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Sonae

POLICY

RESPONSIBLE INVESTMENT

21 July 22

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APPROVAL

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1. INTRODUCTION

This policy aims at integrating Sustainability Risks and identifying Adverse Sustainability Impacts on the decision-making process and investment decisions, namely pursuant to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (as amended) on sustainability-related disclosures in the financial services sector, which entered into force on 10 March 2021 ("SFDR").

The SFDR lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of Sustainability Risks and the consideration of Adverse Sustainability Impacts in their processes and the provision of sustainability-related information.

Please refer to Annex 1 for relevant definitions.

2. BACKGROUND

Sustainability is at the cornerstone of Sonae Sierra's strategy, and we work actively to create shared value. We first adopted an Environmental Policy in 1998 and since then there were several updates and extensions in scope. Presently, Sonae Sierra has in place a Sustainability Policy, together with a Safety, Health and Environmental Policy, applicable to its entire activity.

In addition, Sonae Sierra abides by a (i) Code of Conduct, (ii) an Anti-Money Laundering - Combating the Terrorist Financing and Sanctions - Procedures Manual, (iii) Anti-Corruption Guidelines, (iv) Principles For Non-Discrimination, Diversity and Non-Harassment and (v) a Fraud Prevention and Mitigation Procedure.

Moreover, our approach to responsible Development and Investment Management is modelled on leading international standards, which we take into consideration in addition to legal and regulatory requirements, as detailed in Annex 1. Finally, Sonae Sierra analyses trends on environment and social matters and periodically assesses Safety, Health and Environmental legal compliance through the Environment, Safety and Health Management System (SHEMS), certified according to ISO 14001 and ISO 45001. In connection therewith, potential non-conformities are addressed with corrective measures.

As far as transparency is concerned, Sonae Sierra has been disclosing, since 2004, social and environmental performance in its annual report, following the international reporting guidelines.

3. SCOPE AND COMMITMENT

This policy complements the ones described above and defines Sonae Sierra's commitment to voluntarily integrate ESG factors in our investment decisions and how sustainability risks and adverse impacts are considered in our Investment Management and Development activities.

Effectively understanding, preventing and mitigating sustainability risks and adverse impacts may help Sonae Sierra increase the positive contributions to society of its investments under management, improve stakeholder relationships, and protect its reputation, and thus, create more value for its clients and portfolio and strengthen the management of company-specific business and operational risks.

Specifically, under this policy we make a commitment to:

- Consider and integrate sustainability risks and adverse impacts into decision-making process and investment decisions;
- Apply a customized approach to such integration, considering the applicable guidelines and any legal or regulatory frameworks;
- Promote transparency and disclosure on material ESG matters, through dedicated annual reporting, produced under recognised standards;
- Guide our performance based on ESG metrics as defined by relevant benchmarking such as GRESB.

By pursuing our commitment and by acting in the best long-term interests of our stakeholders, we expect to create value through:

- Solid returns to our investors and partners from new projects, as well as from assets under management;
- Enhanced risk management targeting, namely, Sustainability Risks, creating value for our stakeholders.

This policy applies to each of Sonae Sierra's subsidiaries, and when formally bound by SFDR, such subsidiaries shall adopt their own policies and any required additional procedures and report in accordance with the applicable law and regulations (including Regulatory Technical Standards).

4. SUSTAINABILITY RISKS AND ADVERSE IMPACTS

Exclusionary screening, as detailed in items (i), (ii) and (iii) below, is implemented before any investment analysis takes place. Investment strategies avoid certain activities and products so that portfolios are aligned with the values of the Company and of the relevant stakeholders, consistent with the goal of developing a sustainable and fair society and do no significant harm to people or damage to the environment. Through this screening procedure, the following criteria are used as absolute rules: (i) excluding tobacco, cluster munitions, alcohol, pornography, weapons, gambling and other products and activities that are deemed unlawful, (ii) excluding investments that generate a certain percentage of their revenues from fossil fuels and (iii) prohibiting investments in companies/issuers that violate the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises or the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

Sustainability risks and adverse impacts are integrated into investment decisions through a process comprising the following steps and are periodically monitored and reported:

- Step 1 - Identification of Sustainability Risks;
- Step 2 - Assessment of materiality to a given investment objective;
- Step 3 - Determination of impact deriving from Sustainability Risks;
- Step 4 - Identification of Adverse Sustainability Impacts;
- Step 5 - Decision-making process;
- Step 6 – Disclosure.

The approach of integrating sustainability risks and adverse impacts is fully aligned with Sonae Sierra's commitment to ensuring sustainable growth for the future and meeting the United Nations Sustainable Development Goals. We strive to avoid causing or contributing to adverse impacts on people, the environment and society and to seek to prevent the Adverse Sustainability Impacts directly linked to our potential investments, operations, business relationships.

4.1. Step 1 - Identification of Sustainability Risks

Mindful that real estate is a significant asset class and mainly based on long-life fixed assets, at Sonae Sierra, we have identified a series of ESG risks that may have a long-lasting impact in the business, as detailed in the table below. Environmental events include climate change, scarcity of natural resources and pollution. Social events may include safety and health issues and product liability. Governance can include themes such as business ethics, diversity and executive remuneration.

Environmental	Social	Governance
Climate change (transition and physical)1 Carbon emissions Air pollution Water pollution Harm to biodiversity Deforestation Energy inefficiency Poor electrical mobility capacity Poor waste management	Employees' safety and health Society health and wellbeing Workplace harassment, discrimination and bullying Discriminatory employment practices Poor sustainability practices in the supply chain Restrictions on rights of collective bargaining or trade unions Non-compliance with minimum wage or (where appropriate)	Lack of diversity at board or governing body level Inadequate external or internal audit Infringement or curtailment of rights of (minority) shareholders Bribery and corruption Lack of scrutiny of executive pay Poor safeguards on personal data / IT security (of employees and/or customers)

[1] Transition risks: related to the transition to a lower-carbon economy, motivated by changes in structural aspects such as new policies and laws, upcoming technologies, changing market dynamics or reputational effects.
Physical risks, that may be: (i) acute, such as extreme weather events; or (ii) chronic, related to the long-term consequences of increase in temperature, resulting in phenomena such as sea level rise, floods and biodiversity losses.

practices Increased water scarcity Rising sea levels / coastal flooding Wildfires / bushfires	living wage requirements Human rights violations Human trafficking Modern slavery / forced labour Breaches of employee rights / labour rights Child labour Discrimination Restrictions on or abuse of the rights of consumers Restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment Infringements of rights of local communities / indigenous populations	Regulatory and tax non-compliance

Sustainability Risks are often related to and may have an impact on other risk categories or may be a factor to their materiality, which may include:

- Credit risk/counterparty default risk
- Market risk
- Liquidity risk
- Operational risk
- Reputational risk
- Data availability risk

ESG risks for a specific investment objective are identified mainly through a due diligence exercise, which is performed as detailed in Step 2 below, and will help to decide whether or not to execute the investment or the business relationship, being an integral part of Sonae Sierra's decision-making and risk management.

4.2. Step 2 – Assessment of materiality to a given investment objective

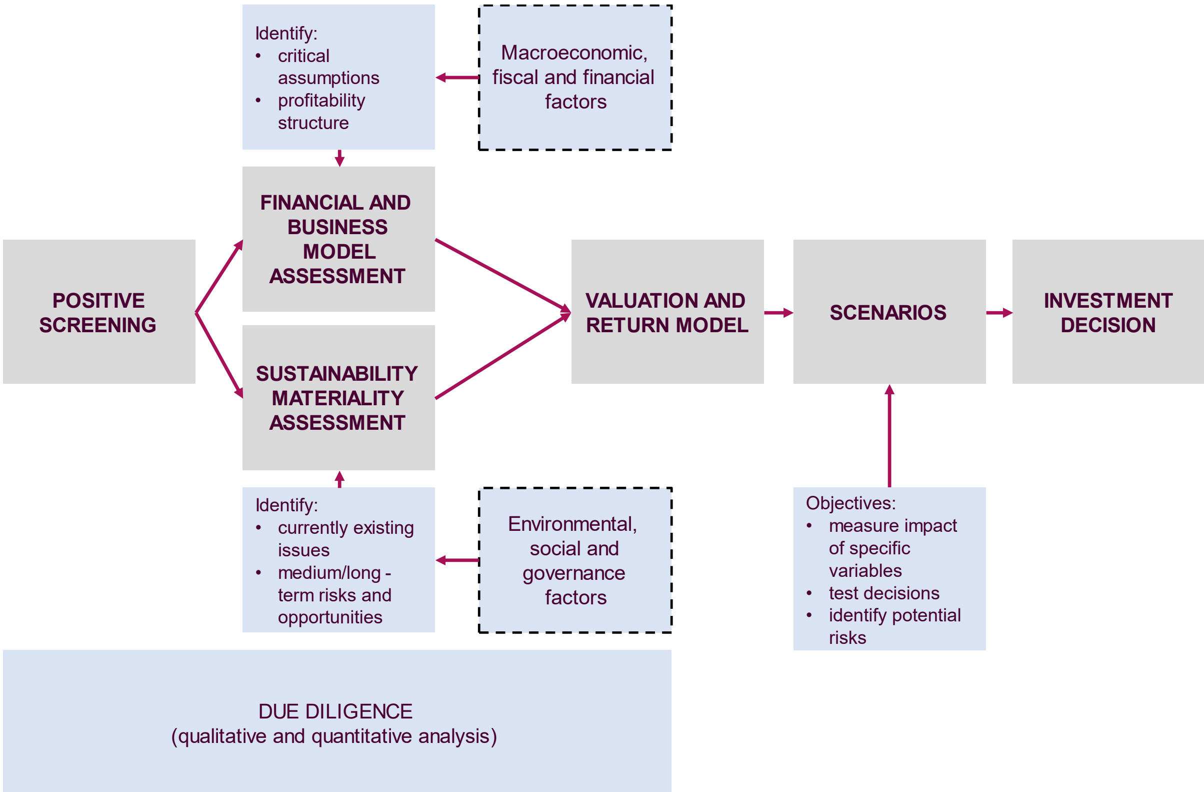
For property or land acquisition, the due diligence process is the privileged way to identify and assess materiality of Sustainability Risks to a given investment objective. The due diligence process should cover, in respect of sustainability, legal compliance, contamination, safety and health, resource efficiency and climate change-related risks. The Company establishes a specific due diligence procedure, adjusted to the envisaged investment or operation.

For existing operating properties, the process to periodically identify and assess materiality of Sustainability Risks is made through a procedure defined in SHEMS. Actions are put in place to reduce/mitigate any non-acceptable risks through individual asset CAPEX and OPEX initiatives.

For companies' acquisition the due diligence process should also cover ESG metrics including data on social, labour, and human rights and anti-corruption and anti-bribery, that is integrated in the respective due diligence procedure.

4.3. Step 3 – Determination of impact deriving from Sustainability Risks

The impacts of material risks are determined based on specific methodology and incorporated within the financial feasibility analysis applicable to a certain investment, as detailed in the flowchart below:



4.4. Step 4 – Identification of Adverse Sustainability Impacts

Sonae Sierra seeks to identify, anticipate, prevent and mitigate actual and potential adverse impacts of the envisaged investment operations, operating properties, development projects or business relationships.

The methodology on the identification and prioritisation of principal Adverse Sustainability Impacts varies according to the relevant investment cycle:

A. Potential company acquisition

Several ESG metrics are assessed, including data on social and employee matters, human rights, environment, anti-corruption and anti-bribery and governance policies.

B. Potential asset acquisition

The due diligence process includes, among others, data on greenhouse gas emissions, energy and water consumption and waste management.

Upon acquisition, initiatives to mitigate the above-mentioned Adverse Sustainability Impacts are implemented through CAPEX and/or OPEX.

In investment opportunities in companies/assets where bridging its sustainability performance gap vis-à-vis Sonae Sierra's standards would imply an excessive amount of CAPEX (downsizing the profitability of an investment to inadequate levels), this fact shall be specifically addressed within the investment recommendation.

C. Potential development of a new real estate asset or a redevelopment initiative

A preliminary impact study is performed in accordance with an established procedure within the Company, which includes:

(i) the assessment of:

- Energy and Climate
- Geology and Hydrogeology
- Soil Quality
- Hydrology and Surface Water Resources
- Land Use and Planning
- Biodiversity and Ecological Features
- Air Quality
- Noise
- Waste Management
- Cultural Heritage

(ii) the identification of the measures aiming at minimizing or mitigating such impacts, being those measures incorporated in the design phase and monitored during the construction period, with the corresponding impact over required investment. All in all, the aim is to guarantee that the asset will trigger minimal environmental, safety and health impacts and achieve, at least, LEED or BREEAM building certifications.

D. Existing operating properties

During the operating phase of the real estate asset, adverse impacts on socioeconomics shall also be considered, including, among others, customer, tenant and supplier health and safety, energy, greenhouse gas emissions and water and waste. To identify, monitor and mitigate such impacts - according to their materiality and type - Sonae Sierra follows a procedure as defined in SHEMS.

In the context of SHEMS, long term objectives are defined, as well as annual targets, which are subject to specific action plans (covering both CAPEX and OPEX) aiming at continuously improving sustainability performance of the assets.

4.5. Step 5 - Decision-making process

Sonae Sierra recognises that, at this point, there is no single best practice for integrating sustainability risks and adverse impacts into the decision-making process. Nevertheless, the

Company believes the methodology described in this policy is the one that better accomplishes such purpose.

In this respect, it will ensure that investment processes incorporate sustainability risks and adverse impacts, of both a qualitative and quantitative nature, where applicable, and that such insight is presented to investment decision-makers within a broad set of information, empowering them to act accordingly.

The Executive Board is responsible for the implementation of a responsible investment programme, as established by this policy and ancillary internal processes and procedures, that will be applicable to all the Company's investments on real estate vehicles, assets, or companies.

The teams leading the assessment of an investment (either the Development or the Investment Management teams), with support of the Sustainability Office, will be responsible for the analysis which can be supported by either internal teams and/or external consultants, in the matters that are deemed relevant for each specific investment.

As active joint investor and manager, Sonae Sierra engages with its direct and indirect shareholders and partners in order to drive improvement in operations, financial targets and sustainability performance to maximise long-term, risk-adjusted returns and provide sustainable value to stakeholders.

In the real estate investments where we act solely as service provider, we engage with the investors/clients with the aim of implementing an ESG compliance monitoring system to ensure at least that all investments and practices are aligned with legal and regulatory requirements, but with the ambition to improve the sustainability profile of their portfolio and reducing its Adverse Sustainability Impacts.

4.6. Step 6 - Disclosure

ESG performance, including material Adverse Sustainability Impacts, of the Company and its portfolio are reported annually in view of the long-standing commitment to apply the most robust sustainability reporting guidelines. This applies not only at corporate level, but also at the level of the vehicles and JVs under management.

Current and new requirements derived from SFDR will be incorporated in the disclosing materials.

5. INTEGRATION OF SUSTAINABILITY IN EMPLOYEE REMUNERATION

Remuneration compliance rules and focus on sustainability are part of the Sonae Sierra governance and ethical conduct.

Sonae Sierra pays employees a combination of fixed remuneration (salary and benefits) and variable remuneration. Variable remuneration for relevant staff, namely the Investment Management team, takes into account performance criteria including compliance with the relevant policies and procedures (e.g. relating to the impact of Sustainability Risks on the investment decision making process).

The remuneration policy aims to promote sound and effective risk management and discourages risk taking exceeding the risk profile of the portfolios under management. Appropriate incentives are vital to support the long-term investment performance goals within an adequate risk culture and due consideration of sustainability impacts.

6. ONGOING MONITORING AND FOLLOW-UP

This policy will be communicated throughout the Company and publicly available at Sonae Sierra website, as updated from time to time. The responsibility for the implementation of this policy rests with Sonae Sierra' Executive Board.

This Policy will be reviewed every two years to evaluate changes needed and pursue continuous improvement unless compliance with new legislation or regulation is required.

ANNEX 1

DEFINITIONS

Adverse Sustainability Impacts – means negative, material or potentially material effects of or related to investment decisions on sustainability factors, such as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

ESG – means environmental, social and governance

SFDR – means Sustainable Finance Disclosure Regulation, as per the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (as amended)

SHEMS – means Safety, Health and Environment Management System according with ISO 14001 and 45001

Sustainability Risk - means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment

LEADING INTERNATIONAL STANDARDS

INREV sustainability reporting guidelines

INREV Due Diligence Questionnaire (DDQ)

GHG Protocol

Task force on Climate-Related Financial Disclosures (TCFD)

ISO 14001 and ISO 45001

Science-based target initiative

UN Global Compact

Sustainable Development Goals

UN-backed Principles for Responsible Investment (UN PRI)

International Integrated Reporting Council's (IIRC) Framework on Integrated Reporting

Global Reporting Initiative's Reporting Standards and the Construction and Real Estate Sector Disclosure (CRESD)