



SUSTAINABILITY
REPORT 2012

SONAE

IMPROVING LIFE

SUSTAINABILITY
REPORT 2012

SONAE

IMPROVING LIFE

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OUR REPORT

In line with the sustainability reporting practices initiated in 2006, we now present our seventh sustainability report.

Sonae is aware that this publication is an important channel of communication with all its stakeholders. This report highlights the main events that marked 2012, disclosing the Group's corporate strategy and its economic, social and environmental performance as well as the new Retail sustainability strategy – **Our Way to a Sustainable Life**.

This report was produced according to the Global Reporting Initiative's (GRI) G3.1 guidelines and refers to the 2012 financial year. Compliance with the self-declared level A was externally verified by KPMG SROC, S.A. The information included in this report refers to Sonae's activity, focusing particularly on its Retail business area. A specific note will be added whenever the reported information does not cover the whole spectrum of Sonae's activities.

The themes included in this report were selected according to the results of the stakeholder survey carried out in 2012 and a benchmark analysis of the business sector and the current trends for reporting in this field. As far as the Retail business area is concerned, information is organised according to the strategic vectors of our current sustainability strategy.

This report is organised into five main chapters:

1. **Sonae and sustainability** – Information regarding the Group's strategy and overall activity, providing consolidated data.
2. **Retail** – Information about Retail-specific management approaches and their respective sustainability performance.
3. **Sonaeacom** and 4. **Sonae Sierra** – A summary of the activity of these Sonae core partners, including a description of their strategy and performance per strategic vector. Both these companies have published individual and detailed sustainability reports on the Corporate Responsibility section of their websites: www.sonae.com and www.sonaesierra.com
5. **Annexes** – Independent assurance report and a link to Sonae's website for detailed information about the GRI indicators.

Should you require any further information regarding the contents of this report or sustainability at Sonae, please contact:

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MESSAGE FROM THE CEO

Southern Europe has been facing an extremely difficult macroeconomical situation over the last few years, a period marked by economic recession, unprecedented unemployment levels and a significant decrease in private consumption.

The economies of Southern European countries are expected to begin their recovery process during the next year and resume their economic growth. However, these forecasts are still somewhat erratic and unreliable. In Portugal — our domestic market — there has been a significant effort towards reducing public expenditure together with the introduction of structural reforms and measures to make Portuguese companies more competitive.

These efforts brought about a few concrete results, among them a swift adjustment of the trade balance. However, financing future growth is a crucial issue that remains to be dealt with. Given the difficulties confronting the Portuguese banking sector and the withdrawal of a few major international banks, the cost and scarcity of credit for businesses represents a significant impediment to competitiveness.

Sonae has adjusted quickly to the new market setting, relying on its well-known flexibility and the ability of our teams to perform outstandingly at crucial moments. We were able to maintain our turnover and operating profitability, adjusting our strategy and deleveraging steadily throughout the whole process. Maintaining our turnover was made possible mainly by increasing our core businesses' market share while sustaining our international growth rate.

The consistency of our operating profitability was the result of successive actions focusing on reducing expenditure while implementing continuous improvements and innovative processes. Deleveraging was accomplished at first through the sale of retail real estate, then through rigorous investment policies and, finally, through major cutbacks in circulating capital.

Therefore, Sonae adapted its strategy to the current context by keeping the same fundamental pillars of its corporate strategy but adopting a different approach to implementing them.

To pursue our international growth targets, we have focused particularly on searching for solutions with lower capital demands, strengthening the other two pillars even further by diversifying our investment styles and leveraging key competencies. So far, we have successfully implemented new franchising agreements (e.g. sales in franchised Zippy shops already amount to 20% of the brand's total sales); new wholesale agreements (e.g. Sport Zone and Continente); new service contracts (e.g. the contracts Sonae Sierra established in 11 countries) and several new joint-ventures. We are aware of the growing importance of online business. In response, we have also invested in new e-commerce platforms to foster international sales.

We now seek to benefit from and build on these changes. In view of current circumstances, we have innovated and implemented changes to all areas in our business portfolio. We conducted a careful revision of our product range and redesigned our operations to improve efficiency. We achieved significant savings, not just in operating costs but also in inventory management. These efficiency gains also benefitted our customers through reduced prices without compromising adequate profitability for our shareholders. Thanks to these efforts, **Sonae MC** increased its market share in 2012 and maintained its leading position in terms of brand awareness. For the last ten years, Continente has consistently been recognised as the most trusted food retailer in Portugal.

* Vide Glossary

The year 2012 was also marked by the development and implementation of a new generation of stores based on two key-concepts: *Continente* and *Continente Bom Dia*. We also achieved significant progress in the sales density and profitability of our newest businesses: *Well's*, *Book.it* and *Bom Bocado*.

Once again, our non-food business (**Sonae SR**) faced great challenges in 2012, with a significant decrease in consumption levels particularly in the most discretionary categories. Worten was able to successfully counter the strong downturn in the Portuguese market and maintained its operating profitability levels. In line with the information disclosed throughout the year, the sports and fashion segments were subject to profound changes in their respective procurement models. These changes had a negative impact on their sales performance and, particularly, on their margins. The benefits of these changes became clear during the last quarter of the year through a great reduction in stock levels, which allowed **Sonae SR** to achieve a positive free cash flow in 2012, despite significant operating losses. We expect the benefits of this transformation to have a progressive impact on improving profit margins in 2013. This will also be an important year for **Sonae SR** in terms of e-commerce initiatives and re-structuring its business operations in Spain.

Sonae Sierra still commands worldwide respect for its excellence in shopping centre management and development. Sierra is currently present or providing services in 11 countries. In 2012, new shopping centres were inaugurated in Brazil and Germany and 27 new service contracts were signed with other developers. The company has continued to look for opportunities to 'recycle' capital from mature projects into new developments, but the sovereign debt crisis has deeply affected the transaction of real estate assets between Iberian markets. In addition to the high cost of credit in peripheral Europe, this setback hindered opportunities for European expansion, although this trend was offset by new projects in Brazil. As for operating activity, despite a decrease of retail sales in the Iberian markets, revenue resulting from international operations (particularly from Brazil) continued to increase consistently. In 2012, **Sonae Sierra's** direct net profits grew by 2%.

Sonaecom also developed significantly in 2012. Despite the challenging context, **Optimus** was able to increase profitability levels and meet crucial strategic objectives in areas such as brand image, mobile data, convergence, 4G and customer service quality and innovation. This year was also marked by the public announcement made on 14 December concerning the agreement reached by **Sonaecom**, **Kento** and **Unitel International Holding** about the merger operation between **Zon** and **Optimus**. These companies complement each other almost perfectly, with practically no overlap in their respective business areas. This operation has the potential to bring significant efficiency gains. We believe that the new company created through this operation will benefit from critical mass gains that will enhance its ability to compete in the Portuguese market and find new opportunities for international growth.

The decisions we made during this year had a positive impact on our financial performance and helped to prepare our company for the future. The Group's sales decreased by just 3% to € 5,379 million, but our recurring EBITDA margin increased by 0.4 pp as a result of significant efficiency gains across all our activities.

Net profits decreased by € 71 million due to higher interest rates and as a consequence of asset impairments and the depreciation of shopping centres in the Iberian Peninsula. These effects stem from the current macroeconomic environment and the persistent instability of financial markets. But they have not affected our operating profitability or our cash flow generating capacity. The depreciation of shopping centres in Southern Europe during this negative cycle is almost entirely due to the evolution of yields used in external evaluations. The virtual absence of shopping centre transactions in the Iberian Peninsula was mainly due to the uncertainty regarding the future of the Euro. Recently, there was a strong decrease in perceived risk, which should allow the market to resume activity. Although we do not expect initial transactions to contribute to the contraction of yields, we do believe this could be the beginning of the return to normal market conditions. It is reasonable to expect that dominant assets will benefit from this evolution in the medium-term.

We finished 2012 with our capital structure strengthened and our net debt reduced by € 147 million. This was achieved while making the necessary investment in every business area and without compromising our dividend policy. For the fourth consecutive year, **Sonae** managed to generate enough cash flow to invest in future growth and support innovation while reducing its leverage ratio.

Our strategy remains as relevant as ever and we remain committed to our goal of achieving greater profitability for our shareholders.

Sustainability is a major concern for us. Therefore, we have endeavoured – and will continue to do so – to implement the measures that are most appropriate for our businesses, our customers, the community, our team and our shareholders. We remain committed to our dividend policy. In view of the financial results achieved during the year and because we trust in the company's ability to follow its defined path, we propose paying our shareholders a dividend of € 0.0331 per share, which corresponds to a dividend yield of 4.8% in relation to share prices at the end of 2012.

Teams are crucial to business success, especially when it comes to implementing strategies. Today, the Portuguese economy is marked by high unemployment rates, increasing taxes, salary cuts and the rising cost of credit. Our effort to ensure growth and efficiency gains is also an attempt to maintain the jobs Sonae provides without compromising our goal of distributing value to our other stakeholders. We invest actively in our team and I would like to thank all our loyal and committed employees for successfully dealing with the hurdles we faced during 2012. Our people were the cornerstone of our success and our results.

We are also extremely grateful to our Board of Directors and our shareholders for supporting our long-term strategy and, particularly, for allowing the company to continue contributing significantly and dedicating time to supporting our communities, even during a period of lower net profits.

Paulo Azevedo
Sonae CEO

* *Vide Glossary*

ABOUT SONAE

Sonae is a retail company with two core partnerships in the areas of Shopping Centres (Sonae Sierra) and Telecommunications, Software & Information Systems and Media (Sonaecom). It also comprises two other business areas, Retail Real Estate (Sonae RP) and Investment Management.

By December 2012, Sonae was active in 66 countries¹.

Equity stakes and business areas

Core Business

SONAE MC 100%



Sonae MC is the leading company in the Portuguese retail food market and comprises a number of brands with different profiles.

Restaurants: **Bom Bocado**; Bookshops/stationers: **Book.it**; Hypermarkets: **Continente**; Supermarkets: **Continente Modelo and Continente Bom Dia**; Deep-frozen products: **Continente Ice**; Wholesale distribution: **Meu Super**; Health, well-being and opticians: **Well's**.

SONAE SR 100%



Markets:
Portugal, Saudi Arabia, Armenia, Azerbaijan, Kazakhstan, Colombia, Egypt, United Arab Emirates, Spain, Georgia, Jordan, Kuwait, Lebanon, Malta, Morocco, Panama, Qatar, Dominican Republic, Turkey, Venezuela

Sonae SR is responsible for Sonae's non-food retail area.

Textiles: **Modalfa**; Sports: **Sport Zone**; Home appliances and consumer electronics: **Worten**; Baby and children's wear: **Zippy**.

¹ Including operations, services, agency offices, franchises and partnerships.

Core Partnership

SONAE SIERRA 50%

Business:
Shopping
Centres

Number of
shopping
centres:
47

Gross
leasable area:
2,26
million m²

Number of
employees:
1,123

Turnover:
€ 227 million

EBITDA:
€ 116 million

Markets:
Portugal, Spain, Italy, Germany,
Greece, Romania, Croatia,
Morocco, Algeria, Colombia
and Brazil.

Sonae Sierra is an international company specialising in shopping centres. It is held by Sonae (Portugal, 50%) and Grosvenor (United Kingdom, 50%).

In Portugal: Portugal: 8ª Avenida; AlbufeiraShopping; AlgarveShopping; CascaisShopping; C.C. Continente de Portimão; Centro Colombo; Centro Vasco da Gama; CoimbraShopping; Estação Viana Shopping; GaiaShopping; GuimarãesShopping; LeiriaShopping; MadeiraShopping; MaiaShopping; NorteShopping; Parque Atlântico; RioSul Shopping; SerraShopping; ViaCatarina. **Spain:** Dos Mares; GranCasa; La Farga; Luz del Tajo; Max Center; Parque Principado; Plaza Mayor; Valle Real; Zubiarte. **Italy:** Airone; Freccia Rossa; Gli Orsi; Valecenter; Le Terraze. **Germany:** Alexa; Loop5; Neue Mitte Garbsen; Hofgarten Solingen. **Greece:** Phanteon Plaza. **Romania:** River Plaza Mall. **Brazil:** Boavista Shopping; Boulevard Londrina Shopping; Franca Shopping; Manaura Shopping; Parque D. Pedro Shopping; Shopping Campo Limpo; Shopping Metrôpole; Shopping Plaza Sul; Uberlândia Shopping.

SONAE COM 54%

Business:
Telecommunications,
Software &
Information
Systems and
Media

Number
of customers
(mobile segment):
3.6 Millions

Number of
employees:
2,045

Turnover:
€ 825 million

EBITDA:
€ 250 million

Markets:
Portugal, Angola, Australia, Brazil, Chile,
Egypt, Spain, USA, France, Holland, Ireland,
Malaysia, Mexico, Panama, Poland, United
Kingdom, Singapore

SonaeCom is Sonae's partner in **Telecommunications, Software & Information Systems and Media**, playing an active role in the integrated management of its respective business units.

Telecommunications: *Optimus*; **Media:** *Jornal Público*; **Software & Information Systems:** *Saphety, WeDo, Mainroad, Bizdirect*.

Related Businesses

SONAE RP 100%

Business:
Retail Real
Estate

Number of
employees:
32

Turnover:
€ 120 million

EBITDA:
€ 107 million

Markets:
Portugal

Sonae Retail Properties is mainly dedicated to real estate management and investment, managing commercial arcades (managing the real estate assets of over a hundred commercial arcades, all of which with a Continente store as their anchor) and three real estate investment trusts through its affiliate holding company, **SonaeGEST**.

Activs Investments

INVESTEMENT MANAGEMENT 100%

Business:
Investment
Management

Number of
employees:
1,463

Turnover:
€ 105 million

EBITDA:
€ 21 million

Markets:
Portugal, South Africa, Germany, Saudi Arabia, Argentina, Australia, Bahamas, Belgium,
Brazil, Canada, Kazakhstan, Chile, China, Colombia, Korea, Denmark, Egypt, Ecuador, Spain,
USA, Philippines, France, Greece, Holland, Hong Kong, Caiman Islands, India, Indonesia,
Ireland, Israel, Italy, Japan, Malaysia, Morocco, Mexico, Nicaragua, Peru, Poland, Puerto Rico,
United Kingdom, Czech Republic, Dominican Republic, Russia, Singapore, Switzerland,
Thailand, Taiwan, Trinidad & Tobago, Turkey, Venezuela, Vietnam

Gestão de Investimentos (Investment Management) is responsible for supporting the implementation of corporate and business strategies, maximising shareholder returns on the company's portfolio, providing active support in planning and the execution of mergers and acquisitions by the core businesses and mediating Sonae's contact with other companies, consultants and investment banks.

DIY and construction materials: *Maxmat*
Travel agencies: *GeoStar*
Insurance brokers: *MDS*

PRINCIPAL SUSTAINABILITY MILESTONES

1995

- Launch of Horizon Project aimed at supporting environmental management
- Joined the World Business Council for Sustainable Development (WBCSD)

1996

- Creation of the Environment Forum for the exchange of experience and dissemination of good practices

1999

- Launch of the Eco2 XXI programme for the effective implementation of eco-efficiency enhancement measures

2004

- Joined the UN Global Compact*

2001

- Creation of BCSO Portugal (Business Council for Sustainable Development) with Sonae as founding member
- Publication of Sonae's first Environmental Report

2000

- Approval of Sonae's Environmental Policy and environmental management system

2005

- Signing of the World Safety Declaration*
- Creation of the Sustainability Forum, building on the Environment Forum

2007

- Publication of Sonae's first consolidated Sustainability Report

2008

- Publication of "Sonae, Much More than Numbers"
- Signing of the HIV/AIDS Code of Conduct
- Commitment to UN's Declaration of Human Rights

* Vide Glossary

2009

- Publication of "A commitment 50 years ahead"
- Adoption of the Fishing Sustainability Policy

2010

- Joined World Economic Forum's Global Business Oath
- The first Sustainability Forum event open to all stakeholders took place under the theme "Sonae for the Better"

2011

- Joined the Global Enterprise Project (GEP)
- Joined the Retail Forum for Sustainability

2012

Highlights

Creation of the Sonae Sustainability Award

The purpose of this award is to distinguish a programme, project or initiative for its contribution to the implementation of measures for the sustainable development of each business and their respective stakeholders from the economic, environmental and social perspectives. The winner in 2012 was a project by the Maia Logistics Centre. Four honourable mentions were awarded to projects and initiatives by the shopping centre business area: safety, health and environment standards for the development of shopping centres; environmental and safety certification in the Le Terraze shopping centre in Italy; energy saving certification of River Plaza (the first shopping centre to achieve this distinction in Romania) and project Ecoponto at the shopping centre Pátio Brasil Shopping.

European Retail Agreement on Waste

In line with the objective of promoting a greener economy, we joined this European initiative to combat waste in the distribution sector. The work performed with Eurocommerce and the European Retail Round Table (ERT) – both of which are European organisations dedicated to disseminating good practices in the retail sector – involves campaigns to reduce waste at national and international levels by June 2014.

* Vide Glossary

EXTERNAL ACKNOWLEDGEMENT AND AWARDS

We received the following awards in 2012:



One of the World's Most Ethical Companies, by the Ethisphere Institute, for the second consecutive year.

"Sonae's culture has included ethical principles of sustainable development since the company's foundation. This distinction encourages us to continue our efforts towards the promotion of social well-being and the development of the communities we operate in; and to continue to implement transparent business and governance practices." (...) "Ethics and trust are a part of Sonae's values. They are deeply rooted into our culture and help bring together over 40,000 employees in all the countries where we operate."

Paulo Azevedo, Sonae CEO



The implementation of the Kaizen methodology in the Retail business area earned us the Kaizen Institute's Kaizen Lean Award.

"The efficiency and productivity gains achieved through the Kaizen methodology contributed decisively towards enhancing the competitiveness of Sonae's retail business area. This is one of the main reasons why Continente and our other brands offer the best prices and a quality of service that continues to attract a growing customer base."

João Melo, Sonae MC Human Resources Director



Sonae was one of the winners of the **European Good Practice Awards**, conferred by the European Agency for Safety and Health at Work rewarding best practices with regard to health and safety in business organisations.

Sonae's business units received several external acknowledgements in 2012:

SONAE MC

- The *Marcas que Marcam* (Brands that make a Mark) awards distinguished *Sonae MC* in the Hypermarket and Supermarket categories.
- Green Project Awards distinguished *Sonae MC* with a **Honourable Mention** for its **Fishing Sustainability Policy**.

Continente Awards

- The Reader's Digest **Trusted Brands 2011** survey conferred *Continente* with the **Trusted Brand** award for the 10th consecutive year.
- The **2012 Marketeer Awards** distinguished *Continente* in the Distribution/Retail category.
- The **2012 Masters da Distribuição** (Masters of Distribution) conferred *Continente* with the **Master da Distribuição** (Master of Distribution) award in the Food Retail category.
- The **Navegantes XXI ACEPI** awards distinguished *Continente Online Drive* in the E-Commerce Innovation category.
- The **PC Guia Prémio Leitor 2012** awards distinguished *Continente Online* as the **Best Portuguese E-Commerce Website**.

Initiatives/Projects Awards

- *Chef Online's Mobile Application* was awarded the **FWA Mobile of the Day Award**.
- The **UEFA KISS Marketing Awards** distinguished the **Partnership between Sonae MC and the Portuguese Football Federation** (ticket sales with the 50% campaign) in the **Creativity and Innovation** category.
- The **2012 Masters da Distribuição** (Masters of Distribution) awards distinguished **Missão Sorriso** (Smile Mission) in the Social Responsibility category.

The *Eficácia 2012* awards, the *Clube de Criativos de Portugal*, *Prémios Criatividade Meios & Publicidade* and the *Lovie Awards* conferred several distinctions on *Sonae MC's* initiatives and projects, namely:

Gold

Rock in Rio 2012 (Distribution and Retail category).

Plano EDP - Continente Campaign (Other Services and Public Administration category).

Chef Online iPhone & iPad APP.

Silver

Mega Pic Nic Continente 2012 (Engagement and Sponsorship category).

Missão Sorriso 2011 (Social Responsibility category).

Chef Online iPhone & iPad APP.

Chef Online (Digital App category).

Pic-Nic (Engagement, Events and Sponsorship category).

Chef Online Ipad Application.

Bronze

Chef Online 2011 (Distribution and Retail category).

Os Mundos da Popota - Clube de Criativos de Portugal.

PopoFun - Clube de Criativos de Portugal.

Product awards

- *Sonae MC's wines* were awarded several prizes in a number of categories (International Wine Challenge 2012, Decanter World Wine Awards 2012 and International Wine & Spirits Competition 2012).
- **Mylabel** brand makeup was distinguished in the Health, Hygiene and Beauty category by the *Prémios Eficácia 2012* awards.

SONAE SR

Brand awards

Worten won the following awards:

- Best Technology Point of Sales - Worten received a **honourable mention** from *PC Guia Prémio Leitor 2012*.
- Best Technology Website, by *Prémio PC Guia Prémio Leitor 2012*.
- **Trusted Brand**, for the third consecutive year.
- **Marcas que Marcam** awards – Worten was distinguished by *QSP - Consultoria de Marketing* in the category Greatest Spontaneous Brand Awareness in Portugal.
- **Damião de Góis Award** – Team *Worten Equipa* received an **honourable mention**.

The Zippy brand received the following distinctions:

- **Marcas que Marcam**, in the category Greatest Spontaneous Brand Awareness, Children's Wear.
- **Bronze Trophy**, awarded by *Meios & Publicidade* in the category Engagement – Point of Sales

SONAE SIERRA

- Distinguished at the ICSC Foundation European Community Support Awards 2012 with an **Honourable Mention**.
- **Mention** in the Social Corporate Responsibility category by the Spanish Shopping Centre Association (AECC).
- Distinguished in the Euromoney Real Estate Awards as the **Best Retail Developer Award for Portugal**.

Norteshopping

NorteShopping received the **Silver Award** at the ICSC Jean Louis Solal Marketing Awards in the Digital Marketing category.

Colombo

Marcas que Marcam – Centro Comercial Colombo shopping Centre won the **Best Shopping Centre Award**.

Le Terrazze

Le Terrazze was distinguished in the **Grand Opening** category at the CNCC 2012 Italy Awards.

Valecenter

ValeCenter was distinguished in the **Sales Promotion** category at the CNCC 2012 Italy Awards.

SONAE COM

Sonaecom was ranked **first place** among Telecom Companies in Portugal and **second place** in Iberia by the Carbon Disclosure Project*.

- **Optimus** was considered the **mobile operator preferred by Portuguese consumers** by *Escolha do Consumidor*, a market survey project carried out by Consumer Choice – Centro de Avaliação da Satisfação do Consumidor (Consumer Satisfaction Assessment Centre).
- Won the **Navegantes XXI Prize** in the category **Marketing in Social Media**, awarded by ACEPI - Portuguese Electronic Commerce and Interactive Advertising Association.
- For the second consecutive year, Optimus received an international acknowledgement for "Best Customer Service" in Europe, Middle East and Africa by winning the **Contact Center World 2012 awards** in the category "**Best Customer Service - EMEA**".
- Won **five prizes** awarded by *Meios & Publicidade*, at the **Criatividade Awards** (silver - one category; gold - four categories) with "**Duetos Improváveis**" (Unlikely Duets).
- For the third consecutive time, Optimus' customer service was distinguished as **Best Contact Center** at *APCC Portugal's Best Awards 2012*, in the **Telecommunications** category.
- The launch of 4G by Optimus won first prize at Orange's GPS Awards.

Jornal Público Awards

- Público newspaper's *Life&Style* website won a special journalism award at **Nutrition Awards**, promoted by the Gulbenkian Foundation. The themes *Nutrição* (nutrition) and *Dicionário de Alimentos* (Food Dictionary) in the *Bem-Estar* (well-being) section from this website were the winners in the **Journalism** category.
- *Público online* was elected the **best generalist media website** in the **Digital Marketing** category at the ACEPI (Portuguese Electronic Commerce And Interactive Advertising Association) awards.
- *Público* was distinguished as the **best generalist daily newspaper** in the **Media** category of the *Meios & Publicidade 2012 awards*.

* Vide Glossary

ADOPTION OF PRINCIPLES, ASSOCIATION AND PARTNERSHIPS WITH ORGANISATIONS







A GREATER
WORLD
TO
INSPIRE

SONAE

IMPROVING LIFE

SONAE AND SUSTAINABILITY

1.1 Corporate strategy

"The generation of economic value, preservation and improvement of the environment and social development are the vectors that guide the activity of all our companies. They are increasingly present in the day-to-day lives of all our employees. This type of motivation, based on sustainability as a factor of personal and professional fulfilment, is even more valuable now, when the difficulties we face are so often due to short-term and strictly economy-oriented visions."

Ângelo Paupério, Sonae Executive Vice-President



Strategic Vectors

Internationalise

Internationalisation – focusing on our core businesses and adjacent business areas – is our main strategic priority for future growth. As such, we will make use of all the resources necessary in order to maximise the opportunity to increase our presence outside Portugal and affirm Sonae as a large multinational.

- Create new means of growth
- Dilute risk per country
- Leverage a wider range of competencies
- Generate value from new opportunities

Diversify our investment style

Leveraging Sonae's resources and the efficacy of the implementation strategy by adopting the investment style that is most appropriate to each business – full ownership, majority and minority interests, with or without special rights.

Sonae may hold share capital of other companies without controlling them, whether because the necessary resources are not available or because the contribution of third parties is deemed beneficial in order to create a superior economic value.

- Adopt capital-light approaches
- Accelerate growth and reduce debt
- Free up capital through the sale of retail real estate assets
- Minimise risks

Leverage our exceptional asset base in Portugal

Keep exploring new business opportunities arising from the exceptional asset base Sonae possesses in Portugal as a means of creating options for future growth. A significant part of the capital will be allocated to new projects, depending on their capacity to generate economic growth and value.

- Innovate
- Create new business opportunities
- Strengthen our position
- Leader format in Portuguese mature markets

* Vide Glossary

Performance Pillars

Governance

Uphold the adoption of highest ethical standards by the Management and all employees when interacting with stakeholders in different countries.

Governance

Improve environmental performance through investments promoting the reduction of our ecological footprint.*

Social

Contribute towards the economic, social and environmental development of all regions and countries where Sonae operates. Ensure meritocracy and the protection of human rights.

How do we apply our strategy to the different businesses?

Focus on leadership and profitability

- This global strategy is applied individually to all the areas of the Retail business according to their specific characteristics.
- In the food retail business (Sonae MC), the strategy is particularly focused on consolidating our leadership of the Portuguese market, exploring new adjacent business areas and the management of the business in Portugal as cash flow generators. Additionally, it will endeavour to find international opportunities.
- Sonae Sierra will keep focused on shopping centres, combining ownership, development and management of shopping centres and related customer service.
- The company's goal is to focus on assets in its area of influence and to associate with retailers and selected partners from other industries in order to develop new shopping experiences.
- Sonaecom is fully committed to the creation of innovative products, services and solutions that meet the needs of their respective markets while generating the highest possible economic value. Sonaecom will also maintain its orientation for growth and its ambition of becoming the best communication services provider in Portugal.

Focus on growth and internationalisation

- With regard to Specialist Retail (Sonae SR), emphasis is on growth by internationalisation, particularly into the Spanish market, through continuous investment and strengthening our presence in that country. The strategy for accelerated growth involves finding business opportunities in different locations, based on franchising and joint-ventures, as well as consolidating our market leadership in Portugal and increasing profitability.
- Sonae Sierra intends to maintain its international growth and enter new and emerging markets (e.g. the Mediterranean Basin, Latin America, Eastern Europe and Asia) based on the delivery of services to third parties.

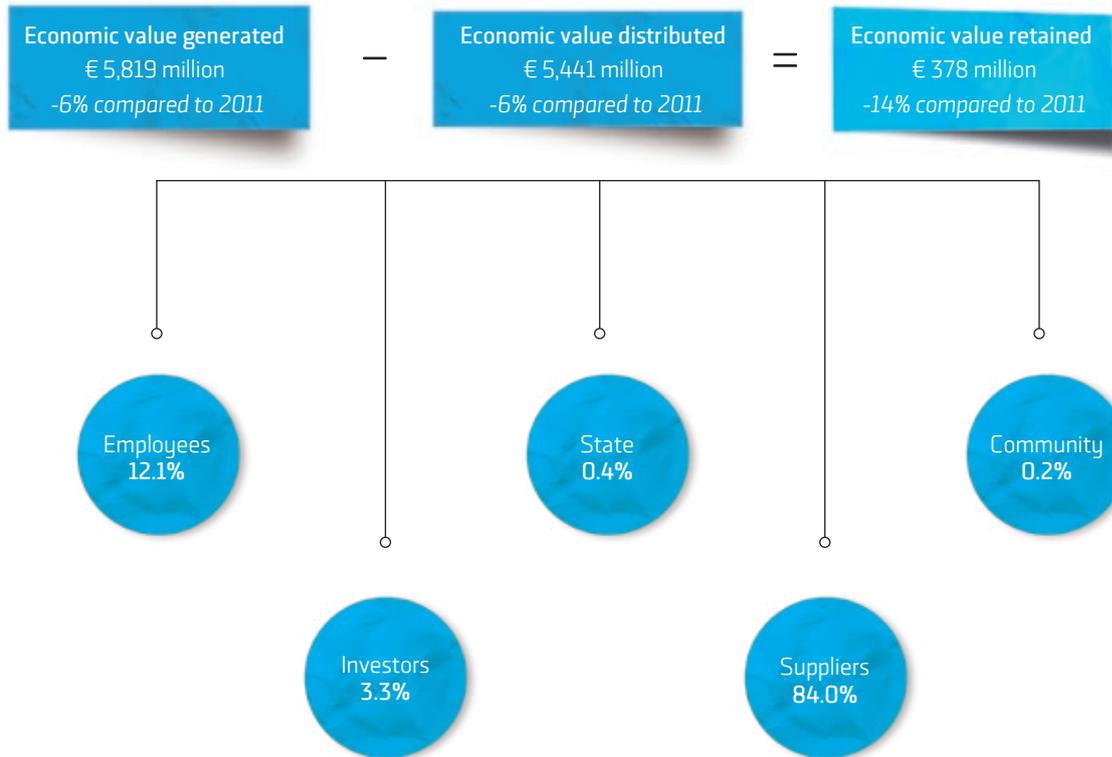
Monetisation of real estate assets

- In the Retail Real Estate business (Sonae RP), there are plans for additional asset sales and leaseback transactions to free up the capital invested in real estate assets so that it can be used to finance growth. However, the current macroeconomic and financial environment has led Sonae to dedicate most of its activity to the generation and preservation of capital, which may have affected its strategy but not its vision of the future.
- Sonae Sierra is committed to the dynamic management of its portfolio, improving capital intelligence and following a low-leverage investment strategy by providing services to third parties and taking up minority interests in new partnerships. It is expected to reduce equity interests and, in some cases, the sale of non-strategic shopping centres in mature markets in order to free up capital to finance its development portfolio in growing markets.

* Vide Glossary

How do we create and distribute economic value?

The economic value generated in 2012 fell by 6% compared to the previous year, reaching € 5,800 million. Of this, € 5,400 million was distributed among the different stakeholders mainly through operating expenses, followed by employee salaries and benefits, payments made to investors and the state and community-related donations and investments. State subsidies received amounted to € 15 million.



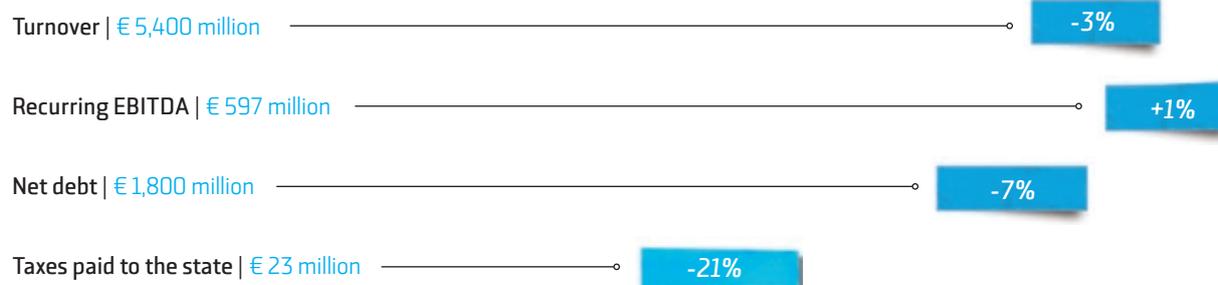
1.2 Principal sustainability indicators

"Sonae is strongly committed to contributing towards a sustainable future by bringing innovation to its businesses and promoting growth to create economic and social value. Although the setting could certainly be more favourable, we stood by our stakeholders and strengthened our bonds with the community. We see Sonae as a long-living company where everyone co-operates on a daily basis so that a growing number of people may benefit from progress and innovation."

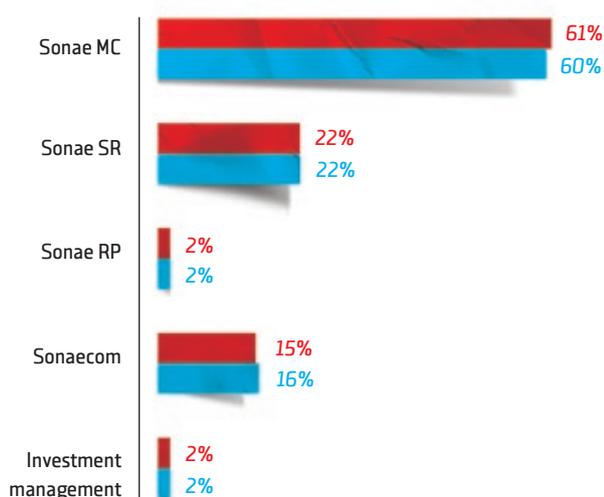
Luis Filipe Reis, Chief Corporate Center Officer

Economic performance²

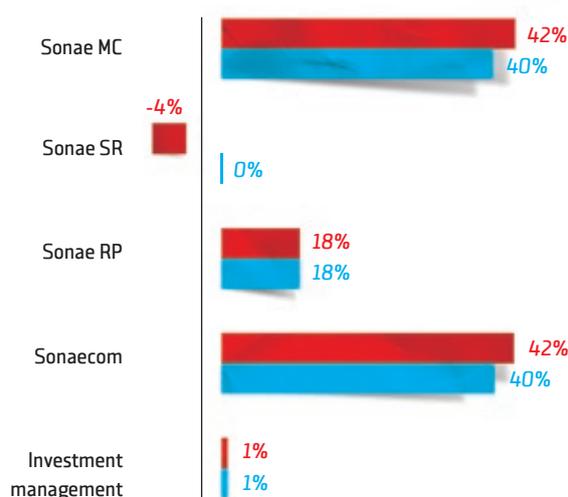
The operating and financial performance achieved by the different business areas in 2012 resulted in a virtually stable consolidated turnover as well as improved operating profitability and cash flow generation.



Contribution of business units to turnover



Contribution of business units to EBITDA

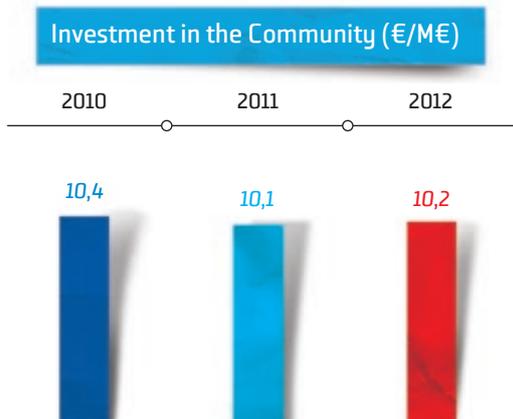
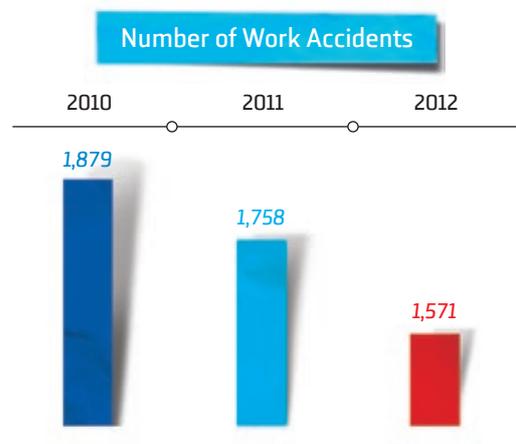
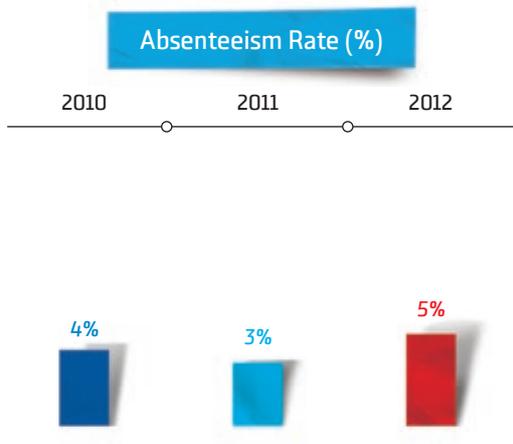
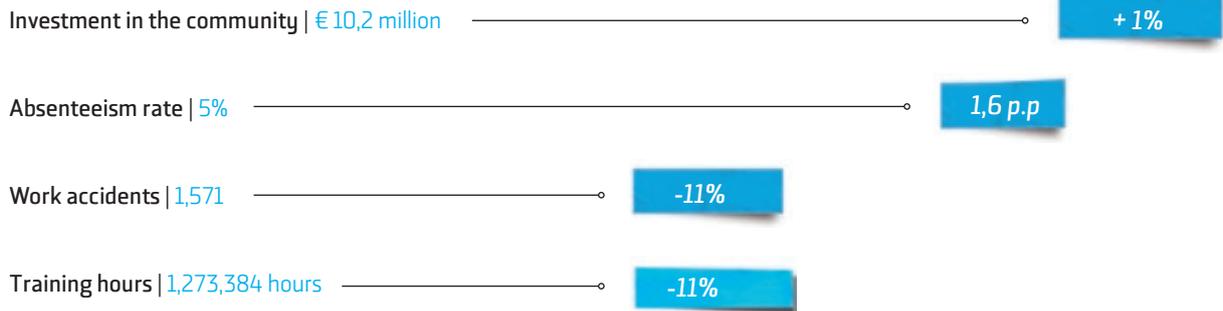


■ 2012 ■ 2011

2. The variation presented here reflects the fact that the 2011 results were restated in order to include (i) the changes to the Sonae Sierra and Geostar consolidation method, currently reported according to the equity method; and (ii) the change implemented by Sonaecom regarding the method used to determine expenses incurred with mandatory contracts.

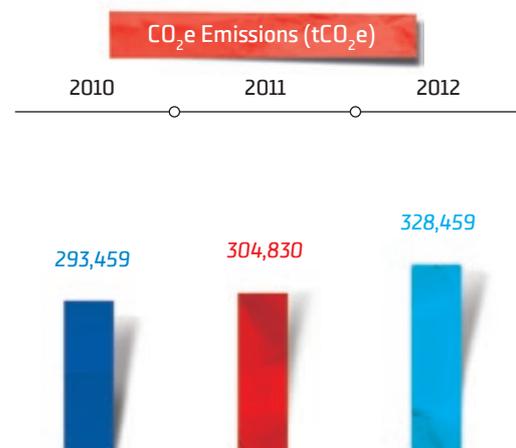
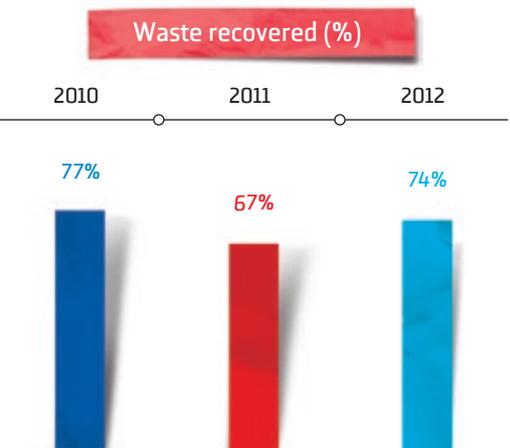
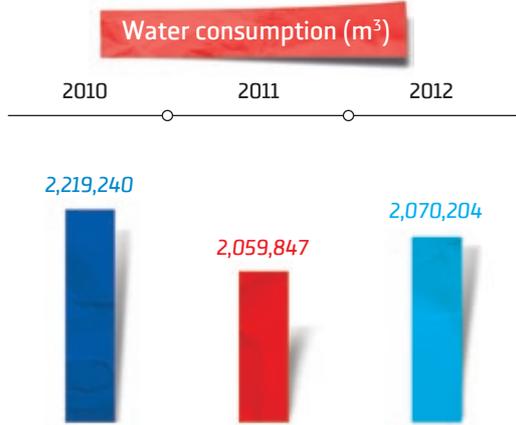
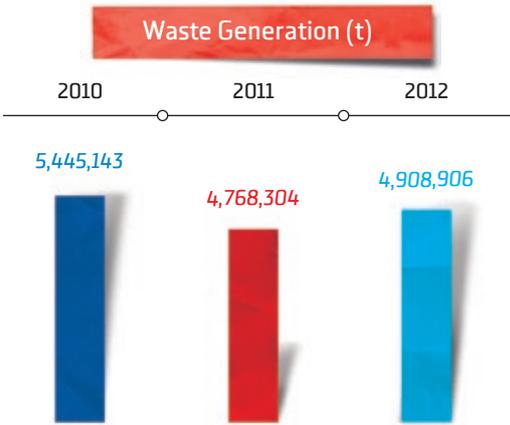
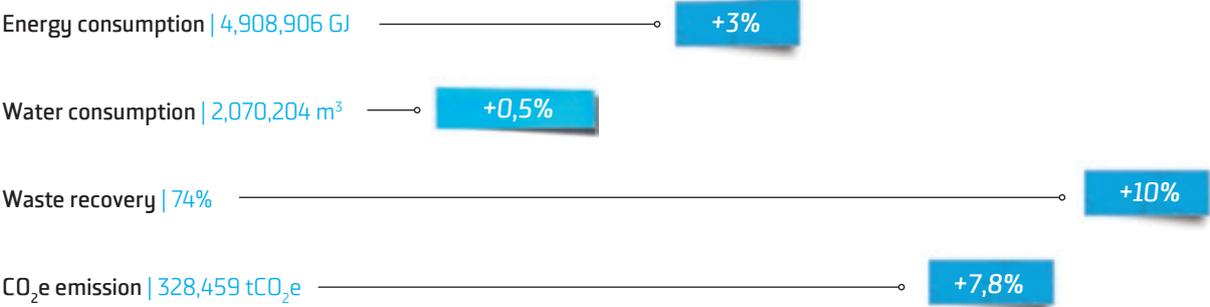
Social performance

People are at the heart of our success. Therefore, we have been committed to improving the quality of training events as well as to implementing best practices regarding safety and health, which allowed us to reduce the number of work accidents over the last few years. We are equally committed to supporting and developing the communities where we perform our business activities, extending our influence to 3,229 institutions that provide support to children, young people and families all over the country.



Environmental performance

In order to minimise the environmental impacts of its activity, Sonae implements best practices in all the Group's companies.



* Vide Glossary

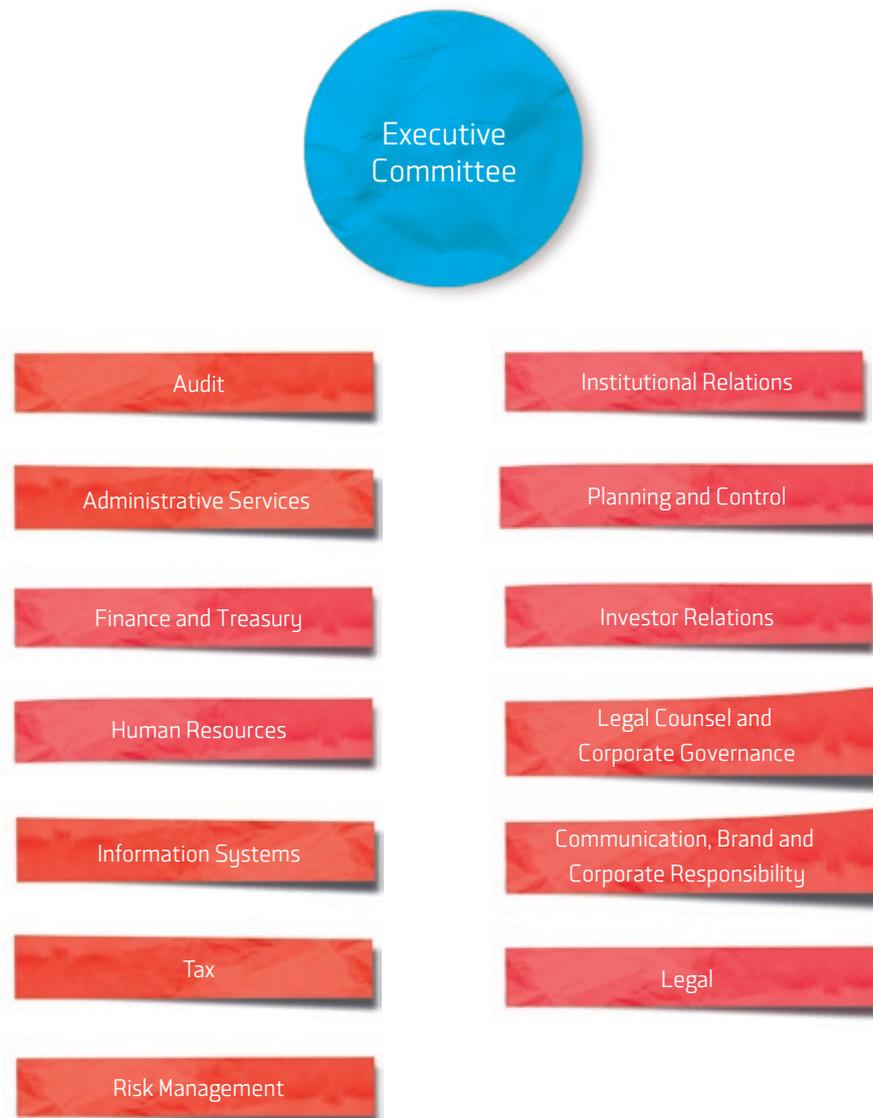
1.3 Governance model

Sonae's Corporate Governance bodies comprise the General Shareholder Meeting, the Board of Directors, Statutory Audit Board and Statutory External Auditor. The members of the governing bodies are elected by the General Shareholder Meeting, which also elects the Officers of the General Meeting and the members Remuneration Committee.

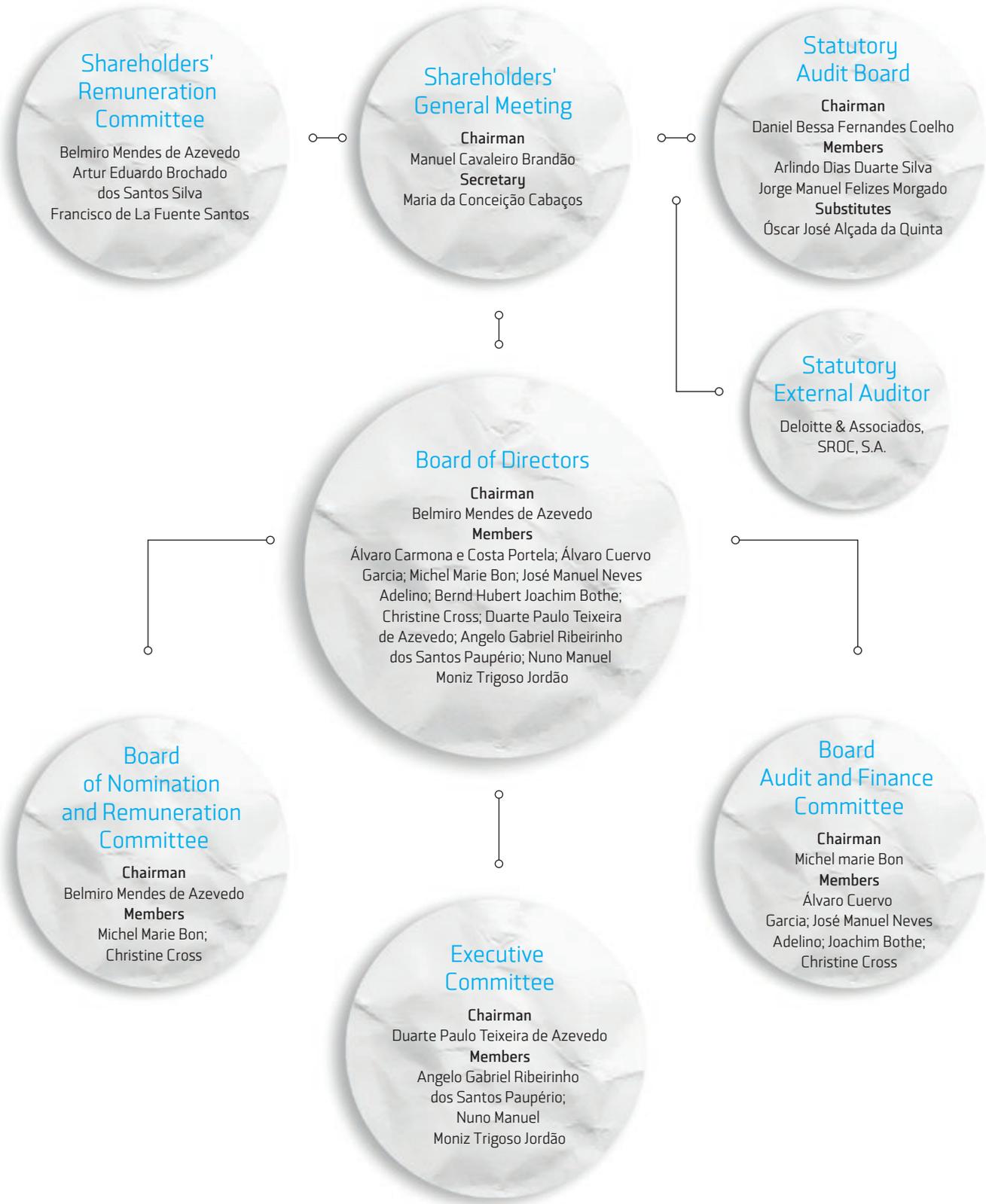
According to the Company's Articles of Association, the Board of Directors delegates the company's day-to-day management to the Executive Committee.

The members of the governing bodies, the Officers of the General Meeting and the Remuneration Committee are elected for a four-year period, after which they may be re-elected.

Sonae's organisational departments report to the Executive Committee, according to the following structure:



Governing bodies



1.4 Risk management

Risk management is a component of our organisational culture and a mainstay of Corporate Governance. It is present in all management processes and is part of the duties of all employees at every organisational level. The purpose of risk management is to create value through the management and control of the opportunities and threats that may affect business objectives and companies from the perspective of business continuity.

Business continuity is particularly important. Over the years, it has led to the creation, implementation and permanent updating of contingency and crisis management plans. These plans take account of the company's main activities to provide timely responses capable of ensuring their resilience.

Risk management is one of the components in Sonae's sustainable development. It contributes to the continuous and sustained development of businesses through greater knowledge and more effective management of the risks and opportunities that may affect the company.

The task of risk management is monitored by the Board of Directors and the Auditing and Finance Committee. It is supported by Risk Management, Internal Audit and Management Planning and Control operations through specialised teams.

Risk management

Its purpose is to support companies in their effort to achieve their objectives through a systematic and structured approach to identifying and managing risks and opportunities.

Internal Audit

Evaluates the efficacy and efficiency of management and control over the risks associated with business processes and information systems.

Management Planning and Control

Promotes and supports the integration of risk management into companies' management planning and control process.

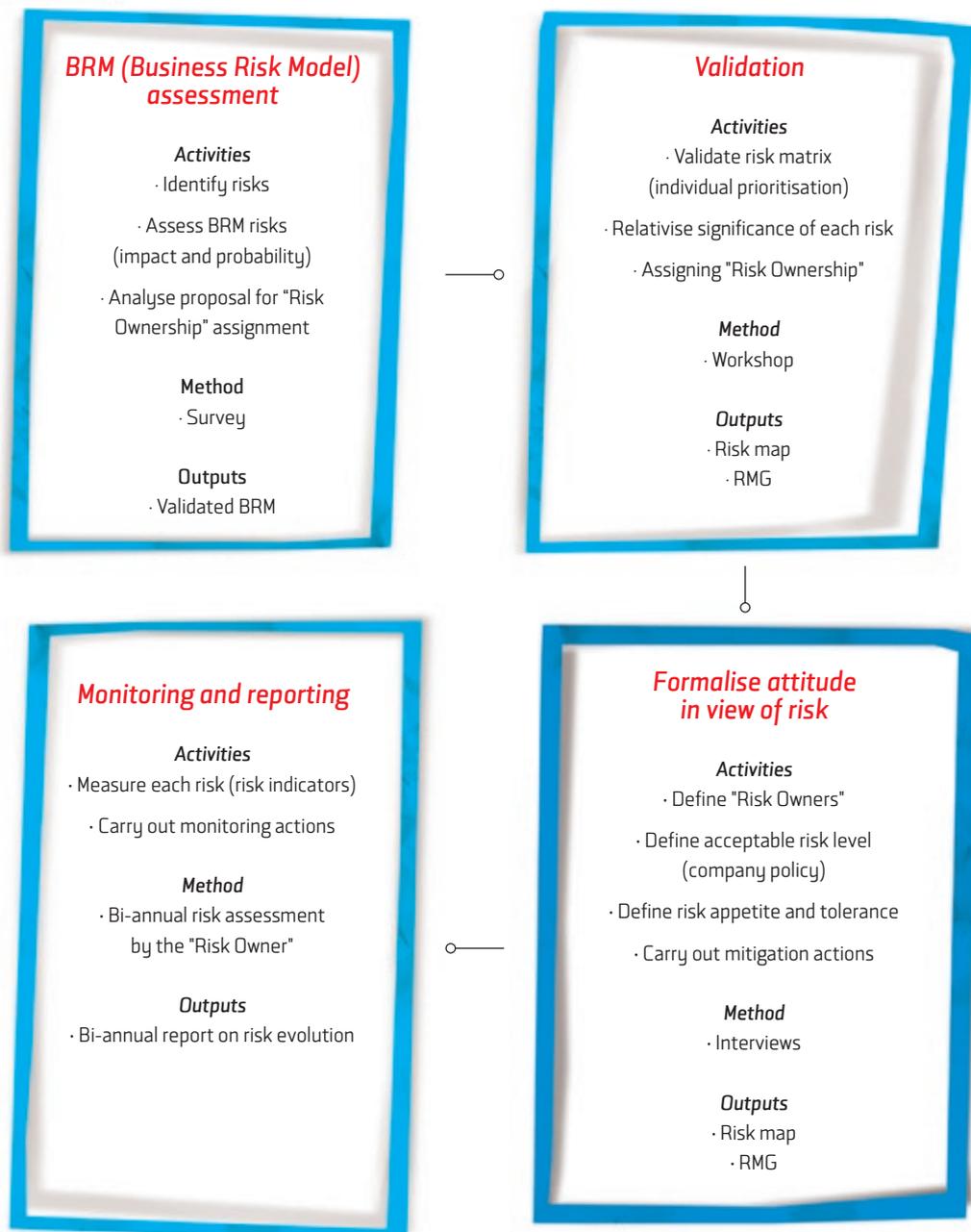
In 2012, the Risk Management Department continued the enterprise-wide risk management (EWRM) processes, including the participation of Risk Monitoring Groups (RMG) composed of members of Sonae MC, Sonae SR and Sonae RP Executive Committees.

Risk management model



* Vide Glossary

Risk management



Risk management activity throughout Sonae is supported by a software tool custom-made for this purpose in 2011 and based on the international standard of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Principal risk management activity milestones in 2012 :

- Crisis management manual for the Meat Processing Centre
- Crisis management manual for *Continente Modelo*
- EWRM *Sonae MC*, *Sonae SR* and *Sonae RP*
- Crisis management manual for *Continente Bom Dia*
- Reinsurance audits 2012/13
- Control risk self-assessment*

* Vide Glossary

Principal activities planned for 2013

- Implementation of EWRM programmes in Sonae MC, Sonae SR and Sonae RP businesses
- Risk management and analysis in structural projects of the different businesses
- Production of crisis management and business continuity manuals for the company's main business units
- Management of the annual insurance plan
- Implementation of the IT Centre's continuity solution

1.5. Internal Auditing

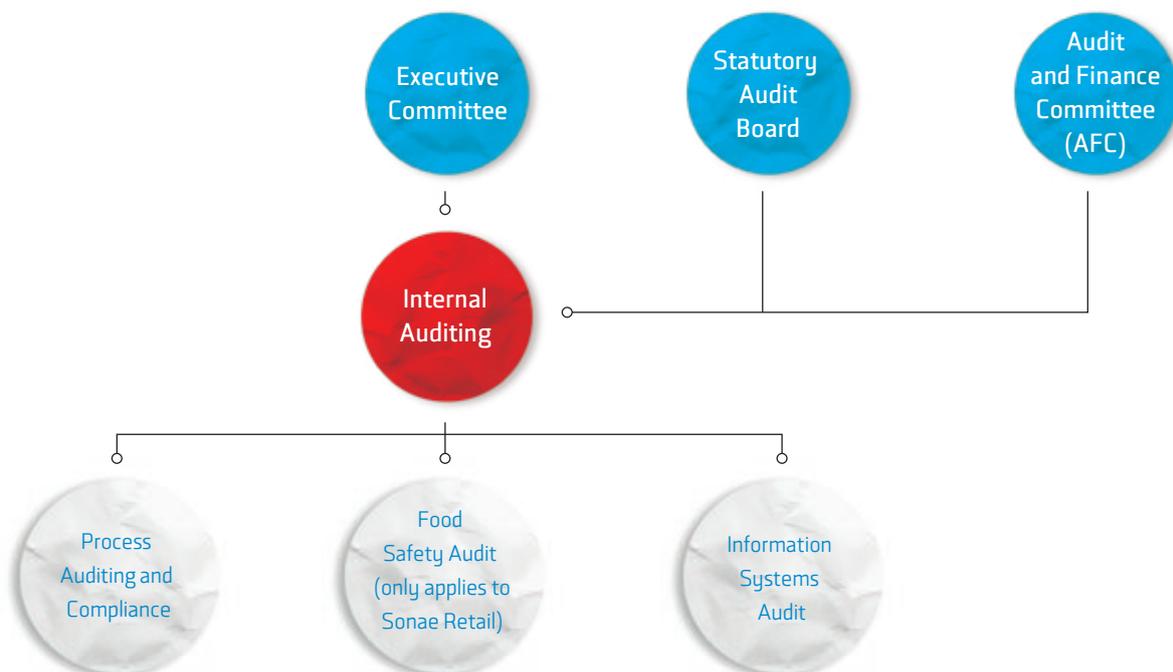
The Internal Auditing Department's mission is to provide an effective contribution towards achieving the company's objectives by auditing the most critical and relevant business processes; compliance with applicable laws and internal procedures; food safety and the systems supporting activities in every business area.

The main inputs for the annual planning of auditing duties are the different businesses' strategic guidelines; the business areas where the risk is greater; critical business processes and instructions provided by different management levels. Therefore, Internal Auditing has evolved towards taking an increasingly active role, providing independent and objective advice and participating in the most relevant processes of the company's different business areas – ensuring that the controls for the main risks associated with each process are implemented from the start.

Organisation of the Internal Auditing Department

The Internal Auditing Department reports regularly to the Statutory Audit Board and the non-statutory Audit and Finance Committee (AFC).

There is one other body dedicated to the co-ordination of the internal auditing of Sonae's companies – the Audit Committee – to which the Internal Auditing department must report on a quarterly basis. The functions of the internal auditing teams are defined under the Internal Audit Charter approved by the companies' executive and supervisory bodies. It consists of independent and objective assurance and consultancy activities performed in accordance with the Institute of Internal Auditors (IIA) guidelines, including the definition of internal audit, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (IIA Standards).



* Vide Glossary

International certification programmes

In 2012, we sponsored employees applying to international certification programmes. In 2013, Sonae will continue to sponsor this important programme dedicated to the training, development and international certification of its auditing staff according to best international practices.

Sonae's Internal Auditing teams have the following certifications:



IIA (Institute of Internal Auditors): CIA (Certified Internal Auditor), CCSA (Certification in Control Self Assessment); CRMA (Certification in Risk Management Assurance)

ISACA (Information Systems and Control Association): CISA (Certified Information Systems Auditor), CISM (Certified Information Security Management) and CRISC (Certified in Risk and Information Systems Control).

Other: CPE (Certified Fraud Examiner), CISSP (Certified Information Systems Security Professional) and CCNA (Cisco Certified Network Associate).

Auditing Academy

We are aware of the importance of continuous training regarding auditing duties and also of the need for certified internal resources with the skills and knowledge required to conduct training events. The academy is based on three main elements:

- Definition of post descriptions
- Portfolio of technical and behavioural skills required for each post
- Training paths adjusted to each post

The Internal Auditing Department for the Retail business comprises 32 employees. Its activity encompasses Sonae MC, Sonae SR, Sonae RP and the Corporate Centre.

Main duties:

- Auditing the most critical and relevant business processes;
- Auditing compliance with applicable law and procedures;
- Auditing information systems;
- Auditing compliance with applicable law and procedures regarding food safety;
- Proposing measures to improve existing controls;
- Monitoring the evolution of risk exposure associated with the audits' main findings;
- Acting as an independent internal advisory body;
- Co-ordinating auditing duties;
- Providing operational support to the Audit Committee.

Principal actions carried out in 2012

Process auditing and compliance

In 2012, there were 450 audits to ensure compliance with applicable law and internal procedures regarding Purchases, Sales, Stockout of Promotional Products and Inventories at *Sonae MC* and *Sonae SR*. These audits seek mainly to minimise risks related to fraud and non-compliance with rules and procedures, reducing financial losses, determining the company's level of control, promoting customer satisfaction and contributing to the protection of the company's image and reputation.

A number of *Sonae MC*, *Sonae SR* and the Corporate Centre's critical processes were also audited to determine the main risks associated with them, potential impacts on the businesses and which controls should be implemented or improved to guarantee the mitigation of such risks. In addition to this, we monitored several key indicators in critical business areas. In 2012, approximately 350 audits were carried out focusing on 30 indicators.

Information systems auditing

During 2012, 14 audits were carried out focusing on the information systems supporting the Retail business' critical processes. These audits sought to identify and correct any vulnerability which could potentially have a negative effect on the business and information security.

Food safety auditing

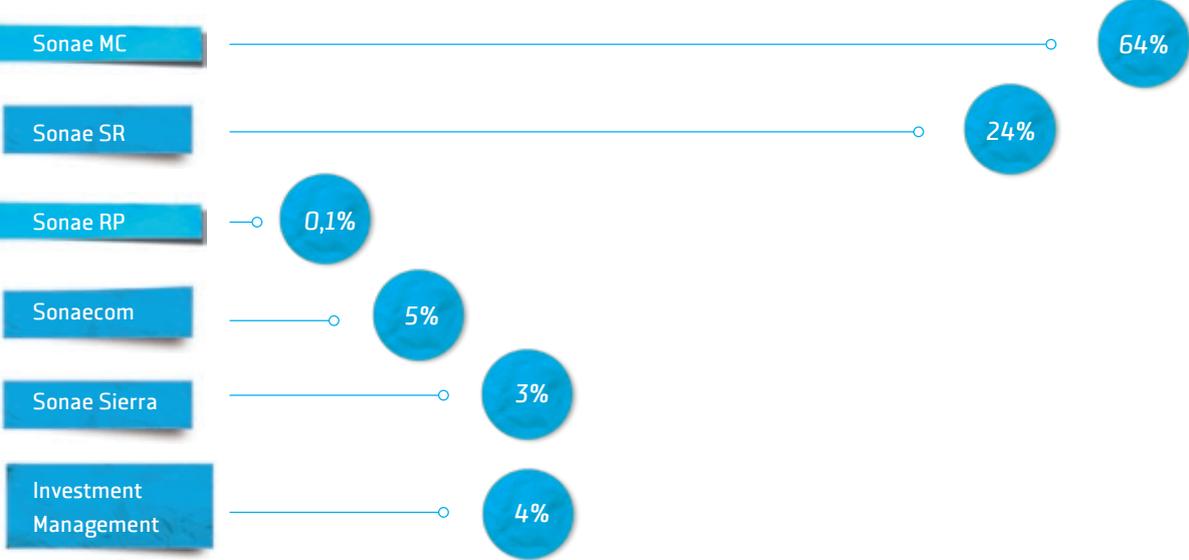
Here, we would like to point out the implementation and consolidation of a food safety auditing programme for shops, cafeterias, warehouses and production centres, focusing on the collation and reporting of the main findings at company level with a view to adopting any corrective measures.

This auditing programme is intended to provide a systematic verification of compliance with applicable law as well as internal food safety regulations. Approximately 400 food safety audits were carried out in 2012.

1.6 Our people

In line with our business strategy, our Human Resources Policy was defined with a view to creating sustainable value and having a significant impact on our people's qualifications and development.

At the end of 2012, we had 39,610 employees working in over 100 different positions. Of these, 66% were women and 53% were less than 35 years old.



What are we like?



Sonae's culture and values are part of an ethical and behavioural legacy that is deeply rooted in our history. The document "À nossa maneira" (our way) put in writing the same principles that we already share and live by within the company. We instill these values in all our employees so that they reflect our conduct, work methods and teamwork as well as our management's leadership. During these times of growth and change, we wish to bring together everything that sets us apart and makes us special to all our people, everywhere.

Our values

- Trust and Integrity
- People at the centre of our success
 - Ambition
 - Innovation
- Social Responsibility
- Frugality and Efficiency
- Co-operation and Independence

Our teams

- Wealth and diversity of our people's individual paths and profiles
- Teamwork as the key to success
 - Innovation and talent
 - Respect
 - Quality and rigour
- Good work environment
- Truthful and transparent relationships

Our management

- Leadership
- Availability
- Commitment
- Constructive
 - Challenge
 - Excellence
- Resoluteness
 - Honesty
 - Courage
- Acknowledgement
 - Open mind
 - Credibility
- Example setting

How we work

- With excellence
- With frankness and clarity
 - With merit
 - With boldness
- With common sense
 - With curiosity
 - With creativity
- By being customer focused
- With a sense of ownership
 - Communicating

In order to promote a good work environment, we regularly monitor our internal social climate looking out for any opportunities for improvement.

How do we manage our people?

Training plays a crucial role in the personal and professional development of our employees. Therefore, we promote diverse and differentiating training programmes in reputable schools based in Portugal and abroad. These programmes are designed to strengthen key management and leadership skills as well as personal and interpersonal skills.

Created in 2004, the Sonae Learning Centre (SLC) is dedicated to the continuous training of senior managers. In 2012, this executive training organisation hosted 104 participants for a total of 7,328 training hours.

"Sonae is an innovative and creative company that seeks to recruit the best among the best. We believe that Portuguese young people have talent and that is why, once again, we will provide the opportunity for some of them to develop their skills at Sonae Companies."
José Côrte-Real, Sonae Director



Sonae's performance management model – Improving Our People – is based on continuous interaction and shared responsibilities between our management and employees, fostering the teams' commitment to their own development. It focuses on merit and the value that our employees add to their duties and the company as a whole, promoting clarity in the objectives set, accuracy of results and forthrightness in recognition.

In addition to Improving Our People, Sonae possesses yet another talent management tool aimed at the company's most senior employees as well as those who show the greatest growth potential - Improving Our People GT (Growth Toolkit). In 2012, this tool covered approximately 40 Senior Executives and 20 employees with great potential. The process was divided into two stages: an initial assessment stage and a second stage based on custom-designed programmes for personal and professional development adjusted to their individual needs, with a duration of two to three years. In 2013, we expect 40 other employees to be included in this process when the development programmes mentioned above are implemented.

The general purpose of our career model is to support Sonae's talent pipeline by striking a balance between our business priorities and our people's professional development expectations.

This model reflects two different management approaches. One focuses on human resources planning requirements while the other addresses the employee as the master of his or her own personal and professional development.

Contacto (Contact) Programme 2012

"With its Contacto (Contact) Programme launched in 1986, Sonae pioneered the introduction of internship programmes for university students in Portugal. Today, we continue to shorten the distance between us and Portuguese universities and their best students. It is very important, particularly in the current setting, to provide opportunities for young people with potential to get in touch with real-life corporate activities, which can stimulate their creativity and ability to innovate, thus enabling them to transition to professional life."

Ana Cristina Fonseca, Sonae Corporate Centre's Human Resources Director

Rede Contacto



Launched in July 2010, Rede Contacto (Contact Network) was the first world network to be developed by a business corporation with the purpose of spotting and recruiting young talent. By strengthening the connection between Sonae companies and their users, it facilitates the brand's communication process and establishes itself as an open innovation channel.

Rede Contacto (Contact Network) was revised in 2012 in an effort to adapt to new channels of communication preferred by the younger generation and to position itself in the channels they currently use. It now has a livelier and cleaner interface with new features, adopting English as the official language. As a result, this platform has become a powerful tool in supporting the international growth strategy of Sonae companies, and currently has over 19,000 users.

www.contactosonae.com

Users | **19,000**

Access from over **65** countries

Participants in Dia Contacto (Contact Day) | **60**

Internships under the Contacto Programme | **20** with **100%** integration

Award – Digital Communication Awards 2012

Dia Contacto (Contact Day)

Dia Contacto (Contact Day) is an annual initiative aimed at the best final-year university students in Portugal selected through Rede Contacto (Contact Network).

The students are offered the opportunity to meet senior management members, getting in touch with Sonae companies' day-to-day, development plans and strategy for the future.

Over 4,000 students have already participated in this annual event. The best of them earn an internship – an opportunity to develop their personal and professional skills and possibly join Sonae in the future.

Call For Solutions Universities

Call For Solutions is an open innovation programme that invites final-year masters students from the best Portuguese universities to participate in an academic internship at Sonae, contributing with ideas and out-of-the-box solutions to challenges posed by the business's activity.

This programme allows us to find opportunities to add value to our businesses and spot young talent while offering opportunities for students to work in a real business context, fostering the development of skills that are crucial at the onset of their professional path.

Over the last three years, this programme has involved approximately 20 managing offices hosting 88 young students from over **10** universities.

Editions | **2**

Challenges | **34**

* Vide Glossary

How do we share knowledge at Sonae?

We hold periodic forums to exchange opinions and knowledge, as well as to promote good practices in all our different businesses, fostering innovation while sharing and adopting these good practices.

Sustainability Forum

- Purpose: To share knowledge regarding sustainability and best practices at Sonae, raising awareness around issues that require synergies and cohesion to deal with the many challenges in this area. This workgroup meets every two months. It includes representatives from all Sonae companies and seeks to provide an active contribution towards the improvement of processes and procedures for the enhancement of our sustainability performance.

FINOV – Innovation Forum

- Purpose: To stimulate and promote at Sonae a culture geared towards innovation with the potential to generate great value.

Planning and Management Control Forum

- Purpose: To promote and discuss the implementation of the best control methodologies throughout the company.

Legal Forum

- Purpose: The exchange of experience and knowledge between legal teams, promoting the discussion of a wide range of crucial legal topics and encouraging a common approach to legal procedures and interpretations.

Marketing and Communication Forum

- Purpose: To coordinate negotiations between media companies and encourage the exchange of best practices in marketing.

Engineering, Construction and Safety Forum

- Purpose: To discuss the implementation of best practices with special emphasis on issues related to safety and health.

Negotiation Forum

- Purpose: To analyse and discuss negotiation strategies, identify opportunities for group negotiation and exchange experience and knowledge.

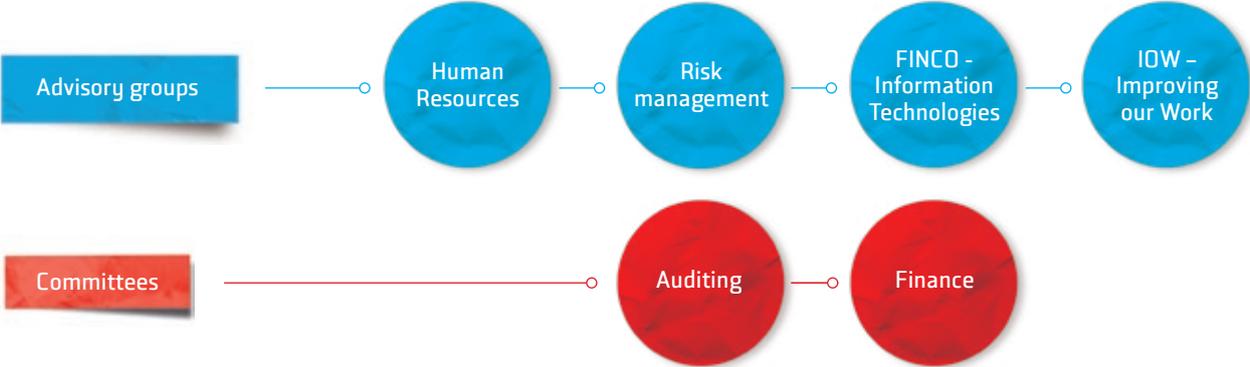
Administration and Finance Forum

- Purpose: Exchanging knowledge and experience in order to promote synergies between administration and finance operations.

E-Commerce Forum

- Purpose: To raise awareness and knowledge regarding e-commerce trends and on-going initiatives at Sonae; ensure the co-ordination of efforts in the development of e-commerce platforms and projects in each company

In addition to these forums, we also count on four consultancy groups. These groups meet frequently to share and co-ordinate information (organisation of internal training), including the continuous review of organisational policies in these fields. There are also two committees that serve as a platform for the exchange of knowledge and experience:



1.7. Supporting our Community

We believe our businesses can contribute to the improvement of the social and cultural well-being of the communities where we operate. Our priority support areas are: education, culture, science and innovation, health and sports, environmental awareness and social solidarity.

As in previous years, the projects carried out by Sonae in 2012 reflect true social concern with community engagement.

Organisations supported | 3,229

Support to the community | € 10,2 million



Sonae Activshare



Sonae Activshare

We launched Sonae Activshare with the aim of strengthening Sonae's values, particularly with regard to social responsibility. This programme sets out to streamline Sonae's social responsibility actions as well as volunteering initiatives organised by the Corporate Centre for all our employees.

Sonae's Activshare microsite provides a streamlined and permanent communication channel for social responsibility and volunteering activities. Employees are kept permanently up to date with the different on-going initiatives: what they involve, what their objectives are and how to join them. Employees can also see news reports and photo galleries of events, leave comments or read what their co-workers had to say.

Sonae Activshare was launched in 2012 and it will implement a pilot project with four third sector organisations during the first quarter of 2013:



During the pilot stage, actions will focus mainly on two areas:

- **Skills Volunteering:** The goal is to take advantage of our employees' skills and use them to provide third sector organisations with tools in the areas they need the most. With the help of our Human Resources management, each of the four third sector organisations will have a training plan adjusted to their individual needs.
- **Volunteering activities/Team-building:** Actions that encourage team-building among workgroups and motivate employees to adopt socially responsible practices through experiences in the field.

Volunteering

"Sonae's social mission involves fostering a culture of co-operation with the community, contributing to its development. Volunteer work brings benefits to the targeted communities but also provides our employees with life experiences that can be enriching both personally and professionally. Therefore, we will continue to promote a culture of active participation in society, encouraging and developing new volunteering initiatives."

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

Once again, Sonae confirmed its commitment to the community by involving employees in volunteering activities in 2012. A number of institutions received our support: Agrupamento de Escolas do Cerco, Acreditar, Fundação Gil, Associação Sol, the Portuguese Red Cross, AMI, Aldeias SOS, Casa do Caminho, Doctors of the World, Associação Lavoisier, Associação Humanidades and Banco Alimentar Contra a Fome, among many others.

Activities performed

300

Employees involved

2,791

Entities supported

180

Total hours spent

10,480

Culture**Sonae Serralves Project**

PROJETO
SONAE//
SERRALVES

The second edition of the Sonae/Serralves Project took place in 2012. A Portuguese artist and a foreign artist were invited to live and work in Porto and were provided with everything they needed to produce new works, which would later be exhibited.

In this edition, the two selected artists occupied areas within the Serralves Museum of Contemporary Art with interventions designed specifically for each space. The exhibited works portray the artists' perspectives and living experiences of Porto, specifically regarding their interaction with the city and its people.

One of the goals of this project is to promote networking, encouraging contact between Portuguese and international artists.

Artists selected for the 2nd edition of the Sonae/Serralves Project:

- Patrícia Dauder (Barcelona, 1973)
- Carlos Bunga (Porto, 1975)

Casa da Música

We continued to support Casa da Música in 2012. Our support serves to spread culture and stimulate creativity and innovation through significant cultural events that enable enriching personal development experiences.

Education and entrepreneurship

Junior Achievement Portugal

We maintained our partnership with Junior Achievement Portugal (JAP) for the sixth consecutive year. JAP is a non-profit association whose goal is to bring programmes to school which encourage children and young people to develop an interest in entrepreneurship, stimulating their personal development, giving them a clear perspective of the business world and facilitating their access to the job market.

The educational programmes are put into practice through partnerships with schools and volunteers who share their knowledge and experience with students.

During the 2011/2012 academic year, **203** employees donated a total of **1,534** hours of volunteer work and reached **3,000** students at **100** Portuguese schools.

Sonae distinguished with Junior Achievement Portugal "Company of the Year" award

For the third consecutive year, Sonae won Junior Achievement Portugal "Company of the Year" award in 2011-2012. It earned this award for being the partner company that involved the highest number of volunteers in programmes promoting education and entrepreneurship among young people in schools all over the country.

Innovation Challenge

In 2012, Sonae and Junior Achievement Portugal launched the second edition of Innovation Challenge, an initiative that aims to stimulate knowledge and entrepreneurship among young people. The method involves creative processes and problem-solving, simulating day-to-day experiences in a work environment. This year, a business challenge was put to 100 students from five schools in Porto.

With the assistance of a teacher and a number of Sonae volunteers with skills in areas such as Finance, Marketing, Communication and Sales & Operations, the student teams was given approximately 12 hours to develop and present a solution to the challenge "Define a creative and original sales campaign for one or more products sold at Sonae stores".

Participants in the second edition of Innovation Challenge:

- Between 15 and 18 years old
- Attending professional courses and schools
- Attending the 10th and 11th grades

Porto de Futuro



Sonae is one of the companies participating in the Porto de Futuro project. Porto Town Hall's Knowledge and Social Cohesion office challenged the city's business community to provide support in the management and development of the region's 17 school clusters.

It was under this partnership that, in 2012, Sonae initiated a joint process of strategic reflection with Agrupamento de Escolas do Certo, Cerco's school cluster. This process sought to assess opportunities to improve the Sonae/Agrupamento de Escolas do Cerco partnership, helping this school cluster to overcome problems related to poor academic results and low engagement by the students' parents.

1.8 Our stakeholders

We acknowledge the crucial role played by our stakeholders in the success of our business. To relate and communicate with all of them, we have implemented dedicated communication channels that will allow us to address their expectations and concerns.

We conduct regular surveys with stakeholders regarding sustainability for each business area. In 2012, we conducted a survey addressing sustainability in the Retail business. The results of this survey are shown in chapter 2. Retail – Sustainability Strategy.

How do we communicate with our stakeholders?

Customers	<ul style="list-style-type: none"> · Websites · Suggestions and complaints system · Sonae ombudsman · Surveys 	Regulatory and government agencies	<ul style="list-style-type: none"> · Participation in a number of sector-specific associations
Employees	<ul style="list-style-type: none"> · Social climate research · Internet news · Internal publications · Sonae ombudsman · Knowledge exchange forums · Surveys 	Community	<ul style="list-style-type: none"> · Partnerships with relevant institutions · Community engagement projects · Surveys
Investors	<ul style="list-style-type: none"> · General meetings · Quarterly financial reports · Surveys · Specific questionnaires 	Media	<ul style="list-style-type: none"> · Conferences · Interviews · Specific questionnaires
Suppliers	<ul style="list-style-type: none"> · Supplier portals · Visits and audits · Reciprocal training · Surveys · Performance evaluation 	Tenants*	<ul style="list-style-type: none"> · Written communications · Meetings · Training · Surveys
		Visitors*	<ul style="list-style-type: none"> · Websites · Suggestions and complaints systems · Sierra ombudsman · Surveys

*Specific shopping centre stakeholders

Listening and understanding our customers is a priority for Sonae. We are attuned to and focused on the satisfaction of their needs and demands, always trying to anticipate their expectations and develop innovative solutions.

Suggestions and complaints management system

Worten

Certification of the Iberian complaints management system

Food Retail

In 2012, the Food Retail business retained the international certification (NP EN 10002:2007) of its complaints management system.

The Suggestions and Complaints Management Policy describes the following objectives for this system:

- Achieve consumer satisfaction at the time they express their dissatisfaction and share their suggestions;
- Ensure that the suggestions and complaints management system is developed with permanent concern for the fulfilment of all requirements and careful procedures;
- Ensure a highly professional organisation that improves the overall quality of services on offer, achieving greater productivity for the company and increasing employee satisfaction during the performance of their duties;
- Get closer to customers to establish relationships based on trust;
- Comply strictly with applicable regulations in all our fields of activity.

Sonae ombudsman

The duty of the Sonae ombudsman is to follow up on customer complaints or suggestions.

The ombudsman is available to all employees, customers, suppliers and the general public, providing a response to any contact regarding all Sonae's business areas (*Sonae MC*, *Sonae SR*, *Sonae RP*, Investment Management, *Sonae Sierra*, *Sonacom*) or *Sonae Indústria* and *Sonae Capital*. The ombudsman is also responsible for all follow-up answers.

The ombudsman reports directly to the Chairman of Sonae's Board of Directors.

provedoria@sonae.pt

Customer satisfaction

We conducted several customer satisfaction research surveys focusing on different themes (e.g. image, product quality, customer service) according to different assessment methodologies (e.g. quarterly reports, mystery consumers, online panels). The results of these surveys are analysed individually in order to improve our products and services and ensure the best possible response to our customers needs.





A GREATER WORLD TO PROGRESS

SONAE

IMPROVING LIFE

RETAIL

"Sonae MC increased the efficiency of its operations in 2012, enhancing profitability and permitting us to reward families with unprecedented discounts. Our effort to support Portuguese families during these difficult times was acknowledged by consumers, who contributed to the consolidation of Continente's leading position in the Portuguese food retail sector."

Luís Moutinho, Sonae MC CEO

"Despite the challenging context, Sonae SR kept the promise it made to its customers by delivering quality products with design at an attractive price point. With regard to strategy, we remain committed to internationalisation as a foundation for sustainable growth, offering innovative products and adopting new models to foster the growth of our brands in international markets. This strategic approach not only enables Sonae to diversify its revenue sources by penetrating highly dynamic markets, but has also had an impact on the Portuguese economy: Sonae concentrates added value and its investment in manufacturing and developing products benefits a vast network of partners, several of them based in Portugal."

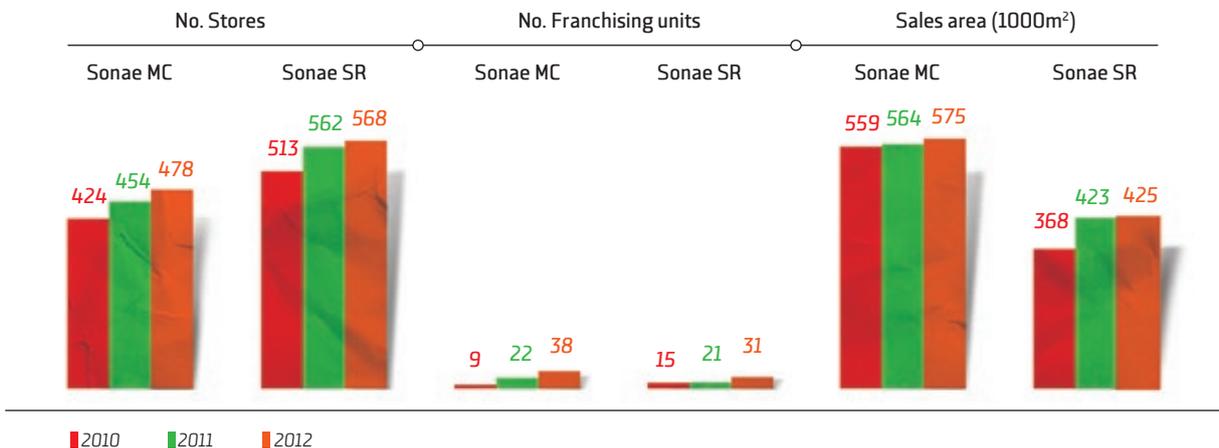
Miguel Mota Freitas, Sonae SR CEO

2.1 Background

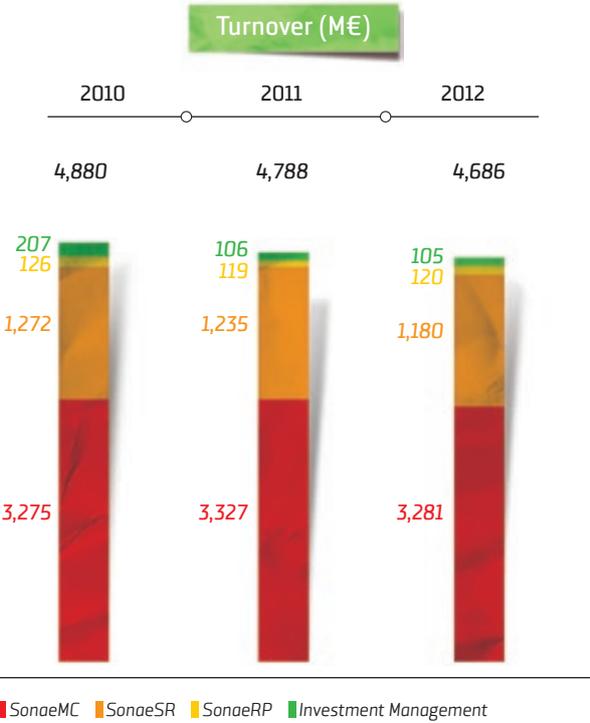
Sonae MC, our food retail business unit, strengthened its position in the Portuguese retail food market during 2012, with its turnover growing well above the market average. As one of the most trusted brands in Portugal, Continente continued to develop and improve its value proposition with the widest range of products at the best prices. It is worth noting that purchases made using the Continente loyalty card accounted for approximately 90% of annual sales.

Sonae SR is our specialist retail unit, operating in the electronics, sports products and clothing markets. It has adapted its operating strategy to cope with the significant drop in consumption in the Iberian peninsula. Sonae SR continued to consolidate its market share in the peninsula, with particular emphasis on the consumer electronics segment (Worten), regarding which the company cemented its leadership in the Portuguese market.

Number of stores, franchising units and sales area



In 2012, the Retail business increased the number of stores by 30 (+3%), corresponding to a total sales area of approximately 1,000,000 m², reinforcing our position as leaders in Food Retail and Specialist Retail in Portugal.



As for Sonae MC, the contribution of its own-brand portfolio and initial entry prices continued to increase, and currently stands at around 31% of turnover in the fast moving consumer goods (FMCG)* categories.

Combined sales from the retail business units – *Sonae MC* and *Sonae SR* – decreased by 2% to € 4,461 million.

Sonae SR's turnover reached € 1,180 million, with a noteworthy 5.8% increase in sales in international markets. Sales outside Portugal account for over 28% of total *Sonae SR* sales, an increase of 3% compared to 2011.

Sonae MC succeeded in increasing its market share during 2012 and remains the leader in terms of brand awareness; *Continente* has been considered the most trusted Portuguese food retailer for the past 10 years.

2.2 Sustainability strategy

2012 marked the opening of a new chapter for Sonae's Retail business, with the redefinition of our sustainability strategy regarding commitments, plans and initiatives for the 2013-2015 triennium – **Our Way to a Sustainable Life**.

During the course of the year, several initiatives took place regarding research, benchmarking and analysis and stakeholder surveys, for the purposes of identifying relevant sustainability issues and opportunities for improvement. Six priority areas were identified and later organised into three main clusters:



* Vide Glossary

Our Way to a Sustainable Life

Better Purpose

Strategy

- Responsible offer and informed choice
- Responsibility in own-brand products
- Contribution to sustainable fishing
- Increase sharing and promote social well-being

Commitments

- Promote the adoption of healthy lifestyles and keep Sonae's customers informed, providing them with the knowledge they need to make responsible, nutritionally balanced choices
- Endeavour to promote social well-being in the communities where Sonae is present, so contributing towards citizenship and social cohesion

Better Planet

Strategy

- Efficient management of environmental impact
- Sonae's footprint
- Environmental Impact of packaging

Commitments

- Focus on permanent improvement in order to attain top environmental performance, not only as a differentiating factor but as a basic condition for the sustainable development of Sonae's business

Better People

Strategy

- Development of human capital
- Wellbeing and internal satisfaction
- Responsibility in the supply chain

Commitments

- Promote well-being and invest in the development of employees' skills and abilities, continuously enriching Sonae's culture
- Integrate sustainability into the supply chain and align supplier practices with Sonae's policies

What did we do?

Stakeholder survey results

We performed our annual stakeholder survey in 2012. It involved a sample of 183 strategic Retail stakeholders.

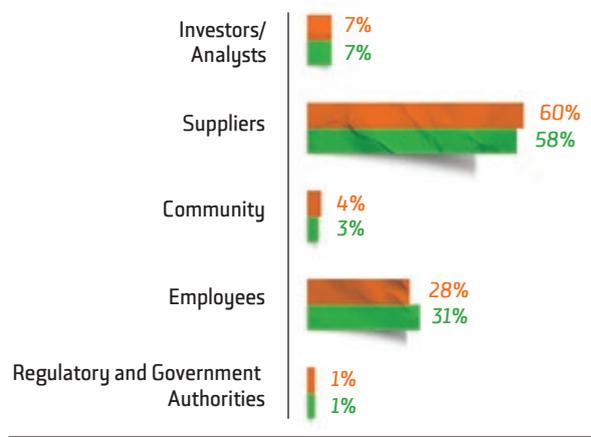
This survey sought to identify their expectations, the main sustainability issues and related improvement opportunities. We used this information to define the strategy **Our Way to a Sustainable Life**.

We obtained 106 replies from the survey, corresponding to a 58% response rate, a 6p.p increase compared to the 2011 survey.

In 2012, we increased the size of the employees and suppliers groups in relation to the sample used in the previous survey, but followed the same methodology — questionnaires divided into four sections and conducted by phone and through the online platform.

In line with best international practices, the stakeholder survey process will be carried out every two years.

Sample distribution



■ Survey 2012 ■ Survey 2011

- Sonae's history of above market average economic and financial performance
- Sonae is an innovative company
- Sonae's activities as a whole represent a positive contribution to society
- Sonae manufactures quality products, which meet consumer needs

Main findings

In general, stakeholders consider the information disclosed in the previous sustainability report as very relevant. Clarity and transparency were the criteria most successfully met in the report.

The issues that the largest number of stakeholders thought most relevant were: management of customer relations; forms of stakeholder engagement, human capital development; ethics and conduct /anti-corruption practices and human rights; and environmental policy/environmental management systems.



Most of the stakeholders surveyed believe that Sonae has a clear vision about economic, environmental and social responsibilities.

In general, as regards Reputation and Image, stakeholders consider our performance to be Good, in keeping with the trend shown in the 2011 survey.

2.3 Better Purpose

Sonae has made important commitments to its customers by investing in healthy products and lifestyles; as well as to the local community by promoting citizenship and social cohesion.

	Commitments for 2012	What we did in 2012	
Customers	<ul style="list-style-type: none"> · Implementing sensory analysis with the purpose of fostering, monitoring and guaranteeing top quality Continente products during its life cycle and endeavouring to tailor them to each customer's needs. 	<ul style="list-style-type: none"> · With the help of an internal sensory panel, 922 sensory tests were carried out involving employees working in the central facilities, stores, warehouses and administration. · We carried out 17,000 internal sensory tests (employees at Carnaxide, School Perishables and Warehouses) on Continente brand products. · For the purpose of divulging the Continente brand, and involving external customers, we used mobile sensory analysis labs: Minilab (Continente stores) and Sensebus (Continente Modelo stores), including around 9,100 Customers from Continente stores. · We collected around 29,000 assessments on Continente products. 	
	<ul style="list-style-type: none"> · Continue promoting healthy lifestyles, supplying more and better information and taking action within the community. 	<ul style="list-style-type: none"> · We continuously encourage the Portuguese to adopt healthier lifestyles, in line with the eight commitments of the Hiper Saudável (Hyper Healthy) Movement. The presence of nutritionists in Continente Stores has been an important contribution to this educational effort, because customers make important choices about their own and their families' nutrition while shopping. Over 25,500 customers have received advice. · We carried out 28 activities involving 584 employees in stores, central facilities, warehouses and manufacturing centres under the theme "The importance of knowing how to choose". 	
	<ul style="list-style-type: none"> · Continue to offer a wide range of products with optimised nutritional profiles and fit for various nutritional needs. 	<ul style="list-style-type: none"> · The nutritional profile optimisation continued during 2012 and further reductions were made in the content of fat, sugar, etc., adding to the changes already made in 2011. 	
Community	<ul style="list-style-type: none"> · Follow up on projects that provide positive social impacts on the community, in the areas of health, education, environment and entertainment. 	<ul style="list-style-type: none"> · We continued to foster activities with a positive social impact on the community with projects like Missão Sorriso (Smile Mission), Equipa Worten Equipa (Team Worten Team), Corridas Sportzone (Sportzone Races) and the Nós (Us) campaign. Several new projects in these support areas were also implemented. 	
	<ul style="list-style-type: none"> · Encourage our employees to engage in volunteer work activities. 	<ul style="list-style-type: none"> · We created the Sonae Corporate Social Responsibility and Volunteering Activshare programme. During 2012, Sonae's employees dedicated around 10,500 hours to volunteer work. 	



Responsible offer and informed choice

One of Sonae's chief concerns is to offer a wide range of responsible products, as well as supplying its customers with all the information they need to make sustainable and responsible choices. Accordingly, Sonae has implemented a set of educational initiatives that encourage the adoption of healthier lifestyles and provide information to consumers about nutritionally balanced choices.

Furthermore, Sonae has optimised the nutritional profile of products offered in several *Continente* Brand product categories, by reducing amounts of fat, saturated fat, salt and sugar, displaying nutritional information clearly on product labels.

Reductions carried out in 2012

- 8 tons of sugar in a variety yoghurts
- 1.7 tons of fat and 75 tons of saturated fat in the toast range of products
- Replacement of palm oil by olive oil in the bread snacks range
- Fat decreased by 172 tons and hydrogenated fat eliminated from both the fruit toffee and milk toffee ranges

Sonae's product label system – **Nutrition Traffic Lights** – provides simplified information to the consumer regarding the nutritional properties of *Continente* brand food products. In order to extend the applicability of this system, we have offered a conversion card with reference values for the nutrients included in the Nutrition Traffic Lights, allowing customers to compare them with other products available at the store.

Nutrition Traffic Lights

Nutrition Traffic Lights is a system of nutritional information *Continente* has voluntarily decided to apply to its own-brand food products. This system associates a three-colour code, similar to a traffic light, with the recommended daily intake (RDI) percentage of four specific nutrients: fat, saturated fat, sugar and salt, per amount of food.

Why the traffic light?

- It makes product labels easier to understand by customers.
- It promotes balanced nutrition through labelling.

How did it appear?

It was developed by an independent organisation, the Food Standards Agency – FSA (UK) – for the purpose of helping consumers to make healthier nutritional choices.

Why fat, saturated fat, sugar and salt?

Because an excessive intake of these nutrients is scientifically proven to increase the risk of developing several non-transmissible chronic diseases, such as: cancer, heart disease, obesity and type 2 diabetes, among others.

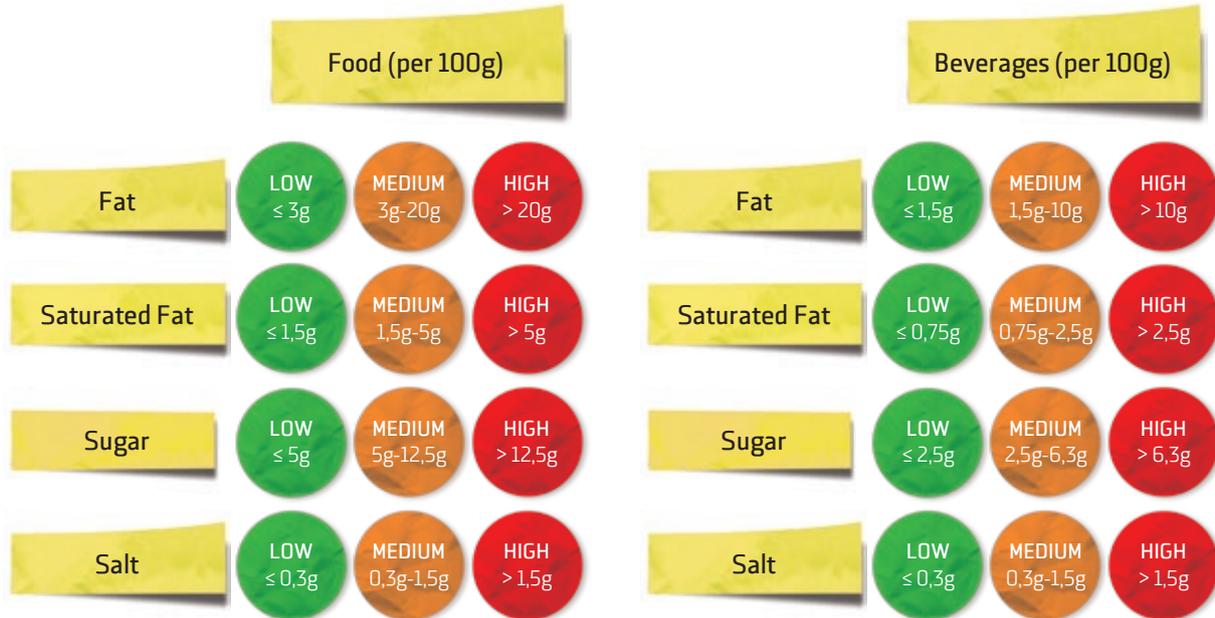
What do the colours mean?

- **Green:** low levels of this nutrient in the product.
- **Orange:** medium levels of this nutrient in the product.
- **Red:** high levels of this nutrient in the product.

Calories are always depicted in grey and have no specific nutritional significance.

What is DRV?

Daily reference value (DRV) is a guide that helps the consumer ingest the adequate daily amounts of nutrients and energy (calories) according to sex, age and level of physical activity, among other factors



Hiper Saudável (Hyper Healthy) Movement

Commitments for a HYPER HEALTHY life

1. Eat breakfast every day
2. Eat five portions of fruit/vegetables a day
3. Eat frequently, every 3½ hours or less
4. Always read the labels of products you purchase
5. Exercise three times a week
6. Drink plenty of water
7. Plan your meals on a weekly basis
8. Cook your food using less salt, fat and sugar

<http://movimentohipersaudavel.continente.pt>

The *Hiper Saudável* (Hyper Healthy) Movement was introduced by Sonae in October 2011, an initiative whose twofold purpose is to improve the eating habits of Portuguese families and encourage them to adopt a more active lifestyle. This project continued during 2012 and new initiatives were developed, namely:

In-store nutritional advice

The presence of nutritionists in Continente Stores represented a significant contribution to this advice service, because customers make important choices about their own and their families' nutrition while shopping. Over 25,500 customers have received advice.

Awareness activities

Since the project began, over 400 activities were carried out involving over 10,000 participants: pre-school children, youths, university students, adults, senior citizens and people with special needs. These activities also make reference to our major campaigns such as the Nutrition Traffic Light and Prova dos 5 (The 5 Criteria Test), depending on the target audience.

Workshops

Several workshops were carried out some in-store, under these themes:

- Healthy nutrition
- Healthy cooking
- Gluten free desserts for coeliac children
- Child and youth nutrition

Increased product information available on the nutrition microsite

Increased number of educational eBooks and a Nutrition Traffic Lights calculator. The consumer is now able to access our website and calculate Nutrition Traffic Lights for products that don't already have them. This procedure allows the customer to compare products with and without the traffic lights.

Articles for the Magazine publication

We continued to issue monthly articles on healthy nutrition for the Magazine publication.

Revising of all educational materials in paper format

All guides and leaflets were redesigned and now include the new Hyper Healthy Movement image; additionally, all contents was revised and updated.

Fourth edition of the Hyper Healthy Fortnight

In October 2012, celebrating world nutrition day, we promoted the fourth edition of the Hyper Healthy Fortnight in Continente stores across the country. In addition to promoting healthy nutrition, the importance of regular physical exercise was demonstrated by installing elliptical bikes in the store and encouraging customers to complete a 1 Km workout as quickly as possible. Focusing on children, several schools were invited to our stores where we had the opportunity to organise several educational games. Nutrition advice and health screenings were also offered.

Partnerships established within the scope of healthy nutrition

Sonae established partnerships with several entities to promote healthy nutrition, contributing to Hyper Healthy Movement's success:

Portuguese Cardiology Foundation | Portuguese Coeliac Association| Portuguese Hypertension Society | Portuguese Society for the Study of Health at School | Portuguese Directorate-General for Health/Platform against Obesity| Portuguese Nutritionists' Association| Faculty of Biotechnology of the Catholic University| Faculty of Human Motricity| Egas Moniz Higher Institute of Health Sciences | Atlântica University| Fernando Pessoa University

Responsibility for own-brand products

Sonae continues to develop different own-brand product ranges in the food and non-food retail sectors.

In 2012, the MYLABEL range was extended, reaching a total of 246 products by the end of the year. The objective was to make the brand more modern, up-to-date and appealing by introducing new and innovative product ranges such as sunscreens and the MYLABEL makeup range.

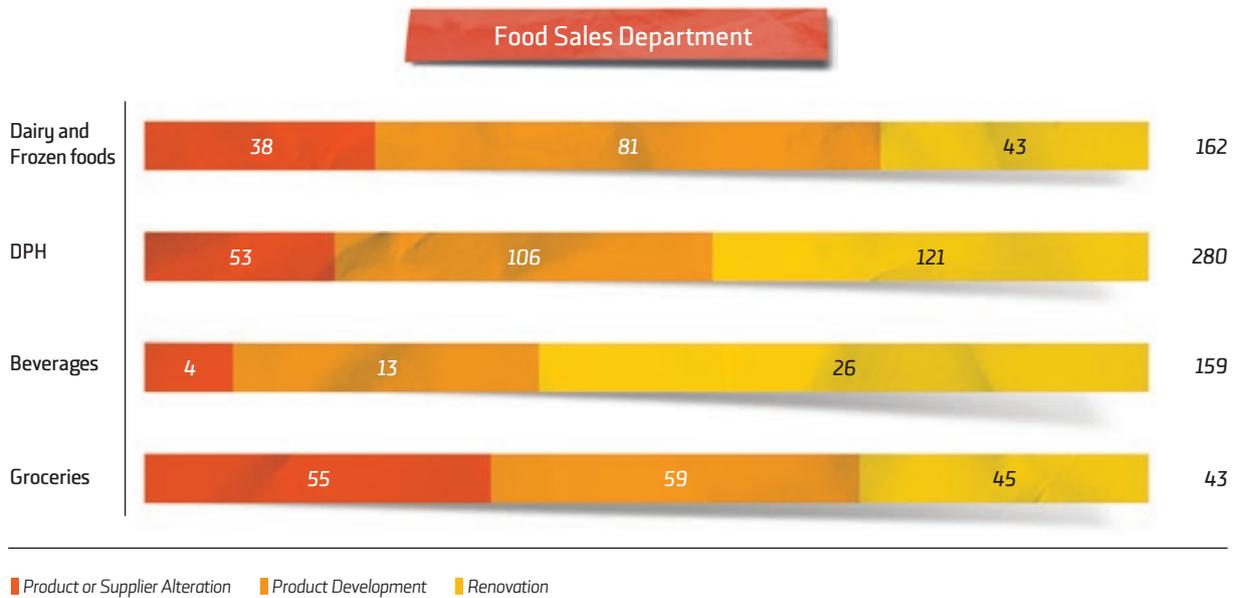
The initial entry price brand *É Continente* was kept to help Portuguese families manage their budgets with trustworthy, low-cost products.

Own-brand related activities in 2012

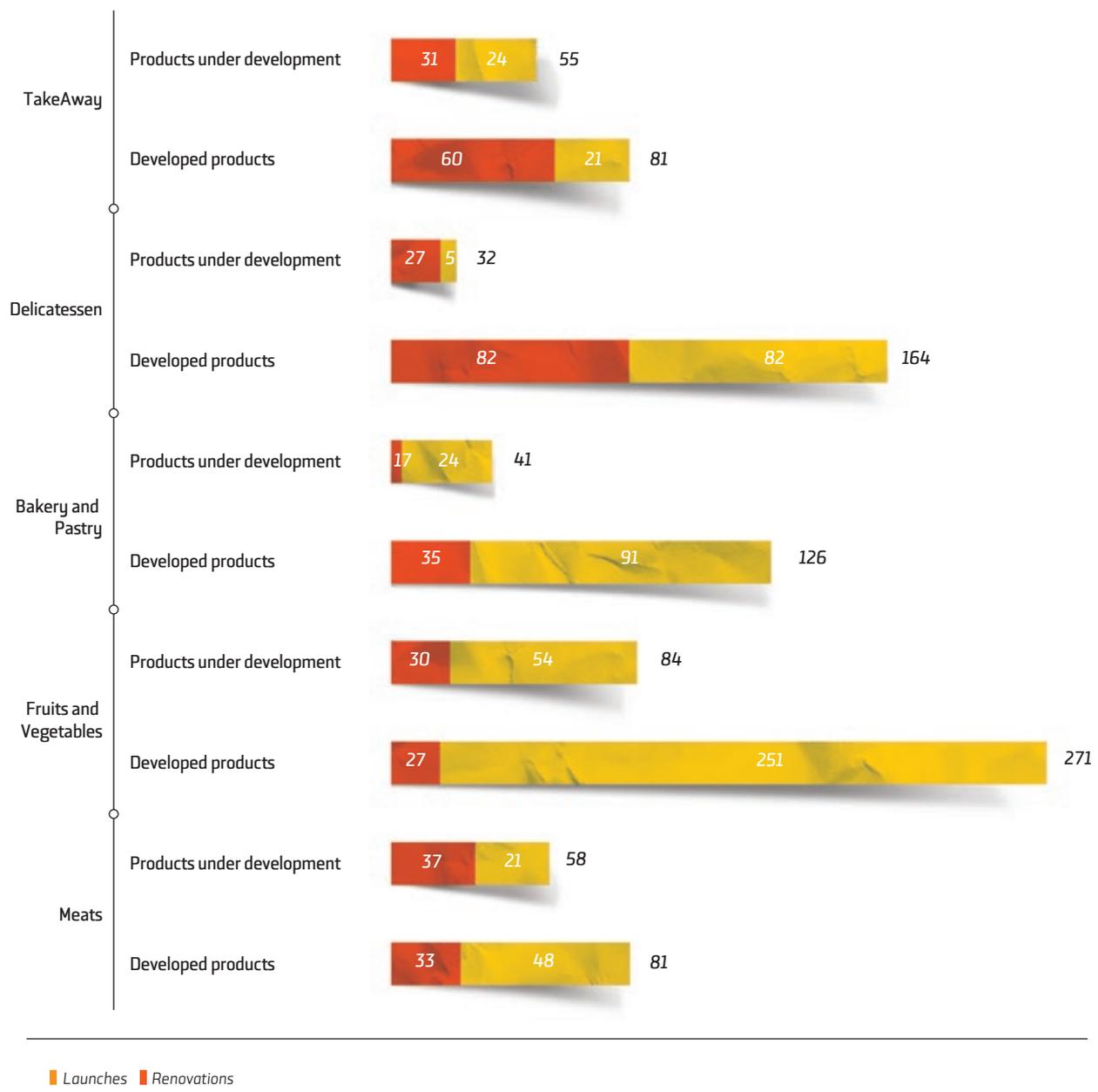
- Launch of the Continente Fácil e Bom range of products in the Perishables and Bom Bocado Sales Departments;
- Restyling of Continente’s image in the Perishables Sales Department;
- Launch of the Selecção Continente (Continente Selection) salads range;
- Launch of the Sabores do Mundo (Flavours of the World) cheese range;
- Restyling the cold cuts of the day image;
- Launch of the Azores meat range under the Selecção Continente (Continente Selection) brand;
- Launch of the sliced regional smoked ham range under the Selecção Continente brand;
- Launch of the BEM ME QUER chocolate candy brand in November 2012;
- Launch of the Área Viva Continente gluten-free specific range in the Food Sales Department;
- Launch of Continente innovative ecological products range in the Drugstore/Perfumery/Higiene business unit
- Launch of Continente Nespresso compatible coffee capsules;
- Total makeover of the Contemporal wines image;
- In-store and radio advertisement of the Continente coffee machine capsules launch;
- In-store, TV and radio advertisement of the MYLABEL Sunscreen and Makeup range;
- Four Contemporal wines won international awards;

Product development

Sonae continuously develops Food Retail products under the supervision of the Food Brands Development Department. The results we achieved in 2012 are as follows:



Perishables Sales Department



Whenever new products are launched, the different food departments start in-store marketing activities, such as product tasting events, which are effective in making customers aware of the new products. The new products have also been marketed using other communication channels such as social networks (e.g. Facebook), advertisements and leaflets.

Own-brand sustainable products - food

In 2012, Sonae continued to offer consumers product ranges that promote healthy nutrition, among them:

- Equilíbrio (Balance) range: a healthier alternative to equivalent products available on the market. At the end of 2012, there were **133 Equilíbrio Continente** products on offer through the Food Sales Department.
- Área Viva (Live Area) range: includes products designed to meet specific nutritional needs and other nutrition patterns. At the end of 2012, there were **79 Área Viva Continente** products on offer.

A new specific range composed of seven gluten-free products was launched and integrated in the Área Viva Continente product line. This range is branded with the Portuguese Coeliac Association logo. Sonae already offers 51 products that carry this logo and 51 others have already been approved by this association. The Portuguese Cardiology Foundation's Uma escolha saudável (A healthy choice) logo is still used our own-brand products.

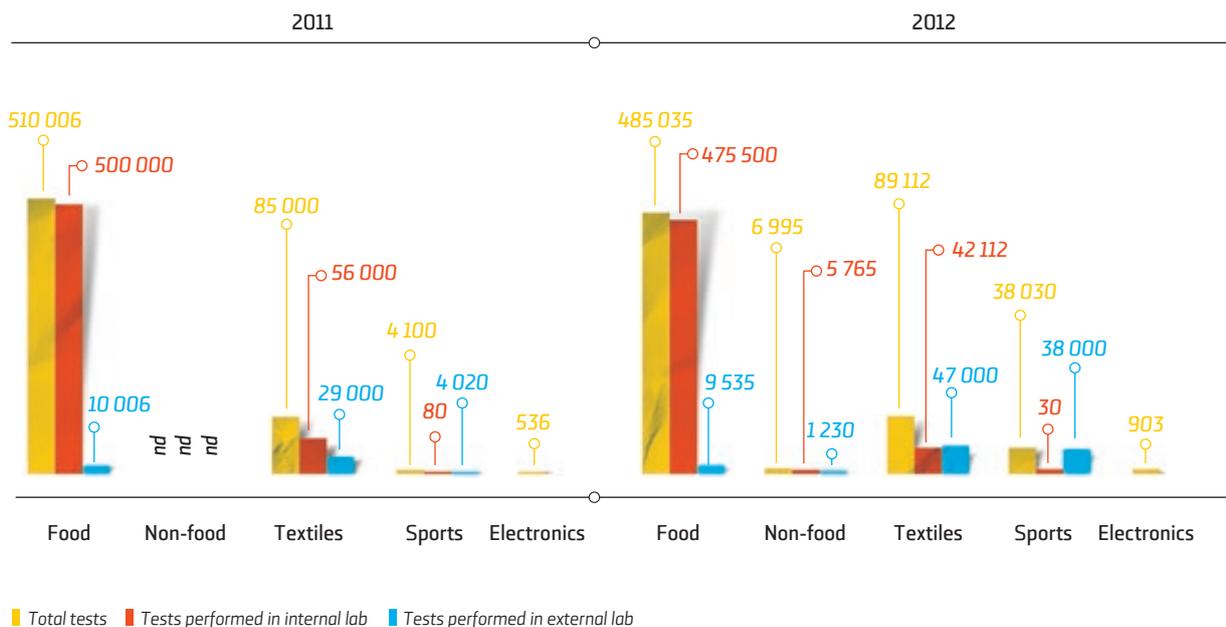
Additionally, the low environmental impact product range MP Continente Ecológicos (Eco-Friendly MP Continente) was launched and advertised in TV commercials and leaflets.

Main 2012 activities covering the promotion and marketing of sustainable own-brand products

- TV and in-store advertisement of the *Detergentes Ecológicos Continente* (eco-friendly detergents) range.
- Increase of in-store advertising campaigns at the time of launch of new products (e.g. *Fácil e Bom hamburgers*; *Seleção Continente* salads; *Queijos Continente Sabores do Mundo* cheeses).
- Advertisement of the *Seleção Continente* range on TV and radio during the Christmas season.
- Use of social media during the launch of seasonal Christmas items of the *Fácil e Bom* range.
- Use of social media during major brand launches by the Perishables Sales Department (e.g. *Seleção Continente* Salads).
- *Mercado dos Sabores* (Market of Flavours) 2012 – Lisbon/Porto.
- *Mega PicNic* 2012 – Lisbon.

Food quality and safety – food and non-food retail products

Food quality and safety are key issues to which Sonae is strongly committed. An extensive team of specialists permanently monitors product quality and safety, performing regular audits and tests both internally and at external laboratories. The need to closely control the preparation process up to the moment products are delivered to stores has led Sonae to create **three specialised production centres**. These facilities are equipped with state-of-the-art equipment, ensuring compliance with the strictest agrifood industry standards on safety and hygiene combined with rigorous quality control and product traceability.



The development process of all *Continente* brand products is **ISO 9001 certified**. The approval of both food and non-food products depends on results of physicochemical, microbiological, sensory and performance tests and analyses. Each product type undergoes numerous laboratory tests and production controls, and there are annual plans for recollection and control of marketed products.

Sonae also tests non-food retail products, namely textile, sports, electronics, bazaar and household products. Product quality and safety — specifically child safety — are a permanent concern. Product approval depends on the presentation of test evidence demonstrating compliance with all applicable standards, European regulations and production specifications for each product type. The strictest compliance with safety requirements is critical for the approval of a number of products, such as those sold in the children's section. Both internal and external specialists monitor the production process and the different production stages are subject to validation, from the proto sample to the pre-production sample and the golden sample. Products are also subject to lab tests throughout the production process. External international organisations are subcontracted to perform inspections at source factories. Lab control tests are performed at on-site warehouse laboratories when the goods are received and products are checked before they are delivered to stores.

Product safety

National and international suppliers in the Retail business area must provide proof of certification according to food and/or quality management systems (e.g. ISO 9001, ISO 22000, IFS, BRC).

What do we do?

Supplier management

- Auditing suppliers or accepting suppliers from within the European Union that are certified according to Food Safety and / or Quality Management Systems.
- Auditing *Continente*, *Continente Modelo* and *Continente Bom Dia* stores. These audits are performed by subcontracted entities such as veterinarians and external laboratories, quality assurance specialists and the internal Food Safety Auditing Department.

Product labelling

Labelling for own-brand products complies with several requirements aiming to guarantee their safety and proper use, provide information about correct end-of-life disposal procedures and after-sales support service.

Product Handling/quality

- Microbiological tests are performed on all surfaces and equipment where food products are handled.
- Microbiological tests are carried out on products handled at the three different *Continente* brand stores.
- Microbiological, physicochemical and performance analyses are carried out on *Continente* brand products, both before market launch and as routine procedures following a pre-established annual schedule.
- Product safety lab testing of own-brand products takes place to ensure conformity before they are cleared for sale.

For further information, please refer to Better People – Responsibility in the supply chain

* Vide Glossary

Specific requirements for each type of product

Section	Requirements
Food products	<p>Food products display a variety of additional information, namely:</p> <ul style="list-style-type: none"> · Nutritional composition – through Nutrition Traffic Lights · Allergens · Preparation and preservation · The Portuguese Cardiology Foundation's Uma escolha saudável (A healthy choice) seal of approval · Prova dos 5 (The 5 Criteria test) logo.
Textiles	<p>There is mandatory control regarding substances that may cause environmental or social impact in order to ensure they lie within the specified limits required for safe product use. Sonae favours suppliers certified according to Oeko-Tex , which ensures the absence of health and environment hazardous substances through the performance of random sample tests. All catalogues for our textile brands continue to be printed on PEFC (Programme for Endorsement of Forest Certification) certified paper.</p>
Childcare	<p>Information is displayed on the product and respective labels in conformity with applicable standards, alerting consumers mainly to the subject of safety issues related to product use.</p>
Sports	<p>All products include maintenance instructions displayed on labels and/or packaging. All our leaflets display the Programme for Endorsement of Forest Certification (PEFC) seal, which guarantees that the paper is produced using prime materials from sustainably managed forests and controlled sources.</p>
Household appliances and consumer electronics	<p>Products are subject to an initial assessment in order to guarantee compliance with mandatory internal and external standards (e.g. ISO 9001, packaging and labelling information requirements, etc.). Additionally, energy efficiency, electrical safety and electromagnetic compatibility requirements are also assessed, as well as compliance with RoHS (heavy metals) and REACH (hazardous substances) guidelines. Meeting requirements minimises any potential safety and health impacts our products may have on the user.</p>

Contribution towards fishing sustainability

Designed to contribute towards the protection of marine biodiversity, the Fishing Sustainability Policy Sonae published in 2009 is based on the following commitments



* Vide Glossary

This policy has since been developed and improved with the clear objective of guaranteeing full compliance with sustainability policies, engaging business partners in a direct and unequivocal manner.

Furthermore, the goals of the Fishing Sustainability Policy are defined and monitored in order to minimise the impact of fishing on endangered or near-extinct species.

We performed the following actions in 2012:

- Awareness-raising actions addressing cod suppliers, encouraging them obtain the MSC Certified Sustainable Seafood certification
- A substantial increase in the total volume of purchases made at auction fish markets of 24% compared to 2011
- A reduction of 26% in redfish sales, achieving double the proposed annual target of 13%
- A reduction of 8% in sole sales, a process which we will continue to implement in view of our targeted 23% reduction
- Our commitment to increase longline-fished hake sales by 48% was exceeded by 6 p.p – a 54.5% increase
- An increase of 14% in aquaculture product sales compared to 2011, corresponding to 41% of total fish sales, mainly guilthead bream, sea bass and salmon.

What advantages does this policy bring?

- Avoiding suppliers blacklisted by Greenpeace by requiring catch certificates
- New fresh fish labels (proof of purchase at auction)
- Rigorous supplier selection according to their fishing methods
- Compliance with applicable legislation, scientific designations and minimum fish sizes
- Encouraging consumer trust and loyalty.

Sonae's Sustainable Fishing Policy acknowledged at the Green Project Awards

Sonae's Sustainable Fishing Policy was awarded a honourable mention in the September 2012 Green Project Awards in the Agriculture, Sea and Tourism category. It is worth noting that Continente was the first national retailer to adopt a policy of this type, setting a benchmark in the fish retail industry.

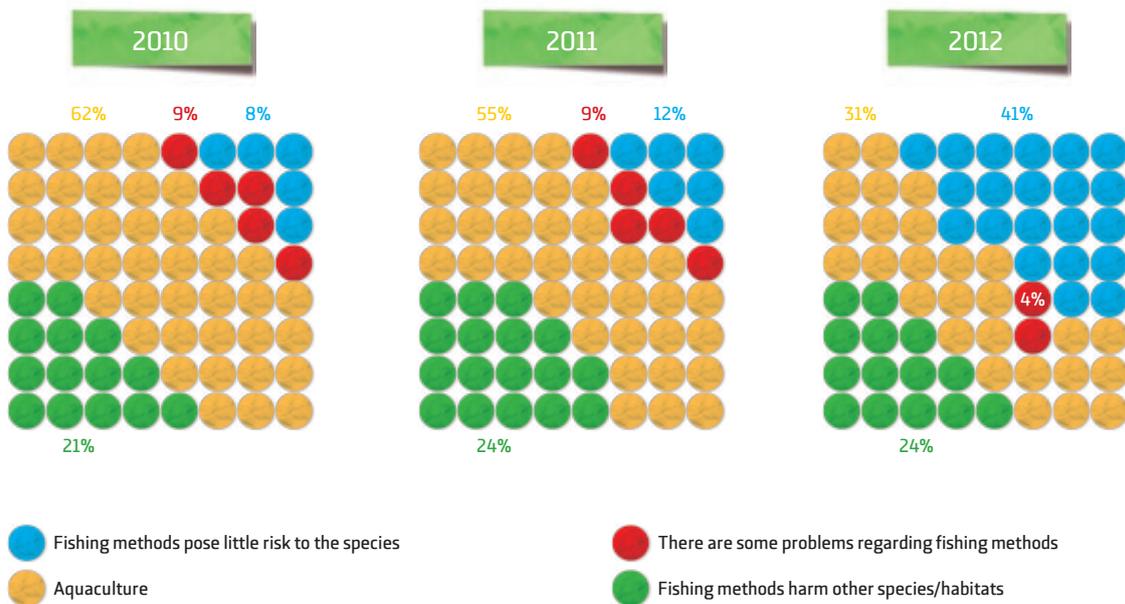
For example, these guidelines require continuous improvement in the methods and instruments used, improving the traceability of fish acquired and offered to customers and allowing the rejection of any kind of fish caught using unsustainable methods or illegal fishing vessels.

Introducing Sonae's fish decision support system

Sonae uses the Traffic Light System, which acts as a decision support system for fish, permitting the identification of the best options. This system identifies fishing methods used through a colour-code system, which facilitates the decision about the most sustainable alternatives.

Adopting the Traffic Light System highlights the efforts we have made over the last few years to promote the use of fishing methods that cause less impact on the different fish species. These efforts also apply to the use of aquaculture as a means of ensuring quality fish products without harming the environment.

* Vide Glossary



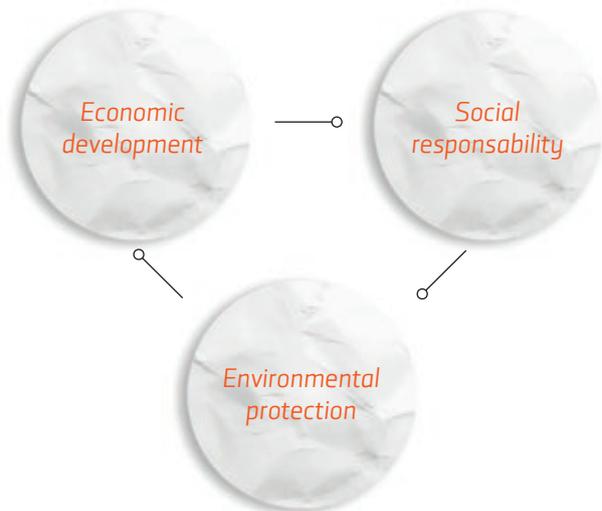
Encouraging, sharing and promoting social well-being

How do we promote social well-being?

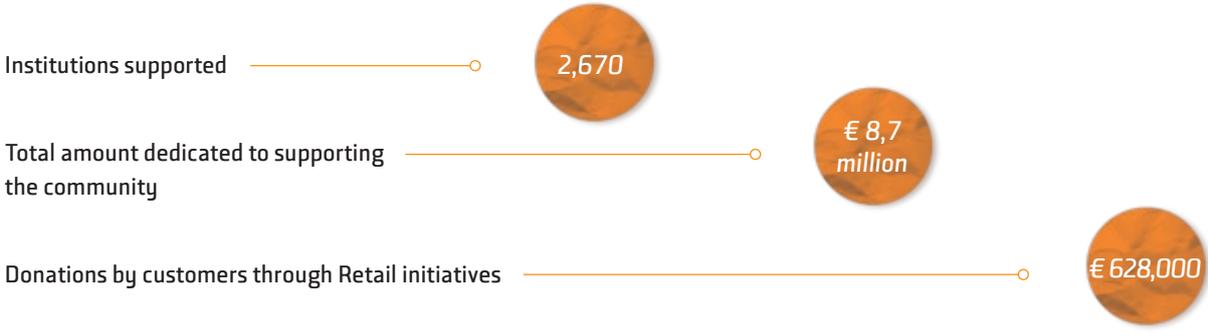
The Retail sector has contributed approximately € 8,7 million to community support through several projects related to health, sports, education, culture, social solidarity, science, innovation and environment. Customers also made a direct contribution, through a number of initiatives, totalling approximately € 627,000.

Over the years, we have sought to reconcile economic development, social responsibility and environmental protection through on a culture of ethics, truth, justice and respect for all those we interact with. In this sense, we strive to adopt an attitude of participation and fulfil all our responsibilities regarding customers, employees, suppliers and the community.

We have implemented several projects that embody the company's evolution and reflect true social concern, both by engaging with the community and respecting the environment. In this sense, the quantitative evidence provided by last year's positive financial results offers only a partial insight into Sonae's actual contributions to the model of sustainable social and economic development.



Principal Retail indicators



Despite the difficult economic environment, Sonae maintained its Community Support Policy, enabling many institutions to continue their activities on behalf of the community.



Main projects

	Project	Objective	Results
Continente	Missão Sorriso	Delivery of medical, entertainment or support materials to services that help improve quality of life among children and senior citizens.	· € 608,000 in equipment · 22 Institutions
	The Big Hand	Gives schoolchildren in Mozambique access to school supplies, uniforms, food, clothing, professional supervision and general support.	· 40 sponsored children
	Donation of Pic Nic products	Distribution of food and non-food products used in Continente brands activation events between a range of institutions.	· € 5,287 in products donated · 9 social solidarity institutions supported

	Project	Objective	Results
Continente	"Rolhas que dão Folhas" (Corks that sprout leaves)	Raises awareness among school communities, family and friends about recycling cork and supporting reforestation in Portugal.	· 81 tons of corks collected by 854 schools, totalling 289,349 students
	Programa Escolar de Reforço Alimentar	Nutrition support plan for schools, delivering the first meal of the day to elementary school children at risk of extreme poverty.	· € 3,824 invested in products
	AMI - SOS Pobreza	Launch of the first Portuguese solidarity brand in association with AMI, aimed at selling a range of basic products whose profit goes entirely to supporting the institution's efforts to fight against poverty in Portugal.	· € 5,500 raised · > 15,000 people supported
	Brinquedão	Continente placed a container for used toys in 10 of its stores. For each donated toy, a €5 voucher was offered, valid for purchases of €20 or more of the Concentra brands.	· 477 kg of collected toys · 263 underprivileged children supported · 3 social solidarity institutions
	Earth Water	Selling the Earth Water product in Continente stores, with all profits going to water management programmes in developing countries.	· 30,500 units sold
Worten	Equipa Worten Equipa	Raising awareness of the importance of recycling old electric and electronic equipment residues (WEEE), which are harmful to humans and the environment; and donating new equipment to social solidarity institutions.	· 4,784 tons of EEEER recollected · 241 institutions supported · 2,236 equipment recollected
	Dê a mão por um Portugal + Feliz	This initiative, Hand-in-Hand for a Happier Portugal, is associated with the Portugal + Feliz campaign promoted by the Portuguese Red Cross, and involves on the sale of Christmas gifts costing € 1 each. This programme aims to support deprived families in reconstructing their life, fighting poverty and social exclusion.	· Over 200,000 Christmas gifts sold and € 175,000 raised
Sport Zone	Sport Zone Sponsorship	Sponsoring sports federations and associations, namely: <ul style="list-style-type: none"> · Portuguese Olympic Committee · Portuguese Paralympic Committee · Portuguese Handicapped People Sports Federation · Portuguese Gymnastics Federation · Portuguese Canoeing Federation · Portuguese Surfing Federation · Portuguese Cycling Federation · Portuguese Marathon Club · Madrid Athletics Federation 	· € 300,000 invested

	Project	Objective	Results
Sport Zone	Sportzone Events	Promoting sports through the organisation of events such as: · Sport Zone's Half Marathon; · Woman's Race · Sport Zone Marginal à noite · Deeply-National Surf Circuit juniors, · Gira Vólei project · Sport Zone Soccer Camp · Sport Zone Island · XCM Sport Zone Portuguese Cup · Serra D'Arga Grand Trail	· 100,000 participants · € 700,000 invested · € 20,400 raised
Modalifa	Nós	Assisting causes that contribute to improving the quality of life among underprivileged Portuguese people. In 2012, for the sixth consecutive year, we appealed to everyone in Portugal to acquire scarves in the annual solidarity scarf sale, to raise funds for the <i>Fundação do Gil's Casa do Gil</i> project.	· 115,000 scarves sold · € 230,000 raised for Project <i>Casa do Gil</i>

Commitments for 2013-2015

Responsible offer and informed decision

- Maintain the ISO 10002 certification of the suggestions and complaints management system.
- Invest in sensory analysis in order to promote, monitor and ensure better quality products.
- Encourage feedback on products.
- Invest in partnerships with universities and other learning establishments; promote internships.
- Improve alcoholic beverage signage at point of sales to help customers make informed decisions about alcohol consumption.
- Continue to promote a healthy lifestyle, providing more and better information and engaging with the community.
- Provide product information to ensure correct use by the end consumer (PR3).

Commitments for 2013-2015

Responsibility regarding own-brand products

- Provide a balanced offer of the different types of own-brand products.
- Maintain the NP EN ISO 9001:2008 certification covering the process for developing of own-brand Continente products and follow-up on product and suppliers after development/launch.
- Certify the Worten own-brand products development process.
- Promote the advertisement of own-brand products in the Equilíbrio, Bio and Eco segments.
- Create a formal health and nutrition policy for own-brand products.

Contribution towards sustainable fishing

- Raise customer awareness of fishing sustainability.
- Increase advertising of fish products captured through sustainable methods
- Inform our cod fish suppliers about sustainable fishing certification
- Implement increasingly demanding sustainability requirements

Leveraging exchange and promoting well-being

- Define a formal strategy for community support, including definition of strategic areas and information reporting practices.
- Define KPIs for measuring and monitoring the impact of actions performed by Sonae in the community
- Continue with projects that have positive impacts on the community in the fields of health and sport, science and innovation, environmental awareness, culture and social solidarity.
- Develop and promote volunteering in the company through the Sonae Activshare Programme, diversifying the activities and making them more accessible.

2.4 Better Planet

Commitments for 2012

What we did in 2012

Reduce our ecological footprint by complying with the Environmental Policy

<p>Reduce electricity consumption by more than 1% within the sampling stores that use most electricity (food stores).</p>	<p>In 2012, we saw a decrease of 8.1% in energy consumption within the stores that use the most electricity (food stores). We have closed the 2008-2012 cycle with an accumulated reduction of 14.8 % in electricity consumption for the same set of stores. This is well above the set target of a 6% reduction over the five-year period of 2008-2012.</p>	
<p>Continue to focus on the implementation of new facilities for autonomous energy generation from renewable sources, without neglecting financial constraints and compliance with the legislation regulating mini and micro power generation.</p>	<p>In 2012, 42 new photovoltaic power stations were installed. Out of these, four are microgeneration stations and 38 are minigeneration stations. At the end of 2012, we had an installed capacity of 100 power stations, 86 of which were already online (supplying power to the grid). Out of 100 installed power stations, 43 are microgeneration stations and the remaining 57 are minigeneration stations.</p>	
<p>Continue the R22 coolant replacement programme in the refrigeration plants where this gas is still in use.</p>	<p>Two of the last six refrigeration plants still using R22 at the end of 2011 were replaced during 2012. Where technically feasible, we also began using R290 in 2012. The R290 coolant gas has almost no impact in terms of ozone layer depletion or greenhouse effect.</p>	
<p>Maintain the same high eco-efficiency levels of vehicles in our contracted fleet we attained in 2011. Which means at least 87% of the fleet's vehicles comply with the Euro 4 standard or better.</p>	<p>At the end of 2012, 89% of the contracted fleet's vehicles were in compliance with the Euro 4 or Euro 5 standards.</p>	
<p>Offer a wide range of reusable bags.</p>	<p>Six new Continente reusable bag types were launched in 2012, maintain our wide-ranging offer in this area and encouraging more customers to adopt reusable shopping bags.</p>	
<p>Improve on the waste recovery rate achieved in 2011.</p>	<p>The recovery rate was similar to 2011 (2011: 77.3%; 2012: 77.2%)</p>	

Fulfilled
 Partially fulfilled
 Unfulfilled

* Vide Glossary

Commitments for 2012

What we did in 2012

Reduce our ecological footprint by complying with the Environmental Policy

<p>Reduce drinking water consumption by 2% in the same group of stores.</p>	<p>In the same set of stores, we saw a 9.9% reduction in drinking water consumption during 2012.</p>	
<p>Increase the number of facilities certified according to the ISO 14001 Environmental Standard</p>	<p>During 2012, four new facilities were certified: Warehouses C1, PLAZA I and PLAZA II as well the Alcorcon (Madrid – Spain) Worten Store.</p> <p>With the environmental certification of the three warehouses mentioned above, we achieved the internal objective of having all warehouses in mainland Portugal certified according to the ISO 14001 standard.</p> <p>The environmental certification of the Alcorcon Worten Store was the first certification obtained out of Portugal by Sonae Retail. It corresponded to an increase in its capacity in terms of environmental management in general and environmental certification according to the ISO 14001 standard in particular.</p> <p>Therefore, Sonae Retail's corporate environmental certification was maintained, and at the end of 2012 we had 25 certified facilities: 13 Continente Stores, five Worten Stores, six warehouses and the Continente Meat Processing Centre (located in Santarém).</p>	
<p>Publish the International Guide for Environmental Management in order to support operations abroad.</p>	<p>The Guide was produced and is now undergoing internal review.</p>	

Fulfilled
 Partially fulfilled
 Unfulfilled

Efficient management of environmental impact

Environmental responsibility in Retail

Sonae is committed to achieving a balance between social and economic development and environmental protection, contributing to sustainable global development by operating in an environmentally responsible way. Our Environmental Policy is based on continuous efforts to achieve exceptional environmental performance. It is backed by our corporate management of environmental policies and environmental strategy plans, as well as the dissemination of knowledge and best practices regarding the environment in Retail.

<http://www.sonae.pt/pt/sustentabilidade/politica-de-ambiente/>

In 2012, we continued to implement our programme for Environmental Certifications according to the ISO 14001 International Standard, successfully achieving four new environmental certifications:

Four new certifications

- Worten of Alcorcon (Madrid – Spain)
- C1 warehouse in Vila Nova da Rainha
- PLAZA I warehouse
- PLAZA II warehouse

21 certifications maintained or renewed

- Corporate environmental certification for the Retail business area
- 13 food stores (three *Continente*; eight *Continente Modelo*; two *Continente Bom Dia*)
- Four non-food stores (Four Worten)
- Three Warehouses
- One Production Centre (Meat Processing Centre – *Carnes Continente*)

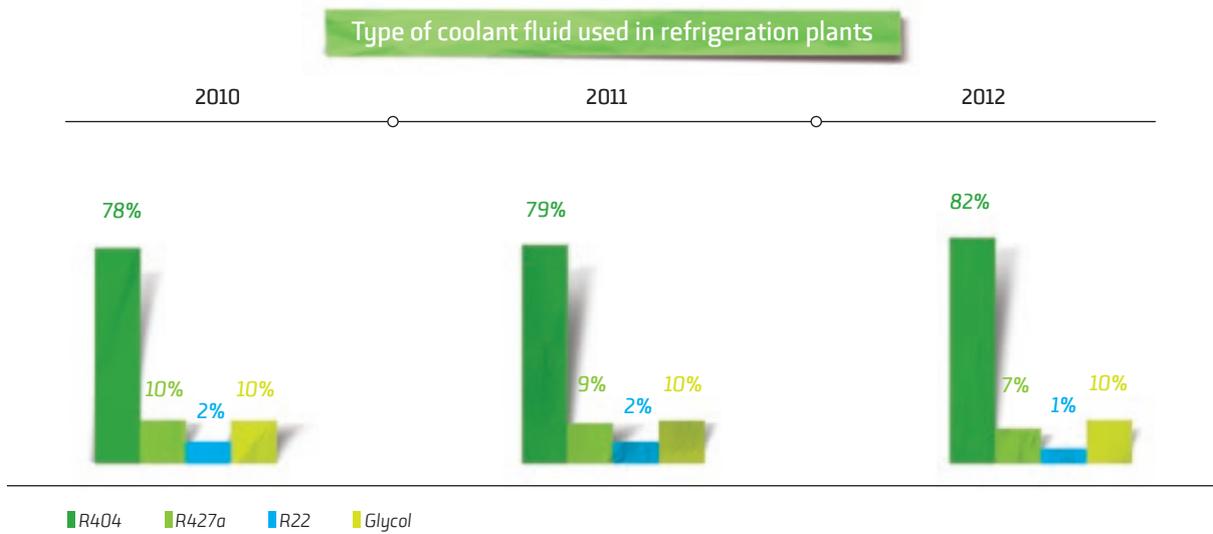
The number of certifications which were obtained, maintained or renewed demonstrates Sonae’s environmental management ability and means we have at least one certified store in each Operations Department for food stores and Worten stores located in Portugal.

With the certifications obtained in 2012, we completed the environmental certification cycle of all our warehouses active in mainland Portugal. With the certification of the Alcorcon (Madrid) Worten Store, we began the environmental certification process for facilities located outside Portugal, specifically in Spain.

Coolants*

Sonae continued to implement its programme for replacing refrigeration plants in 2012. We replaced two of the six R22-based plants in operation at *Continente* in Cascais and also seven R427a-based plants. R22 emissions fell by 31% compared to 2011.

* Vide Glossary



We began using R290 gas whenever technically feasible, namely in autonomous positive cold structures located in smaller stores. This gas causes very little harm to the environment in terms of either the ozone layer (no negative effects) or the greenhouse effect. Overall, eight stores were upgraded or inaugurated using this gas, which corresponds to 25% of the *Continente Bom Dia* Stores.

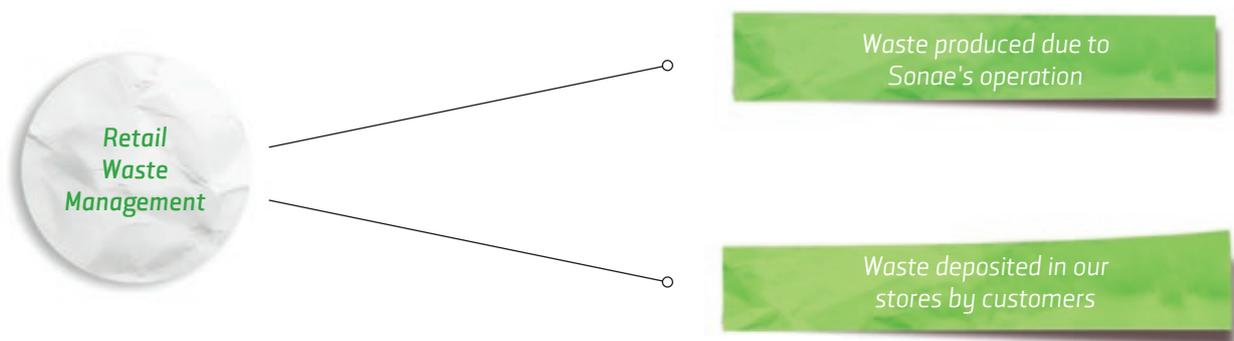
Waste management

The retail sector generated 61,591 tons of waste in 2012, an 8% reduction compared to the previous year. Only 2.7% of the total waste generated is considered hazardous.

In line with previous years, the largest portion (85%) of the different types of waste managed by the Retail business area consists of paper and cardboard (48%) and solid urban waste (38%).

In terms of specific waste flows and when compared to the previous year, we should point out the 98% increase in cork collection at our *Continente* stores, which amounted to 74 tons; and the 230% increase in used cooking oil collection, which reached 32 tons.

Waste management in the Retail business area includes not only waste generated by our activities but also waste deposited in our stores by customers as a result of our continuous encouragement of responsible environmental citizenship.

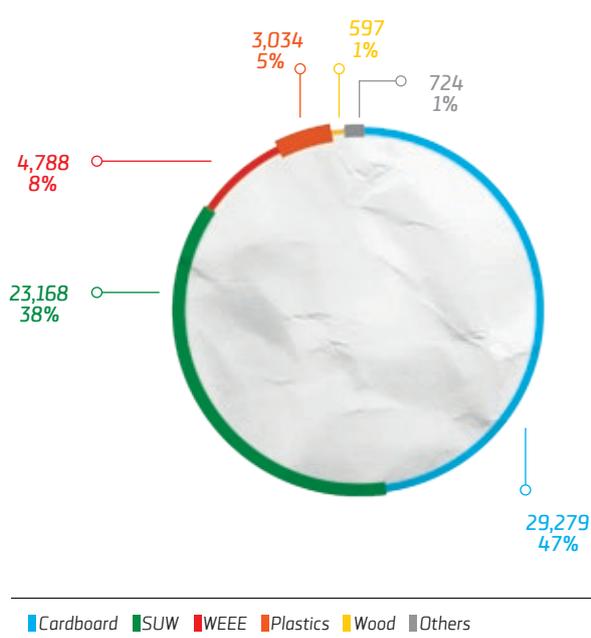


* Vide Glossary

Rolhas que dão Folhas

Continente in association with Quercus has launched the initiative Rolhas que dão folhas (Corks that sprout leaves) to celebrate the **International Year of Forests**. Launched in 2011, this project seeks to raise awareness among school communities as well as their families and friends with regard to cork recycling and the support of reforestation in Portugal. Collected cork stoppers are later sent for recycling and the resulting revenue contributes to Quercus' reforestation activities via the Green Cork project.

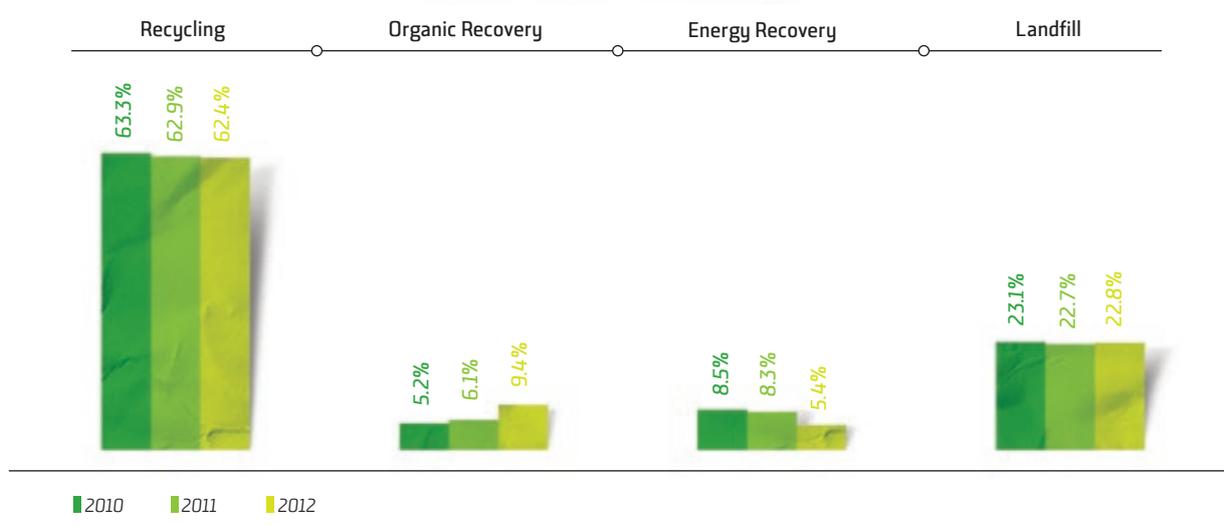
Waste produced/managed, by type (t, %)



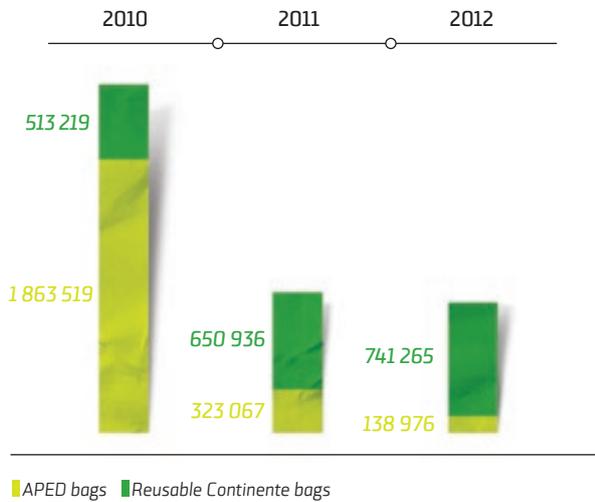
However, 2012 was marked by a general reduction in the overall volume of different types of waste managed by the Retail sector. This situation is due to several factors. On the one hand, there was a general decrease in families' consumption, which affected the quantity of waste deposited by customers at our stores. On the other, the effort made by Sonae and its suppliers to reduce the volume of packaging materials they use had a direct influence on the total cardboard and plastic waste under management. The effects of this effort were already noticeable in 2011 and led to a 7.8% reduction in waste related to packaging materials.

Despite the aforementioned reductions, the waste recovery rate remained constant compared to 2011, reaching 77% in 2012. This reflects Sonae's high level of commitment to the recovery of the waste it manages.

Final waste destination



Evolution in sales of reusable bags



Reusable bags

We have encouraged the use of reusable bags for several years. However, APED (the Portuguese distribution companies' association) reported a 57% decrease in the use of reusable bags compared to 2011. This can be explained by the current economic downturn and the increase in reusable bag prices as bags are redesigned using more durable materials to prolong their service life.

The sales of Continente reusable bags, however, have continued to grow since they were first introduced in our stores, increasing by 14% in 2012 compared to 2011.

Sonae Footprint

Climate changes*

Climate change is currently one of the greatest environmental challenges for any company. In our case, climate variation and extreme events may affect our activity given their potential impact on the production and distribution of food products — particularly agricultural products — affecting food products' quality and availability.

Our activities do have an impact on climate change, but we are committed to minimising it. In the Retail sector, impacts can be direct or indirect, with direct impacts relating mainly to power consumption at stores and the fuel used in the transport of goods or sending waste to a landfill. With this in mind, we have systematically adopted a set of measures that target reductions in energy consumption. The contracted vehicle fleet we use to supply our business units is equipped with fuel-efficient vehicles that comply with Euro standards. We also use a software tool to optimise store supply routes and transported cargo volumes.

When it comes to alternative energies, we are investing in the generation of electricity using renewable sources. In 2012, within the scope of the regulatory framework for electrical microgeneration and minigeneration, we continued to implement photovoltaic power stations in some of our stores. At the end of 2012, 100 power stations were installed (one wind generator and 99 photovoltaic power stations), 86 of which are online, supplying the grid.

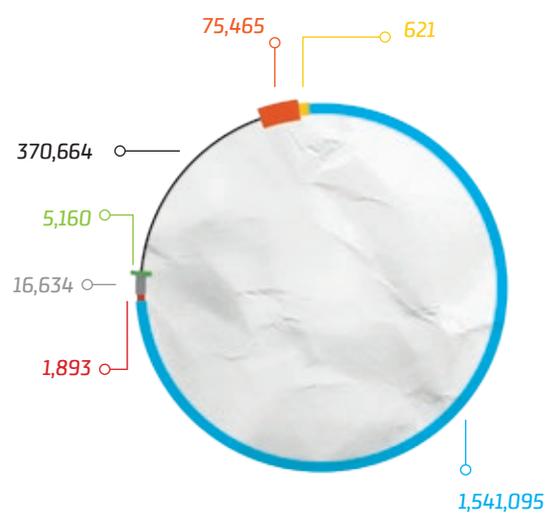
We also engage with our stakeholders, providing them with information and raising their awareness about matters relating to greenhouse gas emissions (GHG) and power consumption. We also conduct campaigns to promote efficiency in day-to-day management. As regards indirect impact caused by consumers, we have identified some opportunities to bring about changes to consumer behaviour — particularly towards electric and electronic products — based on campaigns promoting the acquisition of new, more efficient products. These initiatives are described elsewhere in this report, together with other initiatives that are also related to the prevention of climate change.

Energy and emissions

Electricity consumption is one of the main causes of the environmental impact of Retail activities. Electricity consumption accounted for approximately 77% of all energy used in 2012, followed by fuel — particularly diesel fuel used by the contracted vehicle fleet.

* Vide Glossary

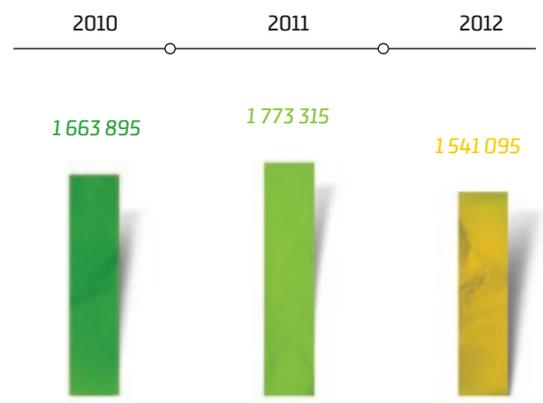
Energy consumption (GJ)



- Electricity
- Diesel fuel transporting cargo
- Propane gas
- Natural gas
- Diesel fuel stores
- Diesel fuel employees
- Gasoline employees

In 2012, there was a reduction of 12% in total energy consumption and a 13% decrease in electricity consumption compared to 2011.

Evolution of electricity consumption (GJ)



Comparing like to like among food retail facilities and warehouses, which account for 79% of the electricity consumed by the Retail business, consumption of electricity decreased by 8%.

This performance was considered extremely positive, since it counters the trend of increasing energy consumption resulting from the growing need for food refrigeration as well as lighting and climate control for our customers. This decrease is a result of the consolidation of a number of measures implemented systematically over the years as well as new measures implemented in 2012, such as:

Food Retail

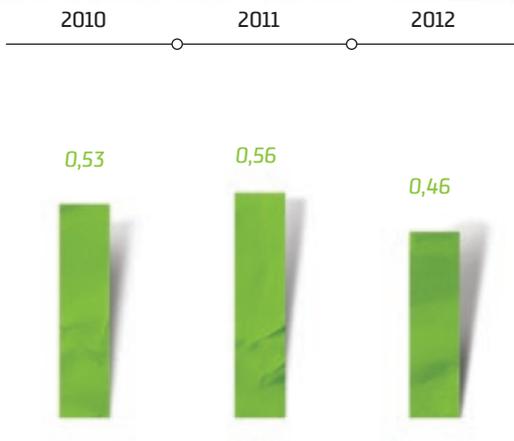
- Replacement of ordinary T8 and T5 light bulbs with T8 and T5 "Eco" light bulbs
- Optimisation of lighting levels in different parts of the stores
- Upgrading existing refrigeration units with new temperature control technology (E-Cube), which has an immediate impact on the refrigeration supply requirements of those units
- Optimisation of temperature control systems setpoints
- Use of float suction.

Specialist Retail

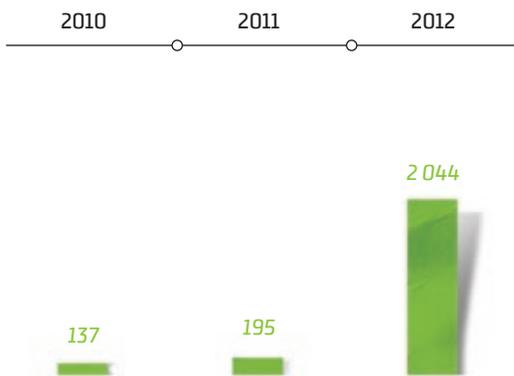
- Optimisation of lighting levels in different parts of the stores
- Optimisation of temperature control systems setpoints
- Implementation of new climate control technologies (free cooling and night time vacuuming)
- Implementation of technical energy management systems
- Raising employee awareness and sharing best practices.

As a result of the measures implemented and the consequent reduction in consumption, specific electricity use per sales area was 0.48 GWh/1000 m² in 2012 — a 14% reduction compared to 2011.

Electricity consumption per sales area
(GWh/1000 m²)



Electricity production (MWh)



Commitment for 2008-2012

Sonae was committed to reducing electricity consumption by 6% at stores with the biggest electricity requirements (food stores) in the five-year period 2008-2012. This commitment was not only fulfilled but actually exceeded. In fact, during this period, there was an accumulated reduction of 14.8%, more than double the target value.

Sonae prevents emission of 961 tons of CO₂e

Last year was also marked by significant increase in autonomous energy generation from renewable sources, as well as an increase in installed production capacity. The 86 operational power stations supplied 2,044 MWh to the grid, which constituted a 950% increase compared to 2011, and prevented 961 tons of CO₂e emissions.

This remarkable increase in energy produced from renewable sources was made possible by our programme to install new power stations. But it is also due to the decision made in 2011 to invest in higher capacity power stations within the minigeneration range. Consequently, by the end of 2012, 100 power stations were installed, 86 of which are already online and supplying the grid (43 microgenerators and 43 minigenerators). This added up to a total installed capacity of approximately 2.7 MWh.

Projeto Trevo (The Clover Project)

Projeto Trevo is an energy efficiency program implemented by the Food Retail Business area. It is organised into three main fields of activity in the area of electric energy, as follows:

- **Purchasing energy at reduced prices:** this involves analysing the types of energy acquired (e.g. low and medium voltage, hired wattage, contracted power) and consulting suppliers in order to acquire different types of power for different types of facilities.
- **Reduction of consumption:** this includes the diagnosis of consumption at different facilities, as well as looking for and implementing the most adequate measures for each facility. These measures involve changing equipment or optimising their operation according to what the facility needs or adopting more efficient practices. The largest reduction in electricity consumption occurred in 2012 as a result of the measures implemented in 2010 and 2011.
- **Independent generation using renewable power sources:** this involves the installation and management of photovoltaic power stations. Building on the experience accumulated over previous years and by examining the minigeneration system implemented in Portugal, Projeto Trevo provided a measurable boost to autonomous power generation, as clearly reflected by the number of power stations installed and the amount of power generated in 2012 compared to previous years.

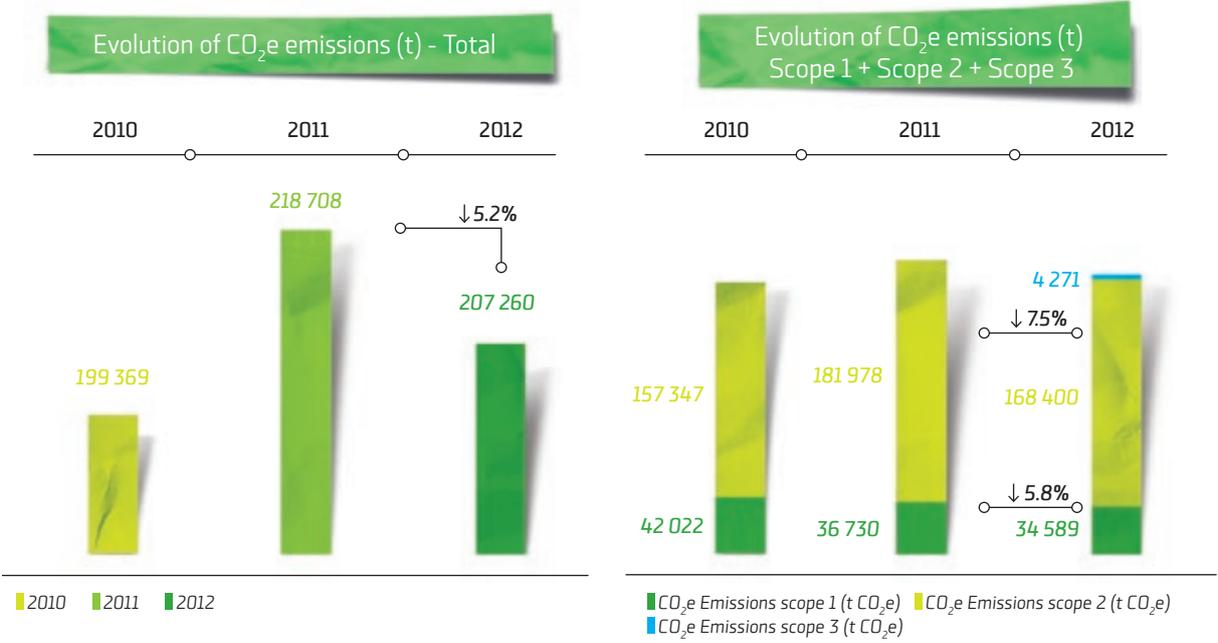
This programme has achieved savings of € 4 million over the last three years

"The implementation of Projeto Trevo allowed Sonae to increase its energy efficiency and reduce its ecological footprint, while simultaneously generating savings that translate into better prices for customers. In 2013, we will continue to improve efficiency and promote energy generation using renewable power sources, accomplishing our mission of sustainable development."
 José Fortunato, Sonae MC Director.

GHGs at Sonae are divided into direct emissions (Scope 1), indirect emissions (Scope 2) and other indirect emissions (Scope 3).

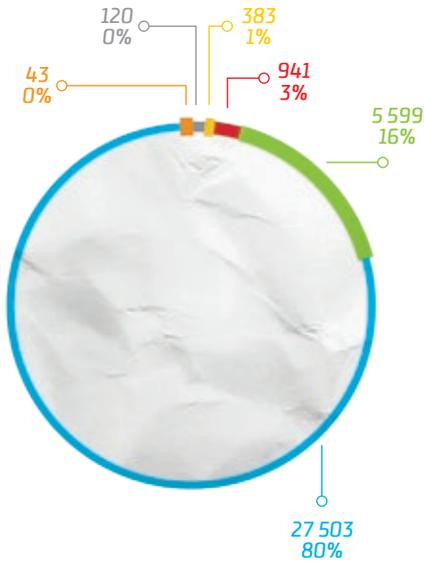
- Scope 1** Consumption of fuel used in stores and when transporting goods and employees
34,589 t CO₂
- Scope 2** Consumption of electricity in stores, warehouses, offices and production centres.
168,400 t CO₂e
- Scope 3** Waste management (energy recovery, organic recovery and waste disposal in landfills)
4,271 t CO₂e

Most of our GHGs are associated with the overall consumption of energy by the Retail business, including electricity (stores, warehouses, offices and production centres) and the fuel used in stores and transporting goods and employees. The total amount of emissions associated with energy consumptions corresponds to 202.989 t CO₂e, which amounts to a reduction of 72% in relation to 2011. This decrease is mainly due to indirect emissions, associated to electricity consumption, which added up to 168,400 tons of CO₂e in 2012, a reduction of 75% in relation to 2011. Direct emissions, which added up to 34,589 t CO₂e, decreased 5.8% compared to 2011.



Note: The 2010 and 2011 figures do not include Scope 3, which was incorporated for the first time in 2012. The Scope 1 GHG emissions for 2010 and 2011 did not include N₂O and CH₄ GHGs.

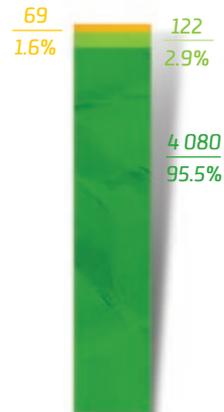
GHG Emissions - Scope 1 (t CO₂e)



- A1 - Gasoline employees
- A1 - Propane gas
- A1 - Diesel fuel stores
- A1 - Natural gas
- A1 - Diesel fuel employees
- A1 - Diesel fuel transporting cargo

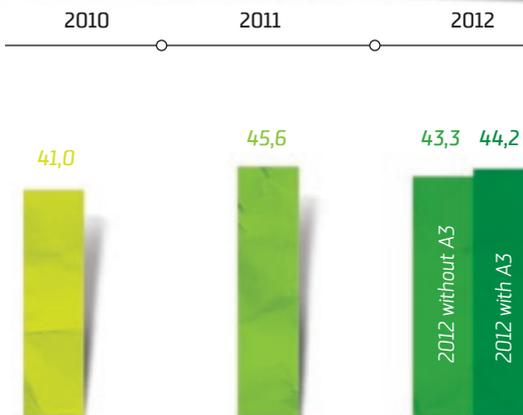
GHG Emissions - Scope 3 (t CO₂e)

Scope 3



- A3-GR: Energy recovery
- A3-GR: Organic recovery
- A3-GR: Landfill

Carbon intensity / turnover (t CO₂e/M€)



Although Sonae added a new heading to its GHG emissions in 2012 – Scope 3: Waste management – carbon intensity decreased by 1.4 tons of CO₂/million€ turnover that year. If comparing like-for-like by excluding Scope 3, Sonae carbon intensity in 2012 would have decreased by 2.3 tons of CO₂/million€ (43.3 t CO₂/million€ compared to 45.6 t CO₂/million€ in 2011).

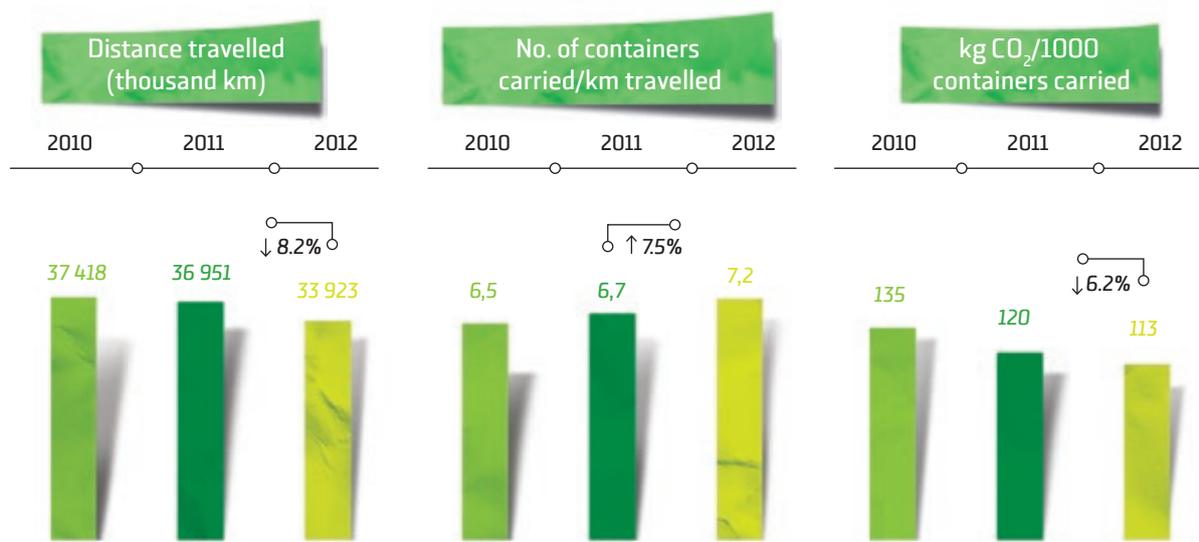
Transport and logistics

In 2012, our contracted vehicle fleet travelled a distance of about 34 million kilometres, corresponding to emissions of 27,530 tons of CO₂e, a fall of 75 % versus the previous year.



We continue to demand that the transport companies improve the quality of the vehicles in the contracted fleet, which is fully managed by the Logistics Department. At the end of 2012, 89% of the vehicles in service in the contracted fleet complied with the Euro 4 Standard at least — an increase of 2% compared to the previous year.

As we can see from the two specific indicators for logistics — namely the number of containers carried per kilometre travelled and the CO₂ per container carried — our goal to improve logistics efficiency was fully achieved. There was a 6.2% reduction of CO₂ emissions per 1000 containers carried and a 7.5% increase in the number of containers carried per kilometre travelled.



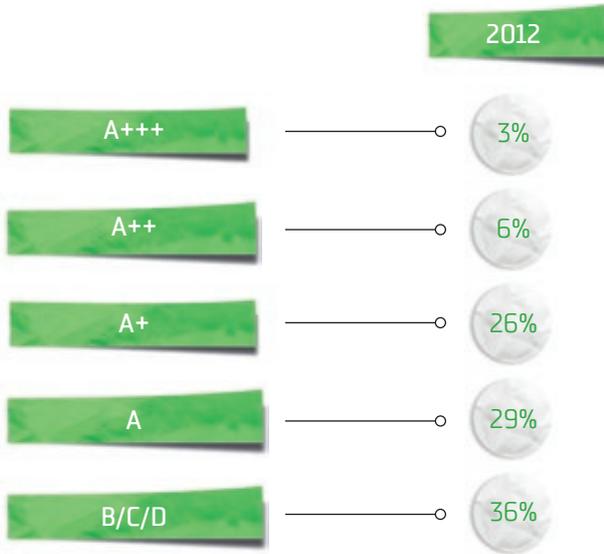
Environmentally efficient products

In April 2012, Worten launched a powerful campaign in support of energy saving. The main objective of this campaign was to support saving by linking it to more energy-efficient equipment, offering coupon discounts for more efficient household appliances (energy classes A+, A++ and A+++). The discounts were substantial: € 50 offered for class A+, € 100 for A++ and € 200 for class A+++ equipment. This campaign was advertised in several different media, such as television, radio, press, leaflets, flyers, in-store and online at the Worten website.

With environmental efficiency in mind, Worten also offers its customers a vast range of energy-efficient appliances instead of other less efficient products (class B and below). In 2012, new products (LCD, LED and plasma screen products) were included among the products with energy efficiency labelling. It should be noted that a new, highly efficient category was launched, A++++, which comprises 19 products.

* Vide Glossary

Products sold according to energy efficiency class (household appliances, LCD, LED and plasma screens)



However, when comparing household appliances like-for-like, there was an increase in the number of higher energy efficiency products sold.

In 2012, new products (LCD, LED and plasma screen products) were included among the products with energy efficiency labelling. As a result, the samples cannot be directly compared.

Products sold according to energy efficiency class (household appliances)

	2010	2011	2012	Δ11-12
A+++	-	1%	7%	↑ 6 pp
A++	1%	10%	13%	↑ 3 pp
A+	22%	41%	60%	↑ 19 pp
A	66%	42%	17%	↓ 25 pp
B/C/D	12%	6%	3%	↓ 3 pp

Projeto Equipa Worten Equipa (Team Worten Team Project)

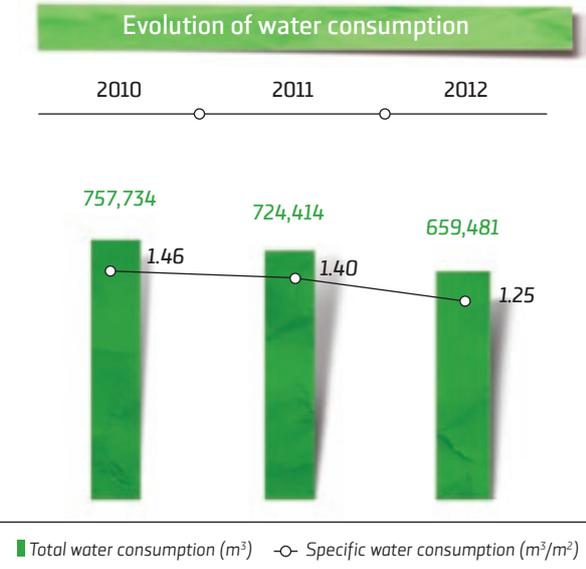
Launched in 2009, this project is an environmental and social initiative that involves asking customers to hand in old products at Worten stores in order to offer new products to charitable organisations all over the country, including Madeira and the Azores.

- Overall, by 2011 Worten had handed out 8,360 new items to 767 different institutions
- In 2012, 4,784 tons of waste electric and electronic products (WEEE) were collected, which meant 2,236 new items were offered to social solidarity institutions all over the country
- In 2012, these appliances — valued at over € 200,000 — helped 50,000 users
- To date, over 18,800 tons of WEEE have been collected, helping over 245,000 users and more than 1,000 Portuguese social solidarity institutions
- Projeto Equipa Worten Equipa is committed to offering € 50 worth of new products for each ton of WEEE collected.

• Worten has also sponsored **Escola Geração Depositário**, an initiative promoted by ERP Portugal that aims to enhance the role of schools and teachers in recycling WEEE and batteries. The winning schools were announced at the end of 2012, with each winner receiving a € 1000 voucher to spend on new equipment. By virtue of this sponsorship, Worten enhances its role as an environmentally responsible entity, encouraging the younger members of society to behave in an environmentally responsible manner.

Water resources

In 2012, the total consumption of drinking water in *Continente* hypermarkets and supermarkets amounted to 659,481 m³, which corresponds to a 9% reduction compared to 2011. Regarding this sampling universe, we can see a reduction of 10% in relation to last year. On the other hand, specific water consumption per square metre of sales area stood at 1.25 m³/m², a reduction of 11% compared to 2011.



The consistent improvements in water usage performance observed in our food stores are a result not only of rigorous monitoring but also of the on-going implementation of waste minimisation measures. These measures have focused on the use of more efficient equipment, new rules of conduct for store teams and quicker response times in dealing with accidental leakages. Although nearly all the water used comes from the public mains, there are boreholes in some of the stores that provide water for irrigation and washing outdoor pavements.

Reduction of water consumption
 The water efficiency measures implemented by Sonae in the same universe of stores (Like for Like) during the 2009-2012 period produced a reduction of 21%.

When it comes to wastewater treatment, most of the liquid effluents generated at our facilities are discharged into the public sewer system, except for three stores (Vagos, Cancela and Ribeira Brava) and five warehouses (Azambuja, Plaza I, Plaza II, C1 and C2), where this does not happen because the public infrastructure does not exist. In order to make sure that the effluents comply with the applicable law, those facilities possess wastewater treatment stations that provide biological treatment (secondary treatment).

Although measurements of discharged liquid effluents are not available, we estimate that stores generated approximately 527,585m³ of liquid effluents in 2012, 9% less than in 2011. This estimate is based on a rule of thumb typically used in engineering that 80% of water consumed results in liquid effluents.

Impact of packaging

Sonae is aware of the relevance of packaging in the supply chain, both for preserving the quality of food and non-food products and in terms of our environmental footprint. Therefore, over the last few years we have conducted research and taken measures to improve the quality, durability and recyclability of our packages.

The Retail business generates a large volume of cardboard and plastic waste due to the materials it uses to package the products it sells. Accordingly, we have been working with our suppliers to reduce the quantity of materials used in our packages and make them more recyclable. With regard to transport boxes, two general measures were adopted: replacing disposable boxes with reusable ones; and optimising packaging so that fewer units are required for the same amount of product. In order to reduce our environmental impact, Sonae has worked with its suppliers to create optimised packages for each product. This involves using the least possible amount of material; using light materials from more sustainable sources, including recycled materials; and maximising recoverability and recyclability.

A practical example of this can be seen in food products. Although packages are highly optimised, they still offer efficient product protection, thus minimising waste. In non-food products, there has been a noticeable reduction or outright elimination of packaging material.

Other examples include household appliances and consumer electronics products, where the packaging indicates if they can be recycled, providing specific information about the correct disposal bin for that specific material. As far as our own-brand products are concerned: in 2011, product tags and labels were replaced by direct printing on the actual products, which allowed us to stop using those packaging materials. There was a 78% reduction in the packaging materials used in 2012 compared to 2011.

Commitments for 2013-2015

Efficient management of environmental impact

- Extend the ISO 14001 Environmental Certification plan to Textiles and Sports stores

- Maintain current ISO 14001 Environmental Certification and expand the verification plan to Worten shops

- Conclude the R22 coolant replacement plan in refrigeration plants

- Continue to focus on the installation of new autonomous energy generation stations from renewable sources, according to investment capacity and applicable laws with regard to minigeneration and microgeneration stations

- Implement the use of hard boxes with disposable lining and replace hard box inners

- Reduce the use of plastic bags in home deliveries

- Strengthen the concept Outlet/UTRAD –Unidade de Tratamento de Artigos Depreciados (Depreciated Product Management), in order to recover articles that would have been disposed of as waste

Commitments for 2013-2015

Efficient management of environmental impact

- Implement best environmental practices in new facilities (stores, production centres) or when existing facilities are overhauled (use of recyclable materials, adaptable to climactic alterations, energy efficiency, use of renewable sources, water efficiency, etc.)
- Include environmental issues when monitoring customer satisfaction
- Implement an environmental dashboard in 80% of stores, including all employees
- Include environmental issues in the Bom Dia monthly meetings

Sonae "footprint"

- Calculate the carbon footprint of selected products
- Implement a car pooling system
- Maintain the route optimisation procedure in home deliveries, thus contributing towards reducing the carbon footprint
- Use bi- vs. tri-temperature refrigerator vehicles
- Calculate the water footprint of selected products
- Study and promote best practices in animal and vegetable production, reducing the carbon and water footprint of *Clube de Produtores Continente* product.
- Help reduce the carbon footprint by shortening distances between the places where perishable products are produced and Continente stores, if feasible by the members of *Clube de Produtores Continente*.

Packaging footprint

- Set goals for reducing packaging materials in own-brand products
- Optimise transport boxes in order to reduce packaging materials

* Vide Glossary

2.5 Better People

Given that employees and suppliers are crucial to the sustainability of our organisation, we have made several commitments to support the development and well-being of our employees and the integration of sustainability into the supply chain, in line with Sonae's policies.

	Commitments for 2012	What we did in 2012	
Employees	Medium- to long-term Human Resources planning.	These actions were initiated in 2012, becoming part of the continuous cycle of Human Resources Management.	
	Internationalisation of Human Resources policies and processes.		
	More flexible Human Resources structure in order to improve efficiency and provide a better response to business needs.		
Suppliers	Extension to non-food product suppliers of our Continente own-brand certification and product and supplier monitoring after development/launch according to ISO 9001.	The increased scope of certification meant that more own-brand products were introduced, exceeding 6,000 product references.	
	Develop and initiate the Sonae Suppliers International Certification process.	Process started for the top five non-food product suppliers based on the implementation of supplier quality Index.	
	Proceed with the plan to increase the number of audited suppliers.	In 2012, we increased the number of audited suppliers by 23%, corresponding to a total of 1,444 suppliers audited.	
	Social, ethical and environmental certification for most textiles suppliers (objective - 80%).	Although it was implemented in 2012, this process was slowed down due to the negative economic conditions in Portugal. Suppliers will be re-audited during the first semester of 2013 to verify the successful implementation of corrective measures.	
	Maintain the certification of the <i>Clube de Produtores Continente</i> (Continente Producers Club).	The certification was renewed in 2012, through the annual follow-up audit, performed by SGS.	
	Continue to implement the plan to increase the number of suppliers audited, and qualification and selection audits.	In line with the development certification of the Continente trademark, all suppliers are required to undergo a qualification audit (except for suppliers who are already certified in conformity with quality management systems, e.g. ISO 22000, IFS, BRC, among others). According to the annual supplier audit plan, follow-up audits are performed on current suppliers.	

 Fulfilled
  Partially fulfilled
  Unfulfilled

1 SGS - Société Générale de Surveillance S.A, an international organisation in the field of inspection, verification, analysis and certification.

Development of human capital in Retail

People are at the heart of our success, and that's why we continue to invest in training and the development of our employees.

"74% of stakeholders surveyed considered that Sonae is a good company to work at."
Stakeholders survey 2012*

Who are our employees?

At the end of 2012, the team working in the Retail business comprised 36,223 employees, 91.35% of whom work in Portugal, 7.13% in Spain, 1.40% in Brazil, 0.07% in China and 0.05% in Turkey.

Like last year, only one of our senior managers works away from his home country. This reflects the recruitment policy followed in the Retail business, which is based on hiring locally and generating employment in the locations where Sonae is present.

Main indicators in the Retail business area



* Scope: Portugal

Upward Feedback



In addition to performance assessments, which apply to all employees, another edition of **Upward Feedback** was held in 2012 with employees in the Retail business area.

This 180-degree assessment tool allows employees to give their managers feedback on their work as team managers based on a number of criteria: work organisation, motivation, development and communication. It acts as a personal and professional development tool that serves as the basis for a continuous process of change and personal growth.

2 Annual stakeholder survey on the subject of Sustainability.

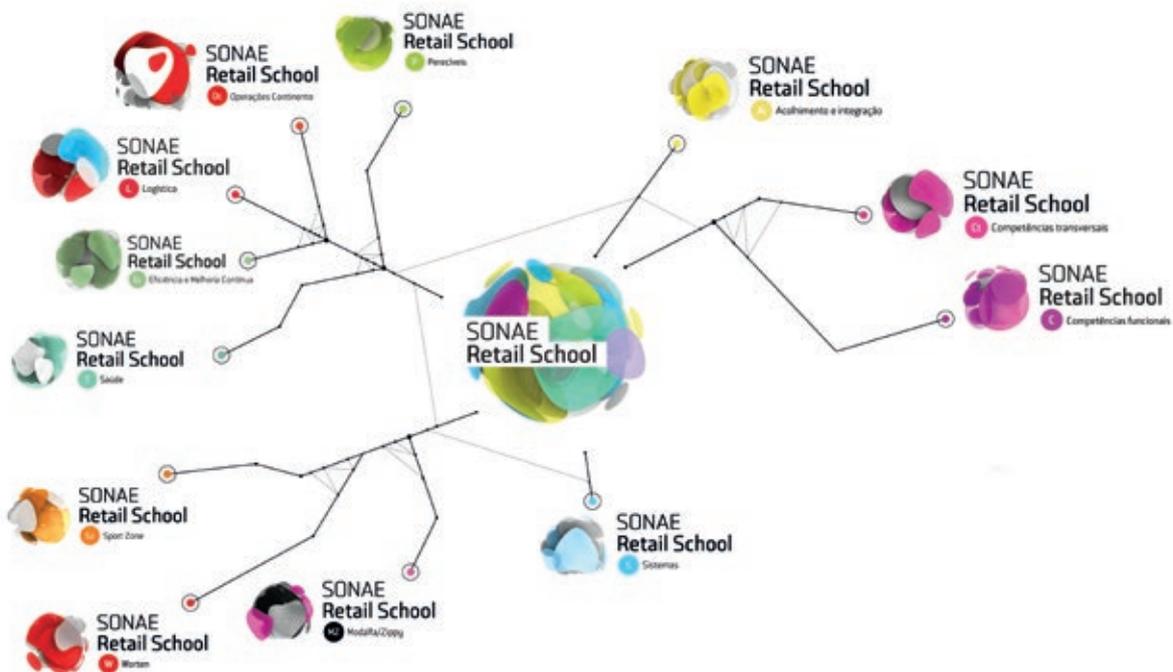
Sonae Retail School

Sonae offers several continuous learning and skills management programmes providing support to employees' permanent employability and career management. At Sonae, we believe that continuous learning is the path to excellence. This is why we continue to develop the Sonae Retail School, a global training system organised into schools and academies aligned with the different strategic business areas.

We aim to reach out to everyone and respond to the specific conditions in all the geographical areas where we operate. The factors behind our success are already well known. They include: diverse programmes segmented according to area and functional profile; custom designed contents; and a highly qualified training team. In 2012, training events were delivered by 2,356 trainers/internal employees.

We continued to provide a very extensive training offer involving in excess of 1,1 million hours. For this, we rely on the development of a variety of modules that are up-to-date and flexible when it comes to delivering training in formats that best suit our needs. These formats range from classroom to e-learning, on-the-job training and executive programmes.

In 2012, the Sonae Retail School provided 62,730 events, adding up to a total of 879,855 hours of training, distributed through the following programmes:



Well-being and internal satisfaction

"82% of stakeholders surveyed believe that Sonae provides its employees with adequate conditions of health, safety and hygiene."

*2012 Stakeholders Survey **

For a long time now, Sonae has acknowledged that **Occupational Health and Safety** (OHS) is an essential pillar for the sustainable development of our business, because it allows our human resources to operate at their full potential. This aspect sets us apart and drives our success. In fact, because we are aware of how important people's safety and asset preservation are for sustainability and growth, Sonae has developed a wide range of true social responsibility activities with a clear commitment to the prevention of workplace accidents, eliminating and/or minimising risks and encouraging continuous surveillance over Occupational Health and Well-being.

At Sonae, we are committed to implementing a zero accidents culture and make sure that the health and safety of our stakeholders is never put at risk. Acting strategically and objectively is our top priority.

First and foremost, Sonae's OHS Department focuses on preventing work accidents and occupational diseases. In order to achieve this, we rely on risk assessment and the definition of risk mitigation measures together with different business units, specifically through employee training, establishing close relationships with employees at work, safety walks, audits and simulations.

We investigate each and every work accident that occurs in order to identify their causes and, consequently, to implement measures to prevent their recurrence.

OHS and our employees

People are at the heart of Sonae's success. We encourage our employees' engagement and participation in our OHS processes in order to ensure safe and healthy working environments.

OHS and our stakeholders

The participation of our stakeholders in OHS policies is an essential tool for the transparency of our OHS culture regarding the general public. Transparency helps create bonds based on trust and loyalty, which are crucial to developing and sustaining our core business.

Every day, we focus on continuously improving work and safety conditions for our employees, customers and other stakeholders in our facilities and surrounding areas.

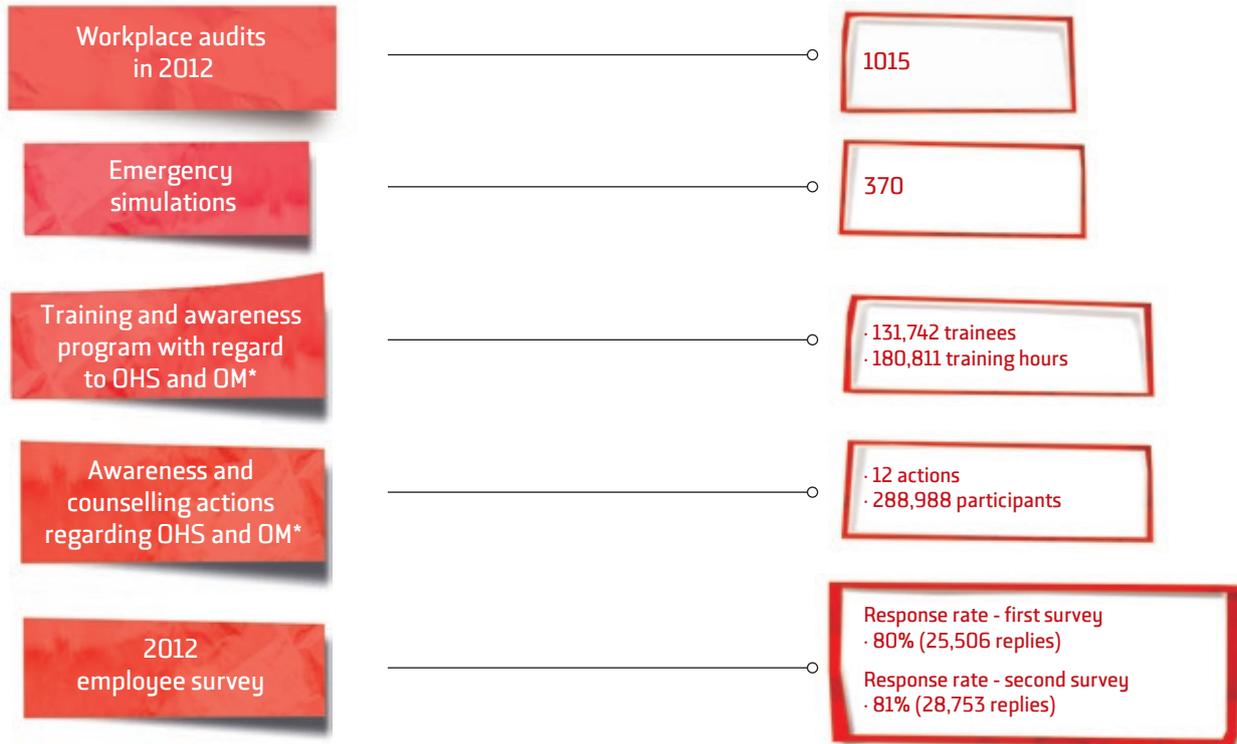
As in previous, we participated in the National Day for Prevention and Safety at Work on 28 April, restating our commitment to health and safety at work and encouraging thought on these issues.

Our campaign "Abril, Segurança Mil" – 2012, was based on the theme of the campaign promoted by the European Agency for Safety and Health at Work (EASHW) – Working together for risk prevention. It appealed for the involvement of everyone in the prevention of occupational risks.

The Sonae Safety Day competition was launched as a means of promoting activities in different units and rewarding best practices regarding safety and health at work.

Active participation in events promoting OHS at European level supports the sharing of know-how and experiences associated with this area. It also helps to develop best practice programmes addressing specific topics, allowing constant improvement in OHS matters.

In 2010 and 2012, Sonae was one of the winners of the European Good Practice Awards. Awarded by the European Agency for Safety and Health at Work, these prizes recognise best practices with regard to safety and health in organisations. Both awards are the result of the work performed at Sonae in defining and developing good practices regarding the minimisation of work accident risks and occupational diseases.



* OM - Medicina no Trabalho

Occupational Health

The promotion of occupational health and well-being at Sonae is the result of a joint effort by both company and employees. We seek to discover which factors influence well-being, both positively and negatively, in order to adopt a proactive approach that anticipates health problems. We also seek to be recognised as a healthy and positive company with motivated, happy and highly productive people.

Occupational medicine is available to all employees and sometimes extends beyond the company's boundaries to become a service that is always available and open to all, as follows:

- We monitor and promote the health of our employees through medical exams performed by health professionals who check not only work-related aspects but also our people's overall health.
- We contribute to mitigating absenteeism, avoiding occupational diseases and co-operating in the prevention of work accidents. The fact that medical facilities are available within the company's premises allows a faster and more efficient service that is better suited to our needs.
- We invest in promoting health and well-being through several internal campaigns to raise everyone's awareness around disease prevention and adopting healthy lifestyles.
- We have made available an interactive platform: Vita Salutis – Solution for Cardiovascular Risk Assessment and Health Education.
- We provide health screenings and nutritional information in association with other Sonae services.
- We appeal to our employees' social conscience, encourage blood giving and bone marrow donation. We have 1,319 bone marrow donors and take part in all appeals for donations at our facilities or at hospitals whenever they happen.

We are also concerned with the well-being of our customers, as follows:

- We were pioneers in the implementation of the automatic external defibrillation (AED) programme, and have 50 AED operators across all our units.
- We have a team of 5,800 First Aid trained and certified employees who can provide First Aid at all our units.

This is why we are acknowledged by several health service companies. They trust our ability to have a positive influence on the health of internal and external customers, and they are our partners in several initiatives.



Internal satisfaction



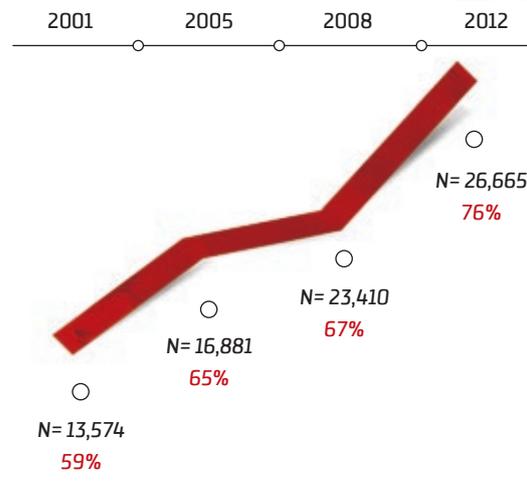
With a 15-year history, the fifth edition of *Sonae Sharing Views* (our social climate assessment) enjoyed its highest participation rate ever. In November 2012, the survey was extended to Spanish employees and a digital version was made available in addition to the paper version.

The Satisfaction Index is based on employees' emotional feedback — whether positive or negative — about their work and the company, based on the difference between their current situation and their personal expectations.

Main highlights

- **76% Satisfaction Index** reflects a favourable opinion of employees in relation to their work environment, their work and Sonae as their employer.
- **83% Engagement Index** indicates that employees feel strongly committed to Sonae, and firmly intend to remain with the company.
- **70% Our Way Index** reveals the existence of a solid and deeply rooted culture.
- **73% Manager Index** shows quality in managing people, work conditions and recognition of employees based on their value and results.
- **78% Equity Index** reveals that Sonae's management offers equal opportunities and career progression based on merit, irrespective of gender.
- **73% Life Quality Index** denotes that Sonae allows a balance between work and private life.

Evolution of the overall Satisfaction Index



The 2012 survey revealed the highest satisfaction rate ever.

Responsibility in the supply chain

"61% of stakeholders surveyed believe that Sonae is governed according to principles of equality in its relationship with its business partners."

2012 Stakeholders survey³

Supplier selection and qualification

At Sonae, we govern all our businesses according to the principle of co-operation, favouring the benefits of mutual understanding with all our suppliers. In line with this principle, we take a proactive attitude to finding solutions that are beneficial to all those involved, particularly in terms of integrating logistics design, developing new products, marketing concepts and sharing information.

In this way, over the years we have integrated sustainability practices into our supply chain, emphasising the alignment of supplier practices with Retail policies. These practices involve the continuous development of supplier selection and qualification mechanisms that take into account sustainability criteria such as human rights and labour practices, environmental requirements and health, and safety, among others.

Our general supplier contracts include clauses on these matters. For example: compliance with the Fishing Sustainability Policy, the prohibition of child labour and workplace discrimination etc. These clauses apply to all suppliers, irrespective of their origin. Additionally, we provide all our suppliers with the Sonae Environmental Policy.

Portal do Fornecedor

As a means to improve our relationship with suppliers, in 2010 we created the Supplier Portal, a platform that simplifies and supports communication processes. The Supplier Portal is a modern and exclusive communication channel that allows closer and more efficient relationships in supply chain management. The portal enables a quick, secure, integrated and consistent exchange of documents and information, optimising business activities and improving the overall quality of services delivered to the end customer. The portal's main benefits include:

- Quicker and easier access to information
- Elimination of data loss risks; reduction of operating and administrative costs
- Improved quality of services provided to the end customer

Depending on product type, supplier origin and risk levels, we may require certification regarding their production, quality, environmental management and hygiene and safety systems and/or social responsibility. Additionally, supplier selection and qualification audits are conducted to ensure compliance with our Retail-specific checklist. Qualification audits evaluate whether suppliers comply or continue to observe Sonae requirements, and may result in their qualification and integration into our supplier pool. Subsequent to these audits, several improvement and correction measures are implemented in collaboration with the suppliers.

There is a specific assessment and qualification programme for international suppliers, applicable when selecting potential suppliers and to the qualification of our current supplier pool. These selection and qualification audits follow a specific audit checklist assessing compliance to 286 different criteria grouped into 20 categories, covering areas such as quality, ethics, environment, hygiene and safety of production facilities/suppliers from different locations. Since 2009, the number of suppliers audited by the International Quality Department totals **1,444**.

³ Annual stakeholder survey on sustainability issues

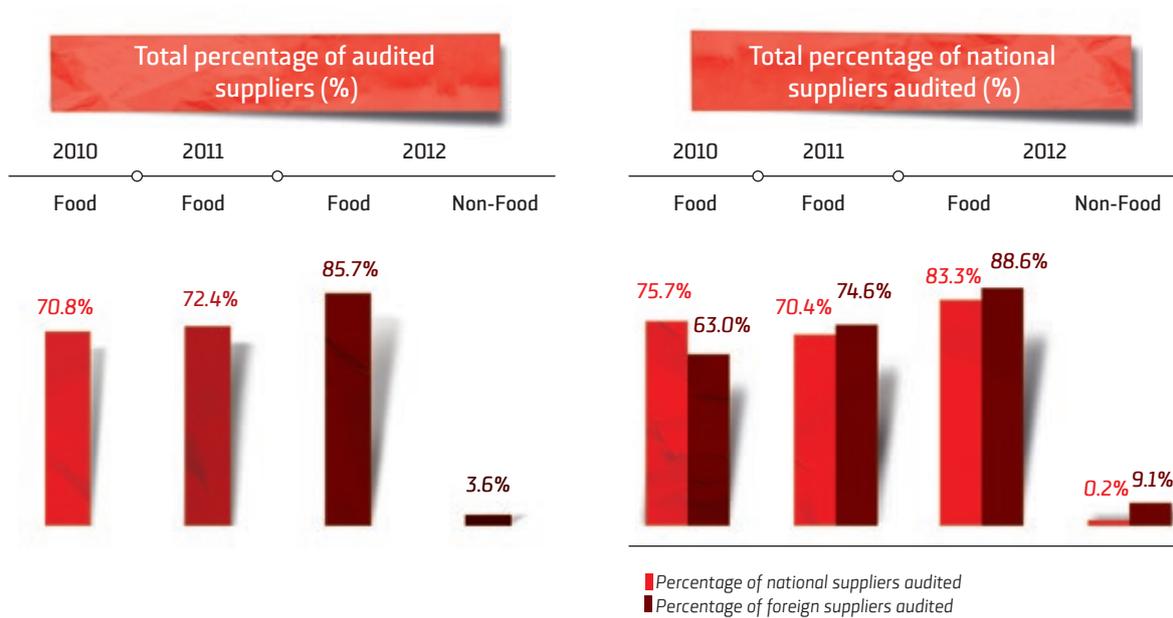
* Vide Glossary

Selection and qualification audits carried out by the International Quality Department in 2012

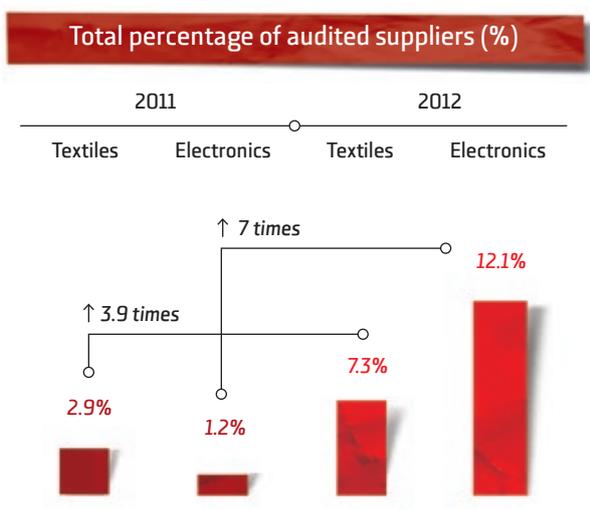
- 157 suppliers subject to selection audits **↑ 35% compared to 2011**
- 112 suppliers subject to qualification audits **↓ 2% compared to 2011**
- Relative weight of suppliers audited in total purchases: **23% ↑ 92% compared to 2011**
- Relative weight of international suppliers audited in total purchases: **75% ↑ 185% compared to 2011**
- 11** Suppliers audited with level 'C' (not applicable): **4%** of audited suppliers

Audits to Retail suppliers (food and non-food)

Sonae is ultimately responsible for the products it supplies and services it provides. Therefore, we conduct numerous audits on food and non-food retail suppliers in order to evaluate the quality of products supplied and services provided. The percentage of suppliers that are audited has risen over the last three years, reaching 85.7% for food retail and 3.6% for non-food retail in 2012.



In 2012, 7.3% of Textiles suppliers and 12.1% of Electronics Products suppliers were audited, a significant increase when compared 2011.



Clube de Produtores Continente (Continente Producers Club)

Created in 1998, **Continente Producers Club (CPC)** is a farming and livestock production support structure that was born from a desire to bring the company closer to Portuguese producers. Essentially, CPC's strategic objectives involve using our food retail chains to promote Portuguese products selected according to the highest standards of food quality and safety. In this way, CPC provides consistent and structured support to its members while ensuring the distribution of their products. The CPC allows us to identify and support the development of Portuguese products whose the taste, colour, odour and feel properties mean they are capable of competing effectively in their markets.

<http://clubedeprodutores.continente.pt/index.php>

Essential purposes of the CPC

- **Planning:** promotes the distribution of Portuguese products by optimising production capacity and providing technical support and access to a number of protocols.
- **Certification:** ensures compliance with food quality and safety standards, encourages self-assessment of production systems; fosters communication and discussion on future market challenges; guarantees traceability to the consumer; and promotes environmental responsibility.
- **Sharing knowledge:** analyses production systems and the specific requirements of national production, consumer profiles, market trends and marketing strategies while promoting innovation in products and processes, training and information with fluid communication converging towards a common goal – competitiveness.

The certification based on CPC's technical specification was renewed in 2012, seeing that CPC complied with the established requirements. This specification, the only one of its kind in the market, acknowledges the association's innovative character and reflects a proactive attitude towards customers, revealing high quality and safety standards. This certification rewarded CPC's policy of continuous improvement that led to linking the excellence of genuine Portuguese produce with the resources of a hypermarket chain with millions of consumers all over the country.

The CPC represents a solid investment by Sonae in national and local economic development. At the end of 2012, it had **253 members** (nine more than in 2011) and the total value of purchases made from CPC members amounted to **€ 235 million** - a 34% increase in relation to the previous year.



In 2012, the CPC was represented at a number of events, such as:

- "Mercado de Sabores – Edição Norte" at Edifício da Alfândega (Porto), which aimed to promote the flavours and crafts of Northern Portugal
- "Mega Pic-Nic Continente", held in Lisbon, which was visited by over 500,000 members of the public
- "Mercado de Sabores", which had approximately 55,000 participants and where producers from all over Portugal sold 14 tons of products
- "Mercado de Sabores Continente III", held in Lisbon

Approximately 100 stands (considering both Lisbon and Porto editions) with members of the Continente Producers Club offered an opportunity to taste and enjoy the best delicacies Portugal has to offer at a variety of events.

Also within the scope of this program, Sonae launched the Producers Club Innovation Award, which is already in its third edition. This award rewards club members for their performance and alignment with Retail business policies. The 2012 Innovation Award was granted to the project on the theme of Traditional Portuguese Hams: The relevance of synergy between different producers.

Commitments for 2013-2015

Development of Human Capital

- Increase proportion of women in management positions
- Continually monitor internal diversity indicators
- Maintain medium- to long-term strategic Human Resources planning
- Continue internationalisation of Human Resources policies and processes
- Keep streamlining the Human Resources structure in order to increase efficiency and achieve improved response to business requirements

Well-being and internal satisfaction

- Implement a health promotion programme
- Implement a software tool for support to Sonae's Health and Safety Management System
- Focus on promoting a healthy and balanced diet for employees (e.g. training/awareness events addressing child obesity)
- Continue to promote internal communication regarding well-being, health, safety and hygiene issues with employees

Commitments for 2013-2015

Responsibility in the supply chain

· Implement the Supplier Manual, including Supplier Policy and the Supplier Code of Conduct

· Create and distribute a Supplier/Subcontractor Safety Manual, containing a description of good practices on this subject

· Increase the number of own-brand suppliers audited, including qualification and selection audits

· Increase the number of textiles suppliers with social, ethical and environmental certification

· Ensure the maintenance of Clube de Produtores Continente's certification according to CPC's technical specification

· Create a formal procedure for the evaluation of non-conformities detected during supplier audits





A GREATER WORLD TO EXPAND

SONAE

IMPROVING LIFE

SONAECOM

"Our commitment to sustainable development is directly linked to our ambition of becoming the best telecom operator in Portugal. We strongly believe that our sector offers numerous opportunities and are strongly committed to developing innovative products, services and solutions that not only meet the needs of markets we operate in, but also generate value for our customers, partners, stockholders and community. In this way, it was particularly rewarding to have been able to achieve goals we had set and see our efforts recognised by the Carbon Disclosure Project, having won first place for Portugal and second for the Iberian Peninsula in its telecom companies ranking.

Miguel Almeida, Optimus CEO

3.1 Background

Mission

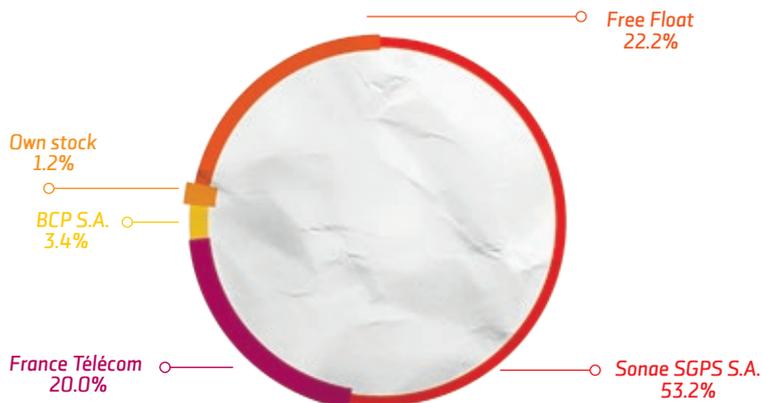
Sonaecom is a growth-oriented company with the ambition of becoming the best telecom operator in Portugal, by creating an environment that allows the best professionals to attain their true potential.

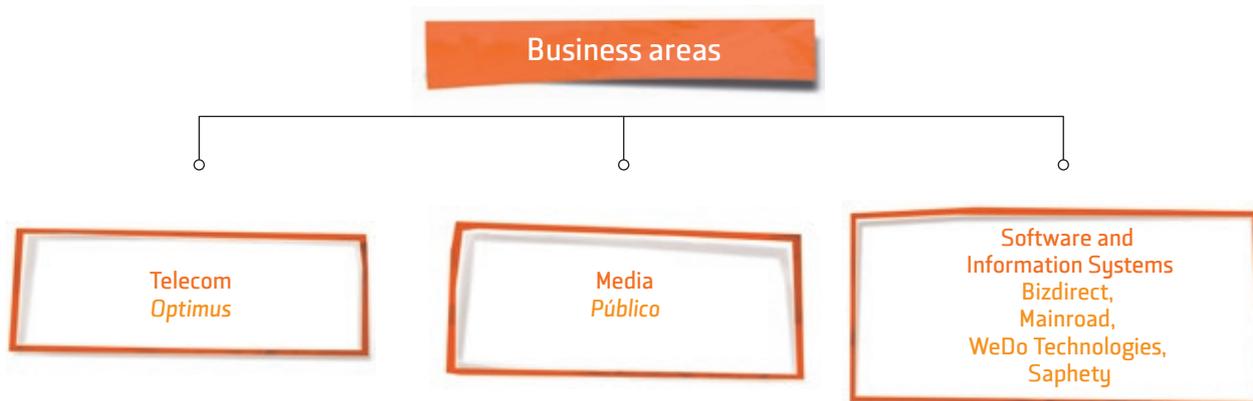
Sonaecom seeks to consistently create innovative products, services and solutions that fully meet the needs of its markets and generate top economic value.

Values

Ethics and trust | People at the heart of our success | Ambition | Innovation | Social responsibility | Frugality and efficiency | Co-operation and independence

Sonaecom simplified structure





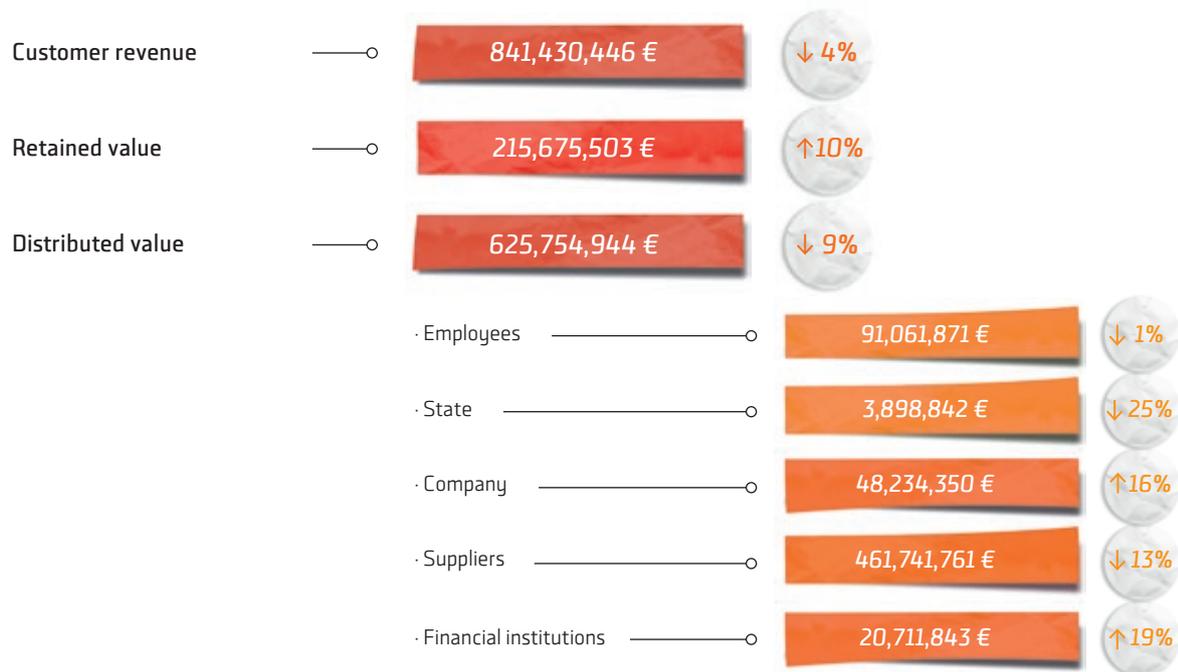
Sonaecom's single brand for the Telecom sector, offering state of the art voice, internet, TV and data solutions through fixed or mobile terminals, enabling customers to enjoy multiple solutions adaptable to each profile.

Público is the reference daily newspaper in Portugal and fourth among daily newspapers in terms of circulation. It publishes its information on several platforms: printed press, internet and smartphone.

The SIS business includes the Bizdirect, Mainroad, WeDo and Saphety companies and provides business assurance and IT management services solutions, fully integrated invoicing solutions and IT multi-brand solutions.

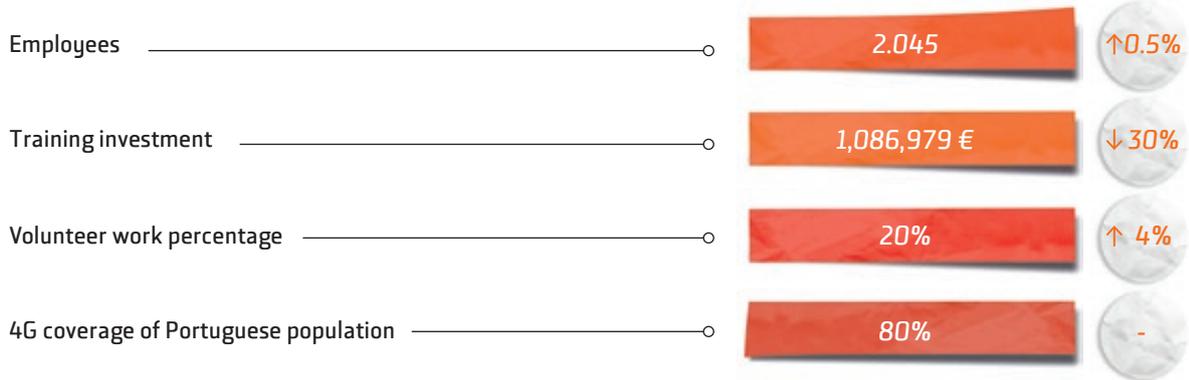
Principal indicators in 2012

Economic performance



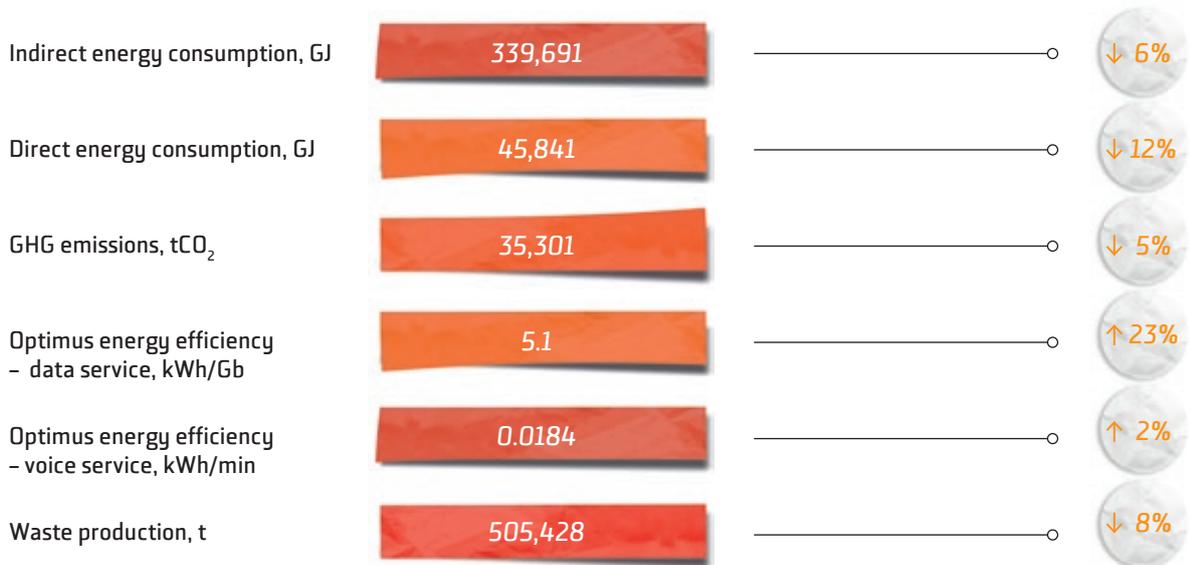
Despite the fact that company sales decreased by 4.4% in 2012, Sonaecom achieved a remarkable increase of 4.5% in operating results or EBITDA and achieved net results 21% higher than in 2011.

Social performance



Optimus launched One Care, an innovative solution that allows the detection of risk situations and the remote monitoring of people with special needs or in special situations.

Environmental performance



As a result of its energy management strategy and subsequent energy usage reduction measures, Sonaecom ranked first among Portuguese telecom companies and second in Iberia in the CDP Iberia 125 Climate Change Report 2012.

Our objective is to achieve seamless, transparent disclosure of our sustainability management practices, results and programs, supporting our statements of progress and achievements with evidence while identifying any areas requiring improvement.

3.2 Sustainability strategy

To maximise the value we bring to our stakeholders and promote an open dialogue with all of them, Sonaecom includes economic, environmental and social aspects in its management strategy. This allows the business to minimise risk while including stakeholders' needs in its strategy and identifying opportunities for growth.

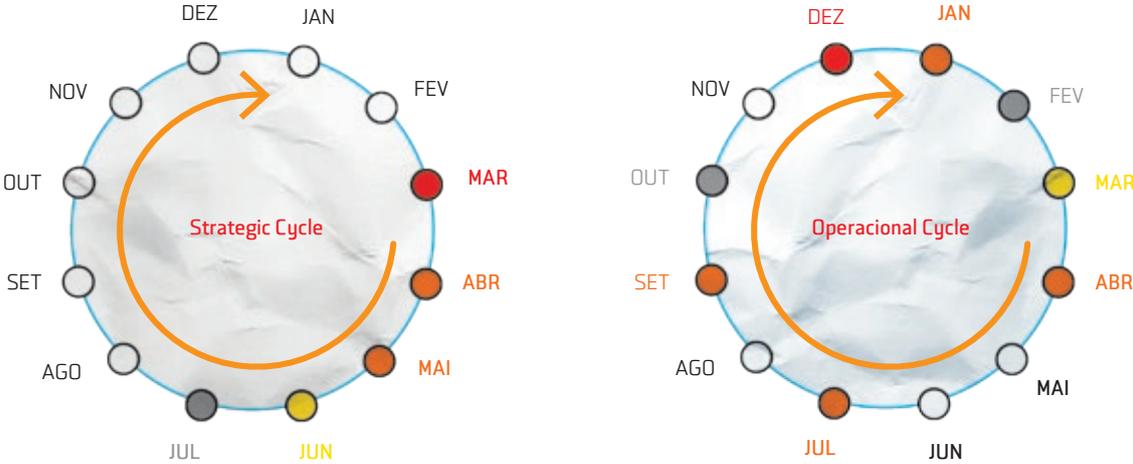
How is sustainability managed?

In 2008, Sonaecom created a structure to manage sustainability. This includes the distribution of internal responsibilities, the definition of a strategic cycle and an operational cycle.

The **strategic cycle** (a three-year cycle) is marked by deep reflection and great openness towards stakeholders, whose contribution defines our strategy, our goals and plan of action.

The **operational cycle** (a one-year cycle) involves: analysing the preceding year's results and defining annual goals; determining the measures required to achieve those goals; performance monitoring audits to determine annual performance against GRI indicators and previous goals; analysing those results and defining new actions for improvement. Sonaecom makes use of its existing internal mechanisms for stakeholder surveys. These determine the progress of issues previously identified by stakeholders in the strategic cycle to ensure they are included in annual goals.

Strategic and operational sustainability cycles



- Analysis: benchmark, internal and sectorial indicators
- Stakeholders's consultation
- Internal workshop
- Conclusions: impact matrix issues vs. stakeholders
- Approval strategy and goals

- Stakeholders: analyses of internal monitoring mechanisms information
- Indicators: collection and monitoring
- Audit: report verification and GRI indicators + ISO 14001 and 9001
- Senior management: annual performance analyses and definition of annual action plan
- Executive commission: approval of annual plan, annual performance report and sustainability report

Sonaecom's progress towards sustainable development is led by its Sustainability Bureau. The Sustainability Bureau is co-ordinated by the Sustainability Team, which belongs to the Institutional Communication & Sustainability Department.

The year 2012 was marked by changes designed to establish a sustainability management model that was both faster and more efficient. In line with this objective, in 2012 the management of the Environment Office and the Quality Management System were given to the Sustainability Department. As a result, this department integrated the management of the Quality and Environmental Systems into its strategic and operational cycles.

What are the challenges?

The stakeholders' survey allowed Sonaecom to identify a number of issues that supported the definition of its strategy for the three-year period between 2012 and 2015. It also allowed the company to identify areas requiring improvement and determine the actions needed to achieve its goals.



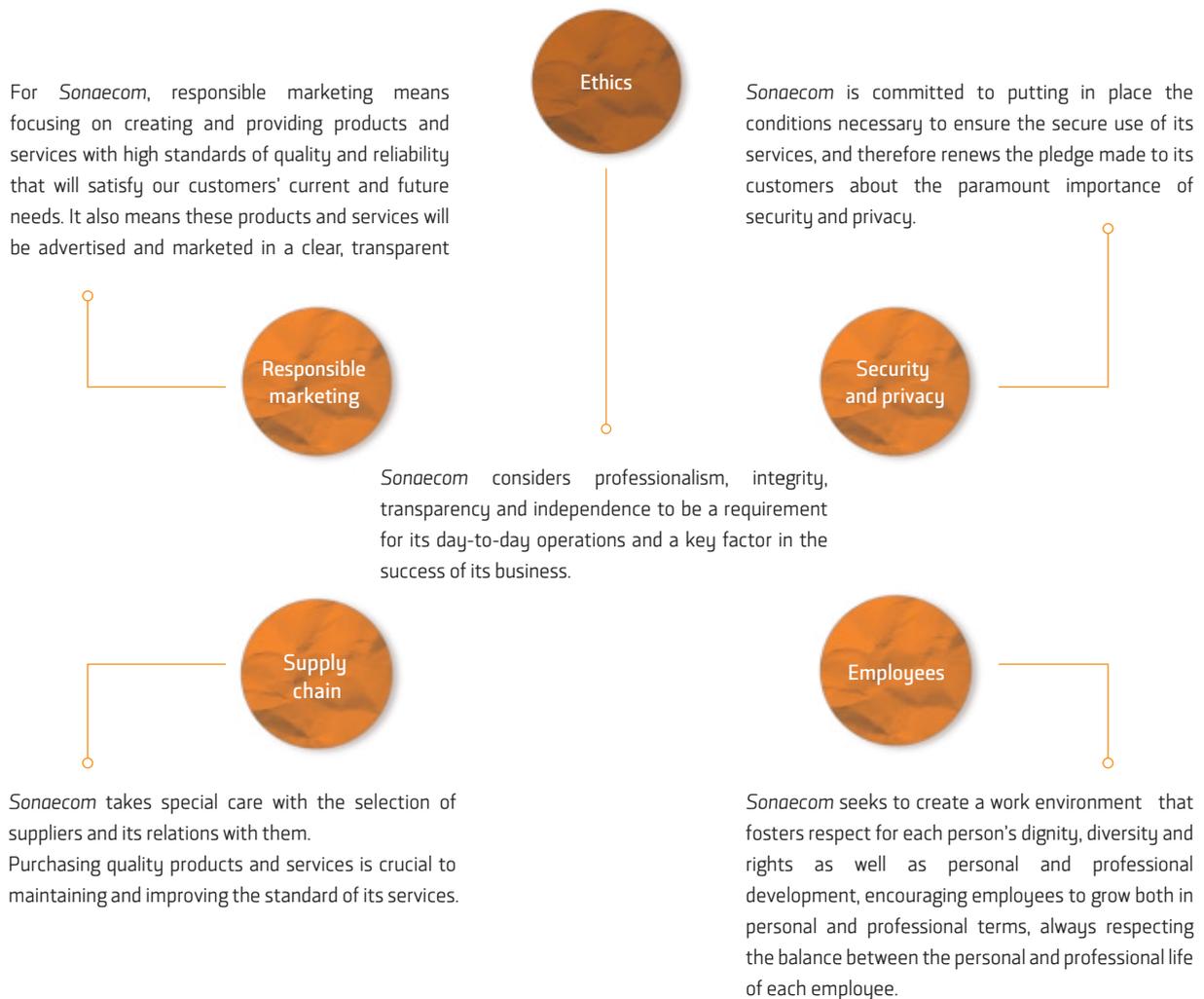
3.3 Our performance

Sonaecom's commitment to sustainable development is directly related to its ambition of becoming the best telecom operator in Portugal. Sonaecom believes this sector offers numerous opportunities to build a better world. Together with its employees, customers, suppliers, partners and third sector organisations, the company is constantly exploring new opportunities to benefit all its stakeholders – and society as a whole.

Sonaecom's sustainability commitments reflect its growing interest in contributing to the development of society through innovative products and services. Sonaecom's commitments reflect its three sustainability challenges – **Responsible Life, Green Life and E-Life**. These challenges were defined in 2011 and the company is still working on them by defining projects to develop during the three-year period between 2012 and 2015.

Responsible Life

Responsible Life involves acting in a responsible manner towards employees, customers and suppliers, focusing on five themes:



Code of Conduct and training

During 2012, *Sonaecom* carried out an assessment of the company's Code of Conduct seeking to identify any opportunities for improvement as well as to clarify our understanding of each item and enhance the mechanisms made available for reporting alleged violations of its principles. This assessment involved a benchmark in line with best market practices and a detailed analysis of the guidelines provided by leading entities regarding codes of conduct in general and also some specific subjects that are part of the code.

Identifying these improvement opportunities allowed us to define a set of guidelines. On the one hand, these are aimed at consolidating the understanding of the company's ethics-related rules of conduct, regulations and policies. On the other hand, they are aimed at disclosing the internal mechanisms available for supporting informed decision making, gaining access to additional information or reporting an alleged irregularity.

To respond to this challenge, *Sonaecom* launched an ethics communication and training programme, which at this early stage has addressed only *Optimus*, *Shared Services* and *Corporate Centre* employees.



Project Optimus Culture

In 2010, the telecom market’s huge dynamic energy led *Optimus* to launch the *Optimus 3.0* programme. This programme covered the whole company and set out to adjust our existing operating model to the new market conditions focusing on growth and profitability. *Optimus 3.0* involved the formation of a project team dedicated to the development and promotion of Sonaecom’s organisational culture, transforming it into a strategic asset.

The only way to deliver such a large-scale, high-profile cultural transformation programme is by activating the mechanisms capable of achieving an effective change in employees’ behaviour and attitudes. With this in mind, *Optimus* identified the mechanisms to activate – leadership, tools and processes, communication, training and HR processes and systems – and used them to develop an action plan including specific measures to be implemented.

In 2012, we performed an additional survey focusing on organisational culture, which achieved a participation rate of 84%. Its results provided very relevant inputs regarding the consolidation of a strong and distinctive culture, showing our people’s consistent commitment to the company’s targets and goals.

Optimus customer satisfaction assessment

In 2012, *Optimus* introduced a bi-annual satisfaction tracking survey for each business (*Residential Mobile, Mass Business, Optimus Home, Optimus Kanguru and Optimus Clix*). The process involves a questionnaire focusing on the customer’s general level of satisfaction with the service; their level of satisfaction with a number of factors specific to each service; the interaction between these factors and their contribution to overall satisfaction.

Another survey was also launched in late 2012, covering all business areas and focusing on customer satisfaction with the *Optimus* channels they used: Customer Support Service Assistant (SAC), IVR, chat, e-mail, website, customer account manager*, shop and agent*.

* Only for *Optimus Negócios* (business customers)

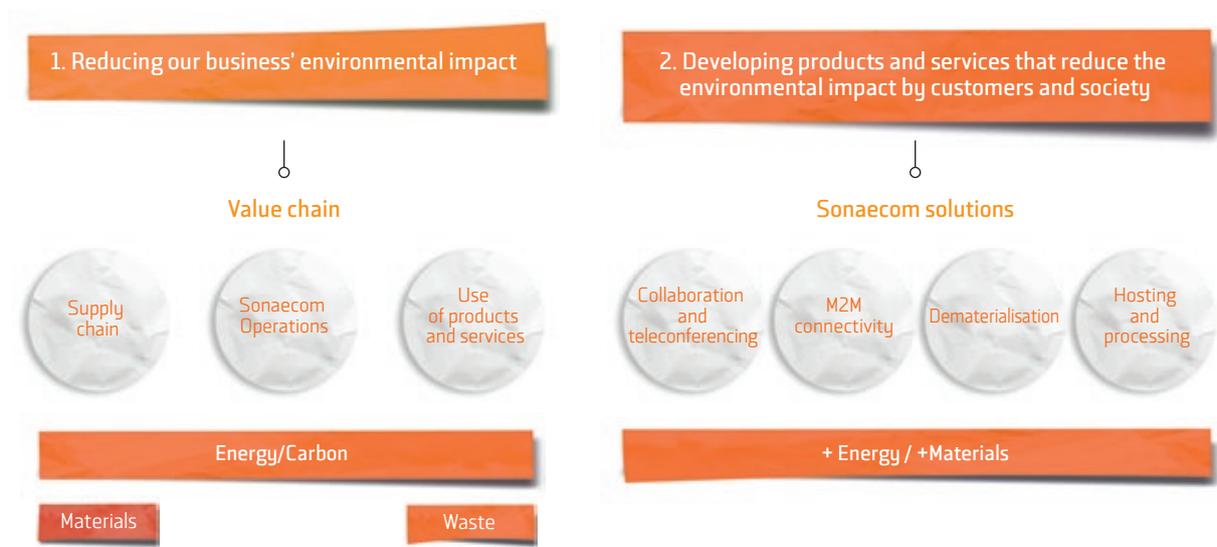
Commitments for 2012	Performance in 2012	Status
Extending the <i>Take-Off</i> programme to shops and after-sales service.	The programme was designed, but it was not launched due to organisational changes which led to postponing the programme’s launch.	85%
Performing nine sessions of the <i>Take-Off</i> programme.	The commitment to perform nine sessions of the <i>Take Off</i> programme was defined under the assumption that the programme would be extended to shops and after-sales services. Since that extension did not happen, the commitment cannot be completely fulfilled.	80%
Revising our Code of Conduct.	In 2012, the Ethics Committee discussed and approved a number of changes to the current version of the Code of Conduct. The revised code will be disclosed to all stakeholders in 2013.	80%
Implementing an employee training and Ethics communication plan.	In 2012, <i>Optimus</i> introduced an ethics communication and training programme for <i>Optimus</i> employees.	100%

Commitments for 2013-2015	Goal	Performance 2012
Implementing an eEthics training and communication plan targeted at suppliers and partners	2013	In 2012, we introduced an ethics communication and training programme restricted to Optimus, Shared Services and Corporate Centre employees.
Reporting the integrated quality, social and environmental evaluation of suppliers.	2013	As a medium-term goal, we have committed ourselves to performing a thorough revision of our supplier assessment process, to strengthen the quantitative component of the information we collect and to integrate it fully in decision-making processes.
Our customer service strategy is supported by a key indicator: the Customer Effort Score (CES). Our objective for 2013 is to achieve a CES that is lower than 3.5.	2013	-
With regard to customer service experience, we are aiming towards a 95% first contact resolution rate.	2013	-
5% of training hours through e-learning.	2014	In 2012, 4% of total training was performed through e-learning.
Developing a responsible procurement policy.	2014	In 2012, during Sonae's Sustainability Forum, Sonaecom was part of a work group that drafted a proposal for a Code of Conduct applicable to suppliers and the policy concerning Sonae's relations with its suppliers, which is currently awaiting validation. Sonaecom will adjust these instruments to its own circumstances.
A 20% increase in the number of suppliers with a positive classification in the annual assessment compared to 2011 assessment results.	2015	This commitment stems from a set of actions planned for the management of our products and services life-cycle. The outcome of these actions will only be known in 2015.

Green Life

The ICT sector produces environmental impacts but also generates solutions allowing for the reduction of energy and material resources consumed by third-party activities. The *Green Life* strategic challenge set the following objectives:

1. Minimising the adverse environmental effects of our business along the whole value chain, from our suppliers producing equipment and setting-up infrastructure to our customers using our products and services.
2. Developing solutions that unlock the full potential of new technologies, helping to improve the environmental performance of sectors ranging from industry and commerce to services.



Energy and carbon emissions

Sonaecom steadily reduced its energy consumption in 2012. Total indirect and direct energy consumption (86% of which was electricity) fell by 7% compared to previous year.

Our data centres achieved the biggest reduction (-17%), as a result of a several measures aimed at improving the energy efficiency of their air-conditioning and the optimisation of cabling systems. There was a 3% decrease in energy consumption in the telecom network, which accounts for 70% of total consumption. The modernisation of the mobile access network continued. This project was initiated in 2010 and covered a total of 1,967 sites by the end of 2011. This project will be completed in 2013 with interventions on the remaining 15 sites, improving network coverage across the country. The installation of more compact and energy-efficient equipment also allowed for the optimisation of space and energy requirements. This reduction was less noticeable in 2012 due to the development of the 4G network, which involved the installation of additional energy consuming equipment.

The optimisation measures implemented in the fixed-sites network produced a 25% decrease in electricity consumption.

In 2012, Sonaecom also started testing new forced ventilation solutions for sites as an alternative to air-conditioning units. This is a promising solution in terms of energy efficiency: the estimated decrease is approximately 5,000 kWh/site/year. It is expected that these solutions will be implemented in over 300 sites.

Another notable event in 2012 was the launch of the SavEnergy project operation. This Optimus-led project involves developing new solutions for mobile network on-site energy self-sufficiency, based on renewable electricity microgeneration.

SavEnergy – R&D for mobile sites energy autonomy

Optimus is leading a project involving the development of new solutions in energy efficiency and renewable micro-generation for mobile communications stations. The objective is to decrease – or eliminate – the network’s electricity consumption through limitation of HVAC needs, the use of renewable sources for energy self-generation and integrated control of all components using Energy Box technology.

This project was developed in partnership with Efacec and Fraunhofer Portugal. Its results will bring about new approaches to network operation and maintenance, allowing sites to be installed in off-the-grid buildings and locations, delivering obvious benefits in terms of decreased energy consumption, CO2 emissions and operating costs.

* Vide Glossary

Car Sharing - from theory to practice



Car Sharing is an internal platform launched in 2012 for sharing vehicles during business travels. It was conceived and developed from scratch based on a suggestion from an Optimus employee. This software application is accessible through mobile phone and the company's intranet and it combines offers and requests for transportation in a simple and intuitive interface.

This application offers multiple benefits, for instance, it reduces our environmental impact by lowering fuel consumption and CO2 emissions, reduces the cost of business travel and strengthens bonds between colleagues.



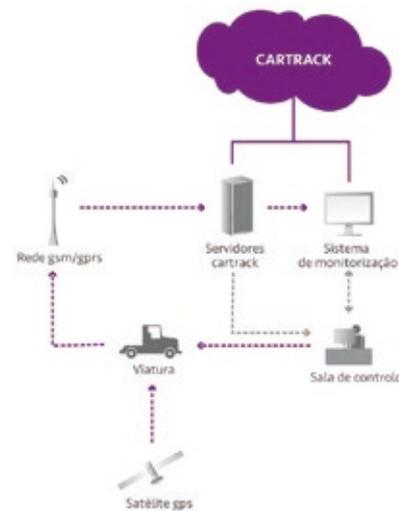
Fleet Management

Seeking to offer solutions that help minimise the impact caused by other organisations' activities, Optimus developed *Fleet Management*: a new solution developed in partnership with Cartrack, for the management of light commercial vehicle fleets.

This solution can track vehicles in real-time, recording data and transmitting it via the GSM/GPRS network. It also provides a detailed analysis of route information and driving profiles.

Cartrack monitored a group of 50 vehicles belonging to four customers during an entire year in order to assess what savings were actually generated by this solution. Results obtained in real-life conditions confirmed our estimates: there was an average decrease of 14% in the total distance covered due to route optimisation, and the average speed decreased by 4% as a result of more cautious driving.

The combined effect of these two changes suggests a decrease in fuel consumption of over 15%, with a direct impact on CO2 emissions and the added benefit of minimising road accidents.



Dematerialisation

Through Saphety, Sonaecom provides solutions that enable the dematerialisation, simplification and automation of business processes between organisations.

Saphety Doc is an e-invoicing solution that digitises the entire process, from issuing the invoice to its approval, while maintaining the document’s legal value and validity for tax purposes. E-invoicing reduces the total processing cost by up to 80%. It also enables a decrease in the customer’s carbon footprint by reducing paper requirements, waste production and energy consumption associated with the invoicing process.

By the end of 2012, there were 24.5 million legal-value invoices stored on the Saphety Doc platform. The replacement of paper invoices eliminated the consumption of about 50 million sheets of paper and saved almost 10,000 trees.

What did we do in 2012?

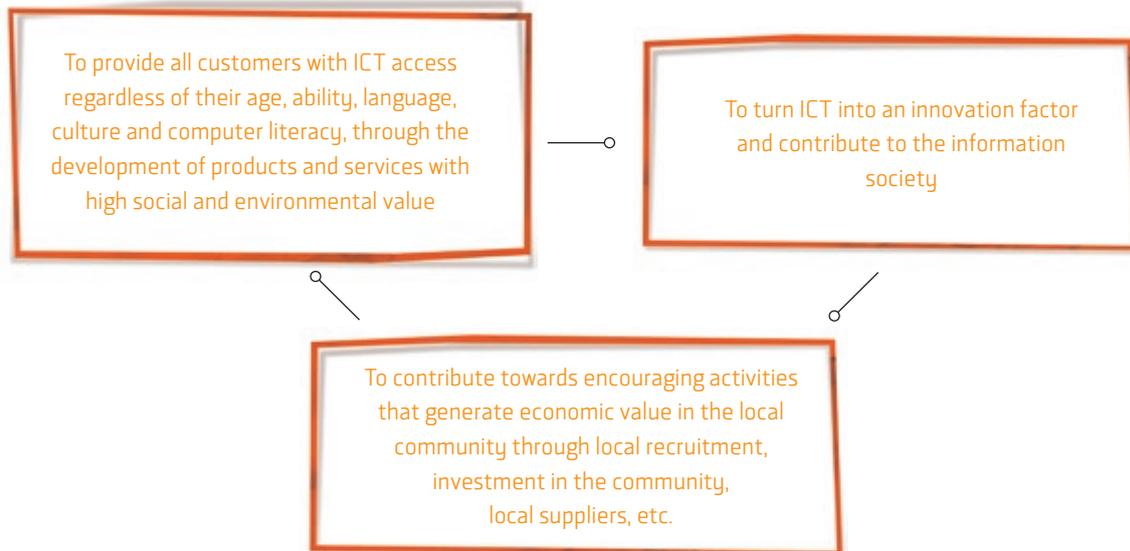
Commitments for 2012	What we did in 2012	Status
· Reducing network energy use by 10%.	Reduction in the telecom network was 3%. This reduction was smaller in 2012 due to the implementation of the 4G network, which involved putting in place additional equipment.	30%

What are we going to do?

Commitments for 2013-2015	Goal	Performance 2012
· Implementation of the <i>SavEnergy</i> project (energy autonomy) in six mobile communication stations.	2013	At the beginning of 2012, the installation of the first two prototypes was completed and an additional three are also expected to be installed. The decision to build only five prototypes stems from the results of an assessment that concluded the other technologies tested were not viable.
· Quantifying the carbon footprint from the <i>Optimus</i> service.	2013	-
· Defining a medium term goal for GHG emissions reduction.	2015	

E-life

Because *Sonaecom* acknowledges the crucial role Information and Communication Technologies (ICT) plays in promoting social inclusion, empowering people and fostering a knowledge society, the E-Life strategic axis is based on a commitment to developing products and services that will have a positive impact on people's quality of life. It aims to achieve three goals:



In 2012, *Sonaecom* invested approximately €48.2 million in projects related to the information society

Sonaecom made a significant contribution to innovation by developing new products and solutions for the market. Some examples are the technological partnership with the new *Central Nacional de Táxis Digital* (Portuguese Digital Taxi Control Central) and *OneCare-Safe*. These are products and services that have an impact on society and people's quality of life, developed with the goal of fulfilling the E-Life objectives.

Greater safety, greater profitability, better and quicker response times

Optimus is the technological partner in the *Central Nacional de Táxis Digital* (Portuguese Digital Taxi Control Central), a project managed by ANTRAL – the *Associação Nacional dos Transportadores Rodoviários em Automóveis Ligeiros* (Portuguese Association of Passenger Road Transport). This initiative plays a crucial role in the safety of taxi drivers and their passengers by incorporating a panic button connected to the control central which immediately contacts the authorities if needed.

The control central also improves fleet management efficiency, enabling taxi dispatching, greater control over activities, automatic allocation of services, the ability to evaluate business's profitability and cost reduction.



Remote assistance for people with special needs

Optimus, in partnership with Intellicare, developed an innovative solution that helps detect risk situations by remotely tracking and following people with special needs or in special situations. This solution incorporates a fall detection sensor, a panic button that allows calling for help, GPS tracking and messaging/voice communication.

OneCare-Safe is based on the daily use of a small piece of equipment that triggers an alarm and provides location information through the Optimus mobile network. This solution was specifically designed to follow and monitor senior citizens and people with special needs, particularly if the user lives alone or is away from home.

This solution also allows nursing homes, clinics, health professionals, family members and fire departments to monitor people requiring special care.

<http://www.optimus.pt/Connect/Oferta/Produtos/onecare-safe>

“Charcos com vida” (Ponds with life) Environmental education campaign

Optimus is a partner of the Centro de Investigação em Biodiversidade e Recursos Genéticos da Universidade do Porto (CIBIO) (Porto University Biodiversity and Genetic Resources Research Centre), which is responsible for implementing the environmental education campaign Charcos com vida (Ponds with Life). The purpose of this campaign is to:

- Promote knowledge about the importance, biodiversity and threats to ponds while providing a set of tools for scientific and educational exploration.
- Create new ponds, contributing towards countering the decline of these important habitats and equipping these institutions with a living lab.

The campaign is directed at the whole school community, and also welcomes the participation of associations, city councils, environmental education centres and individuals.

By the end of 2012, 140 entities had enrolled, 1,100 ponds were listed, 28 were adopted and almost 3,000 students were involved in the campaign.

S Smile – our skills at the community's service



Smile, a community intervention programme, is a part of Sonaecom's Corporate Responsibility Policy. This initiative is intended to raise our employees' awareness around social exclusion issues, encouraging them to actively involve themselves in the community as volunteers.

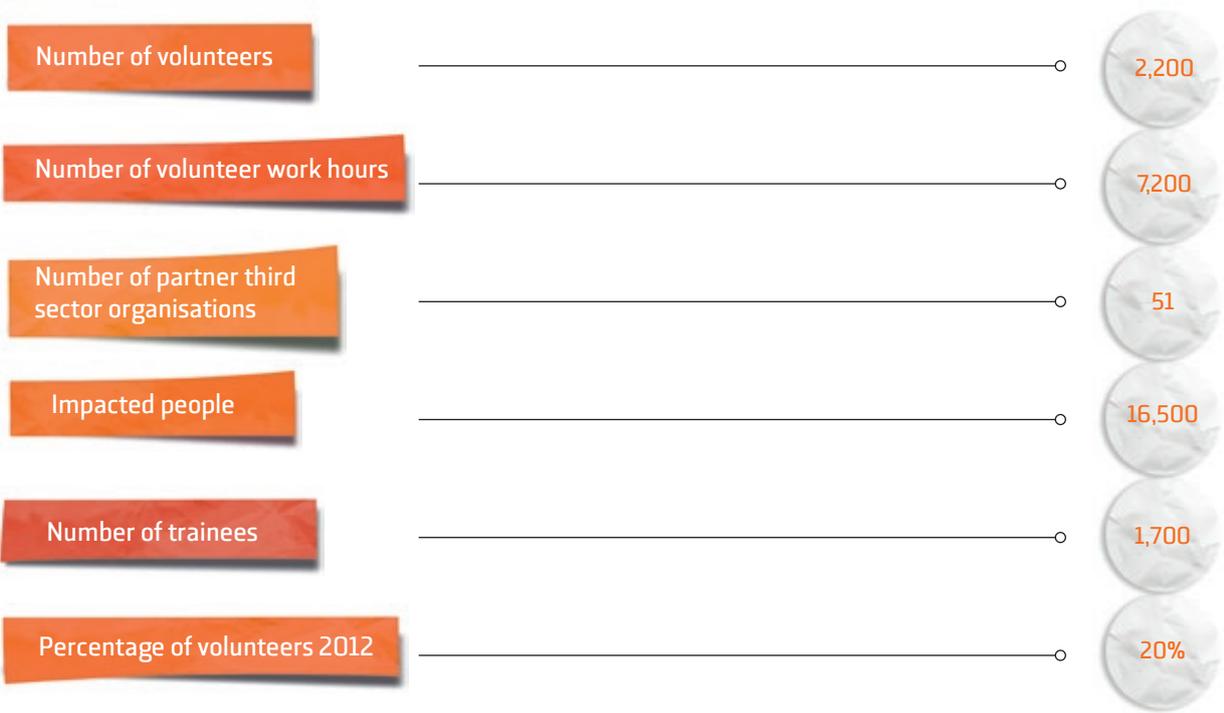
To promote volunteer work and make employees more aware of its importance, Sonaecom grants each employee eight hours per year for voluntary work. Additionally, for each full vacation day an employee schedules for volunteering purposes, the company offers them an extra day to be used for volunteer work (up to a maximum of three days).

In 2012, *Smile Competências* created the first *O que nos liga* (What connects us) room at *Grupo Bandolinista 22 de Maio*, in Belas. This initiative transforms unused spaces into recreation rooms equipped with computers, providing access to ICT. Creating these rooms is crucial to the objective of fighting ICT illiteracy.

As part of the *Smile Causas* (Causes) initiative, *Sonaecom* participated in two environmental preservation projects – 100,000 árvores (100,000 trees) and *Charcos com Vida* (Ponds with Life) – as well as four blood and bone marrow donation campaigns involving 258 volunteers.

Smile Team Building also expanded its activities in 2012, restoring the *Casa Chão dos Meninos* house and *Espaço T's* gym. The gym was restored with a view to turning this space into a source of income for *Espaço T*.

Smile 2004-2012



What did we do?

Commitments for 2012	What we did in 2012	Status
Developing a project in the information technology area promoting social innovation and networking between private third sector organisations.	Within the scope of <i>Projeto Smile Competências</i> , <i>Sonaecom</i> is creating ICT rooms in third sector organisations. The purpose of these rooms is being used to develop ICT-related projects by multidisciplinary teams. The first room was created in Lisbon in October 2012. <i>Sonaecom</i> intends to create the first <i>O que nos liga</i> (What connects us) room in Porto during 2013.	100%

SONAE SIERRA

"The creation of shared value is the objective of our new sustainability strategy, which we began to implement at the start of 2013. Much has changed since we embarked on our journey towards becoming a more sustainable company and our activity faces several long-term challenges that require a new approach: from the increasing scarcity of natural resources to the search for ethical and eco-friendly products by consumers."

"In order to turn these challenges into business opportunities in the future, we will focus on five essential priorities: Safe People and Eco-Efficiency; Resource Resilience; Sustainable Lifestyles; Leveraging Knowledge and a Prosperous Retail Market."

Fernando Guedes de Oliveira, Sonae Sierra CEO

3.4 Background

Vision

To be the leading international shopping centre specialist.

Mission

To provide unique shopping experiences to customers and create outstanding value to shareholders, investors, tenants, communities and employees, while contributing to sustainable development.

Values

Sonae Sierra's vision and mission are underpinned by a set of core values and principles regarding our business culture, responsibility towards our employees, the environment and the communities where we operate, and independence from political power.

Our proactive business management ensures that we have the necessary resources to maintain and market our shopping centres, attract new and innovative tenants and increase the value our shopping centres' assets.

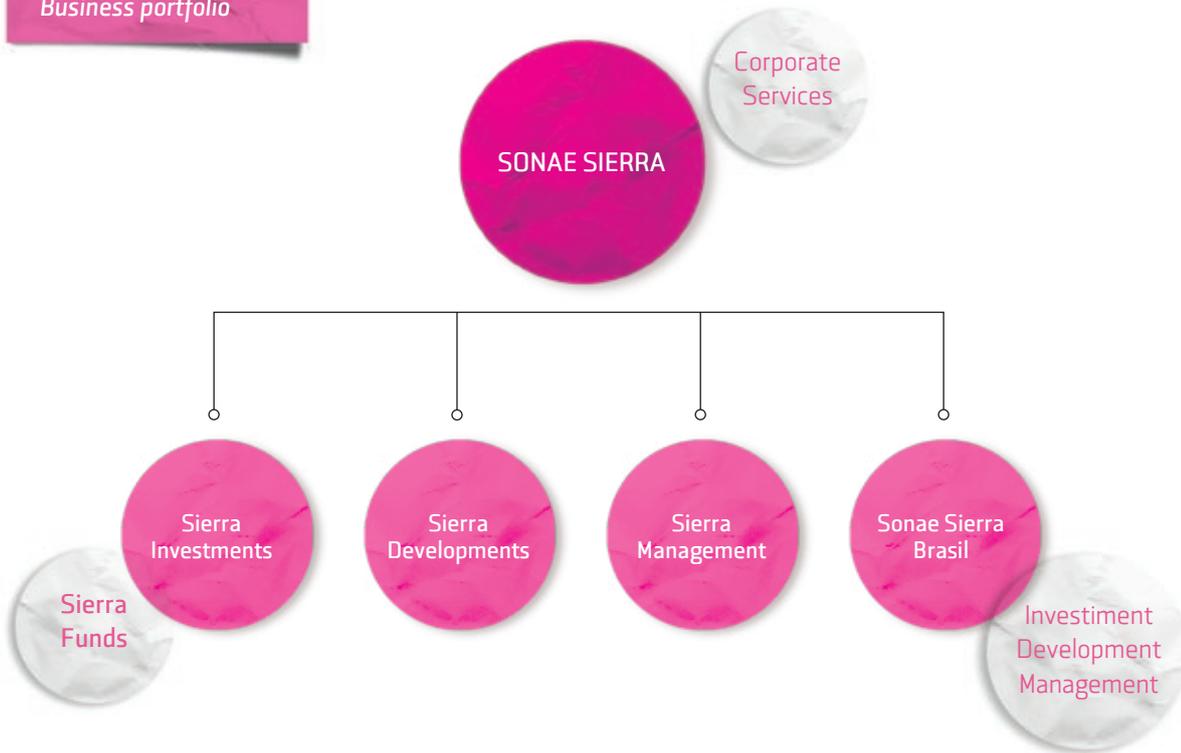
This strategy has allowed us to develop a unparalleled know-how and has earned us international recognition for the development of innovative products and delivery of high- quality shopping centre management services. This, in turn, has enabled us to develop our activity as a service provider to third parties.

On the 31 December 2012, we had seven projects under development, including four for third parties, and seven new projects in the pipeline. In 2012 our portfolio – including shopping centres owned by third parties – welcomed 426 million visitors.

Sonae Sierra business structure

Incorporated in Portugal in 1989, Sonae Sierra is jointly owned by Sonae (Portugal) and Grosvenor (UK), each controlling 50% of the company. Sonae Sierra is engaged in the ownership, development and management of shopping centres as well as providing services to third parties in locations as diverse as Europe, South America and North Africa.

Business portfolio



Sierra Investments

Sierra Investments holds the company shopping centres and is responsible for investment management. It also holds 50.1% of the Sierra Fund and 47.5% of the Sierra Portugal Fund, acting as asset manager for both funds.

Sierra Developments

The purpose of **Sierra Developments** is to find opportunities to develop innovative shopping centres that are adjusted to the needs of local communities, respecting local values and culture and adopting a sustainable long-term approach.

Sierra Management

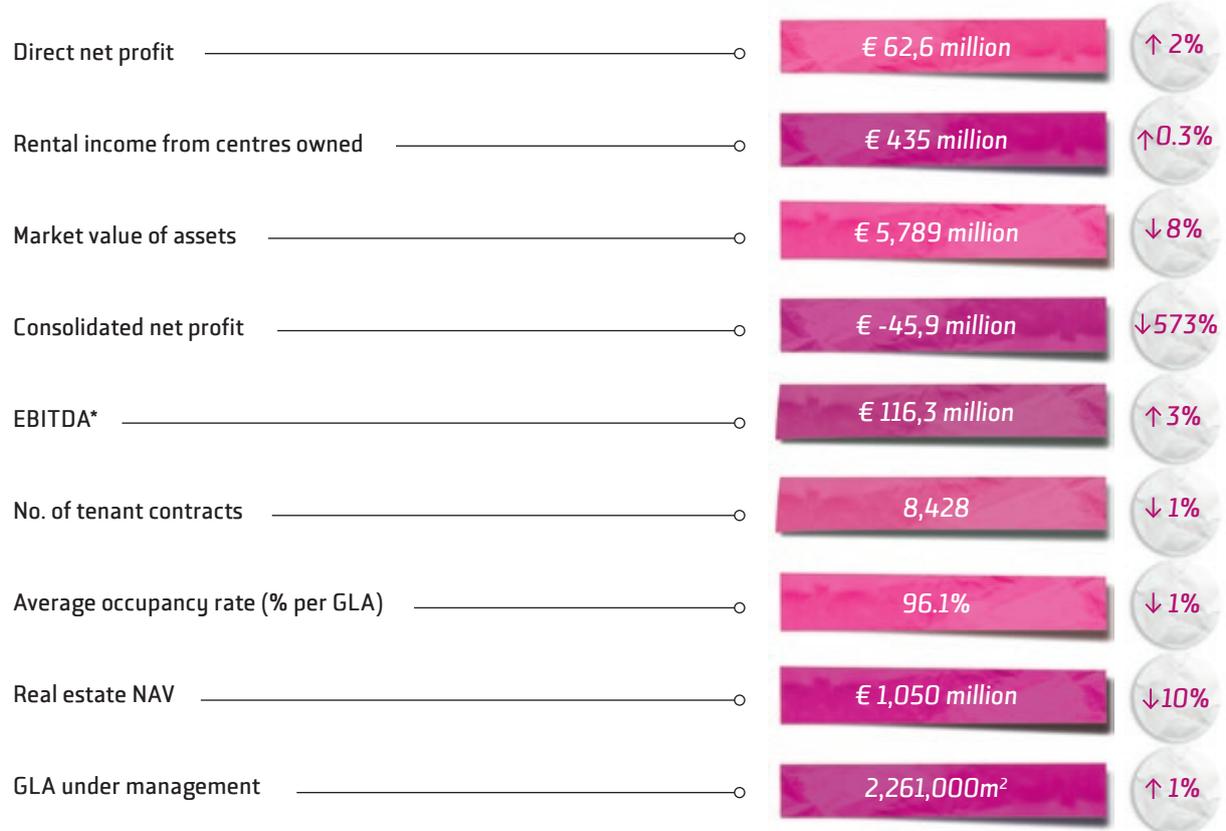
Sierra Management is engaged in managing and leasing shopping centres, with the main purpose of increasing their long-term value.

Sonae Sierra Brasil

Sonae Sierra Brasil operates independently and is engaged in the investment, development and management of an increasing number of shopping centres in Brazil.

Principal indicators in 2012

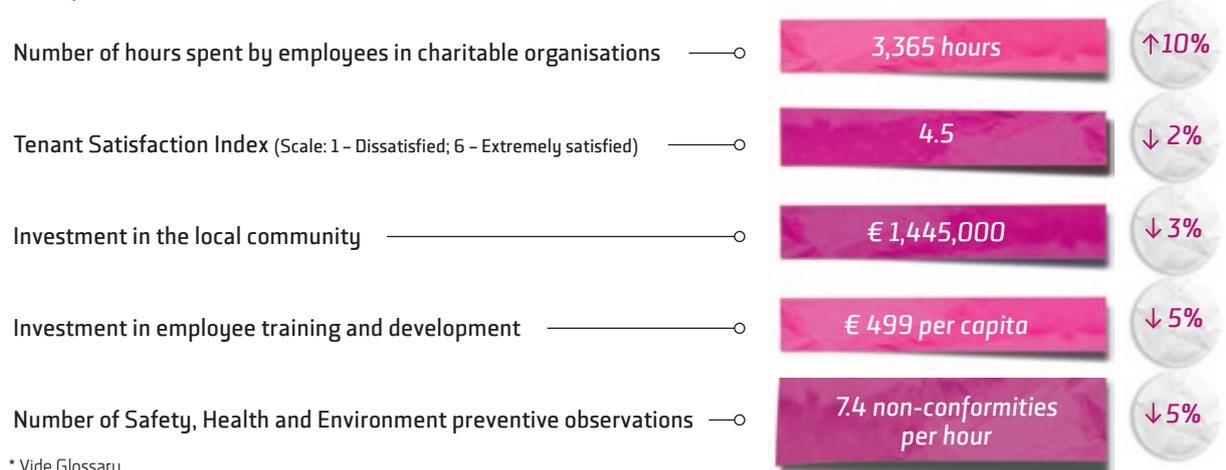
Economic performance



Sonae Sierra's business creates jobs, stimulates local markets and contributes towards the economic development of the communities in which it operates.

- A 2% increase in direct results compared to 2011, due to a range of improvements in the management strategy.
- Occupancy rates above 97% in Portugal and 94% in Spain.
- In 2012, direct business costs were reduced by focusing on decreasing variable costs, optimisation of supply chain and employee mobility between different geographies and business sectors.
- Despite the restrictions in capital, Sonae Sierra inaugurated two shopping centres in 2012, corresponding to a total investment of € 229 M.

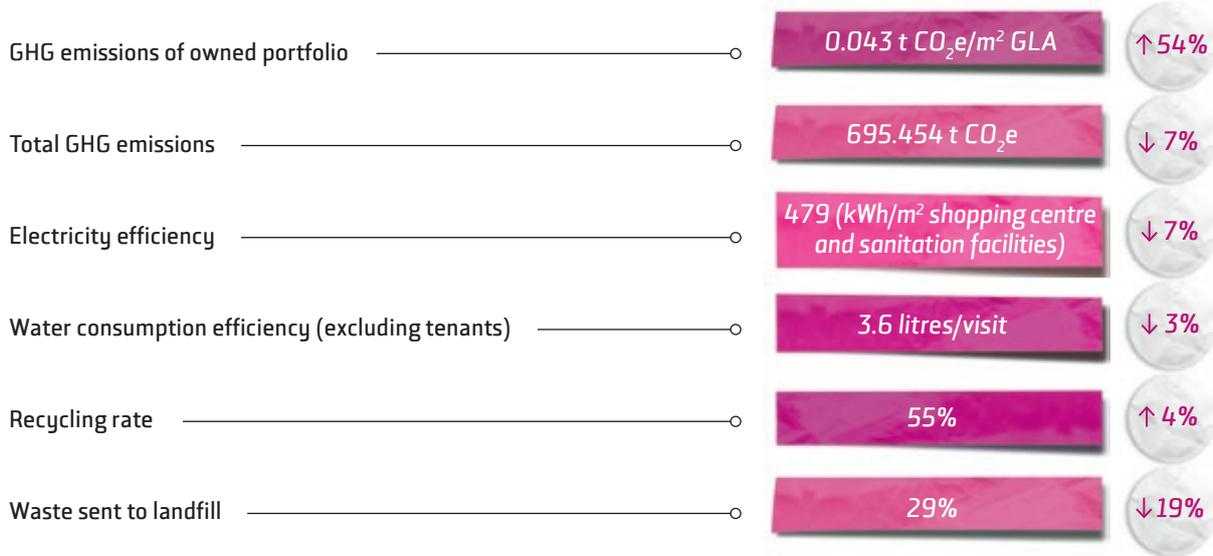
Social performance



* Vide Glossary

- Altogether, we supported 547 charitable institutions.
- *Sonae Sierra's Community Day* involved an investment of over € 29,526 in a variety of activities, supporting 59 institutions and over 5,450 people.
- We assessed the corporate responsibility (CR) performance of all our main suppliers for the development stage (contracts over € 2.5 million) by distributing questionnaires to collect information on their CR policies and practices.
- Over 60 Training Champions act as internal trainers within *Sonae Sierra*. In 2012, there were over 1,300 participants in this training programme.
- In 2012, *Sonae Sierra* obtained the OHSAS 18001 certification for three shopping centres and one development plan.

Environmental performance



- The electricity efficiency measures introduced since 2002 have allowed us to avoid using an additional 123 M kWh electricity in 2012, which corresponds to over € 14 million in energy costs.
- The water efficiency measures introduced since 2003 enabled us to avoid the consumption of 242 M litres of water in 2012, which corresponds to a reduction of € 458,400 in costs.
- The continuous improvements implemented since 2002 regarding waste management at our shopping centres have allowed us divert 16,315 tons of waste from landfills or incineration, saving € 2.3 million in costs.
- 100% of new development completed took place on previously developed land.
- By the end of 2012, 87% of our shopping centres were ISO 14001 certified.

Sonae Sierra's Corporate Responsibility (CR) activities focus on key-areas that are most relevant to business and constitute the core of CR strategy. Medium- and long-term goals were established for each of these key-areas. Progress regarding compliance with these goals is monitored by through a performance assessment looking at short-term targets and performance indicators.

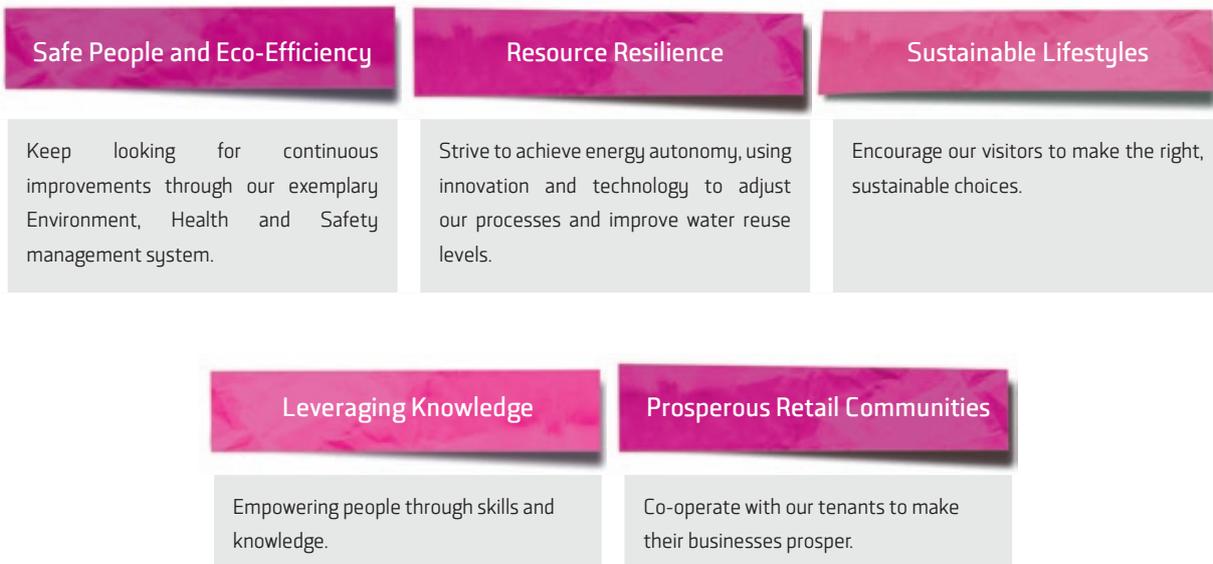
* Vide Glossary

3.5 Sustainability strategy

During 2012, we continued our work with the six CR workgroups responsible for the management of all nine CR material impact areas.



Our CR strategy was revised and redefined in 2012. Disclosed and published in April 2013, this strategy will become the new backbone for sustainability matters. With regard to terminology: we decided to change the designation *Corporate Responsibility* to **Sustainability**. The revised Sustainability strategy will be based on priorities that can create long-term value for our shareholders and solve some of the company's main challenges. The aim is to provide better alignment between our sustainability and business goals by adopting an approach oriented towards creating shared value, seeking continuous improvements in environment, safety and health as well as in other fields. In this way, our revised Sustainability strategy will focus on five main topics:



Energy and Climate

In 2012, we reduced our total carbon footprint by 6,6% compared with 2011. However, we did not meet our target to achieve a value of 0,0281 tons of GHG emissions per GLA m² (GHG Protocol Scopes 1, 2 and business air travel) by 2012. We have achieved an overall reduction of 49% since 2005, our baseline year. With these results, we are on track to achieve our targeted 70% reduction in GHG emissions per GLA m² by 2020.

Most of our carbon footprint is due to our visitors' travel to shopping centres. In 2012, these travels accounted for 83% of our total carbon footprint, a 13% decrease compared to 2011.

In an effort to promote the use of public and environmentally friendly transportation, we are implementing Green Travel Plans to 12 of our shopping centres and two corporate offices. Some of the initiatives put into practice include creating bicycle parking areas; establishing walkways for pedestrians; co-operating with local authorities to create new bus routes or additional bus stops; and organising green transport campaigns.

Our goal of improving the energy efficiency of our operations can help us reduce costs. In 2012, we performed energy audits at all shopping centres which we have owned for two or more years, implemented the recommendations resulting from the energy audits carried out at seven shopping centres and applied a range of other energy saving measures, amounting to a total investment of approximately € 281,000.

Energy efficiency measures*

- Replacing ordinary lamps with more efficient LED lights at shopping centres in Portugal, Spain, Italy and Brazil. This resulted in savings of 661,667 kWh, avoiding the emission of 241 t CO₂e.
- Installing automatic lighting sensors for the lights in the emergency stairs at Centro Colombo shopping centre. This resulted in savings of 41,667 kWh, avoiding the emission of 18 t CO₂e.
- Installing variable speed drives in GranCasa shopping centre's HVAC* system. This resulted in savings of 163,889 kWh, avoiding the emission of 43 t CO₂e.
- Improving lighting and HVAC management practices at shopping centres in Portugal, Spain, Germany, Italy and Brazil. This resulted in savings of 3,632,778 kWh, avoiding the emission of 296 t CO₂e.

Energy-efficient lighting brings multiple benefits in Brazil

Challenge	Solution	Results
 <p>Reducing energy consumption in two of our shopping centres in Brazil (<i>Parque D. Pedro Shopping</i> and <i>Franca Shopping</i>). A combined effort was required not only to meet the company's environmental goals but also to reduce operating costs. As part of these efforts, we introduced the E = mc2 (Energy = money, conservation, control) initiative, which aims to reduce energy consumption at these two shopping centres.</p>	<p>During 2012, <i>Parque D. Pedro Shopping</i> invested approximately € 126,000 into replacing hundreds of ordinary 150W light bulbs with 56W LED equivalents throughout the shopping centre. At <i>Franca Shopping</i>, the adjustments included changes to lighting timer controls, better use of natural light in the food area, reduced lighting during the night period, and day-to-day monitoring of energy consumption in order to identify hotspots.</p>	<p>At <i>Parque D. Pedro Shopping</i>, the changes reduced annual electricity consumption by 118.000 kWh. The investment's payback period is only 16 months. At <i>Franca Shopping</i>, annual electricity consumption has been reduced by 172.000 kWh. The investment's payback period was 18 days.</p> <p>Overall estimated savings for both shopping centres in 2012 amounted to approximately € 110,000.</p>

* Vide Glossary

Whenever economically feasible, we give preference to energy suppliers which generate electricity based on renewable energy. Nearly all our shopping centres in Portugal and Spain, and all those in Germany, have entered into electricity contracts with low CO₂ per kWh emission factors. We also consider options for on-site renewable energy generation for new projects and at existing shopping centre sites where economic conditions are favourable.

- *Manauara Shopping* in Brazil uses solar energy systems to generate part of the energy it uses.
- The shopping centres *8ª Avenida* (Portugal) and *Uberlândia Shopping* (Brazil) use solar panels to heat water.
- At *Loop5* (Germany), 2,800 photovoltaic panels produce 600,000 kWh of electricity annually, avoiding 300 tons of CO₂e.

Water

On average, our shopping centres consumed 3.6 litres per visit in 2012, which means we met our target (3.63 litres per visit). Therefore, we remain on track to meet our objective of reaching a water consumption level equal to or lower than three litres per visit by 2020. We have reduced shopping centre water use per visit by 15% since 2002. The water consumption efficiency measures we introduced since 2003 resulted in a saving of 242 M litres of water in 2012, the equivalent to a cost reduction of € 458,400.

We intend to reduce the proportion of water taken from the public mains and increase the use of water from alternative sources, such as rainwater, groundwater and treated wastewater. By the end of 2012, ten shopping centres had rainwater-harvesting systems in place, double that number were harvesting groundwater and seven others were reusing water from their cooling towers. Although cooling towers and air conditioning systems use large amounts of water, processes such as reverse osmosis make it possible to treat and reuse that water.

In 2012, we invested a total of € 91,140 in water consumption efficiency enhancements at our operational shopping centres located in areas of water scarcity according to the WBCSD Global Water Tool.

We conduct regular water audits at our shopping centres to analyse water usage and spot opportunities to improve efficiency. The audits produced recommendations to improve the use of water in shopping centres. Following an audit in 2011, Loop5 shopping centre in Germany developed a four-year plan to implement the audits' recommendations. Some of the recommendations included recalibration of water meters and improvements to water pumps.

In 2012, we continued our efforts to reduce our water consumption by improving ten shopping centres in Portugal, Spain and Brazil through water efficient technologies and improved metering and leak detection. At the Alexa shopping centre in Germany, water meters were replaced with smart meters, improving leak detection and enabling remote monitoring, allowing us to raise the awareness of employees and tenants with regard to their water use.

Examples of other water consumption efficiency measures

- *GaiaShopping* (Portugal): we installed 16 urinals and 18 dual flush toilets, saving 2,654 m³ of water and reducing water use from 2.40 to 2.11 litres per visit. These measures led to savings of € 6,635.
- *Boavista Shopping* (Brazil): we installed aerators in 76 faucets, which allowed a decrease of 3% in total water consumption by reducing the water flow rate from 0.77 m³/h to 0.36 m³/h.
- *Franca Shopping* (Brazil): among other measures, we installed two automatic faucets near the food court and introduced daily monitoring of water meters in common areas, which allowed a reduction of 6% in total water consumption and a reduction from 2.70 to 2.45 litres per visit. These measures resulted in savings of € 7,359.
- *Valecenter* (Italy) and *Loop5* (Germany): we conducted a feasibility study regarding the use of harvested rainwater, with positive results. Just in *Loop5*, savings of between 7.500 and 9.500 m³ water were estimated. The installation is scheduled for 2013 at both shopping centres.

Reducing water used for irrigation at Le Terrazze

Challenge	Solution	Results
 <p>Reducing irrigation water requirements at the new shopping centre, <i>Le Terrazze</i> in Italy, keeping it attractive and functional while reducing its overall water consumption.</p>	<p>We performed research on the use of plants that are best adapted to the local Mediterranean climate and therefore likely to need less water.</p>	<p>All the plants used in landscaping at <i>Le Terrazze</i> adapted perfectly to local conditions. This allowed the installation of an ultra-low irrigation volume. In addition to saving water in an area with low water resources, the landscape is in harmony with the surrounding vegetation. It is attractive and it has added ecological value to the location due to the use of native trees suited to local conditions.</p>

Waste

In 2012, our shopping centres and corporate offices combined generated a total of 44,523 tons of waste, of which 12,701 tons (29%) were sent to landfills. The remaining waste was recovered mainly through recycling, incineration with energy recovery, composting and anaerobic digestion. The continuous improvements implemented since 2002 to waste management in our shopping centres have enabled us to divert 16,315 tons of waste from landfills and incineration, saving € 2.3 M in associated costs.

The overall increase in the recycling rate in 2012 was achieved mainly by increasing our efforts to raise tenants' awareness, optimising the allocation of personnel involved in waste management, enhancing waste collection facilities and improving local waste management practices at different locations.

* Vide Glossary

Examples of initiatives that helped reduce waste production and improved recycling

- RioSul Shopping (Portugal): improvements in waste collection procedures and tenant awareness campaigns. These measures allowed us to:
 - achieve a recycling rate of 74%;
 - obtain savings above € 5,000;
 - improve customer satisfaction levels;
 - reduce CO₂ emissions by 118 t.

- Our São Paulo office conducted research on the profile of waste. From among the main recommendations, the following were effectively implemented:
 - training on recycling for new employees and service providers;
 - placement of signage for selective separation of waste;
 - raising employee awareness through appealing messages;
 - quarterly publications on the office's performance regarding recycling.

Waste reduction at Franca Shopping

Challenge	Solution	Results
 <p>Recycling and reducing waste are important aspects of responsible waste management. However, we believe that we have a shared responsibility with our tenants to make a reasonable effort to ensure that our waste is recycled and waste generation is reduced. It is therefore vital that our tenants are in agreement with our joint responsibility to separate waste into the different recycling categories and reduce waste generation.</p>	<p>A competition was launched among tenants at <i>Franca Shopping</i> to increase recycling rates and reduce the amount of waste produced. For one month (September), the tenants — divided according to business type — would bring their recycled waste to be weighed. For each kilo of recycled waste, they would accumulate points. At the end of the month, the tenant from each category with the highest number of accumulated points won a prize.</p>	<p>The initiative was a success, with almost 120 tenants recycling paper, plastic, tetrapak, metal and light bulbs and raising awareness around the importance of recycling. By the end of the campaign, tenants had collected over 4.6 tons of waste and Franca Shopping increased its recycling rates from 37.52% in September 2011 to 43% in September 2012.</p>

* Vide Glossary

Biodiversity* and Habitats

In 2012, 100% of new completed development projects took place on previously developed land. We do not own, lease or manage any shopping centres in or adjacent to protected areas or high biodiversity areas. Our activities had no significant impact on biodiversity in protected areas or areas of high biodiversity value outside protected areas.

At *Passeio das Águas Shopping* in Goiânia, Brazil, the company made a commitment to restore a degraded forest area of 57,641 m² around the Caveirinhas River. We are currently developing an Environmental Recovery Plan that will involve reforesting the area with native tree species and the preservation of wild life.

Protecting biodiversity at Boulevard Londrina Shopping

Challenge	Solution	Results
 <p>Sonae Sierra's most significant impact on biodiversity takes place during land development for new shopping centres. In order to reduce this impact, Sonae Sierra has set itself two biodiversity objectives: prioritising the use of previously developed land or brownfield land for new shopping centre projects; and protecting and enhancing biodiversity on both new and existing sites by actively integrating ecological features wherever possible, adapting these to the local context.</p> <p>Construction activities are intrinsically disruptive and can threaten local flora and fauna due to earthworks as well as the noise and dust they produce. Ensuring that we minimise these impacts is particularly important in developing countries, such as Brazil, that are undergoing rapid urbanisation and possess great biodiversity value.</p>	<p>Many of the ecological features included in the design and construction of <i>Boulevard Londrina Shopping</i> were a direct result of our objective to protect and enhance biodiversity. The shopping centre was built on a brownfield site, thus ensuring the protection of nearby natural and semi-natural habitats. A factory that produced vegetable oil previously occupied the area. Therefore, we conducted an environmental due diligence study to determine the possibility of contamination due to that prior use.</p>	<p>The recommendations included an afforestation project (planting of trees in an area where no forest existed beforehand) in the surrounding area. Other recommendations included work to ensure the site's soil permeability met legal requirements and the installation of a rainwater runoff system to capture rainwater on roofs and other impermeable areas and to return them to the ground.</p> <p>Freshwater availability is an increasing concern in the state of Paraná. In order to address this issue, the shopping centre's plan includes a number of features to preserve drinking water and reduce its consumption, thus protecting groundwater resources.</p>

* Vide Glossary

Safety and Health

Our Safety and Health strategy aims to prevent all accidents, thereby protecting every person present on our premises. Zero accidents is our ultimate goal and we aim to achieve this through the creation of a safety-conscious culture across our entire organisation.

We strive to continually minimise the occurrence of workplace incidents and occupational diseases, as well as to promote good health and well-being among our employees. We do this by implementing our Safety, Health and Environment Management System, which helps us embed a safety culture throughout all our activities, minimising risks and promoting a safer and healthier lifestyle for all the people who visit and work in our shopping centres. Therefore, in 2012 another three shopping centres were certified in accordance with the OHSAS 18001 standard*.

Examples of initiatives carried out in shopping centres under development, operational shopping centres and offices

- During 2012, we delivered training to shopping centre suppliers and tenants on Environment, Safety and Health, specifically in fire fighting and emergency procedures, hazard identification and risk assessment, first aid and ergonomics. We also trained new employees, tenants and suppliers in this area.
- A total of 1,354 Safety & Health training events were held, totalling 31,680 training hours and involving 22,505 participants.
- 10,187 hours of Safety, Health and Environment preventive observations.
- Environment, Safety and Health meetings and simulations held at all construction sites. A total of 1,200 hours in Safety & Health training were delivered.
- Automatic external defibrillators (AEDs) installed at shopping centres.

Reducing operating costs through improvements in safety and health management

Challenge	Solution	Results
 <p>Despite making significant improvements to safety and health practices in our operations in Italy, including OHSAS 18001 certification for our Gli Orsi and Valecenter shopping centres, we failed to register any measurable cost savings as a result of these changes.</p>	<p>In 2011, we carried out a research programme to determine ways in which we could obtain economic benefits from our improved safety and health performance. This allowed us to conclude that we should be able to achieve reduced insurance premiums based on our safety and health practices in Italy. With the help of an external consultant and working with the Italian National Institute for Insurance Against Accidents (INAIL), we filled out a checklist of our safety and health measures and submitted our performance for evaluation.</p>	<p>INAIL accepted that we qualified for reduced insurance payments as a result of good safety and health practices. This decision resulted in savings worth €4,045 on insurance premiums during 2012. We believe more savings will be forthcoming with further improvements. We also plan to ascertain if similar savings can be made in other countries.</p>

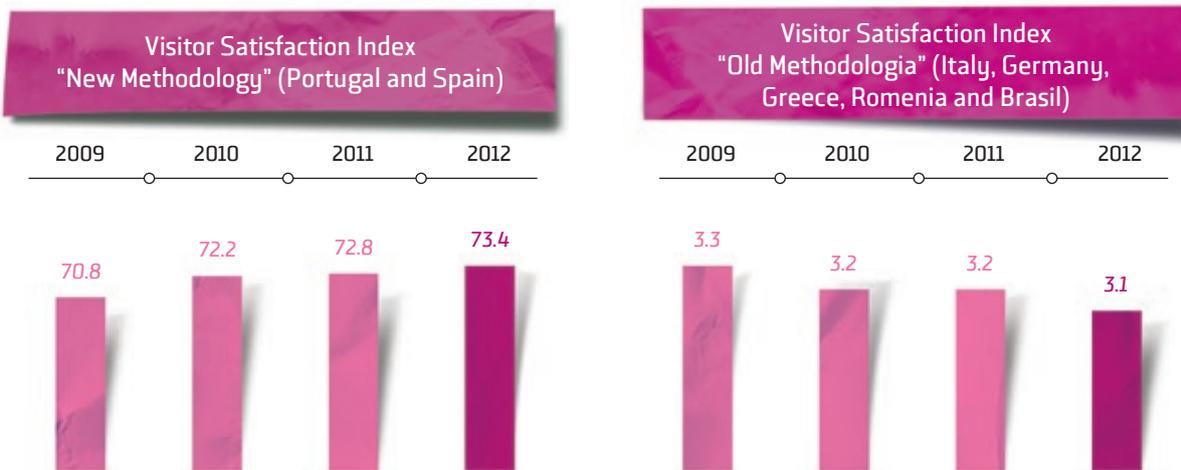
Community and Visitors

In 2012, we invested a total of €1,444,524 in local community initiatives. In total, we supported 547 charitable organisations dedicated to a wide range of causes.

Our employees dedicated a total of 3,365 hours of their time to community volunteer work in 2012 (a 10% increase when compared to 2011), 3,177 of which were contributed during Sonae Sierra's Community Day. We invested € 29,526 in Community Day activities, benefitting 59 institutions and over 5,450 people.

"We would like to thank you very much on behalf of all the children for this gesture of solidarity and the entire reception during this day. The children had a wonderful time and they are all very grateful."
 (Following a volunteering day involving 18 volunteers from the AlgarveShopping and AlbufeiraShopping shopping centres)
Maria José Capela, Loulé Temporary Lodging Centre.

We see our visitors' engagement as crucial to our shopping centres' success. Therefore, we perform periodic customer satisfaction surveys at our shopping centres to monitor the levels of satisfaction, expectations, loyalty and behaviour. The analysis of the findings provided by these surveys allow shopping centres to develop correction and improvement plans. Some of the measures implemented in 2012 involved installing Wi-Fi access and improving food courts and entertainment facilities.



CAP – Community Advisory Panel

- We use our Community Advisory Panel (CAP) as a tool to integrate local communities in development and operation processes at our shopping centres.
- Currently, there are CAPs in place at 33 shopping centres and development projects.
- CAPs help us build trust and foster co-operation between our shopping centres and local community representatives.
- At CAP meetings, which are held at least twice a year, community representatives are invited to propose ideas, express their concerns and present potential partnership projects.

* Vide Glossary

A new approach to safety awareness

Challenge	Solution	Results
 <p>With millions of visitors passing through our shopping centres each year, we must be constantly Alert to the safety and health risks they face. This is especially so with equipment that people use every day as they often forget about the inherent risks involved.</p>	<p>In 2012 we developed a new approach across our European shopping centres to raise awareness regarding the safety risks posed by escalators and travelators. We launched a fun and educational campaign using posters and stickers delivered through a medium that had never been used before – the escalators themselves. This innovative approach helped to get visitors' attention and ensure our message made a lasting impact. Simple and easy to understand images and messages highlighting the correct behaviour to avoid risks were placed on the sides of escalators, on the steps themselves and also at the entrance and exit points to make sure the message was learned.</p>	<p>We surveyed 400 shopping centre visitors in Portugal and Spain to understand how effective the approach had been. The results show that:</p> <ul style="list-style-type: none"> • 86% of respondents thought that the campaign graphics were 'good' or 'very good'. • 84% of respondents thought that the clarity of the message was 'good' or 'very good'. • 72% of respondents thought that the campaign's effectiveness was 'good' or 'very good'. <p>The feedback was especially rewarding as this was the first time that we launched a campaign addressing this issue in such a creative way.</p>

* Vide Glossary

Tenants

We view our tenants as strategic partners. Their financial performance directly affects our own, through occupancy rates and rental income. In 2012, we had 8,428 contracts with tenants in our own shopping centres and in those we manage on behalf of third parties. The overall occupancy rate of our owned shopping centres decreased slightly from 96.7% in 2011 to 96.1% in 2012.

Our specialised shopping centre management teams work with tenants on a daily basis, helping to deliver a high quality service and maintaining high levels of tenant satisfaction. Our goal is to reach an average tenant satisfaction level of 5 (out of 6) or above in all our shopping centres by 2015. In 2012, average tenant satisfaction level was 4.5.

These are very positive results given the difficult economic environment in most countries where we operate. They were made possible only by working together with tenants, shopping centre owners and visitors to improve the value offered by our shopping centres and differentiate them from the competition.

Promoting innovation and supporting entrepreneurs

Challenge	Solution	Results
 <p>It is in our best interests to retain our tenants at our shopping centres, thereby maintaining high occupancy rates. However, in recent times, capital restrictions due to the financial crisis and the uncertain economic climate have limited our tenants' ability to expand and innovate, and reduced the opportunities for new businesses to grow, both of which are vital factors to restoring growth and keeping our shopping centres at capacity.</p>	<p>In response, we launched <i>Flash Stores</i> in Portugal, a new concept aimed at supporting tenants and new businesses while making use of empty shops. This concept involves offering participants short-term (six-month) contracts, which means tenants can try out new products and ideas that may require greater interactivity and closer relationships with customers that could not be achieved in traditional stores. For entrepreneurs, <i>Flash Stores</i> have the advantage of requiring a lower investment and greater flexibility in terms of contract price and duration. <i>Flash Stores</i> provide a unique opportunity to test new concepts and products which, if proven successful, may lead to a longer term contract.</p>	<p>The <i>Flash Store</i> concept was tested during 2012 at three shopping centres in Portugal: <i>Centro Colombo</i>, <i>ArrábidaShopping</i> and <i>CoimbraShopping</i>, with over 17 businesses and local entrepreneurs taking advantage of the opportunity. The <i>Flash Store</i> concept was essential for our 2012 agreement with the Lisboa e Vale do Tejo Regional Office when we became the only private sector partner in the <i>Produtos de Portugal, produtos da minha terra</i> (Portuguese products, products from my homeland) initiative, aimed at promoting and driving the sales of regional products to support local businesses. Under the agreement, businesses and associations of the Lisboa e Vale do Tejo region can benefit from special conditions and open <i>Flash Stores</i> at <i>Sonae Sierra</i> shopping centres. The first <i>Flash Store</i> opened in <i>Centro Colombo</i> in 2012. By the end of 2012, there were <i>Flash Stores</i> operating in 11 shopping centres and we plan to extend the initiative to our other shopping centres across Portugal and other countries in 2013.</p>

Suppliers

In 2012, we assessed the corporate responsibility performance of 100% of the development-stage suppliers with whom we have large contracts in place (over € 2.5 million). We distributed questionnaires to collect information on their policies and practices regarding a range of CR specific topics including ethics, anti-corruption, human rights, environmental compliance, equality of opportunities, safety and health and investment in community.

According to the results achieved, each supplier was awarded a score which was then communicated back to them. Out of the 17 suppliers surveyed, 59% obtained an 'A' rating (corresponding to a score above 75%) and 41% obtained a 'B' rating (corresponding to a score above 50%).

As regards contracts with critical suppliers (maintenance, security, cleaning and waste management) within the context of shopping centre management, 100% included contract provisions regarding minimum safety, environment and social standards. Critical suppliers are also subject to corporate responsibility audits. A survey of the audits carried out across all our own shopping centres revealed that:

- All the main service providers demonstrated good organisation, teamwork aptitude and punctuality.
- Among our waste management and cleaning suppliers, training and knowledge about Sonae Sierra's fire, accident and evacuation procedures could be improved.
- Among our maintenance suppliers, use of appropriate gloves and clothing is high. However, the use of protective masks/filters could be improved.
- Our security services providers demonstrated good knowledge of shopping centre safety procedures, but First Aid and defibrillator use skills could be improved.

In early 2013, we will develop an action plan to follow-up on these results, paying close attention to non-conformities. We will then perform more CR audits including all our critical suppliers for the management stage in all our shopping centres.

Supplier engagement to raise awareness regarding fire safety

Challenge	Solution	Results
 <p>We wanted to improve knowledge on fire prevention among tenants and service providers at our Dos Mares shopping centre in Spain, particularly regarding the use of fire extinguishers. Although we have a good record on fire prevention at this shopping centre (which receives five million visitors a year), we are aware that knowledge must be permanently updated and some skills may be lost due to staff turnover.</p>	<p>We have carried out fire prevention training every year since 2010. This training project was developed in partnership with the company in charge of building maintenance at the Dos Mares shopping and the local Civil Protection Bureau, which specialises in fire prevention training. Attendance is mandatory for all workers at Dos Mares and focuses on how to use fire extinguishers properly.</p>	<p>We achieved a significant increase in knowledge about the use of fire extinguishing systems among all workers and service providers, making the Dos Mares shopping centre a safer place for visitors.</p>

Employee

On 31 December 2012, Sonae Sierra employed 1,123 people and supervised 15 people employed by other companies and 19 independent workers. Of these, 1,083 (96%) were direct employees with a permanent contract and 1,113 (99%) were full-time employees.

We regularly distribute questionnaires to obtain feedback on employment satisfaction. Following the results of our latest employee survey (2011), we refined our employee engagement model and identified four strategic priorities:

- Develop the career of all employees and promote their alignment with Sonae Sierra's corporate culture and values.
- Value each employee as an individual and help them build a better life for themselves.
- Achieve genuine happiness, respecting our employee's personal lives.
- Provide a sense of purpose by offering opportunities for employees to support their communities.

In 2012, we invested € 499 per capita in staff training and development. This value is lower than in previous years, reflecting the economic constraints on our company in 2012. We did, however, increase internal training given to employees.

Promoting a culture of innovation

We estimate that the net present value (NPV) of innovation projects already implemented by our company is € 17.1 million. The NPV of projects that are in the pipeline is estimated at € 91.8 million.

In 2012 we continued to promote innovation among our employees through a series of programmes, including:

- *4Sight*: a project that aims to facilitate the identification of future opportunities for *Sonae Sierra*. Out of a total of 15 strategic initiatives identified in 2011, ten have been implemented.
- *I@Work*: aims to promote an innovation culture by encouraging work teams to come up with solutions to increase productivity. Out of the 43 actions identified, 32 were selected for implementation.
- *Business Innovation Project (BIP)*: is a programme created to identify and implement ideas with high potential. In 2012, four projects were adopted as BIPs, including *PromoFans®* and *Flash Stores*.

Improving employee training

Challenge



Continuing to develop the skills of our employees despite the general cutbacks on training budgets due to economic reasons.

Solution

Since 2008, we have been reducing our reliance on training delivered by external entities. This allowed us to save money and free up resources to improve our own training programmes. The *Formar os Formadores (Train the Trainers)* initiative was developed for the *Sonae Sierra* team, enabling the creation of multi-purpose in-house teams supplemented by external consultants whenever necessary. As a result, over 60 Training Champions now act as trainers within *Sonae Sierra*. This program had over 1,300 participants.

Results

Feedback received from those taking part in the training sessions has been excellent. Internal trainers tend to increase the knowledge of our business among the participants, in contrast to external providers who naturally know less about our company's operations.







A GREATER WORLD TO COMMUNICATE

SONAE

IMPROVING LIFE

GLOSSARY

A

APED Portuguese Association of Distribution Companies

B

BCSD Portugal Business Council for Sustainable Development. This entity is devoted to developing and promoting the business case for sustainable development

Benchmark Methodological process used to evaluate ideas and procedures and select the ones most likely to improve performance

Biodiversity Biodiversity is the degree of variation of life forms within a given species, ecosystem, biome, or planet

C

Capital-light investments Investment models that require little or no capital expenditure.

Carpooling Sharing car journeys so that more than one person travels in a car.

CCL The purpose of the CCL – proof of purchase at auction – is to enhance the qualitative and quantitative value of catches traded at auction on mainland Portugal, and so to improve the sustainability and yield of the fishing sector in the country by identifying and differentiating the catches in the auctions for the final consumer.

CDP The Carbon Disclosure Project (CDP) is a non-profit non-governmental organisation that maintains the largest database on the impact of corporate climate change in the world. Over 3,000 organisations located in around 60 countries measure and disclose data about their greenhouse gas emissions, water management and climate change strategies through CDP, allowing reduction goals to be set and performance improvements to be made.

CES Customer Effort Score - A measure of how much effort a customer perceives they spent to resolve an issue.

Checklist List of items for comparison, verification, or other checking purposes.

Climate change Alterations to Earth's climate patterns over time

Clusters A group of the same or similar elements gathered or occurring closely together.

Coolant gases Chemical substances responsible for heat exchange in refrigeration and climate control systems.

Core business The primary area or activity that a company was founded on or focuses on in its business operations.

COSO (Committee of Sponsoring Organisations of the Treadway Commission) A private, non-profit organisation devoted to improving financial reports and studying the reasons frauds occur in financial reports.

CO₂e Carbon Dioxide Equivalent- a reference unit which allows the quantification of all greenhouse gases.

D

<i>Data centres</i>	Facilities used to house computer systems and associated components.
<i>DRV</i>	Daily reference values.
<i>Due diligence</i>	Process of auditing and revising corporate information (accounting, legal, non-financial, liquid debt, etc.) for the purpose of providing analysis and recommendations about the company's value to parties involved in a transaction.

E

<i>EBITDA</i>	Earnings before interest, taxes, depreciation, and amortisation.
<i>Ecological footprint</i>	This term refers to the amount of land and water required to sustain present generations, bearing in mind all the material and energy resources spent by a given population.
<i>Energy efficiency</i>	Optimisation of energy use.
<i>ERT (European Round Table)</i>	Organisation which brings together the main European business leader
<i>Euro Standards</i>	European emission standards. In Europe, all new car models are subject to various legally compulsory technical tests for the purpose of contributing to a cleaner environment by reducing pollution levels.
<i>EWRM (Enterprise-wide risk management)</i>	Business risk management programmes.

F

<i>Fast moving consumer goods (FMCG)</i>	Products generally sold in large quantities.
<i>Format leader</i>	A leader in its format.
<i>Franchising</i>	Licence sale system in which the franchisor cedes the right to use its brand, patent, infrastructure and know-how as well as the exclusive or semi-exclusive rights to distribute products or services.
<i>FCS (Forest Stewardship Council)</i>	FCS' seal on a product ensures it comes from a responsibly managed forest, thus meeting the needs of present and future generations.
<i>Fuel</i>	Something consumed to produce energy.

G

<i>GEP (Global Enterprise Project)</i>	Initiative which promotes entrepreneurship among secondary school students throughout Europe.
<i>GLA</i>	Gross leasable area - Total floor area designed for tenant occupancy and exclusive use.
<i>m₂ GLA</i>	Gross leasable area square meters.
<i>Greenhouse Gases (GHG)</i>	Gases which retain heat from solar radiation on the Earth surface. The increase in the amount of greenhouse gases in the atmosphere causes a rise in global temperatures.

H

HVAC	Heating, Ventilation and Air Conditioning.
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I

IIA Standards	International Internal Audit professional standards.
IIA	Institute of Internal Auditors.
ISO (International Organisation for Standardisation)	A non-governmental organisation mainly involved with the standardisation of goods and services using standards to continuously promote product quality.

J

Joint ventures	Association of companies for the purpose of exploring a specific business venture, without losing their independent legal capacity.
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L

LCD	Liquid crystal display.
Leaseback	Asset relocation.
LED	Light-emitting diode.
Link	Hyperlink.
LWCAFR	Lost workday case accidents frequency rate.

M

Microgeneration	Electricity production in small-scale power plants using renewable sources or high efficiency conversion processes.
Minigeneration	Autonomous energy production and sale to the national grid by the consumer, through the implementation of power plants in facilities that use electricity.
MSC (Certified Sustainable Seafood)	A certification programme which rewards and recognises sustainable fishing.

O

Deko-Tex Certification	International certification for raw, semi-finished and finished textile products at all stages of the process.
OSHAS (Occupational Health and Safety Assessment Series)	OSHAS 18001 Standard.

P

PEFC (Programme for Endorsement of Forest Certification)	A voluntary forest certification programme. The PEFC seal ensures us of a product originating from forests with sustainable management.
Product end-of-life disposal	Product disposal by authorised entities (elimination or recovery) after the end of its useful life.

R

<i>REACH European Directive</i>	European Union directive regarding hazardous substances – Registration, Evaluation, Authorisation and Restriction of Chemical Substances.
<i>Recycling</i>	Reusing materials to deploy them in new components.
<i>Risk and control self-assessment</i>	Methodology for the internal evaluation of control processes and risk management.
<i>ROHS Directive</i>	European Union directive regarding the restriction of hazardous substances which forbids certain hazardous substances from being used in product manufacturing processes, 2002/95/CE.

S

<i>Sustainable development</i>	Development which satisfies the needs of the present without comprising the capacity of future generations to meet their own needs.
<i>SUW</i>	Solid urban waste.
<i>Stakeholder</i>	These are people or groups of people who affect or are affected by the targets of a given organisation.

U

<i>United Nations Global Compact</i>	The main purpose of the Global Compact is to promote alignment of business policies and practices with the values and objectives which are universally agreed upon and internationally applicable. These main values have been separated into ten key principles in the fields of human rights, work, environment and anti-corruption.
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W

<i>WBCSD (World Business Council for Sustainable Development)</i>	This is a leading organisation in terms of tackling sustainable development themes. It is a major platform for sustainability in terms of sharing information, experiences and better practices.
<i>Wholesale agreements</i>	Wholesale trade agreements.
<i>WEEE</i>	Waste electrical and electronic equipment.
<i>World Economic Forum</i>	This non-profit making organisation annually promotes meetings where urgent issues such as health and the environment are discussed.
<i>World Safety Declaration</i>	This is a formal invitation to action and a vehicle for promoting collaboration in the safety at work area. It is a commitment by global industry to the development of ideas which can be shared and adopted worldwide by companies.

Y

<i>Yields</i>	The income return on an investment in stocks. Expressed annually as a percentage based on the investment's cost.
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FIND MORE

To access information on GRI, visit Sonae's site Sustainability area / Sustainability Report.

DECLARATION OF VERIFICATION



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Independent Limited Assurance Report

**(This Report is a free translation to English from the Portuguese version.
In case of doubt or misinterpretation the Portuguese version will prevail)**

To the Executive Board of Directors of

SONAE S.G.P.S., S.A.

Introduction

1. We have been engaged by the Executive Board of Directors of Sonae S.G.P.S., S.A. (Sonae) to provide limited assurance on the sustainability information included in the Sustainability Report 2012 (“the Report”) of Sonae for the year ended 31 December 2012.

Responsibilities

2. The Executive Board of Directors of Sonae is responsible:
 - For the preparation and presentation of the sustainability information included in the Report in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI), as described in the chapter "Our Report" in the Sustainability Report and for the information and assertions contained within it; and,
 - For establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
3. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires that we comply with the applicable ethical requirements, including independence requirements, and that the work is planned and performed with the objective to obtain limited assurance that nothing came to our attention that causes us to conclude that the sustainability information included in the Sustainability Report for the year ended 31 December 2012, is not free of material misstatement.



Scope

4. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of the information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:
 - Inquiries of management to gain an understanding of Sonae processes for determining the material issues for Sonae key stakeholders groups;
 - Interviews with relevant staff, at corporate and business units, responsible for providing the sustainability information to be included in the Report;
 - Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant data derived from such underlying sources has been included in the Report; and
 - Reading the information presented in the Report to conclude if it is in line with our overall knowledge of, and experience of, the sustainability performance of Sonae.
5. The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements, and therefore a lower level of assurance is provided. Consequently, it does not allow us to obtain the assurance that we would become aware of all the significant matters that can be identified in an audit or in a work of reasonable assurance. Consequently, we do not express an audit opinion or a conclusion of reasonable assurance of reliability.

Conclusion

6. Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the sustainability information included in the Report of Sonae for the year ended 31 December 2012 is not presented fairly, in all material respects with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI) as described in the chapter "Our report" of the Sustainability Report.
7. Our limited assurance report is made solely to Sonae in accordance with the terms of our engagement. Our work has been performed only with the objective of reporting to Sonae those matters for which we were engaged in this limited assurance report and for no other purpose. We do not accept or assume responsibility to any third party other than Sonae for our work, for this limited assurance report, or for our conclusions.

Oporto, 7 June 2013

KPMG & Associados,
Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)
represented by
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Graphic Design: Ivity

Published: junho 2013

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