIONS

The main related-party transactions are disclosed in Note 9.3 to the consolidated financial statements.

5.4.5 SUBSEQUENT EVENTS

At the date of approval of the consolidated financial statements by the Board of Directors (February 17, 2021), there were no significant subsequent events to report.

On March 24, 2021, Grupo Carrefour Brasil ("Carrefour Brazil") has announced that it has entered into an agreement with Advent International and Walmart for the acquisition of Grupo BIG Brasil SA ("Grupo BIG"), Brazil's third-biggest food retailer. This acquisition strengthens Carrefour Brazil's presence in this high growth potential market. The transaction values Grupo BIG at an enterprise value of 7.0 billion Brazilian reals (around 1.1 billion euros). The transaction remains subject to the authorization of the Brazilian antitrust authority (CADE), to the approval of Carrefour Brazil's shareholders, as well as other customary closing conditions. The completion of the transaction is expected in 2022.

5.4.6 RISK FACTORS

The risk factors are the same as those set out in Chapter 4 *Risk Management* of the 2020 Universal Registration Document.

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 2020, operating income amounted to 159 million euros (compared with 144 million euros in 2019) and essentially comprised costs rebilled to other Group entities. The operating loss recorded in 2019 came to 46 million euros, versus 33 million euros in 2019.

Net financial income for 2020 amounted to 429 million euros, up 62 million euros from 2019. The 367-million-euro increase in net financial income chiefly reflects an increase in dividends, which totalled 853 million euros in 2020 (of which 413 million euros received from Spanish subsidiary Norfin Holder) compared with 323 million euros in 2019, partially offset by an increase in net charges to impairment and provisions.

Net non-recurring income represented 65 million euros in 2020, mainly comprising net reversals of provisions for 99 million euros and the retirement of shares in subsidiaries and affiliates during the year.

Net income for the year amounted to 550 million euros, including a tax benefit of 102 million euros.

Other transactions

In early March 2020, the Covid-19 health crisis cut off access to the money market and the primary long-term bond market. The primary bond market re-opened on March 20, after a ten-day closure, with credit spreads at 200 bps versus 150 bps pre-closure.

On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, by issuing 1 billion euros worth of 2.625% bonds maturing in around 7.5 years (due December 15, 2027).

On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.

These transactions, which ensure the Group's liquidity over the short- and medium-term, are part of the strategy to ensure the necessary financing is in place to meet Carrefour's needs. They also extended the average maturity of bond financing from 3.5 years at end-December 2019 to 4.1 years at end-June 2020, while reducing Carrefour's cost of debt.

Furthermore, in May 2020, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities.

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, 2020 *(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	70	45	22	6	117	190(*)	32	0	0	3	19	22(*)
Total amount (including VAT) of the invoices	1,929	712	40	20	2,538	3,310(*)	36,069	0	0	1,727	1,777	3,504(*)
Percentage of total amount of purchases (including VAT) over the period	1%	0%	0%	0%	1%	2%						
Percentage of sales (including VAT) over the period							28%	0%	0%	1%	1%	3%

Year ended December 31, 2020 *(in thousands of euros)*	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					
	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)
(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:

- retirement of Carrefour Service Stations shares from the balance sheet for 6.4 million euros following capital reductions at this entity;
- deduction of Adialea shares for 27.7 million euros, following capital reductions at this entity.

In addition, on October 30, 2020, Carrefour announced the sale of 60% of its Market Pay payment platform to AnaCap Financial Partners. Market Pay has an enterprise value of around 300 million euros. France's standard consultation process with employee representative bodies was completed in December 2020, and the transaction remains subject to the customary conditions, i.e., a review by the banking regulators in France and Spain and by the European Commission. It is expected to close in the first half of 2021.

5.6.3 INCOME APPROPRIATION

It is recommended that the Shareholders' Meeting allocate distributable income as follows:

(amounts in euros)	
Net income for the year	**550,276,900.40**
Allocation to the legal reserve	2,589,584.00
Retained earnings at December 31, 2020	2,102,453,158.00
Income available for distribution	2,650,140,474.40
2020 dividends paid out of distributable profit[(1)]	**392,459,443.20**
Balance of retained earnings after allocation	2,257,681,031.20

(1) Calculated based on shares eligible for dividends (after deduction of treasury shares at December 31, 2020).

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 817,623,840 shares comprising the share capital at December 31, 2020, 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.

It is specified, in accordance with current tax regulations, that the total dividend amount of 392,459,443.20 euros, which represents a dividend of 0.48 euros per share eligible for dividends before payroll taxes and the withholding tax (*prélèvement forfaitaire obligatoire non libératoire*) provided for 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, if the taxpayer elects to be taxed at the progressive income tax rate.

The dividend to be distributed will be allocated on May 26, 2021 and will become payable on May 28, 2021. The Shareholders' Meeting decides that, in accordance with Article L. 225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company may hold at the time of the payment will be recorded under "retained earnings".

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
2017	€0.46	€0.46	-
2018	€0.46	€0.46	-
2019	€0.23	€0.23	-

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, 2020 for information on the outlook for 2021 based on the roll-out of the "Carrefour 2022" plan throughout the Company, its subsidiaries, the Group's equity-accounted associates and joint ventures as well as the acquisition project of Grupo BIG in Brazil announced on March 24, 2021.

5.6.6 COMPANY EARNINGS PERFORMANCE IN THE LAST FIVE FINANCIAL YEARS

(in millions of euros)	2020	2019	2018	2017	2016
I – Capital at year-end					
Share capital	2,044	2,018	1,973	1,937	1,891
Issue and merger premiums	17,183	17,082	16,856	16,693	16,367
Number of existing ordinary shares	817,623,840	807,265,504	789,252,839	774,677,811	756,235,154
II – Results of operations for the financial year					
Net income before tax, employee profit-sharing and depreciation, amortisation and provisions	565	116	1,726	893	219
Income tax	102	181	186	230	261
Employee profit-sharing payable for the financial year					
Net income after tax and employee profit-sharing and depreciation, amortisation and provisions	550	266	1,485	(4,160)	433
Distributed income[(1)]	392	184	253	356	529
III – Net income per share					
Net income after tax and employee profit-sharing but before depreciation, amortisation and provisions	0.82	0.37	2.42	1.45	0.63
Net income after tax, employee profit-sharing and depreciation, amortisation and provisions	0.67	0.33	1.88	(5.37)	0.57
Net dividend allocated to each share[(1)]	0.48		0.46	0.46	0.70
IV – Employees					
Average number of employees during the financial year	5	5	6	7	7
Amount of payroll for the financial year	13	16	12	17	15
Amount paid as employee benefits for the financial year (social security, social services)	3	6	5	6	4

(1) Set by the Board of Directors and to be submitted for approval to the Ordinary Shareholders' Meeting.

6

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

Note that Carrefour China was classified as a discontinued operation in 2019 in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* (see Notes 2 and 5 to the 2019 consolidated financial statements).

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, 2020. Comparative data for 2019 have also been adjusted for inflation.

Comparative data for 2019 have been restated (indicated as "restated" below) in the consolidated financial statements as of December 31, 2020 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in December 2019 on leases falling within the scope of IFRS 16 (see Note 4).

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*	**2020**	2019 restated	% change
Net sales	*6.1*	70,719	72,397	(2.3)%
Loyalty program costs		(752)	(746)	0.8%
Net sales net of loyalty program costs		**69,967**	**71,651**	**(2.4)%**
Other revenue	*6.1*	2,183	2,491	(12.4)%
Total revenue		72,150	74,142	(2.7)%
Cost of sales	*6.2*	(56,705)	(58,051)	(2.3)%
Gross margin from recurring operations		**15,445**	**16,091**	**(4.0)%**
Sales, general and administrative expenses, depreciation and amortisation	*6.2*	(13,272)	(13,992)	(5.1)%
Recurring operating income		2,173	2,099	3.6%
Net income/(loss) from equity-accounted companies	*9*	(13)	2	(942.0)%
Recurring operating income after net income from equity-accounted companies		**2,160**	**2,101**	**2.8%**
Non-recurring income and expenses, net	*6.3*	(474)	(1,030)	(53.9)%
Operating income		1,686	1,071	57.4%
Finance costs and other financial income and expenses, net	*14.6*	(334)	(352)	(5.1)%
Finance costs, net		*(171)*	*(214)*	*(19.9)%*
Net interests related to leases commitment		*(113)*	*(121)*	*(7.0)%*
Other financial income and expenses, net		*(50)*	*(17)*	*198.1%*
Income before taxes		**1,351**	**719**	**88.0%**
Income tax expense	*10.1*	(498)	(503)	(0.9)%
Net income/(loss) from continuing operations		**853**	**216**	**294.8%**
Net income/(loss) from discontinued operations	*3.4*	(22)	1,092	(102.0)%
NET INCOME/(LOSS) FOR THE YEAR		**831**	**1,308**	**(36.5)%**
Group share		**641**	**1,126**	**(43.1)%**
of which net income/(loss) from continuing operations		*663*	*29*	*2172.8%*
of which net income/(loss) from discontinued operations		*(22)*	*1,097*	*(102.0)%*
Attributable to non-controlling interests		**190**	**182**	**4.6%**
of which net income/(loss) from continuing operations – attributable to non-controlling interests		*190*	*187*	*1.7%*
of which net income/(loss) from discontinued operations – attributable to non-controlling interests		-	*(5)*	*(100.0)%*

Basic earnings per share *(in euros)*	**2020**	2019 restated	% change
Net income/(loss) from continuing operations – Group share – per share	0.82	0.04	2130.4%
Net income/(loss) from discontinued operations – Group share – per share	(0.03)	1.39	(102.0)%
Net income/(loss) – Group share – per share	0.80	1.42	(44.2)%

Diluted earnings per share *(in euros)*	**2020**	2019 restated	% change
Diluted Net income/(loss) from continuing operations – Group share – per share	0.82	0.04	2127.8%
Diluted Net income/(loss) from discontinued operations – Group share – per share	(0.03)	1.39	(102.0)%
Diluted Net income/(loss) – Group share – per share	0.79	1.42	(44.2)%

Details of earnings per share calculations are provided in Note 13.6.

6.2 Consolidated statement of comprehensive income

(in millions of euros)	*Notes*	**2020**	2019 restated
Net income/(loss) – Group share		641	1,126
Net income – Attributable to non-controlling interests		190	182
Net income/(loss) for the year		831	1,308
Effective portion of changes in the fair value of cash flow hedges	*13.4*	(6)	(5)
Changes in the fair value of debt instruments through other comprehensive income	*13.4*	(4)	(0)
Exchange differences on translating foreign operations[1]	*13.4*	(1,030)	(207)
Items that may be reclassified subsequently to profit or loss		**(1,040)**	**(212)**
Remeasurements of defined benefit plans obligation[2]	*12.1/13.4*	(21)	(110)
Changes in the fair value of equity instruments through other comprehensive income	*13.4*	(1)	1
Items that will not be reclassified to profit or loss		**(22)**	**(109)**
Other comprehensive income/(loss) after tax		(1,061)	(321)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(231)**	**987**
Group share		(85)	853
Attributable to non-controlling interests		(145)	134

These items are presented net of the tax effect (see Note 13.4).

(1) Exchange differences in 2020 primarily resulted from the sharp depreciation of the Brazilian real. In 2019, exchange differences on translating foreign operations mainly result from the 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.

(2) Remeasurement of the net defined benefit liability recognised in 2020 reflects the decrease in discount rates applied for the eurozone, from 0.75% at end-2019 to 0.40% at end-2020. In 2019, these discount rates had also decreased, from 1.60% at end-2018 to 0.75% at end-2019.

6.3 Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	December 31, 2020	December 31, 2019 restated
Goodwill	*7.1*	8,034	7,976
Other intangible assets	*7.1*	1,325	1,452
Property and equipment	*7.2*	10,505	11,370
Investment property	*7.4*	259	312
Right-of-use assets	*8.2*	4,506	5,050
Investments in companies accounted for by the equity method	*9*	1,172	1,246
Other non-current financial assets	*14.5*	1,212	1,507
Consumer credit granted by the financial services companies – portion more than one year	*6.5*	1,933	2,283
Deferred tax assets	*10.2*	679	824
Other non-current assets	*6.4*	490	569
Non-current assets		30,115	32,590
Inventories	*6.4*	5,326	5,867
Trade receivables	*6.4*	2,526	2,669
Consumer credit granted by the financial services companies – portion less than one year	*6.5*	3,295	4,007
Other current financial assets	*14.2*	368	252
Tax receivables	*6.4*	608	838
Other current assets	*6.4*	788	738
Cash and cash equivalents	*14.2*	4,439	4,466
Assets held for sale		124	37
Current assets		17,473	18,875
TOTAL ASSETS		**47,588**	**51,464**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	*Notes*	December 31, 2020	December 31, 2019 restated
Share capital	*13.2*	2,044	2,018
Consolidated reserves (including net income)		7,751	7,919
Shareholders' equity, Group share		9,795	9,937
Shareholders' equity attributable to non-controlling interests	*13.5*	1,502	1,736
Total shareholders' equity		11,297	11,673
Borrowings – portion more than one year	*14.2*	6,305	6,303
Lease commitments – portion more than one year	*8.3*	3,787	4,297
Provisions	*11*	2,670	3,297
Consumer credit financing – portion more than one year	*6.5*	1,506	1,817
Deferred tax liabilities	*10.2*	467	655
Tax payables – portion more than one year	*6.4*	214	335
Non-current liabilities		14,949	16,703
Borrowings – portion less than one year	*14.2*	1,084	997
Lease commitments – portion less than one year	*8.3*	936	941
Suppliers and other creditors	*6.4*	12,560	13,646
Consumer credit financing – portion less than one year	*6.5*	3,067	3,712
Tax payables – portion less than one year	*6.4*	1,039	1,095
Other current payables	*6.4*	2,617	2,649
Liabilities related to assets held for sale		39	49
Current liabilities		21,342	23,089
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**47,588**	**51,464**

6.4 Consolidated statement of cash flows

(in millions of euros)	2020	2019 restated
Income before taxes	1,351	719
CASH FLOWS FROM OPERATING ACTIVITIES		
Income tax	(477)	(499)
Depreciation and amortisation expense	2,292	2,318
Gains and losses on sales of assets	47	26
Change in provisions and impairment	(94)	287
Finance costs, net	171	214
Net interests related to leases	113	121
Net income and dividends received from equity-accounted companies	60	101
Impact of discontinued operations[1]	(54)	114
Cash flow from operations	**3,408**	**3,400**
Change in working capital requirement[2]	15	56
Impact of discontinued operations[1]	-	(5)
Net cash (used in)/from operating activities (excluding financial services companies)	**3,424**	**3,452**
Change in consumer credit granted by the financial services companies	(29)	(205)
Net cash (used in)/from operating activities – total	3,395	3,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets[3]	(1,491)	(1,725)
Acquisitions of non-current financial assets	(16)	(24)
Acquisitions of subsidiaries and investments in associates[4]	(291)	(86)
Proceeds from the disposal of subsidiaries and investments in associates[5]	7	338
Proceeds from the disposal of property and equipment and intangible assets[6]	159	347
Proceeds from the disposal of non-current financial assets	13	103
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets[3]	(123)	84
Investments net of disposals – subtotal	**(1,742)**	**(964)**
Other cash flows from investing activities	(98)	(30)
Impact of discontinued operations[1]	-	(20)
Net cash (used in)/from investing activities – total	(1,841)	(1,013)

(in millions of euros)	2020	2019 restated
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests(7)	1	75
Dividends paid by Carrefour (parent company)(8)	(57)	(106)
Dividends paid by consolidated companies to non-controlling interests	(113)	(116)
Change in treasury stock and other equity instruments	-	-
Change in current financial assets(9)	(3)	(2)
Issuance of bonds(9)	1,000	930
Repayments of bonds(9)	(972)	(1,530)
Net financial interests paid	(183)	(236)
Other changes in borrowings(9)	233	131
Payments related to leases (principal)(10)	(926)	(892)
Net interests related to leases(10)	(106)	(111)
Impact of discontinued operations(1)	-	(128)
Net cash (used in)/from financing activities – total	(1,126)	(1,987)
Net change in cash and cash equivalents before the effect of changes in exchange rates	428	247
Effect of changes in exchange rates	(455)	(81)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(27)**	**166**
Cash and cash equivalents at beginning of year	4,466	4,300
Cash and cash equivalents at end of year	4,439	4,466

(1) In accordance with IFRS 5, in 2020 this item concerns the remaining cash flows related to the discontinued operations reported in 2018 (integrated convenience stores) and 2019 (Carrefour China) – see Note 3.2.
(2) The change in working capital is set out in Note 6.4.
(3) Acquisitions mostly include operational investments in growth formats, in particular the acquisition of 25 stores and 10 service stations under the Makro Atacadista banner in Brazil (see Note 2.2), the Group's digitalisation and the roll-out of a leading omni-channel offering.
(4) This item mainly corresponds to the acquisitions of Dejbox and Potager City in France in January 2020, and Sant'Ambroeus in Italy in February 2020, the takeover of Bio c' Bon in November 2020 and the acquisition of Wellcome in Taiwan in December 2020 (see Note 2.2). In 2019, this item mainly concerned the acquisition of So.bio.
(5) In 2019, this item mainly reflected the sale of the subsidiary Carrefour China (see Note 3.2).
(6) In 2019, this item mainly reflected the sale of distribution centres owned by the subsidiary Cargo Property Assets (see Note 3.2).
(7) In 2019, this item mainly corresponded 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 2.4).
(9) Note 14.2 provides a breakdown of net debt. Changes in liabilities arising from financing activities are detailed in Note 14.4.
(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				Total Shareholders' equity, Group share	Non-controlling interests	Total Share-holders' equity
	Share capital[1]	Translation reserve	Fair value reserve[6]	Other consolidated reserves and net income			
Shareholders' equity at December 31, 2018	1,973	(1,219)	(30)	8,445	9,169	2,117	11,286
IFRS 16 first application adjustments[2]	-	-	-	(9)	(9)	-	(9)
Shareholders' equity at January 1st, 2019	1,973	(1,219)	(30)	8,436	9,161	2,117	11,278
Net income/(loss) for the year 2019 restated	-	-	-	1,126	1,126	182	1,308
Other comprehensive income/(loss) after tax[3]	-	(162)	(3)	(109)	(274)	(47)	(321)
Total comprehensive income/(loss) 2019 restated	**-**	**(162)**	**(3)**	**1,018**	**853**	**134**	**987**
Share-based payments	-	-	-	10	10	0	10
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[5]	-	-	-	19	19	(392)	(373)
Shareholders' equity at December 31, 2019 restated	2,018	(1,381)	(33)	9,332	9,937	1,736	11,673
Net income/(loss) for the year 2020	-	-	-	641	641	190	831
Other comprehensive income/(loss) after tax[3]	-	(697)	(10)	(20)	(726)	(335)	(1,061)
Total comprehensive income/(loss) 2020	**-**	**(697)**	**(10)**	**621**	**(85)**	**(145)**	**(231)**
Share-based payments	-	-	-	23	23	1	23
2019 dividend payment[4]	26	-	-	(83)	(57)	(108)	(166)
Change in capital and additional paid-in capital	-	-	-	-	-	1	1
Effect of changes in scope of consolidation and other movements	-	-	-	(23)	(23)	18	(4)
Shareholders' equity at December 31, 2020	2,044	(2,078)	(42)	9,870	9,795	1,502	11,297

(1) At December 31, 2020, the share capital was made up of 817,623,840 ordinary shares (see Note 13.2.1).

(2) The Group applied IFRS 16 – Leases for the first time as of January 1, 2019. Given that the simplified retrospective approach was used on transition to this standard, comparative data have not been restated and the impact resulting from the first-time application of IFRS 16 (detailed in Note 4) was recognised in equity at January 1, 2019.

(3) In 2020, other comprehensive income, after tax, essentially reflected the depreciation of the Brazilian real over the year. In 2019, translation adjustments primarily represented the transfer of exchange differences with a credit balance recognised by Carrefour China for a negative 130 million euros attributable to the Group.
Other consolidated reserves and net income in 2019 and 2020 relate to the remeasurement of the net defined benefit liability following the successive decreases in discount rates applied for the eurozone.

(4) 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).

The 2019 dividend distributed by Carrefour SA, totalling 183 million euros, was paid:
- in cash for 57 million euros; and
- in new shares for 126 million euros (corresponding to the aggregate par value of the new shares for 26 million euros and premiums for 100 million euros).

Dividends paid to non-controlling interests in 2020 for 108 million euros mainly concern Taiwanese, Spanish and Brazilian subsidiaries. In 2019, they primarily concerned the Brazilian and French subsidiaries for a total amount of 136 million euros.

(5) For data relating to non-controlling interests, the effect of changes in the scope of consolidation and other movements in 2019 essentially related to the deconsolidation of non-controlling interests in Cargo Property Assets (negative 442 million-euro impact) and in Carrefour China (positive 70 million-euro impact) – see Note 3.2.

(6) This item comprises:
- the hedge reserve (effective portion of changes in the fair value of cash flow hedges);
- the financial asset fair value reserve (changes in the fair value of financial assets carried at fair value through other comprehensive income).

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, 2020 were approved for publication by the Board of Directors on February 17, 2021. They will be submitted to shareholders for final approval at the Annual General Meeting.

Carrefour SA (the "Company") is domiciled in France at 93, avenue de Paris, 91300 Massy. The consolidated financial statements for the year ended December 31, 2020 reflect the financial position and results of operations of the Company and its subsidiaries (together "Carrefour" or the "Group"), along with the Group's share of the profits and losses and net assets of equity-accounted associates and joint ventures. 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 2020 consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union as of December 31, 2020 and applicable at that date, with 2019 comparative information prepared using the same standards.

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, 2020, the standards and interpretations adopted for use in the European Union were the same as those published by the IASB and applicable at that date.

1.2 Changes in accounting policies

The accounting policies used to prepare the 2020 consolidated financial statements are the same as those used for the 2019 consolidated financial statements, except for the following amendments whose application is mandatory as of January 1, 2020:

- amendments to IAS 1 and IAS 8 – *Definition of Material*;
- amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform (Phase 1)*;
- amendments to IFRS 3 – *Definition of a Business*;
- amendments to References to the Conceptual Framework in IFRS Standards.

A further exception is the amendment to IFRS 16 – *Leases: Covid-19-Related Rent Concessions*, which is effective from June 1, 2020.

The application of these amendments had no material impact on the Group's consolidated financial statements.

Note that the impacts of the IFRS IC decision published in December 2019 regarding the term of leases falling within the scope of IFRS 16 were applied to the 2020 consolidated financial statements, with comparative data for 2019 adjusted retrospectively (see Note 4).

ADOPTED BY THE EUROPEAN UNION AND EFFECTIVE FROM JANUARY 1, 2021

Standards, amendments and interpretations	Effective date
Amendment to IFRS 4 – *Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9*	January 1, 2021
Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform (Phase 2)*	January 1, 2021

The application of the IFRS 4 amendment is not expected to have an impact on the Group's consolidated financial statements, as it extends a temporary exemption already applied by the Group's insurance companies.

Regarding interest rate benchmark reform, Carrefour has applied the IFRS 9 and IFRS 7 Phase 1 amendments as from 2020. These amendments allow the Group to set aside uncertainty over future interest rate benchmarks when assessing hedge effectiveness and/or determining whether the hedged risk meets the highly probable requirement, thereby providing assurance regarding existing and future hedging relationships until such point as the uncertainty is lifted.

The Phase 2 amendments relating to interest rate benchmark reform would not have had any impact on Carrefour had they been applied to the 2020 consolidated financial statements, to the extent that the interest rate benchmarks had not changed in the Group's contracts as of December 31 2020.

Carrefour is continuing the identification process in order to anticipate the impacts of the reform and initiate the adaptation process, so as to ensure a smooth transition to the new benchmarks. Interest rate derivatives designated as hedges of debt indexed to benchmarks are presented in Note 14.

1 2 3 4 5 6 7 8 9

NOT YET ADOPTED BY THE EUROPEAN UNION

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 3 – *Business Combinations*, IAS 16 – *Property, Plant and Equipment*, IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements to IFRSs – 2018-2020 cycle*	January 1, 2022
IFRS 17 – *Insurance Contracts*	January 1, 2023
Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	January 1, 2023

(1) Subject to adoption by the European Union.

Carrefour does not expect the application of this standard and these amendments 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 its 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 6.2.1);
- useful lives of operating assets (see Note 7);
- definition of cash-generating units (CGUs) for the purpose of impairment tests on non-current assets other than goodwill (see Note 7.3);
- recoverable amount of goodwill, other intangible assets and property and equipment (see Note 7.3);
- measurement of right-of-use assets and lease commitments in accordance with IFRS 16 – *Leases* (see Notes 4 and 8);
- measurement of impairment of loans granted by the financial services companies (see Note 6.5.1) as well as provisions for credit risk on loan commitments (see Note 11.1);
- 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 10) and determination of uncertainties in income taxes under IFRIC 23;
- measurement of provisions for contingencies and other business-related provisions (see Note 11);
- 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 9).

The potential impacts of the health crisis on these estimates are set out in Note 2.1.

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 14);
- assets acquired and liabilities assumed in business combinations, measured using the fair value model (see Note 3.1);
- non-current assets held for sale, measured at the lower of their 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 three 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, 2020; data for the comparative period presented have also been adjusted for inflation.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

2.1 Covid-19 health crisis

During 2020, the Covid-19 pandemic had a severe impact on the global economy and led to a serious, unprecedented situation. In response to the pandemic, Carrefour's teams acted with exceptional agility to ensure the continuity of food distribution and meet new consumer expectations in a complex and rapidly changing environment.

The Group implemented robust measures to protect the health of employees and customers, in most cases anticipating and going beyond the health measures recommended by the public authorities in each country. Carrefour remains extremely vigilant with regard to the safety of its teams and customers, and is constantly adapting its commercial and operational models to the public health situation in all of the countries in which it is present. The robust protective measures implemented by the Group have been recognised by accredited certification bodies in several countries around the world. In June, Carrefour was the first company to earn AENOR certification in Spain. In September, Carrefour Brazil became the country's first retailer to be awarded the international My Care label developed by DNV GL, and in November, Carrefour received AFNOR certification in France.

Carrefour also took social responsibility measures and carried out concrete solidarity initiatives, such as rolling out dedicated services for priority customers (particularly the elderly and caregivers), making donations *via* the Carrefour Foundation and supporting local producers.

The multi-format model has made it possible to meet consumer needs during the different phases of the crisis. Most notably, the food e-commerce offering was highly successful this year.

FIRST-HALF 2020 GROUP'S RETAIL ACTIVITY

In January and February, sales were boosted by the success of the strategic initiatives launched in the past two years. In March, Carrefour recorded a strong increase in sales, with consumers making precautionary purchases ahead of lockdown, mainly in dry groceries and shelf stable products. All store formats and e-commerce benefited from this very sustained momentum in food.

Across all geographies, fairly similar consumption behaviours were observed as the pandemic spread and governments took lockdown decisions.

Once lockdown measures were implemented, consumers favoured convenience stores 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.

From May onwards, European countries gradually began to ease lockdown measures. In Brazil, public health policy varies from one state to the next with lockdowns being implemented on a local basis, while Argentina has remained under lockdown. While the health situation and the timing of lockdown easing varies from country to country, certain trends have emerged. In May and June, food markets where generally buoyant, benefiting in particular from repressed demand for consumption outside of the home. Convenience stores and supermarkets maintained their appeal, while hypermarkets – now fully reopened – enjoyed brisk sales.

SECOND-HALF 2020 GROUP'S RETAIL ACTIVITY

Sales in the second half of 2020 were especially brisk in buoyant markets, particularly in Brazil and Spain and operations in France saw signs of an acceleration. In addition, the shift away from out-of-home spending and towards in-home spending – notably due to the expansion of remote working – continued to lift the market.

The health measures introduced by the authorities in Carrefour's various geographies did nevertheless have an adverse impact on a portion of business in certain geographies, notably operations in Italy due to the Group's exposure to heavily-impacted northern tourist areas, and big hypermarkets in Poland located in large shopping centres where footfall has declined.

B2B OPERATIONS, FINANCIAL AND OTHER SERVICES

Confronted with an uncertain macroeconomic environment, Carrefour's financial services companies very quickly applied greater selectivity in the loan approval process and strengthened collection procedures. The cost of risk nevertheless increased due to the economic crisis, particularly in Spain and Brazil.

B2B operations (Promocash in France) and other services (relating to travel and show ticketing, rentals, etc.) were impacted by the lockdowns and the various health restrictions.

SOLID BALANCE SHEET, ENHANCED LIQUIDITY AND FINANCIAL DISCIPLINE

Carrefour has for several years shown great financial discipline and has strengthened its balance sheet and liquidity. 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.

At December 31, 2020, the Group was rated Baa1 with negative outlook by Moody's and BBB with a stable outlook by Standard & Poor's.

The main financing operations carried out in 2020 are described in detail in Note 2.3.

BUSINESS CONTINUITY

As a food retailer, Carrefour is a provider of basic necessities. As such, it was able to continue operating normally throughout the various lockdowns. This was also the case for its franchisees.

At the same time, the Group continued to secure its short- and long-term financing sources (see Note 2.3).

As a result, the Group's business continuity has not been called into question.

INCOME STATEMENT

Income and expenses for 2020 have been recorded and are presented using the same principles as those applied in the 2019 consolidated financial statements. As a result, the effects of the Covid-19 crisis are reflected at all levels of the income statement.

The costs incurred in connection with the Covid-19 health crisis were recognised in recurring operating income for 2020, including necessary costs relating to logistics or product distribution in stores or to customers' homes, as well as costs relating to protecting the health of employees, customers and service providers.

In accordance with the Group's accounting principles, which have been applied consistently, exceptional bonuses and similar benefits were recognised in non-recurring expenses for a total amount of 128 million euros during the first half of 2020. These bonuses did not compensate employees for their work as such. Rather, they represented an act of corporate social responsibility, offering tax and employee benefits. The exceptional bonuses supplemented the usual components of fixed and variable compensation awarded to the employees concerned (in respect of overtime pay, various types of bonuses, profit-sharing, etc.), *i.e.*, without replacing said components.

BALANCE SHEET

In light of the unusual situation created by the Covid-19 health crisis, the Group performed specific work in preparing the 2020 interim financial statements, which is described in Note 3.1 of said statements.

The accompanying notes contain specific information relating to the preparation of the 2020 consolidated financial statements, particularly:

- Notes 6.4.2 and 6.4.3: Value of inventories and trade receivables;
- Note 6.5.1: Value of consumer credit granted by the financial services companies corresponding to customer receivables;
- Note 7.3: Impairment testing of goodwill, store assets and investment properties;
- Note 9: Value of investments in equity-accounted companies;
- Note 10.2: Recoverability of deferred tax;
- Note 11: Review of provisions and contingent liabilities;
- Note 12.1.6: Change in assumptions (discount rates, applicable legislation, cohorts) and their impacts on the measurement of employee benefits;
- Note 14.2.4: Breakdown of cash equivalents;
- Note 14.7.1: Review of liquidity risk.

2.2 Main acquisitions and disposals in 2020

2.2.1 Investments in growth formats

IN BRAZIL – FASTER EXPANSION OF THE ATACADÃO CASH & CARRY FORMAT (ASSET ACQUISITION)

On February 15, 2020, Atacadão signed an agreement with **Makro Atacadista** to acquire 30 cash & carry stores (including 22 fully-owned stores, and 8 rented stores) and 14 service stations, located in 17 states across Brazil, for a total price of 1.95 billion Brazilian reals, payable in cash. This transaction corresponds to an asset acquisition.

A down payment of 195 million Brazilian reals was paid during the first quarter of 2020.

The 30 stores represent a total retail surface area of over 165,000 sq.m. and annual sales of some 2.8 billion Brazilian reals (2019 figure).

Closing of the transaction was subject to certain customary conditions, notably including agreement by the owners of the rented properties and approval by CADE, Brazil's anti-trust authority. Following CADE's approval on October 5, 2020, the acquisition of the stores and service stations has been undertaken in several stages.

As of December 31, 2020, the Group had acquired 25 of the stores (16 fully-owned stores and 9 rented stores) and 10 of the service stations. The Group carried out these acquisitions in November and December 2020 for a total amount of 1,725 million Brazilian reals (around 290 million euros).

In addition, a further four stores are expected to be acquired in the first half of 2021. The acquisition of the 30th store is subject to the lessor's agreement.

IN TAIWAN – FASTER DEVELOPMENT OF THE CONVENIENCE FORMAT (BUSINESS COMBINATION)

In June 2020, Carrefour signed an agreement with Dairy Farm for the acquisition of **Wellcome**. The deal covers 224 convenience stores and a warehouse (including title to the land and buildings). Wellcome reported net sales of some 390 million euros in 2019.

Closing of the transaction was subject to the customary conditions. After receiving clearance from the Taiwan Fair Trade Commission on December 10, 2020, the acquisition was completed on December 31, 2020 for a provisional price of 4.0 billion New Taiwan dollars (approximately 119 million euros).

Given that the transaction was carried out on the last day of the annual reporting period (*i.e.*, December 31, 2020) and that local regulations restricted the exchange of information between the Carrefour group and the acquired company Wellcome until the transaction completion date, the purchase price allocation process stipulated in IFRS 3 – *Business Combinations* could not be implemented in the 2020 consolidated financial statements; provisional goodwill was therefore recognised at December 31, 2020 in the amount of 119 million euros. The provisional accounting for the business combination is expected to be finalised during the course of the first half of 2021.

IN SPAIN – STRENGTHENING OF SUPERMARKET AND CONVENIENCE FORMATS (BUSINESS COMBINATION)

In August 2020, the Group entered into an agreement to acquire 172 convenience stores and supermarkets under the **Supersol** banner in Spain, located primarily in Andalucía and the Madrid area. Supersol has an enterprise value of 78 million euros. The acquired stores generated net sales of around 450 million euros in 2019.

Carrefour plans to convert them into convenience (Express), supermarket (Market) and Supeco formats. Through this transaction, Carrefour is consolidating its number 2 position in Spain by diversifying its store base and strengthening its presence in growth formats, in line with the 2022 Carrefour transformation plan.

The transaction was subject to the customary conditions, in particular clearance by the Spanish competition authority, which was received on January 12, 2021. The acquisition is expected to close in the first half of 2021. Following its completion, the acquisition will be accounted for in accordance with IFRS 3 – *Business Combinations*.

1 2 3 4 5 6 7 8 9

2.2.2 Strengthening Carrefour's position in the organic segment (France)

ACQUISITION OF THE BIOAZUR BANNER (BUSINESS COMBINATION)

On October 13, 2020, Carrefour announced that it was acquiring the entire share capital of the **Bioazur** banner through its subsidiary So.bio. Bioazur is a specialist retailer of organic products operating five stores located in south west France. The transaction was completed on November 12, 2020, corresponding to the date on which control was acquired.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition date, provisional goodwill in the amount of 4 million euros was recognised in the consolidated statement of financial position at December 31, 2020 in respect of this acquisition.

TAKEOVER OF THE BIO C' BON BANNER (BUSINESS COMBINATION)

On November 2, 2020, the Paris Commercial Court accepted Carrefour's bid to acquire the **Bio c' Bon** banner through its subsidiary So.bio, effective the following day.

The acquisition will enable Carrefour to accelerate its development in the fast-growing specialist organic retailing segment in urban areas, with a concept that effectively complements the Group's existing banners. Bio c' Bon has developed a highly attractive specialist retail network, combining a modern store concept with an offering suited to prime urban locations.

The provisional acquisition price amounted to 60 million euros, corresponding to 107 stores and around one thousand employees operating under the banner. This amount will be adjusted if certain stores cannot ultimately be acquired due to lessors electing to exercise their lease termination clause.

This transaction was subject to an exemption from the suspensive effect of merger control and will be subject to review by the French competition authority.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition date, provisional goodwill in the amount of 81 million euros was recognised in the consolidated statement of financial position at December 31, 2020 in respect of this acquisition.

The revenue and profit attributable to Bioazur and Bio c' Bon recorded in the consolidated statement of comprehensive income for the period were not material. The two transactions are in line with the plan to strengthen Carrefour's specialist organic business, starting with the So.bio acquisition in 2019.

2.2.3 Extending Carrefour's food e-commerce offering in France (business combinations)

On January 8, 2020, Carrefour acquired a 50% controlling interest in **Potager City**, a company based in Lyon that delivers fruit and vegetable baskets directly from the farm to the consumer. At the end of March 2020, a shareholder's advance from Carrefour was used to underwrite a share issue, giving Carrefour 56% of Potager City's capital and voting rights. Further to the purchase of additional shares from minority shareholders in December 2020, Carrefour held 68% of the capital and voting rights at December 31, 2020.

On January 24, 2020, Carrefour acquired a majority stake (68%) 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.

In accordance with IFRS 3 – *Business Combinations*, following the Group's measurement of the assets acquired and liabilities assumed at the acquisition dates, final goodwill was accounted for at December 31, 2020 in the amount of 20 million euros for the Potager City acquisition and 53 million euros for the Dejbox acquisition.

The revenue and profit attributable to Potager City and Dejbox recorded in the consolidated statement of comprehensive income for the period were not material.

2.2.4 Disposal of Rue du Commerce (France)

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.

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities at December 31, 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.

The sale of Rue du Commerce was completed on April 30, 2020. The disposal loss recognised in 2020 amounted to approximately 40 million euros. It was accounted for in non-recurring operating expense (see Note 6.3).

2.2.5 Discontinuation of Carrefour Banque's C-zam business (France)

In April 2020, the Board of Directors of Carrefour Banque decided to discontinue the C-zam business (current account management services for retail banking customers), in order to focus on the bank's core consumer credit business. The business was discontinued in July 2020.

This decision led to the write-down of the associated non-current assets in the 2020 interim consolidated financial statements, against non-recurring operating expenses (see Note 6.3).

2.2.6 Disposal of a controlling interest in Market Pay (France)

On October 30, 2020, the Group announced the sale of 60% of its Market Pay payment platform to AnaCap Financial Partners, a private equity firm focused on European financial services, with the aim of accelerating the platform's development and diversification. Market Pay has an enterprise value of around 300 million euros.

Developed by Carrefour's teams since 2016, Market Pay is a European payment platform designed to meet the Group's omni-channel retail needs in its different geographies. It handles 1.3 billion transactions per year and manages 45,000 point-of-sale terminals and 5 million payment cards. Supporting physical points of sale and online retailers with the end-to-end deployment of innovative, simplified payment solutions, Market Pay has enjoyed continuous, strong growth since its creation.

Through this partnership, Carrefour aims to capitalise on AnaCap's deepened expertise in the sector and 15-year track record in growth and business development to enable Market Pay to continue expanding, diversifying and accelerating its transformation in support of Carrefour's innovation projects and of its other existing and prospective customers.

France's standard consultation process with employee representative bodies was completed in December 2020, and the transaction remains subject to the customary conditions, *i.e.*, a review by the banking regulators in France and Spain and by the European Commission. It is expected to close in the first half of 2021.

In accordance with IFRS 5, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities from August 2020, and measured at the lower of their net carrying amount and fair value less costs to sell. In light of the financial conditions of the transaction, the assets are measured at their net carrying amount.

On completion of the transaction in 2021, the Group's residual interest in Market Pay (around 40%) will be accounted for by the equity method in the consolidated financial statements.

2.3 Securing the Group's long-term financing

In early March 2020, the Covid-19 health crisis cut off access to the money market and the primary long-term bond market. The primary bond market re-opened on March 20, after a ten-day closure, with credit spreads at 200 bps versus 150 bps pre-closure.

On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, issuing 1 billion euros worth of 2.625% bonds maturing in around 7.5 years (due December 15, 2027). On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.

These transactions, which ensure the Group's liquidity over the short- and medium-term, are part of the strategy to ensure the necessary financing is in place to meet Carrefour's needs. They also extended the average maturity of bond financing from 3.5 years at end-December 2019 to 3.6 years at end-December 2020, while reducing Carrefour's cost of debt.

Furthermore, in May 2020, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities.

On April 16, 2020, the Brazilian subsidiary Atacadão obtained various types of financing in US dollars and euros that were immediately swapped for Brazilian reals, for an amount of 1.5 billion Brazilian reals (representing approximately 235 million euros at the closing rate on December 31, 2020). These financing facilities have two and three year maturities. The above operations have ensured that the subsidiary's short- and medium-term financing needs are met in the current health crisis.

On December 28, 2020, Atacadão retired the tranche of bonds maturing in April 2021 for an amount of 1,000 million Brazilian reals (approximately 155 million euros at the December 31, 2020 closing rate), without any penalties or additional costs. This operation reflects a dynamic debt management strategy aimed at optimising the borrowing costs and debt/equity structure of its Brazilian subsidiary.

2.4 2019 dividend payment with a dividend reinvestment option

At the Annual Shareholders' Meeting held on May 29, 2020, the shareholders decided to set the 2019 dividend at 0.23 euro per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 12.19 euros per share, representing 95% of the average of the closing 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 0.23 euro per share and rounded up to the nearest euro cent.

The option period was open from June 10 to June 23, 2020. At the end of this period, shareholders owning 69% of Carrefour's shares had elected to reinvest their 2019 dividends.

June 29, 2020 was set as the date for:

- settlement/delivery of the 10,358,336 new shares corresponding to reinvested dividends, leading to a total capital increase including premiums of 126 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 57 million euros.

NOTE 3 SCOPE OF CONSOLIDATION

3.1 Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of subsidiaries from the date of acquisition (the date when the Group gains control) up to the date when the Group ceases to control the subsidiary, and the Group's equity in associates and joint ventures accounted for by the equity method.

(i) Subsidiaries

A subsidiary is an entity over which the Group exercises control, directly or indirectly. An entity is controlled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group considers all facts and circumstances when assessing whether it controls an investee, such as rights resulting from contractual arrangements or substantial potential voting rights held by the Group.

The profit or loss of subsidiaries acquired during the year is included in the consolidated financial statements from the date when control is acquired. The profit or loss of subsidiaries sold during the year or that the Group ceases to control, is included up to the date when control ceases.

Intra-group transactions and assets and liabilities are eliminated in consolidation. Profits and losses on transactions between a subsidiary and an associate or joint venture accounted for by the equity method are included in the consolidated financial statements to the extent of unrelated investors' interests in the associate or joint venture.

(ii) Associates and joint ventures

Entities in which the Group exercises significant influence (associates), and entities over which the Group exercises joint control and that meet the definition of a joint venture, are accounted for by the equity method, as explained in Note 9 "Investments in equity-accounted companies".

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(iii) Other investments

Investments in companies where the Group does not exercise control or significant influence over financial or operating policy decisions are qualified as either financial assets at fair value through other comprehensive income (irrevocable option at initial recognition, which is usually elected by the Group) or financial assets at fair value through profit or loss. In all cases, they are reported under "Other non-current financial assets". The measurement and impairment method for these investments is described in Note 14 "Financial assets and liabilities, finance costs and other financial income and expenses".

Business combinations

Business combinations, where the set of activities and assets acquired meets the definition of a business and where the Group obtains control of them, are accounted for by the purchase method.

As from January 1, 2020, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Group may elect to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

If the acquired set of activities and assets does not constitute a business, the transaction is recognised as an asset acquisition.

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 7.3. 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 12-month measurement period or not resulting from new information about facts and circumstances that existed at the acquisition date 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.

Argentina has been classified as a hyperinflationary economy within the meaning of IAS 29 – *Financial reporting in Hyperinflationary Economies* since 2018. In accordance with this standard:

- non-monetary assets and liabilities are restated by applying a general price index;
- all local currency items in the income statement and statement of other comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements;
- the statement of financial position, income statement and statement of comprehensive income are translated into euros at the closing rate for the reporting period.

Translation of foreign currency transactions

Transactions by Group entities in a currency other than their functional currency are initially translated at the exchange rate on the transaction date.

At each period-end, monetary assets and liabilities denominated in foreign currency are translated at the period-end closing rate and the resulting exchange gain or loss is recorded in the income statement.

Intra-group loans to certain foreign operations are treated as part of the net investment in that operation if settlement of the loan is neither planned nor likely to occur. The gain or loss arising from translation of the loan at each successive period-end is recorded directly in "Other comprehensive income" in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

Non-current assets and disposal groups held for sale and discontinued operations

If the Group expects to recover the carrying amount of a non-current asset (or disposal group) principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under "Assets held for sale" in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. Liabilities related to non-current assets held for sale are also reported on a separate line of the consolidated statement of financial position (under "Liabilities related to assets held for sale"). Following their classification as held for sale, the assets concerned are measured at the lower of their carrying amount and fair value less costs to sell and they cease to be depreciated or amortised.

All the assets and liabilities of the discontinued operation are presented on separate lines on each side of the statement of financial position after eliminating intra-group items.

A discontinued operation is a component of an entity that has been either disposed of or classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; and

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

It is classified as a discontinued operation at the time of sale or earlier if its assets and liabilities meet the criteria for classification as held for sale. When a component of an entity is classified as a discontinued operation, comparative income statement and cash flow information is restated as if the entity had met the criteria for classification as a discontinued operation on the first day of the comparative period.

3.2 Main changes in scope of consolidation

3.2.1 Changes in 2020

The main transactions completed in 2020 are detailed in Note 2.2: acquisition of a number of French companies and banners (Potager City, Dejbox, Bioazur and Bio c' Bon), the Taiwanese company Wellcome and a number of Makro Atacadista stores and service stations in Brazil; disposal of Rue du Commerce and discontinuation of Carrefour Banque's C-Zam operations in France.

3.2.2 Changes in 2019

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 operated 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;
- 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. This asset was classified within current financial assets at December 31, 2020, in compliance with the first 90-day window within which the Group can exercise its option to sell its residual interest.

For more details on the impacts of this sale, see Note 5 to the 2019 consolidated financial statements.

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 comprised 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.

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 points of sale in France at end-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, and this amount was retained as final goodwill.

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3.3 Scope of consolidation at December 31, 2020

The list of consolidated companies (subsidiaries and associates) is presented in Note 18.

The Group reviewed its analyses of control over subsidiaries in which it is not the sole investor, in light of changes in facts and circumstances during the year, and particularly those transactions described in Note 2.2. 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

As a reminder, net income from discontinued operations in 2019 amounted to 1,092 million euros, corresponding mainly to the gain on the sale of Carrefour China to Chinese group Suning.com on September 26, 2019 (see Note 3.2). Net income from discontinued operations also included the net income of Carrefour China in the first nine months of 2019.

For more details, see Note 5 to the 2019 consolidated financial statements.

NOTE 4 RESTATEMENT OF THE 2019 CONSOLIDATED FINANCIAL STATEMENTS

Following the December 2019 publication of the IFRS IC decision clarifying the rules for determining the term of leases within the scope of IFRS 16 – *Leases*, the Group conducted analyses to measure the corresponding impacts and then implemented them in its financial and accounting systems during the second half of 2020.

These analyses also took into account the position statement published by the French accounting standards setter (*Autorité des normes comptables* – ANC) on July 3, 2020, which supersedes the previous statement dated February 16, 2018, to determine the IFRS 16 lease terms of "3/6/9"-type French commercial leases, notably those which have entered an automatic renewal period.

The application of the IFRS IC decision had the effect of extending the IFRS 16 lease term of certain leases, which led to an increase in the right-of-use assets and related lease commitments. The impacts of this change in accounting policy were recognised retrospectively with effect from the IFRS 16 transition date (*i.e.*, January 1, 2019), and the 2019 consolidated financial statements were restated (see Notes 4.2 and 4.3).

4.1 IFRS 16 – Leases – Application of the IFRS IC decision published on 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.

Note that Carrefour did not apply this decision when preparing its 2019 consolidated financial statements or the 2020 condensed consolidated interim financial statements (see Note 4 to both these sets of financial statements).

The Group's analyses focused mainly 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.

<u>Based on the analyses performed during 2020, the following rules have been established:</u>

- Confirmation of depreciation periods of non-removable leasehold improvements for all the underlying assets concerned;
- For the determination of reasonably certain periods of use under IFRS 16:
  - application of a different approach taking into account the issues specific to each store format (convenience, hypermarket, supermarket, cash & carry) or warehouse format and the issues specific to each geographic area,
  - consideration of the economic incentive notably associated with material non-removable leasehold improvements for leased supermarkets, hypermarkets and cash & carry stores, which led to an increase in the IFRS 16 lease term for a certain number of leases,
  - no change in IFRS 16 lease terms for other underlying assets (convenience stores, logistics warehouses and miscellaneous assets) due to the fact that existing leasehold improvements are not material.

In addition, and pursuant to the ANC position statement of July 3, 2020, the IFRS 16 lease terms of automatically renewable leases (which until now corresponded to their notice periods, *i.e.*, generally six months) are now determined according to the same rules as for other types of leases, regardless of the format of the underlying asset (see above).

Due to the sale of Carrefour China in September 2019, the Chinese leases could not be submitted to further analysis. Accordingly, the IFRS 16 impacts on these leases have not been restated.

4.2 Opening statement of financial position at January 1, 2019 restated to reflect the IFRS IC decision on leases (IFRS 16)

4.2.1 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. Therefore, the 2018 financial statements have not been restated.

Taking into account the IFRS IC decision, the total impact of applying IFRS 16 represented 5.7 billion euros in the opening statement of financial position at January 1, 2019 (versus 5.0 billion euros as reported in the 2019 consolidated financial statements), including a negative 9 million euros in equity (unchanged versus the 2019 consolidated financial statements as reported).

The opening consolidated statement of financial position at January 1, 2019 has been restated as follows (taking in account the application of IFRS 16 and IFRIC 23):

ASSETS

(in millions of euros)	December 31, 2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	January 1, 2019	IFRS 16 first application impacts (after IFRIC decision)	January 1, 2019 restated
Goodwill	7,983			7,983		7,983
Other intangible assets	1,461	(41)		1,420		1,420
Property and equipment	12,637	(367)		12,270		12,270
Investment property	389			389		389
Right-of-use Assets	-	5,244		5,244	692	5,936
Investments in companies accounted for by the equity method	1,374			1,374		1,374
Other non-current financial assets	1,275	191		1,466		1,466
Consumer credit granted by the financial services companies – portion more than one year	2,486			2,486		2,486
Deferred tax assets	723			723		723
Other non-current assets	379	(26)		353		353
Non-current assets	28,709	5,000	-	33,709	692	34,401
Inventories	6,135			6,135		6,135
Trade receivables	2,537			2,537		2,537
Consumer credit granted by the financial services companies – portion less than one year	3,722			3,722		3,722
Other current financial assets	190	42		232		232
Tax receivables	853			853		853
Other current assets	887	(17)		870	(6)	864
Cash and cash equivalents	4,300			4,300		4,300
Assets held for sale	46			46		46
Current assets	18,670	25	-	18,694	(6)	18,688
TOTAL ASSETS	**47,378**	**5,025**	**-**	**52,403**	**686**	**53,089**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	January 1, 2019	IFRS 16 first application impacts (after IFRIC decision)	January 1, 2019 restated
Share capital	1,973			1,973		1,973
Consolidated reserves (including net income)	7,196	(9)		7,188		7,188
Shareholders' equity, Group share	**9,169**	**(9)**	**-**	**9,161**	**-**	**9,161**
Shareholders' equity attributable to non-controlling interests	2,117			2,117		2,117
Total shareholders' equity	11,286	(9)	-	11,278	-	11,278
Borrowings – portion more than one year	6,936	(230)		6,706		6,706
Lease commitments – portion more than one year	-	4,272		4,272	626	4,898
Provisions	3,521	54	(459)	3,116		3,116
Consumer credit financing – portion more than one year	1,932			1,932		1,932
Deferred tax liabilities	541			541		541
Tax payables – portion more than one year	-		382	382		382
Non-current liabilities	12,930	4,096	(77)	16,949	626	17,575
Borrowings – portion less than one year	1,339	(45)		1,294		1,294
Lease commitments – portion less than one year	-	984		984	60	1,045
Suppliers and other creditors	14,161	(2)		14,160		14,160
Consumer credit financing – portion less than one year	3,582			3,582		3,582
Tax payables – portion less than one year	1,142		77	1,219		1,219
Other current payables	2,938	(1)		2,937		2,937
Liabilities related to assets held for sale	-			-		-
Current liabilities	23,162	937	77	24,176	60	24,237
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,378**	**5,025**	**-**	**52,403**	**686**	**53,089**

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 4.58% at the consolidated level and 3.40% 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, the specificity of the format, any recent capital expenditure in the store, the net carrying amount of non-removable assets for certain store formats (see Note 4.1) 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 (RESTATED):

(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	3,410
Non discounted leases commitments under IFRS 16 at January 1, 2019 restated	**6,884**
Discount impact	(1,216)
Discounted leases commitments under IFRS 16 at January 1, 2019 restated	**5,668**
Finance leases liability under IAS 17 at December 31, 2018	275
TOTAL LEASE COMMITMENTS AT JANUARY 1, 2019 RESTATED	**5,943**
including leases commitments – Portion less than one year	*1,045*
including leases commitments – Portion more than one year	*4,898*

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 sub-leasing 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 (restated), right-of-use assets relate to the following asset categories:

(in millions of euros)	Right of Use Assets
Land & Buildings	5,663
Equipment, fixtures and fittings	116
Investment property	158
TOTAL	**5,936**

4.2.2 Impact on segment information

At January 1, 2019 (restated), segment assets and liabilities increased following the application of IFRS 16:

(in millions of euros)	Group	France	Europe	Latin America	Asia	Global Functions
Right-of-use assets	5,936	1,746	2,344	360	1,251	235
Lease commitments	5,943	1,730	2,525	360	1,100	228

4.2.3 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.

4.3 2019 consolidated financial statements restated to reflect the IFRS IC decision on leases (IFRS 16)

The IFRS 16 accounting principles applied to the consolidated financial statements as from January 1, 2019 are described in Note 8.

4.3.1 Consolidated income statement for 2019 (restated)

(in millions of euros)	2019 published	2019 restated	Change
Net sales	72,397	72,397	-
Loyalty program costs	(746)	(746)	-
Net sales net of loyalty program costs	**71,651**	**71,651**	**-**
Other revenue	2,491	2,491	-
Total revenue	74,142	74,142	-
Cost of sales	(58,054)	(58,051)	3
Gross margin from recurring operations	**16,088**	**16,091**	**3**
Sales, general and administrative expenses, depreciation and amortisation	(13,999)	(13,992)	7
Recurring operating income	2,088	2,099	11
Net income/(loss) from equity-accounted companies	2	2	-
Recurring operating income after net income from equity-accounted companies	**2,090**	**2,101**	**11**
Non-recurring income and expenses, net	(1,030)	(1,030)	-
Operating income	1,060	1,071	11
Finance costs and other financial income and expenses, net	(338)	(352)	(14)
Finance costs, net	*(214)*	*(214)*	-
Net interests related to leases commitment	*(107)*	*(121)*	*(14)*
Other financial income and expenses, net	*(17)*	*(17)*	-
Income before taxes	**722**	**719**	**(4)**
Income tax expense	(504)	(503)	1
Net income/(loss) from continuing operations	**219**	**216**	**(3)**
Net income/(loss) from discontinued operations	1,092	1,092	-
NET INCOME/(LOSS) FOR THE YEAR	**1,311**	**1,308**	**(3)**
Group share	**1,129**	**1,126**	**(3)**
of which net income/(loss) from continuing operations	*32*	*29*	*(3)*
of which net income/(loss) from discontinued operations	*1,097*	*1,097*	-
Attributable to non-controlling interests	**182**	**182**	**-**
of which net income/(loss) from continuing operations – attributable to non-controlling interests	*187*	*187*	-
of which net income/(loss) from discontinued operations – attributable to non-controlling interests	*(5)*	*(5)*	-

4.3.2 Consolidated statement of financial position at December 31, 2019 (restated)

ASSETS

(in millions of euros)	December 31, 2019 published	December 31, 2019 restated	Change
Goodwill	7,976	7,976	-
Other intangible assets	1,452	1,452	-
Property and equipment	11,370	11,370	-
Investment property	312	312	-
Right-of-use assets	4,388	5,050	661
Investments in companies accounted for by the equity method	1,246	1,246	-
Other non-current financial assets	1,507	1,507	-
Consumer credit granted by the financial services companies – portion more than one year	2,283	2,283	-
Deferred tax assets	823	824	1
Other non-current assets	569	569	-
Non-current assets	31,927	32,590	662
Inventories	5,867	5,867	-
Trade receivables	2,669	2,669	-
Consumer credit granted by the financial services companies – portion less than one year	4,007	4,007	-
Other current financial assets	252	252	-
Tax receivables	838	838	-
Other current assets	738	738	-
Cash and cash equivalents	4,466	4,466	-
Assets held for sale	37	37	-
Current assets	18,875	18,875	-
TOTAL ASSETS	**50,802**	**51,464**	**662**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2019 published	December 31, 2019 restated	Change
Share capital	2,018	2,018	-
Consolidated reserves (including net income)	7,921	7,919	(3)
Shareholders' equity, Group share	9,940	9,937	(3)
Shareholders' equity attributable to non-controlling interests	1,736	1,736	-
Total shareholders' equity	11,675	11,673	(3)
Borrowings – portion more than one year	6,303	6,303	-
Lease commitments – portion more than one year	3,660	4,297	637
Provisions	3,297	3,297	-
Consumer credit financing – portion more than one year	1,817	1,817	-
Deferred tax liabilities	655	655	-
Tax payables – portion more than one year	335	335	-
Non-current liabilities	16,066	16,703	637
Borrowings – portion less than one year	997	997	-
Lease commitments – portion less than one year	912	941	28
Suppliers and other creditors	13,646	13,646	-
Consumer credit financing – portion less than one year	3,712	3,712	-
Tax payables – portion less than one year	1,095	1,095	-
Other current payables	2,649	2,649	-
Liabilities related to assets held for sale	49	49	-
Current liabilities	23,061	23,089	28
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**50,802**	**51,464**	**662**

4.3.3 Consolidated statement of cash flows for 2019 (restated)

(in millions of euros)	December 31, 2019 published	December 31, 2019 restated	Change
Income before taxes	722	719	(4)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income tax	(499)	(499)	-
Depreciation and amortisation expense	2,328	2,318	(11)
Gains and losses on sales of assets	26	26	-
Change in provisions and impairment	287	287	-
Finance costs, net	214	214	-
Net interests related to leases	107	121	14
Net income and dividends received from equity-accounted companies	101	101	-
Impact of discontinued operations	114	114	-
Cash flow from operations	3,400	3,400	-
Change in working capital requirement	56	56	-
Impact of discontinued operations	(5)	(5)	-
Net cash (used in)/from operating activities (excluding financial services companies)	3,452	3,452	-
Change in consumer credit granted by the financial services companies	(205)	(205)	-
Net cash (used in)/from operating activities – total	3,247	3,247	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment and intangible assets	(1,725)	(1,725)	-
Acquisitions of non-current financial assets	(24)	(24)	-
Acquisitions of subsidiaries and investments in associates	(86)	(86)	-
Proceeds from the disposal of subsidiaries and investments in associates	338	338	-
Proceeds from the disposal of property and equipment and intangible assets	347	347	-
Proceeds from the disposal of non-current financial assets	103	103	-
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	84	84	-
Investments net of disposals – subtotal	(964)	(964)	-
Other cash flows from investing activities	(30)	(30)	-
Impact of discontinued operations	(20)	(20)	-
Net cash (used in)/from investing activities – total	(1,013)	(1,013)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues to non-controlling interests	75	75	-
Dividends paid by Carrefour (parent company)	(106)	(106)	-
Dividends paid by consolidated companies to non-controlling interests	(116)	(116)	-
Change in treasury stock and other equity instruments	0	0	-
Change in current financial assets	(2)	(2)	-
Issuance of bonds	930	930	-
Repayments of bonds	(1,530)	(1,530)	-
Net financial interests paid	(236)	(236)	-
Other changes in borrowings	131	131	-
Payments related to leases (principal)	(905)	(892)	13
Net interests related to leases	(98)	(111)	(13)
Impact of discontinued operations	(128)	(128)	-
Net cash (used in)/from financing activities – total	(1,987)	(1,987)	-
Net change in cash and cash equivalents before the effect of changes in exchange rates	247	247	-
Effect of changes in exchange rates	(81)	(81)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	**166**	**166**	**-**
Cash and cash equivalents at beginning of year	4,300	4,300	-
Cash and cash equivalents at end of year	4,466	4,466	-

NOTE 5 SEGMENT INFORMATION

Accounting principles

IFRS 8 – *Operating Segments* requires the disclosure of information about an entity's operating segments derived from the internal reporting system and used by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance. The Group's operating segments consist of the countries in which it conducts its business through the integrated store network, as each country's results are reviewed monthly by the Group's Chief Executive Officer who is the chief operating decision-maker within the meaning of IFRS 8.

Countries located in the same region are considered to have similar characteristics and have been combined to create four geographical segments, as allowed by IFRS 8. These segments are:

- France;
- rest of Europe: Spain, Italy, Belgium, Poland and Romania;
- Latin America: Brazil and Argentina;
- Asia: Taiwan (Carrefour China was sold in September 2019 and is shown in discontinued operations in 2019).

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-of-use assets and "other segment assets", corresponding to inventories, trade receivables, consumer credit granted by the financial services companies and other receivables. 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.

5.1 Segment results

2020 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	70,719	34,135	21,239	13,245	2,100	-
Other revenue	2,183	789	608	635	88	62
Recurring operating income before depreciation and amortisation	4,465	1,693	1,565	999	225	(18)
Recurring operating income	2,173	629	698	786	94	(33)
Capital expenditure(1)	1,491	582	314	548	34	14
Depreciation and amortisation expense(2)	(2,292)	(1,065)	(867)	(214)	(131)	(15)

2019 restated *(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(3)	4,417	1,551	1,537	1,114	209	5
Recurring operating income	2,099	555	659	833	83	(32)
Capital expenditure	1,725	875	366	420	47	17
Depreciation and amortisation expense(2)(3)	(2,318)	(996)	(878)	(281)	(126)	(37)

(1) In 2020, investments in property and equipment and intangible assets notably included the acquisition of 16 Makro Atacadista stores on a full ownership basis (see Note 2.2.a).
(2) Including the depreciation and amortisation relating to logistics equipment included in the cost of sales.
(3) The head office lease in Massy was transferred in January 2020 from Carrefour SA (Global Functions segment) to an entity in the France segment. In 2019, the Global Functions' recurring operating income before depreciation and amortisation, and depreciation and amortisation expense included respectively income and expense of 19 million euros. In 2019, the recurring operating income before depreciation and amortisation of the France segment included a 19-million-euro expense. In 2020, the depreciation and amortisation expense is disclosed in the France segment. The transfer has no impact on the recurring operating income of either segment in 2020.

5.2 Segment assets and liabilities

December 31, 2020 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
ASSETS						
Goodwill	8,034	5,149	2,388	319	176	1
Other intangible assets	1,325	615	551	130	23	6
Property and equipment	10,505	4,741	3,038	2,376	348	2
Investment property	259	11	119	80	50	-
Right-of-use Assets[1]	4,506	1,865	1,982	324	330	5
Other segment assets	14,964	7,360	3,105	3,913	206	379
Total segment assets	39,593	19,742	11,183	7,142	1,133	393
Unallocated assets	7,995					
TOTAL ASSETS	**47,588**					
LIABILITIES (excluding equity)						
Segment liabilities[1]	25,512	12,034	7,672	4,604	888	315
Unallocated liabilities	10,779					
TOTAL LIABILITIES	**36,291**					

December 31, 2019 restated *(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	1,452	646	551	172	20	64
Property and equipment	11,370	4,908	3,281	2,806	373	2
Investment property	312	11	139	110	52	-
Right-of-use Assets[1]	5,050	1,883	2,153	382	419	213
Other segment assets	16,971	8,328	3,216	4,638	270	519
Total segment assets	43,132	20,730	11,847	8,558	1,197	800
Unallocated assets	8,333					
TOTAL ASSETS	**51,464**					
LIABILITIES (excluding equity)						
Segment liabilities[1]	28,156	13,077	7,975	5,534	1,040	531
Unallocated liabilities	11,635					
TOTAL LIABILITIES	**39,792**					

(1) The Massy lease was transferred in January 2020 from Carrefour SA (Global Functions segment) to Carrefour Administratif France (France segment). This transfer resulted in the reclassification of the right-of-use asset and the related lease commitment for an amount of approximately 205 million euros.

NOTE 6 OPERATING ITEMS

6.1 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. 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 speciality 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.

6.1.1 Net sales

(in millions of euros)	2020	2019	% change
Net sales	70,719	72,397	(2.3)%

At constant exchange rates, 2020 net sales amounted to 75,495 million euros versus 72,397 million euros in 2019, an increase of 4.3%. Changes in exchange rates reduced net sales by 4.8 billion euros in 2020, almost exclusively attributable to the Latin America region.

Restated for IAS 29 in Argentina, consolidated net sales for 2020 increased by 4.5% at constant exchange rates.

NET SALES BY COUNTRY[(1)]

(in millions of euros)	2020	2019
France	34,135	34,765
Rest of Europe	21,239	20,999
Spain	9,058	8,799
Italy	4,172	4,516
Belgium	4,124	3,797
Poland	1,820	1,895
Romania	2,065	1,992
Latin America	13,245	14,665
Brazil	11,506	12,793
Argentina	1,739	1,872
Asia	2,100	1,968
Taiwan	2,100	1,968

(1) Substantially all revenue is recognised on a specific date. Revenue recognised over time is not material at Group level.

6.1.2 Other revenue

(in millions of euros)	2020	2019	% change
Financing fees and commissions[(1)]	1,196	1,488	(19.6)%
Franchise and business lease fees	329	280	17.6%
Rental revenue	158	190	(17.1)%
Revenue from sub-leases	38	36	4.2%
Property development revenue[(2)]	21	24	(12.2)%
Other revenue[(3)]	441	473	(6.8)%
TOTAL OTHER REVENUE	**2,183**	**2,491**	**(12.4)%**

(1) Including net banking revenue and net insurance revenue generated by the Group's financial services and insurance companies.
(2) Corresponding to the sale price of properties developed by the Group for resale. Taking into account development costs recorded in "Cost of sales", the property development margin amounts to 1 million euros in 2020 and 19 million euros in 2019.
(3) Other revenue includes sales commissions, commissions received from suppliers, revenue from ticket/travel agency sales and in-store advertising fees.

Other income recorded for 2020 was impacted by the health crisis from March 2020 onwards (see Note 2.1).

6.2 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 (defined as earnings from continuing operations before interest and tax) before material items that are unusual in terms of their nature and frequency and are reported under "Non-recurring income" or "Non-recurring expenses" (see Note 6.3).

6.2.1 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; or
- 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.

6.2.2 Sales, general and administrative expenses, and depreciation and amortisation

(in millions of euros)	2020	2019 restated	% change
Sales, general and administrative expenses	(11,233)	(11,906)	(5.7)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	(1,319)	(1,361)	(3.1)%
Amortisation of right-of-use assets	(721)	(725)	(0.7)%
TOTAL SG&A EXPENSES AND DEPRECIATION AND AMORTISATION	**(13,272)**	**(13,992)**	**(5.1)%**

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Sales, general and administrative expenses break down as follows:

(in millions of euros)	2020	2019	% change
Employee benefits expense	(7,262)	(7,547)	(3.8)%
Fees	(765)	(863)	(11.3)%
Maintenance and repair costs	(727)	(713)	2.0%
Advertising expense	(611)	(791)	(22.8)%
Taxes other than on income	(489)	(505)	(3.3)%
Energy and electricity	(484)	(531)	(8.9)%
Property rentals[1]	(54)	(59)	(8.7)%
Other SG&A expenses	(840)	(896)	(6.2)%
TOTAL SG&A EXPENSES	**(11,233)**	**(11,906)**	**(5.7)%**

(1) In 2019 and 2020, 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 and 824 million euros in 2020 had IFRS 16 not been applied from January 1, 2019.

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 2,292 million euros in 2020 (versus 2,318 million euros in 2019 as restated), as follows:

(in millions of euros)	2020	2019 restated	% change
Property and equipment	(1,053)	(1,123)	(6.2)%
Intangible assets	(252)	(223)	12.8%
Investment property	(13)	(15)	(7.6)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	(1,319)	(1,361)	(3.1)%
Depreciation of right-of-use asset – Property and equipment and investment properties(2)	(721)	(725)	(0.7)%
Depreciation and amortisation of supply chain	(55)	(54)	2.0%
Depreciation of right-of-use asset – Suppy chain(2)	(197)	(178)	11.0%
TOTAL DEPRECIATION AND AMORTISATION	**(2,292)**	**(2,318)**	**(1.1)%**

(2) Since 2019, right-of-use assets under leases have been 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).

6.3 Non-recurring income and expenses

Accounting principles

In accordance with the French accounting standards setter (ANC) recommendation no. 2020-01 dated March 6, 2020, 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".

Non-recurring items represented a net expense of 474 million euros in 2020 and broke down as follows:

(in millions of euros)	2020	2019
Net gains on sales of assets	19	28
Restructuring costs	(93)	(549)
Other non-recurring income and expenses	(105)	(308)
Non-recurring income and expenses, net before asset impairments and write-offs	(179)	(830)
Asset impairments and write-offs	(295)	(200)
of which Impairments and write-offs of goodwill	*(104)*	*(1)*
of which Impairments and write-offs of property and equipment, intangible assets and others	*(192)*	*(200)*
NON-RECURRING INCOME AND EXPENSES, NET	**(474)**	**(1,030)**
of which:		
non-recurring income	*279*	*343*
non-recurring expense	*(753)*	*(1,373)*

GAINS AND LOSSES ON DISPOSAL OF ASSETS

Gains and losses on disposals of assets include the loss incurred on the sale of Rue du Commerce, which was completed on April 30, 2020 (see Note 2.2.d). The loss was more than offset by the gains recorded on the sale of store assets or businesses in France, Italy and Belgium.

RESTRUCTURING COSTS

Restructuring costs recognised in 2020 primarily corresponded to severance paid or payable under the measures implemented in Spain and Italy.

OTHER NON-RECURRING ITEMS

The costs incurred in connection with the Covid-19 health crisis were recognised in recurring operating income for 2020, including necessary costs relating to logistics or product distribution in stores or to customers' homes, as well as costs relating to protecting the health of employees, customers and service providers.

In accordance with the Group's accounting principles, which have been applied consistently, exceptional bonuses and similar benefits were recognised in non-recurring expenses for a total amount of 128 million euros during the first half of 2020. These bonuses did not compensate employees for their work as such. Rather, they represented an act of corporate social responsibility, offering tax and employee benefits. The exceptional bonuses supplemented the usual components of fixed and variable compensation awarded to the employees concerned (in respect of overtime pay, various types of bonuses, profit-sharing, etc.), *i.e.*, without replacing said components.

In Brazil, provision reversals on "basic products" (see below "main non-recurring items in 2019") were recognised for around 65 million euros in 2020 (net of costs) following expiry of the limitation period for tax claims or further relief under tax amnesty programmes introduced by certain Brazilian states.

Other non-recurring operating income and expenses recognised in 2020 related primarily to revised estimates of historical risks in France and Brazil.

ASSET IMPAIRMENTS AND WRITE-OFFS

At December 31, 2020, an impairment loss of 104 million euros was recognised on goodwill in Italy (Note 7.3).

In 2020, impairment losses of 150 million euros were recognised against non-current assets other than goodwill to take account of the difficulties experienced by certain stores, notably in Italy and France (mainly hypermarkets and Promocash stores) in line with the accounting principles explained in Note 7.3.

In addition, 65 million euros' worth of assets were retired during the year, mainly in France (store assets), Brazil (former IT E-Commerce platform) and Spain (certain software applications in particular). Assets were also retired at Carrefour Banque following the discontinuation of the C-zam business (see Note 2.2.e).

Lastly, the net impact of the dilution of Showroomprivé shares and the alignment of their net value with the stock market share price at December 31, 2020 represented non-recurring income of 23 million euros (see Note 9.2).

Main non-recurring items in 2019

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 3.2), gains and losses on disposal of assets in 2019 corresponded to various sales of assets, mainly in France and Italy.

Restructuring costs in 2019 mainly included employee severance costs incurred in connection with the hypermarket transformation plan in France (mutually agreed termination) as well as the measures implemented in Italy.

Other non-recurring income and expenses recorded in 2019 concerned Brazil and France.

In Brazil, other 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 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 reflected experience acquired in 2019 with the adverse impact of recent regulatory changes on this type of customer.

In 2019, impairment losses against non-current assets other than goodwill amounted to 36 million euros and mainly concerned stores in Italy and France. In addition, 77 million euros' worth of software and other assets were retired during the year.

In addition, Rue du Commerce non-current assets were written down in full at December 31, 2019 (see Note 2.2.d). Lastly, shares in Showroomprivé were written down by 47 million euros in 2019 to bring them into line with the stock market share price at December 31, 2019 (see Note 9.2).

6.4 Working capital requirement

6.4.1 Change in working capital requirement

The change in working capital requirement reported in the consolidated statement of cash flows under "Net cash from operating activities" breaks down as follows:

(in millions of euros)	2020	2019	Change
Change in inventories	79	(313)	392
Change in trade receivables	(6)	(122)	116
Change in trade payables	(66)	913	(979)
Change in loyalty program liabilities	6	32	(26)
Change in trade working capital requirement	13	510	(497)
Change in other receivables and payables	3	(454)	456
CHANGE IN WORKING CAPITAL REQUIREMENT	**15**	**56**	**(41)**

These items, like all other items in the statement of cash flows, are translated at the average rate for the year.

6.4.2 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, 2020	December 31, 2019
Inventories at cost	5,496	6,052
Impairment	(169)	(184)
INVENTORIES, NET	**5,326**	**5,867**

Note that the same impairment methods were applied as in previous reporting periods, including for non-food inventories.

6.4.3 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 14). They are recognised for the initial invoice amount, less a loss allowance recorded in accordance with the simplified impairment model based on expected losses defined in IFRS 9 – *Financial Instruments* (see Note 14.7.4).

Certain Group subsidiaries operate receivables discounting programmes. In accordance with IFRS 9, receivables sold under these programmes are derecognised when the related risks and rewards (*i.e.*, mainly default, late payment and dilution risks) are substantially transferred to the buyer.

(in millions of euros)	December 31, 2020	December 31, 2019
Receivables from clients	1,697	1,750
Impairment	(174)	(175)
Receivables from clients, net	1,523	1,575
Receivables from suppliers	1,003	1,094
TOTAL TRADE RECEIVABLES	**2,526**	**2,669**

Note that the same impairment methods were applied as in previous reporting periods.

6.4.4 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. After conducting an analysis, the Group has continued to classify these liabilities as trade payables, their characteristics having not been substantially modified (in particular, their contractual terms – including debt maturity – have been maintained).

Suppliers and other creditors at December 31, 2020 included reverse factored payables for a total of 2.0 billion euros (versus 2.1 billion euros at December 31, 2019).

Suppliers and other creditors are classified in the category of "Financial liabilities measured at amortised cost", as defined in IFRS 9 – *Financial Instruments* (see Note 14). They are initially recognised at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

6.4.5 Tax receivables and payables

TAX RECEIVABLES

(in millions of euros)	December 31, 2020	December 31, 2019
VAT and sales tax receivables	474	561
Other tax (other than on income) receivables	49	55
Current tax receivables	84	222
TOTAL TAX RECEIVABLES	**608**	**838**

TAX PAYABLES

(in millions of euros)	December 31, 2020	December 31, 2019
VAT and sales tax payables	338	262
Other tax (other than on income) payables	524	653
Current tax payables	177	180
TOTAL TAX PAYABLES – PORTION DUE IN LESS THAN ONE YEAR	**1,039**	**1,095**
TOTAL TAX PAYABLES – PORTION DUE IN MORE THAN ONE YEAR	**214**	**335**

6.4.6 Other assets and payables

BREAK DOWN OF OTHER ASSETS

(in millions of euros)	December 31, 2020	December 31, 2019
Prepaid expenses	304	299
Proceeds receivable from disposals of non-current assets	19	13
Employee advances	18	18
Other operating receivables, net	448	408
TOTAL OTHER CURRENT ASSETS	**788**	**738**
Prepaid expenses – portion due in more than one year	1	2
Tax receivables – portion due in more than one year[1]	489	567
TOTAL OTHER NON-CURRENT ASSETS	**490**	**569**

(1) These correspond to tax credits expected to be collected in over 12 months. At December 31, 2020, the total amount of the Brazilian ICMS tax credits, mainly attributable to favourable rulings handed down by the Brazilian Supreme Court, represented 719 million euros (891 million euros at December 31, 2019). This amount has been written down by 246 million euros (resulting in a net receivable of 473 million euros versus 503 million euros at December 31, 2019) 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 CURRENT PAYABLES

(in millions of euros)	December 31, 2020	December 31, 2019
Accrued employee benefits expense	1,532	1,518
Payables to suppliers of non-current assets	524	621
Deferred revenue	93	93
Other payables	468	416
TOTAL OTHER CURRENT PAYABLES	**2,617**	**2,649**

6.5 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, passbook savings accounts, etc.).

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 (property and equipment, intangible assets, cash and cash equivalents, tax and employee-related payables, 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".

6.5.1 Consumer credit granted by the financial services companies

As of December 31, 2020, consumer credit granted by the financial services companies totalled 5,227 million euros (compared with 6,290 million euros as of December 31, 2019), as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Payment card receivables	4,350	5,129
Loans	1,789	2,050
Consumer credit (on purchases made in Carrefour stores)	73	86
Other financing[(1)]	233	364
Impairment	(1,219)	(1,339)
TOTAL CONSUMER CREDIT GRANTED BY THE FINANCIAL SERVICES COMPANIES	**5,227**	**6,290**
Portion due in less than one year	*3,295*	*4,007*
Portion due in more than one year	*1,933*	*2,283*

(1) Other financing corresponds mainly to restructured loans and credit facilities.

Consumer credit granted by the financial services companies corresponds to customer receivables (credit card debt, personal loans, etc.). The financial services companies granted repayment holidays to their customers in line with the measures announced by local authorities to help consumers during the Covid-19 crisis, or according to the terms of the contracts. The repayment holidays have not affected the existing classification of the customer loans concerned and had no impact on the calculation of expected credit losses at December 31, 2020.

The significant reduction in consumer credit compared with December 31, 2019 reflects the sharp decline in credit financing in 2020 (especially in the second quarter), related to weaker consumption (outside Carrefour stores) and to lockdown periods in various countries. The reduction was amplified by the depreciation of the Brazilian real over the period.

The credit risk associated with past-due repayments was assessed in light of the unusual situation created by the health crisis and the government support measures implemented in some of the Group's regions. The increase in the average impairment rate for consumer credit in 2020 primarily affected Brazil and Spain, and to a lesser extent, France, and was partially offset by the sale of category 3 loans in the second half of 2020 in Brazil and Spain.

Lastly, credit commitments given to customers by the Group's financial services companies (off-balance sheet commitments) were limited in 2020, in line with local regulations, particularly in Spain (see Note 15).

CREDIT RISK MANAGEMENT AND IMPAIRMENT APPROACH

Accounting principles

The impairment model for consumer credit granted by the financial services companies was adjusted in line with the requirements of IFRS 9 – *Financial Instruments* using a two-step process:

- classification of outstanding loans in uniform risk categories based on the probability of default; then
- modelling of the probability of credit losses over a 12-month period or at maturity (representing the remaining term of the financial instrument), based on the classification of the instrument.

CLASSIFICATION OF CONSUMER CREDIT

Consumer credit is divided into three categories, based on an analysis of potentially significant increases in credit risk:

- category 1: credit granted to consumers whose credit risk has not significantly increased since the credit was initially recognised;
- category 2: credit granted to consumers whose financial situation has worsened (significant increase in credit risk) since the credit was initially recognised but for which no objective evidence of impairment (default) of a specific credit has yet been identified;
- category 3: credit granted to consumers in default.

(i) Significant increase in credit risk

The main criteria applied by the Group to identify a significant increase in credit risk since initial recognition and where necessary, to reclassify category 1 assets within category 2, are as follows:

- late payment criterion: payments more than 30 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms with payment less than 30 days past due.

The Group determines whether there has been a significant increase in credit risk for each of its contracts and applies the "contagion" principle, whereby reclassification of a given credit granted to a consumer will lead to all credit granted to that consumer to be reclassified accordingly.

(ii) Objective evidence of impairment (default)

Carrefour considers that there is objective evidence of impairment if any of the following criteria are met:

- late payment criterion: payments more than 90 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms (not considered substantial) owing to significant difficulties of the debtor, with payment more than 30 days past due;
- litigation criterion: credit in dispute at the reporting date;
- "contagion" criterion: if a given credit granted to a consumer meets the aforementioned criteria, all credit granted to that consumer is also deemed to meet those criteria.

The consumer credit concerned is classified in category 3.

ESTIMATES OF EXPECTED CREDIT LOSSES

Calculation of the amount of expected credit losses is based on four main inputs: probability of default, loss given default, exposure at default and the discount rate. Each of these inputs is calibrated according to the consumer credit segmentation – itself based on the products distributed by each entity (personal loans, credit cards/renewable facilities and credit granted for a specific purpose) – based on historical data and taking into account prospective factors. The methods used to calibrate these inputs are consistent with those adopted to meet regulatory and prudential requirements (particularly the Basel Accord).

Expected credit losses are calculated over a 12-month period for consumer credit classified in category 1 and over the life of the credit for items classified in categories 2 and 3.

To protect against default by borrowers, the Group's financial services companies have set up systems to check the quality and repayment capacity of their customers. These include:

- decision-making aids such as credit scoring applications, income/debt simulation tools and credit history checking procedures;
- interrogation of positive and negative credit history databases, where they exist;
- active management of collection 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 and a summary of the Credit Risk Management Committees is systematically presented to the Company's Board of Directors.

As of December 31, 2020, 66% of the gross value of consumer credit granted by the financial services companies was classified in category 1, 14% in category 2 and 20% in category 3. At December 31, 2019, categories 1, 2 and 3 represented 66%, 17% and 16%, respectively, of the gross value of consumer credit granted by the financial services companies.

6.5.2 Consumer credit financing

The related consumer credit financing amounted to 4,574 million euros at December 31, 2020 (December 31, 2019: 5,529 million euros), as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Bonds and notes[1]	1,298	1,859
Debt securities (Neu CP and Neu MTN)[2]	1,042	1,138
Bank borrowings	516	487
Customer passbook savings deposits	323	387
Securitisations[3]	369	368
Other refinancing debt to financial institutions	1,020	1,269
Other	5	20
TOTAL CONSUMER CREDIT FINANCING	**4,574**	**5,529**
Portion due in less than one year	*3,067*	*3,712*
Portion due in more than one year	*1,506*	*1,817*

(1) In March 2020, Carrefour Banque redeemed 500 million euros worth of bonds.
(2) Debt securities mainly comprised negotiable European commercial paper (NEU CP) and medium-term notes (NEU MTN) issued by Carrefour Banque.
(3) 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 7 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT, INVESTMENT PROPERTY

7.1 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 7.3.

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, 2020	December 31, 2019
Goodwill	8,034	7,976
Other intangible assets	1,325	1,452
INTANGIBLE ASSETS	**9,358**	**9,429**

7.1.1 Goodwill

The carrying amount of goodwill is generally monitored at the level of the operating segments corresponding to the countries in which the Group conducts its business through its integrated store networks.

The total carrying amount of goodwill as of December 31, 2020 was very close to the year-earlier amount (58 million euros higher).

Goodwill recognised on acquisitions carried out in 2020 (Dejbox, Potager City, Bio c' Bon and Wellcome) was offset by unfavourable foreign exchange impacts on goodwill (especially in Brazil) and the partial impairment of Italian goodwill.

(in millions of euros)	Net goodwill at December 31, 2019	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2020
France	4,955	195	-	-	-	-	5,149
Belgium	956	-	-	-	-	-	956
Spain	952	-	-	-	-	-	952
Brazil	437	-	-	-	-	(126)	311
Italy	250	3	-	(104)	-	-	149
Poland	247	-	-	-	-	(16)	231
Romania	103	-	-	-	-	(2)	101
Taiwan	63	119	-	-	-	(6)	176
Argentina	13	-	-	-	-	(5)	9
Global Functions	1	-	-	-	-	-	1
TOTAL	**7,976**	**316**	**-**	**(104)**	**-**	**(155)**	**8,034**

The total carrying amount of goodwill at December 31, 2019 had remained fairly stable, with goodwill recognised on acquisitions carried out in France offset by the sale of Carrefour China and by negative translation adjustments on goodwill 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
Romania	105	-	-	-	-	(3)	103
Taiwan	61	-	-	-	-	2	63
China	46	-	(46)	-	-	-	-
Argentina	20	-	-	-	-	(7)	13
Global Functions	1	-	-	-	-	-	1
TOTAL	**7,983**	**50**	**(46)**	**(1)**	**4**	**(14)**	**7,976**

(1) The negative balance of 46 million euros reflected the derecognition of goodwill recorded by Carrefour China following its September 2019 sale.

7.1.2 Other intangible assets

(in millions of euros)	December 31, 2020	December 31, 2019
Other intangible assets, at cost	3,611	3,640
Amortisation	(2,419)	(2,317)
Impairment	(68)	(72)
Intangible assets in progress	200	202
OTHER INTANGIBLE ASSETS, NET	**1,325**	**1,452**

CHANGES IN OTHER INTANGIBLE ASSETS

(in millions of euros)	Gross carrying amount	Amortisation and impairment	Net carrying amount
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)
Amortisation	-	(223)	(223)
Impairment	-	1	1
Translation adjustment	(22)	12	(10)
Changes in scope of consolidation, transfers and other movements	(57)	17	(40)
At December 31, 2019	3,842	(2,389)	1,452
Acquisitions	287	-	287
Disposals	(120)	72	(48)
Amortisation	-	(252)	(252)
Impairment	-	(21)	(21)
Translation adjustment	(139)	85	(54)
Changes in scope of consolidation, transfers and other movements[(3)]	(58)	18	(41)
AT DECEMBER 31, 2020	**3,812**	**(2,487)**	**1,325**

(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. These items were reclassified accordingly in the opening statement of financial position at January 1, 2019 for a net amount of 41 million euros (see Note 4).
(2) The amounts reported on this line related to other intangible assets owned by Carrefour China (classified in discontinued operations in 2019 – see Note 3.2) at January 1, 2019. Accordingly, other changes shown in this table for 2019 did not include amounts relating to Carrefour China in the period.
(3) This item primarily reflects the reclassification within assets held for sale of Market Pay intangible assets (see Note 2.2.f).

7.2 Property and equipment

Accounting principles

Property and equipment mainly comprise buildings, store fixtures and fittings, and land.

INITIAL RECOGNITION

In accordance with IAS 16 – *Property, Plant and Equipment*, these items 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, 2020			
(in millions of euros)	Gross carrying amount	Depreciation	Impairment	Net carrying amount
Land	2,672	-	(77)	2,595
Buildings	10,394	(5,772)	(241)	4,381
Equipment, fixtures and fittings	14,741	(11,620)	(315)	2,806
Other fixed assets	423	(307)	(3)	113
Assets under construction	610	-	-	610
TOTAL PROPERTY AND EQUIPMENT	**28,840**	**(17,699)**	**(636)**	**10,505**

	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**

CHANGES IN PROPERTY AND EQUIPMENT

(in millions of euros)	Gross carrying amount	Depreciation and impairment	Net carrying amount
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
Acquisitions[5]	1,202	-	1,202
Disposals	(608)	517	(91)
Depreciation	-	(1,109)	(1,109)
Impairment	-	(124)	(124)
Translation adjustment[6]	(1,570)	680	(890)
Changes in scope of consolidation, transfers and other movements[4]	266	(119)	147
AT DECEMBER 31, 2020	**28,840**	**(18,335)**	**10,505**

(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 reflected property and equipment owned by Carrefour China (classified as discontinued operations in 2019 – see Note 3.2). Accordingly, other changes shown in this table for 2019 did not include amounts relating to Carrefour China in the period.
(3) Other disposals primarily included property and equipment owned by Cargo Property Assets at the time it was removed from the scope of consolidation (see Note 3.2), representing a gross amount of 653 million euros and a net amount of 577 million euros.
(4) In 2019 and 2020, this item corresponds mainly to the hyperinflation effect applied to property and equipment held in Argentina, in accordance with IAS 29. In 2020, this item also reflects the reclassification of depreciation charged against leased land to depreciation of the corresponding right-of-use assets.
(5) Acquisitions in 2020 included the purchase of 16 Makro Atacadista stores on a full-ownership basis (including the land) in Brazil (see Note 2.2.a).
(6) Translation adjustments mainly correspond to the depreciation of the Brazilian real during 2020.

7.3 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 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.

In accordance with this 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 Group is analysing the recoverable amount of goodwill at country level. 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 2020 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.

7.3.1 Impairment of goodwill and sensitivity analysis

Based on the impairment tests carried out in 2020, the Group recognised a 104 million-euro impairment loss against Italian goodwill. No impairment losses were recognised in 2019.

7.3.1.1 Countries for which impairment was recognised against goodwill in 2020

An impairment loss of 700 million euros was recorded against Italian goodwill in 2017 to reflect the significant decline in the value in use of the Group's operations in this country. The indications of impairment prompted the Group to carry out an in-depth analysis to determine the Italian operations' fair value. This analysis adopted a multi-criteria valuation approach which took into account multiples observed for comparable companies in the retail sector in Europe, and the market value of Italian real estate assets, determined based on independent appraisals.

The multi-criteria approach was also used to test Italian goodwill for impairment at December 31, 2020 (as at December 31, 2018 and 2019). Using this approach, it was determined that the value in use of Carrefour's Italian operations was lower than at December 31, 2019. The decrease reflects a lower level of net sales, 2020 results and property market value than in the previous year. The resulting fair value represented Executive Management's best estimate and led to the partial impairment of Italian goodwill in an amount of 104 million euros. Further to this impairment loss, the net amount of Italian goodwill at December 31, 2020 stood at 149 million euros.

7.3.1.2 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.

7.3.1.3 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 2020 and 2019, are presented below:

	2020		2019	
Country	After-tax discount rate	Perpetual growth rate	After-tax discount rate	Perpetual growth rate
France	5.5%	1.6%	5.6%	1.7%
Spain	6.2%	1.7%	6.2%	1.8%
Italy	7.4%	1.4%	7.3%	1.5%
Belgium	5.6%	1.6%	5.6%	1.8%
Poland	6.8%	2.4%	7.2%	2.8%
Romania	8.8%	2.5%	8.6%	2.5%
Brazil	10.2%	3.3%	10.1%	3.5%
Argentina	32.5%	17.0%	27.9%	17.0%
Taiwan	5.5%	1.4%	5.5%	1.4%

7.4 Investment property

Accounting principles

IAS 40 – *Investment Property* defines investment property as property (land or a building or both) held to earn rentals or for capital appreciation or both. Based on this definition, investment property held by the Group consists of shopping malls (retail and service units located behind the stores' checkout area) that are exclusively or jointly owned 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 property and equipment having a similar nature (see Note 7.2).

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 6.1).

The fair value of investment property is measured twice a year:

- by applying a multiple that is a function of (i) each shopping mall's profitability and (ii) a country-specific capitalisation rate, to the gross annualised rental revenue generated by each property; or
- by obtaining independent valuations prepared using two methods: the discounted cash flows method and the yield method. Valuers generally also compare the results of applying these methods to market values per square metre and to recent transaction values.

In view of the limited external data available, particularly concerning capitalisation rates, the complexity of the property valuation process and the use of passing rents to value the Group's own properties, the fair value of investment property is determined on the basis of level 3 inputs.

(in millions of euros)	December 31, 2020	December 31, 2019
Investment property (gross carrying amount)	448	507
Depreciation and impairment	(189)	(195)
TOTAL INVESTMENT PROPERTY, NET	**259**	**312**

CHANGES IN INVESTMENT PROPERTY

(in millions of euros)	
At December 31, 2018	389
Disposal of Carrefour China(1)	(71)
Acquisitions	8
Other disposals	(2)
Depreciation	(15)
Translation adjustment	(11)
Transfers and other movements	13
At December 31, 2019	312
Acquisitions	2
Disposals	(0)
Depreciation	(13)
Translation adjustment(2)	(41)
Transfers and other movements	0
At December 31, 2020	259

(1) The amounts reported on this line reflected investment property owned by Carrefour China (classified in discontinued operations in 2019 – see Note 3.2). Accordingly, other changes shown in this table for 2019 did not include amounts relating to Carrefour China in the period.
(2) Translation adjustments mainly correspond to the depreciation of the Brazilian real during 2020.

Rental revenue generated by investment property, reported in the income statement under "Other revenue", totalled 43 million euros in 2020 versus 55 million euros in 2019. Operating costs directly attributable to the properties amounted to 13 million euros in both 2020 and 2019.

The estimated fair value of investment property at December 31, 2020 was 633 million euros versus 711 million euros at December 31, 2019 (including all of the Group's fair value measurements). Changes in fair values in the various countries (at constant exchange rates) were not individually material.

NOTE 8 LEASES

8.1 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 (write-off of a non-current 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 7.3 to the consolidated financial statements.

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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.

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. The characteristics taken into account include the store's profitability, the specificity of the format, any recent capital expenditure in the store, the net carrying amount of non-removable assets for certain store formats (supermarkets, hypermarkets and cash & carry stores), the existence of significant termination penalties and whether the store is integrated or franchised;
- 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.

Accounting treatment for sub-leasing 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.

8.2 Right-of-use assets

	December 31, 2020				December 31, 2019 restated			
(in millions of euros)	Gross carrying amount	Depre-ciation	Impair-ment	Net carrying amount	Gross carrying amount	Depre-ciation	Impair-ment	Net carrying amount
Land & Buildings	6,258	(1,934)	(2)	4,322	5,971	(1,115)	(3)	4,853
Equipment, fixtures and fittings	139	(17)	-	122	134	(13)	-	121
Investment property	83	(20)	-	63	86	(10)	-	75
RIGHT-OF-USE ASSET	**6,479**	**(1,971)**	**(2)**	**4,506**	**6,191**	**(1,138)**	**(3)**	**5,050**

CHANGE IN RIGHT-OF-USE ASSETS

(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 restated	6,292	(356)	5,936
Disposal of Carrefour China[1]	(878)	41	(836)
Increase[2]	1,051	-	1,051
Decrease	(270)	76	(193)
Depreciation	-	(903)	(903)
Other movements	(7)	0	(6)
At December 31, 2019 restated	6,191	(1,141)	5,050
Increase	857	-	857
Decrease	(457)	110	(347)
Depreciation	-	(918)	(918)
Translation adjustment[3]	(186)	37	(150)
Other movements[4]	75	(61)	13
AT DECEMBER 31, 2020	**6,479**	**(1,973)**	**4,506**

(1) The amounts reported on this line related to right-of-use assets owned by Carrefour China (classified in discontinued operations in 2019 – see Note 3.2) at January 1, 2019. Accordingly, other changes shown in this table for 2019 do not include amounts relating to Carrefour China in the period.
(2) In 2019, the increases included notably the right-of-use assets booked following the sale and leaseback of Cargo Property Assets' 22 distribution centres (see Note 3.2).
(3) Translation adjustments mainly correspond to the depreciation of the Brazilian real during 2020.
(4) The amounts reported on this line include changes in scope of consolidation for 65 million euros (mainly relating to Bio c' Bon) and the reclassification of the depreciation of leased land for 55 million euros (see Note 7.2).

8.3 Lease commitments

LEASE COMMITMENTS BY MATURITY

(in millions of euros)	December 31, 2020	December 31, 2019 restated
Due within 1 year	936	941
Due in 1 to 2 years	873	903
Due in 2 to 5 years	1,816	2,011
Due beyond 5 years	1,098	1,383
LEASE COMMITMENTS	**4,723**	**5,237**

NOTE 9 INVESTMENTS IN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

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 ("Net income/(loss) of equity-accounted companies"), in accordance with the recommendation no. 2013-01 of the French accounting standards setter (ANC).

The carrying amount of investments in equity-accounted companies is tested for impairment in line with the accounting principles described in Note 7.3.

9.1 Changes in investments in equity-accounted companies

Changes in investments in equity-accounted companies can be analysed as follows:

(in millions of euros)	
At December 31, 2018	1,374
Acquisitions and capital increases	27
Dividends	(103)
Share of net income	2
Translation adjustment	0
Other movements	(54)
At December 31, 2019	1,246
Acquisitions and capital increases	2
Disposals	(12)
Dividends	(46)
Share of net income	(13)
Translation adjustment	(10)
Other movements	6
AT DECEMBER 31, 2020	**1,172**

9.2 Information about associates

The following table shows key financial data for associates:

(in millions of euros)	% interest	Total assets	Shareholders' equity	Non-current assets	Net sales/Revenues	Net income/(loss)
Carmila (France)	35%	5,434	2,420	4,874	350	(77)
Provencia (France)	50%	464	282	271	868	24
Showroomprive.com (France)	9%	465	168	219	655	(16)
CarrefourSA (Turkey)	38%	480	(48)	252	984	(28)
Costasol (Spain)	34%	93	44	60	144	6
Mestdagh (Belgium)	25%	290	34	96	342	(5)
Ulysse (Tunisia)	25%	134	85	119	315	5
Other companies [(1)]	N/A	929	307	560	1,608	(18)

(1) Corresponding to a total of 190 companies, none of which is individually material.

At December 31, 2020, the two main associates were Carmila with a carrying amount of 782 million euros (December 31, 2019: 838 million euros) and Provencia with a carrying amount of 130 million euros (December 31, 2019: 125 million euros). These two associates represented 78% of the total value of equity-accounted companies at end-2020.

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.

CORPORATE ACTIONS CARRIED OUT BY CERTAIN EQUITY-ACCOUNTED COMPANIES IN 2020

At the Annual Shareholders' Meeting of Carmila in June 2020, shareholders approved a reinvestment option for the 2019 dividend. New shares were issued to shareholders who chose to reinvest their dividend. As Carrefour opted to receive a portion of its dividend in shares, its interest in Carmila increased slightly from 35.36% to 35.40%.

In August 2020, Showroomprivé (SRP Groupe) carried out a capital increase to which Carrefour elected not to subscribe, leading to the dilution of the Group's interest in that company, from 20.52% to 8.84%.

The dilutive impact was offset by the partial reversal of the existing provision on the Showroomprivé shares, aligning their value with the stock market share price at December 31, 2020. The net impact, which was recognised in non-recurring income, amounts to 23 million euros.

Note that shares in Showroomprivé had been written down by 47 million euros in 2019 to bring them into line with the stock market share price at December 31, 2019.

In December 2020, CarrefourSA (Turkey) carried out a capital increase to which Carrefour elected not to subscribe, leading to the dilution of the Group's interest in that company, from 46.02% to 37.54%.

The dilutive or accretive effects of the above transactions were recognised in non-recurring income and expenses in accordance with the Group's accounting principles.

FOCUS ON CARMILA

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 listed the 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 governance 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 Carmila, which is accounted for using the equity method. The Group's position is primarily derived from the fact that the Carrefour group is not represented by a majority on the Board of Directors (comprising 16 members, of which 12 independent and four appointed by Carrefour as of December 31, 2020). Therefore, the Group does not have the unilateral ability to direct decisions requiring the Board's prior consent, which concern a portion of the relevant activities.

The following table presents key financial data for Carmila at December 31, 2020 and 2019 (as published in Carmila's consolidated financial statements(1)). Carmila's net asset value measured based on the best practice recommendations of the European Public Real Estate Association (NAV EPRA) came to 3,530 million euros at December 31, 2020.

(in millions of euros)	2020	2019
Revenue (rental income)	350	359
Operating income before fair value adjustment of assets	211	282
Operating income(1)	(123)	192
Net income from continuing operations	(198)	108
Total non-current assets(1)	5,897	6,155
Total current assets	555	364
of which cash and cash equivalents	*320*	*178*
Total non-current liabilities	2,662	2,563
Total current liabilities	522	410
% interest held by Carrefour	*35.4%*	*35.4%*
Amount of the investment in equity-accounted company	782	838
Carrefour – Cash dividends received from Carmila	24	72

(1) Since Carmila opted to apply the fair value model for the accounting of its investment properties, in accordance with the option provided in IAS 40, the figures presented in the above table are adjusted to reflect real estate fair value corrections. Before being accounted for by the equity method in the Group financial statements, Carmila's consolidated financial statements are therefore restated to apply the cost model applied by Carrefour.

9.3 Transactions with associates (related parties)

The following table presents the main related-party transactions carried out in 2020 with companies over which the Group exercises significant influence:

(in millions of euros)	Carmila (France)	CarrefourSA (Turkey)	Provencia (France)	Mestdagh (Belgium)	Ulysse (Tunisia)	Costasol (Spain)
Net sales (sales of goods)	-	0	579	62	5	92
Franchise fees	-	3	9	9	2	2
Property development revenue(1)	28	-	-	-	-	-
Sales of services	13	-	-	6	-	-
Fees and other operating expenses	(6)	-	-	-	-	(5)
Receivables at December 31, 2020	61	1	23	12	1	9
Payables at December 31, 2020	(7)	(1)	-	-	-	(5)

(1) Amounts are presented before elimination of the Group's share in the associate of revenues and proceeds arising on transactions carried out between the Group and the associate.

NOTE 10 INCOME TAX

Accounting principles

Income tax expense comprises current taxes and deferred taxes. It includes the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) local business tax in France assessed on the value-added generated by the business, which is reported under income tax expense because the Group considers that it meets the definition of a tax on income contained in IAS 12 – *Income Tax*.

Deferred taxes are calculated on all temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and their tax basis (except in the specific cases referred to in IAS 12), and carried-forward tax losses. They are measured at the tax rates that are expected to apply to the period when the asset will be realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position under non-current assets and non-current liabilities.

The recoverability of deferred tax assets is assessed separately for each tax entity, based on estimates of future taxable profits contained in the business plan for the country concerned (prepared as described in Note 7.3) and the amount of deferred tax liabilities at the period-end. A valuation allowance is recorded to write down deferred tax assets whose recovery is not considered probable.

10.1 Income tax expense for the period

(in millions of euros)	2020	2019 restated
Current income tax expense (including provisions)	(534)	(475)
Deferred income taxes	35	(28)
TOTAL INCOME TAX EXPENSE	**(498)**	**(503)**

TAX PROOF

Theoretical income tax for 2020 and 2019 (restated) has been calculated by multiplying consolidated income before tax by the standard French corporate income tax rate. For 2020, theoretical income tax expense amounted to 433 million euros compared with actual net income tax expense of 498 million euros, as follows:

(in millions of euros)	2020	2019 restated
Income before taxes	1,351	719
Standard French corporate income tax rate	*32.02%*	*34.43%*
Theoretical income tax expense	**(433)**	**(248)**
Adjustments to arrive at effective income tax rate:		
• Differences between the standard French corporate income tax rate and overseas nominal taxation rates	16	40
• Effect of changes in applicable tax rates	0	7
• Tax expense and tax credits not based on the taxable income(1)	27	(16)
• Tax effect of other permanent differences(2)	(47)	(12)
• Deferred tax assets recognised on temporary differences and tax loss carryforwards of previous years(3)	171	28
• Deferred tax assets not recognised on temporary differences and tax loss carryforwards arising in the year(4)	(62)	(172)
• Valuation allowances on deferred tax assets recognised in prior years(4)	(166)	(131)
• Tax effect of net income from equity-accounted companies	(4)	1
• Other differences	(0)	(0)
TOTAL INCOME TAX EXPENSE	**(498)**	**(503)**
Effective tax rate	*36.9%*	*69.9%*

(1) The reported amount of taxes other than on income notably takes into account the CVAE local business tax in France, amounting to 68 million euros in 2020 (2019: 61 million euros, net of the related tax profit), withholding taxes and changes in provisions for tax risks.
(2) In 2020, the tax effect of permanent differences corresponds notably to the partial impairment of Italian goodwill (see Note 7.3).
(3) Deferred tax assets recognised in 2020 on prior years' tax losses primarily concerned France, Brazil, Belgium and Argentina. In 2019, they primarily concerned Brazil.
(4) In 2020, valuation allowances concerned France and Italy.

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10.2 Deferred tax assets and liabilities

The Group had a net deferred tax asset of 213 million euros at December 31, 2020, versus 169 million euros at the previous year-end.

(in millions of euros)	At December 31, 2020	At December 31, 2019 restated
Deferred tax assets	679	824
Deferred tax liabilities	(467)	(655)
NET DEFERRED TAX ASSETS	**213**	**169**

The following table shows the main sources of deferred taxes:

		Change			
(in millions of euros)	December 31, 2019 restated	Income statement	Income tax on other comprehensive income (OCI)	Changes in consolidation scope, translation adjustment, other	December 31, 2020
Tax loss carryforwards	1,185	(96)	-	(58)	1,030
Property and equipment	119	11	-	(24)	106
Non-deductible provisions	845	(57)	4	(108)	683
Goodwill amortisation allowed for tax purposes	316	(26)	-	6	296
Other intangible assets	8	12	-	(1)	19
Inventories	127	(8)	-	(17)	102
Financial instruments	133	(7)	7	(1)	132
Other temporary differences	(18)	50	0	7	39
Deferred tax assets before netting	2,715	(122)	11	(196)	2,409
Effect of netting deferred tax assets and liabilities	(469)	30	(6)	(124)	(568)
Deferred tax assets after netting	2,247	(92)	5	(320)	1,841
Valuation allowances on deferred tax assets	(1,423)	153	(4)	113	(1,161)
Net deferred tax assets	824	61	1	(206)	679
Property and equipment	(351)	(14)	-	23	(342)
Provisions recorded solely for tax purposes	(447)	38	-	(0)	(410)
Goodwill amortisation allowed for tax purposes	(141)	(3)	-	37	(106)
Other intangible assets	(16)	(0)	-	4	(12)
Inventories	(19)	5	-	0	(14)
Financial instruments	(17)	4	(4)	2	(15)
Other temporary differences	(132)	(26)	-	23	(136)
Deferred tax liabilities before netting	(1,124)	4	(4)	89	(1,035)
Effect of netting deferred tax assets and liabilities	469	(30)	6	124	568
Deferred tax liabilities after netting	(655)	(26)	1	213	(467)
NET DEFERRED TAXES	**169**	**35**	**3**	**6**	**213**

10.3 Unrecognised deferred tax assets

Unrecognised deferred tax assets amounted to 1,161 million euros at December 31, 2020 (December 31, 2019: 1,423 million euros), including 761 million euros related to tax loss carryforwards (December 31, 2019: 949 million euros) and 400 million euros on temporary differences (December 31, 2019: 474 million euros).

NOTE 11 PROVISIONS AND CONTINGENT LIABILITIES

Accounting principles

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recorded when, at the period-end, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the provision is estimated based on the nature of the obligation and the most probable assumptions. Provisions are discounted when the effect of the time value of money is material.

Contingent liabilities, which are not recognised in the statement of financial position, are defined as:

- possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- present obligations that arise from past events but are not recognised because 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.

11.1 Changes in provisions

(in millions of euros)	December 31, 2019	Increases	Reversals of surplus provisions	Utilisations	Discounting adjustment	Translation adjustment[4]	Other	December 31, 2020
Employee benefits[1]	1,176	71	(66)	(55)	20	(2)	7	1,152
Claims and litigation	1,094	241	(195)	(119)	-	(242)	9	788
Tax litigations	*797*	*100*	*(124)*	*(54)*	-	*(198)*	*2*	*524*
Employee related disputes	*147*	*66*	*(34)*	*(42)*	-	*(24)*	*0*	*113*
Legal disputes	*150*	*75*	*(37)*	*(23)*	-	*(21)*	*6*	*150*
Restructuring	548	19	(27)	(285)	-	(0)	(10)	245
Provisions related to banking and insurance businesses[2]	231	70	(4)	(25)	-	(10)	0	261
Other[3]	249	51	(51)	(22)	-	(1)	(0)	224
TOTAL PROVISIONS	**3,297**	**452**	**(344)**	**(506)**	**20**	**(257)**	**6**	**2,670**

(1) See Note 12. Following publication of government order 2019-697 dated July 3, 2019, the Carrefour group's supplementary defined benefit pension plan was cancelled by decision of the Board of Directors on April 20, 2020 and the provision carried in the consolidated statement of financial position at December 31, 2019 was reversed in full. A new defined benefit plan was introduced in 2020 with retroactive effect to January 1.
(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. They 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 (see Note 4).
(4) Unfavourable translation adjustments mainly correspond to the decrease in the value of the Brazilian real over the period.

Group companies are involved in a certain number of claims and legal proceedings in the normal course of business. They are also subject to tax audits that may result in reassessments. The main claims and legal proceedings are described below. In each case, the risk is assessed by Group management and their advisors.

At December 31, 2020, claims and legal proceedings involving the Group were covered by provisions totalling 788 million euros, compared with 1,094 million euros at December 31, 2019 (a decline mainly reflecting the depreciation of the Brazilian real over the year). No details are provided because the Group considers that disclosure of the amount set aside in each case could be seriously detrimental to its interests.

11.2 Claims and litigation

In the normal course of its operations in around ten different countries, the Group is involved in tax, employee-related and commercial disputes and legal proceedings.

11.2.1 Tax disputes (including disputes related to corporate income tax classified in tax payables)

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 Carrefour Brazil group's advisors and an appropriate provision is recorded. At December 31, 2020, the corresponding provision (including the portion concerning corporate income tax and classified in tax payables) totalled 509 million euros (versus 790 million euros at December 31, 2019) and legal deposits paid in connection with reassessments contested by the Group – recorded in "Other non-current financial assets" (see Note 14.5) – amounted to 362 million euros (497 million euros at December 31, 2019). The decrease in provisions and legal deposits essentially reflects the depreciation of the Brazilian real since December 31, 2019.

In France, Carrefour had contested 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 2020, the tax authorities handed down a favourable judgement on this matter.

In several countries, the tax authorities have in the past disallowed a portion of headquarters expenses deducted by Group companies. The Group has contested these reassessments.

11.2.2 Employee related disputes

As a major employer, the Group is regularly involved in disputes with current or former employees.

From time to time, disputes may also arise with a large group of current or former employees. In Brazil, many former employees have initiated legal proceedings against the Group, primarily claiming overtime pay that they allege is due to them.

11.2.3 Legal and commercial disputes

The Group is subject to regular audits by the authorities responsible for overseeing compliance with the laws applicable to the retail industry and by the competition authorities. As any company, disputes may also arise with service providers or suppliers.

11.3 Contingent liabilities

To the best of the Group's knowledge, there are no contingent liabilities that may be considered likely to have a material impact on the Group's results, financial position, assets and liabilities or business.

In Brazil, due to the highly complex tax rules, especially those applicable to retailers, the Group is exposed to tax risks which the Group and its counsel consider are unlikely to lead to an outflow of resources. The tax risks represented a total exposure of 1.3 billion euros at December 31, 2020. The decrease in the total exposure from the amount of 1.9 billion euros at December 31, 2019, reflects the depreciation of the Brazilian real over the period. The main tax risk concerns the deductibility for tax purposes of the goodwill amortisation relating to the 2007 acquisition of Atacadão, representing a total exposure of 424 million euros at December 31, 2020. 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 an investigation in July 2018 regarding purchasing cooperatives in the predominantly food-based segment of the retail industry, which is still pending. However, as the case relates to a cooperation agreement between Carrefour and Tesco, the authority decided on December 17, 2020 to accept the commitments proposed by the parties.

The investigation launched in May 2019 by the Belgian competition authority as part of the purchasing alliance between Carrefour Belgium and Provera is still pending.

By a decision of October 1, 2019, Carrefour Argentina (INC SA) has been referred back to a trial court for complicity in unauthorised financial intermediation for events which occurred between 2012 and 2015 in a context of hyperinflation. The appeal filed by INC SA against this procedural decision is currently pending.

In August 2019, Atacadão SA notified the Group of two criminal proceedings initiated by the State of São Paolo's public prosecutor (GEDEC) against public officials and company employees (who have since been suspended) concerning the conditions under which the operating licences for the company's headquarters and two stores were renewed. The company is not party to the criminal proceedings. On June 27, 2020, Atacadão SA was nevertheless notified by the municipality of São Paolo that a civil investigation had been initiated.

On November 19, 2020, Mr. Silveira Freitas died after being beaten by security guards employed by a third party at the Porto Alegre store. Criminal proceedings were initiated against the security guards and three of the store's employees, who have since been fired. The company is not party to the criminal proceedings.

However, given the racial overtones invoked, Carrefour Brazil has been subject to a variety of investigations and class actions brought by public authorities and non-profit organisations seeking compensation for damages.

NOTE 12 NUMBER OF EMPLOYEES, EMPLOYEE COMPENSATION AND BENEFITS

Accounting principles

Group employees receive short-term benefits (such as paid vacation, paid sick leave and statutory profit-sharing bonuses), long-term benefits (such as long-service awards and seniority bonuses) and post-employment benefits (such as length-of-service awards and supplementary pension benefits). Post-employment benefits may be paid under defined contribution or defined benefit plans.

All of these benefits are accounted for in accordance with IAS 19 – *Employee Benefits*. Short-term benefits (*i.e.*, benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services) are classified as current liabilities (under "Other payables") and recorded as an expense for the year in which the employees render the related services (see Note 6.2.2). Post-employment benefits and other long-term benefits are measured and recognised as described in Note 12.1.

Two types of share-based payment plans have been set up for management and selected employees – stock option plans and performance share plans. These plans fall within the scope of IFRS 2 – *Share-based Payment* and are accounted for as described in Note 12.2.

12.1 Pension and other post-employment benefits

Accounting principles

Post-employment benefits are employee benefits that are payable after the completion of employment. The Group's post-employment benefit plans include both defined contribution plans and defined benefit plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which the Group pays regular 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 such as future salary levels, retirement age, mortality, staff turnover and the discount rate.

The discount rate corresponds to the interest rate observed at the period-end for investment grade corporate bonds with a maturity close to that of the defined benefit obligation. The calculations are performed by a qualified actuary.

The net liability recorded for defined benefit plans corresponds to the present value of the defined benefit obligation less the fair value of plan assets (if any). The cost recognised in the income statement comprises:

- current service cost, past service cost and the gain or loss on plan amendments or settlements (if any), recorded in operating expense;
- interest expense on the defined benefit liability, net of interest income on the plan assets, recorded in net financial expense.

Remeasurements of the net defined benefit liability (comprising actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling) are recognised immediately in "Other comprehensive income".

12.1.1 Description of the main defined benefit plans

The main defined benefit plans concern supplementary pension benefits paid annually in some countries to retired employees of the Group, and length-of-service awards provided for in collective bargaining agreements that are paid to employees upon retirement. The plans, which are presented below, mainly concern France, Belgium and Italy.

FRENCH PLANS

Group employees in France are entitled to a length-of-service award when they retire, determined in accordance with the law and the applicable collective bargaining agreement. The award is measured as a multiple of the individual's monthly salary for the last 12 months before retirement, determined by reference to his or her years of service.

In 2009, the Group set up a supplementary defined benefit pension plan, amended in 2015. Following publication of government order 2019-697 dated July 3, 2019 (on transposition into French law of the European "Portability" Directive), the supplementary pension plan was cancelled by decision of the Board of Directors on April 20, 2020 and the provision carried in the consolidated statement of financial position at December 31, 2019 was reversed in full (see Note 11.1).

In addition, at its meeting of April 20, 2020, the Board of Directors decided to set up a new supplementary defined benefit pension plan that meets the requirements of Article L. 137-11-2, as amended, of the French Social Security Code (*Code de la sécurité sociale*), effective from January 1, 2020. 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;
- rights vest subject to the achievement of annual performance conditions: the performance criteria and specified targets are chosen among those used by the Board of Directors to determine the annual variable component of the Executive Officer's compensation;
- the annual vesting rate under the plan will vary depending on the achievement rates for the performance criteria, and the aggregate annual percentages applied for a given beneficiary, all employers combined, will be capped at 30%.

The Group has externalised the plan's management to an insurance company, through a deferred annuity contract fully invested in euro-denominated funds.

BELGIAN PLANS

The Group's main commitments in Belgium concern "prepensions" and the "solidarity fund".

The prepension scheme provides for the payment of unemployment benefits during the period from the retirement age proposed in the collective bargaining agreement to the statutory retirement age. Carrefour is committed to topping up the benefits paid by the Belgian State, so that the individuals concerned receive 95% of their final net salary. The retirement age under Belgian law, amended in 2015, is 65 (unless otherwise provided). Under the collective bargaining agreement applicable to Carrefour, employees are eligible for prepension benefits from the age of 62 (unless otherwise provided).

The solidarity fund is a corporate supplementary pension plan that offers participants the choice between a lump sum payment on retirement or a monthly pension for the rest of their lives. The plan was closed in 1994 and replaced by a defined contribution plan. Consequently, the projected benefit obligation only concerns pension rights that vested before 1994.

Furthermore, as of 2016, an additional provision has been recorded for defined contribution plans with a minimum legal guaranteed yield, in view of the current economic conditions.

ITALIAN PLANS

The Group's commitments in Italy primarily concern the *Trattemento di Fine Rapporto* (TFR) deferred salary scheme. The TFR scheme underwent a radical reform in 2007, with employers now required to pay contributions to an independent pension fund in full discharge of their liability. The Group's obligation therefore only concerns deferred salary rights that vested before 2007.

12.1.2 Net expense for the period

The expense recorded in the income statement is detailed as follows:

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)**

2020 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost[1]	(13)	16	(1)	1	3
Interest cost (discount effect)	6	3	1	1	10
Return on plan assets	(0)	(2)	-	(0)	(2)
Other items	0	0	-	-	1
EXPENSE (INCOME) FOR 2020	**(7)**	**18**	**0**	**1**	**12**

(1) The following table presents details of service cost:

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)**

2020 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	42	16	0	1	59
Past service cost (plan amendments and curtailments)	(9)	-	-	-	(9)
Settlements and other[1]	(46)	-	(1)	-	(46)
TOTAL SERVICE COST 2020	**(13)**	**16**	**(1)**	**1**	**3**

(1) This line includes the impact of cancelling the supplementary defined benefit pension plan as decided by the Board of Directors in April 2020 (see above).

The net expense for 2020 reflects 4 million euros recognised in employee benefits expense and 9 million euros recorded in net financial income and expenses. In 2019, net income of 9 million euros was attributable to reversals of provisions further to the implementation of redundancy plans, notably in France (see Note 6.3).

12.1.3 Breakdown of the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
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
Defined benefit obligation	787	470	106	43	1,407
Fair value of plan assets	(16)	(227)	-	(12)	(255)
Provision at December 31, 2020	771	243	106	33	1,152

DBO: Defined Benefits Obligations

12.1.4 Change in the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
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
Movements recorded in the income statement	(7)	18	0	1	12
Benefits paid directly by the employer	(11)	(11)	(10)	(0)	(32)
Effect of changes in scope of consolidation	(16)	-	-	-	(16)
Change in actuarial gains and losses(2)	11	8	(0)	2	20
Other(1)	0	(5)	-	(5)	(9)
Provision at December 31, 2020	771	243	106	33	1,152

(1) In 2019, 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 under early retirement schemes. An additional amount of 9 million euros has been reclassified in 2020 to reflect the departure of Belgian employers under early retirement schemes during the year.
(2) This line breaks down as follows:

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

2020 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Actuarial (gain)/loss due to experience	(7)	3	(3)	0	(8)
Actuarial (gain)/loss due to demographic assumption changes	(16)	0	-	2	(14)
Actuarial (gain)/loss due to financial assumption changes(1)	34	13	3	(0)	51
Return on plan assets (greater)/less than discount rate	(0)	(8)	-	(0)	(9)
Changes in actuarial gains and losses 2020	11	8	(0)	2	20

(1) Eurozone discount rates decreased significantly in the years reported, from 1.60% at end-2018 to 0.75% at end-2019 and 0.40% at end-2020.

12.1.5 Plan assets

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
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
Return on plan assets	0	2	-	0	2
Benefits paid out of plan assets	(0)	(18)	-	(2)	(20)
Actuarial gain/(loss)	0	8	-	0	9
Other	9	7	-	3	19
Fair value at December 31, 2020	16	227	-	12	255

Plan assets break down as follows by asset class:

	December 31, 2020				December 31, 2019			
	Bonds	Equities	Monetary investments	Real estate and other	Bonds	Equities	Monetary investments	Real estate and other
France	14%	2%	84%	1%	31%	3%	63%	2%
Belgium	36%	9%	55%	0%	36%	10%	54%	0%

All bonds and equities held in plan asset portfolios are listed securities.

12.1.6 Actuarial assumptions and sensitivity analysis

The assumptions used to measure defined benefit obligations for length-of-service awards are as follows:

	2020	2019
Retirement age	62-67	62-67
Rate of future salary increases	2.0% to 2.5%	2.0% to 2.4%
Inflation rate	1.8%	1.9%
Discount rate	0.40%	0.75%

At December 31, 2020, a discount rate of 0.40% was used for France, Belgium and Italy (December 31, 2019: 0.75%). The discount rate is based on an index of AA-rated corporate bonds with maturities that correspond to the expected cash outflows of the plans.

In 2020, the average duration of the defined benefit obligation under French, Belgian and Italian plans was 13.8 years, 9.5 years and 11.2 years respectively (versus 12.9 years, 9.8 years and 11.5 years in 2019).

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.

12.2 Share-based payments

Accounting principles

Two types of share-based payment plans have been set up for members of management and selected employees – stock option plans and performance share plans.

As the plans are equity-settled, the benefit represented by the share-based payment is recorded in employee benefits expense with a corresponding increase in shareholders' equity in accordance with IFRS 2 – *Share-based Payment*. The cost recorded in employee benefits expense corresponds to the fair value of the equity instruments on the grant date (*i.e.*, the date on which grantees are informed of the plan's characteristics and terms). Fair value is determined using the Black-Scholes option pricing model for stock options and the share price on the grant date for performance shares. Performance conditions that are not based on market conditions are not taken into account to estimate the fair value of stock options and performance shares at the measurement date. However, they are taken into account in estimates of the number of shares that are expected to vest, as updated at each period-end based on the expected achievement rate for the non-market performance conditions.

The cost calculated as described above is recognised on a straight-line basis over the vesting period.

The cost of share-based payment plans for 2020 recorded under employee benefits expense in recurring operating income was 23 million euros, with a corresponding increase in equity (10 million euros in 2019).

Details of the stock option and performance share plans set up for Executive Management and selected employees are presented below.

12.2.1 Stock option plans

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2020, 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, or 0.47% of Atacadão's share capital. The options are subject to the following vesting conditions:

- one-third of the options vest at the date of the company's IPO;
- one-third of the options will vest 12 months after the date of the IPO;
- one-third of the options will vest 24 months after the date of the IPO.

The options may be exercised up to March 21, 2023 at a price of 11.7 Brazilian 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 *(years)*	2.72
Model	Binomial
Fair value option at grant date *(in R$)*	3.73

Movements in the stock option plan were as follows:

	2020	2019
Options outstanding at January 1	3,310,923	4,797,887
Options granted during the year	-	-
Options exercised during the year	(543,451)	(1,305,040)
Options cancelled or that expired during the year	(945,000)	(181,924)
Options outstanding at December 31	1,822,472	3,310,923

On June 26, 2017, Atacadão's Extraordinary Shareholders' Meeting approved a regular stock option plan ("regular plan") providing for annual grants of stock options subject to the following conditions:

- vesting period: 36 months after the 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. The price 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	3,163,617
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 *(years)*	3
Model	Binomial
Fair value option at grant date *(in R$)*	5.20

Movements in the stock option plan were as follows:

	2020	2019
Options outstanding at January 1	3,612,789	3,546,029
Options granted during the year	-	237,335
Options exercised during the year	-	-
Options cancelled or that expired during the year	(449,172)	(170,575)
Options outstanding at December 31	3,163,617	3,612,789

12.2.2 Performance share plans

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 the Executive Officer), 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 of Directors' meeting at which the plan was decided. 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%);
- a CSR-related condition for 25%.

Details of the 2019 performance share plan are presented below.

	2019 Performance Plan
Shareholders' Meeting date	May 17, 2016
Grant date(1)	Feburary 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 dividends expected during the vesting period.

Movements in performance share grants under the 2019 performance share plan were as follows:

	2020	2019
Shares allotted at January 1	3,232,646	3,615,346
Shares granted during the year	-	-
Shares delivered to the grantees during the year	-	-
Shares cancelled during the year	(299,000)	(382,700)
Shares allotted at December 31	2,933,646	3,232,646

On February 26, 2020, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 25th resolution of the Annual Shareholders' Meeting held on June 14, 2019 to grant new or existing performance shares. The plan provided for the grant of a maximum of 2,604,597 shares (representing 0.32% 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 plan was decided. 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%);
- a CSR-related condition for 25%.

Details of the 2020 performance share plan are presented below.

	Plan 2020 Performance
Shareholders' Meeting date	June 14, 2019
Grant date(1)	February 26, 2020
Vesting date(2)	February 27, 2023
Total number of shares allotted at the grant date	2,604,597
Number of grantees at the grant date	516
Fair value of each share *(in euros)*(3)	13.05

(1) Date of the Board of Directors' decision to grant shares.
(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 fair value of shares is determined according to a reference price adjusted for dividends expected during the vesting period. The reference price corresponds to the average of the three opening share prices preceding the Board of Directors' decision.

Movements in performance share grants related to the 2020 plan were as follows:

	2020
Shares allotted at February 26, 2020	2,604,597
Shares granted during the year	-
Shares delivered to the grantees during the year	-
Shares cancelled during the year	(84,335)
Shares allotted at December 31, 2020	2,520,262

In addition, on November 10, 2020, the Board of Directors of Atacadão decided to grant rights to existing and new Atacadão shares. This plan was approved by Atacadão's Shareholders' Meeting held on April 14, 2020.

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 five performance conditions:

- two conditions linked to financial performance (recurring operating income for 20% and free cash flow for 20%);
- a condition linked to an external performance criterion (TSR), benchmarking the Atacadão share price against a panel of companies in the retail sector (for 20%);
- a condition linked to the Company's digital transformation for 20%;
- a CSR-related condition for 20%.

The main characteristics of the 2020 plan are presented below:

	Brazil 2020 "Regular" Plan
Shareholders' Meeting date	April 14, 2020
Grant date(1)	November 10, 2020
Vesting date(2)	November 10, 2023
Total number of shares approved at the grant date	1,291,074
Number of grantees at the grant date	79
Fair value of each share *(in euros)*(3)	17.35

(1) Date of the Board of Directors' decision to grant shares.
(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 fair value of shares is determined according to a reference price adjusted for dividends expected during the vesting period.

Movements in performance share grants under the Brazil 2020 “Regular plan” were as follows:

	2020
Shares allotted at November 10, 2020	999,403
Shares granted during the year	-
Shares delivered to the grantees during the year	-
Shares cancelled during the year	-
Shares allotted at December 31, 2020	999,403

12.3 Management compensation (related parties)

The following table shows the compensation paid by the Carrefour group during the year to the Group’s key management personnel.

(in millions of euros)	2020	2019
Compensation for the year	8.8	9.0
Prior year bonus	11.3	11.9
Benefits in kind (accommodation and company car)	0.3	0.4
Total compensation paid during the year	20.4	21.4
Employer payroll taxes	5.5	5.4
Termination benefits	0.7	-

Other management benefit plans are as follows:

- the supplementary defined benefit pension plan described in Note 12.1;
- stock options and performance shares: the serving members of the management team at December 31, 2020 held 1,416,443 performance shares (797,246 at December 31, 2019), for which the vesting conditions are described in Note 12.2.2. The recognised cost of share-based payment plans for members of the management team was not material in either 2020 or 2019.

The compensation paid in 2020 to members of the Board of Directors in respect of their duties amounted to 0.4 million euros (1.0 million euros in 2019).

12.4 Number of employees

	2020	2019
Senior Directors	379	389
Directors	1,794	1,759
Managers	31,978	32,478
Employees	277,148	282,005
Average number of Group employees	311,299	316,631
Number of Group employees at the year-end	322,164	321,383

NOTE 13 EQUITY AND EARNINGS PER SHARE

13.1 Capital management

The parent company, Carrefour SA, must have sufficient equity capital to comply with the provisions of the French Commercial Code.

The Group owns interests in a certain number of financial services companies (banks, insurance companies). These subsidiaries must have sufficient equity capital to comply with capital adequacy ratios and the minimum capital rules set by their local banking and insurance supervisors.

Capital management objectives (equity and debt capital) are to:

- ensure that the Group can continue operating as a going concern, in particular by maintaining high levels of liquid resources;
- optimise shareholder returns;
- keep gearing at an appropriate level, in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

In order to maintain or adjust its gearing, the Group may take on new borrowings or retire existing borrowings, adjust the dividend paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell assets in order to use the proceeds to pay down debt.

13.2 Share capital and treasury stock

13.2.1 Share capital

At December 31, 2020, the share capital was made up of 817,623,840 ordinary shares with a par value of 2.5 euros each, all fully paid.

(in thousands of shares)	**2020**	2019
Outstanding at January 1	807,266	789,253
Issued for cash	-	-
Issued under the 2016 performance share plan	-	916
Issued in payment of dividends	10,358	17,097
Cancelled shares	-	-
Outstanding at December 31	817,624	807,266

13.2.2 Treasury stock

Accounting principles

Treasury stock is recorded as a deduction from shareholders' equity, at cost. Gains and losses from sales of treasury stock (and the related tax effect) are recorded directly in equity without affecting net income for the year.

At December 31, 2020 and December 31, 2019, 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.

13.3 Dividends

At the Annual Shareholders' Meeting held on May 29, 2020, the shareholders decided to set the 2019 dividend at 0.23 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 12.19 euros per share, representing 95% of the average of the closing 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 0.23 euro per share and rounded up to the nearest euro cent.

The option period was open from June 10 to June 23, 2020. At the end of this period, shareholders owning 69% of Carrefour's shares had elected to reinvest their 2019 dividends.

June 29, 2020 was set as the date for:

- settlement/delivery of the 10,358,336 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 126 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 57 million euros.

13.4 Other comprehensive income

	2020			2019		
Group share *(in millions of euros)*	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	(8)	1	(7)	(7)	3	(4)
Changes in the fair value of debt instruments through other comprehensive income	(3)	1	(2)	0	0	0
Exchange differences on translating foreign operations	(697)	0	(697)	(162)	0	(162)
Items that may be reclassified subsequently to profit or loss	(707)	2	(705)	(169)	3	(166)
Remeasurements of defined benefit plans obligation	(20)	0	(20)	(110)	1	(109)
Changes in the fair value of equity instruments through other comprehensive income	(1)	0	(1)	1	(0)	1
Items that will not be reclassified to profit or loss	(21)	0	(21)	(109)	1	(108)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) – GROUP SHARE	**(728)**	**2**	**(726)**	**(278)**	**4**	**(274)**

	2020			2019		
Non-controlling interests *(in millions of euros)*	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	1	0	1	(1)	0	(1)
Changes in the fair value of debt instruments through other comprehensive income	(3)	1	(2)	(1)	0	(1)
Exchange differences on translating foreign operations	(333)	0	(333)	(44)	0	(44)
Items that may be reclassified subsequently to profit or loss	(335)	1	(334)	(46)	0	(46)
Remeasurements of defined benefit plans obligation	(1)	0	(1)	(2)	1	(2)
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	(1)	0	(1)	(2)	1	(2)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) – NON-CONTROLLING INTERESTS	**(336)**	**1**	**(335)**	**(48)**	**1**	**(47)**

1 2 3 4 5 6 7 8 9

13.5 Shareholders' equity attributable to non-controlling interests

Non-controlling interests mainly concern:

- the sub-group made up of Carrefour Banque SA and its subsidiaries (part of the France operating segment), which is 60% owned by the Group;
- the Grupo Carrefour Brasil sub-group made up of Atacadão SA and its subsidiaries (part of the Latin America 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)*	**2020**	**2019**
Revenue (Net Banking Revenue)	262	303
Net income	(47)	(66)
of which:		
• *attributable to the Carrefour group*	*(28)*	*(40)*
• *attributable to non-controlling interests*	*(19)*	*(26)*

Statement of financial position *(in millions of euros)*	**December 31, 2020**	**December 31, 2019**
Non-current assets	1,125	1,420
Current assets	2,436	2,873
Non-current liabilities (excluding shareholders' equity)	1,506	1,702
Current liabilities	1,793	2,292
Dividends paid to non-controlling interests	0	7

GRUPO CARREFOUR BRASIL SUB-GROUP

Income statement *(in millions of euros)*	**2020**	**2019**
Total revenue	12,105	13,596
Net income	484	301
of which:		
• *attributable to the Carrefour group*	*454*	*229*
• *attributable to non-controlling interests*	*29*	*71*

Statement of financial position *(in millions of euros)*	**December 31, 2020**	**December 31, 2019**
Non-current assets	4,142	5,024
Current assets	3,985	4,891
Non-current liabilities (excluding shareholders' equity)	1,577	2,240
Current liabilities	3,877	4,428
Dividends paid to non-controlling interests	37	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 the Carrefour group:

- 2020 net profit of 484 million euros breaks down into 326 million euros attributable to the Carrefour group and 158 million euros attributable to non-controlling interests;
- 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.

There are no individually material non-controlling interests in other subsidiaries.

13.6 Earnings per share (Group share)

Accounting principles

In accordance with IAS 33 – *Earnings Per Share*, basic earnings per share is calculated by dividing net income, Group share by the weighted average number of shares outstanding during the period. Treasury stocks, including shares held indirectly through the equity swap described in Note 12.2, are not considered to be outstanding and are therefore deducted from the number of shares used for earnings per share calculations. Contingently issuable shares are treated as outstanding and included in the calculation only from the date when all necessary conditions are satisfied.

Diluted earnings per share is calculated by adjusting net income, Group share and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares correspond exclusively to the stock options and performance shares presented in Note 12.2. 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 (the exercise price considered includes the fair value of the services rendered by the grantee, in accordance with IFRS 2 – *Share-based Payment*).

Basic earnings per share	2020	2019 restated
Net income/(loss) from continuing operations – Group share	663	29
Net income/(loss) from discontinued operations – Group share	(22)	1,097
Net income/(loss) for the year – Group share	**641**	**1,126**
Weighted average number of shares outstanding(1)	805,713,713	790,674,090
Basic income/(loss) from continuing operations – Group share – per share *(in euros)*	0.82	0.04
Basic income/(loss) from discontinued operations – Group share – per share *(in euros)*	(0.03)	1.39
Basic income/(loss) – Group share – per share *(in euros)*	0.80	1.42

(1) In accordance with IAS 33, the weighted average number of shares used to calculate 2019 earnings per share (restated) was adjusted to take into account the effect of the 2019 dividends paid in shares on June 29, 2020 (retrospective adjustment of the effect of the 5% discount on shares issued in payment of dividends, determined by the treasury stock method).

Diluted earnings per share	2020	2019 restated
Net income/(loss) from continuing operations – Group share	663	29
Net income/(loss) from discontinued operations – Group share	(22)	1,097
Net income/(loss) for the year – Group share	**641**	**1,126**
Weighted average number of shares outstanding, before dilution	805,713,713	790,674,090
Potential dilutive shares	1,874,178	904,909
Performance shares	*1,874,178*	*904,909*
Diluted weighted average number of shares outstanding	**807,587,891**	**791,578,999**
Diluted income/(loss) from continuing operations – Group share – per share *(in euros)*	0.82	0.04
Diluted income/(loss) from discontinued operations – Group share – per share *(in euros)*	(0.03)	1.39
Diluted income/(loss) – Group share – per share *(in euros)*	0.79	1.42

NOTE 14 FINANCIAL ASSETS AND LIABILITIES, FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

Accounting principles

NON-DERIVATIVE FINANCIAL ASSETS

In accordance with IFRS 9 – *Financial Instruments*, the main financial assets are classified in one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVPL).

Their classification determines their accounting treatment. Financial assets are classified by the Group upon initial recognition, based on the characteristics of the contractual cash flows and the objective behind the asset's purchase (business model).

Purchases and sales of financial assets are recognised on the trade date, defined as the date on which the Group is committed to buying or selling the asset.

(i) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments (mainly loans and receivables) that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is to hold assets to collect contractual cash flows.

They are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method. For short-term receivables with no specified interest rate, fair value is considered to be equal to the original invoice amount.

These assets are impaired as described below.

Financial assets at amortised cost include trade receivables, other loans and receivables (reported under other financial assets), deposits and guarantees, and consumer credit granted by the financial services companies.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These 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 6.5.1.

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 6.5.1);
- 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 due in more than one year" and "Borrowings – portion due in 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 6.5.2);
- 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 other comprehensive income 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 December 31, 2019, the Group had no fair value hedges of assets or liabilities. At December 31, 2020, the financing facilities arranged for Brazilian subsidiary Atacadão in April 2020 were subject to fair value hedges (see Note 14.2.3).

(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, 2020 and 2019, the effect of incorporating these two types of risk was not material.

14.1 Financial instruments by category

At December 31, 2020 *(in millions of euros)*	Carrying amount	Breakdown by category: Fair value through profit or loss	Fair value through OCI	Amortised cost	Derivative instruments not designated as hedges	Derivative instruments designated as hedges	Fair value
Investments in non-consolidated companies	105	12	94	-	-	-	105
Other long-term investments	1,106	252	150	704	-	-	1,106
Other non-current financial assets	1,212	264	244	704	-	-	1,212
Consumer credit granted by the financial services companies	5,227	-	-	5,227	-	-	5,227
Trade receivables	2,526	-	-	2,526	-	-	2,526
Other current financial assets	368	-	57	191	20	101	368
Other current assets[1]	484	-	-	484	-	-	484
Cash and cash equivalents	4,439	4,439	-	-	-	-	4,439
ASSETS	**14,256**	**4,703**	**300**	**9,132**	**20**	**101**	**14,256**
Total borrowings	7,389	-	-	7,324	32	32	7,807
Total lease commitment	4,723	-	-	4,723	-	-	4,723
Total consumer credit financing	4,574	-	-	4,558	1	15	4,574
Suppliers and other creditors	12,560	-	-	12,560	-	-	12,560
Other current payables[2]	2,524	-	-	2,524	-	-	2,524
LIABILITIES	**31,769**	**-**	**-**	**31,689**	**33**	**47**	**32,188**

At December 31, 2019 restated *(in millions of euros)*	Carrying amount	Breakdown by category: Fair value through profit or loss	Fair value through OCI	Amortised cost	Derivative instruments not designated as hedges	Derivative instruments designated as hedges	Fair value
Investments in non-consolidated companies	100	12	88	-	-	-	100
Other long-term investments	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	252	4	66	59	43	81	252
Other current assets(1)	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	7,300	-	-	7,241	43	16	7,566
Total lease commitment(3)	5,237	-	-	5,237	-	-	5,237
Total consumer credit financing	5,529	-	-	5,513	1	15	5,529
Suppliers and other creditors	13,646	-	-	13,646	-	-	13,646
Other current payables(2)	2,556	-	-	2,556	-	-	2,556
LIABILITIES	**34,268**	**-**	**-**	**34,194**	**44**	**31**	**34,534**

(1) Excluding prepaid expenses.
(2) Excluding deferred revenue.
(3) Lease commitments at December 31, 2019 were restated on application of the IFRS IC decision published in December 2019 regarding the terms of leases falling within the scope of IFRS 16 (see Note 4).

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, 2020 *(in millions of euros)*	Level 1	Level 2	Level 3	Total
Investments in non-consolidated companies	-	12	94	105
Other long-term investments	402	-	-	402
Other current financial assets – Fair Value through OCI	57	-	-	57
Other current financial assets – Derivative instruments	-	122	-	122
Cash and cash equivalents	4,439	-	-	4,439
Consumer credit financing – Derivative instruments recorded in liabilities	-	(15)	-	(15)
Borrowings – Derivative instruments recorded in liabilities	-	(64)	(0)	(64)

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	-	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)

14.2 Net debt

14.2.1 Breakdown of net debt

Consolidated net debt at December 31, 2020 amounted to 2,616 million euros compared to 2,615 million euros at December 31, 2019. This amount breaks down as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Bonds and notes	6,822	6,981
Other borrowings	503	261
Total borrowings excluding derivative instruments recorded in liabilities	7,324	7,241
Derivative instruments recorded in liabilities	64	59
TOTAL BORROWINGS	**7,389**	**7,300**
of which borrowings due in more than one year	*6,305*	*6,303*
of which borrowings due in less than one year	*1,084*	*997*
Other current financial assets[1]	334	219
Cash and cash equivalents	4,439	4,466
TOTAL CURRENT FINANCIAL ASSETS	**4,773**	**4,685**
NET DEBT	**2,616**	**2,615**

(1) The current portion of amounts receivable from finance sub-leasing arrangements is not included in this caption (see Note 14.2.5).

14.2.2 Bond debt

(in millions of euros)	Maturity	Face value: December 31, 2019	Face value: Issues	Face value: Repayments	Face value: Translation adjust-ments	Face value: December 31, 2020	Book value of the debt: December 31, 2020
Public placements by Carrefour SA		6,564	1,000	(802)	(75)	6,686	6,586
EMTN, EUR, 10 years, 4.00%	2020	802	-	(802)	-	-	-
EMTN, EUR, 11 years, 3.875%	2021	871	-	-	-	871	871
EMTN, EUR, 8 years, 1.75%	2022	1,000	-	-	-	1,000	980
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2023	445	-	-	(38)	407	385
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750	747
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750	747
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2024	445	-	-	(38)	407	372
EMTN, EUR, 5 years, 0.88%	2023	500	-	-	-	500	498
EMTN, EUR, 7.5 years, 1.75%	2026	500	-	-	-	500	497
EMTN, EUR, 8 years, 1.00%	2027	500	-	-	-	500	497
EMTN, EUR, 7.5 years, 2.625%	2027	-	1,000	-	-	1,000	993
Placements by Atacadão SA		552	-	(170)	(147)	235	235
Debentures, BRL 500 million, 5 years, 105.75% CDI	2023	110	-	-	(32)	78	78
Debentures, BRL 1,000 million, 3 years, 104.4% CDI	2021	221	-	(170)	(51)	-	-
Debentures, BRL 450 million, 3 years, 100% CDI	2022	99	-	-	(29)	71	71
Debentures, BRL 350 million, 5 years, 100% CDI	2024	77	-	-	(22)	55	55
Debentures, BRL 200 million, 7 years, 100% CDI	2026	44	-	-	(13)	31	31
TOTAL BONDS AND NOTES		**7,116**	**1,000**	**(972)**	**(222)**	**6,921**	**6,822**

On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, issuing 1 billion euros worth of 2.625% bonds maturing in around 7.5 years (due December 15, 2027). It has ensured that the Group's short- and medium-term financing needs are met in the current health crisis.

On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.

These transactions have also extended the average maturity of bond financing from 3.5 years at end-December 2019 to 3.6 years at end-December 2020 while reducing Carrefour's cost of debt.

On December 28, 2020, Atacadão retired the tranche of bonds maturing in April 2021 for an amount of 1.0 billion Brazilian reals without any penalties or additional costs.

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, 2020, their fair value amounted to 17 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 47 million euros at December 31, 2020.

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 5 million euros at December 31, 2020.

14.2.3 Other borrowings

(in millions of euros)	December 31, 2020	December 31, 2019
Latin America borrowings	302	75
Other borrowings	90	80
Accrued interest(1)	55	80
Other financial liabilities	55	26
TOTAL OTHER BORROWINGS	**503**	**261**

(1) Accrued interest on total borrowings, including bonds and notes.

"Latin America borrowings" include in particular the financing facilities in US dollars and euros set up and swapped for Brazilian reals by Brazilian subsidiary Atacadão in April 2020, for an amount of 1.5 billion reals (around 235 million euros at the December 31, 2020 closing rate).

These euro- and US dollar-denominated facilities, which were originally fixed-rate, were converted into Brazilian reals and indexed to the CDI rate at the time of issue through cross-currency swaps over the life of the borrowings. These instruments are documented and recognised as hedges (Fair Value Hedge).

14.2.4 Cash and cash equivalents

Accounting principles

Cash includes cash on hand and demand deposits.

Cash equivalents are highly liquid investments with an original maturity of less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(in millions of euros)	December 31, 2020	December 31, 2019
Cash	1,482	1,286
Cash equivalents	2,957	3,180
TOTAL CASH AND CASH EQUIVALENTS	**4,439**	**4,466**

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.

At December 31, 2020, as at December 31, 2019, there was no restricted cash.

14.2.5 Other current financial assets

(in millions of euros)	December 31, 2020	December 31, 2019
Derivative instruments	122	124
Financial receivable(1)	113	-
Other current financial assets – Fair Value through OCI	57	66
Other current financial assets – Fair Value through profit or loss	-	4
Sub-lease receivable – less than 1 year	34	34
Deposits with maturities of more than three months	33	12
Other	9	12
TOTAL OTHER CURRENT FINANCIAL ASSETS	**368**	**252**

(1) This amount represents the financial receivable relating to the 20% stake in Carrefour China. This receivable was classified within other current financial assets at December 31, 2020, to reflect the first 90-day window within which the Group can exercise its option to sell its residual interest (see Note 3.2).

14.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

14.3.1 Analysis by interest rate

	December 31, 2020		December 31, 2019	
(in millions of euros)	Before hedging	After hedging	Before hedging	After hedging
Fixed rate borrowings	7,047	6,785	6,610	6,610
Variable rate borrowings	278	539	631	631
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,324**	**7,324**	**7,241**	**7,241**

14.3.2 Analysis by currency

(in millions of euros)	December 31, 2020	December 31, 2019
Euro	6,784	6,609
Brazilian real	539	631
Argentine peso	0	0
Romanian lei	1	2
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,324**	**7,241**

The above analysis includes the effect of hedging.

Euro-denominated borrowings represented 93% of total borrowings (excluding derivative instruments recorded in liabilities) at December 31, 2020 (91% at December 31, 2019).

14.3.3 Analysis by maturity

(in millions of euros)	December 31, 2020	December 31, 2019
Due within 1 year	1,019	939
Due in 1 to 2 years	1,216	1,127
Due in 2 to 5 years	3,047	3,368
Due beyond 5 years	2,042	1,808
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,324**	**7,241**

14.4 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, 2019	(219)	7,300	7,081
Changes from financing cash flows	**(29)**	**75**	**46**
Change in current financial assets	(29)	-	(29)
Issuance of bonds	-	1,000	1,000
Repayments of bonds	-	(972)	(972)
Net financial interest paid	-	(183)	(183)
Other changes in borrowings	-	230	230
Non-cash changes	**(86)**	**14**	**(73)**
Effect of changes in foreign exchange rates	31	(191)	(160)
Effect of changes in scope of consolidation	-	26	26
Changes in fair values	(6)	4	(2)
Finance costs, net	-	171	171
Other changes[2]	(112)	3	(108)
At December 31, 2020	(334)	7,389	7,055

(1) The current portion of amounts receivable from finance sub-leasing arrangements is not included in this caption.
(2) In 2020, other movements include the classification of the financial receivable relating to the 20% stake in Carrefour China to other current financial assets at December 31, 2020 (see Note 14.2.5).

14.5 Other non-current financial assets

(in millions of euros)	December 31, 2020	December 31, 2019
Deposits and guarantees[1]	518	664
Financial services companies' portfolio of assets	403	403
Sub-lease receivable – more than 1 year[2]	108	143
Financial receivable[3]	-	138
Investments in non-consolidated companies	105	100
Other	77	60
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**1,212**	**1,507**

(1) Deposits and guarantees include legal deposits paid in Brazil in connection with the tax disputes discussed in Notes 11.2 and 11.3 (disputes relating mainly to tax reassessments challenged by the Group) pending final court rulings, as well as security deposits paid to lessors under property leases.
(2) Amounts receivable from finance sub-leasing arrangements were recognised following the application of IFRS 16 from January 1, 2019 (see Note 4).
(3) At December 31, 2019, this amount represented the financial receivable relating to the 20% stake in Carrefour China. It was classified within other current financial assets at December 31, 2020 (see Note 14.2.5).

14.6 Finance costs and other financial income and expenses

Accounting principles

This item corresponds mainly to finance costs.

In accordance with IFRS 16, it also includes interest expenses on leases along with interest income on finance sub-leasing (see Note 8).

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)	2020	2019 restated
Interest income from loans and cash equivalents	**3**	**(1)**
Interest income from bank deposits	3	4
Interest income from loans	0	(5)
Finance costs	**(174)**	**(213)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(159)	(184)
Cost of receivables discounting in Brazil	(15)	(29)
Finance costs, net	(171)	(214)
Interest charge related to leases commitment	(114)	(123)
Interest income related to financial sublease contracts	1	2
Net interest related to lease commitment	(113)	(121)
Other financial income and expenses	**(50)**	**(17)**
Interest expense on defined employee benefit debt	(10)	(22)
Interest income on pension plan assets	2	3
Financial transaction tax	(18)	(20)
Late interest due in connection with tax reassessments and employee-related litigation	(19)	(33)
Dividends received on available-for-sale financial assets	3	4
Proceeds from the sale of available-for-sale financial assets	13	49
Cost of sold available-for-sale financial assets	(7)	(1)
Exchange gains and losses	(28)	(11)
Cost of bond buybacks	(11)	(10)
Changes in the fair value of interest rate derivatives	(3)	(0)
Impact of hyperinflation in Argentina – application of IAS 29	29	22
Other	(0)	2
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(334)**	**(352)**
Financial expenses	*(384)*	*(438)*
Financial income	*50*	*86*

14.7 Risk management

The main risks associated with the financial instruments used by the Group are liquidity, interest rate, currency, credit and equity risks. The Group's policy for managing these risks is described below.

Due to the differing natures of the various businesses, financial risks arising from the banking and insurance business (including Carrefour Banque in particular) are managed separately from those related to the retail business.

An organisation has been set up to track financial risks based on a cash-pooling system managed by the Corporate Treasury and Financing Department. A reporting system ensures that Group Executive Management can oversee the department's implementation of the approved management strategies.

The risks associated with the financial services and insurance businesses are managed and tracked directly by the entities concerned. Corporate Treasury and Financing 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.

14.7.1 Liquidity risk

14.7.1.1 Retail business

Liquidity risk is the risk that Carrefour will be unable to settle its financial liabilities when they fall due.

The Group manages its liquidity risk by ensuring, to the extent possible, that it has sufficient liquid assets at all times to settle its liabilities when they fall due, whatever the conditions in the market.

A Liquidity Committee meets at monthly intervals to check that the Group's financing needs are covered by its available resources.

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting 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, 2020, 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. In May 2020, Carrefour exercised the option to extend its two credit facilities from June 2024 to June 2025. The option has been applied to more than 95% of the Group's banking facilities. 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.

The main transactions of 2020 included the issue of 1 billion euros worth of 2.625% 7.5-year bonds on April 1, 2020, and the redemption of 802 million euros worth of 4% 10-year bonds on April 9, 2020 (see Note 14.2). These transactions are part of the strategy to ensure the necessary financing is in place to meet the Group's long-term needs.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years.

14.7.1.2 Banking and insurance business

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 central bank programmes, 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.

In March 2020, Carrefour Banque redeemed 500 million euros worth of bonds. In addition, Banco CFS (Brazil) issued a collateralised financial bill (*Letra Financeira Garantida*) in December 2020 through the Brazilian Central Bank for an amount of 284 million Brazilian reals (maturing in December 2021).

As a reminder, 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, 2019 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 partial repayment of 40 million euros on this loan was made to the ECB on June 26, 2019;
- on July 11, 2019, 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, 2019, 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 at attractive interest rate terms;
- on October 25, 2019, 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, 2019, Banco CSF (Brazil) issued two bond tranches to increase its liquidity. The first two-year tranche of 387.5 million Brazilian 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 liabilities by period.

December 31, 2020 *(in millions of euros)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Fair value hedged borrowings[2]	261	261	-	261	-
Fixed rate borrowings	6,785	7,253	1,091	4,077	2,085
Unhedged borrowings	278	278	15	232	31
Derivative instruments	64	100	39	61	0
Total Borrowings	7,389	7,892	1,145	4,631	2,116
Suppliers and other creditors	12,560	12,560	12,560	-	-
Consumer credit financing	4,574	4,574	3,067	1,506	-
Other current payables[1]	2,524	2,524	2,524	-	-
TOTAL FINANCIAL LIABILITIES	**27,046**	**27,550**	**19,296**	**6,137**	**2,116**

(1) Excluding deferred revenue.
(2) Borrowings hedged by fair value hedges include in particular the financing facilities in US dollars and euros set up and swapped for reals by Brazilian subsidiary Atacadão in April 2020, for an amount of 1.5 billion Brazilian reals (see Note 14.2.3).

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
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 current 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.

The cash flows relating to the Group's lease commitments (established based on reasonably certain lease terms within the meaning of IFRS 16) are presented by maturity in Note 8.3.

14.7.2 Interest rate risk

Interest rate risk is the risk of a change in interest rates leading to an increase in the Group's net borrowing costs.

It is managed at 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	-	(17.4)	-	17.4
Options qualified as cash flow hedges	(10.5)	-	11.2	-
Instruments classified as held for trading	-	(0.0)	-	0.1
TOTAL EFFECT	**(10.5)**	**(17.4)**	**11.2**	**17.5**

14.7.3 Foreign exchange risk

Currency transaction risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from commercial transactions denominated in foreign currency.

The Group conducts its international operations through subsidiaries that operate almost exclusively in their home country, such that purchases and sales are denominated in local currency. As a result, the Group's exposure to currency risk on commercial transactions is naturally limited and mainly concerns imported products. Currency risks on import transactions (*i.e.*, goods purchases billed in foreign currencies) covered by firm commitments are hedged by forward purchases of the payment currency. Currency hedges are generally for periods of less than 12 months.

The following table shows the effect of an increase/decrease in exchange rates on currency instruments:

	10% decline		10% increase	
(in millions of euros) (- = loss; + = gain)	Impact on shareholders' equity (OCI)	Impact on income statement	Impact on shareholders' equity (OCI)	Impact on income statement
Position EUR/USD	-	137.5	-	(137.5)
Position EUR/RON	-	5.8	-	(5.8)
Position EUR/PLN	-	11.6	-	(11.6)
Position EUR/HKD	-	0.2	-	(0.2)
Position USD/RON	-	(0.6)	-	0.6
TOTAL EFFECT	**-**	**154.4**	**-**	**(154.4)**

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 2020 compared with those for 2019 decreased consolidated net sales by 4,775 million euros, or 6.8% of 2020 net sales, and recurring operating income by 269 million euros, or 12.4% of 2020 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	2	-	-	(2)	Financial result
Foreign exchange risk	(22)	-	-	-	N/A
Discontinuation of hedge accounting	-	-	-	(3)	Financial result

14.7.4 Credit risk

The Group's estimated exposure to credit risk is presented below:

(in millions of euros)	December 31, 2020	December 31, 2019
Investments in non-consolidated companies	105	100
Other long-term investments	1,106	1,407
Total Other non-current financial assets	1,212	1,507
Consumer credit granted by the financial services companies	5,227	6,290
Trade receivables	2,526	2,669
Other current financial assets	368	252
Other current assets(1)	484	439
Cash and cash equivalents	4,439	4,466
MAXIMUM EXPOSURE TO CREDIT RISK	**14,256**	**15,624**

(1) Excluding prepaid expenses.

14.7.4.1 Retail business

1) TRADE RECEIVABLES

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates and commercial income) and tenants of shopping mall units (rent). Impairment losses are recognised where necessary, based on an estimate of the debtor's ability to pay the amount due and the age of the receivable.

At December 31, 2020, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,523 million euros (see Note 6.4.3). At that date, past due receivables amounted to a net 181 million euros, of which 54 million euros were over 90 days past due (3.5% of total trade receivables net of impairment excluding receivables from suppliers).

2) INVESTMENTS (CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS)

The Group's short-term cash management strategy focuses on acquiring liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

Investments are made for the most part by Corporate Treasury and Financing, in diversified instruments such as term deposits with leading banks and mutual funds classified by the AMF as "money market" and "short-term money market" funds without any withdrawal restrictions. Investments made at the country level are approved by Corporate Treasury and Financing.

Counterparty risk monitoring procedures are implemented to track counterparties' direct investment strategies and the underlying assets held by mutual funds in which the Group invests. The Group's objective is to never hold more than 5% of a fund's net assets and to never invest more than 250 million euros in any single fund.

14.7.4.2 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 6.5.1.

ANALYSIS OF DUE AND PAST DUE CONSUMER LOANS

(in millions of euros)	December 31, 2020	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	5,227	4,276	805	36	56	55

(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

ANALYSIS OF CONSUMER LOANS BY MATURITY

(in millions of euros)	December 31, 2020	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	1,467	664	769	34
Belgium	133	2	119	12
Spain	1,974	1,097	357	521
Italy	75	25	49	-
Argentina	37	37	-	-
Brazil	1,540	1,469	72	0
TOTAL	**5,227**	**3,295**	**1,367**	**566**

(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**

14.7.5 Equity risk

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

Marketable securities portfolios and other financial investments held by the Group consist for the most part of money market instruments that do not expose the Group to any material equity risk.

From time to time, the Group buys back its shares on the market or purchases call options on its shares.

These shares are mainly used to cover stock option and performance share plans. At December 31, 2020, shares held in treasury 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 17 million euros.

NOTE 15 OFF-BALANCE SHEET COMMITMENTS

Accounting principles

Commitments given and received by the Group that are not recognised in the statement of financial position correspond to contractual obligations whose performance depends on the occurrence of conditions or transactions after the period-end. There are 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, 2020	By maturity: Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2019
Related to cash management transactions	10,938	9,869	971	99	12,674
Financial services companies	*10,681*	*9,762*	*917*	*1*	*12,454*
Other companies	*257*	*107*	*53*	*97*	*219*
Related to operations/real estate/expansion	1,474	1,019	362	93	2,144
Related to purchases and sales of securities	224	21	103	100	274
Related to leases	239	44	99	96	268
TOTAL	**12,875**	**10,953**	**1,535**	**387**	**15,360**

Commitments received *(in millions of euros)*	December 31, 2020	By maturity: Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2019
Related to cash management transactions	5,805	715	4,354	736	6,159
Financial services companies	*1,438*	*253*	*449*	*736*	*1,734*
Other companies	*4,367*	*461*	*3,905*	*0*	*4,425*
Related to operations/real estate/expansion	1,247	346	711	191	1,263
Related to purchases and sales of securities	395	271	80	45	368
Related to leases	452	245	161	46	481
TOTAL	**7,899**	**1,576**	**5,306**	**1,017**	**8,271**

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;
- commitments given for construction work to be performed 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, 2020.

As a result of the health crisis, credit commitments given to customers by the Group's financial services companies have been limited in line with local regulations, particularly in Spain. In addition, they decreased in Latin America, mainly due to the depreciation of the Brazilian real over the period.

NOTE 16 SUBSEQUENT EVENTS

There are no significant subsequent events to report.

NOTE 17 AUDITORS' FEES

	Fees 2020								
(in thousands of euros)	Deloitte & Associés(1)	Network	Total Deloitte	KPMG SA(1)	Network	Total KPMG	MAZARS(1)	Network	Total MAZARS
Financial statements certification services	1,600	562	2,162	2,797	2,822	5,619	1,533	863	2,396
Carrefour SA – Issuer	*323*	*-*	*323*	*512*	*-*	*512*	*390*	*-*	*390*
Subsidiaries (controlled entities)	*1,277*	*562*	*1,839*	*2,285*	*2,822*	*5,107*	*1,144*	*863*	*2,007*
Other services(2)	23	672	695	724	493	1,217	27	273	300
Carrefour SA – Issuer	*23*	*-*	*23*	*23*	*-*	*23*	*23*	*176*	*199*
Subsidiaries (controlled entities)	*-*	*672*	*672*	*701*	*493*	*1,194*	*4*	*97*	*101*
TOTAL	**1,623**	**1,234**	**2,857**	**3,521**	**3,316**	**6,837**	**1,560**	**1,136**	**2,696**

(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 or due-diligence in the context of an acquisition or a disposal.

NOTE 18 LIST OF CONSOLIDATED COMPANIES

18.1 Fully consolidated companies at December 31, 2020

France	Percent interest used in consolidation
AJODIS	100
ALEP 33	85
ALSATOP	100
AMIDIS ET CIE	100
ANTIDIS	100
AUPARLIXTOP	100
AVENUE	52
AZAYDIS	100
AZIMMO	100
BELLEVUE DISTRIBUTION	100
BLO DISTRIBUTION	100
C.DICAR	100
C.DIS	100
C.S.D	74
C.S.F	100
CADS	100
CALLOUETS	51
CARAUTOROUTES	100
CARDADEL	100
CARFUEL	100
CARGO INVEST	100
CARGO PROPERTY DEVELOPMENT	100
CARGO PROPERTY MANAGEMENT	100
CARIMA	100
CARMA	50
CARMA VIE	50
CARREFOUR ADMINISTRATIF FRANCE	100
CARREFOUR BANQUE	60
CARREFOUR DRIVE	100
CARREFOUR FORMATION HYPER FRANCE	100
CARREFOUR FRANCE	100
CARREFOUR FRANCE PARTICIPATION	100
CARREFOUR HYPERMARCHES	100
CARREFOUR IMPORT	100
CARREFOUR LIVRE CHEZ VOUS	100
CARREFOUR MANAGEMENT	100
CARREFOUR MARCHANDISES INTERNATIONALES	100
CARREFOUR MONACO	100
CARREFOUR OMNICANAL	100
CARREFOUR PARTENARIAT INTERNATIONAL	100
CARREFOUR PROPERTY FRANCE	100

France	Percent interest used in consolidation
CARREFOUR PROPERTY GESTION	100
CARREFOUR PROPERTY INTERNATIONAL	100
CARREFOUR PROXIMITE FRANCE	100
CARREFOUR SA	100
CARREFOUR SERVICES CLIENTS	100
CARREFOUR STATION SERVICE	100
CARREFOUR SUPPLY CHAIN	100
CARREFOUR VOYAGES	100
CHALLENGER	100
CIGOTOP	100
CITEAUXDIS	100
CLAIREFONTAINE	100
COMPAGNIE D'ACTIVITE ET DE COMMERCE INTERNATIONAL -CACI-	100
CORSAIRE	100
COVIAM 8	100
COVICAR 2	100
COVICAR 44	100
COVICAR 50	100
COVICAR 51	100
COVICAR 52	100
COVICAR 53	100
COVICAR 54	100
COVICAR 55	100
CPF ASSET MANAGEMENT	100
CRF REGIE PUBLICITAIRE	100
CRFP13	100
CRFP20	100
CRFP21	100
CRFP22	100
CRFP23	100
CRFP8	100
CROQUETTELAND	89
CSD TRANSPORTS	74
CSI	100
DAUPHINOISE DE PARTICIPATIONS	100
DE LA FONTAINE	51
DE SIAM	51
DEJBOX SERVICES	68
DELANGLE	100
DIGITAL MEDIA SHOPPER	100
DISTRIVAL	100
DOLETDIS	100
DOREL	100
EFP	100
EPG	66

France	Percent interest used in consolidation
FALDIS	100
FCT MASTER CREDIT CARD 2013	60
FINANCIERE RSV	100
FINIFAC	100
FONCIERE SOLANDIS	100
FONMARTOP	100
FORUM DEVELOPPEMENT	100
FRED 10	100
FRED 8	100
FRED 9	100
GAMACASH	100
GEILEROP	100
GENEDIS	100
GIE BREST BELLEVUE	80
GRANDSVINS-PRIVES.COM	100
GREENWEEZ	99
GREENWEEZ BELGIUM	99
GUYENNE & GASCOGNE	100
GVTIMM	51
HAUTS DE ROYA	100
HYPARLO	100
HYPERADOUR	100
HYPERMARCHES DE LA VEZERE	50
IMMO ARTEMARE	51
IMMO BACQUEVILLE	51
IMMOBILIERE CARREFOUR	100
IMMOBILIERE PROXI	100
IMMOCYPRIEN	51
IMMODIS	100
IMMOTOURNAY	51
INTERDIS	100
LA CROIX VIGNON	51
LALAUDIS	99
LANN KERGUEN	51
LAPALUS	100
LEGERE	100
LES TASSEAUX	51
LES VALLEES	51
LESCHENES	100
LOGIDIS	100
LOZERE DISTRIBUTION	100
LUDIS	100
LVDIS	100
LYBERNET	50
MAISON JOHANES BOUBEE	100
MAISON VIZET FABRE	81
MAJOR	100
MARKET PAY	100
MARKET PAY TECH	100
MATOLIDIS	100
MAUDIS	100
MAXIMOISE DE CREATION	51

France	Percent interest used in consolidation
MONTEL DISTRIBUTION	100
MY DESIGN	100
NOOPART	100
NORLITOP	100
NOSAEL	51
ON LINE CARREFOUR	100
PARLITOP	100
PARSEVRES	100
PASDEL	100
PHIVETOL	100
PLANETA HUERTO	99
POTAGER CITY	68
PROFIDIS	100
PUECH ECO	100
QUITOQUE	79
RESSONS	51
SAFABE	100
SAFETY	100
SAINT HERMENTAIRE	100
SALACA	100
SAVIDIS	100
SCI PROXALBY	74
SELIMA	100
SIGOULIM	51
SMARTECO	100
SO.BIO HOLDING	100
SO.BIO SEVRES	100
SOCIETE DES NOUVEAUX HYPERMARCHES	100
SODIMODIS	100
SODISAL	100
SODITA	100
SODITRIVE	100
SOFALINE	100
SOFIDIM	99
SOLANDIS	100
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
VIVRE BIO	100
VIZEGU	90
ZORMAT	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

Brazil	Percent interest used in consolidation
ATACADÃO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA	72
ATACADÃO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA – BANK	37
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
COTABEST INFORMACOES E TECNOLOGIA SA	37
CSF ADMINISTRADORA E CORRETORA 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
CAPARBEL	100
CARREFOUR BELGIUM	100
CARREFOUR FINANCE	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

Belgium	Percent interest used in consolidation
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
STIGAM	100
VANDEN MEERSSCHE NV	100

Netherlands	Percent interest used in consolidation
CARREFOUR NEDERLAND BV	100
CARREFOUR PROPERTY BV	100
FICADAM BV	100
HYPER GERMANY BV	100
INTERNATIONAL MERCHANDISE TRADING BV	100
SOCA BV	100

Spain	Percent interest used in consolidation
CARREFOUR PROPERTY ESPANA, 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
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

Italy	Percent interest used in consolidation
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
GALLERIA COMMERCIALE PADERNO SRL	100
GALLERIA COMMERCIALE PROPERTY FUTURA SRL	100
GS SPA	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	90
CARREFOUR PRODUCTIE SI DISTRIBUTIE	100
CARREFOUR ROUMANIE	100
COLUMBUS ACTIVE SRL	100
COLUMBUS OPERATIONAL SRL	100
MILITARI GALERIE COMERCIALA	100
SUPECO INVESTMENT SRL	100

Switzerland	Percent interest used in consolidation
CARREFOUR WORLD TRADE	100

Luxembourg	Percent interest used in consolidation
VELASQUEZ SA	100

Taiwan	Percent interest used in consolidation
CARREFOUR INSURANCE BROKER CO	60
CARREFOUR TELECOMMUNICATION CO	60
CHARNG YANG DEVELOPMENT CO	30
PRESICARRE	60
WELLCOME	60

Hong Kong	Percent interest used in consolidation
CARREFOUR ASIA LTD	100
CARREFOUR GLOBAL SOURCING ASIA	100
CARREFOUR TRADING ASIA LTD (CTA)	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

18.2 Equity-accounted companies at December 31, 2020

France	Percent interest used in consolidation
ABREDIS	50
ADIALEA	20
ALEXANDRE	50
ALTACAR OLLIOULES	50
ANGIDIS	50
ANTONINE	50
ARLOM	50
AROBLIS	50
AUBINYC	50
AUDIST SAS	50
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
D2C	50
DECODIS	26
DEPOT PETROLIER DE LYON	50
DEPOTS PETROLIERS COTIERS	24
DIRIC	50
DISTRI PALAVAS	50
DISTRIBOURG	50
DISTRICAB	50
DISTRIFLEURY	50
DOUDIS	50
DU MOULIN	50

France	Percent interest used in consolidation
EDENDIS	50
EN CONTACT	34
ENTREPOT PETROLIER DE VALENCIENNES	34
FABCORJO	50
FALME	50
FIVER	50
FONCIERE MARSEILLAN	50
FONCIERE PLANES	50
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
MALISSOL	50
MARIDYS	50
MARLODIS	50
MASSEINE	50
MBD	50
MIMALI	50
NASOCA	50
NC DISTRIBUTION	50
NCL	50
NOUKAT	50

France	Percent interest used in consolidation
OLICOURS	50
OUISDIS	50
OULLIDIS	50
PAM	50
PAS DE MENC	50
PFDIS	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
SAS DF19	50
SAS DISTRI GIGNAC	50
SASD	26
SCB	26
SCGR DISTRIBUTION	50
SCI 2C	50
SCI 2F	50
SCI FONCIERE DES ALBERES	50
SCI IMMODISC	50
SCI LA BEAUMETTE	49
SCI LA CLAIRETTE	50
SCI LATOUR	60
SCI PONT D'ALLIER	50
SCI SOVALAC	50
SCOMONDIS	50
SDAP	26
SEREDIS	26
SERPRO	50
SHOWROOMPRIVE.COM	9
SIFO	50
SIXFOURSDIS	50
SME	50
SOBRAMIC	50
SOCADIS BANYULS	50
SOCADIS CAVALAIRE	50
SODIBOR	50
SODICAB	50
SODILIM	50
SODIMER	50
SODIOUIS	50
SODYEN	50
SOMADIS	50

France	Percent interest used in consolidation
SOQUIMDIS	50
SOVADIS	50
SOVALDIS	50
SPC DISTRI	50
ST BONNET DISCOUNT	50
ST PAUL DE DISTRIBUTION	50
STE D'ALIM MODERNE	50
STE DU DEPOT PETROLIER 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 S.A	36
EWALLY	35

Spain	Percent interest used in consolidation
2013 ALBADALEJO VALENCIA, SL	26
2013 ALVARO EFREN JIMENEZ, SL	26
2013 CID OTERO, SL	26
2013 CORDOBA RODRIGUEZ, SL	26
2013 ERIK DAVID, SL	26
2013 FLORES HERNANDEZ, SL	26
2013 LIZANDA TORTAJADA, SL	26
2013 MARTINEZ CARRION, SL	26
2013 NAYARA SAN MARTIN YANGÜELA, SL	26
2013 SOBAS ROMERO, 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
SUPERMERCATS HEGERVIC MATARO, SL	26
SUPERMERCATS SAGRADA FAMILIA, 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
SCARL SHOPVILLE GRAN RENO	39

Netherlands	Percent interest used in consolidation
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	38

Tunisia	Percent interest used in consolidation
ULYSSE	25

6.7 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2020

To the Carrefour Shareholders' Meeting,

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.

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, 2020.

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, 2020 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 requirements of the French Commercial Code (*Code de commerce*) and the French Code of ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2020 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.

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 change in accounting policy following the December 2019 publication of the IFRS IC clarifying the rules for determining the term of leases within the scope of IFRS 16 – Leases recognised retrospectively with effect from the IFRS 16 transition date (*i.e.*, January 1, 2019). Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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, 11.1, 11.2.1 and 11.3 to the consolidated financial statements)* In Brazil, the Group is involved in tax risks, in particular, on the tax on the distribution of goods and services (ICMS) and to the corresponding tax credits recorded, on the federal contributions related to the social integration programme and to the financing of the social security system (Pis-Cofins) and on the tax amortization of goodwill recognised in 2007 in the context of the acquisition of Atacadão. The assessment of the risk related to each tax litigation is regularly reviewed by the Group's tax department and the subsidiary's Management, with the support of its external counsels for the most significant tax litigations in order to determine the need of recording a provision or not, and in the case where a provision should be recorded, to estimate the amount of the provision. We considered the tax risk of the Brazilian subsidiaries, for both the estimation of the provisions and the information disclosed in the financial statement as a key audit matter due to the amount and the number of tax risks, to the complexity of the tax legislation especially for retail companies in Brazil and the level of management judgment in the assessment of the outcome of the ongoing litigations and the amount of the provision to be booked.	We have obtained an understanding of the internal controls implemented by the Group to identify tax risks in the Brazilian subsidiaries. In order to appreciate if the provisions for tax risks in for Brazilian subsidiaries have been correctly estimated, we performed the following procedures, with the assistance of our tax experts: • conducted interviews with the tax department 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 review of the estimates and positions adopted by management to determine the need to record a provision and, where this is necessary, to assessing reasonable assurance on the amount of provision to be recorded; • assessed the information disclosed in the notes 1.3, 11.1, 11.2.1 and 11.3 of the consolidated financial statements.
Measurement and recognition of rebates and service agreement *(See notes 1.3 and 6.2.1 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, 2020 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 following IFRS IC decision at the date of first-time application of IFRS 16 - Leases *(See notes 1.3, 4.1, 8.1 and 8.2 to the consolidated financial statements)* Following the December 2019 publication of the IFRS IC decision clarifying the rules for determining the term of leases within the scope of IFRS 16 – Leases, the Group conducted analyses to measures the corresponding impacts and then implemented them in its financial and accounting systems during the second half of 2020. The Group did not apply this decision when preparing its December 31, 2019 consolidated financial statements These analyses also took into account the position statement published by the French accounting standards body (Autorité des normes comptables – ANC) on July 3, 2020, which supersedes the previous statement dated February 16, 2018, to determine the IFRS 16 lease terms of "3/6/9"- type French commercial leases, notably those which have entered an automatic renewal period. The application of the IFRS IC decision had the effect of extending the IFRS 16 lease term of certain leases, which led to an increase of €692 million of the right-of-use assets and €686 million of lease commitments. The impacts of this change in accounting policy were recognized retrospectively with effect from the IFRS 16 transition date (*i.e.*, January 1, 2019), and the 2019 consolidated financial statements were restated. Thereby, taking into account the IFRS IC decision, the total impact of applying IFRS 16 led to the recognition as at January 1, 2019 of right-of-use assets for a net value of €5 936 million and lease commitments of €5 943 million versus €5 244 million and €5 256 million in the 2019 published consolidated financial statements. We considered that the impacts of the December 2019 publication of the IFRS IC decision published in December 2019 as a key audit matter given, the material amounts of the lease commitments and the right-of-use assets in the financial statements, the significant level of judgment required by Management in determining the lease term and the number of contracts term impacted by the decision.	We have obtained an understanding of the procedures implemented by the Group to identify the leases in the scope of IFRS IC. Our other procedures consisted mainly, for a sample of contracts, in: • assessing, the appropriateness of the criteria used by management to determine the residual lease term; • reconciling the asset data used to determine the residual lease term with accounts; • assessing the appropriateness of the residual IFRS 16 lease term in accordance with the criteria determined by the Group; • recalculating the amounts of the right-of-use assets and the lease commitments as re-measured and recognised by the Group as at January 1, 2019; • assessing the appropriateness of the disclosures in notes 1.3, 4.1, 8.1 and 8.2 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 of the Group, 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

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation N° 2019/815 of 17 Decembre 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentionnedin Article L.451-1-2,I of the French Monetary and Financial Code (*Code monétaire et financier*).

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, 2020, Deloitte & Associés, KPMG S.A. and Mazars were in the 18th year, 53rd year and 10th 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 to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris-La Défense and Courbevoie, February 25, 2021

DELOITTE & ASSOCIES	KPMG S.A.	MAZARS
Bertrand Boisselier	Caroline Bruno Diaz	Emilie Loreal
Stéphane Rimbeuf		Jérôme de Pastors

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CARREFOUR SA FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

7.1 Income statement

(in millions of euros)	*Note*	2020	2019
Reversals of impairment and provisions, and transferred charges		45	22
Other income		115	122
Total operating income		**159**	**144**
Other purchases and external charges		(168)	(149)
Wages and salaries, payroll taxes		(24)	(10)
Depreciation, amortisation, impairment and provision expense		(11)	(14)
Taxes other than on income, other operating expenses		(2)	(4)
Total operating expenses		**(205)**	**(177)**
Operating loss		(46)	(33)
Income from shares in subsidiaries and affiliates		853	323
Interest income, revenue from disposals of marketable securities		3	2
Reversals of impairment and provisions		31	91
Total financial income		**887**	**416**
Impairment and provision expense		(280)	(202)
Interest and other financial expenses		(178)	(152)
Total financial expenses		**(458)**	**(354)**
Financial income, net	*8.*	429	62
Recurring income before tax, net		383	29
Reversals of impairment and provisions		102	76
Depreciation, amortisation, impairment and provision expense		(3)	(4)
Other non-recurring income and expenses		(33)	(16)
Non-recurring income, net		65	56
Employee profit-sharing		-	-
Income tax	*9.*	102	181
NET INCOME		**550**	**266**

7.2 Balance sheet

Assets

(in millions of euros)	Note	December 31, 2020 Gross	December 31, 2020 Amortisation, depreciation and impairment	December 31, 2020 Net	December 31, 2019 Net
Intangible fixed assets	*4.2*	19	(16)	3	5
Tangible fixed assets	*4.2*	2	(2)	0	-
Financial investments	*4.1*	37,254	(7,652)	29,602	29,881
Fixed assets		37,274	(7,669)	29,605	29,886
Accounts receivable	*10.1*	1,157	(221)	935	626
Cash and marketable securities	*5.2*	235	(101)	134	143
Current assets		1,392	(322)	1,069	769
Accruals and deferred revenue	*10.1*	41	-	41	84
TOTAL ASSETS		**38,707**	**(7,992)**	**30,715**	**30,739**

Equity and liabilities

(in millions of euros)	Note	December 31, 2020	December 31, 2019
Share capital	*7.1*	2,044	2,018
Issue and merger premiums	*7.2*	17,183	17,082
Legal reserve	*7.3*	202	197
Regulated reserves	*7.3*	378	378
Other reserves	*7.3*	39	39
Retained earnings	*7.3*	2,102	2,024
Net income for the year	*7.3*	550	266
Tax-driven provisions		-	-
Shareholders' equity	*7.3*	22,498	22,004
Provision for contingencies and charges	*6*	167	299
Financial liabilities	*5.1*	6,740	6,638
Trade payables	*10.2*	9	19
Accrued taxes and payroll costs	*10.2*	101	46
Operating liabilities		110	65
Other miscellaneous liabilities	*10.2*	1,166	1,731
Accruals and deferred revenue	*10.2*	35	2
Miscellaneous liabilities		1,201	1,733
TOTAL EQUITY AND LIABILITIES		**30,715**	**30,739**

7.3 Statement of cash flows

(in millions of euros)	2020	2019
Net income	550	266
Depreciation and amortisation	2	1
Provisions and impairment of financial assets, net of reversals	117	30
Other changes	34	-
Cash flow from operations	703	297
Change in other receivables and payables	32	(68)
Net cash from operating activities	735	229
Acquisitions of shares in subsidiaries and affiliates	-	(195)
Disposals of shares in subsidiaries and affiliates	-	5
Other cash flows from investing activities[1]	5	-
Net cash from (used in) investing activities	5	(190)
Dividends paid	(57)	(106)
Net change in debt	102	(822)
Change in intra-Group receivables and payables	(785)	891
Net cash used in financing activities	(741)	(37)
Net change in cash and cash equivalents	(1)	2
Cash and cash equivalents at beginning of year[1]	2	-
Cash and cash equivalents at end of year[1]	1	2
Net change in cash and cash equivalents	(1)	2

(1) excluding treasury shares (recorded in assets, under marketable securities).

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

During 2020, the Covid-19 pandemic had a severe impact on the global economy and led to a serious, unprecedented situation. Despite this, Carrefour SA was able to operate as normal and continued to secure its financing sources (see Note 2.1). As a result, the Company's business continuity has not been called into question.

2.1 Securing Carrefour's long-term financing

In early March 2020, the Covid-19 health crisis cut off access to the money market and the primary long-term bond market. The primary bond market re-opened on March 20, after a ten-day closure, with credit spreads at 200 bps versus 150 bps pre-closure.

On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, by issuing 1 billion euros worth of 2.625% 7.5-year bonds due December 15, 2027.

On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.

These transactions, which ensure the Group's liquidity over the short- and medium-term, are part of the strategy to ensure the necessary financing is in place to meet Carrefour's needs. They also extended the average maturity of bond financing from 3.5 years at end-December 2019 to 4.1 years at end-June 2020, while reducing Carrefour's cost of debt.

Furthermore, in May 2020, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities.

2.2 Cancellation of the supplementary pension plan

Following publication of government order 2019-697 dated July 3, 2019 (on transposition into French law of the European "Portability" Directive), the supplementary pension plan set up by Carrefour in 2009 was cancelled by decision of the Board of Directors on April 20, 2020 and the provision carried in the consolidated statement of financial position at December 31, 2019 was reversed in full (see Note 6.2.2).

At its meeting of April 20, 2020, the Board of Directors decided to set up a new supplementary pension plan that meets the requirements of Article L. 137-11-2, as amended, of the French Social Security Code (*Code de la sécurité sociale*), effective from January 1, 2020. This plan is managed by an external insurance company.

2.3 Sale of Market Pay

On October 30, 2020, the Group announced the sale of 60% of its Market Pay payment platform to AnaCap Financial Partners, a private equity firm focused on European financial services, with the aim of accelerating the platform's development and diversification. Market Pay has an enterprise value of around 300 million euros.

Developed by Carrefour's teams since 2016, Market Pay is a European payment platform designed to meet the Group's omni-channel retail needs in its different geographies. It handles 1.3 billion transactions per year and manages 45,000 point-of-sale terminals and 5 million payment cards. Supporting physical points of sale and online retailers with the end-to-end deployment of innovative, simplified payment solutions, Market Pay has enjoyed continuous, strong growth since its creation.

Through this partnership, Carrefour aims to capitalise on AnaCap's deepened expertise in the sector and 15-year track record in growth and business development to enable Market Pay to continue expanding, diversifying and accelerating its transformation in support of Carrefour's innovation projects and of its other existing and prospective customers.

France's standard consultation process with employee representative bodies was completed in December 2020, and the transaction remains subject to the customary conditions, *i.e.*, a review by the banking regulators in France and Spain and by the European Commission. It is expected to close in the first half of 2021.

2.4 Property lease transfer

In March 2020, Carrefour SA transferred the head office lease in Massy to a Group entity.

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 the 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 2020 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;
- 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

FIXED ASSETS

(in millions of euros)	Shares in subsidiaries and affiliates	Deficits allocated to shares in subsidiaries and affiliates	Other financial assets	Financial assets, net in 2020	Financial assets, net in 2019
Gross amount at January 1	25,880	11,407	5	37,293	37,099
Capital increases and acquisitions				-	195
Capital reductions and disposals/liquidations[1]	(34)		(5)	(39)	(2)
Gross amount at December 31 (A)	25,846	11,407	0	37,254	37,292
Impairment at January 1	(2,402)	(5,010)	0	(7,412)	(7,255)
Increases[2]	(268)			(268)	(171)
Reversals[2]	28			28	15
Accumulated impairment at December 31 (B)	(2,642)	(5,010)	-	(7,652)	(7,411)
NET TOTAL (A) - (B)	**23,204**	**6,397**	**0**	**29,602**	**29,881**

(1) Liquidations in 2020 mainly concern Carrefour Service Stations for 6.4 million euros and Adialea for 27.7 million euros, following capital reductions of these entities.
The five-million-euro decrease in other financial assets corresponds to the repayment of the deposit for the Massy lease.
(2) Impairment of shares in subsidiaries and affiliates for the year mainly concerns:
- Guyenne & Gascogne 151.1 million euros;
- Carrefour Italia for 102.2 million euros;
- Carrefour Systèmes d'Information for 13.1 million euros.

In addition, a 27.7-million-euro reversal was recognised for Adialea.

Details of allocated shares in subsidiaries and deficits are presented in Note 12.

4.1.3 Carrefour France SAS

As of December 31, 2020, 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, 2019.

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, 2020 and December 31, 2019.

Value in use is estimated based on the sum of discounted future cash flows for a period of 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 5.5% (5.6% in 2019), and a perpetuity growth rate of 1.6% (1.7% in 2019).

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 2020 were as follows:

(in millions of euros)	Intangible fixed assets	Tangible fixed assets	Total in 2020	Total in 2019
Gross amount at January 1	19	2	21	21
Acquisitions	-	-	-	-
Gross amount at December 31 (A)	19	2	21	21
Depreciation, amortisation and impairment at January 1	(14)	(2)	(16)	(15)
Depreciation/amortisation for the year	(2)		(2)	(1)
Depreciation/amortisation and impairment at December 31 (B)	(16)	(2)	(17)	(16)
NET TOTAL (A) - (B)	**3**	**0**	**3**	**5**

NOTE 5 FINANCING AND RISK MANAGEMENT

5.1 Borrowings

At December 31, 2020, borrowings broke down as follows:

	December 31, 2020				
(in millions of euros)	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	December 31, 2019
Bonds	871	3,815	2,000	6,686	6,563
Accrued interest	53	-	-	53	75
FINANCIAL LIABILITIES	**925**	**3,815**	**2,000**	**6,740**	**6,638**

Changes in bonds in 2020 are set out below:

		Face value			
(in millions of euros)	December 31, 2019	Issues	Repayments	Translation adjustments	December 31, 2020
EMTN, EUR, 10 years, 4.00%	802	-	(802)[1]	-	-
EMTN, EUR, 11 years, 3.875%	871	-		-	871
EMTN, EUR, 8 years, 1.75%	1,000	-	-	-	1,000
Non-dilutive convertible bonds USD 500 million, 6 years, 0%	445	-	-	(38)	407
EMTN, EUR, 8 years, 0.750%	750	-	-	-	750
EMTN, EUR, 10 years, 1.25%	750	-	-	-	750
Non-dilutive convertible bonds, USD, 6 years, 0%	445	-	-	(37)	408
EMTN, EUR, 5 years, 0.88%	500	-	-	-	500
EMTN, EUR, 7.5 years, 1.75%	500	-	-	-	500
EMTN, EUR, 8 years, 1.00%	500		-	-	500
EMTN, EUR, 7 years, 2.625%		1,000[2]			1,000
Total bonds and notes	6,563	1,000	(802)	(75)	6,686

(1) On April 9, 2020, the Group redeemed 802 million euros worth of 4% 10-year bonds.
(2) On April 1, 2020, Carrefour became the first BBB-rated issuer to tap the market, issuing 1 billion euros worth of 2.625% bonds maturing in around 7.5 years (due December 15, 2027). It has ensured that the Group's short- and medium-term financing needs are met in the current health crisis.

5.2 Cash and marketable securities

			December 31, 2020	December 31, 2019
(in millions of euros)	Gross	Impairment	Net	Net
Treasury shares (allocated)[1]	-			
Treasury shares (available)[2]	233	(101)	133	141
Cash and cash equivalents[3]	1		1	2
CASH AND MARKETABLE SECURITIES	**235**	**(101)**	**134**	**143**

Cash and marketable securities comprise:

(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, 2020, 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 2020.

(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, 2019	9,457,539	233	(92)	141	-
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					
Additions to provisions for performance shares allocated to specific plans					
Impairment of shares not yet allocated to specific plans			(9)	(9)	
AMOUNT AT DECEMBER 31, 2020	**9,457,539**	**233**	**(101)**	**132**	**-**

Carrefour shares held at December 31, 2020 are measured based on the latest known quoted price, *i.e.*, 14.03 euros per share, and their carrying amount is 132 million euros.

5.3 Liquidity

5.3.1 Credit facilities

At December 31, 2020, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros.

Furthermore, in May 2020, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities. 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.

NOTE 6 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, 2019	Increases	Reversals		December 31, 2020
			Used	Surplus	
Obligations to deliver shares	-				0
Pension obligations	45	0		(45)	(0)
Provisions for shares in subsidiaries and affiliates	94	1	-	0	95
Disputes and miscellaneous risks	161	16	(12)	(92)	73
Provision for contingencies and charges	300	17	(12)	(138)	167
On financial assets	7,411	268	(28)		7,652
On accounts receivable	221				221
On other items (marketable securities)	92	9			101
Impairment	7,724	276	(28)	-	7,974
TOTAL PROVISIONS AND IMPAIRMENT	**8,024**	**294**	**(39)**	**(138)**	**8,141**

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.

A provision is recognised when (i) the Board of Directors decides 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.

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 the Executive Officer), 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 of Directors' meeting at which the plan was decided. 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%.

2020 Plan

On February 26, 2020, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the Extraordinary Shareholders' Meeting held on June 14, 2019 to grant new or existing performance shares. The plan provided for the grant of a maximum of 2,300,000 shares (excluding shares granted to the Executive Officer), representing 0.28% 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 plan was decided. 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 adjusted 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%.

Characteristics

The main characteristics of the two performance share plans outstanding are presented below:

	2019 Plan	2020 Plan
Date of the Shareholders' Meeting	May 17, 2016	June 14, 2019
Grant date(1)	February 27, 2019	February 26, 2020
Vesting date(2)	February 28, 2022	February 25, 2023
Number of shares awarded at grant date	3,615,346	2,604,597
Number of grantees at grant date	640	516
Fair value of each share (in euros)(3)	14.33	13.05

(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 dividends expected during the vesting period and the expected achievement of market performance criteria.

Changes in the year

Movements in shares under these two plans were as follows in 2020:

	2020	2019
Number of performance shares granted at January 1	3,232,646	1,516,550
Shares granted	2,604,597	3,615,346
Shares delivered to grantees	-	(916,098)
Shares cancelled during the year(1)	(383,335)	(983,152)
NUMBER OF PERFORMANCE SHARES GRANTED AT DECEMBER 31	**5,453,908**	**3,232,646**

(1) Including 299,000 shares cancelled under the 2019 Plan and 84,335 shares cancelled under the 2020 Plan.

6.2 Provisions for pension benefit obligations

Pension benefit obligations corresponding to amounts payable to employees on retirement 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.

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:

Assumptions	December 31, 2020	December 31, 2019
Rate of future salary increases	2.84%	2.84%
Payroll tax rate	35%	35%
Discount rate	0.40%	0.75%
Mortality table	TV TD 2015-2017	TV TD 2014-2016
Staff turnover rate (based on seniority):	Before age 55, average of the actual turnover rates for headquarters staff over the period 2018-2020; beyond age 55, the turnover rate is nil	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
0 to 5 years' seniority	*4.98%*	*6.17%*
6 to 10 years' seniority	*5.10%*	*2.75%*
11 to 15 years' seniority	*2.10%*	*3.32%*
16 to 20 years' seniority	*4.33%*	*4.25%*
21 to 25 years' seniority	*3.75%*	*2.64%*
More than 26 years' seniority	*2.39%*	*3.29%*

The provision at December 31, 2020 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. At December 31, 2020, the obligation net of plan assets corresponded to 0.8 million euros in assets.

6.2.2 Supplementary pension obligations

In 2009, the Group set up a supplementary defined benefit pension plan, amended in 2015. Following publication of government order 2019-697 dated July 3, 2019 (on transposition into French law of the European "Portability" Directive), the supplementary pension plan was cancelled by decision of the Board of Directors on April 20, 2020 and the provision carried in the consolidated statement of financial position at December 31, 2019 was reversed in full.

In addition, at its meeting of April 20, 2020, the Board of Directors decided to set up a new supplementary pension plan that meets the requirements of Article L. 137-11-2, as amended, of the French Social Security Code (*Code de la sécurité sociale*), effective from January 1, 2020. 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;
- rights vest subject to the achievement of annual performance conditions: the performance criteria and specified targets are chosen among those used by the Board of Directors to determine the annual variable component of the Executive Officer's compensation;
- the annual vesting rate under the plan will vary depending on the achievement rates for the performance criteria; and the aggregate annual percentages applied for a given beneficiary, all employers combined, will be capped at 30%.

The Group has externalised the plan's management to an insurance company.

NOTE 7 SHAREHOLDERS' EQUITY

7.1 Share capital

At December 31, 2020, the share capital was made up of 817,623,840 ordinary shares with a par value of 2.50 euros each, versus 807,265,504 shares at December 31, 2019.

The increase during the year corresponded to new shares issued to shareholders who chose to reinvest the dividend paid in June 2020.

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 June 29, 2020 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 100 million euros (see Note 7.3 below).

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, 2019	2,018	17,082	2,638	266	22,004
Appropriation of net income for 2019	26	100	83	(266)	(57)
Net income for 2020				550	550
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020	**2,044**	**17,182**	**2,721**	**550**	**22,498**

At the Annual Shareholders' Meeting held on May 29, 2020, the shareholders decided to set the 2019 dividend at 0.23 euros per share with a dividend reinvestment option.

The issue price of the ordinary shares to be issued in exchange for reinvested dividends was set at 12.19 euros per share, representing 95% of the average of the closing 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 0.23 euros per share and rounded up to the nearest euro cent.

The option period was open from June 10 to June 23, 2020. At the end of this period, shareholders owning 68.85% of Carrefour's shares had elected to reinvest their 2019 dividends. June 29, 2020 was set as the date for:

- settlement/delivery of the 10,358,336 new shares corresponding to reinvested dividends, leading to a total capital increase including premiums of 126 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 57 million euros.

Dividends not paid on Carrefour shares held in treasury on the ex-dividend date, in the amount of 2 million euros, were credited to retained earnings.

7.4 Treasury share reserve

At December 31, 2020 and December 31, 2019, 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, 2020 was 132 million euros (see Note 5.2) versus 141 million euros at December 31, 2019.

NOTE 8 FINANCIAL INCOME, NET

Net financial income breaks down as follows:

(in millions of euros)	2020	2019
Dividends	853	323
Interest and other financial expenses	(178)	(150)
Increase in impairment and provisions for shares in subsidiaries and affiliates	(280)	(202)
Reversals of impairment and provisions for shares in subsidiaries and affiliates	31	91
Other financial income and expenses	3	-
FINANCIAL INCOME, NET	**429**	**62**

In 2020, dividends received stood at 853 million euros. Dividends paid in 2020 mainly include:

- 413 million euros from Spanish subsidiary Norfin Holder;
- 119 million euros from French subsidiary CRFP8;
- 114 million euros from Belgian subsidiary Caparbel;
- 77 million euros from French subsidiary Hyparlo;
- 27 million euros from Brazilian subsidiary Atacadão.

Interest expense was mainly attributable to bond issues.

Further to their remeasurement at December 31, 2020, the Company recognised an increase of 267.7 million euros in the net charge to impairment of shares in subsidiaries and affiliates, and 1.5 million euros in 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 8.7 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.

NOTE 9 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	383		383
Non-recurring income, net	65	(0)	65
Group relief	-	103	103
2020 NET INCOME	**448**	**102**	**550**

The income tax benefit for 2020 corresponds to net 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 2020, the tax saving resulting from tax losses at subsidiaries in the tax consolidation group amounted to 1,438 million euros (1,360 million euros in 2019).

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, 2020		December 31, 2019	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
1- Temporarily non-deductible expenses				
• Provisions for pension obligations			12	-
• Provisions for contingencies and charges	3		-	-
• Other			-	-
2- Temporarily non-taxable revenue				
• Capital gains on mergers and asset contributions qualifying for rollover relief		250	-	250
3- Tax loss carryforwards	315		293	-
TOTAL	**318**	**250**	**305**	**250**

The amount of 250 million euros recorded in liabilities 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)	Dec. 31, 2020	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Dec. 31, 2019
Accounts receivable	1,157	1,157	-	-	848
Subtotal accounts receivable	1,157	1,157	-	-	848
Translation losses					39
Other accruals[1]	41	41			45
Subtotal accruals	41	41	0	0	84
TOTAL	**1,198**	**1,198**	**0**	**0**	**932**

(1) Other accruals mainly include bond issuance premiums for 25.2 million euros and bond issuance costs for 9.6 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)	Dec. 31, 2020	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Dec. 31, 2019
Trade payables	9	9	-	-	19
Accrued taxes and payroll costs	101	101	-	-	46
Other liabilities[1]	1,166	1,166	-	-	1,731
Translation gains	35	35	-	-	2
TOTAL	**1,311**	**1,311**	**-**	**-**	**1,798**

(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	
	Dec. 31, 2020	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Interest rate swaps (Carrefour fixed rate borrower)							
Euribor/fixed quarterly rate E/360	0				(100)		(6)
Purchased calls	815	-	815	-	890	17	34
Currency swaps	815		815		890	52[1]	80
EUR/USD on convertible bonds							
Purchased interest rate options (caps)	600	500	100		700		-
Purchased swaptions	650	250	400		1,150	2	2
Sold swaptions	(300)	(50)	(250)		(350)	(13)	(9)
TOTAL	**4,645**	**1,450**	**3,195**	**-**	**4,070**	**58**	**101**

(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-dollar cash-settled convertible bond issue.

10.4.2 Other commitments

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Guarantees	13	19
Rent guarantees[1]	-	242
Other guarantees given	-	13
Commitments given	13	274
Undrawn syndicated lines of credit[2]	3,900	3,900
Rent guarantees[1]	-	242
Commitments received	3,900	4,142

(1) At December 31, 2019, the guarantees corresponded to the future minimum payments due under non-cancellable real estate leases. These guarantees are now obsolete following the transfer of the Massy lease to another Group entity in March 2020.
(2) At December 31, 2020, 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 and June 2025.

As explained in Note 2.1, Carrefour exercised its option to extend its two credit facilities totalling 3.9 billion euros, from June 2024 to June 2025. This option has been applied to more than 95% of the Group's banking facilities.

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.

10.5 Employees and compensation

10.5.1 Average number of employees

	2020	2019
Managerial	5	5
AVERAGE NUMBER OF EMPLOYEES	**5**	**5**

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, 2020.

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 amount of merger losses allocated to shares	Last published income	Last published revenue	Dividends received
A- DETAILED INFORMATION										
1. Subsidiaries (over 50% owned)										
France										
CARMA	23	88	50.0%	44	44	-	-	7	0	0
Carrefour Banque	101	369	60.0%	124	124	-	-	(155)	296	0
Carrefour France	1,995	45	99.6%	3,979	3,979	6,952	2,243	(1,618)	14	0
CARREFOUR MANAGEMENT	0	(99)	100.0%	23	0	-	-	(6)	0	0
CARREFOUR SYSTÈMES D'INFORMATION	164	(125)	100.0%	168	26	-	-	33	417	0
CRFP 8	3,381	235	74.8%	2,528	2,528	-	-	168	0	119
CRFP 13	863	611	38.0%	385	385	-	-	64	0	51
GUYENNE ET GASCOGNE	106	23	100.0%	428	227	-	-	1	13	0
HYPARLO	63	213	100.0%	450	450	180	155	77	0	77
TOTAL				**8,128**	**7,763**	**7,132**	**2,398**	**(1,429)**	**739**	**247**
International										
CARREFOUR ASIA	185	(180)	100.0%	190	5					0
Carrefour Nederland BV	2,259	1,480	100.0%	3,603	3,603	767	675			0
NORFIN HOLDER	2	4,612	79.9%	3,177	3,177	2,872	2688			413
CAPARBEL	6,334	6	100.0%	6,334	6,334	636	636			114
TOTAL				**13,304**	**13,119**	**4,275**	**3,998**	**0**	**0**	**527**
2. Affiliates (10%-50% owned)										
International										
ATACADAO	1,687	1,294	32.8%	251	251	-	-			27
CARREFOUR FINANCE	6,816	531	25.0%	1,668	1,668	-	-			0
CARREFOUR ITALIA	1,289	(1,288)	30.0%	2,192	113	-	-			0
TOTAL				**4,111**	**2,032**	**0**	**0**	**0**	**0**	**27**

(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 amount of merger losses allocated to shares	Last published income	Last published revenue	Dividends received
B- AGGREGATE INFORMATION										
1. Other subsidiaries										
France				26	26	0	0			40
International				0	0	0	0			0
2. Other investments										
France				28	24	0	0			0
International				248	240	0	0			12
C- GENERAL INFORMATION ABOUT INVESTMENTS										
French subsidiaries (total)				8,154	7,790	7,132	2,398			287
International subsidiaries (total)				13,304	13,119	4,275	3,998			527
French affiliates (total)				28	24	0	0			0
International affiliates (total)				4,359	2,272	0	0			39
TOTAL				**25,846**	**23,204**	**11,407**	**6,397**			**853**

Data in greyed out 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 2019 since the 2020 data have not yet been authorised for issue by the appropriate governance bodies.

7.5 Statutory Auditors' report on the financial statements

For the year ended December 31, 2020

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,

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, 2020. These financial statements have been approved by the Board of Directors on February 17, 2021.

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, 2020 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 requirements of rules required by the French Commercial Code (*code de commerce*) and the French Code of ethics (*code de déontologie*) for statutory auditors for the period from January 1, 2020 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) N° 537/2014.

Justification of Assessments - Key Audit Matter

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is this complex and evolving context that, 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, 2020, 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 recognised 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 test performed as at December 31, 2020 on the merger losses allocated to the shares of Carrefour France does not put forward the need to recognise 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 realisation 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;
- comparing the actual performance observed for past periods with the previous forecasts to verify the reliability of the forecasting process;
- 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 March 23, 2021 and in the other documents provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-6 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.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

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, 2020, Deloitte & Associés, KPMG S.A. and Mazars were in the 18th, 53rd, and 10th 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 programme 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, March 30, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	KPMG S.A.	MAZARS
Stéphane Rimbeuf Bertrand Boisselier	Caroline Bruno Diaz	Jérôme de Pastors Émilie Loréal

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 *société anonyme* (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.

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, including the Directors representing employees, are appointed for a three-year term.

A third (or an equivalent proportion) of the members of the Board of Directors appointed by the Ordinary Shareholders' Meeting is renewed every year. At the Board of Directors meeting following the initial appointments, the names of the Directors exiting the Board at the end of their first and second year are determined by drawing lots. Exiting Directors are eligible for re-election.

Directors shall cease to hold office at the end of the Ordinary Shareholders' Meeting, called to approve the Financial Statements of the ended financial year, that is held during the year in which said Director's term of office is to expire. This excludes the Directors representing employees whose term of office ends on the anniversary date of their appointment.

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 more Directors representing employees of which the number and conditions of appointment are set by the legal provisions and the Articles of Association in effect.

When only one Director representing employees is to be appointed, he/she is appointed by the Group Committee (*Comité de Groupe français Carrefour*). When two Directors representing employees are to be appointed, the second is appointed by the European Works Council (*Comité d'Information et de Concertation européen Carrefour*).

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 committee(s) appointed by the Articles of Association to appoint a Director or Directors 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/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 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. If the Chairman is temporarily unavailable, the Vice-Chairman replaces him for a defined period of time during such unavailability; otherwise the Vice-Chairman acts as Chairman until a new Chairman is elected.

The Chairman organises and directs the Board of Directors' work, reporting thereon to the Shareholders' Meeting.

The Chairman ensures the proper functioning of the Company's bodies and, in particular, ensures that the Directors are able to perform their duties.

The Board of Directors meets as often as required to serve the Company's interests, either at the head office or at any other place indicated in the Notice of Meeting. Certain decisions referred to in Article L. 225-37 of the French Commercial Code (*Code de commerce*) could be the subject of written consultations of the Directors.

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 discussions of the Board of Directors are consigned on a special register in accordance with the legislation in effect or in accordance with Article R. 225-22 of the French Commercial Code, in electronic format. In such a case, they are signed using an electronic signature, complying with the minimum requirements of an advanced electronic signature referred to in Article 26 of Regulation (EU) 910/2014 of the European Parliament and of the Council of July 23, 2014 on electronic identification and trusted services for electronic transactions within the internal market. 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 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 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, an 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 them. The Chairman assumes the title of Chairman and Chief Executive Officer and may perform their duties until the Ordinary Shareholders' Meeting convened to approve the previous year's Financial Statements and held during the year in which they reach 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 June 29, 2020

The Shareholders' Meeting of May 29, 2020, 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 25,895,840 euros (twenty-five million, eight hundred ninety-five thousand, eight hundred forty euros) through the creation of 10,358,336 new Company shares, which were fully paid up as of their issue, carried dividend rights as of January 1, 2020 and ranked *pari passu* with the other shares in the Company's share capital.

Following this increase, the share capital amounted to 2,044,059,600 euros (two billion, forty-four million, fifty-nine thousand, six-hundred euros), divided into 817,623,840 shares with a par value of 2.5 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

8.2.2.1 Delegations currently in effect

Type	Guarantee amount	Duration	Expiry date	Use during 2020
Issue of shares and/or marketable securities with pre-emptive 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 pre-emptive 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 pre-emptive 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 pre-emptive 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 pre-emptive subscription rights)	0.8% 0.25% (Company officers)	38 months	August 14, 2022	0.32% (o/w 0.04% Company Officers)

8.2.2.2 Delegations to be submitted to the Shareholders' Meeting of May 21, 2021 for approval

Type	Guarantee amount	Duration	Expiry date
Issue of shares and/or marketable securities with pre-emptive subscription rights			
• Shares	€500 million	26 months	July 21, 2023
• Other marketable securities	€4.5 billion	26 months	July 21, 2023
Issue of shares and/or marketable securities without pre-emptive subscription rights as part of a public tender or public exchange offer made by the Company for another company			
• Shares	€175 million	26 months	July 21, 2023
• Other marketable securities	€1.5 billion	26 months	July 21, 2023
Issue of shares and/or marketable securities without pre-emptive subscription rights (private investment)			
• Shares	€175 million	26 months	July 21, 2023
• Other marketable securities	€1.5 billion	26 months	July 21, 2023
Issue of shares and/or marketable securities to remunerate contributions-in-kind granted to the Company in an amount of up to 10% of the share capital	10%	26 months	July 21, 2023
Capital increase by incorporation of reserves, profits and premiums	€500 million	26 months	July 21, 2023
Capital increase in favour of employees who are members of a Company savings plan (shareholder waiver of pre-emptive subscription rights)	€35 million	26 months	July 21, 2023
Free allotment of new or existing Company shares to salaried employees and officers of the Company and its affiliates (shareholder waiver of pre-emptive subscription rights)	0.8% 0.25% (Company officers)	26 months	July 21, 2023

CHANGE IN THE COMPANY'S CAPITAL

Event	Change in the number of shares	Capital (in euros)
Position at December 31, 2015	738,470,794	1,846,176,985.00
Capital increase resulting from the option to pay the dividend in shares	17,764,360	
Position at December 31, 2016	756,235,154	1,890,587,885.00
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
Capital increase resulting from the option to pay the dividend in shares	10,358,336	
Position at December 31, 2020	817,623,840	2,044,059,600

8.2.3 TREASURY SHARE BUYBACKS

Treasury shares

At December 31, 2020, the Company held 9,457,539 treasury shares (*i.e.*, 1.16% of the share capital).

The market value of treasury shares held at December 31, 2020, based on the final quoted price known for the year of 14.03 euros per share, was 133 million euros.

Share buybacks

The Shareholders' Meeting held on May 29, 2020, 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 longer any Carrefour stock option plans outstanding at December 31, 2020.
3. Performance share plan:

   In 2020, no shares were delivered under the performance share plan.
4. Cancellation:

   The Company did not cancel any shares in 2020.
5. Sale of treasury shares:

   No shares were sold in 2020.

Description of the share buyback programme approved by the Shareholders' Meeting of May 29, 2020

1. Date of the Shareholders' Meeting that approved the share buyback programme and implementation decision:

   Approval of the programme: Shareholders' Meeting of May 29, 2020.

   Implementation decision: Board of Directors' Meeting of May 29, 2020.

2. Number of shares and percentage of capital held directly or indirectly by the issuer:

   At May 29, 2020, the Company held 9,457,539 treasury shares, *i.e.*, 1.17% of the share capital as of that date.

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 May 29, 2020 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 80,726,550 (representing approximately 10% of the share capital at December 31, 2019). The total amount that the Company may use to buy back its own shares may not exceed 2,906,155,800 euros.

   Given that the Company already held 9,457,539 treasury shares at May 29, 2020, representing 1.17% of the share capital as of that date, the maximum number of shares that may be purchased under this authorisation is 71,269,011.

6. Term of the share buyback programme:

   Eighteen months from May 29, 2020 pursuant to the authorisation granted at the Shareholders' Meeting, *i.e.*, until November 28, 2021.

7. Transactions carried out by way of acquisition, disposal or transfer under the previous share buyback programme:

Percentage of capital held directly and indirectly by the Company (in shares and as a percentage) at the beginning of the previous programme on May 29, 2020	9,457,539/1.17%
Number of shares cancelled over the past 24 months	0
Number of shares held at May 29, 2020 (in shares + as a percentage)	9,457,539/1.17%
Gross book value of the portfolio (in euros)	132,688,856.63
Market value of the portfolio (in euros)	132,689,272.17

	Total gross flows		Open positions on the day of the programme description's publication			
	Purchases	*Sales/Transfers*	*Open purchase position*		*Open sale position*	
			Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	-	-				
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, 2020.

Grant of shares

On February 26, 2020, 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 June 14, 2019 to grant performance shares (new or existing) to 516 Group employees. Shares granted under this plan 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, 2020 are presented below.

	2019 Performance Plan	2020 Performance Plan
Date of the Annual Shareholders' Meeting	May 17, 2016	June 14, 2019
Grant date[1]	February 27, 2019	February 26, 2020
Vesting date[2]	February 28, 2022	February 27, 2023
Number of shares awarded at grant date	3,615,346	2,604,597
of which to Company Officers	*249,146*	*304,597*
Number of grantees at grant date	640	516
Fair value of one share (in euros)[4]	14.43	13.05

(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 2020 were as follows:

	2020	2019
Number of performance shares granted at January 1	3,232,646	1,516,550
of which shares outstanding	0	0
Shares granted in 2020[1]	2,604,597	3,615,346[2]
Shares delivered to grantees in 2020[3]	-	(916,098)
Shares cancelled in 2020[4]	(459,934)	(983,152)
Number of performance shares granted at December 31	5,377,309	3,232,646
of which shares outstanding	-	-

(1) 2020 performance share plan decided by the Board of Directors on February 26, 2020.
(2) 2019 performance share plan decided by the Board of Directors on February 27, 2019.
(3) Shares delivered under the expired 2016 share plan, after applying the achieved performance rate.
(4) Shares cancelled under the 2019 and 2020 performance share plans.

8.3 Shareholders

8.3.1 MAIN SHAREHOLDERS

At December 31, 2020, the share capital amounted to 2,044,059,600 euros (two billion, forty-four million, fifty nine thousand, six hundred euros), divided into 817,623,840 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, 2020 was 1,039,716,834. After deducting the voting rights that cannot be exercised, the total number of voting rights is 1,030,259,295.

CAPITAL (AT DECEMBER 31, 2020)

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2020 was as follows:

Shareholders	Number of shares	Capital (in %)	Number of actual voting rights	Actual voting rights (%)	Number of theoretical voting rights	Theoretical voting rights (%)
	79,624,212	9.74%	158,598,424	15.73%	158,598,424	15.25%
Galfa	22,291,101[1]	2.73%	-	-	22,291,101	2.14%
Subtotal – Galfa	101,915,313	12.46%	158,598,424	15.73%	180,889,525	17.40%
Peninsula Europe	62,563,160[2][3]	7.65%	122,641,891	12.17%	122,641,891	11.80%
Bank of America Mrll Lynch	53,670,022	6.56%	53,670,022	5.32%	53,670,022	5.16%
Cervinia Europe	41,550,370	5.08%	80,918,585	8.03%	80,918,585	7.78%
Groupe Arnault	3,704,367	0.45%	6,837,413	0.68%	6,837,413	0.66%
Subtotal – Groupe Arnault	45,254,737	5.53%	87,755,998	8.71%	87,755,998	8.44%
Employees	7,402,518	0.91%	14,552,776	1.44%	14,552,776	1.40%
Shares owned	9,457,539	1.16%	-	-	9,457,539	0.91%
Public	537,360,551	65.72%	570,749,083	56.62%	570,749,083	54.89%
TOTAL	**817,623,840**	**100.00%**	**1,007,968,194**	**100.00%**	**1,039,716,834**	**100.00%**

(1) Held via stock options.
(2) Including 24,809,568 shares held by Abilio Diniz.
(3) Shares pledged to banks under structured financing arrangements.

Note that the breakdown of capital and voting rights as published at December 31, 2019 and December 31, 2018 was as follows:

SHARE 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.

CAPITAL (AT DECEMBER 31, 2018)

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

Shareholders	Number of shares	Capital (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.

Carrefour shareholder agreement

There is no shareholder agreement at Carrefour.

Employee shareholding

At December 31, 2020, Group employees held 0.91% of the Company's share capital through the Company mutual fund.

8.3.2 CROSSING OF THRESHOLDS REPORTED TO THE COMPANY IN 2020

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 2020:

Shareholders	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	03/04/2020	Upward	5.00%	6.53%	5.12%	52,732,227
JP Morgan Chase & Co	03/06/2020	Downward	5.00%	0.01%	0.01%	55,576
JP Morgan Chase & Co	06/12/2020	Upward	5.00%	7.60%	5.97%	61,364,334
JP Morgan Chase & Co	06/15/2020	Downward	5.00%	0.93%	0.73%	7,507,693
Groupe Arnault	09/14/2020	Downward	10.00%	5.53%	8.45%	45,254,737

8.3.3 INFORMATION REFERRED TO IN ARTICLE L. 233-13 OF THE FRENCH COMMERCIAL CODE

At the end of 2020, 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.

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.

Cervinia Europe, a private limited company formed under Luxembourg law whose head office is located at 2-4, avenue Marie-Thérèse, (L-2132) Luxembourg, and 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 held more than one-twentieth of the share capital and 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. 22-10-11 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 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 6, 2021

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.

Pursuant to European directives, following the audit reform which caps the number of consecutive years of the mandate of a Statutory Auditor term at 24 years, and on the recommendation of the Audit Committee, the Board of Directors, meeting on October 27, 2020, decided not to propose the renewal of the appointment of KPMG as Statutory Auditor and to propose the renewal of the appointment of Deloitte & Associés as Statutory Auditor. This renewal will be proposed at the 2021 Shareholders' Meeting. In compliance with current regulations, the renewal of the appointment of alternate Statutory Auditors will not be proposed.

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, 2019: consolidated financial statements, Company financial statements and related Statutory Auditors' reports included in the Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 30, 2020 under number D.20-0421, on pages 223 to 308, 313 to 334, 309 to 312 and 335 to 338 respectively;
- 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;

The information included in the abovementioned Registration Document and Universal Registration Document, other than that indicated above, is, where applicable, superseded or updated by the information included in this Universal Registration Document. The abovementioned Registration Document and Universal Registration Document 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 6.1, 6.1.2 and 6.5)
5.2. Principal markets	1.1.2-1.1.3-1.2-1.4 5.1.2 6.6 (Notes 5.1 and 6.1.1)
5.3. Key events in the issuer's business development	1.6.1-1.6.2-1.6.3 5.3, 5.4.2, 5.4.5 6.6 (Notes 2, 3.2 and 16)
5.4. Strategy and objectives	1.1.6 5.3, 5.4.2 6.6 (Notes 2 and 3)
5.5. Issuer's dependence	6.6 (Note 14.7)
5.6. Competitive position	1.2.7-1.5.1
5.7. Investments	5.4.2, 5.4.5 6.6 (Notes 2 and 3.2)
6/ Organisational structure	
6.1. Brief description of the Group	1.1-1.6.6
6.2. List of significant subsidiaries	6.6 (Note 18) 7.4 (Note 12)
7/ Review of financial position and earnings	
7.1. Financial position	5.2-5.6.6
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 13) 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 14)
8.4. Restrictions on the use of capital resources	5.2.5 6.6 (Note 14.2.4)
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, 5.4.5
10.2. Events reasonably likely to have a material effect on prospects	5.3

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	3.2.2.1
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 12.1)
14/ Operation of administrative and management bodies	
14.1. Expiration of current terms of office	3.2.1.1
14.2. Service contracts	3.1.2.3
14.3. Information on the Audit Committee and Compensation Committee	3.2.3
14.4. Statement on compliance with the applicable corporate governance regime	Introduction of 3/3.5
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	3.7 6.6 (Note 9.3)
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	N/A
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	5.4.3 6.6 (Note 16)
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	5.3
Principal risks and uncertainties	4.1.1
Capital structure and factors that could have an impact in the event of a public offer	N/A
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 and 8

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 5.4 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	N/A
French Commercial Code	L. 232-1 and L. 233-26	Significant events between the financial year-end and the report preparation date	5.4.5
French Commercial Code	L. 232-1 and L. 233-26	Foreseeable changes in the situation of the Company and of the Group	5.3
French General Tax Code (*Code général des impôts*)	243 *bis*	Dividends distributed for the three previous financial years and amount of income distributed for these same financial years eligible for the 40% tax reduction	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. 22-10-35	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. 22-10-35	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	6.6 (Note 14.7.3)
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	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	2.2.3
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	2.3.1
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	3.6
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	8.3.1
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 General Tax Code	34.9 and 223 *quater*	Additional tax information	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. 22-10-8	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. 22-10-9 L. 22-10-34 I, R. 22-10-14	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	3.2.1.3
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	3.7
French Commercial Code	L. 22-10-10	Description of the authorisation procedure for routine agreements entered into on an arm's length basis	3.7
French Commercial Code	L. 225-37-4	Executive Management's choice of management methods	3.1.1.1
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. 22-10-10	Composition of the Board of Directors, conditions of preparation and organisation of the Board of Directors' work	3.2
French Commercial Code	L. 22-10-10	Application of the principle of gender equality	3.1.2
French Commercial Code	L. 22-10-10	Limitations of powers of the Chief Executive Officer	3.1.1.2
French Commercial Code	L. 22-10-10	Reference to the Corporate Governance Code	3.1
French Commercial Code	L. 22-10-10	Specific rules governing shareholders' participation in Shareholders' Meetings	8.1.4
French Commercial Code	L. 22-10-11	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. 22-10-11	Powers of the Board of Directors, including in particular the issue or buyback of shares	3.1.1, 3.2.2 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. 22-10-11	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. 22-10-11	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. 22-10-11	Direct or indirect interests in the Company's capital brought to the Company's knowledge	8.3
French Commercial Code	L. 22-10-11	List of holders of any security conferring special rights of control and description of these securities	N/A
French Commercial Code	L. 22-10-11	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. 22-10-11	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. 22-10-11	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. 22-10-11	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	Chapter/Section no.
Business model	1.1.5
Main non-financial risks	2.1.2.1/4.1.2
Duty of care policy and procedures	2.1.2.1/2.2
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	2.2.3.5
Social commitment to combating discrimination and promoting diversity	1.4.2.1/2.2.3.4
Measures taken to combat food waste	1.4.2.3/2.2.2.1/2.2.2.5
Measures taken to promote employment of the disabled	2.2.3.4
Social commitment to combating food insecurity	1.2.4/1.4.1.2/2.2.2.1
Social commitment to promoting animal welfare	1.4.2.3/2.2.1.3/2.2.1.4
Social commitment to promoting responsible, equitable and sustainable diets	1.4/2.2.1
Social commitment to sustainability	Chapter 2/1.4

(*) For listed companies.

9.6.6 SASB, GRI AND TCFD CONCORDANCE TABLE

Carrefour established its strategy and reporting in accordance with the principles of the SASB (Sustainability, Accounting Standards Board), the GRI (Global Reporting Initiative), and the TCFD (Task Force on Climate-related Financial Disclosures) to ensure its completeness. The concordance table below cross-references the key principles of these three frameworks (2020 update) with the CSR report.

SASB – Sustainability disclosure	URD	Website	Other sources
Fleet fuel management	2.2.2.4 Fighting and preparing for climate change 2.2.2.5 2020 case study – Expanding the biomethane fleet in France	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C4.1a, C12.1d
Air emissions from refrigeration	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C2.2a, C2.3
Energy management	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C8.2a
Food waste management	2.2.2.1 Combating food waste and food insecurity	*https://www.carrefour.com/en/csr/commitment/combatting-food-waste*	-
Data security	2.2.4.3 Personal data protection 4.1.2.1 Governance and business environment – Personal data protection	-	-
Food safety	2.2.1.1 Our products and our customers' health	*https://www.carrefour.com/en/csr/commitment/qualite-conformite-et-securite-des-produits*	-
Product health & nutrition	2.2.1.1 Our products and our customers' health	*https://www.carrefour.com/en/csr/commitment/what-about-healthier-diet*	-
Product labelling & marketing	2.3.1.2 Third-party assessments, and risk prevention and management system	*https://www.carrefour.com/en/csr/responsible-conduct*	-
Labour practices	2.2.3.3 Growing and moving forward together 2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment	*https://www.carrefour.com/en/csr/commitment/act-people-growing-and-moving-forward* *https://www.carrefour.com/en/csr/commitment/act-efficiency-acting-simplicity* *https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*	-
Management of environmental & social impacts in the supply chain	2.2.1.2 Promoting and developing sustainable agriculture 2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 2.2.2.3 Developing ecodesign and a circular economy for packaging	*https://www.carrefour.com/en/csr/commitment/promoting-and-developing-sustainable-farming* *https://www.carrefour.com/en/csr/commitment/sustainable-fishing* *https://www.carrefour.com/en/csr/commitment/protect-forests* *https://www.carrefour.com/en/csr/commitment/guaranteeing-ethical-farming* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement* *https://www.carrefour.com/en/csr/commitment/committing-ecodesign-and-circular-economy-packaging*	-

SASB – Sustainability disclosure	URD	Website	Other sources
Number of (1) retail locations and (2) distribution centres	1.1.3 Operating regions	*https://www.carrefour.com/en/group* *https://www.carrefour.com/en/carrefour-group-locations*	-
Total area of (1) retail space and (2) distribution centres	1.4.1.3 Across all distribution channels	-	-
Number of vehicles in commercial fleet	Unavailable	-	-
Ton-miles travelled	Unavailable	-	-

No.	GRI disclosure	URD	Website
GRI 100			
GRI 102 – General disclosures			
Organisational profile			
102-1	Name of the organisation	8.1.1 Goodwill	https://www.carrefour.com/en/group
102-2	Activities, brands, products, and services	1.1.1 Facts and figures 1.1.2 Business overview 1.5 Description of the Group's businesses	
102-3	Location of headquarters	1.1.3 Operating regions 1.5.1 An international omni-channel retailer	
102-4	Location of operations	1.1.3 Operating regions 1.5.1 Description of the Group's businesses	
102-5	Ownership and legal form	1.6.4 Summary of stock market performance 1.6.6 Simplified legal chart at December 31, 2020 8.3 Shareholders	
102-6	Markets served	1.5 Description of the Group's businesses	
102-7	Scale of the organisation	1.1.1 Facts and figures 1.1.2 Business overview 1.5 Description of the Group's businesses	
102-8	Information on employees and other workers	1.1.1 Facts and figures 2.2.3.1 Growing and moving forward together	
102-9	Supply chain	1.1.5 Our business model, based on creating shared value	
102-10	Significant changes to the organisation and its supply chain	1.6 The Carrefour group in 2020	
102-11	Precautionary Principle or approach	4 Risk management and internal control 2.2 Policies to mitigate the risks related to our business	
102-12	External initiatives	2.2 Policies to mitigate the risks related to our business 2.3 Duty of care	
102-13	Membership of associations	1.4.2.2 Our ability to adapt to change 2.2 Policies to mitigate the risks related to our business	
Strategy			
102-14	Statement from senior decision-maker	Annual report editorial	-
102-15	Key impacts, risks, and opportunities	1.2 Context: global challenges and development opportunities 4.1.2 Principal risk factors	-
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	1.4 Our *raison d'être* 2.2.4.2 Fair practices 2.3 Duty of care	https://www.carrefour.com/en/csr/responsible-conduct
102-17	Mechanisms for advice and concerns about ethics	2.2.4.2 Fair practices 2.3 Duty of care 4.1.2.1 Governance and business environment – Corruption/Sapin II law	
Governance			
102-18	Governance structure	3.2 The Board of Directors	https://www.carrefour.com/en/group/governance
102-19	Delegating authority	3.2 The Board of Directors	-
102-20	Executive-level responsibility for economic, environmental, and social topics	2.1.1 Method and governance of CSR and the food transition	https://www.carrefour.com/en/csr/policy

1 2 3 4 5 6 7 8 9

No.	GRI disclosure	URD	Website
102-21	Consulting stakeholders on economic, environmental, and social topics	1.4.1.4 Stakeholder dialogue 2.1.1.1 Method of CSR and the food transition	*https://www.carrefour.com/en/csr/policy*
102-22	Composition of the highest governance body and its committees	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-23	Chair of the highest governance body	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-24	Nominating and selecting the highest governance body	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-25	Conflicts of interest	2.2.4.2 Fair practices	*https://www.carrefour.com/en/csr/responsible-conduct*
102-26	Role of highest governance body in setting purpose, values, and strategy	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-27	Collective knowledge of highest governance body	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-28	Evaluating the highest governance body's performance	3.2 The Board of Directors 3.3 Group Executive Committee	-
102-29	Identifying and managing economic, environmental, and social impacts	2.1.1.1 Method of CSR and the food transition	*https://www.carrefour.com/en/csr/policy*
102-30	Effectiveness of risk management processes	2.2 Policies to mitigate the risks related to our business	*https://www.carrefour.com/en/csr/csr-commitment* *https://www.carrefour.com/en/csr/performance*
102-31	Review of economic, environmental, and social topics	2.1.1.2 Governance bodies for CSR and the food transition	*https://www.carrefour.com/en/csr/policy*
102-32	Highest governance body's role in sustainability reporting	2.1.1.2 Governance bodies for CSR and the food transition	*https://www.carrefour.com/en/csr/policy*
102-33	Communicating critical concerns	2.1.1.2 Governance bodies for CSR and the food transition	-
102-34	Nature and total number of critical concerns	2.1.1.2 Governance bodies for CSR and the food transition	-
102-35	Remuneration policies	3.4 Compensation and benefits granted to Company Officers	*https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*
102-36	Process for determining remuneration	3.4 Compensation and benefits granted to Company Officers	*https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*
102-37	Stakeholders' involvement in remuneration	3.4 Compensation and benefits granted to Company Officers	-
102-38	Annual total compensation ratio	3.4 Compensation and benefits granted to Company Officers	*https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*
102-39	Percentage increase in annual total compensation ratio	3.4 Compensation and benefits granted to Company Officers	-
Stakeholder engagement			
102-40	List of stakeholder groups	1.4.1.4 Stakeholder dialogue 1.4.2.2 Our ability to adapt to change 2.2 Policies to mitigate the risks related to our business	*https://www.carrefour.com/en/csr/policy* *https://www.carrefour.com/en/csr/csr-commitment*
102-41	Collective bargaining agreements	2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment	*https://www.carrefour.com/en/csr/policy* *https://www.carrefour.com/en/csr/csr-commitment*

No.	GRI disclosure	URD	Website
102-42	Identifying and selecting stakeholders	1.4.1.4 Stakeholder dialogue 2.1.1.1 Method of CSR and the food transition 2.2 Policies to mitigate the risks related to our business 4.1.2 Principal risk factors	
102-43	Approach to stakeholder engagement	1.4.1.4 Stakeholder dialogue 2.2 Policies to mitigate the risks related to our business	
102-44	Key topics and concerns raised	1.4.1.4 Stakeholder dialogue 2.2 Policies to mitigate the risks related to our business	
Reporting practice			
102-45	Entities included in the consolidated financial statements	6.6 (Note 18) List of consolidated companies	-
102-46	Defining report content and topic Boundaries	2.1.2.1.3 Definition of the Group's societal risks and associated policies	-
102-47	List of material topics	1.4.2.2 Our ability to adapt to change 2.1.2.1.3 Definition of the Group's societal risks and associated policies	-
102-48	Restatements of information	N/A	-
102-49	Changes in reporting	2.4.2 Detailed reporting methodology for CSR indicators	-
102-50	Reporting period	2.4.2 Detailed reporting methodology for CSR indicators	-
102-51	Date of most recent report	April 1, 2020	-
102-52	Reporting cycle	2.4.2 Detailed reporting methodology for CSR indicators	-
102-53	Contact point for questions regarding the report	investisseurs@carrefour.com	-
102-54	Claims of reporting in accordance with the GRI Standards	Core	-
102-55	GRI content index	9.6.6 GRI (Global Reporting Initiative) concordance table	-
102-56	External assurance	2.4.3 Report by the independent third party on the consolidated non-financial statement included in the Group management report	-

No.	GRI disclosure	URD	Website
GRI 200			
GRI 201 – Economic performance			
201-1	Direct economic value generated and distributed	5. Business review as of December 31, 2020	-
201-2	Financial implications and other risks and opportunities due to climate change	Unavailable	-
201-3	Defined benefit plan obligations and other retirement plans	1.4.2.1 Diversity and our employees' skills 3.4 Compensation and benefits granted to Company Officers	-
201-4	Financial assistance received from government	N/A	-
GRI 202 – Market presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Unavailable	*https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*
202-2	Proportion of senior management hired from the local community	Unavailable	*https://www.carrefour.com/en/csr/commitment/act-people-growing-and-moving-forward*
GRI 203 – Indirect economic impacts			
203-1	Infrastructure investments and services supported	N/A	-
203-2	Significant indirect economic impacts	N/A	-
GRI 204 – Procurement practices			
204-1	Proportion of spending on local suppliers	1.4.2.4 Geographic footprint	*https://www.carrefour.com/en/csr/commitment/community-responsability*
GRI 205 - Anti-corruption			
205-1	Operations assessed for risks related to corruption	2.2.4.2 Fair practices 4.1.2.1 Governance and business environment – Corruption/Sapin II law	*https://www.carrefour.com/en/csr/responsible-conduct*
205-2	Communication and training about anti-corruption policies and procedures	2.2.4.2 Fair practices 4.1.2.1 Governance and business environment – Corruption/Sapin II law	
205-3	Confirmed incidents of corruption and actions taken		*https://www.carrefour.com/en/csr/responsible-conduct*
GRI 206 – Anti-competitive behaviour			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.4.2 Fair practices	*https://www.carrefour.com/en/csr/*responsible-conduct
GRI 207 - Tax			
207-1	Approach to tax	2.2.4.2 Fair practices 4.1.2.1 Governance and business environment 6.6 (Note 10) Income tax 7.3 Statement of cash flows	*https://www.carrefour.com/en/csr/responsible-conduct*
207-2	Tax governance, control, and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		
207-4	Country-by-country reporting		

No.	GRI disclosure	URD	Website
GRI 300			
GRI 301 - Materials			
301-1	Materials used by weight or volume	2.2.1.3 Sourcing raw materials at risk 2.2.2.3 Developing ecodesign and a circular economy for packaging	*https://www.carrefour.com/en/csr/commitment/promoting-and-developing-sustainable-farming* *https://www.carrefour.com/en/csr/commitment/sustainable-fishing* *https://www.carrefour.com/en/csr/commitment/protect-forests* *https://www.carrefour.com/en/csr/commitment/guaranteeing-ethical-farming* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement* *https://www.carrefour.com/en/csr/commitment/committing-ecodesign-and-circular-economy-packaging*
301-2	Recycled input materials used	2.2.1.3 Sourcing raw materials at risk 2.2.2.2 Limiting the environmental impact of our plants 2.2.2.3 Developing ecodesign and a circular economy for packaging	
301-3	Reclaimed products and their packaging materials	2.2.2.3 Developing ecodesign and a circular economy for packaging	
GRI 302 - Energy			
302-1	Energy consumption within the organization	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*
302-2	Energy consumption outside of the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		
GRI 303 - Water and effluents			
303-1	Interactions with water as a shared resource	Unavailable	*https://www.carrefour.com/en/csr/commitment/responsible-water-consumption*
303-2	Management of water discharge-related impacts	Unavailable	*https://www.carrefour.com/en/csr/commitment/responsible-water-consumption*
303-3	Water withdrawal	2.2.2.2 Limiting the environmental impact of our plants	
303-4	Reduction of energy consumption	Unavailable	
303-5	Water consumption	2.2.2.2 Limiting the environmental impact of our plants	
GRI 304 - Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	Unavailable	*https://www.carrefour.com/en/csr/commitment/promoting-and-developing-sustainable-farming* *https://www.carrefour.com/en/csr/commitment/sustainable-fishing* *https://www.carrefour.com/en/csr/commitment/protect-forests* *https://www.carrefour.com/en/csr/commitment/guaranteeing-ethical-farming* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
304-2	Significant impacts of activities, products, and services on biodiversity	2.2.1.3 Sourcing raw materials at risk 2.2.2.2 Limiting the environmental impact of our plants	
304-3	Habitats protected or restored	2.2.1.3 Sourcing raw materials at risk 2.2.2.2 Limiting the environmental impact of our plants	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Unavailable	*https://www.carrefour.com/en/csr/commitment/protect-forests*

No.	GRI disclosure	URD	Website
GRI 305 - Emissions			
305-1	Direct (Scope 1) GHG emissions	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-6	Emissions of ozone-depleting substances (ODS)	Unavailable	Unavailable
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Unavailable	Unavailable
GRI 306 - Waste			
306-1	Waste generation and significant waste-related impacts	2.2.2.1 Combatting food waste and food insecurity 2.2.2.2 Limiting the environmental impact of our plants	*https://www.carrefour.com/en/csr/commitment/limiting-pollution-our-sites-and-restoring-biodiversity*
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		
GRI 307 - Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	2.2.2.2 Limiting the environmental impact of our plants	*https://www.carrefour.com/en/csr/commitment/limiting-pollution-our-sites-and-restoring-biodiversity*
GRI 308 - Supplier environnement assessment			
308-1	New suppliers that were screened using environmental criteria	2.3.1.2 Third-party assessments, and risk prevention and management system	*https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
308-2	Negative environmental impacts in the supply c&hain and actions taken	2.2.1.3 Sourcing raw materials at risk	

N°.	GRI disclosure	URD	Website
GRI 400			
GRI 401 - Employment			
401-1	New employee hires and employee turnover	2.2.3.3 Growing and moving forward together	*https://www.carrefour.com/en/csr/commitment/act-people-growing-and-moving-forward*
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Unavailable	
401-3	Parental leave	2.2.3.3 Growing and moving forward together	
GRI 402 - Labor management relations			
402-1	Minimum notice periods regarding operational changes	Unavailable	Unavailable
GRI 403 - Occupational Health and Safety			
403-1	Occupational health and safety management system	2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment	*https://www.carrefour.com/en/csr/commitment/act-efficiency-acting-simplicity*
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety		
403-8	Workers covered by an occupational health and safety management system	2.2.3.5 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment	*https://www.carrefour.com/en/csr/commitment/act-efficiency-acting-simplicity*
403-9	Work-related injuries		
403-10	Work-related ill health		
GRI 404 - Training and education			
404-1	Average hours of training per year per employee	Unavailable	*https://www.carrefour.com/en/csr/commitment/act-people-growing-and-moving-forward* *https://www.carrefour.com/en/csr/commitment/act-innovation-taking-pride-transforming-our-profession*
404-2	Programs for upgrading employee skills and transition assistance programs	2.2.3.6 Taking pride in transforming our profession	
404-3	Percentage of employees receiving regular performance and career development reviews	Unavailable	
GRI 405 - Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	3.2 The Board of Directors 2.2.3.4 Promoting diversity	*https://www.carrefour.com/en/csr/commitment/act-people-growing-and-moving-forward*
405-2	Ratio of basic salary and remuneration of women to men	2.2.3.4 Promoting diversity	*https://www.carrefour.com/en/csr/commitment/act-people-remuneration-and-decent-wages-our-employees*
GRI 406 - Non discrimination			
406-1	Incidents of discrimination and corrective actions taken	Unavailable	
GRI 407 - Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.3.1.2 Third-party assessments, and risk prevention and management system 2.2.4.1 Managing our supply chain 2.3. Duty of care	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*

N°	GRI disclosure	URD	Website
GRI 408 - Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 2.3. Duty of care	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
GRI 409 - Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 2.3. Duty of care	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
GRI 410 - Security Practices			
410-1	Security personnel trained in human rights policies or procedures	2.2.4.1 Managing our supply chain. 2.3. Duty of care	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
GRI 411 - Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	N/A	N/A
GRI 412 - Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	2.2.4.1 Managing our supply chain. 2.3. Duty of care	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
412-2	Employee training on human rights policies or procedures	2.2.4.1 Managing our supply chain 2.2.4.2 Fair practices 2.3. Duty of care	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Unavailable	
GRI 413 - Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	2.3.1.2 Third-party assessments, and risk prevention and management system 2.2.4.1 Managing our supply chain	*https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
413-2	Operations with significant actual and potential negative impacts on local communities	Unavailable	
GRI 414 - Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	2.3.1.2 Third-party assessments, and risk prevention and management systems 2.2.4.1 Managing our supply chain	*https://www.carrefour.com/en/csr/responsible-conduct* *https://www.carrefour.com/en/csr/commitment/mobiliser-notre-chaine-dapprovisionnement*
414-2	Negative social impacts in the supply chain and actions taken	2.2.1.3 Sourcing raw materials at risk 2.2.4.1 Managing our supply chain 2.3. Duty of care	
GRI 415 - Public policy			
415-1	Political contributions	N/A	N/A

N°	GRI disclosure	URD	Website
GRI 416 - Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	2.2.1.1 Our products and our customers' health 4.1.2.3 Operations - Product quality, compliance and safety.	*https://www.carrefour.com/en/csr/commitment/what-about-healthier-diet* *https://www.carrefour.com/en/csr/commitment/qualite-conformite-et-securite-des-produits*
416-2	Incidents of non-complianceconcerning the health and safetyimpacts of products and services	Unavailable	
GRI 417 - Marketing and Labeling			
417-1	Requirements for product and service information and labeling	2.2.1.1 Our products and our customers' health 4.1.2.3 Operations - Product quality, compliance and safety.	*https://www.carrefour.com/en/csr/commitment/qualite-conformite-et-securite-des-produits*
417-2	Incidents of non-compliance concerning product and service information and labeling	2.3.1.2 Third-party assessments, and risk prevention and management system	
417-3	Incidents of non-compliance concerning marketing communications	2.3.1.2 Third-party assessments, and risk prevention and management system	*https://www.carrefour.com/en/csr/responsible-conduct*
GRI 418 - Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.4.3 Personal data protection 4.1.2.1 Governance and business environment – Personal data protection	Unavailable
GRI 419 - Socioeconomic Compliance			
419-1	Non-compliance with lawsand regulations in the social and economic area	4.1.2.1 Governance and business environment – Personal data protection 4.1.2.3 Operations - Ensuring the sustainability of the supply chain	Unavailable

TCFD recommendations	TCFD subcategories	URD	Website	Other sources
Governance				
Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities	2.1.1.2 Governance bodies for CSR and the food transition	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C1.1a, C1.1.b
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	2.1.1.2 Governance bodies for CSR and the food transition	-	CDP – Climate: C1.2, C1.2a
Strategy				
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C2.1a, C2.1b, C2.2a
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C2.2a, C2.3a, C2.4a
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C3.1b, C3.1d, C3.1e
Risk Management				
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	2.1.2 Map of societal risks 2.3.1.2 Third-party assessments, and risk prevention and management system	-	CDP – Climate: C2.1a, C2.1b, C2.2
	b) Describe the organisation's processes for managing climate-related risks.	2.1.1.4 Organising dialogue with stakeholders 2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C2.2
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	2.1.2 Map of societal risks 2.3.1.2 Third-party assessments, and risk prevention and management system	-	CDP – Climate: C2.2

TCFD recommendations	TCFD subcategories	URD	Website	Other sources
Metrics and Targets				
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	2.2.1.3 Sourcing raw materials at risk 2.2.2.2 Limiting the environmental impact of our plants 2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions* *https://www.carrefour.com/en/csr/commitment/promoting-and-developing-sustainable-farming* *https://www.carrefour.com/en/csr/commitment/committing-ecodesign-and-circular-economy-packaging* *https://www.carrefour.com/en/csr/commitment/protect-forests*	CDP – Climate: C4.1a, C4.1b, C4.3a, C4.3c, C8., C11.3a CDP – Water: W8.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.2.2.4. Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions*	CDP – Climate: C4.1a, C4.1b, C5., C6., C7.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	2.2.1.3 Sourcing raw materials at risk 2.2.2.2 Limiting the environmental impact of our plants 2.2.2.4 Fighting and preparing for climate change	*https://www.carrefour.com/en/csr/commitment/reducing-ghg-emissions* *https://www.carrefour.com/en/csr/commitment/promoting-and-developing-sustainable-farming* *https://www.carrefour.com/en/csr/commitment/committing-ecodesign-and-circular-economy-packaging* *https://www.carrefour.com/en/csr/commitment/protect-forests*	CDP – Climate: C4.1a, C4.1b CDP – Water: W8.

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