



SUSTAINABILITY Report

2017





Customer's son in
Extra Hiper store

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Message from the Board of Directors

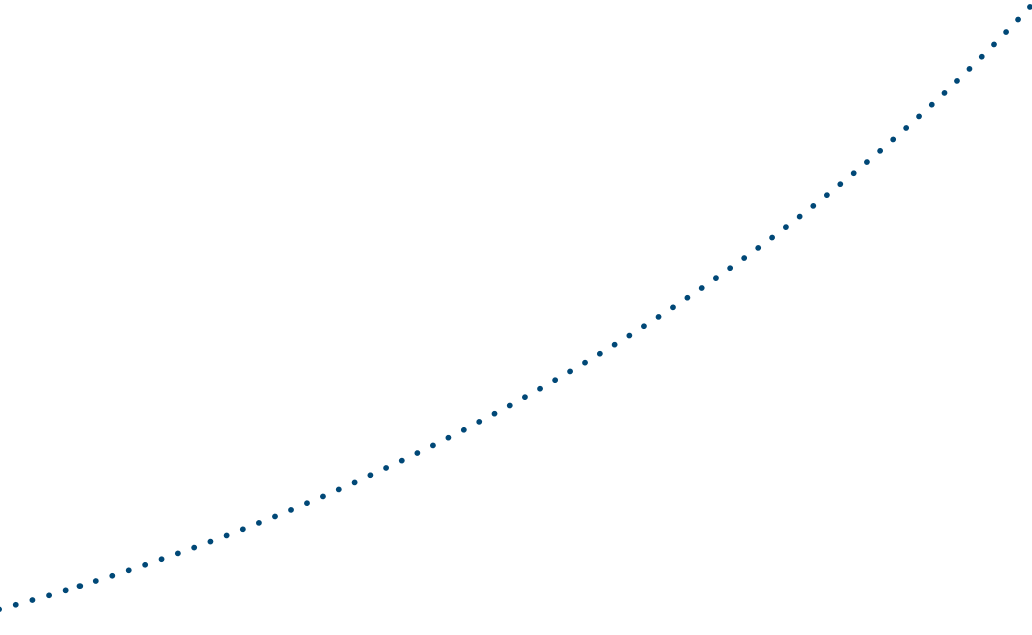


|| Confident in the recovery of the Brazilian economy and in our long-term prospects, we renewed and further strengthened our commitment to the country to continue fulfilling our mission as a retailer, which is to serve our customers with excellence."

It is with great satisfaction that I present the key initiatives implemented over the course of 2017 that have **strengthened GPA's leadership position in Brazil's retail industry. In a year during which the macroeconomic scenario remained challenging, GPA's capacity to adapt to market transformations proved critical for enabling us to achieve our goals.**

We implemented successful actions, such as the transformations of our store portfolios to prioritize investments in businesses with the most potential for returns and growth. In line with the market and consumer needs, we converted 15 Extra Hiper stores into Assaí outlets and opened five more stores, and celebrated the excellent performance of our Brazilian cash & carry format, in which we will continue to invest in the coming years.

Pursuing our investments strategy, we also finished the first stage of the Pão de Açúcar remodeling project – with 50 locations remodeled to date – making GPA's premium format even more modern and aligned to customer and market needs. **In 2018, we will continue working towards maximum portfolio optimization, as part of our multi-format approach.**



In 2017, motivated by constant changes in consumer habits, we started testing various differentiated concepts that complement our business. One of them is the “Store in Store” concept implemented at Extra Hiper and Pão de Açúcar stores in partnership with household names in the retail non-food sector. Another model that is delivering positive results is the offer of textile products. This concept was inspired by the experience of our Colombia operation and it was implemented in 38 Extra Hiper stores.

Among recent initiatives, I would like to highlight the Company’s ongoing digital transformation – one of the biggest investments we have made in GPA’s value chain in the past few years. Initiatives like the successful loyalty program app Meu Desconto (My Discount) and Caixa Express (Express Checkout) allow us to offer customers personalized product offerings, agility, and more choices – with more integration among existing channels. Over time, more advanced customer relationship management will lead to increasingly suitable solutions focused on improving the customer experience and building loyalty to our brands.

Innovation, a key ingredient in our DNA, will continue to permeate the Company’s work in 2018, supported by GPA Lab, a space at the Group’s São Paulo

headquarters designed for co-creation and sharing information on recent retail industry trends.

We closed 2017 certain that our capacity to understand and meet consumers’ expectations, combined with the commitment, dedication and professionalism of our team, played a fundamental role in our Company’s success, in an industry marked by growing competition.

2018 will be shaped by steady improvements for the Group’s business in Brazil. **Confident in the recovery of the Brazilian economy and in our long-term prospects, we renewed and further strengthened our commitment to the country to continue fulfilling our mission as a retailer, which is to serve our customers with excellence.**

In Casino’s 120th anniversary year, in which we are also celebrating 70 years of GPA, we remain committed to our business’s sustainability, while looking after the interests of our employees, customers, suppliers and shareholders, in a continuous process of innovating and creating value for our business and for the society.

Jean-Charles Naouri

Chairman of the Board of Directors

Message from the Executive Board



“GPA's achievements in 2017 reflect the capacity of our team. In a complex economic environment in the country, we reinforced important pillars in the management of people, reflecting on the increase of the engagement index. Qualified teams at the Company's various levels are raising the Company to levels of excellence.”

The year 2017 proved to be challenging, but with important signs of improvement for the business, in a continuous line of work that begun three years ago in GPA. Although the effects of macroeconomic indicators are still incipient, **we closed the year with important progress in the Business Units (BUs), resulting from strategic portfolio management, more pragmatic use of the Company's database and continuity of the discipline process in financial management and simplification of structures.**

The results of the year show the management's assertiveness: we closed the period with net sales of R\$ 44.6 billion and growth of 8.2%, a performance that we should celebrate in the face of a still recessive scenario, marked by a high deflation rate mainly in the food category. Keeping the Company focused on higher return formats, with openings, closings and, mainly, store conversions, also proved to be a successful strategy, which resulted in profitability gains of 0.2 pp in Multivarejo and 1.4 pp in Assaí.

Cash&Carry has been contributing significantly to the evolution of the result – in the last three years, it has increased by 123%, an even more significant index considering the 6.3% reduction in GDP. **According to Nielsen, Assaí is the cash&carry with the most growth in Brazil, with gross sales of R\$ 20.1 billion in the year, which represents an increase of 28%, leveraged by the expansion plan** – there was a



total of 20 openings, with 15 store conversions and 5 inaugurations. In Multivarejo, still heavily impacted by food deflation, the highlights were the maintenance of the profitability of the **Pão de Açúcar**, a brand for which we started an important store remodeling project - **50 units were already renovated in 2017** –, and the evolution of **Extra Hiper, driven by the performance of the non-food category**. We also closed the year with significant market share gains in all Nielsen measurements made during the year.

In continuity with the digital transformation process, **we launched the Meu Desconto [My Discount] platform in Multivarejo**, which has already reached **4 million downloads** in the applications of the Pão de Açúcar Mais and Clube Extra programs in only seven months of activity. The total loyal customer base has increased from 12 million to 14 million - and this is just one step in a process where, more and more, we want to establish a personalized relationship with the consumer, attending to him or her according to his or her need and convenience. Aware of the transformations in consumer relations, the Company's digital transformation process will remain one of our priority guidelines for 2018.

GPA's achievements in 2017 reflect the capacity of our team. In a complex economic environment in the country, we reinforced important pillars in the management of people, reflecting on the increase of the engagement

index. Qualified teams at the Company's various levels are raising the Company to levels of excellence - so much so that a study conducted by LinkedIn in 2017 points to the GPA as the first company to work in in the preference of Brazilians.

From the point of view of sustainability, we have made significant progress in the areas of cultural and social diversity, with the holding of the first Diversity Week, in which we were able to discuss different points of view on diversity in the corporate and retail environment. At this event, **we signed the letter of adhesion "10 Commitments of the Company with LGBT Rights"**, which we consider to be a step forward in promoting gender equality in GPA. All the initiatives remain in line with the principles of the United Nations (UN) Global Pact.

The results obtained last year show the consistency of delivering what was defined in our strategic planning. Everything we have accomplished so far and what we plan for 2018 give us a more confident look, believing in the positive evolution of the country's macroeconomic scenario. We maintain our commitment to continuous sustainable business growth, with full focus on our customer, in line with the best management practices in all our activities.

Ronaldo Iabrudi
CEO

About the Report



This issue of the GPA Sustainability Report brings together the main achievements and results of the Company in the period from January 1 to December 31, 2017. The sustainability indicators were elaborated according to the global methodology used by the Casino Group. Therefore, the environmental indicators refer to the period from October 1, 2016 to September 30, 2017, and the others consider the full annual period of 2017.

Under constant evolution, the GPA report is developed in line with the progress and evolution of the Company itself. The content accompanies the materiality study updated in 2017 (see more in chapter The Context of Sustainability), in which the priorities were reanalyzed and revalidated, considering the context and the impacts of them.



GPA customers
and employees

The 2017 Sustainability Report is divided into three sections. In the **first**, we highlighted the progress made in the Group's corporate management and compliance model, and also presented the Business Model, a summary of the numbers and facts that marked GPA's performance in 2017 and the highlights of our economic and financial performance in that year.

The **second** section, Sustainability in Practice, presents the five commitments that form the Company's strategic sustainability performance. They are:

- *Valuing our people*
- *Conscious consumption and supply*
- *Transformation in the value chain*
- *Environmental impact management*
- *Engagement with the society*

Throughout these chapters, we detail the initiatives and cases for each commitment, in addition to a summary of our 2017 goals. At the end of the report, we present our goals for 2018.

Finally, the **third** section of the report is devoted to the sustainability performance indicators and additional information on the associations that GPA is part of, the public commitments it has undertaken and the awards it received in 2017. With the same purpose, links and references to other GPA publications are also available throughout the narrative.

The indicators that support this report were audited by KPMG, an audit firm hired by GPA to conduct an independent verification of the document, based on the internal reporting protocol guidelines defined by the Casino Group.

For questions and suggestions, contact us via email comunicacao.corporativa@gpabr.com.

Our brands



Pão de Açúcar

186 stores

GPA's premium supermarket format,

Pão de Açúcar offers products ranging from the basic to the more sophisticated. The chain is recognized for pioneering product launch and innovative retail services, such as wine consultants and cheese experts. In addition, it is a reference in **innovation, promotion of healthy and sustainable concepts**. In 1995, Pão de Açúcar opened the first e-commerce food store in Brazil. It was also the first chain to set up a relationship program in Brazilian retail, Pão de Açúcar Mais, in 2000.



extra

305 stores*

Extra has stores thoughtfully designed to **meet the needs of customers on a variety of occasions**, providing the best shopping experience. With the **one-stop-shop concept**, Extra Hiper (117 stores) offers, in a single place, integrated product and service solutions at competitive prices. It has a wide variety in the food segment, especially in perishables, fruits, legumes and vegetables, in addition to direct customer service in the fish, butchery and bakery sections. Non-food items include everything from consumer electronics to clothes, home and car items. At Hiper, customers also find a gallery of stores and a restaurant. Extra Supermarket (188 stores) offers a complete assortment for the day to day. It stands out for the variety, quality and economy, mainly through Private Label's products. In its e-commerce business, Extra was the first retail chain to offer, as of 2012, a food and non-food assortment in the same shopping channel.



**It also operates 127 drugstores and 72 gas stations.*



126 stores

Operates in the **self-service wholesale segment (Cash&Carry)**, focused on serving customers of small and medium enterprises, as well as final consumers seeking **savings in large volume purchases**. More than 7,000 items of major national and imported brands of groceries, food, perishables, packaging, bazaar, hygiene, beverages and cleaning are available at the stores. Assaí offers a teleshopping service, which allows the customer to negotiate the best offers and conditions directly with the manager. Low operational cost, competitive prices, mix and volume of goods adapted to its target customers are the main attractive features of the chain.



183 stores

Always with a store near the customer, Mini Extra is like a “neighbor”, focused on the necessities of daily life, especially in fresh and perishable products, with quality, competitive prices and a **relation of proximity and trust** with consumers. The chain is part of the GPA Proximidade format, aimed at customers seeking **convenience and practicality in their day-to-day**, with stores that have approximately 300 m² of sales area.



82 stores

Launched in 2014, Minuto Pão de Açúcar is **GPA's premium Proximidade brand**. The stores have an average of 300 m² and offer a differentiated assortment, in an environment that combines **practicality, convenience, quality and the trust** of the Pão de Açúcar brand. In addition, they count on sustainable initiatives, personalized attendance and services.



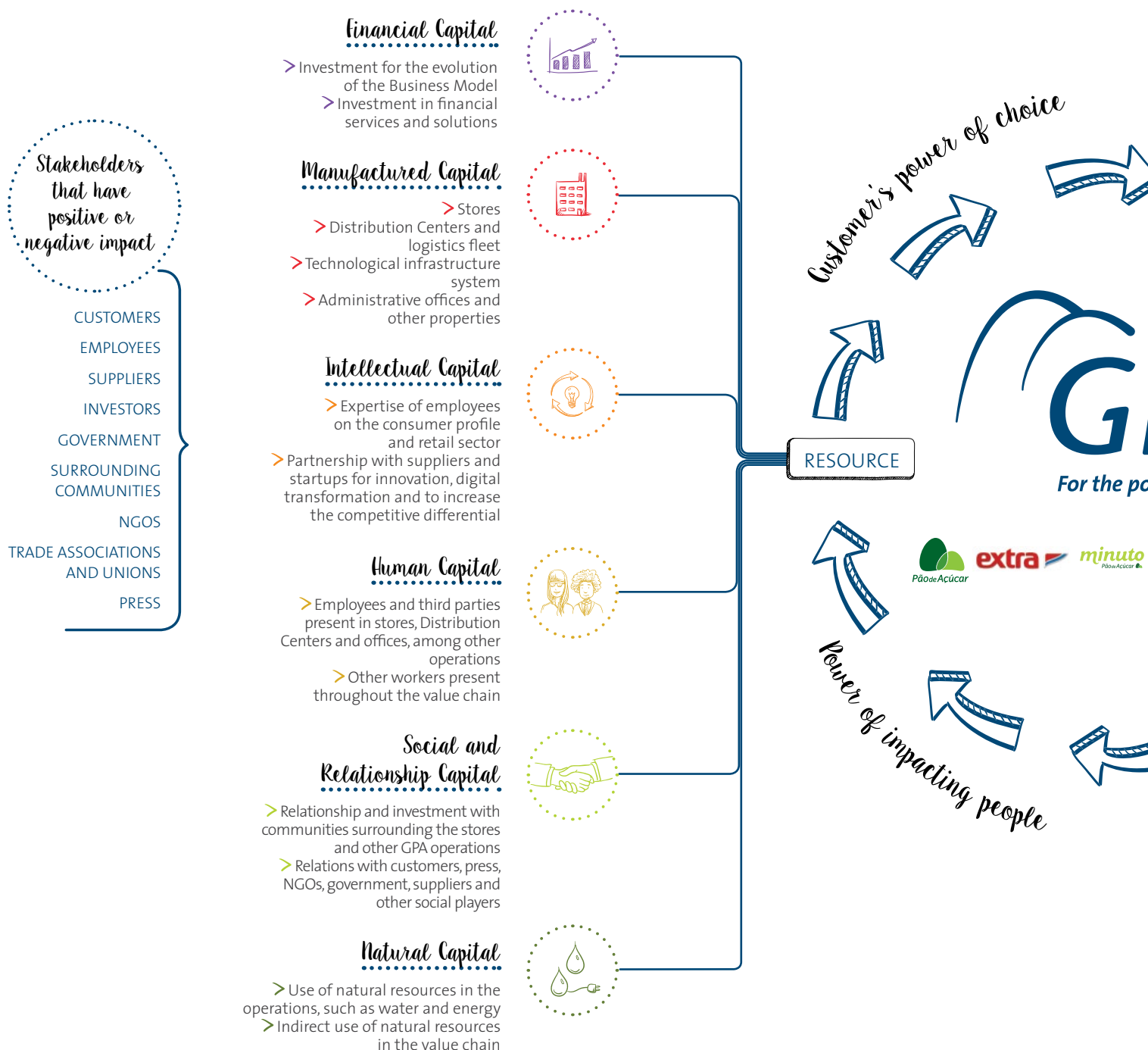
Business Model

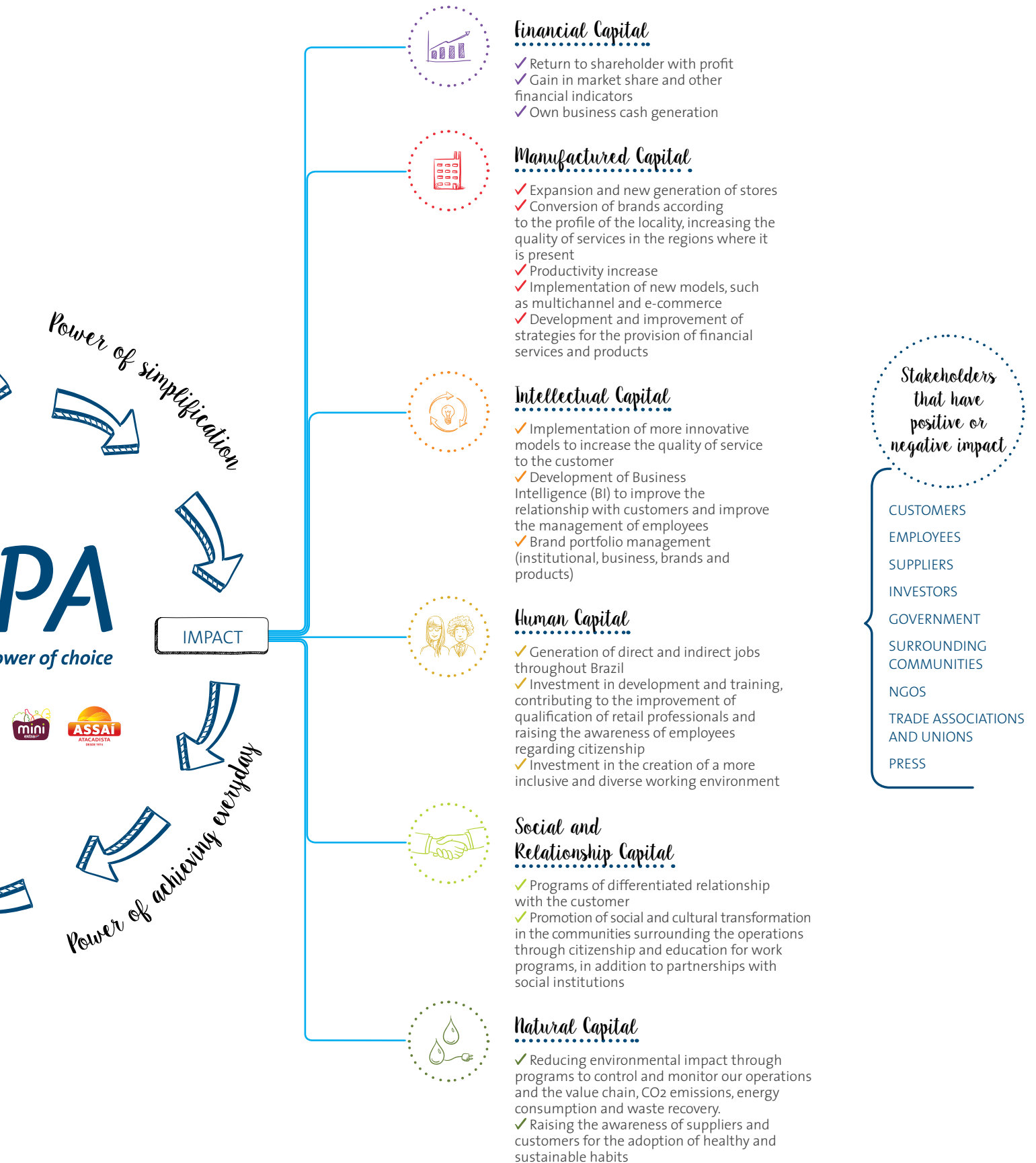
The GPA Business Model was structured following the guidelines of the *International Integrated Reporting Council (IIRC)*, global council formed by regulatory agents, investors, companies, accounting professionals and non-governmental organizations (NGOs).

According to the IIRC, the value generated by a company is influenced by the external environment, either

by the relationship with stakeholders, or by the resources available, financial or not. In addition, the IIRC classifies externalities as capital, divided into financial, manufactured, intellectual, human, social & relationship, and natural.

This infographic aims to show how GPA interacts with the capitals to generate value for its various stakeholders.







Financial Capital

R\$ 48.4 billion of gross revenue from food

R\$ 2.3 billion of adjusted Ebitda*, 22.3% greater than that recorded in 2016

R\$ 619 million of net income of the Company's majority shareholders

**Excluding non-recurring credits.*



Manufactured Capital

Presence in **18** Brazilian States, in addition to the Federal District

1,081 stores

25 Distribution Centers and warehouses

33 new stores inaugurated:

- ✓ 20 Assaí (15 opened by conversion from Extra Hiper)
- ✓ 3 Pão de Açúcar
- ✓ 6 Minuto Pão de Açúcar
- ✓ 2 drugstores
- ✓ 2 gas stations

Sales area: **1,811,000 m²**



Intellectual Capital

Digital transformation

MEU DESCONTO [MY DISCOUNT]

Personalized shopping experience for customers of **Pão de Açúcar Mais** and of **Clube Extra**

4 million downloads of the applications in only seven months

EXPRESS CHECKOUT

Exclusive for fidelity customers of Pão de Açúcar

Pre-scheduling of time for attendance at the checkouts, implemented in **95%** of the chain's stores

FREE WI-FI FOR CUSTOMERS

Available in 100% of Pão de Açúcar, Extra, Minuto Pão de Açúcar and Mini Extra stores

Innovation

New corporate structure exclusively dedicated to the theme

Pão de Açúcar Pitch Day: bringing together of retail startups to map out differentiated solutions that benefit the business. Three startups were selected to develop projects with GPA.

GPA Lab: space built in the Company's headquarters in São Paulo to promote the culture of innovation and to host internal and external events



Internal areas
of the GPA
stores and
headquarters



Human Capital

100,288 employees*

40% reduction in turnover

8% increase in productivity

7 p.p. increase in employee engagement

Diversity

31.7% of women in leadership positions
(management and above)

15.3% increase in the number of employees
with disabilities

Development of employees

More than 2.1 million hours of training
at the Retail University (Multivarejo) and
at Assaí University

**Headcount considers active and on leave employees.*



Social and Relationship Capital

Private social investment

✓ **R\$ 8.07 million** of sociocultural
investment

✓ **R\$ 2.48 million** culture-incentive resources

3,087 people who benefited directly from the
GPA Institute's programs and projects

3,000 enrolled and **181** graduated from the
Academia Assaí Bons Negócios [Assaí Good
Business Academy], launched in 2017

Expansion of the Viva Bairro! project to
51 Extra stores, with over **300** actions
carried out

902.2 tons of food collected on Solidarity Day



Natural Capital

Monitoring of our value chains to
reduce socio-environmental impact and
guarantee food safety

Social audits in 202 factories of suppliers
from critical countries

Reduction in environmental impact

Inauguration of the **biggest solar plant
in Brazil** in the Assaí Goiânia Store, with
2,800 panels in 8,000 m² and generation of
approximately 1,500 MWh/year

Animal Welfare

Relationship with suppliers, with the
launch of the **Taeq line of cage-free
chicken eggs**

Our performance



✓ The net sales totaled **R\$ 26.2 billion** in 2017, with market share gain of 0.6 p.p. in the year (source: Nielsen).

✓ New commercial concepts were launched for the non-food categories, such as the **store-in-store**, launched in Multivarejo stores to leverage the authority of specialist brands in some categories.

✓ Evolution of profitability in 2017 as a result of the new commercial dynamics implemented throughout the year and the discipline in controlling expenses.



✓ Sales of the Proximidade formats were negatively affected throughout the year by the closure of 25 stores, due to the pressure on the flow of customers, due to changes in consumer habits resulting from the economic scenario.



✓ Extra Hiper showed a good sales performance among the banners of Multivarejo, driven by the **two-digit growth of the non-food categories**.

✓ Extra Hiper showed a good sales performance among the brands of Multivarejo, driven by the The Extra Super format continued to be the most affected by the food deflation, impacted mainly by the category of basic perishables, which showed greater deflation.



Pão de Açúcar

✓ Obtained **volume growth**, despite having been affected by the reform of 50 stores (11 full and 39 partial reforms).

✓ In 2018, the brand plans to fully reform 20 stores.

✓ The format maintained the profitability and market share.



✓ In the year, its gross sales totaled R\$ 20.1 billion, with **an increase of 27.5%** in relation to 2016.

✓ In 2017, it reached 41.3% of GPA sales (Food segment), an increase of 6.4 p.p. over 2016.

✓ The performance was strongly driven by the **20 store openings in the period**, being 15 Extra Hiper conversions and 5 new units, in addition to the brand's entry in Minas Gerais and Piauí.

✓ The converted stores had a multiple of sales of about 2.5 times in relation to Extra Hiper, confirming the assertiveness of the project and adherence of the format in the stores chosen.

✓ There was a significant evolution of profitability, which demonstrates the format's efficiency in a context of strong organic expansion and food deflation.

**The GPA Management Board, in pursuit of the process of evaluating strategic alternatives involving the Company's investment in Via Varejo, authorized the board to initiate a process of selling the stake in Via Varejo, which was made public through a relevant fact disclosed in November 2016. As a result of this process, Via Varejo's activities were treated by the Company in a single line in the result as "discontinued operations", and also in a single line in assets and liabilities as held for sale, in accordance with IFRS 5, which is why the data related to Via Retail's activities are not reported in this report. For information about Via Varejo's Annual Report, access www.viavarejo.com.br*



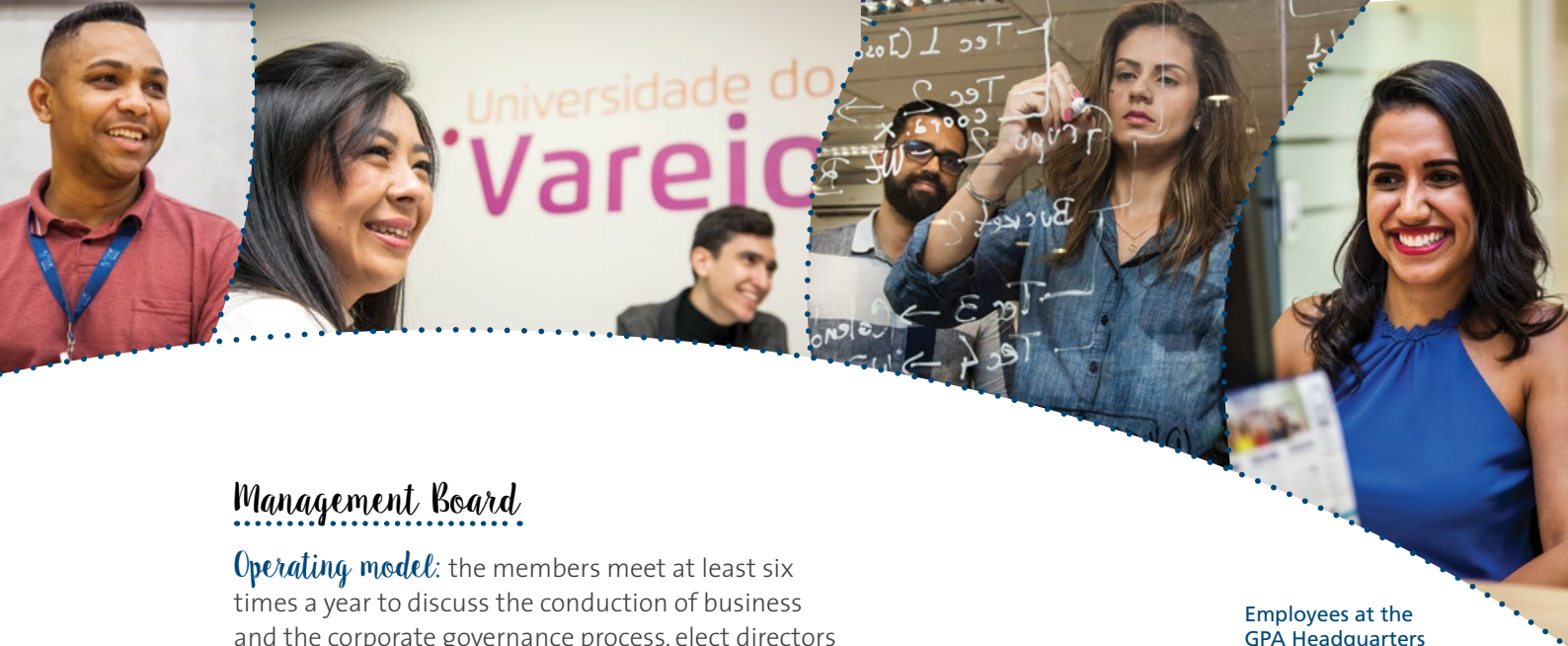
GPA Headquarters
in São Paulo

The GPA corporate governance is supported by the quality of management bodies, their committees and by the presence of independent members on the Management Board. **Its operation is backed by strong policies and guidelines and encompasses all companies controlled by the Group, always respecting the specific characteristics of each business unit and brand.** The GPA governance system is led by the Management Board and by the Executive Board, responsible for managing the business in accordance with the strategic guidelines established by the Management Board.

We work to help all GPA activities generate tangible and intangible positive impacts on the business and our stakeholders. For this reason, in 2017, we

continued to improve our corporate governance structure through the excellence of our management model. The committees continue to play an important role in the strategic conduction of the business, with the involvement and active participation of international experts in their areas of expertise.

In line with the current context, the consistent application of governance processes simplifies business structures, increasing efficiency in all the company's activities. They are practices that bring a number of benefits – while helping us to achieve our goals, contributing toward transparency and trusting relationships with our customers, employees, suppliers, shareholders, communities and society in general.



Employees at the
GPA Headquarters
in São Paulo

Management Board

Operating model: the members meet at least six times a year to discuss the conduction of business and the corporate governance process, elect directors and supervise the top management, among other attributions.

Advisory committees: in carrying out its activities, the Board is advised by five committees with three to five members each. They meet whenever necessary to analyze in depth the subjects of their competence. Currently, the committees are:

- Audit
- Sustainable Development
- Financial
- Corporate Governance
- Human Resources and Remuneration

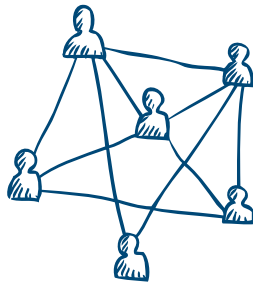
Good practice: 4 of the 11 members of the Board are independent. This is an example of a governance practice within the standards established by the markets in which we operate – GPA integrates BM&FBovespa's governance level 1 in Brazil and Level III ADRs in the New York Stock Exchange (NYSE), in the US.

Composition*: 11 members, with unified term of office of 2 years.

- Jean-Charles Henri Naouri – President
- Arnaud Daniel Charles Walter Joachim Strasser – Vice-President
- Carlos Mario Giraldo Moreno
- Eleazar de Carvalho Filho – independent member
- José Gabriel Loaiza Herrera
- Luiz Aranha Corrêa do Lago – independent member
- Luiz Augusto de Castro Neves – independent member
- Luiz Nelson Guedes de Carvalho – independent member
- Manfred Heinrich Gartz
- Ronaldo Iabrudi dos Santos Pereira
- Yves Desjacques



*Composition on 12/31/2017.



Executive Board

Operating model: this board has roles and responsibilities in relation to the business management, being guided by the Company's CEO, responsible for ensuring follow-up of GPA's strategic planning. Members meet weekly to follow the Company's performance indicators and make decisions about the business' conduction.

Board's Competences: implementation of the business management guidelines established by the Management Board; approval of plans, programs and general rules of operation, administration and control in the interest of the Company's development; and elaboration and presentation at the General Shareholders' Meeting of the social business activities report.

The remuneration of executives is structured from programs that monitor the attainment of the results. The variable remuneration amounts are analyzed and recommended by the Committees, and later sent for deliberation by the GPA Management Board. The evaluation of executives follows a merit-based model, with annual quantitative and qualitative goals, and also has a behavioral variable analysis, consisting of a self-assessment and periodic evaluations conducted directly by the CEO, their subordinates and work peers, based on the competencies required by the Company and the behaviors expected for the position.

Composition*: six members, all of them specialists in their respective fields, with a unified term of office of two years. They are elected by the Management Board and have variable remuneration linked to the resulted presented by the Company, individually and by the teams.

- **Ronaldo Iabrudi** – CEO
- **Christophe José Hidalgo** – Vice-President Director of Finances
- **Antonio Salvador** – Vice-President Director of Human Resources and Sustainability
- **Belmiro Gomes** – Wholesale Business Director
- **Luis Emilio Moreno Sanchez** – Vice-President Director of the Multivarejo Business
- **Daniela Sabbag** – Director of Investor Relations

*Composition on 12/31/2017.

Governance and Compliance Highlights in 2017

✓ Strengthening of the Corporate Ethics Committee with the aim of ensuring compliance with the Code of Ethics, analyzing the Ombudsman's indicators on denunciations received and defining guidelines for the application of educational and disciplinary measures.

✓ Review of the risk analysis related to the Anticorruption Law.

✓ Presentation of the GPA's Compliance Program to commercial partners at greater risk related to the Anticorruption Law.

✓ Participation in working forums with companies from different sectors, where the best compliance practices are discussed, which helps us to improve the Program, our policies and internal controls.

✓ Presentation of the Compliance Program to the corporate directors and teams, with the purpose of disseminating the guidelines and initiatives of the Compliance Program, highlighting issues and procedures that require greater attention.

✓ Internal communication campaign to release the new GPA Code of Ethics, held at the headquarters and in all the Group's stores.

✓ Face-to-face training on the values and principles of the GPA Code of Ethics, through group dynamics for leaders of 579 stores.

✓ Creation and application of game on the Code of Ethics, mandatory for employees of the GPA administrative offices and business units. A total of 5,000 people participated, ranging from directors, managers, coordinators to analysts.

✓ Face-to-face training for directors and managers about the Responsibilities of the Administrators. The action impacted 131 employees.

Access <http://www.gpabr.com/en/ethics-and-compliance/> to know the GPA Code of Ethics.



Visual identity of the Code of Ethics internal communication campaign

SHAREHOLDERS	ON	% ON	PN	% PN	TOTAL %
Éxito Group	49.97	18.7	-	-	18.7
Casino Group	49.97	18.7	6.5	4.1	22.8
Directors and board members	-	-	0.3	0.2	0.2
Treasury Shares	-	-	0.1	0.1	0.1
Free-float	0.06	-	93.1	58.3	58.3
TOTAL	100.0	37.4%	100.0	62.6	100.0



Information Security is one of the focuses of GPA's Risk Management

Risk Management



The Business Risk Management area was incorporated into the GPA Audit Board in 2016. This change in structure provided a more comprehensive and integrated view of the processes, giving greater visibility to the treatment of risks and their respective controls and action plans.

Risk Management considers all types of corporate risk and is aimed at ensuring the continuity of activities along the GPA value chain. In this new cycle, the base considered 160 corporate risks that were related to the Company's food segment. A priority risk matrix was simplified, consolidating some risks whose subjects were duplicated and which were treated in more than one business unit. We thus listed a matrix with 54 priority risks.

The Management Board also defined that three risks considered strategic will be monitored directly:

- Business continuity management
- Success
- Leakage of information

We also defined with the Casino Group a list of ten priority risks, including the three risks under care of the Board. This matrix is called CRS – Casino Risk Solution.

Periodically, the executives responsible for each risk follow their records with updated indicators, status of the action plans and general report. In the case of strategic risks, the Risk Management area reports to the Board and the Audit Committee.

In 2018, we will continue to monitor the 54 risks prioritized in 2017 and to map out possible new risks to improve the matrix. A new risk sheet template will include a comparative view of the results achieved in relation to the previous year, which will also allow following the evolution of the monitoring of the indicators.

SUSTAINABILITY *in practice*



Customer with
the family in an
Extra Hiper store

The context of sustainability



GPA is one of the biggest retail groups in Brazil, with more than 100,000 employees* and presence in 18 States and the Federal District. The scope of our operations, therefore, further increases our responsibility as transforming agents of society and with regard to the impact on the environment.

We believe that sustainability, when incorporated into management and strategic decisions, creates real value for the business, shareholders and society.

GPA's Sustainability Policy is aligned with the guidelines adopted globally by the Casino Group and is based on five priority commitments:

- *Valuing our people*
- *Conscious consumption and supply*
- *Transformation in the value chain*
- *Environmental impact management*
- *Engagement with the society*

To make them viable, several initiatives have been implemented in recent years, the foremost of which are reported in this document.

As part of our journey, significant progress was made in 2017, the year which we **reviewed the Company's materiality** and we identified the main themes for generating GPA value in the short, medium and long term, in addition to the challenges related to these issues and the expectations for the Group's management in relation to sustainability. The previous study had been conducted in 2014.

The review phase of GPA's material themes consisted of interviews with the company's leaders and representatives of strategic audiences - employees, financial institutions, NGOs, advisers, investors, consumers. It also resulted from analyses of sector benchmarking and internal documents that reflect studies of priority topics for our business.

**Headcount considers active and on leave employees.*

There are ten topics considered material for GPA:



Valuing customer experience



Generation of employment, employee development and retention



Consumer awareness



Product quality, safety and traceability



Supply chain management and transparency



Electricity management



Waste management and reverse logistics



Water resource management



Climate change and emissions



Relationship with the local community

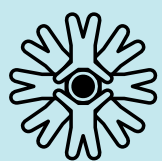
SUSTAINABILITY IN GPA

Our purpose is to be a change maker, improving and innovating our way of doing business to build a more responsible and inclusive society.





Pão de Açúcar
Employee

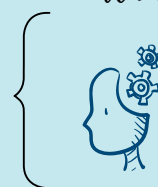


Valuing our people

All that GPA does is with the aim of being the first choice of its customers and thus create value for the business and the thousands of lives impacted by it. For this to happen, our main asset is our people. The Company's success depends on trained and engaged people, ensuring productivity. **Therefore, the development of our employees, diversity and well-being are our priorities.**

In the last four years, we have invested in initiatives for the evolution of personnel management, processes and sustainability. As a result, we reaped the benefits in 2017: **constant reduction of voluntary turnover, growth in the productivity index and engagement of our employees.**

Material theme



Generation of employment, employee development and retention

In addition to training them for the upcoming retail, we are developing consistent succession plans – and in an environment that sees diversity as a competitive differential. The high performance of professionals has become another highly valued and recognized aspect through structured goals and incentives at all hierarchic levels. All this supported by the increasing digital transformation of GPA, whose internal objective is to increase the mobilization and communication capacity among our employees, as well as offer ease and practicality with self-service initiatives.



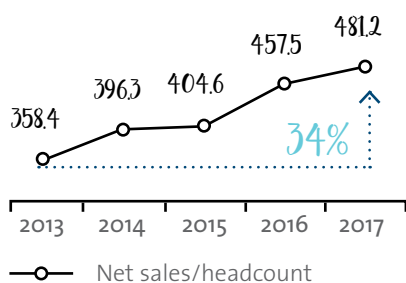
Employees in
GPA headquarter

CORPORATE HIGHLIGHTS

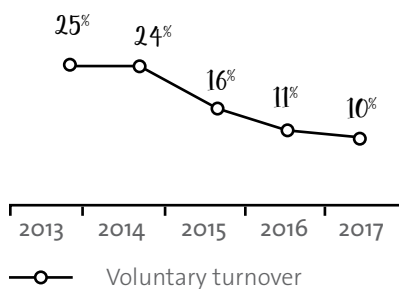
Improvements in shared services processes, more technological infrastructure in personnel management, advances in diversity and increase in the engagement index are some of the highlights of 2017. See below.

Productivity

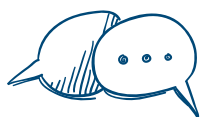
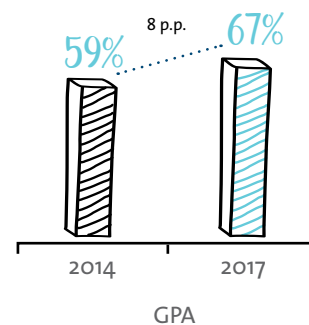
34% increase in productivity
maintaining customer satisfaction



Turnover



Engagement



Fale na Boa [Speak Freely]

GPA periodically conducts the *Fale na Boa* [Speak Freely] engagement survey, whose objective is to understand the involvement of our team and the opportunities for improvement in management, motivation and retention of talents.

In the 2017 edition of *Fale na Boa*:



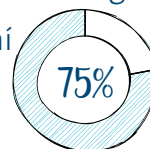
94% of the total
GPA employees
participated

67% was the engagement
index, an important evolution in
satisfaction of the internal
public in the last three years, considering that
we obtained 59% in the previous survey in 2014

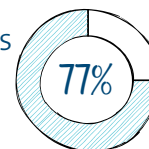
With regard to engagement per
business unit:

The following had the best results:

Assaí



GPA Malls



The largest adhesions to the survey
came from the GPA Corporation
and Multivarejo, both with

96%



ADP System
available for access
through mobile
phone



Flex Time and Flex Office

GPA believes that productivity and engagement depend on the balance between the needs of the Company and the personal needs of the employees. For this reason, the Company has implemented, as a pilot project for employees of the Corporation's areas, two complementary management tools that reinforce the bonds of trust among employees, motivation and well-being in the Company.

The **Flex Office** is a workplace flexibility model for our employees in leadership positions to be able to perform their functions remotely, that is, from a location that does not belong to the Company. In this first phase, employees of the GPA Corporation are eligible for this policy in the positions of manager and directors, assigned to headquarters' offices.

While **Flex Time** establishes guidelines in order to make the time of the workday flexible. It is intended for all administrative staff at headquarters that have a 44-hour work week in the job contract.

HR Robotization

In recent years, continuous investments in our Human Resources systems have enabled the Group to manage its workforce in order to ensure quality, agility and efficiency that are appropriate to the size of our business.

To increase our productivity rates, we are investing in technological infrastructure throughout our value chain. In HR, self-service tools have enabled us to simplify communication with our employees, as well as to recruit and integrate them with greater assertiveness.

Shared Services

In a Benchmark survey on Shared Services (SSs), conducted by the *Instituto de Engenharia e Gestão* [Institute of Engineering and Management] (IEG), GPA was recognized for the first time as the **company with the best Shared Services in Brazil**, becoming a benchmark in the market. The analysis considered the best practices in management, productivity and level of service quality of SSs throughout the country.

Shared Services is the area responsible for operational activities, which support the Group's business. Its 885 employees work to optimize processes and systems, improve flows and propose solutions that facilitate day-to-day operations, divided into four towers: Human Resources, Facilities, Financial/Administrative and Indirect Purchases.

Employee in the
Shared Services
office



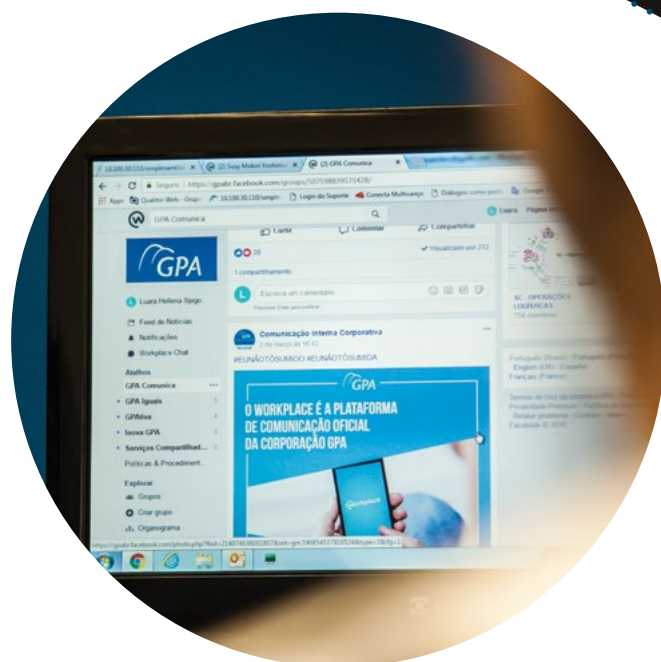


Workplace

In line with GPA's digital transformation process, the company implemented, as a pilot project, the Workplace, social platform of the Facebook for companies. With the aim of making **internal communication simpler, more directed and flexible**, the pilot started in September, with a duration of three months, and included employees of the Group Corporation.

The Workplace has an interface similar to the Facebook platform and can be accessed from any computer connected to the internet or using the smartphone, through an application. In addition to gaining more agility in communication, the Company gave autonomy for employees to be able to share content relevant to their areas or to the retail sector.

At the end of the pilot, about 90% of the employees registered in the tool were active, accompanying and interacting with the official GPA publications and other communities of interest. By 2018, the expectation is to make the Workplace the main internal communication channel of the Corporation, in addition to evaluating the possibility of extending it to the teams of the Group's business units.



The Workplace Digital Platform is an ally in the communication between GPA and its employees

DIVERSITY

We believe that diversity is a lever of performance and innovation, as well as being a source of motivation for employees and talent attraction. Our commitment is reflected, in practice, in inclusion initiatives that combat all forms of discrimination and prejudice, working on the priority topics:

- ✓ Gender equality
- ✓ Racial diversity
- ✓ Age diversity
- ✓ Inclusion of people with Disabilities ('PeD')
- ✓ Sexual orientation and gender identity



“The Business Coalition for Racial and Gender Equality was launched in May 2017 and today has 39 signatory organizations. Unfortunately, there is still a great distance between discourse and practice in favor of racial and gender equality in corporations. The Center for Studies on Work Relations and Inequalities (CEERT) has applied the Diversity Census to companies for 23 years and finds evidence that blacks, especially black women, have fewer opportunities and presence in the organization’s workforce and, when they are inserted, they receive lower salaries, have lower professional growth and hardly appear in more strategic positions. Therefore, the Coalition efforts in this area are fundamental. GPA is among the leaders of the sector. Thus, its adhesion to the Coalition helps to highlight this topic as a priority to ensure the sustainability of Brazilian organizations and society.”

Cida Bento, executive coordinator of the Center for Studies on Work Relations and Inequalities (CEERT)

Public Commitments to Diversity Assumed

1. Companies and LGBT Rights Forum – Adherence to the “10 Company Commitments to LGBT Rights” in order to ensure equal treatment of all employees, regardless of their sexual orientation, sexual identity or gender, as well as training them on the various aspects related to this audience.

2. The UN’s Women’s Empowerment Principles (WEPs) – A document in which GPA undertakes to strengthen policies and initiatives in the pursuit of gender equality and the empowerment of women in all companies of the Group.

3. Business Coalition for Racial and Gender Equality – Initiative of the Center for Studies on Work Relations and Inequalities (CEERT) and the Ethos Institute, with the support of the Inter-American Development Bank (IDB). The aim is to articulate, exchange experiences and stimulate the implementation of business policies and practices in the field of diversity, with focus on racial and gender equality. Quarterly meetings are held, focusing on training on the topic and application of the Ethos-CEERT indicators for Racial and Gender Equality.

4. Pact for the Inclusion of People with Disabilities (Corporate Network for Social Inclusion) – Adherence to the five commitments to promote the rights of people with disabilities in order to guarantee commitment of the top management to the topic, as well as to promote culture and an inclusive environment through communication and education to the topic.



Diversity Week

Held in September 2017, the Diversity Week reaffirmed GPA's purpose of being an **agent of mobilization and transformation of society**. With the presence of external participants, HR professionals and civil society, the event aimed at reinforcing our commitment to diversity and increase the repertoire on the topic for the business public.

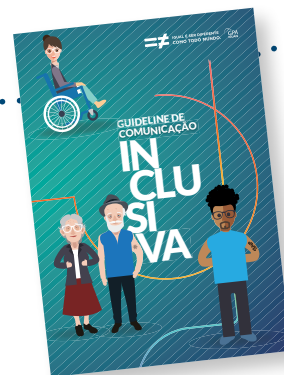
In addition to lectures conducted with representatives of all the priority audiences of GPA, two important public commitments, already mentioned, were assumed throughout the meeting: **UN's Women Empowerment Principles (WEPs), and Company and LGBT Rights Forum**.



Joining the Companies and LGBT Rights Forum

Actions and activities of the week:

- ✓ **600** employees from the corporate areas participated in the thematic panels
- ✓ **1,000** employees participate in awareness raising actions in stores and Distribution Centers
- ✓ **Launching of a survey** on the inclusion of blacks in Multivarejo and GPA
- ✓ **130** managers from GPA and Assaí participated in lectures on the unconscious biases in living with people with disabilities



Inclusive Communication Guideline

In 2017, we released a guide with the inclusion and equality guidelines that should be used in any GPA channel or communication piece. The document provides guidelines for correct application of the language related to GPA's priority audiences, in the most varied communication formats, such as texts, emails and internet, images, illustrations and face-to-face presentations. The material was developed with the aim of supporting the teams responsible for the Company's internal and external communication actions, in addition to **contributing to the reflection and dissemination of diversity so that GPA has an inclusive communication with all its stakeholders**.

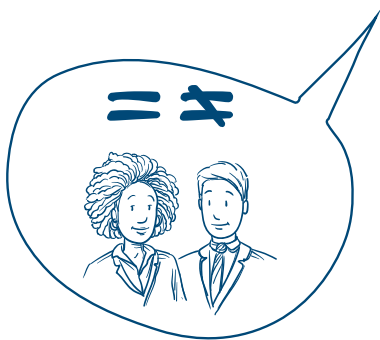
Racial Diversity Guide

Why does racial diversity bring innovation and increase business performance? What is the context of black men and women in Brazil? And what are the economic challenges of racial equality? These are some of the topics addressed in the Racial Diversity Guide, which GPA launched in 2017 for all its employees. **The publication seeks to raise the awareness of the internal public about the importance of the subject to the Company, as well as to disseminate examples of good practices and to disclose Ombudsman channels for the reporting of actions or behaviors that do not comply with the guidelines.** It is also an important support tool in personnel onboarding and empowerment activities.



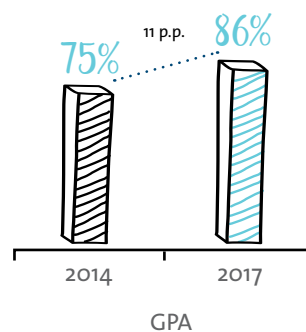
Social Badge

In a further example of promoting the inclusion of its audiences, GPA implemented a new process, the Social Badge, addressed to all of Multivarejo (Extra and Pão de Açúcar chains), Assai and GPA Corporation. **Through the initiative, LGBTI employees have the option to include in their badge the social name, not the name officially registered and that does not express their gender identity.** The employees were instructed about what gender identity is and we set up an internal process to apply for the badges.



Employees recognize diversity in GPA

In the 2017 Speak Freely engagement survey, GPA's employees recognized diversity as one of the positive impacts of our business, increasing from 75% in 2014 to 86% in 2017. They are achievements that show that we are on the right path and, above all, reaffirm our responsibility and our commitment to diversity and inclusion.



“When I was called to the selection process with the possibility of working in the Group, one of the professionals responsible in HR was sensitive enough to ask me if I felt comfortable being called by my registration name. I have identified myself as a transgender man since I was 4 years old, so being called by my social name is important to strengthen my identity. Since then, all in the work environment have called me Anthonny. Then, during the Diversity Week, in September 2017, I received a surprise: the Social Badge had been implemented in the Company and my new badge with the social name was delivered on that occasion. There is still prejudice in society today, but when we feel welcomed in the workplace, everything becomes easier.”

Anthony Gabriel da Silva, employee of Extra Anchieta



HIGHLIGHTS OF OUR BUSINESS

GPA continuously invests in onboarding processes, training and valuation of its employees. Among the main initiatives carried out in the business units in 2017 are the Multivarejo Multipurpose Program, implemented in the Extra and Pão de Açúcar chains, the GOL variable remuneration program, the highlights of the Retail University and the Together for Expansion campaign, held for Assaí employees during the refurbishment and inauguration of new stores.



Multipurpose team



The constant quest for excellence in customer service, productivity and operational efficiency led GPA to adopt the Multivarejo Multipurpose Program in 2017. The proposal consists of **identifying, training and increasing the number of professionals with multipurpose profile in the Extra and Pão de Açúcar chains**, that is, those prepared to perform more than one function, with the aim of increasing the available team for the checkout.

This made it possible **to make jobs more flexible and improve the quality of service in stores**, especially during peak hours, and without the need to increase the number of employees. During the year, more than 6,000 employees were trained and, in total, 21% of our staff became multipurpose.

GOL variable remuneration program

Aspects of recognition and meritocracy are increasingly valued in GPA's relationship with its employees. In 2017, variable remuneration criteria were implemented in Multivarejo through the GOL Program, initially launched for 50,000 employees from 940 stores.



Extra multipurpose employee

GOL follows an evaluation methodology in which the store, with the individual performance of each employee, has to reach a minimum growth target of 3% in sales.

This reference was defined based on the comparison of items sold per hour worked between 2016 and 2017 and the number of absences and time of leave of the employees in the period evaluated. An additional percentage of the salary is tied to the increase in productivity, which is evaluated every six months and can give the employee a bonus of up to 1.2 times the salary in the year.

As a result, we are discovering new ways of working, with more creativity and productivity. In 61% of the stores, the employees were able to surpass the goal and 50% reached the minimum. The performance demonstrates an effort by the teams to increase or maintain the level of sales in organized workdays with the aim of reducing overtime.

In 2018, the program will continue to be applied in Multivarejo stores, and its implementation in the Distribution Centers and administrative areas is being studied.



Multivarejo
Trainee at GPA
headquarters



Traineeship in Multivarejo

Young people under the age of 30 currently represent 44% of GPA's employees and are one of the priority groups in initiatives for diversity in the Company. Two learning and career development programs for this audience were highlighted in Multivarejo in 2017.

• **Young Apprenticeship Program**

The Extra and Pão de Açúcar chains currently have about 2,500 apprentices, who are between 18 and 23 years old and are studying or have completed high school. In 2017 alone, there were several opportunities for all types of positions, such as Young Apprentice Cashier Operator and Young Apprentice Store Operator, with chances of future hiring.

• **People of Talent – Traineeship Program**

In 2017, 25 trainees were hired to work in the Multivarejo business units (responsible for the Pão de Açúcar, Extra and Proximidade formats) and GPA Malls (business responsible for the management of real estate assets, administration and expansion of commercial galleries operated at the Company's stores).

The program lasts up to two years and has quarterly modules of training in various topics. The trainees still have the tutors' follow-up program and constant feedbacks, as well as an opportunity to be hired according to their performance.

Managerial success

We have perfected our succession program for the position of store manager at Multivarejo (Extra and Pão de Açúcar chains), whose objective is to train, develop and retain employees with the potential and profile aligned with the business strategies for that position.

In 2017, the process became more complete and structured, better qualifying the stages of selection and, therefore, the base of successors. Among the main advances are the application of performance tests, visits to the competition and training in model store. Another important differential was the formation of multibrand classes, no longer separated by brands, making the experience much richer for all.



Online recruitment

More quality in less time. There are some of the benefits perceived by GPA since the launching of its online recruitment platform in January 2017. Steps such as résumé analysis, geolocation screening, online testing and self-scheduling were carried out through the tool and enabled a fourfold increase in the number of profiles evaluated per month in selective processes for operational positions in the Company. During the period, approximately 250,000 résumés were registered and more than 130,000 people participated in the selection processes. A total of 16,740 professionals admitted in all regions of operation in all the brands of Multivarejo.

With the new platform, the interviews are conducted with candidates who are more adherent to the vacancy profile, increasing their utilization by 80% in the final stage and thus reducing the incidence of turnover. The solution has also made the candidate's experience lighter and pleasant. Formerly, he or she would spend long hours in the face-to-face phases and sometimes waited in long queues to be attended to.

Employee at the Retail University, located at GPA headquarters



Retail University

- ✓ **737,528** hours of training
- ✓ **16,064** classes (average of 1,392 classes per month)
- ✓ **49,922** employees trained (72% of the total)
- ✓ **10.4** is the average number of training hours per employee



Multivarejo – Training in 2017



Increase of **105,000 hours** of training, representing an increase of **17%** over the previous year

29%

of the hours of training were for positions of manager and middle management



71% of the training hours were for operational positions – a differential in the Brazilian market, since, according to a survey conducted by the Brazilian Association of Training and Development (ABTD), 40% of the training actions are for leadership positions



Launching in October of the **distance education portal** University for the Multivarejo corporation audience: there are more than 1,000 courses of various subjects that aim to develop the skills and competences deemed essential to the Company

INCLUSION IN MULTIVAREJO'S DCS

A plan for inclusion of employees with disabilities started in Multivarejo's Distribution Centers (DCs). The goal is to promote opportunities for the insertion of professionals and discussion on the main challenges of structural accessibility.

The first training, held in August 2017, involved 25 employees, ranging from DC managers, director of operations to representatives of the company's Human Resources. At this meeting, we worked on issues related to the inclusion of people with disabilities in the job market, rights, legislation and breaking of unconscious and conscious paradigms.

The DC inclusion plan also provides for the review of selection flows, top management awareness, and architectural accessibility training for occupational safety, maintenance, and brigade teams, scheduled for March 2018. In the medium term, the intention is to work to raise the awareness of all DC leader teams.



Employees receiving training at Assaí University

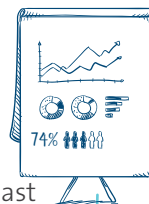
Assaí Atacadista

Assaí University

The role of the University is fundamental in Assaí's growth process, contributing to the schooling and, mainly, technical/behavioral education of the employees.

Divided into five schools – Wholesale, Leadership, Commercial, Operations and Technical Operational Development –, Assaí University offers courses built and multiplied with the participation of professionals from the sector, taught in stores and offices of the chain. Training is available to all of employees, from the base to the leadership. Some examples are the Operations Trainee Program, the in-company graduation, vocational courses, technical training, personnel management, processes and results, professional development, language allowance and even incentive to complete elementary education and high school.

- **+ 20** educational programs
- **+ 170** technical and behavioral courses
- **1,364,864** hours of training
- **+ 55,000** participations
- **+ 21,000** employees trained at least once (**74%** of Assaí's employees)



In 2017, the University launched its digital platform for employees assigned to the Administrative Center. There were 12 training programs and more than 30 free courses in the online library, with a 50% engagement in the first 30 days of access.



GPA Distribution Center at Rodovia Anhanguera, in Osasco



Assaí
Atacadista
Stores



Welcome Program

Assaí is growing not only in the number of stores, but also in the number of new employees. For this group, we have developed an integration program that seeks to make the learning experience and adaptation to the new functions more pleasant and agile, in such a way that they feel welcomed and confident in their assignments.

The Welcome Program consists of three stages. In the initial phase, the new employee receives general instructions on Assaí's operation. Then, during 30 days of practical training, he or she is accompanied by a "godfather" or a "godmother", directly in the area or section where he or she will work. During the first three months, period of experience, he or she receives formal evaluations in a constant monitoring by his or her manager.

"In 2012, I participated in the first Operations Trainee Program, in which I had the opportunity to prepare myself in one year to assume the position of assistant store manager. In 2014, already acting as assistant manager, I joined the first in-company graduation class through Assaí University's Aprende + [Learn +] Program, in partnership with the Anhembi Morumbi University. The technologist course in Management Processes was fundamental to my day-to-day. In 2016, I was invited to participate again in the Operations Trainee Program, but now as a tutor manager, to help in the development and training of a new trainee, which brought me immense pride. Today, I consider myself a professional and a much better human being and much more prepared, with the certainty that it is still only the beginning and that the search for knowledge and improvement can not stop. The next step is to take a graduate course and, of course, continue to grow together with Assaí."

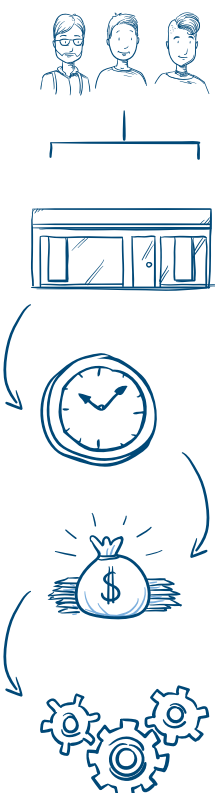
Marcos Cândido Chaves, manager of the Assaí Imbiribeira Recife Store



Expansion

OPERATIONS TRAINEE PROGRAM

In our expansion process, we also identified the need to train section heads and supervisors to take on future positions as assistant managers, a very responsible profile in the stores. In 2017, we formed three groups of the Operations Trainee Program, with the participation of 94 employees, generating opportunities and, consequently, valuing our people and our business.



Assaí trained **4,800 people**, ranging from new employees to those transferred from other units to the new stores. In all, we conducted **964,000 hours** of training before the inaugurations.

According to data from the “T&D Panorama in Brazil in 2017” report of the Brazilian Association of Training and Development (ABTD), the companies invested 21 hours of annual training per employee. While Assaí invested **51 hours**, more than the double of the market average in the period.

TOGETHER FOR EXPANSION CAMPAIGN

In order for all of the over **31,000 employees** to accompany the project of implementation and inauguration of new stores, we launched *Juntos pela Expansão* [Together for Expansion], a fun campaign with the goal of strengthening the feeling of unity and collaboration among all. The concept was drawn from the idea that we are all in the same boat, rowing in the same direction – and this makes collaboration and dedication part of our daily lives.

The campaign is guided by three pillars:

- ✓ **Information** – an extensive internal communication plan kept the employees informed about the progress of the expansion works of the stores. In addition to using a broad portfolio of parts and materials, we have the involvement of leaders of the stores and the Distribution Centers in the dissemination of the news. And more: a videowall (screen structure), installed in the Administrative Center, transmitted live the inaugural events of the stores, which contributed to bring even closer the support and operating teams of each unit.
- ✓ **Celebration** – special lunches were held on inaugural days of the stores, as a way of celebrating the achievement of all the employees.
- ✓ **Recognition** – 1,000 employees who worked focused on the expansion received financial recognition.

Numbers of the campaign:

- **6** months duration
- **160** communication materials produced
- **500** souvenirs drawn
- **21** live broadcasts of the store openings
- **21** special lunches
- **R\$ 3,5 million** distributed in prizes and recognitions

Summary of the sustainability goals and action plan

Valuing of our people

2017 GOALS

COMMENTS



> Develop a mentoring program for people with disabilities (Assaí).

The action was postponed to 2018.



> Apply focused diversity training to the HR areas of every business.

More than 60 people from the Recruitment and Selection, Training areas and Business Partners of Multivarejo, Assaí and Corporation were trained.



> Implement and develop new teaching methods to speed up the digital training platform (MV).

In 2017, the Portal of the Digital Retail University for the Corporation's employees and Multivarejo store managers with online and interactive content was launched. The most accessed features include: Excel Course, Game of Code of Ethics and the learning track "Working in Group".



> Increase the number of employees with disabilities (%) within the business.

We did not meet the target, but we have 3,062 employees with disabilities (compared to 2,661 in 2016).



> Implement, for the second consecutive year, a sustainability goal for the employees eligible for variable remuneration.

The goal was implemented in 2016, continued in 2017 and will continue in 2018 for all eligible employees.

STATUS



Achieved



Partially achieved



Not achieved



Conscious consumption and supply

GPA'S sustainability strategy is also expressed by conscious consumption and supply initiatives. As Brazil's biggest retail group, we are **committed to increase the assortment of healthy and sustainable products in our brands and businesses, influencing our value chain and encouraging our customers to adopt healthy consumer habits with respect for the environment and people.** And we are doing this through solutions that take into account the quality of products, packaging processes and price, giving the consumer even more power of choice. We are also establishing relevant partnerships with our suppliers and other companies with the aim of continuing to create value for the business and our brands, in addition to influencing the entire market.

Material theme



Consumer awareness



Valuing customer experience

Valuing customer experience is another aspect of great relevance in GPA's strategy. This vision includes the Company's digital transformation, through services such as My Discount and Express Checkout, and the revitalization of stores in Multivarejo and Assaí. All of these initiatives, highlighted below, follow retail trends worldwide and, above all, make the moment of purchase more agile, simple and pleasant, strengthening the relationship with our consumers.

DIGITAL TRANSFORMATION

My Discount

Highlight of the year in GPA's digital transformation process, the dynamic of My Discount offers provides customers of the **Pão de Açúcar Mais** and **Clube Extra** fidelity programs with personalized offers, according to their purchase profile in each chain. If the user does not have a history yet, the application presents products with high relevance, based on the buying behavior of a customer with the same profile. Offers are renewed on a regular basis, and the customer must activate them directly through the applications, without any operational impact.

It is very simple:

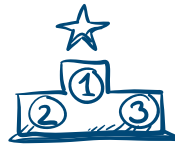
1. The customer chooses the products and activates the offers through the application.
2. When passing in the checkout of any chain store, or even in the food e-commerce the customer identifies himself or herself with his or her CPF [Individual Taxpayer's ID].
3. The discount is applied immediately, without the need to present printed coupons, mobile phone number or seek help from any store employee.



Our platform

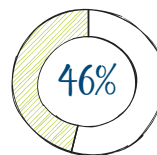


- Unique in the Brazilian retail market
- Launched in June 2017

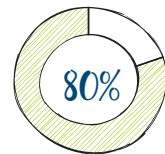


- More than 4 million downloads in seven months, being among the most downloaded retail apps in Brazil

- It increased the total base of GPA's loyal customers from 12 million to 14 million, which represents:



of sales
of Extra



of sales of
Pão de Açúcar



80% of Brazilians say they have bought, recurrently, products with discounts, according to consumer behavior indicators



Free Wi-Fi at the stores

Still as part of GPA's digital transformation process, **free Wi-Fi became available in 100% of Pão de Açúcar and Extra stores, in an unprecedented initiative in retail food chains in Brazil.**

The novelty allows improving the experience of the consumer, who is becoming more and more multichannel and uses all the technologies at his fingertips to get the most out of his or her purchases.

The Wi-Fi also makes it possible to improve the management of the units on a daily basis. An example of this is the GPR (acronym for Process and Routine Management), an integrated store management system used in Pão de Açúcar and in the Extra - unique in Brazil to count on the tool running 100% in the digital cloud.

The technology, imported from Portugal, ensures greater agility in the price tag changing process. It also reduces lack of products on the gondolas by checking items that are part of the store's assortment, but that for some reason are not stocked on the shelves. By the end of 2017, the tool was already present in 40% of the stores throughout the country and will continue in the implementation phase.

Express Checkout

The Express Checkout, a novelty exclusive to customers of the Pão de Açúcar Mais fidelity program, allows customers to **pre-schedule the time to be attended to in the store's checkouts, simplifying the time of purchase.** When the time is near, the application indicates which checkout the customer should go to. The solution was implemented in 90% of the brand's stores in just three months and reached 50,000 schedules in the second month of operation.

"I have been a customer of Pão de Açúcar for a long time, I frequent the stores in Ricardo Jafet, Vila Monumento and Riviera. I learned about My Discount through the advertisements in the stores. I entered the site and asked the cashier(s), who gave me more information. I soon downloaded the app and liked the initiative. Sometimes I end up buying a product that was not on my list due to the discount and I have the opportunity to know and try new brands. The Express Checkout also made it easy to go to the market: I already used it at the Riviera store at the end of the year and I did not have to wait in line. My 12 year old nephew made the appointment for me, since the application is very easy to use."

Adriana Giusti, customer of Pão de Açúcar





Pão de Açúcar Store
in São Paulo

EVOLUTION IN THE STORES

Modernization of the structure and service, with store remodeling and changes in processes and services, marked the work that ensured the constant evolution of our brands and greater customer care. See the highlights of 2017 below.



With the aim of strengthening the emotional bond with the customer and making his or her experience more practical and enjoyable, Pão de Açúcar launched a new concept of stores, promoting reforms for adaptation, review of layout and mix of products. **A total of 50 stores were refurbished in 2017, being 11 in the full (complete) concept and 39 in the light (partial) concept, and 6 more are to be delivered in 2018.**

Maintaining the the Pão de Açúcar standard of being and service, the most modern store format, **with completely revitalized layout, is aligned with some of the main international trends in food retail.** There were adaptation of services,

variety of products, distribution of categories and even the way that the customer walks through the stores, simplifying and making the trip to the supermarket more enjoyable. One of the great changes can be observed at the entrance, which brings together, under the freshconcept, all fresh foods, such as perishables and fruits, vegetables and legumes, and an exclusive area with the entire healthy food portfolio, valuing the experience of the consumer who already searches for these items in the same place. To create the new concept, several focus groups with customers were created, which analyzed the previous generation of Pão de Açúcar stores, pointed out suggestions for improvements and evaluated the layout of the new generation.



The novelties in the layout and services of the Assaí stores, more attractive and functional, stem from the very evolution of the Cash&Carry model. The chain invested in the new store model to serve the target-audiences. Currently, small and medium enterprise customers account for 47% of Assaí's sales, and final consumers, who seek savings in large volume purchases, already reach 53%.

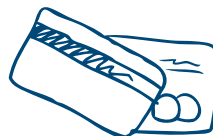
With technological features, automation, innovation and process, it is possible to deliver a better shopping experience and better ambience at lower cost. The remodeled stores became more modern and with fully revitalized layout.

Another highlight of the year was the launching of the Passaí card, which proved the opportunity to work in financial services.

The project was implemented in 75 stores of the chain and is undergoing rollout. A total of 102,000 cards were sold in only three months and a half of operation. Customers who subscribe to the credit card will pay the wholesale price regardless of the quantity of products purchased.



Employee in Assaí Atacadista store



Employee in Mini Extra store



In 2017, the brand underwent a simplification process, including review in the operational processes. This work also included a **strategic review in the brand's communication**, which ceased to be called Minimercado Extra and came to be positioned as "Mini Extra. Needed, Solved". In the year, 145 stores in the State of São Paulo were refurbished, undergoing a modernization for better customer service.

CONSCIOUS CONSUMPTION

Bulk Sale (Reutilizar project)



The bulk sales project of the Pão de Açúcar brand, Reuse #ToBeHappy project, **encourages consumers to reduce the use of packaging that is discarded after first use and to buy only what is needed, saving and avoiding waste.** In 2017, 18,000 packages were saved with the initiative, since food products – among grains, seeds, peanuts, cereals, chocolate, teas, peppers, dried fruits and Himalayan salt – are sold in bulk and can be taken home in pots, cans or cartons brought by the customer himself or herself. Today, 15 of the chain's stores in the cities of São Paulo, Santos, Campinas, Sorocaba, Salvador and Recife participate in the project. In 2018, all the stores that will be reformed will receive this project.

According to the “Education Manual – Sustainable Consumption”, of the Ministry of the Environment and Brazilian Institute of Consumer Defense, a third of the domestic waste is made up of packages, and 80% of these packages are disposed of after first use.



Some positive impacts that we generated with Bulk Sale (Reutilizar project):

- ✓ The supplies use a single, larger package rather than bagging the products in unit packages.
- ✓ The customer has the option to buy only what is needed, avoiding waste and paying less (the products are sold at prices lower than for those that are already packaged).
- ✓ The packages, such as reusable glass jars – sold in our stores – can be used several times, thus reducing unnecessary generation of waste. Another alternative is to use paper bags, without additional cost.

Extra lamp collection



Fluorescent lamps, if discarded improperly, are some of the most environmentally damaging solid wastes. Due to being highly toxic materials, they cannot be disposed of in common waste. As part of our commitment to conscious consumption, from August 2017, we provide consumers with collection points in 48 Extra stores, in the hyper format, for proper disposal of these items.



A total **1,098 kg** of lamps were collected, corresponding to over **7,300** lamp units.

Organic and healthy Thursday

Thursday is the day for promoting organic products in Pão de Açúcar and healthy products in Minuto Pão de Açúcar. **All stores from both brands offer discounts of 20% in these categories,** thus encouraging healthier consumer habits.



NOVO DE NOVO [NEW AGAIN]

In partnership with Braskem, Brazil's largest producer of thermoplastic resins, GPA recycled 13 tons of plastic to produce more than 58,000 packages of the Qualidade Tira-Manchas [Stain Remover] in 2017. The initiative, launched in May, is part of the expansion of our reverse logistics program, the *Novo de Novo [New Again]*, which already collected pulp materials, and is part of the Wecycle platform, created by the petrochemical industry for the recovery of plastic waste in the production chain.

This project is the attainment of GPA's goal of developing, in partnership with the chain, customized solutions for recycling and new post-consumer plastic applications.

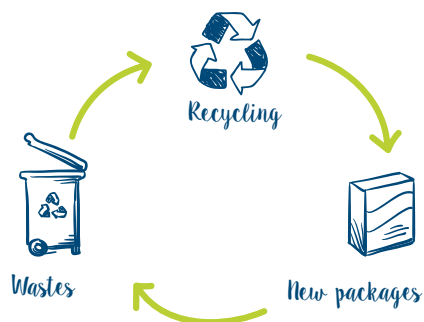
Customer making disposal at one of the Pão de Açúcar Unilever Recycling Stations



Recycling Stations

In 2017, with the end of the partnership with P&G, we closed the activities of the Extra's Recycling Stations. In Pão de Açúcar stores, 22 stations were closed due to the review conducted in partnership with Unilever, but also for operational reasons in some of them. In 2017, **we had 106 Pão de Açúcar Unilever Recycling Stations** in operation, which recorded a total volume of **approximately 110,000 tons of waste collected since the start of the stations, in 2001. A total of 6,300 tons were collected in the year. There are 23 cooperatives of recyclable materials collectors** benefited by the program throughout Brazil, who receive the material discarded by our customers, thus contributing to the generation of income of thousands of families.

Novo de novo [New again] is a circular economy program that takes advantage of the waste disposal by consumers to the Pão de Açúcar Unilever Recycling Stations and uses them to compose the packaging of new products. This process brings a series of benefits: it generates income and jobs, develops the recycling cooperatives that are part of the program, and reduces the environmental impact of operations.



The cooperatives responsible for the separation of these materials are supported by GPA for the sale of the material to the factory responsible for packaging the Qualidade and Taeq products.

Summary of the sustainability goals and action plan

Conscious consumption and supply

2017 GOALS

COMMENTS



> Expand the operation of the *Novo de Novo (New Again)* Program, including with integration of new materials, such as plastic (Multivarejo).

Re-launching of the *Qualitá Tira Manchas Pack* in *Novo de Novo (New Again)*, a circular economy project, made from post-consumer packaging.



> Implement the new model of *Pão de Açúcar Unilever Recycling Stations*, with circular economy actions.

GPA changed the model of operation of the *Recycling Stations* and extended the *Novo de Novo (New Again)* project to the plastic chain.

STATUS




Achieved



Partially achieved



Not achieved



Cage-free chicken
eggs from Taeq,
GPA's Private Label

Transformation in the value chain

Material theme

Supply chain management
and transparency



Product quality, safety and
traceability



GPA'S presence in all regions of Brazil brings opportunities and great responsibility to the company. We are aware of our power to impact millions of consumers and hundreds of direct and indirect suppliers. We understand our role in engaging the players in our production chain and raising awareness in order to generate and share value in all points of business contact, with positive results for people, the environment and animal welfare. The challenges are not few and require a permanent practice of open and constructive dialogue.

The first step in setting up our supply chain policies was to define priorities based on the main socio-environmental risks and/or needs of our chains, in order to strengthen, in the communities in which we are present, practices and commitments regarding:

- ✓ work conditions
- ✓ sustainable extraction
- ✓ animal well-being
- ✓ combating deforestation

See the highlights of 2017 below.



CHARTER OF ETHICS TO SUPPLIERS

Committed to responsible trade, GPA established transparent rules for relating with its commercial partners in 2016. **The document, called Charter of Ethics to Suppliers (see its content at http://www.gpabr.com/wp-content/uploads/2017/03/Supplier-Charter-of-Ethics_CasinoENG.pdf), contains guidelines that must be followed by the Company and by all companies involved in its supply chain.**

The Letter determines ethical standards of conduct that address social, environmental and economic aspects. It brings a series of rules and recommendations related to human rights, working hours, health and safety, environment, animal welfare and anticorruption procedures, among other relevant topics.

In the document, the GPA reinforces its willingness to support and facilitate application of the Letter's principles through its suppliers. **The Company also stated its commitment to promoting responsible trade throughout its supply chain through its Code of Ethics and the signing of the United Nations Global Pact in 2001.**



"We have been working with GPA for a decade now and we know that traceability is an important process in the perception of quality by consumers. We therefore have this control from start to finish, and that applies to both our own production and our partner producers. We work with an integrated system, which allows the generation of a code that accompanies the products from the farm until their arrival at the stores and the home of the consumer. He or she can thus know the origin of the product that he or she purchased at any time. We also have another online system, available to all partner producers, that allows the control of the entire cultivation process: when to start, when to schedule the harvest and the delivery. Thus, we also minimize the impact of break on the stores and guarantee products quality standards at any time."

Alex Lee, commercial director of Rio Bonito Orgânicos, supplier of Taeq organic products

COMBATING DEFORESTATION: EVOLUTION IN THE MEAT CHAIN

The Socio-environmental Beef Purchasing Policy, launched by GPA in March 2016, expresses our commitment to transparency and the engagement of our suppliers to meet new market expectations. The Supplier Development Program, provided for in the Policy, includes steps to empower the supplier, with a check of their socio-environmental practices – including processors that buy from direct meat plants.

This is one of the actions that the Group has been developing to build a value proposition in partnership with its suppliers and society to combat deforestation and its negative social impacts, in addition to those aspects that involve decent working conditions, respect for indigenous communities and remediation of degraded lands.



Meat for sale at Extra and Pão de Açúcar



Our results in the meat chain in 2017

✓ Implementation of the Policy in Assaí Atacadista and its suppliers, who have started to meet the information and monitoring requirements, in the same way as is already done in Multivarejo

34 

suppliers adhered to our policy and to the Supplier Development Program

✓ The volumes of suppliers that follow the GPA Policy, added those of the three major ones, which already have public commitment, represent 99.99% of the meat bought in 2017 by GPA



18,411 farms and 37 indirect meat plants already have traceability data in our system

✓ Only one supplier has not yet adhered to our policy because it is in the process of integration and development (less than 0.01% of the GPA purchase). In addition, 16 suppliers refused to engage in compliance with the Policy and were therefore blocked, not being able to supply the Group presently

SIGNING OF THE CERRADO MANIFESTO

The Casino Group and GPA support the *Cerrado Manifesto*, launched in September 2017 by environmental organizations – among them Greenpeace Brasil, Imaflora, Ipam, TNC and WWF. **The Cerrado is one of the biomes in Brazil most affected by deforestation.** On signing, we commit to combating the problem by adopting effective policies and commitments to eliminate deforestation and to untie our productive chains from newly deforested areas. All 61 signatory companies use soybeans and beef or derivatives of Brazilian origin in their products – directly or in their supply chains.

Rubia Gallega

Rubia Gallega products refer to the production of crossbreed animals between the Rubia Gallega Spanish breed and the Nelore breed.

The crossing and development of this breed is carried out in Brazil by GPA partner farmers, and this entire process undergoes audits with the aim of meeting standards, legislation and food safety, as well as animal welfare. **In 2017, GPA began a cycle of visits to the major producers of Rubia Gallega.** The goal of this action is to confirm the use of sustainable models by the farms, which respect the current legislation and animal welfare. The *Aliança da Terra* [Earth Alliance] NGO, a partner of GPA's sustainability area, is responsible for this visit and for facilitating the dialogue with the cattle farmers. A pilot diagnosis was conducted at the end of the year, and this project's expansion is scheduled for 2018.

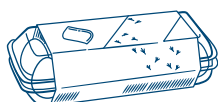


COMMITMENT TO ANIMAL WELFARE

Animal welfare was one of our priorities in 2017. That is why, in March 2017, we were the first Brazilian retailer to publicly commit to working with the Brazilian poultry industry to commercialize, until 2025, 100% of Private Label eggs from cage-free chickens ("livres de gaiolas"), always respecting market regulations and standards.

Through the policy that guides its egg procurement process, the Company also undertakes to:

- ✓ conduct audits and follow up on its own brand suppliers, with the aim of evaluating their animal welfare practices;
- ✓ promote the supply of free-range and organic products in its stores and launch new product lines from cage-free farming;
- ✓ communicate to the consumer the types of products sold to strengthen access to transparent information on each mode of breeding;
- ✓ evaluate, together with the sector and stakeholders, the actions that can be implemented in the short term for the products of other brands.



As part of this strategy, we launched our own product line, the Taeq brand, sold in the Pão de Açúcar chain and in Extra stores.



ORGANIC EGGS IN ASSAÍ

During 2017, 18 stores added organic eggs to their product portfolio.

Launching of
eggs from cage-
free chickens.

of the Taeq brand, in Pão de
Açúcar and Extra stores



Customer
in Pão de
Açúcar store

TAEQ CAGE-FREE EGGS

In July 2017, the Pão de Açúcar chain and units of Extra started to sell “cage-free chicken eggs”, of the Taeq brand. The launching is part of the Group’s goal to, by 2025, sell 100% Private Label’s eggs from the breeding of cage-free chickens. The cost of the product is 15% higher than the conventional one (produced by hens raised in cages), but it has benefits associated with animal welfare.

Our supplier of cage-free eggs received in August 2017 the *Certified Humane Raised and Handled seal*, awarded by the *Humane Farm Animal Care* (HFAC). This is the leading nonprofit certifying organization dedicated to improving the lives of farm animals intended for food production.

The production of eggs from cage-free chickens is not yet regulated in Brazil – this will be an important progress, to which we want to contribute through partnerships with other retail and poultry enterprises, the government sector and society’s participation.



“The partnership between GPA and Mantiqueira was born 20 years ago. We have learned a lot from working with GPA over the years, with the quality standards and processes required by the chain, which was very good for our growth, as it helped us to professionalize our production. In April 2017, we further strengthened this successful partnership with the inclusion of eggs produced in a cage-free system. Production of these eggs started in our unit in Paraíba do Sul (RJ). The birds are raised free, in sheds provided with nests and perches, with freedom to move around and express their natural behavior, after the welfare concept of the World Organization for Animal Health (OIE). In addition, the feed consumed is produced by Mantiqueira, with all the nutrients required for the health of the birds and for quality of the eggs, guaranteed in a balanced, standardized way and without the use of antibiotics. The

cage-free system is a challenge to egg production in Brazil and follows a world consumption trends. We were keen to anticipate ourselves, being pioneers in meeting this demand well ahead of schedule, while the sector and the agencies responsible are discussing the implementation of this system in the country. We own the Certified Humane seal, which is an international certification issued in Brazil by Humane Farm Animal Care and which guarantees that the birds have all the necessary conditions for their well-being during the production of eggs. We are constantly aware of global trends and continue to innovate.”

Leandro Pinto, president of the Mantiqueira Group

SOCIAL VIEW OF THE VALUE CHAIN

Social compliance programs in the supply chain

Social audits

GPA maps out, requires social auditing and, if necessary, monitors the corrective actions of the manufacturing facilities of all national suppliers of own and imported brands from countries with a high social risk index. This process is carried out according to the Initiative Clause Sociale (ICS) methodology, of which GPA is a member, through Casino Group (*go to <http://ics-asso.org> to learn more about the methodology*). ICS verifies compliance with universal principles of human rights and international labor standards in workplaces of global retail chain suppliers. By the end of 2017, 202 GPA suppliers' factories, located in critical countries (covering Asia, Africa and Central America) had been validated by the ICS social audit. Based on the audit results, the supplier is required to implement an action plan to correct any nonconformity, which is followed up by GPA.

Audit in the textile industry

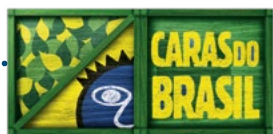
As a member of the Brazilian Textile Retail Association (ABVTEX), **100% of GPA's suppliers and subcontractors of textile products, shoes and accessories are certified by the entity in Brazil.** ABVTEX conducts annual audits in the production chains of the textile industry in general, in which it analyzes retail suppliers and their subcontractors in relation to compliance with Brazilian standards of occupational health and safety, as well as compliance with legislation prohibiting child and slave-like labor. GPA is also a member of the ABVTEX Executive Board and participates in the discussions of the Suppliers Working Group, which follows and brings improvements to the Audit Program.

Palm Oil

An ingredient of plant origin, palm oil is used in the cosmetics/cleaning industry products and in industrial cooking. Its production, however, can have negative social and environmental impacts related mainly to deforestation. **According to the Casino Group's global policy, GPA guides and encourages our Private Label suppliers that use palm oil to track the source of the input in order to promote responsible production practices.** As part of such proposal, we have started a project for the palm oil chain in two major fronts: analysis of work conditions and consultancy for business improvement. The initiative is developed in partnership with NGO *The Forest Trust*, Cargill and Norwegian Agency for Development Cooperation (Norad).



Textile products in Extra Hiper store



Caras do Brasil

The *Caras do Brasil* [Faces of Brazil] program is one of the good examples of how GPA seeks to generate relationships in which the Company, customers, producers, the surrounding community and society gain. **Conducted since 2002, the program offers the customers of 80 Pão de Açúcar stores with the opportunity to consume quality products of Brazilian gastronomy made from raw materials obtained from the biodiversity and cultures of different regions of Brazil.**

In this way, it benefits small suppliers, who would not have access to large chains and who are committed to the management and sustainable production of their businesses. **In 2017, the program involved 20 active regional suppliers and a portfolio with over 70 products**, such as handicrafts, ceramics, honey, jams and flours.



Products from the *Caras do Brasil* program in Pão de Açúcar store



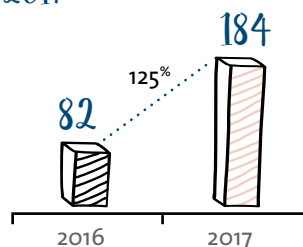
Quality from the origin

GPA developed the Quality from Origin (QDO) to **ensure and encourage good practices among its national suppliers of perishable products**. Through this initiative, we comply with the quality and food safety aspects demanded by the Company and our consumers, as well as the standards established by public agencies.

The monitoring involves a team of technicians specialized in Quality Control, who inspect the products that arrive at the Distribution Centers to verify compliance with GPA's standards. Adhesion to the QDO is voluntary and, currently, the initiative focuses on the development of chains related to beef, fruits, legumes and vegetables.

Suppliers participating in QDO are informed, through an online platform on audit performance, inspection compliance indices, and monitoring plan analysis results. From this communication, action plans are defined with the purpose of perfecting the processes.

Number of products monitored between 2016 and 2017



100% of these products are considered by the audit

Summary of the sustainability goals and action plan

Transformation in the value chain

2017 GOALS

COMMENTS



> Publish a policy for the use of palm oil in our Private Labels (Multivarejo).

Publication postponed to 2018.



> Continue to implement the actions arising from the Beef Purchase Policy and establish an audit protocol for Rubia Gallega beef.

The suppliers that follow the GPA Policy, added those that already have public commitments, represent 99.99% of the meat bought in 2017 by GPA. The 16 suppliers that did not adhere to the Policy were blocked and can no longer supply the Group. We established a protocol with methodology defined for the audit of Rubia Gallega beef.



> Conduct social audits in importing suppliers from GPA risk countries and initiate the implementation of social audits in production units of Private Labels in Brazil (Multivarejo).

National Private Label's suppliers: 22 suppliers are certified by the criteria of the Initiative Clause Sociale (ICS) methodology.

Suppliers of products imported from critical countries: we attained 51% of audited plants.

Suppliers of textile products: 100% of our suppliers are audited by ABVTEX.

STATUS



Achieved



Partially achieved



Not achieved



Solar plant
installed in Assaí
Atacadista store

Environmental impact management

Material theme

Water resource
management



Waste management
and reverse logistics



Climate change and
emissions



Electric power
management



GPA seeks to adopt best practices in its activities and operations, minimizing to the maximum the socio-environmental impacts generated by the business. The Company's Environmental Policy was established in 2014, based on the United Nations' Sustainable Development Goals, the Casino Group's Environmental Policy and GPA's Sustainability Guidelines. **This environmental policy** contemplates four action fronts:

- ✓ Guarantee the proper use of natural resources
- ✓ Follow current standards and policies
- ✓ Guarantee proper management of waste
- ✓ Reduce greenhouse gas emissions and protect the ecosystems

See below the highlights of 2017.

LOGISTIC EFFICIENCY: DOUBLE DECK TRUCKS

As part of the strategy to increase logistic productivity, Multivarejo has increased the number of double decker trucks, i.e., with two floors (cargo floors). **This is an innovative concept in freight transport, which allows greater volume storage and, consequently, higher cost-benefit ratio of freight.** The volume of a Double Deck trailer is equal to that of one and half conventional trailer. With this gain, CO₂ emissions in the trajectory are reduced by more than 33%.

Compared to traditional trucks, Double Deck trucks are safer because they have a lower center of gravity, thus giving greater stability to the whole. They are equipped with pneumatic suspension system, which provides greater comfort and less trepidation, protecting the merchandise. In 2017, Multivarejo operated with five Double Deck trucks and has the goal of increasing to 16 in 2018.



"In the coming years, our quest for efficiency will be reflected in an in-depth review of the distribution network, with simplification of operational processes, and in a supply management focused on optimizing stocks. We shall also make efforts to change the culture in the operations of the Distribution Centers to reduce waste. With a more efficient network, it will be possible to reduce the number of kilometers driven by our fleet and our suppliers' cars, reducing the CO₂ emissions caused by our operations."

Marcelo Arantes, executive director of Operational Support at Multivarejo

ENERGY EFFICIENCY

GPA's commitment also unfolds in projects that are generating clean, renewable and sustainable energy for our Multivarejo and Assaí Atacadista stores. Below are initiatives developed in partnership with GreenYellow, a company of the Casino Group specialized in energy efficiency.



GreenYellow Team making adaptations in the refrigeration system of an Extra store



Continuous improvements in refrigeration, air-conditioning and lighting systems are generating, on average, 25% reduction of electricity consumption in 487 units of the Extra

and Pão de Açúcar chains and in 5 Distribution Centers of São Paulo, Rio de Janeiro and the Northeast. By the end of 2018, a total of 605 stores will be considered, including the Proximidade brand.



MULTIVAREJO IMPROVEMENTS

- ✓ Old lamps are replaced by LEDs, and new automated lighting lines allow to switch the brightness and plan the amount of light in different sectors.
- ✓ The refrigeration system has undergone adaptations: the closure of islands and counters, the installation of frequency inverters, in addition to automation and new adjustments in the

air-conditioning to reduce the need for energy consumption and operational costs and increase the performance of the stores.

- ✓ With the energy efficiency program, the 124,000 MWh/year saved in Extra Hiper stores is equivalent to the residential consumption of a city the size of Atibaia, Botucatu or Barretos (SP) for one year.



The biggest solar plant in an urban region in Brazil is installed in the Assaí unit in Goiânia (GO).

The photovoltaic plant, which converts sunlight into

electricity, was installed in 2017 on the roof of the new store. A total of 2,800 panels in an area of 8,000 m² will generate approximately 1,500 MWh per annum.

The plant will allow to:



- ✓ generate 40% of the store's electricity consumption, the equivalent of what is consumed by the air-conditioning system and lighting of the entire unit



- ✓ prevent the emission of almost 3,000 tons of CO₂, equivalent to about 18,000 trees planted and a savings of R\$ 2.6 million over 25 years

The electricity generated in one year can be used:



- ✓ to charge 359,000 mobile phones for one year



- ✓ to supply 757 homes for one year

- ✓ to keep 5,300 TV sets on for five hours every day of the year

- ✓ or to supply the consumption of all lines of the São Paulo Subway (SP) for one day



Assaí store
in Goiânia

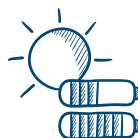


This year, other plants were also implemented at the Assaí unit in Várzea Grande (MT), in an area of 2,000 m² on the parking lot roof, and in the stores of Ananindeua (PA) and Londrina (PR).

Energy efficiency per square meter improved by 3.3%. This reduction was due to the use of best practices, contemplating zenith for natural lighting, LED lamps throughout the store, closure of horizontal islands and air-conditioning by thermal accumulation. In addition, remote reading of consumption was implemented in 90% of stores, which ensured optimized resource management.

For 2018, the forecast is to continue expansion of the solar plants.

SELECTIVE COLLECTION IN ASSAÍ



Developing the sustainability culture internally is essential to GPA's evolution. It is with this goal that we launched the selective collection system at the headquarters of Assaí Atacadista. For five months, all employees were informed about actions related to issues such as correct disposal and minimization of waste, recycling cycle and consumption excesses.

"It is a source of pride to know that our store has Brazil's largest solar power plant, mainly because of its contribution to the environment, producing energy in a clean and sustainable way. Right from the beginning of the operation, the team made guided tours of the plant, raising the awareness of our employees. For newly-hired employees, the topic is already addressed during the onboarding process. All of them feel honored to work in a company that practices the concept of sustainability, influencing the employees in changing their behavior, not only in the unit but also in their personal lives."

Emerson E. Moraes, manager of the Assaí Goiânia store – Independência



GREENHOUSE GAS EMISSIONS

Among the actions undertaken by GPA to reduce greenhouse gas (GHG) emissions in the atmosphere or to offset the effects of emissions from its activity is the creation of an internal working group to discuss new technologies and possibilities of application. This group analyzes measures to minimize the environmental impacts of refrigerant gases – substances that are present in refrigeration systems and that contribute to the emission of GHGs. In 2017, one of the main tasks of this team was to **study the use of new refrigerant gas alternatives that pose less risk to the environment, such as R404.**

In addition to this initiative, we adopted a set of other practices, already a few years ago, with the goal of reducing risks to the environment. **We are adapting the refrigerated counters in Multivarejo stores and we have defined that all our new units will have equipment with R404,** an environmentally-friendly refrigerant that has less interference in the ozone layer and is nonflammable, besides being safer and more efficient in energy consumption.

As a result of all this work, in 2017, we recorded a decrease of approximately 5% in the CO₂ emission from our operations **compared to 2016, going from 785,572 to 710,160 ton CO₂e.**

GPA is part of the Carbon Efficient Index (ICO₂), created by BM&F Bovespa and by the National Bank for Economic and Social Development (BNDES). This index unites companies recognized for transparent, responsible and efficient management of their GHG emissions. The Company also answers to the **Carbon Disclosure Project (CDP) Climate Change**, one of the key initiatives in the financial sector to report transparently on the issue of climate change.



PARTNERSHIP AGAINST FOOD WASTE

Launched more than 20 years ago, this is a GPA initiative aimed at preventing food waste in our operations.

The Partnership Against Food Waste program consists of the donation of products that, although not esthetically suitable for sale, can be safely consumed. There are surplus fruits, legumes and vegetables, and certain groceries that some Assaí and Multivarejo stores donate to partner social institutions.

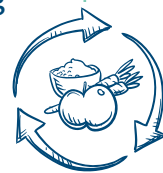
The numbers of the Partnership against Wastage in 2017:

✓ **200 stores** Pão de Açúcar, Extra and Assaí in 17 Brazilian states donated foods;

✓ **309 institutions** benefited – *Banco de Alimentos* [Food Bank] and local institutions;

✓ **270 tons** of food donated on average each month.

Another action to reduce food waste in GPA is the supply of perishable and non-perishable products that are close to expiry with discounts of up to 40%. The items are grouped in a special gondola, with suitable signaling. Strategic management of the stock of these items and the incentive to conscious consumption collaborate with the actions to avoid wastage in the stores.



Summary of the sustainability goals and action plan

Environmental impact management

2017 GOALS

COMMENTS



> Implement energy efficiency projects in more than 200 supermarket stores (Multivarejo) and launch new projects with solar energy.

Energy efficiency projects were implemented in 180 Multivarejo stores and we launched 4 new projects with solar energy. For 2018, there will be 123 stores.



> Reinforce the actions related to food waste reduction.

The diagnosis was elaborated, but the action plan has not yet been implemented.



> Continue with expansion of the model of composting organic waste into Distribution Centers and stores.

In Assai, we extended composting to 12 stores, increasing by 140% the amount of organic waste that was sent for composting in the brand.



> Launch pilots referring to the use of more efficient refrigeration technologies (reduction of GHG emissions related to the use of refrigerant gases).

We launched four pilots using subcritical CO₂ in four GPA stores.



> Implement logistic efficient projects to reduce the GHG Emission related to transport.

We increased the number of double deck trucks but did not meet the goal proposed. We also intensified the use of cabotage in freights to the Northeast, reducing transport, emissions and cost.

STATUS



Achieved



Partially achieved



Not achieved



Children benefited
by the Solidarity
Easter action

Engagement with the society

Material theme

Relationship with the
local community



A diverse and inclusive society translates into a more respectful and sustainable world. Motivated by this belief and by our power to impact people, **we have sought to strengthen ties with the communities from our surroundings through projects that we developed together.** This relationship constitutes the foundation that makes us generate value for GPA and the whole society.

REVIEW OF OPERATION AND PURPOSE OF THE GPA INSTITUTE

In 2017, the GPA Institute restructured its purpose and redefined its axes of operation:

Purpose:

✓ **We want to contribute** to the awakening of empathy and individual and collective awareness, provoking social transformations.

Action fronts:

✓ **To awaken work by vocation:** to contribute to the development of individual talents, increasing the possibilities for people to discover and follow their vocations.

✓ **Encourage mobilizing actions:** to deepen the relationship between employees, customers, suppliers and social organizations to work together as agents of transformation.



NATA
Student



Solidarity
Day, Assaí
Itaquera

The visual identity of the GPA Institute and of our initiatives was also reformulated to allow recognition of the role of the brands in their social investment vocations and how each business can contribute in the communities in which it is present:



Promote and foster local micro-entrepreneurship in the food sector in regions of high vulnerability.



Provide training for young people in situations of vulnerability for them to enter the job market.



Foster the productive chain of healthy and sustainable food.

Below we present some of the main actions enabled by the GPA Institute in 2017. To learn more about the Institute and its performance in the year, access the Annual Report in <http://www.gpabr.com/en/sustainability/gpa-institute/>



Students of Good Business Assaí Academy

WORK BY VOCATION

The main actions of the front **Awaken work by vocation** in 2017 were the creation of the **Academia Assaí Bons Negócios** [Assaí Good Business Academy] and the performance of the Advanced Food Technology Center (NATA), of the Extra brand.



Academia Assaí Bons Negócios (ASSAÍ GOOD BUSINESS ACADEMY)

Assaí Atacadista has small entrepreneurs as an important part of its target-customers and positions itself as a partner of these businesses. Strengthening its operation is the focus of Assaí's social investment. Thus, in October 2017, we launched the Academia Assaí Bons Negócios – **a free training program for small and medium entrepreneurs in the food sector**. In addition to classroom courses and workshops, we also provide online content on topics such as financial management, formalization, pricing, production management, legislation and dissemination and sale.

With the Assaí Academy launching, in partnership with the GPA Institute, we want to provide even more opportunities for Brazilian entrepreneurs to improve their business and to be successful and profitable in their areas of activity.

In three months:

- 3,119 people registered in the platform (<https://www.academiaassaí.com.br/>);
- Sales by Order and Everyone Can Learn were the most accessed courses;
- Two classroom courses were held in Greater São Paulo, with a total of 66 participants.



"The course met my needs and surprised me. I learned about pricing, how to calculate profit and expenses. I leave with a heart full of gratitude, especially since I was recognized by my colleagues as an outstanding entrepreneur. I am very happy."

Edjane Costa Barros,
graduate from the Academia Assaí Bons Negócios

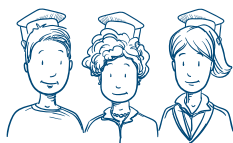




NATA

The Advanced Food Technology Center (Núcleo Avançado em Tecnologia de Alimentos - NATA), in the city of São Gonçalo (RJ), offers, under the Extra brand, professional technical education to 317 students, integrating courses on Milk & Derivatives and Bakery & Confectionery to conventional high school education. Learn more at <http://www.gpabr.com/en/sustainability/gpa-institute/>

NATA in 2017



✓ 346 students
in the courses

✓ 99 graduates



NATA
Students



INSTITUTIONAL PROJECTS

To contribute to the awakening of the musical vocation and the academic education of low-income young people.

Music Program

With the purpose of “awakening vocations, encouraging talents”, the Music Program of the GPA Institute conducts courses in Music and Orchestra aimed at teaching violin, viola, cello and double-bass in a group, from the first note, without need of prior knowledge and individual study.

After a two-year apprenticeship cycle, talented students are selected to join the GPA Institute Orchestra, where they enhance the techniques learned in presentations open to the public. Since its foundation in 1999, the program has already contributed to the awakening of the musical vocation of more than 15,000 young people between the ages of 10 and 21. In 2017, the Orchestra made 48 presentations, benefiting about 450 young people.



Student of
the GPA
Institute
Orchestra

“The Solidarity Day is an illuminated action and was very important for our work. We serve about 1,500 daily meals to our students and employees. This year was many financial hardships, and what have saved us are attitudes like yours. Therefore, there are no words to thank the joy, the welcome, the generosity and the commitment that everyone had to help us, including making their own donations.”

Letter of thanks to the GPA Institute from Instituição Solar Meninos de Luz, a nonprofit school that serves vulnerable children in the communities of Pavão Pavãozinho and Cantagalo in Rio de Janeiro, and which received 758 kilos of food donated in two Pão de Açúcar stores on the 2017 Solidarity Day



Organization participating in the Solidarity Day

“With the donations, we are able to supply our institution practically all year round.”

Roberta Motta, manager of the retirement home Casa dos Velhinhos CEPIM Santa Terezinha, institution benefited by the Solidarity Day



MOBILIZING ACTIONS

The outstanding initiatives of the **Encourage mobilizing actions** front are described below.

Solidarity Agenda

The GPA Institute carries out several actions during the year that seek to raise awareness and awaken the solidarity of customers, employees and suppliers, such as Solidarity Easter, Warm Clothing Campaign and Solidarity Day.

Learn more about the Solidarity Agenda at <http://www.gpabr.com/en/sustainability/gpa-institute/>

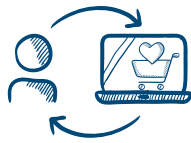


SOLIDARITY DAY

In 2017, 882 stores of Pão de Açúcar, Extra, Proximidade e Assaí took part of the Solidarity Day.

For the fifth consecutive year, the initiative of the GPA Institute strengthened the role of customers and employees as transformers of society – **902 tons of nonperishable food was collected, benefiting more than 120 institutions in the service of 580,000 people in all of Brazil.** In the last four editions, more than 2,300 tons of food was collected, benefiting over 1.5 million people.

In this last edition, there was a greater participation of the stores and brands on Solidarity Day: each store can choose the benefited institutions of its region, and each brand can adapt the communication materials according to its language, following the general guidelines provided by the GPA Institute .



Online donation

The GPA Institute offers its customers opportunities for them to demonstrate their solidarity by donating food to social institutions and thus benefiting thousands of people. An example of this is the Pão de Açúcar initiative, in partnership with the NGO *Amigos do Bem*, which develops educational and self-sustaining projects for more than 60 thousand people in the states of Alagoas, Ceará and Pernambuco. In 2017, webpage was created on Pão de Açúcar's website so that consumers can buy food baskets online and donate it directly to the NGO. The purpose of the action is to create, together with society, opportunities that contribute to social transformation. The next step will be to extend the project to other institutions.

On accessing the site www.paodeacucar.com/amigosdobem, customers find an exclusive cart for donation of basic food baskets. One can donate as often as one wishes. After payment, the donor receives an email of thanks from Pão de Açúcar and Amigos do Bem, and the basket is made available immediately for withdrawal by the organization.

This operation takes place in Recife, where the NGO has a donation center.



✓ **455 baskets**
donated between October
and December 2017.



Viva Bairro!

A movement of expansion took *Viva Bairro!* to many Brazilian cities in 2017. **The project aims to promote actions of shared value between Extra stores and the surrounding community.** They are initiatives in favor of citizenship, conducted in the store and in public spaces, and that bring the store closer to its neighborhood.

More than 300 actions were carried out in 2017, such as collection of food and clothing, activities in partnership with orphanages and retirement homes, handicraft fairs with appreciation of local art, graffiti, gym classes, walks and cultural events.

To learn more about the activities of *Viva Bairro!*, visit <http://www.gpabr.com/en/sustainability/gpa-institute/>

"The greatest lesson was realizing that sometimes it is so easy to make someone happy with simple gestures."

Tatiana Bernardes, employee of 1801 – Petrópolis, about *Viva Bairro!*



Viva Bairro!
action in
Aracaju (SE)

,00
arredondar
você faz a diferença

Arredondar

The year 2017 represented a leap for the *Arredondar* [Rounding Up] project. The initiative, a result of the partnership between GPA and the Arredondar Institute, has existed for two years to raise funds for social organizations that support educational and healthy food projects throughout the country. **On arriving at the checkout of the participating stores, the customer is invited to donate to a NGO partner the change to be received for his or her purchase in cash.**

In the first year, in 2016, the program raised R\$ 256 thousand in 90 stores of Minuto Pão de Açúcar and of Minimercado Extra. At the end of 2017, R\$ 943 thousand was collected, as a result of the program's extension to all Pão de Açúcar stores in the State of São Paulo and in the city of Rio de Janeiro. There are 143 Pão de Açúcar stores, 82 Minuto Pão de Açúcar stores and 28 Mini Extras that participate in Arredondar, benefiting 11 organizations in the country.



Handicraft fair promoted by Viva Bairro! in Campinas (SP)

Summary of the sustainability goals and action plan

Engagement with the society

2017 GOALS

COMMENTS



> Implement a change rounding up program in Pão de Açúcar stores.

> Implemented in July 2017, present in 142 stores of the brand.



> Develop the projects of the GPA Institute in line with the social causes defined in 2016 and reinforce the agenda of solidarity actions throughout the year.

The Extra and Assaí projects were implemented, and those of the Pão de Açúcar brand are being developed.



> Expand the Viva Bairro! Program for more stores in Extra.

It was extended to 51 stores of the brand.

STATUS



Achieved



Partially achieved



Not achieved

Summary of the sustainability goals and action plan

COMMITMENT

GOALS



*Valuing
our people*

- > Launch Diversity Channel in the online training platform for employees with content about GPA's priority diversity audiences.
- > Reach 4,142 employees with disabilities.
- > Reach 33.88% of women in leadership positions (management and above)



*Conscious
consumption
and supply*

- > Increase by 1 ton the amount of recyclable waste disposed per Pão de Açúcar Unilever Recycling Station.



*Transformation
in the
value chain*

- > 100% audited foreign suppliers.
- > 100% meat suppliers with data entered in the traceability platform.
- > 92.7% of meat purchased from monitored origin.
- > 25% of Private Label's eggs from cage-free breeding.



*Environmental
impact management*

- > Reduce 28% the distribution of disposable plastic bags.
- > Reach 420 stores donating fruits, legumes and vegetables.
- > Increase to 40% the recovery of waste produced by store operations through pilot project.
- > Reduce GHG emissions for refrigerant gases by 2%.
- > Reduce electricity consumption by 1%.



*Engagement
with the society*

- > Develop a Corporate Volunteer Program for GPA employees, with the involvement of 500 volunteers.
- > 1,500 people who completed the courses at the Assaí Good Business Academy.
- > Implement Social Investment Program of the Pão de Açúcar brand.
- > Increase by 5% the volume collected from the Solidarity Agenda compared with 2017.

COMMITMENTS

GPA is a signatory of principles and pacts developed by national and international institutions, participating in the sector's debates on good practices and sustainability.

Business Coalition for Racial and Gender Equality



GPA joined the Coalition in 2017, an initiative of the Center for Studies on Work Relations and Inequalities (CEERT) and the Ethos Institute, with the support of the Inter-American Development Bank (IDB). The aim is to articulate, exchange experiences and stimulate the implementation of business policies and practices in the field of diversity, with focus on racial and gender equality.

Pact for the Eradication of Slave Labor

GPA signed the National Pact for the Eradication of Slave Labor in 2005, with a commitment not to maintain those that use slave labor in its productive chains.

Pact for Inclusion of People with Disabilities (Corporate Network for Social Inclusion)



In 2016, GPA adhered to the five commitments to promote the rights of people with disabilities, in order to ensure the commitment of senior leaders to the subject topic, as well as to promote culture and an inclusive environment.

Companies and LGBT Rights Forum



In 2017, GPA adhered to the 10 Company Commitments to LGBT Rights, in order to ensure equal treatment of all employees, regardless of their sexual orientation, sexual identity or gender.

Índice de Sustentabilidade Empresarial (ISE) [Corporate Sustainability Index]



Since 2011, GPA has been part of the portfolio, which seeks to create an investment environment compatible with the demands of sustainable development of contemporary society and encourages the ethical responsibility of corporations. ISE is a tool for comparative analysis of corporate performance in the area of corporate sustainability, based on economic efficiency, environmental balance, social justice and corporate governance.

UN's Women Empowerment Principles (WEPs)



GPA has been a signatory of the Principles since 2017, through which it commits itself to strengthen policies and initiatives in the pursuit of gender equality and the empowerment of women.

ASSOCIATIONS

Associação Brasileira de Supermercados (Abras) [Brazilian Association of Supermarkets]



GPA has been a member of Abras since its foundation, in 1968. The entity seeks to represent, defend, integrate, boost and develop the supermarket sector in Brazil, maintaining an open dialogue in negotiations with the municipal, state and federal governments.

Associação Brasileira do Varejo Têxtil (ABVTEX) [Brazilian Textile Retail Association]



GPA has participated in ABVTEX since 2007. The Association has the purpose of defending the interests of the textile and clothing industry and trade.

Associação Compromisso Empresarial para Reciclagem (Cempre) [Business Commitment to Recycling Association]



In 2004, GPA became a member of Cempre, which aims to promote the concept of integrated municipal solid waste management, promote post-consumer recycling and disseminate environmental education focused on the theory of the three Rs (reduce, reuse and recycle).

Associação Paulista de Supermercados (APAS) [São Paulo Association of Supermarkets]



GPA has participated in Apas since 1971. The trade association brings together supermarket entrepreneurs from the State of São Paulo to integrate the entire supply chain, professionalize the sector, guarantee excellence in operation and point out retail trends.

Akatu Institute



GPA has been a partner of Akatu Institute since 2003. The nongovernment organization works for the awareness and mobilization of society for conscious consumption.

Ethos Institute



Since 1999, GPA has been an associate of the Ethos Institute, whose mission is to mobilize, raise awareness and contribute with companies in the management of their businesses in a socially responsible way, making them partners in building a fair and sustainable society.

Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPACTO) [National Pact Institute for Eradication of Slave Labor]

GPA has been a member since its foundation, in 2013. The entity aims to unite the private sector and civil society organizations to prevent and eradicate slave labor in productive chains.

UN Global Compact



GPA has, since 2001, been a member of the Global Pact, a UN initiative for engagement of the private sector in the conduction of its business, following commitments related to human rights, labor relations and environment.

AWARDS AND RECOGNITIONS

2017 Top of Mind

Two GPA brands were awarded in the 2017 Top of Mind, Brazil's leading ranking of *Folha de S.Paulo* newspaper. Extra was the winner in the supermarket category.

Melhores Serviços Estadão [Better Services Estadão newspaper]

Pão de Açúcar was ranked first in *Estadão's* ranking of Best Services in 2017, in the Super and Hyper categories. Realized based in a survey that heard more than 6,000 people throughout Brazil about the best shopping experiences from products and services suppliers. It also includes a radiography on how each sector of the economy is experiencing the transformations in the consumer profile.

As Melhores da Dinheiro [The Best of Dinheiro]

GPA was the winner of the ranking The Best of *Dinheiro* magazine in the Retail category. The company also received the special award of outstanding HR company.

2017 Top Companies - LinkedIn

GPA was the champion of LinkedIn's 2017 Top Companies list, which presents the companies that Brazilians dream about working in the most. The ranking takes into account the engagement of the page and interest in our career opportunities.

Merco Ranking

The Merco Ranking, developed by Merco Brasil and verified by KPMG, awarded GPA with the 1st place in the Retail sector for the second consecutive time. In the criterion Companies More Responsible and with Better Corporate Governance, GPA ranked 7th; and in Companies with Best Reputation, in 13th place.

11º Prêmio Grandes Cases de Embalagem 2017 [11th Big Packaging Case Award in 2017]

Qualitá, GPA's private label, won the 11th Big Packaging Case Award in 2017, promoted by the *EmbalagemMarca* magazine, one of the main specialized media of the sector. The winning case was the Qualitá Powdered Stain Remover - *Novo de Novo* [New Again] Plastic.

Prêmio Lide do Varejo [Retail Lide Award]

Pão de Açúcar was the winner of the Retail Lide Award – Consumption and Malls, in the Operational Efficacy category.

XVIII Prêmio Consumidor Moderno de Excelência em Serviços ao Cliente [XVIII Modern Consumer Award for Excellence in Customer Services]

Assaí Atacadista won the XVIII Modern Consumer Award for Excellence in Customer Service, in the Retail-Cash&Carry category. Conducted by *Consumidor Moderno* magazine, the award includes analysis of the structures of customer relationship centers, quality services indicators and the companies' strategies to achieve excellence in services provided.



2017 PERFORMANCE INDICATORS

INDICATOR

**In the GPA Corporation, the data of the GPA Corporation, other administrative offices and GPA Malls are considered.*

UNIT

Sales area of own units (according to the Casino methodology)

m²



Valuing of our people

UNIT

Headcount enrolled on 12/31/N – active and on leave

Number

Headcount of women on 12/31/N

Number

Headcount of men on 12/31/N

Number

Headcount < 30 years on 12/31/N

Number

Headcount aged between 30 and 50 years on 12/31/N

Number

Headcount aged > 50 years on 12/31/N

Number

Headcount full time on 12/31/N

Number

Headcount part time on 12/31/N

Number

Number of recruitments made in the year on a Permanent Contract

Number

Number of hired employees aged less than 26 years (CDI + CDD)

Number

Number of work accidents with leave of at least 1 day of absence

Number

Number of days of leave resulting from work accident*

Days

Total number of hours of absence due to work accident, ordinary illness and occupational diseases *

Hours

Frequency rate of accidents with leave of at least 1 day - over total hours worked (%)

%

Total number of employee training hours

Hours

Number of training hours per person

Hours

Headcount of men in management positions and above on 12/31/N

Number

Headcount of men at the top management on 12/31/N

Number

Headcount of women in management positions and above on 12/31/N

Number

Headcount of women at the top management on 12/31/N

Number

% of women in management positions and above on 12/31/N

%

Total number of employees with disabilities in the company on 12/31/N

Number

Number of apprentices on 12/31/N

Number

** Indices consider only accidents that occurred in 2017.*



Conscious consumption and supply and transformation of the value chain

UNIT

Total number of Private Label's products

Number

Number of organic items

Number

Number of certified products – other seals

Number

Number of products of other brands certified with FSC*

Number

Total number of certified products

Number

Number of products certified in the Quality from Origin (QDO)

Number

Total Private Label's products with nutritional optimization**

Number

Social audits in plants of suppliers located in countries of risk***

Number

** Errata: In 2016, it was wrongly disclosed there were 258 products from other brands certified with FSC (Assai).*

*** Errata: In 2016, it was wrongly disclosed there were 268 Private Label's products with nutritional optimization (Assai).*

**** Numbers GPA are including Multivarejo and Assai.*

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION* 2016	GPA CORPORATION* 2017
1,643,005.00	1,643,095.73	1,305,309.00	1,270,740.55	337,696.00	372,355.18	-	-

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
100,605	100,288	74,381	67,989	24,759	31,199	1,465	1,100
51,894	51,084	39,885	35,901	11,380	14,588	629	595
48,629	49,204	34,496	32,088	13,297	16,611	836	505
44,741	43,802	31,879	28,053	12,459	15,413	403	336
47,009	47,625	35,309	32,862	10,809	14,072	891	691
8,773	8,861	7,193	7,074	1,409	1,714	171	73
95,308	95,337	70,342	64,723	23,538	29,540	1,428	1,074
3,796	4,951	2,636	3,266	1,139	1,659	21	26
27,356	28,177	15,464	14,458	11,672	13,493	220	226
15,332	15,709	9,884	9,514	5,376	6,132	72	63
1,220	1,246	1,005	913	201	329	14	4
30,911	65,265	24,432	52,570	5,689	12,554	790	141
4,364,968	11,633,609	3,126,857	8,245,571	1,209,627	3,334,432	28,484	53,606
4.5	6.2	4.8	6.4	3.4	5.9	3.2	1.8
2,187,320	2,116,460	632,445	737,908	857,165	1,364,864	5,320	13,688
14.0	17.1	8.3	10.4	43.0	51.4	3.2	12
889	1,041	661	778	158	191	70	72
61	62	29	29	11	14	21	19
347	482	279	401	31	44	37	37
7	8	1	1	2	2	4	5
28	87	30	34	16	19	35	34
2,660	3,062	1,412	1,422	1,231	1,623	17	17
2,447	2,612	1,901	2,002	532	597	14	13

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
5,966	6,919	5,911	6,863	55	56	-	-
1,609	1,493	1,599	1,479	10	14	-	-
215	271	215	271	0	0	-	-
526	545	473	502	53	43	-	-
2,555	2,309	2,287	2,252	268	57	-	-
264	184	264	184	0	0	-	-
56	103	55	103	1	0	-	-
91	202	-	-	-	-	-	-

Waste disposed by customers

UNIT

Recyclable waste from customers collected in the stores

Tons



Environmental impact management (period from October/2016 to September/2017)

UNIT

Total energy consumed

MWh

Green energy consumption

MWh

Green energy ratio

%

Energy consumption/m²*

KWh/m²

Natural gas consumption

MWh PCI

Liquefied petroleum gas (LPG) consumption

MWh PCI

Oil consumption

Liters (L)

*Errata: In 2016, 610 KWh/m² was wrongly reported (Assai) and 714 KWh/m² (GPA).

Refrigerant gases

UNIT

R404A

Kg

R134A

Kg

R22*

Kg

Other fluids**

Kg

* Errata: R22 GPA Corporation wrongly reported as 3,282 kg.

** Errata: the value of GPA Corporation in 2016 was included.

Nonhazardous waste from operational activities

UNIT

Paper and cardboards

Tons

Plastic

Tons

Organic wastes

Tons

Kitchen oil

Tons

Reused waste rate

%

* At the end of 2017, the units of Multivarejo and the GPA Corporation began a process of reviewing waste data reporting methodology to improve reliability and accuracy. Therefore, the 2017 data is not available for reporting..

Water

UNIT

Total drinking water of network

m³

Water consumption per m³/m² – store

m³/m²



Engagement with the society

UNIT

Food donation

Tons

Total amount paid in solidarity actions (GPA Institute, donations)

R\$

Total donations in cash through cultural and sport partnerships

R\$

Number of beneficiaries of actions of the foundations or solidarity partnerships

Number

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
16,842.00	768.60	16,138.00	-	704.00	768.60	-	-

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
1,176,720.00	1,132,524.47	952,963.00	884,645.47	215,429.00	241,157.00	8,328.00	6,722.00
426,924.00	400,287.07	410,906.00	373,463.07	10,111.00	21,142.00	5,907.00	5,682.00
0.36	0.35	0.43	0.42	0.05	0.09	0.71	0.85
721	703	740	730	638	617	-	-
21,538.59	21,496.03	21,423.00	21,323.03	65.00	115.00	50.59	58.00
71,794.00	52,584.84	32,779.00	42,775.84	39,015.00	9,809.00	-	-
5,447,689.00	5,860,106.00	2,423,902.00	1,348,449.00	3,020,787.00	4,511,657.00	3,000.00	-

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
8,935	8,782	8,902	8,219	33	333.05	-	0
751	2,150	616	1,354	18	588.35	117	143
149,045	190,633.5	126,900	166,022	18,863	24,399.15	304	487
7,718	7,260.6	4,064	4,696	3,654	2,473.6	65	91

GPA 2016	GPA 2017	MULTIVAREJO 2016*	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
39,568.19	13,663.91	29,109.59	-	10,408.96	13,663.91	49.64	-
4,909.37	2,460.00	3,099.55	-	1,801.44	2,460.00	8.38	-
3,058.53	674.30	2,774.00	-	280.79	674.30	-	-
361.73	17.00	350.00	-	11.73	17.00	-	-
27	46	23	-	51	46	28	-

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
2,007,946.00	2,529,228.63	1,522,139.00	1,881,316.63	434,606.00	607,179.00	51,201.00	40,733.00
1.81	1.54	2.04	2.21	1.33	1.93	-	-

GPA 2016	GPA 2017	MULTIVAREJO 2016	MULTIVAREJO 2017	ASSAÍ 2016	ASSAÍ 2017	GPA CORPORATION 2016	GPA CORPORATION 2017
3,605.40	1,953.44	-	-	-	-	-	-
13,441,009.21	0.00	-	-	-	-	-	-
600,000.00	2,488,000.00	-	-	-	-	-	-
2,088	6,659	-	-	-	-	-	1,824.00



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www.kpmg.com.br

Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
GPA
São Paulo - SP

Introduction

We have been engaged by GPA ("Company") to apply limited assurance procedures on the sustainability information disclosed in GPA's Annual and Sustainability Report 2017, related to the year ended December 31st, 2017.

Responsibilities of GPA's Management

The Management of GPA is responsible for adequately preparing and presenting the sustainability information in the Annual and Sustainability Report 2017 in accordance with the Casino's Methodology, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Annual and Sustainability Report 2017 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the GPA's Annual and Sustainability Report 2017, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of GPA and other professionals of the Company involved in the preparation of the information disclosed in the Annual and Sustainability Report 2017 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual and Sustainability Report 2017 taken as a whole could present material misstatement.

KPMG Financial Risk & Actuarial Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, é firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Financial Risk & Actuarial Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual and Sustainability Report 2017, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) Engagement planning: considering the material aspects for GPA's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the GPA's Annual and Sustainability Report 2017. This analysis defined the indicators to be checked in details;
- (b) Understanding and analysis of disclosed information related to material aspects management in the Annual and Sustainability Report 2017 and its structure and content, based on the criteria defined by the GPA.
- (c) Evaluation of indicators selected:
 - Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual and Sustainability Report 2017;
 - Analysis of evidence supporting the disclosed information;
 - Visits to business units and GPA's corporative office for application of these procedures, and item (b);

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual and Sustainability Report 2017.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to greenhouse gases, prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.



Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in the 2017 Annual and Sustainability Report of GPA is not fairly stated in all material aspects in accordance with Casino's methodology, as well as its source records and files.

São Paulo, May 17th, 2018

KPMG Assessores Ltda.
CRC 2SP034262/O-4 F-SP

Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas
Director

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Corporate Communication Board
Investor Relations Board
Sustainability and Social
Investment Board

Editorial design, writing, editing and revision

Quintal 22

Graphic design and layout

Adesign

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Márcio Schimming
GPA image bank

**All photos of the Sustainability
Report portray GPA employees,
customers and partners.**

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