CARREFOUR
Public limited company (société anonyme) with capital of €1,773,036,632.50
Head office: 33, Avenue Emile Zola, 92100 Boulogne-Billancourt
Nanterre Trade and Companies Register no. 652 014 051

Report by the Chairman of the Board of Directors on the composition of the Board, conditions governing the preparation and organisation of the Board's work and internal-control and risk-management procedures

Pursuant to the the provisions of Article L. 225-37, para. 6, of the French Commercial Code, this report gives an account of the Board's composition and the application of the principle of balanced representation of women and men on the Board, the conditions governing the preparation and organisation of the Board of Directors' work during the course of 2012 and the internal-control procedures put in place by the Carrefour Group.

This report was approved by the Board of Directors at its meeting on March 6, 2013 after review by the Accounts Committee and the Appointments Committee.

1. Corporate governance

Since November 12, 2008, the Company has committed itself to the AFEP-MEDEF Corporate Governance Code for listed companies. The AFEP-MEDEF Code may be consulted at the Company's head office.

1.1. Board of Directors

Composition:

By decision of the Shareholders' Meeting of April 20, 2005, the Company adopted the form of a public limited company (société anonyme) with a Management Board and Supervisory Board. By decision of the Shareholders' Meeting of July 28, 2008, the Company adopted the form of a public limited company with a Board of Directors. The positions of Chairman and Chief Executive Officer were separated.

By its decision of June 21, 2011, the Board of Directors consolidated the duties of Chairman and Chief Executive Officer. The Board's decision to consolidate the duties of Chairman of the Board of Directors and Chief Executive Officer is designed to simplify the decision-making process and enhance the efficiency and responsiveness of the Company's governance.

The Board of Directors comprises 14 members: Georges Plassat (Chairman and Chief Executive Officer), Sébastien Bazin (Vice-Chairman), Amaury de Seze (senior independent director), Mathilde Lemoine, Anne-Claire Taittinger, Diane Labruyère, Georges Ralli, Bernard Arnault, Nicolas Bazire, Jean-Laurent Bonnafé, Thierry Breton, René Brillet, Charles Edelstenne and Bertrand de Montesquiou.

Between January 1, 2012 and May 23, 2012, the Board had only 12 members.

René Abate's term of office was not renewed. Georges Plassat's candidacy as a Company director to replace Lars Olofsson was approved. Diane Labruyère, Georges Ralli and Bertrand de Montesquiou were appointed as directors.

The members of the Board of Directors were appointed for a term of three fiscal years. Pursuant to the provisions of the Nineteenth Resolution adopted by the Shareholders' Meeting of July 28, 2008, and so that the terms of one-third of the members of the Board are renewed each year, the Board of Directors drew lots to determine the names of those directors whose terms would be subject to early expiration in the first and second years.

The directors whose terms will expire at the end of the 2012 fiscal year are Anne-Claire Taittinger, Sébastien Bazin, Thierry Breton and Charles Edelstenne.

The terms of office of Mathilde Lemoine, Georges Plassat and Nicolas Bazire were renewed for a period of three years by the Shareholders' Meeting of June 18, 2012.

The terms of office of Bernard Arnault, Jean-Laurent Bonnafé, René Brillet and Amaury de Seze were renewed for a period of three years by the Shareholders' Meeting of June 21, 2011.

Three women sit on the Board of Directors. The Board is therefore early in applying the law of January 27, 2011 regarding balanced representation of women and men, which sets the proportion of women at 20%.

In 2012, the Board reviewed the status of the new independent directors, particularly in light of the independence criteria set forth in the AFEP-MEDEF Code.

Directors are independent if they have no relationship of any kind to the Company, its group or its management that might compromise their freedom of judgement.

Given these criteria, the Board does not believe that Diane Labruyère's qualification as a new independent director presents any problems.

The Board does not view Georges Ralli’s affiliation with Banque Lazard as an obstacle to his qualification as independent director, since his activities mainly involve asset management and private banking.

On the date on which he became a candidate, Bertrand de Montesquiou was Chairman of the Management Board of Guyenne et Gascogne, in which Carrefour held no equity interest. Following Carrefour’s tender offer to acquire shares of Guyenne & Gascogne, Bertrand de Montesquiou did not continue to serve as a corporate officer within that company.

In addition, Bertrand de Montesquiou was a corporate officer of two companies, Sogara and Centros Comerciales Carrefour, which were joint subsidiaries of Carrefour and Guyenne & Gascogne. The Board noted that Bertrand de Montesquiou carried out these duties as a private individual as a result of his position at Guyenne & Gascogne, with the result that the existence of these appointments did not give any reason to doubt his independence with respect to Carrefour or its management. Following Carrefour’s tender offer to acquire shares of Guyenne & Gascogne, Bertrand de Montesquiou did not continue to perform his duties at these two companies.

At the recommendation of the Appointments Committee, the Board of Directors re-examined the status of Thierry Breton, Charles Edelstenne and Anne-Claire Taittinger, whose reappointment was proposed, as independent directors.

On the basis of public information in which reference was made to Thierry Breton's strictly potential role, in the future, as a member of a committee of experts that would be formed only in case of Mr. Bernard Arnault's unavailability in order to ensure the proper implementation of his personal recommendations, the Board of Directors followed the recommendations of the Appointments Committee. This committee unanimously decided that such an event would in no way compromise Thierry Breton's independence in completing his current term as director of the Company. It also noted that Thierry Breton holds no corporate appointments, in France or abroad, other than those of director of the Company and Chief Executive Officer of Atos SE. After discussing the matter, the Board of Directors unanimously agreed with the findings of the Appointments Committee regarding Thierry Breton's independence.

In accordance with the AFEP-MEDEF Corporate Governance Code, the Board of Directors decided that these three members could continue to be considered independent directors.

In accordance with the Corporate Governance Code and at the recommendation of the Appointments Committee, on March 6, 2013 the Board of Directors decided that nine of its members could be considered independent directors. Thus, Mathilde Lemoine, Anne-Claire Taittinger, Diane Labruyère, Georges Ralli, Thierry Breton, René Brillet, Charles Edelstenne, Bertrand de Montesquiou and Amaury de Seze are considered independent directors.

During its meeting of June 21, 2011, the Board of Directors appointed Amaury de Seze as senior independent director. His term of office was renewed by decision of the Shareholders' Meeting on June 18, 2012. Accordingly, he is responsible for monitoring any situations involving conflicts of interest.

In accordance with the Board of Directors' internal rules, directors must inform the Board of Directors of any situation involving a real or potential conflict of interest with the Company or the Group's companies as soon as they become aware of such a situation and must refrain from participating in discussions and voting relating to the respective proceedings.

In case of a proven conflict of interest that cannot be resolved to the Board of Directors' satisfaction, the director must submit his or her resignation.

The Chairman and Chief Executive Officer may ask the directors at any time to sign a statement certifying that they do not have a conflict of interest.

Operation:

During the course of the 2012 fiscal year, the Board of Directors met 16 times, with an average attendance rate of 85%.

In accordance with the Board's by-laws, as part of its duties and without this list being exhaustive:

- On the proposal of the Chairman and Chief Executive Officer, the Board approves the Company's strategy and ensures its implementation;

- It sets any necessary limits on the Chief Executive Officer's powers;
- It approves the Chairman's draft report, attached to the management report;
- In particular, it:

  - Conducts any controls and audits it deems appropriate,

  - Conducts audits of Company management and the fairness of the financial statements,

  - Reviews and approves the financial statements,

  - Ensures that quality financial information is provided to shareholders and markets.
- Each year, on the proposal of the Appointments Committee and together with the Chairman and Chief Executive Officer, it draws up the list of directors considered independent, based on the Company's governance criteria;
- At least once per year, the Chairman and Chief Executive Officer submits the draft budgets, management report and drafts of the various statutory and regulatory reports to it.

During its meeting of July 28, 2008, the Board of Directors adopted internal rules, divided into six chapters, whose main provisions are as follows:

- The first chapter sets forth the mission of the Board of Directors and describes Board meeting procedures, director notification and the Board's assessment of its operations and ability to carry out its missions.
- The second and third chapters describe the role and authority of the Chairman and Chief Executive Officer.
- The fourth chapter is dedicated to the Board's committees: The Accounts and Internal Audit Committee, the Remuneration Committee and the Appointments Committee (composition, missions and operations).
- The final two chapters mainly address director compensation and the code of conduct that all Board members must follow in carrying out their duties.

Assessment:

In accordance with the Board of Directors' internal rules, the Board of Directors conducts regular assessments of its operations and ability to carry out its missions. Accordingly, it reviews its operating procedures and the quality of the information published and of its decision-making and discussions, as well as each person's actual contribution to the work of the Board of Directors and the committees.

In addition, a formal assessment of the Board of Directors is carried out every three years, if necessary with the help of the Appointments Committee and an external consultant. The aim of this assessment is to ensure observance of the Board of Directors' detailed operating principles and compliance with the governance rules, and to identify proposals aimed at improving its operations and effectiveness.

1.2. Chairman and Chief Executive Officer

Georges Plassat has been the Company's Chairman and Chief Executive Officer since May 23, 2012.

At its meeting on January 29, 2012, the Board of Directors decided to appoint Georges Plassat:

- as Chief Executive Officer of the Company for a period of three years, as of the June 18, 2012 meeting of the Board of Directors to be convened at the close of the Shareholders' Meeting, and

- as temporary deputy managing director of the Company, as of April 2, 2012.

At this meeting, the Board also decided to maintain the Company's current management procedures, which are based on combining the duties of Chairman of the Board of Directors and Chief Executive Officer, and, therefore, to present Georges Plassat to the June 18, 2012 Ordinary Shareholders' Meeting as a candidate for the position of director of the Company so that he could then be appointed Chairman of the Board of Directors.

At its meeting on May 23, the Board of Directors noted the resignation of Lars Olofsson from his position as director and from his duties as Chairman and Chief Executive Officer of the Company, effective immediately.

The Board of Directors appointed Georges Plassat as director, replacing Lars Olofsson, for the remainder of the latter's term of office.

The Board of Directors appointed Georges Plassat as Chairman and Chief Executive Officer, effective May 23, 2012.

The June 18, 2012 Shareholders' Meeting confirmed the appointment of Georges Plassat as director and renewed his term for three years.

At its meeting of June 18, 2012, the Board of Directors appointed Georges Plassat as Chairman and Chief Executive Officer.

Lars Olofsson was Chairman and Chief Executive Officer from January 1, 2009 to May 23, 2012.

Lars Olofsson was appointed to this position by a decision of the Board of Directors on December 17, 2008, effective January 1, 2009, and resigned on May 23, 2012.

During its meetings of July 28, 2008, October 6, 2009 and April 13, 2010, the Board of Directors decided that the Chief Executive Officer could not carry out the following transactions or actions in the name and on behalf of the Company without the Board’s prior consent:

- Commitments for any bond, security or guarantee in the name of the Company greater than €500 million (no limit for commitments concerning tax and customs authorities).

- Disposals of buildings exceeding a value of €50 million, the full or partial disposal of equity interests exceeding a value of €10 million or the granting of security interests on Company property.

- Direct establishment of overseas sites by forming a company or a direct or indirect subsidiary, or by acquiring an interest, or deciding to withdraw from these sites.

- Any merger, spin-off or contribution of assets.

- Acquisition, in any form (particularly through investment, subscription to a capital increase or borrowing) of fixed assets for an enterprise value (including assumed debt) greater than or equal to €100 million or related sales greater than or equal to €150 million.

- Any entry by minority shareholders into the current or potential capital of any controlled entity.

- The transfer, in any form including a contribution of assets, of fixed assets in an amount greater than €100 million.

- The total or partial disposal of non-financial assets not valued on the balance sheet that involve brands or customer data.

- Any decision to borrow (excluding the EMTN programme) beyond a cumulative amount greater than €500 million in a single fiscal year.

- In the event of a dispute, any settlement or compromise in an amount greater than the values established by the Board, which the Board may update.

- Any contractual mechanism to establish any share-subscription or purchase-option plans or free share allocation plans.

- Any change to the Company's organisation.

- The remuneration policy for the Company's main executives.

- Any hire within Carrefour of an individual whose gross annual remuneration (fixed and variable) is to exceed 16 times the French social-security ceiling or is likely to exceed this ceiling within the near future. The same applies to the transfer or promotion of any individual into a position that offers equivalent remuneration.

- The definition of performance criteria (quantitative and/or qualitative) that are used to determine the variable portion of the remuneration of any employee, if, on the basis of these criteria, that employee's gross remuneration (fixed and variable) may exceed 16 times the French social-security ceiling.

1.3. Rules for determining remuneration and benefits granted to corporate officers

1.3.1 Remuneration of the members of the Board of Directors

The Shareholders' meeting of July 28, 2008 established the amount of directors' fees allocated to the Board of Directors at €900,000.

Based on discussions held on July 11, 2012, the Board of Directors decided to allocate directors' fees annually, as follows:

-	Chairman of the Board of Directors:	€10,000
-	Vice-Chairman of the Board of Directors:	€40,000
-	Senior independent director	€40,000
-	Committee Chairman:	€10,000
-	Committee member:	€10,000
-	Members of the Board of Directors:	€45,000

It being specified that:

- €10,000 for membership in one or more committees will be based on the committee member's regular attendance at its meetings.
- €45,000 for membership in the Board will be comprised of a fixed portion of €35,000 and a variable portion of €10,000 based on the Board member's regular attendance at its meetings.

The variable portion of the directors' fees is paid in proportion to the number of Board and/or committee meetings attended by the directors (100% of the variable portion will be allocated for attendance at all meetings).

Directors' fees are paid once per year, in July.

1.3.2 Remuneration of the Chairman and Chief Executive Officer

The compensation of the Chairman and Chief Executive Officer is set by the Board of Directors on the proposal of the Remuneration Committee.

The remuneration includes a fixed portion and a variable portion based on the attainment of performance objectives, with 50% of the performance objectives based on financial objectives and 50% based on individual quality objectives defined by the Board of Directors.

The variable remuneration can rise to 100% of fixed compensation if performance objectives are met and more if they are exceeded, capped at 150% of fixed compensation.

The Chairman and Chief Executive Officer will be eligible for the defined-benefit pension scheme intended for those of the Carrefour Group's main executives whose gross annual compensation is more than 16 times France's social-security ceiling.

He also receives compensation in case of termination of his office.

The Chairman and Chief Executive Officer is granted Company share purchase options.

As provided by law, the above commitments relating to retirement and terms of departure were submitted to the Shareholders' Meeting of June 18, 2012.

The Chairman and Chief Executive Officer also has a car with a driver. Georges Plassat will also have IT and communication tools (laptop computer, electronic organizer, mobile phone etc.).

1.4. The Board of Directors' committees

To help the Company's directors fulfil their duties, specialised committees are set up within the Board of Directors.

To take into account the nature and specific characteristics of the Company's activities, the Board of Directors' committees are as follows:

- the Accounts Committee,

- the Remuneration Committee,

- the Appointments Committee.

In certain areas, the Board of Directors' work and discussions are prepared by specialised committees, comprised of directors appointed by the Board of Directors for the duration of their term of office, which deal with matters that come under their authority or, where applicable, matters entrusted to them by the Chairman and Chief Executive Officer.

These committees report on their work to the Board of Directors on a regular basis and share with it their observations, opinions, proposals and recommendations.

These committees meet, as necessary, upon invitation by the Chairman and Chief Executive Officer or their Chairman, or at the request of one-half of their members. They may call upon outside experts as necessary. The committee Chairman may ask the Chairman and Chief Executive Officer to interview any Group executive regarding issues that fall within the committee's purview, as defined by these by-laws.

They also issue advice to the Board of Directors. The committee Chairmen (or, if they are unavailable, another member of the same committee) present oral summaries of their work to the Board of Directors at its next meeting.

1.4.1. The Accounts Committee

This committee meets at least four times per year.

Composition:

At least two-thirds of the committee members must be independent, as decided by the Board of Directors in accordance with the AFEP-MEDEF Corporate Governance Code, with which the Company complies. Pursuant to the provisions (i) of Article 823-19 of the French Commercial Code, at least one member of the committee must have special expertise in financial or accounting matters.

From May 31, 2011 to June 18, 2012, the members of the committee were as follows:

Chairman: Mathilde Lemoine (independent director)

Members: René Brillet (independent director), Sébastien Bazin

Since June 18, 2012, the members of the committee are as follows:

Chairman: Georges Ralli (independent director)

Members: Mathilde Lemoine (independent director), René Brillet (independent director), Sébastien Bazin

Duties:

One of the committee's specific responsibilities is to oversee (i) the process by which financial information is prepared, (ii) the efficacy of the internal-control and risk-management systems, (iii) the legal audit of the annual and consolidated financial statements by the statutory auditors, and (iv) the independence of the statutory auditors.

The committee reviews all issues relating to financial statements and other documents, including the selection of accounting standards, provisions, management accounting data, capital sufficiency requirements, profitability indicators and any accounting issues that raise methodological concerns or give rise to potential risk.

The committee also analyses internal-control reports.

In addition, the committee examines any issue relating to the compliance policy, notably with regard to reputation risk or professional ethics.

During the 2012 fiscal year, the committee met five times (twice under the chairmanship of Mathilde Lemoine and three times under that of Georges Ralli), with an attendance rate of 90%. Among other things, the committee reviewed the financial statements at December 31, 2011 and June 30, 2012, the presentation of the pre-closing process at September 30, 2012 and the new organisation of the Internal Audit department, and reviewed and assessed the effectiveness of the backup procedures and crisis-management plans.

The committee reviewed the labour and tax disputes in Brazil as well as methods for improving internal control.

It also studied the report by the Chairman of the Board of Directors on the conditions governing the preparation and organisation of the Board's work and internal-control and risk-management procedures.

At each meeting, the committee analysed a summary of work performed by the internal auditors. The committee oversees the independence of the internal auditors and ensures that the resources allocated to internal auditing are adequate to accomplish the assignment.

Relations with the statutory auditors:

The committee oversees the process of selecting statutory auditors, formulates an opinion on the appropriate fee levels for legal work pertaining to internal control and submits the results of this selection to the Board.

It also ensures the statutory auditors' independence. It issues a recommendation on the statutory auditors whose appointment is proposed by the Shareholders' Meeting.

It reviews the statutory auditors' audit plan, their recommendations and the implementation of these recommendations.

It is annually notified of the amount and breakdown of fees paid by the Carrefour Group to the statutory auditors and the networks to which they belong, calculated according to a model approved by the committee. It ensures that the amount or share of the statutory auditors' revenues represented by the Group is not likely to compromise the statutory auditors' independence.

It gives its prior consent for any undertaking whose fees (excluding tax) exceed €1 million. The committee approves other undertakings after the fact, based on submissions from the Group Finance department. Each year, the committee receives a report from the Group Finance department on all non-audit undertakings carried out by networks to which the Group's statutory auditors belong.

The statutory auditors each provide an annual presentation to the committee on the procedures within their internal-control system for ensuring independence, and annually certify in writing their independence in fulfilling their audit responsibilities.

At least twice per year, the committee devotes part of its meeting to a discussion with the statutory auditors' teams without the presence of the Company's general management, after first informing the Chairman and Chief Executive Officer.

The committee meets in the presence of the statutory auditors' teams to review the half-yearly and annual financial statements.

However, the statutory auditors do not attend any or all of the meeting dealing with their fees and renewal of their terms of office.

The statutory auditors do not attend any or all of the meeting at which the committee deals with specific issues relating to any of them.

Where questions of interpretation of accounting standards arise in connection with the half-yearly and annual results, involving choices that have a material impact, the statutory auditors and the Group Finance department present a memorandum to the committee analysing the nature and significance of the issue, presenting the pros and cons of various possible solutions and explaining the reasons for the choice made.

Report by the Chairman:

The committee reviews the draft report by the Chairman on internal-control procedures relating to the preparation and processing of accounting and financial information.

Interviews:

On all issues within its purview, the committee may – as it sees fit and outside the presence of any other general management members, if it deems this appropriate – interview the Group's financial and accounting managers as well as the audit and internal-control manager. The Chairman and Chief Executive Officer must be informed of this in advance.

It presents its assessment of the methods and procedures used by the Board of Directors.

It expresses its opinion regarding the organisation of these functions within the Group and is kept informed of their work programmes.

Twice per year, it receives a summary of the Internal Audit department's activity and reports.

1.4.2. The Remuneration Committee

The committee meets as often as necessary.

Composition:

A majority of the Remuneration Committee members must be independent, as decided by the Board of Directors in accordance with the AFEP-MEDEF Corporate Governance Code, with which the Company complies.

The Commission Recommendation of April 30, 2009 stipulates that at least one member of the Remuneration Committee must have knowledge of and experience in remuneration policy.

The members of the committee are as follows:

Chairman: Thierry Breton (independent director)

Members: René Brillet (independent director),

Sébastien Bazin

Duties:

This committee is responsible for reviewing all issues relating to the personal status of corporate officers, including remuneration, pension benefits, grants of Company share subscription or purchase options and free shares, and provisions governing the departure of members of the Company's management and representative bodies.

It reviews the terms, amounts and allocation basis of share subscription or purchase options and free share plans.

It is informed of the remuneration policy for top executives who are not corporate officers.

During the course of fiscal year 2012, the committee met five times, with an attendance rate of 100%.

During these meetings, the Remuneration Committee:

- Reviewed the Chairmen and Chief Executive Officer's terms of arrival and remuneration;
- Reviewed the principle and terms of the long-term profit-sharing plan for the Group's employees and corporate officer.

1.4.3. The Appointments Committee

The committee meets as often as necessary.

Composition:

A majority of Appointments Committee members must be independent, as decided by the Board of Directors in accordance with the AFEP-MEDEF Corporate Governance Code, with which the Company complies.

From May 31, 2011 to June 18, 2012, the members of the committee were as follows:

Chairman: Anne-Claire Taittinger (independent director)

Members: René Abate (independent director),

Nicolas Bazire.

Since June 18, 2012, the members of the committee are as follows:

Chairman: Bertrand de Montesquiou (independent director)

Members: Anne-Claire Taittinger (independent director),

Diane Labruyère (independent director),

Nicolas Bazire.

Duties:

In the event of the Chairman and Chief Executive Officer's resignation or death or non-renewal of his term of office, the committee is responsible for making proposals to the Board of Directors regarding the Chairman’s appointment.

Acting jointly with the Chairman, it submits recommendations to the Board of Directors for the position of Chief Executive Officer and, if applicable, for deputy managing directors.

Together with the Chairman and Chief Executive Officer, it is also responsible for reviewing preparatory measures for the transition to the corporate officers' new term of office and the selection of new directors.

Together with the Chairman and Chief Executive Officer, it makes recommendations to the Board of Directors on the appointment of committee Chairmen and members.

It is also charged with assessing directors’ independence and reporting its findings to the Board of Directors. If necessary, the committee reviews situations that result from a director’s repeated absence.

It also assists the Board of Directors in adapting the Company’s corporate governance practices and assessing their operation.

It tracks developments in corporate governance at both global and national levels, and presents a summary of such developments to the Board of Directors at least once per year. It selects the measures best suited to the Group with the aim of bringing its procedures, organisation and conduct in line with best practices.

It examines the Chairman's draft report on corporate governance and any other document required by law or regulations.

Together with the Chairman and Chief Executive Officer, it prepares discussions regarding proposals for director appointments that will be submitted to the Board of Directors and the Shareholders' Meeting for approval.

During the course of fiscal year 2012, the committee met three times, with an attendance rate of 90%.

During these meetings, the committee reviewed the terms of arrival of the Chairmen and Chief Executive Officer, the Chairman's draft report on internal-control procedures and the candidacy of independent directors.

1.5 Shareholder participation at the Shareholders' Meeting

The Company's by-laws stipulate that:

All shareholders are entitled to attend Shareholders' Meetings in person or by proxy, upon presentation of proof of identity and share ownership (in the form and at the place indicated in the notice of meeting) by no later than midnight Paris time three business days prior to the date of the Shareholders' Meeting.

Any shareholder may be represented by his/her spouse or by another shareholder at any Shareholders' Meetings. Shareholders may also vote by mail under the conditions stipulated by law.

Any shareholder may, if the Board of Directors so decides when convening the Shareholders' Meeting, also participate in and vote at Shareholders' Meetings via videoconference or any other means of telecommunication (including the Internet) that enables him/her to be identified under the conditions and according to the procedures laid down by the laws in force. Shareholders are notified of such a decision in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (French bulletin of compulsory legal notices).

Those shareholders who use, for this purpose and within the required periods, the electronic voting form provided on the website set up by the Shareholders' Meeting's centraliser are considered shareholders present or represented. The electronic form may be completed and signed directly on this site through a user code and password, as provided for in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

The proxy or vote thus cast electronically prior to the Shareholders' Meeting, as well as the acknowledgement of receipt provided, will be considered irrevocable documents that are valid against all persons, it being specified that, in case of a transfer of shares occurring prior to midnight Paris time of the third business day preceding the Shareholders' Meeting, the Company will invalidate or modify accordingly, depending on the situation, the proxy or vote cast prior to said date and time.

Shareholders' Meetings are convened by the Board of Directors under the conditions and within the times prescribed by law. They are held at the head office or in any other place indicated in the notice of meeting.

The Shareholders' Meeting is presided over by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman or a director designated by the Board.

Returning officer duties are fulfilled by the two shareholders, present and willing, who hold the greatest number of votes, both in their own name and as agents.

The committee appoints a secretary, who does not need to be a member of the Shareholders' Meeting.

Ordinary and Extraordinary Shareholders' Meetings voting under the conditions of quorum and majority prescribed by law exercise the powers assigned to them in accordance with the law.

2. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Introduction

The Group Internal Audit department has been asked to compile the required components of this report, which incorporates the contributions of several Group departments.

This report has been submitted to general management, which considers it compliant with the processes that exist within the Group and provided to the statutory auditors. At the recommendation of the Accounts Committee, the Board of Directors approved the report on March 6, 2013.

Applicable reference framework

The Carrefour Group's internal-control and risk-management system falls within the legal framework applicable to companies listed on the Paris Stock Exchange, and is based on the reference framework of the Autorité des Marchés Financiers (AMF), updated in July 2010.

Definition of the internal-control system

The internal-control system, which comprises a set of resources, patterns of conduct, procedures and actions adapted to the individual characteristics of each Group company:

- Contributes to the control of its activities, the efficiency of its operations and the efficient utilisation of its resources, and
- Enables it to take into consideration, in an appropriate manner, all major risks of an operational, financial or compliance-related nature.

More specifically, the internal-control system is designed to ensure:

- Compliance with laws and regulations;
- That instructions and directional guidelines fixed by general management are applied;
- That the internal processes are functioning correctly, particularly those contributing to the security of assets;
- That financial information is reliable.

By helping to prevent and control the risk of the Group not achieving its objectives, the internal-control system plays a key role in the management and oversight of its activities. However, as the AMF reference framework underscores, no matter how well designed and properly applied, an internal-control system cannot fully guarantee that the Group's objectives will be achieved. There are inherent limitations in all internal-control systems, which arise, in particular, from uncertainties in the outside world, the exercise of judgement or problems that may occur due to human failure or simple error.

Scope

The internal-control and risk-management system presented in this report is implemented at all fully-consolidated Group subsidiaries, and is not limited to a set of procedures or merely to accounting and financial processes.

2.1. Components of internal control

a. *Organisation*

Customers and consumers lie at the heart of everything the Carrefour Group undertakes. The Company is organised geographically to ensure that the specific needs and interests of local customers and consumers are addressed most effectively and its operations are optimally responsive. Each country serves as a basic link in the Group's organisation. The internal-control and risk-management system is based on this organisational principle:

- The parent company, Carrefour SA, is responsible for its own internal-control and risk-management system. It coordinates and directs the Group's companies.
- At country level, country executive directors coordinate and steer their own internal-control and risk-management systems.

The Group has set up a formal control environment with a Code of Professional Conduct and determination of the powers, responsibilities and objectives assigned at each level of the organisation, according to the principle of the separation of tasks:

- The Code of Professional Conduct, which was established in 2010 and rolled out in 2011, is provided to every Group employee. This code establishes the framework within which all Carrefour employees must conduct their activities, and formalises the Group's values and principles of conduct.
- The legal representatives of each legal entity have limited powers in some areas, or beyond certain thresholds that require prior approval by the Board of Directors or the equivalent body in each entity concerned.

- The powers and responsibilities of key employees are defined by hierarchical and functional organisational charts, the definition of roles, and the delegation of powers and responsibility. This structure complies with the principle of the separation of tasks.
- Lastly, this structure is conveyed by a management framework that is underpinned by medium-term objectives organised according to country and by the steering of activities orientated in line with annual budget targets and corresponding to individual plans.

Via its policies, the Human Resources department:

- Ensures the proper availability level of resources, suitable for current and future business requirements.
- Monitors employees' career development and commitment.
- Ensures high-quality industrial relations.
- Defines the framework for the remuneration policy and corporate benefits and guides the associated commitments.
- Helps to create a culture of collective development and performance.

The information systems aim to respond to needs and satisfy requirements regarding information security, reliability, availability and traceability:

- At Group level, the accounting and financial information system is based on reporting and consolidation tools for preparation of the consolidated financial statements and measurement of the Group's operating performance.
- The country executive directors are responsible for their own information systems, and have implemented measures to ensure system security and digital data integrity.

Each process is subject to formal procedures and operational methods for each country, which stipulate ways of carrying out an action or process in accordance with the Group's regulatory framework.

- The Group has established a Group regulatory framework to cover the main risks to its assets. Implementation of this framework is mandatory for all countries.
- The country executive directors have established procedures and operating methods, including control activities required to cover all the strategic, operational and asset risks relating to their businesses. These procedures and operating methods include and extend the key controls set out in the Group regulatory framework.

b. Dissemination of internal information

The Group ensures that relevant information is properly circulated and conveyed to the individuals concerned so that they can perform their duties in accordance with Group standards.

- The GroupOnline intranet regularly disseminates information on the life of the Group and provides employees with a number of practical tools, including information on the primary standards and procedures with which they must comply.
- The Group regulatory framework has been communicated to all executive directors.
- Procedures setting out best practices and the information reporting process are also communicated to the various countries by the Group's main departments.

- The Group's accounting policy is sent to every financial director at the end of each quarter.

Similarly, the countries ensure that relevant information is properly circulated and conveyed to the individuals concerned so that they can perform their duties in accordance with Group standards.

c. The risk-management system

The Group must always seek to identify the risks to which it is exposed, prevent and properly manage these risks so as to ensure its businesses' sustainability. In particular, risk management aims to:

- Create and preserve the Company's value, assets and reputation.
- Increase the security of the Company's decision-making and procedures to promote achievement of objectives.
- Promote actions consistent with the Company's values.
- Mobilise Company employees to adopt a shared vision of the principal risks.

The intrinsic risks relating to Group activities are described in a risks register, which contains three types of risk:

- Strategic risks.
- Operational risks.
- Asset risks, which include four risk families:
  - Accounting and financial risks.
  - Risks associated with the safety and security of property and people.
  - Risks to the continuity, integrity, confidentiality and security of information systems.
  - Contractual obligation, compliance and communication risks.

Risk management within the Group is decentralised to the country executive directors, who are tasked with identifying, analysing and handling the main risks with which they are faced. They are supported in this by the Group Risk & Compliance department, which coordinates the deployment of a guidance and mapping tool for major risks that covers an appraisal of the probability of occurrence, the potential impact and the degree of control for each risk.

The Group Risk & Compliance department carries out regular centralised risk-mapping. A summary of the results is presented annually to general management so that it can supervise the risk-management system, and specifically:

- Update the Group risks register.
- Update risk maps and the risk-processing system.
- Promote action plans to limit these risks.

The control activities described below aim to reduce risks identified by each entity's management and at Group level, which, if they came about, could prevent achievement of corporate objectives.

The Group's Insurance department is responsible for covering insurable risks for the entities when national legislation permits it. It is in charge of the subscription and centralised management of insurance policies.

d. Control activities responding to these risks

Control activities are designed to ensure that the necessary measures are taken to manage strategic, operational and asset risks likely to affect the achievement of fixed objectives. Control activities take place throughout the organisation, at every level and in every function, including prevention and detection controls, manual and IT controls and hierarchical controls.

Control activities are defined and implemented by process managers, coordinated by internal controllers who report to members of the country executive committee and to the country executive director. Coordination of the internal controllers ensures that control activities are methodologically consistent and that risks are comprehensively covered throughout all processes.

Details of internal-control procedures relating to the preparation and processing of accounting and financial information for the corporate and consolidated financial statements are provided in section 2.3 of this report.

e. Guidance and monitoring of the internal-control system

Continuous monitoring

Continuous monitoring is organised so that incidents can be pre-empted or detected as rapidly as possible. The framework plays a long-term daily role in the effective implementation of the internal-control system. Specifically, it establishes corrective action plans and reports to general management on significant malfunctions when necessary.

Periodic monitoring

Periodic monitoring takes place through managers and operatives, internal country controllers and the Group Internal Audit department:

- Managers and operatives check that the internal-control and risk-management system is functioning correctly, identify the main risk incidents, draw up action plans and ensure that the control and risk-management system is appropriate for the Company’s objectives.
- The internal country controllers periodically check that control activities are being properly implemented and that they are effective against risks.
- The Group Internal Audit department provides the country executive directors and Group general management with the results of their assignments and their recommendations.

In addition, the operational effectiveness of internal control relevant to the preparation of the financial information is subject to audit work by the auditors, which report their conclusions and recommendations to the country executive directors and Group general management.

Each country executive director has established a formal annual self-assessment process,

- which uses standard tools that focus on existing frameworks and are based on an internal-control risk analysis for each activity and on identification of key control points.
- The results of the internal-control self-assessment covering asset risks are centralised periodically at Group Internal Audit level.

- One of the Group Internal Audit department's objectives in implementing actions is the quantitative measurement, through scoring systems, of the divergence between the self-assessment and the level of internal control determined on the basis of its work. Monitoring these divergences allows the quality of the country's internal-control self-assessment to be gauged.

Guidance and supervision of internal control entails internal country controllers' monitoring of action plans relating to the internal-control self-assessment and risk mapping processes and of the recommendations of the Group Internal Audit department. The results of the internal-control self-assessment covering asset risks are centralised periodically at Group Internal Audit level.

The final result of the supervision and guidance system is a letter of affirmation on risk management and internal control signed by the country executive director and the financial director, confirming their appropriation of and responsibility for internal control in terms of reporting and correcting deficiencies.

Group general management administers internal control and risk management through Carrefour Management Meetings (CMM), which take place as needed on an ad hoc basis and are attended by the Chairman and Chief Executive Officer, the executive directors and the general secretary. It also uses the minutes of meetings held with the following bodies and departments:

- The Ethics Committee;
- The Group Investment Committee;
- The IT Request Management Committee;
- Financial committees that guide the Group's financial policy;
- The Information Systems Governance department;
- The Group Internal Audit department;
- And any other ad hoc committee meeting convened according to the needs identified by general management.

Lastly, the performance of the internal-control supervision and guidance system for accounting and financial risks is presented periodically to the Accounts and Internal Audit Committee.

2.2. Entities and individuals involved in internal control

a. At Group level

Group general management is responsible for the quality of the internal-control and risk-management system. It is also tasked with designing, implementing and supervising the internal-control and risk-management system. It initiates any corrective actions necessary to rectify an identified malfunction and to maintain a situation within the limits of acceptable risk. It ensures that these actions are successfully implemented.

General management performs its duties in relation to the internal-control and risk-management system through the following structure:

- The **Group Finance department** is responsible for:
    - Maintaining the reliability of financial and accounting information.
    - Controlling accounting and financial risks.
    - Measuring Group performance and budget control.
- The **Group Legal department** is responsible for:
    - Establishing the governance policy of Group subsidiaries.
    - Managing the Group's legal risks.
- The **Group Risk & Compliance department** is responsible for:
    - Establishing risk prevention policy within the Group.
    - Managing risks associated with the safety and security of property and people.
    - Coordinating the Group crisis-management system.
- The **Group Property department** is responsible for:
    - Establishing the Group's property policy.
    - Managing risks relating to building security.
- The **Group Quality department** is responsible for:
    - Establishing product quality and safety policy within the Group.
    - Managing product safety risks.
    - Coordinating crisis management relating to product safety risks.
- The **Group Human Resources department** is responsible for:
    - Establishing human resources management policy within the Group.
    - Coordinating social risk management.
- The **Group Information Systems Governance department** is responsible for;
    - Establishing the information systems management policy within the Group.
    - Managing risks relating to the continuity, integrity, confidentiality and security of information systems.

- The **Group Insurance department** is responsible for setting up insurance to cover the Group's insurable assets as effectively as possible and according to available capacity on the market, pursuant to Group insurance policies. It works with the Risks & Compliance department to identify risks and implement prevention procedures.

The **Group Internal Audit** department is tasked with:

- Regularly assessing the operation of the internal-control and risk-management systems related to asset risks, by performing the missions included in the annual audit plan.
- Making any necessary recommendations to improve these systems.
- Helping to develop internal-control tools and frameworks relating to asset risk.

b. At country level

The country executive director, whether acting directly or by delegation, is responsible for the establishment, operation and supervision of the internal-control and risk-management system at country level. The country executive director is supported by internal controllers, who are tasked with:

- Helping to define the country internal-control system, particularly by ensuring that the Group internal-control framework is properly rolled out.

- Ensuring that procedures defined by the country and the Group are properly applied.

3. DATA RELATING TO INTERNAL ACCOUNTING AND FINANCIAL CONTROL

During 2012, the Group continued to enhance its accounting and financial internal-control system by boosting the role of the functional departments and implementing the Corporate Rules.

3.1 General organisational principles of internal accounting and financial control

Internal accounting and financial control aims to ensure:

- The compliance of published accounting information with applicable rules (international accounting standards).
- The application of instructions and strategic directions established by the Group.
- The prevention and detection of fraud and accounting and financial irregularities.
- The presentation and reliability of published financial information.

Risks related to production of accounting and financial information can be classified into two categories:

- Those related to the accounting of current operations in the country, whose control systems must be set as close as possible to decentralised operations.
- Those related to the accounting of non-current operations that may have a significant impact on the Group's financial statements.

The internal-control system described in the following paragraphs incorporates this approach to risk.

Management within each country is responsible for identifying risks that impact the preparation of financial and accounting information and for taking the necessary steps to adapt the internal-control system.

With regard to information that requires special attention given its impact on the consolidated financial statements, the Group Consolidation department requests the necessary explanations and may perform such controls itself, assign an outside auditor to carry out such controls or request the involvement of the Internal Audit department through the Chairman and Chief Executive Officer.

The Group Consolidation department checks the country-level consolidated reporting packages at each quarterly closing. If need be, corrections are made to the reporting packages. In addition, inspections are conducted in each country at least twice per year.

Impairment testing of goodwill is handled by the Consolidation department based on projections prepared by the countries. The Consolidation department also obtains and reviews impairment tests performed by the countries on tangible fixed assets.

3.2 Management of the accounting and finance organisation

3.2.1 Organisation of the financial function

The financial function is mainly based on a two-level organisation:

- The Group Financial Control department defines the IFRS accounting principles applicable to Carrefour and provides leadership and oversight of the production of consolidated financial statements and management reports. This department includes a Consolidation department and a Performance Analysis department.
    - The Consolidation department monitors standards, defines the Group accounting doctrine (IFRS accounting principles applicable to Carrefour), produces and explains the consolidated financial statements and prepares the consolidated accounting and financial information, and is the direct link to the finance departments at country level.
    - The Performance Analysis department aggregates and analyses both prospective and retrospective management reports. It requests explanations from the country-level finance departments and/or the regional finance departments, and alerts general management to key issues and any potential impact.
- The country-level finance departments are responsible, under the functional supervision of the finance directors for each region, for production and control of the country-level company and consolidated financial statements. They are also responsible for deploying an internal-control system within their scope that is adapted to their specific challenges and risks, taking into account the Group's recommendations and directives. Management control and merchandise management control at country level also fall under their responsibility.

The country/business unit/functional administrator accounting function is handled by centralised teams in each country, under the supervision of the country-level finance director. These teams belong to the Finance line and are led by the Group Finance department.

The Group executive director for finance appoints the country-level finance directors.

Regional finance directors are mainly charged with improving dissemination of the culture and principles of financial control and ensuring their proper application.

3.2.2 Accounting principles

Group accounting principles are specified in a regularly updated document that is communicated to all those involved in the process.

The IFRS accounting principles applicable to Carrefour are reviewed twice per year, before the close of the half-yearly financial statements and before the balance sheet date. They are defined by the Consolidation department and presented to the statutory auditors for comment. Significant changes, additions or withdrawals are presented to the Accounts and Internal Audit Committee.

The most recent version is communicated to the country-level finance directors before each consolidation.

The IFRS accounting principles applicable to Carrefour are incumbent upon the country-level Finance departments, which have no leeway in the interpretation or application of such principles. Should queries arise, country-level finance departments are instructed to consult the Consolidation department, which alone can provide interpretations and clarifications.

A meeting of country-level finance directors is held once per year, during which new changes to the IFRS accounting principles applicable to Carrefour and any problems with application that have been encountered since the last meeting are discussed.

In early 2012, the Group decided to create a Standards department within the Consolidation department to handle technical monitoring of IFRS standards, organise and manage the process of updating Group accounting principles in connection with the countries, analyse technical issues raised within the Group and ensure that Carrefour is represented within professional organisations that deal with accounting standards.

3.2.3 Tools and operating methods

In recent years, the Group has standardised the accounting systems used in the various countries. Specifically, this has led to the implementation of an organisational model that includes the establishment of shared service centres (for the processing and payment of invoices involving merchandise, fixed assets, general expenses and payroll), thus standardising and documenting procedures in the various countries and ensuring the appropriate separation of tasks. Operating methods are made available to all users.

Each country implements tools to address its specific consolidation needs. A tool was developed at Group level to facilitate transmission of data, controls and consolidation operations.

Accounting and financial information systems are subject to the same requirements as all security systems.

3.2.4 Consolidation process and principal controls

Each country is responsible for consolidating financial statements at its own level. Consolidation at this level is provided by financial teams in each country.

The Group Consolidation department team leads this process and is responsible for producing the Group's consolidated financial statements. Responsibilities have been defined by region, as have cross-functional analysis responsibilities within the Group team. Since 2008, consolidation has occurred in each quarter. Only the half-yearly and annual consolidated financial statements are published. The Group uses identical data and regional breakdowns for its management reports and consolidated financial statements.

Subsidiaries prepare their own statutory accounts and consolidated financial statements for their region, and then convert these reports into euros. The finance directors in each country can refer to a list of standard controls prepared by the Group's Consolidation department staff that are to be performed on these consolidated financial statements.

Since 2010, through Group regulations, countries have had access to a benchmark for expected controls during the production of accounting and financial information and the consolidation process. The Consolidation department checks for consistency and performs a reconciliation at the close of each quarter. The reporting system ensures consistent information as a result of these controls.

The main options and accounting estimates are subject to review by the Group and the country-level finance directors, including during meetings for account closing options, organised before account closings at Group and country level in cooperation with external auditors.

Between account closings, country visits by the Consolidation department provide opportunities to improve the process at country level by promoting understanding and dissemination of the Group's accounting principles and addressing specific issues within the various countries. If necessary, inspections can lead to recommendations aimed at improving the country's consolidation procedures.

In 2012, the Consolidation department set up the first "hard-close" process at the end of September so as to anticipate, as far in advance as possible, potentially sensitive subjects relating to account closing. The process also identifies any weaknesses in internal control and the processes associated with assessing costs and income that, due to their nature and amount, have a significant impact on Group performance, so that these can be rectified if necessary before the annual closing. The specific work that the countries are required to carry out, and the statutory auditors' reviews, have led in particular to internal control of the supplier cycle, review of the main disputes and risks, and impairment testing of stores and goodwill.

In order to provide an opinion to the Board of Directors on the draft financial statements, the Accounts and Internal Audit Committee reviews the annual and half-yearly financial statements and the findings of the statutory auditors' team concerning their work.

With this in mind, the Accounts and Internal Audit Committees meet regularly and as necessary so that the committee can monitor the process of preparing the accounting and financial information and ensure that the principal accounting options applied are pertinent.

3.2.5 Oversight of the internal-control system

Oversight of the internal-control system is mainly based on:

- A self-assessment process for the application and oversight of the main regulations defined by the Group concerning internal accounting and financial controls. Action plans, defined at country level where necessary and subject to monitoring.
- In-country actions by the Group Internal Audit department. The internal audit plan incorporates missions to review internal accounting and financial controls.

Oversight also incorporates the assessment of information provided by the statutory auditors as part of their in-country operations. Since 2010, the country-level finance directors systematically provide the Consolidation department with summaries of actions and letters of recommendation from the statutory auditors. It oversees implementation of its recommendations.

The entire process is regularly presented to the Accounts and Internal Audit Committee. When significant shortcomings are detected in a country's internal-control system, the committee will have the region and country-level finance directors present developments in their action plans on a quarterly basis. During the 2012 fiscal year, the Accounts and Internal Audit Committee continued to monitor implementation of corrective actions in Brazil following discovery of deficiencies in 2010.

At each statement, the Group Internal Audit department receives letters of affirmation, signed by the country executive director and country finance director, certifying that the consolidation reporting packages are fair and were prepared in accordance with the IFRS accounting principles applied by Carrefour.

3.3. Control over financial communications

3.3.1. Role and mission of financial communications

The objective of financial communications is to provide information:

- On a continuous basis: quality information must be provided regularly over time. This is essential to the Group's credibility and to ensuring shareholder loyalty.
- That conveys a clear, consistent message: communications must allow investors to gain a precise, accurate understanding of the Company's value and management's capacity to boost value even further. Investors must be properly informed in order to make decisions.
- While maintaining the principle of shareholder equality with regard to information: any financial information that might have an impact on market prices must be made public via a single, centralised source at Group level.

3.2.2 Organisation of financial communications

Financial announcements address a diverse audience, primarily comprised of institutional investors, individuals and employees, via four channels:

- The Shareholder Relations department is responsible for informing the general public (individual shareholders).
- The Investor Relations department, Finance department and the Chairman and Chief Executive Officer are the sole contacts for analysts and institutional investors.
- The Human Resources department, with support from the Communications department, manages information intended for employees.
- The Communications department manages press relations.

In practice, financial messages are prepared through close collaboration between the Finance and Communications departments.

They are delivered as required by law (via an annual Shareholders' Meeting) and according to the regulations of the French Financial Markets Authority (periodic publications, press releases). Furthermore, beyond its legal obligations, Carrefour employs a wide array of media for its financial communications. The Group may utilise the press, the Internet, direct telephone contact, individual meetings and special forums.

3.3.3. Procedures for controlling financial communications

The Finance department is the exclusive source of financial information.

Internal controls regarding the financial communications process focus on compliance with the principle of shareholder equality, among other issues. All press releases and significant announcements are prepared by mutual agreement between the Financial Communications department, which is part of the Finance department, and the Group Communications department.

The segregation of roles and responsibilities allows for strict independence between managers, sensitive departments (e.g. Mergers and Acquisitions) and the Financial Communications department.

3.3.4 Financial communications policy

The finance director defines and implements the policy on disclosing financial results to the markets. The Carrefour Group discloses its sales (including tax) each quarter, and reports all of its results on a half-yearly basis. Each disclosure is first presented to the Board of Directors.

In contrast to previous years, at the beginning of the 2012 fiscal year the Group did not issue guidance on its underlying earnings target. However, throughout the fiscal year the Finance department checks that the underlying earnings target provided by the analyst consensus remains achievable and, where applicable, issues a revision when budget forecasts reveal a significant discrepancy.