

Massy, 3 May 2023

Re: A message from Stephane Israel, lead independent director

Dear Carrefour Shareholder,

As lead independent director I firmly believe that shareholder dialogue is critical to Carrefour's Board of Directors and Management Team.

As we get close to our AGM due on May 26, we felt it was important to give you an update on the constant progress your Company has made over the recent years, and more specifically over the past twelve months, to improve its Governance. Carrefour strongly values shareholder engagement on Corporate Governance and has again furthered its efforts in 2022, building on what was accomplished over the four years prior, for continuous improvement through greater transparency and two-way dialogue.

2022 was a critical year for Carrefour, and a turning point in its development. We came to the end of our Carrefour 2022 strategic plan, which met or beat the vast majority of its initial targets, and put your Group back where it should be, among the best and most reputable players in the industry. This notably translated into substantial improvement in our financial performance.

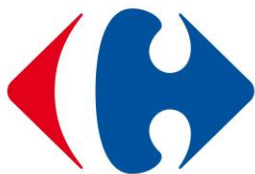
To monitor the execution of the Carrefour 2026 plan, our governance structure has evolved and vastly improved over the past five years: reduction in the size of the Board of Directors, significant renewal of profiles, rejuvenation of members, improvement in the level of independence of the Board and its Committees, and the additional enlargement of the independent lead director's role.

As we reached this turning point, the Board of Directors felt it was the appropriate timing to offer you, shareholders, the opportunity to validate both the results achieved in the frame of Carrefour 2022 and the strategic levers behind Carrefour 2026 with **the anticipated renewal of Alexandre Bompard as Chairman and CEO for a three year term, which thereby will match with the end of the new plan.**

On this occasion, **the Board of Directors conducted a thorough assessment of Carrefour structure of governance** (combination of Chairman of the Board & CEO functions) through:

- an overall assessment combining regulatory approach, situation of comparable companies, position of investors & proxies and specific Carrefour context ;
- an external assessment of the Board and Committees ;
- several dedicated Governance committee meetings / executive session.

As a conclusion, the board members are unanimous on the combination of functions being the best structure of governance in Carrefour current situation, especially due to the **strong existing safeguards** in place:



- **the role of lead independent director**, and in particular
 - o Validation of the Board of Directors agenda ;
 - o Possible participation to all committees ;
 - o Membership in three key committees - Strategy, Audit (Chair), Compensation -,
 - o Chairmanship of the executive sessions ;
- **four Committees chaired by independent board members**, with a large majority of independent Board members ;
- **executive sessions of the Board of Directors and Audit committee** (with management not participating) ;
- **a number of high profile individuals with clout and necessary skills to implement the Company's strategic plan.**

Executive compensation is another sensitive area that has been under growing scrutiny from shareholders, proxies, and more broadly for key stakeholders. The Board of Directors welcomes this, and, in response to the votes and **based on the feedback received, it has decided for a number of changes relating to the Remuneration policy in recent years.**

These changes affect the performance criteria, 80 % of which are quantitative :

- addition of **Net free cash-flow**, which was a structural flaw at Carrefour ;
- addition of the **Net Promoter Score (NPS®)** to align the Company on the customer focus that is required of all managers ;
- development of a **CSR criterion**: Carrefour stands upon the few groups to have a **complete, demanding and audited index**, fully aligned with its strategy, which includes climate-related elements since the beginning; we created such an index before it became a good practice.

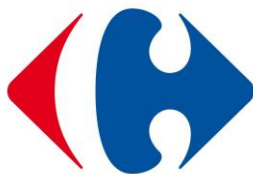
The Board of Directors has also decided in recent years:

- **to provide ex-post disclosure of the targets and metrics reached for each criteria of the LTIP once such LTIP is vested;**
- to disclose the **panel composing its peer-group used in the Total Shareholder Return criterion;**
- to provide **full disclosure of the vesting scale with regards to the T Total Shareholder Return SR criterion;**
- **to reduce the maximum vesting rate for the LTI from 150% to 130% to mitigate the possible compensatory effects.**

The Chairman & CEO's compensation is determined on consideration of the responsibilities and missions assumed and attached to his corporate office, as well as the level of his skills, his experience and his track record, while taking into account the competitive environment in which the Company operates.

The Board of Directors firmly believes that since the appointment of Mr Alexandre Bompard as Chairman and CEO the Group achieved exemplary performance in a very demanding context.

Carrefour 2022 and Carrefour 2026 plans create value. Carrefour's total shareholder return is both increasing and higher than its peers'.



This value creation is shared with all key stakeholders.

- Shareholders:
 - **Cash dividend each year, with annual growth of at least 5 % (Carrefour 2026 announcement). In 2023 dividend of €0.56 per share (+8 %) proposed at the AGM ;**
 - **Strong and consistent Share buyback policy initiated in 2021 with annual programs (new program of €800 M in 2023), and a commitment to recurring returns.**
- Employees:
 - **All employees of Carrefour can benefit from the "Carrefour Invest" employee shareholding plan – the first in more than 20 years – which is implemented in 2023.**
 - Carrefour also continues to share the fruits of the Group's results with its employees and to recognize collective performance through **profit sharing agreements**.
 - In 2023, the Group is pursuing a **global wage policy to support the purchasing power of all its employees, in line with the level of inflation in each country**.
 - To support sound execution of Carrefour 2026, the Group has decided to grant **free shares, with performance conditions, to Company officers, senior executives and certain high-performing employees** that the Group wishes to reward for their performance and commitment.
 - In addition, the Board of Directors asks the shareholders to authorize it to grant free shares without performance conditions, as part of collective employee share ownership plans, for an amount not exceeding 1% of the share capital on the day of the Board of Directors' allocation decision. **This new policy will provide the Company with an additional tool as part of its collective employee share ownership plans, involving employees in the value created by the Group. Company Officers would be excluded from any allocation of shares without performance conditions issued as a result of this delegation of authority.**

In view of all these elements, the Board of Directors has proposed to raise by 6,6 % the Chairman&CEO fixed compensation to €1,6 M. **The fixed compensation had not changed since Mr Alexandre Bompard was appointed in 2017. This increase was decided in connection with its early renewal.** For the rest, the compensation structure remains unchanged. As a reminder, the **remuneration policy of the Chairman&CEO met strong support from the Group's shareholders at last year's AGM.**

We hope that you will share our pay-for-performance approach to executive compensation, we welcome your feedback and we hope that you will vote in favor of this year's resolution.

Sincerely,

Stéphane Israël

Lead independent director