



# ANNUAL AND SUSTAINABILITY REPORT 2018



# SUMMARY

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# MESSAGE FROM THE BOARD OF DIRECTORS



I am pleased to present the main highlights that led the Group to achieve solid results in 2018, the year in which GPA celebrated its **seventh decade** of assertive expansion as a Brazilian retailer.

In a macro-economic environment showing some signs of improvement, 2018 was shaped by a number of important achievements. GPA made headway with **digital and multi-channel** initiatives, as part of a continuous innovation process, boosted the operational excellence of its banners and further developed the innovative services, formats and concepts that are offered to its customers. The Group also continued to optimize its **store base**, through renovation, expansion and conversion projects based on the Company's multi-format, multi-channel and multi-regional strategy.

At Multivarejo, a significant **improvement in sales was reported on a sequential basis**, mainly due to the implementation of dynamic sales policies, with profitability rising to the highest levels seen in recent years. **At Assaí, the rapid expansion in the number of stores** and the success of the store model led to yet another year of strong sales growth and profitability for the banner.

The **digital transformation initiatives set out in the Group's business model**, which were enhanced by innovations throughout the year, together with the accelerated expansion of the physical network and

adjustments to the store base, generated very positive results in developing an offer that is increasingly adapted to customer needs and to the size of the market.

Confident about GPA's assertive strategic planning in Brazil and of a recovery in consumer spending, the company sustained a **high level of investment**, amounting to BRL 1.7 billion for the year. Focusing on the businesses with the highest returns on investment, GPA maintained its ability to meet customers' current and future expectations, with a focus on projects and initiatives that raise it to a level above the rest of the market.

There were significant **strategic partnerships** formed and transactions completed during the year, including the acquisition of James Delivery, a platform for the purchase and delivery of products and services, and the partnership with Cheftime for the sale of fine dining kits. The innovative Pão de Açúcar Adegas was also launched, a platform that delivers an omni-channel experience to Brazilian consumers.

In line with the process of improving customer loyalty as well as the competitiveness of our banners, a full **review was carried out of the Private-Label product portfolio** sold in the Group's stores, strengthening our brands in the market and delivering products of higher quality and more value-added to consumers.

With every step we take, we are guided by a commitment to the excellence, value and diversity of our employees, encouraging the adoption of best practices throughout our value chain and in the products and services we offer, thus ensuring the sustainable growth of our business.

In 2019, we will push ahead with our strategy of **accelerating deployment of GPA's differentiating strengths**, with a focus on delivering a genuine shopping experience and providing a service that is increasingly aligned with customer needs, based on relationship of trust that is increasingly personalized.

We will be focusing on developing our business, identifying opportunities for growth and profitability, and renewing and strengthening our commitment to Brazil. Above all, we will continue to express our commitment to our employees, customers, suppliers and shareholders, in a continuous process of innovation, value creation and sustainable growth.

**JEAN-CHARLES NAOURI**  
Chairman of the Board of Directors

# MESSAGE FROM THE CEO



The year 2018 brought **excellent results for GPA**. We delivered sequential important market share gains and solid results for the Group's businesses. The accelerated store expansion at Assaí over recent years supported strong sales and substantial net income growth. At Multivarejo, sales improved sequentially, accompanied by higher profitability.

Our multi-channel, multi-format and multi-region portfolio, combined with the optimization of our store portfolio through conversions, renovations and new concepts, has ensured a better offering of products and services for our customers, further strengthening their power of choice. We also advanced in the digital transformation of our businesses, reinforcing GPA's pioneering efforts on fronts such as food e-commerce and loyalty programs, which supported efficiency gains in our search for new revenue streams.

Despite a macroeconomic scenario still marked by recovery, we maintained a **high level of investment in the year** of over R\$1.7 billion, or 28.8% more than in 2017, which reinforces our confidence in the execution of our business strategy and in the recovery of the Brazilian economy. We posted

gross sales of R\$53.6 billion, 10.7% higher than in 2017, and market share gains at both Multivarejo and Assaí, with sequential improvements in our results, which led **net income to more than double** to R\$1.3 billion in the year.

At Assaí, 2018 was marked by **solid and strong sales growth**, which was leveraged by the banner's nationwide footprint. Assaí, which ended the year with 144 stores, maintained its accelerated pace of store openings: 18 new units. The highly effective strategy for determining the sites of these stores supported above-expectation performance and the best result in sales per square meter of the last five years. This year, Assaí also was included on the list of Brazil's Most Valuable Brands compiled by Interbrand.

Meanwhile, Multivarejo delivered **important revenue growth**, reflecting the more dynamic commercial actions, the better positioning of banners and the higher penetration of loyalty tools and customization of the "My Discount" app and "My Rewards" initiative. Over the year, the Extra Super and Proximity formats posted significant improvement in their performances, while the Pão de Açúcar banner maintained its high profitability.

We made important adjustments in the portfolio, with improvements within the formats: 15 Pão de Açúcar stores, totaling 20 stores renovated to the new model, which focuses entirely on the shopping experience and on strengthening the banner's value proposition. Another 23 Extra Super stores were remodeled under the Mercado Extra concept and 13 stores were converted into Compre Bem, which since their conversion already have been delivering strong growth.

Another important action was the **repositioning of our Private-Label portfolio** with a priority on improving quality and price competitiveness, which has led to an increase in the share of these products in the Super, Hyper and Proximity formats. Additionally, it has strengthened our competitiveness in regional markets and our loyalty-building efforts. In 2018, we launched 500 new products, supported by a new communication model and promotional campaigns.

We also created the **Digital Transformation department** and began working more closely with foodtech startups. We prospected over 350 companies in the industry, which resulted in a partnership with Cheftime, online subscription service and sales of gastronomic kits, and in

the acquisition of James Delivery, a multiservice delivery platform for various products. We also inaugurated Pão de Açúcar Adega, a platform formed by an exclusive online wine shop with nationwide delivery, an application and a brick-and-mortar store (in São Paulo city) to give consumers a truly omnichannel experience.

Looking to the future also means having our management integrated with **sustainability principles**, assessing risks and identifying opportunities to create value for all our stakeholders. As a transformational agent and a link in a chain, we adopt responsible sourcing management that include aspects such as preserving species, animal welfare, combating deforestation and verifying adequate work conditions.

We have a highly motivated and diverse team of more than 102,000 employees across Brazil. We were able to surpass the mark of 30% women in leadership positions (managerial level and higher) and increased to 21% the percentage of persons with disabilities on our team.

Consistent with our commitment to diversity, we launched the Manifesto of Senior Male Leaders

for Gender Equality and created two other Affinity Groups, for Racial Equality and LGBTI+, which complement the activities of the Gender Equality Committee created in 2013. All these actions, combined with others to value our people, promote conscientious consumerism, protect the links of the production chain, preserve the environment and engage society reinforce the pillars that guide our business strategy.

We ended 2018 with very positive progress and solid and sustainable results in our businesses, which are accomplishments that reflect the engagement and capacity of our entire team. We continue working to ensure a store portfolio that meets consumers' needs, products and initiatives that offer the best options to our shareholders, suppliers, employees and, most importantly, a permanent focus on our customers.

**PETER ESTERMANN**  
Chief Executive Officer

# ABOUT THE REPORT

Respecting our customers' power of choice and as one of the largest food retailers in Brazil, we can help bring about the transformation into a more sustainable model of supply and consumption in our society. The purpose of our **Annual and Sustainability Report** is to show all our stakeholders how our businesses are connected to these guidelines and geared towards minimizing negative impacts while heightening positive effects on economic and socio-environmental aspects.

This edition\* covers the period between January 1 and December 31, 2018, and explains how we practice our **strategic sustainability vision** through the investments, projects, goals and KPIs we adopt. The environmental indicators presented here apply to the period from October 2017 to September 2018. The content was built on the basis of the ten most relevant topics listed by our stakeholders for the short, medium and long-term value creation of our business.

*\*GPA's Board of Directors, continuing with the process of evaluating strategic alternatives involving the Company's investment in Via Varejo, authorized the executive board to start selling the capital stock of Via Varejo, which was disclosed to the public through a material fact released in November 2016. As a result of this process, the activities of Via Varejo are now being processed by the Company on a single line in the statement of income as "discontinued operations", and on a single line in assets and liabilities as held for sale, according to IFRS 5, for which reason the data relating to the activities of Via Varejo are not included in this report. For information about the Annual Report of Via Varejo, please visit [www.viavarejo.com.br](http://www.viavarejo.com.br).*

## OUR MATERIAL TOPICS



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



This **materiality matrix** was compiled in 2017 based on consultations with and the engagement of strategic stakeholders and senior executives of GPA, besides the analysis of sectoral benchmarking and internal documents that guide our strategy of action. In 2018, we worked to reflect these aspects in our management, updating and enlarging the pillars of our sustainability performance.

The procedures, reporting tools and a selection of main indicators were assured by EY, whose verification is based on the internal guidelines of the Corporate Social Responsibility Reporting Protocol of the Casino Group (further information on the methodology can be found in chapter 3.9 of the **2018 Reference Document**).

In this Report, we disclose relevant information about our business model, our impacts and governance, adopting **transparency** with our customers, shareholders, employees, suppliers and all other stakeholders as an assumption. We believe that this structural basis will enable us to continue being the best choice in food retail.



Please send your questions, comments and suggestions about our Report to the email address [comunicacao.corporativa@gpabr.com](mailto:comunicacao.corporativa@gpabr.com)

# 2018 HIGHLIGHTS

## OUR NUMBERS

PRESENCE IN 18  
BRAZILIAN STATES  
and in the Federal District



22 DISTRIBUTION  
CENTERS  
and warehouses

More than  
1 THOUSAND STORES

More than  
102 THOUSAND  
EMPLOYEES\*

\*Employees active and on leave in  
December 2018.



R\$ 53.6  
BILLION  
of gross sales

R\$ 1.3  
BILLION  
of net income in the  
food segment


Growth of  
22.3%  
in EBITDA\*\* from food  
products in the comparison  
with 2017

\*\*Adjusted, excluding other income and  
expenses and non-recurring effects.

## OUR PEOPLE



21.0%  
increase in the employment of  
PEOPLE WITH  
DISABILITIES

40.0%   
growth in the number of  
YOUNG PEOPLE  
hired as apprentices

35.7%  
OF BLACK EMPLOYEES  
in our teams and in leadership  
positions (management and above)

32.3%  
of participation of  
WOMEN  
in leadership positions  
(management and above)

## PRIVATE-LABELS



### RELAUNCH

of the Qualitá  
brand



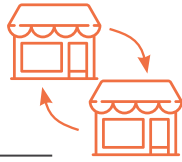
### BETTER QUALITY

and competitive pricing  
(Qualitá and Taeq)

### REVIEW

of Qualitá and Taeq assortment with  
REPOSITIONING  
of the portfolio and the  
launch of more than  
500 products

## OPTIMIZATION OF THE STORE PORTFOLIO



**15 PÃO DE AÇÚCAR STORES**

revitalized into the new Generation 7 concept, which enhances the shopping experience



**18 ASSAÍ STORES** inaugurated

**13 CONVERSIONS** of Extra stores into Compre Bem

**23 EXTRA SUPER STORES** revitalized into Mercado Extra

## DIGITAL TRANSFORMATION



Partnership with **CHEFTIME** for the sale of gastronomic kits both in-store and via e-commerce

Launch of **PÃO DE AÇÚCAR ADEGA**, a wine platform integrated into the virtual store, the app and the brick-and-mortar store, guaranteeing an omnichannel experience

**GROWTH OF 44%** in food e-commerce in 2018, of which 63.5% occurred in the 4<sup>th</sup> quarter of the year, reaffirming industry leadership

More than **3.7 MILLION** downloads of the Cliente Mais and Clube Extra loyalty apps in 2018

Acquisition of **JAMES DELIVERY**, a startup for rapid shopping deliveries



## SUSTAINABILITY



**100%**

of suppliers from critical countries have undergone working condition audits – Private Labels and generic brands

**MORE THAN 5,500 TONS**

of recyclable materials collected at the Pão de Açúcar Unilever Recycling Stations at 94 sites across the country

**10.7%**

reduction in energy consumption as compared to 2015, approaching the goal of achieving a 15% reduction in consumption by 2020



**11 PERCENTAGE POINTS**

of growth in sales of cage-free chicken eggs as compared to the start of 2017 – Private Labels



## GPA INSTITUTE



**R\$ 8.8 MILLION** invested in sociocultural projects (GPA Institute)

**MORE THAN 180** partner organizations

**MORE THAN 865,000** people benefited directly and indirectly from the programs and projects of the GPA Institute

**R\$ 1,9 MILLION** allocated to culture-incentive resources

**1,100 TONS** of food staples collected on Solidarity Day, up 20% over 2017





# OUR BUSINESSES

We are one of Brazil's largest retail and distribution groups. Our business model values our customers' power of choice as well as fair and transparent relationships with all our stakeholders. We are part of the lives of millions of people and, aware of our ensuing responsibility, seek to contribute on a daily basis to the well-being of our consumers, suppliers, employees, shareholders and local communities. We innovate and evolve to refine the shopping experience at our brick-and-mortar and virtual stores, and to ensure that the impact of our relationship network is increasingly positive for society as a whole.

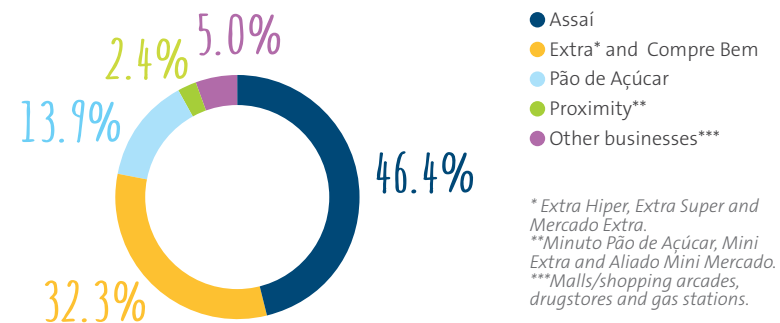
## GPA

GPA has been present in the lives of thousands of Brazilians for more than 70 years. With over 1 thousand points of sale in addition to 22 distribution centers and warehouses located all over the country, we work to guarantee and respect our customers' **power of choice**. In our opinion, this is always the best choice.

Our **more than 102 thousand employees** devote their efforts to this purpose on a daily basis, always seeking to innovate and improve to enhance the shopping experience of consumers, ensure a fair relationship with our partners, guarantee gains for our shareholders, and generate positive impacts on society.

We adopt a **multi-channel, multi-format and multi-region strategy** through the Pão de Açúcar, Extra, Assaí and Compre Bem banners, besides Proximity formats and Specialized Businesses such as malls/shopping arcades, gas stations and drugstores in order to glean an intimate understanding of all customer profiles.

## BRAND SHARE OF GPA'S NET SALES IN 2018



- Assaí
  - Extra\* and Compre Bem
  - Pão de Açúcar
  - Proximity\*\*
  - Other businesses\*\*\*
- \* Extra Hiper, Extra Super and Mercado Extra.  
 \*\*Minuto Pão de Açúcar, Mini Extra and Aliado Mini Mercado.  
 \*\*\*Malls/shopping arcades, drugstores and gas stations.

## OUR PEOPLE

102,562  
EMPLOYEES

*\*Includes employees both active and on leave in December 2018.*

♀ 50.9%  
women

♂ 49.1%  
men

44.01%  
aged 30 or under

47.75%  
aged between 31 and 50

8.24%  
over 50

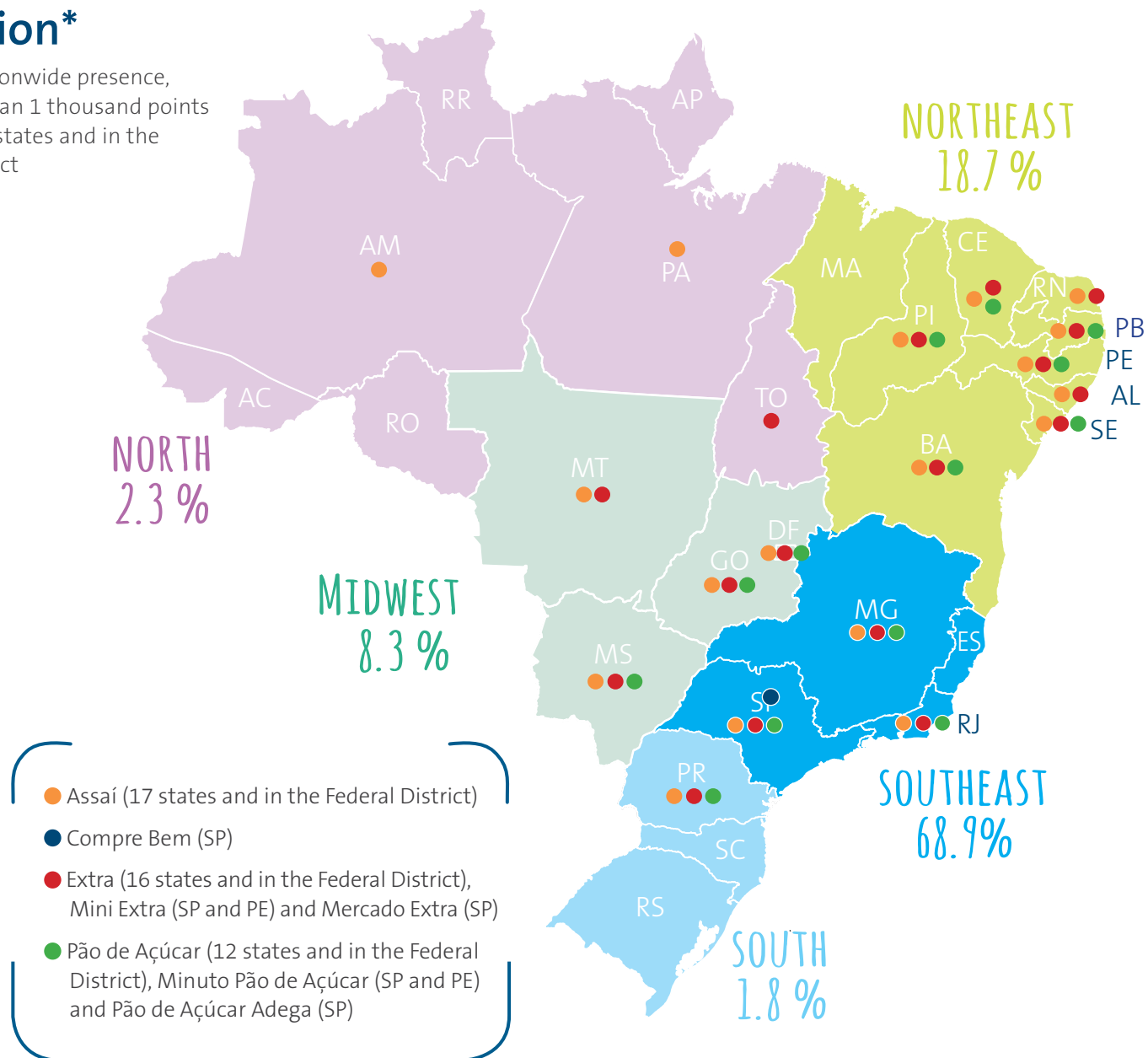
36%  
blacks

3,719  
employees with disabilities

## Share of sales by region\*

We have nationwide presence, with more than 1 thousand points of sale in 18 states and in the Federal District

*\*In December 2018.*



## Our Purpose

According to GPA, the ability to choose is always the best choice.

From food to technology, from retail to wholesale, from minimarket to hypermarket, and from e-commerce to brick-and-mortar stores. Our customers can buy whatever they want, whenever and wherever they want. Our suppliers enjoy the certainty of fair and transparent negotiations and practices. Our investors have the opportunity to diversify their investments, and our people have countless opportunities to put their talent to work. Aware of our role as an agent of transformation, we strive to help build a more diverse and inclusive society. We choose to evolve and innovate, creating trends, refining business formats and building opportunities and experiences tailored to the needs and profiles of consumers.

## Our Values

GPA believes in the...

### CUSTOMER'S POWER OF CHOICE

Everything we do is to be, always, the first choice of our customers.

### POWER OF IMPACTING PEOPLE

We value and recognize our power to positively impact the lives of thousands of people, building a better and more diversified society.

### POWER OF SIMPLIFYING

We simplify our discussions, processes and plans, being pragmatic to ensure that our actions are efficient and take place in the right way.

### POWER OF PERFORMING EACH DAY

Our people are driven by the ability to perform, to work together, to lead proudly market changes and, thus, grow along with our business, building the future every day.



## 70 years of GPA

In September 2018, we celebrated our 70<sup>th</sup> anniversary with several commemorative events. Here are some of them:

- **Celebratory event** with the international speakers Sheena Iyengar and Brian Solis for the 368 guests of GPA from the investor market, the press and associations, alongside suppliers and partners.
- **Meeting of leaders and store managers** of all the Multivarejo banners, with targeted speeches and stands of suppliers for the 900 participants.
- **Production of exclusive content**, with testimonials of executives and Company partners on the power of choice in their careers.
- **Distribution** of Qualitá products to customers, impacting more than 28 thousand people in highway tolls and flights offered by domestic airlines.

# OUR TRAJECTORY

**1948** Opening of Doceira Pão de Açúcar (confectionary store).

**1959** Inauguration of the first supermarket\* of the Pão de Açúcar chain.

**1971** Launch of Supermercado Jumbo, the Group's first hypermarket, in the ABC Paulista district in 1971.

**1976** GPA acquires Eletro radiobraz, which resulted in the creation of the electronics segment, then the Bartira chain two years later.

**1995** GPA makes its debut in the capital market with its initial public offering (IPO).

**1993** Creation of the first Ombudsman in the Brazilian retail industry.

**1989** The Group goes live with the Extra banner.

**1980** Acquisition of the Superbom, Peg-Pag and Mercantil chains, as well as the Bazar 13 stores and Morita chain.

**1998** Creation of the GPA Institute, the Company's social branch.

**1999** The Casino Group acquires an important stake of 25% in the Company.

**2000** Launch of the loyalty program Pão de Açúcar Mais.

**2001** Installation of the first Pão de Açúcar Unilever Recycling Stations.

**2011** Inauguration of Mini Extra, the banner's Proximity format.

**2007** GPA takes on the operation of Assaí and magnifies its presence as the largest retail and distribution group in the country.

**2004** Launch of the Posto Extra gas station format.

**2002** Inauguration of the first Drogarias Extra (drugstores).

**2014** Minuto Pão de Açúcar is launched. The loyalty program Clube Extra is created in the same year.

**2016** Inauguration of the chain's first unit with a photovoltaic plant, in Campinas (Minuto Pão de Açúcar).

**2017** Launch of "Meu Desconto" [My Discount] functionality, in the apps.

**2018** GPA celebrates its 70<sup>th</sup> anniversary. Launch of the Compre Bem and Mercado Extra formats and the Pão de Açúcar Adega platform. Acquisition of James Delivery and partnership with Cheftime. The Group also launches the "Meus Prêmios" [My Rewards] functionality, strengthening the connection with customers and digitalization.

## » BUSINESS MODEL

Our customers are at the core of our business model and are the reason for everything we do at GPA. Our purpose translates this commitment to the Power of Choice and directs each initiative undertaken at our stores, which number more than one thousand, and in the corporate areas. The multiplicity of our portfolio is one of the most relevant distinguishing features of our performance. The diversified, multi-channel, multi-format and multi-region proposal enables GPA to be part of the life of each Brazilian, with stores and value propositions geared towards each customer profile.



### New formats

The Company's set of banners is continually optimized, enabling us to anticipate trends and acting as a guideline for business planning according to the consumption aspirations of our customers, based on regional surveys on shopping habits, income growth and population growth projections. In 2018, this was showcased by the launches of the Mercado Extra, Compre Bem and Pão de Açúcar Adega brands as well as the acquisition of the James Delivery startup (find out more on pages 16, 17, 18 and 19, respectively).



### Private-Labels

Another customer loyalty driver, these brands offer high quality products at lower prices, and, in many cases, are placed in a prominent position in retail display cabinets. This is the case, for instance, of Taea, which focuses on healthy nutrition, and of Qualitá, which underwent strengthening actions in 2018. We repositioned the brand, reviewed the assortment and improved product quality (find out more on page 21).



### Digital transformation

Allowing our customers' the power of choice also involves serving them in their preferred channels. To this end, we have invested in the e-commerce channels of our brands and in the multi-channel strategy, integrating website and brick-and-mortar store purchases for the best consumer experience (find out more on page 41).



### Sustainability

Our operations as a whole are based on the commitment to sustainable development and the strengthening of networks that create shared value with all our stakeholders. Our Sustainability Policy, based on six cornerstones, ensures the systematic management of actions, with the constant monitoring of goals and indicators (find out more on page 29).

## PRIORITIES FOR 2019-2021

Greater adaptation to each geographical region



Optimization of the store areas: increase in profits per m<sup>2</sup>

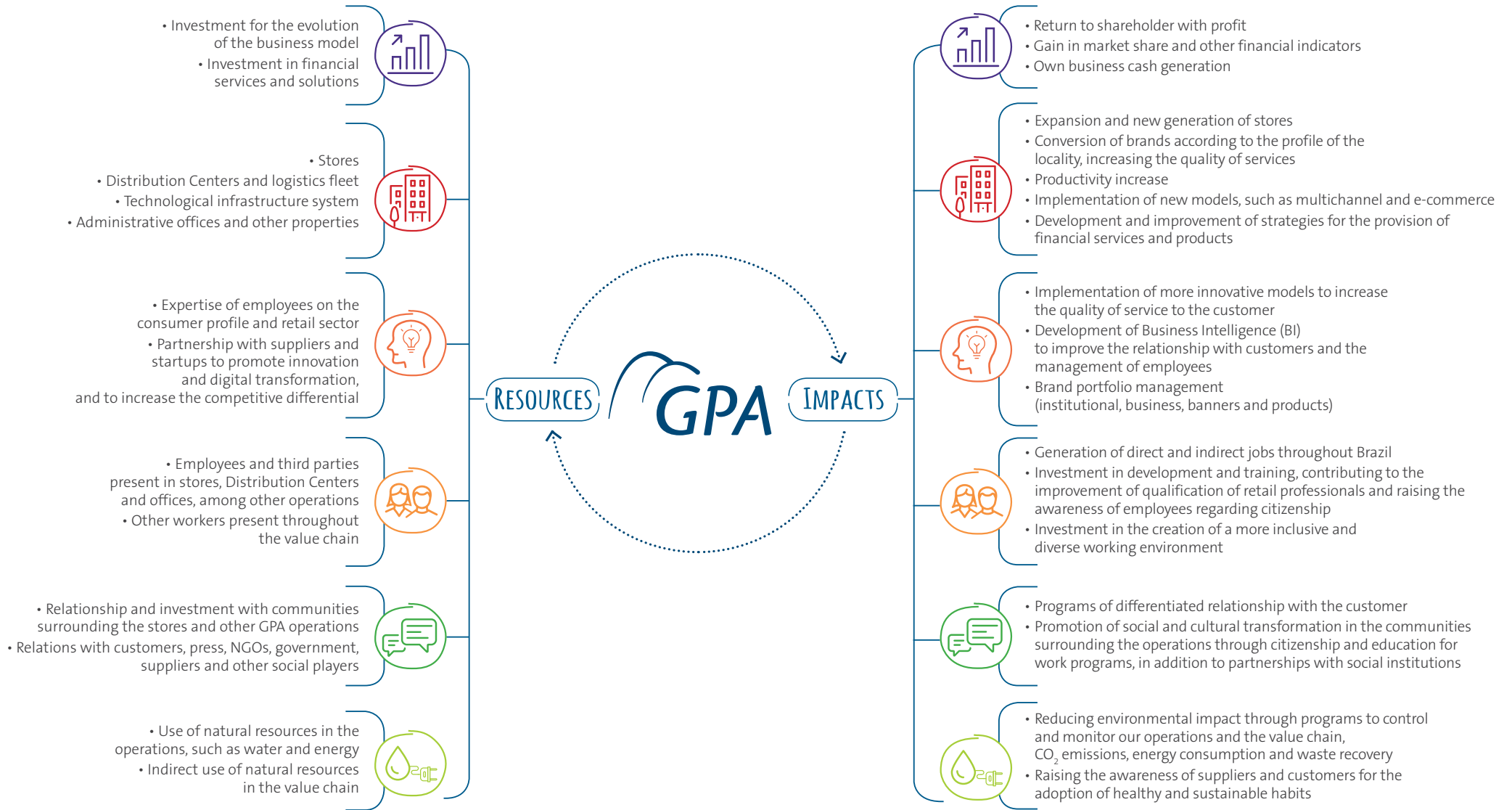
Strengthening of major differentials: Private-Labels and CRM and loyalty enhancement

Focus on omnichannel strategy and digital transformation

Employees at GPA's Customer House



# Our business model



## STAKEHOLDERS THAT HAVE NEGATIVE OR POSITIVE IMPACT

Customers | Employees | Suppliers | Investors | Government | Surrounding communities | NGOs | Trade associations and unions | Press

## BRANDS AND BUSINESSES



Assaí operates in the self-service wholesale segment (Cash&Carry), focused on serving customers of micro and small businesses, as well as final consumers seeking savings. The stores have more than 7 thousand items of major national and imported brands. Assaí holds a competitive position, offering fair prices all year round, as customers can pay wholesale prices even on small quantities of goods. More than 600 thousand exclusive Passaí store cards have already been issued. In 2018, as part of the strategy of providing innovation and a positive shopping experience, the chain installed Wi-Fi in all its stores, improving customer service and enabling customers to obtain more information about offers. In the same year, the wholesaler appeared in the ranking of the Most Valuable Brazilian Brands (Marcas Brasileiras Mais Valiosas), organized by Interbrand and published in *Exame* magazine, for the first time. Assaí ranked 23<sup>rd</sup>, with a brand value of R\$ 459 million.



Consumer electronics and appliances sector of Extra store

144 stores

Checkout in Assaí store



112 Extra Hiper stores  
150 Extra Super stores

Extra is a nationwide, multi-format and multi-channel brand that offers a complete assortment of products with quality and low prices. The chain's mission is to facilitate the purchasing power of consumers, and some indicators of the success in this challenge are the banner's presence in the ranking of Brazil's 20 most valuable brands of 2018, compiled by Interbrand, and the fact that it has been Top of Mind in the segment 12 times. At Extra customers can find the best offers, promotions and payment terms, and the chain also offers exclusive benefits to users of the Clube Extra loyalty program. The banner is democratic, with a presence in different regions and formats, including e-commerce. Extra Hiper with the one-stop-shop concept – that is, the possibility of doing all of your shopping in the same place – has fresh products and a differentiated line of Private-Labels of food, fashion and home essentials, as well as electronics. Extra Super adopts the assumption of improving the customer experience, its coverage and scope, focus on the perishables category and operational excellence. In addition, the banner has a new supermarket model: Mercado Extra.



## Pão de Açúcar

Pão de Açúcar is a modern neighborhood supermarket from the Premium segment that offers customer service, quality and a variety of products in a practical and welcoming environment. Sustainability is a strategic part of its makeup and also generates value for the business. The supermarket shows its appreciation for the relationship with customers through different initiatives, such as the Cliente Mais loyalty app, in which it is possible to customize the shopping experience and reward consumers, and always seeks to promote healthy living concepts. With nationwide coverage and an omnichannel strategy, its pillars are differentiation, innovation and balance. To create an emotional connection in customers by means of a better shopping experience and interactivity, Pão de Açúcar invested throughout 2018 in 20 renovated stores that, together, represent approximately 20% of the banner's sales. In 2019, it is planning to undertake 12 to 15 store reforms.



The layout of Mercado Extra highlights the display of fruit and vegetables and the Butchers, Deli and Bakery services

186 stores

Fruit and Vegetable section of the new generation of Pão de Açúcar stores



23 stores

Mercado Extra is a new supermarket model focused exclusively on the needs of customers seeking practicality and quality, pillars of the brand's value proposition. Customers have access to a huge "market" with fruit, legumes and vegetables and reinforced customer service teams in all areas, especially in the Butchers, Fishmongers and Bakery sections. The store also has a grocery area with appealing prices and a full range of Private-Labels. The Mercado Extra launch project began in May 2018 following a comprehensive market analysis. This led to store conversions from Extra Supermarket into Mercado Extra, a banner that focuses on operational simplification, increasing productivity while cutting costs. This business model has attracted more customers and brought about an increase in sales as well as more results for the business.





The goal of the new Compre Bem banner is to be the best supermarket chain in its region. The business model is regional, that is, focused on customers according to their whereabouts and particularities. The stores have more than 7 thousand items and fully customer-oriented operation, with very competitive prices, excellent customer service, and a product mix focused on daily necessities such as Fruit and Vegetables, delivered directly by the supplier, and Bakery, Butchers and Deli Services. Some stores feature self-checkout technology, which enables customers to scan and pay for their shopping in a fast and practical way. Moreover, all the checkouts are equipped for payment using the Apple Pay and Samsung Pay apps, thereby eliminating the need for card use.



*Compre Bem storefront*

13 stores



*Proximity and facility at Mini Extra store*



The Proximity format of the Extra brand is present in urban agglomerations and densely populated locations. It provides consumers with a practical and streamlined shopping experience, catering to different stages – from supplies to last-minute shopping – and has approximately 4 thousand items.

156 stores

Entrance of  
brick-and-mortar  
store



Pão de Açúcar Adegas, launched in 2018, is a platform for beverage sales, integrated into e-commerce, app and brick-and-mortar store, with more than one thousand wine labels from 16 different countries. Besides offering premium wines, the meeting point for those who appreciate wine and other special beverages also features attendants trained by Carlos Cabral, one of Brazil's greatest fine beverage specialists, accessories, and an excellent selection of alcoholic beverages, spirits, and a calendar of courses and events. For more information, access the [online platform](#).

## minuto

Pão de Açúcar

The proposal of Minuto Pão de Açúcar is to become the most pleasant and convenient neighborhood option for day-to-day shopping, offering staple foods, healthy and differentiated products, with the friendly customer service and reliability of the Pão de Açúcar brand. It has an assortment of more than 6 thousand items, with solutions for immediate consumption, convenience shopping and replenishment.

79 stores



Convenience  
and agility at  
Minuto Pão de  
Açúcar store



James Delivery shopper



Aliado Minimercado is a B2B business model for small retailers that wish to boost their sales through the partnership with GPA. To become an Aliado Minimercado associate, a partner must be registered and shop both frequently and in ever-increasing amounts via the GPA operation. The main business prospects for the next three years are strong growth in the market with expansion of the sales force and development of an online channel to sell to more partners from small retailers, and also to new formats such as bars, restaurants and hotels, thereby building the confidence of 'allied' customers in purchasing more products from GPA to increase their sales and profits.



Partnership with small retail with Aliado Minimercado brand

PRESENCE in Curitiba (PR) and Balneário Camboriú (SC)

700 deliverers

More than 500 units

**James**

In 2018 GPA acquired James Delivery, a Brazilian startup that offers a multiservice order and delivery platform for sundry products, ranging from items sold in supermarkets to restaurants and drugstores. With headquarters in Curitiba, in the state of Paraná, it was declared a finalist in the Liga Retail (Retail League) Program, the first program focused on the acceleration of startups dedicated to retail, sponsored by GPA, and in December of the same year, was acquired by the Group. James Delivery is the first startup in the world to enable deliveries by voice command. In Brazil, it pioneered the delivery of the service for any product, including those sold in malls, and the use of ergonomic backpacks for deliverers on bicycles. Furthermore, it is the only one in the country with a call center that relies entirely on human agents.

**GPA Malls**

GPA Malls is GPA's real estate business unit, responsible for the management and development of commercial spaces in Extra, Pão de Açúcar, Assaí and Compre Bem stores. It seeks to offer the best in terms of structure and service provision, serving as a platform for external brands to develop and expand their franchises. For retail stores it serves as a magnet to increase customer traffic, supplementing the space with additional services and products in malls.



GPA Malls' shopping arcade at Extra Itaim in São Paulo (SP)

Management of more than 250 SHOPPING ARCADES and 2 NEIGHBORHOOD MALLS

Almost 300 THOUSAND M<sup>2</sup> of gross leasable area administered nationwide

## Drugstores

Drugstores, which are mostly located inside the Pão de Açúcar and Extra stores, are a convenient choice for customers, helping improve their experience shopping for drug products, toiletries and others. About 100 thousand consumers frequent these stores, totaling 840 thousand shopping tickets per month. Drogarias Extra are undergoing a reformulation project aimed at completely revitalizing the units, bringing a new store layout designed to make the customers' shopping experience more comfortable in addition to modern, renovated visual communication. In 2018, 17 units were inaugurated under the new concept.

123 units

*Pão de Açúcar  
Drugstore in São  
Paulo (SP)*



## Gas stations

Pão de Açúcar, Extra and Assaí gas stations work with co-branding of the main fuel distributors, strengthening differentiation with customers through the association of recognized brands and price attractiveness. To stand out from among their competitors, they rely on the implementation of the "Perfect Gas Station" concept, which encompasses technological modernization, review of equipment and the visual standardization of brand concepts.

71 gas stations

*Extra Gas Station  
in operation*



## Private-Labels

GPA pioneered the launch of Private-Labels in Brazil back in the 1970s, and since then has maintained a process of monitoring and continuous development of these products. GPA operates the Private-Labels Taeg, Qualitá, Casino, Club des Sommeliers, Finlandek, Bronzini, Arkitekt, Cast, Bambini, Boomy, Chef, Econobom and Assaí, which encompass product categories ranging from hygiene and cleaning to food, including textiles and kitchen/homeware.

## REPOSITIONING OF PRIVATE-LABELS

An important pathway for building profitability and customer loyalty, Private-Labels have considerable potential to grow in our business model, providing **quality assurance and more competitive prices**. Private-Labels are currently accountable for 11.5% of total sales, and we expect to reach the milestone of 20% in the coming years.

In 2018, **we launched more than 500 products**. The most prominent event in the year was the **repositioning of Qualitá**. Besides having a **new visual identity**, reflected in the packaging,

the brand has also undergone a thorough **portfolio overhaul**. Qualitá has 1.3 thousand items ranging from food to cleaning products, and is expected to incorporate a further one thousand products over a 2-year period. Since we presented the new model of communication and started the promotional campaigns of Private-Labels, the average growth of sales has risen from 21% to 40%. Another highlight of the year was the **strengthening of the Taeq brand**, whose proposal to democratize healthy eating habits holds special appeal in view of the growing search for this type of product.

“The repositioning of the Qualitá brand was innovative in several aspects. I was very glad to see GPA investing to establish a positioning strategy that creates an emotional connection with customers, and goes beyond quality assurance with more competitive prices. In addition, the whole process was highly transparent and shared extensively: we sat down together to discuss ideas, market valuations and opportunities for economies of scale and optimization.”

**Raul Matos, partner of Dauper, supplier of Qualitá products**



### NEW VISUAL IDENTITY

The new Qualitá brand, with the golden “Q” and in purple, was printed on the product packaging



## FINANCIAL RESULTS

The results achieved in 2018 confirm the effectiveness of our strategy. We focus on the adequacy of our store portfolio, seeking to fortify our multi-channel, multi-format and multi-region presence, with greater adherence to consumer demand.

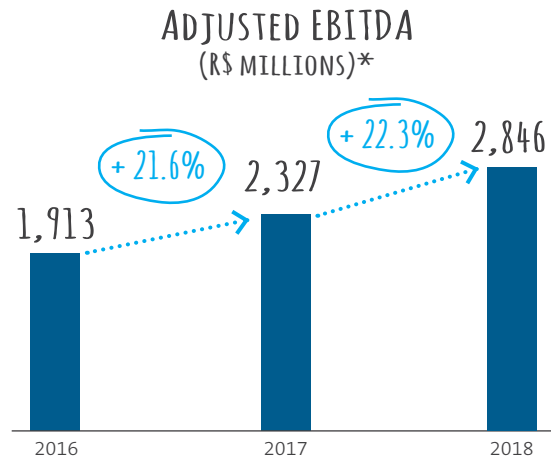
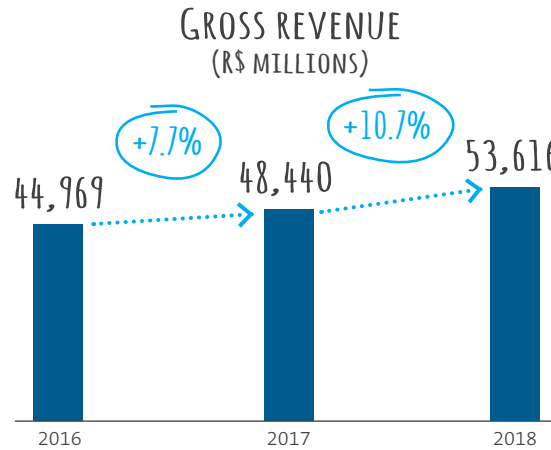
This development has led to actual growth of sales above market levels, with progression of results in all segments. GPA's gross revenue from the Food business totaled R\$ 53.6 billion, a significant increase of 10.7% due to Assaí's solid performance and the continuous improvement in Multivarejo. GPA Food more than doubled its net income, reaching the milestone of R\$ 1.3 billion in the year.

Our solid financial structure has enabled us to maintain a low level of leverage, with the Net debt/EBITDA ratio of 0.32x, and with a net debt of R\$ 973 million\*.

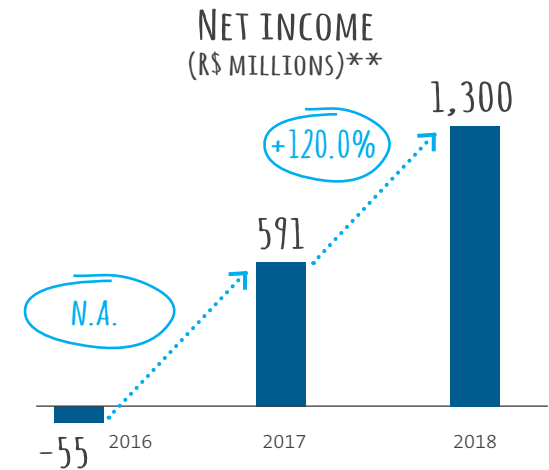
We ended the year with a solid position of R\$ 4.4 billion in cash and cash equivalents, besides R\$ 1.8 billion in pre-approved credit facilities.

*\*The figure includes unanticipated credit card receivables.*

We more than **doubled** our net income in 2018, reaching the milestone of **R\$ 1.3 billion**



*\*Earnings before interest, taxes, depreciation and amortization, adjusted by other income and expenses, excluding tax credits and non-recurring effects.*



*\*\*Net income – controlling shareholders.*

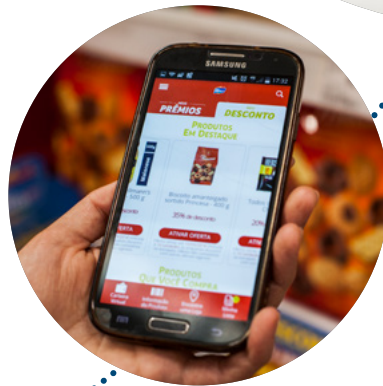
## Multivarejo

We had our best performance of recent years in terms of gross sales, totaling R\$ 28.7 billion, owing to the assertiveness of the initiatives that brought greater commercial dynamism, progress in banner positioning, and greater penetration of the “My Discount” and “My Rewards” loyalty and customization tools. The resumption of revenue growth, which resulted in market share gains, aligned with the decrease in operating expenses, guaranteed an adjusted EBITDA\*\* of R\$ 1.5 billion, up 13.0% over 2017. The margin totaled 5.5% and was in line with the guidance of the year, while net income totaled R\$ 246 million, 4.8 times the amount recorded in 2017.

## Assaí

Gross sales amounted to R\$ 24.9 billion, up 24.2% in the annual comparison (and up 6.3% in the “same-store” concept), reflecting the success of the banner’s commercial strategies and growth in customer traffic and volume. The maturation of the stores opened in recent years has contributed to the growth of gross income and the decrease in selling, general and administrative expenses. As a result, we exceeded the projected growth of adjusted EBITDA\*\*, which reached R\$ 1.4 billion with a 6.0% margin, and achieved net income of R\$ 1.1 billion, an increase of 95.2% in the annual comparison.

\*\*Adjusted EBITDA excluding non-recurring effects.



*Expansion of Assaí and loyalty enhancement in Multivarejo contributed to the results of the year*



[Click here](#) for further information about GPA's financial results in the **Release of Results** for 4Q18.



## RETAIL MARKET



The retail industry is one of the important drivers of Brazilian economic growth. In 2018, according to data from the Brazilian Institute of Geography and Statistics (IBGE), this industry recorded growth of 2.3% in the annual comparison, above the increase in the Gross Domestic Product (GDP), which was 1.1%. The performance is also the best of the last three years: the year 2017 had been closed with an increase of 2.1% after two years of negative growth rates. The outlook for 2019 includes a 2.4% rise in the GDP (according to the Brazilian Central Bank) and a 3% increase in retail sales (according to the Associação Brasileira de Supermercados [Brazilian Association of Supermarkets] – Abras).





## INTEGRATED MANAGEMENT AND TRANSPARENCY

We have established fair and transparent relationships with all our stakeholders, and maintain an ethical conduct in all our activities. With dedicated structures, we ensure the adoption of best practices in corporate governance, evolve in the integration of sustainability aspects in our strategy, and disseminate a culture of compliance in all our operations. We believe that by acting in this manner, **doing the right thing the right way**, we can build lasting and sustainable relationships with our employees, suppliers, customers, shareholders and society.

## ❖ CORPORATE GOVERNANCE

Our governance model comprises policies, guidelines and decision-making bodies that leverage our ability to grow, with **sustainability and transparency**. We strive to preserve efficiency and symmetry in the disclosure of information, a commitment to the capital market and respect for shareholders and investors.

GPA complies with all the rules applied to publicly traded companies, such as the adoption of national accounting standards and recordkeeping for these companies with the CVM (Securities and Exchange Commission). In Brazil, our shares are listed at Level 1 of the B3 (Brazil, Stock Exchange and Over-the-Counter Market), and we voluntarily adopt practices applicable to B3's topmost level of governance, the *Novo Mercado*, or New Market:

- **BOARD OF DIRECTORS**  
composed of three independent members.
- **FOUR ADVISORY COMMITTEES**  
to the Board of Directors.
- **DIVIDEND POLICY.**
- **ANNUAL SELF-ASSESSMENT**  
of the members of the Board of Directors.
- **MANUAL** for participation of shareholders  
in General Meetings.



In the United States, GPA issues Level III American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE) and abides by SEC (Securities and Exchange Commission) and NYSE decisions for foreign companies listed in the United States.

In GPA's corporate governance model, the Board of Directors and the Executive Board have defined roles and responsibilities that are essential for the smooth running of business.



## Board of Directors

Currently composed of nine members, three of whom are independent, it is responsible for the strategic guidance of the business and monitoring of the Executive Board. Its members are elected by the General Shareholders' Meeting for a two-year term, with re-election permitted. The Board of Directors meets at least six times a year and is **advised by four committees**, consisting of board members who discuss specific topics related to their scope of activity, qualifying decisions made at meetings of the Board of Directors.

BOARD MEMBERS	TITLE	DATE ELECTED	END OF TERM
Jean-Charles Henri Naouri	Chairman	4/27/2018	April 2020
Arnaud Strasser	Co-Deputy Chairman	4/27/2018	April 2020
Ronaldo Iabrudi dos Santos Pereira	Co-Deputy Chairman	4/27/2018	April 2020
Carlos Mario Giraldo Moreno	Member	4/27/2018	April 2020
Eleazar de Carvalho Filho	Independent member	4/27/2018	April 2020
José Gabriel Loaiza Herrera	Member	4/27/2018	April 2020
Luiz Augusto de Castro Neves	Independent member	4/27/2018	April 2020
Luiz Nelson Guedes de Carvalho	Independent member	4/27/2018	April 2020
Manfred Heinrich Gartz	Member	4/27/2018	April 2020

The Board of Directors is responsible for **strategically driving business and for monitoring** the Executive Board

# ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

## Audit

Composed of four members, its main duties are to analyze and monitor the quality and integrity of the Company's quarterly information, Financial Statements and management report, evaluate the effectiveness and adequacy of the internal control structure and of the internal and independent audit processes, and to monitor risk exposures.

### MEMBERS:

- Luiz Nelson Guedes de Carvalho (coordinator)
- Eleazar de Carvalho Filho
- Gisélia da Silva
- Renan Bergmann

## Financial

The committee is made up of four members and its main duties include: reviewing the financial/economic feasibility of investment plans and programs; recommending measures for the negotiation of any merger, acquisition or transaction; reviewing the cash flow, debt management policy and capital structure; and recommending opportunities related to funding transactions capable of improving the capital structure.

### MEMBERS:

- Eleazar de Carvalho Filho (coordinator)
- Arnaud Strasser
- José Gabriel Loaiza Herrera
- Luiz Nelson Guedes de Carvalho

## Human Resources and Remuneration

The committee is responsible for examining candidates for the position of Board of Directors and Executive Board members, proposing criteria for manager performance appraisals, and defining the remuneration and incentive policies, besides reviewing the recruitment and selection methods adopted by the Company.

### MEMBERS:

- Arnaud Strasser (coordinator)
- Carlos Mario Diez Gomez
- Carlos Mario Giraldo Moreno
- Luiz Augusto de Castro Neves
- Ronaldo Iabrudi

## Corporate Governance and Sustainability

Created on April 27, 2018 from the merger of the Sustainable Development (created on February 11, 2014) and Corporate Governance (created on January 29, 2013) committees, it is responsible for guiding and ensuring the adoption of best corporate governance practices by the Company, monitoring the fulfillment of requirements stipulated by the Brazilian legislation and other market inspection bodies, and for guiding the strategy of GPA and its businesses with regard to sustainability topics. Its duties also encompass keeping track of macro indicators and assessing critical and high impact policies and sustainable practices, based on the economic, social and environmental dimensions.

### MEMBERS:

- Luiz Augusto de Castro Neves (coordinator)
- Arnaud Strasser
- Carlos Mario Giraldo Moreno
- Hélio Mattar
- Ronaldo Iabrudi

## Executive Board

Responsible for the administration of our business, the Executive Board, elected by the Board of Directors for the two-year term, manages the Company in accordance with the long-term strategic planning guidelines approved by the Board of Directors. Its duties also include preparing short- and medium-term planning as well as the tactics, programs and actions necessary to achieve the results. Performance indicators are monitored weekly and **business performance** is presented to the shareholders quarterly at a General Meeting.

MEMBERS OF THE EXECUTIVE BOARD	TITLE
Peter Paul Lorenço Estermann	Chief Executive Officer
Christophe José Hidalgo	Deputy Chief Financial Officer
Daniela Sabbag	Chief Investor Relations Officer
Belmiro de Figueiredo Gomes	Chief Wholesale Business Officer



**Click here** to learn more about the composition of the governing bodies of GPA and to access the minutes of meetings of the Board of Directors, the Company's Articles of Incorporation, policies and bylaws on the **Investor Relations** website.

## RISK MANAGEMENT

GPA's guidelines and risk management structure are aligned with the Casino Group methodology, which follows international standards and best practices. The integrated and comprehensive action of all the processes seeks to ensure the continuity of activities, **value creation** across the chain, and the dissemination of the risk management culture among employees. Throughout 2018, the company monitored 85 risks prioritized in 2017, continuously refining internal control mechanisms and GPA's exposure mitigation actions.

Among these 85 risks, ten comprise the **Casino Risk Solution (CRS)** matrix, three of which are monitored by the Board of Directors: business continuity management; succession; and leakage of information. The executives responsible for each of the risks periodically track the development of key indicators and the status of the action plans. This management is coordinated by the Business Risk Management area, which reports to the Board of Directors through the Audit Committee.



# 85 RISKS PRIORITIZED

**10** of these aligned with the Casino Risk Solution (CRS) matrix

**3** of these monitored by the Board of Directors

## ETHICAL CONDUCT

Our **Compliance Program** relies on the commitment and supervision of senior management, strengthening the commitment to ethical conduct and integrity across all operations. Structured on three fronts (Prevent, Detect and Respond), the Program covers formal guidelines for the topic, such as conducting online and face-to-face training sessions, awareness enhancement campaigns for the employees, and adequate mechanisms for the identification, investigation and handling of deviations. We believe that by acting in this manner, **doing the right thing the right way**, we can build lasting and sustainable relationships with all our stakeholders.

The **Code of Ethics** is the main guidance document for this Program. We also have an **Anticorruption Standard** designed to satisfy the requirements of Law no. 12,846/2013 (Anticorruption Law), the United States Foreign Corrupt Practices Act – FCPA, and the French Anticorruption Law (Sapin II Law).

Integrity and transparency are part of our values and are present in our business. Accordingly, we have posted a video about the Code of Ethics on our institutional website. In 2018, we held training sessions on the topic for 187 service providers in the areas of Equipment, Construction Works and Maintenance. We have also distributed some materials and held internal events for employees.



GPA's corporate team

## OMBUDSMAN

This is GPA's official channel for allegations of violations of the legislation, the **Code of Ethics**, internal procedures and policies.

This channel enables the Company to receive allegations involving employees, suppliers and customers, regardless of the position or status of the person who has committed the violation, ensuring the handling of deviations and continuous improvement of internal policies and procedures, training programs, and consequently, the improvement of our Compliance Program.



Opening hours: Monday to Saturday from 8 a.m. to 8 p.m.

Assaí and Compre Bem  
ouvidoria@assai.com.br  
0800 777 3377

GPA  
ouvidoria@gpabr.com  
0800 55 57 11

Multivarejo  
ouvidoria@multivarejogpa.com.br  
0800 55 57 11



## SUSTAINABILITY MANAGEMENT

Our **Sustainability Policy**, aligned with the guidelines of the Casino Group, steers our efforts to integrate the sustainable development agenda into the business strategy. It is the starting point for the planning of actions, based on pillars, with specific goals and indicators monitored to ensure the effectiveness of initiatives and the delivery of value to all stakeholders.

At the beginning of 2018, in the **annual strategic sustainability planning review** process, we revisited our five pillars and included another: Integrated management and transparency. This process was based on three assumptions: the strategic guidelines of Casino; the materiality matrix (which had been revised in 2017); and the market positioning and specific characteristics of each of our businesses. The results were presented to the Board of Directors and included, among others, the definition of deliverables for 2018 and the **objectives for the 2018-2020 triennium**.





## VALUING OUR PEOPLE

We pride ourselves on being the largest private employer in Brazil in the retail segment, and one of the main references for those seeking their first job in the country. We value our people and offer opportunities to all those who want to put their talent to good use. We promote inclusion and cherish diversity and respect for people and their beliefs. With this engaged team, we promote the best shopping experience for our customers on a daily basis, along with lasting and ethically correct relationships with our business partners and positive impacts for local communities and all of our stakeholders.

## PROFILE AND CORPORATE CULTURE

We are **more than 102 thousand employees** strengthened by a unique corporate culture and a differentiated way of doing things. One of the most relevant traits of this culture is the **promotion of inclusion and diversity** in all their forms. We view the representativeness and development of our employees as a priority. We understand that diversity is a value and also a lever of performance and socioeconomic innovation, besides being essential in a customer-oriented business.

Over the last few years, we have selected **five topics as a priority** for the strengthening of policies and processes to guarantee the rights, respect, appreciation and equality of all people:

- INCLUSION AND DEVELOPMENT OF PEOPLE WITH DISABILITIES
- AGE DIVERSITY
- GENDER EQUITY
- RACIAL EQUALITY
- RESPECT OF LGBTI+ RIGHTS

### MATERIAL TOPIC



Generation of employment, employee development and retention

In 2018, we established affinity groups to cultivate dialogue and the transformation of the work environment for the sake of the diversity and inclusion agenda.

• **GPA Madiba Group**

Established in July, it was dubbed Madiba as this was the nickname given to South African Nelson Mandela, known for his fight for racial equality. This group is made up of about 40 employees from all of GPA's business units. Its pillars of action include employee attraction, retention, development, engagement, awareness and consciousness building initiatives.

• **LGBTI+ affinity group**

Formed in October by around 20 employees, its purpose is to adopt best practices for an environment that respects each person's sexual orientation, sexual identity or gender. The pillars of action include talent attraction, development and retention initiatives through internal and external affirmative and awareness building actions, in favor of the LGBTI+ community.

Participants of the GPA Madiba Group



“ I have always felt appreciated and welcome here in the Company, as if it were an actual family, both in the store and while training. I consider it a privilege to wake up every day and come to work, with my name on the Pão de Açúcar badge and all the respect and affection of my coworkers. I have had discomforting experiences at other companies but have never experienced anything of the kind here. I know I will always grow along with GPA. ”

**Kiara Silva,**  
employee of the  
Pão de Açúcar store

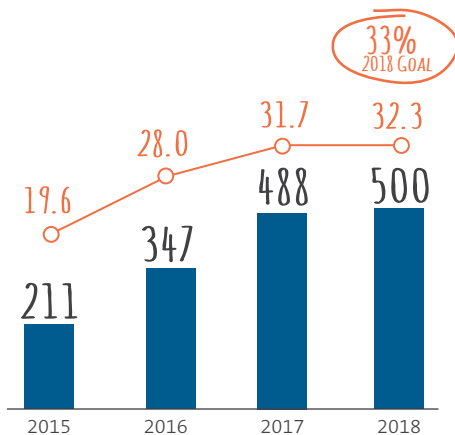


## Women's empowerment

The **Gender Equality Committee** is the group responsible for monitoring and proposing GPA's actions in this area, engaging the Company's senior management so that every possible effort is made on this front. Committed to reflecting social reality in our workforce, women made up 50.9% of our staff at the end of 2018. Their participation in leadership roles (management and above) is a continuous effort undertaken by our management, which made progress last year with the growth of this percentage: women occupied 32.3% of these positions at the end of the period.

Constant gender equality promotion actions range from public commitment to the topic to the adoption of internal initiatives and practices. In 2018, a noteworthy initiative was **Fale com Eles [Speak to the Men]**, a meeting with a male leadership group to further the discussion about the role of men in the promotion of gender equality. From this engagement and from benchmarking practices with companies that are an example in Brazil and the rest of the world, we defined points requiring improvement and had a manifesto signed by executives during Diversity Week (learn more on page 34).

### WOMEN IN LEADERSHIP (MANAGEMENT AND ABOVE)



■ Number of women in leadership positions  
○ Percentage of leadership positions occupied by women



Employees of corporate GPA departments

## PRIORITIES LISTED IN THE MANIFESTO FOR GENDER EQUALITY AT GPA

**Succession and development**  
Intensify actions tailored specifically for women

**Workplace**  
Organize campaigns and educational actions for gender issues, aiming to eradicate unacceptable behaviors

**Wages**  
Develop policies and processes to ensure equal pay between genders

**Attraction and selection**  
Review processes to reduce the incidence of unconscious biases

**Parental leave**  
Improve policies and benefits related to parental leave



## People with disabilities (PwDs)

The hiring, development and retention of professionals with disabilities is a challenge in the management of our business. In Multivarejo, we launched an internal campaign for employees to nominate professionals with disabilities to work at GPA. In total, we received 94 nominations, of which 54 resulted in the hiring or inclusion of the PwD in our base of potential employees.

Another initiative is the **Sementes [Seeds] Program** of the Extra banner, through the GPA Institute, which organized the vocational training of PwDs as bakery assistants (bread-making, confectionery and customer service) for the São Paulo class, and training as cashiers for the Rio de Janeiro class, totaling 45 trainees. All the participants were invited to join our staff and 18 of them have already been hired.

At Assaí, the inclusion of PwDs is part of the strategy in the planning of new stores. With the defined schedule of expansions, the teams seek entities at each location to support the selection of these professionals, identifying in advance those with the potential to occupy these posts. With this strategy, the banner has achieved its goal of hiring PwDs in all its store openings.

As a result of these efforts, we ended the year with a 21% increase in the number of people with disabilities working at GPA. We want to have 4% of our workforce consisting of employees with disabilities in 2019.

## ACTIONS AT ASSAÍ TO VALUE THE PWDs

### IMPLEMENTATION

and availability of a training course in Brazilian Sign Language in the distance education format.

### CREATION

of inclusive training videos and materials with translation into Brazilian sign language and subtitles for the other employees.

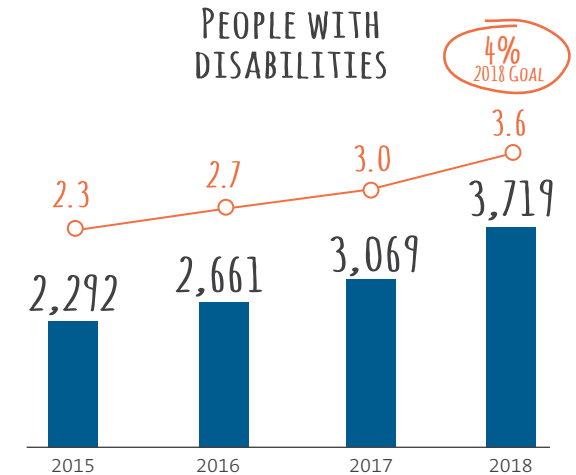
### INSERTION

of content on diversity and management of different professional profiles in all the leadership education programs of Assaí University.

### ASSURANCE

that all the new stores are 100% accessible not only for customers but also for employees, in compliance with ABNT (Brazilian Association of Technical Standards) standards and regulations.

## PEOPLE WITH DISABILITIES



■ Number of people with disabilities  
○ Percentage of the staff consisting of employees with disabilities

Employee of Extra Itaim store in São Paulo (SP)





Panelists and participants of the 2018 Diversity Week



## Diversity Week

In 2018, we held the second edition of Diversity Week, with a special program covering five days to boost awareness of diversity among our employees. The presentations featured external guests from several companies, civil society organizations, consulting firms and educational institutions, assembling 25 panelists and more than one thousand participants from inside and outside the company. The event also marked the formation of the racial equality affinity group, GPA Madiba, and the launch and invitation of the LGBTI+ group, besides the presentation and signing of the Manifesto of Senior Male Leaders for Gender Equality (presented on page 32).



## Summary of goals



### STATUS

2018 Goal	Status	Comments
Achieve the goal of 32.97% of leadership positions (management and above) occupied by women		At the year-end we achieved the threshold of 32.3% of our leadership positions occupied by women, up 0.6 percentage point over 2017
Achieve the milestone of 4,142 employees with disabilities on the staff		The participation of PwDs in our teams grew 21% in the year, totaling 2,674 people at the end of 2018 (equivalent to 3.6% of our staff)
Launch Diversity Channel on the online training platform for the employees		Due to a number of internal definitions, the launch was postponed until 2019

..... Status .....

ACHIEVED

PARTIALLY ACHIEVED

NOT ACHIEVED

## RECRUITMENT AND SELECTION

Assertiveness in the hiring or internal movement of employees according to the **profile of each vacancy** is essential for us to guarantee the sustainable growth of operations and the reduction of the turnover rate. To this end, we rely on meticulous selective processes and structured internal recruitment programs.

In Multivarejo, our **online recruitment platform** reached the milestone of 644 thousand registered resumes and involved more than 353 thousand people in selection processes. The cross-referencing of data via the platform made it possible to both increase the number of candidates approved in the final stage of the selection process by 80%, and to reduce the turnover rate during a professional's first 90 days on the job. The **use of internal talent** is facilitated by the Internal Selection Process (Prosin), with transparency and widespread internal disclosure of vacancies and of eligibility and selection criteria. Furthermore, in 2018 we expanded Prosin's connection with Avance, our integrated career management system.



GPA employees

“ Getting this job at the Mauá store through the internal recruitment program was very important to me, as I now enjoy better quality of life and am more positive about my future. It used to take me two hours by bus and train to get to the Santo André store. Now I take only 30 minutes to commute. I have more time to take my children to school and for household chores, and I feel much happier and more motivated to contribute towards the Company's results. ”

**Glauce Laure Oliveira Vaz,**  
head cashier at the  
Mauá (SP) store of Assaí

At Assaí internal recruitment programs such as **Prosin**, **Operations Trainee** and the recently launched **Career in Operations** (program designed to allow employees from the corporate areas to migrate to the operations area and take on the role of assistant manager or store manager within 12 months) were responsible for 26% of internal promotions. In Expansion, in addition to the first-hand opening of vacancies for the staff, with the **Oportunidades de Expansão [Opportunities for Expansion]** Program, during the opening of the 18 stores in 2018 we selected and hired people from the local communities, totaling more than **5 thousand new hires for Expansion alone**. A Human Resources team is always picked to work exclusively on the **selection and training of the new teams**. One strategy adopted by the Company that facilitates the onboarding of new employees is the definition, at an early stage, of the store leaders, who then keep track of and participate in the selection processes of the unit's entire team.

This approach, combined with the use of more internal talent for the new positions, has favored the **dissemination of the corporate culture in a more natural and organic way.**

In some cases, the relocation of current professionals was record-breaking, as was the case in Mauá (SP). The unit, located in the metropolitan area of the capital city of São Paulo, was inaugurated with 90% of its team coming from other stores, people who already lived in the city and who now have a far shorter commute to their new workplace.

Compre Bem formed its staff in record time. More than 7 thousand candidates were involved in the selection process, which took three months, resulting in more than 1,400 new hires. To support the admission of employees to the operation, the vacancies were filled within 13 business days on average, with around five candidates assessed per vacancy. To support the structuring of the business, a new compensation model and benefit package was developed for the banner, with the negotiation of new collective bargaining processes with the trade unions as well as a differentiated job and salary structure.

GPA interns



### GPA Internship Program

With each edition of the program, we have the opportunity to receive new generations of employees with other types of experiences and expectations on our staff, which helps us to keep up to date on the changes and demands of society at all times. Our experience in developing talents and our responsibility for technical training, as well as emotional and relational upskilling, helps them to identify their true vocation. During the program, which lasts at least a year, interns participate in an onboarding process that features training on our competencies and on project management and presentation, since, as part of the program, they need to develop and deliver a project to introduce improvements in their particular area. This onboarding process includes meetings to monitor and provide guidance on the projects, some of which deliver results with noteworthy distinguishing features for the business.



More than  
**150 INTERNS**  
have spent time working for the Group since the class of 2017

More than  
**13 THOUSAND INTERNS**  
enrolled during the year 2018

**57 SELECTED**  
candidates were taken on as of 2019  
(20 men and 37 women)

## TRAINING AND DEVELOPMENT

The preparation of employees aligned to our values, with strategic orientation and a commitment to achieving the outlined results, is one of the priorities of our management. This investment contributes to talent retention, sharing of knowledge and the continuous improvement of our customers' experience, with the development of solutions to serve them and internal engagement to captivate them.

### Corporate universities

The GPA Retail University and Assaí University consolidate the offer of training options to our employees. In Multivarejo, more than 20 courses on topics such as self-development and leadership were launched between May and December. Online access allows the professional to view the courses they have already completed, monitor total training hours, and sign up for lectures and events. In addition, the Retail University has also organized classroom activities with topics related to leadership, time management and innovation. The five schools at Assaí offer more than 30 training programs featuring about 350 courses for the different hierarchical levels and business areas. All the training initiatives are concentrated in the Corporate University, which makes it possible to maximize investments, align content to the business strategy, and record and disseminate self-service and wholesale know-how in a systematic way. In 2018, the banner launched its distance education platform, expanding the scope and diversity of content for employees. Assaí Corporate University also opened its doors to the creation of the Compre Bem Supermarket School, dedicated to the training and education of supermarket employees in the basic, compulsory, technical and operational formats. The School has six programs and more than 30 courses such as Technical Books, Integration, Leader in Action and Motivation.



**1,883,585 HOURS**  
of training in 2018  
(Multivarejo and Assaí)

More than  
**150 THOUSAND HOURS**  
of classroom training and technical  
education at the Compre Bem  
Supermarket School

**55,673**  
employees trained  
by the Retail University  
in 2018

Training at  
Assaí Corporate  
University



### Career Week

The event, held between September 3 and 9, was aimed at encouraging a proactive attitude towards one's own career and promoting employee self-development through business-related topics, such as leadership, future and innovation. More than 2 thousand corporate employees took part in the mini-courses, lectures and training sessions.

## Customer orientation

Several employee upskilling initiatives are aimed at improving the quality of customer service and the shopping experience of our customers.

## Multivarejo

A noteworthy case is that of **Movimento Click [Click Movement]**, held at 288 Extra stores and that, through an entertaining methodology, contributed to the alignment and standardization of customer service. In 2018, the initiative involved over 1.8 thousand classes totaling 25 thousand professionals.

Special lectures and events focused on the topic, such as **Semana do Cliente [Customer Week]**, are also on the annual calendar. Held in Multivarejo, the initiative addressed consumer trends, the evolution of digital transformation, consumer behavior and the performance of Casa do Cliente [Customer House], an area of the Company dedicated to serving consumers. External guests participated in the event and more than 100 employees were involved. A spirit of leadership is encouraged in the employees through the Ideas Contest, in which we receive suggestions of actions to improve customer experience. In 2018, we had 212 entrants and three award winners.

Qualification actions strengthen the employees' protagonism in the development of their careers

## Formation of leaderships

### • Leadership Development Program

Designed for managers and coordinators, the program addresses the competencies of managers, preparing them to face the challenges of the current scenario and to potentiate key business strategies. On this front we also include aspects of self-development, an approach that should be strengthened in the coming years. In 2018, the initiative had more than 750 participants, of whom 240 were women.

### • Explore Program

International exchange program with Casino and GPA talents, which involves young people with excellent potential in the positions of senior analyst, coordinator and consultant. Seven Brazilians were selected for the 2019-2021 cycle and will take on challenges in France and Colombia. During the same period, Brazil will receive another five foreigners.

### • Multivarejo

The Trainee, Store Leaders and Talented People programs prepare future store managers of the Pão de Açúcar and Extra banners, with technical and behavioral training over two years for trainees and a six- to nine-month duration for Store Leaders and Talented People. In 2018, 13 professionals joined these initiatives as a trainee, with 264 employees in the Leadership Succession programs.



“ I am glad to see that our leaders came from the operations area, and I realize that we are responsible for our own growth inside the Company. I started off as a contract worker, became an operator, and today am a store leader in the Click and Collect area. I tell everyone who joins the Company: work hard and pursue your goals for the future, because the Company believes in each one of us, gives us the opportunity to grow and rewards individual performance, forming leaders from store teams.”

**Wendel Pereira de Lima de Sousa, employee of the Pão de Açúcar Real Parque store (São Paulo, SP)**

• **Assai**

We launched the **Dono do Negócio [Business Owner]** program for store managers, and **Atuar [Act]** for heads of distribution centers, and continued with our ongoing programs:

• **Operations Trainee:**

in its eighth edition, three simultaneous classes were formed in 2018 with 44 participants.

• **Acelerar [Accelerate]:**

designed for store assistant managers, this program is aimed at accelerating training, performance, and the performance-based promotion process for the position of store manager.

• **Crescer [Grow]:**

the objective of this program is to produce section heads, all with solid training in business aspects and behavioral topics. Over the past year, 1,800 professionals were engaged in four training programs.

• **Aprende Mais [Learn More] Program:**

with the Language module, the program aims to prepare people to become fluent in a second language (English) due to the introduction of our business model into other countries.

• **Aprende Mais Corporativo [Corporate Learn More]:**

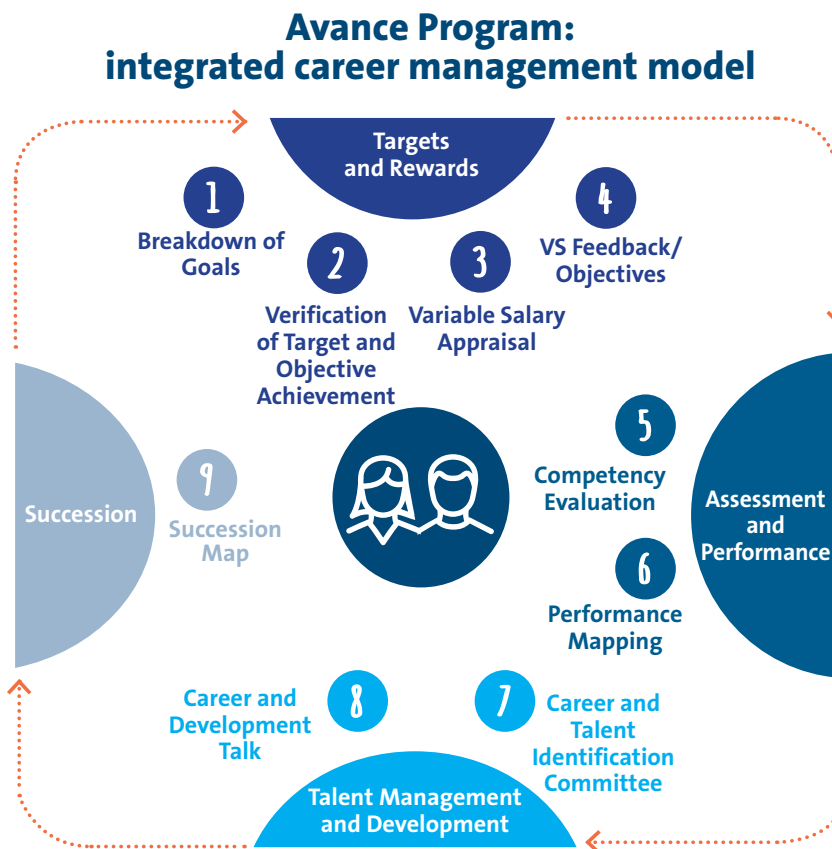
an upskilling program for professionals from the corporate areas.

• **Compre Bem**

The section heads were trained in People Management processes by the Leader in Action program. Over 90 participants received more than 1.5 thousand hours of training.

**Avance [Advance] Program**

Launched in 2018, the Avance Program integrates all the human resource processes – targets and rewards, performance appraisal, development, succession and talent management – in a digital platform. The initiative enabled us to gain a broader view of each employee, identifying the ideal career plan, individual goals and vocations at a more detailed level. As a result we were able to strengthen the meritocracy culture, encourage excellent performance, and inspire our managers to deliver better results and to train people. It is worth mentioning that our succession plan stipulates the nomination of at least one woman among the candidates, including for leadership positions.



**2.2 THOUSAND**  
targets tracked

**5 THOUSAND**  
development plan actions

**389**  
**REFERRALS**  
for promotions, merits and movements

**202 TALENTS**  
identified as strategic  
Company resources

**5,689**  
employees with an interest in  
acting in all the banners

**85%**  
**ADHERENCE**  
in the self-assessment stage

## INTERNAL DIALOGUE

Due to the intensity and speed of changes in the context of our business, transparency and streamlining in communication with employees and when responding to their needs are even more important for strategic alignment across the Company. We maintain several channels for this relationship with our internal audience, connected to the digital transformation trend.

### Workplace

This is the social network implemented in Corporation and in Multivarejo that makes communication much more efficient, simple and bilateral. Employees actively participate via Workplace, and can access the network on their cell phones besides having the autonomy to share content relevant to their areas or to the retail industry.



6.6 THOUSAND  
active employees

510  
interaction groups



2.7 THOUSAND  
monthly publications on average



### ChatBot

We offer a virtual service via robotic automation to respond to queries and requests from our employees. In 2018, the tool facilitated the clarification of the most common and simple issues, contributing to a 10% decrease in the number of queries regarding the health care plan and a 3.2% decrease in questions about the transportation voucher.

### RH + Digital

A self-service app that allows users to keep track of working hours, hour bank, overtime, holiday schedules, pay slips, timesheet, and the wage and tax statement. In addition, employees use the app to suggest changes such as absences, lateness, and pending timesheet entries. The manager grants the appropriate approvals and makes any annotations on his or her cell phone or desktop. The platform currently has about 80 thousand users.

### TV Assaí

Launched in 2018, it was one of the most significant internal communication projects undertaken by Assaí, because it has achieved the goal of informing, sharing and engaging more than 36 thousand employees in real time and in a dynamic fashion. It is an internal digital channel, humanized and present in more than 150 locations – whether stores, distribution centers or offices – where each screen displays a specific program schedule with local and corporate content. All the management is handled internally by the Internal Communication team, providing even more assertiveness in information.

### New Assaí Intranet

Keeping abreast of the digital transformation process in Assaí's internal communication, the channel was also implemented in 2018 and provides both information and services that support the employees in their daily activities: from the creation of the digital electronic signature through

to consolidated access to internal documents and systems, enhancing the security of our information. On this channel employees can also access videos and photos and other materials in line with our expansion strategy.

### Structuring of the internal dialogue strategy at Compre Bem

Compre Bem's Internal Communication was established to convey the same proximity that the business adopts as a pillar in the relationship with customers. The internal channels were developed with simple and accessible language, addressing strategic guidelines for understanding the context of the banner. Both the Mural Newspaper and the Intranet were launched at the same time as the inauguration of the first store. At each unit opening, the employees can keep track of the full coverage with video testimonials.



Visual communication at IT department





# DIGITAL TRANSFORMATION

Digitalization and new technologies have changed the way consumers shop and relate to brands. Our digital transformation strategy is geared towards the adaptation of the business model, making it more streamlined and connected to innovations. In the online platforms and in their integration with the brick-and-mortar stores, we materialize our purpose of always respecting customers' choices in order to be their first choice.

## ❖ A NEW LOOK AT THE MARKET

We are pioneers and leaders in Brazilian food e-commerce and invest continuously to offer customers the best shopping experience. Our omnichannel strategy, integrating brick-and-mortar stores with the online shopping platforms, showcases this objective. The partnerships with startups that we clinched in 2018 drive innovation and provide opportunities for us to pursue new business while diversifying revenue streams and ways of serving our customers. The development and evolution of applications bring our brands closer to consumers and boost customer loyalty, while also allowing the customization of offers and customer service. To accelerate this advancement, we have a Digital Transformation and Electronic Commerce Board, created in 2018, responsible for working on and disseminating the topic across the Company.

### MATERIAL TOPICS

-  Valuing customer experience
-  Consumer awareness



**Click here** to watch the video with GPA's chief digital transformation initiatives.

## SHOPPING EXPERIENCE

Our investments and advances in 2018 were aimed at strengthening and accelerating our omnichannel strategy, which improves the shopping experience, optimizes services, and establishes a new form of relationship with our customers. Examples of this are Click and Collect, in which purchases made via the Pão de Açúcar and Extra e-commerce channels can be collected at the brick-and-mortar store chosen by consumers with safety and comfort, and Delivery Express for delivery in up to four hours. These two formats have their own in-store logistics, which allows for fast delivery.



Extra Itaim store in São Paulo (SP)

50 STORES

in 12 states structured with the Click and Collect service



70 STORES

with Delivery Express operation

We are expecting to expand to 120 STORES in 2019

MORE THAN 300,000

Pão de Açúcar and Extra e-commerce orders in 2018



Equivalent to 30% of total sales



Exclusive checkout area in Pão de Açúcar store for customers who schedule payment using the Pão de Açúcar Mais app

## Loyalty in apps

In March 2018, customers who use the Pão de Açúcar Mais and Clube Extra apps witnessed the arrival of the “My Rewards” functionality, a loyalty program that distributes rewards which can be redeemed in our stores or through our network of partners by customers who have reached individual and personalized targets. Consumer adherence to the program has been remarkable – we distributed almost 2 million rewards in 2018, from March to December. In November, GPA innovated once again and formed a partnership with Livelu, in which customers of the program can use their points to choose products and services from the “My Rewards” catalog.

In November 2018, Pão de Açúcar Mais customers gained access to “My Preferences”, an app that stores information and individual preferences such as requests for the CPF (Individual Taxpayer ID) to appear on the receipt, and the habit of topping up cell phones at the checkout counter. Thus, with the app connected, this information is already displayed to the attendant beforehand, making the whole process faster and customized. “My Preferences” is also related to social programs, as the consumer can already indicate that they would like to round off all their cash purchases to the nearest cent for the partner institutions of the Arredondar (Rounding Up) Movement, present in some Pão de Açúcar stores [\(find out more in the GPA Institute report\)](#).

This functionality has been added to the “My Discount” program (personalized offers), which has already been launched and enhances brand loyalty. Customers who take advantage of the app’s offers already represent about one fourth of our total sales. With this relevance and the launch of these new features, we reshaped the entire user experience of consumers with the re-launch of the Pão de Açúcar Mais app in September 2018, during GPA’s 70th anniversary campaign.

One of the main benefits of the apps for our business is enhanced knowledge about the consumption and habits of our customers, allowing the configuration of offers and services that are more aligned and connected to their shopping appetites. We offer consumers a better, more individualized experience, as well as the option of integrating new technologies to the brick-and-mortar stores.

IN 2018



**MORE THAN 3.7 MILLION**

downloads, double the number recorded in the prior year, achieving the milestone of 8 million downloads\*  
*\*Net amount, excluding deinstallations.*

**MORE THAN 3.5 MILLION**

customers registered in the loyalty programs, totaling 18 million at the year-end

**110,000 CUSTOMERS**

signed up for “My Preferences”, of which 50% did not require a printed receipt, reducing paper consumption in our operations

**1.9 MILLION**

rewards were redeemed through the “My Rewards” program

**ABOUT 1 MILLION**

people used the Express Checkout feature at Pão de Açúcar stores, which enables customers to schedule a time to pay for their shopping



**MORE THAN 130**

suppliers interact with the apps

Customers who used the app spent

**PRACTICALLY DOUBLE**

the monthly amount spent by non-users on average



**100%**

of Pão de Açúcar, Extra and Assaí stores now offer free Wi-Fi



Brick-and-mortar store of Pão de Açúcar Adegas in São Paulo (SP)

### Pão de Açúcar Adegas

Digital transformation in our Company peaked in 2018, with the inauguration of Pão de Açúcar Adegas, integrating the omnichannel concept for one of the items in which we are the number one specialist in Brazil: wines. The initiative features exclusive e-commerce, an app and a brick-and-mortar store, located on Rua Augusta, a street in the city of São Paulo.

On the digital platform, Pão de Açúcar Adegas is prepared to deliver wines and other products anywhere in Brazil, including in towns and cities where the brand has no brick-and-mortar stores. The delivery

time varies according to the zip code, but can be up to four hours in certain areas of the city of São Paulo. Viva Vinhos, a select label subscription program, created two years ago, is integrated into the new platform.

The brick-and-mortar store, in turn, is a meeting point and an intoxicating experience, with an ambience that stimulates the senses. The store attendants were trained by Carlos Cabral, one of Brazil's greatest sommeliers. The store also has a calendar of periodic events and courses.

## AT PÃO DE AÇÚCAR ADEGA...

ALMOST 2,000 WINE LABELS

from 16 different countries, and other beverages such as premium beers and spirits



EXTENSIVE RANGE OF ACCESSORIES,

such as bottle openers/ corkscrews, decanters and glasses

INTERACTION

between the digital store and the shopping experience at the point of sale



Exhibition of Pão de Açúcar Adegas labels, divided by country

## NEW STORE CONCEPTS AND FORMATS

Together with the digital transformation of our business, we are still refining the physical points of sale with a focus on improving the shopping experience and the customer-brand relationship.

### Pão de Açúcar

The new concept of Pão de Açúcar stores, more modern and with a revitalized layout, called Generation 7, enhances the shopping experience and the supply of fresh, healthy and varied products. Customers arriving at the entrance to the store can already see the entire area of Fruit and Vegetables, perishables, organic products and services, such as the Café, Bakery, Deli, Frozen Confectionery, Meat and Fish counters. In each one of them, a team of trained attendants dedicate their time to assisting customers in their choices and to handling the production of the products on offer. Supported by the banner's history in well-being and sustainability actions, the Fresh section unifies the modules of healthy products (gluten-free, lactose-free and organic) and bulk products (which include, in addition to pulses, dried fruit and cereals, fresh coconut water and natural orange juice), thereby reducing unnecessary packaging.



*Employees of the Bakery and Fruit and Vegetable sections of the Pão de Açúcar Real Parque store in São Paulo (SP)*

Healthy eating spaces, such as the Salad Bar and the Sushi Counter, cater to a growing segment of the public who are in the habit of eating out and seek fresher and more natural options. The new concept is totally focused on the experience and reflects Pão de Açúcar's commitment to strengthening the emotional bond with its customers, acknowledging and integrating interactivity actions through digital initiatives, such as the "My Discount" program, the Express Checkout, and the Express Delivery model (learn more on page 42).



Assaí storefront

### Assaí

At Assaí, 18 new stores were opened in 2018 (16 organic stores and two Extra Hiper stores converted into the wholesale and retail format). The chain also advanced in digitalization and innovation, and now offers Wi-Fi in the shopping environment, automating shop floor operations and investing in the relationship with customers.

### Extra

In the Extra chain, we have started the migration of the supermarket stores to the Mercado Extra and Compre Bem models to meet the demand of more regionalized areas with a focus on day-to-day products and bakery, butcher and fruit and vegetable services, for example. Thirty-six of these new stores were opened in the year, with sales, ticket and volume growth.



“ I visit the store every day because I have a restaurant nearby and always need to buy something or other. After the store changed to Mercado Extra it became much better. The customer service is excellent at the checkout counter, in the Bakery and Deli Section and at the Butcher’s Counter, and the way the products are now displayed makes my daily shopping faster and easier. ”

Fernanda Rodrigues and her daughter, customers of the Mercado Extra store in Santana (São Paulo, SP)

## INNOVATION AND NEW BUSINESS

The strengthening of a digital culture and the transformation strategy provide opportunities for business, models and formats that are different from traditional retail. The Company's approach to innovation ecosystems and startups has enabled us to drive new customer service and sales formats.

### Partnership with Cheftime

In 2018, GPA sealed an innovative and unprecedented partnership with Cheftime, an innovative startup in the e-commerce of gastronomic kits endorsed by famous chefs. Foodtech startups, as new digital companies in the food industry are known, began to sell their products in brick-and-mortar retail outlets for the first time.

The kits were developed exclusively for Pão de Açúcar, and can also be purchased via e-commerce under the brand name "Cheftime by Pão de Açúcar".

One of the main upsides of this partnership is the inclusion of *Qualità*, *Taeq* and *Casino* Private-Label products in the kits, expanding the supply of healthy, high quality products.

The partnership started with the offer of the products in the virtual stores of Cheftime and Pão de Açúcar, in addition to the pilot project at the brick-and-mortar store on Rua Teodoro Sampaio street in the city of São Paulo. In 2019 we expect to expand the service throughout the state of São Paulo through the brick-and-mortar stores and the digital channels.

*Pão de Açúcar customer in special Cheftime kits section of the Real Parque store, in São Paulo (SP)*

*James Delivery Shopper*



More than 50% of the fleet used by James Delivery is composed of bicycles

### Acquisition of James Delivery

To increase the number of services offered and to improve the streamlining of our customer service, we invested in the acquisition of the James Delivery startup, a multiservice platform for the sale and express delivery of any type of product. GPA is the only retail food chain present in the app, but consumers can choose to place orders with other businesses (drugstores, restaurants, convenience stores, etc.) whose contracts will be maintained.





Employees at GPA Lab

## GPA Lab

At our headquarters in the city of São Paulo there is an area measuring 100 m<sup>2</sup> entirely dedicated to the culture of innovation and strengthening of digital transformation, known as the GPA Lab. The site features three modern environments prepared for meetings, workshops, training sessions and other types of events with employees and with external stakeholders. The objective of the GPA Lab is to encourage collaboration between people and the creation of new solutions that drive the transformative role of our business. In 2018, more than 70 activities were organized in the lab, involving more than 3,500 employees.

In 2019 we will have our own space in Cubo, the largest technological entrepreneurship hub in Latin America, with an innovation team dedicated to identifying and modeling high-impact solutions, together with the accelerated startups, focused on the digital transformation of the food retail industry.



[Click here](#) to access the profile of the GPA Lab on Instagram.



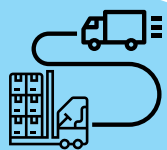
Initiatives such as the GPA Lab and participation in Liga Retail bring us closer to **innovation ecosystems and startups**

## Connection with startups

As part of our endeavors to bring us closer to the innovation ecosystem, exchange experiences and explore opportunities, in 2018 we participated in Liga Retail, a startup connection program focused on the retail industry. The initiative is sponsored by the startup accelerator Liga Ventures, and enables innovations focused on topics such as price comparison apps/sites, improvement of the shopping experience, logistics and use of new technologies, the Internet of things, and Big Data applications in the relationship with customers. In the 2018 edition, we selected four startups to develop proofs of concept in partnership with GPA out of the 350 registered in the program. The solutions that were tested included facial recognition technology, motion sensors and heat maps in stores, solutions for e-commerce and new marketing models. In 2019, Liga Retail will take place through a partnership between Liga Ventures, GPA and Leroy Merlin, with the possibility of four new proofs of concept to be carried out with the selected startups.

**LIGA  
RETAIL**  
Powered by Liga Ventures





## OPERATION AND EFFICIENCY

We work with a complex logistics operation to offer our customers the best products on a daily basis. To this end we rely on qualified and engaged teams and a broad network of suppliers committed to delivering value and minimizing environmental impacts. This entire operation, which takes place before the products reach the stores and before consumers come into direct contact with our brands, is essential to both guarantee the best products on our shelves and to allow social and environmental responsibility to spread exponentially throughout our chain.

### INVESTMENTS IN LOGISTICS

The transportation of our products to more than 1 thousand stores in 18 states and the Federal District is a complex operation that requires extensive planning. Besides representing a significant cost in operations, logistics activities are also critical to avoid stock-outs and because they are associated with a significant environmental impact caused by fuel consumption and greenhouse gas emissions.

Throughout 2018, we made progress in the management of this area through a set of initiatives that boosted our productivity, helped us stand out from competitors in the offer of value to the customers of our banners, and minimized the environmental impacts related to the transportation of products. The objective is to ensure an adequate mix in our logistic model, combining the centralization of slow-moving products with a more multi-ramified system for fast-moving inventory, minimizing risks and ensuring better streamlining in the supply.

#### MATERIAL TOPICS



Product quality, safety and traceability



Supply chain management and transparency



Electricity management



Waste management and reverse logistics



Water resource management



Climate change and emissions

## Intermodal transportation

The diversification of modes of transport, with the adoption of rail or sea freight, is one of the GPA's logistics fronts. In 2018, an aspect of this approach that merits particular interest was the restocking of the stores and the delivery of Black Friday products to the Northeast of Brazil. We shipped part of the items by freight train and using the cabotage, or coastal navigation, system, where vessels transit between national ports in shallow waters, always in sight of dry land.



Rail transportation of our products



GPA Distribution Center

## Distribution Centers

More than 40% of our distribution centers are already adapted to the Lean methodology, which promotes quality, time and cost gains by eliminating waste. We segmented product categories and areas by color, readapted physical facilities, created a better internal inventory movement flow, carried out a procedural review, and optimized visual management. In addition, we had an incident that proved our ability to react. On December 27, 2017, a fire broke out at one of our distribution centers. We managed to restructure operations and in 24 hours after the incident were already receiving products in a new space. Within 30 days, in the first month of 2018, operation was back to normal at the new unit.

As a result of coastal navigation:

the itinerary was shortened by

**1.3 MILLION KILOMETERS**



**32 LAPS**  
around the world



**732,000 TCO<sub>2</sub>E**  
were avoided



GPA Distribution Center

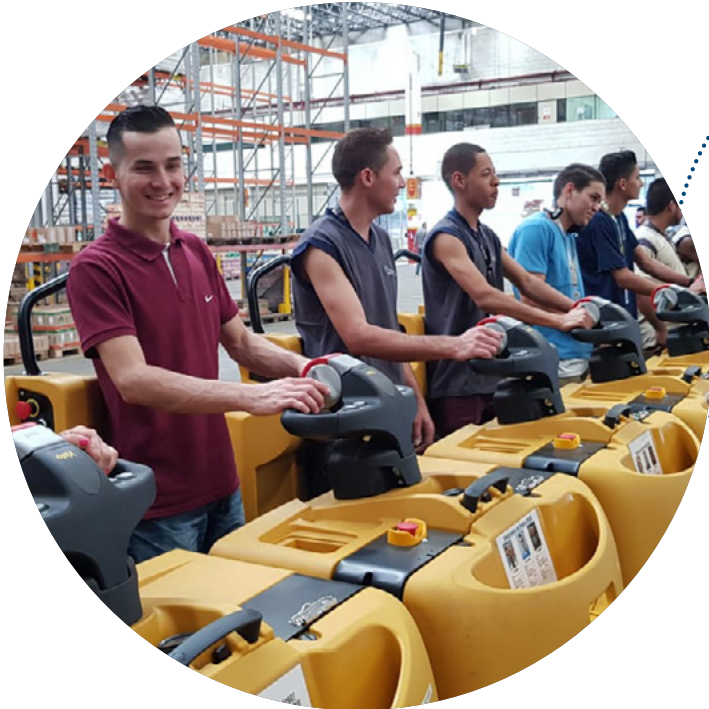


**11% OF PRODUCTIVITY GAIN**

after the adoption of Lean methodology  
(measured by the movement of boxes per hour worked)

**OPENING OF 2 ASSAÍ DCs**

in the cities of Cajamar (SP) and Buritis (GO)



The purchase of **159 dual fork order pickers** contributed to productivity in the separation activities, as these models can be used to separate two pallets at the same time, reducing distances covered and allowing better pallet assembly for the stores.

**10% gain in separation productivity**

**20% reduction in maintenance cost versus old machines**

In 2018, we went from five to **seven double deck trucks** in our fleet. These trucks can be loaded with **50% more cargo** because they have two internal floor heights. They also **minimize greenhouse gas emissions** during transport and are **safer** for the cargo as they cause less juddering.



## FRESH PRODUCTS EVERY DAY

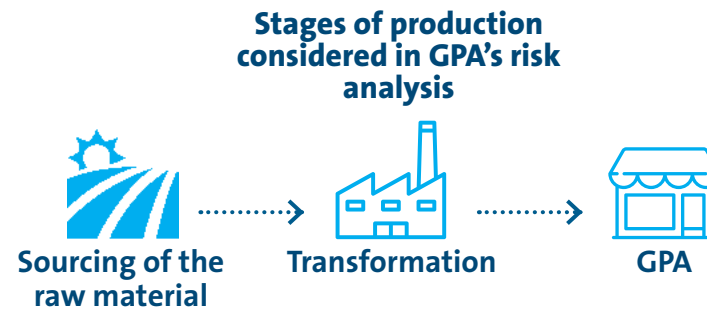
One of the commercial strategies adopted by Multivarejo, bolstered by the revitalization of the store formats (learn more on page 45), is the offer of perishable products, such as fruit and vegetables, which enhances our competitiveness, particularly in the regional and specialized markets. To support this approach, we organized a pilot project at our distribution centers and created a pre-ripening area where fruit and vegetables are kept refrigerated under optimal conditions to reach the ideal stage of ripeness for consumption upon arrival at the stores. In this way we guarantee the constant delivery of fresh products, increasing customer loyalty and minimizing losses. Another action aimed at the same objective was the partial opening of the distribution centers to receive fruit and vegetables on Sundays, facilitating the restocking of the stores on Mondays. It should be noted that vegetables are delivered directly to the stores of all the banners by local suppliers, guaranteeing fresh products every day.

## TRANSFORMATION IN THE VALUE CHAIN

As an essential part of our business, our relationship with suppliers is based on ethical standards of conduct that encompass social, environmental and economic aspects, present in our **Charter of Ethics to Suppliers**. This document contains 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 2018, in line with our purpose of making our chains more responsible in relation to the environment, people and animal welfare, we undertook a comprehensive process of mapping and prioritizing risks in the production chains associated with products sold in our stores, in order to establish a medium-term action plan for a proactive approach to these risks.

This process identified 15 production chains associated with 57 product categories based on the four top-priority risks defined in 2017. The analysis and prioritization of this survey considered aspects such as percentage of total sales affected, the existence and relevance of Private-Labels in each group, and the percentage of raw material present in the end product. As a result, we found 35 critical categories for which we developed planning for the period from 2018 to 2021.



### Socio-environmental risks

#### Work conditions

- Risk of child labor
- Risk of forced labor or degrading work conditions
- Incidence of labor-intensive activities (with little mechanization)

#### Animal welfare

- Failure to meet the five freedoms
- Risk of mutilation
- Risk of inadequate slaughter and/or transportation procedures
- Risk of improper use of antibiotics/ drug products

#### Responsible use of biodiversity

- Risk of resource depletion/extinction
- Risk of pollution generated by production
- Risk of illegal sourcing/ extraction

#### Fight against deforestation

- Risk of illegal logging
- Degree of impact in protected areas or areas with high biodiversity value

## Working conditions

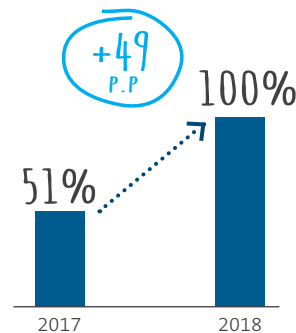
Committed to guaranteeing decent working conditions in our production chain, we conduct frequent audits at our suppliers to ascertain whether they are complying with the applicable laws and standards on combating forced or compulsory labor. We have been a signatory of the Pact for the Eradication of Slave Labor since 2005, and in 2011, we started a Social Audit Program, using the certification of the Associação Brasileira do Varejo Têxtil (ABVTEX) [Brazilian Textile Retail Association] for textiles, footwear and accessories. All of our suppliers and subcontractors are currently certified by ABVTEX. In addition, we have a seat on the Association's Executive Board and participate actively in the discussions of the Working Group of Suppliers, which monitors and introduces improvements in the Audit Program.

In 2015, we expanded the Program to the manufacturing facilities of suppliers of Private-Labels and generic brands products from critical countries according to the **Initiative for Compliance and Sustainability (ICS)** methodology. This methodology verifies compliance with international standards of working conditions and local labor requirements of the suppliers' manufacturing facilities. Similarly, we have been conducting an internal process of verification and updating of the base of active suppliers since 2017, with the publication of the Slave Labor Blacklist and embargoes imposed by IBAMA (Brazilian Institute of the Environment and Renewable Natural Resources). If an irregularity is discovered, the business partner is suspended immediately.



*Our textiles are sourced from suppliers certified by ABVTEX*

## SOCIAL AUDITS AT SUPPLIERS FROM CRITICAL COUNTRIES (PRIVATE-LABELS AND GENERIC BRANDS)\*



*\*One manufacturing facility had the process finalized in January 2019.*

## TOPICS AUDITED

1. Minimum age, child labor and young workers
2. Forced labor and/or labor corresponding to slavery
3. Discrimination
4. Disciplinary practices, harassment and abuse
5. Freedom of association and complaint mechanisms
6. Working hours and overtime
7. Remuneration and benefits
8. Health and safety

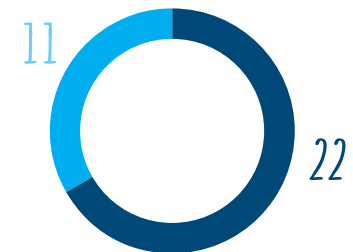
## Deforestation

Meat is sourced mainly from producers in the Amazon region, a biome impacted by deforestation. Responsible for the quality and guaranteed origin of the meat we offer to our consumers, in 2016 we implemented a system to trace the origin of the cattle (direct farms) in order to verify whether the product comes from a farm that is on the list of areas embargoed by IBAMA and/or on the Slave Labor Blacklist. Since the system was implemented, seven farmers indicated on the Blacklist have been boycotted and can no longer trade with the Group. In 2018, 81.3% of our suppliers are entering their data in the traceability system. To enable us to reach, by the end of 2018, 100% of the volume of meat we sell in all of our stores with monitored sources, the slaughterhouses with which GPA has a contract must implement a geomonitoring system to control their supply chain.

*The Rubia Gallega Line has the advantage of traceability throughout the chain*



## TOTAL NUMBER OF GPA'S BEEF SUPPLIERS

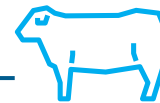


- Suppliers that purchase cattle directly
- Suppliers that purchase cattle indirectly



98.7%  
OF THE VOLUME  
OF MEAT

we sell at our stores  
comes from monitored  
sources



21,099  
FARMS ACTIVE  
in 2018

## Animal welfare

In 2018, we created a strategy to increase the supply and consumption of cage-free chicken eggs, in line with our commitment, in place since 2016, to expand the supply of these types of eggs. We chose to disseminate information to make our customers aware of the different types of eggs that take animal welfare into account in their production (organic, free-range and cage-free). We also work with our supply chain not only to ensure the supply of these types of eggs in our stores, but also to support suppliers in the transition to cage-free breeding. We are also contributing to the construction of public policies, working at sectoral level with the legislative and regulatory spheres for this productive process to have a defined standard in Brazil in the future.



## GPA'S POSITION ON ANIMAL WELFARE

COMMUNICATION  
and conscious consumption

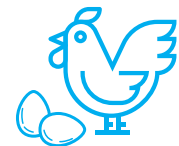
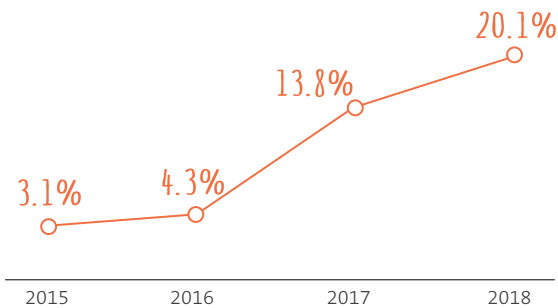
GUARANTEED  
supply and traceability

SOCIAL INVESTMENT  
and engagement of the chain

ADVOCACY AND  
LEGISLATION



## SALE OF CHICKEN EGGS WITH A COMMITMENT TO ANIMAL WELFARE (PRIVATE-LABELS)



BY 2025

we are committed to sourcing

100%

of our Private-Label eggs from

**CAGE-FREE CHICKENS.**



**Click here** to view the complete document.

## Responsible use of biodiversity

Since we want to encourage better management of our fishery resources, we have adopted some practices and processes in the management of our chain, which are being implemented at all of the Group's units. These include:

- **NON-COMMERCIALIZATION**

of potentially endangered species, such as grouper and whiting, even with the permission of the legislation\*

- **NON-COMMERCIALIZATION OF FISH**

during the closed season (spawning season and periods of greater growth) and below the minimum retention size determined by IBAMA, the Ministry of the Environment, and other state and municipal resolutions and ordinances for maintenance and balance of species growth

- **COMPLIANCE WITH THE LEGISLATION**, requiring all our suppliers to have the certificate of origin of their fish (General Fisheries Register – RGP in the Portuguese acronym) and to comply with the legislation of the supervisory bodies (IBAMA, MAPA [Ministry of Agriculture, Livestock and Food Supply], MMA [Ministry of the Environment])

*\*Interministerial Ordinance no. 59-C, dated November 9, 2018.*

In 2018, we launched a project for the diversification of fish species sold in our stores, encouraging the consumption of lesser known species and thereby reducing the concentrated impact on just a few of them (learn more on page 59).



Fish section of an Extra store in São Paulo (SP)

## Summary of goals



### STATUS

#### 2018 Goals

Meet the goal of 25% of sales of cage-free chicken eggs (Private-Labels)

Conduct social audits at 100% of foreign suppliers from critical countries, 100% of textile suppliers (Private-Labels and generic brands) and at 25% of the active Private-Labels manufacturing facilities

Ensure traceability of incoming meat at 100% of suppliers (SafeTrace)

Record 92.7% of the volume of meat acquired with geomonitoring

#### Comments

The percentage of sales was 20.1% in the year, up 11 percentage points over January 2017

We audited 100% of foreign suppliers of Private-Labels and generic brands from critical countries\*, 100% of textile suppliers and 13% of Private-Labels manufacturing facilities

The traceability model covered 81.3% of meat suppliers

In 2018, 98.7% of the meat purchased by GPA comes from geomonitored farms

*\*One manufacturing facility had the process finalized in January 2019.*

#### Status





## CONSCIOUS CONSUMPTION AND SUPPLY

In 2018, we resumed GPA's role of advocate for the increasingly conscious consumption and supply of products. To this end, we drew up specific strategies for each of the banners, Pão de Açúcar, Extra and Assaí, adapting the communication and action plans to the different types of market positioning, besides creating an internal structure to preserve these products.

### Technology and innovation in packaging

In the Deli (cold cuts) section of our Pão de Açúcar stores, we replaced polystyrene food trays with duofresh packaging, which is made of Kraft paper and polyethylene. Correct separation of materials (separation of the paper film from the plastic) and consignment for recycling allow a significant reduction in the environmental impact and a higher recyclability rate than the previous packaging made of polystyrene. The paper used is FSC certified, that is, it comes from areas with responsible forest management.



Duofresh packaging in Deli section of Pão de Açúcar

### Proper waste disposal

We want to offer our customers initiatives that facilitate more sustainable habits and attitudes. One of them is the receipt of several types of waste at our stores: cells, drug products, coffee capsules, light bulbs and recyclable materials. In 2018, we installed 12 bulb recycling points in Assaí stores, representing 56 kilos of waste collected. In addition, Assaí received seven new Voluntary Delivery Points, where 923.13 tons of waste were received. We also collected 8.38 tons of batteries and cells in the wholesale chain over the course of the year.

In partnership with Braskem and Embalixo, we started supporting a project involving the production of **new garbage bags** using plastic materials **discarded** by our customers at the **Pão de Açúcar Unilever Recycling Stations**



# ACTIONS OF OUR CLIENTS WASTE DISPOSAL\*

\*Data relating to the period from October 2017 to September 2018, according to the Casino methodology.



## 2001

Pão de Açúcar Unilever Recycling Stations, present in 94 stores with 35 partner waste picker cooperatives.

## 2009

Novo de Novo [New Again], new packaging of Private-Label products with part of the materials disposed of at the Pão de Açúcar Unilever Recycling Stations.

Volume collected in 2018: **5,578** tons



## 2016

Recycling of coffee capsules, present in 19 Pão de Açúcar stores.

Volume collected in 2018: **16.93** tons

## 2012

Disposal of batteries and cells, present in all the Pão de Açúcar and Extra stores. Start of Recycling Stations at Assaí.

Volume of batteries and cells collected in 2018: **14.29** tons

## 2011

Correct drug product disposal, present in all the drugstores in the city of São Paulo, in partnership with Eurofarma. The collection of batteries and cells at Assaí began in the same year.



Volume of drug products collected in **2,831** tons



## 2017

Installation of light bulb collectors, currently available in 48 Extra stores.

Volume collected in 2018: **6.53** tons

**44,315** bulbs



## 2018

Assaí started the collection of light bulbs with 12 in-store points.

Volume collected in 2018: **56** kilos



## Diversidade de Pescados [Fish Species Diversity] Project

We invest in communication with our customers and in raising their awareness to diversify the demand for different species at the Pão de Açúcar fish counters. For this purpose, we have improved the guidance provided to attendants working in this sector with regards to price, nutritional aspects, flavor and other characteristics of less popular fish, such as the amberjack, horse mackerel, black jack, Spanish mackerel and common seabream. We also

launched the “Especial Pescados (Fish Special)” magazine, distributed free of charge to consumers and containing sundry information on the origin and quality of different fish together with tips for consumption – in addition to our entire receipt and verification process. This action has helped make fish product purchases and customer service more dynamic, and has encouraged a change in consumption according to the seasonal calendar of the sector, which is subject to legal restrictions that prevent fishing during the spawning period of a particular species.



“The relationship with customers is one of immense trust. This project, in which we encourage the consumption of different fish species that are not traditionally best sellers but are of the highest quality, was a great idea. We received training and can now recommend interesting options for every season and occasion to our customers. Then that customer comes back the next week or the next month to tell us about their experience and to ask us to recommend another product. And the sign with information about each fish helps, because customers get curious and ask us which one they should choose.”

**Fabiano Reis da Silva,**  
employee of the Pão de Açúcar  
Real Parque store (São Paulo, SP)

## Summary of goals

### STATUS

#### 2018 Goals

#### Comments

Increase the volume of recyclable materials received at the Pão de Açúcar Unilever Recycling Stations, reaching 4.6 tons, on average, per Station



We achieved 5.04 tons of recyclable waste discarded at each Station

Expand the Recycling Stations project to another seven Assaí stores



We met this goal, adding another seven Stations in 2018

Status



ACHIEVED



PARTIALLY ACHIEVED



NOT ACHIEVED

## ENVIRONMENTAL IMPACT MANAGEMENT

Our sustainability strategy directs the search for the continuous minimization of environmental impacts caused by our operations, adopting best practices and innovations to optimize our performance in business-critical aspects. We focus on the appropriate use of natural resources, waste management, reduction of greenhouse gas emissions, protection of ecosystems and compliance with current standards and policies.

### Fight against food waste

We have the “Partnership against food waste” program, which was launched over twenty years ago and involves the donation of products that, although not esthetically suitable for sale to social institutions, can be safely consumed. In 2018, 240 stores of all our banners donated 3,341 tons of food to social institutions partnered with the GPA Institute.

Since October 2017, we have been working in partnership with the startup Connecting Food to monitor indicators of donations of fruit, legumes and vegetables in our stores. The data are collected via an app by the partner NGOs, which are trained to operate the platform. The objective is to achieve more precision and control over what is donated, the quantity/volume, and the recipient social institutions. In December 2018, 14 stores and institutions were active in this system, with plans for expansion to more than 100 in 2019.

Two other initiatives merit special emphasis in 2018. One is the Showcase of Products Close to Expiry, which offers items nearing the end of their shelf life, and avoided the disposal of 46.5 million units in the year. The other is the increase in the amount of organic waste disposed of through the composting process, which rose from 674 tons to 3,374 tons in the annual comparison.

### Waste management

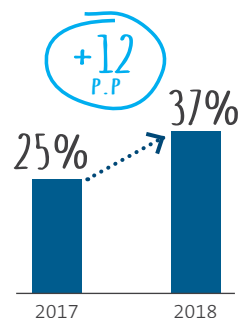
The complexity of retail and wholesale trade prompts us to constantly seek ways of minimizing and preventing the environmental impacts of our operations. In 2018, we tested a new waste management model in order to allocate the materials of our stores in an adequate manner.

The pilot project was initially implemented in 12 stores, covering employee training and the contracting of partners for the correct collection and disposal of these materials. As a result of this initiative, we increased the amount of valorized waste from 25% to 37% in 2018. In 2019, we are analyzing new models to further improve this indicator.

In-store collection of food for donation

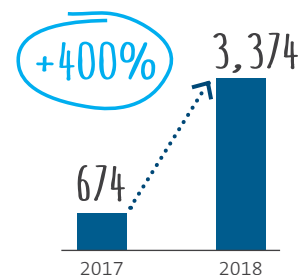


### WASTE VALORIZATION RATE\*

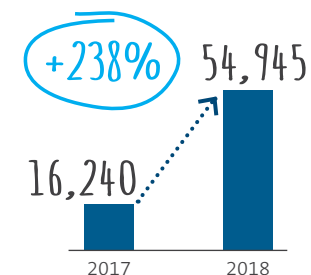


\*In the pilot project (12 stores).

### ORGANIC WASTE SENT FOR COMPOSTING (TONS)



### WASTE SENT FOR RECYCLING (TONS)



## Energy consumption

We are progressively migrating our stores to the free energy market, where it is possible to purchase energy with guaranteed traceability of its renewable source. In 2018, 204 Multivarejo units were already operating in this segment, representing 62% of the total energy consumed in the business units.

We inaugurated an Assaí store with sustainable concept in Jacarepaguá, Rio de Janeiro, in 2018. The store is equipped with 3 thousand photovoltaic solar panels, which occupy an area of 6 thousand m<sup>2</sup> with electrical power of 995 kWp. The self-generated energy in Assaí's store with sustainable initiatives is sufficient to supply 707 households for a year, and has minimized the store's greenhouse gas emissions, reducing the amount of energy purchased from the local distributor by 50%. There are now eight units of the Assaí chain with solar power plants.

Solar plant at Assaí store

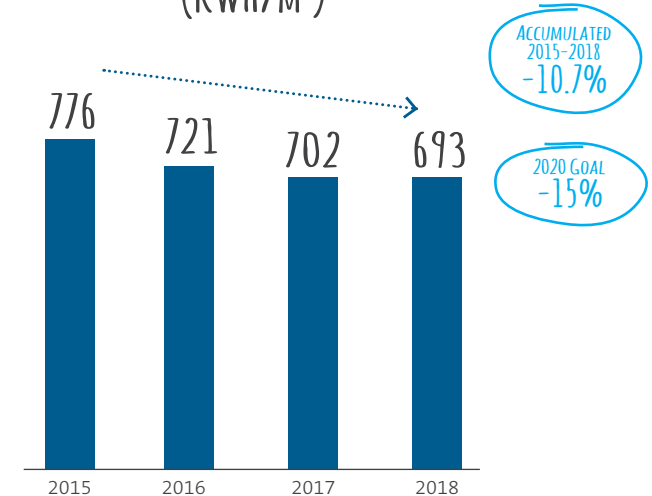


We have continued with the energy efficiency projects, an initiative of the maintenance team with Green Yellow (a company specializing in energy management) in other units. Activities include investments in the replacement of display counters for refrigerated products and in the reduction of the operation of compressors and of energy consumption, with a team continually dedicated to detecting and correcting leaks.



Energy efficiency in the chilled/frozen product section of the stores

## ENERGY CONSUMPTION (KWH/M<sup>2</sup>)



Closing of refrigerated counters generating energy efficiency gains

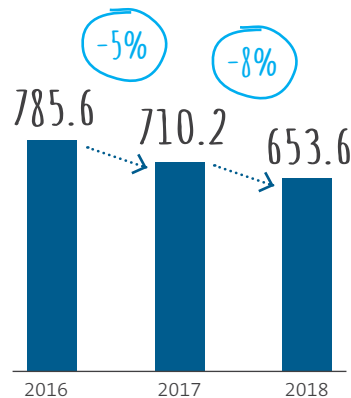


### Management of greenhouse gas emissions

We have been developing our greenhouse gas (GHG) inventory for all the GPA banners since 2010, according to the specifications of the Brazilian GHG Protocol Program. Consequently, we have managed to set goals and identify aspects in need of improvement. We also answer to the Carbon Disclosure Project (CDP), one of the key initiatives of the financial sector to mitigate the effect of climate change, and are part of the B3 (Brazil, Stock Exchange and Over-the-Counter Market) Carbon Efficient Index (ICO2).

Investments in logistics, especially with the use of other modes of conveyance such as rail and maritime (see more on page 50), have helped reduce emissions associated with product transportation. In 2018, our GHG emissions totaled 653.6 thousand tons of CO<sub>2</sub>e, down 8% in comparison to the prior year.

### GREENHOUSE GAS EMISSIONS (THOUSAND TCO<sub>2</sub>E)



## Summary of goals

### STATUS

#### 2018 Goals

#### Comments

Reduce plastic bags distributed in Multivarejo by 28%



We reduced the bags distributed by 11.7%

Achieve a 40% increase in the appreciation of waste prices in a shop-floor pilot project



The appreciation of waste prices with this initiative was de 37.3%

Cut greenhouse gas (GHG) emissions by 2% in comparison to 2017



We cut our GHG emissions by 8% during the period

Cover 420 stores in initiatives for the donation of fruit, legumes and vegetables



240 GPA stores currently have actions in place for the donation of these items

#### Status





## ENGAGEMENT WITH SOCIETY

We want to boost social, economic and cultural development. We do this through the GPA Institute with institutional actions, and together with our banners, guided by the social vocation of our brands. The initiatives undertaken encompass topics such as healthy food, vocational training and support for entrepreneurship, as well as mobilization projects and the promotion of music and education. We are committed to our local communities and engage our entire network of customers, employees, neighboring social institutions and suppliers in this mission.

## ❖ SOCIAL VOCATION

The **GPA Institute** wants to bring about transformations in society, strengthening the social vocation of our brands and forming increasingly close and principled relationships among society, partners, customers, employees, associated institutions and businesses of GPA. Our performance, which guides the actions implemented in each location, also considers two pillars that support our cause: lifelong learning and food as the basis of everything. The ties we form with one another and with ourselves, strengthened in these pillars and in the relationships they establish, are essential for us to understand our role in society, our individual journey, and our power to transform in the midst of all this.

## PURPOSE

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

### MATERIAL TOPIC



Relationship with the local community

# Our pillars

## OFFER OPPORTUNITIES FOR PEOPLE TO DISCOVER THEIR VOCATION AND GET A JOB



Cultivate the production chain of healthy and sustainable food.



Provide training for young people in vulnerable situations to join the job market.



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

### INSTITUTIONAL PROJECTS

Contribute to the awakening of musical vocation and the academic education of young people from low-income backgrounds.

## FOSTER SOCIAL MOBILIZATION ACTIONS



Build up the relationship between employees, customers, suppliers and social organizations to work together as agents of transformation.

Conexus Challenge meeting



Winners of the Academia Assaí Bons Negócios Award







Pão de Açúcar

## PRODUCTION CHAIN OF HEALTHY AND SUSTAINABLE FOOD

We support the development of inclusive, healthy food-oriented production models, making it easier for farmers to access markets and training stakeholders in organic farming techniques. On this front, Pão de Açúcar is the banner allied to the GPA Institute for the promotion of initiatives, with the implementation of two projects in 2018.

### Horta Social Urbana [Urban Communal Vegetable Garden]

Pão de Açúcar is one of the supporters of the initiative organized by the NGO Arcah, whose purpose is to promote the social reintegration of homeless people through technical training in urban agriculture for the production of organic food in unoccupied areas in the city of São Paulo, helping to watch over these urban spaces and expanding the supply of pesticide-free foods.

Horta Social Urbana graduation



### Conexusus Challenge

Launched in May 2018 in partnership with Conexusus (Instituto Conexões Sustentáveis – Sustainable Connections Institute), its purpose was to map out, diagnose bottlenecks, and select organizations that operate in value production chains and that have the potential to grow in scale. More than 1 thousand organizations were mapped in a joint effort with around 40 partners, of which 70 were selected to participate in a development cycle that included 13 regional workshops throughout Brazil to hear experiences and demands, and to identify the main challenges and indicators of solutions. The Challenge featured the participation of 264 representatives of community organizations and 66 partners and supporters. In the next phase, in 2019, 21 businesses will continue to make up this cycle, which will have face-to-face meetings for training, mentoring and individual management advice for the joint construction of business modeling, finance and marketing laboratories and solutions.

MORE THAN 1 THOUSAND

organizations were mapped



Click here for more information about the Conexusus Challenge.

“

Coopalm was created in 2004 and today we have assembled 600 farmers with 1.5 thousand hectares of planted trees used to harvest heart of palm, which we process in our industry with FSSC 2200 (food safety) certification. We have been struggling to overcome adversity in our cooperative for some years now, and alignment with the Conexusus Challenge pushes us further still in this direction. We have the support of the state government of Bahia, which wants to invest in the region, and of local partners to help gain access to financial resources. Moreover, this initiative, with the support of the GPA Institute, strengthens a whole network that is by our side facing the challenges of the business. We expect this joint effort to enable us to achieve a new level of dialogue and negotiation with our customers, which is more sustainable and involves respect and equality.

”



Gildení Jesus dos Santos, President of Coopalm (Cooperativa dos Produtores de Palmito do Baixo Sul da Bahia) [Cooperative of Heart of Palm Farmers from the Far South of Bahia]



## VOCATIONAL TRAINING

We want to help young people discover their vocation in order to enter the job market, especially those in a situation of social vulnerability. To this end Extra, through the GPA Institute, supports professional qualification and technical training programs in food-related areas.

### Mãos na Massa [Hands on]

Geared towards the local communities of Extra stores, it offers short 40-hour courses in bakery and confectionery, with social institutions also active in the region. The goal is to empower young people from these locations, awakening their vocation for these careers and thereby facilitating the entry into the job market. The course also involves a practical experience in the Extra store.

40 YOUNG PEOPLE

between the ages of 18 and 25 trained by

**MÃOS NA MASSA**  
IN 2018

in partnership with Richs and Liga Solidária



Participants of Mãos na Massa

### NATA

The Núcleo Avançado em Tecnologia de Alimentos (NATA) [Advanced Food Technology Center] provides, in partnership with the Secretariats of Education and of Agriculture and Livestock of the State of Rio de Janeiro, professional technical education for public high school students from São Gonçalo (RJ) as an extra-curricular activity. The courses offered are Bakery & Confectionery and Milk & Derivatives, with a duration of three years. The project involves experiences in the banner's stores for the application of knowledge in practice.

### Sementes [Seeds] Project

Consists in technical training in bread-making, confectionery and customer service, in partnership with Ser Especial, in São Paulo and in Rio de Janeiro, for people with disabilities. As part of their training, the students participate in a two-month internship in the banner's stores.

About  
**100 STUDENTS**  
trained annually in  
**NATA** courses



Students of Sementes in practical class

IN 2018,  
**SEMENTES TRAINED:**

**24 STUDENTS**

in bread-making and confectionery

**21 PARTICIPANTS**

in customer service



## SUPPORT FOR ENTREPRENEURSHIP

Assaí's social vocation is to foster the development of local entrepreneurs in the food chain, particularly in vulnerable areas. In this context, the main project underway is the Academia Assaí Bons Negócios [Assaí Good Business Academy], which, in partnership with Aliança Empreendedora, has offered, since 2017, several free classroom and online courses in this area. We also launched the Academia Assaí Bons Negócios Award, which picked out 15 success stories and awarded them a cash prize and training, besides facilitating the exchange of experiences and stories among the participants.



Participants of Academia Assaí Bons Negócios



Mentoring meeting with entrepreneurs

IN 2018,  
THE ACADEMIA ASSAÍ  
BONS NEGÓCIOS RECORDED:

690 THOUSAND

visits to the digital platform of the  
Academia Assaí Bons Negócios

5 CLASSROOM

training groups

1,680 ENTREPRENEURS

trained in the two course formats



## MOBILIZING ACTIONS

We engage our employees, customers, social institutions and suppliers in voluntary and solidarity actions. With an annual calendar of actions (listed in the table), we disseminate the commitment to social transformation and the leading role of each person in this journey. In 2018, we launched Colabora GPA [GPA Collaborate], a program that enables employees to engage in volunteering experiences, in partnership with public entities and private non-profit organizations (NGOs), for a collective outcome. Through an app, employees can choose the volunteering activity they identify with most, and also register actions and institutions. After a pilot project in November in the corporate areas and at some regional offices in the cities of São Paulo, Rio de Janeiro and Fortaleza, with 25 initiatives registered and 200 active employees, the tool was expanded to all of GPA's operations, and an internal communication campaign was launched in December 2018, with more than 500 active employees using the app by the year-end.

Donations of Solidarity Easter



## SOLIDARITY AGENDA

### SOLIDARITY EASTER

29 tons of Easter eggs and chocolates were donated, benefiting more than 100 thousand people indirectly.

### WARM CLOTHING CAMPAIGN

Almost 40 tons of outdoor and winter clothing helped keep more than 29 thousand people warm in 2018.

### SOLIDARITY DAY

More than 100 institutions benefited from the donation of foods that make up the basic basket by our customers, totaling 1,100 tons donated as a result of the engagement of all the GPA stores.

“Colabora is a very good solution for us to share each person's dedication to practicing solidarity towards others. An interesting fact is that this technology platform has facilitated communication and drawn attention to specific actions in which we can help others without the need for heavy investments or grandiose social responsibility events. Actually, it is the sense of personal responsibility that counts, as in when and how each person can dedicate their time to volunteering actions, in view of the multiplicity and diversity of existing initiatives.”

Weidja Rocha, Pão de Açúcar Regional Operations Manager for the Northeast



[Click here](#) for more information about Colabora.

## INSTITUTIONAL PROJECTS

We encourage the development of musical talent and facilitate student access to private higher education institutions through the projects of the GPA Institute. On this front, one of the highlights is the Music and Orchestra Program, which involved 399 students from São Paulo and Santos, 82 of whom were members of the GPA Institute Orchestra. Another important initiative is the Prosperar [Prosper] Program, which subsidizes the participation of young people from a low-income background in a preparatory course for entry into the Escola de Administração da Fundação Getulio Vargas (FGV-EAESP, a Business Management College), and provides grants for those who are approved. About 30 young people participated in the FGV Cursinho (Preparatory Course) and another 45 received grants at the college. In 2018, seven participants graduated from the two Management courses, all now employed by companies, consulting firms and NGOs.

“My participation in the Prosperar program was a wonderful experience, a unique opportunity that changed my life. The help provided by the staff of the GPA Institute and other students in the program was vital in the most important stage of my life. I have many dreams and a desire to work and help people, and as I now have an excellent academic background I feel stronger and more prepared for the job market and the challenges of adulthood, with the means to build a successful career, help others, and contribute to a better society.”

*Flávia Carvalho, participant of the first class of Prosperar, who graduated in 2018 and now works as an investment advisor at XP Investimentos*

### Summary of goals

### STATUS

#### 2018 Goals

#### Comments

- To reach 700 thousand page views and 21 thousand registrations on the digital platform of Academia Assaí Bons Negócios, and to certify 1,500 entrepreneurs
- To engage 500 volunteers in the Colabora program
- To increase the proceeds of the Solidarity Agenda by 5%



We recorded 692,795 page views and 21,427 registrations, and certified 1,741 entrepreneurs last year

We mobilized 519 volunteers in the initiative\*  
\*Up to 12/18/2018.

We increased the proceeds by 20% in 2018

#### Status

- ACHIEVED
- PARTIALLY ACHIEVED
- NOT ACHIEVED

**131 MUSICIANS TRAINED**  
in 2018

**55 CONCERTS**  
held by the GPA Institute Orchestra in the year

[Click here](#) to view the 2018 Annual Report of the GPA Institute.



GPA Institute Orchestra

# ATTACHMENTS

## ➤ VOLUNTARY COMMITMENTS



### 10 Company Commitments to LGBTI+ Rights

Reinforcing our respect for and equal treatment of all people regardless of sexual orientation, sexual identity or gender, in 2017 we signed the commitments drawn up by the Companies and LGBTI+ Rights Forum.



### Business Coalition for Racial and Gender Equality

In 2017 we joined the initiative of the Center for Studies on Work Relations and Inequalities (CEERT) of the Ethos Institute and of the Institute for Human Rights and Business (IHRB). The initiative aims at coordination, the exchange of experiences and the encouragement of the implementation of business policies and practices in the field of diversity, with a focus on gender and racial equality.



Rede Brasil

### Global Compact

Since 2001, we have been formally committed to the principles relating to human rights, labor practices, environmental responsibility and anti-corruption advocated by the UN Global Compact.



### Pact for the Eradication of Slave Labor

In 2005 we took on the formal commitment of not keeping on companies that use slave labor in our production chains.



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

In 2016 we signed up to the five commitments to promote the rights of people with disabilities, in order to strengthen the commitment of our senior management to this topic, and to promote an inclusive corporate culture and work environment.



### Women's Empowerment Principles (WEPs)

We have been a signatory of the principles established by the UN since 2017, continuously developing policies and initiatives geared towards gender equality and women's empowerment.

## MEMBERSHIPS



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

GPA has been a member of the association since it was founded in 1968. Abras represents, integrates and drives the development of 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 been a member of ABVTEX since 2007. The association has the purpose of defending the interests of the textile and clothing industry and trade.



### Associação Brasileira Atacadistas de Auto Serviço (ABBAS) [Brazilian Association of Self-Service Wholesalers]

The Association aims to be the spokesperson for the self-service wholesale segment. Its main role involves representing the sector and acting on specific demands made by private enterprise, the industry, customers and government agencies. Assaí has been a member of ABBAS since 2014, the year the entity was created.



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

The organization, which we joined in 2004, advocates integrated municipal solid waste management, promotes post-consumer recycling, and disseminates environmental education focused on the theory of the three R's (reduce, reuse and recycle).



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

We have been a member of the Association since 1971, and are committed to its purpose of bringing together supermarket entrepreneurs from the State of São Paulo to integrate the entire supply chain, professionalize the sector, guarantee excellence in operations and point out retail trends.



### Akatu Institute

Since 2003, GPA has been a strategic partner of this governmental organization that works on boosting the awareness and mobilization of society for conscious consumption.



### Ethos Institute

The entity, whose mission is to mobilize, raise awareness and assist companies in the management of their business in a socially responsible way, has relied on our commitment since 1999.



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

As members of this institute since it was founded, we contribute to its objective of uniting the private sector and civil society organizations to prevent and eradicate slave labor in production chains.

## AWARDS AND RECOGNITIONS

### 100 MOST INNOVATIVE IN IT USE

In 2018 Assaí was recognized as one of the three top-ranking companies that use technology in favor of innovation in the category of wholesale and retail trade. The award is bestowed upon companies that apply IT in the most suitable way as a strategic and differential tool for the business.

### AS MELHORES DA DINHEIRO 2018 [THE BEST OF DINHEIRO 2018]

GPA was the winner of the Retail category in the survey conducted by *IstoÉ Dinheiro* magazine. The ranking analyzed more than one thousand of the largest companies in Brazil, focusing on financial performance and indicators in the areas of innovation, quality, social responsibility, human resources and corporate governance.

### DOW 2018 30<sup>TH</sup> AWARDS PACKAGING INNOVATION

DOW Awards for Packaging Innovation (formerly known as Du Pont Awards) is the oldest independently judged packaging award program. The judges assessed more than 200 entries from companies in 30 countries. There were four winners in Latin America. The stain remover produced by Qualitá, a GPA Private-Label and packaged with plastic from the Novo de Novo Program, was one of the highlights.

### ESTADÃO MARCAS MAIS (ESTADÃO BEST BRANDS)

Extra was the winner in the Supermarkets category of the ranking compiled by the newspaper *O Estado de S. Paulo*, which identifies the products and services with which consumers display the highest levels of involvement.

### INTERBRAND (BRAZIL'S MOST VALUABLE BRANDS IN 2018)

The ranking is the result of studies that analyze and link financial performance, perception and influence of brands among consumers. Extra came 20<sup>th</sup> and Assaí appeared in the ranking for the first time in 23<sup>rd</sup> place.

### MARCAS MAIS VALIOSAS DO BRASIL [BRAZIL'S MOST VALUABLE BRANDS]

Pão de Açúcar and Extra respectively occupied the 20<sup>th</sup> and 43<sup>rd</sup> place in the list compiled by *IstoÉ Dinheiro* magazine in partnership with Kantar Consulting. The study, in its 12<sup>th</sup> edition, highlighted the fact that the 60 most valuable brands in the country recorded appreciation of 23% over 2017, totaling a combined value of R\$ 65.1 billion.

### MELHOR DE SÃO PAULO – SERVIÇOS [BEST OF SÃO PAULO – SERVICES]

The survey by Datafolha pinpointed Assaí as a highlight among the most memorable brands in the opinion of the residents of São Paulo in the Wholesaler category. In the same study, Mini Extra came first in the Mini markets category.

### MELHORES EMPRESAS EM SATISFAÇÃO DO CLIENTE (MESC) [BEST COMPANIES IN CUSTOMER SATISFACTION]

Assaí is on the 2018 list of the 100 Best Companies in Customer Satisfaction. In all, 6,503 companies were mentioned by the 1,350,552 customers interviewed.



## AWARDS AND RECOGNITIONS

### ABT AWARD

Recognition of Academia Assaí Bons Negócios in the Social Responsibility category, as one of the best relationship practices in the value chain.

### PRÊMIO LIDE DO VAREJO [LIDE RETAIL AWARD]

We received our fourth award from the Business Leaders Group (LIDE), this time around (2018 edition) in the Digital Performance in Retail Category.

### PRÊMIO WHOW! DE INOVAÇÃO 2018 [2018 WHOW! INNOVATION AWARD]

GPA was considered the Whow! Company in the Retail – Super and Hyper segment, and came 43<sup>rd</sup> in the TOP 50 Whow! ranking.

### PRÊMIO BENCHMARK EM CSC [SCC (SHARED SERVICES CENTER) BENCHMARK AWARD]

We came first in the survey conducted by the Instituto de Engenharia de Gestão (IEG) (Management Engineering Institute), which considers criteria of cost productivity and service level of various support processes.

### RANKING OF THE FAVORITE AND MOST POPULAR BRANDS OF PEOPLE FROM SÃO PAULO

In a survey by *Veja São Paulo* magazine, two GPA chains ranked among the favorites of the capital's residents. In the Supermarket category, Extra was the champion and Pão de Açúcar came third. The study was conducted in partnership with the digital research company MindMiners and heard the opinions of 1,500 class A and B residents.

### PRÊMIO BR WEEK [BR WEEK AWARD]

Held by the Centro de Inteligência Padrão (Standard Intelligence Center), the award involves an assessment of performance indicators of retailers, and declared Extra the winner in the Super and Hypermarket category, while Assaí came first in the Wholesale category.

### ACKNOWLEDGMENTS ON LINKEDIN

GPA appeared on the 2018 Top Companies list, a ranking compiled by the social network LinkedIn, which presents the companies that Brazilians consider the most desirable, based on the mapping of actions undertaken by the platform's users. This is the third year running that we have been on the network's list of the most appealing companies. Assaí, in turn, had its LinkedIn page recognized for having reached the milestone of 100 thousand followers.

### PRÊMIO CONSUMIDOR MODERNO [CONSUMIDOR MODERNO AWARD]

Assaí was elected the company that respects consumers the most in 2018 in its market segment. The nationwide survey was conducted with 2,000 respondents and indicates levels of respect according to the direct opinion of the customers themselves, with rewards for institutions with the most mentions.

### 2018 TOP OF MIND

Extra was awarded among the most memorable brands in the Supermarket category of the number one ranking of its kind in Brazil.

### TROFÉU TRANSPARÊNCIA ANEFAC [ANEFAC TRANSPARENCY TROPHY]

GPA was awarded the "Oscar of Accounting" for the transparency presented in its financial statements for the year 2017.

# 2018 PERFORMANCE INDICATORS

INDICATOR	UNIT	GPA 2016	GPA 2017	GPA 2018	Multi 2016	Multi 2017	Multi 2018	Assaí 2016	Assaí 2017	Assaí 2018	GPA Corporation 2016	GPA Corporation 2017	GPA Corporation 2018
Sales area of own units (according to the Casino methodology)	m²	1,643,005	1,643,096	1,632,754	1,305,309	1,270,741	1,170,377	337,696	372,355	462,377	-	-	-

## VALUING OUR PEOPLE

Headcount enrolled on 12/31 (active and on leave)	Number	100,605	100,288	102,562	74,381	67,989	64,981	24,759	31,199	36,703	1,465	1,100	878
Headcount of women on 12/31	Number	51,894	51,084	52,163	39,885	35,901	34,301	11,380	14,588	17,359	629	595	503
Headcount of men on 12/31	Number	48,629	49,204	50,399	34,496	32,088	30,680	13,297	16,611	19,344	836	505	375
Headcount < 30 years on 12/31	Number	44,741	43,802	45,140	31,879	28,053	27,154	12,459	15,413	17,728	403	336	258
Headcount aged between 30 and 50 years on 12/31	Number	47,009	47,625	48,975	35,309	32,862	31,427	10,809	14,072	16,982	891	691	566
Headcount aged > 50 years on 12/31	Number	8,773	8,861	8,441	7,193	7,074	6,400	1,409	1,714	1,993	171	73	48
Headcount full time on 12/31	Number	95,308	95,337	93,183	70,342	64,723	56,956	23,538	29,540	35,362	1,428	1,074	865
Headcount part time on 12/31	Number	3,796	4,951	9,379	2,636	3,266	8,025	1,139	1,659	1,341	21	26	13
Headcount by ethnicity (black)*	Number	-	-	37,426			28,082	-	-	8,907	-	-	437
% of headcount by ethnicity (black)*	%	-	-	36			43	-	-	24	-	-	50

\*The black population refers to people who declare themselves to be black or brown.

Indicators assured by EY.

INDICADOR	UNIT	GPA 2016	GPA 2017	GPA 2018	Multi 2016	Multi 2017	Multi 2018	Assaí 2016	Assaí 2017	Assaí 2018	GPA Corporation 2016	GPA Corporation 2017	GPA Corporation 2018
% of headcount by ethnicity (black)* among leadership	%	-	-	2			2	-	-	0	-	-	0
Number of recruitments made in the year on a Permanent Contract	Number	27,356	28,177	31,806	15,464	14,458	16,863	11,672	13,493	14,748	220	226	195
Number of hired employees aged less than 26 years (CDI + CDD)	Number	15,332	15,709	19,095	9,884	9,514	11,648	5,376	6,132	7,387	72	63	60
Number of work accidents with leave of at least 1 day of absence	Number	1,220	1,246	1,499	1,005	913	976	201	329	523	14	4	-
Number of days of leave resulting from work accident**	Days	30,911	65,265	67,320	24,432	52,570	50,021	5,689	12,554	17,299	790	141	-
Total number of hours of absence due to work accident, ordinary illness and occupational diseases	Hours	4,364,968	11,633,609	13,314,373	3,126,857	8,245,571	7,513,411	1,209,627	3,334,432	5,765,935	28,484	53,606	35,028
Frequency rate of accidents with leave of at least 1 day – over total hours worked (%)	%	5	6	6	5	6	6	3	6	6	3	2	-
Total number of employee training hours	Hours	2,187,320	2,116,460	1,885,721	632,445	737,908	574,469	857,165	1,364,864	1,309,116	5,320	13,688	2,135
Number of training hours per person	Hours	14	17	19	8	10	9	43	51	40	3	12	2
Headcount of men in management positions and above on 12/31	Number	889	1,041	1,046	661	778	792	158	191	204	70	72	50
Headcount of men at the top management on 12/31	Number	61	62	62	29	29	32	11	14	16	21	19	14
Headcount of women in management positions and above on 12/31	Number	347	482	500	279	401	417	31	44	52	37	37	31
Headcount of women at the top management on 12/31	Number	7	8	15	1	1	6	2	2	4	4	5	5
% of women in management positions and above on 12/31***	%	28	32	32	30	34	35	16	19	21	35	34	35
Total number of employees with disabilities in the company on 12/31	Number	2,660	3,062	3,719	1,412	1,422	1,723	1,231	1,623	1,944	17	17	52
Number of apprentices on 12/31	Number	2,447	2,612	3,666	1,901	2,002	2,635	532	597	1,018	14	13	13

\*\*Indices consider only accidents that occurred in 2018.

\*\*\*Value reported in GPA 2017 was the absolute number (87).

Indicators assured by EY.

INDICADOR	UNIT	GPA 2016	GPA 2017	GPA 2018	Multi 2016	Multi 2017	Multi 2018	Assaí 2016	Assaí 2017	Assaí 2018	GPA Corporation 2016	GPA Corporation 2017	GPA Corporation 2018
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## CONSCIOUS CONSUMPTION AND SUPPLY AND TRANSFORMATION IN THE VALUE CHAIN

Total number of Private-Label's products	Number	5,966	6,919	3,113	5,911	6,863	3,081	55	56	32	-	-	-
Number of organic items	Number	1,609	1,493	1,532	1,599	1,479	1,510	10	14	22	-	-	-
Number of certified products – Private-Labels	Number	215	271	432	215	271	432	-	-	-	-	-	-
Total number of certified products – other brands	Number	526	545	546	473	502	503	53	43	43	-	-	-
Number of products certified in the Quality from Origin (QDO)	Number	2,555	2,309	2,510	2,287	2,252	2,445	268	57	65	-	-	-
Total Private Label's products with nutritional optimization	Number	264	184	184	264	184	184	-	-	-	-	-	-
Social audits in plants of suppliers located in countries of risk****	Number	91	202	182	-	-	-	-	-	-	-	-	-

\*\*\*\*Value reported in GPA Consolidated 2016, 2017 and 2018 already includes audits performed in Multivarejo and Assaí.

## ENVIRONMENTAL IMPACT MANAGEMENT \*\*\*\*\*

Total energy consumed	MWh	1,176,720	1,132,524	1,173,384	952,963	884,645	872,001	215,429	241,157	294,948	8,328	6,722	6,435
Green energy consumption	MWh	426,924	400,287	564,490	410,906	373,463	539,058	10,111	21,142	19,821	5,907	5,682	5,611
Green energy ratio	%	36%	35%	48%	43%	42%	62%	5%	9%	7%	71%	85%	87%
Energy consumption/m2	KWh/m <sup>2</sup>	721	703	693	740	730	727	638	617	638	-	-	-
Natural gas consumption	MWh PCI	21,539	21,496	17,355	21,423	21,323	17,101	65	115	215	51	58	39
Liquefied petroleum gas (LPG) consumption	MWh PCI	71,794	52,585	42,293	32,779	42,776	29,799	39,015	9,809	12,494	-	-	-
Oil consumption	Liters (L)	5,447,689	5,860,106	5,926,702	2,423,902	1,348,449	1,402,140	3,020,787	4,511,657	4,522,011	3,000	-	2,551

## REFRIGERANT GASES \*\*\*\*\*

R404A	kg	8,935	8,782	9,470	8,902	8,219	8,526	33	333	944	-	-	-
R134A	kg	751	2,150	1,187	616	1,354	260	18	588	927	117	143	-
R22	kg	149,045	190,634	150,329	126,900	166,022	119,774	18,863	24,399	30,555	304	487	-
Other fluids	kg	7,718	7,261	3,848	4,064	4,696	1,717	3,654	2,474	2,131	65	91	-

\*\*\*\*\* Environmental data consider stores with a full 12 month activity from 01/10/2017 to 09/30/2018.

Indicators assured by EY.

INDICADOR	UNIT	GPA 2016	GPA 2017	GPA 2018	Multi 2016	Multi 2017	Multi 2018	Assaí 2016	Assaí 2017	Assaí 2018	GPA Corporation 2016	GPA Corporation 2017	GPA Corporation 2018
<b>NONHAZARDOUS WASTE FROM OPERATIONAL ACTIVITIES *****</b>													
Paper and cardboards sent to recycling	tons	39,568	13,664	48,049	29,110	-	28,468	10,409	13,664	19,538	50	-	44
Plastic sent to recycling	tons	4,909	2,460	6,434	3,100	-	3,123	1,801	2,460	3,305	8	-	6
Scrap metal and scrap recycling	tons	4	99	111	-	-	1	4	99	110	-	-	-
Organic wastes for composting	tons	3,059	674	3,374	2,774	-	2,862	281	674	513	-	-	-
Kitchen oil used for recycling	tons	362	17	346	350	-	303	12	17	43	-	-	-
Others sent to recycling	tons	-	-	5	-	-	5	-	-	-	-	-	-
Waste	tons	129,643	37,040	162,648	117,527	-	117,543	11,906	37,040	44,909	210	-	196
Reused waste rate	%	27	46	25	23	-	21	51	46	34	28	-	20
<b>WASTE DISPOSED BY CUSTOMER *****</b>													
Recyclable waste from customers collected in the stores	tons	16,842	769	6,547	16,138	-	5,615	704	769	932	-	-	-
<b>WATER *****</b>													
Total drinking water of network	m³	2,007,946	2,529,229	2,476,628	1,522,139	1,881,317	1,718,741	434,606	607,179	735,744	51,201	40,733	22,143
Water consumption per m² – store	m³/m²	1.81	1.54	2.04	2.04	2.21	2.21	1.33	1.93	1.88	-	-	-
<b>GREENHOUSE GAS EMISSIONS (GHG)*****</b>													
Carbon emissions – Scope 1	ton Co <sub>2</sub>	476,003	425,152	376,048	406,457	351,634	286,009	69,494	73,333	89,685	52	185	354
Carbon emissions – Scope 2	ton Co <sub>2</sub>	107,117	114,439	89,040	86,712	86,625	63,741	19,824	27,144	24,828	581	670	471
Carbon emissions – Scope 3	ton Co <sub>2</sub>	201,097	170,569	188,526	179,812	127,143	135,173	21,260	43,426	53,201	25	-	152
<b>ENGAGEMENT WITH SOCIETY</b>													
Food donation	tons	3,605	1,953	3,341	-	-	2,074	-	-	1,267	-	-	-
Total donations in cash through cultural and sport partnerships	BRL	600,000	2,488,000	3,200,000	-	-	-	-	-	-	-	-	-
Number of beneficiaries of actions of the foundations or solidarity partnerships	Number	2,088	6,659	25,338	-	-	-	-	-	-	-	-	-
Investments through incentive laws	BRL	1745117	1541463	1,971,556	-	-	-	-	-	-	-	-	-

\*\*\*\*\* Environmental data consider stores with a full 12 month activity from 01/10/2017 to 09/30/2018.

Indicators assured by EY.



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A free-translation from Portuguese into English of Auditors' Report on non-financial statements (Annual Sustainability Report) originally prepared in Portuguese.

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## **Independent Auditors' Limited Assurance Report on the GPA's Annual Sustainability Report based on the guidelines of the internal methodology of the Casino Group, according to article 225 of the French Law Grenelle 2.**

To the Administrators and Shareholders of  
**Companhia Brasileira de Distribuição (Grupo Pão de Açúcar - GPA)**

### **Introduction**

We were engaged by Companhia Brasileira de Distribuição (“Grupo Pão de Açúcar” or “GPA”) management to present our limited assurance report on the KPIs (limited to our scope) contained in the Annual Sustainability Report based on the guidelines of the internal methodology of the Casino Group (“Report”), comprising two base periods, from October 1, 2017 to September 30, 2018 for the KPIs related to the environment performance and January 1, 2018 to December 31, 2018 for the other KPIs as listed below, both for operations of Multivarejo, Assai, GPA Malls, GPA Corporation and Headquarters.

### **GPA's management responsibilities**

GPA's management is responsible for preparing and presenting appropriately the information contained in Report in accordance with criteria, assumptions and requirements of the internal methodology of the Casino Group, according to article 225 of the French Law Grenelle 2 and for the internal controls as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

### **Independent auditors' responsibility**

Our responsibility is to express a conclusion on the GPA's Report information, based on the limited assurance work conducted in accordance with Technical Notice of Ibracon № 07/2012, approved by the Brazil's National Association of State Boards of Accountancy (CFC) in light of NBC TO 3000 (Assurance Work Other Than Audit or Review), issued by the CFC, which is equivalent to international standard ISAE 3000, issued by the International Federation of Accountants, applicable to non-historical information. These standards call for compliance with ethic requirements, including independence and work carried out to obtain limited assurance that the Report is free of material misstatement.

A limited assurance work conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of inquires of management and other professionals from GPA who were involved in the preparation of the Report, as well as of the application of additional procedures deemed necessary to obtain evidence which enables us to conclude on the limited assurance on the Report. A limited assurance work



### **Independent auditors' responsibility -- continuation**

also requires additional procedures, as the independent auditor becomes aware of matters that lead him to believe that the Report information may contain material misstatement.

The selected procedures relied on our understanding of the aspects concerning the compilation and presentation of the Report information in accordance with criteria, assumptions and own methodologies from Casino Group. The procedures comprised:

### **Independent auditors' responsibility**

- (a) The planning of the work, considering the materiality, the volume of quantitative and qualitative information and the operating and internal control systems which supported the preparation of the Report;
- (b) The understanding of the calculation methodology and the procedures for preparation and compilation of the Report through interviews with management in charge of preparing the information;
- (c) The application of analytical procedures on quantitative information and sample verification of certain evidence supporting the data used for the preparation of the Report;
- (d) Comparison of the financial indicators with the financial statements and/or accounting records.

The procedures applied in this limited assurance work also comprised compliance with the requirements of the internal methodology of the Casino Group, according to article 225 of the French Law Grenelle 2, applicable to the preparation of the KPIs contained in the Report.

We believe that the evidences obtained in our work were sufficient and appropriate to provide a basis for our limited conclusion

### **Scope and limitations**

The procedures applied in a limited assurance work are substantially less in scope than those applied in an assurance work aimed at issuing an opinion on the Report information. As a consequence, we are not in a position to obtain assurance that we are aware of all matters which would be identified in an assurance work aimed at issuing an opinion. If we had carried out a work to issue an opinion, we could have identified other matters or misstatements in the Report information. Accordingly, we did not express an opinion on this information. In addition, GPA's internal controls were not part of our limited assurance scope.

The non-financial data is subject to further inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, significance and accuracy of data are subject the



**Scope and limitations -- continuation**

individual assumptions and judgments. Also, we did not carry out any work on data reported for prior periods nor in relation to future projections and goals.

Only the information related to the listed KPIs below, for Multivarejo, Assai, GPA Malls, GPA Corporation and Headquarters, were scope of this limited assurance work. Thus, we perform limited assurance procedures exclusively on the KPIs listed below:

Subject	KPIs
General	Sales area of own units
Human Resources (HR)	Headcount female on 31/12/N
	Headcount male on 31/12/ N
	Headcounts full time at 31/12/ N
	Headcounts part-time on 31/12 / N
	Headcount male in management positions and above on 31/12 / N
	Headcount female in management positions and above on 31/12 / N
	Total employees with disabilities in the company on 31/12 / N
Training	Number of apprentices on 31/12 / N
	Total number of training hours for the employee
Health & Safety	Number of work related accidents with at least 1 day leave
	Number of days of leave due to an accident at work
	Total number of hours absent due to accident at work, ordinary illness and occupational diseases
Conscious consumption and supply	Total number of own brand products
	Number of Organic Products
Environment (Energy)	Total energy consumed
	Green Power Consumption
	Green Power Ratio
	Diesel fuel consumption
Environment (Refrigerant gases)	R404A
	R134A
	R22
Environment (Non-hazardous waste in operations)	Recycling Cardboard
	Plastic Recycling
	Scrap Metal and Recycling
	Organic waste for composting
	Cooking Oil Used for Recycling





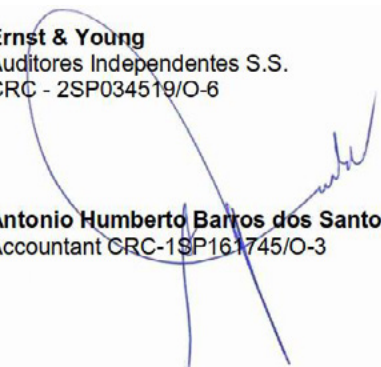
	Other for Recycling
	Waste
Environment (Water)	Total drinking water system

### Conclusion

Based on the procedures performed and herein described, nothing came to our attention that makes us believe that the KPIs (limited to our scope) presented on the Report, comprising two base periods, from October 1, 2017 to September 30, 2018 for the KPIs related to the environment performance and January 1, 2018 to December 31, 2018 for the other KPIs (as listed above), were not prepared, in all material respects, in accordance with criteria, assumptions and methodologies for the preparation of the KPI's based on requirements of the Casino Group, according to article 225 of the French Law Grenelle 2.

São Paulo (SP), April 24th, 2019.

**Ernst & Young**  
Auditores Independentes S.S.  
CRC - 2SP034519/O-6



**Antonio Humberto Barros dos Santos**  
Accountant CRC-1SP161745/O-3

# CREDITS

## GENERAL COORDINATION

Corporate Communication Board  
Investor Relations Board  
Sustainability and Social Investment Board

## CONTENT AND DESIGN

usina82

## PHOTOGRAPHY

Ricardo Rollo and GPA's collection

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

## CONTACTS

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Sustainability • [sustentabilidade@gpabr.com](mailto:sustentabilidade@gpabr.com)

## OMBUDSMAN

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GPA Malls  
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Multivarejo  
[ouvidoria@multivarejogpa.com.br](mailto:ouvidoria@multivarejogpa.com.br) • 0800 55 57 11

## CASA DO CLIENTE

Assaí • 0800 773 23 22  
Compre Bem • 0800 027 10 10  
Extra • 0800 11 50 60  
Extra Delivery • 4003 7266  
Private-Labels – Qualitá and Taeq • 0800 15 21 34  
Pão de Açúcar • 0800 773 27  
Pão de Açúcar Delivery • 3055 6767 (São Paulo city and metropolitan region)/4004 6070 (other locations)

## WEBSITES

Assaí • [www.assai.com.br](http://www.assai.com.br)  
Compre Bem • [www.comprebem.com.br](http://www.comprebem.com.br)  
Extra • [www.extra.com.br](http://www.extra.com.br)  
GPA • [www.gpabr.com](http://www.gpabr.com)  
James Delivery • [www.jamesdelivery.com.br](http://www.jamesdelivery.com.br)  
Pão de Açúcar • [www.paodeacucar.com](http://www.paodeacucar.com)  
Pão de Açúcar Adega • [www.paodeacucar.com/adega](http://www.paodeacucar.com/adega)  
Qualitá • [www.casapraticaqualita.com.br](http://www.casapraticaqualita.com.br)  
Taeq • [www.conquistesuavida.com.br](http://www.conquistesuavida.com.br)

For more information about GPA, consult [www.gpabr.com](http://www.gpabr.com).

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