

2023 Management Actions

Corporate

Internal Audit Final Report

Feb. 28, 2024

To: The Board of Directors of Sierra Portugal S.A.
Date: Feb. 28, 2024
Subject: Internal Audit Report – 2023 Management Actions

I. Introduction

This report presents an overview of the achievement rates of the Management Actions for 2023; the report is divided in two parts:

(i) Performance overview.

Overall summary of the achievement rates for all 2023 Management Actions, including analysis by different areas.

(ii) Actions by achievement rates.

II. Performance overview Management Actions

Table 1: Status of 2023 Management Actions (45):

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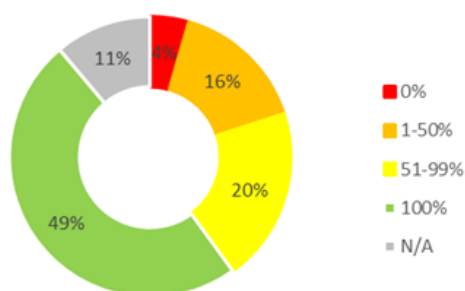


Table 2: Management Actions by area and score range:

Area	Number	Achievement Score				
		0%	1%-50%	51%-99%	100%	N/A
Sustainable Buildings	22	1	4	7	7	3
Climate Change Resilience	11	1	2	1	7	
Circular Economy	3		1		2	
Impact on Local Communities	2			1	1	
Responsible Procurement	3				1	2
Man. of Tenant/Occupier Sustainability	0					
Man. of Service Client Sustain. Profile	0					
Human Capital Management	1				1	
Employee, Health and Safety Well-being	0					
Risk Management	3				3	
Total	45	2	7	10	21	5

II. List of Management Actions by achievement rate

#	2023 Management Action/area	%	Comments
Circular Economy			
1	F.CE.WS.1.2 - Implement waste characterization study in all shopping centres.	100%	13 Shopping Centres implemented a waste characterization study.
2	F.CE.WS.1.3.1 - Organic waste valorization study.	100%	Shopping Centres Area Sur and Valle Real implemented an Organic waste valorization study.
3	F.CE.WS.1.4 - Implement Waste management improvement initiatives at Shopping Centres Fashion City Outlet and Vasco da Gama.	50%	Centro Vasco da Gama did not carry out the measures to support tenants comply with Decreto-Lei n.º 102-D/2020 (Packaging Waste Management).
Climate Change Resilience			
4	F.CC.GE.2 - Maintain the zero emission electricity contracts, where existing (shopping centres).	100%	All 20 Shopping Centres delivered evidence of agreement/contracts entered into with energy service supplier, regarding the maintenance of zero emission electricity contracts.
5	F.CC.GE.4.1 – Continue with the fleet electrification program.	100%	The fleet electrification program is being carried out.
6	F.CC.GE.4.2 – Maintain the zero emission electricity contracts, where existing (offices).	100%	Four Back offices delivered evidence of agreement/contracts entered into with energy service supplier, regarding the maintenance of zero emission electricity contracts.
7	F.CC.GE.4.3 - Strive to negotiate zero emissions electricity contracts (two offices).	100%	Back offices strived to negotiate zero emissions electricity contracts.
8	F.CC.GE.4.5 - Promote awareness on low carbon travel.	100%	Several campaigns were carried out during 2023 to Promote awareness on low carbon travel.
9	F.CC.GE.5 - Define a Decarbonization RoadMap for all owned assets.	100%	A Decarbonization RoadMap for all owned assets was defined.
10	F.CC.GE.6.1 - Assess 100% of the risks of the owned assets related to the Climate Change impacts.	100%	100% of the risks of the owned assets related to the Climate Change impacts were assessed.
11	F.CC.GE.3 - Strive to negotiate zero emissions electricity contracts (4 shopping centres).	65%	The zero-emissions electricity contract negotiation at one shopping centre was not carried out in year 2023 (it is foreseen for year 2024).
12	F.CC.1 - Carry out a Resilience & Vulnerability assessment at 18 Shopping Centres.	30%	At 13 Shopping Centres, for the applicable hazards, no evidence exists regarding the delivery of Resilience & Vulnerability assessment.
13	F.CC.GE.8.2 - Implement On-Site Photovoltaic (PV) energy production at 8 Shopping Centres.	30%	8 SC's have awarded studies regarding the On-Site PV energy production, but none was yet concluded.
14	F.CC.GE.4.4 - Compensate Sierra Carbon Footprint related with staff business travel (Sonae Forest).	0%	No evidence was uploaded in SHE Portal.
Human Capital Management			
15	SHEW.HC.1.2 - Build awareness about the impact of unconscious bias.	100%	A campaign was carried out during 2023 to build awareness about the impact of unconscious bias.
Impact on Local Communities			
16	F.LC.1.3 - To develop Marketing initiatives under the specific thematic of Waste Management.	100%	Marketing initiatives under the specific thematic of Waste Management were carried out during 2023.

#	2023 Management Action/area	%	Comments
17	F.LC.1.2 - To do a partnership (Tenants, Authorities, Institutions, etc) per SC/set of SCs/country portfolio to develop a joint project with real and measurable benefits for the local community and the Shopping Centre, increasing every year Social Media reach.	99%	A partnership, per SC/set of SCs/country portfolio to develop a joint project with real and measurable benefits for the local community and the Shopping Centre, increasing every year Social Media reach was carried out, but in one SC one kpi was not evidenced. Note: the evidence for this target was the document presented in the most recent Sustainability Steering Committee in the beginning of December, therefore exceptionally this target's achievement does not reflect the reality at December 31 st .

Responsible Procurement

18	F.RP.1.1 - In new development projects, expansions and refurbishments of assets held in more than 50% by Sierra, used only certified and/or recycled wood (and derivatives).	N/A	In none of the three projects have used wood and derivatives until this date, because they are on early/preparation phase.
19	F.RP.1.2 - In the new development projects and expansions of assets held by Sierra in more than 50% of risk countries, there will be no conversion and/or deterioration of natural forests, following the IFC Performance Standard 6.	N/A	Currently, no new development projects and expansions of assets held by Sierra in more than 50% in risk countries.
20	F.RP.1.3 - Sustainability awareness campaign for Sierra employees, on Deforestation impacts	100%	A Sustainability awareness campaign for Sierra employees, on Deforestation impacts was carried out during 2023.

Risk Management

21	RM 1 - Management Action not to be disclosed, for business reasons.	100%	Management Action achieved.
22	RM 2 - Management Action not to be disclosed, for business reasons.	100%	Management Action achieved.
23	RM 3 - Management Action not to be disclosed, for business reasons.	100%	Management Action achieved.

Sustainable Buildings

24	F.SB.SHEM.1.2 - Achieve ISO 14001 & 45001 SHEMS certifications for major construction projects finishing in 2023.	N/A	No construction project was concluded in 2023.
25	F.SB.SHEM.1.4 - For all projects completed in 2023 ensure that SHE data is correctly reported to guarantee that at least of 85% are validated in final data audit.	N/A	No construction project was concluded in 2023.
26	F.SB.SHEM.2.2 - Achieve Green Building certifications (BREEAM NC Good or LEED BD+C Silver or DGNB Bronze) for major construction project, major refurbishments and major renovations.	N/A	No construction project was concluded in 2023.
27	F.SB.W.1.2 - Implement Energy management platform for the integration of water meters at Max Center.	100%	Implement Energy management platform for the integration of water meters was implemented.
28	F.SB.W.1.4 - Update the sanitaryware standard.	100%	The sanitaryware standard was updated.

#	2023 Management Action/area	%	Comments
29	F.SB.E.1.2.6 - Implement 7 Energy Efficiency measures defined in the Energy Audits for ParkLake.	100%	7 Energy Efficiency measures defined in the Energy Audits for ParkLake were implemented.
30	F.SB.E.1.2.9 - Implement Energy Efficiency measures defined in the Energy Audits for Fashion City Outlet.	100%	Energy Efficiency measures defined in the Energy Audits for Fashion City Outlet were implemented.
31	F.SB.SH.2.4 - Implement Safety & Health Actions at Fashion City Outlet and CascaiShopping.	100%	Safety & Health Actions at Fashion City Outlet and CascaiShopping were implemented.
32	F.SB.SHEM.1.1 - Maintain ISO 14001 & 45001 SHEMS certifications for 9 certified owned operating assets.	100%	All maintained SHEMS certifications.
33	F.SB.SHEM.2.1 - Maintain/Achieve Green Building certifications (BREEAM In-Use Good) for 12 owned operating assets.	100%	All maintained Green Building certifications (BREEAM In-Use Good).
34	F.SB.SHEM.1.3 - Ensure all owned non-certified operating assets and third-party assets have their SHE Legal Compliance assessed at least every two years.	97%	Except for one third-party asset, all other ensured that have their SHE Legal Compliance assessed.
35	F.SB.SHEM.2.1.1 - Implement Actions related to BREEAM In-Use Certification / BREEAM renewal at 10 Shopping Centres.	95%	Except for one asset (Gli Orsi), all other completed the Actions related to BREEAM In-Use Certification.
36	F.SB.SHEM.1.5 - Achieve at least an average of 97% in SHE/SH Data Audits performed in owned operating assets, third party assets and offices.	93%	No evidence was uploaded in SHE Portal for 6 sites; 8 sites achieved the minimum 97% and another 8 sites did not achieve the minimum 97%.
37	F.SB.E.1.4 - Implement other energy efficiency measures at 10 Shopping Centres.	82%	Several measures have not been implemented until the end of 31/12/2023, in several shopping centres.
38	F.SB.E.1.2.3 - Implement 4 Energy Efficiency measures defined in the Energy Audits for NorteShopping.	75%	One out of the 4 Energy Efficiency measures was not implemented.
39	F.SB.E.1.2.1 - Implement 7 Energy Efficiency measures defined in the Energy Audits for ArrábidaShopping.	71%	Two out of 7 Energy efficiency measures were not implemented.
40	F.SB.E.1.3 - Implement Measures identified by the Specialised Energy/metering Audits at 11 Shopping Centres.	58%	Several measures have not been awarded/implemented until 31/12/2023, in several shopping centres.
41	F.SB.E.1.2.4 - Implement 6 Energy Efficiency measures defined in the Energy Audits for MaiaShopping.	33%	4 out of 6 energy efficiency measures were not implemented.
42	F.SB.E.1.2.2 - Implement 5 Energy Efficiency measures defined in the Energy Audits for Centro Vasco da Gama.	24%	Only a part of the 5 Energy Efficiency measures defined in the Energy Audits for CVG were evidenced.
43	F.SB.E.1.2.7 - Implement 5 Energy Efficiency measures defined in the Energy Audits for Estação Viana Shopping.	24%	Four Measures (out of 5) were awarded but have not yet been completed. One measure was not carried out.
44	F.SB.E.1.2.8 - Implement 5 Energy Efficiency measures defined in the Energy Audits for CascaiShopping.	6%	4 out of 5 energy efficiency measures were not implemented (only one, out five, was awarded to the supplier, but was not yet completed).
45	F.SB.E.1.2.5 - Implement 4 Energy Efficiency measures defined in the Energy Audits for Centro Colombo.	0%	No evidence uploaded in SHE Portal.