



Annual Report

2018



GRUPO
CARREFOUR
BRASIL



Table of Contents

MESSAGE FROM MANAGEMENT	03	INTELLECTUAL CAPITAL	32
		• Technical capacity	32
ABOUT THE REPORT	07	• Digital Transformation	34
• Materiality Matrix	08		
ABOUT THE CARREFOUR BRAZIL GROUP	11	SOCIAL AND RELATIONSHIP CAPITAL	38
		• Critical Chains	38
FOOD TRANSITION	13	• Suppliers	42
		• Society	44
BUSINESS STRATEGY	15	NATURAL CAPITAL	52
• Carrefour 2022	15	• Taste & Quality	52
• Act for Food	18	• RAMA	54
• What Carrefour already is doing on behalf of Food Transition	19	• Platform to Combat Waste	55
		• Waste Management Platform	57
		• Ecoefficiency	59
HOW CARREFOUR GENERATES VALUE	20	PRODUCTIVE CAPITAL	63
HUMAN CAPITAL	21	FINANCIAL CAPITAL	72
• Training and capacity building	22		
• Diversity	25	GRI CONTENT SUMMARY	89
• Health and wellness	30		



Message from Management

The year of 2018 marked the beginning of the transformation of the Carrefour Brazil Group and the acceleration of its growth. In line with the “Carrefour 2022” global transformation plan launched in January last year, we have increased our presence throughout the country, speeded up digital transformation, launched new and innovative services and set a goal of leading the food for all transition process.

We strengthened our long-term commitment to the country and invested R\$ 1.8 billion in this period. We expanded the Atacadão brand store presence, encompassing 20 new stores and progressed our proximity strategy through the opening of nine Carrefour Market and six Carrefour Express stores, which brought us closer to Brazilian families. We also completed the introduction of the Atacadão card, at the same time that the Carrefour card was also accepted in all Atacadão stores. This leveraged the performance of Carrefour *Soluções Financeiras*

(Carrefour Bank) throughout the various businesses. With this expansion, we generated 5,500 new jobs, contributing to the country’s economic and social development.

To advance the food transition strategy, we created Act for Food, a new brand position that brought this change to life. Hence, we have amplified the supply of healthy and quality food available through our stores, always at a fair price, making these products increasingly more accessible to all. We have observed, in the stores, solid growth in the areas dedicated to the sale of healthy and organic foods. We also are investing in our own brand, with the launch of more than 290 new products, which allowed us to increase the share of these items in overall retail sales to 11% in the year.

This quick pace of expansion has been in parallel with the digital transformation we are promoting. It has

WE HAVE INVESTED TO STRENGTHEN THE INTEGRATION BETWEEN PHYSICAL AND VIRTUAL POINTS OF SALE, DEVELOPING THE CARREFOUR ECOSYSTEM TO OFFER THE BEST CUSTOMER EXPERIENCE.

led us to create Carrefour eBusiness Brasil, which will focus our efforts in this area and help us reach the goal of becoming a food e-commerce leader in Brazil, in line with the Carrefour 2022 plan. As part of this strategy, we have invested to strengthen the integration between physical and virtual points of sale, developing the Carrefour ecosystem to offer the best customer experience. We implemented Clique e Retire (Click and Pickup) in all the hypermarkets, installed 10 *Retire de Carro* (Pick Up By Car) outlets, and made great progress in the My Carrefour loyalty program, which already has 13.9 million registered customers. Furthermore, we carried out acquisitions, such as the CyberCook website, and established important partnerships with startups, such as Rappi, to accelerate home delivery solutions.

In e-commerce, we augmented the number of items available on our website and expanded the marketplace by 20%. In 2018, Carrefour.com represented our retail

operation's largest growth format, as well as being one of the most visited e-commerce website in Brazil.

Initiatives such as these have contributed to growth accelerating steadily throughout the year, with contributions by all formats, leading adjusted net income to reach its highest level. We achieved 8% in gross sales, adding almost R\$ 4 billion. Net income, in turn, rose 48.1% to R\$ 1.9 billion, with a net margin of 4%. We ended the year with a net cash of R\$ 1.3 billion, a low debt level that allows us great financial flexibility in this important moment of the group's transformation.

In this new Carrefour that we are building, we maintain the strong commitment to be the retail food leader, with products, services and innovation. In line with the omnichannel strategy, accelerating the transformation from traditional to digital, we want to offer a high level of service to our customers, and it is to achieve this clear

ambition that we are developing these various initiatives. It gives me great satisfaction to see the engagement of our more than 84,000 employees with this goal, people who every day strive to better serve our customers and help them during their shopping days. Many thanks, to everyone, for your dedication. I extend my thanks to clients, shareholders, business partners, suppliers and other stakeholders for their confidence and support for our strategies and decisions.

NOËL PRIoux,
CEO of Carrefour
Brasil Group



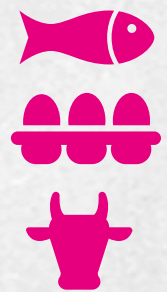
2018 Highlights

JANUARY



Announcement of **Carrefour 2022**, a transformation plan whose goal is to make Carrefour the food transition pioneer.

JULY



- Unprecedented partnership with **Seafood Watch**, aimed at engaging the fisheries and aquaculture chains with more sustainable production practices
- Commitment to the exclusive marketing of cage-free system **eggs**
- Dissemination of the program aimed at the sustainable production of **calves** in Mato Grosso, in partnership with the Sustainable Trade Initiative (HDI)

FEBRUARY

Opening of the **Atacadão** store in Teixeira de Freitas (BA), one of the chain's 20 units inaugurated in the year.



AUGUST

Opening of the **Carrefour Market** in Valinhos (SP), the first in the interior of the state. In the year, nine of these brand units were inaugurated.



MARCH

As a continuation of the expansion project, **Atacadão** is opening new self-service stores in Rio de Janeiro: in the capital, in the Jacarepaguá neighborhood of the city, and in the municipality of Resende.



SEPTEMBER

Inauguration of **Carrefour Express** in the Liberdade neighborhood in the São Paulo (SP) capital, one of the six stores in this format opened in the period.



APRIL



- Beginning of **e-commerce** food sales
- 1st phase of the implementation of **Click and Pickup**, which at the end of the year was available in all the hypermarkets
- Launch of the **Car Pickup** pilot project, which was established in 10 stores over the course of the year

OCTOBER

Launch of the **Act for Food**, a Group global campaign, with simultaneous adoption in Brazil, which involves a series of actions and investments to improve consumer access to healthy and quality foods.



MAY

Creation of the "**Healthy**" section in hypermarkets, with organic, whole foods, without antibiotics and products for restrictive diets such as zero, gluten-free and lactose, among other categories.



NOVEMBER

Purchase of **e-Mídia**, a digital content company that controls the CyberCook, Vila Mulher and Mais Equilíbrio websites.



JUNE



Beginning of the sale of products from the '**Sabor & Qualidade**' own brand

DECEMBER

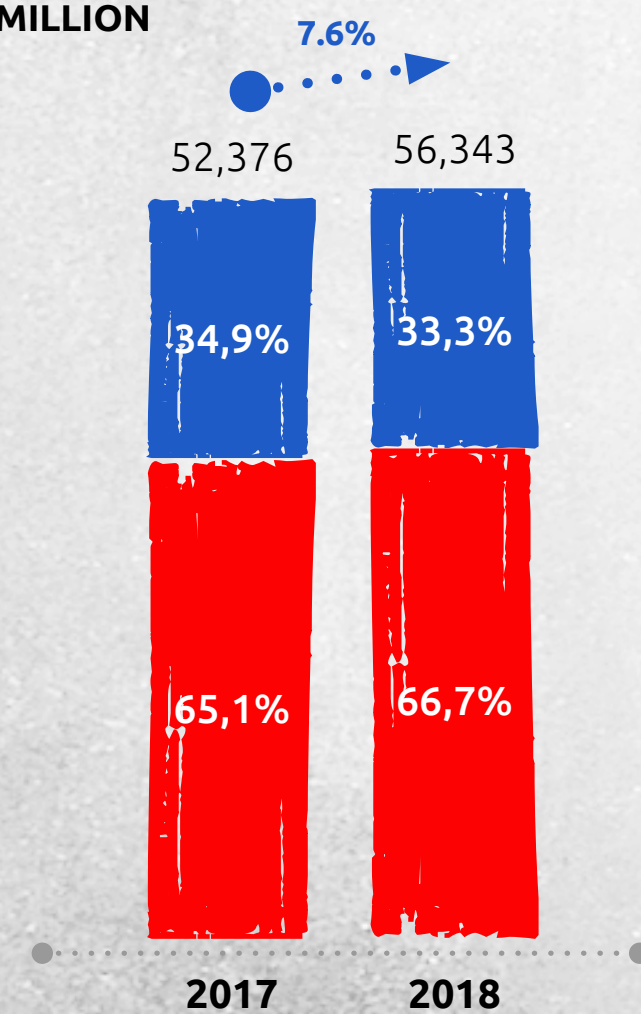
- Public commitment to domestic animals that have been abandoned in the country.
- Recycling 4.0, a pilot project based on digital technology for solid waste management in the stores.



2018 Highlights

Gross Sales

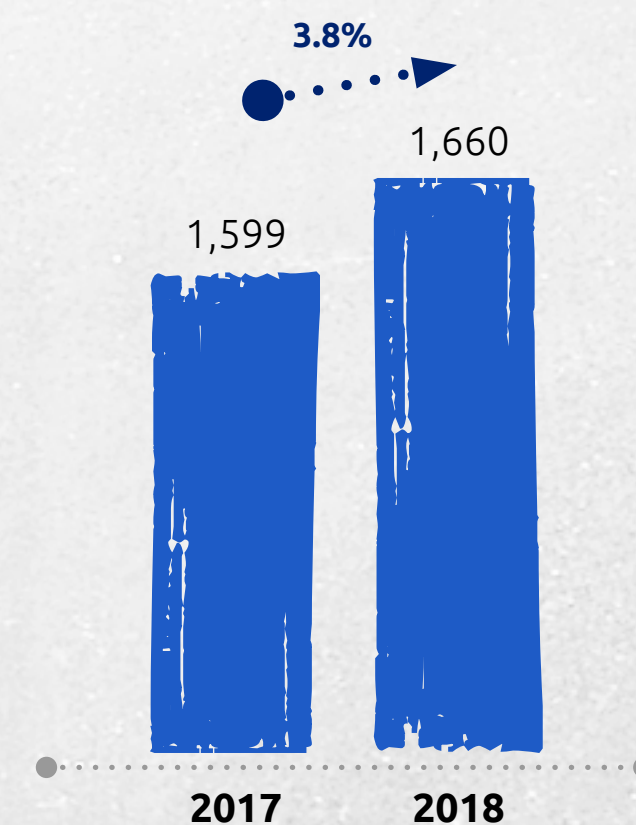
BRL MILLION



■ ATACADÃO ■ VAREJO

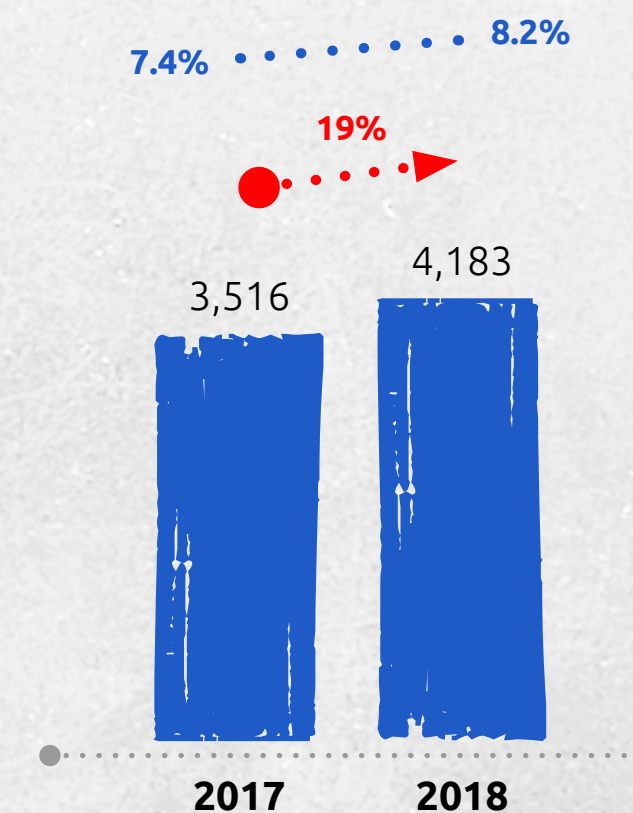
Net Income

BRL MILLION



Adjusted Ebitda

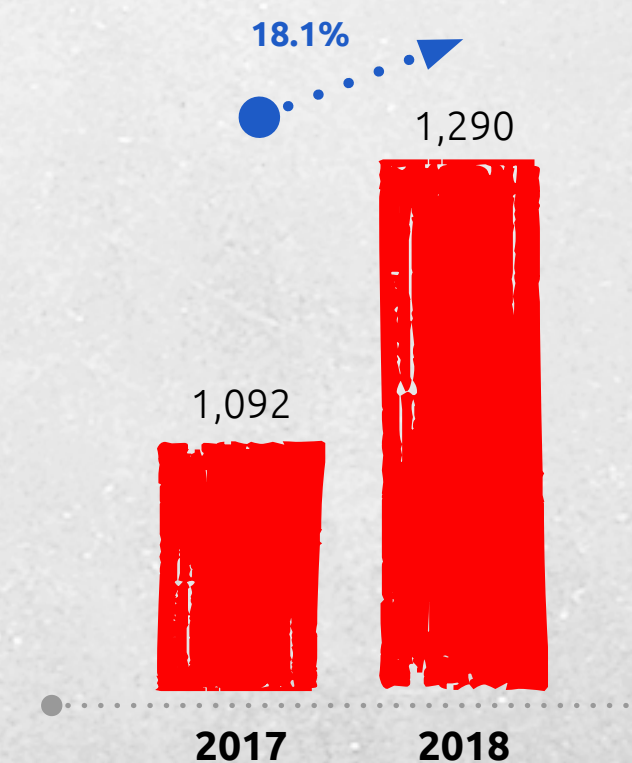
BRL MILLION



● ADJUSTED EBITDA
● EBITDA MARGIN

Free Cash Flow

BRL MILLION



THIS PUBLICATION IS THE FIRST THAT THE CARREFOUR BRASIL GROUP DOES BASED ON THE DIRECTIVES OF THE IIRC, FOR INTEGRATED REPORT, AND THE GRI.

About the report

In the following pages, the Carrefour Brazil Group presents an overview of its performance in the country in 2018¹. It details the business strategy adopted so far, whose purpose has been to lead the food transition process, the actions taken in this regard and the targets that have been established. It also reports on its performance in the economic, social and environmental spheres, and assembles information about the corporate and operational structures, markets served and practices of management and governance, among other subjects.

This information is organized in the Integrated Report format, a process used for the first time by the Company to present to its stakeholders the results and progress of its businesses. The Integrated Report, whose principles and content elements are set forth in the framework developed by the International Integrated Reporting Council (IIRC), is a model that promotes a more cohesive and efficient approach in the preparation of corporate reports, designed to improve the information available to financial capital providers. It seeks to explain how the organization generates value over time and subsidizes capital allocation more efficiently and productively. The format adopted is aligned with the presentation of

information pursuant to the guidelines of the Global Reporting Initiative (GRI), an international institution whose aim is to orient companies and governments in relation to the best ways of communicating the impacts of their activities on critical sustainability issues, such as climate change and human rights. It is the first year that the Carrefour Brazil Group is using the GRI methodology in the Standard version, Essential option. In line with this guidance, the Group also indicates in its Materiality Matrix how the actions and initiatives developed by the Company are related and contribute to the targets established by global movements that support sustainable development, such as the Sustainable Development Goals (SDGs) and the Global Compact, both United Nations (UN) initiatives.

The financial statements (available here), in turn, follow the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and are audited by KPMG Auditores Independentes. Doubts about the information presented here, as well as the forwarding of comments, suggestions or criticisms can be made through the following emails sustentabilidade@carrefour.com and ribrasil@carrefour.com.

Enjoy your reading!

¹ Period between January 1 and December 31

Materiality Matrix

Based on the methodology established by the Global Reporting Initiative (GRI), Standard version, Essential option, the Grupo Carrefour Brasil S.A. understands that the material aspects for the long-term success of its business performance and sustainability currently comprise ten issues:

1. Quality of food and access to products
2. Consumer awareness of healthy eating habits
3. Combating food waste
4. Digital transformation of the customer experience
5. Responsible purchases
6. Workers' Health and Diversity
7. Climate change
8. Waste management
9. Animal wellness (production and domestic chains)
10. Partnerships with civil society

ISSUES THAT IMPACT THE COMPANY'S ABILITY TO CREATE VALUE IN THE SHORT-, MEDIUM- AND LONG-TERM.

These themes are the result of the identification, evaluation and prioritization of the issues that impact the Company's ability to create value in the short-, medium- and long-term. They also reflect the current business strategy adopted by Carrefour Brazil – aligned with the Group's global guidelines – and were determined based on interviews with leaders, reports and articles in the press. Also taken into clear consideration was information gathered during meetings with stakeholders, constituting a set of references that contributed to decide upon the issues of highest importance to the Company.

With the finalizing of the Materiality Matrix, the GRI topics covered in this report were defined, information that is detailed in the GRI Content Summary.

Materiality and its Limits

TOPIC	DESCRIPTION	WHERE IT OCCURS	RELATED GRI TOPICS
FOOD QUALITY AND ACCESS TO THE PRODUCTS	Customer health and safety; marketing and labeling	Supplier; Client; Society Company	103-1; 103-2; 103-3; 416-1; 417-1; 417-2; 417-3
CONSUMER AWARENESS ABOUT HEALTHY FOOD	Topic Management type	Company, Supplier; Client; Society	103-1; 103-2; 103-3
COMBATING FOOD WASTE	Waste Combat Platform	Company, Supplier; Client; Society	103-1; 103-2; 103-3; 301-3
DIGITAL TRANSFORMATION OF THE CLIENT EXPERIENCE	Consumer privacy	Company; Client; Business partners	103-1; 103-2; 103-3; 418-1
RESPONSIBLE PURCHASES	Environmental and social assessment of suppliers; combating forced or slave-like labor	Company, Supplier; Client; Society	103-1; 103-2; 103-3; 204-1; 308-1; 308-2; 409-1; 414-1; 414-2
WORKER HEALTH AND DIVERSITY	Occupational health and safety; diversity and equal opportunities	Company; Society; Client	103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 405-1
CLIMATE CHANGE	Energy; emissions	Company; Society; Client	103-1; 103-2; 103-3; 201-1; 302-1; 302-4; 305-4; 305-5
WASTE MANAGEMENT	Solid waste	Company; Society; Client; Communities; Business partners	103-1; 103-2; 103-3; 306-2
ANIMAL WELFARE (production and domestic chain)	Topic Management type	Company; Suppliers; Business partners	103-1; 103-2; 103-3
PARTNERSHIPS WITH CIVIL SOCIETY	Participation in associations	Company; Society; Communities	102-13; 103-1; 103-2; 103-3

Agenda 2030

Another commitment of the Carrefour Brazil Group towards business, as a signatory of the UN's Global Compact corporate sustainability initiative, is to make the activities and operations effectively contribute to the fulfillment of Agenda 2030 and the Sustainable Development Goals (SDGs). This initiative, also led by the UN, proposes a plan of action aimed at eradicating poverty, protecting the planet and ensuring that people achieve peace and prosperity.

The actions undertaken, toward this end, are related to the activities related to the material topics, and are mainly linked to the following SDGs:

1. Food quality and access to the products



2. Consumer awareness about healthy food



3. Combating food waste



4. Digital transformation of the client experience



5. Responsible purchases



6. Worker health and diversity



7. Climate change



8. Waste management



9. Animal welfare (production and domestic chain)



10. Partnerships with civil society





About the Carrefour Brazil Group



Food products RETAIL LEADER



Largest CREDIT CARD OPERATOR in Brazil, among retailers



One of Brazil's LARGEST PRIVATE EMPLOYERS



Carrefour Group's SECOND LARGEST operation in the world



Among the top 20 COMPANIES listed on the B3

Carrefour Brazil Group is the leading retailer of food products in Brazil. With a performance based on the omnichannels and multiformats, it seeks to meet the needs and evolution of the consumer's buying habits. In the food retail sector, it has 270 points of sale throughout the country, in the Carrefour (hypermarket), Carrefour Bairro and Carrefour Market (supermarket) and Carrefour Express (retail proximity) formats. In the cash&carry segment, also with national coverage, it has 166 Atacadão stores (wholesale and wholesale self-service). It also has Carrefour.com, an e-commerce platform and marketplace, as well as 74 gas stations and 124 drugstores.

Among the retailers, it is the largest credit card operator in the country, an activity carried out through Banco Carrefour. It also has a real estate division: Carrefour Property.

For over 40 years in Brazil, the Carrefour Brazil Group has made its headquarters in São Paulo and, currently, has 84,000 employees, making it one of the largest private employers in Brazil. A publicly-traded company¹, its shares are negotiated on the B3's Novo Mercado segment, which is a point of reference for differentiated Corporate Governance practices, and the company is one of the 20 largest firms listed on the Brazilian stock exchange.

It is controlled by the Carrefour Group, headquartered in France and with operations in more than 30 countries. Of these, Brazil is the second largest operation, behind only the country of origin. With more than 374,000 employees and 12,000 stores spread across Europe, Asia and Latin America, it is present in the lives of more than 100 million clients. In 2018, the company's global sales totaled € 84.9 billion.

¹ Listed in B3 - Brasil, Bolsa Balcão under the name Atacadão S.A.

Multiformat and omnichannel platform

ATACADÃO



Low prices every day for all

HIPER



A pioneering format in Brazil, presenting food and non-food products together at fair prices

SUPER



Weekly purchases for resupply and restocking

SUPER COMPACTO



Purchases for weekly or daily restocking

EXPRESS



Daily and emergency purchases

POSTOS E DROGARIAS



Supplemental services

E-COMMERCE

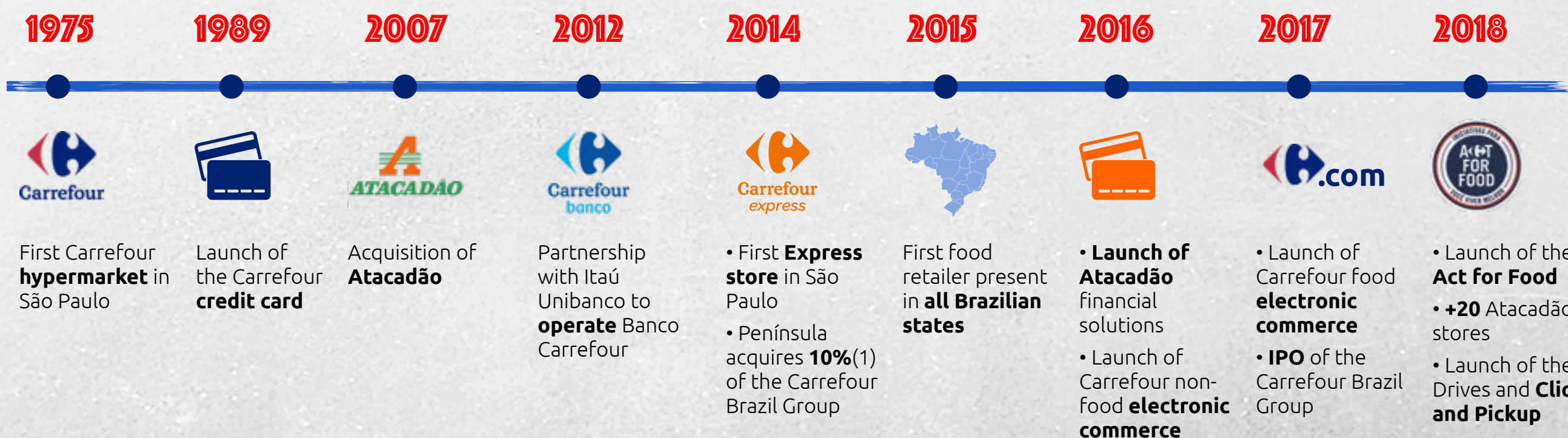


Wider mix at any time, place and device

OPTIONS TO SERVE DIFFERENT PUBLICS

43 years of history in Brazil

The Carrefour Brazil Group's activities have been continuous since its arrival in Brazil in 1975





CARREFOUR IS AWARE OF CHANGING CUSTOMER HABITS AND HAS TARGETED ITS STRATEGIES TO MEET THE DEMAND FOR HEALTHIER, MORE NUTRITIOUS, SAFE AND SUSTAINABLE FOOD.

IN STEP WITH THE TIMES

The world is undergoing profound changes in several areas, happening faster and faster. A reflection of this trend are the population's **new consumption habits**. People are **becoming more demanding, especially when it comes to food**. There is a growing demand for **healthier, better quality food, produced in an ethical and responsible manner, characteristics that must be coupled with the right price**.

Food distribution is what guides the activities of the Carrefour Group. Given the vocation and relevance of its operations and its global reach, **Carrefour is cognizant of the importance of the space it currently occupies and knows it can contribute to society by achieving healthier standards of food**. This is through both engaging with suppliers and raising consumer awareness.

Food Transition

Food must be transformative, in line with the demands of today's consumers. It has to be:

- *Healthier and more nutritious;*
- *Safe;*
- *Sustainable.*

Clients want to know where it comes from, if it was not produced with too many pesticides, antibiotics, substances that are prohibited or harmful to one's health and to the environment. It is also in people's interest to know how the food was produced: whether it contributed to deforestation, whether slave labor was used, whether animal welfare was respected, whether to combat waste, etc.

Trends in Consumer's Habits

76%

OF PEOPLE ARE CONCERNED ABOUT WHAT THEY EAT AND HOW IT CAN AFFECT THEIR HEALTH

68%

WANT LOW-FAT OR FAT-FREE PRODUCTS

64%

WANT LOW-SUGAR OR NO-SUGAR PRODUCTS

84%

ARE INTERESTED IN ORGANIC PRODUCTS

81%

OF CONSUMERS CARE ABOUT HEALTHY LIVING

8 OUT OF 10

BRAZILIANS PREFER HOMEMADE TO INDUSTRIALIZED FOOD

Sources: Nielsen; Organics and Market Analysis - "Primeira Pesquisa Nacional sobre o consumo de Orgânicos" – 2017; Google Natural Power Brasil - February/2018



CARREFOUR 2022

Given observable trends in consumer habits, in 2018, Carrefour's business in Brazil began to be guided by a new global strategy instituted by the Group's parent company in France, whose aim is to make the Company the world leader in food transition, which means expanding the supply of healthful, quality products, and offering them at fair and affordable prices.

This strategic plan has clear goals and is supported by four key concepts:

Business Strategy

Food Transition

Reformulate the administration of the quality of food, so that every day, all customers have reliable access to quality food at fair prices.

- Democratize the access to fresh and organic products, especially own brand - continuing to be a point of reference in this respect.
- Boost the share of the own brands in food sales to 20%
- Raise the percentage of local products available in stores
- Increase efforts to prevent food waste
- Improve packaging sustainability
- Ensure food security

Digital transformation and omnichannels

Become a benchmark in this universe, which includes:

- Accelerated investments in successful formats, such as food e-commerce. Carrefour seeks to create a unique environment in which physical and online stores are integrated, enabling customers to find the best offers at any time and anywhere. In this context, investments in digital technologies are increasingly important.
- Develop food e-commerce, aimed at becoming a national leader, and non-food e-commerce, to be among the Top 5 in Brazil
- Repositioning prices in hypermarkets
- Leverage CRM

Simplified and open organizational structure

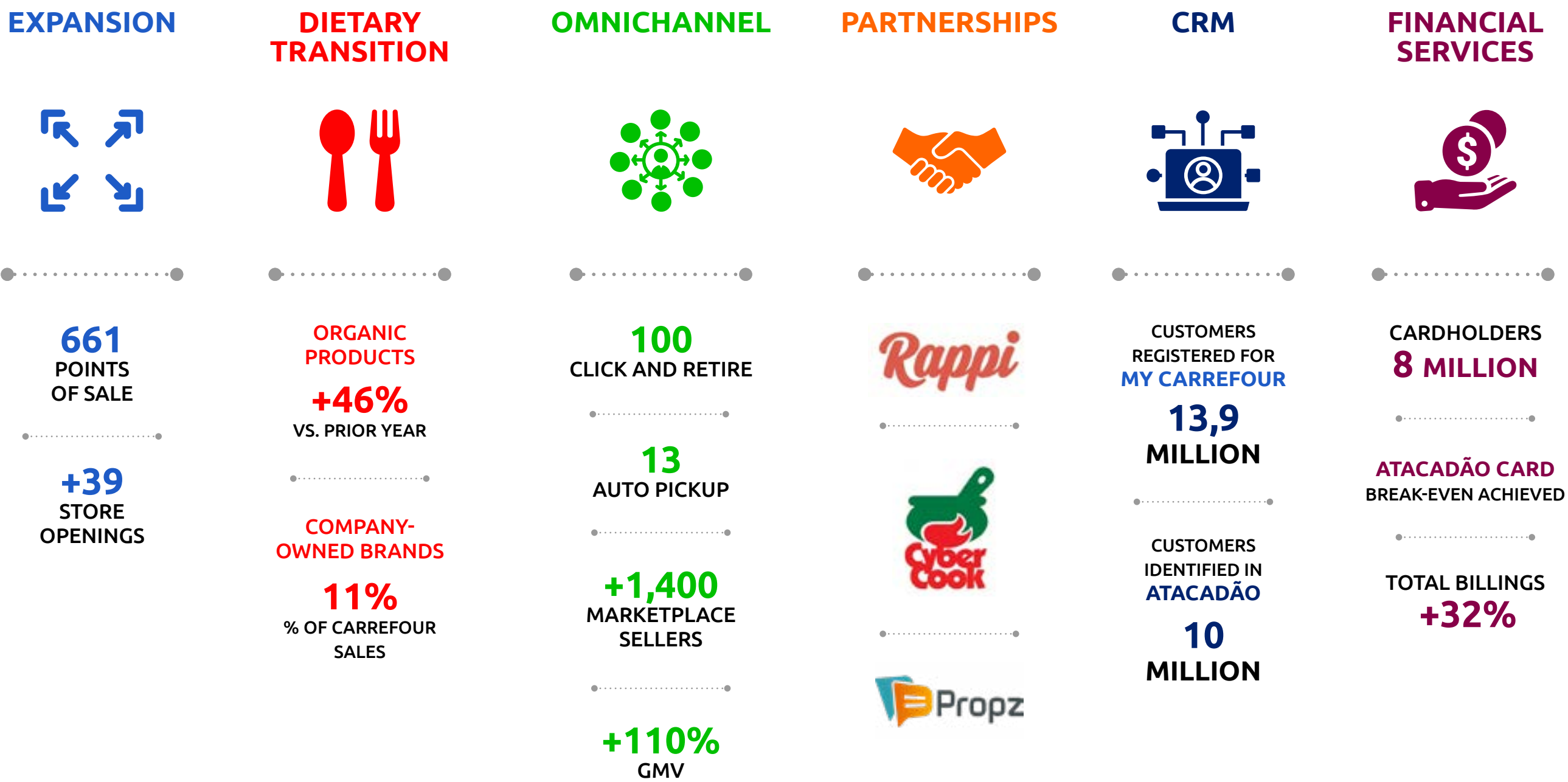
- Improve efficiency
- Partner with specialists and leaders in operational segments
- Attract and develop talent

Gains in productivity and competitiveness

- Focus efficiency and competitiveness in customer service
- Rationalize costs and allocate resources effectively, prioritizing growth levers
- Improve store productivity in all formats, including the use of new technologies
- Assure operational efficiencies throughout the supply chain, including inventory
- Improve direct and indirect procurement negotiations
- Optimize asset portfolio management (multi-format and multi-channel)

Although the Carrefour 2022 plan was only adopted recently, the Company achieved consistent results in 2018, which is in line with the new guidelines:

ADVANCES IN STRATEGIC PRIORITIES IN 2018



Leadership in Food Transition

As part of the deployment of Carrefour 2022, the Act for Food project was launched in 2018. This represents the material embodiment of food transition. Through improved brand positioning, actions and investments are prioritized to increase consumer access to healthy, quality food.

This initiative, which is taking place simultaneously in all the countries in which Carrefour operates, reflects the Company's long-term commitment to addressing new challenges and satisfying the current expectations of consumers. Beyond cost, consumers are increasingly concerned about the quality, origin and safety of their food. Thus, all initiatives aimed at dietary transition are now identified with the Act for Food seal, which is accompanied with the slogan, "Everyone deserves the best." This allows Carrefour customers and consumers to quickly identify products and services that meet the criteria set for this branding initiative.

Act for Food also seeks to stimulate change at all stages of the chain, through partnerships with suppliers and

other public and private actors, thereby influencing this transition in consumption habits and food production. For example, Carrefour encourages long-term purchases from producers, whose volumes allow these partners to sustain investments in changing their agricultural production practices. By recognizing the strategic role it plays in the market, the Company is uniting forces and leveraging the capillarity of its stores, brand strength and expertise in services and products, as well as collaborating with significant agricultural and industrial partners and using Carrefour's knowledge of its customers to the advantage of all involved.

From these activities, yet another initiative was launched in Brazil, the "Satisfaction Guaranteed Commitment." If a customer is not satisfied with any fresh product purchased from a Carrefour store, that individual will have their money refunded to them or offered another product of the same value. This pilot project was launched in Company stores located in Baixada Santista (São Paulo) in 2018, and will be expanding to other stores throughout 2019.

ACT FOR FOOD TARGETS IN BRAZIL

ALREADY ACHIEVED IN 2018:

- Relaunch of the Sabor & Qualidade own brand
- Taking the Uniques Program to 45 stores, which offers discounts on the sale of foods outside the traditional esthetic standards.

LAUNCHED IN 2018 AND CONTINUING IN THE YEARS TO COME:

- By 2020, double the organic share of total fresh products sold compared to 2017
- Develop new suppliers to expand the portfolio of Carrefour-branded products
- Establish new partnerships with local producers to increase the supply of regional fresh produce
- Expand the new section of “Healthy” products, thereby making it easier to choose these items (organic, whole, without antibiotics and for restrictive diets).



ACT FOR FOOD:

SEEKS TO BUILD A NEW RELATIONSHIP WITH THE CUSTOMER, WHILE REAFFIRMING CARREFOUR'S COMMITMENT TO PRODUCE AND OFFER THE BEST. IT'S BASED ON FOUR KEY CONCEPTS:

- **QUALITY FOOD**
- **AFFORDABLE PRICES**
- **OMNICHANNEL SERVICES**
- **CUSTOMER EDUCATION AND TRUST**

WHAT CARREFOUR IS ALREADY DOING TO PROMOTE FOOD TRANSITION

Ensuring the safety and quality of the food it offers daily in its stores and in e-commerce is a commitment that has always been a highlight of Carrefour's performance. Since the introduction of its Act for Food initiative, efforts in this direction have expanded. In 2018, some advances in this regard include:

- Participating in the **Food Tracking and Monitoring program** (RAMA) of the Brazilian Association of Supermarkets (ABRAS), which guarantees the proper and conscientious application of pesticides used to produce fruits and vegetables sold in the marketplace. Carrefour is the retailer that insists on the highest level of analysis to ensure the correct use of pesticides;
- Launching the **Sabor & Qualidade** (Flavor and Quality) brand, which offers high quality products at fair prices, produced with socio-environmental responsibility and traceability;
- Reviewing the ingredients of over 400 items to improve their nutritional profiles;
- Having a wide assortment on offer, featuring 1,700 healthy and organic products in a single space;
- A **cage-free commitment** that will ensure all eggs marketed after 2028 will come from the cage-free system, which promotes animal welfare of the laying hens;
- Introducing the **Calves Sustainable Production** project, which fosters the creation of sustainable properties in the state of Mato Grosso;
- Partnering with the **Seafood Watch** program to map the fish supply chain itself and ensure a more sustainable fishing model;
- Supporting **Gastromotiva** project designed to create an innovation laboratory and product lines for the total utilization of food;
- Supporting projects focused on affordable gastronomy;
- Creating the **Combating Waste Platform** for sustainable waste management, which offers customers recycling stations; discounts on products whose expiration dates are approaching; single-item products remaindered on shelves, which have been repackaged for fresh sale; and co-products produced from food that would otherwise have been discarded.



The Carrefour Brazil Group is managed in a manner to ensure the generation of value for its stakeholders. Thus, its business model, the strategy adopted and the resources and processes used — as well as the analysis made from the external context and the corporate governance model instituted — seek to contribute to this goal.

The resources used in its production process are classified into six categories, following the capital model presented by the International Integrated Reporting Council (IIRC). Thus, the capitals represent the inputs used, and are impacted by activities in the process of generating value:

How Carrefour Generates Value

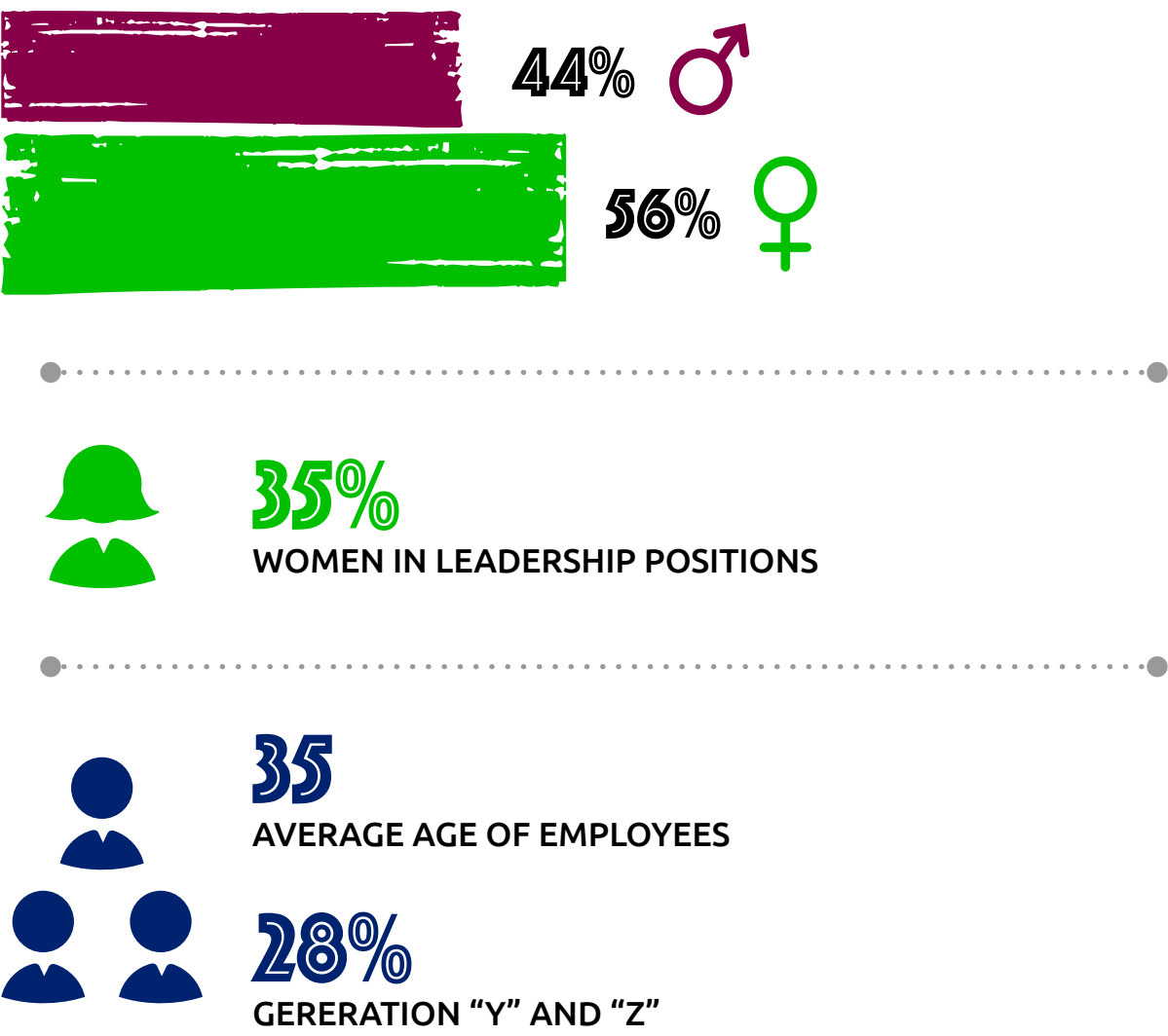
- *Human Capital*. Composed of employees, an essential part of the Company's ecosystem. It has more than 84,000 employees who work every day to improve the customer experience in contact with the Carrefour Brazil Group, working in an environment that watches over diversity, safety, technical capacity, competence and experience, ethics, responsibility and compliance.
- *Intellectual Capital*. Comprised of technical capacity, which includes the professional development and empowerment of the people who make Carrefour, and the development of new technologies and solutions, aimed at accelerating and enhancing the Company's digital transformation.
- *Social and Relationship Capital*. Formed by interactions with stakeholders, developed through channels of dialogue, social investments and initiatives to manage critical supply chains, always with the aim of strengthening the bonds of trust with society.
- *Natural Capital*. Consists of the efforts undertaken to lead the supply of healthy foods, ensure food safety and fight waste of food and from production processes, with emphasis on waste management in the stores.
- *Productive Capital*. Accounts for an important part of the food consumption of Brazilian families and of the Group's food strategy. It is formed by its ecosystem, whose main features are omnichannels and multiformats. Hence, its chain consists of 270 retail and 166 cash&carry stores, as well as e-commerce and financial solutions activities and a real estate division.
- *Financial Capital*. Comprised of the financial resources available, either own or third-party, for the operation and development of its businesses.

Human Capital

Consists of employees, an **essential part of the Company's ecosystem**. There are more than 84,000 employees who work every day to improve the customer experience in contact with the Carrefour Brazil Group, **working in an environment that is concerned with diversity**, safety, technical capability, competence and experience, ethics, responsibility and compliance.

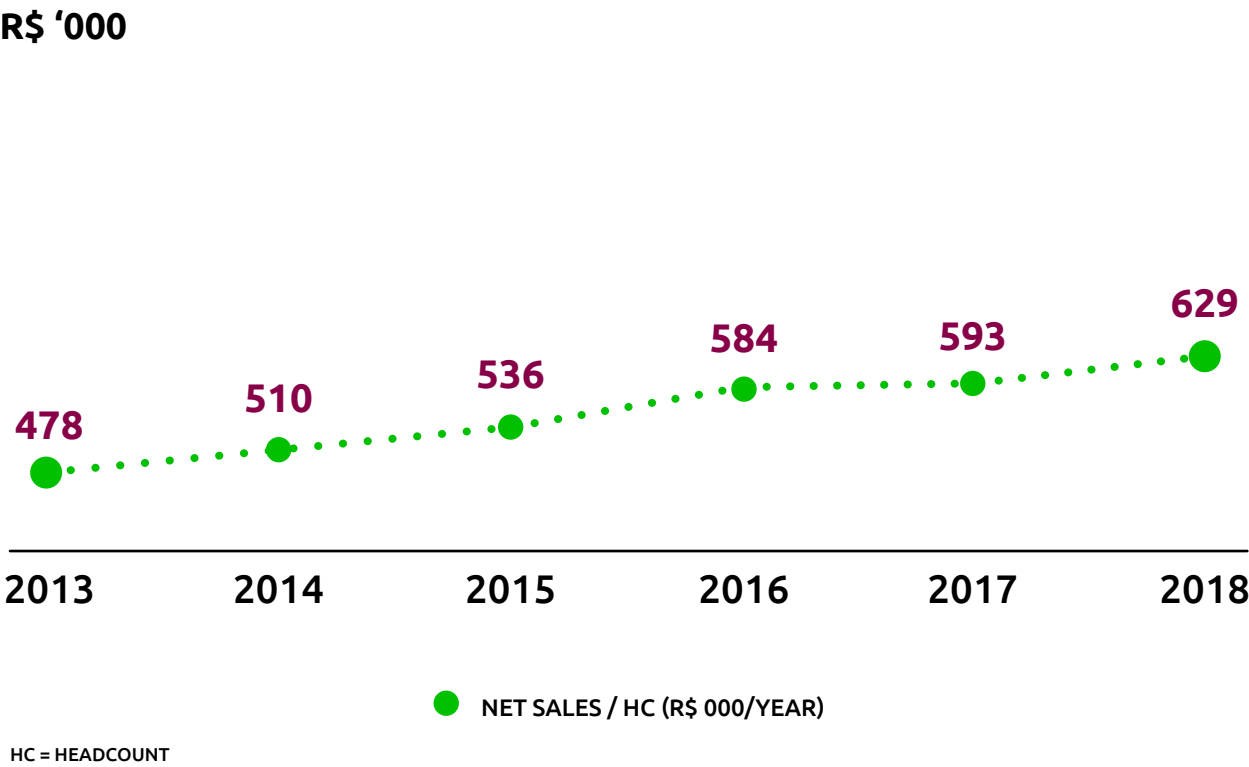


Another striking feature of the people who make Carrefour is plurality. The employee teams reflect the characteristics of today's Brazilian society, which sustains the diversity of the Company's business, an aspect considered crucial by the Company.



The employee teams have contributed to the constant and consistent improvement in organizational efficiency. The indicator used to measure this aspect is the evolution of net sales per employee (HC). In 2018, the change over the previous period was 6%.

EVOLUTION OF NET SALES / HC



TRAINING AND CAPACITY BUILDING

For the Carrefour group, the training and development of its people has a special place in its business growth and sustainability strategy. In addition to actively contributing to the Company's results, customer satisfaction and the improvement of work processes, development and technical training activities play a fundamental role in the development of each individual within the company.

The actions promoted by the Carrefour group include:

- *Carrefour University*: In order to develop a Carrefour Leader, the University brings together personnel development programs created in partnership with renowned universities and business schools in Brazil and abroad, such as Fundação Dom Cabral, Insper and Hyper Island. The goal of this platform is to develop key skill sets in three areas: leadership, business and innovation. The programs are made up of six face-to-face modules, with an average duration of 1 year to 1.5 years. In 2018, 80 top leaders were formed.

- *Technical schools*: Set up to meet the Company's main impact areas. They are dedicated to training employees with actions linked to specific Carrefour technical knowledge. Using theoretical and practical educational approaches, the program seeks to guarantee the dissemination of the Carrefour way, generating knowledge and developing technical skills related to the handling of perishable and non-food products, as well as knowledge about the processes of losses and the role of cash. In 2018, 236,314 training hours were offered, for a total of 9,908 employees

TECHNICAL DEVELOPMENT AND TRAINING PLAY A KEY ROLE FOR EACH INDIVIDUAL'S PROGRESS WITHIN THE COMPANY



The learning ecosystem added at the end of the year:

16 training stores set up

05 training shops in the process of implementation

+50 trainers expert

	PERISHABLES	NAL*	LOSSES	CENTRAL ADMIN.	TOTAL
HOURS OF TRAINING	166,463	27,651	15,071	27,128	236,314
EMPLOYEES TRAINED	3,560	2,371	1,614	2,972	9,908

* não alimentares

The number of hours of training by the Technical Schools exceeded the total verified in 2017 by 28.7%. The target audience, in turn, was 30% higher.

TRAINING NUMBERS

HOURS OF TRAINING



EMPLOYEES TRAINED



OTHER INITIATIVES:

Personnel cycle: establishes the **guidelines for annual performance evaluations and potential evaluation** process of Carrefour Brazil Group's employees (with the exception of Atacadão) and includes the evaluation of 7,000 employees. Its objectives are:

- Monitor and develop the employees' **career**
- **Map the performance and potential** of Carrefour Brazil's employees
- Identify key **GAPs for capacity building and development**
- Identify **potential successors and talents** in the organization
- Provide a working model that allows discussing and developing the **key professionals** for the organization.
- Generate consistent information base to ensure **meritocracy in personnel decisions**

Entry Programs:

- **INTERNSHIPS.** In the 2017/2018 training cycle, the Company received 149 trainees distributed among the parent company, bank and hypermarkets. Of these, 30% were hired on a permanent basis. During the development program, students were able to learn about the different formats/businesses of the Carrefour Group and to be in contact with the management by attending lectures and talks. They also participated in development programs, which included behavioral and technical actions, such as project management and innovation. With a focus on attracting, retaining and retaining top-level career professionals in retail, the program will be reconfigured in 2019 and will adopt a differentiated professional development format.
- **THE CARREFOUR APPRENTICE PROGRAM.** Aimed at hiring young people aged 14-17, the program is conducted in partnership with institutions such as Senac, Centro de Integração Empresa Escola (CIEE) and Rede Cidadã, with the aim of promoting the entry of young people into the labor market. The contracts have a fixed term and the development of young

people is based on theoretical training offered by the partners, as well as practical activities at Carrefour. One of the stages of the program is a rotation among the different areas and businesses, which contributes to the professional development of the participants by helping them to acquire new experiences, in addition to expanding their knowledge about the Company. In 2018, 1,335 young people participated in the program, divided between the home office, bank, Sales and Service Directorate (DVA) and hypermarket stores.

To further contribute to the development and well-being of employees, Carrefour carries out an Engagement Survey every two years. The survey maps opportunities for improvement from the employees' point of view, compiling a satisfaction index in relation to the company. The latest survey, in 2017, reported a satisfaction rate of 67%, 11 percentage points higher than reported in the 2015 edition, with a participation index of 85%. The survey is applied online and through forms submitted to stores. The results are used to form action plans that aim to respond with improvement to the main results of dissatisfaction presented in this survey.



Diversity

In Carrefour's relationship with its different stakeholders, respect for people and the appreciation of differences and similarities are non-negotiable attitudes. Therefore, any form of discrimination on the basis of race/color, age, gender, religion, sexual orientation, disability, social class, nationality, naturalness or other singularities that may pose a risk to people is rejected on a day-to-day basis. More than acting in line with international human rights standards, Brazil's legislation and good social responsibility practices, respect for diversity is a strategic issue for Carrefour, already permeated by the Company's culture.

The management of this issue is through the Carrefour Diversity Platform, a strategy that aims to improve practices in relation to the subject and to value the diversity

and uniqueness of the people. To guide the more than 40,000 employees on these issues, the Company has developed several initiatives, ranging from specific policy to awareness campaigns, management processes and leadership development. Currently, the priority issues are inclusion of people with disabilities, LGBTI + and gender and racial diversity.

One issue that generated a lot of activity in 2018 was that of women at the risk of violence. There was a large internal communications campaign to address the

issue, with guidance and information for employees about gender violence and taking on cases. At the same time, Carrefour established partnerships with civil society initiatives aimed at the cause, such as:

“Carrefour is a pioneer in the use of indicators, indices, metrics and action plans in the promotion of diversity, and has brought this discussion to the public. It is one of the few companies to include this issue in its narrative.”

Caio Magri, Presidente of the Instituto Ethos de Empresas e Responsabilidade Social

- Together with the Maria da Penha Institute, on March 8 it created an initiative to divert part of the receipts from the sale of baguettes at Carrefour stores for the non-governmental organization (NGO).
- With the City of São Paulo Secretariat of Economic Development and Labor, the Company initiated support for the Tem Saida (There's a Way Out) project, a public policy focused on the financial autonomy and employability of women in situations of domestic and family violence. The project is an initiative of the Public Ministry, Public Defender's Office, the Court of Justice, the OAB-SP and UN Women.

The priority given by Carrefour to diversity issues has led it to stand out as one of the Companies that most hires transgender persons. In 2018, for example, the number of employees with this profile nearly doubled from 33 at the beginning of the year to 60 in December. Including hires since 2015 some 200 trans individuals have worked in the Company. Carrefour is also recognized for the significant number of women in leadership positions, which in 2018 totaled 40.55% among coordinators, managers and officers.

CARREFOUR DIVERSITY PLATFORM

This is a strategy that is designed to:

- Promote *equal opportunities* and treatment when considering the differences and inequalities present in society;
- Promote a *respectful, welcoming and focused work environment* that is essential for the company and its businesses;
- *Improve business management practices* through the learning generated in the relationship with the different audiences or partners;
- Contribute to *create competitive differentials* by considering diversity as a source of added value.

In order to ensure that efforts are reflected in the business, the brand, the communities and the personnel management, the Platform has been developed in a manner to encompass Carrefour's various stakeholders (employees, clients, suppliers, communities, governments and civil society).

CARREFOUR'S ACTIVITIES TO ENCOURAGE DIVERSITY IN 2018 WERE RECOGNIZED WITH THE FOLLOWING AWARDS:

- **THE CITY OF SÃO PAULO SEAL, Human Rights and Diversity**, in honor of the "Carrefour por Elas" project, a group of executives focused on discussing strategies that ensure equal opportunities between men and women. The objective of the award is to encourage good practices of inclusion in the labor market by companies and organizations that work in the city.
- **THE CERTIFICATE OF GENDER EQUALITY EUROPEAN INTERNATIONAL STANDARD (GEEIS)**, awarded by Bureau Veritas, which reflects the Company's commitment to gender equality, diversity and sustainability commitments achieved over the last few years.
- **GUIA EXAME DIVERSITY GUIDE**, which in its first edition highlighted 36 companies in 13 sectors of the economy that have become point of reference for the topic, awarded Carrefour as the Retail sector company with the best practices.

DIVERSITY MANAGEMENT

This Platform is led by the Diversity area, which reports directly to the Vice-President of Human Resources and whose function is to make the initiative operational. The monitoring of actions related to the topic, internal promotion to improve practices, reflection and monitoring of the demographic data of the group, in addition to the analysis and review of processes, when necessary, is the responsibility of the Diversity Management Committee. Created in 2013, and with bimonthly meetings, it is formed by representatives of executives from several areas of the Company: Risk Prevention, Press Relations, Human Resources, Marketing, Legal and Business Areas. The Diversity strategy, in turn, is validated by the Strategic Diversity Committee, composed of the CEO and the vice presidents.

There are also affinity and working groups created to track and improve the results of each of the Diversity Platform initiatives. These include:

Carrefour Por Elas: Created in 2015, the Carrefour For Women effort is led by a group of directors and executive officers, who meet periodically to develop strategies that ensure equal opportunities for men and women. This commitment, which is worldwide, seeks to have 40% of the company’s key positions (directors and senior executives) held by women in all countries by 2025.

Ted Xs Affinity Group: Works in the definition of internal activities to promote and respect LGBTI + rights.

More Inclusion WG (people with disabilities): To help make the work environment more inclusive, respectful and accessible to all people.

Ubuntu Racial Affinity Group (GARU): Aimed at promoting discussions and initiatives to boost the participation of Afro-Brazilians in the composition of work teams, especially in entry programs (trainees, trainees, apprentices, etc.) and leadership positions. It also collaborates in the production of materials for internal campaigns (divulged Diversity Week and in the Black Awareness day, for example, besides videos).



ACTIONS IN 2018, BY STAKEHOLDER PROFILE

Throughout the year, Carrefour sponsored a number of initiatives developed for dialogue and engagement with strategic stakeholders regarding diversity principles and practices:

Clients: focused on communication, awareness campaigns through advertising pieces (including in newspapers) and posts on Carrefour's profiles on social networks, pursuant to the national and international diversity calendar.

Community: partnerships with civil society aimed at the insertion of people into the labor market, education for inclusion and income generation. In 2018, for example, the Company supported, by hiring professionals, the "Kitchen and Voice" project, which trains people as kitchen assistants to promote their inclusion in the formal job market, coordinated by chef Paola Carosella. Among the other projects in which the Company collaborated are:

- **RETAIL CONNECTION** – designed to empower young people and adults to perform specific activities in the food retail sector. Since 2015 the project has trained 235 transgender individuals in specific groups, and Carrefour has hired some 30 professionals trained in this program.
- **EMPOWERING REFUGEES** – a qualification program for women entering the labor market, in partnership with the United Nations High Commission for Refugees (UNHCR).

Dialogue with Government and Civil Society:

since 2018 Carrefour has been part of the Executive Group of the Entrepreneurial Social Inclusion Network, an initiative aimed at promoting the insertion of people with disabilities into the labor market. The Company also participates in a series of initiatives and commitments related to principles and practices of valuing diversity:

- Brazilian Network of the Global Compact
- Business Coalition for Racial and Gender Equity
- Principles of Women's Empowerment (UN Women)
- Women's Movement 360 (+ Woman360)

- LGBTI+ Business and Rights Forum
- Business Initiative for Racial Equality

The Company also promotes Dialogue Forums on Diversity and Inclusion. Every year, these events are attended by representatives of companies, community organizations and government. Carrefour furthermore partners with various civil society organizations and companies with good practices in diversity and inclusion.

Suppliers: com o objetivo de sensibilizar a cadeia de fornecimento a respeito da importância da diversidade, foi criada, em 2018, uma cartilha sobre o tema voltada especificamente a esse público, que será lançada em 2019.

Employees: to promote a culture of respect among the more than 40,000 employees, Carrefour has developed an intensive communications agenda, as well as instituting a leadership training and process review. Activities include:

- **MANUALS, BOOKLETS AND VIDEOS** – materials that bring together concepts and practical tips on how to deal with varied situations. They also show how to prevent risk situations and warn that discrimination practices are not tolerated by the Carrefour Group. They are disseminated through e-mail marketing, murals and the *Revista Fique Ligado* (Stay Tuned Magazine), as well as the periodic publication of internal communications.
- **MULTIPLYING THE CARREFOUR DIVERSITY POLICY** – stores are periodically taking steps to reinforce the principles of the document. At these events, lectures are held with employees and awareness materials distributed.
- **DIVERSITY WEEK** – held every year since 2013, seeks to keep alive the culture of appreciation of Diversity. On the agenda are lectures, guided tours, film screenings and enhanced communication in the media.
- **LEADERSHIP DEVELOPMENT PROGRAM** – this is part of ongoing development and training programs, as a way to empower and sensitize leaders in relation

to Diversity. There is also a Handbook for Leaders and a Diversity Game, an activity that contributes to the clarification of the issue. Made up of a board, four pawns and 12 challenge cards with real situations, it allows the interaction between the participants, who access the company's policies and the best practices for each situation.

- **INTEGRATION** – at the time of hiring - regardless of the function or hierarchical level - the new employee is given guidance about the company's position in relation to the valuation of diversity. The candidate is also introduced to Company Policy on the issue and instructed on how to behave when carrying out the company's functions.
- **IMPROVEMENT OF MANAGEMENT PROCESSES** to value diversity: an example, in this sense, the cases of trans people who, although they have not changed their names in the documents, can request, at the time of hiring, that a social name be adopted on the i.d. badge and in all the communications sent by Carrefour. For this, it is sufficient that the new employee sends a handwritten request by letter.

Health and Wellness

Efforts to lead the nutritional and food transition, a movement that includes raising society's awareness of the importance of adopting healthier lifestyles, also extend to employees. In support of this effort Carrefour launched, in August 2018, the Wellness Program. Designed to contribute to the quality of life of employees, the initiative seeks to encourage reflection on well-being and encourage employees and their families to adopt healthier lifestyles.

Among the activities developed for this program is the recovery of the bicycle paths around the headquarters, made to encourage the employee to use a bicycle to go to work, and the Vá de Escada (Take the Stairs) Project, distributed throughout the Company's facilities to encourage employees to use the stairs instead of

elevators, resulting in health gains. The initiatives also include awareness programs on healthy eating, vaccination campaigns, health mapping and courses for pregnant women. There is also a partnership with Gympass, an application that offers access to physical education facilities in the country, to encourage employees and their families to practice physical exercise.

Encourage the adoption of habits that lead to a better quality of life, in parallel with a structured management of occupational health and safety, based on specific laws and regulations. This set of rules is also reproduced in the occupational safety and health clauses of the more than 150 collective bargaining agreements the Company observes throughout Brazil, covering 100% of its employees.

Among the initiatives in this regard are the Internal Accident Prevention Commissions (CIPAs). Instituted in all the units and made up of employees, they act to implement preventive actions, contributing to the reduction of workplace accidents. By the end of 2018, about 10% of all employees were represented by CIPAs. The organization also has established Ergonomics Committees, created to deal with posture issues; pilot projects are underway in the stores in Rio Grande do Norte.

Workplace Safety

2018 numbers

ACCIDENTS, BY TYPE	TOTAL
HOURS OF RISK EXPOSURE	85,533,983.33
LOST DAYS (WORKPLACE ACCIDENTS WITH LOST TIME)	3,905
TYPICAL WORKPLACE ACCIDENTS, WITH LOST TIME	685
WORKPLACE COMMUTING ACCIDENTS, WITH LOST TIME	203
FATAL ACCIDENTS	0

INDICATORS	TOTAL
FREQUENCY RATE (FR)	8,01
SERIOUSNESS RATE	45,6

ACCIDENTS PER REGION

NORTHEAST	SOUTHEAST	SOUTH	CENTER-WEST	NORTH
44	500	46	71	24

ACCIDENTS BY TYPE

MEN	WOMEN
379	306

The highest lost-time rate occurs in the front-of-store areas and in the warehouses, due to the ergonomic risk of the routines performed at these locations, and also in perishables. In the first case, activities are monitored on a monthly basis to ensure that staff is appropriately provided appropriate equipment to perform the duties. There are also specific training programs aimed at avoiding repetitive strain injuries. In the case of perishables, an

activity that leads employees to be exposed to cold due to contact with the refrigerated rooms, and also exposure to the risk of cut hands because of the use of knives, regular risk monitoring is conducted in these areas. Furthermore, in addition to supplying adequate machinery and equipment, continuous training and guidance is offered.

ENCOURAGEMENT TO ADOPT HABITS THAT LEAD TO THE BEST QUALITY OF LIFE IS CONDUCTED IN PARALLEL WITH STRUCTURED MANAGEMENT REGARDING OCCUPATIONAL HEALTH AND SAFETY

Intellectual Capital

Two fronts make up Carrefour’s intellectual capital, both aimed at strengthening the Company’s ecosystem and improving the value proposition offered to the client: technical capacity, which includes the professional development and empowerment of the people who make up Carrefour, and the development of new technologies and solutions, aimed at accelerating and enhancing the Company’s digital transformation.

TECHNICAL CAPACITY

In line with the Carrefour 2022 Transformation Plan, the Carrefour Group is adapting its business model to become the world leader in food transition for all. This new aspiration is reflected in the Company’s Culture. The strengthening of this ecosystem, designed to offer clients the same experience across all of the Company’s different channels, is what drives our staff to make Carrefour a leading protagonist of the process. Preparing them for this new moment is critical to sustaining the Company’s growth and the future of the business.

Toward this end, the current scenario also is reflected in the reformulation of the Company’s Culture. In 2018, the Human Resources department’s actions began to be guided by four commitments assumed globally by Carrefour in 2018, which together form the Act for Change:

Commitments that make up the Carrefour Culture



COMMITMENT 1

GROW AND ACHIEVE SUCCESS TOGETHER

Employee training and development is important not only for professional growth but also for the success and longevity of the business. People make Carrefour, which makes learning opportunities and growth perspectives strategic issues. The Company is committed to providing development opportunities to its leaders, and an example in this direction is Carrefour University. With programs created in partnership with recognized universities and business schools in Brazil and abroad, in 2018 it formed 80 top leaders (more information here).

COMMITMENT 2

SERVE THE CLIENT WITH PASSION

Carrefour's purpose is to serve the customer, offering the best experience in their shopping journey. In this context, employees are key players. This means that training and the constant improvement of work routines, skills and knowledge are success factors. An example of the efforts toward this result are the Technical Schools, which seek to ensure Carrefour's expertise through theoretical and practical educational approaches. Some 9,908 employees attended sessions in 2018 (more information here).

COMMITMENT 3

ACT WITH SIMPLICITY

The objectives pursued by the Company demand that decisions increasingly be made more rapidly. To foster such agility, new ways of working have emerged, such as the use of squads, adopted by Banco Carrefour in 2018. This format - which bolsters the collaborative environment and the horizontality of structures, and makes processes and communications more agile – brings together under a single structure different people from different areas and specialties, to solve challenges. They join forces, therefore, to bring the best solution to the customers.

COMMITMENT 4

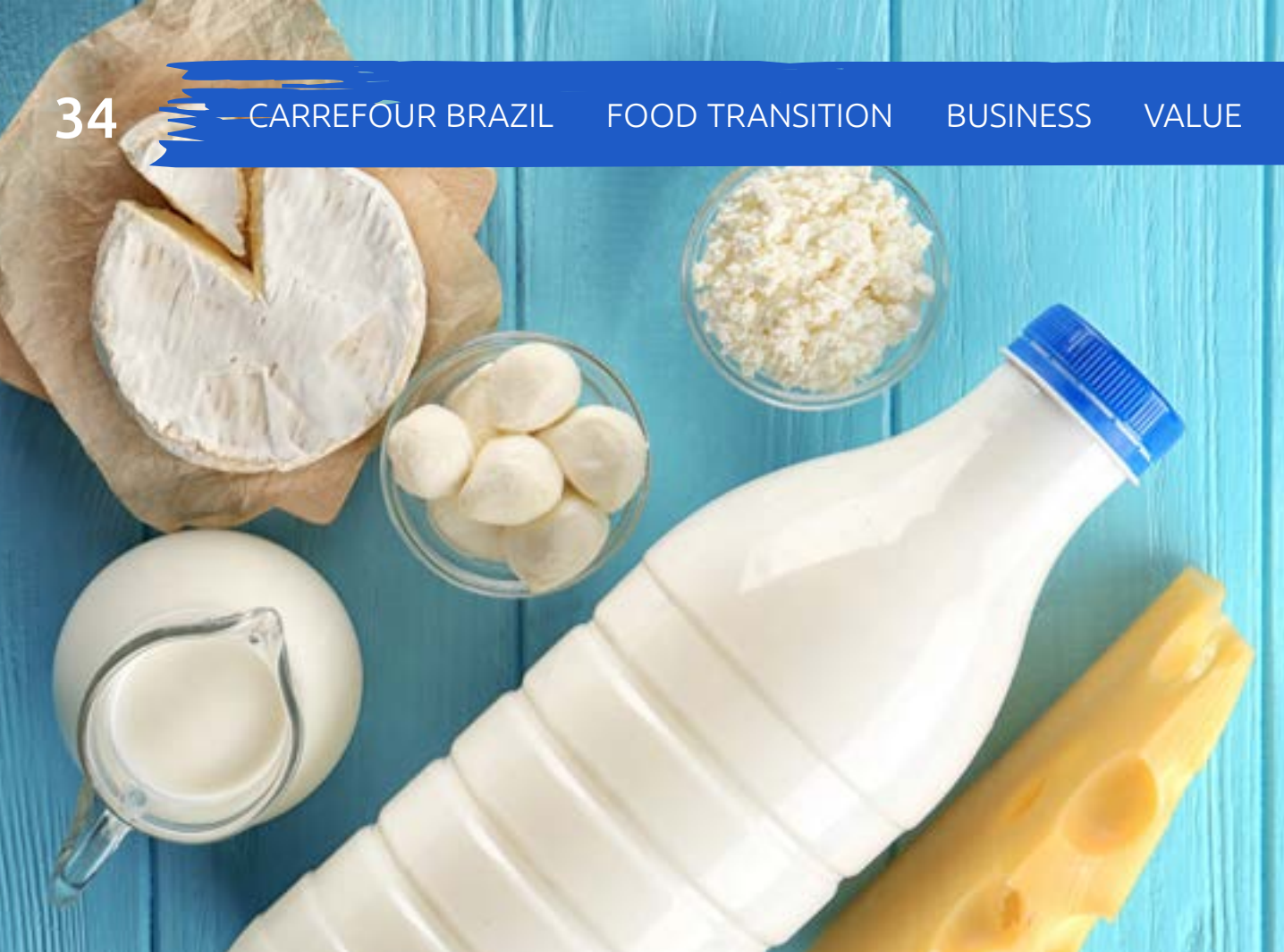
TAKE PRIDE IN TRANSFORMING THE BUSINESS

In line with the Company's digital transformation, the Human Resources area has invested in modern solutions aimed at facilitating employees' day-to-day operations and stimulating innovation. In the set of initiatives adopted in 2018, the following are notable:

- **PROJECT PHOENIX** – created to streamline personnel management processes linked to

admission, transfers and other moves. All these processes are now being carried out via workflow, executed on a digital platform, which facilitates the approval hierarchies and speeds things up. Managers become the initial applicants for opening a move or requisition of personnel through the system, with a flow of approvals following until execution by the Payroll area.

- **CARREFOURPREV** – a mobile application that enables participants of the retirement benefits program to keep track of key information about their plans and the evolution of the reserves for the future.
- **#TAMOJUNTO** – also in an application format, it was created to facilitate communication between employees making it more democratic, agile and interactive. The launch first stage was for the parent company and Banco Carrefour. In a few days, there were over 1,300 downloads of the app. In 2019, it will be extended throughout the organization.
- **GOOGLE GSUITE PLATFORM** – deployment of new IT architecture, important step for transformation in the way we work.



CARREFOUR.COM.BR IS BETWEEN THE TEN'S MOST VISITED E-COMMERCE WEBSITES¹

¹ 9th position in number of visits, according to Netrica and E-Commerce Brasil.

Digital Transformation

ACCELERATE AND EMPOWER

Fundamental to the current business strategy of Grupo Carrefour Brasil are issues related to being an omnichannel, multiformat business in which the Company's seeks to create an ecosystem that is totally customer-centric. Thus, all the advances made in 2018, as well as the initiatives that are planned for 2019 and the years thereafter, have a clear objective: To facilitate the customer's journey from purchase decision to post-sale.

Faced with this challenge, the Company has been striving to accelerate the integration of formats. An example is the Carrefour eBusiness Brasil, a business unit that was created in the first days of 2019. Its mission is to accelerate the evolution Carrefour Brazil Group's digital operations, centralizing all activities on this front where, heretofore, they were scattered across several departments. Thus, in addition to e-commerce channels, this division will be concerned with apps, benefit programs, CRM, and partnerships with startups toward

the advancement of service and solutions innovations, among other matters.

Another digital operations initiative, aimed at simplifying and accelerating the decision-making model, is the creation of the Technology Committee, which is made up of executives from areas common to the entire business.

In addition to the creation of Carrefour eBusiness Brasil, the Company has made advancements in improving e-commerce, as well as alternative methodologies for product deliveries and pickups, digital payment options, and customer service:

E-COMMERCE: In 2018, Carrefour began selling food products via e-commerce. With this, the online purchase of groceries – which had, since October 2017, previously been restricted to the brand's app – became possible via the Carrefour platform, along with non-food products that were already being sold.

- **CRM PROGRAM:** Launched in October 2018, this initiative has allowed the Company to increase considerably the percentage of identified customers in our stores, reaching approximately 67% in December, compared to 25% in March 2018. The customer base was 13.9 million customers, a significant increase since the launch of this program, which includes approximately two million downloads of the My Carrefour app, an omnichannel data intelligence platform that focuses on the Company's retail services in a unified benefits program, which is democratic, free and nationwide.
- **ACQUISITION OF THE E-MÍDIA DIGITAL CONTENT PLATFORM,** which controls the Cyber Cook (recipes and cooking advice), Vila Mulher (women's interests and concerns), and Mais Equilíbrio (health, nutrition, beauty, and fitness) websites. Together, these three portals attract approximately 4 million visitors a month. With this purchase, Carrefour seeks to boost its relevance and the online/brick-and-mortar store integration of its offerings, mainly for food sales.
- **SHOPPING CONCEPT:** Carrefour has partnered with a startup firm, Zaitt, to open a 100% autonomous market in the city of São Paulo, where one's entire purchase process will take place through an app. The unit is located in the city's Itaim Bibi district and has at its disposal the expertise and logistics & supply

support of Carrefour, which is responsible for this new market's product assortment, which includes fresh products, food services, snacks and beverages, as well as cleaning, personal hygiene and organic products, among others.

- **DELIVERY AND PAYMENT SOLUTIONS:** In 2018, Carrefour made great strides in creating synergies between its brick-and-mortar and online operations. In this regard, notable among the various actions undertaken are last-mile advances (which include the delivery of products purchased online) and an evolution of the payment models available to customers.

DELIVERY/PICKUP OF PRODUCTS PURCHASED ONLINE

During the year, Click and Pickup and Auto Pickup options were created, in addition to a partnership with the firm, Rappi, for express deliveries, all of which facilitate the integration of Carrefour's brick-and-mortar and online channels, satisfying different customer preferences:

- **CLICK & PICK UP (C&R):** Available in all hypermarkets, this is an option for customers who prefer to pick up non-food products purchased online in the brick-and-mortar stores. In 2019, this alternative

will be expanded beyond Carrefour locations to outsourced points and other store formats, such as Market and Express.

- **CAR PICK UP:** A pickup by car concept similar to the drive-thru, this service allows customers the option of making e-commerce (website or app) grocery purchases and picking them up at a brick-and-mortar store. When customers conclude their grocery shopping at Carrefour.com.br, they can opt for either home delivery or schedule a purchase pickup at a pickup location. The service, which operates Monday through Saturday, from 8:10 am to 10:30 pm, offers three pickup options – morning, afternoon, or evening. On the scheduled date and time, the customer must drive to the location where s/he has arranged to pick up their purchase. The customer then identifies herself/himself via the intercom system and a Auto Pickup professional will deliver the purchase directly to the trunk of the customer's vehicle. At the close of 2018, ten locations were offering this service, and it was selected by 28% of their e-commerce grocery customers.
- **PARTNERSHIP WITH RAPPI:** With the startup of deliveries, Carrefour has established a partnership for the sale and delivery of groceries. Two types of service are offered: Express, with deliveries taking place within 35 minutes; and Supermarkets,

where customers receive their purchases within one hour. Rappi is already picking up products in 53 Carrefour supermarkets and hypermarkets. As part of the agreement, which establishes commercial priority for Rappi and Carrefour in the places where they both operate, the Company will open 15 warehouses, exclusively dedicated to e-commerce within hypermarkets. Carrefour will be responsible for stock selection, while Rappi will handle deliveries. In April 2019, the first sidestore was opened within a hypermarket. It's an exclusive store format dedicated to the delivery of orders made through e-commerce or Rappi. Carrefour is now planning to open sidestores in nine Brazilian cities – of which four are in São Paulo.

DIGITAL PAYMENTS

Carrefour has been testing several payment solutions for online purchases, always with the intention of having one available that will best suit the needs of every individual customer.

- **SCAN&GO:** This pilot project offers the customer a downloadable app, which can scan the bar codes of individual products, tally the total purchase, and allow

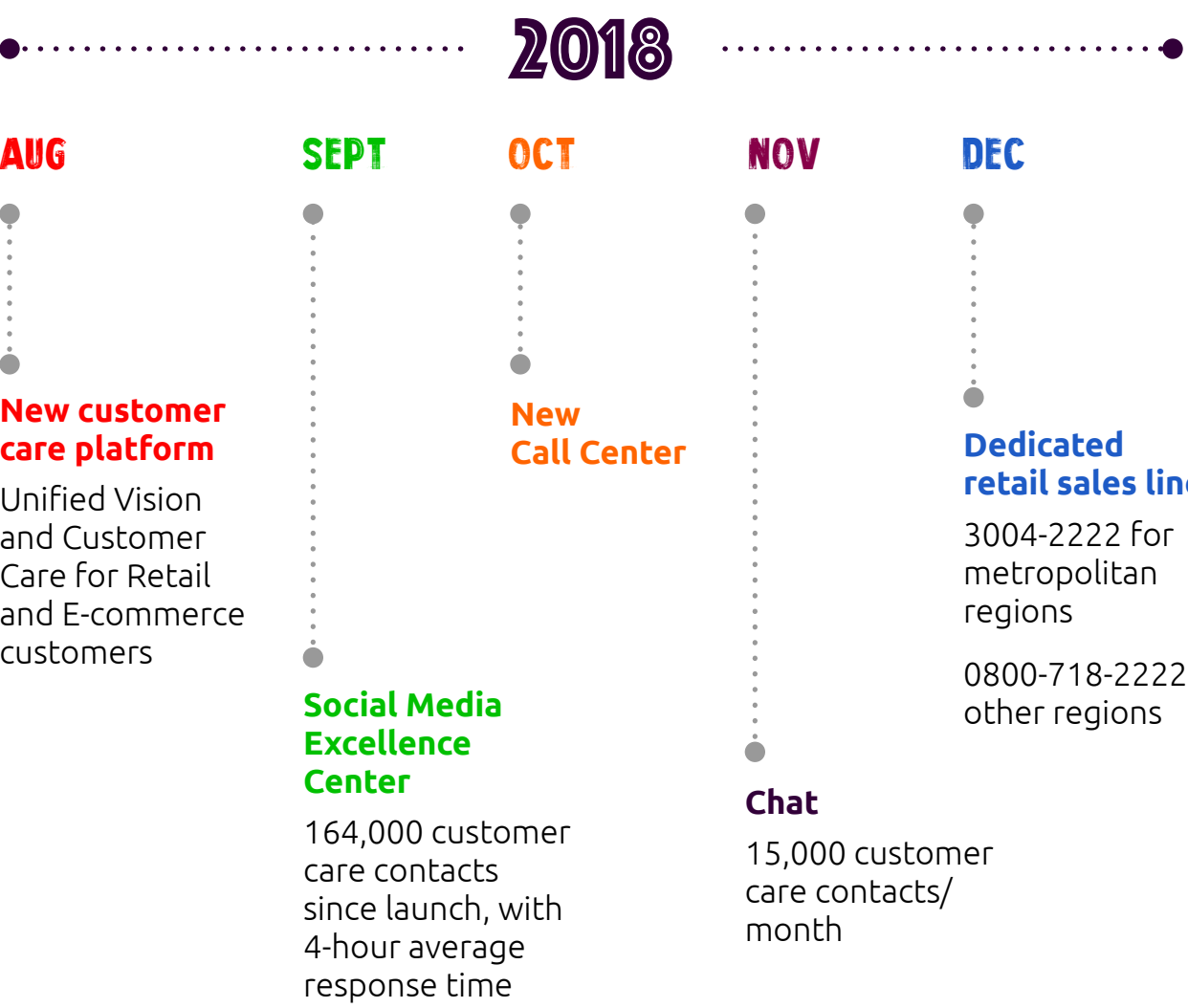
for payment by credit card. Before exiting the store with their goods, the customer presents the proof of payment to a store employee. At the end of 2018, Scan & Go was available at three Carrefour Express stores.

- **CARREFOUR PAY:** This is a payment system that is already in operation in some European countries, such as France and Spain. This consists of a digital portfolio with the retail chain, which gathers information from the cards of the Company's customers. Through it, it will be possible to pay using the app inside and outside the Carrefour store network.
- **QR CODE:** Payment via QR Code through an app in Carrefour stores. This option is being tested in three stores and, in 2019, it should be expanded to 6,000 customers.

UNIQUE CUSTOMER EXPERIENCE

To provide the best shopping experience in the Carrefour ecosystem, the Company's commitment to track the client journey also included customer service. In 2018, the offered channels were enhanced to cater to brick-and-mortar and e-commerce customers. Now, client

options include diversified channels to communicate with Carrefour, which include its call center, social media and chat. In 2019, services will also include Google My Business, a chatbot, and WhatsApp.





1 Partnership with Rappi

2 Carrefour Card – highlighted in the stores

3 Information about purchase channels and delivery options

4 Click and Pickup (Clique e Retire) customer service

5 Atacadão Card - store service

6 Pick Up By Car (Retire de Carro)

Social and Relationship Capital

Made up of the interactions with the stakeholders, developed through channels for dialogue, social investments and initiatives for management of critical chains of supply, with the goal of strengthening the bonds of trust with the society.

CRITICAL CHAINS

Protection of the oceans and rivers

In 2018 the Carrefour Brazil Group began mapping its fish supply chains, as an initiative that seeks to identify opportunities to guarantee the sustainability of the entire breeding and fishing process. With this, it became the first company and retailer in Brazil to carry out a study in this area, which is being done in partnership with the Seafood Watch program and the Monterey Bay Aquarium®, an NGO dedicated to the conservation of the oceans, and with the support of Paiche, a Brazilian fish sustainability

consulting firm. This innovative initiative also marks the first partnership that the North American NGO based in California has established with a retailer in Brazil.

The mapping results will assist in this effort:

- By guiding the procurement policy of the Carrefour Group in Brazil, promoting profound changes with its various suppliers;
- By contributing to the identification of the sustainability potentials of the species most consumed in Brazil and the areas where management needs to demand greater attention from the agents;
- By monitoring and supporting suppliers in order to ensure proper management and protection of biodiversity; and
- By carrying out communication campaigns to raise awareness of the importance of sustainable management and to consume fish more responsibly.

Due to the large volume of fish sold by the company each year, Carrefour - by encouraging the adoption of good aquaculture and management practices, and consciously selecting the mix of fish offered to the consumer and, consequently, assisting in the recovery and the preservation of species - will promote profound changes in the fish chain.

Eggs

The eggs supply chain will also be impacted by another commitment made by Carrefour in 2018: the sale of these products from a cage-free system. The company will work with suppliers and consumers so that by 2028 all eggs sold by the Company's chain, including its own brands, come from processes that ensure higher levels of animal welfare for laying hens.

This unique commitment in Brazil's retail sector that, therefore, represents a milestone for all - an unprecedented landmark for the sector - will be fulfilled in two stages:

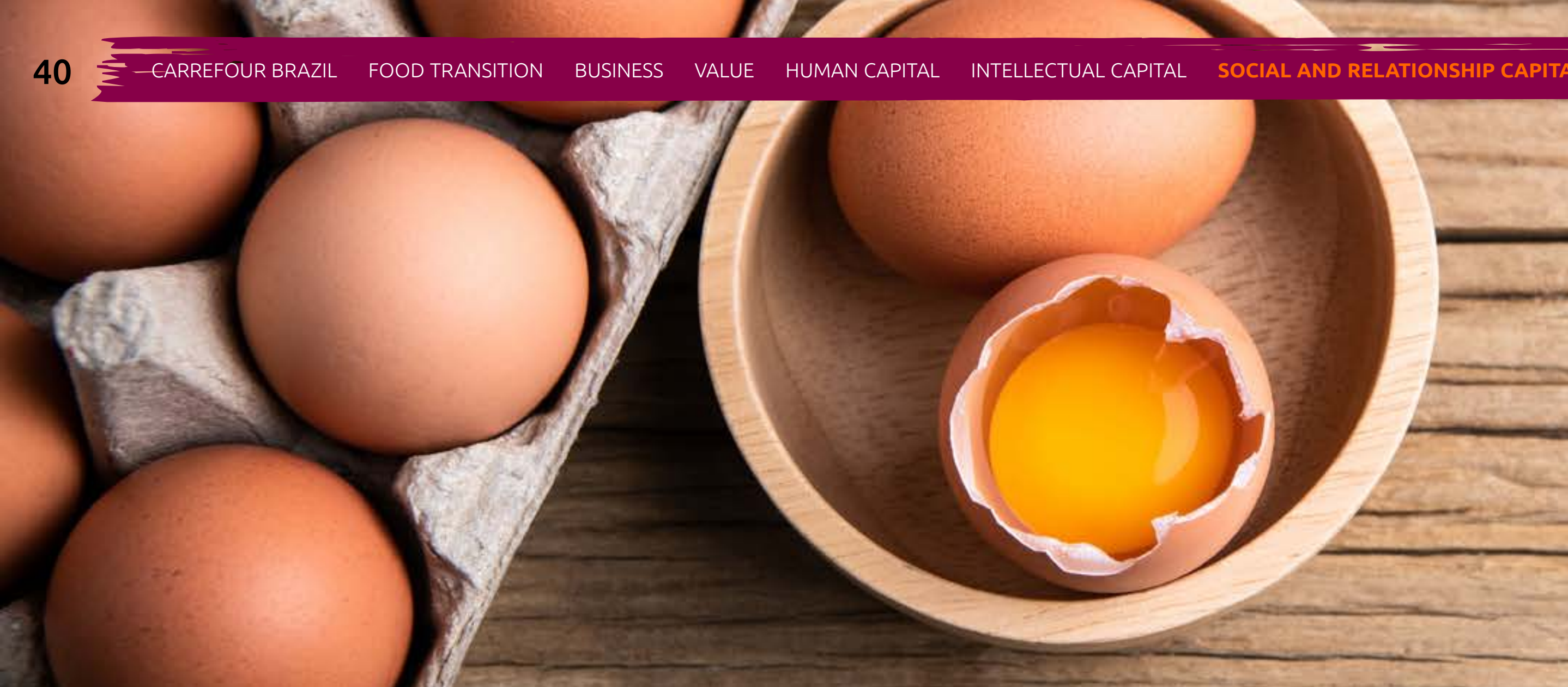
- **By 2025**, all eggs from Carrefour's own brands will be produced through this system.
- **Beginning in 2028**, 100% of the eggs marketed by Carrefour will come from the cage-free system.

Achieving this goal of promoting the sustainability of the egg supply chain demands intensive work with the suppliers of several brands, which already has begun. The goal, as the public moves in that direction, is to invite them to also become part of this commitment. At the same time, a broad consumer awareness campaign is planned to show the importance of this new policy for changing consumer habits.

By meeting this challenge, Carrefour will have the support of the animal protection organizations that are active in the discussions on this trend. These include Animal Equality, the National Forum for Animal Protection and Defense, the Humane Society International and Mercy For Animals.

"Carrefour wants to change the profile of the consumption of fish in Brazil, and it has the volume, size and enough strength to do this in an organized way. It is the first large retail chain to make this totally unprecedented move and that will serve as an example to be followed by other chains of production and in the retail sector."

Cintia Miyaji, Executive Director of Paiche Consultoria e Treinamento



BEST PRACTICES

In line with the objective of contributing to helping egg suppliers incorporate the best practices of the sector in their processes, Carrefour took a group of Brazilian producers to France to participate in the program “Egg Production: Cage-free Production Alternatives.” At this event, which discussed the solutions for the transition of egg production, they were able to learn new production techniques, as well as debate and discuss the difficulties encountered in all countries that have already proposed to sign the cage-free commitment.

Testimonials

“The decision taken by Carrefour in 2018 to sell only cage free eggs - a transition that will be completed in all operations in Brazil by 2028 - was one of the most important commitments taken so far in Brazil, as it is the largest retailer in the country. This will lead other companies in the industry to think about it.”

Maria Fernanda Martin, specialist in animal welfare of the animal protection department of the Humane Society International (HIS) in Brazil

“Globally, eggs from caged birds is one of the most important animal welfare issues. We commend Carrefour for the pioneering retail initiative of working with vendors using cage-free production systems.”

Patrycia Sato, Head of Animal Welfare at Forum Animal

“The Company is a leader in Brazil that has committed itself to ending the process of raising chickens in cages. This commitment, important to attract other retailers to similar commitments, will help work with the entire industry to ban cage use.”

Eduarda Schiefler Nedeff, Corporate Policy Director, Mercy for Animals

Forests and other biomes

Carrefour is also committed to zero deforestation. On this global front, the Company is dedicated to maintaining partnerships that foster sustainable production practices, working to find alternatives that preserve forests and vegetation. The goal is that 100% of the products offered in stores will not have contributed to deforestation in the Amazon by 2020.

To engage supply chains in this goal, it manages the issue in Brazil through many initiatives, including the Sustainable Livestock Platform. Thus, based on a countrywide policy created specifically for the purchase of fresh beef, it began to adopt a system to monitor the productive processes and socio-environmental practices of all suppliers in Brazil. This initiative has already been adopted by all of the suppliers, who must comply with strict criteria and good practices set forth in the document.

The system crosschecks data from each supplier's production plants with public criteria and data to identify possible noncompliance, preventing farms from producing meat in deforested or sequestered areas, or conservation units, indigenous lands and using

slave labor. With the measure, thousands of farms that supply Carrefour's cold storage partners are rigorously monitored.

In line with its commitment to zero deforestation, Carrefour pioneered the launch of Rainforest Alliance-certified beef in 2013. The seal certifies that the product comes from farms that follow strict international norms of environmental conservation. In addition, the Company supports sectorial initiatives that act in a manner aligned with this commitment:

- **GTPS - SUSTAINABLE LIVESTOCK WORKING GROUP.** A forum for discussion and formulation of common principles, standards and practices adopted by the sector with the premise of building sustainable, fair, environmentally correct and economically viable livestock. It is made up of representatives of all the participants in the cattle breeding value chain, such as producers, industries, sector organizations, producers and associations, retailers, suppliers of inputs, financial institutions, civil society organizations, research centers and universities.
- **INPACTO.** National Pact Institute for the Eradication of Slave Labor. A venue for dialogue with companies

to tackle slave labor efficiently and strategically. It joins organizations in the private sector and society to prevent and eradicate slave labor in production chains. Carrefour is one of the founding members of this initiative.

- **THE CONSUMERS GOOD FORUM (CGF).** This is an international organization aimed at driving positive change and efficiency in the consumer goods industry around the world. It brings together retailers and consumer goods manufacturers globally, establishing a platform for sharing best practices, as well as tools to meet established goals.

The commitment to **zero deforestation** goes beyond livestock initiatives. Carrefour is also focused on the production systems for soybeans, palm oil and paper and pulp, which are also considered critical.

- **SOYBEANS.** Carrefour is part of the Cerrado Working Group (CWG), established to develop a plan to eradicate deforestation and the conversion of vegetation native to the cerrado biome in Brazil. As such, it is committed to supporting the progress of sustainable and traceable soybean supply chains in the

cerrado region. The Company also participates in the Soybean Working Group (SWG), which is implementing the Soybean Moratorium in the Amazon - a move that, in recent years, has contributed to an 80% reduction of the average annual deforestation rates in 95 municipalities in the soybean region of the Amazon, with no negative impacts on production - of which Carrefour has also been a member for over ten years. It is a multi-sectorial group, formed by producers, traders, civil society, government and companies, aimed at guaranteeing the achievements related to the Moratorium.

- **PALM OIL.** All of its private label products are certified by the Roundtable of Sustainable Palm Oil (RSPO).

SUPPLIERS

The Company also encourages its suppliers to comply with their goals and values. The relationships are based on the Carrefour Code of Ethics, available [here](#).

Carrefour works closely with its suppliers, seeking to support the cycles of development and sustainability. An

example of this cooperation is the relationship with local and regional producers to provide fresher products and to contribute to the sustainability of the production chains. There is joint planning of planting between Carrefour and the supplier, such that the Company has an exclusive contract for the supplies. Of the total sales of fruits, vegetables and vegetables, 35% are provided by local producers, defined as vendors operating within 500 km of the stores.

Commitment to the supply of fresh produce

The products offered in hypermarkets - broccoli, cauliflower, carrots and beets, for example - are now tagged to show the date of harvest, so that the customer can be sure that the products are really fresh. Also posted on the displays are photos of exclusive suppliers. The project, still operating as a pilot project at the Pinheiros store in the capital of the state, seeks to provide transparency to the supply process and reinforce Carrefour's commitment to offer products that are always fresh.

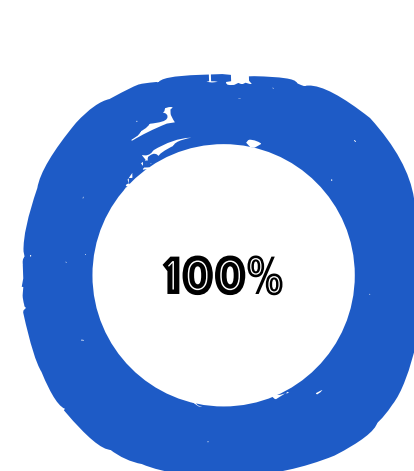
The textile chain

At the Carrefour Brazil Group, textile suppliers - clothing, bags and fashion accessories, as well as bed, table and bathroom supplies - undergo a differentiated qualification process. They need to ensure that they act within quality standards and meet social, labor, environmental and ethical requirements, under contract conditions. Operating under these principles, they must:

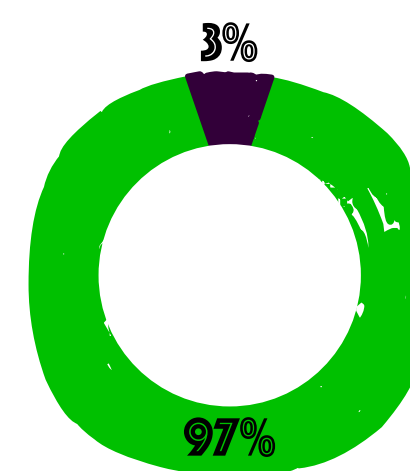
- Adhere to the supplier certification program of the Brazilian Textile Retail Association (ABVTEX), in the case of domestic companies, and submit to the respective independent annual auditing process, a measure that should also be extended to subcontractors
- Be in agreement with the three main documents that guide Carrefour's social conduct: Code of Business Conduct, Code of Ethics and Social Responsibility for Suppliers and National Purchase and Delivery Agreement.

Failure to comply with these established requirements, especially those related to respect for human rights and decent working conditions, will lead to the suspension of the supply contract.

RESULTS OF SUPPLIER AUDITS



**ABVTEX Certification:
Production Chain 2018**



ABVTEX Status 2018



NATIONAL PACT FOR THE ERADICATION OF SLAVE LABOR

The Carrefour Group has been a signatory of the National Pact for the Eradication of Slave Labor since its inception, and has been proactive in creating and launching InPACTO - National Pact Institute for the Eradication of Slave Labor in May 2014. The initiative was created with the objective of strengthening, expanding and adding sustainability to the actions carried out under the National Pact for the Eradication of Slave Labor. Carrefour is currently an associate curator and institutional supporter.

“One of the central themes for companies is the need to combat slave labor in production chains. Carrefour is a leader in this activity in the retail sector and has been an example of the practices it adopts in that direction.”

Caio Magri, Director President of the Instituto Ethos de Empresas e Responsabilidade Social



Society

CARREFOUR INSTITUTE

The Company's activities in social projects are also developed through partnerships with governments, public agencies and third sector organizations. Consistent with the strategy of making the Carrefour Brazil Group the leader in nutritional transition, the actions are focused on this issue, and seek to:

- Inform and educate the Brazilian population - especially those who are vulnerable - in addition to consumers, about the consumption of healthy foods;
- Promote employability and entrepreneurship in the food chain;
- Stimulate the production of more sustainable food for small producers; and
- Mobilize employees and partner social organizations.

There are also campaigns for social mobilization, promoted with the aim of influencing and shaping public policies, or sharing the knowledge of employees to inform and educate society through volunteer efforts.

All of these socio-environmental actions are led by the Carrefour Institute, Carrefour Brazil's social investment arm. Its objective is to reduce inequalities, establish a dialogue between organizations from different sectors of society and develop partnerships based on the transformative power of food, especially in the communities in which the Carrefour Brazil Group operates.

In 2018, the Carrefour Institute developed ten projects, some financed through incentive resources, via the Rouanet Law and others. The Carrefour Foundation, the international institution responsible for the social investment of the Carrefour Group, is also an investor in some of the initiatives. With a budget of €6.7 million in 2018, it financed 73 projects in 13 countries to promote the food and Nutrition program and make it accessible to all.

PROJECTS DEVELOPED IN 2018

Dissemination of new eating habits

HEALTHY FOOD HABITS. Held in João Pessoa (PB), it is focused on children up to five years of age and aims to encourage them to adopt new habits, in addition to addressing the importance of combating food waste. Conceived and developed by the Abrinq Foundation, and supported by the Carrefour Foundation, the project continued for 12 months and was addressed to teachers and supporters of the Centers for Early Childhood Education (CEI), as well as family and community agents. The school lunch providers, for example, went to Carrefour stores to attend orientation lectures offered by volunteer staff. A highlight of this initiative was the celebration on World Food Day on October 16 that brought together the 10 public schools in the city. On the agenda were a number of educational activities, such as the production of recipes, a street fair simulation, a visit to a hanging garden, talks, music and reading circles, gymnastic activities and games. Research on the eating habits of children and preferences for school meals was also conducted. The initiative directly reached 603 people:

207 community agents, with 105 school lunch suppliers, 136 teachers and 125 families. Indirectly, 7,194 people were impacted.

GASTROMOTIVE. With the aim of making gastronomy a path to social transformation, the Carrefour Foundation supports the Gastromotive Project. Held in Rio de Janeiro, it began in April 2018 and will continue until the middle of 2019. Through December 2018, three action fronts were begun:

- 1. Social Gastronomy:** support for the social dinners of Refettorio Gastromotiva, for street or homeless people. Approximately 54,000 meals were offered in 2018.
- 2. Innovation Lab:** space dedicated to the creation of innovative recipes from the integral use of food. The laboratory was used in the period by the students in professional cooking courses, with emphasis in social gastronomy, and of entrepreneurship, initiatives that had the participation of 109 students.
- 3. A product line made with zero waste:** products are being developed from the full use of food, which will still be tested.

In addition to these initiatives, 20 educational videos are in production that combine the concepts of Gastromotiva with nutritional transition. They will serve as educational tools and will be disseminated in different channels of Gastromotiva itself.

CINEMÓVEL. An activity aimed at creating healthy habits among children and teenagers through leisure and culture, supported through the Rouanet Law. A mobile program, it traveled to cities of the States of Paraná and of São Paulo, between August and October of 2018. For this project, films were designed that treat nutrition in general way and primers on healthy eating were distributed. Developed by the Carrefour Institute, the initiative counted on the partnership of Magma Cultura and benefited 5,565 children through 246 sessions.

WELLNESS FOOD. Action aimed at teaching good eating habits for adolescents. It was carried out in the Northeast of the country, more precisely in the semi-arid regions of Ceará, Alagoas and Pernambuco. With the support of the Carrefour Foundation and execution by the NGO Amigos do Bem, it took place between August 2017 and November 2018, with the participation of 940 teens and youths, divided into four groups.

Employability and entrepreneurialism

BAMBÁ – QUILOMBOLA FEMALE FORCE. Aimed to support quilombola (descendants of escaped slaves) women in their business plans, generating income from the sale of food and handicrafts. Held in the Recôncavo Baiano, it involved 10 quilombola communities and offered the participants practical training in start-up businesses - teaching from the basics of Mathematics and Portuguese, to essential business concepts, enabling them to price merchandise - and support to prepare products for sale (notions of labeling, expiration date, logos and visual identity, for example). Supported by the Carrefour Foundation, the project developed by the Humana People to People NGO lasted 16 months, completed in July 2018. It achieved, as results:

- The active participation of 80 quilombola women.
- The organization of eight productive groups, which created their own businesses mainly focused on products made from the food available in the region, while reinforcing the local identity of the quilombolas.

The project offered training on several fronts, with highlights for the construction of business plans, administrative and financial management, as well as brand development and packaging.

- The offer of training in Sustainable Agriculture and training in the areas of Health and Nutrition.
- The delivery of 45 irrigation systems, distributed among the eight communities where the productive groups are located.

PROFESSIONAL TRAINING AND EMPLOYABILITY FOR SOCIO-ECONOMIC INCLUSION. A project that seeks to educate, train and include professionals in the food universe. It promotes the socio-economic inclusion of the public served through professional training programs - technical and behavioral training and supports in the referral of the participants to job vacancies in food retailing, including Carrefour itself. Launched in 2018, it will be continued throughout 2019, in partnership with the Paulistana Foundation, an entity linked to the Municipal Secretariat of Economic Development of São Paulo.

Sustainable production of small farmers

SUSTAINABLE PRODUCTION OF CALVES

This project aims to promote the sustainable production of calves in more than 450 ranches in the State of Mato Grosso, located in the regions of the Juruena and Araguaia Valleys. Developed in partnership with the Sustainable Commerce Initiative (HDI), it seeks to intensify the production of ranches and, at the same time, preserve forest resources, promoting sustainable and economically viable production. In addition to guaranteeing environmental compliance, supporting the Brazilian Forestry Code, it is expected to boost small farm income through technical assistance, land regularization and access to credit.

Located respectively in the northwest and east of the State, the Juruena and Araguaia Valley regions comprise 11 important municipalities in the production of calves, which supply a good part of the beef production chain in the country. However, approximately 91% of suppliers

can be considered to be extremely technology-poor, with low rates of production and profitability. Among the more than 450 producers affected by the initiative, the majority are small farmers benefiting from federal and state government settlement programs. In order to provide support in production, such as adequate credit lines, technical assistance for genetic improvement and pasture, and support for land and environmental legalization, the three-year program will be supported by the Carrefour Foundation and with the Creation Association of Mato Grosso (Acrimat), NatCap and Fazenda São Marcelo, of the JD Group, as implementing partners.

Social Mobilization

VOLUNTEERS: A program to encourage employee engagement in solidarity-based actions, run throughout the year. It can take place in two formats. At the Company's headquarters in São Paulo (SP), there is a calendar with diverse activities, ranging from culinary workshops focused on healthy food to building community gardens, for example. In the stores, it takes the form of a solidarity gymkhana. Officials gather in

teams and develop monthly actions in non-governmental organizations (NGOs) of their choice. The group that registers the largest number of shares is the winner. The award involves a symbolic amount to donate to the institutions to which they dedicated themselves, and an amount for the employees to organize a collective breakfast in the stores, for celebration. In addition, the Company grants all employees four hours a month to engage in voluntary activities.

NATAL DO BEM: Collection of food donations from customers, in hypermarkets, which occurs once a year simultaneously in nine countries. In Brazil, with the partnership of the NGO Amigos do Bem, the municipal food banks and the Mesa Brasil Sesc Network, in 2018, the initiative counted on 113 participating stores, 201 volunteer employees and 1,394 volunteer partners, who helped to collect 85 tons of food. In addition, Carrefour donated 20 tons of rice, amounts that benefited dozens of institutions and hundreds of families.

WARM CLOTHING CAMPAIGN: Carried out by Carrefour in 2,734 Brazilian cities between May and July, the 2018 Agasalho Campaign collected about 147,000 pieces of clothing, an amount divided between 994 boxes, a

Atacadão

EATING GUIDE

Atacadão supported the publication of the second edition of the "Guia gastronômico das Quebradas de SP," (Quebradas-SP eating guide) designed to publicize and promote establishments that are off the gastronomic radar of the city of São Paulo (SP). It brings together 38 restaurants that stand out for the quality of food offered to the public, located on the outskirts of the city, visited and evaluated by the students of the Énois School of Journalism, a school and laboratory that supports the development of young people who reflect and produce diverse kinds of journalism. Support for the publication was the result of the success of the first edition of the book. Published in 2017, it listed 40 establishments worth knowing in the city of São Paulo, and ranked sixth in the category 'Gastronomy' in competition for the renowned Jabuti Prize.

volume that surpassed the 815 boxes collected in 2017. During the network provided 8,180 collection points for customers in stores in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul and Paraná.

WELL-INTENDED FRIENDS: In order to contribute to the fight against hunger, Carrefour opens the doors of its stores to the volunteers of the Amigos do Bem (Well-Intended Friends) project, that works to raise awareness of clients and employees about food donations. In 2018, this initiative collected approximately 500,000 kg of food, items that were distributed to families in the Northeastern Sertão region of the country where the largest number of people living in extreme poverty are concentrated. The partnership between Carrefour and Amigos do Bem in this effort has existed for more than 10 years.

ANIMAL CAUSE

On December 20, 2018, the Carrefour Brazil Group signed a public commitment on behalf of the abandoned animals in Brazil. After case of animal abuse that occurred in the Osasco (SP) store with the little dog Manchinha, Carrefour has been working to change the harsh reality of the helpless animals circulating in and out of the stores.

Given the Company's characteristic of working in partnerships, these efforts will occur together with recognized entities that are already active in this cause. The set of initiatives, which are divided into five areas - Osasco, Regional, National, Social awareness and internal awareness - reinforces the actions that Carrefour was already preparing. Some examples of this are Pet's Day, an event open to the public with various activities such as agility and dog training, and services for dogs and cats, held at Butantã Shopping Center. The occasion had the partnership of the NGO Adote um Amicão.

ACTIONS FOR OSASCO

With a committee made up of NGOs and independent agents from Osasco (SP), activities were carried out to support the work of these organizations.

- Sponsoring and support of adoption events, which will take place once a month beginning in April 2019, at the Carrefour Hiper Osasco store.
- Support for partner NGOs in carrying out monthly events for the neutering of animals, with free consultations.
- Monthly donation of 1 ton of feed, benefiting a partner NGO in the municipality.
- Financial support for veterinary care of animals cared for by NGOs and independent agents.

PUBLIC COMMITMENT TO HELP DOMESTIC ANIMALS THAT HAVE BEEN ABANDONED AROUND THE COUNTRY.

NATIONWIDE ACTIVITIES

On this front, the Carrefour Brazil Group has formed a partnership with the NGO AMPARA Animal, a network with more than 400 institutions in Brazil. It also has partner entities in all regions.

- Annual Pet Day, a national event in which the revenues from the sale of certain Carrefour brand pet products will be donated to partner NGOs.
- Sponsorship of five major events with integrated activities for the adoption, neutering, educational campaigns and blood donations for pets. On these dates, the revenues from the sales of pet products of the Carrefour brand in the participating stores will be reverted to the animal cause.
- Organization of adoption events in Carrefour stores with the support of local NGOs.
- Donation of one ton of food per month to partner NGOs across the country.
- Pet clothing campaign for collecting clothes, blankets and animal feed in winter.

REGIONAL ACTIVITIES

Carrefour provided support to AMPARA Animal in the funding of NGO actions aimed at the rescue and care of animals affected by the Brumadinho (MG) tragedy in January 2019. Other regional actions are being carried out in 2019 in partnership with non-governmental organizations:

- Partnership with the NGO Oito Vidas to support help for cats in vulnerable situations in Rio de Janeiro.
- Donations of food to wild animals shelters in São Roque (SP) and Jundiaí (SP).

SOCIAL AWARENESS

In addition to these assistance activities, the Carrefour Brazil Group will host and lead debates and actions to raise awareness of the importance of animal rescue.

- Creation of a forum for dialogue with experts, authorities and representatives for the protection and protection of animals at risk.
- Creation of an internet channel with content aimed at education and awareness of society in partnership with Catraca Livre, impacting 8 million people.
- Sponsorship of AMPARA Animal's "Sinta na Pele" photographic exhibition, in which celebrities simulate the suffering of animals in situations of maltreatment with the objective of raising public consciousness about this serious problem. Exhibition is free and, in February 2019, was open to the public in Jardim Pamplona, a shopping mall in the Carrefour network in São Paulo.
- Support for the educational project "O Mundo Animal de Bibi" (The Animal World of Bibi), by AMPARA Animal, for the production of episodes and books directed at public schools children and teens.

INTERNAL AWARENESS

In addition to these actions, the Carrefour Brazil Group is reviewing its internal processes, to reinforce guidelines for employees about the importance of the animal rescue cause.

- An awareness campaign for more than 40,000 employees on the importance of protection and defense of homeless animals.
- Training of employees and outsourced employees on how to handle animals in the store.
- Formation of the Pet Friend, network of collaborators who will work in the stores as ambassador of the animal cause.
- Carrefour Volunteer Program, where employees will be encouraged to donate hours of work to help partner NGOs.
- Carrying out the Pet Day at the Office for employees to take their pets to the office.





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1 Pet's Day, one of the Animal Cause initiatives

2 Pet's Day, one of the Animal Cause initiatives

3 Adoption Fair for Dogs and Cats

4 Guia Exame de Diversidade Award, in which Carrefour was highlighted as the retailer with the best practices related to the topic

5 Best Investor Meeting in 2018, bestowed by IR Magazine

6 Volunteering Actions

Natural Capital

Consisting of the efforts undertaken to lead the supply of healthy foods, ensure food safety and fight waste of food and from production processes, with emphasis on waste management in the stores.

TASTE & QUALITY

In line with the strategy of leading the healthy food supply sector and revitalizing the mix of its own brand, the Carrefour Brasil Group launched the 'Sabor & Qualidade' (Taste & Quality") brand in 2018. It is an exclusive line of natural products, authentic, high quality and good tasting for a fair price, always produced based on socio-environmental responsibility and full traceability at any stage of production.

About 378 products can already be found on its supermarket shelves featuring the new brand. Among

them are as grapes, papaya and oranges, as well as beef and pork, ham, eggs, poultry, fish and shrimp. Currently, the brand has 23 suppliers from all five regions of Brazil and, throughout this year, will bring into the portfolio new brand lines for mangoes, tomatoes, cheeses, hams and salamis.

The products that make up the 'Sabor & Qualidade' brand obey five criteria: taste, quality, authenticity, fair price and sustainability. These pillars guarantee the supply of fresh, quality food with authentic and natural flavor, as well as certifying safety, provenance and monitoring of production processes, adopting rigorous concepts of social and environmental responsibility. These foods also have a QR Code on the packaging, whereby the consumer can obtain in real time all material information related to the product being purchasing, such as the location of the farm, technical details of the product, date of harvest or slaughter, and the term of validity.

HOUSE SERVICES

Carrefour seeks to be with the client throughout his or her day. An example of innovative action in this sense is the expansion of home services for consumers. The Carrefour brand launched packaging with a QR Code in 2018. Through mobile devices, consumers can access different recipes and ingredients from the CyberCook website.

From the countryside to the supermarket shelf

The differentials of the products that are offered through the 'Sabor & Qualidade' brand originate in the production processes and follow on through the entire chain.

- The production of beef, for example, meets the most stringent socio-environmental criteria, avoiding illegal deforestation or any other environmental or social restrictions.
- Poultry and fish, as well as beef and pork, are purchased from producers committed to good animal welfare practices, which includes controlled and balanced feed with vegetable-based feed and, in the case of fish, without the use of artificial pigmentation. In addition, there is no application of antibiotics during the production processes.
- Fruit cultivation also meets strict requirements, ensuring quality, freshness, authentic flavor and rigid control of pesticide residues and pest biological controls.

In addition to Sabor & Qualidade, Carrefour has other own brands:

- **VIVER** (To Live): With natural and nutritious formulas, the Carrefour Viver Line's products were designed for people with different dietary needs, but who made the decision to achieve a more natural life, rich and very healthy.
- **CARREFOUR**: own brand for frozen, candies, disposable and pet products. There is also a premium product line, such as olive oil, chocolate, spices and panetones, which is marketed under the brand Carrefour Selección.
- **TEX**: clothing products for adults and children.

All products meet the labeling requirements. In the case of food, they cover information regarding composition, net weight, nutritional table, storage conditions and dates of manufacture and validity, among others. They must also inform if there are or may be, in the composition, substances or ingredients among the 18 that most cause allergies, as established in a National Sanitary Surveillance Agency (Anvisa) resolution. In 2018, there were no cases of non-compliance related to information and labeling of products, nor related to marketing communication.

RAMA

Atacadão¹ and Carrefour are signatories to the Food Traceability and Monitoring Program (RAMA), which offers participants access to information that allows the conscious selection of their suppliers, in order to track and monitor the use of pesticides in fruits and vegetables. This ensures that their application is not above the levels permitted by law.

Since joining the program in 2014, the Carrefour Food Safety area has collected samples from many suppliers throughout the country. In 2018, 100% of its private label items were tracked. The suppliers that are part of the company's own brand network or that receive the Sabor & Qualidade seal of approval follow the RAMA guidelines. In relation to other products sold, which does not include the Carrefour brand, adhesion by suppliers reached 84%. However, when considering the entire network of suppliers, 95% joined the program.

RAMA is structured by the Brazilian Association of Supermarkets (ABRAS), State Associations and associated supermarkets, through a collaborative operational process that is in partnership with Paripassu. With 47 participating retail chains and 984 suppliers, the program has two pillars: traceability of all suppliers registered by participating companies and monitoring the level of pesticides in the products.

Last year, according to Abras, 944 samples of 95 products were analyzed and the overall program compliance index reached 69%. The results are obtained by means of technical analyses of the amount of residues in samples collected and the data are made available through a portal for producers/suppliers and supermarkets allowing continuous product monitoring. In addition, the consumer can track the food through the QR Code present on the packaging or even the RAMA website.

In addition to RAMA, Carrefour takes other actions to control the quality of the food available in its stores:

- **SABOR & QUALIDADE PROGRAM.** It certifies the company's commitment to accompany and offer the clients the possibility to knowing the history of the food since the beginning of the production process.
- **CARREFOUR BRAND.** All Carrefour's brand products are subject to strict standards of food safety, laboratory testing and social audits, which ensures the high quality and provenance of the products.

Benchmark in food traceability

Carrefour was recognized in 2018, for the fourth consecutive year, as the retailer that best tracked food in Brazil. It received the RAMA Award in the Retail category as recognition for the extensive monitoring of suppliers and transparency adopted in its communication of the initiative to its clients.

¹ In some cities where traceability and analysis are mandatory.



PLATFORM TO COMBAT WASTE

In order to lead the food transition process, following and responding to the demands of consumers for healthy, affordable and sustainable food, Carrefour has implemented its Waste Combat Platform, which includes a series of initiatives in stores ranging from sales of non-standard products with discounts, the donation of foods that are outside sale standards but can be consumed, through to the production of co-products and a digital platform with tips for how to fully use food products.

As the largest food distributor in Brazil - a country that, according to the Food and Agriculture Organization of the United Nations (FAO), is among the 10 nations that most waste food in the world - Carrefour is aware of the impact of initiatives it adopts, given the importance of its operations in the country. Hence, it has been making efforts to contribute to the fight against food waste. This practice, adopted over four decades ago, is intensified through the to Waste Combat Platform. The project bolsters the actions background that encourage changes in the production and purchase models through programs

to rationalize the consumption of natural resources, combat food waste, properly dispose of solid waste and recycling incentives. In this context, the clients are the winners, through savings on the promotions offered; Carrefour is, as well, reducing stock surpluses; as does society in general, since the initiative helps combat the waste of food.

Actions adopted

In stores, combating food waste begins long before products reach the store shelves. Strict receipt, storage and handling of goods procedures are followed, which guarantee freshness and quality of the fruits and vegetables displayed at the sales counters. In addition to these practices, Carrefour has implemented a series of actions in its stores to combat food waste:

1. WELL CARED FOR FRUIT

In Carrefour's hypermarkets and supermarkets, fruits now have their own display shelves. Bananas, for example, are sold on shelves with a wavy shape, so that the

arrangement is tilted and no longer stacked, minimizing the risk of kneading or bruising the fruit, helping to reduce waste.

2. REPACKAGING

Garlic and other loose foods, in perfect condition, can be given new packaging and sold. After the sale of conventional garlic, for example, large amounts of garlic “teeth” remain left behind on the stands. Because they are in perfect condition to be consumed, they are packaged and offered for sale in the hypermarkets and supermarkets.

3. JUICES AND TASTING

The production of fresh juices for tasting purposes in the hypermarkets and supermarkets, using fruits that have lost their aesthetic standard and which, during the life cycle on the shelf, would probably be discarded.

4. FOOD DONATIONS

On a regular basis, the Carrefour and Atacadão stores send non-perishable food that is outside of sales standards, with

some kind of packaging damage but in perfect condition, to hunger combat programs. Thus, in 2018, the Carrefour Group donated 3,706 tons of food for people in situations of social vulnerability through the Parceria que Alimenta (Partnership that Nourishes) program. The donations go to food banks registered by the Ministry of Social Development and Fight against Hunger, and for Sesc’s Mesa Brasil Program. In addition to collaborating to improve food losses, this initiative, which is celebrating its 10th anniversary in 2019, also contributes to the good use of food with lower waste generation levels.

5. PRICE REDUCTIONS

Perishable items nearing product expiration dates – subject to quality criteria and in perfect state of consumption – are sold for half price in hypermarkets and supermarkets.

6. CO-PRODUCTS

Reutilization of good quality products that are suitable for consumption for the creation of another. The previous day’s breads, for example, are made into toast or flour and sold in hypermarkets and supermarkets.

7. ZERO WASTE MOVEMENT

Awareness-raising for responsible consumption and against waste: in Carrefour’s stores, website and social networks.

8. UNIQUE

Initiative that consists of the sale of non-standard products considered by the market to be “ugly” but that are in perfect condition for consumption. These products are sold at a discount of 40% in Carrefour’s stores. Among them are Italian zucchini, scrubbed potatoes, eggplant, beets, onions, carrots, chuchu, pear-orange, gala apple, common cucumber and tomato salad. At the end of 2018, Únicos was adopted in 71 stores, between hypermarkets and supermarkets.

Through Unique, Carrefour seeks to promote a cultural change through awareness of product quality compared to stipulated standards, as well as combating waste, thus contributing to a lower level of food losses generated by the supply chain.

WASTE MANAGEMENT PLATFORM

Being the food transition leader also involves commitment to zero waste. The Carrefour Group's overall goal is to reduce food waste by 50% through 2025, an issue that is directly related to waste management.

Considering these objectives, the theme is conducted within the Company in a manner that goes beyond merely complying with the National Solid Waste Policy. Efforts are made to engage employees and clients in the commitment to find the proper disposal for materials while minimizing the impact they have on the environment.

This ambition involved the establishment in 2016 of a department assigned to this topic. Since then, store routines have been adjusted to allow for separation of waste at the generation source to guarantee that each type of discard receives its true disposal importance. By organizing this effort, the Company was able to transform what was formerly an expense into store revenues. The proper treatment of the waste, allowing reuse, generated R\$ 8 million in recyclable sales in 2018, an amount that reverted to the stores. In 2016, when the project was launched, this figure was around R\$ 200,000. Another reflection of this work was the decrease in the amount of

materials sent to landfills. In 2018, Carrefour re-utilized 45.4% of its waste and avoided sending 5,515 tons of materials to this destination.

Among the commitments for 2025, reformulation of private label product packaging is planned. The goal is that 100% of the products will be sold in reusable, recyclable or compostable packaging by that year. To meet the challenge, in 2018 the Carrefour Brasil Group created a specific committee, made up of representatives from different areas of the Company, such as the sales departments for own brands, perishables, non-food products, large circulation products (PGC), e-commerce, food safety, sustainability and risk prevention. The first months of the work was dedicated to identifying improvement opportunities. In 2019, the effort will be aimed at defining the strategy and action plans. This committee will be responsible for monitoring the progress of the actions until the Group's objectives have been fulfilled.

Waste management at Carrefour takes place on four fronts:

- **RECYCLING OF STORE WASTE** – discards from all store areas are separated as Recyclable, Organic and Waste. The recyclables are temporarily stored in an appropriate location so that they can then be sorted by type, similar

to the work done by cooperatives. In the next step, they are organized into bales to be sold and collected by partners, who recycle the materials and return them to the production chain. In addition to generating income for the stores, this process avoids that the waste is disposed of in landfills, impacting the environment. All products without commercial value are separated from their packaging to valorize all their components. Organic (food) waste, in turn, is sent to composting companies.

- **RECYCLING OF CLIENT WASTE** – Carrefour has a strong commitment to combating waste, which includes, among other initiatives, the awareness and engagement with customers to correctly dispose of materials. In order to collaborate in this regard, it provides collection points in the stores. This is an initiative that reinforces Carrefour's post-consumption responsibility, creating alternatives for the waste to be returned into the production chain.

RECYCLING WEEK

The importance of raising the awareness of Carrefour Brazil's employees and clients about waste management makes the subject a constant item on the annual communication agenda with these stakeholders. In 2018, Recycling Week took place October 22-26, with activities planned for the headquarters, stores (including employees and clients), on the social networks and in the press.

Recycling stations

In order for post-consumer materials to be properly disposed of, Carrefour makes recycling stations available to its clients. Through them, Carrefour receives packaging of paper, plastic, glass, metal and tetra pak, and forwards them to appropriate destination via partners. The stores, also together with partnership with companies, have lamp-bulb (with Reciclus), batteries (Green Eletron), printer cartridges (HP) and cooking oil (Cargill) collection points.

MATERIALS COLLECTED IN 2018

- **118** recycling stations, which collected 1,318,191.57 kg
- **135** stores with battery collection points, which received 1,608 kg of materials
- **118** stores with kitchen oil collectors, where 14,896 liters of liquid were discarded

- **80** stores with cartridge collectors, involving 4,332.8 kg
- **66** stores with light bulb disposal points, which collected 10,418.8 kg of the product
- **RECYCLING WASTE FROM THE MATRIX**
Includes efforts to also raise awareness and engage administrative staff about the impacts of the activities on the environment. An example of the work that is being carried out is the elimination of the use of disposable cups, carried out in 2018, which avoids the throwing away of 10,000 cups a day. The paper and other recyclables used in the Matrix are also recycled.
- **DIGITAL TRANSFORMATION OF WASTE**
Digital transformation and food transition, which are among the pillars of the Company's strategy, are also influencing the way in which waste is managed. An example of this is the pilot project based on digital technology whose adoption began in three stores in the city of São Paulo in December 2018. "Recycling 4.0" is an innovative model, unprecedented

in the food retailing segment, which includes the use of a Blockchain platform, along with connected sensors located at the back of the store, automating processes and streamlining day-to-day recycling partners. To implement an innovative and efficient waste management system, the solution is using the automation concept. The entire process is centralized on one platform, and can be accessed by computer or mobile device and features blockchain data management by the generator, the transporter and at the final waste discard destination, assuring secure and protected information. Time and resources are optimized through this system. An example is the fact that the waste drop-off points have empty/filled connected sensors that issue automatic calls for collection when necessary. The bale presses (for cardboard, plastic), in turn, are equipped with connected weighing sensors, and they automatically transmit the information to the database, preventing human errors. The system, developed in partnership with the Plataforma Verde startup, should be put into operation in the other stores throughout 2019.



As a retail network, it is in the operation of the stores that the greatest direct environmental impacts of the Company's operations are seen. There are 661 stores, a number that includes the different Carrefour and Atacadão formats.

Thus, in daily operations, as well as in store opening processes - 38, in 2018 - the Company has been adopting a number of actions to minimize the impact on the environment. Consistent with the Zero Waste Movement, the initiatives include measures aimed at reducing electricity consumption - which was lower by 4.8% in the year - and water consumption. The process of replacing the environmentally harmful gases (R22 and HFCs) with other, less polluting gases was also continued in store refrigeration equipment. In new units, the operation already is underway, implementing the new gas standard.

Ecoefficiency

ELECTRIC ENERGY

The monitoring of the consumption, carried out in the stores through daily routines that seek to correct any deviations of energy consumption by constantly checking up on the installations and equipment, contributed to energy consumption in the year being reduced by 4.8%.

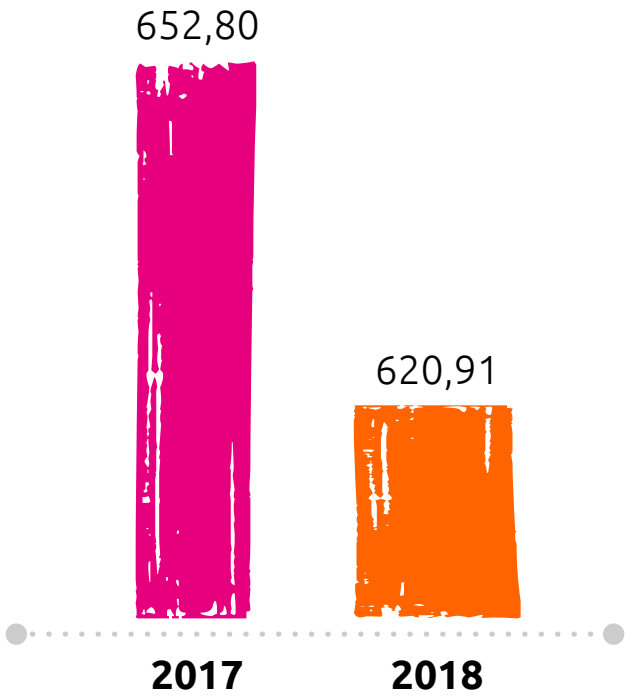
Energy Consumption

IN KWH	2018	2017
HYPER	424,104,599	449,412,306
SUPER	51,651,979	50,778,013
TOTAL	475,756,578	500,190,319

ENERGY INTENSITY

In KWH

The consumption of energy per m³ was 4.9% less in 2018, when compared to the previous year.



Besides monitoring, other actions adopted during the year contributed to the results that were achieved:

- **LED LIGHTING SYSTEM:** Ninety-three stores (hypermarkets and supermarkets) had their lighting systems changed to LED. The same was done at three distribution centers (located in Itapevi and Anhanguera, in São Paulo and Duque de Caxias, in Rio de Janeiro) and in 32 stores with covered parking lots. The use of LED bulbs reduces lighting system energy consumption by 50% to 70%. Additionally, this

shift contributes to an increase in the useful life this type of replaceable equipment, as it results in a cost savings on spare parts and the indirect reduction of air conditioning consumption.

- **USE OF REFLECTIVE PAINT ON A STORE ROOF:** For the Campinas Bairro (São Paulo) store, reflective paint was used on the roof. This resulted in a decrease of approximately 30% in air conditioning energy consumption and in equipment refrigerant feed consumption. This solution will be applied to three other stores in 2019.

Emissions

Carrefour has continued to replace environmentally harmful gases (R22 and HFCs) used in refrigeration equipment with less polluting gases, such as CO2, R134, and R404. In 2018, this replacement was effected in five stores: Osasco, Brooklyn, Alphaville, and Interlagos, in São Paulo; and Duque de Caxias, in Rio de Janeiro. New stores are commencing operations using less polluting gases. Thus, in 2018, Carrefour’s fourteen newly-opened stores (8 supermarkets and 6 Express locations), are all operating with less polluting gases in their refrigeration equipment, which minimizes harmful impacts to the environment.

Less-polluting gases

The replacement of harmful gases with less polluting ones has occurred in both refrigeration and freezer equipment in the Company’s stores.

REFRIGERATION EQUIPMENT

GAS USED	Nº. OF STORES
134	38
404	22
134/Glycol	15
404/Glycol	2
CO ₂	1

EQUIPMENT FOR FROZEN FOODS

GAS	Nº. OF STORES
404	57
CO ₂	23

Water

In the quest for continuous improvement, Carrefour has been developing a new system for remote monitoring of water consumption in its stores. Based on IoT (Internet of Things) technology, this tool – which will be operated by water suppliers – will detect consumption irregularities, especially at night. The system’s alarms will signal these changes, which will then make it possible to respond, in real time, to try to solve problems when they arise. This new solution, which will add greater reliability to the Company’s operations and offer suppliers more autonomy, will be implemented in Carrefour hypermarkets and supermarkets in the second half of 2019.

WATER CONSUMPTION

IN M³	2018	2017
HYPER	1,510,293	1,471,712
SUPER	125,598	137,353
TOTAL	1,635,891	1,609,065





1



3



4



2



5

1 Area, in the stores, dedicated to organic products
2 Always fresh vegetables, direct from the producers

3 Healthy products area, available in the stores
4 Healthy food, available for purchase in stores
5 Viver own brand products



Productive Capital

The productive capital accounts for an important part of the food consumption of Brazilian families and of the Group’s food strategy. It is formed by its ecosystem, whose main features are omnichannels and a multiformat. Hence, its chain consists of 270 retail and 166 cash&carry stores, as well as e-commerce and financial solutions activities and a real estate division.

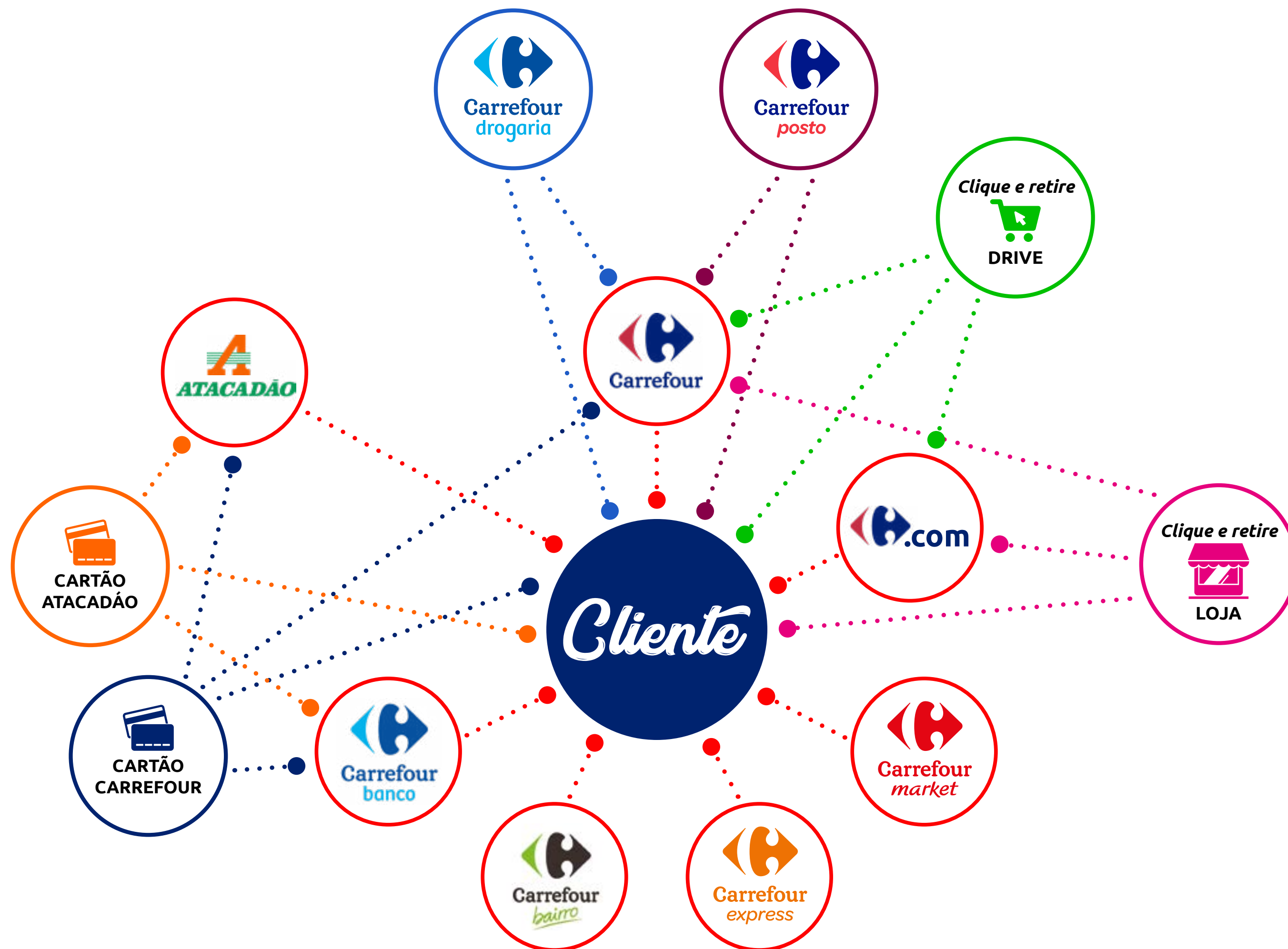
IN 2018, 20 ATACADÃO, 9 CARREFOUR AND 6 CARREFOUR EXPRESS STORES WERE OPENED

N° OF STORES	2017	OPENINGS	CLOSURES	2018
Atacadão	146	20		166
Hypermarkets	103		-3	100
Supermarkets	41	9		50
Convenience Stores	119	6	-5	120
Wholesale	23	4		27
Drugstores	126		-2	124
Gas Stations	76		-2	74
Group	634	39	-12	661

SALES AREA	2017	2018	Δ 2018 VS. 2017
Atacadão	930,017	1,056,539	13.6%
Hypermarkets	723,110	704,876	-2.5%
Supermarkets	63,006	68,008	7.9%
Convenience Stores	22,111	22,009	-0.5%
Drugstores	8,081	7,851	-2.8%
Gas Stations	31,347	30,485	-2.8%
Total sales area (m²)	1,777,672	1,889,769	6.3%

CARREFOUR GROUP ECOSYSTEM

OMNICHANNELS AND DIGITAL TRANSFORMATION TO OFFER THE BEST PURCHASE EXPERIENCE FOR THE CLIENT



RETAIL

Priority is given to the sale of food and non-food products to final consumers. There are four formats:

- **HYPERMARKETS**, under the Carrefour banner:
A model in which the Company is the pioneer in Brazil, having opened its first store in 1975. Characteristically, these feature a wide variety of food and non-food products, with average sales areas of approximately 7,100 m². By the close of 2018, there were 100 hypermarkets.

In 2018, this format was in sync with the Company's value proposition activities, which included the adaptation of sales offers and significant advances in the food transition arena. For 2018, these initiatives reflected a market share gain of 0.30 p.p. to 31% (Nielsen). Benefiting from implemented initiatives and the end of food deflation, the trend in gross margin has been improving steadily since June 2018.

- **SUPERMARKETS**, focused on classes A and B under two banners:

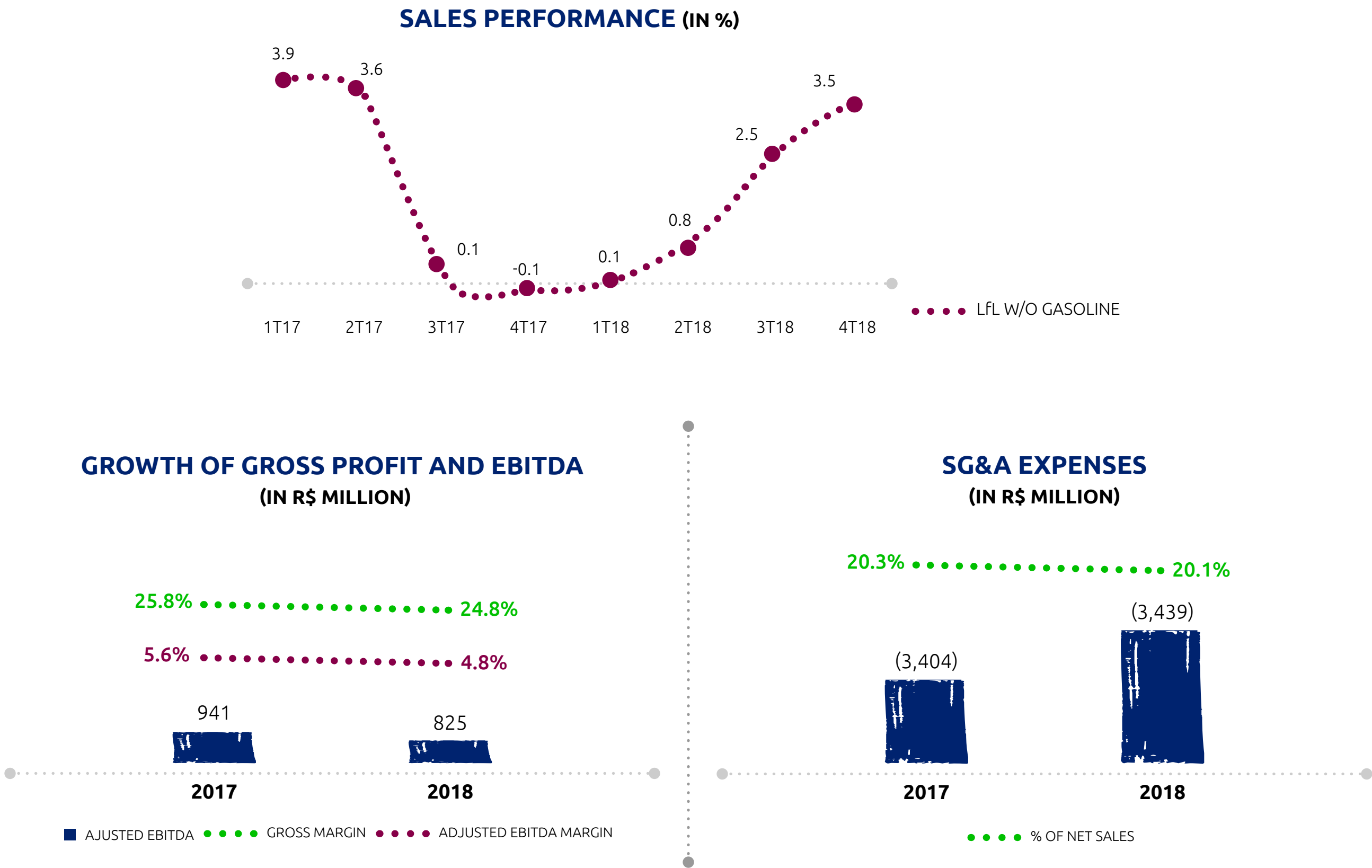
- **Carrefour Bairro:** Focused on weekly and daily restocking and replacement purchases, with an emphasis on perishables. There are 39 stores, concentrated in the cities of São Paulo, Belo Horizonte, and Brasília, with an average sales area of 1,600 m².
- **Carrefour Market:** Aimed at weekly or daily replacement purchases, with smaller stores ranging from 400 m² to 500 m², these spaces offer service excellence and adequate variety. The 10 stores – nine of which opened in 2018 – are strategically located in residential neighborhoods in the city of São Paulo. The format contributes to the goals of quality dietary transition through the offer of fresh, healthy, regional products.

- **CONVENIENCE STORES**, under the Express banner:
Installed in large, densely populated commercial and residential areas in the São Paulo-metro region. The primary characteristic is the supply of essential products of high quality, within smaller spaces, whose average area ranges from 100-200 m². This format was introduced in 2014. In only four years, as of December 2018, there were 120 stores, an expansion that strengthens the presence of the Carrefour Brasil Group in the convenience format.

The business model adopted in this niche was updated in 2018. Priority was given to the opening of smaller (100 m²) stores. At the same time, actions were taken to increase profitability, such as reassessments of product variety, business strategy, store organization, and rental contracts. During this period, stores began offering additional services, such as ATMs and utility and other bills payments at the cash register. These efforts are already producing positive results. Same-Store Sales (LFL) presented double digit growth after the reforms were completed.

Total sales in the Retail segment reached R\$ 18.8 billion, driven by successful sales initiatives in hypermarkets, a positive trend in store format, and solid performance in e-commerce. LFL sales, excluding gasoline, increased 1.8%. Carrefour brands accounted for 11% of sales for the period, with a target of reaching 20% by 2022. Additionally, solidly performing in the fourth quarter with double-digit sales growth were organic and healthy products, segments which are expected to show strong increases through 2022. In this case, sales reach R\$ 500 million.

The gross margin for the year dipped slightly, by 0.97 p.p., going to 24.8%. This was due to the higher share of e-commerce and non-food items in the overall sales mix, as well as lower margins in food prices in the first half of the year, when there was deflation. However, it is important to highlight the significant improvement in the 4th quarter (25.8%) in relation to the average gross margin of 24.2% registered in the first half. The adjusted EBITDA margin gradually rose over the year to 6.4% in 4Q18, compared to 4.3% in the first nine months. Initiatives to reduce expenses and raise efficiency gains in the previous 12 months led to reduced distribution costs by 0.18 p.p., which represented 20.1% of net sales for the year.



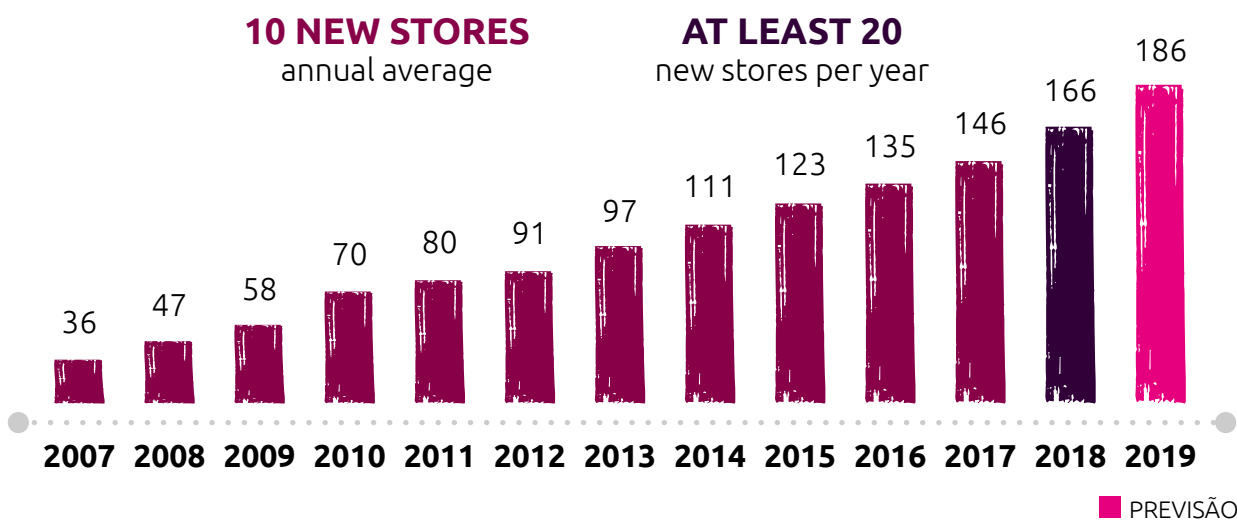
CASH&CARRY (ATACADÃO)

This segment is dedicated to the sale of food products to end consumers, resellers, and food service providers who are looking for low prices and high-volume purchases. It operates under the Atacadão wholesale brand, which, quite apart from being a pioneer in this activity, is the largest food wholesaler in Brazil¹, with a market share of 38% in 2018.

Atacadão’s activities in the period were highlighted by accelerated expansion, with the opening of 20 stores. By December it had 166 stores in operation, distributed across 26 states and the Federal District. Locations are

ATACADÃO STORES

TOTAL STORES / YOY



1 Source: Brazilian Association of Self-Service Wholesalers (ABAAS)

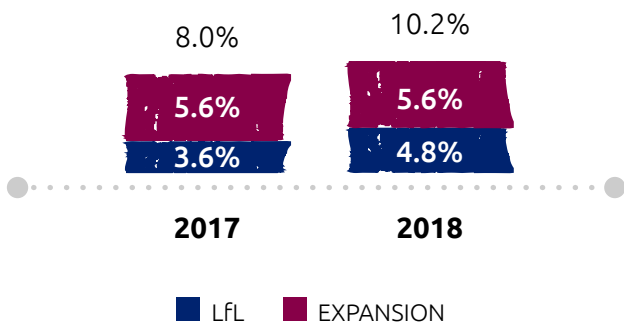
concentrated in large and medium urban centers, and have an average area of 6,400 m2. In addition to its self-service wholesale locations, Atacadão also operates 27 wholesale delivery establishments, dedicated to door-to-door fulfillment of orders from the largest business-to-business (B2B) customers.

Atacadão’s expansion strategy is supported on three fronts, whose goal is to always maintain price competitiveness and profitability year after year:

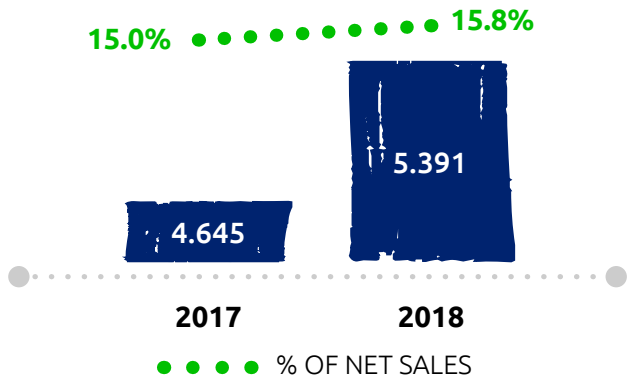
- 1. Be the first to arrive in new cities
- 2. Consolidate leadership and presence in cities where it already operates
- 3. Adapt the model to local demands

Atacadão’s performance showed double-digit growth in sales and profitability. The increase in same-store sales accelerated throughout the year, quarter-after-quarter, which confirms the strength of the business model. In the year, sales were up 10.2% to R\$ 37.6 billion, driven by a 4.8% increase in same-store sales and a 5.6% increase in expansions. These advances reflected continued gains in volumes, average ticket and more favorable commodity prices. The gross margin, in turn, rose 0.78 p.p. to 15.8% (including 0.53 p.p. in recurring additional tax credits), despite the ramp-up effect of the 20 new stores, which generally have a lower gross margin in the first year. Atacadão’s strong business model and efficiency initiatives resulted in a 22.1% higher adjusted EBITDA of R\$ 2.6 billion (EBITDA margin of 7.6%, + 0.70 p.p.).

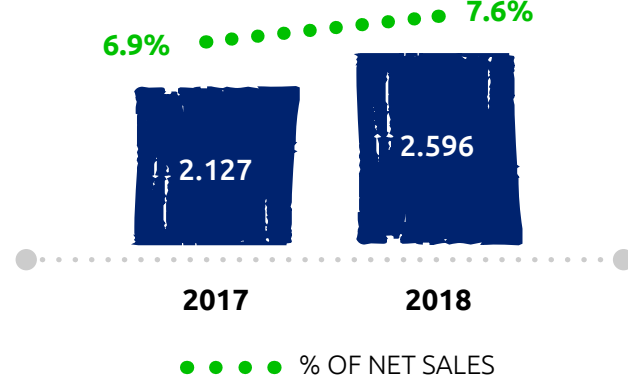
SALES PERFORMANCE



GROSS PROFIT (IN R\$ MILLION)



EBITDA AJUSTADO (IN R\$ MILLION)



SUPPLEMENTAL SERVICES

These reinforce the attractiveness of Carrefour stores and bolster both customer loyalty and the Company's image as the brand that offers competitive prices.

- **DRUGSTORES:** Generally located in the shopping plazas of hypermarkets and supermarkets, as well as Atacadão's self-service stores. As of December 2018, there were 124 drugstores in operation.
- **GAS STATIONS:** Almost all of the Company's 74 gas stations are located in the parking areas of Carrefour hypermarkets or Atacadão self-service wholesale stores.

The Carrefour and Atacadão gas station chain started in 2018 to implement self-checkouts, an initiative that is in line with the Company's digital transformation. At the end of the year, 64 stations already offered this self-service service. Innovative initiative in the segment of fuel stations in the country, the new technology, while at the same time directly impacting the time that customers remain in place, ensuring safety and offering even more convenience, contributes to the reduction of the costs of the stations, generating efficiency gains.

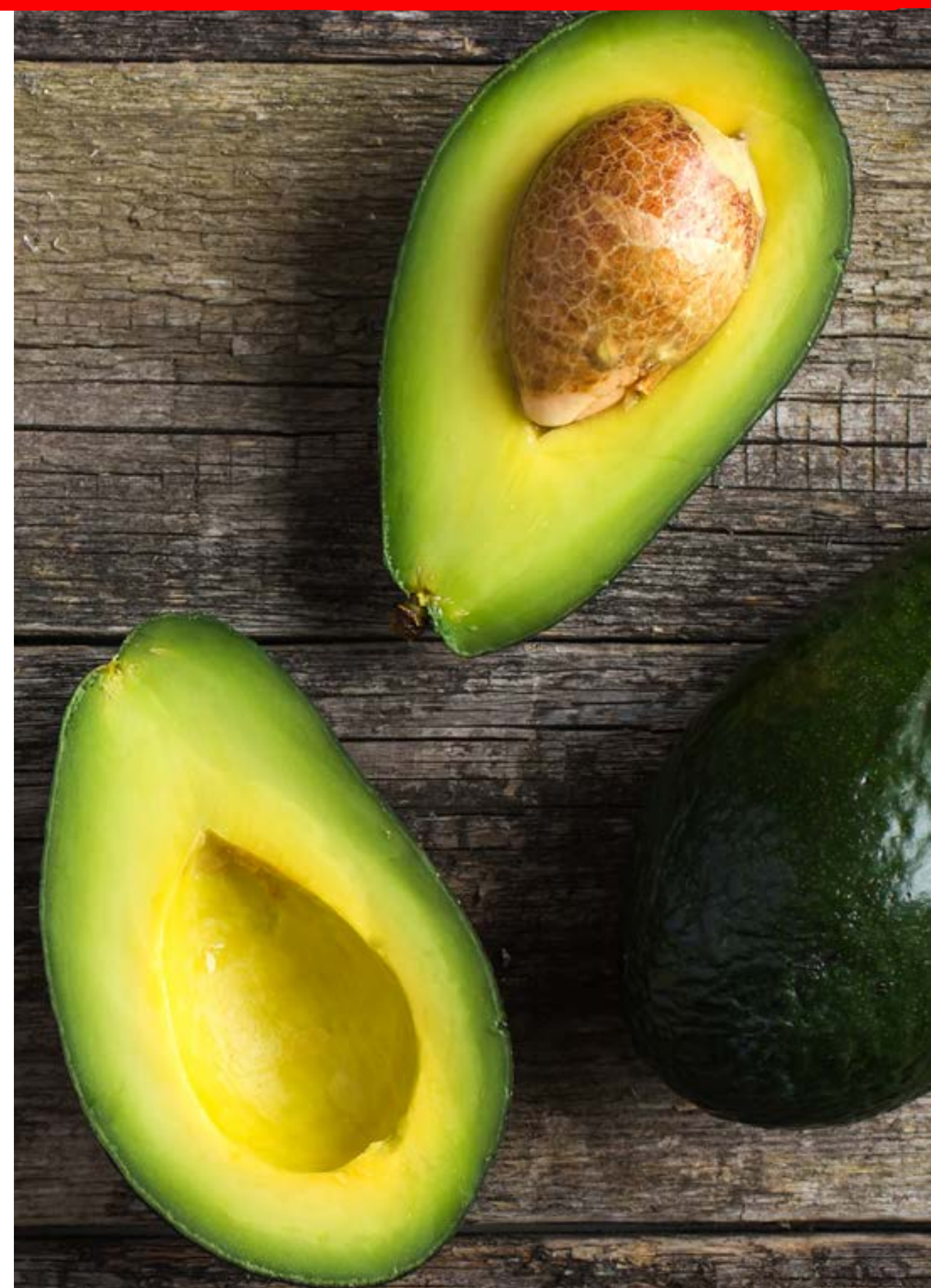
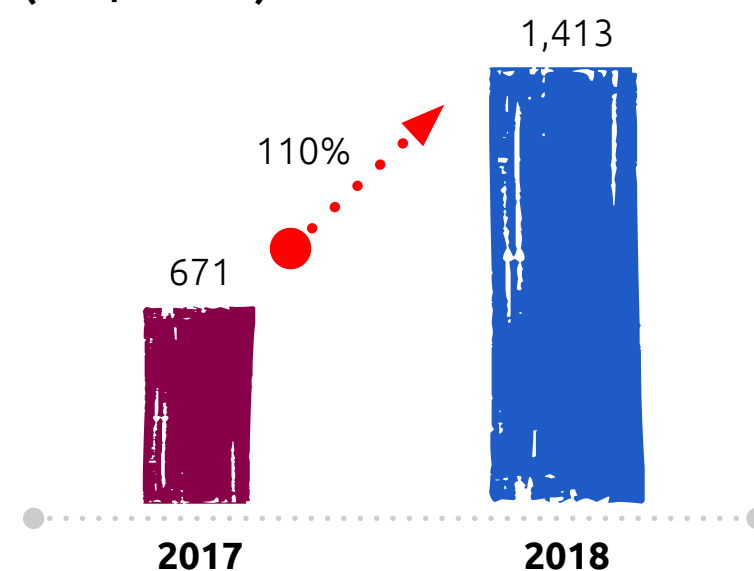
E-COMMERCE

A business front that Carrefour has been operating since July 2016, when it launched Carrefour.com.br, which promotes the synergy with the physical stores and consumer credit solutions offered by Banco Carrefour.

Initially focused on non-food products, the e-commerce operation completed its food offer the following year, focused at first moment on the city of São Paulo. It was also in 2017 that the Company launched the "Meu Carrefour" program, an application that offers the option of online sales and after-sales service. In 2018, the gross merchandise volume (GMV) growth was 110% and reached R\$ 1.4 billion, representing 9% of Carrefour's gross sales, excluding gasoline.

For its part, the food e-commerce results were 3.5 times higher compared to the first year.

GMV IN 2018
(In R\$ million)



PROPERTY

One of the differentials of the Carrefour Group is the fact that it operates under a Company-owned real estate assets model, a feature that also assures long-term competitive advantage. The Company owns 167 of its 193 wholesale, self-service stores and wholesale delivery outlets, and 73 of its 100 hypermarkets.

Carrefour's Property division manages its portfolio of properties used in the retail segment, as well as its portfolio of approximately 2,042 renters who are located across 139 shopping plazas and three malls, with gross leasable area (GLA) of approximately 300,000 square meters. At the close of 2018, the Property division recorded net operating revenues of R\$ 202,9 million deriving from property rentals.

As part of the Retail segment, the Property Division also manages the renovation and modernization of stores, coordinating and executing development and construction projects. It is also responsible for optimizing the real estate portfolio and creating value, increasing the potential of properties, which includes partnerships with third parties in some projects. The main objective is always to increase customer traffic in and satisfaction with the stores. In tackling this challenge, the division is focused on seeking partners who share Carrefour's commitments related to the propagation of healthier eating habits. Another strength of the division is e-business project consulting, which supports the digital transformation of businesses.



DIVERSIFIED REAL ESTATE ASSETS PORTFOLIO



3 SHOPPING CENTERS



139 SHOPPING PLAZAS



> 300 MIL M² AVAILABLE TO LEASE



~2,000 LESSEES



> 10 MILLION CUSTOMERS PER MONTH IN CARREFOUR STORES

BANCO CARREFOUR

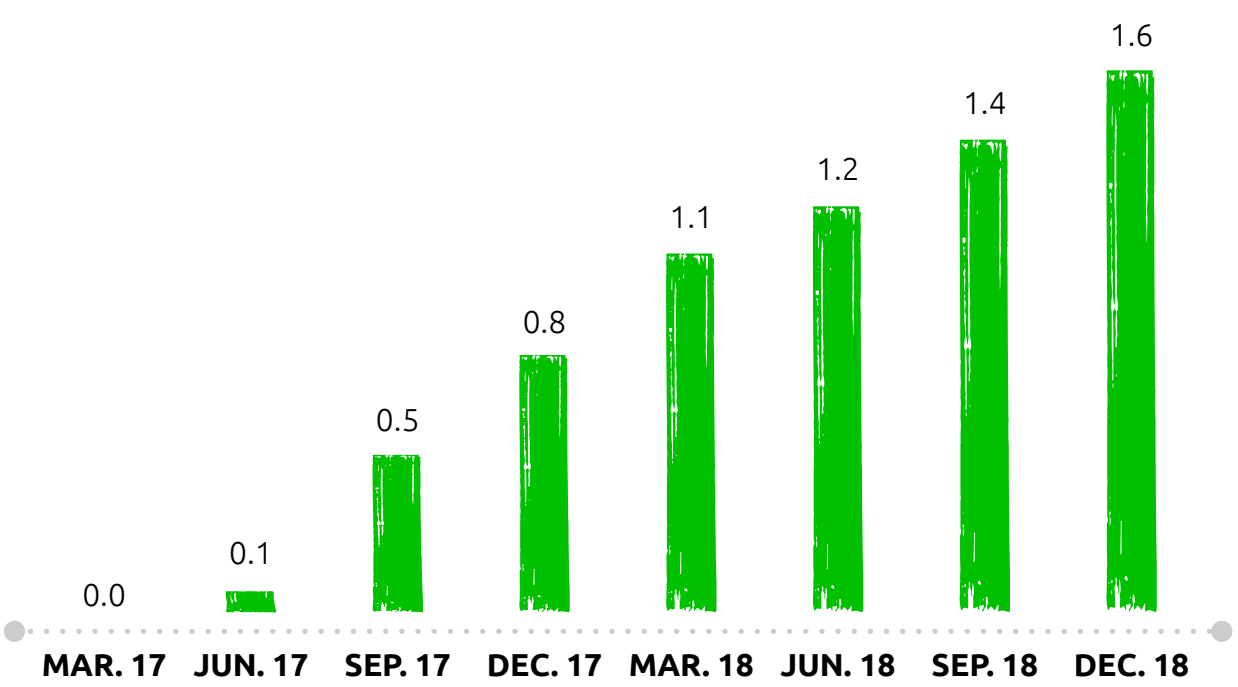
The Carrefour Brazil Group is the only retailer that controls its own financial services arm. It owns 51% of the share capital of Banco CSF, with Itaú Unibanco as its strategic partner. This allows, for example, an alignment between the sales policy of the stores and the bank, capturing a greater participation in the portfolio from the Company’s customer base. It also enables the financial institution to be led by its own team.

With regard to the banking sector, Banco Carrefour ranks 5th among the largest card issuers in Brazil, closing 2018 with revenues of R\$ 25.9 billion, 31.5% higher than the previous year. The total credit portfolio rose 33.3% to R\$ 8.4 billion in 2018 and the number of cards totaled 8.0 million, of which 1.6 million were Atacadão cards. Adjusted EBITDA, in turn, set a record at R\$ 895 million for the year, including R\$ 66 million in a reversal of the provision for Personal Loan limits.

Among the initiatives that contributed to this result was the exemption of the Carrefour card annual fee for cardholders who make purchases within the chain at

least once a month. Additionally, the use of the Carrefour card is permitted in Atacadão stores, which leverages the experience of the omnichannel customer. Also launched in 2018 was the Atacadão credit card, for which performance expectations have been exceeded. In the third quarter, the card achieved break-even status.

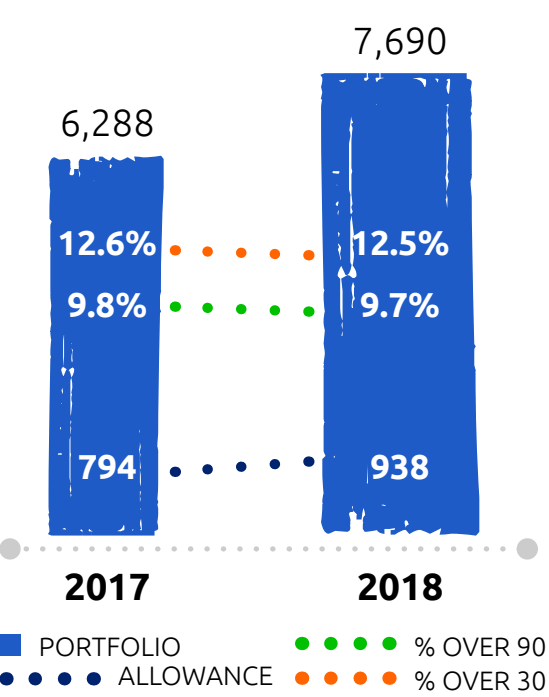
CARDS ISSUED
(Million units)



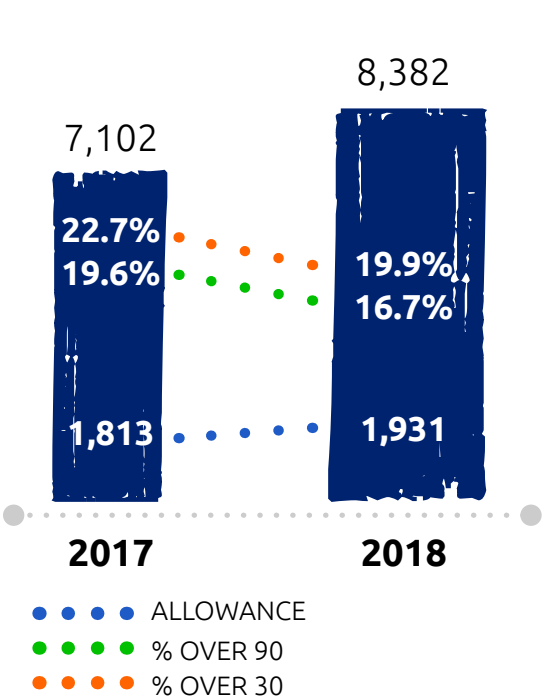
Portfolio Quality

Loans overdue for more than 90 days (“over 90”) totaled 9.7% of the total portfolio in 2018, slightly below the 9.8% recorded in 2017, which indicates that the quality of the portfolio continued to improve. Along the same lines, loans overdue for more than 30 days (“over 30”) totaled 12.5% of the total portfolio in 2018 versus 12.6% in 2017. On a comparable basis, the provision for credit risk for 2018 totaled R\$ 938 million, a result that was higher than the same period last year. In 2018, the coverage ratio represented 12.2% of the total portfolio.

BACEN METHODOLOGY
In R\$ Million



IFRS9
In R\$ Million





1



3



5



2



4



6

1 Hipermercado Carrefour

2 Carrefour headquarters in France

3 Atacadão

4 Carrefour Bairro

5 Carrefour Market

6 Carrefour Express

HIGHLIGHTS AND RECOGNITION FOR THE CARREFOUR IPO

- Best Latin American IPO in 2017, awarded in 2018 by LatinFinance, a U.S. news and financial analysis company based in the region.
- Golden Tombstone Award Finalist. Conferred by the Brazilian Institute of Finance Executives of São Paulo (IBEF-SP), this award is designed to encourage and stimulate the market through exposure to fund raising operations by companies that stand out for their relevance and innovation.
- Best Investor Meeting in 2018, bestowed by IR Magazine.

Includes available financial resources – its own or from third parties - for the operation and development of the businesses

SHARES

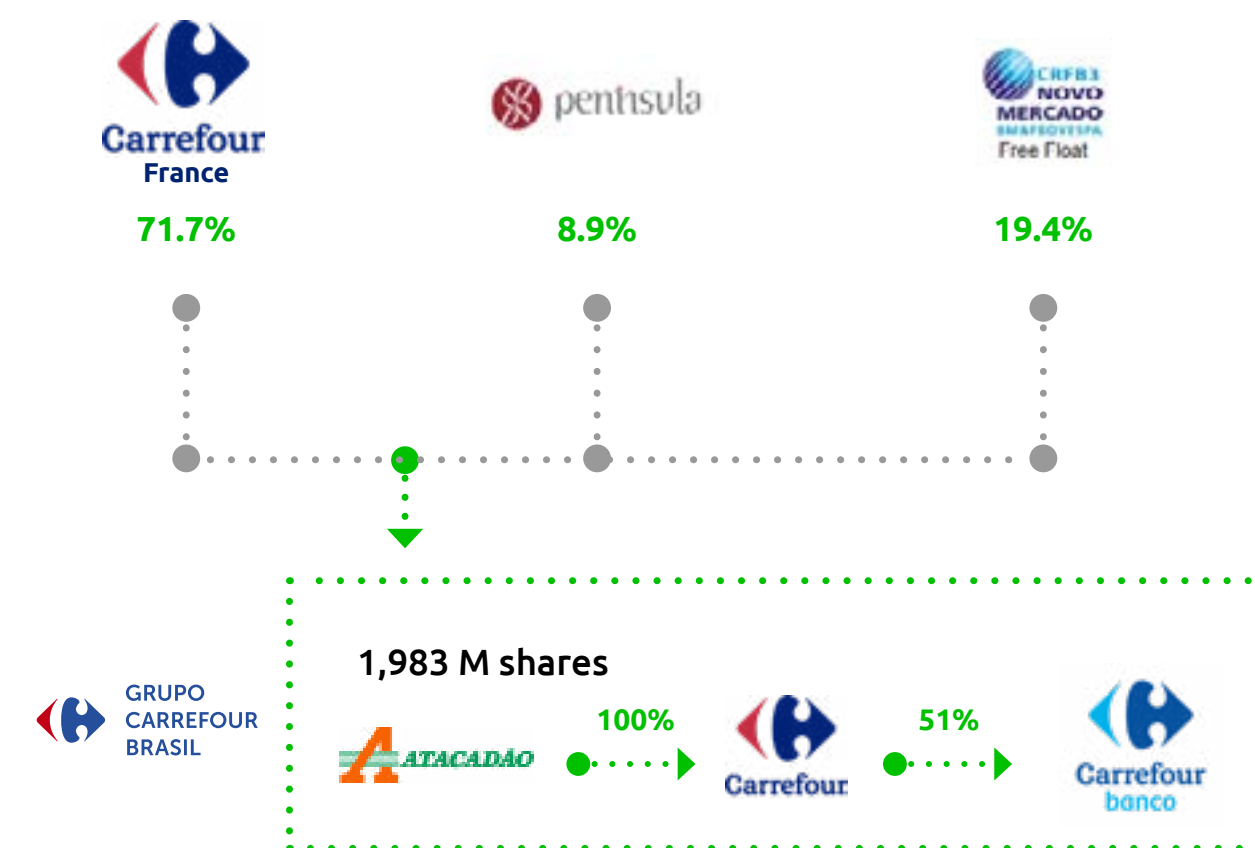
A publicly-held company, the Carrefour Brazil Group negotiates its shares on the Novo Mercado (CRFB3), a listing segment that is a reference for the dissemination of good Corporate Governance practices among listed companies. By spontaneously adhering to this environment, the Company undertakes Corporate Governance commitments that go beyond the requirements of current legislation.

The debut of stock market trading took place on July 20, 2017, with the Company's **initial offering (IPO)**. At that time, R\$ 5.125 billion was raised, including both the primary lots (new shares) and secondary lots (shares held by partners). This amount made the operation stand out as

Financial Capital

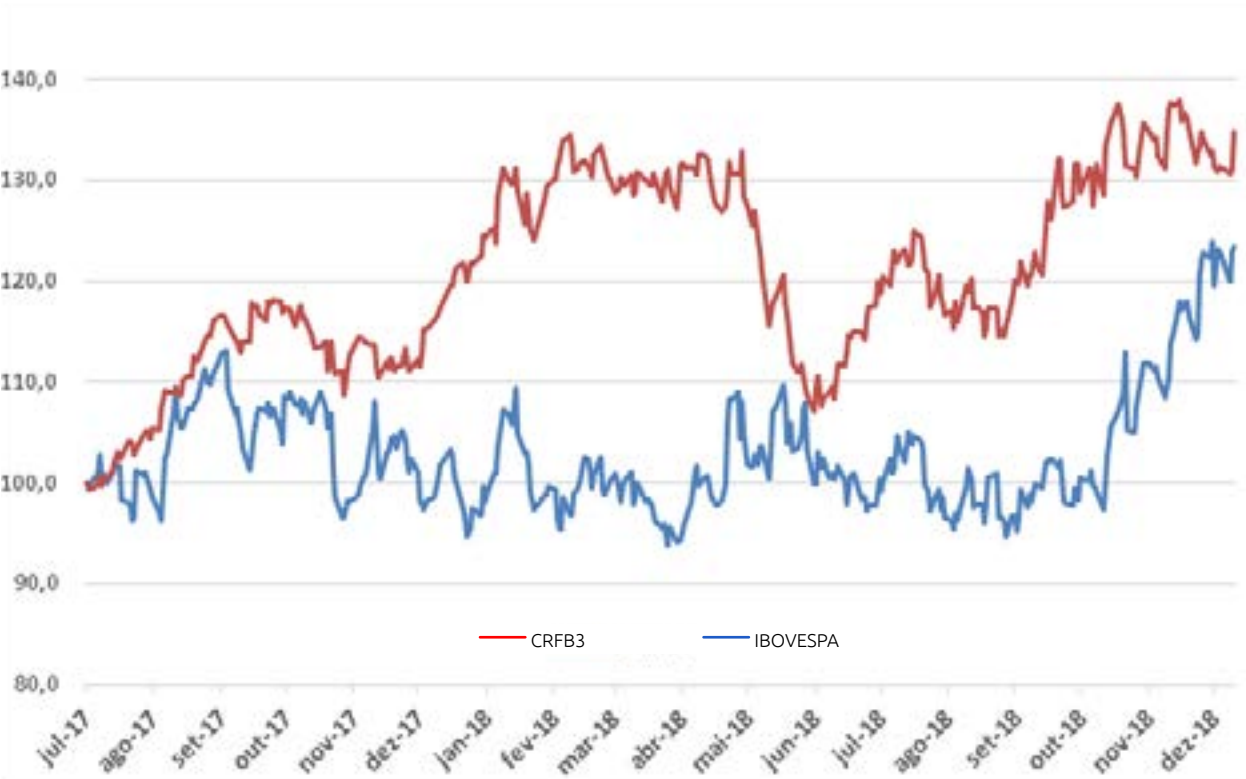
the largest on the B3 from 2013 to that date. Of the total capital stock, 19.4% are traded on the stock exchange (free float).

Share Capital



Share performance

Traded on the B3 under the ticker symbol CRFB3, the shares of the Carrefour Brasil Group show the following performance against the Ibovespa, since the IPO:



Source: Economática

- Appreciation of the stock/return since the IPO: 23.41%
- Ibovespa since the IPO: 34.84%
- Share value on 12/31/2018: R\$ 18,06
- Market value on 12/31/2018: R\$ 35,880,393

NET DEBT PROFILE AND FINANCIAL RESULTS

The debt cost in 2018 was 56.3% lower than in 2017, since in the period there was both a reduction in average net debt and a lower SELIC rate. In addition, all intercompany loans with the Carrefour Group were paid in 2017 with the proceeds from the IPO made that year.

Bank debt also declined. At the end of 2018, it totaled R\$ 1.9 billion, lower than the R\$ 2.5 billion recorded on the same date of the previous year. If included the discounted receivables balance of R\$ 2.1 billion, gross debt in the period amounts to R\$ 4.1 billion. The adjusted gross debt/EBITDA ratio increased from 1.23x at the beginning of 2018 to 0.98x at the end of the year, when the net position was R\$ 831 million, surpassing R\$ 752 million in 2017.

IN R\$ MILLION	2018	2017	Δ
Loans and Financing	(1,913)	(2,477)	-22.8%
Discounted Receivables	(2,198)	(1,858)	18.3%
Gross Debt (including discounted receivables)	(4,111)	(4,335)	-5.2%
Cash and cash equivalents	4,942	5,087	-2.9%
(Net Debt) Net Cash	831	752	10.5%

RATING

Standard & Poor’s credit rating remains “brAAA” for Atacadão S.A and CSF Bank.

FREE CASH FLOW

The Company improved its free cash flow generation in 2018, to R\$ 1.3 billion, (versus R\$ 1.1 billion in 2017). At the same time, it maintained its high level of investment (CAPEX), of R\$ 1.8 billion.

Operating cash flow, before working capital, totaled R\$ 2.4 billion in the period, against R\$ 1.7 billion in the previous year, stimulated by the growth in operations. The additional improvement in scheduled payments to suppliers and the optimization of inventory resulted in a positive cash flow of R\$ 964 million, partially offset by the increase in the working capital requirement of the Banco CSF (a negative amount of R\$ 410 million) generated by the expansion of the loan portfolio.

IN R\$ MILLION	2018	2017	Δ
Cash Flow from Operations	3,780	3,723	1.5%
Changes in Other Assets and Liabilities in Circulation	(552)	(1,141)	-51.6%
Income Taxes Payment	(794)	(836)	-5.0%
Operating cash flow, before working capital	2,434	1,746	39.4%
<i>Changes in working capital requirement</i>	964	1,081	-10.8%
<i>Changes in Trade Payables</i>	987	1,413	-30.1%
<i>Changes in Trade Receivables</i>	110	(84)	n.s.
Changes in Inventory	(133)	(248)	-46.4%
Change in net consumer credit	(410)	137	n.s.
CAPEX (excluding goodwill)	(1,795)	(1,808)	-0.7%
Changes in payables to fixed asset suppliers	34	(64)	n.s.
Disposal of fixed assets	63	-	n.s.
Free Cash Flow*	1,290	1,092	18.1%

N.s. - Not Significant

WORKING CAPITAL

Operating working capital requirements registered a negative R\$ 4.1 billion at the end of the year, compared to a negative R\$ 3.1 billion at the end of 2017, which mainly reflects the increase in the payment deadlines to suppliers to 85 days (compared to 82 days in 2017), and the optimization of inventory days, 44.4 days (compared to 46.5 days in 2017).

***INCREASE OF 44% IN
EXPANSION CAPEX, WHICH
STRENGTHENED THE
SUCCESSFUL BUSINESS
FORMATS***

CAPEX

The CAPEX (capital expenditures) for expansion increased 44% in 2018, which strengthened the successful business formats with 20 new cash & carry stores. Thus, total CAPEX totaled approximately R\$ 1.8 billion in the period, unchanged compared to 2017 and the previous two years.

IN R\$ MILLION	2018	2017	Δ
Expansion	1,235	858	44.0%
Maintenance	286	337	-15.0%
Refurbishing stores	59	355	-83.3%
IT and intengibles (Not including premiums)	213	259	-17.8%
Total	1,793	1,808	-0.8%

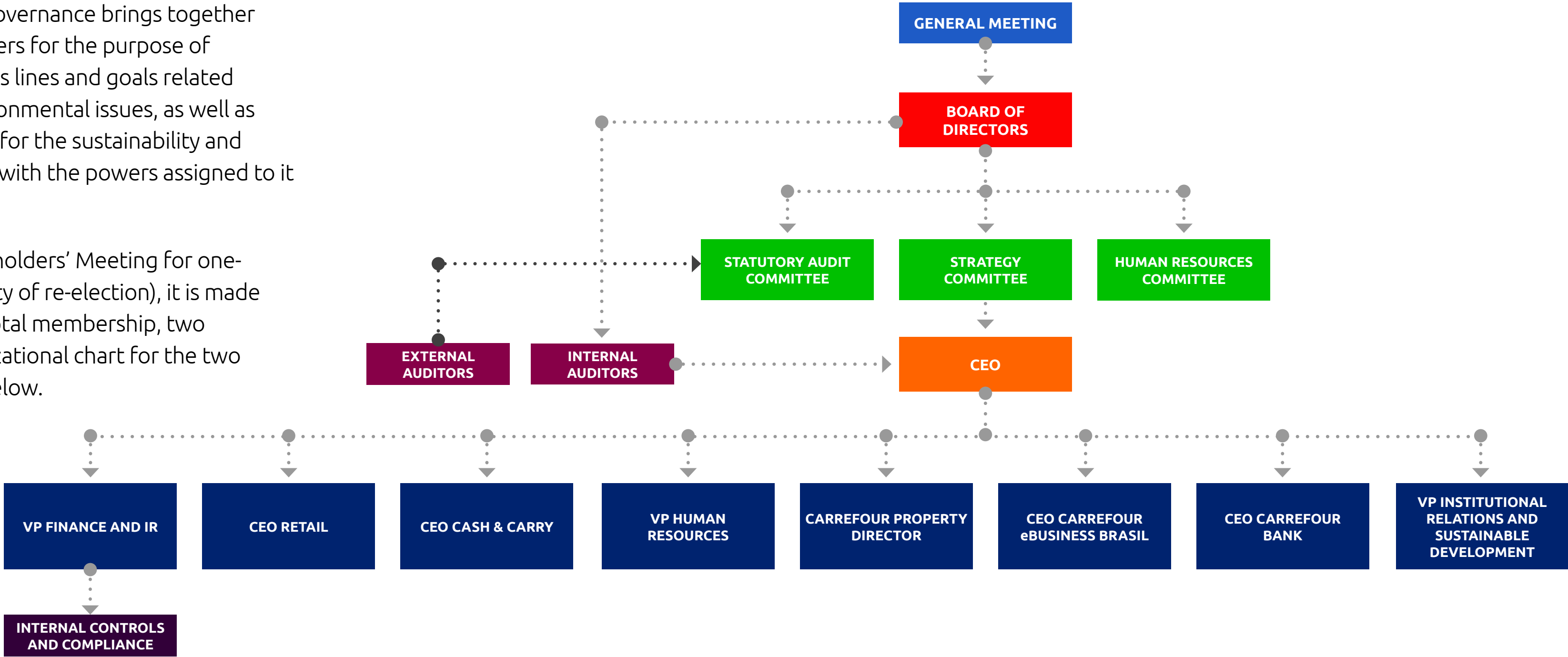
Corporate Governance

CORPORATE GOVERNANCE STRUCTURE

Carrefour’s Corporate Governance structure is supported by: the Board of Directors and the Executive Board. The Company’s highest level of governance brings together representatives of shareholders for the purpose of determining the core business lines and goals related to economic, social and environmental issues, as well as deciding on important issues for the sustainability and longevity of the Company, in with the powers assigned to it by the Bylaws.

Elected at the General Shareholders’ Meeting for one-year terms (with the possibility of re-election), it is made up of ten members. Of the total membership, two are independent. The organizational chart for the two governing bodies is shown below.

Corporate Governance Structure



ADVISORY COMMITTEES

To improve the performance of its activities, the Board of Directors relies upon three committees:

- **THE STATUTORY AUDIT COMMITTEE** – oversees the internal processes in order to ensure the integrity and effectiveness of the internal controls for the production of financial reports. It has three members, appointed by the Board of Directors. One of these is also an independent member of Board of Directors, in line with the rules of the Novo Mercado.
- **THE STRATEGY COMMITTEE** – advises the Board on matters related to strategy, recommending alternatives and possibilities for business or reviewing the plan proposed by the Board before submitting to the Board of Directors. It is composed of five members, appointed by the Board of Directors.
- **THE HUMAN RESOURCES COMMITTEE** – has the responsibility of reviewing the evaluation criteria of the Statutory Board of Executive Officers. It is composed of five members appointed by the Board of Directors.

In addition to the Committees shown above, the Carrefour Group's Bylaws call for the installation of a Fiscal Council at the request of the shareholders. It consists of three to five members, and the same number of alternates. Once established, it is incumbent upon this body to supervise the activities of management, to review the financial statements and to report its conclusions to the shareholders. These functions, according to Carrefour, are adequately served by the Statutory Audit Committee, whose responsibilities overlap with these.

POLICIES

Carrefour has a set of rules and procedures that guide the good practices of corporate governance as called for in the following corporate policies:

- Disclosure of information and securities trading
- Risk management
- Transactions with related parties and conflict of interest management
- Management compensation
- Appointment of the executive officers

ACCESS THE FULL POLICIES HERE.

EXECUTIVE BOARD

In charge of the management and administration of the activities of the Carrefour Brazil Group. There are eight executive departments and the executive board is responsible for running the Company's businesses, in compliance with the strategic orientation as determined by the Board of Directors, which also chooses these executives. Learn about the composition and profiles of the executive officers.

Ethics and Integrity Program

ADVISORY COMMITTEES

Ethics, integrity and transparency are priorities for the Carrefour Brasil Group in the performance of its activities and in the relationship it establishes with the different stakeholders. Therefore, any kind of fraud or illegal activity, such as acts of corruption, offering of bribes, favors or similar payments, among other practices, are disavowed.

In order to disseminate these values and principles among employees, and provide guidance to employees on the actions and behaviors expected in the performance of their duties, Carrefour has installed the Ethics and Integrity Program, an initiative based on the Code of Ethics and the Anti-Corruption and Influence-Peddling Prevention Policy. Trafficking in Influence, in addition to the Donations and Sponsorship Policy, documents that were revised and were published in a new version in 2018.

The program's structure is as follows:

- **ETHICS AND INTEGRITY AREA:** present in each business center, it is incumbent upon each to disseminate the program, as well as to create processes and procedures to generate engagement. It also monitors the development of actions.
- **COMPLIANCE AND AUDIT COMMITTEE OF THE PARENT COMPANY:** centralize the receipt of reports of cases of non-compliance with the Code of Ethics and policies.
- **ETHICS COMMITTEES:** present in each business, are responsible for dealing with issues of conflict of interest, misconduct and noncompliance related to the Code of Ethical Conduct and other internal regulations and nonconformities related to applicable laws that may be identified and reported.

- **CORPORATE INTELLIGENCE:** supports the Board of Directors in the risk and integrity of the holding company in the determination of reports of misconduct. Accompanies investigations and sets up support structures to investigate such complaints when necessary.
- **RISK AND INTEGRITY DEPARTMENT OF THE CARREFOUR BRASIL GROUP'S HOLDING COMPANY:** responsible for defining the strategy and guaranteeing the success of the Ethics and Integrity Program. It also conducts investigations of misconduct in relation to the Code of Ethics and other Group Policies.

ETHICS, INTEGRITY AND TRANSPARENCY ARE PRIORITIES FOR THE CARREFOUR BRASIL GROUP IN THE PERFORMANCE OF ITS ACTIVITIES AND IN THE RELATIONSHIP IT ESTABLISHES WITH THE DIFFERENT STAKEHOLDERS

The new version of the Code of Ethics includes, among other updates, the inclusion of the 16 ethical principles of the Carrefour Group and the flexibilization of the gift acceptance issue, being allowed those without commercial value, with the company logo, such as notebooks, calendars and agendas, among others, valued at less than R\$ 100.00. An innovative training program was instituted to disseminate the new content: an Interactive Game was created with several stages, each referring to a theme of the document. Available for download from the Apple Store and the Play Store, it can be accessed by mobile devices, making it easy to access and understand the rules. Training was also offered to the head office staff. Consisting of eight modules, each lasting two hours, 283 employees were enrolled.

ETHICS CONNECTION

Confidential channel that the Carrefour Group makes available to employees, outsourced workers, suppliers and customers to report any violation or suspected violation of the Code of Ethical Conduct and other policies of the Carrefour Brasil Group

Website: <https://conexaoeticacarrefour.com.br>

Phone: 0800 772 2975

The reports can be made anonymously on a form. Managed by an external company, in line with the best practices related to this topic, it guarantees the complainant absolute confidentiality and non-retaliation to those who make good-faith complaints.



Risk Management

Risk management is an issue that is embedded in Carrefour's day-to-day business. It is integrated into the decision-making processes, including strategic planning and investment decisions, and present in project management from the moment they are designed, extending to other stages of development.

To manage this issue, 23 risk factors, grouped into five categories, are taken as a base:

- **BUSINESS ENVIRONMENT**
- **STRATEGY AND ADMINISTRATION**
- **OPERATIONS**
- **FINANCIAL RISKS**
- **FINANCIAL SERVICES**

Each of these fronts is dealt with in the context of the trade-off between the opportunities to be seized and the costs of the measures to be taken in order to reduce the probability of occurrences and impacts through a prevention policy.

HOW RISKS ARE MANAGED

In order for risks to be monitored on a continuous basis, Carrefour has a broad structure, which ranges from the management of the Carrefour Brazil Group to the functional departments, through the Prevention and Risk department and risk & compliance teams and internal controls, among others. In the Risk Management Policy, these instances have clear responsibilities, defined as follows:

- **THE EXECUTIVE BOARD OF THE CARREFOUR BRAZIL GROUP:** represented by the executive officers (the Parent Company of the Carrefour Brazil Group): it determines the tolerance to the identified risks and defines the structure that will be dedicated to the subject. It also coordinates and monitors risk management systems.
- **CARREFOUR GROUP'S RISK AND COMPLIANCE DEPARTMENT:** support area for the operational and functional departments and the Group's



management. It provides the first group with management tools and support to the mapping of risks of its activities. The executive board offers assistance in overseeing the process of evaluating large risks and in implementing the Risk Management Policy.

- **FUNCTIONAL DEPARTMENTS OF THE CARREFOUR BRAZIL GROUP:** identify and formalize the main rules of risk management, and implement the guidelines in the functional lines.

- **MANAGEMENT TEAMS OF THE CARREFOUR BRAZIL GROUP:** identify, analyze and deal with the main risks of their respective scopes of action, reporting to the Group's Management the effectiveness of the procedures to mitigate them.
- **CARREFOUR BRAZIL GROUP'S RISK AND SAFETY PREVENTION BOARD:** adopts appropriate prevention and protection measures for all locations, especially fire prevention, natural disasters, customer accidents and crisis management.

- **INTERNAL CONTROL DEPARTMENTS OF ATACADÃO S.A., CARREFOUR COMÉRCIO E INDÚSTRIA LTDA AND BANCO CSF S.A.:** control operational risks and periodically verify the implementation of the guidelines. Conduct operational audits at stores and administrative locations and monitor action plans.
- **INTERNAL AUDIT DEPARTMENT:** provides independent assurance on the effectiveness of risk management processes, ensuring the effective application of Board instructions and verifying the proper functioning of internal processes.

Economic-Financial Performance

CONSOLIDATED FINANCIAL RESULTS

The omni-channel strategy and successful commercial initiatives boosted sales in the period, reinforcing the leadership position of the Carrefour Brazil Group. This performance saw fourth-quarter sales increase by 10.2%, the first quarter-on-quarter increase since the fourth quarter of 2016. In the year, sales reached R \$ 56.3 billion. Year-to-date, net sales grew 7.9%.

In terms of the evolution of sales, the expansion added 4.0% in the year. The expansion strategy adopted continues to favor the higher return formats. In the period, 20 Cash&Carry stores were opened, four wholesale Delivery outlets, nine Market format and six Express convenience stores. As a result, the network of Carrefour Brasil Group totaled 661 stores in December 2018.

Consolidated financial results

LFL WITHOUT SEASONAL EFFECTS	Q1		Q2		Q3		Q4	
	2018	2017	2018	2017	2018	2017	2018	2017
Atacadão	0.5%	6.3%	4.5%	4.9%	6.2%	1.6%	7.4%	2.2%
Carrefour w/o gasoline	0.1%	3.9%	0.8%	3.6%	2.5%	0.1%	3.5%	-0.1%
Carrefour w/ gasoline	0.5%	5.0%	3.6%	3.8%	5.1%	1.0%	5.8%	1.0%

	GROSS SALES (R\$ MM)		LFL W/O GASOLINE		LFL W/ GASOLINE		EXPANSION		TOTAL GROWTH (2)	
	2018	2017	2018	2017	2018	2017 (3)	2018	2017	2018	2017
Atacadão	37,579	34,088	4.8%	3.6%	4.8%	-	5.6%	5.3%	10.2%	8.0%
Carrefour	18,764	15,565	1.8%	1.8%	2.1%	-	0.8%	4.0%	2.6%	5.6%
Gross sales	56,343	49,653	3.9%	3.0%	3.9%	-	4.0%	4.9%	7.6%	7.2%

(1) Consolidated calendar effect in 2017 of -0.4% (2016 was a leap year), store in Rondonopolis was temporarily closed, had a negative impact of 0.3% on the consolidated sales, mainly in the 3rd qtr

(2) Including gasoline

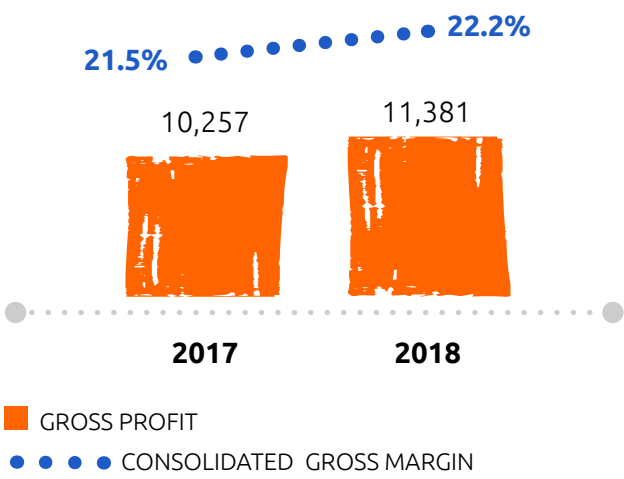
(3) Data not disclosed in 2017

GROSS PROFIT

In the period, gross profit increased 11.0% to approximately R\$ 11.4 billion, with a gross margin of 22.2%. This result is mainly due to the strong performance of Atacadão and CSF Bank, as well as the effect of ICMS-ST tax credits for states outside São Paulo in the amount of R\$ 210 million for the States, accounted for in Atacadão (result of a favorable decision rendered by the Federal Courts). For the year, the gross margin of the CSF Bank grew 35.6%, while Atacadão expanded its gross profit by 16.1%.

IN R\$ MILLION	2018	2017	Δ
Gross Profits	11,381	10,257	11.0%
Gross Margin	22.2%	21.5%	+0.70 p.p
Gross Profit Atacadão	5,391	4,645	16.1%
Gross Profit Margin at Atacadão	15.8%	15.0%	+0.78 p.p
Gross Profit Carrefour Retail	4,247	4,327	-1.8%
Gross Profit Margin Carrefour Retail	24.8%	25.8%	-0.97 p.p
CSF Gross Margin	1,743	1,285	35.6%

In R\$ million

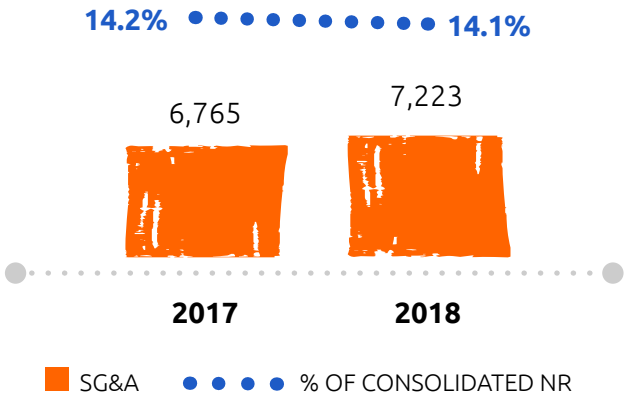


SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

IN R\$ MILLION	2018	2017	Δ
SG&A Expenses	(7,223)	(6,765)	6.8%
SG&A Expenses Atacadão	(2,803)	(2,524)	11.0%
SG&A Expenses Carrefour Retail	(3,439)	(3,404)	1.0%
SG&A Expenses CSF	(847)	(728)	16.4%
SG&A Expenses Corporate	(134)	(109)	22.6%

Consolidated expenses with consolidated selling, general and administrative expenses (SG&A) increased by 6.8% to R\$ 7.2 billion and accounted for 14.1% of net sales, a slight decline from the previous year. This result reflects the accelerated pace of expansion, especially Atacadão, which in 2018 opened 20 new stores, surpassing the pace of the previous year, when 11 units were inaugurated.

In R\$ million

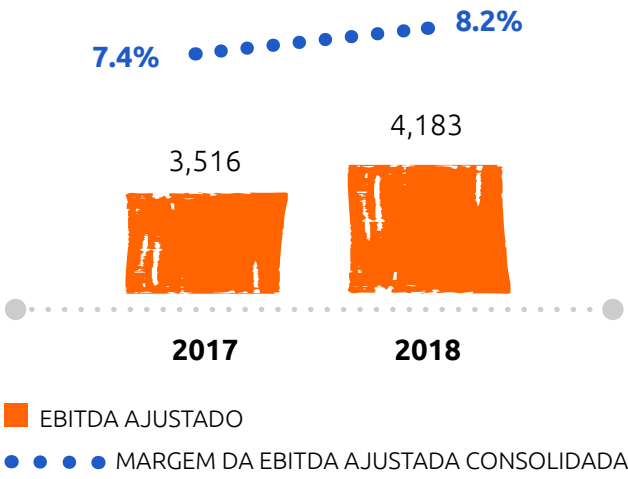


ADJUSTED EBITDA

The consolidated adjusted EBITDA margin improved steadily in 2018, despite investments in the omni-channel and e-commerce initiatives in Carrefour Retail, the rapid expansion of Atacadão stores and deflation in part of the year. Consolidated adjusted EBITDA increased 19.0% to R\$ 4.2 billion, with a margin of 8.2%, a high of 0.76 p.p.

IN R\$ MILLION	2018	2017	Δ
Adjusted EBITDA	4,183	3,516	19.0%
<i>Adjusted EBITDA Margin</i>	8.2%	7.4%	+0.76 p.p
Adjusted EBITDA Atacadão	2,596	2,127	22.1%
<i>Adjusted EBITDA Margin Atacadão</i>	7.6%	6.9%	+0.70 p.p
Adjusted EBITDA Carrefour Retail	825	941	-12.3%
<i>Adjusted EBITDA Carrefour Retail Margin</i>	4.8%	5.6%	-0.78 p.p
Adjusted EBITDA Banco CSF	895	557	60.7%

In R\$ million



OTHER INCOME (EXPENSES)

IN R\$ MILLION	2018	2017	Δ
Costs of restructuring	(69)	(104)	-33.7%
Gains of losses from leasing assets	(92)	(30)	n.s.
Gains of losses related to legal processes	(164)	(71)	n.s.
Non-recurring fiscal items net of provisions and depreciation	33	474	-93.0%
Other Income (expenses)	(292)	269	n.s.

For the year to date, other income and expenses recorded a negative value of R\$ 292 million, versus a positive value of R\$ 269 million in 2017, mainly due to the non-recurring portion of the gains from tax credits of ICMS-ST of previous years recorded in 3Q17.

ADJUSTED EBITDA: + 19%

ADJUSTED EBITDA
MARGIN: +8.2%

TAXES

Income taxes increased 22.2% in 2018 to R\$ 893 million, with an effective tax rate of 32.4%, due to Banco Carrefour's greater contribution to consolidated net income, since its income tax rate is 45%.

IN R\$ MILLION	2018	2017	Δ
Profits Before Taxes	2,756	2,444	12.8%
Income Taxes and Social Contributions	(893)	(731)	22.2%
Effective Rate	32.4%	29.9%	+2.49 p.p

NET INCOME AND ADJUSTED NET INCOME, CONTROLLING SHAREHOLDER

Adjusted net income is intended to provide a better understanding of recurring performance. It is calculated as net income minus other income and expenses and the corresponding financial effect and income tax. In 2018, it rose 48.1% to R\$ 1.88 billion, with a net margin of 3.7%.

IN R\$ MILLION	2018	2017	Δ
Net Reported Profit, Parent Companies	1,660	1,599	3.8%
Net adjusted Profit, Parent Companies	1,879	1,269	48.1%
Adjusted Profit Margin	3.7%	2.7%	+1.01 p.p

Calculation of Adjusted Net Income

IN R\$ MILLION	2018	2017	Δ
Net Profit Parent Companies	1,660	1,599	3.8%
(+/-) Exceptional recognition of AFD	-	(196)	n.s
(+/-) Other income (expenses)	292	(269)	n.s
(+/-) Other items of current income, (expenses)	40	44	-9.1%
(+/-) Income taxes and other income (expenses)	(113)	91	n.s
Parent Companies Adjusted Net Profits	1,879	1,269	48.1%
Net Margin	3.7%	2.7%	+1.01 p.p

PAYMENT OF INTEREST ON
SHAREHOLDERS' EQUITY (ISE)

The payment of part of the dividends related to the results of 2018 was advanced in the form of interest on shareholders' equity in the total amount of R\$ 380 million (value per share of R\$ 0.191660497). The payment was made on December 12, 2018 with withholding income tax, except for shareholders who are proven immune or exempt. On February 26, 2019, the Board proposed an additional payment of dividends of R\$ 90 million in the form of interest on capital to supplement the payment for the entire year of 2018, which translates into a payout of 25% of net income adjusted, value resolved at the shareholders' meeting on April 16, 2019.

CONSOLIDATED INCOME STATEMENT

IN R\$ MILLION	2018	2017	Δ
Gross Sales	56,343	52,376	7.6%
Net Sales	51,276	47,768	7.3%
Other Income	2,991	2,512	19.1%
Operating Income	54,267	50,280	7.9%
Cost of Goods Services and Financial Operations	(42,886)	(40,023)	7.2%
Net Profit	11,381	10,257	11.0%
Gross Margin	22.2%	21.5%	+0.70 p.p
Expenses With SG&A	(7,223)	(6,765)	6.8%
EBITDA Adjusted	4,183	3,516	19.0%
Adjusted Ebitda Margin	8.2%	7.4%	+0.76 p.p
Depreciation and Amortization	(747)	(657)	13.7%
Other income (expenses)	(292)	269	n.s
EBIT	3,118	3,104	0.5%
Net Financial expenses	(362)	(660)	-45.3%
Income before taxes and social contributions	2,756	2,444	12.8%
Income taxes	(893)	(731)	22.2%
Net Profits	1,863	1,713	8.8%
Net Profits Parent Companies	1,660	1,599	3.8%
Net profits Non-Parent Companies	203	114	78.1%

STATEMENT OF ADDED VALUE (DVA)

The total added value to be distributed reached, in the period, R\$ 10.1 million. The largest portion of this amount - R\$ 4.2 million - was used to pay taxes, fees and contributions, followed by distribution to personnel (R\$ 3.1 million), including direct compensation, benefits and Service (FGTS). Value added refers to the direct economic value generated and distributed by the Company, including revenues, operating costs, employee compensation, donations and other investments in the community, as well as retained earnings and payments to capital and government providers.

IN R\$ MILLION	CONSOLIDATED	
	2018	2017
Revenue		
Sales of goods and services rendered	59,573	55,073
Other revenue	109	53
Allowance for doubtful accounts	(13)	(9)
	59,669	55,117
Cost of bought in Material and Services		
Cost of goods sold, services and financial operations	(44,913)	(42,929)
Raw material, energy, services and others	(3,929)	(3,326)
Loss / Write-off of assets	(124)	(53)
	(48,965)	(46,308)
Gross value added	10,704	8,809
Depreciation and amortization		
Depreciation and amortization	(774)	(681)
Net value added produced	9,930	8,128
Value added generated from transfers		
Equity evaluation adjustment	(1)	-
Financial income	213	220
Total value added to distribute	10,142	8,348

Distribution of value added		
Personel		
Direct Compensation	(2,472)	(2,334)
Benefits	(484)	(464)
Government Severance Indemnity Fund for Emplpyees (FGTS)	(165)	(156)
	(3,121)	(2,954)
Taxes and contributions		
Federal	(2,562)	(1,584)
State	(1,529)	(760)
Municipal	(205)	(178)
	(4,296)	(2,522)
Providers of capital		
Interests	(598)	(873)
Rents	(264)	(284)
Others	-	(2)
	(862)	(1,159)
Distributions to shareholders		
Dividends	(438)	(36)
Net income attributable to controlling shareholders	(1,280)	(1,597)
Net income attributable to minority interests	(145)	(80)
	(1,863)	(1,713)
Total value added distributed	(10,142)	(8,348)



GRI Content Summary

GRI 102 – GENERAL DISCLOSURES	GRI STANDARDS	GRI TOPICS	DEFINITIONS	CORRELATION WITH SDG
		102-14	Statement from senior decision-maker	3
		102-1	Name of the organization	7, 11
		102-2	Activities, brands, products, and services	12, 52
		102-3	Location of headquarters	11
		102-4	Location of operations	11, 63
		102-5	Ownership and legal form	11
		102-6	Markets served	12
		102-7	Scale of the organization	11
		102-8	Information on employees and other workers	21
		102-41	Collective bargaining agreements	All employees hired by the Carrefour Brasil Group are covered by collective bargaining agreements
		102-9	Supply chain	38, 42
		102-10	Significant changes to the organization and its supply chain	38
		102-11	Precautionary Principle or approach	80
		102-12	External initiatives	10, 38
		102-13	Membership of associations	29, 38
		102-45	Entities included in the consolidated financial statements	72
		102-46	Defining report content and topic Boundaries	9
		102-47	List of material topics	8, 9

GRI STANDARDS	GRI TOPICS	DEFINITIONS	CORRELATION WITH SDG
GRI 102 – GENERAL DISCLOSURES	103-1	Explanation of the material topic and its Boundary	9
	102-48	Restatements of information	8
	102-49	Changes in reporting	7
	102-40	List of stakeholder groups	9
	102-42	Identifying and selecting stakeholders	8
	102-43	Approach to stakeholder engagement	8
	102-44	Key topics and concerns raised	7
	102-50	Reporting period	7
	102-51	Date of most recent report	7
	102-52	Reporting cycle	7
	102-53	Contact point for questions regarding the report	7
	102-54	Claims of reporting in accordance with the GRI Standards	7
	102-55	GRI content index	89
	102-56	External assurance	This report was not submitted to a third party audit
	102-18	Governance structure	76
	102-16	Values, principles, standards, and norms of behavior	78

MATERIAL TOPICS	GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
QUALITY OF FOOD AND ACCESS TO PRODUCTS	GRI 416: Customer Health And Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	54
		417-1	Requirements for product and service information and labeling	53
	GRI 417: Marketing And Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	53
		417-3	Incidents of non-compliance concerning marketing communications	53
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	13, 15
			Evaluation of the management approach	13, 15
CONSUMER AWARENESS OF HEALTHY EATING HABITS	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	17
		103-3	Evaluation of the management approach	17
COMBATING FOOD WASTE	GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	57
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	55
		103-3	Evaluation of the management approach	55
DIGITAL TRANSFORMATION OF THE CUSTOMER EXPERIENCE	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	36
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	34
		103-3	Evaluation of the management approach	34

MATERIAL TOPICS	GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
RESPONSIBLE PURCHASES	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	42
	GRI 308 - Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	38
		308-2	Negative environmental impacts in the supply chain and actions taken	38
	GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	38, 43
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	38, 43
		414-2	Negative social impacts in the supply chain and actions taken	38
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	38, 54
		Evaluation of the management approach	38, 54	
WORKERS' HEALTH AND DIVERSITY	GRI 403: Occupational Health And Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	31
		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	31
		403-3	Workers with high incidence or high risk of diseases related to their occupation	31
		403-4	Health and safety topics covered in formal agreements with trade unions	30
	GRI 405: Diversity And Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	21
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	25, 30
		103-3	Evaluation of the management approach	25, 30

MATERIAL TOPICS	GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
CLIMATE CHANGE	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	72
	GRI 302: Energy 2016	302-1	Energy consumption within the organization	59
		302-4	Reduction of energy consumption	59
	GRI 305: Emissions 2016	305-4	GHG emissions intensity	59
		305-5	Reduction of GHG emissions	59
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	59
		103-3	Evaluation of the management approach	59
WASTE MANAGEMENT	GRI 306: Effluents And Waste 2016	306-2	Waste by type and disposal method	57
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	57
		103-3	Evaluation of the management approach	57
ANIMAL WELLNESS (PRODUCTION AND DOMESTIC CHAINS)	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	38, 48
		103-3	Evaluation of the management approach	38, 48
PARTNERSHIPS WITH CIVIL SOCIETY	GRI 102: General Disclosures 2016	102-13	Membership of associations	29
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	9
		103-2	The management approach and its components	38
		103-3	Evaluation of the management approach	38

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