



# INDEX

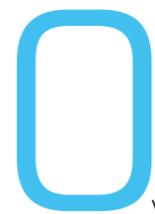
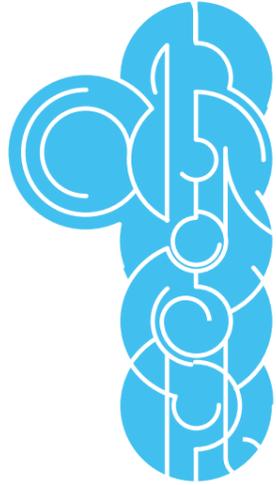
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SONAE

1 CEO'S STATEMENT

# CEO'S STATEMENT



Over the more than 50 years of Sonae's business activity, special attention has always been given to environmental, social and economic issues. The company's growth has also been the result of a business culture which has always believed in innovation, anticipation of consumer needs, desire to surprise and an inclination to question management models and the status quo.

In 2009, we certainly continued along this path, increasing turnover, investing in our human capital and in society, while continuing efforts to reduce our main environmental impacts. These results have been achieved against an economic background, which has been challenging to say the least, and which has strengthened our conviction that it is only through a strategic vision that encompasses economic, social and environmental factors that success can be attained.

The year 2009 was also one in which we reorganised our business. Various organisational changes were implemented, designed to accelerate growth, provide greater focus on the Retail business and give increasing autonomy to our core partnerships in the Telecommunications and Shopping Centres sectors. The format used this year in our report takes into account the internal organisation recently completed, placing greater focus on the Retail business than in previous years' reports and producing separate and detailed reports for the other areas.

We are convinced that we are following a clear and ambitious strategy of sustained growth. Our intention with this document is to offer a straightforward and objective vision of our strong corporate commitment to Sustainability. As the biggest private employer in Portugal and an organisation which interacts every day with millions of stakeholders, we are aware that we can and must influence society to adopt more responsible attitudes.

We thus highlight in the Retail area various initiatives relating to healthy eating, ethical relationships with suppliers, fostering Portuguese agriculture through the Producers' Club and making more environmentally friendly products available to consumers, as well as a number of actions taken to rationalise resource consumption and of involvement with local communities.

We understand very well the challenges and opportunities in our path and we are well prepared to face the future.

As I have already pointed out, we believe that the approach that we have taken to Sustainability over the years will make us even stronger, and enable us to reach yet higher levels of economic, environmental and social performance.

Paulo Azevedo  
CEO Sonae





SONAE

2 MISSION, VALUES AND MAJOR SUSTAINABILITY MILESTONES

# MISSION, VALUES AND MAJOR SUSTAINABILITY MILESTONES



## Mission

To create long-term economic and social value, bringing the benefits of progress and innovation to an ever increasing number of people.

## Values and Principles

Sonae's corporate values and principles are like the links in a chain, which connect the businesses, ensuring a collective strength and common future. They are the principles by which the company benchmarks its activity and relationships with all of its stakeholders. Sonae's corporate values and principles, shared by its managers and staff, are considered to be the key underlying factors which underpin the distinctive competencies of the company.

The key features of Sonae's corporate culture are enshrined in the following 7 values:

### Ethics and Trust

A key commitment of Sonae is to create economic value founded on ethical principles and on those of sustainable development, based on a long term view and on relationships of trust with all of its stakeholders.

### People at the centre of the company's success

Human resources are a factor of differentiation in the markets in which Sonae operates. The company believes that the critical factors to attract outstanding human resources are: the continuous development of capabilities and skills; and a taste and inclination for change.

### Ambition

Ambition continues to be the main driving force behind the success of Sonae: a quality which transformed a small wood laminate business into one of the largest companies based in Portugal an increasing international presence and leader in almost all the business sectors in which it operates.

### Innovation

For Sonae, innovation is much more than simply creating new products and services. Innovation is the essence and at the heart of the businesses. Sonae believes that learning happens by trial and error and by making mistakes, but is aware of the importance of finding a balance in accordance with normal risk management standards.

### Social Responsibility

Sonae embeds within its values and culture the sustainability principle as a basis for playing an active role in contributing towards improving the local communities among which it operates, demonstrating concern for the environment and society, as well as a high level of respect for employees, customers, shareholders and suppliers.

### Frugality and Efficiency

Sonae excels in terms of efficiency, thrives in highly competitive conditions and in the development of projects with far reaching impacts. Sonae seeks to optimise its resources, carefully selecting where and when to use them in order to maximise its return.

### Cooperation and Independence

Sonae takes a position of independence and autonomy in relation to local and central government but is always willing and open to cooperate with governments with a view to improving the regulatory, legislative and social framework.

## Sustainability at Sonae – Major Milestones

Since Sonae was founded, sustainability principles have always been followed. Over the years, Sonae has performed positively, not only in terms of profitability but also socially, through support to the community, protecting the environment and improving its Corporate Governance performance by introducing transparency and internal rules designed to ensure ethical and responsible behaviour throughout the organization.

## The main initiatives taken by Sonae concerning Sustainability

Year	Initiative
1995	Launch of the <b>Horizon Project</b> , designed to strengthen environmental management, and considered to be a factor of differentiation and competitive advantage; joined the <b>World Business Council for Sustainable Development</b> .
1996	Set up of the <b>Environmental Forum</b> , to discuss best practices, share experiences and information about the environment.
1999	Launch of the <b>Eco2 XXI Programme</b> , with the goal of implementing actions to increase environmental efficiency.
2000	The Board of Directors approves Sonae's <b>Environmental Policy</b> and environmental management system.
2001	Active involvement in the set up of the Portuguese branch of the <b>World Business Council for Sustainable Development</b> , of which Sonae is a founder member; publication of Sonae's first environmental report.
2004	Sonae signs up to the <b>United Nations Global Compact</b> .
2005	Sonae signs the <b>World Safety Declaration</b> ; set up of the <b>Sustainability Forum</b> , which replaced the <b>Environmental Forum</b> .
2007	Publication of Sonae's first <b>Sustainability Report</b> .
2008	Sonae signs the <b>HIV/AIDS Code of Practice</b> and the <b>United Nations Human Rights Declaration</b> .

## 2009 Highlights

- Sonae signs a letter in support of the United Nations Convention against Corruption;
- Adoption of a Sustainable Fishing Policy, the first retail group in Portugal to do so;
- Continente elected for the eighth year running "Brand of Trust" and for the second year running "Environmental Brand of Confidence" in the "super/hypermarkets" category of the survey "European Brands of Confidence", carried out by the Reader's Digest;
- Worten elected Brand of Confidence in the category "Non food distribution stores" in the survey "European Brands of Confidence" carried out by the Reader's Digest;
- Broadening of the healthier food product offer;
- Launch of the "Hiper Saudável" Project with the first nutrition consultations in Continente Hypermarkets;
- Environmental certification won for the first non food retail store - Worten at Colombo - and for the first hypermarket in Madeira - Modelo in Machico;
- Sonae joins the Carbon Disclosure Project, reporting information about its carbon footprint;
- "Mission Smile" wins the "Social Responsibility Master" prize awarded by the magazine "Distribuição Hoje";
- Sonae Sierra's Personae Project is considered the Best Risk Training Programme in Europe in the European Risk Management Awards 2009;
- Sonae Sierra wins the "Market transformation" category, one of the prizes of the Sustainable Energy Europe Awards;
- Sonae Sierra is considered to be the Best Retail Developer of the Year on the Iberian Peninsula by the Euromoney Real Estate Awards;
- Optimus, Sonaecom's mobile operator, wins a prize in the Service Innovation category of the prestigious Global Telecoms Business Innovation Awards;
- The "Optimus Concept Store" at the Casa da Música in Porto is awarded 1st prize in the "Digital Signage Best Practice Awards 2009".
- Sonae was awarded with the Red Dot: Communication Design 2009, on the "Corporate Identity" category, for the image "Sonae 50" developed for the company 50 years celebrations.

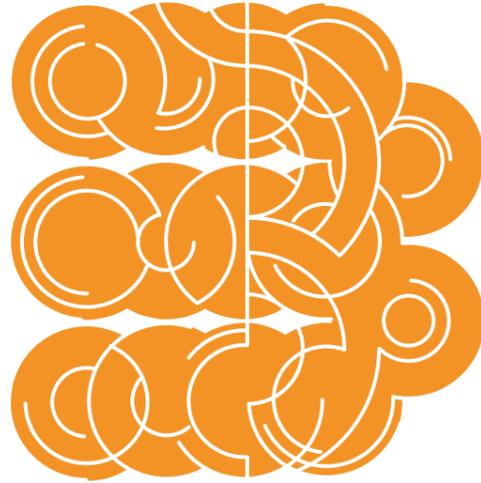
## Key Figures in 2009

<p>€5,665 Millions Turnover</p> <p>+ 5,8% Change 2008 - 2009</p>	<p>39,372 Employees</p> <p>+ 5,2% Change 2008 - 2009</p>	<p>€614 Millions CAPEX</p> <p>- 30.7% Change 2008 - 2009</p>
<p>1,516 thousand millions Training Hours</p> <p>- 12% Change 2008 - 2009 39 hours/employee</p>	<p>€9,6 Millions Community Support</p> <p>11,3% of Earnings before Tax</p>	<p>€74 Millions Net Profits</p> <p>+ 89.7% Change 2008 - 2009</p>
<p>946 GJ/€ Energy consumption per unit of turnover</p> <p>-0.04% Change 2008 - 2009</p>	<p>832 Retail stores (*)</p> <p>832,000 m<sup>2</sup> of sales area (*)</p>	<p>3,596,781 Weekly retail customers</p> <p>+ 9% Change 2008 - 2009</p>

(\*) Data not comparable with those published in previous reports due to changes in the organisational structure of Sonae.



# BUSINESS



In 2009, and despite macro-economic difficulties and strong deflationary pressures, Sonae increased turnover, created new jobs, invested in the community, reduced its net bank debt and increased direct taxes paid to the State.

In 2009, Sonae completed the implementation of its new organic structure, in order to position itself as a company focused on the retail sector with 2 core partnerships: Sonae Sierra and Sonaecom.

## Sonae

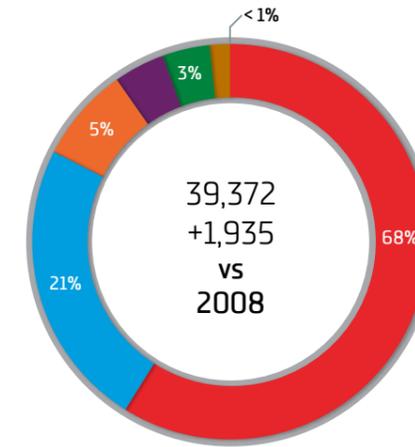
100% SONAE MC Food Retail	100% SONAE SR Specialised Retail	100% SONAE RP Retail Real Estate	50% SONAE SIERRA Shopping Centres	53% SONAECOM Telco	100% INVESTMENT MANAGEMENT
Hipers and supers	Sport, Electronics and Textiles	Retail Assets	Development, ownership and management and the provision of services to third parties	Telecommunications, Media and Software and Information Systems (SSI)	Units with M&A activities: insurance, travel and DIY
Portugal	Portugal and Spain	Portugal	Portugal, Spain, Italy, Greece, Germany, Romania and Brazil, and third party services to Serbia, Cyprus, Morocco and Colombia	Telco & Media: Portugal SSI: Australia, Brazil, Spain, USA, Ireland, Poland, UK, Mexico, Malaysia and Egypt	Portugal
<b>CORE BUSINESS</b>	<b>RELATED BUSINESS</b>	<b>CORE PARTNERSHIPS</b>	<b>ACTIVE MANAGEMENT</b>		

**SONAE MC**, food retail market leader in Portugal, revolutionised the commercial landscape in Portugal with the opening of the first hypermarket in the country 25 years ago; ,628,000 m<sup>2</sup> of sales area (+7% compared to 2008); 378 stores split among the following brands: Área Saúde (para-chemists and opticians), Bom Bocado (catering), Book.it (bookshop/stationery), Continente (hypermarkets) e Modelo (hyper and supermarkets).

**SONAE SR** holds reference positions in its market segments in Portugal and has an increasingly important international business; 304,000 m<sup>2</sup> of sales area (+23% compared to 2008); 454 stores split among the following brands: Loop (footwear), Modalfa (clothing), Sport Zone (sports clothing and equipment), Vobis (technological equipment), Worten (whitegoods and consumer and entertainment electronics), Worten Mobile (mobile telecommunications) and Zippy (infant and children's' clothing).

**SONAE RP** is a recent business unit, set up with the goal of actively and effectively managing the portfolio of retail real estate assets in order to improve the profitability of the portfolio and support the growth objectives of the company.

## EMPLOYEES 2009



68% Women / 32% Men

69% Full Time / 31% Term contracts

96% in Portugal / 4% Abroad



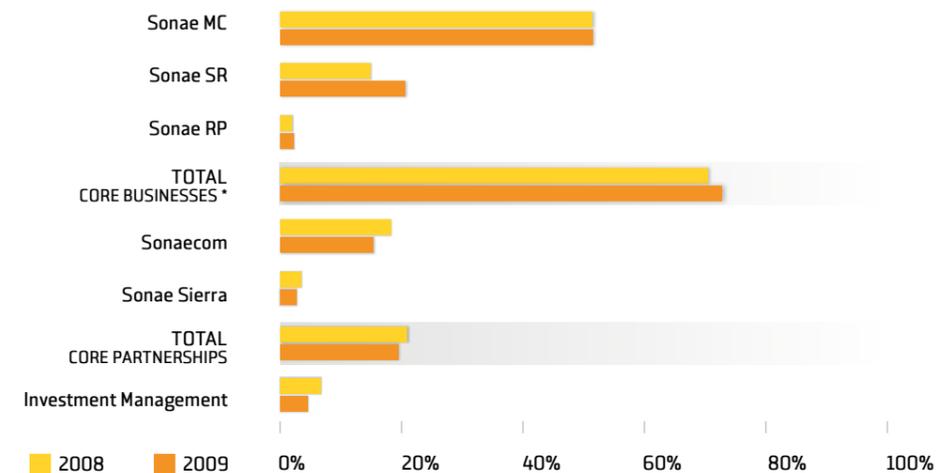
**SONAE SIERRA** is the international specialist in shopping centres that is passionate about bringing innovation and excitement to the shopping centre industry. Operates in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, also providing third party services in Serbia, Cyprus, Morocco and Colombia; owner of 51 shopping centres with GLA total of more than 2,000 thousand m<sup>2</sup>; in total, including the management of centres owned by third parties, it owns a GLA of 2,200 thousand m<sup>2</sup>, with 8,924 tenants and more than 436 million visits in 2009.

**SONAECOM** offers through Optimus brand a complete range of mobile, fixed and multimedia communications services, aimed at residential and business customers in Portugal. 20% market share of the mobile segment with around 3.4 million customers. Telecommunications revenue assurance leader with WeDo Technologies. Owner of the Público newspaper, a benchmark in Portugal.

**SONAE Investment Management** supports corporate strategy implementation. Its portfolio currently includes companies operating in retail DIY (MaxMat), travel agencies (GeoStar) and insurance broking (MDS), sectors in which the company believes that Mergers and Acquisitions will play an important role in value creation.

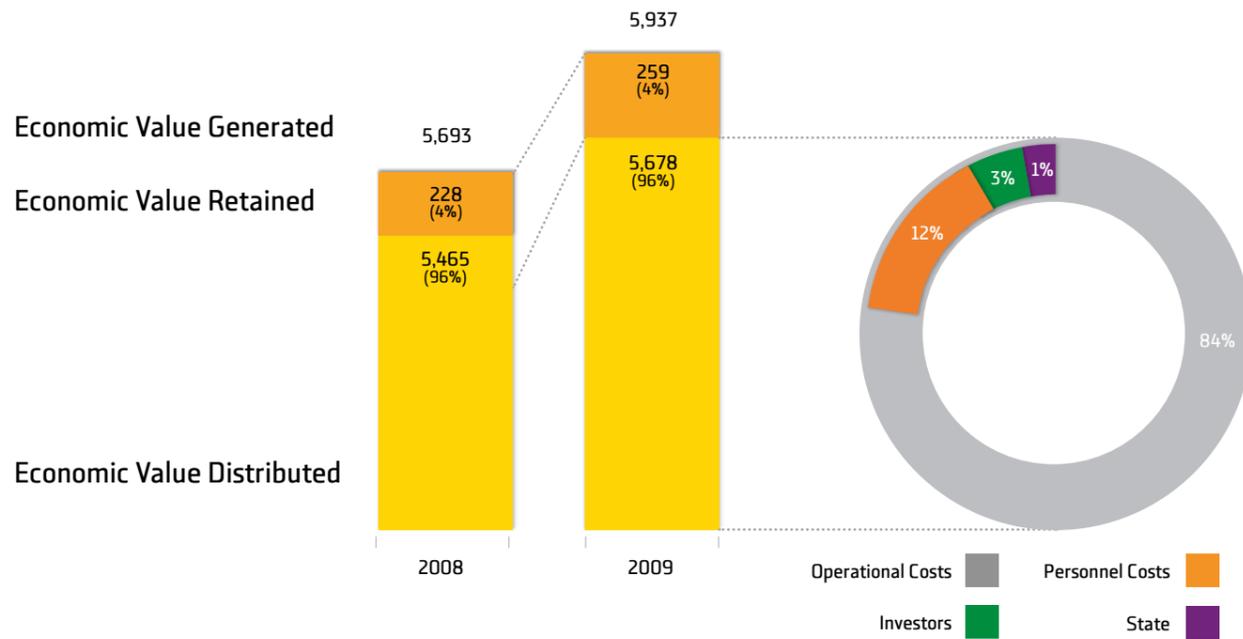
The company's turnover in 2009 was close to 5.7 thousand million euros, an increase of 6% over 2008. The good performance of retail in Portugal was accompanied by major expansion in Spain by the Sport Zone, Worten and Zippy brands, with the opening of a total of 22 new stores, more than doubling the sales area in the country. The strategy of international expansion, the main driving force behind the internal restructuring, is thus beginning to bear fruit, in spite of an international economic situation, which continues to be unfavourable.

## Contribution to Turnover by Business Area



### 3.1 CREATION AND DISTRIBUTION OF ECONOMIC VALUE

In 2009						
Turnover	GVA Sonae's Gross Value Added is equal to 1.6% of the GVA of the Portuguese economy	Job Creation	Salary Increases: greater percentage increases for lower paid staff	Debt Reduction	Investment in the Community	Direct taxes paid to the State
€5,665 M +6%		1,935 + 5%		- 3%	9.6 M€	+80%



Note: Gross Value Added is equal to: Turnover + Other Operational Income + Revaluation of Real Estate Assets

### 3.2 SONAE'S MAIN ENVIRONMENTAL AND SOCIAL IMPACTS

The environmental and social impacts of SONAE depend on the activities of each of its business areas. Despite differences that exist, energy consumption and associated Green House Gas Emissions (GHGE), waste generation, water consumption and biodiversity are the main impacts that are common across Sonae's businesses. Socially, the main areas of involvement and action are direct and indirect job creation, and strong investment in employee training and in the community.

### Sonae's main environmental and social impacts

	SONAE MC e SONAE SR Retail	SONAE RP e SONAE SIERRA Real Estate	SONAE COM Telecommunications	INVESTMENT MANAGEMENT Various
<b>Environmental</b>	<ul style="list-style-type: none"> <li>Energy and GHGE</li> <li>Transport</li> <li>Waste</li> <li>Water Consumption</li> <li>Impacts from the Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Energy and GHGE</li> <li>Waste</li> <li>Water Consumption</li> <li>Biodiversity and Habitats</li> </ul>	<ul style="list-style-type: none"> <li>Energy and GHGE</li> <li>Waste</li> <li>Electromagnetic fields</li> <li>Water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Energy and GHGE</li> <li>Transport</li> <li>Waste</li> <li>Water Consumption</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>Direct and Indirect Job Creation</li> <li>Investing in Employees and their Satisfaction</li> <li>Health and Safety (employees, customers and visitors)</li> <li>Food Safety</li> <li>Supply Chain</li> <li>Community Involvement</li> </ul>	<ul style="list-style-type: none"> <li>Direct and Indirect Job Creation</li> <li>Investing in Employees and their Satisfaction</li> <li>Health and Safety (employees, tenants, suppliers and visitors)</li> <li>Value Chain - Satisfaction and Cooperation with Suppliers, tenants and visitors</li> <li>Involvement with the Community and Visitors</li> </ul>	<ul style="list-style-type: none"> <li>Direct and Indirect Job Creation</li> <li>Investing in Employees and their Satisfaction</li> <li>Health and Safety (employees and customers)</li> <li>Digital Inclusion</li> <li>Information Society</li> <li>Community Involvement</li> </ul>	<ul style="list-style-type: none"> <li>Direct and Indirect Job Creation</li> <li>Investing in Employees and their Satisfaction</li> <li>Health and Safety</li> <li>Community Involvement</li> </ul>

### Key Environmental and Social Indicators at Sonae<sup>1</sup>

Energy Consumption per Unit of Turnover 946 GJ/Million euros -0.04% Change 2008-2009	CO <sub>2</sub> Emissions per unit of turnover 73 tonCO <sub>2</sub> e/Million euros +0.09% Change 2008-2009
Water Consumption per unit of turnover 402 m <sup>3</sup> /Million euros -1.6% Change 2008-2009	Waste Recovery Recovery rate of 68% +4pp compared to 2008
Waste Generation per unit of turnover 19 ton/Million euros -3.2% Change 2008-2009	Investment in R&D € 74,5 Million euros 1.2% of Turnover
Training per employee 1.515.951 training hours 39 hours per employee -12% Change 2008-2009	Absentee rate 0.35% -0.12 p.p compared to 2008
Work Accidents 1,213 work accidents -28% Change 2008-2009	Investment in the Community per unit of turnover 1,702 € invested/Million euros -17% Change 2008-2009

<sup>1</sup>The figures shown are those resulting from consolidating the numbers for each business. The methodologies and emission factors used are those which are appropriate to each business' activities and can be examined in more detail in their respective Sustainability Reports. The emissions reported in this document refer to those activities within scopes 1 and 2 of the Green House Gas Protocol.

### 3.3 INVESTMENT IN THE COMMUNITY

Sonae has contributed towards the development of the regions and countries in which it operates through actions that promote social harmony.

Job creation, investment in initiatives that aim at improving the quality of life of communities and developing partnerships with community institutions are examples of the ways that we help to solve specific problems and strengthen community socio-economic development.

While there are clear guidelines from Sonae defining specific areas of community support, the various business units have the freedom to define their strategies and identify investment priorities, based on finding common ground between the business area concerned and the needs of the local population.

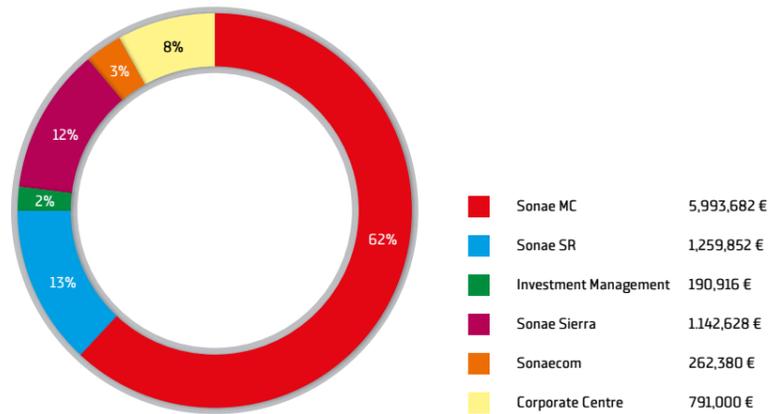
Some actions, which involve all sub-holdings of the company, are managed at a corporate level.

#### COMMUNITY SUPPORT

€9.6 Million of community support

Equal to 11.3% of Profits before Tax

2,619 Institutions supported



#### CORPORATE INVESTMENT IN COMMUNITY DEVELOPMENT

##### Junior Achievement (Learn to be an entrepreneur)

Sonae sponsored the "Empresa" competition in Portugal, promoted by the "Learning to be an Entrepreneur" Association, which seeks to promote entrepreneurship and innovative business ideas among secondary school children.

##### Serralves Foundation

Sonae was the exclusive sponsor of the "Emissores Reunidos" exhibition, which took place at the Serralves Foundation, of which the company is a founder member. Designed for a building in which a radio station would have been operating, in this exhibition the artists modelled the rooms of the building using materials from a former radio station.



##### Green Project Awards

For the second year running, Sonae supported the Green Project Awards, an initiative which awards prizes to good business practices in the environmental and sustainable development areas.

##### Casa da Música (House of Music)

As founder member of the "Casa da Música", Sonae once again supported its programme to promote culture.



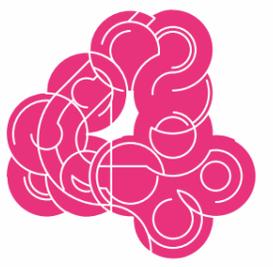
##### Every month, the story of a life

As part of the "Porto of the Future" project, in which Sonae has been involved since 2008, a programme called "Role Models" was run, which involved identifying 11 well known personalities in Portugal with outstanding career paths, to give a talk to children from the Cerco schools. Belmiro de Azevedo was the first personality to take part.

##### Involvement in Associations

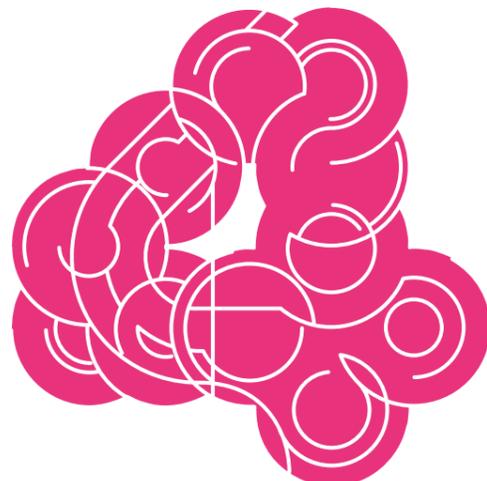
Involvement in the following: COTEC, AEP, World Economic Forum, ERT and WBCSD and BCSD Portugal.

The remaining community involvement actions carried out by the different business units are described in chapters 5. (Retail), 6. (Shopping Centres) and 7. (Telecommunications) of this report.



SONAE

# MANAGEMENT



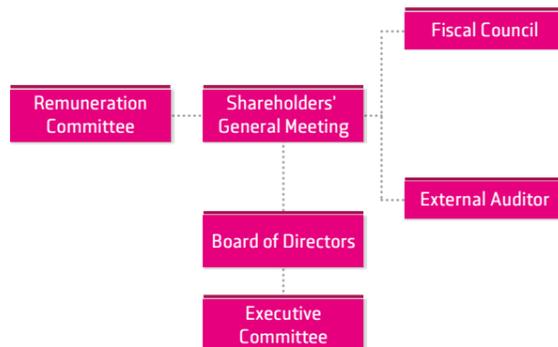
Effective management implies a robust and flexible governance model that can unleash the potential of a team of 39 thousand employees, in which the recognition of merit and continuous training are the cornerstones of growth.

## 4.1 GOVERNANCE MODEL

The Governance structure of the company is made up of the Board of Directors, the Statutory Audit Board and the Statutory Auditor, all of whom are elected at the Shareholders General Meeting, while day to day management of the company is delegated by the Board of Directors to an Executive Committee.

The members of the statutory governing bodies, the Board of the Shareholders General Meeting and the Remunerations Committee are elected at the Shareholders General Meeting (SGS) for periods of four years but can be re-elected for further periods. The SGS approves the remuneration policy of the statutory governing bodies and of directors, while decisions on remuneration levels are delegated by the SGS to a Remunerations Committee, whose own remuneration is decided upon by the SGS.

The Board of Directors is thus the body responsible for managing the businesses of the company, carrying out all management actions connected with the company's stated objectives, deciding on the company's strategic direction, and the nomination and general supervision of the Executive Committee and all other specialist committees set up by the Board. In its turn, the Executive Committee has full powers delegated to it by the Board of Directors to manage the company on a day to day basis.



In 2009, it was decided to merge the Corporate Centre of Sonae with that of the retail business, creating a single corporate centre, thus creating synergies and freeing up resources for new challenges. The goal of this change was to sharpen the focus on retail activities and on assets with the potential for the development of new businesses and for shareholder value creation.

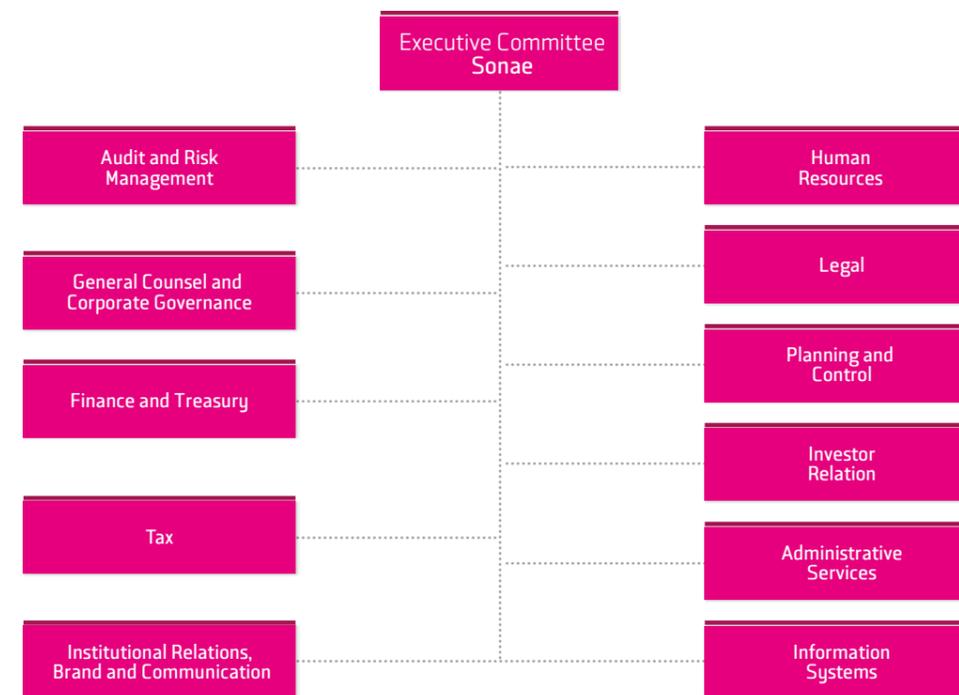
### Composition of the Board of Directors

Belmiro Mendes de Azevedo	Non Executive Chairman
Álvaro Cuervo Garcia	Independent Non Executive
Michel Marie Bon	Independent Non Executive
José Neves Adelino	Independent Non Executive
Bernd Hubert Joachim Bothe	Independent Non Executive
Christine Cross	Independent Non Executive
Duarte Paulo Teixeira de Azevedo	Executive Committee Chairman
Álvaro Carmona e Costa Portela	Executive
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive
Nuno Manuel Moniz Trigo Jordão	Executive

### Composition of the Executive Committee - Management Team -

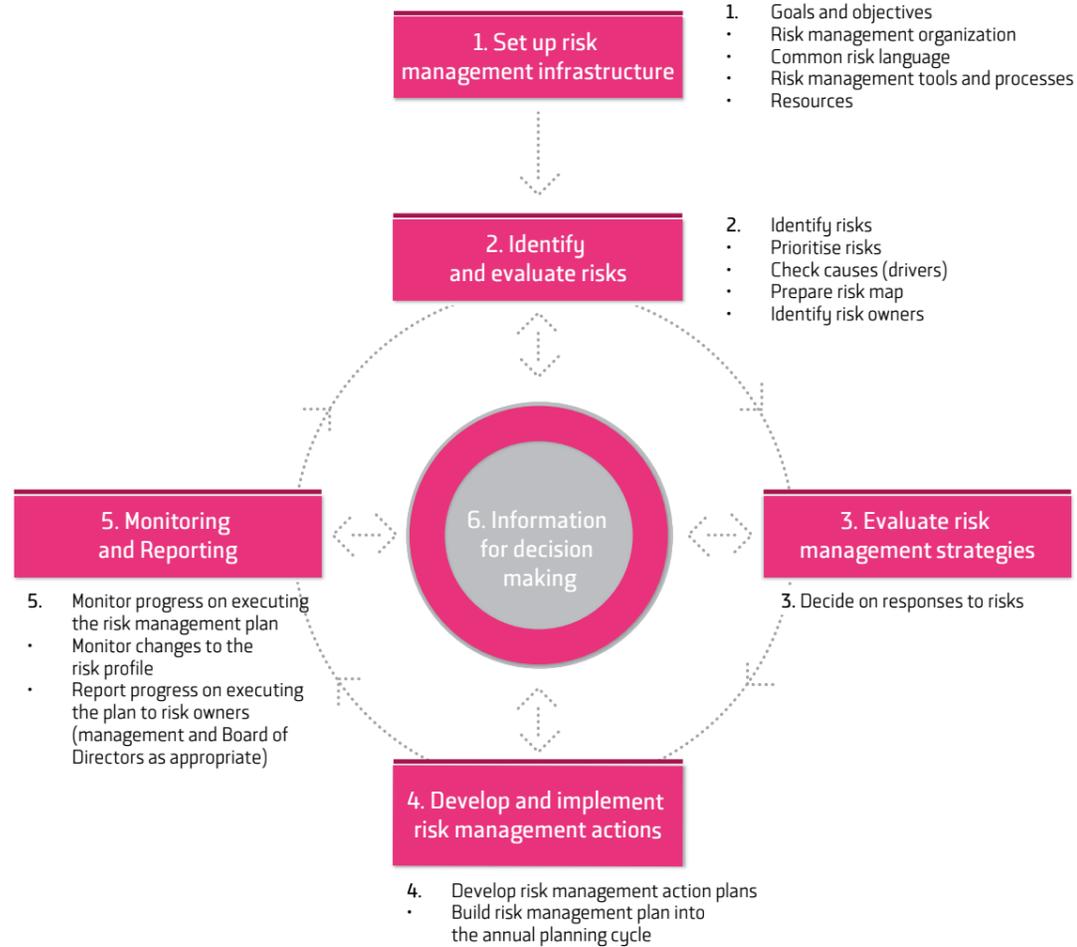
- Duarte Paulo Teixeira de Azevedo
- Álvaro Carmona e Costa Portela
- Ângelo Gabriel Ribeirinho dos Santos Paupério
- Nuno Manuel Moniz Trigo Jordão

Note: Bernd Hubert Joachim Bothe was co-opted onto the Board of Directors on the 17th of March 2009, and this co-option was approved by the Shareholders' General Meeting held on the 20th of April 2009. Christine Cross was elected as a Board member for the current mandate at the Shareholders General Meeting held on the 9th of November 2009.



## 4.2 RISK MANAGEMENT

Risk management is of strategic importance to Sonae, and has a real application in business processes and is a responsibility of all company employees. The aim of this approach is to apply the precautionary principle by managing and controlling uncertainties and threats that may affect the business goals of the company. This process is supported by an internal standard based on the international methodology Enterprise Risk Management - Integrated Framework (COSO) and allows different kinds of risks and threats to business development to be identified both at a strategic and operational level.



Risk Management activity in the company and its businesses is aided and supported by the Internal Audit, Risk Management, and Management Planning and Control departments through specialist teams, which report directly to their respective Boards of Directors.

The Internal Audit and Risk Management department's function is to help companies reach their objectives via a systematic and structured approach to developing and evaluating the effectiveness of managing and controlling risks associated with business processes and information systems. The Management Planning and Control department promotes and supports the integration of risk management into the management and planning control process of companies.

Risks relating to the reliability and integrity of financial and accounting information are also evaluated and reported upon by the External Auditors. As at the end of December 2009, the Internal Audit and Risk Management departments had a total of 40 full time employees, carrying out their work in all countries in which Sonae operates.

The Board of Directors through the Finance and Audit Committee monitors the activities of Internal Audit and Risk Management.

(Additional information can be found about all matters relating to corporate governance in Sonae's Report and Accounts 2009 from page 43 to 112).

## 4.3 EMPLOYEES

For Sonae, employees are one of our most valuable assets: the talent, knowledge, professionalism and dedication of every employee contribute to the continuous success of Sonae.

"At Sonae, employees can expect: career development opportunities, where meritocracy is promoted and discrimination is not tolerated; continuous training; and a demanding but friendly work environment."

From Sonae's 2009 Report and Accounts

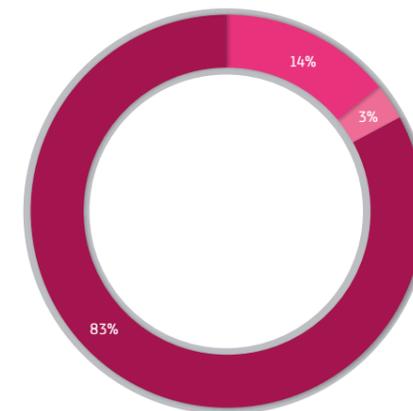
### 4.3.1 Description

As at 31 December 2009, Sonae had **39,372** employees, an increase of 5% over 2008. Total personnel costs were 655 million euros, 7% up on 2008, equal to 12% of turnover.

Employee education levels vary: the percentage of those with secondary education is 100% at Sonaecom and over 93% at Sonae Sierra, while in the retail business the figure is 42%.

The company invests continually in the career development of its employees. Through access to educational programmes and training, the retail business is an active participant in the "New Opportunities" programme, a government initiative aimed at improving the educational qualifications of the Portuguese people, which involves the opening of training centres to teach basic levels of education, as well as other career programmes and training. In addition to this investment in training and professional qualifications, the company's approach to recruitment involves an ongoing search for new talent. To that end, and for some twenty years, the company has held the "Contacto" programme, aimed at final year University undergraduates.

### Employee Educational Qualifications



- Primary or Secondary Education
- University Degree
- Bachelor

#### Centro Novas Oportunidades (New Opportunities Centre)

Sonae has invested around 1 M€ in the NOC. The goal of the Centre is to give the opportunity to more than 3,000 employees in the Retail area and in the north of Portugal to see their career achievements and aspirations recognised. Diplomas were awarded to 330 employees who completed the 9th to 12th school years programme under the auspices of the "New Opportunities" programme. Various protocols were also signed across the country with other NOCs in order to extend the programme to employees in other regions of Portugal.

#### Contacto Day

The Contacto programme was launched in 1986 and takes place each year at Sonae. It gives the best final year university undergraduates the opportunity to get a real feel for the company by taking part in a day of talks given by Sonae's top managers. In 2009, 60 students were selected from the programme to do traineeships and be given priority in recruitment selection.

### 4.3.2 Internal Mobility and Innovation

**Internal Mobility** also has a key role in the progress and growth of employees. Sonae believes that new challenges, learning opportunities, increased job responsibilities, involvement in projects, networking, and job mobility within one functional area or between businesses, are the best ways of guaranteeing continuous progress throughout an employee's career.

This is the manner in which the company builds up its ranks of operational, commercial and marketing managers, technology specialists (R&D, engineering and IT/IS) and functional and operational managers with talent and experience, as well as Board directors and top managers with experience gained in a range of areas.

#### Principles underpinning Internal Mobility:

- Talent has to be managed at the service of the entire Company, not to one specific unit or function;
- Every individual has a responsibility to take his/her career development into his/her own hands;
- The Company offers guidance, opportunities and resources to maintain employability throughout an employee's career;
- Sonae looks for a balance between developing competencies internally and attracting them from the outside.

**Innovation** is encouraged through the **sharing of knowledge and experiences** between businesses, bringing different ideas together, sharing knowledge and different opinions and challenging people with a unique combination of talents and characteristics to work together. Sonae thus stimulates innovation, reduces the risk of mistakes, and promotes the adoption and sharing of best practices.

To this end, Sonae fosters the following Forums:

1. FINOV, a Forum dedicated to innovation;
2. Sustainability Forum, with the purpose of sharing sustainability knowledge and best practices in this area;
3. Planning & Control Methodologies Forum, with the purpose of promoting and discussing the implementation of best control methodologies;
4. Legal Forum, with the purpose of sharing experience and knowledge among internal legal departments;
5. Marketing and Communication Forum, with the purpose of coordinating negotiations with Media companies among all business units, as well as promoting the sharing of best practices in Marketing at specific seminars;
6. Engineering, Construction and Safety Forum, with the purpose of promoting and discussing the implementation of best practices, with a special focus on matters and issues related to safety and health;
7. Negotiation Forum, with the purpose of presenting, analyzing and discussing negotiation strategies, identifying opportunities for joint negotiations with suppliers among business units and to share experiences and knowledge.

The Audit Committee and the Finance Committee were set up with the goal of serving as a platform for the sharing of knowledge and experience.

The three existing Consultative Groups – Human Resources, Risk Management and Information and Communications Technologies – in addition to having the same general objectives as the Forums described above, review on an ongoing basis existing internal policies and propose any necessary changes in these three areas.

These informal groups, considered to be coordination and sharing groups, meet several times each year and organise specific seminars, workshops and internal training courses.

### 4.3.3 Career Development and Performance Evaluation

In terms of **Learning and Development**, Sonae intends that training and investment in competence building should be seen as an essential factor in order to better understand, anticipate and respond to current and future market and competitive challenges, as well as to meet the strategic needs of the Company.

The Sonae Learning Centre was thus set up in 2004 to coordinate and organize specific training for top

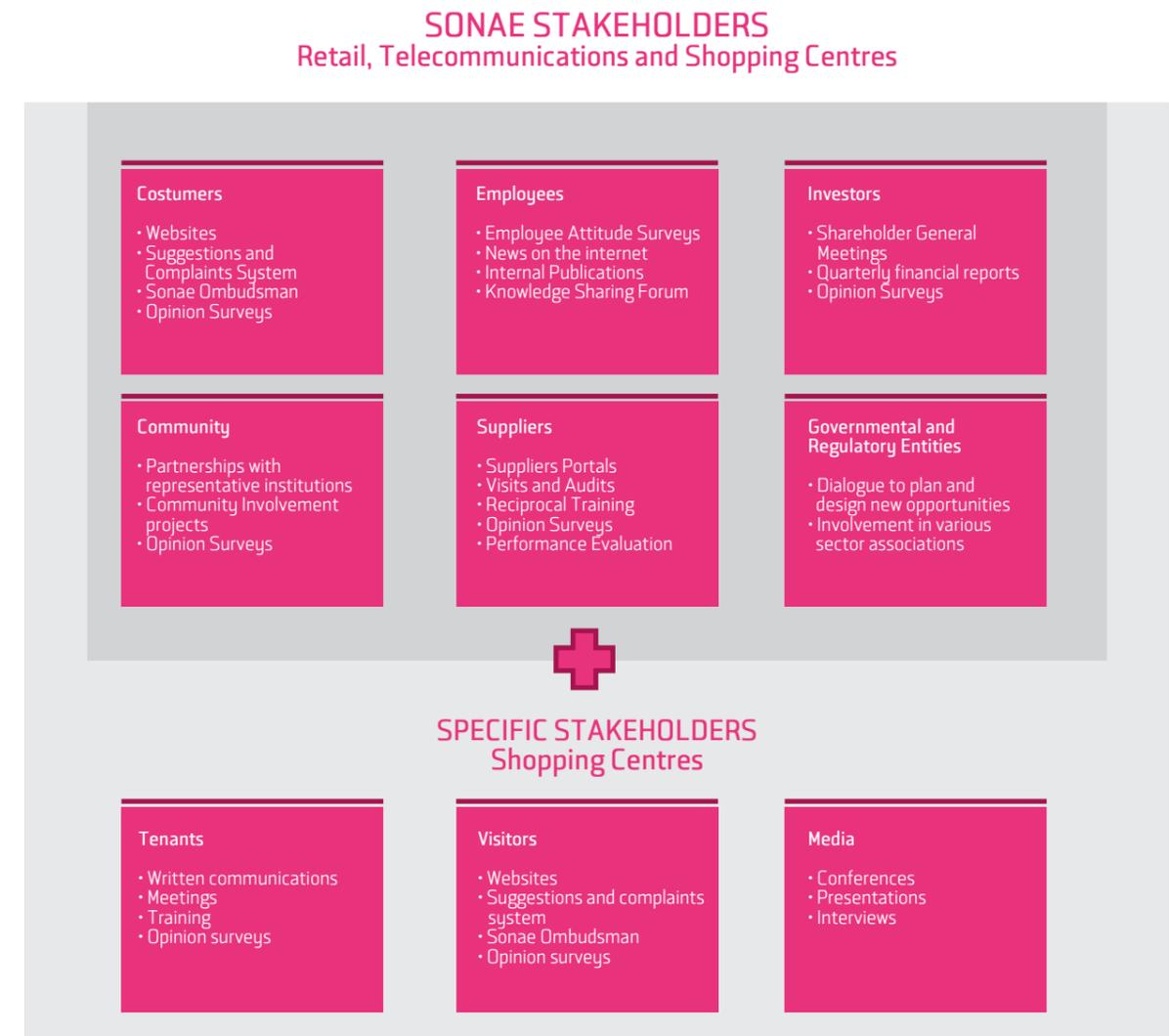
managers and other employees, conferences, training sessions, seminars, short and medium term courses, exhibitions and social events. In addition, Sonae finances post graduate studies, particularly MBAs, and provides continuous training, given by internal managers or external trainers.

As for **Remunerations and Benefits**, Sonae offers attractive and competitive remuneration packages, and a comprehensive and flexible benefits package. Above and beyond fixed remuneration, a performance bonus is paid, aimed at rewarding the achievement of previously defined annual objectives, linked to "key performance indicators (KPIs) of the company's businesses activities", "department key performance indicators" and "personal key performance indicators".

**Performance Evaluation** is promoted by Sonae by strongly encouraging all employees to take an active role in the planning and identification of their own annual "key performance indicators" for the year, taking into consideration the company's goals and strategy

As in previous years, in 2009 Sonae carried out its annual performance appraisal process, through which each individual's personal performance and contribution to the organization's success was measured and assessed, and variable remuneration to be awarded was calculated.

## 4.4 MAIN STAKEHOLDERS AND MEANS OF ENGAGING THEM



Based on the experience gained in managing its businesses, Sonae has identified the following groups as its strategic stakeholders: customers and visitors; tenants; employees; suppliers; business partners and investors; the communities among whom its businesses operate; and government and regulatory authorities. The information gathered from the different forms of relating to these stakeholders groups contributes towards identifying business threats and opportunities, as well as identifying opportunities for improving these relationships.

In 2009, various means were used to establish active dialogue and build a spirit of partnership with these stakeholder groups, the goal of which is to create awareness about sustainable development issues and to gain insight into society's expectations as to the role that Sonae should play in the economic, social and environmental development of Portugal. The content of this report therefore aims at responding to the main issues identified by stakeholders in the course of our day to day business activities and in meetings and specific questionnaires prepared for this purpose, which are detailed in chapter 5 of this report.

#### 4.5 THE FUTURE: MAIN STRATEGIC GUIDELINES

Since Sonae started business in the 60s, Governance, Environmental and Social matters have played a key role in management decision making. It is only in this way that economic value can be generated for shareholders and other stakeholders.

At the beginning of 2009, Sonae announced a set of strategic objectives for the company to ensure continuous and sustained growth, and become a benchmark retail multinational group. It is thus clearly positioned as a retail company with benchmark strategic reference shareholdings in the Shopping Centre and Telecommunications businesses.

Promote the sustainable growth of Sonae and contribute towards Portugal's development

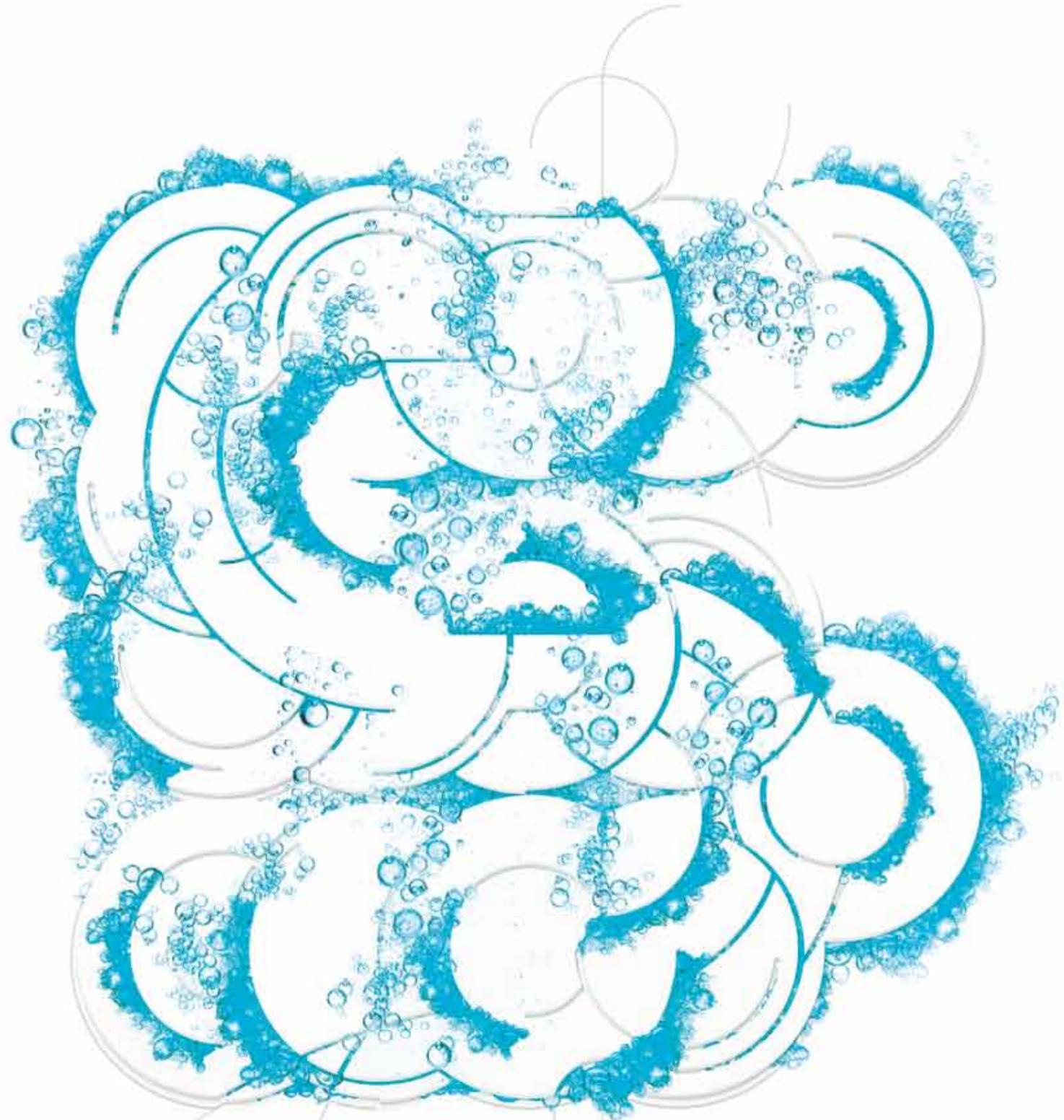
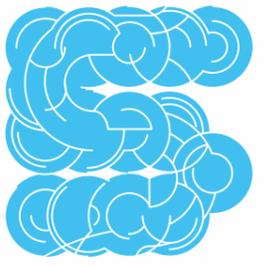
**Strategic Objectives**

- Expand internationally  
Increase presence in international markets
- Diversify investment style  
adopt the most appropriate investment style for each business
- Leverage the exceptional asset base in Portugal  
innovate, generate business and strengthen competitive position in the market place



Cornerstones for action to achieve strategic objectives		
Governance	Environment	Social
Continue to maintain the high ethical standards of the Board, management and employees in general in their interactions with stakeholders in the countries where the company operates.	Improve environmental performance through continuing to invest in actions to reduce our ecological footprint.	Contribute towards economic growth and social and environmental progress in the regions and countries in which Sonae operates, while defending human rights and meritocracy.

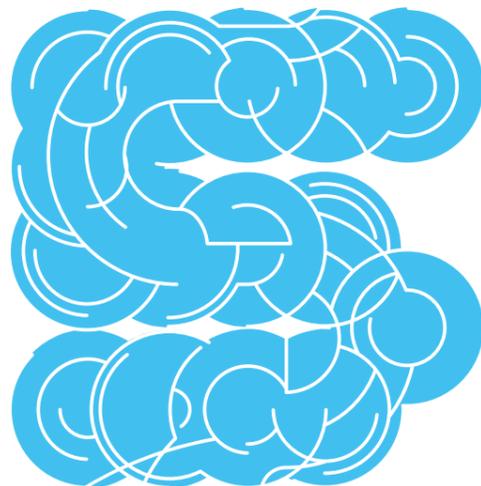




SONAE

5 RETAIL

# RETAIL



**A**s a result of a strategic reflection and the resulting reorganisation of the company, Sonae now sees itself as a Retail Company, a business area which presently accounts for 75% of turnover and employees 90% of its staff.

Sonae's Retail business is subdivided into two major business areas - Sonae MC and Sonae SR.

Sonae MC, as a Food Retail unit, is a leader in Portugal, and operates the Continente, Modelo, Bom Bocado, Área Saúde and Book.it brands.

Sonae MC		
Brands	Concept	Number of stores 31.12.2009
Área Saúde	The first pharma-chemist/health store chain in Portugal as part of a food based retail company, selling medicines that do not need a doctor's prescription. It also offers a range of alternative beauty and health products in stores next to Continente and Modelo hypermarkets, as well an eye care and opticians area.	115
Bom Bocado	An innovative cafeteria concept, combining convenience with the quality of its products and services.	80
Book.it	Innovative concept in Portugal, providing three kinds of business in a single sales area: bookshop, stationery shop and tobacconist. The stores are located in shopping centres with an informal and youthful atmosphere.	14
Continente	First major chain of hypermarkets in Portugal. Its stores are designed to serve areas of high population and are located in large shopping centres. They offer quality, variety and highly competitive prices.	39
Modelo	Hyper and super market chains (small to medium size) located in medium sized urban centres. They combine proximity with variety and competitive prices.	125

Sonae SR, as the Non Food Retail Unit, brings together the Sonae businesses in this area. It is considered to be a benchmark in Non Food Retail in Portugal, is leader in some of the sub-sectors involved, and began its international expansion at the end of 2008. It operates the following brands: Sport Zone, Loop, Worten, Vobis, Worten Mobile, Modalfa and Zippy.

Sonae SR		
Brands	Concept	Number of Stores
Loop	Footwear chain with a range of brands for men, women and children. The brand offers the biggest selection on the market in the urban casual and sports casual segments, and is noteworthy for its high quality service.	11
Modalfa	Offers clothing, footwear and accessory collections adapted to the different lifestyles of its customers, following the latest fashion trends and excellent quality at affordable prices.	99
Sport Zone	The biggest sports goods chain in Portugal, which expanded into the Spanish market in 2008. The brand offers a wide range of articles and equipment for different sporting activities with well known international as well as own brands.	75
Worten	Market leader in white goods and consumer and entertainment electronics in Portugal. Supported by qualified staff to give outstanding customer service, the brand expanded into Spain in 2008.	132
Worten Mobile	Specialist in mobile telecommunications, advising the customer on the most appropriate choice of equipment and rate packages for his/her needs.	48
Vobis	Specialist in retail computing in Portugal, its main goal being to make new technologies accessible to all Portuguese people.	17
Zippy	Stores with a range of clothing and accessories for children between the ages of 0 and 14. These are complemented by a wide range of child care products, furniture and toys. The Zippy brand made its entry into the Spanish market in 2009.	34

## 5.1 STAKEHOLDERS

In the Retail business, we have contacts with different stakeholder groups with which we establish a variety of means of communication and interaction.

The communications channels that we have set up enable us to manage relationships with our different stakeholders, building bonds of mutual confidence for both parties. An example of this are the relationships that we have with charitable institutions and with Environmental NGOs with which we actively interact to work on environmental and social issues arising from our business activity and which can have a positive impact on the environment and society.

Building a consistent sustainability strategy also implies a profound knowledge of the expectations and needs of our partners concerning the social and environmental issues of our business. With this in mind, we carried out a process of consultation with our main stakeholder groups, which allowed us to understand how we can best respond to these expectations, dealing in particular with:

- The most relevant environmental, social and economic issues for each group of stakeholders;
- The issues that these groups believe should be dealt with in more detail in Sonae's sustainability strategy and communicated in the company's sustainability report;
- Feedback about the previous year's sustainability report.

### Consulting stakeholders

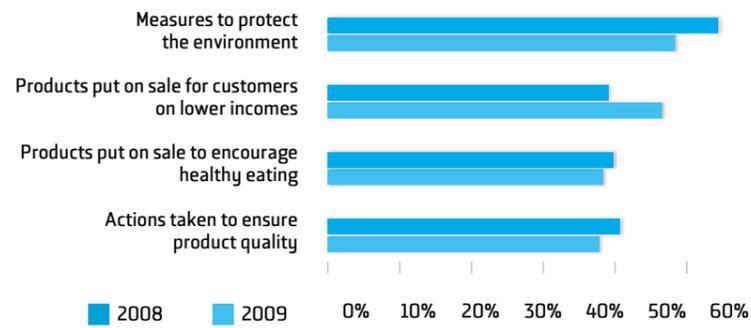
#### Customers

With the objective of gaining knowledge of the environmental and social practices considered to be of relevance by its customers, Sonae's Market Survey Department has 707 interviews carried out by an independent entity, which are believed to be representative of the company's main brands (Continente, Modelo, Modelo Bonjour, Worten, Vobis, Sportzone, Modalfa and Zippy). This survey also enabled the company to measure how well known some of the sustainability actions carried out by it are.

In 2009, we prepared and implemented our Fish Products Policy, an area which had previously been identified as relevant for the Retail activity as a result of stakeholders' interviews.

## Main Results of Customer Interviews

- The subjects considered to be relevant were the same as those in 2008. However there was an increase in customer concern about providing products for those on lower incomes.
- The two best known community involvement initiatives for each brand were as follows:



Brands	Initiatives best known to customers by brand
Continente	Missão Sorriso (Mission Smile) (87%) and Leopoldina vamos Crescer (Leopoldina let's grow up) (86%)
Modalfa	Collection and Dispatch for Recycling (58%) and 100% Degradable Shopping Bags (57%)
Modelo	Red Nose Operation (70%) and "Arredonda" Campaign (59%)
Sport Zone	Women's Running (51%) and Sport Zone Half Marathon (42%)
Vobis	100% degradable shopping bags (67%) and "Go Champion" Campaign (59%)
Worten	100% degradable shopping bags (56%) and Collection and Dispatch for Recycling (55%)
Zippy	Collection and Dispatch for Recycling (59%) and 100% Degradable Shopping Bags (56%)

- The percentage of Continente customers who had knowledge of the Sonae Sustainability Report increased to 20% (13% in 2008), while other brands also showed an improvement although less pronounced.
- Customers continued to show interest in having more information about activities being carried out by Sonae in the areas of Community Support (50.9%) and Environmental Protection (49.1%).

### Complaints and Suggestions Management

In 2009, 79,659 suggestions and complaints were received, an increase of 18% compared to the previous year. There were increases for all brands except Sport Zone and Área Saúde, where levels fell by 31% and 14% respectively<sup>1</sup>.

The general increase can be explained by the opening of new stores (+23%) and the resulting increase in numbers of customers.

## Suppliers and Local Councils

202 questionnaires were sent by e-mail: 108 to suppliers and 94 to town councils, with a response rate of 20%.

### Main Results from Questionnaires sent to Suppliers and Town Councils

90% wanted to have access to the Sustainability Report electronically (75% via e-mail in electronic format and 15% through the Sonae website);

80% replied that the 2009 Sustainability Report should be a concise and simple document.

42.5% had knowledge of Sonae Distribuição's 2008 Sustainability Report and of these:

41% had access to the Report via e mail in electronic format and 35% through the Sonae website.

88% had read the Report or at least part of it.

<sup>1</sup> The data published relating to 2008 were revised resulting in an increase of 4,736 complaints

The matters presented in the Sonae Distribuição 2008 Sustainability Report, which the majority of stakeholders consulted considered to be of most relevance, were:

- Commitments for 2009 and 2012
- CEO's Statement
- Relationships of Confidence (Social and environmental performance and encouraging responsible consumption)

## NGOs and IPSS (Private Charitable Institutions)

The following face to face meetings took place:

- Meeting with Environmental NGOs: QUERCUS, Euronatura and Liga para a Protecção da Natureza;
- Meeting with Social NGOs and IPSS: Portuguese Red Cross, Portuguese Victim Support Association and Portuguese Sports Federation for Handicapped People.

## Relevant Issues chosen by the majority of Stakeholders

Overall Sonae's stakeholders identified the following issues as the most relevant:

### Economic and Governance areas:

- Preferential selection and support of Portuguese suppliers
- Availability of products for customers on lower income levels
- Communication of the company's sustainability strategy and future commitments
- Customer satisfaction survey

### Environmental area:

- Inclusion of environmental criteria in the analysis and selection of suppliers
- Energy efficiency, CO<sub>2</sub> emissions and use of alternative energy sources
- Issues related to the use of plastic shopping bags
- Issues related to over-packaging
- Issues related to biodiversity
- Initiatives to increase the environmental awareness of visitors, employees and the community

### Social area

- Human resources management policies and practices
- Inclusion of social factors when analyzing and selecting suppliers
- Job creation and bringing people into the labour market
- Direct investment in the community

## 5.2 PROMOTING RESPONSIBLE CONSUMPTION

Providing responsible products and our ability to encourage more responsible consumption among millions of Portuguese people are two of the main concerns of our stakeholders. We have thus invested in creating products, processes and means of communication, which allow customers to make more informed and responsible consumer choices

Sonae's perishables area has internal training courses on Sustainability. Set up in 2009, these have provided training to more than 900 employees each year.

### 5.2.1 Contribution towards Sustainable Fishing

In 2009, Sonae became the first Portuguese retail distributor to have a **Sustainable Fishing Policy** (see the full document [www.sonae.pt](http://www.sonae.pt)). According to the international environmental NGO Greenpeace, the food retail brands Modelo and Continente have the best fishing policy among Portuguese retail operators and on the Iberian peninsula.

The main points of the **Sustainable Fishing Policy** are firstly not to sell threatened species and secondly to evaluate and select suppliers and fishing boats so that all fish sold by Sonae is sourced in such a way as to preserve the environment and sustainability of the oceans.

### Some Working Principles of Sonae's Sustainable Fishing Policy

- "Contribute towards the progressive reduction in consumption of threatened species or coming from sensitive ecosystems, as well as from stocks considered to be at critical levels, while at the same time continuing to respond positively to factors of regional, national or cultural identity;
- "Give preference to fish coming from fishing methods, fish production or stocks that have been proven to be sustainable, as well as fish caught using craft fishing methods, particularly in Portugal;
- "Increase progressively the options for customers to buy fish from sustainable sources, and gradually improve the information available to them, enabling them to take more sustainable purchasing choices by being better informed."

See the full document at [www.sonae.pt](http://www.sonae.pt)

Sonae was on the front line supporting "Docapesca" initiative to develop a "Fishmarket Proof of Purchase" label. It was also the first retail operator to introduce this label in its fish counters. The label makes an excellent contribution towards promoting national fresh fish (giving it more visibility), while at the same time offering better information to the consumer.

#### A Partnership with a Future - Contracts with 147 local fishing boats of the Main Portuguese Fishing fleets

20 contracts with boats from the Matosinhos fleet

47 contracts with boats from the Peniche fleet

2 contracts with boats from the Figueira da Foz fleet

2 contracts with boats from the Sesimbra fleet

50 contracts with boats from the Sines fleet

26 contracts with boats from the Sagres fleet

In addition to these contracts with craft fishing boats, 36 contracts were also signed with various fishing boats from the Nazaré fishing fleet.

3 fish suppliers are members of Sonae Producers' Club.

## 5.2.2 Healthy Foods

For Own Brand Products, it was strengthened the Nutritional Information System "Siga as Cores" (Follow the Colours), and increased the availability of healthy food choices. At the same time, following policy of constantly improving and broadening the offer of more healthy products, we have established and adopted protocols and partnerships with specialist entities in health and nutrition, whose support is believed to be extremely important.

### 5.2.2.1 Widening healthy food products offer

Another 9 "Área Viva" sales areas were opened in stores. As a result, all our hyper and super markets modules have sales areas with articles in this category. There are now a range of 65 products in the "Área Viva Continente", 53 more than in 2008.



The "Continente Equilibrio" range launched 15 new product references in 2009, bringing the total to 59.

The "Continente Bio" range, set up in 2008 and exclusively for organic products, has 57 product references, with 11 of them launched in 2009.



#### Labelling Information

- "Siga as Cores" (Follow the Colours)
- The labelling of Continente Own Brand products highlights the presence of gluten in any food.
- In the "Área Viva" sections of our hypermarkets, products for gluten intolerance sufferers are identified with the colour brown of the respective product segment area.

In 2009, the "healthy choice" symbol of the Portuguese Heart Foundation was placed on our Own Brand products, which comply with the Foundation's criteria relating to fat, salt and sugar content:

- Fishmonger and Fruit and Vegetables – Symbol used in store communication;
- Take Away – 5 products with the symbol (frozen pastry);
- Charcuterie – 5 products with the symbol.



### "Vida Hiper Saudável" (Hyper Healthy Life) Project

A programme of nutritional consultations was begun in 21 Continente Hypermarkets, given by two professional nutritionists.

As part of the project, the following initiatives were planned and introduced:

• "Vida Hiper Saudável" Fortnight. The following associations were involved: the Portuguese Nutritionist Association, Portuguese Gluten Intolerance Sufferers Association, Diabetes Sufferers Protection Association, Portuguese Heart Foundation, Coimbra Paediatric Hospital, and Movement against Obesity, Portuguese High Blood Pressure Society and Solinca. Health checks, talks and a taste of a healthy breakfast were given to those who attended, as well as the opportunity to do some physical exercises.



• The "Vida Hiper Saudável". Brochure was also launched, which is a short guide to healthy eating, giving a list of points that have to be followed to have a healthy life style, plus a number of healthy recipes and messages from the various associations and societies which worked with Sonae on this project.



• Prova dos 5. A campaign to promote the consumption of fruit and vegetables, using different colours as a means of helping to vary consumption (red, orange, white, green and purple). This initiative was part of the "Vida Hiper Saudável" Fortnight, which included celebration of World Food Day.



• Nutritional Personal Shopper. An innovative concept launched in October 2009, assisting our customers while they shop, helping them to make healthier food choices and explaining the contents of labels.

### 5.2.2.2 Partnerships and Protocols for promotion of Healthy Eating Habits

The actions taken to promote more healthier food were complemented by establishing protocols with health associations and foundations, namely:

- Portuguese Gluten Intolerance Sufferers Association, as part of which:
  - Lists of Continente Own Brand gluten free sales items were made available.
  - We Supported the "Gluten Intolerance – A Future without Gluten", at the Higher Health Technology School in Lisbon and the National Conference of Gluten Intolerance Sufferers in Lagos;
  - A pamphlet was published called «"Vida Hiper Saudável" – Gluten Intolerance Disease», an important source of help in the day to day lives of sufferers, providing greater safety in achieving their dietary requirements;
- Portuguese Heart Foundation (FPC), as part of which:
  - The FPC's symbol "a healthy choice" was put on products which follow the foundation's guidelines on fat, salt and sugar levels.
  - The FPC checked the contents of the pamphlet "Vida Hiper Saudável – High Blood Cholesterol"

## 5.2.3 Other Sustainable Products

### Textile Area

More than 60 of the shoes on sale at Sonae are "BIOCALCE" certified;

3% of cotton products sold are made from organic cotton.

Modalfa e Zippy brands are pioneers in the sale of footwear with "BIOCALCE" Certification (awarded by the Footwear Technology Centre in Portugal), which are a guarantee that chemicals that are harmful to the health and the environment are not used in their manufacture.

To support the use of this certification, Sonae provides a "BIOCALCE Explanatory Manual" in its stores for customers and staff.

Sonae has been supplying Own Brand products made from organic cotton for over three years now. At present, the sales of this type of cotton are equal to 3% of all cotton items sold. Organic cotton products were introduced in 2008 by the Zippy brand.

Since 2008, Sonae has sold through the Zippy brand cosmetics with no artificial colouring or allergy causing ingredients, which have been dermatologically designed and tested for possible harm to the delicate skin of babies.

As from 2009, all Zippy sales catalogues are produced from paper originating from forests managed in a sustainable manner and from controlled sources certified under the FSC (Forest Stewardship Council) scheme.

The textile area also has an ongoing project called "REUSO", involving the reuse and recycling of clothes hangers. This project, over and above yielding clear environmental benefits, involves the sorting of hangers by mentally handicapped people (under the terms of a protocol signed with the Portuguese Association of Parents and Friends of Mentally Handicapped People).

18% of batteries sold were rechargeable, an increase of 129% over 2008;

65% of light bulbs sold are now economy bulbs;

87.4% of white goods sold are of Energy Classifications A++, A+ or A.

66.5% Class A  
20.4% Class A+  
0.5% Class A++

### Higher energy efficiency products

In 2009, the Worten campaign "Seja mais eficiente" (Be more efficient) continued, which offers a discount of €30 on the purchase of Classes A+, and A++ white goods to provide an incentive to customers to opt for more energy efficient equipment.

The campaign helped towards achieving an increase in the proportion of efficient white goods sold compared to the total sold of 3.4% compared to 2008.

### More environmentally friendly packaging

In addition to the improvements introduced for Own Brand products in the textile and food areas, the Light Goods area has also been focusing on this issue.

In 2009, a project began to standardise packaging formats for 154 product items, with the goal of optimising packaging surface areas, and reducing printing ink consumption and packaging container volume.

As a result, products are more attractively presented and resource use has been optimized which has resulted in financial and environmental benefits.

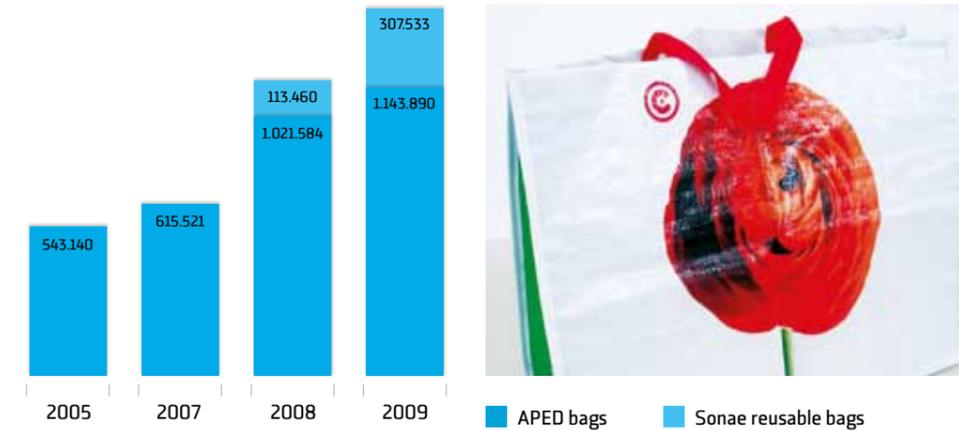
Also as part of this project, self adhesive labels, inlays and hang tags have been replaced with bar codes printed directly onto products.

### Shopping bags

Aware of the environmental problems related to the use of plastic shopping bags, Sonae has for over ten years been encouraging its customers to choose reusable bags. This was done initially by putting APED Green Bags on sale but more recently new Continente reusable bags are also on offer.

As a result of this position taken by Sonae, it has, year after year, been leader in the sale of APED (Portuguese Association of Retail Companies) reusable shopping bags to Portuguese consumers.

## Use of reusable shopping bags



In 2009, purchases of Sonae reusable bags were up 171% and APED green bags up 12% compared to 2008. At the same time, Sonae has been active in relation to the chemical composition of the shopping bags which are provided free of charge to customers. It became a pioneer in the Retail sector in Portugal by launching oxy-biodegradable shopping bags. Since 2008, bags provided at the check out counters of all Sonae's brands are oxy-biodegradable.

## 5.3 PRODUCT SAFETY

Sonae insists that its suppliers comply with a number of rules in relation to production processes and product requirements, and has in place demanding food safety and product use management systems, which include carrying out regular audits. This is our way of responding to the main reason that our customers make suggestions and complaints: the quality of the products and services that we offer.

Selection audits are carried out on all international food suppliers. International food safety systems and quality management systems such as ISO9001, ISO22000, IFS or BRC are used to help select Portuguese and international suppliers resident in the European Union, while suppliers in the rest of the world, looking to sell food products to Sonae, must undergo mandatory qualification audits carried out by the company's International Trade Department. In addition, laboratory analyses are carried out on Own Brand products.

### Food Area

Strict control of the company's value chain is particularly important for the food products that we sell, especially Own Brand products.

This approach is further backed up by actions taken in relation to product safety, and by the following statistics:

- 78% of suppliers audited;
- 5% increase in the number of international suppliers audited;
- 1% increase in Portuguese suppliers audited.

### Food Area – Quality and Safety in 2009

#### Food Safety Audits

78% (430) of international and Portuguese suppliers were audited, an increase of 13% compared to 2008.

86% (208) of international suppliers were audited

71% (222) of Portuguese suppliers were audited

9,831 audits carried out by veterinary doctors – an increase of 68% compared to 2008

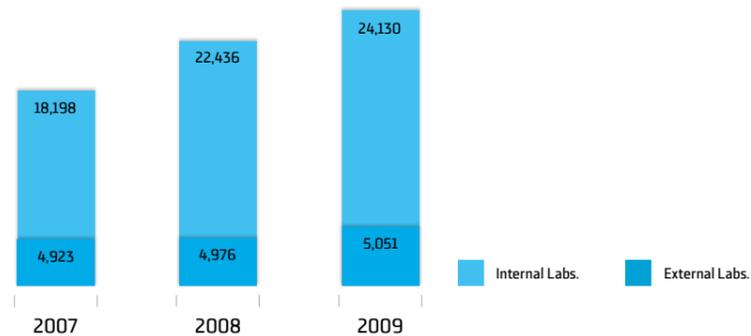
913 audits carried out by external laboratories – an increase of 59% compared to 2008

In 2009, an internal testing panel was set up to make sensory analysis tests on Own Brand products planned for launch by Continente. 48 internal tests were carried out, involving around 92 proposals for new products.

**Food Safety Analyses**

14,504 micro-biological analyses carried on equipment and utensils were carried out by external laboratories  
29,181 product laboratory analyses  
884 product comparative analyses

**Number of laboratory analyses on own brand products**



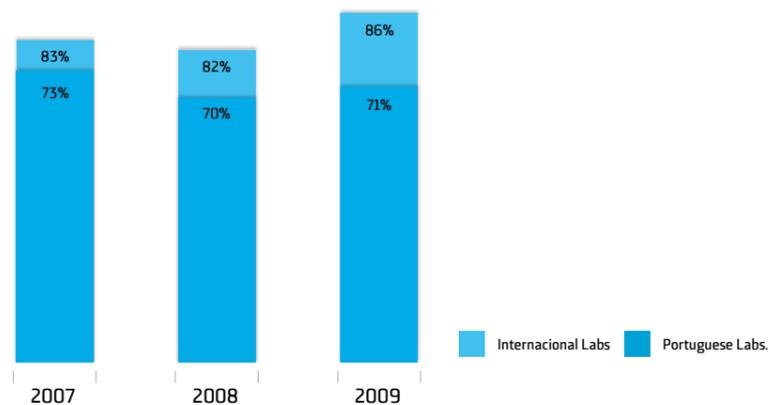
**5.4 ETHICAL RELATIONSHIPS WITH SUPPLIERS**

83% of purchases were made from Portuguese suppliers

All matters concerning the value chain are of extreme importance to a major company in the retail sector such as Sonae. Thus, since early in the company's history, policies, practices and partnerships have been developed that help sustainability principles to be incorporated into suppliers' businesses.

Over and above Sonae's Ethics and Conduct Code which aims at establishing commercial relationships with suppliers based on the quality of their products and services and on their market competitiveness, various examples can be cited, that demonstrate how sustainability has been integrated into the relationships built with our suppliers.

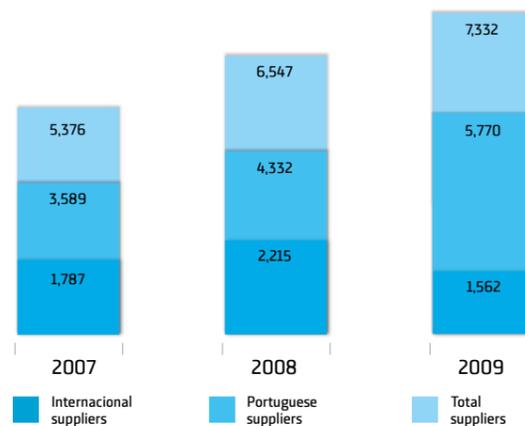
**Suppliers audited**



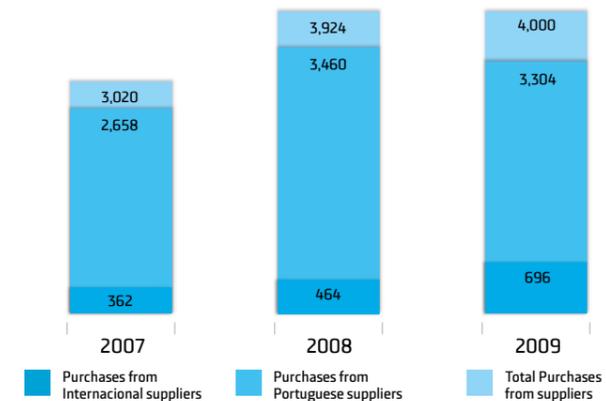
**5.4.1. Supplier Contracts**

Supplier contracts, which are applicable to all Portuguese and international suppliers, include environmental, employment and human rights clauses. These include conditions to ensure that companies which work with Sonae commit to high standards of social and environmental responsibility.

**Suppliers**



**Supplier purchases (millions of euros)**



**5.4.2 Fishing**

As a result of the Fishing Policy adopted in 2009, Sonae, in addition to complying and making its suppliers comply with all national and European Community legislation in force for the fishing sector, also:

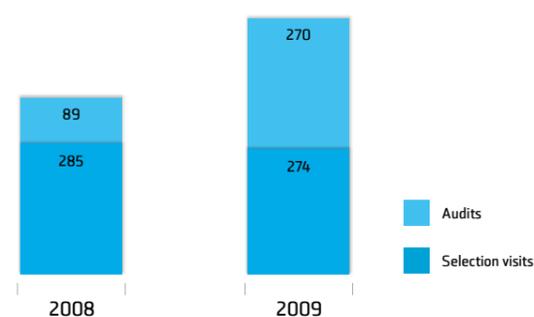
- Meets all the sustainability criteria defined by official organisations and/or NGOs for selecting fish for sale;
- Requests from all its fish suppliers on an annual basis a list of all the fishing boats with which they work;
- Periodically audits fish suppliers, their partners and their fish catches in order to check compliance with fish quotas imposed on them.

These principles are embedded in Supplier Contracts which must be accompanied by a declaration by the supplier company stating that it is not on the Greenpeace Black List.

**5.4.3 International Trading**

The International Trading Department continued to focus on the Selection and Evaluation of international suppliers.

**Selection visits and qualification audits to international suppliers**



Between 2008 and 2009 there was an increase of 203.4% in the number of audits and a fall of 3.9% in the number of selection visits made to international suppliers. The purpose of the audits is to verify every two years if our existing international suppliers continue to comply with our requirements, while that of the selection visits is to evaluate if potential new suppliers comply with them. Corrective action plans are prepared for suppliers which achieve less than satisfactory evaluations with the goal of helping them comply with our requirements.

These numbers reflect Sonae's strategy of implementing an evaluation and selection methodology for international suppliers. The increase in the strength of the quality team located in the China sourcing office, which had 60 employees at the end of 2009, 23 of whom are in the quality department, is also a direct result of this strategy.

The audits carried out by the International Commerce Department paid special attention to 21 different areas related to:

- Product and service quality;
- Product development;
- Employee training;
- Health and safety;
- Ethics;
- Environment.

Selection audits are carried out on all suppliers of Continente Own Brand food products located in countries which are not part of the European Union.

18 suppliers, which did not comply with the minimum requirements in relation to quality, ethics or social responsibility demanded by Sonae, were rejected.

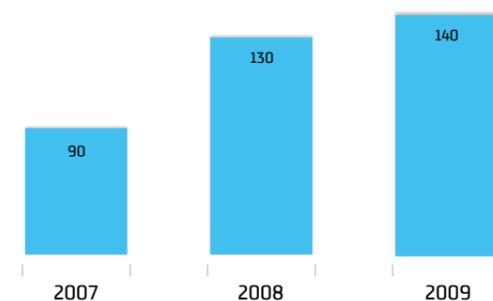
One of the suppliers was excluded because child labour practices were identified.

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

Since it was set up, Sonae's Producers' Club has been a major force behind promoting fair trade in Portugal.

Sonae's Producers' Club (CPS) was formed about 12 years ago to bring agriculture, livestock farmers and fishermen closer to final consumers to offer them the "Best of Portugal". In addition to being a major stimulus to production in these sectors of the Portuguese economy, it has made possible a more strict control of the products that Sonae purchases and sells.

#### Purchases from members of the Producers' Club (Clube de Produtores) (millions of euros)



The Producers who join the club must comply with requirements relating not only to production processes and quality but also to the environment. These requirements have been made progressively more demanding over time.

At the same time, Sonae provides producers with organised support including specialist training and the sharing of best national and international practices while also guaranteeing the purchase of previously agreed quantities of produce from them.

#### Key Figures in 2009

227 producers (9% up on 2008)

€140M of purchases from the Club (8% up on 2008)

147,827 tons of products (31% up on 2008)

60% of total fruit and vegetable purchases were made from Club members

Local Fishing: agreement made with 30 small fishing boats in Peniche

#### Certification audits carried out by independent third party entities on:

All fruit and vegetable segment producers - 600 audits

All producers in the Charcuterie (36 audits) and Bakery/Pastry (6 audits) segments.

Butchers - 12 audits. Slaughter Houses - 4 audits.

As from 2009, 16% of questions on the Producers' Club checklist now concern the following environmental matters:

- Water and energy management;
- Non contamination of underground water sources;
- Waste management;
- Management of phyto-pharmaceutical products;
- Management and conservation of soil and land;
- Maintaining biodiversity;
- Environmental risk evaluation.

#### Main initiatives of the CPS in 2009

**Charcuterie, Bakery and Pastry:** support to a project to replace disposable cardboard boxes with reusable ones.

**Support to agriculture in Madeira:** contracts signed with 11 local farmers

**Visit to Italy:** A group of 35 people, made up of cheese and sausage producers from the Club, made a visit to share experiences with the Italian cheese industry. A visit was also made to a world leader in packaging solutions.

**10th CPS Meeting - "Generations building the future":** the 10th annual event of this kind, the goal of which is to strengthen the close links between Sonae and Portuguese producers by sharing experiences and best practices.

## 5.5 ENVIRONMENTAL PERFORMANCE

We continued to reduce our environmental impact through the use of the environmental management systems that put our Environmental Policy into practice, and by working on new projects that have an effect on our environmental performance. A highlight of the latter was the programme to install independent power generation stations run from renewable energy sources.

Reconciling socio-economic development with environmental protection is one of the goals of Sonae's Environmental Policy. In 2009, the company continued to follow this goal by continuing already existing practices, while strengthening and extending them to more Retail stores.

- Recovery of 75.2% of waste generated.
- 12 tons of corks collected and sent for recycling (= 4 million corks).
- Water consumption reduced by 13.8% on a like for like basis.
- Emissions of CO<sub>2</sub> per crate transported reduced by 5%.
- Electricity consumption reduced in high consumption food stores by 1.6% on a like for like basis.
- Start up of electricity generation from renewable sources, reaching a total of 51.7 MWh and avoiding emissions of 24.3 tons of CO<sub>2</sub>e.
- 10,352 training hours given in the environmental area to a total of 3,062 people.
- Environmental certification won at the Modelo store in Machico, the first hypermarket to do so in Madeira.
- Environmental certification won at the Colombo Worten store, the first Non Food Retail store to do so.

#### Main environmental initiatives undertaken in 2009:

- The Worten Team Campaign managed to collect 3,895 tons of Waste Electrical and Electronic Equipment (WEEE).
- Start up of the roll out of the cork collection project to Modelo hypermarkets.
- The "Save Energy" employee awareness campaign was carried out in stores, offices and warehouses.
- A customer awareness programme about separate waste collection for used batteries was carried out as a result of which 800,000 special battery collection boxes were

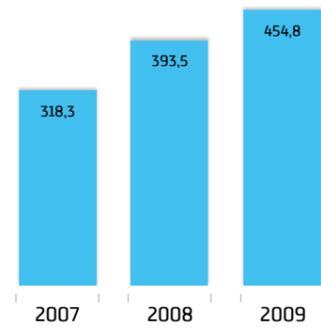
### 5.5.1 Energy

Electricity consumption was **1.6%** lower compared to 2008 on a like for like basis for high turnover food stores.

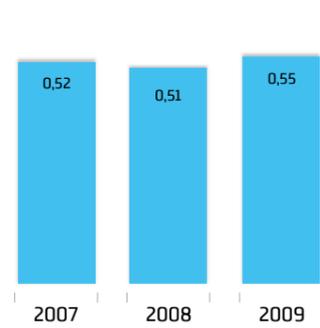
In view of the fact that this is one of the biggest environmental impacts of our Retail business, we have continued in 2009 to give special attention to this area, ensuring high levels of efficiency in the use of this resource and investing in energy generation from renewable sources.

The impact was most noticeable in the consumption of electricity.

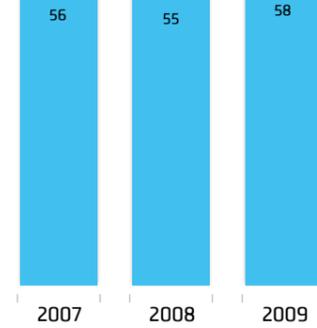
**Electricity Consumption (GWh)**



**Electricity Consumption (GWh/1000m<sup>2</sup>)**



**Carbon Intensity (ton CO<sub>2</sub>/M€ net sales)**



In 2009, Retail electricity consumption totalled 454.8 GWh, an increase of 15.6% compared to 2008, explained by the increase in business activity. However, on a like for like basis, there was a fall of 1.6% in those food retail stores with high turnover.

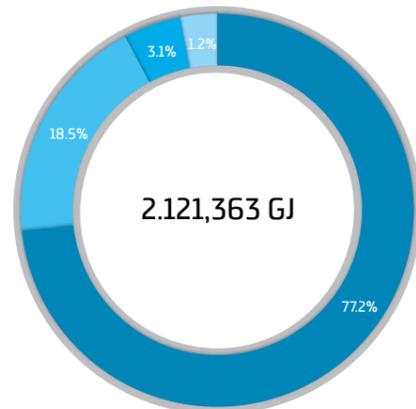
On a unit basis, consumption was 0.55 GWh/1000 m<sup>2</sup> of sales area, which is comparable with that of previous years.

Total consumption of energy, including, in addition to electricity, fuel used in stores and for transportation, both for supplying stores and for employee transport, was 2,121,363 GJ, equal to CO<sub>2</sub>e emissions of 248,587 tons.

**Generation of renewable energy**

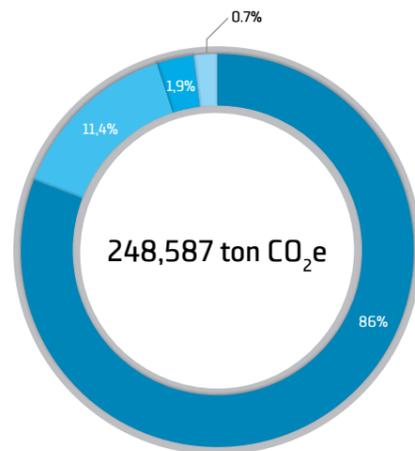
In 2009, 17 new photovoltaic power stations were installed, continuing the programme to install independent power generation stations from renewable sources begun in 2008. The stations with a licence to link up to the Portuguese National Electricity Grid produced in 2009 a total of 51.7 MWh of electricity, thus avoided emissions of 24.3 tonCO<sub>2</sub>e.

**Energy consumption analysis 2009**



- Electricity in stores, warehouses and offices
- Diesel for goods vehicles
- Diesel and Petrol for employee cars (Diesel: 3%; Petrol: 0.1%)
- Other (natural gas: 0.7%; propane: 0.2%; diesel: 0.3%)

**CO<sub>2</sub>e Emissions analysis 2009**



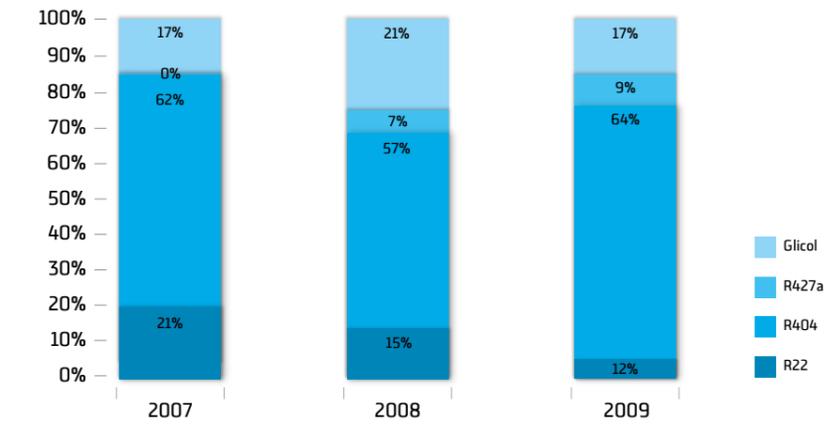
- Electricity in stores, warehouses and offices
- Diesel for goods vehicles
- Diesel and Petrol for employee cars (Diesel: 1.9%; Petrol: <0.1%)
- Other (natural gas: 0.3%; propane: 0.2%; diesel: 0.2%)

### 5.5.2 Refrigeration Gases

As part of the programme to replace cold centres, begun in previous years, we continued to focus on the problems related to the escape of refrigeration gases with potentially negative consequences to the atmosphere.

By the end of 2009 the gas R22 was only used by 17 stores (12% of the total).

**Refrigeration Gases**



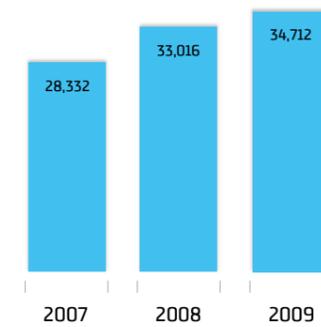
### 5.5.3 Transport and logistics

In 2009, the vehicle fleet supplying our stores travelled a total of 34.7 million Km, up 5.1% on the previous year. However, efficiency improvements were made such that 8.4% more crates were transported per Km. As a result, CO<sub>2</sub> emissions per crate transported fell by around 5%.

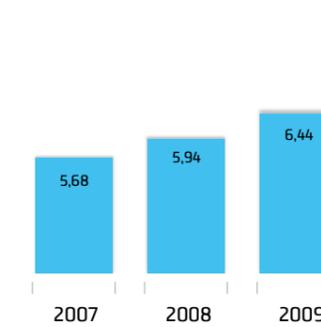
Emissions of CO<sub>2</sub> per crate transported fell by 5%

The policy of insisting on the use of increasingly more technologically advanced vehicles in the fleet contracted to supply our stores has meant that some 68% of these vehicles complied with the EURO 4 or EURO 5 Standards as at the end of 2009, an increase of around 50% compared to 2008.

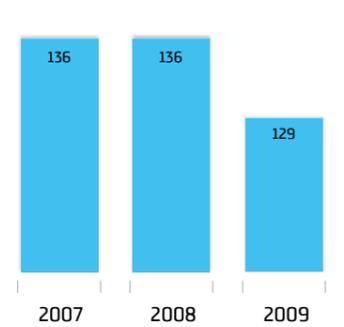
**Km travelled (1,000Km)**



**Number of Crates transported /Km travelled**



**Kg CO<sub>2</sub> emitted per 1000 crates transported**



### 5.5.4 Water

Consumption of water in 2009 totalled 797,011 m<sup>3</sup> (including, in addition to Modelo and Continente hypermarkets, that of Modelo supermarkets, not previously reported and totalling 43,264 m<sup>3</sup>). On a like for like basis, consumption fell in absolute terms by 13.8% compared to 2008.

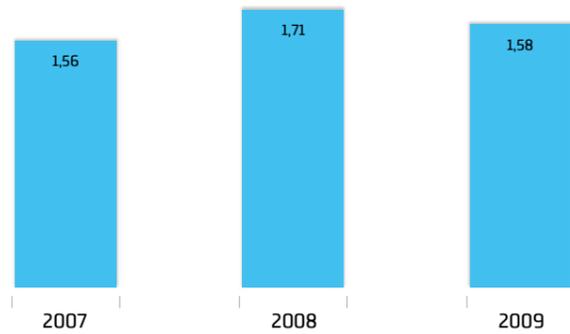
For the Modelo and Continente store network (previously reported), unit consumption was 1.56 m<sup>3</sup>/m<sup>2</sup> of sales area. If Modelo Bonjour stores are included, this figure was 1.58 m<sup>3</sup>/m<sup>2</sup>.

Water consumption fell by **13.4%** per unit of sales area in comparable store units

Compared to 2008, unit consumption (water consumption per unit of sales area) fell by 13.4% on the basis of a like for like number of stores.

The significant increase in efficiency was the result of a number of different measures implemented, particularly in those stores acquired in 2008 (ex-Carrefour).

**Water consumption per unit of sales area in food stores (m<sup>3</sup>/m<sup>2</sup>)(\*))**



(\*)) The figures for 2007 and 2008 do not include consumption of Modelo Bonjour supermarkets.

**Some examples of water consumption efficiency measures implemented in 2009:**

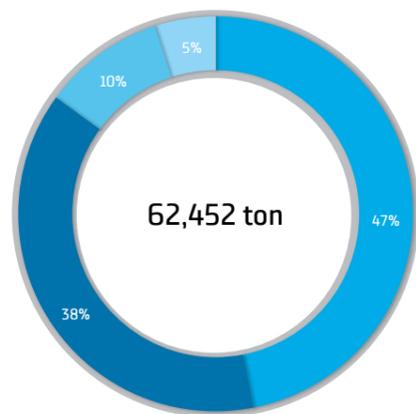
- Installation of separate counters in various store areas thus allowing greater control over consumption;
- Installation of flow timers in all taps, reduction of water inflow at various points and triggers on all hoses.
- In the Fishmarket area: Installation of perforated grills to reduce blockage, production of only enough ice for the needs of a particular workday and the installation of electro-valves with timers to melt ice.
- Change in the method used to wash the fresh products counter, thus increasing operational efficiency.
- Awareness campaigns among employees in daily meetings.

**5.5.5 Waste**

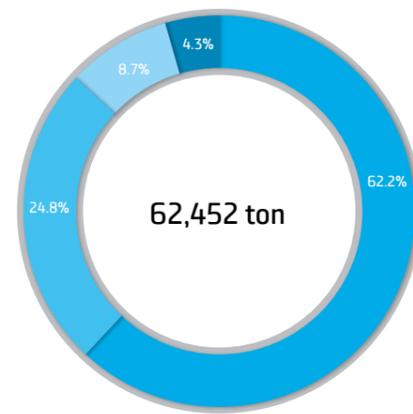
In 2009, waste generated increased by 5%, totalling 62,452 tons. The main types of waste were cardboard (47%) and USW (Urban Solid Waste) (38%). As for other types of waste, there was a sharp increase in the collection of bottle corks (+158%), polystyrene foam (+65%), and WEEE (Waste Electrical and Electronic Equipment) (+35%).

We continued the trend of increasing our waste recovery, which reached 75.2% of total waste generated this year, due particularly to an increase in recycling of 7% and composting of 8%. Concerning the latter, organic waste began to be separated in 15 additional stores and 1 warehouse and sent for recovery.

**Waste generation 2009**



**Final waste destination**



**75.2%** of waste sent for recovery

- Cardboard
- USW
- Other
- Plastic

- Recycling
- Composting
- Landfill
- Incineration

**5.5.6 Construction**

We know that the performance of our stores depends very much on the implementation of efficiency measures in the design and construction phases of the premises involved. For this reason, we have implemented measures that allow better performance to be achieved in the operational phase of these units.

**We can highlight a number of examples as follows:**

- In 2007, the construction of the Estremoz Modelo store, in which, from the design phase, 28 environmental measures, focused on improving aspects relating to energy, water and waste management were applied.
- In 2008, implementation of the "Eco Modelo" at Palmela, which is an area set aside for the deposit of waste by customers and its later dispatch for recycling.
- Since 2008, we have been installing renewable energy generation stations in our stores. As at the end of 2009, we had 29 stations installed, 20 of which were linked up to the National Electricity Grid.
- In 2009, the logistics and office Park in Maia was inaugurated, a project undertaken by Sonae Capital for the Retail area of Sonae. This building won the Gold level LEED certification (Leadership in Energy & Environmental Design), because of the outstanding sustainable characteristics of its infrastructure and management.

**Maia Logistics and Office Park**

This project involved the construction of new buildings and the upgrade of existing infrastructure and surrounding areas in an investment totalling 68 million euros. The office building, linked to one of the warehouses, incorporates LEED system principles, and is the first to win Gold level LEED certification on the Iberian Peninsula. The goal of the building is to provide occupants with a healthy and comfortable interior environment, while at the same time minimising negative environmental impacts arising from its construction and operation.

**Some of the more notable innovative features of the project are:**

- The lighting system uses efficient light bulbs, which adjust light levels in accordance with daylight conditions.
- Air conditioning of the building is achieved by making use of residual heat from the combined cycle co-generation system and absorption chiller installed in the Business Park.
- The roof of the building has a paint covering which reduces heat absorbed from solar radiation while exterior windows are shaded, thus permitting air conditioning costs to be reduced.
- A rain water recovery system is used for watering while water from wash hand basins and showers is reused in urinal and toilet flushes, thus avoiding the use of water from the public network.
- 95% of the wood used in the building comes from forests with sustainable management and around 75% construction waste was reused or sent for recycling.



## 5.6 COMMUNITY

We continued our policy of community involvement and support by carrying out actions at both a local and national level, some of which had a major impact on the community.

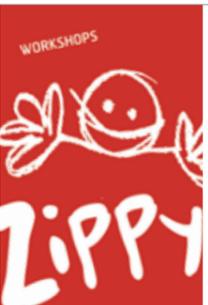
In 2009, Sonae's Retail area (Sonae MC and Sonae SR) invested € 7,3 million euros directly in the community, a figure which shows clearly how we have, in cooperation with the communities with whom we are involved, continued to support those areas considered to be the main targets for our endeavours, namely health, education, culture, the environment, science and social solidarity.

Project	Objective	Results achieved in 2009
<b>Continente</b>		
Missão Sorriso (Mission Smile)	 <p>Raise sums through the sale proceeds of the book "Leopoldina e a ordem das Asas" to be donated to hospitals, which presented their projects in a competition to improve care given to children in hospital.</p>	Donation of €500,000 to 11 hospitals, improving the levels of care given to sick children.
<b>Continente, Modelo, Zippy e Sport Zone</b>		
Operação Nariz Vermelho (Operation Red Nose)	 <p>Donation of sums raised through sales of T-shirts in stores to "Operação Nariz Vermelho" (Operation Red Nose).</p>	€32,000 were raised and donated to "Operação Nariz Vermelho".
<b>Worten</b>		
Project "Arredonda"	 <p>By rounding up the value of their bills on goods purchased at Christmas time, Worten customers were invited to help "Humanitas" - the Portuguese Federation for the Mentally Handicapped, by supplying them with specially adapted transport vans.</p>	€265,000 raised and donated to these institutions in the form of 9 specially adapted transport vans. This project went beyond all expectations, given that initially the objective was to donate only one van.
<b>Zippy</b>		
Zippy Sunny Watch	 <p>In partnership with the Portuguese League against Cancer (LPC) and RTP (Portuguese Radio and Television), Zippy promoted a special campaign in 2009 for children to protect themselves against solar radiation.</p>	The sum raised in this campaign - €3,500 - was donated to the LPC.
<b>Continente</b>		
Hipernatura	 <p>Action taken to improve green areas in the catchment areas of Continente hypermarkets, helping to upgrade parks and open spaces as urban areas for leisure and entertainment, thus influencing the quality of life of local communities.</p>	With the involvement of local councils and the supervision of the NGO Quercus, action was taken in open spaces and parks in 23 town councils with the goal of upgrading and improving these areas and promoting their use for recreation. Of the 23 projects begun, 19 were concluded in 2009.

<b>Modelo</b>		
Education and Environment  Pilhas de Livros (Piles of books)		Encourages recycling through the collection of used batteries; Encouraging reading by offering books to children from kindergartens and primary schools.
In the 6th initiative of this kind, Modelo donated €120,000 to the 120 winning schools in the form of books, which are part of the syllabus of the National Reading Plan programme.		
<b>Worten</b>		
Environment and Social  Equipa Worten Equipa		An appeal to customers to bring their old used household equipment to Worten stores, leading to new equipment being given to charitable institutions across the country.
In 2009, 3,895 tons of WEEE were handed in, resulting in the donation of 2,197 new items of equipment, to a value of €200,000.		
<b>Continente</b>		
Leopoldina Vamos Crescer (Leopoldina let's grow up)		Make donations of teaching materials, the goal of which is to improve the school curriculum and which were developed in partnership with various institutions in the areas of health, education, sport and safety.
Continente donated educational and interactive DVDs to 60,000 pupils in 500 primary schools.		
<b>Modelo</b>		
Escola Modelo (Modelo School)		In order to provide schools in the catchment areas of Modelo stores with sports and computer equipment, a line of school products was produced using the image of the football player Cristiano Ronaldo, with 1€ per product sold being donated to this cause.
Customers voted online for the schools to receive donations to a value of €1,000 per school and a total sum was donated of €122,000.		



<b>Zippy</b>		
Education	<p>Sabias que... (Did you know that....)</p> 	<p>Zippy, in association with RTP, made families aware of safety issues by offering practical advice.</p> <p>The "Did you know that..." programme was aired on RTP during the summer months.</p>
<b>Sport Zone</b>		
Sport	<p>Sportzone Runs</p>  <p>Young Peoples Events Sportzone</p> 	<p>Sportzone Half Marathon, Fathers' Day Run and Mothers' Day Run.</p> <p>Organization of various events to promote a healthy life style and sporting activities - Kid's cup, Street Basket, "Gira" volleyball and the Surfing Hopefuls National Circuit.</p> <p>Sponsorship of various local sporting associations, Federations and other sporting institutions. This year, among those supported were:</p> <ul style="list-style-type: none"> <li>- Portuguese Olympic Committee;</li> <li>- National Sporting Institution;</li> <li>- Portuguese Sports Confederation;</li> <li>- Portuguese Sports Federation for Handicapped people;</li> <li>- Portuguese Gymnastics Federation;</li> <li>- Portuguese Canoeing Federation;</li> <li>- Portuguese Surfing Federation;</li> <li>- Portuguese Cycling Federation.</li> </ul>
		<p>In total, the running events involved 44,000 competitors and raised €29,500. These events were attended by more than 25,400 young people.</p> <p>Support to more than 1,000 athletes for their sporting activities through the donation of a total of €90,000 to their respective federations.</p>
<b>Continente and Modelo</b>		
	<p>Donation of products to local communities</p> 	<p>Donation of food and non food products to local institutions.</p> <p>In 2009, products with a value of €4.7 million were donated.</p>
<b>Modelo</b>		
Social	<p>Causa Maior</p> 	<p>The mission of this initiative is to fight loneliness among elderly people by helping to integrate them into society. The funds raised came mainly from the sale of the book "Receitas do Mundo da Popota." (Recipes from the World of Popota)</p> <p>The €380,000 raised were used to provide for the needs of those elderly people most in need through help and support from the 72 branches of the Portuguese Red Cross.</p>
<b>Modelo</b>		
	<p>Um Modelo de Parque (Modelo Family Park)</p> 	<p>Encouraging activities shared between generations and practising sport are the main objectives of this initiative, which involves the creation of Parks in cities and towns in which Modelo has opened stores. The parks have a garden area, a senior persons' park and a children's park, the goal being to bring together different generations in the same location for recreation.</p> <p>In 2009, 8 parks were built, and there are currently a total of 30 across the country.</p>

<b>Modalfa</b>		
Social	<p>"Nós" Movemo-nos por uma causa ("Us" -Working for a worthy cause)</p> 	<p>The "Nós" Initiative is aimed at supporting causes linked to the family through the sale of scarves expressing solidarity.</p> <p>Sales of scarves, totalling 145,000 in 2009, beat all records, which meant that 290,000€ could be donated to the "Mothers with a Future" project of the APF (Portuguese Family Association).</p>
<b>Sport Zone</b>		
	<p>Fund raising in Sportzone Stores</p> 	<p>On special days such as Mothers', Fathers' or Children's Days, our stores hold workshops for children at which they increase their awareness and become friends of the environment by helping to recycle and reuse of materials.</p> <p>€23,300 of funds were raised and donated to the APAV and Acreditar Associations. €5,900 to the "Obra do Ardina" Foundation and €21,100 to Oikos.</p>
<b>Zippy</b>		
Environment	<p>"Zippy" Workshops</p> 	<p>On special days such as Mothers', Fathers' or Children's Days, our stores hold workshops for children at which they increase their awareness and become friends of the environment by helping to recycle and reuse of materials.</p> <p>Thousands of children were involved in the workshops in the Zippy stores.</p>
<b>Book.it</b>		
Culture	<p>"Leitura em dia"</p> 	<p>A partnership was set up with local radio stations to play a game involving the introduction and promotion of a different book each week. The prize is the offer of 1 book every week, to be collected in the book.it store by the winning listener.</p> <p>In all, 2,000 books were given as prizes (47 per week).</p>



## 5.7 COMMITMENTS

### Commitments for the period 2008 to 2012

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#### Focus on more healthy food habits and products.

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	Promoting information which:
Customers	- Leads to more healthy eating habits; - Leads to sustainable consumer habits.

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#### Extend our commitments relating to quality, the environment and society along the value chain. Support suppliers to comply with market demands.

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	Increase the number of audit visits to factories.
Suppliers	Implement progressively more demanding eco-efficiency requirements in all areas covered by the "Clube de Produtores".

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#### Reduce our Environmental Footprint, thus complying with our Environmental Policy.

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	Reduce electricity consumption by more than 6% on the basis of a like for like number of stores;
	Invest in a sustained manner in the installation of autonomous energy production centres from renewable sources;
Environmental	Reduce progressively the potential for emission of Green House Gases (GHGs);
	Reduce the environmental impact of waste generation;
	Reduce the potential consumption of water in stores;
	Increase environmental certifications and increase the general public's awareness of good environmental practices.

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#### Contribute towards community citizenship awareness and social cohesion.

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Community	Invest in increasing public awareness in order to encourage behaviour leading to good citizenship, social cohesion and sustainability.
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#### Be a benchmark company

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Employees	Continuation of the company's policy and practices to provide an environment in which employees can grow professionally and personally. Increase the professional and personal qualification levels of employees.
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## Commitments for 2009

Commitments for 2009		What we did in 2009		Status
<b>Focus on more healthy food habits and products.</b>		<b>Focus on more healthy food habits and products.</b>		
Customers	Increase in the offer of more healthy products.	Goal achieved. 88 sales items in the "Gama Continente Equilíbrio" (Continente Equilibrium range), 15 more than in 2008; 57 sales items in the "Gama Bio" (Organic Product Range), 11 of them launched in 2008; "Área Viva": this sales area is now in 100% of food stores (9 more than in 2008), and have 65 Continente Area Viva sales items (53 more than in 2008).		●
	Promotion of more healthy eating habits.	Goal achieved. Launch of the "Vida Hiper saudável" project (see page 39). The "Vida Hiper saudável" fortnight event took place (see page 39). Launch of the Nutritional Personal Shopper project – to accompany our customers while they are shopping, helping them to make more healthy food choices and understanding food label information (see page 39). The "Prova dos 5" event took place (see page 39).		●
<b>Extend our commitments relating to quality, the environment and society along the value chain Support suppliers to comply with market demands.</b>		<b>Extend our commitments relating to quality, the environment and society along the value chain Support suppliers to comply with market demands.</b>		
Suppliers	Increase the number of audit visits to factories;	Goal achieved. Number of audit visits maintained and an increase of 203% in qualification audits for international suppliers.		●
	Implement progressively more demanding eco-efficiency requirements in all areas covered by the "Clube de Produtores";	Goal achieved. Increase in the requirements relating to eco-efficiency for our suppliers in the "Clube de Produtores". 16% of checklist questions concern environmental matters.		●
	Formalise the Sustainable Fishing Purchasing Policy.	Goal achieved. Fishing Sustainability Policy formalised (see pages 37 and 38).		●
<b>Reduce our Environmental Footprint, thus complying with our Environmental Policy.</b>		<b>Reduce our Environmental Footprint, thus complying with our Environmental Policy.</b>		
Environment	Reduce electricity consumption by more than 1% on the basis of a like for like number of stores;	Goal achieved and exceeded by 60%. A fall of 1.6% recorded on a like for like basis (higher consumption food stores).		●
	Install 15 new autonomous energy production centres from renewable sources within the scope of legislation in Portugal on micro-generation;	Goal achieved and exceeded by 13%. 17 new autonomous renewable energy production centres installed.		●
	Replace the refrigerant gas R22 by R427a in all cold production equipment (R22), which have not yet already been replaced;	Goal partially achieved. Reduction in the use of R22 gas for 65% of the potential store network.		●
	Widen the offer of reusable shopping bags;	Goal partially achieved. Development of new ranges of reusable plastic bags for launch in 2010.		●
	Reach a waste recovery rate of 75%;	Goal achieved. The waste recovery rate reached 75.2%.		●
	100% of existing stores with gardens (and 100% of new ones) with automatic watering systems;	Goal achieved. All stores with gardens are equipped with automatic watering systems.		●
	Test rainwater collection systems for use in lavatories, for washing floors and watering;	Goal achieved. A rain water recovery system has been installed for watering, while water from wash hand basins and showers is reused in urinal and toilet flushes in the new Retail office building located in Maia. (see page 50).		●
Increase the number of premises certified according to ISO 14001.	Goal achieved. 2 units (Colombo Worten and Machico Modelo) won ISO 14001 environmental certification.		●	
<b>Contribute towards community citizenship awareness and social cohesion.</b>		<b>Contribute towards community citizenship awareness and social cohesion.</b>		
Community	Continue with high impact social projects which we have been carrying out, such as "Missão Sorriso", "Causa Maior" and "Hipernatura". Continue the School Support Programmes, in particular through initiatives such as "Pilhas de Livros" (Piles of Books), "Leopoldina Vamos Crescer" and "Escola Modelo".	Goal achieved and exceeded. Work continued on community support social projects and at schools where we have been developing and implementing new projects in these areas (see pages 51 and 53).		●
<b>Be a benchmark company.</b>		<b>Be a benchmark company.</b>		
Employees	Formalise the Human Resources Policy.	Due to the organic restructuring of Sonae, a common human resources approach has been adopted for Sonae, which can be consulted in chapter 4.3 of this document.		●

Legend: ● Goal achieved ● Goal partially achieved ● Goal not achieved

## What we will do in 2010

### Commitments 2010

	<b>Focus on more healthy food habits and products.</b>
	Broaden the offer of products in the "Equilibrio" and Organic Product range. Launch of gluten free Own Brand products.
	Promote more healthy food habits with a focus on providing more and better information concerning healthy food. Develop a weight control programme for customers and employees. Awareness campaign among schoolchildren about "Healthy Food".
<b>Customers</b>	<b>Focus on more ecological products.</b>
	Release of a new environmental friendly range of automobile products.
	<b>Improvement and increase in the number of quality control and certification processes.</b>
	Improve the processes involved in developing, tracking and following up on products.
	Win NP EN ISO 9001 certification for the development of Continente Own Brand Products and Product and Supplier follow up After Development and Launch.
	<b>Extend our commitments relating to quality, the environment and society along the value chain</b>
	<b>Support suppliers to comply with market demands.</b>
	Continue to increase the number of qualification audits of suppliers.
	Progressively implement more demanding eco-efficiency requirements in all areas covered by the "Clube de Produtores";
	Reduction of fish from unsustainable sources available for sale.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Replacement of fish species at risk of extinction (shark), or threatened (monkfish);</li> <li>- 100% of cod from sources with recognised Sustainable Fishing policies;</li> <li>- Reduction of species caught by drag net fishing and promotion of other line-caught fish;</li> <li>- Total elimination of Greenland halibut and Atlantic Cod;</li> <li>- Increase in sales of fish from "Docapesca", proven users of sustainable and craft methods of fishing;</li> <li>- Increase in sales of farmed fish products;</li> <li>- Introduction of organic products;</li> <li>- Increase employee training and information about this issue on the Continente website;</li> <li>- Make information available to customers about the kinds of fish available, the techniques used for catching fish, and proof of fish market purchase.</li> </ul>
	<b>Reduce our Environmental Footprint, thus complying with our Environmental Policy.</b>
	Reduce electrical energy consumption by more than 1% on a like for like store basis.
	Continue the focus on the installation of new autonomous renewable energy generation centres in line with guidelines of new legislation in this area.
	Ensure that 80% of the vehicle fleet complies with the EURO 4 or higher standards.
<b>Ambiente</b>	Continue with the programme of replacing the refrigeration gas R22 in cold centres where this has not yet been done.
	Make available a wider offer of reusable shopping bags.
	Exceed the waste recovery rate reached in 2009.
	Increase the number of premises with ISO 14001 certification.
	<b>Contribute towards community citizenship awareness and social cohesion.</b>
<b>Community</b>	Continue work on projects with a positive social impact in the community in the health, education, environment culture, sporting and recreational areas.
	<b>Be a reference company.</b>
<b>Employees</b>	Formally introduce Sonae's Human Resources Policy (suitably adapted to the company's new organisational structure).

Note: Additional information about KPIs can be obtained by looking at the online version of Sonae's 200 Sustainability Report

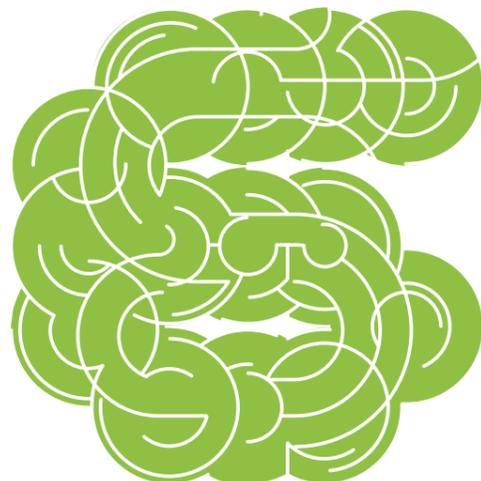




SONAE

6 SHOPPING CENTRES

# SHOPPING CENTRES



**S**onae Sierra, international specialist in shopping centres, is one of Sonae's core partnerships, which combines shopping with leisure, and is passionate about bringing innovation and excitement to the shopping centre sector. Incorporated in Portugal in 1989, Sonae and Grosvenor (United Kingdom) both control 50% of the company. Sonae Sierra has an integrated approach to the business which encompasses ownership, development, management and the provision of services to third parties.

## Vision

To be the leading international specialist in shopping centres.

## Mission

Sonae Sierra is the international shopping centre specialist that provides ultimate shopping experiences to customers and creates outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development.

"Sonae Sierra, aware of its business and social responsibilities, and regardless of the countries where its companies are located, recognizes the importance of and undertakes to respect certain Values and Principles regarding its Business Culture, Responsibility towards Staff, Community Responsibilities and Independence from Political Power."

You can find more information about our principles and values on the Internet at the following address: [www.sonaesierra.com](http://www.sonaesierra.com)

## Corporate Responsibility Management System

The main issues relating to Corporate Responsibility (CR) at Sonae Sierra are managed through a CR management system, which is based on a cyclical model that allows us to achieve continuous improvement in the nine most important impact areas of its business: Energy and Climate, Water, Waste, Biodiversity and Habitats, Suppliers, Tenants, Communities and Visitors, Employees and Safety and Health. Policies and strategies have been established with the goal of putting the values into practice and keeping to our commitments.

In order to control and achieve long term goals and thus our defined strategy, CR targets are regularly monitored, as well as key performance indicators.

## Governance and CR

The CR Management System functions through six Work Groups, which cover the impact areas identified. The Work Group leaders are members of the CR Steering Committee which is chaired by the CEO. The CR Steering Committee is responsible for overseeing the identification and management of relevant issues in this area and ensuring that performance in these critical areas is monitored and improved.

## Economic, Environmental and Social Performance

In economic terms, Sonae Sierra improved its results and margins, opening two major new shopping centres – one in Germany and the other in Brazil – and began work on a new project in Portugal. In more detail, the main highlights of the performance of the company in 2009 were:

- Increase of 13% in direct profits and 6% in Net Operational Margin compared to the same period of last year.
- Opening of the Loop5 shopping centre in Germany with 96% of GLA rented at the time of opening.
- Opening of the tenth shopping centre of Sonae Sierra in Brazil, Manauara Shopping in Manaus, with 96% of GLA occupied.
- Construction of LeiriaShopping in Portugal, an investment of €80 million, and opened in March 2010.
- Building began on Le Terrazze in Itália, an investment of €125 million with opening scheduled at the end of 2011.
- Start up of the management services provided to third parties in 7 new shopping centres.

In terms of environmental performance, there was a significant improvement in the areas of CO<sub>2</sub> emissions, energy consumption and efficiency, recycling rates and biodiversity. Progress made in this area has been positive, with the main highlights being:

- A reduction of 29% in electricity consumption per square metre (mall and toilet areas) in owned shopping centres, from 737 (2002) to 527 (2009) kWh, which meant a cost avoidance of around 11.7 million euros in 2009;
- A sharp fall in the carbon emissions of the company. In 2009, the figure recorded was 67 kgCO<sub>2</sub> per m<sup>2</sup> of GLA, an improvement of 20% compared to 2005;
- Thanks to eco-efficiency (Water) measures taken over the last seven years, it was possible to avoid incurring costs of around 376,500 euros and save 151 million litres of water in 2009;
- Increase of about 142% (from 19% in 2002 to 46% in 2009) in the recycling rates across the entire portfolio, allowing cost avoidance of around 1.7 million euros in 2009.

Despite the eco-efficiency measures introduced (Water), they were not enough to offset the fall in the number of visits in some countries (the number of visits to shopping centres fell proportionately more than water consumption), which explains why the consumption of water in shopping centres increased from 3,6 litres per visit in 2008 to 3.8 litres in 2009.

Sonae Sierra's performance in the social area also continued to be good, highlights of which were:

- Reduction of 28% in the number of non conformances per Safety Preventive Observation hour;
- Increase of 51% in the number of training hours in Safety and Health, which totalled 20,307 hours/man in 2009;
- Increase of 19% in the number of voluntary work hours by employees;
- Increase of 33% in the level of investment in training courses and the personal development of employees.



We present below the key indicators relating to the nine most relevant impact areas of the business, which illustrate Sonae Sierra's performance in 2009.

## Key Figures

Direct Economic Value Generated

2009:  
**€296 million**  
2008: €311 million

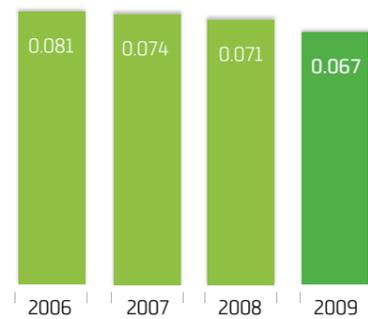
Economic Value Distributed

2009:  
**€276 million**  
2008: €313 million

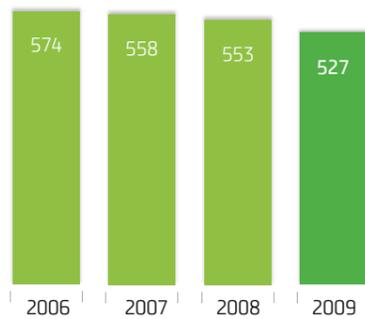
Economic Value Retained

2009:  
**€20 million**  
2008: €-2 million

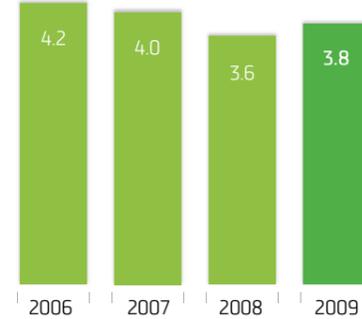
Greenhouse gas (GHG) emissions of the owned portfolio and corporate offices (tCO<sub>2</sub>e/m<sup>2</sup>GLA)



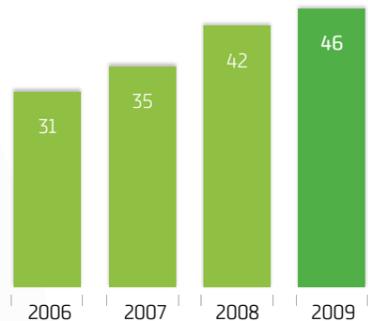
Electricity efficiency (excluding tenants) of the owned portfolio (KWh/m<sup>2</sup> mall and toilet area/year)



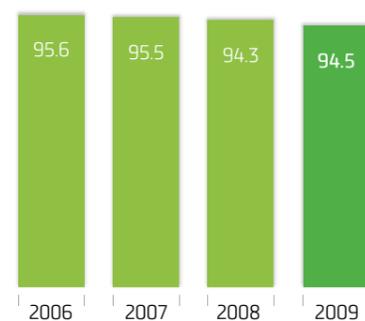
Water efficiency (excluding tenants) of the owned portfolio (litres/visit/year)



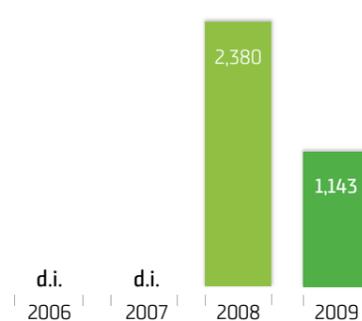
Total waste recycled as a proportion of waste produced (% by weight) across the owned portfolio



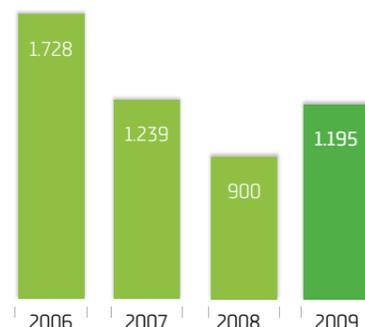
Average occupancy index (% por GLA)



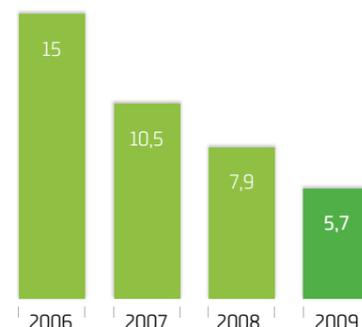
Marketing investments in CR and other community contributions (€ million)



Investment in staff training and development (€ per capita)



Number of hours of Safety and Health training provided (number)



## External Recognition

The efforts made over the last few years to integrate Corporate Sustainability into our business management was once again recognised in 2009 with Sonae Sierra achieving a number of distinctions, in which we take great pride:

- Classified in first place for the fourth time in Portugal in the Euronatura Climate Responsibility Ranking: "2009 ACGE Sector Index".
- The "Green Centre" concept was considered to be excellent in the Sustainable Energy Europe Awards promoted by the European Commission.
- The Personæ Project was considered to be the Best Risk Training Programme in Europe, in the 2009 European Risk Management Awards.
- ISO 14001 certification won for the Environmental Management Systems of 4 more shopping centres and two projects under construction.
- The first company in Europe to win OHSAS 18001 certification of the Health and Safety system (H&S) for the construction phase of a shopping centre.
- OHSAS 18001 certification won for the H&S management systems of 11 more shopping centres in operation.

## Case Studies

### 1 - ENERGY EFFICIENCY: A PRIORITY AT RIVER PLAZA MALL

An energy audit performed in 2008 concluded that significant energy savings could be achieved in this centre. As a result, the management team at River Plaza Mall made energy efficiency a top priority in 2009 and successfully implemented a number of energy efficiency measures. These measures, which involved a total investment of 69,700 euros, enabled energy consumption to be reduced by 1,755,500 kWh per year and make annual savings of 50,600 euros, with an average payback time of 1.3 years. In 2009, River Plaza Mall had already decreased its energy consumption (kWh per m<sup>2</sup> of mall and toilet areas) by 16% compared to 2008.



### 2 - GREEN SALES PROMOTE REFORESTATION IN BRAZIL

In 2009, Sonae Sierra Brazil launched its first green sales campaign. Shoppers received a "green bar code" for every R\$100 (€36) spent in its centres, which could be deposited in a box inside the shopping centre. For every "green bar code" deposited, a tree was planted in an environmental recovery area, donated by the shopping centres of Sonae Sierra Brazil.



### 3 - IMPROVING ACCESSIBILITY FOR SHOPPERS WITH SPECIAL NEEDS

In 2009, the Alexa shopping centre in Berlin, Germany, became the first building of its kind to receive the "Berlin Barrierefrei" (Berlin without Barriers) award for its initiatives to promote the inclusion of the disabled, including a project to improve access for visually impaired people. This involves tactile Braille cards to help customers find their way around the centre and an audio guide in MP3 format which describes the architecture, layout, shop locations and potential obstacles. Alexa's tenants have also been provided with information on how to be of most assistance to visually impaired visitors.



### 4 - 8.ª AVENIDA, IN SÃO JOÃO DA MADEIRA, ACHIEVES THE BEST RECYCLING RATE

At the start of 2009, 8ª AVENIDA shopping centre set itself an ambitious target: to become the Sonae Sierra shopping centre with the best waste recycling rate. To do this, access to the unsorted waste compactor was closed off and a special area was created for separating unsorted waste. By the end of the year, a recycling rate of 79% had been achieved - the highest of all Sonae Sierra's shopping centres. The cash benefits resulting from this measure, comparing data for 2009 with 2008, totalled more than 5,100 euros, which include the cost savings of avoiding sending the waste to landfill and also the revenue from the sale of recoverable waste.

### 5 - IMPROVING STAFF WELLBEING WITH "HEALTHY MONTH"

In May 2009, Sierra organised the first "Healthy Month" across all corporate offices and shopping centres in Europe. The aim of the Initiative was to make employees more aware of the everyday choices that have an impact on health and quality of life. In total, 417 employees (including some service providers) participated in a total of 178 different health related activities.



#### 6 - LEIRIA SHOPPING WINS THE FIRST OHSAS 18001 CERTIFICATION FOR THE CONSTRUCTION PHASE OF A SHOPPING CENTRE

LeiriaShopping (construction phase) has implemented a system aimed at promoting a greater and more direct involvement of construction workers in health and safety issues. The system involves workers representatives participating in Health and Safety meetings, more training and putting a suggestion box on site for improvements in the Health and Safety area.



#### 7 - COMMUNITY EDUCATION IN BRAZIL: 17 STUDENTS FROM THE SHOPPING METRÓPOLE COMPLETE THEIR SCHOOL EDUCATION

The Shopping Metr pole in S o Paulo has made access to education easier for employees, tenants, suppliers and their families by providing free lessons in the Shopping Centre to around 60 students, of which 17 managed to complete their basic education. The project involved financial support totaling €33,380.



#### 8 - INTERIOR DECORATION BY LOCAL ARTISANS AND ARTESANS IN MANUARA SHOPPING

The recently opened Manuara Shopping used local artisans from various craft associations to work on decorating the interior of the shopping with themes relating to Amazonia. This was a way of making people more aware of the ecological importance of the region.



### Main Community Involvement actions

We highlight below a number of community involvement actions carried out in 2009.

Additional information can be found in the 2009 Sonae Sierra Corporate Responsibility Report.

#### Community Day

Initiative to promote cooperation between our employees and the local community. In 2009, 33% of our employees made use of voluntary days to which they are entitled, compared to 28% in 2008, and spent 3,001 hours on a wide range of community projects during working hours.

#### Stop Poverty

We supported the NGO "Plan Espanha" by making available space in 10 of our shopping centres in Spain to raise money for its campaign "Stop Poverty".

#### Junior Achievement (Learn to be an entrepreneur)

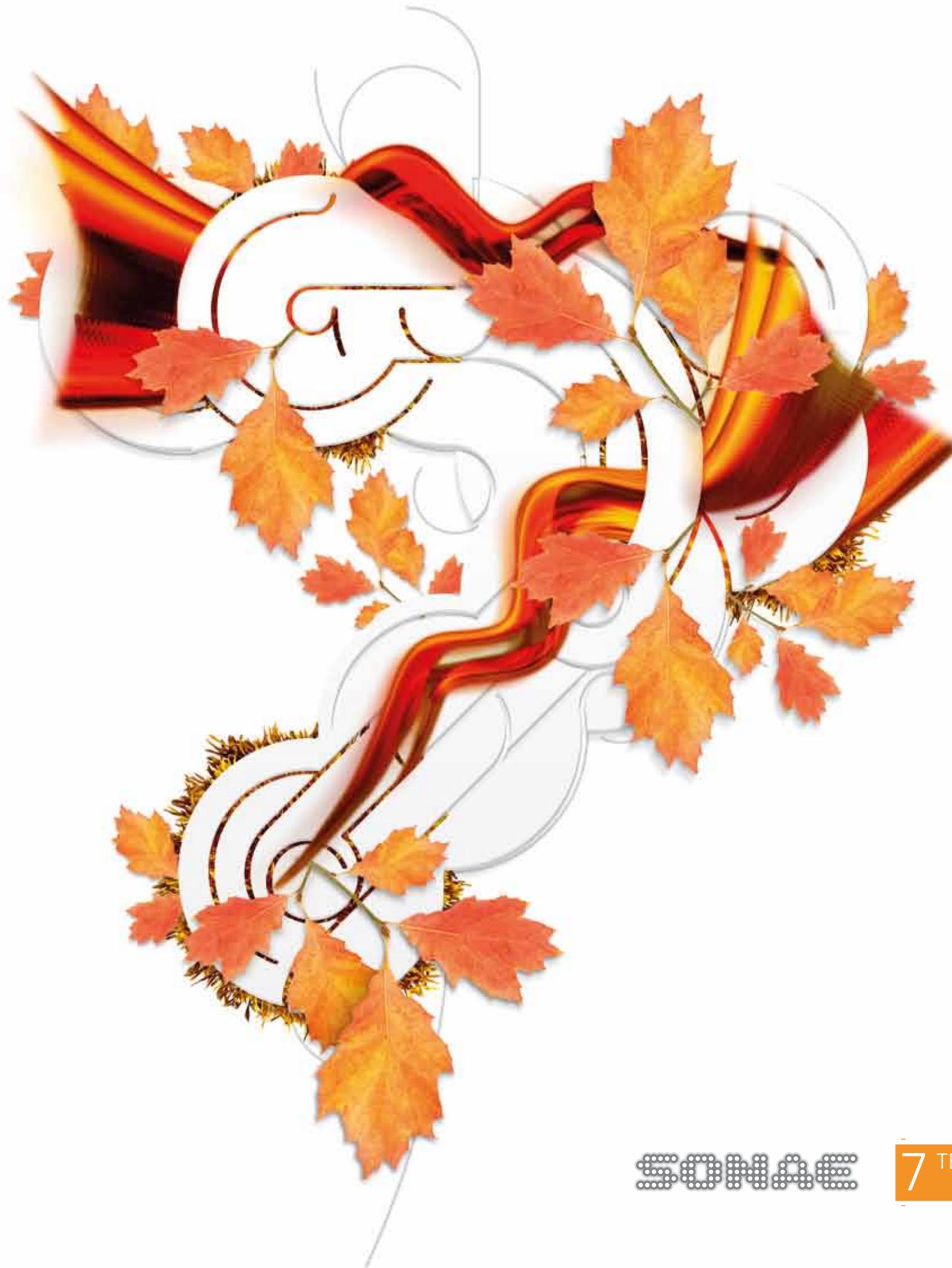
Initiative carried out on a voluntary basis by employees, the goal of which is to stimulate the interest of schoolchildren from under privileged backgrounds, encouraging them to develop knowledge in their areas of interest and to discover their personal strengths and capabilities.



#### Community Panels (Pain is Comunit rios)

Active collaboration with local communities is achieved through community advisory panels that we make use of to understand and respond to local needs and concerns. In 2009, 7 CPs were launched, and 15 are currently active. Among the measures implemented as a result of CP discussions are for example: the use of areas in shopping centres to provide training to parents of autistic children; educational programmes about road traffic and pedestrians; support activities to handicapped people and actions to encourage waste recycling.





SONAE

7 TELECOMMUNICATIONS

# TELECOMMUNICATIONS



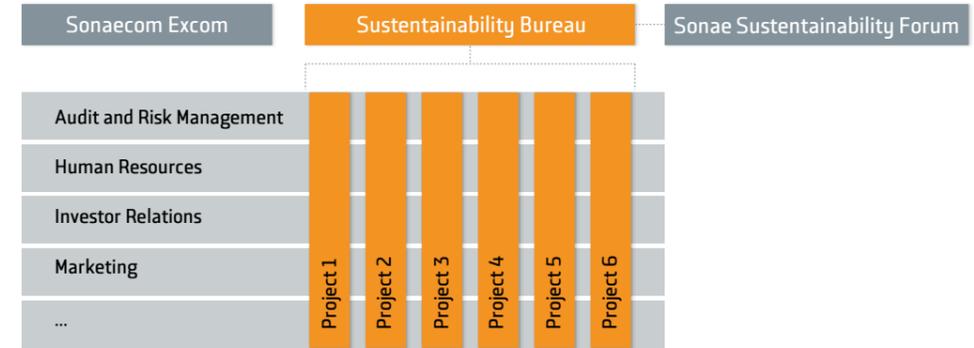
Sonaecom is also a core partnership of Sonae, which has 3 main business units – Telecommunications, Information Software and Systems, and Media. France Telecom is Sonae's strategic partner in Sonaecom with a shareholding of 20%.

## Mission

Sonaecom is an entrepreneurial growth company whose ambition is to be the best Portuguese communication services provider and the company of choice for exceptional people to work and discover their full potential.

## APPROACH TO SUSTAINABILITY

Manage the company in accordance with the principles of sustainable development and seek ways every day of maximising value for all stakeholders. The way to achieve this is through dialogue, listening to the expectations of all those with whom Sonaecom interacts and understanding the signals that society sends us. It is on this fertile ground that learning, innovation and growth opportunities arise.



## SUSTAINABILITY MANAGEMENT

EVERY DAY WE SEEK TO INTEGRATE SUSTAINABILITY INTO OUR BUSINESS IN A STRUCTURED MANNER.

Sustainability has become part of everyday business. It is part of our strategy and business processes, and the company's approach is continuously being re-assessed by work groups.

Since 2007, sustainability is managed by the Sustainability Office, made up of a team that is representative of the various areas of the company, and is under the direct responsibility of the Executive Committee of Sonaecom and also a member of the Sonae Sustainability Forum.

The Sustainability Office (SO) is made up of:

- A Board Director of the Executive Committee of Sonaecom;
- A Coordinator nominated by the Board Director responsible for the SO;
- Members of the Environmental Department;
- Members of the Corporate Social Responsibility area;
- Member of the Human Resources Department;
- Member of the Risk Management Department.

## Key Figures

- An operational holding company which manages a portfolio of companies divided into three business areas and operating in 11 countries.
- One of the main generators of communications traffic in Portugal, using its own telecommunications infrastructure.

2,029 employees, of which 1,874 are based in Portugal

949.4 million Euros of turnover

175.7 million Euros of EBITDA

5.7 million Euros of annual net profits (attributable to the Group)

### Total Economic Value Generated

2009: €962.3 million

2008: €990.5 million

### Economic Value Distributed

2009: €808.1 million

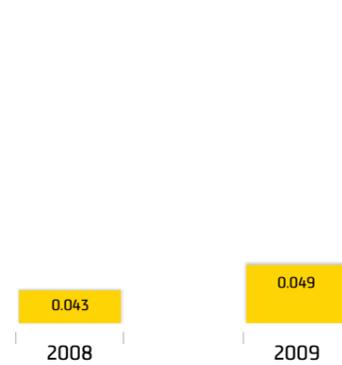
2008: €847.6 million

### Retained Economic Value

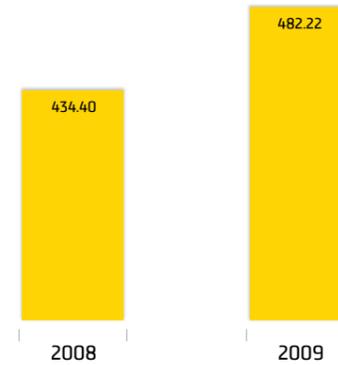
2009: €154.3 million

2008: €142.9 million

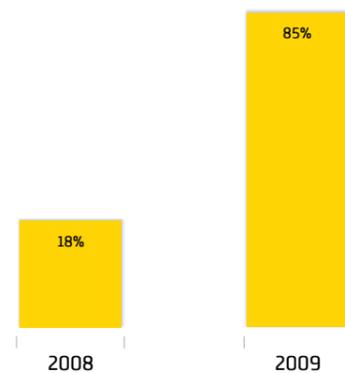
### Total emissions of CO<sub>2</sub>e per unit of turnover (Kg de CO<sub>2</sub>/€)



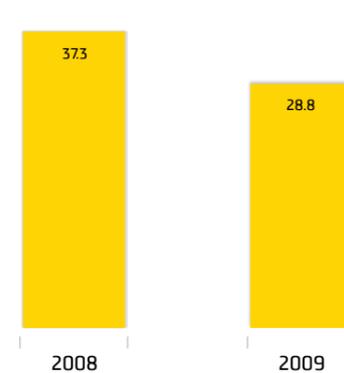
### Total energy consumption per unit of Turnover (GJ/Million de €)



### Waste Recovery Percentage



### Average Training Hours per Employee



## External Recognition

In 2009, what we have been doing over the years to integrate sustainability and innovation into our business has once again been recognised in the form of a number of prizes and awards.

#### "Messaging Services Innovation" Prize |Optimus

As part of the prestigious Global Telecoms Business Innovation Awards, Optimus was given a distinction in the Service Innovation category for its Webphone and Mobile Instant Messaging service, launched at the time that Optimus Tag was introduced onto the market.

#### "Innovation Prize" |Optimus

EMC awarded the Innovation prize to Optimus for developing a virtual workplace solution for call centre operators to support the travel of these teams to partner run premises, to ensure high standards of service and resilience, and the confidentiality and integrity of both software and data.

#### "International Service Innovation Prize"\* |Optimus

This prize rewarded Optimus' e-Phone service for providing a service that: makes and receives voice and video calls, sends text and multimedia messages, or even forwards calls and messages from a mobile phone to a computer using the same number and tariff rate."

In Sonaecom's 2009 Sustainability Report

## Case studies

### SONAECOM joins the Carbon Disclosure Project

Euronatura, partner in Portugal of the Carbon Disclosure Project (CDP), is an independent non profit making organisation with the biggest data base of green house gas emissions in the world. It challenged PSI20 companies to report information about their carbon footprints with the goal of publishing the 2009 Report "Carbon Disclosure Project - Portugal (PSI20)". Sonaecom responded positively to this challenge and, in addition to the indicators requested, provided information about a number of projects that it has been undertaking in this area.

### Freecooling

Sonaecom has adopted freecooling technology for its data centers and MSCs (Mobile Switching Centres - control and commutation centres), which involves making use of outside air to cool equipment rooms, and replacing partially or entirely conventional refrigeration systems. As part of this project, a comparison was made of energy consumption based on the monthly historical energy consumption of the heating, ventilation and air conditioning equipment (HVAC) at each site.

A saving of 79.10 MWh was achieved in the Northern region premises and 84 MWh in those of the Southern region, which may also be due to other actions and policies to increase energy efficiency in these premises over and above the impact of freecooling.

### Energy Management : Tellus and Cascais

CascaisEnergia and Tellus, in partnership with Optimus, found a solution to optimise energy use for public lighting in Cascais, using a unique energy management system. The system includes an interface with measurements of energy consumed in buildings and other infrastructure in the city, has an urban lighting system which uses LED intelligent streetlamps, and a system of communication via the electricity network to equipment which manages street lighting remotely.

The solution not only increases the quality of street lighting and reduces operational costs, but also allows a fall of 13% in CO<sub>2</sub>e emissions and an energy saving that can be as high as 45%, thus making this a true case study at a European level.

The savings are around 20% for public buildings and 60 to 85% for street lighting, and in some specific cases rise to 90% (when the lighting can be completely switched off as from a specific time).

### InovGrid Project

In this project developed with EDP, the goal was to minimise costs throughout the organisation's value chain. Work was carried out to automate tasks that are part of commercial and technical processes, with the expectation that these could be significantly improved.

Two way communications based on the Optimus network played an important role here, since they support the real time link between the control centres and devices, but also between devices themselves, creating the "Internet Grid" of the future.

By developing the communications technology for the requirements of the EDP InovGrid project, Optimus thus contributed towards making the electrical energy distribution network more intelligent, as well as responding more effectively to the challenges of the new working standards of the electricity market.

### Optimus Kanguru - more capacity without limits

At Sonaecom, our business has a clear objective of helping to increase social inclusion and diversity, and contributing towards learning and knowledge in society. We are thus determined to innovate and invest in technologies and initiatives that will continue to make our performance a reference in this area.

Optimus Kanguru, in particular, has shown how it is possible to contribute towards broadening the use of Internet in society in Portugal and be a major driver towards building the Information Society.

In August 2009, Optimus launched its Kanguru unlimited offer, which for the first time provides effectively unlimited Internet access traffic through the mobile network, putting Optimus once again at the cutting edge of development in this product category worldwide. Access to the product was facilitated by a progressive reduction in the price of the equipment during the year and by rationalising and simplifying the range of terminals.

## Main Community Involvement Actions

We highlight below the following community involvement actions undertaken in 2009.

### E-escola (E-school)

E-escola is part of the E-Initiatives programme, and its goal is to encourage the use of computers and broad band Internet links by secondary schoolchildren, teachers (nursery, primary and secondary schools) and those pupils registered on the "New Opportunities" programme, facilitating access to the information society and equality of opportunities.

### Público at school



As part of the Público at school programme, launched in 1990, the Público newspaper promoted three projects, their goal being to encourage nature conservation and environmental protection among pupils from primary and secondary schools. The projects are: "Griffon on the Web", "Lagartis" and "Bats on the Web". The "Webcegonhas – Condoninho da Renata" is the fourth project in this series of teaching initiatives.

### "Smile" Programme



Sonaecom accepted the challenge to commit to provide help and equipment to institutions providing training in information technology skills. We believe that this is an area which lacks support but is essential for institutions to be able to simplify processes and procedures, so that they can have more time and availability to focus on their core mission. Smile is divided into four main areas of involvement:

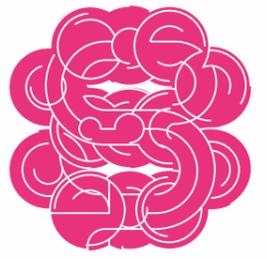
Smile Competencies, Smile Intervention, Smile Team Building and Smile Causes. In 2009, Smile supported around 23 institutions through the involvement of almost 300 employees. Smile also donated 6,000 books and equipped the "Vida e Paz" Community with 10 computers.

### Mobile phone collection campaign

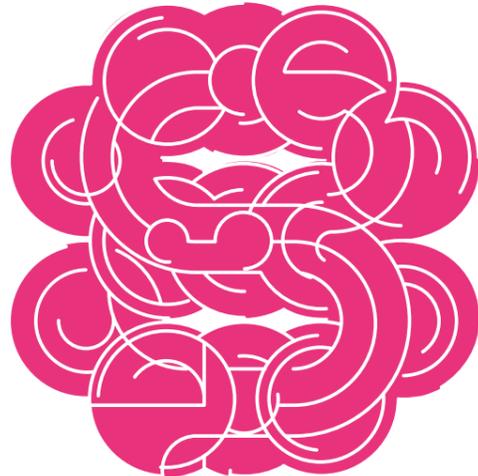
This campaign not only contributes towards protecting the environment by avoiding waste generation, but also helps AMI (International Medical Assistance) by providing financing for the humanitarian, environmental, medical and social work that this institution carries out within and outside Portugal.

As a result of the campaign, 62 kg of mobile phones were collected.

More information about the above can be found in Sonaecom's 2009 Sustainability Report.



# RETAIL KPIs



Strategy and Analysis	PAGE
1.1 Declaration of the person with the greatest decision making power in the organisation concerning the relevance of sustainability for the organisation and its strategy	06 - 07
1.2 Description of the main impacts, risks and opportunities concerning the company's business	18 - 19
Organisational Profile	PAGE
2.1 Name of the reporting organisation	Backcover
2.2 Main brands, products and/or services	16 - 17, 34 - 35
2.3 Operational structure of the organisation	24 - 25
2.4 Location of company's head office	Backcover
2.5 Countries in which it is present and the name of those with operations which have significant relevance for sustainability issues discussed in the report	16
2.6 Nature of ownership and legal form	Backcover
2.7 Markets served	16
2.8 Scale of the reporting organisation, including the number of staff, net sales and the quantity of products sold and services provided	16 - 19
2.9 Main changes which have taken place concerning size, organisational structure and shareholder structure	25
2.10 Awards received during the period to which the report relates	12, 64, 72

Report Parameters	PAGE
3.1 Reporting period for information provided in the report	06
3.2 Date of the last report published	06
3.3 Reporting cycle	06
3.4 Contact point for questions regarding the report, including e mail address and internet site	84
3.5 Process for defining report content including: determining materiality, prioritising topics within the report, and identifying stakeholders who are potential users of the report	29, 34 - 37
3.6 Boundary of report	16 - 17
3.7 Any specific limitations on the scope or boundary of the report	16 - 17
3.8 Basis for reporting on issues that can significantly affect comparability from period to period or with reports of other organisations	12, 19, 48
3.9 Data measurement techniques and the bases of calculations	-
3.10 Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatement	12, 19, 48
3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied	12, 19, 48
3.12 Table identifying the location of the Standard Disclosures in the report	78 - 84
3.13 Policy and current practice with regard to external assurance for the report	-

Governance, Commitments and Engagement	PAGE
4.1 Governance structure of the organisation, including committees, under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	24 - 25
4.2 Indicate whether the Chair of the highest governance body is also an executive officer	24 - 25
4.3 For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	24 - 25
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	24 - 25, 28
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	10, 42
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	24 - 25
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	18 - 19, 26
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	18 - 19, 26
4.13 Significant involvement in associations and/or national/international advocacy organizations	18 - 19, 26
4.14 List of stakeholder groups engaged by the organization	29 - 30, 35
4.15 Basis for identifying and selecting stakeholders to be involved	35 - 37

## ECONOMIC INDICATORS

GRI REFERENCE	MILLIONS OF EUROS	DEFINITION	PAGE
Turnover	4,546	Turnover	80
Sales	4,420	Sales	80
Cost of Sales	3,437		80
Third Party Supplies and Services	566	Cost of goods, materials and services acquired	80
Other costs and operational losses	71		80
Personnel Costs	504	Personnel costs	80
Interest	43	Interest costs incurred	80
Dividends	85	Total of dividends distributed in 2009	80
Taxes	24	Tax on Income	80
EC1 Community Investments	7	Includes donations to the Belmiro Azevedo Foundation, and Modelo and Continente Community Involvement Programmes, as well as Maxmat and Sportzone actions	80
GVA <sup>2</sup>	910	GVA=Turnover + Change in Stocks + Own Work Capitalised + Other Income-Cost of Sales-Third party supplies and services	80
EBIT	210	Consolidated profit-corporation tax+ investment income + profits/losses from associated companies-net financial charges	80
EBITDA	356	Operating profit - amortisations and depreciation-provisions-impairment losses-reversal of impairment losses	80
EC4 Subsidies received	1	Operating subsidies	80
EC6 Policies, Practices and percentage of costs with local suppliers in significant operational units	83%	Percentage of purchases made from Portuguese suppliers	42
EC8 Net Investment	329	Increase in gross fixed assets (tangible and intangible) + change in perimeter (arising from acquisitions and disposals) + divestment in fixed assets (tangible and intangible) + increase in goodwill. To calculate the investment in acquisitions (measured by the changes that took place in the consolidation perimeter), the figure net of cumulative depreciation was used.	80

<sup>2</sup> Gross Value Added

## SOCIAL INDICATORS

GRI Reference	2009	Definition	PAGE
LA1	Full time	24,555	Number of full time employees
	Part time	10,031	Number of part time employees
	Total	34,586	In addition, there are a further 1,454 employees working outside Portugal
	Total workforce by employment type		
LA1	Permanent	24,338	Number of permanent staff
	Term	10,248	Number of employees with a fixed or uncertain term contract
LA4	Percentage of employees covered by collective work agreements	100%	All employees are covered by the Portuguese Collective Work Regulations (I.R.C.T.)

LA5	Advance warning periods		Observed according to the Portuguese Labour Code and collective work agreements	81
	Absenteeism rate by work accident	%	0,33%	
		Number of work accidents	1.201	
LA7	Days lost per work accident	While working	18.926	For accidents occurring in the work place
		To/from work	3.876	For accidents that took place going to or from work place
	Absenteeism rate by illness	%	2,47%	Excludes illnesses arising from pregnancy
		Hours	1.566.862	Hours lost per illness
LA8	Employee health support programmes	Blood Diseases		Actions involving increasing awareness and providing information
		Heart disease prevention		
		Domestic Violence		
		Flu		
		Breast cancer		
		AIDS		
	Training	Total training hours during the year	1,359,156	Includes training hours recorded in the company during the period, being openings/initial training, improvement or recyclin
		Number of employees with training	34,586	Total number of employees who received training during the year
	Training	Average number of hours of training per employee receiving training	39	Average number of hours of training for those employees who attended a training course during the year
		Total	41	Number of competence building programmes
LA11	Programmes for the development of competencies and continuous improvement	Examples of training projects:		81
		Best management practices for contact centres		
		"Cies" Supply Chain		
		Training in negotiation		
		Sales school		
		Perishables school		
		Technical training for suppliers		
		Technical training for products		
		Leadership, organisation, transformation		
		Kaizen continuous improvement		
Risks at the work place				
LA12	Employees who receive regular performance reviews during the year	Environmental Management System		29
		Voice picking		
LA12	Employees who receive regular performance reviews during the year	100%	Relates to eligible population	29

## SOCIAL INDICATORS (CONTINUED)

GRI Reference	2009	Definition	PAGE
<b>Nº of employees in Portugal by Gender</b>			
	Nº of masculine employees	10.935	
	Nº of feminine employees	23.651	
<b>Nº of employees by age group</b>			
LA13	From 18 to 34 years	22.827	In addition to those employees in Portugal, there were 1,454 employees working outside Portugal.
	From 35 to 44 years	8.353	
	From 45 to 54 years	3.015	
	From 55 to 64 years	385	
	Over 65 years	6	
HR4	Total number of discriminatory acts and actions taken	0	The company has no knowledge of any such discriminatory acts
HR5	Operations that might put the right of association or collective bargaining at risk	0	The company has no knowledge of such operations
HR6	Child labour	0	There is no child labour used in Sonae's business operations
HR7	Operations that might lead to situations of forced labour	0	There is no kind of forced labour used
PR1	Product and services life cycle analyses, where the impact on health and safety is evaluated with the goal of making improvements, as well as the percentage of the main categories of products and services subject to these procedures		
PR5	Practices relating to customer satisfaction, including results of surveys measuring customer satisfaction		

## ENVIRONMENTAL INDICATORS

GRI Reference	2009	Definition	PAGE		
EN 3	Fuels	Natural Gas	393,570 m <sup>3</sup>		
		Propane	110 ton		
		Diesel (stores)	177,039 litres		
		Diesel (goods vehicles)	10,698,570 litres		
		Diesel (employee cars)	1,751,127 litres		
		Petrol (employee cars)	51,210 litres		
		Total consumption by Modelo and Continente stores in mainland Portugal plus that of light vehicles used by employees of the company, and of fleet vehicles used to supply stores.	46 - 48		
EN 4	Electrical Energy	Electricity Consumption	1,637 10 <sup>12</sup> J	Total of electrical energy consumed in stores, warehouses and central services of Sonae Distribuição, as per electricity counter readings. These consumption figures do not include those of premises in the Azores.	46 - 47
EN 7	Initiatives to reduce consumption of indirect energy				46 - 47
EN 8	Water	Water Consumption	797,011 m <sup>3</sup>	Consumption of drinking water from the public network in higher consumption stores (Continente and Modelo) measured by the reading of counters and through invoices received by the company. The consumption excludes that of stores in the Azores.	48

EN 11	Land which is owned, rented or managed by the organisation in habitats that are rich in biodiversity	The Retail Area does not operate premises in such areas			83
EN 16	Direct emissions of CO <sub>2</sub>	Total	1,678	t CO <sub>2</sub>	Direct emissions from the consumption of natural gas, propane and diesel. All emissions were calculated based on the emission factor in the "Portuguese Inventory of Greenhouse Gases 2005".
		Natural Gas	833	t CO <sub>2</sub>	
		Propane	377	t CO <sub>2</sub>	
		Diesel (stores)	468	t CO <sub>2</sub>	
EN 17	Indirect emissions of CO <sub>2</sub>	Total	246,909	t CO <sub>2</sub>	Indirect emissions from the transport of goods, from employees travelling on company business and from electricity consumption. Transport emissions were calculated based on the number of kilometres driven and on average vehicle fuel consumption rates, using the emissions factor given in the "Portuguese Inventory of Greenhouse Gases 2005".
		Employee transport	4,766	t CO <sub>2</sub>	
		Goods transport	28,380	t CO <sub>2</sub>	
		Electricity	213,764	t CO <sub>2</sub>	
EN 18	Initiatives to reduce CO <sub>2</sub> emissions				46 - 48
EN 21	Significant discharges to water	The effluents generated in Retail Area premises are sent to municipal collection points, in accordance with appropriate regulations. In situations where this is not possible, the effluents are treated using specific dedicated equipment.			83
EN 22	Hazardous Wastes	Total	4,238	ton	Total quantity of hazardous waste
		Light bulbs	13	ton	Quantity collected in all stores and warehouses
		Batteries	98	ton	Quantity collected in all stores which sell batteries or from equipment which uses batteries, except the Azores
	Recycling	Computer consumables	11	ton	Quantity collected in stores, warehouses and administrative centres, except the Azores and Madeira
		Food oils	4	ton	Quantity collected in the retail area
		WEEE	4,112	ton	Quantity collected on mainland Portugal in stores that sell EEE or at the homes of customers
EN 22	Non Hazardous Waste	Total	58,214	ton	Total quantity of hazardous waste
		Paper/cardboard	29,500	ton	Total quantity of waste generated. The figures exclude the Sport Zone, Zippy, Book it and Loop stores, as well as stores in Madeira and the Azores
		Plastic film	3,329	ton	
	Expanded Polystyrene	126	ton		
	Recycling	Wood	1,389	ton	Quantity collected in stores and warehouses
		Corks	12	ton	Quantity collected in Continente stores
Used uniforms		16	ton	Quantity collected in Continente, Modelo and Worten as a result of uniforms of employees being changed in these stores	
Reuse/ Recycling	Coat hangers	215	ton	Quantity generated in stores with textile sections	

**ENVIRONMENTAL INDICATORS (CONTINUED)**

EN 22	Energy recovery	Undifferentiated Urban Solid Waste	5,427	ton	Quantity of USW sent for energy recovery	49
	Composting	Organic USW	2,712	ton	Quantity of USW sent for composting	
	Landfill	Undifferentiated USW	15,488	ton	Quantity of USW sent to landfill	
EN 23	Spills	Occurrences	0		Significant spills of chemical products, oil and fuel	84
EN 28	Non compliance with environmental regulations	There were no significant fines for non compliance with laws or environmental regulations				84

For information about the contents of this document, please contact Sonae's Department for Institutional Relations, Brand and Communications



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