

## Communication on Progress

2007

**Principle 1: Entities must support and respect the protection of internationally proclaimed Human Rights within their sphere of influence.**

We support the principles contained in Global Pact. In this way, Delta promotes the respect of Human Rights as decisive factor in the process of creating values, acquisitions and decisions to invest, assuring that our partners respect Human Rights too.

Our politics of recruitment, contract and development of human resources seat in the following principles:

- Professional development;
- Equality;
- Creation of new abilities through a continued training;
- Security and health in the workplace;
- Freedom of speech;
- Involvement of the collaborators in our activities;
- Respect of Human Rights consecrated in International Conventions;
- Good place to work centred in the development of human relations;
- Professional and social accomplishment;
- Capacity of initiative and creativity;
- Career plans.

The collaborators' health and security are one of the company's concerns, which continuously intend to prevent the occupational accidents. There are commissions of health and security in every company.

**[Company / Nr Collaborators/ % of Collaborators represented in Security and Health Commissions]**

EMPRESAS	Nº COLABORADORES	% DE COLABORADORES REPRESENTADOS EM COMISSÕES DE SEGURANÇA E SAÚDE
Novadelta SA	4	1,07 %
MRANI	22	2,70%*
Delta Madeira	1	3,23%*
Torrefacção Camelo	1	0,64%*
Novadelta Espanha	0	0%*
Siec	0	0%*
João dos Santos	1	4,17%*
<b>Delta SGPS</b>	<b>29</b>	<b>1,74%</b>

In 2007 there was the following number of accidents:

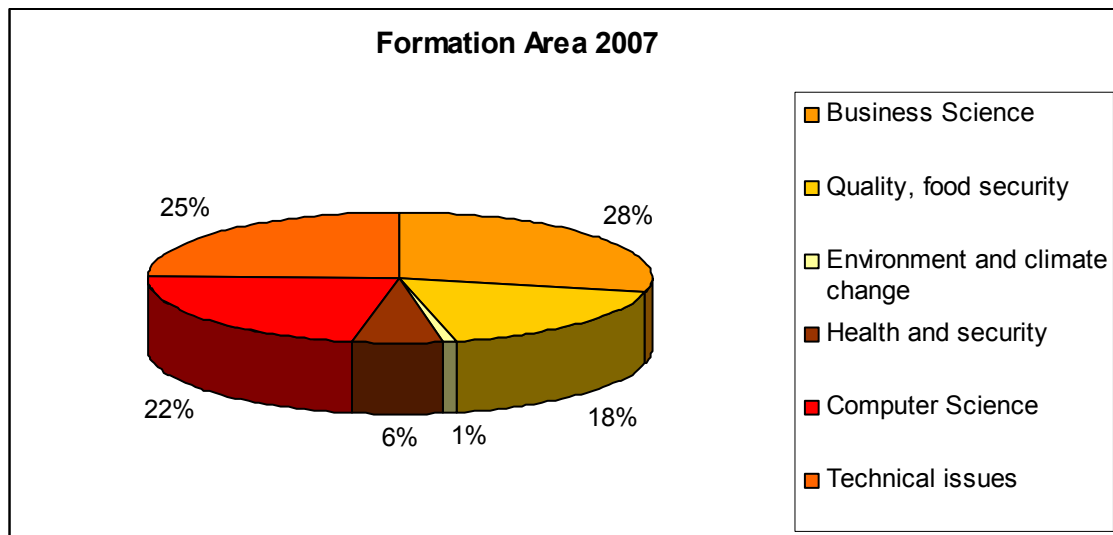
Rate of accidents, in Delta SGPS, 2007	
Frequency	16,12
Gravity	340,8
Lost days (in thousands of hours)	55
Without incapacity	26
Total	81
Rate of absenteeism	2,97
Deaths	0

Training politics contributes for Delta strategic aims and helps to increase the competitiveness based on the quality of human resources. Delta had a proper infrastructure since 2005 - the International Centre of Graduate Commendator Rui Nabeiro - to manage the training of the group and satisfy the necessities of the customers and the community's training too.

[Training/ Participants/ Hours]

CURSO / ACÇÃO FORMAÇÃO	Nº DE PARTICIPANTES	VOLUME HORAS DE FORMAÇÃO
<b>2006</b>		
MASTER	74	2100
MESTRADO EM EMPREENDEDORISMO E INOVAÇÃO	7	2100
FORMAÇÃO CONTÍNUA	423	6395
<b>TOTAL</b>	<b>504</b>	<b>10595</b>
<b>2007</b>		
		4.612.642,03
MASTER	54	2130
PÓS-GRADUAÇÃO EM	15	630
FORMAÇÃO CONTÍNUA	869	6731
<b>TOTAL</b>	<b>938</b>	<b>9491</b>

ESCOLA PROFISSIONAL DE CAFETARIA "GRÃO MAIOR"	Nº DE PARTICIPANTES		VOLUME DE HORAS DE FORMAÇÃO	
	2006	2007	2006	2007
FORMAÇÃO INTERNA NO C.I.G./C.R.N	29	141	479	2448
FORMAÇÃO EXTERNA NO ESTABELECIMENTO DOS CLIENTES	101	205	648	1144
	130	346	1127	3592



**Principle 2: Entities must guarantee that are not complicit with human rights' abuses.**

Our Business Principles constitute an important tool to helps us relate with stakeholders. The respect of our Business-related Principles is basic requirement to develop a strong relation with the stakeholders. In 2007, 53 suppliers accepted our principles in the supply chain.

**Principle 3: Entities must uphold the freedom of association and the effective recognition of the right to collective bargaining**

The company respects the right of its collaborators to associate in the defence of their interests. It doesn't discriminate them based on the fact that somebody uses of this right that attends them. However, only 2% of Delta collaborators (31) are union's members.

**[Company/ Collaborators – number and percentage]**

EMPRESA	COLABORADORES SINDICALIZADOS	
	NÚMERO	%
Novadelta SA	3	0,80%
MRAN	20	2,46%
Delta Madeira	0	0,00%
Torrefacção Camelo	8	5,10%
Novadelta Espanha	0	0%
Siec	0	0%
João dos Santos	0	0%
<b>Delta SGPS</b>	<b>31</b>	<b>1,9%</b>

**Principle 4: Entities must uphold the elimination of all forms of force and compulsory labour**

Forced work is forbidden in all the companies of Nabeiro's Group. The acceptance of our Business Principles is a basic requirement for the establishment of solid relations with the stakeholders.

**Principle 5: Entities must uphold the effective abolition of child labour**

Our Business Principles define our position on this subject, being forbidden the use of child labour in all the companies of Nabeiro's Group, waiting for the same position from our suppliers and partners. In 2007 we made a campaign of sensitisation on the rights of children in our sugar sachets in partnership with National Commission of Protection of the Child and Younger in risk, to celebrate the 18<sup>th</sup> anniversary of the International Convention of children rights.

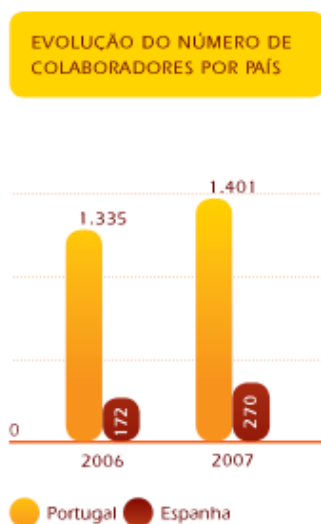
A group of collaborators developed a project of voluntary work named "*Um Coração Chamado Delta*" as a form to homage the founder. Along the time, this group acquired legal form changing to an Association of Social Solidarity, named "*Coração Delta*". Nowadays, this association counts with several competences, as precocious Intervention, a team of reinsertion income, voluntary group, and the Educative Centre

Alice Nabeiro. The Educative Centre Alice Nabeiro (CEAN) was inaugurated in 2007. It is a pioneering project in the promotion of the citizenship, creativity, innovation and the entrepreneurship of younger people. This space has capacity for 114 children and is opened to community, aiming to foment responsible enterprising in the next generation in our region.

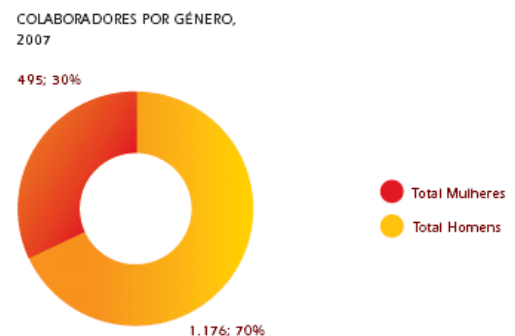
### **Principle 6: Entities must uphold the elimination of discrimination in employment and occupation**

In 2007 Delta coffees SGPS withholds 1,671 collaborators, 495 women and 1176 men.

[Evolution of the number of collaborator by country]



[Collaborators by Gender]



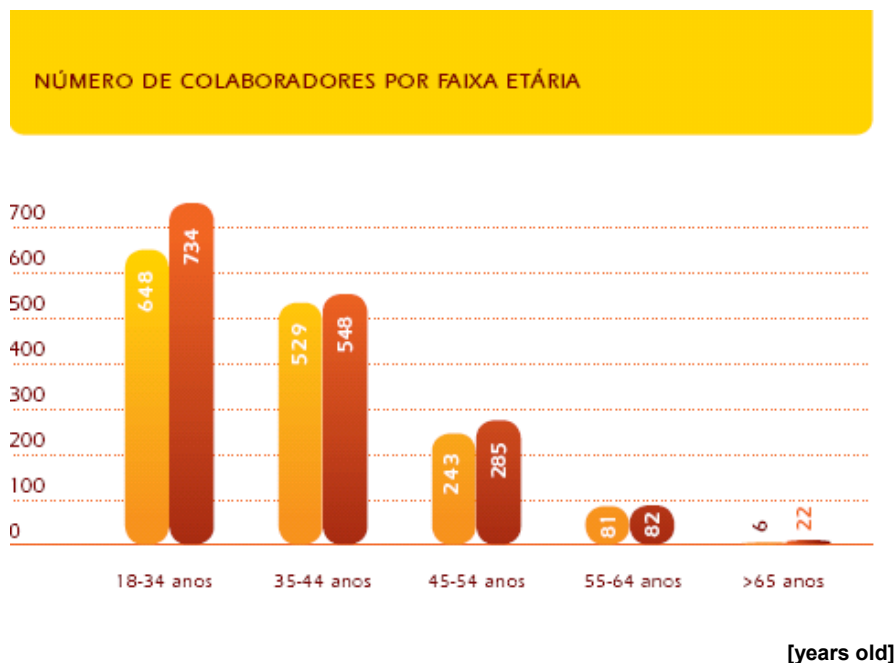
Delta assumes a political principle to contract human resources based on equality and not on discrimination.

In 2007 there was an increase of 10% of contracted women. Most of the collaborators of Delta are men, representing 70% of the total. The rate women/men is of 42% that is explained by the majority of the commercial activities and the lack of women's appetite for this type of activity.

The political principle of non discrimination, diversity and equality is also visible on the level of governance bodies. There are 15 bodies of governance (2 administrators, 1 partner-manager and 12 directors), of which 9 are men and 6 are women, that has a 40% of representation. One of the characteristics of Delta's team is to join the experience and the practical knowledge of some older collaborators with the energy and dynamism of the youngest. In 2007 the average of ages of Delta's collaborators

was of 36 years old. About 77% of the collaborators had less than 45 years old, 17% between 45 and 54, and 6% more than 55 years old.

[Collaborator by age]



### Principle 7: Entities must support a precautionary approach to environmental changes.

Delta developed the program Delta Planet aiming to minimize the environmental impact of its activities and, on the other hand, to sensitize citizens and authorities for the needs of the planet conservation. The starting point of the program Delta Planet was a voluntary decision to calculate and quantify the emissions of greenhouse effect gas during the cycle of the coffee, since its origins until our customers in Portugal and Spain. This base allows us to identify the actions, to implement goals and to define monitoring indicators in order to diminish our carbon footprint. The calculations, the collected data and the determination of the compensation had been based on international normative and had been verified by an external entity, Bureau Veritas.

### Carbon footprint

The life cycle of Delta coffee is long and has different phases in different regions of the World: a single coffee bean is gathered in Brazil, Guatemala, Vietnam and Uganda, roasted and packed in Portugal and consumed in Portugal, Spain and all around the

world. We identify the sources of emission of gases with greenhouse effect and define the borders of the accounting to calculate the carbon footprint of Delta coffee, from the transport of green beans of the producing countries to the distribution to the final customers. Thus, we define the following phases:

Phase I: the transport of the coffee from the origins to Novadelta, in Campo Maior;

Phase II: the roasting process of the coffee in Novadelta (Portugal);

Phase III: the transport of the coffee from Novadelta to the commercial departments and posterior distribution to the final consumers.

<b>Transport of Green Coffee from the port of embarkment in the origin countries to Novadelta (Campo Maior - Portugal)</b>				
Phase I	Travel on boat, from the producing countries to the port of Lisbon.	Combustion of fuel oil	<b>1 153 T Co2</b>	 <b>10,9%</b>
	Travel by train, from the port of Lisbon to Elvas	Combustion of oil		
	Travel by car, from Elvas to Novadelta (Campo Maior)	Combustion of oil		
Phase II	Process of roasting, mixing and packaging in Novadelta	Consumption of electricity in the Novadelta	<b>3 970 T Co2</b>	 <b>37,6%</b>
		Consumption of natural gas		
Phase III	Delivery from Novadelta to the commercial departments in Portugal and Spain.	Combustion of oil	<b>5 446 T Co2</b>	 <b>51,5%</b>

The accounting of the total of emissions shows that Delta coffees have a carbon footprint of 10 569T Co2, associated with the production of 2006. 51,5% of this is

attributed to the phase of distribution to the final customers. 100,000 efficient light bulbs were distributed with the aim to compensate the Co2 emissions voluntarily, which would save 14,719 tCO2. The light bulbs were offered in a promotional packing with 2 Delta products that had a double functionality. It served as a pedagogical example of the attitude of each one in the combat to the climate change and allowed the compensation of the emissions of the company associated to the coffee life cycle. Delta became the first Portuguese brand to launch a set of food products neutral in carbon, using a stamp in the package with the information that the consumption of this coffee protects the planet.

### **Campaign of Sensitisation:**

The change of attitudes and behaviours is important to stop global warming. Delta developed a campaign, which counted as partner the Portuguese Agency of the Environment, fitted with the National Plan for the Climate Change. Conscientious of the importance of each citizen in the fight to the climate change, Delta decided to use a privileged way – the sachets of sugar - to inform the Portuguese on this issue. This message was spread through 93 million of sachets, using one of its faces to divulge ten messages alerting for the problem. On the other face were divulged some suggestions for behavioural changes to be implemented every day in order to reduce the consumption. Delta used other ways of spreading the message as its website, Delta Magazine and press.

### **Principle 8: Entities must undertake initiatives to promote greater environmental responsibility**

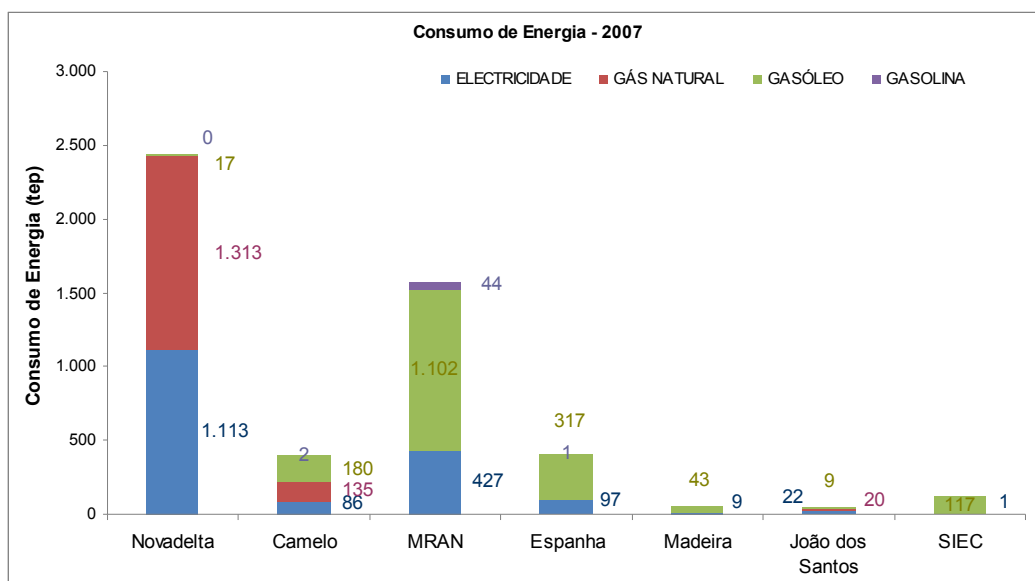
Our environmental concerns are transversals in all phases in the supply chain, the process of developing new products and services, and the selection of suppliers and eco-efficient technologies.

Delta has implemented an environmental system certified by ISO 14001 that encloses the waste, emissions, noise, visual impact and management of consumption of energy, water, emissions, keeping the balance between the economical requirements, environment and social development. Year after year, its accomplishment allows the establishment of aims to improve our performance.



Delta's energy profile is distributed to the productive, commercial and administrative areas. The most used energy sources are natural gas, oil and electricity. In 2007 the total consumption of energy (direct and indirectly) grew up 10% (tep/ sells of coffee in tons) facing the consumptions of 2006. That happened because of the strategy of proximity to the local communities which reflected on the expansion of commercial structures through new delegations. However, if the energy consumption is analyzed by collaborator, we will verify a reduction in relation to the previous period that evidences an effort in the diffusion and implementation of good practices.

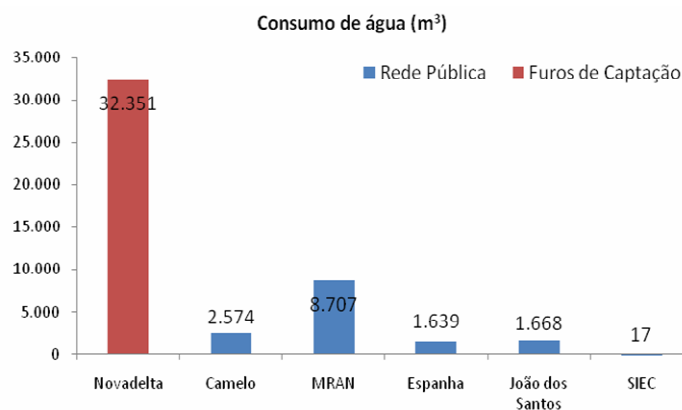
[Energy Consumption (tep) – 2007]



## Water Consumption

All the companies of Delta, with the exception of Novadelta SA, consume water of the public net. All the consumed water is submitted to a treatment for inverse osmosis in ETA (Water Treatment Station) and its quality is guaranteed by external periodical verifications.

[Water Consumption (m3) – 2007]



All the companies had increased in 2007 concerning the water consumption for collaborator. In relation to the global consumption of Delta in 2007, we verified a 24% increase facing the year of 2006.

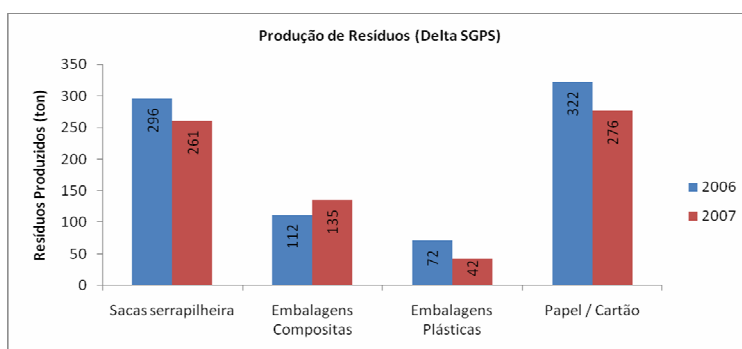
### Residual Effluent

In 2007 Delta increased 2,4% the production of residual effluent because of the same reasons previously related, linked with the expansion of Delta. In the case of Novadelta all the effluent produced (domestic and industrial) are treated in the Treatment of residual water Station (ETAR) and part of these was reused in the irrigation of green spaces of the company. In 2006 30% of 15,172 m3 of effluent produced, were reused in the irrigation and in 2007 this value grew up to 67%.

### Waste

Delta wants to minimize waste production and promote its integration throughout the chain of value using innovation and development of new products, services and processes.

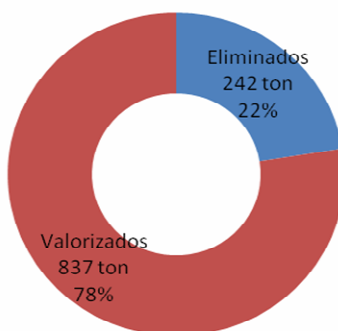
[Waste Production (ton) – 2007]



Although the efforts done through the use of new materials, several sensitization actions and optimization of products' references, we couldn't accomplish our goals and market tendencies related to a major fitting of products and packages to the distribution chain. The requirements of the market related with the specific packaging for the different customers are one of the key drives that justify a bigger production of waste.

[Production of Waste by Final Destination]

Destino Final dos Resíduos Produzidos Delta SGPS (2007)



**Principle 9: Entities must encourage the development and diffusion of environmentally friendly technologies**

In 2007 Novadelta decided to establish protocols with ICNB and Countdown 2010 to promote the planet's biodiversity, thus, Delta assumed several commitments. These two initiatives had the aim of sensitizing the companies for the importance of biodiversity in its business transforming it into one more value - "Business and Biodiversity". In the scope of the commitments Delta assumed with the Institute of Conservation of the Nature and Biodiversity and Countdown2010, it has promoted the consumption of sustainable coffees, such as the fair trade, the Rainforest Alliance, Biological and the UTZ Certified. The different certifications assure that the farmers receive a fair payment, have better life conditions, access to education and the certainty that they follow practices of sustainable farming that protects the forests, soils, rivers and biodiversity. In 2007 Delta acquired about 59.286kg of certified coffee, 98% of this had origin in fair trade (Altromercato) and the 2% remaining in coffee certified by the Rainforest Alliance.

A campaign named "To protect the Origins is to protect the Future" was made in the retail to promote the consumption of sustainable coffees.

**Principle 10: Entities must work against corruption in all its forms, including extortion and bribe**

We share the principles of the Global Pact of United Nations and defend transparency and integrity of our activity with all the stakeholders and expect the same attitude from our partners. The annual publication of the Accounts' Report assures the divulging of relevant information about our company to the stakeholders, meaning financial situation, performance and investments.