



**HUGO BETHLEM**  
Executive Vice President

# THE LARGEST DISTRIBUTION GROUP IN LATIN AMERICA



**63 years** of history in Brazil

**Present in 18 States** and the Capital

**1863** stores

**160 thousand** employees

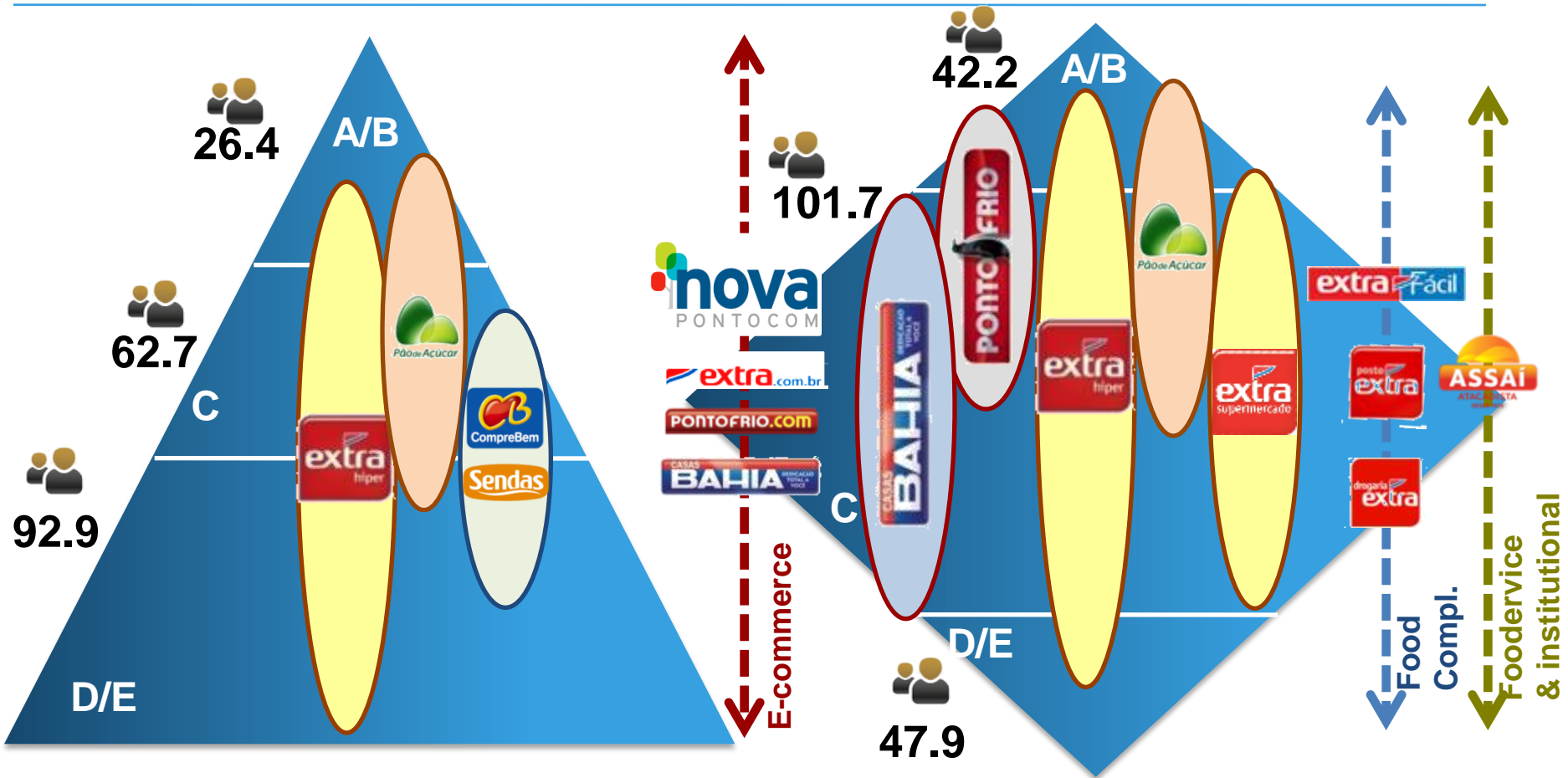
**One of the top 30<sup>th</sup>** retailer

**Largest retailer** in Emerging Markets

Sales above **US\$ 30 billion/year**

**Multi-format** structure

# COMPANY CHANGES AS THE ENVIRONMENT MOVES



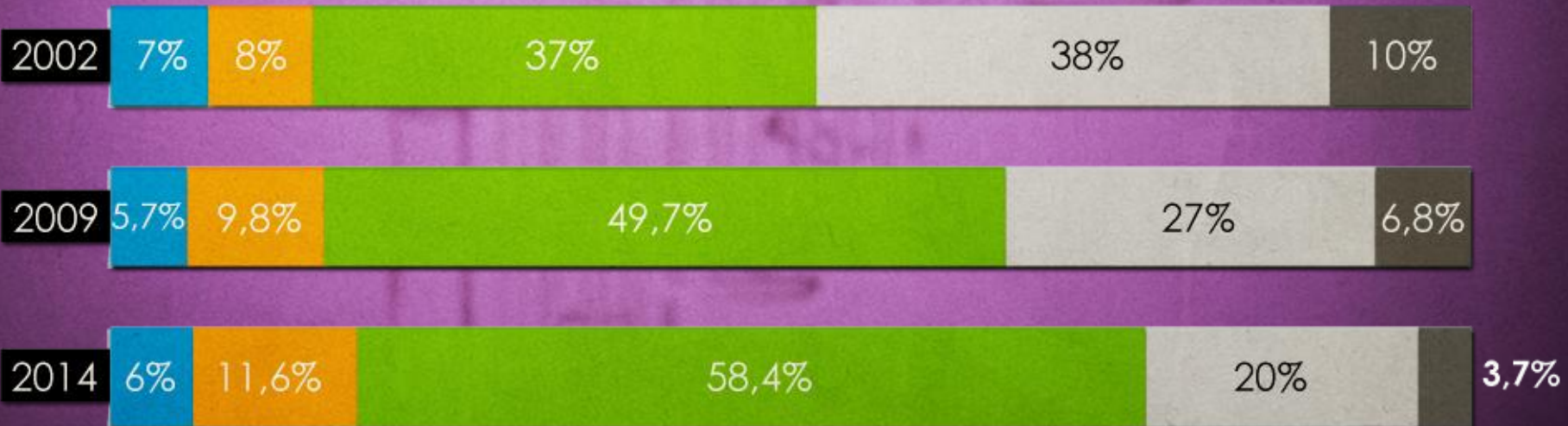
Brazil  
2005

GPA: limited offering (only Food, 556 stores)

40mn ↑  
Brazil 2010 ascended

GPA: multiformat business for both Food and Electro, 1,646 stores

# THE NEW BRAZILIAN SOCIAL PYRAMID



Source: "O Estado de SP" newspaper - 02/01/11

All this change in Brazilian **profile generated** an increased concern in **conscious consumption** in order to minimise and avoid wastes and encourage healthier eating habits



# CORPORATE SUSTAINABILITY IN BRAZIL

Beyond environmental preservation

Social Inclusion

Wealth generation

 *Grupo Pão de Açúcar*



PRESERVING THE ENVIRONMENT,  
GENERATING WEALTH AND PROMOTING  
SOCIAL INSERTION WITH OUR PEOPLE

# SUSTAINABLE DEVELOPMENT COMMITTEE

## 3 ESSENTIAL GUIDELINES

### Corporate and Employees

Our Business, our relationships,  
our decisions and attitudes

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### Customers

Conscience, Educate,  
Estimulate

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### Value Chain

Incentivate People, Planet and  
Profit results





## PRODUCERS



## SUPPLIERS



## LOGISTICS



## STORES



## CLIENTS



# PRODUCERS



# SUPPLIERS



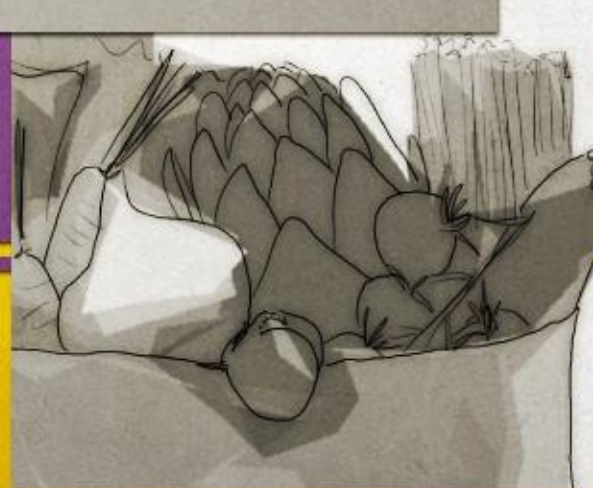
# LOGISTICS



# STORES



# CLIENTS



Quality control of  
**435 FLV** suppliers

# QUALITY SINCE THE ORIGIN

## QUALITY PROCESSES THAT BEGIN IN THE FIELD

Implementation of **good agricultural** practices

**Rigid control** of pesticide use

Control of products' **physical and visual conditions**

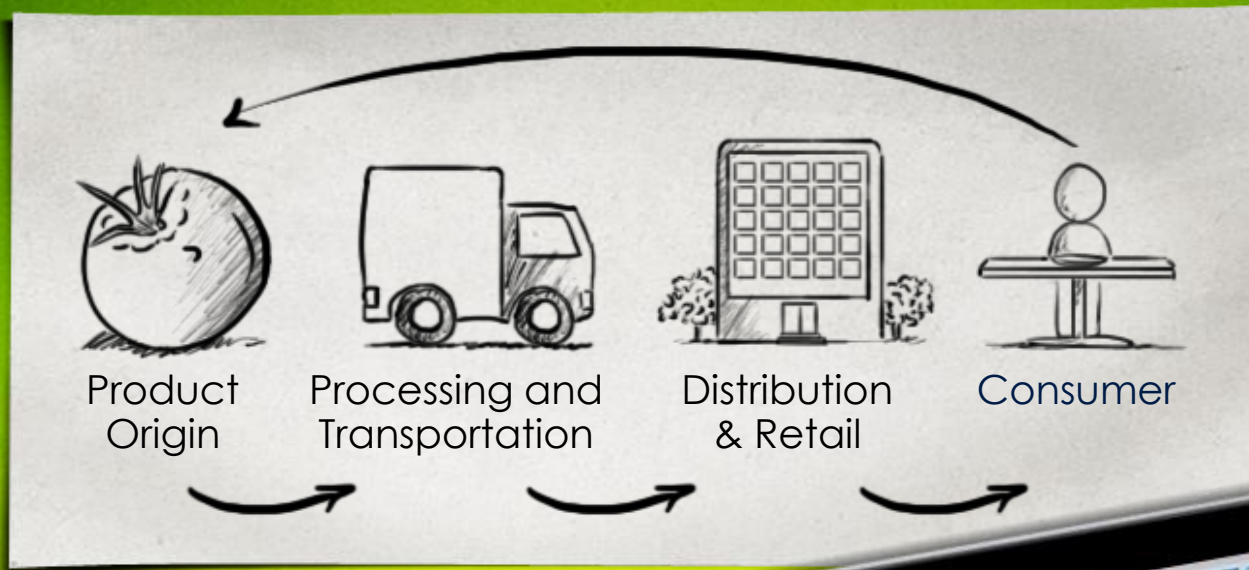


## BENEFITS FOR PRODUCERS AND CLIENTS

Development of the **production chain**

**Reliability** in product purchases

Healthy foods



Clients know the **origin of products** with the traceability code [www.qualidadedesdeorigem.com.br](http://www.qualidadedesdeorigem.com.br)

# Ethical and Solidary



## Incentive program for small producers

- Valorization of local culture
- Income generation for small communities
- Social insertion

More than **150** products  
**56** organizations  
More than **40 thousand**  
people benefited

### GIRLEIDE

**7 thousand pieces** of  
ceramics per month  
**35%** sold in the  
group's stores



# PRODUCERS



# SUPPLIERS



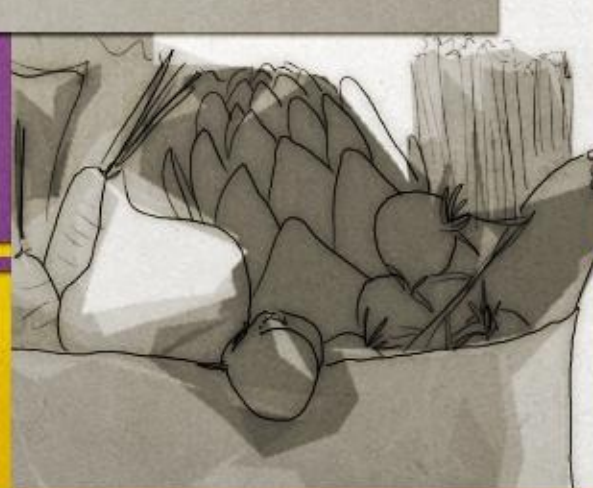
# LOGISTICS



# STORES



# CLIENTS



# TOP LOG

Certification of suppliers who have the **best policies and practices for logistics and supply**

**Improved synergy** between supplier and distributors

**Increase** in customer satisfaction

## 2010

Inclusion of sustainability indicators



# GREEN DC



Located in the City

**Replaces 3 other DCs** for supplying 28 stores



**Reduction in water** consumption

**Reduction in power** consumption



Other sustainable practices:

- **Ecological painting**
- **Reuse of wood**
- Uniforms produced **with ecological fabric** (PET bottles)



# OPTIMIZATION OF ROUTE AND FLEET



Savings and reduction in CO<sub>2</sub> emissions

**Optimization** of itineraries and vehicle occupation

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**Synchronization** as per route time

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Optimization of **movement teams**

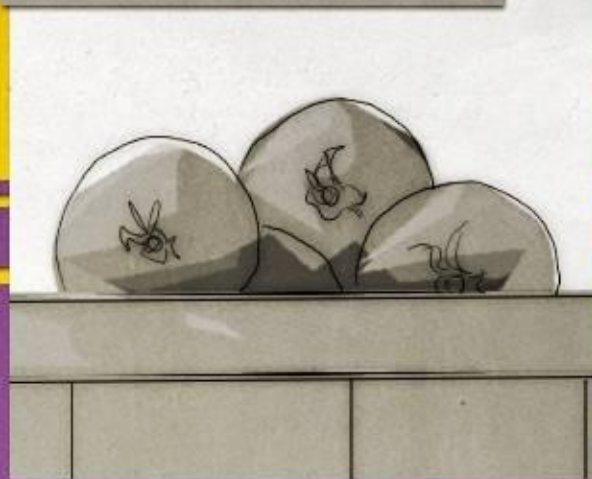
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**Harmony** in DC productivity

# PRODUCERS



# SUPPLIERS



# LOGISTICS



# STORES



# CLIENTS





# GREEN STORE



## Indaiatuba

The first green supermarket in Latin America

## São Paulo

The first green supermarket in the state capital

Architectural projects need **LEED specifications**

Only stores in Latin America with **USGBC approval**

# SOCIAL-ENVIRONMENTAL INITIATIVES

Reduction in water and power consumption – savings of **38% in power and 27% of water**

Largest assortment of **organic, natural and healthy foods**

Incentive for **recycling and conscious consumption**

Only **7% of organic garbage** is sent to landfills

Training of employees in **sustainable practices**



# ENERGY EFFICIENCY

## First retail chain to contract an alternative energy source in the free market

- **53** stores in the free market
- Average savings of **7.12%**
- **13,700** ton reduction in CO<sup>2</sup> emissions = **77,500** reforested trees

## Renewable energy

- **45%** biomass plant (elephant grass)
- **55%** 4 SHPs (Small Hydroelectric Plants)

## Store in Mato Grosso do Sul

- **100%** illumination from LED lamps
- **87%** less consumption of electric power



# PRODUCERS



# SUPPLIERS



# LOGISTICS



# STORES



# CLIENTS



# AWARENESS OF BRAZILIAN CONSUMERS IN RELATION TO SUSTAINABILITY



**92%** agree that separating garbage for recycling is an obligation of society

- **30%** affirm they separate garbage at home for recycling

**89%** agree it is the manufacturers' obligation to prevent problems they can cause to the environment

**85%** agree it is worthwhile to pay more for a product that does not harm the environment

- **52%** say they only buy products from manufacturers that do not harm the environment – even though they are more expensive

# ECONOMICALLY SUSTAINABLE CYCLE



WASTE DELIVERED TO **51 RECYCLING COOPERATIVES**  
MORE THAN **824 FAMILIES**  
**BENEFITED**  
**2.472 PEOPLE** BENEFITED DIRECTLY  
AND INDIRECTLY

**Social** Inclusion

**Income** Increase

**CONSCIOUS CONSUMPTION**

**CONSCIOUS DISCARD**





# RECYCLING STATIONS

**Largest private** recycling program in the country

**20%** of waste collected in the city of São Paulo

**215** Recycling Stations in **31** cities



Pioneer

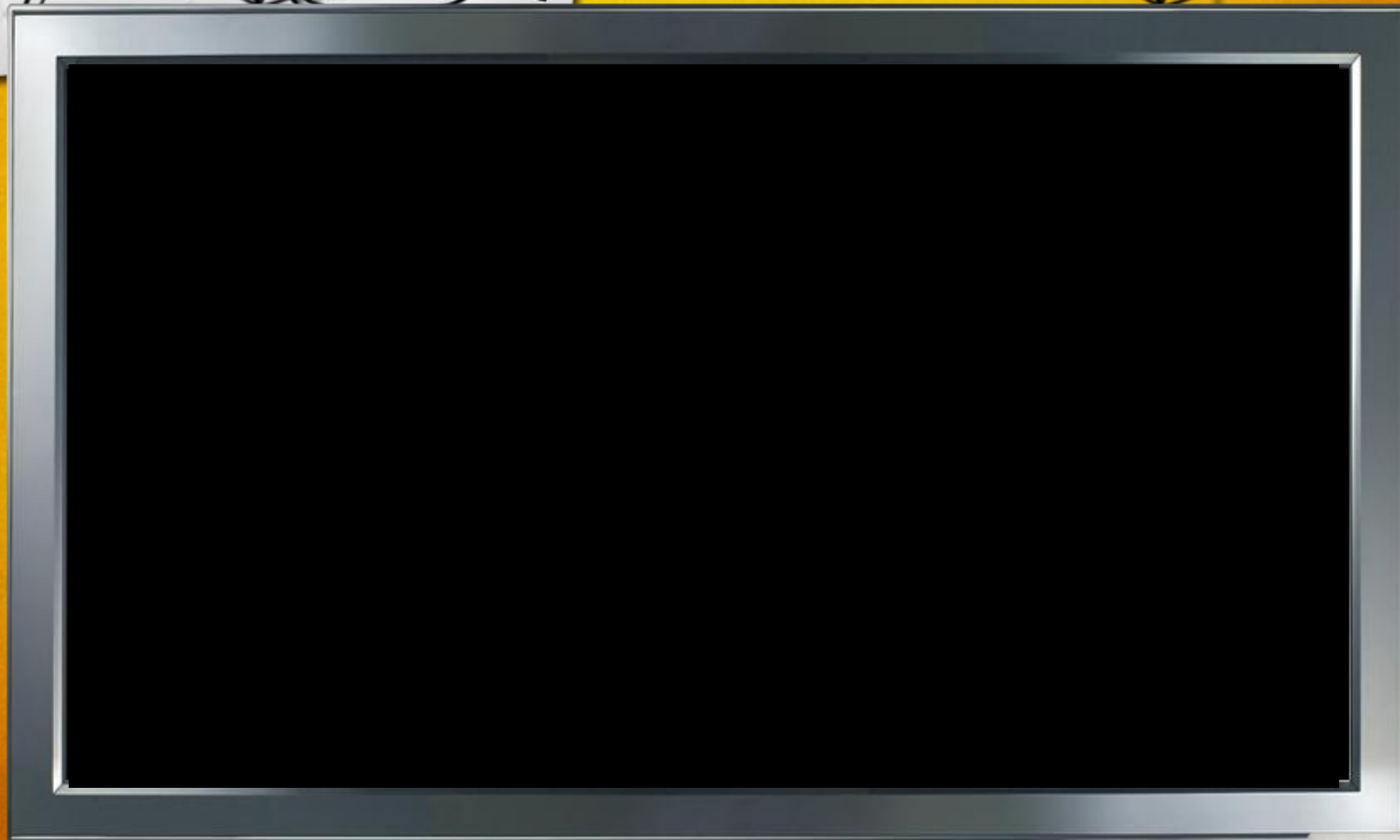


Unilever  
PEPSICO

Grupo Pão de Açúcar



Grupo Pão de Açúcar



# PACKAGING

3 initiatives to promote the conscious use of plastic bags:

Cardboard boxes

Returnable Bags

- More than 3 million units sold

Conscious Use of Plastic Bags

- More than 95 million plastic bags ceased being distributed





“ THE BEST OF  
BRAZIL ARE THE  
BRAZILIANS ”

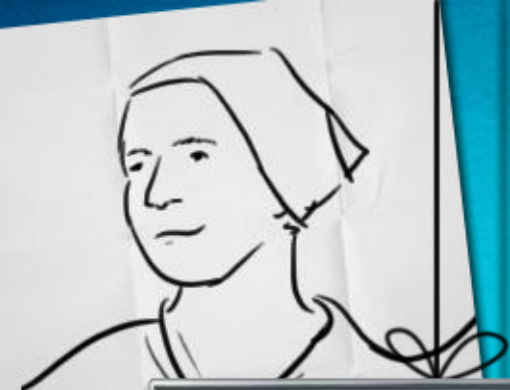
## OUR PEOPLE

The best thing we have to offer to Brazil and the world

It is because of **our people** that the **Pão de Açúcar** Group has exercised its role as an educating and transforming agent for sustainability in Brazil

# CHALLENGE

**Sustainability** is both the end and the means. Is an Outcome, Is a Practice, Is Ethic, that produce a Company that Is too Good to Fail and Is too Strong to fail.



Sustainable Values Sustain

Sustainable Values

inable Values

Sustainable Values



“We need to **inspire more and more people to embrace sustainable values** and then to live those values with sustainable behaviors, because laws and regulations tell you what you can do, **but values tell you what you should do.**”

**Dov Seidman** – CEO of LRN  
from the book *Hot, Flat and Crowded* – Thomas L. Friedman



THANK YOU/OBRIGADO



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