2014 ECONOMIC, ENVIRONMENTAL AND SOCIAL REPORT

Specialists in creating...
SUSTAINABLE SHOPPING CENTRES
We have long recognised that our long-term business viability is dependent upon a healthy reserve of natural resources and social cooperation. Indeed, we believe that the economic, environmental and social dimensions of our business performance are inextricably linked.

For this reason, this report provides a fully integrated account of our business strategy and operational performance in 2014, demonstrating the alignment between our core business and sustainability goals. In order to develop a fully integrated report, we drew heavily upon the International Integrated Reporting Council's (IIRC) Framework on Integrated Reporting. As such, the performance and future outlook section in this report focuses on the most material aspects of our economic, social and environmental performance as defined by our integrated business and sustainability strategies.

In keeping with our long-standing commitment to apply the most up-to-date sustainability reporting guidelines, this report has also been developed in accordance with the ‘Core’ Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and the Construction and Real Estate Sector Disclosures (CRESD). Our compliance with these GRI guidelines has been independently verified by Deloitte, whose assurance statement can be found on page 145 of this report.
Sonae Sierra is a specialist at the cutting edge of shopping centre development, ownership, management and the delivery of professional services in geographies as diverse as Europe, South America, North Africa and Asia.

Passionate about bringing innovation and excitement to the shopping industry since 1989, Sonae Sierra has been interpreting trends and spearheading a movement that has defined the shopping centres of the future. Through our integrated strategy of investment, development, property management and the provision of professional services, we have built an indisputable track record and a unique understanding of the business and markets we operate in.
CEO'S STATEMENT

Our continued international expansion, supported by our active approach to asset management and capital recycling in mature markets, heralded greater business activity across all markets, and translated into positive operational performance.

Fernando Guedes Oliveira
Chief Executive Officer

In Spain, yield compression reflected the improved outlook and we were able to recycle capital with the sale of La Farga. In Italy, yields remained largely static however we were also able to recycle capital with the sale of the majority of our 50% stake in Le Terrazze. Elsewhere in Europe, we saw some yield compression in Portugal which also contributed to our indirect net profit, whereas in Germany yields remained flat. In Brazil, our sales and rental growth continued to outperform the market. This was particularly pleasing given the weaker macroeconomic outlook for the Brazilian economy during the second half of the year.

Q: What progress did Sonae Sierra make towards its strategic objectives?
A: Our four strategic axes continue to be to:

- Maintain and enhance our shopping centre specialist by providing innovative retail spaces and improving the quality of our assets.
- Pursue new development opportunities with a capital light approach in the use of equity.
- Deploy our capital recycling strategy to fund new developments and acquisitions and reduce our exposure to investment properties.
- Reinforce our professional services business in the markets we recently entered.

In 2014 we upheld our strategy to exploit all possible value from our existing assets. We proceeded with significant expansion and refurbishment projects at two of our Brazilian shopping centres, capitalising on tenant demand for prime assets in prime locations. As part of our efforts to reenergise our shopping centres and enhance their tenant mix, we began refurbishment works at one shopping centre in Portugal and proceeded with works at two centres in Spain and one in Germany.

The sale of La Farga in Spain is consistent with our objective to sell down our ownership of non-core assets. In Italy, Le Terrazze was performing above expectations, and rising investor sentiment presented an opportunity to sell the majority of our stake at a favourable valuation, while keeping a minority interest as well as responsibility for its management. Both transactions enabled us to release capital for potential developments and acquisitions in the context of improving conditions.

Construction continued on our most important development, ParkLake in Romania which is due to be completed in 2016. By the end of the year, 70% of the centre’s GLA had been either signed or committed. Significantly, in May we confirmed our first development in Morocco. Zenata Shopping Centre represents a €100 million joint venture investment in which we are minority partner in line with our capital light approach. It demonstrates how our strategy to expand into emerging markets via our professional services business has borne fruit. Delivering services to third parties in new markets enables us to gain key insights before making direct investments in a capital light mode.

Other significant achievements include our agreement with designer outlet specialist, McArthurGlen, to create the first designer outlet in southern Spain, a €115 million development offering 30,000m² of GLA adjacent to Plaza Mayor in Málaga.

Q: How was Sonae Sierra’s overall performance? Did the year turn out as you expected?
A: 2014 was a good year for Sonae Sierra. We achieved a net profit of €96.3 million and presented an EBITDA of €107.8 million. Our direct profit meanwhile was €52.7 million, and we delivered an indirect profit of €43.6 million.

The cautious optimism with which we welcomed the year has positively evolved as the recovery we witnessed in the second half of 2013 continued into 2014. This translated into a very encouraging performance in tenant sales and occupancy rates in Europe, and continued growth in Brazil.

Like-for-like tenant sales increased by 3% across our European portfolio, and by 7.8% in Brazil. Our global occupancy rate meanwhile reached 96%. The fact that we outperformed the retail sales index in most of our markets indicates that these results not only reflect improving macroeconomic conditions, but are proof of the quality of our assets and management approach.

We continued our international expansion, announcing our first direct investment in Morocco and the launch of our third party services business in China and Russia, along with new services contracts signed in North Africa and Turkey.

Q: How did your performance compare between markets?
A: In Europe, our operational performance was better than forecast. The improving economic outlook in our major markets throughout 2014 led to a strong recovery across our Portuguese and Italian portfolio, both of which surpassed our expectations. Tenant sales in Spain were stable, while in Germany refurbishment activities at one of our shopping centres meant our performance was below expectations.
Our services business continued to grow in 2014 with 41 new contracts signed in established markets like Turkey and North Africa, and our entry into strategically important markets like China and Russia.

Q: What are the most significant challenges you face?
A: In Europe, a lack of new development opportunities and the high cost of debt continue to limit our development pipeline. Capital recycling also remains a challenge, at least in the volume that we would like to achieve. This also has an impact on development activity.

Nonetheless, we are aware that our portfolio in mature markets still presents strong value creation opportunities, and in this context we are actively exploring opportunities in those markets which we believe offer sound prospects. At the same time, and in keeping with our objective of achieving a more balanced level of activity between mature and emerging markets, we continue to explore opportunities in emerging markets in partnership with strong local and international partners.

In Brazil, we are currently in the process of consolidating our operations having just concluded a cycle of development in this market. We are confident that the strength of our business places us in a strong position in the face of deteriorating economic conditions, and we remain on the lookout for new opportunities to grow our portfolio.

Q: What are your most significant achievements?
A: In addition to the above highlights, I would emphasise our strong financial position, low loan-to-value ratio and solid interest cover. Coupled with our efforts to contain costs, sustain our rental income, provide first class assets and enter new markets, this puts us in an optimal position to capitalise on improving economic circumstances in the Eurozone and beyond.

Q: What impact has your sustainability strategy had on Sonae Sierra’s operational performance?
A: Looking back over the preceding six years, our relentless focus on operational efficiency has helped to deliver cost savings across the business. Improvements in our management of energy, water and waste enabled us to reduce our environmental impact and avoid costs of €18.6 million in 2014 alone. Indeed, our approach continues to act as a key differentiator for our company by adding value to our offering as a service provider and business partner.

Looking forward, our sustainability strategy positions us strongly in the face of social and environmental challenges. Our long-term focus on resource resilience is vital for sustaining our assets’ value and protecting us from future resource constraints such as energy or water shortages. Our focus on prosperous retailers has resulted in innovative retail concepts such as Flash Store and Coop Stores that encourage entrepreneurship and enhance our offer to consumers.

Indeed, one of the biggest challenges facing the retail sector globally is how to respond to changing consumer behaviour such as the rise of online shopping. It is a challenge we have embraced, for example through the intelligent use of digital media such as the PromoFans® multichannel promotions platform which demonstrates how physical and online formats can work together and drive visitor traffic to our centres.

Q: What are your priorities for 2015 and how do you see the year unfolding?
A: We are optimistic about our prospects for the year ahead and expect external macroeconomic conditions to improve in most of our markets through 2015.

Following yield compression in Portugal and Spain we expect values to continue to improve as more investors return to the market. We have already witnessed improved investor sentiment in Spain and we expect this to strengthen, at least for prime assets. Consequently, in southern Europe we will continue to focus on improving occupancy rates, rental income and tenant sales, and proceed with expansion and refurbishment works to enhance the value of our existing portfolio.

Our development activity is contingent on our ability to recycle capital and find the right opportunities. We will continue to look for opportunities to recycle capital and reinforce our development pipeline in markets like Germany, Italy and emerging markets such as Morocco and Colombia where we are optimistic that the right conditions exist.

In Brazil, our strategy is to take an opportunistic approach to developments and acquisitions in prime locations to strengthen our portfolio. We will focus on the redevelopment of key assets with value creation potential and any activity will focus on first tier cities such as São Paulo and Rio de Janeiro where we want to increase our exposure. The economic situation should create new development and acquisition opportunities in the medium term as the sector consolidates following its rapid expansion in recent years. In this respect, 2015 could be a busy year for Sonae Sierra Brasil.

2015 will also be a year of consolidation for our third party services business. As such, our priority is to establish ourselves and grow our market share in geographies where we are already present: Turkey, China, Russia and North Africa.

We expect our sustainability strategy to continue to support innovation across our operations by focusing on our long-term resilience. Two years after its launch, the preparatory work we have done to date puts us in an excellent position to ensure our businesses’ long-term future and create shared value for our business and society.

In summary, we are positive about the outlook for the next twelve months and beyond. Our strong business performance and excellent financial position mean we are ready to take advantage of opportunities to consolidate and grow our business.
THE YEAR AT A GLANCE

KEY ACHIEVEMENTS

INVESTMENT

• Announced a Joint venture with McArthurGlen to develop the first designer outlet in southern Spain, adjacent to Plaza Mayor in Málaga
• Sierra fund sold La Farga in Spain and Sonae Sierra reduced its 50% stake in Le Terrazze in Italy to 10%, while remaining responsible for the centre’s management
• Sierra Portugal Fund acquired full ownership of Albufeira Shopping and C.C. Continente de Portimão in Portugal
• Completed refurbishment works at NorteShopping in Portugal and proceeded with works in a further six centres in Portugal, Germany, Spain and Brazil

DEVELOPMENT

• Commenced construction works and successfully proceeded with the leasing of ParkLake in Romania achieving 70% of GLA signed and/or committed by the end of the year
• Announced the development of Zenata shopping centre in Morocco, a joint venture with MarJane, Al Futtaim and Société d’aménagement de Zenata (Groupe CDG)

MANAGEMENT

• Enhanced several shopping centres’ tenant mix with a positive impact on footfall and sales
• Expanded our portfolio under management in Italy and Germany with the management of seven new centres totalling 214,500m² GLA
• Rolled-out Dive and Bright projects to deliver cost savings by targeting reductions in energy and water use

PROFESSIONAL SERVICES

• Signed 41 new service contracts across Europe, North Africa and Asia with a combined value of €22.6 million
• First agreement to provide management services in Russia through a joint venture partnership with DST Development
### THE YEAR AT A GLANCE (CONTINUED)

#### AWARDS AND CERTIFICATIONS

- Honoured by the ICSC Solal Marketing Awards as winner of the Gold Award for Digital Integrated Campaigns for our Promofans® platform
- Distinguished with three prizes (two Gold and one Silver) at the ICSC Latin American Shopping Centre Awards
- Named Best Retail Developer - Latin America in the 2014 Global 100 Awards
- Honoured for the sixth consecutive year by the Euromoney Magazine Real Estate Awards winning Best Developer Overall, Best Retail Developer and Best Mixed Developer in Portugal
- Obtained two new ISO 14001 and OHSAS 18001 certifications for the Safety, Health and Environment Management Systems at two operational shopping centres.
- Obtained DGNB Gold at one Development Project and BREEAM In-Use Good/Very Good at three shopping centres

#### KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Metric</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMV of owned assets (€ million)</td>
<td>6,006</td>
<td>5,638</td>
<td>5,789</td>
<td>6,320</td>
</tr>
<tr>
<td>Consolidated net profit (€ million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>96.3</td>
<td>3.6</td>
<td>-45.9</td>
<td>9.7</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA (€ million)</td>
<td>107.8</td>
<td>113.5</td>
<td>116.3</td>
<td>112.8</td>
</tr>
<tr>
<td>Real estate NAV (€ million)</td>
<td>1,115</td>
<td>1,000</td>
<td>1,050</td>
<td>1,173</td>
</tr>
<tr>
<td>GLA owned in operating centres (000’s m²)</td>
<td>8,289</td>
<td>8,288</td>
<td>8,428</td>
<td>8,495</td>
</tr>
<tr>
<td>Average occupancy index (% by GLA, across our owned portfolio)</td>
<td>95.5</td>
<td>94.4</td>
<td>96.1</td>
<td>96.7</td>
</tr>
<tr>
<td>GLA owned in operating centres (000’s m²)</td>
<td>1,882</td>
<td>1,896</td>
<td>1,893</td>
<td>1,924</td>
</tr>
<tr>
<td>GLA under management (000’s m²)</td>
<td>2,307</td>
<td>2,303</td>
<td>2,261</td>
<td>2,234</td>
</tr>
<tr>
<td>Tenant satisfaction index (scale of 1 ('not satisfied') to 6 ('very satisfied'))</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
</tr>
</tbody>
</table>

- Number of tenant contracts under management: 8,289
- Average occupancy index (% by GLA, across our owned portfolio): 95.5
- Real estate NAV (€ million): 1,115
- GLA owned in operating centres (000’s m²): 1,882
- GLA under management (000’s m²): 2,307
- Tenant satisfaction index (scale of 1 ('not satisfied') to 6 ('very satisfied')): 4.6
THE YEAR AT A GLANCE (CONTINUED)

KEY PERFORMANCE INDICATORS (CONTINUED)

39.8  
Average hours of training per employee

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>39.8</td>
<td>32.2</td>
<td>35.8</td>
<td>48.9</td>
</tr>
</tbody>
</table>

5.1  
Number of non-conformities per hour of reference SPO

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPOs</td>
<td>5.1</td>
<td>8.4</td>
<td>7.4</td>
<td>7.8</td>
</tr>
</tbody>
</table>

3.27  
Global injury rate among Sonae Sierra workforce (direct employees and supervised workers)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>3.27</td>
<td>5.79</td>
<td>2.89</td>
<td>2.37</td>
</tr>
</tbody>
</table>

0.017  
Greenhouse gas (GHG) emissions of our owned portfolio and corporate offices (tCO2e/m² GLA)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>0.017</td>
<td>0.021</td>
<td>0.043</td>
<td>0.028</td>
</tr>
</tbody>
</table>

435  
Electricity efficiency (excluding tenants) of our owned portfolio (kWh/m² mall and toilet area)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>435</td>
<td>444</td>
<td>479</td>
<td>514</td>
</tr>
</tbody>
</table>

3.5  
Water efficiency (excluding tenants) of our owned portfolio (litres/visit)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>3.5</td>
<td>3.7</td>
<td>3.6</td>
<td>3.7</td>
</tr>
</tbody>
</table>

58  
Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled waste</td>
<td>58</td>
<td>59</td>
<td>55</td>
<td>53</td>
</tr>
</tbody>
</table>

1 Safety, health and environment Preventive Observations (SPOs) are a form of safe behaviour audit undertaken at our shopping centres in operation. For further details, please see page 11.
OUR COMPANY

Sonae Sierra is the international shopping centre specialist that is passionate about creating unique shopping experiences. Incorporated in Portugal in 1989, Sonae SGPS (Portugal) and Grosvenor Group Limited (United Kingdom) each control 50% of the Company.

We have an integrated business which encompasses owning, developing and managing shopping centres as well as the provision of professional services in geographies as diverse as Europe, South America, North Africa and Asia. As a pioneer in the creation of themed shopping centres, Sonae Sierra remains a leader in the development of unique concepts for exceptional shopping centres that offer great experiences and turn customers into fans.

Our proactive approach to business ensures that we have the necessary capital required to maintain and market our shopping centres, attract new and innovative tenants and to increase our centres’ asset value. This strategy has allowed us to develop unique know-how and has earned us international recognition for the development of innovative products and delivery of high quality property management services. This has enabled us to develop our activity as a professional service provider.

Our vision is to be the leading international shopping centre specialist. Our mission is to provide ultimate shopping experiences to customers and to create outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development. Our vision and mission are underpinned by a set of core values and principles regarding our business culture, responsibility towards our staff, the environment, local communities where we operate and independence from political power.

We are Sonae Sierra: a leading international shopping centre specialist that is passionate about creating unique shopping experiences. Incorporated in Portugal in 1989, Sonae SGPS (Portugal) and Grosvenor Group Limited (United Kingdom) each control 50% of the Company.

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Our vision is to be the leading international shopping centre specialist.
Sonae Sierra is a holding company for four separate Sonae Sierra businesses: Sierra Investments, Sierra Developments, Sierra Management, and Sonae Sierra Brasil. Our businesses also act as professional service providers in Europe, South America, North Africa and Asia.

**Sierra Investments**
Sierra Investments owns the Company's shopping centres and is responsible for our investment activities. It contributes to the Company's results through a combination of net operating income from shopping centres and the variation in the market value of the shopping centres owned and in operation. The team takes a long-term view of the potential of an asset to increase in value over time, investing in a combination of assets developed by Sierra Developments as well as acquired from third parties. Sierra Investments holds 50.1% of the Sierra Fund and 47.5% of the Sierra Portugal Fund, thus maintaining its position as co-owner and manager of the Funds' underlying assets. Applying the extensive experience it has acquired, this business also acts as a provider of professional services.

**Sierra Developments**
Sierra Developments constantly seeks opportunities to develop new shopping centres. This business applies its internal expertise from the conceptual architectural design phase through to the construction and engineering management of shopping centres (including expansion and refurbishment projects). Sierra Developments is responsible for developing new and innovative concepts that are adapted to local communities’ needs, are respectful of local values and culture, and create value based on a sustainable and long-term approach. Leveraging on its track record and know-how, Sierra Developments also provides professional services in the shopping centre development area.

**Sierra Management**
Sierra Management takes on the management of shopping centres on behalf of Sonae Sierra and its co-owners, with a focus on maximising long-term value. Furthermore, the business is responsible for leasing the retail premises within each shopping centre, including the vacant shops in our operating centres and those in projects that are still in the development stage. Sierra Management also provides professional services in shopping centre management and leasing.

**Sonae Sierra Brasil**
Sonae Sierra Brasil is listed in the BM&F BOVESPA (the Brazilian Stock Exchange) with a 33% free float, the remainder is a 50/50 partnership between Sonae Sierra and the German investor Alexander Otto. Sonae Sierra Brasil’s business operates autonomously and is focused on investing, developing and managing shopping centres in Brazil.
WHERE WE OPERATE (CONTINUED)

WHERE WE OPERATE AND KEY FACTS

Our strong partnership policy, with both international investors and local partners, provides the financial backing and market intelligence necessary to successfully develop new business in new geographies. Currently we are present in 14 countries: Portugal, Algeria, Azerbaijan, Brazil, China, Colombia, Germany, Greece, Italy, Morocco, Romania, Russia, Spain and Turkey.

Operations in 4 continents and 14 countries
## KEY FACTS

**AS OF 31 DECEMBER 2014**

<table>
<thead>
<tr>
<th><strong>46</strong></th>
<th><strong>88</strong></th>
<th><strong>2.3 million m²</strong></th>
<th><strong>7 projects</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SHOPPING CENTRES OWNED WITH AN OMV OF €6 BILLION</td>
<td>SHOPPING CENTRES MANAGED AND/OR LEASED</td>
<td>TOTAL MANAGED GLA</td>
<td>UNDER DEVELOPMENT, INCLUDING THREE FOR THIRD PARTIES</td>
</tr>
</tbody>
</table>

| **€379.7 million**  | **439.8 million**  | **€5,243 million**  | **1,106** |
| RENT RECEIVED AT OWNED SHOPPING CENTRES | VISITS MADE TO MANAGED SHOPPING CENTRES | TENANT SALES AT MANAGED SHOPPING CENTRES | DIRECT EMPLOYEES |

For further information about our performance in the countries where we operate, please see our ‘Sustainability Performance by Country’ on our website.
When it comes to shopping centres, we aim to be the partner of choice. Our business, quite simply, would not be what it is today without our partners (P) and service clients (C). With their backing, we can ensure we have financial strength, the ability to quickly gain an in-depth knowledge of markets and create new opportunities.

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OUR BUSINESS MODEL AND STRATEGY

Our business model and strategy depends on a number of resources and relationships for its ongoing success. We focus on four strategic axes that we have identified as priorities. These are supported by our sustainability strategy that addresses five focus areas designed to contribute to our continued success while delivering value for our stakeholders and the environment. Our approach to risk management underpins both our business and sustainability strategies.

HOW WE CREATE VALUE

With over 25 years of experience, the combination of our know-how, our commitment to innovation and our long-term approach has created an integrated business model that embraces shopping centre development, ownership and management as well as our professional services business. Our shopping centre specialism, the quality of our assets and our ability to create financial and social value for stakeholders throughout the entire asset lifecycle constitute a competitive advantage and have enabled our business to expand across four continents.

Our business model

- **WE FUND**
  - We provide effective investment solutions that utilise capital while maximising returns.

- **WE FIND**
  - With extensive knowledge of the shopping centre business, we perform market, cost, community and environmental studies to identify sustainable retail opportunities.

- **WE ACQUIRE**
  - We acquire the completed assets, many of which we co-own through investment funds, offering international investors sustainable financial rewards from dynamic, high quality retail assets.

- **WE DESIGN**
  - We create innovative schemes and provide professional shopping centre design services to offer exceptional retail experiences and bring vibrancy to the local area whilst sustaining environmental resources and ensuring high safety standards.

- **WE DEPLOY**
  - Combining know-how and experience, we bring together exceptional construction and marketing support to develop and commercialise sustainable buildings covering both our owned assets and as a professional service provider.

- **WE MANAGE**
  - We manage our assets in a way that maximises returns for our professional services clients, tenants and investors whilst also delivering value for communities and visitors. At the same time, we promote the efficient use of natural resources and the safety of all people in and around our properties.
THE OPERATING ENVIRONMENT

The sustained success of our business model is contingent on the continuous availability of a range of resources and relationships covering financial, manufactured, intellectual, human, social and natural capital. Our Company, through its specific activities, both relies and impacts upon the quantity and quality of these ‘capital stocks’ in different ways. The stocks of capital that we rely upon to do business are by no means static. We have identified key global trends across all six capitals which have significant impacts for our business, and have shaped our strategy accordingly.

With respect to financial and manufactured capital, rapid urbanisation and population growth are fuelling sustained demand from the retail sector worldwide. The retail investment market is becoming increasingly internationalised, supported by the increase in consumer purchasing power in diverse geographies, and the global investable real estate universe is expanding. But even in this context the risks associated with a cyclical market dynamic, the possibility of future financial crises and the regulatory tightening of the banking sector all warrant a cautious approach to financing and investment.

As cities expand, demand for quality developments in ‘growth’ and ‘emerging’ markets looks set to remain buoyant, albeit subject to intermittent risk in markets which present a higher degree of social and political instability. In Europe, the retail sales growth outlook is at its brightest since the start of the decade, and international retailer expansion is expected to accelerate across key European retail markets. In Brazil, the retail sector has seen tremendous growth in recent years and as a market of 200 million people offers strong potential in spite of economic flux. Moreover, urbanisation and consumer trends across all markets challenge us to think smartly about approaches to shopping centre investment, development and management. We are seeing an increasing polarisation of wealth, with some cities thriving while others fall into decline.

Considering intellectual capital, we continue to witness a revolution in the retail model, with technology handing consumers the balance of power and retailers providing integrated strategies, using both physical space and digital platforms to attract customer time and activate their spending. Savvy retail operators can leverage digital platforms to develop stronger relationships with consumers, gaining insight into and effectively responding to their behaviour and preferences in order to activate sales and reward loyalty.

As customers become more conscious of the social and natural capital impacts of their purchases, businesses are being challenged to demonstrate their contribution, and there is increasing consumer demand for green and ethical/fair trade products and services. Retailers who embrace solving social and environmental challenges through their business models stand a better chance of sustaining their businesses in the long-term and can enhance social capital by creating employment and services for local communities. Natural resources meanwhile are becoming scarcer and costlier, and ever-tightening regulation around greenhouse gas emissions and other environmental impacts in the context of global climate change means that having alternative, efficient and clean natural resource strategies in place will be essential for assets to maintain their long-term value.

Within our own operations, as intellectual capital becomes increasingly disseminated and technology transforms the way we work, competitive advantage will be achieved through the ability of a workforce to learn and act faster than the competition. In this context, enhancing human capital by developing skills and encouraging collaborative working models inside and outside the organisation is particularly important.
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

OUR STRATEGY

In this context, our business strategy comprises four axes to allow our business to expand its market presence, deliver sustainable financial returns and create added value for shareholders. It also encompasses a focus on five sustainability priorities, devised to enable us to sustain the ‘capital stocks’ of resources and relationships which we are dependent upon in the medium to long-term. This means that, by executing our sustainability strategy alongside our business strategy, we aim to create a virtuous circle whereby we address the principal sustainability risks facing our operations in order to safeguard our continued capacity to do business.

Effective risk management underpins both our business and sustainability strategy by ensuring that risks associated with all our business activities are tightly managed and controlled.

How we create shared value for our business and society
Our business strategy – four axes to deliver sustainable financial returns

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

Shopping Centre Specialist

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

- We may hold a controlling position, by ourselves or with partners.
- We may hold minority positions associated with management services.
- We may render services to third party owners without any financial capital invested by the Company.

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

Professional Services

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

Capital Allocation

We aim to increase our exposure to developments. This will be achieved through a combination of acquiring exposure to new development opportunities and reducing our exposure to investment properties. We will also shift from a mature market concentration to a greater weight towards emerging markets. Our market priorities will be:

- Brazil.
- Emerging markets with significant shopping centre potential that can deliver high returns in the long term, and where we may enter via the provision of professional services.
- Germany and Italy where the objective is to reduce financial capital employed and adopt a developer approach.

Portugal and Spain will continue to be core stable markets for the Company but with limited prospects for new developments. For Greece, the objective is to realise value in an orderly way.

Capital Intelligence

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

With increasing focus from investors and retailers on prime assets that dominate their catchment areas, market dominance is one of the more relevant variables when assessing shopping centre strength and medium-term potential. We will aim to maintain the financial capacity to commit to ambitious and relevant shopping centre projects, namely in terms of accessing funds in debt markets. For this, we will aim to keep a relevant balance sheet size associated with prudent financial ratios.
Our sustainability strategy – five long-term priorities

We have identified five long-term priorities that will deliver shared value for our business, society and the environment. Addressing such issues is intended to address the principle sustainability risks facing our operations and safeguard our continued capacity to do business.

Prosperous Retailers
We are taking action to partner with current and potential tenants to make their businesses more resilient, in particular enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done so otherwise. At the same time, this approach supports our business strategy by allowing us to promote new concepts that deliver unique experiences to customers. Consequently, we can sustain our income streams and maintain innovation at the heart of Sonae Sierra’s business values.

Resource Resilience
We are investigating ways to future-proof our assets by becoming energy independent and reusing water on our sites, exploiting the latest innovations and technology in natural resource management to rethink processes. This will protect our assets against natural resource shortages and cost increases, and reduce operating costs in the short to medium term through alternative energy and water management strategies. Altogether, this approach will enable us to reduce the detrimental impacts of our Company on the environment and help us to maintain the essential services that nature provides.

Leveraging Knowledge
We aim to empower our employees by building their skills and knowledge, unleashing their potential on an individual basis and raising the standard of knowledge attainment at a collective level in the communities where we operate. By doing so, we can enhance the intellectual capital of our organisation and the external pool of talent from which we aim to attract ambitious people to join our workforce.

Sustainable Lifestyles
We will use our reach and public influence to encourage visitors to make the right choices. This involves promoting healthy, green and local goods and services; improving wellbeing through health activities in our shopping centres; and creating a sense of place. This approach enables us to increase visitors’ satisfaction and loyalty, thereby increasing footfall in our shopping centres, and adds to our brand value as we visibly support health, wellbeing and environmentally-conscious behaviour.

Safe People and Eco-Efficiency
Making sure that our shopping centres are consistently run to the highest standards of safety and eco-efficiency is a day-to-day priority for Sonae Sierra as a means to safeguard human and natural capital. We operate a best in class, integrated Safety, Health and Environment Management System (SHEMS) which enables us to effectively manage the main environmental aspects and safety and health risks during the lifecycle of a shopping centre. Through our SHEMS, we provide a better service and/or workplace to tenants, shopping centre visitors, professional services clients, employees and suppliers whilst reducing operating costs for our business. For a detailed description of our SHEMS, please see pages 47 to 49.

We have identified long-term objectives supported by annual targets to drive continuous improvement across the five impact areas that sit under the umbrella of safe people and eco-efficiency (energy and climate, water, waste, biodiversity and habitats and safety and health). For a list of our long-term objectives, see the Disclosures on Management Approach for each impact area in the GRI section of this report, pages 82 (energy), 89 (water), 100 (waste), 94 (emissions) and 106 (safety and health).
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

Risk management

To support the successful execution of our business strategy, we operate a Risk Management Working Group to serve as facilitator and promoter of risk management best practices company-wide. The Working Group gathers information and reports on the risks that the Company is facing or may face in the future and reports, via the CFO, to the Audit and Compliance Committee.

In 2014 the Risk Management Working Group assessed the security conditions in our shopping centres, developed risk mitigation guidelines for our third party services business covering risks related to human resources, clients, business knowledge and political instability, and updated the existing Crisis Management Manual with additional critical risk management aspects.

Our business relationships with investors, partners, clients and other external counterparties can pose a potential risk to the Company, including the risk of being associated with an entity identified as potentially involved in money laundering, terrorism or even sanctioned by international organisations. In 2014 we updated our procedures manual for anti-money laundering, combatting terrorist financing and sanctions compliance. The manual establishes a defined set of procedures covering the provision of third party services, partnerships and joint ventures, investments and other related activities designed to mitigate the Company’s exposure to associated risks.

Our risk management targets for 2015 are to: assess the risks associated with new site development; develop risk assessment criteria in order to quantify the identified risks by country, and; assess the current situation in debt markets with respect to project finance.

The table below presents a summary of our current key controllable and non-controllable risks and mitigation strategies, covering financial and non-financial risks.

<table>
<thead>
<tr>
<th>Key controllable risks</th>
<th>Mitigation strategy</th>
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<tr>
<td><strong>Liquidity Risk</strong>: The lack of availability of bank debt in Europe at present constrains our ability to finance new development and refinance loans which are maturing.</td>
<td>Our capital recycling approach helps us to offset the lack of available bank debt, the intention being to dispose of or refinance assets in mature markets so as to fund new development activity in rapidly growing economies. We maintain our net loan-to-value ratio at prudent levels below 50% (currently at 41.5%).</td>
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<tr>
<td><strong>Safety, Health and Environment (SHE) risks</strong>: Non-compliance with increasingly demanding legislation around energy use, GHG emissions, waste and effluent production and safety and health at EU and local level.</td>
<td>We operate a corporate Safety, Health and Environment Management System (SHEMS) which covers all our business activities. It is certified in accordance with ISO 14001 and OHSAS 18001 environmental and safety management standards. Furthermore, to date we have achieved ISO 14001 certifications for the site-level SHEMS of 25 completed construction projects and 89% of our operational shopping centres. We have obtained OHSAS 18001 certification on nine completed construction projects and at 63% of our operational shopping centres.</td>
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**OUR BUSINESS MODEL AND STRATEGY (CONTINUED)**

**Risk management (CONTINUED)**

<table>
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<tr>
<th>Risk</th>
<th>Mitigation strategy</th>
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<td><strong>Key non-controllable risks</strong></td>
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<tr>
<td><strong>Yield increase:</strong> Property valuations are affected by the prevailing conditions in the property investment market and the macro economic climate in general, and this impacts on our indirect results. Yield increases in many European markets have been adversely impacting property values.</td>
<td>As a counter-measure to mitigate the adverse effects of yield shifts on asset value, we have focused on increasing the operational efficiency of our shopping centres, introducing tighter asset management controls, and selecting new markets to invest in, taking into consideration the medium-term potential for yield compression (among other factors).</td>
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<tr>
<td><strong>Rents stability:</strong> The trading environment has been tough for tenants in Europe, as the financial crisis has had an impact on the sustainability of the rents; if the tenant’s businesses cannot sustain the rents contracted, we are at risk of having higher vacancy rates.</td>
<td>Our approach to property management has always involved close scrutiny of our tenants’ business performance. Over the past years we have increased the efficiency of our property management in order to reduce service charges and have negotiated temporary rental discounts with some tenants. We have also intensified our efforts to increase footfall in shopping centres through our marketing and events programmes. Our geographical spread, and in particular our current presence in the Brazilian market reduces the impact that individual tenant defaults can have on our business.</td>
</tr>
<tr>
<td><strong>Safety, Health and Environment (SHE) risks:</strong> Accidents and catastrophic events (such as fires and extreme weather events) on our projects and our operational shopping centres can cause harm to people and infrastructure, incur delays and result in a potential loss of asset value and reputation.</td>
<td>Our SHEMS provides a framework for us to anticipate and manage all safety risks on Sonae Sierra construction sites and shopping centres. We deliver regular SHE training to suppliers and tenants and perform safe practice behaviour audits on our construction sites and operational shopping centres through our SPI and SPO tools. Moreover, both our Development and Property Management businesses have integrated the requirements of Sonae Sierra’s SHEMS into their Service Suppliers Management Procedures, ensuring that our main suppliers’ performance meets with our SHE requirements. With the collaboration of our suppliers and tenants, we carry out emergency practice drills on a regular basis on all our sites. For further details, see pages 108 and 112. Regarding extreme weather events, we are pursuing an approach of integrating climate change risk adaptation procedures into our current risk management processes. In 2013, we updated our acquisition checklist to ensure key risks related to weather related events are evaluated. We will also aim to address specific climate change adaptation priorities for each business activity, for example, by ensuring that our design standards for new developments and our procedures for operational assets ensure adequate protection against heavy rainfall and an effective response in cases of flooding.</td>
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2 Our Safe Practice Index (SPI) and Safety, health and environment Preventive Observations (SPO) are described on pages 111 and 112 respectively.
PERFORMANCE AND FUTURE OUTLOOK

THE WIDER CONTEXT

The geographical diversification of our portfolio, our strong financial position and ongoing drive to increase operational efficiencies have enabled us to profit from economic recovery, particularly in Southern Europe, sustain our revenue growth in Brazil and strengthen our presence in emerging markets.

STRONG OPERATIONAL PERFORMANCE EXCEEDS MARKET RECOVERY

For 2014 we are extremely pleased to present positive direct and indirect results. Our tenant’s sales recovered in Southern European markets, bolstered in particular by excellent performance in Portugal and Italy where our business has outperformed the strengthening recovery in these markets. In Brazil, our shopping centres have also delivered strong sales and rental growth, despite a broader economic slowdown in this market.

As a result, and supported by our strong financial position, we find ourselves in a good position as we enter 2015. Whilst we still see some external challenges on the path ahead, we are optimistic about the growth opportunities for our business, both in mature and emerging markets.
THE WIDER CONTEXT (CONTINUED)

A RETURN TO GROWTH IN EUROPE, AND MARKET-BEATING PERFORMANCE IN BRAZIL

Across our operational portfolio, year-on-year tenant sales in Europe increased on a like-for-like basis. This is an impressive achievement in the context of a sustained, but slow, recovery that we are witnessing across the region, and is testament to the efforts of our teams, in particular our active tenant mix management which maintains the occupancy and vibrancy of our centres.

In Portugal, strong sales growth across our portfolio outperformed the market and exceeded expectations following Portugal’s formal exit from its Eurozone bailout in May after three years of austerity. GDP grew by 0.9% and was accompanied by a modest uplift in consumer confidence and private consumption. The nascent recovery, nonetheless, remains fragile; for example, unemployment remains high.

In Spain, our tenant sales were consistent against a backdrop of stable consumer spending and slowly returning consumer confidence. Spain saw GDP growth of 1.2% and recorded the first annual increase in employment in six years; but persistently high unemployment (at 24-25%) and deflation present challenges for a full recovery.

In Italy, tenant sales grew significantly on a like-for-like basis, despite a marginal decline in GDP and only a small increase in private consumption. In Germany, tenant sales were down on a like-for-like basis mainly due to refurbishment activities at one of our shopping centres; however this refurbishment will ultimately increase sales in the long term. German GDP grew by 1.3% and the market witnessed a moderate growth in commercial real estate investment and private consumption.

In Brazil, our shopping centre portfolio again delivered strong results with the highest sales growth (in Reais) across our portfolio. Whilst weakening GDP, high inflation and a falling Real have conspired to slow the rapid growth we have witnessed in recent years, we are confident about the opportunities that this market of 200 million people presents in the medium- to long-term.

As a reflection of these regional macroeconomic trends, the overall Net Asset Value (NAV) of our portfolio has increased by 11%. Valuations have recovered in Iberia as a result of the improved operational performance at our properties, but also due to the increased amount of capital chasing quality products such as ours (most notably in Spain). In Brazil, small increases in valuations in some of our shopping centres have generated an overall positive result, whilst the impact of economic events in the second half of the year means that there has been no yield compression.

SUCCESSFUL ACTIVITY ACROSS OUR BUSINESS STRATEGY

2014 saw increasing levels of activity across our markets, with a particular focus on capital recycling, developments and services.

We continued our capital recycling strategy through the successful disposal of La Farga in Spain. We also reduced our 50% stake in Le Terrazze in Italy to 10% while remaining responsible for its management in line with our capital light approach. These sales enabled us to release capital to pursue development opportunities with a particular focus on those emerging markets where we are already providing services and some mature markets which present solid growth prospects.

In terms of our capital allocation, our objective is to have a balance between emerging markets and mature markets that still offer strong value creation prospects, particularly as recovery sets in.

On this front, we proceeded with the development of ParkLake in Bucharest, Romania, which is scheduled to open in 2016, and we announced our first investment in Morocco with the development of Zenata Shopping Centre in Casablanca as part of a joint venture partnership. In Spain, we reached an agreement with the Municipality of Málaga to co-develop the Málaga Designer Outlet adjacent to our Plaza Mayor shopping centre with the Europe’s leading designer outlet specialist McArthurGlen.

In Brazil we proceeded with preparations for two significant expansion and refurbishment projects: Parque D. Pedro Shopping and Franca Shopping (both in São Paulo state), whilst in Portugal we acquired full ownership of AlbufeiraShopping and C.C. Contíntente de Portimão (both located in the Algarve). These centres were acquired on behalf of the Sierra Portugal Fund, to enable the Fund to benefit fully from the value creation potential offered by these assets in view of a future sale.

Finally, in keeping with our strategic plans to reinforce our professional services offer and pursue a capital light approach, we signed 41 new service contracts and expanded our services into new geographies, most significantly China, Russia and North Africa.

SOLID FINANCIAL POSITION

In 2014 we maintained our solid financial position by ensuring that we are prudently financed and have the capital we need to deliver our business strategy, as well as keeping our focus on increasing operational efficiency and sustaining high occupancy rates.

We have kept our net loan-to-value ratio well below target levels at 41.5% and our debt maturity strategy demonstrates our conservative long-term funding strategy, with an average debt maturity of 4.6 years. Since the beginning of the economic crisis in 2008 we have reduced our operational costs at a rate of 5% per annum whilst taking care to ensure that we retain key personnel and competencies.
We have maintained a strong reputation in the financial markets, as demonstrated by our ability to refinance the debt of four shopping centres to a total value of €192 million in 2014.

In Europe, we benefited from low interest rates meaning we were able to obtain low financing expenses and our average cost of debt now stands at 3.2% per annum. We continue to deleverage and were able to reduce our bank loans below the €1 billion mark by the end of the year, down by €77 million since the end of 2013.

Our focus on operational efficiency has been supported by programmes that create additional value for our business, such as the Improving Our Work (IOW) programme that aims to ensure key corporate processes are delivered with quality and as efficiently as possible. Meanwhile, our on-going efforts to increase the eco-efficiency of our operational portfolio have helped to further reduce our costs and contribute to our strong operational performance, as well as giving additional confidence to our providers of financial capital and contributing positively to society by protecting our planet’s natural capital.

Another key trend is the increasing levels of transparency and scrutiny of business practices, spurred on by the digital revolution. The internet and technology continue to break down information barriers, intensifying the dissemination of intellectual capital and amplifying the impact of information leaks and instances of corporate “bad behaviour”. In this context, businesses must uphold their ethical and social credentials more strongly than ever, and initiatives such as our stakeholder engagement mechanisms help us to create social and relationship capital, deliver excellent customer service and protect local community interests.

From our experience, there is a growing awareness among investors of the importance that sustainability features represent when making investment decisions. Environmental and social considerations are increasingly being integrated into the daily management practices of most companies and funds and it is becoming more evident that investors will penalise, or not even invest in, properties lacking sustainable features because they are at greater risk of obsolescence.

To this end, we ensure that the key requirements of our Safety, Health and Environment (SHE) Management System are deployed when developing shopping centres or making investments in mature and emerging markets. This helps us to offer our clients a higher quality, environmentally and socially-conscious service whilst contributing to raising the standards for SHE practices in markets where these aspects are not well regulated.

Whilst we have encountered some difficulties in persuading some clients to adopt Sonae Sierra’s SHE standards, many are keen to understand and learn more about our experience of implementing our SHE management system and understand the long-term benefits. Indeed, our track record in SHE and our broader sustainability performance represents a differentiator for our Company offering added value to our services provided.

The quality of Sonae Sierra’s own sustainable business practices and portfolio was acknowledged again in 2014 through our high ranking in the Global Real Estate Sustainability Benchmark (GRESB), where we maintained our ‘Green Star’ designation, were ranked at third place in the European retail sector, fifth among all European countries and were in the top 3% of participants worldwide. Our company stood out for improving its score across all indexes except Policy & Disclosure, where we could not achieve better than maintaining our previous score of 100%.
CONSOLIDATING OUR STRONG POSITION IN 2015

As we move into 2015, we will consolidate and expand the strong operational performance and financial position we have achieved during 2014.

Consumer confidence is improving in Europe and we expect that retail sales will continue their upward trend. Across the Eurozone, fiscal austerity is easing, exports are picking up, business confidence is returning and domestic demand is growing. Oil prices declined notably in 2014, and are forecast to remain stable over the next three years, which could support an increase in consumer spending provided that deflation is kept under control.

Providing that the macroeconomic conditions in the Eurozone remain stable, we expect tenant sales growth and rental recovery to continue in Portugal and to deliver positive sales in Spain. The recovery witnessed in 2014 is expected to continue with GDP forecast to grow by 1.6% in Portugal and 2.3% in Spain. With real estate transactions already picking up in Spain and signs of a resuming interest in the Portuguese market, we believe that investor confidence in Southern European markets will return, bringing liquidity to the market and increasing the consistency and reliability of valuations.

2015 is likely to be a year of low but stable growth for Italy and Germany, with GDP projected to increase by around 0.6% and 1.5% respectively. Consequently private consumption is not expected to grow significantly in these markets. Nevertheless, we expect to see tenant sales and rental growth in our portfolio in both markets, and investor sentiment to remain on an upward trajectory opening up new opportunities to recycle capital and pursue development opportunities.

Whilst Brazil has now exited the technical recession it entered in the first half of 2014, the economy is still struggling and inflation remains high. GDP growth for 2015 is expected to be marginal at around 0.7%, and the country is likely to face a challenging year. Despite this, the strength of our balance sheet means that we do not have major concerns about the coming period of economic uncertainty and we remain confident about our shopping centres’ operational performance as well as the medium- to long-term prospects for this market.

Our development activity in recent years has focused on emerging markets such as Romania (with the development of ParkLake) and Morocco (with the development of Zenata Shopping Centre). In Europe, we will continue to focus our efforts on exploiting the opportunities which exist in our own portfolio through expansions and refurbishments (such as at GranCasa and Max Center) and remaining alert to take advantage of the development opportunities and/or acquisitions which present good value (such as the Málaga Designer Outlet development at Plaza Mayor).

In those markets which we entered through our services business and where we have incrementally grown our business, we aim to consolidate our presence through direct capital investments. We will proceed with our capital recycling strategy and continue to execute our capital light approach, accepting minority positions in future joint ventures within our current markets where appropriate, such as our first investment at Zenata in Morocco.

By concentrating on consolidation, and in keeping a tight control on our costs, we aim to maintain our EBITDA margins in 2015 and to further decrease our loan-to-value ratio, thereby continuing the process of deleveraging and further strengthening our position in all the markets we operate in.
OPERATIONAL PERFORMANCE

DEVELOPMENT ACTIVITY UNDERWAY IN ROMANIA AND SPAIN

In Europe, the development of ParkLake – a Sonae Sierra and Caelum Development project located in Bucharest, Romania – continued apace in 2014. In January we commenced construction works and we proceeded with these and the leasing of the shopping centre through the course of the year, achieving 70% of GLA leased as of the beginning of 2015. The completed project, which represents a €180 million investment, will offer around 200 shop units within 70,000m² of GLA to a primary catchment area of 500,000 people.

Our Safety, Health and Environment Development Standards (SHEDS) have a significant impact on our development activity as we strive to deliver assets that provide a safe environment and prove more resilient in terms of consumption of natural capital, waste management and other challenges associated with climate change. Having incorporated our SHEDS, the project is on track to achieve an environmental performance rating of ‘Very Good’ under the BREEAM scheme. The sustained improvements we have seen in the Romanian economy combined with the good market fundamentals present give us further grounds to be optimistic about this new shopping centre.

In November, we were delighted to announce a new joint venture partnership with McArthurGlen, Europe’s leading owner, developer and manager of designer outlets, to develop a designer outlet in Málaga, Spain. Málaga Designer Outlet is a €115 million project situated adjacent to Plaza Mayor Leisure Park and Shopping Centre that will be managed by Sonae Sierra and co-owned by the Sierra Fund and by McArthurGlen. The project will be developed in two phases, and will offer 30,000m² of GLA once fully opened. The first phase of development will commence in 2015, with 17,000m² of GLA scheduled to be inaugurated in 2017 and will offer around 90 stores of international and local luxury and premium brands in a village-style setting.

The partnership heralds the entry of McArthurGlen into the Spanish market, and it furnishes Sonae Sierra with the opportunity to collaborate with a specialist operator and work with new tenants. All in all, the project reinforces the position of Plaza Mayor as Málaga’s most-visited shopping centre and a commercial and leisure benchmark within the region.

IN 2014 WE WERE PLEASED TO ANNOUNCE NEW DEVELOPMENT PROJECTS IN MOROCCO AND SPAIN, WHILST PROCEEDING WITH THE CONSTRUCTION AND LEASING OF A SIGNIFICANT PROJECT IN ROMANIA. AS CONDITIONS IMPROVE, WE ARE ACTIVELY SEEKING NEW DEVELOPMENT OPPORTUNITIES IN MATURE AND EMERGING MARKETS.

Ana Guedes Oliveira
Director, Developments

ANNOUNCING OUR FIRST INVESTMENT IN MOROCCO

In 2014 we were particularly pleased to announce our partnership in the €100 million investment in Zenata Shopping Centre in Casablanca, Morocco. This investment reflects our strategy of targeting opportunities that will deliver the right level of return, both in mature and emerging markets, and has been executed at a time when opportunities in mature markets are still being constrained by limited access to affordable development debt.

Scheduled to open in 2017, Zenata Shopping Centre will be developed by Sonae Sierra with joint venture partners Marjane, Al Futtaim and Société d’Aménagement de Zenata (Groupe CDG). It will offer 250 shop units within a GLA of 90,000m², including the country’s first IKEA store and a Marjane hypermarket among its 18 anchors. Serving a catchment area with over 5.9 million inhabitants, Zenata Shopping Centre will create direct employment for the local community through 4,500 jobs.

As Sonae Sierra’s first investment in Morocco, Zenata Shopping Centre demonstrates how our service provision strategy has enabled us to increase our operating revenues whilst building up our knowledge and connections in emerging markets. In keeping with our capital light approach, we are providing development, leasing and property management services to the project, and have taken the position of a minority partner in terms of investment in order to reduce our risk exposure.
New developments such as Zenata Shopping Centre contribute to local economies by creating employment and, when sensitively managed, can enhance local communities. Furthermore, pressure from banks and regulatory authorities is stepping up in favour of green building standards, highlighting the importance of Sonae Sierra’s focus on sustainable development. We have been making considerable efforts to engage with local communities and development contractors in support of our sustainability goals on new projects such as Zenata Shopping Centre, where we are in the process of implementing our Safety, Health and Environmental critical procedures to reduce impact and mitigate risks in line with our position as a minority partner.

**EXPLOITING ADDITIONAL VALUE POTENTIAL THROUGH EXPANSIONS AND REFURBISHMENTS**

Elsewhere in Europe, we remain focused on maintaining and improving the quality of our existing assets and in 2014 we completed or commenced refurbishment and expansion works at several assets in our portfolio:

- In Portugal we finalised the refurbishment works at NorteShopping with positive results which were reinforced by our consumer research study. At Centro Vasco da Gama we have launched a refurbishment project to revitalise this shopping centre which hosts one of the highest volume of visitor traffic per square metre across our entire portfolio. Works are set to be completed in early 2016, and will deliver a fresh look and feel for this asset.

- In Spain we are proceeding gradually with two refurbishments, one at GranCasa and the other at Max Center, both of which are taking place with the shopping centres in full operation:
  
  At GranCasa we are planning some important tenant mix changes to reflect the evolution of the market, as well as the refurbishment of the upper floor, which is dedicated to restaurants and leisure.

  Max Center is a relatively old asset which came into our portfolio twelve years ago; here we will focus on refreshing the shopping centre to give it a more contemporary aspect. We are also working to secure plans for an expansion project to be implemented alongside an important refurbishment at Valle Real, with works expected to start in 2015 or 2016.

- In Germany a refurbishment is currently underway at Loop5 with the objective of reorganising the anchor tenant mix and making space to accommodate the arrival of a Primark store, which is expected to open by the summer.

In Brazil, we launched two important refurbishment and expansion projects in 2014 that aim to capitalise on tenant preferences to rent new stores in existing shopping centres:

- Parque D. Pedro Shopping (São Paulo state) is one of Brazil’s largest shopping centres. Developed by us and inaugurated in 2002, it has enjoyed ongoing success and welcomes more than 20 million visits per year. With an investment cost of R$58.3 million (€18.8 million), the initial works included the renovation of the cinema area and the introduction of the first IMAX cinema in the region. Through remodelling works, we also created a new lettable area of 13,800m² for use as a convention centre. Future works being prepared include the addition of a further 1,200m² of GLA to accommodate a new store. Moreover, we are planning additional remodelling and refurbishment works which will allow us introduce eight new restaurants and two new anchors.

- We proceeded to prepare and pre-lease the expansion and refurbishment of Franca Shopping (São Paulo state), involving a €31 million investment to almost double the shopping centre’s existing GLA to 30,000m² and improve its commercial and leisure offer with 66 new shop units.

Elsewhere in Brazil we are analysing other opportunities for expansions and tenant mix improvements, and we will proceed with some previously agreed works at Uberlândia Shopping (Minas Gerais) in order to extend the Walmart store and complement the anchor tenant mix.

Across all projects we have been actively seeking opportunities to minimise risks and increase the eco-efficiency of our assets in line with our SHEDS. This is important for us not only in terms of reducing our environmental impacts but also as a means to reduce common charges for tenants. At Franca Shopping, safety, health and environment (SHE) improvements will be included within the project, but due to the nature of the building – which is around 35 years old – these works will be implemented progressively.

**ACTIVEFFECTIVELY SEEKING OPPORTUNITIES FOR NEW DEVELOPMENT ACTIVITY**

Obtaining development funds and planning permission for new shopping centre developments in Europe continued to present a challenge in 2014. This was particularly the case in the more mature markets, where a lack of suitable sites and increasingly stringent regulation add another stumbling block. As access to capital begins to improve across Europe, we are actively looking for new development opportunities in Germany and Italy. We also remain open minded about the prospects for new projects in Portugal and Spain, such as the new designer outlet concept at Plaza Mayor in partnership with McArthurGlen, while being aware that opportunities are limited.
EXPANDING OUR PRESENCE THROUGH SERVICES

Delivering professional services to third parties has become a major component of our business and one which benefits the firm, both by providing an additional income stream and by enabling us to increase our know-how, experience and connectivity in new and emerging markets, thereby supporting our objective to grow our business in a capital light mode. The fact that we are now present in 14 countries across four continents and are able to exploit opportunities for direct investments – such as in the Zenata Shopping Centre in Morocco – is testament to the success of this strategy.

Our ability to deliver services across all stages of the property lifecycle, alongside the breadth of our experience and strength of our portfolio, translates into a significant competitive advantage in new and existing markets. All in all, as of the 31 December 2014, we had 72 active contracts in place internationally with a combined value of €59.5 million. Highlights from 2014 include:

- In Russia, we signed a contract to create a 50/50 joint venture with OST Development for the provision of property management and leasing services for this client’s development pipeline. Consequently, we will take on the management and leasing of the Mozaica Shopping and Entertainment Centre, a new development in Moscow offering 67,800m² of GLA which was inaugurated at the end of 2014. We will also provide services for another two projects, a mixed use project located in Moscow and a shopping and entertainment complex in Tula.

In Brazil, where we have just completed a cycle of organic growth which has allowed the Sonae Sierra Brasil portfolio to double in size in just three and a half years, our current focus is to extract the maximum possible value from the existing portfolio. We are also initiating the search for new development sites and possible acquisitions with a focus on the country’s bigger cities, like Rio de Janeiro and São Paulo, but expect this preparation to take some time.

Emerging markets present more immediate possibilities for us to grow our development business; here our strategy continues to be to build up our market knowledge through our services business before seeking opportunities for direct investments. In this context, we are being prudent in our approach by focusing on those markets which offer the strongest potential for new shopping centre development and lower regulatory and political risks, undertaking detailed risk assessments and forging agreements with strong local partners. In Colombia, for instance, we are now actively pursuing a new development opportunity as a joint venture partner.

Parque D. Pedro Shopping, Brazil
OPERATIONAL PERFORMANCE (CONTINUED)

- In Turkey, we continued to provide property management and/or leasing services for four shopping centres, and development services for one shopping centre through our subsidiary Sierra Reval (now fully owned by Sonae Sierra). We are also using our knowledge of the Moroccan and Algerian markets to support Turkish tenants who are seeking to enter North Africa.
- In Morocco, we signed two new contracts for property management and leasing services for shopping centres in Marrakech and Rabat respectively, helping us to consolidate our presence in this market where we are now providing property management and/or leasing services to a portfolio of 110,000m², and are managing three new developments on behalf of third parties.
- In Europe, we were able to substantively enlarge our property management and leasing portfolio in Germany where we have taken on the management of three centres in Hamburg for Union Investment with a combined GLA of 106,000m², and the management and/or leasing for another four shopping centres in Italy.

We are aware of the risks associated with emerging markets and the impact external events can have on our service provision business. Cultural differences can also pose some challenges, particularly in our endeavour to ensure that we maintain a consistent business ethos as we expand our operations across a wider range of geographies.

To manage this, we are creating teams that include newly-hired local staff and Sonae Sierra employees deployed from other countries. We are ensuring that Sonae Sierra’s operational systems are fully implemented in new countries of operation, and are in the process of exporting our property management system to new markets so that we are able to manage all aspects of this service through a centralised system. New procedures are also in place to ensure that Sonae Sierra is not exposed to risks associated with money laundering, terrorist financing and sanctions compliance.

Our Onboarding induction programme ensures that all new employees are familiar with our working ethos, supporting and strengthening Sonae Sierra’s organisational culture as we expand internationally.

Further references:
For more information, see the case study on our website.
OPERATIONAL PERFORMANCE (CONTINUED)

TENANT SALES GROWTH CONFIRMS OUR STRENGTH AS AN OPERATOR IN EUROPE

2014 saw some significant improvements across our key operational indicators in Europe. Tenant sales across our European portfolio were up by 3.0% (compared to a 1.8% fall in 2013), footfall increased by 2.1% and we increased our average occupancy rate by one percentage point to 96%.

In Europe, rents grew marginally by 0.2%. This compares favourably to a 4.0% fall in 2013, and our rent collections averaged at over 100%. It is clear that these results do not just reflect the slow but steady improvements in the market conditions but are proof of the significant efforts made by all our teams to maintain the vitality of our shopping centres, support our tenants and actively manage tenant mix in order to achieve the best possible outcome.

In Portugal, we delivered particularly impressive results: tenant sales increased by 5.6% on a like-for-like basis, rental income rose by 2.8% (compared with a 5.7% fall in 2013 due to rental discounts), footfall was up by 2.7% and we maintained occupancy levels at 98%. Whilst consumer confidence and private consumption in Portugal are recovering moderately, our tenant sales outperformed the sector by six percentage points.

In Spain, overall performance was much more positive compared to 2013 and tenant sales remained roughly stable. Like-for-like tenant sales were down marginally by 0.3% and rents fell 4.3% (an improvement compared to declines of 6.2% and 5.9% respectively in 2013). Occupancy levels meanwhile were maintained at 92%. It should be noted that these results were influenced by the sale of Parque Principado at the end of 2013, a shopping centre which had previously demonstrated a strong performance. Nonetheless, we believe that prospects in Spain will improve as we move into 2015, and we are already encouraged by the 0.9% increase in footfall registered last year.

Our shopping centres in Italy presented strong like-for-like sales growth of 4.4%, a 3.2% increase in footfall and an average occupancy rate of 99%, up three percentage points from 2013. Rental income fell by 3.0% due to some renewals in Freccia Rossa where we had to make some adjustments on units that had been slightly over-rented, but rent collections improved.

Our three shopping centres in Germany reported a 1.3% increase in footfall and a 3.5% decline in like-for-like sales following the temporary closure of some shop units in Loop5 due to refurbishment works. This also affected rents which declined by 1.5% although our overall occupancy rate was up two percentage points at 97%. The refurbishment at Loop5 is taking place to accommodate the opening of a Primark store in the summer of 2015 which we expect to have a positive impact on footfall and sales in line with our experience elsewhere. We anticipate that sales will show a strong improvement once these important tenant mix changes are fully implemented.
### OPERATIONAL PERFORMANCE (CONTINUED)

In Greece and Romania, where we own one shopping centre in each market, sales and visits were down by 4.4% and 4% respectively, and our occupancy rate also fell by 5 percentage points. Despite these decreases, River Plaza Mall in Romania recorded positive sales growth bolstered by improvements to the tenant mix.

#### Rents

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>% 14/13 rents</th>
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<tr>
<td></td>
<td>Fixed rents</td>
<td>Variable rents</td>
<td>Total rents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>174.0</td>
<td>169.5</td>
<td>4.3</td>
<td>3.9</td>
<td>178.3</td>
<td>173.4</td>
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</tr>
<tr>
<td>Germany</td>
<td>41.4</td>
<td>38.3</td>
<td>2.8</td>
<td>2.0</td>
<td>44.1</td>
<td>40.3</td>
<td>9.5%</td>
</tr>
<tr>
<td>Greece &amp; Romania</td>
<td>2.2</td>
<td>3.2</td>
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<td>0.1</td>
<td>2.3</td>
<td>3.4</td>
<td>-32.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>22.9</td>
<td>35.3</td>
<td>0.6</td>
<td>1.5</td>
<td>23.5</td>
<td>36.7</td>
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</tr>
<tr>
<td>Spain</td>
<td>43.8</td>
<td>55.0</td>
<td>1.1</td>
<td>0.7</td>
<td>44.9</td>
<td>55.7</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>284.2</td>
<td>301.4</td>
<td>8.8</td>
<td>8.2</td>
<td>293.0</td>
<td>309.6</td>
<td>-5.3%</td>
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<tr>
<td>Brazil (€)</td>
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<td>75.4</td>
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<td>8.8</td>
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<tr>
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<td>209.2</td>
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<td>25.1</td>
<td>270.5</td>
<td>224.3</td>
<td>15.4%</td>
</tr>
<tr>
<td>Total Sonae Sierra</td>
<td>362.2</td>
<td>374.8</td>
<td>17.5</td>
<td>17.0</td>
<td>379.7</td>
<td>391.8</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>

Rents in € million

#### Visits and Sales

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% 14/13 visits</th>
<th>2014</th>
<th>2013</th>
<th>% 14/13 sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Visits</td>
<td></td>
<td>like-for-like</td>
<td>Sales</td>
<td></td>
<td>like-for-like</td>
</tr>
<tr>
<td>Portugal</td>
<td>174.7</td>
<td>171.8</td>
<td>1.7%</td>
<td>2.7%</td>
<td>2,031.1</td>
<td>1,951.6</td>
</tr>
<tr>
<td>Germany</td>
<td>36.5</td>
<td>32.3</td>
<td>13.0%</td>
<td>1.3%</td>
<td>536.9</td>
<td>505.3</td>
</tr>
<tr>
<td>Greece &amp; Romania</td>
<td>4.8</td>
<td>5.0</td>
<td>-4.0%</td>
<td>-4.0%</td>
<td>22.5</td>
<td>23.5</td>
</tr>
<tr>
<td>Italy</td>
<td>21.7</td>
<td>27.2</td>
<td>-20.1%</td>
<td>3.2%</td>
<td>251.8</td>
<td>368.4</td>
</tr>
<tr>
<td>Spain</td>
<td>61.0</td>
<td>67.0</td>
<td>-9.0%</td>
<td>0.9%</td>
<td>595.6</td>
<td>689.9</td>
</tr>
<tr>
<td>Europe</td>
<td>298.7</td>
<td>303.3</td>
<td>-1.5%</td>
<td>2.1%</td>
<td>3,437.6</td>
<td>3,538.8</td>
</tr>
<tr>
<td>Brazil (€)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,701.4</td>
<td>1,619.2</td>
</tr>
<tr>
<td>Brazil (R$)</td>
<td>110.6</td>
<td>102.3</td>
<td>8.1%</td>
<td>0.7%</td>
<td>5,306.5</td>
<td>4,616.5</td>
</tr>
<tr>
<td>New Markets (€)</td>
<td>30.5</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>103.7</td>
<td>0.0</td>
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<tr>
<td>Total Sonae Sierra</td>
<td>439.8</td>
<td>405.6</td>
<td>8.4%</td>
<td>1.7%</td>
<td>5,242.7</td>
<td>5,158.1</td>
</tr>
</tbody>
</table>

Visits in million
Sales in € million
IN 2014 SONAE SIERRA CONTINUED TO ACHIEVE STRONG RESULTS ACROSS ALL KEY OPERATIONAL INDICATORS. WE OUTPERFORM OUR COMPETITORS IN TERMS OF OCCUPANCY RATES AND OUR PORTFOLIO INCLUDES THE SHOPPING CENTRES WITH THE STRONGEST RENTAL GROWTH IN THE LISTED SECTOR.

José Baeta Tomás
Director, Chief Executive Officer,
Sonae Sierra Brasil

STRONG PERFORMANCE IN BRAZIL IN SPITE OF ECONOMIC SLOWDOWN

Sonae Sierra Brasil also continued to achieve strong results across all key operational indicators. Tenant sales increased by 7.8% in Reais (on a like-for-like basis), and continued to grow in the fourth quarter in spite of the dwindling business and consumer confidence which was particularly patent following revised economic forecasts presented in October. Our rental income grew by 8.6% on a like-for-like basis (and by 15.4% on a whole portfolio level due to the two inaugurations in 2013), and we increased our average occupancy rate to 95%.

Our shopping centres located in the big cities – including Manauara Shopping in Manaus and Parque D. Pedro Shopping in Campinas – performed the best and our newer centres in the regional cities are improving their performance, but are yet to reach maturity with further growth expected to come. Both Boulevard Londrina Shopping (Paraná) and Passeio das Águas Shopping (Goiás) opened in 2013 and are still in the initial stages of operations, with some vacancy still to cover.

Whilst this situation reflects the current imbalance between GLA offer and demand that is present in the Brazilian market following a significant boom in shopping centre development, we are confident that we will close the gap in terms of occupancy in the medium term. Uberlândia Shopping (Minas Gerais), which we inaugurated in 2012, has already reached an occupancy level of 94.4%, outperforming all other shopping centres which opened at the same time.

All in all, Sonae Sierra Brasil delivered a 14% increase in net revenue in 2014. Our higher occupancy rates and lower cost of operations compared to competitors, as well as the fact that our portfolio includes those shopping centres which demonstrated the strongest rental growth among listed companies in our sector, all highlight the strength of our business.

2014 also marked the entrance of the Otto family as an important shareholder within the company following their acquisition of U.S-based company DDR Corporation’s 50% share in the joint venture that owns 67% of Sonae Sierra Brasil and a significant stake in Parque D. Pedro Shopping. As founders and leaders of ECE, the European market leader in downtown shopping centres, the Otto family will bring new experience and knowledge to our business.

INCREASING FOOTFALL AND SALES WITH A SKILLED TENANT MIX MANAGEMENT AND DIGITAL FOCUS

Our dynamic approach to tenant mix management and our persistent investment in digital technology are two factors which have contributed to our strong operational performance.

In Europe, the introduction of new anchors and tenant relocations in NorteShopping and Centro Colombo in Portugal, and Plaza Mayor and Valle Real in Spain, all had a very positive impact in terms of footfall and sales. In Brazil, we have exploited the increasing popularity of high quality restaurants and plan to introduce eight new major brands of restaurants within the Parque D. Pedro Shopping expansion.

Supporting vibrant and prosperous retail communities continues to form a critical part of our approach, and we have continued to promote flexible retail concepts such as ‘Flash Stores’, which enable us to foster entrepreneurship and test new brands. First rolled out in 2012, the concept aims to support innovation by enabling retailers to test the market’s receptiveness to their product(s) by offering the use of a shop unit for a maximum period of six months under more flexible conditions. Besides providing us with additional income and adding vibrancy to vacant units and open mall areas, ‘Flash Stores’ have enabled a number of new retailers to convert to permanent tenants in our shopping centres.
OPERATIONAL PERFORMANCE (CONTINUED)

2014 also saw the roll out of ‘Coop Stores’ - a format of the ‘Flash Stores’ concept - which are orientated towards supporting entrepreneurs and small businesses in line with our sustainability strategy’s long-term focus on prosperous retailers. A Coop Store is a space composed of mini-shops in the same store and allows operators to share space while splitting the associated operational costs. Through the year we had five Coop Stores in operation across two countries. The stores contribute with additional rental income and enable us to further diversify our tenant mix and respond to consumer interest in new brands and retail concepts. 20% of Coop Store participants have gone on to become tenants. They have also earned us positive recognition in the media, most significantly the Marketeer Magazine in Portugal, which elected the Coop Stores as ‘product of the month’.

On the digital front, we have enjoyed ongoing success from our PromoFans® promotions platform. Promoting the notion of “your shopping centre with discounts”, PromoFans® is based on the smart shopper concept and combines convenience and digital reach with the retail offer and experience of our shopping centres. Two years after its launch, it remains a unique and unparalleled concept, and has reached more than 510,000 registered users across Portugal and Spain. In Portugal, 70% of our tenants (representing 90% of shopping centre sales) are using the platform. In Spain, 84% of tenants (representing 74% of sales) are on board. PromoFans® has been distinguished by six national and international awards, including the ICSC Solal Marketing Award in the ‘Digital Integrated Campaigns’ category.

In Brazil, we have been exploring the use of applications such as ‘WhatsApp’ to engage with consumers and inform them about our events and promotions, whilst in Europe we have been trialling the use of digital lounges within our shopping centres.

PROGRESSING TOWARDS OUR SECTOR LEADING SUSTAINABILITY OBJECTIVES

In 2014 we further improved the operational efficiency of our shopping centres, enabling us to make good progress towards our long term environmental performance goals and contributing to a 2.3% reduction in service charges compared to 2013. We achieved progress with respect to all our key objectives covering GHG emissions, energy use, water use and waste, including:

- A GHG emissions rate of 0.017 tonnes of CO2e per m² of GLA, a 19% reduction compared to 2013, meaning we exceeded our 2014 target of 0.0216 tonnes of CO2e per m² of GLA. Overall, we have achieved a reduction of 80% since 2005, our baseline year, and are on track to achieve our long-term goal of an 85% reduction by 2020.

- An average electricity consumption of 435 kWh per m² of mall and toilet area, a 2% reduction compared to 2013. We achieved our 2014 target of 444 kWh per m² and remain on track to meet our long-term goal to attain a maximum electricity consumption of 400 kWh per m² by 2020.

- An average water consumption of 3.5 litres per visit, a 5% reduction compared to 2013. We exceeded our 2014 target of 3.89 litres per visit and remain on track to meet our long-term objective to achieve a level of water consumption at or below three litres per visit by 2020.

- An average recycling rate of 58% across our global portfolio, meaning we exceeded our 2014 target to attain a minimum recycling rate of 56.7% across our owned shopping centres and guarantee the proportion of waste (by weight) sent to landfill does not exceed 25.8%. Our long-term objective is to ensure that we maintain a recycling rate of at least 65% by 2020.

Summary of achievement against 2014 Sustainability targets

Data Qualifying Note:
In 2014, we fully achieved 18 out of 28 sustainability targets (64%) and partially achieved 1 target (4%). Five targets were not applicable due to low levels of development activity. For a complete list of these annual targets and the methodologies applied to assess our performance, please consult the targets and actions reports on our website.
WE MANAGED TO AVOID COMBINED COSTS OF €18.6 MILLION IN 2014 AS A RESULT OF ECO-EFFICIENCY IMPROVEMENTS INTRODUCED SINCE 2002 (FOR ELECTRICITY AND WASTE) AND 2003 (FOR WATER). THIS HAS ENABLED US TO REDUCE WATER CONSUMPTION BY 18% (SINCE 2003), ELECTRICITY CONSUMPTION BY 40% (SINCE 2002) AND INCREASE RECYCLING RATES BY 209% (ALSO SINCE 2002).

At a portfolio level, we have also been investigating ways to reduce the environmental impact of our shopping centres as part of our long-term focus on safe people and eco-efficiency. For example, over the last two years we have developed the Bright and Dive projects, theoretical modelling tools that enable us to calculate shopping centres’ optimal energy and water consumption respectively in order to compare this with their real energy and water usage. These tools make it possible for us to detect inefficiencies and take appropriate remedial actions to deliver continued improvements and cost savings.

The Bright project allows us to monitor the energy consumption of our shopping centres against a virtual simulation, identifying technical improvements and enhancing management practices. Between the end of 2012 and the end of 2014, improvement measures were identified at 28 shopping centres that, if implemented, could save a total of €4.9 million annually.

Further references:
For more information, see the case study on our website.
In 2014 we were pleased to record a 44% drop in the global injury rate for Sonae Sierra employees and supervised workers. Unfortunately, we were not able to deliver the high results we expect concerning safety and health performance amongst our service suppliers and shopping centre visitors. Most importantly, in 2014 a fatality occurred in one of our shopping centres involving one of our tenants’ service suppliers, and we also saw increases in the number of incidents involving both visitors and service suppliers in our shopping centres.

In response to these events, we have held several in-depth meetings with service supplier representatives, employees and supervisors in order to discuss the nature of the incidents occurring and identify actions to mitigate this trend. We have strengthened our awareness-raising efforts and requested shopping centre teams to reinforce their SHE Preventive Observation (SPO) programme vis-à-vis service suppliers.

At Shopping Plaza Sul in São Paulo, Brazil, we introduced a closed loop water recycling strategy, reusing 57% of wastewater generated on site and saving R$28,000 (€9,000) per month. Our actions have helped to ease pressure on public water resources in a notoriously water-stressed region.

We introduced an innovative new financing mechanism across five shopping centres in Spain to encourage the replacement of conventional fluorescent lighting in car parks with LEDs, leading to forecasted gross savings of €3.5 million across their entire lifecycle.

Further references:
For more information, see the case study on our website.

Further references:
For more information, see the case study on our website.

### Global Lost Workday Case Accidents Frequency Rate (LWCAFR) among suppliers in shopping centres

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>LWCAFR</td>
<td>5.06</td>
<td>2.17</td>
<td>3.16</td>
<td>2.88</td>
</tr>
</tbody>
</table>

### Global frequency rate of level 3, 4 and 5 category accidents per million visits in shopping centres

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>LWCAFR</td>
<td>2.12</td>
<td>1.73</td>
<td>1.52</td>
<td>1.48</td>
</tr>
</tbody>
</table>

### Global injury rate among Sonae Sierra workforce (direct employees and supervised workers)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>LWCAFR</td>
<td>3.27</td>
<td>5.79</td>
<td>2.89</td>
<td>2.37</td>
</tr>
</tbody>
</table>
While we strive to implement the best possible safety and health management practices and procedures across all our operations, the avoidance of incidents still rests significantly on the safe behaviour practices of individuals, and we continue to persevere in our training, engagement and awareness-raising initiatives with our sights set on reducing the frequency of accidents going forwards.

In recent years, our consumer research has consistently demonstrated the growing importance consumers place on sustainability and its influence on where they choose to shop, thereby supporting our focus on safe people and eco-efficiency.

Feedback from shopping centre visitors has found that half prefer to visit 'more sustainable shopping centres', and three quarters say that they feel more satisfied when visiting centres which demonstrate greater stewardship of aspects such as eco-efficiency, safety, promotion of local and/or ethical businesses and products.

Our 2014 consumer behaviour survey covering Portugal, Italy, Germany and Spain supported these findings and indicated that some of our shopping centres are among the most recognised in terms of sustainability in their respective catchment areas.

Moreover, it highlighted that consumers want clear communication on these issues and also want to be included and engaged in responsible actions. In response, we have built upon the environmental awareness campaigns executed over the past couple of years – which focused on communicating Sonae Sierra’s own contribution – in order to engage consumers directly and promote positive behavioural change in their everyday activities.

For more detailed information covering our safety, health and environmental management performance, see GRI Aspects related to greenhouse gas emissions (page 94), energy (page 82), water (page 89), waste (page 100) and safety and health (page 106).

'SOS Planeta' is an interactive experience that allows customers to view themselves alongside various future scenarios associated with climate change and environmental degradation. By seeing themselves as part of the image, their relationship with abstract environmental issues became more tangible and personal.

Further references:
For more information, see the case study on our website.
OPERATIONAL PERFORMANCE (CONTINUED)

Our long-term focus on sustainable lifestyles aims to further capitalise on these trends by promoting positive behavioural change in relation to environmental, social and health and wellbeing issues. As a result, 2014 saw us launch ‘Help Spot’ with a view to positioning Sonae Sierra and each of our shopping centres as leading catalysts for socially responsible volunteer work. Help Spot is a project developed in partnership with ENTRAÍUDA and its volunteering portal “Dar e Receber.pt” whose goal is to connect willing volunteers to local charitable organisations that can benefit from their help. The project aims to boost volunteering in Portugal and is present in all 21 Sierr shopping centres across the country. If it proves successful, we will seek to replicate the project in our other countries of operation.

In 2014 we also expanded our Café Memória (Memory café) project in partnership with the Alzheimer Portugal Association. With eight Café Memória now present in our shopping centres, this project has reached more than 1,270 participants since its launch. Although not part of our sustainability strategy, it provides an important social function by offering meeting places for dementia patients, their families and carers to share support and experiences, ultimately improving their quality of life and reducing the sufferings associated with social isolation.

Elsewhere in our operations we have exploited the principles of knowledge exchange to help us to maintain our investment in our people. One particular project executed in 2014 under the leveraging knowledge long-term focus area of our sustainability strategy was ‘Be Well’, an academic partnership with no associated investment cost which enabled us to gain comprehensive insight into workplace stress risks present within our company and develop a detailed mitigation plan to improve employee health and wellbeing.

Going forward, we will maintain our shopping centres’ focus on sustainability as an integral part of their brands and continue to pioneer, test and adapt projects that create shared value for Sonae Sierra, the environment and society.

We worked with a local university to gain greater insight into the risks of workplace stress in our company. The collaboration has led to the development of a programme to boost the health and wellbeing of our workforce.

Further references:
For more information, see the case study on our website.

SOLID GROWTH IN PORTFOLIO OMV DRIVEN BY RECOVERY IN IBERIA

2014 spelled positive changes in the European real estate investment market, with investor appetite returning to the Iberian market (most notably Spain) and staying strong in Germany and Italy. In this context, we saw some yield compression in Portugal, Spain and Romania, but this has been much more prevalent in primary assets and therefore the gap between primary and secondary continues to be borne out, affecting some markets more strongly than others.

Overall, we saw a 6% increase in the Open Market Value (OMV) of our European portfolio. This trend reflects the improved operational performance of our properties, the return of investor confidence, and also the increased weight of capital chasing scarce product, as is particularly the case in Spain. However, in spite of the increase in OMV, valuers still find it quite challenging to assess property values correctly due to a lack of available transaction evidence and information in markets such as Portugal. The increase in transaction volume which took place during the second half of the year should bring some further clarity in this respect.

In Brazil, the OMV increase in 2014 was 7% (in Reais). Economic uncertainty, particularly in the second half of the year, meant that there was no yield compression. We expect that the values of our newer centres to continue to grow as they reach maturity.
SUCCESSFUL ACQUISITION AND DISPOSAL ACTIVITY IN EUROPE

With favourable market conditions, in March 2014 we reached an agreement with GREP II, a fund managed by Grosvenor Fund Management, for the acquisition of their 50% stake in AlbufeiraShopping and C.C. Continente de Portimão, both located in the Algarve region of Portugal. This transaction enabled the Sierra Portugal Fund to become the sole owner of these assets, both of which are consolidated in their catchment areas, allowing the Fund to benefit fully from additional value created following a significant investment in the refurbishments of C.C. Continente de Portimão and AlbufeiraShopping.

In keeping with our capital recycling strategy, ING Real Estate and Sonae Sierra sold a 90% stake in Le Terrazze in Italy to Union Investment. Sonae Sierra will continue to hold the remaining 10% share of the asset and be responsible for the shopping centre’s management for ten years. The partial sale of this strong performing asset reflects our objective to maintain a foothold in dominant properties, whilst releasing capital that can contribute to the funding of new development and/or redevelopment projects and acquisitions of existing shopping centres which offer potential to extract further value.

In the same vein, November saw the Sierra Fund and RPFI – managed by CBRE Global Investors – complete the disposal of La Farga in Spain, a non-strategic asset in our portfolio, which was purchased by Temprano Capital Partners.

Elsewhere, the sale of a plot of land adjacent to the Alexa shopping centre site in Germany at a higher price than anticipated also contributed materially towards our capital recycling strategy. In Portugal, we were pleased to complete the full leasing of the Torre Ocidente, the office tower located next to Centro Colombo in Lisbon, with the leasing of the final five levels to an international financial institution. During 2015 we will seek to dispose of this asset with our partners in order to maintain an exclusive focus on our core activities.

STRONG FUND PERFORMANCE SUPPORTED BY OPERATIONAL IMPROVEMENTS

2014 saw both the Sierra Fund and Sierra Portugal Fund perform better than forecasted. Improved occupancy rates, tenant sales growth (with a corresponding reduction in temporary rent relief granted to some tenants) and macroeconomic improvements have all contributed to this result.

With the term of the Sierra Fund set to end in 2018, we have proceeded to engage with the Fund’s investors to discuss the strategic alternatives associated with the long-term profile of the investment. The sale of La Farga in Spain was aligned with the Fund’s objective to dispose of non-core assets, and we anticipate further sales to happen during 2015 taking advantage of the improved investor sentiment for assets located in Iberia.

The Sierra Portugal Fund is also approaching the last three years of its planned life. The Fund’s exit strategy is under preparation and will be discussed with all investors during the first half of 2015.

<table>
<thead>
<tr>
<th>Year</th>
<th>OMV in € million</th>
<th>Sonae Sierra share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3,328</td>
<td>6,320</td>
</tr>
<tr>
<td>2007</td>
<td>3,934</td>
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</tr>
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<td>3,786</td>
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</tr>
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<td>2005</td>
<td>2,498</td>
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</tr>
<tr>
<td>2004</td>
<td>2,745</td>
<td>3,786</td>
</tr>
<tr>
<td>2003</td>
<td>2,498</td>
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</tr>
<tr>
<td>2002</td>
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<td>3,786</td>
</tr>
<tr>
<td>2001</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>2000</td>
<td>2,745</td>
<td>2,996</td>
</tr>
<tr>
<td>1999</td>
<td>2,745</td>
<td>3,046</td>
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<tr>
<td>1998</td>
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<td>3,149</td>
</tr>
<tr>
<td>1997</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1996</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1995</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1994</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1993</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1992</td>
<td>2,745</td>
<td>3,149</td>
</tr>
<tr>
<td>1991</td>
<td>2,745</td>
<td>3,149</td>
</tr>
</tbody>
</table>
FUTURE OUTLOOK

We have identified four trends as being particularly important for our sector over the next five years. Our business and sustainability strategy puts us in a strong position to manage these trends to our advantage, with our sights set on being the leading international shopping centre specialist.

Global retail investment will continue to shift towards ‘growth’ and ‘emerging’ markets as internationalisation accelerates

The rapid expansion of retail into ‘growth’ and ‘emerging’ markets is set to continue through to 2020, by which time these markets may attract as much as 40% of total global retail investment. Driving this trend is the rise of the middle-class population and its strong demand for modern retail space. Within Europe, Turkey and Russia are expected to account for 10-15% of the continent’s investment activity by 2020, whilst worldwide, China is set to become the single largest consumer market by 2015. Expansion into ‘growth’ and ‘emerging’ markets presents a compelling opportunity for shopping centre developers, where the absence of existing stock facilitates the potential to create new high quality destinations tailored to the modern retailer and consumer. The fast-paced international expansion of retail groups, particularly in the fashion sector, further supports the demand for new stock. Nonetheless, a lack of transparency, the difficulties in assessing product that is controlled by domestic groups and the challenges of finding local partners can constitute barriers for new market entrants.

We will continue to consolidate our presence in China, Russia, Turkey and North Africa, where we are currently operating on a capital-light basis and with a focus on professional services. We will also consider expansion into new ‘growth’ and ‘emerging’ markets where these present opportunities to forge effective partnerships with local operators. Where appropriate, we will support our tenants in their internationalisation efforts, as we have done over the last two years with respect to North African markets. In all cases, we will take a pro-active approach to risk identification and management in markets which present political, governance and/or ethical risks and we will hedge against market volatility through a capital-light approach to investment.

Key cities and locations will dominate in a marketplace that values quality above all

Across mature markets, polarisation is already in motion, with financial capital becoming concentrated in key cities and regional centres. Within these, assets which offer the best quality and convenience will dominate their catchment areas. The ability to sign on key retailers will ‘make or break’ new shopping centre schemes, as big brands continue to hold sway over a large proportion of the consumer classes. Secondary assets will need to diversify in order to succeed, offering the consumer a unique experience that differentiates them from the competition. There will be opportunities to revitalise existing stock, as demand for quality remains strong. All in all, a flexible approach to property and asset management, coupled with the relentless pursuit of quality and efficiency, will be critical to success.

Our development business will seek opportunities to develop new projects which will have the capacity to achieve and maintain a dominant competitive position in their catchment area. We will continue to take a capital light approach to investment both in mature and emerging markets and in prime and secondary locations.

Within our investment portfolio, we will maintain an active investment/divestment strategy, and on our operating assets, we will pursue opportunities for value creation through expansions, refurbishments and tenant-mix improvements.

Our property management business will aim to maximise value for money on behalf of both tenants and investors, focusing on achieving high occupancy levels; tenant sales growth; effort rate optimisation; service charge reductions and stable rent collection. Anticipating the latest trends in retail, we will continue to focus on providing unique shopping centre concepts so that our centres remain the destinations of choice for consumers. As a part of this activity, we will seek to support tenants in maximising sales; offering flexible retail formats and ensuring a diverse tenant mix by promoting the integration of small-scale, unique and local businesses.
A new generation of consumers will require an integrated virtual and physical retail space and expect shopping centres to provide experiences, not just ‘shopping’

A revolution is occurring in the global retail industry. Spurred by the fast-growing use of mobile internet devices, modern consumers are creating new challenges and opportunities for shopping centres as they increasingly rely on a combination of digital platforms and new communication channels to define their physical shopping experience. Whereas the digital revolution and subsequent growth in on-line consumption was once seen as a threat to shopping centres, it is now clear that physical retail space will remain as a key-driver of retail. Moreover, successful retailers will be those which allow consumers to move seamlessly between virtual and physical retail space. At the same time, consumers will continue to challenge retailers and shopping centre operators alike as they seek sensational and emotional experiences that go beyond merely acquiring ‘more goods’. Shopping centre visitors want to engage more actively in the consumption process; and increasing sales in ethical, eco-friendly and artisan products as well as growing interest in hands-on experiences (such as craft workshops and fashion shows) all point to a move in this direction.

We will continue to invest in digital technology to support both our tenants and our own business. Following the success of PromoFans® in Portugal and Spain and our use of ‘WhatsApp’ in Brazil, we will continue to dedicate significant resources to exploring other innovative ways of connecting consumers and retailers to increase footfall and promote sales activation. We will also proceed with our strategy to support more sustainable lifestyles, promoting the consumption of products and services that are ‘green’, ‘ethical’ and/or ‘healthy’. Over the next couple of years, our marketing team will focus on ‘prescribing’ responsible environmental behaviour and we will aim to position our shopping centres as leading catalysts for volunteer work in partnership with local charitable organisations. With regards to health, we will proceed to engage with tenants to plan potential activities to encourage consumers to make healthier choices.

Building on our Coop Store concept, our property management teams will pioneer further projects to support local businesses and diversify our offer to shopping centre visitors, testing formats such as pop-up stores to sell regional products and providing support for young entrepreneurs looking to establish their own retail businesses.

Environmental regulation, extreme weather events and pressure on natural resources will make eco-efficiency imperative for shopping centre owners and operators

The impacts of climate change are already influencing the availability of natural resources in geographies where we operate (such as the drought we have experienced over the last year in São Paulo). Moreover, world population growth, urbanisation and the rising demand for consumer goods are all putting additional pressure on natural resources. With the 2015 United Nations Climate Change Conference in Paris anticipated to secure a legally-binding global agreement to curb carbon emissions and local environmental regulations and market norms becoming increasingly stringent, achieving a high standard of eco-efficiency is set to become imperative for shopping centre owners and operators. In some countries where Sonae Sierra operates, investors are already demanding assets with a good environmental performance, expecting these to sustain their value in the longer-term.

We are proud of the results delivered by our eco-efficiency strategy over the past thirteen years. However, we know that our business is too reliant on limited supplies of natural capital as we require mainly fossil-fuel based energy, water and non-renewable raw materials in order to build and operate shopping centres, which in turn generate GHG emissions, waste and wastewater. In the long term, this poses a risk to our business. To protect our assets against higher costs and penalties associated with high natural resource consumption and environmental pollution, as well as the risk of water and energy shortages, we need to strive towards true resource resilience: on-site energy generation; water reuse systems and waste minimisation and/or a closed loop waste management approach.
CONSOLIDATED ACCOUNTS

The following Financial Statements consolidate all companies by the proportional method.

SONAE SIERRA CONSOLIDATED ACCOUNTS

PROFIT & LOSS ACCOUNTS

Sonae Sierra recorded a net profit of €96.3 million in 2014 which compares with €3.6 million in the same period of 2013. The main difference results from higher indirect gains in 2014 as a consequence of yield compression in Europe and the positive impact of operational cash flows in Europe and Brazil.

In 2014, direct net profit reached €52.7 million, which represents a 9% decrease versus last year. The direct net profit is influenced by assets disposal in Europe, the adverse variation in the average exchange rate of the Brazilian Real, and the strengthening of our corporate structure to support the Company’s growth in new geographies. On a like-for-like portfolio basis, and excluding the impact of adverse FX changes, direct net profit increased by 5.6% as a consequence of the quality of our assets and management approach.

Indirect net profit reached €43.6 million, compared with a loss of €54.0 million in the same period of 2013. The positive variation in indirect net profit is a consequence of the yield compression in Portugal and Spain, which accounts for 65% of the value created, and the improvement in the operational performance of our European and Brazilian assets; despite the impairment reinforcement in Greek projects in 2014, which is mainly explained by the expected non-recovery of the Greek economy in the medium term.

BALANCE SHEET

The total assets of the Company reached €2.3 billion, of which €2 billion corresponds to investment properties and €63 million are properties under development.

The increase in investment properties compared with the 31 December 2013 is mainly explained by value increases in Portugal, Spain and Brazil, and the acquisition of the additional stake in AlbufeiraShopping and C. C. Continente de Portimão which were partially compensated by the disposals of La Farga and the majority of our 50% stake in Le Terrazze (while retaining 10%).

The net worth as of the 31 December 2014 was higher than the same period of 2013, mainly as a result of the net profit in 2014 and the favourable FX change (the year-end exchange rate was better than the same period in 2013 for the Brazilian Real).

Bank loans decreased when compared with the 31 December 2013, mainly due to the disposals mentioned above and contractual loan amortisations.
### CONSOLIDATED ACCOUNTS (CONTINUED)

**SONAE SIERRA CONSOLIDATED ACCOUNTS (CONTINUED)**

#### Consolidated Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct income from investments</td>
<td>225.4</td>
<td>228.1</td>
<td>-1%</td>
</tr>
<tr>
<td>Direct costs from investments</td>
<td>117.6</td>
<td>114.6</td>
<td>3%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>107.8</td>
<td>113.5</td>
<td>-5%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>40.5</td>
<td>38.1</td>
<td>6%</td>
</tr>
<tr>
<td>Other non-recurrent income/cost</td>
<td>-1.6</td>
<td>-2.7</td>
<td>40%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td>65.6</td>
<td>72.6</td>
<td>-10%</td>
</tr>
<tr>
<td>Current tax</td>
<td>12.9</td>
<td>15.0</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Direct net profit</strong></td>
<td>52.7</td>
<td>57.6</td>
<td>-9%</td>
</tr>
<tr>
<td>Gains realised on sale of investments</td>
<td>3.4</td>
<td>-3.8</td>
<td>189%</td>
</tr>
<tr>
<td>Impairment</td>
<td>-24.0</td>
<td>-9.3</td>
<td>-</td>
</tr>
<tr>
<td>Value created on investments</td>
<td>89.4</td>
<td>-39.1</td>
<td>329%</td>
</tr>
<tr>
<td><strong>Indirect income</strong></td>
<td>68.7</td>
<td>-52.3</td>
<td>232%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>25.1</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td><strong>Indirect net profit</strong></td>
<td>43.6</td>
<td>-54.0</td>
<td>-181%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>96.3</td>
<td>3.6</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
<th>Var. 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>2,016.3</td>
<td>1,952.4</td>
<td>64</td>
</tr>
<tr>
<td>Properties under development and others</td>
<td>63.5</td>
<td>101.2</td>
<td>-38</td>
</tr>
<tr>
<td>Other assets</td>
<td>105.4</td>
<td>117.2</td>
<td>-12</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>97.4</td>
<td>124.6</td>
<td>-27</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,282.6</td>
<td>2,295.4</td>
<td>-13</td>
</tr>
<tr>
<td>Net worth</td>
<td>898.0</td>
<td>794.4</td>
<td>104</td>
</tr>
<tr>
<td>Bank loans</td>
<td>953.8</td>
<td>1,051.3</td>
<td>-77</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>271.5</td>
<td>252.9</td>
<td>19</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>159.2</td>
<td>216.8</td>
<td>-58</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,384.6</td>
<td>1,501.0</td>
<td>-116</td>
</tr>
<tr>
<td><strong>Net worth and liabilities</strong></td>
<td>2,282.6</td>
<td>2,295.4</td>
<td>-13</td>
</tr>
</tbody>
</table>
CONSORTIUM ACCOUNTS (CONTINUED)

FINANCIAL RESOURCES

DEBT BREAKDOWN AND MATURITY

The Company maintained its conservative long-term funding strategy. The Capital structure is supported by an average debt maturity of 4.6 years with 62% of hedged debt in Europe showing the prudent hedging strategy and a balanced debt maturity profile.

The following chart illustrates Sonae Sierra’s debt as of the 31 December 2014.

![Debt Structure Chart]

The following chart illustrates Sonae Sierra’s debt as of the 31 December 2014.

![Debt Maturity Chart]

COST OF DEBT

The Company continues to have good access to banking and capital markets. Sonae Sierra’s weighted average cost of debt as of the 31 December 2014 stands at 3.8%, 50 basis points below the same period of 2013. Excluding Brazil, the weighted average cost of debt is relatively low at 3.2% versus our European peers, which leads to a comfortable interest cover ratio.

![Average Cost of Debt Chart]

![% Hedged Debt Europe Chart]

FINANCIAL RATIOS

As of the 31 December 2014, the Company’s financial ratios show a prudent and solid approach.

<table>
<thead>
<tr>
<th>Ratios</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan-to-value</td>
<td>41.5%</td>
<td>43.9%</td>
</tr>
<tr>
<td>Interest cover</td>
<td>2.35</td>
<td>2.54</td>
</tr>
<tr>
<td>Development ratio</td>
<td>10.0%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Loan-to-value (LTV) is 41.5%, which compares favourably with 43.9% in December 2013. The decrease derives from the increase in the asset values driven by the yield compression in Europe, the positive impact of the operational performance mainly in our Brazilian portfolio, and the reduction in bank loans explained by contractual loan amortisations.

![Loan-to-Value Chart]

Interest cover in 2014 was 2.35, above the Company’s target of 2, thanks to the low average cost of debt. The reduction compared with 2013 is explained by the impact of adverse FX changes and the increase in interest costs due to the non-capitalisation of interest upon 2013 openings. Please note that before opening, the interest costs were capitalised as investment on properties under development.

The Company also measures its exposure to retail real estate development risk through the development ratio, by monitoring the weight of the funds already spent in all its committed and non-committed developments and those still to be spent in all its committed developments in relation to its total real estate portfolio (including the funds still to be spent in its committed projects).

Sonae Sierra is monitoring the Company’s ability to control the development pipeline in order to stabilise debt leverage while the portfolio asset values are volatile. The development ratio is higher than December 2013 due to the development of ParkLake, the expansion of Franca Shopping and the designer outlet in Plaza Mayor.
**NET ASSET VALUE**

The Company measures its performance, chiefly, on the basis of changes in Net Asset Value (NAV) plus dividends distributed. The Company calculates its NAV according to the guidelines published in 2007 by INREV (European Association for Investors in Non-listed Real Estate Vehicles), an association of which the Company is a member.

On the basis of this methodology, the NAV of Sonae Sierra, as of the 31 December 2014 was €1,115 million compared with €1,000 million on the 31 December 2013. The NAV per share attributable to the company is €34.29 against €30.76 recorded on the 31 December 2013. The NAV increase results mainly from 2014 Net Profit.

<table>
<thead>
<tr>
<th>Net Asset Value (NAV) (€ million)</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV as per the financial statements</td>
<td>898.0</td>
<td>794.4</td>
</tr>
<tr>
<td>Revaluation to fair value of developments</td>
<td>4.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Deferred tax for properties</td>
<td>213.2</td>
<td>203.8</td>
</tr>
<tr>
<td>Goodwill related to deferred tax</td>
<td>-14.3</td>
<td>-16.5</td>
</tr>
<tr>
<td>Gross-up of assets</td>
<td>13.8</td>
<td>13.2</td>
</tr>
<tr>
<td>NAV</td>
<td>1,114.7</td>
<td>1,000.2</td>
</tr>
</tbody>
</table>

**SIERRA INVESTMENTS**

Sierra Investments contributed with €96.6 million to the consolidated net profit of Sonae Sierra.

The direct net profit of Sierra Investments derives from the operation of shopping and leisure centres that are part of its portfolio, including those assets that are in the Sierra Fund and in the Sierra Portugal Fund. The direct profits also include the asset management services provided to the properties by Sonae Sierra.

Net operating income decreased 6% compared with last year, mainly due to the disposals of Valecenter, Airone and Parque Principado in 2013, and La Farga and the majority of our 50% stake in Le Terrazze (while retaining 10%) in 2014; despite the acquisition of an additional stake of 50% in both C.C. Continente de Portimão and AlbufeiraShopping in 2014, and the acquisition of an additional stake of 32.2% in CascaiShopping and the opening of Hofgarten Solingen in 2013. On a like-for-like portfolio basis, the net operating income is in line with last year.

Indirect net profit arises from the change in value of the investment properties and the realisation of capital gains on the sale of assets and/or shareholding positions.

The value created on investments is €163 million above last year due to an increase in the value of the existing portfolio explained by yield compression in Portugal and Spain, and a positive impact from operational performance mainly in core assets.

Investment properties increased its balance by €33 million when compared with the 31 December 2013. This increase is explained by the value increase of the portfolio in 2014 and the acquisition of AlbufeiraShopping and C.C. Continente de Portimão, which were partially compensated by the disposal of La Farga and the majority of our stake in Le Terrazze.

Bank loans are below the values presented as of 31 December 2013, mainly due to the disposals and contractual loan amortisations.
### Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail net operating margin</td>
<td>83.6</td>
<td>87.8</td>
<td>-5%</td>
</tr>
<tr>
<td>Parking net operating margin</td>
<td>1.8</td>
<td>1.5</td>
<td>18%</td>
</tr>
<tr>
<td>Cogeneration net operating margin</td>
<td>0.1</td>
<td>0.2</td>
<td>-65%</td>
</tr>
<tr>
<td>Shopping centre net operating income</td>
<td>85.5</td>
<td>89.5</td>
<td>-5%</td>
</tr>
<tr>
<td>Asset management net operating income</td>
<td>3.7</td>
<td>5.6</td>
<td>-34%</td>
</tr>
<tr>
<td>Net Operating Income (NOI)</td>
<td>89.2</td>
<td>95.2</td>
<td>-6%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>31.4</td>
<td>31.9</td>
<td>-2%</td>
</tr>
<tr>
<td>Other non-recurrent income/cost</td>
<td>-0.6</td>
<td>0.1</td>
<td>-1,002%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td>57.3</td>
<td>63.4</td>
<td>-10%</td>
</tr>
<tr>
<td>Current tax</td>
<td>9.7</td>
<td>12.7</td>
<td>-24%</td>
</tr>
<tr>
<td>Direct net profit</td>
<td>47.6</td>
<td>50.7</td>
<td>-6%</td>
</tr>
<tr>
<td>Gains realised on sale of investments</td>
<td>-0.9</td>
<td>-3.8</td>
<td>77%</td>
</tr>
<tr>
<td>Value created on investments</td>
<td>67.3</td>
<td>95.3</td>
<td>171%</td>
</tr>
<tr>
<td>Indirect income</td>
<td>66.5</td>
<td>-99.1</td>
<td>167%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>17.5</td>
<td>-19.0</td>
<td>192%</td>
</tr>
<tr>
<td>Indirect net profit</td>
<td>49.0</td>
<td>-80.1</td>
<td>161%</td>
</tr>
<tr>
<td>Net profit</td>
<td>96.6</td>
<td>-29.4</td>
<td>428%</td>
</tr>
</tbody>
</table>

### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
<th>Var. 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>1,598.3</td>
<td>1,565.2</td>
<td>33</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>90.1</td>
<td>94.2</td>
<td>-4</td>
</tr>
<tr>
<td>Net worth</td>
<td>-651.3</td>
<td>-568.1</td>
<td>-83</td>
</tr>
<tr>
<td>Bank loans</td>
<td>-787.4</td>
<td>-863.2</td>
<td>76</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>-205.9</td>
<td>-197.7</td>
<td>-8</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>-43.8</td>
<td>-30.0</td>
<td>-14</td>
</tr>
</tbody>
</table>
CONSOLIDATED ACCOUNTS (CONTINUED)

SIERRA DEVELOPMENTS

Sierra Developments made a negative contribution of €27.5 million to the consolidated net profit of Sonae Sierra.

The project development services rendered are 40% higher than the income for the same period of last year due to an increase in services rendered to Sonae Sierra shopping centres and to third parties.

The negative value created in projects reflects the gain on the disposal of a plot of land adjacent to Alexa and the Asset@Risk provision reinforcement in the Greek projects in 2014 due to the expected non-recovery of the Greek economy in the medium term.

<table>
<thead>
<tr>
<th>Profit and Loss Account</th>
<th>2014</th>
<th>2013</th>
<th>% 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project development services rendered</td>
<td>9.7</td>
<td>6.9</td>
<td>40%</td>
</tr>
<tr>
<td>Value created in projects</td>
<td>-17.6</td>
<td>9.9</td>
<td>-277%</td>
</tr>
<tr>
<td>Operating income</td>
<td>-7.8</td>
<td>16.9</td>
<td>-</td>
</tr>
<tr>
<td>Operating costs</td>
<td>18.8</td>
<td>18.4</td>
<td>2%</td>
</tr>
<tr>
<td>Net Operating Income (NOI)</td>
<td>-26.6</td>
<td>-15</td>
<td>-1,664%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>2.7</td>
<td>3.0</td>
<td>-10%</td>
</tr>
<tr>
<td>Other non-recurrent income/cost</td>
<td>0.0</td>
<td>0.0</td>
<td>100%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-1.8</td>
<td>11</td>
<td>-268%</td>
</tr>
<tr>
<td>Net profit</td>
<td>-27.5</td>
<td>-5.6</td>
<td>-393%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidated Balance Sheet</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
<th>Var. 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties under development</td>
<td>59.4</td>
<td>92.4</td>
<td>-33</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>8.3</td>
<td>1.0</td>
<td>7</td>
</tr>
<tr>
<td>Shareholder funds</td>
<td>-53.7</td>
<td>-80.0</td>
<td>26</td>
</tr>
<tr>
<td>Bank loans</td>
<td>-8.0</td>
<td>-8.0</td>
<td>0</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>-0.2</td>
<td>-0.2</td>
<td>0</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>-5.7</td>
<td>-5.2</td>
<td>-1</td>
</tr>
</tbody>
</table>

SIERRA MANAGEMENT

Sierra Management contributed €3.3 million to the consolidated net profit of Sonae Sierra.

The Net Operating Income (NOI) decreased by 32% as a consequence of asset disposals and costs to build-up the teams that will be in charge of new services agreements in new countries.

<table>
<thead>
<tr>
<th>Profit and Loss Account</th>
<th>2014</th>
<th>2013</th>
<th>% 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income from management services</td>
<td>45.0</td>
<td>41.4</td>
<td>9%</td>
</tr>
<tr>
<td>Operating costs</td>
<td>40.1</td>
<td>34.4</td>
<td>17%</td>
</tr>
<tr>
<td>Net Operating Income (NOI)</td>
<td>4.8</td>
<td>7.1</td>
<td>-32%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>-0.5</td>
<td>-0.7</td>
<td>30%</td>
</tr>
<tr>
<td>Other non-recurrent income/cost</td>
<td>-0.2</td>
<td>-0.5</td>
<td>54%</td>
</tr>
<tr>
<td>Income tax</td>
<td>1.7</td>
<td>2.8</td>
<td>-39%</td>
</tr>
<tr>
<td>Net profit</td>
<td>3.3</td>
<td>4.4</td>
<td>-24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidated Balance Sheet</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
<th>Var. 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; equivalents</td>
<td>39.3</td>
<td>44.8</td>
<td>-5</td>
</tr>
<tr>
<td>Net worth</td>
<td>-26.3</td>
<td>-22.9</td>
<td>-3</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>-13.0</td>
<td>-21.8</td>
<td>9</td>
</tr>
</tbody>
</table>
Sonae Sierra Brazil contributed with a positive net profit of €26.2 million to the consolidated net profit of Sonae Sierra.

Net operating income increased by 3% compared with last year which is mainly explained by higher income from mature assets and 2013 openings. Excluding the adverse impact of FX changes in 2014, net operating income increased by 14% as a consequence of the quality of our assets and management approach.

Lower financial result is a consequence of the non-capitalisation of interest upon 2013 openings and the consequent increase in financial costs. Please note that before opening, the interest costs were capitalised as investment on properties under development.

Although we recorded a positive indirect net profit in 2014 due to the impact from our operational performance, it is lower compared with 2013 because last year properties’ value benefited from a yield compression in core shopping centres.

Investment properties reached €423 million in December 2014, an increase of €32 million when compared with the 31 December 2013, which is mainly explained by the increase in value of the operating assets and the Brazilian Real appreciation (end of year rate).

### Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail net operating margin</td>
<td>20.1</td>
<td>19.8</td>
<td>1%</td>
</tr>
<tr>
<td>Parking net operating margin</td>
<td>3.3</td>
<td>3.1</td>
<td>7%</td>
</tr>
<tr>
<td>Shopping centre net operating income</td>
<td>23.4</td>
<td>22.9</td>
<td>2%</td>
</tr>
<tr>
<td>Total income from services rendered</td>
<td>5.8</td>
<td>5.8</td>
<td>-1%</td>
</tr>
<tr>
<td>Overheads</td>
<td>7.5</td>
<td>7.7</td>
<td>-2%</td>
</tr>
<tr>
<td>Net operating income (NDI)</td>
<td>21.7</td>
<td>21.1</td>
<td>3%</td>
</tr>
<tr>
<td>Net financial costs/(income)</td>
<td>6.0</td>
<td>4.0</td>
<td>-</td>
</tr>
<tr>
<td>Other non-recurrent income/cost</td>
<td>0.0</td>
<td>-0.6</td>
<td>100%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td>15.7</td>
<td>16.5</td>
<td>-5%</td>
</tr>
<tr>
<td>Current tax</td>
<td>2.9</td>
<td>4.0</td>
<td>-28%</td>
</tr>
<tr>
<td>Direct profit</td>
<td>12.8</td>
<td>12.5</td>
<td>3%</td>
</tr>
<tr>
<td>Value created on investments</td>
<td>21.4</td>
<td>36.9</td>
<td>-42%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>8.0</td>
<td>15.1</td>
<td>-47%</td>
</tr>
<tr>
<td>Indirect net profit</td>
<td>13.4</td>
<td>21.7</td>
<td>-38%</td>
</tr>
<tr>
<td>Net profit</td>
<td>26.2</td>
<td>34.2</td>
<td>-23%</td>
</tr>
</tbody>
</table>

### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
<th>Var. 14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties &amp; others</td>
<td>423.1</td>
<td>391.3</td>
<td>32</td>
</tr>
<tr>
<td>Other assets</td>
<td>21.8</td>
<td>18.4</td>
<td>3</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>33.7</td>
<td>44.8</td>
<td>-11</td>
</tr>
<tr>
<td>Total assets</td>
<td>478.7</td>
<td>454.5</td>
<td>24</td>
</tr>
<tr>
<td>Net worth</td>
<td>307.3</td>
<td>287.3</td>
<td>20</td>
</tr>
<tr>
<td>Bank loans</td>
<td>83.4</td>
<td>85.1</td>
<td>-2</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>66.8</td>
<td>57.3</td>
<td>9</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>21.1</td>
<td>24.7</td>
<td>-4</td>
</tr>
<tr>
<td>Net worth and liabilities</td>
<td>478.7</td>
<td>454.5</td>
<td>24</td>
</tr>
</tbody>
</table>
**CORPORATE GOVERNANCE**

Sonae Sierra’s corporate governance policies were adopted by the company based on the models of its shareholders, Sonae and Grosvenor.

The shareholders’ corporate governance policies impose levels of transparency, independence, remuneration compliance rules and sustainability policies which have contributed to shaping Sonae Sierra’s own management model, corporate values, business strategy, sustainability policies and transparency in public reporting.

The top corporate body of the Sonae Sierra group of companies is the General Shareholders Assembly which, among other prerogatives, appoints the Board of the General Shareholders Assembly, the Fiscal Board, the Compensation Committee and the Board of Directors of the Company. Sonae Sierra’s Board of Directors takes responsibility for the Company’s strategy, long-term business plan, finance and reporting. It consists of eleven members, five of them integrate the Executive Committee.

The Executive Committee is responsible for the day-to-day operations of the Company, which encompasses sustainability activities. The Executive Committee meets eleven times a year and may invite other Company executives to attend its meetings. The Board of Directors and the Executive Committee are supported by three specialised Committees: the Investment, Finance and Audit & Compliance Committees. The Investment Committee and the Finance Committee are chaired by the CEO. The Audit & Compliance Committee is chaired by an independent, external person chosen by the Board of Directors.
CORPORATE GOVERNANCE (CONTINUED)

SUSTAINABILITY GOVERNANCE

Each Executive Member of the Board has responsibility for certain businesses or areas of the Company, as well as Sonae Sierra’s long-term sustainability priorities. We operate a Sustainability Steering Committee (SSC) which is responsible for overseeing the delivery of work under our long-term sustainability priorities and risk management.

The SSC reports directly to the Executive Committee and is chaired by our CEO. The Committee meets regularly to: discuss decisions that need to be taken collectively, inform the Executive Committee of any issues related to the implementation of the Sustainability Strategy and to provide the overall vision for the Company’s SHE Strategy, including setting and periodically reviewing SHE Policy and long-term objectives. The senior-level employees who champion each of our long-term sustainability priorities are required to report three times a year to the SSC on progress made with respect to their area of priority.

ETHICAL CONDUCT

Our Code of Conduct includes a set of ethical principles which apply to everything we do and outline our commitment to success whilst operating with integrity, openness and honesty. The Code also promotes ethical and responsible decision making by providing guidance on dealing with issues such as bribery, corruption, legal compliance, equality and human rights.

Whilst the Executive Committee is ultimately responsible for managing these issues, ethical conduct is a personal responsibility and every employee is held accountable for his or her behaviour.

The Sierra Ombudsman promotes compliance with our Code of Conduct and encourages behaviour aligned with our ethical principles. The Ombudsman is an independent facilitator to whom all stakeholders can present their complaints with an assurance that they will be processed, investigated, and responded to in a timely and sensitive manner. For more information on the Ombudsman, see our website.

SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM

Our Safety, Health and Environment Management System (SHEMS) is the framework we use to manage our impacts and improve our performance in relation to safe people and eco-efficiency. The SHEMS is based on a cyclical approach that involves planning, implementation, monitoring and review to ensure continuous improvement. In 2013 it was updated to ensure greater alignment with our increasing focus on professional services and capital light business mode and in 2014 we likewise introduced some changes to the scope of implementation. Our Safety, Health and Environment (SHE) Policy, which can be downloaded here on our website, sets out the SHE principles and over-arching objectives which govern the system. Our Company first developed an Environment Management System (EMS) in 1999 and in 2005 we were the first company in our sector in Europe to obtain ISO 14001 certification for our corporate EMS, which covered all our business activities.

In 2004, we launched our Safety and Health (S&H) Policy and in 2008 became the first company in Europe to achieve OHSAS 18001 certification for our corporate S&H Management System. In 2010, we began working on the integration of these two management systems with an aim to exploit the synergies between them and increase our operational efficiency. In 2011 our integrated SHEMS became fully operational. It is based on the international standards ISO 14001:2004 and OHSAS 18001:2007 and was recertified by Lloyd’s Quality Register Assurance according to both of these standards in 2011 and again in 2014. We deliver SHE training to our staff and other key stakeholders on an ongoing basis, and in 2014 we delivered a total of 29,035 man hours of training (including meetings) on SHE to staff, suppliers and tenants across our shopping centres, development projects and in our corporate offices.

Our Sustainability Office supports the SSC around the definition and implementation of the Sustainability Strategy in each long-term priority and SHE Management. The Sustainability Office also supports the champions and provides relevant advice and guidance as and when required around the implementation of each priority area.

This governance model enables our executives and their teams to focus on creating and sustaining value for the Company and key stakeholders through each specific business activity, with attention paid to the long-term challenges which our Company faces and with expert support on economic, environmental and social issues. Moreover, individual members of staff across all business activities and functions have responsibility for implementing specific aspects of our sustainability strategy. SHE objectives form part of all employees’ performance appraisals (including Executive Committee members’ appraisals) which link through to remuneration and bonus schemes.
During the new business phase of our own projects, Environmental Due Diligence and an Environmental Impact Study are undertaken so that we can understand the potential liabilities that sites may contain (such as contaminated land or materials) and any potential negative environmental impacts associated with the project. We include in development budgets the steps required to eliminate or mitigate any identified issues. In circumstances where we provide development services, Environmental Due Diligence and Environmental Impact Studies are conducted at the client’s request. Environmental and S&H Due Diligences are also implemented upon the acquisition of existing shopping centres. The operational performance of newly acquired shopping centres are benchmarked against existing shopping centres in our portfolio prior to their purchase to identify the level of investment needed to bring them up to our standards.
SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM (CONTINUED)

DEVELOPMENT

We apply our own Safety, Health and Environment Development Standards (SHEDS) to guarantee effective risk management and good shopping centre performance, targeting our long-term priorities and critical impacts. Each of our projects under development is required to ensure that SHE risks and characteristics unique to each site are managed adequately.

We aim for all our new development projects, major expansions and refurbishments where we have direct control, to target as a minimum BREEAM Good, LEED Silver or DGNB Bronze. Development teams are able to select the BREEAM, LEED or DGNB credits that best help them achieve their goals.

We also aim for the SHEMS for all Sonae Sierra construction projects to be certified to OHSAS 18001 and ISO 14001. Since 2004, 25 Sonae Sierra construction sites have achieved ISO 14001 certification and nine have achieved OHSAS 18001 certification. Of our shopping centres inaugurated over the past four years – Le Terrazze in Italy was the first in the world to achieve joint ISO 14001 and OHSAS 18001 certifications for the SHEMS of their construction works, Uberlândia Shopping (inaugurated in 2012) was the first to achieve both in the Americas, and in 2013, Hofgarten Solingen was the first development of its kind in Germany to do so.

On developments managed through a joint venture agreement without our direct control, we engage with our partners to decide whether to implement our full SHEMS system beyond the minimum legal requirements and compliance audits that we implement. In the event that our partner does not wish for us to implement our full certified SHEMS, we still make sure that we comply with legislation in relation to both construction work and building regulations of the relevant country. We also implement critical SHE procedures (including accident investigation and emergency response) and best practice, run data reports and carry out data audits in relation to safety, health and environmental issues.

PROPERTY MANAGEMENT

We apply our SHEMS to manage the main environmental aspects and safety and health risks during the operational phase of a shopping centre. We monitor and manage the performance of our owned operational shopping centres with respect to energy; water; waste and safety and health, and identify further improvements that need to be made to optimise the buildings’ environmental performance and reduce S&H risks. Across our operational portfolio, we have been measuring, monitoring and targeting energy use and waste management since 2000, water use since 2003 and S&H since 2004.

Our energy and water metering strategy is designed to ensure effective sub-metering with connection to each centre’s BMS, which allows us to have a better control of these utilities’ use. In 2012, we launched a new online management system, called the SHE Portal. This tool allows us to streamline our SHE management processes and improve the accuracy of data and information reported by holding all data in one central platform which is accessible to all our staff. Data collection and monitoring for energy, water, waste and safety and health is managed through this database which allows each of our shopping centre management teams to input SHE performance data and generate reports that can be used to compare performance across Sonae Sierra’s portfolio and to set annual targets to improve performance. We also monitor and evaluate safety and health performance on a regular basis using tools such as SHE Preventive Observations (SPO), emergency drills and SHE inspections (covering safety-related equipment and installations in tenant units and warehouses). As of 31 December 2014, ISO 14001 certifications had been achieved in 89% of our shopping centres in operation and OHSAS 18001 certification had been achieved in 63%.

In cases where we provide shopping centre management services to clients, we do not systematically apply our certified SHEMS because this falls outside the boundaries of our responsibility. However, we make sure that we monitor and comply with applicable legislation and implement critical S&H procedures to reduce potential risks. With our long-term experience in managing safety, health and environmental impacts, we are also very well placed to provide additional services, such as alignment with ISO 14001 and OHSAS 18001, when these services are specifically requested by our clients.

ASSET MANAGEMENT

The annual capital expenditure budget allocated to each of our owned shopping centres includes investments to improve the centres’ SHE performance. For a detailed account of environmental investments made in 2014, see page 78 of this report.
### BOARD MEMBERS AND EXECUTIVES

**NON-EXECUTIVE DIRECTORS**

**Paulo Azevedo**
**Chairman**
Paulo Azevedo joined Sonae in 1988 as New Investments Analyst and Project Manager. Subsequently, he held different management positions in several group companies. From 1996 to 1998 was Executive Director at Modelo Continente Hypermarkets and in 1998 was appointed CEO of Optimus. From 2000 to 2007, was Sonaecom CEO. In 2007 was elected Sonae CEO.

**Academic achievements**
Degree in Chemical Engineering, École Politechnique Federal de Lausanne; MBA, ISEE, University of Porto.

**Mark Preston**
**Non-Executive Director**
Mark Preston joined Grosvenor in the UK in 1989. Seconded to Hong Kong in 1995, he returned to lead Grosvenor’s fund management operations in 1997, spent four years in San Francisco from 2002, became Chief Executive of Grosvenor Britain & Ireland in 2006 and Group Chief Executive in 2008. He is a Trustee of the Westminster Foundation and also a member of the Board of The Association of Foreign Investors in Real Estate, the ULI Greenprint Advisory Board and the (University of) Cambridge Land Economy Advisory Board.

**Academic achievements**
BSc (Hons) Degree in Land Management, Reading University; member of the RICS; International Executive Programme at INSEAD.

**Ângelo Paupério**
**Non-Executive Director**
Ângelo Paupério has been a Non-Executive Director of Sonae Sierra since 2000. He is also Chairman of Sonaecom’s Executive Committee, Executive Vice-Chairman of Sonae SGPS and sits on the Board of Sonae Distribuição, all of which are companies in the Sonae Group.

**Academic achievements**
Degree in Civil Engineering, University of Porto; MBA, ISEE, University of Porto.

**Nicholas Scarles**
**Non-Executive Director**
Nicholas Scarles (FCA, Attorney at Law), joined Grosvenor in 2004 where he is currently Group Finance Director. He was previously at Centrica, PricewaterhouseCoopers and Lybrand in London, New York and Toronto. He is a Governor of the Haberdashers’ Elstree Schools, Member of the Court of Assistants of the Haberdashers Livery Company.

**Academic achievements**
Degree in law from Trinity College, Cambridge; Masters of Law from the University of Virginia; Fellow of the Institute of Chartered Accountants in England and Wales; Member of the Institute of Taxation (UK); Certified Public Accountant (Colorado, USA).

**Neil Jones**
**Non-Executive Director**
Neil Jones has been a Non-Executive Director of Sonae Sierra since 1999 and is a member of both the Investment and Finance Committees. He is an advisor to Grosvenor, and a Non-Executive director of both Majid Al Futtaim Properties and of the Leducq Foundation. He is also Founder and shareholder of both Almacantar and Temprano Capital Partners. He was CEO of Grosvenor Continental Europe from 1997 to 2009 and an Executive Director of Grosvenor Group Ltd. Based in Paris since 1998, he has also lived and worked in London, Brussels and Hong Kong.

**Academic achievements**
BSc (Hons) Degree in Estate Management; RICS; General Management Programme, Harvard Business School.
Executive Directors

Fernando Guedes Oliveira
Chief Executive Officer
Fernando Guedes Oliveira joined Sonae Sierra in 1991, as Development Manager of the Company’s Via Catarina and Centro Vasco da Gama shopping centres. He had previously spent seven years in other management roles with the Sonae Group. In 1999 he took responsibility for all Sonae Sierra’s development operations in Europe and was appointed CEO of Sonae Sierra in April 2010 with direct responsibilities over the Human Resources, Corporate Communication, Marketing and Innovation and Sustainability. He is the chair of the Sustainability Steering Committee.

Academic achievements
Degree in Civil Engineering, University of Porto; MBA, ISEE, University of Porto; AMP, Harvard Business School.

Edmundo Figueiredo
Director, Chief Financial Officer
Edmundo Figueiredo joined the Sonae Group in 1989, as Financial Controller of the Company’s real estate activities. As Sonae Sierra’s Chief Financial Officer and a member of the Sonae Group Finance Committee, Edmundo’s responsibilities include Internal Audit; Legal, Fiscal and Mergers & Acquisitions; Finance, Planning & Control, Information Systems and Back-Office.

academic achievements
Degree in Finance, Lisbon School of Economics (ISCEF).

Pedro Caupers
Director, Investment and Asset Management
Pedro Caupers joined Sonae Sierra in 1997. In 1999 he was appointed Board Director, with responsibilities for all the Company’s European property management and leasing activities. Since 2009 he has been in charge of the investment division and its European portfolio. He is also manager of the Sonae Sierra Funds. He is a member of the Sustainability Steering Committee.

Academic achievements
Degree in Electrical Engineering, Instituto Superior Técnico; PhD, Paris University; MBA, INSEAD.

Ana Guedes Oliveira
Director, Developments
Ana Guedes Oliveira has been with Sonae Sierra since 1987. Having managed the development of two major centres in Portugal, she moved to portfolio management in 1999. In 2008 she took over responsibilities for all Sonae Sierra’s European investment activities. Since 2009 she has overseen all aspects of the Company’s development programme (outside of Brazil). She is a member of the Sustainability Steering Committee.

Academic achievements
Degree in Civil Engineering, Porto University; MBA, ISEE, University of Porto; AMP, INSEAD.

João Correia de Sampaio
Director, Property Management and Leasing
João Correia de Sampaio joined Sonae Sierra in 1992, since when among other duties in the property management area he was Managing Director of Sierra Management Portugal and Sierra Management Spain. Since 2009 he has been responsible for all Sonae Sierra’s property management and leasing activities (outside of Brazil). He is a member of the Sustainability Steering Committee.

Academic achievements
Degree in Military Sciences, Academia Militar, Lisbon; MBA, Nova University of Lisbon.

José Baeta Tomás
Director, Chief Executive Officer, Sonae Sierra Brasil
Having joined the Sonae Group in 1982, José Baeta Tomás was appointed General Manager of Sonae Distribuição in 1983. He joined the Executive Committee in 1985 and, in 1995, created Sonae Distribuição in Brazil. From 2003 to 2009 he managed Tafisa Brazil and supervised the Sonae Group activities in Brazil. In 2010 he was appointed CEO of Sonae Sierra Brasil. He is a member of the Sustainability Steering Committee.

Academic achievements
Degrees in Finance, ISE, Lisbon, and Retail Marketing, Management Centre Europe, Oxford. Executive Program Michigan University USA.
**Board Members and Executives (continued)**

### Other Executives

**João Pessoa Jorge**  
Services, Asia  
João Pessoa Jorge joined the Sonae Group in 1983 as one of the executives involved in starting the Group’s real estate business. From 1998 until 2001, he was CEO of Sonae Sierra Brazil. In 2001, João took responsibility for promoting the Company’s professional services business in Asia.  
**Academic achievements**  
Degree in Civil Engineering, University of Porto; MBA, Kent State University, Ohio.

**Joaquim Pereira Mendes**  
Legal, Tax, Mergers & Acquisitions  
Joaquim Pereira Mendes joined Sonae Sierra in 1989 and is responsible for the Company’s Legal, Tax and Mergers & Acquisitions activities.  
**Academic achievements**  
Degree in Law, Coimbra University; Visiting Professor, Portucalense University, Porto.

**José Falcão Mena**  
EMEA Sierra Services  
José Falcão Mena joined Sonae Sierra in 1989. He has overseen the Company’s expansion in Iberia since 1998 and been responsible for shopping centre development in the same region since 2004. In 2003, he became responsible for the expansion of professional services to clients in the EMEA region.  
**Academic achievements**  
Degree in Civil Engineering, Instituto Superior Técnico, Lisbon; Management Graduate, ESC TÉE, Lisbon; Advanced Marketing Studies, Católica Lisbon – School of Business and Economics.

**Joaquim Ribeiro**  
Finance, Planning and Control  
Joaquim Ribeiro joined the Sonae Group’s holding company in 1989, before transferring to Sonae Indústria. He then moved to London for six years, where he worked for Sonae International. In 1995, he joined Sonae Sierra’s financial department, where since 2008, he has been responsible for Finance, Control, Back Office and Information Systems. He is a member of the Sustainability Steering Committee and responsible for the Risk Management Working Group.  
**Academic achievements**  
Degree in Economics, Faculdade de Economia do Porto; MBA, Nova University of Lisbon; MSc in Property Investment, City University, London.

**Ingo Nissen**  
Development, Romania  
Ingo Nissen joined Sonae Sierra in 2000, when the Company began operations in Romania. Since 2007, he has responsibilities for the Company’s shopping centre developments in Romania.  
**Academic achievements**  
Degree in Civil Engineering, Technical University, Braunschweig; PhD, Technical University, Munich.

**Thomas Binder**  
Development, Germany  
Thomas Binder has more than 30 years’ experience of project and lease management in the German shopping centre, business parks and commercial property sector. He joined Sonae Sierra in 2006, and has responsibilities for the Company’s shopping centre developments in Germany.  
**Academic achievements**  
Degree in Real Estate Management, Wirtschaftsakademie, Kiel; studied Law in Bochum and Kiel.

**Vitor Nogueira**  
Property Management North Africa and Eastern Europe  
Having overseen the inauguration of more than 10 new shopping centres in Iberia, Vitor Nogueira previously led the Sierra Management support team responsible for 17 shopping centres in Spain. Since 2007, his responsibilities have been focused on the Company’s non-Iberian operations, particularly those in Italy, Greece and Romania. Since 2012, he became responsible for property management in North Africa and Eastern Europe.  
**Academic achievements**  
Degree in Management Administration, UL/ULM, Lisbon; MBA, IESEG, Madrid; Master of Science in Finance, Central Western University, Texas; Leadership, London Business School; Global Strategic Management at Harvard Business School.

**Manuela Calhau**  
Marketing and Innovation  
Manuela Calhau joined Sonae Sierra in 2008, following senior positions in the telecommunications sector, where she was a board member at several Sonaeicom companies and a consultant at McKinsey & Co. Manuela was the first Portuguese woman to join McKinsey at management level. At Sonae Sierra, she is responsible for Marketing across all the Company’s European operating shopping centres and development projects. She is a member of the Sustainability Steering Committee.  
**Academic achievements**  
Degree in Economics, Católica Lisbon – School of Business and Economics; MBA, Nova University of Lisbon; Visiting Professor on the joint UCP/UNL/MIT MBA programme.

**Cristina Santos**  
Property Management, Portugal  
Cristina Santos joined Sonae Sierra in 1995, as Assistant Director of GaiaShopping, where she later became the centre’s Director. She subsequently transferred to the Company’s central Property Management division and is now the Managing Director of Sierra Management Portugal, with special responsibilities for property management and letting.  
**Academic achievements**  
Degree in Food Engineering, Católica Lisbon – School of Business and Economics.
Other Executives (continued)

**Alexandre Fernandes**
**Asset Management, Portugal and Spain**

Alexandre Fernandes joined Sonae Sierra in 1997 as Development Manager of Norte Shopping, later becoming the centre’s General Manager. In 2000 he was appointed Asset Manager for Portugal and in 2002 he added Greece and Romania to his portfolio. Since 2008, Alexandre has overseen all Sonae Sierra’s real estate investments in Portugal and Spain.

**Academic achievements**
Degree in Civil Engineering from Instituto Superior Tecnico, Lisbon. Post-graduate qualifications at Faculdade de Arquitectura, Lisbon.

**Manuel Guerra**
**Development and Engineering Services**

Manuel Guerra joined Sonae Sierra in 1989 as Development Manager. Following several roles in the Developments business with responsibility for a large number of Sonae Sierra’s projects in Iberia, in 2011 he was appointed General Manager of Developments Iberia with responsibility for engineering services, and in 2012 he was promoted to General Manager for Developments and Engineering Services.

**Academic achievements**
Degree in Civil Engineering from Instituto Superior Tecnico, Technical University in Lisbon. Post-graduate qualifications in Real Estate Management from IST and general management from Catholic University, Lisbon.

**Pedro Soveral Rodrigues**
**Human Resources**

Pedro Soveral Rodrigues joined Sonae Sierra in 1998 as Deputy Manager of Centro Colombo. Since then he assumed different responsibilities at the company including the Expansion role in Iberia, the leadership of the Safety & Health area, as well as the responsibility of Property Management in Italy. In 2003 he was appointed Head of Human Resources. He is a member of the Sustainability Steering Committee.

**Academic achievements**
Degree in Electronics Engineering, Minho University; MSc in Management, University of Porto; MBA, ISEE University of Porto; AMP, IE Madrid.

**Carlos Alberto Correa**
**CFO & IR Officer, Sonae Sierra Brasil**

Carlos Alberto Correa joined Sonae Sierra Brasil as Deputy CFO in 2007, having spent a number of years with some of Brazil’s larger companies, where he acquired extensive experience in the financial field. In February 2009 he was appointed CFO of Sonae Sierra Brasil, with overall responsibility for the Company’s financial area. In 2011 he took over responsibility for the investors’ relations department.

**Academic achievements**
Degree in Accounting & MBA, Universidade Presbiteriana Mackenzie, São Paulo; AMP, Harvard Business School.

**Waldir Chao**
**Property Management and Leasing, Sonae Sierra Brasil**

Waldir Chao joined Sonae Sierra Brasil in 2011 after 17 years in the Brazilian retail and real estate business. He has wide ranging responsibilities for the management, marketing and leasing of Sonae Sierra Brasil’s shopping centres, with a particular emphasis on the evolution of the day-to-day management aspects of each asset.

**Academic achievements**
Degree in Industrial and Management Engineering, - U.S.P., São Paulo; MBA, California State University, San Diego.

**Jorge Morgadinho**
**Conceptual Design & Architecture**

Jorge Morgadinho has been with Sonae Sierra since 1994. He started his activity as an architect for Centro Colombo. Following that he was appointed Deputy Development Manager for Centro Vasco da Gama. From 1999 to 2005 he was responsible for the development of three shopping centres in Spain. In 2006 he started his activity as Expansion Manager for New Markets. Since 2010 he returned to the architecture department as Head of the Conceptual Design & Architecture.

**Academic achievements**
Degree in Architecture at Faculdade de Arquitectura, Lisbon MBA at IESE, Universidade de Navarra, Barcelona.
### Vitor Freitas Duarte
Corporate Controller

Vitor Freitas Duarte joined Sonae in 1997 and held various positions ranging from Investor Relations at Sonae SGPS to Project Manager at Sonae UK. In 2004 he joined Sonae Sierra as a Finance Manager and, three years later, he assumed responsibilities as Senior Manager for New Projects and Acquisitions in Europe. In 2010, he was also appointed Corporate Controller with responsibilities for information systems and European back offices.

**Academic achievements**
Degree in Management from Oporto University; MBA, ESADE Business School/NYU Stern.

### José Maria Robles
General Manager, Property Management, Italy

José Maria Robles joined Sonae Sierra in 2003 as a Shopping Centre Manager. In 2007 he was appointed Regional Operations Manager for Central and Southern Spain, and in 2012 he was appointed General Manager for Property Management in Italy. Before joining Sonae Sierra he was a Regional Operations Manager for Lidl supermarkets in Eastern Spain.

**Academic achievements**
Degree in Business Administration, University of Wales (UK); Masters in Banking, Murcia University; Executive MBA, Bocconi Business School.

### João Carlos Lélis
Fund Manager

João Carlos Lélis joined Sonae Sierra in 2003 as an investment analyst. After working as a fund controller, his current responsibilities include the management of the Sierra Fund and the Sierra Portugal Fund, the monitoring of European portfolio investments and transaction support. Prior to Sonae Sierra, he was a consultant with McKinsey & Company, and also with Arthur Andersen. João sits on the Reporting Committee of INREV (the European Association for Non-Listed Real Estate Vehicles) and on the Valuation and Portfolio Management Committee of the Urban Land Institute.

**Academic achievements**
INSEAD International Executive Programme; MBA, Yale University School of Management; BS in Management, Faculdade de Economia da Universidade do Porto.

### Marco Pellizzari
General Manager, Developments, Italy

Marco Pellizzari joined Sonae Sierra Italy as General Manager Developments in October 2014, having spent 23 years working in commercial real estate for national and international companies including Fininvest Group, Decathlon, Blockbuster, Pirelli RE and BNP Paribas RE. He has extensive experience in property development, asset management and real estate advisory.

**Academic achievements**
Degree in Architecture, Università Politecnico di Milano; MBA, Luigi Bocconi Foundation.

### Christoph Billwiller
Legal Manager for Germany & Austria

Christoph Billwiller joined Sonae Sierra in 2005 as Legal Manager for Germany & Austria, having previously worked for an international law firm. Since 2005 he has been responsible for the Legal Department in Germany, and in 2015 he also took on responsibility for financing.

**Academic achievements**
Degree in Law and Doctorate in Law, both from WWU Münster, and has been admitted to the bar.
Since 2004 we have published reports which comply with the GRI. This report has been developed in accordance with the ‘Core’ GRI G4 Guidelines which were developed to increase emphasis on the need for organisations to focus their reporting process and performance on those topics that are material to their business and key stakeholders.

This chapter follows the structure of the GRI G4 Guidelines and the Construction and Real Estate Sector Disclosures, and includes our responses to the Profile Disclosures, Disclosures on Management Approach and Performance Indicators, or references to where these can be found in other sections of this report. As such, it replaces the need for a separate content index based on the recommended format outlined in the G4 Sustainability Reporting Guidelines Implementation Manual. We have reported against all material indicators for each Aspect identified in our materiality review, and any omissions are detailed in each section. All GRI General Standard and Specific Standard Disclosures have been externally assured by an independent auditor to ensure that data and information is accurate and complies with the applicable guidelines.

ANNEX: GLOBAL REPORTING INITIATIVE

Transparency about the sustainability of a company’s activities is of interest to a diverse range of stakeholders. The Global Reporting Initiative (GRI) has collaborated with large networks of experts representing different stakeholder groups in order to develop a comprehensive framework for sustainability reporting that can be used by organisations of any size, sector or location. The GRI’s Sustainability Reporting Guidelines are the world’s most widely used sustainability reporting framework.
GENERAL STANDARD DISCLOSURES

Strategy and Analysis

G4.1 Statement from the most senior decision-maker of the organisation. ‘CEO’s statement’, pages 3 to 4

Organisational Profile

G4.3 Name of the organisation. ‘Our Company’, page 8

G4.4 Primary brands, products and services. ‘Our Company’, pages 8 to 9

G4.5 Location of the organisation’s headquarters. Our headquarters are located in Maia, Portugal.

G4.6 Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report. ‘Our Company, Where we operate and key facts’, pages 10 to 11

G4.7 Nature of ownership and legal form. ‘Our Company’ page 8 and ‘Governance’, page 46

G4.8 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). ‘Our Company, Where we operate and key facts’, pages 10 to 11

G4.9 Scale of the reporting organisation. ‘Our Company, Where we operate and key facts’, pages 10 to 11

G4.10 Characteristics of the workforce. We consider our workforce to be the 1,106 employees that we directly employ, and the seven people who are employed by other companies but are supervised by Sonae Sierra. We also employed 17 independent contractors during the reporting period. The vast majority (99%) of our direct employees are employed on a full time basis and 12 are employed on a permanent part time basis. They are located across 13 countries with more than 73% based in our two largest markets, Portugal (37%) and Brazil (36%). Other significant locations include Spain (9%), Russia (4%), and Italy (6%).

During 2014, 227 employees left the company (a male/female turnover rate of 11.9% and 8.6% respectively), and we hired 188 new employees (a male/female new hire ratio of 9% and 8% respectively).

For more information on our workforce see the tables below and G4-LA12 page 121.
Organisational Profile (continued)

4.10 Characteristics of the workforce (continued)

<table>
<thead>
<tr>
<th>Employment contract</th>
<th>Direct Employees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Permanent</td>
<td>524</td>
<td>500</td>
</tr>
<tr>
<td>Fixed term</td>
<td>49</td>
<td>29</td>
</tr>
<tr>
<td>Temporary</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>574</strong></td>
<td><strong>532</strong></td>
</tr>
</tbody>
</table>

4.11 Percentage of total employees covered by collective bargaining agreements

Sonae Sierra does not have any collective bargaining agreements, so 0% of employees are covered.

4.12 Describe the organisation’s supply chain.

In 2014, we purchased goods and services with a value of approximately €938 million from our suppliers. Our most significant suppliers can be divided into two broad groups: service suppliers who provide maintenance, security, cleaning and waste management services in our shopping centres; and development suppliers who provide the goods and materials (such as building materials, metals, stone and timber) that we use during the development of new shopping centres and refurbishments and expansions of existing centres. In the majority of cases, development services are provided by contractors who in turn manage their own supply chain to source the goods and materials we use. We also procure a small amount of office supplies for use in our shopping centres and corporate offices, such as paper, envelopes, pens and folders.

The appointment of suppliers is governed by our supplier procurement procedures. Our Responsible Procurement Policy, adopted in 2007, is integrated into our Service Suppliers’ Management Procedures. All contracts with critical suppliers must include safety, health and environmental clauses, and sub-contractors have the same level of requirements in this area as contractors. We promote high environmental standards and in 2014, 39% of our suppliers had an environmental management system certified to ISO 14001.

The performance of critical development suppliers (contracts over €2.5 million) is assessed through questionnaires that collect information on their policies and practices regarding a range of CR issues including ethics, anti-corruption, human rights, environmental compliance, equal opportunities, safety and health and community investments.

For more information on our supply chain, including supplier procurement and evaluation procedures with regards to labour practices, see page 122.

There is no policy that guarantees preference to locally-based suppliers. However, the nature of the work carried out by our service and development suppliers means that a large proportion may be located close to our shopping centres. In 2014, 94% of our procurement spend was with national suppliers (aggregated across all countries).

4.13 Significant changes during the reporting period regarding the organisation’s size, structure, ownership, or its supply chain.

‘The Year At a Glance, Key achievements’, pages 5 to 7.

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3 This includes all Sonae Sierra suppliers with a total transaction value above €50,000 (317 suppliers in 2014). It is calculated as the total number of suppliers with ISO 14001 certification (65), divided by the total number of applicable suppliers who responded to this question (109). For Brazil, it only covers suppliers to our São Paulo corporate office.
The precautionary principle is addressed through our approach to safety, health and environment (SHE) issues. We operate a Safety, Health and Environment Management System (SHEMS) certified in accordance with ISO 14001 and OHSAS 18001 standards at a corporate level and local SHEMS on all our shopping centre and development sites, which require us to identify SHE aspects and impacts associated with our activities (see pages 47 to 49 for further details, including the number of our local SHEMS which are certified). We undertake an Environmental Impact Study and apply our Environmental Due Diligence procedure during the new business phase on our own projects. Environmental and Safety and Health Due Diligence is also carried out on new acquisitions supported by our Due Diligence procedure.

Our Safety, Health and Environment Development Standards (SHEDS), also described on page 49, enable us to minimise SHE risks and enhance the eco-efficiency of our shopping centres in operation during the design phase. We also demonstrate a precautionary approach to climate change risks; see pages 70 to 71 for further details.

List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.

Global Compact
Sonae is a signatory of the Global Compact, a voluntary 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. As we are partially owned by Sonae, we provide an outline of how we comply with these principles to support its reporting against the ten core values to the United Nations. See our website for our Report on Progress against the Compact’s ten principles.

ULI & Greenprint Centre for Building Performance
In 2009, Sonae Sierra became a founding member of the Greenprint Foundation, a global industry initiative supported by key players in the property sector. In 2012 the Greenprint Foundation and Urban Land Institute (ULI) merged to form the ULI Greenprint Centre for Building Performance. Sonae Sierra continues to play an active role, and in 2014 participated in the ‘Greenprint Performance Report Volume 5’ (previously called Greenprint Carbon Index). We submitted energy consumption and greenhouse gas (GHG) emissions data from 42 shopping centres, which were analysed and compared to other Greenprint members’ portfolios. We are a member of the Advisory Board and sit on its Performance Committee and Valuation Committee, and are also a member of the ULI European Sustainable Development Council.

INREV Sustainability Committee
In 2014 Sonae Sierra became a member of the INREV (European Association for Investors in Non-listed Real Estate Vehicles) Sustainability Committee. Previously we were members of the Sustainability Working Group which was launched in 2009 to inform and educate members of fund-level sustainability issues. INREV’s work has focused on improving members’ access to information on sustainability issues such as regulation and industry benchmarks, understanding market practices in the industry and supporting other initiatives across INREV’s committees such as reporting and due diligence. Sonae Sierra has contributed to the INREV Best Practice Recommendations (BPR) for Sustainability Reporting in 2012 and in 2013 was involved in the revision of the due diligence questionnaire.

Sustainable Energy Europe Campaign
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 an initiative of the European Commission’s Directorate-General for Energy and Transport, which aims to raise public awareness and promote sustainable energy production and use among individuals, organisations, private companies, public authorities, energy agencies, industry associations and NGOs across Europe.

The 2°C Challenge Communiqué
In 2011 Sonae Sierra signed The 2°C Challenge Communiqué that calls on governments to break the deadlock in international negotiations and take action at a national level to tackle climate change.
Organisational Profile (continued)

G4.15 List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses (continued)

World Business Council for Sustainable Development
We participate in the core group of the WBCSD’s Energy Efficiency in Buildings (EEB) project, and have signed up to the WBCSD’s Manifesto for Energy Efficiency in Buildings which calls on signatories to set energy reduction targets for the buildings they control and promote building energy efficiency among their stakeholders. Sonae Sierra was featured in the latest EEB magazine: ‘A Call to Action’ which highlighted our historical achievements in reducing energy use at our shopping centres, and the success of recent initiatives such as the Bright project (see page 32).

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

Memberships in industry associations
- ALSHOP – Associação Brasileira de Lojistas de Shopping (Brazilian Association of Shopping Tenants)*
- Associação Española de Centros Comerciales – AECC (Spanish Council of Shopping Centres)
- Associação Portuguesa de Centros Comerciais – APCC (Portuguese Council of Shopping Centres)*
- Associação Portuguesa de Promotores e Investidores Imobiliários – APPII (Portuguese Property Investor and Developer Council)*
- Associação Brasileira de Shopping Centers – ABRASCE (Brazilian Council of Shopping Centres)
- Assoimmobiliare (Italian Real Estate Industry Association)*
- CSP – Confederação de Serviços de Portugal (Confederation of Services of Portugal)*
- CCILC – Câmara de Comércio e Indústria Luso-Colombiana (Luso-Colombian Chamber of Commerce and Industry)
- Consiglio Nazionale dei Centri Commerciali Italia – CNCC (Italian Council of Shopping Centres)*
- EIRE – Expo Italia Real Estate**
- European Association for Investors in Non-Listed Estate Vehicles – INREV**
- European Property Federation*
- Federimobiliare (Italian Federation of Real Estate Associations)*
- German Council of Shopping Centres*
- Greek Council of Shopping Centres*
- International Organisation of Employees**
- International Council of Shopping Centres (ICSC)**
- IBEVAR – Instituto Brasileiro de Executivos de Varejo (Brazilian Institute of Retail Executives)
- Romanian Council of Shopping Centres*
- Urban Land Institute – ULI**

* Denotes organisations where Sonae Sierra has significant influence either as president, a trustee or a member of the Board or Council.
** Denotes organisations where Sonae Sierra is a member of a working group, taskforce or committee.

Identified Material Aspects and Boundaries

G4.17 List of all entities included in the organisation’s consolidated financial statements or equivalent documents and identification of any entity included in the organisation’s consolidated financial statements or equivalent documents that are not covered by the report.

Please see Note 3 in our Consolidated Report and Accounts 2014 for a full list of companies included in our financial statements.

This report provides an account of our performance across all Sonae Sierra businesses including Sierra Investments, Sierra Developments, Sierra Management and Sonae Sierra Brasil. The safety, health and environment (SHE) information covers all our owned subsidiary holding companies, regardless of our ownership stake in these.
Identified Material Aspects and Boundaries (continued)

In 2014 Sonae Sierra conducted a materiality review to identify the sustainability aspects that are material to its business. The review incorporated feedback received on the 2013 report, as well as updated stakeholder feedback, changes to Sonae Sierra’s operating environment and the recently published GRI Construction and Real Estate Sector Disclosures (CRESD). Building on the 2013 materiality review, the 2014 review incorporated elements of the materiality approach developed by the sustainability think-tank AccountAbility with modifications introduced by the Hauser Centre at Harvard University and the Initiative for Responsible Investment. It was based on the four-stage approach recommended by the GRI’s G4 sustainability reporting guidelines and included:

- **Review of material aspects after the report has been published.** We conducted a ‘sense check’ of the findings from the last material review conducted in 2013. This included: a review of the information presented in our 2013 Economic, Environmental and Social Report and considered: changes to the macro operating environment in which Sonae Sierra operates such as Sonae Sierra’s entry into China and its first development project in Morocco; broader industry trends including in-sector, and out-of-sector peer practices; and the further development and refinement of Sonae Sierra’s sustainability strategy and confirmed lines of action for each CSV theme. We also responded to feedback that the 2013 Materiality Review should be extended to include issues beyond the 46 aspects identified in the GRI’s G4 Guidelines.

- **Identification of topics “that may reasonably be considered important for reflecting the organisation’s impacts or influencing stakeholders”.** We identified 13 additional non-GRI related aspects, of which nine were taken forward to the prioritisation stage, and four were incorporated into existing GRI G4 aspects. The nine additional issues were: Sustainable Energy; Visitor Transport; Water Scarcity; Online Retail & Digital Technology; Customer Experience; Changing Consumer Habits; Tenant Satisfaction & Engagement; Land Acquisition; Shopping Centre Crime & Security. We also reviewed the GRI G4 aspects that were not identified as material in 2013 and assessed whether they should still be considered not material. As a result, we included Supplier Assessment for Labour Practices in the prioritisation stage. Finally, based on our assessment, we decided not to include the GRI aspects related to Environmental, Society and Product Responsibility Compliance and Grievance Mechanisms that were considered material in 2013 because no such compliance issues or significant grievances were registered.

- **Prioritisation of aspects that “reflect the organisation’s significant economic, environmental and social impacts” and the aspects that “substantively influence the assessments and decisions of stakeholders”.** All shortlisted aspects were tested against five weighted criteria to assess their importance to Sonae Sierra and five weighted criteria to assess their importance to Sonae Sierra’s stakeholders. Materials used to assess the importance of each aspect to Sonae Sierra included, for example, our sustainability strategy, risk assessments, legislation reviews, peer reviews and financial risks and opportunities. Materials used to assess the importance of each aspect to our stakeholders included employee, tenant, community and consumer surveys, and annual investor information requests.

The overall importance of each issue was then calculated using an average score across all criteria. We developed a materiality matrix (see chart below) to map each aspect in terms of its importance to Sonae Sierra and its importance to our stakeholders. In a change from previous years, the matrix groups aspects into four quadrants. Aspects identified as a high priority for Sonae Sierra, a high priority for our stakeholders, and a high priority for both Sonae Sierra and our stakeholders are considered material.

Overall, the higher threshold means that a lower number of aspects were considered material compared to 2013. We did however shortlist a number of aspects that we considered material but did not score highly in the materiality assessment. These have the potential to present a material impact in the long term or are a high priority for individual stakeholder groups. These aspects include Economic Performance, Environmental Investment, Diversity & Equal Opportunity, Local Communities, Public policy and Product & Service Labelling.

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**G4.18** Explain the process for defining the report content and Aspect Boundaries, and explain how the organisation has implemented the Reporting Principles for Defining Report Content.

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From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues, Steve Lyndenberg, Jean Rogers, David Wood (The Hauser Center for non-profit organisations at Harvard University and Initiative for Responsible Investment, 2010).
**Identified Material Aspects and Boundaries (continued)**

G4.18 Explain the process for defining the report content and Aspect Boundaries, and explain how the organisation has implemented the Reporting Principles for Defining Report Content. (continued)

<table>
<thead>
<tr>
<th>Materiality matrix showing material issues to Sonae Sierra</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High priority for Sonae Sierra</strong></td>
</tr>
<tr>
<td>Sustainable Energy</td>
</tr>
<tr>
<td>Economic Performance</td>
</tr>
<tr>
<td>Online Retail &amp; Digital Technology</td>
</tr>
<tr>
<td>Problems &amp; Services</td>
</tr>
<tr>
<td>Occupational Health &amp; Safety</td>
</tr>
<tr>
<td>Emissions</td>
</tr>
<tr>
<td>Effluents and Waste</td>
</tr>
<tr>
<td>Effluents</td>
</tr>
<tr>
<td>Customer Experience</td>
</tr>
<tr>
<td>High priority for our stakeholders</td>
</tr>
<tr>
<td>Local Communities</td>
</tr>
<tr>
<td>High priority for our stakeholders</td>
</tr>
<tr>
<td>Materials</td>
</tr>
</tbody>
</table>

- Validation of material aspects prior to reporting to ensure that the report provides a reasonable and balanced presentation of an organisation’s sustainability performance. The findings were reviewed and validated by the Sustainability Office. Based on their feedback, we included one additional aspect in our list of material issues: Anti-corruption. The specific rationale for deeming this aspect as material is explained in the Disclosures on Management Approach.
### Identified Material Aspects and Boundaries (continued)

<table>
<thead>
<tr>
<th>Material aspect</th>
<th>Material boundaries within our Company (Sonae Sierra’s business activities)</th>
<th>Material boundaries outside of our Company (business chain upstream &amp; downstream)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Development</td>
<td>Property Management</td>
</tr>
<tr>
<td>Economic Performance</td>
<td>√</td>
<td>×</td>
</tr>
<tr>
<td>Indirect Economic Impacts</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Materials</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Energy</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Sustainable Energy</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Water</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Water Scarcity</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Emissions</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Effluents and Waste</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Products and Services</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>(Environment) Overall</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Training and Education</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Diversity and Equal Opportunity</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Supplier Assessment for Labour Practices</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Local Communities</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Anti-Corruption</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Public Policy</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Changing Consumer Habits</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Customer Health and Safety</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Product and Service Labelling</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Tenant Satisfaction &amp; Engagement</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Online Retail &amp; Digital Technology</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

The above table identifies the material boundaries for each aspect, broadly split between impacts under our direct operational control, those related to professional services and those related to the activities of our suppliers and tenants. For specific limitations regarding the boundary and level of coverage for each of the above aspects, see G4.23, the relevant Disclosures on Management Approach for each material aspect and Data Qualifying Notes for individual indicators.

We have not provided a further analysis of material boundaries according to geography/region as the nature of our operations that fall within the scope of this report are located in regions which typically possess significant bodies of legislation covering each aspect, meaning there are no dramatic differences in the materiality of each aspect. The exception, as noted above, is emerging markets where we provide third party services which fall outside the scope of this report, unless otherwise stated. Furthermore, we apply a consistent approach to managing these impacts across our owned shopping centres. Where differences do occur, for example in relation to the localised impacts of climate change and water availability, these are often felt at an individual asset level, and not at a broader country or regional level. In these instances, our management approach allows for a more tailored approach (see G4–EC2 and the DMA for Water).
### Identified Material Aspects and Boundaries (continued)

<table>
<thead>
<tr>
<th>G4.22</th>
<th>Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Any re-statements of previously reported values are explained using data qualifying notes beside each performance indicator.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4.23</th>
<th>Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unless otherwise stated, all performance data contained in this report:</td>
</tr>
<tr>
<td></td>
<td>• Includes all of Sonae Sierra’s direct operations in Europe and Brazil, but in the majority of cases excludes our activities in Algeria, Azerbaijan, China, Colombia, Morocco, Russia and Turkey where we do not own shopping centres. The exception is data on employee training on our Code of Conduct, financial information (for example indicator G4-EC1), human resources (including employee volunteering), employee health and safety (indicator G4-LA6), tenant contracts under management and GLA under management, where we succeeded in obtaining information for Albania, China, Russia and Turkey.</td>
</tr>
<tr>
<td></td>
<td>• Excludes our corporate offices, except for data on employee volunteering, in Albania, China, Colombia, Luxembourg, Morocco, Russia, the Netherlands and Turkey.</td>
</tr>
<tr>
<td></td>
<td>• Excludes shopping centres that are managed but not owned by Sonae Sierra (i.e. shopping centres that we do not hold any shares in). Shopping centres which are not owned by Sonae Sierra are not fully covered by our SHEMS, and are not included within the scope of SHE targets related to shopping centres.</td>
</tr>
<tr>
<td></td>
<td>• Excludes the sustainability impact of our tenants (all our owned shopping centres contain units/facilities which are leased to our tenants; the impacts of these facilities, which are the impact of our tenants, are not quantified in this report).</td>
</tr>
<tr>
<td></td>
<td>• Excludes development projects that are managed but not owned by Sonae Sierra.</td>
</tr>
<tr>
<td></td>
<td>• Excludes the sustainability impact of our joint venture partners on development projects and our construction contractors.</td>
</tr>
</tbody>
</table>

The most significant change in terms of scope in comparison with the previous reporting period is the sale of La Farga in Spain. La Farga was sold in November 2014, thus we have included its performance until that date for all indicators. For mainly environmental indicators we have also estimated, when no real data was available, performance for November and December based on historical trends to provide full calendar year data. La Farga is not included in our GLA under management and total number of shopping centres owned, since as of 31 December we no longer hold any interest in the asset.

Key changes from previous reporting periods in terms of material aspects are:

• Inclusion of aspects related to Sustainable Energy, Water Scarcity, Changing Consumer Habits, Tenant Satisfaction & Engagement, Online Retail & Digital Technology and Customer Experience.
• Removal of aspects related to Biodiversity, Equal Remuneration for Women & Men and Anti-competitive Behaviour because they were not identified as high priority issues in our materiality review.
• Removal of aspects related to Environmental, Society and Product Responsibility Compliance, and Environmental, Labour Practice and Society Grievance Mechanisms. We will however continue to monitor our performance against these aspects should any monetary fines, non-monetary sanctions or grievances received be deemed material.

### Stakeholder Engagement

<table>
<thead>
<tr>
<th>G4.24</th>
<th>Provide a list of stakeholder groups engaged by the organisation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Investors and financiers</td>
</tr>
<tr>
<td></td>
<td>• Employees</td>
</tr>
<tr>
<td></td>
<td>• Tenants</td>
</tr>
<tr>
<td></td>
<td>• Suppliers</td>
</tr>
<tr>
<td></td>
<td>• Shopping centre visitors</td>
</tr>
<tr>
<td></td>
<td>• Local communities &amp; authorities</td>
</tr>
<tr>
<td></td>
<td>• The media</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4.25</th>
<th>Report the basis for identification and selection of stakeholders with whom to engage.</th>
</tr>
</thead>
</table>
|       | The stakeholder groups with whom we engage have been identified based on our considerable experience of developing and managing shopping centres.
## Stakeholder Engagement (continued)

### G4.26

Report the organisation’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

### G4.27

Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns.

<table>
<thead>
<tr>
<th>Our Investors</th>
<th>Key topics raised in 2014</th>
<th>How we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>How we engaged and informed in 2014</td>
<td>Sonae Sierra once again achieved a Green Star rating in the 2014 GRESB survey. Based on GRESB’s evaluation, Sonae Sierra ranked 3rd in its European peer group and 5th across all European entities. Overall, Sonae Sierra achieved a score of 80, almost double the global average score of 47. Sonae Sierra scored higher across all aspects in comparison to 2013, except ‘Policy &amp; Disclosure’ where we continued to achieve 100%. We also achieved 100% for ‘Risks &amp; Opportunities’ and ‘Monitoring &amp; EMS’ categories. Our lowest score was for ‘Building Certifications’ (47%).</td>
<td>All our new developments are targeting BREEAM Good, LEED Silver or DGNB Bronze as a minimum. By the end of 2014 we were able to demonstrate concrete results on this front for consideration in future surveys by achieving DGNB Gold for the development of Hofgarten Solingen. We also achieved BREEAM In-Use Good for Asset Performance and BREEAM In-Use Very Good for Building Management at GranCasa and Max Center in Spain, and BREEAM In-Use Very Good for Asset Performance and Building Management at Centro Colombo in Portugal.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Employees</th>
<th>Key topics raised in 2014</th>
<th>How we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>How we engaged and informed in 2014</td>
<td>Feedback from the interviews and survey undertaken as part of project ‘Be Well’ enabled us to identify the attributes that employees value most highly about the workplace and those that they would like to see improved. Valued attributes included the positive work environment, high levels of autonomy, clear and varied tasks and objectives and the company’s ethos. Employees identified that communication, workload, stress, work/life balance and ‘bureaucracy’ were aspects that needed improvement.</td>
<td>Based on the findings of the project Be Well survey, the Sustainability Steering Committee approved an action plan to improve wellbeing at work. Initiatives covering eight intervention areas designed to improve employee wellbeing are planned over the coming years. The first – Sierra Ignite – comprises a group format where different employees describe how their role and responsibilities contribute to the Company’s success. It was designed in response to feedback that employees found it difficult to know what their colleagues do, and how they can support them. Other initiatives include Energize Your Time which was launched at the beginning of 2015. It consists of an internal workshop focusing on physical and mental tips to raise energy levels and improve productivity. You can read more about project Be Well and its outcomes on our website.</td>
</tr>
</tbody>
</table>
## Stakeholder Engagement (continued)

### Our Tenants

**How we engaged and informed in 2014**

- SierraCentres network and newsletter
- Operational tenant survey
- Management meetings
- Safety, health and environment (SHE) Open Committees
- SHE training, SPO and emergency practice drills
- SHE Good Practices Guide for tenants
- Tenants’ sustainability benchmarking
- PERSONÆ Awards to acknowledge tenants with the best safety and health practices

**Key topics raised in 2014**

The results of our operational tenant satisfaction surveys were positive overall. Our overall satisfaction level was 4.6, and 96% of our shopping centres achieved a tenant satisfaction rate of 4 or above. Satisfaction rates increased in all countries except Italy (which fell from 4.53 in 2013 to 4.40 in 2014) and Romania (which fell from 5.07 in 2013 to 4.90 in 2014). Different aspects stand out across different countries and shopping centres; for example, in Portugal tenants reported very good feedback on marketing, SHE and digital initiatives, but felt that cleaning, maintenance and indoor climate could be improved; in Brazil there were positive evaluations of most aspects except for WC cleaning and, in some centres, security. Separately, tenants helped us to improve SHE aspects by contributing with useful feedback at the Open Committee meetings, e.g. requesting changes to restaurant tenants’ training in ViaCatarina (Portugal) and identifying improvements to emergency procedures in Loop5 (Germany).

**How we responded**

The 2014 tenant survey gave tenants an opportunity to make recommendations on how shopping centres can be improved covering issues ranging from operational practices to the tenant mix. Our property management teams plan to develop action plans in response to these recommendations for implementation in 2015.

Feedback from our last Top Tenant Survey (conducted in 2013) revealed that the most important sustainability issues for tenants are those that can lead to a reduction in operating costs (such as energy, water and waste management). In response, during 2014 we developed benchmark reports for tenants based on available data such as energy audits and assessments showing them how their energy performance compares to other stores, and helping them to identify where energy efficiency improvements can be implemented.

### Our Suppliers

**How we engaged and informed in 2014**

- Service Suppliers’ Evaluation Procedure
- Safety and Health interviews
- Regular SHE meetings
- SHE training, SPO and Safe Practice Index (SPI)
- SHE Good Practices Guide for suppliers

**Key topics raised in 2014**

During 2014 we held S&H meetings with cleaning, maintenance and security suppliers in Portugal with the principal aim to discuss the reasons for the increase in category 3 and 4 accidents and understand existing actions in place to prevent these types of incidents from occurring again, and/or define new actions with the same purpose. We also organised in-depth interviews with more than 60 service suppliers to discuss the reasons for the increase in the frequency and severity of workplace accidents. The feedback was still being assessed at the time of publication, but we plan to develop mitigation plans for implementation in 2015.

**How we responded**

As a result of our S&H meetings, we were able to define a series of actions to help us prevent the recurrence of these types of accidents. These included:

- Carrying out SPOs together with those suppliers which suffered a higher number of incidents
- Share the findings of incident investigations for incidents involving suppliers
- Share details of incidents which have occurred on suppliers’ other contracts which could serve as examples in terms of preventive actions

More specific actions were defined for cleaning, security and maintenance suppliers with attention paid to the types of incidents which most commonly occur in their work.
## Stakeholder Engagement (continued)

### Shopping centre visitors

<table>
<thead>
<tr>
<th>How we engaged and informed in 2014</th>
<th>Key topics raised in 2014</th>
<th>How we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Consumer Corporate Responsibility Research survey</td>
<td>Feedback from the Consumer Corporate Responsibility Research survey revealed that sustainability is relevant to consumers, but that there is still confusion around the topic. Sonae Sierra’s shopping centres are the most recognised in terms of sustainability, but it is important that consumers feel engaged in sustainability actions and see them as a community effort, involving tenants as well.</td>
<td>Within the context of our focus on safe people and eco-efficiency we have been undertaking efforts to raise consumer awareness on environmental issues and, more recently, consider environmental factors in their purchasing decisions. We have also partnered with a third party to promote volunteering initiatives in the local community for shopping centre visitors in Portugal following a pilot at CascaisShopping (See Changing Consumer Habits, pages 131 to 132).</td>
</tr>
<tr>
<td>• Mall Tracking survey</td>
<td></td>
<td></td>
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<tr>
<td>• Customer Contact Management System for customers to present suggestions and complaints</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Email and SMS updates on services and events to local visitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Awareness-raising events with SHE themes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Local Communities & Authorities

<table>
<thead>
<tr>
<th>How we engaged and informed in 2014</th>
<th>Key topics raised in 2014</th>
<th>How we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Community Advisory Panels (CAPs)</td>
<td>At CAP meetings community representatives are invited to raise ideas and concerns. Some suggestions raised during 2014 in Portugal included actions to address household poverty (Estaçao Viana Shopping), combat deforestation (MadeiraShopping) and the risks associated with road accidents (SerraShopping)</td>
<td>At Estaçao Viana Shopping, we organised a visit to a local food bank which enabled CAP members to gain greater insight into household poverty and action being taken to alleviate it. The food bank is a new CAP member and following the visit, we invited it to put on an exhibition highlighting its work to shopping centre visitors. At MadeiraShopping, we organised a reforestation project involving 285 volunteers. The project was well-received by the community who saw it as a clear example of supporting wellbeing. At SerraShopping, we carried out a road accident practice drill outside the shopping centre which enabled us to evaluate our emergency response and improve our preparedness plans.</td>
</tr>
<tr>
<td>• Geo Tracking survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Community Day, school liaison and other staff volunteering initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Engagement at the shopping centre level during the planning, development and operations phases</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Stakeholder Engagement (continued)

**The Media**

**How we engaged and informed in 2014**
- Conferences, presentations and interviews
- Publication of articles in the press relating to economic, environmental and social issues

**Key topics raised in 2014**
In 2014, we recorded approximately 6,000 cases of press coverage covering economic, environmental and social aspects of our performance. Of these, 98.6% were positive or neutral. The Advertising Equivalent Value (AEV\(^5\)) generated from sustainability-related stories was €6.1 million.

**How we responded**
We continue to engage with the media and issue regular press releases about our business activities, covering economic, environmental and social aspects of our performance. Examples of topics highlighted in the media include our Flash Store and PromoFans\(^7\) initiatives and environmental improvements such as the installation of LED lighting in Spain. In Portugal, coverage focused on topics such as the PERSONAE Tenant Awards, our Café Memória partnership with the Alzheimer’s Association and our augmented reality campaign: ‘SOS Planeta’.

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### Multi-stakeholder Initiative

**How we engaged and informed in 2014**
In 2014 we commissioned a Corporate Reputation Assessment to understand how Sonae Sierra’s reputation and value proposition is defined, as well as where it should be based from key stakeholders’ points of view.

The study involved surveys completed by 101 people (tenants, clients, potential clients, banks and media) and in depth interviews with 55 people from the same stakeholder groups as well as partners/co-investors.

**Key topics raised in 2014**
The survey found that overall, Sonae Sierra is recognised as a company that performs at a high level, particularly by its financial partners, who stated that they trust, admire and hold the company in high esteem.

The survey informed us what the key value drivers are for stakeholders in developed and developing countries. It also showed us where Sonae Sierra has a competitive advantage, and what aspects we should focus on for improvement. For example, while we are widely recognised for our specialist knowledge, in developing countries we need to build our market presence and deliver value for money whilst maintaining the high standards that we apply in developed markets.

**How we responded**
Following several years of international expansion, during 2015 we expect to build our market share and consolidate our presence in the markets that we are currently active in.

We are committed to integrating our Safety, Health and Environment Management System (SHEMS) into our own developments, and have adapted our approach to reflect the degree of control that we have in assets that we manage but do not own. When we have no direct control, we discuss with our partners and clients the best approach and strategy to meet their needs and local market standards. In our experience, many of our clients are keen to understand and learn more about our experience. If partners do not agree to implement our SHEMS, we implement critical SHE procedures and guarantee compliance with applicable laws governing health, safety and environmental legislation.

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In addition to the feedback received from the specific stakeholder groups highlighted above, we also requested feedback from individual stakeholders on our 2013 Economic, Environmental and Social Report through the report feedback form. We received a small number of completed feedback forms from employees, tenants and charitable organisations including some qualitative comments to help us improve our reporting.

Overall feedback was positive, with readers finding the report and sustainability section of our website credible, interesting, easy to navigate and well designed. Readers also found the social and environmental information well presented, and rated our performance good to excellent.

The Sierra Ombudsman is available for all our stakeholders to present their complaints with the guarantee that they will be responded to. In 2014, the Ombudsman received 518 complaints from tenants, employees, suppliers and visitors. The majority of these complaints focused around the tenant mix, rents, the location of kiosks, the quality of services and facilities such as cleaning, security, smoking areas and car parks, a lack of information in the mall, complications with gift vouchers, noise issues and mall temperature. All complaints were responded to by letter or email and the necessary actions were taken in order to address the situation and prevent their reoccurrence. There were no reported instances of discrimination, and no grievances related to human rights impacts were filed, addressed or resolved during the year.

\(^5\) The Advertising Equivalent Value represents the net value of the editorial space occupied at current advertising rates and based on the difference between favourable and unfavourable coverage.
### General Standard Disclosures (Continued)

#### Report Profile

<table>
<thead>
<tr>
<th>G4.28</th>
<th>Reporting period (e.g. fiscal or calendar year) for information provided.</th>
<th>The information in this report relates to the calendar year ending on 31 December 2014.</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4.29</td>
<td>Date of the most recent previous report (if any).</td>
<td>This report succeeds our 2013 In Review: Economic, Environmental and Social Performance Report and our 2013 Economic, Environmental and Social Report, both published in April 2014.</td>
</tr>
<tr>
<td>G4.30</td>
<td>Reporting cycle (annual, biennial, etc.)</td>
<td>We report on a calendar year cycle.</td>
</tr>
</tbody>
</table>
| G4.31 | Contact point for questions regarding the report or its contents. | Nuno Rafael Alves  
Sustainability Reporting Coordinator  
Email: cr@sonaeserra.com |
| G4.32 | Report the ‘in accordance’ option the organisation has chosen; report the GRI Content Index for the chosen option, and report the reference to the External Assurance Report, if the report has been externally assured; and | This report has been developed in accordance with the ‘Core’ G4 GRI Reporting Guidelines. This GRI Annex is designed to act as our full GRI G4 disclosure, and therefore replaces the need for a separate content index that follows the recommended format in the G4 Sustainability Reporting Guidelines Implementation Manual. The report (including all GRI General Standard and Specific Standard Disclosures) has been externally assured by an independent auditor to ensure that data and information is accurate and complies with GRI G4 guidelines, including the Construction and Real Estate Sector Disclosures. The independent auditor’s review can be found on pages 145 to 146. |
| G4.33 | Report the organisation's policy and current practice with regard to seeking external assurance for the report; report the relationship between the organisation and the assurance providers and report whether the highest governance body or senior executives are involved in seeking assurance for the organisation’s sustainability report. | |

#### Governance

| G4.34 | Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts. | ‘Governance’, page 46 and ‘Governance, Safety, Health and Environment Management System’, page 47 |

#### Ethics and Integrity

| G4.56 | Describe the organisation’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. | Our Code of Conduct includes a set of ethical principles which apply to everything we do and outline our commitment to success whilst operating with integrity, openness and honesty. Regular training on ethics, including the Code, is mandatory for all our employees, during which they are required to sign and return the Sonae Sierra Code of Conduct Acknowledgement, confirming that they have received the Code of Conduct and agree to comply with its provisions. The Code is also included in the Welcome Kit that is sent to all new employees as part of their induction. |

For more information:  
Click here to download Sonae Sierra’s Code of Conduct in full, including a description of our Ethical Principles.
ECONOMIC ASPECTS

ASPECT: ECONOMIC PERFORMANCE

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

The ability of an organisation to deliver financial value for its shareholders is fundamental for a company such as Sonae Sierra and links closely to the value driven approach embedded in our sustainability strategy. Our business has the following positive impacts in relation to this Aspect:

- Creation of financial value for suppliers and the local economy through development activity.
- Generating tenant sales through our property management activity.
- Increasing Net Asset Value and delivering returns from the sales of assets for investors in our Funds.
- Generating profit for our Company and our investors through all our activities.

One indirect impact which could be viewed as negative is that our business has the potential to contribute to household debt by promoting consumerism.

The key indicator for Sonae Sierra in this aspect covers direct economic value generated and distributed. Also material for Sonae Sierra given its geographic scope are financial implications and other risks and opportunities due to climate change. For more information on our approach to materiality, including the results of our materiality assessments, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Our policies and practices in relation to economic performance aspects are explained in ‘Our strategy’ on page 16, and ‘Risk management’, page 18.

Goals and Targets

‘Our strategy’, page 16.

Responsibilities

‘Governance’, page 46 and ‘Board members and executives’, pages 50 to 54.

GRI G4 CRESRD Additional Guidance – Policies and practices for assessing, addressing and managing corporate, operational, regulatory and strategic risk that might impact financial performance; Policies and practices for mitigating economic risks; Policies and practices regarding maintenance and capital expenditure in plant equipment or property

‘Risk management’, pages 18 to 19.

GRI G4 CRESRD Additional Guidance – Policies and practices regarding maintenance and capital expenditure in plant equipment or property

Environment ‘Overall’, pages 75 to 79.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: ECONOMIC PERFORMANCE (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
Sonae Sierra adopted the International Accounting Standards (IAS) in its Consolidated Accounts in 2001, becoming the first real estate company in Iberia to adopt IAS. We issue financial reports on a quarterly basis, which are made publicly available on our website.

Results and Adjustments
GRI performance indicators G4-EC1, G4-EC2 and G4-EC4 presented on pages 70 to 71.

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EC1</td>
<td>Direct economic value generated and distributed.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Performance Indicators (€ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic value generated</td>
</tr>
<tr>
<td>Revenues and sales of assets</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
</tr>
<tr>
<td>Operating Costs</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
</tr>
<tr>
<td>Payment to capital providers</td>
</tr>
<tr>
<td>Community Investment</td>
</tr>
<tr>
<td>Payments to Government</td>
</tr>
<tr>
<td>Economic Value Retained</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all company activities. Payments to government include around €7.5 millions of taxes paid to government but recharged to tenants (e.g. property tax).

G4-EC2  Financial implications and other risks and opportunities for the organisation’s activities due to climate change.

The impacts of climate change in the form of extreme weather events - flooding, heat waves, weathering, subsistence etc. could cause physical and local depreciation to assets, and those with unreliable energy supplies could also depreciate faster than others. On the other hand, adapting existing buildings and developing and acquiring new buildings which perform better in predicted climate change scenarios could help to maintain and enhance asset and portfolio value in the long term.

In 2009, we commissioned a study to investigate the financial risks associated with climate change on a sample of our Portuguese assets, focusing on three components: energy (mainly electricity), water and insurance costs. This was done by identifying potential changes in energy use resulting from climate change under different scenarios and calculating the costs of these changes based on two main assumptions: firstly, that the price of electricity would be unchanged relative to what it was in 1990 and secondly, that the price will change as a result of climate-related policies. In order to estimate the impact on the profitability of operations at the selected assets, two approaches were taken. The first was an accounting approach, in which it was assumed that the cost structure would remain unaltered and reductions in profitability were calculated based on existing publicly available financial data for each shopping centre. The second involved estimating the relationship between profitability and electricity prices using an econometric approach. The econometric approach allows for the adjustment of operations in the centres to changing prices of inputs such as electricity and accounts for other indirect effects on profits such as increased visitors during periods of higher temperatures. The results of this study revealed that:

• The increased demand for energy and the anticipated increase in the price of energy is expected to reduce profitability by a maximum of between 2% and 5% in 2030 and between 3% and 6% in 2050, with variations between different shopping centres.
• In the case of water it was not possible to estimate the potential increase in demand due to climate change but the impact of increases in water costs was examined, with the conclusion that these could reduce profitability by between 0.15% and 2%.
• The likely increase in insurance costs was estimated at 21%. This could affect profitability between 0.1% and 0.7%.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: ECONOMIC PERFORMANCE (continued)

Performance Indicators (continued)

Indicator

G4-EC2  Financial implications and other risks and opportunities for the organisation’s activities due to climate change. (continued)

In Portugal, AlgarveShopping and NorteShopping were selected for a more detailed asset-level study. The results of the study revealed that:

- Increased demand for energy due to higher temperatures combined with projected price increases are likely to impact on operational shopping centres’ profitability in the long term: for example, at NorteShopping, an estimated reduction of profits between 2% and 5.7% could occur in 2030.

- Water costs are also expected to rise, but estimates vary significantly and the impact on profitability would be less significant; for example, between 0.05% and 0.14% at NorteShopping and slightly more at AlgarveShopping due to higher water costs in this region.

- Insurance costs are likely to increase by around 21% due to the increased frequency of extreme weather events and other risks associated with climate change. The impact on profitability is likely to be around 0.1% at NorteShopping and 0.7% at AlgarveShopping.

In 2013, we commissioned a high-level review building on the 2009 study to explore the business case for climate change adaptation. It reviewed the following key business drivers as a consequence of climate change: physical damage to property assets; evidence of climate change risks affecting operational and asset value based on Sonae Sierra management, acquisition and disposal activities; evidence of climate change risks affecting insurance premiums and policy developments since 2010.

The findings highlighted that the strongest driver related to climate change adaptation relates to the possible transfer of risks usually absorbed by the public sector to the insurance industry (or directly to the private sector). Other drivers include physical damage to Sonae Sierra assets from extreme weather related events. Conversely, there was no evidence that climate change risks have had an impact on disposal activities for Sonae Sierra, but there is increasing awareness amongst valuers. At present there is a limited business case for adaptation measures based on legislative and policy drivers as there are no plans for introducing legally binding directives requiring property companies to adapt to climate change, and it is unclear how the costs of planning for climate change adaptation at a national level will be absorbed.

At an operational level, insurance premiums for Sonae Sierra assets are unlikely to be immediately affected. However, if insurance products were to become unavailable in the future due to an increase in the severity and frequency of extreme weather events, this would impose a significant burden on the state. If this scenario were to happen, then the private sector may need to absorb the costs directly, and the risks to asset and operational value would substantially increase.

The potential impact of physical damage to Sonae Sierra assets is illustrated by the recent damage to four Sonae Sierra shopping centres in Portugal (MadeiraShopping in 2012) and Brazil (Manauara Shopping and Uberlândia Shopping in 2013, and Boulevard Londrina Shopping in 2014) as a result of weather-related events. Although the overall impact was limited, in the most extreme case a shopping centre was forced to close for a short period and significant investment was required for fit-outs to repair several shops.

In the context of this study, Sonae Sierra has pursued a number of soft adaptation measures which do not require large levels of capital investment. These include:

- Integrating climate change adaptation into the risk management process of our business activities through the Risk Management Working Group.
- Maintaining a register of relevant climate change adaptation policies in all countries of operation.
- Updating our acquisition checklist to ensure key risks related to weather related events are evaluated.
- Updating our building standards based on lessons learnt from weather damaged assets and to anticipate potential requirements for hard adaptation measures in the future.
- Monitoring the impact of climate change risks on insurance premiums and asset values.

Furthermore, we will continue to review the relative materiality of other environmental impact areas in terms of the risk and opportunity they might present to the business as part of our Risk Management Working Group. We use a standard risk management framework to evaluate environmental issues according to the likelihood/frequency of occurrence and the scale of impact should they arise. As well as energy and climate change, other potential risks and opportunities include water and waste (see pages 18 to 19). The issues identified are addressed through the resource resilience and safe people and eco-efficiency focus areas which form part of our sustainability strategy.

G4-EC4  Financial assistance received from government.

Sonae Sierra did not receive any financial assistance from governments in 2014.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: INDIRECT ECONOMIC IMPACTS

Disclosures on Management Approach

a) Report the impacts that make this Aspect material and describe work undertaken to understand indirect economic impacts at national, regional or local level.

This aspect was identified as material according to the Materiality Review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62.

During the development of our sustainability strategy we analysed the impacts of our business activities according to the Five Capitals Model, which enabled us to identify several indirect impacts that our Company has on financial, social and human capital stocks, including:

- Job creation and skills development.
- Impacts on local businesses, including suppliers, from our activities.
- Impacts on our tenants’ businesses.

It is difficult for us to measure the significance of these indirect economic impacts in the context of external benchmarks and stakeholder priorities, although feedback we have received from tenants and local community members has further highlighted to us the importance of these issues to some key stakeholder groups.

b) Report how the organisation manages the material Aspect or its impacts and explain whether the organisation conducted a community needs assessment to determine the need for infrastructure and other services.

 Policies and Commitments

Through our focus on the long-term sustainability priorities ‘prosperous retailers’ and ‘leveraging knowledge’ we are committed to:

- Helping our tenants to strengthen their businesses.
- Encouraging small, local and sustainable businesses to thrive.
- Empowering people through knowledge and skills, focusing not only on our own workforce but also supporting tenants and local communities.

Goals and Targets

‘Our strategy’, page 15.

Responsibilities and Resources

‘Governance’, page 46.

During the development and operations phases of our centres we carry out feasibility studies to identify consumers’ needs in retail, services and leisure activities, in order to design and adapt shopping centres to match market needs and the existing retail offer. These studies consider factors such as demographics within the catchment area and socio-economic indicators, and constitute a form of ‘community needs assessment’ for our business activity.

GRI G4 CRESD Additional Guidance – Policies and practices to encourage positive, and minimize negative, economic legacy impacts from activities

‘Operational performance’, pages 20 to 36.

Specifically, we have developed several voluntary projects with reference to prosperous retailers which are designed to create economic benefits for local people in the locations where we operate shopping centres.

These include the Coop Store project that supports small businesses by exploring the idea of ‘cooperative’ business models to reduce the operational costs for new start-up businesses, products and brands. It is specifically targeted at entrepreneurs. Our 2015 target is to attain a 2% occupancy rate of vacant units with the Coop Store concept.

Other initiatives that are currently in the pipeline include My 1st Work Experience that aims to support recent graduates in starting their own retail business by providing business planning, project development and funding support and guidance. We plan to launch the project in 2015 and have set a goal to open one store in Portugal based on the model.

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6 The Five Capitals Model was developed by UK-based sustainability NGO Forum for the Future. It identifies five different types of sustainable capital from where we derive the goods and services we need to improve the quality of our lives: Natural Capital; Human Capital; Social Capital; Manufactured Capital and Financial Capital. For more information, see http://www.forumforthefuture.org/project/five-capitals/overview.
Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring

We monitor our tenants' sales on a continuous basis and work with tenants to improve their economic performance where necessary. We also monitor jobs created as a result of new completed development and expansion projects and report these figures on an annual basis.

Results and Adjustments

By the end of 2014 we had five Coop Stores in operation at shopping centres in Portugal and Spain, although we did not meet our target for an occupancy rate of 2% of vacant units due to the rollout being postponed in Brazil and implementation difficulties in other European markets. Together, the Coop Stores generated sales of more than €80,000 for retailers taking part in the scheme who are all local independent businesses.

No development projects were completed during 2014.

For tenant sales see ‘Operational performance’, pages 28 to 31.

See also GRI performance indicators G4-EC7 and G4-EC8, page 74.
We have not undertaken specific studies which would enable us to evaluate the significance of these impacts in the context of external benchmarks and stakeholder priorities, but we are able to point to some quantitative indirect economic impacts generated by our Company in 2014, namely:

- €5,243 million tenant sales in our owned shopping centres.
- 33% of shop units in our European shopping centres and 26% of units in our Brazilian shopping centres are occupied by local businesses.
- €938 million spent on suppliers, of which 94% are national businesses.
ENVIRONMENTAL ASPECTS

ASPECT: OVERALL

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

The development and operation of our shopping centres – as well as the delivery of our corporate activities – is dependent upon the availability of a range of natural resources (including land, metals, stone, timber, water, renewable and non-renewable sources of energy) and systems (such as natural climate regulation and ecosystems services). Our activities in turn have adverse impacts on these resources through the production of greenhouse gas emissions, waste and wastewater, and, in some cases, through the urbanisation of previously undeveloped land.

In 2014, Sonae Sierra invested more than €13.3 million in environmental initiatives, equivalent to 25% of direct net profit. Environmental aspects are clearly important to Sonae Sierra and to the Company’s stakeholders. This is demonstrated through the materiality review performed by Sonae Sierra in 2014, which highlighted aspects such as water, energy, waste and emissions as the top four most material issues to Sonae Sierra’s business. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Our Safety, Health and Environment (SHE) Policy establishes our responsibility to conduct our activities so that risks towards people, assets and ecosystems are minimised, and benefits enhanced.

Goals and Targets

‘Our strategy’, page 17.
Responsibilities and Resources

Ultimate responsibility for environmental aspects lies with Sonae Sierra’s CEO and Executive Committee. The Sustainability Steering Committee constitutes the senior level of decision making and establishes the SHE Policy, lines of action and objectives, and monitors progress in respect of these. The Sustainability Office actively supports the Sustainability Steering Committee and advises on SHE Policy and standards. Responsibility for the implementation of Safety, Health and Environment Development Standards (SHEDS) and Safety, Health and Environment Management System (SHEMS) procedures is assigned to all leaders and managers in the organisation, who are also required to demonstrate a strong visible management commitment. Finally, our organisation as a whole is supported by the SHE network, which provides advice on SHE management and technical issues. More on our approach to sustainability management can be found under Governance, pages 46 to 49.

Our SHE Policy commits us to promoting environmental training among our stakeholders. Within the framework of our SHEMS, we operate a Competence, Training and Awareness Procedure. In accordance with this procedure, the Sustainability Office and Human Resources (HR) Department use a competence matrix to define the skills and knowledge required for each aspect of the SHEMS to be effectively implemented by Sonae Sierra’s employees according to their role and function. General training needs are also identified by the Sustainability Office with support from the Country SHE Coordinator.

All new Sonae Sierra employees must receive environmental (as well as safety and health) induction training, and all Site Managers, Site Correspondents and Country SHE Coordinators must attend training on all SHE procedures within our SHEMS, as well as on legal issues specific to the country where they coordinate SHE management. We collaborate closely with our critical suppliers on specific issues relating to SHE through our SHEMS procedures.

Training needs are recorded in the Training and Awareness Plan and communicated to all employees involved and their line managers. Site Training and Awareness Plans are also developed based on the Corporate Plan, and cover initial and continuous training and awareness for personnel such as new employees, service suppliers' workers and tenants. An evaluation process is performed based on each training session, allowing us to monitor the effectiveness of training delivered.

Tenants are invited to participate in Open SHE Committees during which environmental issues are discussed (along with safety and health), and tenants are asked to participate in the shopping centre’s SHE management. Regular SHE meetings with our security, maintenance, cleaning and waste suppliers discuss common environmental issues and highlight basic housekeeping procedures that help to reduce our environmental impact, such as waste disposal and recycling. A ‘Good Practice Guide’ for tenant and service suppliers sets our best practice guidelines covering various activities to reduce the risk of environmental incidents.

We integrate specific investment initiatives into each shopping centre’s Investment Plan to ensure that we improve the centre’s environmental performance. These include environmental protection measures at our existing shopping centres, corporate offices and development projects; in particular efforts to reduce energy and water use and improve waste recycling and landfill aversion. See indicator G4-EN31 for full details of these expenditures.

Specific Actions

For specific actions in relation to environmental aspects, see ‘Operational performance’, pages 20 to 36 and the GRI Disclosures on Management Approach in relation to other material environmental aspects on pages 80 to 105 below.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: OVERALL (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   - The mechanisms for evaluating the effectiveness of the management approach.
   - The results of the evaluation of the management approach.
   - Any related adjustments to the management approach.

Monitoring
For an introduction to our SHEMS, see ‘Governance, Safety, Health and Environment Management System’, pages 47 to 49.

Our SHEMS includes a Report, Performance Measurement and Monitoring procedure to monitor, evaluate and report SHE performance on a regular basis. A series of tools and applications exist to assist the monitoring and reporting tasks, such as the SHE Portal and the CR Portal. Performance results are reported on a timely basis to the Sustainability Steering Committee, Executive Committee and Board of Directors. SHEMS implementation results are evaluated annually as part of our management review process to ensure continuous improvement.

We have established an Incident Report and Investigation procedure to report, investigate, communicate and act to prevent SHE incidents. Its main purpose is to implement corrective and preventive measures that are effective in avoiding similar situations that can lead to further accidents. Relevant importance is given to the communication of incidents, their investigation, the determination of their root cause, the definition of proper corrective and preventive measures, and also the communication of learning points throughout the organisation.

The majority of incidents recorded under this procedure cover safety and health incidents. Please see ‘Occupational Health and Safety’ (pages 106 to 113) and ‘Customer Health and Safety’ (pages 133 to 136) for more information on our performance in these areas.

We also have a Non-conformities, Preventive and Corrective Actions procedure in place to:
   - Identify and record actual and potential non-conformities.
   - Implement correction measures to minimise their consequences.
   - Analyse non-conformity causes.
   - Define corrective or preventive actions and review their effectiveness.

We operate an annual Audit Programme to systematically audit our SHEMS at corporate and at site levels, covering all our shopping centres in operation and projects under development.

Results and Adjustments
See indicator G4-EN31 below.

For results in relation to environmental aspects, see ‘Operational performance’, pages 31 to 32 and the GRI Disclosures on Management Approach in relation to other material Environmental Aspects, including on pages 80 to 105 below.

Sonae Sierra’s environmental accounting in owned Shopping Centres under operation
In 2008 Sonae Sierra developed a tool to account for environmental expenditures and benefits, both physical and economic, from the implementation of the company’s SHEMS. Sonae Sierra’s Environmental Accounting model aims to:
   - Identify expenditures of environmental conservation activities;
   - Identify benefits gained from such activities;
   - Provide a means of quantitative measurement: physical and monetary;
   - Support the communication of results.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: OVERALL (continued)

Disclosures on Management Approach (continued)

<table>
<thead>
<tr>
<th>Environmental accounting 2014</th>
<th>Capital expenditure (€)</th>
<th>Current costs (€)</th>
<th>Benefits of significant actions of previous periods</th>
<th>Benefits of significant actions of the period</th>
<th>Benefits of the period</th>
<th>Benefits indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>250</td>
<td>674</td>
<td></td>
<td>Reduction of CO₂ emissions (tonnes)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-4</td>
<td></td>
<td></td>
<td>Reduction of NOₓ emissions (tonnes)</td>
</tr>
<tr>
<td><strong>Health and well being</strong></td>
<td>19,215</td>
<td>608,928</td>
<td>Compliance with indoor air quality and water quality thresholds (legal and company standards)</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>274,504</td>
<td>66,431</td>
<td>1,406,599</td>
<td>13,405</td>
<td>4,068,484</td>
<td>Economic benefit (€)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>10,098,594</td>
<td>127,572</td>
<td>10,970,276</td>
<td>Reduction of electricity consumption (kWh)</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Reduction of natural gas consumption (GJ)</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>141,686</td>
<td>58,822</td>
<td></td>
<td></td>
<td>285,143</td>
<td>Economic benefit (€)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>46,313</td>
<td>2,234</td>
<td>120,661</td>
<td>Reduction of water consumption (m³)</td>
</tr>
<tr>
<td><strong>Wastewater</strong></td>
<td>2,340</td>
<td>745,102</td>
<td></td>
<td></td>
<td>31,430</td>
<td>Economic benefit (€)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reduction of wastewater discharged (m³)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Compliance with wastewater quality thresholds (legal and company standards)</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>23,904</td>
<td>899,264</td>
<td>-509,174</td>
<td>-25</td>
<td>138,003</td>
<td>Economic benefit (€)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>177</td>
<td></td>
<td></td>
<td>Increase of waste sent to valorisation (tonnes)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>-385</td>
<td></td>
<td>Reduction of waste sent to final disposal (tonnes)</td>
</tr>
<tr>
<td><strong>Environmental management activities</strong></td>
<td>4,416</td>
<td>1,711,034</td>
<td></td>
<td></td>
<td>138,003</td>
<td>Economic benefit (€)</td>
</tr>
<tr>
<td><strong>Social activities</strong></td>
<td>2,777</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic benefit (€)</td>
</tr>
<tr>
<td><strong>Total economic (€)</strong></td>
<td>466,064</td>
<td>4,123,827</td>
<td>1,472,457</td>
<td>19,025</td>
<td>4,013,886</td>
<td>Economic benefit (€)</td>
</tr>
</tbody>
</table>

The company’s Environmental Accounting (EA) model details the current costs, capital expenditure, and economic and environmental benefits resulting from the implementation of company’s Safety, Health and Environmental Management System, excluding S&H issues. The model allows Sonae Sierra to break down expenditures by legally mandatory, so-called baseline expenditures, and extra-baseline expenditures (e.g., legionella monitoring in countries where no legal requirements exist). In this way, it is possible to estimate the economic effort of the company to strive to achieve more than just complying with legal requirements. The EA is structured by environmental domain and specific activities, and the presented figures include all shopping centres owned by Sonae Sierra in operation for the current reporting year, except La Farga, in Spain, Hofgarten Solingen, in Germany, Boulevard Londrina Shopping and Passeio das Águas Shopping, in Brazil.

Capital expenditure and current costs are calculated from the company’s financial controlling statements, classifying them by assigning one or several environmental activities along with its related percentages and legally non mandatory fractions. Current costs include the human resource effort that is environmentally related and corporate environmental expenditure.

Benefits can be physical or economic and are computed as differences in performance between 2014 and 2013. They are based on validated data also presented throughout this report. Economic benefits can be revenues (monetary inflows from environmental conservation activities, for example from waste recycling) or savings (avoided consumptions, pollutants disposal or costs compared with the previous period).
Environmental Aspects (continued)

Aspect: Overall (continued)

Disclosures on Management Approach (continued)

Significant actions are capital expenditure items corresponding to cost higher than €3,500 for which environmental criteria were considered (efficiency of resources use) and have an associated quantifiable physical and/or economic saving (when compared with basic technology or prior existing situations). These actions produce effects throughout the asset/equipment’s operating period. The effects of actions from previous years and those for this period are shown in the table. The implementation date of the significant actions for 2014 was on average 31 October, meaning that the benefits (physical and economic) for a full year are six times larger than the shown figures. The benefits of significant actions from previous periods are likely to be underestimated since data started to be regularly reported in 2010 and data reported prior to 2011 was not exhaustively checked or validated. Nevertheless, over the years the contribution of the unreported significant actions from the past will tend to decrease.

Because the EA excludes legally mandatory expenditure, the presented figures regarding capital expenditure and current costs differs from the table below detailing EN31 expenditure. Benefits can eventually include items resulting from the compliance of legally mandatory requirements (e.g. implemented actions from building energy certifications may impact the benefit “Reduction of electricity consumption”). On the other hand, since benefits are computed from differences in centres’ performance from the last two years, some current costs’ associated benefits may be excluded (Benefits of the period) from previous years.

Revenues resulting from the sale of energy (electricity, hot and cold water) regard NorteShopping in Portugal, the only shopping centre with a CHP plant. The volume of wastewater is estimated from the water consumption (80%).

Benefits figures were normalised taking into account some shopping centres’ operational data between periods, such as opening hours and number of visits, therefore the presented values may vary significantly from GRI/CRESID indicators shown in this report.

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>G4-EN31</th>
<th>Total environmental protection expenditures and investments by type.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type</td>
<td>Expenditure (€)</td>
<td></td>
</tr>
<tr>
<td>Prevention and environmental management costs</td>
<td>10,317</td>
<td></td>
</tr>
<tr>
<td>Waste disposal, emissions treatment, and remediation costs</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,317</td>
<td></td>
</tr>
<tr>
<td>Shopping centres</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type</td>
<td>Expenditure (€)</td>
<td></td>
</tr>
<tr>
<td>Prevention and environmental management costs</td>
<td>6,006,527</td>
<td></td>
</tr>
<tr>
<td>Waste disposal, emissions treatment, and remediation costs</td>
<td>7,305,674</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13,312,201</td>
<td></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year, all corporate offices (Lisbon, Maia, São Paulo, Milan, Madrid, Dusseldorf and Bucharest Offices) and all projects under development during the reporting year. La Farga in Spain, Hofgarten Solingen in Germany, Boulevard Londrina Shopping and Passeio das Águas Shopping in Brazil, are excluded from this indicator. The environmental expenditure for shopping centres is based on data from the company’s Environmental Accounting (EA) model which details the current costs and capital expenditure made in several environmental activities and is available for each shopping centre. The data from the EA was rearranged by matching each EA activity to a G4-EN31 category as defined by the GRI guidelines. Environmental investments for offices include costs related to internal audits and services for legislative updates. During 2014 we did not complete any development projects meaning there is no information to report regarding environmental expenditure in developments.
ENIRONMENTAL ASPECTS (CONTINUED)

ASPECT: MATERIALS

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Although the sourcing of materials used in shopping centre development and operations is controlled by our contractors, we are aware that our business activity does entail a significant impact in terms of the extraction of raw materials (including timber, stone and metals), principally through the use of semi-manufactured goods and parts which are derived from raw materials. Whilst the extraction of raw materials adversely impacts on the natural environment, the reuse of existing materials (for example from demolition waste) and the use of manufactured goods fabricated from recycled materials can help to promote a more sustainable, closed loop approach to waste management and materials use.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

We engage with our suppliers with the aim of encouraging them to adopt more responsible business practices. Our Responsible Procurement Policy commits us to, among other things, privileging the use of materials which are: locally-sourced; have recycled content; have low-toxic content; have a long life and can be recycled or reused, and/or are sourced from companies which adhere to ethical and/or environmental standards.

Goals and Targets

‘Our strategy’, page 17.

Responsibilities and Resources

Responsibilities and resources for managing the materials aspect are covered by our Safety, Health and Environment Management System (SHEMS). See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

GRI G4 CRESD Additional Guidance – Policy and practices to reduce and optimise raw material extraction purchased for direct use.

For Sonae Sierra, it is difficult to control the selection of raw materials used in shopping centre development projects as our development contractors source materials (generally pre-manufactured goods) on our behalf. This compromises our ability to gauge a clear understanding of the scale of our impacts in terms of raw material consumption. Nonetheless, our Safety, Health and Environment Development Standards (SHEDS) prohibit the use of materials which are known to have negative impacts on the environment and on the health and wellbeing of building occupants, and timber products derived from non-sustainable forestry. During construction, our SHEMS ensures that efforts to reduce material use and waste are considered, and whenever possible we reuse materials on site reducing the need for raw materials.

GRI G4 CRESD Additional Guidance – Policy and practices for selecting materials and engaging suppliers, including specifications for certifications, or utilisation of preferred or prescribed lists of products and materials.

As noted above, it is difficult for Sonae Sierra to control the selection of raw materials used in shopping centre development projects. In 2012, we conducted a study to quantify the recycled content of the most significant materials consumed during the construction of new projects including concrete, brickwork, steel, glass and insulation. The aim was to help us to identify which materials we might prioritise when seeking more sustainable alternatives. The defined methodology is being applied to the construction of ParkLake in Romania which is estimated to be completed in 2016.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

The monitoring of our performance in relation to the materials aspect is covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77 above.

Results and Adjustments

For results in relation to materials aspects, see GRI Performance Indicators G4-EN1 and G4-EN2 below.
### ENVIRONMENTAL ASPECTS (CONTINUED)

**ASPECT: MATERIALS (continued)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN1</td>
<td>Materials used by weight or volume.</td>
</tr>
</tbody>
</table>

Having carried out research into the impacts of our activities in terms of materials use, we have considered that the volume of materials purchased directly by our business for use in our corporate and shopping centre offices is immaterial in comparison with the volume of materials used on our development projects. Therefore, for this indicator we only record materials used on development projects. During 2014, we did not conclude any development projects; therefore there is no information to report.

| G4-EN2 | Percentage of materials used that are recycled input materials. |

No development projects were completed during 2014.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

According to the International Energy Agency (IEA), the built environment is responsible for around 40% of the world’s total primary energy consumption and 24% of carbon dioxide (CO2) emissions. In 2014, our shopping centres consumed a total of 1.3 million GJ of energy and generated 30,600 tonnes of CO2e. As governments proceed to mitigate the impacts of global climate change, regulations on the energy consumption and GHG emissions of buildings are becoming more stringent. Consequently, high-energy consuming and carbon-emitting buildings are likely to become less attractive to investors and occupiers in the future. On the contrary, more eco-efficient, low-carbon assets which generate their own energy on-site from renewable sources are likely to sustain their value in the long-term.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to 'Identified Material Aspects and Boundaries' on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts and describe whether the organisation is subject to any country, regional or industry regulations and policies for energy.

Policies and Commitments

We are committed to increasing the energy efficiency of our activities both within the scope of our Safety, Health and Environment (SHE) Policy and management system procedures (see page 47 to 49 above) and our long-term priority of resource resilience (see page 17).

Goals and Targets

‘Our strategy’, page 17.

Specifically, we have a long-term objective to strive to increase the energy efficiency of our operations, aiming to attain a maximum average electricity consumption of 400 kWh/m² (mall and toilet area) per year across Sonae Sierra owned shopping centres, by 2020.

Responsibilities and Resources

Responsibilities and resources for managing the energy aspect are covered by our Safety, Health and Environment Management System (SHEMS). See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

GRI G4 CRESD Additional Guidance – Policy and practices on energy management through all relevant stages of the life cycle

Energy efficient designs, including energy performance targets and innovative engineering solutions, are included in our Safety, Health and Environment Development Standards (SHEDS). Within the SHEDS, we specify the use of energy efficient boilers, air conditioning units and other fit out equipment such as lighting and appliances. We also require Development Managers to explore possible renewable and low-carbon technologies during design, such as passive solar design or natural ventilation.

We are especially committed to designing buildings that will achieve high energy efficiency ratings under the European Union’s Energy Performance of Buildings Directive. Since 2013 we have also aim for all our own new development projects, major expansions and refurbishments where we have direct control to target, as a minimum, BREEAM Good, LEED Silver or DGNB Bronze.

Our construction contractors, too, can be big energy users. During initial construction, major refurbishments, or expansions, we make sure contractors strictly adhere to our SHEMS, which includes guidelines for monitoring energy consumption and achieving greater energy efficiency.

During the operations phase, we ensure shopping centres are run as efficiently as possible (see the Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 75 above). During 2013 and 2014 we rolled out a new modelling tool (Bright project) which enables us to calculate the optimised theoretical energy consumption of a shopping centre and then compare this with its actual usage, making it possible to easily detect and remedy any inefficiencies. The methodology allows us to adjust targets for each shopping centre which, together with more reliable data, should improve energy efficiency across our portfolio. We also investigate opportunities for on-site generation of renewable energy and in 2013 procured green electricity through the grid to power shopping centres in Portugal and Spain.

For details of specific projects in 2014 to increase energy efficiency, see ‘Operational performance’, pages 31 to 32.
ASPECT: **ENERGY** (continued)

Disclosures on Management Approach (continued)

Country, regional and industry regulations and policies for energy and emissions

Our organisation is subject to regional and national regulations and policies concerning energy and emissions. At the regional level, these include:

- The European Union’s Energy Performance of Buildings Directive 2002/91/CE and the 2010 Recast of the same Directive, which mandates, among other things, that buildings undergoing major renovations must upgrade to meet minimum energy performance requirements; that Energy Performance Certificates (EPCs) must be shared with prospective buyers and tenants of a building and that from 2020 (or 2018 for public buildings) all new buildings should be “nearly zero energy”.

- European Union Regulation (EC) No 1005 of 16 September 2009 (that starting from the 1 January 2010 replaces the Regulation (EC) 2037/2000) on the management of Ozone Depleting Substances for general protection of stratospheric ozone. This includes obligations for operators of refrigeration, air conditioning or heat pump equipment and fire protection systems.


At the national level, these include:

- Building regulations in countries where we develop new shopping centres. For example, in Germany, all properties where a building permit was issued after the 1 October 2009 were required to meet the revised 2009 Building Regulations which demanded a 30% increase in energy efficiency of HVAC and lighting systems and a 15% increase in thermal insulation compared to the 2007 Regulations.

- Energy efficiency requirements for operational buildings in countries where we own and manage shopping centres. For example, in Spain, from 2010 the use of heating and cooling in new and existing non-residential spaces was limited in accordance with a maximum temperature of 21°C in winter and a minimum temperature of 26°C in summer. Also in Spain, Royal Decree 235/2013 sets out energy efficiency certification procedures for buildings.


At an industry level, we are subscribed to several voluntary commitments to reduce energy consumption and GHG emissions associated with our activities; these are reported under G4.16 on page 59 above.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
The monitoring of our performance in relation to the energy aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 47 to 49 and Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77 above.

Results and Adjustments
In addition to indicators G4-EN3, G4-EN5, CRE1, G4-EN6 and G4-EN7 below, we monitor the electricity efficiency (excluding tenants) of our owned portfolio which in 2014 decreased by 2% compared with 2013 (see ‘Operational performance’, page 52).

Due to market and regulatory constraints we cannot progress as quickly as we would like to with options such as on-site energy generation. We have however proposed several rules to encourage energy efficiency that have been incorporated into our Safety, Health and Environment Development Standards (SHEDS). These include new rules incorporating lifecycle consumption analysis and performance criteria covering HVAC equipment and common area lighting, as well as recommendations for energy efficient tenant lighting.

Electricity efficiency in corporate offices (kWh/m²)
As well as our owned portfolio, we monitor the energy efficiency of our corporate offices which decreased by 4% compared with 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Electricity efficiency (kWh/m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>98</td>
</tr>
<tr>
<td>2013</td>
<td>102</td>
</tr>
<tr>
<td>2012</td>
<td>137</td>
</tr>
<tr>
<td>2011</td>
<td>166</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes two out of three corporate offices with a SHEMS (Lisbon, Maia and São Paulo). Maia office in Portugal was excluded from this indicator because Sonae Sierra shares the office with other Sonae companies; therefore no separate meter reading is available to record its consumption.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (continued)

Performance Indicators

Indicator

G4-EN3 Energy consumption within the Organisation

<table>
<thead>
<tr>
<th>Energy type</th>
<th>GJ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shopping centres</strong></td>
<td></td>
</tr>
<tr>
<td>Total fuel consumption from non-renewable sources (natural gas and LPG consumption)</td>
<td>206,882</td>
</tr>
<tr>
<td>Total electricity consumption</td>
<td>987,683</td>
</tr>
<tr>
<td>Total heating consumption</td>
<td>14,776</td>
</tr>
<tr>
<td>Total cooling consumption</td>
<td>127,383</td>
</tr>
<tr>
<td>Total electricity sold</td>
<td>-42,549</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,294,175</td>
</tr>
<tr>
<td><strong>Corporate offices</strong></td>
<td></td>
</tr>
<tr>
<td>Total fuel consumption from non-renewable sources (petrol and diesel for car fleet)</td>
<td>12,089</td>
</tr>
<tr>
<td>Total fuel consumption from renewable sources (ethanol for car fleet)</td>
<td>1,058</td>
</tr>
<tr>
<td>Total electricity consumption</td>
<td>1,961</td>
</tr>
<tr>
<td>Total</td>
<td>15,108</td>
</tr>
<tr>
<td><strong>Total (Shopping centres and corporate offices)</strong></td>
<td>1,309,283</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year, and all corporate offices with a SHEMS (Lisbon, Maia and São Paulo). Fuel consumptions were considered for all corporate offices (Lisbon, Maia, São Paulo, Milan, Madrid, Düsseldorf and Bucharest offices). The conversion factor used to convert kWh to GJ is 0.0036, as defined by the International Energy Agency (IEA). The conversion factors used to convert fuel to GJ are taken from the GRI G4 Guidelines, except for ethanol and liquefied petroleum gas (LPG). Since ethanol is only consumed in Brazil, we have used a specific conversion factor for that country. For LPG we have used the conversion factor available from the IEA Oil Information publication (2012 edition).

G4-EN5 Energy intensity

<table>
<thead>
<tr>
<th>Shopping centres</th>
<th>kWh/m² of mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>709</td>
</tr>
<tr>
<td>Brazil</td>
<td>975</td>
</tr>
<tr>
<td>Germany</td>
<td>755</td>
</tr>
<tr>
<td>Greece</td>
<td>929</td>
</tr>
<tr>
<td>Italy</td>
<td>560</td>
</tr>
<tr>
<td>Romania</td>
<td>1,079</td>
</tr>
<tr>
<td>Spain</td>
<td>306</td>
</tr>
<tr>
<td><strong>Global Intensity</strong></td>
<td><strong>722</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year. It is calculated as the ratio between energy consumption (natural gas, liquefied petroleum gas (LPG), electricity, chilled and hot water consumption) divided by the mall and toilet area. Energy consumed outside shopping centres is not considered and therefore, for NorteShopping in Portugal, natural gas consumption for the cogeneration system is not considered (as most of the energy produced is electricity sold to the grid), but chilled and hot water produced by cogeneration and consumed in the shopping centre is included. For this indicator there is a mismatch between the numerator and the denominator since energy purchased on behalf of tenants is considered, however tenants' areas are not.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (continued)

Performance Indicators (continued)

Indicator CRE1 Building energy intensity.

<table>
<thead>
<tr>
<th>Shopping centres</th>
<th>kWh/m² of mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>643</td>
</tr>
<tr>
<td>Brazil</td>
<td>484</td>
</tr>
<tr>
<td>Germany</td>
<td>748</td>
</tr>
<tr>
<td>Greece</td>
<td>597</td>
</tr>
<tr>
<td>Italy</td>
<td>560</td>
</tr>
<tr>
<td>Romania</td>
<td>564</td>
</tr>
<tr>
<td>Spain</td>
<td>304</td>
</tr>
<tr>
<td>Total</td>
<td>544</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate offices</th>
<th>kWh/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>47</td>
</tr>
<tr>
<td>Brazil</td>
<td>202</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes 44 out of 47 shopping centres owned by Sonae Sierra and in operation during the full reporting year, and two out of three corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). Maia office in Portugal was excluded since electricity consumption isn’t known due to the fact that it is in a shared floor/building, with no individual meters. For this indicator there is a slight mismatch between the numerator and the denominator since energy consumption in technical areas and chilled and hot water that is supplied to some tenants is included, but the tenant areas are not.

Indicator G4-EN6 Reduction of energy consumption.

<table>
<thead>
<tr>
<th>Shopping centres</th>
<th>2013 energy consumption (GJ)</th>
<th>2014 energy consumption (GJ)</th>
<th>Energy reduction achieved (GJ)</th>
<th>Reduction of GHG emission (tonnes CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>610,451</td>
<td>532,913</td>
<td>77,538</td>
<td>2,491</td>
</tr>
<tr>
<td>Brazil</td>
<td>393,639</td>
<td>380,556</td>
<td>13,084</td>
<td>464</td>
</tr>
<tr>
<td>Germany</td>
<td>68,531</td>
<td>68,630</td>
<td>-99</td>
<td>56</td>
</tr>
<tr>
<td>Greece</td>
<td>29,394</td>
<td>26,069</td>
<td>3,325</td>
<td>1,069</td>
</tr>
<tr>
<td>Italy</td>
<td>60,090</td>
<td>55,584</td>
<td>4,506</td>
<td>194</td>
</tr>
<tr>
<td>Romania</td>
<td>17,800</td>
<td>17,142</td>
<td>658</td>
<td>69</td>
</tr>
<tr>
<td>Spain</td>
<td>87,414</td>
<td>85,160</td>
<td>2,254</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>1,267,319</td>
<td>1,166,054</td>
<td>101,266</td>
<td>4,379</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate offices</th>
<th>2013 energy consumption (GJ)</th>
<th>2014 energy consumption (GJ)</th>
<th>Energy reduction achieved (GJ)</th>
<th>Reduction of GHG emission (tonnes CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>712</td>
<td>633</td>
<td>79</td>
<td>8</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,343</td>
<td>1,329</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>2,055</td>
<td>1,962</td>
<td>93</td>
<td>9</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year, and two out of three corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). Since this is a like-for-like indicator, shopping centres contributing to this indicator need to be the same for 2013 and 2014. Therefore Boulevard Londrina Shopping and Passeio das Águas Shopping in Brazil, and Hofgarten Solingen in Germany, are excluded. The Maia office in Portugal was also excluded from this indicator since electricity consumption isn’t known due to the fact that it is in a shared floor/building with no individual meters.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (continued)

Performance Indicators (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reductions in energy requirements of products and services.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>2014 (kWh/m² of mall and toilet area)</th>
<th>2013 (kWh/m² of mall and toilet area)</th>
<th>Variation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>709</td>
<td>729</td>
<td>-3%</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,012</td>
<td>1,048</td>
<td>-3%</td>
</tr>
<tr>
<td>Germany</td>
<td>699</td>
<td>698</td>
<td>0%</td>
</tr>
<tr>
<td>Greece</td>
<td>929</td>
<td>1,048</td>
<td>-11%</td>
</tr>
<tr>
<td>Italy</td>
<td>560</td>
<td>605</td>
<td>-7%</td>
</tr>
<tr>
<td>Romania</td>
<td>1,079</td>
<td>1,105</td>
<td>-2%</td>
</tr>
<tr>
<td>Spain</td>
<td>306</td>
<td>314</td>
<td>-2%</td>
</tr>
<tr>
<td>Global intensity</td>
<td>708</td>
<td>731</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes 44 out of 47 shopping centres owned by Sonae Sierra and in operation during the full reporting year. Since this is a like-for-like indicator, Boulevard Londrina Shopping and Passeio das Águas Shopping in Brazil and Hofgarten Solingen in Germany are excluded from this indicator. This indicator is calculated as the variation in energy intensity between the reporting year and the previous year. It is therefore presented as a percentage.
ASPECT: SUSTAINABLE ENERGY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

There is significant upward pressure on global fossil fuel reserves which is likely to increase the cost of energy over the long-term and contribute to growing volatility in global oil and gas markets. In addition, the GHG emissions generated by the burning of fossil fuels represent a significant environmental impact, and they are coming under greater scrutiny as governments across the globe respond to pressure to reduce the potential impacts of global climate change. In light of these trends, Sonae Sierra has developed a long-term sustainability strategy which includes resource resilience as one of five focus areas. Resource resilience aims to implement measures to increase the self-sufficiency of the Company operations in relation to the use of natural resources.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to 'Identified Material Aspects and Boundaries' on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments
Sonae Sierra has a long-term objective to increase our resilience with regards to natural resources. The Company will actively pursue opportunities to generate renewable energy on its sites, or offsite ownership models, to reduce and eventually remove its reliance on fossil fuel based energy purchased from suppliers.

Goals and Targets
We have not yet defined specific targets for sustainable energy. Nevertheless our Resource Resilience Working Group is actively on identifying opportunities for the installation of renewable technologies with a particular focus on photovoltaic systems.

See ‘Our strategy’ (page 17) and ‘Energy’ (page 82) for goals and targets related to energy use.

Responsibilities and Resources
Sonae Sierra’s Resource Resilience Working Group is responsible for planning and overseeing the implementation of the Company’s objectives around resource resilience, and more specifically sustainable energy. The group consists of a set of employees representing different parts of the businesses and operating countries and meets at least four times a year to discuss and follow up on proposed lines of action.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring
The working group reports its performance to the Sustainability Steering Committee at least three times a year. Key performance indicators have not yet been defined as the Company is still at an early stage in terms of developing lines of action surrounding sustainable energy.

Results and Adjustments
We are already investigating ways to future-proof our assets and have undertaken research into new technology and conducted feasibility studies and pilot projects with a view to supporting the long-term resilience of our shopping centres by becoming energy independent.

See also ‘Operational performance’, pages 31 to 32 and ‘Energy’, pages 82 to 87.
ASPECT: WATER

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

As demand for fresh water becomes ever greater around the world due to population growth, urbanisation, increased economic activity and climate change, we need to ensure we have adequate supplies for all our shopping centres, particularly those in areas that are vulnerable to shortages, such as Portugal, Brazil, Greece and Spain. By improving the water efficiency of our portfolio and integrating systems for rainwater harvesting and water reuse on our sites, we can reduce our exposure to water scarcity risks and minimise our water footprint, which prepares us for potential future legislation and avoids costs.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

We are committed to increasing the water efficiency of our activities within the scope of our Safety, Health and Environment (SHE) Policy and management system procedures (see page 47 above) and exploring ways to reuse water under our long-term priority of resource resilience (see page 17).

Goals and Targets

‘Our strategy’, page 17. Specifically, we have a long-term objective to attain a level of water consumption at or below 3 litres per visit (aggregated across all Sonae Sierra owned shopping centres), by 2020.

Responsibilities and Resources

Responsibilities and resources for managing the water aspect are covered by our Safety, Health and Environment Management System (SHEMS). See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

GRI G4 CRESD Additional Guidance – Policy and practices on water use management through all relevant stages of the life cycle & Policy and practices on drainage and discharge of water

We aim to ensure a secure water supply at all of our shopping centres, with a particular focus on locations that are vulnerable to water shortages. We use the World Business Council for Sustainable Development (WBCSD) Global Water Tool to identify the areas in which we are developing new centres that are at risk of water stress or scarcity. When these projects go forward, the Company’s Safety, Health and Environment Development Standards (SHEDS) define that specific equipment (like water chillers) must be avoided in order to minimise our vulnerability to water shortages in areas with water use restrictions. We also ensure that water efficient design, including equipment specifications and water recycling engineering solutions, is maximised.

Where feasible, we integrate rainwater harvesting and grey water recycling systems on new projects and refurbishments to reduce the need for freshwater or municipal water consumption. During the fit out process, we set requirements for water efficient sanitary equipment (such as sensor spray taps, waterless urinals and low flush toilets). We have also developed a water calculator (Dive project) to assess the water needs of every shopping centre taking into account its occupancy, location and design. It allows us to set consumption targets for the main water systems (e.g. WCs, irrigation) which, together with real time monitoring, enables us to identify unusually high usage patterns and put in place tighter control mechanisms.

For shopping centres’ exterior areas and when landscape projects are defined, we specify efficient irrigation systems and minimise the planting of species with high water demands. For details of specific projects in 2014 to increase water efficiency and increase the reuse of water on our sites, see ‘Operational performance’, pages 31 to 32.
ENVIROMENTAL ASPECTS (CONTINUED)

ASPECT: WATER (continued)

Disclosures on Management Approach (continued)

GRI G4 CRESG Additional Guidance - Policy and practices on the management of water quality through all relevant stages of the lifecycle.

We incorporate solutions that reduce pollution to local water sources. Our shopping centres may have up to five different wastewater collection systems, which enable different types of wastewater to be reused and/or treated, according to their characteristics. Wastewater discharges are analysed regularly by externally certified laboratories in order to control the contamination levels of our water discharges to municipal sewers, streams, etc.

During the design phase, we are committed to incorporating solutions that reduce pollution to local water sources. For instance, to prevent pollution from rainwater run-off we specify filter drains and porous paving in external paved areas and stormwater management plans are implemented to contain or decrease stormwater run-off, according to the site’s characteristics. Additionally, our SHEDS guarantee that equipment like grease and hydrocarbon separators or wastewater treatment plants are installed, minimising pollution through the pre-treatment of these effluents before they are discharged.

During construction works, we also place demands upon our contractors to avoid the risk of water pollution from construction activities.

During the operations phase, wastewater discharges are regularly analysed by externally certified laboratories, and where there are no legally established monitoring requirements the following bio-chemical parameters are periodically analysed:

- Biological Oxygen Demand (BOD5)
- Chemical Oxygen Demand (COD)
- Fats and oils
- Total hydrocarbons
- Total Suspend Solids (TSS)
- pH
- Detergents

Through this control it is possible to prevent and to correct direct and diffuse pollution sources.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.

- The results of the evaluation of the management approach.

- Any related adjustments to the management approach.

Monitoring

The monitoring of our performance in relation to the water aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 47 to 49 and Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77 above.

Results and Adjustments

In addition to GRI indicators G4-EN8, G4-EN10 and CRE2 below, we monitor the water efficiency (excluding tenants) of our owned portfolio which in 2014 was 3.5 litres of water per visit, a 5% decrease compared with 2013 (see ‘Operational performance’, page 32).

Dive project allows us to calculate the optimised theoretical water consumption of a shopping centre and then compare this with its actual usage against a hypothetical ‘best practice’ model to identify inefficiencies. We can track the performance of a shopping centre against this model and set realistic consumption targets. An initial audit of 16 shopping centres identified annual savings of more than €192,000 from improvement measures that are expected to save 38,000m³ of water.

Further references:

For more information, see the case study on our website.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: WATER (continued)

Performance Indicators

G4-EN8  Total water withdrawal by source.

<table>
<thead>
<tr>
<th>Water Source</th>
<th>Excluding tenants</th>
<th>Water reallocated to tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground water</td>
<td>236,988</td>
<td>169,265</td>
</tr>
<tr>
<td>Rainwater collected directly and stored</td>
<td>14,006</td>
<td>-</td>
</tr>
<tr>
<td>Municipal water supplies</td>
<td>802,802</td>
<td>690,507</td>
</tr>
<tr>
<td>Other water sources</td>
<td>372</td>
<td>-</td>
</tr>
<tr>
<td>Mixture of water sources</td>
<td>36,518</td>
<td>32,375</td>
</tr>
<tr>
<td>Grey water</td>
<td>9,674</td>
<td>-</td>
</tr>
<tr>
<td>Treated waste water</td>
<td>58,635</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,158,995</strong></td>
<td><strong>892,147</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
The shopping centres included in this indicator are 8ª Avenida, ArrábidaShopping, Centro Colombo, CoimbraShopping, GaiaShopping, LoureShopping (Portugal); Parque D. Pedro Shopping and Shopping Plaza Sul (Brazil); Gli Orsi, Freccia Rossa (Italy); Alena (Germany), and Dos Mares (Spain). Pantheon Plaza in Greece and Uberlândia Shopping and Boulevard Londrina Shopping in Brazil are excluded. Pantheon Plaza and Boulevard Londrina Shopping have unknown partial consumptions, and in Uberlândia Shopping water reallocated to tenants is unknown.

G4-EN10  Percentage and total volume of water recycled and reused.

<table>
<thead>
<tr>
<th>Water Type</th>
<th>Percentage</th>
<th>Total m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled or Reused</td>
<td>4%</td>
<td>82,687</td>
</tr>
<tr>
<td>Not recycled or reused</td>
<td>96%</td>
<td>1,968,455</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>2,051,142</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
The shopping centres included in this indicator are 8ª Avenida, ArrábidaShopping, Centro Colombo, CoimbraShopping, GaiaShopping, LoureShopping (Portugal); Parque D. Pedro Shopping and Shopping Plaza Sul (Brazil); Gli Orsi, Freccia Rossa (Italy); Alena (Germany), and Dos Mares (Spain). Pantheon Plaza in Greece and Uberlândia Shopping and Boulevard Londrina Shopping in Brazil are excluded because total water withdrawal by source is unknown. The indicator is calculated according to the following formula: (Water reused/recycled (m³)/Total water withdrawal (m³)*100). Besides Pantheon Plaza, Boulevard Londrina Shopping and Uberlândia Shopping harvest rainwater and/or greywater but are excluded from this indicator, LeriaShopping in Portugal has a rainwater harvesting system in place but is not able to measure the real amount of water reused. Centro Colombo consumes greywater, but also harvests rainwater that is not accounted for since it is unable to measure this consumption individually as it is mixed with other water sources. 8ª Avenida’s contribution is also underestimated because, as well as harvesting rainwater, it also reuses greywater but is unable to measure this consumption individually.
## ENVIRONMENTAL ASPECTS (CONTINUED)

### ASPECT: WATER (continued)

#### Performance Indicators (continued)

**Indicator**

<table>
<thead>
<tr>
<th>Country</th>
<th>ltres/visit</th>
<th>Country</th>
<th>m³/m² mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>4.4</td>
<td>Portugal</td>
<td>3.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>9.6</td>
<td>Brazil</td>
<td>6.8</td>
</tr>
<tr>
<td>Germany</td>
<td>4.7</td>
<td>Germany</td>
<td>3.6</td>
</tr>
<tr>
<td>Greece</td>
<td>6.3</td>
<td>Greece</td>
<td>11.0</td>
</tr>
<tr>
<td>Italy</td>
<td>6.3</td>
<td>Italy</td>
<td>4.7</td>
</tr>
<tr>
<td>Romania</td>
<td>3.4</td>
<td>Romania</td>
<td>2.6</td>
</tr>
<tr>
<td>Spain</td>
<td>5.3</td>
<td>Spain</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Global Intensity</strong></td>
<td><strong>5.8</strong></td>
<td><strong>Global Intensity</strong></td>
<td><strong>4.5</strong></td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
These indicators include 45 out of 47 shopping centres owned by Sonae Sierra and in operation during the full reporting year. Uberlândia Shopping and Boulevard Londrina Shopping in Brazil are excluded because they have unknown partial consumption. The formula used to calculate the indicator for ltres/visit is: Building water intensity = (Total water consumption (excluding tenants) (m³) + Total water purchased on behalf of tenants (m³)) / Number of visits in the reporting year. The formula used to calculate the indicator for m³/m² mall and toilet area is: Building water intensity = (Total water consumption (excluding tenants) (m³) + Total water purchased on behalf of tenants (m³)) / Floor area of the mall and public toilets (for shopping centres) (m²).
ASPECT: WATER SCARCITY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Sonae Sierra shopping centres rely on some 1.159 million m³ per year of water to deliver day-to-day services such as cleaning, WC facilities and irrigation, which is equivalent to the annual water consumption of 4637 people in Portugal. There is significant upward pressure on global water reserves, which is likely to become more severe in the context of global climate change. This could lead to an increase in water shortages leading to constraints on supply and emergency controls on the way in which water is used, with some locations where Sonae Sierra operates being more directly and acutely affected than others. In light of these trends, Sonae Sierra has developed a long-term sustainability strategy which includes resource resilience as one of five focus areas. Resource resilience aims to use innovation and technology to rethink how water is used and managed at Sonae Sierra shopping centres.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Sonae Sierra is committed to assessing the feasibility of installing technologies for harvesting and reusing water on site. The purpose of this commitment is to reduce and eventually remove the need to procure water from third parties and to reduce pressure on aquifers.

Goals and Targets

Our Resource Resilience Working Group is actively identifying opportunities to improve water security and has proposed the roll-out of water reuse systems, as well as rainwater and phreatic water harvesting.

We have also set the following long-term objectives:

- At least 10% of total water consumed at Sonae Sierra owned shopping centres to be reused “grey water” or harvested rainwater, by 2020.
- Develop and implement a long-term strategy to ensure a secure water supply at our owned shopping centres, with a particular focus on locations that are vulnerable to water shortages, by 2020.

See also ‘Water’ on page 89.

Responsibilities and Resources

See ‘Sustainable energy’, page 88.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

See ‘Sustainable energy’, page 88.

Results and Adjustments

In 2014 our Resource Resilience Working Group proposed four actions designed to improve water efficiency and reduce water consumption which have been incorporated into our Safety, Health and Environment Development Standards (SHEDS). They include: chemical characterisation surveys pending groundwater extraction; rules regarding the construction of independent water networks to enable wash basin water recycling in shopping centre toilets, technical recommendations for rainwater harvesting systems and rules favouring the use of autochthonous plant species in exterior landscaping.

Following our decision to proceed with our research into the roll-out of water reuse and rainwater harvesting systems, 43% of our centres have such systems in place, and a further eight have been identified for this investment to be made in 2015. Other investment approved for 2015 at shopping centres in Portugal and Spain include recycling water from cooling tower purges and groundwater extraction feasibility studies.

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7 Based on an estimated annual water consumption of 2,505 m³ per capita. Source Water Footprint Network http://www.waterfootprint.org/?page=cal/waterfootprintcalculator_national
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS

Disclosures on Management Approach

a) Report the impacts that make this aspect material.

As noted under ‘Energy’, the built environment is responsible for around 24% of carbon dioxide (CO2) emissions. As regulations relating to buildings’ energy consumption and greenhouse gas (GHG) emissions become more stringent, it is likely that high carbon emitting buildings will be less desirable to investors and occupiers. By reducing the energy consumption and GHG emissions associated with our shopping centres we aim to avoid costs and make our properties more attractive to future investors.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

See also ‘Key non-controllable risks’ page 19, G4-EC2 page 70, and ‘Energy’ on page 82.

b) Report how the organisation manages the material Aspect or its impacts and explain whether the organisation is subject to any country, regional, or industry regulations and policies for emissions. Provide examples of such regulations and policies.

Policies and Commitments

We are committed to reducing GHG emissions within the scope of our Safety, Health and Environment (SHE) Policy and management system procedures (see page 47 above). We also endorse several external policies/charters which commit us to reducing our impact on climate change, for further details, see page 58 above.

Goals and Targets

We have set long-term objectives to:

• Achieve an 85% reduction in GHG emissions per m² of GLA, by 2020, compared to the 2005 level (GHG Protocol scopes 1 and 2, plus business air travel).

• Implement climate change adaption measures identified in our 2013 climate change study, by 2020.

Responsibilities and Resources

Responsibilities and resources for managing the emissions aspect are covered by our Safety, Health and Environment Management System (SHEMS). See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

GRI G4 CRESG Additional Guidance – Policy on carbon management, including policy position on carbon offsetting.

In 2006 we developed a climate change strategy to reduce our direct and indirect GHG emissions. This covers 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 (WRI) and the World Business Council for Sustainable Development (WBCSD).

Our primary strategy to achieve this is through energy efficiency initiatives. We have not established a policy with regards to carbon-offsetting although we have compensated for carbon dioxide emissions in relation to some minor events. It is part of our strategy to advocate more sustainable practices at an industry level and information on our advocacy positions can be found on pages 58 and 129 to 130.

Aside from the energy used by our shopping centres themselves, we also seek to reduce the energy consumption and GHG emissions generated by associated activities, such as vehicle emissions produced by people visiting our shopping centres, or by staff travelling to and from work or on business trips. Many of our centres are working to improve access by public transport, and encourage its use by featuring public transport timetables and cycle storage facilities. Emissions are also produced by tenants occupying our centres, and we advise and educate our tenants about saving energy and reducing GHG emissions from their activities.

In 2013 we performed a materiality assessment to review our most material scope 3 GHG emissions based on the Corporate Value Chain (Scope 3) Accounting and Reporting Standard published by WRI and WBCSD. By ranking all scope 3 emissions generate by our business activities according to their significance and the level of influence we have over them, we can focus our reduction efforts where they are more relevant.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (continued)

Disclosures on Management Approach (continued)

Currently, Sonae Sierra reports emissions from six of twelve applicable scope 3 categories (from an overall total of fifteen categories):

<table>
<thead>
<tr>
<th>Category</th>
<th>Emission Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: Purchased Goods and Services</td>
<td>Staying in hotels</td>
</tr>
<tr>
<td>Category 5: Waste Generated</td>
<td>Waste generated</td>
</tr>
<tr>
<td>Category 6: Business Travel</td>
<td>Air travel</td>
</tr>
<tr>
<td>Category 7: Employee Commuting</td>
<td>Rail travel</td>
</tr>
<tr>
<td>Category 9: Downstream Transportation and Distribution</td>
<td>Employees commuting</td>
</tr>
<tr>
<td>Category 13: Downstream Leased Assets</td>
<td>Visitor trips to shopping centres</td>
</tr>
<tr>
<td>Category 7: Employee Commuting</td>
<td>Tenants’ electricity consumption</td>
</tr>
</tbody>
</table>

For details of specific projects in 2014 to reduce our GHG emissions, see ‘Operational performance’, pages 31 to 32 and GRI indicator G4-EN6, page 86.

GRI G4 CRESD Additional Guidance – Policy and practices on reducing fugitive emissions.
During the construction phase, besides the energy efficiency measures described on page 82, we put in place a number of steps to reduce emissions of diffuse particles such as dust. Guidelines cover the correct storage of pulverised material; regular spraying of site areas where the production, accumulation and re-suspension of dust may occur; regular cleaning of site areas to clear waste materials; procedures covering the transportation of construction waste; regular washing of truck and other machinery; loading and unloading procedures; the use of dust traps for demolition waste crushers; and actions to be taken in the event of a cargo spill.

GRI G4 CRESD Additional Guidance – Report corporate and project initiatives that result in greenhouse gas emissions reductions, including direct GHG emissions and energy indirect and other indirect GHG emissions.
See Environmental Aspect ‘Products and Services’ on page 103.

Country, regional and industry regulations and policies for energy and emissions
See ‘Energy’ on page 83 above.

GHG emissions from consumption of electricity purchased on behalf of tenants and GHG emissions from other energy consumption on behalf of tenants rather than electricity (e.g. natural gas) are currently reported under G4-EN16.
ASPECT: EMISSIONS (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
The monitoring of our performance in relation to the emissions aspect is covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77 above.

Results and Adjustments
In addition to indicators G4-EN15, G4-EN16, G4-EN17, G4-EN18/CRE3, CRE4, G4-EN19 and G4-EN21 below, we monitor the GHG emissions intensity (excluding tenants) of our owned portfolio and corporate offices, which in 2014 was 0.017 tCO₂e/m² GLA (see ‘Operational performance’, page 31).

Number and percentage of visits made by different types of transport in the owned portfolio (millions of visits and %)
The most significant contribution to our carbon footprint is from visitor travel to our shopping centres. In 2014, visitor travel accounted for 90% of our total carbon footprint and we saw a decrease in the percentage of visits by private car. Whilst we neither control our visitors’ nor our employees’ travel to and from our shopping centres and offices, we can seek to influence by improving access to public transport (see above).

<table>
<thead>
<tr>
<th>Year</th>
<th>Private car (millions of visits)</th>
<th>Private car (%)</th>
<th>Other modes of transport (millions of visits)</th>
<th>Other modes of transport (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>231 (65%) / 125 (35%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>235 (67%) / 116 (33%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>251 (64%) / 139 (36%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>256 (64%) / 141 (36%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data Qualifying Note: This includes 46 out of 47 shopping centres owned by Sonae Sierra and in operation during the reporting period. Not all of our shopping centres performed Mall Tracking studies (which allow us to identify the number of visits made by private car) in 2014. In these cases, data from previous years’ studies has been used. Passeio das Águas Shopping has been excluded from this indicator because it has not performed a study since it opened in 2013.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (continued)

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Data Qualifying Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN15</td>
<td>Direct greenhouse gas (GHG) emissions (Scope 1)</td>
<td>This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting year and all corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). Scope 1 emissions are direct emissions from sources that are owned or controlled by Sonae Sierra e.g. the company car fleet, air-conditioning equipment, boilers and cogeneration plants. The emissions in tonnes of CO₂ equivalent (tCO₂e) have been calculated in accordance with the GHG protocol methodology and relate to the emissions from energy sources over which Sonae Sierra has financial control.</td>
</tr>
<tr>
<td></td>
<td>Scope 1</td>
<td>tCO₂e</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-EN16</td>
<td>Indirect greenhouse gas (GHG) emissions (Scope 2)</td>
<td>This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting year and all corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). Scope 2 emissions are indirect emissions that result from Sonae Sierra’s activities but are owned or controlled by another organisation e.g. purchased electricity, heating and cooling. The emissions in tonnes of CO₂ equivalent (tCO₂e) have been calculated in accordance with the GHG protocol methodology, which was adapted, if data was available, to the specific national circumstances of the various countries in which Sonae Sierra operates in Europe and in Brazil. Emissions included in this indicator are from energy sources over which Sonae Sierra has financial control. Electricity consumption in the Maia office in Portugal is not known due to the fact that it is in a shared floor/building with no individual energy meters. Therefore an estimate was made.</td>
</tr>
<tr>
<td></td>
<td>Scope 2</td>
<td>tCO₂e</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ENIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (continued)

Performance Indicators (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>tCO2e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business train travel</td>
<td>17</td>
</tr>
<tr>
<td>Business air travel</td>
<td>2,579</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>1,171</td>
</tr>
<tr>
<td>Electricity purchased on behalf of tenants</td>
<td>11,286</td>
</tr>
<tr>
<td>Visitor trips to and from our shopping centres</td>
<td>535,019</td>
</tr>
<tr>
<td>Hotel stays</td>
<td>104</td>
</tr>
<tr>
<td>Waste treatment</td>
<td>11,160</td>
</tr>
<tr>
<td>Total</td>
<td>561,336</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes indirect emissions from all shopping centres owned by Sonae Sierra and in operation during the full reporting year. It also includes other indirect emissions deemed relevant and material to the indicator (e.g. business travel, commuting, hotel stays) which are not necessarily allocated to shopping centres or other specific locations within the boundary of the Sonae Sierra’s carbon footprint. With respect to waste disposal, emissions in tonnes of CO2 equivalent (tCO2e) have been calculated in accordance with the GHG protocol methodology, which was adapted, if data was available, to the specific national circumstances of the various countries in which Sonae Sierra operates in Europe and in Brazil.

This indicator includes emissions from:

- Electricity purchased on behalf of tenants: for shopping centres in Brazil, the emissions factor is the 2014 national grid factor as published by the Brazilian Ministry of Science and Technology; in Greece, the emissions factor is according to the energetic label as made available by the specific provider as of January 2014 (Public Power Company); in Portugal, the emissions factor is from Defra’s UK Government Factors for Company Reporting 2014 (‘Oversea electricity generated: Portugal’), with the exception of AlbufeiraShopping where the emissions factor used is from the specific utility company (Endesa); in Romania, the emission factor is from the specific utility company as of July 2013 (GDF Suez); and in Spain, the emissions factor is from the same source as for Portugal, but with respect to Spain.

- Business air travel and rail travel: For train or subway travel the emissions factors used are the most recent ones published by Defra’s UK Government Conversion Factors for Company Reporting 2014 (National Rail and Subway). For air travel, the source of emissions factors is the Defra Act on CO2 calculator, and the Radiative Forcing Factor (RFI) employed is from Jardine (2005) Oxford ECI.

- Employee commuting: This was updated based on the results of the 2013 study on commuting patterns and the variation in current number of employees. The emissions factors were updated and are according to values referenced in Defra’s UK Government Conversion Factors for Company Reporting 2014.

- Visitor trips to and from shopping centres: This was updated for visitor trip patterns based on the same methodology applied in previous years and in accordance with 2014 visitor numbers. The emissions factors were updated and are according to values referenced in Defra’s UK Government Conversion Factors for Company Reporting 2014.

- Waste Treatment: We considered emissions associated with all disposal methods (anaerobic digestion, composting, incineration (with and without energy recovery), landfill, recycling, elimination/treatment and reuse off-site). For composting, the emissions factor used is as published in: Emissions Factor Guide – Version 6.1 – Bilan Carbone – Agence de l’Environnement et de la Maîtrise de l’Energie, June 2010. For disposal by incineration without energy recovery and by landfill, the emissions factors used are as published in: Company Certified by Carbon Disclosure Project: Ecometrica – 2014 (http://emissionfactors.com/). For the remaining disposal methods, the emission factors employed are from Defra’s UK Government Conversion Factors for Company Reporting 2014.

- Hotels: emissions were calculated using the emission factor published by InterContinental Hotels Group/Best Foot Forward (2014).
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (continued)

Performance Indicators (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gas emissions intensity (including tenants)</td>
<td>tCO₂e/m²</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.054</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.166</td>
</tr>
<tr>
<td>Germany</td>
<td>0.086</td>
</tr>
<tr>
<td>Greece</td>
<td>0.660</td>
</tr>
<tr>
<td>Italy</td>
<td>0.105</td>
</tr>
<tr>
<td>Romania</td>
<td>0.379</td>
</tr>
<tr>
<td>Spain</td>
<td>0.030</td>
</tr>
<tr>
<td>Global intensity</td>
<td>0.100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Greenhouse gas emissions intensity (excluding tenants)</th>
<th>tCO₂e/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>0.052</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.112</td>
</tr>
<tr>
<td>Germany</td>
<td>0.086</td>
</tr>
<tr>
<td>Greece</td>
<td>0.293</td>
</tr>
<tr>
<td>Italy</td>
<td>0.105</td>
</tr>
<tr>
<td>Romania</td>
<td>0.259</td>
</tr>
<tr>
<td>Spain</td>
<td>0.030</td>
</tr>
<tr>
<td>Global intensity</td>
<td>0.077</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator covers all shopping centres owned by Sonae Sierra in operation during the full reporting year. In calculating this indicator, the numerator includes scope 1 and scope 2 emissions according to GHG protocol methodology, plus shopping centres’ scope 3 emissions regarding waste. The denominator includes the mall and toilet areas of the shopping centres. No wastewater emissions were included in this indicator and, consequently, values are not fully comparable with the previous year’s results. For this indicator there is a slight mismatch between the numerator and the denominator since energy consumption in technical areas that is supplied to some tenants is considered, but those areas are not.

G4-EN19  Reduction of greenhouse gas (GHG) emissions.
Reported under G4-EN6 on page 86 above.

G4-EN21  NOₓ, SOₓ, and other significant air emissions.

<table>
<thead>
<tr>
<th>Air emissions by type</th>
<th>kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOₓ</td>
<td>52,857</td>
</tr>
<tr>
<td>Non methane volatile organic compounds (NMVOC)</td>
<td>4,813</td>
</tr>
<tr>
<td>Particulate matter (PM)</td>
<td>223</td>
</tr>
<tr>
<td>SOₓ</td>
<td>300</td>
</tr>
<tr>
<td>Volatile organic compounds (VOC)</td>
<td>94,155</td>
</tr>
<tr>
<td>Total</td>
<td>132,348</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and all corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). The information reported covers NOₓ, SOₓ and other significant air emissions from shopping centres’ boilers and from the on-site cogeneration system of NorteShopping in Portugal. Emissions from mobile sources such as the company car fleet and emergency generators have not been included. The calculation of emissions from boilers has been made using the figures for natural gas consumption and associated emission factors. The methodology used is consistent with the IPCC – Intergovernmental Panel on Climate Change and APA – Portuguese Environment Agency (Agência Portuguesa do Ambiente). The calculation of emissions from cogeneration has been made based on direct measurements of the NOₓ, SOₓ and other significant air emissions.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: **EFFLUENTS AND WASTE**

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

The construction and management of shopping centres can generate large volumes of waste that, if not managed properly, ends up in landfill. Landfilled waste is not only an inefficient use of resources (the waste and the land): it can generate damaging greenhouse gas emissions such as methane and carbon dioxide, as well as pollutants that can leach into the soil and groundwater. Consequently, disposal of waste in landfill is becoming more tightly regulated and more costly in most locations where we operate. On the other hand, good waste management can reduce environmental impacts and be more cost effective for businesses as it avoids landfill tax and waste disposal costs. A closed-loop approach to waste management can also cut costs and environmental impacts associated with the consumption of raw materials.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders' opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

**Policies and Commitments**

Within the scope of our Safety, Health and Environment (SHE) Policy and management system procedures, we are committed to reducing the quantity of waste generated by our activities and to achieving high levels of waste recycling. We are also committed to reducing our impacts in relation to wastewater production.

**Goals and Targets**

We have set long-term objectives to:

- Ensure that all discharges to local water courses comply with Sonae Sierra’s wastewater quality standards and pollutant limits, by 2020.
- Increase the proportion of total waste (by weight) that is recycled, recovered or reused and obtain a minimum recycling rate of 65% across our Sonae Sierra owned shopping centres, by 2020.
- Reduce the proportion of waste (by weight) that is sent to landfill below a maximum limit of 18% across Sonae Sierra owned shopping centres, by 2020.
- Increase the proportion of total waste (by weight) that is recycled, recovered or reused and obtain a minimum recycling rate of 90% across our main corporate offices, by 2020.
- Maintain a high level of performance in terms of waste recycling in construction projects and aim to increase the proportion of construction materials with recycled content.

**Responsibilities and Resources**

Responsibilities and resources for managing the effluents and waste aspect are covered by our Safety, Health and Environment Management System (SHEMS). See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

Our Site Managers at each shopping centre, projects under development and corporate offices are responsible for ensuring that waste is managed efficiently. This includes providing appropriate storage areas and equipment that are well maintained, preventing spillage and scattering during transportation, and producing monthly reports of waste volumes. We also provide staff with detailed instructions on waste codes, rules for waste storage and final destination, waste separation rules for non-hazardous waste and hazardous waste, and waste transportation in each country, particularly the documentation required.

**Specific Actions – Effluents**

See ‘GRI G4 CRESRD Additional Guidance – Policy and practices on the management of water quality through all relevant stages of the lifecycle’, page 90.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: **EFFLUENTS AND WASTE** (continued)

Disclosures on Management Approach (continued)

GRI G4 CRESD Additional Guidance – Policy and practices that promote waste avoidance as the first step in the waste hierarchy

Our SHEDS include a series of design requirements to maximise the waste separation potential of every shopping centre we develop, so that once the shopping centre is in operation waste can be effectively sorted and sent for recycling and recovery. A site specific Waste Strategy Study is undertaken during construction to establish adequate provision of space for waste segregation bins and compactors, temporary storage and internal preferential routes for disposal.

We take a progressive approach to waste management during construction works, encouraging contractors to operate Waste Management Plans. Aware of the difficulty that arises from the construction process being directly controlled by construction companies, we are committed to gradually designing-out waste produced during construction (for example through off-site pre-fabrication). During construction, our SHEMS ensures that the reduction of material use and waste is prioritised. Where possible, we specify end of life recycling for building components, which is particularly relevant for our refurbishment activities. In addition, construction companies are required to report back to us the results of their waste management.

During the operations phase we aim to progressively improve each shopping centre’s waste recycling rate. The majority of waste handled by Sonae Sierra is largely generated by tenants’ activities. Aside from seeking to influence tenants’ practices, there is little that we can do to reduce waste production in our centres. All countries offer regular training for tenants on topics around waste avoidance, segregation and recycling.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

The monitoring of our performance in relation to the effluents and waste aspect is covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77 above.

Specifically with respect to effluents, our wastewater quality standard controls wastewater quality beyond existing legal requirements. These are set out in our Wastewater Management procedure and include identifying all wastewater discharges into the municipal drainage systems and/or wastewater systems, and monitoring wastewater quality in accordance with the Technical Instruction for Wastewater Management. We analyse the results and in any cases of nonconformity we produce a report setting out corrective actions.

Wastewater discharges are analysed regularly by externally certified laboratories, in order to control the contamination levels of our water discharges to municipal sewers, streams, etc. See ‘GRI G4 CRESD Additional Guidance – Policy and practices on the management of water quality through all relevant stages of the lifecycle’, page 89.

Results and Adjustments

In addition to indicators G4-EN23 and G4-EN24 below, we also record the total waste recycled as a proportion of waste produced, and the proportion of waste that is sent to landfill across our owned portfolio (see ‘Operational performance’, page 51).

At CascaisShopping in Portugal, we implemented a project to transform the internal waste management process, improve working conditions and make a positive contribution to community wellbeing. Through increased recycling and waste optimisation, the project has reduced waste management costs by 35% (a saving of more than €25,660 per year).

Further references:

For more information, see the case study on our website.

Sonae Sierra engaged with staff and shopping centre users at Shopping Métropole to change attitudes and behaviour towards recycling. Initiatives such as tenant training and a re-modelled waste area helped to increase recycling rates by more than 200% since 2011, avoiding costs of €14,000 and generating additional income of €20,000.

Further references:

For more information, see the case study on our website.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EFFLUENTS AND WASTE (continued)

Disclosures on Management Approach (continued)

Total waste recycled and proportion of waste sent to landfill in our corporate offices.

In 2014, our waste recycling rate in corporate offices increased by 4%, meaning we met our long-term objective to achieve a recycling rate of 85%. Highlights include a significant increase in the recycling rate at our Lisbon office compared to 2013. This was due to improved signposting for recycle bins during the second half of 2013 and the introduction of a number of measures to raise awareness of the environmental impacts of paper consumption next to office printers.

In our São Paulo office, paper consumption reduced by 36% following the replacement of a number of printers with a single machine that requires employees to sign in before using it. The switch, done in May, demonstrates how encouraging employees to ‘think before they print’ can lead to effective behaviour change and reduce our environmental footprint.

Performance Indicators

Indicator

G4-EN23  Total weight of waste by type and disposal method

<table>
<thead>
<tr>
<th>Disposal method</th>
<th>Hazardous waste (tonnes)</th>
<th>Non-hazardous waste (tonnes)</th>
<th>Total (tonnes)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaerobic digestion</td>
<td>–</td>
<td>2,510</td>
<td>2,510</td>
<td>5.7%</td>
</tr>
<tr>
<td>Composting</td>
<td>–</td>
<td>4,639</td>
<td>4,639</td>
<td>10.5%</td>
</tr>
<tr>
<td>Incineration with energy recovery</td>
<td>1/4</td>
<td>8,646</td>
<td>8,660</td>
<td>19.6%</td>
</tr>
<tr>
<td>Incineration without energy recovery</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.0%</td>
</tr>
<tr>
<td>Landfill</td>
<td>–</td>
<td>9,657</td>
<td>9,657</td>
<td>21.8%</td>
</tr>
<tr>
<td>Recycling</td>
<td>153</td>
<td>18,240</td>
<td>18,393</td>
<td>41.6%</td>
</tr>
<tr>
<td>Reuse</td>
<td>–</td>
<td>54</td>
<td>54</td>
<td>0.1%</td>
</tr>
<tr>
<td>Treatment/Elimination</td>
<td>25</td>
<td>327</td>
<td>352</td>
<td>0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>192</td>
<td>44,073</td>
<td>44,265</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
These indicators include all corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). Waste recycled includes waste sent for recycling, anaerobic digestion and composting.

G4-EN24  Total number and volume of significant spills.

Sonae Sierra reports only significant spills with severe or very severe damage to the environment and requiring extensive effort to correct and recover. There were no such spills in 2014. This includes all chemical, oil, fuel, waste and other spill types at shopping centres owned by Sonae Sierra and in operation during the reporting year, all corporate offices with a SHEMS (Lisbon, Maia and São Paulo), and all Sonae Sierra projects under development during the reporting year.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: PRODUCTS AND SERVICES

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Regulations and industry expectations concerning the sustainability performance of buildings have developed rapidly over the past few years. By applying sustainable design standards on new projects and significant expansions/refurbishments, we can prepare for new and emerging regulations whilst ensuring that our shopping centres are more attractive to investors and occupiers.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Within the scope of our Safety, Health and Environment (SHE) Policy and procedures (see page 47 above), we are committed to ensuring that our shopping centres (as our ‘products’) comply with high safety, health and environmental standards. This includes standards for environmental design and operation.

Goals and Targets

We have set a long-term objective to obtain a building certification for all new shopping centres and certify the Safety, Health and Environmental Management System (SHEMS) for all Sonae Sierra construction projects and owned assets that we have managed for two or more years, in a maximum period of three years.

Responsibilities and Resources

Responsibilities and resources for managing the products and services aspect are covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

GRI G4 CRESD Specific Actions – Organisation-wide environmental management initiatives to manage existing buildings and construction sites efficiently.

Through our years of experience in designing, constructing, owning and managing shopping centres we identified the sustainability features which are most important for our operations. Our Safety, Health and Environment Development Standards (SHEDS) have been developed with reference to our own experience; best available techniques; international certification schemes such as LEED® and BREEAM and internationally recognised safety standards such as the National Fire Protection Association (NFPA) and European safety standards.

During the construction and operations phases, we operate SHE Management Systems in all our construction sites and owned shopping centres which are based on ISO 14001 and OHSAS 18001 standards. Applying these standards enables us to guarantee that all SHE risks are identified and controlled. It is also part of our policy to seek third party audit and certification of the SHE Management Systems across all our sites and we aim for all our new development projects, major expansions and refurbishments where we have direct control to target, as a minimum, BREEAM Good, LEED Silver or DGNB Bronze. By doing so, shopping centres ensure that their management systems are aligned with Sonae Sierra’s corporate policy and that SHE procedures have been fully implemented. It also demonstrates to our stakeholders our visible commitment to managing our SHE impacts and helps us to reduce the costs associated with those impacts.

For further information about our SHEDS and SHEMS, see ‘Governance, Safety, Health and Environment Management System’, page 47. For examples of specific projects in 2014 concerning environmental design and management of shopping centres, see ‘Operational performance’, pages 20 to 36.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: PRODUCTS AND SERVICES (continued)

Disclosures on Management Approach (continued)

GRI G4 CRESRD Additional Guidance – Policies and practices to mitigate environmental and end user human health impacts during all stages of the lifecycle & Organisation-wide environmental initiatives in place to design new assets which minimise environmental and end user human health impacts, and to redevelop/retrofit existing assets to such standards

We have a corporate procedure applicable to all shopping centres (and a similar one for offices) to guarantee that acceptable indoor air quality is maintained. This involves conducting regular monitoring of critical air quality indicators, including volatile organic compounds (VOC) emissions; periodic indoor air quality audits which cover a range of different parameters; and Legionella monitoring. Four of our air quality parameters (air temperature; relative humidity; CO₂ and carbon monoxide (CO)) are monitored on-line and made available to the public through television screens in the mall areas.

During the design phase, the SHEDS include standards which guarantee the use of the best equipment for Legionella control and the ongoing monitoring of indoor air quality parameters. For example, cooling towers must be made from materials that are corrosion resistant, must not contribute to microbiological growth, must be easy to clean and should entail drift eliminator devices.

GRI G4 CRESRD Additional Guidance – Organisation-wide end user engagement initiatives as implemented by design professionals, building or construction personnel, and building operators.

Our SHEDS, described above and on page 49, enable us to minimise SHE risks and enhance the eco-efficiency of our operational shopping centres beginning with their design and construction. During the operations phase, we engage with end users including tenants, service suppliers, visitors and employees through a range of initiatives covering sustainability impacts.

We regularly engage with end users including our tenants and service suppliers on sustainability issues. We provide training on SHE issues, invite tenants to actively participate in SHE Committees, and work with them to improve their SHE performance such as identifying opportunities to reduce energy consumption. Within the scope of our SHEMS, we monitor tenants’ compliance with our SHE requirements for shopping centres by performing inspections on tenant units and following up on any non-conformances detected. Regular SHE meetings with our service suppliers discuss common SHE issues and highlight basic housekeeping procedures to reduce SHE risks. A ‘Good Practice Guide’ for both tenants and service suppliers sets out best practice guidelines covering various activities to reduce SHE incidents.

We undertake regular customer surveys and aim to play an active role in raising visitors’ awareness of sustainability concerns by promoting a large number of events and campaigns with environmental and social themes. This includes efforts to communicate our own SHE progress to visitors. For more information, see ‘Operational performance’ on pages 34 to 35 and ‘Changing Consumer Habits’ on pages 131 to 132.

For employees, we operate a Competence, Training and Awareness Procedure within the framework of our SHEMS. The Sustainability Office and Human Resources (HR) Department use a competence matrix to define the skills and knowledge required for each aspect of the SHEMS to be effectively implemented by Sonae Sierra’s employees. Each year, our HR Department identifies SHE training and awareness needs with reference to the staff assessment process, with a particular focus on those employees whose job role impacts on SHE issues, or who have responsibilities for SHE management. General training needs are also identified by the Sustainability Office with support from the Country SHE Coordinator. For more information, see ‘Overall’ on page 76.

We also report the evaluation of the management approach, including:
- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

The extent of implementation of the SHEDS on each of our projects is assessed by an external advisor. Our local SHEMS are assessed by a third party certifier as part of the process for achieving ISO 14001 and OHSAS 18001 certifications. Third party certification is also sought for BREEAM, LEED and DGNB certification.

Results and Adjustments

See ‘Operational performance’, pages 20 to 36, GRI Indicator G4-EN27 (see below), and CRE8 reported under the aspect ‘Product and Service Labelling’ on page 138 below.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: PRODUCTS AND SERVICES  (continued)

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Extent of impact mitigation since implementation in 2014</th>
<th>Extent of impact mitigation for the whole year</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN27</td>
<td>Extent of impact mitigation of environmental impacts of products and services.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Shopping centres and corporate offices

<table>
<thead>
<tr>
<th>Site</th>
<th>Initiative description</th>
<th>Extent of impact mitigation since implementation in 2014</th>
<th>Extent of impact mitigation for the whole year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estação Viana Shopping</td>
<td>Implementation of a rainwater harvesting system to reuse water in WCs.</td>
<td>328.92 m³</td>
<td>4,446.54 m³</td>
</tr>
<tr>
<td>Estação Viana Shopping</td>
<td>Installation of double discharge water flushes in WCs.</td>
<td>591.50 m³</td>
<td>2,096.08 m³</td>
</tr>
<tr>
<td>Le Terrazze</td>
<td>Reusing water from cooling towers to irrigate garden areas and to use in fire extinguishing system.</td>
<td>20.8 m³</td>
<td>250 m³</td>
</tr>
<tr>
<td>Arrábida Shopping</td>
<td>Installation of water filtration to improve rainwater reuse.</td>
<td>6.17 m³</td>
<td>512 m³</td>
</tr>
<tr>
<td>Loure Shopping</td>
<td>Implementation of a system to recover WC waste water for reuse in WCs.</td>
<td>79.14 m³</td>
<td>601.8 m³</td>
</tr>
<tr>
<td>Maia Shopping</td>
<td>Reusing purged water from cooling towers and borehole water for WCs.</td>
<td>121.45 m³</td>
<td>4,030 m³</td>
</tr>
<tr>
<td>Leiria Shopping</td>
<td>Installation of groundwater particles filter.</td>
<td>172.82 m³</td>
<td>1,467 m³</td>
</tr>
<tr>
<td>Shopping Plaza Sul</td>
<td>Implementation of a wastewater treatment plant.</td>
<td>16,307 m³</td>
<td>19,568 m³</td>
</tr>
<tr>
<td>Shopping Metrópole</td>
<td>‘Water marathon’ campaign to reduce tenant water consumption.</td>
<td>1,904.25 m³</td>
<td>1,904.25 m³</td>
</tr>
<tr>
<td>Parque Atlântico</td>
<td>Improvement of on-site waste collection and segregation facilities.</td>
<td>12.97 tonnes diverted from landfill.</td>
<td>17.66 tonnes diverted from landfill.</td>
</tr>
<tr>
<td>Uberlândia Shopping</td>
<td>Implementation of organic waste recycling from tenant kitchens (organic waste was previously sent to landfill).</td>
<td>47.92 tonnes of organic waste composted.</td>
<td>57.50 tonnes of organic waste composted.</td>
</tr>
<tr>
<td>GranCasa</td>
<td>Green energy purchased.</td>
<td>2,156 tonnes of CO₂ avoided.</td>
<td>2,156 tonnes of CO₂ avoided.</td>
</tr>
<tr>
<td>Corporate</td>
<td>Actions resulting from the implementation of the Dive project.</td>
<td>–</td>
<td>32,039 m³</td>
</tr>
<tr>
<td>São Paulo Offices</td>
<td>Replacement of existing printers for a model that requires employees to enter an authentication number before use.</td>
<td>36% reduction in paper consumed per worker (LFL), equivalent to 447 reams.</td>
<td>36% reduction in paper consumed per worker (LFL), equivalent to 553 reams.</td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and all corporate offices with a SHEMS in place (Lisbon, Maia and São Paulo). In 2014 there are no completed development projects and, consequently, there are no relevant initiatives to be reported.
Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Safety and Health (S&H) incidents occurring in the workplace can cause harm to workers and expose companies to risks such as reputational damage, fines and, in the case of construction and building works, delays on projects. On the other hand, a progressive approach to S&H can help to protect people, reduce insurance costs, reduce staff absence and enhance a company’s reputation.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts and describe programmes related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programmes involve education and training, counselling, prevention and risk control measures, or treatment.

Policies and Commitments

Our Safety, Health and Environment (SHE) Policy establishes our responsibility to conduct our activities so that risks towards people, assets and ecosystems are minimised, and benefits enhanced.

Goals and Targets

We have set long-term objectives to:

• Enhance the wellbeing of our workforce and reduce the rate and severity of workplace accidents and occupational diseases, aiming towards zero.

• Anticipate and prevent all safety risks on Sonae Sierra construction sites, minimising the number of accidents and their severity, aiming towards zero.

• Provide a safe environment for everyone who visits or works within Sonae Sierra shopping centres, aiming towards zero accidents, and promote safe and healthy behaviour among our tenants, suppliers and visitors.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Disclosures on Management Approach (continued)

Responsibilities and Resources
Ultimate responsibility for S&H aspects lies with Sonae Sierra’s CEO and Executive Committee. The Sustainability Steering Committee constitutes the senior level of decision making and establishes the SHE Policy, lines of action and objectives, and monitors progress with respect to these. The Sustainability Office actively supports the Sustainability Steering Committee and advises on SHE policy and standards. Responsibility for the implementation of our Safety, Health and Environment Development Standards (SHEDS) and Safety, Health and Environment Management System (SHEMS) procedures is assigned to all leaders and managers in the organisation, who are also required to demonstrate a strong visible management commitment. Finally, our organisation as a whole is supported by the SHE network, which provides advice on S&H management and technical issues.

Our SHE Policy commits us to promoting S&H (and environmental) training among our stakeholders. Within the framework of our SHEMS, we operate a Competence, Training and Awareness Procedure. In accordance with this procedure, the Sustainability Office and Human Resources (HR) Department use a competence matrix to define the skills and knowledge required for each aspect of the SHEMS to be effectively implemented by Sonae Sierra’s employees according to their role and function. General training needs are also identified by the Sustainability Office with support from the Country SHE Coordinator.

All new Sonae Sierra employees must receive S&H (in addition to environmental) induction training, and all Site Managers, Site Correspondents and Country SHE Coordinators must attend training on all the SHE procedures within our SHEMS, as well as on legal S&H issues specific to the country where they coordinate SHE management. We collaborate closely with our critical suppliers on specific issues relating to SHE through our SHEMS procedures.

Our SHE training plans for each site include the identification of training needs for service suppliers and tenants. Tenants are invited to participate in Open SHE Committees during which S&H (along with environmental) issues are discussed and tenants are asked to actively participate in the shopping centres’ SHE management. Regular SHE meetings with our security, maintenance, cleaning and waste suppliers discuss the most common incidents experienced by these service providers and highlight basic housekeeping procedures that help to prevent incidents such as electrical fires and injuries from falling equipment. For example, a ‘Good Practice Guide’ for tenant and service suppliers sets out best practice guidelines covering various activities to reduce the risk of safety accidents and environmental incidents.

Employee awareness on safety and health is delivered through a variety of tools including regular SHE meetings, training events and campaigns. Launched in 2014, Evolve is an online employee newsletter that brings together sustainability information, including safety and health content such as SHE Tips, alerts and case studies, in a single format. We have also launched a new engagement tool called ‘My Advice’ that allows senior managers who are nominated to be monthly safety ambassadors to share simple safety and health messages with all employees. Other examples of employee initiatives include an awareness raising campaign to reduce the amount of accidents among our workforce. Employees submitted their ideas on how to improve awareness of itinere incidents and the winning suggestion was printed onto stickers and posted on doors around the office.
Disclosures on Management Approach (continued)

GRI G4 CRES Report Additional Guidance – Policies and procedures regarding the provision of health and safety requirements in agreements for contractors and subcontractors

Our Service Suppliers Management Procedures for Development and Property Management define the various steps that should be followed from the pre-selection and bidding process through to contract closure and post-contract evaluation. Both our Development and Property Management businesses have integrated the requirements of Sonae Sierra’s SHEMS into their Service Suppliers Management Procedures, so that these are set up in a way to ensure that our main suppliers’ performance meets with Sonae Sierra’s SHE requirements.

Within the scope of these procedures, all contracts with critical suppliers must include SHE clauses, and sub-contractors have the same level of SHE requirements as contractors. If no formal contracts are signed, then the service supplier must sign a ‘Warranty Declaration’ to guarantee that SHE requirements will be met. We have also established SHE regulations for service providers, which include, for example, the obligation for suppliers to adopt protective measures to minimise risks that workers are exposed to. Compliance with these regulations is checked during work supervision and for long-term contracts (including contractors from construction sites) S&H performance is evaluated during works execution.

All new shopping centre development projects must implement a site-specific SHEMS and achieve certification in accordance with the OHSAS 18001 standard for the entire construction phase. Additionally, a Safety Plan is drawn up for each of our construction sites and compliance with this plan is compulsory for all contractors. Contractors cannot begin any activity without the validation of this document by the site’s S&H Coordinator and Sonae Sierra’s prior approval. Each of our development projects has a full time S&H Coordinator to validate contractors’ risk assessments and, if necessary, establish additional control measures. The S&H Coordinators and outsourced project management teams carry out permanent S&H supervision and planning on construction works identifying and correcting unsafe actions wherever necessary. In respect to expansions and refurbishments a simplified SHEMS is also implemented (see page 49 for further details).

We investigate the cause of all incidents and communicate these across the Company so that lessons can be learned to avoid a repeat occurrence. This is done using ‘Alerts’, a communication tool that is also used during the construction phase. We also hold regular SHE Meetings and carry out emergency practice drills on all construction sites.

Specific Actions – Procedures to identify and evaluate safety and health risks to people

Prior to the commencement of construction or refurbishment works, design teams consider our SHEDS during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. The SHEDS aid us in minimising S&H risks from the outset of each shopping centre’s development and into the operations phase. The implementation of the standards is mandatory for all projects and is checked through a final audit carried out by a third party. Compliance with local S&H regulations is also verified by competent authorities prior to opening as part of the licensing procedure for new shopping centres.

We also operate a corporate risk matrix that is used by centres to create a tailored risk matrix based on the S&H risks to people during the operational phase. This includes defined procedures for routine activities, non-routine activities, such as fit outs and improvements to tenant units, and emergency procedures. For more information, see indicator G4-LA6 (page 113) and ‘Specific Actions – Programmes related to assisting workforce members, their families, or community members regarding serious diseases’ (page 109).

In 2013 we created a procedure to reduce risks for our staff travelling to countries where we are seeking to develop new business. This ensures that all travellers receive an email on medical and security risks in the country they are going to visit. We also increased the provision of travel insurance for employees and began training staff on precautionary procedures they should follow when travelling abroad for business purposes according to the country’s specific level of risk. During 2014 we tested our procedures and worked with International SOS to simulate a car accident involving an employee in Morocco who needed urgent medical assistance.

GRI G4 CRES Report Additional Guidance – Policies and procedures requiring prequalification of suppliers and contractors relating to health and safety, and including the existence of formal agreements and health and safety due diligence for new projects and investments.
See ‘Supplier Assessment for Labour Practices’, page 122.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Disclosures on Management Approach (continued)

GRI G4 CRES D Additional Guidance – Policy and procedures for the procurement, transport, handling, use and disposal of all hazardous materials

During the new business phase of our own projects, Safety and Health Due Diligence studies are undertaken so that we can understand the potential safety and health liabilities that sites may contain (such as materials) and therefore guarantee sufficient budget in our Investment Plans to adequately deal with these issues.

During the design phase, within our SHEDS there is a specific requirement which is included within the design team and contractors’ service agreements which prohibits the use of certain hazardous materials and substances (as defined by Sonae Sierra) throughout the construction works.

For the construction phase, the use and disposal of hazardous materials is controlled by the implementation of our SHE procedures for development; namely the SHEMS for new projects, the Safety, Health and Environment Monitoring Plan (SHEMP – the simplified SHEMS) for major refurbishments and expansions, and the Small Works procedure for minor interventions. The on-site S&H Coordinators and Development teams maintain a record of hazardous materials which come onto the site and are disposed of from the site.

During the operations phase and within corporate offices, we have a procedure in place that sets out the main safety recommendations for handling hazardous products, including the hazard characteristics of products, the labelling rules, storage incompatibilities and recommended protective measures. These are supported by posters to raise awareness among service suppliers around the correct storage and handling of these products. Where possible, we work with service suppliers to replace hazardous products with less hazardous alternatives that share similar characteristics.

Specific Actions – Programmes related to assisting workforce members, their families, or community members regarding serious diseases

We provide education and training, counselling and prevention programmes for employees, their families and community members regarding serious diseases or potential long-term damage to health. These programmes cover commonly identified risks associated with Sonae Sierra activities (see below), as well as emerging health risks that could potentially affect our stakeholders. For example, in 2014 we organised a series of video and web-based awareness raising sessions on Ebola for employees in Europe and North Africa. The sessions incorporated advice from the International SOS and the World Health Organisation and were attended by 47 employees.

Sonae Sierra has defined a transversal procedure in our SHEMS aimed at identifying and evaluating S&H hazards and risks to Sonae Sierra’s stakeholders. The evaluation is made for all activities covering offices, shopping centres in operation and development projects, and through which we identify the potential consequences to people, identifying both injuries (e.g. cut, burns etc.) and occupational diseases (e.g. musculoskeletal disorders, hearing loss etc.).

As we evaluate a hazard we have to consider existing control measures and deficiencies, the periodicity/probability of the hazard’s occurrence and its potential severity. Any non-acceptable risks that are identified must result in the implementation of additional risk control measures until the risk is classified as acceptable.

Examples include:

• In our shopping centres, we identified that the inspection and testing of emergency generators could cause loss of hearing capacity. To avoid this, we implemented several controls such as short term worker exposure to noise, regular noise measurements and communication of results, and the mandatory use of suitable hearing protectors;

• In our offices, we identified the possibility of musculoskeletal disorders from handling air conditioning units for maintenance. To avoid this, we provide mechanical transportation equipment, training on its use and regular inspections to ensure it is being used properly.

All matrices are validated by qualified technicians, either the Country Safety, Health and Environment Coordinators in offices and operational centres, or Safety & Health Coordinators in development sites, and then approved by the respective site manager. Additionally, in all countries where this is demanded by law, an occupational doctor also provides follow-up and feedback to Sonae Sierra employees in regular consultations and evaluates each employee’s workstation to avoid any future occupational disease.

Regarding shopping centres under development, we have acknowledged that the task of identifying the number of workers that are exposed to a specific risk at a specific moment is extremely complex due to site specific factors, and that the time and effort required for this identification will not produce relevant benefits to Sonae Sierra. We focus most of our efforts on ensuring that all existent risks in each construction site have proper control measures in place. We have identified that workers on construction sites are more exposed to: noise, vibration, dust and working with concrete. Knowing this, and to minimise the associated risks, measures including worker rotation, awareness raising and the use of personal protective equipment have been implemented.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Disclosures on Management Approach (continued)

In shopping centre management activities the risks of serious occupational diseases are less extensive than in development. However, Sonae Sierra has identified eleven occupational diseases relevant to service suppliers. Examples include tendonitis, loss or reduction of hearing capacity and Raynaud’s phenomenon. The stakeholders that are most exposed to these risks include maintenance and cleaning service suppliers.

In corporate offices the only risk identified is the risk of tendonitis and carpal tunnel syndrome.

During 2014 there were no recorded occupational diseases.

GRI G4 CRES Additional Guidance – Report whether education and training related to assisting workforce members, their families, or community members regarding serious diseases is provided in a manner which is understood by all program recipients, for example in appropriate languages or pictorial format.

Education and training is provided in all local languages or in English.

GRI G4 CRES Additional Guidance – Policies and procedures for assisting employees with mental health issues, substance and alcohol addiction, and HIV/AIDS

Alcohol and drug use is prohibited during work shifts and inside all of our construction sites. This is strictly followed up by the site S&H Coordinators and S&H Technicians throughout the entire construction process.

A wellbeing study performed in 2014 involving Sonae Sierra’s European workforce enabled us to evaluate the mental health of our employees and identify key areas for improvement. Based on the results, the Sustainability Steering Committee has approved an action plan to improve employee wellbeing around issues such as stress. Project Be Well, for example, identified a series of initiatives designed to improve employee wellbeing across eight categories to be implemented over the next two years. The first two – Sierra Ignites and Energize your Time – have already been launched (see Stakeholder Engagement, page 64).

GRI G4 CRES Additional Guidance – Policy on compensation and benefits for employees for work-related injuries and fatalities

Compensation and benefits are provided in accordance with the law; i.e. through insurance policies. Specific clauses are added to service agreements with contractors in order to ensure that, in cases of serious work-related injuries or fatalities, the fines that are paid to Sonae Sierra revert to the families of injured workers.

GRI G4 CRES Additional Guidance – Policies and procedures for the commissioning, operation and decommissioning of equipment

Our contracts with service suppliers include requirements to make sure that pre-opening testing of the building and training on new equipment is performed so as to make sure that teams are trained to deal with all systems’ capabilities and functionalities. Decommissioning takes place within the scope of our SHE and maintenance procedures, which make sure that the efficiency of shopping centre systems is closely reviewed and that investments are proposed to upgrade equipment where applicable.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
The monitoring of our performance in relation to the occupational health and safety aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 47 to 49 and Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 77.

Results and Adjustments
In addition to GRI indicators G4-LA6, G4-LA7 and CRE6 below, we record the Lost Workday Case Accidents Rate (LWCAFR) for development and service suppliers (see ‘Operational performance’, page 33).

Total number of man hours of S&H training and awareness provided across all Sonae Sierra sites.
During 2014 we maintained our strong focus on incident prevention and we delivered a total of 29,035 man hours of S&H training and awareness to our employees. A total of 1,119 training sessions were held, involving 18,285 participants, covering issues such as Sonae Sierra’s SHEMS procedures; induction training; identification of non-conformities; the root causes of incidents; emergency response and evacuation procedures; first aid; and the use fire extinguishers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of man hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>29,035</td>
</tr>
<tr>
<td>2013</td>
<td>22,944</td>
</tr>
<tr>
<td>2012</td>
<td>31,680</td>
</tr>
<tr>
<td>2011</td>
<td>37,154</td>
</tr>
</tbody>
</table>

Number of hours of SHE Preventive Observations (SPO) performed in shopping centres and corporate offices (number of hours).
In 2014 we performed 8,471 hours of SHE Preventive Observations (SPO) across our shopping centres (including some of those which we manage on behalf of others). SPOs allow us to identify and correct behaviour which could potentially lead to incidents, and are therefore an important part of our incident prevention strategy. The number of hours of SPO performed in 2014 decreased by around 13% in comparison to 2013. This was due to the sale of Airone and Valecenter and a reduction in the target number of SPOs at ArrábidaShopping and GranCasa (from three hours per month to two hours per month).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>8,471</td>
</tr>
<tr>
<td>2013</td>
<td>9,697</td>
</tr>
<tr>
<td>2012</td>
<td>10,187</td>
</tr>
<tr>
<td>2011</td>
<td>10,795</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period; all shopping centres managed but not owned by Sonae Sierra during the reporting period, all projects under development during the reporting period; and all corporate offices in operation during the reporting period.

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, all shopping centres managed but not owned by Sonae Sierra during the reporting period, all corporate offices with a SHEMS (Lisbon, Maia and São Paulo Offices), and all corporate offices with a S&HMS (Milan, Madrid, Düsseldorf and Bucharest).
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Disclosures on Management Approach (continued)

Number of non-conformities detected per hour of reference SPO
In 2014, we identified an average of 5.1 non-conformities per hour of reference SPO, a 39% decrease compared to 2013. The decrease was due to the delivery of SPO training to Sustainability Office and Country S&H and Environment Coordinators teams leading to more accurate recording of non-conformities. Moreover, with this SPO training, the number of SPO observers increased leading to a rise in the number of SPO hours performed at individual shopping centres (despite the aggregate drop recorded above).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of non-conformities detected per hour of reference SPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5.1</td>
</tr>
<tr>
<td>2013</td>
<td>8.4</td>
</tr>
<tr>
<td>2012</td>
<td>7.4</td>
</tr>
<tr>
<td>2011</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This includes all shopping centres owned by Sonae Sierra and in operation during the reporting period. It relates to the number of non-conformities per hour of SHE Preventive Observations audited by the SO team and CSHECs. The number of non-conformities per hour of SPO is calculated as the total number of S&H and SHE non-conformities in all sites divided by 80% of the total number of SPO hours performed in all sites. The value reported for the indicator reflects the results obtained for the year to date (since the beginning of the year).

Number of drills performed divided by total number of sites in operation
In 2014 our shopping centres performed an average of 2.4 emergency practice drills covering evacuations, fire, gas leakages and earthquakes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of drills performed divided by total number of sites in operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.4</td>
</tr>
<tr>
<td>2013</td>
<td>2.2</td>
</tr>
<tr>
<td>2012</td>
<td>2.6</td>
</tr>
<tr>
<td>2011</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation for at least six weeks of the reporting period, and all corporate offices. This indicator represents the total number of practice SHE emergency drills carried out across all sites of operation and corporate offices, divided by the number of sites.

Safe Practice Index (SPI) (%)
We use the Safe Practice Index (SPI) audit tool to assess and improve safety conditions on our construction sites. The SPI measures the level of adherence to Sonae Sierra’s S&H requirements as construction works evolve. The higher the index, the higher the level of safety awareness amongst the construction workforce.

<table>
<thead>
<tr>
<th>Year</th>
<th>Safe Practice Index (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>88%</td>
</tr>
<tr>
<td>2013</td>
<td>94%</td>
</tr>
<tr>
<td>2012</td>
<td>85%</td>
</tr>
<tr>
<td>2011</td>
<td>94%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all projects under development during the reporting period. The SPI is obtained by assigning different weights to each of the observed unsafe acts and conditions, according to their likelihood to generate an accident and its possible severity. The number of observed persons and the duration of the audit are also taken into account.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (continued)

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-LA6</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Injury rate</th>
<th>Occupational disease rate</th>
<th>Lost day rate</th>
<th>Absentee rate</th>
<th>Fatalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonae Sierra workforce (direct employees and supervised workers)</td>
<td>3.27</td>
<td>-</td>
<td>35.02</td>
<td>0.03</td>
<td>-</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees (i.e. employees on Sonae Sierra’s payroll), all Sonae Sierra supervised workers during the reporting period, and all independent contractors working on site during the reporting period. Regarding independent contractors and trainees, there are no injuries, occupational diseases, lost days, absentee and fatalities to be reported. The formulas used to calculate the presented rates are:

- **Injury rate** = (Number of injuries * 1,000,000)/Total time worked
- **Occupational disease rate** = (Number of occupational diseases * 1,000,000)/Total time worked
- **Lost day rate** = (Number of lost days * 1,000,000)/Total time worked
- **Absentee rate** = Absentee in period (hours)/Total time worked

The total time worked equals the total number of workable days (excluding vacation and holidays) multiplied by the average total workforce and multiplied by eight hours (units in hours). The average total workforce equals the sum of the total number of employees (direct employees and supervised workers) at the end of each month divided by 12 months. Injuries reported do not include minor injuries (first-aid level). For Sonae Sierra ‘days’ means ‘scheduled work days’ and the ‘lost days’ count begins at the immediate working shift (or day) after the accident/occupational disease manifestation occurred.

<table>
<thead>
<tr>
<th></th>
<th>Direct employees</th>
<th>Supervised workers</th>
<th>Independent contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce and independent contractors</td>
<td>1,168</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001</td>
<td>532</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Percentage of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001 (%)</td>
<td>46%</td>
<td>29%</td>
<td>76%</td>
</tr>
<tr>
<td>Total number of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&amp;HMS)</td>
<td>1,016</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Percentage of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&amp;HMS) (%)</td>
<td>87%</td>
<td>86%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees, supervised workers and independent contractors at the end of the reporting period. The number of direct employees reported in this indicator differs from the total reported in G4-L9. The reason for this is because Shopping Penha and Tivoli Shopping employees are not considered as direct employees in terms of human resources management, but they are assumed to be in compliance with Safety and Health Management System procedures and, consequently, are considered in this indicator.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Developing and retaining talent can increase a company’s competitiveness: talent developed and retained enhances know-how, increases the potential for innovation and supports a strong reputation. In turn, a strong reputation helps to attract new talent, thus perpetuating the cycle.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Within the scope of our long-term priority ‘leveraging knowledge’ we are committed to empowering people through skills and knowledge.

Our Code of Conduct includes principles to identify our employees’ training needs; encouraging our employees to identify their own training needs and providing the most suitable training to all staff. Because employees have so much influence over their professional development, we call this area “learning” instead of “training”.

Goals and Targets

‘Our strategy’, page 17 and ‘Specific actions – Leveraging knowledge’ below.

Responsibilities and Resources

Ultimate responsibility for employment aspects, including training and education, lies with Sonae Sierra’s CEO and the Executive Committee. Operational responsibility is divided among line managers within each of our business divisions, from senior management downwards. The Human Resources (HR) Department lends a supporting role by proactively intervening in the development and execution of the HR strategy and policies and providing quality HR advice to business leaders.

In terms of resources, we have a HR team covering different areas, including local support (Country Coordinators) and specific activities such as compensation and benefits; learning and development; recruitment, selection and talent management; performance management and employee engagement (including internal communication). We outsource payroll management (except in Portugal) and legal support on labour issues.

We use a number of IT tools based on SAP, including our ‘Improving Our People’ (IOP) Performance Management Tool, which can be accessed by all employees through our HR Portal. In 2014, we introduced an Executive Information System that upgraded all our reporting and monitoring systems for HR indicators, including employee training and developing indicators from 2015 onwards.

The Leveraging Knowledge Working Group comprises representatives from Sonae Sierra functions including HR, property management, investments, corporate communications and maintenance. It is headed by the HR Director and progress is reported three times a year to the Sustainability Steering Committee. Within the Working Group, members work on implementing lines of action according to their core skills and experience.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: **TRAINING AND EDUCATION** (continued)

Disclosures on Management Approach (continued)

**Specific Actions – Learning programmes**

Our internal learning programmes include:

- **We Share**, which aims to aggregate and share the professional expertise of our employees by bringing together the different knowledge sharing initiatives that we have:
  - Sierra Internal Learning focuses on developing the behavioural and technical capabilities of Sonae Sierra employees through training events that last a day or longer. Examples include ‘Motive for Action’, which aims to build the skills of our employees to help them adapt and respond to challenging market and economic conditions.
  - Sierra Shots typically last one to two hours and are opportunities for employees to share insights that are deemed relevant and useful with their colleagues.
  - Sierra Ignites are group sessions where employees can learn about the different functions and responsibilities of their colleagues, enabling them to learn more about the business and identify opportunities to support each other.
- **‘HR Knowledge Pills’ training sessions** which focus on specific HR issues (e.g., information on legal requirements around labour issues and Sonae Sierra HR procedures).

And in Brazil:

- The ‘Educational Subsidiary’ programme which helps our employees to get a degree and also improves their chances of career development.

In all geographies apart from Brazil we operate the Onboarding programme which ensures that all employees have the necessary skills and knowledge to perform their work; this includes an introduction to our approach and policy regarding safety, health and environment. We have also continued to roll out BEST (Behaviour with Ethics Sierra Training) to increase knowledge of our Code of Conduct and raise awareness of the different types of corruption employees may be confronted with (see ‘Anti-Corruption’, page 127).

Other significant programs include the Improving Our Work (IOW) Training Centre that was launched in 2013. IOW is a Group-wide programme to train employees in continuous improvement methodologies. By doing so, we aim to establish continuous improvement as a key pillar of Sonae’s culture and way of working, and to deliver sustainable value to our business and stakeholders by ensuring key corporate functions are delivered as efficiently as possible. The programme has been gradually implemented at Sonae Sierra following pilot projects to test how the Kaizen9 methodologies that underpin the programme could be applied to our office teams and shopping centre operations.

GRI G4 CRESRD Additional Guidance – Explain the context in terms of skills level available for key areas of activity and shortages of skills/competencies in certain high risk roles, jobs and locations.

Retention of high potential employees is a priority for the company in all markets. HR and senior country managers identify high potential employees and set in place training and development plans that meet individual and country-specific needs. Professional development is delivered through a mixture of existing programmes and ad-hoc ‘on-the-job’ experience-based learning to ensure employees receive the most relevant training.

Ensuring Sonae Sierra’s culture and values are embedded across our operations as we expand into new markets is also a priority, and an important goal of our learning and development programmes. In response, we have set up a temporary multi-disciplinary HR Planning and Integration team to look at how leadership planning, integration, knowledge transfer, recruitment and retention processes can be adapted to suit the needs of new markets and ensure consistently high standards in all markets that we operate in.

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9 Kaizen is the practice of continuous improvement, as described by Masaaki Imai in his 1986 book “Kaizen: The Key to Japan’s Competitive Success.”
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (continued)

Disclosures on Management Approach (continued)

Specific Actions – Career Development
The Sonae Academy for Management and Leadership aims to create a Group-wide learning solution for all Sonae companies across all businesses areas and geographies by:

- Developing a unique learning model.
- Supporting career development.
- Reinforcing the alignment between our employees and Sonae Group’s business strategy and culture.
- Supporting internal mobility (between geographies and companies).

The Academy programme has been developed together with external business schools, and the courses are held in those schools. There is a curriculum based on theoretical career progression, designed for people of different levels of seniority who we have identified, based on annual performance appraisals, as having management and leadership potential.

Specific Actions – Leveraging knowledge
Leveraging knowledge is one of our long-term sustainability priorities and through this we aim to empower our employees by building their skills and knowledge, unleashing their potential on an individual basis and raising the standard of knowledge attainment at a collective level in the communities where we operate. We are exploring how we can transfer know-how in the company while increasing knowledge in our communities. By the end of 2014 we were pursuing three long-term objectives:

- Sierra with Universities: To partner with universities and either share our knowledge or create new knowledge with students.
- We Share with Communities: To extend our knowledge to the employees of the organisations that we wish to maintain strong links with such as municipalities, fire brigades, police, and local authorities.
- Engage Tenants through Knowledge: To help develop tenants or potential tenants (both owners and employees) by strengthening their business skills and know-how.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring
On an individual level, all our employees receive annual performance and career development reviews. On a collective level, we monitor employee satisfaction once every two years through our Corporate Climate and Employee Satisfaction Survey, which asks our employees to rate their satisfaction with a range of factors including training and development.
ASPECT: TRAINING AND EDUCATION (continued)

Results and Adjustments
During 2014, 182 employees participated in the We Share training programmes covering topics such as ‘Facing the Client’, ‘Shopping and Beyond’ and ‘Daily Life in a Shopping Centre’.

After successfully completing three IOW pilots in 2013 that resulted in considerable financial benefits and increased levels of employee engagement, the IOW programme was rolled out to further teams in our corporate offices and shopping centres in Portugal, Spain and Brazil. By the end of 2014, 48% of all Sonae Sierra teams were involved in the IOW activities. The programme delivered just under €1,513,000 in financial benefits and 86 employees were certified by Sonae’s Improving Our Work Training Centre. Our goal is to have all Sonae Sierra teams in Europe and Brazil involved in the IOW programme by the end of 2016.

In relation to leveraging knowledge, by the end of 2014 we had completed one Sierra with Universities project (Project Be Well). One further project was under implementation, and four projects were under evaluation.

We had also identified our first pilot Sierra with Communities project at Freccia Rossa. The shopping centre team proposed to support the local police department with IT training which has already contributed to a mutually beneficial relationship between the two organisations.

We did not set any targets for these leveraging knowledge initiatives in 2014; instead we focused on how each can be implemented. Based on the successful outcomes described above, our 2015 targets are to: develop an additional two case studies/thesis and/or research partnerships with universities; develop at least one community partnership that results in improved relationships with our stakeholders, and; perform one tenant development project at one shopping centre.

In addition to GRI Indicator G4-LA9 and G4-LA11 (see below), we also record the proportion on training undertaken by type and our total investment in staff training and development.

Proportion of training undertaken by type
In addition to GRI indicators G4-LA9 and G4-LA11 below, we record the number of hours and proportion of training undertaken by type. In 2014, more than 80% of all training was devoted to building up our employees’ technical capabilities.

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Number of hours</th>
<th>Proportion of total training hours (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural</td>
<td>1,250</td>
<td>3%</td>
</tr>
<tr>
<td>Languages</td>
<td>6,920</td>
<td>16%</td>
</tr>
<tr>
<td>Technical</td>
<td>35,818</td>
<td>81%</td>
</tr>
<tr>
<td>Total</td>
<td>43,988</td>
<td>100%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period.

Investment in staff training and development (€ per capita)
In 2014, we invested €373 per capita in staff training and development, a 23% decrease from 2013 as we continued with our intention to deliver more training in house. Despite the lower amount, we succeeded in providing employees with an average 39.8 hours of internal and external training during the course of the year. For more information, see G4-LA9.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment in staff training and development (€ per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>373</td>
</tr>
<tr>
<td>2013</td>
<td>483</td>
</tr>
<tr>
<td>2012</td>
<td>499</td>
</tr>
<tr>
<td>2011</td>
<td>528</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees and the cost of training and development provided during the reporting period. It is calculated using the following formula: investments in employee training and development in each country/number of direct employees in each country (based on our response to G4.10).
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (continued)

Performance Indicators

Indicator

G4-LA9  Average hours of training per year per employee, by gender, and by employee category.

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Number of employees</th>
<th>Number of hours</th>
<th>Average number of training hours per employee by employee category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Senior Executive, Senior Executive, Executive</td>
<td>24</td>
<td>809</td>
<td>34</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>61</td>
<td>2,798</td>
<td>46</td>
</tr>
<tr>
<td>Manager</td>
<td>99</td>
<td>3,678</td>
<td>37</td>
</tr>
<tr>
<td>Team Leader</td>
<td>150</td>
<td>5,546</td>
<td>37</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>162</td>
<td>8,778</td>
<td>54</td>
</tr>
<tr>
<td>Team Member</td>
<td>610</td>
<td>22,379</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,106</strong></td>
<td><strong>43,988</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of employees</th>
<th>Number of hours</th>
<th>Average number of training hours per gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>574</td>
<td>17,607</td>
<td>31</td>
</tr>
<tr>
<td>Male</td>
<td>532</td>
<td>26,381</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,106</strong></td>
<td><strong>43,988</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period.

G4-LA11  Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

<table>
<thead>
<tr>
<th>Number of employees receiving regular performance and career development reviews</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>512</td>
<td>448</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of employees receiving regular performance and career development reviews</th>
<th>100%</th>
<th>100%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>16</td>
<td>43</td>
<td>59</td>
</tr>
<tr>
<td>Manager</td>
<td>32</td>
<td>62</td>
<td>94</td>
</tr>
<tr>
<td>Team Leader</td>
<td>59</td>
<td>76</td>
<td>135</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>79</td>
<td>73</td>
<td>152</td>
</tr>
<tr>
<td>Team Member</td>
<td>525</td>
<td>183</td>
<td>508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>512</strong></td>
<td><strong>448</strong></td>
<td><strong>960</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees (i.e. employees on Sonae Sierra’s payroll) at the end of the reporting period that had a contract in place for at least six consecutive months. This is an eligibility condition to enter the annual evaluation programme.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: DIVERSITY AND EQUAL OPPOORTUNITY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Companies where unfair treatment is present are at risk from law-suits and fines for discrimination and are more likely to experience high-levels of staff turnover, absence and poor team work. On the contrary, by applying the principles of equality and diversity and ensuring a meritocratic culture, companies can attract a wider range of potential candidates, increase levels of employee satisfaction, retention and collaboration and prepare for emerging regulations concerning gender equality and non-discrimination.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62.

b) Report how the organisation manages the material Aspects or its impacts. With respect to Equal Remuneration, describe the legal and socio-economic environment that provides opportunities for, and barriers to, gender equity in the workforce. This may include women’s workforce participation rates, their participation at highest governance level, and equal remuneration.

Policies and Commitments (including GRI G4 CRESD Specific Action – Policy on gender equality including how gender is incorporated into procurement policy and plans)

We have a non-discrimination and diversity policy that states our commitment to a meritocracy culture. This is reinforced by our Code of Conduct, which outlines our commitment to creating a workplace where each individual is treated fairly and where we recruit, select, train and remunerate based on merit, experience and other professional criteria.

Until now, our Company has not encountered barriers to gender equality in the workforce in the core countries where we operate. However, we acknowledge that this could become a more significant issue as we move into new markets, such as North Africa, where the socioeconomic environment may inhibit equal opportunities in terms of education and by extension access to employment. In Sonae Sierra Brasil, gender equality has not been an issue, although the number of men in managerial positions is higher. Technical and management skills have been considered relevant to take these positions, not gender, and this has been acknowledged internally.

Goals and Targets

As stated above, Sonae Sierra has a commitment to a meritocracy culture, although we do not set specific quantitative objectives or targets relating to this aspect.

Responsibilities and Resources

Responsibilities and resources for employment aspects, including diversity and equal opportunity and equal remuneration, are described under the Disclosures on Management Approach for ‘Training and Education’ on page 114.

GRI G4 CRESD Additional Guidance – Policies and practices regarding gender equality in the workplace

We have some policies in place which, among other objectives, can support diversity by promoting a more flexible workplace, namely:

- Part-Time Working Policy.
- Working From Home Policy.
- Flexible Work Schedule Policy.

Within the framework of these policies, we have made particular efforts over the past couple of years to introduce more flexible work arrangements for employees whose job function enables them to take up these options.

GRI G4 CRESD Additional Guidance – Policies and practices regarding gender equality in the community

See ‘Local communities’, pages 123 to 126.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   
   • The mechanisms for evaluating the effectiveness of the management approach.
   
   • The results of the evaluation of the management approach.
   
   • Any related adjustments to the management approach.

Monitoring

Sonae Sierra demonstrates its commitment to non-discrimination in recruitment and treatment of staff in the workplace by monitoring workforce diversity according to a range of different characteristics. Within our Code of Conduct, we pledge to treat each individual fairly and recruit, select and train and remunerate based on merit, experience and other professional criteria. It is in our interest to ensure that the human resources, talents and skills available throughout the community are considered when employment opportunities arise, thereby selecting the most suitable person for the job, based on their qualifications and experience.

We monitor employee satisfaction once every two years through our Corporate Climate and Employee Satisfaction Survey, which asks our employees to rate their satisfaction with a range of factors including equal opportunities and compensation. The Sierra Ombudsman, which is described on page 67, constitutes a formal procedure which employees (as well as other stakeholders) can use to report work-related concerns including any breaches in our Code of Conduct.

Results and Adjustments

See GRI indicator G4-LA12 below.

Performance Indicators

Indicator

G4-LA12  Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

<table>
<thead>
<tr>
<th>Number and percentage of employees by gender, per employee category</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Senior Executive</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Senior Executive</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Executive</td>
<td>2</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>15</td>
<td>46</td>
<td>61</td>
</tr>
<tr>
<td>Manager</td>
<td>33</td>
<td>66</td>
<td>99</td>
</tr>
<tr>
<td>Team Leader</td>
<td>66</td>
<td>84</td>
<td>150</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>84</td>
<td>78</td>
<td>162</td>
</tr>
<tr>
<td>Team Member</td>
<td>373</td>
<td>237</td>
<td>610</td>
</tr>
<tr>
<td>Total</td>
<td>574</td>
<td>532</td>
<td>1,106</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>52%</td>
<td>48%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of disabled employees, per employee category</th>
<th>Female</th>
<th>Disabled people</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>–</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Team Leader</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Team Member</td>
<td>3</td>
<td>–</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (continued)

Performance Indicators (continued)

| Indicator | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. (continued) |

| Number and percentage of employees by age group, per employee category |
|---|---|---|---|---|---|
| | <35 | 35-44 | 45-54 | 55-64 | >64 |
| | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Male | Total | Percentage (%) |
| Global Senior Executive | – | – | – | – | – | 1 | – | – | – | – | – | – | 235 | 21.2% |
| Senior Executive | – | – | – | – | 1 | 1 | 6 | – | – | 1 | – | – | 188 | 17.0% |
| Executive | – | – | – | 1 | 2 | 6 | – | 4 | – | 1 | – | – | 128 | 11.5% |
| Senior Manager | – | 7 | 17 | 7 | 21 | 1 | 7 | – | 1 | – | – | – | 120 | 10.8% |
| Manager | 3 | 5 | 19 | 10 | 22 | 1 | 5 | – | – | – | – | – | 90 | 8.3% |
| Team Leader | 14 | 26 | 37 | 14 | 22 | 1 | 3 | – | – | – | – | – | 66 | 6.1% |
| Project Team Specialist | 30 | 26 | 35 | 8 | 15 | 1 | 2 | – | – | – | – | – | 47 | 4.3% |
| Team Member | 188 | 131 | 128 | 76 | 44 | 25 | 11 | 5 | 2 | – | – | – | 760 | 67.7% |
| Total | 235 | 188 | 236 | 204 | 105 | 32 | 3 | 1,106 |
| Percentage (%) | 21.2% | 17.0% | 21.3% | 18.4% | 9.5% | 2.9% | 0.2% | 100.0% |

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Suppliers are one of the Sonae Sierra’s core stakeholder groups. Supplier health and safety is the most significant impact associated with our supply chain and a core focus area for Sonae Sierra’s Safety, Health and Environment Management System (SHEMS). We are committed to reducing the number of health and safety incidents involving our service and development suppliers and invest significant resources to achieve this goal through engagement and training.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts and describe whether the organisation is subject to any country, regional or industry regulations and policies for energy.

Policies and Commitments

Our Safety, Health and Environment (SHE) Policy sets out our commitment to conduct our activities so that risks towards all people (including suppliers), assets and ecosystems are minimised, and benefits enhanced.

Our Responsible Procurement Policy commits us to engaging with our development and service suppliers and, where necessary, working with them to improve their performance across core environmental and social impact areas, including labour aspects such as human rights, safety and health.

Goals and Targets

See Occupational Health and Safety, page 106.

Responsibilities and Resources

The appointment of suppliers is governed by our supplier procurement procedures. Our Responsible Procurement Policy, adopted in 2007, is integrated into our Service Suppliers’ Management Procedures. The Service Suppliers Management Procedures for Development and Property Management define the various steps that should be followed from the pre-selection and bidding process through to contract closure and post-contract evaluation.

Specific Actions – Supplier Health and Safety


c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring & Specific Actions – Processes to screen new suppliers, assess significant and potential negative impacts, identify and prioritise suppliers for assessment

All contracts typically over €1 million with development suppliers include clauses related to labour impacts such as safety and health (as well as the environment) and sub-contractors have the same level of requirements in this area as contractors. Pre-qualification questionnaires for suppliers of structural goods and services such as mechanical and electrical installations, lifts and escalators must be completed for all major tenders. They gather information on potential suppliers’ practices, policies and performance regarding health and safety, risk management and human rights. Finally, we also have procedures in place to assess critical development suppliers (contracts over €2.5 million) through questionnaires that collect information on their policies and practices regarding a range of labour issues including human rights, equal opportunities, safety and health. However, the questionnaires have not been used in recent years due to the reduced level of development activity. Aside from this, we do not conduct annual audits of suppliers’ performance against these criteria.

Results and Adjustments

See the Disclosures on Management Approach for ‘Occupational Health and Safety’ on page 111. See also GRI indicator G4-LA14 below.

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-LA14</td>
<td>Percentage of new suppliers that were screened using labour practices criteria.</td>
</tr>
</tbody>
</table>

In 2014, all contracts with new critical property management and development suppliers (for contracts over €1 million) included clauses related to labour impacts. In addition, all qualifying development suppliers were required to complete the pre-qualification questionnaire.
ASPECT: LOCAL COMMUNITIES

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Attending to the needs and views of the local community is particularly important for shopping centre developers and operators. Shopping centre developers which do not build relationships with local communities or assess community needs risk having their planning applications blocked and their ‘license to operate’ thwarted; on the other hand, shopping centres which build strong relationships with local community stakeholders and effectively listen to community concerns are more likely to maintain high levels of footfall and commercial activity.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts. Describe references and statements regarding the collective rights of local communities; how both women and men are engaged in local communities and how work councils, occupational health and safety committees or other independent employee representation bodies are empowered to deal with, and have dealt with, impacts on local communities.

Policies and Commitments

Our policy towards the community is based on values and principles such as environmental awareness; community involvement; openness to society, confidence and ethics.

We are committed to playing an active role in promoting positive societal change through education and awareness-raising campaigns, and by capitalising on our ability to communicate with the public who visit our shopping centres. This is supported by our sustainability strategy, in particular our priority areas covering safe people and eco-efficiency and sustainable lifestyles.

Our Public Art Policy promotes the use of public art in our shopping centres. The aim is to strengthen our shopping centres’ relationships with the local community, while at the same time improving the visitor experience, encouraging their interaction and contributing to improved public space.

Goals and Targets

Our 2015 targets related to community impacts are to:

- Promote two CAP meetings at shopping centres in Europe and Brazil.
- Invest a proportion of the promotional variable marketing fund of every operational shopping centre and project under development in community related initiatives (at least 2% for sites in Europe and 1% for sites in Brazil).
- Organise a Sonae Sierra Community Day.

See also our targets and goals in relation to sustainable lifestyles on page 131.
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (continued)

Disclosures on Management Approach (continued)

Responsibilities and Resources
Ultimate responsibility for community aspects lies with Sonae Sierra’s CEO and the Executive Committee. During the shopping centre development phase, the Country Marketing Manager is responsible for all issues concerning public relations and community activation marketing programmes, all other local community issues are managed by the Development Project Manager. Guidelines and a macro Activity Plan are approved by the Board Members of the Company responsible for the project. Operational responsibility for local communities and visitor satisfaction aspects during the shopping centre operations phase lies with our Shopping Centre Managers, supported by the central Marketing Department.

We dedicate at least two per cent (1 per cent in Brazil) of each of our shopping centres’ marketing budget to local community investment, and we deploy several people within the marketing team to focus specifically on this aspect as a part of their job function, including the Corporate Marketing Managers (Europe and Brazil) for sustainability issues, Country Marketing Managers, Cluster Managers and Marketing Assistants in each shopping centre.

All Sonae Sierra employees are entitled to take one day’s leave as a volunteering day, and most use this opportunity to participate in the annual Sonae Sierra Community Day, which is held across all countries where we operate. Shopping centres organise a variety of events from supporting local charities to organising school and higher education visits.

Specific Actions – Supporting local businesses
We are committed to providing attractive shopping centres that serve the needs of the local population. We seek to generate economic benefits for local communities by creating local employment, inviting local businesses to rent space in our shopping centres and investing in initiatives that improve the wellbeing of local people. In 2014, on average 33% of tenants across our European portfolio and 26% of tenants across our Brazilian portfolio were local businesses. As well as benefiting the community, this strategy can also help us enhance our reputation and increase visitor numbers.

Specific Actions – Community Advisory Panels
We operate a Community Advisory Panels (CAPs) programme to make sure that local communities are consulted on, and involved in, the development and operation of our shopping centres in a way that creates long-term relationships and is sensitive to local cultural considerations. In order to select CAP members, we identify local stakeholder groups and invite them to participate based on the issues that are relevant to them. Our local shopping centre teams are empowered to develop actions in response to issues raised through the CAPs, using the part of the shopping centre marketing budget which is available for community projects.

GRI G4 CRESO Additional Guidance – Policies and practices regarding gender equality in the community
Both men and women are involved in the CAPs and there is no differentiation made in terms of the gender of CAP members.

GRI G4 CRESO Additional Guidance – Resettlement and displacement of local communities, and how responsibilities relating to resettlement are shared with other organisations
Apart from GaiaShopping in Portugal, which was completed in 1989, none of our projects have ever involved the displacement of local community members. In the case of GaiaShopping, we constructed new houses in order to resettle the people who used to live in the area.
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   - The mechanisms for evaluating the effectiveness of the management approach.
   - The results of the evaluation of the management approach.
   - Any related adjustments to the management approach.

Monitoring

During the development stage we carry out feasibility studies to identify consumers’ needs in retail, services and leisure activities, in order to design shopping centres that match market needs and the existing retail offer. These studies consider factors such as demographics within the catchment area and socio-economic indicators.

In Europe, we carry out annual community (‘Geo Tracking’) surveys to help us understand the impact of our shopping centres on local consumer habits. These studies assess among other things the degree and quality of the existing commercial supply and the shopping facilities used by local residents. Information is collected through telephone interviews and structured questionnaires, and results are used to define the centre’s marketing strategy to ensure that it is tailored to the catchment area.

Our CAPs, described on page 124 above, also enable us to obtain useful feedback from local community representatives and in this way monitor and respond to our impacts on local communities.

Results

In 2014, CAP meetings were held across 38 shopping centres. It remains a challenge to maintain momentum among CAPs as not all local communities are keen to participate. To address this, we set an objective in Europe for any CAP that met once in 2013 to meet twice in 2014; and CAPs that did not meet at all in 2013 were required to meet at least once in 2014. In Brazil, we set a target for two CAP meetings at seven shopping centres.

Issues discussed at CAP meetings included volunteering activities and other initiatives to support the disabled and vulnerable groups such as the elderly and children from disadvantaged backgrounds. For more information and examples, see stakeholder engagement, page 66.

For information about how we promoted local businesses and sustainable lifestyles in 2014, see ‘Operational performance’, pages 30 to 35.

In 2014, our employees and shopping centres supported 597 charitable organisations and our total global investments in sustainability and other community contributions equaled €977,678. This included:

- €37,310 in corporate donations to charitable causes and sponsorships.
- €42,721 in shopping centre-level community investment in cash.
- €22,796 in shopping centre-level sponsorships.
- €874,851 in investments to charitable causes and specific activities, events and campaigns with sustainability themes made through our shopping centres’ marketing budgets and projects under development.

We also collected 33,067kg of food contributions, 2,471 other items such as clothing and books, and donations of €32,410 from shopping centres’ visitors on behalf of charitable causes.

Additionally, we welcomed 173 school and higher education institution visits to our shopping centres, which involved educating children about environmental, safety and health and cultural issues linked to our sustainability activities, as well as more technical visits for older students.
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (continued)

Disclosures on Management Approach (continued)

Global investments in sustainability and other community contributions (€ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.978</td>
</tr>
<tr>
<td>2013</td>
<td>1.116</td>
</tr>
<tr>
<td>2012</td>
<td>1.445</td>
</tr>
<tr>
<td>2011</td>
<td>1.484</td>
</tr>
</tbody>
</table>

Number of hours spent by employees in charity organisations

In 2014, 605 employees, trainees and service suppliers donated 3,496 hours of their time to support charitable organisations. The value of this time was equivalent to €84,420. The highest number of volunteers came from Brazil (237) and Portugal (231) respectively.

Performance Indicators

Indicator

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programmes.

On 31 December 2014, Sonae Sierra owned 46 shopping centres and had seven projects under development, including three for third parties, and four new projects in the pipeline.

Our Community Advisory Panels (CAPs), which are described on page 124 above, are in place across 38 (83%) of our operational shopping centres.

Environmental Impact Studies (EIS) or Preliminary Environmental Evaluations (PEE) are carried out on 100% of new development projects and on major expansions where we have direct control (for example, in the case of a joint venture). They include specifications such as the identification of locations of historical, architectural and archaeological value and data on important socio-economic indicators within the study area. When we begin new projects, we perform a feasibility analysis which involves analysing the competition and impact of our activities on competitors' performance.

Our Geo Tracking studies evaluate the impact of our shopping centres on local consumer habits on an annual basis. In 2014, Geo Tracking studies were performed at 32 (70%) of our shopping centres.

Aside from these, we do not have any local community impact assessment programmes in place across our portfolio. We have community education projects in place at Shopping Metrópole in Brazil, but these are the only local community development projects in place across our portfolio.

However, during the commercial licensing phase of new shopping centre projects, we are obliged to comply with the planning obligations defined in each country and by each local authority. For example, in some locations we must set aside part of the site for the creation of green spaces and, if this is not possible on the site in question, we must pay a compensatory fee so that green spaces can be created in alternative areas. The development of transport infrastructure around new shopping centre sites (including roads, bicycle paths and parking spaces, footpaths, etc.) is another example of infrastructure developed for community benefit, in some instances to meet with mandatory requirements of local authorities and in others to meet with our own Safety, Health and Environment Development Standards (e.g., regarding the promotion of sustainable travel). Many of our shopping centres also offer play areas for children, crèche services, sports and waste recycling facilities which are available for the local community. For more information, see the case studies on our website.

CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.

In 2014 there were no instances of persons voluntarily or involuntarily displaced and/or resettled resulting from Sonae Sierra development projects.
SOCIETY ASPECTS (CONTINUED)

ASPECT: ANTI-CORRUPTION

Disclosures on Management Approach

a) Report the impacts that make this Aspect material and describe the organisation’s risk assessment procedures for corruption, including the criteria used in the risk assessment (such as location, activity, sector).

Sonae Sierra operates in several countries identified by Transparency International’s Corruption Perceptions Index as presenting a high risk of corruption. Given that Sonae Sierra’s operations in these countries are predominantly limited to the provision of third party services, this aspect was not considered a material issue in the 2014 materiality review.

However, given that Sonae Sierra is increasing its investment in new markets (such as its recent development project in Morocco), corruption could pose a long-term risk for the company. For this reason, we have included Anti-Corruption in our list of material issues and consider it prudent to take the necessary steps to manage the risk for Sonae Sierra and our stakeholders.

Compliance with the avoidance of bribery and corruption is upheld by incorporating corruption risk into the annual Internal Audit plan of activities, which is aligned with the Sonae Sierra Risk Matrix through the audit work carried out by business process areas.

b) Report how the organisation manages the material Aspect or its impacts, including how it identifies and manages conflicts of interest; how it ensures that charitable donations and sponsorships are not used as a disguised form of bribery; the extent to which communication and training on anti-corruption is tailored high risk individuals; and, the stage at which training is provided.

Policies and Commitments (including GRI G4 CRESG Additional Guidance – Policies and practices to mitigate corruption risks, within the reporting organization and/or the supply chain)

Sonae Sierra’s Code of Conduct promotes the fundamental aspects of ethical behaviour that Sonae Sierra’s Board believes should be adopted in Company business and activities, and lists the ethical principles that include the duties of strict compliance with the Law and acting with honesty and integrity.

The Code of Conduct includes one specific guideline on the avoidance of bribery and corruption, by stating that it is forbidden to give or accept any reward or benefit with the purpose of influencing someone’s behaviour to obtain a commercial advantage.

The Code also promotes ethical and responsible decision-making by providing guidance on dealing with issues such as bribery, corruption, legal compliance, equality and human rights.

Goals and Targets
Not applicable.

Responsibilities and Resources
Whilst the Executive Committee is ultimately responsible for managing these issues, ethical conduct is a personal responsibility and every employee is held accountable for his or her behaviour.

Specific Actions – Ethics training
Regular ethics training is mandatory for all our employees. Behaviour with Ethics Sierra Training (BEST) is available for all Sonae Sierra employees, including those based in new markets which we have entered. The training content is based on our Code of Conduct and Anti-Corruption Guidelines. Participation is compulsory and at the end of each session, employees are required to sign and return the Sonae Sierra Code of Conduct Acknowledgement, confirming that they had received the Code of Conduct and agreed to comply with its provisions.

A workshop was also organised regarding Sonae Sierra’s updated procedures manual for anti-money laundering, combating terrorist financing and sanctions compliance.

GRI G4 CRESG Additional Guidance – Policy or screening process in place to mitigate incidents of money laundering, bribery and corruption through real estate valuations and transactions.

In relation to specific policies and practices followed by Sonae Sierra to mitigate corruption risk with respect to real estate valuations and transactions, our Asset Management and Development businesses follow the RICS guidelines. Transactions are subject to approval by the Board of Directors of the Special Purpose Vehicles (SPVs), the Board of Directors of Sonae Sierra and (in many cases) by the Investment Companies of the funds. Whilst there are no specific guidelines to mitigate risks with respect to valuations, the entity that carries out most valuations for Sonae Sierra indicates in its report that the fees collected from Sonae Sierra represent less than 5% of its revenue, on a global basis. Within the context of our Property Management activities, the procedure of getting bids for the services we contract out to suppliers minimises the risk of anti-competitive behaviour in the supply chain. Taking into consideration the strong involvement of several corporate organisational structures related to this process (shopping centre management and central operation departments), this procedure also ensures a clear, coherent and accepted recommendation, thus supporting the final award decision.

We updated our procedures manual for anti-money laundering, combatting terrorist financing and sanctions compliance. The manual establishes a defined set of procedures covering the provision of third party services, partnerships and joint ventures, investments and other related activities designed to mitigate the Company’s exposure to associated risks.
SOCIETY ASPECTS (CONTINUED)

ASPECT: ANTI-CORRUPTION (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
We ensure compliance with our Code of Conduct by incorporating corruption risk into the annual Internal Audit Plan of activities, which is aligned with Sonae Sierra Risk Matrix through the audit work carried out by business process areas.

The Sierra Ombudsman also promotes compliance with our Code of Conduct by encouraging behaviour aligned with our ethical principles. The Ombudsman is an independent facilitator to whom all stakeholders can present their complaints with an assurance that they will be processed, investigated, and responded to in a timely and sensitive manner.

Sonae is a signatory of the Global Compact, a voluntary contract between the United Nations and the worldwide business community. As we are partially owned by Sonae, we must provide this shareholder with an outline of how we comply with the Compact’s principles, including principle 10 which commits organisations to work against corruption in all its forms, including extortion and bribery. Although we are not obliged to do so, we also make our report on progress against the Global Compact publicly available on our website.

Results and Adjustments
During 2014, the Internal Audit Activities covered 31% of the core business processes identified as having a risk of corruption. See GRI indicators G4-SO3 below.

Performance Indicators

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-SO3</td>
<td>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-SO4</td>
<td>Communication and training on anti-corruption policies and procedures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of employees and Board Members that received anti-corruption training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>97%</td>
</tr>
<tr>
<td>Algeria</td>
<td>58%</td>
</tr>
<tr>
<td>Brazil</td>
<td>96%</td>
</tr>
<tr>
<td>China</td>
<td>73%</td>
</tr>
<tr>
<td>Germany</td>
<td>88%</td>
</tr>
<tr>
<td>Greece</td>
<td>86%</td>
</tr>
<tr>
<td>Italy</td>
<td>85%</td>
</tr>
<tr>
<td>Morocco</td>
<td>92%</td>
</tr>
<tr>
<td>Romania</td>
<td>90%</td>
</tr>
<tr>
<td>Russia</td>
<td>14%</td>
</tr>
<tr>
<td>Spain</td>
<td>95%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>75%</td>
</tr>
<tr>
<td>Turkey</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Total** | 93%

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period. Our internal communications procedures include a “Welcome Kit” e-mail that is sent to every employee and which contains a welcome message and the Sonae Sierra Code of Conduct as an attachment. This Welcome Kit is also available on Sonae Sierra’s intranet and is available to every employee. As a result, it is assumed that Sonae Sierra’s anti-corruption policies and procedures are communicated to all new employees joining the Company. Sonae Sierra does not have a systematic procedure to communicate, measure and report the number of business partners to whom the organisation’s anti-corruption policies and procedures have been communicated.
SOCIETY ASPECTS (CONTINUED)

ASPECT: PUBLIC POLICY

Disclosures on Management Approach

a) Report the impacts that make this aspect material.

Government was not represented in the stakeholder feedback reviewed as part of our 2014 materiality review. Nonetheless, Sonae Sierra undertakes lobbying activities under its own initiative and through industry organisations targeting local, national and regional government. We engage with local municipalities and meet with government members to discuss issues related to shopping centre activities that can have a significant impact on our business activities, from planning regulations to infrastructure development and trading hours. For this reason, this aspect was deemed to be material to our business.

b) Report how the organisation manages the material aspect or its impacts. Describe the significant issues that are the focus of the organisation’s participation in public policy development and lobbying. Provide the organisation’s core position for each of the identified issues, and describe any significant differences between lobbying positions and stated policies, sustainability goals, or other public positions.

Policies and Commitments

We do not have a specific policy covering Public Policy. Our approach is underpinned by our values which represent the principles through which we set all our activities and relationships with our partners. Furthermore, our Code of Conduct sets out our ethical principles which include strict compliance with the law and acting with honesty and integrity in all we do. Specifically, this includes our commitment to political neutrality.

Goals and Targets

We do not set specific objectives and targets in relation to Public Policy.

Responsibilities and Resources

Interaction with local authorities is primarily dealt with at a local level by national development managers. The exception is Portugal where we do not currently have a development pipeline. In this instance, national and international activities at the EU level fall under the responsibility of our Institutional Relations Manager who is part of the Asset Management business.

Specific Actions – Significant issues that are the focus of public policy development and core position

We participate in lobbying activities under our own initiatives with local authorities and national governments covering issues such as:

- In Portugal we worked with the Portuguese Council of Shopping Centres (APCC) to lobby for a number of changes to national laws that are relevant to our operations. These included an extension to development licenses following planning approval, changes to the technical specifications for shopping centre fire safety inspections and corporate income tax reforms covering investment properties.

- We also worked directly with the local municipality to request an alteration to the planning zone boundary affecting Centro Colombo in Lisbon which was granted.

- In Romania we helped to establish the Association of Real Estate Investors to lobby on behalf of property owners and developers on areas of common interest including property taxation, service charges and planning regulations.

We also support or are involved in defining policy positions led by industry organisations, including the European Property Federation’s (EPF) responses to a range of European Union Directives and legislative initiatives. For example, during 2014 we worked with the EPF and industry associations including The European Group of Valuers’ Associations and the International Union of Property Owners to prepare a response to The Energy Efficiency Financial Institution Group’s Interim Report on Financing Energy Efficiency Investments. A joint statement to the EU Directorate for Energy recommended against the introduction of absolute energy efficiency targets for buildings.

Specific Actions – Significant differences between lobbying positions and stated policies, sustainability goals, or other public positions

Sonae Sierra supports political endeavours to encourage greater social cohesion and environmental responsibility in line with our business and sustainability strategies, although we resist changes in legislation that are likely to significantly and adversely affect our business.

GRI G4 CRES Additional Guidance – Risks related to conflict of interest on regulatory and/or advisory organizations

We have not identified any risks related to conflicts of interest.
SONEY ASPECTS (CONTINUED)

ASPECT: PUBLIC POLICY (continued)

Disclosures on Management Approach (continued)

GRI G4 CRESG Additional Guidance – Public policy participation that results in positive contribution to public policy development

During 2014 Sonae Sierra supported several initiatives that had benefitted our industry and stakeholders. These included working with the national Water and Waste Services Regulation Authority (ERSAR) and Lisbon Municipality to introduce a new waste water category for shopping centres that more accurately reflects our impact; simplification of licencing regimes to reduce compliance costs for tenants; and changes to regulations governing the construction and management of shopping centre security facilities so they more accurately reflect the risks involved.

On a wider level, Sonae Sierra was one of 19 signatories to the ICSC’s ‘Sustainability Declaration’ that commits us to operating our business in a “sustainable, responsible and efficient manner for the common benefit of consumers, investors, and other stakeholders and the planet.” The statement calls for a collaborative approach between retail developers, owners, managers and users to reduce the negative environmental impacts of our operations, as well as public reporting on our performance against this objective.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

Lobbying activities are recorded and monitored according to the roles and responsibilities outlined above. All our activities are governed by our Code of Conduct and any breaches of the Code can be reported to the Sierra Ombudsman which is described on page 67.

Results and Adjustments

See ‘Specific Actions – Significant issues that are the focus of public policy development and core position’ above and GRI indicator G4-SO6 below.

Performance Indicators

Indicator

G4-SO6 Total value of political contributions by country and recipient/beneficiary.

No financial or in-kind contributions were made by Sonae Sierra to political parties, politicians, and related institutions in 2014.
ASPECT: CHANGING CONSUMER HABITS

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

The findings of our own research into consumer behaviour in 2013 suggest that customers are increasingly concerned with the environmental and ethical impacts of their purchases and are keen to pursue more environmentally conscious healthy lifestyles. 75% of our customers reported that they felt more satisfied when visiting a ‘sustainable shopping centre’. With our shopping centres attracting 439.8 million visitors in 2014, Sonae Sierra is uniquely placed to be able to engage with a large number of consumers and promote sustainable lifestyle and purchasing choices. This will help Sonae Sierra to meet customer expectations while encouraging new growth markets in sustainable products which can increase or create new revenue streams for tenants.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Through our focus on sustainable lifestyles, Sonae Sierra aims to promote positive behavioural change in relation to three main focus areas:

- Environment: Promote best practice in environmental stewardship and enable visitors to make educated decisions about how to develop lifestyles with a low environmental impact.
- Social: Promote civic involvement and community engagement through volunteering.
- Health: Develop a strategy to promote healthy lifestyles amongst consumers.

Goals and Targets

The working group is developing a three year strategy and targets covering all focus areas. Our 2014 targets related to changing consumer habits focused on activities previously developed under the safe people and eco-efficiency focus area of our sustainability strategy. These included a commitment to communicate our environmental progress to consumers, increase consumer engagement on environmental issues and implement one environmental awareness raising event.

In 2015 we will begin to expand our focus to include sustainable lifestyles issues relating to social sustainability and health. As we implement strategies that address these issues, the Working Group will develop relevant KPIs and targets that best reflect the objectives of these initiatives.

Responsibilities and Resources

Sonae Sierra’s Sustainable Lifestyles Working Group is responsible for planning and overseeing the implementation of the Company’s actions in relation to changing consumer habits. The group consists of members from regional marketing teams (Portugal and Spain), one member of the sustainability office and one member from the corporate marketing team. The group meets regularly to discuss existing strategies and identify areas for improvement, as well as develop new campaigns.
ASPECT: CHANGING CONSUMER HABITS (continued)

Disclosures on Management Approach

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring

The Sustainable Lifestyles Working Group is accountable to the Sustainability Steering Committee into which it reports three times a year. In future, this will include progress against the specific KPIs that are currently being developed as part of the three year strategy.

Results and Adjustments

Our environmental awareness campaigns support our commitment to engage customers directly and promote positive behavioral change in everyday activities. In 2014 we continued to build on the success of the campaigns started in 2013 which combined the communication of shopping centers environmental performance with a call to action for customers under the tag line “1, 2, 3 now it’s your turn”.

In order to place greater emphasis on influencing customers behavior, Sonae Sierra stepped up efforts to communicate its message by providing customers with stickers which offered tips on how to reduce everyday energy and water consumption, waste generation and GHG emissions. This was complemented by an augmented reality campaign piloted at NorteShopping which used an interactive digital experience to help customers to visualise how their environmental impact affects the planet. More than 15,000 visitors participated in the pilot and the Advertising Equivalent Value (AEV) generated from media coverage was over €4,800. It has since been rolled out to 17 Sonae Sierra shopping centres across Portugal. For more information, see the case study on our website.

Under our social focus area, in December 2014 we launched a partnership with ENTRAJUDA across all 21 shopping centres in Portugal to promote community volunteering. ENTRAJUDA is a private charity that provides organisational and management support for other charities and voluntary organisations. As part of the initiative, interactive ‘Help Spots’ have been placed in our shopping centres that connect visitors with community volunteering opportunities. Interested visitors are encouraging to sign up to the service and donate their time for free to support their community. Volunteering options range from visiting and providing companionship to the elderly, to painting children areas or carrying out leisure activities with people who are disabled.

See also ‘Operational performance’, pages 34 to 35.
ASPECT: CUSTOMER HEALTH AND SAFETY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Accidents occurring in shopping centres could put large numbers of people at risk, incur loss of business and damage our assets and reputation. By anticipating and managing safety and health (S&H) risks appropriately and raising awareness about S&H among shopping centre staff, tenants, service suppliers and visitors, we can reduce the risk of accidents occurring and the severity of their consequences, add value to our property management service and strengthen our relationships with these key stakeholder groups.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts. In each of the following life cycle stages, describe whether the health and safety impacts of products and services are assessed for improvement: Development of product concept; Research and development; Certification; Manufacturing and production; Marketing and promotion; Storage, distribution and supply; Use and service and Disposal, reuse, or recycling.

Policies and Commitments

Our Safety, Health and Environment (SHE) Policy establishes our responsibility to conduct our activities so that risks to people, assets and ecosystems are minimised, and benefits enhanced.

Goals and Targets

We have set a long-term objective to provide a safe environment for everyone who visits or works within Sonae Sierra shopping centres, aiming towards zero accidents, and promote safety and health conscious behaviour among our tenants and visitors.

Responsibilities and Resources

See the Disclosures on Management Approach for ‘Occupational Health and Safety’ on page 107 above.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER HEALTH AND SAFETY

Disclosures on Management Approach (continued)

GRI G4 CRESG Additional Guidance – Policies, practices and training relating to end user health, safety and security during all stages of the lifecycle.

Our Safety, Health and Environment Development Standards (SHEDS) are considered by all design teams during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. For further information, see ‘Governance, Safety, Health and Environment Management System’, pages 47 to 49.

During the operations phase, all Sonae Sierra shopping centres implement the procedures defined by our corporate Safety, Health and Environment Management System (SHEMS) with the aim of guaranteeing the safety of all building users. We provide training on SHE issues and invite tenants to actively participate in Open SHE Committees during which S&H issues are discussed and tenants are asked to actively participate in the shopping centres’ SHE management. Any issues identified by these procedures are followed-up and corrective actions are taken. We also raise awareness of safety and health risks through campaigns and awareness raising events such as posters and presentations.

Within the scope of our SHEMS, we monitor tenants’ compliance with our SHE requirements for shopping centres by performing inspections on tenant units and following-up on any non-conformances detected. We monitor and evaluate S&H performance on a regular basis using tools such as SHE Preventive Observations (SPO), emergency drills and SHE inspections (covering safety-related equipment and installations in tenant units and technical areas). SPO are a form of process review carried out in our shopping centres and corporate offices to observe workers, detect any instances of behaviours that present safety and health risks or environmental impacts and engage with the person(s) involved to make them more aware of SHE risks. We also invite tenants to compete for our Best Tenant Awards; the PERSONÆ Tenant Award for best practice in S&H and the Planet Sierra Tenant Award for best practice in environmental management. Each of these Awards is presented bi-annually, meaning that each year there is one competition, focused either on environment or S&H performance.

Specific Actions – Addressing health and safety risks for visitors

We regularly monitor visitor safety risks and organise awareness campaigns to promote safe behaviour in our shopping centres. Examples include Safety and Health Days, school visits and shopping centre tours. The majority of incidents involving visitors include falls at the same level and escalator accidents. In 2014 we conducted several studies in Portugal and Spain to identify the areas with the highest risks of slips. As a result, we are piloting a range of anti-slip measures prior to a broader rollout across our portfolio. The findings were also presented to our architectural department for consideration in future developments.

If necessary we work with our suppliers to put in place preventive measures. For example, we developed a protective handrail in response to a number of accidents involving children on escalators at shopping centres not owned by Sonae Sierra. The handrail was developed in cooperation with the escalator manufacturer and is due to be rolled out across our portfolio (see case study below).

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

See the Disclosures on Management Approach for Environmental Aspect ‘Overall’ on page 77.

Results and Adjustments

See the Disclosures on Management Approach for ‘Occupational Health and Safety’ on page 112 and ‘Operational performance’ on page 33. See also GRI indicators G4-PR1 and G4-PR2 below.

Further references:

For more information, see the case study on our website.

Staff at Shopping Plaza Sul came up with an innovative and cost effective solution to improve visitor safety on our escalators. By working collaboratively, staff developed a safety feature that has effectively eliminated the risk while fostering a sense of innovation and creativity within the team.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER HEALTH AND SAFETY (continued)

Performance Indicators

Indicator

G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.

<table>
<thead>
<tr>
<th>Life cycle stages</th>
<th>Percentage of service categories covered</th>
<th>Comments on assessment procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>New construction</td>
<td>100%</td>
<td>Our Safety, Health and Environment Development Standards (SHEDS) are considered by all design teams during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. For further information, see page 49. During the construction phase, we aim to achieve excellent safety standards by defining strict procedures that exceed those which are required by law. All new shopping centre development projects must implement a site-specific Safety, Health and Environment Management System (SHEMS) and achieve certification in accordance with the OHSAS 18001 standard for the entire construction phase. For further information, see page 49.</td>
</tr>
<tr>
<td>Management</td>
<td>100%</td>
<td>During the operations phase, all owned Sonae Sierra shopping centres implement the procedures defined by our corporate SHEMS with the aim of guaranteeing the safety of all building users. We use some specific tools to assess the safety of our shopping centres for building users, which are described on page 49. Audits are performed to assess compliance with Sonae Sierra’s SHEMS at corporate and site levels on an annual basis. In shopping centres managed by Sonae Sierra, some critical procedures are also implemented to guarantee incident prevention, the wellbeing of the workforce, as well as compliance with applicable safety, health and environmental legislation.</td>
</tr>
<tr>
<td>Development/redevelopment</td>
<td>100%</td>
<td>This covers expansion and refurbishment activities. The same procedures apply as those described in relation to ‘New construction’ above.</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, and all projects under development during the reporting period.

G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.

<table>
<thead>
<tr>
<th>Country</th>
<th>Incidents of non-compliance with regulations resulting in a fine or penalty</th>
<th>Incidents of non-compliance with regulations resulting in a warning</th>
<th>Incidents of non-compliance with voluntary codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>–</td>
<td>19</td>
<td>–</td>
</tr>
<tr>
<td>Brazil</td>
<td>–</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Greece</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Italy</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Romania</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Spain</td>
<td>–</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>33</td>
<td>3</td>
</tr>
</tbody>
</table>
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: **CUSTOMER HEALTH AND SAFETY** (continued)

Performance Indicators (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes. (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-PR2</td>
<td>Number of dangerous occurrences, reportable injuries and fatalities to non-workers on or off a site or assets as a result of non-compliance with regulation and voluntary codes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>364</td>
</tr>
<tr>
<td>Brazil</td>
<td>345</td>
</tr>
<tr>
<td>Germany</td>
<td>17</td>
</tr>
<tr>
<td>Greece</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
</tr>
<tr>
<td>Romania</td>
<td>-</td>
</tr>
<tr>
<td>Spain</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>816</strong></td>
</tr>
</tbody>
</table>

**Data Qualifying Note:** This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, and all shopping centres managed, but not owned by Sonae Sierra, during the reporting period.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – SUSTAINABLE BUILDING STANDARDS AND CERTIFICATION

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Regulations and industry expectations concerning the sustainability performance of buildings have developed rapidly over the past few years. By applying sustainable design standards on new projects and significant expansions/refurbishments, we can prepare for new and emerging regulations whilst ensuring that our shopping centres are more attractive to investors and occupiers.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

It is part of our policy to seek third party audit and certification of the Safety, Health and Environment Management System (SHEMS) across all our sites.

Goals and Targets (including GRI G4 CRESO Additional Guidance – Policies with respect to the application of voluntary and mandatory sustainable building standards, certification, rating and labelling schemes)

We have set a long-term objective to obtain a building certification for all new shopping centres and certify the Safety, Health and Environmental Management System for all Sonae Sierra construction projects and owned assets that we have managed for two or more years in a maximum period of three years. See page 49.

Responsibilities and Resources

Responsibilities and resources for managing the products and services aspect are covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76.

Specific Actions

See Disclosures on Management Approach for the Environmental Aspect ‘Products and Services’ on pages 103 to 104.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

The extent of implementation of the Safety, Health and Environment Development Standards (SHEDS) on each of our projects is assessed by an external advisor. Our local SHEMS are assessed by a third party certifier as part of the process for achieving ISO 14001 and OHSAS 18001 certifications. Third party certification is also sought for BREEAM, LEED and DGNB certification.

Results and Adjustments

See ‘Operational performance’, page 23, and GRI Indicators G4-PR4 and CRE8 below.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – SUSTAINABLE BUILDING STANDARDS AND CERTIFICATION (continued)

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Incidents of non-compliance with regulations resulting in a fine or penalty</th>
<th>Incidents of non-compliance with regulations resulting in a warning</th>
<th>Incidents of non-compliance with voluntary codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Brazil</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Greece</td>
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<tr>
<td>Italy</td>
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<tr>
<td>Romania</td>
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<td>-</td>
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<tr>
<td>Spain</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, and all shopping centres managed, but not owned by Sonae Sierra, during the reporting period.

CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.

In 2014, Sonae Sierra achieved four ISO 14001 and OHSAS 18001 certifications, three BREEAM in-use certifications at shopping centres in operation and one DGNB for one development project. No certifications were obtained for corporate offices.

**Sustainability certification**

<table>
<thead>
<tr>
<th>Certification</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 14001</td>
<td>2</td>
</tr>
<tr>
<td>OHSAS 18001</td>
<td>2</td>
</tr>
<tr>
<td>DGNB (Development project)</td>
<td>1</td>
</tr>
<tr>
<td>BREEAM in-use</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

**Sustainability certification achieved to date**

<table>
<thead>
<tr>
<th>Certification</th>
<th>Coverage (% of shopping centres in operation)</th>
<th>Coverage (number of shopping centres in operation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 14001</td>
<td>89%</td>
<td>41 out of 46</td>
</tr>
<tr>
<td>OHSAS 18001</td>
<td>63%</td>
<td>29 out of 46</td>
</tr>
<tr>
<td>BREEAM in-use</td>
<td>7%</td>
<td>3 out of 46</td>
</tr>
<tr>
<td>EU EPC</td>
<td>76%</td>
<td>35 out of 46</td>
</tr>
</tbody>
</table>
ASPECT: PRODUCT AND SERVICE LABELLING – CUSTOMER SURVEYS

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Engagement with customers is vital for any business: anticipating and responding to customers’ needs is essential to sustained revenue generation. In the context of this Aspect, customers refer to shopping centre visitors (please see ‘Tenant Engagement and Satisfaction’ for tenant surveys). We engage with visitors in order to understand what drives their behaviour and purchasing decisions. By responding to feedback from these visitors we can improve the quality of our shopping centres and promote more sustainable practices in retail and consumerism. This is likely to result in higher footfall and sales as well as other benefits, thereby supporting the long-term success of our tenants’ and our own businesses.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts. Describe organisation-wide practices in place to assess and maintain customer satisfaction. These may include: the frequency of measuring customer satisfaction; standard requirements regarding methodologies of surveys; mechanisms for customers to provide feedback.

Policies and Commitments

We do not have specific policies or commitments concerning customer surveys. Mall Tracking surveys (see ‘Monitoring’ below) are conducted regularly, but their exact frequency is determined by individual shopping centre budgets. Other customer feedback tools include the Customer Contact Management system which gives visitors an opportunity to provide feedback directly to our shopping centres. Complaints can also be presented to the Sierra Ombudsman (see page 67).

Goals and Targets

Mall Tracking surveys include a set of questions that relate to the customer experience, although we do not set a target to achieve a minimum satisfaction level. If visitors provide written feedback via the Customer Contact Management System we have response targets as outlined in our Service Level Agreement (SLA) (see below).

Responsibilities and Resources

Responsibility for visitor satisfaction and engagement lies with our Shopping Centre Managers, supported by the central Marketing Department. See ‘Monitoring’ for details on visitor surveys and feedback mechanisms and how we respond.

c) Report the evaluation of the management approach, including:

• The mechanisms for evaluating the effectiveness of the management approach.
• The results of the evaluation of the management approach.
• Any related adjustments to the management approach.

Monitoring

We regularly undertake Mall Tracking surveys at our shopping centres to help us understand our visitors’ profiles, their behaviour and requirements. These surveys monitor trends in visitor satisfaction, expectations, loyalty and behaviour. Shopping centres develop action plans on the basis of the survey results, paying particular attention to critical success factors affecting visitor numbers and short-term actions necessary to correct any negative results. We also conduct specific corporate responsibility surveys to better understand visitor attitudes towards sustainability and target our initiatives and communications accordingly. See page 66 for more details.

We have a customer feedback system in place, called Customer Contact Management, which provides a unique source of learning for our shopping centres. We encourage visitors to submit their suggestions and complaints either verbally or in writing. If verbal contacts cannot be resolved immediately, we escalate them to written contacts and request that customers submit their feedback in writing, or we submit the feedback on their behalf via a form. We ensure that the Shopping Centre Manager personally responds to all suggestions and complaints received.

When visitors offer their time to provide written feedback it is essential to show that we take their views seriously. The first step is to ensure an adequate answer in a short period of time. This timing is measured against the SLA. The objective is to respond to customers in three working days, but acknowledging that this is not always feasible, the SLA target is 70% answered in three days, 95% in one week and 100% in two weeks. During 2014, we received approximately 1,900 written contacts, of which 93% were responded to in three days, and 100% within two weeks.
ASPECT: PRODUCT AND SERVICE LABELLING – CUSTOMER SURVEYS (continued)

Disclosures on Management Approach (continued)

We have consistent procedures for written and verbal contacts with customers and all employees working at our shopping centres (including security, cleaning, maintenance, and administration employees) are trained in how to manage verbal feedback through tools including a training film, presentation and a pocket book summarising the correct procedures and behaviours. In 2015 we plan to roll out a ‘mystery shopper’ technique to evaluate employees customer care skills and compliance with our customer care standards, both within shopping centres and through calls made to the call centre. This follows a similar approach that we have adopted in Brazil for a number of years.

Shopping centre visitors may also present complaints to the Sierra Ombudsman.

Results and Adjustments
See ‘Operational performance’, pages 34 to 35, and GRI indicator G4-PR5 below.

Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-PR5</td>
<td>Results of surveys measuring customer satisfaction.</td>
</tr>
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</table>

### Visitor Satisfaction Index – ‘new methodology’
(for countries that report 0-100 indexes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average score</th>
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<tbody>
<tr>
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<tr>
<td>2013</td>
<td>74.3</td>
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<td>73.4</td>
</tr>
<tr>
<td>2011</td>
<td>72.8</td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
The indicator for the new methodology includes all 29 shopping centres owned and in operation for the full reporting year in Portugal and Spain, as well as nine out of the ten shopping centres owned and in operation for the full reporting year in Brazil. In 2014, Brazil chose to apply the new methodology instead of the old methodology used in previous years.

### Visitor Satisfaction Index – ‘old methodology’
(for countries that report 0-4 indexes)

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<thead>
<tr>
<th>Year</th>
<th>Average score</th>
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<tbody>
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<td>3.1</td>
</tr>
<tr>
<td>2011</td>
<td>3.2</td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
The indicator for the old methodology includes 6 out of 8 shopping centres owned and in operation for the full reporting year in Italy, Germany, Greece and Romania. Hofgarten Solingen in Germany and Le Terrazze in Italy are not included since their surveys did not include the Visitor Satisfaction Index.

The visitor satisfaction results are based on a sample of 500 interviews which are proportionally stratified according to shopping centre traffic. The survey takes the form of a personal interview based on a structured questionnaire. The number/type of visitors who receive the interview are selected through systematic counting during one week. The old methodology is based on a survey in which different factors are rated from 1 to 4 according to the visitors’ assessments. The new methodology is based on a survey in which different factors are rated from 1 (‘not satisfied’) to 5 (‘very satisfied’) and 15 to 20 items are valued. Based on this valuation we create an indicator on a scale of 1 to 100.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: TENANT ENGAGEMENT AND SATISFACTION

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Our primary customers are our tenants. We view our tenants as strategic partners; the financial performance of our tenants directly impacts on our own business performance through occupancy rates and rental income. In the context of our sustainability strategy, engaging with our tenants entails not only seeking feedback on our current practices, but also identifying trends in tenants' behaviour, including attitudes towards environmental and social concerns. By responding to feedback from tenants, we can improve the quality and efficiency of our services which supports both our tenants' and our own businesses.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts and describe whether the organisation is subject to any country, regional or industry regulations and policies for energy.

Policies and Commitments

We are committed to delivering a high quality service to tenants and maintaining high levels of tenant satisfaction.

Within the context of our long-term sustainability priority ‘prosperous retailers’, we are also committed to partnering with our tenants to make their businesses more resilient. This includes the launch of new retail formats such as Flash Stores and Coop Stores that promote entrepreneurship and support innovation. See page 72.

Goals and Targets

Our long-term objectives in relation to tenants’ satisfaction are:

• Deliver a high quality service to tenants and maintain high levels of satisfaction, striving to achieve an average tenant satisfaction level of 4 or above in all shopping centres (out of a maximum score of 6).

• Engage with our tenants with the aim of helping them to improve their safety, health and environmental performance.

For more information about our goals in relation to ‘prosperous retailers’ see ‘Our strategy’, on page 17, and the Disclosures on Management Approach for the ‘Indirect Economic Impacts’ Aspect on page 72.

Responsibilities and Resources

Senior responsibility for tenant satisfaction and other aspects of tenant engagement and management is divided between the Sonae Sierra Board Director responsible for Property Management and Leasing in Europe (including ultimate responsibility for Sonae Sierra’s 30 top tenants) and the CEO of Sonae Sierra Brasil. Responsibility is divided at the management level between the Heads of Property Management in each country of operation. Shopping Centre Managers take responsibility for managing the day to day relations with tenants, with support from centralised leasing teams. We have an on-line Property Integrated Management System (PIMS) in place which supports all lettings management processes in an integrated way.

Specific Actions – Engaging with tenants on sustainability

We help our tenants to improve their sustainability performance through training and awareness and our efforts to increase our shopping centres’ operational efficiency (including reductions in energy, water and waste costs in line with our environmental strategy). See Environmental Aspects on pages 75 to 105, ‘Occupational Health and Safety’ on pages 106 to 113 and stakeholder engagement on page 65.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: TENANT ENGAGEMENT AND SATISFACTION (continued)

Disclosures on Management Approach (continued)

c) Report the evaluation of the management approach, including:
   • The mechanisms for evaluating the effectiveness of the management approach.
   • The results of the evaluation of the management approach.
   • Any related adjustments to the management approach.

Monitoring
We regularly monitor the effort ratio of our tenants (the ratio of rents plus common charges paid by the tenant to the sales they achieve) and compare the performance of different tenants with similar operations in the same centre or similar units in different shopping centres. If we detect that a tenant has a very high effort ratio, we arrange a face-to-face meeting with the store management team to seek to understand the reasons for this and if possible help the tenant to find a solution.

We undertake annual operational tenant surveys in all our owned shopping centres, which allow us to gain general feedback on operational aspects, marketing events, communications, our sustainability activities and satisfaction with our shopping centre management teams. Survey results are used to develop action plans to address aspects which receive low scores and ultimately drive continuous improvement in tenant satisfaction levels.

We also regularly engage with tenants on issues relating to safety, health and the environmental (SHE) through channels such as SHE Open Committees and SHE training. Coupled with responses received from SHE-related questions in tenant surveys, the feedback allows us to monitor tenant concerns and interests regarding SHE issues and respond appropriately. For example, in response to feedback from our last Top Tenant Survey, we developed energy benchmark reports for tenants allowing them to monitor their energy consumption and compare their performance with similar stores to identify where improvements can be made. For more information see stakeholder engagement on page 65.

Results and Adjustments
The results of our operational tenant satisfaction surveys were positive overall. Our overall satisfaction level was 4.6 and 96% of our shopping centres achieved an overall tenant satisfaction rate of 4 or above. Satisfaction rates increased in all countries except Italy (which fell from 4.53 in 2013 to 4.40 in 2014) and Romania (which fell from 5.07 in 2013 to 4.90 in 2014). For more information on the topics raised by tenants, and our response, see stakeholder engagement on page 65.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average score</th>
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<tbody>
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<tr>
<td>2013</td>
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<td>2012</td>
<td>4.5</td>
</tr>
<tr>
<td>2011</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes shopping centres owned by Sonae Sierra and in operation during the reporting period. The index is derived from tenants’ responses to two questions: (1) Relationship with the Shopping Centre Management Team, and (2) Presence in the Shopping Centre. For both questions, tenants can answer on a scale of 1 (not satisfied) to 6 (very satisfied) or 9 (no opinion). Passeio das Águas Shopping in Brazil is not included because the survey is only performed at shopping centres that have been open for a minimum of six months during the reporting year.

For details of our performance concerning ‘prosperous retailers’, see ‘Operational performance’, pages 30 to 31.
ASPECT: ONLINE RETAIL AND DIGITAL TECHNOLOGY

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Digital and online technologies are changing the way consumers purchase goods and services. This presents a new challenge for traditional physical retailers who must compete to attract customers into their stores. Sonae Sierra has developed a digital strategy that capitalises on emerging technologies to engage with consumers in innovative ways to increase sales and footfall in our shopping centres.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments
Sonae Sierra is committed to combining digital and physical retail space to provide a unique customer experience. To achieve this, Sonae Sierra is implementing measures to integrate online digital strategies aimed at improving the customer experience. This in turn supports commitment to strengthening the prosperity of tenants and local retailers through our prosperous retailers long-term priority.

Goals and Targets
While specific targets have not currently been set, our Go Digital strategy comprises the following initiatives:

- PromoFans®: An online promotions platform that enables tenants to build customer loyalty and brand awareness by offering promotion via our shopping centres.

- Digital information desks at shopping centres.

- A loyalty app for customers which offers discounts and prizes.

- Flash and Coop Store concepts to attract small online retailers.

Responsibilities and Resources
The central marketing team is responsible for the development of our digital initiatives. Digital and online technologies are used to support marketing and sustainability strategies including prosperous retailers and sustainable lifestyles, as well as retail promotions and offers. As such, initiatives are managed by multidisciplinary working groups and, in the case of the digital information desks, architecture and asset management teams to ensure their effective installation and maintenance.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.

- The results of the evaluation of the management approach.

- Any related adjustments to the management approach.

Monitoring
Our central marketing team use a number of KPIs to track consumer uptake of digital technologies. The impact of our Flash Store and Coop Store initiatives are monitored by the Prosperous Retailers Working Group who report to the Sustainability Steering Committee on an quarterly basis.

Results and Adjustments
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER EXPERIENCE

Disclosures on Management Approach

a) Report the impacts that make this Aspect material.

Our mission is to provide the ultimate shopping experiences to customers. Changing consumer habits resulting from a growth in online retail has led to modern consumers demanding more from their physical shopping experiences. In order to entice consumers out of their homes, shopping centres must provide entertainment experiences that go beyond shopping alone. Maintaining footfall is essential for Sonae Sierra in order to sustain tenant sales and high occupancy rates.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2014, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 59 to 62 above.

b) Report how the organisation manages the material Aspect or its impacts.

Policies and Commitments

Our goal is to continue to innovate in our approach to ensure that our shopping centres offer the most cutting-edge experiences for consumers. We achieve this by continually innovating in our approach to shopping centre management through of initiatives designed to enhance the customer experience, such as our digital strategy (see ‘Online Retail and Digital Technology’ above), and more recently our sustainability strategy; in particular our priorities covering safe people and eco-efficiency, sustainable lifestyles and prosperous retailers.

Our focus on safe people and eco-efficiency has allowed us to respond to increasing consumer interest in sustainability, while sustainable lifestyles aims to capitalise on these trends by promoting healthy, green and local goods and services; improving wellbeing through health activities in our shopping centres; and creating a sense of place.

Our focus on prosperous retailers meanwhile has resulted in innovative retail concepts such as Coop Stores that encourage entrepreneurship and enhance our offer to consumers by offering new brands and products.

Responsibilities and Resources

Customer experience aspects are managed by the corporate marketing team who work closely with regional marketing teams, asset management and architecture to ensure that the strategies deployed at asset level reflect Sonae Sierra’s standards and provide context specific solutions.

For information regarding the management of safe people and eco-efficiency, sustainable lifestyles and prosperous retailers, see pages 46, 131 and 143 respectively.

c) Report the evaluation of the management approach, including:

- The mechanisms for evaluating the effectiveness of the management approach.
- The results of the evaluation of the management approach.
- Any related adjustments to the management approach.

Monitoring

Customer satisfaction surveys allow Sonae Sierra to understand customers’ opinions of its offering. In addition, KPIs such as footfall and tenant sales are monitored on a regular basis.

Results and Adjustments

See ‘Operational performance’, pages 30 to 35.
INDEPENDENT AUDITOR’S REVIEW

REVIEW REPORT

Introduction

1. We have performed a review of the sustainability information included in the Economic, Environmental and Social Report 2014 (“EESR 2014”) of Sonae Sierra, SGPS, SA (“Sonae Sierra”), that covered:

   • Its accordance with the disclosure of information requirements defined by the Guidelines for Sustainability Reporting of the Global Reporting Initiative, version v4 of 2013 (“GRI G4”), for the core option, and additional contents and performance indicators required by the GRI’s G4 Construction and Real Estate Sector Disclosures (“GRI CRESD”) related to the material sustainability aspects, including the reliability of the overall related information and 2014 data, as identified in “Annex: Global Reporting Initiative”;
   
   • Sonae Sierra’s own sustainability performance indicators disclosed in the EESR 2014, in accordance with the therein mentioned criteria;
   
   • The information on progress against the 2014 sustainability targets and management actions, in accordance with the criteria established by Sonae Sierra, disclosed on its internet site, as identified in the chapter “Operational performance” of the report; and
   
   • The Sonae Sierra environmental accounting model information and results for the property management activity, disclosed in “Disclosures on Management Approach” of the material aspect “Environmental Overall” within “Annex: Global Reporting Initiative”, in accordance with the therein mentioned criteria.

Responsibilities

2. Sonae Sierra’s Board of Directors is responsible for preparing the Economic, Environmental and Social Report 2014, as well as defining, implementing and carrying out adequate processes, procedures, internal control systems and criteria for collecting, processing, presenting and validating the information contained therein. Our responsibility is to issue a report, based on the procedures referred to below, on the information referred to above.

Scope

3. We conducted our review in accordance with the International Standard on Assurance Engagements 3000 – ISAE 3000, issued by the International Auditing and Assurance Standards Board, regarding assurance engagements other than audit or reviews of historical financial information, for a moderated level of assurance.
4. This standard requires that we plan and perform procedures and apply audit skills and techniques, in order to obtain an adequate understanding of the matters under review and, considering the circumstances, to obtain sufficient appropriate evidence on which to base our conclusions. In a limited assurance engagement, the procedures performed consist primarily of inquiries of Sonae Sierra’s employees and analytical procedures, including tests on a sample basis and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.

5. The main procedures performed were:

   • Interview of Sonae Sierra’s employees responsible for the preparation of the EESR 2014 and for the reported data, so as to know and understand the management and reporting principles, systems and procedures applied, as well as the associated control mechanisms;

   • Review of the compliance and consistency of the EESR 2014 content with the GRI G4 Guidelines disclosure of information requirements for core option, and whenever applicable with the GRI CRESD requirements;

   • Review of the processes, criteria and systems used to collect, consolidate, present and validate the data for 2014, relating to the information reviewed by us;

   • Review of the procedures and criteria in place to monitor and measure progress against 2014 sustainability targets and management actions;

   • Analytical data review, and tests on a sample basis, of the calculations made by Sonae Sierra, relating to the quantitative data, as well as tests to corroborate the quantitative and qualitative data included in the scope of our work, by obtaining and reviewing related evidence thereof; and

   • Review of the consistency of the sustainability information included in the EESR 2014 and related publicly available reports, and that it does not contradict any significant information included in the Sonae Sierra’s Consolidated Financial Statements as of 31 December 2014.

Opinion

6. Based on the work performed, as described in paragraph 5 above, which was executed to obtain a moderate level of assurance, nothing has come to our attention that causes us to believe that the sustainability information included in, or publically available and related to the EESR 2014, referred to in paragraph 1 above, has not been reliably and consistently prepared and that it does not conform, in all material respects, with the disclosure requirements of the GRI G4 Guidelines for the core option, and whenever applicable with GRI CRESD, as well as with the criteria defined by Sonae Sierra.

Lisbon, 6 March 2015

Deloitte & Associados, SROC S.A.
Represented by João Carlos Frade
**FEEDBACK FORM**

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 hope that you enjoyed reading our Economic, Environmental and Social 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 either by email to cr@sonaesierra.com or by post to Rua Galileu Galilei, 2, 3º piso, 1500-392 Lisbon, Portugal.

**CAN YOU TELL US...**

1. **About you.**
   - Which stakeholder group do you belong to?
     - [ ] Investor/financier
     - [ ] Tenant
     - [ ] Shopping centre visitor/customer
     - [ ] Sonae Sierra employee
     - [ ] Supplier
     - [ ] Other, please specify .................................................................

   - Which country do you reside in? .................................................................

2. **Please rate the extent to which you agree with the following statements:** (Scale 1 = Strongly disagree; 6 = Strongly agree)
   - [1 2 3 4 5 6] This report included information that is of interest to me
   - [1 2 3 4 5 6] I liked the style and layout of this report
   - [1 2 3 4 5 6] I was able to find the information I was looking for
   - [1 2 3 4 5 6] The report integrated information on Sonae Sierra’s financial, economic, environmental and social performance well
   - [1 2 3 4 5 6] The report presented an honest and accurate account of Sonae Sierra’s performance

3. **Using a scale of 1 to 6 (1 = Very Poor; 6 = Excellent), how do you rate:**
   - [1 2 3 4 5 6] Information about Sonae Sierra’s strategic direction? (Pages 14 to 17)
   - [1 2 3 4 5 6] Information provided on Sonae Sierra’s business model (Page 13)
   - [1 2 3 4 5 6] Information on how Sonae Sierra uses resources (“capitals”) and impacts upon the availability and quality of these resources? (Pages 14 to 16)
   - [1 2 3 4 5 6] Information about risks and opportunities faced by Sonae Sierra? (Pages 18 to 19)
   - [1 2 3 4 5 6] Information about how the external environment affects Sonae Sierra? (Pages 20 to 23)
   - [1 2 3 4 5 6] Information about the future outlook for Sonae Sierra? (Pages 37 to 38)
   - [1 2 3 4 5 6] Information about the governance within Sonae Sierra? (Pages 46 to 49)
   - [1 2 3 4 5 6] The integration of financial, economic, environmental and social information?
   - [1 2 3 4 5 6] The extent to which information was provided on relevant ('material') topics?

4. **Is there any information on Sonae Sierra’s economic, environmental and social performance which you felt was missing from this report? If yes, please describe what this was.**

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

5. **Are there any particular aspects of economic, environmental and social performance which you feel that Sonae Sierra needs to improve on? If yes, please explain which ones.**

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

   continued
FEEDBACK FORM (CONTINUED)

6. What do you see as being the main social, economic and/or environmental challenges for Sonae Sierra in the next five to ten years?


7. Do you have any additional suggestions on how Sonae Sierra can continue to create shared value (for its business and society)?


8. Why did you consult this report?


Please use the space below to provide your own comments on this report or any other aspect of Sonae Sierra’s economic, environmental and social performance.


Do you give us permission to publish your comments in our future sustainability communications?

- Yes, I do give permission. You can publish my comments under the name of

- No, I do not want my comments to be published.

THANK YOU
## OFFICES

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