

SONAE SIERRA

Audit of Sonae Sierra's 2017
sustainability actions



*Final Progress
Report for
Sustainability
Actions*

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1 Introduction

In December 2016, Sonae Sierra committed to work towards the accomplishment of 24 sustainability actions by the end of 2017. This report, which has been prepared by JLL's (Jones Lang LaSalle) Upstream Sustainability Services team, is intended to provide an external review of Sonae Sierra's progress towards meeting these actions. The report is divided into three sections:

- Methodology.
- Summary of progress.
- Actions by level of attainment.

By providing further information and explanations about the sustainability actions' evaluation process and its outcomes, this document is intended to be a point of reference for Sonae Sierra's stakeholders, to provide further clarity on statements made in the 2017 Environmental, Economic and Social Report. In addition, a further 42 sustainability targets were also reviewed and a report into progress against these is available on Sonae Sierra's website.

2 Methodology

The level of progress achieved towards each action has been established by scrutinising documented evidence provided by Sonae Sierra. In cases where actions were applicable to five or more different sites or other entities, a sampling approach was used, whereby random samples of evidence were requested from a summary list of sites. Where further explanations were deemed necessary, direct contact was made with individuals within Sonae Sierra who were responsible for meeting the action. The level of completeness for each action is represented as a percentage.

Sustainability actions

Sustainability actions relate to a management process or procedure. Sustainability actions may contain quantifiable elements, but do not measure actual performance relative to a threshold or standard.

Upon setting sustainability actions, Sonae Sierra identifies the steps that are required to achieve each action. For each step, a weighting (%) is set on an “effort” basis by applying professional judgement. Sustainability actions have therefore been awarded a percentage of achievement in view of the evidence received by JLL, in relation to each step necessary for the whole action to be completed, and in accordance with the weighting (%) attributed to each step. In cases where management actions are applicable to more than one site, the extent of completion of each step by each site is considered in order to establish the overall rate of achievement, as in the example below.

Sustainability actions are divided into internal actions and public targets. Of the sustainability actions set for completion in 2017, 19 out of 24 actions were considered to be actions and 5 out of 24 were considered to be targets.

Sustainability action evaluation – worked example

Action: Improve traffic and firefighting signage.

Evaluation: Sonae Sierra assigned the following ‘steps’ and weightings to achieve this action:

Step 1: Commission an external supplier to complete the improvement works (20%).

Step 2: Ensure all work has been carried out (80%).

This action was set for Le Terrazze shopping centre. As evidence for the first step, a proposal for improvement works and a quote for the works were submitted by the supplier. The second step was supported with some photographic evidence of improved traffic and firefighting signage in place. As a result, JLL assessed this management action to be 100% achieved.

3 Summary of progress

Status of 2017 sustainability actions (24 actions)

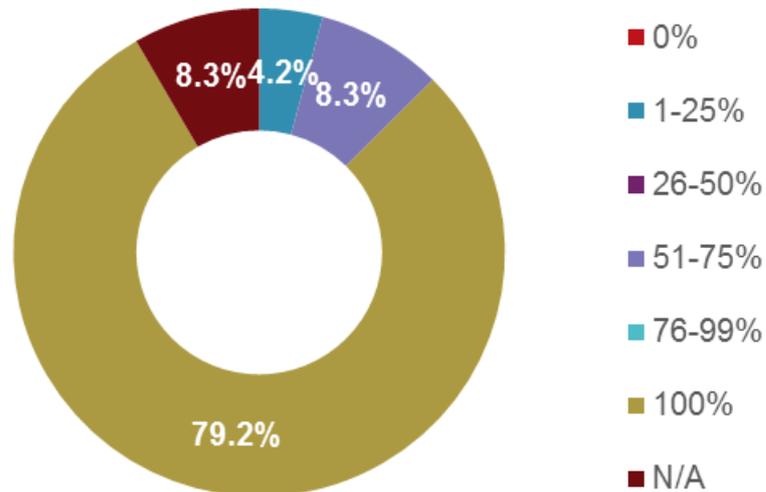


Table 1: Status of 2017 sustainability actions by focus area

Issue	Number	0%	1-25%	26-50%	51-75%	76-99%	100%	N/A
Environment	6	0	1	0	0	0	4	1
Water	3	0	1	0	0	0	2	0
Waste	1	0	0	0	0	0	1	0
Energy and Climate	1	0	0	0	0	0	1	0
Biodiversity and Habitats	1	0	0	0	0	0	0	1
Safety & Health	8	0	0	0	1	0	7	0
SHEMS	1	0	0	0	0	0	0	1
Resource Resilience	3	0	0	0	0	0	3	0
Risk Management	4	0	0	0	1	0	3	0
Future Fit Retail	2	0	0	0	0	0	2	0
Leveraging Knowledge	0	0	0	0	0	0	0	0
TOTAL	24	0	1	0	2	0	19	2

4 Sustainability actions by level of attainment

Table 2 lists sustainability actions and their overall attainment status. Where appropriate, comments about the assessment process are included.

Table 2

2017 Sustainability action	% of attainment	Comments
Environment		
Water		
Implement measures to reduce water consumption.	100%	Sampling approach taken - 5 sites selected: Boulevard Londrina Shopping, Le Terrazze, Gli Orsi, Freccia Rossa and Luz de Tajo. All centres implemented measures to reduce water consumption and provided evidence of completed work.
Continue to install the necessary infrastructure to measure and monitor individual water uses separately (according to SHEDS standard: WAT.CONTR 1) at shopping centres where this has not already been completed in 2016	100%	The action was required in Shopping Plaza Sul and in Manauara Shopping. Both centres provided evidence of work completed
Implementation of measures to decrease pollutants in waste water discharge.	20%	This target was set for Hofgarten Solingen. The measure has been ordered but not implemented.
Waste		
Improve waste segregation areas	100%	The action was required in GaiaShopping. Evidence of work completed has been submitted.
Energy & Climate		
Implement measures to reduce electricity consumption.	100%	Sampling approach taken - 5 sites selected: Shopping Metr�pole, Alexa, Plaza Mayor, CascaiShopping and Parque Atl�ntico. All centres implemented measures to reduce electricity consumption and provided evidence of completed work.
Biodiversity and Habitats		
Achieve 100% compliance with the approved recommendations of the preliminary Environmental Evaluations (or equivalent study) on completed projects.	Not Applicable	No applicable developments completed in 2017.
Safety & Health		
Implement new initiatives to improve the well-being of Sonae Sierra's employees within Be Well Project.	100%	All planned events were organised. Evidence includes signed attendance lists, event photos and event outputs.

Assess the most common types of level 3, 4 and 5 accidents that occurred on each site in 2016 and identify actions in order to prevent reoccurrence.	100%	Sampling approach taken - 5 sites selected: Centro Colombo, La Terrazze, Plaza Mayor, Max Center and Loop5. All centres completed the assessment and provided action plans to prevent reoccurrence.
Hold at least one meeting with the Safety coordinator of each service supplier	100%	Meetings held with Safety coordinators of each supplier in Brazil and Portugal.
Assess the most common types of accidents involving service suppliers that occurred on each site in 2016 and discuss this information with all sites to identify actions in order to prevent reoccurrence.	100%	Most common types of accidents involving service suppliers assessed and actions identified in Portugal and Spain.
Ensure service suppliers to deliver detailed information about each work accident, including incident investigation conclusions (root causes) and actions to avoid reoccurrence.	100%	Information requests have been sent out and service supplier responses collected. Evidence was not provided for all quarters but JLL considers this as a sample and therefore assumes that the same approach has been taken for the remaining quarters.
Hold a training session for tenants in order to show them how to use the fire extinguisher	100%	Sampling approach taken - 5 sites selected: Boulevard Londrina Shopping, Manuara Shopping, Shopping Campo Limpo, Shopping Metr�pole and Uberl�ndia Shopping. All centres held fire extinguisher training for tenants and provided signed attendance lists as evidence.
Improve the operational control: improvements in the emergency preparedness and LOTO procedure	100%	The action was required in Gli Orsi and River Plaza Mall. Both centres provided evidence of work completed
To install safety devices in escalators/travellators - It: Gli Orsi and Freccia Rossa	65%	The action was required in Gli Orsi and Freccia Rossa. Freccia Rossa installed safety equipment on 4 out of 14 escalators and Gli Orsi installed all safety equipment required. Photographic evidence and invoices provided as evidence.
Safety, Health and Environment Management System		
Ensure that all new shopping centre development projects concluded in 2017 achieve a building certification (eg: BREEAM Good or LEED Silver or DGNB Bronze)	Not Applicable	No applicable developments completed in 2017
Resource Resilience		
Study the feasibility of reusing grey water in non-potable applications or harvesting rainwater for use in shopping centres	100%	Parque D. Pedro Shopping carried out the feasibility study and implemented the recommendations from this study.

Implement borehole water harvesting systems and/or undertake feasibility studies.	100%	GaiaShopping completed a feasibility study for installation of a phreatic water capitation.
Conduct a pilot study of implementing photovoltaic power plants	100%	Pilot study implemented and sent to the investment team and discussed during SSC meeting.
Risk Management		
Develop and approve a Risk Management policy	100%	Risk Management policy has been developed and approved.
Issue and approve Terms of Reference for the Risk Management Working Group RMWG	100%	The target was modified during the course of the year as approval outside of RMWG was considered unnecessary. Terms of Reference issued and approved within RMWG.
Review the Company's Risk Matrix	70%	Risk matrix has been approved but it was not presented to the ExCom.
Implement Cybersecurity governance model at Sonae Sierra	100%	Cybersecurity governance model has been chosen, approved by the ExCom and implemented. Next step of Cybersecurity implementation is starting in 2018.
Future Fit Retail		
Develop at least 3 actions foreseen in 2017 Digital Experience Project	100%	All three actions have been completed.
Enlarge the number of companies (stores) with a sustainable character inside our shopping centres (2 brands)	100%	Target has been exceeded – 4 companies with a sustainable character instead of 2.



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