



## **Chairman's Statement on United Nations Global Compact**

It has now been some time since I signed the United Nations Global Compact charter on behalf of the Sonae Group, and as such I would like to report to our stakeholders as to how we stand in terms of progress in applying the ten principles therein.

Most of our initiatives have already been reported in the Annual Reports of our main businesses, and in their Sustainability Reports, in those cases where these have been issued.

The Sonae Group will be publishing a Sustainability Report in April this year where most of our initiatives will be further detailed, and this will become the standard form of communication to our stakeholders in all aspects regarding social responsibility.

The diversified nature of our Group is a further challenge when it comes to reporting actions because of the proactive nature of our teams and the fact that each business management team is highly focussed and has a high degree of freedom in the means of achieving the common goals embedded in our values and principles.

These are well known to all our stakeholders and I personally oversee that our entire organisation is aligned with best practices in all our business actions and in our relationship with society as a whole.



I would like to share with you a few examples of practical adherence to social responsibility best practices, which have been implemented over the last couple of years as an introduction to our Sustainability Report to be issued this year.

I will mention different actions in different businesses in no specific order because I believe that all businesses are doing their utmost to improve their business practices in all aspects of interaction with society at large.

Our values and principles respect internationally proclaimed Human Rights, and we have never received any complaint from any stakeholder for having infringed or been complicit in Human Rights abuses.

We do not engage in any form of forced or compulsory labour and only recruit over 18 year old individuals. In our Retail business, by far the most significant area of procurement in the Group, contracts include clauses on legal compliance by suppliers concerning labour practices, and regular visits to suppliers' production sites are made.

In Retail, and in some of our other activities, collective bargaining is the rule. We strongly believe in committed workers and do not engage in labour discrimination of any sort. In the Shopping Centres business, 50% of employees are female and 50% are male. In Retail, these percentages are 70% and 30%, respectively, and almost 50% of supervising roles are occupied by women. Retail is the biggest employer of the Group and as such conducts regular employee surveys, called "Social Climate Surveys". The last survey had



an 83% response rate, and on a scale of 1 to 5 the average score was 4.5 for satisfaction at work and 4 concerning pride to be part of the Company. 79% of the workforce wishes to continue to work for us.

Health and Safety are taken very seriously in all businesses, in particular in those where security is a major risk. In our Construction activities, all sites have Safety Plans and we are proud to have received OHSAS 18001 certification. Sonae Sierra is pursuing an extensive programme, called *Personae*, aimed at improving Health and Safety in all our shopping centres and facilities. All other businesses are closely monitoring this programme and introducing actions to minimise safety risks. As a result, the total work time lost in injuries at Sonae Indústria (wood based products) represents 0.6% (0.8% in 2003) of total work time, and training hours dedicated to Health and Safety training has gone up from 19% to 24% of total training between 2003 and 2005.

Environmental Management Systems are in place in most of our businesses. More importantly, results are there to show our commitment.

Several of our factories of wood based panels and shopping centres are ISO 14001 certified. The first hypermarket and the first logistics warehouse in Portugal to obtain this certification are owned by Sonae Retail, which has an extensive plan to certify other retail stores. Building works are also ISO 14001 certified, and Sonae Sierra (shopping centres) has developed its own Environmental Standards for Retail Development, a web-based specification tool to help Project Managers in their search for retail developments that



comply with environmental procedures regarding energy, water, waste, transport, indoor and outdoor air quality, ecology and materials.

Sonae Indústria reduced energy use by 6.6% in 2005, while Sonae Sierra's energy consumption fell 21% between 2002 and 2005. Our factories use on average 17% of recycled wood, and the Knowsley factory, in the United Kingdom, uses 97%.

Waste management is an important feature. Retail sends 57% of its waste for recycling and a further 8% for energy production; Shopping Centres increased recycling from 19% in 2002 to 25% in 2005; and Sonae Indústria uses 61% of waste for energy production and 30% are reused/recycled. At our Troiaresort (a major tourism development in Portugal), 98.3% of the waste resulting from the demolition of previously existing unfinished buildings has been stored for re-use in the development of the site.

Retail, through its *Producers' Club*, helps farmers to develop biological products and recently launched a programme to promote the use of natural organisms to combat crop pests, thus replacing chemical pesticides.

On 25 February 2004 I signed our commitment to the 10<sup>th</sup> United Nations Global Principle against all forms of corruption. This has been a long living value of our Group. Our employees are fully aware of the dangers of corrupt behaviour, and I am certain they take all necessary measures to actively fight corruption. This has been embedded in our culture for a long time.



I am sure that more examples could be given, but I want our stakeholders to read our Sustainability Report in 2007 where more detailed information will be found. As I have already stated we intend to make this report our communication tool on Corporate Social Responsibility.

Maia, 15 January 2007

Belmiro de Azevedo