

2008

CORPORATE
RESPONSIBILITY
SUMMARY REPORT



IT'S ABOUT VALUE...



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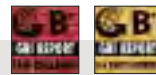
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Declaration

GRI Self-Declaration Statement

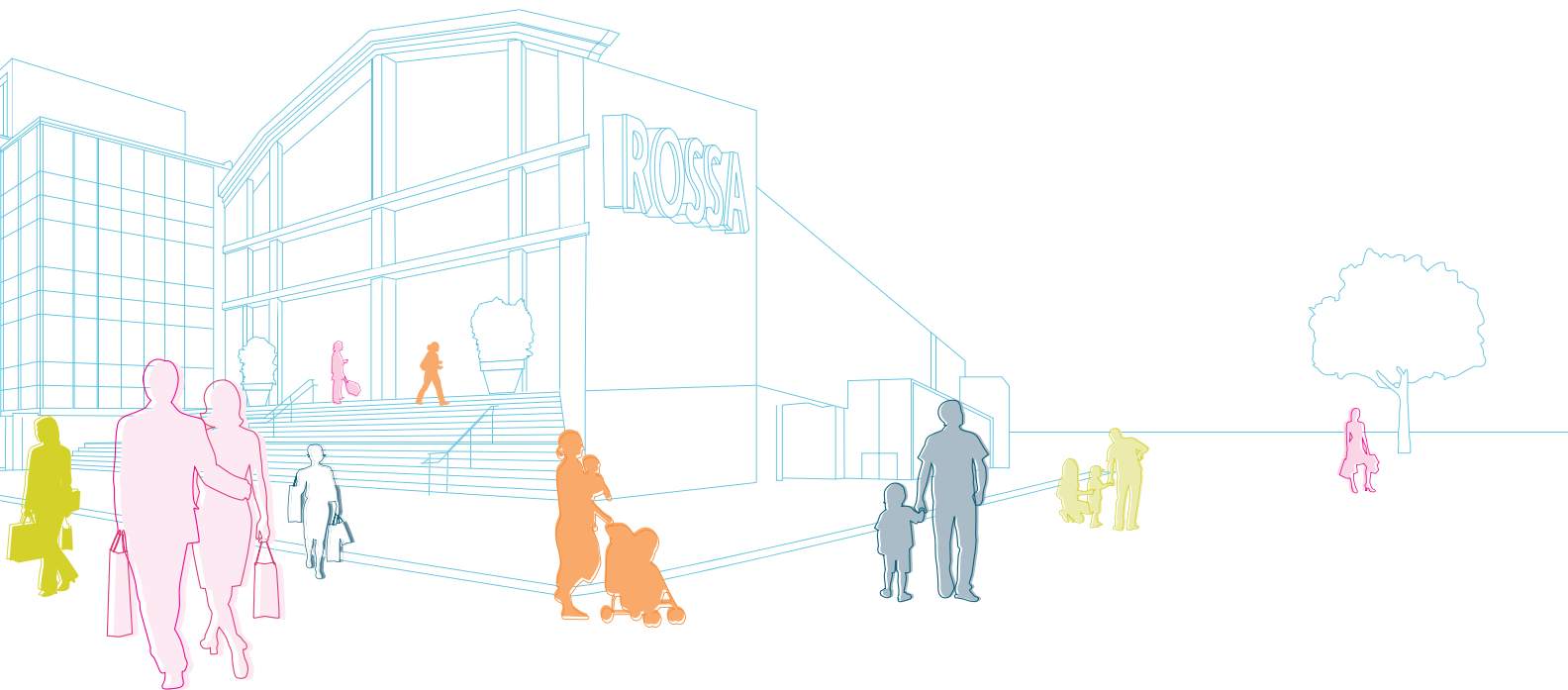
This report is the Summary Report of Sonae Sierra's full CR Report 2008. We believe that our full CR Report 2008, which is available in PDF format on our website, complies with level B of the GRI Sustainability Reporting Guidelines, G3, published in October 2006, both in terms of reporting contents and performance indicators. Furthermore, we have sought to have this independently verified by Deloitte, whose statement on pages 108 and 109 of our on-line CR Report 2008 enables us to self-declare to level B+ of the GRI Guidelines.



		2002 in accordance					
		C	C+	B	B+	A	A+
Mandatory	Self declared				✓		
Optional	Third party checked				✓		
	GRI checked						

A glossary of specific terms and acronyms used in this report is available at the end of our full CR Report 2008:

<http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



CEO Statement



Álvaro Portela
Chief Executive Officer

Dear Reader,

I am proud to present to you our fifth Corporate Responsibility (CR) Report.

Our CR strategy continues to focus on improving our performance with respect to our 9 key impact areas; Climate Change; Water; Waste; Land Use; Suppliers; Tenants; Communities and Visitors; Employees and Safety and Health (S&H). In 2008 we continued to pursue our long-term CR objectives, fully accomplishing 63% of our CR targets and achieving some notable successes which are highlighted in 'Our Progress' on page 2 of this report. Regrettably there were some targets which we did not achieve in 2008, however, in 2009 we will seek to address the challenges that we encountered.

In terms of meeting our environmental objectives, this year we were successful in increasing the ecological efficiency of our shopping centres. We defined some new long-term objectives with respect to social impact areas, building on our current activities to increase engagement with local communities at sites of operation and to enhance our contribution through staff volunteering initiatives and aiming to become a better employer to our staff. We continued to strengthen our relationships with our tenants and suppliers and encouraged these stakeholders to adopt more responsible business practices. Furthermore, we improved the Safety and Health performance of our shopping centres, and became the first company of our kind in Europe to achieve OHSAS 18001 certification for our S&H Corporate Management System.

With respect to economic performance, our objective continues to be to increase our growth and strengthen our position in each of the markets where we operate and, in the medium term, to achieve €10 billion of assets under management. Nonetheless, 2008 was a difficult year for us, yields and discounts increased whilst rents and Open Market Values (OMVs) of many of our properties decreased. Despite such challenging market conditions, we are proud that we inaugurated 4 new centres in Spain, Italy and Greece and 3 expansion/refurbishment projects in Portugal and Italy.

Looking forwards to 2009, we are aware that tough times lie ahead as the current economic downturn deepens. However, we believe that CR and sustainability issues will continue to be increasingly important, with both individuals and organisations realising that their activities must contribute to a better future for our planet. As we brace ourselves to weather the storm ahead, we will remain committed to our mission to create value for our shareholders, through the shopping centre business, whilst taking account of our social and environmental responsibilities. Hence we will continue as always to invest in the CR performance of our assets, our new projects and our company. To ensure that we meet this challenge, in 2009 we appointed a Head of Sustainability and a new Corporate Responsibility Reporting Coordinator. A constant and strengthened commitment from all our employees will also be fundamental in helping us continue to achieve good results through these difficult times. To demonstrate our continued commitment to CR, we have set 24 targets to be achieved by the end of 2009 and we look forward to reporting on our progress towards achieving these targets in our next report.

A handwritten signature in blue ink, appearing to read 'Álvaro Portela'. The signature is stylized and fluid.

Álvaro Portela
Chief Executive Officer

Web reference










Our full CR Report 2008, which has been verified by Deloitte, can be downloaded from our website, please see <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>

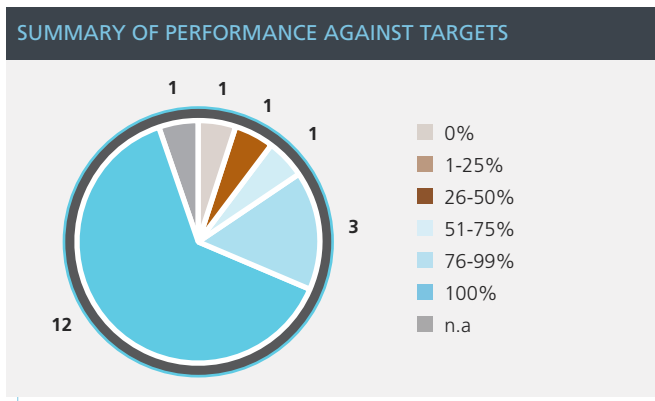
Our progress

2008 Highlights

New certifications for Environmental and S&H Management Systems

- ISO 14001 certifications achieved for the Environmental Management System (EMS) of 5 completed development projects¹ and for a further 18 operational shopping centres.
- First in Europe to achieve OHSAS 18001 certification for a Safety and Health Management System covering Investment, Development and Property Management of Shopping Centres across all company – and additionally certification of the local S&H Management Systems of 3 shopping centres under operation.

	Climate Change	1.4% reduction in electricity consumption (per m ² of mall + toilet area) in comparison with 2007.
	Water	12.5% reduction in water consumption (litres/ visit) in comparison with 2007.
	Waste	42% recycling rate, representing a 20% increase in comparison with 2007.
	Land Use	98% of Sierra centres held a biodiversity event to raise awareness among staff and/or visitors.
	Suppliers	58% of suppliers with ISO 14001 certification. Launch of the Suppliers CR questionnaire and inclusion of CR clauses in all new contracts signed with main service suppliers.
	Tenants	Top tenant (management level) survey undertaken among key tenants in Portugal, Spain and Brazil.
	Communities and Visitors	€2,132,667 (7.5%) of the shopping centres' marketing budget invested in community-related initiatives; a 49% increase on last year's investment.
	Employees	Launch of our Non-Discrimination & Diversity Policy setting out our commitment to a meritocratic culture and our objective to become a best practice reference in this aspect of Corporate Responsibility.
	Safety and Health	25% reduction in the number of non-conformances detected per hour of SPO ² in comparison with 2007.



In our 2007 CR Report we publicly disclosed 19 CR targets to achieve by the end of 2008. From the figure on the left, you can see that in 2008 we fully achieved 63% of these targets. A comprehensive review of our performance against these targets and the criteria applied to evaluate our performance against each target is available to view and download from our website <http://www.sonaesierra.com/uploadfiles/performance/P2008CRtargets.pdf>. To support the accomplishment of our long-term objectives we also set ourselves a number of additional CR actions to complete in 2008. For more information, please visit our website <http://www.sonaesierra.com/uploadfiles/performance/P2008CRactions.pdf>.

1 ISO 14001 Certifications was achieved for all 4 new shopping centres inaugurated in 2008. It was also achieved for the Centro Colombo refurbishment in Portugal, since it was the only one of the three concluded refurbishments that met Sierra's criteria for EMS certification: an investment over 25% of the initial investment value (excluding the purchase of land).
 2 SPO refers to "Safety Preventive Observation", a safety behaviour audit procedure which is carried out in our shopping centres in operation. It aims to identify and correct acts and/or behaviours which could potentially lead to accidents.



Company Profile

Sonae Sierra is an international specialist in shopping centres that is passionate about introducing innovation and emotion into the shopping centre industry. Our integrated approach to the shopping centre business includes the ownership, development and management activities, aiming to create “leading-edge destinations” for consumers. On 31 December 2008 we were the owner of 50 shopping centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, possessing a Gross Lettable Area (GLA) of more than 1.9 million square metres. We had 14 projects under development and 11 new projects in different phases of completion in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, with a combined total GLA of over 1 million square metres. We also managed a further 14 shopping centres (191,570m² GLA) on behalf of others. In 2008, our owned shopping centres in operation welcomed more than 420 million visits.

Sonae Sierra was incorporated in 1989 in Portugal and is 50% owned by Sonae (Portugal) and 50% by Grosvenor (United Kingdom).

Our Vision, Mission and Values

Sonae Sierra’s vision is to be the best sustainable international shopping centre specialist.

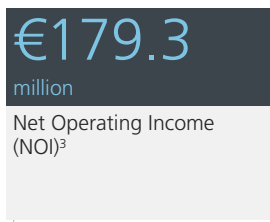
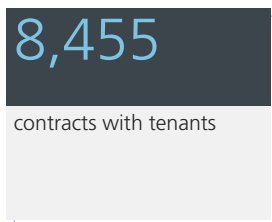
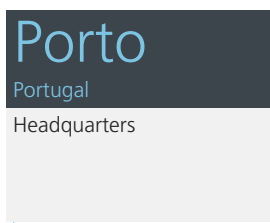
Our mission is to create value for our shareholders, through the shopping centre business, while taking into account our social responsibilities towards other important stakeholders and the environment. We firmly believe that this balance is crucial to achieving the sustained success of our company.

Our vision and mission are underpinned by our core values and principles concerning our business culture, responsibilities towards our staff and local communities and our independence from political power.

- **Business culture:** Leadership, willingness to change, loyalty, control and transparency.
- **Responsibility towards staff:** Equal treatment, professional development, safety and health.
- **Community responsibilities:** Environmental awareness, community involvement, openness to society, confidence and ethics.

Key Facts

at 31 December 2008



³ This figure has been calculated based on account performance between 1 January 2008 and 31 December 2008.

Our stakeholders

Through our considerable experience of developing and managing shopping centres, we have identified the groups most significantly affected by our activities and whose actions can affect our business performance. Our main stakeholders are our tenants, the visitors, communities and authorities close to our shopping centres, our staff, suppliers and those who invest in and help finance our operations. We continue to employ a variety of methods to actively engage with these groups to ensure that our business is conducted in a way that is sensitive and responsive to their needs and concerns. We use stakeholder feedback to improve the way we run our business and refine our approach to Corporate Responsibility. We have established some general methods of gathering feedback from all our stakeholders, which include:

- **Sierra Ombudsman:** The Ombudsman provides all stakeholders with an avenue to present their complaints in confidence. In 2008 the Ombudsman received 75 complaints mainly from shopping centre visitors regarding customer service issues.
- **CR Report feedback forms:** We encourage our stakeholders to provide us with feedback on our CR Reports. Feedback on our 2007 CR Report was very positive, with 66.6% (n = 69) of respondents stating that our existing CR strategy adequately addresses all of the CR issues which are important to them⁴.

In addition to those stakeholder groups mentioned below, we also consider the media as an important stakeholder. We engage with media representatives through attendance at conferences, presentations and interviews, and we regularly monitor press coverage received with respect to all our operations. In 2008 we received 4,043 cases of press coverage, covering environmental, social and economic issues. Of these, 92% were positive.



OUR INVESTORS

How we engaged & informed

- Annual Report & Accounts
- Quarterly Financial Reports
- Regular meetings and presentations concerning financial performance & risk management practices

Feedback received

During 2008 we did not receive any feedback from our investors with respect to CR issues or of relevance to our CR strategy.

How we responded

We will continue to pursue our mission to create value for our shareholders, through the shopping centre business, while taking into account our social and environmental responsibilities.



OUR EMPLOYEES

How we engaged & informed

- Corporate Climate & Employee Satisfaction survey
- Monthly Safety and Health meetings
- "Safety Tips"
- Safety Preventive Observations (SPOs)
- *Be Innovative*, and subsequently "Express your ideas": *Explore* programme
- Quarterly Horizons Magazine & Intranet

Feedback received

Improved results in all 16 assessment categories of the 2008 Climate survey. The findings showed that staff were generally satisfied with Sierra overall, and most strongly supportive of Sierra's Mission & Values. Areas for improvement were identified as work-life balance and compensation.

How we responded

In response to 2007 Climate survey results we introduced mid-year performance appraisals into our Personal Assessment process and provided training for managers on giving feedback.

Recognition from employees that Safety Tips and SPO are good tools to raise awareness; and themes for Safety Tips are being constantly suggested.

Training and Awareness Programmes are adapted according to SPO results.

305 ideas submitted by Sierra employees through the *Be Innovative* programme and a further 249 ideas submitted to *Explore*.

42 suggestions raised through the *Explore* programme are being actioned by senior staff with the intention of implementing them in future.

⁴ 66.6% of the persons who completed and returned the CR Report 2007 Feedback Form answered 'no' to the question 'Are there any other issues which you consider important which you feel that Sonae Sierra should be paying more attention to?'



OUR TENANTS

How we engaged & informed

- Annual Tenant Survey
- Top tenant (management level) survey
- Sierracentres network (intranet site)
- Safety and Health Committees⁵ held in each shopping centre

- Safety and Health training
- Safety Preventive Observations (SPOs)
- Environment training

Feedback received

Overall tenant satisfaction survey results were very positive with a 5% improvement in global tenant satisfaction since 2007.

Shopping centre improvement areas: WC cleaning in Portuguese and Brazilian centres and car park security in Spanish and Italian centres.

Waste separation & natural lighting are the most important environmental factors for tenants. Waste recycling & energy saving were identified as strongest areas for collaboration.

Top tenant (management level) survey launched in 2008 identified that we can improve the way we communicate with our tenant companies.

Good practices and opportunities for improvement for S&H management identified at shopping centre level.

How we responded

Tenant Action Plans have been developed to address areas of concern identified at a shopping centre level. Some examples of the actions taken include improvements to car park lighting and better CCTV coverage at centres which received a below average rating for security.

Short to medium-term action plans have been developed to improve Sierra's relationship with key tenants, with a focus on communication. For example, a newsletter will be created and improvements made to the intranet site to strengthen communication with tenants.

Actions discussed and approved by the S&H Committees held at each centre.



OUR SUPPLIERS

How we engaged & informed

- Suppliers CR Questionnaire
- Regular Safety and Health meetings, and Safety and Health Committees
- Safety and Health Training

- Safe Practice Index (SPI)⁶
- Safety Preventive Observations (SPOs)
- Environment training

Feedback received

Our main service suppliers are committed to CR: 57% of Property Management suppliers and 83% of Development suppliers in Europe achieved an 'A' rating.

How we responded

Tailored action plans developed for all property management suppliers which received a C rating (21%), to help improve their CR performance. A presentation was also developed to outline what Sierra expects from its suppliers in terms of CR.



COMMUNITIES AND VISITORS

How we engaged & informed

- Community and visitor surveys
- Community Advisory Panels (CAPs)
- Awareness-raising events with Safety, Health and Environmental themes

- Email updates about services and events offered at local shopping centres
- School liaison & staff volunteering activities

Feedback received

All environmental aspects identified as being important by visitors, but waste management, indoor air quality and energy efficiency viewed as the most important issues for our shopping centres to manage.

Employment was viewed as the most positive impact that Sierra centres have on the surrounding community; other factors, such as traffic, noise, waste and water use received mixed responses.

CAPs: questions raised about space for charitable fundraising activities, facilities for families and concerns over environmental sensitivity.

How we responded

Continue implementation of medium-term climate change, water and waste strategies in shopping centres and inform visitors about measures taken by each centre to improve environmental performance.

Action plans prepared by shopping centres, which focus on visitor satisfaction and loyalty.

Some examples of the actions implemented in response to concerns raised through the CAPs include the creation of a "family corner" at Dos Mares shopping centre in Spain and an agreement to investigate opportunities to improve public transport at Mediterranean Cosmos in Greece.



Web reference

For a more detailed account of how we engaged with and responded to our stakeholders in 2008, please see our full CR Report 2008, pages 10 – 13, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>

- 5 Representatives of Sierra management, Tenants and Service Suppliers belong to the S&H Committee in each Shopping Centre, taking part in decision-making for S&H management.
- 6 SPI refers to an auditing tool which assesses the probability of accidents occurring within the construction works of Sonae Sierra shopping centres.

Our approach to CR

Our material impact areas

Developing and managing shopping centres has the potential to cause a number of significant impacts on the environment, society and economy. In 2006 we commissioned an independent review of the most material impacts of our business. This study identified 9 CR material impact areas which have since become the cornerstone of our CR strategy and management system. The materiality study was reviewed in 2007 and performed again in 2008, with the same conclusion that these impact areas continue to be the most important for Sierra. We have now established long-term objectives for each impact area, as presented in the table below. In addition to the 9 impact areas mentioned, rigorous risk management processes ensure that each of these areas is tightly managed and controlled.



CLIMATE CHANGE

Achieve a 10% reduction in greenhouse gas emissions (GHG) by square metre of Gross Lettable Area, by 2020, compared to the 2005 level⁷.



WATER

Strive to keep water consumption at or below 4 litres/ visit/ year, until 2012.



WASTE

Increase the proportion of total waste (by weight) that is recycled, recovered or reused in order to obtain a minimum 50% recycling rate, by 2020.
Reduce the proportion of total waste (by weight) that is sent to landfill in order to attain a maximum 30% of waste sent to landfill, by 2020.



LAND USE

Promote the use of previously developed land for new shopping centre projects and to protect and enhance biodiversity wherever possible, until 2012.



SUPPLIERS

Foster loyalty amongst frequently used suppliers, and seek to help and encourage them to adopt more responsible business practices themselves.



TENANTS

Deliver a high quality service and experience to tenants and proactively engage with them on environmental and safety concerns.



COMMUNITIES AND VISITORS

Achieve full implementation of Community Advisory Panels (CAPs) in all operational and development portfolio, by 2012.
Become recognised as a top tier company in employee involvement with local communities, by 2011.
Devise and implement a long term strategy aimed at involving the largest number of our shopping centres' local community members', in order to improve our communities' well-being.



EMPLOYEES

Offer our employees more flexible work arrangements with the aim of becoming a recognised leader in this area, by 2012.
Adopt and implement a long-term strategy, with the aim of creating the best possible working conditions for all our staff.
We will improve workforce conditions based on approved standards, by the end of 2012.



SAFETY AND HEALTH

Anticipate and prevent all safety and health risks affecting the sustainable growth of Sonae Sierra, with the final goal of achieving zero accidents.

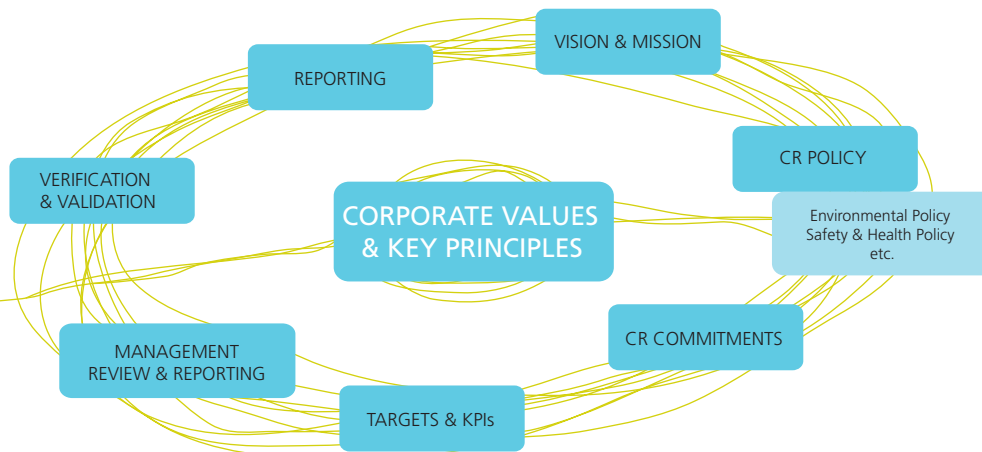
⁷ This includes GHG protocol scopes 1 and 2, plus business air travel.



Our CR Management system

We have also established CR Working Groups which between them govern all CR impact areas. These are comprised of employees from across the company who take responsibility for improving CR performance. The Heads of each Working Group are represented on our CR Steering Committee which oversees our CR Management and is chaired by our CEO.

Our CR Management System is built around a cyclical model which helps us to achieve continuous improvement in our performance across all 9 impact areas. This system is driven by our corporate mission, values and principles and has led us to establish the long-term objectives for each CR impact area referred to above. To ensure that we meet these objectives we have established annual targets, policies and strategies which translate our values and commitments into practical actions. Furthermore, we monitor our performance against key performance indicators and targets on annual basis to ensure that we are on track to accomplish our long-term goals.



OUR CR-RELATED POLICIES AND STRATEGIES

- CR Policy
- Environmental Policy
- Climate Change Strategy
- Water Management Strategy
- Waste Management Strategy
- Land Use Management Strategy
- Code of Conduct
- Safety and Health Policy
- Responsible Procurement Policy
- Human Resources Policy
- Part-time Working Policy
- Non-Discrimination and Diversity Policy

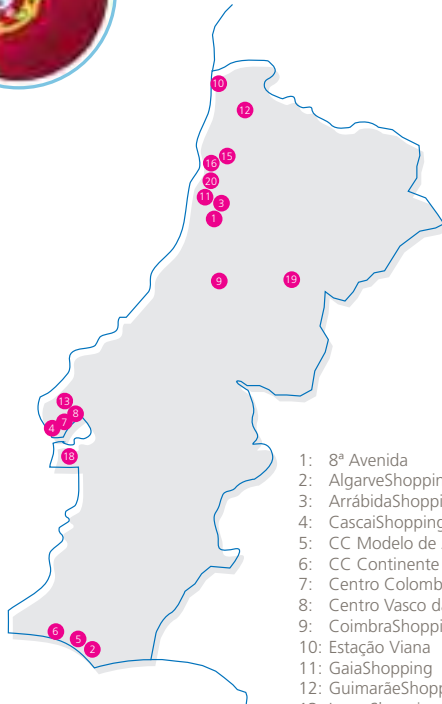
Web references

CR Policy <http://www.sonaesierra.com/uploadfiles/policies/CRp.pdf>

Other policies All other public CR-related policies can be viewed on our corporate website, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/policies/default.aspx>



Country in focus PORTUGAL



- 1: 8ª Avenida
- 2: AlgarveShopping
- 3: ArrábidaShopping
- 4: CascaiShopping
- 5: CC Modelo de Albufeira
- 6: CC Continente de Portimão
- 7: Centro Colombo
- 8: Centro Vasco da Gama
- 9: CoimbraShopping
- 10: Estação Viana
- 11: GaiaShopping
- 12: GuimarãesShopping
- 13: LoureShopping
- 14: MadeiraShopping
- 15: MaiaShopping
- 16: NorteShopping
- 17: Parque Atlântico
- 18: RioSul Shopping
- 19: Serra Shopping
- 20: ViaCatarina



Key Facts

445

(2007: 423)

Number of employees at 31 December 2008

↑ 5% increase

207.6

(2007: 218.5)

Number of visits (millions)

↓ 5% decrease

192.5

(2007: 185.8)

Total rent received at owned centres (€ millions)

↑ 4% increase



Case Study

Aprender a Empreender: Lessons in Enterprise for students in Portugal









In the first quarter of 2008 Sierra participated in a community volunteering project, Aprender a Empreender: Lessons in Enterprise for students in Portugal. This initiative involved nearly 460 students from underprivileged socio-economic backgrounds in the 1st to 9th grades and a total of 120 hours of volunteer work from Sonae Sierra staff.

Lessons were given to students in schools where academic success rates and motivation are generally low. The training content focused on encouraging students to base future choices around their skills, interests and personal values. This created interest among the students and the fun learning methods enabled the students to become familiar with concepts about personal finance and increase their understanding of the world around them.

For Sierra employees, this was a chance to help students through a difficult stage in their lives, when choices must be made and advice is welcome.



Key performance indicators

Global average indicators	2006	2007	2008	Best centre in 2008
 Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA) ⁸	0.128	0.115	0.106	CoimbraShopping 0.027 tCO ₂ e/m ²
 Climate Change: Electricity efficiency (kWh/m ² mall + toilet area) ⁹	682	661	636	CC Continente Portimão 267 kWh/m ² /year
 Water: Water efficiency (litres per visit)	4.0	3.9	3.6	GuimarãesShopping 1.2 litres per visit
 Waste: Waste recycling rate (%)	34%	38%	45%	8ª Avenida 60% waste recycling rate
 Tenants: Average occupancy index (% by GLA)	97.9	97.1	95.3	Centro Vasco da Gama, Serra Shopping, CC Modelo de Albufeira, CC Continente de Portimão all achieved 100% average occupancy index
 Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	n.d.*	509,475	524,830	ViaCatarina Shopping 21% of marketing budget invested in community- related initiatives
 Employees: Investment in staff training and development (€ per capita)	2,335	1,409	1,318	n.a [†]
 Safety and Health: Total number of man hours of Safety and Health training provided (number)	3,219	5,185	6,357	ArrábidaShopping Second place in the "Personæ Best Management Team Award 2008"

⁸ Results from previous years were re-stated since more accurate data was available for the GLA of 2 of our shopping centres. GLA figures are periodically confirmed by technical specialists, sometimes leading to adjustments of these figures. A new emission and conversion (convert m³ of natural gas into Giga Joules in accordance with GRI's environmental indicator protocol set) factors were used. Additionally, emissions from business air travel were also added.

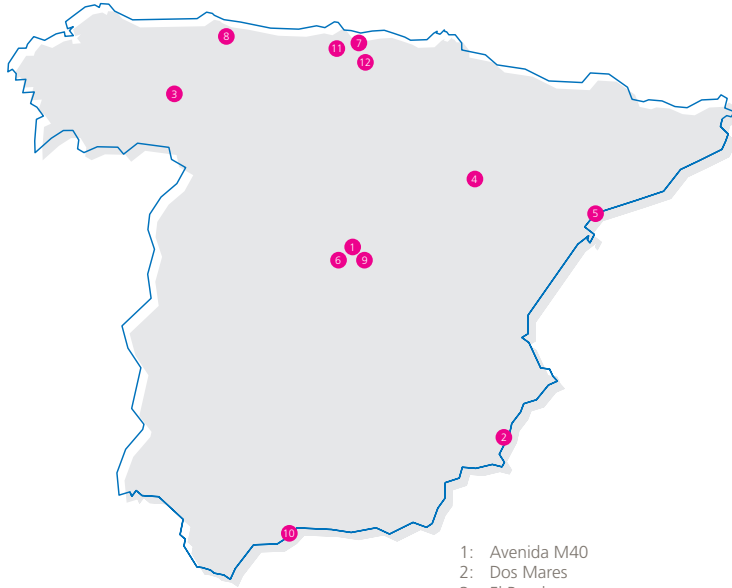
⁹ Results from previous years were re-stated because more accurate data was available for the floor area (mall + toilet) of 2 of our shopping centres. Floor area data used to calculate this KPI derives from the company's official GLA figures (see explanation provided in footnote 8 above).

* n.d. = no data available

† n.a = not applicable



Country in focus **SPAIN**



- 1: Avenida M40
- 2: Dos Mares
- 3: El Rosal
- 4: GranCasa
- 5: La Farga
- 6: Luz del Tajo
- 7: Max Center
- 8: Parque Principado
- 9: Plaza Éboli
- 10: Plaza Mayor
- 11: Valle Real
- 12: Zubiarte



Key Facts

132

(2007: 135)

Number of employees at 31 December 2008

↓ 2% decrease

82.4

(2007: 77.7)

Number of visits (millions)

↑ 6% increase

77.0

(2007: 69.3)

Total rent received at owned centres (€ millions)

↑ 11% increase

Case Study

Water saving in Spain









When we asked visitors to our Spanish shopping centres which environmental issues presented most concern to them, water saving was the most common answer. In line with the objectives of our medium-term Water Management Strategy, we continue to implement measures to increase water efficiency across all our shopping centres, including those in Spain. These examples show that sometimes relatively simple actions can lead us a long way:

- At Luz del Tajo we achieved water savings of 5,796m³ by introducing a more effective regulation of water used in the cooling towers;
- At Zubiarte we installed water efficient taps which enabled a 50% water saving in comparison with previous taps;
- At Avenida M40 a combination of water efficient taps and irrigation equipment allowed us to achieve reductions in water consumption of 40%.

All in all we achieved a 7% reduction in water consumption (litres per visit) at our shopping centres in Spain in 2008, compared with the previous year's data. In 2009 we will continue to identify and act upon opportunities to make further improvements.



Key performance indicators

Global average indicators	2006	2007	2008	Best centre in 2008
 Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA) ¹⁰	0.045	0.042	0.043	Valle Real 0.023 tCO ₂ e/m ² ¹¹
 Climate Change: Electricity efficiency (kWh/m ² mall + toilet area)	407	395	386	Valle Real 246 kWh/m ² /year ¹¹
 Water: Water efficiency (litres per visit)	3.4	2.9	2.7	Dos Mares 1 litre per visit
 Waste: Waste recycling rate (%)	26%	30%	34%	Plaza Éboli 49% waste recycling rate
 Tenants: Average occupancy index (% by GLA)	95.8%	94.1%	92.1%	Dos Mares and Plaza Mayor achieved 100% average occupancy index
 Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	n.d.*	314,593	479,382¹²	Plaza Mayor 11% of marketing budget invested in community-related initiatives
 Employees: Investment in staff training and development (€ per capita)	992	1,026	1,236	n.a. [†]
 Safety and Health: Total number of man hours of Safety and Health training provided (number)	903	2,904	2,344	Parque Principado Third place in the "Personæ Best Management Team Award 2008"

¹⁰ Results from previous years were re-stated since a new emission and conversion (convert m³ of natural gas into Giga Joules in accordance with GRI's environmental indicator protocol set) factors were used.

¹¹ Plaza Mayor did in fact achieve the best performance regarding electricity efficiency and GHG emissions, across our Spanish portfolio at 134 kWh/m²/year and 0.014 tCO₂e/m². However, this shopping centre is not considered to be comparable with the others in terms of consumption since most of the centre is open-air.

¹² In 2008, this also includes the marketing budget for the completed project (Plaza Mayor). In 2007 only operational shopping centres were considered.

* n.d. = no data available

† n.a. = not applicable



Country in focus ITALY



Key Facts

58

(2007: 53)

Number of employees at 31 December 2008



9% increase

11.6

(2007: 14.6)

Number of visits (millions)



21% decrease

14.8

(2007: 6.2)

Total rent received at owned centres (€ millions)



139% increase



Case Study

PARI project for social integration in Italy

Within the context of Sonae Sierra's commitment to social responsibility, Airone shopping centre in Italy became a partner of the PARI project. This project was launched by the Irea Foundation and ULSS 17 to promote the social integration of disabled people. Sonae Sierra supported PARI, in collaboration with the centre's tenants, by providing the premises and facilities required to carry out this project.

4 disabled women participated in the programme, which started at the beginning of 2008 and ended in May 2008. Every morning each participant worked a shift in one of Airone's stores and attended workshops in the afternoon. The workshops were designed to help them become accustomed to the workplace, meet new people and increase their self-confidence.

The project allowed Sierra to strengthen relationships with tenants, local authorities and the local community, as well as to promote social responsibility. We hope to continue the project in 2009, and replicate it in our other Italian shopping centres.

IREA is a Foundation composed by volunteers with a mission to help disabled people. ULSS 17 is a local department agency which carries out the directives of the Department of Health.



Key performance indicators¹³

Global average indicators	2006	2007	2008
 Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA) ¹⁴	0.050	0.042	0.066
 Climate Change: Electricity efficiency (kWh/m ² mall + toilet area) ¹⁵	478	368	625¹⁶
 Water: Water efficiency (litres per visit)	0.7	0.7	6.0
 Waste: Waste recycling rate (%)	n.d.*	36%	44%
 Tenants: Average occupancy index (% by GLA)	79.2%	76.6%	86.1%
 Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	n.d.*	135,870	401,354¹⁷
 Employees: Investment in staff training and development (€ per capita)	1,423	1,801	1,029
 Safety and Health: Total number of man hours of Safety and Health training provided (number)	45	288	539

¹³ We have not identified 'Best centres' for the relevant KPIs for Italy, as there were only 2 owned shopping centres in this country under management for the entirety of 2008.

¹⁴ Results from previous years were re-stated since more accurate data was available for the GLA of Airone shopping centre. GLA figures are periodically confirmed by technical specialists, sometimes leading to adjustments of these figures. Additionally, a new emission and conversion (convert m³ of natural gas into Giga Joules in accordance with GRI's environmental indicator protocol set) factors were used.

¹⁵ Results from previous years were re-stated because more accurate data was available for the floor area (mall + toilet) of Airone shopping centre. Floor area data used to calculate this KPI derives from the company's official GLA figures (see explanation provided in footnote 14 above).

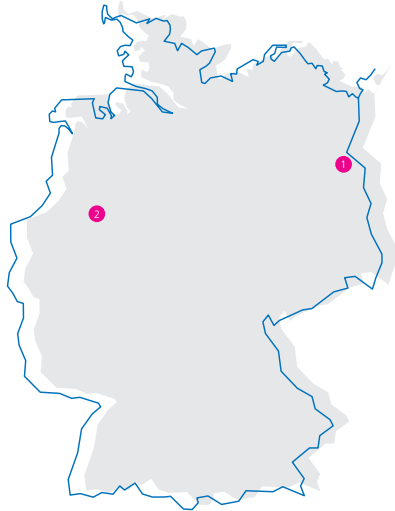
¹⁶ Valecenter experienced a significant decrease in energy efficiency as energy consumption (per m²) more than doubled following the refurbishment of this centre. Sonae Sierra strives to incorporate sustainable and energy efficient options in all development and refurbishment projects, however, in this case, the increase in energy use is a result of measures implemented to improve visitors comfort and mobility and to some extent could not be avoided.

¹⁷ In 2008, this also includes the marketing budget for the 2 completed development projects inaugurated in Italy (Freccia Rossa and Gli Orsi). In 2007 only operational shopping centres were considered.

* n.d. = no data available



Country in focus **GERMANY**



- 1: Alexa
- 2: Münster Arkaden

Key Facts

49

(2007: 46)

Number of employees at 31 December 2008



7% increase

25.1

(2007: 5.2)

Number of visits (millions)



383% increase¹⁸

26.2

(2007: 9.5)

Total rent received at owned centres (€ millions)



176% increase

¹⁸ This significant increase in number of visits is due to the inauguration of Alexa in 2008. This also accounts for the increase in rent received at German shopping centres in 2008.



Case Study

S&H Management at Loop5: prevention is the key to achieving excellence

Loop5 is a new shopping centre under construction in Germany, scheduled to be inaugurated in Autumn 2009. Works at Loop5 have been carried out with reference to some of the best S&H standards and practices within the construction industry.

In 2008, the site recorded only two minor accidents, resulting in only one lost workday out of over half a million man hours worked, outperforming similar projects. Several factors contributed to this achievement:









- Incident investigation: All incidents (including near misses) were investigated by the project management team;
- Safe Practice Index: This tool was used by members of the project management team and specialised auditors to assess the extent to which contractors were committed to and aware of safety issues;
- Leading by example: Our team maintained a positive and proactive attitude at all times which raised the expectations of our site workers.

The approach and initiatives undertaken by the team at Loop5 led to a number of changes to the S&H requirements at our constructions sites. We hope these improvements will lead to similar achievements at other sites and on future projects.



Key performance indicators¹⁹

Our first shopping centres in Germany were completed/acquired during 2007. For this reason, we only have full calendar year data for 2008 concerning most of our key performance indicators.

Global average indicators		2008
	Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA)	0.059
	Climate Change: Electricity efficiency (kWh/m ² mall + toilet area)	764 ²⁰
	Water: Water efficiency (litres per visit)	1.8
	Waste: Waste recycling rate (%)	53%
	Tenants: Average occupancy index (% by GLA) ²¹	99.1%
	Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	61,279
	Employees: Investment in staff training and development (€ per capita) ²²	1,854
	Safety and Health: Total number of man hours of Safety and Health training provided (number) ²³	263

¹⁹ We have not identified 'Best centres' for the relevant KPIs for Germany, as there were only 2 owned shopping centres in this country under management for the entirety of 2008.

²⁰ This value only includes Alexa (Münster Arkaden failed to provide data for the full calendar year). Although Alexa was inaugurated in 2007, energy consumption per m² is higher than in other Sierra centres, because electricity use is probably not yet being optimised in the same way as it is in centres which have been operational and monitoring energy use for several years. As the management team at Alexa gain a greater understanding of energy consumptions at this centre, through internal sub-metering, internal and external benchmarking etc., we would hope to see an improvement in electricity efficiency.

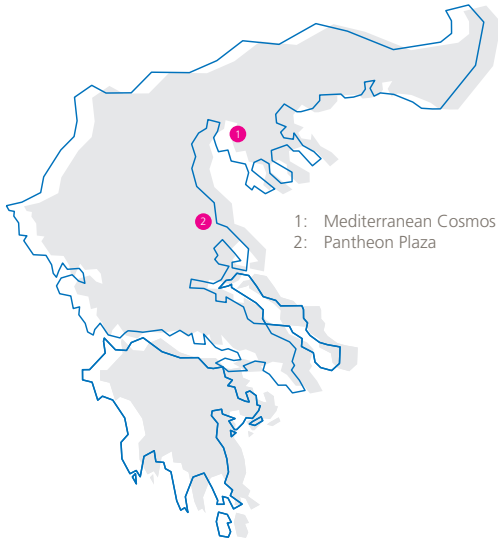
²¹ In 2007, the value was 99%.

²² In 2007, the value was €1,851.

²³ In 2007, 34 man hours of S&H training were provided.



Country in focus GREECE



Key Facts

45

(2007: 31)

Number of employees at 31 December 2008



45% increase

9.0

(2007: 8.2)

Number of visits (millions)



10% increase

19.1

(2007: 16.4)

Total rent received at owned centres (€ millions)



17% increase

Case Study

Developing a safety and health culture at Mediterranean Cosmos









Mediterranean Cosmos was Sierra's first shopping centre to open in Greece in 2005. Since then, the centre's management team has developed and implemented a series of initiatives involving service providers, tenants and visitors with the aim of creating a safety and health culture with active participation from all stakeholders.

Thanks to their efforts, the Mediterranean Cosmos team has made important improvements in safety and health management and also promoted best practices among other Sierra centres by sharing ideas. Mediterranean Cosmos had the highest publication of "Quick Win" tips for centres in operation, offering useful safety tips to raise awareness and improve performance in a cost effective way. The shopping centre also significantly increased the amount of time dedicated to SPOs from 47 hours in 2007 to 307 hours in 2008. In 2008 Mediterranean Cosmos offered several specific training sessions to shopping centre staff, tenants and visitors including emergency practice drills and a successful event about road safety for children.

As a result of these endeavours, safety awareness at Mediterranean Cosmos has improved: the number of non-conformances detected per hour of SPO decreased by over 20% between 2007 and 2008. Well done to the Mediterranean Cosmos team!



Key performance indicators²⁴

Global average indicators	2006	2007	2008
 Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA)	0.244	0.197	0.207
 Climate Change: Electricity efficiency (kWh/m ² mall + toilet area)	800	643	680
 Water: Water efficiency (litres per visit) ²⁵	n.d.*	n.d.*	n.d.*
 Waste: Waste recycling rate (%)	9%	22%	25%
 Tenants: Average occupancy index (% by GLA)	98.3%	99.6%	97.5%
 Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	n.d.*	34,097	90,372²⁶
 Employees: Investment in staff training and development (€ per capita)	832	386	1,138
 Safety and Health: Total number of man hours of Safety and Health training provided (number)	39	178	398

²⁴ We have not identified 'Best centres' for the relevant KPIs for Greece, as there was only 1 owned shopping centre in this country under management for the entirety of 2008.

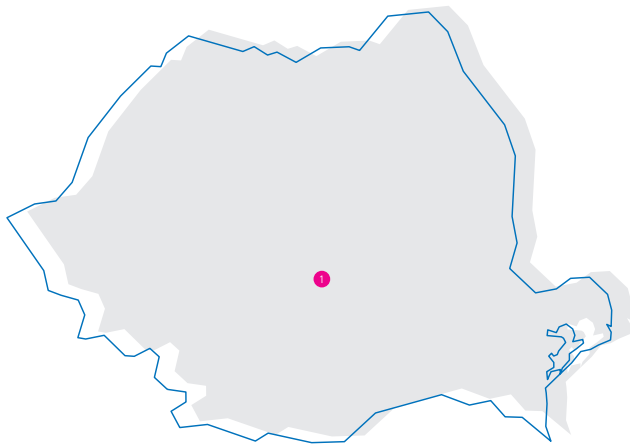
²⁵ Unfortunately it is not yet possible to obtain reliable water consumption data from Mediterranean Cosmos in Greece, as there is not an appropriate metering system in place at this shopping centre.

²⁶ In 2008, this also includes the marketing budget for the completed development project inaugurated in Greece (Pantheon Plaza). In 2007 only Mediterranean Cosmos was considered.

* n.d. = no data available



Country in focus ROMANIA



1: River Plaza Mall

Key Facts

37

(2007: 12)

Number of employees at 31 December 2008



208% increase

5.0

(2007: 1.2)

Number of visits (millions)



317% increase²⁷

3.0

(2007: 1.6)

Total rent received at owned centres (€ millions)



88% increase



²⁷ The significant increase in the number of visits is due to the fact that the acquisition of River Plaza Mall took place during 2007, hence the visit numbers for that year only covered the part of the year that we were operating in this site,

Case Study

Environmental Responsibility at the Bucharest Office







The Bucharest office is our 'youngest' office having opened only in 2007, the same year that Sonae Sierra entered the Romanian market. Nonetheless, our office in Bucharest has implemented our robust Environmental Management System in less time than any other office. Within a year opening, nearly all of our environmental procedures were in place including: waste recycling & monitoring of recycling rates, energy saving measures, paper saving measures, monitoring of fuel consumed by the car fleet and associated CO₂ emissions, monitoring of equipment which use gas and the use of chemical products in addition to strong and frequent awareness raising campaigns and environment training. Furthermore an environmental management programme has also been developed, and the "We Recycle Points" campaign, which encourages staff engagement in the recycling process, is already up and running.

Congratulations to the Bucharest team on their efforts! – in 2008 the Bucharest offices achieved a 57% recycling rate.



Key performance indicators²⁸

Our first shopping centre in Romania was acquired during 2007. For this reason, we only have full calendar year data for 2008 concerning most of our key performance indicators.

Global average indicators		2008
	Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA)	0.114
	Climate Change: Electricity efficiency (kWh/m ² mall + toilet area)	505
	Water: Water efficiency (litres per visit)	3.4
	Waste: Waste recycling rate (%)	17%
	Tenants: Average occupancy index (% by GLA) ²⁹	84.1%
	Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	6,036
	Employees: Investment in staff training and development (€ per capita) ³⁰	196
	Safety and Health: Total number of man hours of Safety and Health training provided (number)	272

²⁸ We have not identified 'Best centres' for the relevant KPIs for Romania, as there was only 1 owned shopping centre in this country under management for the entirety of 2008.

²⁹ In 2007, the value was 100%.

³⁰ In 2007, the value was 0.



Country in focus **BRAZIL**



- 1: Boavista Shopping
- 2: Franca Shopping
- 3: Parque D. Pedro Shopping
- 4: Pátio Brasil Shopping
- 5: Shopping Campo Limpo
- 6: Shopping Metr pole
- 7: Shopping Penha
- 8: Shopping Plaza Sul
- 9: Tivoli Shopping

Key Facts

371

(2007: 353³¹)

Number of employees at 31 December 2008



5% increase

88.6

(2007: 84.7)

Number of visits (millions)



5% increase

57.7

(2007: 50.7)

Total rent received at owned centres (  millions)



14% increase

31 This figure is different from the one reported in our CR Report 2007. We have updated historical data due to the fact that, in previous years, we did not consider supervised or "condominium" workers in Brazil to be our 'direct' employees. However, Sonae Sierra has now re-evaluated this opinion with the conclusion that the supervised workers in Brazil, who are directly employed by a company which Sierra has an ownership stake in, should be considered as Sierra employees.



Case Study

Raising awareness through art: Project ECO CARTOON 2008 at Pátio Brasil Shopping

In August 2008 Pátio Brasil Shopping launched the first international environmental humour event with the opening of the Eco Cartoon competition. The project aimed to raise awareness about the problems associated with global warming whilst strengthening the reputation of Pátio Brasil Shopping as a shopping centre which promotes environmental responsibility. Pátio Brasil Shopping invited the free participation of amateur and professional cartoonists from Brazil and abroad to create comical images with the theme of global warming.

A panel of judges selected the best entry which featured in an exhibition held in the central court of the shopping centre, and three finalists were awarded prize money of up to €1,130. The first prize winner illustrated that by destroying nature, mankind also destroys himself. The second showed the ignorant human being who cuts down trees. The third portrayed a modern 'Noah's Ark', in which animals are rounded up in pairs and put into a freezer to preserve them from extinction. This was ecology presented in a different way and with a light touch, but it was successful in raising public awareness about a serious subject and in challenging viewers to search for solutions.



1st



2nd



3rd

Key performance indicators

Global average indicators	2006	2007	2008	Best centre in 2008
Climate Change: GHG emissions of the owned portfolio and corporate offices (tCO ₂ e/m ² GLA) ³²	0.006	0.005	0.013	Tivoli Shopping 0.005 tCO ₂ e/m ² ³³
Climate Change: Electricity efficiency (kWh/m ² mall + toilet area)	555	541	533	Tivoli Shopping 351 kWh/m ² /year ³³
Water: Water efficiency (litres per visit)	5.4	5.0	4.4	Tivoli Shopping 2 litres per visit
Waste: Waste recycling rate (%)	35%	37%	44%	Parque D. Pedro Shopping 68% waste recycling rate
Tenants: Average occupancy index (% by GLA)	94.0%	95.8%	96.8%	Shopping Plaza Sul 99.6% average occupancy index
Communities: Investment (€) in community-related initiatives (shopping centre marketing budget)	n.d.*	438,160	569,415	Pátio Brasil Shopping 21% of marketing budget invested in community-related initiatives
Employees: Investment in staff training and development (€ per capita)	752	581	177	n.a [†]
Safety and Health: Total number of man hours of Safety and Health training provided (number)	1,219	6,040	3,294	Shopping Penha First place in the "Personæ Best Management Team Award 2008"

32 Results from previous years were re-stated since a new emission and conversion (convert m³ of natural gas into Giga Joules in accordance with GRI's environmental indicator protocol set) factors were used.

33 Franca Shopping did in fact achieve the best performance regarding electricity efficiency and GHG emissions across our Brazilian portfolio at 132 kWh/m²/year and 0.003 tCO₂e/m². However, this shopping centre is not considered to be comparable with the others in terms of consumption since most of the centre is open-air.

* n.d. = no data available

† n.a = not applicable



CLIMATE CHANGE



LONG-TERM OBJECTIVE:
Achieve a 10% reduction in greenhouse gas emissions (GHG) by square metre of Gross Lettable Area, by 2020, compared to the 2005 level. (GHG protocol scopes 1 and 2, plus business air travel).

Key Performance Indicators

GHG emissions of the owned portfolio and corporate offices (tCO₂e/m² GLA) (includes scopes 1 and 2 + business air travel)³⁴

2008		0.071
2007		0.074
2006		0.081

Electricity efficiency (excluding tenants) of the owned portfolio (kWh/m² mall + toilet area)³⁵

2008		550
2007		558
2006		574
2005		593
2004		580
2003		730

The earth's climate is changing. This process has been instigated by the build up of greenhouse gases in the atmosphere, and will affect the global community mainly through changing weather patterns and subsequent disruption in ecosystems. Climate change has continued to move up the political, economic and social agenda across the globe. For example, in 2008, the EU committed to reduce GHG emissions by 20%, increase energy efficiency by 20%, and achieve a 20% renewable energy use, all by 2020. The Parties to the United Nations Climate Change Convention met in Poznan, Poland, and agreed to fully engage negotiations for an effective climate change strategy to be designed before the end of 2009.

For Sierra as a shopping centre developer and manager, climate change encompasses several different issues. These include GHG emissions and their reduction, combined with the mitigation of other significant air emissions and the promotion of energy efficiency, renewable energy use, climate change impacts' adaptation and sustainable means of transport.

Our strategy

We are committed to reducing the GHG emissions generated through our operations and to raising awareness among all parties with which we are involved. We have monitored and targeted energy usage in our shopping centres and central offices since 2002, and in 2006 we developed a Climate Change Strategy to reduce our direct and indirect GHG emissions, covering scopes 1, 2 and business air travel (part of scope 3) according to the guidelines of the GHG protocol developed by the World Resources Institute and the World Business Council for Sustainable Development (WBCSD).

34 Historical data has been updated due to the fact that a new emission (for Portugal, Spain, Italy and Brazil) and conversion (convert m³ of natural gas into Giga Joules in accordance with GRI's environmental indicator protocol set) factors were used, and also due to the re-instatement for GLA due to more accurate data being made available.

35 As reported in footnote 34 above, results from previous years have been re-instated due to more accurate floor area data being made available.

Case Study

Energy conservation measures in Portugal and Italy

In 2008, Sierra partnered with energy provider SODESA in the context of Portugal's Strategic Energy Efficiency Plan to provide financial support to initiatives which promote energy efficiency in the industrial, retail, residential and services sectors. One approved initiative was the retrofitting of light bulbs ballasts. 4 Sierra shopping centres in Portugal, Centro Colombo, Centro Vasco da Gama, CascaiShopping and ViaCatarina, were able to replace 9,600 light fixtures with more efficient alternatives, enabling a reduction of around 600 tonnes of CO₂.

Serra Shopping, also in Portugal, achieved a year-on-year reduction in electricity consumption (per m² of mall + toilet area) of 3%. One of the energy saving measures implemented by this shopping centre was the installation of a system which controls the shopping centre lighting levels in accordance with daylight levels. This system is controlled by the Building Management System (BMS) and allows for several different levels of lighting to suit the needs of each area in the shopping centre.

Airone shopping centre in Italy does not have a BMS, and the cooling equipment is a stand alone system. Nevertheless, by monitoring the start up timing of cooling equipment and ensuring it met minimum operational requirements, significant savings were achieved, within the limits of external temperatures. In 2008, this adjustment allowed for a minimum increase in energy consumption as the temperatures were higher than 2007. We estimate that these measures enabled us to reduce the cooling system electricity consumption requirements by 126,000 kWh per year.



Key achievements in 2008

- We reduced the energy consumption of the landlord-controlled area of our shopping centres (kWh per m² of mall + toilet area) by 1.4%;
- Although total greenhouse gas emissions increased in line with the growth of business, in 2008 we successfully reduced the carbon intensity of our business. This contributed to achieving our target to reduce greenhouse gas emissions by 1% per square metre of Gross Lettable Area (GHG protocol scopes 1 and 2);
- We saved 1,741,385 kWh of electrical energy through a range of efficiency measures, enabling us to avert 559,858 tonnes of carbon emissions;
- We were selected as a partner of the European Commission's Sustainable Energy Campaign – see page 42 for further details;
- We launched Green Travel Plans at a further 5 shopping centres in operation with the aim of increasing the use of sustainable modes of travel to and from our centres to the benefit of staff, tenants, suppliers, visitors, local communities and the environment. We also developed a Green Travel Plan at our Lisbon office;
- We continued to raise awareness about the issue of climate change; sometimes through innovative events such as the ECO cartoon project in Brazil (see page 21 for further details).

TARGET SET FOR 2009

- Achieve a 0.4 % reduction of kWh consumption (per m² of mall + toilet area), in comparison with the 2008 result.



Web reference

For a more detailed account of our performance in relation to Climate Change, see our full CR Report 2008, pages 31 – 43, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



Issue in Focus

WATER



LONG-TERM OBJECTIVE:
Strive to keep water consumption at or below 4 litres/ visit/ year, until 2012.



Key Performance Indicator

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

2008		3.5
2007		4.0
2006		4.2
2005		4.3
2004		3.6
2003		4.2

Water is one of the most valuable natural resources on the planet. It is essential for human life, economic development and the Earth's ecosystems. Yet its mismanagement, coupled with the growing effects of climate change, mean that access to a clean and reliable water source is increasingly limited in many countries across the world. As the growing human population and the effects of climate change put increasing pressure on water resources, the effective management and regulation of this resource will become increasingly important.

At Sonae Sierra, we believe that we can contribute to safeguarding the world's water resources through conserving water, by increasing the water efficiency and maximising water reuse at our centres. We can also ensure that the quality of local watercourses is maintained by ensuring that our wastewater is appropriately managed and pollution incidents are avoided at all costs.

Our strategy

In our shopping centres in operation, our strategy to date has been to increase water efficiency by investing in more water efficient equipment and to increase awareness about water conservation among our staff and visitors. We also have a strategy in place to ensure that water management is considered during the project design and development phases: our Environmental Standards for Retail Developments (ESRD) include requirements to reduce water consumption and promote water reuse.

Case Study

Rainwater harvesting at Shopping Penha

Shopping Penha in Brazil installed a system to collect rainwater to use in cooling towers. The system has a catchment area of 4,000m², and it enables the capture, filtering and chlorination of rainwater. A reserve tank stores sufficient water for the system to continue operating for 3 days without rain. This innovative system will achieve an estimated annual water saving of around 5,540m³ per year. With a payback on investment of just 0.2 years and ongoing cost savings through reduced withdrawal from the municipal water network, the system is both economical and beneficial to the environment.



Key achievements in 2008

- We reduced water consumption in litres per visit by 12.5%, from 4.0 in 2007 to 3.5 in 2008;
- We reused 3.3% of global water consumed through water reuse systems installed at ArrábidaShopping, and CascaiShopping, both in Portugal, and Parque D. Pedro Shopping in Brazil;
- At Luz del Tajo in Spain we achieved a water saving of 5,796m³ in 2008 by introducing a better way of regulating the water required by the cooling towers at this site;
- At Freccia Rossa in Italy a rainwater collection and treatment system was incorporated into the design of the shopping centre, enabling rainwater to be used to flush toilets and urinals.
- We undertook full water consumption audits at shopping centres where these had not recently been performed, and implemented the recommendations of water audits that had already been carried out at 4 centres in Portugal.

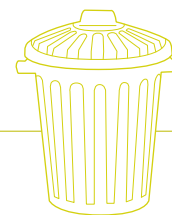
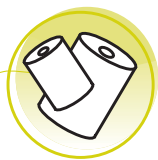
TARGET SET FOR 2009

- Attain a 2% reduction in total water consumption per visit, in comparison with the 2008 result.



Web reference

For a more detailed account of our performance in relation to Water, see our full CR Report 2008, pages 44 – 48, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



LONG-TERM OBJECTIVES:

Increase the proportion of total waste (by weight) that is recycled, recovered or reused in order to obtain a minimum 50% recycling rate, by 2020.

Reduce the proportion of total waste (by weight) that is sent to landfill in order to attain a maximum 30% of waste sent to landfill, by 2020.

Key Performance Indicators

Total waste recycled as a proportion of waste produced (% by weight)

2008	42
2007	35
2006	31
2005	26
2004	21
2003	19

Proportion of waste (by weight) that is sent to landfill

48%
(2007: 55%)

Each year, approximately one third of all resources used in Europe becomes waste³⁶. Much of this waste ends up in landfill sites, squandering natural resources and creating environmental problems for years to come. Our stakeholders are increasingly concerned about this issue and the cost of disposing waste in landfill sites is also rising.

Given that our business activities, both directly and indirectly, have the potential to create large amounts of waste, we place great importance on effective waste management. Our key priority is to increase the amount of waste that we recycle, recover³⁷ and reuse and ultimately to reduce the amount of waste which is sent to landfill.

Our strategy

Over the past 8 years, we have successfully achieved significant reductions in the amount of waste that we send to landfill. This is largely due to our efforts to increase recycling rates by maximising waste separation at source so that it can be recycled, seeking new opportunities for waste recycling and carrying out awareness-raising and training activities among our staff, tenants and service suppliers. During the construction phase, waste management has been focused on the reuse of waste generated and the separation of waste at source, in order to maximise recycling rates.

³⁶ <http://www.eea.europa.eu/themes/waste/about-waste-and-material-resources/>

³⁷ Waste recovery refers to a waste management operation that diverts a waste material from the waste stream and which results in a certain product with a potential economic or ecological benefit. It mainly refers to the following:
- energy recovery, i.e. reuse as fuel;
- biological recovery, e.g. composting.

Case study

Finding ways to further improve waste management: lessons from ArrábidaShopping

Following the reports of the waste characterization studies carried out in previous years, it came to the attention of ArrábidaShopping in Portugal, that a significant amount of recyclable material was still being sent to landfill. An investigation into the matter revealed that the shopping centre's cinemas were not adequately served by on-site waste segregation infrastructure.

The ArrábidaShopping management team decided to create a specific area to manage all waste produced by the cinemas, with separate waste containers for different waste streams. Moreover, a specific room was created to fine tune this segregation process by allowing the recovery of organic waste and some packaging waste that was previously sent to landfill.

The waste management area was introduced in July and the waste room in October. Both actions contributed to an improvement in our waste management performance, reduced operational costs and increased revenues associated with waste valorisation. For example in 2008 the average recycling rate was 8% higher in comparison to 2007, whilst on average we reduced the amount of waste sent to landfill by 13 tonnes per month. Furthermore, our revenues from recycling increased by €409 per month in 2008 and we saved on average €933 per month in landfill costs.



Key achievements in 2008

- We increased our global average recycling rate from 35% in 2007 to 42% in 2008 (representing a 20% increase) and reduced the global rate of waste sent to landfill by 13%, allowing us to fully achieve both our waste targets;
- As part of our efforts to improve waste management, we continued to invest in new technology. For example at MaiaShopping and GuimarãesShopping in Portugal, we installed new waste compactors which have resulted in 23% and 31% increases in waste recycling at these centres;
- At Pátio Brasil Shopping in Brazil, the Personæ “Quick wins” method of using pamphlets to present examples of non-conformances and their respective solutions was adopted to improve environmental performance, particularly in waste management. This and other training and awareness actions and in particular the beginning of organic waste separation and accounting, contributed to achieve a 34% recycling rate in 2008, up 113% on 2007;
- At Dos Mares and Luz del Tajo shopping centres in Spain, we collaborated with local councils to raise awareness about waste recycling among our visitors. For example we actively participated in campaigns to collect waste vegetable oil at Dos Mares in Spain and also at Shopping Penha and Shopping Plaza Sul, both in Brazil. At Dos Mares centre 6,000 bottles were distributed for visitors to collect waste vegetable oil from their homes and bring to the centre for recycling.

TARGETS SET FOR 2009

- Achieve a minimum average recycling rate of 43% across the owned portfolio.
- Reduce the rate of waste sent to landfill by 1% across the owned portfolio, in comparison with the 2008 result.
- Increase the global recycling rate of all Sierra offices by 2%, in comparison with the 2008 result.



Web reference

For a more detailed account of our performance in relation to Waste, see our full CR Report 2008, pages 49 – 53, at

<http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



Issue in Focus

LAND USE



LONG-TERM OBJECTIVE:
Promote the use of previously developed land for new shopping centre projects and to protect and enhance biodiversity wherever possible, until 2012.



Key Performance Indicator

Proportion of completed development on previously developed land (by area)

51%
(2007: 100%)

When land is altered from its natural state, it can contribute to biodiversity loss and disturb ecological processes. When these impacts are not carefully managed, the environment can be damaged, with long-term impacts for the surrounding community. The Economics of Ecosystems and Biodiversity (TEEB) review³⁸, the first major report into the economic impact of biodiversity loss, has found that mass extinctions of plants and animals could cost up to €45 billion a year.

Our strategy

As a shopping centre developer and manager, our most fundamental impact on biodiversity results from the development of land and the associated change in land use that this causes. Construction activities can impact biodiversity by causing damage to habitats and displacing species, in particularly where projects are located on "Greenfield" or previously undeveloped land. We seek to mitigate these impacts through the implementation of our Corporate Environmental Management System (EMS) which includes a procedure to examine environmental liabilities inherent to a given plot. In a latter phase, we implement the Environmental Standards for Retail Developments (ESRD) which includes requirements to preserve ecological features of very high value and other relevant ecological features and, where possible, promote the use of native tree species.

At our shopping centres in operation, we have some ongoing projects to protect existing habitats and we also seek to raise-awareness of biodiversity through marketing events and other initiatives promoted among shopping centre staff and/or visitors.

³⁸ The Economics of Ecosystems and Biodiversity: An Interim Report (European Communities, 2008). The report is available at this webpage: <http://ec.europa.eu/environment/nature/biodiversity/economics/>.

Case Study

Pátio Brasil Shopping adopts a natural spring

Aware of the importance of water conservation and other concerns relating to environmental protection, Pátio Brasil Shopping adopted a spring in the Parque Ecológico Riacho Fundo, assuming responsibility for its revival and conservation. The spring is located at the head of the Riacho Fundo tributary which flows into the Paranoá lake and waters surrounding the city of Brasilia. The Adopt a Spring Programme, in which Pátio Brasil Shopping took part, was developed by the Environmental Institute and Recursos Hídricos Brasília Ambiental (Brazil Environmental Water Resources), which is linked to the Secretariat for Urban Development and Environment of the Federal District government. In February 2009, a committee made up of representatives of the shopping centre marketing and operations teams, technicians and landscape architects, lead by the biologist and programme co-ordinator Dr. Vandete Maldaner visited the spring to evaluate its condition. The committee have developed a strategy to conserve the spring in a condition which is as close as possible to its natural state, thereby guaranteeing its survival.



Key achievements in 2008

- We held biodiversity events to raise awareness among staff and/or visitors in 98% of our centres;
- We developed a native tree database to record the location of native trees species at each construction site. This database also monitors the trees that have been preserved, relocated or felled as a result of the construction activities and the number and type of new trees planted;
- At Loop5, a development project in Germany, we installed a water filtration system to treat contaminated groundwater extracted during the construction process enabling the water to be reintroduced into the soil. The treatment of a total amount of 122,330m³ of groundwater contributed to restoring the local and regional groundwater conditions;
- At Parque D. Pedro Shopping in Brazil we continued to preserve and maintain a corridor of fauna and flora, covering an area of 14,820m².

TARGET SET FOR 2009

- Achieve 100% compliance with execution of approved recommendations of the Preliminary Environmental Evaluation (or equivalent study)³⁹.

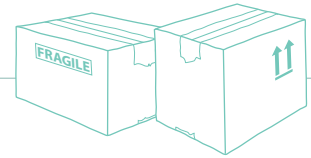
³⁹ Applicable to new development projects.



Web reference

For a more detailed account of our performance in relation to Land Use, see our full CR Report 2008, pages 54 – 58,

<http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



LONG-TERM OBJECTIVE:
Foster loyalty amongst frequently used suppliers, and seek to help and encourage them to adopt more responsible business practices themselves.

Key Performance Indicator

Proportion (%) of suppliers with ISO 14001 certification

58%⁴⁰

All organisations rely on the products and services provided by other businesses in order to function effectively. In the property sector, our supply chain can have significant CR impacts. In recent years, the role of responsible procurement in achieving global environmental and social goals has been increasingly acknowledged and acted upon by the international community. For this reason, we consider our suppliers' CR performance with respect to environmental, ethical and social issues (including Safety and Health) a priority. We engage with our suppliers about CR issues and we promote the responsible procurement of goods and services.

Our strategy

In 2007 Sonae Sierra developed and formally approved a Responsible Procurement Policy. This policy sets out our aims to:

- Encourage the use of environmentally-friendly materials;
- Integrate CR criteria into our Service Supplier's Management Procedures, thus ensuring that the social and environmental performance of our suppliers is considered when tendering, managing and evaluating supplier contracts;
- Engage with our suppliers in order to improve their performance across our CR impact areas.

We also continue to collaborate closely with our suppliers on specific issues such as Safety and Health and Environment through procedures such as the SPI and SPOs, environment training and the ESRD.

⁴⁰ This indicator covers suppliers with a global transaction value superior to €50,000 (n=582). It is calculated as the total number of suppliers with ISO 14001 certification (n=63) divided by the total number of applicable suppliers who responded to this question (n=109). Suppliers in Brazil are not included due to the fact that it was not possible to obtain the data in this country.

Case Study

How engagement on CR issues can improve relationships with our suppliers: the case of Giglio and Shopping Plaza Sul in Brazil

"To be honest we did have some problems in our relationship with Shopping Plaza Sul, but after our meeting with Mr. Carlos Goto (the shopping centre's Operations Manager) about Sierra's Safety and Health and Environment policies, we were able to absolve our differences and align our working practices. After this meeting my respect for Sonae Sierra increased a lot. I began to understand and appreciate the full extent of Sierra's interest and investment in environmental issues, something which I hadn't previously imagined a shopping centre developer and manager to be committed to. We are aware that there is legislation which imposes regulations concerning the way in which shopping centres handle the waste they produce, as we work with shopping centres a lot, but we have never seen any other company with a commitment like Sonae Sierra's. It was important for me to hear Mr. Goto speaking about the shopping centre's environmental concerns, and, as my respect for Sierra's commitment increased, we were able to align our working practices and Giglio was glad to achieve environmental certification for some of our business units." – Monika Giglio Cypriano

Giglio collects waste vegetable oil from restaurant units in Shopping Plaza Sul, which it recycles to produce cleaning products. Giglio has also recently begun collecting waste vegetable oil brought in by staff at Sierra's own office in São Paulo.



Key achievements in 2008

- We launched a Supplier questionnaire with the aim of gaining a better understanding of the Corporate Responsibility practices of our high risk, regular suppliers for both development and property management services. Of a total of 61 property management suppliers surveyed (cleaning services, maintenance and waste removal), 57% gained an 'A' rating and 26% gained a 'B' rating. Concerning development suppliers in Europe, 83% (n=5) received an 'A' rating. These findings suggest that suppliers are generally pro-active on CR-issues;
- We updated all new development suppliers' contracts with a value of more than 2 million euros in order to include CR clauses covering social, environmental and S&H areas and we incorporated CR clauses into new suppliers' contracts signed with our main property management service suppliers (cleaning services, maintenance, security and waste removal), thus fully achieving our 2008 target;
- We sent copies of our approved Responsible Procurement Policy to all our Development and Property Management suppliers;
- We increased the proportion of paper purchased from recycled sources at Sierra offices in Spain, Germany, Greece and Romania to 80%, fully achieving our 2008 target.

TARGETS SET FOR 2009

- Ensure that 100% of all contracts signed during 2009 with main service suppliers for Development (i.e. contracts above 2 million euros) include clauses for minimum requirements in relation to safety, social and environment standards.
- Ensure that 100% of all bids and contracts signed during 2009 with main service suppliers for Property Management (i.e. cleaning, maintenance and waste removal) include clauses for minimum requirements in relation to safety, social and environment standards.
- Increase the proportion of paper purchased from recycled sources for use in Sonae Sierra offices in Portugal, Spain, Germany, Italy, Greece and Romania to 85%.



Web reference

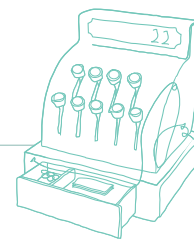
For a more detailed account of our performance in relation to Suppliers, see our full CR Report 2008, pages 59 – 64, at

<http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



Issue in Focus

TENANTS



LONG-TERM OBJECTIVE:

Deliver a high quality service and experience to tenants and proactively engage with them on environmental and safety concerns.



Key Performance Indicators

Tenant satisfaction index⁴¹

4.2

(2007: 4.0)

[scale: 1 (not satisfied) to 6 (very satisfied)]

Average occupancy index (% by GLA)

94.3%

(2007: 95.5%, 2006: 95.6%)

The satisfaction and loyalty of our tenants is central to the success of our business. In order to attract and retain the best tenants, Sonae Sierra must strive to maintain our reputation as a desirable landlord and provider of property management services.

We are committed to achieving high levels of customer satisfaction by providing our tenants with first rate services that are good value for money. We also seek to engage with tenants on CR issues, in particular Safety and Health and Environment. This is because we believe that effective resource management and good safety procedures can generate a number of benefits for us and our tenants.

Our strategy

In the past few years we have pursued various initiatives to increase and maintain tenant satisfaction. We undertake Annual Tenant Satisfaction surveys in all our owned shopping centres, which allow us to gain feedback on operational aspects, marketing events, communications, our CR programme and satisfaction with our shopping centre management teams and with Sierra in general. These survey results allow us to develop follow-up action plans at the shopping centre level which aim to improve aspects with lower scores and ultimately drive continuous improvement in tenant satisfaction levels. In 2008 we also launched our top tenant (management level) survey to receive feedback from key tenant companies at the senior management level. We plan to roll this survey out across further countries in 2009.

We also seek to strengthen our tenants' commitments in terms of CR, involving direct engagement with our tenants on issues such as Safety and Health and Environment through meetings, training sessions and other awareness raising activities.

⁴¹ We have not made reference to the values for 2006, as prior to 2007 a different methodology was in use to measure tenant satisfaction, meaning that the results are not comparable.

Case Study

Challenging tenants to reduce waste production in Parque D. Pedro Shopping in Brazil

The Secretariat of the Environment of São Paulo state, which consumes an overwhelming 66 million plastic bags a month, called for a collective effort for environmentally friendly behaviour under the slogan "Say no to plastic bags" and various awareness-raising measures. This led Sonae Sierra Brazil to challenge the tenants of Parque D. Pedro Shopping to consider ways in which they could reduce their waste production, replace throw-away plastic bags with reusable ecological ones and seek to raise shoppers' awareness of environmental issues.

Some of our tenants responded positively to the challenge:

"We thought this was a great idea from Parque D. Pedro Shopping. At Damyller we decided to launch a Christmas promotion focusing on environmentally-friendly gift wrapping. We worked with our supplier on a pioneering project to procure recycled gift wrap and packaging which can be recycled again after its use. We've calculated that the use of this recycled gift wrap saves the equivalent of 38 tonnes of new paper per year, contributing to the preservation of natural resources and reduction of environmental impacts associated with its life cycle. We've estimated that this initiative also saves energy equivalent to the monthly consumption of 76 families; a water saving equivalent to that consumed by over 200 people per month; the conservation of 650 trees; and 17 tonnes less packaging being thrown away!" – Gabriela Pereira, Damyller.



Key achievements in 2008

- We achieved high levels of tenant satisfaction: 98% of shopping centres achieved the minimum acceptable level of 3.5 or above, and 85% achieved level 4 or above. This means that our 2008 targets for tenants were achieved by 98% and 100% respectively. Our global tenant satisfaction rating also increased by 5%, from 4.0 in 2007 to 4.2 in 2008;
- We launched and completed a targeted top tenant (management level) survey in Portugal, Spain and Brazil, and developed an action plan to improve areas of weakness identified;
- We developed new Shopping Centre Regulations in all countries of operation in order to incorporate CR issues, and implemented these at as many centres as possible, thus bringing benefit to our tenants;
- We further improved the safety of our shopping centres, including tenant units, by carrying out 11,659 hours of SPOs across the owned portfolio and reducing the number of non-conformances per hour of SPO to 7.9;
- We continued to raise our tenants' awareness about environmental and safety issues in General Assembly meetings with shopkeepers and through training provided to our tenants' new staff. In 2008, 98% of our shopping centres held at least 6 meetings with tenants on CR issues; 7 centres in fact held over 20 meetings. In our Brazilian shopping centres we engaged with tenants on several different themes, including marketing, environmental and social issues.

TARGETS SET FOR 2009

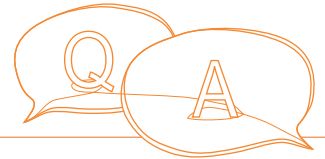
- Achieve an average tenant satisfaction level of 3.5 or above in each Sierra owned shopping centre.
- Achieve an average tenant satisfaction level of 4 or above in at least 80% of the Sierra owned shopping centres.



Web reference

For a more detailed account of our performance in relation to Tenants, see our full CR Report 2008, pages 65 – 71, at

<http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



Issue in Focus

COMMUNITIES AND VISITORS



LONG-TERM OBJECTIVES:

Achieve full implementation of Community Advisory Panels (CAPs) in all operational and development portfolio, by 2012.

Become recognised as a top tier company in employee involvement with local communities, by 2011.

Devise and implement a long term strategy aimed at involving the largest number of our shopping centres' local communities' members, in order to improve our communities' well-being.



Sierra is determined to provide attractive public space that meets the needs of the local population and adds value to the local area, by generating local economic benefits, but also by being environmentally and socially responsible. In order to achieve this, we integrate community consultation and engagement into the development and operation of each centre and seek to build ongoing relationships with local communities that will facilitate environmental, social and economic improvements in the areas in which we operate. We believe that this also helps to provide a firm foundation for the successful performance of our centres. We consider community consultation, engagement (including staff volunteering), investment (including donations and sponsorships), visitor satisfaction and environmental, social and economic impacts on the local community to be important issues within this CR impact area.

Key Performance Indicator

Marketing Investments in CR and other community contributions

€2,380,490

Our strategy

We have always sought to maintain strong links with local communities in the locations where we operate. We invest in communities not only by making corporate donations and sponsorship but also through staff volunteering activities.

Our shopping centres also provide a space in which we can encourage others to support charitable causes by holding awareness campaigns and collecting donations from visitors. Focusing on the theme of education, we liaise with local schools to coordinate visits to our shopping centres in order to teach children about our environmental and safety management practices. We also aim to maximise the accessibility of our shopping centres to people with different needs, through the implementation of the Global Accessibility Standard UNE 170001-2. More recently, we have also strengthened our relations with local communities through the roll out of our Community Advisory Panels (CAPs).

Case Study

Sierra launches the Community Advisory Panel project on Manaus development in Brazil

Sonae Sierra launched its first CAP at Dos Mares shopping centre in Spain in 2007. In 2008 the CAP project and its principles were applied for the first time to development projects. The aim of the project at Manauara Shopping was to establish an appropriate channel of communication with the local community, to increase awareness of Manauara Shopping among local people, to discuss ideas related with safety and health and environmental issues and to discuss any concerns raised by the local community. Members of the Panel include representatives of various professions (among them education, law, medicine, construction & engineering art & culture), police and emergency services, representatives of sustainable development and charitable organisations and tenants, as well as key Sierra staff. The third meeting of the Panel took the form of a visit to Parque D. Pedro Shopping where members were introduced to Sierra's environmental policies and procedures, the Personæ safety and health project and various educational and cultural projects which the centre supports. The CAP has received positive feedback from participants, including one of the future tenants of Manauara who congratulated us on having launched the initiative.



Key achievements in 2008

- We invested €2,380,490 in community-related initiatives and fully achieved our target by investing over 7% of the shopping centres marketing budget in community-related initiatives;
- We launched 7 new Community Advisory Panels; at shopping centres Estação Viana in Portugal, Münster Arkaden in Germany, Valecenter in Italy, Mediterranean Cosmos in Greece, River Plaza Mall in Romania and at development projects LeiriaShopping in Portugal and Manauara Shopping in Brazil;
- We held 'Community Day' on 13th and 14th November 2008, during which our staff across all countries of operation dedicated a total of 2,308 hours of their time to a wide range of projects;
- All in all, our staff dedicated a total of 2,521 hours to volunteering projects in 2008 and 28% of staff volunteering day entitlements were taken up, representing an increase of over 150% in comparison with 2007;
- We welcomed 282 visits from schools at our shopping centres;
- We supported a number of other social projects, including: LATITUDE60! sponsorship enabling Portuguese students to participate in an Antarctic expedition; Aprender a Empreender: Lessons in Enterprise for students in Portugal; "Small Great Heroes": campaign for children facing illness in Portugal and PARI project for social integration in Italy;
- We achieved new UNE 170001-2 Accessibility Certifications for Centro Colombo in Portugal and El Rosal in Spain.

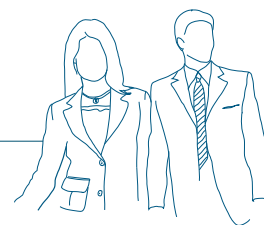
TARGET SET FOR 2009

- Invest 2.5% of the available marketing budget (after services and fixed items) of owned centres under operation and under development in at least two community related initiatives.



Web reference

For a more detailed account of our performance in relation to Communities and Visitors, see our full CR Report 2008, pages 72 – 81, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



LONG-TERM OBJECTIVES:

Offer our employees more flexible work arrangements with the aim of becoming a recognised leader in this area by 2012.

Adopt and implement a long-term strategy, with the aim of creating the best possible working conditions for all our staff.

We will improve workforce conditions based on approved standards, by the end of 2012.

Key Performance Indicator

Investment in staff training and development (€ per capita)

2008	900
2007	1,239
2006	1,728

In order to deliver high quality service to customers, businesses need their employees to deliver quality work. Skilled and motivated people work harder and better, improving productivity and the ability to meet customer needs. In the UK, the Sunday Times 'Best Companies To Work For' survey results indicate a correlation between a company's financial performance and level of investment in employees; in the past 5 years, companies that participated in this survey have performed at least twice as well as their rivals⁴².

At Sonae Sierra we consider the issues of staff training and development, working conditions and work-life balance, safety and health, participation and engagement, non-discrimination and staff satisfaction as important issues within the Employees impact area.

Our strategy

In line with our long-term goals regarding flexible working and working conditions, in 2008 we introduced a Part-Time Working Policy and carried out workplace conditions assessments in countries where these had not previously been undertaken. We continue to monitor staff satisfaction through our Corporate Climate and Employee Satisfaction Survey (referred to hereafter as 'Climate survey') and seek to make improvements based on the feedback we receive. We also continue to invest in staff training and development and we strive to ensure the highest levels of occupational safety for our entire workforce.

42 Best 100 Supplement, April 2008, The Sunday Times.

Case Study

INOV Contact programme: An international experience at Sonae Sierra

The INOV Contact Programme is an initiative supported by the EU and managed by AICEP Portugal Global. Its goal is to support the training of qualified staff in an international context. Sonae Sierra joined the programme in 2000 as part of its Corporate Responsibility Policy. Since then, we have welcomed 23 trainees, nine of whom were given the opportunity to join the company once their placement ended. The placements last for nine months. This initiative has been a success, with very positive feedback received both from the participating departments and from trainees. In the words of one of the scheme's participants...

"I was assigned to Romania in the beginning of June. My main role was to monitor the implementation of the Environmental Management System at River Plaza Mall, and the Bucharest offices. It was an excellent professional opportunity to learn many things. Sonae Sierra provides a positive work environment and gives us the opportunity to be involved in a large project in which we feel that our work makes a difference" – Joana Silva, Trainee at the Institutional Relations, Environment and Communication Department, Romania.



Key achievements in 2008

- We introduced a formal Non-Discrimination and Diversity Policy, setting out our commitment to a meritocracy culture and our objective to become a best practice reference in this aspect of Corporate Responsibility;
- We carried out a second Climate survey and achieved improved results in all 16 assessment categories. The most positive results were for the themes of Mission and Values and Corporate Responsibility. We improved the results in relation to working conditions and work life balance by 6% and 3.6% respectively, thereby partially but not fully achieving our 2008 target to improve these elements by 10%;
- We provided 55% of staff with at least 7 hours of training (thereby partially but not fully achieving our target to provide this amount of training to 90% of staff);
- We fulfilled another CR goal with the introduction of the new flexible working (part-time) arrangements policy;
- We introduced a mid-year performance appraisal to our Personal Assessment process and provided training to managers on this process and on giving feedback. 564 man hours of training were provided on this subject in 2008, involving 141 participants;
- We undertook workplace conditions assessments for all staff in Romania, Greece and at the São Paulo offices in Brazil.

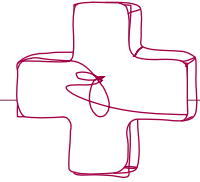
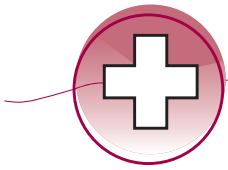
TARGETS SET FOR 2009

- Identify the flexible working arrangements which need to be implemented in order for Sonae Sierra to become a recognised leader in this area, by 2012.
- Improve the results of the Employee Satisfaction Survey in relation to the following themes by 10%: Work conditions; Work life balance, in comparison with the 2007 results.
- Maintain the total number of training hours provided to Sonae Sierra employees as recorded in 2008.



Web reference

For a more detailed account of our performance in relation to Employees, see our full CR Report 2008, pages 82 – 88, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>



SAFETY AND HEALTH



LONG-TERM OBJECTIVE:

Anticipate and prevent all safety and health risks affecting the sustainable growth of Sonae Sierra, with the final goal of achieving zero accidents.



Key Performance Indicators

Total Safety and Health training provided in 2008

Year	2006	2007	2008
Total n° of participants	4,120	8,855	11,424
Total n° of sessions	305	646	864
Total n° of man hours of training provided	5,425	14,629	13,467

N° of hours of Safety Preventive Observation (SPO) performed

2008		11,659
2007		10,448
2006		6,127

N° of non conformances per hour of SPO

2008		7.9
2007		10.5
2006		15

It is estimated that each year there are 8,900 fatalities caused by workplace accidents in European countries, and the construction sector in particular accounts for many work-related accidents⁴³. We have a moral and legal obligation to ensure that our employees, tenants, contractors and visitors are as safe as possible when they are working at or visiting our assets.

At Sonae Sierra we have a proactive approach to Safety and Health and we are committed to achieving zero accidents across all our operations. Our dedication to developing a safe culture among all our stakeholders has helped us to improve our performance in this area and has earned us international recognition.

Our strategy

Safety and Health is one of our core values and we are committed to monitoring and preventing these risks. We have also set ourselves the challenge of embedding a safe culture across all aspects of our business and amongst our tenants, service suppliers and visitors. Our Personæ project, launched in 2004 and concluded in 2008, has been the principle vehicle for achieving this ambition (see case study opposite).

43 <http://osha.europa.eu/en/statistics>

Case Study

Personæ project formally concluded – S&H is now a Sierra core value!

In 2008 we formally concluded our very successful Personæ project which we launched in 2004, with the outcome that Safety and Health is now a core Sonae Sierra value! The aim of Personæ was to disseminate an interdependent safety culture in all aspects of business and society in each country where Sierra operates. We estimate that over 70,000 people were involved in the project's activities such as seminars, workshops and behavioural safety preventive observations. Since the project began:

- Our shopping centres are now safer: we have decreased the number of non-conformances detected per hour of SPO from 21 in 2005 to 7.9 in 2008;
- Although we have not yet reached our goal of zero accidents, we are much closer to achieving this target and have seen a decrease in the Sierra staff work accident rate (see Key Achievements in 2008);
- We have increased awareness of S&H issues through rigorous training, Safety Performance Observations (for shopping centres), Safe Practice Index audits (for construction sites), and a range of other awareness raising techniques.

Although the project has now been formally concluded, this is by no means the end of our efforts! Personæ has enabled Sierra to develop and implement a Corporate S&H Policy and S&H Management System that guarantees continuous improvement of safety performance and will uphold the high standards which we have become recognised for.



Key achievements in 2008

- We decreased the number of non-conformities per hour of SPO in Reference Sites, to 7.9, thus exceeding the 2008 target;
- We reduced the number of staff absences due to work accidents or occupational diseases by 43% in comparison with the last 3 years' average, fully achieving the 2008 target. Regrettably we did not achieve our target of zero fatalities due to accidents across the Sierra portfolio, since a fatal accident occurred on the Manauara Shopping development project in Brazil. This incident reinforces the importance of ensuring that all our building contractors comply with our S&H standards;
- We became the first shopping centre company in Europe to achieve certification for our Safety and Health Corporate Management System (covering the areas of Development, Investment and Property Management across all our company) in accordance with the OHSAS 18001 standard;
- We also achieved additional OHSAS 18001 certification for the local S&H Management System of 3 shopping centres in operation – Centro Colombo in Portugal, and Parque D. Pedro Shopping and Shopping Penha in Brazil.

TARGETS SET FOR 2009

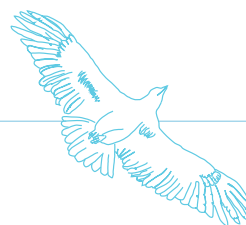
- Achieve zero fatalities due to accidents across the Sierra portfolio.
- Reduce the number of days of staff absence due to work accidents or occupational diseases, in comparison with 2008, per million hours worked, aiming towards zero.
- Reduce by 10% the number of non-conformances per hour of observation resulting from Safety Preventive Observations in Reference Sites and when comparing the average results of 2008 with the average figures of 2009.
- Decrease the number of work accidents and occupational diseases involving Sonae Sierra employees per million hours worked, in comparison with 2008, heading towards zero.
- Decrease by 10% the Lost Workday Case accidents Frequency Rate (LWCAFR) in Construction Works, considering 2008 figures.



Web reference

For a more detailed account of our performance in relation to Safety and Health, see our full CR Report 2008, pages 89 – 102, at <http://www.sonaesierra.com/Web/en-GB/corporateresponsibility/crreports/cr/default.aspx>

Our Aspirations



Sonae Sierra aspires to become the best sustainable international specialist of shopping centres. This goal requires us to continue to improve our performance with respect to all our CR impact areas, as well as our financial performance.



CLIMATE CHANGE

is important to us as we believe that its potential impacts could have implications for our business. Furthermore, increasing regulation and pressure on energy demand make it an imperative to reduce reliance on fossil fuels. Our objective is to reduce our GHG emissions by 10% by 2020, compared to the 2005 level.

2009 TARGET

- Achieve a 0.4% reduction of kWh consumption (per m² of mall + toilet area), in comparison with the 2008 result.



WATER

is a vital natural resource that is being stretched by our growing global population. Using water efficiently and monitoring wastewater quality helps us to conserve the world's resources, adapt to future scenarios, generate cost savings and avoid water pollution. Our objective is to strive to keep water consumption at or below 4 litres/ visit/ year, until 2012.

2009 TARGET

- Attain a 2% reduction in total water consumption per visit, in comparison with the 2008 result.



WASTE

that is not properly managed can end up creating long-term damage to the environment. Through our business activities we handle large quantities of waste, and it is a priority for us to ensure that waste is reduced and managed in the most environmentally-friendly way. Our objectives are to increase our waste recycling rate to a minimum of 50% until 2020, and reduce the proportion of waste that we send to landfill to a maximum of 30% until 2020.

2009 TARGETS

- Achieve a minimum average recycling rate of 43% across the owned portfolio.
- Reduce the rate of waste sent to landfill by 1% across the owned portfolio, in comparison with the 2008 result.
- Increase the global recycling rate of all Sierra offices by 2%, in comparison with the 2008 result.



LAND USE

is an important issue for any property developer and manager. Development of Greenfield sites, if not managed carefully, can result in biodiversity loss. Development on previously used sites can, on the other hand, bring about regeneration in urban areas. Our objective is to promote the use of previously developed land and enhance biodiversity wherever possible.

2009 TARGET

- Achieve 100% compliance with execution of approved recommendations of the Preliminary Environmental Evaluation (or equivalent study).



SUPPLIERS

are one of our key stakeholder groups, and the ability of our suppliers to respond to environmental and social challenges has an impact on our own CR performance. Our objective is to foster loyalty amongst frequently used suppliers, and to encourage them to adopt more responsible business practices.

2009 TARGETS

- Ensure that 100% of all contracts signed during 2009 with main service suppliers for Development (i.e. contracts above 2 million euros) include clauses for minimum requirements in relation to safety, social and environment standards.
- Ensure that 100% of all bids and contracts signed during 2009 with main service suppliers for Property Management (i.e. cleaning, maintenance and waste removal) include clauses for minimum requirements in relation to safety, social and environment standards.
- Increase the proportion of paper purchased from recycled sources for use in Sonae Sierra offices in Portugal, Spain, Germany, Italy, Greece and Romania to 85%.



TENANTS

must be satisfied with Sonae Sierra as a property manager and a landlord. Tenant satisfaction is a crucial factor, on which the sustained success of our business depends. Our objectives are to deliver a high quality service and experience to tenants and to engage with them on environmental and safety concerns.

2009 TARGETS

- Achieve an average tenant satisfaction level of 3.5 or above in each Sierra owned shopping centre.
- Achieve an average tenant satisfaction level of 4 or above in at least 80% of the Sierra owned shopping centres.



COMMUNITIES AND VISITORS

must be satisfied with our presence; this is crucial to the success of our shopping centres. As a company we have impacts on the society in which we operate. Our objectives are to be recognised for our involvement with local communities, and to implement a strategy that involves local communities, with the aim of contributing to their well-being.

2009 TARGET

- Invest 2.5% of the available marketing budget (after services and fixed items) of owned centres under operation and under development in at least two community related initiatives.



OUR EMPLOYEES

make a fundamental contribution in ensuring that our business is successful. Our objectives are to engage and reward our employees by offering flexible working arrangements and creating the best possible working conditions for all staff.

2009 TARGETS

- Identify the flexible working arrangements which need to be implemented in order for Sonae Sierra to become a recognised leader in this area, by 2012.
- Improve the results of the Employee Satisfaction Survey in relation to the following themes by 10%: Work conditions; Work life balance, in comparison with the 2007 results.
- Maintain the total number of training hours provided to Sonae Sierra employees as recorded in 2008.



SAFETY AND HEALTH

is a core Sierra value. We consider that people are the most precious asset, and we are committed to developing a safe culture among all stakeholders. Our objective is to anticipate and prevent all S&H risks, with the final goal of achieving zero accidents.

2009 TARGETS

- Achieve zero fatalities due to accidents across the Sierra portfolio.
- Reduce the number of days of staff absence due to work accidents or occupational diseases, in comparison with 2008, per million hours worked, aiming towards zero.
- Reduce by 10% the number of non-conformances per hour of observation resulting from Safety Preventive Observations in Reference Sites and when comparing the average results of 2008 with the average figures of 2009.
- Decrease the number of work accidents and occupational diseases involving Sonae Sierra employees per million hours worked, in comparison with 2008, heading towards zero.
- Decrease by 10% the Lost Workday Case accidents Frequency Rate (LWCAFR) in Construction Works, considering 2008 figures.

Partnerships, memberships and recognition

Here are some notable examples of organisations and awards that we are associated with. For a complete list please see our full CR Report 2008, pages 3 (awards) and 14 – 16 (memberships).

EU Sustainable Energy Campaign

<http://www.sustenergy.org>

In 2008 Sonae Sierra was selected to be a partner of the Sustainable Energy Europe Campaign, due to the company's strong commitment to sustainability and potential to contribute to the campaign's objectives. The Sustainable Energy Europe Campaign is a European Commission initiative, which aims to raise public awareness and promote sustainable energy production and use among individuals and organisations, private companies and public authorities and energy agencies, industry associations and NGOs across Europe.

Global Compact

www.unglobalcompact.org

Sonae, one of our 2 shareholders, is a signatory of the Global Compact, a contract between the United Nations and the worldwide business community. It is designed to encourage companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

Winner of the first Green Thinker Award

In October 2008 Sonae Sierra won the first Green Thinker Award, presented at the 2008 ExpoReal European Property Awards. The Green Thinker Award, an initiative of EXPO REAL in association with PropertyEU, honours the real estate development company with the greenest strategy in Europe. The selection process involved a detailed review of the sustainability commitments of over 100 leading European property developers. The jury commented that they "were looking for a commitment at all levels of the organisation that goes beyond straight compliance. Sonae Sierra is absolutely outstanding in all dimensions. The strategy comes through at all levels and is well thought-out."

World Safety Declaration

<http://www.worldsafetydeclaration.com/>

The World Safety Declaration is a charter which forms a global commitment to improve workplace safety. Sonae, one of our 2 shareholders, was one of the 24 founding members of the World Safety Declaration and became a signatory to this agreement in November 2005.

One of the principles of the charter is for signatories to report their challenges, progress and successes at the World Congress on Safety and Health at Work. In 2008 we were the only real estate company to present our experiences at the XVIII World Congress on Safety and Health at Work in South Korea.

WBCSD

<http://www.wbcds.org/>

<http://www.wbcds.org/plugins/DocSearch/details.asp?type=DocDet&ObjectId=MjAzMDA>

<http://www.bcsdportugal.org/>

We represent Sonae as a Liaison Delegate of the World Business Council for Sustainable Development (WBCSD) and we actively participate in initiatives such as the Energy Efficiency in Buildings project

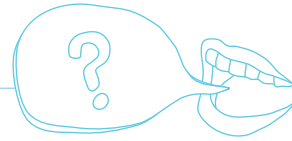
At a national level, we are on the Executive Committee of the Business Council for Sustainable Development (BCSD) of Portugal – part of the regional network of the WBCSD.

First place in the Euronatura Climate Responsibility Ranking

In 2008 we gained 1st place in the Euronatura Climate Responsibility Ranking in Portugal for the third time.



Feedback



At Sonae Sierra we aim to conduct our business in a way that is sensitive and responsive to our stakeholder's needs and concerns. We also use stakeholder feedback to improve the way that we run our business and to refine our approach to Corporate Responsibility. We hope that you enjoyed reading our 2008 CR Report and would be grateful if you could take a few minutes to provide us with some feedback on this report.

Please complete the questions below and return your form to:

Nuno Rafael Alves
Corporate Responsibility Reporting Coordinator

FAX: +351217582688

EMAIL: cr@sonaesierra.com

POST: Rua Amílcar Cabral, n° 23, Quinta do Lambert, 1750-018 Lisboa, Portugal.

Can you tell us...

1. About you.

Which stakeholder group do you belong to?

- | | |
|---|---|
| <input type="checkbox"/> Investor/financier | <input type="checkbox"/> Local Community |
| <input type="checkbox"/> Tenant | <input type="checkbox"/> NGO/charitable organization |
| <input type="checkbox"/> Visitor | <input type="checkbox"/> Media |
| <input type="checkbox"/> Sierra's Employee | <input type="checkbox"/> Government/Local authorities |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> Student |
| <input type="checkbox"/> Other please specify | |

2. How do you rate this report against the following factors? [Scale: 1= Very Poor to 6= Excellent]

- 1 2 3 4 5 6 Written Content
- 1 2 3 4 5 6 Style and Layout
- 1 2 3 4 5 6 Level of detail
- 1 2 3 4 5 6 Use of Case Studies
- 1 2 3 4 5 6 Ease of use

3. How do you rate Sonae Sierra's performance (i.e. target achievement levels; KPI trends) against each of the 9 material impact areas? [Scale: 1= Very Poor to 6= Excellent]

- | | |
|----------------------------|--------------------------------------|
| 1 2 3 4 5 6 Climate Change | 1 2 3 4 5 6 Tenants |
| 1 2 3 4 5 6 Water | 1 2 3 4 5 6 Communities and Visitors |
| 1 2 3 4 5 6 Waste | 1 2 3 4 5 6 Employees |
| 1 2 3 4 5 6 Land Use | 1 2 3 4 5 6 Safety and Health |
| 1 2 3 4 5 6 Suppliers | |

(continued)

Feedback (continued)

4.a. Which of these material impact areas do you consider to be the most important to Sonae Sierra's business?
(please tick one or more of the impact areas)

- | | |
|---|---|
| <input type="checkbox"/> Climate change | <input type="checkbox"/> Tenants |
| <input type="checkbox"/> Water | <input type="checkbox"/> Communities and Visitors |
| <input type="checkbox"/> Waste | <input type="checkbox"/> Employees |
| <input type="checkbox"/> Land use | <input type="checkbox"/> Safety and Health |
| <input type="checkbox"/> Suppliers | |

4.b. Can you tell us why, in your opinion, this is/these are the most important material impact area/s?

.....
.....
.....
.....

5. Are there any other impact areas or issues which you think that Sierra should be addressing, that are not currently covered by the 9 material impact areas featured in this report?

.....
.....
.....
.....

6. What do you see as the main social, economic or environmental challenges for Sonae Sierra in the future?

.....
.....
.....
.....

7. We are interested in understanding regional differences in stakeholder opinion and would be grateful if you could tell us which country you live in.

Please enter your country of residence

8. Please use the space below to provide your own comments on this report or any other aspect of Sonae Sierra's CR strategy and performance.

.....
.....

THANK YOU FOR YOUR FEEDBACK!



The paper in this report is produced with FSC mixed sources pulp which is fully recyclable, biodegradable, pH Neutral, heavy metal absence and acid-free. It is manufactured within a mill which complies with the international environmental ISO 14001 standard.



It has been printed using an alcohol free process and the printing inks are made from vegetable oil and are non-hazardous from renewable sources. Over 90% of solvents and developers are recycled for further use and recycling initiatives are in place for all other waste associated with this production. The printers are FSC and ISO 14001 certified with strict procedures in place to safeguard the environment through all their processes and are working on initiatives to reduce their Carbon Footprint.



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