



UNITED NATIONS GLOBAL COMPACT / Communication on Progress

Message from the Chief Executive Officer

Our responsible actions are not just seen as a competitive edge in relation to the market. We understand that not only people's futures, but, also and consequently, that of corporations, depend on this contribution.

The business plan established for Grupo Pão de Açúcar follows the strictest controls and principles of corporate governance, such as the Sarbanes-Oxley Act, and aims at being more than just a way to generate work and wealth. By exercising our activities, our proposal is to be among the examples of companies that grow and progress based on environmentally responsible and socially feasible strategies.

Ever since the publication of our last report (2004-2005), we from Grupo Pão de Açúcar have tried to evolve in our actions, seeking excellence in points that may contribute to the strengthening and the future of communities, especially those ones where we operate directly.

Through our actions, we aim at continuously improving the social-environmental conditions, and try to minimize activities that are potentially aggressive to the environment. In that area, we have implemented effective programs for reducing energy consumption, and have made some important headway in what concerns eco-efficiency across our value-generating chain. Still as part of that strategy, we have tried to disseminate that experience to other companies, and have also conducted waste recycling incentive programs and campaigns, involving clients as well as the Group's employees.

In addition, we have valued Brazilian biodiversity and culture at our points-of-sale, while generating income and social inclusion to thousands of communities scattered all over our vast territory. Hundreds of craftspeople and small producers see in that initiative the opportunity to exhibit and sell their products to a large consumer market.

In Human Resources, among promotions, training and headway in what concerns our human capital, we have carried out effective actions for the promotion of diversity, giving opportunities to people who are historically discriminated in the workplace. It is also part of our business to stimulate the practice of socially ethical and responsible values, either by disseminating the principles comprising our Code of Ethics, or by promoting activities of corporate volunteering.

There is no imagining companies' growth without considering social and environmental issues. As the largest retail company in Brazil, a country with an acknowledged abundance of natural wealth, but also with great challenges concerning environmental preservation and social issues, we understand our commitment and responsibility towards cooperating for a better future for all.

Thus, on behalf of Grupo Pão de Açúcar and of the 65 thousand-plus employees who are a part of this company, we reaffirm our commitment towards applying the ten principles that comprise the Global Compact, and feel very honored to be able to share this information through this, which is our second Communication on Progress.

Cassio Casseb
Chief Executive Officer
Grupo Pão de Açúcar

Principle 1: To support and respect the protection of internationally-proclaimed human rights.

Commitment: Grupo Pão de Açúcar does business and works guided by ethics, which permeates all its actions. By reconciling the interests of shareholders, clients, suppliers and the community, and valuing the human being in all relationships it maintains, the Company bases its actions on the principles of: respect, honesty and integrity, humbleness and courage, quality of life, responsibility, transparency, respect to confidentiality, environmental preservation, and quality in services rendered.

| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|---|---|
| Human Resources | Climate Management: constant follow-up of the work environment. | In 2005, one more climate research at Grupo Pão de Açúcar was carried out, with the distribution of 26,500 questionnaires to employees of all levels. The voluntary return was 70%. The general average indicated that 73% of employees were either satisfied or very satisfied with the Company. This figure stands three percentage points above the target established for 2005. The aspect with the best evaluation was the Group's image, indicated as good or great by 84% of participants. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|---|--|
| Human Resources | "Programa Viva Melhor" (Living Better Program) gathers several health, quality-of-life and entertainment actions for the internal public. | <p>"Espaço Viva Melhor" was created with the purpose of making leisure, cultural or rest areas available for employees of stores and Distribution Centers. In 2005, around 18,700 employees benefited from this action.</p> <p>The nutrition team developed 4 types of menus used in a rotating manner in order to ensure food variety. Menus had suggestions for preparation and raw material replacements, making daily food not only very tasty, but also healthier. This action reached, in 2005, nearly 11,760 employees of the Pão de Açúcar Business Unit and of the Distribution Centers.</p> <p>Created to assist employees with incomplete education, "Programa Educapão" makes classrooms available within the stores/Distribution Centers, equipped with tv, video cassette and audio equipment. In 2005 this program assisted, in its 38 classrooms, around 354 students from elementary school and 610 from high school.</p> <p>Among health actions, there is the Vaccination against the Flu Campaign, carried out in 2005 for the eighth consecutive year. 58 thousand people took part in the initiative, 85% of the Company's total staff. This adhesion rate stands three percentage points above last year's.</p> <p>The Group also maintains other initiatives with focus on its employees' well-being, such as a gym in the headquarters, where 800 people exercise in a day, and the P.A. Club, a program aimed at all employees for the practice of races, walks and stretching.</p> <p>Labor Gymnastics is another action developed in the workplaces, as a way to encourage posture reeducation, fight stress and prevent Repetitive Strain Injury (RSI).</p> |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|--|---|
| Human Resoucres | <p>Extra benefits: Focusing on the valuation of its employees, Grupo Pão de Açúcar provides many advantages, in addition to the benefits required by law.</p> | <p>80% meal subsidy to 100% of the employees.</p> <p>100% of the employees have health and dental care plans fully covered by the Company.</p> <p>1,646 employees received purchase bonuses in the Group's stores. Every fifty years, employees who have been with the Company for 10 to 50 years are entitled to this right.</p> <p>All employees attending college had access to a 50% scholarship. The grant followed performance criteria; 4,376 employees were benefited in 2005.</p> <p>21 special grants were offered to workers with physically- or mentally-disabled children.</p> <p>In 2005, The Employees' Credit Cooperative handed out 5,872 school supply kits to employees' legal dependents, and granted 38,236 loans at interest rates lower than the market ones.</p> <p>Popular house financing, by Caixa Econômica Federal (Brazilian Federal Savings Bank), for employees earning up to R\$ 500.00. In 2005, more than 170 houses were delivered.</p> <p>Around 700 truck drivers were assisted daily in the cafeteria and rest area, built specially to serve this public.</p> |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|---|--|
| Human Resources | Diversity Promotion: opportunities to historically-discriminated groups, with initiatives contemplating youngsters, the elderly, the physically-disabled and adolescents in a social-educational measure. | <p>CBD para Todos (CBD for All): hires professionals with several types of disability to work in all areas of the Company. At the end of 2005, 485 employees with some kind of disability were working for the Group.</p> <p>Gente de Futuro (People of Future): integrates in the job market youngsters who are under the guardianship of the government, in a social-educational measure. The 74 participants are 17 years old or over and work in several areas of the Company. Youths and also their respective families have constant follow-up of professionals assessing the evolution of their work.</p> <p>The Elderly: it offers job opportunities to professionals over 55 years old. The functions exercised by this public are those of attendant, packer and researcher. More than 1,172 people were benefited by the project.</p> <p>Housewives: The Company gave to more than 290 women the opportunity to work in the customer service areas of stores, as Pão de Açúcar Researcher, CompreBem Friend and House Economist at Sendas.</p> <p>Jovem Aprendiz (Young Apprentice): the program aims at the inclusion of youngsters who are 16 years old or over in the job market. The technical professional education of these apprentices is made at Grupo Pão de Açúcar. In 2005, 615 youngsters were benefited.</p> |
| Human Resources | CIPA - Internal Commission for Prevention of Accidents/ Occupational Health. | <p>In 2005 28,800 employees were trained in Occupational Safety and Medicine.</p> <p>5.94 was the frequency rate of occupational accidents (it represents the number of accidents, with leave of absence, that may take place by each million hours/man worked).</p> <p>0.10 was the seriousness rate of accidents which took place (it represents the loss of time - days lost + days deducted - which occurs as a consequence of occupational accidents, in each million hours/man worked).</p> |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|------------|--|--|
| Operations | Casa do Cliente (Client's House): interaction channel between the Company and the consumers via telephone, email, online customer service, letter or in person. | In 2005, out of the average 65 thousand contacts made monthly with Casa do Cliente, 67% were information requests; 10% were complaints; 1% were compliments; 1% were different requirements; 1% were suggestions, and 20% were calls for other purposes. |
| Operations | Clients' Council: composed of clients and managers , aims at discussing improvements for the stores. The term of office is a non-renewable six months, to ensure the participation of the largest possible number of clients. | In 2005, 3,500 meetings were held in 433 stores, with the participation of over 8,600 council members. |
| Operations | Client Surveys: focused on getting to know the profile of each business unit customer. | From January to November 2005, the Company's research and market intelligence area carried out 141 thousand personal interviews in the stores, over 361 thousand interviews at the point-of-sale, and heard 220 focus groups. |
| Operations | Accessibility | All the stores opened in 2005 have the seal of accessibility excellence, created by Grupo Pão de Açúcar itself, which ensures that the store is fully adapted to attend to this public. In addition, the Company trains its employees to assist them adequately. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|----------------------------------|---|---|
| Solidary Commerce | Caras do Brasil (Faces of Brazil): sales channel for sustainable products, manufactured by groups and organizations from all regions of the Country. The selection of the participants follows criteria such as income generation for the community where they operate, repudiation of child labor, respect to indian communities' rights, environmental concern, promotion of gender equality, social inclusion, among others. Grupo Pão de Açúcar respects each supplier's productive capacity. It is the only such initiative in the world. | <p>The number of establishments that sell the products went from 12, at the end of 2004, to 36.</p> <p>126.5% increase in sales.</p> <p>In 2005, 72 suppliers from 19 Brazilian states took part in the project.</p> |
| Communitarian Development | Pão de Açúcar Institute: Education. | <p>9,237 children and youngsters attended the educational programs in 2005, in the Languages, Sports, Music and Professional Preparation areas.</p> <p>Maintenance of 6 educational nuclei set up inside the stores.</p> <p>Partnership established with the Municipality of São Paulo, which implemented the music program in the Centros de Educação Unificada - CEUs (Unified Education Centers), attending to a further 880 youngsters.</p> |
| Communitarian Development | Pão de Açúcar Institute: Corporate volunteering program. | In 2005, the program reached 154 stores and the headquarters, totaling over 1,800 volunteers who, with their actions, benefited 37,700 people. |
| Communitarian Development | Pão de Açúcar Institute: donation of products in good condition for consumption - but not appropriate for sale - to social organizations previously registered at the stores. | In 2005, the program took place in 409 stores, and the donations were directed towards 772 social organizations throughout Brazil that assist around 196 thousand people. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|----------------------------|---|--|
| Communitarian Development | Local Social Mobilization Actions: sensitization of the communities around the stores for the collection of food, books, toys and warm clothes. | Books: 74 of the Group's stores collected 400 thousand books for the Quero Ler (Wanna Read) Program, whose aim is to zero the number of towns without libraries in Brazil and encourage the habit of reading. Toys: all the stores in the Extra network collected 15 thousand toys that were directed to the social organizations registered at the stores. Warm clothes: 149 thousand collections were directed to the social organizations registered at the stores. |
| Communitarian Development | Super Copa (Super Cup): soccer tournament aimed at 13- to 16-year-old boys. The sporting event is an opportunity for leisure and integration in the community, several times the only such one. | In 2005, 3,120 boys participated in the tournament. |
| Communitarian Development | Super Bola (Super Ball): selection of boys for the Pão de Açúcar Futebol Clube (SP), and Esporte Clube Sendas (RJ) Training Centers, an opportunity for change of social status through soccer. | In 2005, 144 boys were selected to integrate the Pão de Açúcar soccer team. |
| Communitarian Development | Fome Zero (Zero Hunger): A Federal Government's initiative whose objective was to eradicate hunger and poverty in the Country. | Program suspended by the Government. |
| Democratization of Culture | Pão Music: free outdoor concerts of Brazilian Pop Music, in towns of the Northeast, Southeast and Midwest regions. | Over 1 million people watched the concerts. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|----------------------------|---|--|
| Democratization of Culture | Music in the Park: concerts in Parque da Cidade, one of the main leisure and culture spots in Salvador (BA). | 25 concerts for over 300 thousand people. |
| Democratization of Culture | Extra Movie Session: free outdoor showings of national movies. | Over 1,000 viewers in each session. |
| Democratization of Sport | Extra Bike Brazil Circuit: incentive to the practice of cycling. It is composed of ten stages, which take place in the main Brazilian cities. | During 2005, night rides, free bicycle check-ups and popular races were carried out. Each event gathered 2 thousand to 7 thousand people. |
| Democratization of Sport | Viva Bem (Live Well) walk: incentive to the practice of physical activities for the elderly. | In 2005, the activities took place in the towns of Guarujá and Praia Grande, on the state of São Paulo coast, totaling over 5 thousand participants. |
| Democratization of Sport | Pão de Açúcar National Race Circuit: it is comprised of 10-Km races and two Alternation Marathons. | 50 thousand participants in 2005. |

Principle 2: To avoid complicity with human rights abuse.

Commitment: Grupo Pão de Açúcar is committed to avoid complicity with human rights abuse in all its business units.

| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|--|--|
| Human Resources | Follow-up on the hiring indices of historically-discriminated groups. | <p>2005 data in relation to the total number of employees:</p> <p>43.62% women;</p> <p>31.32% men of color (black and mulatto);</p> <p>5.62% employees over 45.</p> <p>In relation to the management positions:</p> <p>18.84% women in management positions;</p> <p>10.39% women of color (black and mulatto) in management positions;</p> <p>15.42% men of color (black and mulatto) in management positions.</p> |
| Human Resources | A Different Day. | One-time action, was not carried out in 2005. |
| Code of Ethics | Maintenance of the Code of Ethics. | <p>Distribution of the Code to 100% of the hired employees.</p> <p>Constant disclosure in the Company's internal communication vehicles.</p> <p>At the execution of the supply contract, the Group presents its Code of Ethics, which prohibits any kind of discrimination against suppliers and against any personal gains in the commercial transactions.</p> |
| Code of Ethics | Ethics Committee: comprised of the Special Operations, Legal, Audit, Human Resources and Operations areas, aiming at analysing possible violations of the Code, direct the most serious cases to the board of executive officers, and disclose the necessary measures that were taken. | In 2005 the Committee met on a monthly basis. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|--------------------|---|--|
| Responsible Retail | Continuity of the commitment with the Pacto Nacional Contra o Trabalho Escravo (National Pact Against Slave Labor). | The pact represents the commitment to not admit slave labor in the productive chain. |
| Solidary Commerce | <p>Caras do Brasil (Faces of Brazil): sales channel for sustainable products, manufactured by groups and organizations from all the regions in the Country. The selection of the participants follows criteria such as income generation for the community where they operate, repudiation of child labor, respect to indian communities' rights, environmental concern, promotion of gender equality, and social inclusion, among others.</p> <p>Grupo Pão de Açúcar respects the productive capacity of each supplier. It is the only such initiative in the world.</p> | The Caras do Brasil program makes explicit, in its content, the repudiation to any kind of discrimination. |

Principle 3: To uphold the freedom of association and the effective recognition of the right to collective negotiation.

Commitment: Grupo Pão de Açúcar respects the labor union initiatives and values other voluntary negotiation means by its employees.

| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|--|---|
| Human Resources | Grupo Pão de Açúcar's employees are represented by unions. | <p>In 2005, 100% of employees were represented:</p> <p>98.20% Retail Workers;</p> <p>1.05% Gas Station Attendants;</p> <p>0.23% Pharmacists;</p> <p>0.46% Practicians;</p> <p>0.06% Sports.</p> |

Principle 4: To eliminate all forms of forced or compulsory labor.

Commitment: Grupo Pão de Açúcar does not allow, under any circumstances, the exploitation of workers, nor does it maintain business relationships or contract services from organizations adopting any form of forced or compulsory labor.

| SYSTEMS | ACTIONS | PERFORMANCE |
|--------------------|---|--|
| Responsible Retail | Supplier's registration. | 100% of the supplier selection in 2005 was carried out based on documents proving the legitimacy of their practices. |
| Responsible Retail | Supply and Business Partnership Contract: The contracts executed with product suppliers contain a clause repudiating and forbidding the use of any form of forced or child labor in the supply chain. | 100% of the contracts executed have this clause |

Principle 5: To effectively abolish child labor.

Commitment: Grupo Pão de Açúcar does not allow, under any circumstances, the exploitation of children and youngsters under the legal age, nor does it maintain business relationships or contract services from organizations adopting any form of child labor.

| SYSTEMS | ACTIONS | PERFORMANCE |
|---------------------------|--|---|
| Responsible Retail | Supply Contract | 100% of the contracts executed with product suppliers contain a clause repudiating and forbidding the use of any form of forced or child labor in the supply chain. |
| Responsible Retail | <p>Caras do Brasil (Faces of Brazil): sales channel for sustainable products, manufactured by groups and organizations from all the regions in the Country. The selection of the participants follows criteria such as income generation for the community where they operate, repudiation of child labor, respect to indian communities' rights, environmental concern, promotion of gender equality, and social inclusion, among others. Grupo Pão de Açúcar respects the productive capacity of each supplier. It is the only such initiative in the world.</p> | <p>The Caras do Brasil program makes explicit, in its content, the repudiation to child labor, not admitting as suppliers those who practice it.</p> |
| Communitarian Development | Pão de Açúcar Institute: Education. | <p>9,237 children and youngsters attended the educational programs in 2005, in the Languages, Sports, Music and Professional Preparation areas.</p> <p>Maintenance of 6 educational nuclei set up inside the stores.</p> <p>Partnership established with the Municipality of São Paulo, which implemented the music program in the Centros de Educação Unificada - CEUs (Unified Education Centers), attending to a further 880 youngsters.</p> |

Principle 6: To eliminate discrimination in employment and occupation.

Commitment: Grupo Pão de Açúcar is committed to Human Resources policies directed towards justice, transparency, impartiality and professionalism. The Company does not admit, in its processes or in the workplace, any manifestation of prejudice regarding race, gender, sexual orientation, skin color, religion, age, ethnic origin, physical or mental disability and/or any other classification.

| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|---|--|
| Human Resources | Promoting Diversity: opportunities to historically-discriminated groups, with initiatives that contemplate youngsters the elderly, the physically-disabled, and teenagers, in a social-educative measure. | <p>CBD para Todos (CBD for All): hires professionals with several types of disability to work in all areas of the Company. At the end of 2005, 485 employees with some kind of disability were working for the Group.</p> <p>Gente de Futuro (People of Future): integrates in the job market youngsters who are under the guardianship of the government, in a social-educational measure. The 74 participants are 17 years old or over and work in several areas of the Company. Youngsters and also their respective families have constant follow-up of professionals assessing the evolution of their work.</p> <p>Elderly: it offers job opportunities to professionals over 55 years old. The functions exercised by this public are those of attendant, packer and researcher. More than 1,172 people were benefited by the project.</p> <p>Housewives: The Company gave to more than 290 women the opportunity to work in the customer service areas of stores, as Pão de Açúcar Researcher, CompreBem Friend and House Economist at Sendas.</p> <p>Jovem Aprendiz (Young Apprentice): the program aims at the inclusion of youngsters who are 16 years old or over in the job market. The technical professional education of these apprentices is made at Grupo Pão de Açúcar. In 2005, 615 youngsters were benefited.</p> |
| Human Resources | Career Plan: Non-discrimination in staff changes. | 100% of the hirings and promotions were carried out based on professional performance. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|-----------------|--|--|
| Human Resources | Follow-up on the hiring indices of historically-discriminated groups. | <p>2005 data in relation to the total number of employees:</p> <p>43.62% women;</p> <p>31.32% men of color (black and mulatto);</p> <p>5.62% employees over 45.</p> <p>In relation to the management positions:</p> <p>18.84% women in management positions;</p> <p>10.39% women of color (black and mulatto) in management positions;</p> <p>15.42% men of color (black and mulatto) in management positions.</p> |
| Code of Ethics | Maintenance of the Code of Ethics | <p>Distribution of the Code to 100% of the hired employees.</p> <p>Constant disclosure in the Company's internal communication vehicles.</p> <p>At the execution of the supply contract, the Group presents its Code of Ethics, which prohibits any kind of discrimination against suppliers and against any personal gains in the commercial transactions.</p> |
| Code of Ethics | <p>Ethics Committee: comprised of the Special Operations, Legal, Audit, Human Resources and Operations areas, aiming at analysing possible violations of the Code, direct the most serious cases to the board of executive officers, and disclose the necessary measures that were taken.</p> | <p>In 2005 the Committee met on a monthly basis.</p> |

Principle 7: Companies should support a precautionary approach to environmental challenges.

Commitment: Grupo Pão de Açúcar acts in such a way as to protect the environment in all the locations where it develops trade activities. It uses natural resources in a rational way and recyclable material whenever possible, and it also takes other measures to guarantee minimal air, sound and visual pollution.

| SYSTEMS | ACTIONS | PERFORMANCE |
|----------------|--|---|
| Infrastructure | Mitigation of the environmental impact originating from the set-up of new stores, and valuation of the environmental heritage around its stores. | <p>The Company has as practice to carry out tests of environmental liabilities as from the acquisition of real estate, aiming at detecting possible contamination. In case it finds out some pre-existing impact, it seeks to remedy it after the due approvals by the environmental organs.</p> <p>Highlights of 2005:</p> <ul style="list-style-type: none"> - recompliance and improvement of the road network around the São Vicente (SP), and the Parnamirim, in Recife (PE) stores. - maintenance of the road network structure of the Boa Viagem neighborhood, also in Recife, aiming at not harming a mangrove forest region. With that initiative, the Company supported the Municipality's Projeto Via Mangue (Mangrove Road Project), aiming at preserving the city's mangroves. - construction of a river drainage network to avoid floods in the region of the Aracaju (SE) store. - preservation of a centenary rubber tree located in the lot where the store was built, in the Tremembé neighborhood, São Paulo (SP). - removal of a good portion of the vegetation that was in the lot where the Maceio (AL) store was built. The trees were used by the city's Municipality for the coast line revitalization project. |
| Infrastructure | Monitoring of the environmental impact of Gas Stations. | The fuel leakage electronic monitoring system was implemented in 100% of the gas stations opened in 2005. |
| Infrastructure | Use of recycled material in the construction of new stores. | The Company prioritizes the acquisition of recycled raw material for use in doors, partitions, roofs, wires, PVC pipes, and glass. |

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| SYSTEMS | ACTIONS | PERFORMANCE |
|----------------|---|--|
| Infrastructure | Responsible use of energy with appropriate information and disclosure of good practices | <ul style="list-style-type: none"> - Set up of a unit to manage the relationships between the 19 energy-supply public-service concessionnaires and the Company's 765 points of consumption, aiming at consumption reduction and awareness. - Set up of the Dia Padrão (Standard Day), to provide guidance and control energy consumption in the stores through pre-established targets. - Operationalization of the Energy Committee, gathering representatives from all areas, besides the Committees by flags, discussing and expanding the measures for consumption reduction. |
| Infrastructure | Implementation of energy efficiency projects | <p>Use of R\$ 10.24 million in funds estimated by the Programa de Eficiência Energética (Energy Efficiency Program) for improvement of the stores' lighting installations and engine sheds:</p> <ul style="list-style-type: none"> - 2 concessionnaires involved; - 141 store lamps replaced; - 13 engine sheds remodelled. <p>The projects allowed a 2.3% cut in consumption in 2005.</p> |

Principle 8: Companies should undertake initiatives to promote greater environmental responsibility.

Commitment: Grupo Pão de Açúcar promotes the environmental responsibility, both in its usual operation and in awareness actions, environmental education and education for the conscious consumption.

| Systems | Actions | Performance |
|------------------------------|---|--|
| Sustainable Waste Management | Pão de Açúcar Recycling Stations: collection sites for the voluntary delivery of recyclable material in Pão de Açúcar stores. The material collected is sent to Cooperatives of paper and cardboard collectors. | In 2005, the project totaled 100 stations and 3 tonnes collected, benefiting 17 cooperatives that generated jobs for 350 direct and indirect work positions. |
| Sustainable Waste Management | Recicle e Ganhe Extra (Recycle and Gain Extra) : collection station of PET plastic packages and aluminum cans, which are deposited in automatic collection machines in 34 stores of the Extra network. The machine issues vouchers that may be used as discount at the time of purchase. The material collected is sent directly to the recycling industry. | 5 million packages collected |
| Sustainable Waste Management | Organic Fertilizer | In 2005, all the stores in the Group sent for recycling most of the waste generated internally that had market value, such as cardboard, plastic and wood originating from merchandise packagings. The organic waste, on the other hand - fruits and vegetables - from 25 stores of the Pão de Açúcar network, in São Paulo, was transformed into organic fertilizer and distributed for sale at Pão de Açúcar and Extra stores. |

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| Systems | Actions | Performance |
|------------------------------|--|--|
| Sustainable Waste Management | <p>Conscious Consumption: disseminates conscious consumption practices among its clients, especially youngsters, since the Company believes that the exercise of citizenship at the moment of purchase also contributes to sustainable development in Brazil.</p> | <p>Cidadão Kids em Ação (Kid Citizens in Action): the project attends to schools and other institutions in the greater São Paulo, Bauru, and its environs (SP). In monitored visits to all the areas of a supermarket, elementary school students receive information about the origin and manufacture of the products, food classification, notions of mathematics and the importance of recycling and reuse of material. In 2005, 500 schools took 80 thousand children to the participant stores.</p> <p>Pão de Açúcar Kids ("PA Kids"): Held within the stores, the program contemplates children aged 4 and over, and focus on awareness about responsibilities and rights as consumers and citizens. In 2005, 7,800 children were received.</p> <p>Escola vai ao Extra (The School Goes to Extra): Provides guidance to elementary school students from public and private schools about supermarket activities and their role in the consumption chain, with monitored visits to all the internal and external areas that provide the necessary experience for the development of the conscious consumption theme. In 2005, it received over 25 thousand students.</p> |
| Responsible Retail | <p>Caras do Brasil (Faces of Brazil): sales channel for sustainable products, manufactured by groups and organizations from all the regions in the Country. The selection of the participants follows criteria such as income generation for the community where they operate, repudiation of child labor, respect to indian communities' rights, environmental concern, promotion of gender equality, and social inclusion, among others.</p> <p>Grupo Pão de Açúcar respects the productive capacity of each supplier. It is the only such initiative in the world.</p> | <p>The supplier's commitment to respect the environment is part of the Caras do Brasil Program.</p> |

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| Systems | Actions | Performance |
|---------------------------|---|---|
| Public Space Preservation | Jardineiro do Bem (Welfare Gardening): youngster education in gardening, and revitalization of public parks in the city of São Paulo. | One-time action in 2004, discontinued in 2005 |

Principle 9: Companies should encourage the development and diffusion of environmentally-friendly technologies.

Commitment: Grupo Pão de Açúcar is committed to the development and the adoption of environmentally-friendly technologies which are in accordance to its business features.

| Systems | Actions | Performance |
|------------|--------------------|--|
| Operations | Biodegradable bags | In 2005, the use of biodegradable bags, which decompose in an average 90-day period (a regular plastic bag can take up to 100 years to decompose), continued to be trialed in one of the Pão de Açúcar stores, with good acceptance from the clients. These bags use the English technology D2WTM. |
| Operations | Returnable bags | All the Pão de Açúcar stores sell returnable bags made of non-woven fabric, reducing trash generation. The project is a partnership with Fundação SOS Mata Atlântica, which prints species in extinction on the bags, and benefits from part of the income obtained from the sale of the product. |

Principle 10: To work against corruption in all its forms, including extortion and bribery.

Commitment: Grupo Pão de Açúcar does not admit corruption of any kind.

| Systems | Actions | Performance |
|----------------------|--|--|
| Code of Ethics | Maintenance of the Code of Ethics: expressly forbids the employees from accepting or encouraging any form of favoring. | Distribution of the Code to 100% of the hired employees. Constant disclosure in the Company's internal communication vehicles. At the execution of the supply contract, the Group presents its Code of Ethics, which prohibits any kind of discrimination against suppliers and against any personal gains in the commercial transactions. |
| Operations | Special Operations Committee: investigates cases of suspected bribery within the organization. | 218 investigations carried out 2005 |
| Corporate Governance | Grupo Pão de Açúcar has shares in the Bolsa de São Paulo (São Paulo Stock Exchange), adopting accounting record standards demanded by the Comissão de Valores Mobiliários - CVM (Brazilian Exchange and Securities Commission). In addition, it has ADRs listed in the New York Stock Exchange, and complies with the norms set forth by the Securities and Exchange Commission (SEC). | On Bovespa, the Company integrates the level 1 of Corporate Governance and the IGC (Index of Shares with Distinguished Corporate Governance), which comprises the companies with acknowledged good governance practices. |
| Corporate Governance | The Group adopts a policy that is grounded on transparency, credibility, and trust regarding the disclosure of material information to its investors. | In 2005, 200 meetings were held, in which approximately 1,500 people were assisted. |

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| Systems | Actions | Performance |
|----------------------|---|--|
| Corporate Governance | Sarbanes-Oxley Act: normative standards on corporate accounting and transparency. | In order to comply with the requirements of the Sarbanes-Oxley Act (Sox), which entered into force in 2006, in 2005 the Group finalized the mapping of the controls regarding the relevant processes, defined according to norms set forth by the legislation, which allowed the Company to improve its internal controls. |