

26 Quai Michelet  
TSA 20016  
92695 Levallois-Perret Cedex  
Tel. (33) 01 58 63 44 03  
Fax (33) 01 58 63 44 26

Levallois, 18th of October 2010

Dear Mr. Li Qiang,,

We have received your answer to our June letter and would like to make an update on the different points you mention.

Carrefour assumes his responsibility as a buyer when he develops products with its own brands. Specificities are defined and a process, included in the buying practices, helps the buyers to check the quality/ security and the social conditions of the production in the factory agreed on. Carrefour always favors a collaborative approach with the supplier and will work with the supplier to improve the situation if ever he is willing to do so. This process is regularly improved and your comments help us to do so.

Regarding other products, distributed by the suppliers with their own names/ brands, Carrefour sells a product but the responsibility of the quality/ security and the social conditions of the production of the product rely on the supplier. In that case and if Carrefour finds out that the production does not correspond to its standards, Carrefour informs the supplier of the non conformities that have appeared.

As for the factories mentioned in your article, we have taken the following actions:

- Nanling Toys Products and Dongguan Lanyu Toy Company don't produce any products under Carrefour brands. Dongguan Lanyu Toy Company has been producing for Carrefour until 2008 but not since then. We do sell products manufactured at Nanling Toys but those products are not developed by Carrefour.
- Kiddieland: we have met with the factory Management together with ICTI representative. Some inconsistencies were shown regarding contracts, working hours, overtime and cleaning. Following a new social audit, the management has agreed in June on a corrective action plan to be immediately implemented in the factory. The factory is on probation for a period of 12 months during which the factory will receive unannounced visits so as to verify the correct implementation of the corrective action plan. The management seems to be willing to improve the situation.
- Truly Dragon: after a new visit and social audit, Truly Dragon has agreed on a corrective action plan and deadlines of implementation. Carrefour will closely verify that it is implemented.

As offered in June, we could discuss your different remaining points during a conference call.  
Could you tell us when you would be available in November?

Regards

Véronique Discours Buhot

A handwritten signature in black ink, appearing to read 'V. Discours', written in a cursive style.