



Grupo Pão de Açúcar

*Communication on Progress
COP 2007*



Grupo Pão de Açúcar

UNITED NATIONS GLOBAL COMPACT Communication on Progress

Message from the Chief Executive Officer

On behalf of Pão de Açúcar Group and of its more than 60 thousand associates, I reaffirm the company's commitment to the Global Agreement of the United Nations and I am glad to inform our progress in the implementation of its ten principles.

There are several ways to measure the importance we give to the social matters in the daily exercise of our business activities. And, along a nearly 60-year history, counted from its foundation, we have been in evidence within the Brazilian retail scenario, for our pioneering implemented along this path, with actions always dotted in long-term strategies and commitment to sustainable development.

Such recognition is the result of our commitment to ethics, respect and constant dialogue with the different publics with which we maintain a relationship: employees, shareholders, investors, customers, suppliers, public sector, unions, non-profit organizations and civil companies, and also our management based on the team-spirit between such different sectors of society. To illustrate that, we have partnerships settled with hundreds of Social Institutions present in the surroundings of our shops by means of which we contribute to the strengthening of the communities in which we are inserted.

Our ongoing goal is the economic, environmental and social development of the places where we act. And, although the challenges are increasing and continuous, we keep our firm purpose of leading businesses by means of a see-through management, which is more and more concerned with respect for the environment, with the development of our associates and with the promotion of life-quality improvement of everybody who is directly or indirectly involved in our business.

Internally, by means of investment in management and training of our professionals, Pão de Açúcar Group has been contributing strongly to the process improvement of the entire retail chain. Our business plan follows very strict corporate governing controls and principles, the Sarbanes-Oxley Act, and, at the same time, we aim for the continuous improvement of the social-environmental conditions, decreasing to a minimum the possible impacts resulting from our business.

In human resources, in addition to the trainings and to the technical capacities, we prioritize the promotion of diversity, ethics and transparency in the work relations, investing and prioritizing actions which make possible an effective communication in units located throughout Brazil, respecting the regional differences and overcoming the difficulties in acting within a country which is as big as a continent.

We believe we can and we should influence our value chain towards safeguarding human rights, rejecting slavery and/or similar labor, as well as child labor and make our outlets available to trading of products, by means of the *Caras do Brasil* Program (Brazilian Faces Program), which values biodiversity, Brazilian culture and generates income and social inclusion to thousands of communities distributed throughout Brazil, therefore stimulating the so-called Solidarity Trade. Also, we contribute so that our suppliers in the meat productive chains adopt management practices based on the principles of social-environmental responsibility.

Being aware of our influencing role in the mobilization of society towards environment preservation, we invest in monitoring programs for the environmental impact of our gas stations, in the operation of an energy committee, impact-reduction in the construction of new outlets, as well as social-environmental campaigns and responsible consumption encouraging recycling, having our shops as centers of promotion and awareness for this matter, also working as collection points for materials, as well as promoting alternative measures for the use of plastic packaging.

Sport is in our DNA. We stimulate and promote sports activities for all our public, including the promotion of walks, bike rides and race circuits, such as the relay marathon, which every year sets a new record in number of participants who, by being invited by the company's actions, start to adopt healthier life habits.

Our strategies have proved to be winners and, as an innovative company within our segment, we will carry on working in releasing new proposals to meet the assumptions of **triple bottom line**, aiming at competitiveness, profitability, as well as contributing to the improvement of the retail chain processes, and taking responsibility for the social and environmental matters inherent to our business, therefore evidencing our commitment to the sustainable development of Brazil.

Cláudio Galeazzi
Chief Executive Officer
Pão de Açúcar Group

Principle 1: Support and respect the internationally proclaimed human rights protection.

Commitment: The business and work done by the Pão de Açúcar Group is ethics-oriented. Such value is intrinsically permeated in all the Group's actions. Conciliating interests of shareholders, customers, suppliers and community, as well as valuing the human being in all the relationships it maintains, the Group rules its actions in accordance with the following principles: respect, honesty and integrity, humbleness and courage, life quality, responsibility, transparency, respect to confidentiality, nature conservation, quality in service delivery.

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Environment Management: constant monitoring of the workplace.	<p>“Open Doors” Meeting - Monthly meetings intended for the direct contact between the top management and our stores and CDs. ▫ “Talk with Abílio Meeting” - Open space between the chair of the board (Abílio Diniz) and employees from every level of the company. The discussion topics are free and raised by the participants, such as: suggestions for improvements in the processes and curiosities about the group. ▫The Purpose of these meetings is to narrow the relationship, enabling the exchange of information that affect directly or indirectly the environment in the Company. ▫▫HR Service - Structure to collect and forward to the areas in charge the complaints and information provided by the employees. Each business unit has its own service team. This channel provides our employees with a direct and fast contact, making easier for the HR to identify and to take actions quickly on possible incidents that may affect the balance of the Organizational Environment.</p>

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Makes available a number of actions on health, life quality and entertainment for the employees.	<p>Pão de Açúcar Gym - Sao Paulo Units: Administration office, Extra Stores (Morumbi, Guarapiranda and Brigadeiro) and Distribution Center. Rio de Janeiro Unit: Sendas Stores.</p> <p>P.A. Club - Offers training and physical conditioning for street running, walks, swimming and water aerobics. Serves nearly 2,400 people in the regions of Sao Paulo, Baixada Santista, Federal District, Rio de Janeiro and Fortaleza.</p> <p>Country Club - 52,000 m² of leisure with 7 barbecues, 1 Olympic swimming pool and 1 pool for kids, 1 grass soccer field, 2 sand soccer fields and 1 multisports center, 1 multisports court and 1 playground. In high season, nearly 2,000 people are served every week.</p> <p>Baixada Club - situated in Cubatão, the club spans in a 4,980-m² area. A few of the amenities include 1 assembly room, 1 game room, 1 swimming pool for adults and 1 for kids, 1 multisports court, 3 kiosks with tables and chairs, 1 playground. In high season, nearly 100 people are served every week.</p> <p>Library - Central Distribution Area Sao Paulo: collection with 2,700 books. Serves all Sao Paulo's CDs. Main Unit 8,257. Serves all the stores and CDs in Brazil, through sending and returning of books via internal mail pouch;</p> <p>Living Better Place - structured in Sao Paulo's Headquarters, it features a complex with three squash courts, seasonal shops, beauty parlors, restaurant and coffee shop. In the stores and CDs the Living Better Place represents the resting area structured according to the conditions of physical space available in each store / CD;</p> <p>Massage - structured in Sao Paulo's Headquarters, a number of massage options (Reiki, lymphatic drainage, quick massage and shiatsu), for prices below the market value;</p> <p>Special Offers for Employees - issuance of Sesc (Trade Social Service) benefit card, special discount sale of tickets for theme parks, cinemas and theaters, as well as culture incentive events;</p> <p>Special Deals with Hotels and Inns - Special discounts in hotels and inns throughout Brazil are offered to employees and their families.</p>

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Additional benefits: Focusing on the appreciation of its employees, the Pão de Açúcar Group offers a number of advantages, in addition to the benefits required by law.	<ul style="list-style-type: none"> . 80% subsidy on the meal price for 100% of employees. . 100% of employees have health care plans e dentistry plans fully paid by the Company. . Nearly 1646 employees receive bonus to purchase from outlets of the Group. Every five-year period, employees who have been working for us from 10 to 50 years are entitled to the benefit. . Every employee undergoing college education is entitled to 50% of the tuition fees. The benefits follows development criteria; 4376 employees were benefited in 2006. . 11 special scholarships were offered to workers who have physical or mental impaired children, or holder of other impairments. . The Employees' Credit Cooperative made available in 2006 - 7,200 school-supplies kits to their legal dependents. . The Employees' Credit Cooperative granted 39,803 loans at interest rates below those practiced in the market for the year 2006. . Newborn supplies - delivered to employees and to wives of employees to pregnant ladies by the 8th month of pregnancy - 2,085 in 2006

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Diversity Promotion: opportunity to historically discriminated groups, with initiatives targeting the youth, senior citizens, the physically impaired and teenagers in socio-educative action.	<p>People with a Future Program: Carried out in a partnership with CASA Foundation, the program is intended for the inclusion and reintegration of youths who are doing time under supervised parole. The youths are hired for positions fitting their profile as a company employee, being a staff member of the Pão de Açúcar Group. Ninety-two youths have been benefited by the program. Not only them, but also their leaders and family members are monitored on regular bases.</p> <p>Impaired Professionals Inclusion Program: our action is intended to extend the hiring of such professionals, believing in the individual potential and not in the special need. In addition to the hiring, the program also allows for monitoring and consciousness-raising actions. In December 2006, we had 527 professionals with special needs.</p> <p>Apprentice Program: The program aims at including the youths in the Pão de Açúcar Group, enabling their technical qualification in the goods and services business. The 2-year long program is run under technical guidance of SENAC (Business Learning National Service) and is monitored by the Human Resources area. In December 2006, we had 687 hired apprentices.</p> <p>Senior Professionals - offers work opportunities for senior citizens (above 55 years old). The program believes in the capacity and experience that such professionals add to the company offering, not only an income, but also a place for this population to spend time with other people, resulting in socialization, a life-quality improvement, a self-esteem boost, as well as the exercise of citizenship. In 2006 we had 1,213 hired people.</p>
Human Resources	CIPA - Internal Commission for Accident Prevention/Occupational Health.	The Pão de Açúcar Group maintains 372 Internal Commissions to prevent accidents, totalizing 1,213 employees who, in addition to the activities connected to their titles, act as multipliers and agents focused on the reduction of work-related accidents.
Operations	Customer's Home: interaction channel between the Company and the consumers via telephone, e-mail, on-line service, letter or in person.	In 2006, from the average of 43 thousand monthly contacts with the Customer's Home, 76% were information requests, 6% complaints, 1% compliments, 1% requests, 1% suggestions, 15% other services.

SYSTEMS	ACTIONS	PERFORMANCE
Operations	<p>Customers Board: composed by customers and managers, intended to discuss improvements for the stores. The tenure is for non-renewable six months, so that as many customers as possible can take part.</p>	<p>In 2006 alone, 3,500 meetings were held in 433 outlets, with the attendance of over 8,600 advisers.</p>
Operations	<p>Customers Survey: intended to find out the customer profile in each business unit.</p>	<p>From January to December 2006, the department of Market and Customer Awareness carried out 13,643 thousand personal surveys in the stores, over 507 thousand surveys at the points of sale, and heard 1,013 discussion groups.</p>
Operations	<p>Accessibility</p>	<p>All stores opened as of 2005 are fully adapted to receive this public. Moreover, the stores employees are skilled to serve them properly.</p>
Solidary Trade	<p>Brazil Faces: sales channel for sustainable products, manufactured by groups and organizations throughout Brazil. The participant selection follows criteria such as income generation for the communities where they act, rejection of child labor, respect for the rights of the Indian people, environmental concern, promotion of gender equality, social inclusion, and others. The Pão de Açúcar Group respects each supplier's productive capacity. It is a unique initiative in the world.</p>	<p>Sales in the same stores went up by 45.2%. The average sales per store went up by 89.6%. We have 37 points of sale and 86 registered suppliers</p>

SYSTEMS	ACTIONS	PERFORMANCE
Community Development	Pão de Açúcar Institute: Education.	. 6,936 children and youths attended the educational programs in 2006, comprising Languages, Sports, Music and Professional Preparation. □. Maintenance of 6 educational centers installed in the stores. □. Over 20,000 people have attended the Orchestra Concerts. □. Maintenance of 04 Orchestras in a partnership established with Sao Paulo Municipality, at the Unified Education Centers with 14 concerts per year.
Community Development	Pão de Açúcar Institute: Corporate Volunteer Program.	Program suspended in 2006.
Community Development	Anti-Waste Partnership Program: donations of products which are in good use conditions, but not good enough to be sold, to social organizations previously registered in the stores.	Result 2006 (Pão de Açúcar, Extra, Cbem, Sendas and Distribution Centers) □Donation -> 48,166 tones of food □No. of donating Stores -> 404 □No. of Benefited entities -> 425 □No. of People served -> 157,787
Community Development	Locals Social Mobilization Actions: awareness of communities in the surroundings of the stores to collect food, books, toys and clothes.	Participating Business Units -> Extra, Pão de Açúcar and CompreBem Benefited: stores in the state of Sao Paulo, delivery to FUSSESP and stores in other states, to entities registered in the stores and/or which are part of their communities. □Clothes collection campaign / Results (in units): □Extra -> 101,000 □PA -> 25,000 □CompreBem -> 17,000 □Note: in 2006 no book and toy collection campaigns were carried out
Community Development	No Hunger: a Federal Government's initiative intended to eradicate hunger and poverty in Brazil.	We contributed through the food donation program "Anti-Waste Partnership" -> total donation -> 48,166 tons of food
Culture Democratization	Bread Music: free open-air concerts of popular Brazilian music in the Northeast, Southeast and Middle West cities.	In 2006 a total of 4 concerts took place: Piracicaba/SP - Barão Vermelho, Pepeu Gomes and Armandinho = 50 thousand people Brasília/DF - Zezé de Camargo & Luciano and Dominginhos = 80 thousand people Fortaleza/CE - Zezé de Camargo & Luciano + Dominginhos = 75 thousand people Campinas/SP - Barão Vermelho e Pepeu Gomes = 50 thousand people

SYSTEMS	ACTIONS	PERFORMANCE
Culture Democratization	Music in the Park: shows in the City Park, one of the main leisure and culture places in the city of Salvador (Bahia).	No. of Concerts: 24 shows; □No. of benefited people: estimated attendance of 60 thousand people summing all concerts; □Groups and/or artists performing: Alex Góes, Alexandre Leão, Bule Bule, Cascadura, Eduardo Dussek, and others.
Culture Democratization	Extra Cinema Session: free-of-charge open-air sessions of national movies.	Performed in 2005 and suspended in 2006.
Sports Democratization	Extra Bike Brazil Circuit: incentive to bicycling. It consists of ten stages which took place in the main Brazilian cities.	In 2006, rides took place in the cities (Fortaleza, Natal, Salvador, Brasília, Belo Horizonte, Niterói, Mogi das Cruzes, SP - Capital, Santos and Curitiba), with free review in all of them, totalizing 35 thousand participants.
Sports Democratization	Live Well Walk: incentive to practice of physical activities of senior citizens.	In 2006, the activities took place in the cities of Vale do Paraiba, Interior and Praia Grande, totalizing over 5 thousand participants.
Sports Democratization	Sendas Walk: incentive to practice of physical activities of senior citizens.	In 2006, the activities took place in the cities of Rio de Janeiro and Baixada Fluminense, totalizing over 2 thousand participants.
Sports Democratization	Super Cup: soccer championship for boys aged from 13 to 16. The sports event is a chance of leisure and community integration, being often the only one taking place in the communities.	CompreBem: □19 thousand registered (born in the years of 1990/91/92/93) □1920 boys selected to play in the championship □Sendas: □8 thousand registered (born in the years of 1990/91/92/93) □1200 boys selected to play in the championship
Sports Democratization	Super Ball: selection of boys for the Training Centers Pão de Açúcar Soccer Club (Sao Paulo), and Sendas Sports Club (Rio de Janeiro), representing a chance of social status change through soccer.	CompreBem: □220 boys selected for the Super Ball Program □ - Soccer: 60 boys for sub-15 and 60 boys for sob-17 - Retail School: 100 boys □Sendas: □220 boys selected for the Super Ball Program □ - Soccer: 60 boys for sub-15 and 60 boys for sob-17 - Retail School: 100 boys

SYSTEMS	ACTIONS	PERFORMANCE
Sports Democratization	Running National Circuit Pão de Açúcar: incentive to practice of running.	in 2006, 2 Relay-Marathons took place (Fortaleza => 4 thousand participants and Sao Paulo => 20 thousand participants), 2 Races Pão de AçúcarKids with 1,800 participants in each stage and 2 10-km races (Sao Paulo => 4 thousand participants and Brasília => 2 thousand participants).
Sports Democratization	Sponsorship of race-modality athletes	Results: Medals in the Rio de Janeiro Pan American Games 2007 . Hudson de Souza: Gold in male 1,500 m . Juliana Gomes: Gold in female 1,500 m . Maurren Maggi: Gold in long jump . Marilson Gomes: Bronze in 5,000m and Silver in 10,000m . Roni: Bronze in team squash.
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	Highlights 2006: . 07 participating farms and 6,000 animals produced. . Assistance to the farms for studies to minimize the environmental impact in the production process - Partnership with Campinas Agronomy Institute; . Participant as anchor in the Weaving program supporting 9 farms in the implementation of RSE practices; . Long-term purchase planning with the farms; . Purchase guaranty of the production under contract;

Principle 2: Avoid complicity in matters of human rights abuse.

Commitment: The Pão de Açúcar Group is engaged in avoiding complicity in matters of human rights abuse in all its business units.

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Monitoring of hiring indicators to historically discriminated groups.	Human Resources
Recursos Humanos	A Different day.	Occasional action. Was not performed in 2006.
Code of Conduct	Maintenance of the Code of Conduct.	100% of the hired employees and service providers are aware of and have access to the Code of Conduct of the Pão de Açúcar Group. The ongoing disclosure process of this Code is made through the Company's internal communication vehicles. In the delivery contract for goods and services, the Group presents its Code, which forbids any sort of discrimination against suppliers and personal gains in the business transactions.
Code of Conduct	Code of Conduct: comprised of the areas of Special Operations, Legal, Business, Auditing, Human Resources and Operations, with the purposes of analyzing possible Code infringements, forwarding the more serious cases to the executive board and disclosing the necessary measures taken.	In 2006, the Ethics Committee got together on monthly basis.

SYSTEMS	ACTIONS	PERFORMANCE
Responsible Retail	Continuity of the commitment made with the National Pact against Slave Labor.	The pact represents the commitment of not accepting slave work in the productive chain. 100% of the delivery contracts include a clause against any form of forced and/or compulsory labor.
Solidary Trade	Brazil Faces: sales channel for sustainable products, manufactured by groups and organizations throughout Brazil. The participant selection follows criteria such as income generation for the communities where they act, rejection of child labor, respect for the rights of the Indian people, environmental concern, promotion of gender equality, social inclusion, and others. The Pão de Açúcar Group respects each supplier's productive capacity. It is a unique initiative in the world.	The Brazil Faces Program explains, in its content, the rejection to any type of discrimination.
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	The Meat Quality Program of Pão de Açúcar Group explains in its content the rejection to any type of discrimination.

Principle 3: Defend the freedom of association and the effective collection of the right to collective bargaining.

Commitment: The Pão de Açúcar Group respects the initiatives of union association and values other forms of volunteer organization of its employees.

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	The workers of the Pão de Açúcar Group are represented by unions.	In 2006, 100% of the employees were represented: 98.11% Commercial Employees 0,07% Sports 0,32% Pharmacists 1,30% Gas station attendants 0,20% Skilled Workers

Principle 4: Eliminate all forms of forced or compulsory labor.

Commitment: The Pão de Açúcar Group does not accept, under any circumstances, the exploitation of workers and does not maintain business relationship or hires services from organizations which adopt any form of forced or compulsory labor.

SYSTEMS	ACTIONS	PERFORMANCE
Responsible Retail	Supplier Registration	100% of the selection of suppliers in 2006 was made based on documents evidencing the legality of their practices.
Responsible Retail	Delivery Contract and Business Partnership: The contracts signed by product suppliers contain a clause that rejects and forbids the use of any form of forced labor and use of child workforce in the supply chain.	100% of the signed contracts include such clause.

Principle 5: Effectively eradicate child labor.

Commitment: The Pão de Açúcar Group does not accept, under any circumstances, the exploitation of children and youths under the legal age for work, and does not maintain business relationship or hires services from organizations which adopt any form of child labor.

SYSTEMS	ACTIONS	PERFORMANCE
Responsible Retail	Delivery Contract	100% of the contracts signed by suppliers contain a clause that rejects and forbids the use of any form of forced labor and use of child workforce in the supply chain.
Responsible Retail	Brazil Faces: sales channel for sustainable products, manufactured by groups and organizations throughout Brazil. The participant selection follows criteria such as income generation for the communities where they act, rejection of child labor, respect for the rights of the Indian people, environmental concern, promotion of gender equality, social inclusion, and others. The Pão de Açúcar Group respects each supplier's productive capacity. It is a unique initiative in the world.	The Brazil Faces Program makes explicit in its content the rejection of child labor, not accepting as suppliers those who practice such work.

SYSTEMS	ACTIONS	PERFORMANCE
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	The Meat Quality Program of the Pão de Açúcar Group makes explicit in its content the rejection of child labor and does not accept as suppliers, in this program, those who practice such labor.
Community Development	Pão de Açúcar Institute: Education.	. 6,936 children and youths attended the educational programs in 2006, comprising Languages, Sports, Music and Professional Preparation.▫. Maintenance of 6 educational centers installed in the stores.▫. Over 20.000 people have attended the Orchestra Concerts.▫. Maintenance of 04 Orchestras in a partnership established with Sao Paulo Municipality, at the Unified Education Centers with 14 concerts per year.

Principle 6: Eliminate discrimination at work and in the occupation.

Commitment: The Pão de Açúcar Group is committed with a Human Resources policy focused on justice, transparency, impartiality and professionalism. The group does not accept, in its processes or at the workplace, any form of discrimination related to race, gender, sexual orientation, color, religion, age, ethnic origin, physical or mental disability and/or any other classification.

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Diversity Promotion: opportunity to historically discriminated groups, with initiatives targeting the youth, the elderly, the physically impaired and teenagers in socio-educative action.	<p>. People with a Future Program: Carried out in a partnership with CASA Foundation, the program is intended for the inclusion and reintegration of youths who are doing time under supervised parole. The youths are hired for positions fitting their profile as a company employee, being a staff member of the Pão de Açúcar Group. Ninety-two youths have been benefited in the program. Not only them, but also their leaders and family members and monitored on regular bases.</p> <p>. Impaired Professionals Inclusion Program: our action is intended to extend the hiring of such professionals, believing in the individual potential and not in the special need. In addition to the hiring, the program also allows for monitoring and consciousness-raising actions. In December 2006, we had 527 professionals with special needs.</p> <p>. Apprentice Program: The program aims at including the youths in the Pão de Açúcar Group, enabling their technical qualification in the goods and services business. The 2-year long program is run under technical guidance of SENAC (Business Learning National Service) and is monitored by the Human Resources area. In December 2006, we had 687 hired apprentices.</p> <p>. Senior Professionals - offers work opportunities for senior citizens (above 55 years old). The program believes in the capacity and experience that such professionals add to the company offering, not only an income, but also a place for this population to spend time with other people, resulting in socialization, a life-quality improvement, a self-esteem boost, as well as the exercise of citizenship. In 2006 we had 1,213 hired people.</p>

SYSTEMS	ACTIONS	PERFORMANCE
Human Resources	Career Plan: non-discrimination in the staff-members movimentation.	100% of hiring and promotions were made based on the personal development.
Human Resources	Monitoring of hiring indicators to historically discriminated groups.	2006 data regarding the total of employees: 44.41% women □□5.62% employees older than 45 years
Code of Conduct	Maintenance of the Code of Conduct.	<ul style="list-style-type: none"> . The Code does not accept, under any circumstances, the exploitation of child labor, reserving the right of not hiring services, or of having no business relations, with organizations or entities which adopt such practice. . Distribution of the Code to 100% of the hired employees; . Constant disclosure in the Company's internal communication vehicles; . Present in 100% of the delivery contracts.
Code of Conduct	Code of Conduct: comprised of the areas of Special Operations, Legal, Business, Auditing, Human Resources and Operations, with the purposes of analyzing possible Code infringements, forwarding the more serious cases to the executive board and disclosing the necessary measures taken.	In 2006, the Ethics Committee got together on monthly basis.

Principle 7: The companies shall support a preventive approach for the environmental challenges.

Commitment: The Pão de Açúcar Group acts in order to protect the environment in all the localities in which its business activities are developed. Uses natural resources rationally, uses recyclable material whenever possible and takes other measures to reduce to a minimum air, sound and visual pollution.

SYSTEMS	ACTIONS	PERFORMANCE
Infrastructure	Attenuation of the environmental impact in the implementation of new stores and valorization of the environment heritage in the surroundings of its stores.	<p>The Pão de Açúcar Group, jointly with the government agencies, aims at improvements in the implementation areas of its stores:</p> <p>Highlights 2006:</p> <p>Extra Ricardo Jafet:</p> <ul style="list-style-type: none"> * Implementation of a public green in a reserved area in the store's property; * plantation of 1960 tree seedlings; * Cleaning and revitalization of trees in the surroundings of the store * Improvements and revitalization in 06 greens in the store's neighborhood; <p>Comprebem Angela Garden:</p> <ul style="list-style-type: none"> * Improvements in the green located at Estrada M. Boi Mirim, 4374, next to the store Comprebem Angela Garden; <p>Comprebem Embu:</p> <ul style="list-style-type: none"> * Plantation of 670 seedlings (revegetation of a 2,369.00-m2 area), extended along 30 meters from the shore of Embu Mirim River; <p>Pão de Açúcar and Comprebem Pan-American Green:</p> <ul style="list-style-type: none"> * Constant Improvements and Maintenance of the Pan-American Green, in Pinheiros, situated in front of the stores Comprebem and Pão de Açúcar; <p>Comprebem São Bernardo - Demarchi:</p> <ul style="list-style-type: none"> * Plantation of 309 seedlings in a 2,000.00-m2 area, in the store's property <p>Lojas Sendas:</p> <ul style="list-style-type: none"> * An agreement was established with Feema, environmental agency in Rio de Janeiro, in which Sendas assumed the commitment to donate food for animals (primates) for an unlimited period.

SYSTEMS	ACTIONS	PERFORMANCE
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 2006, as well as tightness tests in all the lines and tanks, training of gas station attendants and implementation of the Emergency Service Plan; allocation, management and certificate of end allocation of the residues and hiring of Emergency Responsiveness Team.
Infrastructure	Use of recycled material in the building of new stores.	The Company prioritizes the acquisition of recycled raw-material in the use of doors, partition walls, ceilings, wires, PVC pipes and glasses.
Infrastructure	Responsible use of energy with adequate information and promotion of good practices.	<ul style="list-style-type: none"> - Continuity of the management work in the relations between the 21 electricity supply utilities concessionaires and the Company's 765 consumption points, targeting consumption reduction and consciousness-raising. ▫- Implementation of remote monitoring via web in several consumption units of the Company, in order to guide and control the energy consumption in the stores by means of pre-established goals, identify and correct electric or contract problems which may result in penalties in the electricity bills. (Status of the implementations: 100% of the stores Extra / 100% Pão de Açúcar SP / Goal for 2007: 100% Pão de Açúcar Regional Branches and beginning of implementation at Compre Bem and Sendas). ▫ - Operationalization of the Energy Committee, gathering representatives from all areas, as well as the Committees per flag, discussing and broadening consumption reduction measures. ▫- 11MW of energy acquired from Small Hydroelectric Centers
Infrastructure	Implementation of energy efficiency projects.	▫Energy consumption reduction through the replacement of air conditioner by sprinkler system in the stores Compre Bem Sao Paulo and the chains Sendas and Abc Compre Bem in Rio de Janeiro
Infrastructure	Implementation of projects intended to reduce water consumption (training in the stores and installation of outflow reducers)	<ul style="list-style-type: none"> Installation of Outflow Reducers in consumption points in the stores: ▫Continuity of the Consumption Management work with consequent reduction in the water consumption: ▫Systematic inspection of the hydraulic network intended to eliminate possible leakages; ▫Consciousness-raising lectures about the rational use of water.
Code of Conduct	One of the Code's principles.	" Principle" - Preservation and sustenance of the environmental conditions, restraining improper use, depredation and endangerment of the natural and physical resources.

SYSTEMS	ACTIONS	PERFORMANCE
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	Assistance to the farms for studies to minimize the environmental impact in the cattle raising production process. Partnership with Campinas Agronomy Institute;

Principle 8: The companies shall assume initiatives to promote a greater environmental responsibility.

Commitment: The Pão de Açúcar Group promotes environmental responsibility, not only in its usual operation, but also with consciousness-raising actions, environmental education and education for a conscious consumption.

SYSTEMS	ACTIONS	PERFORMANCE
Sustainable Residue Management	Pão de Açúcar Recycling Stations: collection points for volunteer delivery of recyclable materials at Pão de Açúcar stores. The collected material is taken to Cooperatives of paper and cardboard collectors.	In 2006 3 new stations were implemented: two in Goiânia and one in Recife. This year, the project collected nearly 4 thousand tons of recyclable material, generating 325 work positions and benefiting 13 cooperatives.
Sustainable Residue Management	Recycle and Earn Extra: collection station for PET plastic packaging and aluminum cans, which are deposited in automated collection machines in 34 stores of the Extra chain. The machine issues coupons which can be used for discount at the time of purchase. The collected material goes straight to the recycling industry.	In 2006 the project recycled nearly 4 million aluminum cans and nearly 9 million PET bottles. Project partially deactivated in July 2006 and fully deactivated in December 2006, due to the high operating cost.
Sustainable Residue Management	Organic Compound	Launched in 2004, for sale in the Pão de Açúcar and Extra stores.

SYSTEMS	ACTIONS	PERFORMANCE
Sustainable Residue Management	Conscious Consumption: diffuses conscious consumption practices among its customers, especially among the youth, since it believes that the citizenship exercise at the time of purchase also contributes for the sustainable development of Brazil.	<p>. Citizen Kids in Action: The project serves schools and other institutions in greater Sao Paulo.</p> <p>During monitored visits to all the sectors of a supermarket, students from Primary School receive information about the origin and manufacture of the products, classification of food, notions of mathematics and about the importance of recycling and of material reuse. In 2006, 339 schools took 10,729 thousand kids to the participating stores. ▫. Pão de Açúcar Kids ("PA Kids"): Carried out at the stores' own space, the program is dedicated to children aged from four years, and works consciousness about the responsibility and rights as consumers and citizens. In 2006, 13,494 children were welcomed. ▫. School goes to Extra: Program suspended in 2006.</p>
Responsible Retail	Brazil Faces: sales channel for sustainable products, manufactured by groups and organizations throughout Brazil. The participant selection follows criteria such as income generation for the communities where they act, rejection of child labor, respect for the rights of the Indian people, environmental concern, promotion of gender equality, social inclusion, and others. The Pão de Açúcar Group respects each supplier's productive capacity. It is a unique initiative in the world.	The supplier's commitment to respect the environment is part of the Brazil Faces Program.

SYSTEMS	ACTIONS	PERFORMANCE
Public Space Preservation	Good Gardener: qualification of youths in gardening and revitalization of public greens in the city of Sao Paulo.	Performed in 2004 and suspended in 2005.
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	Assistance to the farms for studies to minimize the environmental impact in the cattle raising production process. Partnership with Campinas Agronomy Institute.

Principle 9: The companies shall stimulate the development and diffusion of environmentally sustainable technologies.

Commitment: The Pão de Açúcar Group is committed to the development and adoption of environmentally sustainable technologies within the characteristics of its business.

SYSTEMS	ACTIONS	PERFORMANCE
Operations	Biodegradable bags.	Distribution interrupted in 2006. Awaiting authorization from ANVISA.
Operations	Returnable bags.	Every Pão de Açúcar store makes available for sale returnable bags made of fabric, reducing garbage production. The project is a partnership with the SOS Atlantic Forest Foundation, which prints species facing extinction on the bags and the foundation is benefited with part of the income generated from the product sale. In 2006, 16.739 bags were sold.
Responsible Retail	The GPA meat quality program is intended to offer the consumer a product processed with economic sustainability and socio-environmental responsibility. With technology and management valuing and stimulating the productive chain to incorporate the responsibility for the health of men, animals and the environment.	Assistance to the farms for studies to minimize the environmental impact in the cattle raising production process. Partnership with Campinas Agronomy Institute.

Principle 10: Fight corruption in all its shapes, including extortion and bribe.

Commitment: The Pão de Açúcar Group does not accept any form of corruption.

SYSTEMS	ACTIONS	PERFORMANCE
Code of Conduct	Maintenance of the Code of Conduct: the employee is expressly forbidden from accepting or stimulating any type of favoring.	<ul style="list-style-type: none"> . The Code does not accept, under any circumstances, the exploitation of child labor, reserving the right of not hiring services, or of having no business relations, with organizations or entities which adopt such practice. . Distribution of the Code to 100% of the hired employees; . Constant disclosure in the Company's internal communication vehicles;
SPECIAL OPERATIONS	Special Operations Board of Directors: investigates cases of suspicion of bribery in the organization.	159 investigations centralized in 2006
Corporate Governance	The Pão de Açúcar Group has stock in the Sao Paulo Stock Market, adopting the accounting rules required by the Brazilian Securities Commission. Also, the Group has ADRs listed in the NY Stock Market and follows the determinations of the Securities and Exchange Commission in the United States (SEC - USA).	The Pão de Açúcar Group integrates at Bovespa the level 1 of Corporate Governance, and the Shares Indices with Differenced Corporate Governance, both since 2003, which gathers companies with recognized good governance practices.
Corporate Governance	The Pão de Açúcar Group maintains a relation of transparency and respect with its shareholders, through a policy characterized by credibility and reliability in the disclosure of relevant information regarding its investors.	In 2006, there were 250 meetings with nearly 1,600 people served.

SYSTEMS	ACTIONS	PERFORMANCE
Corporate Governance	Sarbanes-Oxley Law: normative standards about corporate accounting and transparency.	<p>With the continuity of the process to meet the requirements of the Sarbanes-Oxley Law (SOX), which were already mapped in 2005. The year of 2006 was one for the implementation of law-conformity process, the great challenge faced by the Group, with the conciliation of the law requirements with the fast speed demanded by retail. In addition, the work focus was to have a fast and continuous transition, turning the controls demanded by law into a sustainable project. With the survey of such controls concluded, it also made feasible the review of all the processes and the identification of improvement opportunities, such as: The creation of the SOX Agent in the administrative area and in all the stores; definition of the Group 404 (in allusion to the law number) qualifying people with more technical profile; strong communication work for all the employees, with the purpose to disseminate the concept in the entire Group, among other initiatives.</p>