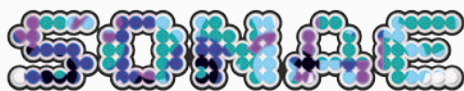




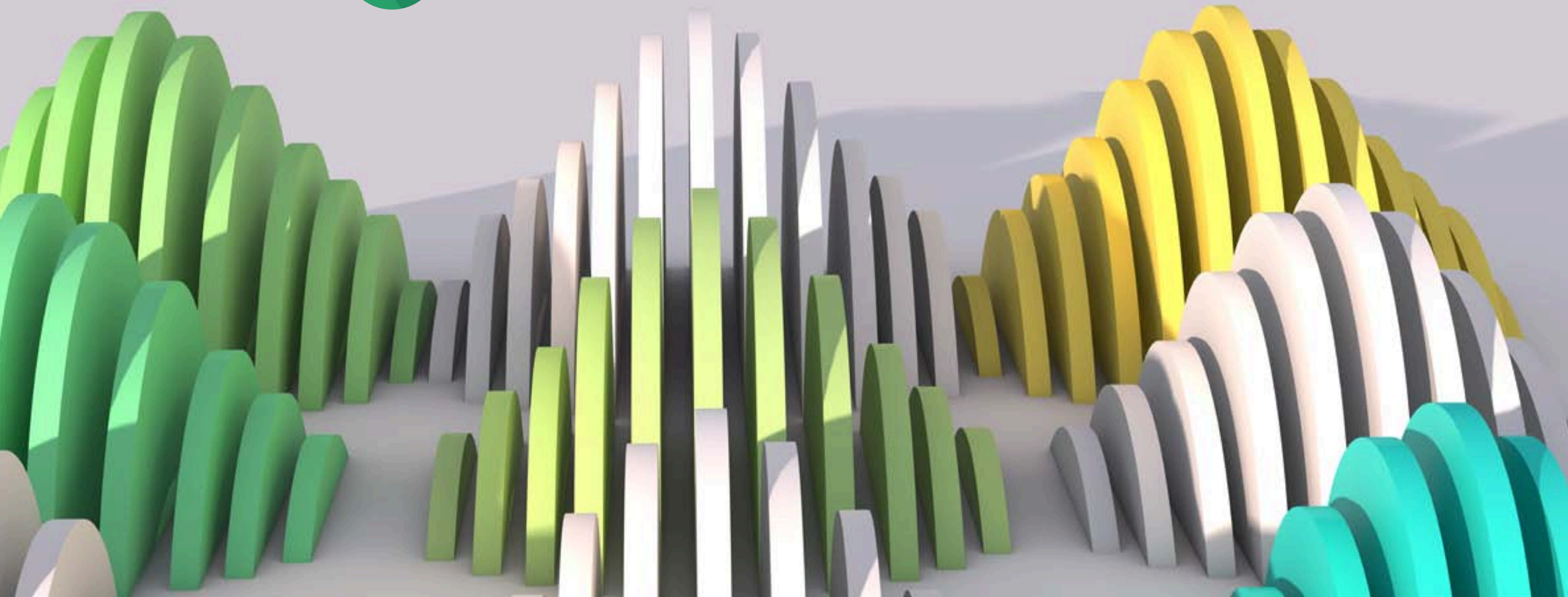
SONAE  
SUSTAINABILITY  
REPORT  
2013



IMPROVING LIFE

SUSTAINABILITY

REPORT



# OUR REPORT

It is part of our DNA to promote sustainable behaviour and to continuously strengthen people's relationship with the community, to be active and responsible.

The goal of this report is to inform all of our stakeholders about our economic, social and environmental performance in 2013. The information this year, like in previous years, is presented according to the Global Reporting Initiative's (GRI) G3.1 guidelines for the A+ level and has benefitted from external verification by PricewaterhouseCoopers. The scope of the report includes Sonae's business areas, focusing on the Retail area (core businesses)<sup>1</sup>.

Considering this focus on the Retail area and after presenting the sustainability strategy – **Our Way to a Sustainable Life**, in 2012, this report provides an initial review of the implementation status of our commitments for 2013 to 2015, showing the path followed and the results obtained in the three axes of our sustainability strategy – **Better Purpose, Better Planet and Better People**.

The Report is divided in four main sections:

- ① **1. Sustainability at Sonae** - description of Sonae's strategy, practices common to all business areas, as well as the main global indicators in economic, social and environmental terms;
- ② **2. Retail (Sonae MC and Sonae SR)** - details of the three axes of our sustainability strategy – Better Purpose, Better Planet and Better People – and upholding commitments established for the three year period of 2013-2015;
- ③ **3. Sonae Sierra** – presentation of the activities of this core partnership, including a description of the strategy and its main results;
- ④ **4. Attachments** - Conforming to principles, associations and partnerships with organisations; Letter of external verification; Glossary and access to detailed information about GRI indicators.

The information reported here can be complemented by consulting the Table of GRI Indicators, the 2013 Report and Accounts and the Corporate Governance Report associated with the same period, available at [www.sonae.pt](http://www.sonae.pt).

Should you require any clarification of the information published in this Report or about Sustainability at Sonae, please contact:

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Tel.: +351 22 0104000

[www.sonae.pt](http://www.sonae.pt)

<sup>1</sup>Sonae's values are not consolidated in the report due to the ZON OPTIMUS merger. Although it holds 50,01% of ZOPT, ZON OPTIMUS is a company listed separately, therefore it reports its information directly to the market.

# SONAE

"At Sonae, sustainability criteria are already naturally present in the decisions of most of our employees, which reflects in a very positive light in our activity. Alongside the strategic alignment, based upon internationalization, diversification of the styles of investment and leveraging the exceptional assets we manage, we consider social and environmental impact equally important to economics as far as evaluation and motivation factors are concerned. We've been able to answer the new socio-economic challenges through innovation, ambition and social responsibility, essential values which set us apart in a demanding, constantly changing market. This attitude, based on a culture of rigour and transparency, has been recognized internationally for the third consecutive year by Ethisphere, which highlighted Sonae as one of the world's most ethical companies, something which fills us with pride."

Ângelo Paupério, Sonae's Executive Vice President

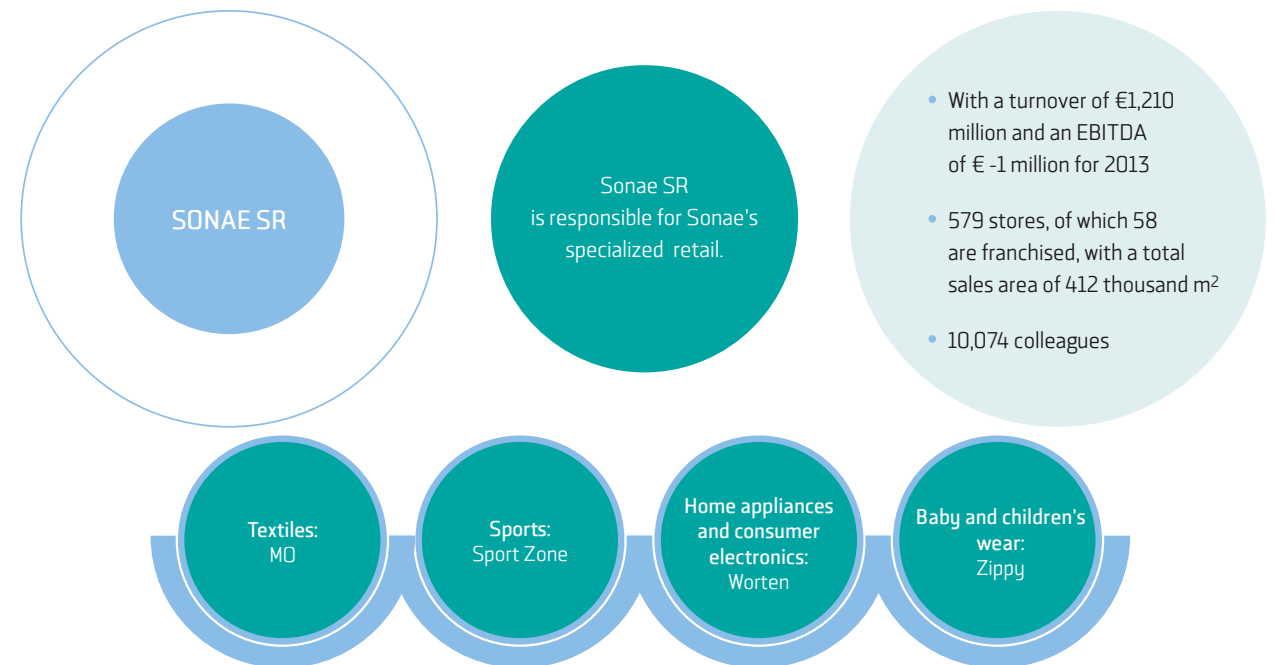
Sonae is a Retail company with two major partnerships in the areas of Shopping Centres (Sonae Sierra) and Software & Information Systems, Media and Telecommunications (Sonaecom).

At the end of 2013, we were active in a total of 67 countries<sup>2</sup>.

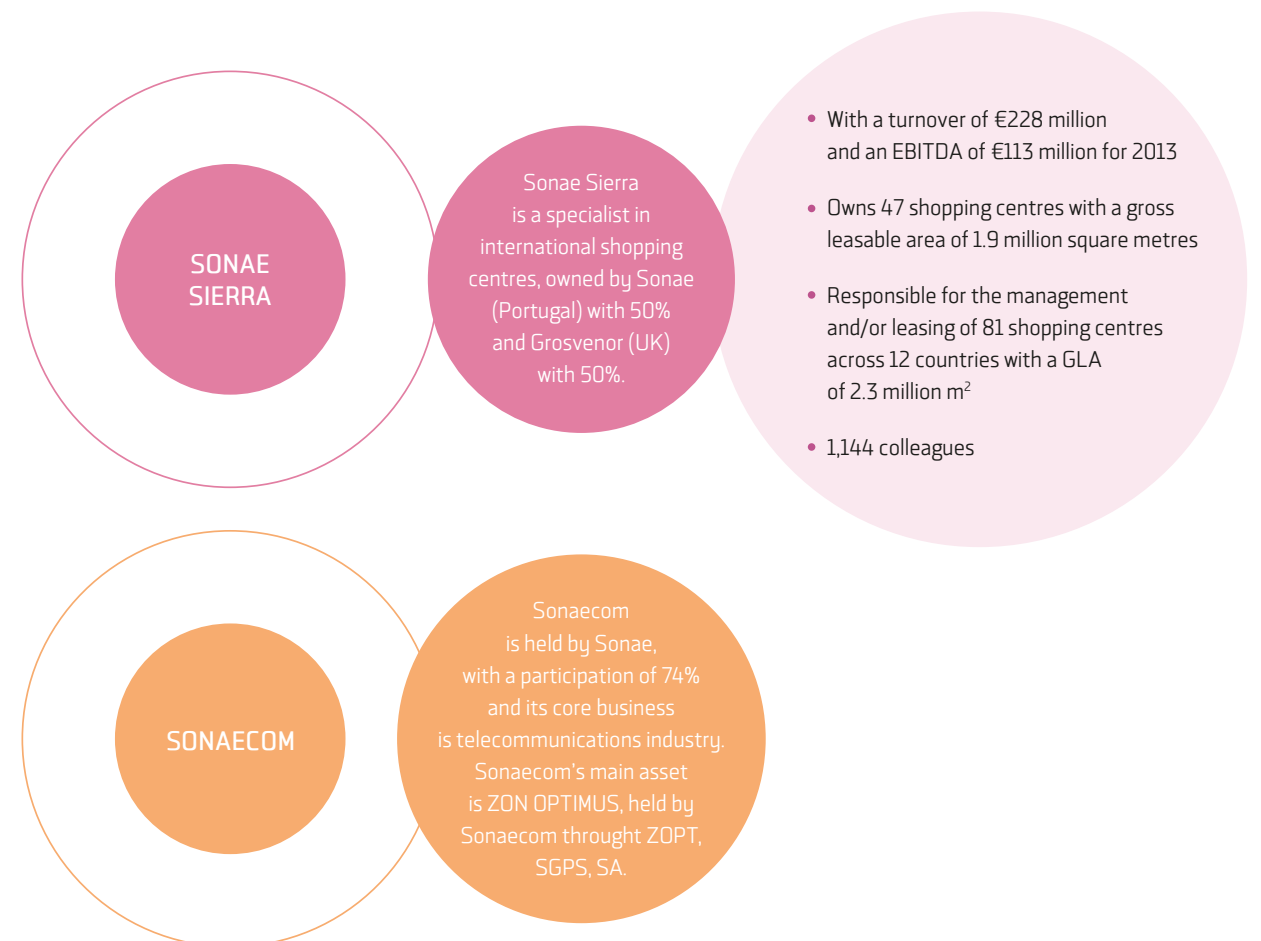
## CORE BUSINESSES



<sup>2</sup>Including operations, providing services to third parties, sales offices, franchising agreements and partnerships.



## CORE PARTNERSHIPS





RELATED BUSINESSES

**SONAE RP**

Sonae RP only operates in Portugal and is mainly dedicated to real estate management and investment, management of commercial galleries (management of the real estate assets of over one hundred commercial galleries, all with a Continente store as principal anchor) and management of three real estate investment trusts through its affiliate holding company, Sonaegest.

- With a turnover of €124 million and an EBITDA of €115 million in Portugal in 2013
- 29 colleagues

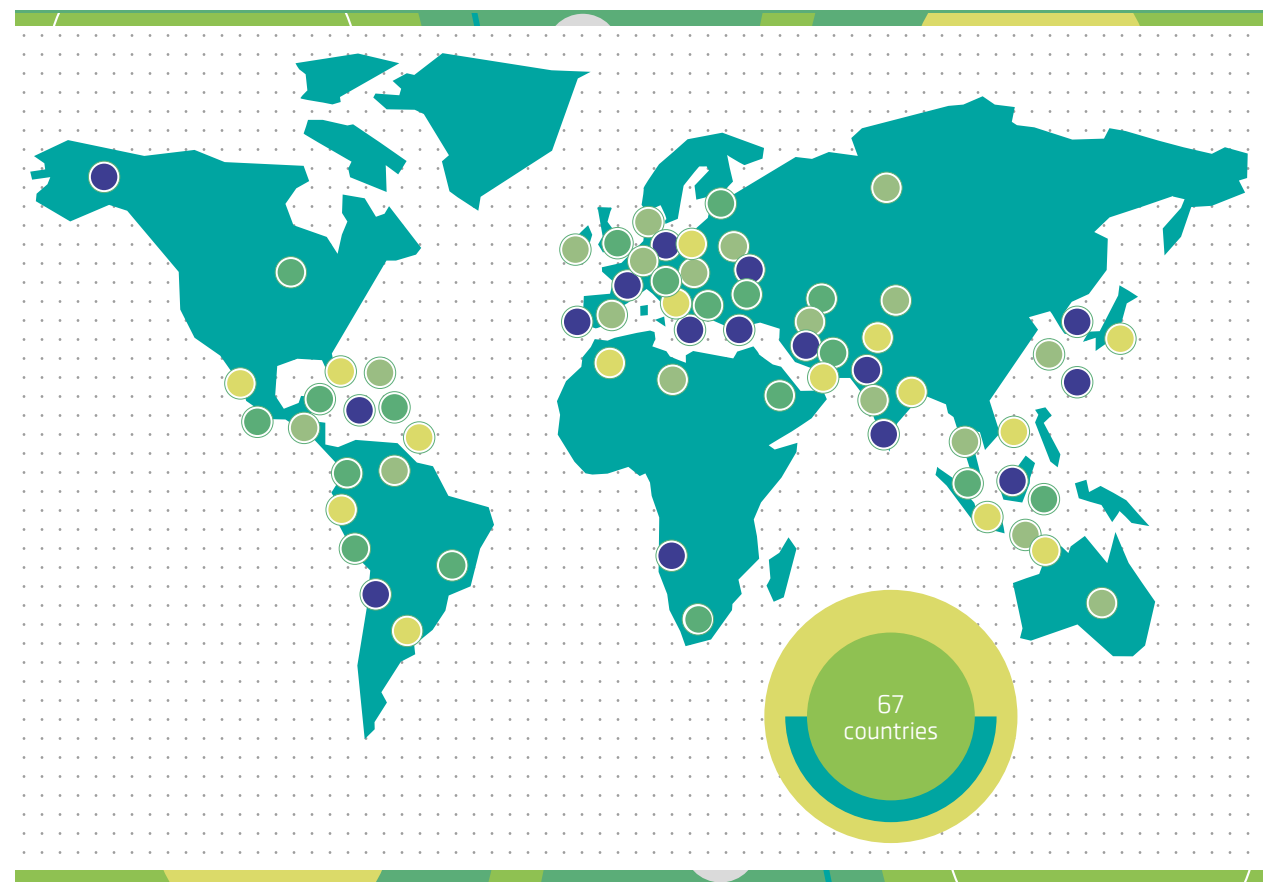
**Investment Management**

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 strengthening Sonae's network of contacts with other companies, consultants and investment banks. Launched in late 2013, Sonae E.Ventures is a corporate venture capital initiative to invest in early stage ecommerce companies. The aim is to support entrepreneurs with innovative business models and international ambition, not only with financing, but also with Sonae's core competences and strategic assets.

- With a turnover of €223 million and an EBITDA of €15 million in 2013
- 2,300 colleagues

- Insurance brokers: MDS
- Travel agencies: GeoStar
- DIY and construction materials: Maxmat
- Software & Systems Information: WeDo, Saphety, Mainroad and BizDirect
- Media: Público

WHERE WE ARE



## KEY SUSTAINABILITY HIGHLIGHTS



1995

- Launch of the Horizon project, for strengthening environmental management
- Joined the World Business Council for Sustainable Development (WBCSD)



1996

- Creation of the Environment Forum, to share experiences and disseminate good practice



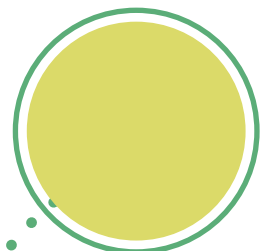
1999

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



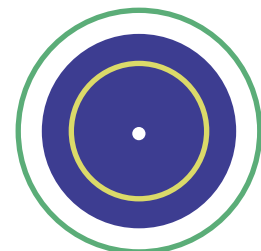
2000

- Approval of Sonae's Environmental Policy and Environmental Management System



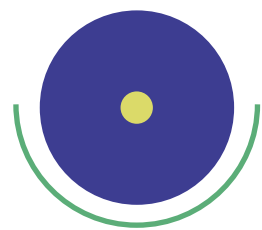
2007

- Publication of Sonae's first consolidated Sustainability Report



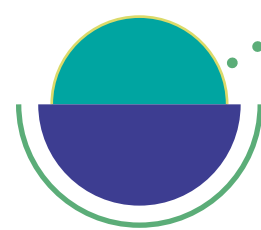
2005

- Signed the *World Safety Declaration*
- Creation of the Sustainability Forum, which developed from the Environment Forum



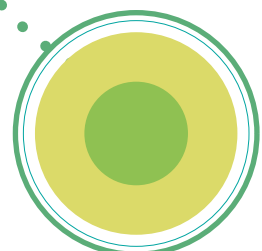
2004

- Joined the Global Compact of the United Nations



2001

- Creation of BCSO Portugal with Sonae as founding member
- Publication of Sonae's first Environmental Report



2008

- Publication of "Sonae, much more than numbers"
- Subscribed to the Code of Practice on HIV/AIDS
- Subscribed to the United Nations Declaration of Human Rights



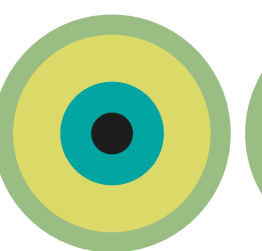
2009

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



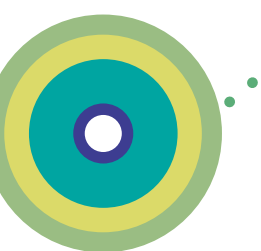
2010

- Joined the Global Business Oath of the World Economic Forum
- The 1st Sustainability Forum open to all stakeholders took place under the theme "Sonae for the Better"



2011

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



2012

- Creation of the Sonae Sustainability Award
- Joined the European initiative to combat waste in retail



2013

### Sonae is invited to join the European Commission's Forum for Relations between Production and Distribution

Sonae is the only European retailer to integrate the High Level Forum for a Better Functioning Food Supply Chain (HLF), the consulting group of the European Commission (EC) whose objective is to ensure consistency between the various initiatives of HLF and collaborate in defining industrial policy in the agri-food sector.

### Sonae endorses European Code of Conduct for the Food Supply Chain

We have joined to the European Code of Conduct for Best Practices in Food Supply Chain, an European initiative that is the result of an agreement between the main European associations of food industries and distribution in relation to the principles that govern the relationship between production and distribution.

## EXTERNAL ACKNOWLEDGEMENT AND AWARDS



- Sonae was recognised for the 3<sup>rd</sup> consecutive year as one of the 100 most ethical companies in the world



- Carbon Disclosure Project distinguishes Sonae from 125 companies listed in the Iberian Peninsula - Top 3 in the Iberian Peninsula for performance and top 10 in disclosure



- The Trusted Brands 2013 Study - Reader's Digest recognised:
  - Zippy, for the 1<sup>st</sup> time
  - Worten, for the 4<sup>th</sup> consecutive year
  - Continente, for the 11<sup>th</sup> consecutive year



- Hay Group elects Sonae as "Best School for Leaders" in Portugal, for the 3<sup>rd</sup> consecutive year

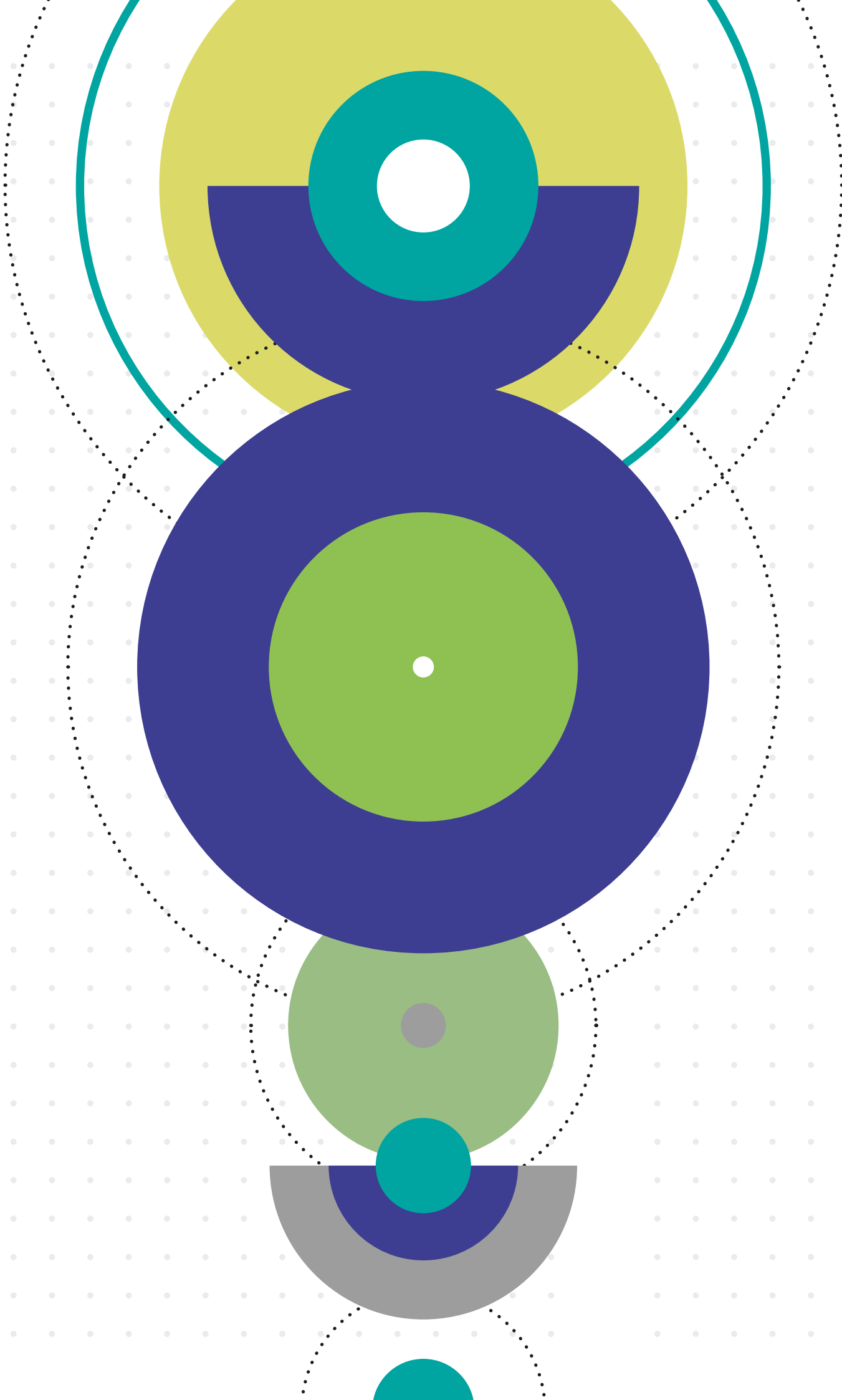


- Sonae wins the European Good Practice Award 2012/2013



- Continente as Trusted Brand in Environmental Performance, for 4<sup>th</sup> consecutive year

For more information, please consult our website at <http://www.sonae.pt/en/sonae/awards-and-achievements/>



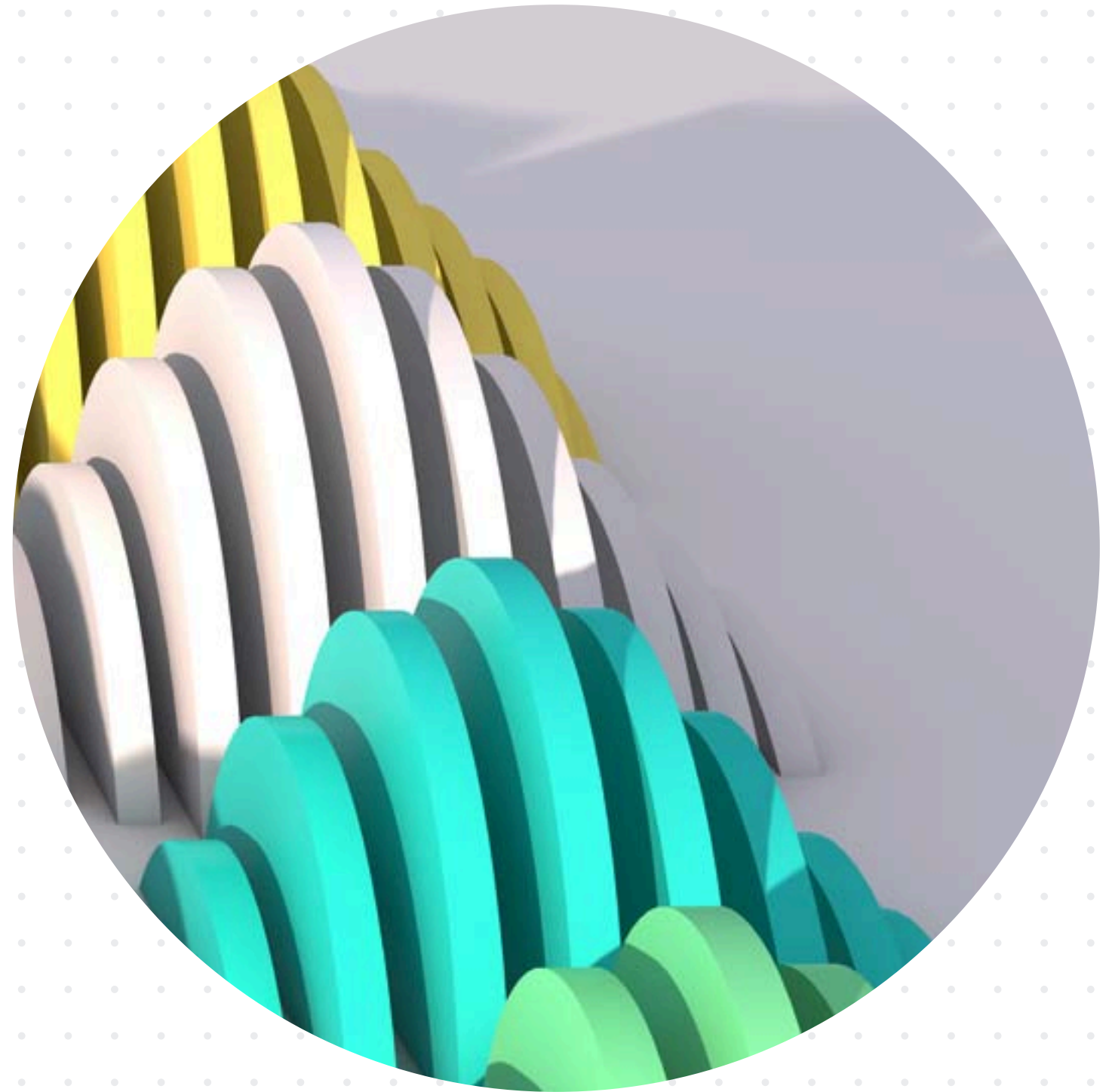
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SUSTAINABILITY AT SONAE



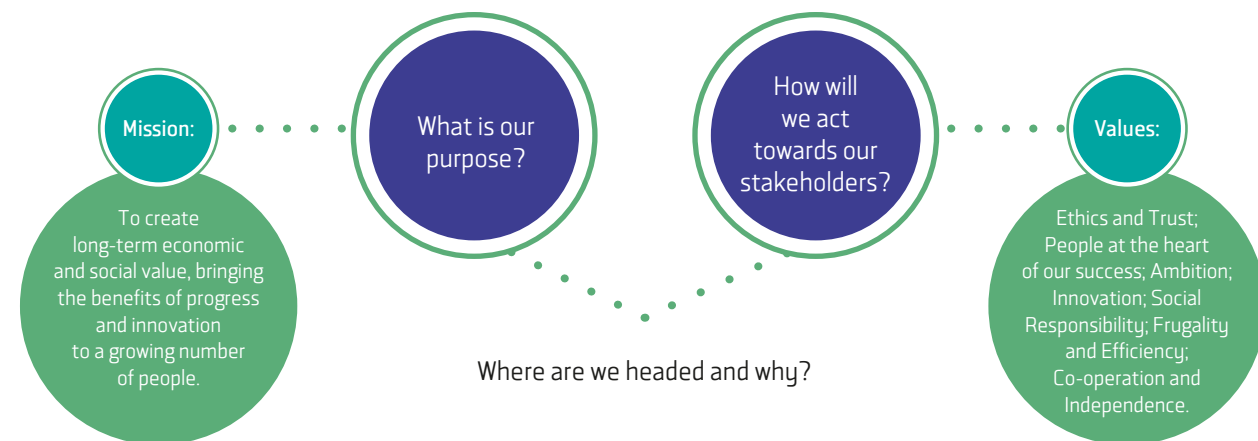


# SUSTAINABILITY AT SONAE

"Our business approach reflects our commitment to generating value shared by our company and society on a short, medium and long term. We believe that a prosperous, sustained growth must include an investment in the development of our employees, in the creation and sharing of knowledge, in promoting innovation and, naturally, getting involved with the community. And 2013 was no exception: we offered 1.1 million hours of training to our employees, invested 10.6 million euros in the community, fostered entrepreneurial volunteering which resulted in a total volume that surpassed 8600 hours, granting 360 million euros in discounts to Portuguese families. Sonae is therefore a brand close to the people and always present in their daily lives: Sonae 'Improving Life'."

Luís Filipe Reis, Sonae's Chief Corporate Centre Office

## OUR CORPORATE STRATEGY



Our corporate strategy is based upon the creation of value through 3 strategic pillars:

### International Expansion

Internationalisation is the foremost strategic priority for future growth and it focuses on core businesses and adjacent business areas. As such, we will make use of all the resources necessary in order to make the most of the opportunity of increasing our presence outside Portugal, transforming Sonae into a large multinational.

### Diversifying our Investment Style

Leveraging Sonae's resources and the efficiency of the implementation strategy by adopting the investment styles most appropriate for each business, whether it ranges from

full ownership, majority or minority interests, with or without special rights. We may be involved in the capital of companies which we do not control, in situations where we do not possess the necessary resources or where the input of third parties is valued as a factor for the creation of superior economic value.

### Leverage and Reinforce our Exceptional Asset Base in Portugal

Continue exploring new business opportunities associated with our exceptional asset base held in Portugal, as a way to create a set of 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.

## OUR STAKEHOLDERS

Understanding our stakeholders' expectations is one of the fundamental elements for the success of our business. To relate and communicate with all of them, we have implemented dedicated communication channels that will allow us to value and address their expectations and concerns.

## COMMUNICATION WITH STAKEHOLDERS



## OUR PEOPLE

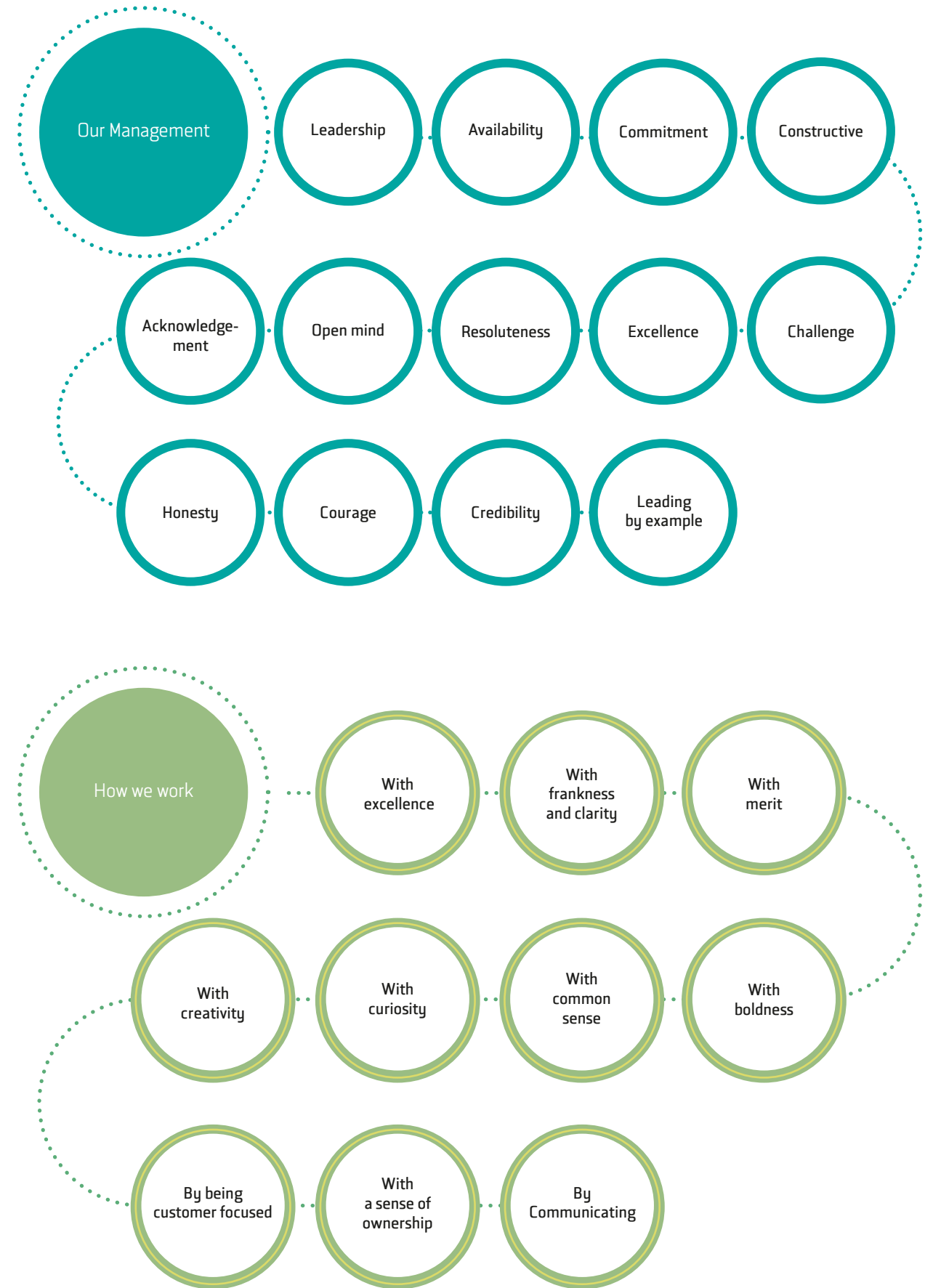
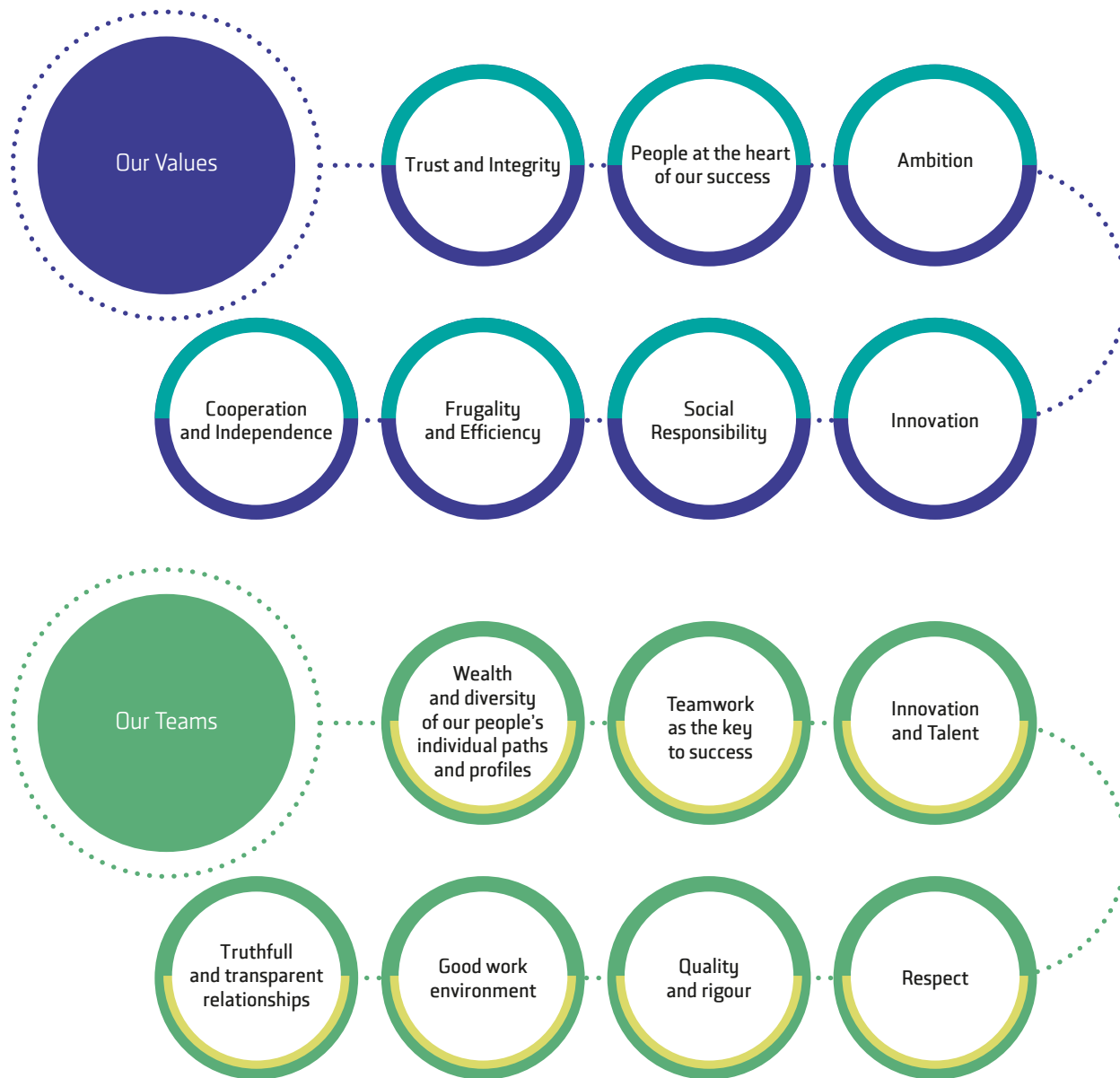
At the end of 2013, we had 39,951 colleagues. Of this total, 56% are young people under the age of 35 and 67% are female colleagues.

### WHAT ARE WE LIKE?



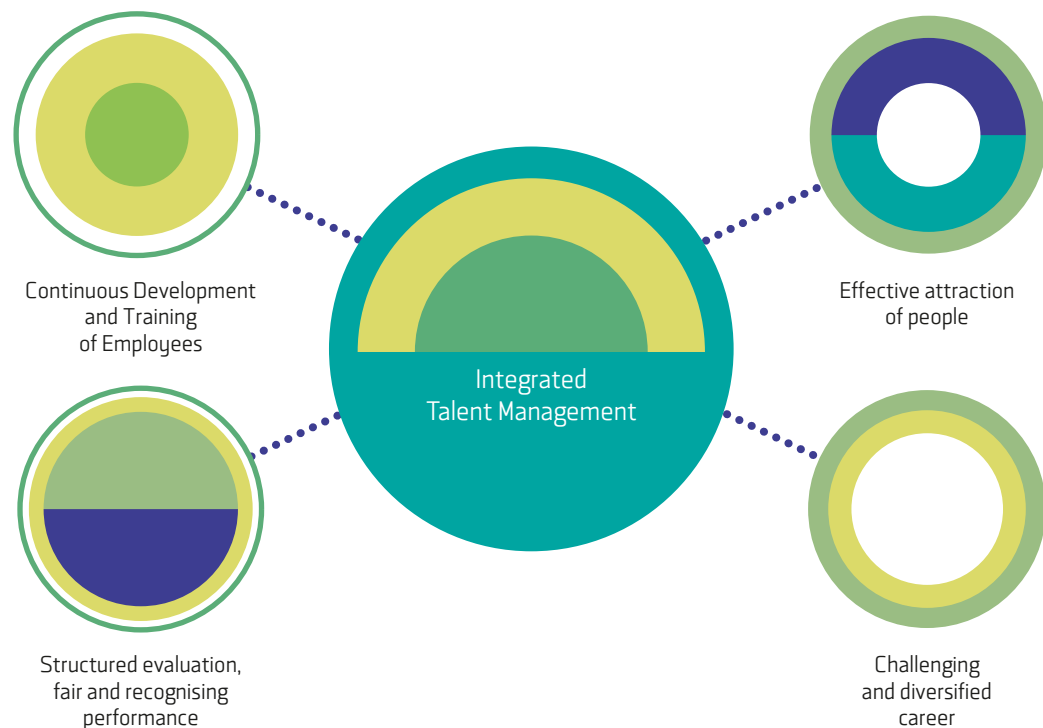
Sonae's culture and values are part of an ethical and behavioural legacy that is deeply rooted in our history. "Our way" puts into writing the principles that we already share and live by within the company. We instil these values in all our colleagues so that they reflect our conduct, work

methods and teamwork values, as well as our management's leadership. At times of growth and change, we wish to bring together everything that sets us apart and makes us special to all our people, everywhere.





### HOW DO WE MANAGE OUR PEOPLE?



Training plays a crucial role in the personal and professional development of our colleagues. Therefore, in 2013 we created the **Sonae Management & Leadership Academy**, an educational solution that is available to all our colleagues in Sonae's different business areas and geographical locations. We thus believe that we are contributing to our colleagues becoming more attuned to Sonae's culture, values, strategy and objectives.

The Sonae Management & Leadership Academy offers highly specialised training by focusing on the development of the different organisational levels, from the more operational to the more strategic levels. Each programme is designed based on our areas of competence and focuses on state-of-the-art management and leadership skills. Our objective is to provide our team with the best preparation for management and leadership and, consequently, for this to be recognised by our stakeholders. At the same time, we intend to boost our ability to produce innovative and entrepreneurial leaders, capable of developing and diversifying our businesses, and keeping them in leading positions in their business sectors.

For our executive members, we have an integrated vision concerning their training and development. We go beyond

executive education, aiming to offer programmes supported by alternative methodologies like action learning, on-the-job-experience, coaching or mentoring. We designed customised programmes, which are challenging and innovative, taking into account the current needs of each and every executive member.

We would like to emphasise the sponsorship provided by the Executive Commission members for these training programmes as a source of motivation and a challenge. We also highlight the internal training component as a privileged way to transmit the fundamental management processes practised at Sonae.

The partnerships we have established with the most prestigious national (PBS – Porto Business School, the CBS – Católica Lisbon School of Business & Economics and the New School of Business & Economics) and international universities (INSEAD, London Business School, Harvard, among others) guarantees that the most up-to-date topics are addressed and ensures that our programmes are highly reputed.

Our performance management model - **Improving Our People** - encompasses all of our colleagues, in all the businesses and locations where we are present. Based on the principles of meritocracy, pluralism and participation, our aim is to be rigorous concerning the results and up front concerning recognition given, valuing the diversity of backgrounds and profiles of our colleagues and involving them in their own development. In 2013, we expanded Improving Our People to 100% of our staff, adapting the model and tools for our in-store sales force.

We use a career model, which supports our talent 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 one allows our colleagues to shape their own personal and professional development.

### INITIATIVES WE PROMOTE

#### Contacto



Sonae is a pioneering organisation in relation to the launch of internship programmes in Portugal for students in further education. We have promoted Contacto since 1986, and this programme is currently aimed at final year undergraduate and masters degree students and recent graduates of the top Portuguese universities. Through this programme, approximately 20 to 30 young people with high potential join Sonae every year.

The opportunity given to these young people to experience business life, the exposure to creativity and innovation, as well as the opening of a door which connects them to the job market, becomes, in the current economic situation, a fundamental commitment to the next generation. This is an essential initiative that is valuable both to the community and to the company.

As the fundamental source of support to this programme, we have developed an exclusive online platform for connecting with universities – Contacto Network ([www.contactosonae.com](http://www.contactosonae.com)).

#### Rede Contacto (Contacto Network)

Contacto Network, launched in 2010, and restructured in 2012, was developed to enable closer contact with the younger generation, facilitating the brand's communication process and establishing itself as an open innovation channel, through which activities are promoted with the aim of identifying and attracting young talent.

Adopting English as the official language, the platform has become accessible to users from other countries. By the end of 2013 it had more than 27,000 users, and had been accessed from more than 99 countries.

#### Dia Contacto (Contacto Day)

Contacto culminates in Contacto Day - the final phase of selection - which is an annual event aimed at final year students and recent graduates of universities in Portugal, who are selected through the Contacto Network. Around 60 young people have the opportunity to be in contact with the Sonae companies' top level management, and to become familiar with the reality of their businesses, development plans and strategies for the future. It also becomes the final phase of the selection process, with an internship being awarded to the best students, which open doors for the development of personal and professional skills and the possibility of them joining Sonae's staff. In 2013, Sonae Companies awarded 33 internships through this programme.

#### Encouraging knowledge sharing among our colleagues

We periodically hold a number of diverse forums for the sharing of opinions, knowledge and promotion of good practice among various businesses, encouraging innovation, sharing and adoption of good practices.

To this end, there are 9 forums in Sonae for the sharing of knowledge, with the following objectives:

- ⦿ **Administrative and Fiscal Forum** - Sharing knowledge and experiences to promote synergy between fiscal and administrative functions;
- ⦿ **Ecommerce Forum** - Increase awareness and general knowledge about the tendencies in ecommerce and concerning initiatives underway in Sonae; ensure coordination of efforts in the development of platforms and projects related to ecommerce in each company;
- ⦿ **Engineering and Construction Forum** - Discuss the implementation of best practise with special focus on issues and matters related to engineering and construction;



- ① **FINOV – Innovation Forum** – Stimulate and support a culture oriented toward innovation, capable of sustaining high levels of value creation;
- ① **Legal Forum** – Share experience and knowledge between legal teams, promoting a broad discussion on fundamental legal topics and encouraging a shared approach to legal procedures and interpretations;
- ① **Marketing and Communication Forum** – Promote and encourage the exchange of information, knowledge and experience on Marketing and Communication issues;
- ① **Negotiation Forum** – Analyse and discuss negotiating strategies, identify joint business opportunities and share experience and knowledge;
- ① **Management Planning and Control Forum** – Encourage and discuss the implementation of the best methodologies of control throughout the company;
- ① **Sustainability Forum** – Share knowledge about sustainability and best practice guidelines, increasing awareness on matters in which it is important to seek synergies and cohesion to deal with the various challenges in this field.

In addition to these forums, we have **two commissions** whose purpose is to act as a platform for sharing knowledge

and experience, and **four consulting groups**, which meet frequently, with the aim of sharing and coordinating information (organisation of internal training), including the continuous review of existing organisational policies in these areas.

**Innovation and ongoing improvement for creating and sharing knowledge in-house**

① **ShineOn**

Launched in May, this is a model for collecting ideas in which colleagues respond to specific challenges posed by the retail companies and present them to the respective Executive Committees. Subsequently, the most viable ideas are chosen to be implemented.

① **BizShare Events and Experiences**

Events for sharing knowledge and experience among colleagues from the company's various businesses.

① **Kaizen**

Under the Kaizen programme in our stores, internally known as the Improvement Implementation System, we created a team to fight waste with a view to increasing the productivity of operators whilst performing their duties.



**SUPPORTING OUR COMMUNITY**

In 2013, support to the community reached 10.6 million euros, around 5 million euros of which were food items, with a total of 2.059 institutions supported. Like the previous year, we continue to develop support to the community in six main areas:

- ① Environmental Awareness;
- ① Culture;
- ① Education;
- ① Health and Sports;
- ① Science and Innovation;
- ① Social Solidarity.

**CULTURE**

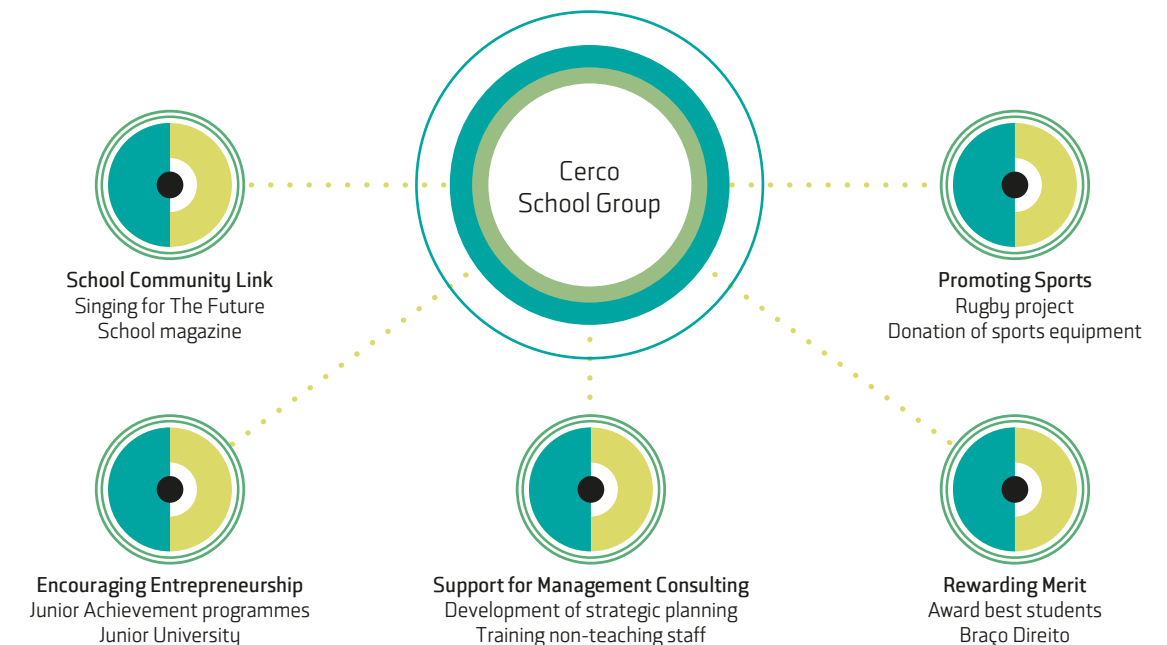
**Serralves**



We are sponsor's of Serralves, with the objective of promoting culture and bringing community closer to the art.

Project with the following objectives:

- ① Stimulate national artistic production;
- ① Promote national art internationally, as well as the exchange of young national and international artists;
- ① Support institutions dedicated to art;
- ① Bring art closer to society through support and disclosure of initiatives.



**Casa da Música**

We are sponsor's of Casa da Música, which aims at promoting culture and stimulating creativity and innovation, through prominent cultural displays that allow enriching personal development experiences.

**EDUCATION**

Investing in education ensures that our investment in the community today has a positive multiplying effect in the medium and long-term, for children and young people, teachers, schools and family units. In 2013, we focused on the following initiatives:

**Porto de Futuro / Partnership with the Cerco School Group**

This partnership - which provides support to the management and development of schools. The project recognises the fundamental role of education in sustainable development of a more competitive and dynamic society.

As part of this project, we have established a partnership with the Cerco School Group aiming at strengthening the link between schools and their community, promoting a healthier life-style through sports, providing support for management consulting, encouraging entrepreneurship and rewarding merit. We believe that together, we can improve the social environment in these schools.



An in-depth reflection of our strategic policies in 2013, allowed us to redesign the action plan developed jointly, in an effort to contribute more frequently and more effectively to improving results and preventing school drop-outs.

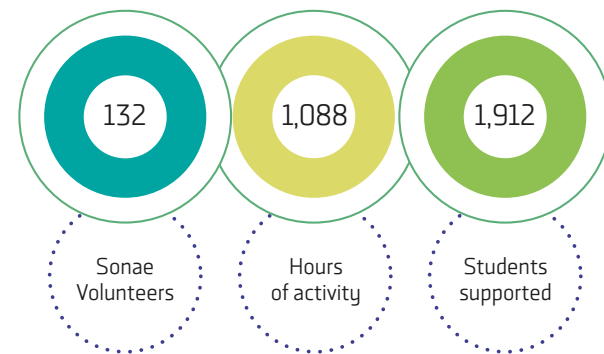
For Sonae, taking part in this project represents an opportunity to contribute to the development of the educational sector, whose importance is vital in creating a more fair, cohesive and competitive society, in compliance with our mission and with making an impact on an increasing number of people.

Junior Achievement



During the academic year 2013/2014, we continued our partnership with Junior Achievement Portugal (JAP), a non-profit association, which provides programmes to schools to foster and develop a love for entrepreneurship in children and young people, stimulating their personal development, providing a clear vision of the business world and facilitating access to the work force.

Actions regarding other areas are detailed in the Retail chapter, under the section Better Purpose.



SONAE ACTIVSHARE



The objective of the Sonae Activshare programme is to consolidate and aggregate all of Sonae's Social Responsibility actions, as well as to develop and consolidate the Volunteer activities to involve all of our colleagues

The actions were mainly in 2 areas:

Volunteering our skills

Through these actions, we place our colleagues' skills at the service of the community.

Objectives:

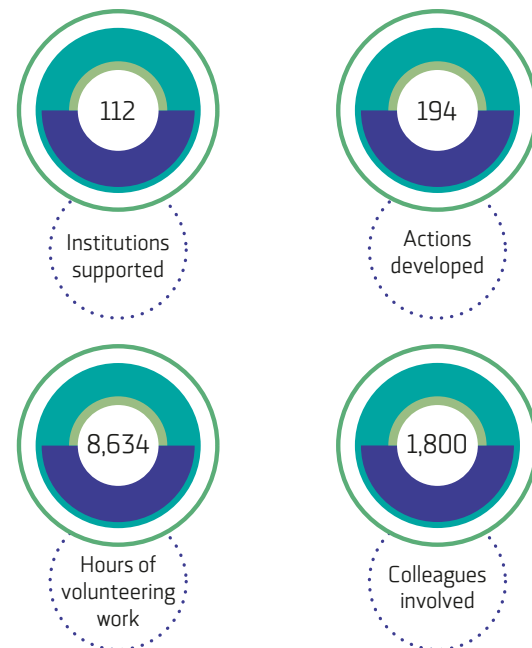
- Improving the quality of life of the communities;
- Providing the institutions with better skills;
- Strengthening the sense of belonging and motivation of our colleagues;

Team-building activities

Actions that encourage team-building among work groups and motivate our people to adopt socially responsible practices through experiences in the field.

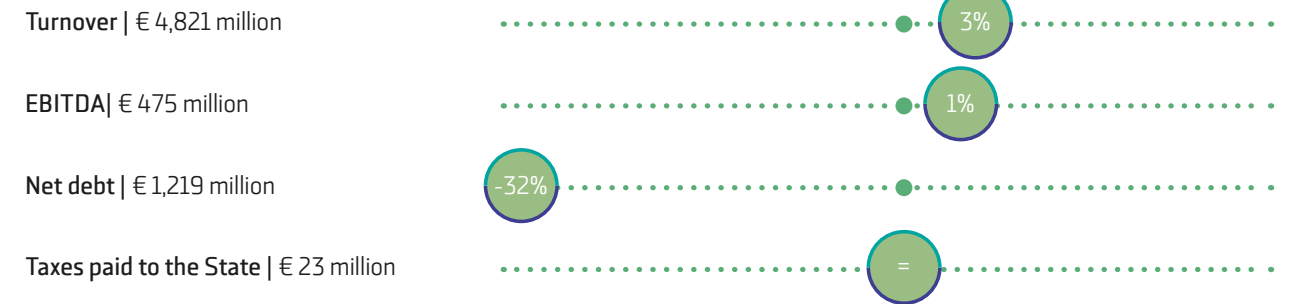
Objectives:

- Create team-building exercises with Sonae teams;
- Motivate colleagues to adopt socially responsible practices through experiences in the field.

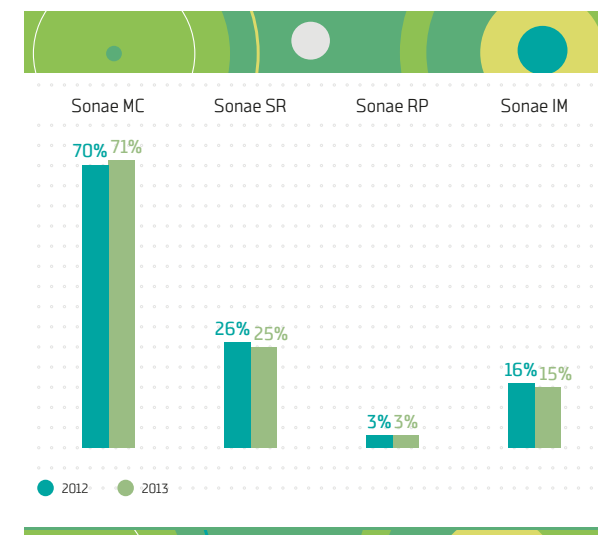


MAIN SUSTAINABILITY INDICATORS<sup>3</sup>

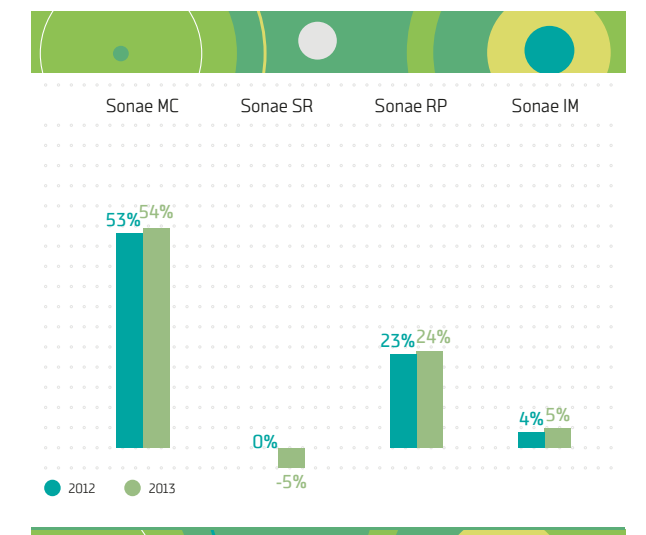
ECONOMIC PERFORMANCE



Contribution of business units to turnover

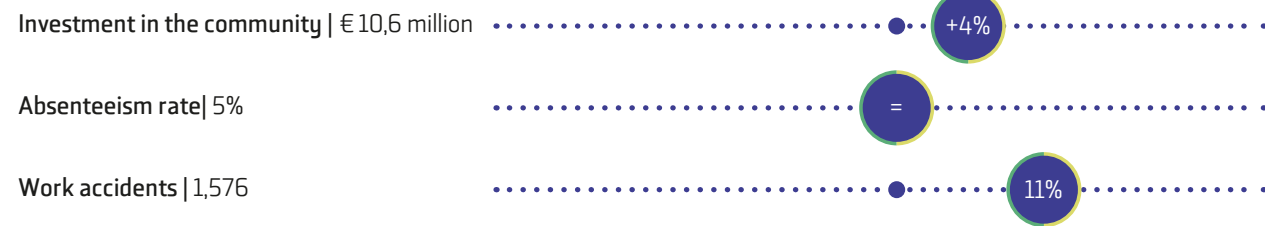


Contribution of business units to EBITDA

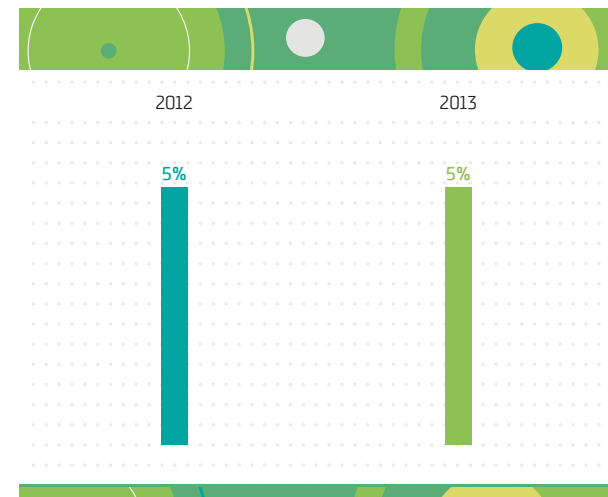


<sup>3</sup> The 2012 values were recalculated excluding Optimus since we ceased to report those values after the ZON OPTIMUS fusion. The EBITDA excludes the Optimus values for the same reason.

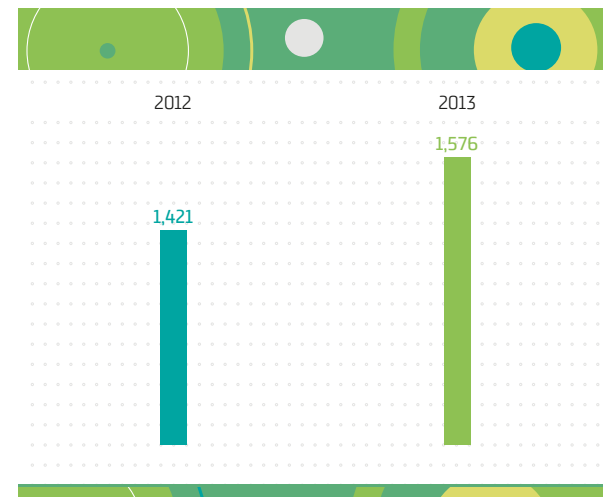
SOCIAL PERFORMANCE



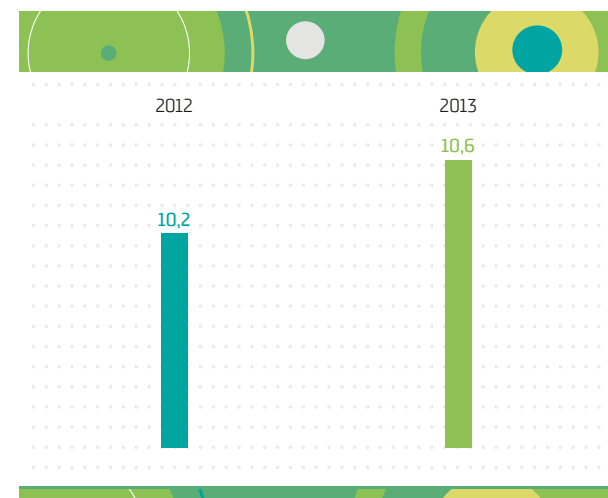
Absenteeism Rate



Number of work accidents



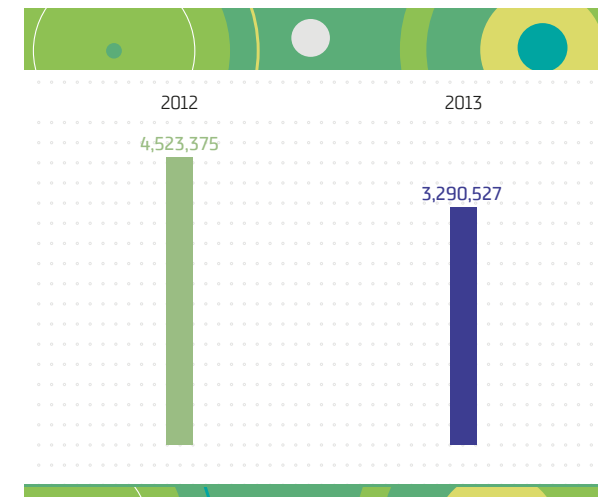
Investment in the Community (M€)



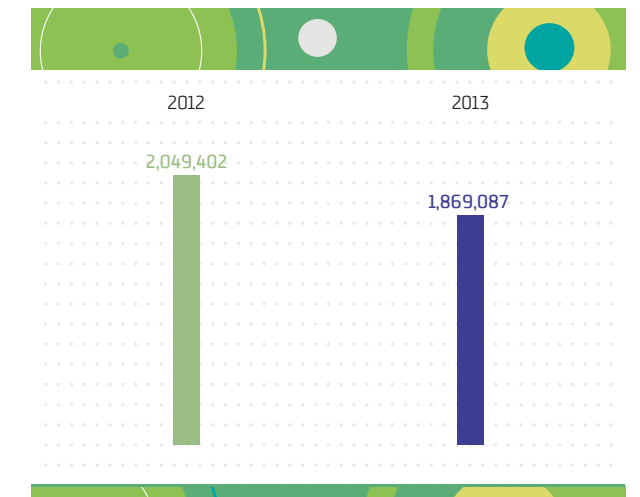
ENVIRONMENTAL PERFORMANCE



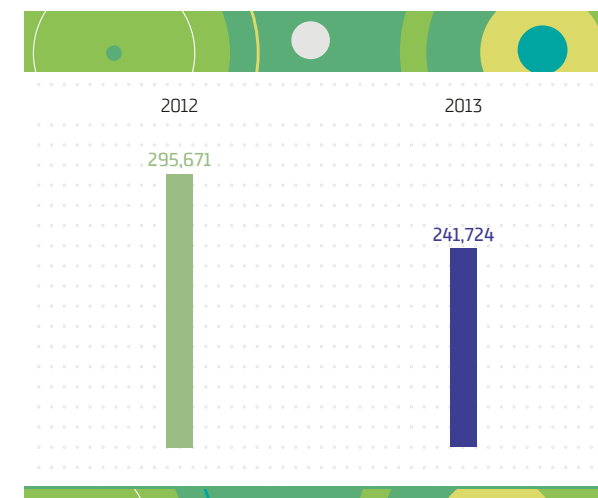
Energy Consumption (GJ)

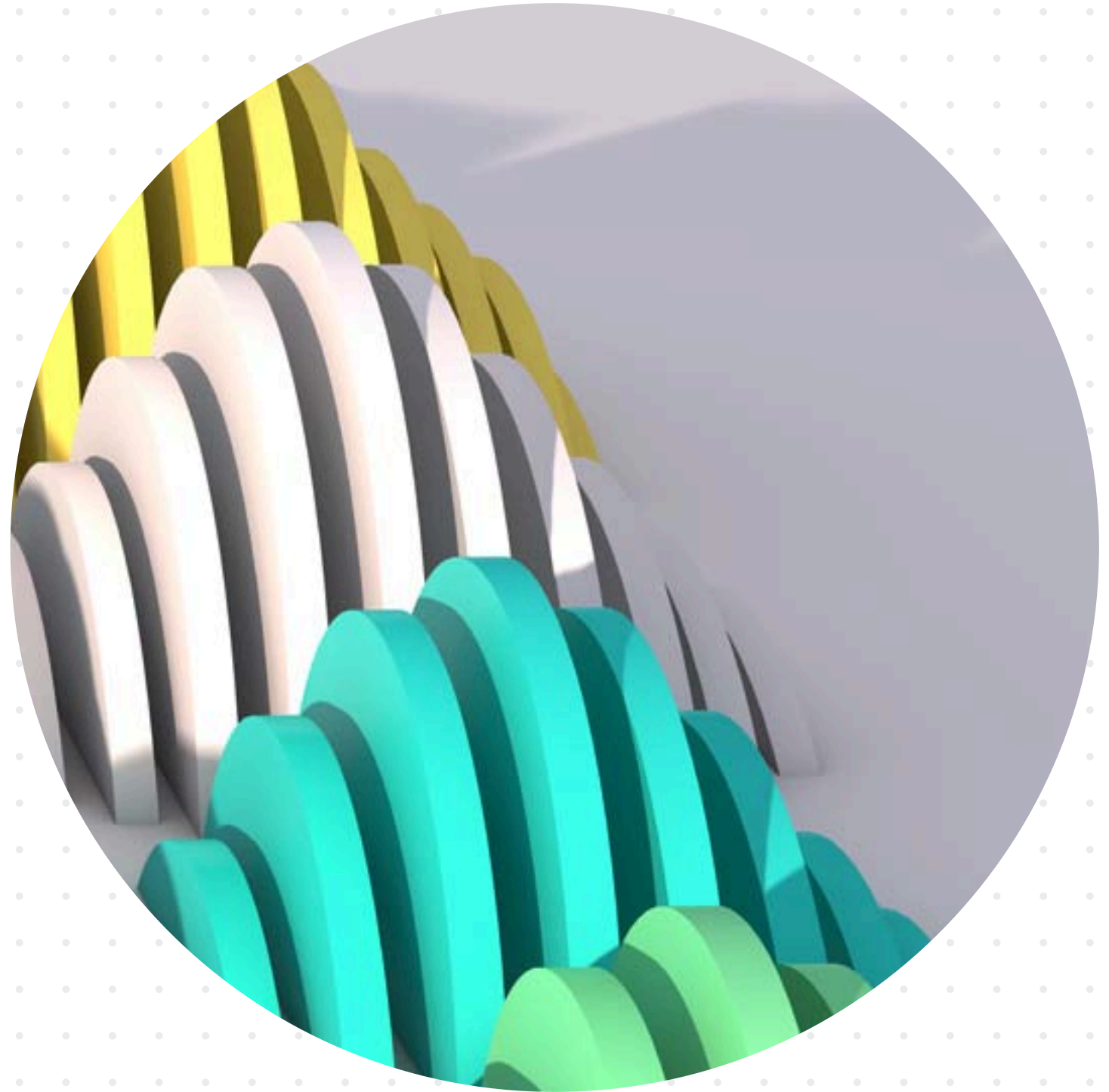


Water Consumption (m<sup>3</sup>)



CO<sub>2</sub>e Emissions (tCO<sub>2</sub>e)





# RETAIL

For Sonae MC, 2013 was a year of solidification of its activities and diversification of their businesses and supplied products, accelerating the investment in distinctive practices in the sector. The promotion of healthy and responsible choices for our clients, the launch of innovative products, like Yãmmi or the new My Label ranges, are examples of great practices that are changing the way of doing business in the retail sector. In a difficult economic context, we reinforced our partnerships with our national producers like, for example, the Producers Club that contributed with investment and knowledge to the development of a competitive, efficient and innovative agri-food industry. Our brands offer more and more an improved proposed value that is recognized by our consumers through consecutive awards as a Trusted Brand.

Luís Moutinho, Sonae MC CEO

"Ambitioning to continue growing, Sonae SR strengthened its presence in Portugal and maintained a significant investment to continue the internationalization to other territories, currently marking its presence in 22 countries. This expansion process contributes to the progressive reinforcement of Sonae's international revenues outside the Iberian Peninsula and, at the same time, allows it to benefit from contacting markets with different stages of economic growth. In 2013, Zippy and Worten were recognized as Trusted Brands by the Portuguese, showing that we are a solid reference in terms of quality and excellence in the Portuguese market, a status that we aim to establish in other territories as well. We have total confidence in our ability to overcome constraints and continue to make our brands grow. These brands' achievements were only possible thanks to our teams' efforts and hard work."

Miguel Mota Freitas, Sonae SR CEO

## FRAMEWORK

Sonae's sustainability strategy is aimed at supporting the retail business to achieve its strategic objectives, whilst managing the main social, environmental and economic aspects and making a real impact on the operations and expectations of stakeholders.

With the redefinition of the Sustainability Strategy in 2012, we identified and communicated our commitments, which are based upon the sustainability programme for the triennium 2013-2015 – **Our Way to a Sustainable Life**.

Based on three areas of activity, **Better Purpose, Better Planet and Better People**, this programme offers concrete and cross-cutting activities for the entire company, with well-defined goals, responsible parties and a clear and transparent implementation period.

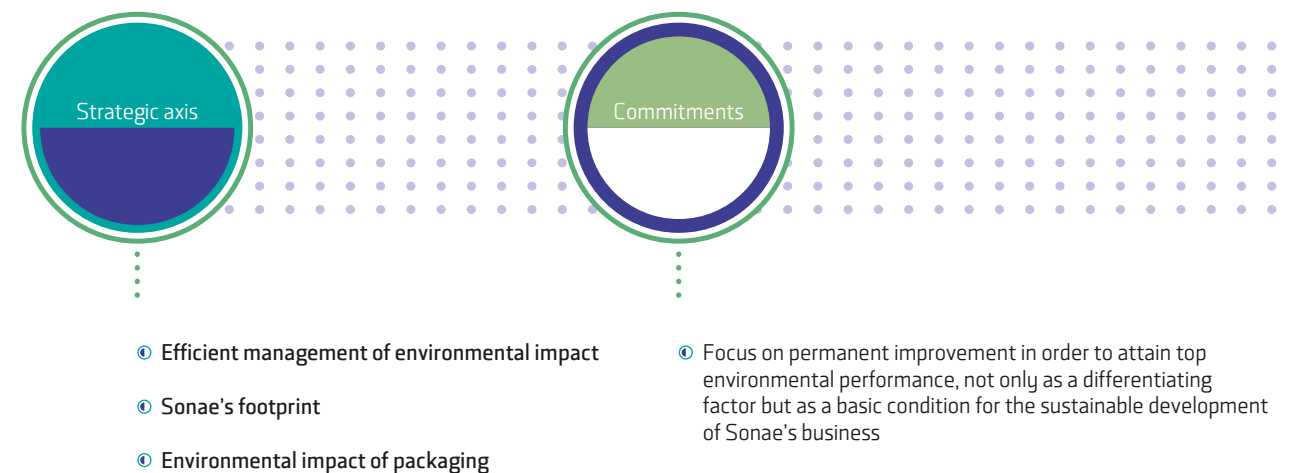
In order to adjust its sustainability strategy, we have developed periodic consulting procedures in place for stakeholders. The sustainability roadmap for the three-year period 2013-2015 has benefited from this consultation procedure, allowing the:

- (i) Identification and systematisation of the most relevant sustainability areas,
- (ii) Understanding the state-of-the-art, from the viewpoint of the stakeholders,
- (iii) Understanding the expectations of the stakeholders,
- (iv) Defining the main opportunities for improvement and the roadmap we should follow to position ourselves according to the stakeholders' expectations, and
- (v) Prioritising opportunities for improvement to be addressed according to the relevance attributed to each of the sustainability areas by each of the stakeholders. In 2013, the first year the programme was implemented, the results achieved continue to be relevant in determining the path retail businesses investing in sustainability should follow.

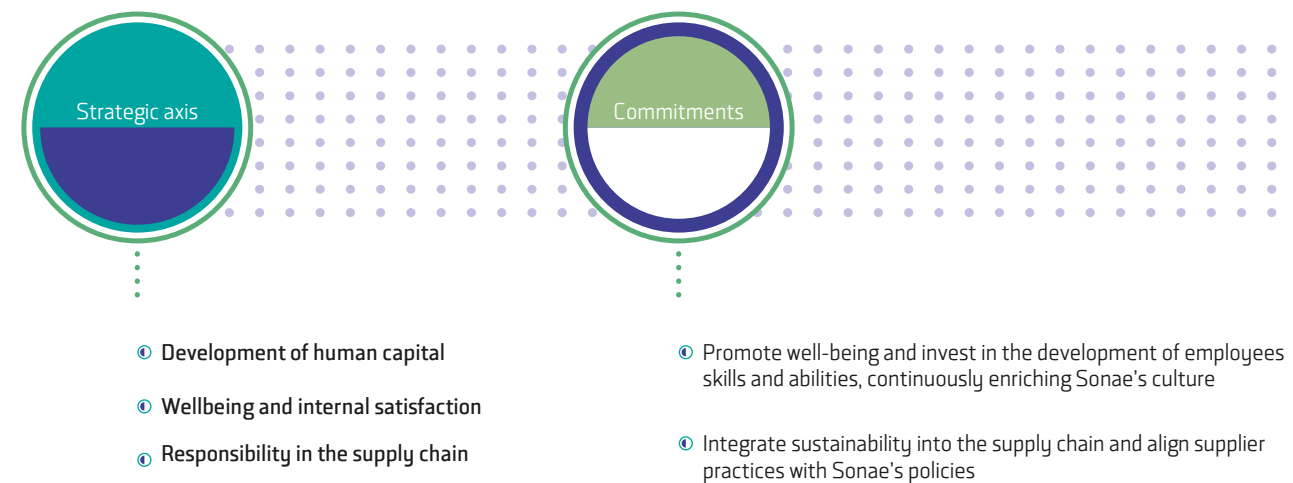
### Better Purpose



### Better Planet



### Better People





BETTER PURPOSE

RESPONSIBLE OFFER AND INFORMED CHOICE

At Sonae, we feel that it is our responsibility to offer products of the highest quality and to enable consumers to make an informed choice. Consequently, we have invested, on the one hand, in providing a wide range of products and services that meet the needs and expectations of customers and, on the other, in communication and awareness in the areas of health, nutrition, quality and safety of the products consumed.

In addition, we ensure that all of the products provided are subject to a rigorous quality control and safety process before being made available to consumers.

Nutritional Policy Objectives

- Compliance with legal and internal requirements in the development of our own brand products.
- Continually improve the nutritional profile of food products.
- Provide the necessary information on the label of Continente's own brand products, to allow informed purchasing.
- Work in partnership with various national stakeholders in implementing programmes, actions and educational activities.
- Develop campaigns to promote healthy and informed consumption habits.
- Through our team of internal nutritionists, provide complimentary clarification and nutritional advice in Continente stores.
- Carry out awareness-raising actions for children and school-age youth as well as other segments of the population such as adults, the elderly and at-risk groups.

Health and Nutrition

Conscious of our important role regarding consumers, we formalised our health and nutrition policy for Continente's own brand products. This policy is the result of a set of consolidated practices that allow us to keep consumers informed, making it easier to choose food products that are of a good quality, healthy and safe.

The development of this policy takes into account the recommendations of the World Health Organisation and various national and international stakeholders, for example, the Platform against Obesity from the Portuguese Directorate-General for Health. The policy is based on the continuing improvement of the nutritional quality of its products, as well as strategies for promoting healthy life styles and preventing non-communicable chronic illnesses such as obesity, diabetes, cardiovascular disease and some types of cancer.

Optimisation of the nutritional profile

The optimisation of the nutritional profile of Continente's own brand products continues to be an investment for the company, in order to promote a responsible offering.

The main objectives of this best practice is to reduce the salt, total fat, saturated fat and sugar contents; eliminate hydrogenated fats and enrich various products with micronutrients (vitamins and minerals). In 2013, we focused on changing cereal recipes and involved the respective suppliers with the objective of ensuring a coherent change among all suppliers of this product. The main results were:

- Reduction of 1.7 tonnes of saturated fats in 2 breakfast cereals;
- Elimination of hydrogenated fat from breakfast cereal;
- Reduction of allergens from one type of breakfast cereal.

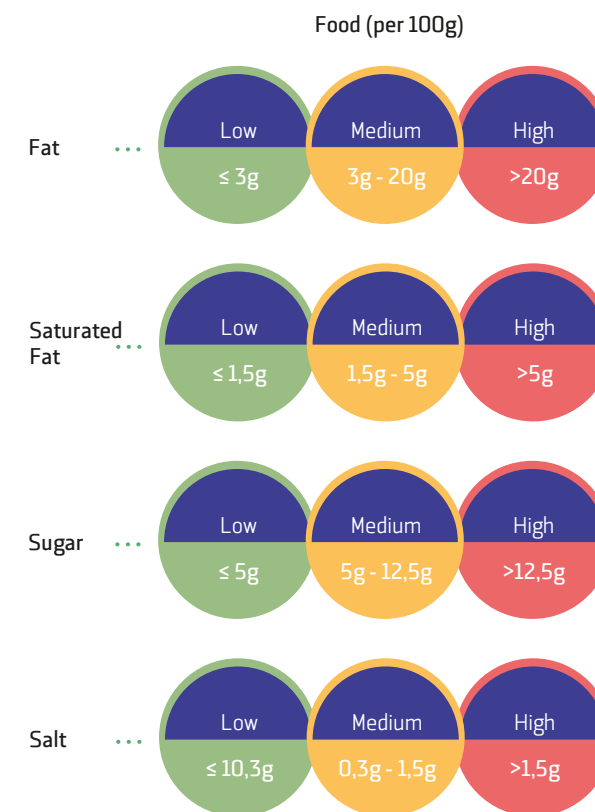
Traffic Light Nutrition Labelling

New food products are developed and launched into the market every day, making it more difficult for the consumer to make an informed and health-conscious choice. In order to circumvent this issue and keep the consumer well-informed, we have introduced the Traffic Light Nutrition Labelling, an innovative nutritional information system for Continente's own brand products.

The Traffic Light Nutrition Labelling 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.

In order to give the consumer a more informed choice with regard to the nutritional content of the other products available in the store, we have provided the Conversion Card with reference values for the nutrients considered in the Traffic Light Nutritional Labelling System.

Nutritional Traffic Light



Hyper Healthy Movement

Raising awareness and mobilising Portuguese society to change attitudes and behaviours in favour of better eating habits and a healthier lifestyle are the objectives of the Continente Hyper Healthy Movement.

In its third year of implementation, the Hyper Healthy Movement aims to reach children, young adults and the elderly through three complementary types of initiatives:

- a) Nutrition Advice
- b) Awareness Activities
- c) Seminars, Events and Partnerships

a) Nutrition Advice

Nutrition advice stands have been present in Continente stores since 2009 and aim to aid the consumer when it is time to decide.

In 2013, with the nutrition advice initiative we were able to carry out 3,384 screenings, 1,865 nutritional counselling sessions, 681 follow-up appointments and 900 shopping aids with the support of our Personal Nutritional Shoppers.



b) Awareness Activities

In 2013, 4 awareness activities were developed with distinct themes: "Use the 5 Criteria Test to be Healthy!", "Start the Day with Energy", "Proof of the Sea - Choose Fish, Choose Health!" and "Nutritional Personal Shopper - Buy Healthy!".

In order to make customers aware of healthier eating habits, these initiatives included 4 distinct areas:

- Consumption of fruit and vegetables;
- The importance of breakfast;
- Fish consumption;
- Informed and health-conscious choices when it is time to buy food products.



In 2013, we carried out 308 awareness activities with 6,520 participants, of whom 5,038 were children and school-age youth.

Objectives of the awareness activities

- "Use the 5 Criteria Test to be Healthy", for pre-school and elementary children**  
 Raises awareness of the importance of the daily consumption of fruit and vegetables of different colours;  
 Encourages the daily consumption of fruit and vegetables;  
 Broadens knowledge of the various types of fish that can be eaten, through direct contact.
- "Start the Day with Energy", for pre-school and elementary school children**  
 Reinforces the importance of eating breakfast every day;  
 Provides information on the healthiest choices they can make for breakfast.
- "Proof of the Sea - Choose Fish, Choose Health", for elementary and secondary school children**  
 Stresses the importance of eating fish regularly;  
 Broadens knowledge of the various types of fish that can be eaten;  
 Explains some concepts on canned food and aquaculture;  
 Promotes the protection of the ecosystems of the marine and coastal environments of the Portuguese sea;  
 Awakens children's curiosity, through direct contact with fish, so they can also take the message home to their parents.
- "Nutritional Personal Shopper - Buy Healthy", for pre-school to secondary school children**  
 Provides knowledge on the healthiest food choices in order to make health-conscious purchases;  
 Raises awareness of the importance of a healthy diet based on the Food Wheel Deciphers nutritional labelling;  
 Present the nutrition traffic light as a useful tool for making healthier food choices.

Our people were involved in the Hyper Healthy Movement, as a means of acquiring new knowledge in the area of food and nutrition. This allowed, on the one hand, greater awareness of the importance of a healthy diet based on the Food Wheel. On the other hand, it ensured awareness of the promotional campaigns such as the Traffic Light Nutritional Labelling System and how it should be interpreted.

c) Seminars, Events and Partnerships

Involvement with society is fundamental to ensure real change in consumer habits. In 2013, we continued to develop partnerships with various organisations that share the same objectives as the Hyper Healthy Movement and our healthy and nutrition policy.



To this end, we took part in some seminars directed at students of Nutrition and Diet, to promote the Hyper Healthy Movement and raise awareness of the Traffic Light Nutritional Labelling System as a tool to facilitate healthier food choices. The seminars were held at the following educational institutions: Universidade Católica Portuguesa, School of Nutritional Science of the Universidade do Porto, Egas Moniz Institute of Health Sciences and Leiria Polytechnic Institute.

In addition, we took part in a number of relevant events that were organised in partnership with other organisations, namely:

- Greenfest, at the Estoril Conference Centre, for the second consecutive year;
- Conference of the Portuguese Association of Nutritionists at the Lisbon Conference Centre;

- Commemorations of World Hypertension Day that took place in Santa Maria da Feira, in partnership with the Portuguese Hypertension Association;
- Week commemorating World Children's Day at Gulbenkian, with Nutriventures, which included various activities concerning nutrition;
- Healthy walk on Sunday mornings promoted by Continente in partnership with Solinca, in which the Hyper Healthy Movement took part in screenings and nutritional counselling;
- Nutrition Fortnight for the fifth consecutive year. In 2013, they partnered with Nutriventures and reached over 430 pre-school and elementary students.

Responsible offer and informed choice  
Commitments for 2013-2015

Performance 2013

Investing in partnerships with universities and other learning institutions and promoting internships related to food quality	●
By the end of 2013 we had 7 internship placements and 6 partnerships with universities in the area of food quality.	
Continue to promote a healthy life style, providing more and better information and working within the community	●
See section "Responsible offer and informed choice", namely the Hyper Healthy Movement.	
Ensure the continuation of the certification necessary for a system of suggestions and complaints according to ISO 10002	●
Certification extended for another three years.	
Promote feedback on products	●
Implementation of Continente +, an application to be used in cell phones which allows employees to identify and evaluate Continente products through the reading of the product's bar code or through its description.	
Investing in sensory analysis in order to promote, monitor and ensure greater product quality	●
Objective achieved with over 25,000 sensory analyses conducted.	
Provide information on the product to ensure correct use by the end consumer	●
Over 2,400 products labelled with information on the environment and safety, in addition to the information required by law.	

● Fulfilled ● Partially fulfilled ● Unfulfilled

RESPONSIBILITY IN OWN BRAND PRODUCTS

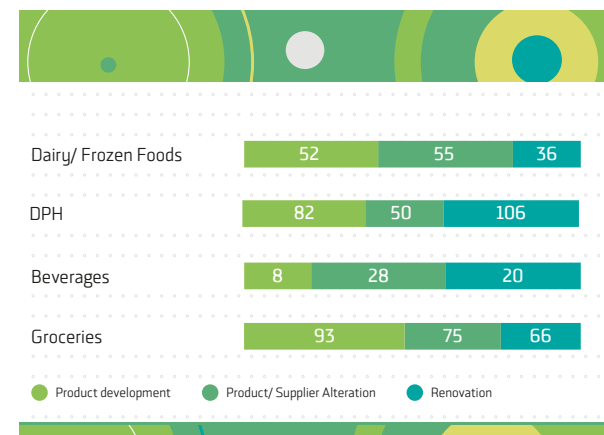
Food Retail

Demonstrating, on the one hand, a concern with reaching ever more diversified populations and, on the other hand, promoting a balanced diet as one of the main principles for a healthy life style, we have a wide variety of products under the brands Continente Equilíbrio, Continente Biológico, Área Viva Continente and Continente Eco.

In 2013, our portfolio of products consisted of 213 Continente Equilíbrio products, 75 Continente Biológico products, 99 Área Viva Continente products and 209 Continente Eco products.

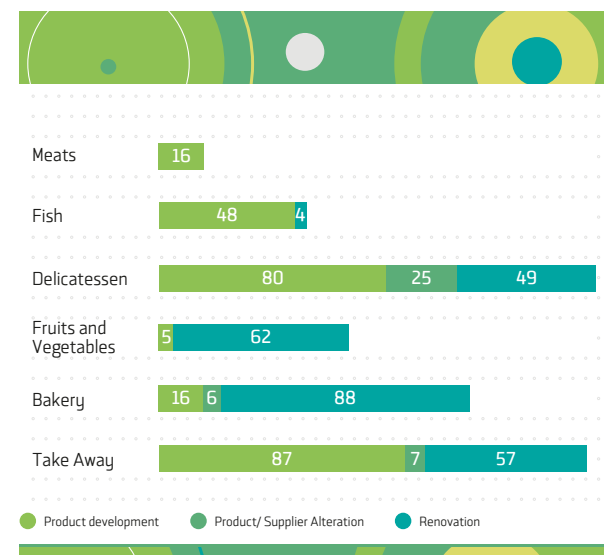
Non-Perishable Food Products

(No. of completed processes)



Perishable Food Products

(No. of completed processes)



Development highlights 2013

- Launch of **Café Origens** - Coffee capsules from specific sources are an innovation in the Portuguese market - sources include Angola, Colombia, Goa, Timor and Organic coffee capsules. Each type of coffee has a different strength and composition to suit every customer's taste. The raw materials, packaging and packaging production are processed and managed entirely in Portugal.



- Launch of **Continente Yoghurts made with 100% Portuguese Fruit** - This product promotes Portugal and supports the national economy - apples from Alcobça, Rocha pears and pineapples from the Azores.



- Relaunch of **Fruit Purees for Babies Prepared with 100% Fruit, made in Portugal.**



- **Área Viva Continente**, extension of the gluten free range. Área Viva is a concept dedicated both to healthy eating and other food requirements in Continente, Continente Modelo and Continente Bom Dia stores. In recent years, we have expanded our supply of gluten-free items through Área Viva as part of our commitment to diversifying the product range available for those with Coeliac disease.



- **Development of other ranges and products for specific needs:**

- Gelatine with a 0% sugar content;
- Launch of the **Continente Vegetarian Range** - Frozen Meals to meet the needs of the most demanding customers for whom food is part of a healthy lifestyle;
- Launch of the **Área Viva Continente Chocolate range** with STEVIA;
- Microwavable steamed mixed vegetables;
- New **Área Viva Continente seeds**: chia, fine oat flakes and oat bran.



- **Launch of new MYLABEL product ranges** - The MYLABEL brand has grown significantly and this year Sonae has invested in the launch of new ranges to provide products targeted at specific areas.



- Launch of the **Continente Cotton Care range**, a range of 100 % Organic Cotton hypo-allergenic sanitary towels and tampons.

- **Contemporal Brand: Brand extension**

In 2013, Contemporal wines received 22 awards, mostly in prestigious international competitions. To raise the profile of the brand we launched the Contemporal Selection range and the Port Wine Range with an elegant premium image.



- **Launch of the Fácil & Bom range**

The Fácil & Bom range was created to serve a new range of ready-to-eat and ready-to-cook items and includes products in the Take-Away, Meat, Fish, Delicatessen and Fruit and Vegetable areas. This product range was designed, developed and tested by Continente and is based on a multi-phase development process: conception of the idea, development of a product technical data sheet, identification and selection of suppliers and taste and validity testing.

Fácil & Bom is characterised as a highly practical product range, which allows customers to prepare meals easily and quickly.



2013 was a highly dynamic year of great change in the Fácil & Bom range with emphasis on the following activities:

- 1) Launch of new products, such as Francesinha (ready meals) and new ready-to-cook solutions which enable the end customer to give the meal a personal touch.
- 2) Renewal of image.
- 3) Participation in several events: Tomar Soups Congress, Mega Picnic and Flavours Market.
- 4) The first Fácil & Bom Fair, which took place at 44 stores where our customers were offered the opportunity to taste our range of Fácil & Bom products over the course of 15 days.
- 5) Overhaul of in-store space.
- 6) Involvement of new partners, such as the School of Hospitality and Tourism in Lisbon, in gathering new ideas for the range and in the introduction of meals developed by final-year students.

The Continente brand was undoubtedly one of our strong areas of focus this year, in particular through our emphasis on national and regional products. For example, in fresh produce, we promoted the national and regional origin of the products to highlight their quality.



**Non-food Retail**

The non-food retail area offers a whole universe of products and services to which customers are invited to give new life to their homes through well-being and comfort, easily, quickly and at low cost.

**Highlights of the 2013 developments**

**Rebranding of the Kasa Modelo brand for Kasa** – 2013 saw the completion of the rebranding of the Kasa Modelo brand for Kasa, through an innovative overhaul of home lines as product displays. This innovation enabled:

- The creation of inspiring, low cost, mini home environments, closely aligned with the hypermarket context where the mini-displays are positioned at eye level and within reach of the customers.
- Launch of our own brand exclusive design products, with new lines in the Festa, crockery, linen and towel ranges, accompanied by the "Querido, Mudei a Casa" programme.
- Inclusion of the Kasa Catalogue in Continente Online, to complement shop sales.
- Making products available through the virtual stock concept, with home delivery or preparation for collection at the customer's preferred store.

**Yämmi: The Kitchen Robot for Smart Food Lovers**



Continente, always mindful of Portuguese families, their aspirations and new ways of making life's pleasures simpler, set itself the challenge of creating a multifunctional cooking machine that is affordable for most families. Thus, the idea behind the Yämmi was born, a product developed from scratch by Continente, with international recognition and certifications.

With the introduction of the Yämmi, we became the second distribution brand worldwide, and the first in Portugal and Europe, to launch a multifunctional cooking machine.

**Popota Merchandising** – Continuing our innovative approach, Popota is no longer a Sonae symbol linked exclusively to children at a specific time of the year (Christmas) but has been transformed into a marketable, licensed product, to be sold exclusively in Continente stores. Popota merchandising is now available in several areas: textiles, toys, culture, home and entertainment.



**Note.it in CTTs** – Sale of our own Note.it brand through other operators - and for the first time in Portuguese Post Offices (CTTs).

**Efficient Point of Sale** – Introduction of a efficient point of sale to reduce waiting times and the amount of staff activity, as well as to ensure that staff contact with the customer is always face-to-face.

**Literature Competition** – An initiative offering amateur Portuguese writers the chance to launch a book, edited by book.it and distributed nationally (in all Sonae stores – Continente, Worten, book.it)

**Tracer** – Delivery times of glasses with stock gradations have improved with the installation of a device that allows the eyepiece of the frames to be read so that the lenses can come already ground by the supplier in accordance with the requested parameters.

**Dental service** – Dental treatment in Well's stores. In 2013, Well's opened 3 Malo Clinic dental surgeries, thus leading the way in providing this service in chemists and supermarkets.

**Well's discount booklets** – the first health and wellness retail brand to create targeted discount booklets for mass distribution to its main target customer audiences.

**Rebranding of non-food products** including Note.it, Zoko, Continente, Continente Seleção, Wild Nature, É Continente and Pack.it.

**Objectives of our Own Brand development process**

- Consumer Satisfaction with our Own Brand products as a strong factor in business success;
- Guaranteeing that the development of our Own Brand products is the result of an ongoing concern to comply with all the requirements, with thorough procedures, so that they can be part of the objectives themselves;
- Ensuring more professional organisation to improve operational efficiency, raise the company's productivity and ensure that our people are highly satisfied in their work;
- Strengthening relationships with suppliers to ensure that the products obtained are of the desired quality;
- Strict compliance with the applicable regulations in all areas of our business.

**Product Quality and Safety**

One of our priorities is to ensure the quality and safety of our own brand products, by controlling the whole process from preparation of the products to their in-store availability. To achieve this goal, we focused on certification of the development of our own brand products, on product feedback received and on continuous quality monitoring.

**Certification of the development of our own brand products**

In July 2013, we continued the expansion of the certification of the development process for our Own Brand products. Following Food certification in 2012, in 2013 certification covered Worten, which then achieved the ISO 9001 certification, the internationally recognized benchmark for quality management.

**Quality and safety monitoring of our Own Brand products**

We have a dedicated team of skilled professionals to monitor the quality and safety of our Own Brand products through audits and physico-chemical, microbiological, sensory and performance analyses conducted by internal and external laboratories. This supervision is adapted to each type of product, so long as the laboratory tests, production controls and annual plans for collection, and control of products being marketed have been defined.

For non-food retail child safety is an ongoing priority and commitment. Product approval involves the submission of tests demonstrating compliance with standards, with European legislation and with the specifications for each product type.

Product labelling is another essential aspect. In addition to the required information, in 2013 we analysed more than 2,400 products to include labelling information to enable customers to use them properly.

**Good Practice**

- The production process is monitored by internal and external technicians, and the different stages of production are validated;
- External agencies are subcontracted to carry out inspections in the factories of origin;
- Upon receipt of the goods, tests are performed in laboratories located in the warehouses;
- The products are tested before delivery to the stores.

**In-store food safety**

In 2013, the food safety management system implemented in stores was reviewed. This review involved training for managers of fresh foods and store food safety officers, while for the new stores in Madeira, colleagues of the various sections were also included. As part of the review, these colleagues were granted approximately 260 hours of training, delivered by 7 expert food safety trainers.

**Continente+**



In 2013, we implemented Continente+, a mobile phone app (for iPhone and Android) used to provide feedback about Continente brand products through the involvement of our colleagues.

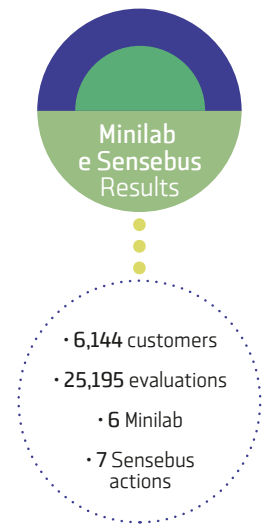
The app is used to evaluate Continente brand products identified with a barcode reader or product description and to extract evaluation reports for Quality Assurance and Monitoring of Continente Brand Products.



### Sensory analysis (Minilabs and sensebus)

Minilab and Sensebus are mobile sensory analysis laboratories used to gauge consumer opinion of Continente brand products.

These laboratories comply with all the food hygiene and safety rules required for sensory testing. The Minilab is used in Continente stores while Sensebus is used in Continente Modelo stores.



### Quality and Safety - Electronics

The products offered by Worten are subject to rigorous quality and safety tests to ensure the elimination of health risks, lower electricity consumption, easier recycling at the end of the life cycle and, last but not least, the safety of the end user.

### Quality and Safety - Textiles

In this area, the strict safety requirements for approval of children's play articles are of particular importance. The production process is monitored by in-house technicians and the different production stages are validated from proto sample, through pre-production sample to golden sample. In addition to technical support from international agencies, there are inspections at the source factories and monitoring processes in place upon receipt of the product. When products are received in the warehouse a random product collection is followed for toxicity tests to evaluate the possible presence of hazardous chemicals.

2013, was a year marked by the start of operations in the United States which entailed the need to study and evaluate the requirements of this market in terms of product requirements, as they are different from the European Union. Products therefore needed to be prepared, changed and adapted, at the level of markings, labelling and evaluation of new performance, toxicity and fire behaviour parameters under US law and standards.

### Safety monitoring good practice

- **Reliability:** All products are initially analysed to test their components and to ensure the reliability of the products in order to increase their useful life.
- **Dispatch inspections:** All of our own brand products are inspected upon departure so that the functional, aesthetic and safety compliance of each batch is guaranteed.
- **Quality control in warehouses:** All products in stock are monitored, in accordance with a pre-set ranking of articles/suppliers.

### Customer Feedback

Listening to our customers and understanding them has always been a priority at Sonae, so that we can improve and guarantee their total satisfaction at all times. The suggestions and complaints system is managed to process and give visibility to issues involving the organisation in continuous improvement plans, in order to strengthen our relationship with customers through monitoring and the resolution of complaints.

Accordingly, in 2010, we began certification of the Suggestions and Complaints Management System under ISO 10002:2007. We are currently the only company in the sector with this certification system.

Every year the system undergoes about 20 internal and external audits, to monitor the teams, stores and central structures in compliance with the requirements of the system and to promote continuous improvement. The system enables customer satisfaction to be improved, corrective actions to be taken, customers to be heard within the company and the quality of our services to be measured.

### "Worten Resolve" - Customer Support Project



This service allows to support all the after-sales customer service in store, and for that:

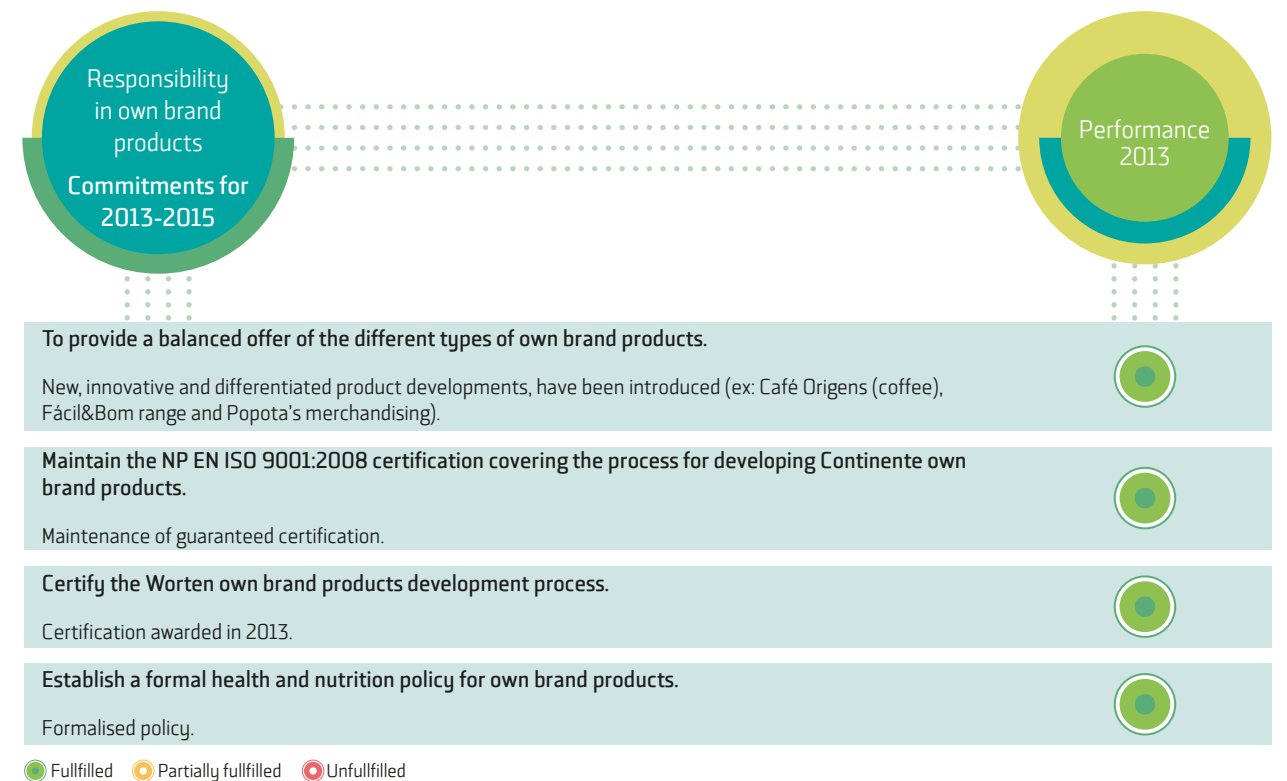
- Addressing easily-resolved (technical) complaints made by customers, by solving problems on the spot.
- Easy repair troubleshooting for customers, so the item can be delivered immediately to the customer.
- Provision of support services, such as sale of accessories and/or components, to complement the repair needed.

In addition to troubleshooting, Worten Resolve has led to a reduction in the amount of waste electrical and electronic that would be potentially generated.

### Sonae Ombudsman

The duty of the Sonae Ombudsman is to follow up customer complaints or suggestions. The Ombudsman is available to all of our colleagues, customers, suppliers and the general public to provide a response to any contact made regarding all of Sonae's business areas (Sonae MC, Sonae SR, Sonae RP, Investment Management, Sonae Sierra and Sonaecom). 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



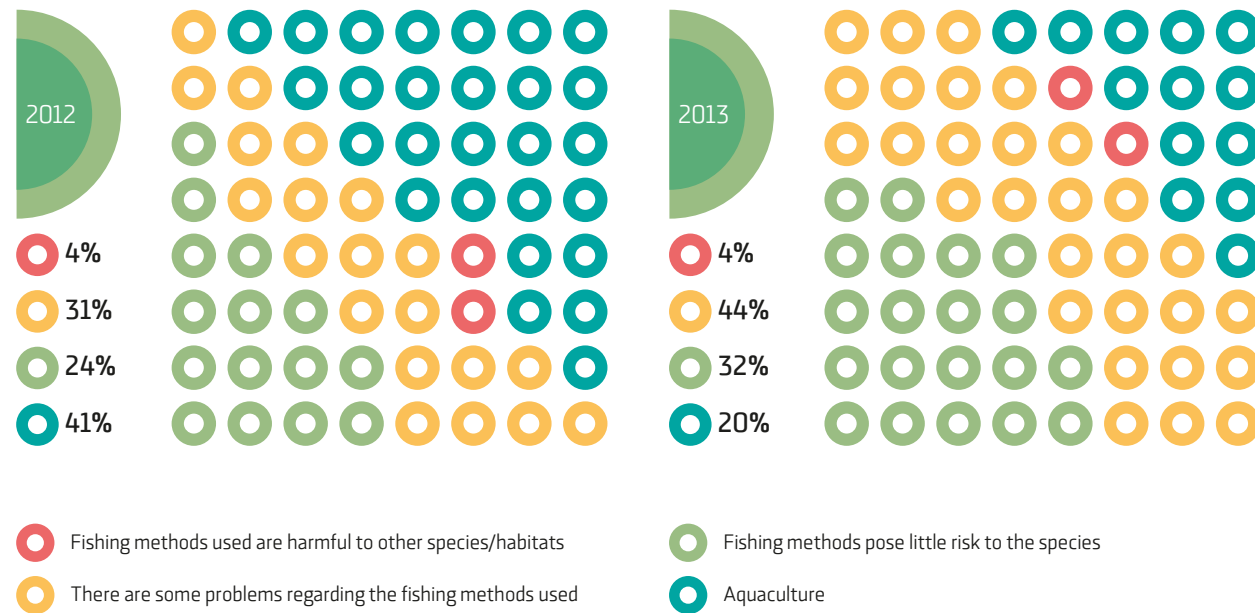
### SUSTAINABILITY OF FISHERIES

We have defined a Fishing Sustainability Policy for the sustainability of ecosystems, species and fish stocks, to ensure that we comply with all national and EU legislation applicable to the fisheries sector. The Fishing Sustainability Policy has the following major advantages: (i) guaranteed avoidance of suppliers blacklisted by Greenpeace; (ii) introduction of new tags in Fresh Fish (PPA - Proof of Purchase at Auction); (iii) choice of suppliers,

according to fishing methods used; (iv) compliance with legislation on scientific names and minimum fish sizes; (v) transmission of trust and loyalty to consumers.

For more information about the Fishing Sustainability Policy, go to the Sonae website: <http://www.sonae.pt/en/sustainability/environmental-policy/>

#### Traffic light system



#### Sonae's Fish Supplier Requirements

When suppliers sign a contract with Sonae, they agree to the following:

- (i) Comply with and meet the legally established maximum fish catch quotas,
- (ii) Operate their fishing equipment so as to avoid harm to the seabed and ecosystems,
- (iii) Act in accordance with a sustainable fish capture policy and

- (iv) Only supply fish caught on vessels not "blacklisted" by Greenpeace with an undertaking to submit documentary proof of compliance whenever requested. Additionally, the documents accompanying the goods are required to include information on species, batch, capture zone and method. Moreover, annually this information and the vessel names, certificates, names of captains and port of landing must be updated.

A further means of monitoring suppliers is through quality audits.

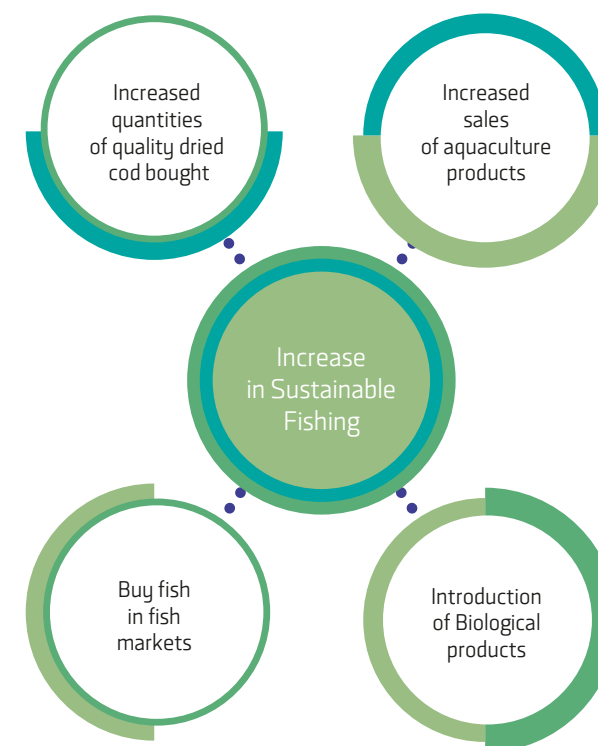
#### Contribution towards sustainable fishing

In order to contribute to the sustainability of fisheries, we have implemented the following measures:

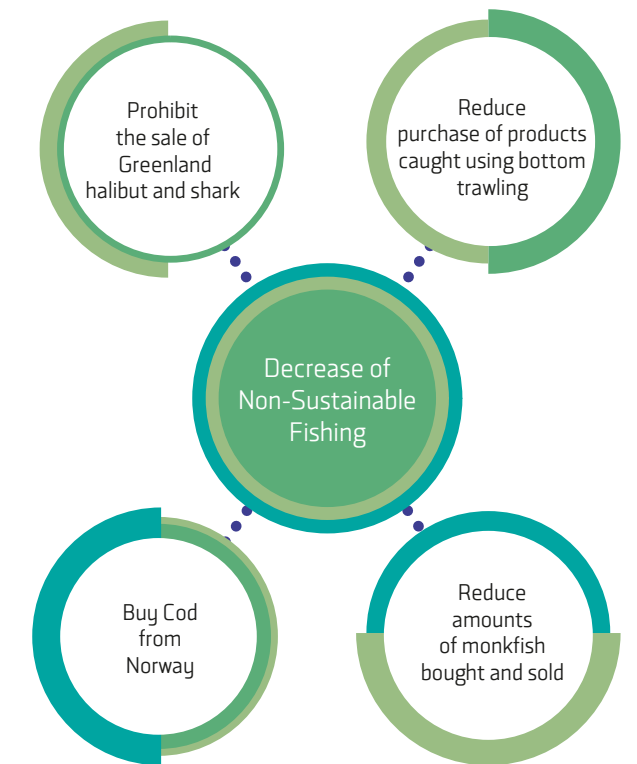
- Priority for fish purchases at Docapescas auctions;
- Promotion of an increase in purchases of Bacalhau Seleção<sup>4</sup> (Cod);
- Promotion of increased sales of farmed fisheries products;

- Introduction of organic products;
- Priority for cod purchases from Norway (sustainable stock);
- Prohibition of the sale of Shark and Greenland Halibut;
- Promotion of reductions in purchases from trawling with particular emphasis on bottom trawling;
- Reduction in purchase and sale of monk fish.

#### Measures implemented to Enhance Sustainable Fishing



#### Measures Implemented to Reduce Non-Sustainable Fishing



In addition to these measures, we are aiming to raise consumer awareness about fish sustainability issues so that they can help to contribute to the protection of marine biodiversity, among other things by not buying endangered species. One of the ways of achieving this objective was by giving greater visibility to products from more sustainable catch methods and through awareness raising campaigns, lectures, events and partnerships within the Hyper Healthy

Movement. Furthermore, we clearly display the CPA Label (certificate of purchase at auction) on our fresh fish counters, with posters at fish counters explaining the label and we are in contact with the Marine Stewardship Council (MSC) to promote sustainable fishing.

<sup>4</sup> Amongst other attributes, particularly quality, Bacalhau Seleção (Premium Cod) is caught using the hook and line fishing technique, an ancient method which increases the sustainability of fish stocks in the sea.

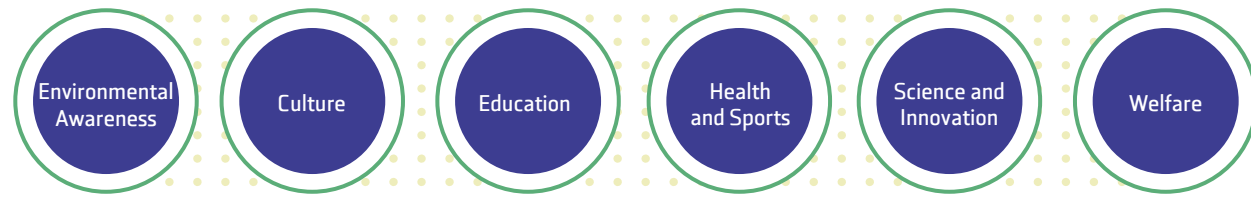
Contribution to Sustainable Fishing  
Commitments for 2013-2015

Performance 2013

<p><b>Raise customer awareness of fishing sustainability issues</b></p> <p>We clearly display the CPA Label on our fresh fish stalls. This label marks auction fish and is a way of communicating sustainable fishing methods. We also have posters on our fish counters explaining the label and we have started negotiations with a credible partner for the promotion of sustainable fisheries. In 2014, we will consolidate our customer campaigns.</p>	
<p><b>Give greater prominence to fish products captured using sustainable methods</b></p> <p>We have increased our percentage of fish caught using sustainable methods from 24% (2012) to 32% (2013). This goal was achieved mainly in fresh fish, by increasing purchases in national auctions.</p>	
<p><b>Raise the awareness of our cod suppliers about sustainable fishing certification</b></p> <p>Efforts are in place to raise awareness among cod suppliers in order to promote sustainability of the business. In 2013 we ensured that all of our cod suppliers were certified by the Marine Stewardship Council (MSC) in terms of raw materials for dry salted production.</p>	
<p><b>Implement increasingly demanding sustainability requirements</b></p> <p>Hake is an item that is always a top seller. In 2013, we started to transfer purchases from a site identified by Greenpeace as a risk region to a second location where we work with MSC certified suppliers. Furthermore, we have limited our purchases of sole in order to avoid catching species from zones identified on Greenpeace's red list.</p>	

Fullfilled Partially fulfilled Unfulfilled

INCREASED SHARING AND PROMOTE SOCIAL WELL-BEING



At Sonae, we believe that our business can contribute to the promotion of the social and cultural well-being of the communities where we operate. With this in mind, we are continuing to develop community support in six priority areas: Environmental Awareness, Culture, Education, Health and Sports, Science and Innovation and Welfare.

We are proud of our community engagement through direct or indirect support for projects, with the participation of customers, suppliers and our people in community support. Specifically with regard to retail, overall support reached 9,4 million Euros in a total of 1,457 supported institutions.

Additionally, it should be noted that, in 2013, we consolidated our commitment to Portuguese families, supporting saving through the Continente Card and Well's discount booklet, the first health and wellness retail brand to create booklets of targeted discounts and distribute them in masse among its main target consumer audiences.

In 2013, about 3,4 million customers received Continente Card and discount voucher benefits and reductions, namely in fuel, gyms, health, culture and sport.

The Sport Zone Card also improved its market penetration and customer engagement, and at the end of 2013 numbered about 1 million families participating in sports and outdoor activities, thus contributing to Sport Zone's leadership in Portuguese sport retail.

Environmental Awareness

**Equipa Worten Equipa (EWE)** - Launched in 2009, EWE is a Worten social responsibility project which aims to contribute to an environment free from harmful waste, while supporting those most in need.

Over the past five years, EWE has collected over 23,000 tonnes of Waste Electrical and Electronic Equipment (WEEE) and has supplied over 13,000 new appliances to 1,280 institutions, which represents direct support to more than 314 000 people in need.

The **"Environmental Footprint of Food Products" (PEPA Project)** - Continente supports Quercus, as a sponsor, in the development of this project for monitoring and training Portuguese producers in the implementation of the standard European methodology for the calculation of PEPA, currently under development by the European Commission (EC). The PEPA project aims to contribute to the greater competitiveness and sustainability of Portuguese agri-food products through the creation of a knowledge transfer and information sharing network for improved knowledge of the calculation and environmental footprint of products in the food area.

Health and Sport

Through Sport Zone, Sonae promotes the organisation of events to encourage sport such as the Sport Zone Half Marathon, Women's Run, Sport Zone Marginal à Noite Night-time Run, National Deeply-Circuit Surf, Gira Volei Volley-ball, Sport Zone Soccer Camp and Sport Zone Island.

Through Continente's **Projeto Pêra** a range of food products were donated, resulting in breakfast being provided for 613 needy children in 10 schools in the Greater Porto area.

Science and Innovation

As a member of COTEC, we aim to contribute to a culture of innovation and support for investment in research in Portugal.

**Agile Marathon** - Innovation marathon in ecommerce, in partnership with the Centre for Products and Services Development and Innovation Skills (CIPS) of the Faculty of Engineering, University of Porto (FEUP).

Welfare

Welfare is still highly relevant, especially in the current socio-economic climate. We therefore continue to support reputable organisations with concrete and tangible results in the area of social well-being: Aldeias SOS Criança, AMI, Associação Ajuda de Mãe, Banco Alimentar Contra a Fome, Cáritas Portugal, Portuguese Red Cross, Make a Wish, among others.

**Portugal mais Feliz - Happier Portugal (Worten)** - Support for needy families rebuilding their life projects, by combating poverty and social exclusion. Through this initiative, in 2013 we raised 175,000 euros for the Portuguese Red Cross through 200,000 Christmas parcels sold.

**Animal Welfare Bank Project (Continente)** - A welfare initiative involving the collection of items for animals (particularly food) in partnership with Animalife and the 90 associations for abandoned animals that it represents.

**Missão Sorriso (Continente)** - In 2013, Missão Sorriso (Smile Mission) exceeded 2 million euros in donations, of which over 1 million was in donated products, 880,000 to projects that received more than 4 million votes, involving more than 5,500 Portuguese Red Cross volunteers and more than 800 of our people in food collection campaigns.

**Projeto Nós (Mo)** - Projecto Nós (We Project) supports causes contributing to improved living conditions for the neediest Portuguese people. Thus, in 2013, 25,000 scarves were sold, raising 50,000 euros for Make a Wish Portugal.

Increased sharing and promote social well-being  
Commitments for 2013-2015

Performance 2013

<p><b>Define Sonae's formal strategy for community support, including definition of strategic areas, goals and information reporting practices.</b></p> <p>The process begun in 2013.</p> <p>See section "Increased sharing and promote social well-being".</p>	
<p><b>Continue with projects that have positive impacts on the community in the fields of Health and Sport, Education, Solidarity, Environmental Awareness, Culture, Science and Innovation.</b></p> <p>Commitment fulfilled.</p> <p>See section "Increased sharing and promote social well-being".</p>	
<p><b>Continue with investment in the community</b></p> <p>We have increased our budget for investment in the community relative to 2012, from €10.1 million to €10.6 million.</p>	
<p><b>Develop and promote volunteering in the company through the Sonae Activshare Programme, diversifying the activities and making them more accessible.</b></p> <p>We continued to encourage all of our colleagues to be actively involved in volunteering activities. In 2013, 1,800 colleagues were involved in 194 activities in 112 institutions.</p>	

Fulfilled Partially fulfilled Unfulfilled

BETTER PLANET

EFFICIENT MANAGEMENT OF ENVIRONMENTAL PERFORMANCE

Management and good environmental practices

Environmental Certifications

As in previous years, we have strengthened the series of Environmental Certifications it has under ISO 14001 international standard.

In 2013, all the 25 environmental certifications for facilities remained in place. Seven of them were renewals and 18 were maintained, and the corporate environmental certification for the Sonae Retail Business Area was renewed. In addition, a new certification was granted to one of Sonae's Worten stores.

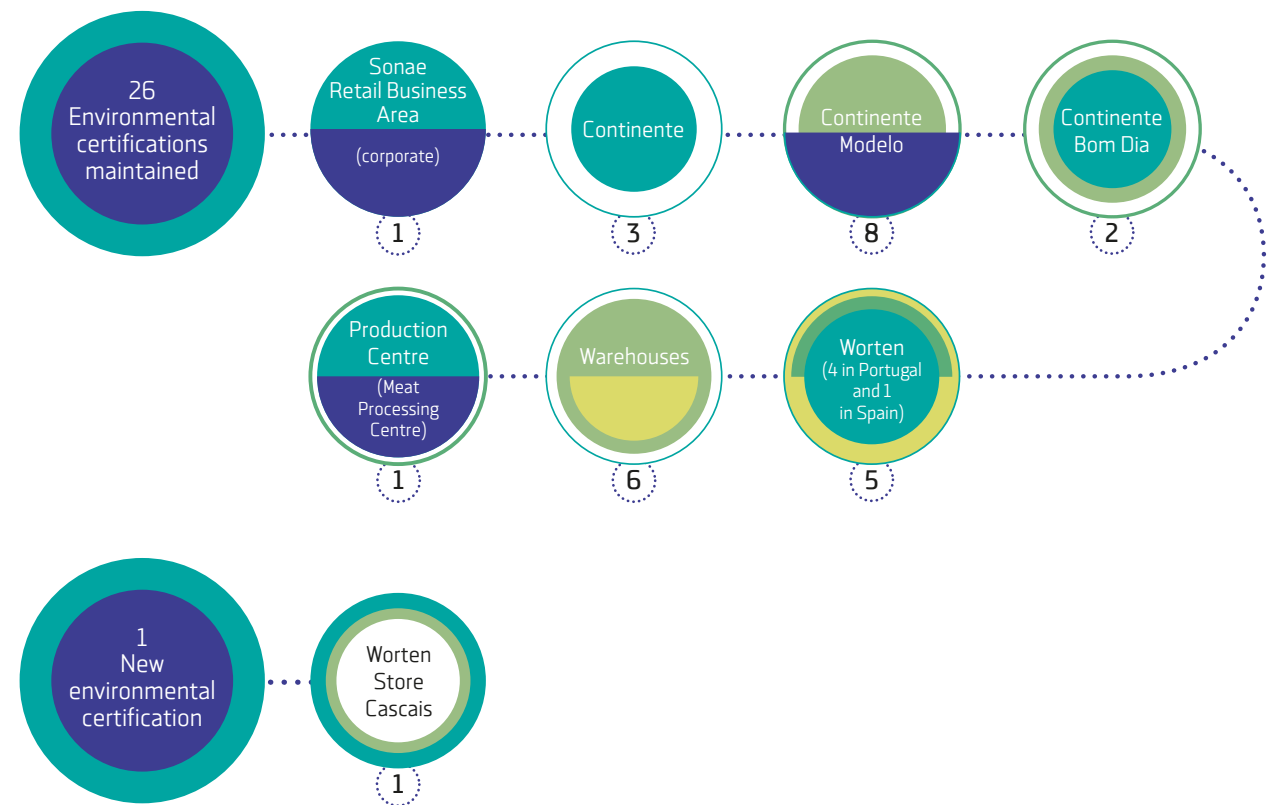
This series of certifications reflects our unwavering concern for environmental performance.

Environmental Best Practices

The implementation of best practices is not confined to the management of existing stores, it also includes new facilities, major renovations and home deliveries.

Furthermore, our significant efforts in this area are further evident through the use of an environmental dashboard in stores, the use of coolants that have less environmental impact, the sale of reusable bags, the management of waste generated through our activities, or waste products deposited by customers in the stores and the reuse of rigid cool boxes in home deliveries.

The environmental dashboard is a monitoring system for environmental indicators (water, energy, fuels, waste, etc.). In 2013, all Continente and Worten stores (Portugal) had implemented this tool.



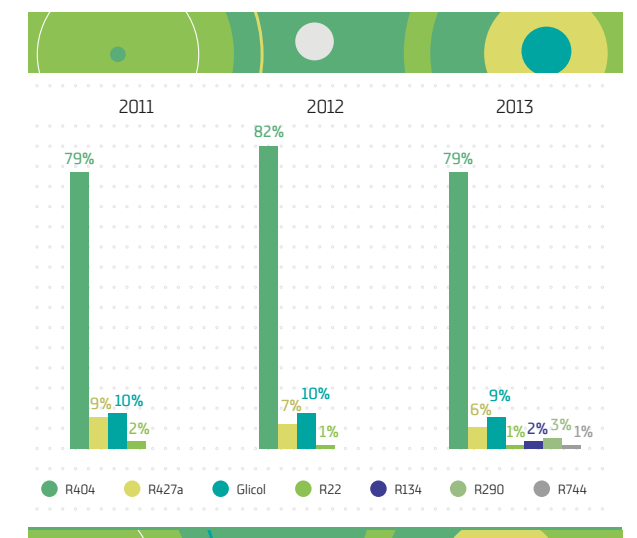
Coolants

In 2013, we continued the programme to constantly improve the efficiency of our refrigeration plants to preserve food in our stores (Continente) by using coolants that have the least impact on the environment. The main initiatives implemented were:

- continued use of R 290 in smaller stores whenever technically feasible;
- use of R 134, a new gas first tried in 2013;
- pilot implementation of hybrid refrigeration systems (cascade) in 4 new stores, using R 134 gas in the primary positive cold circuit and R 744 (CO<sub>2</sub>) in the negative cold circuit;

As a result of our efforts, and notwithstanding the organic growth recorded, 2013 was notable for a reduction of 3 pp in the percentage of R 404 gas used - the most harmful greenhouse gas - and 4 pp in the accumulated percentage used.

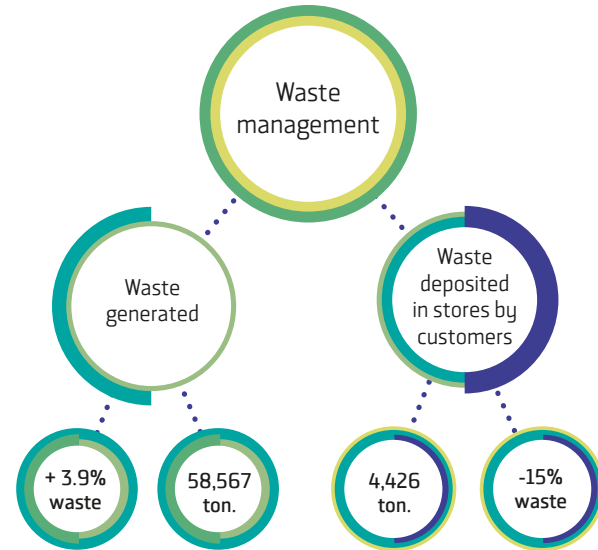
Type of coolant fluid used in refrigeration plants





Waste management

Waste management in the Retail business includes both the waste generated by our activities and the waste deposited in our stores by customers, as we try to encourage everyone to behave in a manner that is more environmentally responsible, and our role is crucial in making it easier for them to do so.



In 2013, the Retail business handled 62,993 tonnes of waste, which is 2.3% more than the previous year.

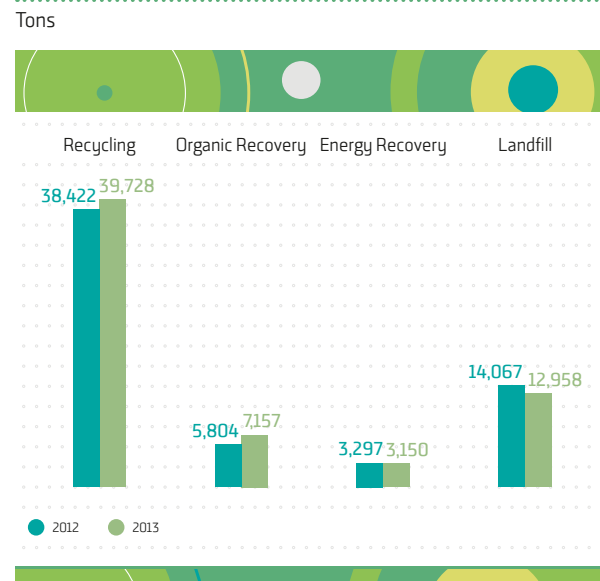
This increase is associated on the one hand with increased activity and on the other hand with a reduction in waste deposited by customers. These factors should be noted:

- the dissociation of the increase in waste generated by our activities given the growth of business, which is testimony to the efforts made by Sonae to minimise its environmental impact;
- the significant increase in the amount of clothing brought to the stores by customers, which reflects the awareness actions implemented. However, there was a fall of about 15% in the waste deposited in stores by customers.

We continued to aim to exploit the waste in 2013, and achieved a recovery rate of 79.4%, an increase of 2.2 pp over 2012. The following contributed most to the improved recovery rate:

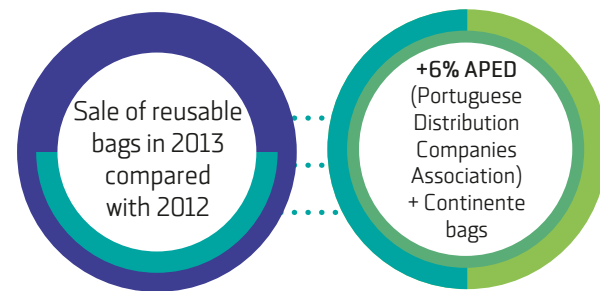
- very slight growth (0.4%) in the production of municipal solid waste (MSW);
- within the category of MSW, a growth in the amount sent for organic recovery and a decrease in the amount sent to landfill, both of which were considerable;
- an increase in recyclable waste generated by our activities (mostly waste packaging).

Final waste destination



Environmental Responsibility Programmes to Minimise Waste

Of the initiatives that are helping to reduce the volume of waste generated by Sonae, particularly noteworthy is the management of food products bought by Continente but which are not sold, through Worten's Outlet/ UTRAD programme. In addition, the increase in the sale of reusable bags and the gradual replacement of freezer bags with rigid cool boxes are helping to cut the amount of waste generated by our customers.



Regarding the food business, there is a central unit whose aim is to control and reduce the amount of food products which are bought but not sold. This unit is helping to reduce the potential generation of waste, since part of what is bought and not sold results in waste. Items in good condition but that cannot be sold (mostly because of defects in the packaging) are given to organisations in the tertiary sector. Furthermore, constant interaction with suppliers, described in more detail in the Better People section, enables us to achieve production which is better suited to consumer preferences (thus resulting in fewer unsold products) and we also encourage suppliers to use packaging with a lower environmental impact.

The purpose of UTRAD (Depreciated Product Management Unit) is to minimise unsold merchandise throughout the entire value chain by recovering depreciated items to sell in Outlet stores, thus leading to a reduction in unsold merchandise, waste and transport. This has the advantage of allowing an exchange of knowledge between partners and the acquisition of components so that articles can be repaired. Without this service such articles would be sent for recycling. The Outlet / UTRAD programme thus has benefits that extend along the whole of the value chain. In 2013, we achieved a recovery rate of 79% of depreciated merchandise, a significant amount and clearly representative of the added value of UTRAD.

In 2013, we continued to motivate customers to reuse bags for their shopping and we saw a 6% rise in the sale of reusable bags.

Finally, we also tried to implement practices in home deliveries that would lead to a more responsible environmental performance. For example, freezer bags are gradually being replaced with rigid cool boxes. There was a usage ratio of around 60% for rigid cool boxes and 40% for freezer bags in 2013, and the latter were only used when there are no rigid boxes available. Therefore, in this area, we have also cut the use of plastic bags in home deliveries in 2013.



Commitment	Performance 2013
Extend the ISO 14001 Environmental Certification plan to Textiles and Sports stores	Unfulfilled
Maintain current ISO 14001 Environmental Certification and expand the certification plan to Worten stores	Partially fulfilled
Conclude the R22 coolant replacement plan in refrigeration plants	Unfulfilled
Promote the use of hard boxes with disposable lining and replace hard box inners, in home deliveries	Partially fulfilled
Reduce the use of plastic bags in home deliveries	Partially fulfilled
Strengthen the concept Outlet/UTRAD (Depreciated Product Management Unit), in order to recover articles that would have been disposed of as waste	Partially fulfilled
Implement best environmental practices in new facilities (stores, production centres) and when existing facilities are overhauled (use of recyclable materials easily adaptable to climate changes, energy efficiency, use of renewable sources, water efficiency, etc.)	Partially fulfilled
Install an Environmental Dashboard in 80% of Continente and Worten stores	Partially fulfilled

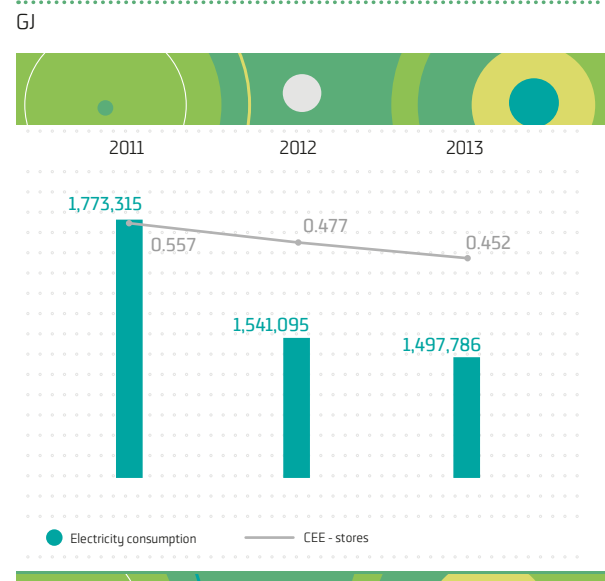
Legend: Green circle = Fulfilled, Orange circle = Partially fulfilled, Red circle = Unfulfilled

SONAE'S "FOOTPRINT"

Energy

Energy consumption is one of the main environmental impacts derived from the Retail business, and represents a significant operating cost. Electricity is the main form of energy consumed (around 76.4% of all energy used by the Retail business in 2013), followed by fuels (especially diesel fuel used by the contracted vehicle fleet). Total energy consumption was 1,957,092 GJ in 2013, corresponding to a reduction of around 2.7% over 2012.

Electricity consumption



In terms of electricity consumption, in 2013:

- Electricity consumption was approximately 415.3 GWh (including stores, warehouses and production centres), equivalent to 1,495,242 GJ, which yielded emissions of 158,308 tonnes of CO<sub>2</sub>e.
- Specific electricity consumption (SEC) for the stores, by sales area, was about 0.45 GWh / 1000 m<sup>2</sup>, continuing its downward trend (-5.2%);
- There was a year-on-year decrease in electricity consumption of 3%.

The reduction in electricity consumption reflects a series of measures adopted in both food retail and specialised retail that have been implemented over the last few years and boosted by new measures implemented in 2013 under the Projeto Trevo.

Regarding the CO<sub>2</sub>e emissions related to electric energy consumption, there was a reduction of 6% over 2012.

With regard to the energy associated with the Projeto Trevo, we continued to focus on the independent generation of energy from renewable sources, with the installation of 13 new power plants. Thus, at the end of 2013, we had installed 113 independent power plants using renewable sources - 112 using photovoltaic technology and 1 using wind technology. 43 of the 113 power plants are micro-generation plants and 70 are mini-generation systems. These power plants can generate a total installed power of around 5.1 MWp.

In 2013, the combined output of these 113 plants, all feeding into the relevant national grid, was 6,018 MWh (6 GWh), which is a year-on-year increase of 195%.

Finally, it should be noted that with this project and the respective feeding into the national grid, in 2013 we helped to prevent the emission of around 2,830 tonnes of CO<sub>2</sub>e into the atmosphere.

Energy Optimisation

Food retail - Projeto Trevo (The Clover Project)

- Optimisation of performance of refrigeration plants (80 stores), including:
  - installation of suction and floating condensation systems;
  - mechanical tuning of refrigeration plants;
  - turning and adjustment of operating parameters of the plants and cold stores.
- Regulation of air-conditioning set-points (39 stores)

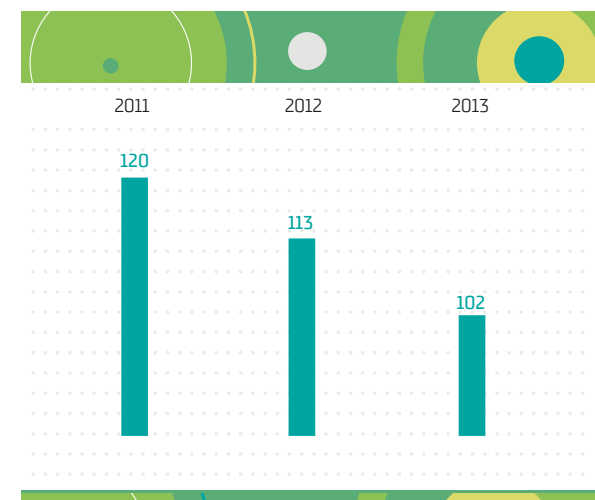
Specialised retail

- Optimisation of lighting levels in different parts of the stores;
- Optimisation of air-conditioning set-points;
- Implementation of new climate control technologies (free cooling and night time vacuuming);
- Raising awareness of our colleagues.

Transport and logistics

In 2013, we continued our efforts towards transport efficiency and maintained our requirements with transport firms so as to improve the contracted fleet. At the end of 2013, therefore, 94.1% of vehicles complied with Euro 4 standard or later, which meant an increase of around 5pp relative to 2012. More specifically, 65.8% of vehicles now complied with Euro 5 standard. The contracted fleet covered nearly 33.7 million km, accounting for CO<sub>2</sub> emissions of 26,842 tonnes, which is around 2.4% lower than the figure for 2012.

kg CO<sub>2</sub>/1000 containers carried



Greenhouse gas emissions (GHG)

Overall GHG emissions in 2013 were around 196,182 tonnes, 5.3% lower than the previous year.

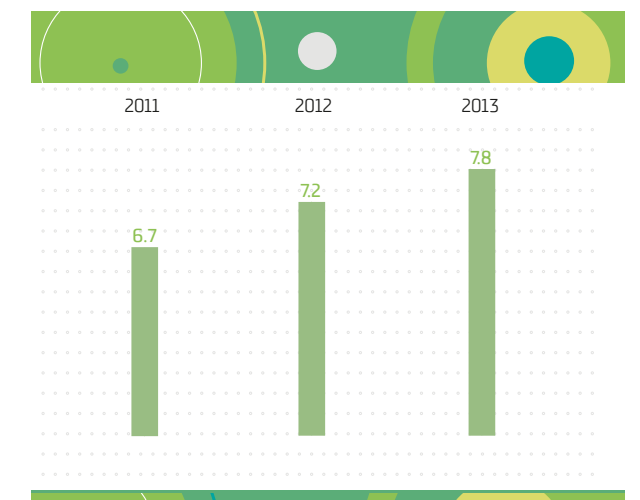
GHG Emissions comprise of:

- scope 1 emissions (direct), from fuel consumption by stores and for transporting goods and our colleagues;
- scope 2 emissions (indirect), related to electricity consumption;
- scope 3 emissions (other indirect emissions), related to waste management.

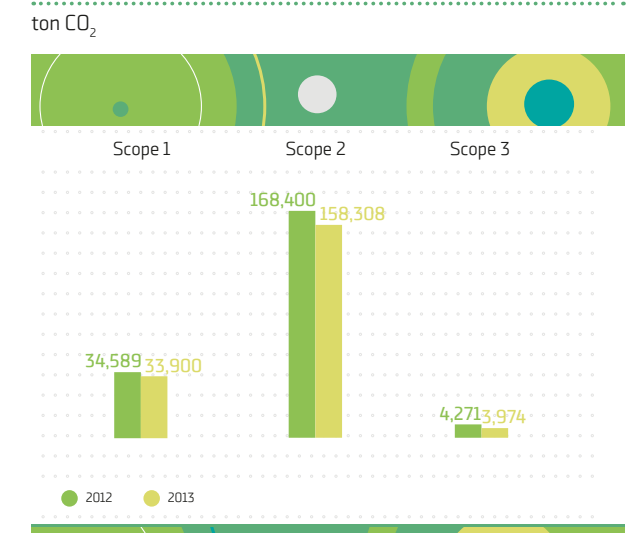
There was a 2% drop in scope 1 emissions relative to 2012, even though the business grew in 2013. The reduction in scope 2 was 6% and for scope 3 it was 7%.

Logistics efficiency was also significantly better in 2013. We continued to optimise the routes and achieved a reduction of 4% in terms of km per delivery. Regarding supplying stores, 7.8 containers were transported per km travelled (7.2 in 2012). If we look at emissions per container transported in 2013, around 102 kg of CO<sub>2</sub> were emitted per 1000 containers, which is a reduction of 9.7% over 2012.

Nr. of containers carried/km travelled



Emissions



Water

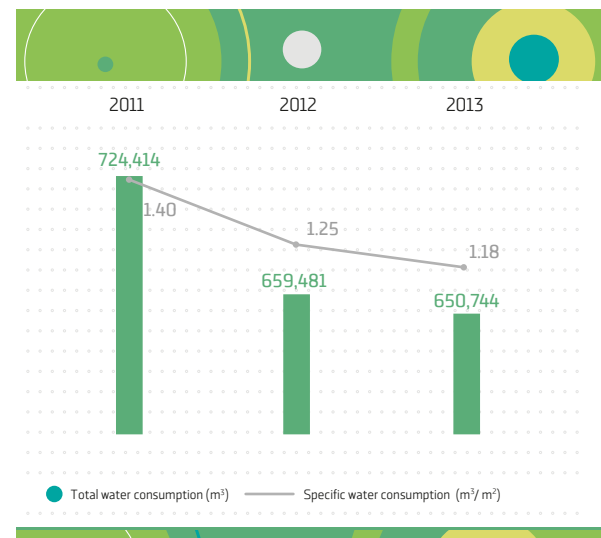
In 2013, the total consumption of drinking water in the Continente hypermarkets and supermarkets was 650,744 m<sup>3</sup>, 1.3% less than the previous year. Specific consumption was 1.18 m<sup>3</sup> per m<sup>2</sup> of sales area, corresponding to a decline of 5.6% relative to 2012. Like-for-like figures for all stores show specific consumption was 4%.

The decrease in water consumption was due to a number of measures taken recently to control waste, including:

- use of more efficient equipment;
- our colleagues encouraged to change their behaviour;
- accidental leakages dealt with quickly.

Furthermore, under the Projeto Trevo, 2013 saw a general programme of intervention in equipment starting to be implemented, focusing in particular on taps, to step up the reduction of consumption in stores. Although nearly all the water used comes from the mains supply, there are boreholes in some of the stores that provide water for irrigation and washing outdoor pavements.

Water consumption



Carbon and water footprint

In keeping with its leading position and in anticipation of its chosen path, Sonae embarked on a pilot project to calculate the carbon and water footprints of products. In 2013, we undertook a trial calculation of these footprints for certain fish, delicatessen and meat products. This project will continue in 2014, with the focus switching to the fruit and vegetable area and using the method adopted in 2013, which is:

- choosing basic products for modelling;
- technical visits to producers;
- developing calculation models;
- testing the models for consistency.

Determination of the carbon footprint will afterwards show us which animal and vegetable production practices release the most GHGs, enabling us to take the necessary measures with the producers to minimise the impact related to these products.

We also intend to promote the reduction of the carbon footprint by shortening the distance between the places where perishable goods are produced and the stores. A pilot project was started in 2013 whereby local lettuce producers delivered directly to a limited number of stores.

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 there is no public infrastructure available. These facilities have wastewater treatment stations that provide biological treatment (secondary treatment).

Environmental awareness

As a retailer, we have the opportunity to encourage our customers to make responsible choices. Consequently, in 2013 we appealed to our customers to purchase the most energy efficient appliances. More specifically, Worten launched a campaign with coupon discounts of 20% for major household appliances in energy classes A++ and A+++. The effect of this initiative in 2013 was that we continued to sell increasingly more efficient appliances.

Meanwhile, as in previous years, in 2013 we continued to collect waste electrical and electronic equipment (WEEE) under the Equipa Worten Equipa (Team Worten Team) project (EWE). There was a 16% fall in the amount of such equipment collected in 2013, related to the economic circumstances of Portuguese families.

Sale of efficient appliances

Household appliances

- 89% of appliances sold in 2013 were Class A+ or higher.
- There was a 6 pp increase in Class A+++ goods.

Television sets

- 70% of appliances sold in 2013 were Class A or higher
- There was a 19 pp increase in Class A+ goods
- There was a fall of 27 pp in Class B and lower items

Overall figures

- 54% of appliances sold in 2013 were Class A+ or higher
- Increase of 19 pp in Class A+ and higher items
- There was a fall of 20 pp in Class A and lower items

(pp calculated relative to % in 2012)

In addition to these initiatives we are also helping to raise awareness of environmental issues, in relation to our customers and our colleagues alike.

The following initiatives were undertaken in 2013, oriented towards:

Customers:

- Distribution of the Guide to Good Environmental Practices;
- Distribution of pocket calendars and bookmarks – Awareness of topics such as used cooking oil, water, energy, transport and waste;
- Inclusion of environmental topics in customer satisfaction surveys;
- Encouraging customers to join the “We want your end-of-life equipment” campaign, launched by APED and included in Worten’s EWE project. The goal is to encourage the collection and recycling of WEEE.

Our colleagues:

- Distribution of desk calendars – Increased awareness of topics such as water, energy, transport and waste;
- Publication of quarterly newsletters with Sonae’s main environmental initiatives and outcomes;
- Inclusion of environmental issues at the daily meetings at the start of business in food stores (Bom Dia meetings).

Sonae's footprint commitments for 2013-2015

Performance 2013

<b>Calculate the carbon footprint of selected products</b> Process started in 2013. Taking into account the first steps taken for selected Meat, Fish and Delicatessen products.	●
<b>Implement a car sharing system</b> At an early stage of development.	○
<b>Maintain the route optimisation procedure in home deliveries, thus helping to reduce the carbon footprint</b> We continued to cut the number of km per delivery in 2013, thus reducing the related CO <sub>2</sub> .	●
<b>Replace tri-temperature vehicles with bi-temperature ones involved with home deliveries</b> 100% replacement level achieved in 2013.	●
<b>Calculate the water footprint of selected products</b> Process started in 2013. Taking into account the first steps taken for selected Meat, Fish and Delicatessen products.	●
<b>Study and promote best practices in animal and vegetable production to reduce the carbon and water footprint of products from the Continente Producers Club</b> No significant developments in 2013 because it also relies on the project which calculates the carbon and water footprints.	○
<b>Help reduce the carbon footprint by shortening distances between the places where perishable products are produced and Continente stores, if feasible for the members of the Continente Producers Club</b> Process started in 2013.	●
<b>Continue to focus on the installation of new autonomous energy generation plants that use renewable sources, according to investment capacity and applicable laws with regard to mini-generation and microgeneration plants</b> In 2013, we installed 13 new plants and closed the year with 113 plants installed.	●
<b>Include environmental issues when monitoring customer satisfaction</b> In 2013, we included environmental topics in customer surveys.	●
<b>Include environmental issues in the Bom Dia monthly meetings</b> Process started in 2013.	●

● Fulfilled ○ Partially fulfilled ● Unfulfilled

ENVIRONMENTAL IMPACT OF THE PACKAGING

Aware of the importance that packaging represents, due to the nature of our business, we have made substantial efforts to reduce the materials associated with the packaging of the products of our own brand, whilst continuing to guarantee their quality.

Besides the measures already mentioned, we also reduced the quantity of plastic used in the packaging of fruit and vegetables, eliminated the plastic handles on the 3-kg sacks of potatoes and began selling exotic fruit and vegetables in bulk, replacing the packages. Lastly, we also replaced the tickets and labels on some products of our own brand by printing directly on the products.

In 2013, we made some minor alterations to a set of products, which has already resulted in significant reductions. The main measures implemented were the reduction of cardboard in the yoghurt packages and a change in the tops of the bottles of cooking oil. In this area, we were able to achieve important savings in packaging materials, specifically in the reduction of 8.1 tons of cardboard for Continente brand soya yoghurts Área Viva and 8.6 tons of plastic in Continente brand cooking oil bottles.

Examples of Reduction of packaging materials

Material	Product	Change	Reduction (Tons/Year)
Cardboard	Continente brand soya yoghurts Área Viva	Removal of any extra cardboard	8.1
Paper	Continente brand marmalade	Removal of the label on the side of the package	0.5
Plastic	Continente and Cont. Equilibrio brand jellies Equilibrio	Removal of the seal of guarantee	0.5
Paper	Continente and Cont. Equilibrio brand jellies	Reduced size of label	0.5
Plastic	Continente brand vegetable oil bottles	Two-piece capsule changed to one-piece	8.6

The reduction in the packaging materials was achieved not only by intervening at the level of the main packaging of the products themselves, but also in their transport boxes. More specifically, in 2013, the transport boxes were optimised

(implementation of the SRP Solution – Self Ready Packaging) for 4 articles of controlled brands: 2 types of bin bags “É Continente”, 1 type of Continente biscuit and 1 type of Continente own brand tinned tuna.

Impact of the packaging commitments for 2013-2015

Performance 2013

<b>Reduce packaging materials on own brand products</b> In 2013, we continued to significantly reduce the packaging materials used.	●
<b>Optimise transport boxes in order to reduce packaging materials</b> In 2013, we optimised the transport boxes of products such as “É Continente” own brand bin bags, Continente own brand biscuits and Continente own brand tinned tuna.	●

● Fulfilled ○ Partially fulfilled ● Unfulfilled



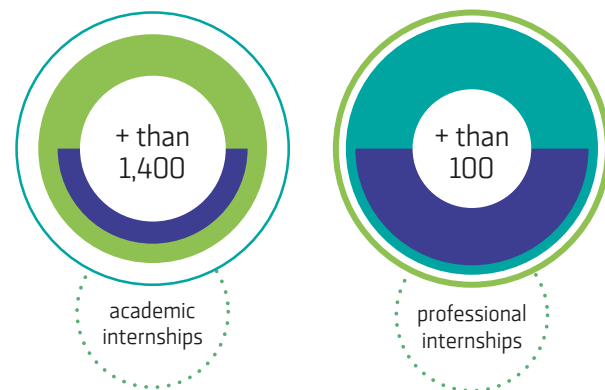
BETTER PEOPLE

DEVELOPMENT OF HUMAN CAPITAL

In 2013, our retail business personnel numbered more than 37 thousand colleagues, a 4% increase over the previous year, 67% of whom were women and 8% were international workers spread across four geographic areas: Spain, Brazil, China and Turkey.

Attracting people effectively

In order to identify and attract young talent, we at Sonae have been creating programmes and partnerships with various universities. By promoting different programmes, we support the personal and professional development of students and recent graduates and we attract talented youth to join our teams.



Agile Marathon



Launched in October, this was a marathon that brought together 130 students of the School of Engineering of the University of Porto for 29 consecutive hours, in which, as a team and through programming techniques, the students had to develop an app for Continente Online.

The challenge sought to stimulate and support innovative e-commerce projects in the retail area, encouraging a true culture of synergy and collaboration amongst the students.

Call For Solutions

Call For Solutions is an open innovation programme that invites some final year Masters students from the top Portuguese Universities to take an internship at Sonae, contributing with ideas and solutions to overcome the challenges presented by Sonae's various companies.

This programme aims to bring added value to our business and it allows us to identify young talent, exposing these students to a real work environment at a very early stage of their careers. During a 4-5 month period, we focus on promoting the development of both their personal and professional skills, allowing them to take part in this privileged opportunity to prepare themselves for the job market.

Over the last 4 years, the programme has involved more than 30 management teams and has received students from over 10 universities. In 2013, the programme was held two times and presented 37 challenges to those final year Masters students, whom we considered to have the potential to come and join the ranks of Sonae, after their internship.

Movement for Youth Employability

In conjunction with the Institute of Employment and Professional Training, we assumed the commitment to give professional internships to young people who have recently completed their academic training and are looking for an opportunity to enter the job market. In 2013, 71 young people were chosen, who have begun their 1-year internship at Sonae.

Training and development

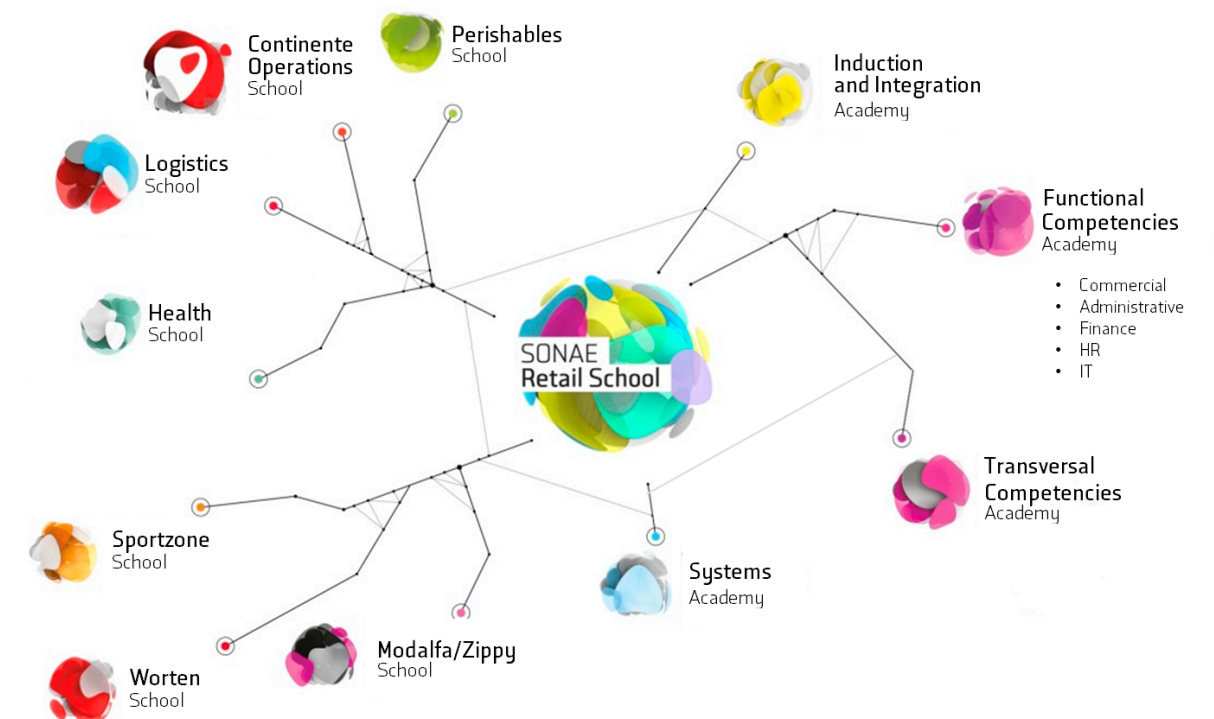
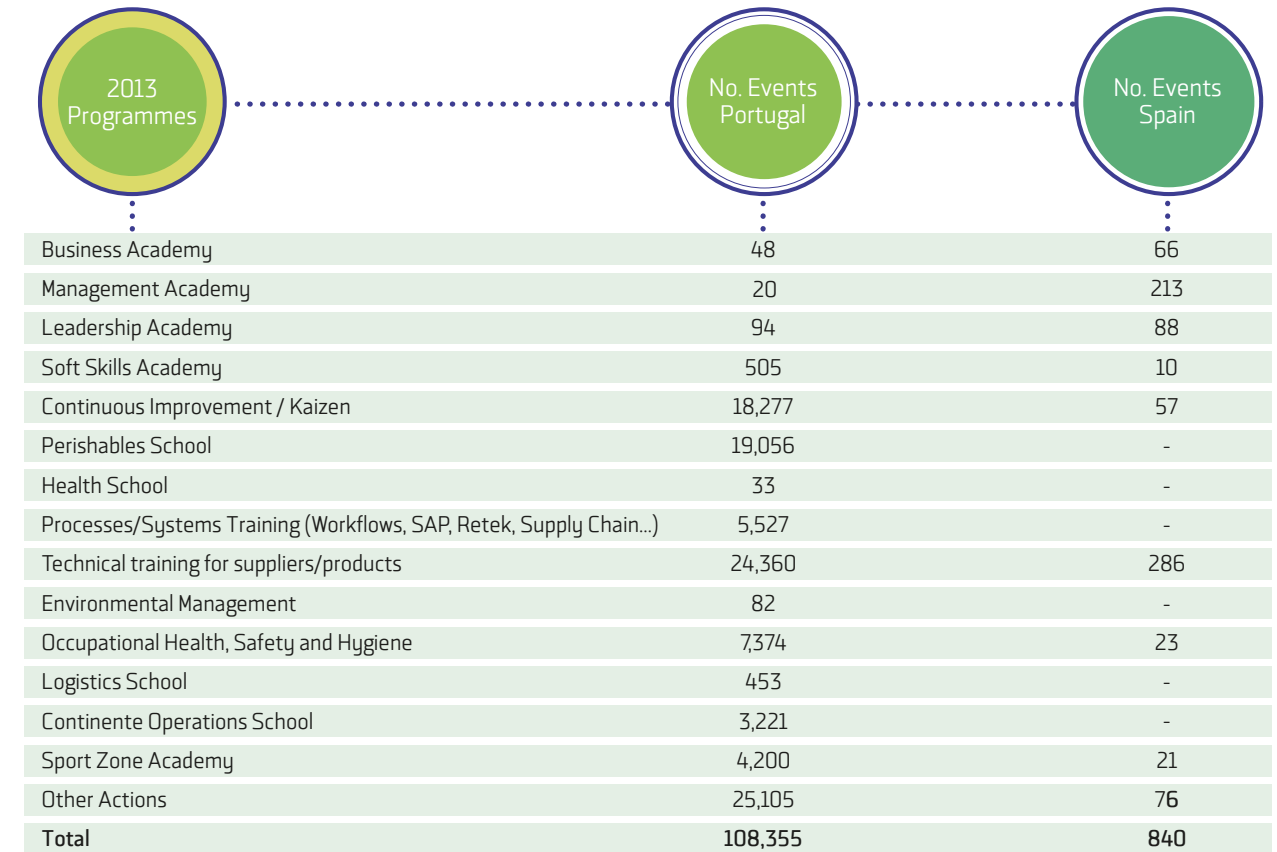
The qualification and development of our people is a vital element in the strategy to create value in the short, medium and long-term. In 2013, we continued to promote diverse and differentiating training programmes in reputable schools based in Portugal and abroad. These programmes are designed to strengthen key management and leadership skills, as well as personal and interpersonal skills.

Sonae Retail School

The Sonae Retail School is a global training system organised into schools and academies aligned with our different strategic business areas. It continues to be a central focus and a foundation for the development of human capital.

We are determined to reach all of our people and respond to the specificities of each geographic area. 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 2013, the 1 million hour mark was surpassed with 109,195 training events divided as follows:

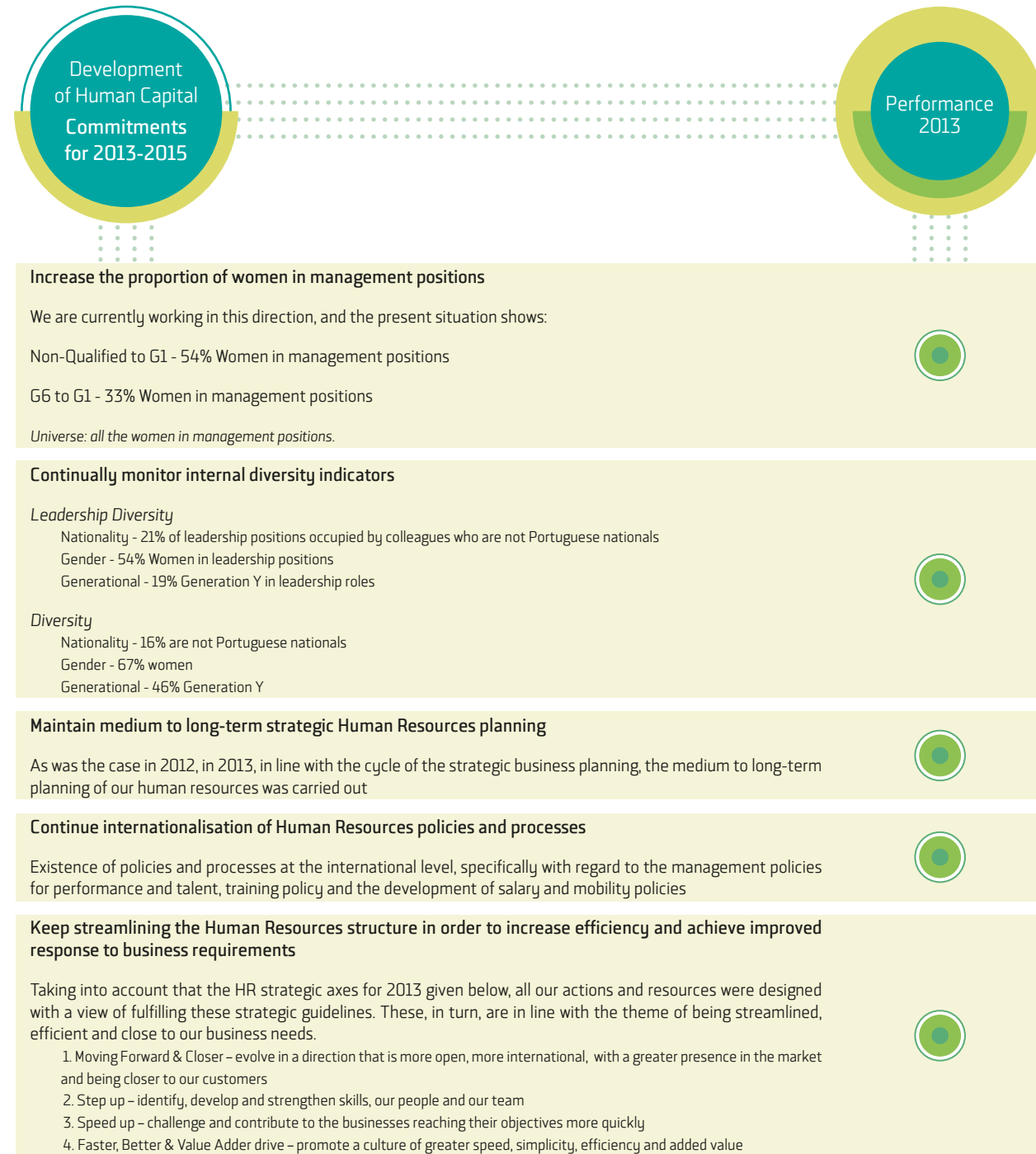


Performance Assessment and Management

Upward Feedback – The Team Voice

In 2013, another edition of Upward Feedback was held with the leaders of the Retail business area, but this year using a tool and model that was revamped to be more in line with "our way".

Inherent in this bottom-up development tool is the formalisation of a time for our colleagues to give feedback to their leaders. The purpose is to provide each management team with information on its performance as a Team Manager in 3 specific areas of development: Activity manager, Development promoter and Commitment inspirer, serving as an anchor for the on-going process of change and individual growth.



● Fulfilled ● Partially fulfilled ● Unfulfilled

WELL-BEING AND INTERNAL SATISFACTION

Occupational health

The well-being of our people is a continuous priority and concern. We have identified the main factors that could influence well-being, both positively and negatively, so that we can act proactively and anticipate changes in health. We believe in prevention from sustainable long-term perspective.

Workplace Medical Care is applicable to all of our colleagues and sometimes steps outside the boundaries of the company, since it is a service for everyone, and is always available.

We look after and promote the health of our people through medical exams by specialised professionals, taking into account not only work aspects but also the overall health of our people. We contribute to reducing absenteeism, avoiding occupational illnesses and collaborating to prevent workplace accidents. The existence of 150 doctors' offices within the company's facilities provides a more rapid and efficient service adapted to the needs of our colleagues. We performed 20,500 medical exams with 100 healthcare professionals.

**Plan for integrating new colleagues** - All new colleagues receive training in Workplace Medicine, Work and Best Practices in Health.

We developed an "Occupational Health Management System" which will improve all workplace medicine activity with regard to greater control of health and safety, consolidating all of the activity developed in this area.

We invest in promoting health and well-being through the development of different campaigns to promote sensitivity and awareness concerning prevention in the area of health and adopting healthy life-styles. Ten health activities were developed to reach all our colleagues in various ways. Specific programmes were created for logistics and CPC according to identified needs.

We provide on our portal the "Vita Salutis Interactive Platform", which covers various health-related topics throughout the year.

We promoted 100 Health Screenings, 120 Nutritional Guideline Sessions and Workshops on breast cancer in collaboration with other areas of Sonae and outside entities.

We are recognised by many health-related companies, who believe in our ability to positively influence the health of internal and external customers, with many of our partners involved in various activities.

We promoted blood drives for the Portuguese Blood and Transplant Institute, stressing our Social responsibility.

The well-being of our customers is also our concern. Continuing the programmes of automated external defibrillation (AED) we implemented the AED Programme at the Sonae Companies Business Centre, which is now a Protected Cardio Area certified by the National Medical Emergency Institute (INEM).

Occupational Health and Safety (OHS)

Health and Safety on the job is a daily concern of the entire company.

The whole management line is supported by a network of safety technicians, who develop and implement preventative and protective measures within the scope of OHS management and with the goal of improving performance.

The safety technicians work on-site in close collaboration with the "Safety Facilitators", representatives who actively aid in the implementation of these measures, thereby ensuring that the store operations are safe and healthy.

In 2013, we intensified our efforts to reduce accidents, carrying out a set of actions that included:

- "Safety Walks" - The Safety Technicians actually visiting the units, raising the awareness of our people, observing their behaviour and giving feedback;
- External audits - With the goal of ensuring the continuous improvement of the OHS management system, all units are audited by an external entity to assess their compliance with applicable legislation and internal policies;
- Semi-annual events between the safety technicians and the Safety Facilitators for training and sharing knowledge and good practices;



- ④ **"Safety Alerts"** - Using a "lessons learned" dynamic, information related to Health and Safety is systematically shared, which explain the risks and the preventive measures to be adopted.
- ④ **Work accidents investigation** - Within that same approach, all work accidents are investigated to determine the causes, and measures to prevent any further occurrences are defined and implemented.
- ④ **Survey of our colleagues** with regard to Occupational Health and Safety, including questions related to Health and Well-being. Every year we provide two annual medical consultations for all of our people, with the rate of participation in the 1<sup>st</sup> consultation being 84% and 8% in the 2<sup>nd</sup> consultation. The results of the consultation are analysed and shared with the units for the subsequent definition of preventive measures.
- ④ **Plan for the integration of new colleagues.** All of our people are given Occupational Health and Safety training when they begin work.
- ④ Campaign **"Em Abril, segurança mil"**. In 2013, we launched the 3<sup>rd</sup> edition of this campaign, which is designed to promote a set of awareness events in the area of Safety and Health. The main focus of this campaign is to lower the rate of absenteeism and accidents, as well as improve levels of satisfaction and well-being in health and safety, increasing the preventative measures taken and good practices in these areas. Among the initiatives carried out, some noteworthy examples are the production of an internal OHS film, the creation of an area of Health and Safety on our intranet portal, the Sonae Safety Day Competition - which highlights the actions that contributed most to the reduction of unsafe behaviour, work accidents and professional illnesses, with the direct and effective participation of our people - as well as other initiatives that touch on themes such as healthy life-styles, good eating habits and raised awareness concerning the subject of ergonomics and the moving of loads manually.



**International Good Practice Award in Occupational Health and Safety**



In 2013, Sonae was once again a winner 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. This distinction amongst hundreds of companies from 29 European countries results from the good practices followed by Sonae, specifically in the involvement of top management and our people in the prevention of risks and the promotion of health and safety at work in the retail sector.

**Suppliers' Manual for Health and Safety**

Occupational health and safety issues are one of our top priorities at Sonae and in line with this thinking, we pledge to guarantee conditions of safety, health and well-being for all of our people, and whenever possible, to ensure that the personnel of other companies that work with us enjoy those same conditions.

As a way of ensuring that this commitment is successfully achieved, the following practices were carried out:

- ④ An OHS Guide to Good Practices was prepared - This guide aims to inform all the subcontractor companies of the rules that must be strictly followed when they are providing services at Sonae. The Guide offers practical information related to Occupational Health and Safety, in this way guaranteeing that the service providers are able to keep their colleagues informed and aware of the risks inherent to the activities they will be performing.
- ④ Preparation of Occupational Health and Safety Criteria for specific procedures, such as the selection and hiring of suppliers of goods and services. This document sets forth all the criteria for health and safety that must be guaranteed and all the situations to which attention must be paid for each type of contracted service and each type of equipment used.

**Monitoring of Internal Satisfaction**

In 2013, we continued to carry out a set of programmes aimed at increasing internal satisfaction.

**Sonae Sharing Views**

Regular knowledge and understanding of each of our colleague's way of experiencing their work environment and professional relationships is essential. In addition, the way the company's policies and practices are felt and perceived by each colleague is fundamental to putting into practice our conviction to "walk the talk" with regard to our strategy of personnel management.

For this reason we periodically diagnose the social climate in order to measure the level of well-being of our colleagues and to be able to act on potential risk situations. In line with this policy, after the 2012 end-of-the-year survey was carried out, 2013 was dedicated to the dissemination of the results, the identification of opportunities for improvement and the systematisation of the corresponding proposed actions.

Examples of some of the initiatives already implemented are as follows:

**Logistical Operations and Production Centres**

- ④ **Solidarity in Logistics** - provide our colleagues with opportunities for sharing and social action
- ④ **Social Events**  
Events designed for the joint celebration of anniversary dates, theme days - such as Mother's Day, Children's Day, Women's Day, Family Day and the anniversary of the units - and various workshops on nutrition, oral hygiene, or domestic violence, for example.
- ④ **SMILE Programme**  
This programme includes various events designed for on-the-job well-being and happiness.

**Continente Bom Dia**

- ④ Christmas Bazaar for our people - held with the objective of making it possible for all those who are going through a time of greater economic difficulty to acquire certain articles at almost no cost.

**Worten**

- ④ Remodelling of the social spaces and the installation of changing rooms in some stores where the lockers were inappropriately located, as well as the placement of drinking fountains in stores that did not have any.
- ④ Meals offered to our colleagues on special days such as May 1<sup>st</sup> and the "Notas 20" programme.

**Sonae MC and Sonae SR in the region of the Algarve**

- ④ Pilot programme for social support - in partnership with the Red Cross, designed for our neediest colleagues, who do not have the means to resolve certain problems on their own. The type of support is very diversified: ranging from the management of family finances, legal aid, support in finding institutions to contact according to the type of problem, or technical support, and including help consisting of goods in kind, if such is the case, etc.



Well-being and internal satisfaction  
Commitments for 2013-2015

Performance 2013

<p><b>Implement a health promotion programme in the Logistics Department</b></p> <p>With the support of specialists, the Health Promotion Programme was successfully implemented in 2013 for our colleagues of the Logistics Department. Emotional well-being, Care of the feet, Oral health, Prevention consumption of alcohol and medications, Relaxation techniques.</p>	
<p><b>Implement a software tool to provide support to Sonae's Health and Safety Management System</b></p> <p>A software tool to provide support to Sonae's Health and Safety Management System has been implemented.</p>	
<p><b>Implement a software tool for support to Occupational Medicine</b></p> <p>A software tool for support to Occupational Medicine has been implemented.</p>	
<p><b>Promote health actions within the scope of internal social responsibility</b></p> <p>3 actions implemented: Blood donations, 100 health screenings, 102 nutrition advice activities.</p>	
<p><b>Keep our colleagues focused on healthy lifestyles</b></p> <p>Approximately 10 campaigns aimed at all of our colleagues and other actions focused on a more critical target audience: Women's Day; Flu; Breast Cancer; Cardiovascular Prevention; Diabetes; Nutrition; Managing stress; Ergonomics; Allergies; Monitoring pregnancy; Programme Smile.</p>	
<p><b>Continue to promote internal communication regarding well-being, health, safety and hygiene issues with our colleagues</b></p> <p>To measure the execution of this initiative, we used the degree of compliance with the plan of internal communication regarding well-being, health, safety and hygiene issues with our colleagues.</p>	
<p><b>Create and distribute to suppliers a Supplier/Subcontractor Safety Manual, containing a description of good practices on this subject</b></p> <p>This commitment is currently underway. During the first phase, a procurement procedure was defined and implemented that meets the requisites of Occupational Health and Safety for the acquisition of goods and services (service providers and subcontractors), which was drawn up and implemented with the collaboration of the department of Procedure Management.</p> <p>A pilot programme for the distribution of an "OHS Guide to Good Practices for Suppliers and Subcontractors" was initiated in one of our stores.</p>	

Fulfilled Partially fulfilled Unfulfilled

SUPPLY CHAIN RESPONSIBILITY

As part of the process of developing our Own Brands (OB) and accompanying the product and the suppliers following the development/launching of these products, which are certified in accordance with the international standard EN ISO 9001, all of our own brand products and suppliers are subject to a process of pre-validation and pre-approval. This aims at ensuring compliance with all the regulatory requirements for safety and performance, which are required within the scope of the standard of quality for own brands.

At the same time, our suppliers are subject to an evaluation process, during which audits are carried out for selection and qualification. These evaluations aim to assess the degree to which suppliers comply with our policy, leading to the acceptance, or not, of the supplier, as well as the implementation of corrective actions in conjunction with the supplier.

Whether an audit is required or not, or if the supplier's certificates are accepted depends on the origin of the supplier. Thus, depending on the risk criteria associated with each country, a list of risk countries has been drawn up, and if the country of origin is included on this list, the supplier is subject to an audit, even if they are certified.

These audits are made, based on about 300 requisites, organised into 20 sections, which touch on aspects related to the quality, ethics, environment and the safety and hygiene in the factories of domestic and international suppliers.

In 2013, a review was made of the risk classification criteria for the suppliers, taking into account the geographical location of each one, and of the requisites that determine the type of audit to be carried out. This review focused mainly on environmental aspects.

Furthermore in 2013, a procedure for assessing the non-conformities found in the audits was formalised. The integration of these corrective actions and opportunities for improvement by the suppliers are monitored carefully by our team, making closer relations with the suppliers possible and ensures Continente own brand products are of the highest quality. This process makes it possible to systematise all the activities needed to confirm the implementation of the corrective actions. In 2013, audits were made on 827 suppliers in all the business segments.

Sonae subscribes to the European Code of Conduct for the Food Supply Chain

Sonae signed the European Code of Conduct (ECC) for Good Practices in the Food Supply Chain, a European initiative that results from an agreement between the main European associations in the food and food distribution industry on the principles that should govern the relations between production and distribution.

This Code relies on self-regulation as the best way to govern the relationships in the food supply chain, favouring dialogue and establishing healthy competition. The European agreement gives special attention to the small and medium enterprises, which is especially important in Portugal, as there are large multinational companies in the production sector, but also many SMEs.

In order to guarantee good relations between the parties and resolve any disputes that arise, the ECC includes mechanisms for resolving litigations, among them being mediation and arbitration, as well as an observer group that includes representatives of all the parties of the value chain and that ensures that the best practices are implemented.

International Certification of Sonae Suppliers

With the objective of establishing long-term, mutually beneficial partnerships with the product suppliers, we began a supplier certification process.

In order to obtain this certification, the supplier must obtain an acceptable score on the quality index for the past two years, which is calculated on the basis of audits carried out, inspections, quality assessments and concerning issues such as the recall of products from the store, laboratory tests, warehouse non-conformities and store and customer complaints.

This certification process brings greater trust and transparency to our relationship with the suppliers who are relevant to the business areas, whilst at the same time, it will reduce the supply costs, both for the suppliers as well as for Sonae.



### Communication and relations with the suppliers – Supplier Portal

The Supplier Portal is a modern and exclusive communication channel that allows closer and more efficient relationships in supply chain management. The Supplier 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.

### Electronic Suppliers

At Worten, all suppliers are initially audited, with a further renewal audit every three years, with a view to their final classification and validation. In 2013, the number of suppliers audited increased to 24 of the 159 suppliers. In these audits, besides the general aspects included in all audits, such as production capacity, quality, safety and social responsibility, other specific requisites are also included, specifically with regard to electrical safety, electromagnetic compatibility and energy efficiency, amongst others.

### LVD – Electrical Safety

All the products must comply with the requisites for electrical safety according to the European norms for each family of products. For this, the suppliers send the entire technical dossier and an initial sample for analysis (through external partnerships with ISQ – the Institute of Soldering and Quality, IEP – the Portuguese Electrotechnical Institute, CATIM – Centre for Technological Support to the Metalworking Industry, SGS Portugal, SA and TÜV Rheinland Group).

This requirement guarantees the safety of the product to the end customer.

### EMC – Electromagnetic Compatibility

All products must comply with the requisites of electromagnetic compatibility according to the European norms, the suppliers submit the tests carried out on their products by their laboratory partners.

This requisite eliminates the health risks, among others, to the end customer.

### Energy Efficiency

All the products are chosen, taking into account that their energy efficiency is the best possible option (according to the requirements of each line of products). Currently 53% of the products are rated class A and 47% have a rating of A+. For the totality of products sold in 2013, 54% were classified as A+ or higher, and a reduction of 20pp was seen of items in Class A or lower.

This requirement guarantees a reduction in electrical consumption.

### Textile Suppliers

Our textile suppliers are subject to different types of audits, specifically for qualification and selection, as well as diagnostic, technical and social audits. In this way, we ensure that we contract only those suppliers that operate in accordance with safe practices and quality guarantees.

The diagnostic and technical audits are initially designed to assess the supplier's potential for certification.

The social audits for the award of the Social Ethic and Environmental certification are used to ensure compliance with the Sustainability Policy by the suppliers, as well as with the good practices in the social, ethical and environment areas, according to the commitments publicly adhered to by Sonae.

### Levels of Certification

There are three levels of certification awarded to textile suppliers, depending on the final score they achieve in the evaluation of the audits—diagnostic, social, ethical, environmental and technical: Gold, Silver and Bronze. These three levels of certification imply different criteria for the control of these articles, the frequency of audits carried out and the validity period of the certificates awarded. Whenever serious non-conformities are detected, the suppliers lose their certification, and in the event that non-conforming merchandise is found, the supplier has to accept the rejection and pay any costs involved.



**Deko-TEX Certification**

The OEKO-TEX® Standard 100 is an independent system for the testing and certification for textile products that checks for the presence of substances harmful to health and the environment.

These checks for harmful substances are carried out, taking into account the actual use of the textile, so that, the more intense the contact of a product with our skin, the more rigorous the compliance with the human and environmental requirements are. We have been working with its suppliers, with the aim of favouring suppliers that obtain this certification and/or progressively adopt the requisites of the Deko-TEX certification.

**ColorADD in the Zippy/MO spring-summer collection 2013**

We are promoting social inclusion by adding these colour codes to Zippy and MO brand clothing, thus enabling colour-blind people to easily identify the colours through symbols. Following the internationalisation of Zippy, this implementation of ColorADD has become even more relevant as a differentiating factor, as currently the inclusion of colour names on labels is not a requirement in the various languages. All Zippy and MO products have ColorADD labels.



**Continente Producers Club**



The Continente Producers Club (CPC) continues to be one of Sonae's clear priorities in national and regional economic development. At the end of 2013 it had 267 members (14 more than in 2012) and the total sales volume of Club members was 253 million Euros, 8% up on the previous year.

In 2013, the CPC was represented at various events, including the following:

- Flavours Market, held at the Porto Customs Building - promoting the knowledge and flavours of Portugal, attended by 17,500 people;
- Continente Mega Picnic, held in Lisbon, attended by over 600,000 visitors.

As part of this programme, we developed the Producers Club Innovation Award, now in its fourth year, to recognise members for their performance and alignment with retail policies. It is a means of stimulating innovation and sustainability in the Portuguese economy among our suppliers and, at same time, bringing high visibility and recognition to the winners with the most innovative projects in areas such as the environment, marketing, production and product development. The 2013 Innovation Award was awarded to the Borba CRL Wine Cooperative's project, the "Environmentally friendly wine-cellar".

**Maintenance of Continente Producers Club Certification**

The CPC aims to "bring the best of Portugal" to customers by promoting domestic products in accordance with high quality and safety standards and by supporting its members in a consistent and structured way.

Producers therefore have a guaranteed avenue for their produce and Sonae can be sure its customers are supplied with national products of proven origin and quality.

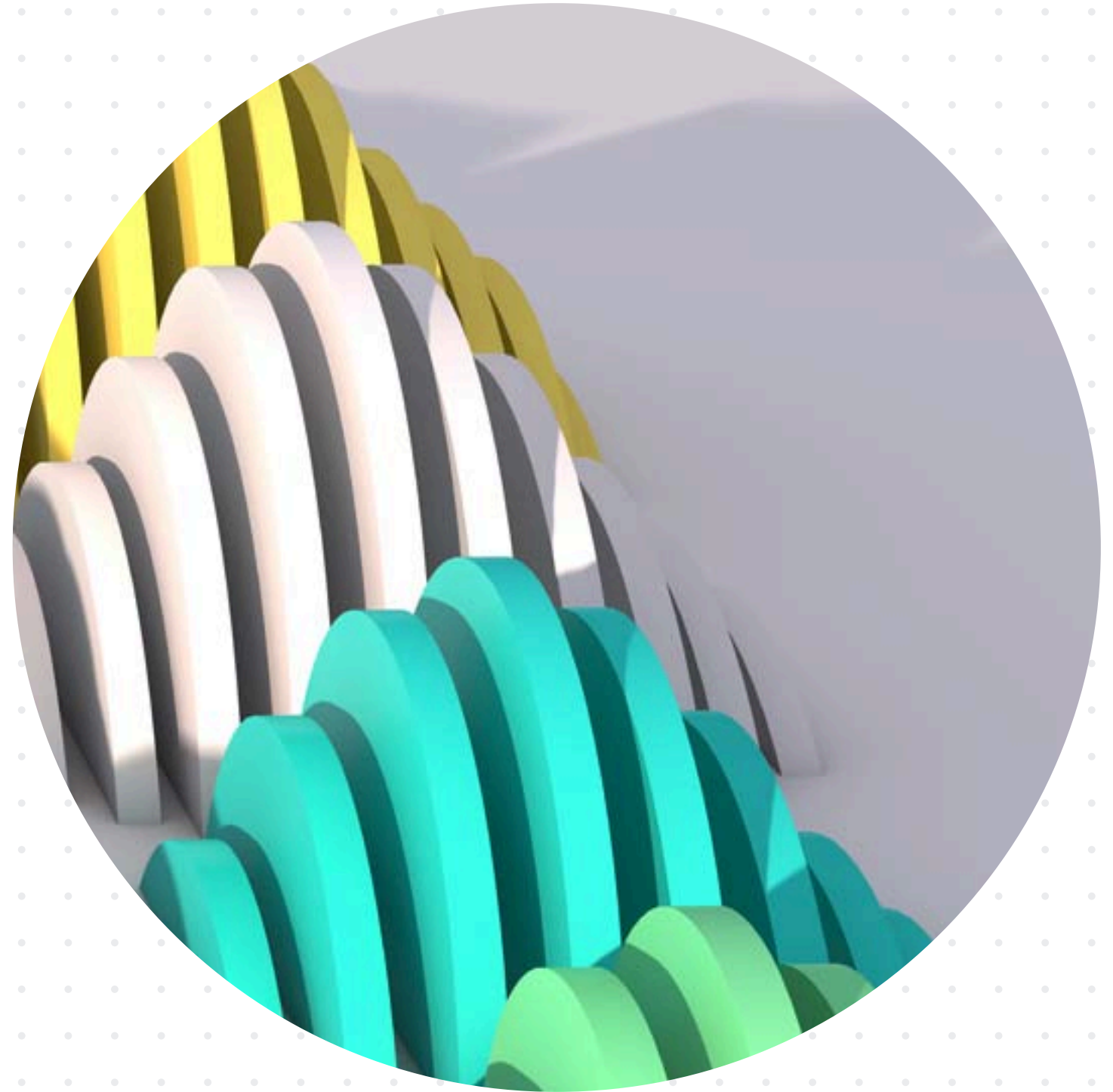
The technical specification developed by the company in partnership with a specialist company aims to describe the requirements, criteria and activities that apply to Continente Producers Club operations.

In 2013, we focused strongly on the Continente brand, inter alia by enhancing our national offer, with particular emphasis on the suppliers, seasonal products and region of the products in question.





SONAE SIERRA  
CORE PARTNERSHIP



# SONAE SIERRA - CORE PARTNERSHIP

"Taking a wider future perspective, I am particularly proud of the work we have commenced in 2013 to support the long-term resilience of our business, as well as our ongoing achievements in terms of safety, health and environmental performance. Whilst improvements in our management of energy, water and waste enabled us to reduce our environmental impact and avoid costs of €18.3 million in 2013, our research into solutions for effective resource resilience (such as water reuse and renewable energy systems) is vital for sustaining our assets' value in the long-term."

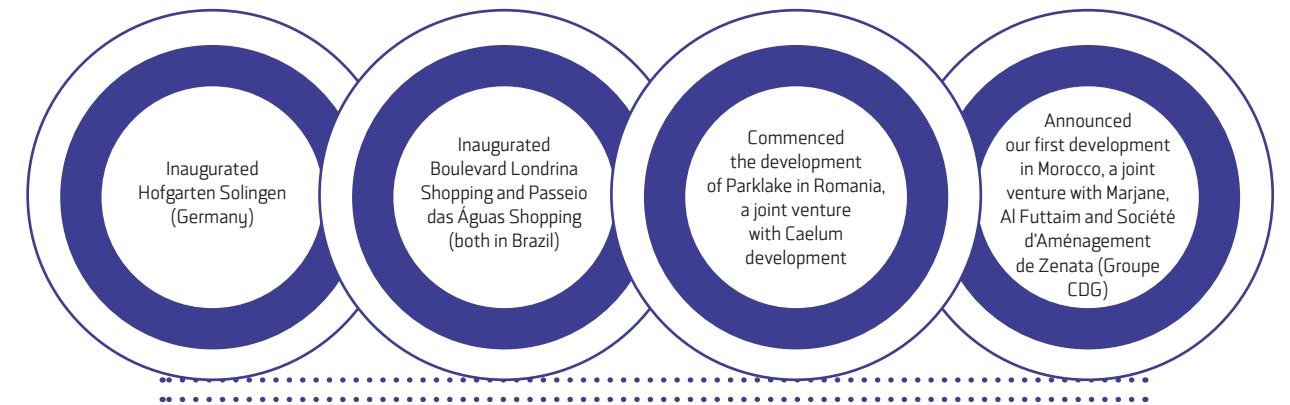
Fernando Guedes Oliveira, CEO Sonae Sierra

## KEY ACHIEVEMENTS

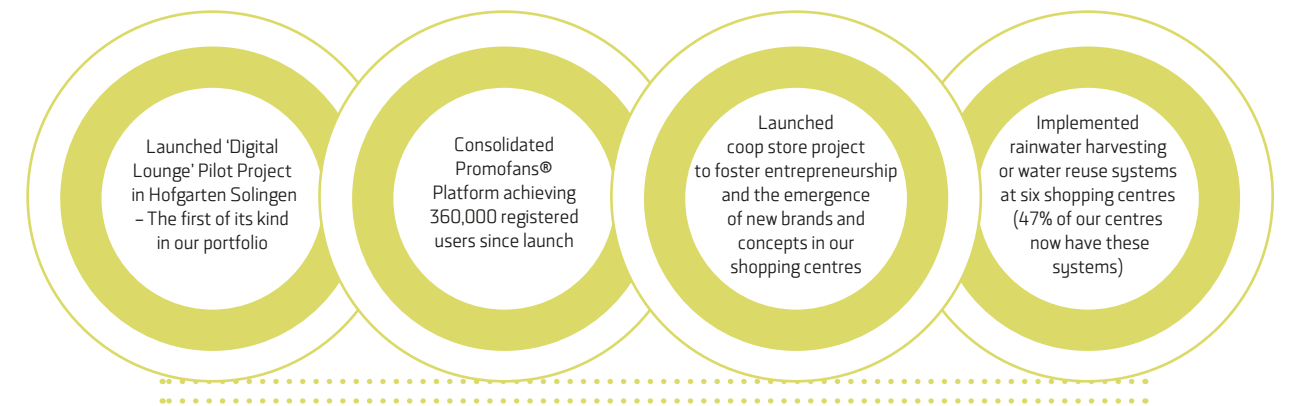
### Investment



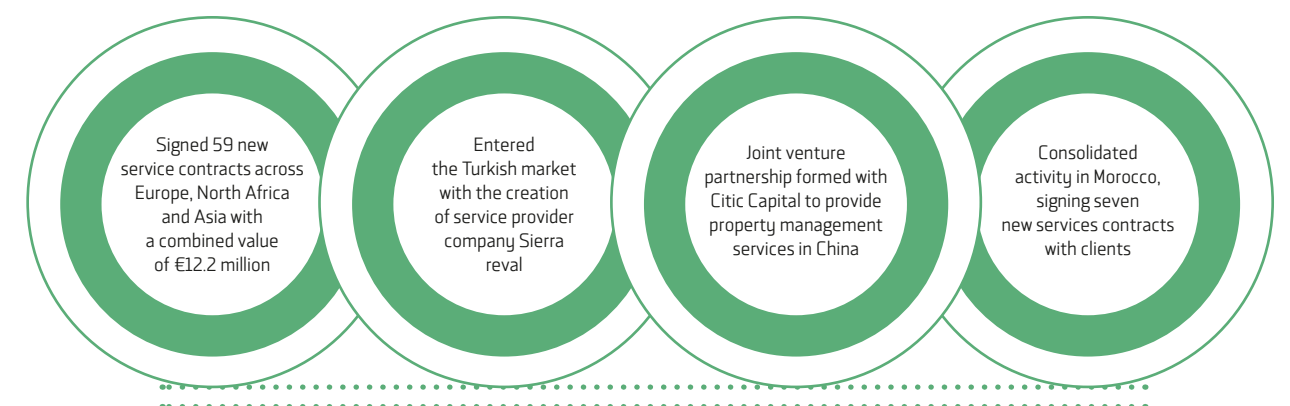
### Development



### Management



### Professional services





KEY PERFORMANCE INDICATORS



<sup>5</sup>Safety, health and environment Preventive Observations (SPOs) are a form of safe behaviour audit undertaken at our shopping centres in operation.

GOVERNANCE

Sonae Sierra's corporate governance policies were adopted by the Company based on the models of its shareholders, Sonae and Grosvenor. The shareholders' corporate governance policies impose levels of transparency, independence, remuneration compliance rules and sustainability policies which have contributed to shaping Sonae Sierra's own management model, corporate values, business strategy, sustainability policies and transparency in public reporting. We operate a Sustainability Steering Committee (SSC) which is responsible for overseeing the delivery of work under our four long-term sustainability priorities as well as Safety, Health and Environment (SHE) and Risk Management. The SSC reports directly to the Executive Committee and is chaired by our CEO. The Committee meets regularly to discuss decisions that need to be taken collectively, inform the Executive Committee of any issues related to the implementation of the Sustainability Strategy and to provide the overall vision for the company's SHE Strategy, including setting and periodically reviewing S&H and Environmental policies and long-term objectives. The senior-level employees who champion each of our long-term sustainability priorities are required to report three times a year to the Sustainability Steering Committee on progress made with respect to their area of priority.

OUR BUSINESS STRATEGY

With 25 years of experience, Sonae Sierra creates value for stakeholders throughout the entire lifecycle of each asset. The combination of our know-how, our commitment to innovation and our long-term approach has created an integrated business model that embraces shopping centre development, ownership and management as well as professional services.

Our business strategy comprises four axes to allow our business to expand its market presence, deliver sustainable financial returns and create added value for stakeholders through our business model:

SHOPPING CENTRE SPECIALIST

We aim to maximise the value captured along the complete value chain of the shopping centre business. For this, we will keep an integrated approach, covering development, investment and management of shopping centres. We define ourselves by our sector focus and not by the amount of financial capital committed to properties. That means, in some properties:

- We may hold a controlling position, by ourselves or with partners.

- We may hold minority positions associated with management services.

- We may render services to third party owners without any financial capital invested by the Company.

In all cases, we will strive for the creation of innovative shopping concepts that will adjust and evolve in order to be the preferred choice of the customer.

CAPITAL ALLOCATION

We aim to increase our exposure to developments. This will be achieved through a combination of acquiring exposure to new development opportunities and reducing our exposure to investment properties.

We will also shift from a mature market concentration to a greater weight towards emerging markets. Our market priorities will be: (1) Brazil, (2) emerging markets with significant shopping centre potential that can deliver high returns in the long term, and where we may enter via the provision of professional services and (3) Germany, Italy and Romania where the objective is to reduce financial capital employed and adopt a developer approach.

Portugal and Spain will continue to be core stable markets for the Company but with no prospects for new developments. For Greece, the objective is to realise value in an orderly way.

PROFESSIONAL SERVICES

We will continue to reinforce a professional services component focused on development, leasing and property management services. This enables us to optimise the resources of the Company under market fluctuations and improve know-how on markets, partners and projects.

CAPITAL INTELLIGENCE

We will reinforce a capital-light approach in the use of equity. For this, we will use partnerships with the purpose of minimising the financial capital invested in a given operation allowing us to share risk, maximise returns through service delivery and improve know-how.

We will aim to maintain the financial capacity to commit to ambitious and relevant shopping centre projects, namely in terms of accessing funds in debt markets. For this, we will aim to keep a relevant balance sheet size, associated with prudent financial ratios.

## SUSTAINABILITY STRATEGY

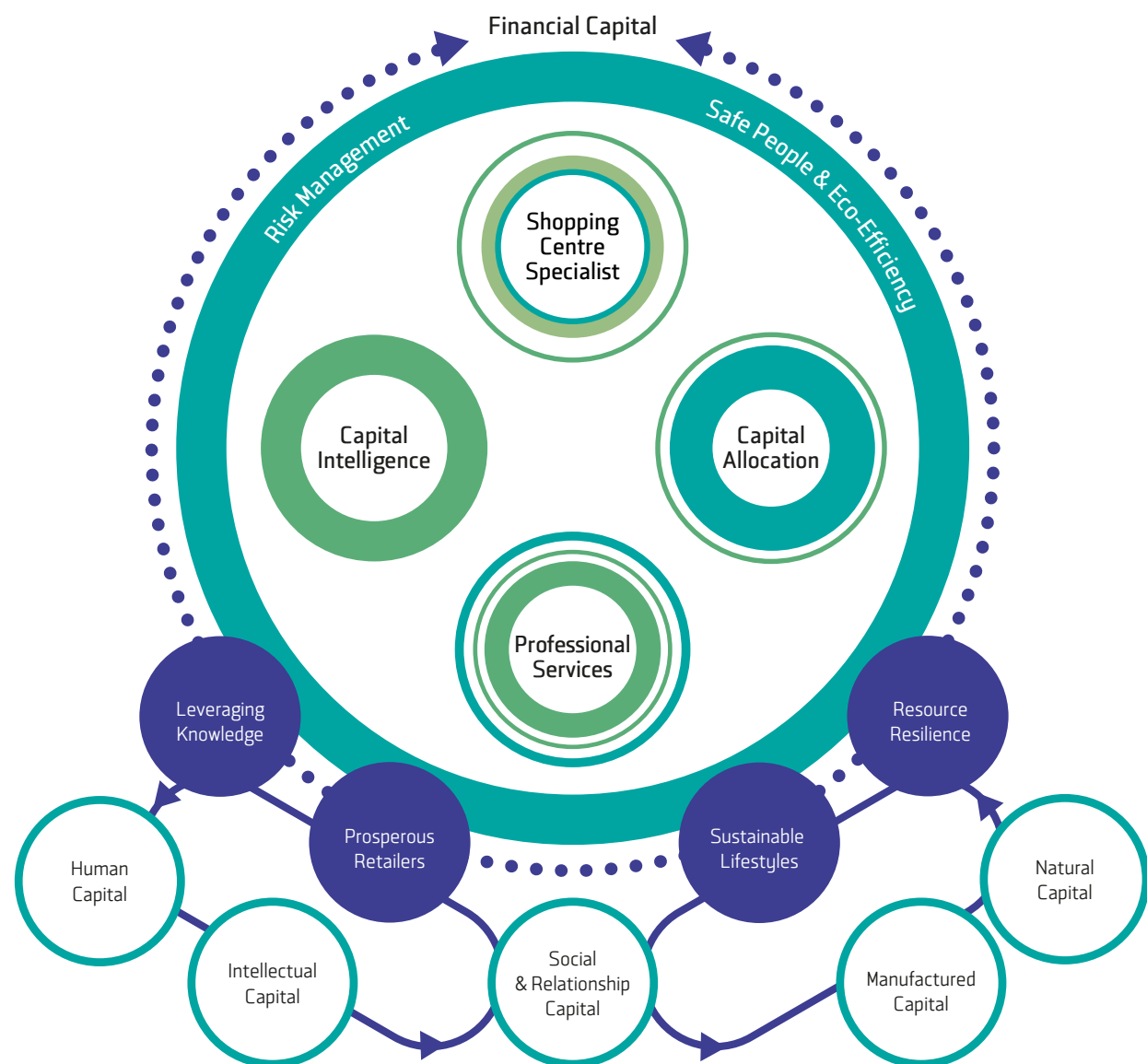
Our business strategy is supported by our sustainability strategy. In addition to our ongoing Safe People & Eco-efficiency and risk management commitments, we have identified four long-term focus areas which address the principal sustainability risks facing our operations in order to safeguard our continued capacity to do business:

- Prosperous Retailers – Partnering with tenants to make their business more resilient.
- Sustainable Lifestyles – Using our reach and public influence to encourage our visitors to make the right choices.
- Leveraging Knowledge – Empowering our employees by building their skills and knowledge and raising the standard of education at a collective level in the communities where we operate.

- Resource Resilience – Trying to be energy independent, using innovation and technology to rethink our processes and reusing water on our sites. Safety, Health

## SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM

Our Safety, Health and Environmental Management System (SHEMS) is the framework we use to manage our impacts and improve our performance in relation to safe people and eco-efficiency. The SHEMS is based on a cyclical approach that involves planning, implementation, monitoring and review to ensure continuous improvement. It is regularly updated, most recently in 2013 with reference to the increasing focus on professional services and capital light approach that forms part of our business strategy. As of 31 December 2013, ISO 14001 certifications



had been achieved in 87% of our shopping centres in operation and OHSAS 18001 certification had been achieved in 59.6%.

Our SHEMS covers all safety, health and environmental impacts across all stages of our business cycle for assets which Sonae Sierra owns or occupies.

## KEY SUSTAINABILITY ACHIEVEMENTS 2013

In 2013 Sonae Sierra commissioned a new materiality review that identified 25 different relevant aspects. **From these 25 aspects we can highlight a summary of the most relevant key achievements:**

### ENERGY

- We achieved an average electricity consumption of 444 kWh per m<sup>2</sup> of mall and toilet area, a 7% reduction compared to 2012. We achieved our 2013 target of 488 kWh per m<sup>2</sup> and remain on track to meet our long-term goal to attain a maximum electricity consumption of 400 kWh per m<sup>2</sup> by 2020.

### EMISSIONS

- We achieved a GHG emissions rate of 0.021 tonnes per m<sup>2</sup> of GLA, a 51% reduction compared to 2012, meaning we achieved our target of 0.044 tonnes per m<sup>2</sup>. Overall, we have achieved a reduction of 75% since 2005, our baseline year, meaning we have surpassed our long-term goal of a 70% reduction by 2020. Consequently, we have since set a new long-term goal for an 80% reduction by 2020.

### WATER

- Our shopping centres consumed 3.7 litres of water per visit. We exceeded our 2013 target of 3.82 litres per visit and remain on track to meet our long term objective to achieve a level of water consumption at or below three litres per visit by 2020.

### WASTE

- We applied our waste management practices to all projects under construction and achieved a recycling rate of at least 95% for our completed projects, meaning we met our target of 85%.

- We generated 41,595 tonnes of waste, of which 59% was recycled and 20% was sent to landfill. The increase in recycling rates – up 5.9% since 2012 – has enabled us to divert 1,361 tonnes of waste from landfill or incineration. We exceeded our 2013 target to attain a minimum recycling rate of 55.1% across our owned shopping centres and guarantee the proportion of waste (by weight) sent to landfill does not exceed 28.6%.

### BIODIVERSITY AND HABITATS

- During 2013, 100% of new completed development projects occurred on previously developed land.

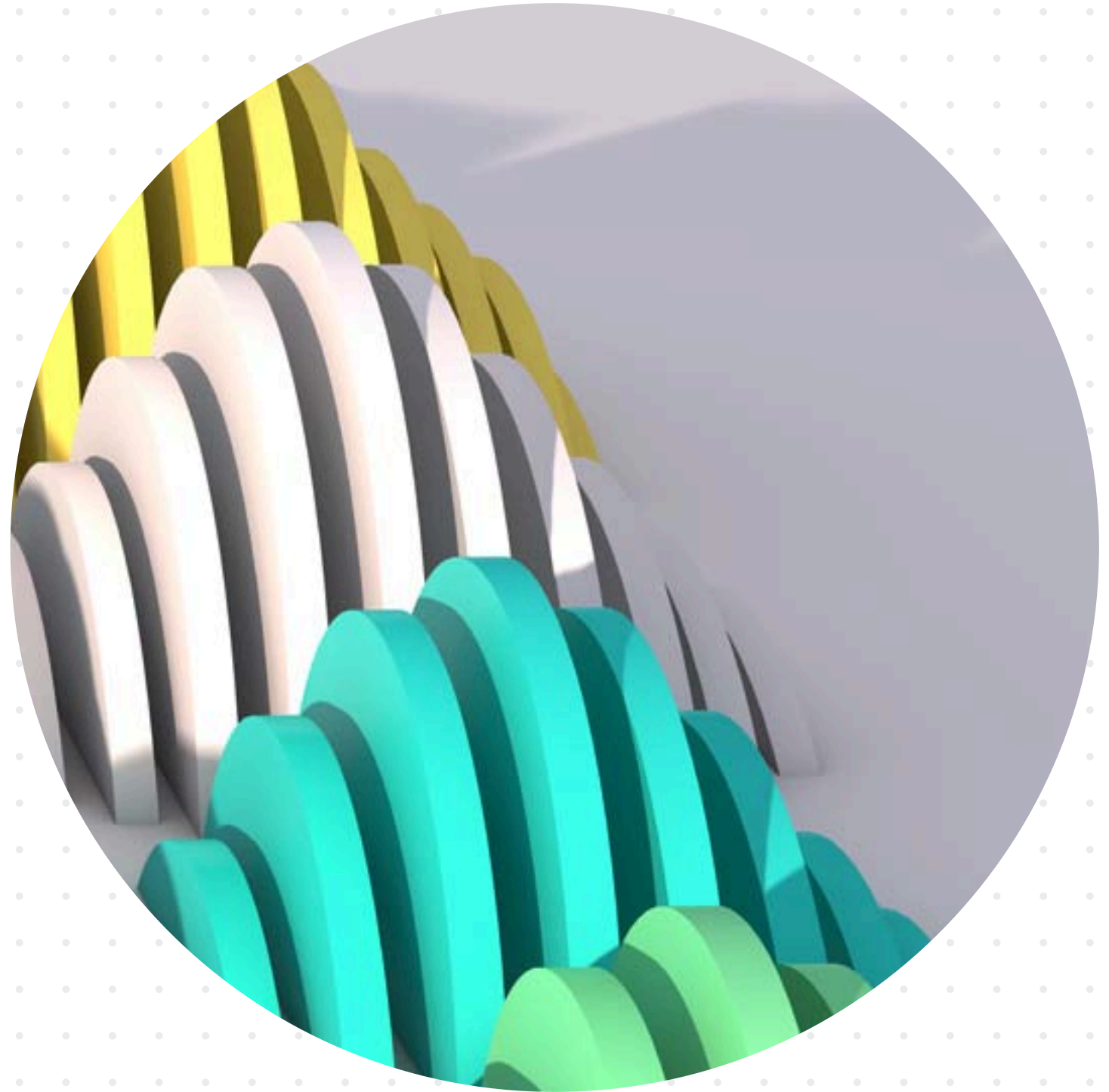
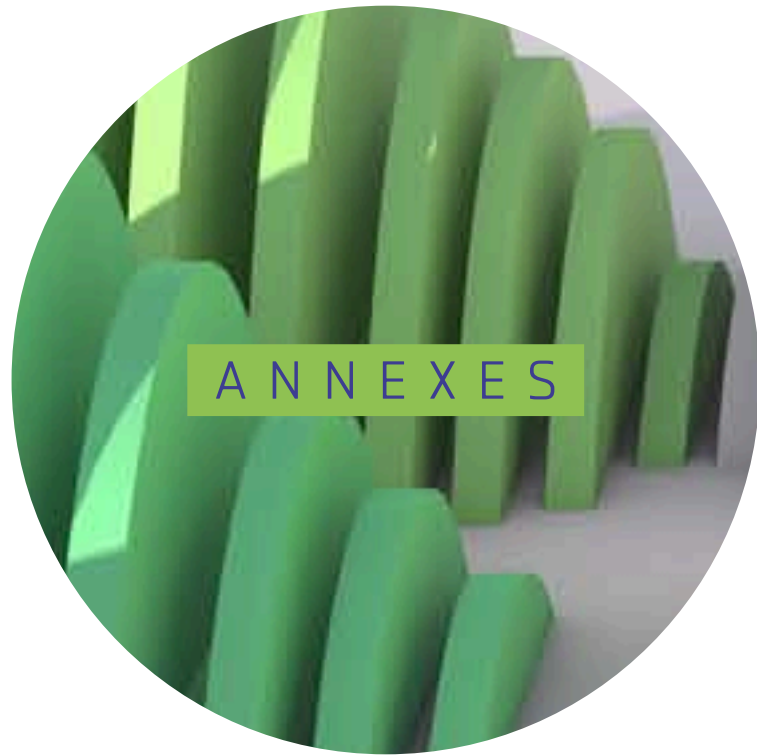
Altogether, we have managed to avoid combined costs of €18.2 million in 2013 as a result of eco-efficiency improvements introduced since 2002 (for electricity and waste) and 2003 (for water). At the same time, this has enabled us to reduce water consumption by 14% (since 2003) electricity consumption by 40% (since 2002) and increase recycling rates by an impressive 214% (also since 2002).

### SAFETY AND HEALTH

- We deliver SHE training to our staff and other key stakeholders on an ongoing basis, and in 2013 we delivered a total of 31,680 man hours of training (including meetings) on SHE to staff, suppliers and tenants across our shopping centres, development projects and in our corporate offices.
- In 2013 we performed 9,697 hours of Safety, Health and Environment Preventative Observations (SPO) across our shopping centres (including some of those which we manage on behalf of others). The number of hours of SPO performed in 2013 decreased by around 5% in comparison to 2012.

Sonae Sierra obtained four new ISO 14001 and five new OHSAS 18001 certifications for Safety, Health and Environment Management Systems at three operational shopping centres and two construction projects.

For more information on Sonae Sierra sustainability performance please consult Sonae Sierra Economic, Environmental and Social Report 2013 on <http://www.sonaesierra.com/en-GB.aspx>.



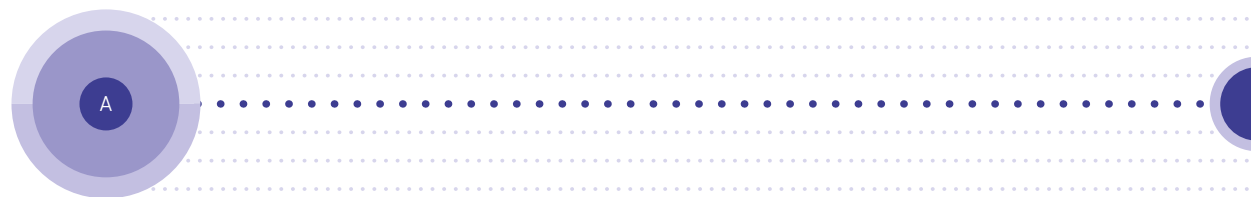


# ANNEXES

## COMPLIANCE WITH PRINCIPLES AND MEMBERSHIP OF ASSOCIATIONS AND PARTNERSHIPS WITH ORGANIZATIONS



## GLOSSARY



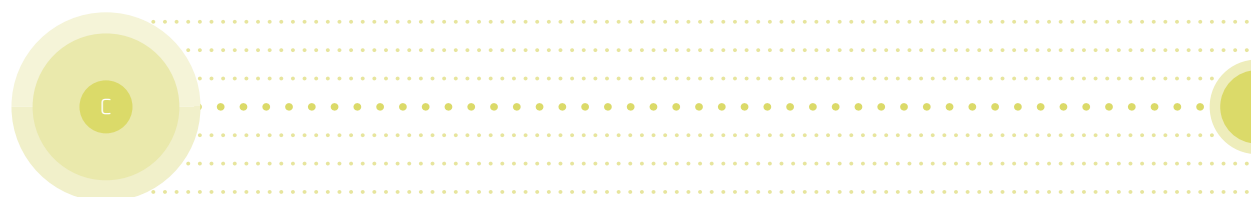
**APED** Portuguese Association of Distribution Companies.



**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.



**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.



C

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.
CO <sub>2</sub> e	Carbon Dioxide Equivalent—a reference unit which allows the quantification of all greenhouse gases.

D

Data centres	Facilities used to house computer systems and associated components.
DRV	Daily reference values.
Due diligence	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

EBITDA	Earnings before interest, taxes, depreciation, and amortisation.
Ecological footprint	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.
Energy efficiency	Optimisation of energy use.
ERT	European Round Table. Organisation which brings together the main European business leader.
Euro Standards	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.
EWRM	Enterprise-wide risk management. Business risk management programmes.

F

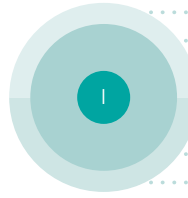
FMCG	Fast moving consumer goods. Products generally sold in large quantities.
Format leader	A leader in its format.
Franchising	Licence sale system in which the franchisor cedes the right to use its brand, patent, infrastructure and know-how as well as the exclusive or semi-exclusive rights to distribute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

G

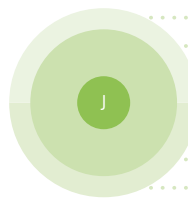
GEP	Global Enterprise Project. Initiative which promotes entrepreneurship among secondary school students throughout Europe.
GLA	Gross leasable area – Total floor area designed for tenant occupancy and exclusive use.
m <sup>2</sup> GLA	Gross leasable area square meters.
GHG	Greenhouse Gases. Gases which 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

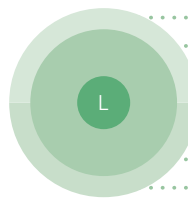
HVAC	Heating, Ventilation and Air Conditioning.
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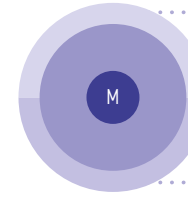
IIA Standards	International Internal Audit professional standards.
IIA	Institute of Internal Auditors.
ISO	International Organisation for Standardisation. A non-governmental organisation mainly involved with the standardisation of goods and services using standards to continuously promote product quality.



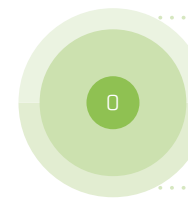
Joint ventures	Association of companies for the purpose of exploring a specific business venture, without losing their independent legal capacity.
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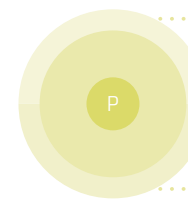
LCD	Liquid crystal display.
Leaseback	Asset relocation.
LED	Light-emitting diode.
Link	Hyperlink.
LWCAFR	Lost workday case accidents frequency rate.



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.



Oeko-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.



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

REACH European Directive	European Union directive regarding hazardous substances – Registration, Evaluation, Authorisation and Restriction of Chemical Substances.
Recycling	Reusing materials to deploy them in new components.
Risk and control self-assessment	Methodology for the internal evaluation of control processes and risk management.
ROHS Directive	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

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

U

United Nations Global Compact	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

WBCSD	World Business Council for Sustainable Development. 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.
Wholesale agreements	Wholesale trade agreements.
WEEE	Waste electrical and electronic equipment.
World Economic Forum	This non-profit making organisation annually promotes meetings where urgent issues such as health and the environment are discussed.
World Safety Declaration	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

Yields	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



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

**Independent verification report  
of the 2013 Sustainability Report**  
(Free translation from the original in Portuguese)

#### Introduction

In accordance with the request of Sonae, SGPS, S.A. (Sonae), we performed an independent verification of the 'Sustainability Report 2013' (Report). Independent verification was performed according to instructions and criteria established by Sonae, as referred in the Report, and according to the principles and extent described in the Scope below.

#### Responsibility

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

#### Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 3.1 (GRI3.1) as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

The scope of our verification consisted on information from 2013 regarding Portugal, for the GRI3.1 retail indicators presented in the Report and in the document 'GRI Indicators' (included in Sonae's corporate website).

The verification of the management's self declaration on the application level of the Global Reporting Initiative (GRI3.1), based on GRI's Reporting Framework Application Levels, consisted on the verification of the consistency with the requirements regarding the existence of data and information but not on their quality and accuracy.

The following procedures were performed:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
- (ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;

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- (iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
- (iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
- (v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
- (vi) Comparing financial and economic information with the contents of the 'Financial Statements 2013', audited by the external financial auditor
- (vii) Confirming the existence of data and information required to reach level A of compliance with GRI3.1, self-declared by Sonae on the Report.

**Independence**

We develop our work in line with standard ISAE 3000 independence requirements, including compliance with PwC's independence policies and code of ethics of the International Ethics Standards Board of Accountants (IESBA).

**Conclusions**

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

Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for level A, according to GRI3.1.

Lisbon, May 29, 2014

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC



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