ANNUAL AND SUSTAINABILITY REPORT 2012





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PRINCIPAL INDICATORS GRI 2.8

ECONOMIC-FINANCIAL INDICATORS	2008	2009	2010	2011	2012
Financial indicators (in millions of R\$)					
Gross sales revenue	20,857	26,219	36,144	52,681	57,234
Net sales revenue	18,033	23,250	32,092	46,594	50,924
Cost of goods sold	(13,280)	(17,494)	(24,242)	(33,935)	(37,121)
Gross profit (1)	4,754	5,757	7,850	12,659	13,804
EBITDA ^(1, 2)	1,323	1,504	2,033	2,816	3,668
Net financial result	(317)	(251)	(823)	(1,333)	(1,193)
Net income ⁽¹⁾	260	645	619	720	1,156
Profitability					
Gross margin	26.4%	24.8%	24.5%	27.2%	27.1%
EBITDA margin	7.3%	6.5%	6.4%	6.5%	7.2%
Net margin	1.4%	2.8%	2.3%	1.5%	2.3%
Economic indicators (in millions of R\$)					
Total assets	13,544	18,440	29,772	33,769	35,396
Shareholders' equity	5,408	6,537	9,501	10,094	11,068
Investments	503	723	1,191	1,583	1,577
Gross debt	2,485	3,015	4,651	6,346	7,863
Net debt	859	672	1,253	1,376	777
Net debt/EBITDA ⁽³⁾	0.6	0.4	0.6	0.5	0.2
Shares					
Number of shares (thousands)	235,249	254,482	257,541	260,239	263,177
Net income per share (R\$/share) (1)	1.11	2.53	2.40	2.73	3.99
Average price per Preferred share (R\$)	34.60	41.74	62.08	64.68	83.48
Average price per share – ADR (US\$)	19.28	21.96	35.62	39.39	43.34
Market value at period-end (in billions of R\$)	7.3	16.5	17.8	17.4	23.8
Distribution of earnings per Preferred share (R\$)	0.2739	0.587932	0.690501	0.67974	0.65309
Dividends distributed (R\$ milhões)	62	141	172	171	166
OPERATIONAL	2008	2009	2010	2011	2012
Total stores (number) (4)	597	1,080	1,647	1,571	1,641
Same-store growth (%)	8.5	9.6	12.1	8.8	7.0
Sales floor (millions of square meters)	1,361	1,745	2,811	2,821	2,962
Gross sales revenue per square meter/month (1) (R\$)	1,300	1,407	1,445	1,453	1,551
Gross sales revenue per employee/month (1) (R\$)	30,652	33,488	34,911	39,269	41,151
Gross sales revenue per check-out/month (1) (R\$)	185,525	211,769	226,668	210,296	223,101
Average ticket (1) (R\$)	37.8	45.9	53.7	80.7	86.8
Number of transactions (millions)	551,482	564,755	592,816	634,613	642,260
Number of employees	70,656	85,244	144,914	149,070	158,509
SUSTAINABILITY	2008	2009	2010	2011	2012
Statement of Value Added (in millions of R\$)	3,393	4,958	7,041	11,273	12,702
Investments in the environment (in millions of R\$)			7,7	8,1	11,2
Water consumption (thousands of L) (5)	2,064	3,213	3,216	3,373	3,142
Electricity consumption (KWh) (5)	783,969,752	747,248,371	747,827,597	749,402,292	790,289,705
Volume of recycled material (tons) (6)	6,625	7,816	9,050	13,266	15,738

^{(1) 2011} figure revised from what was reported in last report.
(2) EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization.
(3) Excludes payment vouchers – consumer financing (carnès – financiamento ao consumidor).
(4) Excludes fuel stations and drugstores.
(5) Data with reference only to GPA.
(6) Refers to GPA Recycling Stations.

2012 HIGHLIGHTS





- > Launch of Delivery for Food, under the Extra banner.
- > Repositioning of the textile segment, involving remodeling stores and introducing collections developed by the stylist Marcelo Sommer, under the Extra Hiper banner.
- > Expansion of the proximity model, opening 39 new Minimercado Extra units, now totaling 107 stores.
- > Launch of the Virtual Showcase for purchases using QR Code, installed in Shopping Cidade Jardim and the Group's headquarters.
- > Inauguration of the first green stores under the Pão de Açúcar banner other than in the State of São Paulo: one in Recife (PE) and another in Goiânia (GO).
- > Commemoration of 20 years of the Pão de Açúcar Relay Marathon in São Paulo.
- > Our second annual Black Friday at e-commerce and bricks-and-mortar stores, with sales growth of more than 20% over last year.
- > Operational improvement to capture synergies and reduce costs and expenses, at Viavarejo.
- > Repositioning of Pontofrio stores, with an emphasis on technological products, and strong expansion at Casas Bahia, especially in the Northeast Region.
- > Launches of the sites for Barateiro, Partiu Viagens, and e-Plataforma, by Nova Pontocom.
- > Consolidation of the new model of stores under the Assaí banner, remodeling old stores and launching three new units during the year, with robust growth for the brand.
- > Launches, by GPA Malls & Properties, of three developments (Figué Santo André, Guarulhos Bosque Maia and Thera Faria Lima), in partnership with developers.
- > Presence at Rio+20 A Pão de Açúcar store and sponsorship of workshops within the programming for the Corporate Sustainability Forum promoted by the Global Compact.
- > Participation in the Global Sustainability Forum.

ABOUT THE REPORT

This is the fifth year in which Grupo Pão de Açúcar (GPA) has published its Annual and Sustainability Report using the international guidelines of the Global Reporting Initiative (GRI) as a model for reporting on its performance in the economic, social and environmental spheres. GRI 3.1 | 3.3; 3.6

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ON ITS PERFORMANCE IN
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ENVIRONMENTAL SPHERES.

The GRI indicators are cross-referenced to the Global Compact Principles and to the ISO 26000 guidelines, reflecting the Company's commitment to responsible socio-environmental practice. The topics addressed have been submitted for feedback from the principal constituencies to whom this document is directed: analysts and investors, customers, employees, suppliers and representatives of socio-environmental entities. GRI 3.5 | 4.15

The information was collected and canvassed on a participatory basis, with contributions from the Offices of the CEO, the Vice-Presidencies, Executive Directorships and employees from the main departments, under the coordination of the office of Investor Relations and Sustainability Management. Changes in previously disclosed figures are, when necessary, indicated throughout the document. There were no significant changes in scope, limitations or methods of measurement. GRI 3.10 | 3.7 | 3.11

The operating and financial information is consolidated and includes in full the operating and financial results of Assaí Atacadista and Viavarejo S.A. The financial data follow International Financial Reporting Standards – IFRS, as per CVM Instructions 457/07 and 485/10, and were audited by Deloitte Touche Tohmatsu. GRI 3.8 | 3.9 | 3.13|

The socio-environmental data are reported separately by Grupo Pão de Açúcar (covering retail food, self-service wholesale and e-commerce) and Viavarejo (durable household goods like appliances, electronics and furniture, with Pontofrio and Casas Bahia). The non-financial data were audited by BDO RCS Auditores Independentes SS, based on the requirements of stakeholder engagement standard AA1000/2005, and the NBC TO 3000 and ISAE 3000 standards, both for assurance engagements that are not audits or reviews of historical financial information. GRI 3.13

APPLICATION LEVELS

This report meets the Level B+ requirements under the GRI G3 guidelines, as shown below:

	С	C+	В	B+	А	A+	
G3 Profile dind the Disclosures 0	Report on: 1.1; 2.1 a 2.10; 3.1 a 3.8; 3.10 3.12; 4.1 a 4.4; 4.14 e 4.15		Report on all criteria listed for Level C plus: 1.2; 3.9, 3.13; 4.5 a 4.13; 4.16 a 4.17		Same as requirement for Level B		
G3 Disclosures Indition O Approach	Not required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic and environment.	Report Exten	Report fully on a minimum of any 20 Performance Indicators, including at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report Exten	Respond on each G3 core and Sector Supplement indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Exter	

For questions on the content of this publication, as well as critiques and suggestions, please contact Grupo Pão de Açúcar (GPA) at qpa.ri@qrupopaodeacucar.com.br. GRI 3.4

ENGAGEMENT OF STAKEHOLDERS

To determine the most relevant topics for the report, GPA's stakeholders were consulted, following the GRI guidance. The matters submitted to study were established based on prior surveys, the Company's strategic planning, and topics deemed essential for the retail sector.

The process began with mapping the principal constituencies, taking into account their representativeness and relationship with the issues pertaining to the Company's sustainability. In total, 76 people (employees, customers, suppliers, investment analysts and representatives of socio-environmental entities) participated in the process, in consultations conducted by e-mail. The questionnaire encompassed 19 topics, which each participant rated for the degree of relevance (i.e., extremely important, very important, important, and of less importance). GRI 3.5 | 4.14 | 4.15 | 4.16

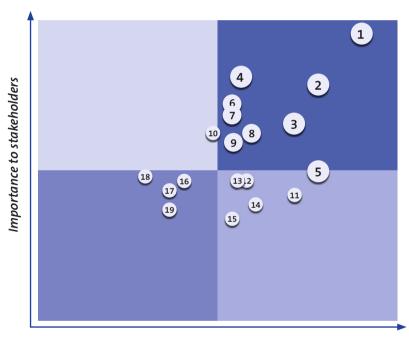
This formal consultation process on the topics that are of relevance to sustainability affords an understanding of the viewpoints of different stakeholders and permits graphing a matrix of materiality, which determines the priorities for the report. The matrix takes into account the viewpoints of the main interested parties, as well as

the organization's internal perspective. It is an instrument that facilitates dealing with the relevant matters objectively and directly, in accordance with the Company's impacts and its performance in its operations and activities. This has thus allowed us to identify themes and opportunities to improve dialogue, disclosure and GPA's relationships with its stakeholders.

The matrix of materiality charts the degree of relevance attributed to each matter. The scores are charted along two axes: internal constituencies on the horizontal axis, and external constituencies on the vertical axis. Thus, each item has a pair of values (coordinates) that establish its position in the chart.

Pursuant to the consultation, the five most relevant topics for GPA's sustainability management and reporting are: ethical behavior; compliance with laws and regulations; consumption of natural resources; sustainable operations and stores; and corporate governance.

Matrix of materiality



Importance to the Company

Main topics and concerns GRI 4.17

Order in the matrix	ltem		
EXTREMELY IMPORT	TANT		
1	Ethical behavior (anti-corruption practices throughout the chain of value, respect for human rights, relationships with competitors)		
2	Compliance (with laws and regulations pertaining to the social, fiscal, products, services, and environmental spheres)		
3	Rational consumption of natural resources (water, energy)		
4	Sustainable operations and stores (managing socio-environmental impact – green buildings, waste management, tracking product origins, etc.)		
5	Corporate governance (transparency, full disclosure, relationships between shareholders)		
6	Education for consumption (incentives for purchasing sustainable products, providing points for voluntary delivery of recyclable materials, signaling sustainable aspects in products)		
7	Initiatives to sell products that try to ensure consumer health and safety		
8	Waste management (recycling, transport and disposal)		
9	Relationships with customers (loyalty programs, dialogue, conditions)		
VERY IMPORTANT			
10	Socio-environmental criteria in selecting suppliers and investments (selection based on social and/or environmental distinctions, clauses with human rights aspects)		
IMPORTANTE			
11	Economic and financial performance (revenues, results)		
12	Market presence (relevance to communities / leadership in segments of actuation)		
13	Job creation		
14	Employee compensation and benefits		
15	Diversity and equal opportunity		
OF LESS IMPORTANCE	CE		
16	Relationship and support for the development of suppliers (encouragement to improve systems of production and management, support for small suppliers, dialogue)		
17	Innovation in offering products and services		
18	Control of atmospheric emissions, carbon footprint		
19	Investment in the community, in infrastructure and services for the public's benefit (initiatives in education, health, culture, socio-economic development, etc.)		

MESSAGE OF CEO GRILLIA



The year 2012 was one of important achievements and consolidation. Consolidating improvements under all our formats and banners and also affirming the Group's values through a model of management that privileges good performance and the growth of each business, respecting their particularities and generating value for our consumers in accordance with their profiles and their changing purchasing patterns.

We promote a virtuous cycle of growth, focusing on our customers through the more than 158,000 that work with the Company, offering better opportunities for development and Brazil's growth.

Maintaining and intensifying the strategy of consolidating the pillars of sustainable business growth, the group's values and culture, through recognizing our employees, process-based management, proved to be on target. The Company booked record net profits, of R\$1.156 billion, 61% higher than 2011. Gross sales revenue increased 8.6% in 2012, to R\$57.234 billion.

This result shows that we have a team prepared for the challenge of managing a Company that acts with different business models (multiformats), in all of Brazil's regions. It also shows that Grupo Pão de Açúcar is the best prepared retail company to meet the most diverse consumer demands, since it studies, analyzes and understands their needs and differences, their habits and consumption trends, to offer the best shopping experience at each store.

Based on the premise of serving our customers well at their different moments in purchasing, we invest and believe in the multi-channel approach as a competitive strength. We have hypermarkets, supermarkets, proximity markets, specialized stores for furniture, appliances and electronics, e-commerce with strong brands, fuel stations and pharmacies. Coupled with this, GPA has a real estate arm through which it promotes the creation of value through capturing synergy between retail and its real estate assets.

Following this concept, 2012 was the year for strengthening Extra as a national multi-channel player. It was the first full year of operations for Extra Supermercado and saw the launch of Extra Delivery. Extra Hiper, which already operated fuel stations and drugstores, consolidated the one-stop shopping concept by launching its own clothing line, among other innovations. It was also the year in which we finished converting Extra Fácil stores into Minimercado Extra stores, ending with more than 100 stores of this format. Consumers applauded the change: Minimercado Extra was the banner with the most growth in gross sales revenue, with 33.5%.

The process of expanding the Pão de Açúcar banner was improved, reinforcing the innovative and pioneering character of the brand. Four stores were inaugurated, including the first green supermarkets outside of São Paulo, in Goiânia and Recife. The chain reinforced its strategic pillar of promoting and propagating conscientious consumption, and in consonance with its positioning, participated in Rio+20, holding important workshops for dialogue during the event, and installing a sustainable store in the main pavilion of the Forum, with an assortment of healthy, organic products and items from the Caras do Brasil program.

The profound process of restructuring Assaí initiated in 2011 fomented advances in the management model, and included updating the store layout, redefining the assortment and categories of products to properly suit the needs of the chain's clientele. The result was growth of 18.5% in gross sales revenue in 2012. Furthermore, Assaí's share of gross sales revenue in retail food increased from 15.1% to 16.4%.

The results were also very positive for Viavarejo. The most important step for the durable household goods segment was the consolidation of the integration of Pontofrio and Casas Bahia through a program to unify cultures and processes. This movement was fundamental in facilitating operational improvements at the Company, which became more efficient and profitable. Parallel to this, better management of working capital brought more breathing room and a better financing cycle for the business, a key piece in a segment that demands a lot of capital. Here, Viavarejo attained R\$26.1 billion in sales and confirmed its leadership in the segment. Despite the advances, a variety of other opportunities for gains in efficiency are on-going and should fetch important results.

Consolidation was also the word of order for Nova Pontocom. Better integration of the operations, together with launches of new products – PartiuViagens.com.br and Barateiro.com – meant that the e-commerce arm of Grupo Pão de Açúcar, an important strategic axis in consolidating the multiple channel approach as a competitive strength of the Company, presented growth of 7.9%, notwithstanding intensification of the competitive landscape.

To reinforce the position as the largest distribution company in South America, we invested more than R\$1.5 billion in 2012, including R\$700 million for inaugurating 104 stores. The investment in new stores, which in 2012 was 186% higher than in 2011, is very important for the group not just for the fact that it signifies an expansion in our business, but also because it generates thousands of direct and indirect jobs and has a positive impact on Brazil's economic development. It is important to stress that the increased investment in 2012 signals the start of a consistent and constant cycle of GPA investments in new stores going forward.

We are very optimistic, and will continue to invest in growing Grupo Pão de Açúcar. Even with the large investments and a more accelerated growth rate than in recent years, the Company has reduced its indebtedness to R\$3.4 billion, and at the end of 2012 had a solid capital structure.

The customer is our reason for being. We know the importance of the details in our business, which is conducted essentially by people and, thus, our management prioritizes the satisfaction of the people that work with us. We believe that only satisfied employees can leave customers satisfied and promote the virtuous cycle of growth.

Following this premise, we have reinforced our corporate culture through the "We Want You to be Happy Here" movement launched in 2011. This cultural movement tries to increase the level of engagement and satisfaction of employees through programs, revised benefits, more suitable working conditions, and valuing people, through a meritocracy, and based on autonomy, accountability and agility in decision-making.

Sustainability is an important element of our Vision and one of our strategic pillars. Accordingly, our actions reflect the commitment to the principles of the Global Compact, the United Nations initiative to involve companies in building a more just and inclusive society.

Brazil is in a situation of full employment and increasingly needs trained professionals who can ensure its growth. We derive great satisfaction in affirming that Grupo Pão de Açúcar is one of the largest private employers in Brazil. We invest strongly in training and developing our people so that they can continue to improve the quality of customer service and as a way to promote their professional development. The "Eiros" not mentioned anywhere in this document], oriented toward training specialized professionals like bakers, confectioners, butchers and fishmongers, is an example of the initiatives developed in-house.

We are an economic group that is conscious of its responsibilities, that contributes to Brazil's growth while generating a return for shareholders and acting as a protagonist in the communities where we are planted. The Instituto Grupo Pão de Açúcar has for more than 12 years invested in social development and contributed to a better society with more opportunities for everyone.

Enéas Pestana Chief Executive Officer

CORPORATE PROFILE



Grupo Pão de Açúcar acts using a multiformat and multichannel model in four market segments:

- Retail food: supermarkets (Pão de Açúcar and Extra Supermercado), hypermarkets (Extra Hiper), proximity (Minimercado Extra), drugstores and fuel stations (Extra and Pão de Açúcar);
- 2) Self-service wholesale (Assaí);
- 3) Retail household durables (Viavarejo, with physical stores under the Pontofrio and Casas Bahia banners);
- **4)** E-commerce (pontofrio.com.br, casasbahia. com.br, extra.com.br; barateiro.com.br; partiuviagens.com.br and ehub.com.br). GRI 2.1 | 2.2

Founded in 1948, as Doceira Pão de Açúcar, in São Paulo, it is present in 19 states and in the Federal District, with administrative headquarters in the city of São Paulo. The Company closed 2012 with 1,882 points of sale (including fuel stations and drugstores), totaling close to 2.9 million square meters of sales floor, in addition to 55 distribution centers located in 14 states. In 2012, Group units issued 642.3 million sales receipts. The Company had 158,509 employees (91,855 at GPA and 66,654 at Viavarejo). GRI 2.3 | 2.4 | 2.5 | 2.8

GRUPO PÃO DE AÇÚCAR ACTS
USING A MULTIFORMAT AND
MULTICHANNEL MODEL IN
FOUR MARKET SEGMENTS.



Retail food has proprietary brand product lines (Taeq, Qualitá, Casino and Club des Sommeliers) that, together, would be the Group's largest supplier, by invoicing and volume, the sixth largest brand in Brazilian retail and the third largest in foods. GRI 2.2

The Company has been listed since 1995 on the BM&FBovespa at Corporate Governance Level 1, and its level III ADRs have been traded on the New York Stock Exchange since 1997. As of June 22, 2012, the Casino Group, a shareholder since 1999, has controlled Wilkes Participações, the holding company that is the Group's controlling shareholder. Casino is the second largest retailer in France. GRI 2.6; 2.8; 2.9

In 2012, net sales revenue, including all operations, was R\$50.9 billion, and EBITDA was R\$3.7 billion, yielding a margin of 7.2%. GRI 2.4 | 2.7 | 2.8 | 2.9



MULTIBUSINESS STRUCTURE

With a diversified business structure, Grupo Pão de Açúcar meets the different demands for consumption in the Brazilian market with operational efficiency and quality in the products and services offered.

						umber ores
Bus	iness	Banner	Concept	Share of net revenue in 2012	2012	2011
Retail Food		Pão _{de} Açúcar	A neighborhood supermarket offering the best customer service, product quality and variety, in a practical and cozy environment. Values the relationship with customers and encourages conscientious consumption and a healthy lifestyle.	9.9%	163	160
	Supermarket	PãodeAcúcar delivery [©]	Practical and modern, valuing relationships and meeting different customer needs with excellent products, great variety, and differentiation. The products are carefully packaged and arrive in perfect condition, with several delivery options.			
		extra	A neighborhood supermarket, which offers the best option for a family to stock its household with food, with the variety and savings of the Extra Hiper and attentive, friendly and efficient service, including in perishables.	8.1%	207	204
	Hypermarket	extra	A genuinely Brazilian hypermarket, where every kind of family can be found realizing consumer dreams in purchasing foods and non-foods, with greater savings, sales opportunities, deals and the best payment terms, beyond the broad portfolio of services.	24.3%	138	132
	Neighborhood Store	mini mercado extra	The ideal place for a practical purchase close to home or along routine routes, which functions as a dispensary of products essential to the day-to-day of the family. It offers a basic assortment of foods, highlighted by fruits, legumes and vegetables, a bakery and butcher, frozen meals, cold beverages and snacks, all in one spot.	0.4%	107	72
	Specialized Businesses	Pãode Acúcar drogaria [®]	Located within the supermarkets and hypermarkets under the Pão de Açúcar and Extra banners, the drugstores complement the customer convenience concept and offer a broad assortment of medications and beauty products, in the presence of a pharmacist to attend to and advise customers.	2.6%	157	154
	Specializ	Pãode Acúcar postoo	Installations in parking facilities or in locations next to stores, they bear the branding seal of the Pão de Açúcar and Extra banners and stand out for their offering of quality products at competitive prices.		84	78

					umber ores
Business	Banner	Concept	Share of net revenue in 2012	2012	2011
Self-service wholesale	ASSAÍ ATACADISTA OGGICE 1971	Self-service wholesale focused on small businesspeople and larger holiday purchasing by the end consumer. Offers a broad assortment at low prices to meet the rapid supply needs of resellers, input users and output consumers.	8.9%	61	59
Home Appliances Store	pontofrio∮	Focused on offering the best shopping experience for electronics, appliances, and products for the home, Pontofrio stores have a large variety of items and services, and offer friendly and specialized care, from sales to service.	39.2%	397	401
Home App	BAHIA	Casas Bahia stores stand out for the facilitated access to credit and for having adopted a model of management focused on simplicity, respect, and total dedication to customers, suppliers and commercial partners.		568	544
	pontofrio.com	A virtual store offering the best purchasing experience with agility, practicality and the most complete mix of products, which include categories like electronics, small and large appliances, video & photo, telephones & cell phones, computers, games, furniture, beauty and health products, sports and leisure products, et cetera.			
	∞extra .com.br	A perfect e-commerce solution for the family, with great product variety, efficient customer service and other outstanding services.			
E-commerce	BAHIA casasbahia.com.br	Site where customers find furniture, cell phones, household items and a wide range of other products. There are more than 17 categories for purchasing on a modern, fast and secure site.	6.6%	-	-
	partiu VIAGENS	Created in partnership (commercial agreement) with CVC, it is the first online agency in Brazil focusing on selling travel packages, and not limiting itself to selling only tickets and/or stays.			
	barateiro .com	The site that offers slightly damaged items that still have a factory warranty, at discounts of up to 60%.			

MISSION GRI 4.8

To guarantee the best buying experience for all our customers, at each of our stores.

VISION

Grupo Pão de Açúcar aims to expand its share of the Brazilian retail market and become the most admired company for its profitability, innovation, efficiency, sustainability and contribution to the development of Brazil..

VALUES

- > Humility
- > Discipline
- > Determination and engagement
- > Emotional balance

PILLARS

The customer: Our reason for being

Grupo Pão de Açúcar is oriented toward its customers, taking care so that all contact they have with its brands translates into the best experience and nourishes a long and loyal relationship

Our people

Professionals who display technical excellence, are well prepared and motivated to confront challenges and take risks, and who have innovative attitudes. People who like to serve, who value respect in their internal relations with customers, suppliers and partners, and who engage regardless of the circumstances.

Mastery of technology

Attention to all that happens in the world, evaluating its utility and its return for our business, to get the most from the available technologies.

Solid capital structure

A capital structure that permits investments in our Company, our people and our country, operating efficiently to provide returns to shareholders and growth that is sustainable over the long term.

Sustainability

It is the way we do business, pursing perenniality, maximizing efficiency and aligning our interests with the full chain of value.



GPA DEVELOPS STRATEGIC

PLANS FOR EACH BUSINESS,

FOCUSING ON GROWTH,

OPERATIONAL EXCELLENCE,

INNOVATION AND

SUSTAINABILITY AND PEOPLE

AND MANAGEMENT,

WITH ON-GOING INVESTMENT

TO DEVELOP THE BUSINESSES

AND CREATE VALUE FOR

SHAREHOLDERS, COMMERCIAL

PARTNERS AND EMPLOYEES.



MODEL OF MANAGEMENT

The strategy of Grupo Pão de Açúcar is sustained by its competitive strengths, with on-going investment to develop the businesses and create value for shareholders, commercial partners and employees.

To strengthen its long-term vision, GPA develops strategic plans for each business, focusing on four axes:

- 1) Growth
- 2) Operational excellence
- 3) Innovation and sustainability
- 4) People and management

This guidance is established based on an intensive analysis of macroeconomic data and market studies, which facilitate understanding consumers' real needs and aspirations; strategic actions such as opening stores and determining the products, prices, deals and buying experience are based on this assessment. Furthermore, specific forums monitor goals and propose solutions that help strengthen the Company.

Given the common macroeconomic environment, the Group maps a projection of consumption that is aligned for its various businesses. Consumption is classified into: categories, regions, channels and income groups, where the variations serve as a baseline for understanding the impacts of changes in the profile and behavior of consumers (e.g. the elasticity of consumption by category for gains in income).

This dynamic model permits the Group to work more in step with market movements, facilitating the necessary adjustments to better steer priorities and resources.

An example for the strategic pillar for growth, to ensure sustainable organic expansion, a methodology was developed to analyze the feasibility of investments based on the types of stores. That is to say, for each additional real spent at a new store, a detailed evaluation is conducted of the expectation of return by banner, format and type in a given region of the country.

This permits a portfolio analysis balancing gains in market share and returns on invested capital, resulting in better investment among all the businesses.

> Strategic management

Created in 2012, the Program for Operational Excellence in Stores is one of the Group's initiatives for supporting management of the business. The focus of the initiative, directed at three areas — the Back of the Store, the Sales Floor and In Front of the Check-Out — is to attend most efficiently to customer needs at the stores. One example of the results achieved during the year is the significant improvement in the pricing process, which became more efficient and agile through simplifying the labeling process.

The Program enjoyed the involvement of all the departments and included actions directed toward service at the cash registers, reinforcing the guidelines of the "We want you to be happy here" program – the cultural movement created by the Group to disseminate its values, creating the conditions for more happiness at work and motivating employees to better receive and attend to customers.

FOR THE PEOPLE AND MANAGEMENT STRATEGIC PILLAR, THE YEAR ALSO SAW IMPROVEMENT AND CONSOLIDATION IN THE MODEL OF MANAGEMENT USING INDICATORS, CREATING A BETTER CONNECTION BETWEEN INFORMATION FLOWS, PERMITTING MORE AGILE AND EFFICIENT DECISION-MAKING, IN MORE OBJECTIVE AND DELIBERATIVE FORUMS.

Connecting all these fronts is letting the Group establish a cycle of high performance with objectivity, transparency and efficiency at all the Group's businesses, toward profitable and sustainable growth.

Going forward, the Company envisions consolidating a multichannel business model that offers customers different options for information and purchasing opportunities, depending on the need and the access at each point, through multiple points of contact. The objective is to reinforce the stronger channels, with synergistic actuation, pursuing capillarity and breadth of supply in such aspects as logistics and products, always putting the customer first.

INVESTMENTS AND OUTLOOK

Investments should be close to R\$2 billion in 2013, including all Group operations — retail food, self-service wholesale, durable household goods, e-commerce and malls & property, with aggressive expansion slated for all the banners in a variety of states, although the major focus is on the Southeast and Northeast regions.

In line with the strategy of sustainable growth with profits, the Group invested R\$1.577 billion in 2012, roughly on par with the R\$1.583 billion invested in 2011. The funds were earmarked especially for opening new stores, acquiring land, building, remodeling and converting stores, as well as for technological infrastructure and logistics.

In 2012, we opened 104 new stores: 39 under the Minimercado Extra banner, 9 Extra stores (3 supermarkets and 6 hypermarkets), 4 Pão de Açúcar stores, 3 Assaí stores, 25 Casas Bahia stores, 8 Pontofrio stores, 10 drugstores and 6 fuel stations. There was a net increase of 78 units, since some points of sale were closed during the year.

By line of business, activity in 2013 will have the following focus:

Retail Food and Self-Service Wholesale

- > Opening 150 stores, thus adding 160,000 square meters of sales floor, with an emphasis on the Northeast and Central-West regions. Focus on expanding the Assaí and Minimercado Extra banners. From 2013 through 2015, the Company envisions opening an average of 120 units of Minimercado Extra per year and roughly 40 Assaí stores during the period;
- > New sales initiatives: advancing multiple channels and strengthening delivery operations;
- > Optimizing costs and expenses.



Durable household goods and e-commerce

- > Continuing improvement in operational profitability through capturing synergies and reducing costs and expenses;
- > Strengthening the Casas Bahia banner in the Northeast;
- > Cementing the positioning of the Pontofrio banner for upper- and upper-middle income consumers;
- > Continuing efforts to attain e-commerce market leadership.

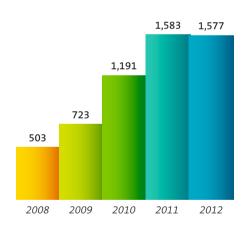
Real estate businesses

> Expanding the leasable space of the Group's properties, with innovative projects for commercial spaces for the end clientele and development of the malls.

Investments (in millions of R\$)

	2012	2011	Variation
New stores and land purchases	703	246	185.8%
Store remodeling and conversions	433	661	-34.5%
Infrastructure and others	441	676	-34.8%
Total	1,577	1,583	-0.4%

Investments (in millions of R\$)



Distribution of the investments



COMPETITIVE STRENGTHS

> Brands

Over the course of its trajectory, the Group has reinforced the Pão de Açúcar and Extra brands and, more recently, those of Assaí, Pontofrio and Casas Bahia, which have been incorporated into its portfolio, and which today are synonymous with quality and reliability. They express the innovative spirit that permeates the Company's activity, as well as its commitment to offering quality products to its customers. In 2012, Extra and Casas Bahia were the most recognized brands in supermarkets and furniture, appliances and electronics stores in the Top of Mind study by the journal Folha de S.Paulo.

> Exclusive Brands

Beyond offering a vast assortment of products through a variety of lines, GPA maintains the proprietary brands Taeq, Qualitá, Casino and Club des Sommeliers. Developed with strict quality controls and following market trends and needs, they contribute to sales margins and build customer loyalty. Today, Qualitá is among the five biggest food brands in the Brazilian market (retail food/consumption goods).

In 2012, 286 new proprietary-brand products, representing 7.8% of the Group's sales during the year, were launched. The "Taeq Bars, My Way" campaign, in which Facebook users suggest new flavors, was a highlight of the year. There were more than a thousand suggestions of cereal bars sent by internauts, and three new flavors were launched: Coconut, yogurt and lemon cream, with milk chocolate; Fig, brazil nuts and cocoa, with semi-sweet chocolate; and Cherry, nuts and dulce de leche, with milk chocolate. Another highlight was the encounter in France, arranged by Casino, with a group of 13 suppliers.

For 2013, the targets for growth include the introduction of a program to qualify suppliers, in partnership with the Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE), and the commencement of a program to improve quality.











> Supply chain

To efficiently manage demand and the distribution of products under each of its banners, Grupo Pão de Açúcar maintains advanced management tools that aim to add competitive strengths to logistical operations. One of these is Oracle Retail, which permits total integration among the activities involved in supplying the distribution centers and stores, which provides greater productivity and understanding of the profile of demand, and translates into reduced operating expenses.

In 2012, the migration of the Company's technological base to Oracle Retail was finalized at 100% of the Grocery operations, in addition to its expansion in Non-Foods and Perishables, ensuring more suitable inventory and assortments at each juncture in the chain. This gain in efficiency has made the process even more agile, reducing wastage and shortages.

One arm of this system, the Oracle Transportation Management (OTM) platform, was deployed at the Distribution Centers in São Paulo, optimizing routes and cargos, and reducing freight costs. In 2013, the tool should be scaled up to other regions.

The Company has 55 distribution centers in 18 states in Brazil, of which 21 are related to Retail Food. The largest of these is located on the Anhanguera Highway, in São Paulo; it has 2,100 employees, and segregates up to 780,000 boxes of products per day, to supply 450 stores.

In 2012, this distribution center reinforced the voice picking system — segregating merchandise on voice command — which has brought gains to the operation, mainly in terms of ergonomic improvements for operators, and consequently, in the productivity of separating items. The initiative permitted a change in controls, which previously were realized by means of paper spreadsheets, to online control in real time. The printed paper picking list of old has been replaced by a device called a "talkman" that clips to the operator's belt; a headset passes the list to the worker on voice command. The equipment has all the information on the collection tasks for the day. Streets and structures are appropriately identified for the link with the voice system. This action generated a productivity gain of approximately 15%.

Another highlight of 2012 was the introduction of our own fleet for home delivery. GPA purchased 90 urban cargo trucks (VUC) to deliver merchandise to customers. The Group closed the year with 194 transporters under contract, moving close to 1,800 third-party trucks that are fully dedicated to operations.

For 2013, an Advanced Logistics Unit project is under development, with the objective of decreasing the radius for distributing products to stores and sustaining more efficient growth and supply for the proximity store model. The pilot project is installed in an area attached to an Extra store on the Banks of the Tietê Highway (Marginal Tietê) in São Paulo. The location was chosen based on the concentration of 23 Minimercado Extra stores within a radius of 15 kilometers. The initiative was born of the focus on more efficient supply for the proximity model, which requires very fractionated volumes. The model will also serve as the basis for interstate supply.

> Global Sourcing

Toward setting the Pão de Açúcar banner apart, there is a department tasked with importing distinctive and exclusive products in the gourmet, textile and kitchen articles segments, at prices that attract consumers and compete in the retail market. The main purpose of the export department at Global Sourcing is to extend the dealings of GPA's suppliers in Brazil to the Casino Group's partners like Grupo Éxito in Colombia, Grupo Disco in Uruguay, Libertad in Argentina, and other shops worldwide, and also to clients that do not compete with Casino's operations outside Brazil, whenever there are synergies, business opportunities and better competitiveness for the group as a whole.

In 2012, certain imports intensified, most notably wines from Australia and New Zealand and cheeses from Holland, Spain and Italy. There was also collaboration between the textile and bazaar



sectors, resulting in new product sourcing, including for example shirts imported from Peru. Also in this area, a business roundtable in São Paulo was held with Asian suppliers, yielding substantial gains in product pricing.

In the food segment, there were increases in the fish lines, with imports from China, like cod and salmon, among others. In the fruits, legumes and vegetables sector, the department organized a technical visit to the United States, in which roughly 80 Brazilian producers participated, to get to know, and improve on, production processes.

Global Sourcing also coordinated an effort to optimize imports of Casino brand products to Latin America, which resulted in a roughly 40% reduction in the freight cost – in addition to minimizing the supply risks pertaining to those operations.

In exports, 2012 highlights included two shipments to Angola, one of Brazilian bikinis and the other of powdered products like chocolate and other drinks and gelatin. For Paraguay, eight new textile suppliers for Grupo Pão de Açúcar and one for toys were developed. After nine months of development in 2012, two important exports materialized in 2013 – one to China and another to Hong Kong – involving wines from a Chilean supplier that produces the proprietary Club des Sommeliers, brand of wines.

Among things that harmed operations during the year were the exchange rate, with the appreciation of the real vis-à-vis the dollar, which made imports more expensive, and the antidumping measures imposed by the government. For 2013, the objective is to improve the quality of the mix of imported products, parlaying differentiation and exclusivity.

> Partnership with suppliers

Grupo Pão de Açúcar aims to establish partnerships with suppliers that include exchanges of information on consumers and their consumption patterns. This program ensures gains in competitiveness and profitability,



since it permits the Group to formulate better strategies when making its purchases, tailoring assortments and prices to demand and to the reality of each business format. This in turn also contributes to strengthening and developing the chain of suppliers, which utilize stores as a channel of innovation for launching new products.

In 2012, a project to reduce stock-outs commenced, to improve the supply chain. This is a co-management effort to optimize inventory, realized in partnership with suppliers. GPA supplies information on consumption

profiles and the supplier manages the demand for stock, so as to supply stores more efficiently. The pilot was conducted at 24 stores under the Extra and Pão de Açúcar banners in Baixada Santista (SP), in conjunction with Unilever. GRIEGE

> FIC

Since 2004, Grupo Pão de Açúcar has maintained a partnership with Financeira Itaú CBD (FIC), as yet another way to attract customers and build loyalty. FIC manages Extra and Pão de Açúcar credit cards and offers a range of products, including among others personal and payroll credit, bill payment, and installment invoicing, with differentiated rates and benefits.

The year 2012 was one of transformation and preparation for a challenging future for Brazilian credit cards, with reduced interest rates and thus lower financial revenues. To maintain the profitability and sustainable growth of the credit portfolio, it is essential to keep defaults under control.

FIC prepared itself to serve the market and offer credit to customers under the Pão de Açúcar, Extra and Pontofrio banners at rates far below those established heretofore. This was the result of strict control of defaults, increased productivity among the sales forces and reassessment of the operating model to better align it with the retail objectives. In addition, FIC in 2012 finished the process of deploying chips in 100% of its cards.

With the objective of having credit card customers use the credit instruments best suited to their needs without jeopardizing their ability to pay, FIC and Grupo Pão de Açúcar together developed financial products with longer maturities and lower interest rates. The possibility of paying in installments, for example, helps customers organize their debts, reduces defaults and increases loyalty.

FIC continues to advance in its quest to increasingly become the best payment and financing option for customers of the Grupo Pão de Açúcar under its different banners and sales channels.

> Information technology

Technology is one of GPA's allies in pursuing sustainable growth. Toward this end, there is constant investment in continuing technological improvement in its processes, to increase productivity and reduce operating costs. To offer outstanding products at competitive prices, the Group has a modern IT structure, with latest generation equipment and platforms, robotic processes and constant support. There is also advanced hardware and software, most notably Oracle Retail, a modern system of management that ensures greater efficiency in the logistics of supplying the stores, with a minimal margin for error.

In 2012, the project to deploy Oracle Retail continued, with the adoption of Business Activity Monitoring (BAM) - an instrument to monitor and manage processes in the supply chain - and the Transportation Management System (TMS) module, to optimize the process of transporting merchandise, which will contribute to efficiency gains and reduced freight costs. The Customer Comes First program also began, which will permit, through a SAP HANA solution, having a singular view of the customer, creating loyalty programs and campaigns for a targeted public.

Through the adoption during the year of processes for training, consciousness raising and preventive maintenance at stores, it was possible to improve the availability and the useful life of the equipment in front of the cash registers. In addition, more than 10,500 pieces of equipment at approximately 680 stores were replaced, at an investment of R\$32 million. This modernization process also extended to the Group's largest distribution center, through the introduction of picking-by-voice technology, with a focus on efficiency in the picking operations. (For more information, see Supply chain).

A strategic roadmap was established to advance in the IT area over the next three years, considering technological trends and business needs on four fronts: Architecture of Systems and Information, Infrastructure, Information Security and Governance. Accordingly, the expectations for 2013 contemplate, among other initiatives, ongoing modernization of the technological equipment, considering the replacement of another 10,000 pieces of equipment at approximately 350 stores; the implementation of the Demantec Markdown module, to streamline inventory turnover at stores, with lower losses of margin; cementing the Customer Comes First program; and introducing the issuance of an electronic tax coupon at stores, to meet the SAT-Fiscal requirement.

> GPA Malls & Properties

As the real estate arm of Grupo Pão de Açúcar, GPA Malls & Properties is responsible for managing the Company's assets, adding innovative solutions that yield results in addition to those of retail. Among its responsibilities is that of managing the Group's expansion projects through prospecting for, negotiating and deploying new stores. These activities are in addition to the objective of enhancing the return on real estate investments.

Projects in this line were an operational highlight in 2012, with three swaps of GPA Malls & Properties land in partnerships with developers responsible for selling, building and delivering the units. The following ventures were launched: Figué Santo André, with a total of 64 apartments and potential aggregate sales of R\$44 million; Guarulhos Bosque Maia, with



568 apartments and potential aggregate sales of R\$331 million; and Thera Faria Lima, a combination of 397 residential apartments and 575 offices, with potential aggregate sales of R\$531 million.

> Human Capital

GPA's management model, above all else, seeks to attract, develop and retain talent. The Group understands that it is these employees that, through a program of well defined goals, skills development and, mainly, alignment with its values, will put together the desired results. This positioning is supported by the "We want you to be happy here" cultural movement, which tries to establish a nexus of felicity among employees, Company and customers. This movement is a cycle that the Company wants to repeat continuously, and can be summarized as follows: when Our People are happy, developing themselves, and growing professionally, we are able to induce more happiness for Our Customers, who, satisfied, always return and bring forth increasing profitability for the Group.

> Sustainability

Sustainability is one of the strategic pillars of Grupo Pão de Açúcar and is present in its DNA, grounded in a long-term commitment with all its stakeholders. The chain of production is integrated in a model of respect for the environment, transparency in the dialogue with the parties and encouragement for sustainable development. To do so, it maintains a series of specific programs, projects and actions that seek superior performance in the economic, environmental and social arenas, reinforcing the concept of efficient management and educating on conscientious consumption.



PERFECTING THE MODEL

In its relationships with shareholders, investors and the capital markets, Grupo Pão de Açúcar stresses transparency, disclosure and equal treatment. The Company has been listed since 1995 on the BM&FBovespa at Corporate Governance Level 1, and its level III ADRs have been traded on the New York Stock Exchange since 1997.

O MODELO DE GOVERNANÇA CORPORATIVA DO GRUPO PÃO DE AÇÚCAR PRIVILEGIA A TRANSPARÊNCIA, A PRESTAÇÃO DE CONTAS E O TRATAMENTO IGUALITÁRIO.

The Group has since 2007 certified its compliance with the requirements of the Sarbanes-Oxley Act, as applicable to companies whose securities trade on the NYSE. It follows all the standards applicable to the conduct of its managers, for recording and controlling financial and accounting information, as well as access to confidential and non-public information and data. As a publicly traded company in Brazil and the United States, it follows the determinations of Brazil's Comissão de Valores Mobiliários (CVM) and the United States Securities and Exchange Commission (SEC).

The Group's results and future goals and strategies are discussed at meetings of the Board of Directors. Performance is disclosed to the public by means of quarterly reports, Annual Financial Statements and a Formulário de Referência, in addition to the Annual and Sustainability Report, as prepared pursuant to the GRI guidelines. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). GRI 4.9

In 2012, there was a change in the shareholding control of the Company. As provided in a shareholders' agreement signed in 2005, the Diniz Group exercised its share put option and the Casino Group took control of Wilkes Participações, the holding company that controls GPA.

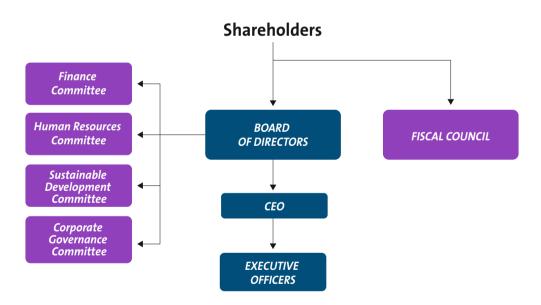
GOVERNANCE STRUCTURE

Although listed as level 1 of the Corporate Governance segments of the BM&FBOVESPA, the Group has adopted heightened governance practices required for level 2 and Novo Mercado companies, including among others: a Board of Directors with independent members; four committees to advise the Board of Directors, and an Audit Committee, which currently is not installed; a dividend policy; an annual self-evaluation by the members of the Board of Directors, the respective committees, and the Fiscal Council, when installed. There is a shareholders' agreement that governs voting rights and the circulation of shares. Any conflicts of interest among the controlling shareholders are resolved through international chambers of arbitration. GRI 4.4 | 4.6 | 4.10

GPA's principal governing bodies are the Board of Directors, the Board of Executive Officers and the Audit Committee. They are responsible for acting in harmony to obtain perennial results, to sustain the business. The Board of Directors and the Board of Executive Officers are tasked with establishing long-term strategies and making decisions, with the advice of technical committees that are competent to support the discussions and decisions. The Bylaws permit contracting external members, who play a fundamental role in executing tasks. Finally, the Audit Committee monitors the Group's accounts. GRI 4.7; 4.12

The Shareholders' Meeting constitutes the principal channel of communication between shareholders and the directors, as a space for recommendations or criticism on the Company's performance. Invitations to the meetings are sent out 15 days in advance, with the exception of the Annual Shareholders' Meeting responsible for approving the financial statements and allocating the results, which is announced 30 days in advance. Likewise, shareholders may direct themselves to the Investor Relations department, at +55 (11) 3886-0421 or e-mail gpa.ri@grupopaodeacucar.com.br. For employees, there is a specific channel, represented by the Ombudsman, and workers' commissions are consulted basically in regards to workplace safety. Finally, consumers may be in contact through customer support, an open channel for elegies, complaints, suggestions and questions regarding products and services. GRI 4.4

Organizational structure 1 GRI 4.1



¹ Until October of 2012, the Fiscal Council was of a permanent character.

> Board of Directors

The highest governing authority, the Board of Directors is elected at Shareholders' Meetings, for a mandate of three years, with reelection being permitted. It consists of at least 3 and at most 18 members, and currently has 15 members, including four independent directors. The independence concept is provided in the BM&FBOVESPA's Novo Mercado regulations, which, among other aspects, is characterized by not having any linkage with the Company, except a stake in the capital. Specialists in their respective areas are also invited to contribute to the discussions in the meetings. GRI 4.3

Among its main powers are those of electing the executive officers, conducting the corporate governance process, supervising the conduct of the business, and defining and monitoring the Group's strategies. This body is also responsible for approving the financial statements, the annual budget, the investment plan, and the issuance of new shares. The chairman is not an executive at the Company. GRI 4.2

Board members meet in the ordinary course five times a year and on an extraordinary basis whenever convened. In 2012, there were 18 meetings. Director compensation, paid based on the number of hours in effect dedicated to the Company, totaled R\$7.9 million. GRI 4.5

> Board of Executive Officers

The Board of Executive Officers consists of at least 2 and at most 14 members, including a CEO and the other officers. Currently, the Board of Executive Officers consists of nine market professionals, including one chief executive officer, one vice-president and seven executive officers, as elected by the Board of Directors. They are responsible for executing resolutions of the Board of Directors, and managing the daily affairs of the business. Executive compensation consists of a base salary, with the objective of maintaining equilibrium in relation to market practice, profit sharing, and a stock option plan, which constitutes an incentive offered to executives to ensure a sustainable and long-term business. The variable compensation is linked to hitting performance targets. In 2012, total compensation paid to the Board of Executive Officers was R\$32 million, plus R\$20.6 million of expenses on the stock option plan. GRI 4.5

> Fiscal Council

Acting independently from the Administration and the Company's external auditors, the Fiscal Council is of a non-permanent character within the Group, and also exercises the functions of an Audit Committee, in line with the terms of U.S. law. It is formed by 5 sitting members and an equal number of alternates, elected at the Shareholders' Meeting for 1-year terms. It remained installed from 2009 to 2012, when it was of a permanent character. In 2012, the Fiscal Council had three members and three alternates. Among its main responsibilities are those of assessing the financial statements, checking the qualification and independence of the independent auditors; monitoring the work of the internal auditors; monitoring internal controls; and managing risks, in addition to investigating claims and allegations. In 2012, members of the Fiscal Council met 14 times. Member's fixed monthly compensation, which is dependent on participating in the meetings, totaled R\$486,000 in 2012.

COMMITTEES

The GPA Board of Directors enjoys the ongoing support of committees that are responsible for backing the decision-making processes. In 2012, this structure was reinforced by the creation of a Governance Committee, responsible for looking after the relationship between the Board of Directors, the Board of Executive Officers and shareholders, manifesting itself in cases of conflicts of interests, and reviewing policies for contracting related parties, and an Audit Committee, responsible for analyzing management's report and the financial statements of the Company and the entities it controls, evaluating the effectiveness and sufficiency of the structure of internal controls and the internal and independent auditing processes of the Company and the entities it controls, including in light of the dispositions of the Sarbanes-Oxley Act.

Composed of members of the Board of Directors itself and external members, the committees' mission is to ensure quality in the canvassing of information pertaining to managing the business and developing long-term strategies. All committee members have a three-year mandate – except on the Audit Committee, where they have a one-year mandate. Should their members be replaced, those elected will serve another term.

The committees meet periodically to analyze the matters within their bailiwick, and to monitor the actions taken by the Board of Executive Officers. Having analyzed such matters, the members that participate in the Board of Directors report the work of the committees to the Board of Directors.

> Corporate Governance Committee

Formed by at least three and at most five members, it currently has five members, of whom four are independent, and works to ensure the adoption of best practices for corporate governance.

> Human Resources and Compensation Committee

Formed by at least three and at most five members, it currently has five members, including two independent members, and meets every two months. The committee guides strategic planning for personnel management and the Company's compensation policy. It is also empowered to evaluate candidates for the Board of Directors and the Board of Executive Officers; monitor executive performance evaluations; and review recruitment and contracting methods, among other activities.

> Finance Committee

Formed by at least three and at most five members, it currently has four members, including two independent members. The committee meets at least every two months, and is charged with guiding the Group's finance strategy and proposing mid- and long-term solutions. It is also responsible for monitoring and supervising the implementation and realization of the annual investment plan, and reviewing and recommending opportunities related to financing transactions to improve the capital structure. It also proposes guidelines for managing the Company's cash.

> Sustainable Development Committee

Formed by at least three and at most five members, it currently has five members of the Board of Directors and one external member, responsible for establishing the Group's overall guidelines to ensure sustainability in all actions, strategies and relationships. Active since 2009, it meets at least once every two months, and is responsible for evaluating institutional projects and campaigns that involve socio-environmental matters. This work is guided by two pillars of actuation: education for sustainability, encouraging conscientious consumption, involving customers, suppliers and employees; and efficient management, with programs for waste management and incentives for small producers.

> Audit Committee

Formed by three members, of whom at least two will be external and independent, they have a mandate of one year. Currently, it is not installed. The Audit Committee is responsible for analyzing management's report and the financial statements of the Company and the entities it controls, evaluating the effectiveness and sufficiency of the structure of internal controls and the internal and independent auditing processes of the Company and the entities it controls, including in light of the dispositions of the Sarbanes-Oxley Act. If the Fiscal Council is installed in a given fiscal year, it will fall to the Board of Directors to resolve on the scope of responsibilities to be exercised by the Audit Committee in that year, and it may, at its sole discretion, opt to suspend the functions of the Audit Committee, and delegate to the Fiscal Council, in full or in part, the functions and responsibilities of the Audit Committee.

CODES AND POLICIES GRI 4.8

Grupo Pão de Açúcar has a handful of codes and policies with guidelines and procedures that should be followed in order to ensure sustainable actuation, based on principles that value freedom, integrity, loyalty, transparency and justice. The documents, which are widely disseminated among all employees and other stakeholders, are available for viewing or downloading in the website www.gpari.com.br.

The objective of the Policy on the Disclosure and Use of Material Information, and Confidentiality is to establish the rules in respect of disclosing material information and keeping non-public information confidential. Likewise, the Policy on the Trading of Securities establishes rules and procedures that must be observed in any trading of securities issued by the Company, or referenced to them, to ensure observance of practices of good conduct and avoid the inappropriate use of inside information.

Created in 2000 and relaunched in 2011, the Code of Moral Conduct is intended to provide uniform standards for its directors, officers, employees, suppliers, customers and the public in general, encouraging behaviors and attitudes that are in harmony with the Company's fundamental values and guidelines. The document explicitly repudiates any and all practices characterized as deviate conduct or disrespect for human rights, such as child or slave labor, or corruption, among others.

The Company has a channel for complaints, the Call-for-Action (Lig-Ação), by means of which employees, suppliers or business partners may report illicit actions that violate the Code of Moral Conduct or that constitute fraud. Complaints may be lodged by phone during business hours (Monday-Friday, 8 a.m. to 5:30 p.m.) or by voice mail other times, both at 0800-55-57-11; by e-mail ligacao@grupopaodeacucar.com.br or by mail (Grupo Pão de Açúcar — 0800 — São Paulo — SP — CEP 01401-999).

All complaints received by the Call-for-Action are sent for investigation, and are documented and monitored by means of management reports. All these channels work toward protecting complainants, who need not identify themselves at the time of making the complaint. The Call-for-Action covers the operations of Grupo Pão de Açúcar, Assaí and Nova Pontocom. Viavarejo's operations have their own means of contact, which function similarly.

The Group also has an Ethics Committee, tasked among other matters with updating the Code of Moral Conduct and handling situations not covered in the document. The Committee acts at all Group companies except Viavarejo and Nova Casas Bahia, which formed their own committees in 2013.

INVESTOR RELATIONS GRI 4.4

The Office of Investor Relations is responsible for serving shareholders, investors and market analysts. It is tasked with promoting dialogue with these constituencies, and establishing a series of initiatives that aim at transparent communications between Grupo Pão de Açúcar and its stakeholders, including the following channels:

- > Teleconferences and publication of releases with each quarterly disclosure of results;
- > Telephone and e-mail contact and meetings at the Company's headquarters;
- > Investor Day, oriented toward analysts and other capital markets professionals;
- > Presentations at public events in Brazil sponsored by financial institutions in the Brazilian and international markets;
- > Maintenance of updated Investor Relations websites (www.qpari.com.br and www.viavarejo.com.br/ri).

EXTERNAL AUDITING

The relationship with the external auditors is guided by the principle of independence and by the standards established by the Comissão de Valores Mobiliários (CVM), such as the prohibitions on these professionals auditing their own work, exercising management functions at the Company and promoting its interests. Independent auditors are rotated every five years. In 2012, Deloitte Touche Tohmatsu Auditores Independentes audited the financial statements.

RISK MANAGEMENT

In its management processes, Grupo Pão de Açúcar maintains tools that can identify, shape, assess and guide contingency plans or plans to eliminate factors adverse to its results. These management processes permit an assessment of any non-compliance that could negatively affect the Company's results, helping mitigate potential risks and suggesting specific control strategies. GRI 1.2

The Group follows the Precautionary Principle, established during the United Nations Conference on the Environment and Development. The document affirms that in the absence of formal scientific certainty, the organization should adopt preventive measures capable of avoiding serious or irreversible damage to human health or to the environment. Accordingly, the Company adopts the best environmental and corporate governance practices. GRI 4.11

OPERATING RISKS

> Product

Products are inspected at distribution centers throughout Brazil by a technical and operational Quality Control team, in order to keep sub-par goods from the stores. The protocol for quality is established through spec sheets and manuals in accordance with GPA's internal standards and applicable law. A Food Security team monitors legal matters and compliance with Health Surveillance and the other supervisory agencies, and the quality of the products displayed in the stores, through assessments of storage, docking, handling, good practices, display, hygiene and cleanliness, structure and cold chain.

> Market

The Company's results are directly related to the performance of segments linked to retail, which are marked by fierce competition and growing pressure on operating costs (such as wage increases in excess of inflation). To address this and oscillations and uncertainties in the national economy, the Group sets itself apart through its multibusiness and multichannel structure, which permits attention to different consumer demands; a broad distribution network, which ensures agility and efficiency in supply and delivery; economies of scale, which entail better negotiating conditions and higher productivity; diversified and exclusive products sold under proprietary brands; pricing policies aligned with the characteristics of each market; and outstanding customer service. These aspects sustain the Group's leadership in national retail, in addition to the respect and admiration of customers, employees, partners, and the wider society.

> Technological

To minimize the risks of obsolescence of the operational equipment, Grupo Pão de Açúcar has an intense investment program, which in 2012 involved R\$441 million in technological and logistics infrastructure. The adoption of modern technologies, like Oracle Retail, as utilized in commercial management and logistics, confers gains in efficiency and safety and reduces production costs. In addition, intensive programs to maintain the operating and back-up infrastructure of the stores are conducted.

> Structural

Group installations and equipment are covered by insurance. An Engineering Risks department is responsible for identifying probable risks and prioritizing actions to mitigate them, ensuring the physical safety of customers and employees in the stores. The Company also has a Preventive Maintenance department, which is responsible for store equipment.

> Losses

The Loss Prevention Department acts throughout the retail chain – notably in the stores and distribution centers – with the objective of diminishing wastage and preventing loss of inventory. The department uses a variety of tools to register and monitor stock wastage, reporting the results systematically to the managers and officers.

> Suppliers

To minimize the risk of disreputable suppliers, the Group has a systematized process to confirm the good standing of the suppliers for all the business units, at the sites of the Federal Revenue Service and the State Treasuries. If a supplier is not in good standing, the Company does not contract with it.

FINANCIAL RISKS

> Credit and defaults

To guard against default risks, lay-away sales at the Group's stores are effected through third-party cards or cards issued by FIC (Extra, Pão de Açúcar and Pontofrio) and Bradesco (Casas Bahia). Casas Bahia also has Credit Direct to the Consumer transactions, with the issuance of payment vouchers. The risk for transactions with proprietary cards is divided with FIC and fully assumed by Bradesco, in the case of Casas Bahia. Lay-away sales policies vary depending of the particularities of retail food, durable household goods, and e-commerce.

> Liquidity

GPA raises funds and uses proceeds in accordance with the Sarbanes-Oxley Act guidelines, with control of the maximum permitted leverage, prohibitions on exchange rate risks and maintenance of elevated cash reserves. The Group invests its reserves with Brazil's largest financial institutions with proven strength, with daily liquidity and rates as a percentage of the overnight interbank deposit rate (CDI). In 2012, the Group stopped using securitized receivables structures (Fundos de Investimento em Direitos Creditórios -FIDC), in favor of discounting

all of its credit card receivables with banks and acquirers. The Globex FIDC was terminated and the PA FIDC was transformed into the Rabobank Multicred FIDC, with shares exclusively from Rabobank, which also purchases assets from other companies. (For more information, see economic and financial performance.)

> Indebtedness

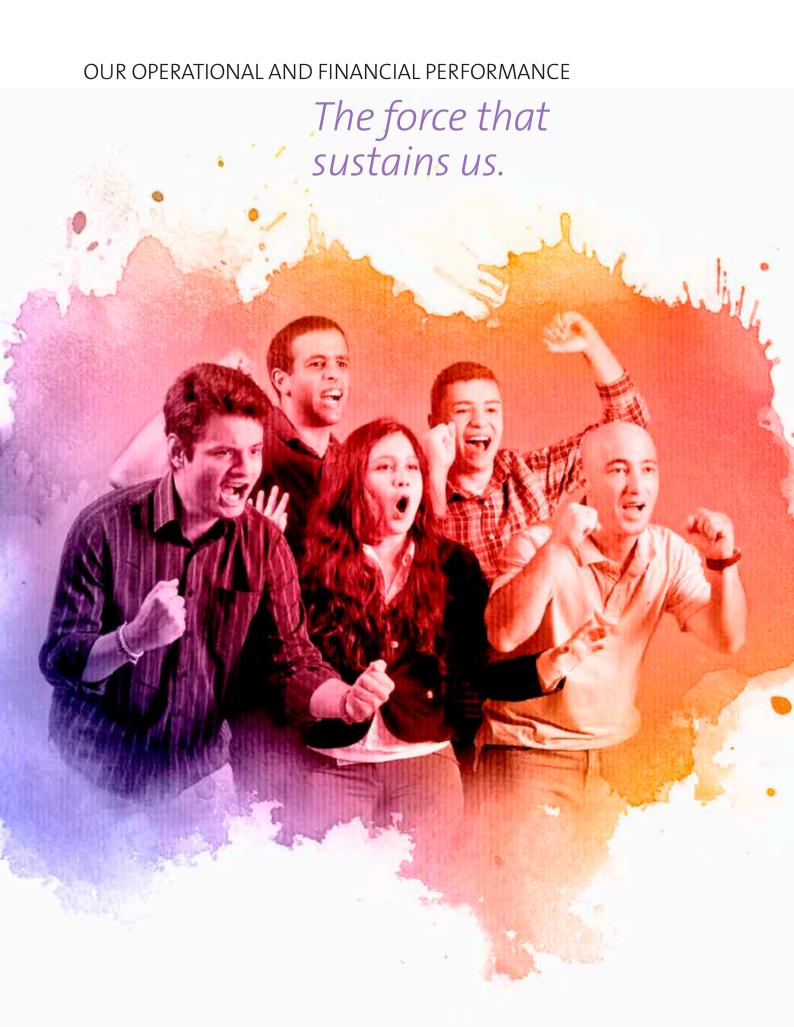
The Group obtains funds through capital market operations such as debenture issuances, or through bank loans in reais, with interest rates pegged to the DI overnight interbank deposit rate (loans in foreign currency fully hedged by swap transactions for reais and interest rates pegged to the DI). Financing is also realized with the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in reais (pegged to its TJLP long-term interest rate, or at fixed rates).

In 2012, the Company issued a new series of debentures, with the objective of lengthening its debt profile and reinforcing cash reserves, raising R\$1.2 billion for Companhia Brasileira de Distribuição (CBD), at a cost of CDI + 1% per year, maturing in 42 months. There was also a debenture issuance at Nova Pontocom (NPC), in the amount of R\$100 million, at a cost of 105.35% of CDI, maturing in 12 months; and an issuance at Nova Casa Bahia (NCB), in the amount of R\$400 million, at a cost of CDI + 0.72% per year, maturing in 31 months.

At December 31, 2012, net debt totaled R\$777 million, compared to R\$1.4 billion at the end of 2011; the ratio of net debt to EBITDA was 0.2x, compared to 0.5x in December of the prior year. Considering the consumer financing payment vouchers, the ratio of net debt to EBITDA was 0.9x at the end of 2012 and 1.2x at the end of 2011.

> Exchange Rate

The Company does not arbitrage its debt transactions or financial investments, and is not exposed to exchange rate risks. All the Group's financial transactions are effected in reais or are fully hedged by swap contracts for real/CDI.



OPERATIONAL

THE YEAR 2012 WAS MARKED BY STRONG INVESTMENT IN EXPANDING THE CHAIN, WITH THE INAUGURATION OF 104 STORES, A LARGE PART OF THIS EXPANSION WAS CONCENTRATED IN THE SOUTHEAST AND NORTHEAST REGIONS, WHICH ARE DEEMED STRATEGIC FOR THE BUSINESS.

The year 2012 was marked by strong investment in expanding the chain, with the inauguration of 104 stores and the creation of more than 10,000 jobs. The net increase was 78 units, from 1,804 in 2011 to 1,882 in 2012, with a highlight for the Minimercado Extra model, which reached 107 points of sale during the year. A large part of this expansion was concentrated in the Southeast and Northeast Regions, which are deemed strategic for the business. By the end the year, aggregate sales floor totaled 2.9 million square meters, with 14,993 checkouts recording a total of 642 million invoices, 1.2% higher than the volume in 2011 (635 million).

Reinforcing the preoccupation with sustainable growth and environmental preservation, two new Green stores under the Pão de Açúcar banner were inaugurated: one in the Central-West, in Goiânia (GO), and another in the Northeast, in Recife (PE). In Taubaté (SP) one Extra Hiper store that follows all the sustainability concepts was inaugurated.

Expanding number of stores

Number of stores	2010	2011		2012	-	
			Opened	Closed	Total	Variation 2012/2011
Pão de Açúcar	149	160	4	1	163	3
Extra Supermercado	101	204	3	0	207	3
Extra Hipermercado	110	132	6	0	138	6
Minimercado Extra	68	72	39	4	107	
Assaí	57	59	3	1	61	2
Pontofrio	506	401	8	12	397	-4
Casas Bahia	526	544	25	1	568	24
Drugstores	153	154	10	6	157	3
Fuel stations	81	78	6	0	84	6
Total	1,751	1,804	104	25	1,882	78

Other news included the launch of Extra Delivery, to supplement the Extra family. Developed in the same mold as Pão de Açúcar Delivery and initially destined for the city of São Paulo, the project seeks to add more value to the brand, which tries to be present in all the moments of customers' lives, with quality products and services and agile delivery.

For the second consecutive year, the Extra brand participated in the international Black Friday event, through physical stores and e-commerce, for retail food and non-foods. Some specific actions were also realized at Pão de Açúcar, such as sales of special drinks and other items. The result was quite robust, with growth of more than of 20% over sales from the prior edition.

The year was also marked by intense maintenance and other work in the pursuit of efficiency, to increase productivity under all the banners. The main gaps of the stores were mapped, on fronts such as logistics, personnel and technology, to seek solutions and projects focusing on operational excellence.

RETAIL FOOD

Supermarkets

> Pão de Açúcar

During the year, the pursuit of innovation and sustainability intensified, focusing on growing market share and building customer loyalty, most notably the exclusive participation in the Rio + 20 – United Nations Conference on Sustainable Development in the city of Rio de Janeiro. The Group promoted important workshops of dialogue on the proposed Decalogue for Sustainable Production and Conscientious Consumption. In addition, the banner put together a store in the Riocentro with a sustainable focus, with healthy organic products and items from Caras do Brasil program. The fixtures and employee uniforms were made of sustainable materials that were later reused in other stores under the brand.

Also with a focus on sustainability, the brand promoted actions to improve its organic product lines, with a larger assortment, in addition to more arresting shelves or islands in the stores to display the items. The changes resulted in greater interest on the part of consumers, increasing sales in the category by 28.6%. Furthermore, the packaging of organics under the Taeq brand acquired a more modern look, and price repositioning was promoted.

By way of innovation, the banner launched the Virtual Showcase, yet another channel for consumers. Using physical panels that simulate a supermarket display, with images and QR codes for products, the customer chooses products and, using a smartphone or tablet, orders the items and receives them through Pão de Açúcar Delivery. The pilot project, unprecedented in Brazilian retail, was launched at Shopping Cidade Jardim, in São Paulo, and



offered a mix of more than 300 products, including cheeses, beers, organics, cold cuts, fruits and legumes. The initiative contemplated another two showcases: one for the Pleasures of the Table event, of which the brand was a sponsor, in the Editora Abril building, and another at the Group's headquarters in São Paulo.

Seeking increasingly efficient and innovative solutions, the brand expanded its Delivery Express model, broadening the assortment of products delivered, in the capital and in certain cities in the interior, within four hours.

Another highlight was the debut of the new institutional campaign "The creation of good times — we're the ones" ("Um momento feliz é a gente que cria") in a 360° communication. The campaign included specific actions at all the interfaces for the brand, such as social networks, Pão de Açúcar Delivery and point-of-sale material, in addition to television spots. Other news included the evolution of the "What Makes You Happy" concept, which became the brand signature. People were invited to take a fresh look at their lives, seeking in their day-to-day different moments of happiness. The focus of the campaign is above all on valuing something that has been present throughout the history of the brand: happiness.

Some campaigns were also created to buttress the existing strengths of the banner, such as "Neat Monday and Tuesday," with a broad range of cleaning products; "Good Times – BBQ and Beer," linked to "The creation of good times – we're the ones" concept and realized in partnership with a large meat supplier and another of drinks. Another campaign was "Off-Price," focusing on special deals on products or categories that receive larger investment in brand exposure – at Christmastime, for example, this campaign got support from spots shown on television. In addition to stores with wine specialists, the number of units with cheese specialists increased, to more than half of the stores in Brazil. These professionals are available to answer questions and orient customers.





The Flavors of the Week magazine, a vehicle with 1.2 million copies circulated each week, expanded its footprint, with inserts in local papers and in Veja magazine. [Another highlight was the Programa Mais, which included promotional campaigns on commemorative dates such as Christmas, and marketing initiatives that helped boost the program, which ended the year with 2.7 million registered customers, of which 800,000 were active. The average Mais customer invoice was 50% higher than the brand average, and the initiative now accounts for nearly 50% of Pão de Açúcar's total sales.

In 2012, the Pão de Açúcar Mais program's customer base with registered e-mail addresses increased 44%. The program closed the year with 201,690 new registered customers, bringing the total to 2.7 million, with 830,487 active customers accounting for roughly half of sales under the banner. (For more information, see Programa Mais.)

Four new stores were opened in 2012: two in São Paulo, in the cities of Guarujá and Ribeirão Preto, one in Recife (PE) and another in Goiânia (GO), these latter two developed within the green store concept. They present comprehensive solutions in sustainable retail, providing customers with a broad range of products and services, with great emphasis on the concepts and practices of sustainable management and consumption.

> Extra Hiper

To strengthen the brand's positioning, through the institutional "Por uma Vida Mais Família" campaign launched in 2012, Extra launched a series of actions during the year that showed Extra to be a place where consumers can find everything they need: good prices for a varied assortment of quality goods. To convey the sense of family, the brand encouraged Brazilian families to send videos and photos that captured good times. Those chosen were included in television ads that were shown from March through June in prime time.

Another highlight for the year was launch of Extra Delivery for Foods, an e-commerce operation for foods at www.extra.com.br. It was the first time that a hypermarket had made an assortment of foods, beverages, personal and household effects besides appliances, computers and electronics available, through a channel other than the physical stores. The service offers an assortment of 15,000 items, including goods from the grocer, butcher, and baker; frozen and dairy items; fruits, vegetables and legumes; and pet, cleaning and personal hygiene products. The service debuted with the motto "Everything Extra has, it has on the Internet too," and offered 12 hours of exclusive deals at the site.

For the second straight year, Extra Hiper promoted the Black Friday event, in the molds of the pioneering North American event of the same name, on the last Friday of November. The deals extended to physical stores and e-commerce. For the second consecutive year, Extra was the sole banner in retail to promote Black Friday in the physical stores, which saw growth of 24.5% over the event in 2011.





The textile segment was repositioned, which involved remodeling 23 stores to improve the location of display areas, with bolder layouts, special flooring and illumination, samplers, express check-out counters, and other differentials that add more value to the business. By the end of 2013, another 32 Extra stores are slated to join the new format. The repositioning also contemplated the introduction of collections developed by designer Marcelo Sommer, who developed an exclusive line for Extra. The strategy follows the trend of the large international retailers to partner with renowned designers to develop exclusive collections for the chains.

Likewise, the Bakery and Ready-to-Eat departments were improved, with more modern layouts and new packaging, in addition to greater product diversity; Meats and Poultry brought back the butcher, improving customer service; the highlight in Sports was the bike segment, with assemblers available in the stores where the product is sold; and Bazaar set up special tables to display outstanding products.

Another action that helped leverage sales was the "Red Alert" campaign, occurring eight times over the course of the year. Customers could enjoy discounts of up to 50% on bazaar items and textiles, with up to 18 interest-free installment payments using the Extra Card for the entire line of durable household goods, in addition to deals in foods. The action touched Extra Hiper and Extra Supermercado stores nationwide, in addition to e-commerce and home food delivery.

Six new stores were opened during the year, including three in the state of São Paulo, in the cities of Taubaté, Caraguatatuba and Campinas, one in Goiânia (GO), one in Fortaleza (CE) and one in Natal (RN).

> Extra Supermercado

There were a series of adjustments during the year to upgrade the new Extra Supermercado stores – resulting from of the conversion of the old CompreBem and Sendas stores – to the operating and cultural standards of the Extra brand. The product mix was also expanded.



To reinforce the multi-channel concept and seek greater synergy between the physical and virtual worlds, 14 stores in the Extra Supermercado chain got kiosks with terminals for online product sales on the sites of

the Extra.com network. In the space, employees guide consumers, who can buy, right there at the terminals, merchandise that is not available at the supermarket, like appliances, electronics, and furniture.

In 2012, three new stores were opened under Extra Supermercado banner, including two in São Paulo, in the cities of São Bernardo do Campo and Mongaquá, and one in Rio de Janeiro.

Proximity

> Minimercado Extra

The process of converting the old Extra Fácil format to the new Minimercado Extra proximity business model was finalized in 2012. Beyond remodeling the old stores, expansion recommenced, with the opening of 39 new points of sale, now totaling 107 stores spread throughout the greater São Paulo metropolitan area, Campinas and Baixada Santista.

The more spacious sales floors of the new model further set it apart, with more products, especially in perishables, including those at the meat counter, bakery, in cold cuts and frozen foods, and a variety of fruits, legumes and vegetables, reinforcing the concepts of variety, quality, dependability, practicality and comfort for the customer. For 2013, the expansion plan has slated another 100 Minimercado Extra stores to open.

Drugstores

> Extra and Pão de Açúcar Drugstores

The model Drugstore was greatly expanded in 2012, both in the physical part, with the remodeling and expansion of 25 units, and in the opening of 10 new stores, bringing the total number to 157 at year-end. The new model of Drugstore increases the sales floor, and reinforces the assortment in Non-Medications, with Perfume and Beauty items. This repositioning afforded double-digit business growth during the year.

To train service personnel for the retail stores, the brand's Pharmacy School program was launched in 2012, in a partnership between the Drogaria Extra Faculdade and Anhembi Morumbi (which has a seal of Pharmacy Excellence from the Conselho de Farmácia de São Paulo). The drugstore operates in the Centro da Anhembi campus in Mooca, where the graduate courses in Pharmacy are offered. The idea is to give future pharmacists direct contact with the phases of assembling, administering, handling and dispensing medications and cosmetics. Professional practices are promoted,



to develop skills and abilities in the areas of inventory control, customer service, pharmaceutical assistance and financial management. In addition, the Extra Drugstores teams take advantage of the technical content and infrastructure of the faculty for new developments.

Fuel stations

In 2012, Grupo Pão de Açúcar inaugurated six new fuel stations, ending the year with a total of 84 establishments. The stations represent yet another option for customers to be able to dependably fuel the car and make purchases at a single location. Extra reinforces the requisite quality of service. The brand, which only works with the largest and best suppliers in the market, has extremely competitive prices and fuels of superior quality.

Before reaching the car's tank, all fuel is tested three times. The first test is performed at the distribution base. Next, upon arriving at the station, specialists collect a new sample from the trucks and retest the products. Finally, to further quarantee quality, standardizing labs do a final test.

SELF-SERVICE WHOLESALE

> Assaí Atacadista

Operating in the self-service wholesale format – Assaí serves small and mid-range businesspeople, transformers (owners of diners, restaurants, pizzerias and kiosks) and users up to and including the end consumer. More than 8,000 items are offered, from grocery, foods, perishables, packaging, bazaar, hygiene, beverages and cleaning, from large national, regional and imported brands. The main differentials of the chain are its low operating cost, competitive prices, mix and volumes of merchandise suitable for its clientele.

In the last two years, the business underwent an intense review process and reworked the assortment of products, toward better serving a main target clientele: entities. In addition, a new store format was established for the sharp expansion process planned for the next three years. In relation to the existing facilities, the stores in the new format went from averages of 2,400 square meters of sales floor and 4-meter ceilings, to 6,000 square meters and 8-meter clearances, respectively, including two in São Paulo, in the cities of Mogi das Cruzes and Ribeirão Pires and one in João Pessoa (PB).



For 2013, another 18 new units are slated — including three that were inaugurated early in the year, in Maceió (AL), Cuiabá (MT), and Guiainazes (SP), expanding activity to nine states.

Among the benefits that the brand offers customers are: a broader line of perishables; greater availability of products in stores; more accessible prices, including for purchases by individuals; the "Above" campaign, with wholesale prices for purchases of specific quantities; and acceptance of credit cards.

In the area of information technology, the chain adopted an innovative automation solution, the RuB System, which afforded significant advances in the operations on the floor of the store. The initiative is intended to improve the indicators for stock-outs on the sales floor. A modern intelligent device developed in partnership with Motorola and G.I.C. — Gerenciamento, Informação e Consultoria — puts together in one piece of equipment such functions as inventory and price management, G.I.C.'s Papa-Fila, and VoIP, facilitating greater agility and efficiency in the activities. The preliminary results suggest a 15-18% reduction in stock-outs.

Assaí also helps its entrepreneur clients to maintain healthy businesses. Toward this end, it signed a partnership during the year with SEBRAE, for consultancy services. This is a service designed to answer questions and orient entrepreneurs on how to start new businesses, become formal businesses or improve the management of their companies. This free service is offered on scheduled dates at Assaí stores.

To commemorate 38 years of operations and increase customer traffic in the stores, the chain had a large anniversary campaign in October and November of 2012. In all, 129 customers won prizes such as chicken roasters, cold cut slicers, TVs, computers, vertical freezers, and ovens, in addition to 11 Fiat Doblo vans.

Assaí's new business model introduced robust economies of scale, with reduced operating expenses and steady margins. As a result, the brand grew 18.5% during the year, reaching gross sales of R\$5.1 billion, net income of R\$80 million and EBITDA margin of 4.1%.

DURABLE HOUSEHOLD GOODS

> Viavarejo

Viavarejo brings together two important Brazilian retail chains (Casas Bahia and Pontofrio) in addition to Nova Pontocom's e-commerce operations (for more information, see Nova Pontocom). Together, at the end of 2012, the physical operations involved 965 stores, including 568 under the Casas Bahia banner and 397 under Pontofrio. With units in more than 400 municipalities in 16 states and in the Federal District, they closed the year with more than 56 million customers served. The Company is positioned among the 10 largest retailers of durable household goods in the world. GRI 2.8

The year was marked by four important movements:

- 1) Accelerated expansion of Casas Bahia, which inaugurated 25 units, emphasizing growth in the Northeast and North Regions 12 stores, including the first in the States of Pernambuco, Tocantins and Rio Grande do Norte.
- 2) Repositioning of Pontofrio as a chain focused on outstanding products and the main launches in appliances and electronics. Offering the technology most suited to customer needs, it tries to attract upper- and upper-middle income consumers and become the first choice for purchasing for this clientele.
- 3) Pursuing synergies, mapping opportunities among the businesses, deploying expense committees and furthering internal processes. For 2013, the goal is to continue to advance in operating results.
- 4) Creating the Our Cause Program, a transformative journey toward building a unified culture, taking into account the values that are most intensely put into practice by Casas Bahia, Pontofrio and Pão de Açúcar. The objective is to align, involve, engage and get all employees committed. (For more information, see Viavarejo Socio-Environmental [Performance] Employees.)



Casas Bahia – Dedicated to making the dreams of the great majority of the Brazilian population a reality, the chain conducts its business with an emphasis on getting close to consumers. It offers customers at the base of the pyramid the best opportunities for buying furniture, appliances and electronics, with different financing options. It is the most known and admired brand for middle- and lower-income consumers: for the seventh consecutive time, it was Top of Mind in the Folha de S.Paulo newspaper survey, in the category for furniture, appliances and electronics stores. According to a Brand Finance/Superbrands survey, it was considered in 2012 to be one of the 20 most valued brands in Brazil. GRI 2.10

Pontofrio – With the new positioning, it directed its attention to stores in shopping centers, opening seven new units. To provide a better purchasing experience, concept stores were created, with a reformulated layout encouraging experimentation, so that customers can test products before purchasing them. A survey by Consumidor Moderno magazine found Pontofrio to be the household durables retailer that most respects Brazilian consumers. GRI 2.10

Móveis Bartira – Viavarejo holds 25% of the capital of Bartira, one of the largest furniture makers in the world and the largest in Latin America, producing nearly 4 million items per year, sold exclusively at Casas Bahia, Pontofrio and Nova Pontocom. During the year, the process of repositioning the brand dug deeper, to spread the attributes of high value added, quality, durability and design.

E-COMMERCE

> Nova Pontocom

Created in 2011 based on the association between Grupo Pão de Açúcar and Casas Bahia, Nova Pontocom controls the Group's e-commerce operations. The company's portfolio includes the online operations of the large brands in national retail (CasasBahia.com, Extra.com.br and Pontofrio.com). It also recently launched the Bartiero.com and Partiu Viagens sites, and provides business-to-business operations: the e-Plataforma consultancy and the Pontofrio Wholesale operations. With these assets, it is aligned with the strategy of having multiple channels in Grupo Pão de Açúcar operations, and has earned a position among the three largest companies in the segment, with market share of 16%.

The development of the businesses was accelerated in 2012, with the creation of the Barateiro and Partiu Viagens sites. Barateiro. com offers items with minor damage, like scratches or being out of the original box, but that still have manufacturers' warranties - with discounts that can reach 60%. And Partiu Viagens, the first online travel agency in Brazil, acts in partnership with CVC Turismo, the largest operator in the segment in Brazil. What sets the business apart is the emphasis on selling tour packages, and not limiting itself to selling tickets and/or stays.

Based on a strategy of expanding the portfolio of products, another highlight was that the Extra site began to sell textiles beyond shoes and bags. For 2013, the plan is to further expand the assortments of the sites.

In 2013, as part of the strategy of diversifying its market and capitalizing on the large number of visits to the sites, Extra Market Place was launched, bringing together products from diverse segments offered by partner stores. Unprecedented in Brazil, the initiative allows consumers to make a single payment for purchases at different stores, where Extra.com.br is responsible for distributing the amounts among the partners. In 2012, the operation remained restricted to the e-Hub site, but in April of







2013 it was launched on Extra.com.br under the name of Shopping Mercado. In this business model, Extra is responsible for all communications and the interface with customers, as well as policing and ensuring the level of service of the sellers on the sites.

With this number of platforms, one of Nova Pontocom's largest preoccupations is ensuring the quality of its services. Thus, it invests in improving processes and hiring qualified professionals.

The success of these actions is reflected in the fact that Pontofrio and Extra occupy, respectively, second and third place among the 100 most popular e-commerce companies in Brazil in 2012. The survey was conducted by e-bit — Brazil's largest company doing research in e-commerce evaluation, patterns and trends. The companies received the Diamond medal, which attests to excellence in such aspects as ease of purchasing, price, product handling, meeting delivery deadlines and product information, in the view of consumers.

ECONOMIC/FINANCIAL (MD&A)

Revenue

Net operating revenue increased 9.3%, to R\$50.924 billion, due to the performance of Retail Food, which recorded an increase of 9.8% in the period, to R\$28.078 billion, and Viavarejo, which grew 8.7%, to R\$22.846 billion.

Revenue in billions of R\$ GRI 2.8

(in billions of R\$)	2012	2011	Variation
Gross sales revenue	57,234	52,681	8.6%
Net sales revenue	50,924	46,594	9.3%
Same-store gross sales revenue growth	7.0%	8.8%	-1.8 p.p.

In Retail Food, the highlights were: the conclusion of the process of converting the old Extra Fácil stores into Minimercado Extra stores, the consolidation of the changes initiated in 2011 at Assaí, the resumption of the process of expanding Pão de Açúcar, and strengthening Extra as a national player. It was the first full year of operations for Extra Supermercado. Until the last quarter of 2011, the banner operated only by means of Extra Hiper. In the fourth quarter, Extra Delivery was launched, making Extra a banner with multiple channels. During the year, 55 Retail Food stores were opened.

At Viavarejo, the highlight was the repositioning and improvement of the assortment of products at Pontofrio stores and the strong expansion of Casas Bahia, especially in the Northeast Region. At Nova Pontocom, the highlights were the creation of new business units, Barateiro.com, PartiuViagens, business-to business solutions and the Market Place.

Gross profit

Gross profit increased 9.0%, to R\$13.804 billion. Gross margin stood at 27.1% in 2012, a drop of 0.1 percentage points in relation to 2011.

Profit and EBITDA

(in millions of R\$)	2012	2011	Variation
Net sales revenue	50,924	46,594	9.3%
Gross profit	13,804	12,659	9.0%
Gross margin	27.1%	27.2%	−0.1 p.p.
Selling expenses	(8,343)	(7,937)	5.1%
General and administrative expenses	(1,771)	(1,683)	5.2%
Equity pick-up	11	35	-68.9%
Other operating expenses and revenues	(33)	(259)	-87.2%
Total operating expenses	(10,136)	(9,844)	3.0%
% of Net sales revenue	19.9%	21.1%	−1.2 p.p.
EBITDA	3,668	2,816	30.3%
EBITDA margin	7.2%	6.0%	1.2 p.p.

Operating expenses

Operating expenses increased 3.0%, to R\$10.136 billion.

Financial performance and indebtedness

The net financial result was an expense of R\$1.193 billion, 10.5% lower than in 2011. Despite the 9.3% growth in net operating revenue, which impacts the total to be written off, and consequently, the write-down in receivables, in 2012, the line represented 2.3% of net revenue, 0.6 percentage points lower than in 2011, and resulted from the effects of the reduced base rate of interest and better management of customer payment periods, especially in the durable household goods segment.

Financial result

(in millions of R\$)	2012	2011	Variation
Financial revenues	593	593	0,0%
Financial expenses	(1,786)	(1,926)	-7.3%
Net financial result	(1,193)	(1,333)	-10.5%
% of net sales revenue	2.3%	2.9%	-0.6 p.p.
Net interest on bank debt	(300)	(378)	-20.5%
Write-down of payment voucher receivables	(237)	(200)	18.3%
Write-down of credit card receivables	(507)	(673)	-24.6%
Net mark-down in other assets and liabilities	(149)	(82)	82.1%
Net financial result	(1,193)	(1,333)	-10.5%

Indebtedness

Net debt totaled R\$777 million at 12/31/2012, down R\$599 million from 12/31/2011. The Company closed 2012 with a longer-term debt profile and net cash reserves in excess of R\$7 billion. The ratio of net-debt-to-EBITDA was at 0.21x. If payment voucher debt were contemplated in the calculation, this ratio would be at 0.93x.

The cash position at 12/31/2012, when compared to prior periods, increased significantly due to the following factors: (i) the Company's decision, at the outset of 2012, to increase its cash reserves, as a precaution in light of unfolding events in the international economy that could affect the liquidity of the markets; (ii) the more pronounced than usual seasonality of the fourth quarter, mainly reflected in working capital, especially in the accounts for suppliers and inventory; and (iii) cash generation in the period. [Some of the available funds will be allocated to pay Company debt maturing in quarters going forward, thus obviating any need for new financing. Accordingly, the Group expects to maintain lower levels of cash during 2013 and to end the period with indebtedness similar to current levels, financing the year's anticipated investments with cash generated by operations.

Into 2012, the Company securitized part of its credit card and food voucher receivables with two receivables securitization funds constituted for this purpose. In 4Q12, changes to both funds were negotiated. The PA FIDC, the fund that dealt with the food operations, stopped holding only GPA receivables, eliminated the subordinated quotas, and thus stopped being consolidated at December 31, 2012. The Globex FIDC, the fund that absorbed some of the receivables generated in Viavarejo's operations, was closed in December of 2012. The net effect of these changes on the cash position is neutral, since the funds' cash position (now consolidated by GPA) and the subordinated quotas redeemed were equivalent. The Company continues to securitize its receivables through acquirers.

Indebtedness GRI 2.8

(in millions of R\$)	31/12/2012	31/12/2011
Short-term debt	(1,712)	(2,654)
Loans and financings	(1,044)	(2,153)
Debentures	(668)	(502)
Long-term debt	(6,151)	(3,691)
Loans and financings	(2,409)	(1,554)
Debentures	(3,741)	(2,138)
Gross debt	(7,863)	(6,346)
Cash and financial investments	7,086	4,970
Net debt	(777)	(1,376)
Net debt/EBITDA	0.21x	0.45x
Payment vouchers – consumer financing - short term	(2,499)	(2,263)
Payment vouchers – consumer financing - long term	(130)	(129)
Net debt with payment vouchers – consumer financing	(3,406)	(3,768)
Net debt/EBITDA	0.93x	1.24x

Pre-tax profit

The profit before Income Taxes and minority interests increased 108.3%, to R\$1.676 billion, as the result of (i) the 9.3% growth in net revenue, (ii) [progress in gross margin due to a better sales mix in the foods operations, (iii) cost controls in the durable household goods operations, and (iv) reduced financial expenses as a function of lower [net] indebtedness, better management of customer payment periods and a reduced base rate of interest.

Net income

Net income in 2012 totaled R\$1.156 billion in 2012, an increase of 60.7% over 2011. Net margin increased 0.8 percentage point, to 2.3%.

BALANCE SHEET

Assets

Current assets at 31/12/2012 totaled R\$17.251 billion. The Company's cash balance at that date was R\$7.086 billion. When compared to prior periods, the cash position increased significantly due to the Company's decision, at the outset of 2012, to increase its cash reserves, as a precaution in light of unfolding events in the international economy that could affect the liquidity of the markets [and the cash generation in the period.

In 2012, the Company stopped consolidating the FIDC securitized receivables funds. The PAFIDC, the fund that served the food operations, stopped holding only GPA receivables, and eliminated the subordinated quotas. The Globex FIDC, the fund that absorbed some of the receivables generated in Viavarejo's operations, was closed in December of 2012. The net effect of these changes on the cash position is neutral, since the funds' now-consolidated cash position and the subordinated quotas redeemed were equivalent.

The decrease of R\$2.229 billion in accounts receivable was due in major part to the elimination of the fund[s]. Inventories closed 2012 with a balance of R\$5.760 billion, an increase of 3.7%, which was less than the sales growth. The better stock management benefitted from the investments in logistics and information technology (IT) over the last two years.

Non-current assets totaled R\$18.146 billion. The growth in the balance for non-current inventories is related to the operations of GPA Malls & Properties, the unit that manages the Group's real estate assets, and in particular the three developments undertaken during the year. The amounts with respect to swaps of land for subsequent development are recorded in inventories in non-current assets and represent the inventory of units to be delivered going forward.

The R\$756 million increase in property and equipment is essentially related to the investments to open new stores (construction and equipment purchases), and maintenance of existing stores, including the conversions of dozen of Pontofrio, Minimercado Extra and Assaí stores, which were reformulated during the course of the year for their new market positioning.

Liabilities

Current liabilities at 31/12/2012 totaled R\$13.955 billion. At the end of 2012, the balance for loans and financings was R\$3.460 billion, a decrease of R\$875 million when compared to the close of the prior year, as occasioned by the lengthening of the debt profile, which consequently caused increases in the balances under the rubric of non-current liabilities (when excluding the effects of eliminating the FIDCs from the balance sheet). Trade accounts payable increased 8.4%, to R\$6.803 billion.

Non-current liabilities totaled R\$10.373 billion. Loans and financings decreased R\$1.531 billion in light of the elimination of the FIDCs, as discussed above.

Isolating the effect generated by ceasing to consolidate the securitization fund, the Company's net debt decreased from R\$6.188 billion at 31/12/2011 to R\$3.406 billion on the last day of 2012, due, among other factors, to cash generation from operations.

The total of liabilities and shareholders' equity was R\$35.396 billion.

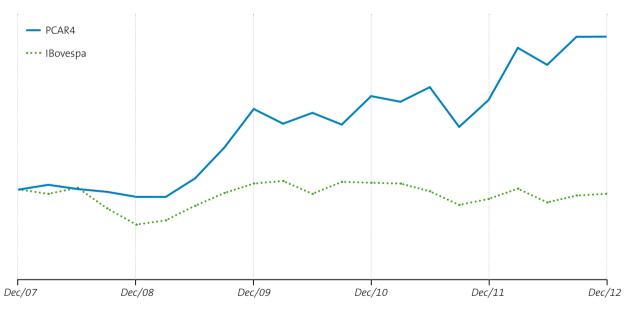
CAPITAL MARKETS

Grupo Pão de Açúcar shares closed the year trading at R\$90.50 on the Bolsa de Valores de São Paulo (BM&FBOVESPA) and the ADRs closed at US\$44.76 on the New York Stock Exchange, appreciating 35.1% and 22.4%, respectively. They outperformed the Ibovespa, a composite index of the shares with the highest trading volumes on the Brazilian exchange, where the variation was 7.4%, and the Dow Jones, which was up 7.5%. The Company's market capitalization was R\$23.8 billion.

During the year, there were approximately 590,000 trades on the Brazilian exchange, with a financial volume of R\$10.5 billion, a decrease of 20.0% from 2011, with trades in 100% of the trading sessions. On the NYSE, trades involved US\$5 billion, a decrease of 33% from 2011.

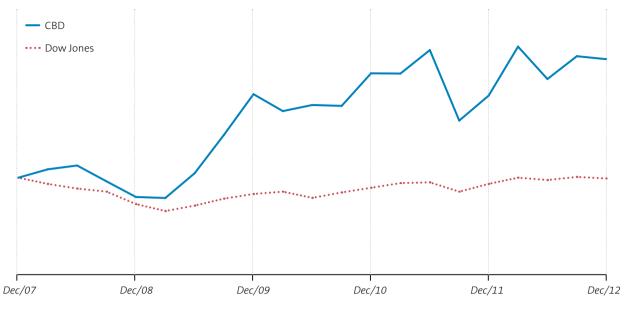
Appreciation of the shares over the last 5 years

PCAR4 x IBovespa (Base 100 = 12/31/2007)



Source: Bloomberg

CBD x Dow Jones (Base 100 = 12/31/2007)



Source: Bloomberg

Dividends

The Administration proposed dividends to be distributed, calculated as shown below, considering dividend advances to shareholders during 2012 in the amount of R\$84 million. The amount of the dividend payable for 2012 is R\$166 million (versus R\$103 million for 2011), corresponding to R\$0.593716430 per common share and R\$0.653088073 per preferred share.

Proposed dividends

In thousands of R\$	2012
Consolidated net income	1,156,436
Minority interest	(105,254)
Net income	1,051,181
Legal reserve	(52,559)
Basis for calculating dividend payments	998,621
Dividend distribution policy	25%
Dividends proposed for the period	249,655
Dividends allocated to preferred shareholders	160,570
Dividends allocated to common shareholders	89,086
Number of preferred shares 12 (x 1000)	163,539
Number of common shares 1 (x 1000)	99,680
Dividends per preferred share 1 (R\$)	0,982288
Dividends per common share 1 (R\$)	0,892989
(-) Previously declared interim dividends	83,668
Proposed dividends payable ¹	165,987

¹ Amounts ratified at the Annual Shareholders' Meeting held on April 17, 2013 ² Excluding 232,586 shares in treasury

OUR SOCIAL PERFORMANCE

The current that transforms.



GPA SOCIAL

In all its actions, Grupo Pão de Açúcar tries to contribute to sustainable development, balancing economic, social and environmental concerns. This means perfecting the effort, by creating routines that are increasingly aligned with sustainability principles. Such conscientiousness is rooted in its strategic planning and underlies the Company's two principal lines of actuation in this direction: Education for Consumption and Efficient Management.

In recent years, GPA has made important strides in disseminating the concept of sustainable growth among its stakeholders, including employees, community, society, customers, shareholders and suppliers. One of the most important strides was forming a model for governance that enjoys the support of a team of officers from several departments (Marketing, People and Management, Logistics, Commercial, Operations, Maintenance, Construction and Indirect Input Procurement), and which brings together each of the Company's three pillars of sustainability: corporate and employees, customers, and chain.

These executives were trained to act as multipliers of the sustainability concept at the Company, participating actively in discussions and applying the theme in daily activities, in addition to disseminating it among employees. To further emphasize the process, each department has goals to deliver on, which are reported to the Sustainable Development Committee.



GRUPO
PÃO DE AÇÚCAR
TRIES TO CONTRIBUTE
TO SUSTAINABLE
DEVELOPMENT,
BALANCING
ECONOMIC,
SOCIAL AND
ENVIRONMENTAL
CONCERNS.



COMMITMENTS TO EXTERNAL INITIATIVES GRI 4.12

Grupo Pão de Açúcar also tries to strengthen this positioning through various commitments in benefit of the society, assumed with sustainable initiatives created and maintained by important national and international institutions, most notably:

Global Compact – In 2001, GPA joined the Global Compact, a United Nations initiative to engage the private sector in the conduct of its business by means of certain values in such areas as human rights, labor relations, and the environment

National Pact to Eradicate Slave Labor – Grupo Pão de Açúcar signed the National Pact to Eradicate Slave Labor in 2005. The accord brings together Brazilian and multinational companies that assume the commitment to exclude those who exploit slave labor from their chains of production.

Sustainable Connections – Since 2008, Grupo Pão de Açúcar has been a signatory to the Sustainable Connections Business Pact in the spheres of cattle, soy and wood.

Instituto Ethos – In 1999, Grupo Pão de Açúcar joined the Instituto Ethos, whose mission is to mobilize, sensitize and help companies manage their business in a socially responsible manner, making them partners in building a just and sustainable society.

Cempre – The GPA is associated with the Business Commitment to Recycling (Compromisso Empresarial para Reciclagem -Cempre), whose objectives are to promote the concept of integrated management of solid municipal wastes, promote post-consumption recycling, and propagate environmental education focusing on the three Rs (Reducing, Reutilizing and Recycling). The discussion in 2012 centered around the National Policy on Solid Wastes (Política Nacional de Resíduos Sólidos - PNRS).

ABVTEX – In 2007, Grupo Pão de Açúcar took part in the Associação Brasileira do Varejo Têxtil (ABVTEX), whose objective is to defend the interests of the textile and clothing industry and marketers.

Instituto Akatu – Since 2003, GPA has been a strategic partner of the Instituto Akatu, an NGO working to raise consciousness and mobilize society toward conscientious consumption.

Pacto na Mão Certa – In 2012, Grupo Pão de Açúcar joined the Pacto na Mão Certa, which is promoted by Childhood Brasil and the Ethos Institute. Its purpose is to involve companies, encouraging them to publicly commit, in their socially responsible practices, to engage in actions to fight the sexual exploitation of children and adolescents along Brazilian highways.

SUSTAINABILITY GUIDELINES

Corporate and personnel

For Grupo Pão de Açúcar, sustainability is an essential principle in managing the businesses, which engenders its model of relationships and communication in all the departments and with all constituencies.

- > Policy 1: All GPA employees should be made aware and trained to think and act sustainably.
- > Policy 2: Sustainability at GPA should be a practice shared by all employees in their jobs and professional responsibilities.
- > Policy 3: GPA encourages a sustainable approach by all employees in their personal lives and other social roles.

Customers

Raise consciousness, educate and stimulate our customers and consumers regarding sustainability.

- > Policy 1: GPA should be transparent with its customers and consumers about its role and responsibilities in sustainability.
- > Policy 2: GPA should be an agent for change in conscientious consumption.
- > Policy 3: GPA should embrace sustainability as a model of excellence in its relationships with customers and consumers.

Chain

Strengthen the economic, social and environmental results and the reputation of the entire chain.

- Policy 1: The practice of sustainability throughout each chain in which GPA acts should result in efficiency gains (with reduced cost, waste and risk), new business opportunities, and positive social and environmental impact.
- > Policy 2: Sustainability should build and protect the reputation of the chains in which GPA acts.
- > Policy 3: GPA as a linkage between customers and the chain should influence the sustainable transformation of the chains in which it acts.

SUSTAINABILITY IS AN
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EMPLOYEES

With the vision that business success is directly related to the competence and professionalism of its employees, Grupo Pão de Açúcar in 2012 improved the cycle of high performance through meritocracy, seeking to keep the team motivated and engaged. It also reinforced the definition of roles and responsibilities, in the ongoing effort to have the right people in the right positions, so that the Company continues to grow with the concern for high quality in the services that it offers.

To improve efficiency in its processes, the "We want you to be happy here" movement was created, with a focus on propagating the four fundamental values that guide the Group's actuation: humility; discipline; determination and engagement; and balance in emotions. With this guidance, beyond emphasizing the importance of the role of the employee, constituting one of the strategic pillars of the business, the Group hopes to create the conditions for happiness at work.

GPA REINFORCED THE DEFINITION OF ROLES AND RESPONSIBILITIES, IN THE ONGOING EFFORT TO HAVE THE RIGHT POSITIONS.

At December 31, 2012, GPA had 91,855 employees on staff, including 44,481 men (48.4%) and 47,374 women (51.6%). Of the total, 89,470 were full-time and 2,385 part-time. The majority (79.4%) were allocated in the Southeast Region (72,953 employees) and 80.9% worked in the stores. One of the highlights of the year was the increase in the number of employees in the Inclusion Programs (special needs, young apprentices and third age). GRILAI

The Group prioritizes filling vacancies internally, seeking professionals in the local market when it does not have employees with the required profile. In 2012, 52% of leadership vacancies were filled internally. The goal for 2013 is to raise this percentage to 60%. GRIECT



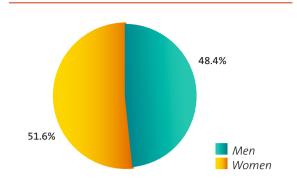
All employees are hired in conformity with the Consolidated Labor Laws and covered by collective bargaining agreements or conventions (matters relating to safety and health are not covered by the union accords). Notices on possible operational changes and in respect of labor relations are provided within the legally applicable timeframe, with sufficient time for employees and unions to position themselves. GRILA4 | LA5 | LA9

The turnover in 2012 was 10.9%, compared to 7.68% in 2011. GRI LA2

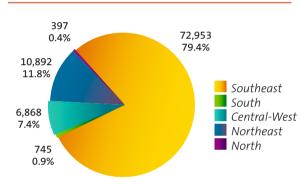
Turnover (1) GRIJA2

	2012
Staffing change	
Number of departures	37,051
Number of hires	46,408
Turnover (%)	10.0%
Turnover by Gender	
Male	8%
Female	13%
Turnover by Age group	
Under 30	17.43%
30-50	2.75%
Over 50	4.97%
Turnover by Region	
Southeast	9.85%
South	3%
Central-West	19.78%
Northeast	13.88%
North	5.48%
⁽¹⁾ Permanent or indefinite period hires.	

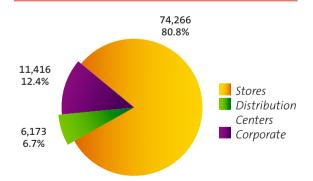
Employees by gender GRILA1



Employees by region GRILA1



Employees by business unit GRILA1



Social inclusion and diversity

Grupo Pão de Açúcar provides equal opportunities of employment for all employees and respects diversity, without discrimination of any kind (race, gender, religion, generation, socio-economic level, sexual orientation, physical characteristics, and nationality, among others) – values expressed formally in its Code of Moral Conduct. The Company adopts mechanisms to report violations of these rights, such as the Channel for Complaints.

GRUPO PÃO DE AÇÚCAR
PROVIDES EQUAL
OPPORTUNITIES
OF EMPLOYMENT FOR
ALL EMPLOYEES
AND RESPECTS DIVERSITY.

All complaints received by the Group are analyzed, in conjunction with the Ethics Committee, and corrective actions are taken.

All professionals have the same chances for development, career management and promotions. In 2012, 13.7% of the posts in the Board of Executive Officers were occupied by women. Of all staff, 61.4% of the jobs are held by blacks, 2.3% by young apprentices and 1.08% by people with special needs. GRILA13

The Company maintains specific programs directed toward promoting diversity and inclusion:

- > Young Apprentice The Program selects youth aged 14-24 who are interested in developing their abilities, receiving professional training and acquiring experience. The objective is to train, include and promote the professional development of these young people so that they can get good placements in the job market. The training lasts approximately one year, including practicums in the stores and a parallel course administered by the Serviço Nacional de Aprendizagem Comercial (Senac).
- > First Job The Group offers opportunities to young people aged 16 and up to get their first formal job with a Work Card. The focus is on preparing youth who have difficulty finding a first job, so that they can in the future build a career at the Company.
- > People with a Future In partnership with the Fundação Casa, the program tries to include and reintegrate youth who have completed social education programs (community service, probation or halfway houses) into society. They are taken on in functions appropriate for their profile, forming part of the Grupo Pão de Açúcar team.
- > **GPA for All** The purpose is to promote the inclusion of people with special needs, facilitating their social, economic and political participation, quaranteeing respect for their rights and citizenship.
- > Third Age The contribution to age diversity occurs by offering professionals over age 55 work opportunities, valuing the contribution of this group throughout the business. The program closed 2012 with 2,145 active professionals.

Indicators of diversity - 2012 GRILA13

	Men		Wor	men	Total	
	N.º	%	N.º	%	N.º	%
By functional category						
Executive officers	69	0.1%	11	0.0%	80	0.1%
General managers	211	0.2%	37	0.0%	248	0.3%
Departmental managers and coordinators	1,008	1.1%	482	0.5%	1,490	1.6%
Supervisors	2,709	2.9%	1,096	1.2%	3,805	4.1%
Specialists	239	0.3%	526	0.6%	765	0.8%
Operational technicians	40,245	43.8%	45,222	49.2%	85,467	93.1%
By age group						
Under 30	24,051	26.2%	24,773	27.0%	48,822	53.2%
30-50	18,092	19.7%	20,883	22.7%	38,975	42.4%
Over 50	2,338	2.5%	1,718	1.9%	4,058	4.4%
By race						
White	14,420	15.7%	15,392	16.8%	29,812	32.5%
Black	26,821	29.2%	29,617	32.2%	56,438	61.4%
Asian	127	0.1%	143	0.2%	270	0.3%
Indigenous	35	0.04%	34	0.04%	69	0.1%
Undeclared	3,078	3.4%	2,188	2.4%	5,266	5.7%
By minority groups						
People with physical challenges and/or special needs	599	0.7%	398	0.4%	997	1.1%

Wages and benefits

GPA's wage policy provides for compensation in accord with the market reality, considering the complexity of the duties, the results expected, and the actual performance of each professional. The lowest wage the Company pays is identical to Brazil's national 220-hour monthly minimum wage of R\$622 in 2012. GRIECS

In respect of quality of life and the continuing satisfaction of employees, there are also a series of benefits, most notably: life insurance (including coverage for incapacitation/disability); health insurance (for specified posts); medical and dental care for all employees; dental reimbursement (for specified posts); maternity leave (of up to six months); a Mothers' Card (a credit of R\$100 for foods and products for babies); a Multicheque Card (for discounts on purchases at the Group's stores); a private pension plan; funeral aid; food vouchers; a credit union; an employee store and scholarships (upon performance evaluation). GRI LA3

Since female employees account for more than half of its human capital, the Company has oriented its benefit policies to promote differentiated actions, with the objective of further valuing the work of these professionals. Highlights include the Pro Mama Baby and Healthy Mama programs for all female employees, wives of employees and their dependents. A team of specialized professionals monitors pregnancy, prepares the family

for the baby's arrival and offers all the necessary support. The Group also provides complete outfits of clothing and equipment for newborns, an extension of the maternity leave from four to six months, the Mothers' Card and school supply kits for the children of employees registered with the credit union.

GPA also maintains a private pension plan, based on defined contributions varying from 2-8%, depending on the employee's salary and age. Program participants are entitled to the Company's counterpart, which is equivalent to 100% of the employee's contribution. The defined contribution benefit is sourced to a private pension plan administrator, without GPA involvement in future obligations. GRIECS

Average wage by functional category, region and gender (R\$) GRI LA14

By functional category		Wage	
_	Men	Women	Ratio ([W/M])
General managers	15.182	16.632	1,10
Departmental managers and coordinators	7.872	8.184	1,04
Supervisors	2.510	2.252	0,90
Specialists	4.258	3.234	0,76
Operational technicians	1.067	977	0,91
By region	Men	Women	Ratio ([W/M])
Southeast	1.527	1.175	0,77
South	1.299	965	0,74
Central-West	1.166	874	0,75
Northeast	983	831	0,85
North	1.093	829	0,76

Skills management GRILA11 | LA12

Each year, Grupo Pão de Açúcar takes action toward managing competencies, which involves structuring the process of succession, strengthening employee career management tools, training teams in the concepts of the Evaluation of Skills and Potential, structuring feedback sessions and encouraging Individual Development Plans. In 2012, roughly 65,000 employees underwent these processes, or approximately 97% of the total eligible staff.

There was a considerable increase in adherence to the Individual Development Plans (from 69% in 2011 to 85% in 2012), as the result of a task force to improve the percentage.

Known as the Cycle of People, the integrated process for career management involves establishing goals, feedback on quantitative results, evaluation of performance and potential, career paths and individual development plans, and career committees (exclusively for leadership roles), in which the teams from Assaí

and Nova Pontocom also participate. Executives go through a 360-degree evaluation – a process that includes self-evaluation and evaluations by supervisors, colleagues and subordinates – which involved 84 executives, or 31% more than in 2011.

The tools used to raise the standard skills of managers and employees in 2012 also included the following:

- > Intake protocols for new hires;
- > Technical training for the operational departments and specialists;
- > Leadership development;
- > Mid-level leadership development;
- > Corporate Trainee Program;
- > A mid-level retail leadership development program;
- > Team-building;
- > Culture workshop, directed to the operational leadership for retail and new executives;
- > Conclusion of the MBA In Company Program;
- ➤ A knowledge-sharing program, to disseminate GPA know-how among departments.

The Company's goals for 2013 include: improving the quality of the evaluation realized in the Nine Box process (a tool that combines evaluations of performance and potential); increasing investments in developing leadership; improving the flow of information in the post-evaluation process, to ensure that the leadership team knows how to use the information obtained, and what to do to develop each employee (based on their profile and what is known of the mechanism at the Company); including indicators for other areas and team leadership, such as: career progress at the Company and progress in the average evaluation in Skills and Values, percentage distribution of actual vs. expected in the Nine Box grid; and assuredness of the referral realized versus the Nine Box grid, among others.

Training

In line with its vision of promoting and retaining talent, the Company allocated approximately R\$11.2 million during the year to training and professional improvement programs for its employees. There were 628,763 hours of training – an average of seven hours per employee – with total attendance of 84,943, among all the functional categories.

The trainings during the year were concentrated in leadership development, integrating new hires, corporate trainees and knowledge management, with the objective of disseminating and sharing "GPA know-how" among the departments. For 2013, there will be goals for the stores, contemplating roughly 90% attendance and 10% absence, mainly for the new hires.

The programming includes the creation of a leadership Academy, as well as a training structure for GPA Skills; continuing the program for sharing knowledge, involving more departments; and including new managers in the Retail Leadership Program.

The Company also has agreements for education with more than 60 institutions throughout Brazil that offer a discount to employees and their dependents. In addition, through an application evaluations process, it grants scholarships for language and other training, reimbursing participating employees for 50% of the cost. In 2012, 125 and 1,539 scholarships were granted [for language and other training], respectively.

Total of hours of training GRILA10

Functional category	Number of participants	Total number of hours	Hours per employee
Executive officers	57	210	4
Managers and supervisors	10,746	83,250	8
Specialists	2,817	15,222	5
Operational technicians	71,323	530,081	7
Company total	84,943	628,763	7

Health and safety

A variety of programs and activities aim to encourage a culture of safe behaviors, create an accident-free environment and promote employee health, most notably initiatives for preventing environmental risks, occupational health medical care, and internal standards and procedures, ergonomic and environmental reports. GRILAB

Actions include flu vaccination; safe motherhood, anti-smoking and chemical dependency programs; and campaigns to raise consciousness on topics such as hypertension, diabetes, and healthy nutrition. A highlight in 2012 was the adoption of an ergonometric project at all stores in the "ABC" region of São Paulo, and the goal for 2013 is to expand it to the other units in the State. GRILAS

Formal health and safety committees are responsible for identifying risks in the workplace and raising professionals' consciousness on safe behaviors. At the end of 2012, 545 units had a Commission for In-house Prevention of Accidents (CIPA), covering approximately 90% of staff. CIPAs are formed in units with more than 50 employees, and at fuel stations with more than 20 employees. In 2012, 29 new CIPAs were formed, and 5 were decommissioned. GRILAG

The deaths [below] occurred in traffic accidents, which led to campaigns to raise consciousness and prevent traffic accidents, and toward sensitizing pedestrians and drivers of automobiles and motorcycles.

Occupational safety indicators GRILA7

Region	Injury Rate	Occupational disease rate	Rate of days lost	Rate of absenteeism	Absolute number of deaths
Southeast	1.68	0.06	109.10	1.5	2
South	0.91	0.10	57.93	0.6	-
Central-West	1.72	0.02	69.41	1.5	-
Northeast	1.53	0.01	53.91	1.1	1
North	0.76	-	126.96	1.6	
Total	1.66	0.05	99.30	1.3	3

GRUPO PÃO DE AÇÚCAR
DEVELOPS AND SUPPORTS
A SERIES OF INITIATIVES
TOWARD THE SOCIO-CULTURAL
DEVELOPMENT OF THE
COMMUNITIES WITH WHICH
IT HAS A RELATIONSHIP.



COMMUNITY

To play its part in building a more just and egalitarian society, Grupo Pão de Açúcar develops and supports a series of initiatives toward the socio-cultural development of the communities with which it has a relationship. The pursuit of well-being and quality of life is one of the pillars of this praxis. Accordingly the Company invests in particular in programs directed toward practicing physical activities and sports.

Sports program GRI LA8 | SO1

Sport is embedded in the DNA of Grupo Pão de Açúcar, which parlays it as a strong agent for social transformation and mobilization, and an incentive to the quality of life and well-being of customers and employees. In 2012, to celebrate 20 years of this investment by Pão de Açúcar, the Eu Amo Esporte (I Love Sports) movement was launched, with a 30-second clip, communications material in stores and marketing actions in all the sponsored sports.

Responsible for promoting quality of life through community events and initiatives that encourage healthy living for its employees, the Sports Program is divided into three pillars: Sports for Employees, with four fronts (GPA Club, GPA Gym, Nutrition and Sports Medicine); an Olympic Project (Investment in the Audax RJ and Audax SP soccer teams and the Center for High Performance); and Sports Marketing, with events and deployment of the brands (Relay Marathons and Kids Runs, under the Pão de Açúcar banner; Bike Rides and sponsorship of the Clube dos Amigos da Bike - CAB (Friends of the Bike Club), the Brazilian soccer team and the Audax team, under the Extra banner; and Grupo Pão de Açúcar support and participation in fairs and sporting forums), as detailed below:

1) Sports for Employees

The Company maintains specific programs for physical and sporting activities among its employees, offering training and accompaniment, which includes sports medicine and nutrition. The highlights are:

> GPA Gym—The initiative has 16 units located in stores and distribution centers in São Paulo, the Federal District, Ceará and Rio de Janeiro, and one at headquarters in the city of São Paulo. Roughly 5,000 employees

(20% more than in 2011) benefitted from advanced installations and modern equipment for physical activities, in addition to professional monitoring.

- > GPA Club Maintained since 1993, the initiative offers a variety of physical activities such as walking, running, biking and dance classes. Approximately 2,000 employees participate in the regions of São Paulo (SP), Campinas (SP), Brasília (DF), Rio de Janeiro (RJ), Goiânia (GO), Fortaleza (CE), Recife (PE), and Belo Horizonte (MG).
- > **Nutrition** A concern for healthy nutrition translates into offering personalized nutritional guidance for employees, mainly to contribute to lifestyle changes and improve their nutrition, in addition to providing technical nutritional support to their departments. In 2012, there were 2,000 consultations of this nature.
- > Sports Medicine The Company offers medical attention to each employee in their sporting practices, and physical therapy. During the year, there were approximately 900 medical consultations.

2) Olympic Project

> Centers for High Performance — As part of the Olympic Project, toward preparing athletes for the 2016 Olympic Games, the Group created the Núcleo de Alto Rendimento (NAR), with two units dedicated to identifying talent, preparing elite competitors and training sports professionals. Inaugurated in 2011, the project also involves the High Performance Center, a laboratory specialized in technical evaluation of athletes. The facility is responsible for



such actions as: identifying athletic talent, evaluating performance, and preventing and treating injuries, and scientific support for training, with specialized consulting for Olympic trainers and athletes. In 2012, 652 athletes and 58 sports underwent these evaluation processes. In 2013, the NAR intends to double the number of evaluations and expand to new sports like judo, swimming and volleyball.

> Investment in athletes – One of the Group's premises is investing in sport, mainly at its bases, oriented toward athletes in their formative stage, so that they can develop and pursue a career. During the year, sponsorship expanded from 23 to 82 professional athletes, of whom 14 represented Brazil at the London Olympic Games. The investment, focused on track and field and triathlon, has already yielded important achievements for Brazil in the Olympic Games, Pan-American Games and other international competitions.

Soccer – Audax was born in 2004 of a social inclusion project for youth, and never strayed from its roots. The club trains athletes who are encouraged to complete college, and prepares citizens for life. Much talent

was developed in Audax, and today they stand out on the great Brazilian and European teams: Paulinho, Juninho, Bruno Uvini, Bruno Andrade, João Filipe, Rafael Donato, Bruno Peres, Ewerton Páscoa, Rafael Carioca, Cesar, Dumas, Vitinho, and Samir, to name a few.



3) Sports Marketing:

> Pão de Açúcar Relay Marathon — Run since 1993, the Pão de Açúcar Relay Marathon now distinguishes the city of São Paulo, and is considered the largest competition in Latin America and the sixth largest in the world, contributing to the growth of the street race in Brazil and being responsible for attracting participants to the sport. The race is run annually and has expanded from São Paulo (SP) to Fortaleza (CE — since 2001), Brasília (DF — since 2008) and Rio de Janeiro (RJ — since 2009). In 2012, 36,000 people participated.

> Pão de Açúcar Kids Run — Toward encouraging sports starting at infancy, the Pão de Açúcar Kids Run was created in 2004, in São Paulo, and now is the largest children's athletics event, involving roughly 5,000 children each time. In addition to the run, the competition has a series of cultural and educational activities that include families in a special day. Due to the great success of the event, it was extended to three new capitols in 2012:



Fortaleza (CE), Brasília (DF) and Rio de Janeiro (RJ). In all, roughly 1,000 children participated in each regional race, in addition to approximately 5,000 parents, siblings and friends.

- > Extra Bike Ride Ridden since 2003, this event was created to promote physical activity for the family and encourage use of the bike as a means of transport that does not pollute. The rides have now involved more than 200,000 cyclists. In 2012, these rides were organized by the Friends of the Bike Club, an NGO that promotes cycling in São Paulo and that is sponsored by Extra. They also have weekly nighttime rides in the city, always setting off from an Extra store.
- > Sponsorship of sporting forums and fairs To reach movers of public opinion, Grupo Pão de Açúcar also participates in sports forums and fairs with authorities, impresarios and current and former athletes that debate important subjects in this realm.

Social Actions

GPA promotes a variety of actions and signs partnerships that work together to raise up the communities in its area of actuation, and engages its employees in initiatives focused on solidarity. To buttress this positioning, in 1998 it created the Instituto Grupo Pão de Açúcar, to give form to the Group's calling to contribute to human development. Education was chosen as the main tool for influencing this process and helping construct citizenship and a better country, one that is more just and with greater opportunity for all. Toward these ends, the Instituto Grupo Pão de Açúcar develops and supports a series of educational programs focusing mainly on integrating citizens into the labor market.

1) Education

Professional Training

- > Retail Three courses are offered for the cashier, stocker and perishable assistant to develop skills and abilities in basic retail concepts. The initiative prepares professionals over 18 years old who are in or have finished high school.
- > Computer Science For Call Center The purpose of this program, for those over 18, is to develop talent, and promote the ability to exceed customer expectations, mainly for the call center. The Instituto Grupo Pão de Açúcar has developed a partnership with CDI to offer a range of solutions and facilities for the interface between customers and the Company.
- > On-line English Course The Instituto Grupo Pão de Açúcar offers scholarships for an online English course for students aged 15-24. The methodology, as developed by EF Englishtown in collaboration with the University of Cambridge, is based on three important steps: learning, trying and applying. It adjusts objectives, content and time for studying at any knowledge level, since the student is often assessed with a minimum score of 70%. Upon finishing each level, the student receives a certificate from Hult International Business School. During the year, 48 people benefitted from the free training courses offered by the Institute.

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Oualification Courses

> The Music & Orchestra Program — The Music & Orchestra Program developed by the Instituto Grupo Pão de Açúcar has benefitted more than 13,000 youth over the course of 13 years. The course for string, wind and percussion instruments lasts two years and is for youth aged 10-18. The work is realized in educational centers called Casa, which have classrooms, computer labs and social areas, and takes place in the cities of Osasco (SP), Santos (SP), Rio de Janeiro (RJ) and Brasília (DF). In addition to discovering talent, the program educates conscientious citizens for the future.



IGPA Orchestra

The youth that shine in the program can participate in the Instituto Grupo Pão de Açúcar Orchestra until 21 years. Composed of 30-40 members, they perform at various events over the course of the year for more than 40,000 people throughout Brazil and abroad, appearing at important musical events such as the Music Festival in Campos do Jordão. In 2012, the Orchestra of Osasco received the Silver Card award from the Osasco Municipal Chamber, an honor for community service. Another highlight was the participation by six members in the music course donated by the Berklee College of Music, in Boston, the largest independent college of [contemporary] music in the world.

Students also participated in Iguazú en Concierto, the international festival of children's and youth orchestras and choirs in Puerto Iguazú, Argentina. They performed three times for an audience of more than 7,000 people in total, and participated as first chairs in the Megaorchestra, together with young music students from Australia, France, Angola, Ecuador, China and Russia.

Integrated High School Secondary Education

> Advanced Nucleus in Food Technology — (NATA) — Since 2009, the NATA has been a partnership between the Instituto Grupo Pão de Açúcar, the Department of Education and the Department of Fishing and Supply of the State of Rio de Janeiro. The objective of the initiative is to offer an educational model that generates local knowledge and creates job opportunities for youth that have just finished primary school. The Center's educational complex has 20 classrooms with capacity for 600 students, testing labs, pilot plants, a court for multiple sports, a library, an ecology room, and rooms for arts and multimedia. In 2012, 360 youth were served in the Baking and Milk & Dairy Products technical courses.



Nata

In October of 2012 the Center hosted the 1st Panis Et Lactis Technological Meeting, with more than 600 dairy & bakery specialists and professionals, professors, students and former students of the Center. Of these, more than 200 were university-or masters-level students or had technical training from other schools.

The presence of the Rio de Janeiro secretary of State for Education and of GPA's Office of Operations from Rio de Janeiro gave the event important heft.

3) Solidarity

> IGPA social Programs – Each year, the Instituto Grupo Pão de Acúcar promotes a variety of campaigns to encourage solidarity and raise civic consciousness. Collection drives occur in partnership with several of the Group's businesses, which serve as collection points for donations of warm clothes, books and toys. This material is given to roughly 600 registered NGOs located near their stores.

EACH YEAR, THE INSTITUTO GRUPO PÃO DE ACÚCAR PROMOTES A VARIETY OF CAMPAIGNS TO **ENCOURAGE SOLIDARITY AND** RAISE CIVIC CONSCIOUSNESS.

The entities are chosen and checked by the Institute to ensure that they are reputable. To participate in the campaigns, customers deposit their donations in special urns located in Extra, Assaí and Pão de Açúcar stores.



2012 Social Programs Campaigns					
Campaign	Scope	2012 result			
Food donations – partnership against waste	Pão de Açúcar donates to institutions products that are good for consumption, but which for aesthetic reasons are not suitable for sale.	6,389 tons			
Food collections	Hipermercado Extra offers its stores to volunteers from the NGO Amigos do Bem to collect non-perishable foods. The donations are made by customers. In all, 16 Extra Hipermercado stores participated in the initiative.	419 tons			
AACD Teleton	The Teleton was created in 1998 by the Associação de Assistência à Criança Deficiente (AACD), with the objective of expanding the number of disabled children served. GPA donated part of the proceeds from sales of its own panettone, reusable bags and Assaí bags, and placed a cash collection coffer next to the boxes to receive customer donations.	R\$ 650.000			
Por Exemplo Magazine	The magazine is sold exclusively at Extra stores, for R\$2.50, and the full amount is donated to the NGOs Parceiros da Educação and Todos pela Educação.	R\$ 128,711			
Social Programs	Clothes, books and toys are collected at the stores and donated to roughly 700 registered NGOs located near the stores.	479,704 books; 205,648 pieces of clothing; 77,827 toys.			
Health Campaigns	Polio vaccination campaign for children under 6 in Extra and Pão de Açúcar stores.	6,096 children			

> Volunteering

The objective of the program is to invest and encourage Group employees to take part in volunteer actions promoted by the Instituto GPA, such as: Solidary Easter, Charity Tree, Volunteer Trainees and Santa's Workshop.

The Instituto has been doing the Charity Tree campaign for ten years. It started in the Company's headquarters. However, in 2012, the event was expanded to the Edifício Birmann (Santo Amaro), Brasília, Fortaleza, Rio and the distribution centers in São Paulo.

During the year, 960 employees participated in volunteer actions realized by the Institute, which directly benefited 1,311 people.

SOCIETY

A signatory of the Global Compact and the National Pact to Eradicate Slave Labor, GPA also participates in entities and organizations that defend the interests of their respective sectors and promote the socio-environmental development of Brazil, such as the Associação Brasileira de Supermercados (ABRAS), the Associação Comercial de São Paulo (ACSP), the Associação Paulista de Supermercados (APAS), the Instituto para Desenvolvimento do Varejo (IDV) and the Associação Brasileira das Indústrias de Equipamentos para Panificação, Biscoitos e Massas Alimentícias (ABIEPAN). GRI 4.13

To reemphasize this positioning, it maintains a department of Governmental Relations, which prepares, coordinates and monitors bills, decrees, and ordinances, as well as technical cooperation, commitment and change of conduct agreements, among other matters. Among actions promoted during the year were participation in discussion groups on the National Policy on Solid Wastes (Política Nacional de Resíduos Sólidos - PNRS) — an initiative for which GPA is a sitting member — and in the Ministry of Finance's Competitiveness Group — acting in conjunction with IDV and ABRAS. Achievements include finalizing the PNR feasibility reports; the exemption from Imposto sobre Produtos Industrializados (IPI) taxes for furniture and white label products; and the reduced payroll tax for retail. GRI 505

The Group's practice is also to contribute to political campaigns, pursuant to applicable law and its ethical principles. To establish a coherent basis for the donations, it analyzes the achievements and platforms of the candidates and parties, and invites them, whenever possible, to events promoted by the supermarket sector. GRI 506

Anti-corruption practices

The Company fights and repudiates any kind of corruption, a position that is clearly expressed in its Code of Moral Conduct. The document is shared with all employees at the time they are hired, regardless of the post to be filled, and they commit to adopting the ethical principles and standards of conduct valued in the relationship with all stakeholders.

All units have some mechanism for analyzing risks related to corruption. Channels such as Auditing, Loss Prevention, the Channel for Complaints and the Casa do Cliente are available to its various stakeholders to report incidents that violate the guidelines established in the Code, in addition to criticisms and suggestions. In 2012, 21.0% of non-management employees 17,802 and 0.3% of managers (16) received orientation on GPA's Code of Conduct Moral, during intake of new employees. GRI 502 | 503

Communication and marketing

GPA's relationships with clients and consumers are guided by a commitment to the veracity of the information disclosed and compliance with the laws and standards applicable to the media. Promotions are realized in harmony with the two Brazilian regulators: the Caixa Econômica Federal (CEF) and the Secretaria de Acompanhamento Econômico (SEAE). Events that utilize music are reported to the Escritório Central de Arrecadação e Distribuição de Direitos Autorais (ECAD) and the royalties established in Law 9.610 are collected.

The Group is also affiliated with the Associação Brasileira de Marketing Direto (ABEMD), which controls direct marketing. Placements in print and digital media, television and radio follow the rules of the Código Brasileiro de Autorregulamentação Publicitária (CONAR). Furthermore, any production, purchase or rental of photos on the part of the Company respects the rights of the author, work and image, and contracts with minors are always signed by the parents. GRI PRO I PRO

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The Group's marketing department developed different projects during the year, most notably:

- > Rio +20 During the United Nations Conference on Sustainable Development (Rio+20), held in June in Rio de Janeiro, GPA held workshops to discuss the proposed Decalogue for Sustainable Production and Conscientious Consumption in partnership with the Instituto Akatu, within the programming for the Corporate Sustainability Forum promoted by the Global Compact. The fruit of this discussion will be practices that can become routine and help build more sustainable business models.
- > Earth from above The Group sponsored, in partnership with Casino, an exhibition called A Terra Vista do Céu by the French photographer Yann Arthus-Bertrand at Cinelândia, in Rio de Janeiro, from April to June. A selection of 130 large images bid the public to admire the beauty (and ponder the fragility) of the planet, inviting reflection on its trajectory over the 20 years since Eco 92, which inspired the photographer's work.
- > Global Sustainability Forum The purpose of the event was to disseminate practices and mechanisms for the sustainable development of the Amazon and the world, show the economic and environmental value of a standing forest, and create political and business commitment to the sustainable development of the planet. Grupo Pão de Açúcar sponsored the Responsible Companies, Sustainable Consumption workshop in partnership with the Instituto Akatu. The baseline document for the debate was the Decalogue for Conscientious Consumption as formulated by Akatu, which addresses ways of contributing by using more sustainable modes of production and consumption.



The Pão de Açúcar store at Rio + 20

> PA Publicidade – The institutional promotional and publicity materials for the Pão de Açúcar and Extra banners, as well as the corporate branding, exclusive branding and branding for the Instituto Grupo Pão de Açúcar, are developed by PA Publicidade, the Group's internal communications agency, which brings together professionals specialized in publicity. For exclusive brand products, such as Taeq and Qualitá, the agency created 450 packagings during the year. In 2012, PA's most notable work also included the following:

Initiative	Scope	Banner
The creation of good times we're the ones	An institutional campaign with three spots, print media and a make-over of all the point-of-sale material. The initiative reached more than 13 million people.	Pão de Açúcar
Anniversary promotion	Theme: Portugal, with record participation: more than 164,000 customers entered for the trip offered by the chain.	Pão de Açúcar
Virtual Showcase	The first virtual showcase for purchases using QR Code in Brazil. Customers point their cell cameras at the products they want, click to purchase, and later receive the products at home, through the delivery service.	Pão de Açúcar
Rio+20	Assembling [a green store at one of the most prominent events in the world. The action received the Point of Purchase Advertising International (POPAI) prize, for best practices in merchandizing and store architecture.	Pão de Açúcar
Flavors of the Week	Updating the material distributed in stores with deals of the week, tips and recipes. Photos highlight copacetic content. Circulation of 1.2 million copies.	Pão de Açúcar
Off-price campaign	Focused on customer profiles, it yielded a 76% increase in special beers and 512% growth in whiskies.	Pão de Açúcar
Good Times - BBQ and Beer	A partnership with a meat purveyor and beverage maker, it increased meat sales by 60% and beer by 50%.	Extra
Savings containers	Aligned with the Por Uma Vida Mais Família campaign, Extra gave customers with purchases of more than R\$30 a savings container for deposits not of money but of memories of good times experienced during the year. The action distributed 1 million piggy banks in the shape of a heart to customers.	Extra
Let's Grill	A campaign to encourage family and friends to have a good time, fortifying a partnership with two important suppliers of meats and beverages.	Extra
Songs	An action to construct destination categories through popular songs, helping to create resonance and fun.	Extra
Extra Goal	Expansion of the Fourth Goal, linking a famous former soccer player with relaxing good times for having a beer with friends.	Extra
Extra Delivery	Implementation of the process of customer purchases over the internet.	Extra
Red Alert	The campaign called consumers to great deals in timely actions during the year.	Extra
Black Friday	Reinforced Extra's pioneering as the first retailer to bring the event to Brazil.	Extra

CUSTOMERS

GPA's relationship with customers and consumers is one of the distinctive features driving its growth. Always in direct contact with its clientele through exclusive channels and ongoing surveys of opinion, it develops and improves products and services to meet wants and expectations.

After rigorously analyzing consumers, it creates mechanisms to attract and retain them, respecting their regional, cultural, and economic differences and needs. In 2012, 258,448 interviews were conducted, including 230,276 at check-out counters; 26,372 in homes (and in trafficked areas and within stores); and 1,800 through qualitative research involving focus groups and in-depth interviews.

Programa Mais

Created in 2000, Pão de Açúcar Mais is a loyalty program involving exclusive deals and promotions and the accumulation of points upon purchasing at stores under this banner. In addition to permitting a better understanding of the consumption patterns of customers, the initiative is also an excellent tool for building loyalty: each R\$1 spent in Pão de Açúcar stores is worth one point, which under the rules can be redeemed for vouchers.

In 2012, the Mais customer base with registered e-mail addresses increased 44%. The program closed the year with 201,690 new registered customers, bringing the total to 2.7 million, with 830,487 active customers accounting for roughly half of sales under the banner. On average, Mais customers buy 50% more than Pão de Açúcar's other customers.



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AND EXPECTATIONS.

IN 2012, THERE WERE 318,260 REDEMPTIONS OF POINTS, WHICH RESULTED IN AN INVESTMENT OF MORE THAN R\$21.2 MILLION IN VOUCHERS, DISTRIBUTED AS FOLLOWS:

Amount paid in redemptions (R\$)	Value of the voucher (R\$)	%
16,208,300.00	100.00	76%
3,160,650.00	50.00	15%
1,859,280.00	20.00	9%

During 2012, there were also campaigns to encourage customer use of reusable alternatives for carrying their purchases, scoring more than 2.2 million sales. Furthermore, to get closer to key Mais customers, there were tasting events during the brand's anniversary, and Mais Spaces were set up at the Pão de Açúcar Marathons in São Paulo and Rio de Janeiro, where customers could relax, get a massage and rehydrate. The events reached more than 5,000 Mais customers.

Part of the customer base in 2012 received direct mailings and a special present on their birthdays: an origami fortune cookie with a message on happiness, made by formerly homeless people taken in by the partnering NGO Mães do Brasil.

In addition to birthday compliments, the purpose of the action is to establish partnerships for work that contribute to a positive change in the lives of those involved and in society, serving as an example and inspiration. The NGO Mães do Brasil fights for the social reintegration through work of formerly homeless people and drug addict.

A similar action was undertaken with 2,000 Mais customers that are gourmet and big cheese eaters, who received direct mail with tips, information and deals on Portuguese cheeses. Likewise, 60,000 selected customers received correspondence wishing them happy holidays and offering Christmas tree decorations. Every other month, a group of customers also receives one of the 200,000 print copies of Mais magazine, which was created in 2010 to reinforce the DNA of the brand, sustained by four pillars: food, physical activity, balance and love.

Casa do Cliente

An interactive channel for contact with consumers, Casa do Cliente expresses the Group's commitment to and respect for its clientele, as well as responsible retail practice, guided by attention to and a relationship with each customer that is unique, sustainable, fair, excellent and dependable, regardless of the channel and time of the interaction. It thus develops knowledge of the customer and market intelligence, toward higher satisfaction and a singular experience with the Company. The objective is to identify and correct any problems, and enhance the efficiency of service. By telephone, e-mail or social networks, it is possible to clear up any doubts, and send criticisms, suggestions, comments and requests.



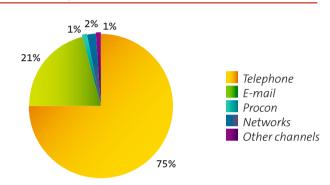
CASA DO CLIENTE EXPRESSES THE GROUP'S COMMITMENT TO AND RESPECT FOR ITS CLIENTELE, AS WELL AS RESPONSIBLE RETAIL PRACTICE, GUIDED BY ATTENTION TO AND A RELATIONSHIP WITH EACH CUSTOMER THAT IS UNIQUE

Vision: "Generating superior value for the businesses, banners and brands, stemming from the best treatment of each of our customers and their groups, networks, clusters and segments."

Mission: "Attend to and relate with each customer in a way that is unique, sustainable, fair, excellent and dependable, regardless of the channel and time of the interaction, developing knowledge of the customer and market intelligence, toward higher satisfaction and a singular experience."

In 2012, Casa do Cliente was contacted 387,775 times, through different channels, albeit predominantly by phone (75%). There were no complaints about violations of privacy or loss of customer data. GRI PR8

Contacts through the available channels



One of the highlights for the year was the more than 12% decrease in recourse to the consumer protection agency (Procon), the fruit of an intense feedback loop with the Company's various departments, in which the indicators are presented and discussed during high level meetings.

On Day of the Consumer in 2012 (March 15), Pão de Açúcar and Extra stores gave customers reusable bags.

At Pão de Açúcar, customers that bought five items or more got a reusable bag printed with "I use" and a coupon to take away a raffia bag. The banner also distributed stickers with the same inscription, as a way of encouraging the use of reusable bags, and showing off Pão de Açúcar customers as good consumer citizens. More than 270,000 units were distributed that day to all customers in the State of São Paulo.

At Extra stores (Extra Hiper, Extra Super and Minimercado Extra) in the State of São Paulo, for every five items purchased, customers received a reusable bag printed with "To and Fro". They also got a voucher to get more reusable bags, later. At Extra Hiper, customers could get two reusable bags, and at Extra Supermercado, one. More than 804,000 units were distributed on March 15.

SUPPLIERS

In keeping with its Sustainability Guidelines, all Grupo Pão de Açúcar contracts with suppliers include a clause with a commitment to prevent and eradicate practices that cause environmental damage, and to execute the services in accord with the applicable legal, normative and administrative provisions of the cities, states and country. Furthermore, in line with its Code of Moral Conduct and with the principles it stands for, it requires suppliers not to use child or forced labor and to distance themselves entirely from companies that do. Violation of the law – pursuant to the Statute of the Child and Adolescent, Law 8.069/90 – can result in the supplier being barred as a business partner. GRI HR1

GPA ALSO INVESTS IN STRENGTHENING A MORE SUSTAINABLE CHAIN OF VALUE, FOCUSING ON CONTINUOUS IMPROVEMENT IN ITS SUPPLY AND DISTRIBUTION LOGISTICS PROCESSES

Starting in the selection processes, GPA analyzes matters ranging from the quality of the inputs and financial condition through compliance with tax, social and environmental requirements. In this way, it seeks to forge lasting partnerships with suppliers, and commits itself to consistently respect the confidentiality of the contracts and their commercial terms.

In 2012, 26 suppliers in the food segment were evaluated with respect to human rights. All the companies fulfilled the assessment criteria, and no violations of the rights of association and collective bargaining, nor any incidence of child, forced, or slave labor, were ascertained. GRI HR2 | HR5 | HR6 | HR7

GPA also invests in strengthening a more sustainable chain of value, focusing on continuous improvement in its supply and distribution logistics processes, to enhance efficiency and reduce costs. Toward that end, it puts in practice policies, channels of communication and initiatives that involve everyone from the local producer to the large companies in the most diverse array of sectors.

Toward taking part in regional development and helping create jobs, with consequent improvements in the quality of life of Brazilians, the Company invests in programs to support local producers, lending a hand in ways ranging from structuring the business to making sales space available in its stores. This also permits offering merchandise that follows fair market precepts, even without formal certification.

Quality of the product GRIPR1

Fundamental to any activity, product quality in retail food takes on even broader dimensions. This aspect commands the central attention of GPA, to ensure that health and safety standards are followed at each stage of the life cycle of the products being sold.

PROGRAM FOR AUDITING QUALITY, TOWARD RATIFYING AND DEVELOPING SUPPLIERS, WITH A FOCUS MAINLY ON GOOD MANUFACTURING PRACTICE, FOOD SAFETY, QUALITY CONTROLS, AND LEGAL COMPLIANCE.

This preoccupation begins in the process of labeling exclusive branded products (like Taeq and Qualitá), so as to meet the legal requirements for information on the presence of allergens in the ingredients, validating nutritional labeling, and evaluating the risk of the ingredients, among other aspects. The factories of industrial partners contracted to produce different items are audited, including pre-shipment and loading inspections and assessments of quality of the packaging, in accordance with the following procedures:

- > Eyes on the origin GPA tries to identify the standards put in place by its suppliers, to maintain the quality of the products from their origin to the end consumer. One element involves the program for auditing quality, toward ratifying and developing suppliers, with a focus mainly on Good Manufacturing Practice, Food Safety, Quality Controls, and Legal Compliance. This process works toward minimizing and managing critical risks and dangers from product receipt through display, as well as any environmental impacts or utilization of slave and/or child labor, in addition to ensuring the comfort and well-being of the animal (a requirement utilized in evaluating slaughterhouses). In 2012, 376 suppliers underwent audit procedures.
- > Eyes on the Distribution Centers Products are inspected in distribution centers throughout Brazil by a technical and operational Quality Control team, in order to keep sub-par goods from the stores. The protocol for quality is established through spec sheets and manuals in accordance with GPA's internal standards and applicable law.
- > Eyes on the stores A Food Security team monitors legal matters and compliance with health surveillance and the other supervisory agencies and the quality of the products displayed in the stores, through assessments of storage, docking, handling, good practices, display, hygiene and cleanliness, structure and cold chain, in accordance with applicable law.
- > Eyes on Non-Foods The Group also monitors the quality of non-food products, with a focus on aspects like safety, integrity of the consumer, sustainability and social responsibility. The difference is found in the post-sales situation, driven by outstanding customer service in the stores that answers questions and avoids undue exchanges/complaints.

For 2013, the quality department's objective is to develop and implement a solid Supplier Development and Quality Assurance protocol, based on matters ranging from product development and progress at suppliers that pass inspection, to a tracking system for risk management, legal compliance, product safety, sustainability, consumer health and safeguarding GPA's image. The project will cover imported and domestic products, primary production, high-risk suppliers and small domestic suppliers.

Quality from the Source (QDO)

The Quality from the Source Program is one of the Group's important actions in monitoring the quality of the products sold in its stores. Initially, starting in 2008, it covered the chain of suppliers of fruits, legumes and vegetables, and was recognized by the Agência Nacional de Vigilância Sanitária (ANVISA) as a model for quality in retail for the tracking and control of pesticides.

The program has three main objectives:

- **1)** Developing the chain of production of the suppliers, to qualify business partners for complying with applicable law;
- 2) Improving the processes and systems of production; and
- **3)** Informing consumers on the origin of the products and conveying greater dependability in purchasing at GPA stores. It is supported by the Associação Nacional de Defesa Vegetal (ANDEF), which offers basic training directly to suppliers in the field.



QR code QDO.

Each stage is conducted using rigorous procedures for quality established with suppliers. They start in the field, with the implementation and monitoring of good agricultural practices and strict controls on the use of pesticides, pursuant to applicable law, and continue through to the final product processing, with control of the physical condition and visual appearance of the products. The initiative is aligned technically with ANVISA's Programa de Análise de Resíduos de Agrotóxicos (PARA), which continuously assesses the levels of pesticides that reach the consumer's table. The lab analyses are conducted by companies certificated by the Instituto Nacional de Metrologia, Normalização e Qualidade Industrial (INMETRO).

THE GREATER INTERACTION BETWEEN THE PRODUCER AND THE SUPERMARKET PROMOTES SYNERGISTIC GAINS AND QUALITY, FROM WHICH ALL LEARN AND PROFIT.

Using an online platform, suppliers are able to monitor their performance in all the Group's quality requirements, including the scores for the audits and intake inspections resulting from the pesticide analyses upon receipt of their products at the distribution centers in all the States where the Group is active. By monitoring all stages, it is possible to identify noncompliance, how and why it occurred, and propose corrective actions, acting directly to improve the nexus between that producer and the retail side. For this purpose, the Group has a technical team — formed by agronomists, biologists, nutritionists, veterinarians and quality specialists — that do everything to develop the supplier in the field.

The greater interaction between the producer and the supermarket promotes synergistic gains and quality, from which all learn and profit. The suppliers improve their products and processes and Grupo Pão de Açúcar ensures the volume, with lower rates of returns and stock-outs, and more quality and safety. And the consumer has a better shopping experience, being assured of healthy products that were cultivated, transported and stored in accordance with the highest standards of quality.

With 721 suppliers participating voluntarily in the Quality from the Source Program, the Group is extending this experience to other chains of production. In 2012, beef producers started to be included in the process. Another development is the inclusion, also in 2012, of the Sustainability Protocol, which brings together social and environmental criteria in the development of these suppliers, toward improving the use of natural resources like soil and water, and the promotion of the quality of life of field workers.

In this sense, GPA's efforts also help in the control of a variety of matters, such as the use of pesticides and greenhouse gas emissions; returns of packaging for pesticides, avoiding environmental contamination and preserving the health of the worker and of the rural community; combating waste, reducing the rejection of lots at the distribution centers and stores; and non-utilization of any form of child labor.

In 2012, 85% of the volume of fruits, legumes and vegetables sold in the Group's stores had a tracking code. In all, 1187 analyses were conducted, at seven plazas in Brazil; 95% of the samples were in compliance with the maximum residual thresholds under the law, and 100% were in compliance with the prohibition on the use of unauthorized substances, which percentages have held steady since January 2009.

More broadly, the Program contributes to farming in Brazil by integrating all the parties that make up the sector: the rural producer, the regulatory agencies like the ministries of Agriculture and Health, through ANVISA, the Public Attorney's Office, and GPA customers.

ISO 9001:2008

The Quality from the Source program is the first to have its fruits, legumes and vegetables procurement tested and approved by one of the most important certification standards in Brazil and in the world: the ISO 9001, reinforcing GPA's commitment to customers, the main pillar of the Company.

After a certification inspection in October of 2012, the inspectors from the organization recognized the consistency and quality of the program, which attests to the fruit, legume and vegetable procurement model based on the pillars of quality, realized by means of technical inspections, lab analyses, inspection at intake and the traceability of more than 2,000 products. The certificate is valid until 2015, both for Brazil and the United States, since Grupo Pão de Açúcar shares trade on the Bovespa and the New York Stock Exchange.

Bovine tracking

For beef, the Quality from the Source Program began in 2007, only on ranches of those of the Group's partners that produce Galician Blond cattle. The work starts with selecting ranches and meat packers, making it possible to track all production: insemination, birthing, animal well-being, vaccines, feed and type of cuts, until the meat arrives at GPA's meat counters.

BESIDE THIS EFFORT IN PARTNERSHIP WITH THE RANCHES,
THE GROUP IS IN THE PROCESS OF EXPANDING TO OTHER BEEF,
WHICH IS ONE THE FOODS BRAZILIANS CONSUME MOST.

One of the objectives is to offer tender meat of good provenance. It is a process of development with suppliers that goes beyond the quest for a healthy product, since it hammers home a commitment to and responsibility for the health of people, animals and the environment.

Customers can follow the monitoring of fruits, legumes, vegetables and now beef on their cell phones. Those with an Apple, Android or BlackBerry device can load an app to read a numeric or QR code on the packaging. Consumers will be directed to the webpage of the product supplier, where they can find all the information on the process of production and the origin of the food.

Finally, bulk products can be researched on http://www.qualitydesdeaorigem.com.br/busca/, where it is just a matter of entering some of the characteristics of the product, to find out its origin.

Caras do Brasil (Faces of Brazil)

Since 2002, Grupo Pão de Açúcar has maintained a program with the objective of opening a market channel for small producers of sustainable management, by promoting fair trade, income generation, respect for the environment and social inclusion. Called Caras do Brasil, the initiative seeks to value local culture through displaying products developed by communities and organizations throughout Brazil. The product line consists of foods, decorations and piece craftwork, developed by Non



Profitable Organizations and small suppliers from all regions of Brazil and they are brought to the large centers of consumption and sold off the shelves of Pão de Açúcar stores. GRISO1

In 2012, the Program turned 10 years old, and to commemorate the occasion, an event with suppliers from all regions of Brazil was held.

IN 2012, THE SALES EFFORT EXTENDED TO 22 NEW STORES IN THE BRAZILIAN NORTHEAST, AND THE PROGRAM NOW HAS A LINE OF 167 PRODUCTS.

The Program's value proposition is: to strengthen the conveyance of GPA's social responsibility, by means of local development local and conscientious consumption; to offer Group customers sustainable products with socio-environmental virtues in addition to their utility, encouraging conscientious consumption; and to contribute to the development of supplier organizations, lending the Group's

Product labels and tags must comply with applicable law. GPA's legal department evaluates legal compliance in these areas for each product. Any non-compliance is reported, and a period for the supplying organization to cure is stipulated. GRI PR3

All the suppliers in the Caras do Brasil program assume a commitment to sustainability, and a consultancy performs periodic Eligibility Assessment visits to ensure they follow through, involving a questionnaire on the social, economic and environmental impact of the groups and organizations that supply Grupo Pão de Açúcar. In 2012, the sales effort extended to 22 new stores in the Brazilian Northeast, and the program now has a line of 167 products, the majority being non-foods. For the year, sales of these items totaled R\$3.4 million, approximately 30% higher than in 2011 (R\$2.6 million). GRIECS

Among the Group's goals for 2013 are: undertaking a training program for entrepreneurs, in partnership with the Instituto Grupo Pão de Açúcar; registering suppliers from all of Brazil's States; extending to other group businesses; and having 100% of the suppliers be periodically evaluated.

Program to Qualify Suppliers for Retail

retail know-how and special terms of trade.

In 2011, Grupo Pão de Açúcar joined the Program to Qualify Suppliers for Retail, as developed by the Associação Brasileira do Varejo Têxtil (ABVTEX), in a clear demonstration of its commitment to fight child, forced, or analogous-to-slave labor; undocumented alien labor; discrimination, abuse and harassment; and to promote freedom of association, occupational health and safety; work hours; benefits; and the environment. The initiative ensures the correct provenance of the products and the process of production.

Textiles are basically marketed under the Extra banner, which three years ago began a process to change and modernize the segment. Its hypermarket format stores offer an ample assortment of clothing including women's, men's and children's fashion, sports apparel and daily wear for the entire household, and the category is among the fastest growing in the chain.

By joining the program, GPA has ensured that no uncertificated suppliers can sell their products through Extra. ABVTEX has accredited agencies like the Associação Brasileira de Normas Técnicas (ABNT), Bureau Veritas, Intertek and SGS to do the certification.

By December of 2012, all of GPA's suppliers and sub-suppliers in the State of São Paulo had been certified, thus meeting the first objective of the Qualification Program. By December of 2013, the suppliers and sub-suppliers in the other regions of Brazil must be certified in order to continue supplying their products to GPA.

Top Log

Created in 2004, the Top Log program tries, by means of monitoring and recognizing logistical efficiency, to create superior features to integrate and improve the supply chain and to promote gains throughout.

The objective of the certification is to ensure ongoing improvement in logistics, as reflected in stocking the stores with the varieties and volumes of products that customers want, in line with the positioning of each chain throughout Brazil.



Quality, Sustainability and Innovation (QSI) is one of the indicators on the score card, requiring suppliers to be committed to Food Safety, Quality Assurance, Social and Environmental Responsibility and other requirements. Over the course of 2012, all the suppliers that were audited complied with the protocol.

IN 2012, 147 SUPPLIERS PARTICIPATED IN THE PROGRAM. OF THESE, 26 JOINED THE NEW PROCESS FOR AUDITING THE OSI REQUIREMENTS

In 2012, 147 of the Group's most representative suppliers participated in the program. Of these, 26 joined the new process for auditing the QSI requirements, involving 31 questions on matters such as reductions in emissions of pollutants, route optimization and reverse logistics (focused on discarding packaging).

The goal for 2013 is to significantly increase the number of adherents to the program and consecutively conduct more audits, expanding the program to the protocol for suppliers of imported products and for the primary chain of production.

One of the highlights of the year was the launch of Top Log Transportes, with a focus on quality in distributing products between the links in the chain of supply; on reducing breakage; on appreciating drivers; and on decreasing distribution costs; among other matters. The first edition saw the participation of 30 transporters.

OUR ENVIRONMENTAL PERFORMANCE



Grupo Pão de Açúcar conducts its business using an eco-efficient model to manage its daily projects and processes. Its strategy involves the ongoing perfection of products and services in light of environmental considerations, which involves monitoring and control of the impacts of its operations.

Based on the assessment that its principal impact relates to materials use and waste management, it tries to propagate best practices, by developing educational programs for sustainability that emphasize conscientious consumption and disposal.

ITS STRATEGY INVOLVES THE ONGOING PERFECTION OF PRODUCTS AND SERVICES IN LIGHT OF ENVIRONMENTAL CONSIDERATIONS, WHICH INVOLVES MONITORING AND CONTROL OF THE IMPACTS OF ITS OPERATIONS.

Initiatives to mitigate impact GRIEN26						
Aspect	Cause	Impulse	Actions to mitigate			
Materials use	Stores with old and inefficient lighting systems. Energy guzzling air conditioning systems.	 Inefficient lights have high inputs, low output and short useful lives. High energy consumption contributes to carbon emissions. 	 Upgrading to more efficient lighting systems in 76 stores in 2012. Replacing electric with natural gas powered air conditioning in one store. 			
Water use	Many points of consumption with high volume water flows.	Reduction of water consumption	Installation of flow reducers at 50 stores and the Group's headquarters.			
Emissions	Gas emissions relating to operations (transport, energy consumption, waste generation, travel, et cetera).	• Global warming.	Mapping of emissions, by means of a carbon inventory.			
Effluents	Waste water is not reused.	Reduction of water consumption and reduction of effluents through the public system.	Installation of a system to reuse a store's waste water in the air conditioning tower.			
Wastes	Generation of wastes from operations (organics, paper and plastic).	Improper disposal can contaminate soil and groundwater, cause odor, vectors of disease, et cetera.	Deploying a new model of waste management.			



INTEGRATED WASTE MANAGEMENT GRI FN26

The year 2012 was marked by progress in waste management processes. To meet the guidelines of Law n° 12.305, which instituted the National Policy on Solid Wastes (Política Nacional de Resíduos Sólidos - PNRS), Grupo Pão de Açúcar maintains initiatives that try to minimize the environmental impacts of its operations. Among other things, the PNRS regulates mandatory reverse logistics for some lines of products, such as batteries and electronics.

This is directly related to Group initiatives since 2001 to help the population with the correct disposal of materials like paper, plastics, metals, glass and used cooking oil. Many of these actions are developed in partnership with large industries and sectoral entities and/or cooperatives, which help collect and segregate the products.

THE YEAR 2012 WAS MARKED BY PROGRESS IN WASTE MANAGEMENT PROCESSES.

In tune with the PNRS, in September, the Group began a project to improve its waste management process. To improve controls of the volumes generated, GPA opted to concentrate the effort on a smaller number of suppliers with greater technical and logistical capacity.

By means of a dedicated route, which enhances the capacity to control management, one supplier became responsible for managing and disposing of all the wastes generated at 286 stores, 38 drugstores, 8 distribution centers and 1 clinic. In a second phase of the project, in 2013, systems to treat organic waste are slated with the same supplier.

The Group also has another supplier responsible for 38 stores in São Paulo and Curitiba, which segregates all waste into recyclables, compostables, tailings and reusables. At these stores, the employees of the internal departments receive special training on recycling and waste management. Furthermore, all sectors of the store have specific collectors to efficiently segregate the organic and recyclable wastes. This effort entails just 21% of the volume of waste produced at the stores being sent to landfills. The remaining 79% is disposed of in an environmentally appropriate way.

Recyclable materials are sent to the recycling industry. Organic materials are utilized to produce animal feed or are composted. Tailings are sent to landfills, and leftover wood is used to make furniture.

Wastes collected in the stores, by destination (tons)

Disposal in	Organic composting	Landfill	Recycling	Total
2009 (1)	7,764	3,840	3,924	15,528
2010 (2)	9,146	4,080	4,800	18,026
2011 (3)	7,290	2,508	5,155	14,953
2012 (4)	9,241	4,885	8,662	22,789

Data with reference to: (1) 23 stores; (2) 31 stores; (3) 34 stores; (4) 38 stores.

Recycling programs GRI EN26

> Pão de Açúcar Unilever Recycling Stations — Since 2001, in partnership with Unilever, Pão de Açúcar stores have had voluntary stations for recyclable materials like paper, plastic, metal, glass and used cooking oil. The initiative is present in 124 stores. In 2012, 12,218 tons of recyclable materials and 319,508.8 liters of cooking oil were collected and donated to 37 partner recycling cooperatives. Since inception, the program has handled 63,389 tons of paper, plastic, metal and glass; and 1,177,767.3 liters of cooking oil.



- > Extra P&G Recycling Stations Since 2007, and in partnership with Procter & Gamble since July of 2012, the parking lots at Extra stores (now numbering 126) have had voluntary stations for recyclable materials like paper, plastic, metal, glass and used cooking oil. In 2012, 3,519 tons of materials and 196,175.8 liters of oil were collected and donated to 45 recycling cooperatives that partner with the program. Since inception, 8,245 tons of materials and 486,341.5 liters of cooking oil have been collected.
- > GreenBox Encourages pre-consumption disposal of packaging, raising consumer consciousness on proper waste disposal. Since 2008, collection bins have been placed next to the cash registers of the Pão de Açúcar stores. By the end of 2012, the program was present in 119 stores. The program collected 1,065,597 units in 2012 and 3,263,221 since inception. All the collected material is donated to recycling cooperatives that partner with the Group.
- > Proper disposal of medications Program Created in 2010, the objective of the pioneering initiative by Grupo Pão de Açúcar and Laboratórios Eurofarma is to alert the consumer to the importance of appropriate disposal of expired or out-of-use medications, packaging, and sharp articles like needles and ampoules. Items are collected in receptacles installed at 27 Extra drugstores and 4 Pão de Açúcar drugstores. In 2012, the initiative continued at all of the drugstores in the capital of São Paulo, in addition to the cities of Araraquara, Piracicaba and Rio de Janeiro, with the collection of 4.5 tons of material. Since inception, the total is 6.7 tons of waste.
- > The Hello Recycle Program Maintained since 2010, in partnership with Nokia do Brasil, its objective is reverse logistics for cell phones and related materials, like batteries and accessories. Materials collected at 122 Extra stores and 158 Pão de Açúcar stores (amounting to 2.1 tons in 2012, and 2.6 tons since inception) are recycled and used in producing toys, electronic equipment and even dental products.



- > Battery Collection Program In partnership with the Associação Brasileira da Indústria Elétrica e Eletrônica (ABINEE), GPA has since 2010 placed collection bins for disposing of used batteries at all of its Pão de Açúcar, Extra Hipermercado, Extra Supermercado, MiniMercado and Assaí stores. The objective is to discourage inappropriate disposal of these products, which contain toxic substances that contaminate soil and groundwater. There were 33.1 tons collected in 2012 and 43.7 tons since inception.
- > Electronic Trash Program Maintained since 2011 in partnership with the

 Associação Brasileira de Empresas de Limpeza Pública e Resíduos Especiais

 (ABRELPE), the initiative tries to encourage proper disposal of electronics

 and contribute to fulfillment of the National Policy on Solid Wastes. Toward this end, collection bins were deployed at four Extra stores and one Pão de Açúcar, where printers, televisions, video cassettes, computers,

 DVD machines and microwaves, among other electronics, can be turned in. Materials collected: 4.6 tons in 2012 and 8.5 tons since inception.
- > Recycling of Light Bulbs Program Developed in 2011 in partnership with AES Eletropaulo, the Illumination Campaign has earmarked part of the proceeds of electronic light bulbs, which are more economical, for the Instituto Akatu, and involved installing collection bins in store parking lots. In 2012, the action was maintained at one Pão de Açúcar store (Cerro Corá, in São Paulo), which continued to collect lights in disuse from customers. Materials collected in 2012: 3,457 whole light bulbs and 80 kilos of broken light bulbs.
- > Segregated collection GPA has adopted segregated collection at its administrative headquarters in São Paulo. In 2012, 46.3 tons of paper, plastic, glass and metal were recycled. All floors have identified baskets for proper disposal and a janitorial team has been trained in how to collect, separate and control the materials.

RENEWABLE MATERIALS

The packaging for the exclusive Taeq and Qualitá brands prioritizes the use of renewable and recyclable materials, in line with the Group's waste management practices. In 2012, 61.8% of the materials used in Taeq packaging and 52.3% for Qualitá were renewable (paper, metal and glass). Plastics represented 38.1% and 47.7%, respectively. During the year, the two brands increased the share of paperboard certified by the Forest Stewardship Council (FSC), which certifies sustainable forest management and industrial paper production processes.

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WERE RENEWABLE.

Descarte aqui pilhas e baterias > Taeq Green Cycle — Paperboard packaging for the brand's products uses recycled paper from Pão de Açúcar's Recycling Station and Green Box Programs, which is donated to recycling cooperatives, which in turn select, classify and sell it to a recycling company, which manufactures the paperboard sold to the printer that produces Taeq packaging. It is an initiative that contemplates environmental and social aspects: appropriate disposal of packaging post-consumption, and income generation through the recycling.

It also allows tracking the entire chain of production, from collecting and segregating the material, to producing the paperboard and the packaging, through utilization by the supply industry in the final stage of production. In 2012, 307 tons of paper was sent for recycling and manufacturing the recycled Vitacarta paperboard, which was used in 20% of Taeq products with paperboard packaging. For 2013, the target is to send 10% more paper for recycling.

Materials utilized – exclusive brands

Materials atmized	- CAGIGIS	TVC DIGITO					
Material	Br	and		Та	eq	Qua	alitá
	Taeq	Qualitá	Type of material	2011	2012	2011	2012
			Virgin	30.0%	28.6%	39.9%	35.8%
Paper			Recycled <i>GRI EN2</i>	2.6%	2.8%	1.4%	1.4%
Corrugated cardboard	F10/	44.6%	-	46.4%	47.5%	49.2%	52.6%
	51%	44.6%	FSC Certified	14.9%	15.1%	4.0%	4.5%
Paperboard			Not FSC Certified	1.7%	1.7%	5.5%	5.7%
			Recycled GRI EN2	4.3%	4.3%	0.0%	0.0%
			Polyethylene terephthalate (PET)	8.6%	9.0%	7.9%	7.9%
			High Density Polyethylene	6.9%	8.2%	6.8%	7.1%
			Polyvinyl Chloride (PVC)	20.6%	18.6%	21.6%	23.1%
Plastic	38.1%	47.7%	[Low] Density Polyethylene	2.1%	2.5%	13.4%	14.3%
			Polypropylene (PP)	33.1%	33.1%	26.6%	26.6%
			Polystyrene (PS)	19.8%	19.8%	20.1%	19.6%
			Others	8.8%	8.8%	3.6%	1.4%
	F F0/	4.20/	Steel	90.3%	90.6%	86.8%	87.3%
Metal	5.5%	4.3%	Aluminum	9.7%	9.4%	13.2%	12.7%
Glass	5.3%	3.4%		100.0%	100.0%	100.0%	100.0%

PACKING

The year 2012 was very important in rethinking the excessive and free distribution of plastic bags. In an action coordinated by the Associação Paulista de Supermercados (APAS) in conjunction with its affiliates, the state and municipal governments of São Paulo, a significant cut-back in the use of this type of packaging was proposed, to minimize the environmental impact. After several discussions among the parties that are directly involved — including industry, retail, consumer protection agencies, environmentalists and associations — it was decided to create a working group coordinated by the Ministry of the Environment that would examine, on a national scale, what would, going forward, be the best option for consumers to carry their purchases.

The solution must also meet the legal requirements contained in the Política Nacional de Resíduos Sólidos and the demands of the consumer and environmental protection agencies. The group was formed in November of 2012 and should present its recommendations by the end of 2013, where the principal objective is to meet all the demands of a modern and sustainable society.

In 2012, the Pão de Açúcar and Extra chains launched new models of reusable bags, available as of October at all the stores in Brazil. Made of raffia, the bags bear stamps aligned

with the concept of each brand. Pão de Açúcar, which since 2005 has offered reusable bags in its stores, continued a line that each year launches bags with new images inspired by a theme. For 2012/2013, the motto is Transparency, with an offering of another two models, totaling six different stamps. At Extra, two models stamp designs that hark to Extra's Por uma Vida Mais Família campaign, and another three are directed toward a male clientele, with designs that emphasize the sponsorship of the Confederação Brasileira de Futebol and the Brazilian-ness of the brand.

Besides these models, the banners continue to sell bags where part of the proceeds is returned to social entities, as is the case in the Extra partnership with Hope, and the Pão de Açúcar partnership with SOS Mata Atlântica.

Over the course of 2012, more than 16.4 million reusable bags were sold.



GREEN BUILDINGS

Many stores inaugurated under the Pão de Açúcar banner are constructed using eco-efficient standards, involving reduced energy and water use, and responsible application and utilization of materials in the installations. These standards include items like motion sensors in administrative areas, skylights to maximize natural light, and other equipment that permits rational use of natural resources. The buildings follow all the certification criteria established by Leadership in Energy and Environmental Design (LEED), which rates standards for sustainable construction.

Called Green stores, they combine conscientious consumption practices with a series of innovations in the sector, providing an outstanding shopping experience for customers. The technologies employed afford energy savings of roughly 10% in relation to a normal store of the same size. Efficient water use is also bestowed by installing flow reducers in taps and special valves. The initiatives also include waste management, bike stands, white roofing, internal air quality control, regional and recycled materials, certified wood, a short turnaround cycle, overhead lighting, preferential destination — a low carbon footprint, paints and glues with low emissions of volatile organic compounds, and native vegetation in the green areas.

The first Green store in Latin America was opened by GPA in 2008, in the city of Indaiatuba, in the interior of São Paulo. In 2009 the unit won the approval of the United States Green Building Council — USGBC. Encouraged by this model of success, in 2012 the Group inaugurated the first units of this type outside of the State of São Paulo. The regions chosen were the Northeast, with one store installed in Recife (PE), and the Central-West, with one unit in Goiânia (GO). In all, there were seven Green stores under the Pão de Açúcar banner by the end of 2012, including two that were certified and five in the certification process. GRI ENG

IN 2012 THE GROUP INAUGURATED
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THE REGIONS CHOSEN WERE THE
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São Camilo green store in São Paulo.



Bike stands

Another concern in building units located in urban regions adjacent to Areas of Permanent Preservation (APP) involves the removal of isolated trees. In installing a unit in Itanhaém (SP), for example, an Environmental Commitment Agreement was signed, to supply seedlings of native species to the city. Other stores went forward from this principle, even when they weren't close to APPs, cutting or suppressing isolated trees with an environmental license in hand, and supplying the native or exotic seedlings solicited by the licensing agency. GRIEN14

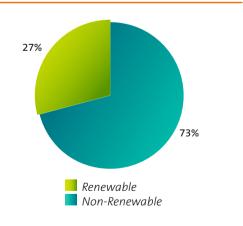
ENERGY

The Company is continually seeking ways to reduce energy consumption. Accordingly, whenever possible, preference is given to natural lighting in work and sales areas, as well as to dimmable lighting, reducing light pollution, contracting green energy, roofing with reflective material, and not needing to use the air conditioning at maximum capacity. GRIEN6

The initiatives include an Internal Commission on Energy Consumption, a structure created in 2011 and maintained during the year to identify actions to reduce store energy consumption. The lighting system was changed in 76 stores, to use more efficient lights, yielding an average decrease of 3% in the consumption these units. The energy efficiency program will continue in 2013, when it is expected that lighting systems will be changed over in approximately 50 stores. GRI ENT

In 2012, the Group's stores, distribution centers and headquarters consumed 1,120,596,062 kWh of indirect energy (equivalent to 4,034,146 GJ). During the year, 30 new stores began to consume renewable energy, represented in particular by hydroelectric and biomass sourcing, to bring the total to 93 units. In 2013, another 20 stores should join. Renewable power accounts for 27% of the group's aggregate direct and indirect energy use.

Energy by source



Direct energy consumption (1) GRI EN3

Non-renewable energy sources	GJ
Diesel	95,040
Natural gas	57,942
[Others (Liquefied Petroleum Gas – LPG)	289,721
Total non-renewable energy	442,703

⁽¹⁾ Energy consumed by products and services of the Company

Indirect energy consumption (1) GRI EN4

Source	MWh	GI
Non renewable		
Non renewable		
Electricity	790,289,705	2,845,044
Renewable		
Renewable sources (Energy		
vendor) – mixed source	126,287,845	454,636
Hydroelectric	34,612,239	124,603
Biomass	169,406,272	609,862
Total renewable	330,306,357	1,189,103
Total energy consumed	1,120,596,062	4,034,146

⁽¹⁾ Energy produced outside the Company that is consumed to supply its intermediate energy needs (like electricity, heating and refrigeration)

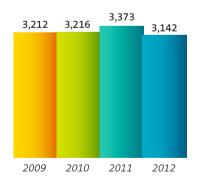
WATER

In 2012, GPA stores and distribution centers used 6.87% less water than in 2011, falling to 3,142,920 cubic meters. Of the total, 98.2% came from municipal water supplies. A key resource in retail food, water use is monitored daily in the stores, with the objective of detecting and eliminating any leaks. The water utilized at its units is also properly disposed of, where 71.3% of the volume goes into public sewage systems.

Water used (m³) GRI EN8

Source	2009	2010	2011	2012	% of the total
Municipal network	3,212,843	3,216,195	3,373,420	3,084,482	98.2%
Subterranean source	-	-	-	54,358	1.7%
Other sources (recycled) GRI EN10	-	-	-	4,080	0.1%
Total	3,212,843	3,216,195	3,373,420	3,142,920	100.0%

Water consumption (thousands of m³) GRI EN8



Water disposal by destination (m³) GRI EN21

	2009	2010	2011	2012	% of the total
Public sewage network	1,406,856	2,044,223	2,133,797	2,302,812	71.3%
Sewage treatment station	236,034	367,287	413,580	445,785	13.8%
Discharge directly into rivers or other bodies of water	1,776,627	2,611,279	753,323	479,789	14.9%
Total	3,419,517	5,022,789	3,300,700	3,228,385	100.0%

EMISSIONS

Grupo Pão de Acúcar has adopted a series of initiatives to reduce areenhouse gas emissions, such as increasing time spent on preventive maintenance tasks, and improving the refrigeration installations, using less coolant gas – all told, the method now applied at Green Stores, which will expand to the Group's other stores. GRI EN18 | EN19

Inventory of emissions

Since 2010, GPA has prepared its carbon emissions inventory, based on the specifications of the Programa Brasileiro GHG Protocol. The calculation, realized with support from an external consultancy, is developed by means of directly quantifying emissions, following the methodologies of the Intergovernmental Panel on Climate Change (IPCC 2006 – mass balance), the Department for Environment Food and Rural Affairs (Defra), the World Institute (WRI) and Brazilian technical parameters, such as those of the Agência Nacional do Petróleo (ANP), the Balanço Energético Nacional (BEN), the Ministério da Ciência, Tecnologia e Inovação (MCTI) and the Ministério do Meio Ambiente (MMA). The information allows the Group to identify points for improvement and establish emissions reduction targets.

SINCE 2010, GPA HAS PREPARED ITS CARBON EMISSIONS INVENTORY. BASED ON THE SPECIFICATIONS OF THE PROGRAMA BRASILEIRO GHG PROTOCOL.

In 2012, the Group's nominal embodied CO2 (CO2e) emissions were 42% higher than in 2011. This increase occurred due to improved data collection and the inclusion of the Assaí banner and other activities of GPA, Via Varejo and Nova Pontocom (e.g. treatment of solid wastes). Furthermore, since more energy in Brazil was generated using thermal plants, there was a 135% increase in the average emissions factor for electricity, according to the Ministério da Ciência e da Tecnologia.

Emissions of greenhouse gasses GRI EN16 | EN17

	2011 (tons CO₂e)	2012 (tons CO₂e)
Escope 1 (1)	97,998	91,863
Escope 2 ⁽²⁾	35,508	94,771
Escope 3 ⁽³⁾	49,449	73,563
Total	182,955	260,198

⁽¹⁾ Scope 1: Direct emissions of greenhouse gasses: according to GHG Protocol, these come from stationary and moving sources, which belong to or are controlled by the Company, such as boilers and vehicles

⁽²⁾ Scope 3: Indirect emissions of greenhouse gasses, from energy consumption.
(3) Scope 3: All other indirect emissions from Company activities, but that occur at sources that do not belong to or are not controlled by the Company, such as flights, outsourced fleet, or civil construction projects.

Transport

Launched in 2006, the Backhaul program is yet another of the Group's initiatives to mitigate the environmental impact of its operations, and to ensure greater logistical efficiency. The initiative optimizes product distribution processes, such that trucks return to their bases loaded with articles from some supplier — and not empty. GRI EN29

THE BACKHAUL PROGRAM IS
YET ANOTHER OF THE GROUP'S
INITIATIVES TO MITIGATE THE
ENVIRONMENTAL IMPACT OF ITS
OPERATIONS, AND TO ENSURE
GREATER LOGISTICAL EFFICIENCY.

In 2012, 50 suppliers participated in the initiative, with a total of 11,329 collections, 8% above 2011. In addition to productivity gains, the action also reduces the distances travelled and, consequently, CO₂ emissions.

In addition, in 2012, the Group and Unilever signed a Join[t] Sustainability Plan focusing on logistics, which includes actions to measure and reduce greenhouse gases throughout the chain of value. The monitoring consisted of plotting a carbon footprint, based on the 2011 inventory, from the departure from Unilever's distribution center to delivery at the stores. Based on this study, it was possible to more clearly identify this highest impact routes for delivering products. The plan also contemplates continued improvement in keeping the trucks occupied, mainly by means of making the frequency of dispatch more regular and changing the standard for palletization for product delivery, which reduces emissions and costs. In one year, the project averted the emission of approximately 200 tons of CO₂. GRIEN18

Reduction of CO2 emissions and kilometers travelled by the Backhaul GRIEN18 | EN29

	2009	2010	2011	2012
Kilometers travelled (thousands)	479	503	669	937
CO ₂ emissions (tons)	369	387	701	719

VIAVAREJO SOCIO-ENVIRONMENTAL PERFORMANCE

Viavarejo expresses its commitment to socio-environmental development in its initiatives directed toward employees, suppliers and society. It seeks to balance economic, social and environmental concerns in a model applied across the chain of production and oriented by sustainable management.



EMPLOYEES

Viavarejo closed 2012 with 67,946 employees, down from 68,998 in 2011, all contracted in accordance with the Consolidated Labor Laws. It is a young team 34.2% being under 30 years old), including 37.3% women, and it is concentrated in operating and sales functions (63.3% of the labor force works at stores, and including logistics and distribution centers, this number rises to 94.8%).

As a way of valuing diversity, Viavarejo emphasizes integrating people with special needs into its staff. In 2012, hiring of professionals with this profile increased 66.7%, and at the end of the year the program was extended to the State of Rio de Janeiro. In the city of São Paulo, 76 professionals were hired and subsequently trained in partnership with the Associação para Valorização de Pessoas com Deficiência (Avape), through coursework totaling 16,720 hours, or an average of 220 hours per professional. The development courses last two months, with classes on customer service, communication and expression, basic math and computing, administrative routines, and theory on specific functions of the jobs contemplated by the project. GRILA13

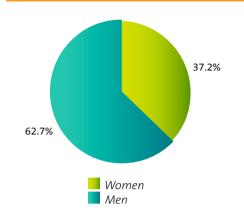
AS A WAY OF VALUING DIVERSITY,
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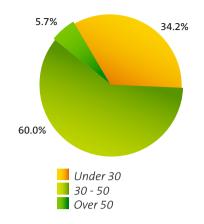
Total employees GRILA1

	Pontofrio	Casas Bahia	Total	
Number of employees	10,927	57,019	67,946	
Permanent hires	10,865	55,789	66,654	
Temporary hires	62	1,230	1,292	
Number of women	5,113	19,726	24,839	
Number of men	5,752	36,063	41,815	
Under 30 years old	4,778	18,036	22,814	
30-50 years old	5,462	34,539	40,001	
Over 50 years old	625	3,214	3,839	

Employees by gender



Employees by age group



Employees by function *GRILA1*

	2011		2012		
	Women	Men	Women	Men	
Executive Officers	2	23	3	22	
Management	260	1,065	265	995	
Supervision	1,016	764	860	569	
Administrative	6,167	3,336	5,025	2,751	
Operations	4,884	24,961	6,248	23,526	
Sales	12,621	13,899	12,438	13,952	
Total	24,950	44,048	24,839	41,815	

Direct employees by business unit

GRI LA1				
Business Unit	2012			
Stores	42,202			
Distribution Centers	21,035			
Corporate	3,417			

Diversity GRI LA13

	<u>Men</u>		Women	
	Number	Percentage	Number	Percentage
Employees by race	41,815	62.7%	24,839	37.3%
Vhite	24,759	37.1%	14,861	22.3%
Black	16,810	25.2%	9,824	14.7%
Asian	154	0.2%	126	0.2%
ndigenous	92	0.1%	28	0.0%
mployees by minority group				
eople with special needs	821	1.23%	544	0.82%
xecutive Officers				
By age group	22	88.0%	3	12.0%
30-50	18	72.0%	2	8.0%
Over 50	4	16.0%	1	4.0%
By race	22	88.0%	3	12.0%
White	20	80.0%	3	12.0%
Black	2	8.0%	0	0.0%

Turnover

In 2012, tornover decreased 4.08%, with 16,611 departures and 13,892 hires. The region with the highest turnover was the North, at 60.00%, followed by the Northeast, at 19.49%.

Turnover (%) GRI LA2

Net staffing change	Women	Men	Total
Number of departures	6,086	10,525	16,611
Number of hires	5,834	8,058	13,892
[Turnover] (%)	1.01	5.90	4.08
Turnover by age group (%)	Women	Men	Total
Under 30	4.74	0.65	2.26
30-50	4.46	9.35	7.54
Over 50	6.87	10.50	9.52
Turnover by region (%)	Women	Men	Total
Southeast	1.88	7.36	5.29
South	10.11	5.79	7.26
Central-West	0.33	4.03	2.77
Northeast	24.12	17.01	19.49
North	50.00	65.52	60.00

OUR CAUSE, A TRANSFORMATIVE JOURNEY TOWARD BUILDING A UNIFIED CULTURE, TAKING INTO ACCOUNT THE VALUES THAT ARE MOST INTENSELY PUT INTO PRACTICE BY CASAS BAHIA, PONTOFRIO AND GRUPO PÃO DE AÇÚCAR, TO ALIGN, INVOLVE, ENGAGE AND GET ALL EMPLOYEES COMMITTED AROUND A UNIFYING COMPORTMENT.

Our Cause

A highlight during the year was the creation of Our Cause, a transformative journey toward building a unified culture, taking into account the values that are most intensely put into practice by Casas Bahia, Pontofrio and Grupo Pão de Açúcar, to align, involve, engage and get all employees committed around a unifying Comportment.

This process actually began to be designed in 2011. The first phase included mapping the Company's culture, involving 390 professionals in 19 discussion groups and 52 individual interviews, which outlined what Via Varejo's cause would be. The second phase involved meetings with the executive officers. From there arose the values that guide Our Cause – Our Comportment: making customer and employee dreams a reality,



by respecting human and business values with Dedication; leveraging Our People; being Practical and Simple; and generating Sustainable Results.

Viavarejo comportment was defined as having four attributes:



Dedication: We serve our employees, customers and society with passion, excellence and responsiveness.



Our People: We have a sparkle in our eyes and pride ourselves on being part of a team that builds relationships based on trust with ease, humility and respect.



Practical and Simple: Our simplicity and agility and efficient procedures ensure quality management.



Sustainable Results: We are committed to pursuing challenging results in the dimensions of the business that contribute to the perpetuity of Viavarejo.

In the phase for development and engagement of the leadership, between February and July of 2012, 179 workshops were held, involving more than 2,900 managers (100% of the employees that occupy these posts) and shapers of opinion. A large internal communications campaign supported the process. Then in the phase for training leadership to propagate Our Cause, between July and November of 2012, roughly 80 group discussions were held, involving 1,267 managers in the transformative leadership seminar.

Between October and November of 2012, Our Cause was disseminated to all employees, supported mainly by the actuation of each manager. The entire movement involved approximately 90,000 hours of training. As a result of these encounters, 39 broad recommendations were gathered for the Company, and unacceptable practices were established for each of these attributes.

The process of defining the culture also resulted in putting together a Code of Conduct that was distributed to all employees. The document was based on Our Cause and identifies attitudes that fail to respect and appreciate Human Rights, and how to proceed in such cases.

During the year, approximately 90,000 hours of training on human rights was provided to 33.5% of the Company's professionals. GRIHR3

Training and development

As a way of maintaining the high quality of its services, as well as valuing and, especially, retaining its human capital, Viavarejo invests in training and developing its employees. During the year, 166 programs were developed, with a focus on the sales teams and leadership posts, offered both in the form of e-learning and physical attendance. In all, there were more than 1 million hours of training, or an average of 16 hours per employee. In the case of the leadership, this number reached nearly 94 hours per professional. The sales team accounted for the highest number for participation, with an average of seven trainings per employee.

Beyond the courses and trainings provided internally, the Company offers a partial subsidy for graduate and post-graduate courses for employees.

The most notable programs in 2012 included the following:

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DEVELOPING ITS EMPLOYEES.



Leaders of the Future program.

- > Leaders of the Future Program The initiative, now in its second year, is for training new store managers. In 2012, the program received roughly 1,200 applications and the number of spots increased from 70 to 100. In all, there were 1,370 hours of training per participant. They assumed the management of stores four months after the course ended.
- > Commerce of the Future A program focused on developing the skills of Commercial Department teams and involving a succession plan. During the year, 22 employees participated in an average of 134 hours of training each.
- > The Casas Bahia Sales Training Program (Prove) To propagate the best sales practices among the store sales staff, in December of 2004 the first cohort of 26 multipliers were trained to transmit the knowledge. The program was divided into five main areas: Evaluation, Techniques, Communication, Selection and Management. In 2012, [106,526 sales staffers participated in the Program, in a total of 736,679 hours of training.
- > Leadership Academy Training for all store managers and supervisors and professionals in the operating sectors, consisting of seven modules. In 2012, the program also started to include professionals in the distribution centers.

Internal Recruitment Program

Jobs are posted first to employees, so that they can apply. If the job is not filled by members of the staff, it is advertized to the wider market.

Creation of regional centers

In order to hire local labor and seek professionals with a profile aligned with the Company's, regional recruitment centers were formed. By the end of 2012, there were seven regional centers, responsible for hiring roughly 60% of new staff members. GRI EC7

Hours of training GRILA10

Professional category	ory Participants Total hours of		Hours per employee	
Executive officers	25	1,051	42.0	
Managers and supervisors	2,689	252,243	93.8	
Administrative	7,776	55,584	7.1	
Operational	29,774	220,751	7.4	
Sales	26,390	572,617	21.7	
Total	66,654	1,102,246	16.5	

For 2013, Viavarejo's goals are to maintain an average of 16 hours of training per employee; continue the training projects for the store teams; and expand to other non-sales posts. Also envisioned are intensifying the investments in leadership development, including executives, and increasing participation in e-learning programs for operating posts with great geographic capillarity, such as assemblers.

Specifically for these furniture professionals and technicians, remotely updated tablets and cell phones that give the itinerary and the specs on the customers to be visited were distributed in 2012. At the end of the work, they download to services performed. The devices are also a form of communication, since they receive an updated Revista Viva and other information sent by the Company.

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In 2012, performance was analyzed, initially for the leadership posts at the distribution centers and stores, evaluating roughly 2% of employees. For 2013, the goal is to extend the use of the tool to other levels of leadership and, in 2014, cover all employees. GRI LA12

Compensation and benefits

Viavarejo's compensation policy provides for pay in line with market standards and compatible with the degree of development of the professionals. The lowest wage paid during the year was equal to Brazil's national 220-hour monthly minimum wage (R\$622). GRIECS

All Viavarejo employees are entitled to benefits that vary depending on the job and the employment regime. Temps and part-time workers receive a basket of basic goods, and those travelling are eligible for transport and food vouchers.

Full-time employees receive a basket of basic goods, food and transport vouchers, health care, funeral aid, scholarships, wedding gifts, extended maternity leave, paternity leave and loans against payroll. There is also the Mothers' Card, which provides female employees with children aged 0-5 R\$100 per child; and the Multicheque Card, which offers discounts on purchases at Grupo Pão de Açúcar stores. In addition to these benefits, executives are entitled to a check-up, private pension plans, dental reimbursement, ticket car, life insurance, and car purchase and maintenance. GRILA3

For 2013, the goal is to also offer the check-up and private pension plan to the manager level. Moreover, improvements in the health care are envisioned, with more accessible prices and better service, subject to the particularities of each region. The basic goods basket/vouchers benefits will also be aligned, as between Casas Bahia and Pontofrio, and the benefits policies will be reviewed to better reflect what is offered in the market.

Wages of men and women GRI LA14

		Base salary	
By functional category	Men (R\$)	Women (R\$)	Ratio (W/M)
xecutive Officer	56,938.50	44,248.67	0.77
Лаnager	5,706.21	5,646.13	0.98
Supervisor	3,642.97	2,520.66	0.69
Administrative	2,344.59	1,604.83	0.68
Operational	1,850.96	859.85	0.46
Sales	1,527.70	1,333.95	0.87
By region	Men (R\$)	Women (R\$)	Ratio (W/M)
Southeast	1,959.91	1,400.36	0.72
outh	1,823.16	1,222.63	0.67
Central-West	1,674.04	1,123.16	0.67
Northeast	1,090.93	1,744.37	0.63
North	1,502.93	1,003.79	0.67

Health and safety

Viavarejo has adopted programs to preserve the physical integrity and health of its employees. It also encourages participation in formal health and safety committees, which help monitor and advise on programs related to these matters. These committees act at all levels, represent 100% of the employees and undertake the Week to Prevent In-House Work Accidents. In 2012 there were no work-related deaths reported. GRI LAG

During the year, through the specialized Occupational Medicine and Safety service, the Company conducted trainings on prevention and supplied personal and collective protection equipment for the functions deemed to present occupational risk. It also promoted e-learning and physical attendance classes, delivered informative and educational print material, and gifts that helped broach the topics.

In the Classificação Nacional de Atividades Econômicas (CNAE), Viavarejo's business is registered under number 4753-9/00 at risk grade 2, there being no high risk in its activities. All the trainings, programs for education, prevention and control of occupational hazards and serious diseases are directed to the staff, and the indicators for 2012 were deemed acceptable. For 2013, the goal is to follow the same practices as in 2012 and maintain or reduce the indicators by 1%. For the medium- and long-terms, the targets are reductions of 2% and 3%, respectively.

Incidence of injuries GRILAT

Region	Incidence	Rate of occupational disease	Rate of days lost	
Southeast	252.57	263.0	111.77	
South	8.74	3.0	4.49	
Central-West	27.03	2.0	22.13	
Northeast	2.25	0.0	58.26	
North	0.00	0.0	0.00	
Total	290.59	268.0	196.65	

> Rehabilitation — Located on Praça Ramos de Azevedo, the Centro de Capacitação e Reabilitação Profissional CECREP provides therapies to employees out with health problems, and professional training courses for people with special needs. Since it opened in December of 2008, it has provided rehabilitation and training to more than 1,500 professionals. For returning employees, it offers treatments in orthopedics, psychiatry, psychology, physical therapy, social assistance and acupuncture.

SUPPLIERS

Viavarejo's policy gives preference to acquiring products from suppliers with factories in Brazil. During the year, all suppliers fit this description. GRIECG

RESPECT FOR, AND AN APPRECIATION OF, HUMAN RIGHTS, ARE EXPRESSED IN THE COMPANY'S VALUES. TO ENSURE THIS, ESPECIALLY WITH RESPECT TO SUPPLIERS, IT INCLUDED IN THE TEXT OF 100% OF ORDERS THE GENERAL CONDITIONS OF PURCHASE AND SUPPLY, WHICH CLARIFY THE COMPANY'S INTOLERANCE OF CHILD, FORCED OR SLAVE-LIKE LABOR.

In addition, respect for, and an appreciation of, human rights, are expressed in the Company's values. To ensure this, especially with respect to suppliers, it included in the text of 100% of orders the General Conditions of Purchase and Supply, which clarify the Company's intolerance of child, forced or slave-like labor.

During the year, it also continued the Counterparty Risk Management program, which seeks to minimize the possibility of this kind of occurrence. All contracts that put the Company's operations at risk were analyzed, and no case of a violation of human rights was found. GRI HR2 | HR6 | HR7

CUSTOMERS

One of the pillars of Our Cause is a dedication to customers that, among other actions, is reflected in providing personalized service, maximizing satisfaction and exceeding expectations. In 2012, Viavarejo's Casas Bahia/Pontofrio Contact Center (CBCC) continued its survey, contacting 1,463 individual and organizational customers and clients that had bought some item at Casas Bahia and/or Pontofrio, to measure their degree of satisfaction with the products acquired through active telemarketing, finding a satisfaction index of 79%. GRI PRS

The marketing department, acting in step with the CBCC, also pursues customer satisfaction, receiving information and aligning processes. During the year, social network monitoring and controls to ensure more timely resolution of complaints were improved. In addition, an internal process to survey satisfaction was begun, to assess how employees see customer service provision.

Evidencing the success of these actions, Casas Bahia earned Top of Mind in the Furniture, Appliances and Electronics Stores segment for the seventh consecutive year. The survey is conducted annually by the Folha de S.Paulo journal, which lists the most memorable brands among the public. Present since 2006, the banner was cited 27% of the time, versus 5% for the runner up.

CASAS BAHIA EARNED TOP OF MIND IN THE FURNITURE, APPLIANCES AND ELECTRONICS STORES SEGMENT FOR THE SEVENTH CONSECUTIVE YEAR.

In a survey conducted by Shopper Experience, at the request of Consumidor Moderno magazine, Pontofrio came in first among the competitors in the retail electronics sector, scoring 7.82. The site www.pontofrio.com.br was also graced with the Diamond seal by e-bit, the benchmark company in supplying information on Brazilian e-commerce. GRI 2.10

For 2013, the goals are to go forward with the actions initiated, and conduct a new study with internal clients to assess the quality of service provided by the Store Support team at Casas Bahia and Pontofrio. Other goals include measuring satisfactory resolution of complaints, creating directed customer relations programs and improving the quality of service throughout the Company.

SOCIETY

Communications and marketing

Viavarejo has a contract with the Escritório Central de Arrecadação e Distribuição (ECAD), to assure the copyrights of third parties. In addition, it respects and complies with all municipal, state and federal laws governing publicity, promotion and sponsorship, including the dispositions of the Conselho Nacional de Autorregulamentação Publicitária (CONAR). During the year, no legal claims were brought with respect to advertizing campaigns, and the regular procedure for preparing any errata due to failures of revision was maintained. GRI PRE | PRE 7

The Company also invests in institutional campaigns focusing on commemorative dates. Casas Bahia in particular stood out for its institutional commemorative video on its 60 years of existence. The motto "I'll celebrate with emotion, 60 years of devotion" was utilized in allusion to the slogan "Total devotion to you."

Other prominent campaigns were an ad presented by Ana Hickmann on furniture, and the institutional pitches for Mothers' Day, Fathers' Day and Christmas, always referring back to the family environment.

Pontofrio, in turn, pitched institutional campaigns focusing on the new slogan "Viva Innovation," thus marking the new positioning of the banner.

Social Actions

The community actions developed by Viavarejo focus on inclusion and education. The highlight is Friends of the Planet at School, developed since 2010 by the Instituto Brasil Solidário and maintained by Viavarejo the proceeds from sales of recyclable materials collected through the Friends of the Planet Program. (For more information, see page 119).



pontofrio)

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OF THE BANNER.

Friends of the Planet at School

The purpose of the program is to promote sustainable development at schools in communities with low Human Development Index and Índice de Desenvolvimento da Educação Básica (IDEB) scores, undertaking educational and practical actions fostering a change in posture and attitude toward improving the human and structural conditions in the municipalities served. It benefits primary schools and, in some cases, secondary schools.

Toward this end, different activities, encouraging reading, environmental conservation, access to arts and culture, health, digital inclusion, credit and entrepreneurship, and other fronts are developed. These actions, which include training, community service and correspondence consulting, integrate the community and value local potential, training multiplier agents. Each municipality is served for a maximum of 30 months.

Since its creation, Amigos do Planeta na Escola has realized continuing activities in public schools in 18 municipalities of the semiarid zone in the Brazilian Northeast, benefiting 256 schools and more than 1.2 million people, in addition to influencing a variety of public policies. Divided into two thrusts, in 2012 the

effort covered six municipalities and 12 new primary schools, which are also responsible for the multiplier effect, with ongoing reapplication of the programs and activities introduced on a municipal scale. In addition to the thrust for the 2011/2013 biennium, the program maintains a plan to support the 11 cities benefitted in 2009/2010, with ongoing proposals for work and support.

One of 2012's important initiatives was the Segregated Collection Project, developed in the municipality of Crateús, in the State of Ceará. Trash was a big problem for the population, which did not have adequate collection or information on recycling. Work at local schools awakened interest in expanding what was initially an educational action into municipal public policy for segregated collection.

The community created the Associação dos Catadores de Materiais Recicláveis de Crateús, which brings together workers from various parts of the municipality. In early 2013, the municipal prefecture took measures to extend collection from three to five days a week, renew collection lorry contracts and provide a basic basket of goods to the recyclable material collectors in the association. The collectors on average receive R\$350-400 per quarter by selling the material, suggesting sustainability.

With the success of the initiative in Crateús, in 2013 the segregated collection project is slated to be extended to the cities of Palmeiras, Iraquara and Lençóis, in the State of Bahia.

DO PLANETA NA ESCOLA

HAS REALIZED CONTINUING

ACTIVITIES IN PUBLIC SCHOOLS

IN 18 MUNICIPALITIES OF

THE SEMIARID ZONE IN

THE BRAZILIAN NORTHEAST,

BENEFITING 256 SCHOOLS AND

MORE THAN 1.2 MILLION PEOPLE,

IN ADDITION TO INFLUENCING

A VARIETY OF PUBLIC POLICIES.



Another important action in 2012 occurred in the community of Croas, a difficult-to-reach neighborhood in the municipality of Barreirinhas, in the State of Maranhão. The neighborhood school was made of adobe and had a single classroom for students of different cohorts and school years. The intervention was to build a new school beside the existing one, with a library, schoolyard, teeth brushing area and community garden. The school had previously served 40-50 students, and this number is expected to increase in the new school year, on account of the new facility.

For 2013, the goals are to finish the 2011-2013 cycle in six municipalities and 12 schools; expand the number of municipalities served from 18 to 24; build a new triage center for recycling, mirroring the effort in Ceará, under the form of an intermunicipal consortium in the Chapada Diamantina region of Bahia.

Friends of the Planet – Digital Inclusion

Another front is the itinerant Amigos do Planeta – Inclusão Digital program. Started in 2009, it has a truck with facilities for a computing school and sets up tents in communities where lectures, courses and workshops are offered free of charge, with an emphasis on digital education and professional training.

The computing courses are for all ages and are divided into modules. During its stay, it also creates a registry for the databank used by Viavarejo and its partners. This in turn is one of the differentials of Friends of the Planet – Digital Inclusion: the project takes place only in cities with Casas Bahia stores.

Through 2012, more than 30,000 people had enrolled in Digital Inclusion, and it trained roughly 20,000. In 2012 alone, more than 5,000 people enrolled, and 3,000 were trained in eight municipalities. A new element was a course for local entrepreneurs, in a sort of consultancy in which courses like basic administration, pricing, marketing and sales, service and computerization are offered.

Other initiatives

Viavarejo, through Friends of the Planet at School, also maintains other initiatives in the communities where it is active. Education & Reading, for example, encourages forming complete libraries in schools and communities. It includes teaching on cataloging the



 ${\it Friends of the Planet-Digital Inclusion}$

collection, materials and lectures on storytelling techniques, donations of school kits with didactic and health materials, writing contests, a reading marathon, free student use of educational software, wireless internet (for educational purposes like classes and internet searches) and the presence of writers in the schools.

Over two years, the program distributed more than 126,000 books to school libraries. In 2012, it trained 1,131 teachers and held 130 workshops on art education, and facilitated donations of equipment like photocopiers, computers, camcorders, devices to transmit radio programs and to print newspapers in extracurricular activities.

Another example of this task force is the distribution of prescription glasses for children, in addition to medical and dental care for students and their families, setting up community gardens, programs to collect and recycle trash and build reservoirs for reutilizing water at schools.

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ENVIRONMENTAL

Viavarejo is a member company of the Compromisso Empresarial para Reciclagem (Cempre), a non-profit entity that works to raise social consciousness on the importance of reducing, reutilizing and recycling trash, and acts as a member in the periodic meetings and decisions of the committee.

Friends of the Planet

Since 2008, thanks to the Friends of the Plant, the sustainability concept has led to actions to raise awareness at and mobilize Casas Bahia branches and Viavarejo administrative units in the State of São Paulo. The actions are based on the 3Rs concept (Reduce, Reutilize and Recycle materials). The program, which brings together employees and their communities, acts both on the social side and on the environmental side; the proceeds from selling recyclable materials — which previously were discarded in the wilderness — are invested in educational projects. Nearly 50,000 tons have been recycled, benefiting approximately 1.2 million people.

Plastic, cardboard and styrofoam, among other materials that can end up in the trash, are transported by the trucks that supply the stores to the Company's 1,400 square meter Triage Center in Jundiaí (SP). There, roughly 60 employees from the region, including former scavengers, the formerly unemployed, people with special needs and youth on their first job, separate, classify and help press the material into bales ready to be sold.

In 2012, more than 11,300 tons of recycled materials were collected along two fronts: 1) segregated collection of recyclable materials from the Company's facilities and its administrative departments, distribution centers and stores in São Paulo other than the shopping center stores; and 2) reverse logistics of packaging for products delivered to customers' homes, and transported to the Triage Center in Jundiaí (SP). GRIEN22

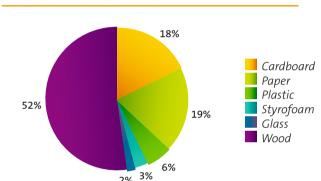
The segregated collection program's communications tools and efficient logistics have helped cement its success. The benefits extend to the chain's customers through the reverse logistics for packaging, consisting of taking away the packaging materials for the merchandise delivered to consumers' homes.

IN 2012, MORE THAN 11,300 TONS OF RECYCLED MATERIALS WERE COLLECTED.

Recycled materials *GRI EN22*

Material	Peso (kg)
Cardboard	1,997,147
Paper	2,205,606
Plastic	675,549
Styrofoam	371,001
Glass	217,690
Wood	5,838,350
Total	11,305,343

Materials collected in 2012



Energy

In 2012, Viavarejo consumed 611,315 GJ of direct energy, using diesel fuel as the principal primary source. In turn, 857,599 GJ of indirect energy was consumed, 12.8% higher than in 2011. The sources of indirect energy vary with Brazil's electric grid, powered preponderantly by renewable sources (89%), primarily hydro (81.9%) and biomass (6.67%). The data are from the Balanço Energético Nacional 2012, as prepared by the Empresa de Pesquisa Energética (EPE) based on the energy supply in 2011.

Direct energy consumption (1) GRI EN3

- 11 - 11 - 11 - 10)		
	2011	2012
Source	Energy (GJ)	Energy (GJ)
Natural gas (m³)	2,528	4,279
Diesel (liters)	611,521	607,036
Total	614,049	611,315

⁽¹⁾ Energy produced outside the Company that is consumed to supply its intermediate energy needs (like electricity, heating and refrigeration)

Indirect energy consumption (1) GRI EN4

	2011		20	12
Source	kWh	GJ	kWh	GJ
Eletricidade	211,165,691	760,197	238,221,996	857,599

⁽¹⁾ Energy produced outside the Company that is consumed to supply its intermediate energy needs (like electricity, heating and refrigeration)

Water

The water consumed at the Company comes from three sources: the public supply system, groundwater and reutilized water. During the year, 1,483,372 cubic meters of water was consumed, of which 732,570 cubic meters came from wells. GRI EN8

The Company monitors and controls water consumption and weighs alternatives for reusing this resource. All the water used to clean the fleet of trucks at the distribution centers in Jundiaí, São Bernardo do Campo (SP), Duque de Caxias (RJ) and São José dos Pinhais (PR) is recycled and reused. In 2012, the volume utilized in that operation totaled 29,685 cubic meters.

Water consumption (in m³) GRIEN8

Source	2011(1)	2012
Public system	603,205	721,117
Groundwater	-	732,570
Treated and reutilized water	31,528	29,685
Total	634,733	1,483,372

⁽¹⁾ Data revised in relation to what was published in last year's report

Emissions

Since 2011, Viavarejo has joined GPA's inventory of greenhouse gases (GHG), whose results are compiled in the Emissions section under GPA's Environmental Performance in this report (more information, see page 104).

RECOGNITION

AWARDS RECEIVED BY GPA IN 2012 GRI 2.10



Name of the award	Grantor	Reason for the award
Folha Top of Mind Categorys • Supermarkets • Retail trade	Folha de S.Paulo newspaper	Extra was recognized as the first supermarket brand to come to mind among consumers. Casas Bahia was Top of Mind for the seventh consecutive time in retail trade
The Preferred Brands of Cariocas	O Globo	Pão de Açúcar was recognized as the result of a survey that identified the supermarket as the favorite in Rio de Janeiro.
The brand that is most respectful of consumers	Consumidor Moderno magazine	Pontofrio was recognized in a survey conducted by Shopper Experience.
Most valuable brands	Interbrand	Casas Bahia came in 13th in the ranking put together by this international consultancy specializing in brands.
Top of Mind ABA	Associação Brasileira de Anunciantes (ABA) and TopBrands Consultoria de Branding	A 25% increase in the power of the brand.
Social Responsibility and Sustainability in Retail	(GVcev)	The award is part of the Sustainable Retail and Base of the Pyramid Program at the Centro de Excelência em Varejo da Fundação Getúlio Vargas (GVcev), which recognizes and encourages sustainable projects in the sector. It was awarded for the Quality from the Source program, in the Large Companies category.
The Most Admired Companies in Brazil – Retail Category	Carta Capital	The award is the result of a survey by a consultancy specialized in business; the field work was developed with four distinct suppliers, each focused on a given collection of sectors.

Name of the award	Grantor	Reason for the award
Businesses that best communicate with journalists	Negócios da Comunicação magazine	The award recognizes the quality of the relationships that companies maintain with journalists and the market, and emphasizes access, availability and ease of finding out information.
Retail of the Year	NoVarejo magazine	The award recognizes Brazilian retail performance, through the Most Important in Retail study conducted by Novarejo magazine and Accenture.
IT Leaders 2012 Retail Category	IT Leaders magazine	Realized in partnership with IDC, the award elects the Brazilian technology executives that most distinguished themselves during the year.
The Best of Agribusiness Category: Wholesale and Retail	Globo Rural	The purpose of the award is to recognize the most outstanding companies in the agribusiness segments, based on data from Serasa Experian.
PIB — Programa Intangíveis Brasil Retail Category	Grupo Padrão	The award recognizes the companies that practice excellence in managing their intangible assets.
XV Automation Award Logistics Category	Associação Brasileira de Automação.	The GS1 Brasil Automation Award honors the best innovative solutions, and GPA stood out in the Logistics category.
Business Ethics Award	Instituto Brasileiro de Ética nos Negócios	The main purpose of the award is to highlight companies with recognized excellence in the best responsible business practices. Honorable mention was made for Volunteers and Chain of Production.

Name of the award	Grantor	Reason for the award
Trustworthy Brands Category: Supermarket	Seleções magazine	The award is the result of a survey conducted in partnership with Ibope Inteligência, covering 48 categories of products and services.
Leader in Retail	Grupo de Líderes do Brasil	National recognition of the talent, competence and commitment of Brazilian leaders, toward a better and more competitive Brazil. The principal public and business authorities participate.
Oracle Excellence Awards Eco-Enterprise Innovation category	Oracle Open Word	The award recognizes the sustainability practices adopted in the Future of Retail program, which cut waste and air pollution
Successful Brands 2012	Correio Popular Grupo RAC	The award is the result of a survey that ascertains the brands with which the people of Campinas (SC) most identify.
Popai Brasil 2012 Categories: Interactive Store Design	POPAI Brasil The Global Association of Marketing at Retail	Recognition of the following two Pão de Açúcar initiatives: Pão de Açúcar Virtual Showcase: Shopping City Jardim. Sustainable Stand (a mobile store assembled at the Rio+20 conference).
Graphic Excellence Award	TetraPak	Taeq Green Tea packaging.
ABRE Award	Associação Brasileira de Embalagem (Abre)	Packaging for the Taeq Bar, My Way, developed by PA Publicidade's Design center

SUSTAINABILITY INDICATORS

1 - Denominators	2012 Amou	nt (in thousand	ds of reais)	2011 Amount (in thousands of reais)		
Net Revenue (NR)		50,924,461		46,594,486		
Operating Result		1,051,180			718,219	
Gross Payroll (GP)	<u>.</u>	5,184,1472011			5,097,040	
2 - Internal social indicators	Amount (in thousands of reais)	% of GP	% of NR	Amount (in thousands of reais)	% of GP	% of NE
Food (1)	329,130	6%	1%	322,486	6%	1%
Mandatory social charges	1,159,316	22%	2%	1,170,908	23%	3%
Private pension	3,964	0%	0%	3,048	0%	0%
Health ⁽¹⁾	216,787	4%	0%	203,478	4%	0%
Occupational safety and health	21,332	0%	0%	20,909	0%	0%
Education ⁽¹⁾	2,946	0%	0%	2,765	0%	0%
Culture	0	0%	0%	0	0%	0%
Training and professional development	30,998	1%	0%	14,777	0%	0%
Daycare or daycare stipend	726	0%	0%	674	0%	0%
Profit sharing	157,377	3%	0%	120,819	2%	0%
Others	203,107	4%	0%	214,218	4%	0%
Total — Internal social indicators (1)	2,125,683	41%	4%	2,074,083	41%	4%
3 - External social indicators	Amount (in thousands of reais)	% of OR	% of NR	Amount (in thousands of reais)	% of OR	% of NE
Education	11,716	1%	0%	7,860	1%	0%
Culture	996	0%	0%	3,504	0%	0%
Health and sanitation	0	0%	0%	0	0%	0%
Sports	7,978	1%	0%	5,860	1%	0%
Combating hunger and food insecurity	6,103	1%	0%	7,105	1%	0%
Others	729	0%	0%	192	0%	0%
Total contributions to society	27,523	3%	0%	24,521	3%	0%
Taxes (excluding social charges) (1)	3,665,882	349%	7%	3,170,687	441	7%
Total – External social indicators	3,693,404	351%	6%	3,195,208	445%	7%
4 - Environmental indicators	Amount (in thousands of reais)	% of OR	% of NR	Amount (in thousands of reais)	% of OR	% of N
Investments related to the company's production/ operations	0	0%	0%	0	0.0%	0.0%
Investments in external programs and/or projects	11,150	1%	0%	8,194	1%	0.0%
Total investments in the environment	11,150	1%	0%	8,194	1%	0.0%
With respect to establishing "annu wastes, overall consumption in pro and using natural resources more e	duction/operations		() had no t () achieved (x) achieved	l 0-50%	() had no tar () achieved 0 (x) achieved 5 () achieved 7	1-50% 1-75%

5 - Indicators on the staff	2012	2011
Number of employees at period end	158,509	149,070
Number of new employees during the period ⁽¹⁾	60,279	54,467
Number of partner employees	930	ND
Number of interns	195	214
Number of employees over 45 years old (1)	18,585	18,144
Number of women working at the company ⁽¹⁾	72,213	75,622
% of leadership positions occupied by women (1)	35.55%	40.31%
Number of blacks working at the company (1)	10,218	10,336
% of leadership positions occupied by blacks ⁽²⁾	3.87%	4.84%
Number of disabled people or people with special needs (1)	2,363	2866
6 - Significant information with respect to the exercise of corporate citizenship	2012	Goals for 2013
Ratio between the highest and the lowest compensation at the company	150 times	150 times
Total number of accidents at work	626	500
The social and environmental projects developed by the company were established by:	() executive officers (x) executive officers and department heads () all employees	() executive officers (x) executive officers and department heads () all employees
The safety and health standards for the work environment were established by:	(x) executive officers and department heads () all employees () all + Commission for In-house Prevention of Accidents	() executive officers and departmer heads () all employees (x) all + Commission for In-house Prevention of Accidents
With respect to the right to form unions, the right of collective bargaining and internal labor representation, the company:	() did not get involved () follows the ILO standards (x) encouraged and followed the ILO	() not get involved () follow the ILO standards (x) encourage and follow the ILO
Private pensions are available to:	() executive officers () executive officers and department heads (x) all employees	() executive officers () executive officers and department heads (x) all employees
Profit-sharing is available to:	() executive officers () executive officers and department heads (x) all employees	() executive officers () executive officers and department heads (x) all employees
In selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	() were not considered (x) were suggested () were required	() not contemplated () are suggested (x) are required
With respect to employee participation in voluntary work programs, the company:	() did not get involved () supported (x) organized and encouraged	() is not involved () supports (x) organizes and encourages
Total number of consumer complaints and criticisms:	at the company: 98,065 at Procon: 5,538 in court: 27,992	at the company: 82,447 at Procon: 9,320 in court: 32,706
% of complaints and criticisms addressed or resolved:	at the company: 98% at Procon: 96% in court: 100%	at the company: 98% at Procon: 96% in court: 100%
Total value added to distribute (in thousands of R\$):	In 2012: 12,701,894	In 2011: 11,273,154
Distribution of the Value Added (Statement of Value Added):	23.3% government 44.1% employees 23.4 % third parties 2.8 % shareholders/6.3 % retained	20.2% government 46.4% employees 27.0% third parties 1.5% shareholders/4.9% retaine
7 - Other information		
"Grupo Pão de Açúcar does not use child or slave labor, is not involved i or sexual exploitation of children or adolescents, and is not involved in Our Company values and respects diversity inside and outside the orga Contact for clarification on the information declared: Ligia Korkes — Pho E-mail: sustentabilidade@grupopaodeacucar.com.br (1) Figures revised from what was reported in 2011. (2) Does not include people of mixed-n Note: Some criteria used to put together the data for the lbase are different from those use	corruption." Inization. Inization. Inization: Inization (11) 3886-3684	

LIMITED ASSURANCE REPORT FROM THE INDEPENDENT AUDITORS

To the Officers and Other Interested Parties Companhia Brasileira de Distribuição São Paulo - SP

Introduction

We were engaged to apply limited assurance procedures to the Sustainability Report of the Companhia Brasileira de Distribuição (Grupo Pão de Açúcar), relating to the year ended December 31, 2012, prepared under the responsibility of the Administration. Our responsibility is to issue a Limited Assurance Report on this Sustainability Report.

Procedures applied

The limited assurance procedures were conducted in accordance with the NBC TO 3000 Standard – Assurance Engagements Other than Audits and Reviews, issued by the Conselho Federal de Contabilidade (CFC), and with the ISAE 3000 – International Standard on Assurance Engagements, issued by the International Auditing and Assurance Standards Board ([IAASB][), both for assurance engagements that are not audits or reviews of historical financial information.

The procedures encompass: (a) planning the work, considering materiality, consistency, the volume of quantitative and qualitative information and the operating systems and internal controls that underlie the preparation of the Grupo Pão de Açúcar Sustainability Report; (b) understanding the methodology for calculating and consolidating the indicators through meetings and interviews with the managers responsible for preparing the information; (c) testing and sampling qualitative and quantitative information and ongoing projects, as well as calculating and recalculating the formulas, tables, percentages and indicators described in the Grupo Pão de Açúcar Sustainability Report; and (d) comparing the financial indicators with the financial statements and/or accounting records, as audited by other independent auditors, who issued a report dated February 19, 2013. Assurance engagements also involve analyzing adherence to the guidelines of the Global Reporting Initiative (GRI-G3) for reports at the B Level of Application.

Criteria for preparing the information

The information in the Grupo Pão de Açúcar Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI G3) sustainability reporting guidelines and the social balance sheet was prepared in accordance with the Ibase model social balance sheet.

Scope and limitations

The objective of our work was to apply limited assurance procedures to the information on the form of management and the sustainability performance indicators of Grupo Pão de Açúcar, encompassing the process of establishing materiality and responding to stakeholder expectations, in light of the preparation of the report, not including an evaluation of the appropriateness of its policies, practices and performance in relation to sustainability. The procedures applied do not represent an examination in accordance with the auditing standards for financial statements. In addition, our report does not provide any assurance on forward-looking statements (e.g. targets, expectations and ambitions) and descriptive information that is subject to subjective assessment.

The financial and accounting information on the company as presented in certain tables and statements for purposes of comparison and discussion, which correspond to data extracted from the accounts, were examined by other independent auditors.

GRI-G3 level of application

Pursuant to the GRI-G3 guidelines, Grupo Pão de Açúcar declares that the level of application is B+ for its Sustainability Report for the year ended December 31, 2012.

Grupo Pão de Açúcar reported on its profile, performance indicators, essential indicators and additional indicators of relevance to the organization.

The Sustainability Report addresses items related to its structure and to the performance indicators that meet the criteria established by the Global Reporting Initiative (GRI-G3) for classifying the level of application. Accordingly, the procedures applied were deemed sufficient for us to certify that the level of application declared by Grupo Pão de Açúcar is in conformity with the GRI-G3 quidelines.

Conclusion

Based on our work, as described in this report, we are unaware of any fact that would lead us to believe that the information disclosed in the 2012 Sustainability Report of the Companhia Brasileira de Distribuição (Grupo Pão de Açúcar), relating to the year ended December 31, 2012, are not presented, in all material respects, in accordance with the GRI-G3 guidelines and with the records and files that served as the basis of its preparation.

São Paulo, Abril 12, 2013.



BDO RCS Auditores Independentes SS CRC 2 SP 013846/O-1

Mauro de Almeida Ambrosio – Partner Accountant CRC 1 SP 199692/O-5 Viviene Alves Bauer – Director Accountant CRC 1 SP 253472/O-2

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
	STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision-maker of the organization regarding the organizational and strategic importance of sustainability		6.2	11	Complete
1.2	Description of key impacts, risks and opportunities		6.2	11, 40	Complete
	ORGANIZATIONAL PROFILE				
2.1	Name of the organization			15	Complete
2.2	Primary brands, products and/or services			15, 16	Complete
2.3	Operational structure, including main divisions, operating units, subsidiaries and joint ventures		6.2	15	Complete
2.4	Location of the headquarters			15	Complete
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report			15	Complete
2.6	Nature of ownership and legal form			16	Complete
2.7	Markets served (including geographic breakdown, sectors served and types of customers/ beneficiaries)			16	Complete
2.8	Size of the organization			5, 15, 16, 51, 55, 57	Complete
2.9	Significant changes during the reporting period regarding size, structure or ownership			16	Complete
2.10	Awards received in the reporting period			52, 115, 112	Complete
	REPORT PARAMETERS	·•····································		••••••••••••	
3.1	Reporting period for the information provided			7	Complete
3.2	Date of the most recent previous report			April of 2012	Complete
3.3	Reporting cycle			7	Complete
3.4	Contact point for questions regarding the report or its contents			8, 144	Complete
3.5	Process for defining report content			7,8	Complete
3.6	Boundaries for the report (countries, divisions, subsidiaries, suppliers)			7	Complete
3.7	Statement on any specific limitations on the scope or boundaries of the report			7	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations			7	Complete
3.9	Data measurement techniques and the bases of calculations			7	Complete
3.10	Effect of any restatements of information provided in earlier reports, and the reasons for such restatements			7	Complete
3.11	Significant changes from prior years in the report's scope, boundaries or methods of measurement			7	Complete
3.12	Table identifying the location of the Standard Disclosures in the report			130 to 140	Complete
3.13	Current policy and practice on seeking external assurance for the report		7.5.3	7	Complete
	GOVERNANCE, COMMITMENTS AND ENGAG	EMENT		•••••	
	Governance			.,	
4.1	Governance structure of the organization	1 a 10	6.2	35	Complete
4.2	Indication of whether the board chair is also an executive officer	1 a 10	6.2	36	Complete
4.3	Independent or non-executive members of the highest governing body	1 a 10	6.2	36	Complete
4.4	Mechanisms for shareholders and employees to make recommendations or provide direction to the highest organ of governance	1 a 10	6.2	34, 25, 39	Complete
4.5	Linkage between compensation for members of the highest organ of governance, executive officers and other executives (including departure arrangements) and organizational performance	1 a 10	6.2	36	Complete
4.6	Processes in place for the highest governance body to avoid conflicts of interest	1 a 10	6.2	34	Complete
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body for guiding the organization's strategy	1 a 10	6.2	35	Complete
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance, and the status of their implementation	1 a 10	6.2	19, 38	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including material risks and opportunities, as well as adherence to or compliance with internationally agreed standards, codes of conduct and principles	1 to 10	6.2	34	Complete
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	1 to 10	6.2	34	Complete
	Commitments to external initiatives	············		••••••••••••	• • • • • • • • • • • • • • • • • • • •
4.11	Explanation of whether and how the organization applies the precautionary principle	7	6.2	40	Complete
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses		6.2	63	Complete
4.13	Membership in associations and/or national/ international advocacy organizations		6.2	79	Complete
	Stakeholder engagement				
4.14	List of stakeholder groups engaged by the organization		6.2	8	Complete
4.15	Basis for identifying and selecting stakeholders with whom to engage		6.2	8	Complete
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		6.2	8	Complete
4.17	Key topics and concerns that have been raised through of stakeholder engagement, and how the organization has responded to those key topics and concerns		6.2	10	Complete
	MANAGEMENT APPROACH				
	ECONOMIC PERFORMANCE	1, 4, 6 e 7	6.2, 6.8		
	Economic performance			34, 40	Complete
	Market presence			30, 112	Complete
	Indirect economic impacts			91	Partial
	ENVIRONMENTAL PERFORMANCE	7, 8 e 9			
	Materials			-	uninformed
	Energy			102, 120	Complete
	Water			103, 121	Complete
	Biodiversity			-	uninforme
	Emissions, effluents and wastes			95, 104	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
	Products and services			94, 96	uninformed
	Compliance			-	uninformed
	Transport			105	Complete
	Overall			-	uninformed
	LABOR PRACTICES AND DECENT WORK	1, 3 e 6			
	Employment			65, 107	Complete
	Relations between labor and management			66	Complete
• • • • • • • • • • • • • • • • • • • •	Occupational health and safety			71, 114	Complete
•••••	Training and education			71, 112	Complete
	Diversity and equal opportunity			67, 107	Complete
	HUMAN RIGHTS	1, 2, 3, 4, 5 e 6	6.2, 6.3		
	Investment and procurement practices			38, 86, 115	Partial
	Non-discrimination			38, 111	Complete
	Freedom of association and collective bargaining			38, 86	Complete
	Child labor			38,86	Complete
	Forced and compulsory labor			38,86	Complete
	Safety practices			-	uninforme
	Indigenous rights			-	uninforme
	SOCIETY	10	6.2, 6.6, 6.8		
	Community			72,91	Complete
	Corruption			38, 79	Complete
	Public policy			79	Complete
	Anti-competitive behavior			_	uninforme
	Compliance			_	uninforme
	RESPONSIBILITY FOR THE PRODUCT	1 e 8			uninonne
		160		0.7	Cl-t-
	Consumer health and safety			87	Complete
	Labeling of products and services			91	Complete
	Marketing communications			80, 116	Complete
	Customer privacy			85	Complete
	Compliance				uninforme
	ECONOMIC PERFORMANCE			· <u>;</u> ······:	
EC1	Direct economic value generated and distributed		6.8, 6.8.3, 6.8.7, 6.8.9	-	uninformed
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	7	6.5.5	-	uninformed

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
EC3	Coverage of the organization's pension plan			69	Complete
EC4	Significant financial assistance received from the government			-	uninformed
EC5	Lowest wage, by gender, compared to the local minimum wage	1	6.3.7, 6.4.4, 6.8	68, 112	Complete
EC6	Policies, practices and proportion of spending on local suppliers		6.6.6, 6.8, 6.8.5, 6.8.7	30, 114	Partial
EC7	Procedures for local hiring and proportion of senior management recruited from the local community	6	6.8, 6.8.5, 6.8.7	65, 112	Complete
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement		6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	-	uninformed
EC9	Identification and description of significant indirect economic impacts, including the extent of the impacts		6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	91	Partial
	ENVIRONMENTAL PERFORMANCE			· i	•••••
EN1	Materials used, by weight or volume	8	6.5, 6.5.4	-	uninformed
EN2	Percentage of recycled input materials	8, 9	6.5, 6.5.4	99	Partial
EN3	Direct energy consumption by primary source of energy	8	6.5, 6.5.4	103, 120	Complete
EN4	Indirect energy consumption by primary source	8	6.5, 6.5.4	103, 120	Complete
EN5	Energy saved due to improvements in conservation and efficiency	8, 9	6.5, 6.5.4	-	uninformed
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy needs as a result of these initiatives	8,9	6.5, 6.5.4	101	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
EN7	Initiatives to reduce indirect energy consumption, and reductions achieved	8, 9	6.5, 6.5.4	102	Partial
EN8	Total water draw by source	8	6.5, 6.5.4	103, 121	Complete
EN9	Water sources significantly affected by water draw	8	6.5, 6.5.4	-	uninformed
EN10	Percentage and total volume of water recycled and reused	8 e 9	6.5, 6.5.4	103	Complete
EN11	Location and size land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	8	6.5, 6.5.6	-	uninformed
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	8	6.5, 6.5.6	-	uninformed
EN13	Habitats protected or restored	8	6.5, 6.5.6	-	uninformed
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		6.5, 6.5.6	102	Partial
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	8	6.5, 6.5.6	-	uninformed
EN16	Total direct and indirect greenhouse gas emissions, by weight	8	6.5, 6.5.5	104	Complete
EN17	Other relevant indirect greenhouse gas emissions, by weight	8	6.5, 6.5.5	104	Complete
EN18	Initiatives to reduce greenhouse gas emissions, and reductions achieved	7, 8 e 9	6.5, 6.5.5	104, 105	Complete
EN19	Emissions of ozone-depleting substances, by weight	8	6.5, 6.5.3	104	Partial
EN20	NOx, SOx and other significant air emissions, by type and weight	8	6.5, 6.5.3	-	uninformed
EN21	Total water discharge, by quality and destination	8	6.5, 6.5.3	103	Complete
EN22	Total weight of waste, by type and disposal method	8	6.5, 6.5.3	120	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
EN23	Total number and volume of significant spills	8	6.5, 6.5.3	There was a spill of 20 kilos of ammonia inside a distribution center, involving no soil contamination, because upon contact with the environment the substance turns to gas. Products were contaminated, and duly discarded.	Complete
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention – Annexes I, II, III and VIII, and percentages of transported waste shipped internationally	8	6.5, 6.5.3	-	uninformed
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	8	6.5, 6.5.3, 6.5.4, 6.5.6	-	uninformed
EN26	Initiatives to mitigate environmental impacts of products and services, and the extent of the reduction of these impacts	7, 8, 9	6.5, 6.5.4, 6.6.6, 6.7.5	94, 95, 96	Complete
EN27	Percentage of products and their packaging that are reclaimed in relation to the total products sold, by category of product	8,9	6.5, 6.5.3, 6.5.4, 6.7.5	-	uninformed
EN28	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	8	6.5	-	uninformed
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	8	6.5, 6.5.4, 6.6.6	105	Complete
EN30	Total environmental protection expenditures and investments, by type	7, 8 and 9	6.5	-	uninformed

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
	LABOR PRACTICES AND DECENT WORK				
LA1	Workforce by type of employment, labor contract and region, broken down by gender		6.4, 6.4.3	65, 66, 107, 108	Complete
LA2	Total number and rate of employee turnover by age group and region	6	6.4, 6.4.3	66, 109	Complete
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by principal operations		6.4, 6.4.3, 6.4.4	68, 113	Complete
LA4	Percentage of employees covered by collective bargaining	1 e 3	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	66	Complete
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	3	6.4, 6.4.3, 6.4.4, 6.4.5	66	Complete
LA6	Percentage of employees represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	1	6.4, 6.4.6	71, 113	Complete
LA7	Rates of injury, occupational diseases, days lost, absenteeism and work-related fatalities, by region	1	6.4, 6.4.6	71, 114	Complete
LA8	Education, training, counseling, prevention and risk-control programs in place to assist employees and their families or members of the community regarding serious diseases	1	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	71, 72	Complete
LA9	Health and safety topics covered in formal agreements with unions	1	6.4, 6.4.6	66	Complete
LA10	Average hours of training per year, per employee, by employee category		6.4, 6.4.7	71, 112	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
LA11	Programs for skills management and continued education that support the continuing employability of employees and assist them in managing career endings		6.4, 6.4.7, 6.8.5	69	Complete
LA12	Percentage of employees receiving regular performance reviews, by gender		6.4, 6.4.7	69, 112	Complete
LA13	Composition of corporate governance bodies and breakdown of employees per category according to gender, age group, minority group membership, or other indicators of diversity	1 and 6	6.3.7, 6.3.10, 6.4, 6.4.3	67, 68, 107, 108	Complete
LA14	Ratio of base salary and compensation of women in relation to men, by employee category and significant operating locations	1 and 6	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	69, 113	Complete
	HUMAN RIGHTS				
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screenings	1, 2, 3, 4, 5 and 6	6.3, 6.3.3, 6.3.5, 6.6.6	86	Partial
HR2	Percentage of significant suppliers, contractors and business partners that have undergone screening on human rights, and actions taken	1, 2, 3, 4, 5 and 6	6.3, 6.3.3, 6.3.5, 6.43, 6.6.6	86, 115	Partial
HR3	Total hours of employee training on policies and procedures concerning aspect of human rights that are relevant to operations, including the percentage of employees trained	1, 2, 3, 4, 5 and 6	6.3, 6.3.5	111	Complete
HR4	Total number of incidents of discrimination and corrective actions taken	1, 2, and 6	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	-	uninformed
HR5	Significant operations and suppliers identified in which the right to exercise the freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	1, 2 and 3	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5	86	Complete
HR6	Significant operations and suppliers identified as having significant risk for incidents of child labor, and the measures taken to contribute to a elimination of child labor	1, 2 and 5	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6	86, 115	Complete

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
HR7	Significant operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and the measures taken to contribute to the elimination of forced or compulsory labor	1, 2 and 4	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6	86, 115	Complete
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspect of human rights that are relevant to operations	1 and 2	6.3, 6.3.5, 6.4.3, 6.6.6	-	uninformed
HR9	Total number of incidents of violations involving rights of indigenous people, and actions taken	1 and 2	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7	-	uninformed
	SOCIETY				
SO1	Nature, scope and effectiveness of any programs and practices that assets and manage the impacts of the operations on communities, including entering, operating and exiting		6.3.9, 6.8, 6.8.3, 6.8.9	72,91	Complete
SO2	Percentage and total number of business units analyzed for risks relating to corruption	10	6.6, 6.6.3	79	Complete
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures	10	6.6, 6.6.3	79	Complete
504	Actions taken in response to incidents of corruption	10	6.6, 6.6.3	-	uninformed
SO5	Public policy positions and participation in public policy development and lobbying	1 to 10	6.6, 6.6.4, 6.8.3	79	Complete
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions, by country	10	6.6, 6.6.4, 6.8.3	79	Complete
SO7	Total number of legal actions for anti- competitive behavior, anti-trust, and monopolistic practices, and their outcomes		6.6, 6.6.5, 6.6.7	-	uninformed
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		6.6, 6.6.3, 6.6.7, 6.8.7	-	uninformed

		Global Compact Principle	ISO 26000 Chapter	Page/Comment	Level of reporting
	RESPONSIBILITY FOR THE PRODUCT				
PR1	Life cycle phases in which health and safety impacts of products and services are assessed for improvement, and the percentage of significant products and services categories subject to such procedures	1	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	87	Complete
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	1	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	-	uninformed
PR3	Type of product and service information required by labeling procedures, and the percentage of significant products and services subject to such information requirements	8	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	91	Partial
PR4	Total number of incidents on non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome	8	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	-	uninformed
PR5	Practices related to customer satisfaction, including the results of studies that measure customer satisfaction		6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9	115	Complete
PR6	Programs for adherence to laws, standards and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship		6.7, 6.7.3, 6.7.6, 6.7.9	80, 116	Complete
PR7	Total number of incidents of non-compliance with regulations and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, by type of outcome		6.7, 6.7.3, 6.7.6, 6.7.9	80, 116	Complete
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	1	6.7, 6.7.7	85	Complete
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		6.7, 6.7.6	-	uninformed

CORPORATE INFORMATION

BOARD OF DIRECTORS

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Fábio Schvartsman

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Jean-Charles Henri Naouri

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Pedro Henrique Chermont de Miranda

Roberto Oliveira de Lima

Ulisses Kameyama

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Christophe Hidalgo – Finance and Corporate Services Officer

Daniela Sabbag –Investor Relations Officer

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Paulo Gualtieri – Vice-President for Retail Business Development.

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