

SONAE SIERRA

Audit of Sonae Sierra's 2017
sustainability targets



*Final Progress
Report for
Sustainability
Targets*

Contents

- 1 Introduction 2
- 2 Methodology..... 3
- 3 Summary of progress..... 4
- 4 Sustainability targets by level of attainment..... 5

1 Introduction

In December 2016, Sonae Sierra committed to work towards the accomplishment of 42 sustainability targets 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 targets. The report is divided into three sections:

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

By providing further information and explanations about the target 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 24 sustainability actions 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 target has been established by analysing documented evidence provided by Sonae Sierra. In cases where targets 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 target. The level of completeness for each target is represented as a percentage.

Sustainability targets

A sustainability target is a target which relates to achieving performance against a standard (e.g. ISO 14001, or relevant government standards) or a threshold of performance (e.g. a recycling rate).

Sustainability targets are divided into internal actions and public targets. Of the sustainability targets set for completion in 2017, 34 out of 42 targets were considered to be performance targets and 8 out of 42 were considered to be performance actions.

Sustainability target evaluation – worked example

Target: Attain a minimum average recycling rate of 63.6% across our owned shopping centres.

Evaluation: Verified data from Deloitte shows that the recycling rate across Sonae Sierra owned shopping centres for 2017 was 65%. As a result, JLL determine that this target should be assessed as 100% achieved

3 Summary of progress

Status of 2017 sustainability targets (42 targets)

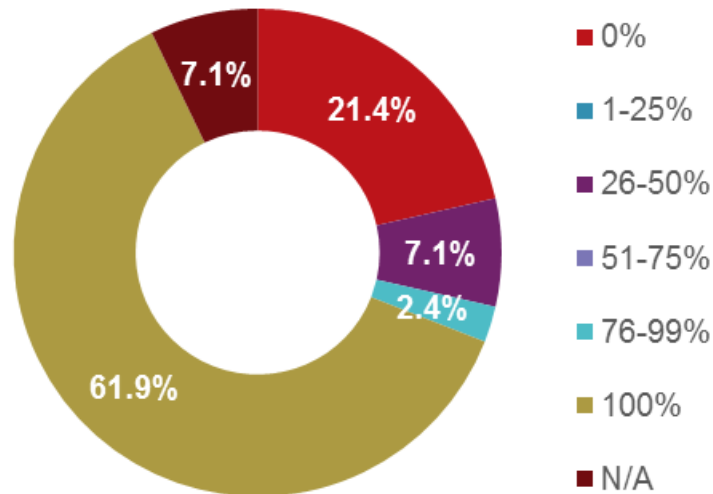


Table 1: Status of 2017 sustainability targets by focus area

Issue	Number	0%	1-25%	26-50%	51-75%	76-99%	100%	N/A
Environment	9	4	0	0	0	0	5	0
Water	1	1	0	0	0	0	0	0
Waste	6	3	0	0	0	0	3	0
Energy and Climate	2	0	0	0	0	0	2	0
Biodiversity and Habitats	0	0	0	0	0	0	0	0
Safety & Health	9	4	0	0	0	0	4	1
SHEMS	5	1	0	0	0	0	2	2
Resource Resilience	0	0	0	0	0	0	0	0
Risk Management	0	0	0	0	0	0	0	0
Future Fit Retail	12	0	0	3	0	1	8	0
Leveraging Knowledge	7	0	0	0	0	0	7	0
TOTAL	42	9	0	3	0	1	26	3

4 Sustainability targets by level of attainment

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

Table 2

2017 Sustainability target	% of attainment	Comments
Environment		
Water		
Attain a level of water consumption at or below 3.27 litres per visit.	0%	Reported water consumption for Sonae Sierra's owned portfolio was 3.28 litres per visit.
Waste		
Attain a minimum average recycling rate of 62.4% across our owned shopping centres.	100%	Sonae Sierra owned shopping centres achieved a recycling rate of 64.43% in 2017.
Guarantee that the proportion of waste (by weight) sent to landfill, across Sonae Sierra owned shopping centres does not exceed 17.9%.	100%	The proportion of waste sent to landfill across Sonae Sierra owned shopping centres for 2017 was 17.8%.
Attain a minimum average recycling rate of 90.6% in our Lisbon, Maia and S. Paulo offices.	0%	The recycling rate for Sonae Sierra's corporate offices in 2017 was 74.41%.
Attain a maximum average landfill rate of 8.3% in our Lisbon, Maia and S. Paulo offices.	0%	The average rate of waste sent to landfill from Sonae Sierra's corporate offices in 2017 was 8.48%.
Maintain the total amount of paper consumed per worker as for 2016 (9.04 reams per worker), in Lisbon, Maia and S. Paulo Offices.	0%	The average amount of paper consumed per worker in 2017 was 10.18 reams per worker.
Achieve an overall recycling rate of 85% on all construction projects completed in 2017 (including refurbishments and expansions).	100%	Total waste recycled as a proportion of waste produced (% by weight, on completed projects) is 100% for the CascaiShopping refurbishment.
Energy & Climate		

Attain a maximum value of 0.0156 tonnes of GHG emissions per square metre of GLA (GHG Protocol scopes 1 and 2, plus business air travel).	100%	Attained a value of 0.01503 tonnes of GHG emissions per square meter of GLA using old emission factor and 0.01741 using the correct emission factor. Seeing as the target was set using the old emission factor, we considered the value of 0.01503 against the target and therefore accept that the target has been achieved.
Attain a maximum value of electricity consumption of 397 kWh/m ² (mall + toilet area) across Sonae Sierra owned shopping centres.	100%	Electricity consumption across Sonae Sierra owned shopping centres in 2017 was 388 kWh/m ² of mall and toilet area.
Safety & Health		
Reduce the number of work accidents (per million hours worked) which result in workforce absence to not more than 1.37.	0%	According to indicator G4-LA6 included in Deloitte's verification file the injury rate in 2017 was 3.45.
Reduce the severity of work accidents and occupational diseases which result in workforce absence to not more than 6.00.	0%	According to indicator G4-LA6 included in Deloitte's verification file the Lost Day rate in 2017 was 41.46.
Achieve zero fatalities due to accidents within Sonae Sierra's workforce.	100%	According to indicator G4-LA6 included in Deloitte's verification file no fatalities occurred in 2017.
Ensure that all construction projects on going in 2017, do not have a Lost Workday Case Accidents Frequency Rate (LWCARF) higher than: New Shopping Centres - 11 Expansions/Refurbishments – 9.5	Not Applicable	No applicable as no projects were ongoing in 2017
Attain a maximum of 7.9 Lost Workday Case Accidents Frequency Rate (LWCAFR) for all projects completed in 2017 (over the entire project duration).	0%	According to indicator G4-LA6 included in Deloitte's verification file the LWCAFR on construction site in 2017 was 19.33. Project completed in 2017: CascaiShopping refurbishment.
Achieve zero fatalities due to accidents on Sonae Sierra construction works.	100%	According to indicator G4-LA6 included in Deloitte's verification file no fatalities occurred in 2017.
Reduce the LWCAFR of shopping centres' service suppliers by at least 15% in comparison with 2016. Sierra – 4.14	100%	According to indicator G4-LA6 included in Deloitte's verification file the overall Global Lost Workday Case Accidents Frequency rate (LWCAFR) among suppliers in shopping centres was 6.59.
Achieve zero fatalities due to accidents in Sonae Sierra shopping centres.	100%	According to indicator G4-LA6 included in Deloitte's verification file no fatalities occurred in 2017.
Reduce the number of level 3, 4 and 5 accidents in Shopping Centres, per million visits, by at least 20% in comparison with 2016	0%	According to indicator Accidents 3, 4, 5 included in Deloitte's verification file the global value for all Sonae Sierra's shopping

Sierra – 1.4		centres is 1.65. Therefore target is not achieved.
Safety, Health and Environment Management System		
Achieve ISO 14001 and OHSAS 18001 certifications for the SHEMS of two further shopping centres in operation	0%	Target applicable to ParkLake. Certification was postponed until 2018.
Ensure that all new shopping centre construction projects have a valid ISO 14001 and OHSAS 18001 certificate upon opening	Not Applicable	No applicable developments completed in 2017.
For all projects completed in 2017 ensure that SHE data is correctly reported to guarantee that at least of 85% are validated in final data audit.	100%	96% of SHE data is validated.
Ensure that at least 85% of S&H data for Milan, Madrid, Dusseldorf and Bucharest Offices and 85% SHE data for Lisbon, Maia and S. Paulo offices is correctly reported	100%	Sampling approach was taken and the following 5 sites were chosen (% of data correctly reported in brackets): Milan Office (96%), Madrid Office (86%), Dusseldorf Office (100%), S. Paulo Office (88%) and Lisbon Office (96%).
Achieve 100% compliance with the SHEDS on all projects completed in 2017	Not Applicable	No applicable developments completed in 2017.
Future Fit Retail		
Draw up a Tenant Relationship Plan	100%	Tenant Relationship Plan developed – invoices from service contractor provided as evidence.
Carry out the Tenant Training qualification program at least in 50% of SSB owned shopping centres	100%	All applicable shopping centres completed Tenant Training.
Define the implementation model for the Mobility Hub project: NorteShopping and CascaiShopping	100%	Mobility Hub implementation model defined for NorteShopping, Centro Colombo, CascaiShopping and Plaza Mayor.
Launch the Rising Store project in Portugal (2nd edition) and Spain (1st edition) # Rising Store entries: PT 120; SP 20 entries per store	50%	PT 140 entries SP 6 entries In Spain the target was not achieved as the project is still on-going.
Define the Retail Lab Model for NorteShopping and CascaiShopping	50%	Retail Lab Model defined for NorteShopping.
Launch a monthly digital activation (under Fusion project - WhatsOn) 1 article per SC/month on each SC in Portugal under Fusion project - WhatsOn	100%	Sampling approach was taken and the following 5 sites checked online for articles under the Healthy Living category: LeiriaShopping, CascaiShopping,

		AlgarveShopping, Centro Vasco da Gama, NorteShopping.
Promote Community Advisory Panel (CAP) 2 CAPs/year in Colombo, NorteShopping, CascaiShopping, Centro Vasco da Gama, AlgarveShopping (PT) and GranCasa, Plaza Mayor (ES)	100%	Sampling approach was taken and the following 5 sites were chosen: NorteShopping, Plaza Mayor, GranCasa, Centro Vasco da Gama and CascaiShopping. Confirmed 2 CAPs in all 5 sites.
Develop at least three Sustainable lifestyles local initiatives tailor made to each SC and its catchment	100%	Sampling approach was taken and the following 5 sites were chosen (number of initiatives with communities in brackets): AlbufeiraShopping (3), LeiriaShopping (8), ViaCatarina (8), Dos Mares (16) and River Plaza Mall (6). The target was incorrectly worded and should state 'initiatives with communities' instead.
Invest a proportion of the Promotional Fund of every operational shopping centre in community related initiatives (at least 2% for sites in Europe and 0.5% for sites in Brazil).	98%	Brazil: all shopping centres achieved the target Europe: 1 shopping centre did not achieve the target.
Maintain the AEV values generated by Sustainability - related news Portugal: 16,7% Spain: 29,7% Italy: 17,5% Germany: 19,7%	50%	Germany: 46% Spain: 28% Italy: 19.3% Portugal: 11.8%
Collect new (ideally) toys as Xmas gifts for unprivileged kids through Xmas Gift Activation initiative #ALL EU SC's (except if owner/mkt association refuses it); global avg/SC: >= 75 gifts	100%	Global average achieved due in large to 30,000 toys at Le Terrazze.
Organize a Sonae Sierra Community Day	100%	Community Day organised in Brazil, Portugal, Spain, Italy, Romania, Germany and Morocco.
Leveraging Knowledge		
Train the shopping center staff about the Tenant Relationship Plan	100%	Training event held for shopping centre staff in Brazil.
Implement Sierra Academy	100%	Algeria no longer applicable as Sonae Sierra no longer has presence there. Sierra Academy implemented in Europe, Turkey and Morocco.
Implement All Aboard program in EU Countries	100%	All Aboard program carried out with over 74% of employees receiving training across all countries.
Implement 2 workshops in resilience	100%	Workshops took place in Lisbon and Dusseldorf.
Implement Healthy Week	100%	The Healthy Week initiative was rolled out and employees attended across multiple countries.

Implement Safety & Health Day	100%	Safety & Health Day implemented.
Launch at least 2 Evolve newsletters addressing S&H issues targeted at employees	100%	Evolve newsletters launched namely in August and March.



JLL offices

London
31 Warwick Street
London
W1B 5NH

Tom Branczik

Senior Consultant
Upstream Sustainability Services
+44 (0)207 399 5187
Tom.Branczik@eu.jll.com

JLL offices

London
31 Warwick Street
London
W1B 5NH

Tauras Kalasauskas

Consultant
Upstream Sustainability Services
+44 (0)207 087 5500
Tauras.Kalasauskas@eu.jll.com

jll.com

Jones Lang LaSalle

© 2017 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.