
**POLICY FOR RELATED PARTY
TRANSACTIONS**

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

Approved at a Meeting held
by the Board of Directors of
the Company on February
24th, 2016.

I – Introduction

1. The CBD's Board of Directors decided to adopt procedures which contribute to ensure that Transactions between Related Parties and CBD or its controlled companies which are not publicly held be concluded in the best interest of CBD or of its controlled company which is not publicly held, as the case may be, and be based on principles of transparency and fairness. Likewise, this Policy aims at preventing and guiding situations of potential conflict of interests in the implementation of transactions involving such related parties.

II - Definitions

Company

2. Company shall mean the Companhia Brasileira de Distribuição or its directly or indirectly controlled companies which are not publicly held.

Related Party

3. In accordance with the terms of the applicable regulation, in particular CVM Rule No. 642/2010, for purposes of this Policy a Related Party is the person or entity that is related to the Company in the following circumstances:

- (a) A person, or his/her close family member, is related to the Company if such person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is member of the key personnel of the management of the Company or of its parent.

- (b) An entity is related to the Company if any of the following conditions below is applicable:
 - (i) the entity and the Company are part of the same economic group (which means that the controlling entity and each of its controlled entities are interrelated, as well as the entities under common control are interrelated);
 - (ii) the entity is affiliated to or jointly controlled (joint venture) by the Company (or affiliated to or jointly controlled by an entity part of the Company's economic group);
 - (iii) the entity and the Company are under joint control (joint venture) by a third entity;
 - (iv) the entity is under joint control (joint venture) by a third entity to which the Company is affiliated;
 - (v) the entity is a post-employment benefit plan whose beneficiaries are employees of both entities, the Company and the other entity related to it;
 - (vi) the entity is controlled, fully or jointly, by a person identified by letter (a); or
 - (vii) a person identified by letter (a)(i) has significant influence over the entity, or is member of the key personnel of the entity's management (or of the entity's parent).

4. In the context of this Policy, an entity **is not a Related Party** to the Company only because a member of the key personnel of the Company's management exerts material influence over such entity or for having an administrator or other member of management's key personnel in common with the Company.

Close family members of a person

5. Close family members of a person are those family members who can be expected to exert influence or be influenced by such person in their business with the Company, including:

- (a) the person's children, spouse or partner;
- (b) the children of the person's spouse or partner; or
- (c) dependents of the person or of the person's spouse or partner.

Management's key personnel

6. Management's key personnel are those persons with authority and responsibility for planning, directing and controlling the Company's activities, directly or indirectly, including any Company's administrator (whether executive or otherwise).

Significant influence

7. Significant influence is the power to take part in the financial and operational decisions of an entity but with no control over such policies. Significant Influence can be obtained by holding corporate equity, bylaws' provisions or shareholders agreement.

Related Party Transaction

8. Related Party Transaction is the transfer of assets, rights, resources, services or obligations, directly or indirectly, between the Company and a Related Party, regardless of a price being charged in return.

Related Party Transaction involving Significant Amount

9. It means any Related Party Transaction involving, in a single deal or in a series of deals concluded within twelve months, an aggregate amount greater than twenty five million Reais (R\$ 25,000,000.00) ("Significant Amount").

Transaction Out of the Ordinary Course of Business

10. It means any Related Party Transaction which is not directed to the performance of activities that compose CBD's corporate purpose.

Related Party Transaction Out of the Ordinary Course of Business involving Relevant Amount

11. It means the Related Party Transaction that is not part of the Company's ordinary course of business and that involves, in a single deal or in a series of deals concluded within twelve months, an aggregate amount greater than one hundred million Reais (R\$ 100,000,000.00) ("Relevant Amount").

III - Procedures, Principles and Approvals

Identification of Potential Related Party Transactions

12. Each management's key person shall annually complete a survey designed to collect information about the parties related to him/her, in accordance with the definitions contained in this Policy, and about any transaction between them and the Company that comes to his/her knowledge, being his/her obligation to obtain the relevant information with his/her close family members.

13. The Corporate Legal Department shall maintain a register containing the Related Parties' identification to be consulted by those responsible for a transaction prior to its conclusion in order to verify if it may be construed as a Related Party Transaction.

14. The key personnel of the Company's management will be instructed and periodically oriented about their obligation to inform the Corporate Legal Department regarding any potential Company's Related Party Transaction of their knowledge.

15. Each reported potential Related Party Transaction shall be reviewed by the Corporate Legal Department in order to determine if it actually constitutes a Related Party Transaction subject to the procedures of this Policy.

16. Each Related Party Transaction that is reported to the Corporate Legal Department shall contain the information necessary to its analysis, as well as evidence and opinion of the manager in charge that (a) there are clearly demonstrable reasons, from the Company's business point of view, for the transaction to be entered into with a related party and that (b) the transaction is concluded in terms at least as favorable to the Company as the ones usually available in the market or the ones offered to, or by, a third-party not related to the Company in equivalent circumstances.

Formalization

17. The Related Party Transaction shall be concluded in writing, specifying its main characteristics and conditions, such as: global price, unit price, terms, guarantees, responsibility for the payment of taxes, payment of fees, obtaining licenses, among other. Among these characteristics it shall also be included the possibility of termination by the Company of any Related Party Transaction of continuous execution, under conditions equivalent to the ones provided in the contracts entered into with non-related parties.

Approval

18. Company's administrators and collaborators shall respect the existing ordinary flow for negotiation, analysis and approval of transactions within the Company, and shall not intervene in order to influence the hiring of Related Parties in violation to this flow.

19. The Corporate Legal Department shall classify the Related Party Transactions considering (i) the involved amount and (ii) whether it is an operation within the ordinary course of business or not, in order to determine the competent bodies to its analysis and approval in accordance with this Policy. The Corporate Legal Department shall also ensure that, in the hypothesis mentioned in items 29 and 30 of this Policy, the procedure described therein be followed. The Corporate Legal Department may previously consult the Company's Corporate Governance Committee with respect to the classification of the Related Party Transactions under this Policy.

Ordinary Course of Business

20. Related Party Transactions involving an amount up to the Significant Amount which are performed within the ordinary course of business of the Company shall be subject to formal approval by the Corporate Legal Department. At each meeting of the Audit Committee, the transactions approved under this procedure shall be reported to the Committee in a format to be defined by it. In any event, the Committee shall have access granted to all the information related to each transaction and its respective process of approval.

21. Related Party Transactions involving an amount greater than the Significant Amount but lower than Relevant Amount and that is performed within the ordinary course business of the Company shall be (i) submitted to a previous analysis by the Audit Committee, which shall examine if the guidelines of this Policy were complied with, followed by (i) the formal approval by the Corporate Legal Department.

22. Related Party Transactions involving an amount greater than the Relevant Amount within the ordinary course of business of the Company shall be subject to formal approval by the Board of Directors. Such transaction shall be first submitted by the Corporate Legal Department to the analysis of the Audit Committee, which will examine if the guidelines of this Policy were observed in the process regarding the transaction that shall be sent to the Board of Directors.

Transactions Out of the Ordinary Course of Business

23. Related Party Transactions involving an amount lower than the Relevant Amount and Out of the Ordinary Course of Business of the Company shall be subject to formal approval by the Board of Directors. Therefore, the transaction shall be first taken, by the Corporate Legal Department, to the analysis of the Audit Committee, which will assess whether the guidelines of this Policy were observed in the process regarding the transaction that shall be sent to the Board of Directors. The transaction shall be previously brought by the Corporate Legal Department to the analysis of the Audit Committee, which shall examine if the guidelines of this Policy were observed in the development of the process about the transaction that will be sent to the Board of Directors.

24. In case of a Related Party Transaction Out of the Ordinary Course of Business involving Relevant Amount, prior to the resolution by the Board of Directors, such transaction shall be examined by a special independent committee to be created and to resolve matters in accordance with the provisions of the *Parecer de Orientação CVM nº 35* ("Special Committee").

25. The Board of Directors, in its sole discretion, shall have access to all documentation regarding Related Party Transactions, including any expert opinions or technical reports that the relevant body has received and the analysis of such body about it. The Board of Directors shall determine the content and format of the information deemed necessary for its decision regarding a Related Party Transaction (observed what is already provided for in this Policy), which shall be delivered along with the call notice for the meeting in which the transaction will be submitted to analysis.

26. The Board of Directors or the Corporate Legal Department, as the case may be, may approve a Related Party Transaction if it determines, in good faith, that the transaction is fair and in the interest of the Company.

27. The Board of Directors or the Corporate Legal Department, in their sole discretion, may establish as a condition for the approval of a Related Party Transaction any modification that it deems necessary for the transaction to be concluded fairly and in the interest of the Company.

Annual Review

28. The Board of Directors or the Corporate Legal Department, as the case may be, will annually analyze all contracts or any other type of recurrent transaction entered into by the Company and its Related Parties, in order to verify if it is in the Company's interest that the such transactions continue and, as the case may be, to determine that the Executive Officers proceed with the termination of the contracts or its negotiation.¹

Approval of Related Party Transactions that shall be submitted to the shareholders general meeting by legal requirement

29. In case of Related Party Transaction that shall be approved at shareholders general meeting by legal requirement, such transaction shall be examined by a Special Committee.

30. It shall also be examined by a Special Committee the Related Party Transaction with Relevant Amount involving company controlled by or under common control with CBD, which is not a publicly held, in the hypothesis that such transaction, if made directly by CBD, should have been approved at a CBD shareholders general meeting.

Prevention

31. In situations which Related Party Transactions require approval under the terms of this Policy, the person involved in the approval process, who has potential personal advantage or conflict of interest with the relevant decision to be made therein, shall declare himself/herself prevented, explaining its involvement in the transaction and, upon request, providing details about the transaction and the parties involved. The prevention must be reported in the minutes of the meeting of the corporate body that resolves on the transaction and that person shall step aside from the relevant discussions and resolutions.

¹ In order to determine the body that shall be responsible for approving or not the continuation of the transaction, the Corporate Legal Department shall, from the information received from the management regarding the transactions, analyze the existing balance amount, if any, or the value executed within twelve (12) months of the previous year, whichever is greater.

IV - Criteria for approval of Related Party Transactions

32. In the analysis of Related Party Transactions the Board of Directors, the Corporate Legal Department or the Special Committee, as the case may be, shall consider the following factors, among others that it deems relevant for the analysis of transaction in particular:

- (a) if there are clearly demonstrable reasons, from the Company's business point of view, for the Related Party Transaction to be concluded;
- (b) if the transaction is concluded in terms at least as favorable to the Company as the ones usually available in the market or the ones offered to, or by, a third-party not related to the Company in equivalent circumstances;
- (c) the results of appraisals or opinions issued by specialized and independent firms, if any;
- (d) if there was a competitive process for such transaction and its results;
- (e) valuation methodology used and other possible approaches for valuation of the transaction; and
- (f) extent of the Related Party's interest in the transaction, taking into account the amount involved in the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the continuous nature or not of the transaction, among other aspects it deems relevant.

33. In the process of approval of Related Party Transactions, the Board of Directors, the Corporate Legal Department or the Special Committee, as the case may be, shall consider the following information, in addition to others that it deems relevant for the analysis of transaction in particular:

- (a) The terms of the transaction;
- (b) The interest of the Related Party;
- (c) The purpose and timing of the transaction;
- (d) If the Company is a party to the transaction, and if not, the nature of its participation in the transaction;
- (e) In case the transaction involves the sale of an asset, a description of the asset, including acquisition date and its book value or cost;
- (f) Information concerning potential counterparties in the transaction;
- (g) Approximate financial amount of the transaction, as well as the value of the Related Party's interest in the transaction;
- (h) Description of eventual provisions or limitations imposed to the Company resulting

from entering into the transaction;

- (i) If the transaction includes any potential reputational risk to the Company; and
- (j) Any other information that may be relevant to shareholders and investors in light of the circumstances of the transaction in particular.

V - Related Party Transactions that have not been submitted to the procedures of this Policy

34. If it comes to the knowledge of administrators or collaborators any Related Party Transaction that has not been submitted to the approval procedures set forth in this Policy prior to its consummation, the transaction shall be brought to the analysis by the Board of Directors or by the Corporate Legal Department, as appropriate. Such body shall conduct the analysis as provided in this Policy and shall also consider all options available to the Company, including ratification, amendment or termination of the transaction.

35. The Board of Directors or the Corporate Legal Department, as the case may be, shall also examine the facts and circumstances related to the failure to submit the transaction for approval under this Policy and shall take the actions it deems appropriate, ensuring the effectiveness of the Policy.

VI - Related Party Transactions exempt from the procedures of this Policy

36. Fixed, variable and shares-based compensation and other benefits provided to members of the Company's Board of Directors and the Executive Officers are not subject to the procedures of this Policy, since its global amount be approved at Shareholders General Meeting, in accordance with Law No. 6404/76, or by the Board of Directors, as the case may be. Transactions which subject is the granting of guarantees by the Company on rental agreements involving the Executive Officers or employees of the Company or its controlled or affiliated entities shall not be subject to the procedures established in this Policy as well.

37. The following Related Party Transactions which, although considered as Out of the Ordinary Course of Business of the Company for purposes of this Policy, provided that they are performed in an ordinary and frequent basis by the Company, shall also not be subject to the procedures established in this Policy, being necessary to notify the Audit Committee in accordance with Item 20, regardless of the amount involved, specifically:

- (a) granting of guarantees by the Company to directly or indirectly controlled companies or affiliates, since the terms and conditions contained in the agreements that govern the guarantee granted by Company comply with those previously approved by the Board of Directors;
- (b) transactions which purpose is to promote the apportionment and reimbursement of expenses among the Company and its directly or indirectly controlled companies or affiliates;
- (c) transactions purpose is to promote the sharing or transfer of know-how and technology amongst Related Parties;

(d) transactions which purpose is the assignment of the use or sharing of space between the Company and directly or indirectly controlled companies or affiliates; and

(e) transactions which purpose is the rendering of services in the areas of back office between the Company and its directly or indirectly controlled companies or affiliates.

38. Related Party Transactions involving an amount lower than the Significant Amount and that are identical to others already analyzed by the Corporate Legal Department in the last twelve (12) months prior to their execution shall not be subject to the procedures of this Policy.

39. The aggregate amount of the transactions that are executed under the exemption of the Item 38 above shall not exceed twenty five million Brazilian reais (R\$ 25,000,000.00) in twelve (12) months per each type of transaction. The analysis and approval of the transactions which result in the excess of this amount the following ones of the same type shall be subject to the applicable terms of the Policy.

40. Related Party Transactions approved under the exemption of the item 38 shall also be informed to the Audit Committee as provided in Item 20, regardless of the amount involved.

41. The rules provided in this Policy shall not apply to transactions between the Company and any corporation whose capital is, directly or indirectly, wholly owned by the Company.

VII –Non-Compliance with the provisions of this Policy

42. Any violation to the provisions of the Policy that comes to the knowledge of the administration shall result in the adoption of the appropriate measures, ensuring the effectiveness of this Policy, and shall also be reported to the Audit Committee.

VIII - Disclosure of Related Party Transactions

43. In accordance with the terms of article 247 of Law No. 6404/76 and CVM Rule No. 642/10, the Company shall disclose the Related Party Transactions providing sufficient detail to identify the Related Party and all the essential terms of such transactions. The disclosure of this information shall be made, clearly and accurately, in the notes to the Company's financial statements, in accordance with the applicable accounting rules.

44. The Company will also disclose eventual Related Party Transaction in accordance with CVM Rule No. 480/09 and the Listing Rules of the Level 1 of Corporate Governance of BM&FBOVESPA.

This Policy was approved at the Company's Board of Directors Meeting held on February 24th, 2016.