



2010

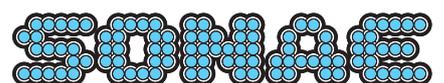
SUSTAINABILITY  
REPORT





---

2010  
SUSTAINABILITY  
REPORT



ABOUT  
THE REPORT • 07

CEO'S  
MESSAGE • 08

A GREATER WORLD  
TO ENTHUSIASM • 10

Corporate Strategy	16
Sonae's Activity In 2010	18



A GREATER WORLD  
26 • TO CREATE

Governance Model	28
Risk Management	31
Human Capital	33
Investment in the Community	36
Stakeholders' Dialogue	40



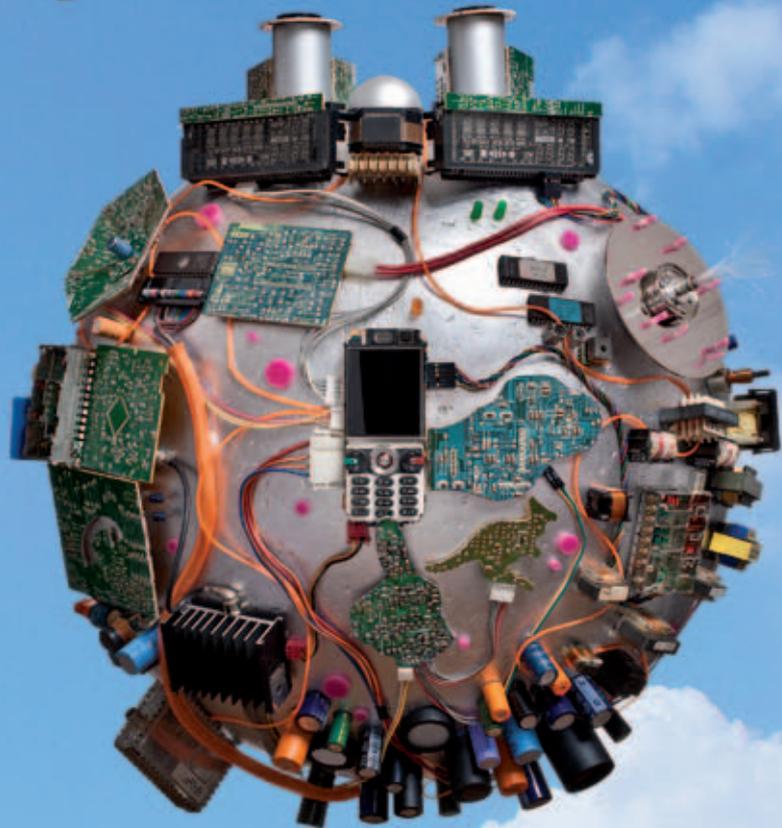


A GREATER WORLD  
42 • TO LEAD

- Human Capital ————— ● 45
- Environmental Management ————— ● 47
- Responsible Value Chain ————— ● 56
- Promoting Well-Being and Development  
in Local Communities ————— ● 68
- Commitments ————— ● 71

A GREATER WORLD  
TO APPROACH • 76

- Sonaecom ————— ● 78
- Sonae Sierra ————— ● 90



A GREATER WORLD  
102 • TO GROW

- Statement of Compliance ————— ● 104
- GRI Indicators ————— ● 106
- GRI Table ————— ● 123

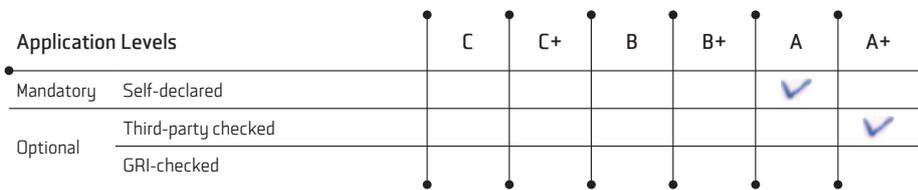




## About the Report

Each year, Sonae publishes its Sustainability Report, through which stakeholders are informed about the Company's strategy, management system, performance and financial commitments in addition to its, social and environmental commitments.

This Sustainability Report covers 2010 and was prepared following the guidelines defined by Global Reporting Initiative (GRI) G3. The report was validated by a reputable external company, PricewaterhouseCoopers, and achieved an "A"-grade rating.



The information contained in this Report refers to Sonae's activity, with particular emphasis on its Retail business area.

This Report is divided into four main chapters:

- 1. A Greater World to Enthusiasm** – includes information on strategy and the Company's overall activity, incorporating consolidated performance indicators;
- 2. A Greater World To Create** – describes the Company's corporate governance model, risk management, and valorisation of human capital. Furthermore, it includes information on relationships with stakeholders;
- 3. A Greater World to Lead** – integrates information on Retail-specific management approaches and respective social and environmental performances;
- 4. A Greater World to Approach** – presents a synthesis of Sonae's partnership performances: Sonacom and Sonae Sierra. Both partners have independent and detailed Sustainability Reports, which can be viewed under the Corporate Responsibility headers of their respective sites – [www.sonae.com](http://www.sonae.com) and [www.sonae.sierra.com](http://www.sonae.sierra.com).

Note: Whenever the scope of reported information does not encompass Sonae's total activities, this fact will be mentioned in the methodological notes.

### Information included in the Report

The contents of this report were defined according to a materiality analysis, which was aimed at identifying relevant areas in terms of sustainability.

Themes were identified via a benchmark analysis of the industry's sustainability practices and by a process whereby the opinions of the company's main stakeholders were heard – clients, suppliers, local government bodies, NGOs, experts and analysts.

Any queries regarding the information published in this Report or queries regarding Sonae's Sustainability Policies should be submitted to:

Catarina Oliveira Fernandes – Head of Communication, Brand and Corporate Responsibility

E-mail: [catarina.fernandes@sonae.pt](mailto:catarina.fernandes@sonae.pt)

Tel.: 22 0104000

Sonae 2010 Sustainability Report is also published online at: <http://www.sonae.pt/ing/sustainability/sustainability-report>



## CEO's Message

Ever since Sonae was founded, it has sought to conciliate the efficiency and profitability of its business operations with a social aspect, namely by supporting local communities, the environment, its employees' personal development and Corporate Governance concerns. This commitment over the years has lead Sonae to adopt, the best transparency policies and company rules, created to guarantee ethical and responsible behaviour on behalf of the organisation, thus strengthening its Sustainability Policy.

In actual fact, we can't exactly refer to the conciliation of objectives, given Sonae's mission is to clearly prioritise social impact and long-term sustainability over its financial results. What we believe, is that it will be via accomplishing our mission, our capacity to "improve an ever-increasing number of lives" that we will attain our desired financial results.

In 2010, we pursued this objective very firmly, and increased the amount of economic value to be distributed by 227 million Euro. Sonae strengthened its position as the largest privately-owned employer in Portugal, with the creation of 3,454 job vacancies, it increased salaries, valued its employees by offering over 1.5 million hours of training, offered its customers discounts via its client loyalty card and coupons, it strengthened the amount it purchased from the Clube de Produtores da Sonae (Sonae's Producers Club) and distributed dividends 5% greater than the amount distributed when compared to the previous year.

In 2010, we supported 3,082 third-sector organizations, which helped communities and families across the Country, with the company's direct contribution increasing to 10.4 million Euro. The volume of support given to organizations of this nature increased 12%, which allowed for the development of several initiatives in areas such as Solidarity Culture, Education and Environment amongst others. Such initiatives would hardly be feasible if not for Sonae's support.

Facing the future with a certain level of uncertainty, with what regards the economic conditions, we have before us a great challenge: to grow sustainably.

It is our objective to continue supporting families most in need, and our employees.

We want to continue to make Sonae, the clients favourite retailer, the best place to work, the most valued partner by our suppliers, at the same time, we want to obtain a high level of recognition within the community regarding current social and environmental challenges.

Our mission is to continue to create economic and social value in the long-term, taking the benefits of progress and innovation to an ever increasing number of people.

We are committed towards a sustainable future. For all.

Paulo Azevedo  
Sonae's CEO



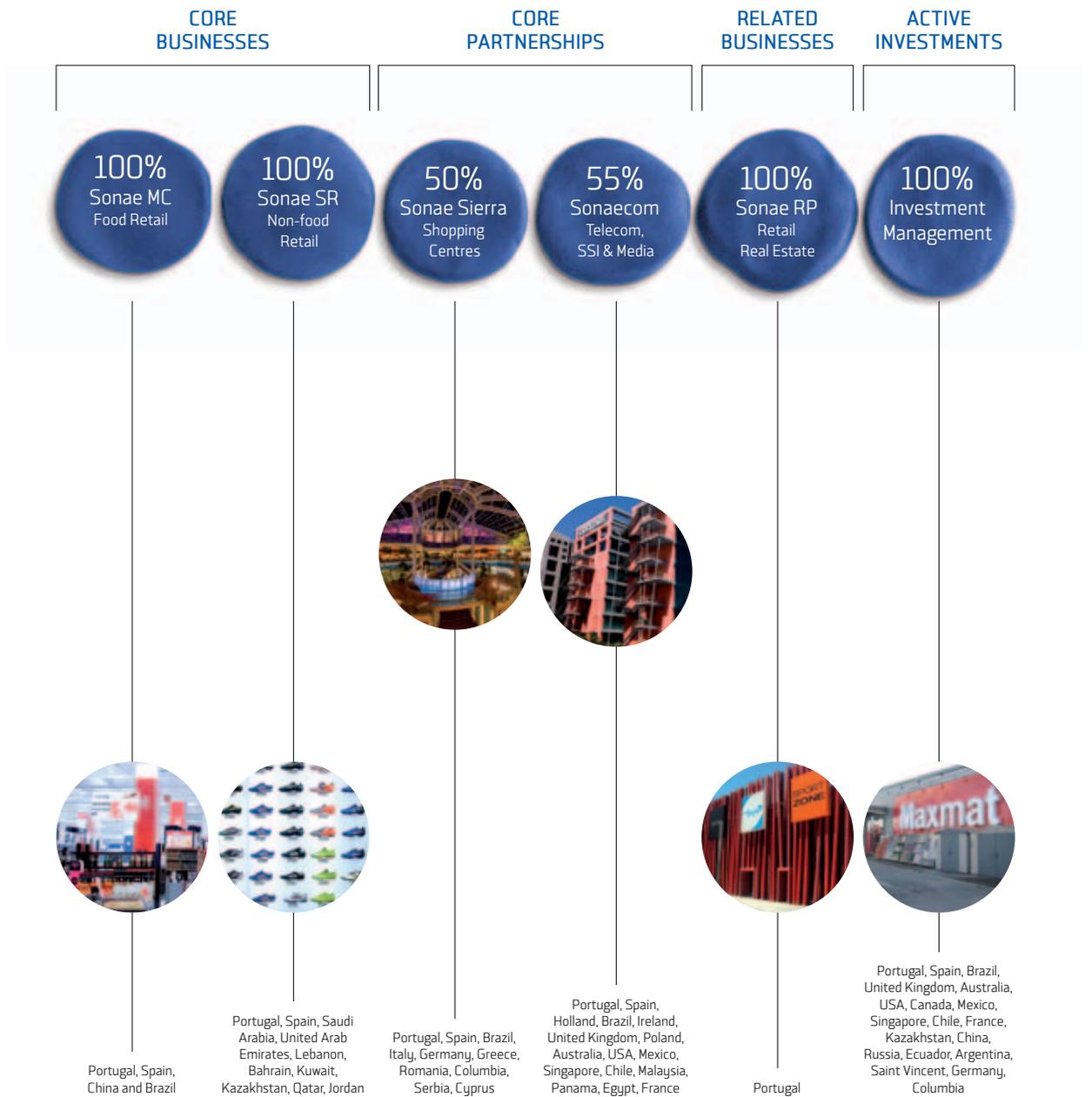
# A Greater World to Enthusiasm



"With our eyes set on the future, we assume the responsibility of offering sustainable solutions to our clients and to society, ensuring efficiency and competitiveness in generating wealth in the long-term. The trust our stakeholders have in the work we develop gives us reason to be proud and it is also a sign of the balance we have assured between the economic, social, and environmental aspects of our business."

Ângelo Paupério, Executive Board Member

Sonae is a retail company with two great partners in the areas of Telecommunications, Software and Media and Information Systems (Sonaecom) and Shopping Centres (Sonae Sierra). In the countries where it operates, Sonae is recognised as an organisation supported by a strong culture of values that contributes towards social and economic development.



Encompassed markets include operations, services provided to third parties, representation offices, franchising agreements and partnerships.

## SONAE MC

Sonae MC is the market leader in Portugal in the food retail sector. It has 415 stores with a total sales area of 544.000 m<sup>2</sup>, under the following banners: Continente (hypermarkets), Modelo (supermarkets), Bom Bocado (restaurants), Well's (chemist), Book it (books and stationery), Continente Ice (frozen food) and Pet & Plants (gardening and pets).

## SONAE SR

Sonae SR has a total of 503 stores (89 outside of Portugal) with a total sales area of 364.000 m<sup>2</sup>, under the following banners: Loop (footwear), Modalfa (clothes), Sport Zone (sports equipment and apparel), Vobis (computer equipment), Worten (appliances and consumer electronics), Worten Mobile (mobile communications) e and Zippy (baby and children clothing).

## SONAE SIERRA

Sonae Sierra is the international expert in shopping centres. 50% of the subsidiary is held by Sonae and Grosvenor (United Kingdom), respectively. It operates on an international level, with a total portfolio of 51 shopping centres and the management of an additional 17 third-party shopping centres. Globally, its portfolio has a GLA of 2.219.863 m<sup>2</sup>.

## SONAE COM

Sonae com is divided into two main business units: Optimus, which now integrates the entire offer in mobile and fixed telecommunications and the software and information systems (SIS) area. Additionally, Sonae com also integrates online and media areas, which encompass a set of businesses such as Público and Miao.pt. Regarding telecommunication services, it has approximately 4 million clients.

## SONAE RP

Sonae RP is a business unit aimed at managing Sonae's retail real estate assets. Furthermore, it also manages the real estate interests of approximately one hundred commercial venues, as well as several apartment buildings neighbouring the shopping centres.

## Investment Management

Investment management supports the implementation of corporate and business strategy, maximizing shareholders' return on its companies' portfolio, which includes Maxmat (home improvement and construction materials), Geostar (travel agency) and MDS (insurance brokerage), companies where it is considered that mergers and acquisitions have an important role to play in generating value.

<sup>1</sup> GLA - Gross Leasable Area.

## Mission

To create long-term economic and social value, bringing the benefits of progress and innovation to an ever increasing number of people.

## Values

### Ethics and Trust

Our fundamental commitment is to create economic value founded on principles of ethics and sustainable development, taking a long term view and based on relationships of confidence and trust with stakeholders.

### People at the centre of our success

Our employees are a distinguishing factor in the markets in which we operate. We believe that developing the competencies and capabilities of each employee, encouraging an internal culture that promotes meritocracy, constant challenges and a readiness for change are the crucial factors to attract human resources of outstanding capability.

### Ambition

This is our guiding force, reflected in the continuous setting of targets that stimulate and challenge our competencies, ensuring the company's continued bold and resilient attitude.

### Innovation

Innovation is the source and at the heart of our businesses. We believe that learning also occurs through learning and failures, but are aware however of the importance of knowing how to balance this factor within standard risk taking parameters.

### Social Responsibility

We have an active sense of social responsibility in contributing towards the improvement of the communities where we operate, with a strong concern for the environment and the development of human knowledge.

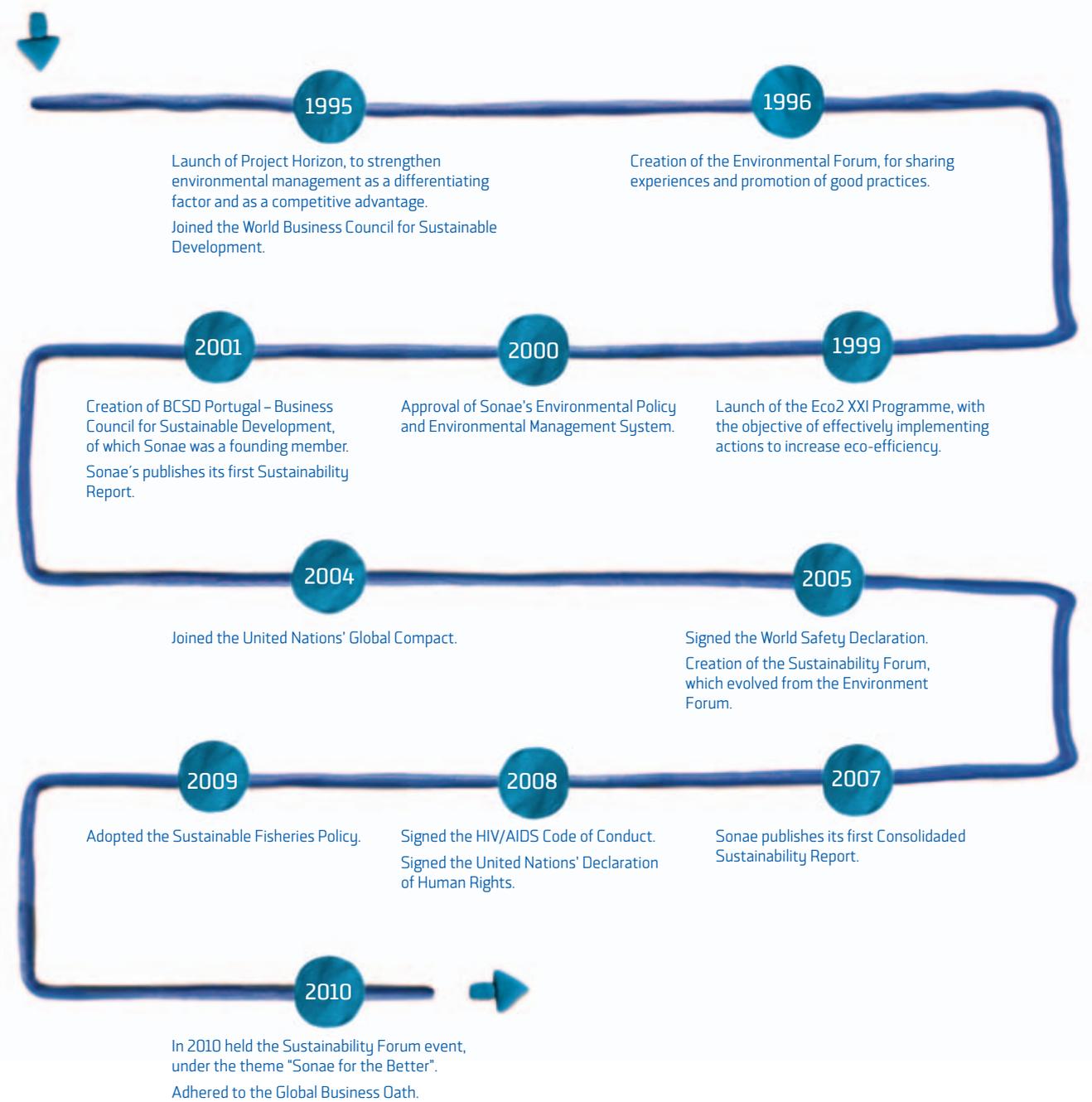
### Frugality and Efficiency

We are well known for our efficiency, encouraging healthy competition and carrying out far reaching projects. We make no apologies for our frugality, seeking to optimize our use of resources, and maximize their return.

### Cooperation and Independence

We take a position of independence and autonomy in relation to central and local government, but are always ready and open to cooperate with governments, with the goal of improving the regulatory, legislative and social framework.

# Sustainability Landmarks



## 1.1. CORPORATE STRATEGY

Sonae's corporate strategy is supported by creating value through globalization, diversification of investment styles and leverage of assets bases in Portugal

### Strategy



### THE THREE PERFORMANCE PILLARS TO ACHIEVE STRATEGIC GOALS



**Globalization:** Globalisation, focused on core businesses and adjacent business areas, will become the main future growth vector during the course of the coming years. Due to this being the main strategic priority, all necessary resources will be allocated to it, because it grants the opportunity to increase the company's presence abroad and to transform Sonae into a great multinational Company.

**Diversification of investment styles:** The intention is to leverage Sonae's resources and the efficiency of the implementation strategy, adopting a style or mix of styles most suited to each business, ranging from detaining the entire capital to detaining several majority ownerships, but also including minority interests with or without special rights. Sonae may participate in the share capital of companies over which it has no control, in situations where it does not have the necessary resources or when third-party contribution may serve as a factor for creating superior economic value. Under these circumstances, consolidation processes will be promoted in addition to other restructuring movements in the sectors involved, such as entering new territories as partners with the capacity to bring technical expertise and develop the necessary network of high-level professional relationships.

**Leverage the exceptional asset base in Portugal:** To continue to explore new business opportunities that derive from the exceptional asset base that Sonae holds in Portugal, as a means in which to create a set of options for future growth. These projects must possess the majority of the following characteristics (i) clear internationalisation potential; (ii) attractive levels of potential profitability; (iii) enable them to take advantage of great global trends; (iv) represent the strengthening of competitive position; (v) have the potential to become large business in the medium term. A significant portion of capital will be allocated to these new projects, depending on their capacity to generate growth and economic value. Similarly, special attention will be given to detect as early as possible, signs of success or failure of these investments, so as to, in a timely manner, make decisions regarding further investments, mergers or divestments .

## Applying the strategy across the different businesses:

### 1. Focus on leadership and profitability

This global strategy is applied to each and every Retail business area, individually and according to their specific characteristics. In the food retail business (Sonae MC), the strategy is directly related to consolidating market leadership in Portugal; studying new adjacent business areas and managing the business in Portugal as a cash-flow generators, whilst at the same time dedicating efforts to seek international opportunities.

### 2. Focus on growth and internationalisation

Regarding Specialised Retail (Sonae SR), the focus is on growth via internationalisation, namely in the Spanish market by the continuous investment and strengthening of Sonae's presence in Spain. The management of business opportunities in new territories, based on franchise agreements and joint-ventures, is also part of the accelerated growth strategy, as well as the consolidation of the leadership position in the Portuguese market and the increase in profitability.

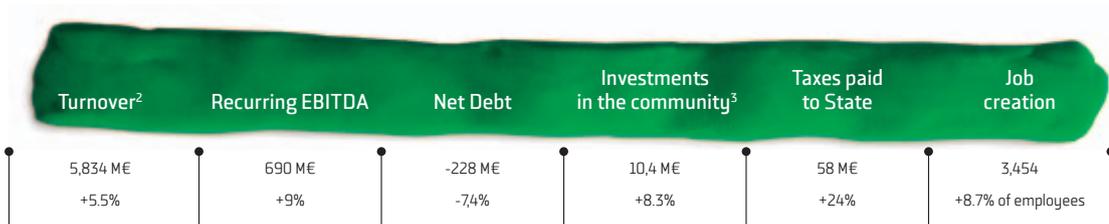
### 3. Monetization of real estate assets

In the Retail Real Estate business (Sonae RP), additional sale and leaseback asset transactions are planned, with the objective of freeing up capital invested in real estate assets to finance growth.

Notwithstanding, the current macroeconomic and financial scenarios have lead Sonae to concentrate the majority of its assets in generating and preserving capital, which alters the Company's plans and tactics significantly, but not its outlook on the future.

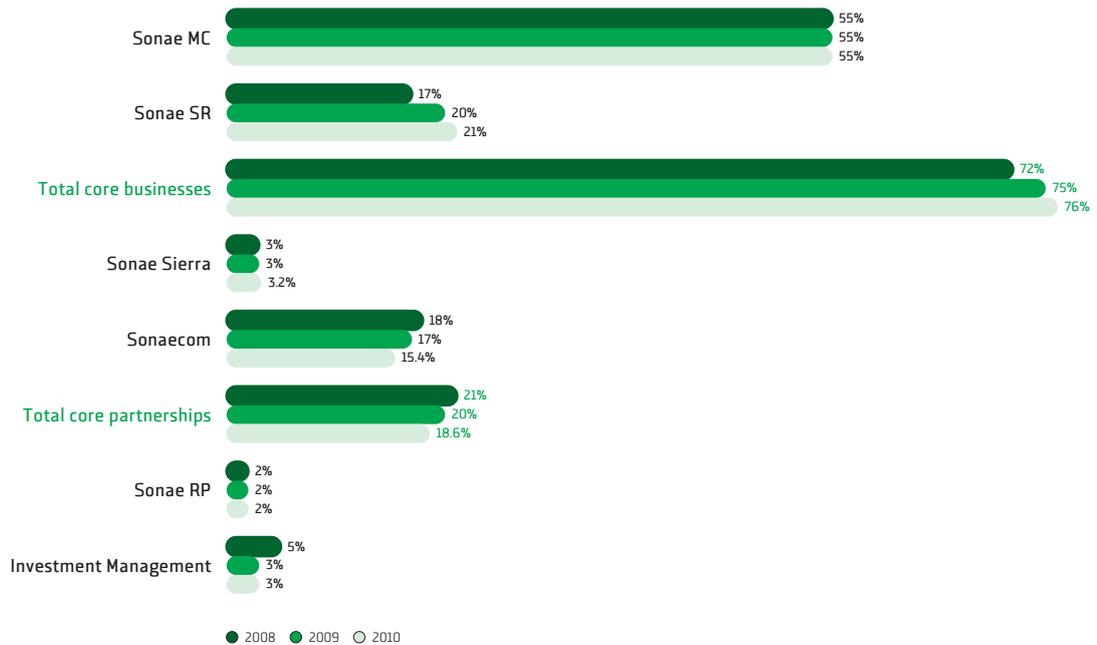
## 1.2. SONAE'S ACTIVITY IN 2010

### Highlights



In 2010, Sonae's turnover grew 5.5% when compared to the previous year, excluding petrol stations, having reached 5,8 billion Euro (from 4.4% to 5,9 billion Euro considering the petrol station business which was transferred to a third-party during the second quarter of the year). This growth was mainly caused by the Specialized Retail business area, with the opening of 51 stores abroad (Spain and Saudi Arabia), which represents a growth of 12.3%, and the Investment Management business, with a growth of 78%, a result of the merger between Cooper Gay insurance brokerage (MDS' affiliate company) with Swett & Crawford.

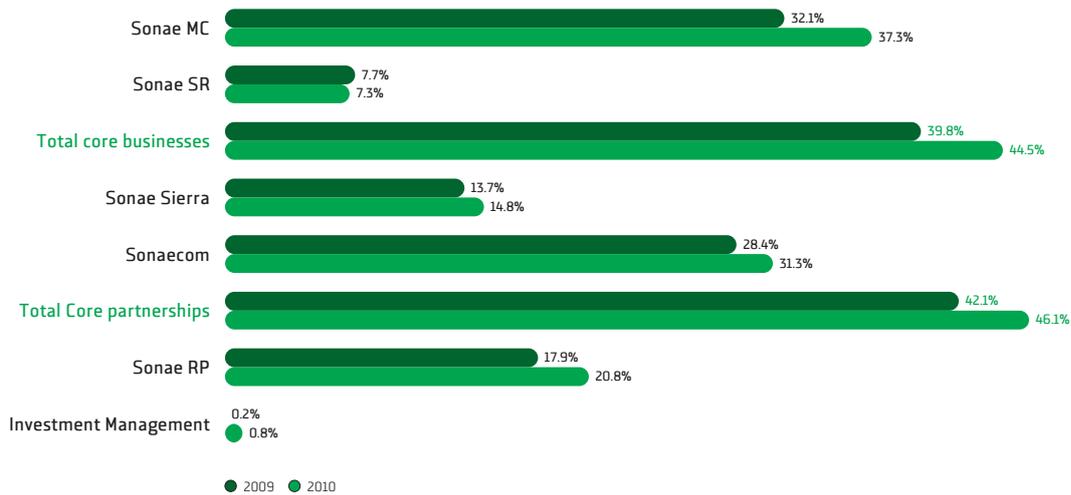
#### Contribution to Turnover per Business Unit



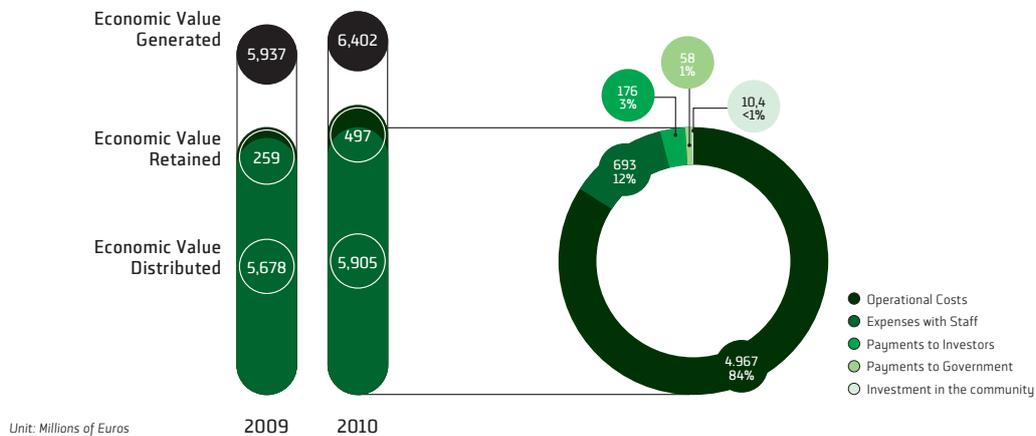
<sup>2</sup> The turnover hereby advised excludes the petrol station business, given that it was transferred to a third-party organization in the second quarter of 2010. The figure published in the previous year's report included this activity and, for this reason, the two figures cannot be compared. Nevertheless, the variation herewith presented reflects the change in turnover over both years excluding the petrol stations business

<sup>3</sup> The amount of investment in the community excludes direct contributions from clients. On a comparable basis, the % increase was of 11.7% (9,4M€ in 2009). If one considers the donations received through our campaigns, the figures would have been 9,6 M€ in 2009 and 11,7 M€ in 2010. Which in turn corresponds to an increase of 21,8 %.

### Contribution to EBITDA per Business Unit



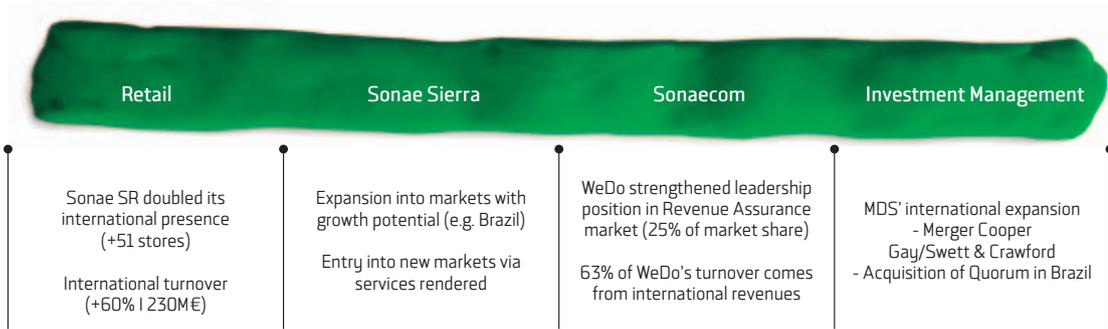
### Economic value generated and distributed



The economic value generated reached 6,4 billion Euros, of which 5,9 billion were distributed between operating costs, payments to employees, investors, government and investments in the community, as per the previous chart. The company also received government grants totalling 8,3 million Euro via programmes to support the creation of jobs, Human Potential Operating Programmes, Fiscal Incentives in Corporate Research and Development, the programme to Supply Madeira islands (POSEI) amongst others.

## Main strategic achievements

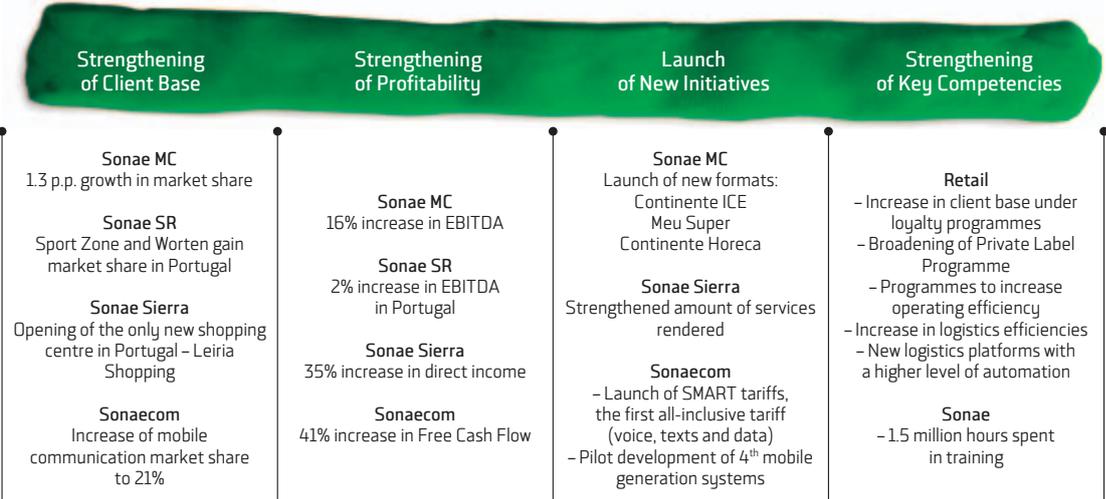
### A – Internationalisation



### B – Diversification of investment style



### C – Leverage and strengthening of asset base



## Main environmental and social impacts

Right from the start, the way in which Sonae approached the Sustainability issue in each business area, lead to the identification of a set of intervention themes. Within this context, it was fundamental to define the main environmental and social impacts of the businesses.

Despite the existing particularities of each of the businesses, which in turn generate specific impacts, here are transversal impacts across Sonae's activity, be it on an environmental or social level.

	Sonae MC and Sonae SR Retail	Sonae RP and Sonae Sierra Real Estate	Sonaecom Telco, SSI & Media	Investment Management
Environmental	Energy and Emissions	Energy and Emissions	Energy and Emissions	Energy and Emissions
	Waste	Waste	Waste	Waste
	Water consumption	Water consumption	Water consumption	Water consumption
	Transports	Biodiversity and habitats	Electromagnetic Fields	Transports
	Impacts resulting from supply chain			
Social	Creation of direct and indirect jobs	Creation of direct and indirect jobs	Creation of direct and indirect jobs	Creation of direct and indirect jobs
	Satisfaction and investments in employees	Satisfaction and investments in employees	Satisfaction and investments in employees	Satisfaction and investments in employees
	Health and safety (regarding employees, clients and visitors)	Health and safety (regarding employees, store owners, clients and visitors)	Health and safety (regarding employees and clients)	Health and safety (regarding employees and clients)
	Involvement with the community	Involvement with the community	Involvement with the community	Involvement with the community
	Value chain	Value chain	Digital inclusion/ information society	
	Food security			

## Sonae's environmental and social indicators<sup>4</sup>

Energy Consumed per Turnover 933 GJ/Milion Euros -1.4% Var. 2009-2010	CO <sub>2</sub> Emissions per Turnover 50.1 ton CO <sub>2</sub> e/ Milion Euros -32% Var. 2009-2010
Waste Production per Turnover 19,5 ton/Milion Euros +1.3% Var. 2009-2010	Waste Recovery 70% +2 p.p 2009-2010
Water Consumed per Turnover 380,4 m <sup>3</sup> / Milion Euros -5.3% Var. 2009-2010	Investment in the community per Turnover 1,791 €/ Milion Euros generated +5% Var. 2009-2010
Accidents in the workplace 1,879 Accidents +55% Var. 2009-2010	Absenteeism rate 0.33% -0,02 p.p 2009-2010
	Training hours per employee 35 h/employee

## Relevant Facts 2010: some examples

- Sonae MC's Private Label Management System received an international certification – granted by SGS ICS – International Certification Services in accordance with ISO 9001 standard;
- Sonae MC was certified for its Complaints Management System, under ISO 10002 standard, by SGS ICS;
- Corporate Environmental Certification for the Retail business was renewed, under ISO 14001 standard;
- Granted an Environmental certification under ISO 14001 standards in an additional three Food Retail units (one supermarket, one meat processing facility and one warehouse) and in a Specialized Retail store;
- Certification of the Environmental Management System under ISO 14001 standards for a shopping centre and an office facility, both in Germany, and for the construction phase of the Western Tower of Centro Comercial Colombo, in Portugal;
- Certification, in accordance with OHSAS 18001 standards for Occupational Health and Safety Management system across 10 shopping centres currently in operation and for the construction phase of the Western Tower of Centro Comercial Colombo, in Portugal;
- Renewal of Sonaecom's environmental certification under ISO 14001 standard;
- First External Sustainability Forum Event took place under the theme "Sonae for the better".

<sup>4</sup> Data presented in this table result from the consolidation of all I Sonae business units. The data was calculated according to the most appropriate methodologies for each unit.

## External Recognition

- Sonae was distinguished with the **Citizenship Award for Companies and Organizations**, promoted by AESE – Escola de Direção e Negócios (Administration and Business School) and PricewaterhouseCoopers, for the Retail and Consumer category;
- ACT (Autoridade para as Condições do Trabalho [Authority for Work Conditions]) awarded Sonae with the **European Good Practices Award for Risk Prevention in the Workplace**;
- Elected "**Company of the Year 2009/2010**" by Associação "Aprender a Empreender" – Junior Achievement Portugal; **Retail Technology Award Europe 2010** for the Best-in Store Solution category;
- Sonae's Producers Club was distinguished by Confraria do Queijo de São Jorge;
- At the **Efficiency Awards 2010**, Continente's Causa Maior, Mega Pic-Nic Modelo and Chef Online projects received a silver award, in the Social Responsibility, Activation and Sponsorship, and Distribution and Restaurants categories, respectively. The first two projects were also given the Reputation Awards 2010, under the Event and Social Responsibility Project categories, respectively. Project Arredonda received a gold award.
- Continente and Modelo brands were distinguished as **Superbrands 2010**;
- For the 8<sup>th</sup> consecutive year, Continente was voted as a **Portuguese Trusted Brand**, for the supermarket and hypermarket store category. Worten was also considered a Trusted Brand under the Network/Store Distribution category;
- For the 3<sup>rd</sup> consecutive year, Continente was elected as a Trusted Brand in Environment, under the supermarket and hypermarket category;
- At the **Hipersuper 2010 awards**, Continente was awarded with three prizes under the following categories: Best DPH (Drug-store, Perfumery and Hygiene Products), Best Groceries and Best Retailer. Worten received the award for Best Marketing in the non-food retail category;
- Zippy Baby cosmetics range received a silver award at the Festival do Clube de Criativos de Portugal (Festival of Creative Clubs in Portugal);
- Equipa Worten Equipa Project was given an honourable mention at **Green Project Awards 2010**;
- For the PC Guide Readers' Awards, Worten received the 1<sup>st</sup> Prize under the category of Best Hardware Store and also two honourable mentions under the Best Software Store and Best Technical Support Store categories
- Information regarding prizes and distinctions awarded by Sonae Sierra and Sonaecom may be found under the chapter "A Greater World to Approach".

## Membership of external principles, initiatives and associations

In 1995, Sonae became a member of World Business Council for Sustainable Development. The company's active participation in Sustainability issues contributed towards the foundation of BCSD Portugal – Business Council for Sustainable Development in 2010 together with other great Portuguese companies.

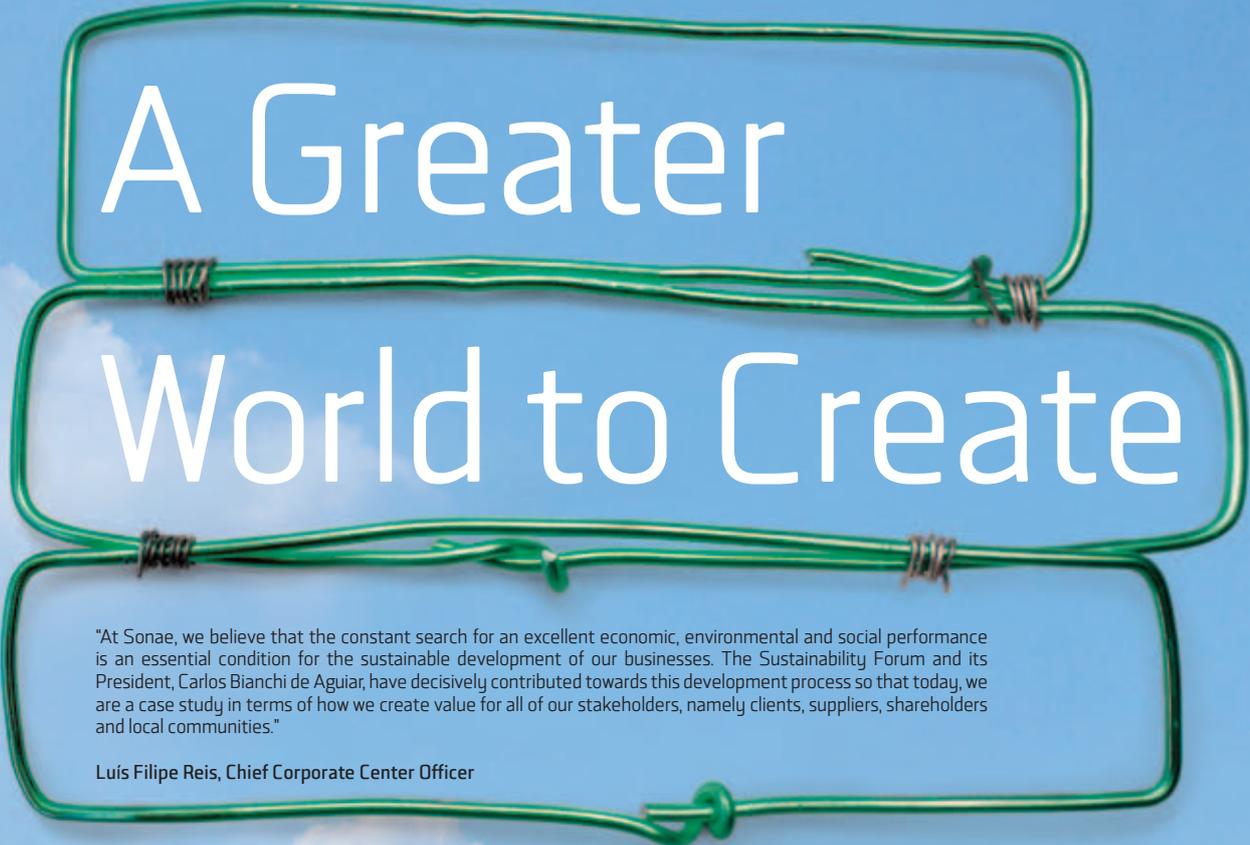
Since 2004, Sonae has been a member of the United Nations' Global Compact and, since 2005, it has been a member of the World Safety Declaration. In 2008, it signed the Businesses Code of Conduct and HIV carried out under the scope of the Labour Platform Against AIDS, a partner of Coordenação Nacional para a Infecção VIH/Sida (National Authority for HIV/AIDS).

Since 2009, Sonae has been a member of the Commitments of the Food Industry on Food, Physical Activity and Health, regarding marketing and advertising targeted at children. These commitments, developed by FIPA – Federação das Indústrias Portuguesas Agro-Alimentares (Federation of the Portuguese Agricultural and Food Industries) and APAN – Associação Portuguesa de Anunciantes (Portuguese Association of Marketers), aim to change the types of beverages and food products advertised on television, press and the Internet that are targeted at young children under 12 years

In 2010, Sonae was the first Portuguese company to subscribe to the “Global Business Oath”, which defines the global management principles of the Young Global Leaders of the World Economic Forum. The “Global Business Oath” establishes that companies and their executives adopt the best practices for Corporate Governance, in defense of values and business ethics. Respect human dignity, do not tolerate bribery, protect the environment and future generations or invest in training its employees are some of the principles established under this commitment.

Sonae also participates in the following associations: AEP – Associação Empresarial de Portugal (Portuguese Business Association), APED – Associação Portuguesa de Empresas de Distribuição (Portuguese Retailer Business Association), COTEC Portugal – Associação Empresarial para a Inovação (Business Association for Innovation), ERT – European Roundtable of Industrialists, ECGI – European Corporate Governance Institute, APOGERIS, Junior Achievement Portugal, Associação Comercial do Porto (Porto Commerce Association) and CGOV – Instituto Português de Corporate Governance (Portuguese Institute of Corporate Governance).





# A Greater

# World to Create

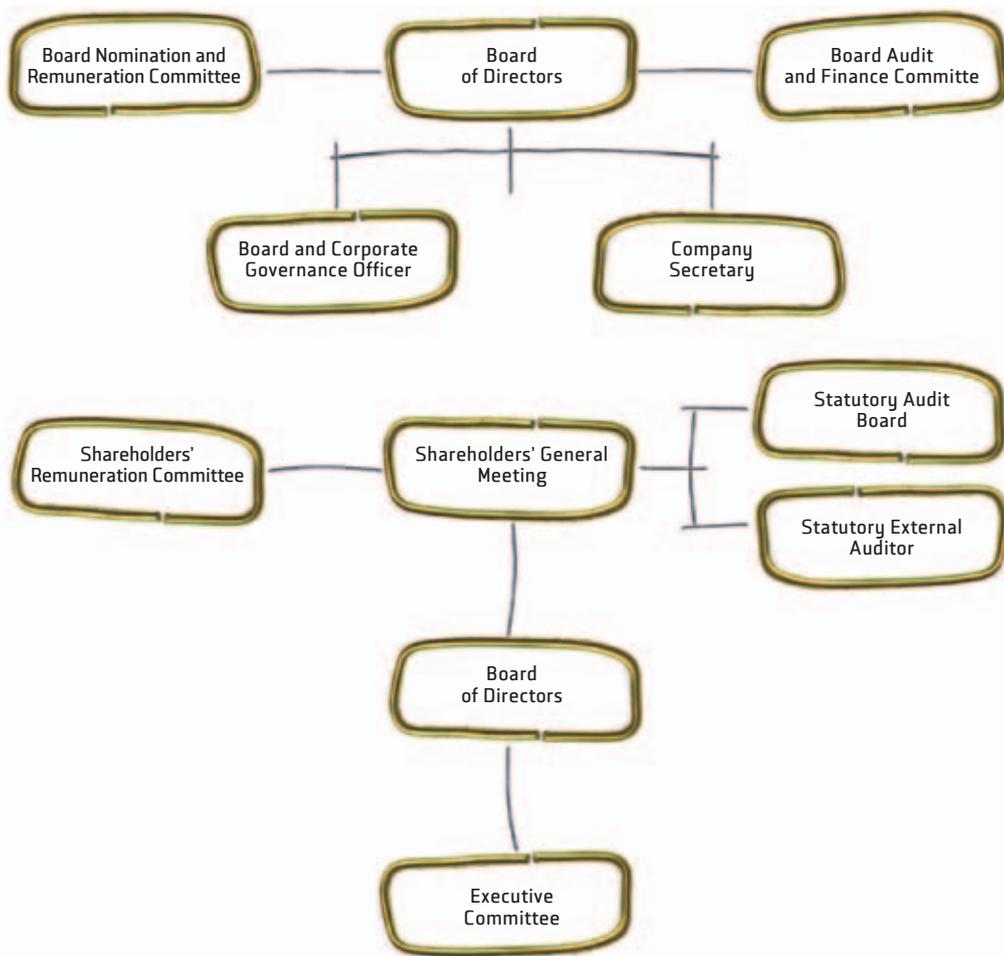
"At Sonae, we believe that the constant search for an excellent economic, environmental and social performance is an essential condition for the sustainable development of our businesses. The Sustainability Forum and its President, Carlos Bianchi de Aguiar, have decisively contributed towards this development process so that today, we are a case study in terms of how we create value for all of our stakeholders, namely clients, suppliers, shareholders and local communities."

**Luís Filipe Reis, Chief Corporate Center Officer**



## 2.1. GOVERNANCE MODEL

Sonae's Corporate Governance structure aims to promote Corporate Responsibility and sustainable development, taking into consideration the interests of all of the stakeholders'. Sonae believes that good governance practices are key factors for the sustainable development of the organisation and, in this sense, the Company is truly committed to improving its good governance practices.



The Company's Corporate Governance structure is composed of the Board of Directors, Audit Committee and Statutory External Auditor, all of whom were elected by the General Shareholders Meeting. The Board of Directors delegated the Company's current management of Corporate Governance unto an Executive Committee.

The members of the Boards, of the Board Presiding the Shareholders Meeting and of the Remuneration Committee are elected for four year periods and may be re-elected after that period.

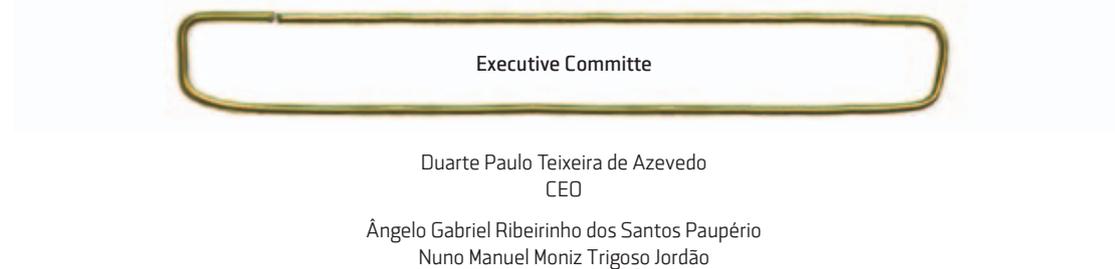
The Shareholder's General Meeting approved the compensation policy of the statutory governing bodies and persons discharging managerial responsibilities and delegated the determination of the specific values of remuneration to a Shareholder's Remuneration Committee. The Shareholder's General Meeting also approved the remuneration of the Shareholder's Remuneration Committee. Remuneration attributed to Sonae's statutory governing bodies are competitive resulting in efficiency and effectiveness in attracting talent, they are performance-based, in line with the shareholders' interests and sustained on a process of transparency.

The variable component of remunerations is structured in such a way so as to, establish a connection between monetary incentives and performance level, both on an individual and collective level. In the event that the pre-defined goals (measured according to business and individual performance indicators) fail to be achieved, the value of the short and medium term incentives will be partially or totally

In 2010 the Composition of the Board of Directors was as follows:

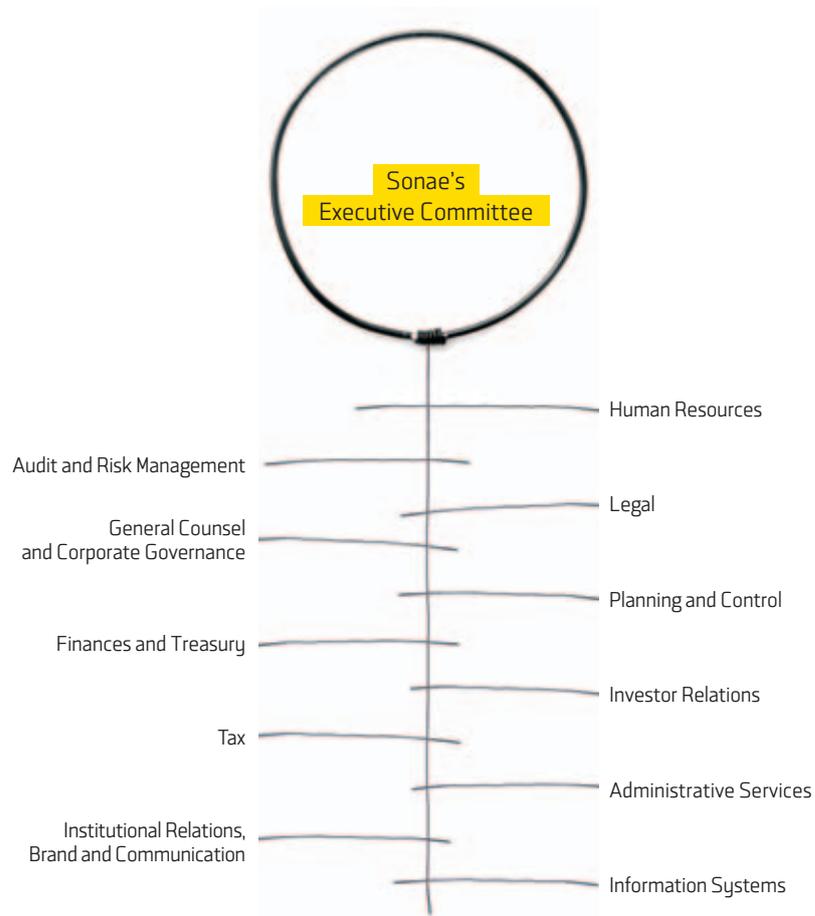


The Executive Committee is composed of members from the Board of Directors:

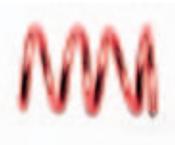


Note: Álvaro Carmona Portela ended his executive functions on March 31<sup>st</sup> 2010.

## Organizational Structure



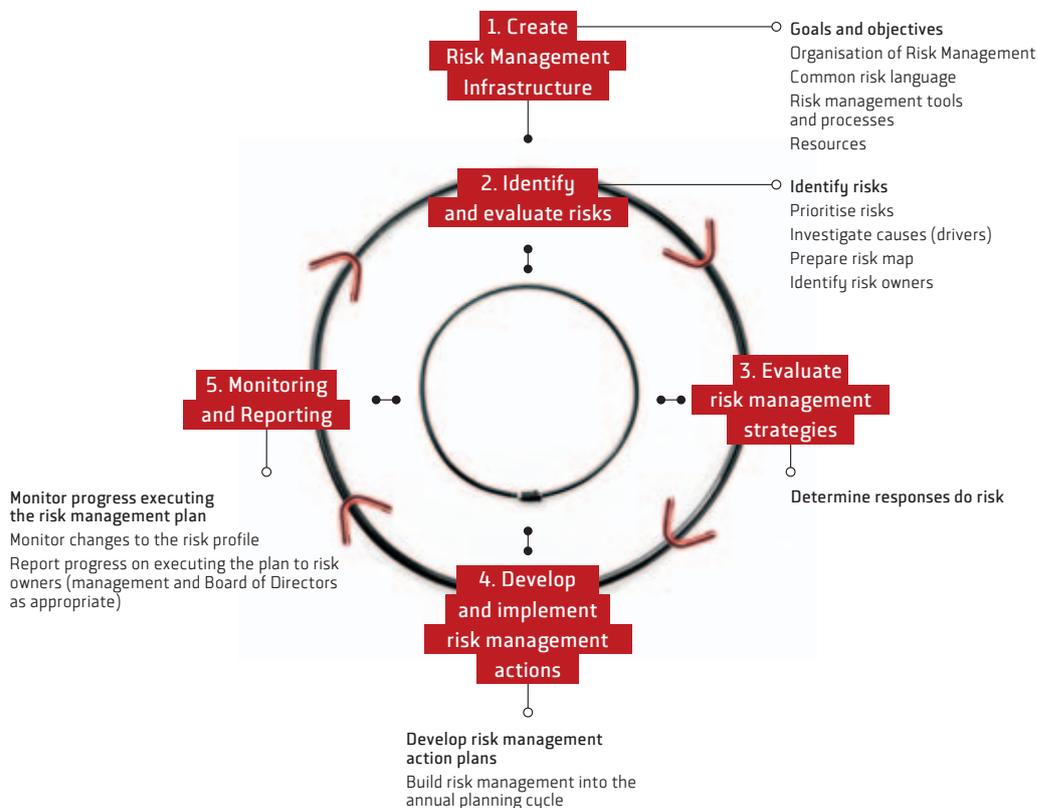
Under this structure, the different departments answer to the Executive Committee. Via the different departments, employees may offer the Governance board their comments or suggestions, even though in terms of hierarchy, it is at the top.



## 2.2. RISK MANAGEMENT

Risk Management is embedded in Sonae's culture and is one of its key Corporate Governance practices, part of all management processes and a responsibility of all employees of Sonae, at all levels of the organization.

The objective of risk management is to create value by managing and controlling uncertainties and threats that can affect the business objectives and the going concern of Sonae's businesses. Risk Management, together with Environmental Management and Social Responsibility, are pillars of sustainable development, in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.



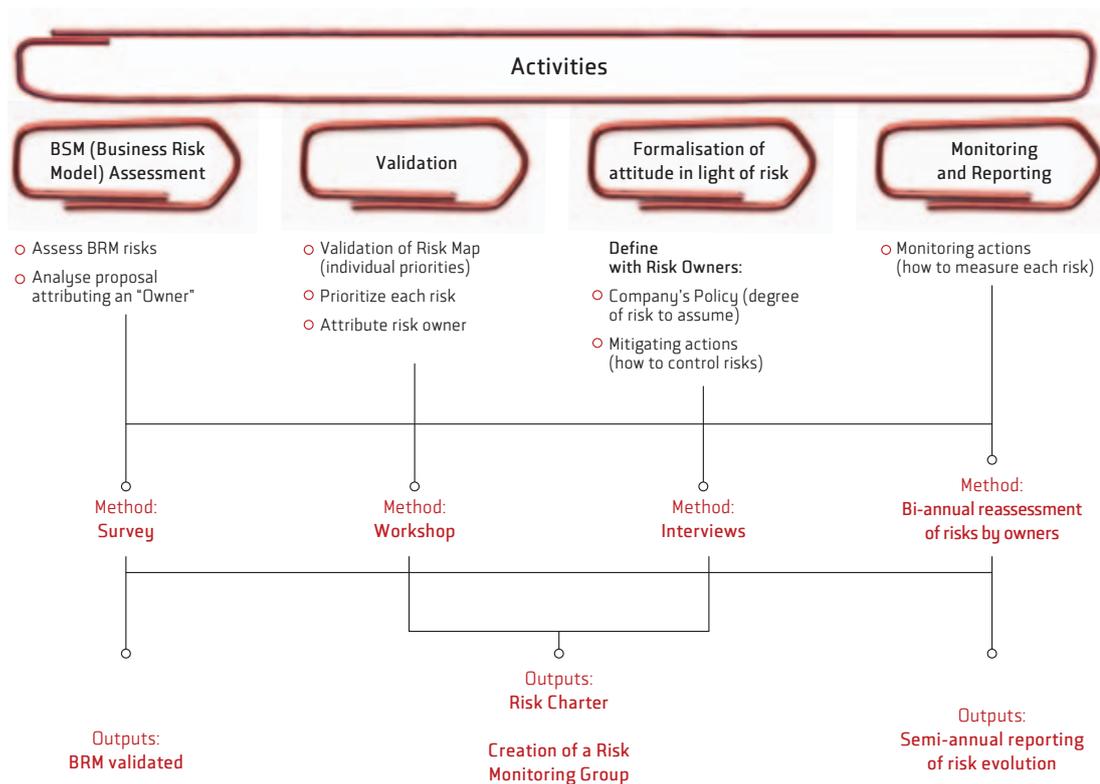
Risk Management in terms of governance and business is supported by functions carried out by the Internal Audit and Risk Management and Planning and Control departments through especially dedicated teams, which report directly to their respective Boards of Directors.

The Internal Audit and Risk Management departments mission is to assist companies in achieving their objectives through a systematic and structured approach in developing and assessing management efficiency and risk control of processes and information systems. The Planning and Management Control department promotes and supports the integration of Risk Management in the companies' management planning and control process

The reliability risks and integrity of the financial and accounting information are likewise assessed and reported by an External Audit unit. At the end of December 2010, the Internal Audit and Risk Management departments had 40 full-time employers, carrying out their role in all of the countries where Sonae is present.

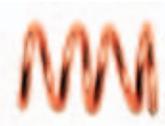
The Board of Directors and the Audit and Finances Committee monitor Internal Audit and Risk Management activities.<sup>5</sup>

In 2010 Risk Monitoring Groups (RMG) were created in the various businesses. They are composed of members from the Executive Committees', following through with the Enterprise Wide Risk Management annual process, which is based on the activities described below:



Additionally and in order to support this activity across the entire company, an application tool based on the international COSO standard has begun to be developed internally. The tool will be completed in the first half of 2011.

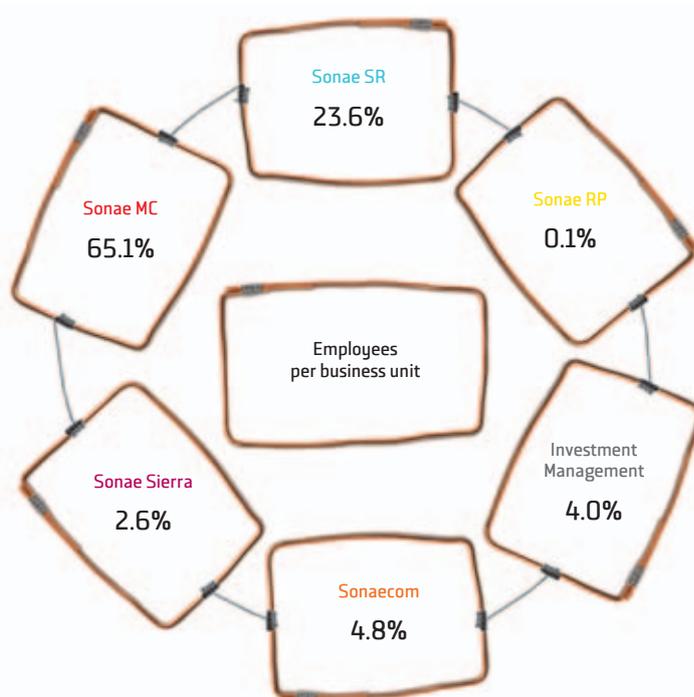
<sup>5</sup> Additional information regarding Corporate Governance may be found in the Corporate Governance Report 2010.



## 2.3. HUMAN CAPITAL

Against the difficult economic context and in 2010 Sonae contributed towards the employability of more 3,454 employees.

At the end of 2010, Sonae had a total of 43,268 employees, of which two thirds were women and approximately half were younger than 35 years old. Sonae promotes a balanced and healthy environment, where equal opportunities are a reality and where there is no room for discrimination of any kind.



Sonae is constantly concerned with its employees' employability. Thus, retaining the best employees is a priority for Sonae. For this reason, employees are offered the necessary opportunities for career progression, mobility and stability in their careers. Approximately 69% of employees have open-ended contracts.

Human rights are at the basis of the company's values and principles, which is disseminated to employees via the Company's Code of Conduct and Ethics. This document defines the expectable relationship between Sonae's employees and the company's main stakeholders. Also through this document Sonae expresses principles that include equal opportunities and prohibition of any type of discrimination. Furthermore, Sonae's entire Human Resource policy is supported by a non-discrimination policy, including union affiliation.

Sonae tries to promote a positive social climate. To this extent, the company periodically performs social climate assessments so as to measure the level of employees' well-being and to be able to act upon any potential risk situations. Employees also have available to them "Sonae's Ombudsman" created to insure the correct management and transmission of complaints, claims or suggestions made by employees.

## Training and professional development

Sonae provides employees with opportunities to develop their professional career, motivating them with new challenges and constantly providing them with training courses, so as to define a professional path within the company for themselves. Supporting formal education, promoting internal mobility and performance incentives<sup>6</sup>, based on each employees performance, are some of the practices already under way. And, since talent is the basis of corporate philosophy, certain initiatives are organized that allow for the selection, early on, of high potential young professionals, in addition to other events that facilitate the acquisition and validation of skills of active employees.

### Rede Contacto – the social network for recruitment of talent and innovation

In 2010, Sonae launched Rede Contacto (Contact Network), the first social network developed by a company in the world –with the objective of recruiting high-potential young graduates. The Rede Contacto is integrated within the Programa Contacto and is a relationship-mediating tool which allows for a greater interaction between Sonae's companies and young graduate students, facilitating the selection and recruitment processes, as well as its reliability. At the end of 2010, only a few months after its launch, the network surpassed the 10,000 users' milestone.

Young people are challenged to perform different tasks, from academic papers to filling out surveys, also including opinions on specific themes or online quiz games. This vision transforms Rede Contacto into a powerful tool for open innovation, since it was responsible for the creation of more than 700 business ideas.

Thus, participants have a space to influence Sonae's businesses, while they pitch themselves to the company. The challenges also allow the participants to accumulate points that give them access to "Dia Contacto", an event that gathers approximately 60 high-potential young persons, who will have the opportunity to get to know Sonae from the inside.

<sup>6</sup> Sonae's performance assessment process is applicable to 100% of the workforce in Portugal. Nevertheless, one cannot verify the real proportion of assessments conducted in 2010.

## Novas Oportunidades Programme (New Opportunities Programme)

Since becoming a member of the Novas Oportunidades Programme in 2008, Sonae was responsible for the certification of the competencies of approximately 1,442 employees, of which 775 obtained the 9<sup>th</sup> grade and 687 the 12<sup>th</sup> grade. The Valorizar Percursos Project, name given to the project at Sonae, involved more than 4,401 employees, on a national level, improving the level of employees' qualifications in Sonae's Food Retail, Specialized Retail, core structures and logistic business areas.

In order to strengthen our employees' continuing training opportunities, in 2004 the Sonae Learning Centre (SLC) was created. This structure is specifically dedicated to top-management executive programmes. SLC promotes training programmes based on seminars, short and medium term courses, events and exhibitions. In 2010, SLC organized a series of seminars and workshops with over 200 participants.

Apart from Sonae Learning Centre, each business unit has its own development and learning system.

The nurturing of innovation is promoted by sharing knowledge and experiences between business units, converging different ideas, sharing knowledge and opinions and challenges people that combine talent and unique characteristics to work together. Hence, Sonae nurtures innovation, reduces the risk of failure and promotes the sharing and adoption of good practices. To support this sharing of knowledge, Sonae promotes the following forums:

- **FINOV**, a forum dedicated to innovation, with the objective of stimulating and supporting an innovation-driven culture at Sonae, able to sustain high level of value creation;
- **Sustainability Forum**, with the objective of sharing knowledge on issues related to Sustainability and best practices, increasing awareness across the company regarding issues that require synergies and cohesion to overcome the challenges determined areas;
- **Planning and Management Control Methodologies Forum**, with the objective of promoting and discussing the implementation of the best control methodologies across the entire Company;
- **Legal Forum**, for the sharing of experiences and knowledge between legal departments, promoting a wide-ranging discussions of essential legal issues and nurturing a common approach to legal procedures and interpretations;
- **Communication and Marketing Forum**, with the objective of coordinating negotiations with media companies and sharing marketing best practices;
- **Engineering, Construction and Safety Forum**, to discuss the implementation of best practices in issues and matters regarding health and safety;
- **Negotiation Forum**, to present, analyse, and discuss negotiation strategies, to identify joint negotiations opportunities and to share experiences and knowledge.

Apart from these forums, the **Audit Committee** and the **Finance Committee** were created with the objective of acting as platforms to share knowledge and experiences.

Not only do the three **Advisory Boards** – Human Resources, Risk Management and Communication and Information Technologies – share the same lines of action of the abovementioned forums, they constantly review existing internal policies and put forward the necessary alterations for these three areas.

These informal departments, which are considered sharing and coordination groups, meet several times throughout the year and organize specific internal seminars, workshops and training courses.

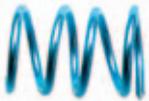
## Sustainability Forum 2010 Event

In 2010, under the motto "Sonae for the Better" Sonae organized, the Sustainability Forum Event. The Forum promoted an analysis and assessment of the work performed by Sonae's companies in three different areas: Better People, Better Planet and Better Purpose.

At this event, the results of some of Sonae's 106 projects which have been conducted over the past five years, with proven quality results were presented. The selection of the projects presented at the event were supported by a group of independent individuals. Tiago Forjaz (creator of The Star Tracker network and Fundação Talento), Teresa Ponce Leão (President of LNEG – Laboratório Nacional de Energia e Geologia National Energy and Geology Laboratory) and Isabel Jonet (President of Entrajuda and Banco Alimentar Contra a Fome President projects) were some of the coordinators for these work groups and were also speakers at the Forum.

Under the scope of Task Force People, several projects are worthy of highlight: Sonae Sierra's CLICK project, an innovation and e-learning platform, involving 7 different countries in 6 languages; Sonae Retail School, a corporate university focused on Retail business. Under Task Force Purpose, emphasis was given to Sonaecom's Smile project (professional volunteer work) and Sonae SR's Equipa Worten Equipa (collection of obsolete equipments and delivery of new equipments to institutions). Within Task Force Planet, several projects were presented: Sonae Maia Business Center, the first office building that obtained gold-level LEED certification on the Iberian Peninsula and Sonae Indústria's Urban Forest, a wood waste recycling initiative according to a perspective of sustainable use of wood and biomass.

More than 400 people attended the event, amongst whom were employees, partners, suppliers and institutions.

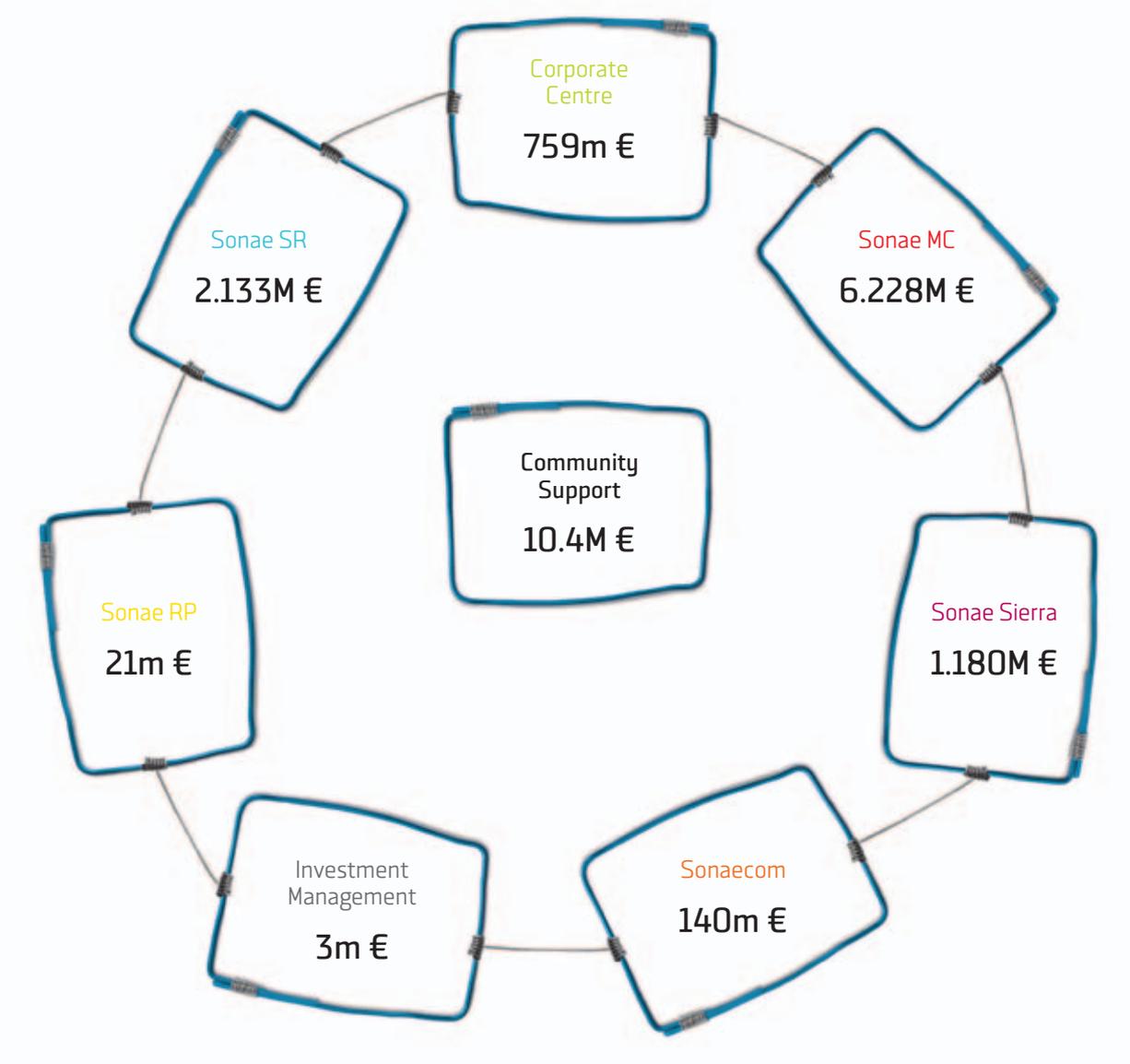


## 2.4. INVESTMENT IN THE COMMUNITY

Supporting the social and economic development of communities where Sonae operates, ever since its foundation, has been one of the Company's objectives. Examples of Sonae's initiatives, in this sense, regard creating employment, even on a context of economic crisis, and the development of partnerships with organizations from the community, in order to develop projects that improve the quality of life within the communities

The total support given to communities amounted to 10,4 million Euros for a total of 3,082 organizations. To this figure, 1,3 million Euros must be added, which was directly donated by Sonae's clients in initiatives such as Arredonda Project.

- 3,082 third-sector organizations supported
- 10,4 million Euros to support the Community



## Casa da Música

In 2010, Sonae renewed the patronage agreement with Casa da Música until 2012, committing to continuing to promote Culture and stimulate Innovation. This agreement was announced during the International Music Day celebrations, on October 1<sup>st</sup>.

In addition to being patron, Sonae will support the organization of specific programmes that are aligned with the Company's vision and values, namely "País Tema" (Country Theme), "Residências Artísticas" (Artistic Residences) and "3ª Fim de Tarde" (Tuesday's Late Afternoon).

## Serralves

In 2010, Sonae was Serralves' exclusive patron during the summer.

## Call for Solutions

In 2010, Sonae held two editions of the "Sonae Call For Solutions Flash" competitions, which gave university students participating in the competitions new challenges

In answer to the first challenge "What will a hypermarket be like 25 years from now?" launched in March 2010, 100 ideas were developed of which the winner was an idea related to the concept of gourmet products. Sixty students participated in this challenge.

In the second edition, which involved the participation of over 80 students more than 200 ideas were generated in answer to the challenge "How to qualitatively improve point of sale experience".

## “Learning to be an entrepreneur” – Junior Achievement Portugal

This initiative, organized by Sonae's volunteer workers, provides entrepreneurship lessons to students, with the final objective of stimulating the students' interest, encouraging them to pursue knowledge within their areas of interest and to discover personal skills and values.

Since 2007, employees have actively participated in volunteer work projects, such as Braço Direito, an initiative that allows students to accompany, for an entire working day, the companies' professionals performing their daily tasks, thus contributing towards their vocational guidance and demystifying some of the job positions.

Sonae was elected “Company of the Year 2009/2010” by the entity promoting the project, since the company provides the largest number of volunteers for their mission of promoting entrepreneurship amongst young people in Portugal.

## “Porto de Futuro”

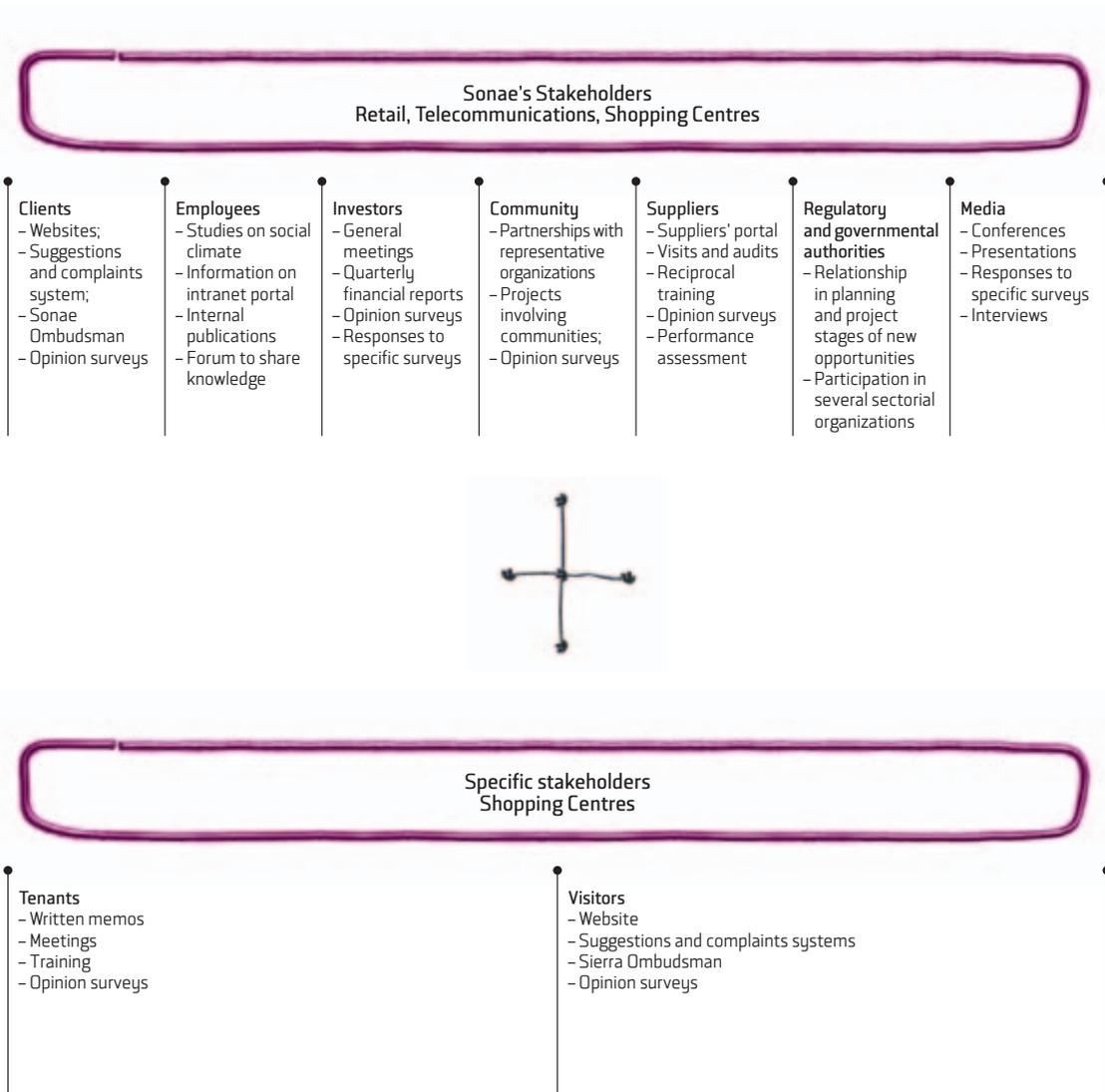
This challenge was launched by the City of Oporto's Town Hall Education, Youth and Innovation Department aimed at the Porto business community, with the objective of supporting the management and development of 17 school groupings in the region. Within the scope of this programme, which aims to bring the business community closer to the school community, and under its Corporate Responsibility Policy, it fell upon Sonae to support the Agrupamento Escolar do Cerco (Cerco School Grouping). The partnership involves consultancy support in matters regarding the school's general management; logistic support, including the management of construction work, control of suppliers' etc; the promotion of stimulating entrepreneurship and creativity; supporting underprivileged students; and also nurturing professional training and continuing training.



## 2.5. STAKEHOLDERS' DIALOGUE

Sonae believes that the satisfaction of its main stakeholders is a value creation factor. In this sense, the Company has developed dialogue and involvement strategies with its stakeholders that enables it to ascertain the level of satisfaction between the interested parties, in addition to identifying risks and opportunities.

Sonae has identified as its strategic stakeholders: clients, visitors, tenants, employees, suppliers, investors, community, regulatory and governmental and respective listening mechanisms.



Over the course of its activity, Sonae has maintained a dialogue with each stakeholder via different communication channels, as part of the company's management processes.

Systematically, the company tries to identify concerns and measure the perception stakeholders have of Sonae.

For this report, a set of surveys were conducted targeted at the main stakeholders regarding sustainability at Sonae. This survey included specific work on retail with clients and government bodies.

### **Overall results of the surveys carried out on clients, suppliers, local government bodies, service sectors, experts, and analysts**

Surveys were sent to suppliers, local government bodies, service sectors, experts and analysts. The following response rates were obtained: 25%, 21%, 45% and 8%, respectively.

On the whole the stakeholders identified the following subjects as being the most relevant:

#### **Economic Pillar and Governance**

- Promotion of the Sustainability Strategy and future commitments;
- Policies and practices for the preferred selection of local suppliers;
- Economic information regarding value generated and distributed by stakeholders.

#### **Environmental Pillar**

- Inclusion of environmental aspects in the analysis and selection of suppliers;
- Provision of products with reduced environmental impact (rechargeable batteries, class A appliances, concentrated detergents...);
- Energetic efficiency, carbon emissions, and use of alternative energy sources.

#### **Social Pillar**

- Inclusion of social aspects when selecting suppliers;
- Human resources management policies and practices;
- Clients' assessment and management of complaints.

More detailed information on this opinion survey may be found attached. Under the reports for each partner (Sonaecom and Sonae Sierra), more detailed information is provided regarding the involvement strategy and specific initiatives developed by these companies with their stakeholders.



# A Greater World to Lead

"The success of the Food Retail Business is the result of a continuous concern with satisfying the customers' consumption needs in the most advantageous way. Throughout the years, we've worked towards this goal, particularly by constantly investing in private label products and by increasing our product portfolio, and also by the success of the customer loyalty card and the strengthening of our brands distinctive competencies that have earned us the customers' strong acknowledgment."

**Luis Moutinho, CEO Sonae MC**

"Internationalisation defined Sonae SR'S performance in 2010 and will continue to be a path for the future of Specialised Retail. The creation of new business models, such as franchising agreements or making the most of joint-venture opportunities, will also serve to consolidate our sustainable growth strategy."

**Miguel Mota Freitas, CEO Sonae SR**

The Retail business is hereby mostly represented by Sonae MC and Sonae SR.

Sonae MC, as a Food Retail business unit, is market leader in Portugal and operates under the following banners: Bom Bocado, Book.it, Continente, Modelo, Pet&Plants, and Well's.

Sonae SR is a household name in Specialised Retail in Portugal. It operates under the following banners: Loop, Modalfa, Sport Zone, Worten, Vobis, and Zippy.

Retail Format	Turnover (M€)	EBITDA (M€)	Number of Stores <sup>7</sup>	Sales Area ('000 m <sup>2</sup> ) <sup>8</sup>	Job posts
Sonae MC	3,275	231	415	544	28,617
Sonae SR	1,272	45	503	364	9,585
Sonae RP	126	149	-	-	36
Investment Management	207	6	101	63	1,397

In 2010, Sonae's Retail business continued to lead the way across different segments, reflecting the clients' preference and trust it places in the services and products made available in the stores.

A special emphasis should be given to Sonae SR's internationalisation effort with the opening of 5 stores in Saudi Arabia, under a franchise agreement, and the strengthening of its presence in Spain (14 new stores).

Similarly to what happened in previous years, Sonae MC expanded its business in Portugal, opening 37 new stores.

<sup>7</sup> National and international Retail stores, including controlled joint-ventures.

<sup>8</sup> Sales area for national and international Retail stores, including controlled joint-ventures.

## 3.1. HUMAN CAPITAL – RETAIL AREA

The expansion of the businesses benefited employability, which increased 10% in the Retail business. This business unit is composed of 39,635 employees<sup>9</sup>, the majority of whom have open-ended contracts and work full-time.

Sonae's recruitment policy for operational functions in the retail business area is supported by hiring community members, thus improving employability levels in the regions where the company operates. 93.8% of employees in the retail business work in Portugal, 5.7% in Spain, 0.4% in Brazil and 0.2% in China, the remaining locations have residual percentages. Additionally, out of the top 24 managers, only one is an expatriate.

- 65% open-ended contracts and 35% fixed-term contracts
- 67% full-time positions and 33% part-time positions
- 68% of women 32% of men
- 65% of employees are under the age of 35
- 1,401 thousand training hours
- 56,170 training courses
- 37,7 hours of training per employee

The company promotes the employees' critical and innovative spirit, as well as the development of competencies and knowledge. To answer specific training needs within the Retail business, Sonae Retail School has 22 schools in operation, amongst which are the School of Perishable Goods, Worten School, Leadership School and Management School, where employees attend the best Business Schools for Post-graduate Programmes and improve knowledge and competencies in the different Retail businesses.

The training programmes carried out in 2010 cover a panoply of areas ranging from commercial and sales to the technical side of the School of Perishable Goods, to processes and systems, suppliers and products, environmental management, hygiene and safety in the workplace and continued improvement in the kaizen method.

<sup>9</sup> This figure does not include MDS Brazil.

- 1,644 accidents in the workplace
- 0 occupational diseases
- 0.000003% rate of accidents in the workplace
- 0.03% working days lost due to accidents in the workplace
- 3.8% absenteeism rate (this includes absenteeism due to accidents, occupational diseases, working days lost, absenteeism and deaths related to work)
- 643 Monitoring inspections
- 170 Emergency drills
- Received the European Good Practice Award in Risk Prevention in the Workplace awarded by Autoridade para as Condições de Trabalho (Working Conditions in the Workplace Authority).
- Celebration of the National day for Prevention and Safety at the Workplace, under the motto "I live Safely in my Workplace... and at home too".
- Continente Cascais renewed certification, under OHSAS 18001/NP 4397:2001 standard, the only Portuguese hypermarket with a certified Management System for Safety, Hygiene and Health in the Workplace.

Occupational Health and Safety is an essential pillar for Sonae's sustainable development, because it allows for the optimization of the entire human resources' potential, a factor that differentiates and drives our success. In 2010, Sonae developed a number of initiatives in this area, with objective of strengthening the safety culture and improving accidents in the workplace and absenteeism indicators.

This programme involved a process of assessing the risks in the workplace, Health and Safety training, strengthened the Research and Professional Analysis of Accidents at Work and Occupational Diseases, as well as the promotion and monitoring of health, through health awareness campaigns in which employees were motivated to participate.

In the food retail units, there are local persons responsible for safety (Safety Leaders), who actively participate in the creation and promotion of a safety-oriented culture.

FOR THE 3<sup>RD</sup>  
CONSECUTIVE YEAR,  
CONTINENTE  
WAS VOTED "TRUSTED  
BRAND IN ENVIRONMENT"  
UNDER THE HYPER  
AND SUPERMARKETS  
CATEGORY.

RENEWAL OF CORPORATE  
ENVIRONMENTAL CERTIFICATION.

ENVIRONMENTAL  
CERTIFICATIONS  
IN 4 NEW UNITS,  
AND RENEWAL ENVIRONMENTAL  
CERTIFICATIONS  
IN 13 STORES

## 3.2. ENVIRONMENTAL MANAGEMENT IN THE RETAIL BUSINESS

In 2010, the Retail business unit continued to implement eco-efficient measures. Over a decade since the approval of its Environmental Policy, the efficient management of natural resources and the quest for innovative solutions, able to improve the main environmental performance indicators, continue to be a daily reality for the Company.

The objectives defined under the Environmental Policy continued to be pursued in 2010, while maintaining and strengthening measures and procedures already in place.

Due to the Company's internal restructuring in 2009, the Corporate Environmental Management System was adapted to the new structure of the Retail business unit, which was certified under the ISO 14001 standard.

The environmental certifications of 13 facilities which had been obtained in previous years were maintained. In 2010, 4 additional units were certified:

- Modelo Bonjour of Algés – was Sonae's first supermarket to obtain an environmental certification;
- Warehouse at Maia Sul;
- Meat Processing Facility at Santarém – was Sonae's first industrial unit to receive an environmental certification;
- Worten store in Oeiras – the second non-food business unit to receive an environmental certification.

With the certification granted to Modelo Bonjour of Algés and the Meat Processing Facility at Santarém, the Retail business area now has certified units under the ISO 14001 standard in all of the types of facilities the company operates: hypermarkets and supermarkets, non-food business units, warehouses and industrial facilities, thus highlighting the company's capacity to conduct the environmental management of its operations multiple facilities

As an integral part of environmental management, the different banners also conduct environmental awareness campaigns to promote eco-efficiency.

Of the initiatives carried out in 2010, the Company emphasizes:

- Equipa Worten Equipa Campaign: 4,770 tons of Waste Electrical and Electronic Equipment (WEEE) were gathered, which were converted into 1,377 new equipments donated to charities, amounting to 240,000 Euros. This initiative engaged 700 Worten employees;
- Corks: distribution of 800 thousand mini-corks and collection of approximately 25 tones (more than 8 million corks);
- Worten stores began collecting coffee capsules and 82 tonnes have already been shipped to recycling facilities.

<sup>10</sup> Alverca's warehouse certification was not renewed since Sonae no longer uses this facility.

## Climate change and the Retail business unit

The problematic issues surrounding climate change in the Retail business is closely linked to energy consumed, particularly in the stores, and to the transportation of goods to supply stores. Regarding energy consumed, about ¾ is electricity. The refrigeration of food products, lightning and HVAC systems in stores are the main areas responsible for consumption.

The challenge to fight climate change is, therefore, connected with the implementation of efficiency measures, which imply the constant updating of equipments to more efficient ones, the renovation of stores and warehouses or construction of new units, considering sustainable construction criteria and allowing for more energy efficient spaces.

With regards to transport, the challenge is controlling and supervising the fleets hired, so as to ensure an efficient use of fuel. This has been achieved by using a software tool to optimize store supply routes and volumes of transported cargo, as well as a tight control of the efficiency of the vehicles, bearing in mind high levels of standard in what concerns the respective GEE emissions into the atmosphere.

All of these alterations generate economic opportunities for Retail companies, reducing operating costs associated with the reduction in energy consumed. They may also generate the opportunity to provide, in stores, efficient products which contribute to promoting good practices amongst consumers, as well as the launch of campaigns for energetic efficiency.

Many of Worten's campaigns fall under this scope where it offered 50€ discounts to customers when purchasing A+ and A++ washing machines and refrigerators.

On the other hand, climate change may also generate negative impacts in agricultural production, by changing climate patterns in some geographical locations and affecting the availability of some food and organic products sold in these retail units. These effects, which are still uncertain, and not as yet quantified, may bring risks to the business. For this reason, Sonae is conscious and closely monitors the changes, so as to anticipate, whenever possible, the necessary actions to minimize potential impacts on the company's business.

IN 2010 THE RETAIL BUSINESS CONTINUED TO INVEST IN STRENGTHENING THE MEASURES ARISING FROM THE ENVIRONMENTAL MANAGEMENT SYSTEMS.

IN 2010, THE RETAIL BUSINESS DECREASED BY 3% THE AMOUNT OF ELECTRICITY CONSUMED PER SALES AREA.

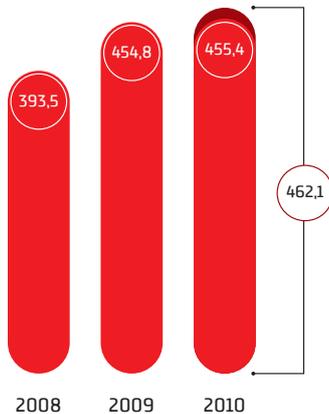
THE RETAIL BUSINESS GAVE CONTINUITY TO ITS INSTALLATION OF AUTONOMOUS POWER STATIONS PROGRAMME, HAVING INSTALLED 12 NEW POWER STATIONS. AS AT DECEMBER 2010, THE TOTAL NUMBER OF POWER STATIONS EXCEEDED 41.

## Energy and emissions

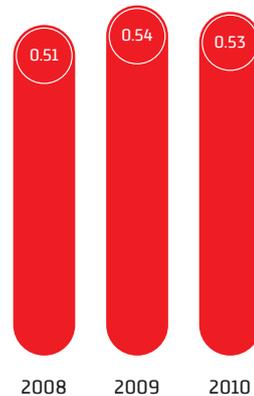
Energy consumption is one of the main environmental impacts in the Retail activity. The electricity consumed over the period was 462,1 GWh, which represents approximately 76% of the total energy consumed by the Retail business area.

Compared to the previous year, the overall consumption of electricity remained practically stable<sup>11</sup>. Nevertheless, there was an improvement in efficiency, having reduced the level of energy per sales area by 3%, a result of the continuous investment in strengthening the measures arising from the environmental management systems.

Electricity consumed (GWh)



Electricity consumed (GWh/1000 m<sup>2</sup>)



● Comparable basis with previous years ● Manufacturing plants (6,7 GWh)

Still on the subject of electricity, 2010 will be remembered for an increase in the production of autonomous energy from renewable sources.

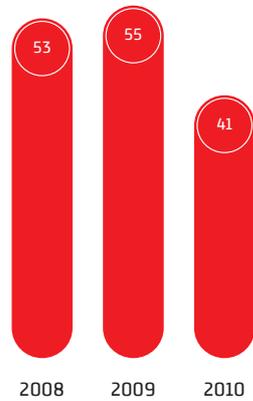
At the end of 2010, under production, supplying the National Grid, there were 34 power stations (32 photovoltaic and 2 wind-powered stations). These stations produced a total of 136,9 MWh, thus preventing the emission of 66,8 ton CO<sub>2</sub>e.

The overall amount of electricity consumed which comprises electricity (in stores, warehouses, office buildings and manufacturing facilities) and fuel used in stores and transportation of goods and employees, reached 2,203,713 GJ, which corresponds to the emission of 199,369 ton CO<sub>2</sub>e.

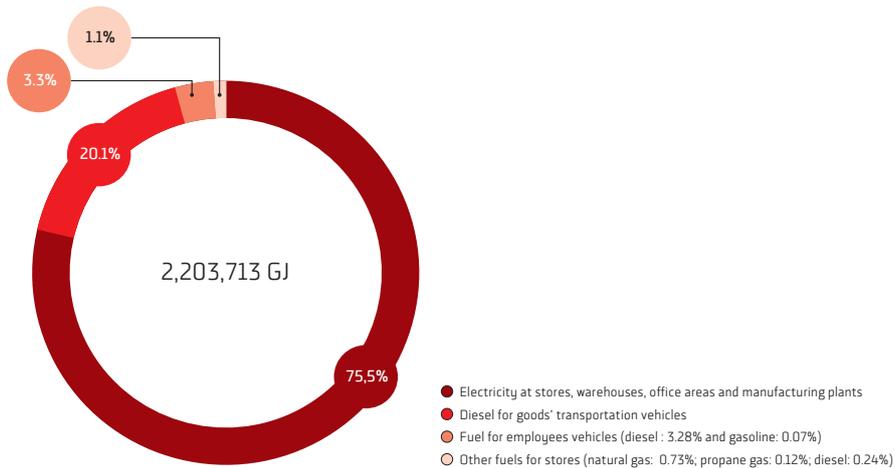
<sup>11</sup> To ensure that 2010 performance may be compared to the previous year, this analysis (see chart data) only includes electricity consumed in stores, warehouses and office buildings. Manufacturing facilities will begin to be included in 2010.

Regarding carbon intensity, in 2010 there was a strong reduction to 41 ton CO<sub>2</sub>e per million Euros of turnover. This reduction was a consequence not only of the aforementioned measures to reduce specific consumption, but also and mostly, the fact that during 2010, the Company began to purchase energy from different suppliers, with different and lower CO<sub>2</sub>e/kWh emissions, compared to carbon and other emissions per kWh from the National Grid which constitutes the base of reporting of the previous years. Thus, the aggregated CO<sub>2</sub>e emission factor in 2010 was 0.34 kgCO<sub>2</sub>e/kWh, whilst for the figures reported in previous years, the factor was 0.488 kgCO<sub>2</sub>e/kWh.

Carbon Intensity (ton CO<sub>2</sub>e/M€ in Turnover)

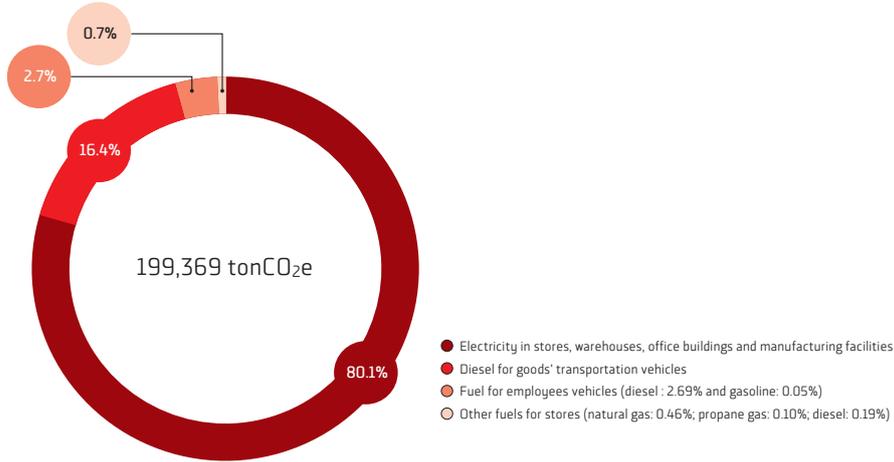


Distribution of energy consumed (GJ) in 2010



IN 2010, THE EFFICIENCY IMPROVEMENT PATTERN WAS MAINTAINED, ACHIEVING THE VALUE OF 6.47 CASES PER KILOMETRE TRAVELLED.

Distribution of emissions (tonCO<sub>2</sub>e) in 2010

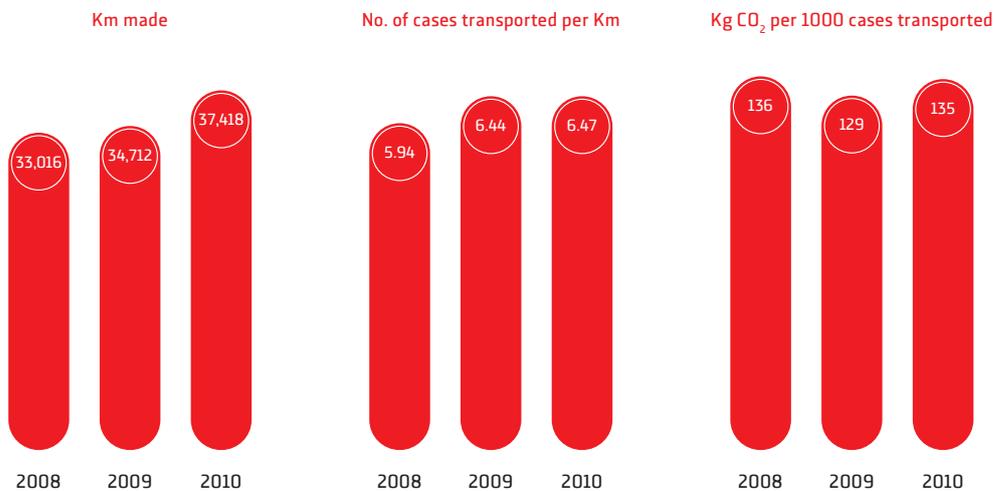


## Transportation and Logistics

In 2010, the fleet hired to supply stores covered 374 million kilometres, 8% more when compared to the previous year. The need to travel longer distances using larger vehicles with greater capacity, which necessarily have higher consumption rates per unit, was reflected in the 14% increase of carbon emissions.

Notwithstanding, the transport of 6,47 cases per kilometre travelled shows an improvement in transport efficiency when compared to the previous year.

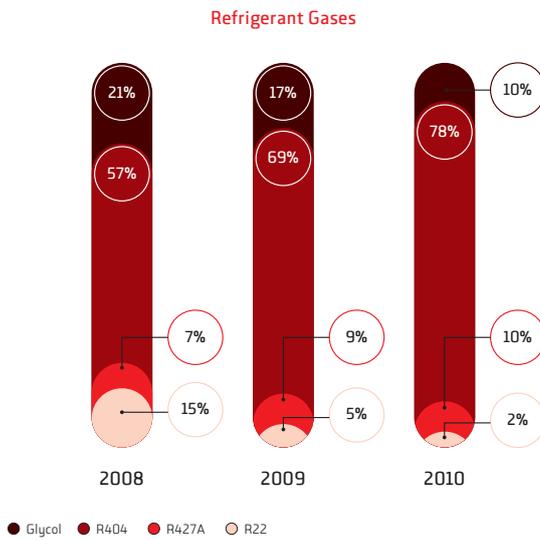
The contracts for the fleet hired have grown increasingly more demanding, with technologically cleaner vehicles, so as to reduce the environmental impact of polluting emissions at the store supply level. Thus, in 2010, 82% of vehicles complied with EURO4, EURO5 or EURO6 standards, while the rest of the fleet complied with EURO3 standard. When compared to the previous year, vehicles in compliance with at least the EURO4 standard, have increased by 14 p.p., which shows a significant improvement on the fleet being used.



REDUCTION OF THE TOTAL  
WATER CONSUMED  
PER SALES AREA BY 8%.

## Refrigerant gases

Since 2006, a programme has been developed to replace chilling stations' equipments to reduce the use of refrigerant gases that could potentially harm the environment. The progressive reduction of the number of stores that have equipments with R22 gas has continued and, as of December 2010, only 7 stations (in 4 stores) contained this gas.



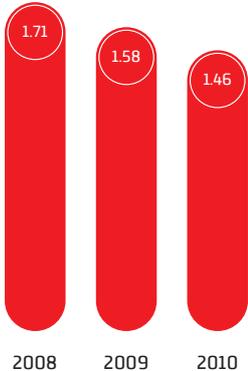
## Water

In 2010, the total water consumed at Continente, Modelo and Modelo Bonjour stores was 757,734 m<sup>3</sup>, representing a 3% reduction compared to the consumption of the previous year. On a comparable store universe like for like basis, the reduction was 7%.

Specifically regarding the consumption per sales area, there was an 8% reduction when compared to the previous year, remaining at 1.46 m<sup>3</sup>/m<sup>2</sup>. The reductions noted result from the strengthening of the monitoring process, the continuous implementation of measures and waste control.

The water consumed is supplied by the public network, although some stores have water boreholes, to collect water which in turn is used in irrigation systems and to clean outside pavements. Sonae does not as yet have a systematic method of controlling consumption associated with water from boreholes.

Public network water consumed per sales area (m<sup>3</sup>/m<sup>2</sup>)



The overwhelming majority of liquid effluents generated at Sonae’s facilities are flushed into public collectors. There are only 3 stores in which this procedure is not followed, due to the absence of public infrastructure. In these cases, the stores have waste water treatment stations, with (secondary) biologic treatment, to ensure that effluents comply with applicable legal dispositions.

Since the effluents generated by stores are urban effluents flushed unto public collectors, Sonae cannot measure, as is commonplace with these types of effluents, the quantities disposed of. Notwithstanding, if one applies the factor used in engineering for such cases (which assumes that 80% of water consumed results in liquid effluents), it can be estimated that in 2010, our stores generated approximately 606,187 m<sup>3</sup> of liquid effluents.

77% OF WASTE MANAGED WAS RECOVERED.

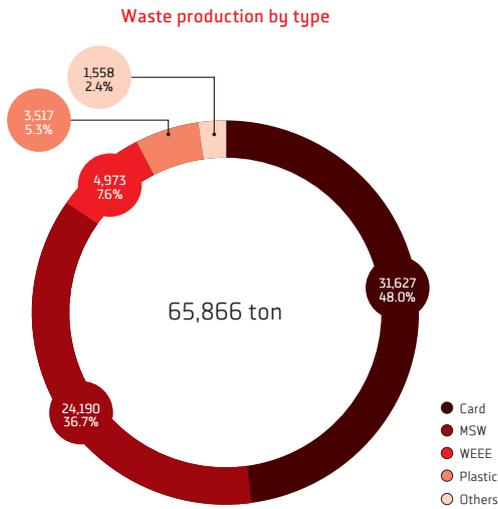
## Waste

In the Retail business area, waste management encompasses, on the one hand, waste produced by its activity and, on the other, collection and management of waste brought by clients to the stores, a process which Sonae has encouraged for some time now, thus promoting a responsible environmental citizenship.

In 2010, waste managed by the Retail business area reached 65,866 tons, 5% more than that compared to the previous year. Of this total, 3% corresponded to hazardous waste.

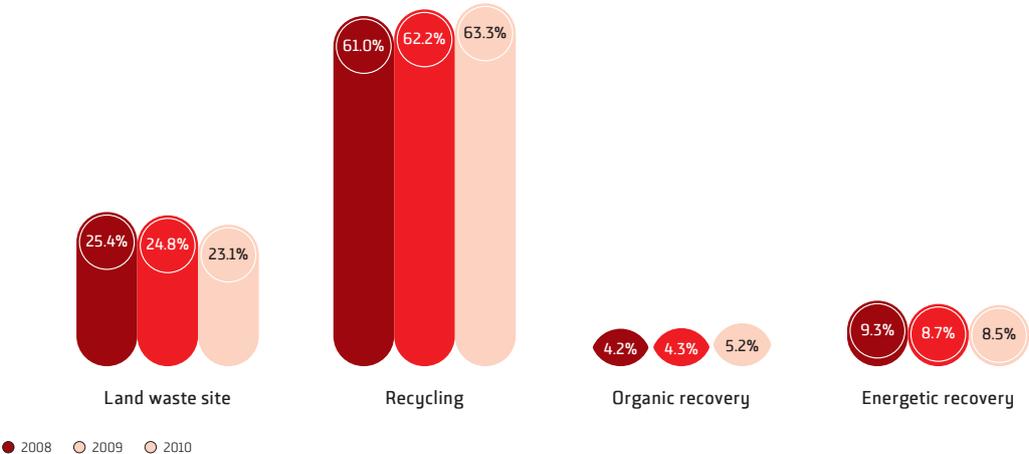
Cardboard represents the largest fraction of waste with 48%, followed by Municipal Solid Waste (MSW), representing 37%. Noteworthy is the sharp increase in the collection of corks (+113%), polystyrene (+61%), light bulbs (+48%), batteries (+21%) and waste electrical and electronic equipment (+21%). In contrast, there was a significant reduction in wood (-34%), clothes hangers (-59%) and cooking oil (-33%).

In 2010, Sonae also started the collection of coffee capsules in Worten stores and 82 tonnes have already been shipped to recycling facilities.

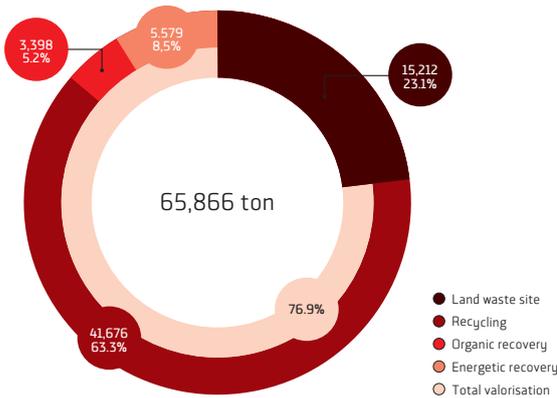


Waste recycling increased to 76.9%, 1.7 p.p more than during the previous year, which is the result of a continuous effort to increase the recovery of organic materials and recycling processes, and also to reduce the disposal of waste in waste land sites.

Waste by disposal method (%)



Waste by disposal method (ton)



### 3.3. RETAIL BUSINESS RESPONSIBLE VALUE CHAIN

The Retail business supply chain is quite complex and extensive, which obliges Sonae to be concerned with the relationships it has with suppliers that are a part of the company's activity.

In this sense, Sonae tries to promote an ethical relationship with suppliers, to provide the consumer with responsible products and to communicate transparently with the consumer.

## Responsible Consumption

### Promotion of Healthy Eating Habits

#### Portfolio of healthy foods

Regarding Private Label products, in 2010 the product ranges which promote healthy eating habits were maintained. The following results were achieved (in comparison to the previous year):

- The "Área Viva" product range reached a total of 71 product references in 2010, an increase of 9%;
- At the end of 2010, the "Equilíbrio" product range totalled 123 product references, which corresponds to an increase of 40%.
- At the end of the year, the "Bio" product range had 49 references, compared to 57 the previous year;
- Launch of gluten-free Private Label products, featuring the Associação Portuguesa de Celíacos (Portuguese Celiac Association) logo. By the end of 2010, 14 Private Label products had been approved by this Association.

By negotiating with suppliers, the company kicked-off its **optimisation of nutritional profile** for its Private Label products. This involved reducing at least one of the contents which had a negative impact health wise (fat, saturated fat, sugar and salt). An example of the result was that in 2010, 70 tonnes of sugar were reduced in the Private Label yoghurts.

#### Information contained on the Label

Regarding information contained on the label, it is mandatory to include a series of information that encompasses:

- Nutritional composition, via the nutritional traffic light, introduced in 2008 along with the campaign "Follow the colours";
- Information on allergens;
- Information regarding product characteristics preparation and conservation (if applicable), as well as specific information pursuant to applicable legislation.

Some Private Label Products bear the Fundação Portuguesa de Cardiologia (Portuguese Cardiology Foundation), "A healthy choice" logo which proves it meets criteria in terms of levels of fat, salt and sugar levels as defined by the Foundation.

In 2010, the Company introduced the **Nutritional Traffic Light Conversion Card**, which allows for the conversion of nutritional information found in other brands into Continente Private Label Products Nutritional Traffic Light. This procedure enables clients to compare products that have the Traffic Light on their labels with products that don't, thus empowering them to make healthier choices.

## Projecto Vida Hiper Saudável (Hyper Healthy Life Project)

The project, which began in 2009, aims to promote healthy eating habits. In 2010, the following activities continued to be organized:

**In-store nutritional advice:** with the presence of 2 nutritionists in Continente stores, over 10,000 clients received nutritional advice, screenings (blood pressure, Body Mass Index, percentage of body fat mass and weight), and received guidance in terms of nutritional characteristics and how the products work. The clients were also offered, free of charge, a Nutritional Personal Shopper service to accompany them throughout their shopping, helping them to make healthier choices and to understand labels.

**Online nutritional advice:** clients had the possibility to ask questions online via the website.

**Re launch of the nutrition micro site – [www.vidahipersaudavel.continente.pt](http://www.vidahipersaudavel.continente.pt)** – providing customers with numerous sources of information regarding health, food and healthy life styles

**Educational spots at customer services desks:** creation of 3 educational spots, shown on the television sets located at the customer services desks, with the themes Nutritional Traffic Light, Taste of 5 and Reduction in Salt Consumption.

**Online competition “Taste of 5”:** online photography competition to promote the consumption of fruits and vegetables as foods that contribute towards healthy eating habits and overall health. 25 people were awarded Continente vouchers.

**Workshops at Schools:** 51 workshops were conducted, directed at children and youngsters, at schools and retail stores, with the objective of raising awareness towards the importance of adopting healthier eating habits. The main campaigns, such as Nutritional Traffic Light and Taste of 5, were discussed during these workshops according to the target audience.

**2<sup>nd</sup> Edition of the Hyper Healthy Fortnight:** an initiative particularly focused on children. Several schools were invited to the stores, where several educational games were held. Screenings and nutritional advice also took place, as well as a fruits and vegetables tasting.

**Internal training courses:** To ensure that the information passed on to clients is coherent and with a spirit of promoting a healthier life style, and preventing diseases linked to bad diet.

**Contrapeso (Counterweight) Programme:** Sonae's employees were provided with an innovative weight control programme in Portugal, centred around lifestyle. The objective was to lose weight healthily by means of a varied diet where no foods were forbidden.

## Partnerships established to promote healthy eating habits

So as to raise clients' awareness regarding healthy eating habits, several new informative leaflets were created in addition to partnering and participating with several organisations in the following initiatives:

### **Sociedade Portuguesa de Gastrenterologia (Portuguese Gastroenterology Society):**

- Creation of a leaflet about Lactose Intolerance;
- Sponsorship and presence at the Gastroenterology Seminar, featuring an Área Viva stand.

### **Sociedade Portuguesa de Hipertensão (Portuguese Hypertension Society)**

- Creation of a Hyper Healthy Life and Hypertension leaflet ;
- Sponsored the Portuguese Hypertension Society at an event held in Matosinhos, for the World Hypertension Day.

### **Associação Portuguesa de Nutricionistas (Portuguese Nutritionists Association)**

- Presence at the Annual Congress by sponsoring a conference and a stand where nutritionists provided participants with information regarding the Nutritional Traffic Light, Taste of 5 and the Hyper Healthy Life Project.

## Promotion of Sustainable Fishing

In 2009, with the publication of the Sustainable Fisheries Policy, Sonae started promoting not selling endangered species and selecting suppliers according to the type of fishing methods used, thus ensuring the protection of marine biodiversity.

The selection of suppliers ensures the inexistence of suppliers featured on Greenpeace's black lists and requires suppliers to present capture certificates. Fresh Fish is also labelled with a specific tag – Proof of Purchase at the fish market. These measures ensure the respect for legislation in force and sustainable fisheries criteria, giving consumers the confidence that they are purchasing more responsibly.

In 2010, Sonae invested in the following actions under its Sustainable Fisheries Policy:

- Development and implementation of information dedicated to the theme of Sustainable Fishing on the company's website;
- A specific learning unit regarding the Sustainable Fisheries Policy was introduced at Sonae's School of Perishable Goods;
- 50% increase in suppliers with capture certificates;
- The General Supply Contract features a clause with specific requirements under this theme;
- Spiny dogfish is no longer sold at Sonae stores, since it is an endangered species;
- More than a 95% increase in value and quantity sold of codfish solely and exclusively captured in the Barents Sea;
- Greenland's Halibut is no longer sold at Sonae's stores, since it is an endangered species;
- Increase of more than 30% in line-fished products, including the launch of "Selected" products.

## Sustainable Fisheries Project

Apart from the initiatives presented above, a project was developed to reinforce this theme, implemented in three stages:

1. Traceable Fisheries – which allows for a greater control and easier access to fish on the market (Fresh Fish, Frozen Fish and Salted Codfish).
2. Check that suppliers are not on any Black Lists – Greenpeace's black lists data were crossed with Sonae's suppliers list and none of Sonae's suppliers were found on these lists.
3. Implementation of a Traffic Light System, which allows for better decisions on which alternatives to sell.



Fishing methods used are harmful to other species/habitats;



There are some problems with regard to the fishing method used;



Fishing methods are not harmful to the species existence.

## Other sustainable products

### Textiles

In 2010, Sonae's textile brands (Zippy and Modalfa) maintained its Biocalce certification for footwear, which ensures that no chemical products potentially harmful to health and the environment are incorporated. In addition to this, 90% of footwear sold is tested against the presence of prohibited substances.

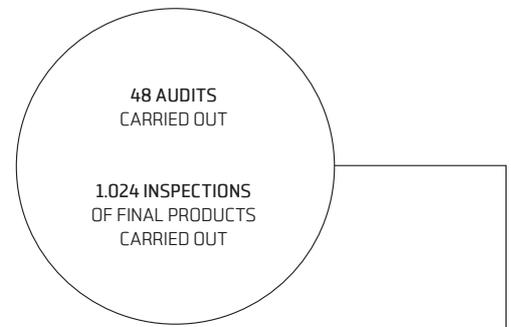
In all leather goods, Sonae ensures that no threatened species or harmful colouring agents are used. Also, several heavy metal analysis programmes are developed to ensure that the manufacturing processes are clean. No animals are used on the tests performed.

Preference is given to textile suppliers with Oeko-Tex certification, which ensures that there aren't any substances harmful to health and the environment. Tests are performed randomly to detect the presence of prohibited substances according to specifications.

Textiles in childcare products and toys were already submitted to specific and more rigorous product safety standards. In 2010, these standards were adopted by the entire adult wear product range.

During 2010, an internal process for the certification of textile suppliers began. The process should be launched in 2011 and has the objective of pre-qualifying suppliers who should comply with a requirement checklist, defined by Sonae. This checklist will include aspects related to the environment and social responsibility, allowing for a greater control of products and suppliers, thus improving Sonae's relationship with them.

The textile brands' catalogues are printed on FSC – certified (Forest Stewardship Council) paper, which comes from sustainably managed forests and other controlled sources.



## Household Appliances and Consumer electronics

### Safety warranty and minimising health risks

In the electronics business, under the Worten banner, an initial assessment is carried out to ensure that all (internal and legal) requirements are fulfilled. All of the Private Label Suppliers are audited with the aim of classifying and validating them. All new suppliers are mandatorily audited. During these audits, the following requisites are included: electrical safety, electromagnetic compatibility, and energy efficiency requirements, as well as compliance with RoHs (heavy metals) and REACH (hazardous substances) standards, amongst others.

In addition to the abovementioned audits, safety analysis of Private Label products are also carried out via partnerships with externally certified laboratories, and quality control is carried out at the warehouse to ensure the product conforms with all of the requisites before it reaches the final customer.

The compliance with these requirements ensures the minimization of the products' impacts on the user's health and safety.

#### Quality control:

- Audits on product samples at reception (product, marking and packaging);
- Check is carried out at the warehouse to filter out any products which do not conform to standard;
- Fortnightly audits in warehouses to correct faults in logistic operations, at the product level, process and equipments;
- Control of items returned to recover goods returned to stock or sold at outlet.

### Energy efficiency and increase of product life

Products are chosen according to their energy efficiency grade (which should be the best possible one according to specific range). Thus, in the stores, feature areas dedicated to energy-saving products were created. In 2010, the sales for A, A+ and A++ energy efficiency levels appliances increased to 88.5%, compared to 87.4% the previous year.

Similarly to what had happened in the previous year, in 2010 several campaigns were also developed to promote the purchase of more efficient appliances, which consisted of offering a 50€ discount in appliances with higher levels of energy efficiency. Furthermore, a campaign to trade old equipment by more efficient products was also in place, where the client benefitted from a 10% discount.

Under the scope of home delivery services, used and end-of-cycle equipments were collected and in turn sent to recycling facilities.

Worten also provides several services that promote a longer product lifecycle, such as refilling of cartridges and an outlet store, which offers slightly faulty products (originating from operating failures and recovered) to be sold at a lower cost. Without this service, these products would be sent to recycling facilities.

- 88.5% of appliances sold have A, A+ and A++ energy efficiency levels:
- 66.2% Level A
- 21.5% Level A+
- 0.8% Level A++
- 4,238 refilled cartridges

As usual in this type of activity, an after-sales service is available – “Worten Resolve” – that provides clients with support in terms of checking over the products, ruling out any problems and fixing faulty products. This service also results in an extended lifecycle for the products, thus contributing towards a reduction in the quantity of waste produced and customer satisfaction.

#### Product labelling

Private Label product labels fulfil a set of requirements that guarantees their safety, correct use, tips on where it should be used and information on after-sales service.

## More Eco-friendly products and packages

In the food retail business, the “ECO” product range was launched. This range is dedicated to eco-friendly products, and at the end of the year it featured 7 new products such as kitchen paper towels. In addition to this, 7 new automobile related products were launched, with equally eco-friendly characteristics.

Containers used by the company also became more eco-friendly as they were replaced by mono-material containers. By reducing the amount of carton in the packaging of some of the products and by altering the amount and quantities of the products per package, the result was more eco-friendly packaging in the food retail area.

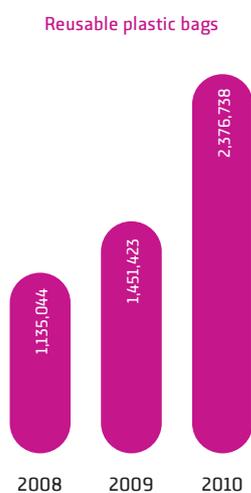
In the textiles area, the optimal use of plastic packaging is promoted, including a greater number of items per package and by printing labels directly on the plastic, instead of using inlays or hangtags for this effect.

In the consumer electronics area, in 2010 an “eco-friendly” packaging image was designed for batteries, in addition to using this eco-friendly image in all packaging relative to recycling points, with the aim of increasing information made available to the customer, regarding how to correctly recycle waste packaging.

## Plastic Bags

Sonae's policy regarding the use of plastic bags has been to encourage clients to use reusable bags. In 2010, there was an increase of 64%, in the number of reusable plastic bags purchased (as per those made available in the stores), compared to the previous year. The two types of reusable plastic bags made available in the stores are: APED's (Associação Portuguesa de Empresas de Distribuição – Portuguese Retailers Association) Green Bags and Continente's reusable plastic bags.

In addition to this initiative, ever since 2007, all of Sonae's food retail stores have provided oxo-biodegradable bags.



## Product Safety

Sonae is concerned with maintaining food safety and product control management systems, which include the compliance with a set of criteria regarding production and product processes, assessed by audits, visits to suppliers' facilities and product analysis.

## Quality Certification

Sonae's Food Retail business unit received the certification under the ISO 9001:2008 standards for its Private Label management system. This distinction attests to the quality Sonae invests in developing Continente's Private Label ranges for the following categories: food, hygiene (toothpaste, shower gel etc.), cosmetics (body lotion, sunscreen etc) and general cleaning products, as well as in monitoring these products and suppliers after the products have been developed and launched.

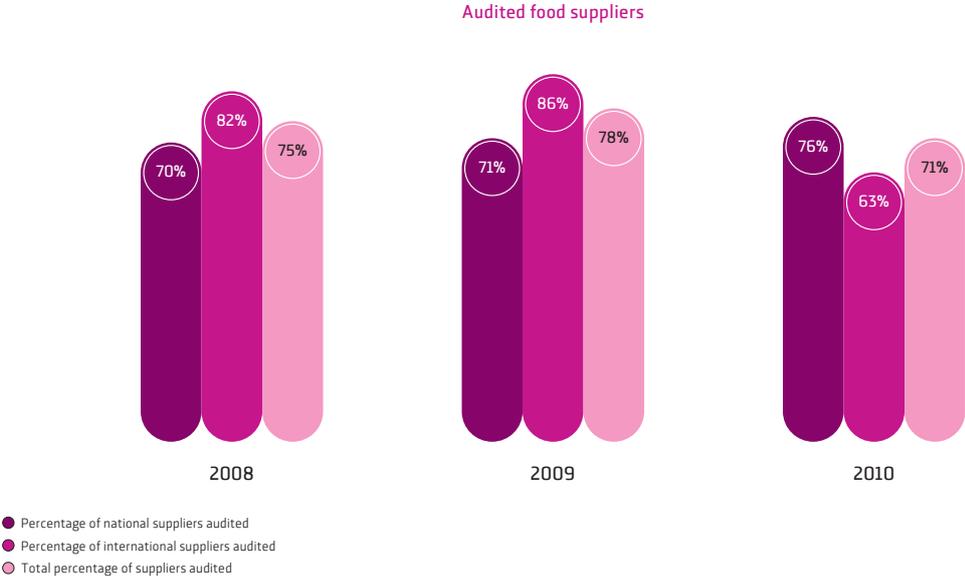
In the food retail area, selection audits are carried out on all international suppliers, who may or not be qualified to integrate Sonae's group of suppliers. The criteria to qualify as a local or EU- international supplier depends on the existence of certifications in food management and/or quality management (for example, ISO 9001, ISO 22000, IFS, and BRC, amongst others). Suppliers from other parts of the world are subject to qualifying audits performed by the Department of International Trade (see "Ethical Relationship with Suppliers").

In the case of Private Label goods, laboratory analysis are also carried out.

**Food Retail Audits**

In the food retail unit, 601 audits were conducted, representing 71% of the total number of suppliers. This figure decreased 7 p.p. compared to the previous year, due to a reduction in audits conducted on international suppliers. Notwithstanding, audits on national suppliers increased. It should be noted that such audits include a set of questions regarding environmental issues.

Regarding the analysis performed in 2010, a total of 5,600 analysis were conducted on external laboratories, which represents an increase of 11% compared to the previous year. Internal analysis were estimated as an overall figure of 500,000<sup>12</sup>, which cannot be compared to what was published for the previous year, since the reported figure did not reflect the correct number of analysis performed. This figure includes all types of analysis conducted internally.



<sup>12</sup> In previous years, the number of internal analysis (conducted at Maia and Azambuja warehouses Quality Control Departments) only accounted for room temperature analysis. In 2010, the figure also includes analysis carried out on controlled-temperature products, which include all perishable goods (Fruits and Vegetables, Delicatessen, Bakery) and Frozen Food (Fish and Meat).

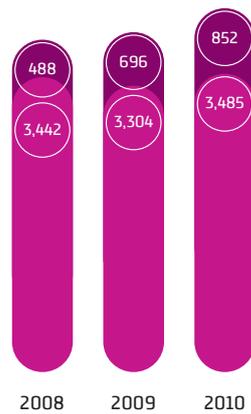
## Ethical relationship with suppliers

So as to increasingly integrate more suppliers into the company's policies and practices, Sonae has been developing mechanisms so that it can maintain partnerships with a greater guarantee of harmony between social and environmental practices for both parties.

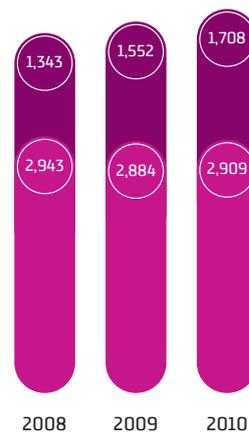
- Qualification audits were carried out on 507 suppliers, in other words, 10% of the active suppliers (representing 4% of the total amount purchased from suppliers)
- 29% of international suppliers were audited, representing 17% of the total amount purchased from suppliers.
- 49 suppliers (only 10% of audited suppliers) obtained a C-level classification grade.

Environmental, labour and human rights clauses are included in contracts with the supplier, and are applicable to national and international supplier, so that they become committed with what the company considers an acceptable levels of responsibility. Apart from these requisites, Sonae's Code of Ethics and Conducts establishes the commercial relationships between the parties involved.

Purchases to suppliers (in millions of Euros)



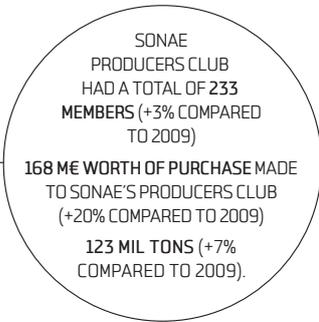
Number of suppliers



● Purchases to national suppliers  
● Purchases to international suppliers

● Number of national suppliers  
● Number of international suppliers

Note: The figures included in the graphs refer solely to purchases and number of suppliers for products sold by Sonae MC and Sonae SR.



The Department of International Trade is responsible for the qualification and selection programme of international suppliers. In 2010, the checklist that forms the core of the auditing process was expanded to include an additional 286 questions grouped into 20 distinct sections. In each section, there are a number of questions which are considered fundamental to evaluating the supplier. The sections regarding the environment, ethics and hygiene and safety are composed of 26 questions, 6 of which are considered fundamental and represent 9% of the overall auditing survey.

In planning the audits to be performed, priority is given to suppliers who supply critical areas such as food supply, toys, electrical and electronic items and products from the Well's format (health and opticians).

Suppliers are classified according to levels (A, B and C). Suppliers who don't achieve acceptable results (C level) may be subjected to corrective action plans and new audits or may be excluded from the list of suppliers.

In 2010, 3 suppliers were found to be in a critical situation regarding child labour criteria. In one specific case (qualification audit), corrective actions were implemented. In the other two cases, the suppliers were excluded from the selection phase.

## Sonae's Producers Club

Sonae's Producers Club (SPC) is a good example of ethical relationships with suppliers, since it is based on a philosophy that promotes fair trade with national suppliers.

Established in 1998 with the mission of promoting high quality level and safe local produce, SPC consistently supports its members in a structural way. Thus, producers are given a guarantee of selling their produce, whilst, at the same time, Sonae is certain that it is offering its customers products made in Portugal with proven quality levels of quality.

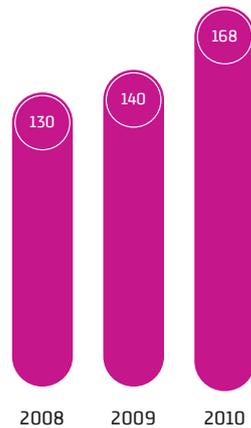
The basic foundations of Sonae's Producers Club are:

- **Planning:** promoting the sale of national produce by optimizing production capacities, providing technical support and access to several agreements between the company and external entities. It also provides Modelo and Continente customers with fresher Portuguese products;
- **Certification:** guarantees the standardisation of quality and food safety of the products, promotes the self-evaluation of productive systems, communicates and discusses future challenges with the market, guarantees traceability until the end consumer and promotes environmental responsibility;
- **Sharing of knowledge:** analyses the productive systems and requirements of local production, the consumers profile, market trends and selling strategy; it promotes product and processes innovation, training and information, via a means of fluid communication, with a common goal in sight – competitiveness.

IN 2010, DURING SONAE PRODUCERS CLUB XII MEETING UNDER THE THEME "WE CREATE INNOVATION", FOR THE FIRST TIME, 4 PRODUCERS FROM THE CLUB WERE GIVEN A SONAE PRODUCERS CLUB INNOVATION AWARD, AND THREE RECEIVED HONOURABLE MENTIONS.

FRUITS & VEGETABLES: 172 AUDITS CARRIED OUT.  
BUTCHERS: 13 AUDITS CARRIED OUT; 5 TO SLAUGHTERHOUSES, 2 INFORMAL VISITS/YEAR TO EACH PRODUCER.  
DEL: 42 AUDITS CARRIED OUT.  
BAKERY: 8 AUDITS

Purchases made to SPC's members (millions of Euros)



Via SPC it is intended that responsible behaviour amongst consumers also be promoted, namely by:

- Purchasing local produce – packaging that advertises the product is 100% local;
- Stimulating the consumption of fruits and vegetables, by promoting "Taste of 5" on fruit packages, thus contributing towards healthier eating habits. The existence of a range of products appealing to children incentivizes the consumption of fruit;
- Purchasing quality- SPC's certificate checklist covers a wide range of issues that guarantee Product Quality and Food Safety. Products are certified by independent external organizations and possess the SPC seal that states "Certified Product".

Some of the initiatives worthy of note carried out by Sonae's Producers Club in 2010 are:

- Its continued support in developing organic products;
- Its support the use of reusable CHEP boxes, replacing cardboard transport boxes, mainly for cheese producers;
- Identify producers products on SL, QF, and BIO ranges;
- The campaigns it created to disclose members of SPC were initiated, by advertising in leaflets promoting fresh produce, and magazines distributed in-store and in newspapers;
- Programme Contracts were celebrated with all producers of fruits, vegetables, cheese, and olive oil;
- SPC' initiated the sale of olive oil including the entire procurement process, 5 selection audits, analysis of pre-selected olive oils (approximately 50 producers) and launch olive oil for sale.

## Complaints and suggestion management

The complaints and suggestion management system is an important means through which we receive suggestions and opportunities to improve services and products made available. For this reason, in previous years, the company has invested in Sonae MC's complaints and suggestion management system which resulted in it receiving a certification under ISO 10002:2007 standard. Also during 2010, a certification process which follows the same complaints and suggestion management system guidelines for Worten was underway.

In 2010, the company received 82,227 complaints and suggestions, an increase of 3.2% compared to the previous year. Increases were noted across all formats apart from the food retail formats (Continente and Modelo) and Vobis.

Sonae's Ombudsman is also a means in which to receive suggestions and complaints, which may be submitted by clients, employees or stakeholders.

In addition to complaints management, a number of client satisfaction studies are carried out, in accordance with themes that should be analysed (for example, customer service, product quality, image, etc) and in accordance with different assessment methodologies (e.g, mystery client, quarterly report, studies, surveys, online panels, etc.) across all of Sonae's different formats. These also contribute to improving services and products made available in the stores.

8.4 MILLION EUROS  
TO SUPPORT COMMUNITIES  
(15% MORE COMPARED TO 2009)  
IN THE RETAIL BUSINESS

### 3.4. PROMOTING WELL-BEING AND DEVELOPMENT IN LOCAL COMMUNITIES WHERE THE RETAIL BUSINESS OPERATES

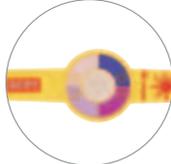
Sonae believes that the company's businesses may contribute towards the promotion of the social and cultural well-being of the communities where it operates, and in this sense, for many years it has supported initiatives, projects and events that enables the sustainable development of the populations.

In 2010, the Company continued with the many projects carried out in previous years, and maintained its partnerships with the community. The Retail business invested a total of 8.4 million Euros, distributed amongst initiatives that promote areas such as Education, Culture, Health, Environment, Science and Innovation and Social Solidarity. To this figure, an additional 1.3 million Euros must be added which was the result of direct client contributions via several Retail initiatives, such as the Arredonda Project.

The table below illustrates a few examples of initiatives and projects developed by the different retail formats, with the objective of generating value for society and its organisations.

Area	Project	Goal	2010 Results
<b>Continente</b>			
Health	<b>Missão Sorriso (Mission Smile)</b> 	The funds raised by the sale of books, CDs and game featuring this project's label were converted into clinical supplies, recreational supplies or equipment to support paediatric and neonatal units in the hospitals supported by Missão Sorriso.	500,000 Euros were donated in equipment and materials to the paediatric units of 11 hospitals.
Environment	<b>Hipernatura (Hypernature)</b> 	With the involvement of local government bodies and Quercus' support, a number of green areas within the catchment areas of Continente supermarkets are selected with the objective of improving it to be used as a recreational area and to promote the adoption of a healthier lifestyle.	122,000 Euros were invested in improving 10 areas.
<b>Modelo</b>			
Society	<b>Causa Maior (Greater Cause)</b> 	This Project intends to fight against the social exclusion of senior citizens, promoting their integration into society and contributing towards their active ageing. For each "Popota Show" book sold (2€ retail price), 1€ was given to this cause.	393,000 Euros were raised and donated to the Portuguese Red Cross, Sonae's partner for this cause.

Area	Project	Goal	2010 Results
<b>Modelo</b>			
Environment, Health and Society	Parques Modelo (Modelo Parks) 	So as to motivate local communities to practice regular physical exercise and outdoor family activities, parks are built, composed of a garden area, a senior park area, and a childrens park area, in communities where Modelo stores operate.	5 Modelo Parks were built. An investment of approximately 144,000 Euros.
Environment and Education	Pilhas de Livros (Piles of Books) 	Battery recycling awareness-raising campaign, which simultaneously nurtures reading habits by offering books to schools.	128,000 Euros worth of books were given to 128 schools contemplated under the initiative.
<b>Modalfa</b>			
Society	Crescer Seguro (Growing in safety) 	Fundraising by selling 180,000 scarves aimed at supporting causes that contribute towards families' living conditions. The Crescer Seguro Project was developed in partnership with RTP (Portuguese Public Television Network) and implemented with APAV and Ajuda de Berço.	Of the total funds raised, APAV was granted 210,000 Euros and Ajuda de Berço 150,000 Euros.
<b>Sport Zone</b>			
Sports	Sport Zone Runs 	Organization of Sport Zone Half Marathon, Father's Day Run and Run for Women.	The three events raised approximately 31,000 Euros and were attended by approximately 43,000 individuals.
	Sport Zone Events 	Promotion for youngsters sports by organizing events such as Kid's Cup, Street Basket Deeply, National Youth Surf Circuit, Gira Volei Project and XCM Portuguese Cup.	21,700 people attended these events and a total of 260,000 Euros was invested.
	Sponsorships 	Sponsorship of several sport federations and associations, including:  Portuguese Olympic Committee, Portuguese Paralympics Committee, Portuguese Sports Federation for the Disabled People, Portuguese Gymnastics Federation, Portuguese Canoeing Federation, Portuguese Surf Federation	Sponsorships amount to 120,000 Euros

Area	Project	Goal	2010 Results
Worten Environment and Society	<p>Equipa Worten Equipa (Team Worten Team)</p> 	<p>For each ton of Waste Electrical and Electronic Equipment (WEEE), the Equipa Worten Equipa Project offered 50 Euros in new equipment to charity organizations within the stores' catchment areas. For those who want to support this initiative but do not have obsolete equipments, Worten sells Equipa Worten Equipa magnets (1 Euro), the total of which reverts to this project.</p>	<p>In 2010, the quantity of waste collected increased to 4,770 tons, helping during the first collection stage, a total of 124 institutions. A total of 1,377 new equipments were donated. Worten invested a total of 240,000 Euro during the project.</p>
Society	<p>Arredonda (Round up)</p> 	<p>By rounding up the price of goods purchased in Worten stores, the Arredonda Project helped Ajuda de Berço.</p> <p>Apart from 1 million round ups performed in stores, this year people also helped via Facebook. On this platform alone, 21,562 Euros were raised.</p>	<p>A total of 486,000 Euros was raised to support this organization.</p>
Zippy Health	<p>Zippy Sunny Watch</p> 	<p>Partnering with Hospital de São João and RTP and during the summer months, Zippy promoted a prevention campaign against sun exposure particularly aimed at children.</p>	<p>9,700 Euros were donated to Joãozinho, São João's Paediatric Hospital.</p>
Education	<p>Sabias que... (Did you Know...)</p>	<p>Zippy raises awareness regarding child safety, by providing practical advice broadcasted on RTP's "Sabias que..." TV show, during the summer months.</p>	<p>TV show broadcasted by RTP.</p>
Sonae RP Health	<p>Associação Sol</p> 	<p>Donations aim to improve the current conditions of Casa Sol and the construction of a new Casa Sol to foster children supported by this organization, which supports children affected/infected by AIDS.</p>	<p>21,500 Euros were donated to support this cause.</p>

## 3.5. RETAIL BUSINESS COMMITMENTS

### 2008-2012 Commitments

Promotion of healthier products and eating habits

Clients

Promote information with a view to:  
 - Inducing healthier eating habits;  
 - Inducing sustainable consumption habits

Extend commitments with quality, environment and society throughout the value chain.  
 Support Suppliers in complying with market demands.

Suppliers

Increase the number of audit visits to manufacturing facilities;  
 Implement increasingly more demanding eco-efficiency requirements in all areas encompassed by Sonae's Producers Club.

Reduce the Ecological Footprint in compliance with the Environmental Policy

Environment

Reduce the consumption of electricity by more than 6% on a comparable basis;  
 Sustainably invest in the installation of autonomous energy production systems from renewable sources;  
 Progressively reduce potential Green House Gases (GHG) emissions;  
 Reduce environmental impacts caused by waste production;  
 Reduce potential water consumption in stores;  
 Broaden environmental certifications and raise populations' awareness towards good environmental best practices.

Contribute towards good citizenship behaviour and social cohesion

Community

Invest in raising awareness in society so as to induce good citizenship behaviour, social cohesion and sustainability.

To become a household name

Employees

Company's continuous effort to be a space of personal fulfilment, and professional and personal development  
 To increase the employees' level of qualification.



2010 Commitments

What we did in 2010

Extend commitments with quality, environment and society throughout the value chain.  
Support Suppliers in complying with market demands.

Suppliers	<ul style="list-style-type: none"> <li>- To increase the sales of Aquiculture Products;</li> <li>- Introduction of Organic Products;</li> <li>- To increase employees' training and information provided on Continente's website under the Sustainable Fisheries Policy;</li> <li>- To provide information, to customers, on type of fishing technique used, capture technique and proof of purchase in the fish market.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in the sales of fish farming products, in all species (156% in general), except for gilt-head sea bream (-36%);</li> <li>- Tests were conducted on organic products, which nevertheless failed to become selling items</li> <li>- A specific learning unit regarding the Sustainable Fisheries Policy was introduced at Sonae's School of Perishable Goods, so as to increase training on the subject. More than 500 employees attended this unit.</li> <li>- Development and implementation of information dedicated to the theme of Sustainable Fisheries on the company's website, so as to provide information on the matter to customers. In-store information was also reinforced ("Greenpeace" posters and CCL label).</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>
-----------	---	--	--

Reduce the Ecological Footprint in compliance with the Environmental Policy

Environment	<p>To reduce electricity consumed by more than 1% on a comparable store universe basis.</p>	<p><b>Goal achieved</b> Electricity consumed was reduced by 1.6% on a comparable store universe basis (food retail).</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To maintain the focus on installing new energy production autonomous systems from renewable sources, according to the guidelines of the new regulations on the matter.</p>	<p><b>Goal achieved</b> In 2010, 16 additional autonomous energy power stations were operating, a total of 34 production power stations were operating by the end of the year.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To ensure that 80% of fleet vehicles are in compliance with EURO 4 or higher standards.</p>	<p><b>Goal achieved</b> 82% of fleet vehicles are in compliance with EURO 4 or higher standards.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To maintain the R22 refrigerant gas replacement programme in equipments that have not been replaced so far.</p>	<p><b>Goal achieved</b> R22 refrigerant gas has been reduced to only 2% of the equipments used.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To provide an broadened range of reusable plastic bags.</p>	<p><b>Goal achieved</b> Several kinds of reusable plastic bags are offered in stores.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To surpass the waste recovery rate achieved in 2009.</p>	<p><b>Goal achieved</b> Waste recovery rate achieved 76.9%, surpassing the 2009s figure by 1.7 p.p.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
	<p>To increase the number of facilities certified under ISO 14001 standard.</p>	<p><b>Goal achieved</b> Environmental certification under ISO14001 standard in an additional three Food Retail units (one supermarket, one meat processing facility and one warehouse) and in one Specialized Retail store.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>

Contribute towards good citizenship behaviour and social cohesion

Community	<p>Continue with projects that have positive social impacts on communities, particularly on health, education, environment, culture, sports, and leisure activities.</p>	<p><b>Goal achieved</b> Emblematic projects, with great widespanning social impacts were continued, such as "Missão Sorriso", "Causa Maior", "Pilhas de livros", "Hipermatura". A group of additional projects were also implemented in these support areas.</p>	<ul style="list-style-type: none"> <li>✓</li> </ul>
-----------	--	--	---

To become a household name

Employees	<p>Materialization of Sonae's Human Resources Policy (adapted to the company's new organizational structure).</p>	<p><b>Goal not achieved</b> Human Resources Policy is being developed and should be published during 2011.</p>	<ul style="list-style-type: none"> <li>✗</li> </ul>
-----------	---	--	---

## 2011 Commitments

### 2011 Commitments

#### Promotion of healthier products and eating habits

Maintain the Private Label Equilibrio and Bio ranges broad product offer.

Maintain Certification under ISO 9001 standards regarding the process for launching Private Label goods and guarantee that all procedures defined by the standard are applied.

To promote healthier eating habits, providing more and better information regarding healthy food options and product characteristics.

#### Promotion of more eco-friendly products

To promote campaigns that incentivate the use of equipments that consume less energy

To reduce/eliminate packaging material in Private Label product ranges where labels can be directly printed onto the product, thus eliminating paper labels (e.g., Private Label camping equipment range, sleeping bags, camping tents, etc).

Incentivate the use and make available a broad range of reusable bags.

#### Improvement and broadening of quality control processes and certifications

Improve development and monitoring processes of non-food products.

Extend to the non-food products the Certification for Development of Continente Own Brands and monitor the product and supplier after development/launch in accordance with NP EN ISO 9001 standards.

#### Extend commitments with quality, environment and society throughout the value chain. Support Suppliers in complying with market demands.

Maintain the plan of strengthening the number of suppliers audited, qualifying and selection auditing.

Implement increasingly more demanding eco-efficiency requirements in all areas encompassed by Sonae's Producers Club.

Begin the Sonae's Producers Club certification for its members.

#### To contribute towards sustainable fishing

To increase the marketing of species that act as alternatives to threatened species.

To increase the sales of fishfarming products.

To reduce the sales of fish caught by trawling.

Improve (current and new) suppliers' traceability and information and the origin of the fish.

To improve consumers' information on type of fishing used.

Clients

Suppliers

## 2011 Commitments

### Reduce the Ecological Footprint in compliance with the Environmental Policy

#### Environment

- Reduce electricity consumed by more than 1% on the same store universe level of the stores that consume the most energy (food retail stores).
- Keep focused in installing new power stations to produce autonomous energy from renewable sources, complying with new legislation pertaining to Micro and Mini Generation of energy.
- To ensure that more than 85% of fleet vehicles are in compliance with EURO 4 or higher standards.
- Maintain the R22 refrigerant gas replacement programme in equipments that have not as yet been replaced.
- Make available an extensive range of reusable bags.
- Surpass the waste recovery rate achieved in 2010 by, at least, 0.5%.
- Reduce the consumption of drinking water by more than 2% on a comparable store universe basis
- Increase the number of facilities certified under ISO 14001 Environmental Certification.
- Develop an International Environmental Management Guide to support operations abroad.

### Contribute towards good citizenship behaviour and social cohesion

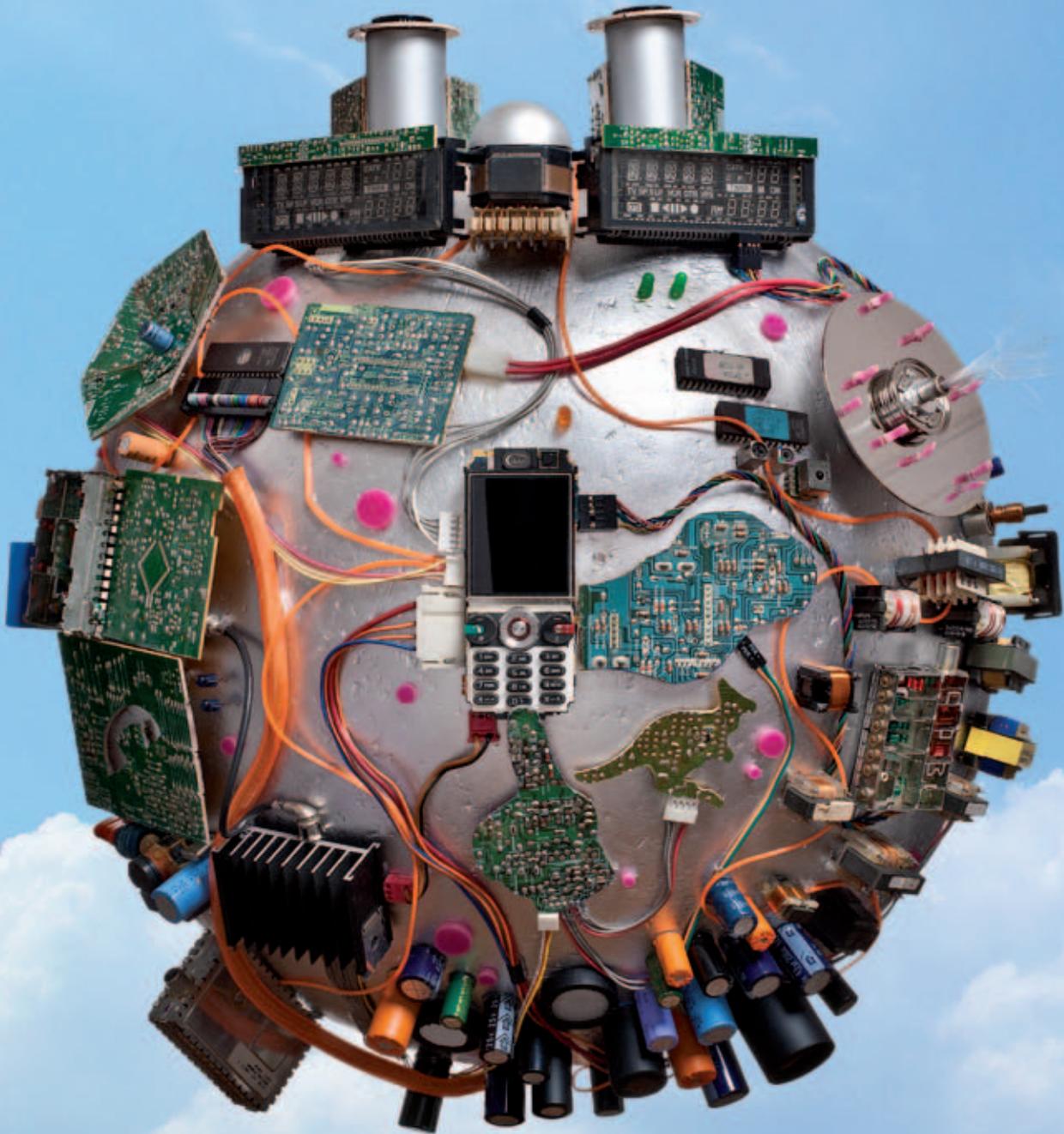
#### Community

- Continue with projects that have positive social impacts on communities, particularly on health, education, environment, culture, sports, and leisure activities.

### To become a household name

#### Employees

- Formalise Sonae's Human Resources Policy (adapted to the company's new organizational structure).





# A Greater World to Approach

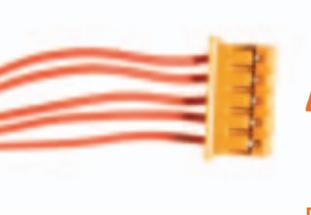
"Our commitment towards sustainable development is directly linked with our ambition of becoming the best telecommunication services provider in Portugal. We believe that this industry has numerous opportunities and we are strongly committed in developing innovative products, services and solution that satisfy the needs of the markets where we operate and generate value for our clients, partners, shareholders and community."

**Miguel Almeida, CEO Optimus**

"We believe that today, an industry-leader company also needs to be a leader in corporate responsibility issues, since our business is not isolated from the environment nor from society.

Therefore, we also believe that shopping centres such as ours, which satisfy our customers' needs and which are built according to sustainability patterns and are integrated within the communities, will always be a more attractive investment than others that are built without considering such concerns."

**Fernando Oliveira, CEO Sonae Sierra**



## 4.1. SONAECOM

### Profile

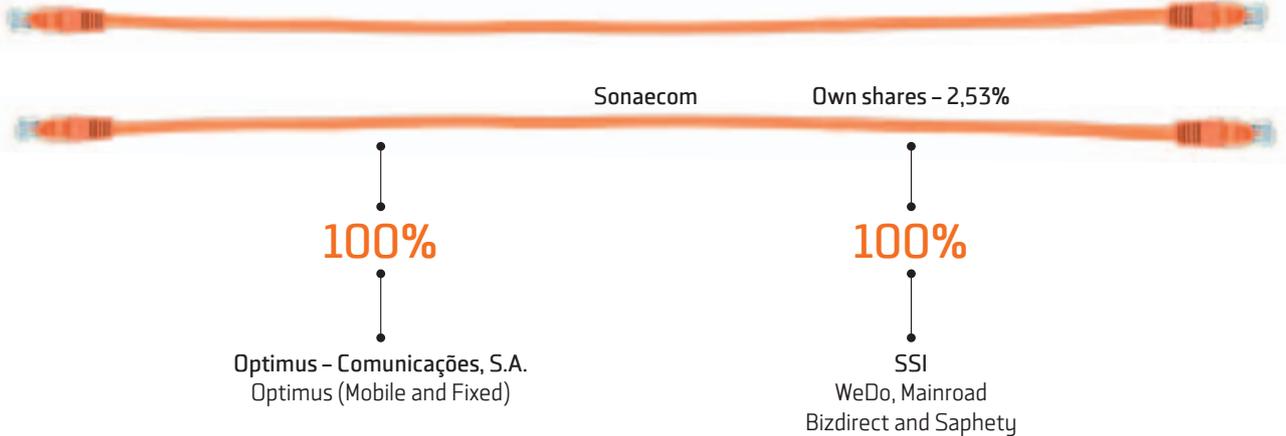
Sonaecom is divided into two main business units: Optimus, which now integrates the entire offer in mobile and fixed telecommunications and the Software and System Information Services (SSI) area. Additionally, Sonaecom also integrates online and media areas, which encompasses a set of business such as Público and Miao.pt.

### Mission

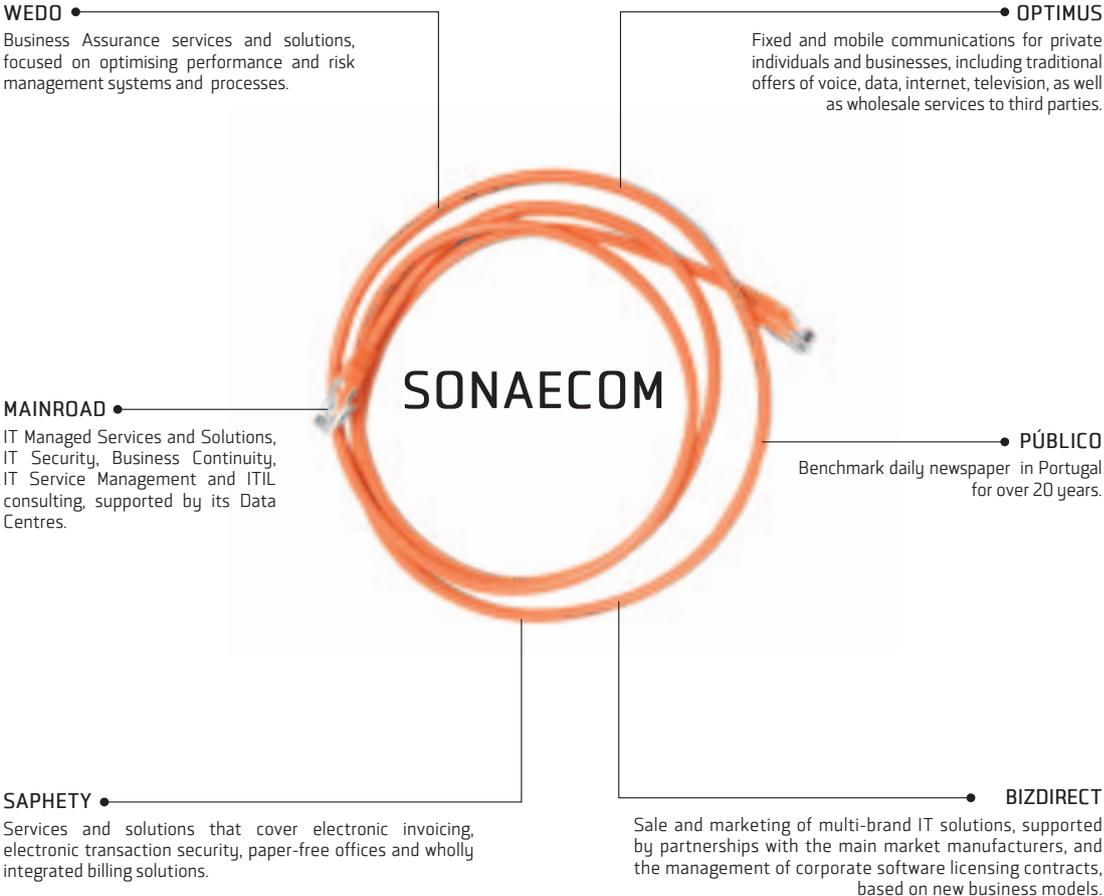
Sonaecom is an entrepreneurial growth company that chooses exceptional people to work and unlock their full potential. Sonaecom relentlessly pursues the creation of innovative products, services and solutions that fulfil the needs of its markets and generate superior economic value.

### Sonaecom simplified structure

Sonae SGPS - 53,17% France Telecom - 20,00% Free-float and other qualified shareholdings - 24,30%



# Products and Services

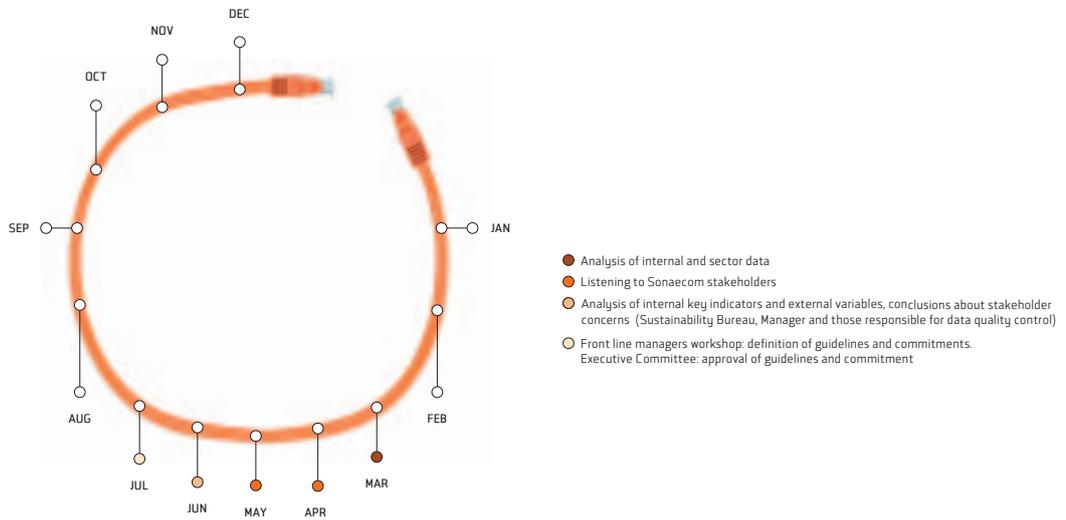


## Sustainability management

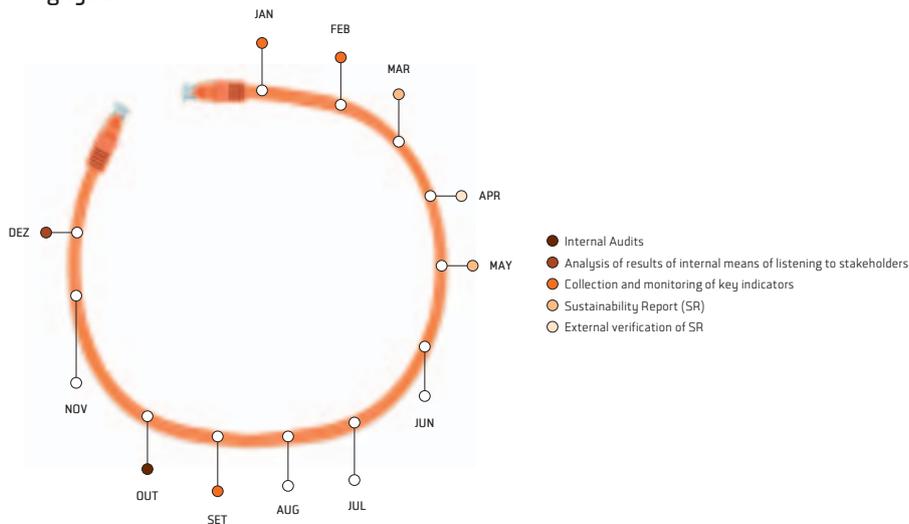
In 2010, and in order to systematize and promote a continuous improvement in sustainability management, Sonaecom defined two management cycles:

- The **strategic cycle**, with a duration of three years, of great reflection and opened to stakeholders, whose contributions define the strategy, the objectives and action plans, and
- The **monitoring cycle**, on an annual basis, within which the results of the actions performed are analyzed, strategy is assessed and reporting is produced.

### Strategic cycle



### Monitoring cycle

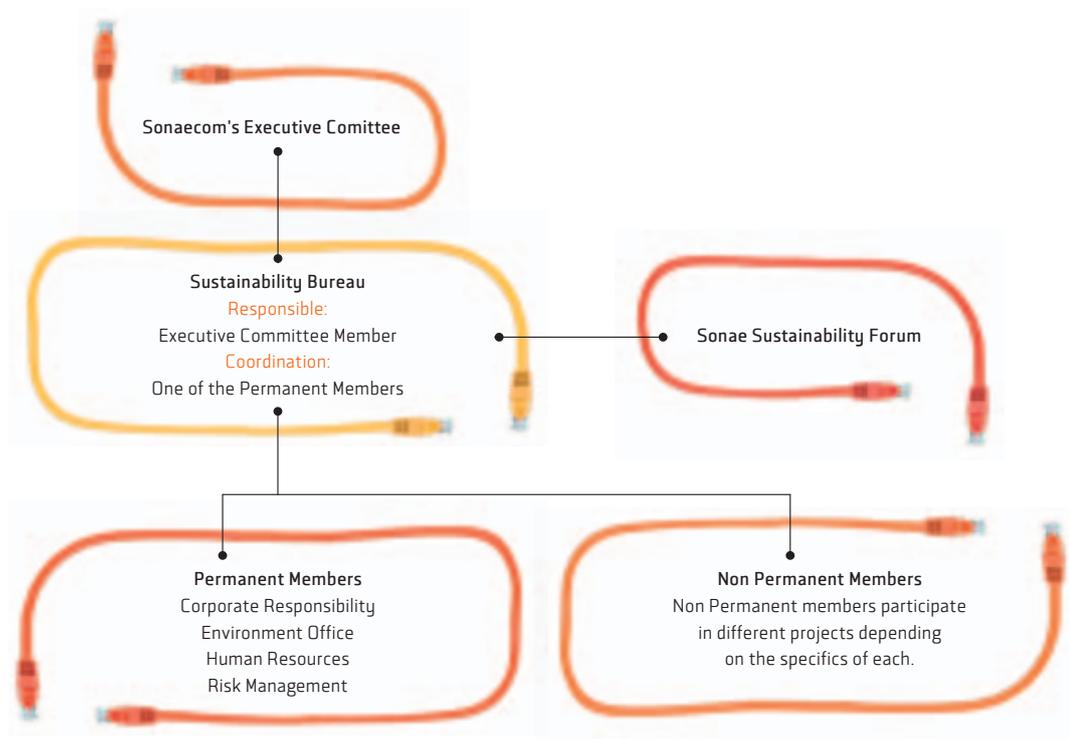


# Sustainability Strategic Areas

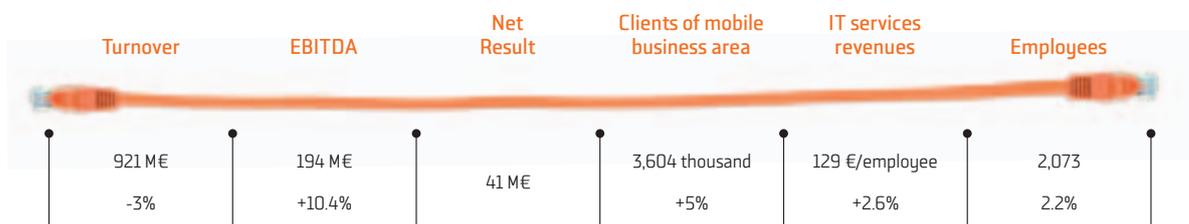
Sonaecom's sustainability strategy is settled unto four essential pillars:

- Our People:** To contribute towards the development of employees and suppliers in a global way, promoting a more balanced management of their professional and family life.
- Preserving the Environment:** To manage the business' environmental impacts (Energy, Resources, Waste, and Electromagnetic fields – EMF, among others) and to take advantage of the ICT industry's potential, presenting the market with products and services that nurture the construction of a low-carbon economy.
- Quality of life:** To ensure that Sonaecom's stakeholders act transparently and in respect for ethical principles of the market and society and to promote the safe use of our products and services by our clients.
- Energizing society:** Technology is not an end in itself; we are interested in what it can do for our clients, for our employees and, broadly speaking, for society. We want to ensure access and to educate civil society in the use of ICTs, regardless of age, skill level, language, culture and literacy by developing products and services with great social value.

## Sustainability Office

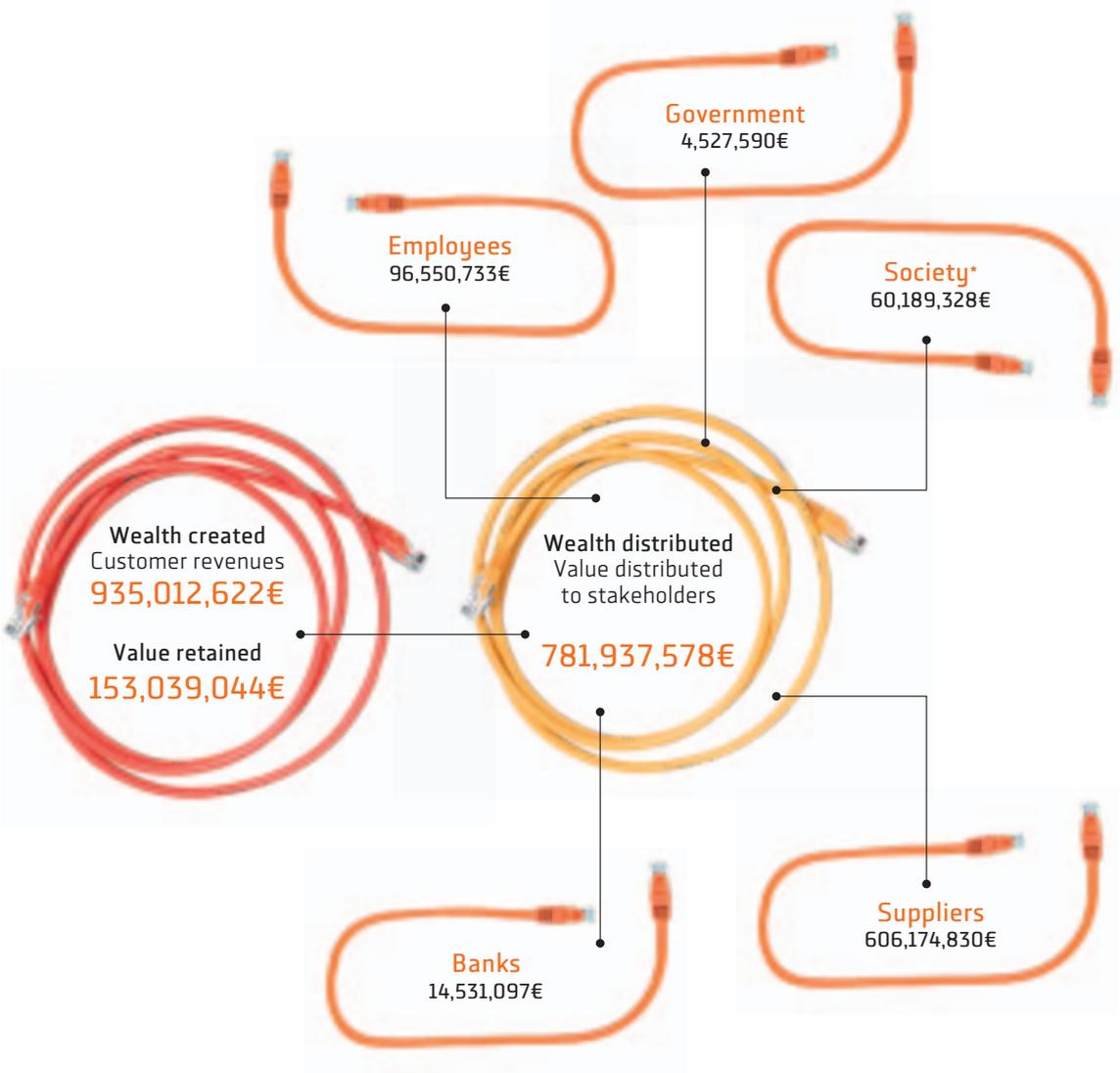


## 2010



The economic value generated reached 935 M€, of which 781,9 M€ were distributed amongst employees (12.3%), government (0.6%), society (7.7%), suppliers (77.5%) and financial institutions (1.9%).

Creation and Distribution of Value



\* Community investment and contribution to Information Society.

Socially, the Career Development and Performance Assessment measures, previously started, have been continued.

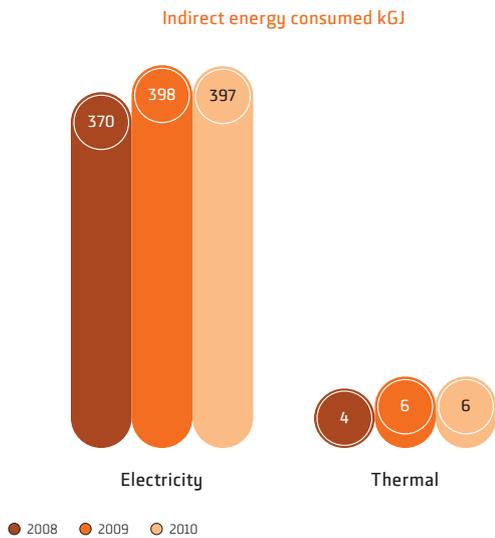
Training hours provided to employees were slightly reduced (0.5%), achieving a total of 58,176 hours, i.e., an average of 28 hours of training per employee. The investment made in this area was 1,9 million euros.

In terms of the environment, in 2010, the Company renewed its certification for Environmental Management System pursuant to ISO 14001 standards, thus continuing to improve internal management processes and encourage stakeholders to become involved and to be informed about Sonaecom's environmental management programmes.

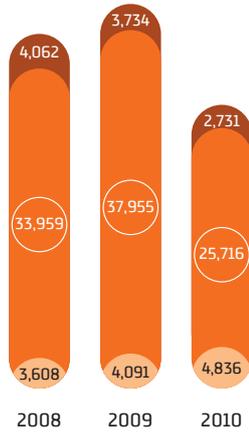
Energy management measures continued to be implemented and reinforced, thus promoting energetic efficiency across the company's operations and reducing carbon emissions by 27%.

Regarding waste management, a study was conducted on Municipal Solid Wastes (MSW) that identified improvement opportunities, particularly for the recycling of a portion of these wastes. Recycled waste was 80% in weight.

Considering community support, there is a significant increase in the employees' contribution in volunteer work (from 1% to 12.3%), mainly to empower citizens for inclusion.



Total CO<sub>2</sub>e Emissions, t

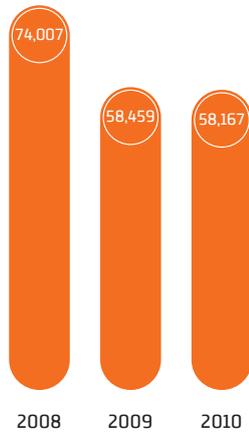


○ Direct ● Indirect ● Others indirects (scope3)

Percentage of recycled waste



Training hours



Percentage of volunteer work



Note: In 2008, the Smile Programme was restructured and relaunched at the end of the same year. This is why the previous chart fails to mention percentage values for volunteer work in 2008.

## External Recognition

**Best Contact Centre in Portugal** and **Best Contact Centre Award in the Telecommunications'** category, received by Optimus and awarded by "APCC Portugal Best Awards 2010".

Optimus' contact centre was also distinguished by the International Faculty for Executives (IFE) and by Call Center Magazine, with the **Global Contact Centre** award.

Optimus and its Flagship Store at Casa da Música (Porto) also won the International Innovation Award – **InAVation Awards 2010**.

Sonaecom is also proud to have employees whose exceptional performance has been recognised by third-party entities:

Rui Paiva, CEO of WeDo Technologies, received the **Best Leader Award 2010**, organized by Leadership Business Consulting, under the "Leader in New Technologies" category.

Público's journalists Luís Villa-Lobos, Ricardo Garcia, Maria João Guimarães, and Lurdes Ferreira saw their works, developed in the areas of Society and the Environment, being recognized and awarded by several entities.

## Case Studies

### Optimus' Corporate Responsibility Programme

Optimus' Corporate Responsibility Programme aims to surpass the exclusion of children and teenagers suffering from severe or chronic health conditions. By offering full communication and entertainment solutions (state-of-the-art laptops with mobile broadband internet access – Kanguru –, free communications and maintenance support), Optimus has significantly contributed towards the decrease of the exclusion effects suffered by these children and teenagers.

Through a partnership established between Optimus, Acreditar, Associação SOL and Fundação do Gil, the routines and needs of children receiving clinical treatment were assessed in order to identify the solution best suited for the programme's objectives. In 2010, 58 equipments were donated.

## Optimus' Green Life

In 2010, Optimus Green Life brand was created, which is much more than a brand: it is a materialization of Sonaecom's environmental responsibility policy, representing a position and a way of being and feeling the company's business.

Appearing as a consequence of a reflection made by an internal work group, Optimus Green Life enables a global approach to the Company's activity, focused on mitigating risks and (internal and external) impacts, both transversally and strategically.

The brand is used internally to ensure the good environmental performance of all processes. Such is achieved by deeply analysing each process, by rigorously monitoring its impacts, and by defining an impact reduction strategy.

Externally, the Optimus Green Life seal was created and associated with some products designed to provide those who choose them a more sustainable means of communication: communication costs, equipment costs, transportation costs, energy costs and reduction of paper consumption by issuance of electronic receipt.

Optimus Green Life packages were also created (with a greatest eco-efficiency if compared to traditional ones) for three types of equipments (Nokia C3, C5 and Central ON) and on the business market the Company launched the first phone of a more environmental efficient range (Sony Ericsson Elm).

For **corporate clients**, Green Life offers include:

- An Individual and Network Plan, which aggregates a fixed-line and a mobile line, all on the same mobile phone;
- A virtual central exchange with Central ON;
- Use of Optimus Kanguru, staying connected anywhere and avoiding travels;
- Use of advanced web-based solutions, such as e-Services, which saves paper;
- Data transmission solutions (M2M), allowing machines to communicate amongst themselves and thus optimize processes.

## Smile – Sonaecom’s Community Intervention Programme

Engaging and supporting community by means of Sonaecom’s corporate Professional competencies – Information and Communication Technologies (ICT).

Smile Competências (Competencies) is the area of the Smile Programme where Sonaecom can add more value. The work developed in this area has the objective of, on the one hand, fighting against e-exclusion, specifically through training and courses, and, on the other hand, promoting the work of third-sector organizations that are the company’s partners. By introducing new technologies and human resources’ training, means, resources, time and people are freed and able to become dedicated to their mission: supporting the community.

In order to promote volunteer work and to raise Sonaecom employees’ awareness towards its importance, the Company gives each employee 8 hours per year to conduct volunteer work. Additionally, for each vacation day the employee spends doing volunteer work, the Company gives the employee an additional day to perform more volunteer work (to the maximum extent of 3 days).

In 2010, the Company witnessed an exponential increase on the employee’ engagement and organization of this programme, which may be measured by 1.426 hours spent conducting volunteer work (almost eight times more than the previous year). This programme thus supported 25 organizations (two more than during the previous year).

## Mobi.E

In a country where the transport sector is responsible for 25% of carbon dioxide emissions (according to Fundo Português de Carbono), investing in alternative mobility mechanisms is increasingly important. Mobi.E, Programme for Electrical Mobility, aims to position the country as a pioneer in the development and adoption of new energetic models towards sustainable mobility.

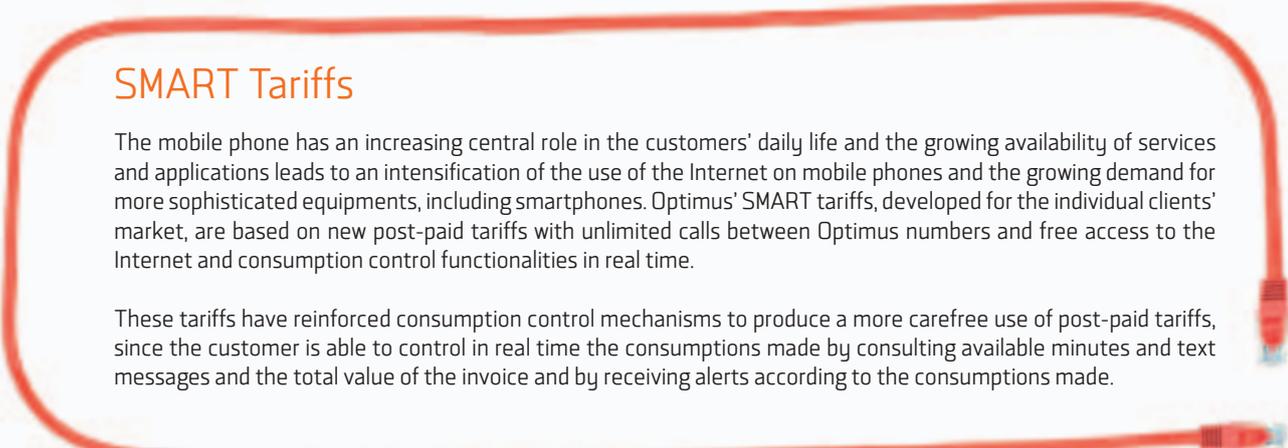
Optimus was responsible for the operationalization of the communications used on Mobi.E electrical vehicles’ power stations. The system installed uses state-of-the-art technology and allows a safe and reliable communication between stations and the central, with a great flexibility when choosing stations and without the need to install new communication infrastructures.

An orange cable with RJ45 connectors at both ends, forming a large, rounded rectangular frame around the text.

## Project Attitude+

The Project Attitude+ has two strands: on the one hand, to increase the client's satisfaction regarding the way he/she is served and, on the other, to know what motivates complaints made by clients. The project, which encompasses Sonaecom's partners, has a strong orientation towards the training of the agents' employees that are involved in contacting with the Client, in areas that include: Processes; Procedures; Systems and particularly Culture, where the Attitude is reinforced as being an unquestionable and critical factor for success. Every month, according to the acknowledgments or compliments communicated to the Company by its clients, the assistants who used their attitude to set the difference are awarded trophies.

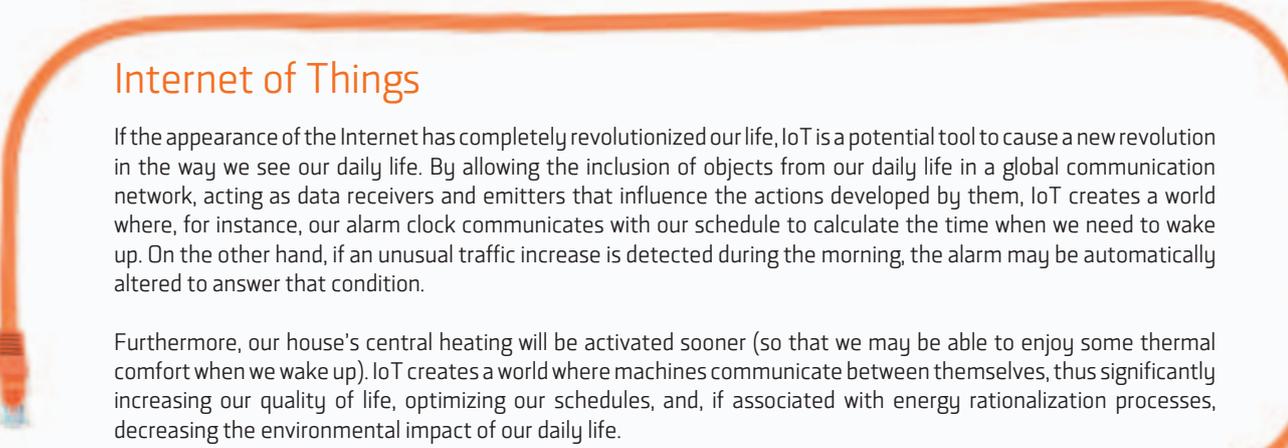
In 2010, 35 assistants were awarded for having a dedication that surpassed all expectations.

A red cable with RJ45 connectors at both ends, forming a large, rounded rectangular frame around the text.

## SMART Tariffs

The mobile phone has an increasing central role in the customers' daily life and the growing availability of services and applications leads to an intensification of the use of the Internet on mobile phones and the growing demand for more sophisticated equipments, including smartphones. Optimus' SMART tariffs, developed for the individual clients' market, are based on new post-paid tariffs with unlimited calls between Optimus numbers and free access to the Internet and consumption control functionalities in real time.

These tariffs have reinforced consumption control mechanisms to produce a more carefree use of post-paid tariffs, since the customer is able to control in real time the consumptions made by consulting available minutes and text messages and the total value of the invoice and by receiving alerts according to the consumptions made.

An orange cable with RJ45 connectors at both ends, forming a large, rounded rectangular frame around the text.

## Internet of Things

If the appearance of the Internet has completely revolutionized our life, IoT is a potential tool to cause a new revolution in the way we see our daily life. By allowing the inclusion of objects from our daily life in a global communication network, acting as data receivers and emitters that influence the actions developed by them, IoT creates a world where, for instance, our alarm clock communicates with our schedule to calculate the time when we need to wake up. On the other hand, if an unusual traffic increase is detected during the morning, the alarm may be automatically altered to answer that condition.

Furthermore, our house's central heating will be activated sooner (so that we may be able to enjoy some thermal comfort when we wake up). IoT creates a world where machines communicate between themselves, thus significantly increasing our quality of life, optimizing our schedules, and, if associated with energy rationalization processes, decreasing the environmental impact of our daily life.

## 4.2. SONAE SIERRA

### Organizational Profile

Sonae Sierra is the international shopping centre specialist. Founded in Portugal in 1989, the company is held by Sonae (50%) and Grosvenor (50%), presenting a business approach that integrates ownership, development and management of shopping centres and the rendering of third-party services.

### Mission and Values

Sonae Sierra strives to be the international expert in shopping centres.

Its mission is to be the international shopping centre specialist that provides ultimate shopping experiences to customers and creates outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development.

Sonae Sierra's vision and mission are underpinned by a set of core values and principles regarding its business culture, responsibility towards its staff, the environment and local communities where its operates and independence from political power.

Managed Shopping Centres	GLA	3 new projects under different construction stages and 7 being constructed	Managed Third-party shopping centres	Visits to managed centres	Contracts with store tenants
51	2,2 million m <sup>2</sup>		17	442 Million	8,521

Sonae Sierra's organizational structure reflects its main business units – Ownership of European Shopping Centres, Development and Management – and operations in Brazil.



## Corporate Responsibility Management System

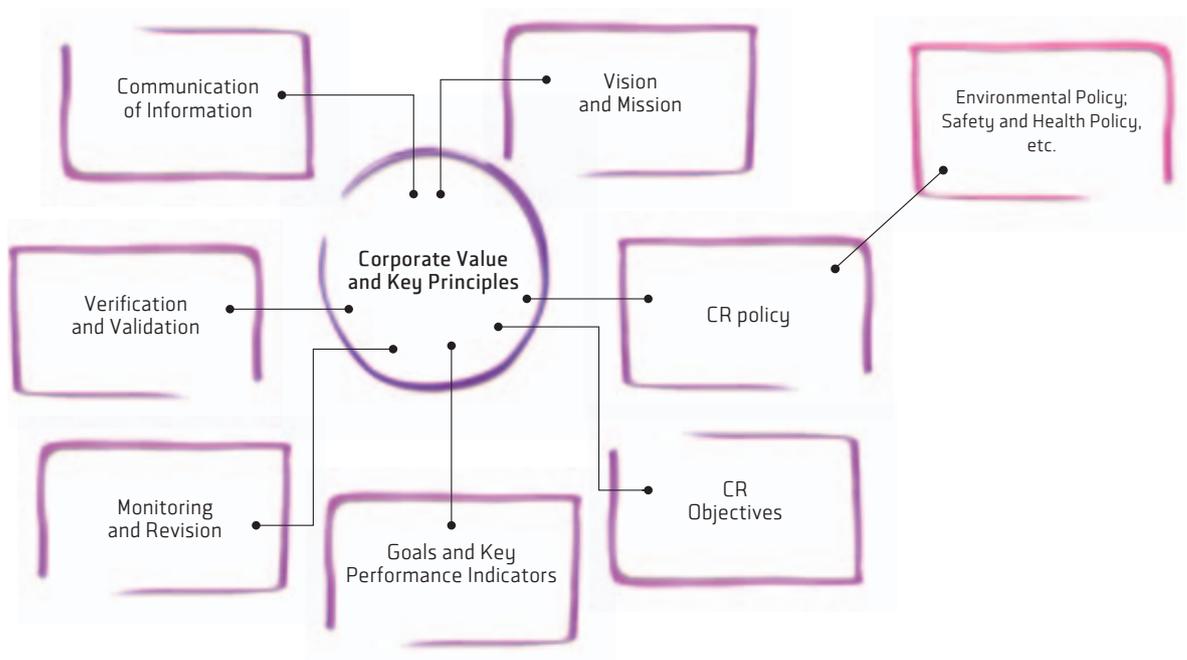
Sonae Sierra's main Corporate Responsibility (CR) issues are managed via CR Management System, which has a cyclical model and which allows for continuous performance improvements across the nine most important impact areas of its operation:

- Energy and Climate
- Waste
- Water
- Biodiversity and Habitats
- Health and Safety
- Communities and visitors
- Store Owners
- Employees
- Suppliers

Policies and strategies are established for these items, in order to transform the company's values and commitments into practical actions. Performance and goals are monitored to ensure that objectives are being fulfilled in the long term.

## CR Governance

The CR Management System is managed by six Workgroups, which encompass the impact areas identified above. Those in charge for each Workgroup are represented at the CR Steering Committee, which is presided over by the CEO. The CR Steering Committee is responsible for supervising the identification and management of relevant issues in this area and for ensuring that the company's performance on critical areas is monitored and progressively improved.

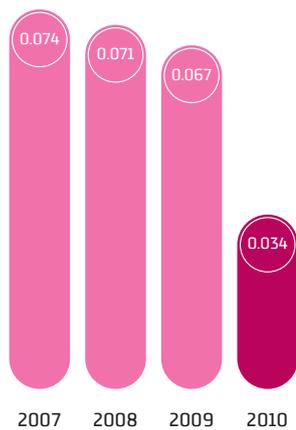


## 2010

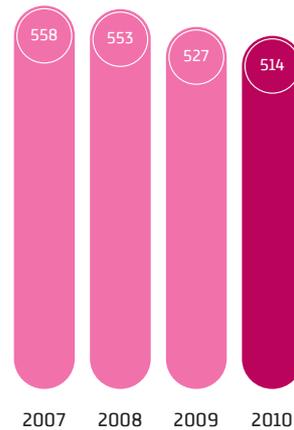
2010 was a challenging year for shopping centres. Notwithstanding, Sonae Sierra opened a new shopping centre in Portugal and concluded another's expansion in Brazil. Both projects added value to Sonae Sierra's portfolio and brought new retail experiences to their catchment areas.

- Direct Revenues increase 7% and EBITDA rose 13%.
- Inauguration of LeiriaShopping in Portugal, with 100% of GLA occupied at time of opening;
- Inauguration of the Parque D. Pedro Shopping's extension, at Campinas, Brazil, with 100% of GLA occupied at time of opening;
- Increase on management services rendered to third-party shopping centres, featuring 17 third-party contracts at the end of the year.

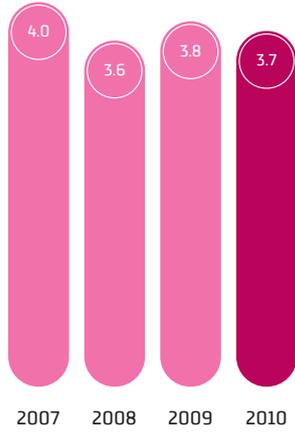
Energy and climate. GHG emissions of our shopping centres and corporate offices (tCO<sub>2</sub>e/m<sup>2</sup> GLA)



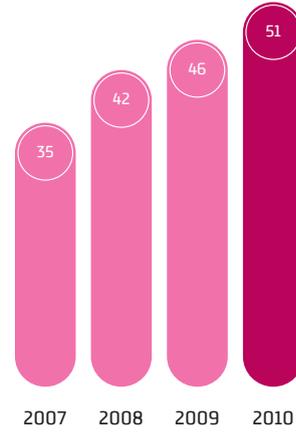
Energy and climate: efficiency in electricity consumed (excluding store owners) of our shopping centres (kWh/m<sup>2</sup> mall and sanitary facilities)



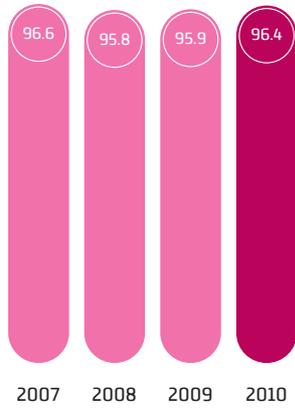
Water: Efficiency in water consumed (excluding tenants) of our shopping centres (litres/visit)



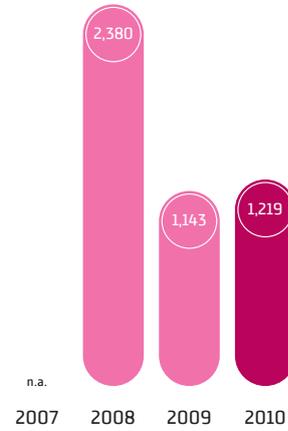
Waste: Total recycled waste against total waste produced (% by weight, in shopping centres)



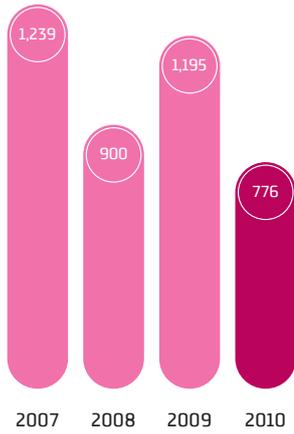
Tenants: Average occupancy rate (% by GLA, on shopping centres)



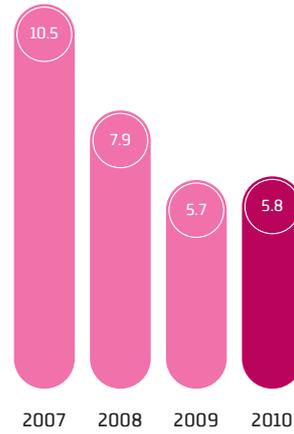
Communities and visitors: CR marketing investments and other contributions to communities (millions €)



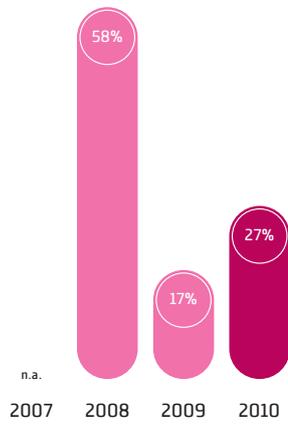
Employees: Investment in employees' training and development (€ per capita)



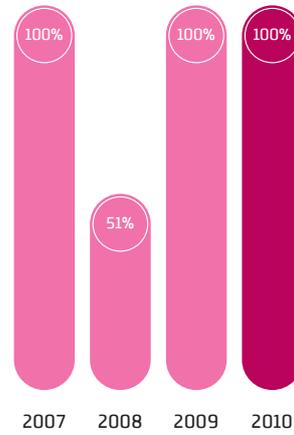
Security and Health: Number of non-compliances by hour of Security Preventive Observations (SPO)



Proportion of suppliers with ISO 14001 certification



Proportion of finished projects in previously urban areas (by area) (%)



## External Recognition

Sonae Sierra kept providing market leader services for tenants and investors and maintained the company's commitment with international standards regarding Security, Health and Environmental Management. Market leadership was, once again, recognized by several awards and certifications:

- Best Developer Award for Portugal, Spain and Italy by EuroMoney magazine's "Real Estate Awards For Excellence";
- Valecenter was considered the "Best Refurbishment and Extension" by the "ICSC European Awards 2010";
- Winners of the "European Risk Management Awards 2010" under the "Best Environmental Risk Control" category;
- Certification under ISO 14001 standard for the Environmental Management Systems of a new project under construction, one operating shopping centre and a corporate office;
- OHSAS 18001 certifications obtained for the Security and Health Management Systems of an additional project under construction and ten operating shopping centres.

## Case Studies

### Environmentally aware construction – LeiriaShopping

LeiriaShopping was inaugurated in March 2010, less than two years after the start of the construction and refurbishment work. The new shopping centre represents a strong revitalisation of the local economy through the creation of 1,489 jobs, the hiring of local companies and the inclusion of local retailers and franchisees to make up around 23% of the centre's tenant mix. The architecture of the shopping centre is inspired by landscapes and culture of the Leiria region: its pine forest, coast and traditional local glass manufacture.

The project team worked together to conceive and implement a range of energy saving measures including heat recovery and free-cooling systems, high efficiency electrical motors, use of variable frequency drives, energy efficient lighting equipments and solutions, use of high level insulation materials to minimise heat losses. The measures implemented represent an annual reduction of 1,785 kWh, in electricity consumption when compared to the standard solutions in the market. This corresponds to an estimate saving of 125,000 Euros. The shopping centre received A-level energy efficiency certification, in compliance with European legislation regarding the energetic performance of buildings.

The shopping centre is also equipped with solutions to decrease the consumption of water, to increase the use of rain and ground water, the recycling of all waste produced and real-time surveillance of all environmental aspects, including indoor air quality, illumination levels and use of public services. A low-cost minibus facilitates the visitors' access to the shopping centre.

## Energetic efficiency improvement at Freccia Rossa

Freccia Rossa, in Italy, was developed by Sonae Sierra and inaugurated in 2008. Despite the implementation of many environmental features, the centre's operational electricity consumption was among the highest in Sonae Sierra's portfolio at 737 kWh per m<sup>2</sup> in 2009.

In 2010, Freccia Rossa was submitted to an energetic audit, which identified opportunities to achieve significant reductions in the energy used. Several changes were made, including adjustments in the definitions of Centralized Technical Management, which monitors heating, ventilation, air conditioning, and illumination systems. As a consequence of such measure, significant energy savings were obtained.

In 2010, the shopping centre registered a total electricity consumption of 5,156 million kWh, enabled Sonae Sierra to reduce electricity costs by 15%, and improve Freccia Rossa's electricity efficiency by 18%, going from 737 kWh per m<sup>2</sup> to 607 kWh per m<sup>2</sup> in 2010.

## Increasing water efficiency at a "High-Risk" Shopping Centre in Spain

In 2010, Sonae Sierra applied the Global Water Tool (developed by World Business Council for Sustainable Development - WBCSD) to all projects under development and shopping centres in operation. This tool allows companies to map their use and assess risks relative to their global operations by comparing a company's sites with water and sanitation data on a country and watershed basis. The shopping centre with the greatest danger of water shortage was Plaza Mayor in Spain. In 2010, a new landscape plan was implemented, designed to reduce water consumed in Plaza Mayor's gardens. This plan included replacing grass areas with autochthonous plants that require minimum watering whilst preserving the aesthetic qualities of the landscape. As a result of such improvements, Plaza Mayor registered, in 2010, a water consumption efficiency of 3.5 litres per visit, representing an improvement of 27% if compared to the 4.8 litres consumed per visit in 2009.

## Successful co-operation with tenants achieves a high recycling rate at Loop5

Our experience shows that ensuring that tenants correctly separate waste is particularly important for the correct waste management processes in shopping centres in order to increase the proportion of recycled materials.

When Loop5 was inaugurated in Germany, in October 2009, the shopping centre implemented a "pay-per-weight" waste management system, whereby tenants' waste is weighted separately by type and the associated cost is directly charged to the tenant through a card system. Recyclable packaging materials (plastic, metal, plastic foil and glass) are free of charge. In order to motivate tenants to recycle, mixed waste (unsorted) have higher costs when compared to paper, cardboard, organic waste and wood. The waste that is not recycled or subjected to composting processes is incinerated with energetic recovery. Loop5 also organizes regular training sessions and delivers brochures to explain the recycling programme and procedures to tenants. Tenants with the lowest recycling rates were identified and meetings were held to promote the environmental and economic benefits of the good waste separation.

As a result of this scheme, Loop5 was able to increase its recycling rate, from 48% in 2009 to 65% in 2010 (average of the last three months of the year to allow like-for-like comparison).

## Engaging with contractors to deliver high safety and health standards on construction sites

Sonae Sierra's activity is guided by remarkable Safety & Health (S&H) standards, which are conveyed to all construction projects, according to the company's corporate values and objectives.

In 2010, there was an increase in the number of accidents in two construction sites: Torre Ocidente, in Portugal, and Le Terrazze, in Italy. To understand the nature of such accidents, project management teams organized S&H workshops with contractors' top management representatives..

These workshops were an opportunity to present Sonae Sierra's S&H objectives and performance to contractors' top management and to hear their perspectives on procedures, as well as to reinforce contractors' commitments towards S&H excellence. As a result, new measures were identified to improve construction sites' S&H management, including:

- Planning for the participation of contractors in safe practice index (SPI) visits to the site;
- Clarifying the accountability of contractors' foremen in managing their teams' work;
- Establishing minimum levels of contractor S&H technician rotation across construction sites;
- Promoting greater coordination between contractor S&H technicians and the construction teams, thus guaranteeing that construction tasks are planned in a timely manner and adequately executed.

## Promoting biodiversity in Portugal

European biodiversity is severely threatened by alterations of land use, creating an excessive pressure on the environment, pollution, invasive species and climate change. In Portugal, Sonae Sierra has actively participated in several local initiatives to protect biodiversity, including tree-planting projects, protection of reforested areas, as well as awareness-raising activities and exhibitions in shopping centres.

Within the context of the United Nations' International Year of Biodiversity, Guimarães Shopping was challenged by Guimarães City Hall to support a project to preserve the city's biodiversity, by creating nests in the city's parks' trees. The shopping centre offered 50 bird boxes and 12 open nests. Bird boxes were made of recycled wood and adapted to birds such as sparrows, goldfinches, nightingales, chaffinches and Eurasian wrens.

"We would like to congratulate Guimarães Shopping's commitment towards social and environmental responsibility, as demonstrated through the shopping centre's participation in projects run by the Guimarães City Hall. This commitment promoted strong partnership and cooperation between the shopping centre and the City Hall" – Amadeu Portilha - Municipal Councillor on Environmental Matters, Guimarães City Hall.

## Helping tenants through challenging times with cost-savings measures

Sonae Sierra's most important option – to be a flexible and proactive owner amidst adverse economic conditions – prevailed throughout 2009. One of the markets particularly affected was Spain, where efforts were undertaken to reduce tenants' costs through operational efficiency measures. At Parque Principado, the shopping centre's administrative budget was cut in 11%, when compared to the previous year, and this reduction was maintained throughout 2010. This was achieved through a series of measures, including:

- Reducing the use of lighting within the mall, shop unit fronts and the car park during certain period, which resulted in a saving of more than 12,00 Euro per year;
- Reduction of administrative fees, saving more than 48,000 Euro per year;
- Optimization of cleaning and security services, saving more than 90,000 Euro per year.

The positive feedback obtained from tenants recognized that the shopping centre had difficult decisions to make in order to reduce costs and to help them surpass these difficult times.

## Community Day: Making a difference in local communities

Community Day is a volunteering initiative engaging the entire company and organized once a year. Each European country and Brazil, where Sonae Sierra operated, is free to choose the type of activities to be carried out. In 2010, a total of 498 Sonae Sierra's employees, from the shopping centres and office business units, participated on Community Day, dedicating more than 2,500 hours of their time.

In Europe, Sonae Sierra's employees supported disadvantaged children and adults through a number of different activities. For instance, Guimarães Shopping's employees, in Portugal, refurbished the study room of the Associação Apoio à Criança (Child Support Association) and equipped it with furniture and electronic appliances donated by the shopping centre's tenants. In Spain, 29 employees from the Madrid offices, Luz del Tajo and Plaza Éboli, dedicated one morning to autistic children.

Activities for disadvantaged or disabled adults included the creation of green areas in three elderly people centres in Spain and Romania, refurbishing a local library in Portugal and donating clothes and food items in Greece and Spain.

In Brazil, a decision was made to promote oral hygiene in different educational institutions for children with disabilities or from economically deprived families. In total, employees from ten shopping centres and central offices paid for more than 150 visits to orphanages, kindergartens, associations, schools and community centres to raise awareness towards oral hygiene, performed with the help of educational activities for children aged 3-4, involving videos, lectures, games, lunch, theatre and drawing activities.

## Family Day

In December 2010, Sonae Sierra's offices across Europe celebrated Christmas in the central offices and shopping centres by holding the Family Day. Employees' children, from 5 to 13 years old, were invited to spend a day in their parents' office.

The objective behind this initiative was to inform children of their parents' professional life, teaching their professional activities in a fun way. Children took part on a series of activities, including guided visits to workplaces, a visit to Santa Claus cave, creation of Christmas decorations, facial paintings, recycling workshops, story-telling, music, cinema and dance.

112 parents and 163 children took part of the Family Day across 23 European Sonae Sierra's offices. A survey was conducted to gain some insights on the employee's opinions and comments and highly positive feedback was obtained: 97% reported that their children had enjoyed the Family Day and 100% declared that they wish the initiative was organized again. In general, employees felt that Family Day promoted their engagement towards Sonae Sierra.



A Greater  
World to Grow





**To the board of Directors of  
Sonae, SGPS, S.A.**

***Independent verification report  
of the 2010 Sustainability Report***  
*(Free translation from the original in Portuguese)*

**Introduction**

In accordance with the request of Sonae, SGPS, S.A. (Sonae), we performed an independent verification of the "2010 Sustainability Report" (Report). Independent verification was performed according to instructions and criteria established by Sonae, as referred in the Report, and according to the principles and extent described in the Scope below.

**Responsibility**

Sonae's Board of Directors is responsible for all the information presented in the Report, as well as for the assessment criteria and for the systems and processes supporting information collection, consolidation, validation and reporting. Our responsibility is to conclude on the adequacy of the information, based upon our independent verification standards and agreed reference terms. We do not assume any responsibility over any purpose, people or organization.

**Scope**

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 3 (GRI3) as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

The scope of our verification consisted on information from 2010 regarding Portugal, for the GRI3 retail indicators identified with "\*" in the "GRI Table" included in the Report.

The verification of the management's self declaration on the application level of the Global Reporting Initiative (GRI3), based on GRI's Reporting Framework Application Levels, consisted on the verification of the consistency with the requirements regarding the existence of data and information but not on their quality and accuracy.

*PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.*  
*Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 5º, 1069-316 Lisboa, Portugal*  
*Tel +351 213 599 000, Fax +351 213 599 999, [www.pwc.com/pt](http://www.pwc.com/pt)*  
*Matriculada na Conservatória do Registo Comercial sob o NUPC 506 608 752. Capital Social Euros 314.000*

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 103 e na Comissão do Mercado de Valores Mobiliários sob o nº 0277





The following procedures were performed:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;
- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Comparing financial and economic information with the contents of the "2010 Sustainability Report", audited by the external financial auditor
- (vi) Confirming the existence of data and information required to reach level A of compliance with GRI3, self declared by Sonae on the Report.

#### Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.

Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for level A, according to GRI3.

Lisbon, June 29, 2011

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC

## Annexes

### GRI Indicators

The values presented are mainly related to the Retail business area. Whenever this situation is not applicable, the specific scope of the indicator will be mentioned.

#### Economic Performance Indicators (EC)

##### EC1.

(Million €)	2009	2010
Direct Economic Value Generated	5,937	6,402
Revenues	5,937	6,402
Distributed Economic Value	5,678	5,905
Operating Costs	4,783	4,967
Employees' compensation and benefits	655	693
Payments to capital providers	183	176
Payments to governments	47	58
Donations and other community investments	9,6	10,4
Economic Value Accumulated/Retained	259	497

Scope of indicator: Sonae

EC3. Sonae's Retail business area has no benefit plan obligations.

EC4. Financial assistance received from the government, from revenue grants, investment grants and tax reductions was 8,328,000€ (scope of indicator: Sonae).

##### EC6.

Compras a fornecedores (milhões €)	2009	2010
National suppliers	3,304	3,485
International suppliers	696	852
<b>Total</b>	<b>4,000</b>	<b>4,337</b>

Scope of indicator: Sonae MC and Sonae SR.

EC7. The company's hiring policy defends that operational functions must be occupied by people from the communities where business units are located, thus contributing towards regional employability levels. 96% of senior managers belong to local communities.

EC8. Infrastructure investments and services provided, primarily for public benefit through commercial, in-kind or pro bono engagements achieved 6,512,257€ at Sonae.

## Labour Practices and Decent Work (LA)

### LA1.

Employment type and employment contract	2010	%
No. fixed-term contracts	14,012	35%
No. open-ended contracts (permanent)	25,623	65%
<b>Total workforce</b>	<b>39,635</b>	<b>100%</b>
No. full-time workers	26,694	67%
No. part-time workers	12,941	33%
<b>Total workforce</b>	<b>39,635</b>	<b>100%</b>

Scope of the indicator: Retail

Number of employees by region	2010	%
Portugal	37,174	93.8%
Spain	2,253	5.7%
China	67	0.2%
Brazil	141	0.4%

Scope of the indicator: Retail

### LA2.

Number of employees by age group	Women	Men	Total
Under 18	0	0	0
18 to 34	15,860	8,374	24,234
35 to 44	6,678	2,428	9,106
45 to 54	2,444	934	3,378
55 to 64	263	187	450
Over 65	0	6	6
<b>Total</b>	<b>25,245</b>	<b>11,929</b>	<b>37,174</b>

Termination of contracts	Women	Men	Total
Under 18	0	0	0
18 to 34	8,223	5,337	13,560
35 to 44	854	287	1,141
45 to 54	211	56	267
55 to 64	22	22	44
Over 65	5	3	8
<b>Total of contracts terminated</b>	<b>9,315</b>	<b>5,705</b>	<b>15,020</b>

Turnover rate	Women	Men	Total
Under 18	0%	0%	0%
18 to 34	54,7%	35,5%	90,3%
35 to 44	5,7%	1,9%	7,6%
45 to 54	1,4%	0,4%	1,8%
55 to 64	0,1%	0,1%	0,3%
Over 65	0,0%	0,0%	0,1%
<b>Total</b>	<b>36,9%</b>	<b>47,8%</b>	<b>40,4%</b>

Scope of indicator: Retail – employees in Portugal.

The method used to calculate the turnover rate was:

Turnover rate = number of contracts terminated per age group and gender/number of total workforce of the same age group and gender

**LA4.** The entire workforce of Sonae's Retail business area in Portugal (total of 37,174 employees – 100%) is covered by collective bargaining agreements.

**LA5.** For the employees of the Retail business area, the minimum notice period regarding significant operational changes is in compliance with the applicable norms of the Labour Code and Collective Work Agreements.

LA7.

	2010
Number of work related fatalities	0
Number of accident at the workplace (with or without sick leave)	1,644
Number of accidents during home/work travels (with or without sick leave)	171
Total number of accidents (with or without sick leave)	1,815
Accident rates	0.00003
Absent days due to work related accidents	21,461
Rate of lost days due to work related accidents	0.03
Number of absent days due to occupational diseases	0
Rate of occupational diseases	0
Total number of lost days	21,461
Rate of lost days	0.034%
Number of absenteeism hours	2,390,676
Workable hours by the total of employees	62,950,885
Rate of absenteeism	3.8%

Scope of indicators: employees at Corporate Centre, Sonae MC, Sonae SR, Geostar and Maxmat.

The methods used to calculate these indicators were:

Rate of accidents = no. of accidents/workable hours by the total workforce

Rate of lost days due to work related accidents = no. of absent days to due occupational accident/workable hours by the total workforce

Rate of lost days = no. of lost days/workable hours by the total workforce

Rate of absenteeism = no. of absenteeism hours/workable hours by the total workforce

LA8.

Education, training, counselling, prevention and risk-control programmes	Participants	Number of actions
Training and awareness-raising programmes	80,478	78
Counselling programmes	180	4
Prevention and risk-control programmes	1,285	7
Other Social Responsibility Initiatives	156	2

Scope of indicators: Retail

## LA10.

Average of hours of training by employee category	2010
Directors/Supervisors	33
Senior Management	37
Middle Management	34
Highly skilled or qualified employees	32
Semi-skilled employees	32
Unskilled employees	39
Trainees/apprentices	50
<b>Total</b>	<b>377</b>

Scope of indicators: Retail - employees in Portugal

## LA11.

Programs for skills management and lifelong learning	No. of courses
Commercial Academy	5
School of Perishable Goods	16,533
Sales School	2,246
Processes/System Training (workflows, SAP, Retek, Procurement Chain, Break)	748
Technical training on suppliers/products	719
Environmental Management	324
Safety, Hygiene and Health at the Workplace	9,565
Continuous improvement / Kaizen	26,030
<b>Total</b>	<b>56,170</b>

Scope of indicators: Retail - employees in Portugal

LA12. The performance assessment process is applied to 100% of Sonae's workforce. Nevertheless, it was not possible to assess the real proportion of reviews made on 2010.

## LA13.

Employee category	Age group	2010	
		Women	Men
Directors	Under 18	0	0
	18 to 34	10	29
	35 to 44	65	148
	45 to 54	40	103
	55 to 64	14	42
	Over 65	0	1
	<b>Total no. of Directors</b>	<b>129</b>	<b>323</b>
Senior Management	Under 18	0	0
	18 to 34	48	36
	35 to 44	29	31
	45 to 54	4	2
	55 to 64	0	2
	Over 65	0	0
	<b>Total no. of Senior Management</b>	<b>81</b>	<b>71</b>
Middle Management	Under 18	0	0
	18 to 34	528	393
	35 to 44	605	494
	45 to 54	181	226
	55 to 64	19	43
	Over 65	0	0
	<b>Total no. of Middle Management</b>	<b>1,333</b>	<b>1,156</b>
Highly skilled or qualified employees	Under 18	0	0
	18 to 34	8,136	3,950
	35 to 44	5,213	1,506
	45 to 54	2,017	532
	55 to 64	215	90
	Over 65		4
	<b>Total no. of Highly skilled or qualified employees</b>	<b>15,581</b>	<b>6,082</b>
Semi-skilled employees	Under 18		
	18 to 34	598	155
	35 to 44	175	53
	45 to 54	64	25
	55 to 64	4	8
	Over 65	0	1
	<b>Total no. of Semi-skilled employees</b>	<b>841</b>	<b>242</b>
Unskilled employees	Under 18	0	0
	18 to 34	18	49
	35 to 44	29	49
	45 to 54	15	14
	55 to 64	7	2
	Over 65	0	0
	<b>Total no. of Unskilled employees</b>	<b>69</b>	<b>114</b>
Trainees/apprentices	Under 18	0	0
	18 to 34	6,522	3,762
	35 to 44	562	147
	45 to 54	123	32
	55 to 64	4	0
	Over 65	0	0
	<b>Total no. of trainees/apprentices</b>	<b>7,211</b>	<b>3,941</b>

Scope of indicators: Retail - employees in Portugal

**LA14.**

Ratio of basic salary and remuneration of women to men	2010
Directors/Supervisors	0.81
Senior Management	1.00
Middle Management	0.94
Highly skilled or qualified employees	0.99
Semi-skilled employees	0.90
Unskilled employees	0.91
Trainees/apprentices	0.99

Scope of indicators: Retail – employees in Portugal

**Human Rights Indicators (HR)****HR1.**

Supply agreements contain a binding clause which mentions that suppliers must “comply with applicable norms and legislation regarding child labour, human rights and prohibition of discrimination, whatever the reason may be, against workers.” This clause is included on the following Retail business area’s contracts: general provision agreements, health area provision agreements, expendables provision agreements, home wear provision contracts, gross supplier brand agreements and remaining standard provision agreements.

**HR2.**

Suppliers that have undergone human rights screening	2010
Total number of contracts	5,072
No. of contracts that include human rights clauses	507
Percentage of contracts that include human rights clauses	10%

Scope of indicators: Retail.

**HR4.** At Sonae, there aren't any cases of corruption in the company.

**HR5.** In Sonae's Retail business area, there aren't any operations that endanger freedom of association and collective bargaining. See LA4 indicator.

**HR6.** At Sonae, there isn't any risk of child labour existing. Value chain risks for the Retail business area are minimized by existing control processes, described on chapter “Responsible Value Chain”.

**HR7.** At Sonae, there isn't any risk of compulsory labour existing. Value chain risks for the Retail business area are minimized by existing control processes, described on chapter “Responsible Value Chain”.

## Society Indicators (S0)

**S01.** There are several moments that assess the impacts and benefits of activity on communities. After a new unit has been installed, local organizations and authorities need to be contacted to obtain licenses and permits and to guarantee conditions that cause minimal impacts on communities. During operations, numerous initiatives are developed to support the community, centrally and via each brand, promoting social well-being and cohesion on communities. These are frequently performed in partnership with local organizations. More information on local communities' support may be found under "A Greater World to Create", under the area dedicated to community investments and on Chapter "Promoting well-being and development of local communities".

**S02.** Throughout its Risk Management process, Sonae implements the Enterprise Risk Management - Integrated Framework (COSO) international methodology, which allows for the identification of different types of risks and threats to business development, both strategically and operationally. Since the risk of corruption was not identified as a priority risk for the business, no assessments were conducted in this sense. For the Retail business area, the Code of Ethics and Conduct considers this risk and no reports were made of any case. More information on risk management processes may be found under "A Greater World to Create".

**S03.** No training was provided regarding anti-corruption policies and procedures, since this is not a relevant risk for Sonae, under the risk management process described on chapter "A Greater World to Create". Retail business area's employees receive the Code of Ethics and Conduct, where some corruption prevention principles are defined.

**S04.** No corruption incidents took place at Sonae. Therefore, there was not a need to implement actions to answer this type of incident.

**S05.** Through the company's partner associations, Sonae puts forward a set of themes that may influence public policy positions. The opening of department stores on Sundays was one of such cases. This theme was regulated during 2010.

**S08.** In the Retail business area, there were 8 noncompliance processes, which ended during 2010, that resulted on the payment of 18,550€. No non-monetary sanctions were applied.

## Product Responsibility Indicators (PR)

### PR5.

No. of suggestions and complaints registered, by brand	2010	OBS.
Continente	41,314	<p>There are numerous ways to measure customer satisfactions, which are performed according to the themes to be assessed (for instance: customer service, product quality, image, etc.) and according to different assessment methodologies (e.g., mystery client, quarterly report, studies, surveys, online panels, etc), on Sonae's different brands. Each one of these studies has individual results that are scrutinized to ensure the best possible answer to customers' needs. Apart from these tools, there is also Sonae's Ombudsman, which is managed centrally and is responsible for all types of complaints.</p>
Modelo	13,971	
Modelo Bonjour	378	
Modalfa	3,929	
Zippy	456	
Worten	20,023	
Vobis	827	
Sport Zone	563	
Well's	510	
Bom Bocado	208	
Book.It	24	
Loop	24	

Scope of indicators: Retail.

**PR6.** Since 2009, Sonae subscribed the Commitments of the Food Industry on Food, Physical Activity and Health, regarding marketing and advertising targeted at children. These commitments, developed by FIPA - Federação das Indústrias Portuguesas Agro-Alimentares (Federation of the Portuguese Agricultural and Food Industries) and APAN - Associação Portuguesa de Anunciantes (Portuguese Association of Marketers), want to change the types of beverages and foods marketed on the television, printed press and the Internet that are targeted at young children (<12 years old).

**PR9.** In the Retail business area, there were 27 noncompliance processes, which ended during 2010, that resulted in the payment of 197,087.59€.

## Environment Indicators (EN)

### EN1 and EN2.

#### Materials used

Since Retail is a predominantly commercial activity, by definition it is quite sparse in direct consumption of materials. Even though, regarding the high number of employees and internal administrative processes, Sonae's retail business area is responsible for a somewhat high consumption of paper.

This situation has deserved the company's attention and actions, by adopting more controlled and efficient printing mechanisms (by replacing equipments and internal procedures), by increasingly more using dematerialization processes (in internal processes and while interacting with our suppliers), and by promoting the use of recycled paper.

As a result of the efforts performed, 2010 witnessed a 34% decrease in office paper consumption, while 47% of paper used was recycled.

### Raw material (Kg)

	2009	2010
Total paper consumed	642,225	421,425
Recycled paper consumed	351,888	197,130
% of recycled paper	54.8%	46.8%

Scope of indicators: Retail - Portugal

### EN3 e EN4.

#### Consumption in GJ

	2008	2009	2010	2009-2010 Var.
Consumption of natural gas (GJ)	15,888	15,137	16,193	7%
Consumption of propane gas (GJ)	4,866	5,097	2,609	-49%
Consumption of diesel on stores (GJ)	6,060	6,421	5,190	-19%
Consumption of diesel on goods' transportation vehicles (GJ)	358,331	388,007	442,025	14%
Consumption of diesel on employees' vehicles (GJ)	59,871	63,508	72,328	14%
Consumption of gasoline on employees' vehicles (GJ)	1,733	1,698	1,473	-13%
Total direct energy (GJ)	446,748	479,868	539,817	12%
Electricity (GJ) stores	1,416,472	1,637,330	1,639,506	0.1%
Electricity (GJ) manufacturing units	ND	ND	24,389	-
Total indirect energy (GJ)	1,416,472	1,637,330	1,663,895	1.6%
Total consumed energy (GJ)	1,863,220	2,117,199	2,203,713	4%

Scope of indicator: Fuel consumptions regard food stores, employees' vehicles and fleet vehicles hired for the Retail business area in Portugal. Electricity consumed includes stores, warehouses, manufacturing centres and offices working for the Retail business area in Portugal.

### Conversion factors used:

#### Information Source

Natural Gas	PCI (GJ/m <sup>3</sup> )	0.03846	APA
Propane Gas	PCI (kcal/kg)	11,070	Galp Energia
Diesel	Average density (kg/m <sup>3</sup> )	837	APA
	PCI (GJ/t)	43.33	Global Reporting Initiative 2006
Gasoline	Average density (kg/m <sup>3</sup> )	740	Galp Energia
	PCI (GJ/t)	44.80	Global Reporting Initiative 2006
Other factors	1 Kwh=860 Kcal = 3.600.000J		International Energy Agency

## Electricity by primary source (GJ):

2010

Hydropower	354,784
PRE Hydropower	15,828
Wind power	116,118
Cogeneration and micro production PRE	188,015
Natural gas	544,536
Fuel oil	19,942
Coal	266,212
Nuclear	108,389
Geothermal	2,436
Diesel	30,832
Other sources	16,803

**EN8.** In 2010, the total water consumed by the Retail Business Area (Continente, Modelo and Modelo Bonjour), in Portugal, was 757,734 m<sup>3</sup>. Although some stores have water boreholes, the company still does not have a systematic method to control consumptions associated with using borehole water.

**EN10.** No water was recycled.

**EN11.** The Retail business area has no facilities in areas of high biodiversity value.

**EN12.** The Retail business area has no facilities in areas of high biodiversity value. Sonae's impacts might happen as a consequence of the products marketed by the company. In this sense and in 2009, the Company published its Sustainable Fisheries Policy, through which the company tries to reduce or minimize effect on endangered species or at risk of becoming extinct. Sonae was clearly and objectively endorses, via the Producers Club, the use of farming processes that have lower impacts on the environment and biodiversity. More information on this theme may be found on chapter "Responsible Value Chain".

**EN13.** No operations took place that caused alterations to surrounding habitats, thus eliminating the need to restore them. Sonae's impacts might happen as a consequence of the products marketed by the company. In this sense and in 2009, the Company published its Sustainable Fisheries Policy, through which the company tries to reduce or minimize effect on endangered species or at risk of becoming extinct. On the other hand, under the Producers Club's processes, all fruits and vegetables must be produced in an "integrated protection" or "organic farming". More information on this theme may be found on chapter "Responsible Value Chain".

**EN14.** Sonae's Sustainable Fisheries Policy (regarding the Retail business area) has clear objectives to minimize effects on the diversity on endangered species or at risk of becoming extinct. The programme is supervised and its annual objectives are reported on this document. More information on this theme may be found on chapter "Responsible Value Chain" and on chapter "Commitments".

EN16.

Emissions – ton CO <sub>2</sub> e	2008	2009	2010	2009-2010 Var.
Natural Gas	891	849	908	7%
Propane Gas	360	377	193	-49%
Natural gas (GJ)	449	476	385	-19%
Propane gas (GJ)	26,552	28,751	32,754	14%
Diesel on stores (GJ)	4,436	4,706	5,359	14%
Diesel on goods' transportation vehicles (GJ)	119	116	101	-13%
<b>Direct Emissions (tonCO<sub>2</sub>e)</b>	<b>32,808</b>	<b>35,276</b>	<b>39,701</b>	<b>13%</b>
Electricity (tonCO <sub>2</sub> e) stores	192,011	173,742	157,328	-9.4%
Electricity (tonCO <sub>2</sub> e) manufacturing units	ND	ND	2,340	-
<b>Indirect Emissions (tonCO<sub>2</sub>e)</b>	<b>192,011</b>	<b>173,742</b>	<b>159,669</b>	<b>-8.1%</b>
<b>Total Emissions (tonCO<sub>2</sub>e)</b>	<b>224,819</b>	<b>209,018</b>	<b>199,370</b>	<b>-5%</b>

Scope of indicator: Fuel consumptions regard food stores, collaborators' vehicles and fleet vehicles hired for the Retail business area in Portugal. Electricity consumed includes stores, warehouses, manufacturing centres and offices working for the Retail business area in Portugal.

Emissions factors used:

Information Source:			
Natural Gas	Emission Factor CO <sub>2</sub> (Kg CO <sub>2</sub> /GJ)	56.10	Agência Portuguesa do Ambiente (Portuguese Environment Agency)
Propane Gas	Emission Factor CO <sub>2</sub> (Kg CO <sub>2</sub> /GJ)	73.98	Instituto do Ambiente (Environment Institute) / Inventário Nacional de Gases de Efeito de Estufa de 2005 (2005 National Inventory of Greenhouse Gases)
Diesel	Emission Factor CO <sub>2</sub> (Kg CO <sub>2</sub> /GJ)	74.10	Agência Portuguesa do Ambiente (Portuguese Environment Agency)
Gasoline	Emission Factor CO <sub>2</sub> (Kg CO <sub>2</sub> /GJ)	68.60	Agência Portuguesa do Ambiente (Portuguese Environment Agency)
Electricity	Emission Factor CO <sub>2</sub> (g CO <sub>2</sub> /GJ)	345.46	The emissions factor was calculated according to emission factors of electricity traders (Source: ERSE and ENDESA). The distribution of the consumption across Sonae's different business units by the different traders was considered.

## EN17.

CO <sub>2</sub> Emissions (ton CO <sub>2</sub> e)	2008	2009	2010	2009-2010 Var.
Emissions by vehicles	26,552	28,751	32,754	14%
Km made	33,015,570	34,711,757	37,418,198	8%
No. of transported cases	196,154,824	223,624,447	242,010,281	8%
No. of transported cases /Km made	5.94	6.44	6.47	0.4%
KgCO <sub>2</sub> e/1000 transported cases	135	129	135	5%

Scope of indicator: Emissions result from the vehicles contracted to serve the Retail business area, in Portugal.

## EN20.

NO <sub>x</sub> Emissions (ton NO <sub>x</sub> )	2008	2009	2010	2009-2010 Var.
Consumption of diesel on goods' transportation vehicles	287	310	354	14%
Consumption of diesel on employees' vehicles	48	51	58	14%
Consumption of gasoline on employees' vehicles	1	1	1	-13%
<b>TOTAL NO<sub>x</sub> Emissions</b>	<b>336</b>	<b>362</b>	<b>412</b>	<b>14%</b>

SO <sub>2</sub> Emissions (ton SO <sub>2</sub> )	2008	2009	2010	2009-2010 Var.
Consumption of diesel on goods' transportation vehicles	75	81	93	14%
Consumption of diesel on employees' vehicles	13	13	15	14%
Consumption of gasoline on employees' vehicles	0	0	0	-13%
<b>TOTAL SO<sub>2</sub> Emissions</b>	<b>88</b>	<b>95</b>	<b>108</b>	<b>14%</b>

Scope of indicator: Emissions result from the employees' vehicles and the vehicles contracted to serve the Retail business area, in Portugal.

**EN21.** The estimated volume of waste water generated by the Retail business area in Portugal is 606,187 m<sup>3</sup>. Since there is no control on waste water volume, on the estimated performed, one considered that 80% of the water consumed (calculated under EN8 indicator) is rejected as waste water.

Except for stores at Vila Franca de Xira (Continental Portugal), Cancela, and Ribeira Brava (Autonomous Region of Madeira), the overwhelming majority of liquid effluents generated at Sonae's facilities are flushed into public collectors. In the abovementioned cases and in the facilities of Oliveira de Azeméis, Torres Vedras e Santarém, stores have waste water treatment stations, with (secondary) biologic treatment, to ensure that effluents comply with applicable legal dispositions: discharge in natural environment; discharge under applicable Municipal Regulations. At these waste water treatment plants, effluents' quality is monitored.

EN22.

Waste Produced (ton)	2010
Card	31,627
Plastic	3,517
Wood	923
Styrofoam	203
Hangers	89
Batteries	118
Light Bulbs	20
IT Expendables	13
Food oil	3
Hazardous WEEE	1,945
Non-hazardous WEEE	3,028
Cork	25
Packaging	7
SLI Batteries	75
Coffee Capsules	82
MSW	24,190
<b>TOTAL</b>	<b>65,866</b>

Waste by type (ton)	2010
Hazardous waste	2,171,4
Non-hazardous waste	63,694,4

Waste by destination (ton)	2010
Recycling	41,676
Land waste site	15,212
Organic recovery	3,398
Energetic recovery	5,579

Scope of indicator: Retail business area's store in Continental Portugal, with direct management of waste produced. Maxmat stores are excluded from this scope, as well as stores in shopping centres where waste management is performed by the shopping centre.

**EN23.** Sonae considers that spills are only significant if they affect the facilities' external environment. This situation never happened as so no significant spills took place as a consequence of Retail operations.

**EN28.** In 2010, 2 processes came to an end, on the Retail business area, which resulted in non-significant fines (<5.000€).

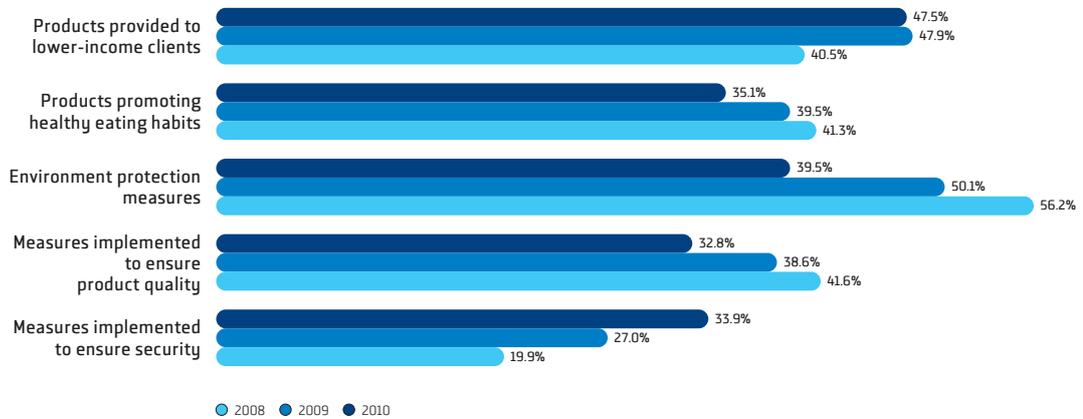
**Methodological note:**

The calculations performed to determine indicators and variations compared to the previous year, were performed based on the real figures, not rounded figures, collected via Sonae's internal information systems and management systems. As such, the figures included in the document, in some cases rounded figures, may thus suffer slight differences.

### Stakeholders survey

#### Results from clients' interviews and surveys made to local government units

Interviews carried out with clients had the objective of identifying environmental and social practices considered as being relevant by the client and of attesting the notoriety of some sustainability initiatives developed by Sonae. 610 people were surveyed, by phone, clients of Continente, Modelo, Modelo Bonjour, Worten, Vobis, Sport Zone, Modalfa, and Zippy.



Out of a vast set of environmental and social issues suggested, clients identified "products provided to lower-income clients" as the most relevant topic, followed by environment protection measures, products promoting healthy eating habits, measures implemented to ensure security and measures implemented to ensure product quality. Similarly to what had happened on previous years, the concern over providing products to lower-income clients is stable, the concern over security issues increases and the concern over the rest of the topics decreases.

The initiatives most emphasized by clients were:

- Continente – Missão Sorriso (86.4%) and Troca de Lâmpadas (76.8%)
- Modelo – Causa Maior (63.2%) and Pilhas de Livros (33.2%)
- Modelo Bonjour – Causa Maior (55.4%)
- Worten – Campanha Arredonda (85.3%)
- Modalfa – Campanha Nós (62.8%)
- Zippy – Campanha Nós (63.8%)
- Sport Zone – Corrida da Mulher (53.7%) and Meia Maratona Sport Zone (44.6%)

Local government units prioritize economic, environmental and social themes according to the following order: (1 being the most important theme):

### **Economic Themes**

1. Information regarding Governance and risk assessment model.
2. Policies and practices to sell products and services to underprivileged people or people residing in isolated areas.
3. Infrastructure investments and services provided, primarily for public benefit (through commercial, in-kind or pro bono engagements).
4. Risks and economic opportunities for Sonae, occurring from climate change.
5. Policies and practices for the preferred selection of national suppliers.
6. Promotion of the Sustainability strategy and future commitments.
7. Economic information on value generated and distributed by stakeholders.

### **Environmental Themes**

1. Inclusion of environmental aspects when analyzing and selecting suppliers.
2. Energetic efficiency, CO2 emissions and use of alternative energy sources.
3. Environmental impacts resulting from more efficient product transportation and use of vehicles.
4. Environmental awareness raising campaigns for visitors, employees and community.
5. Reusable bags, with a lower environmental impact.
6. Separation, reuse and recycling of waste.
7. Policies and practices that promote greater efficiency on the consumers' travels to stores.
8. Initiatives to recover packaging and products sold, battery recycling, collection of used appliances.

### **Social Themes**

1. Inclusion of social aspects when analyzing and selecting suppliers.
2. Human Resources' management policies and practices.
3. Support to the training and qualification of employees, inclusively regarding ethics.
4. Investments on the community via patronage, sponsorship, volunteer work or other mechanisms.
5. Customers' satisfaction assessment.
6. Providing healthy products and raising clients' awareness.
7. Policies and practices to include clients with physical or psychomotor disability.
8. Policies and practices to design and sell products for specific groups or minorities.
9. Sale of low-cost products and services.
10. Non-compliance incidents with communication and marketing regulations and codes.

## GRI Table

GRI Compliance Indicators	UN Global Compact	Retail <sup>1</sup>
<b>1. Strategy and analysis</b>		
1.1 Statement from the most senior decision-maker of the organisation (e.g. CEO, chairman, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.		9
1.2 Description of key impacts, risks and opportunities regarding the company's activity.		22, 48
<b>2. Organisational profile</b>		
2.1 Name of the reporting organisation		131
2.2 Primary brands, products, and/or services.		12, 13
2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.		28-30
2.4 Location of organisation's headquarters.		131
2.5 Countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		12
2.6 Nature of ownership and legal form		12, 131
2.7 Markets served		12
2.8 Dimension of reporting organization, including number of employees, net sales and quantities of products and services provided.		13, 18
2.9 Significant changes during the reporting period regarding size, structure, or ownership.		29
2.10 Awards received in the reporting period.		24, 86, 96
<b>3. Report Parameters</b>		
3.1 Reporting period for information provided.		7
3.2 Date of most recent previous report		7
3.3 Reporting cycle		7
3.4 Contact point for questions regarding the report or its contents, including email address and website.		7
3.5 Process for defining report content, including: determining materiality; prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.		7, 22, 40, 41, 120, 121
3.6 Boundary of the report (e.g., countries or regions, products or services, divisions, installations, subsidiaries, leased, joint ventures, as well as other specific boundaries).		7
3.7 State any specific limitations on the scope or boundary of the report.		7, 106-120
3.8 Basis for reporting on joint ventures, subsidiaries, partly-owned companies, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between organizations		7
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		106-120

<sup>1</sup> This refers to the pages of the current document, except when the Cor. Gov. R. (2010 Sonae's Corporate Governance Report) and the Man. R. (2010 Sonae's Management Report) are mentioned.

<sup>2</sup> Sonacom's and Sonae Sierra's GRI indicators may be found on the respective Reports.

GRI Compliance Indicators	UN Global Compact	Retail
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)		106-120
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		106-120
3.12 Table identifying the location of the Standard Disclosures in the report.		123-129
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).		7,104, 105
<b>4. Governance, Commitments and Engagement</b>		
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		28, 29
4.2 Indicate whether the Chairman of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)		29
4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		29
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		28, 29, 35
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		29, Corp. Gov. R. 33-40
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Corp. Gov. R. 14, 15, 41
4.7 Process for determining the qualifications and expertise of the members of the highest governance body to define organizational strategy with regard to issues linked with economic, environmental, and social performance.		Corp. Gov. R. 70
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Principles 1 to 10	14, 33
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Principles 1 to 10	Managmnt. R. 70
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		Managmnt. R. 70
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Principle 7	31, 32
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Principles 1 to 10	25

<b>GRI Compliance Indicators</b>	<b>UN Global Compact</b>	<b>Retail</b>
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.		25
4.14 List of stakeholder groups engaged by the organization.		40
4.15 Basis for identification and selection of stakeholders with whom to engage.		40
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		40
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		41, 120, 121
<b>Economic Indicators</b>		
<b>Management Approach – Economic Performance</b>		14-17, 71-75
<b>Aspect – Economic Performance</b>		
EC1*. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		19, 106
EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change.	Principle 7	48
EC3*. Coverage of the organization's defined benefit plan obligations.		106
EC4*. Significant financial assistance received from government.		19
<b>Aspect – Market Presence</b>		
EC5. ratios of standard entry level wage by compared to local minimum wage at significant locations of operation.	Principle 1	NA
EC6*. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		64, 65, 106
EC7*. Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Principle 6	106
<b>Aspect – Indirect Economic Impacts</b>		
EC8*. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		106
EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.		68-70
<b>Environmental Performance Indicators</b>		
<b>Management Approach – Environmental Performance</b>		14-17, 47, 71-75
<b>Aspect – Materials</b>		
EN1*. Materials used by weight or volume.	Principle 8	114, 115
EN2*. Percentage of materials used that are recycled input materials.	Principles 8 and 9	114, 115

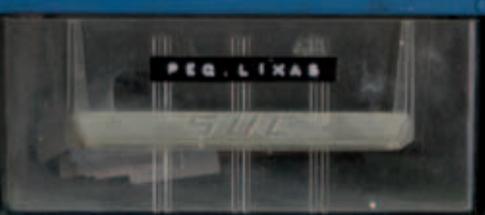
GRI Compliance Indicators	UN Global Compact	Retail
<b>Aspect – Energy</b>		
EN3*. Direct energy consumption by primary energy source.	Principles 8	50, 115
EN4*. Indirect energy consumption by primary source.	Principles 8	49, 115
EN5. Energy saved due to conservation and efficiency improvements.	Principles 8 and 9	49
EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Principles 8 and 9	49-51, 60, 61
EN7. Initiatives to reduce indirect energy consumption and reductions achieved.	Principles 8 and 9	49
<b>Aspect – Water</b>		
EN8*. Total water withdrawal by source.	Principles 8	52-53
EN9. Water sources significantly affected by withdrawal of water.	Principles 8	NA
EN10. Percentage and total volume of water recycled and reused.	Principles 8 and 9	116
<b>Aspect – Biodiversity</b>		
EN11*. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Principles 8	116
EN12*. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Principles 8	116
EN13. Habitats protected or restored.	Principles 8	116
EN14*. Strategies, current actions, and future plans for managing impacts on biodiversity.	Principle 8	116
EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Principle 8	NA
<b>Aspect – Emissions, Effluents and Waste</b>		
EN16*. Total direct and indirect greenhouse gas emissions by weight.	Principle 8	49-51, 117
EN17*. Other relevant indirect greenhouse gas emissions by weight.	Principle 8	118
EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principles 7 to 9	49-52
EN19. Emissions of ozone-depleting substances by weight.	Principle 8	NA
EN20*. NO, SO, and other significant air emissions by type and weight.	Principle 8	118
EN21*. Total water discharge by quality and destination.	Principle 8	53, 118
EN22*. Total weight of waste by type and disposal method.	Principle 8	119
EN23. Total number and volume of significant spills.	Principle 8	120
EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Principle 8	NA
EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Principle 8	NA
<b>Aspect – Products and Services</b>		
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principles 7 to 9	47-55, 59-62

<b>GRI Compliance Indicators</b>	<b>UN Global Compact</b>	<b>Retail</b>
EN27. Percentage of products sold and their packaging materials that are reclaimed by category.	Principles 8 and 9	NA
<b>Aspect – Compliance</b>		
EN28*. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Principle 8	120
<b>Aspect – Transport</b>		
EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Principle 8	51
<b>Aspect – Overall</b>		
EN30. Total environmental protection expenditures and investments by type	Principles 7 to 9	NA
<b>Labor Practices and Decent Work Indicators</b>		
<b>Management Approach – Social Performance (Employees)</b>		14-17, 34-35, 71-75
<b>Aspect – Employment</b>		
LA1*. Total workforce by employment type, employment contract, and region		107
LA2*. Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Principle 5	107,108
LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		NA
<b>Aspect – Labour/management Relations</b>		
LA4*. Percentage of employees covered by collective bargaining agreements.	Principles 1 and 3	108
LA5. Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Principle 3	108
<b>Aspect – Security and Health at Work</b>		
LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Principle 1	NA
LA7*. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Principle 1	46,109
LA8*. Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Principle 1	109
LA9. Health and safety topics covered in formal agreements with trade unions.	Principle 1	NA
<b>Aspect – Training and Education</b>		
LA10*. Average hours of training per year per employee by gender, and by employee category.		45,110
LA11*. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		110
LA12*. Percentage of employees receiving regular performance and career development reviews, by gender.		110

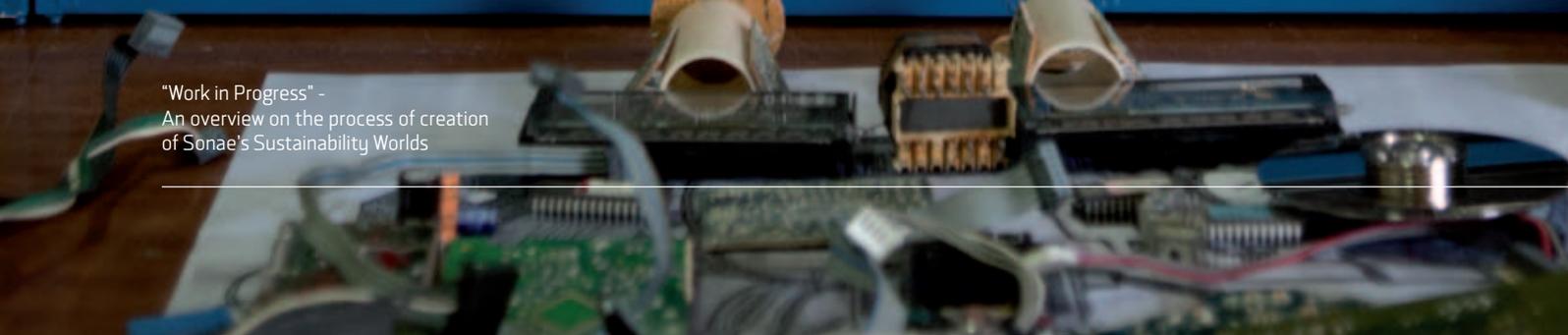
<b>GRI Compliance Indicators</b>	<b>UN Global Compact</b>	<b>Retail</b>
<b>Aspect – Diversity and Equal Opportunity</b>		
LA13*. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Principles 1 to 6	111
LA14*. Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Principles 1 to 6	112
<b>Social Performance Indicators – Human Rights</b>		
<b>Management Approach – Social Performance (Human Rights)</b>		14-17, 64, 71-75
<b>Aspect – Investment and Procurement Practices</b>		
HR1. Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Principles 1 to 6	112
HR2*. Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Principles 1 to 6	112
HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Principles 1 to 6	NA
<b>Aspect – Non-Discrimination</b>		
HR4. Total number of incidents of discrimination and corrective actions taken.	Principles 1, 2 and 6	112
<b>Aspect – Freedom of Association and Collective Bargaining</b>		
HR5. Cases where there is a significant impediment to freedom of association and performance of collective bargaining agreements and measures that contribute to eliminate such impediments.	Principles 1 to 3	112
<b>Aspect – Child Labour</b>		
HR6. Cases where there is a significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Principles 1, 2 and 5	112
<b>Aspect – Forced and Compulsory Labour</b>		
HR7. Cases where there is a significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the effective abolition of forced or compulsory labour.	Principles 1, 2 to 4	112
<b>Aspect – Security Practices</b>		
HR8. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Principles 1 to 2	NA
<b>Aspect – Indigenous Rights</b>		
HR9. Total number of incidents of violations involving rights of indigenous people and actions taken.	Principles 1 e 2	NA
<b>Social Performance Indicators – Society</b>		
<b>Management Approach – Social Performance (Society)</b>		14-17, 36, 71-75
<b>Aspect – Community</b>		
SO1. Nature, scope and efficiency of programmes and practices to assess and manage impacts of operations on communities, including entry, operations and exit.		36-39, 68-70, 113
<b>Aspect – Corruption</b>		
SO2. Percentage and total number of business units analyzed for risks related to corruption.	Principle 10	113

<b>GRI Compliance Indicators</b>	<b>UN Global Compact</b>	<b>Retail</b>
S03. Percentage of employees trained in organization's anti-corruption policies and procedures.	Principle 10	113
S04*. Actions taken in response to incidents of corruption.	Principle 10	113
<b>Aspect – Public Policy</b>		
S05. Public policy positions and participation in public policy development and lobbying.	Principle 1 to 10	113
S06. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Principle 10	NA
<b>Aspect – Anti-Competitive Behaviour</b>		
S07. Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.		NA
<b>Aspect – Compliance</b>		
S08. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		113
<b>Social Performance Indicators – Product Responsibility</b>		
<b>Management Approach –Social Performance (Product)</b>		14-17, 56-63, 71-75
<b>Aspect – Customer Health and Safety</b>		
PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Principle 1	62, 65
PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Principle 1	NA
<b>Aspect – Product and Service Labelling</b>		
PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Principle 8	56, 58, 61
PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Principle 8	NA
PR5*. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		114
<b>Aspect – Marketing Communications</b>		
PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		114
PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		NA
<b>Aspect – Customer Privacy</b>		
PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Principle 1	NA
<b>Aspect - Compliance</b>		
PR9*. Monetary value of significant fines for noncompliance with laws and regulations.		114

\* Indicators verified in independent audit



"Work in Progress" -  
An overview on the process of creation  
of Sonae's Sustainability Worlds





## Credits

### Sonae, SGPS, SA

Lugar do Espido, Via Norte  
4470-909 Maia - Portugal  
Tel: +351 220 104 000  
Fax: +351 229 404 634

Consultants: Sustentare, Lda.  
Graphic Design: Ivity  
Printed by: Lidergraf  
Published: July 2011





2010  
SUSTAINABILITY  
REPORT