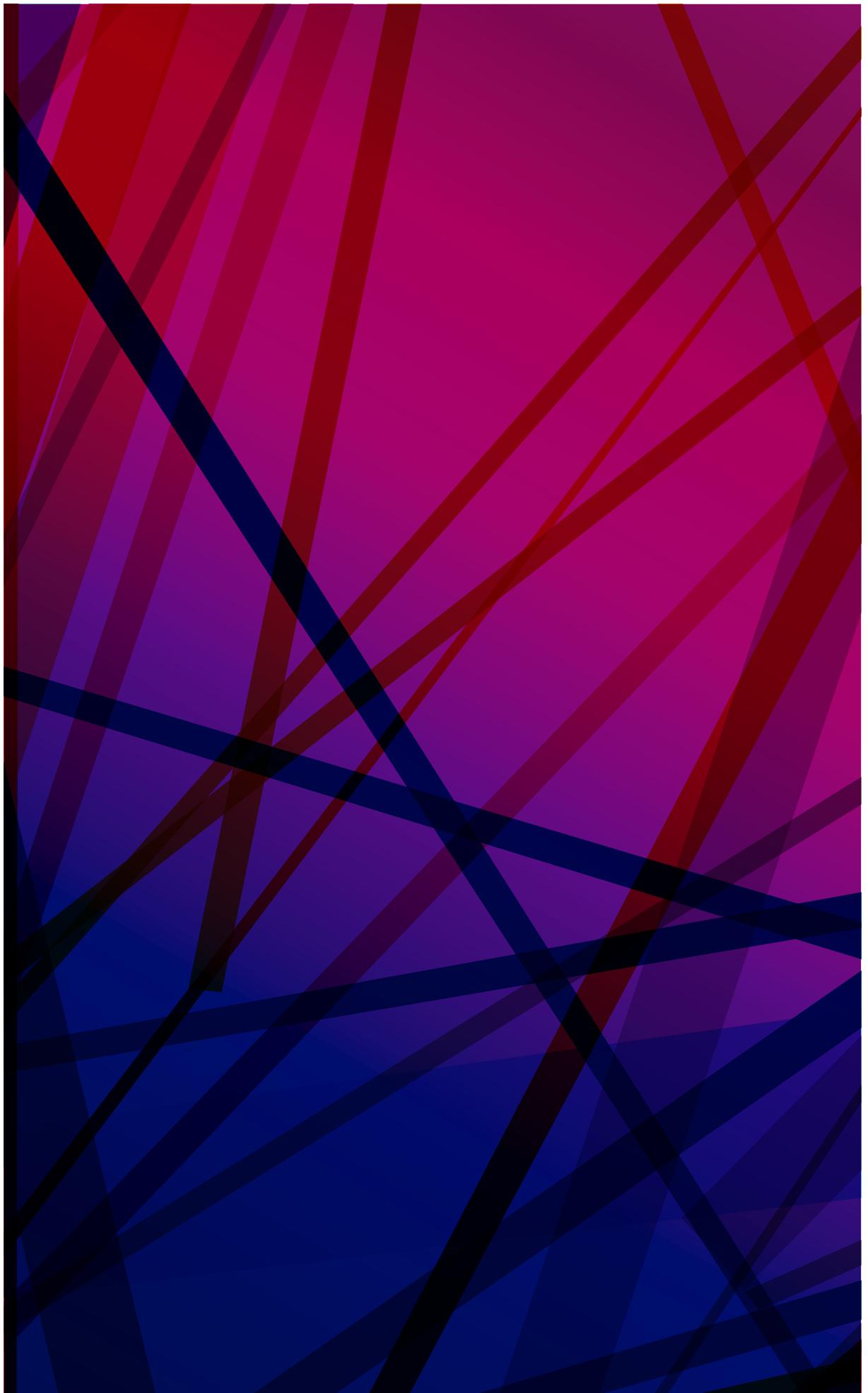


Grow, Value, Innovate

# A COMMITMENT 50 YEARS AHEAD



SONAE  
50 YEARS  
AHEAD.



# 01

## CHALLENGES AND OPPORTUNITIES

50 YEARS AHEAD WITH YOU

"We insist, sometimes until we are exhausted, on following paths that are not the easiest ones, because we do not like to reach the conclusion that something really is impossible. (...) We will continue to grow and invest in Portugal. But, to achieve our ambition of what we believe Sonae should be in 50 years time, there is absolutely no way that this will not involve major international expansion."

PAULO AZEVEDO



**THE GROWTH OF SONAE OVER THE LAST FIFTY YEARS HAS ALWAYS GONE HAND IN HAND WITH A VISIBLE CONCERN FOR ENVIRONMENTAL, SOCIAL AND ETHICAL ISSUES.**

Over this time period, the world has changed considerably and thus Sonae has had to be able to anticipate, react and innovate, while always respecting society and the environment in which operates.

Over the past year, we have continued to do business with the goal of achieving economic growth and at the same time contributing towards social progress and improving our environmental performance. This goal means that on a daily basis we are faced with taking decisions that are complex and not always easy. Nonetheless, these decisions are always founded on responsible and ethical principles.

As the biggest private employer in Portugal, we are aware of our responsibility to ensure and continually strengthen our actions aimed at improving the well being of our employees and generally at creating a more harmonious society.

**IN VIEW OF THE NUMBER OF CITIZENS WITH WHOM WE INTERACT EACH DAY, WE ARE AWARE OF OUR CAPACITY TO INFLUENCE SOCIETY TO ADOPT A MORE RESPONSIBLE ATTITUDE.**

This power to influence can only be effectively used, if we, Sonae, are also able to set an example. To that end, we signed up for example to the HIV/AIDS Code of Practice, which strengthens our rules in terms of the conduct and work conditions of employees. We rose to the challenge launched by the United Nations concerning our endorsement of the Human Rights Declaration, on its 60<sup>th</sup> anniversary, and sent a clear message about the respect that we have for all citizens.



**ENVIRONMENTAL PROTECTION IS ALSO ONE OF THE CORNERSTONES OF OUR MODE OF OPERATION.**

Determined to protect the environment that we all share, we have continued to implement strategies that enabled us to monitor consumption of water and energy, as well as waste generated.

Aware of the influence that we can have on our business chain, we maintained active communication and involvement with our stakeholders to ensure a relationship of confidence. We also continue our involvement with the communities among which we operate by identifying specific needs that exist and by investing in initiatives relating to them that promote social harmony.

**WE ARE CONSCIOUS THAT THE NEXT FEW YEARS WILL BRING MAJOR CHALLENGES. NONETHELESS, WE TAKE A REALISTIC AND CONFIDENT POSITION, BELIEVING THAT THE SUSTAINABILITY STRATEGY THAT WE HAVE BEEN BUILDING OVER THE YEARS WILL STRENGTHEN OUR ABILITY TO FACE CHALLENGES AND DIFFICULTIES.**

The current international situation shows that companies with a strong environmental, social and ethical sense of responsibility are those that achieve durable success. As far as we are concerned, we commit to raise our standards to even more demanding levels.

**PAULO AZEVEDO**

CEO OF SONAE

# HIGHLIGHTS IN 2008

- Signed up to the challenge launched by the **UN Global Compact** to “**Demonstrate leadership in business and human rights on the occasion of the 60<sup>th</sup> anniversary of the Declaration of Human Rights**”;
- Signed up to the **Business and HIV/AIDS Code of Practice**, created as part of **measures in the workplace against AIDS**. This Code of Practice strengthens the involvement of companies in meeting the challenges of HIV and the AIDS virus at work in **three key areas: non-discrimination, prevention and access to treatment**, and enables Sonae to increase its level of commitment to the work conditions of its employees;
- An active presence at the **XVIII World Congress of Safety and Health** in South Korea, where **Sonae Sierra**, representing Sonae, presented the results of actions that it had taken to meet its commitments taken on by signing up to the **World Safety Declaration**;
- **Sonae Sierra** chosen as a partner in the initiative **Sustainable Energy Europe Campaign** launched by the European Commission;
- **Sonacom’s** participation in the Portuguese study for the international SMART 2000 report of the **Climate Group** about the set up of a low carbon global economy.

+ 21%

TURNOVER

+ 11%

GROSS ADDED VALUE

+ 19%

TRAINING HOURS

# RECOGNITION BY THE PUBLIC IN 2008

## SONAE

- Chosen as the preferred company with which to work by final year Management university undergraduates and in second place in the ranking for engineering students (study carried out by the *Berlin Trendence Institute 2008*).
- Considered by consumers to be the best known Portuguese company (*Global Pulse 2008 study - Lift Consulting*).
- Chosen as the *Best Company for Leaders 2008* in a survey done by the Hay Group.

## SONAE DISTRIBUIÇÃO

- The "Causa Maior" (Greater Cause) action was awarded the "Prémio de Eficácia" (Efficiency Prize) in the category Marketing of Causes (Portuguese Advertisers Association).
- Continente was chosen as the "Brand of Confidence" for the 7<sup>th</sup> consecutive year in the *Hyper/Supermarket* category in a study carried out by the Readers' Digest Selections.
- Continente was chosen as the "Environmental Brand of Confidence" in the *Hyper/Supermarket* category, in the 1<sup>st</sup> year that this prize was awarded in a study carried out by the Readers' Digest Selections.

## SONAE SIERRA

- Awarded the prize "Developer of the Year" as part of the *Global RLI Awards*.
- Won the "Green Thinker Award" among 100 companies in the real estate sector for the best European environmental strategy.
- Won for the third time 1<sup>st</sup> place in the ranking for *Euronatura Climate Responsibility in Portugal*.
- The "A smile against hunger" campaign won the "Best Social Solidarity Action Award" awarded by the Spanish Shopping Centres Association.

## SONAE COM

- Optimus won the "Product Innovation Prize" awarded by the *Global Telecoms Business* magazine for its contribution towards industrial development with the launch of wireless Internet in 2005.
- The Público newspaper won the "Excellence and Breaking News" prizes of the Cyber Journalism Observatory.
- Bizdirect and Mainroad gained access to the "PME Innovation COTEC" network, thus earning the recognition of this business association and strengthening its influence.
- The Sonaecom/Mar Mediterrâneo building won the "Best Building of the Year" award and the "Best Building" in the Offices category in the 2008 "Real Estate Oscars".



# 02

## INVOLVE AND COMMUNICATE

A DIALOGUE 50 YEARS AHEAD

“What is present in our DNA is not diversification but innovation, which is a very strong value. In fact, we believe that 90% of value generated in the economy comes from innovation, and we want to generate a lot of value.”

PAULO AZEVEDO

# PORTFOLIO PROFILE

## SONAE DISTRIBUIÇÃO

Present in Portugal and Spain; **793 stores**; **809,000 m<sup>2</sup>** of sales area; **34,158 employees**; Corporate System; **12 units with ISO 14001 certification**, including **3 Continente** hypermarkets, **6 Modelo** supermarkets and **3 Logistical Warehouses**.

## SONAE SIERRA

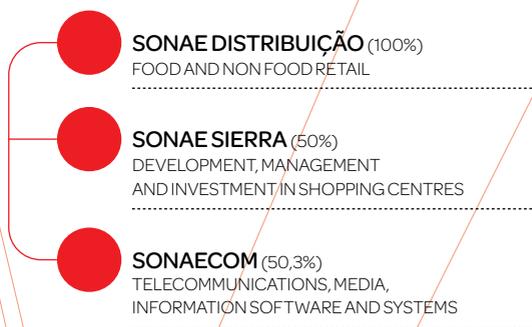
Present in **7 countries**; **50 owned shopping centres** – **1,970 thousand m<sup>2</sup> GLA** (gross lettable area); **2,163 thousand m<sup>2</sup> GLA** under management; **8,455 contracts** with tenants; Corporate System and 39 of the 50 shopping centres in operation with ISO 14001 certification, and 17 of 18 projects concluded certified during the construction phase (cumulative data since 2004); Corporate System and 3 Shopping Centres in operation with OS HAS 18001 certification.

## SONAE COM

**3,2 million Mobile Business Customers**; **592,900 Fixed Business direct accesses** (voice, ADSL, data and other); **42,345 Paid Circulation** (average) customers of the Público newspaper; Information Software and Services area present in 9 countries; Corporate System with ISO 14001 certification.

Date as at 31/12/2008

The portfolio managed by **Sonae** includes quite diverse activities, divided into 3 main business areas represented by 3 sub-holdings:



In order to provide greater focus, better competencies and a more appropriate development of top managers, we have restructured part of our business units.

The retail business has been reorganized into 3 different units: Food based retail (Modelo Continente), Non Food based retail (Specialised Retail) and Retail Real Estate (IGI). Sonae's Corporate Centre was merged with that of Sonae Distribuição, freeing up the resources needed for the development of the company and above all allowing a better management of the portfolio of "active investments".

## ORGANIC STRUCTURE UNDER IMPLEMENTATION IN 2009



# GOVERNANCE AND RISK MANAGEMENT

53.1% of **Sonae** is owned by Efanor Investimentos, a family holding company chaired by Belmiro de Azevedo. The remaining 46.9% is held by 41,919 shareholders.

Its Governance Model is made up of two main entities: the Board of Governors with 8 members, 4 of which are non executive (of which 3 are independent) and the Executive Committee, which is responsible for the day to day management of the businesses.

In addition to these entities, there are two other Committees: the Finance and Audit Committee, responsible for the control and monitoring of processes involving the disclosure of financial, accounting and audit activity information, and risk management; and the Remuneration and Nominations Committee, which supervises the remuneration of Board directors of Sonae. The CEOs of each of the sub-holdings are the members of the holding's Executive Committee.

**IN THIS WAY, THE SHARING OF STRATEGIES WITHIN SONAE IS ASSURED, DESPITE THE FACT THAT EACH OF THE SUB-HOLDINGS HAS THE AUTONOMY TO DECIDE WHICH THE BEST OPTIONS ARE FOR THE MANAGEMENT OF THEIR BUSINESS.**

Over and above these management entities, coordination groups and forums for sharing ideas exist, which permit dialogue and implementation of the most critical and relevant areas across the organization.

Specifically, the following are currently in operation:

- FINOV – Forum dedicated to Innovation;
- Sustainability Forum;
- Planning and Management Control Methodologies Forum;
- Legal Forum;
- Marketing and Communication Forum;
- Engineering, Construction and Safety Forum;
- Negotiation Forum;
- Human Resources Consultative Group.

**THE SET UP OF SUSTAINABILITY DEPARTMENTS IN THE CORPORATE STRUCTURE OF COMPANIES ALSO REFLECTS SONAE'S COMMITMENT TO SUSTAINABILITY.**

Risk management is integrated into the planning process and into Sonae's sustainability strategy. Applying the international standard methodology *Enterprise Risk Management – Integrated Framework (Committee of Sponsoring Organizations of the Treadway Commission)*, enables different types of risk and threats to the development of the businesses to be identified, both at a strategic and operational level.

The implementation of appropriate measures to minimize these risks and their impact is the responsibility of the sub-holdings.

# INVOLVING STAKEHOLDERS

With the experience gained from managing its businesses, Sonae has identified those groups most affected by its activities and whose actions could have an impact on its business performance. Its main stakeholders are its customers and visitors, shop tenants, employees, suppliers, business partners and investors, the communities living in areas in which the company does business, and regulatory and government entities.

The feedback from stakeholders is used to continuously improve business performance, to get to know stakeholders needs better and to identify opportunities for improving relationships with them.

**IN 2008, VARIOUS MEANS WERE USED TO ESTABLISH AN ACTIVE DIALOGUE, INTERACTING IN A SPIRIT OF PARTNERSHIP WITH THE DIFFERENT GROUPS OF STAKEHOLDERS WITH A VIEW TO IMPROVING THE INTEGRATION OF THEIR NEEDS AND EXPECTATIONS.**

With this interaction, Sonae also aims to have an active role in making stakeholders aware of sustainable development issues, influencing them through best practices and the sharing of experiences, and encouraging them to adopt more responsible behaviour and to incorporate into their day to day lives and work more sustainable management practices.

## **b-connected**

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A platform for interaction with employees has been set up which allows employees to have rapid and intuitive access to information about benefits, advantages, activities and other initiatives promoted by Sonae-com. This initiative seeks to achieve higher levels of employee commitment and identification with the company by encouraging the active participation of each employee through suggestions and proposals.

## **Community Panel at the Manhaus centre in Brazil**

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The goal of this project is to establish an appropriate communication channel with the local community, discuss ideas connected with health, safety and environmental issues and the possible concerns of the community about the activity of Manauara Shopping. In this specific case, the panel was set up at the development phase of the project, which has allowed the local community to be better informed from the time that the Shopping Centre was being designed.

## **Consulting stakeholders**

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With the objective of improving the response to stakeholder expectations in relation specifically to sustainability issues, Sonae Distribuição broadened and improved its process for consulting stakeholders in 2008. Thus, in addition to the processes used in the past, it carried out:

- 402 telephone interviews with customers;
- 247 surveys among suppliers, town councils, and financial specialists and analysts;
- 2 meetings with environmental Non Government Organizations (NGOs).

## STAKEHOLDER GROUPS

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## FORMS OF INVOLVEMENT

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### Customers and Visitors

- Internet sites
- Suggestions and complaints systems
- Sonae ombudsman
- Consultation surveys

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### Employees

- Social climate surveys
- Intranet news
- Internal publications
- Knowledge sharing Forum

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### Suppliers

- Supplier portals
- Visits and audits
- Reciprocal training
- Consultation surveys
- Performance evaluation

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### Tenants

- Written communications
- Meetings
- Training
- Consultation surveys

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### Government and Regulatory Entities

- Involvement in the planning and design of new units
- Participation in various sector associations

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### Investors

- Shareholder meetings
- Quarterly financial reports
- Consultation surveys

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### Community

- Partnerships with various institutions and organizations representing local communities
- Projects involving the community, which encourage sustainability, social harmony and good citizenship
- Consultation surveys



# 03

## MANAGEMENT AND STRATEGY

50 YEARS AHEAD IN PERSPECTIVE

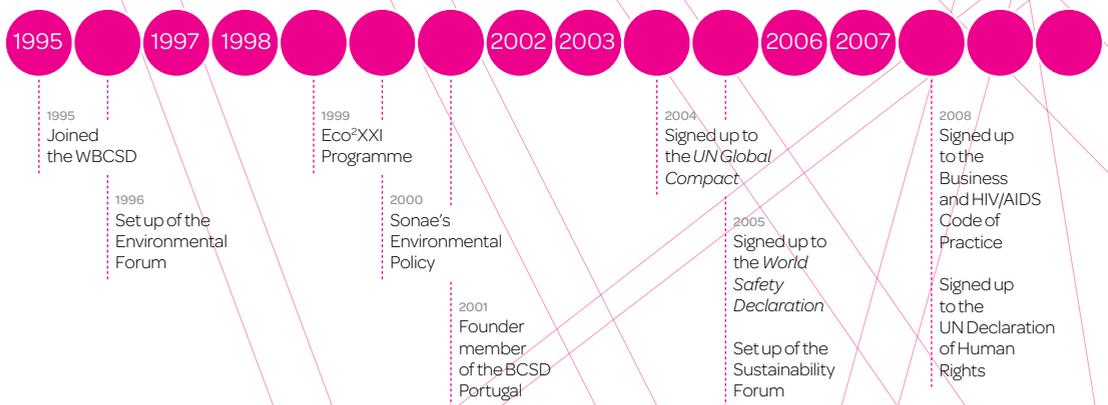
“The next future is the same as the old future: We have to be better every day, more competitive, increase our leadership over our competitors, and continue to take risks. (...) We have a continuously on going restructuring process. Our way of being is to be changing all the time.”

BELMIRO DE AZEVEDO

THE WAY  
IN WHICH THE  
BUSINESSES  
HAVE DEVELOPED  
OVER THE YEARS  
HAS RESULTED  
IN SONAE  
BECOMING  
A BENCHMARK  
AMONG  
PORTUGUESE  
BUSINESS GROUPS  
WITH A WIDE  
RANGING  
PORTFOLIO  
AND THE BIGGEST  
WORKFORCE  
IN THE PRIVATE  
SECTOR  
IN PORTUGAL.

This situation means a greater level of responsibility for the development of the Portuguese economy as well as the possibility of exercising influence over all of its stakeholders through the adoption of more responsible principles and practices in its businesses.

The recognition that problems of ethics and transparency involve risks for the continuity of its businesses led to the establishment of the Sonae values and principles. These strengthen its culture, provide guidelines for the responsible conduct of its employees and ensure socially responsible behaviour by the company and the creation of value in the long term.



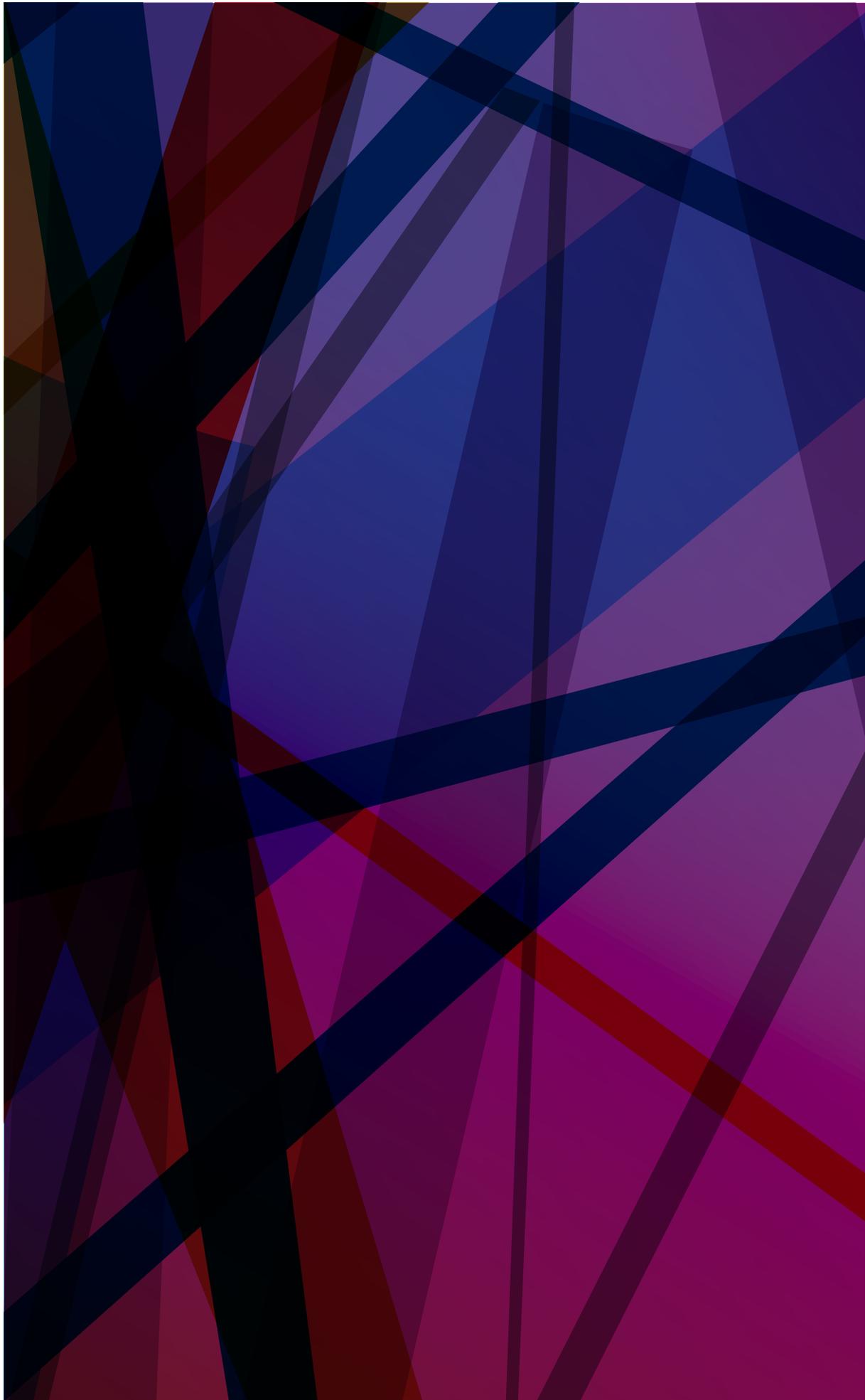
The integration of Sonae's sustainability guidelines into each sub-holding contributes towards the sustainable development of the company in the economic, social and environmental areas. The strategies resulting from these guidelines enable negative impacts to be mitigated and ensure risks are minimized and new opportunities identified.

Sonae's sustainable conduct also follows a set of sustainability principles which are implemented in the holding company and in the sub-holdings through Codes and Regulations developed internally. At the same time, Sonae has signed up to the values and principles promoted by international organizations recognised for their work in the search for sustainable development, in particular the commitments made by signing up to the *UN Global Compact*, the *World Safety Declaration* and its active involvement in the WBCSD and the BCSD Portugal. In 2008, it also signed up to the *Business and HIV/AIDS Code of Practice*.

The challenge made to the sub-holdings to strengthen their sustainability strategies led them to make commitments and implement changes to processes and procedures in the company.

The Sustainability Forum has an important role in disseminating these guidelines through knowledge sharing between the different businesses and making employees aware about these issues.

The success of Sonae, now with 50 years of existence, would not be possible without an innovative and creative culture, without the desire to be different and the ambition to always do better. The talent, energy, professionalism and dedication of its employees have been essential factors in our growth and in the recognition that the market has given to our work.



# 04

## VISION AND ORGANISATION

50 YEARS AHEAD IN THE ECONOMY, HUMAN RESOURCES,  
THE ENVIRONMENT, MANAGEMENT AND SOCIETY

“Sonae is entrepreneurial, innovative and accepts that things tomorrow can be better than today. This is Sonae’s main underlying principle.”

**BELMIRO DE AZEVEDO**

# A RESPONSIBLE BUSINESS IN TERMS OF ECONOMIC GROWTH<sup>1</sup>

**Sonae's** turnover increased 21% in 2008, despite the economic slowdown that occurred across the world.

The Retail business' growth strategy was based on organic expansion and on taking advantage selectively of opportunities for acquisition.

The Shopping Centre business continued to grow internationally, while in the Telecommunications business, the focus was on improving network quality, customer service and the initial phase of implementation of the fibre optic network.

<sup>1/</sup> The financial results for the year 2007 differ from those presented in last year's report, since the methodologies for calculating some of the key indicators were changed starting in 2007. Financial results for the year 2006 are also not shown for the same reason, since the numbers are not comparable (in the same way as the remaining chapters of this document).

## TURNOVER 2008

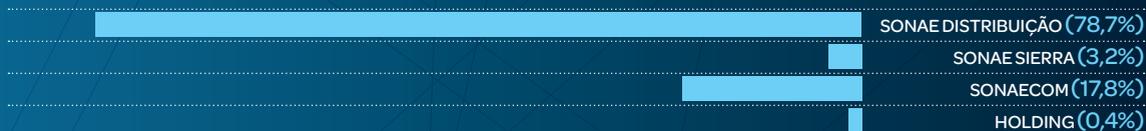
(2007 > 4,418 M€)

# 5,353 M€

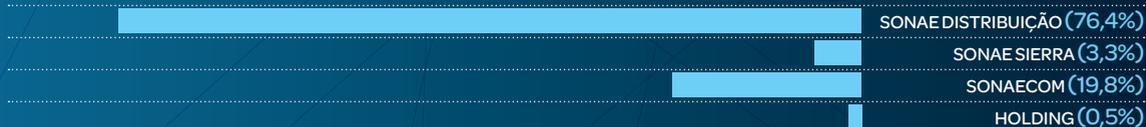
FIVE MILLION THREE HUNDRED AND FIFTY THREE THOUSAND EUROS

### CONTRIBUTION TO TURNOVER

(2008)



(2007)



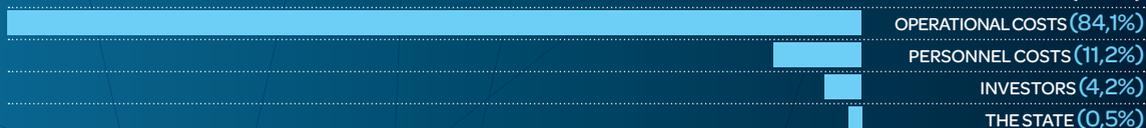
### GROSS ADDED VALUE 2008

# 1,350 M€

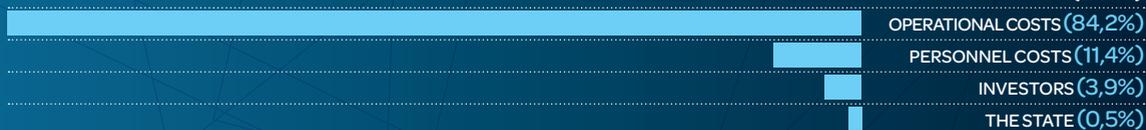
ONE MILLION THREE HUNDRED AND FIFTY THOUSAND EUROS

### ECONOMIC VALUE DISTRIBUTED

(2008)



(2007)



## ECONOMIC VALUE GENERATED

2007  
4,908 M€

2008  
5,693 M€

## ECONOMIC VALUE DISTRIBUTED

2007  
4,411 M€

2008  
5,465 M€

## ECONOMIC VALUE RETAINED

2007  
497 M€

2008  
228 M€

### RETAIL

- Full integration of the Carrefour Portugal<sup>2</sup> acquisition – Integration of 2,835 employees, reorganization of stores and supply logistics
- Opening of 137 stores in Portugal
- Opening of 6 Sport Zone stores in Spain
- Acquisition of the Boulanger heavy household goods chain in Spain with 10 stores.



#### TREND 2007-2008

- + 146 stores
- + 14% Sales area
- + 18% Customers
- + 25% Turnover

### SHOPPING CENTRES

- Opening of 4 new Shopping Centres
- 3 extension/refurbishment projects in Portugal and Italy



#### TREND 2007-2008

- + 6% GLA owned under management
- + 3% GLA under management
- + 6% Visits to Shopping Centres
- + 11% Rents received in owned centres
- 1,416€ Net Asset Value (NAV)

### TELECOMMUNICATIONS

- Expansion of telecommunications network and increase in sales
- 5 new centres with ADSL2+ bringing the total to 166 Centres



#### TREND 2007-2008

- + 10% Mobile Business Customers
- + 24% Fixed Business Accesses
- + 51% SSI Turnover
- Network coverage: 90% of the population via the UMTS network and around 80% via the HSDPA network

# A RESPONSIBLE BUSINESS PUTTING VALUE ON HUMAN CAPITAL

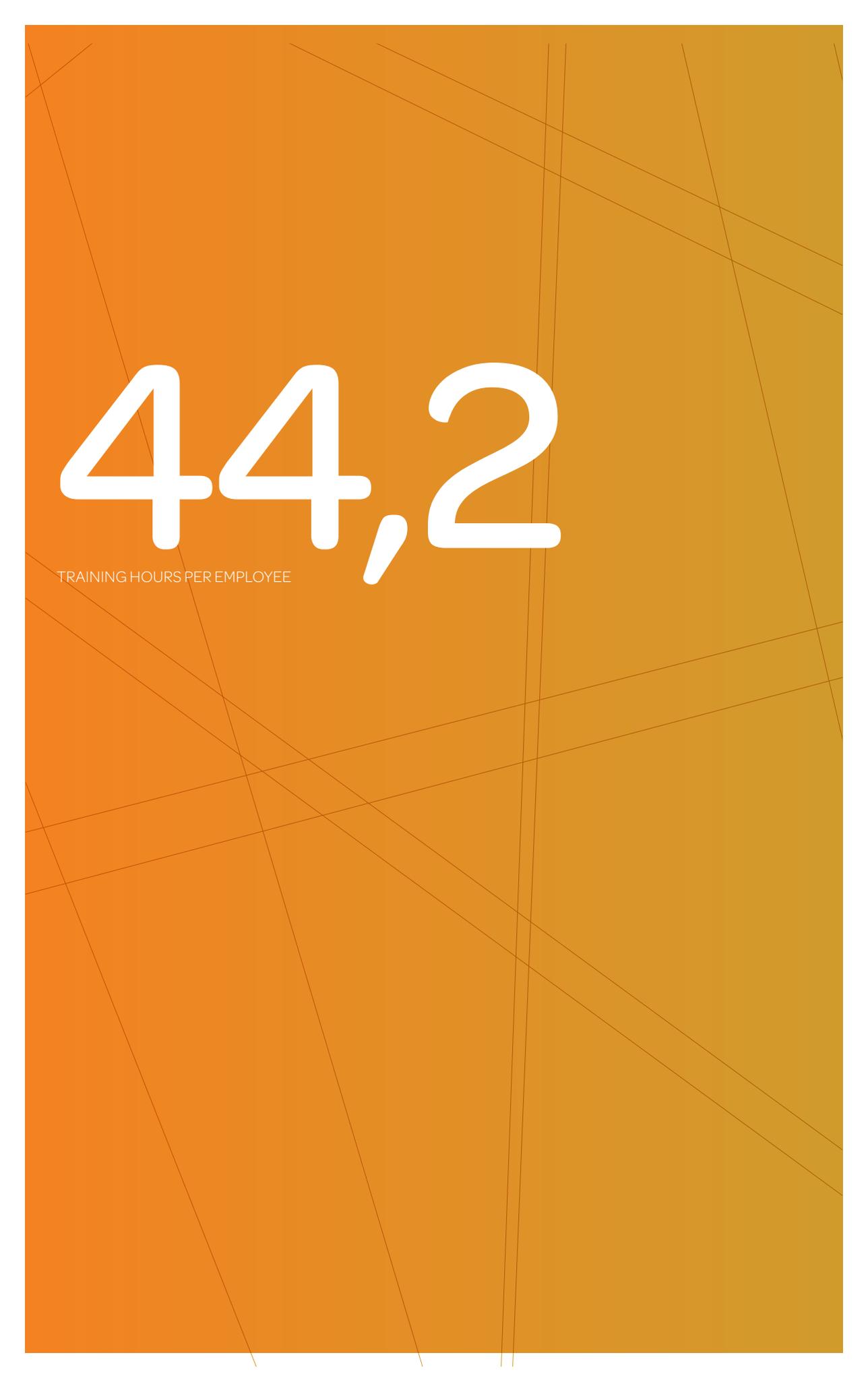
Sonae believes that its culture of meritocracy, career progression and equality of opportunity are the most efficient manner of attracting and retaining talent. Investing in entrepreneurial and innovative employees, providing them with the necessary conditions for the continuous development of their competencies, enable our businesses to grow.

**IN ORDER TO DEVELOP TEAMS WITH THE RIGHT COMPETENCIES IN THE DIFFERENT BUSINESSES, SONAE ENCOURAGES THE INTERNAL MOBILITY OF ITS EMPLOYEES.**

Providing work experience in various business sectors and different functional areas, and networking, ensure continuous career progression.

# 37,437

EMPLOYEES | +8% (2007-2008)



# 44,2

TRAINING HOURS PER EMPLOYEE



## TRAINING

Building competencies is a cornerstone of Sonae's human resources policy. The company provides employees with training and learning opportunities, which enrich the team and stimulate people to do better and more. Training per employee increased by 0.8% in 2008 compared to 2007.

### MAIN TRAINING AREAS

- Technical
- Behavioural
- Languages
- Health and Safety
- Environment
- Management

2006	1,135,708 H	38.1 H
2007	▲ 1,394,437 H	43.9 H
2008	▲▲ 1,629,503 H	44.2 H

## SOCIAL CLIMATE SURVEY

In order to evaluate and continuously improve the working conditions of our employees, we periodically carry out Social Climate Surveys in all our business units.

Following these surveys, plans are made to improve the less positive aspects. The surveys carried out had a relatively high employee involvement reaching 86% of all employees at Sonacom, 80% at Sonae Distribuição and 99% at Sonae Sierra in 2008.

## PERFORMANCE EVALUATION AND CAREER DEVELOPMENT

The importance of this process is recognized by employees as it enables the personal career objectives of each employee to be better aligned with the objectives of the company, resulting in greater motivation and productivity.

## EFFICIENT INTEGRATION OF HUMAN RESOURCES

The integration of 2,895 employees from the Carrefour hypermarket chain into Sonae Distribuição was achieved with great success in 2008. A major factor contributing towards this was the efficient action and follow up of the Human Resources Department and the flexible and dynamic culture of the company.

## Human Resources Consultative Group

The objective of this group is to harmonise Sonae's human resources policies, overview the training given by the Sonae Learning Centre and establish protocols with universities and other learning related institutions.

## The Contacto Programme

The Contacto Programme was set up by Sonae in 1986 with the objective of allowing high potential future professionals to get to know the company. The programme gives them the opportunity to see the company's development plans and strategies from the inside through direct contact with its key leaders, while also offering them the possibility of their first employment opportunity.

At each event, a group of around 300 final year undergraduates from various disciplines is invited. Since its launch, more than three thousand eight hundred university undergraduates have participated and several hundred have been recruited to join the Sonae team.

For MBA course finalists, Sonae runs a similar event called Contacto Master and invites post graduates from the best known Portuguese management schools.

# 1,680 / -10%

WORK ACCIDENTS

CHANGE 2007-2008

ABSENTEEISM RATE DUE TO  
WORK RELATED ACCIDENTS

2006 0,40%

2007 0,36%

2008 0,31%

## HYGIENE, HEALTH AND SAFETY AT WORK

The company continued to invest in the health and safety of its employees in all work places, increasing the level of prevention and awareness/training for risks.

Keeping watch on employees' health was another area focused on, as well as the provision of healthy and safe work conditions on company premises and during external visits..

### Personæ Project

- Conclusion of the Sonae Sierra PERSONÆ project. More than 70,000 people were involved in this project, the objective of which was to incorporate a culture of safety in its units and reduce the level of accidents. Seminars, workshops and safety preventative observations (SPOs) were carried out with the number of non conformances detected falling from 21 to 7.9 per SPO hour (from 2005 to 2008);
- Certification of the Corporate Health and Safety management System according to the OSHAS 18001 standard (in the Shopping Management Promotion, Investment and Management areas);
- Certification in Health and Safety (OSHAS 18001) in 3 Shopping Centres.

### "Cliente Seguro" (Safe Customer) Project

- Carrying out of the "Cliente Seguro" project at Sonae Distribuição, the main goal of which was to minimize the probability of accidents happening to customers, by undertaking an analysis of the risks that might arise during a shopping trip. It also allowed the level of awareness among employees to be increased and give customers a sense of security when visiting stores.

# A RESPONSIBLE BUSINESS IN TERMS OF ENVIRONMENTAL MANAGEMENT

**ENVIRONMENTAL AWARENESS HAVE LEAD TO FORMAL POLICIES AND PROCEDURES BEING SET UP WHICH HAVE ENABLED THE ENVIRONMENTAL PERFORMANCE OF THE COMPANY TO BE IMPROVED, FOCUSING ON PREVENTION, ADAPTING PRODUCTS, SERVICES AND PREMISES, AND IMPROVING MEASUREMENT AND MONITORING TECHNIQUES OF ANNUAL RESULTS.**

Increasing the awareness and the training of employees was also an important step in order to achieve the results that we are proud to present and that have led to the award of Environmental Certification (the ISO 14001 international standard) at a corporate level in each sub-holding.

The trend of environmental performance between 2007 and 2008 should be looked at bearing in mind the expansion of business in various sub-holdings. Thus, the absolute increases in the figures of water consumption, energy consumption, CO<sub>2</sub> emissions and waste generated have to be put into the context of an increase in turnover of 21%, an increase in employee numbers of 8%, as well as the lower efficiency of retail units acquired.

# 2,185M m<sup>3</sup>

WATER CONSUMED

▲ 2008  
2,184,916 m<sup>3</sup>  
▼ 2007  
1,782,948 m<sup>3</sup>  
2006  
1,882,039 m<sup>3</sup>

WATER<sup>3</sup>

The absolute quantity of water consumed reached a total of around 2,185 thousand m<sup>3</sup>, an increase of 23% compared to 2007. As explained above, this increase is explained by the expansion of the businesses in the different sub-holdings.

## Actions taken in 2008:

- Improvement in the quantification and monitoring of performance;
- Publication of communications, printed and online documents on environmental issues to encourage best practice and increase awareness among employees;
- Organisation of workshops, conferences and internal eco-efficiency programmes aimed at: identifying and recognizing environmental problems in all premises, activities and products; encouraging eco-efficiency, sharing information, experiences and best practices; and challenging sub-holdings to act to resolve environmental problems;
- Sponsorship of the "Green Project Awards", an initiative which rewards innovatory environmental projects;
- Support to initiatives of a social and environmental nature with the "Hyper natura Continente" project of Sona e Distribuição, aimed at recovering, improving and modernizing public gardens in various towns and cities, thus increasing awareness concerning ecological and environmental issues and quality of life among local communities;
- Participation of Sonaecom in the Portuguese survey based on the Climate Group SMART 2020 international report about the set up of a global low carbon economy.

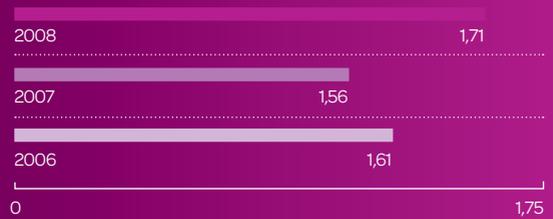
## THE EFFICIENCY OF THE SUB-HOLDINGS

### Sonae Distribuição

The increase of 9.6% was due to the acquisition of less efficient stores and the inclusion of stores in Madeira.

On a like for like store basis for those in operation in 2007, there was a fall of 9% in water consumption per square metre.

/Consumption of water per unit of sales area (m<sup>3</sup>/1000 m<sup>2</sup>)



### Sonae Sierra

Fall in water consumption per visit of 12.5%

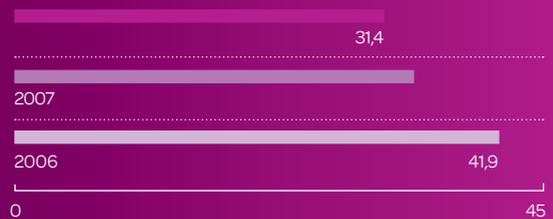
/Consumption of water per visit (litres/visit)



### Sonaecom

Fall in water consumption of 8.3% per unit of turnover.

/Consumption of water per unit of turnover (m<sup>3</sup>/million euros)



3/

Since the data for the year 2007 has been revised and corrected, the data presented in this chapter differ from those shown in the previous report

## COLLECTION OF RAIN WATER AT THE SHOPPING PENHA

The Shopping Penha in Brazil installed in 2008 a system with a 4,000 m<sup>2</sup> capacity, which enables rain water to be collected, filtered and chlorinated, and stocks sufficient water for the system to function for 3 days in the absence of the city water supply. The estimated savings achieved with this innovative system are 5,540 m<sup>3</sup> per annum with a return on the investment made of less than 3 months.

The implementation of a system of this type for a centre already in operation demonstrates the commitment of the organization to continuous improvement throughout a centre's life cycle.

## Efficiency measures for water consumption in 2008:

- . Implementation of taps with fixed water quantity doses in some buildings and more efficient toilet flushes;
- . System for the reuse of rainwater at Sonaecom's Mar Mediterrâneo building;
- . Automatic watering systems for garden areas in 93% of Retail units (Sonae Distribuição);
- . Audits of water consumption in Shopping Centres and implementation of recommendations in 4 Portuguese Centres, where audits had taken place in the previous year (Sonae Sierra);

. Implementation of requirements concerning water consumption and reuse in the design and development phases of Shopping Centres (Sonae Sierra);

. At the Vasco da Gama Shopping Centre in Lisbon, changes made in the roofing area for water used for decorative purposes enabled a 28% reduction in consumption to be made, equal to an estimated saving in the region of 31,600€ between February and December 2008 (Sonae Sierra).

## ENERGY AND CO<sub>2</sub> EMISSIONS

Total energy consumption increased by around 16% compared to 2007, reaching 5,750,748 GJ. Indirect energy (from electricity consumption) represented 86% of total energy consumed and direct energy 14%.

# 5,750,748 GJ

TOTAL ENERGY CONSUMPTION

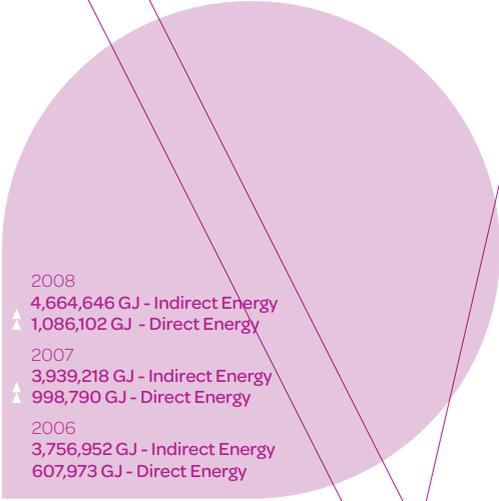
The increase in energy consumption resulted in an increase of 19% in total CO<sub>2</sub> emissions, reaching 457,945 tons of CO<sub>2</sub>, in 2008.<sup>4</sup>

# 457,945 tCO<sub>2</sub>

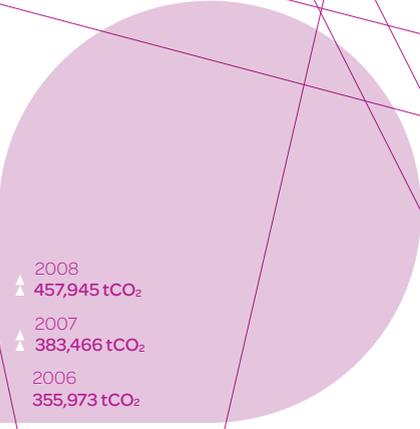
CO<sub>2</sub> EMISSIONS

4/

CO<sub>2</sub> emissions - Each of the sub-holdings calculates this key indicator using methodologies and factors that are appropriate to its business activities, and which are available for consultation in their Sustainability Reports. It should be noted that the reported emissions refer to activities within Scopes 1 and 2 of the GHG Protocol. In Scope 1, emissions from fuel used for vehicle fleets and equipment in business units are included while Scope 2 covers emissions from electricity production. Sonae Sierra monitors and reports emissions covering Scope 3 activities in its Sustainability Report (from supplier and visitor vehicles, and employee travel). In 2008, these emissions totalled 870,229 tCO<sub>2</sub>, an increase of 21.4% compared to the previous year. Also to be noted is the fact that the figures for 2006 and 2007 are different from those published in last year's report, due to the revaluation of data reported by Sonae Sierra (for details, see the 2008 Sustainability Report of Sonae Sierra).



2008	▲ 4,664,646 GJ - Indirect Energy
	▲ 1,086,102 GJ - Direct Energy
2007	▲ 3,939,218 GJ - Indirect Energy
	▲ 998,790 GJ - Direct Energy
2006	▲ 3,756,952 GJ - Indirect Energy
	▲ 607,973 GJ - Direct Energy



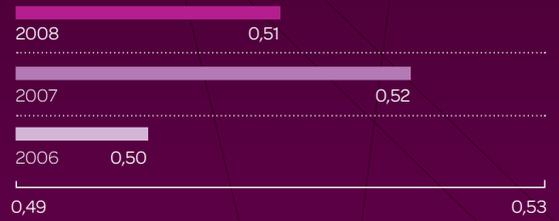
2008	▲ 457,945 tCO <sub>2</sub>
2007	▲ 383,466 tCO <sub>2</sub>
2006	▲ 355,973 tCO <sub>2</sub>

## THE EFFICIENCY OF THE SUB-HOLDINGS

### Sonae Distribuição

▼ Reduction of 1.9% in electricity consumption per unit of sales area.

/Consumption of electricity per unit of sales area (GWh/1000m<sup>2</sup>)



▼ Reduction of 2.7% in CO<sub>2</sub> emissions per unit of sales area.

/Emissions of CO<sub>2</sub> per unit of sales area (tonCO<sub>2</sub>/1000m<sup>2</sup>)

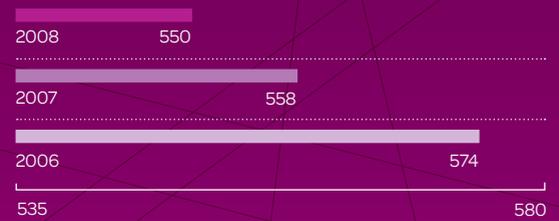


Note: In 2006, the emissions for employee company car consumption were not calculated, so that it is not possible to compare the figures for that year with those for 2007 and 2008. Thus, it was decided not to report emissions for the year 2006.

### Sonae Sierra

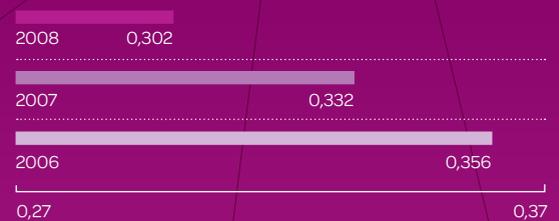
▼ Reduction of 1.4% in electricity consumption per unit of shopping centre area (mall+WC).

/Consumption of electricity per unit of shopping centre area (mall+WC) (KWh/m<sup>2</sup>)



▼ Reduction of 9.0% in CO<sub>2</sub> emissions per unit of sales area (mall+WC+offices).

/Emissions of CO<sub>2</sub> per unit of sales area (mall+WC+offices) (ton CO<sub>2</sub>/m<sup>2</sup>)



Note: The electricity and emissions reported shown in the graphs only relate to Shopping Centres owned by Sonae Sierra.

## Sonaecom

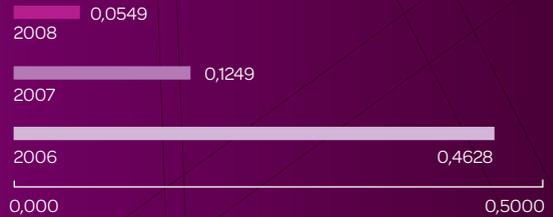
Reduction of 29% in electricity consumption per minute of voice traffic.

/Consumption of electricity per minute of voice traffic (KWh/min)



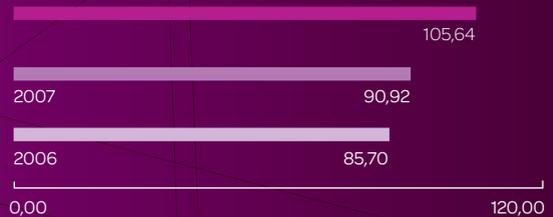
Reduction of 56% in electricity consumption per MB of data traffic.

/Consumption of electricity per MB of data traffic (KWh/MB)



Increase of 16.2% in CO<sub>2</sub> emissions per unit of turnover.

/Emissions of CO<sub>2</sub> per unit of turnover (m<sup>3</sup>/million euros)



Note: This increase in CO<sub>2</sub> emissions is related to the increase in electricity consumption as a result of the expansion of the network.

## FOCUS ON PRODUCTS WITH GREATER ENERGY EFFICIENCY

Sonae Distribuição has been implementing a strategy of making consumers aware of the need to adopt more sustainable consumer habits. It has focused more on more on making available to consumers environmentally friendly products, such as, for example, more efficient light bulbs and white goods, and rechargeable batteries.

The light fitting display area has been rearranged in Continente stores and in some Modelo stores to allow the consumer a better understanding of the various kinds of equipment and their consumption. A renewal of the image of the packaging, using a colour code, which indicates the energy efficiency level of different equipment, was also one of the measures implemented.

The end result of the company opting to inform and make the customer more aware has been for them to choose these types of products.

## Energy consumption and CO<sub>2</sub> emissions efficiency measures in 2008:

- Development of a programme for autonomously producing energy from renewable sources in retail stores, which has resulted in the installation of 23 photovoltaic panel power generation centres (Sonae Distribuição);
- Installation of solar collectors for heating water (Sonae Distribuição);
- Use of heat emitted by cold centres for heating water (Sonae Distribuição);
- Compliance of more than 20% of the contracted vehicle fleet with the EURO4 Standard, leading to lower levels of polluting emissions (Sonae Distribuição);
- Installation of "solar tube" skylights and automatic regulation of light levels in new stores (Sonae Distribuição);
- Reduction in working hours of air conditioning equipment (Sonaecom);
- Reduction in the number of lights on in specific locations and exchange of halogen light bulbs for more efficient ones in other locations (Sonaecom);
- Pilot projects implemented for running telecommunications equipment from renewable sources (Sonaecom);
- Installation of more energy efficient lighting control systems and HVAC equipment in Shopping Centres (Sonae Sierra);
- Implementation of measures to reduce indirect energy consumption during the development phase of Shopping Centres (Sonae Sierra);
- Implementation of *Green Travel Plans* to encourage more sustainable travel to Shopping Centres (Sonae Sierra).

## WASTE

In spite of an increase of 19% in the overall volume of waste generated in 2008, the proportion of waste reused, recovered or recycled increased by 64% (compared to 59% in 2007).

This was the result of an increase in the percentage of waste sent for recycling and composting.

Hazardous waste generated was 3% of total waste, an increase over that of 2007, because of increases in the proportions of hazardous waste produced by Sonae Distribuição and Sonae Sierra.

**105,508 ton** TOTAL WASTE PRODUCED

**64%** WASTE REUSED, RECOVERED OR RECYCLED

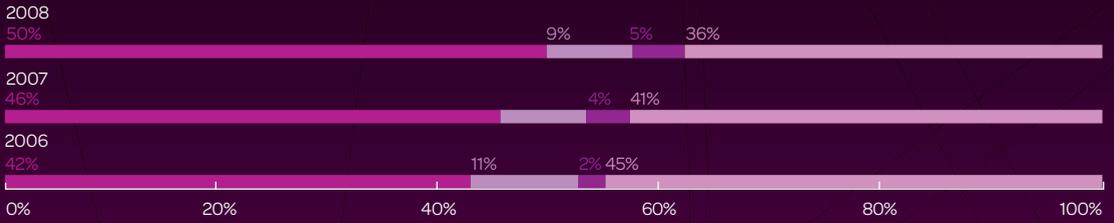
WASTE GENERATED (tons):

2006 **78,946**  
2007 **89,038**  
2008 **105,508**

<sup>5</sup> Since the data relating to hazardous waste has been revised and corrected for previous years, the data presented in this document differ from those presented in last year's report.

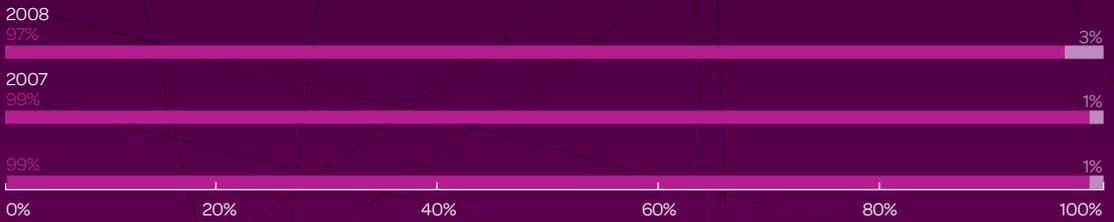
## TREATMENT OF WASTE

■ Recycling ■ Used for Energy Generation ■ Composting ■ Landfill



## HAZARDOUS AND NON HAZARDOUS WASTE

■ Non Hazardous ■ Hazardous

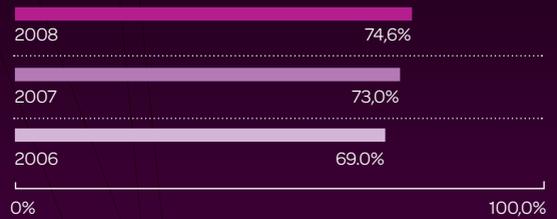


## THE EFFICIENCY OF THE SUB-HOLDINGS

### Sonae Distribuição

▲ Increase of 1.6% in waste reused, recovered and recycled.

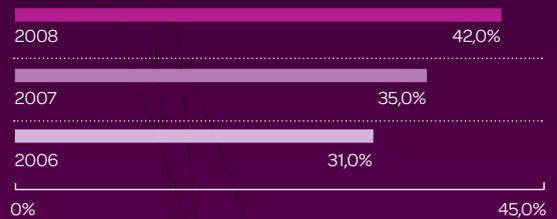
/ Waste reused, recovered and recycled



### Sonae Sierra

▲ Increase of 7% in waste reused, recovered and recycled.

/ Waste reused, recovered and recycled

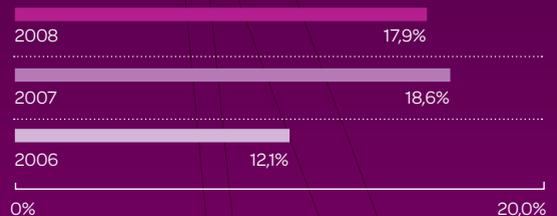


### Sonaecom

Reduction of 0.72% in waste reused, recovered and recycled.

The fall in the share of waste reused, recovered and recycled has been the result of a reduction in the quantity of paper used, as a consequence of achieving higher levels of awareness among employees, due in particular to awareness campaigns conducted.

/ Waste reused, recovered and recycled



## Eco Modelo at Palmela

The Eco Modelo at Palmela is a store with a number of innovative features which enables customers to contribute towards separating waste and increasing the recycling rate of a wide range of different kinds of waste, among which are: mineral oils, food oils plastic packaging, plastic bottles, plastic bags, metallic packaging, batteries print cartridges, plastic bottle tops, corks, WEEE (Waste Electrical and Electronic Equipment), clothes and books.

### Measures taken relating to waste generation:

- . Training and increasing awareness of employees;
- . Training and increasing awareness of visitors and tenants for the importance of minimising waste generation and separating waste for later recycling;
- . Set up of an innovative area for separating and collecting waste for recycling at the Palmela Modelo store (Sonae Distribuição);
- . Reduction in packaging materials for some own brand products in the household goods area in the Retail business (Sonae Distribuição);
- . The “EEE de Valor” Project promoted the collection of Waste Electronic and Electrical Equipment (WEEE) in Worten stores (Sonae Distribuição);
- . Start up of sending organic waste for composting in some Shopping Centres (Sonae Sierra);
- . Retaking and recovering EEE (Electrical and Electronic Equipment) at sales points and in shopping centres (in all sub-holdings).

# A RESPONSIBLE BUSINESS IN THE MANAGEMENT OF THE VALUE CHAIN

The size, structure and presence of the company both nationally and internationally means that we have an additional responsibility, not just in the way that we manage our business but also in the way that we encourage our value chain to adopt sustainable management practices.

**WE BELIEVE THAT IT IS OUR DUTY  
TO SUPPORT SUPPLIERS, TENANTS,  
PARTNERS, CUSTOMERS AND VISITORS  
TO CHANGE THEIR PRACTICES AND  
BEHAVIOUR IN THIS AREA,**

and that in this way we are promoting economic growth and social harmony among the communities in which we operate.

## Electronic Invoices

Sonaecom and Sonae Distribuição have focused strongly on paperless transactions and processes, especially in relation to invoicing.

In 2008, around 10,000 electronic supplier invoices were approved by Sonaecom and more than a million by Sonae Distribuição, which have significantly reduced the volume of documents printed on paper, and have enabled communication with suppliers to be accelerated on issues relating to invoicing.

## Measures implemented in the value chain:

- . Implementation of responsible *Procurement policies*, involving the inclusion of contractual clauses with suppliers and service providers concerning the environment, social, health and safety, corruption, human rights, child labour and other issues;
- . Carrying out of national and international supplier visits and audits to check compliance with the requirements demanded of them;
- . Evaluation of supplier performance, including environmental and social aspects;
- . Broadening of the scope of requirements checked in audits to a greater range of suppliers in the Retail area;
- . Carrying out of training courses for suppliers;
- . Development of labelling systems, which give more detailed and effective information about products, allowing the consumer to make more healthy and sustainable choices when purchasing products;
- . Carrying out of supplier surveys to identify areas for improving relationships and mutual activity.

### Plaza Sul Shopping

Increasing the awareness of and providing clarification for the supplier Giglio at the Plaza Sul Shopping in Brazil resulted in an improved relationship with the management of the Shopping Centre.

Through participation in a meeting about the environmental and safety policies of Sonae Sierra, this supplier increased its knowledge of the culture of the company and its focus on sustainability issues, thus strengthening its confidence in Sonae Sierra. Due to Sonae Sierra's influence, this company has chosen to obtain environmental certification for some of its business units.

### Sonae's "Clube de Produtores" (Producers' Club)

The set up of the Sonae "Clube de Produtores" in 1998 enabled a closer relationship to be forged with its farm and livestock suppliers while increasing the level of confidence in the products that Sonae purchases. The volume of purchases from Club members totalled 130,5 million euros in 2008. By joining the Club, producers are responsible for complying with a number of requirements linked to the production process and to product quality. In exchange, producers benefit from structured support, involving specialist training courses, international exchanges of information and the guarantee of previously agreed quantities being purchased by Sonae Distribuição.

# A RESPONSIBLE BUSINESS SUPPORTING SOCIETY AND THE COMMUNITY

# 11M €

FOR SUPPORT TO THE COMMUNITY

Sonae has always been mindful of the local, regional and global context in which its companies operate. In order to be able to respond to the needs of communities and to help provide solutions to some social problems existing within them, we have carried out actions that promote social harmony in the community, often setting up partnerships with other institutions and local organizations.

Among the different areas supported, the main ones are Culture, Education, Health, the Environment, Science and Social Solidarity.

Each of the sub-holdings defines its own community support plan, identifying priority areas for support, related to the needs of the communities among which it operates, creating relationships with the institutions supported and partnerships to develop initiatives.

## PATRONAGE / PHILANTHROPY

**“Casa da Música”  
Serralves Foundation**  
(Sonae)

Founder-Member of these two benchmark institutions in Portuguese cultural life.

**IPATIMUP – Molecular  
Institute of Pathology  
and Immunology of  
the University of Porto**  
(Sonae)

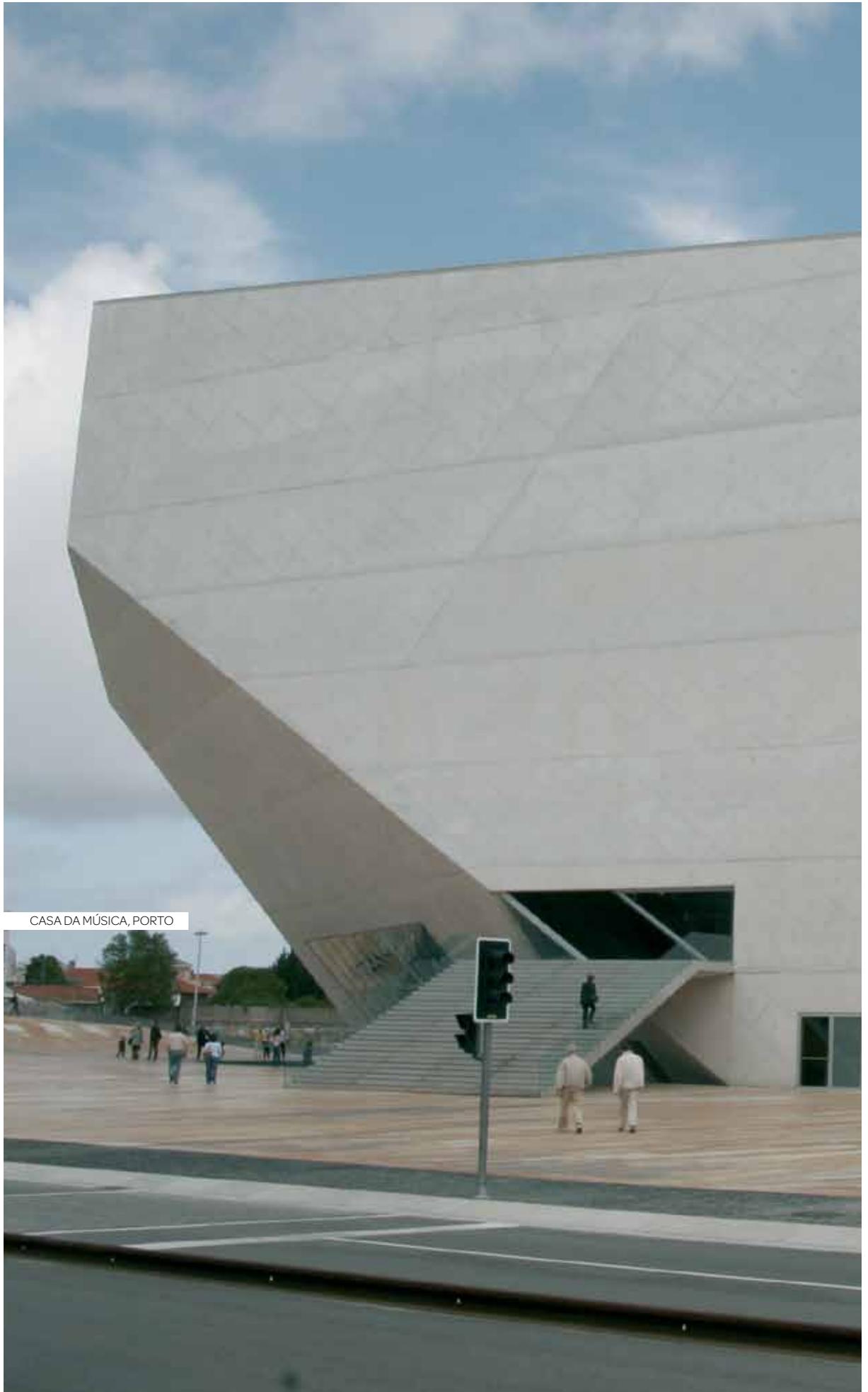
Sonae is sponsor of this institute, which is a benchmark in the area of cancer research.

**Green Project Awards**  
(Sonae)

Sponsorship for this project, the goals of which are: to reward and recognise best practice in projects implemented in Portugal, which promote sustainable development, complementing a move towards making society more aware of the overall objectives of alerting the public to the importance of environmental, economic and social equilibrium; give visibility to entities and/or institutions, which have identified an opportunity to support and promote sustainability and which generate information with a pro sustainability message; strengthen sustainability with the goal of influencing the behaviour of the general public and decision makers in general, making innovation, creativity and efficiency a path towards sustainability.

**COTEC Portugal**  
(Sonae)

Support to COTEC Portugal – Business Association for Innovation.



CASA DA MÚSICA, PORTO

## BENCHMARK INITIATIVES

### Porto de Futuro (Sonae)

We joined up to this initiative launched by the Porto City Council for companies in the Porto area, the goal of which is to support 17 regional groups of schools in their project management and development.

In 2008, 3 initiatives were undertaken to refurbish school buildings in primary schools of the Cerco school group, which involved voluntary workers from Sonaecom, teachers, parents and schoolchildren from the schools.

### Missão Sorriso (Mission Smile) (Sonae Distribuição)

The objective of this project is to donate hospital equipment to paediatric units and hospitals. In 2008, with the sale of a game and CD featuring the music of Leopoldina and with an environmental flavour, "Missão Sorriso" raised and donated 800 thousand euros to 31 paediatric units from the north to the south of the country, equal to a donation of more than 1,550 pieces of hospital equipment and material.

### Causa Maior (Sonae Distribuição)

This action aims at promoting a more active and participative social life among the elder population of communities. In 2008, it was awarded the Efficiency Prize in the Social Causes Marketing category by the Portuguese Association of Advertisers.

### Modelo "Parque Família" (Family Park) (Sonae Distribuição)

Through this initiative, Modelo promotes improved relationships between generations among the community, providing cities with children's playgrounds and parks suitable for sport for the older generation, allowing their use by people from town councils in those towns in which Modelo is present.

### The "Público" newspaper at School (Sonaecom)

This project is supported by the Portuguese Ministry of Education, and its goal is to promote the use of the media at school and encourage the practice of reading. It involves the publication of reports and the carrying out of training programmes, conferences and seminars in schools.



MISSÃO SORRISO (MISSION SMILE)





## INITIATIVES BEGUN IN 2008

### **“EEE de Valor” Project** (Sonae Distribuição)

Worten appealed to all Portuguese people to deliver their old electrical and electronic equipment to one of their stores, and launched a nationwide competition. The competition selected Faro, Lisbon and Setúbal as the most ecological districts in the country, or in other words those which collected the largest quantities of Waste Electrical and Electronic Equipment (WEEE) per head. As a result of this project, Worten donated a total of 722 new white goods to 79 charitable institutions, equal to an investment of around 100 thousand euros.

### **“Nós movemo-nos por uma causa”** (Sonae Distribuição)

The goal of this project, carried out by Modalfa in partnership with “Olha quem dança” (Look who’s dancing), an RTP television programme, was to support the “Projecto Saúde em Família” (Family Health Project), the mission of which is to give medical help to children at home and support families at hospital while the child is hospitalized. Through the sale of scarves, we raised 188,000€ that were donated to the Family Health Project, run by the Gil Foundation.

### **“Proteja os seus filhos do Sol”** (Protect your children from the sun) (Sonae Distribuição)

In partnership with the Portuguese League against Cancer and RTP, Zippy promoted a campaign to protect children against sunburn. The action involved the sale of watches which detect ultraviolet rays and which include a strong educational element. It raised 4,000€ for actions to prevent and check sunburn and skin cancer, promoted by the Portuguese League against Cancer.

### **Support to 479 charitable institutions** (Sonae Distribuição)

Support to charitable institutions, schools, fire brigades, associations, old people’s homes, social centres, parishes, boarding schools, welcoming centres, kennels etc., which help children, old people, the sick, poor people, the homeless, animals etc. Modelo and Continente donated food and other products, which were suitable for consumption and use at home but which could not be sold, either because their packaging was damaged or because the food products had a short sell by date.

### **Smile – Community Involvement Programme** (Sonaecom)

The main challenge of Smile has been to provide partnership institutions with the necessary TIC competencies to simplify processes and procedures, thus allowing them to focus more on their social mission. During 2008, the Smile team met with around 50 institutions, established a more direct contact with 20 and integrated 17 as partners.

### **START** (Sonaecom)

Launch of START – Prize for entrepreneurship in Portugal, which aims at stimulating entrepreneurship and innovation, and at divulging and rewarding innovative ideas for the set up of companies. It was carried out in a partnership between the BPI bank, the Universidade Nova of Lisbon and Optimus.

### **LATITUDE60!** (Sonae Sierra)

Sponsorship of the expedition of 7 Portuguese students to Antarctica on an educational programme, which was part of the events marking the International Polar year.

### **“Aprender a Empreender”** (Learning to be an Entrepreneur) (Sonae Sierra)

Lessons in entrepreneurship for Portuguese school children from less privileged backgrounds. This initiative was carried out by volunteers among employees, and the goal was to stimulate the interest of students, encouraging them to develop their knowledge in the areas that interest them and discover their abilities and personal values.



SMILE - COMMUNITY INVOLVEMENT PROGRAMME





**“Pequenos  
grandes heróis”  
(Little Big Heroes)**  
(Sonae Sierra)

▼

Campaign to raise funds for the purchase and donation of medical equipment for the paediatric services of Cancer Institutes in Lisbon and Porto. The sum raised between November 2007 and January 2008 totalled 68,000€.

**PARI – Project for  
social integration**  
(Sonae Sierra)

▶

Project promoted by the Irea Foundation, carried out at the Airone’s Shopping Centre in Italy, which aims at the social integration of handicapped people. As a partner of the project, Sonae Sierra together with tenants of this shopping centre, provided a location for the running of the project.

**Community Day**  
(Sonae Sierra)

The objective of this initiative is to “Make a difference to someone’s life”. Our employees dedicated 2,308 hours to actions undertaken on the 13<sup>th</sup> and 14<sup>th</sup> of November 2008. The shopping centre teams invited children to participate in them, which included: cinema outings, bowling, telling stories, games and other activities. The initiative also included involvement in the refurbishment of a library in the Youth Promotion Centre in Lisbon, an event to raise funds in Milan and visits made to an orphanage in Bucharest



PARI - Project for Social Integration

**TECHNICAL DETAILS**

**Owner:** Sonae SGPS, SA.

**Consultants:** Sustentare, Lda.

**Design:** Mola Activism

Providing continuity to annual sustainability reporting, this document relates to the activity and the integrated performance in the economic, environmental and social areas of Sonae and its sub-holdings (Sonae Distribuição, Sonae Sierra and Sonaecom) during the year 2008.

The document was prepared based on the Guidelines for the Preparation of Sustainability Reports (G3) of the Global Reporting Initiative.

More detailed information about the practices implemented in each of the businesses can be found in the Sustainability Reports of the respective sub-holdings, available at:

**Sonae Distribuição >**

[www.sonaedistribuicao.com](http://www.sonaedistribuicao.com) / Social Responsibility area

**Sonae Sierra >**

[www.sonaesierra.com](http://www.sonaesierra.com) / Corporate Responsibility area

**Sonaecom >**

[www.sonae.com](http://www.sonae.com) / Sustainability Report

Detailed information about the practices of Sonae and its sub-holdings in relation to the application of and compliance with the principles of the Global Compact of the United Nations and the World Safety Declaration, both of which the company subscribes to, can be found at the following site: [www.sonae.pt](http://www.sonae.pt) in the "Sustainability" section.

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