

Beyond spaces,



Experiences.



ECONOMIC, ENVIRONMENTAL  
AND SOCIAL REPORT 2019



# 30 years shaping the future of real estate.

This has been our vision since 1989.



**SONAE SIERRA**  
THE PARTNER OF CHOICE

## Beyond our mission.

Depending on a healthy reserve of natural resources and social cooperation.

## Beyond borders.

In Europe, South America,  
North Africa and Asia.

## Beyond expectations.

Growing from retail to full service real estate company.

With an ambitious new positioning.

## Beyond spaces, experiences.

COVER IMAGE: THE COOKBOOK NORTESHOPPING, PORTUGAL

## About this report

**W**e have long recognised, since our inception, that our business viability is dependent upon a healthy reserve of natural resources, social cooperation and financial capital. Indeed, we believe that the economic, environmental and social dimensions of our business performance are inextricably linked.

For this reason, this annual report provides a fully integrated account of our business strategy and operational performance in 2019, demonstrating the alignment between our core business goals and our 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 operating context section in this report focuses on the most material value creation aspects of our economic, social and

environmental performance as they relate to our financial stakeholders, investors, and our integrated business and sustainability strategies.

In keeping with our long-standing commitment to apply the most robust sustainability reporting guidelines, this report has also been developed in accordance with the 'Core' requirements of the Global Reporting Initiative's Reporting Standards and the Construction and Real Estate Sector Disclosure (CRESD). The Sustainability Statements on page 43 of this report provide a more in-depth account of our social and environmental performance according to the topics considered of material relevance by our stakeholders.

# Index

**01** CORPORATE  
OVERVIEW

**02** BUSINESS MODEL  
& STRATEGY

**03** PERFORMANCE

**04** GOVERNANCE

**05** SUSTAINABILITY  
STATEMENTS

**06** AUDITOR'S REVIEW  
& FEEDBACK



Beyond business,



## Results.

Sonae Sierra is an international real estate company committed to delivering solutions to meet its client ambitions, providing investment, development and property management services all over the world.

IMAGE: CITYLIFE SHOPPING DISTRICT — MILAN, ITALY

# 01

## CORPORATE OVERVIEW

WHO WE ARE \_\_\_\_\_ 06

OUR 30<sup>TH</sup> ANNIVERSARY \_\_\_\_\_ 08

CEO LETTER \_\_\_\_\_ 12

OUR PARTNERSHIPS  
AND KEY CLIENTS \_\_\_\_\_ 14



01  
CORPORATE  
OVERVIEW

02  
BUSINESS MODEL  
& STRATEGY

03  
PERFORMANCE

04  
GOVERNANCE

05  
SUSTAINABILITY  
STATEMENTS

06  
AUDITOR'S REVIEW  
& FEEDBACK





We are the partner of choice. Sonae Sierra is an international, vertically integrated, full service real estate developer, owner and manager.

## Who we are

**S**onae Sierra is an international specialist in the real estate sector. We are owned by Sonae SGPS (Portugal) with 70%, and Grosvenor Group Limited (United Kingdom) with 30%.

We have developed, managed and invested in sustainable retail assets, and we are now expanding our activity beyond retail, and providing investment, development, property management and sustainability services for investors in geographies as diverse as Europe, South America, North Africa and Asia, while creating shared value for our business and society.

Passionate about bringing innovation and excitement to the real estate industry since 1989, we add value to our investors, clients and other stakeholders by putting our unique know-how at their disposal through the delivery of professional services covering the complete real estate lifecycle – leveraged by the successful

track record of our own projects – and the development of outstanding projects. Our strong partnership experience allows us to quickly gain in-depth knowledge of new markets, unlocking further business opportunities.

Our vision is underpinned by a set of core values and principles regarding our business, ambition, innovation, culture, responsibility towards our staff, the environment, local communities and independence from political power.

## Key highlights

**9.8<sup>1</sup>** Billion  
€

ASSETS UNDER  
MANAGEMENT

**542**

NEW SERVICES  
CONTRACTS

**134** Million  
€

DIRECT INCOME  
FROM PROPERTIES

**87** Million  
€

TURNOVER  
FROM SERVICES

**103** Million  
€

EBIT

**96.5%**

OCCUPANCY RATE ON OWNED  
SHOPPING CENTRES

**894**

DIRECT EMPLOYEES

**1,384** Million  
€

NAV

**25.8%**

NET LTV

**16.8** Million  
€

COSTS AVOIDED THROUGH  
ECO-EFFICIENCY MEASURES

**-10.3%**

ELECTRICITY CONSUMPTION  
(kWh/m<sup>2</sup> mall + WC) VS 2018

**-17.3%**

WATER CONSUMPTION  
(L/visit) VS 2018

<sup>1</sup> Includes assets managed by Sonae Sierra's Investment Management team or by companies in which we have a stake and assets to which property management services are provided and we are aware of the valuation or of an estimation of the assets value.

## Awards and recognitions

Scope	Award/ Recognition	Category
CascaShopping	ICSC - European Shopping Centre Awards	Refurbishments and/or Expansions (Large)
Fashion City Outlet	Greek Commercial Interiors Awards 2019	"Best Interior" - Food Retail (Food Court) - Bronze
Fashion City Outlet	Greek Commercial Interiors Awards 2019	"Best Interior" - Shopping Mall - Silver
GranCasa	AECC - Asociación Española de Centros y Parques Comerciales award	"Best Grand Transformation" of GranCasa
CityLife Shopping District	CNCC Marketing Awards 2019	1st Artificial Intelligence Christmas Tree
Sonae Sierra	LEANICON 2018 award - 1st prize	International lean best practices
Sonae Sierra	2019 Euromoney Real Estate Survey	"Best Retail/Shopping Developer" in Western Europe
Sonae Sierra	2019 Euromoney Real Estate Survey	"Best Developer Overall" in Portugal
Sonae Sierra	2019 Euromoney Real Survey	"Best Retail Developer" in Portugal
Sierra Fund	GRESB - the ESG Benchmark for Real Assets	Green Star status and 5 Stars Rating, the highest GRESB Rating and a recognition for being an industry leader





## Our 30<sup>th</sup> anniversary

The story began in 1989, when Sonae Imobiliária was established to manage our first shopping centre, AlbufeiraShopping in Portugal. The success of the venture inspired us to grow across the country, including the opening of two of our most iconic assets: Centro Colombo in Lisbon and NorteShopping in Porto.

An accelerated strategy of international expansion marked our second decade, driven not only by the development of new projects, but also through the acquisition and refurbishment of existing schemes. Sonae Imobiliária started operations in Spain, Greece, Brazil, Germany and Italy, developing reference shopping centres such as ALEXA (Berlin) and Parque D. Pedro Shopping (São Paulo). This new international profile inspired us to change our name into the modern and spirited brand that you know today – Sonae Sierra.

The provision of services to third parties – namely investment services, project licensing, architecture & engineering, property management & leasing and sustainability – allowed us to continue our international expansion throughout our third decade, as we entered new markets such as Colombia, Morocco, Algeria, and Poland. This geographically diverse business portfolio provides us a natural hedge against the volatility of local growth and country risk, while challenging us to be more flexible and adaptable at local level. During this decade we have also created Sierra Fund, a real estate fund

controlling €1.8 billion of stakes in leading shopping centres.

Following the trends that are shaping real estate, we have shifted towards a capital-light model and a capital recycling strategy, combining experience with agility to great effect. This combination allows us, today, to provide world-class services to our partners, maximising profitability and minimising risks.

While the ongoing transformation of the retail industry presents new challenges, our service-focused strategy has enabled us to forge new ideas into real estate assets. The best concepts emerge by working in partnership, which is why our relationships with investors, bound by reliability and trust, are so important.

Our proven past makes us confident about what is yet to come, but it is our present business model and the ability to evolve that ensures our future growth. The same motive that drives our partners and other stakeholders to seek our collaboration on a continuous basis, brings us new clients every day. We are just as excited as you are about growing into the future and continuing to be the partner of choice.

We would like to mark this occasion by delivering to you the same success that has become a hallmark of our business. We are convinced that we can build better, side by side – so reach out today to find out how we can shape the future of real estate together.



1997

30 YEARS OF PROJECTS

LOCATION

Portugal

GROSS LEASABLE AREA

c.115,000 m<sup>2</sup>

NUMBER OF STORES

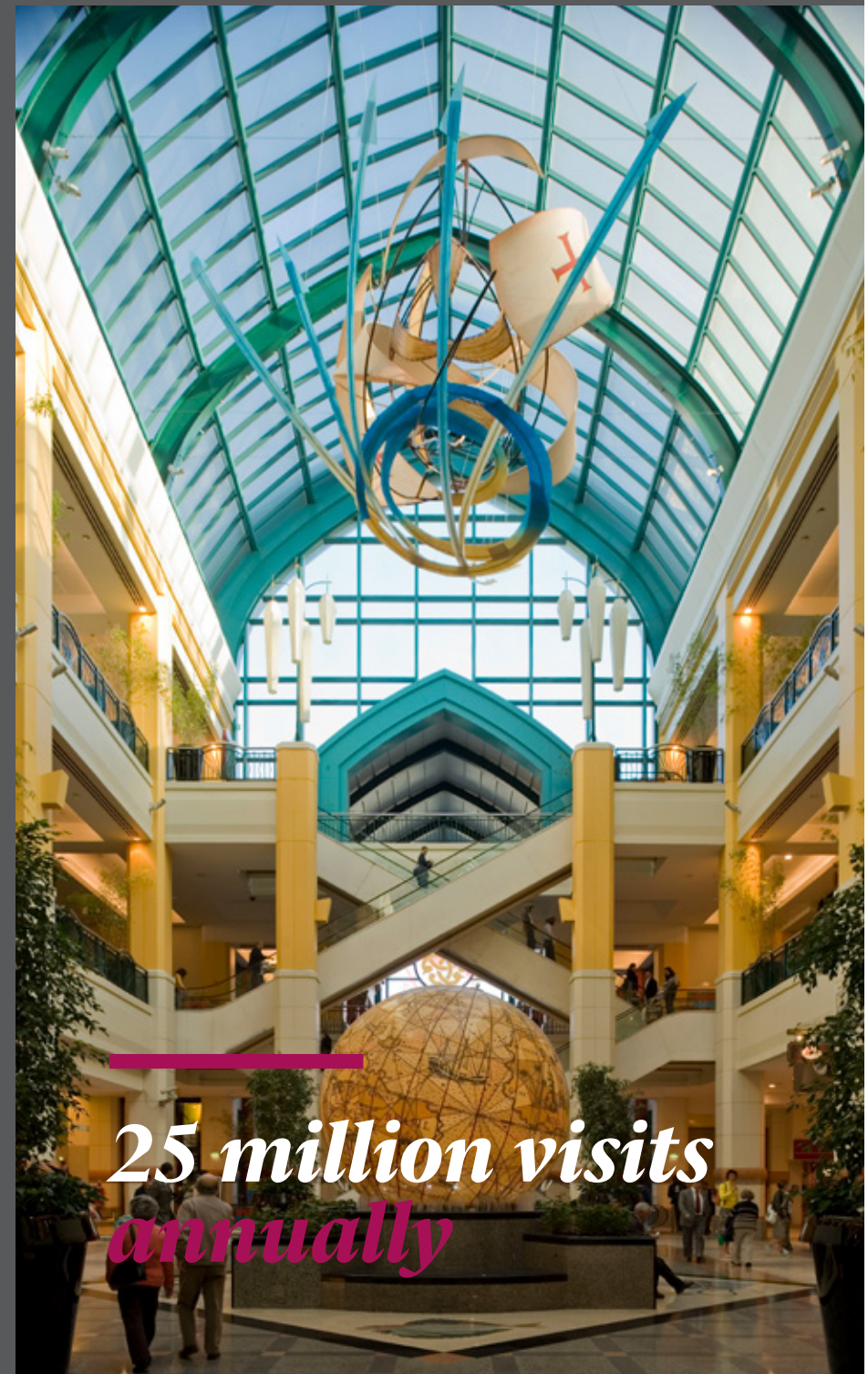
342

## Centro Colombo

A modern shopping and a leisure destination

Centro Colombo is an icon and a reference in the shopping centre industry, both nationally and internationally, with c.115,000 m<sup>2</sup> of GLA. It attracts 25 million visits annually, driven by factors such as the commercial offer, customer support, interior design, innovation in terms of events held in the centre, a strategic location and the extensive privileged access network.

Since its inauguration in 1997, Centro Colombo represents a modern shopping and leisure destination, with a unique variety in more than 340 shops, and it has revolutionized consumption in Portugal. This centre is a dynamic and reference venue and sits atop the preferences of the major national and international brands for the hosting of large events. This asset is also a showcase of our mixed-use capabilities with two office towers adjacent to it that were also developed by us. We continue to add value to this centre: we are projecting an expansion of GLA by c.10,500 m<sup>2</sup> in retail and c.35,000 m<sup>2</sup> in office space for a total investment of €170 million.



*25 million visits  
annually*

01  
CORPORATE  
OVERVIEW02  
BUSINESS MODEL  
& STRATEGY03  
PERFORMANCE04  
GOVERNANCE05  
SUSTAINABILITY  
STATEMENTS06  
AUDITOR'S REVIEW  
& FEEDBACK



2002

30 YEARS OF PROJECTS

## LOCATION

Brazil

## GROSS LEASABLE AREA

c.127,000 m<sup>2</sup>

## NUMBER OF STORES

394

## Parque D. Pedro Shopping

A perfect example of our vision in developments

A reference not only in the city of Campinas, but also to the entire state of São Paulo, Parque D. Pedro Shopping, inaugurated in March 2002, currently has 476,500m<sup>2</sup> of total area and 127,000m<sup>2</sup> of GLA. The centre receives every year 20 million visits from a catchment area of up to 100 km.

This asset is iconic for us, as it is a perfect example of our vision in developments. Back then, we acquired a large portion of land, in order to later use it for creating a large mixed-use scheme.

In the grounds of Parque D. Pedro Shopping there will be a multipurpose complex ready to supply existing needs of the residents of the interior of São Paulo, bringing various types of business and services to the site. Anchored in the shopping centre, the mixed-use complex will include: hotels, corporate offices, educational and medical buildings, convention centres and entertainment areas. We will work in partnership with specialists in different uses, consolidating Parque D. Pedro Shopping as a reference for innovation and trendsetting, bringing progress and prosperity to the region.



*20 million visits  
every year*

01  
CORPORATE  
OVERVIEW02  
BUSINESS MODEL  
& STRATEGY03  
PERFORMANCE04  
GOVERNANCE05  
SUSTAINABILITY  
STATEMENTS06  
AUDITOR'S REVIEW  
& FEEDBACK

10

2007

30 YEARS OF PROJECTS

## LOCATION

Germany

## GROSS LEASABLE AREA

c.56,000 m<sup>2</sup>

## NUMBER OF STORES

186

## ALEXA

A showcase of the industry's  
reliance on our management expertise

ALEXA shopping centre in Berlin, Germany, was inaugurated in 2007, after being developed by Sonae Sierra and Foncière Euris. We bought the ground for this asset before we even had a physical presence in Germany, which is a showcase of the tenacity of our expansion policy. We ended up selling the shopping centre to Union Investment, following our capital recycling strategy, but we secured a 10-year contract to continue in operation as property manager, which shows the industry's reliance on our expertise. ALEXA has established itself as one of Berlin's leading retail destinations since its inauguration and has delivered strong operational results, excellent feedback and international recognition.

The shopping centre is currently owned by Union Investment, and the property management services are provided by Sonae Sierra. ALEXA was the first shopping centre construction site in Germany to obtain, during its construction stage, the ISO 14001 environmental certification, and has achieved remarkable success in terms of its planning, architecture, tenant mix, sales, and financial results.



*One of Berlin's  
leading retail  
destinations*

01  
CORPORATE  
OVERVIEW02  
BUSINESS MODEL  
& STRATEGY03  
PERFORMANCE04  
GOVERNANCE05  
SUSTAINABILITY  
STATEMENTS06  
AUDITOR'S REVIEW  
& FEEDBACK





**Fernando Guedes  
de Oliveira**  
SONAE SIERRA'S CEO

## CEO Letter

### Beyond expectations

We have a clear vision of real estate and we aim to be at the forefront of the industry, creating its future.

**As we enter a new decade of our existence, we look at the world with the gained experience and wisdom that our three decades have brought us, but with a fresh and irreverent spirit.**

**T**he year 2019 was the year of our 30<sup>th</sup> anniversary, and the end of another successful decade in Sonae Sierra. This was a particularly challenging one, as it set the beginning of our deepest transformation as a company.

During these 30 years, Sonae Sierra established a widely recognized name for its top-quality shopping centres, with a history of developing and managing some of the most iconic assets in this category, in the markets where we operate. We have been pioneers in our home country and we are proud of how we played our part in creating this industry as it is today. As we enter a new decade of our existence, we look at the world with the gained

experience and wisdom that our three decades have brought us, but with a fresh and irreverent spirit. We are managing c.150 assets, worth €9.8 billion and yet we maintain the yearning to be in the frontline of the industry. We have begun to pursue our vision for what we believe will be the next big wave in this industry and to take part in that future. We continue to be a state-of-the-art shopping centre developer and manager, with outstanding results to illustrate this, but we are now finding new growth avenues.

Real estate is being shaped by three trends that have been gaining strength and becoming more structural: i) the growth in institutionally-managed



## *We are managing c.150 assets, worth €9.8 billion*

savings; ii) this drives demand for real estate by institutional investors; iii) this comes associated with increased sector-specialization in real estate.

Aiming to offer solutions that meet market's trends, during these recent years, and building upon its historical background, we have been focusing around three key building blocks: investment funds, services to external clients, and selective developments.

First, we have been creating investment funds that fulfil the demand for real estate products among investors. Aimed at institutional investors, Sierra Fund, our oldest fund, was incorporated in 2003. More recently we co-created real estate investment vehicles for retail investors. Following the ORES Socimi success in Spain and the passing of a REIT like legislation in Portugal (SIGIs), we have launched the country's first SIGI, to be listed in the Portuguese Stock Exchange and with an initial investment capacity

of €100 million, aimed at a wide range of real estate asset type. This is the perfect illustration of our ability to shift from our traditional core activity in shopping centres, to be an investment manager, in sectors beyond retail, and the ability to take advantage of shifts in market structure. Additionally, during 2019 we prepared the launch of the Sierra Prime joint-venture with APG, Allianz Real Estate and Elo, which was completed in February 2020. This JV results from the wind down of the Sierra Fund and comprises the stakes in the 6 unique flagship shopping centres, Centro Colombo, NorteShopping, Centro Vasco da Gama and CascaiShopping in Portugal, and Plaza Mayor and McArthurGlen Designer Outlet Málaga in Spain.

Second, after decades of gaining track-record with our own developments, property management and sustainability practices, we began to provide those services to external clients, enlarging our horizons in both the real estate sectors and the range of services covered.

In 2019 we have signed 25 contracts for Property Management, amongst which the mixed-use Arribat Center, Morocco. This project illustrates clearly our capacities to succeed in multiple geographies as a fully-vertical integrated real estate service provider, – our work with this centre started with development, then marketing, interior design and tenant layout, before we were invited to assume property management.

In order to expand our geographical footprint in services, we have acquired a 50% stake in Balmain Asset Management Group's Central European platform, a Polish operating partner and service provider. We have also acquired a 50% stake in the European operations of Luís Malheiro Group (LMG), broadening Sonae Sierra's range of services in the areas of engineering project management, building maintenance and facility management. All in all, our Development Services division signed 542 new contracts only this year.

Third, we are shifting our developments strategy, towards increasing value in our core properties – by creating mixed-use assets – and by exploring key opportunities in emerging markets and in other asset classes, in mature economies. We continue to actively manage our portfolio, by recycling capital and focusing on core assets. We have divested in ALEXA, Hofgarten Solingen, LOOP5, 8ª Avenida, Dos Mares, LeiriaShopping, LoureShopping, AlgarveShopping and Albufeira Retail Park. On the other hand, we have inaugurated the first phase of our NorteShopping expansion, with a new food court concept, and dedicated spaces to iconic flagships from key retailers. We are in the initial phase of Centro Colombo retail and office

expansion. We have also continued to invest in our presence in emerging markets, by opening our first shopping centre in Colombia (Jardín Plaza Cúcuta), and actively studying other projects.

In Brazil we have significantly strengthened our presence, by merging Sonae Sierra Brasil with Aliansce which has allowed us to create the largest shopping centre operator in the country, Aliansce Sonae. This was a key move for us, as it led to a re-rating of our investment in the region, and a to a wider coverage of the country.

We continue to be recognized for our activities in this industry. Among other awards received in 2019, we were recognized at the 15<sup>th</sup> Euromoney Awards, as Best Retail/ Shopping Developer in Western Europe, Best Developer Overall and Best Retail Developer in Portugal, which acknowledges our excellence in real estate. We have achieved all this with sustainability continually embedded in how we work and as an example, this year Sierra Fund was once again recognised with Green Star status, having achieved the highest possible rating of 5 Stars in GRESB, the leading ESG benchmark in the real estate sector.

In summary, we are confident that we have the right competencies to face the challenges we have upon us. We know we have the right people, this is also a testimony of their achievements, and I feel it is my obligation to publicly recognize my pride in this team.

To all of our stakeholders, thank you for helping us play a part in developing the future.



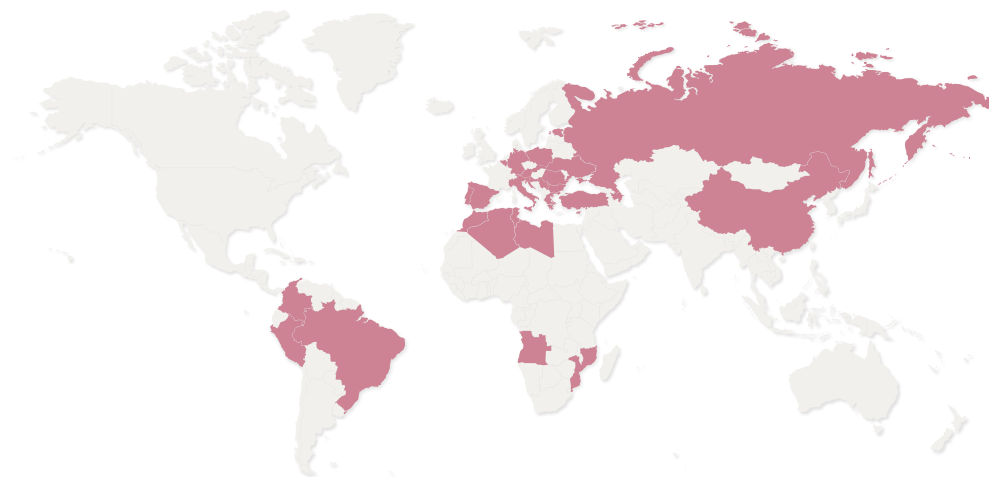
## Our partnerships and key clients

### Where we operate

Sonae Sierra operates from corporate offices in 10 countries – directly in Portugal, Spain, Italy, Germany, Greece, The Netherlands, Luxembourg, Romania,

Morocco and Colombia, and through joint-ventures in Poland and Brazil.

During our 30 years of existence we have provided services all over the World:



Algeria	Brazil	Cyprus	Libya	Portugal	Slovenia
Angola	Bulgaria	Estonia	Morocco	Romania	Spain
Austria	China	Germany	Mozambique	Russia	Tunisia
Azerbaijan	Colombia	Greece	Peru	Serbia	Turkey
Belgium	Croatia	Italy	Poland	Slovakia	Ukraine

### Partnerships and key clients

Our business, quite simply, would not be what it is today without our partners (P) and service clients (C). By partnering with them, we can ensure we have financial

strength, the ability to quickly gain an in-depth knowledge of markets and explore new opportunities. Some of our key partners and service clients for the last three decades are presented below.

Country	Name	Client (c) / partner (p)	Country	Name	Client (c) / partner (p)	Country	Name	Client (c) / partner (p)
Algeria	Ardis	C		Intesa San Paolo	C		Bankinter group	P & C
	Dahli	C		Europa Capital Partners	C		Eroski Group	P & C
	Immobis	C		Generali Real estate	C		Iberdrola Inmobiliaria	P & C
	Prombati	C		Gran Casa SpA	C		Clásica Urbana	C
	SIH	C		Gruppo Pollarini	C		Grupo Soluciones	C
	Arcofina	C		Meridie	C		H.I.G. European Capital Partners	C
	Benhamed	C		Gela Investment	C		CGI	C
	SARL Hotel Benhamed Khaled	C		SUDCOMMERCII S.R.L.	C		Vegarent MCM	C
	Luena Plaza	C		Gholding	C		Fyrtarn Family	C
				Gruppo Coin	C	Switzerland	Partners Group	P & C
Angola	Baghlan Group	C	Morocco	Groupe CDG	P & C	The Netherlands	ING Developments	P & C
Azerbaijan	BESIX RED	C		Marjane	P & C		APG Investments	P & C
Belgium	Akropolis	C		SAZ	P & C		MAB Development	P & C
Brazil	Marco Zero	P & C		Facenor	C		Redevco	P & C
	Família Sé	P		Foncière Chellah	C	Tunisia	Mabrouk	C
	Tivoli EP	C		ONCF	C		Copit	C
	Credit Suisse HG	C		CMG	C		Indigo	C
Colombia	Central Control	P & C		SAPST	C	Turkey	Endülüs Gayrimenkul	C
Cyprus	Trenesma	P		Saham immobilier	C		Ildem Kooperatif	C
Estonia	Infortar	C	Poland	Balmain Asset Management	P & C		Krem Turizm	C
Finland	Keva	P & C		Bensaúde Group	P & C		Özdemir Boru Profil	C
	Ilmarinen	P & C	Portugal	Estevão Neves	P & C		S.ölen	C
	AEW Europe	P & C		Ocidental	P & C		VARYAP	C
	CDC	P & C		Sonae RP	P & C		Basyazici	C
	AXA Investment Managers - Real Assets	P & C		Sonae MC	P & C	UAE	Al Futtaim	P & C
	CNP Assurance	P & C		GIL	C	United Kingdom	Aberdeen Property Investors	P & C
	Foncière Euris	P & C		The Edge Group	C		McArthurGlen	P & C
	Frey	C		Caixa Imobiliário, S.A.	C		Rockspring	P & C
Germany	Deka Immobilien	P & C		Millennium BCP	C		Schroders Investment Management	P & C
	Union Investment	P & C		CA Património Crescente-Fundo de Investimento Imobiliário Aberto	C		Scottish Widows	C
	Otto Family	P		Savoy	C		Doughty Hanson	C
	DWS	P & C		Fundação Alfredo de Sousa	C	USA	AIG	P & C
	Aachener Grundvermögen	C		IP Património	C		CBRE Global Investors	P & C
	BHG Gewerbe	C		Troia Resort	C		CBRE Global Investment Partners	P & C
	HanseMerkur Grundvermögen	C		Graciosa Parcela	C		Madison International Realty	P & C
Greece	Charagionis Group	P & C		Genesis Property	C		Nuveen	P & C
	Lamda Development	P & C	Romania	Cocor	C			
	Bluehouse Capital	P & C		RosEvro Development	C			
	Caelum Development	P & C		Mall Tech	C			
Ireland			Russia	Rastoder	C			
Israel	MDSR	C		J&T Real Estate	C			
	Coimpredil	P & C	Slovenia	Armórica	P & C			
Italy	Baigre Sarl	P & C						
	Impresa Pizzarotti & C.S.p.A.	P & C	Slovakia					



Beyond strategy,



Vision.

We combined know-how, commitment to innovation and a long-term approach to create a business model organized in 5 autonomous businesses. And a strategy to keep sustainability as a priority in our value chain.

IMAGE: CASCAISHOPPING — LISBON, PORTUGAL

## 02

### BUSINESS MODEL & STRATEGY

OUR TOP MANAGEMENT TEAM \_\_\_\_\_ 17

OUR BUSINESS MODEL \_\_\_\_\_ 18

OUR STRATEGY \_\_\_\_\_ 19

IMPLEMENTING OUR STRATEGY \_\_\_\_\_ 20





# Our top management team



**Fernando Guedes de Oliveira**  
(CEO)

Fernando Guedes Oliveira joined Sonae Sierra in 1991 as Development Manager of the Company's ViaCatarina Shopping 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. He is the chair of the Sustainability Steering Committee.



**Luís Mota Duarte**  
(CFO)

Luís Mota Duarte joined Sonae Sierra in 2018 from Sonae SGPS where he was Head of M&A since 2014. Prior to joining Sonae, he spent 14 years in London, most recently as a Director at Bridgepoint Capital, a leading European private equity firm with €18 billion of assets under management. Previously he worked at Salomon Smith Barney in its Investment Banking division and at General Electric in its Business Development team. His professional experience includes the acquisition, funding, restructuring and refinancing of several businesses in various sectors, countries and size ranges and Board representation at multiple portfolio companies. He is also an Associate Fellow at Saïd Business School, Oxford University and an Adjunct Professor at Nova School of Business & Economics.



**Pedro Caupers**  
(Director, Investment Services)  
– resigned on 2019. Interim,  
until successor is appointed

Pedro Caupers joined Sonae Sierra in 1997 and has been a Board Director since 1999. Previously, he was a strategic consultant at McKinsey & Co, a Board Director at Vista Alegre and the CEO of Media Capital. Between 1997 and 2009 he was responsible for all Sonae Sierra's European property management and leasing activities. He has been the Executive Director of Investment and Asset Management since 2009 and was responsible for the Company's European portfolio and the Sonae Sierra Funds. He was a member of the Sustainability Steering Committee, Innovation Steering Committee and a Non-Executive Board Director at Sonae Sierra Brasil.



**Ana Guedes de Oliveira**  
(Director, Developments)

Ana Guedes de Oliveira has been with Sonae 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.



**João Correia de Sampaio**  
(Director, Property Management Services)

João Correia de Sampaio joined Sonae Sierra in 1992. Along with other roles in the property management area, he was Managing Director of Sonae Sierra Management Portugal and Sonae 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.



**Jorge Morgadinho**  
(Director, Development Services)

Jorge Morgadinho has been with Sonae Sierra since 1994. He joined Centro Colombo as an architect. 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, and in 2006 he was appointed Expansion Manager for New Markets. Since 2010 he is responsible for the design activities in Sonae Sierra as Director of Conceptual Design & Architecture. In 2019 he was appointed Managing Director of Sierra Development Services.

# Our business model

Our business model supports our vision. The combination of our know-how, our commitment to innovation and our long-term approach has created a business model that embraces investment management, developments, property management, and development services. Financed by a prudent combination of equity and debt, our capital is employed in a geographically diverse portfolio ranging from greenfield sites to acquisitions with development and/or expansion potential. Our shopping centre track record, the quality of our services and our ability to create financial and social value for stakeholders throughout the entire real estate asset lifecycle constitute a competitive advantage, and have enabled our business to expand across multiple countries and win several industry awards.

## Investment Management

Investment Management sets up and manages closed-end funds, REIT type vehicles and joint-ventures, for qualified and retail investors.

Currently, Sonae Sierra manages 12 investment vehicles, worth €5.5 billion in OMV, with a Sonae Sierra stake of €1.4 billion. Among these funds, 4 are in closed-end funds targeted at institutional investors, covering retail real estate; 4 are REIT type investments targeted at institutional investors, qualified investors or retail investors; and 4 are joint ventures with institutional investors.

## Developments

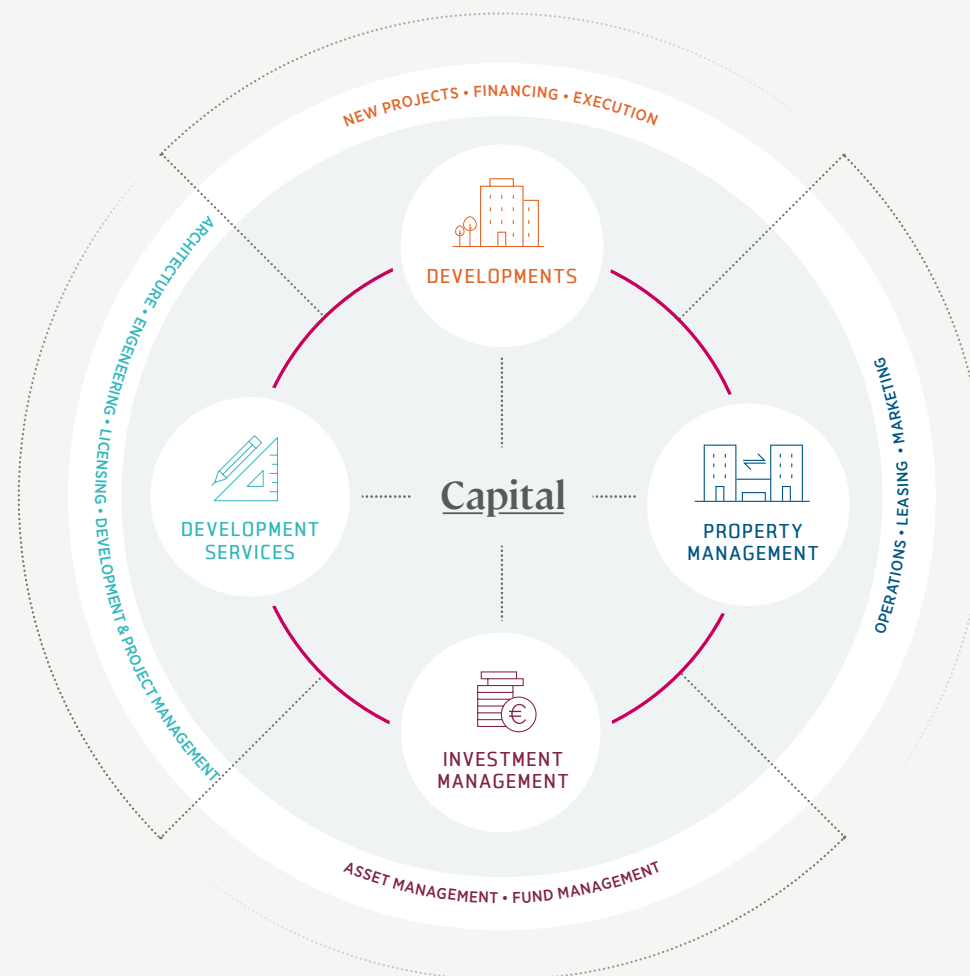
Developments sources and delivers real estate development on behalf of Sonae Sierra and other co-investors, on a sole basis or through partnerships. This area is responsible for assessing market opportunities, conceiving the project, identifying and acquiring the site, financing and executing the project. It engages with partners and suppliers to ensure the effective adoption and implementation of high standards of quality while supporting long-term environmental, economic and social sustainability.

## Property Management

Property Management provides property management, leasing and marketing services. With a client-centric approach, Property Management aims to align its interests with a diverse range of investor clients in order to optimize operating costs, and to maximize revenues and the asset's long-term value. The business prides itself on maintaining strong relationships with tenants, guaranteeing effective and efficient standard operating procedures and on piloting innovative concepts to engage and entice consumers.

## Development Services

Development Services provides real estate development solutions to clients worldwide, through a wide package of services encompassing licensing and



urban planning, architecture, engineering, development coordination and project management, following to its core principles of innovation and client focus.

Whilst Development Services predominantly focuses on creating value

for its clients, its activities also generate socio-economic value by stimulating the market for sub-contractors, specialists and suppliers, thereby indirectly supporting employment creation, skills development, and sustainability awareness in the regions where it operates.



We believe the most transformational trend is the demographics dynamics.

## Our strategy

### Operating context

We monitor the trends that are shaping today's world and the drivers of the real estate industry. By early identifying arising challenges and opportunities, we are increasingly prepared to adapt our core business and sustainability strategies, managing them to our advantage.

Currently, we believe the most transformational trend is the demographics dynamics. Despite the slowdown in demographic growth over the last 15 years, world population is still projected to increase by one billion until 2030. In a context life expectancy continues to increase, social security systems are already being put under pressure, which has been driving the demand of savings vehicles, such as pension funds. These are benefitting from the added importance contributors attribute to their savings, but also from the increase in working life. Also, in emergent markets, the "economic miracle" of the last decades increased available income and allowed savings to emerge, leading to the growth of, among other, retirement savings vehicles investing in developed economies.

The portion of cash aimed at real estate has been – and will continue to – growing, with Asset Managers increasing exposure to a sector that provides healthy returns via low risk investments – which, importantly, suits blue chip investors investment criteria. This is even more relevant during these times of low interest rates and risk-free returns.

With the increased appetite for real estate assets, institutional investors meet operators willing to lighten balance sheets, creating an opportunity for professional service providers with recognised market and asset specific expertise.

Additionally, as sustainability finally starts to take the forefront of business strategies, corporate governance issues and financing requirements, also in the real estate industry (which has a significant environmental footprint), investors recognise the need to partner with service providers with a proven track record in sustainability.

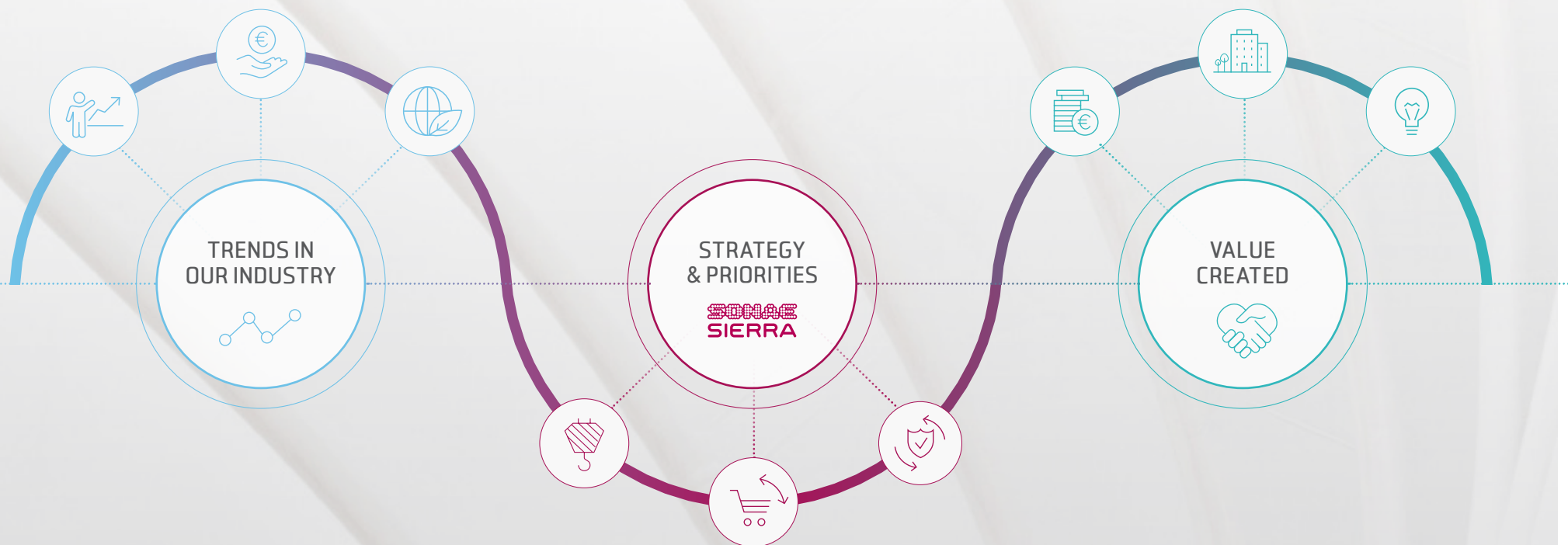


# Implementing our strategy

With the aim of creating shared value for our business, investors, environment and society, we have organised our strategy in six focus areas, three deriving from our business strategy, and three being pillars of our sustainability strategy.





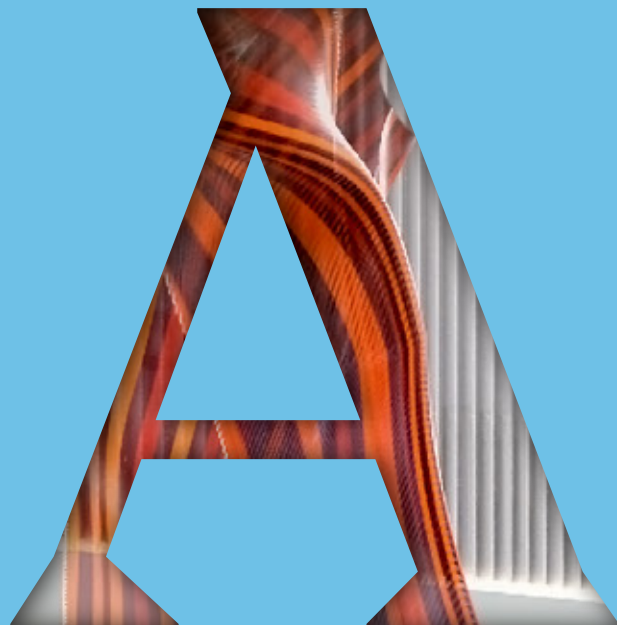


- Continued demographic growth, further expanding the need for space
- Increased life expectancy leading to need for savings vehicles and professional operators
- Environmental pressures and resources constraints

- Increase development exposure
- Expand professional services
- Capital recycling
- Safe people and resource resilience
- Future Fit Retail
- Knowledge

- Increased **financial capital** by delivering profit for shareholders and clients and supplying investment vehicles
- Enhanced **manufactured capital** through urban regeneration and local economic development
- Increased **intellectual capital** through market knowledge and know-how
- Nurtured **human capital** with higher levels of staff satisfaction, engagement and productivity, linked to talent attraction and retention
- Stronger **social and relationship value** with investors, partners, clients, tenants and consumers
- Preserved **natural capital** through lower environmental impact

Beyond growth,



Ambition.

Across all business lines, we recorded a positive performance that reflects into strong growth opportunities for the years to come. Always working hard to provide the highest quality service to our customers.

IMAGE: COLOMBO OFFICES — LISBON, PORTUGAL

## 03

### PERFORMANCE

OUR FIGURES	23
OUR PERFORMANCE	25
CONSOLIDATED ACCOUNTS	33
RISK MANAGEMENT	37





The solid financial results of the portfolio and services businesses led to the growth of Direct Result.

## Our figures

**S**onae Sierra delivered in 2019 another year of strong financial results and accomplishment of key strategic achievements. The solid financial results of the portfolio and services businesses led to the growth of Direct Result, while the completion of key milestones for the company, such as the merger of Sonae Sierra Brasil and the establishment of a new long-term joint-venture for our Iberian Core Assets (completed in February 2020) sets the stage for further growth ahead.

During 2019, Direct Result was affected by our capital recycling strategy, as we completed the sale of ten non-core assets, in Portugal, Spain, Italy and Germany. Nevertheless, Direct Result increased 2.2% to €68 million, evidenced by:

- Our portfolio continues to deliver strong performances, with a 2019 like-for-like increase in tenant sales (of our assets under management portfolio) and rents (of our owned and co-owned portfolio,

on a 100% basis) of 3.3% and 3.2%, respectively, benefitting from a solid growth in Iberia and a significant improvement in ParkLake in Bucharest, Romania.

- In addition, income from services business has also increased 12% compared to last year, benefitting from the growth of the existing service practice and two acquisitions of 50% stakes, in Portugal (Luís Malheiro Group) and in Poland (Balmain Asset Management Group's central European platform).

On the Investment Management side, we achieved two key strategic milestones. Back in 2017 we had launched ORES Socimi, a partnership with Bankinter in Spain that led to the creation of a REIT-like investment vehicle. In 2019 we successfully replicated this model with Bankinter in Portugal, with the creation of the country's first REIT-like vehicle, ORES SIGI. Even more significantly, in 2019 we prepared





## *Sonae Sierra ends 2019 with a very strong balance sheet, with €1.9 billion in investment properties funded by a robust debt structure*

the launch of a new up to 15-year joint-venture for our Iberian Core Assets (completed in February 2020), created alongside APG, Allianz Real Estate and Elo. Arising from the sale of half of Sonae Sierra's and APG stake in the Sierra Fund (which had reached the end of the investment horizon), this transaction ensures the long-term stability of these key assets, which are a core pillar of our investment strategy, as well as a very significant cash-in.

Indirect Result amounted to c.-€8 million in a year of strong investment in the assets, led by one-off investments which amounted to -€11 million. The balance was driven, on the positive side, by asset value creation (€18 million), which remained positive in both the European portfolio and our investments in Brazil and Colombia.

From a strategic point of view, the merger of Sonae Sierra Brasil and Aliansce into Aliansce Sonae strengthened the

company's long-term position in the Brazilian market, now part of the largest shopping centre company in Latin America. The rationale of the transaction has been validated by the market with the share price of Aliansce Sonae rising almost 70% since the merger was communicated<sup>1</sup>.

Overall, Net Result, before recycling of translation reserves amounted to €60 million. However, as a result of the merger we also had to reflect in our accounts a purely technical non-cash accounting impact of -€169 million, resulting from the need to recycle all (negative) currency translation reserves from an equity account through the P&L. It is worth noticing that this loss with currency effects was, however, vastly offset by the gains the operation generated throughout the years. Our return for a twenty-year investment in Brazil is comfortably positive.

During the year, our Finance team refinanced over €1 billion of debt facilities,

providing us with a solid balance sheet underpinned by attractive long-term facilities with an attractive overall cost. Which combined with our healthy cash reserves, provides us with a robust war chest for future investments. Already considering the sale of part of our stakes in the Iberian Core Assets, the overall cash proceeds amounted to more than €350 million. The sale processes of the remaining assets included in the program are ongoing and should be completed during 2020.

Sonae Sierra ends 2019 with a very strong balance sheet, with €1.9 billion in investment properties funded by a robust debt structure (net LTV of 25.8%), and a solid c.€294 million consolidated cash position, which will enable the company to heavily invest in both the development pipeline and services business front. All-in-all the Sonae Sierra's consolidated proportional NAV position now amounts to € 1.384 billion.

## **A bright new future will emerge**

We are now turning the page on the capital recycling strategy, with asset sales to arise from new developed assets or very selective market opportunities. We hold a firm belief that real estate continues to gain more appeal to investors, and we know we have the right competencies to be the preferred partner for their investments.

<sup>1</sup> Information at the beginning of 2020





This year we continued to build on our successes and to expand on the extended core competencies we have been gaining recently.

## Our performance

### New investment vehicles

During 2019 we prepared the launch of the Sierra Prime (completed in February 2020), the new €1.8 billion joint-venture, focused on flagship Iberian Shopping centres.

Sonae Sierra, APG, Allianz Real Estate and Elo reached an agreement to establish this new joint venture, invested in a portfolio of six flagship assets, with a total OMV of €3 billion in Iberia. These assets comprise c.380,000 m<sup>2</sup> of GLA, generated c.90 million visits in 2019 and consist of:

- Centro Colombo (c.115,000 m<sup>2</sup> GLA): Portugal's largest shopping centre and Lisbon's dominant retail destination, will start a c.10,500 m<sup>2</sup> retail expansion and a third office tower (c.35,000 m<sup>2</sup>). The asset is 50% co-owned with RPFI fund (managed by CBRE GI).
- NorteShopping (c.75,000 m<sup>2</sup> GLA): the largest shopping centre in Northern Portugal, located in Porto's most affluent neighbourhood, currently going through a c.14,000 m<sup>2</sup> extension. The asset is 50% co-owned with Nuveen.
- Centro Vasco da Gama (c. 52,000 m<sup>2</sup> GLA): strategically located in dense

business and high-end residential district. The asset is 50% co-owned with RPFI fund (managed by CBRE GI).

- CascaiShopping (c.74,000 m<sup>2</sup> GLA): dominant retail destination in one of the wealthiest regions in Portugal, with additional expansions being analysed. The asset is fully owned.
- Plaza Mayor (c.45,000 m<sup>2</sup> GLA): the leading regional shopping centre, located in Malaga, South of Spain, has just been recently refurbished and holds additional expansion opportunities. The asset is fully owned.
- McArthurGlen Designer Outlet (c.18,000 m<sup>2</sup> GLA): opened in February 2020, it is Spain's first designer outlet and adjacent to Plaza Mayor. It was developed with McArthurGlen who co-owns 50%.

Such a shareholding structure of key blue-chip investors is, first and foremost, a testimony to the unique quality of these assets and to Sonae Sierra's services and expertise. Sonae Sierra was the initial developer of these assets and provided investment management, property management and other asset related services to the portfolio throughout its life, which it will continue to do.



LOCATION

Portugal

First REIT  
in Portugal

CASE STUDY

## Olimpo Real Estate (ORES) SIGI

a model that has been proved fruitful

In December 2019, following the success in Spain with Olimpo Real Estate Socimi (launched in February 2017), Bankinter and Sonae Sierra decided to replicate the ORES model in Portugal. This fund will invest €100M in real estate assets and this partnership is the natural continuation of a model that has been proved fruitful and a perfect example of our capability to expand our competencies beyond shopping centres, showing that our historical gained competencies travel well to other activities.

With this initiative, the first of its kind in Portugal, Sonae Sierra will provide Bankinter's customers the opportunity to invest in stable assets and with commercial operating agreements, benefitting from a diversified retail portfolio that is expected to include supermarkets, hypermarkets, stores, retail parks and offices essentially located in the largest urban centres in Portugal, likewise providing them the opportunity to invest in Spain.

We are very proud of the creation of this four-way joint-venture with blue-chip international investors which share a like-minded long-term view to value creation. Despite all being highly resilient and dominant flagship assets in their catchment areas, all hold further opportunities for value creation via investment in asset management initiatives. With this operation, Sonae Sierra decreased its stake from 50% in Sierra Fund to 25% in Sierra Prime.

The Spanish Olimpo Real Estate Socimi concluded, during 2019, the investment in Iberian retail real estate assets of the total € 400 million raised (50% equity, 50% debt). Sonae Sierra and Bankinter have decided to replicate the model in Portugal, launching the country's first REIT type vehicle, following the approved 2019 legislation: Olimpo Real Estate Portugal, SIGI, S.A. (ORES SIGI).

Also, during 2019, Sonae Sierra and Peter Korbačka have completed the creation and launch process for the REIT TRIVIUM Socimi, in the Mercado Alternativo Bursátil (MAB). TRIVIUM Socimi has been conceived as an investment vehicle whose activity is centred, through its Iberian Assets subsidiary, on the exploitation of GranCasa (Zaragoza), Max Center (Bizkaia) and Valle Real (Cantabria) shopping centres, acquired in December 2018. These assets, with a total gross surface area of 116,437 m<sup>2</sup>, are located in very consolidated locations around important population centres.

### Managing our investment portfolio

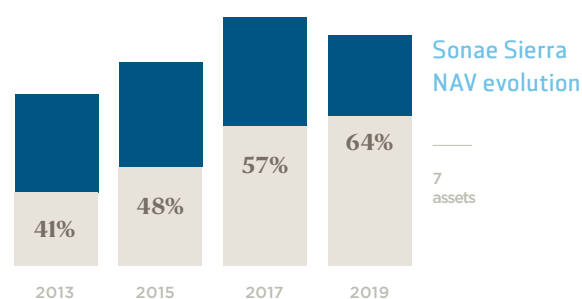
Regarding our investment portfolio management, we continued to pursue our strategy of focusing on core assets, investing in those that have the higher upside potential, and divesting in non-core assets that have reached their maturity.

One recent example of our investment in reinforcing the competitive position of our shopping centres is the expansion of NorteShopping. We see expansions as crucial for adding value to a property, in an evolving retail universe of changing tastes, experiential challenges, and crowded catchment areas. In NorteShopping we have created a dedicated alley for strong retailers such as those owned by the Inditex group and Primark; we have expanded the cinemas offering with the premiere of two new concepts in Portugal (XVision and ScreenX); and we have inaugurated the latest generation of our signature food court, The CookBook. This fits into Sonae Sierra's new concept of catering plazas and features a distinctive offering in a multifunctional space that suits both leisure and study or work, providing different environments for socializing.

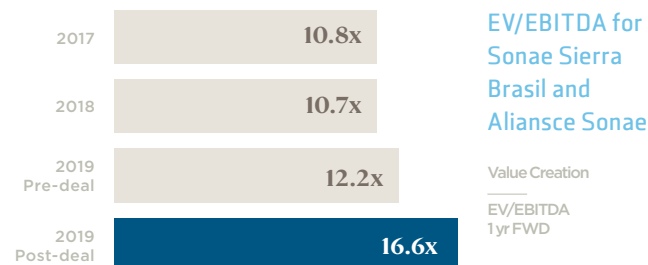
We will also expand Centro Colombo, with the creation of a modern and state-of-the-art food court, a new sports and fashion mall, and a premium area featuring high-end fashion brands. This expansion will also enhance visitor's experience through innovative and convenient services directed at omnichannel retail and new mobility, including click & collect services, delivery & drop-off points, meeting points, booking and reservations system, bike facilities, lockers and a valet service.

Furthermore, we continue to add value throughout our shopping centre portfolio by consistently and proactively enhancing our assets in alignment with the ever dynamic retail market trends: creating iconic flagships for upsized key retailers; exploring and developing categories that are less exposed to e-commerce, such as hospitals and health clinics, innovative cinemas, and state-of-the-art food courts; and welcoming new tenants and innovative retail concepts. We also continued to reinforce and innovate the customer experience, with an emphasis on the entertainment components.

We have as well significantly strengthened our Brazilian position, with the creation of the largest Brazilian shopping centre operator through the merger of Sonae Sierra Brasil and Aliansce Shopping Centre. This operation created immediate value by leading to a re-rating of the Brazilian investment and by increasing our exposure to a high potential emerging market, with upside potential from synergies and a minimized downside risk through a put option on listed Aliansce Sonae shares.



Dominant Core Assets    Other Assets



Sonae Sierra Brasil    Aliansce Sonae



LOCATION

Portugal

50 medical specialties

CASE STUDY

## Trofa Saúde Hospital

as our tenant

Following our strategy of welcoming new tenants into our shopping centres, reinforcing our proposition to the consumer, and expanding on categories that are less exposed to e-commerce, we are increasing our offer in health clinics and hospitals. Trofa Saúde Hospital, in LoureShopping and Nova Arcada perfectly illustrates this.

Trofa Saúde Hospital is a national reference in healthcare, integrating a network of 16 Hospital Units, covering over 50 specialties and serving 4 million inhabitants, with a particular focus in the north of the country. Within the scope of its expansion strategy, Trofa Saúde Hospital group opened a new unit on LoureShopping, which represented a very important milestone in the history of the group with the presence of the brand in the Lisbon area. The choice was LoureShopping as it allows for a close relationship with the entire population of the municipality of Loures and neighbouring areas, and simultaneously benefits from all the services that the centre provides to its visitors.

Trofa Saúde Hospital would follow this with the opening of one other unit in another shopping centre managed by Sonae Sierra - Nova Arcada in Braga. We had also introduced Trofa Saúde Hospital in 8ª Avenida, asset that we sold in 2019.

01  
CORPORATE  
OVERVIEW02  
BUSINESS MODEL  
& STRATEGY03  
PERFORMANCE04  
GOVERNANCE05  
SUSTAINABILITY  
STATEMENTS06  
AUDITOR'S REVIEW  
& FEEDBACK

## SALES AND VISITS AT ASSETS UNDER MANAGEMENT

	Sales		% 19/18		Visits		% 19/18	
	'19	'18	TOTAL	L-F-L	'19	'18	TOTAL	L-F-L
Portugal	2,559.2	2,473.4	3.5%	3.4%	192.4	200.4	-4.0%	1.0%
Spain	574.7	564.5	1.8%	5.7%	48.3	49.1	-1.8%	3.3%
Italy	314.0	373.9	-16.0%	6.4%	26.7	32.5	-17.6%	5.8%
Germany	623.1	688.9	-9.5%	-3.4%	51.8	49.4	4.8%	-3.0%
Greece & Romania	170.1	151.0	12.7%	15.2%	12.2	13.9	-11.9%	7.5%
Poland	395.0	-	-	-	44.9	-	-	-
<b>Europe</b>	<b>4,636.1</b>	<b>4,251.7</b>	<b>9.0%</b>	<b>3.3%</b>	<b>376.3</b>	<b>345.3</b>	<b>9.0%</b>	<b>1.3%</b>
<b>New Markets</b>	<b>17.7</b>	<b>17.8</b>	<b>-0.7%</b>	<b>-</b>	<b>11.0</b>	<b>10.8</b>	<b>1.9%</b>	<b>4.1%</b>
<b>Total Sierra*</b>	<b>4,653.8</b>	<b>4,269.5</b>	<b>9.0%</b>	<b>3.3%</b>	<b>387.3</b>	<b>356.1</b>	<b>8.8%</b>	<b>1.4%</b>

Sales in € million / Visits in million

\* Excluding Brazil

For 2019 new markets includes data from Jardín Plaza Cúcuta, in Colombia, Carré Eden Shopping Center and Arribat Center both in Morocco. Visits for 2019 include all shopping centres managed by Sonae Sierra during the reporting period except shopping centres without a footfall system due to not being possible to obtain these figures. Sales for 2019 include all shopping centres managed by Sonae Sierra during the reporting period (where contracts include the obligation of sales disclosure). Polish assets and Arribat Center in Morocco are not on the audit scope.

## RENTS RECEIVED AT OWNED SHOPPING CENTRES

	Total rents		% 19/18	
	'19	'18	TOTAL	L-F-L
Portugal	195.7	204.4	-4.3%	2.2%
Spain	67.2	71.9	-6.4%	3.0%
Italy	15.3	21.3	-28.2%	-0.7%
Germany	13.0	42.7	-69.4%	-
Greece & Romania	15.8	13.6	16.0%	24.8%
<b>Europe</b>	<b>307.0</b>	<b>353.8</b>	<b>-13.2%</b>	<b>3.2%</b>
Colombia	1.3	0.0	-	-
<b>Total Sierra*</b>	<b>308.3</b>	<b>353.8</b>	<b>-12.8%</b>	<b>3.2%</b>

Figures in € million

\* Excluding Brazil

² Includes Turkey in 2018 and Colombia in 2019

Our assets under management, including retail properties managed on behalf of investors have reached strong results in 2019. Tenant sales grew 9.0% compared to 2018, representing a 3.3% increase on a like-for-like basis. Rental income across our owned portfolio has risen 3.2% (like-for-like). Average occupancy rate of our managed European shopping centre portfolio also increased 50 b.p. to 97.6%.

In terms of capital recycling, during this year we have successfully divested ALEXA, Hofgarten Solingen, LOOP5, 8ª Avenida, Dos Mares, LeiriaShopping, LoureShopping, AlgarveShopping and Albufeira Retail Park. Including the previously mentioned Sierra Prime Fund launch, Sonae Sierra generated cash-ins of c.€ 360 million, on its owned stake, from dilutions and full asset sales.

## Expanding in services

During 2019 our Services lines continued their growth trajectory on several fronts, benefitting from an integrated services platform that offers a wide range of solutions to our clients, such as investment, licensing & urban planning, architecture & engineering, marketing intelligence, property management and sustainability services.

One recent example of the results of our integrated offer is the Arribat Center in Rabat, Morocco, a mixed-use concept offering a range of business, cultural and leisure options, as well as a shopping centre that expects around 10 million visitors per year. Sonae Sierra was present from the start providing development services and marketing, and will now be in charge of its property management.

## OCCUPANCY RATE ON OWNED SHOPPING CENTRES

	'19	'18
Portugal	98.3%	99.1%
Spain	96.5%	94.8%
Italy	99.1%	95.7%
Germany	-	94.5%
Romania	98.1%	96.6%
Greece	87.1%	80.6%
<b>Europe</b>	<b>97.6%</b>	<b>97.1%</b>
Colombia	60.3%	-
<b>Total Sierra*</b>	<b>96.5%</b>	<b>97.1%</b>

\* Including all shopping centres owned by Sonae Sierra at the end of the reporting period excluding assets from ORES Socimi and Brazil.

## LOCATION

Morocco

## GROSS LEASABLE AREA

c.45,000 m<sup>2</sup>

## CASE STUDY

## Arribat Center

successful partnership  
with development services

Sonae Sierra has managed to secure the property management of Arribat Center, following a successful partnership with development services. This is a strategic step to us, as we intend to increase our presence in Morocco. Fully connected to the central district of Agdal, the new complex Arribat Center comprises 45,000 m<sup>2</sup> of GLA, housing an 8,300 m<sup>2</sup> Marjane hypermarket, and around 150 shops on 3 levels, as well as 1,900 parking spaces. The asset is owned by Foncière Chellah (a subsidiary of CDG Développement, CDG Group), who has asked Sonae Sierra to participate in the project development, marketing, and interior design plus the follow-up store layout work.

Arribat Center offers a range of business, cultural and leisure options, as well as a shopping centre designed to accommodate shopping, entertainment and restaurants, all themed with abundant greenery and animated by a large fountain.





We have managed to increase our revenue from €77 million to €87 million, exceeding our expectations. This is a reflection of 542 new development services contracts (including 309 contracts from Luis Malheiro Group) with Vasco da Gama Beer Deck and the Project Revision of Camino Real in Lima, Peru as our main projects; and 25 new contracts for property management services (including new contracts from LeiriaShopping, a gallery in Tagus Park and ALEXA, new leasing contracts in Italy and Cyprus, and the renewal of property management contracts in Germany).

We continued to expand our service lines, and the acquisition of 50% stake in three companies from Luis Malheiro Group, has broadened Sierra's range of services in the areas of engineering project management, building maintenance and facility management.

We also continue our geographical growth in services. We have acquired a 50% stake

in Balmain Asset Management Group's Central European platform, an experienced operating partner and multi-disciplined service provider with a strong pedigree in European retail and leisure assets, which has operated in Poland for over 15 years, with significant expansion opportunities in other CEE markets.

Regarding our sustainability services, we are proud to have signed 60 contracts during 2019, 23% of which to external clients, in 6 countries. Among these, the most iconic are for the implementation of ISO 14001 and OHSAS 18001 certifications, BREEAM in-use, Bright® Programme and Dive® Programme.

Reversely, during this year we have closed our operations in Turkey, as we felt the market had limited growth opportunities for us.

### Increasing development exposure

During 2019 we have successfully inaugurated Jardín Plaza Cúcuta, our first

development project in Colombia, which is a key milestone in our strategy, as it increases our exposure to emerging markets, and has stretched our competencies in a market that is new to us. This was a €55 million investment that we developed (0% of it on previously developed land) via our joint-venture in Colombia, Sierra Control. The success of this project paved the way to increase our activity in Colombia and we are now working in several other projects in the country.

Works in the McArthurGlen Designer Outlet Málaga progressed well during 2019, readying the asset to inaugurate in the beginning of 2020. This asset will be the first of its kind in the south of Spain, offering both local and international visitors an extraordinary shopping experience, combining fashion, culture and entertainment, all in a beautiful setting with savings of up to 70%. The new centre is located next to Plaza Mayor, the city's most-visited shopping centre. A thriving retail destination, this fashion hot-spot welcomed over 11 million shoppers in 2019.

We are now entering the final phase of the NorteShopping expansion. This was a €77 million investment that aimed to increase 14,000 m<sup>2</sup> of GLA to the asset, improve the infrastructures' accessibility, totally refurbish and modernize the building façade, build a new cinema area in the rooftop, and to enrich the customer experience in the shopping centre. After the inauguration of the food court and dedicated Inditex and Primark areas, the next step will be the premium mall, targeted at high-end fashion players, and the exterior works, completing this cycle of expansion, and solidifying NorteShopping's value proposition in its catchment area.

We are also about to start Centro Colombo's expansion. This expansion will increase the retail area by 10,500m<sup>2</sup>, adding 35 new stores, creating a new modern food court, a new rooftop garden, and the refurbishment of the asset to improve the enhance visitor's experience for a total investment of €70 million. Additionally, we will add a new office tower to the mixed-use scheme, with 35,000 m<sup>2</sup> of GLA (more than doubling the office space offer in this scheme), and 500 parking spaces for a total investment of €100 million. This is a strategic development for us, as we are focusing our developments to sectors outside retail.

In Italy, construction works in the Parma Urban District have been suspended since October 2018, but the 50-50 joint-venture between Sonae Sierra and Impresa Pizzarotti & C. S.p.A is working with local authorities to overcome this issue. This project represents an investment of around €200 million to create a shopping centre and a retail park, covering a total area of around 300,000 m<sup>2</sup> and, an overall GLA of around 74,000 m<sup>2</sup>, with 170 stores.

Shopping Centre Zenata, a shopping centre with c.€120 million investment and 97.000 m<sup>2</sup> of GLA, in partnership with Marjane, Al Futtaim and Société d'Amenagement de Zenata (Groupe CDG) is now entering the next phase of its development. Shopping Centre Zenata shopping centre will have 250 shops served by approximately 3,650 parking spaces. The centre will have 18 anchor shops, including Ikea and a Marjane hypermarket. Adjacent to highway that connects Rabat to Casablanca, the Shopping Centre will serve over 5.9 million inhabitants in its catchment area.



LOCATION

Portugal

GROSS LEASABLE AREA

c.2,500 m<sup>2</sup>

## CASE STUDY

# NorteShopping's The Cookbook

a new concept of catering plaza

NorteShopping's The CookBook is a new concept of catering plaza in line with new trends and focus on the visiting experience. The CookBook combines gastronomy, leisure, study or work in cosy and relaxed environments.

The CookBook adds more than twenty new food concepts that are a premiere in the context of shopping centres. It is inspired by traditional markets and presents differentiating culinary concepts in line with new consumer trends, bringing the street food environment to the mall, combined with a new area of outdoor terrace, and a garden area designed for a younger audience. It is a space with significant exposure to natural light, and minimalist decoration based on natural woods.

Sonae Sierra has been implementing the new food hall concept since 2016 in new shopping centres, multipurpose projects and refurbishment and/ or expansion of existing assets, both in our own portfolio and for third party clients.

It is an integrated solution that combines the experience and know-how of the areas of design, marketing and asset management, with the aim of going far beyond the traditional food court.





The following financial statements consolidate all companies by the proportional method.

## Consolidated accounts

### Profit & Loss Accounts

Sonae Sierra recorded a Net Underlying Profit of €59.9 million in 2019, 46% below the previous year net result.

In 2019, direct net profit reached €68.0 million, 2% above the previous year. The improved operating performance was partially offset by the adverse impact of the 2018 and 2019 disposals. On a like-for-like portfolio basis, and excluding the impact of FX changes, direct net profit increased by 6.3%, due to the improved shopping centre operational results coupled with better financial results.

The Developments business presented a lower activity in 2019 mainly due to the disposal of project Nuremberg, in Germany in 2018.

Services increased income by 12.1% even though several contracts were lost due to disposals of assets. This increase is partially explained by the acquisition of 50%

position in two businesses (Luis Malheiro Group in Portugal and Balmain Asset Management in Poland). These acquisitions broadened Sierra's services range, in line with the Company's strategy of reinforcing focus on services.

The decrease in net financial costs is mainly a consequence of the 2019 disposals and the reduction of Sierra's stake in Trivium, coupled with the exit of Freccia Rossa and River Plaza Mall from Sierra's portfolio since 2018 year-end. 2019 financial result also benefitted from lower interest costs in Brazil and in Sonae Sierra's Corporate Debt.

Indirect net loss reached €8.1 million, compared to a gain of €43.6 million in the same period of 2018. This underperformance is mainly due to the lower results from the sale of assets, coupled with lower increase in properties' valuation. In 2018, valuations were favourably impacted from yield compression in Portugal and Romania.



In 2019 there was a yield expansion in secondary assets while yields in prime assets remained flat. This adverse effect was partially offset by the improvement in valuations in Brazil, following the continued decline in interest rates.

Deferred Taxes are mainly related to the temporary differences between the local GAAP and the IAS/IFRS accounts

### Balance Sheet

The total assets of the Company reached €2.4 billion, of which €1.9 billion correspond to investment properties and €106.5 million are properties under development.

In 2019, investment properties decreased by €181.5 million, due to the sale of several properties combined with the adverse effect of the year-end exchange rate of the Brazilian Real. This was partially offset by the opening of Jardín Plaza Cúcuta, in Colombia, the opening of the first two phases of the expansion of NorteShopping and further acquisitions concluded by ORES Socimi, in Spain.

Properties under development include 5 projects: McArthurGlen Designer Outlet Málaga – which already opened in February 2020, Centro Vasco da Gama, Emilia District and the expansions of NorteShopping and Centro Colombo. The adverse variance in Properties under Development (-€7.8 million y-o-y), relates to the opening of Jardín Plaza Cúcuta and the opening of the two phases of NorteShopping expansion, partially offset by higher investment in McArthurGlen Designer Outlet Málaga.

Bank loans decreased compared to 31 December 2018 mainly due to the

disposals concluded in 2019 and debt reduction in Brazil, which totally offset the impact of the strong refinancing activity in 2019 (NorteShopping, CascaiShopping, Centro Colombo, Centro Vasco da Gama and Plaza Mayor).

Aliansce Sonae, the result of the merger of Sonae Sierra Brasil and Aliansce in August 2019, has already started leveraging on the current market momentum and raised BRL 1,191 million, in a share capital increase. This led to a decrease in Sierra's position to 6.3%.

Jardín Plaza Cúcuta, Sierra's first shopping centre in Colombia in a 50/50 joint-venture with Central Control, opened in February 2019.

### CONSOLIDATED BALANCE SHEET

(M€)	31 DEC '19	31 DEC '18	VAR. (19-18)
Investment properties	1,914	2,097	-182
Properties under development	106	114	-8
Other assets	87	80	7
Cash & Equivalents	294	260	33
<b>Total assets</b>	<b>2,401</b>	<b>2,551</b>	<b>-150</b>
<b>Net worth</b>	<b>1,120</b>	<b>1,179</b>	<b>-59</b>
Bank loans	810	843	-33
Deferred taxes	328	368	-40
Other liabilities	144	161	-18
<b>Total liabilities</b>	<b>1,281</b>	<b>1,372</b>	<b>-91</b>
<b>Net worth and liabilities</b>	<b>2,401</b>	<b>2,551</b>	<b>-150</b>

### CONSOLIDATED UNDERLYING PROFIT AND LOSS ACCOUNT

(M€)	'19	'18	% 19/18
Direct income from properties	133.7	142.2	-6%
Direct costs from properties	41.3	47.5	-13%
<b>EBIT from properties</b>	<b>92.4</b>	<b>94.7</b>	<b>-3%</b>
Project development fees	2.5	4.5	-44%
Operating costs	10.1	10.6	-4%
<b>EBIT from developments</b>	<b>-7.6</b>	<b>-6.0</b>	<b>-26%</b>
Services rendered	86.8	77.4	12%
Direct costs from services	68.3	58.5	17%
<b>EBIT from services</b>	<b>18.4</b>	<b>19.0</b>	<b>-3%</b>
Net financial costs	23.3	26.8	-13%
<b>Direct profit before taxes</b>	<b>79.9</b>	<b>80.9</b>	<b>-1%</b>
Current tax	11.9	14.3	-17%
<b>Direct net profit</b>	<b>68.0</b>	<b>66.5</b>	<b>2%</b>
Gains/Losses in sale of investments	-11.7	30.9	-138%
Value created in investments	8.1	67.6	-88%
Debt recovery & Impairment	3.4	-2.5	-235%
Deferred tax	7.9	52.5	-85%
<b>Indirect net profit</b>	<b>-8.1</b>	<b>43.6</b>	<b>-119%</b>
<b>Net underlying profit <sup>2</sup></b>	<b>59.9</b>	<b>110.1</b>	<b>-46%</b>

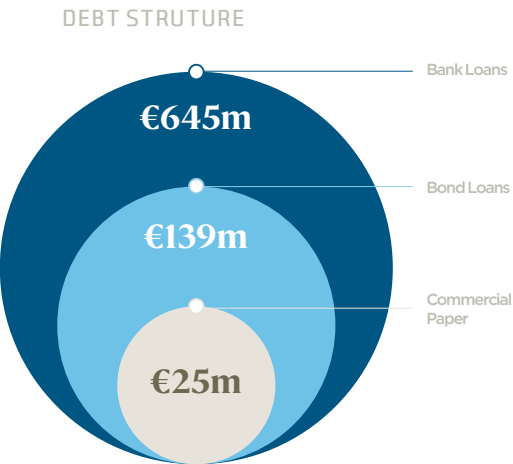
<sup>2</sup> Net profit before recycling of translation reserves (a purely technical non-cash accounting impact of -€169 million was booked, resulting from the need to recycle all negative currency translation reserves from an equity account through the P&L). This accounting adjustment has no impact in the Company's NAV.

Financial Resources

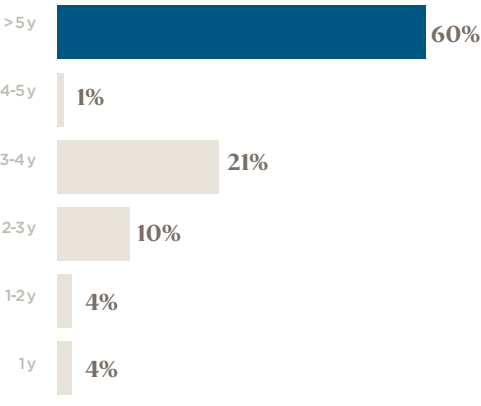
Debt structure and maturity

The company maintained its conservative and balanced long-term debt and hedging strategies. The Company’s capital structure is supported by an average debt maturity of 4.6 years, 77% of which is hedged.

The following charts illustrate Sonae Sierra’s debt at 31 December 2019.



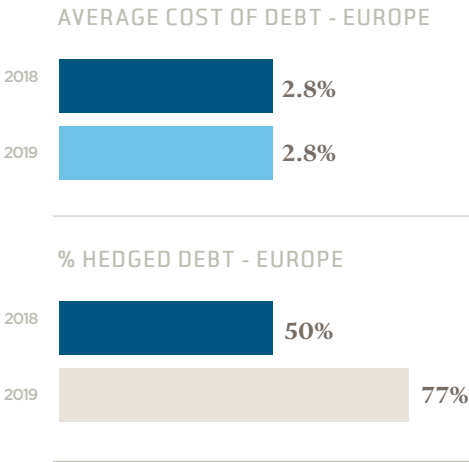
DEBT MATURITY 100%



In 2019, the Company was able to refinance the debt of several shopping centres, namely CascaiShopping, NorteShopping, Plaza Mayor and Jardín Plaza Cúcuta, for a total value of around €1 billion (100% basis).

Cost of debt

The Company continues to have good access to banking and capital markets. Sonae Sierra’s weighted average cost of debt at 31 December 2019, and excluding Brazil, stands at 2.8% - flat vis-à-vis last year.



Financial Ratios

As of 31 December 2019, the Company’s financial ratios show a prudent and solid approach.

RATIOS	31 DEC '19	31 DEC '18
Loan-to-value	25.8%	26.6%
Interest cover	4x	3.5x
Development ratio	9.6%	10.1%





Loan-to-Value (LTV) is 25.8%, which compares favourably with 26.6% in December 2018. The decrease in the LTV ratio derives from the decrease in bank loans during the year, mainly due to the disposal of several assets. Sonae Sierra's LTV remains at a very comfortable level, keeping the downwards trend shown since 2015.

Interest cover ratio in 2019 is 4.0x, above the Company's target of 2x, thanks to the low average cost of debt. The increase compared to 2018 is explained by a reduction in the cost of debt, along with our effective financial risk management.

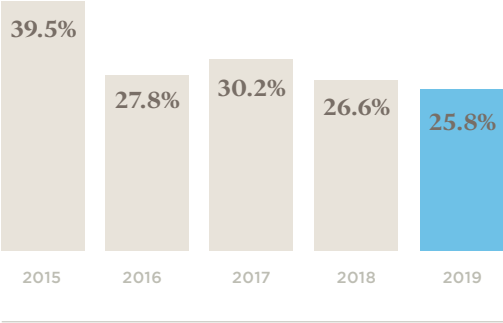
The decrease of the development ratio vs 31 December 2018 relates with the opening of Jardim Plaza Cúcuta in Colombia and the opening of NorteShopping first and second phase expansion.

**Net Asset Value**

The Company measures its performance, based on 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.

Based on this methodology, the NAV of Sonae Sierra, as of 31 December 2019, was €1,384 million compared to €1,455 million on 31 December 2018 (a decrease of 4.9%). The NAV per share attributable to the Company is €42.55 against €44.74 recorded on 31 December 2018. The decrease in NAV results mainly from the dividend payment of €115 million, and the adverse impact of the depreciation of the Brazilian Real in the amount of €3.6 million, which were partially offset by the Net Underlying Profit of the period (€59.9 million).

LTV





# Risk Management

Our risk management is transversal to both our business and sustainability strategy. Risk is an integral part of creating value, and its correct management constitutes a competitive advantage.

We understand risk as the possibility of an event occurring, measured in terms of probability and impact, which may jeopardize our ability to create value.

At Sonae Sierra, the risk management process is supported by the Enterprise Risk Management – Integrated Framework, which is issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). We implement this

framework to identify and evaluate possible risks and to monitor and manage possible mitigating actions. Our Risk Management Working Group implements a robust culture of risk management throughout the company.

**Risk matrix**  
As at 31 December 2019, we have identified and classified several hazard events in our risk matrix. We present below the selection of the risks that either have a higher impact on our value creation capabilities, or have a high probability of occurring.  
  
The tables below provide a summary of our key risks and the steps we are taking to effectively manage them.

IMPACT

Low Impact

High Impact

Critical Impact

<ul style="list-style-type: none"><li>• <b>Cyber Security</b> <small>new</small></li></ul>	<ul style="list-style-type: none"><li>• <b>Climate Change</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Political, legal and regulatory risks</b></li><li>• <b>Corporate Ethics</b></li><li>• <b>Brand and Reputation</b> <small>new</small></li></ul>
<ul style="list-style-type: none"><li>• <b>E-Commerce</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Counterparty risks</b></li><li>• <b>Loss of relevant anchor tenants</b></li><li>• <b>Change in FX Rates</b></li><li>• <b>Property Integrity</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Increase in interest rates</b></li><li>• <b>People Integrity</b></li><li>• <b>Key personnel attraction and retention</b></li></ul>
<ul style="list-style-type: none"><li>• <b>Asset Competition</b></li><li>• <b>Inability to find and fund projects</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Project Licensing and execution</b></li><li>• <b>Loss of management of core assets</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Increase in property yields</b></li><li>• <b>Lack of access to bank debt</b></li></ul>
High Every 2 to 3 years	Medium Every 5 years	Low once in a decade LIKELIHOOD



## Key risks

### Risk

**Asset Competition:** The operation and the value of the Company's properties are at risk if it cannot identify and evaluate the development of excessive levels of offer of commercial space in a given market area.

**Inability to find and fund projects:** Sonae Sierra's long-term sustainability requires that it continues to find development opportunities.

The Company must guarantee that it has the required financial resources available when an opportunity arises. Furthermore, it must then ensure the adequate level of financial and human resources are allocated to such projects.

**Project licensing and execution:** The selection of projects is the main risk associated with the Development business. Retail real estate projects require a relatively long timeframe for completion and there is considerable difficulty in changing a project mid-way through development. This means that the initial decision very much commits the Company to a particular course of action.

**Loss of management of core assets:** The company owns or co-owns a number of assets. Sonae Sierra has management contracts in these assets that, apart from being an income source, dictate its reputation in the market.

**Increase in property yields:** The value of the properties owned or managed by Sonae Sierra is highly influenced by market yields. Increases in yields mean that, everything else being equal, the value of properties falls.

**Lack of access to bank debt:** The Company owns or co-owns properties in operation potentially financed by bank loans. The reimbursement of these loans is very dependent on the asset performance and market conditions. A poor performance could mean that Sonae Sierra will not be able to accomplish its financial obligations. Alternatively, the Company can negotiate the refinancing of the asset.

**E-commerce:** Sonae Sierra's business is based on physical retail chains that take up space in its shopping centres. The appearance of e-commerce may alter some tenants' appetite for physical space, with consequences for the tenant mix.

### Monitoring and mitigating activities

The Company undertakes hold/sale analysis for each shopping centre under operation. This analysis, amongst other factors, takes into consideration short- and long-term views on the competition in each of the projects/ properties' areas of influence.

Sonae Sierra only acquires land plots after they are licensed for the project, and aims to have a partner to share risk. The Company has an objective of keeping long-term and open relationships with a number of different banks in order to diversify the sources of funding.

All developments are approved by the Board of Directors via an Investment Proposal (IP). Every IP has the signed commitment of all related parties which validate their project assumptions. We use an internal tool linked to SAP to control development costs and if a cost overrun is expected to exceed 10% of the initial budget, it needs to be approved by the Board of Directors.

Sonae Sierra has grown, and will continue to grow, its third-party service businesses enlarging both its income sources and its reputation in the market as a manager of landmark properties. A clear example is the City Life Shopping Centre integrated in an iconic development in Milan.

The Company orders an independent valuation of its portfolio at least twice a year. This regular process of mark-to-market improves the understanding by the Company of the underlying dynamics of the property markets and helps the long-term management of the portfolio.

The Company selects new markets to invest taking into consideration its medium-term potential for yield compression (among other factors). It also negotiates mechanisms with the banks to guarantee that it has room to pay its obligations in case of a sudden drop in an asset's value.

Sonae Sierra develops regular contacts with banks to follow-up the evolution of its financings. Furthermore, the Company systematically researches the market to improve its understanding of market dynamics and help the long-term management of its financing. The Company can negotiate the financing profiles, ensuring that the refinancing curve is not too stressed.

Sonae Sierra's Market Intelligence team analyses the online shopping trend in order to understand its evolution. The Company has developed a range of online promotion tools and digital projects which embrace opportunities associated with e-commerce.

Beyond management,



Drive.

We are driven by a strong corporate culture to achieve the most ambitious results. Always guided by a code of ethics with principles designed to conduct business honestly and with integrity.

IMAGE: WORK IN PROGRESS STUDENT ACCOMODATION

# 04

## GOVERNANCE

GOVERNANCE AND  
ETHICAL CONDUCT \_\_\_\_\_ 40



SIERRA  
THE PARTNER OF CHOICE

01  
CORPORATE  
OVERVIEW

02  
BUSINESS MODEL  
& STRATEGY

03  
PERFORMANCE

04  
GOVERNANCE

05  
SUSTAINABILITY  
STATEMENTS

06  
AUDITOR'S REVIEW  
& FEEDBACK





Sonae Sierra's policies, by design, define strict levels of transparency, independence, remuneration compliance rules and focus on sustainability.

## Governance and ethical conduct

**S**onae Sierra's policies on corporate governance were modelled and adopted after those of its shareholders, Sonae and Grosvenor.

These policies, by design, define strict levels of transparency, independence, remuneration compliance rules and focus on sustainability. This framework is at the origin of Sonae Sierra's values, management model, sustainability and business strategies and clarity in public reporting.

In terms of structure, the top corporate body of Sonae Sierra group is the Shareholders Assembly. It is this body that is responsible, namely, for the appointment of the Board of the Shareholders Assembly, the Fiscal Board, the Compensation Committee and, crucially, the Board of Directors.

It is the Board of Directors that takes responsibility for the Company's strategy, long term business plan, finance and reporting. It consists of 11 members – four of which make up the Executive Board.

The Board of Directors and the Executive Board have the support of three committees, Investment, Finance, Audit & Compliance. 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.

The running of day-to-day operations is the responsibility of the Executive Board. Meetings are held at least once a month, at which other executives may be invited to. All Company Executives are part of the Executive Forum, which promotes knowledge sharing across the corporate and business unit structures.

The Risk Management Working Group ensures that the company policies and best practices are known, and consequently adopted, throughout the Company. 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 Finance Director, to the Sustainability Steering Committee, the CFO and the Audit & Compliance Committee.



## Shareholder's Assembly

### Board of Directors

**Executive :** Fernando Guedes de Oliveira (CEO), Luís Mota Duarte (CFO), Ana Guedes de Oliveira, João Correia de Sampaio.

#### Non-Executives:

Cláudia Azevedo (Chairman), Ângelo Paupério, Christopher James Taite, João Pedro Dolores, Neil Jones, Tim Budden, Pedro Caupers<sup>1</sup>, José Baeta Tomás<sup>2</sup>.

#### Secretary:

Joaquim Pereira Mendes.

### Investment Committee

Fernando Oliveira (Chairman), Luís Mota Duarte (CFO), Ana Guedes de Oliveira, Ângelo Paupério, João Pedro Dolores, Neil Jones, Tim Budden, Pedro Caupers<sup>1</sup>.

#### Secretary:

Joaquim Pereira Mendes.

### Audit and Compliance Committee

David Jenkins (Chairman), Ângelo Paupério, Christopher James Taite, João Pedro Dolores, Tim Budden.

#### Secretary:

António Pedrosa Duarte.

### Finance Committee

Fernando Oliveira (Chairman), Luís Mota Duarte (CFO), Ângelo Paupério, Christopher James Taite, João Pedro Dolores, Neil Jones, Tim Budden.

#### Secretary:

Joaquim Pereira Mendes.

### Executive Board

Fernando Guedes de Oliveira (CEO), Luís Mota Duarte (CFO), Ana Guedes de Oliveira, João Correia de Sampaio, Pedro Caupers<sup>1</sup>.

#### Secretary:

João Pedro Nunes.

### Compensation Committee

Cláudia Azevedo, Mark Preston

### Fiscal Board

Ana Isabel Príncipe S. S. Lourenço (Chairman).

#### Effective members:

Carlos Manuel Pereira Silva and Sónia Bulhões Costa Matos Lourosa.

#### Alternate:

Oscar Alçada Quinta.

#### SROC:

Deloitte & Associates.

### Sustainability Steering Committee

Fernando Guedes Oliveira (CEO), Ana Guedes Oliveira, João Correia de Sampaio, Pedro Soveral Rodrigues, Joaquim Ribeiro, Elsa Monteiro, Nuno Rafael Alves, Susana Sabino, Ana Isabel Moita, Pedro Caupers<sup>1</sup>, José Baeta Tomás<sup>2</sup>.

### Innovation Steering Committee

Fernando Guedes de Oliveira (CEO), Pedro Soveral Rodrigues, João Correia de Sampaio, Manuela Calhau, Ana Guedes de Oliveira, Ricardo Rosa, Pedro Caupers<sup>1</sup>, José Baeta Tomás<sup>2</sup>.

### IOW Committee

Fernando Guedes de Oliveira (CEO), João Correia de Sampaio, Joaquim Ribeiro, Pedro Soveral Rodrigues, Manuela Calhau, Bruno Moura, Ana Serra, Elisa Poinho.

### Risk Management Working Group

Joaquim Ribeiro, António Pedrosa Duarte, Alberto Messi, Aurélio Carvalho, Marco Pellizzari, João Pedro Nunes, Elsa Monteiro, Susana Sousa, Alexandre Pessegueiro, Cristina Sousa Teixeira, Bruno Pacheco, Cristóvão Rocha, Philip Weiner.

<sup>1</sup> Pedro Caupers resigned his functions by the end of 2019.

<sup>2</sup> José Baeta Tomás seized functions on the creation of Aliance Sonae

Ethical Conduct

Sonae Sierra’s Code of Conduct is built on ethical principles that we apply to everything we do. It materialises our commitment to achieve our goals championing integrity, openness and honesty. The Code of Conduct imposes ethical and responsible decision making through strict guidance on issues such as bribery, corruption, legal compliance, equality and human rights. Even though the Executive Board is the ultimate responsible for the management of these issues, it is a personal responsibility of every employee to behave according to the Company’s ethical conduct. Furthermore, compliance with the Company’s Code of Conduct and its underlying ethical norms is also promoted by the Sierra Ombudsman. The function is undertaken by an independent facilitator, who is available to dialogue with Sonae Sierra stakeholders, and assumes the commitment to process, investigate and respond, in a timely and sensitive manner, to all complaints.

**Measures to avoid bribery and corruption**  
Guidance on the avoidance of bribery and corruption is included in the Code of Conduct. It defines as clearly forbidden to accept, or give, any reward or benefit with the purpose of influencing someone’s behaviour to obtain a commercial advantage.

In what relates to mitigation of corruption risk arising on valuations and transactions, the Investment Management and Development business teams follow the RICS guidelines. Transactions require approval at the Board of Directors level of the Special Purpose Vehicles and in many cases, the Investment Companies of the Funds. Although there are no specific corruption risk mitigation guidelines regarding valuations, the entities that develop most valuations for Sonae

Sierra, refer in the valuation reports that fees from Sonae Sierra do not account for over 5% of its revenue on a global basis. In Property Management daily operations, the procedure for 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 in this process (shopping centre management and central operation departments), this procedure also ensures a clear, coherent and accepted recommendation, to support the final award decision.

Our procedures manual establishes a defined set of procedures to reduce the company’s exposure to risks related to money-laundering, terrorist financing and sanctions compliance. They cover the provision of services, partnerships and joint ventures, investments and other related activities.

Our internal communications procedures include an e-mail that is sent to new employees and which contains a welcome manual that links to the Code of Conduct. In this way, we ensure that Sonae Sierra’s anti-corruption policies and procedures are communicated to new employees joining the company. Additionally, the Welcome Kit is available in Sierra’s intranet to all our employees.

**United Nations Global Compact**  
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.

GRI 205-1 & GRI 205-3

In Europe we ensure compliance with our Code of Conduct by incorporating corruption risk into the annual Internal Audit Plan of activities, which is aligned with the Risk Matrix. During 2019, the Internal Audit Activities covered 31% of the core business processes identified to have risk of corruption. No instances were identified that could constitute a situation of corruption and no incidents of corruption were formally reported.

Data Qualifying Note: This indicator covers all Sonae Sierra activities.

GRI 205-2

All new Sonae Sierra employees, including those based in new markets which we have entered, must take the Behaviour with Ethics Sierra Training (BEST) during their first year of work at Sonae Sierra. The training content is based on our Code of Conduct and Anti-Corruption Guidelines and at the end of each session, employees are required to sign and return the Code of Conduct Acknowledgement, confirming that they have received the Code of Conduct and agree to comply with its provisions.

Total number of business processes analysed for risks related to corruption	16 (100%)
Total number of new business process audits performed in 2019	5 (31%)

COUNTRY	Percentage of employees and Board Members that received anti-corruption training, by country
Algeria	100%
Colombia	50%
Germany	96%
Greece	100%
Italy	100%
Morocco	100%
Portugal	100%
Romania	100%
Spain	99%
The Netherlands	100%
Total	99%

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees at the end of the reporting period. 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.

Beyond sustainability,



## Engagement.

Sustainability is at the core of our business. We respect and promote economic, environmental and social development while creating spaces designed to make the world a better place to live.

IMAGE: PARKLAKE — BUCHAREST, ROMANIA

# 05

## SUSTAINABILITY STATEMENTS

SUSTAINABILITY STATEMENTS	44
SAFE PEOPLE & RESOURCE RESILIENCE	57
FUTURE FIT RETAIL	81
KNOWLEDGE	86
GRI CONTENT INDEX	95







We believe that our holistic approach to sustainability reporting promotes the integration of environmental and social considerations into our decision making.

## Sustainability statements

Alongside our consolidated financial accounts, we provide the following sustainability statements to offer a more comprehensive overview of our economic, environmental and social performance and management approach.

In keeping with our core values of integrity, innovation and social responsibility, we believe that our holistic approach to sustainability reporting promotes the integration of environmental and social considerations into our decision making, ultimately creating shared value for our business and society.

Since 2004 we have based our environmental and social reporting on the Global Reporting Initiative. Continuing this trend, we have also prepared this report in accordance with the 'Core' reporting requirements of the GRI Reporting Standards and the Construction and Real Estate Sector Disclosure, focusing on the key

sustainability topics that were identified in our 2017 materiality review.

We have reported against all material disclosures for each topic identified in our materiality review, and any omissions are detailed in the GRI content index found on page 95. GRI Universal Standards and Topic-Specific Standards have been externally assured by an independent auditor to ensure that data and information is accurate and complies with the applicable guidelines.

### Sustainability strategy

#### A new sustainability policy

Sustainability is the cornerstone of Sonae Sierra's approach, and we work actively with all stakeholders across the value chain to create shared value. We are fully committed every day and since the very beginning to Sustainability, and the sustainable development and operation of real estate assets.

## Creating shared value



This focus area covers the management of safety and health risks and the reduction of environmental impacts among our operating assets, developments, expansion and refurbishment activities. It creates shared value by delivering sustainability-related services, from legal compliance to long term asset value protection, and emphasises the role Sonae Sierra can play in supporting eco-efficiency and resource resilience initiatives within our own and our clients' investment portfolios.

(page 57)

This focus area anticipates emerging retail trends, pioneering new concepts that respond to changing consumer expectations, and boosting Sustainability Oriented Innovation. It creates shared value by supporting our shopping centres, tenants and clients in adapting to future retail trends, and exploring the interface between sustainability and innovation to boost footfall and sales.

(page 81)

This focus area seeks to increase the skills and productivity of our employees. It creates shared value by building the human and intellectual capital required to support our business as a real estate services provider, while ensuring high levels of staff productivity, attracting and retaining the best talent, and embedding more sustainable lifestyles among our employees to contribute to higher levels of employee health and wellbeing.

(page 86)

This is part of our commitment and an important role of all Sierra employees, the main ambassadors of this important mission. Although this commitment is not new, the new Sustainability Policy, that replaces the previous Corporate Responsibility Policy, is an official statement of what we stand for regarding Sustainability and our approach according to our new business strategy.

This new Sustainability Policy represents our company-wide commitment covering both the services we provide to our clients and our own operations. We commit to a two-fold approach. On one hand, we incorporate sustainability across all our service lines, providing comprehensive advice to our clients on the best sustainability-related practices to their own assets. On the other hand, we embed sustainability into our corporate operations and in all our direct investments (in both controlling and minority positions) in real estate. In all cases, we will strive to a sustainable real estate sector that will adjust and evolve to deliver ever-growing economic, social and environmental benefits to all our stakeholders.

### Creating shared value

Our sustainability strategy is built around three focus areas where we can most effectively create shared value for our business, society and the environment. These focus areas align with the principal sustainability risks and opportunities, and the findings of our latest materiality review (conducted in 2017).

The strategy – which was revised in 2017 – builds heavily on our commitments to deliver shared value while providing greater alignment with the changes that

have taken place within our business model and core business strategy over the last couple of years. Namely:

- Reducing the capital invested in our core portfolio, increasing our exposure to new development opportunities and enhancing our service delivery which has shifted the focus of where we can most effectively create shared value.
- Placing a greater emphasis on the delivery of third-party services to our clients, and enhancing the performance of their business and assets through the provision of sustainability-related services.

Consequently, it focuses on creating shared value across four touch points:

- Protecting long-term asset values by managing operating risks and increasing resource efficiencies.
- Delivering an outstanding service and experience to investors, partners, service clients, tenants and visitors.
- Reducing the environmental impact of our owned assets and corporate offices.
- Attracting and retaining talented people in our company.

Performance against objectives

We are proud of what we have achieved since we set out on our sustainability journey more than 20 years ago when we first developed our Environmental Management System in 1999. Since then, we have regularly exceeded our objectives and have made consistent improvements in our safety, health and environment performance covering energy efficiency, greenhouse gas (GHG) emissions, water efficiency, waste management and safety and health.

35%

IMPROVED THE WATER EFFICIENCY of our owned portfolio by 35% since 2003

249%

INCREASED THE PROPORTION OF WASTE RECYCLED by 249% since 2002, and reduced the proportion of waste sent to landfill by 80% since 2007

54%

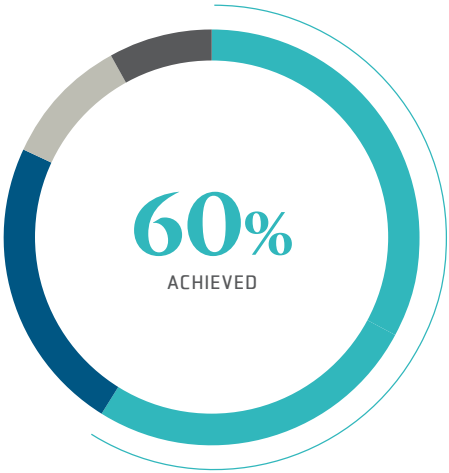
IMPROVED THE ELECTRICITY EFFICIENCY by 54% of our owned portfolio since 2002

82%

REDUCED THE GHG EMISSIONS INTENSITY by 82% since 2005

30%

REDUCED THE NUMBER OF WORKFORCE ACCIDENTS resulting in absence from work by 30% since 2005



We set annual targets and actions to drive continuous improvement across the three focus areas of our sustainability strategy. These are supported by long-term objectives covering Safe People and Resource Resilience.

Each year, we track our progress against these annual targets and actions, and our performance is externally verified. Our long-term objectives are reviewed on a regular basis, with the most recent review taking place in 2019 when we updated our previous 2025 commitments with more stretching goals.

In 2019, we fully achieved 30 out of 43 applicable sustainability targets (70%)

*We have made consistent improvements in our safety, health and environmental performances*

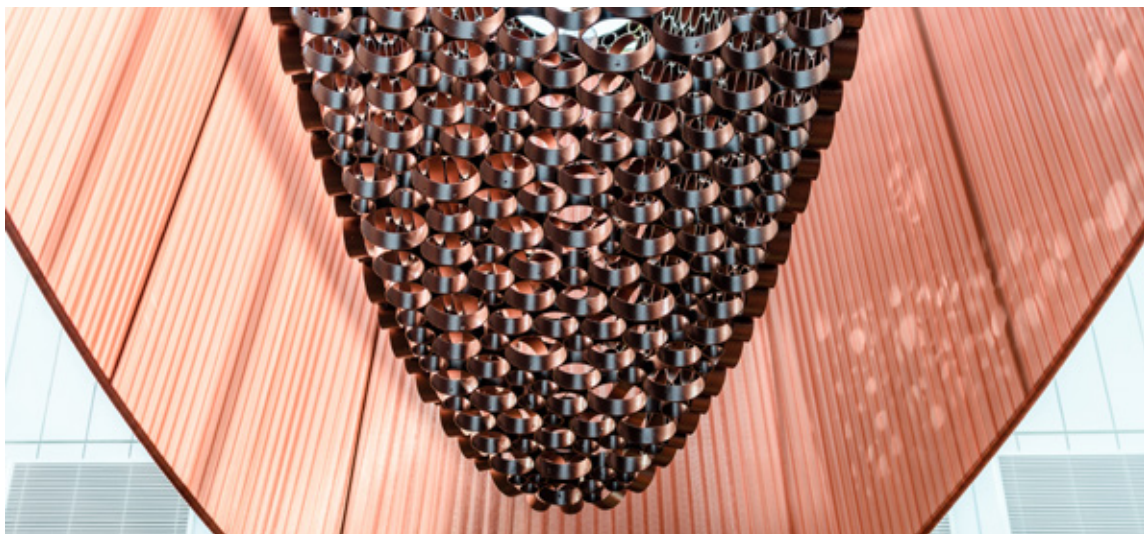
Performance against 2019 sustainability targets and actions

60%	20%
Achieved	Not applicable
14%	6%
Not achieved	Partly achieved

and partially achieved 1 target (2%). We also fully achieved 12 out of 17 applicable sustainability actions (71%) and partially achieved 3 actions (18%). The chart above summarises our performance against these targets and actions.

A comprehensive review of our performance against all sustainability targets and actions, including details of the criteria used and procedures followed to evaluate them can be downloaded on our [website](#). Our progress towards each long-term objective is reported within the relevant focus area of this report.





*The SSC meets at least four times a year to discuss decisions that need to be taken collectively*

## Sustainability governance

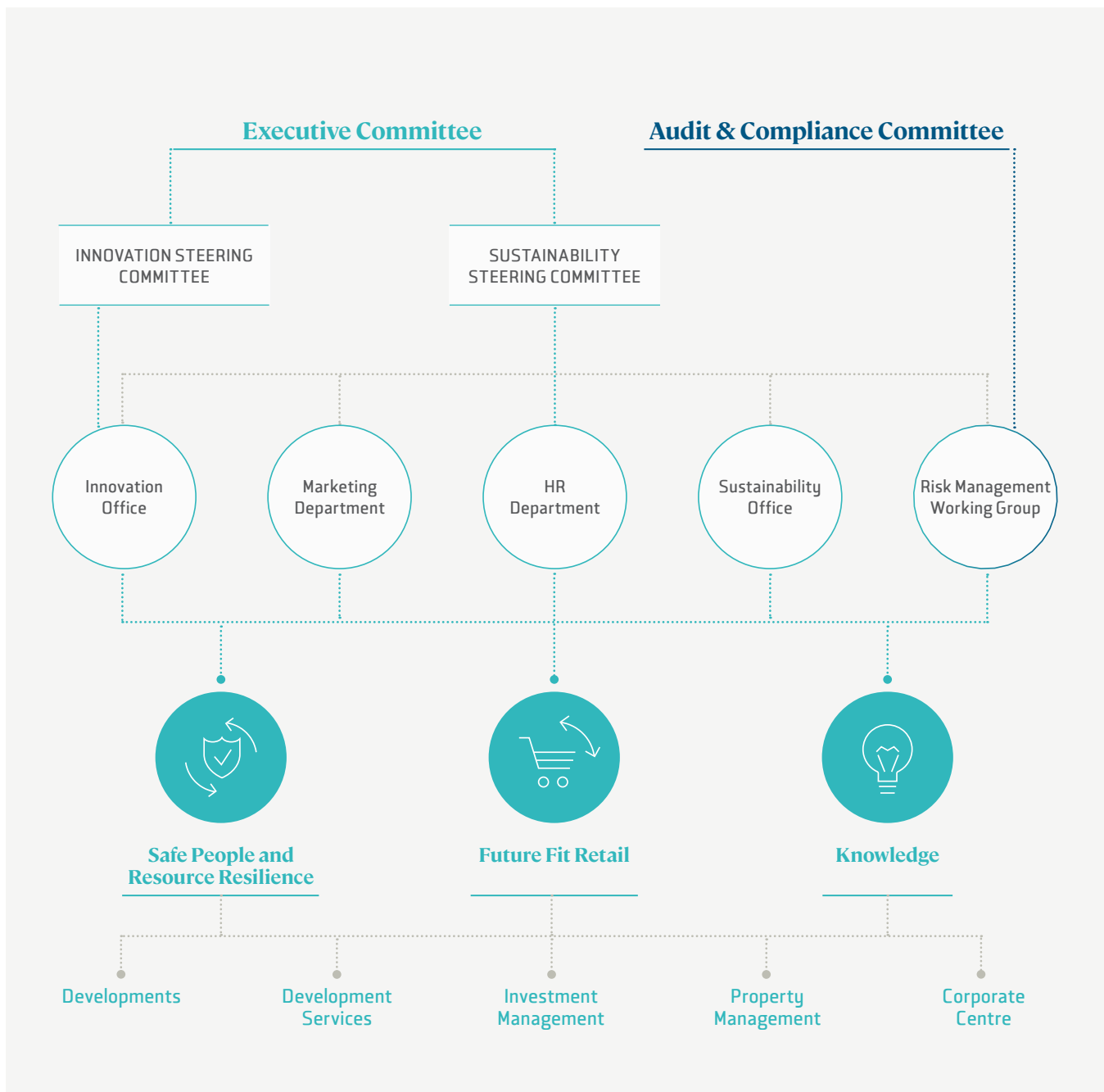
The Sustainability Steering Committee (SSC) is responsible for overseeing the delivery of work under our sustainability strategy and risk management. The SSC reports directly to the Executive Committee, is chaired by our CEO and includes amongst its members the Directors for each business unit. Other members include employees with specific sustainability responsibilities, including the Head of Sustainability and the Head of Marketing for Europe and New Markets.

The SSC meets at least four times a year 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 sustainability strategy, including setting and periodically reviewing long-term objectives and

guaranteeing implementation of our Safety, Health and Environment Management System (SHEMS). The senior-level employees who champion each of our sustainability focus areas are required to report three times a year to the SSC on progress made with respect to their area.

The Sustainability Office, overseen by the Head of Sustainability, supports the SSC with the definition and implementation of the sustainability strategy, provides advice on the Safety, Health and Environment (SHE) policy and standards, and oversees stakeholder engagement around our sustainability strategy. It also provides relevant advice, guidance and training as and when required around the implementation and delivery of lines of action under each focus area across our owned portfolio, corporate offices and third-party services.

The Sustainability Office has specific responsibility for Safe People & Resource Resilience - including the marketing of sustainability-related services. Responsibility for identifying, implementing and reporting lines of actions under Future Fit Retail (covering our owned portfolio and service clients) rests with the Sonae Sierra Marketing Department and the Innovation Office. The Head of Innovation also attends the SSC as and when their participation is deemed necessary. Responsibility for identifying and implementing relevant actions under Knowledge is allocated to the Human Resources Department.



## Responsible procurement

Supplier safety, health and environmental performance is the most significant impact associated with our supply chain. Our Safety, Health and Environment Policy, supported by our SHEMS, sets out our commitment to conduct our activities so that risks towards all people (including suppliers), assets and ecosystems are minimised, and benefits are enhanced. All our supplier contracts specify that suppliers need to comply with local labour legislation and Sonae Sierra's Responsible Procurement Policy.

Our Responsible Procurement Policy commits us to engage with our suppliers and, where necessary, work with them to improve their performance across core environmental and social impact areas, including labour aspects such as human rights, safety and health. It is also integrated into our Service Suppliers' Management Procedures, which defines the various steps that should be followed from the pre-selection and bidding process, through to contract closure and post-contract evaluation.

All contracts with property management and development suppliers over €1 million include clauses related to labour impacts. Contracts over €500,000 in value are also subject to additional checks as part of our Anti Money Laundering and Terrorist Financing procedures manual.

Pre-qualification questionnaires for suppliers of structural goods and services 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. 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; although we do not conduct annual audits of suppliers' performance against these criteria.

## Stakeholder engagement

Our approach to stakeholder engagement is based on the following objectives:

**Engage:** Understand stakeholders' expectations and engage with them on our sustainability strategy.

**Communicate:** Support Sonae Sierra by promoting the benefits of a sustainable way of doing business.

**Inform:** Strengthen our employees' understanding so they can be champions in searching for opportunities to create shared value.

The stakeholder groups with whom we engage have been identified based on their ability to influence our business model and operations, to create shared value, and the extent to which they are impacted by our activities. The stakeholder engagement team, which sits in the Sustainability Office, steers our engagement activities with key stakeholders at a corporate level. Additional stakeholder engagement activities are conducted by individual departments and at the country and shopping centre level by our shopping centre management and local marketing teams.

A list of our key stakeholder groups and examples of how we engage with them is presented in the diagram on the right.





## Examples of how we engage, how we respond, and key topics raised

### Employees

Our approach to employee engagement is built around four dimensions:

- 'Employee' supports professional development and alignment with Sonae Sierra's values, culture and corporate life. Long-service certificates, best team awards, the 'Horizons' employee magazine and We Share learning sessions, among others, are examples of how we engage with employees to support these objectives (see page 86).
- 'Family' supports employee satisfaction by respecting their personal lives. The Sonae Sierra Family Day for example provides an opportunity for employees to bring their children to the office.
- 'Community' aims to foster relationships with our communities and create a sense of purpose. This is delivered through our employee volunteering program, the Community Day (see page 84).
- 'Individual' values each employee and helps them build a better life. Our Be Well program and Be healthy initiatives support these goals by promoting physical and mental health and wellbeing (see page 94).

We also engage specifically on sustainability issues to support our broader

sustainability objectives and strengthen alignment with our strategy. For more information, see Safety, Health and Environmental Management (page 61) and Knowledge (page 86).

### Partners, shareholders and financiers

Engagement on our business and sustainability performance is delivered through our annual and quarterly earnings reports, our annual report, annual shareholder's assembly and regular meetings and presentations.

Participation in GRESB Real Estate Assessment is growing expectation amongst our partners and is a requirement for some fund investors. Sonae Sierra has participated in GRESB since its outset and in 2019 Sierra Fund participated in the Assessment and achieved a Green Star status and a 5 Star Rating - the highest GRESB Rating - for its sustainability performance.

### Investors and service clients

We engage with our investors and service clients through regular communications regarding asset and fund-level performance. We also performed a comprehensive stakeholder consultation exercise in 2017 and the results have been shared internally with individual business units. Following the outcomes of this project we have encouraged our service and commercial teams to act on the issues pointed out by our investors and clients.

### Tenants and suppliers

We undertake annual operational tenant surveys 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 and drive continuous improvement in tenant satisfaction levels. In 2019 we recorded an average satisfaction rate\* of 4.85 out of 6 across our owned European portfolio.

Shopping centre management teams can also collect and address specific feedback from suppliers and tenants, for example through meetings and other communications.

### Shopping centre visitors

Visitor feedback gathered through Mall Tracking surveys at our shopping centres helps us to understand our visitors' profiles, their behaviour and requirements. Following the results of these surveys - that monitor trends in visitor satisfaction, expectations, loyalty and behaviour - shopping centres develop action plans to tackle any aspect needing improvement. In 2019, we recorded an average visitor satisfaction index\*\* of 4.2 out of 5 across our European portfolio.

We also have a customer feedback system in place called Customer Contact Management which provides a unique source of learning for our shopping centres.

### Local communities

We engage more broadly with the communities surrounding our assets through Community Advisory Panels and our community investment programme. For more information, see Community Engagement on page 84.

### Industry partnerships

In addition to the stakeholder groups identified above, we participate in many externally developed economic, environmental and social charters, principles, or other initiatives to promote sustainability best practices in the real estate sector. These include:

- ULI Sustainability Council
- ULI Greenprint Center for Building Performance
- International Organisation of Employers - Global Occupational Safety & Health (GOSH) network
- Paris pledge for Action
- World Business Council for Sustainable Development
- World Safety Declaration

\* Shopping Centres that didn't perform a tenant satisfaction study in 2019 are not included.

\*\* shopping centres that didn't perform visitor satisfaction surveys are not included.

## Material issues

Our most recent materiality review (conducted in 2017) was undertaken with two overarching objectives:

- To identify the material topics for Sonae Sierra given the shift in Sonae Sierra's business model to a real estate company dedicated to serving the needs of investors.
- To support Sonae Sierra's transition from the GRI's G4 Guidelines to the GRI Standards, to achieve 'Core' in accordance with the GRI Standards and the Construction and Real Estate Sector Disclosure (CRESO).

The review was based on the four-stage process recommended by the GRI Principles for Defining Report Content and considered the following criteria:

- A 'sense check' of the findings of the previous materiality review.
- Changes to Sonae Sierra's portfolio and its operating environment.
- Broader industry trends including the retail real estate and professional services sectors.
- Feedback received on 2016 Economic, Environmental and Social Report, and through our stakeholder consultation exercise.

A shortlist of potential topics was tested against five weighted criteria to assess Sonae Sierra's impact and their ability to influence the assessments and decisions of Sonae Sierra's stakeholders.

Criteria used to assess Sonae Sierra's impact included our sustainability strategy, risk assessments, legislation reviews,

peer reviews and financial risks and opportunities. Criteria used to assess their ability to influence stakeholders' opinions included the 2015 employee climate survey, annual investor information requests and the results of our stakeholder consultation exercise.

The following materiality matrix maps each topic in terms of Sonae Sierra's significant impacts, and its ability to influence the assessments and decisions of our stakeholders.

**Priority 1** issues are those that represent both Sonae Sierra's most significant

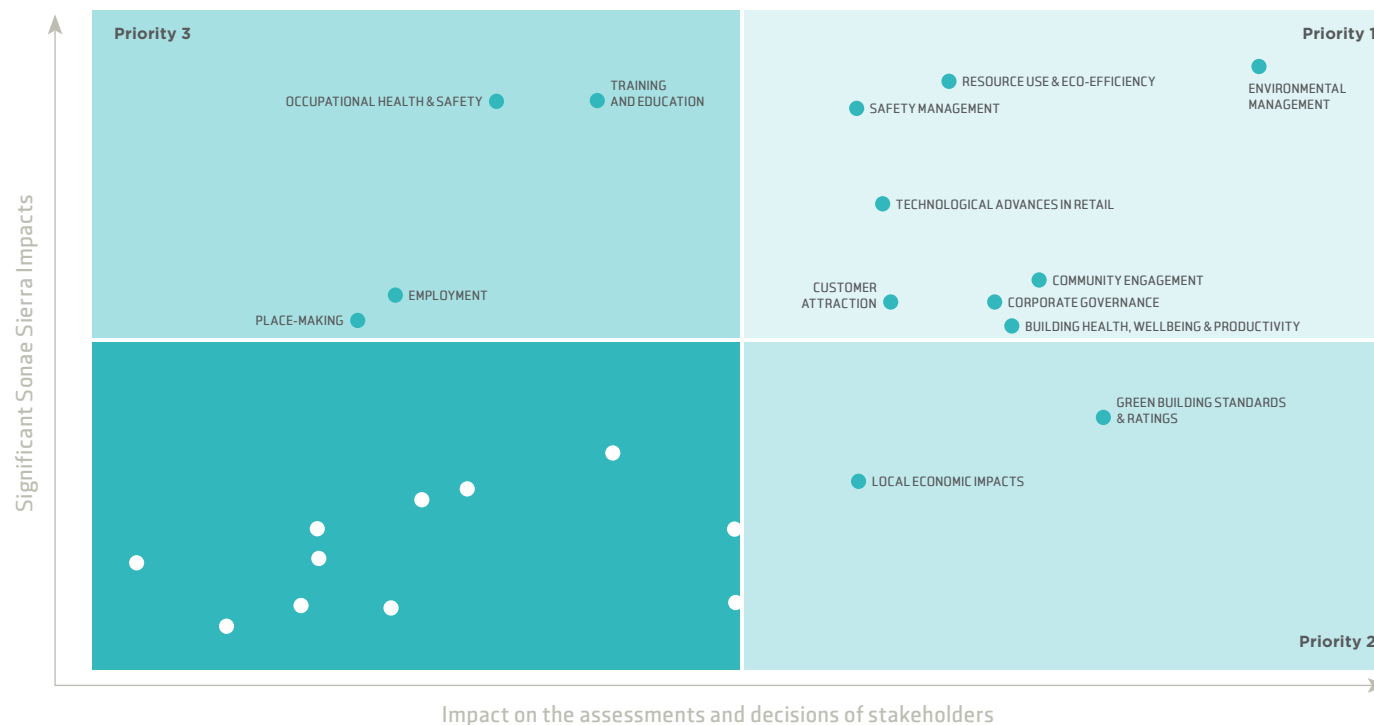
economic, environmental and social impacts and those that substantively influence the assessments and decisions of stakeholders.

**Priority 2** issues are those that substantively influence the assessments and decisions of stakeholders. Although they do not reflect Sonae Sierra's most significant impacts, they are nonetheless issues that are material to our stakeholders.

**Priority 3** issues are those that represent Sonae Sierra's most significant economic, environmental and social impacts – but don't necessarily have a significant impact

on the assessments and decisions of stakeholders. We also consider these impacts important enough to require reporting on.

We have also identified four additional topics that did not score highly in the materiality assessment, but nonetheless have the potential to become a material topic in the long-term, or are a high priority for individual stakeholder groups. For this reason, we continue to monitor and report on our management approach with relation to sustainable procurement, human rights, diversity & equal opportunity and climate change.



Material topic	Description of topic	Corresponding GRI material topics	Topic boundaries and limitations <sup>3</sup>	How we manage the topic
<b>Priority 1</b>				
<b>Environmental management</b>	Efforts to monitor and reduce the environmental impact of our assets under ownership and development, covering site contamination, energy use, GHG emissions, water consumption and waste.	Energy (GRI-302) Water (GRI-303) Emissions (GRI-305) Effluents & Waste (GRI-306)	Sonae Sierra development projects, property and asset management for our owned portfolio.	Safe People & Resource Resilience (page 57)
<b>Resource use and eco-efficiency</b>	Efforts to reduce the reliance of our owned portfolio and third-party portfolios on natural resources through cost reduction programmes, efficiency improvements, alternative energy generation and reuse/recycling initiatives.	Materials (GRI-301) Energy (GRI-302) Water (GRI-303) Emissions (GRI-305)	Sonae Sierra development projects, property and asset management for our owned portfolio, as well as the provision of development and property management services for third parties.	Safe People & Resource Resilience (page 57)
<b>Safety management</b>	Efforts to protect and enhance the safety of all building users (contractors, tenants, suppliers and visitors) at our assets under ownership and development, and reduce building safety risks (such as fire prevention initiatives and emergency practice drills).	Customer health & safety (GRI-416)	Sonae Sierra development projects, property and asset management for our owned portfolio.	Safe People & Resource Resilience (page 57)
<b>Technological advances in retail</b>	Using digital technology to improve communications with retail customers and analyse consumer behaviour and maintain visitor numbers by adapting to general digital disruption in the retail sector.	N/A	Property management for our owned portfolio and property management services for third parties.	Future Fit Retail (page 81)
<b>Community engagement</b>	Engagement with local authorities, community groups and NGOs.	Local communities (GRI-413)	Sonae Sierra development projects and property management for our owned portfolio.	Future Fit Retail (page 81)



Material topic	Description of topic	Corresponding GRI material topics	Topic boundaries and limitations <sup>3</sup>	How we manage the topic
<b>Priority 1</b>				
<b>Customer attraction</b>	Engaging with customers and visitors to help them live sustainable lives and delivering high levels of satisfaction through sustainability initiatives.	N/A	Property management for our owned portfolio and property management services for third parties.	Future Fit Retail (page 81)
<b>Corporate governance</b>	Processes to manage risks of bribery, corruption, anti-competitive behaviour, compliance and fiscal management, as well as wider non-financial aspects within the organisation and third-party providers.	Anti-corruption (GRI-205)	All corporate and business unit activities.	Governance (page 40)
<b>Building health, wellbeing and productivity</b>	Ability to deliver buildings which support and enhance the health, productivity and wellbeing of users.	N/A	All corporate locations, Sonae Sierra development projects and property management for our owned portfolio, as well as the provision of development and property management services for third parties.	Safe People & Resource Resilience (page 57) Knowledge (page 86)
<b>Priority 2</b>				
<b>Green building standards &amp; ratings</b>	Application of green building certification schemes such as LEED®, BREEAM, DGNB, as well as national or regional green building standards and rating systems, and management systems certified according to ISO and OHSAS.	Marketing & labelling (GRI-417)	Sonae Sierra owned developments, property and asset management, and the provision of development and asset management services for third parties.	Safe People & Resource Resilience (page 57)
<b>Local economic impacts</b>	Impact of asset management and development activities on the local economy (e.g. creating economic opportunities for residents through jobs and apprenticeships, companies and contractors).	Indirect economic impacts (GRI-203)	Sonae Sierra owned developments, property and asset management at owned portfolio.	Future Fit Retail (page 81)

Material topic	Description of topic	Corresponding GRI material topics	Topic boundaries and limitations <sup>3</sup>	How we manage the topic
<b>Priority 3</b>				
<b>Training &amp; education</b>	Training programs and upgrading employees' skills, regular performance and career development reviews.	Training & education (GRI-404)	All corporate operations.	Knowledge (page 86)
<b>Occupational health &amp; safety</b>	Workplace injuries, occupational diseases, absenteeism and work-related fatalities.	Occupational health & safety (GRI-403)	All corporate operations.	Safe People & Resource Resilience (page 57)
<b>Employment</b>	Employee satisfaction rates, turnover and new hires.	Employment (GRI-401)	All corporate operations.	Knowledge (page 86)
<b>Place-making</b>	Capitalising on a local communities' assets, heritage and the provision of infrastructure and community amenities to create public spaces that contribute to people's health, happiness, and wellbeing.	N/A	Sonae Sierra development projects, property and asset management for our owned portfolio, as well as the provision of property and development services for third parties.	Future Fit Retail (page 81)

<sup>3</sup> Throughout this report, information about the scope and exceptions to the reported data is addressed specifically in the Data Qualifying Notes for each indicator and in disclosure 102-49: *Changes in reporting*. In most cases performance excludes our activities in countries like Algeria, Poland or Morocco where we do not own shopping centres in operation, and also excludes our activities in Brazil. Other exclusions include the sustainability impact of our tenants unless otherwise stated (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 all quantified in this report); development projects that are managed but not owned by Sonae Sierra; and the sustainability impact of our joint-venture partners on development projects and our construction contractors.

## United Nations' sustainable development goals






The United Nations' Sustainable Development Goals (SDGs) are 17 goals that aim to end poverty, protect the planet and ensure prosperity for all by 2030. The goals cover areas such as sustainable communities, health, education, diversity, poverty, environmental protection and climate change.

The goals cover several topics that we do not have a direct impact on through our business model and core activities, we nonetheless support the goals' objectives and seek to maximise our contribution to their objectives where material.

The following table highlights the most relevant Goals to our business, along with examples of the positive contribution we make through our activities.

Sustainable Development Goals (SDGs)	How we contribute	Further information
 <b>3</b> GOOD HEALTH AND WELL-BEING	Promote more sustainable lifestyles among visitors and contribute to higher levels of employee resilience and productivity through improved health and wellbeing in our workforce.	Customer attraction, page 81  Employee health and wellbeing, page 94
 <b>4</b> QUALITY EDUCATION	Promote environmental and social focused events with local communities, in particular schools, to provide educational opportunities, including site visits.  Continually support the professional development of our employees through a well-established education and training programme providing an array of different development opportunities.	Community engagement, page 84  Training and education, page 91
 <b>5</b> GENDER EQUALITY	Continually seek to promote gender equality and diversity within the company.	Employment, page 86
 <b>6</b> CLEAN WATER AND SANITATION	Increase the water efficiency of our assets, using innovation and technology to rethink how water is used and managed. Minimise water pollution through our Safety, Health and Environment Development Standards (SHEDS) and monitoring of waste water discharges at our operational assets.	Water, page 75
 <b>7</b> AFFORDABLE AND CLEAN ENERGY	Increase the energy efficiency of our assets and implement measures to increase our energy self-sufficiency to reduce our reliance on fossil fuels.	Energy, page 68
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	Support local economic development through job creation and skills development opportunities.  Promote innovation and productivity in our company through improved work practices and operational efficiencies and employee engagement and training.	Local economic impacts, page 82  Employment, page 86



Sustainable Development Goals (SDGs)	How we contribute	Further information
 <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>Use innovation to reduce water and energy use across our owned portfolio and third-party assets through our Bright® and Dive® programmes.</p> <p>Encourage innovation across the whole supply chain to reduce materials consumption and improve water and energy resilience.</p>	<p>Water, page 75</p> <p>Energy, page 68</p> <p>Materials, page 80</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Design eco-efficient, attractive real estate assets that reduce resource consumption, serve the needs of the local population and enhance public space, local amenities and infrastructure in line with planning requirements of local authorities and our own SHEDS.</p>	<p>Safety, health and environment management, page 92</p> <p>Place-making, page 82</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Improve the eco-efficiency of our assets focusing on energy, water and waste production.</p> <p>Prohibit the use of materials which are known to have negative impacts on the environment and on the health and wellbeing of building occupants.</p>	<p>Energy, page 68</p> <p>Effluents &amp; waste, page 77</p> <p>Materials, page 80</p> <p>Safety, health and environment management, page 92</p>
 <p>13 CLIMATE ACTION</p>	<p>Reduce GHG emissions from our portfolio, integrate climate change risk adaptation procedures into our current risk management processes, design standards for new developments and operational procedures for existing assets.</p>	<p>Emissions, page 70</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Collaborate with industry partners, industry bodies and associations to promote and share best practice and innovation in tackling the sustainability challenges facing the industry.</p>	<p>Stakeholder engagement, page 49</p>



### Material issues covered in this section:

#### Safety, Health & Environment Management

#### Customer health & safety

#### Occupational health & safety

#### Building health, wellbeing & productivity

#### Green building standards & ratings

#### Resource use and eco-efficiency

## Safe people & resource resilience

**S**afe People & Resource Resilience covers the management of safety and health risks, the reduction of environmental impacts and the improvement in the eco-efficiency and resilience of our operating assets, developments, expansion and refurbishment activities. It captures the value created for our investment partners and service clients – from legal compliance to long-term asset value protection – by delivering sustainability-related services, seeking sustainable building certifications and developing eco-efficient and resilient assets. It also emphasises the role Sonae Sierra can play in supporting eco-efficiency by providing a test bed to prove the viability of resource resilience initiatives within our own development and investment portfolio.

### How we create value:

- Embed resource resilience strategies and a best in class Safety, Health

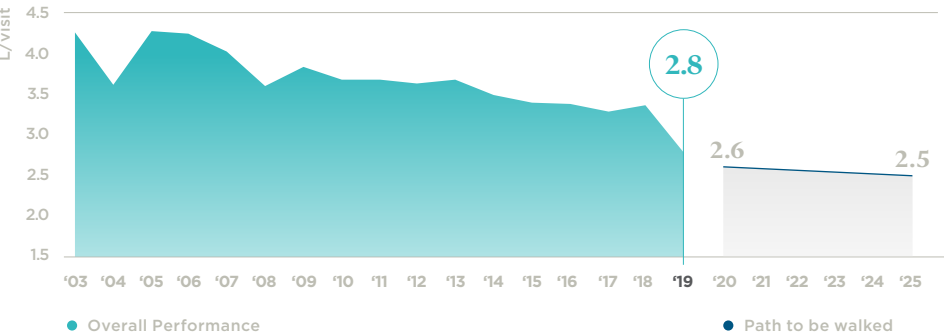
& Environment Management System (SHEMS) across all our corporate operations.

- Engage with our partners to promote the uptake of our certified SHEMS and resource resilience initiatives across our development and investment portfolio.
- Encourage our clients to implement safe people and resource resilience initiatives in their own assets by demonstrating the business case and delivering sustainability services.
- Position ourselves as experts in energy and water strategies for real estate assets.
- Promote sustainable building certifications and develop resilient assets

Performance Summary

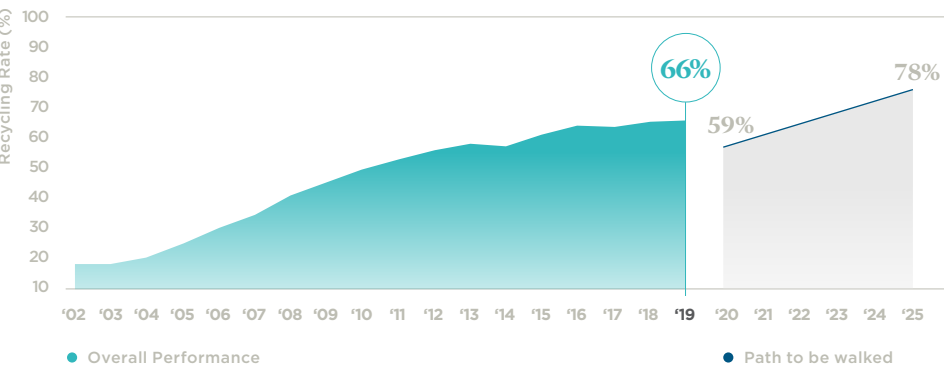
We have set a range of long-term objectives to improve the safety, health and environmental performance of our owned portfolio and corporate operations by 2025. Our historical performance, and progress towards our long-term safety, health and environment objectives is presented in the following charts.

WATER EFFICIENCY (EXCLUDING TENANTS) OF THE OWNED PORTFOLIO (L/VISIT)



The water efficiency of our owned portfolio has improved by 35% since our baseline year of 2003, to 2.8 litres/visit. Our long-term objective is to improve our water efficiency to 2.5 litres/visit by 2025.

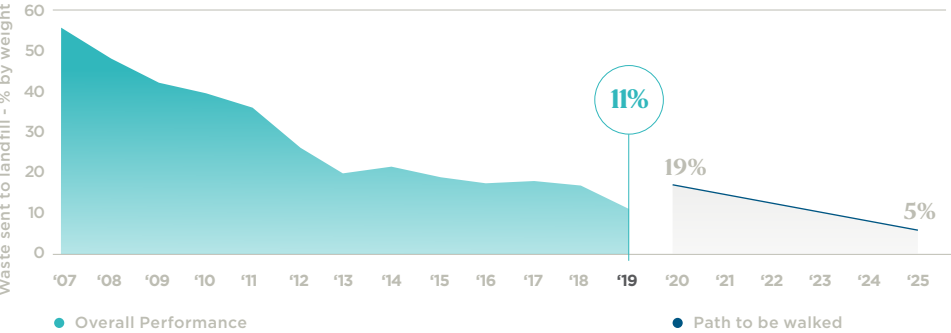
WASTE RECYCLING AS A PROPORTION OF WASTE PRODUCED ACROSS THE OWNED PORTFOLIO (% BY WEIGHT)



The proportion of waste that is recycled across our owned portfolio has increased by 249% since our baseline year of 2002, to 66%. The decrease in 2020 is mainly due to new difficulties in sending waste to recycling. Our long-term objective is to achieve a recycling rate of 78% by 2025.

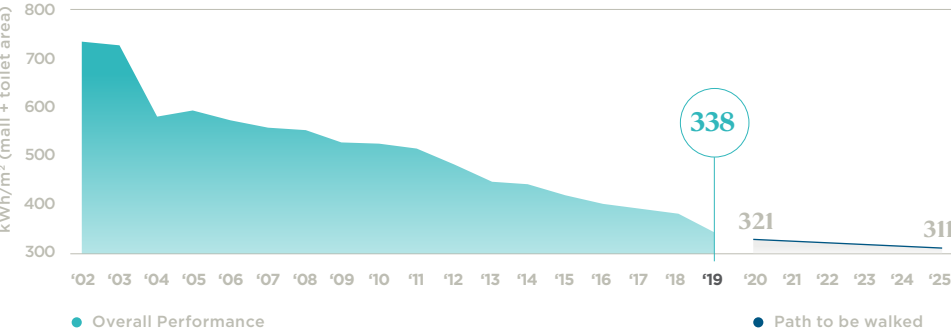


PROPORTION OF WASTE THAT IS SENT TO LANDFILL  
ACROSS THE OWNED PORTFOLIO (% BY WEIGHT)



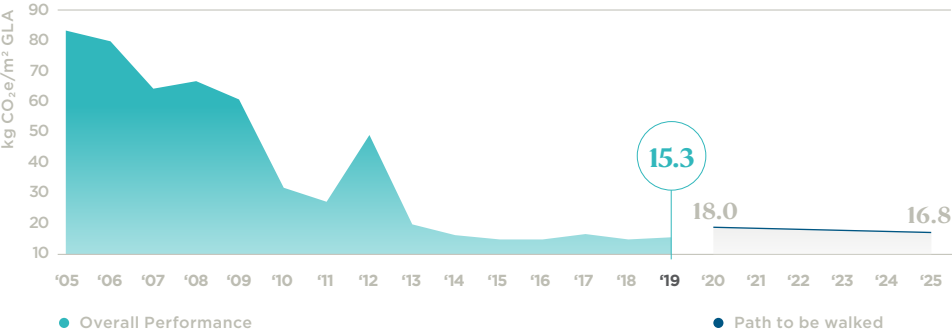
The proportion of waste that is sent to landfill across our owned portfolio has decreased by 80% since our baseline year of 2007, to 11%. The increase in 2020 is mainly due to difficulties in recycling. Our long-term objective is to reduce the proportion of waste sent to landfill to 5% by 2025.

ELECTRICITY EFFICIENCY OF THE OWNED PORTFOLIO  
(KWH/M<sup>2</sup> MALL AND TOILET AREA)



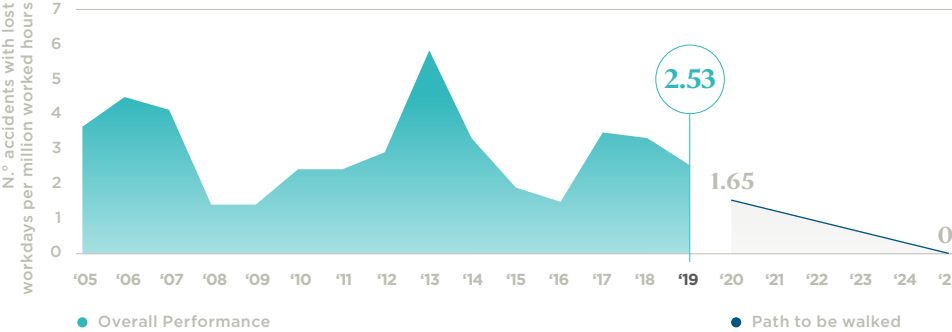
The electricity efficiency of our owned portfolio (excluding tenants) has improved by 54% since our baseline year of 2002, to 338 kWh/m². Our long-term objective is to achieve an energy efficiency performance of 311 kWh/m² by 2025.

GHG EMISSIONS: SCOPE 1 AND 2 GHG EMISSIONS  
(KG OF CO<sub>2</sub>E/M<sup>2</sup> GLA)



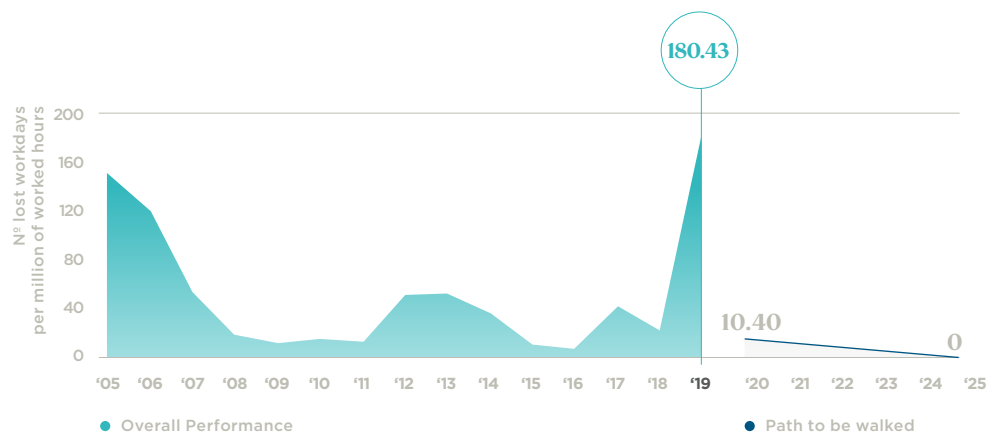
The GHG emissions intensity of our owned portfolio and corporate offices (Scopes 1 and 2) has improved by 82% since our baseline year of 2005, to 15.3 kgCO₂e/m² GLA. Our long-term target aligns with the Science Based Targets initiative and commits us to achieving an intensity of 16.8 kgCO₂e/m² GLA (Scopes 1 and 2) by 2025. Values for the near-future reflect a portfolio change.

ACCIDENT RATE (LWCAFR) AMONG WORKFORCE <sup>4</sup>

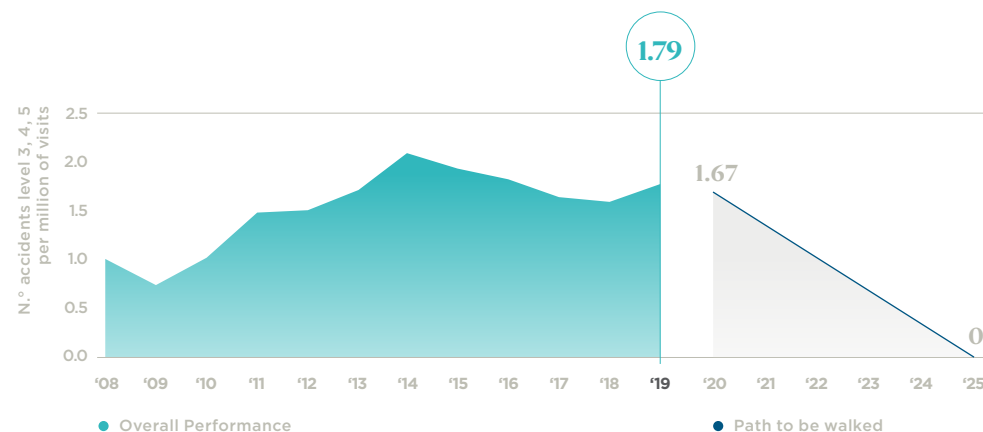


The rate of workforce injuries resulting in lost workdays has reduced by 30%, since our baseline year of 2005, to 2.53 accidents with lost workdays per million worked hours. The fluctuations in our performance emphasise the importance of continuously engaging with our workforce to promote the adoption of safer behaviour as our long-term objective is to reduce this to zero.

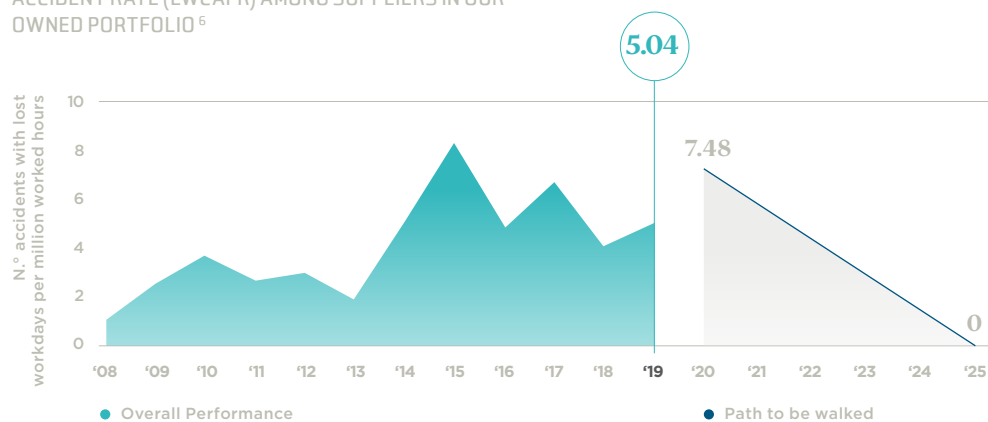
<sup>4</sup> The LWCAFR is the number of accidents resulting in one or more lost workdays per million worked hours by Sonae Sierra workforce (direct employees and supervised workers).

ACCIDENT SEVERITY RATE (ASR) AMONG WORKFORCE <sup>5</sup>

The severity of workplace accidents has unfortunately increased by 20%, since our baseline year of 2005, to 180.43 lost workdays per million hours worked. Our long-term objective is to reduce this to zero.

LEVEL 3, 4 AND 5 ACCIDENT RATE IN OUR OWNED PORTFOLIO <sup>7</sup>

The number of level 3, 4 and 5 accidents per million visits to our shopping centres has increased from 1.0 in 2008 (our baseline year) to 1.79 in 2019. Our long-term objective is to reduce this to zero.

ACCIDENT RATE (LWCAFR) AMONG SUPPLIERS IN OUR OWNED PORTFOLIO <sup>6</sup>

The accident rate, resulting in lost workdays, among service suppliers in our owned portfolio has increased from 1.39 in 2008 (our baseline year) to 5.04 in 2019. The expected increase in 2020 is due to portfolio changes. Our long-term objective is to reduce this to zero.

<sup>5</sup> The ASR is the number of lost workdays of accidents per million worked hours by Sonae Sierra workforce (direct employees and supervised workers).

<sup>6</sup> The LWCAFR is the number of accidents resulting in one or more lost workdays per million worked hours by our service suppliers.

<sup>7</sup> Number of accidents of level 3, 4 and 5 among tenants, service suppliers, workforce and visitors per million visits. Level 3, 4 and 5 accidents are defined as those resulting in medical assistance, lost workdays/life disruption and fatality/permanent disability, respectively.



Safety, health and environment management

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 are enhanced. The policy is reviewed on a regular basis, and is supported by our fully integrated and certified Safety, Health and Environment Management System (SHEMS), which sets out the framework by which we manage our impacts, reduce our safety risks towards people and improve our performance in relation to our assets and projects under development. Our SHEMS is based on the international standards ISO 14001:2015 and OHSAS 18001:2007 and has been recertified by Lloyds Quality

Register Assurance according to both standards.

CRE6

We operate an annual audit programme to systematically audit our SHEMS at corporate and at site levels, covering all our owned shopping centres and projects under development which implement our SHEMS in full. In 2019, the percentage of the organisation operating in compliance with an internationally recognised health and safety management system was 44%.

	Direct Employees	Supervised Workers	Independent Contractors
Total workforce and Independent Contractors	696	23	9
Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001/ISO 45001	308	8	6
Percentage	44%	35%	67%
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&HMS)	600	19	8
Percentage	86%	83%	89%

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees, supervised workers and independent contractors at the end of the reporting period excluding Poland and Luis Malheiro Group employees



## Safety, health and environment management across all stages of the asset lifecycle

### Pre-Development

During the new business phase of our own projects, Environmental Due Diligence and Environmental Impact Studies are undertaken so that we can understand the potential liabilities that sites may contain, and any potential negative environmental impacts associated with the project. We include in development budgets, the required investments to eliminate or mitigate any identified issues. Where we provide development services Environmental Due Diligence and Environmental Impact Studies are conducted with the client's agreement.

### Development, expansions and refurbishments

Our projects under development are required to ensure that SHE risks and characteristics unique to each site are managed adequately. We apply our Safety, Health and Environment Development Standards (SHEDS) in agreement with our partners to guarantee effective risk management from the outset of each development and into the operations phase. The 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 US National Fire Protection Association (NFPA) and European safety standards. The implementation of the standards is checked through a final audit carried out by a third party. Compliance with local SHE regulations is also verified by competent authorities prior to opening as part of the licensing procedure for new shopping centres.

During the construction phase, with our partners' agreement, we require all new development projects, expansions and refurbishment works to implement either a site-specific SHEMS and achieve certification in accordance with the OHSAS 18001 and ISO 14001 standards for the entire construction phase, or implement a simplified Safety, Health and Environment Management Plan (SHEMP) which does not require external certification according to OHSAS 18001 and ISO 14001. In case that our partner does not wish for us to implement our fully certified SHEMS, we make sure that we comply with the applicable legislation.

### Property and Asset Management

We apply our fully certified SHEMS in agreement with our partners to manage the main environmental impacts, and safety and health risks during the operational phase of a building. We monitor and manage the performance of owned operational assets operating under our full SHEMS 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 safety and health risks.

We monitor and evaluate SHE performance on a regular basis using tools such as SHE Preventive Observations (SPO), emergency drills and SHE inspections. SPOs are a form of process review carried out in our shopping centres 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.

In cases where we provide shopping centre property management services to clients,

we do not systematically apply our SHEMS because this falls outside the boundaries of our responsibility. However, we make sure that we monitor and comply with applicable legislation.

With our long-term experience in managing safety, health and environmental impacts, we are in an excellent position to provide additional services, such as alignment with ISO 14001, OHSAS 18001, and green building certifications such as BREEAM In-Use when these services are agreed to by our clients.

### Investment

Environmental and Safety & Health Due Diligences are implemented upon the acquisition of existing shopping centres with the agreement of our investment partners, and the asset's operational performance is benchmarked against other shopping centres in our portfolio to identify the level of investment needed to bring them up to our standards. In agreement with our partners, we integrate specific investment initiatives into existing shopping centre's investment plans to ensure that we improve their safety, health and environmental performance.

### Monitoring our performance

Our SHEMS includes a Report, Performance Measurement and Monitoring procedure to track our SHE performance on a regular basis. A series of tools and applications exist to assist the monitoring and reporting tasks. Our online management system, called the SHE Portal, provides a streamlined SHE management process and helps to ensure data accuracy by holding all data in one central platform which is accessible to all our staff. Data collection, target tracking and monitoring for energy, water, waste and safety and

health is managed through this database. Performance results are reported on a timely basis to the Sustainability Steering Committee, Executive Forum 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 across all our shopping centres and corporate locations. Most incidents recorded under this procedure cover safety and health incidents. Please see 'Workforce Health and Safety' (page 67) 'Supplier Health and Safety' (page 66) and 'Customer Health and Safety' (page 65) 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.

## Environmental accounting

### GRI 302-4 & 305-5

Sonae Sierra's Environmental Accounting (EA) model details the economic and environmental benefits resulting from the implementation of our SHEMS across eight environmental domains. The model allows Sonae Sierra to estimate the economic effort and resulting benefits

from more than just complying with legal requirements. The EA is structured by environmental domain, and the presented figures include all shopping centres owned by Sonae Sierra in operation for the current reporting year except for Portimão Retail Center in Portugal. Significant actions are defined as actions that bring environmental and economic

benefits to the organisation, producing relevant effects throughout the asset and/or equipment operating period. Actions are classified as intangible (where we know the amount invested but it is not possible to calculate the benefits associated) and tangible (where we present both the investment eligible for Environmental Accounting and the associated

environmental and economic benefits). In 2019, Sonae Sierra was able to avoid 22,000 tCO<sub>2</sub>e and 44,690 GJ of energy as a result significant actions implemented in 2019 and previous years.

Domains	Intangible significant actions		Tangible significant actions					
	Expenditure (eligible for environmental accounting) €	Number of significant actions	Expenditure (eligible for environmental accounting) €	Number of significant actions	Economic benefit Potential yearly savings €	Environmental benefit Reduction of water consumption (m <sup>3</sup> )	Reduction of electricity consumption (kWh)	Reduction of CO <sub>2</sub> emissions (tonnes CO <sub>2</sub> e)
Air	€ 6,000	2	-	1	-	-	-	22,000
Health and well being	€ 196,000	36	-	-	-	-	-	-
Energy	€ 255,000	18	€ 356,000	11	€ 103,000	3,000	810,000	-
Water	€ 53,000	6	€ 23,000	2	€ 1,000	1,000	-	-
Ecosystem	€ 2,000	1	-	-	-	-	-	-
Emergencies	-	-	-	-	-	-	-	-
Noise	-	-	-	-	-	-	-	-
Wastewater	€ 61,000	11	-	-	-	-	-	-
Waste	€ 402,000	11	-	-	-	-	-	-
Environmental management activities	€ 197,000	27	-	-	-	-	-	-
Social activities	-	-	-	-	-	-	-	-
<b>Total from the year</b>	<b>€ 1,172,000</b>	<b>112</b>	<b>€ 379,000</b>	<b>14</b>	<b>€ 104,000</b>	<b>4,000</b>	<b>810,000</b>	<b>22,000</b>
<b>2019 Benefits from significant actions implemented in previous years</b>	<b>€ 2,221,000</b>	<b>248</b>	<b>€ 723,000</b>	<b>89</b>	<b>€ 1,664,000</b>	<b>76,000</b>	<b>11,604,000</b>	<b>-</b>

Data Qualifying Note: This indicator includes all the shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal.

Green building standards and ratings

Our full SHEMS is based on ISO 14001 and OHSAS 18001 standards and applies to all construction sites and owned shopping centres where our partners have agreed to its implementation. It is part of our policy to seek third party audit and certification of the SHEMS for these projects.

For all our own new development projects, major expansions and refurbishments we also encourage our partners to target BREEAM Good, LEED® Silver or DGNB Bronze certification, which allow us to prepare for new and emerging environmental regulations and industry expectations, whilst ensuring that our assets are more attractive to investors and occupiers.

NUMBER OF SUSTAINABILITY CERTIFICATIONS ACHIEVED AT SHOPPING CENTRES CURRENTLY IN OPERATION

Certification	Number
ISO 14001 Certification	9
OHSAS 18001/ ISO 45001 Certification	9
BREEAM in-use	6
UNE 170001-2	2
Total	26

CRE8  
Type and number of sustainability certifications, rating and labelling schemes for new construction, management, occupation and redevelopment

To date, we have achieved ISO 14001 certifications for the site-level SHEMS of 27 completed construction projects and 52 assets in operation. We have also obtained OHSAS 18001/ISO 45001 certifications for 11 completed construction projects and 48 assets in operation, and green building certificates for nine developments and assets currently under operation.

Currently 36% of our assets under operation are certified according to ISO 14001 and 36% are certified according to OHSAS 18001/ ISO 45001.

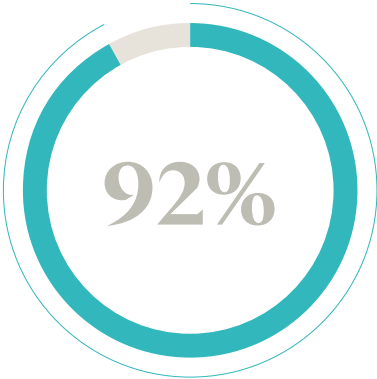
NUMBER OF SUSTAINABILITY CERTIFICATIONS ACHIEVED TO DATE

	ISO 14001	OHSAS 18001/ ISO 45001	EU EPC	DGNB	BREEAM / BREEAM in-use	UNE 170001
Operations (owned shopping centres)	52	48	36	-	7	10
Developments	27	11	-	1	1	-

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation at the end of the reporting period and all development projects to date.

GRI 417-1 & 417-2  
Under the European Union’s Energy Performance of Buildings Directive, we are required to ensure that all our assets undergoing major renovations meet minimum energy performance requirements; and that Energy Performance Certificates (EPCs) must be shared with prospective buyers and tenants of a building. We are meeting these requirements in each EU member state that we operate in, and by the end of 2019 EPCs were in place across 92% of our European portfolio.

During 2019 there were no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling.



By the end of 2019 EPCs were in place across 92% of our European portfolio.



Building health, wellbeing and productivity

We have a set of policies and procedures to mitigate environmental and end user human health and wellbeing impacts during all stages of the property lifecycle, including the design of new assets and the redevelopment of existing assets.

Our full SHEMS includes a procedure to guarantee that acceptable indoor air quality is maintained across our certified shopping centres (and a similar procedure exists for our corporate offices). We also have an ergonomic procedure in place and we implement ergonomic assessments. In addition, our 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.

Additional procedures for Legionella control apply to all owned shopping centres and corporate offices regardless of their SHEMS implementation. They guarantee the use of the best equipment for Legionella control and the ongoing monitoring of indoor air quality parameters.

Process to identify and evaluate occupational safety and health risks to our workforce and building users

Our SHEMS includes a transversal procedure to identify and evaluate safety and health (S&H) hazards and risks to Sonae Sierra's stakeholders. The evaluation is made for all activities covering corporate offices, assets in operation and development projects with a SHEMS or on-site SHEMA. Through this procedure we identify the potential consequences to people and the control measures and deficiencies. Any non-acceptable risks that are identified must result in the implementation of additional risk control measures.

Procedures for the procurement, transport, handling, use and disposal of all hazardous materials

When our partners agree to implement our full SHEDS, there is a specific requirement included in 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.

During construction works under our control, the use and disposal of hazardous materials is controlled by the implementation of our SHE procedures for development; namely the SHEMS if partners agree to seek OHSAS 18001 and ISO 14001 certifications for the construction works, or the SHEMA when certification is not required. 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, our SHEMS includes a procedure 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.

Customer health & safety

We work to provide a safe environment for everyone who visits or works within a Sonae Sierra shopping centre, aiming towards zero accidents, and to promote safety and health conscious behaviour among our tenants and visitors. We monitor progress towards this goal by tracking the level 3, 4 and 5 accident rate in our owned shopping centres.

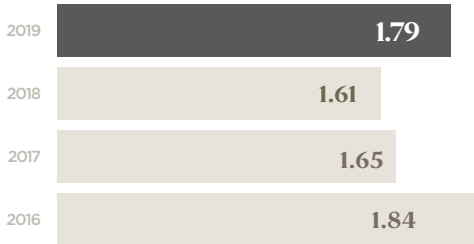
In addition to the policies and practices outlined under Safety, Health and



Environment Management (above), we regularly monitor visitor safety risks and organise awareness campaigns to promote

safe behaviour in our owned shopping centres. If necessary, we work with our suppliers to put in place preventive measures.

LEVEL 3, 4 AND 5 ACCIDENT RATE OF OUR OWNED PORTFOLIO



Data Qualifying note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, except for Portimão Retail Center in Portugal.

Number of accidents of level 3, 4 and 5 among tenants, service suppliers and visitors per million visits. Level 3, 4 and 5 accidents are defined as those resulting in medical assistance, lost workdays/life disruption and fatality/permanent disability, respectively

**GRI 416-2**

Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their lifecycle, by type of outcomes.

	Incidents of non-compliance with regulations resulting in a fine or penalty	Incidents of non-compliance with regulations resulting in a warning	Incidents of non-compliance with voluntary codes
All countries	0	0	0

Country	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
Portugal	423
Germany	2
Greece	1
Italy	8
Romania	6
Spain	34
<b>Total</b>	<b>474</b>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, except for Portimão Retail Center in Portugal, and all shopping centres managed but not owned by Sonae Sierra during the reporting period.

## Supplier health & safety

Our service suppliers' management procedures (detailed on page 50) ensure that our main suppliers' performance meets with Sonae Sierra's SHE requirements.

In agreement with our partners, all new development projects must implement a site-specific SHEMS and achieve certification in accordance with the OHSAS 18001 standard or implement a simplified SHEMP.

Regular meetings and annual training sessions with our security, maintenance, cleaning and waste suppliers are performed to discuss common issues and help reduce safety risks. We also carry out emergency practice drills at all owned shopping centres, and in 2019 conducted on average 2 drills across our shopping centres and corporate offices.

We monitor our performance by tracking the Accident Rate (LWCAFR) and the

“Accidents rate (LWCAFR) among suppliers on construction sites”	
Jardín Plaza Cúcuta	58.8

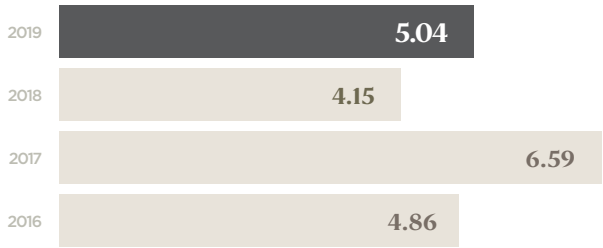
“Accidents Severity Rate (ASR) among suppliers on construction site”	
Jardín Plaza Cúcuta	479.9

Data Qualifying Note: This indicator includes all major development projects completed in the reporting period for which sustainability services were provided. This indicator was not externally verified due to the lack of evidence to support the value.

Accidents Severity Rate (ASR) among suppliers in all our owned shopping centres (see page 60) and construction sites. In 2019 we achieved an accident rate of 5.04 per million hours worked across our assets in operation. This represents a 21% increase compared with 2018. We also investigate the cause of all level 4 and 5 incidents, near misses and any level 2 and 3 incidents that are considered important and communicate these across the Company, through 'Alerts',

a communication tool that is used during the construction and operational phases of our owned shopping centres.

ACCIDENTS RATE (LWCAFR) AMONG SUPPLIERS,  
OF OUR OWNED PORTFOLIO



The LWCAFR is the number of accidents resulting in one or more lost workdays per million worked hours by service suppliers.

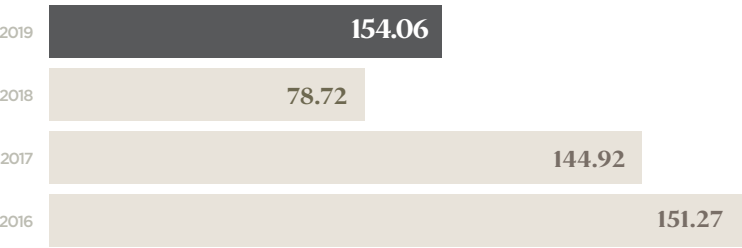
Workforce health & safety

GRI 403-2  
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Our goal is to enhance the wellbeing of our workforce and reduce the rates and severity of workplace accidents and occupational diseases, aiming towards zero. We monitor our progress by tracking injuries, occupational diseases, lost days and absenteeism among our employees, and the total number of work-related fatalities. For more information on our initiatives in relation to health and wellbeing, see Knowledge, page 86).

We use the Safe Practice Index (SPI) audit tool to assess and improve safety conditions on construction sites operating under either a site-specific SHEMS or simplified SHEMP. The SPI measures the level of adherence to Sonae Sierra's Safety & Health requirements as construction works evolve. The higher the index, the higher the level of safety awareness amongst the construction workforce and the lower the risk of a safety incident.

ACCIDENTS SEVERITY RATE (ASR) AMONG SUPPLIERS,  
OF OUR OWNED PORTFOLIO



The ASR is the number of lost workdays of accidents per million worked hours by service suppliers.

	Injury Rate (LWCAFR)	Occupational disease rate	Lost day rate (ASR)	Absentee rate	Fatalities
Sonae Sierra workforce (direct employees and supervised workers)	2.53	1.69	180.43	0.02	-

Data Qualifying note: This indicator includes all Sonae Sierra direct employees (i.e. employees on Sonae Sierra's payroll); all Sonae Sierra supervised workers; and all independent contractors working on-site during the reporting period. Poland and Luís Malheiro Group employees are excluded since they do not report incidents.

The formulas used to calculate the presented rates are:

- Injury rate (LWCAFR) = (number of injuries x 1,000,000)/Total time worked.
- Occupational disease rate = (number of occupational diseases x 1,000,000)/Total time worked.
- Lost day rate (ASR) = (number of lost days x 1,000,000)/Total time worked.
- Absentee rate = Absentee in the 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 workdays' and the 'lost days' count begins at the immediate working shift (or day) after the accident/occupational disease manifestation occurred.



The development project of Jardim Plaza Cúcuta achieved a Safe Practice Index of 93% throughout the whole project.

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.

Travel risks

Our procedures ensure that all travellers to risky destinations have comprehensive travel insurance, training on precautionary procedures and receive an email on medical and security risks in the country they are travelling to. We also carry out, training on precautionary procedures and regular drills that simulate various incident scenarios in risky countries.

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 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.

Policies and procedures for assisting employees with substance and alcohol addiction, and HIV/AIDS

Alcohol and drug use is prohibited during work shifts and at all our construction sites. This is strictly followed up by the site S&H coordinators and S&H technicians throughout the entire construction process.

Energy

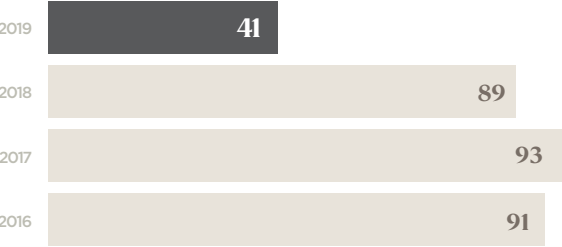
Within the scope of our SHEMS (see page 61) we monitor and manage the energy performance of our owned shopping centres. We are committed to improving the energy efficiency of our activities and implementing measures to increase our energy self-sufficiency as part of a dual strategy to reduce our reliance on volatile fossil-fuel derived energy markets.

In 2019 the electricity efficiency of our owned portfolio (excluding tenants) was 338 kWh/m² mall and toilet. Our long-term target is to achieve an energy efficiency performance of 311 kWh/m² by 2025. The construction electricity indicator is indicative of the quantity of electricity consumed during the whole construction phase of the project.

Construction electricity indicator	(kWh/ GIA)
Global	338

Data Qualifying note: This indicator includes all major development projects completed in the reporting period for which sustainability services were provided. This indicator was not externally verified due to the lack of evidence to support the value.

ELECTRICITY EFFICIENCY IN OUR CORPORATE OFFICES (KWH/M²)



Data Qualifying Note: This indicator includes all Corporate Offices with a SHEMS in place (Lisbon and Maia). The Maia office in Portugal was excluded since electricity consumption isn't known because it is in a shared floor/building with no individual meters.

ELECTRICITY EFFICIENCY (EXCLUDING TENANTS) OF OUR OWNED PORTFOLIO (KWH/M² MALL AND TOILET AREA)



Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except Portimão Retail Center in Portugal where data is not available. There is a slight mismatch between the numerator and the denominator since energy consumption in technical areas and cold and hot water that is supplied to some tenants is considered but those areas are not.

PERFORMANCE BY COUNTRY

	'18 kWh/m²	'19 kWh/m²	Var.
Global	377	338	-10%
Germany	560	565	+1%
Greece	-	188	-
Italy	421	327	-22%
Portugal	373	356	-5%
Romania	448	432	-4%
Spain	270	241	-11%
Brazil	377	out of the scope	-

## We are working to reduce the energy expenditure and improve the carbon footprint of real estate assets.

### Energy management through all relevant stages of the asset life cycle

Energy efficient designs, including energy performance targets and innovative engineering solutions, are included in our Safety, Health and Environment Development Standards (SHEDS) (see page 92). Within the SHEDS, we specify the use of energy efficient equipment and the exploration of possible renewable and low-carbon technologies.

Since 2013 we have rolled out an energy modelling tool (Bright® project) an energy efficiency programme designed to reduce the energy expenditure and improve the carbon footprint of real estate assets.

Bright comprises an integrated programme incorporating five phases: Portfolio analysis and benchmarking; Specialized audits; Technical support; Performance monitoring; and Energy management, to identify energy inefficiencies and improvement plans. Bright is being implemented in Sonae Sierra investment properties and as a service provided to clients.

Bright Programme has enabled Sonae Sierra to identify possible 292 energy optimisation measures across 28 shopping centres. From those, 208 (68%) were implemented, 10 (3%) are currently under way, and 35 are being assessed. The potential yearly savings of implemented and undergoing actions to date arise to 21,477 MWh in electricity consumption, equivalent to € 2.8 million in costs.

The 218 actions implemented and undergoing required an investment of € 2.7 million. 51% of those actions were quick-wins with no or little investment required: € 0.22 million invested on these quick-wins generated € 1.05 million, 38% of all potential savings of the project.

In terms of CO<sub>2</sub> emissions avoided, implemented and undergoing actions equate to around 5,683 tonnes CO<sub>2</sub>e. The 35 actions being assessed will required € 1.1 million of investment and will generate yearly potential savings of € 0.6 million (5,100 MWh).

Recognising its potential, Bright® was awarded a Silver Stevie® Award in the “Energy Industry Innovation of the Year” in the 15<sup>th</sup> Annual International Business Awards®. We also procure green electricity whenever feasible, and in 2019 around 84% of electricity consumption (excluding tenants) was procured from green sources.

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

We are subject to regional and national regulations and policies concerning energy and emissions.

At an industry level, we subscribe to several voluntary commitments to reduce energy consumption and GHG emissions associated with our activities; these are reported under GRI 102-12 on page 96.

### Energy reduction achievements

In addition to monitoring the electricity efficiency (excluding tenants) of our owned portfolio, we also monitor the direct energy consumption and building energy intensity of our shopping centres and corporation offices.

#### GRI 302-1

#### Energy consumption within the organisation

GJ

##### Shopping centres

Total electricity consumption	459,779
Total fuel consumption from non-renewable sources (Natural gas and LPG consumption)	140,085
Total heating consumption	7,110
Total cooling consumption	112,766
Total electricity sold	30,756
<b>Total</b>	<b>688,984</b>

##### Corporate offices

Total electricity consumption	463
Total fuel consumption from non-renewable sources (Petrol and diesel for car fleet)	12,920
Total fuel consumption from renewable sources (Ethanol for car fleet)	-
<b>Total</b>	<b>13,382</b>

#### TOTAL (shopping centres and corporate offices)

702,366

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal and all corporate offices with a SHEMS (Lisbon and Maia). Electricity from 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 metres. Fuel consumption includes all corporate main offices (Lisbon, Maia, Milan, Madrid, Dusseldorf and Bucharest) as it concerns consumption from the whole country and not only from 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 all from GRI Guidelines, except liquefied petroleum gas (LPG).

**GRI 302-3****Energy intensity, including tenants**

Shopping Centres	kWh/m <sup>2</sup> of mall and toilet area
Portugal	599
Greece	933
Germany	733
Italy	489
Romania	1,407
Spain	284
<b>Global Intensity</b>	<b>584</b>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center where data is not available. 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 included (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 tenant's areas are not.

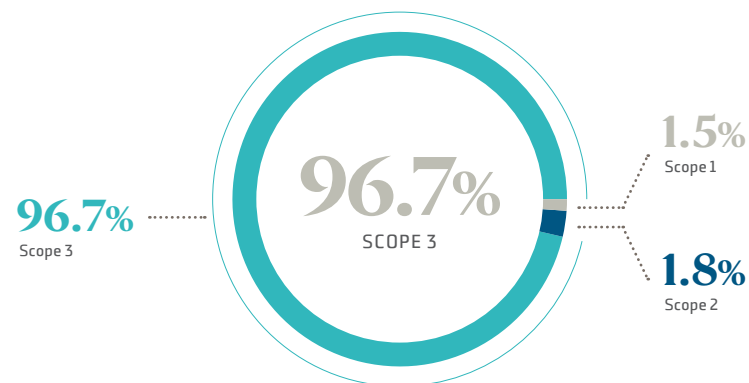
**CREI****Building energy intensity, excluding tenants**

Shopping Centres	kWh/m <sup>2</sup> of mall and toilet area	corporate offices	kWh/m <sup>2</sup> of mall and toilet area
Portugal	516	Portugal	41
Greece	481	<b>Global Intensity</b>	<b>41</b>
Germany	704		
Italy	489		
Romania	645		
Spain	281		
<b>Global Intensity</b>	<b>477</b>		

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal and corporate offices with a SHEMS (Lisbon and Maia). The 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 metres. This indicator excludes energy purchased on behalf of tenants. Energy consumed outside shopping centres is not considered and therefore, for NorteShopping in Portugal, natural gas consumption for the cogeneration system is not included (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 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 considered but those areas are not.

**Emissions****Our carbon footprint**

The most significant contribution to our carbon footprint (92%) comes from the emissions associated with the activities of our tenants, and vehicle emissions produced by people visiting our shopping centres. While we have no direct control over these Scope 3 emissions, we nonetheless work to educate our tenants about saving energy and reducing GHG emissions from their activities. Many of our centres are also working to improve access by public transport and encourage its use by featuring public transport timetables and bicycle storage facilities.



**76%**  
NATURAL GAS/LPG



**14%**  
FUGITIVE EMISSIONS



**10%**  
FLEET FUELS



**56%**  
ELECTRICITY



**41%**  
CHILLED WATER



**3%**  
HOT WATER



**77%**  
VISITORS' TRIPS



**19%**  
TENANTS' ELECTRICITY



**4%**  
BUSINESS TRAVEL, COMMUTING,  
WASTE, ACCOMMODATION AND  
CONSTRUCTION MATERIALS



Aside from this, we have set a long-term commitment that aligns with the Science Based Targets initiative to reduce scope 1 and 2 emissions from our owned portfolio and corporate offices. In 2019, the GHG emissions intensity (excluding tenants) of our owned portfolio and corporate offices was 15.3 kg CO<sub>2</sub>e/m<sup>2</sup> GLA, equivalent to a 4% increase compared with 2018.

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 (page 68). We have not established a policy with regards to carbon offsetting. 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 page 69.

GHG EMISSIONS OF OWNED PORTFOLIO AND CORPORATE OFFICES – GHG PROTOCOL SCOPES 1 AND 2 (KGCO<sub>2</sub>E/M<sup>2</sup> GLA)



PERFORMANCE BY COUNTRY

	'18 (kgCO <sub>2</sub> e/m <sup>2</sup> GLA)	'19 (kgCO <sub>2</sub> e/m <sup>2</sup> GLA)	Var. (%)
Global	14.8	15.3	4%
Germany	18.2	8.1	-56%
Italy	30.8	19.8	-36%
Portugal	18.1	18.4	1%
Romania	42.4	43.8	3%
Spain	1.9	2.0	6%
Brazil	8.7	out of the scope	-

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal and all corporate offices with a SHEMS (Lisbon and Maia). Fleet fuel consumption was considered for all corporate offices (Lisbon, Maia, Milan, Madrid, Düsseldorf and Bucharest). The numerator used to calculate this indicator includes Scope 1 and 2 emissions according to the GHG protocol methodology, plus Scope 3 emissions regarding business air travel. The denominator includes the GLA of shopping centres. The emissions associated with energy purchased on behalf of tenants are not included.



Scope 1 and 2 emissions

In addition to monitoring the GHG emissions intensity (excluding tenants) of our owned portfolio, we also monitor our absolute Scope 1 and 2 emissions and building intensity (which includes Scope 3 emissions from waste).

GRI 305-1  
Direct greenhouse gas (GHG) emissions  
(Scope 1)

	tCO <sub>2</sub> e
Natural Gas	6,805
LPG	16
Fleet fuels	916
Fugitive emissions	1,239
Total	8,976

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year (except for Portimão Retail Center in Portugal), and all corporate offices with a SHEMS (Lisbon and Maia), except for fleet fuels where all corporate main offices (Lisbon, Maia, Milan, Madrid, Düsseldorf and Bucharest) were included due to the materiality of these emissions. Scope 1 direct emissions are 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 CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) 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.

GRI 305-2  
Indirect greenhouse gas (GHG) emissions  
(Scope 2)

	tCO <sub>2</sub> e
Electricity	5,910
Chilled Water	4,273
Hot Water	345
Total	10,527

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center, in Portugal and all corporate offices with a SHEMS (Lisbon and Maia). Scope 2 indirect emissions result from Sonae Sierra's activities but are owned or controlled by another organisation, e.g. purchased electricity, heating and cooling. Emissions included in this indicator are from energy sources over which Sonae Sierra has financial control.

The emissions in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) have been calculated in accordance with the GHG protocol methodology using the market-based approach, as in several locations Sonae Sierra purchases energy from renewable sources. The greenhouse gas emissions that have been avoided by Sonae Sierra as a result of purchasing green electricity are disclosed on page 70 under the significant actions from 'Air' domain. CO<sub>2</sub>e emissions using the location-based approach are around three times bigger than the value attained by the market based methodology.

Electricity consumption in the Maia office (Portugal), is not known as it is in a shared floor/building, with no individual energy metres and therefore an estimate was made.

GRI 305-4  
Greenhouse gas (GHG) emissions intensity

Shopping Centres	Excluding tenants (tCO <sub>2</sub> e/m <sup>2</sup> )	Including tenants (tCO <sub>2</sub> e/m <sup>2</sup> )
Portugal	0.058	0.366
Germany	0.032	0.547
Italy	0.085	0.454
Romania	0.167	0.387
Spain	0.012	0.406
Total	0.054	0.390

Data Qualifying Note: This indicator covers all shopping centres owned by Sonae Sierra in operation during the full reporting year (except for Portimão Retail Center in Portugal) all corporate offices with a SHEMS (Lisbon and Maia). For data excluding tenants, the numerator includes Scope 1 emissions (excluding emissions from natural gas consumed by cogeneration but including emissions from hot/chilled water produced by cogeneration and consumed on-site), Scope 2 emissions according to the GHG protocol methodology, plus shopping centres and corporate offices' Scope 3 emissions regarding waste. Emissions from fleet fuels consumption are considered for the following corporate offices: Lisbon, Maia, Madrid, Düsseldorf, Bucharest and Milan. The denominator includes shopping centre mall and toilet areas plus corporate offices with a SHEMS (Lisbon and Maia) areas. 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 are considered but those areas are not. For data including tenants, the numerator includes the same emissions sources as well as emissions from electricity consumed by tenants. There is a mismatch between the numerator and the denominator since energy consumption in technical areas and electricity consumed by tenants is considered but tenants' areas are not.

Scope 3 emissions

We have identified 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 generated 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.

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

Category	Emissions source
<b>Category 1:</b> Purchased goods and services	Extraction, processing, manufacturing, transportation and packaging of materials purchased during construction
<b>Category 5:</b> Waste generated	Waste generated
<b>Category 6:</b> Business travel	Staying in hotels Air travel Rail travel
<b>Category 7:</b> Employee commuting	Employees' commuting
<b>Category 9:</b> Downstream transportation and distribution	Visitor trips to shopping centres
<b>Category 13:</b> Downstream leased assets	Tenants' electricity consumption

GRI 305-3

Other indirect greenhouse gas (GHG) emissions (Scope 3)

In 2019, total recorded Scope 3 emissions were 564,207 tCO<sub>2</sub>e.

	tCO <sub>2</sub> e
Tenants' Electricity	105,583
Air Travel	1,107
Rail Travel	3
Hotel Accommodations	79
Commuting	618
Visitors' Trips	433,729
Waste	899
Materials	22,189
<b>Total</b>	<b>564,207</b>

Data Qualifying Note: This indicator includes indirect emissions from all shopping centres owned by Sonae Sierra and in operation during the full reporting year (except for Portimão Retail Center in Portugal) and all corporate offices with a SHEMS (Lisbon and Maia). It also includes other indirect emissions deemed relevant and material to the indicator (business travel, commuting, hotel stays) which are not necessarily allocated to shopping centres or other specific locations within the boundary of the carbon footprint. This indicator includes emissions from:

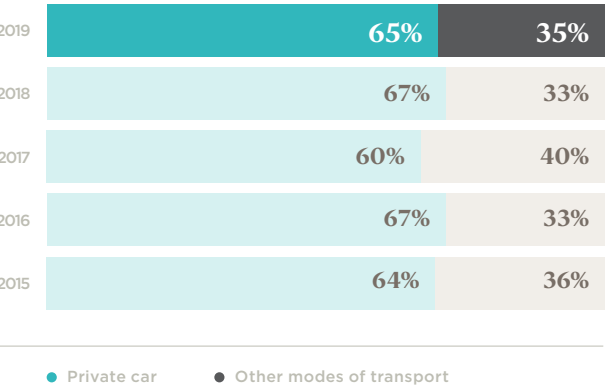
- Tenants' electricity consumption: With the exception of Parklake where the electricity consumed by tenants is fully purchased by Sonae Sierra, most tenants purchase their own electricity. The average tenant-type energy intensity per square meter is known from a recent energy performance study. To calculate GHG emissions from electricity consumed by tenants, an estimation was made based on this energy intensity, tailored to each shopping centres' specific yearly occupation (occupied GLA by type of tenant), and also the amount of electricity (kWh) purchased by Sonae Sierra on behalf of its tenants. The energy that was purchased on their behalf by Sonae Sierra is not double counted.
- Business travel (flights): GHG emissions are calculated using the atmosfair.de carbon from flights calculator. This calculator uses a set of emission factors which are sensitive to the distance travelled, the type of seat (economy, business, first class), the number of stop-overs, and it includes radiative forcing to account for the emissions in high altitude. Emissions from flights are assigned to the country that is home to the sub company that purchased the tickets.
- Business travel (trains): GHG emissions are calculated by multiplying the distances travelled by train by country-specific emission factors. Emissions from train travel are

assigned to the country that is home to the sub company that purchased the tickets.

- Hotel stays: GHG emissions are calculated by multiplying the number of room nights in hotels by Sonae Sierra's employees by a representative emission factor of the industry. Emissions are assigned to the country that is home to the sub company that requested the reservation.
- Employee commuting: Based on the "Employee Commuting Survey" made in 2019, a survey to understand employee's daily commuting patterns. The survey allows for the estimation of the yearly distance travelled by our employees per transport mode. To calculate GHG emissions, these transport mode distances are multiplied by their respective (country-specific) emission factors.
- Visitor trips: Sonae Sierra regularly conducts mall tracking surveys to understand how visitors travel to Sonae Sierra shopping centres. The surveys allow for the estimation of the distance travelled (by transport mode) of an average mall visitor. To calculate GHG emissions, these transport mode distances are multiplied by their respective (country-specific) emission factors. The result is an average carbon emission factor per visitor per shopping centre. Finally, this specific emission factor is multiplied by the total number of yearly visits.
- Waste: GHG emissions are calculated by multiplying the different amounts of waste (in tonnes) by the emission factors that are specific to the destination that is given to each type.
- Materials: GHG emissions are calculated by multiplying the different amounts of materials used for construction (in tonnes) by their specific emission factors. Emission factors are sensitive to the materials being new or recycled in origin.



PERCENTAGE OF VISITS MADE BY PRIVATE CAR AND OTHER MODES OF TRANSPORT, TO AND FROM OUR SHOPPING CENTRES (%)



Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period. Values reported consider only shopping centres which performed Mall Tracking studies (which allow us to identify the number of visits made by private car) in 2019.

The most significant contribution to our carbon footprint is typically from visitor travel to our shopping centres. This accounts for most of our total carbon footprint. Most visits to our shopping centres are made by private car, and we can seek to influence this by improving access to public transport.

Policy and practices on reducing fugitive emissions

During the construction phase, besides the energy efficiency measures described on page 68, we put in place several steps to reduce other 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.

Climate change risks and exposure

The impacts of climate change in the form of extreme weather events – flooding, heat waves, weathering, subsidence 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.

Governance and risk management

We review the relative materiality climate change and 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.

Strategy and risk management

We first commissioned a study to investigate the financial risks associated with climate change on a sample of our Portuguese assets in 2009, focusing on three components: energy (mainly electricity), water and insurance costs. In Portugal, AlgarveShopping and NorteShopping were selected for a more detailed asset-level study. Later, in 2013 we commissioned a high-level review building on the previous study to explore the business case for climate change adaptation.

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

- Maintaining a register of relevant climate change adaptation policies in all countries of operation.
- Updating our due diligence procedures 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.

Metrics and targets

We have set a long-term target to implement a climate change adaptation strategy by 2025. For example, we have updated our due diligence procedures and Safety, Health and Environment Development Standards (SHEDS) to ensure risks related to weather related events are evaluated; and we address specific climate change adaptation priorities for each business activity 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.

Furthermore, in addition to monitoring our Scope 1, 2 and 3 greenhouse gas emissions, we have set a target that commits us to achieving an intensity of 16.8 kg CO<sub>2</sub>e/m<sup>2</sup> GLA by 2025 (GHG Protocol Scopes 1 and 2).

Water

Sonae Sierra assets rely on some 708 thousand m<sup>3</sup> of water per year (excluding tenant activities).

The majority (67%) is drawn from municipal supplies, and in a water-constrained world, we need to ensure a sustainable operation and guarantee an adequate supply for all our assets, particularly those in areas that are vulnerable to shortages. Currently, 5.9% of all water consumption (excluding tenants) is reused water from our activities.

Within the scope of our SHEMS (see page 62) we monitor and manage the water consumption of our owned portfolio. We are committed to reducing water consumption by increasing the efficiency of our activities and using innovation and technology to rethink how water is used and managed. By improving water efficiency and integrating systems for rainwater harvesting and water reuse, we can reduce our exposure to water scarcity risks and minimise our water footprint, which prepares us for potential future legislation and avoids costs.

In 2019 we achieved a water efficiency performance of 2.8 litres/visit (excluding tenants). Our long-term target is to achieve a water efficiency performance of 2.5 litres/visit by 2025.

We currently have groundwater harvesting systems in 15 owned assets, rainwater harvesting systems in 7 owned assets,

and greywater harvesting systems in 8 owned assets. The systems implemented enabled us to avoid the withdrawal of more than 41,800 m<sup>3</sup> of water from municipal supplies in 2019, which represents 4% of our total water withdrawal (including water purchased on behalf of tenants).

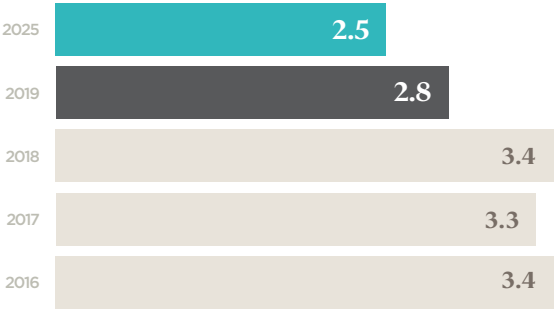
Water use management through all relevant stages of the lifecycle

We aim to ensure a secure water supply at our owned shopping centres, with a 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 where we are developing new centres that are at risk of water stress or scarcity.

When these projects go forward, our Safety, Health and Environment Development Standards (SHEDS) (see page 62) define that specific equipment (like water chillers) must be avoided 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.

Since 2013 we have also developed Dive®, which allows for enhanced water management by identifying the least efficient systems and operational routines for individual assets. It then estimates the expected environmental and financial benefits of changing water systems and operational routines to be more efficient and identifies quick wins, medium-term and longer-term investments to improve water management further.

WATER EFFICIENCY (EXCLUDING TENANTS) OF THE OWNED PORTFOLIO (LITRES/VISIT)



PERFORMANCE BY COUNTRY

	'18 litres/visit	'19 litres/visit	Var. (%)
Global	3.4	2.8	● -17%
Germany	3.4	3.5	● 3%
Greece	-	3.8	-
Italy	4.3	3.9	● -8%
Portugal	2.7	2.7	● -3%
Romania	4.6	5.1	● 11%
Spain	2.1	2.0	● -2%
Brazil	5.0	out of scope	-

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal where consumption data is not available, and Albufeira Retail Park (also in Portugal) where the number of visits has not been recorded. This indicator is calculated as the total water consumption (excluding tenants), divided by the number of visits in the reporting year. Water efficiency at ParkLake in Romania is calculated based on consumption from municipal supplies only as rainwater collection is not measured.

## Policy and practices on drainage and discharge of water

We incorporate solutions that reduce pollution to local water sources. Our owned assets 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 to control the contamination levels of our water discharges to municipal sewers, streams, etc.

### GRI 303-1

#### Total water withdrawal by source

Water source	Excluding tenants (m <sup>3</sup> )	Including water reallocated to tenants (m <sup>3</sup> )
Ground water	185,570	-
Rainwater collected directly and stored by the reporting organization	15,215	
Municipal water supplies	472,890	456,245
Mixture of water sources	7,292	-
Greywater	26,617	
<b>Total water withdrawal</b>	<b>707,583</b>	<b>456,245</b>
		<b>1,163,828</b>

### GRI 303-3

#### Percentage and total volume of water recycled and reused

Water type	Percentage and total volume of water recycled and reused (including water reallocated to tenants)	
	m <sup>3</sup>	Percentage
Recycled or Reused	41,831	4%
Not recycled or reused	1,121,997	96%
<b>Total</b>	<b>1,163,828</b>	<b>100%</b>

## Water reduction achievements

In addition to monitoring the water efficiency (excluding tenants) of our owned portfolio, we also monitor total water

withdrawal by source, the percentage and total volume of water reused or recycled, and the building water intensity of our owned portfolio.

Country	Total water withdrawal by country (including water reallocated to tenants) (m <sup>3</sup> )
Portugal	702,116
Greece	17,350
Germany	74,482
Italy	81,155
Romania	93,465
Spain	195,260
<b>Total water withdrawal</b>	<b>1,163,828</b>

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year (except for Portimão Retail Center in Portugal). In ParkLake in Romania rainwater consumption was not accounted for due to the fact that no meters are installed. For the same reason, in Área Sur in Spain the consumption of municipal water purchased on behalf of tenants was not accounted for. In Fashion City Outlet, in Greece, water from mixture of water sources and rainwater consumption was not accounted due to the fact that when the tank reaches its maximum capacity to discharge water, it is not used for consumption and therefore the amount withdrawn isn't known.

Water type	Percentage and total volume of water recycled and reused (excluding water reallocated to tenants)	
	m <sup>3</sup>	Percentage
Recycled or Reused	41,831	6%
Not recycled or reused	665,752	94%
<b>Total</b>	<b>707,583</b>	<b>100%</b>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period except for Portimão Retail Center in Portugal.

The amount of water recycled/reused is higher than the reported because some assets are unable to measure part of the water recycled/reused, others are unable to monitor these consumptions separately. Fashion City Outlet (Greece) and ParkLake (Romania), are unable to measure the rainwater consumption. ViaCatarina Shopping in Portugal, is unable to measure rainwater and greywater consumption.

Percentage and total volume of water recycled and reused (including water reallocated to tenants) is determined by the following formula: Water reused/recycled (m<sup>3</sup>)/Total water withdrawal (m<sup>3</sup>)\*100.

Percentage and total volume of water recycled and reused (excluding water reallocated to tenants) is determined by the following formula: Water reused/recycled (m<sup>3</sup>)/Total water withdrawal (excluding tenants) (m<sup>3</sup>)\*100.



**CRE2**

## Building water intensity

Country	litres/visit	Country	m <sup>3</sup> /m <sup>2</sup> mall and toilet area
Portugal	4.2	Portugal	3.7
Germany	5.0	Germany	5.2
Greece	6.8	Greece	1.4
Italy	6.3	Italy	4.2
Romania	8.8	Romania	4.9
Spain	4.5	Spain	2.8
<b>Global Intensity</b>	<b>4.7</b>	<b>Global Intensity</b>	<b>3.7</b>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year (except for Portimão Retail Center in Portugal, and Area Sur in Spain). Albufeira Retail Park (also in Portugal) is excluded only from the indicator in litres/visit since there is no footfall system in place. In ParkLake in Romania, rainwater consumption was not accounted for due to the fact that there are no metres installed. The formula used to calculate the indicator for litres/visit is: Building Water Intensity = (Total water consumption (excluding tenants) (m<sup>3</sup>) + Total water purchased on behalf of tenants (m<sup>3</sup>))\*1000/ Number of visits in the reporting year. The formula used to calculate the indicator for m<sup>3</sup>/m<sup>2</sup> mall and toilet area is: Building Water Intensity = (Total water consumption (excluding tenants) (m<sup>3</sup>) + Total water purchased on behalf of tenants (m<sup>3</sup>))/ Floor area of the mall and public toilets (m<sup>2</sup>).

**Effluents & waste**

Efforts to promote effective waste prevention, management and disposal have taken on increased significance in recent years given the growing social awareness and legislative agenda to tackle waste at both a regional and national level.

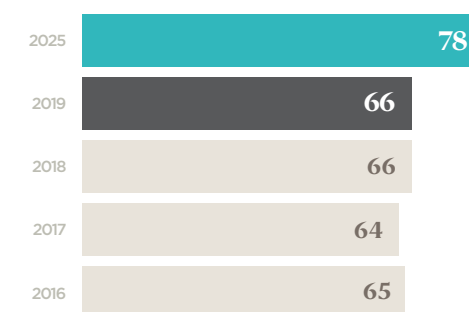
Within the scope of our SHEMS (see page 62) we monitor and manage the waste production of our owned shopping centres and corporate offices. We are committed to reducing the quantity of waste generated by our activities and to achieving high levels of waste recycling.

In 2019, total waste recycled as a proportion of waste produced across our owned portfolio remained flat. Our long-term target is to ensure that at least 78% of the total waste produced across

our shopping centre is recycled, and the proportion of waste sent to landfill does not exceed 5%.

Although we act among all types of waste, given the role that plastic plays in today's society - and understanding the enormous environmental challenge it represents - we are setting specific actions to tackle this problem. We worked together with different Sonae companies defining a roadmap with several targets for the years to come. In 2019 around 7% (2,055 tonnes) of the waste produced among our owned shopping centres, was plastic waste, mainly plastic packaging. With the implementation of the actions defined we will strive, among other things, to reduce the amount of plastic produced and improve its segregation, decreasing the amount sent to landfill or incineration.

## TOTAL WASTE RECYCLED AS A PROPORTION OF WASTE PRODUCED ACROSS OUR OWNED PORTFOLIO (% BY WEIGHT)



## PERFORMANCE BY COUNTRY

	'18 (%)	'19 (%)	VAR. (%)
Global	66	66	0%
Germany	66	70	● 5%
Greece	-	14	-
Italy	70	75	● 8%
Portugal	68	69	● 1%
Romania	31	38	● 24%
Spain	59	63	● 7%
Brazil	-69	out of scope	-

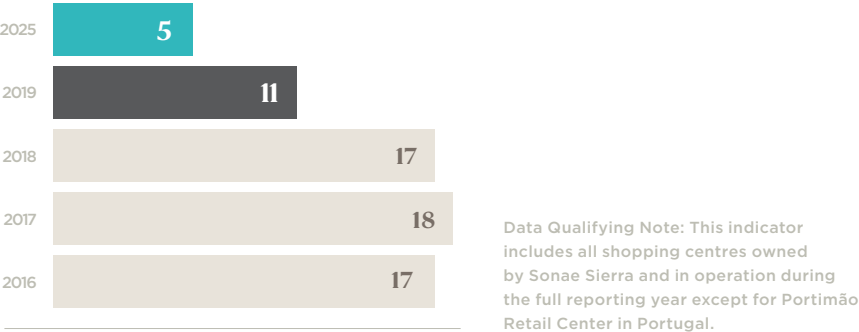
Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year except for Portimão Retail Center in Portugal. Waste recycled includes waste sent for recycling, anaerobic digestion and composting.

**Construction recycling indicator****(% of waste sent to recycling or recovery)**

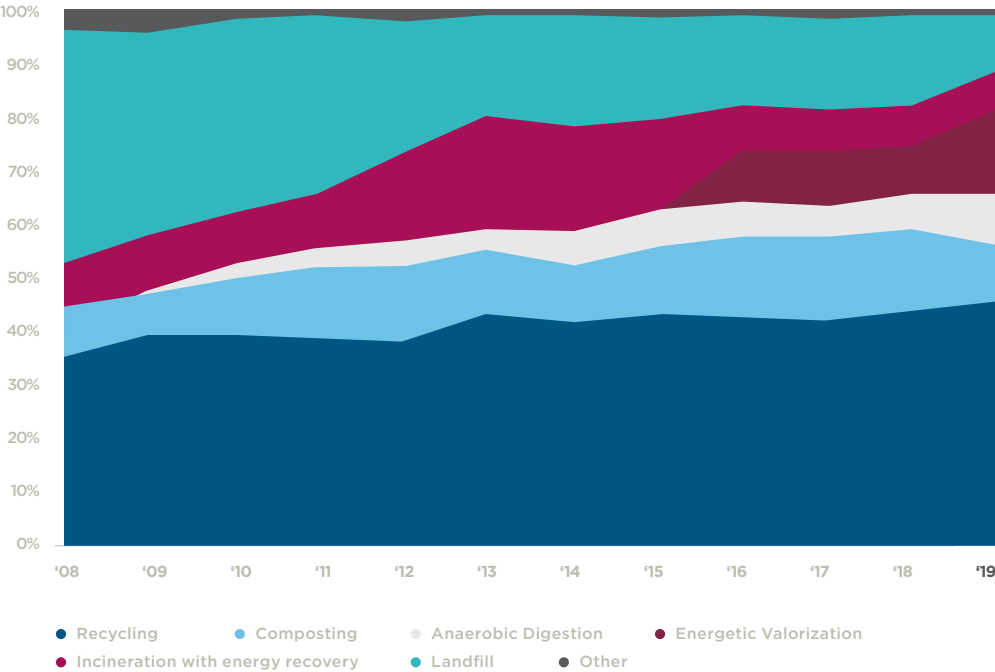
Jardín Plaza Cúcuta	96%
---------------------	-----

Data Qualifying note: This indicator includes all major development projects completed in the reporting period for which sustainability services were provided. This indicator was not externally verified due to the lack of evidence to support the value.

PROPORTION OF WASTE THAT IS SENT TO LANDFILL  
ACROSS OUR OWNED PORTFOLIO (% BY WEIGHT)



WASTE DISPOSAL METHOD (PER M² GLA) AS A % OF TOTAL (OWNED PORTFOLIO)



Policy and practices that promote waste avoidance as the first step in the waste hierarchy

Our SHEDS (see page 62) 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.

During construction, our SHEMS ensures that the reduction of materials and waste is prioritised. Where possible, we specify end of life recycling for building components. 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. Most waste handled by Sonae Sierra is largely generated by tenants' activities. Our site managers at each shopping centre 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.

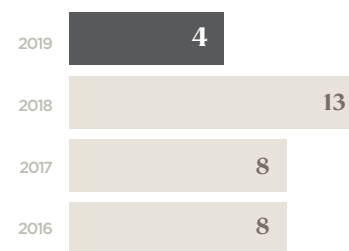
Waste reduction achievements

As well as our owned portfolio, we monitor the proportion of total waste recycled and sent to landfill at our corporate offices which represents less than 0.002% of our total waste footprint. In 2019 the total waste recycled as a proportion of waste produced across our corporate offices with a SHEMS was 96%, and the proportion of waste that is sent to landfill was 4%.

## TOTAL WASTE RECYCLED AS A PROPORTION OF WASTE PRODUCED IN OUR CORPORATE OFFICES (% BY WEIGHT)



## PROPORTION OF WASTE THAT IS SENT TO LANDFILL IN OUR CORPORATE OFFICES (% BY WEIGHT)



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

## GRI 306-2

## Total weight of waste by type and disposal method (owned portfolio and corporate offices)

Disposal method	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)	Total (tonnes)	Percentage
Anaerobic Digestion	9	3,035	3,044	10%
Composting	-	3,320	3,320	11%
Incineration with energy recovery	0.3	2,251	2,252	7%
Incineration without energy recovery	0.01	-	0.01	0%
Landfill	-	3,256	3,256	11%
Recycling	24	13,671	13,695	45%
Reuse off-site	-	-	-	0%
Treatment/Elimination	18	14	33	0%
Energetic valorisation	0.1	4,633	4,633	15%
Wastewater Treatment plant	-	51	51	0%
<b>Total</b>	<b>51</b>	<b>30,232</b>	<b>30,284</b>	<b>100%</b>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year (except for Portimão Retail Center, in Portugal) and all corporate offices with a SHEMS (Lisbon and Maia). The disposal method of the waste produced is provided by the waste disposal contractors.



GRI 301-1  
Materials used by weight or volume

Material	Volume		Weight	
	m <sup>3</sup>	Percentage	Tonnes	Percentage
Concrete	14,278	72%	34,267	87%
Brickwork	1,227	6%	613	2%
Steel	489	2%	3,840	10%
Glass	12	0%	30	0%
Insulation	3,734	19%	523	1%

Data Qualifying Note: This indicator includes all major development projects completed in the reporting period for which sustainability services were provided. The reported materials are considered to be the most important ones in terms of weight and volume. These materials are non-renewable materials.

GRI 301-2

Percentage of materials used that are recycled and reused input materials

	Percentage
Jardín Plaza Cúcuta	Not available

Data Qualifying Note: The values are not available for Cúcuta project. We consider the carbon emissions from material use based on generic emission factors for virgin materials (from DEFRA UK 2019).

Materials

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.

As it is difficult to control the selection of raw materials used in shopping centre development projects this compromises our ability to gauge a clear understanding of the scale of our impacts in terms of raw material consumption, and as a result, we have not set specific objectives to reduce or optimise raw materials extracted for this use.

Nonetheless, we have set in place policies and practices for selecting materials and engaging suppliers at projects under our full SHEMS, including specifications for certifications, and we are working to increase the procurement of raw materials with recycled content.

Our Responsible Procurement Policy commits us to, among other things, privileging the use of materials which are locally-sourced, have recycled content, low-toxic content, a long life, can be recycled or reused, and/or are sourced from companies which adhere to ethical and/or environmental standards.

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, as well as 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.

We have developed a methodology 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 is to help us identify which materials we might prioritise when seeking more sustainable alternatives.

Changing habits have led to modern consumers demanding more from their physical shopping experiences.

## Future fit retail

**F**uture Fit Retail focuses on anticipating emerging retail trends, pioneering new concepts; Sustainability-Orientated Innovation (SOI) and other relevant themes that have been championed by our Marketing Department and Innovation Office. We aim to create shared value by supporting our shopping centres, tenants and clients in adapting to future retail trends that respond to changing consumer expectations, and exploring the interface between sustainability and innovation to boost footfall and sales.

### How we create value:

- Develop Sustainability-Orientated Innovation (SOI), conduct research and provide thought leadership into how sustainability can differentiate retail destinations and increase footfall and sales.
- Engage with our partners and clients to adopt innovative and sustainable retail

strategies, create vibrant destinations and dynamic experiences that are fit for the future and differentiated from the competition.

- Identify opportunities for our partners and clients to integrate community activities into their retail destinations, making places where people meet, shop, play, participate and stay.

### Customer attraction

Maintaining footfall is essential for Sonae Sierra in order to sustain tenant sales and high occupancy rates. Yet changing habits have led to modern consumers demanding more from their physical shopping experiences. Our mission is to provide ultimate experiences to customers while visiting our Shopping Centres and create outstanding value to all stakeholders by supporting our shopping centres, tenants and clients in adapting to future retail trends that respond to changing consumer expectations.

### Material issues covered in this section:

Customer attraction

Technological advances in retail

Place-making

Local economic impacts

Community engagement

In Sonae Sierra we are evolving our shopping centres into omnichannel workplaces. In order to ensure that our assets offer the most cutting-edge experiences for consumers, We are focussing on three major areas:

- An innovative and resilient tenant mix, supported by a set of programs to provide ongoing novelty in the offer to our visitors, such as reviewing our mix strategy, new tenant scouting process, pop-up stores, coop stores and retail lab concepts;
- A reinforced set of services and consumer touchpoints with luggage rooms, hands free shopping, playgrounds, public transportation information, car sharing, car rental and available scooters;
- Embracing omnichannel and digital experiences with tech-driven loyalty programs, click & collect services, delivery Hubs, E-comm Lockers,

digital shopping assistants, digital maps and information desks.

All of this is supported by our deep knowledge on the consumer – leveraging on an award-winning big data platform and a series of initiatives that we are currently carrying, such as affiliate marketing programs, tourists' analytics and content personalization – and our culture fostering innovation with internal initiatives, as well as public open innovation events. We have recently conducted a comprehensive research on the topic of ageing consumers, understanding this trend's impact on the overall consumption, what this segment already represents in terms of footprint for Sonae Sierra, and how we can leverage to better serve this segment, maximizing its value.

Technological advances in retail

Our goal is 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 initiatives designed to boost tenant sales and visitor numbers. Sonae Sierra's Innovation Office leads our efforts to identify, anticipate and respond to changing consumer expectations by stimulating new ideas across the company. We have identified ten guidelines that define our vision for the shopping centre of the future and which can be implemented according to the existing service offer in each of our shopping centres. By anticipating these trends, and ensuring we have the infrastructure and services in place to capitalise on them, we will be able to differentiate our products and in doing so we continue to fulfil our corporate vision. In recent years these have included initiatives such as 'Mall Premium' that reflects the rise in demand for luxury experiences and brands, and 'Food Market' that provides a new gastronomic offer by mixing non-food products, take-away food and a dining with a focus on the chef.

Place-making

We design attractive spaces that serve the needs of the local population. Creating a new destination that can position itself as an integral part of the community can be a challenge, but it is also essential to ensuring the long-term sustainability of the project.

During the commercial licensing phase of new projects, we are obliged to comply with the planning obligations defined in each country and by each local authority. The development of transport infrastructure (e.g. roads, bicycle paths etc.) around new shopping centre sites

is another example of infrastructure developed for community benefit, in some instances to meet with the mandatory requirements of local authorities and in others to meet with our own SHEDS (e.g. regarding the promotion of sustainable travel).

Our architectural teams apply thoughtful planning, research and analysis to the design of our development projects, drawing inspiration from local cultures to conceive and implement inspiring architectural projects in retail and mixed-use destinations.



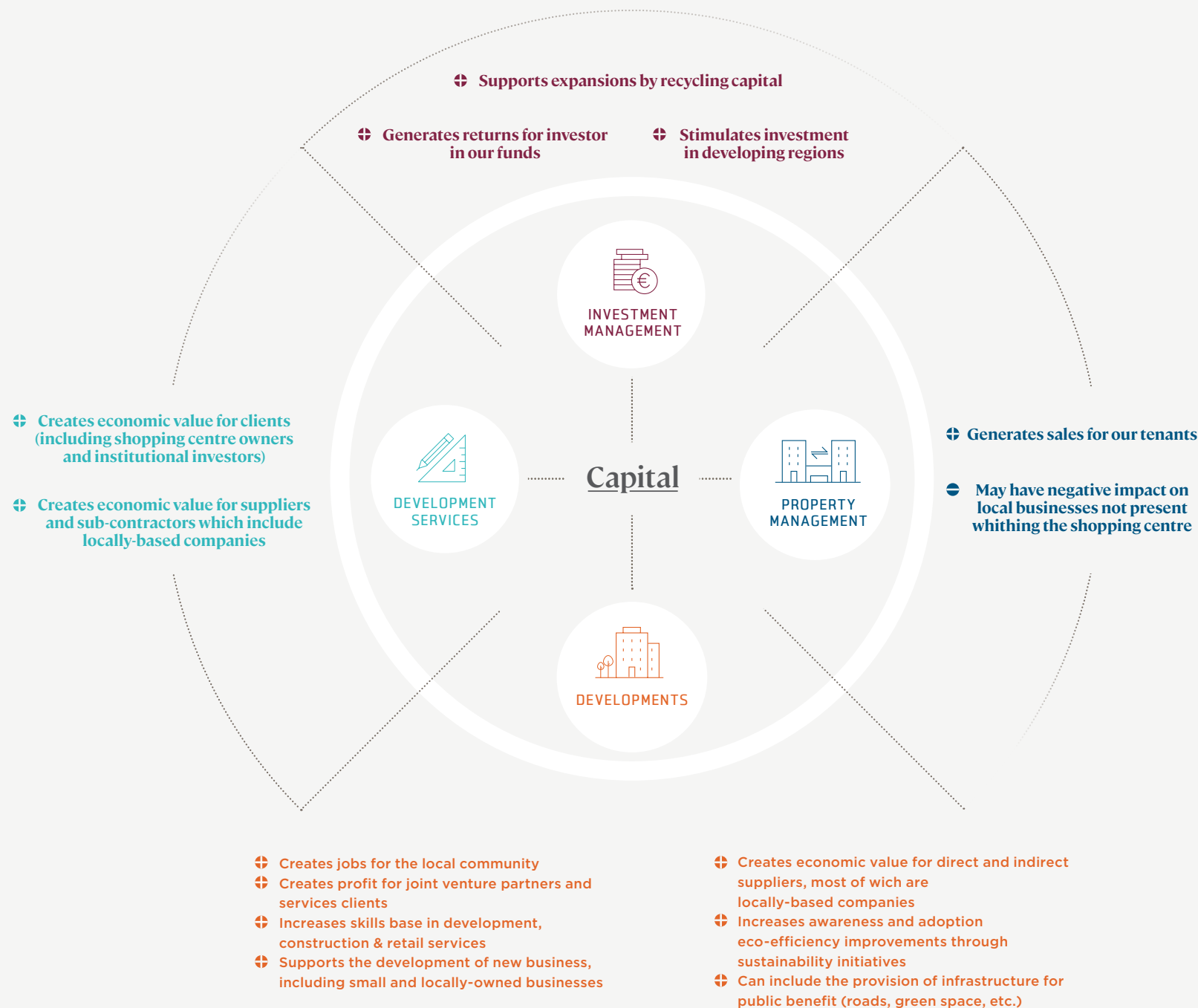
In operational shopping centres, place-making means reflecting local cultures on an ongoing basis by integrating public art, exhibitions, cultural activities and local celebrations. Our Public Art Policy for example, promotes the use of public art in our shopping centres; the aim being to strengthen 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. 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.

Local economic impacts

GRI 203-2

We 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. As well as benefitting the community, this strategy can also help us enhance our reputation and increase visitor numbers. The following diagram illustrates the most significant indirect economic impacts we have identified as being generated through each core business activity.





While we have not undertaken specific studies to evaluate the significance of these impacts in the context of external benchmarks and stakeholder priorities, we are able to quantify some of the indirect economic impacts generated by our Company in 2019. Namely:

- €4,259 million tenant sales at our shopping centres under management.
- 32% of shop units in our European shopping centres under management, are occupied by local businesses.
- €598 million spent on suppliers, of which 89% are national businesses.

Another positive economic impact we seek to promote is enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done. Specifically, we have developed projects with reference to Future Fit Retail which are designed to create economic benefits for local people and businesses in the locations where we operate shopping centres. This includes the ‘Rising Store’ competition, a retail contest that fosters entrepreneurship and unlocks opportunities for small-scale and local business by providing strategic advice and discounted space at our shopping centres, helping entrepreneurs to set up their own business and bringing their innovative ideas to our shopping centres.

For examples of initiatives conducted with stakeholders, please see page 49.

Community engagement

Attending to the needs and views of the local community is particularly important for real estate developers and operators. Our policy towards the community is based on values and principles such as environmental

awareness; community involvement; openness to society, confidence and ethics.

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 responsible for the project.

Our target among European shopping centres is to dedicate at least two percent of each of our shopping centres’ marketing budget to local community investment.

All Sonae Sierra employees are entitled to take one day leave as a volunteering day, and most use this opportunity to participate in the annual Sonae Sierra Community Day. Shopping centres also organise a variety of events as part of their commitment with the community.

Operations with local community impact assessments and development programs

GRI 413-1

Newly opened shopping centres and those that are undergoing significant expansion and refurbishment works are required to operate Community Advisory Panels (CAPs). Participants typically include a range of stakeholders drawn from across the local community, ensuring that local communities are involved in the development and operation of our shopping centres in a way that creates long term relationships.

We also engage with visitors and communities through regular stakeholder engagement activities, including our

Mall and Geo Tracking surveys, and additional research such as the stakeholder consultation, to gain insights on the profile of visitors and their habits in order to suit our offer to the best possible experience.

Finally, we conduct Environmental Impact Studies or Preliminary Environmental Evaluations on all new development projects and on major expansions where we our partners agree.

Employee volunteering & charitable contributions

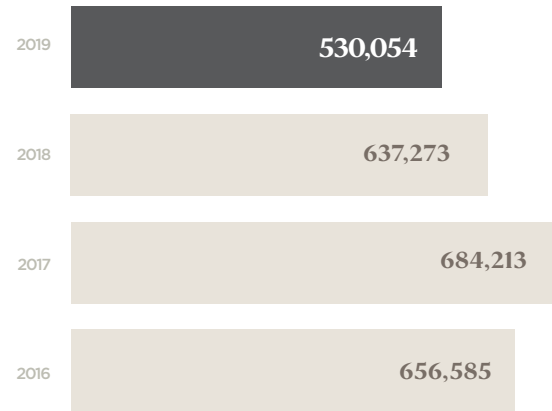
Our corporate offices and shopping centres supported 177 charitable organisations in 2019, and the total global donations and other community contributions equalled €530,054 of which €1,757 were

contributions from shopping centres’ visitors.

This included:

- €37,092 in corporate donations to charitable causes and sponsorships.
- €15,077 in shopping centre-level community investment in cash.
- €36,195 in shopping centre-level sponsorships.
- €426,189 in investments to charitable causes and specific activities, events and campaigns with sustainability themes made through our shopping centres’ marketing budgets.
- €15,500 in corporate sponsorships.

DONATIONS AND OTHER COMMUNITY CONTRIBUTIONS (€)



Data Qualifying Note: This indicator includes all Sonae Sierra activities excluding assets from ORES Socimi fund.

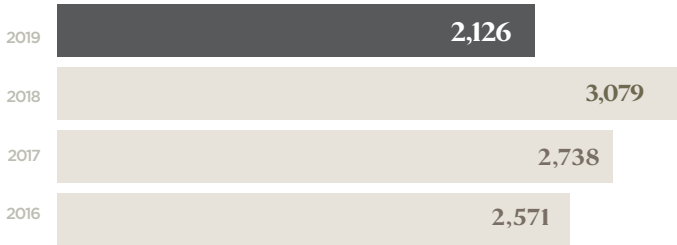
One example that leverage our ability to reach millions of visitors include Sonae Sierra's partnerships with the Quién Sabe Dónde Global Foundation and the National Association to Prevent School Bullying (AEPAE) in Spain. Our #LosInvisibles campaign with the Quién Sabe Dónde Global Foundation aims to raise awareness around the problem of missing elderly people suffering from dementia. It was launched across our shopping centres in Spain and was supported by a social media campaign. Sonae Sierra and AEPAE have worked together since 2017 to promote #Atrapados (Trapped) a viral social media campaign that aims to raise awareness of school bullying.

Sonae Sierra has launched the “Mi vida es tuya” campaign in collaboration with Fundación Aprender a Mirar. Its aim is to raise awareness, especially among teenagers, about the consequences of the misuse of new technologies and to promote responsible use

We also organise an annual Community Day across all our corporate offices and owned shopping centres to boost volunteering and encourage employees to get involved. The event incentivises employees to spend one work day volunteering on a project that will improve the wellbeing of their local community. In 2019, 317 employees volunteered more than 2,126 hours to support charitable organizations. The value of the time donated is equivalent to €78,318.



NUMBER OF HOURS SPENT BY EMPLOYEES IN CHARITY ORGANISATIONS  
(NUMBER OF HOURS)



Data Qualifying Note: This indicator includes all Sonae Sierra direct employees and trainees that volunteered during the reporting period. The number of hours made available by Sonae Sierra for employee volunteering activities during work time is eight hours.

Resettlement and displacement of local communities, and how responsibilities relating to resettlement are shared with other organisations

CRE7

Apart from the first phase of GaiaShopping in Portugal, 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 to resettle the people who used to live in the area.



By embedding more sustainable lifestyles among our employees we aim to contribute to higher levels of employee resilience and productivity.

## Knowledge

Our focus on Knowledge aims to deliver value for our business and clients by building the human and intellectual capital required to support our transition to a retail real estate services provider, while ensuring high levels of staff productivity and attracting and retaining the best talent. Secondly, by embedding more sustainable lifestyles among our employees we aim to contribute to higher levels of employee resilience and productivity through improved health and wellbeing.

### How we create value:

- Continuously build the skills and knowledge of our people to maximise their potential so that we deliver superior services to our clients.
- Embed sustainable lifestyles among our people by increasing knowledge and health and wellbeing best practices.

### Employment

We consider our workforce to be the 894 employees that we directly employ, and the 23 people who are employed by other companies but are supervised by Sonae Sierra. We also employed 10 independent contractors (with a male/female ratio of 80%/20%) during the reporting period.

Most (98%) of our direct employees are employed on a full-time basis and 2% are employed on a permanent part time basis. They are located across 11 countries with 61% located in Portugal. Other significant locations include Spain and Poland (9.2% and 12.5% respectively).

### Material issues covered in this section:

- Employment
- Training & education
- Health and wellbeing

### GRI 401-1

Total number and rates of new employee hires and employee turnover by age group, gender and region

Turnover by age group	Number	Ratio (%)
Less than 35 years	181	20.2%
35-44 years	184	20.6%
45-54 years	61	6.8%
55-64 years	22	2.5%
More than 64 years	6	0.7%
Total number	454	

New hires by age group	Number	Ratio (%)
Less than 35 years	140	15.7%
35-44 years	100	11.2%
45-54 years	33	3.7%
55-64 years	13	1.5%
More than 64 years	5	0.6%
Total number	291	

Turnover by Gender	Number	Ratio (%)
Female	207	23.2%
Male	247	27.6%
<b>Total number</b>	<b>454</b>	

Turnover by Region	Number	Ratio (%)
Portugal	50	5.6%
Brazil	337	37.7%
Poland	3	0.3%
Germany	22	2.5%
Greece	2	0.2%
Italy	8	0.9%
Morocco	4	0.4%
Romania	7	0.8%
Spain	8	0.9%
The Netherlands	0	0.0%
Algeria	0	0.0%
Turkey	13	1.5%
<b>Total</b>	<b>454</b>	

Data Qualifying Note: This indicator includes all direct employees at the end of the reporting period.

New hires by Gender	Number	Ratio (%)
Female	141	15.8%
Male	150	16.8%
<b>Total number</b>	<b>291</b>	

New hires by Region	Number	Ratio (%)
Portugal	131	14.7%
Brazil	12	1.3%
Poland	115	12.9%
Germany	8	0.9%
Greece	2	0.2%
Italy	2	0.2%
Morocco	11	1.2%
Romania	5	0.6%
Spain	5	0.6%
The Netherlands	0	0.0%
Algeria	0	0.0%
Turkey	0	0.0%
<b>Total</b>	<b>291</b>	

**GRI 102-8****Information on employees and other workers**

Direct employees			
Country	Female	Male	Total
Portugal	274	273	547
Brazil	-	-	-
Poland	74	38	112
Colombia	-	2	2
Germany	30	27	57
Greece	6	3	9
Italy	24	19	43
Morocco	7	12	19
Romania	13	8	21
Spain	52	30	82
The Netherlands	-	1	1
Algeria	-	1	1
Turkey	-	-	-
<b>Total</b>	<b>480</b>	<b>414</b>	<b>894</b>

Direct employees			
Employment type	Female	Male	Total
Full Time	459	414	873
Permanent Part time	14	-	14
Temporary Part time	7	-	7
<b>Total</b>	<b>480</b>	<b>414</b>	<b>894</b>

Direct employees			
Employment contract	Female	Male	Total
Permanent	436	372	808
Fixed term	36	39	75
Temporary	8	3	11
<b>Total</b>	<b>480</b>	<b>414</b>	<b>894</b>

Supervised workers			
Country	Female	Male	Total
Portugal	4	6	10
Brazil	-	-	-
Poland	-	-	-
Colombia	-	-	-
Germany	-	1	1
Greece	-	1	1
Italy	-	1	1
Morocco	-	-	-
Romania	2	-	2
Spain	4	1	5
The Netherlands	2	1	3
Algeria	-	-	-
Turkey	-	-	-
<b>Total</b>	<b>12</b>	<b>11</b>	<b>23</b>

Data Qualifying Note: This indicator includes all Sonae Sierra direct and supervised workers at the end of the reporting period.

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 range of IT tools, including our 'Improving Our People' (IOP) performance management tool, which can be accessed by all employees through our HR portal. Our Executive Information System provides a single platform for the reporting and monitoring of HR indicators, including employee training and development; and an online e-Learning platform enables us to reach employees regardless of location. All employees receive annual performance and career development reviews, and tools such as IOP allow us to identify learning priorities for individual employees which can be discussed with business unit managers so their objectives are aligned.

**GRI 102-41****Collective bargaining agreements**

We do not have any kind of policy against freedom of association among any of our stakeholders. Although we do not have a collective bargaining agreement in place, our employees' rights in respect of this principle are upheld by our Code of Conduct. We also seek to ensure that our employees' views and interests are represented in corporate decision-making.

**Diversity and inclusion**

Although not identified as a material issue, the value of having a diverse workforce is

widely recognised and promoting gender diversity in particular remains a priority for our company and the industry as a whole.

In Sonae Sierra, while the ratio of male to female employees is roughly equal on a global level, women hold a minority of senior leadership and Board level positions. While we are committed to a meritocratic culture, we do not set specific quantitative objectives or targets relating to this aspect, but we are actively working on raising awareness to this topic.

As a company that is constantly scanning for new work trends, we have a number of policies in place which promote a more flexible workplace, namely:

- Part-Time Working Policy.
- Working From Home Policy.
- Flexible Work Schedule Policy.
- Exceptional Days Off 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.

In 2020, we will continue and expand our mentoring programme to promote and develop talent in Sonae Sierra and support employees from diverse backgrounds in progressing their careers. Feedback from the previous editions was overwhelmingly positive.

**GRI 405-1****Diversity information on employees and other workers****Number and percentage of employees by gender, per employee category**

	Female	Male	Total
Global Senior Executive	-	1	1
Senior Executive	1	5	6
Executive	2	12	14
Senior Manager	10	39	49
Manager	35	53	88
Team Leader	50	49	99
Project Team Specialist	63	73	136
Team Member	230	73	303
<b>Total</b>	<b>391</b>	<b>305</b>	<b>696</b>
Poland employees (without functional group)	74	38	112
Luis Malheiro Company employees (without functional group)	15	71	86
<b>Total (including employees without functional groups)</b>	<b>480</b>	<b>414</b>	<b>894</b>
<b>Female &amp; Male Ratio (%)</b>	<b>54%</b>	<b>46%</b>	<b>100%</b>
<b>Female &amp; Male Ratio (%) in governance bodies</b>	<b>14%</b>	<b>86%</b>	<b>100%</b>





**Number of employees with disabilities,  
per employee category**

	Female	Male	Total
Global Senior Executive	-	-	-
Senior Executive	-	-	-
Executive	-	-	-
Senior Manager	4	-	4
Manager	1	-	1
Team Leader	1	-	1
Project Team Specialist	3	1	4
Team Member	-	5	5
<b>Total</b>	<b>9</b>	<b>6</b>	<b>15</b>

	<35		35-44		45-54		55-64		>64		
<b>Number and percentage of employees by age group, per employee category</b>	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Global Senior Executive	-	-	-	-	-	-	-	1	-	-	
Senior Executive	-	-	-	1	-	-	1	3	-	1	
Executive	-	-	-	-	1	9	1	3	-	-	
Senior Manager	-	-	-	6	6	16	4	14	-	3	
Manager	-	1	14	18	18	25	3	9	-	-	
Team Leader	3	4	28	27	17	14	2	4	-	-	
Project Team Specialist	15	26	31	25	14	14	3	7	-	1	
Team Member	70	24	82	26	57	16	20	7	1	-	
<b>Total</b>	<b>88</b>	<b>55</b>	<b>155</b>	<b>103</b>	<b>113</b>	<b>94</b>	<b>34</b>	<b>48</b>	<b>1</b>	<b>5</b>	<b>696</b>
<b>Percentage (%)</b>	<b>13%</b>	<b>8%</b>	<b>22%</b>	<b>15%</b>	<b>16%</b>	<b>14%</b>	<b>5%</b>	<b>7%</b>	<b>0%</b>	<b>1%</b>	<b>100%</b>

Data Quality Note: This indicator includes all Sonae Sierra direct employees at the end of the reporting period. The disaggregation by employee category, excludes Poland and Luís Malheiro group employees

## Training and education

We aim to continuously build the skills and knowledge of our people to maximise their potential so that we deliver superior services to our clients. 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".

### GRI 404-1

#### Average hours of training per year per employee, by gender, and by employee category

Employee Category	Number of employees	Number of hours	Average number of hours of training
Global Senior Executive, Senior Executive, Executive	21	795	37.9
Senior Manager	49	1,759	35.9
Manager	88	2,985	33.9
Team Leader	99	3,354	33.9
Project Team Specialist	136	3,625	26.7
Team Member	303	8,180	27.0
No employee category (Poland and LM)	198	-	-
<b>Total</b>	<b>894</b>	<b>20,698</b>	<b>23.2</b>

Gender	Number of employees	Number of hours	Average number of hours of training
Female	480	11,157	23.2
Male	414	9,542	23.0
<b>Total</b>	<b>894</b>	<b>20,698</b>	<b>23.2</b>

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees at the end of the reporting period.

In 2019, we invested an average of €536 per employee in training and development, and each employee received, on average, 23.2 hours of training covering behavioural, language and technical skills. Learning is delivered through a variety of programmes including structured learning and short courses aimed at developing our employees' core skills and the needs of our business units.

In Europe, our internal learning programmes include 'We Share' which aggregates and shares the professional expertise of our employees in knowledge training sessions. In all geographies we operate an Onboarding programme which ensures that employees have the necessary skills and knowledge to perform their work. We have also continued to roll out BEST (Behaviour with Ethics Sierra Training) to increase knowledge of our Code of Conduct.

Type of training	Number of hours	Proportion of total training hours (%)
Behavioural	6,553	32%
Languages	2,722	13%
Technical	11,423	55%
<b>Total</b>	<b>20,698</b>	<b>100%</b>

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees at the end of the reporting period.

A significant initiative is the Improving our Work (IoW) programme, based on the Kaizen/Lean frameworks, which has been running across the Sonae Group and training employees in continuous improvement methodologies since 2013. During 2019 we continued to roll out IoW training tailored to the specific needs and challenges of individual teams. By the end of 2019, almost 318 Sonae Sierra employees covering Portugal, Spain, Italy, Germany had received collaborator training from Sonae's Improving our Work (IoW) Centre of Expertise.



*Our goal is that the Academy sets a reference standard.*

### The Sierra Academy

In 2017 we launched the Sierra Academy to support our business model and expansion into new markets. The Academy focuses on the training and development of existing employees and new hires in our internal procedures and all aspects of shopping centre management; which is particularly important as we enter markets where the local skills and experience we need are not readily available.

Our goal is that the Academy sets the reference standard for the shopping centre sector and delivers value to the business by promoting immersion in Sonae Sierra's values, increasing internal networking and fostering talent.

We also continue to collaborate with and participate in the Sonae Group Management & Leadership (M&L) Academy which was launched in 2013. The Academy integrates a variety of courses into a comprehensive curriculum that

supports our strategy and employees' career goals.

### Career development

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 such as the Sierra Academy and 'on-the-job' experience-based learning to ensure employees receive the most relevant training.

### Safety, health and environment training

Our SHE Policy commits us to promoting SHE training among our employees, tenants and service suppliers. Within the framework of our SHEMS, we operate a Competence, Training and Awareness Procedure, and 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. Each year, the Sustainability Office identifies specific SHE training and awareness needs with reference to the staff assessment process, with a focus on those employees whose role impacts on SHE issues, or who have responsibilities for SHE management. General training needs are also identified by the HR Department with support from business unit managers.

All new Sonae Sierra employees, including those with SHE responsibilities, receive SHE induction training through the Onboarding programme which is administered by the Human Resources Department. All site managers, site correspondents and other employees with SHE responsibilities must attend training on all SHE procedures within our SHEMS that apply to their roles. We collaborate

closely with our critical suppliers on specific issues relating to SHE through our SHEMS procedures.

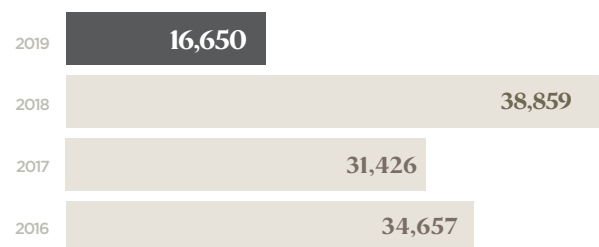
For service suppliers' workers and tenants, induction training is performed in every owned shopping centre and additional specific training is performed at shopping centres certified according to ISO 14001 and OHSAS 18001. A survey is performed following each training session allowing us to monitor the effectiveness of the training delivered.

In 2019 we delivered a total of 16,650 man hours of SHE training (including meetings) across these channels to staff, suppliers and tenants in our shopping centres, development projects and in our corporate offices. This also reflects training conducted during the development of Jardín Plaza Cúcuta in Colombia.

In 2019 we performed 1,883 hours of SHE Preventive Observations (SPO) across our certified shopping centres. SPO allow us to identify and correct behaviour which could potentially lead to incidents, and are therefore important to an incident prevention strategy.

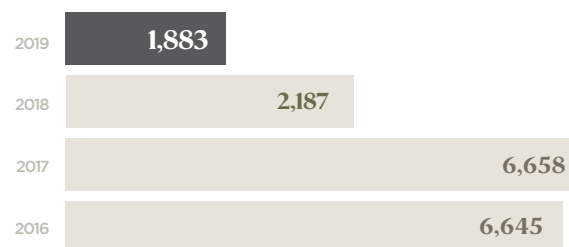
The number of SPO has been decreasing considerably due to a change in the company strategy, offices no longer have to perform SPOs, as well as non-certified shopping centres.

#### TOTAL NUMBER MAN HOURS OF SAFETY, HEALTH AND ENVIRONMENTAL TRAINING AND AWARENESS PROVIDED ACROSS ALL SONAE SIERRA SITES (NUMBER OF HOURS)



Data Qualifying Note: This indicator includes all shopping centres owned (except for Portimão Retail Center in Portugal) and all shopping centres managed but not owned by Sonae Sierra and in operation during the reporting period, all Sonae Sierra projects under development during the reporting period, and all corporate offices.

#### NUMBER OF HOURS OF SPO PERFORMED IN SHOPPING CENTRES AND CORPORATE OFFICES (NUMBER OF HOURS)



Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period (except for Portimão Retail Center in Portugal), all shopping centres managed but not owned by Sonae Sierra where a SPO target was identified, all corporate offices with a SHEMS (Lisbon and Maia), and all corporate offices with a S&HMS (Milan, Madrid, Düsseldorf and Bucharest).

#### PERFORMANCE BY COUNTRY

	'18 Number of hours	'19 Number of hours	Var. (%)
Global	2,187	1,883	● -14%
Germany	90	32	● -64%
Greece	-	-	-
Italy	-	135	-
Portugal	1,377	1,230	● -11%
Romania	42	99	● 136%
Spain	427	387	● -9%
Brazil	251	out of scope	-



---

***Psychosocial risks and work-related stress  
are among the most challenging  
occupational safety and health issues.***

---



### Employee health & wellbeing

Our focus on Knowledge seeks to embed more sustainable lifestyles, health and wellbeing among our employees to achieve higher levels of resilience and productivity. We have developed a variety of tools including regular SHE meetings, training events, campaigns and internal publications to support this goal. For example:

- Evolve is an online employee newsletter that brings together sustainability information, including safety and health content such as SHE Tips and case studies, in a single format.
- Safety & Health Day. This year, we've invited our colleagues to join us and, in

a gaming scenario, test the accuracy in identifying risks and improve the awareness to prevent risks in our daily activities.

#### **Policies and procedures for assisting employees with mental health issues**

According to the European Agency for Safety and Health at Work, psychosocial risks and work-related stress are among the most challenging occupational safety and health issues. Around half of European workers say that stress is common in their workplace, and it contributes to around half of all lost working days.

Within this context, we designed Project Be Well to improve employee wellbeing by tackling work related stress. It was developed following a wellbeing study performed in 2014 with the support of the University Institute of Lisbon to evaluate the mental health of our employees and identify key areas for improvement. The project identified a series of initiatives covering eight categories that have been implemented across our corporate offices in Europe based on their potential to have a positive impact on employee wellbeing. Be Healthy – An awareness raising initiative to promote healthier lifestyles among employees including activities such

as exercise, nutrition, mindfulness and resilience workshops.

As a consequence of our continued focus on promoting better health and wellbeing, initiatives such as Project Be Well have contributed to significant reductions in employee absenteeism since its launch in 2014. We have also conducted a comprehensive diagnose of health and well-being at work in 2018, covering: organisational, group, work and individual resources and demands and well-being levels.

# GRI content index

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>GRI 102: General Disclosures 2016</b>			
<b>102-1: Name of the organisation</b>	Sonae Sierra	-	-
<b>102-2: Activities, brands, products, and services</b>	Our business model, page 18 No products or services are banned in certain markets	-	-
<b>102-3: Location of headquarters</b>	Our headquarters are located in Maia, Portugal	-	-
<b>102-4: Location of operations</b>	'Our partnerships and key clients - Where we operate', page 14	-	-
<b>102-5: Ownership and legal form</b>	'Who we are', page 6	-	-
<b>102-6: Markets served</b>	'Who we are' and 'Our partnerships and key clients' 'Our Business Model', pages 6, 14 and 18	-	-
<b>102-7: Scale of the organisation</b>	'Our partnerships and key clients', 'Consolidated Accounts' and, 'Key highlights', pages 14, 33 and 7	-	-
<b>102-8: Information on employees and other workers</b>	'Employment', page 86	-	✓

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>GRI 102: General Disclosures 2016</b>			
<b>102-9: Supply chain</b>	<p>In 2019 we purchased goods and services with a value of approximately €598 million from our suppliers.</p> <p>Our most significant suppliers can be divided into two broad groups: service suppliers who provide maintenance, security, cleaning and waste management services in our owned 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 Sonae Sierra shopping centres and refurbishments and expansions of our existing centres.</p> <p>In most cases, development suppliers are contractors who in turn manage their own supply chain to source the goods and materials we use.</p> <p>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.</p> <p>For more information on our supply chain, including supplier procurement and evaluation procedures with regards to environmental and social practices, see page 48.</p> <p>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 2019 89% of our procurement spending was with national suppliers (aggregated across all countries).</p>	-	-
<b>102-10: Significant changes to the organisation and its supply chain</b>	'Key Highlights', page 7	-	-
<b>102-11: Precautionary Principle of approach</b>	<p>The precautionary principle is addressed through our approach to safety, health and environment (SHE) management which is explained in detail on page 62</p> <p>We also demonstrate a precautionary approach to climate change risks; see page 74 for further details.</p>	-	-
<b>102-12: External initiatives</b>	'Industry partnerships', page 50	-	-

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>GRI 102: General Disclosures 2016</b>			
<b>102-13: Membership of associations</b>	<p>ALSHOP – Associação Brasileira de Lojistas de Shopping (Brazilian Association of Shopping Tenants)</p> <p>AREI – Association of Real Estate Investors (Romanian Institute of Real Estate Investors)</p> <p>Asociación Española de Centros Comerciales – AECC (Spanish Council of Shopping Centres)</p> <p>Associação Portuguesa de Centros Comerciais – APCC (Portuguese Council of Shopping Centres)*</p> <p>Associação Portuguesa de Promotores e Investidores Imobiliários – APPII (Portuguese Property Investor and Developer Council)*</p> <p>Associação Brasileira de Shopping Centers – ABRASCE (Brazilian Council of Shopping Centres)*</p> <p>Assoimmobiliare (Italian Real Estate Industry Association)*</p> <p>Câmara Portuguesa de Comércio no Brasil (Portuguese Chamber of Retail – Brazil)*</p> <p>CCILC – Câmara de Comércio e Indústria Luso-Colombiana (Luso-Colombian Chamber of Commerce and Industry)</p> <p>Consiglio Nazionale dei Centri Commerciali Italia – CNCC (Italian Council of Shopping Centres)*</p> <p>European Association for Investors in Non-Listed Estate Vehicles – INREV**</p> <p>European Property Federation – EPF*</p> <p>German Council of Shopping Centres*</p> <p>Greek Council of Shopping Centres*</p> <p>GRI Brazil*</p> <p>International Organisation of Employees**</p> <p>International Council of Shopping Centres (ICSC)**</p> <p>Romanian Council of Shopping Centres*</p> <p>Urban Land Institute – ULI**</p> <p>* Denotes organisations where Sonae Sierra has significant influence either as president, a trustee or a member of the Board or Council.</p> <p>** Denotes organisations where Sonae Sierra is a member of a working group, taskforce or committee</p>	-	-
<b>102-14: Statement from senior decision-maker</b>	‘CEO letter’, page 12	-	-



GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>GRI 102: General Disclosures 2016</b>			
<b>102-16: Values, principles, standards, and norms of behaviour</b>	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. For more information, see page 42	-	-
<b>102-18: Governance structure</b>	'Governance', page 40, Sustainability governance, page 47 and 'Safety, Health and Environment Management System', page 62	-	-
<b>102-40: List of stakeholder groups</b>	'Stakeholder engagement', page 49	-	-
<b>102-41: Collective bargaining agreements</b>	Sonae Sierra does not have any collective bargaining agreements, so 0% of employees are covered.	-	-
<b>102-42: Identifying and selecting stakeholders</b>	'Stakeholder engagement', page 49	-	-
<b>102-43: Approach to stakeholder engagement</b>	'Stakeholder engagement', page 49	-	-
<b>102-44: Key topics and concerns raised</b>	'Stakeholder engagement', page 49	-	-
<b>102-45: Entities included in the consolidated financial statements</b>	Please see Note 3 in our Consolidated Report and Accounts 2019 for a full list of Group companies included in our financial statements.  This report provides an account of our performance across all Sonae Sierra businesses including Investment Management, Developments, Property Management, Development Services and Colombia. The safety, health and environment (SHE) information covers all our owned subsidiary holding companies, regardless of our ownership stake in these.	-	-
<b>102-46: Defining reporting content and topic Boundaries</b>	'Material issues', page 51	-	-
<b>102-47: List of material topics</b>	'Material issues', page 51	-	-
<b>102-48: Restatements of information</b>	Any re-statements of previously reported values are explained using Data Qualifying Notes beside each performance indicator.	-	-

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>GRI 102: General Disclosures 2016</b>			
<b>102-49: Changes in reporting</b>	<p>The most significant change in terms of scope in comparison with the previous reporting period is the exclusion of the Brazil portfolio, River Plaza Mall and Freccia Rossa due to the fact that they don't consolidate in the accounts.</p> <p>For sustainability indicators the assets sold during the year were accounted for, as long as the information for the whole year of 2019 was available with less than 3 months estimated.</p> <p>All new acquisitions are included in our key performance indicators where applicable. Arribat Center in Morocco, only opened in the end of the year and therefore it was not included in the applicable indicators (due to the lack of evidences to support the audit).</p> <p>Poland was in general excluded from the verified indicators, it was only included in the Human Resources indicators related to employees and excluded from the rest (e.g. training). The same for Luís Malheiro Group employees. Other shopping centres that we secured property management contracts for in 2019 are only included in the applicable indicators (e.g. GLA, sales etc).</p>	-	-
<b>102-50: Reporting period</b>	The information in this report relates to the calendar year ending on 31 December 2019	-	-
<b>102-51: Date of the most recent report</b>	This report succeeds our 2018 Economic, Environmental and Social Report, both published in April 2019.	-	-
<b>102-52: Reporting cycle</b>	We report on a calendar year cycle.	-	-
<b>102-53: Contact point for questions regarding the report</b>	<p>For questions relating to the sustainability statements and GRI-related content, please contact Filipa Oliveira, Sustainability Communication Services Manager Email: sustainability@sonaesierra.com</p> <p>For questions relating to the rest of the report, please contact strategy@sonaesierra.com</p>	-	-
<b>102-54: Claims of reporting in accordance with the GRI Standards</b>	This report has been prepared in accordance with the GRI Standards: Core option	-	-
<b>102-55: GRI content index</b>	This index.	-	-
<b>102-56: External assurance</b>	The report (including all GRI disclosures marked as 'checked' in this index) has been externally assured by an independent auditor to ensure that data and information is accurate and complies with the GRI Standards, including the Construction and Real Estate Sector Disclosure. The independent auditor's review can be found on page 107.	-	-

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>GRI 203: Indirect Economic Impacts 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Local economic impacts', page 82	-	-
<b>103-3: Evaluation of the management approach</b>	'Local economic impacts', page 82	-	-
<b>203-2: Significant indirect economic impacts</b>	'Local economic impacts', page 82	Context in relation to external benchmarks	-
<b>GRI 205: Anti-corruption 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Governance and Ethical conduct', page 40	-	-
<b>103-3: Evaluation of the management approach</b>	'Governance and Ethical conduct', page 40	-	-
<b>205-1: Operations assessed for risks related to anti-corruption</b>	'Governance and Ethical conduct', page 40	-	✓
<b>205-2: Communication and training about anti-corruption policies and procedures</b>	'Governance and Ethical conduct', page 40	-	-
<b>205-3: Confirmed incidents of corruption and actions taken</b>	'Governance and Ethical conduct', page 40	-	✓
<b>GRI 301: Materials 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Environmental management' page 61 & 'Materials' page 80	-	-
<b>103-3: Evaluation of the management approach</b>	'Materials' page 80	-	-

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>GRI 301: Materials 2016</b>			
<b>301-1: Materials used by weight or volume</b>	'Materials' page 80	-	-
<b>301-2: Recycled input materials used</b>	'Materials' page 80	-	-
<b>GRI 302: Energy 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Environmental management' page 61 & 'Energy' page 68	-	-
<b>103-3: Evaluation of the management approach</b>	'Energy' page 68	-	-
<b>302-1: Energy consumption inside the organisation</b>	'Energy' page 68	-	✓
<b>302-3: Energy intensity</b>	'Energy' page 68	-	✓
<b>302-4: Reduction of energy consumption</b>	'Energy' page 68	-	✓
<b>CRE1: Building energy intensity</b>	'Energy' page 68	-	✓
<b>GRI 303: Water 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Environmental management' page 61 & 'Water' page 75	-	-
<b>103-3: Evaluation of the management approach</b>	'Water' page 75	-	-
<b>303-1: Water withdrawal by source</b>	'Water' page 75	-	✓
<b>303-3: Water recycled and reused</b>	'Water' page 75	-	✓
<b>CRE2: Building water intensity</b>	'Water' page 75	-	✓
<b>GRI 305: Emissions 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-



GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>GRI 305: Emissions 2016</b>			
<b>103-2: The management approach and its components</b>	'Environmental management' page 61 & 'Emissions' page 70	-	-
<b>103-3: Evaluation of the management approach</b>	'Emissions' page 70	-	-
<b>305-1: Direct (Scope 1) GHG emissions</b>	'Emissions' page 70	-	✓
<b>305-2: Energy indirect (Scope 2) GHG emissions</b>	'Emissions' page 70	-	✓
<b>305-3: Other indirect (Scope 3) GHG emissions</b>	'Emissions' page 70	-	✓
<b>305-4: GHG emissions intensity</b>	'Emissions' page 70		✓
<b>305-5: Reduction of GHG emissions</b>	'Emissions' page 70		✓
<b>GRI 306: Effluents and Waste 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51		-
<b>103-2: The management approach and its components</b>	'Environmental management' page 61 & 'Waste' page 77		-
<b>103-3: Evaluation of the management approach</b>	'Waste' page 77		-
<b>306-2: Waste by type and disposal method</b>	'Waste' page 77		✓
<b>GRI 401: Employment 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51		-
<b>103-2: The management approach and its components</b>	'Employment' page 86		-
<b>103-3: Evaluation of the management approach</b>	'Employment' page 86		-
<b>401-1: New employee hires and employee turnover</b>	'Employment' page 86		✓

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>GRI 403: Occupational Health and Safety 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Safety management' page 61 & 'Workforce health & safety' page 67	-	-
<b>103-3: Evaluation of the management approach</b>	'Workforce health & safety' page 67	-	-
<b>403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</b>	'Workforce health & safety' page 67	-	✓
<b>CRE6: Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system</b>	'Workforce health & safety' page 67	-	✓
<b>GRI 404: Training and Education 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Training and education', page 91	-	-
<b>103-3: Evaluation of the management approach</b>	'Training and education', page 91	-	-
<b>404-1 Average hours of training per year per employee</b>	'Training and education', page 91	-	✓
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Diversity and inclusion', page 89	-	-
<b>103-3: Evaluation of the management approach</b>	'Diversity and inclusion', page 89	-	-
<b>405-1: Diversity information on employees and other workers</b>	'Diversity and inclusion', page 89	-	✓

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>GRI 413: Local Communities 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Community engagement', page 84	-	-
<b>103-3: Evaluation of the management approach</b>	'Community engagement', page 84	-	-
<b>413-1: Operations with local community engagement, impact assessments, and development programs</b>	'Community engagement', page 84	-	-
<b>CRE7: Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project</b>	'Community engagement', page 84	-	-
<b>GRI 416: Customer Health and Safety 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Safety management' page 92 & 'Customer health & safety' page 65	-	-
<b>103-3: Evaluation of the management approach</b>	'Customer health & safety' page 65	-	-
<b>416-2: Incidents of non-compliance concerning the health and safety impacts of products and services</b>	'Customer health & safety' page 65	-	-
<b>GRI 417: Marketing and Labelling 2016</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Green building standards & ratings' page 64	-	-
<b>103-3: Evaluation of the management approach</b>	'Green building standards & ratings' page 64	-	-
<b>417-1: Requirements for product and service information and labelling</b>	'Green building standards & ratings' page 64	-	-
<b>CRE8: Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment</b>	'Green building standards & ratings' page 64	-	✓

GRI Disclosure	Page number and/or response	Omission	Included in the audit scope
<b>Material Topics</b>			
<b>Building health, wellbeing &amp; productivity</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Building health, wellbeing & productivity,' page 65	-	-
<b>103-3: Evaluation of the management approach</b>	'Building health, wellbeing & productivity,' page 65	-	-
<b>Customer attraction</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Customer attraction, page 81	-	-
<b>103-3: Evaluation of the management approach</b>	'Customer attraction, page 81	-	-
<b>Place-making</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Place making, page 82	-	-
<b>103-3: Evaluation of the management approach</b>	'Place making, page 82	-	-
<b>Technological advances in retail</b>			
<b>103-1: Explanation of the material topic and its boundaries</b>	'Material issues', page 51	-	-
<b>103-2: The management approach and its components</b>	'Technological advances in retail', page 82	-	-
<b>103-3: Evaluation of the management approach</b>	'Technological advances in retail', page 82	-	-



## Other indicators

GRI Disclosure	Included in the audit scope
Level 3, 4 and 5 accident rate of our owned portfolio	✓
Proportion of spending on local suppliers	✓
Occupancy rate on owned shopping centres	✓
Number of hours spent by employees in charity organisations	✓
Number of employees involved in volunteering activities	✓
Total number of supports to charitable organizations.	✓
Donations and other community contributions (including contributions from shopping centres' visitors).	✓
Electricity efficiency in our corporate offices	✓
Electricity efficiency (excluding tenants) of our owned portfolio	✓
Percentage of visits made by private car and other modes of transport, to and from our shopping centres	✓
Ghg emissions of owned portfolio and corporate offices – ghg protocol scopes 1 and 2	✓
Total tenant sales	✓
Total number of contracts with tenants	✓
Total number man hours of safety, health and environmental training and awareness provided	✓
Number of hours of spo performed in shopping centres and corporate offices	✓
Tenants satisfaction index	✓
Visitor satisfaction index	✓
Total number of visits	✓
Water efficiency (excluding tenants) of the owned portfolio	✓
Total waste recycled as a proportion of waste produced in our corporate offices	✓
Total waste recycled as a proportion of waste produced across our owned portfolio	✓
Proportion of waste that is sent to landfill in our corporate offices	✓
Proportion of waste that is sent to landfill across our owned portfolio	✓
Accidents rate (lwcafr) among suppliers, of our owned portfolio	✓
Accidents severity rate (asr) among suppliers, of our owned portfolio	✓

Beyond choice,



Transparency.

We're committed to deliver positive results across our geographies with focus, always willing to go beyond ours and our clients' expectations. Transparency is a key to make a positive impact in our society.

IMAGE: ALEXA — BERLIN, GERMANY

06

AUDITOR'S REVIEW & FEEDBACK

AUDIT COMPLIANCE \_\_\_\_\_ 108



01  
CORPORATE  
OVERVIEW

02  
BUSINESS MODEL  
& STRATEGY

03  
PERFORMANCE

04  
GOVERNANCE

05  
SUSTAINABILITY  
STATEMENTS

06  
AUDITOR'S REVIEW  
& FEEDBACK



Deloitte & Associados, SROC S.A.  
Registo na OROC nº 43  
Registo na CMVM nº 20161389  
Av. Eng. Duarte Pacheco, 7  
1070-100 Lisboa  
Portugal  
Tel: +(351) 210 427 500  
www.deloitte.pt



Deloitte & Associados, SROC S.A.  
Registo na OROC nº 43  
Registo na CMVM nº 20161389

INDEPENDENT ASSURANCE ENGAGEMENT REPORT

To the Board of Directors of  
Sonae Sierra, SGPS, SA

Introduction

- 1. We have performed a review of the sustainability information included in the Economic, Environmental and Social Report 2019 ("EESR 2019") of Sonae Sierra, SGPS, SA ("Sonae Sierra"), that covered:
  - Its compliance with the disclosure of information requirements defined by the Global Reporting Initiative standards for sustainability reporting, GRI Standards, for the "in accordance – core" option, and additional contents and performance indicators required by the GRI's G4 Construction and Real Estate Sector Disclosures ("GRI CRESO") related to the material sustainability aspects, including the reliability of the underlying 2019 information provided, as identified in "GRI content index";
  - Sonae Sierra's own sustainability performance indicators 2019 data, disclosed in the EESR 2019, in accordance with the therein mentioned criteria and identified in "Other Indicators"; and
  - The information on progress against the 2019 sustainability targets and management actions, in accordance with the criteria established by Sonae Sierra, disclosed in its internet site, as identified in the chapter "Sustainability Strategy" of the report.

Responsibilities

- 2. The Board of Directors of Sonae Sierra is responsible for preparing the EESR 2019 and for establishing suitable criteria as well as maintaining an internal control system and appropriate information capture and processing systems and processes to ensure such preparation. Our responsibility is to express an independent conclusion about such compliance and subject matter data reliability.

Scope of our work


- 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, for Assurance Engagements other than Audit or Limited Reviews of Historical Financial Information, for a limited level of assurance. We are independent from Sonae Sierra in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").
- 4. Our work is summarized as follows:
  - Interview of Sonae Sierra's employees responsible for the preparation of the EESR 2019 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 2019 content with the GRI Standards disclosure of information requirements, and whenever applicable with the GRI CRESO requirements;

- Review of the processes, criteria and systems used to collect, consolidate, present and validate the data for 2019, relating to the information reviewed by us;
- Review of the procedures and criteria in place to monitor and measure progress against 2019 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 2019 and related publicly available information, and that it does not contradict any significant information included in the 2019 Sonae Sierra's Consolidated Report and Accounts.

Conclusion

- 5. Based on the work described in paragraph 4 above, nothing has come to our attention that causes us to believe that, in all material aspects, the sustainability information included in, or publically available and related to the EESR 2019, 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 Standards for the "in accordance – core" option, and whenever applicable with GRI CRESO, as well as with the criteria defined by Sonae Sierra.

Lisbon, 20 March 2020

  
Deloitte & Associados, SROC S.A.  
Represented by João Carlos Frade

"Deloitte" refers to one or more of Deloitte Touche Tohmatsu Limited ("DTL"), its global network of member firms, and their related entities. DTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTL does not provide services to clients. Please see www.deloitte.com/about to learn more.  
Type: Sociedade Anónima | Tax and CRC Registration no.: 501776311 | Share capital: € 500,000 | Head offices: Av. Eng. Duarte Pacheco, 7, 1070-100 Lisboa | Porto Office: Bom Sucesso Trade Center, Praça do Bom Sucesso, 61 - 13º, 4150-146 Porto



# 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 found our Economic, Environmental and Social Report interesting, 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 [sustainability@sonaesierra.com](mailto:sustainability@sonaesierra.com) or by post to Rua Galileu Galilei, 2, 3º piso, 1500-392 Lisbon, Portugal. You can also submit your Feedback [Form online](#)

## Can you tell us...

### 1. ABOUT YOU.

Which stakeholder group do you belong to?

- ☐ Investor/financier Local community member
- ☐ Tenant NGO/charitable organisation
- ☐ Shopping centre visitor/customer Media
- ☐ Sonae Sierra employee Government/local authority
- ☐ Supplier Student
- ☐ 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

### 2. 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 and business model? (Page 18)
- 1 2 3 4 5 6 Information on how Sonae Sierra creates value? (Page 20)
- 1 2 3 4 5 6 Information about risks and opportunities faced by Sonae Sierra? (Page 37)
- 1 2 3 4 5 6 Information about the future outlook for Sonae Sierra? (Page 23)
- 1 2 3 4 5 6 Information about the governance within Sonae Sierra? (Page 40)
- 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?



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

---

---

---

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

---

---

---

What do you see as being the main social, economic and/or environmental challenges for Sonae Sierra in the next five to ten years?

---

---

---

Do you have any additional suggestions on how Sonae Sierra can continue to create shared value (for its business and society)?

---

---

---

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.

# Beyond spaces, Experiences.

ECONOMIC, ENVIRONMENTAL  
AND SOCIAL REPORT 2019



[WWW.SONASIERRA.COM](http://WWW.SONASIERRA.COM)