We have long recognised that our long term 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 report provides a fully integrated account of our business strategy and operational performance in 2015, demonstrating the alignment between our core business and 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 future outlook section in this report focuses on the most material aspects of our economic, social and environmental performance as they relate to our financial stakeholders 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’ Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and the Construction and Real Estate Sector Disclosure (CRESID). The GRI Annex on page 55 of this report provides a more in-depth account of our social and environmental performance according to the aspects identified by our materiality study that took into account the interests of a broader set of stakeholders including our investors, employees, tenants, suppliers, communities and regulators. Our compliance with these GRI guidelines has been independently verified by Deloitte, whose assurance statement can be found on page 139 of this report.
WHO WE ARE

Sonae Sierra is an international property company dedicated to serving the needs of retail real estate investors. We develop and invest in sustainable retail assets and provide investment, development and property management services for clients 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 retail real estate industry since 1989, Sonae Sierra has been interpreting trends and spearheading a movement that has defined the shopping centres of the future. We have built an indisputable track record and a unique understanding of the business and markets we operate in, ensuring we deliver value to our clients across the full property lifecycle.
CEO'S STATEMENT

Q: How would you describe Sonae Sierra’s performance over the last twelve months, and how did it compare with 2014?

A: I am very proud to report that Sonae Sierra’s performance truly exceeded expectations for 2015. All in all, we recorded a net profit of €141.7 million (compared to €96.3 million in 2014). Our direct net profit reached €61.0 million, a year-on-year increase of 16% which was driven by a combination of improved operational results, the growth of our professional services and lower interest rates. Even more impressive was the evolution in our indirect net profit, which rose 85% against last year’s result to reach €80.7 million.

Growth in tenant sales – both in our core markets in Southern Europe and in Brazil – contributed significantly to our operational performance. As consumer confidence continued to strengthen, tenant sales in our managed European portfolio recorded an increase of 3.3% on a like-for-like basis. With this we improved occupancy rates in Spain, Italy and Romania and maintained a stable performance in Portugal and Germany, meaning that the overall operational performance of our portfolio was very positive. In Brazil, the quality of our portfolio shone through in the context of deteriorating economic conditions, recording a 2.2% increase in tenant sales (in Reais) and maintaining a high average occupancy rate at 93%.

We were also successful in pursuing the execution of our strategy: increasing our exposure to new development opportunities; recycling capital and strengthening the professional services component of our business. We have taken advantage of favourable investment market conditions to complete the successful disposal of Zubiarte in Spain and the Torre Ocidente office building in Portugal, and commence negotiations to sell our majority stakes in four assets in Iberia and Germany, while maintaining responsibility for their management.

Sales such as these enable us to release capital to fund our expansion activities. On this front, we recently announced two exciting new ventures in Colombia and Germany and proceed with the development of two others in Morocco and Spain.

Q: 2015 saw economic recovery continue in most European countries whilst Brazil and many emerging markets have been adversely impacted by the fall in commodity prices. How have these trends impacted Sonae Sierra?

A: In a reverse of the situation we experienced four years ago, the general slowdown of emerging market economies has been balanced by growth in our mature markets in Europe.

In Europe, greater employment opportunities, lower fuel and energy prices and low interest rates translated into an increase in disposable incomes, with positive impacts on retail sales growth, occupancy rates and rental income in all markets outside of Greece.

As we forecast last year, there has been an economic downturn in Brazil combined with a period of political uncertainty and that has impacted our business at the operational and financial levels. Despite our strong performance we are taking the same precautions applied in the context of the Eurozone recession: optimising our own operations and reducing tenants’ costs where needed to ensure that we maintain high occupancy rates in our centres.

In the medium term, we believe that the upshot of the economic downturn will open up opportunities for us in Brazil, and we remain confident that long term investment in this market will reap rewards. Likewise we will continue to promote our services across targeted Latin American, Asian and African markets bearing in mind the longer term prospects for retail development and operations present there.

Q: Sonae Sierra has strategic objectives to increase its exposure to developments and to pursue new expansion opportunities with a capital light approach in the use of equity. Can you tell us more about the development and expansion projects launched and underway in 2015?

A: Development continues to constitute a fundamental component in our strategy, and one which we will focus on more intently as we move into 2016.

In Europe, we concluded the financing of ParkLake, our joint venture project in Romania, in October 2015. At the end of the year, 93% of the shopping centre’s GLA was already leased with important international and national brands secured. Now in the final stages of the project works, ParkLake is on schedule for a promising inauguration in September 2016.

Significantly, we completed the acquisition of a building in Nuremberg, Germany, which we will prepare for a mixed-use scheme with retail as a core component. This acquisition opens up a new market for our Expansion business in the context of an increasing preference for brownfield, multi-use projects by planning regimes within European markets.
CEO'S STATEMENT (CONTINUED)

In Iberia, our current focus is on developing expansions and refurbishment projects that add value to our existing assets. We concluded the refurbishment of NorteShopping in Portugal, launched a significant expansion in the same centre and prepared or proceeded with works at five other shopping centres. In Spain we also proceeded smoothly with the licencing of the Plaza Mayor designer outlet expansion in Málaga, a €115 million joint venture with McArthurGlen which is scheduled to open its first phase in 2017.

Elsewhere, 2015 saw us complete our first direct investment in Colombia with the acquisition of a plot in the city of Cúcuta, where we have obtained the licence to develop a shopping centre of around 45,000m² GLA with a local partner. We proceeded with the preparation of Zenata Shopping Centre in Morocco, a joint venture in which Sonae Sierra has a minority stake, and we completed the expansions of two shopping centres in Brazil.

In 2016 and beyond, we will continue to build our development pipeline and we anticipate that improved economic conditions in our mature markets will facilitate effective capital recycling to finance new developments and acquisitions.

Q: Is it in part due to the increased focus on development that you are in the process of re-structuring the business?

A: Yes, and also to reflect our commitment to expand our professional services. We initially developed the professional services component of our business in response to the global economic crisis, which obliged us to reduce our capital exposure and led us to rethink our business model and explore new markets. Our business continues to evolve, and we have seen that market appetite for Sonae Sierra services is strong and growing. As a consequence, we now see investors as our key clients. We want to become more customer-centric and to be more flexible and agile to suit their needs. All in all, we see Sonae Sierra progressively evolving into a retail real estate services company which also retains investment capital of its own for selective investment in retail assets.

Going forwards, we will make a clearer distinction between services and capital. We will operate four distinct business units: Investment Management, Expansion, Property Management and Development Services, and they will maintain greater autonomy, focusing most of their efforts on delivering services to clients, including our own projects. Sonae Sierra Brasil will continue to operate as a unique business unit focusing on the investment, development and management of shopping centres in a country that we believe offers significant potential in the long term.

Our capital will target mainly minority positions in core assets and will place more emphasis on new development projects. This means that we will continue to decrease our ownership in the existing portfolio, while securing service contracts, to fund new development projects in Europe and emerging markets thereby creating new opportunities to provide services.

Q: In keeping with this approach, 2015 saw the Development and Property Management Services businesses win some important new mandates with external clients. Can you tell us more about these?

A: Worldwide, we signed 127 new contracts for the provision of professional services with a combined value of €18.5 million.

A very significant event for us was the agreement with Generali Real Estate for the development and management of the CityLife Shopping District in Milan, located within one of the largest urban redevelopment and mixed-use schemes underway in Europe. Sonae Sierra will provide all necessary professional services during the development and construction phases, as well as asset and property management after the opening of the shopping district. As such, we will have the opportunity to be involved in an iconic and unique urban redevelopment project where we can apply the full breadth of our retail real estate expertise.

Our Development Services business continued to grow in the North African market thanks to the scope of our service offer and impressive track record. We won new business in Algeria and Morocco, and our first contract in Tunisia. Our Property Management business took on the management of an additional 101,223m² across three shopping centres in Germany and won further mandates in Italy, Morocco, Spain, Turkey, Romania and Russia.

Q: With your ongoing strategic focus on retail real estate, how is Sonae Sierra anticipating and responding to fast-evolving retail and consumer trends?

A: We aim to create unique shopping centres and to constantly exceed the expectations of consumers and tenants alike. So far, I feel proud of what we have achieved: online consumer platforms which connect digital and physical retail space; new flexible retail concepts that promote local businesses and offer consumers bespoke artisan products; a personalised digital fashion service and unique and exciting visitor entertainment propositions, among others.

But we currently stand at a confluence amid unprecedented levels of change: technology, demographics, urbanisation, greater global connections and climate change are just five of many megatrends which are significantly shifting the paradigms of consumerism, commerce and real estate. In this context, we have positioned ourselves at the forefront of what is effectively a retail revolution. We are already seeing different retail formats emerging in our tenants’ stores, with retailers offering online shopping in store and giving greater importance to in-store experience and displays.

With our operations now spanning a diverse range of markets, our market intelligence and innovation teams are actively interrogating future trends so that we can evaluate and redefine our value proposition to stakeholders in each market, across all stages of our product lifecycle. We have always been pioneers, and I am confident that Sonae Sierra will continue to bring new and relevant concepts to the market which will allow us to differentiate our shopping centres and better serve tenants, visitors and clients as retail and consumer trends evolve.
Q: Looking ahead, what do you see as being the most significant challenges and opportunities for Sonae Sierra, and how are you managing these?

A: In addition to the changes in retail and consumer trends already mentioned, there are other key trends which we identified as posing risks and opportunities for our business strategy, and these have influenced the restructuring of our Company.

For example, there is currently a lack of development opportunities for shopping centres specifically in mature markets, whilst the trend towards urban regeneration is creating opportunities for developers of mixed-use schemes. We are now reinforcing our competencies in this area so as to be able to offer development services for mixed-use schemes where retail is a core component, in partnership with other developers.

We have foreseen that greater sector professionalization may lead to an increase in outsourcing. With growing competition in the market we are evermore pressured to keep our operations profitable, hence our focus on expanding our services to external clients, which enables us to add volume to our business and allocate our resources efficiently. Nonetheless, as we proceed to operate in a capital light mode, our strategy is to maintain a minority stake in assets and secure long term property management service agreements when we execute disposals.

Over the longer term, environmental sustainability, climate change and related socio-economic aspects could pose greater challenges both in terms of increased regulation, costs, physical and infrastructural risks to assets and changes in terms of retail logistics and consumer behaviour. In this context, our strategic focus on creating shared value and reducing the environmental impact of our business puts us in a better position to manage these risks.

All in all, I believe our company is in a strong position to exploit new opportunities to successfully grow our business over the next five years and beyond. All of our business units have a clear competitive advantage based on over 25 years of experience in the shopping centre business. In our core markets we benefit from strong brand recognition and long-standing relationships with tenants. Moreover, we remain well connected with a wide-ranging network of local and international investors across developed and emerging markets to which we offer our unparalleled breadth of expertise and deep knowledge of development, investment and management activities.
THE YEAR AT A GLANCE

KEY ACHIEVEMENTS

INVESTMENT MANAGEMENT

- Completed the sale of Zubiarte in Spain and the Torre Ocidente office building in Portugal.
- Extended the life of the Sierra Portugal Fund for a further two years.
- Started negotiations to reduce stakes in assets in Portugal, Spain and Germany (while retaining responsibility for property management services).
- Concluded the refurbishment of NorteShopping in Porto and proceeded with the full refurbishment of Centro Vasco da Gama in Lisbon.

EXPANSION

- Proceeded to schedule and budget with the construction works of ParkLake, Romania, and concluded project financing.
- Announced our first direct investment in Colombia with the acquisition of a site in Cúcuta in partnership with Central Control.
- Acquired a site in Nuremberg, Germany, for a mixed-use redevelopment scheme.
- Proceeded with the licensing of the Málaga Designer Outlet (an expansion of our Plaza Mayor Shopping Centre).

PROPERTY MANAGEMENT

- Expanded our GLA under management with the signing of 13 new property management contracts in six geographies.
- Rolled out ’Bright’ and ’Dive’ eco-efficiency projects and implemented one additional water reuse system at a shopping centre.
- Launched ’Rising Store’ to support entrepreneurs in Portugal.

DEVELOPMENT SERVICES

- Signed 24 new development services contracts in 10 geographies.
- Announced an agreement with Generali Real Estate for the development of the CityLife Shopping District in Milan.
- Expanded our development services business in Morocco and Algeria and won our first contract in Tunisia.

BRAZIL

- Inaugurated the expansion of Parque D. Pedro Shopping, and completed the expansion works at Uberlândia Shopping.
- Opened our first Coop store in Brazil at Shopping Metrópole.
- Commenced negotiations to sell 100% of our stake in Boavista Shopping (completed in April 2016).
THE YEAR AT A GLANCE (CONTINUED)

AWARDS AND CERTIFICATIONS

• HONoured for the seventh consecutive year by the Euromoney magazine real estate awards, winning best developer overall and best retail developer in Portugal.
• Named best retail developer, Latin America in the M&A today – global awards 2015.
• Promofans® distinguished with a bronze award in the internationalisation category of the Eficacia awards.
• Obtained oHSAS 18001 certifications for the safety, health and environment management systems of four operational shopping centres.
• Obtained joint ISO 14001 and oHSAS 18001 certifications for the safety, health and environment management systems of one operational shopping centre and the construction works at ParkLake.
• BREEAM in-use certifications obtained for Centro Vasco da Gama and Valle Real.

KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Metric</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net profit</td>
<td>141.7</td>
<td>96.5</td>
<td>3.6</td>
<td>-45.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>105.1</td>
<td>106.1</td>
<td>110.8</td>
<td>113.8</td>
</tr>
<tr>
<td>Real estate NAV</td>
<td>1,180</td>
<td>1,115</td>
<td>1,000</td>
<td>1,050</td>
</tr>
<tr>
<td>OMv of owned assets</td>
<td>5,958</td>
<td>6,006</td>
<td>5,638</td>
<td>5,789</td>
</tr>
<tr>
<td>GLA under management</td>
<td>2,298</td>
<td>2,507</td>
<td>2,303</td>
<td>2,261</td>
</tr>
<tr>
<td>Development ratio</td>
<td>15.6</td>
<td>10.8</td>
<td>9.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Average occupancy index</td>
<td>95.2</td>
<td>95.5</td>
<td>94.4</td>
<td>96.1</td>
</tr>
<tr>
<td>Tenant satisfaction index</td>
<td>4.7</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Average hours of training</td>
<td>41.5</td>
<td>39.8</td>
<td>32.2</td>
<td>35.8</td>
</tr>
</tbody>
</table>
### The Year At A Glance (Continued)

#### Key Performance Indicators (Continued)

<table>
<thead>
<tr>
<th>4.4</th>
<th>Number of non-conformities per hour of reference SPO¹</th>
<th>1.85</th>
<th>Global injury rate among Sonae Sierra workforce (direct employees and supervised workers)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>7.4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>0.016</th>
<th>Greenhouse gas (GHG) emissions of owned portfolio and corporate offices (tCO²e/m² GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.016</td>
</tr>
<tr>
<td>2014</td>
<td>0.017</td>
</tr>
<tr>
<td>2013</td>
<td>0.021</td>
</tr>
<tr>
<td>2012</td>
<td>0.043</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>413</th>
<th>Electricity efficiency (excluding tenants) of owned portfolio (kWh/m² mall and toilet area)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>413</td>
</tr>
<tr>
<td>2014</td>
<td>415</td>
</tr>
<tr>
<td>2013</td>
<td>444</td>
</tr>
<tr>
<td>2012</td>
<td>479</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.4</th>
<th>Water efficiency (excluding tenants) of owned portfolio (litres/visit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.4</td>
</tr>
<tr>
<td>2014</td>
<td>3.5</td>
</tr>
<tr>
<td>2013</td>
<td>3.7</td>
</tr>
<tr>
<td>2012</td>
<td>3.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>62</th>
<th>Total waste recycled as a proportion of waste produced (% by weight, across owned portfolio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>62</td>
</tr>
<tr>
<td>2014</td>
<td>58</td>
</tr>
<tr>
<td>2013</td>
<td>59</td>
</tr>
<tr>
<td>2012</td>
<td>55</td>
</tr>
</tbody>
</table>

¹ Safety, Health and Environment Preventive Observations (SPO) are a form of safe behaviour audit undertaken at our shopping centres in operation. For further details, please see page 107.
OUR COMPANY

Sonae Sierra is an international property company. Incorporated in Portugal in 1989, Sonae SGPS (Portugal) and Grosvenor Group Limited (United Kingdom) each control 50% of the Company.

We are an international property company dedicated to serving the needs of investors in retail real estate. Building on our reputation as a pioneer in the creation of themed shopping centres, Sonae Sierra remains a leader in the development and management of exceptional retail concepts for clients.

Through our integrated strategy of capital light, capital allocation and professional services, we identify market opportunities, partner with real estate investors and deliver services covering the full property lifecycle. This allows us to implement our know-how and international experience to develop innovative products that create value for our clients and stakeholders.

Our vision is to be the leading international shopping centre specialist.

Our mission is to provide ultimate shopping experiences to customers and create outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development.

Our vision and mission are underpinned by a set of core values and principles regarding our business culture, responsibility towards our staff, the environment, local communities where we operate and independence from political power.
WHERE WE OPERATE AND KEY FACTS

Our strong partnership policy, with both international investors and local partners, provides the financial backing and market intelligence necessary to successfully develop new business in new geographies.

Sonae Sierra operates from corporate offices in 13 countries providing services to clients in geographies as diverse as Portugal, Algeria, Azerbaijan, Brazil, Colombia, Germany, Greece, Italy, Morocco, Romania, Russia, Slovakia, Spain, Tunisia and Turkey.
### OUR COMPANY (CONTINUED)

#### KEY FACTS

**AS OF 31 DECEMBER 2015**

<table>
<thead>
<tr>
<th><strong>45</strong></th>
<th><strong>80</strong></th>
<th><strong>1,872</strong></th>
<th><strong>11</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SHOPPING CENTRES OWNED WITH AN O MV OF €6 BILLION</td>
<td>SHOPPING CENTRES MANAGED AND/OR LEASED</td>
<td>TOTAL OWNED GLA</td>
<td>PROJECTS UNDER DEVELOPMENT, INCLUDING FOUR FOR THIRD PARTIES</td>
</tr>
</tbody>
</table>

| **374.6** | **433** | **5,185** | **1,085** |
| € MILLION | MILLION | € MILLION | DIRECT EMPLOYEES |
| RENTS RECEIVED AT OWNED SHOPPING CENTRES | VISITS MADE TO MANAGED SHOPPING CENTRES | TENANT SALES AT MANAGED SHOPPING CENTRES | |

For further information about our performance in the countries where we operate, please see our ‘Sustainability Performance by Country’ report on our [website](#).
OUR COMPANY (CONTINUED)

OUR CURRENT PARTNERSHIPS AND CLIENTS

We aim to create more long term relationships with like-minded organisations which see us as their retail real estate partner of choice.

Our business, quite simply, would not be what it is today without our partners ( ) and service clients ( ). With their backing, we can ensure we have financial strength, the ability to quickly gain an in-depth knowledge of markets and create new opportunities.

<table>
<thead>
<tr>
<th>Country</th>
<th>Partners/Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>Cévital Group, Dahlì, Immobis, SGR, Banca Veneto</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Baglan Group</td>
</tr>
<tr>
<td>Brazil</td>
<td>Marco Zero, Família Sê, Tivoli EP, Credit Suisse HG</td>
</tr>
<tr>
<td>Colombia</td>
<td>Central Control</td>
</tr>
<tr>
<td>Finland</td>
<td>KEVA, ILMARINEN</td>
</tr>
<tr>
<td>France</td>
<td>AEW Europe, CNP Assurance, CDC, Foncière Euris</td>
</tr>
<tr>
<td>Germany</td>
<td>Deka Immobilien, Otto Familij, Aachener Grundvermögen, Commerzbank, BHG Gewerbe</td>
</tr>
<tr>
<td>Greece</td>
<td>Charagonis Group</td>
</tr>
<tr>
<td>Ireland</td>
<td>Caelum Development</td>
</tr>
<tr>
<td>Italy</td>
<td>Compredi, Banca Veneto, Edil Naomi S.R.L., Faenza Erre, Immobiliare Ametista, Immobiliare Helios, Generali Real Estate</td>
</tr>
<tr>
<td>Morocco</td>
<td>&amp; Groupe CGD, Actif Invest, Facenor, Foncière Chellah, Marjane, ONCF</td>
</tr>
<tr>
<td>Portugal</td>
<td>Estevão Neves, Bensáude Group, Sonae RP, Sonae MC, &amp; CGD, Millennium BCP, GIL, The Edge Group</td>
</tr>
<tr>
<td>Russia</td>
<td>RosEvo Development, TPS</td>
</tr>
<tr>
<td>Slovakia</td>
<td>A&amp;T Real Estate</td>
</tr>
<tr>
<td>Spain</td>
<td>Eroski Group, Iberdrola Inmobiliaria, Clásica Urbana, Grupo Soluciones</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Partners Group</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>ING Developments, APG Investments, MAB Development, &amp; Redevco</td>
</tr>
<tr>
<td>Tunisia</td>
<td>Mabrouk, Capit</td>
</tr>
<tr>
<td>Turkey</td>
<td>Bariko Yapi Market, Endülüs Gayrimenkul, Krem Turizm, Özdemir Boru Profil, Solen</td>
</tr>
<tr>
<td>UAE</td>
<td>&amp; Al Futtaim</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Grosvenor Fund Management, Rentspring, Schroders Investment Management, Scottish Widows, Doughty Hanson</td>
</tr>
<tr>
<td>USA</td>
<td>AIG, TIAA-CREF, CBRE Global Investors</td>
</tr>
</tbody>
</table>
OUR BUSINESS MODEL AND STRATEGY

Our business model supports our vision. It is underpinned by our business and sustainability strategies that aim to deliver sustainable financial returns in the short, medium and long term, while creating shared value for society and the environment.

With over 25 years of experience, the combination of our know-how, our commitment to innovation and our long term approach has enabled us to create a unique business model that embraces investment management, expansion, 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 asset lifecycle constitute a competitive advantage and have enabled our business to expand across multiple countries and be distinguished by over 140 awards.
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

Sonae Sierra is organised into five autonomous businesses: Investment Management, Expansion, Property Management, Development Services and Brazil.

**INVESTMENT MANAGEMENT**

Investment Management manages a portfolio of real estate funds and operating assets worldwide. It offers quality products to selected fund investors.

The business acquires assets, including the ones developed by Sonae Sierra’s Expansion business, in partnership with institutional investors to create further value and allow Sonae Sierra to undertake and finance other development projects. Building relations with key partners, Investment Management also retains positions in existing assets with a medium to long term horizon, and maximises indirect returns by channelling services to other businesses such as Property Management.

**EXPANSION**

Expansion seeks real estate development on behalf of Sonae Sierra and other co-investors.

The business is responsible for delivering services related to the licensing, financing and execution of new projects. Its preferred investment style is to partner with another investor on a 50/50 basis for each project, aiming to sell its stake to a third party after completion (preferably through Investment Management) in order to finance new developments. It engages with partners and suppliers to ensure the effective adoption and implementation of high standards of quality, environmental sustainability, social responsibility and safety and health. It also fosters creative and pioneering approaches that are adapted to local communities’ needs, are respectful of local values and culture, and create value based on a sustainable and long term approach.

**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 maximise revenues, margins and assets’ long term values. 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.

The business applies its internal expertise to provide a wide package of development services encompassing architecture, project management and engineering, adhering to its core principles of innovation and client focus. It also partners with select, high quality sub-contractors to serve a greater scope of projects. The business serves a diverse range of client types and aligns its interests with theirs in order to maximise engagement, revenues and margins.

**BRAZIL**

Sonae Sierra Brasil is listed in the BM&F BOVESPA (the Brazilian Stock Exchange) with a 33% free float; the remainder is a 50/50 partnership between Sonae Sierra and the German investor Alexander Otto. Sonae Sierra Brasil’s business operates autonomously and is focused on investing, developing and managing shopping centres in Brazil.
THE OPERATING ENVIRONMENT

The sustained success of our business model is contingent on the continuous availability of a range of resources and relationships covering financial, manufactured, intellectual, human, social and natural capital. Our Company, through its specific activities, both relies and impacts upon the quantity and quality of these ‘capitals’ in different ways. Furthermore, their availability is by no means static.

We have identified key global trends across all six capitals which have significant impacts for our business, and have shaped our strategy accordingly.

To employ our capital base and serve our clients, we rely on financial capital such as equity, debt and cash, and on a stable financial and investment markets.

As an upshot of the economic crisis in the Eurozone, European banks have reduced their risk appetite, making it more difficult to secure loans to finance real estate, especially developments. Current and future trends at the macro-economic level include rising debt loads, aging populations and infrastructure challenges. It is estimated that by 2025 global economic growth will predominantly be generated in emerging economies.

By pursuing growth on a capital light basis, we are reducing our financial capital risk exposure and creating further opportunities to raise debt finance at asset levels. We are also exploiting growing opportunities for retail real estate services in emerging markets.

We need manufactured capital in the form of buildings, materials, urban infrastructure and equipment to acquire, develop, manage and sell real estate on behalf of Sonae Sierra and our clients.

Opportunities for urban regeneration in mature markets are prevailing in lieu of greenfield schemes, with an emphasis on mixed-use developments. In this context, intelligent asset-level strategies will become drivers for sustainable urban growth. Within such projects, retail real estate will contribute to creating or reviving a sense of place, providing a hub for different stakeholder groups and individual community members to physically connect and engage.

As a part of our capital allocation strategy, we are looking beyond traditional retail concepts for expansion opportunities. We are positioning ourselves to enter partnerships and serve clients on mixed-use schemes, namely in urban regeneration projects.

Intellectual capital constitutes a key differentiator for our Company. We seek to offer our clients comprehensive retail real estate expertise; and cutting-edge market and consumer behaviour insights.

Intellectual capital is increasingly becoming a prime asset in today’s business world. Digital technology meanwhile is enabling intellectual capital to become increasingly transparent and disseminated. This presents significant opportunities and challenges for the professional services sector, which must find ways to capture the benefits of new technologies.

We are leveraging our intellectual capital to win new clients and expand the breadth and scope of our service offer. We have been developing and exploiting new technologies to enhance our services to clients by improving productivity, increasing efficiencies in asset management and building operations and maximising consumer engagement and retail sales in partnership with tenants.

As a service provider, our human capital is the cornerstone of our growth strategy and harbours our main competitive advantage.

Successful service companies rely upon the ability of their workforce to learn and act faster than the competition. Attracting and retaining talented, skilled and dedicated managers and technical staff is a major challenge, particularly as talent shortages grow more acute in specific sectors and geographies. In this context, companies will need to focus on offering a more open, flexible and diverse work environment with good career prospects and purposeful work.

Our employee value proposition encompasses a wide range of training and career development opportunities; flexible work policies and a strong commitment to sustainability aspects such as environmental stewardship, safety and health and local economic development.
Our social and relationship capital encompasses all key stakeholders, including investors, tenants, consumers, suppliers, financial entities, local communities and authorities.

Global investors are taking on development projects, sometimes building or redeveloping an entire new urban district. Relationships with tenants are changing, and for the most innovative, forward-looking businesses in real estate, the concept of landlord and tenant is fast becoming outdated. Consumers, for their part, are forcing retailers to rethink their business models as the use of technology changes their shopping habits.

In this context, we are focusing on aligning our interests with those of our clients. We are positioning ourselves as a partner of choice for retail real estate investors, and through our property management business we are leveraging our strong relationships with tenants, our capacity for innovation and our technical expertise to spearhead new concepts to increase consumer loyalty and sales across our assets. In the emerging markets where we are present, we are fostering partnerships with local suppliers so as to increase the breadth of our service offer and support local economies.

Ecosystem assets and natural resources provide us with the natural capital that makes the places where we operate and deliver services inhabitable.

The outcome of the United Nations Conference of Parties (COP) 21 saw global consensus for long term targets at country-level in an effort to limit global warming to below a 2°C rise. Cities may well take on a more prominent role in setting and delivering local carbon reduction goals (a trend that is already evident in the U.S.), and in partnership with businesses – in particular in the real estate and transport sectors – they could become the most effective drivers and beneficiaries of the low carbon economy. At the same time, climate change impacts such as water scarcity and drought are already affecting some of our clients’ operations.

As a pioneer in the development and operation of more environmentally-sustainable shopping centres and with experience of managing and reporting on our own operational shopping centres’ environmental performance since the year 2000, we are in a unique position to support our clients in reducing their environmental impact and making their assets more resilient.
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

OUR STRATEGY

Within the context of these key trends, our over-arching objective is to grow our business through a combination of new developments, acquisitions and the reinforcement of our service business lines.

We have a robust business strategy in place which supports our new vision as an outward-looking international property company, and is aligned with the specific goals of each of Sonae Sierra’s businesses.

Our sustainability strategy supports our business strategy through its focus on creating shared value across all six capitals; from sustaining the resources and relationships which we are dependent upon, to safeguarding our continued capacity to do business in the short, medium and long term.

Both strategies are underpinned by our approach to risk management.

Our business strategy - three pillars to deliver sustainable financial returns

At the end of 2015, we shifted the focus of our business model to place greater emphasis on our services business as we evolve to become a more customer-centric, outward-looking company. Embedded within this operating context, our business strategy comprises three pillars that support this shift: reducing the capital invested in our core portfolio, increasing our exposure to new development opportunities and enhancing our service delivery.

<table>
<thead>
<tr>
<th>OPERATING CONTEXT</th>
<th>CAPITAL LIGHT</th>
<th>CAPITAL ALLOCATION</th>
<th>PROFESSIONAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing investor demand for retail assets in European markets.</td>
<td>• Minimise the capital invested in a given operation.</td>
<td>• Increase exposure to new development opportunities and reduced exposure to investment properties.</td>
<td>• Provision of services covering investment, development, expansion and property management.</td>
</tr>
<tr>
<td>• Ongoing constraints in accessing debt to capitalise on improving market opportunities and support business growth.</td>
<td>• Use of partnerships to share risk and maximise returns through service delivery.</td>
<td>• Shift from a shopping centre focus to urban regeneration and mixed-use development opportunities that are retail-centred.</td>
<td>• Services delivered via Investment Management to minority-owned assets and directly to third parties.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITIES AND ACTIONS</th>
<th>INTENDED RESULTS</th>
<th>VALUE CREATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduced exposure to investment risks.</td>
<td>• Reduced exposure to investment risks.</td>
<td>• Profit for shareholders.</td>
</tr>
<tr>
<td>• Secure future returns by securing management services for minority held assets.</td>
<td>• Secure future returns by securing management services for minority held assets.</td>
<td>• Capital released to fund development and redevelopment opportunities.</td>
</tr>
<tr>
<td>• Maintain financial capacity to commit to ambitious and relevant retail-led development projects.</td>
<td>• Maintain financial capacity to commit to ambitious and relevant retail-led development projects.</td>
<td>• Increased market knowledge &amp; know-how.</td>
</tr>
<tr>
<td>• Strengthen capital core by increasing exposure to development opportunities with value added potential.</td>
<td>• Strengthen capital core by increasing exposure to development opportunities with value added potential.</td>
<td>• Strengthened relationships with institutional investors and JV partners.</td>
</tr>
<tr>
<td>• Capitalise on preference for brownfield developments in mature markets by expanding our expertise to retail-focused mixed-use opportunities.</td>
<td>• Capitalise on preference for brownfield developments in mature markets by expanding our expertise to retail-focused mixed-use opportunities.</td>
<td>• Urban regeneration and local economic development.</td>
</tr>
<tr>
<td>• Optimise our resources under market fluctuations.</td>
<td>• Optimise our resources under market fluctuations.</td>
<td>• Promotion of best-practice sustainability standards in asset design and construction.</td>
</tr>
<tr>
<td>• Improve know-how in new markets, and identify partners and potential development opportunities.</td>
<td>• Improve know-how in new markets, and identify partners and potential development opportunities.</td>
<td>• Profit for shareholders, and clients through improved asset management.</td>
</tr>
<tr>
<td>• Maximise value captured across the retail real estate value chain while supporting our capital light approach.</td>
<td>• Maximise value captured across the retail real estate value chain while supporting our capital light approach.</td>
<td>• Strengthened relationships with institutional investors and JV partners.</td>
</tr>
<tr>
<td>• Employee professional development.</td>
<td>• Employee professional development.</td>
<td>• Increased market knowledge &amp; know-how.</td>
</tr>
<tr>
<td>• Promotion of best-practice sustainability standards across the asset lifecycle.</td>
<td>• Promotion of best-practice sustainability standards across the asset lifecycle.</td>
<td>• Employee professional development.</td>
</tr>
</tbody>
</table>
OUR STRATEGY (CONTINUED)

Our business strategy – three pillars to deliver sustainable financial returns (continued)

Capital Light
Future growth will be pursued on a capital-light basis. This means minimising the capital invested in a given operation through leveraging and the use of partnerships to share risk and maximise returns through service delivery. This will be achieved by selling new projects after completion, preferably through Investment Management, which will keep a minority position; and reducing our investment in our core portfolio to a minority position through which we can ensure a foothold to provide services.

This approach will enable us to recycle capital to finance new developments.

Capital Allocation
We aim to increase our exposure to developments in Europe and emerging markets. This will be achieved through a combination of acquiring exposure to new development opportunities and reducing our exposure to investment properties. We will also shift from a shopping centre focus to exploring urban regeneration and mixed-use development opportunities that are retail-centred.

We will reduce the financial capital invested over the long term through our capital light strategy and investors will be invited to share the risk and return.

Professional Services
We have affected a paradigm shift in our business model to become an outward-looking, client-focused company. Within this model, we will intensify our focus on providing real estate services to clients. When executed alongside our disciplined approach to the use of capital, service provision allows us to maximise returns, enter new markets and build new relationships. This in turn enables us to optimise the resources of the company under market fluctuations and improve know-how on markets, partners and projects.
Our sustainability strategy – five long term priorities

We have identified five long term priorities that will deliver shared value for our business, society and the environment. Addressing such issues is intended to address the principle sustainability risks facing our operations and safeguard our continued capacity to do business.

<table>
<thead>
<tr>
<th>OPERATING CONTEXT</th>
<th>STRATEGIC PRIORITIES AND ACTIONS</th>
<th>INTENDED RESULTS</th>
<th>VALUE CREATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing regulation governing environmental and safety and health management aspects.</td>
<td>SAFE PEOPLE AND ECO-EFFICIENCY</td>
<td>• Ensure that risks towards people, assets and ecosystems are minimised.</td>
<td>• Provide a better service and/or workplace to shopping centre users.</td>
</tr>
<tr>
<td>• Pressure from investors and other stakeholders to ensure that Sonae Sierra operates according to high safety, health and environment standards.</td>
<td>RESOURCE RESILIENCE</td>
<td>• Increase competitiveness and sustain long term profitability by addressing social and environmental challenges.</td>
<td>• Reduce operating costs and contribute to asset values.</td>
</tr>
<tr>
<td>• Shortages of natural resources will lead to an increase in their costs, demanding a new approach to the way we operate our assets.</td>
<td>PROSPEROUS RETAILERS</td>
<td>• Future proof assets against natural resource shortages and cost increases.</td>
<td>• Become self sufficient and less dependent on natural resources.</td>
</tr>
<tr>
<td>• Retailers need to adapt to a changing world and evolving consumer behaviour and preferences.</td>
<td>LEVERAGING KNOWLEDGE</td>
<td>• Become energy independent and reuse water on our sites.</td>
<td>• Help to preserve natural capital stocks.</td>
</tr>
<tr>
<td>• Providing people with education and skills empowers them to better perform their jobs.</td>
<td>SUSTAINABLE LIFESTYLES</td>
<td>• Enable small, local businesses to adapt to changes and embrace digital opportunities.</td>
<td>• Become self sufficient and less dependent on natural resources.</td>
</tr>
<tr>
<td>• Knowledge breaks down social barriers by allowing people to make positive contributions to society and organisations.</td>
<td></td>
<td>• Supporting new business ventures.</td>
<td>• Sustain income streams by maintaining tenant sales and high occupancy rates.</td>
</tr>
<tr>
<td>• International presence give us a unique opportunity to positively influence shopping centre visitors and promote responsible choices and sustainable lifestyles.</td>
<td></td>
<td>• Promote new concepts that deliver unique experiences.</td>
<td>• Support local business and communities and contribute to livelihoods.</td>
</tr>
</tbody>
</table>

INTENDED RESULTS

- Ensure that risks towards people, assets and ecosystems are minimised.
- Increase competitiveness and sustain long-term profitability by addressing social and environmental challenges.
- Future proof assets against natural resource shortages and cost increases.
- Become energy independent and reuse water on our sites.
- Enable small, local businesses to adapt to changes and embrace digital opportunities.
- Supporting new business ventures.
- Promote new concepts that deliver unique experiences.
- Offer hands-on training that provides immediate value.
- Capitalise on our in-house expertise to develop our talent.
- Become a lighthouse for professional development.
- Promote healthy, green and local goods and services.
- Improve well-being through health activities in shopping centres.
- Create a sense of place.

VALUE CREATED

- Provide a better service and/or workplace to shopping centre users.
- Reduce operating costs and contribute to asset values.
- Become self sufficient and less dependent on natural resources.
- Help to preserve natural capital stocks.
- Sustain income streams by maintaining tenant sales and high occupancy rates.
- Support local business and communities and contribute to livelihoods.
- Increase our recruitment of talented and ambitious people.
- Strengthen community relationships and support educational institutions.
- Increase footfall in our shopping centres.
- Increase visitors’ satisfaction and loyalty.
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

OUR STRATEGY (CONTINUED)

Our sustainability strategy – five long term priorities (continued)

Safe People and Eco-Efficiency
Making sure that the assets we manage are consistently run to the highest standards of safety and eco-efficiency is a day-to-day priority for Sonae Sierra as a means to safeguard human and natural capital. We operate a best in class, integrated Safety, Health and Environment Management System (SHEMS) which enables us to effectively manage the main environmental aspects and safety and health risks during the lifecycle of a shopping centre. Through our SHEMS, we provide a better service and/or workplace to investors, tenants, shopping centre visitors, professional services clients, employees and suppliers whilst reducing operating costs for our business. Altogether, this approach will enable us to reduce the detrimental impacts of our company on the environment and help us to maintain the essential services that nature provides.

For a detailed description of our SHEMS, please see pages 48 to 49.

We have identified long term objectives supported by annual targets to drive continuous improvement across the five impact areas that sit under the umbrella of safe people and eco-efficiency (energy and climate, water, waste, biodiversity and habitats and safety and health). For a list of our long term objectives, see the Disclosures on Management Approach for each impact area in the GRI section of this report, pages 81 (energy), 87 (water), 96 (waste), 91 (emissions) and 102 (safety and health).

Resource Resilience
We have set long term objectives to future proof our assets by becoming energy independent, reusing water on our sites and exploiting the latest innovations and technology in natural resource management to rethink our processes. This will protect our assets against natural resource shortages and cost increases, and reduce operating costs in the short to medium term through alternative energy and water management strategies.

Prosperous Retailers
We are taking action to partner with current and potential tenants to make their businesses more resilient, in particular enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done so otherwise. At the same time, this approach supports our business strategy by allowing us to promote new concepts that deliver unique experiences to customers. Consequently, we can sustain our income streams and maintain innovation at the heart of Sonae Sierra’s business values.

Leveraging Knowledge
We aim to empower our employees by building their skills and knowledge, unleashing their potential on an individual basis and raising the standard of knowledge attainment at a collective level in the communities where we operate. By doing so, we can enhance the intellectual capital of our organisation and the external pool of talent from which we aim to attract ambitious people to join our workforce. These efforts become all the more important as we consolidate our position as a client-services business whose main competitive advantage lies in our people’s ability to provide successful solutions to the challenges posed by our clients.

Sustainable Lifestyles
We will use our reach and public influence to encourage visitors to make the right choices. This involves promoting healthy, green and local goods and services; improving wellbeing through health activities in our shopping centres; and creating a sense of place. This approach enables us to increase visitors’ satisfaction and loyalty, thereby increasing footfall in our shopping centres as we visibly support health, wellbeing and environmentally-conscious behaviour.
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

RISK MANAGEMENT

Effective risk management underpins both our business and sustainability strategy by ensuring that risks associated with all our business activities are tightly managed and controlled. Risk management is an integrated part of our day-to-day activities, and we adapt our business plans in response to the risks and opportunities we perceive on an ongoing basis.

The tables below provide a summary of the key strategic, controllable and non-controllable risks we have identified in the short and medium term, and the steps we have taken to effectively manage them.

### Key strategic risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scarcity of development opportunities: with greenfield retail development opportunities increasingly limited within our core markets, we face a challenge in building a development pipeline in line with our strategy.</td>
<td>By building our competencies and identifying appropriate partners, we are positioning ourselves to take advantage of opportunities for urban regeneration in the form of mixed-use schemes (providing that these have a strong retail component).</td>
</tr>
<tr>
<td>Loss of opportunity for professional services business: the increasing professionalization of the real estate sector may well lead to greater reliance on outsourcing, and consequently open up more opportunities for real estate services companies. By not investing in our capacity to deliver services, we risk losing out on a potentially lucrative market opportunity.</td>
<td>We have revised our business model and organisational structure in order to support the growth of our services business. We continue to actively pursue opportunities to sell shopping centre services in existing and new markets and are investing in local talent to boost our local market knowledge and enhance the quality of our services where needed.</td>
</tr>
<tr>
<td>Loss of control over assets: as we proceed to dispose of, or sell stakes in assets in our core markets in line with our capital light approach, we risk losing control of assets and the provision of services to those assets.</td>
<td>We are negotiating agreements with buyers whereby we retain a minority stake in key assets, as well as long term responsibilities for property and asset management.</td>
</tr>
</tbody>
</table>

### Key controllable risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity risk: The restrictions on bank debt in Europe at present constrain our ability to finance new developments.</td>
<td>Our capital light approach helps us to offset the lack of available bank debt, the intention being to dispose of or refinance assets in mature markets so as to fund new development activity. We maintain our net loan-to-value ratio at prudent levels below 40%.</td>
</tr>
<tr>
<td>Safety, Health and Environment (SHE) risks: Non-compliance with increasingly demanding legislation around energy use, GHG emissions, waste and effluent production and safety and health at regional, national and local levels.</td>
<td>We operate a corporate Safety, Health and Environment Management System (SHEMS) which covers all our business activities as a way to guarantee legal compliance and continuous performance improvement. It is certified in accordance with ISO 14001 and OHSAS 18001 environmental and safety and health management standards. Furthermore, to date we have achieved ISO 14001 certifications for the site-level SHEMS of 26 completed construction projects and 91% of our operational shopping centres. We have obtained OHSAS 18001 certification on 10 completed construction projects and at 76% of our operational shopping centres.</td>
</tr>
</tbody>
</table>
OUR BUSINESS MODEL AND STRATEGY (CONTINUED)

RISK MANAGEMENT (CONTINUED)

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yield increase:</strong> Property valuations are affected by the prevailing conditions in the property investment market and the macro economic climate in general, and this has an impact on our indirect results.</td>
<td>As a counter-measure to mitigate the adverse effects of yield shifts on asset value, we have focused on increasing the operational efficiency of our shopping centres, introducing tighter asset management controls, and selecting new markets to invest in, taking into consideration the medium term potential for yield compression (among other factors).</td>
</tr>
<tr>
<td><strong>Rents stability:</strong> The trading environment has been tough for tenants in Europe, as the financial crisis has had an impact on the sustainability of rents; if the tenant’s businesses cannot sustain the rents contracted, we are at risk of having higher vacancy rates.</td>
<td>Our approach to property management has always involved close scrutiny of our tenants’ business performance. Over the past years we have increased the efficiency of our property management in order to reduce service charges and have negotiated temporary rental discounts with some tenants. We have also intensified our efforts to increase footfall in shopping centres through our marketing and events programmes. Our geographical spread reduces the impact that individual tenant defaults can have on our business.</td>
</tr>
<tr>
<td><strong>Safety, Health and Environment (SHE) risks:</strong> Accidents and catastrophic events (such as fires and extreme weather events) on our projects and our operational shopping centres can cause harm to people and infrastructure, incur delays and result in a potential loss of asset value and reputation.</td>
<td>Our SHEMS provides a framework for us to anticipate and manage the main environmental and safety risks on Sonae Sierra construction sites and shopping centres. We deliver regular SHE training to suppliers and tenants and perform safe practice audits on our construction sites and operational shopping centres through our SPI and SPO tools. Moreover, both our Development Services and Property Management businesses have integrated the requirements of Sonae Sierra’s SHEMS into their Service Suppliers Management Procedures, ensuring that our main suppliers’ performance meets with our SHE requirements. With the collaboration of our suppliers and tenants, we carry out emergency practice drills on a regular basis on all our sites. For further details, see pages 48 and 107. Regarding extreme weather events, we are pursuing an approach of integrating climate change risk adaptation procedures into our current risk management processes. In 2013, we updated our acquisition checklist to ensure key risks related to weather related events are evaluated. We will also address specific climate change adaptation priorities for each business activity, for example, 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.</td>
</tr>
</tbody>
</table>

---

2 Our Safe Practice Index (SPI) and Safety, Health and Environment Preventive Observations (SPO) are described on page 107.
STRONG RETAIL RECOVERY IN IBERIA HELPS US TO CONTAIN COSTS AND INCREASE OUR MARGINS

Increased consumer confidence and retail sales enabled Europe’s recovering markets to experience robust rental growth in 2015. In the Iberian market, year-on-year retail sales across our portfolio under management increased by 3.5% in Portugal and 5.7% in Spain in a comparable base. Like-for-like retail sales across Sonae Sierra’s managed assets in Europe grew by an impressive 3.3%, reflecting both the overall market situation and the quality of our assets as compelling retail destinations.

For us, these results have translated into more sustainable levels of rental income at owned portfolio, with like-for-like European rents up by 1.8% compared to last year, and fuel increased optimism for the year ahead. In this context, we have once again examined our costs and identified how to integrate more efficient procedures which benefit our margins without hampering the quality of service delivered to tenants and visitors. In doing so, we were able to contain our operating costs and maintain our margin.
PERFORMANCE AND FUTURE OUTLOOK

THE WIDER CONTEXT (CONTINUED)

INCREASE IN ASSET VALUES IN SOUTHERN EUROPE BOLSTERS OUR BALANCE SHEET AND ENABLES US TO EXECUTE CAPITAL RECYCLING

In 2014 we saw international institutional investors return their attention to the Spanish market, and anticipated that interest in the Portuguese market would evolve shortly after. This was indeed the case, and we are now seeing renewed interest from institutional investors (rather than just opportunistic investors) in Portuguese real estate.

This trend has had a very significant impact for our business. First of all it has improved our indirect results: the year-on-year increase in our assets’ valuations and the actual values they present has translated into greater breadth and strength on our balance sheet and an improvement in returns and profitability on our P&L. Secondly, it supports us in effectively implementing our capital light strategy: we completed the sale of the Torre Ocidente office building in Lisbon and sold our stake in Zubiarte in Spain.

As we move into 2016 we intend to accelerate the recycling of capital whilst investor appetite for retail assets in Southern Europe remains buoyant. Doing so will allow us to strengthen our capital light approach, which entails disposing of majority stakes in assets whilst maintaining or acquiring positions as a minority shareholder with a substantially aligned interest in order that we may maintain, or take on providing services. Already effectively executed, this strategy enables us to deploy capital to fund new developments in other geographies.

RAISING CAPITAL THROUGH SALES AND DELIVERING SPECIALISED SERVICES AS ACCESS TO CREDIT REMAINS TIGHT

Capital recycling is all the more important in light of continued restrictions on bank debt. With many European banks having received support from state treasuries at the time of the economic crisis, there remain greater limitations on the level of acceptable risk on loans made to the real estate sector in particular and in certain geographies. Given Sonae Sierra’s strategic focus on development, including brownfield sites and projects in emerging markets, this presents a challenge in terms of raising debt under reasonable conditions.

Whilst we foresee this situation improving in 2016 and beyond, it currently places increased importance on the disposal of assets and the generation of revenue through the provision of shopping centre services. In this context, the continued growth of our professional services business, which was awarded 127 new contracts in 2015, can be considered an even greater achievement that bolsters our expansion prospects in terms of both financing and know-how.

ECONOMIC UNCERTAINTY IN BRAZIL EASED BY SOLID FINANCIAL POSITION

The political and economic uncertainties we saw on the horizon in Brazil last year manifested themselves in 2015. By the end of the year, inflation had risen to over 10.7% and the interest rate had reached 14.2%. It is set to further increase in 2016 in spite of the economy forecasted to contract by 3% over the next twelve months. As a consequence of these events, consumer spending has dwindled, with sales now increasing below the rate of inflation.

Following the same approach taken during the economic crisis in Europe, Sonae Sierra has responded to this situation by focusing on maintaining high occupancy levels in our shopping centres. Furthermore, we have focused on increasing profits through efficiency measures and have begun negotiations to dispose of a non-core asset (Boavista Shopping), both of which will bolster Sonae Sierra Brasil’s very strong cash position as one of the main listed retail real estate companies in the country.

Whilst we expect these challenges to continue into 2016, we anticipate that ultimately the economy will respond faster than the political situation, with the effect that economic recovery could spread rapidly when it does set in. Given our strong cash position, we expect to weather the economic storm without undue losses. Moreover, our sights will be set on increasing our GLA through acquisitions as and when we receive the right signals from the market.
THE WIDER CONTEXT (CONTINUED)

FINANCIAL POSITION SUPPORTED BY ENVIRONMENTAL COST SAVINGS AND WORKPLACE PRODUCTIVITY IMPROVEMENTS

In a year where world leaders convened to forge a multilateral agreement to reduce greenhouse gas emissions in an attempt to stall global warming below 2°C, Sonae Sierra joined ‘The Paris Pledge for Action’, an initiative that has brought together at least 800 organisations from around the world in the pursuit of the goals established by the COP 21 Paris Agreement. For our own part, we further enhanced our environmental sustainability strategy, enabling our Company to avoid costs of over €21.7 million in 2015 as a result of energy, water and waste efficiency measures implemented at owned portfolio over the last 13 years. At the same time, 2015 saw us achieve a 81% reduction in our GHG emissions compared to our 2005 baseline.

Of particular significance in 2015 was the effective deployment of two key projects: ‘Bright’ and ‘Dive’, which use a theoretical model to produce, respectively, optimal energy and water consumption figures for each of our assets. Actions implemented to date as a result of these analyses are expected to deliver combined savings of over €2.3 million with an average payback period of less than one year; whilst the estimated savings that could be derived from all actions identified exceed €5.5 million and have an average payback of less than 16 months.

Following a series of very positive pilot initiatives in our Portuguese shopping centres, in 2015 we proceeded with the roll out of ‘Improving Our Work’ (IOW), a continuous improvement programme based on the Kaizen methodology which is being developed by all Sonae holding companies. The essential aim of IOW is to challenge our culture and work practices with a view to increasing the efficiency and proficiency of key corporate functions. By the end of 2015, we had realised tangible benefits of €2.3 million as a result of IOW initiatives implemented.

These productivity improvements are further supported by the significant reductions we have achieved in employee absenteeism since 2014. As a consequence of our continued focus on promoting better health and wellbeing among our employees, we recorded a 71% drop in the lost day rate, down from 35.02 in 2014 to 10.16 in 2015.

ENTERING 2016 ON A STRONG FOOTING

Whilst we have a business and sustainability strategy that takes account of the long term economic, social and environmental trends which impact upon our sector and regions where we operate, like any organisation we remain exposed to short term events which impact upon our markets.

In 2016 the Eurozone is expected to achieve moderate growth of around 1.7% in GDP, although the outlook remains cautious given the recent market turmoil and slowdown in China. The continued support of the European Central Bank for quantitative easing should however mean that economic recovery continues to progress, with interest rates dropping and financing conditions improving.

In Brazil, the political paralysis evoked by impeachment proceedings brought against the president is expected to freeze the government’s fiscal reform agenda for the coming months, thereby increasing the risks to the country’s economic outlook for the first half of 2016, but also sending the signal that political change is inevitable and, if managed adroitly, could bring about a favourable turnaround in the market.

However these events unfold, we are confident that the positive financial and operational results achieved in 2015 will stand us in good stead to proceed with our strategy in 2016 and beyond. We continue to pride ourselves on the prudent financial management of our company. Our debt capital structure is supported by a long debt maturity, on average 4.2 years, with a balanced amortisation profile and 39% of the debt with fixed interest costs, providing a prudent hedging of interest rate risk. Our loan-to-value ratio remains within our target threshold at 40%.

Moreover, our new business model, which makes a clearer distinction between services and capital and provides greater autonomy to each Sonae Sierra business, is set to support us in mitigating risks, exploiting new opportunities and increasing our turnover and growth rate. As such, it heralds an exciting time in the evolution of our Company.

3 European Central Bank macroeconomic projections, December 2015.

Applying the Bright modelling tool at Le Terrazze identified potential savings of €163,000 – equivalent to 27% of the shopping centre’s electricity bill – through a series of straightforward procedural changes and technical modifications.

Further references:
For more information, see the case study on our [website](#).
OPERATIONAL PERFORMANCE

EXTRACTING VALUE FROM OUR UNIQUE SERVICE OFFER

The re-organisation of our Company, which enables all business units to shift their orientation more strongly towards an outward, client-centric perspective, is intended to support us in expanding our professional services market more swiftly. 2015 saw our professional services business already gain increasing momentum as we won new mandates in our existing markets and expanded the scope of our operations in new and current geographies.

With regards to development services we expanded our business in North Africa. As of 31 December 2015 we had 10 development services contracts in place in Morocco, one in Algeria and one in Tunisia with a total combined value of €7.8 million.

We are now hiring local people to boost our market knowledge and developing a network of suppliers in these countries where we have an established presence so that we can provide a larger scope of service and assume more responsibilities for clients. We are also continuing to forge new relationships in other markets we have entered. Although we decided to close our partnerships in China and Russia, we will continue to provide direct services to clients in these countries from our corporate offices abroad.

NEW PARTNERSHIP WITH GENERALI REAL ESTATE IN ITALY

In mature markets, we are focusing on offering our development and asset management expertise to clients wishing to expand and refurbish their portfolios. In November 2015 we announced an agreement with Generali Real Estate, the real estate asset manager of Generali Group, for the development, property management and leasing of the CityLife Shopping District, a unique, innovative and premium retail destination in Milan, at the heart of the CityLife redevelopment project. Sonae Sierra will provide all necessary professional services during the development and construction phases, as well as asset and property management after the opening of the shopping district.

CityLife is currently one of the largest urban redevelopment and mixed-use schemes underway in Italy and indeed in Europe. Located in the north-western area of Milan on an area of 366,000m², the transformational plan provides for a structured and balanced mix of public and private functions, including residential, offices, retail, services, green areas and public space. It encompasses Milan’s most extensive pedestrian area and one of the largest in Europe, with all road systems relocated underground.

CityLife Shopping District, scheduled for inauguration in 2017, will be the largest new urban shopping district in Italy, offering 100 units within 32,000m² of GLA to a catchment area of 700,000 residents. Designed by Zaha Hadid Architects, it will boast a large square on two levels, an enclosed mall area offering high quality retail, a music hall, restaurants and bars with outdoor areas overlooking the park and an open air promenade.

The location is serviced with a range of public transport options, has easy access by foot and bicycle and will also offer 900 underground parking spaces.

Elsewhere in Europe we signed new development contracts for one shopping centre in Germany, one additional shopping centre in Italy, six shopping centres in Russia and one in Slovakia.

NEW SHOPPING CENTRE IN BUCHAREST SET TO OPEN ON BUDGET AND ON TIME

The successful growth of our development services business supports our own expansion plans by enabling us to build relationships and increase our market knowledge, and also by generating additional capital for our company which can be invested in new projects. Our Expansion business was highly active in 2015, with a range of projects in various stages of development underway across Europe, North Africa and Latin America.

We have proceeded to schedule and budget with the construction works of ParkLake, our new shopping centre in Bucharest, Romania. ParkLake comprises a €180 million investment in a joint venture with Caelum Development, due to be inaugurated in September 2016. The completed shopping centre will accommodate over 200 shops within 70,000m² GLA, with 23 restaurants, leisure areas and a 14-screen Cinema City.

During the year, we further advanced the leasing of the asset, signing on important new tenants such as a Debenhams – who will occupy a 5,000m² flagship store – and LPP Group, adding to a wide range of international and national brands already announced. Consequently, by the end of 2015 over 93% of ParkLake’s GLA was already fully leased.

Located in the popular District 3 area of Bucharest with excellent public transport connections and walkability, ParkLake offers a unique, environmentally friendly design within a park setting and a distinctive mix of leisure and open-air activities to the 1.5 million people residing in its catchment area.

We forecast an investment of around €213 million until 2018 in refurbishments and expansions across Portugal and Spain to deliver significant added value from our portfolio.
NEW SHOPPING CENTRE IN BUCHAREST SET TO OPEN ON BUDGET AND ON TIME (CONTINUED)

In addition to its thematic focus on community, family and enjoyment of the natural environment, ParkLake has integrated a range of environmental sustainability features, including rainwater harvesting and water re-use systems and waterless or low-consuming installations to maximise water efficiency; a high level of thermal insulation and a HVAC system which enables free cooling during the winter; the use of skylights and LED lighting and a range of energy efficient appliances, all of which will reduce the centre’s energy requirements.

Over the course of its construction phase, ParkLake has implemented a rigorous safety, health and environment (SHE) management system and achieved safety, health and environmental management certifications according to the OHSAS 18001 and ISO 14001 standards. Moreover, the final project is set to achieve a ‘Very Good’ rating in accordance with the international sustainable building standard BREEAM, the first development of its kind in Romania to do so.

NEW INVESTMENT IN A FAST GROWING REGIONAL CITY IN COLOMBIA

In the context of restricted capital markets led by European banks, the growth of revenue from our professional services activity, as well as the sale of assets, provides us with the means to deploy funds into new direct investments. Pursuing our plans to acquire greater exposure to emerging markets, share investment risk and maximise returns with the support of local partnerships, in 2015 we announced our first direct investment in Colombia – a 50/50 joint venture with Central Control.

Having acquired a site in the city of Cúcuta, a regional capital located in the north-east of the country with a population of around 650,000, we have obtained the license to build a new €47 million shopping centre of 45,000m² GLA. The initial construction is expected to generate around 500 jobs, and the final project, scheduled for inauguration in 2017, will create more than 1,000 employment opportunities. Furthermore, the experience garnered through the development and management of the Cúcuta project places Sonae Sierra in a better position to exploit further opportunities in the Colombian market in the future.

ACQUISITION HERALDS FIRST MULTI-USE SCHEME IN GERMANY

Whilst our principal strategic focus continues to be shopping centre specialism, the lack of opportunities to develop stand-alone retail projects within our mature markets has prompted us to become increasingly attentive to potential multi-use schemes. In recent years, local authorities across Europe have been urged to promote mixed-use developments to provide additional housing, revitalise marginalised areas, exploit redundant and under-utilised sites and provide for a more sustainable development model.

Accordingly, in June 2015 we perceived an opportunity to create value for our business and the city of Nuremberg in Germany through the redevelopment of an existing site as a mixed-use project with retail as its core component. We acquired a plot of land that is currently occupied by an emblematic building formerly used as a distribution centre. In 2016 we will proceed to select partners and secure permits and licenses for the redevelopment of the plot to encompass an 18,000m² shopping centre; some residential units (partly student accommodation) and office space. With a total investment of € 300 million, the Nuremberg redevelopment marks the first large-scale multi-use project in which Sonae Sierra will be fully involved, our intention being to retain ownership and management of the shopping centre once the development is completed.

Through the management of the Nuremberg project and our involvement in other urban redevelopment schemes such as CityLife in Milan, we hope to nurture our competencies and build relationships with partners in the area of mixed-use developments, thereby increasing the flexibility of our business and our exposure to further opportunities of this kind. Whilst our core focus will continue to be on retail, our specific endeavour will be to conceive, develop and manage thriving retail assets within the context of successful mixed-use schemes.
OPERATIONAL PERFORMANCE (CONTINUED)

UNIQUE EXPANSION PROJECT IN SPAIN AND A NEW DEVELOPMENT IN MOROCCO UNDERWAY

Elsewhere in Europe, we have been focusing on the expansion and refurbishment of existing assets. The expansion of Plaza Mayor in Málaga, Spain, is currently unique in our portfolio in that it entails a 50/50 joint venture partnership with designer outlet specialist McArthurGlen to create the first designer outlet in southern Spain. Having announced the joint venture at the end of 2014, in 2015 we proceeded smoothly with the licensing of the project, agreed terms for development phases 1 and 2 and the contract for the provision of property management services. The construction work is due to start in 2016 once all licences have been finalised.

The completed project, which comprises an investment of €115 million, will provide 17,000m² of retail space in its first phase and an additional 13,000m² in its second phase, with around 90 stores housed by luxury and premium brands. It is anticipated to become an important feature in the regional tourist offer, and will reinforce Plaza Mayor’s position as a commercial and leisure benchmark in the Málaga area.

Last year we announced our first direct investment in Morocco with the development of Zenata Shopping Centre in Casablanca, in partnership with Marjane, Al Futtaim and Société d’Aménagement de Zenata (Groupe CDG). In keeping with our capital light approach, Sonae Sierra has a minority stake in this project and is providing the development, leasing and property management services. In 2015 the development of Zenata continued, with licensing underway and construction works expected to start in 2016. Comprising an investment of €100 million, the shopping centre will accommodate 250 retail units within a GLA of 90,000m², and is scheduled to open in 2017.

We measure our exposure to retail development through the development ratio. This monitors the weight of funds already spent on all our committed and non-committed developments, and those still to be spent on all our committed developments, in relation to our total portfolio (including the funds still to be spent on committed projects). The development ratio is higher in 2015 than in previous years reflecting the increase in our development pipeline.

<table>
<thead>
<tr>
<th>Development ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2011</td>
</tr>
</tbody>
</table>

With an ongoing aim to expand the volume of our portfolio under management, the property management business will continue to pursue opportunities in the markets where we are currently present, leveraging our capital positions and looking for opportunities in new markets.

EXTRACT FURTHER VALUE FROM THE IBERIAN PORTFOLIO

In Portugal we concluded the refurbishment of NorteShopping in Porto, which represented a €5 million investment, and announced a further project to expand this shopping centre’s GLA by 14,000m² (a 19% increase) at an investment of €57 million. We proceeded with the €8 million full refurbishment of Centro Vasco da Gama in Lisbon, set for completion in 2016, and secured the licence for a small extension for the centre which will enable us to accommodate some additional units from next year. Both of these shopping centres constitute core assets within the Portuguese portfolio.

Elsewhere in Portugal we are planning expansions at GaiaShopping and Centro Colombo. In Spain we initiated the refurbishments and expansions at Valle Real, GranCasa and Max Center.
In Italy the market was buoyant, though not as strong as in Portugal and Spain; there we saw a yield compression of 10 basis points at one asset while others were flat. In Germany yields expanded at Hofgarten Solingen and Loop5, yet remained flat at Alexa.

The increases in tenant sales and rents which benefitted our operational performance in Southern Europe enabled us to reduce the temporary rental discounts which had been introduced at the time of the economic crisis. The combination of these factors meant that the evolution in our indirect results exceeded expectations: at the end of 2015 the European portfolio had increased its OMV by 6% in comparison with 2014.

In the medium term, we believe that the outcomes of the current economic situation will create new development and acquisition opportunities in Brazil as the commercial real estate sector consolidates. We remain attentive to new opportunities in the country’s major cities, and are preparing ourselves to take advantage of these once the right conditions are present. In the meantime, we will continue to seek opportunities to extract further value from our existing assets.

YIELD COMPRESSION AND OPERATIONAL IMPROVEMENTS IN EUROPE FUEL GROWTH IN PORTFOLIO OMV

Asset values were boosted significantly by buoyant investment market conditions in 2015 which had a very positive impact on our European business, especially in the Iberian and Italian markets. There was significant capital appreciation in Portugal with material yield compression, which increased the value of our Portuguese assets. Fuelled by the sale of Torre Ocidente, we saw yields compress by 85 basis points for prime assets and between 0 and 70/75 basis points for other types of assets, with most of this movement taking place during the second half of the year.

In Spain, yields compressed by between 14 and 52 basis points, excluding Plaza Mayor where the sale of part of the leisure centre to the joint venture partnership which will develop the Designer Outlet meant the yield for the remaining asset compressed by 313 basis points. We obtained licenses to convert the remaining part of the leisure centre to retail and installed Media Markt as an anchor, essentially enabling us to eliminate vacancies.
SUCCESSFUL TRANSACTIONS FACILITATE OUR CAPITAL LIGHT STRATEGY

Our strong operational performance coupled with progressive trends in the macroeconomic context enabled us to complete and commence a number of disposals in Portugal, Spain and Germany. 2015 saw investor appetite return to Portugal having picked up strongly in Spain from 2014 onwards. In July we completed the sale of the Torre Ocidente office building in Lisbon on behalf of the consortium formed by Sonae Sierra, Caixa Geral de Depósitos, Iberdrola and CBRE Global Investors to a Singapore-based investment trust. In December, Sierra Fund sold its stake in Zubiarte in Bilbao, Spain to ActivumSG Capital Management. Finally, in January 2016 we completed the sale of Loop5 in Germany and we are in negotiations to sell our majority ownership stakes in AlgarveShopping and Estação viana in Portugal and Luz del Tajo in Spain. All of which we hope to confirm in early 2016. Once completed, we aim to remain minority shareholders and be responsible for their management.

Meanwhile in Brazil we commenced the disposal of Boavista Shopping, a non-core asset located in São Paulo, in spite of the challenging macro-economic context. The sale (which was completed in April 2016) will further strengthen our balance sheet and prepare for the possibility of new acquisitions as and when market conditions are favourable.

FUTURE PLANS AGREED FOR OUR FUNDS

With the Sierra Fund due to end in 2018, last year we began to engage with the Fund’s investors to discuss the strategic possibilities for the long term profile of the investment. We reached an agreement with investors in the Sierra Portugal Fund to extend the life of the Fund for a further two years up to March 2020. In line with the performance of Sonae Sierra’s Portuguese portfolio as a whole, the performance of this Fund exceeded expectations for 2015, achieving better direct and indirect results in comparison with the previous year. We were able to increase occupancy levels, increase rents (mainly due to the reduction of rental discounts) and saw asset valuations rise as a result of yield compression.
OPERATIONAL PERFORMANCE (CONTINUED)

MAKING OUR ASSETS MORE SUSTAINABLE FOR THE LONG TERM

Given that our mission is to create shared value, it is of paramount importance that sustainability initiatives can be shown to add tangible value to our assets and our business. A fundamental challenge, however, is that investors have yet to place a premium on the valuation of properties or funds with strong sustainability credentials.

It is clear that sustainability aspects have risen up in the agenda for real estate investors in recent years, and tools such as the Global Real Estate Sustainability Benchmark (GRESB) have become pivotal in highlighting trends and assessing the performance of real estate funds in terms of environmental and socio-economic sustainability criteria. We have been a leading contributor to GRESB since its outset and have achieved a Green Star rating for the past five years.

At present, we can at best testify that the performance of our shopping centres across a wide range of financial and non-financial indicators is appreciated by some investors, and that investors, banks and other providers of capital are requiring increasing evidence of our effective management of sustainability aspects. Consequently, we have been motivated to seek continuous improvements in the sustainable operation of our assets, requiring dedicated resource allocation in terms of investments and capital expenditure to enhance the sustainability of new projects and shopping centres in operation.

Our approach to sustainability, combined with our capacity for innovation, means that we have achieved meaningful results in terms of utilities cost reductions through initiatives such as the roll out of LED lighting in car parks and the creation and use of sophisticated utilities consumption modelling software. 2015 saw us continue to improve our shopping centres’ eco-efficiency across all key environmental indicators: electricity consumption (kWh per m² of mall and toilet area) decreased by 5%, water consumption (litres per visit) was reduced by 3% and waste recycling increased by 7%, all in comparison to the 2014 results. The reduction in utilities consumption represents a combined cost saving of €1.9 million in 2015 alone.

At zero investment cost, Max Center introduced a range of measures to increase its recycling rate and generate sustained reductions in waste management costs while providing a safer and cleaner work environment for management staff and suppliers.

Further references:
For more information, see the case study on our website.
As we increasingly move towards a capital light mode of operation, our ability to directly implement sustainability projects diminishes, and the need for us to concentrate our efforts on influencing our stakeholders’ behaviour increases. Although in some cases we have to make additional efforts to present the business case, most of our partners share our commitment to sustainable standards and are willing to invest in sustainability initiatives.

Drawing from our own experience, we continue to include sustainability services as part of our unique service offer to clients, emphasising the added value that will be reaped by the project as a result. Whilst the sustainability agenda is yet to gain traction in the real estate sector in many emerging markets, we have started to receive interest from a minority of clients and will continue to strengthen our communications and marketing on this front. On the other hand, feedback from our clients suggests that Sonae Sierra’s own sustainability track record contributes to our high standing in the marketplace and attractiveness as a potential partner.

Whilst the correlation between sustainability ratings and property valuations is difficult to confirm, it is undoubtedly a positive one: older shopping centres with a larger capital expenditure will tend to suffer a price discount, in contrast to newer or more recently refurbished centres with better technical equipment and performance which result in lower running costs.

<table>
<thead>
<tr>
<th>Sales and visits at managed shopping centres</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
</tr>
<tr>
<td>Portugal</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Greece &amp; Romania</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>New Markets</td>
</tr>
<tr>
<td>Brazil (€)</td>
</tr>
<tr>
<td>Brazil (R$)</td>
</tr>
<tr>
<td>Total Sonae Sierra</td>
</tr>
</tbody>
</table>

Sales in € million
Visits in million

For a complete list of these annual targets and the methodologies applied to assess our performance, please consult the targets and management actions reports on our website.
OPERTATIONAL PERFORMANCE (CONTINUED)

MARKET-BEATING TENANT SALES AND RENTAL GROWTH IN SOUTHERN EUROPE (CONTINUED)

Occupancy rates across owned portfolio in Europe were stable at 96% and overall rents were up by 1.8% on a like-for-like basis, with positive evolution in Iberia, Italy and Romania. These results confirmed the validity of the property management strategy deployed during the economic crisis period: by supporting our tenants with temporary rental discounts and other cost reduction initiatives, we maintained high occupancy rates and are now reaping the benefits through a recovery of rental income and assets that are outperforming the competition in almost all of our core markets.

In Germany, the operational performance of Loop5 was affected by changes being made to the mall layout to accommodate the introduction of a Primark store. We anticipate that the opening of Primark will have a positive impact going forward. Tenant sales at Alexa in Berlin meanwhile were adversely affected by the opening of new competition in the city, although the impact was less than anticipated.

<table>
<thead>
<tr>
<th>Occupancy rate at owned shopping centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Greece &amp; Romania</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Total Sonae Sierra</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rents received at owned shopping centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total rents</td>
</tr>
<tr>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Portugal</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Greece &amp; Romania</td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>Brazil (€)</td>
</tr>
<tr>
<td>Brazil (RS)</td>
</tr>
<tr>
<td>Total Sonae Sierra</td>
</tr>
</tbody>
</table>

Figures in € million

NEW CONTRACTS STRENGTHEN OUR SERVICES PROVISION

As of 31 December 2015 our total portfolio under management comprised 2.298 million m² GLA. In January 2015 we were awarded new property management and leasing contracts for three shopping centres owned by Union Investment in Hamburg, with a combined GLA of 76,000m². In November we secured the leasing and property management mandate for the CityLife Shopping District in Milan, the new project owned by Generali Real Estate for which Sonae Sierra is also providing development services.
NEW CONTRACTS STRENGTHEN OUR SERVICES PROVISION (CONTINUED)

Another highlight was a contract to provide management and leasing services at Nova Arcada Shopping Centre in Braga, Portugal. The centre is expected to open in March 2016 and will comprise 96 shops on four floors with a GLA of 67,500m². Sonae Sierra is working with a range of national and international retailers including IKEA to ensure the centre’s commercial success.

Elsewhere we signed new service agreements for one shopping centre in Spain, one additional shopping centre in Italy, one in Romania and two new centres in Turkey which will commence in 2016. We also delivered property management services to a shopping centre operator in Russia.

Securing new property management contracts and retaining our existing mandates will be a key focus for us in 2016 and beyond. We are operating in a highly competitive market place, and within the context of our capital light approach it is important for us to ensure that we retain or take on the management of the shopping centres which we either dispose of or hold minority stakes in.

In Brazil, our shopping centres have continued to deliver solid results and outperformed the market, and our geographical diversification within the market has proven an advantage.

FOCUS ON EFFICIENCY AND CUSTOMER SERVICES IN BRAZIL

Against a backdrop of declining retail sales in Brazil, 2015 saw slower sales growth across our portfolio in comparison with recent years, with performance weakening in the latter half of the year in line with the macroeconomic situation. Some assets delivered positive sales figures – a testament to their outstanding quality and durability – whilst others saw a reduction in sales compared to 2014. Whilst we remain positive about the longer term outlook, in the short term we are preparing for a scenario of flat or lower tenant sales and rental income.

Drawing confidence from the recovery of sales and rents and sustained occupancy rates in Southern Europe, we are adopting the same strategy deployed by Sonae Sierra during the Eurozone crisis: we are reducing our costs, reducing tenants’ costs and focusing on maintaining or increasing footfall through a combination of tenant mix, customer services and digital initiatives.

On the cost front, we are preparing for a reorganisation within the business that will allow us to more effectively centralise management functions. With regards to tenant mix, highlights have included the introduction of a new discount retailer Forever 21 and the opening of eight restaurants, including a Jamie Oliver restaurant (Jamie’s Italian), as a result of the Parque D. Pedro Shopping expansion, which has helped to increase overall tenant sales. Following its success in Europe, we also launched the Coop Stores concept in Brazil with eight new tenants offering bespoke and affordable products within a flexible and cost efficient retail format.

**Portfolio under management**

<table>
<thead>
<tr>
<th></th>
<th>GLA (million m²)</th>
<th>Number of contracts with tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.298</td>
<td>8,975</td>
</tr>
<tr>
<td>2014</td>
<td>2.307</td>
<td>8,289</td>
</tr>
<tr>
<td>2013</td>
<td>2.303</td>
<td>8,288</td>
</tr>
<tr>
<td>2012</td>
<td>2.261</td>
<td>8,428</td>
</tr>
<tr>
<td>2011</td>
<td>2.234</td>
<td>8,495</td>
</tr>
<tr>
<td>2010</td>
<td>2.220</td>
<td>8,521</td>
</tr>
</tbody>
</table>
OPERATIONAL PERFORMANCE (CONTINUED)

IMPROVING SAFETY AND HEALTH WITHIN OUR OWN OPERATIONS

A fatality involving a subcontractor in one of our Brazilian shopping centres during the installation of a skylight highlighted the ongoing importance of promoting safe practices amongst all shopping centre users. In response to this specific incident, we have approved changes to our procedures in order to make the use of safety nets compulsory for all relevant works undertaken at height.

We continue to have concerns about the number of incidents involving suppliers in recent years, and in 2015 we undertook some in depth research and analysis to identify the root causes of these accidents and to identify and implement appropriate solutions.

The findings revealed that there appears to be a disjoint between corporate level buy-in to our safety and health policies and actual behaviour at site level. There is an additional challenge of service suppliers often having a high staff turnover. As a result, we are intensifying our efforts in terms of engaging and training service suppliers’ staff on the ground.

On a positive note, we have seen a reduction in accidents involving shopping centre visitors and safety-conscious behaviour has increased in our shopping centres according to our Safety, Health and Environment Preventive Observations (SPO) indicator applied on reference sites. Ever attentive to safety risks within our centres, in 2015 we decided to launch an innovative competition, ‘Segurarte’ which will use public art to promote the safe use of escalators. We are currently in the process of receiving submissions for Segurarte and hope to select a winner in 2016.

Initially applicable to Portugal, if successful, the initiative will be rolled out to other countries.

Further references:
For more information, see the case study on our website.

Slippery floors constitute one of the most common root causes of safety incidents across our portfolio. When the main entrance to LeiriaShopping presented a particular problem, a slip risk study cut the number of accidents to zero. Similar studies have been replicated at 14 shopping centres with encouraging results in terms of accident prevention and cost reduction.

Further references:
For more information, see the case study on our website.

---

5 The LWCAFR is the number of incidents resulting in one or more lost work days of accidents per million hours worked by suppliers who are based in our owned shopping centres.
6 The ASR is the number of lost work days of accidents per million hours worked by suppliers who are based in our shopping centres.
7 This includes all shopping centres owned by Sonae Sierra and in operation during the reporting period.
CREATING EXCEPTIONAL RETAIL EXPERIENCES

Our Property Management business focuses on creating exceptional retail experiences as an inherent part of its activity. We achieve this in part through our focus on creating vibrant shopping centres and a diverse tenant mix, and in recent years have launched a number of specific projects under the umbrella of our sustainability strategy.

Within the context of the Prosperous Retailers focus area, these include the Coop Stores, a flexible retail concept designed to promote and support small businesses, which proved successful in 2015 and was rolled out to 11 new shopping centres, including one in Brazil, and Rising Store, a new initiative launched in 2015 to promote entrepreneurship in Portugal.

In terms of customer and digital projects, we have developed platforms which allow for the convergence between digital and physical space under the scope of our umbrella project, GoDigital. In Brazil, we provide services such as “whatsapp”, online queuing for special offers and personal shoppers to enhance our contact with visitors. In response to the growing demand for ‘outdoors’ experiences within the context of a secure and accessible environment, we have piloted some unique and exciting entertainment offers including food fairs and thematic cultural festivals which have proved to have a positive impact in terms of visitor traffic and sales.

Our focus on innovation and customer experience and corresponding exploitation of digital technology is by no means unique to Brazil. 2015 saw us proceed with the implementation of various pilot initiatives. In Europe, the most significant of these included: ‘Fashion for me’ (a digital stylist which provides personalised fashion advice by selecting combinations of clothes available in different shopping centre stores); and loyalty apps (currently a pilot project at Plaza Mayor in Spain which involves rewarding consumers with points or vouchers for food and drink offers).

During 2015, we continued to expand our Flash Stores concept with the opening of 100 new Flash Stores through the course of the year; currently over half of the Flash Stores initiated since 2011 have converted into long term tenants. Our digital promotions platform PromoFans® now counts more than 651,000 users and continues to grow since its launch in 2012. We continue to evolve the content of the platform, adding new concepts such as interactive quizzes.

All of these initiatives have been developed in close collaboration with tenants, whom we engage in the early stages of each project. The ongoing strength of our relationships with tenants, and their support for our customer-focused initiatives was confirmed once again through the outstanding response rate to our annual tenant survey and the positive feedback we have received in terms of overall satisfaction and satisfaction with our marketing activities.

Going forwards, we will continue to anticipate the needs of our tenants and customers in the ‘shopping centre of the future’. The Innovation Office’s ‘Back2Future’ project is already set on identifying the retail, consumer behaviour and digital technology trends of the future and will use this information to establish potential value creation strategies and concepts that can progressively be tested and, where relevant, rolled out across our shopping centres.
**FUTURE OUTLOOK**

We have identified four trends as being particularly important for our sector up to and beyond 2020. Anticipating these trends five years ago, we already adapted our core business and sustainability strategies so as to manage them to our advantage. As the trends unfold, likewise our response continues to evolve, and we are increasingly confident in our ambition to position ourselves as the leading property company dedicated to serving the needs of investors in retail real estate.

**GLOBAL RETAIL INVESTMENT WILL CONTINUE TO SHIFT TOWARDS ‘GROWTH’ AND ‘EMERGING’ MARKETS AS INTERNATIONALISATION ACCELERATES**

Despite recent volatility, the long term prospects for emerging markets remain favourable. By 2030, the purchasing power of the E7 is set to overtake the G7. As early as 2020, ‘growth’ and ‘emerging’ markets may attract 40% of total global retail investment. Driving this trend is the rise of the middle-class population and its strong demand for modern retail space. Expansion into ‘growth’ and ‘emerging’ markets presents a compelling opportunity for shopping centre developers, where the absence of existing stock facilitates the potential to create new high quality destinations tailored to the modern retailer and consumer. The fast-paced international expansion of retail groups, particularly in the fashion sector, further supports the demand for new stock. In spite of significant political and socio-economic challenges present in some regions, international retailers are becoming more adept in navigating emerging markets and finding solutions to the local difficulties they encounter and are taking a longer term approach to investments.

We will continue to consolidate our presence in North Africa and other target markets, where we are currently operating on a capital-light basis and with a focus on growing our services. We will also consider entering new markets where these present opportunities to provide development services to clients in the shopping centre sector and/or forge effective joint venture partnerships with local operators to execute our own expansion projects. In all cases, we will take a pro-active approach to risk identification and management in markets which present political, governance and/or ethical risks and we will hedge against market volatility through a stronger focus on developing our professional services business and maintaining our capital light approach to investment.

**KEY CITIES AND LOCATIONS WILL DOMINATE THE MARKET**

A new era of city competition is changing the geography of commercial property and has deep implications for real estate formats, assets and opportunities. The global urban population is growing by 50 million each year, and with that emerging megacities are attracting significant spending and investment. Across mature markets, polarisation is already in motion, with financial capital becoming concentrated in established world cities and regional centres. Whilst these cities are not growing at the same rate as emerging cities, urbanisation continues to evolve, with demand for city living fuelling large scale urban renewal and increasingly integrated residential, retail and leisure amenities. Within this context, retail assets which offer the best experience, accessibility and convenience will dominate their catchment areas. There will be opportunities to revitalise existing stock, as demand for quality remains strong. All in all, retail assets will need to be architecturally inspiring and flexible, offer the right balance of shopping, services and experience, build emotional connections with visitors and be embedded at the heart of their community to ensure the greatest success.

Our investment management business will hold positions in flagship assets with a medium to long term horizon, whilst our expansion business will seek opportunities for new projects. We will be more flexible and attentive to other opportunities for retail development, including non-traditional retail concepts and mixed-use schemes in joint venture partnership where retail is the core component. Our development business will focus on delivering cutting-edge development solutions to Sonae Sierra and clients across growing and changing cities worldwide.

Within our investment portfolio, we will maintain an active investment/divestment strategy, and on our operating assets, we will pursue opportunities for value creation through expansions, refurbishments and tenant-mix improvements.

Our property management business will aim to maximise value for money on behalf of our partners and clients, focusing on achieving high occupancy levels; tenant sales growth; effort rate optimisation; service charge reductions and stable rent collection. We will support tenants in maximising sales, offer flexible retail formats and ensure a diverse tenant mix by promoting the integration of small-scale, unique and local businesses. Last but not least, we will strive to better understand and enhance our shopping centres’ impact on their local communities and foster connections with local culture.
FUTURE OUTLOOK (CONTINUED)

A NEW GENERATION OF CONSUMERS WILL REQUIRE AN INTEGRATED VIRTUAL AND PHYSICAL RETAIL SPACE AND EXPECT SHOPPING CENTRES TO PROVIDE EXPERIENCES, NOT JUST ‘SHOPPING’

A revolution is occurring in the global retail industry. Spurred by the fast-growing use of mobile internet devices, modern consumers are creating new challenges and opportunities for shopping centres as they increasingly rely on a combination of digital platforms and new communication channels to define their physical shopping experience. Whereas the digital revolution and subsequent growth in on-line consumption was once seen as a threat to shopping centres, it is now clear that physical retail space will remain as a key-driver of retail. Nonetheless, the role of the store itself is changing: it must now integrate entertainment, digital and physical experiences, and successful retailers will be those which focus on the customer as ‘guest’ and invite him or her to move seamlessly between virtual and physical retail space. Retailers will increasingly compete to attract consumers’ attention through the myriad of messages confronting them, and will exploit technology and data analytics to find out how to best engage them. Consumers on their part will continue to challenge retailers and shopping centre operators alike as they seek sensational and emotional experiences that go beyond merely acquiring ‘more goods’. They will expect retail brands to be transparent, socially responsible and to offer compelling stories. Shopping centre visitors will also expect to be offered products which are relevant to them, and will engage more actively in the consumption process. Increased sales in ethical, eco-friendly and artisan products as well as growing interest in hands-on experiences (such as craft workshops and fashion shows) all point to a move in this direction.

Through the Back2Future project, our Innovation Office is actively investigating and responding to the retail, consumer and technological trends which will shape the next decade. We want to guarantee that the shopping centres we manage provide experiences that continually exceed the expectations of our clients, tenants and visitors, and to this end we are working to create and deliver unique and differentiated value propositions for our stakeholders, which we will implement by pioneering new projects and processes. We operate in diverse markets, so attention to demographic trends forms an important part of this; as does attention to the ways in which our tenants are reconfiguring their business models.

ENVIRONMENTAL REGULATION, EXTREME WEATHER EVENTS AND PRESSURE ON NATURAL RESOURCES WILL MAKE ECO-EFFICIENCY IMPERATIVE FOR SHOPPING CENTRE OWNERS AND OPERATORS

In December 2015 the United Nations Conference of Parties (COP) forged an agreement to limit the rise in global temperatures to less than 2°C. The agreement provides a clear message to investors that the low carbon economy is set to become a reality. For the property sector, it is likely to translate into more stringent requirements for energy and/or carbon efficiency in buildings and the use of greenfield sites; and ultimately for new developments and renovations to meet zero carbon standards. In some countries where we operate, investors are already demanding assets with a good environmental performance, expecting these to sustain their value in the longer term. Furthermore, the physical impacts of climate change are already challenging us to increase resource efficiency in the shopping centres we manage; with water management becoming more important in southern Brazil, for example.

We are proud of the results delivered by our eco-efficiency strategy since we introduced our environmental management system in 1999. However, as we shift towards a client-centric business model, the onus will be on our clients to adopt more environmentally sustainable practices. With a long-standing reputation as a ‘sustainable’ shopping centre developer and operator, we are able to share extensive experience and know-how with our clients in terms of environmental management.

Furthermore, to protect our clients’ assets against higher costs and penalties associated with high natural resource consumption and environmental pollution, as well as the risk of water and energy shortages, we need to strive towards true resource resilience: on-site energy generation, water reuse systems and waste minimisation and/or a closed loop waste management approach. Over the next couple of years, our Resource Resilience Working Group will proceed to investigate the potential for on-site renewable energy generation systems in countries where the legislative structures allow for it. We will undertake more detailed technical and cost analyses to identify where we can introduce additional water reuse systems and proceed with the implementation of these systems on sites which were identified as presenting favourable conditions. Last but not least, we will continue to engage with other key stakeholders, including clients and tenants, to encourage them to adopt and/or support us in implementing more environmentally sustainable business practices.
CONSOLIDATED ACCOUNTS

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

SONAE SIERRA CONSOLIDATED ACCOUNTS

PROFIT & LOSS ACCOUNTS

Sonae Sierra recorded a net profit of €141.7 million in 2015 which compares with €96.3 million in the same period of 2014, an increase of 47%.

In 2015, direct net profit reached €61 million, which represents a 16% increase compared to last year. The direct net profit was driven by a combination of improved operational results, the growth of our professional services and lower interest rates. On a like-for-like portfolio basis, and excluding the impact of adverse FX changes, direct net profit increased by 22% as a consequence of the quality of our assets and management approach.

Indirect net profit reached €80.7 million compared to €43.6 million in the same period of 2014. The positive variation in indirect net profit was mainly a consequence of the yield compression in Portugal (which accounts for 75% of the value created) and the improvement in the operational performance of our Iberian and Brazilian assets (despite the yield expansion in Brazil).

BALANCE SHEET

The total assets of the company reached €2.3 billion, of which €2 billion correspond to investment properties and €120 million are properties under development.

The increase on the investment properties’ value was more than compensated for by the adverse effect of the year-end exchange rate of the Brazilian Real and the disposal of Torre Ocidente and Zubiarte.

Properties under development doubled in line with the company’s strategy on focusing on new opportunities, which are mainly explained by investments in ParkLake, Nuremberg, Zenata, Cúcuta and the NorteShopping expansion.

Bank loans decreased compared to 31 December 2014 mainly due to contractual loan amortisations and the disposals of the assets explained above.
### CONSOLIDATED ACCOUNTS (CONTINUED)

#### SONAE SIERRA CONSOLIDATED ACCOUNTS (CONTINUED)

<table>
<thead>
<tr>
<th>Consolidated profit and loss account</th>
<th><strong>€ million</strong></th>
<th>2015</th>
<th>2014</th>
<th>% 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct income from properties</td>
<td></td>
<td>154.7</td>
<td>157.7</td>
<td>-2%</td>
</tr>
<tr>
<td>Direct costs from properties</td>
<td></td>
<td>55.7</td>
<td>56.5</td>
<td>-2%</td>
</tr>
<tr>
<td>EBIT from properties</td>
<td></td>
<td>99.0</td>
<td>101.1</td>
<td>-2%</td>
</tr>
<tr>
<td>Services rendered</td>
<td></td>
<td>70.9</td>
<td>68.0</td>
<td>4%</td>
</tr>
<tr>
<td>Direct costs from services</td>
<td></td>
<td>64.8</td>
<td>63.0</td>
<td>3%</td>
</tr>
<tr>
<td>EBIT from services</td>
<td></td>
<td>6.1</td>
<td>5.0</td>
<td>21%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td></td>
<td>31.0</td>
<td>40.5</td>
<td>-23%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td></td>
<td>74.1</td>
<td>65.6</td>
<td>13%</td>
</tr>
<tr>
<td>Current tax</td>
<td></td>
<td>13.1</td>
<td>12.9</td>
<td>1%</td>
</tr>
<tr>
<td>Direct net profit</td>
<td></td>
<td>61.0</td>
<td>52.7</td>
<td>16%</td>
</tr>
<tr>
<td>Gains on sale of investments</td>
<td></td>
<td>2.6</td>
<td>3.4</td>
<td>-24%</td>
</tr>
<tr>
<td>Value created in investments</td>
<td></td>
<td>109.1</td>
<td>89.4</td>
<td>22%</td>
</tr>
<tr>
<td>Impairment</td>
<td></td>
<td>2.1</td>
<td>-24.0</td>
<td>109%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td></td>
<td>33.1</td>
<td>25.1</td>
<td>32%</td>
</tr>
<tr>
<td>Indirect net profit</td>
<td></td>
<td>80.7</td>
<td>43.6</td>
<td>85%</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td>141.7</td>
<td>96.3</td>
<td>47%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidated balance sheet</th>
<th><strong>€ million</strong></th>
<th>31 Dec 15</th>
<th>31 Dec 14</th>
<th>Var. 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td></td>
<td>2,007.5</td>
<td>2,016.3</td>
<td>-9</td>
</tr>
<tr>
<td>Properties under development</td>
<td></td>
<td>120.3</td>
<td>63.5</td>
<td>57</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td>101.3</td>
<td>105.4</td>
<td>-4</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td></td>
<td>70.6</td>
<td>97.4</td>
<td>-27</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>2,299.7</td>
<td>2,282.6</td>
<td>17</td>
</tr>
<tr>
<td>Net worth</td>
<td></td>
<td>938.3</td>
<td>898.0</td>
<td>40</td>
</tr>
<tr>
<td>Bank loans</td>
<td></td>
<td>904.5</td>
<td>953.8</td>
<td>-49</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td></td>
<td>286.1</td>
<td>271.5</td>
<td>15</td>
</tr>
<tr>
<td>Other liabilities</td>
<td></td>
<td>170.7</td>
<td>159.2</td>
<td>11</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>1,361.3</td>
<td>1,384.6</td>
<td>-23</td>
</tr>
<tr>
<td>Net worth and liabilities</td>
<td></td>
<td>2,299.7</td>
<td>2,282.6</td>
<td>17</td>
</tr>
</tbody>
</table>
DEBT STRUCTURE AND MATURITY

The company maintained its conservative long term funding strategy. The capital structure is supported by an average debt maturity of 4.2 years, 39% of debt hedged and a balanced debt maturity profile.

The following charts illustrate Sonae Sierra’s debt at 31 December 2015.

In 2015, the company was able to refinance the debt of four shopping centres to the total value of €210 million and closed the refinancing of one development: ParkLake. This reflects the trust of national and international banks in the management and solidity of the Company and its assets.

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 2015 stands at 4.1%, 10 basis points below the same period last year. Excluding Brazil, the weighted average cost of debt is 3.2%, which leads to a comfortable interest cover ratio.

Please note that the Company has changed the calculation methodology of the average cost of debt, which is now calculated as the total financial costs booked in the profit and loss divided by the average balance of debt in the period, excluding debt for which interest is being capitalised. Previously, the average cost of debt was calculated as the interest rate by contract, weighted by the outstanding debt at the end of the reporting period.

FINANCIAL RATIOS

As of 31 December 2015 the Company’s financial ratios show a prudent and solid approach.

<table>
<thead>
<tr>
<th>Ratios</th>
<th>31 Dec 15</th>
<th>31 Dec 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan-to-value</td>
<td>39.5%</td>
<td>41.5%</td>
</tr>
<tr>
<td>Interest cover</td>
<td>3.0</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Loan-to-Value (LTV) is 39.5%, which compares favourably with 41.5% in December 2014. The decrease derives from the reduction in bank loans explained by contractual loan amortisations and the increase in asset values.

Interest cover in 2015 was 3.0, above the Company’s target of 2 thanks to the low average cost of debt. The reduction compared to 2014 is explained by lower interest rates and our effective financial risk management with a stable EBIT.
CONSOLIDATED ACCOUNTS (CONTINUED)

FINANCIAL RESOURCES (CONTINUED)

NET ASSET VALUE

The Company measures its performance, chiefly, on the basis of 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.

On the basis of this methodology, the NAV of Sonae Sierra, as of 31 December 2015, was €1,180 million compared to €1,115 million on 31 December 2014 (an increase of 6%). The NAV per share attributable to the company is €36.29 against €34.29 recorded on 31 December 2014. The NAV increase results mainly from 2015 net profit, despite the strong adverse exchange rate (the Real depreciated 25% by year end) booked in the period (€81 million).

INVESTMENT MANAGEMENT

Investment Management contributed €126.9 million to the consolidated net profit of Sonae Sierra, an increase of 38% when compared to 2014.

The direct net profit derives from the operation of shopping centres that are part of our portfolio, including those assets that are in the Sierra Fund and the Sierra Portugal Fund.

EBIT is slightly higher than last year which is explained by higher rental income in the portfolio, despite the disposals of Torre Ocidente in 2015 and Le Terrazze and La Farga in 2014. On a like-for-like portfolio basis, the EBIT increased by 2.5%, above the rate of inflation in the Eurozone.

The better financial result is a consequence of lower interest rates and our effective financial risk management.

Indirect net profit arises from the change in value of the investment properties and the realisation of capital gains from the sale of investments.

The value created in investments is €35 million higher than last year due to an increase in the value of the existing portfolio which is explained mainly by yield compression in Portugal and an overall positive impact from the operational performance in Iberia.

Investment properties increased its balance by €82 million when compared to 31 December 2014. This increase is explained by the value increase of the portfolio in 2015, despite the investment disposals.

Bank loans are below 31 December 2014 mainly due to the contractual loan amortisations and the disposal of Torre Ocidente and Zubiarte.
## CONSOLIDATED ACCOUNTS (CONTINUED)

### INVESTMENT MANAGEMENT (CONTINUED)

#### Profit & loss account

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail net operating margin</td>
<td>81.7</td>
<td>82.0</td>
<td>0%</td>
</tr>
<tr>
<td>Parking net operating margin</td>
<td>2.3</td>
<td>1.8</td>
<td>31%</td>
</tr>
<tr>
<td>Cogeneration net operating margin</td>
<td>0.0</td>
<td>0.1</td>
<td>-55%</td>
</tr>
<tr>
<td>EBIT</td>
<td>84.1</td>
<td>83.8</td>
<td>0%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>24.2</td>
<td>31.4</td>
<td>-23%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td>60.0</td>
<td>52.4</td>
<td>14%</td>
</tr>
<tr>
<td>Current tax</td>
<td>10.4</td>
<td>9.7</td>
<td>8%</td>
</tr>
<tr>
<td>Direct net profit</td>
<td>49.5</td>
<td>42.8</td>
<td>16%</td>
</tr>
<tr>
<td>Gains on sale of investments</td>
<td>2.4</td>
<td>-0.9</td>
<td>379%</td>
</tr>
<tr>
<td>Value created in investments</td>
<td>102.5</td>
<td>67.3</td>
<td>52%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>27.6</td>
<td>17.5</td>
<td>57%</td>
</tr>
<tr>
<td>Indirect net profit</td>
<td>77.4</td>
<td>49.0</td>
<td>58%</td>
</tr>
<tr>
<td>Net profit</td>
<td>126.9</td>
<td>91.7</td>
<td>38%</td>
</tr>
</tbody>
</table>

#### Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 15</th>
<th>31 Dec 14</th>
<th>Var. 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>1,680.8</td>
<td>1,598.3</td>
<td>82</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>97.3</td>
<td>90.1</td>
<td>7</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,778.1</td>
<td>1,688.4</td>
<td>89.7</td>
</tr>
<tr>
<td>Net worth</td>
<td>793.6</td>
<td>651.3</td>
<td>142</td>
</tr>
<tr>
<td>Bank loans</td>
<td>729.1</td>
<td>787.4</td>
<td>-58</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>232.0</td>
<td>205.9</td>
<td>26</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>23.3</td>
<td>43.8</td>
<td>-20</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,778.1</td>
<td>1,688.4</td>
<td>89.7</td>
</tr>
</tbody>
</table>
EXPANSION

The Expansion business contributed negatively (-€4.5 million) to the consolidated net profit of Sonae Sierra.

Project development services income is 25% higher than for the same period last year due to an increase in services provided to the properties under development.

Value created in projects in 2014 relates to the Asset@Risk provision made for projects in Greece due to the expected non-recovery of the Greek economy in the medium term.

Properties under development doubled in line with the Company’s strategy of focusing on new opportunities, including the investments in ParkLake, Nuremberg, Zenata and Cúcuta.

### Profit & loss account

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project development services rendered</td>
<td>4.5</td>
<td>3.6</td>
<td>25%</td>
</tr>
<tr>
<td>Value created in projects</td>
<td>-0.4</td>
<td>-17.6</td>
<td>98%</td>
</tr>
<tr>
<td>Operating income</td>
<td>-4.1</td>
<td>-34.0</td>
<td>-</td>
</tr>
<tr>
<td>Operating costs</td>
<td>9.2</td>
<td>8.0</td>
<td>15%</td>
</tr>
<tr>
<td>EBIT</td>
<td>-5.1</td>
<td>-21.9</td>
<td>77%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>1.1</td>
<td>2.7</td>
<td>-58%</td>
</tr>
<tr>
<td>Income tax</td>
<td>-1.7</td>
<td>-1.8</td>
<td>3%</td>
</tr>
<tr>
<td>Net profit</td>
<td>-4.5</td>
<td>-22.9</td>
<td>80%</td>
</tr>
</tbody>
</table>

### Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 15</th>
<th>31 Dec 14</th>
<th>Var. 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties under development</td>
<td>115.8</td>
<td>59.4</td>
<td>56</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>8.5</td>
<td>8.3</td>
<td>0</td>
</tr>
<tr>
<td>Total assets</td>
<td>124.3</td>
<td>67.7</td>
<td>56.6</td>
</tr>
<tr>
<td>Shareholder funds</td>
<td>98.2</td>
<td>53.7</td>
<td>45</td>
</tr>
<tr>
<td>Bank loans</td>
<td>22.6</td>
<td>8.0</td>
<td>15</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>0.3</td>
<td>0.2</td>
<td>0</td>
</tr>
<tr>
<td>Other net liabilities</td>
<td>0.3</td>
<td>0.2</td>
<td>0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>124.3</td>
<td>67.7</td>
<td>56.6</td>
</tr>
</tbody>
</table>

SERVICES

The services business contributed €4.8 million to the consolidated net profit of Sonae Sierra.

EBIT increased by 22% as a consequence of the increase in property management and development services provided to Sonae Sierra and to external clients. Services provided to external clients represent 9% of the total operating income.

### Profit & loss account

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management</td>
<td>17.0</td>
<td>16.6</td>
<td>3%</td>
</tr>
<tr>
<td>Property Management</td>
<td>46.0</td>
<td>44.8</td>
<td>3%</td>
</tr>
<tr>
<td>Development Services</td>
<td>7.8</td>
<td>6.1</td>
<td>28%</td>
</tr>
<tr>
<td>Operating income</td>
<td>70.9</td>
<td>67.6</td>
<td>5%</td>
</tr>
<tr>
<td>Operating costs</td>
<td>64.8</td>
<td>62.5</td>
<td>4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>6.1</td>
<td>5.0</td>
<td>22%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>-0.4</td>
<td>-0.5</td>
<td>13%</td>
</tr>
<tr>
<td>Non recurrent results</td>
<td>0.0</td>
<td>-2.5</td>
<td>100%</td>
</tr>
<tr>
<td>Income tax</td>
<td>1.8</td>
<td>1.7</td>
<td>1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>4.8</td>
<td>1.2</td>
<td>-</td>
</tr>
</tbody>
</table>
CONSOLIDATED ACCOUNTS (CONTINUED)

SONAE SIERRA BRASIL

Sonae Sierra Brasil contributed €14.5 million to the consolidated net profit of Sonae Sierra, a decrease of 45% when compared to 2014 due to an adverse change in the exchange rate of 12% (in average terms).

The EBIT decrease is explained by the depreciation of the Brazilian Real. Excluding the impact of the adverse FX change, EBIT increased by 5% which is mainly explained by higher rental income as a consequence of the quality of our assets and management approach.

Value created in investment properties reflects the positive impact from operational cash flows, although yields expanded due to the challenging macroeconomic environment.

Investment properties reached €331 million in December 2015, a decrease of €92 million when compared to 31 December 2014 which is explained by the depreciation of the Brazilian Real (end of year rate), although there was an increase in the value of operating assets.

### Profit & loss account

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>2015</th>
<th>2014</th>
<th>% 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail net operating margin</td>
<td>17.8</td>
<td>20.1</td>
<td>-11%</td>
</tr>
<tr>
<td>Parking net operating margin</td>
<td>3.2</td>
<td>3.3</td>
<td>-3%</td>
</tr>
<tr>
<td>Shopping centre net operating income</td>
<td>21.0</td>
<td>23.4</td>
<td>-10%</td>
</tr>
<tr>
<td>Income from services rendered</td>
<td>5.1</td>
<td>5.8</td>
<td>-12%</td>
</tr>
<tr>
<td>Overheads</td>
<td>6.6</td>
<td>7.5</td>
<td>-13%</td>
</tr>
<tr>
<td>EBIT</td>
<td>19.6</td>
<td>21.7</td>
<td>-10%</td>
</tr>
<tr>
<td>Net financial costs/(income)</td>
<td>6.2</td>
<td>6.0</td>
<td>3%</td>
</tr>
<tr>
<td>Direct profit before taxes</td>
<td>13.4</td>
<td>15.7</td>
<td>-15%</td>
</tr>
<tr>
<td>Current tax</td>
<td>2.9</td>
<td>2.9</td>
<td>-2%</td>
</tr>
<tr>
<td>Direct profit</td>
<td>10.6</td>
<td>12.8</td>
<td>-18%</td>
</tr>
<tr>
<td>Value created in investments</td>
<td>9.2</td>
<td>21.4</td>
<td>-57%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>5.3</td>
<td>8.0</td>
<td>-34%</td>
</tr>
<tr>
<td>Indirect net profit</td>
<td>4.0</td>
<td>13.4</td>
<td>-70%</td>
</tr>
<tr>
<td>Net profit</td>
<td>14.5</td>
<td>26.2</td>
<td>-45%</td>
</tr>
</tbody>
</table>

### Consolidated balance sheet

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>31 Dec 15</th>
<th>31 Dec 14</th>
<th>Var. 15/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>331.2</td>
<td>423.1</td>
<td>-92</td>
</tr>
<tr>
<td>Other assets</td>
<td>17.9</td>
<td>21.8</td>
<td>-4</td>
</tr>
<tr>
<td>Cash &amp; equivalents</td>
<td>20.3</td>
<td>33.7</td>
<td>-13</td>
</tr>
<tr>
<td>Total assets</td>
<td>369.5</td>
<td>478.7</td>
<td>-109</td>
</tr>
<tr>
<td>Net worth</td>
<td>237.3</td>
<td>307.3</td>
<td>-70</td>
</tr>
<tr>
<td>Bank loans</td>
<td>57.9</td>
<td>83.4</td>
<td>-26</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>55.3</td>
<td>66.8</td>
<td>-11</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>19.1</td>
<td>21.1</td>
<td>-2</td>
</tr>
<tr>
<td>Net worth and liabilities</td>
<td>369.5</td>
<td>478.7</td>
<td>-109</td>
</tr>
</tbody>
</table>
GOVERNANCE

Corporate governance

Board members and executives

46

50

III

46

s

s

GOVERNANCE

Corporate governance

46

Board members and executives

50

The shareholders’ corporate governance policies impose certain levels of transparency, independence, remuneration compliance rules and sustainability policies which have contributed to shaping Sonae Sierra’s own management model, corporate values, business strategy, sustainability policies and transparency in public reporting.

The top corporate body of the Sonae Sierra group of companies is the General Shareholders Assembly which, among other prerogatives, appoints the Board of the General Shareholders Assembly, the Fiscal Board, the Compensation Committee and the Board of Directors of the Company. Sonae Sierra’s Board of Directors takes responsibility for the Company’s strategy, long term business plan, finance and reporting. It consists of 11 members, five of them make up the Executive Committee.

The Executive Committee is responsible for the day-to-day operations of the Company, which encompasses sustainability activities. The Executive Committee meets eleven times a year and may invite other Company executives to attend its meetings. The Board of Directors and the Executive Committee are supported by three specialised Committees: Investment, Finance and 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.

SONAE SIERRA 2015 Economic, Environmental and Social Report

GOVERNANCE

CORPORATE GOVERNANCE

Sonae Sierra’s corporate governance policies were adopted by the Company based on the models of its shareholders, Sonae and Grosvenor.

The shareholders’ corporate governance policies impose certain levels of transparency, independence, remuneration compliance rules and sustainability policies which have contributed to shaping Sonae Sierra’s own management model, corporate values, business strategy, sustainability policies and transparency in public reporting.

The top corporate body of the Sonae Sierra group of companies is the General Shareholders Assembly which, among other prerogatives, appoints the Board of the General Shareholders Assembly, the Fiscal Board, the Compensation Committee and the Board of Directors of the Company. Sonae Sierra’s Board of Directors takes responsibility for the Company’s strategy, long term business plan, finance and reporting. It consists of 11 members, five of them make up the Executive Committee.

The Executive Committee is responsible for the day-to-day operations of the Company, which encompasses sustainability activities. The Executive Committee meets eleven times a year and may invite other Company executives to attend its meetings. The Board of Directors and the Executive Committee are supported by three specialised Committees: Investment, Finance and 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.
CORPORATE GOVERNANCE (CONTINUED)

We operate a Risk Management Working Group to serve as facilitator and promoter of risk management best practices company-wide. 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 CFO, to the Audit & Compliance Committee.
CORPORATE GOVERNANCE (CONTINUED)

SUSTAINABILITY GOVERNANCE

Each Executive Member of the Board has responsibility for certain businesses or areas of the Company, as well as Sonae Sierra’s long term sustainability priorities. We operate a Sustainability Steering Committee (SSC) which is responsible for overseeing the delivery of work under our long term sustainability priorities and risk management.

The SSC reports directly to the Executive Committee and is chaired by our CEO. The Committee meets regularly 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 Safety, Health and Environmental (SHE) Strategy, including setting and periodically reviewing SHE Policy and long term objectives. The senior-level employees who champion each of our long term sustainability priorities are required to report three times a year to the SSC on progress made with respect to their area of priority.

In 2015, Sonae Sierra merged its former Sustainability and Corporate Communication offices to form a single Sustainability and Communications Office, incorporating a new area to focus on stakeholder engagement. The Sustainability and Corporate Communication Office supports the SSC with the definition and implementation of the Sustainability Strategy in each long term priority and SHE Management. It also supports the champions and provides relevant advice and guidance as and when required around the implementation of each priority area, and is responsible for strengthening relationships with all stakeholders by applying the principles of shared value creation which form the basis of Sonae Sierra’s Sustainability Strategy.

This governance model enables our executives and their teams to focus on creating and sustaining shared value for the Company and society through each specific business activity, with attention paid to the long term challenges which our Company faces and with expert support on environmental and social issues. Moreover, individual members of staff across all business activities and functions have responsibility for implementing specific aspects of our sustainability strategy. SHE objectives form part of all employees’ performance appraisals (including Executive Committee members’ appraisals) which link through to remuneration and bonus schemes.

ETHICAL CONDUCT

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. The Code also promotes ethical and responsible decision making by providing guidance on dealing with issues such as bribery, corruption, legal compliance, equality and human rights.

Whilst the Executive Committee is ultimately responsible for managing these issues, ethical conduct is a personal responsibility and every employee is held accountable for his or her behaviour. The Sierra Ombudsman promotes compliance with our Code of Conduct and encourages behaviour aligned with our ethical principles. The Ombudsman is an independent facilitator to whom all stakeholders can present their complaints with an assurance that they will be processed, investigated, and responded to in a timely and sensitive manner. For more information on the Ombudsman, see our website.

SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM

Our integrated Safety, Health and Environment Management System (SHEMS) sets out the framework by which we manage our impacts and improve our performance in relation to both safe people and eco-efficiency.

The SHEMS is based on a cyclical approach that involves planning, implementation, monitoring and review to ensure continuous improvement and has since been updated to ensure greater alignment and coverage with our increasing focus on professional services and a capital light business model. It is based on the international standards ISO 14001:2004 and OHSAS 18001:2007 and was recertified by Lloyds Quality Register Assurance according to both of these standards in 2011 and again in 2014.

Ultimate responsibility for SHE aspects lies with Sonae Sierra’s CEO and Executive Committee. The Sustainability Steering Committee constitutes the senior level of decision making and establishes our SHE Policy, lines of action and objectives, and monitors progress in respect of these. The Sustainability and Corporate Communication Office actively supports the Sustainability Steering Committee, advises on SHE Policy and standards, and oversees stakeholder engagement around our sustainability strategy.

Responsibility for the implementation of Safety, Health and Environment Development Standards (SHEDS) and SHEMS procedures is assigned to all leaders and managers in the organisation, who are also required to demonstrate a strong visible management commitment. Finally, our organisation as a whole is supported by the SHE network, which provides advice on SHE management and technical issues.

Our SHEMS covers all safety, health and environmental impacts across all stages of our business cycle for assets which Sonae Sierra owns or occupies. As our business strategy evolves, we are adapting our safety, health and environment strategy to reflect the degree of control that we have over the assets that we manage. In particular, when we have no direct control, it is important for us to discuss with our partners and clients the best approach and strategy to meet their needs and the local market standards.

We have developed guidelines to ensure that we apply a consistent approach across all our activities to address all possible situations. If partners do not agree to implement our SHEMS we implement critical SHE procedures and guarantee compliance with applicable laws governing health, safety and environment.
CORPORATE GOVERNANCE (CONTINUED)

SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM (CONTINUED)

Pre-Development

During the new business phase of our own projects, Environmental Due Diligence and an Environmental Impact Study are undertaken so that we can understand the potential liabilities that sites may contain (such as contaminated land or materials) and any potential negative environmental impacts associated with the project. We include in development budgets the steps required to eliminate or mitigate any identified issues. In circumstances where we provide development services, Environmental Due Diligence and Environmental Impact Studies are conducted at the client’s request. Environmental and SHE Due Diligences are also implemented upon the acquisition of existing shopping centres. The operational performance of newly acquired shopping centres are benchmarked against existing shopping centres in our portfolio prior to their purchase to identify the level of investment needed to bring them up to our standards.

Development

We apply our own SHEDS to guarantee effective risk management and good shopping centre performance, targeting our long term priorities and critical impacts. Each of our projects under development is required to ensure that SHE risks and characteristics unique to each site are managed adequately.

We aim for all our new development projects, major expansions and refurbishments where we have direct control, to target as a minimum BREEAM Good, LEED® Silver or DGNB Bronze. Development teams are able to select the BREEAM, LEED® or DGNB credits that best help them achieve their goals. We also aim for the SHEMS for all Sonae Sierra construction projects to be certified to OHSAS 18001 and ISO 14001.

On developments managed through a joint venture agreement without our direct control, we engage with our partners to decide whether to implement our full SHEMS system beyond the minimum legal requirements and compliance audits that we implement. In the event that our partner does not wish for us to implement our full certified SHEMS, we still make sure that we comply with legislation in relation to both construction work and building regulations of the relevant country. We also implement critical SHE procedures (including accident investigation and emergency response) and best practice, run data reports and carry out data audits in relation to safety, health and environmental issues.

Property Management

We apply our SHEMS to manage the main environmental aspects and safety and health risks during the operational phase of a shopping centre. We monitor and manage the performance of owned operational shopping centres 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 S&H risks.

Our energy and water metering strategy is designed to ensure effective sub-metering with connection to each centre’s building management system, which allows us to have a better control of these utilities’ use. Our online management system, called the SHE Portal, provides a streamlined SHE management processes and helps to ensure data accuracy by holding all data in one central platform which is accessible to all our staff. Data collection and monitoring for energy, water, waste and safety and health is managed through this database which allows each of our shopping centre management teams to input SHE performance data and generate reports that can be used to compare performance across Sonae Sierra’s portfolio and to set annual targets to improve performance. We also monitor and evaluate safety and health performance on a regular basis using tools such as SHE Preventive Observations (SPO), emergency drills and SHE inspections (covering safety-related equipment and installations in tenant units and warehouses).

In cases where we provide shopping centre property management services to clients, we do not systematically apply our certified SHEMS because this falls outside the boundaries of our responsibility. However, we make sure that we monitor and comply with applicable legislation and implement critical S&H procedures to reduce potential risks. With our long term experience in managing safety, health and environmental impacts, we are also very well-placed to provide additional services, such as alignment with ISO 14001 and OHSAS 18001, when these services are specifically requested by our clients.

Investment

We integrate specific investment initiatives into each shopping centre’s investment plan to ensure that we improve the centre’s safety, health and environmental performance. These include environmental protection measures at our existing shopping centres, corporate offices and development projects, in particular efforts to reduce energy and water use and improve waste recycling and landfill aversion. See indicator G4-EN31 for full details of these expenditures (page 78).
Paulo Azevedo joined Sonae in 1988 as New Investments Analyst and Project Manager. Subsequently, he held various management positions in several of the Group’s companies. From 1996 to 1998 he was the Executive Director at Modelo Continente Hypermarkets and in 1998 he was appointed CEO of Optimus. From 2000 to 2007 he was CEO of Sonaecom and in 2007 he was appointed CEO of the Sonae Group. He held this position until April 2015 when he became co-CEO and was appointed Chairman of the Board of Directors.

Academic achievements
Degree in Chemical Engineering, École Politechnique Federal de Lausanne, MBA, ISEE, University of Porto.

Mark Preston joined Grosvenor in the UK in 1989. Seconded to Hong Kong in 1995, he returned to lead Grosvenor’s fund management operations in 1997, spent four years as President of Grosvenor USA from 2002, became Chief Executive of Grosvenor Britain & Ireland in 2006 and Group Chief Executive in 2008. He is a Non-Executive Director on the Board of Persimmon Plc. He is a Trustee of ULI and Chairman of the ULI Centre for Sustainability Advisory Board, as well as being a Trustee for the Westminster Foundation. He is a member of the (University of) Cambridge Land Economy Advisory Board and an Honorary Vice-President of the Cambridge University Land Society (CULS).

Academic achievements
BSc (Hons) Degree in Land Management, Reading University, RICS Fellow, International Executive Programme at INSEAD.

Nicholas Scarles (FCA, Attorney at Law), joined Grosvenor in 2004 where he is currently Group Finance Director. He was previously at Centrica, PricewaterhouseCoopers and Lybrand in London, New York and Toronto. He is a Governor of the Haberdashers’ Elstree Schools and a Member of the Court of Assistants of the Haberdashers Livery Company.

Academic achievements
Degree in law from Trinity College, Cambridge; Masters of Law from the University of Virginia; Fellow of the Institute of Chartered Accountants in England and Wales; Member of the Institute of Taxation (UK); Certified Public Accountant (Colorado, USA).

Neil Jones has been a Non-Executive Director of Sonae Sierra since 1999 and is a member of both the Investment and Finance Committees. He is an advisor to Grosvenor, and a Non-Executive director of both Majid Al Futtaim Properties and of the Leducz Foundation. He is also founder and shareholder of both Almacantar and Temprano Capital Partners. He was CEO of Grosvenor Continental Europe from 1997 to 2009 and an Executive Director of Grosvenor Group Ltd. Currently based in Madrid, he has also lived and worked in London, Paris, Brussels and Hong Kong.

Academic achievements
BSc (Hons) Degree in Estate Management; RICS; General Management Programme, Harvard Business School.

Ángelo Paupério has been a Non-Executive Director of Sonae Sierra since 2000. He is also Chairman of Sonaecom’s Executive Committee, co-CEO of Sonae SGPS and sits on the Board of Sonae Distribuição, all of which are companies in the Sonae Group.

Academic achievements
Degree in Civil Engineering, University of Porto, MBA, ISEE, University of Porto.
Fernando Guedes Oliveira joined Sonae Sierra in 1991 as Development Manager of the Company’s ViaCatarina 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 with direct responsibilities over the Human Resources, Corporate Communication, Marketing, Innovation and Sustainability. He is the chair of the Sustainability Steering Committee.

Academic achievements
Degree in Civil Engineering, University of Porto; MBA, ISEE, University of Porto; AMP, Harvard Business School.

Edmundo Figueiredo joined the Sonae Group in 1989 as Financial Controller of the Company’s real estate activities. As Sonae Sierra’s Chief Financial Officer and a member of the Sonae Group Finance Committee, Edmundo’s responsibilities include Internal Audit, Legal, Fiscal and Mergers & Acquisitions, Finance, Planning & Control, Information Systems and Back Office.

Academic achievements
Degree in Finance, Lisbon School of Economics (ISCEF).

Pedro Caupers joined Sonae Sierra in 1997 and has been a Board Director since 1999. Between 1997 and 2009 he was responsible for all of the Company’s European property management and leasing activities. He has been the Chief Investment Officer since 2009 and is responsible for the Company’s European portfolio and the Sonae Sierra Funds. He is a member of the Sustainability Steering Committee.

Academic achievements
Degree in Electrical Engineering, Instituto Superior Técnico; PhD, Paris University; MBA, INSEAD.

Ana Guedes Oliveira has been with Sonae Sierra 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.

Academic achievements
Degree in Civil Engineering, University of Porto; MBA, ISEE, University of Porto; AMP, INSEAD.

João Correia de Sampaio joined Sonae Sierra in 1992. Along with other duties 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.

Academic achievements
Degree in Military Sciences, Academia Militar, Lisbon; MBA, Nova University of Lisbon.

José Baeta Tomás joined the Sonae Group in 1982. José Baeta Tomás was appointed General Manager of Modelo Supermercados SA in 1983. He joined the Executive Committee of Modelo Continente SA in 1985 and, in 1995 created Sonae Distribuição in Brazil. From 2003 to 2009 he managed Tafisa Brazil and supervised the Sonae Group activities in Brazil. In 2010 he was appointed CEO of Sonae Sierra Brasil. He is a member of the Sustainability Steering Committee.

Academic achievements
Degrees in Finance, ISE, Lisbon; Retail Marketing, Management Centre Europe, Oxford; Executive Program Michigan University USA.
OTHER EXECUTIVES

Joaquim Pereira Mendes joined Sonae Sierra in 1989 and is responsible for the Company’s Legal, Tax and Mergers & Acquisitions activities.

Academic achievements
Degree in Law, Comillas University; Professor, Portucalense University, Porto.

José Falcão Mena joined Sonae Sierra in 1989. After being Development Manager and Leasing & Marketing Director, he has overseen the Company’s expansion in Iberia since 1998, and been responsible for shopping centre development in the same region since 2004. In 2010 he became responsible for the expansion of professional services to clients in the EMEA region.

Academic achievements
Degree in Civil Engineering, Instituto Superior Técnicos, Lisbon; Management graduate, ECTE, Lisbon; Advanced Marketing Studies, Católica Lisbon School of Business and Economics.

Carlos Alberto Correa joined Sonae Sierra Brasil as Deputy CFO in 2007, having spent a number of years with some of Brazil’s larger companies where he acquired extensive experience in the financial field. In February 2009 he was appointed CFO of Sonae Sierra Brasil, with overall responsibility for the Company’s financial area. In 2011 he also took over responsibility for the Investor Relations department.

Academic achievements
Degree in Accounting & MBA, Universidade Presbiteriana Mackenzie, São Paulo; AMP, Harvard Business School.

Manuela Calhau joined Sonae Sierra in 2008 following senior positions in the telecommunications sector, where she was a board member at several Sonaecom companies and a consultant at McKinsey & Co. Manuela was the first Portuguese woman to join McKinsey at management level. At Sonae Sierra, she is responsible for Marketing, Mall Activation and Market Intelligence for Europe and New Markets. She leads the Innovation Office for the entire managed portfolio, including Brazil. She is also a member of the Sustainability Steering Committee and the Innovation Steering Committee.

At an industry level, she is the ICSC Solal Awards Chairman for Europe & South Africa. Manuela is also a visiting faculty member for the Lisbon MBA program, where she is responsible for the Business Cases course.

Academic achievements
Degree in Economics, Católica Lisbon School of Business and Economics; MBA, Nova University of Lisbon.

Cristina Santos joined Sonae Sierra in 1995 as Assistant Director of GaiaShopping, where she later became the centre’s Director. She subsequently transferred to the Company’s central Property Management division and is now the Managing Director of Sonae Sierra Property Management in Portugal and Spain, with special responsibilities for property management and letting.

Academic achievements
Degree in Food Engineering, Católica Lisbon School of Business and Economics.

Alexandre Fernandes joined Sonae Sierra in 1997 as Development Manager of NorteShopping, later becoming the centre’s General Manager. In 2000 he was appointed Asset Manager for Portugal and in 2002 he added Greece and Romania to his portfolio. Between 2008 and 2013 Alexandre oversaw all Sonae Sierra’s real estate investments in Portugal and Spain and is now responsible for Europe.

Academic achievements
Degree in Electronics Engineering, Minho University; MSc in Management, University of Porto; MBA, ISSE University of Porto; AMP, Instituto de Empresa, Madrid.

Alberto Bravo spent four years in charge of the property management activities of Spanish consultancy CCC before joining Sonae Sierra in 2000. Since then, he has held various positions within Sonae Sierra, ranging from Regional Operations Manager for southern Spain to Managing Director for Property Management in the whole of Spain, a responsibility he took up in 2010. In 2012 he added the Romanian market to his specific responsibilities and in 2013 he added Greece. In 2016 he became Managing Director for Property Management in Eastern Europe & North Africa, while maintaining the responsibility of Country Representative for Spain.

Academic achievements
Ingo Nissen joined Sonae Sierra in 2000 when the company began operations in Germany. Since 2007 he has been responsible for the company’s shopping centre developments in Romania.

**Academic achievements**
Degree in Civil Engineering, Technical University, Braunschweig; PhD, Technical University, Munich.

**Other Executives (continued)**

Pedro Soveral Rodrigues joined Sonae Sierra in 1998 as Deputy Manager of Centro Colombo. Since then he assumed different responsibilities at the company including the Expansion role in Iberia, the leadership of the Safety & Health area, as well as responsibility for Property Management in Italy. In 2010 he was appointed as Head of Human Resources. He is a member of the Sustainability Steering Committee and the Innovation Steering Committee.

**Academic achievements**
Degree in Mechanical Engineering, IST, Lisbon; MBA, Nova University of Lisbon; PED, IMD, Lausanne.

Waldir Chao joined Sonae Sierra Brasil in 2011 after 17 years in the Brazilian retail and real estate business. He has wide ranging responsibilities for the management, marketing and leasing of Sonae Sierra Brasil’s shopping centres, with a particular emphasis on the evolution of the day-to-day management aspects of each asset.

**Academic achievements**
Degree in Industrial and Management Engineering, U.S.P., São Paulo; MBA, California State University, San Diego.

Jorge Morgadinho has been with Sonae Sierra since 1994. He started his activity as an architect for Centro Colombo. 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. In 2006 he started his activity as Expansion Manager for New Markets. Since 2010 he returned to the architecture department as Director of Conceptual Design & Architecture.

**Academic achievements**
Degree in Architecture at Faculdade de Arquitectura, Lisbon; MBA at IESE, Universidad de Navarra, Barcelona.

Thanos Effthymiopoulos joined Sonae Sierra in Greece as Head of Finance and Back Office in March 2010. Since July 2011 he also assumed responsibility for the Development and Asset Management businesses and Country Representative for Greece. In October 2013 he also took charge of the Finance and Back Office functions in Romania. Prior to joining Sonae Sierra, Thanos was the CEO of a real estate private equity firm, specialising in South-East Europe. Before this he was an Executive Director and the CFO of a leading real estate development group in Athens, Greece. His professional experience started in 1994 at the Athens office of Arthur Andersen.

**Academic achievements**
MSc in International Economics, Banking and Finance, University of Wales; BA in Economics, National University of Athens; Member of the Royal Institution of Chartered Surveyors.

José Maria Robles joined Sonae Sierra in 2003 as a Shopping Centre Manager. In 2007 he was appointed Regional Operations Manager for Central and southern Spain, and in 2012 he was appointed General Manager for Property Management in Italy. Before joining Sonae Sierra he was a Regional Operations Manager for Lidl supermarkets in Eastern Spain.

**Academic achievements**
Degree in Business Administration, University of Wales; Master in Banking, Murcia University; Executive MBA, Bocconi Business School.

Thanos Effthymiopoulos joined Sonae Sierra in Greece in 1989 as Development Manager. Following several roles in the Development business with responsibility for a large number of Sonae Sierra’s projects in Iberia, in 2003 he was appointed General Manager of Developments Iberia with responsibility for engineering services, and in 2008 he was promoted to Head of Development and Engineering Services.

**Academic achievements**
Degree in Civil Engineering from Instituto Superior Tecnico, Technical University in Lisbon; Postgraduate qualifications in Real Estate Management from IST; General management from Catholic University, Lisbon.

Vitor Freitas Duarte joined Sonae in 1997 and held various positions ranging from Investor Relations at Sonae SGPS to Project Manager at Sonae UK. In 2004 he joined Sonae Sierra as a Finance Manager and, three years later, he assumed responsibilities as Senior Manager for New Projects and Acquisitions in Europe. In 2010, he was also appointed Corporate Controller with responsibilities for information systems and European back offices.

**Academic achievements**
Degree in Management, University of Porto; MBA, ESADE Business School/NYU Stern.

José Maria Robles joined Sonae Sierra in 1997 and held various positions ranging from Investor Relations at Sonae SGPS to Project Manager at Sonae UK. In 2004 he joined Sonae Sierra as a Finance Manager and, three years later, he assumed responsibilities as Senior Manager for New Projects and Acquisitions in Europe. In 2010, he was also appointed Corporate Controller with responsibilities for information systems and European back offices.

**Academic achievements**
Degree in Business Administration, University of Wales; Master in Banking, Murcia University; Executive MBA, Bocconi Business School.

**Board Members and Executives (continued)**

Manuel Guerra joined Sonae Sierra in 1989 as Development Manager. Following several roles in the Development business with responsibility for a large number of Sonae Sierra’s projects in Iberia, in 2003 he was appointed General Manager of Developments Iberia with responsibility for engineering services, and in 2008 he was promoted to Head of Development and Engineering Services.

**Academic achievements**
Degree in Civil Engineering from Instituto Superior Tecnico, Technical University in Lisbon; Postgraduate qualifications in Real Estate Management from IST; General management from Catholic University, Lisbon.
João Carlos Lélis joined Sonae Sierra in 2004 as an investment analyst, later becoming a fund controller. Current responsibilities include the management of the Sierra Fund and the Sierra Portugal Fund, the monitoring of European portfolio investments and transaction support. Prior to Sonae Sierra, he was a consultant with McKinsey & Company, and also with Arthur Andersen. João sits on the Reporting Committee of INREV (the European Association for Non-Listed Real Estate Vehicles) and on the Valuation and Portfolio Management Committee of the Urban Land Institute.

Academic achievements
INSEAD International Executive Programme; MBA, Yale University School of Management; BS in Management, Faculdade de Economia da Universidade do Porto.

Marco Pellizzari joined Sonae Sierra Italy as General Manager Developments in October 2014, having spent 25 years working in commercial real estate for national and international companies including Fininvest Group, Decathlon, Blockbuster, Pirelli RE and BNP Paribas RE. He has extensive experience in property development, asset management and real estate advisory.

Academic achievements
Degree in Architecture, Università Politecnico di Milano; MBA, Luigi Berlusconi Foundation.

Christoph Billweller joined Sonae Sierra in 2005 as Legal Manager for Germany & Austria, having previously worked for an international law firm. Since 2005 he has been responsible for the Legal Department in Germany, and in 2015 he also took on responsibility for financing.

Academic achievements
Degree in Law and Doctorate in Law, both from WWU Münster, and has been admitted to the bar.
Since 2004 we have published reports which comply with the GRI. This report has been developed in accordance with the ‘Core’ GRI G4 Guidelines which were developed to increase emphasis on the need for organisations to focus their reporting process and performance on those topics that are material to their business and key stakeholders.

This chapter follows the structure of the GRI G4 Guidelines and the Construction and Real Estate Sector Disclosure, and includes our responses to the Profile Disclosures, Disclosures on Management Approach and Performance Indicators, or references to where these can be found in other sections of this report. As such, it replaces the need for a separate content index based on the recommended format outlined in the G4 Sustainability Reporting Guidelines Implementation Manual. We have reported against all material indicators for each Aspect identified in our materiality review, and any omissions are detailed in each section. All GRI General Standard and Specific Standard Disclosures have been externally assured by an independent auditor to ensure that data and information is accurate and complies with the applicable guidelines.

Transparency about the sustainability of a company’s activities is of interest to a diverse range of stakeholders. The Global Reporting Initiative (GRI) has collaborated with large networks of experts representing different stakeholder groups in order to develop a comprehensive framework for sustainability reporting that can be used by organisations of any size, sector or location. The GRI’s Sustainability Reporting Guidelines are the world’s most widely used sustainability reporting framework.
GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

G4.1 Statement from the most senior decision-maker of the organisation. ‘CEO’s statement’, pages 3 to 5.

ORGANISATIONAL PROFILE

G4.3 Name of the organisation. Sonae Sierra.

G4.4 Primary brands, products and services. ‘Our business model and strategy’, pages 13 to 14.

G4.5 Location of the organisation’s headquarters. Our headquarters are located in Maia, Portugal.

G4.6 Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report. ‘Our Company, Where we operate and key facts’, page 10.


G4.8 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). ‘Our Company, Where we operate and key facts’, pages 10 to 11.

G4.9 Scale of the reporting organisation. ‘Our Company, Where we operate and key facts’, pages 10 to 11.

G4.10 Characteristics of the workforce. We consider our workforce to be the 1,085 employees that we directly employ, and the 70 people who are employed by other companies but are supervised by Sonae Sierra. We also employed 13 independent contractors during the reporting period. The vast majority (99%) of our direct employees are employed on a full time basis and 14 are employed on a permanent part time basis. They are located across 13 countries with more than 75% based in our two largest markets, Portugal (40%) and Brazil (35%). Other significant locations include Spain (9%).

During 2015, 190 employees left the company (a male/female turnover rate of 8.1% and 9.4% respectively), and we hired 169 new employees (a male/female new hire ratio of 6.9% and 8.7% respectively).

For more information on our workforce see the tables below and G4-LA12 (page 116).

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>247</td>
<td>183</td>
<td>430</td>
</tr>
<tr>
<td>Algeria</td>
<td>8</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>Brazil</td>
<td>170</td>
<td>210</td>
<td>380</td>
</tr>
<tr>
<td>China</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Colombia</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td>29</td>
<td>37</td>
<td>66</td>
</tr>
<tr>
<td>Greece</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Italy</td>
<td>23</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>Morocco</td>
<td>6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Romania</td>
<td>14</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Spain</td>
<td>59</td>
<td>35</td>
<td>94</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Turkey</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>564</strong></td>
<td><strong>521</strong></td>
<td><strong>1,085</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>2</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Romania</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
<td><strong>7</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Brazil</td>
<td>17</td>
<td>46</td>
<td>63</td>
</tr>
<tr>
<td>Greece</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Spain</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
<td><strong>48</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>
ORGANISATIONAL PROFILE (CONTINUED)

G4.10 Characteristics of the workforce. (continued)

<table>
<thead>
<tr>
<th>Employment contract</th>
<th>Direct Employees</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>511</td>
<td>493</td>
<td></td>
</tr>
<tr>
<td>Fixed term</td>
<td>44</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Temporary</td>
<td>9</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>564</td>
<td>521</td>
<td></td>
</tr>
</tbody>
</table>

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

G4.11 Percentage of total employees covered by collective bargaining agreements.
Sonae Sierra does not have any collective bargaining agreements, so 0% of employees are covered.

G4.12 Describe the organisation’s supply chain.
In 2015, we purchased goods and services with a value of approximately €1,018 million from our suppliers. Our most significant suppliers can be divided into two broad groups: service suppliers who provide maintenance, security, cleaning and waste management services in our 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 shopping centres and refurbishments and expansions of existing centres. In the majority of cases, development services are provided by contractors who in turn manage their own supply chain to source the goods and materials we use. 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.

The appointment of suppliers is governed by our supplier procurement procedures. Our Responsible Procurement Policy, adopted in 2007, is integrated into our Service Suppliers’ Management Procedures. All contracts with critical suppliers must include safety, health and environmental clauses, and sub-contractors have the same level of requirements in this area as contractors. We promote high environmental standards and in 2015, 46% of our suppliers had an environmental management system certified to ISO 14001.

The performance of critical development suppliers (contracts over €2.5 million) is assessed through questionnaires that collect information on their policies and practices regarding a range of CR issues including ethics, anti-corruption, human rights, environmental compliance, equal opportunities, safety and health and community investments.

For more information on our supply chain, including supplier procurement and evaluation procedures with regards to labour practices, see page 117.

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 2015, 97% of our procurement spending was with national suppliers (aggregated across all countries).

G4.13 Significant changes during the reporting period regarding the organisation’s size, structure, ownership, or its supply chain.
‘The Year at a Glance, Key achievements’, pages 6 to 8.

This includes all Sonae Sierra suppliers with a total transaction value above €50,000 (273 suppliers in 2015). It is calculated as the total number of suppliers with ISO 14001 certification (47), divided by the total number of applicable suppliers who responded to this question (102).
The precautionary principle is addressed through our approach to safety, health and environment (SHE) issues. We operate a Safety, Health and Environment Management System (SHEMS) certified in accordance with ISO 14001 and OHSAS 18001 standards at a corporate level and local SHEMS on all our shopping centre and development sites, which require us to identify SHE aspects and impacts associated with our activities (see pages 48 to 49 for further details, including the number of our local SHEMS which are certified). We undertake an Environmental Impact Study and apply our Environmental Due Diligence procedure during the new business phase on our own projects. Environmental and safety and health due diligences are also carried out on new acquisitions supported by our Due Diligence procedure. Our Safety, Health and Environment Development Standards (SHEDS), also described on page 49, enable us to minimise SHE risks and enhance the eco-efficiency of our shopping centres in operation during the design phase. We also demonstrate a precautionary approach to climate change risks; see pages 70 to 71 for further details.

Global Compact
Sonae is a signatory of the Global Compact, a voluntary contract between the United Nations and the worldwide business community. It is designed to encourage companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption. As we are partially owned by Sonae, we provide an outline of how we comply with these principles to support its reporting against the 10 core values to the United Nations. See our website for our Report on Progress against the Compact’s ten principles.

ULI & Greenprint Centre for Building Performance
In 2009, Sonae Sierra became a founding member of the Greenprint Foundation, a global industry initiative supported by key players in the property sector. In 2012 the Greenprint Foundation and Urban Land Institute (ULI) merged to form the ULI Greenprint Centre for Building Performance. Sonae Sierra continues to play an active role as a member of the Advisory Board and sits on its Performance Committee and Valuation Committee. Additionally, Sonae Sierra is a member of the ULI European Sustainable Development Council. In 2015, we participated in the ‘Greenprint Performance Report Volume 6’ (previously called Greenprint Carbon Index) and submitted energy consumption and greenhouse gas (GHG) emissions data from 46 shopping centres which were analysed and compared to other Greenprint members’ portfolios.

INREV Sustainability Committee
Sonae Sierra has been a member of the INREV (European Association for Investors in Non-listed Real Estate Vehicles) Sustainability Committee since 2014. Previously we were members of the Sustainability Working Group which was launched in 2009 to inform and educate members of fund-level sustainability issues. INREV’s work has focused on improving members’ access to information on sustainability issues such as regulation and industry benchmarks, understanding market practices in the industry and supporting other initiatives across INREV’s committees such as reporting and due diligence. Sonae Sierra contributed to the INREV Best Practice Recommendations (BPR) for Sustainability Reporting in 2012, and in 2015 we were involved in their revision as the guidelines are updated. Also in 2015 we launched a dedicated sustainability library and head up the library subgroup of the sustainability committee.

International Organisation of Employers – Global Occupational Safety & Health (GOSH) Network
The GOSH is an initiative of the International Organisation of Employers. It provides an exclusive forum for occupational safety and health specialists from multinational companies to discuss and debate current and emerging global occupational health and safety issues. Sonae Sierra is an active member contributing to this information-sharing platform, and identifying and anticipating emerging issues and trends in themes related with global occupational safety & health, risk management and sustainability practices. For example, Sonae Sierra has shared the results of studies into the causes of incidents amongst service suppliers, as well as our strategy for removing the barriers to implementing safety and health practices in joint ventures and multi-occupancy workplaces with high visitor numbers.
Sustainable Energy Europe Campaign
In 2008, Sonae Sierra was selected to be a partner of the Sustainable Energy Europe Campaign, due to the Company’s strong commitment to sustainability and potential to contribute to the Campaign’s objectives. The Sustainable Energy Europe Campaign is an initiative of the European Commission’s Directorate-General for Energy and Transport, which aims to raise public awareness and promote sustainable energy production and use among individuals, organisations, private companies, public authorities, energy agencies, industry associations and NGOs across Europe.

Paris Pledge for Action
In 2015 we joined ‘The Paris Pledge for Action’ initiative that brings together organizations from around the globe in a global undertaking towards climate change challenge. Sonae Sierra is one of 800 companies worldwide that support the adoption of COP 21 Paris climate agreement, which represents a fundamental step towards limiting climate change and aims to spur a transformation of global growth and development, opening the door to a stable, sustainable future. The pledge demonstrates our commitment to support the objectives of the Paris Agreement and limit global temperature rise to less than 2 degrees Celsius.

World Business Council for Sustainable Development
We participate in the core group of the WBCSD’s Energy Efficiency in Buildings (EEB) project, and have signed up to the WBCSD’s Manifesto for Energy Efficiency in Buildings which calls on signatories to set energy reduction targets for the buildings they control and promote building energy efficiency and best practice among their stakeholders. In 2015 we contributed to the creation of the Energy Efficiency Toolkit, which was developed by the WBCSD for COP21.

World Safety Declaration
The World Safety Declaration is a charter which forms a global commitment to improve workplace safety. Sonae, one of our two shareholders, was one of the 24 founding members of the World Safety Declaration and became a signatory to this agreement in November 2005.

Memberships in industry associations
- ALSHOP – Associação Brasileira de Lojistas de Shopping (Brazilian Association of Shopping Tenants)*
- Asociación Española de Centros Comerciales – AECC (Spanish Council of Shopping Centres)
- Associação Portuguesa de Centros Comerciais – APCC (Portuguese Council of Shopping Centres)*
- Associação Portuguesa de Promotores e Investidores Imobiliários – APPPI (Portuguese Property Investor and Developer Council)*
- Associação Brasileira de Shopping Centers – ABRASCe (Brazilian Council of Shopping Centres)
- Assoimmobiliare (Italian Real estate Industry Association)*
- CCILC – Câmara de Comércio e Indústria Luso-Colombiana (Luso-Colombian Chamber of Commerce and Industry)
- Consiglio Nazionale dei Centri Commerciali Italia – CNCC (Italian Council of Shopping Centres)*
- EIRE – Expo Italia Real Estate**
- European Association for Investors in Non-Listed Estate Vehicles – INREV**
- European Property Federation – EPF*
- Federimmobiliare (Italian Federation of Real Estate Associations)*
- German Council of Shopping Centres*
- Greek Council of Shopping Centres*
- International Organisation of Employees**
- International Council of Shopping Centres (ICSC)**
- IBEVAR – Instituto Brasileiro de Executivos de Varejo (Brazilian Institute of Retail Executives)
- Romanian Council of Shopping Centres*
- Urban Land Institute – ULI**

* Denotes organisations where Sonae Sierra has significant influence either as president, a trustee or a member of the Board or Council.
** Denotes organisations where Sonae Sierra is a member of a working group, taskforce or committee.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4.17 List of all entities included in the organisation’s consolidated financial statements or equivalent documents and identification of any entity included in the organisation’s consolidated financial statements or equivalent documents that are not covered by the report.

Please see Note 3 in our Consolidated Report and Accounts 2015 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, Expansion, Property Management, Development Services and Brazil. The safety, health and environment (SHE) information covers all owned subsidiary holding companies, regardless of our ownership stake in these.

G4.18 Explain the process for defining the report content and Aspect Boundaries, and explain how the organisation has implemented the Reporting Principles for Defining Report Content.

In 2015 Sonae Sierra conducted a materiality review to identify the sustainability aspects that are material to its business. The review incorporated feedback received on the 2014 report, as well as updated stakeholder feedback and changes to Sonae Sierra’s operating environment.

Building on the 2014 materiality review, the 2015 review incorporated elements of the materiality approach developed by the sustainability think-tank AccountAbility with modifications introduced by the Hauser Centre at Harvard University and the Initiative for Responsible Investment. It was based on the four-stage approach recommended by the GRI’s G4 sustainability reporting guidelines and included:

- Review of material aspects after the report has been published. We conducted a ‘sense check’ of the findings from the last material review conducted in 2014. This included: a review of all the information presented in our 2014 Economic, Environmental and Social Report and considered changes to the macro operating environment in which Sonae Sierra operates such as improving economic conditions in Southern Europe and the Company’s expansion into new markets, most notably its first development project in Morocco and broader industry trends including in-sector, and out-of-sector peer practices, and external futures research. Finally, we reviewed the GRI G4 and CReSD aspects that were not identified as material in the 2014 review. We assessed whether they should still be considered not material according to the above criteria.

- Identification of topics “that may reasonably be considered important for reflecting the organisation’s impacts or influencing stakeholders”. During this sense check we identified one additional non-GRI related aspect (Enhancement of the Public Realm) to the list of issues included in the prioritisation stage. We also took the opportunity to consolidate the number of aspects where appropriate. This included merging Energy with Sustainable Energy, Water with Water Scarcity, and Customer Experience with Online and Digital Technology (to create a new aspect called Customer Experience and Innovation), and renamed Changing Consumer Habits to Changing Consumer Lifestyles.

- Prioritisation of aspects that “reflect the organisation’s significant economic, environmental and social impacts” and the aspects that “substantively influence the assessments and decisions of stakeholders”. All shortlisted aspects were tested against five weighted criteria to assess their importance to Sonae Sierra and five weighted criteria to assess their importance to Sonae Sierra’s stakeholders. Materials used to assess the importance of each aspect to Sonae Sierra included, for example, our sustainability strategy, risk assessments, legislation reviews, peer reviews and financial risks and opportunities. Materials used to assess the importance of each aspect to our stakeholders included employee, tenant, supplier, community and consumer surveys, and annual investor information requests.

The overall importance of each issue was then calculated using an average score across all criteria. We developed a Materiality Matrix (see diagram on following page) to map each aspect in terms of its importance to Sonae Sierra and its importance to our stakeholders. Aspects identified as a high priority for Sonae Sierra, a high priority for our stakeholders, and a high priority for both Sonae Sierra and our stakeholders are considered material.

We also shortlisted a number of aspects that we considered material but did not score highly in the materiality assessment. These have the potential to present a material impact in the long term or are a high priority for individual stakeholder groups. These aspects include Anti-Corruption, Economic Performance, Environmental Investment, Diversity & Equal Opportunity, Local Communities, Public Policy and Product & Service Labelling.

Overall, we identified 18 GRI aspects and three non-GRI aspects that we consider meet the GRI’s definition of materiality for Sonae Sierra.

---

9 Our latest materiality review was conducted between May and July 2015 before we announced the changes to our business model and strategy. The material issues and boundaries that follow therefore reflect Sonae Sierra’s previous integrated business model which encompassed the ownership, development and management of shopping centres, as well as the provision of professional services. Future materiality reviews will reflect Sonae Sierra’s updated business model as retail real estate services company and developer.

10 From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues, Steve Lyndenberg, Jean Rogers, David Wood (The Hauser Center for non-profit organisations at Harvard University and Initiative for Responsible Investment, 2010)
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES (CONTINUED)

Materiality matrix below showing material issues to Sonae Sierra.

<table>
<thead>
<tr>
<th>Importance to stakeholders</th>
<th>High priority for Sonae Sierra</th>
<th>High priority for Sonae Sierra and our stakeholders</th>
<th>High priority for our stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Economic Impacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier Assessment or Labour Practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product &amp; Service Labelling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anti Corruption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity and Equal Opportunity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Health and Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education &amp; Innovation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changing Consumer Lifestyles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Experience &amp; Innovation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Communities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effluents &amp; Waste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Validation of material aspects prior to reporting to ensure that the report provides a reasonable and balanced presentation of an organisation’s sustainability performance. The matrix was reviewed and validated by the Sustainability Office. The specific rationale for deeming this aspect as material is explained in the Disclosures on Management Approach.
The above table identifies the material boundaries for each aspect, broadly split between impacts under our direct operational control, those related to professional services and those related to the activities of our suppliers and tenants. For specific limitations regarding the boundary and level of coverage for each of the above aspects, see G4.23, the relevant Disclosure on Management Approach for each material aspect and Data Qualifying Notes for individual indicators.

We have not provided a further analysis of material boundaries according to geography/region as the aspects that fall under our direct control relate to our operations that are located in countries/regions which typically share many legal, social and environmental characteristics, meaning there are no dramatic differences in the materiality of each aspect. The exception, as noted above, is emerging markets where we provide third party services which fall outside the scope of this report, unless otherwise stated. Furthermore, we apply a consistent approach to managing these impacts across owned shopping centres. Where differences do occur, for example in relation to the localised impacts of climate change and water availability, these are often felt at an individual asset level, and not at a broader country or regional level. In these instances, our management approach allows for a more tailored approach (see G4-EC2 and the DMA for Water).
### GENERAL STANDARD DISCLOSURES (CONTINUED)

#### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES (CONTINUED)

<table>
<thead>
<tr>
<th>G4.22</th>
<th>Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.</th>
<th>Any re-statements of previously reported values are explained using Data Qualifying Notes beside each performance indicator.</th>
</tr>
</thead>
</table>
| G4.23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | Throughout this report, information about the scope and exceptions to the reported data is addressed specifically in each indicator. Unless otherwise stated, all performance data contained in this report:
- Includes all of Sonae Sierra’s business activities in Europe and Brazil, but in the majority of cases excludes our activities in Algeria, Azerbaijan, Morocco, Colombia, Russia, Slovakia, Tunisia and Turkey where we do not own shopping centres.
- Excludes shopping centres that are managed but not owned by Sonae Sierra (i.e. shopping centres that we do not hold any shares in).
- Excludes the sustainability impact of our tenants (all 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 quantified in this report).
- Excludes development projects that are managed but not owned by Sonae Sierra.
- Excludes the sustainability impact of our joint venture partners on development projects and our construction contractors.

The most significant change in terms of scope in comparison with the previous reporting period is the sale of Zubiarte shopping centre in Spain in December 2015. We have included its performance for all indicators for the full calendar year, with the exception of GLA under management, the total number of shopping centres owned, average occupancy index by GLA and number of tenant contracts under management.

The most significant change in terms of material aspects from previous reporting periods is the consolidation of a number of material aspects where appropriate as reported under indicator G4.18.

### STAKEHOLDER ENGAGEMENT

| G4.24 | Provide a list of stakeholder groups engaged by the organisation. | • Investors and financiers
• Employees
• Tenants
• Suppliers
• Shopping centre visitors
• Local communities & authorities
• The media
• Service clients |
|-------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| G4.25 | Report the basis for identification and selection of stakeholders. | The stakeholder groups with whom we engage have been identified based on our considerable experience of developing and managing shopping centres. Stakeholders are prioritised based on their ability to influence our business model and operations, and the extent to which we have an impact on them.

In 2015 we strengthened our approach to stakeholder engagement and approved the formation of a stakeholder engagement team, to steer our engagement activities and promote better awareness of our sustainability strategy among key stakeholders.

The team conducted a comprehensive review of Sonae Sierra’s existing stakeholder groups and identified service clients as a new stakeholder group in line with the increasing emphasis we have placed on professional services as part of our business model. A review of academic research and peer practices helped to inform our thinking and identify best practice.

At the same time, the team developed a series of engagement activities to identify strengths and weaknesses in our approach and set out a strategic framework going forwards. This included surveys to employees, tenants and visitors backed up by in-depth interviews with selected staff. |
The survey findings revealed a number of opportunities to strengthen our approach and support engagement around our sustainability strategy. In general, there was a need to improve understanding of our sustainability strategy among all stakeholder groups and promote more frequent ‘two-way’ engagement initiatives that reach a much wider audience.

The team have used the findings to develop objectives that will guide our future engagement strategy by focusing on three priority areas:

- 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.

During 2016 the team will use this framework to identify initiatives that support our vision to create shared value and promote more active participation from stakeholders in our sustainability strategy.

In the tables below we have provided a summary of the stakeholder engagement techniques we employed in 2015 and examples of key feedback received.

<table>
<thead>
<tr>
<th>Key topics raised in 2015</th>
<th>Examples of how we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor attitudes towards our sustainability approach remain mixed. On the one hand, feedback gathered by our stakeholder engagement team in 2015 indicates that (for some investors) sustainability considerations do not play a significant part in investment decisions and our sustainability performance is not communicated meaningfully. On the other hand, banks and other providers of capital increasingly require evidence that we are managing sustainability aspects effectively. As evidence of this, Sonae Sierra benchmarks its sustainability performance by participating in the annual GRESB survey. Once again, we achieved a Green Star rating in the 2015 survey. Based on GRESB’s evaluation, Sonae Sierra achieved a score of 85%, placing it second in its European peer group and twelfth across all European entities.</td>
<td>The stakeholder engagement team has identified a number of follow up actions to improve our engagement with investors over our approach to sustainability. These include better understanding of key investor expectations and needs, more emphasis on the financial benefits of our sustainability performance and the sharing of best practice and research to help influence investor decisions. The largest increase in our 2015 GRESB scores was for ‘Building Certifications’ which reflects our target for all new developments to achieve BREEAM Good, LEED® Silver or DGNB Bronze as a minimum. Specifically, our development at ParkLake in Romania achieved joint ISO 14001 and OHSAS 18001 certifications for its construction works and the shopping centre is on track to achieve an environmental performance rating of ‘Very Good’ under the BREEAM scheme once it opens in 2016.</td>
</tr>
</tbody>
</table>

**Our Investors**

**How we engaged and informed in 2015**
- General Shareholders Assembly
- Annual and quarterly earnings reports and our integrated Economic, Environmental and Social Report
- Regular meetings and presentations about our financial performance and risk management practices
- INREV Sustainability Committee
- Annual participation in GRESB (the Global Real Estate Sustainability Benchmark) that is used by major institutional investors as a due diligence, engagement and monitoring tool to assess the sustainability performance of listed and private real estate companies and funds
- Interviews with investor-facing employees conducted by our stakeholder engagement team

---

**Report the basis for identification and selection of stakeholders**

The team have used the findings to develop objectives that will guide our future engagement strategy by focusing on three priority areas:

- 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.

During 2016 the team will use this framework to identify initiatives that support our vision to create shared value and promote more active participation from stakeholders in our sustainability strategy.

In the tables below we have provided a summary of the stakeholder engagement techniques we employed in 2015 and examples of key feedback received.
### Stakeholder Engagement (Continued)

#### Our Employees

**How we engaged and informed in 2015**
- Climate Survey
- Quarterly Horizons magazine
- Intranet
- Regular safety, health and environment (SHE) meetings
- SHE training, Safety Preventative Observations (SPO) and campaigns
- Travel Risks training
- Anticorruption training
- ‘Evolve’ newsletter including SHE Tips, case studies, etc
- ‘My Advice’ tool for safety and health advice
- SHE target-setting
- Surveys to obtain feedback on the effectiveness of training programs

**Key topics raised in 2015**
Our 2015 Corporate Climate Survey achieved a response rate of 77%, a drop of four percentage points compared with the last survey in 2013. The survey contained 80 questions covering 20 themes. The top rated theme was Mission and Values which achieved an overall rating of 88%. This theme measures the extent to which employees believe Sonae Sierra’s mission, values and strategy are well defined; that we follow high standard of business ethics; and most importantly, the extent to which employees believe they make a positive contribution to our goals. Other top scoring themes (those with a score over 75%) were Sustainability, Teamwork, Impact on Society, Work Conditions, Overall Satisfaction and Line Management. Training and Development (62%) and Performance Management (62%) saw the greatest improvements compared with 2013 (up from 57% and 58% respectively in 2013). The lowest ranked themes were Work-Life Balance (46%) and Compensation (42%), although both saw an increase compared with 2013 when they scored 45% and 40% respectively.

**Examples of how we responded**
- Work-Life Balance is an ongoing focus of our employee engagement and HR activities. Although the theme has seen a continuous improvement in climate survey results since 2011, and achieved its highest ever ranking in the 2015 survey, we are committed to improving this further. A key focus area is workplace stress. In 2015, 43% of survey participants either agreed or strongly agreed with the statement that they feel more stressed and pressured at work now than they did in the past (down from 45% in 2014). Project Be Well is one example of how we are responding to this feedback. Launched in 2014 as an academic partnership with the University Institute of Lisbon, it has enabled us to gain a comprehensive insight into workplace stress risks in our Company and develop a detailed mitigation plan to improve employee health and wellbeing. A series of nine initiatives across eight categories have been identified and rolled out at our corporate offices. For more information, see the case study on our website.

#### Our Tenants

**How we engaged and informed in 2015**
- Sierra Centres network and newsletter
- Operational tenant survey
- Management meetings
- Safety, health and environment (SHE) open committees
- SHE training, SPO and emergency practice drills
- SHE Good Practices Guide for tenants (no changes since 2014)
- Tenants’ sustainability benchmarking
- Planet Sierra Tenant Award to acknowledge tenants with the best environmental practices
- Social media and shopping centre websites

**Key topics raised in 2015**
The operational tenant survey results were positive overall. Our average satisfaction rate was 4.7, and all shopping centres achieved a satisfaction rate of 4 or above on a scale of 1 (‘not satisfied’) to 6 (‘very satisfied’). Satisfaction rates increased in all countries except Romania (which fell from 4.9 in 2014 to 4.8 in 2015) and Portugal and Spain which remained stable.

**Feedback was consistent across all geographies with the majority of comments focusing on topics such as shopping centre temperature, WC cleaning, maintenance issues and the quality of Wi-Fi services.**

**Examples of how we responded**
- Survey results are shared with shopping centre management teams who develop follow-up plans.
- Actions are divided into ‘no-cost’ procedural changes (such as better communications regarding the impact of marketing initiatives), and investments which can be funded through service charges (such as expanding Wi-Fi coverage).
- Actions that require more significant investment are incorporated into annual shopping centre investment plans to be addressed at a later date.
- In response to feedback concerning WCs, in Portugal we created a project team to investigate the challenges and identify potential solutions. The study is ongoing and no conclusions were available at the time of this report’s publication.
GENERAL STANDARD DISCLOSURES (CONTINUED)

STAKEHOLDER ENGAGEMENT (CONTINUED)

Our Suppliers

How we engaged and informed in 2015
• Service Suppliers’ Evaluation Procedure
• Regular SHE meetings
• SHE training, SPO and Safe Practice Index
• SHE Good Practices Guide for suppliers (no changes since 2014)
• Service Supplier Award to promote good safety and health practices (in Portugal and Brazil)

Key topics raised in 2015
In 2015 we completed our analysis of the in-depth safety and health interviews that were conducted with more than 60 service suppliers, site managers and site correspondents in 2014. The findings highlighted how Sonae Sierra is recognised as being committed to safety and health. However, this commitment is not shared by supplier employees when carrying out their daily responsibilities. Many do not follow the correct procedures. Suppliers requested more training to ensure their employees follow the correct procedures and greater awareness of safety and health initiatives and incident reports.

Examples of how we responded
In 2015 we launched the Service Supplier Award to reduce the number of accidents amongst our service suppliers by promoting good safety and health practices. The award was launched in 33 shopping centres across our Portuguese and Brazilian portfolio. The response exceeded our expectations and achieved a 60% participation rate in both countries (25 and 36 entries to the competition in Brazil and in Portugal respectively). The winners of the Service Supplier Award, who won for implementing the best health and safety practices, were Manvia at AlbufeiraShopping in Portugal and Verzani & Sandrini at Shopping Plaza Sul in Brazil.

Shopping centre visitors

How we engaged and informed in 2015
• Mall & Geo Tracking Surveys
• Customer Contact Management System and Service Level Agreements
• Mystery shopper exercises
• Email, SMS and social media updates on services and events to local visitors
• Awareness-raising events with SHE themes

Key topics raised in 2015
Mall Tracking surveys collect information on the profile of shopping centre visitors and allow us to understand visitor trends and expectations. For example, the 2015 survey revealed that 49% of visitors across our European portfolio visited for reasons other than shopping (such as going to the cinema, visiting a health club or eating out).

Geo Tracking surveys provide wider intelligence on the social and economic profile of our catchment areas and the competitive landscape. For example, the survey revealed that Alexa shopping centre in Germany is recognised for having a pleasant atmosphere which benefits from a central location and a good selection of mainstream tenants. Although it would benefit from some modernisation and more promotional offers.

Examples of how we responded
The Mall Tracking results emphasise the importance of providing unique retail experiences and support the longer term trend we are witnessing for shopping centres that provide experiences, and not just ‘shopping’. Results from both the Mall and Geo Tracking surveys are presented back to shopping centres management teams and used to guide future investment plans. For example, the findings for Alexa shopping centre resulted in a number of operational and marketing-related recommendations. Despite the overall positive comments, the shopping centre would benefit from a more diverse tenant mix, an updated food court and interior design and an increase in the number of fashion-related promotional events.

Local Communities & Authorities

How we engaged and informed in 2015
• Community Advisory Panels (CAPs)
• Community Day, school liaison and other employee volunteering initiatives
• Engagement at the shopping centre level during the planning, development and operations phases

Key topics raised in 2015
At CAP meetings community representatives are invited to raise ideas and concerns. Some suggestions raised during 2015 in Portugal included actions to address the refugee crisis and poverty (Luz Del Tajo), children’s rights (Plaza Mayor) and support for people with mental health conditions (GranCasa).

Examples of how we responded
At Luz del Tajo we provided free space for the ONU Refugees Agency (Acnur) to organise an exhibition on the refugee crisis. The exhibition helped visitors learn about ways they could get involved to help. At Plaza Mayor we organised a day of playful activities and workshops to raise awareness on children’s rights. At GranCasa we donated money raised at a charity event to fund the construction of a school for children with mental health conditions.
### GENERAL STANDARD DISCLOSURES (CONTINUED)

#### STAKEHOLDER ENGAGEMENT (CONTINUED)

<table>
<thead>
<tr>
<th>How we engaged and informed in 2015</th>
<th>Key topics raised in 2015</th>
<th>Examples of how we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conferences, presentations and interviews</td>
<td>In 2015, we recorded 4,358 cases of press coverage covering economic, environmental and social aspects of our performance. Of these, 97% were positive or neutral. The Advertising Equivalent Value (AEV) generated from sustainability-related stories was €9.6 million.</td>
<td>We engage with the media and issue regular press releases about our business activities, covering economic, environmental and social aspects of our performance. Examples of topics highlighted in the media include our ‘Sustainability Week’ initiative in Brazil, the expansion of our Café Memória project to new locations in Portugal and the third edition of the Planet Sierra Tenant Awards.</td>
</tr>
</tbody>
</table>

The Sierra Ombudsman is available for all our stakeholders to present their complaints with the guarantee that they will be responded to. In 2015, the Ombudsman received 539 complaints, suggestions and requests from tenants, employees, suppliers and visitors. The majority of these focused around the tenant mix, rents, the location of kiosks, the quality of services and facilities such as cleaning, security, smoking areas and car parks, a lack of information in the mall, complications with gift vouchers, noise and odour issues, mall temperature and customer service quality. All complaints were responded to by letter or email and the necessary actions were taken in order to address the situation and prevent their reoccurrence.

There were no reported instances of discrimination, and no grievances related to human rights impacts were filed, addressed or resolved during the year.

#### THE MEDIA

**Third-party service clients**

<table>
<thead>
<tr>
<th>How we engaged and informed in 2015</th>
<th>Key topics raised in 2015</th>
<th>Examples of how we responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveys of employees in client-facing roles were conducted as part of the review of existing engagement activities by the stakeholder engagement team</td>
<td>The survey findings revealed that service clients did not always understand sustainability as it applies to the concept of 'creating shared value'. Furthermore, our existing engagement around sustainability is not giving equal consideration to the economic, social and environmental benefits.</td>
<td>We have used the findings to develop a framework that will guide our future engagement strategy with all stakeholder groups. For service clients, this includes increased promotion of our sustainability strategy and its benefits from a shared value perspective.</td>
</tr>
</tbody>
</table>

The Sierra Ombudsman is available for all our stakeholders to present their complaints with the guarantee that they will be responded to. In 2015, the Ombudsman received 539 complaints, suggestions and requests from tenants, employees, suppliers and visitors. The majority of these focused around the tenant mix, rents, the location of kiosks, the quality of services and facilities such as cleaning, security, smoking areas and car parks, a lack of information in the mall, complications with gift vouchers, noise and odour issues, mall temperature and customer service quality. All complaints were responded to by letter or email and the necessary actions were taken in order to address the situation and prevent their reoccurrence.

There were no reported instances of discrimination, and no grievances related to human rights impacts were filed, addressed or resolved during the year.

#### REPORT PROFILE

| G4.28 | Reporting period (e.g. fiscal or calendar year) for information provided. | The information in this report relates to the calendar year ending on 31 December 2015. |
| G4.29 | Date of the most recent previous report (if any). | This report succeeds our 2014 In Review: Economic, Environmental and Social Performance Report and our 2014 Economic, Environmental and Social Report, both published in April 2015. |
| G4.30 | Reporting cycle (annual, biennial, etc.). | We report on a calendar year cycle. |
| G4.31 | Contact point for questions regarding the report or its contents. | Nuno Rafael Alves  
Sustainability Reporting Coordinator  
Email: cr@sonae.sierra.com |
### REPORT PROFILE (CONTINUED)

<table>
<thead>
<tr>
<th>G4.32</th>
<th>Report the ‘in accordance’ option the organisation has chosen; report the GRI Content Index for the chosen option, and report the reference to the External Assurance Report, if the report has been externally assured; and</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4.33</td>
<td>Report the organisation’s policy and current practice with regard to seeking external assurance for the report; report the relationship between the organisation and the assurance providers and report whether the highest governance body or senior executives are involved in seeking assurance for the organisation’s sustainability report.</td>
</tr>
</tbody>
</table>

This report has been developed in accordance with the ‘Core’ G4 GRI Reporting Guidelines. This GRI Annex is designed to act as our full GRI G4 disclosure, and therefore replaces the need for a separate content index that follows the recommended format in the G4 Sustainability Reporting Guidelines Implementation Manual. The report (including all GRI General Standard and Specific Standard Disclosures) has been externally assured by an independent auditor to ensure that data and information is accurate and complies with GRI G4 guidelines, including the Construction and Real Estate Sector Disclosure. The Independent Assurance report can be found on pages 139 to 140.

### GOVERNANCE

| G4.34 | Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts. |
| 'Governance', page 146 and 'Governance, Safety, Health and Environment Management System', page 148 |

### ETHICS AND INTEGRITY

| G4.56 | Describe the organisation’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. |
| 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. Regular training on ethics and anticorruption, including the Code, is mandatory for all our employees, during which they are required to sign and return the Sonae Sierra Code of Conduct Acknowledgement, confirming that they have received it and agree to comply with its provisions. The Code is also included in the Welcome Kit that is sent to all new employees as part of their induction. |

---

**Further references:**
For more, see ‘Our Company’ page 9, ‘Governance’ page 146, ‘Training and Education’ page 111 and ‘Anti-Corruption’ page 122.
Click [here](#) to download Sonae Sierra’s Code of Conduct in full, including a description of our Ethical Principles.
**ECONOMIC ASPECTS**

**ASPECT: ECONOMIC PERFORMANCE**

**DISCLOSURES ON MANAGEMENT APPROACH**

a) **Report the impacts that make this Aspect material**

The ability of an organisation to deliver financial value for its shareholders is fundamental for a company such as Sonae Sierra and links closely to the value driven approach embodied in our sustainability strategy. Our business has the following positive impacts in relation to this Aspect:

- Creation of financial value for suppliers and the local economy through development activity.
- Generating tenant sales through our property management activity.
- Increasing Net Asset Value and delivering returns from the sales of assets for investors in our Funds.
- Generating profit for our Company and our investors through all our activities.

One indirect impact which could be viewed as negative is that our business has the potential to contribute to household debt by promoting consumerism.

The key indicator for Sonae Sierra in this aspect covers direct economic value generated and distributed. Also material for Sonae Sierra given its geographic scope are financial implications and other risks and opportunities due to climate change. For more information on our approach to materiality, including the results of our materiality assessments, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63.

b) **Report how the organisation manages the material Aspect or its impacts**

**Policies and Commitments**

Our policies and practices in relation to economic performance aspects are explained in ‘Our strategy’ on pages 17 to 18, and ‘Risk management’, pages 21 to 22.

**Goals and Targets**

‘Our strategy’, pages 17 to 18

**Responsibilities**

‘Governance’, page 46 and ‘Board members and executives’, pages 50 to 54.

GRI G4 CResD Additional Guidance – Policies and practices for assessing, addressing and managing corporate, operational, regulatory and strategic risk that might impact financial performance; Policies and practices for mitigating economic risks; Policies and practices regarding maintenance and capital expenditure in plant equipment or property ‘Risk management’, pages 21 to 22.

GRI G4 CResD Additional Guidance – Policies and practices regarding maintenance and capital expenditure in plant equipment or property Environment ‘Overall’, pages 75 to 78.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: ECONOMIC PERFORMANCE (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

c) Report the evaluation of the management approach

Monitoring

Sonae Sierra adopted the International Accounting Standards (IAS) in its consolidated accounts in 2001, becoming the first real estate company in Iberia to adopt IAS. We issue financial reports on a quarterly basis, which are made publicly available on our website.

Results and Adjustments

‘Operational performance’, pages 26 to 36, and ‘Consolidated Accounts’, pages 39 to 45.

GRI performance indicators G4-eC1, G4-eC2 and G4-eC4 presented below.

PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Direct economic value generated and distributed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-E1</td>
<td>Direct economic value generated</td>
</tr>
<tr>
<td></td>
<td>€ million</td>
</tr>
<tr>
<td>Direct economic value generated</td>
<td>228.2</td>
</tr>
<tr>
<td>Revenues and sales of assets</td>
<td>228.2</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td>239.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>68.0</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>61.5</td>
</tr>
<tr>
<td>Payment to capital providers</td>
<td>60.9</td>
</tr>
<tr>
<td>Community investment</td>
<td>0.03</td>
</tr>
<tr>
<td>Payments to government</td>
<td>48.5</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>-10.8</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all company activities. Payments to government include around €2.9 million of taxes paid to government but recharged to tenants (e.g. property tax).

G4-E2 Financial implications and other risks and opportunities for the organisation’s activities due to climate change.

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.

In 2009, we commissioned a study to investigate the financial risks associated with climate change on a sample of our Portuguese assets, focusing on three components: energy (mainly electricity), water and insurance costs. The results revealed that:

- The increased demand for energy and the anticipated increase in the price of energy is expected to reduce profitability by a maximum of between 2% and 5% in 2030 and between 3% and 6% in 2050, with variations between different shopping centres.
- In the case of water it was not possible to estimate the potential increase in demand due to climate change but the impact of increases in water costs was examined, with the conclusion that these could reduce profitability by between 0.15% and 2%.
- The likely increase in insurance costs was estimated at 21%. This could affect profitability between 0.1% and 0.7%.

In Portugal, AlgarveShopping and NorteShopping were selected for a more detailed asset-level study. The results of the study revealed that:

- Increased demand for energy due to higher temperatures combined with projected price increases are likely to impact on operational shopping centres’ profitability in the long term: for example, at NorteShopping, an estimated reduction of profits between 2% and 5.7% could occur in 2030.
- Water costs are also expected to rise, but estimates vary significantly and the impact on profitability would be less significant; for example, between 0.05% and 0.14% at NorteShopping and slightly more at AlgarveShopping due to higher water costs in this region.
- Insurance costs are likely to increase by around 21% due to the increased frequency of extreme weather events and other risks associated with climate change. The impact on profitability is likely to be around 0.1% at NorteShopping and 0.7% at AlgarveShopping.

In 2013, we commissioned a high-level review building on the 2009 study to explore the business case for climate change adaptation. It reviewed the following key business drivers as a consequence of climate change: physical damage to property assets; evidence of climate change risks affecting operational and asset value based on Sonae Sierra management, acquisition and disposal activities; evidence of climate change risks affecting insurance premiums and policy developments since 2010.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: ECONOMIC PERFORMANCE (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Indicator

G4-EC2  Financial implications and other risks and opportunities for the organisation’s activities due to climate change. (continued)

The findings highlighted that the strongest driver related to climate change adaptation relates to the possible transfer of risks usually absorbed by the public sector to the insurance industry (or directly to the private sector). Other drivers include physical damage to Sonae Sierra assets from extreme weather related events. Conversely, there was no evidence that climate change risks have had an impact on disposal activities for Sonae Sierra, but there is increasing awareness amongst valuers. At present there is a limited business case for adaptation measures based on legislative and policy drivers as there are no plans for introducing legally binding directives requiring property companies to adapt to climate change, and it is unclear how the costs of planning for climate change adaptation at a national level will be absorbed.

At an operational level, insurance premiums for Sonae Sierra assets are unlikely to be immediately affected. However, if insurance products were to become unavailable in the future due to an increase in the severity and frequency of extreme weather events, this would impose a significant burden on the state. If this scenario were to happen, then the private sector may need to absorb the costs directly, and the risks to asset and operational value would substantially increase.

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

- Integrating climate change adaptation into the risk management process of our business activities through the Risk Management Working Group.
- Maintaining a register of relevant climate change adaptation policies in all countries of operation.
- Updating our acquisition checklist 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.
- Monitoring of the impact of climate change risks on insurance premiums and asset values.

Furthermore, we will continue to review the relative materiality of 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. As well as energy and climate change, other potential risks and opportunities include water and waste (pages 87 to 90 and 96 to 98). The issues identified are addressed through the Resource Resilience and Safe People and Eco-efficiency focus areas which form part of our sustainability strategy.

G4-EC4  Financial assistance received from government.

Sonae Sierra did not receive any financial assistance from governments in 2015.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: INDIRECT ECONOMIC IMPACTS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

During the development of our sustainability strategy we identified several instances where our company has an indirect economic impact on our stakeholders and the communities where we operate. These include job creation and skills development opportunities, the impact on local businesses, including suppliers, from our activities, and the impact on our tenants’ businesses.

While it is difficult for us to measure the significance of these indirect economic impacts in the context of external benchmarks and stakeholder priorities, the feedback we have received from tenants and local community members has further highlighted to us the importance of these issues to some key stakeholder groups.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Through our sustainability strategy’s long term focus on Prosperous Retailers and Leveraging Knowledge (respectively), we are committed to making a positive economic impact by:

- Enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done.
- Raising the standard of knowledge attainment at a collective level in the communities where we operate.

Goals and Targets

‘Our strategy’, pages 17 to 18.

Specifically, our Leveraging Knowledge target in relation to indirect economic impacts is to help our tenants, potential tenants (both owners and employees) and service suppliers by strengthening their business skills and know-how (see pages 19 to 20).

Our target in relation to Prosperous Retailers is to implement the Coop Store concept in nine vacant units in Brazil, Germany, Portugal, Romania and Spain.

Responsibilities and Resources

‘Governance’, page 46.

Initiatives related to the commitments above set out in our sustainability strategy are managed by our Prosperous Retailers and Leveraging Knowledge Working Groups. The working groups are responsible for planning and overseeing the implementation of our actions in relation to each long-term priority. The Prosperous Retailers Working Group is a multidisciplinary team consisting of representatives from several departments including shopping centre management and sustainability. For information on our Leveraging Knowledge Working Group, see page 110.

During the development and operation of our shopping centres we carry out feasibility studies to identify consumers’ needs in retail, services and leisure activities, in order to design and adapt shopping centres to match market needs and enhance the existing retail offer. These studies consider factors such as demographics within the catchment area and socio-economic indicators, and constitute a form of ‘community needs assessment’ for our business activity. These factors are also tracked through our Geo Tracking surveys that provide wider intelligence on the social and economic profile of our catchment areas and the competitive landscape for operational shopping centres (see Stakeholder Engagement, page 66 and Customer Surveys, pages 131 to 132).

GRI G4 CRESO Additional Guidance – Policies and practices to encourage positive, and minimize negative, economic legacy impacts from activities

‘Operational performance’, pages 26 to 56.

Specifically, we have developed several projects with reference to Prosperous Retailers which are designed to create economic benefits for local people in the locations where we operate shopping centres.

These include our Coop Store project that supports small businesses by exploring the idea of ‘cooperative’ business models to reduce the operational costs for new start-up businesses, products and brands. It is specifically targeted at entrepreneurs.

Other initiatives that are currently in the pipeline include the ‘Rising Store’ initiative through which we aim to support and collaborate with entrepreneurs by helping them to set up their own business and bring their innovative ideas to our shopping centres.

The initiative is being run as a competition and is open to all entrepreneurs interested in developing a retail business project. The competition received more than 100 entries in 2015 and the five winning applications were announced in February 2016. They will receive support in the development of their project and business plan, and be given rent free store or kiosk space in one of 13 shopping centres across our Portuguese portfolio for a six months period. Moreover, there will be an opportunity to extend the contract for a further six months at a discounted rate.
ECONOMIC ASPECTS (CONTINUED)

ASPECT: INDIRECT ECONOMIC IMPACTS (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

c) Report the evaluation of the management approach

Monitoring
We monitor our tenants’ sales on a continuous basis and work with tenants to improve their economic performance where necessary. We also monitor jobs created as a result of new completed development and expansion projects and report these figures on an annual basis.

Results and Adjustments
During 2015 we opened 11 Coop Stores at shopping centres in Brazil, Portugal, Romania and Spain. Together, the Coop Stores generated sales of more than €171,000 for retailers taking part in the scheme who are all local independent businesses, and generated an Advertising Equivalent Value of €48,000 from media coverage in Portugal alone.

For tenant sales see ‘Operational performance’, pages 32 to 33.
See also GRI performance indicators G4-EC7 and G4-EC8, below.

PERFORMANCE INDICATORS

Indicator

G4-EC7 Development and impact of infrastructure investments and services supported
In 2015, there were no investments and services provided primarily for public benefit.

G4-EC8 Significant indirect economic impacts, including the extent of impacts.

The following diagram illustrates the most significant indirect economic impacts we have identified as being generated by our Company through each core business activity.
ASPECT: INDIRECT ECONOMIC IMPACTS (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Significant indirect economic impacts, including the extent of impacts. (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EC8</td>
<td></td>
</tr>
</tbody>
</table>

We have not undertaken specific studies which would enable us to evaluate the significance of these impacts in the context of external benchmarks and stakeholder priorities, but we are able to point to some quantitative indirect economic impacts generated by our Company in 2015, namely:

- €5,185 million tenant sales at our shopping centres under management.
- 33% of shop units in our European shopping centres under management, and 26% of units in our Brazilian shopping centres are occupied by local businesses.
- €1,018 million spent on suppliers, of which 97% are national businesses.
- 877 jobs created due to the expansions of Uberlândia Shopping and Parque D. Pedro Shopping in Brazil.
ENVIRO_NMENTAL ASPECTS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

The development and operation of our shopping centres – as well as the delivery of our corporate activities – is dependent upon the availability of a range of natural resources (including land, metals, stone, timber, water, renewable and non-renewable sources of energy) and systems (such as natural climate regulation and ecosystems services). Our activities in turn have adverse impacts on these resources through the production of greenhouse gas emissions, waste and wastewater, and, in some cases, through the urbanisation of previously undeveloped land.

In 2015, Sonae Sierra invested more than €15 million in environmental initiatives, equivalent to 25% of direct net profit. Environmental aspects are clearly important to Sonae Sierra and to the Company’s stakeholders. This is demonstrated through the materiality review performed by Sonae Sierra in 2015, which highlighted aspects such as water, energy, waste and emissions as the top four most material issues to Sonae Sierra’s business. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

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 enhanced.

Goals and targets

‘Our strategy’, pages 19 to 20.

Responsibilities and Resources


Specific actions – SHE 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. In accordance with this procedure, the Sustainability Office uses 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. General training needs are also identified by the Sustainability Office with support from the country SHE coordinator.

All new Sonae Sierra employees must receive SHE induction training, and all site managers, site correspondents and country SHE coordinators must attend training on all SHE procedures within our SHEMS, as well as on legal issues specific to the country where they coordinate SHE management. We collaborate closely with our critical suppliers on specific issues relating to SHE through our SHEMS procedures.

Site training and awareness plans are also developed based on the corporate plan, and cover initial and continuous training and awareness for personnel such as new employees, service suppliers’ workers and tenants. A survey is performed following each training session allowing us to monitor the effectiveness of training delivered. In 2015 we delivered a total of 27,020 man hours of training (including meetings) on SHE to staff, suppliers and tenants across our shopping centres, development projects and in our corporate offices.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: OVERALL (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific actions – Service supplier engagement
Regular SHE meetings with our security, maintenance, cleaning and waste suppliers discuss common environmental issues and highlight basic housekeeping procedures that help to reduce our environmental impact, such as waste disposal and recycling. A ‘Good Practice Guide’ for tenant and service suppliers sets our best practice guidelines covering various activities to reduce the risk of safety accidents and environmental incidents.

Specific actions – Resource Resilience
Resource Resilience is one of five long term priorities that underpin our sustainability strategy. A Resource Resilience Working Group was established in 2013 to investigate potential lines of action focusing on alternative energy and water supply strategies. The working group identified three potential lines of action including on-site renewable energy generation, converting tenant waste to energy and the rollout of water recycling and reuse systems. At the time, converting tenant waste to energy (with the possible exception of Parque D. Pedro Shopping in Brazil), and on-site renewable energy were not deemed economically viable. We did however proceed with the roll out of water reuse and rainwater harvesting systems, and a number of actions designed to improve water efficiency and reduce water consumption were incorporated into our SHEDS and SHEMS.

Following this initial work, responsibility for monitoring the future viability of on-site energy generation and waste to energy solutions moved to the Sustainability Office.

For more information, see ‘Our strategy’ page 20, ‘Energy’ page 81 and ‘Water’ page 87.

c) Report the evaluation of the management approach

Monitoring
For an introduction to our SHEMS, see ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49.

Our SHEMS includes a Report, Performance Measurement and Monitoring procedure to monitor, evaluate and report SHE performance on a regular basis. A series of tools and applications exist to assist the monitoring and reporting tasks, such as the SHE Portal. Performance results are reported on a timely basis to the Sustainability Steering Committee, Executive Committee 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. Its main purpose is to implement corrective and preventive measures that are effective in avoiding similar situations that can lead to further accidents. Relevant importance is given to the communication of incidents; their investigation; the determination of their root cause; the definition of proper corrective and preventive measures, and also the communication of learning points throughout the organisation.

The majority of incidents recorded under this procedure cover safety and health incidents. Please see ‘Occupational Health and Safety’ (pages 102 to 109) and ‘Customer Health and Safety’ (pages 127 to 130) 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.

We operate an annual Audit Programme to systematically audit our SHEMS at corporate and at site levels, covering all our shopping centres in operation and projects under development.

Results and Adjustments
See indicator G4-EN31 below.

For results in relation to environmental aspects, see ‘Operational performance’, pages 31 to 32 and the GRI Disclosures on Management Approach in relation to other material environmental aspects, including on pages 79 to 101 below.
Environmental Accounting 2015

- Benefits of significant actions of previous periods
- Benefits of significant actions of the period
- Benefits of the period
- Benefits indicators

<table>
<thead>
<tr>
<th>Environmental domain</th>
<th>Capital expenditure (€)</th>
<th>Current costs (€)</th>
<th>Benefits of significant actions of previous periods</th>
<th>Benefits of significant actions of the period</th>
<th>Benefits of the period</th>
<th>Benefits indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>35,456</td>
<td></td>
<td>243</td>
<td>1</td>
<td>492</td>
<td>Reducing of CO₂ emissions (tonnes)</td>
</tr>
<tr>
<td>Health and well being</td>
<td>128,803</td>
<td>563,452</td>
<td>1,506,184</td>
<td>32,027</td>
<td>3,203,034</td>
<td>Economic Benefit (€)</td>
</tr>
<tr>
<td>Energy</td>
<td>419,604</td>
<td>28,014</td>
<td>10,612,550</td>
<td>301,419</td>
<td>11,167,408</td>
<td>Reducing of electricity consumption (kWh)</td>
</tr>
<tr>
<td>Water</td>
<td>383,841</td>
<td>52,242</td>
<td>81,561</td>
<td>12,856</td>
<td>-5,310</td>
<td>Economic Benefit (€)</td>
</tr>
<tr>
<td>Emergencies</td>
<td>4,655</td>
<td></td>
<td>59,716</td>
<td>6,910</td>
<td>33,867</td>
<td>Reducing of water consumption (m³)</td>
</tr>
<tr>
<td>Noise</td>
<td>2,240</td>
<td></td>
<td>-46,025</td>
<td>-10,518</td>
<td>987</td>
<td>Increase of waste sent to recycling (tonnes)</td>
</tr>
<tr>
<td>Wastewater</td>
<td>60,350</td>
<td>633,852</td>
<td>28,119</td>
<td>-1,051,182</td>
<td>110,402</td>
<td>Economic Benefit (€)</td>
</tr>
<tr>
<td>Waste</td>
<td>96,926</td>
<td>882,053</td>
<td>8</td>
<td>987</td>
<td>-5,310</td>
<td>Reducing of waste sent to final disposal (tonnes)</td>
</tr>
<tr>
<td>Environmental management activities</td>
<td>3,892</td>
<td>1,804,984</td>
<td>-1,051,182</td>
<td>987</td>
<td>3,203,034</td>
<td>Economic Benefit (€)</td>
</tr>
<tr>
<td>Social activities</td>
<td>2,459</td>
<td></td>
<td>110,402</td>
<td></td>
<td></td>
<td>Economic Benefit (€)</td>
</tr>
<tr>
<td>Total Economic (€)</td>
<td>1,098,071</td>
<td>4,004,752</td>
<td>1,587,745</td>
<td>44,882</td>
<td>2,210,920</td>
<td>Economic Benefit (€)</td>
</tr>
</tbody>
</table>
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: OVERALL (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Sonae Sierra’s environmental accounting in owned shopping centres under operation (continued)

Significant actions are capital expenditure items corresponding to cost higher than €3,500 for which environmental criteria were considered (efficiency of resources use) and have an associated quantifiable environmental physical benefit and/or economic saving (when compared with basic technology or prior existing situations). These actions produce effects throughout the asset/equipment’s operating period. The effects of actions from previous years and those implemented throughout this period are shown in the table. The implementation date of the significant actions is assumed to be 31 October, meaning that the benefits (physical and economic) for a full year are six times larger than the shown figures. The benefits of significant actions from previous periods are likely to be underestimated since data started to be regularly reported in 2010 and data reported prior to 2011 was not exhaustively checked or validated. Nevertheless, over the years the contribution of the unreported significant actions from the past will tend to decrease.

Because the EA excludes legally mandatory expenditure, the presented figures regarding capital expenditure and current costs differs from the table below detailing EN31 expenditure. Benefits can eventually include items resulting from compliance with legally mandatory requirements (e.g. implemented actions from building energy certifications may impact the benefit “Reduction of electricity consumption”).

Hofgarten Solingen in Germany, Boulevard Londrina and Passeio das Aguas Shopping in Brazil are included for the first time in 2015 as they have been in operation for two years which is a necessary condition to be included in the model. Nevertheless, the calculated economic benefits are influenced by the fact that costs for these three centres in 2014 were considered to be zero.

Revenues resulting from the sale of energy (electricity, hot and cold water) regard NorteShopping in Portugal, the only shopping centre with an operational CHP plant. The volume of wastewater is estimated from the water consumption (80%).

Benefits figures were normalised taking into account some operational data between periods, such as shopping centres’ opening hours and number of visits, therefore the presented values may vary significantly from GRI/CResD indicators shown in this report. In 2015 there was a significant devaluation of the currency in Brazil that affected the presented values.

PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Corporate offices</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN31</td>
<td>Total environmental protection expenditures and investments by type (€)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention and environmental management costs</td>
<td>2,115</td>
</tr>
<tr>
<td>Waste disposal, emissions treatment and remediation costs</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>2,115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development projects</td>
<td></td>
</tr>
<tr>
<td>Prevention and environmental management costs</td>
<td>-</td>
</tr>
<tr>
<td>Waste disposal, emissions treatment and remediation costs</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention and environmental management costs</td>
<td>6,469,266</td>
</tr>
<tr>
<td>Waste disposal, emissions treatment and remediation costs</td>
<td>8,539,122</td>
</tr>
<tr>
<td>Total</td>
<td>15,008,388</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year, all corporate offices with a SHeMS (Lisbon, Maia and São Paulo) and all projects under development during the reporting year.

The environmental expenditure for shopping centres is based on data from the Company’s Environmental Accounting (EA) model which details the current costs and capital expenditure made in several environmental activities and is available for each shopping centre. The data from the EA was rearranged by matching each EA activity to a G4-EN31 category as defined by the GRI guidelines.

Environmental investments for offices include costs related to internal audits and services for legislation updates.

During 2015, we did not conclude any development projects, therefore there is no information to report regarding environmental expenditure.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: MATERIALS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

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.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We engage with our suppliers with the aim of encouraging them to adopt more responsible business practices. Our Responsible Procurement Policy commits us to, among other things, privileging the use of materials which are: locally-sourced; have recycled content; have low-toxic content; have a long life and can be recycled or reused, and/or are sourced from companies which adhere to ethical and/or environmental standards.

Goals and Targets

‘Our strategy’, pages 19 to 20.

Responsibilities and Resources


GRI G4 CRESD Additional Guidance – Policy and practices to reduce and optimise raw material extraction purchased for direct use

For Sonae Sierra, it is difficult to control the selection of raw materials used in shopping centre development projects as our development contractors source materials (generally pre-manufactured goods) on our behalf. This compromises our ability to gauge a clear understanding of the scale of our impacts in terms of raw material consumption. Nonetheless, 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, and 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.

GRI G4 CRESD Additional Guidance – Policy and practices for selecting materials and engaging suppliers, including specifications for certifications, or utilisation of preferred or prescribed lists of products and materials

As noted above, it is difficult for Sonae Sierra to control the selection of raw materials used in shopping centre development projects. In 2012, we conducted a study 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 was to help us to identify which materials we might prioritise when seeking more sustainable alternatives. The defined methodology is being applied to the construction of ParkLake in Romania which is estimated to be completed in 2016.

c) Report the evaluation of the management approach

Monitoring

The monitoring of our performance in relation to the materials aspect is covered by our SHEMS. See ‘Safety, Health and Environment Management System’ on page 48.

Results and Adjustments

For results in relation to materials aspects, see GRI Performance Indicators G4-EN1 and G4-EN2 below.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: MATERIALS (CONTINUED)

PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN1</td>
<td>Materials used by weight or volume.</td>
</tr>
</tbody>
</table>

Having carried out a research into the impacts of our activities in terms of materials use, we have considered that the volume of materials purchased directly by our business for use in our corporate and shopping centre offices is immaterial in comparison with the volume of materials used on our development projects. Therefore, we only account in this indicator the materials used on development projects. During 2015, we did not conclude any development projects, therefore there is no information to report.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN2</td>
<td>Percentage of materials used that are recycled input materials.</td>
</tr>
</tbody>
</table>

No development projects were completed during 2015.
ASPECT: ENERGY

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this aspect material

According to the International Energy Agency (IEA), the built environment is responsible for around 40% of the world's total primary energy consumption and 24% of carbon dioxide (CO²) emissions. As pressure on governments to reduce the potential impacts of global climate change grows, regulations on the energy consumption and GHG emissions of buildings are becoming more stringent. Consequently, high-energy consuming and carbon-emitting buildings are likely to become less attractive to investors and occupiers in the future. On the contrary, more eco-efficient, low-carbon assets which generate their own energy on-site from renewable sources are likely to sustain their value in the long term.

For Sonae Sierra, ‘Energy’ includes both energy consumption and energy security. We have developed a dual strategy to reduce our reliance on volatile fossil-fuel derived energy markets by improving the energy efficiency of our operations and implementing measures to increase our self-sufficiency in relation to energy use.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material aspect or its impacts

Policies and Commitments

We are committed to increasing the energy efficiency of our activities within the scope of our Safety, Health and Environment (SHE) Policy and management system procedures (see pages 48 to 49 above).

With respect to our focus on Resource Resilience, we have set a long term objective to increase our resilience with regards to natural resources. Specifically, we are monitoring opportunities to generate renewable energy on our sites to remove our reliance on fossil fuel based energy purchased from suppliers.

Goals and Targets

‘Our strategy’, pages 19 to 20.

Specifically, we have a long term objective to strive to increase the energy efficiency of our operations, aiming to attain a maximum average electricity consumption of 400 kWh/m² (mall and toilet area) per year across Sonae Sierra owned shopping centres, by 2020.

With regards to Resource Resilience, we have identified a long term action to develop partnerships with energy service companies to set up on-site renewable energy generation systems, with a particular focus on photovoltaic systems (see Results and Adjustments below).

Responsibilities and Resources


The responsibilities of the Resource Resilience Working Group changed in 2014 following the identification of our long term action regarding on-site renewable energy generation systems. Responsibility for monitoring changes to the legislative environment in our key markets currently rests with the Sustainability Office.
ASHRAE SIERRA 2015 economic, environmental and Social Report

ASPECT: ENERGY

DISCLOSURES ON MANAGEMENT APPROACH

GRI G4 CRESD Additional Guidance – Policy and practices on energy management through all relevant stages of the lifecycle

Energy efficient designs, including energy performance targets and innovative engineering solutions, are included in our Safety, Health and Environment Development Standards (SHeDS). Within the SHeDS, we specify the use of energy efficient boilers, air conditioning units and other fit out equipment such as lighting and appliances. Rules to encourage greater energy efficiency include lifecycle consumption analysis and performance criteria covering HVAC equipment and common area lighting, as well as recommendations for energy efficient tenant lighting. We also require Development Managers to explore possible renewable and low-carbon technologies during design, such as passive solar design or natural ventilation.

We are especially committed to designing buildings that will achieve high energy efficiency ratings under the European Union’s Energy Performance of Buildings Directive. Since 2013 we have also aimed for all our own new development projects, major expansions and refurbishments where we have direct control to target, as a minimum, BREEAM Good, LEED® Silver or DGNB Bronze.

Our construction contractors, too, can be big energy users. During initial construction, major refurbishments, or expansions, we make sure contractors strictly adhere to our SHeMS, which includes guidelines for monitoring energy consumption and achieving greater energy efficiency.

During the operations phase, we ensure shopping centres are run as efficiently as possible (see ‘Safety, Health and Environment Management System’ on page 49). Since 2013 we have rolled out an energy modelling tool (Bright project) which enables us to calculate the optimised theoretical energy consumption of a shopping centre and then compare this with its actual usage, making it possible to easily detect and remedy any inefficiency. The methodology allows us to adjust targets for each shopping centre which, together with more reliable data, should improve energy efficiency across our portfolio. We also procure green electricity through the grid to power shopping centres in Portugal, Germany, Italy and Spain.

For details of specific projects in 2015 to increase energy efficiency, see ‘Operational performance’, pages 31 to 32.

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

Our organisation is subject to regional and national regulations and policies concerning energy and emissions. At the regional level, these include:

- The European Union’s Energy Performance of Buildings Directive 2002/91/CE and the 2010 Recast of the same Directive, which mandates, among other things, that buildings undergoing major renovations must upgrade to meet minimum energy performance requirements, that Energy Performance Certificates (EPCs) must be shared with prospective buyers and tenants of a building and that from 2020 (or 2018 for public buildings) all new buildings should be "nearly zero energy".

- European Union Regulation (EC) N° 1005 of 16 September 2009 (that starting from the 1 January 2010 replaces the Regulation (EC) 2037/2000) on the management of Ozone Depleting Substances for general protection of stratospheric ozone. This includes obligations for operators of refrigeration, air conditioning or heat pump equipment and fire protection systems.


ENVIRONMENtal ASPECTs (CONTINUED)

ASPECT: ENERGY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

At the national level, these include:

- Building regulations in countries where we develop new shopping centres. For example, in Germany, all properties where a building permit was issued after the 1 October 2009 were required to meet the revised 2009 Building Regulations which demanded a 30% increase in energy efficiency of HVAC and lighting systems and a 15% increase in thermal insulation compared to the 2007 Regulations.

- Energy efficiency requirements for operational buildings in countries where we own and manage shopping centres. For example, in Spain, from 2010 the use of heating and cooling in new and existing non-residential spaces was limited in accordance with a maximum temperature of 21°C in winter and a minimum temperature of 26°C in summer. Also in Spain, the Royal Decree 235/2013 sets out energy efficiency certification procedures for buildings.

- Legislation implemented at a national level in response to EU-level legislation. For example, Portugal’s Decree Number 68-A/2015 and Germany’s law on energy services and other energy efficiency measures (EDL-G) from November 2010 result from the transposition of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012, laying out the obligations and conditions for energy audits in business that are not SMEs.

- Legislation implemented at a regional level, such as the ORDEN 20 May 2015, which establishes the periodicity of atmospheric emissions controls in potentially polluting activities according to their classification in the Aragón Autonomous Region.

At an industry level, we are subscribed to several voluntary commitments to reduce energy consumption and GHG emissions associated with our activities; these are reported under G4.16 on page 59 above.

c) Report the evaluation of the management approach

Monitoring

The monitoring of our performance in relation to the energy aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49 and Disclosures on Management Approach for the environmental Aspect ‘Overall’ on page 76 above.

The working group reports its performance to the Sustainability Steering Committee at least three times a year. Key performance indicators have not yet been defined as the Company is still at an early stage in terms of developing lines of action surrounding sustainable energy.

Results and Adjustments

In addition to indicators G4-EN3, G4-EN5, CRE1, G4-EN6 and G4-EN7 below, we monitor the electricity efficiency (excluding tenants) of owned portfolio which in 2015 was 413 kWh/m² (mall and toilet area), a 5% improvement compared with 2014.

Regarding on-site renewable energy generation systems, photovoltaic panels are currently used to produce electricity at Manauara Shopping and Uberlândia Shopping in Brazil. However, a change in legislation in 2015 means we are currently exploring the potential for setting up ESCO partnerships to fund the installation and operation of renewable energy systems on our sites in Portugal. Technical surveys were carried out at 17 out of the 21 shopping centres in our owned portfolio in Portugal. The results demonstrated that installing such systems is feasible at five shopping centres, and seven others are feasible, although they face some difficulties such transportation and installation constraints.

See also ‘Operational performance’, pages 31 to 32.

Electricity efficiency in corporate offices (kWh/m²)

As well as our owned portfolio, we monitor the electricity efficiency of our corporate offices which improved by 7% compared with 2014.

<table>
<thead>
<tr>
<th>Year</th>
<th>kWh/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>91</td>
</tr>
<tr>
<td>2014</td>
<td>98</td>
</tr>
<tr>
<td>2013</td>
<td>102</td>
</tr>
<tr>
<td>2012</td>
<td>137</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes two out of three corporate offices with a SHEMS (Lisbon, Maia and São Paulo). 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.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (CONTINUED)

PERFORMANCE INDICATORS

Indicator

G4-EN3 Energy consumption within the Organisation

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>GJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping centres</td>
<td></td>
</tr>
<tr>
<td>Total electricity consumption</td>
<td>928,216</td>
</tr>
<tr>
<td>Total fuel consumption from non-renewable sources (Natural gas and LPG consumption)</td>
<td>198,720</td>
</tr>
<tr>
<td>Total heating consumption</td>
<td>12,018</td>
</tr>
<tr>
<td>Total cooling consumption</td>
<td>127,682</td>
</tr>
<tr>
<td>Total electricity sold</td>
<td>-39,236</td>
</tr>
<tr>
<td>Total</td>
<td>1,227,400</td>
</tr>
<tr>
<td>Corporate offices</td>
<td></td>
</tr>
<tr>
<td>Total electricity consumption</td>
<td>1,822</td>
</tr>
<tr>
<td>Total fuel consumption from non-renewable sources (Petrol and diesel for car fleet)</td>
<td>12,444</td>
</tr>
<tr>
<td>Total fuel consumption from renewable sources (Ethanol for car fleet)</td>
<td>1,239</td>
</tr>
<tr>
<td>Total</td>
<td>15,505</td>
</tr>
<tr>
<td>Total (shopping centres and corporate offices)</td>
<td>1,242,905</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and all corporate offices with a SHEMS (Lisbon, Maia and São Paulo). Fuel consumptions were considered for all corporate main offices (Lisbon, Maia, São Paulo, Milan, Madrid, Düsseldorf and Bucharest). 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 for ethanol and Liquefied Petroleum Gas (LPG). Since ethanol is only consumed in Brazil we have used a specific conversion factor for that country. For LPG we have used the conversion factor available in the IEA Oil Information publication (2012 edition).

G4-EN5 Energy intensity

<table>
<thead>
<tr>
<th>Shopping Centres</th>
<th>kWh/m² of mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>680</td>
</tr>
<tr>
<td>Brazil</td>
<td>913</td>
</tr>
<tr>
<td>Germany</td>
<td>690</td>
</tr>
<tr>
<td>Greece</td>
<td>911</td>
</tr>
<tr>
<td>Italy</td>
<td>571</td>
</tr>
<tr>
<td>Romania</td>
<td>1,159</td>
</tr>
<tr>
<td>Spain</td>
<td>306</td>
</tr>
<tr>
<td>Global intensity</td>
<td>694</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year. 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 considered (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 areas are not.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Indicator

CRE1 Building energy intensity.

<table>
<thead>
<tr>
<th>Shopping Centres</th>
<th>kWh/m² of mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>611</td>
</tr>
<tr>
<td>Brazil</td>
<td>444</td>
</tr>
<tr>
<td>Germany</td>
<td>671</td>
</tr>
<tr>
<td>Greece</td>
<td>596</td>
</tr>
<tr>
<td>Italy</td>
<td>571</td>
</tr>
<tr>
<td>Romania</td>
<td>616</td>
</tr>
<tr>
<td>Spain</td>
<td>305</td>
</tr>
</tbody>
</table>

Intensity 519

<table>
<thead>
<tr>
<th>Corporate offices</th>
<th>kWh/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>43</td>
</tr>
<tr>
<td>Brazil</td>
<td>189</td>
</tr>
</tbody>
</table>

Intensity 91

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting year and two out of three corporate offices with a SHEMS (Lisbon, Maia and São Paulo). 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. G4-ENS includes energy purchased on behalf of the tenants, whereas CRE1 excludes it.

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 are being considered but those areas are not.

G4-EN5 Reduction of energy consumption.

<table>
<thead>
<tr>
<th>Shopping centres</th>
<th>2014 energy consumption (GJ)</th>
<th>2015 energy consumption (GJ)</th>
<th>Energy reduction achieved (GJ)</th>
<th>Reduction of GHG emission - G4-EN5 - (tonnes CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>533,713</td>
<td>512,514</td>
<td>21,199</td>
<td>281</td>
</tr>
<tr>
<td>Brazil</td>
<td>488,342</td>
<td>454,388</td>
<td>33,954</td>
<td>1,188</td>
</tr>
<tr>
<td>Germany</td>
<td>88,932</td>
<td>81,352</td>
<td>7,580</td>
<td>500</td>
</tr>
<tr>
<td>Greece</td>
<td>26,069</td>
<td>25,561</td>
<td>508</td>
<td>199</td>
</tr>
<tr>
<td>Italy</td>
<td>55,584</td>
<td>56,636</td>
<td>-1,052</td>
<td>177</td>
</tr>
<tr>
<td>Romania</td>
<td>17,142</td>
<td>17,984</td>
<td>-842</td>
<td>-71</td>
</tr>
<tr>
<td>Spain</td>
<td>78,076</td>
<td>78,964</td>
<td>-888</td>
<td>-152</td>
</tr>
<tr>
<td>Total</td>
<td>1,287,858</td>
<td>1,227,399</td>
<td>60,459</td>
<td>2,122</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate offices</th>
<th>2014 energy consumption (GJ)</th>
<th>2015 energy consumption (GJ)</th>
<th>Energy reduction achieved (GJ)</th>
<th>Reduction of GHG emission (tonnes CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>651</td>
<td>577</td>
<td>74</td>
<td>7</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,329</td>
<td>1,245</td>
<td>83</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1,980</td>
<td>1,822</td>
<td>157</td>
<td>10</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and two out of three corporate offices with a SHEMS (Lisbon, Maia and São Paulo). Maia office in Portugal is excluded from this indicator since electricity consumption isn’t known due to the fact that it is in a shared floor/building, with no individual meters. This indicator is calculated as the difference in energy consumption between the reporting year and the previous year.

Reductions of GHG emissions considers the suppliers’ specific emission factors when available (secondary energy sources), and default emission factors for primary energy sources consumed.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: ENERGY (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>2014 (kWh/m² of mall and toilet area)</th>
<th>2015 (kWh/m² of mall and toilet area)</th>
<th>Variation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN7</td>
<td>Reductions in energy requirements of products and services.</td>
<td>Portugal: 710</td>
<td>680</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brazil: 975</td>
<td>913</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Germany: 755</td>
<td>690</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greece: 929</td>
<td>911</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Italy: 560</td>
<td>571</td>
<td>-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Romania: 1,079</td>
<td>1,159</td>
<td>-7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spain: 303</td>
<td>306</td>
<td>-1</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td>727</td>
<td>694</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year. This indicator is calculated as the variation of energy intensity between the reporting year and the previous year (presented as a percentage).
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: WATER

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

As demand for fresh water becomes ever greater around the world due to population growth, urbanisation, increased economic activity and climate change, we need to ensure we have adequate supplies for all our shopping centres, particularly those in areas that are vulnerable to shortages, such as Portugal, Brazil, Greece and Spain.

For Sonae Sierra, ‘Water’ includes both water consumption and water scarcity. We have developed a dual strategy to reduce our reliance on the availability of fresh water supplies by focusing on improving the water efficiency of our portfolio and using innovation and technology to rethink how water is used and managed at Sonae Sierra shopping centres. By improving the water efficiency of our portfolio and integrating systems for rainwater harvesting and water reuse on our sites, we can reduce our exposure to water scarcity risks and minimise our water footprint, which prepares us for potential future legislation and avoids costs.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We are committed to increasing the water efficiency of our activities within the scope of our Safety, Health and environment (SHe) Policy and management system procedures (see page 48 above) and exploring ways to reuse water under our long term priority of resource resilience (see page 20).

With respect to our sustainability strategy’s long term focus on resource resilience, we have committed to rolling-out the use of technologies for harvesting rainwater and reusing water to as many sites as feasible in order to reduce and eventually remove the need to procure water from third parties and to reduce pressure on aquifers.

Goals and Targets

‘Our strategy’, pages 19 to 20.

Specifically, we have a long term objective to attain a level of water consumption at or below 3 litres per visit (aggregated across all Sonae Sierra owned shopping centres), by 2020.

Under our long term focus on Resource Resilience we have also set the following long term objectives:

- At least 10% of total water consumed at Sonae Sierra owned shopping centres to be reused “grey water” or harvested rainwater, by 2020.
- Develop and implement a long term strategy to ensure a secure water supply at owned shopping centres, with a particular focus on locations that are vulnerable to water shortages, by 2020.

Responsibilities and Resources

Responsibilities and resources for managing the water aspect are covered by our Safety, Health and environment Management System (SHeMS). See ‘Safety, Health and environment Management System’ on page 48.

GRI G4 CRESD Additional Guidance - Policy and practices on water use management through all relevant stages of the lifecycle & Policy and practices on drainage and discharge of water

We aim to ensure a secure water supply at all of our shopping centres, with a particular 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, the Company's Safety, Health and Environment Development Standards (SHEDS) define that specific equipment (like water chillers) must be avoided in order 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 to reduce the need for freshwater or municipal water consumption. During the fit out process, we set requirements for water efficient sanitary equipment (such as sensor spray taps, waterless urinals and low flush toilets).

Since 2013 we have also developed a water calculator (Dive project) to assess the water needs of every shopping centre taking into account its occupancy, location and design. It allows us to set consumption targets for the main water systems (e.g. WCs, irrigation) which, together with real time monitoring, enables us to identify unusually high usage patterns and put in place tighter control mechanisms.

For shopping centres’ exterior areas and when landscape projects are defined, we specify efficient irrigation systems and favour the use of autochthonous plant species in exterior landscaping. For details of specific projects in 2015 to increase water efficiency and increase the reuse of water on our sites, see ‘Operational performance’, pages 31 to 32.

annex: Global Reporting Initiative
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: WATER (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESD Additional Guidance - Policy and practices on the management of water quality through all relevant stages of the lifecycle

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

During the design phase, we are committed to incorporating solutions that reduce pollution to local water sources. For instance, to prevent pollution from rainwater run-off we specify filter drains and porous paving in external paved areas and stormwater management plans are implemented to contain or decrease stormwater run-off, according to the site’s characteristics. Additionally, our SHEDS guarantee that equipment like grease and hydrocarbon separators or wastewater treatment plants are installed, minimising pollution through the pre-treatment of these effluents before they are discharged.

During construction works, we also place demands upon our contractors to avoid the risk of water pollution from construction activities.

During the operations phase, wastewater discharges are regularly analysed by externally certified laboratories, and where there are no legally established monitoring requirements the following bio-chemical parameters are periodically analysed:

- Biological Oxygen Demand (BOD5)
- Chemical Oxygen Demand (COD)
- Fats and oils
- Total hydrocarbons
- Total Suspend Solids (TSS)
- pH
- Detergents

Through this control it is possible to prevent and to correct direct and diffuse pollution sources.

c) Report the evaluation of the management approach

Monitoring

The monitoring of our performance in relation to the water aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49 and Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

Results and Adjustments

In addition to GRI indicators G4-EN8, G4-EN10 and CRe2 below, we monitor the water efficiency (excluding tenants) of owned portfolio which in 2015 was 3.4 litres of water per visit, a 3% improvement compared with 2014 (see ‘Operational performance’, page 31).

We currently have 53 rainwater/groundwater harvesting and grey water reuse systems in place across 28 shopping centres (62% of our total owned portfolio). The systems implemented to date are enabling us to make cost savings of over €1.6 million per year and avoid the withdrawal of 643,000m³ of water from municipal supplies. For shopping centres located in water-stressed areas, the implementation of water efficiency measures and reuse measures has even greater significance.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: WATER (CONTINUED)

PERFORMANCE INDICATORS

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Total water withdrawal by source.</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN8</td>
<td>Total water withdrawal by source.</td>
</tr>
<tr>
<td></td>
<td>Water Source</td>
</tr>
<tr>
<td></td>
<td>Ground water</td>
</tr>
<tr>
<td></td>
<td>Rainwater collected directly and stored by the reporting organization</td>
</tr>
<tr>
<td></td>
<td>Municipal water supplies</td>
</tr>
<tr>
<td></td>
<td>Other water sources</td>
</tr>
<tr>
<td></td>
<td>Mixture of water sources</td>
</tr>
<tr>
<td></td>
<td>Greywater</td>
</tr>
<tr>
<td></td>
<td>Treated waste water</td>
</tr>
<tr>
<td></td>
<td>Total water withdrawal</td>
</tr>
</tbody>
</table>

Total water withdrawal by country (including water reallocated to tenants)

<table>
<thead>
<tr>
<th>Country</th>
<th>m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>733,517</td>
</tr>
<tr>
<td>Brazil</td>
<td>808,092</td>
</tr>
<tr>
<td>Germany</td>
<td>125,828</td>
</tr>
<tr>
<td>Italy</td>
<td>148,896</td>
</tr>
<tr>
<td>Romania</td>
<td>12,059</td>
</tr>
<tr>
<td>Spain</td>
<td>242,214</td>
</tr>
<tr>
<td>Total water withdrawal</td>
<td>2,070,606</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes 43 out of 46 shopping centres owned by Sonae Sierra and in operation during the full reporting year. Pantheon Plaza, in Greece, Uberlândia Shopping in Brazil and RioSul Shopping in Portugal are excluded, because they have unknown partial consumptions. The unknown partial consumptions for the excluded shopping centres are: Uberlândia Shopping (water withdrawal from municipal water supplies purchased on the behalf of tenants (m³)); RioSul Shopping (water withdrawal from grey water (excluding tenants)); and Pantheon Plaza (water withdrawal from a mixture of water sources (excluding tenants) and water withdrawal from rainwater (excluding tenants)).

G4-EN10 Percentage and total volume of water recycled and reused (excluding water reallocated to tenants)

<table>
<thead>
<tr>
<th>Water Type</th>
<th>m³</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled or reused</td>
<td>112,259</td>
<td>5</td>
</tr>
<tr>
<td>Not recycled or reused</td>
<td>1,958,347</td>
<td>95</td>
</tr>
<tr>
<td>Total</td>
<td>2,070,606</td>
<td>100</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
The shopping centres which are contributing to this indicator are 8ª Avenida, ArrábidaShopping, Centro Colombo, CoimbraShopping, GaiaShopping, LoureShopping (Portugal), Boulevard Londrina Shopping, Parque D. Pedro Shopping, Passeio das Águas Shopping, Shopping Plaza Sul (Brazil), Gli Dri, Freccia Rossa, Le Terrazze (Italy), Alexa (Germany), and Dos Mares (Spain).

Total water withdrawal by source (excluding tenants) does not include Pantheon Plaza (Greece). Uberlândia Shopping (Brazil) and RioSul Shopping (Portugal) since the shopping centres have unknown partial consumptions. Total water withdrawal by source (including tenants) excludes Uberlândia Shopping (Brazil), because water reallocated to tenants is unknown. This indicator is determined by the following formula: \[ \text{Water reused/recycled (m³)} / \text{Total water withdrawal (m³)} \times 100 \]. Pantheon Plaza (Greece), LeniShopping and RioSul Shopping (Portugal) and Uberlândia Shopping (Brazil) have water reuse systems in place but currently are not able to measure the real amount of water reused. 8ª Avenida and Centro Colombo (Portugal) are not able to measure the real amount of water reused but only a part of it.
**ENVIRONMENTAL ASPECTS (CONTINUED)**

**ASPECT: WATER (CONTINUED)**

**PERFORMANCE INDICATORS (CONTINUED)**

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Building water intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>litres/visit</td>
</tr>
<tr>
<td>Portugal</td>
<td>4.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>9.9</td>
</tr>
<tr>
<td>Germany</td>
<td>4.8</td>
</tr>
<tr>
<td>Greece</td>
<td>6.8</td>
</tr>
<tr>
<td>Italy</td>
<td>7.1</td>
</tr>
<tr>
<td>Romania</td>
<td>3.3</td>
</tr>
<tr>
<td>Spain</td>
<td>5.3</td>
</tr>
<tr>
<td>Global intensity</td>
<td>6.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>m³/m² mall and toilet area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>3.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>6.4</td>
</tr>
<tr>
<td>Germany</td>
<td>3.8</td>
</tr>
<tr>
<td>Greece</td>
<td>1.0</td>
</tr>
<tr>
<td>Italy</td>
<td>5.4</td>
</tr>
<tr>
<td>Romania</td>
<td>2.8</td>
</tr>
<tr>
<td>Spain</td>
<td>3.4</td>
</tr>
<tr>
<td>Global intensity</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**

This indicator includes 44 out of 46 shopping centres owned by Sonae Sierra and in operation during the full reporting year. Uberlândia Shopping (Brazil) is excluded because water withdrawal from municipal water supplies purchased on behalf of tenants is unknown. RioSul Shopping (Portugal) is excluded because the total water consumed for 2015 is underestimated. The formula used to calculate the indicator for litres/visit is: Building Water Intensity = (Total water consumption (excluding tenants) (m³) + Total water purchased on behalf of tenants (m³)) / Number of visits in the reporting year. The formula used to calculate the indicator for m³/m² mall and toilet area is: Building water intensity = (Total water consumption (excluding tenants) (m³) + Total water purchased on behalf of tenants (m³)) / Floor area of the mall and public toilets (m²).
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

As noted under ‘energy’, the built environment is responsible for around 24% of carbon dioxide (CO₂) emissions. As governments respond to growing international and domestic pressure to tackle climate change, regulations relating to buildings’ energy consumption and greenhouse gas (GHG) emissions are becoming more stringent. There is growing evidence that high carbon emitting buildings are becoming less desirable to investors and occupiers. By reducing the energy consumption and GHG emissions associated with our shopping centres we aim to avoid costs and make our properties more attractive to future investors.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

See also ‘Key non-controllable risks’ page 22, G4-EC2 page 70 and ‘Energy’ on page 82.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We are committed to reducing GHG emissions within the scope of our Safety, Health and environment (SHE) Policy and management system procedures (see page 48 above). We also endorse several external policies/charters which commit us to reducing our impact on climate change; for further details, see page 58 above.

Goals and Targets

We have set long term objectives to:

• Achieve an 85% reduction in GHG emissions per m² of GLA, by 2020, compared to the 2005 level (GHG Protocol scopes 1 and 2, plus business air travel)

• Implement climate change adaption measures identified in our 2013 climate change study, by 2020.

Responsibilities and Resources


GRI G4 CRESD Additional Guidance – 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. We have not established a policy with regards to carbon offsetting although we have compensated for carbon dioxide emissions in relation to some minor events. 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 pages 58 and 124 to 125.

Aside from the energy used by our shopping centres themselves, we also seek to reduce the energy consumption and GHG emissions generated by associated activities, such as vehicle emissions produced by people visiting our shopping centres, or by staff travelling to and from work or on business trips. Many of our centres are working to improve access by public transport, and encourage its use by featuring public transport timetables and cycle storage facilities.

Emissions are also produced by tenants occupying our centres, and we advise and educate our tenants about saving energy and reducing GHG emissions from their activities, for example through our SHE Good Practices Guide, sustainability benchmarking and Planet Sierra Tenant Award (see also Stakeholder engagement, page 65 and Tenant Engagement and Satisfaction, pages 135 to 136).

In 2013 we performed a materiality assessment to review 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.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESG Additional Guidance – Policy on carbon management, including policy position on carbon offsetting (continued)
Currently, Sonae Sierra reports emissions from six of twelve applicable scope 3 categories (from an overall total of fifteen categories):

<table>
<thead>
<tr>
<th>Category</th>
<th>Emission Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: Purchased goods and services</td>
<td>• Staying in hotels</td>
</tr>
<tr>
<td>Category 5: Waste generated</td>
<td>• Waste generated</td>
</tr>
<tr>
<td>Category 6: Business travel</td>
<td>• Air travel</td>
</tr>
<tr>
<td>Category 7: Employee commuting</td>
<td>• Rail travel</td>
</tr>
<tr>
<td>Category 9: Downstream transportation and distribution</td>
<td>• Employees commuting</td>
</tr>
<tr>
<td>Category 13: Downstream leased assets</td>
<td>• Visitor trips to shopping centres</td>
</tr>
<tr>
<td></td>
<td>• Tenants’ electricity consumption</td>
</tr>
</tbody>
</table>

For details of specific projects in 2015 to reduce our GHG emissions, see ‘Operational performance’, pages 31 to 32 and GRI indicator G4-EN6, page 65.

GRI G4 CRESG Additional Guidance – Policy and practices on reducing fugitive emissions
During the construction phase, besides the energy efficiency measures described on page 82, we put in place a number of steps to reduce 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.

GRI G4 CRESG Additional Guidance – Report corporate and project initiatives that result in greenhouse gas emissions reductions, including direct GHG emissions and energy indirect and other indirect GHG emissions
See Environmental Aspect ‘Products and Services’ on page 99.

Country, regional and industry regulations and policies for energy and emissions
See ‘Energy’ on page 82 above.

c) Report the evaluation of the management approach

Monitoring
The monitoring of our performance in relation to the emissions aspect is covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

Results and Adjustments
In addition to indicators G4-EN15, G4-EN16, G4-EN17, CRE3, G4-EN18, G4-EN19 and G4-EN21 below, we monitor the GHG emissions intensity (excluding tenants) of owned portfolio and corporate offices, which in 2015 was 0.016 tCO²e/m²GLA, a 6% improvement compared to 2014 (see ‘Operational performance’, page 31).

Number and percentage of visits made by different types of transport in the owned portfolio (millions of visits and %)
The most significant contribution to our carbon footprint is from visitor travel to our shopping centres. In 2015, visitor travel accounted for approximately 80% of our total carbon footprint and the percentage of visits by private car in 2015 was comparable with 2014. Whilst we neither control our visitors’ nor our employees’ travel to and from our shopping centres and offices, we can seek to influence it by improving access to public transport (see above).

<table>
<thead>
<tr>
<th>Year</th>
<th>Private car</th>
<th>Other modes of transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>126 (64%) / 69 (36%)</td>
<td>139 (65%) / 75 (35%)</td>
</tr>
<tr>
<td>2014</td>
<td>139 (65%) / 75 (35%)</td>
<td>84 (68%) / 39 (32%)</td>
</tr>
<tr>
<td>2013</td>
<td>84 (68%) / 39 (32%)</td>
<td>173 (62%) / 105 (38%)</td>
</tr>
<tr>
<td>2012</td>
<td>173 (62%) / 105 (38%)</td>
<td>238 (65%) / 126 (35%)</td>
</tr>
</tbody>
</table>

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 2015.

ii GHG emissions from consumption of electricity purchased on behalf of tenants and GHG emissions from other energy consumption on behalf of tenants rather than electricity (e.g. natural gas) are currently reported under G4-EN16.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (CONTINUED)

PERFORMANCE INDICATORS

**G4-EN5** Direct greenhouse gas (GHG) emissions (Scope 1).

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>tCO²e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>8,153</td>
</tr>
<tr>
<td>LPG</td>
<td>6</td>
</tr>
<tr>
<td>Fleet fuels</td>
<td>879</td>
</tr>
<tr>
<td>Fugitive emissions</td>
<td>550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,588</strong></td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting year and all corporate offices with a SHEMS (Lisbon, Maia and São Paulo), except for fleet fuels where all corporate main offices (Lisbon, Maia, São Paulo, 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 CO² equivalent (tCO²e) 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.

**G4-EN6** Indirect greenhouse gas (GHG) emissions (Scope 2).

<table>
<thead>
<tr>
<th>Scope 2</th>
<th>tCO²e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>15,652</td>
</tr>
<tr>
<td>Chilled water</td>
<td>1,200</td>
</tr>
<tr>
<td>Hot water</td>
<td>1,262</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,114</strong></td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting year and all corporate offices with a SHEMS (Lisbon, Maia and São Paulo). 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. The emissions in tonnes of CO² equivalent (tCO²e) have been calculated in accordance with the GHG protocol methodology, which was adapted, if data was available, to the specific national circumstances of the various countries in which Sonae Sierra operates in Europe and in Brazil. Emissions included in this indicator are from energy sources over which Sonae Sierra has financial control. Electricity consumption in Maia office in Portugal is not known due to the fact that it is in a shared floor/building with no individual energy meters and therefore an estimate was made.

**G4-EN7** Other indirect greenhouse gas (GHG) emissions (Scope 3).

<table>
<thead>
<tr>
<th>Scope 3</th>
<th>tCO²e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business train travel</td>
<td>8</td>
</tr>
<tr>
<td>Business air travel</td>
<td>2,167</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>706</td>
</tr>
<tr>
<td>Electricity consumed by tenants</td>
<td>102,266</td>
</tr>
<tr>
<td>Visitor trips to and from shopping centres</td>
<td>588,489</td>
</tr>
<tr>
<td>Hotel stays</td>
<td>128</td>
</tr>
<tr>
<td>Waste treatment</td>
<td>10,270</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>704,034</strong></td>
</tr>
</tbody>
</table>

**Data Qualifying Note:**
This indicator includes indirect emissions from all shopping centres owned by Sonae Sierra and in operation during the full reporting year, all corporate offices with a SHEMS (Lisbon, Maia and São Paulo). 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. With respect to waste disposal, emissions in tonnes of CO² equivalent (tCO²e) have been calculated in accordance with the GHG protocol methodology, which was adapted, if data was available, to the specific national circumstances of the various countries in which Sonae Sierra operates in Europe and in Brazil. In 2015, besides electricity purchased on behalf of tenants, it also included electricity directly purchased by tenants and because of that data is not comparable to previous years. Emissions resulting from employee commuting are also not comparable to 2014. This is because the methodology of calculation has been changed to avoid double counting of emissions from employees with a company car (which have been accounted in scope 1 as emissions resulting from fuel consumption and simultaneously in scope 3 as emissions resulting from employee commuting).

This indicator includes emissions from:
- Electricity consumed by tenants: specific grid emission factors were applied to the electricity purchased by Sonae Sierra in all shopping centres in Portugal, Spain, Germany and Italy apart from Albufeira Shopping, Parque Atlântico and Madrilenia Shopping in Portugal, Le Terrazze in Italy and Hodgfinen Solingen in Germany, for electricity directly purchased by tenants we applied a general country electricity emission factor from Defra 2015.
- Business air travel and train travel: For train or subway travel the emission factors employed are the most recent ones referenced in Defra – UK Government Conversion Factors for Company Reporting 2015 (National Rail and Subway). For air travel, the source of emissions is the Atmosfair flight carbon calculator (https://www.atmosfair.de/en/emissionsrechner).
- Employee commuting: This was updated based on the results of the 2015 study (Netsonda) on commuting patterns and the variation of the current number of employees. The emission factors were updated and are according to values referenced in Defra – UK Government Conversion Factors for Company Reporting 2015.
- Visitor trips to and from shopping centres: This was updated for visitor trip patterns based on the same methodology applied in previous years and in accordance with 2015 visitor numbers. The emissions factors were updated and are according to values referenced in Defra – UK Government Conversion Factors for Company Reporting 2015.
- Waste treatment: emissions associated with all disposal methods were included in this indicator (anaerobic digestion, composting, incineration (with and without energy recovery), landfill, recycling, elimination/treatment, wastewater treatment plant and reuse off-site). For composting, the emissions factor employed is as published in Emissions Factor Guide – Version 6.1 – Bilan Carbone – Agence de l’Environnement et de la Maîtrise de l’Energie, June 2010. For disposal by incineration without energy recovery and by landfill, the emissions factors employed are as published in Company certified by Carbon Disclosure Project: Ecometrica – 2015 (http://emissionfactors.com/). For the remaining disposal methods, the emission factors employed are from Defra – UK Government Conversion Factors for Company Reporting 2015.
- Hotels: emissions were calculated using the emission factor published by InterContinental Hotels Group / Best Foot Forward (2014).
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Indicator

CRE3  Greenhouse gas emissions intensity from buildings.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>CRE3 (excluding tenants)</th>
<th>CRE3 (including tenants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>tCO₂e/m² of mall and toilet area</td>
<td>Portugal: 0.047</td>
<td>Portugal: 0.287</td>
</tr>
<tr>
<td></td>
<td>Brazil: 0.101</td>
<td>Brazil: 0.183</td>
</tr>
<tr>
<td></td>
<td>Germany: 0.066</td>
<td>Germany: 0.452</td>
</tr>
<tr>
<td></td>
<td>Greece: 0.283</td>
<td>Greece: 0.624</td>
</tr>
<tr>
<td></td>
<td>Italy: 0.092</td>
<td>Italy: 0.417</td>
</tr>
<tr>
<td></td>
<td>Romania: 0.272</td>
<td>Romania: 0.425</td>
</tr>
<tr>
<td></td>
<td>Spain: 0.029</td>
<td>Spain: 0.287</td>
</tr>
<tr>
<td>Total</td>
<td>0.069</td>
<td>0.283</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator covers all shopping centres owned by Sonae Sierra and in operation during the full reporting year.
For data excluding tenants, the numerator used to calculate this indicator 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), fleet fuels consumption, Scope 2 emissions and Scope 3 emissions from waste. Emissions from wastewater are not included. The denominator includes the mall and toilet areas of the shopping centres. There is a slight mismatch between the numerator and the denominator since energy consumption in technical areas that is supplied to some tenants is considered, but those areas are not.
For data including tenants, the numerator used to calculate this indicator 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), fleet fuels consumption, Scope 2 emissions, emissions from tenants’ electricity consumption and Scope 3 emissions from waste. Emissions from wastewater are not included. The denominator includes the mall and toilet areas of the shopping centres. There is a mismatch between the numerator and the denominator since electricity consumed by tenants is considered, but tenants’ areas are not.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>CRE3 (Corporate offices)</th>
<th>tCO₂e/m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>0.025</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.020</td>
<td></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator covers all Corporate Offices with a SHEMS (Lisbon, Maia and São Paulo).
The numerator used to calculate this indicator includes Scope 1 emissions (except those from fleet fuels consumption), Scope 2 emissions and Scope 3 emissions from waste. The denominator includes the floor area for each office. Electricity consumption has been estimated for the Maia office.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EMISSIONS (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN18</td>
<td>Reduction of greenhouse gas (GHG) emissions.</td>
</tr>
<tr>
<td>G4-EN19</td>
<td>Reduction of greenhouse gas (GHG) emissions. Reported under G4-EN6 on page 85 above</td>
</tr>
<tr>
<td>G4-EN21</td>
<td>NOx, SOx, and other significant air emissions.</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
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 centre and corporate office scope 3 emissions regarding waste. Exceptionally, emissions from fleet fuels consumption are considered for the following corporate offices: Lisbon, Maia, São Paulo, Madrid, Düsseldorf, Bucharest and Milan. No wastewater emissions were included in this indicator. The denominator includes shopping centre mall and toilet areas plus corporate offices with a SHEMS (Lisbon, Maia and São Paulo). There is a slight mismatch between the numerator and the denominator since energy consumption in technical areas that is supplied to some tenants is considered, but those areas are not.

For data including tenants, the numerator includes scope 1 emissions (excluding emissions from natural gas consumed by cogeneration and including emissions from hot/chilled water produced by cogeneration and consumed on-site), scope 2 emissions according to the GHG protocol methodology, plus emissions from electricity consumed by tenants and, finally, shopping centre and corporate office scope 3 emissions regarding waste. Exceptionally, emissions from fleet fuels consumption are considered for the following corporate offices: Lisbon, Maia, São Paulo, Madrid, Düsseldorf, Bucharest and Milan. No wastewater emissions were included in this indicator. The denominator includes shopping centre mall and toilet areas plus corporate offices with SHEMS (Lisbon, Maia and São Paulo). There is a mismatch between the numerator and the denominator since electricity consumed by tenants is considered, but tenant areas are not.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN18 (excluding tenants)</td>
<td>tCO₂e/m²</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.049</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.100</td>
</tr>
<tr>
<td>Germany</td>
<td>0.070</td>
</tr>
<tr>
<td>Greece</td>
<td>0.283</td>
</tr>
<tr>
<td>Italy</td>
<td>0.094</td>
</tr>
<tr>
<td>Romania</td>
<td>0.277</td>
</tr>
<tr>
<td>Spain</td>
<td>0.030</td>
</tr>
<tr>
<td>Total</td>
<td>0.071</td>
</tr>
<tr>
<td>G4-EN18 (including tenants)</td>
<td>tCO₂e/m²</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.284</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.181</td>
</tr>
<tr>
<td>Germany</td>
<td>0.455</td>
</tr>
<tr>
<td>Greece</td>
<td>0.624</td>
</tr>
<tr>
<td>Italy</td>
<td>0.419</td>
</tr>
<tr>
<td>Romania</td>
<td>0.430</td>
</tr>
<tr>
<td>Spain</td>
<td>0.288</td>
</tr>
<tr>
<td>Total</td>
<td>0.281</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Air emissions by type</th>
<th>kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>15,136</td>
</tr>
<tr>
<td>Non methane volatile organic compounds (NMVOC)</td>
<td>4,534</td>
</tr>
<tr>
<td>Particulate matter (PM)</td>
<td>208</td>
</tr>
<tr>
<td>SOx</td>
<td>28</td>
</tr>
<tr>
<td>Volatile organic compounds (VOC)</td>
<td>87,435</td>
</tr>
<tr>
<td>Total</td>
<td>107,597</td>
</tr>
</tbody>
</table>
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EFFLUENTS AND WASTE

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

The construction and management of shopping centres can generate large volumes of waste that, if not managed properly, ends up in landfill. Landfilled waste is not only an inefficient use of resources (the waste and the land) it can generate damaging greenhouse gas emissions such as methane and carbon dioxide, as well as pollutants that can leach into the soil and groundwater. Consequently, disposal of waste in landfill is becoming more tightly regulated and more costly in most locations where we operate. On the other hand, good waste management can reduce environmental impacts and be more cost effective for businesses as it avoids landfill tax and waste disposal costs. A closed-loop approach to waste management can also cut costs and environmental impacts associated with the consumption of raw materials.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Within the scope of our Safety, Health and environment (SHE) Policy and management system procedures, we are committed to reducing the quantity of waste generated by our activities and to achieving high levels of waste recycling. We are also committed to reducing our impacts in relation to wastewater production.

Goals and Targets

We have set long term objectives to:

• Ensure that all discharges to local water courses comply with Sonae Sierra’s wastewater quality standards and pollutant limits, by 2020.
• Increase the proportion of total waste (by weight) that is recycled, recovered or reused and obtain a minimum recycling rate of 65% across our Sonae Sierra owned shopping centres, by 2020.
• Reduce the proportion of waste (by weight) that is sent to landfill below a maximum limit of 18% across Sonae Sierra owned shopping centres, by 2020.
• Increase the proportion of total waste (by weight) that is recycled, recovered or reused and obtain a minimum recycling rate of 90% across our main corporate offices, by 2020.
• Maintain a high level of performance in terms of waste recycling in construction projects and aim to increase the proportion of construction materials with recycled content.

Responsibilities and Resources

Responsibilities and resources for managing the effluents and waste aspect are covered by our Safety, Health and Environment Management System (SHEMS). See ‘Safety, Health and Environment Management System’ on page 48. As well as our owned portfolio, we also monitor these indicators for our corporate offices.

Our site managers at each shopping centre, projects under development and corporate offices 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. We also provide staff with detailed instructions on waste codes, rules for waste storage and final destination, waste separation rules for non-hazardous waste and hazardous waste, and waste transportation in each country, particularly the documentation required.

Specific Actions – Effluents

See ‘GRI G4 CRESO Additional Guidance – Policy and practices on the management of water quality through all relevant stages of the lifecycle’, page 88.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EFFLUENTS AND WASTE (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESRD Additional Guidance – Policy and practices that promote waste avoidance as the first step in the waste hierarchy

Our SHEDS 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.

We take a progressive approach to waste management during construction works, encouraging contractors to operate waste management plans. Aware of the difficulty that arises from the construction process being directly controlled by construction companies, we are committed to gradually designing-out waste produced during construction (for example through off-site pre-fabrication). During construction, our SHEMS ensures that the reduction of material use and waste is prioritised. Where possible, we specify end of life recycling for building components, which is particularly relevant for our refurbishment activities. 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. The majority of waste handled by Sonae Sierra is largely generated by tenants’ activities. Aside from seeking to influence tenants’ practices, there is little that we can do to reduce waste production in our centres. All countries offer regular training for tenants on topics around waste avoidance, segregation and recycling.

c) Report the evaluation of the management approach

Monitoring

The monitoring of our performance in relation to the effluents and waste aspect is covered by our SHEMS. See Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76 above.

Specifically with respect to effluents, our wastewater quality standard controls wastewater quality beyond existing legal requirements. These are set out in our Wastewater Management procedure and include identifying all wastewater discharges into the municipal drainage systems and/or wastewater systems, and monitoring wastewater quality in accordance with the Technical Instruction for Wastewater Management. We analyse the results and in any cases of nonconformity we produce a report setting out corrective actions.

Wastewater discharges are analysed regularly by externally certified laboratories, in order to control the contamination levels of our water discharges to municipal sewers, streams, etc. See ‘GRI G4 CRESRD Additional Guidance – Policy and practices on the management of water quality through all relevant stages of the lifecycle’, page 88.

Results and Adjustments

In addition to indicators G4-EN23 and G4-EN24 below, we record the total waste recycled as a proportion of waste produced (which was 62% in 2015, a 7% improvement compared to 2014), and the proportion of waste that is sent to landfill across owned portfolio (which was 20% in 2015, a 9% improvement compared to 2014). See ‘Operational performance’, page 31. As well as our owned portfolio, we also monitor these indicators for our corporate offices.

<table>
<thead>
<tr>
<th>Total waste recycled in our corporate offices</th>
<th>Total waste that is sent to landfill in our corporate offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>(% by weight)</td>
<td>(% by weight)</td>
</tr>
<tr>
<td>2020</td>
<td>90</td>
</tr>
<tr>
<td>2015</td>
<td>88</td>
</tr>
<tr>
<td>2014</td>
<td>85</td>
</tr>
<tr>
<td>2013</td>
<td>82</td>
</tr>
<tr>
<td>2012</td>
<td>86</td>
</tr>
<tr>
<td>2015</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>11</td>
</tr>
<tr>
<td>2013</td>
<td>15</td>
</tr>
<tr>
<td>2012</td>
<td>4</td>
</tr>
</tbody>
</table>

Data Qualifying Note:

This indicator includes all corporate offices with a SHEMS (Lisbon, Maia and São Paulo).
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: EFFLUENTS AND WASTE (CONTINUED)

PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Total weight of waste by type and disposal method.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G4-EN23</strong></td>
<td><strong>Total weight of waste by type and disposal method.</strong></td>
</tr>
<tr>
<td><strong>Disposal method</strong></td>
<td><strong>Hazardous waste (tonnes)</strong></td>
</tr>
<tr>
<td>Anaerobic Digestion</td>
<td>–</td>
</tr>
<tr>
<td>Composting</td>
<td>–</td>
</tr>
<tr>
<td>Elimination/ Treatment</td>
<td>6</td>
</tr>
<tr>
<td>Landfill</td>
<td>1</td>
</tr>
<tr>
<td>Incineration with energy recovery</td>
<td>12</td>
</tr>
<tr>
<td>Incineration without energy recovery</td>
<td>1</td>
</tr>
<tr>
<td>Recycling</td>
<td>146</td>
</tr>
<tr>
<td>Reuse off-site</td>
<td>–</td>
</tr>
<tr>
<td>Wastewater Treatment Plant</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>179</td>
</tr>
</tbody>
</table>

DataQualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and all Corporate Offices with a Safety, Health and Environment Management system in place (Lisbon, Maia and São Paulo). The disposal method of the waste produced is provided by the waste disposal contractors.

**G4-EN24** Total number and volume of significant spills.

There were no significant spills in 2015 regarding shopping centres, corporate offices and projects under development.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: PRODUCTS AND SERVICES

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Regulations and industry expectations concerning the sustainability performance of buildings have developed rapidly over the past few years. By applying sustainable design standards on new projects and significant expansions/refurbishments, we can prepare for new and emerging regulations whilst ensuring that our shopping centres are more attractive to investors and occupiers.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Within the scope of our Safety, Health and Environment (SHE) Policy and procedures (see page 48 above), we are committed to ensuring that our shopping centres (as our ‘products’) comply with high safety, health and environmental standards. This includes standards for environmental design and operation.

Goals and Targets

We have set a long term objective to obtain a building certification for all new shopping centres and certify the Safety, Health and Environment Management System (SHEMS) for all Sonae Sierra construction projects and owned assets that we have managed for two or more years, in a maximum period of three years.

Responsibilities and Resources

Responsibilities and resources for managing the products and services aspect are covered by our SHEMS. See ‘Safety, Health and Environment Management System’ on page 48 above.

GRI G4 CRESD Specific Actions – Organisation-wide environmental management initiatives to manage existing buildings and construction sites efficiently

Through our years of experience in designing, constructing, owning and managing shopping centres we have identified the sustainability features which are most important for our operations. Our Safety, Health and Environment Development Standards (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 National Fire Protection Association (NFPA) and European safety standards.

During the construction and operations phases, we operate SHE Management Systems in all our construction sites and owned shopping centres which are based on ISO 14001 and OHSAS 18001 standards. Applying these standards enables us to guarantee that all SHE risks are identified and controlled. It is also part of our policy to seek third party audit and certification of the SHE Management Systems across all our sites and we aim for all our new development projects, major expansions and refurbishments where we have direct control to target, as a minimum, BREEAM Good, LEED® Silver or DGNB Bronze. By doing so, shopping centres ensure that their management systems are aligned with Sonae Sierra’s corporate policy and that SHE procedures have been fully implemented. It also demonstrates to our stakeholders our visible commitment to managing our SHE impacts and helps us to reduce the costs associated with those impacts.

For further information about our SHEDS and SHEMS, see ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49. For examples of specific projects in 2015 concerning environmental design and management of shopping centres, see ‘Operational performance’, pages 26 to 32.

GRI G4 CRESD Additional Guidance – Policies and practices to mitigate environmental and end user human health impacts during all stages of the lifecycle & Organisation-wide environmental initiatives in place to design new assets which minimise environmental and end user human health impacts, and to redevelop/retrofit existing assets to such standards

We have a corporate procedure applicable to all shopping centres (and a similar one for offices) to guarantee that acceptable indoor air quality is maintained. This involves conducting regular monitoring of critical air quality indicators, including volatile organic compounds (VOC) emissions; periodic indoor air quality audits which cover a range of different parameters, and Legionella monitoring. Four of our air quality parameters (air temperature; relative humidity; CO2 and carbon monoxide (CO)) are monitored on line.

During the design phase, the SHEDS include standards which guarantee the use of the best equipment for Legionella control and the ongoing monitoring of indoor air quality parameters. For example, cooling towers must be made from materials that are corrosion resistant, must not contribute to microbiological growth; must be easy to clean and should entail drip eliminator devices.
DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESQ Additional Guidance – Organisation-wide end user engagement initiatives as implemented by design professionals, building or construction personnel, and building operators

Our SHEDS, described above and on page 49, enable us to minimise SHE risks and enhance the eco-efficiency of our operational shopping centres beginning with their design and construction. During the operations phase, we engage with end users including tenants, service suppliers, visitors and employees through a range of initiatives covering sustainability impacts.

We provide training on SHE issues, invite tenants to actively participate in SHE Committees, and work with them to improve their SHE performance such as identifying opportunities to reduce energy consumption through our sustainability benchmarking. Within the scope of our SHEMS, we monitor tenants' compliance with our SHE requirements for shopping centres by performing inspections on tenant units and following up on any non-conformities detected. Regular SHE meetings with our service suppliers discuss common SHE issues and highlight basic housekeeping procedures to reduce SHE risks. A 'Good Practice Guide' for both tenants and service suppliers sets out best practice guidelines covering various activities to reduce SHE incidents.

We undertake regular customer surveys and aim to play an active role in raising visitors' awareness of sustainability concerns by promoting a large number of events and campaigns with environmental and social themes. This includes efforts to communicate our own SHE progress to visitors. For more information, see 'Operational performance' on page 35 and 'Changing Consumer Lifestyles' on page 126.

For employees, we operate a Competence, Training and Awareness Procedure within the framework of our SHEMS. 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. Each year, our HR Department identifies SHE training and awareness needs with reference to the staff assessment process, with a particular focus on those employees whose job role impacts on SHE issues, or who have responsibilities for SHE management. General training needs are also identified by the Sustainability Office with support from the country SHE coordinator. For more information, see 'Overall' on page 75.

c) Report the evaluation of the management approach

Monitoring

The extent of implementation of the SHEDS on each of our projects is assessed by an external advisor. Our local SHEMS are assessed by a third party certifier as part of the process for achieving ISO 14001 and OHSAS 18001 certifications. Third party certification is also sought for BREEAM, LEED® and DGNB certification.

Results and Adjustments

See 'Operational performance', pages 26 to 36. GRI Indicator G4-EN27 (see below), and C8E8 reported under the aspect ‘Product and Service Labelling’ on page 134, below.
ENVIRONMENTAL ASPECTS (CONTINUED)

ASPECT: PRODUCTS AND SERVICES (CONTINUED)

PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Extent of impact mitigation of environmental impacts of products and services.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site</td>
<td>Initiative description</td>
</tr>
<tr>
<td>RioSul Shopping</td>
<td>Expand the waste water reuse system</td>
</tr>
<tr>
<td>Madeira Shopping</td>
<td>Improvement of irrigation system – implement Smart H₂O project to avoid the occurrence of water leakages</td>
</tr>
<tr>
<td>LoureShopping</td>
<td>Toilet discharge mechanism replacement (from simple to dual-discharge)</td>
</tr>
<tr>
<td>LoureShopping</td>
<td>Final phase of grey water recovery and reutilisation</td>
</tr>
<tr>
<td>GuimarãesShopping</td>
<td>Grey water recovery and reutilisation</td>
</tr>
<tr>
<td>Centro Colombo</td>
<td>Expand the waste water reuse system already implemented for some uses</td>
</tr>
<tr>
<td>CascaisShopping</td>
<td>Reuse purged water from cooling towers in the WCs</td>
</tr>
<tr>
<td>NorteShopping</td>
<td>Installation of pipes to allow reuse of water from cooling tower purges</td>
</tr>
<tr>
<td>Corporate</td>
<td>Actions resulting from the implementation of the Dive project</td>
</tr>
</tbody>
</table>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting year and all corporate offices with a SHEMS (Lisbon, Maia and São Paulo). In 2015 there were no relevant initiatives implemented by the above mentioned corporate offices. Moreover, in 2015 there were no completed development projects, and consequently there were no relevant initiatives to be reported.
LABOUR PRACTICES AND DECENT WORK ASPECTS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Safety and health (S&H) incidents occurring in the workplace can cause harm to workers and expose companies to risks such as reputational damage, fines and, in the case of construction and building works, delays on projects. On the other hand, a progressive approach to S&H can help to protect people, reduce insurance costs, reduce staff absence and enhance a company’s reputation. Maintaining a constant focus on S&H is necessary to ensure safe behaviours are embedded into the work practices of our employees, tenants and suppliers.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

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 enhanced.

Goals and targets

We have set long term objectives to:

- Enhance the wellbeing of our workforce and reduce the rate and severity of workplace accidents and occupational diseases, aiming towards zero.
- Anticipate and prevent all safety risks on Sonae Sierra construction sites, minimising the number of accidents and their severity, aiming towards zero.
- Provide a safe environment for everyone who visits or works within Sonae Sierra shopping centres, aiming towards zero accidents, and promote safe and healthy behaviour among our tenants, suppliers and visitors.

Responsibilities and Resources


ASPECT: OCCUPATIONAL HEALTH AND SAFETY
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific actions – Employee training and awareness raising

Employee awareness on safety and health is delivered through a variety of tools including regular SHE meetings, training events, campaigns and internal publications. 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.

- ‘My Advice’ allows senior managers who are nominated to be monthly safety ambassadors to share simple safety and health messages with all employees.

Other examples of employee initiatives include an awareness raising campaign to reduce the amount of accidents in itinere among our workforce, and competitions such as ‘Time to be Safe’ that was launched in conjunction with World Day for Safety and Health at Work. We challenged our employees to identify potential in itinere risks across five different scenarios. They were also encouraged to identify a personal health and safety commitment for 2015. More than 200 employees entered the competition and more than 80 safety and health commitments were submitted.

See also Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 75.

Specific actions – Travel risks

We have procedures in place to reduce risks for our staff travelling to countries where we are seeking to develop new business. They ensure that all travellers to risky destinations receive an email on medical and security risks in the country they are going to visit and have comprehensive travel insurance. Employees receive training on precautionary procedures they should follow when travelling abroad for business purposes according to the country’s specific level of risk, and also on our travel incident response procedure. For example, during 2015 a webinar organised by our service supplier International SOS and Control Risks covering risks regarding women’s’ security when travelling abroad. Based on the outcomes of drills we undertook in 2015 and 2014 in which we simulated various traveller incident scenarios in risky countries, we also updated the travel risk incident procedure and conducted training sessions to inform employees about these changes. The drills also served as an efficient way to train both the traveller and the corporate staff that participated and tested the efficacy of International SOS support. Finally, we are developing an app for smartphone users that will provide up-to-date information and crisis management procedures in the event of an emergency while on business travel.

GRI G4 CRES Additional Guidance – Policies and procedures with regard to the provision of health and safety requirements in agreements for contractors and subcontractors; and GRI G4 CRES Additional Guidance – Policies and procedures requiring prequalification of suppliers and contractors relating to health and safety, and including the existence of formal agreements and health and safety due diligence for new projects and investments

Our Service Suppliers Management Procedures for Development and Property Management define the various steps that should be followed from the pre-selection and bidding process through to contract closure and post-contract evaluation. Both our Development and Property Management businesses have integrated the requirements of Sonae Sierra’s SHEMS into their Service Suppliers Management Procedures, so that these are set up in a way to ensure that our main suppliers’ performance meets with Sonae Sierra’s SHE requirements.

Within the scope of these procedures, all contracts with critical suppliers must include SHE clauses, and sub-contractors have the same level of SHE requirements as contractors. If no formal contracts are signed, then the service supplier must sign a ‘Warranty Declaration’ to guarantee that SHE requirements will be met. We have also established SHE regulations for service providers, which include, for example, the obligation for suppliers to adopt protective measures to minimise risks that workers are exposed to. Compliance with these regulations is checked during work supervision and for long term contracts (including contractors from construction sites) S&H performance is evaluated during works execution.

All new shopping centre development projects must implement a site-specific SHEMS and achieve certification in accordance with the OHSAS 18001 standard for the entire construction phase. For expansion and refurbishment works to existing shopping centres (with costs between €1.5 – €5 million (or less than 10% of the asset’s OMV) and the duration of the works is less than nine months) contractors must comply with a Safety, Health and Environment Management Plan (SHEMP). Contractors cannot begin any activity without the validation of this document by the site’s S&H coordinator and Sonae Sierra’s prior approval.

Each of our development projects has a full time S&H coordinator to validate contractors’ risk assessments and, if necessary, establish additional control measures. The S&H coordinators and outsourced project management teams carry out permanent S&H supervision and planning on construction works identifying and correcting unsafe actions wherever necessary.

We investigate the cause of all incidents and communicate these across the Company so that lessons can be learned to avoid repeat occurrences. This is done using ‘Alerts’, a communication tool that is also used during the construction phase. We also hold regular SHE Meetings and carry out emergency practice drills on all construction sites.

See also ‘Supplier Assessment for Labour Practices’, page 117

12 Medium, High or Extreme, according to countries’ risk classification (Medical or Security risks) on International SOS portal.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific Actions – Procedures to identify and evaluate safety and health risks to people
Prior to the commencement of construction or refurbishment works, design teams consider our SHEDS during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. The SHEDS aid us in minimising S&H risks from the outset of each shopping centre’s development and into the operations phase. The implementation of the standards is mandatory for all projects and is checked through a final audit carried out by a third party. Compliance with local S&H regulations is also verified by competent authorities prior to opening as part of the licensing procedure for new shopping centres.

Safety and health due diligence studies are undertaken in existing shopping centres so that we can understand the potential safety and health liabilities that sites may contain and therefore guarantee sufficient budget in our Investment Plans to adequately deal with these issues.

We also operate a corporate risk matrix that is used by centres to create a tailored risk matrix based on the S&H risks to people during the operational phase. This includes defined procedures for routine activities, non-routine activities (such as fit outs and improvements to tenant units) and emergency procedures. For more information, see ‘Specific Actions – Programmes related to assisting workforce members, their families, or community members regarding serious diseases’ (page 105).

GRI G4 CRESD Additional Guidance – Policy and procedures for the procurement, transport, handling, use and disposal of all hazardous materials
During the design phase, within our SHEDS there is a specific requirement which is included within 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.

For the construction phase, the use and disposal of hazardous materials is controlled by the implementation of our SHE procedures for development, namely the SHEMS for new projects, the Safety, Health and Environment Monitoring Plan for major refurbishments and expansions, and the Small Works Procedure for Minor Interventions. 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, we have a procedure in place 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. These are supported by posters to raise awareness among service suppliers around the correct storage and handling of these products. Where possible, we work with service suppliers to replace hazardous products with less hazardous alternatives that share similar characteristics.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific Actions – 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. These programmes cover commonly identified risks associated with Sonae Sierra activities (see below), as well as emerging health risks that could potentially affect our stakeholders.

Sonae Sierra has defined a transversal procedure in our SHEMS aimed at identifying and evaluating S&H hazards and risks to Sonae Sierra’s stakeholders. The evaluation is made for all activities covering offices, shopping centres in operation and development projects, and through which we identify the potential consequences to people, identifying both injuries (e.g. cuts, burns etc.) and occupational diseases (e.g. musculoskeletal disorders, hearing loss etc.).

As we evaluate a hazard we have to consider existing control measures and deficiencies, the periodicity/probability of the hazard’s occurrence and its potential severity. Any non-acceptable risks that are identified must result in the implementation of additional risk control measures until the risk is classified as acceptable. Examples include:

- In our shopping centres, we identified that the inspection and testing of emergency generators could cause loss of hearing capacity. To avoid this, we implemented several controls such as short term worker exposure to noise, regular noise measurements and communication of results, and the mandatory use of suitable hearing protectors;

- In our offices, we identified the possibility of musculoskeletal disorders from handling air conditioning units for maintenance. To avoid this, we provide mechanical transportation equipment, training on its use and regular inspections to ensure it is being used properly.

All matrices are validated by qualified technicians, either country safety, health and environment coordinators in offices and operational centres, or safety & health coordinators in development sites, and then approved by the respective site manager. Additionally, in all countries where this is demanded by law, an occupational doctor also provides follow-up and feedback to Sonae Sierra employees in regular consultations and evaluates each employee’s workstation to avoid any future occupational disease.

Regarding shopping centres under development, we have acknowledged that the task of identifying the number of workers that are exposed to a specific risk at a specific moment is extremely complex due to site specific factors, and that the time and effort required for this identification will not produce relevant benefits to Sonae Sierra. We focus most of our efforts on ensuring that all existent risks in each construction site have proper control measures in place. We have identified that workers on construction sites are more exposed to: noise, vibration, dust and working with concrete. Knowing this, and to minimise the associated risks, measures including worker rotation, awareness raising and the use of personal protective equipment have been implemented.

In shopping centre management activities the risks of serious occupational diseases are less extensive than in development. However, Sonae Sierra has identified eleven occupational diseases relevant to service suppliers. Examples include tendonitis, loss or reduction of hearing capacity and Raynaud’s phenomenon. The stakeholders that are most exposed to these risks include maintenance and cleaning service suppliers.

In corporate offices the only risk identified is the risk of tendonitis and carpal tunnel syndrome. During 2015 there were no recorded occupational diseases.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESD Additional Guidance – Report whether education and training related to assisting workforce members, their families, or community members regarding serious diseases is provided in a manner which is understood by all program recipients, for example in appropriate languages or pictorial format

Education and training is provided in all local languages or in English.

GRI G4 CRESD Additional Guidance – Policies and procedures for assisting employees with mental health issues, substance and alcohol addiction, and HIV/AIDS

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

Project Be Well, is a series of initiatives designed to improve employee wellbeing across eight categories. It was developed following a wellbeing study performed in 2014 to evaluate the mental health of our employees and identify key areas for improvement. For more information see the case study below.

GRI G4 CRESD Additional Guidance – 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 in order 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.

GRI G4 CRESD Additional Guidance – Policies and procedures for the commissioning, operation and decommissioning of equipment

Our contracts with service suppliers include requirements to make sure that pre-opening testing of the building and training on new equipment is performed so as to make sure that teams are trained to deal with all systems’ capabilities and functionalities. Decommissioning takes place within the scope of our SHE and maintenance procedures, which make sure that the efficiency of shopping centre systems is closely reviewed and that investments are proposed to upgrade equipment where applicable.

c) Report the evaluation of the management approach

Monitoring

The monitoring of our performance in relation to the occupational health and safety aspect is covered by our SHEMS. See ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49 and Disclosures on Management Approach for the Environmental Aspect ‘Overall’ on page 76.

Results and Adjustments

In addition to GRI indicators G4-LA6, CRE6 both below and G4-LA7 above, we record the Lost Workday Case Accidents Frequency Rate (LWCAFR) and Accident Severity Rate (ASR) for development and service suppliers (see ‘Operational performance’, page 35).

Project Be Well is an academic partnership with no associated investment cost which enabled us to gain a comprehensive insight into workplace stress risks present within our Company and develop a detailed mitigation plan to improve employee health and wellbeing.

Further references:

For more information, see the case study on our website.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Number of man hours of S&H training and awareness provided across all Sonae Sierra sites

During 2015 we maintained our strong focus on incident prevention and we delivered a total of 27,020 man hours of S&H training and awareness to our employees. The training sessions involved 22,315 participants, covering issues such as Sonae Sierra’s SHEMS procedures, induction training, SHE Preventive Observations (SPO), emergency response and evacuation procedures, first aid and the use of fire extinguishers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of man hours of S&amp;H training provided in all Sonae Sierra sites (Number of hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>27,020</td>
</tr>
<tr>
<td>2014</td>
<td>29,035</td>
</tr>
<tr>
<td>2013</td>
<td>22,544</td>
</tr>
<tr>
<td>2012</td>
<td>31,680</td>
</tr>
</tbody>
</table>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, all shopping centres managed but not owned by Sonae Sierra, all projects under development during the reporting period, and all corporate offices in operation during the reporting period.

Number of hours of SPO performed in shopping centres and corporate offices

In 2015 we performed 8,173 hours of SPO across our shopping centres (including some of those which we manage on behalf of others). SPOs allow us to identify and correct behaviour which could potentially lead to incidents, and are therefore an important part of our incident prevention strategy. The number of hours of SPO performed in 2015 decreased by around 4% in comparison to 2014.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of hours of SPO performed in shopping centres and corporate offices (Number of hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8,173</td>
</tr>
<tr>
<td>2014</td>
<td>8,471</td>
</tr>
<tr>
<td>2013</td>
<td>9,697</td>
</tr>
<tr>
<td>2012</td>
<td>10,187</td>
</tr>
</tbody>
</table>

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

Number of non-conformities detected per hour of reference SPO

In 2015, we identified an average of 4.4 non-conformities per hour of reference SPO, a 14% decrease compared to 2014. The decrease was due to the better application of good S&H practices and greater alignment in the SPO methodologies applied across our portfolio.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of non-conformities detected per hour of reference SPO (Number of non-conformities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.4</td>
</tr>
<tr>
<td>2014</td>
<td>5.1</td>
</tr>
<tr>
<td>2013</td>
<td>8.4</td>
</tr>
<tr>
<td>2012</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Data Qualifying Note: This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period. It relates to the number of non-conformities per hour of SHE Preventive Observations audited by the Sustainability Office team and Country Safety, Health and Environment Coordinators. The number of non-conformities per hour of SPO is calculated as the total number of S&H and SHE non-conformities in all sites divided by 80% of the total number of SPO hours performed in all sites.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Number of drills performed divided by total number of sites in operation
In 2015 our shopping centres and corporate offices performed an average of 2.3 emergency practice drills covering evacuations, fire, gas leakages and earthquakes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of drills performed divided by total number of sites in operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.3</td>
</tr>
<tr>
<td>2014</td>
<td>2.4</td>
</tr>
<tr>
<td>2013</td>
<td>2.2</td>
</tr>
<tr>
<td>2012</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation for at least six weeks during the reporting period, and all corporate offices. This indicator represents the total number of practice SHE emergency drills carried out across all sites in operation and corporate offices, divided by the number of sites.

Safe Practice Index (SPI)
We use the SPI audit tool to assess and improve safety conditions on our construction sites. The SPI measures the level of adherence to Sonae Sierra's S&H requirements as construction works evolve. The higher the index, the higher the level of safety awareness amongst the construction workforce.

<table>
<thead>
<tr>
<th>Year</th>
<th>Safe Practice Index (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>95%</td>
</tr>
<tr>
<td>2014</td>
<td>88%</td>
</tr>
<tr>
<td>2013</td>
<td>94%</td>
</tr>
<tr>
<td>2012</td>
<td>85%</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all projects under development during the reporting period. The SPI is obtained by assigning different weights to each of the observed unsafe acts and conditions, according to their likelihood to generate an accident and its possible severity. The number of observed persons and the duration of the audit are also taken into account.

PERFORMANCE INDICATORS

Indicator
G4-LA6 Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.

<table>
<thead>
<tr>
<th>Indicator Details</th>
<th>Injury rate</th>
<th>Occupational disease rate</th>
<th>Lost day rate</th>
<th>Absentee rate</th>
<th>Fatalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonae Sierra workforce (direct employees and supervised workers)</td>
<td>1.85</td>
<td>–</td>
<td>10.16</td>
<td>0.03</td>
<td>–</td>
</tr>
</tbody>
</table>

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. Regarding independent contractors and trainees, there are no injuries, occupational diseases, lost days, absentee and fatalities to be reported. The formulas used to calculate the presented rates are:

- Injury rate = (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 = (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 work days’ and the ‘lost days’ count begins at the immediate working shift (or day) after the accident/occupational disease manifestation occurred.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

C4E6 Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.

<table>
<thead>
<tr>
<th></th>
<th>Direct employees</th>
<th>Supervised workers</th>
<th>Independent contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce and independent contractors</td>
<td>1,085</td>
<td>70</td>
<td>13</td>
</tr>
<tr>
<td>Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001</td>
<td>569</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Percentage</td>
<td>52</td>
<td>3</td>
<td>62</td>
</tr>
<tr>
<td>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&amp;HMS)</td>
<td>1,016</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Percentage</td>
<td>94</td>
<td>4</td>
<td>100</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees, supervised workers and independent contractors at the end of the reporting period.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material.

Developing and retaining talent can increase a company’s competitiveness: talent developed and retained enhances know-how, increases the potential for innovation and supports a strong reputation. In turn, a strong reputation helps to attract new talent, thus perpetuating the cycle.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

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”.

Through our sustainability strategy’s long term focus on Leveraging Knowledge, we are committed to creating shared value for our business and society by enhancing the intellectual capacity of our organisation and the pool of talent from which we aim to attract ambitious people to join our workforce.

Goals and Targets

‘Our strategy’, pages 19 to 20 and ‘Specific Actions – Leveraging Knowledge’ below.

Responsibilities and Resources

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 number of IT tools based on SAP, including our ‘Improving Our People’ (IOP) Performance Management Tool, which can be accessed by all employees through our HR Portal. For example, our Executive Information System provides a single platform for the reporting and monitoring of HR indicators, including employee training and development.

The Leveraging Knowledge Working Group comprises representatives from Sonae Sierra functions including HR, property management, investments, corporate communications and sustainability. It is headed by the HR Director and progress is reported three times a year to the Sustainability Steering Committee. Within the working group, members work on implementing lines of action according to their core skills and experience.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific Actions – Training
Our internal learning programmes include:

- ‘We Share’, which aims to aggregate and share the professional expertise of our employees by bringing together the different knowledge sharing initiatives that we have:
  - Sierra Internal Learning focuses on developing the behavioural and technical capabilities of Sonae Sierra employees through training events that last a day or longer.
  - Sierra Shots typically last one to two hours and are opportunities for employees to share insights that are deemed relevant and useful with their colleagues.

And in Brazil:

- The ‘Educational Subsidiary’ programme which helps our employees to get a degree and also improves their chances of career development.

In all geographies apart from Brazil we operate the Onboarding programme which ensures that all employees have the necessary skills and knowledge to perform their work; this includes an introduction to our approach and policy regarding safety, health and environment. We have also continued to roll out BEST (Behaviour with Ethics Sierra Training) to increase knowledge of our Code of Conduct and raise awareness of the different types of corruption employees may be confronted with (see ‘Anti-Corruption’, pages 122 to 123). In Brazil we run an integration programme with the same objectives.

We have also contributed to the development of Sonae’s Management & Leadership (M&L) Academy, which was launched in 2013. This learning academy integrates a variety of courses into comprehensive curriculum that caters to our employees’ training needs, in accordance with their career development goals.

Other significant programs include the Improving Our Work (IOW) Training Centre that was launched in 2013. IOW is a Group-wide programme to train employees in continuous improvement methodologies. By doing so, it aims to establish continuous improvement as a key pillar of Sonae’s culture and way of working, and to deliver sustainable value to its business and stakeholders by ensuring key corporate functions are delivered as efficiently as possible. The programme has been rolled out across Sonae Sierra and has been delivered to teams in Brazil, Germany, Italy, Portugal and Spain.

Other training programmes have been developed to attend specific needs such as negotiation skills, time management, client focus and languages skills (amongst others).

GRI G4 CRESID Additional Guidance – Explain the context in terms of skills level available for key areas of activity and shortages of skills/competencies in certain high risk roles, jobs and locations
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 and ad-hoc ‘on-the-job’ experience-based learning to ensure employees receive the most relevant training.

Ensuring Sonae Sierra’s culture and values are embedded across our operations as we expand into new markets is also a priority, and an important goal of our learning and development programmes. One challenge we face is to ensure our training is both relevant and effectively delivered, given the different cultural background of the countries we operate in.

Specific Actions – Career Development
The M&L Academy was set to develop the management and leadership skills of senior-level employees across all Sonae companies, businesses areas and geographies. To accomplish this, a training program was designed in partnership with recognised business schools and partners to develop our talent at various organisational levels, ranging from the operational to the strategic. The academy allows us to:

- Develop a unique learning model.
- Support career development.
- Reinforce the alignment between our employees and Sonae Group’s business strategy and culture.
- Promote internal mobility (between geographies and companies).

In 2015, 50 Sonae Sierra employees were enrolled in the M&L Academy.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Specific Actions – Leveraging Knowledge

Leveraging Knowledge is one of our long term sustainability priorities and through this we aim to empower our employees by building their skills and knowledge to unleash their potential on an individual basis; and raise the standard of knowledge attainment at a collective level in the communities where we operate. We are exploring how we can transfer know-how in the company while increasing knowledge in our communities and have identified three long term objectives:

• Sierra with Universities: To partner with universities and either share our knowledge or create new knowledge with students.

• We Share with Communities: To extend our knowledge to the employees of the organisations that we wish to maintain strong links with such as municipalities, fire brigades and local authorities.

• Engage Value Chain through Knowledge: To help qualify our tenants or potential tenants (both owners and employees) by strengthening their business skills and know-how.

Under each objective we have identified short term targets, see ‘Results and Adjustments’ below.

c) Report the evaluation of the management approach

Monitoring

On an individual level, all our employees receive annual performance and career development reviews. On a collective level, we monitor employee satisfaction every two years through our Corporate Climate and Employee Satisfaction Survey, which asks our employees to rate their satisfaction with a range of factors including training and development.

Results and Adjustments

During 2015, 116 employees participated in the We Share training programmes covering topics such as work life balance, transaction prices in a shopping centre and the power of social media communications.

In relation to Leveraging Knowledge, by the end of 2015 we had completed four Sierra with Universities projects in Portugal and Spain. A further three projects in Portugal and Brazil were ongoing. Two Sierra with Communities projects (at Freccia Rossa in Italy and Valle Real in Spain) had been completed and had resulted in improved relations between the shopping centres and the local police and civil protection agencies.

We had also completed our first Engage Value Chain through Knowledge project at Centro Vasco de Gama to raise tenants’ awareness of labour issues in partnership with the Portuguese Authority for Working Conditions. At Hofgarten Solingen in Germany, we piloted a contest to help tenants improve their window displays, with the goal being to help them attract more customers and improve the overall shopping experience for visitors.

Based on the successful outcomes described above, our 2016 targets are to: support five case studies/thesis/research partnerships with universities; develop at least two community partnerships that result in improved relationships with our stakeholders, and; perform three tenant and supplier development projects.

For an update on our IOW programme, see ‘Our Performance’, page 25.

According to the results of the 2015 Corporate Climate Survey, the Training and Development theme achieved an overall positive rating of 62%. The increase from 57% in 2013 makes it the theme with the greatest improvement since the last survey. 19% of participants either disagreed or strongly disagreed with the statement that Sonae Sierra offers them the necessary training to do their job well, and 23% either disagreed or strongly disagreed with the statement that Sonae Sierra offers them training which enables them to increase their career prospects. Finally, 7% either disagreed or strongly disagreed with the statement that they are offered the opportunity to make their training needs known.

Proportion of training undertaken by type

In addition to GRI Indicator G4-LA9 and G4-LA11 (see below), we also record the proportion on training undertaken by type and our total investment in staff training and development. In 2015, over 75% of all training was devoted to building up our employees’ technical capabilities.

<table>
<thead>
<tr>
<th>Type of training</th>
<th>Number of hours</th>
<th>Proportion of total training hours (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural</td>
<td>3,246</td>
<td>7</td>
</tr>
<tr>
<td>Languages</td>
<td>6,657</td>
<td>15</td>
</tr>
<tr>
<td>Technical</td>
<td>35,085</td>
<td>78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44,988</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees at the end of the reporting period.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Investment in staff training and development (CONTINUED)

In 2015, we invested €485 per capita in staff training and development, a 30% increase from 2014. We succeeded in providing employees with an average 41 hours of internal and external training during the course of the year. For more information, see G4-LA9.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment per capita (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>485</td>
</tr>
<tr>
<td>2014</td>
<td>373</td>
</tr>
<tr>
<td>2013</td>
<td>483</td>
</tr>
<tr>
<td>2012</td>
<td>499</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period. It is calculated using the following formula: investments in employee training and development in each country divided by the total number of direct employees in each country (based on our response to G4-10).

PERFORMANCE INDICATORS

Indicator

G4-LA9 Average hours of training per year per employee, by gender, and by employee category.

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Number of employees</th>
<th>Number of hours</th>
<th>Average number of hours per employee by employee category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Senior Executive, Senior Executive, Executive</td>
<td>28</td>
<td>530</td>
<td>19</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>60</td>
<td>1,678</td>
<td>28</td>
</tr>
<tr>
<td>Manager</td>
<td>93</td>
<td>3,162</td>
<td>34</td>
</tr>
<tr>
<td>Team Leader</td>
<td>149</td>
<td>4,854</td>
<td>33</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>159</td>
<td>8,090</td>
<td>51</td>
</tr>
<tr>
<td>Team Member</td>
<td>596</td>
<td>26,674</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>1,085</td>
<td>44,988</td>
<td>41</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of employees</th>
<th>Number of hours</th>
<th>Average number of training per gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>564</td>
<td>19,984</td>
<td>35</td>
</tr>
<tr>
<td>Male</td>
<td>521</td>
<td>25,004</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>1,085</td>
<td>44,988</td>
<td>41</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: TRAINING AND EDUCATION (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

<table>
<thead>
<tr>
<th>G4-LA11</th>
<th>Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of employees receiving regular performance and career development reviews</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
</tr>
<tr>
<td>Employee category</td>
<td>Female</td>
</tr>
<tr>
<td>Executive</td>
<td>2</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>15</td>
</tr>
<tr>
<td>Manager</td>
<td>30</td>
</tr>
<tr>
<td>Team Leader</td>
<td>63</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>71</td>
</tr>
<tr>
<td>Team Member</td>
<td>320</td>
</tr>
<tr>
<td>Total</td>
<td>501</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period, that have a contract established for at least 6 consecutive months with Sonae Sierra. This is an eligibility condition to enter in the annual evaluation program.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Companies where unfair treatment is present are at risk from law-suits and fines for discrimination and are more likely to experience high-levels of staff turnover, absence and poor team work. On the contrary, by applying the principles of equality and diversity and ensuring a meritocratic culture, companies can attract a wider range of potential candidates, increase levels of employee satisfaction, retention and collaboration and prepare for emerging regulations concerning gender equality and non-discrimination.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments (including GRI G4 CRED Specific Action – Policy on gender equality including how gender is incorporated into procurement policy and plans)

We have a non-discrimination and diversity policy that states our commitment to a meritocratic culture. This is reinforced by our Code of Conduct, which outlines our commitment to creating a workplace where each individual is treated fairly, and where we recruit, select, train and remunerate based on merit, experience and other professional criteria.

Until now, our Company has not encountered barriers to gender equality in the workforce in the core countries where we operate. However, we acknowledge that this could become a more significant issue as we move into new markets, such as North Africa, where the social environment may inhibit equal opportunities in terms of education and by extension access to employment. In Sonae Sierra Brasil, gender equality has not been an issue, although the number of men in managerial positions is higher.

Goals and Targets

As stated above, Sonae Sierra has a commitment to a meritocratic culture, although we do not set specific quantitative objectives or targets relating to this aspect.

Responsibilities and Resources

Responsibilities and resources for employment aspects, including diversity and equal opportunity and equal remuneration, are described under the Disclosures on Management Approach for ‘Training and education’ on page 110.

GRI G4 CRED Additional Guidance – Policies and practices regarding gender equality in the workplace

We have some policies in place which, among other objectives, can support diversity by promoting a more flexible workplace, namely:

- Part-Time Working Policy.
- Working From Home Policy.
- Flexible Work Schedule 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.

GRI G4 CRED Additional Guidance – Policies and practices regarding gender equality in the community

See ‘Local communities’, page 119.

c) Report the evaluation of the management approach

Monitoring

Sonae Sierra demonstrates its commitment to non-discrimination in recruitment and treatment of staff in the workplace by monitoring workforce diversity according to a range of different characteristics. Within our Code of Conduct, we pledge to treat each individual fairly and recruit, select and train and remunerate based on merit, experience and other professional criteria. It is in our interest to ensure that the human resources, talents and skills available throughout the community are considered when employment opportunities arise, thereby selecting the most suitable person for the job, based on their qualifications and experience.

We monitor employee satisfaction once every two years through our Corporate Climate and Employee Satisfaction Survey, which asks our employees to rate their satisfaction with a range of factors including equal opportunities and compensation. The Sierra Ombudsman, which is described on page 48, constitutes a formal procedure which employees (as well as other stakeholders) can use to report work-related concerns including any breaches in our Code of Conduct.

Results and Adjustments

According to the results of the 2015 Corporate Climate Survey, Equal Opportunities and Diversity achieved an overall positive rating of 60%. This is largely consistent with previous survey results. In particular, only 11% of participants either disagreed or strongly disagreed with the statement that there are equal opportunities between women and men in the workplace. And only 6% either disagreed or strongly disagreed with the statement that in Sonae Sierra there are equal opportunities (without discrimination) regardless of race/religion/sexual orientation etc.

See GRI indicator G4-LA12 below.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (CONTINUED)

PERFORMANCE INDICATORS

Indicator

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

<table>
<thead>
<tr>
<th>Number and percentage of employees by gender, per employee category</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Senior Executive</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Senior Executive</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Executive</td>
<td>2</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>15</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>Manager</td>
<td>32</td>
<td>61</td>
<td>93</td>
</tr>
<tr>
<td>Team Leader</td>
<td>67</td>
<td>82</td>
<td>149</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>82</td>
<td>77</td>
<td>159</td>
</tr>
<tr>
<td>Team Member</td>
<td>365</td>
<td>231</td>
<td>596</td>
</tr>
<tr>
<td>Total</td>
<td>564</td>
<td>521</td>
<td>1,085</td>
</tr>
<tr>
<td>Percentage</td>
<td>52</td>
<td>48</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of disabled employees, per employee category</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>–</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Team Leader</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Team Member</td>
<td>4</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>6</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number and percentage of employees by age group, per employee category</th>
<th>&lt;35</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>&gt;64</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Global Senior Executive</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Senior Executive</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Executive</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>–</td>
<td>3</td>
<td>16</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>Manager</td>
<td>10</td>
<td>19</td>
<td>39</td>
<td>44</td>
<td>17</td>
</tr>
<tr>
<td>Team Leader</td>
<td>24</td>
<td>28</td>
<td>51</td>
<td>28</td>
<td>6</td>
</tr>
<tr>
<td>Project Team Specialist</td>
<td>167</td>
<td>114</td>
<td>241</td>
<td>201</td>
<td>98</td>
</tr>
<tr>
<td>Team Member</td>
<td>167</td>
<td>114</td>
<td>241</td>
<td>201</td>
<td>98</td>
</tr>
<tr>
<td>Total</td>
<td>204</td>
<td>164</td>
<td>241</td>
<td>201</td>
<td>98</td>
</tr>
<tr>
<td>Percentage</td>
<td>18.8</td>
<td>15.1</td>
<td>22.2</td>
<td>18.5</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all Sonae Sierra direct employees at the end of the reporting period.
LABOUR PRACTICES AND DECENT WORK ASPECTS (CONTINUED)

ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material.

Suppliers are one of the Sonae Sierra’s core stakeholder groups. Supplier health and safety is the most significant impact associated with our supply chain and a core focus area for Sonae Sierra’s Safety, Health and Environment Management System (SHEMS). We are committed to reducing the number of health and safety incidents involving our service and development suppliers and invest significant resources to achieve this goal through engagement and training.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Our Safety, Health and Environment (SHE) Policy 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.

Our Responsible Procurement Policy commits us to engaging with our development and service suppliers and, where necessary, working with them to improve their performance across core environmental and social impact areas, including labour aspects such as human rights, safety and health.

Responsibilities and Resources

The appointment of suppliers is governed by our supplier procurement procedures. Our Responsible Procurement Policy, adopted in 2007, is integrated into our Service Suppliers’ Management Procedures. The Service Suppliers Management Procedures for Development and Property Management define the various steps that should be followed from the pre-selection and bidding process through to contract closure and post-contract evaluation.

c) Report the evaluation of the management approach

Monitoring & Specific Actions – Processes to screen new suppliers, assess significant and potential negative impacts, identify and prioritise suppliers for assessment

All contracts with new critical property management and development suppliers (for contracts over €1 million) include clauses related to labour impacts.

Pre-qualification questionnaires for suppliers of structural goods and services such mechanical and electrical installations, lifts and escalators 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.

Finally, 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. Aside from this, we do not conduct annual audits of suppliers’ performance against these criteria.

For information regarding our anti-corruption screening and risk assessments for property management suppliers, see page 122.

Results and Adjustments

See the Disclosures on Management Approach for ‘Occupational Health and Safety’ on page 103. See also GRI indicator G4-LA14 below.

PERFORMANCE INDICATORS

Indicator

G4-LA14: Percentage of new suppliers that were screened using labour practices criteria.

In 2015, all contracts with new critical property management and development suppliers (for contracts over €1 million) included clauses related to labour impacts. In addition, all qualifying development suppliers were required to complete a pre-qualification questionnaire.
SOCIETY ASPECTS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Attending to the needs and views of the local community is particularly important for shopping centre developers and operators. Shopping centre developers who do not build relationships with local communities or assess community needs risk having their planning applications blocked and their ‘license to operate’ thwarted; on the other hand, developers who do build strong relationships with local community stakeholders and effectively listen to community concerns are more likely to maintain high levels of footfall and commercial activity.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Our policy towards the community is based on values and principles such as environmental awareness; community involvement; openness to society, confidence and ethics.

We are committed to playing an active role in promoting positive societal change through education and awareness-raising campaigns, and by capitalising on our ability to communicate with the public who visit our shopping centres. This is supported by our sustainability strategy, in particular our priority areas covering Safe People and Eco-efficiency and Sustainable Lifestyles.

Our Public Art Policy promotes the use of public art in our shopping centres. The aim is 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.

Goals and Targets

Our 2016 targets related to community impacts are to:

- Promote Community Advisory Panel meetings at NorteShopping and ParkLake.
- Promote at least three actions/initiatives with local communities at owned shopping centres.
- Invest a proportion of the promotional variable marketing fund of every operational shopping centre and project under development in community related initiatives (at least two percent for sites in Europe and 0.5 percent for sites in Brazil).
- Organise a Sonae Sierra Community Day.

ASPECT: LOCAL COMMUNITIES
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH

Responsibilities and Resources
Ultimate responsibility for community aspects lies with Sonae Sierra’s CEO and the Executive Committee. 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 of the Company responsible for the project. Operational responsibility for local communities and visitor satisfaction aspects during the shopping centre operations phase lies with our Shopping Centre Managers, supported by the central Marketing Department.

We dedicate at least two percent (one percent in Brazil) of each of our shopping centres’ marketing budget to local community investment, and we deploy several people within the marketing team to focus specifically on this aspect as a part of their job function, including the Corporate Marketing Managers (Europe and Brazil) for sustainability issues and the Country Marketing Managers, Cluster Managers and Marketing Assistants in each shopping centre.

All Sonae Sierra employees are entitled to take one day's leave as a volunteering day, and most use this opportunity to participate in the annual Sonae Sierra Community Day. Shopping centres organise a variety of events from supporting local charities to organising school and higher education visits.

Specific Actions – Supporting local businesses
We are committed to providing attractive shopping centres that serve the needs of the local population. We seek to 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. In 2015, on average 33% of tenants across our European portfolio under management, and 26% of tenants across our Brazilian portfolio were local businesses. As well as benefiting the community, this strategy can also help us enhance our reputation and increase visitor numbers.

See also ‘Indirect Economic Impacts’ on page 72 for information relating to our Coop Store and Rising Store initiatives that fall under the Prosperous Retailers focus area of our sustainability strategy.

Specific Actions – Community Advisory Panels
We operate a Community Advisory Panels (CAPs) programme to make sure that local communities are consulted on, and involved in, the development and operation of our shopping centres in a way that creates long term relationships and is sensitive to local cultural considerations. In order to select CAP members, we identify local stakeholder groups and invite them to participate based on the issues that are relevant to them. Our local shopping centre teams are empowered to develop actions in response to issues raised through the CAPs, using the part of the shopping centre marketing budget which is available for community projects.

Specific Actions – Community Day
Sonae Sierra organises a community day once a year across all our corporate offices and shopping centres. This initiative was created to boost volunteering among our employees by providing a suitable framework through which they are incentivised to spend one work day volunteering on a project that will improve the well-being of their local community. Every office and shopping centre team is free to choose the project and cause they will donate their time to. This flexibility allows for projects to be relevant to the context of each country and region, and tailored to the needs of the local community. It has also given staff the motivation to make this initiative their own, and has generated considerable enthusiasm over the years.

GRI G4 CRES Additional Guidance – Policies and practices regarding gender equality in the community
Both men and women are involved in the CAPs and there is no differentiation made in terms of the gender of CAP members.

GRI G4 CRES Additional Guidance – Resettlement and displacement of local communities, and how responsibilities relating to resettlement are shared with other organisations
Apart from the 1st 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 in order to resettle the people who used to live in the area.
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

c) Report the evaluation of the management approach

Monitoring

During the development stage we carry out feasibility studies to identify consumers’ needs in retail, services and leisure activities, in order to design shopping centres that match market needs and the existing retail offer. These studies consider factors such as demographics within the catchment area and socio-economic indicators.

Our CAPs, described on page 119 above, also enable us to obtain useful feedback from local community representatives and in this way monitor and respond to our impacts on local communities.

Results and Adjustments

In 2015, CAP meetings were held across 40 shopping centres. Issues discussed at these meetings included how awareness-raising initiatives could be developed around topics such as mental illness, poverty, children’s rights and discussions around legal and economic issues affecting local businesses. For more information and examples, see stakeholder engagement, page 66.

For information about how we promoted local businesses in 2015, see ‘Operational performance’, page 35.

In 2015, our employees and shopping centres supported 471 charitable organisations and our total global investments in sustainability and other community contributions equalled €751,527. This included:

- €77,941 in corporate donations to charitable causes and sponsorships
- €36,892 in shopping centre-level community investment in cash
- €23,586 in shopping centre-level sponsorships
- €613,108 in investments to charitable causes and specific activities, events and campaigns with sustainability themes made through our shopping centres’ marketing budgets

We also collected 11,356 units of global corporate contributions, as well as 41,216Kg of food contributions, 381 litres of milk, 29,425 units of other items such as clothing and books, and donations of €33,297 from shopping centres’ visitors on behalf of charitable causes.

Additionally, we welcomed 182 school and higher education institution visits to our shopping centres, which involved educating children about environmental, safety and health and cultural issues linked to our sustainability activities, as well as more technical visits for older students.

Global investments in sustainability and other community contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Global investments in sustainability and other community contributions (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.752</td>
</tr>
<tr>
<td>2014</td>
<td>0.978</td>
</tr>
<tr>
<td>2013</td>
<td>1.116</td>
</tr>
<tr>
<td>2012</td>
<td>1.445</td>
</tr>
</tbody>
</table>

Number of hours spent by employees, trainees and service suppliers in charity organisations

In 2015, 431 employees, trainees and service suppliers donated 2,154 hours of their time to support charitable organisations. The value of this time was equivalent to €58,824. The highest number of volunteers came from Portugal (178) and Brazil (137).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of hours spent by employees, trainees and service suppliers in charity organisations (Number of hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,154</td>
</tr>
<tr>
<td>2014</td>
<td>3,496</td>
</tr>
<tr>
<td>2013</td>
<td>3,365</td>
</tr>
<tr>
<td>2012</td>
<td>3,160</td>
</tr>
</tbody>
</table>

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees, trainees and service suppliers at the end of the reporting period. The number of hours made available by Sonae Sierra for employees for volunteering activities during work time is eight hours. The number of hours spent by employees, trainees and service supplier in charity organisations is the sum of all hours spent by those who volunteered.

See also GRI indicator G4-SO1 below.
SOCIETY ASPECTS (CONTINUED)

ASPECT: LOCAL COMMUNITIES (CONTINUED)

PERFORMANCE INDICATORS

Indicator

G4-S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs.

On 31 December 2015, Sonae Sierra owned 45 shopping centres and had 11 projects under development, including four for third parties, and four new projects in the pipeline.

Our Community Advisory Panels (CAPs), which are described on page 119 above, are in place across 40 (89%) of our operational shopping centres.

Environmental Impact Studies or Preliminary Environmental Evaluations are carried out on 100% of new development projects and on major expansions where we have direct control (for example, in the case of a joint venture). They include specifications such as the identification of locations of historical, architectural and archaeological value and data on important socio-economic indicators within the study area. When we begin new projects, we perform a feasibility analysis which involves analysing the competition and impact of our activities on competitors’ performance.

Our Geo Tracking studies evaluate the impact of our shopping centres on local consumer habits on an annual basis. In 2015, Geo Tracking studies were performed at 34 (74%) of our shopping centres.

Aside from these, we do not have any local community impact assessment programmes in place across our portfolio.

During the commercial licensing phase of new shopping centre projects, we are obliged to comply with the planning obligations defined in each country and by each local authority. For example, in some locations we must set aside part of the site for the creation of green spaces and, if this is not possible on the site in question, we must pay a compensatory fee so that green spaces can be created in alternative areas. The development of transport infrastructure around new shopping centre sites (including roads, bicycle paths and parking spaces, footpaths, etc.) is another example of infrastructure developed for community benefit, in some instances to meet with mandatory requirements of local authorities and in others to meet with our own Safety, Health and Environment Development Standards (e.g. regarding the promotion of sustainable travel).

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.

G4-S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

In 2015, we received one significant fine at a Freccia Rossa in Italy from the tax authority.

<table>
<thead>
<tr>
<th>Country</th>
<th>Significant fines paid in 2015 (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>47,145</td>
</tr>
</tbody>
</table>

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

CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.

In 2015 there were no instances of persons voluntarily or involuntarily displaced and/or resettled as a result of Sonae Sierra development projects.
### ASPECT: ANTI-CORRUPTION

#### DISCLOSURES ON MANAGEMENT APPROACH

<table>
<thead>
<tr>
<th><strong>a)</strong></th>
<th>Report the impacts that make this Aspect material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonae Sierra operates in several countries identified by Transparency International’s Corruption Perceptions Index as presenting a high risk of corruption. Corruption could pose a long term risk for the company, given that we are increasing our investment in new markets (such as our recent development project in Colombia).</td>
<td></td>
</tr>
</tbody>
</table>

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

<table>
<thead>
<tr>
<th><strong>b)</strong></th>
<th>Report how the organisation manages the material Aspect or its impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and Commitments (including GRI G4 CRES D Additional Guidance – Policies and practices to mitigate corruption risks, within the reporting organization and/or the supply chain)</td>
<td></td>
</tr>
</tbody>
</table>
Sonae Sierra’s Code of Conduct promotes the fundamental aspects of ethical behaviour that Sonae Sierra’s Board believes should be adopted in Company business and activities, and lists the ethical principles that include the duties of strict compliance with the Law and acting with honesty and integrity.

The Code of Conduct includes one specific guideline on the avoidance of bribery and corruption, by stating that it is forbidden to give or accept any reward or benefit with the purpose of influencing someone’s behaviour to obtain a commercial advantage.

The Code also promotes ethical and responsible decision-making by providing guidance on dealing with issues such as bribery, corruption, legal compliance, equality and human rights.

| **Goals and Targets** | Not applicable. |

<table>
<thead>
<tr>
<th><strong>Responsibilities and Resources</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Whilst the Executive Committee is ultimately responsible for managing these issues, ethical conduct is a personal responsibility and every employee is held accountable for his or her behaviour.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Specific Actions – Ethics training</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>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 Sonae Sierra Code of Conduct Acknowledgement, confirming that they had received the Code of Conduct and agreed to comply with its provisions.</td>
</tr>
</tbody>
</table>

Our internal communications procedures include an e-mail that is sent to new employees and which contains a welcome manual that links to the Sonae Sierra 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 uploaded to Sonae Sierra’s intranet so as to be available to all our employees.

<table>
<thead>
<tr>
<th><strong>GRI G4 CRES D Additional Guidance – Policy or screening process in place to mitigate incidents of money laundering, bribery and corruption through real estate valuations and transactions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>In relation to specific policies and practices followed by Sonae Sierra to mitigate corruption risk with respect to real estate valuations and transactions, our Asset Management and Development businesses follow the RICS guidelines. Transactions are subject to approval by the Board of Directors of the Special Purpose Vehicles, the Board of Directors of Sonae Sierra and (in many cases) by the Investment Companies of the funds. Whilst there are no specific guidelines to mitigate risks with respect to valuations, the entity that carries out most valuations for Sonae Sierra indicates in its report that the fees collected from Sonae Sierra represent less than 5% of its revenue, on a global basis.</td>
</tr>
</tbody>
</table>

Within the context of our Property Management activities, the procedure of 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 related to this process (shopping centre management and central operation departments), this procedure also ensures a clear, coherent and accepted recommendation, thus supporting 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 third party services, partnerships and joint ventures, investments and other related activities.
SOCIETY ASPECTS (CONTINUED)

ASPECT: ANTI-CORRUPTION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

c) Report the evaluation of the management approach

Monitoring
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 Sonae Sierra Risk Matrix through the audit work carried out by business process areas.

The Sierra Ombudsman also promotes compliance with our Code of Conduct by encouraging behaviour aligned with our ethical principles. The Ombudsman is an independent facilitator to whom all stakeholders can present their complaints with an assurance that they will be processed, investigated, and responded to in a timely and sensitive manner.

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. Although we are not obliged to do so, we also make our report on progress against the Global Compact publicly available on our website.

Results and Adjustments
During 2015, the Internal Audit Activities covered 31% of the core business processes identified as having a risk of corruption.

See also GRI indicators G4-SO3 and G4-SO4 below.

PERFORMANCE INDICATORS

Indicator

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified:

| Total number of business processes analysed for risks related to corruption | 13 (100%) |
| Total number of new business process audits performed in 2015 | 4 (31%) |

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

G4-SO4 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified:

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of employees and Board Members that received anti-corruption training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>98%</td>
</tr>
<tr>
<td>Algeria</td>
<td>82%</td>
</tr>
<tr>
<td>Brazil</td>
<td>87%</td>
</tr>
<tr>
<td>China</td>
<td>100%</td>
</tr>
<tr>
<td>Colombia</td>
<td>100%</td>
</tr>
<tr>
<td>Germany</td>
<td>97%</td>
</tr>
<tr>
<td>Greece</td>
<td>100%</td>
</tr>
<tr>
<td>Italy</td>
<td>95%</td>
</tr>
<tr>
<td>Morocco</td>
<td>100%</td>
</tr>
<tr>
<td>Romania</td>
<td>100%</td>
</tr>
<tr>
<td>Spain</td>
<td>98%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>Turkey</td>
<td>88%</td>
</tr>
<tr>
<td>Total</td>
<td>94%</td>
</tr>
</tbody>
</table>

Data Qualifying Note: This indicator includes all Sonae Sierra direct employees at the end of the reporting period. See also ‘Specific Actions – Ethics Training’ above.

Sonae Sierra does not have a systematic procedure to communicate, measure and report the number of business partners with whom the organisation’s anti-corruption policies and procedures have been communicated.
ASPECT: PUBLIC POLICY

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Government was not represented in the stakeholder feedback reviewed as part of our 2015 materiality review. Nonetheless, Sonae Sierra undertakes lobbying activities under its own initiative and through industry organisations targeting local, national and regional government.

We engage with local municipalities and meet with government members to discuss issues related to shopping centre activities that can have a significant impact on our business activities, from planning regulations to infrastructure development and trading hours. For this reason, this aspect was deemed to be material to our business.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments
We do not have a specific policy covering Public Policy. Our approach is underpinned by our values which represent the principles through which we set all our activities and relationships with our partners. Furthermore, our Code of Conduct sets out our ethical principles which include strict compliance with the law and acting with honesty and integrity in all we do. Specifically, this includes our commitment to political neutrality.

Goals and Targets
We do not set specific objectives and targets in relation to Public Policy.

Responsibilities and Resources
Interaction with local authorities is primarily dealt with at a local level by national development managers. The exception is Portugal where we do not currently have a development pipeline. In this instance, national activities fall under the responsibility of our Institutional Relations Manager who is part of the Asset Management business. International activities at the EU level fall under the responsibility of the Head of Sustainability and Corporate Communication.

Specific Actions – Significant issues that are the focus of public policy development and core position
We participate in lobbying activities under our own initiative and through industry associations with local authorities and national governments. For example, in 2015 we worked with the Portuguese Council of Shopping Centres (APCC) to lobby for changes to national regulations covering the frequency of fire safety inspections and security measures. In both cases we supported the principles behind the legislation, but argued that they did not reflect the circumstances specific to our industry. In the case of fire safety inspections, our own standards exceeded those set out in the legislation.

We are also involved in defining policy positions led by industry organisations, including the European Property Federation’s responses to a range of European Union Directives and legislative initiatives. During 2015 we contributed to a position paper for the EU Commission regarding changes to the Energy Performance of Buildings Directive and the Energy Efficiency Directive. The paper set out recommendations for energy efficiency improvements in Energy Performance Certificates (EPCs) and for the inclusion of a clause enabling member states to allow building owners to use the common voluntary EU EPC for non-residential buildings as an alternative to national EPCs.

Specific Actions – Significant differences between lobbying positions and stated policies, sustainability goals, or other public positions
Sonae Sierra supports political endeavours to encourage greater social cohesion and environmental responsibility in line with our business and sustainability strategies. We also try to influence new legislation likely to significantly affect our business in order to minimise any adverse impacts.

GRI G4 CRES Additional Guidance – Risks related to conflict of interest on regulatory and/or advisory organizations
We have not identified any risks related to conflicts of interest.

GRI G4 CRES Additional Guidance – Public policy participation that results in positive contribution to public policy development
During 2015 Sonae Sierra supported several initiatives that had benefitted our industry and stakeholders. These included changes to legislation around security to make it more relevant to shopping centres and extending the periodicity of fire safety inspections.

On a wider level, we support the work developed by the International Council for Shopping Centres to commit members to operating their business in a sustainable, responsible and efficient manner. We support efforts to build a collaborative approach between retail developers, owners, managers and users to reduce the negative environmental impacts of our operations, as well as public reporting on our performance.

Through our membership of the INREV Sustainability Committee we are working to increase awareness among investors and fund managers of sustainability issues, and are contributing to the development of new sustainability reporting guidelines for the non-listed real estate sector. We are also signatories for the Paris Pledge for Action which welcomes the adoption of a new, universal climate agreement at COP21 in Paris, and pledges support to ensuring that the level of ambition set by the agreement is met or exceeded.
SOCIETY ASPECTS (CONTINUED)

ASPECT: **PUBLIC POLICY** (CONTINUED)

**DISCLOSURES ON MANAGEMENT APPROACH** (CONTINUED)

c) Report the evaluation of the management approach

**Monitoring**

Lobbying activities are recorded and monitored according to the roles and responsibilities outlined above. All our activities are governed by our Code of Conduct and any breaches of the Code can be reported to the Sierra Ombudsman which is described on page 48.

**Results and Adjustments**

See ‘Specific Actions – Significant issues that are the focus of public policy development and core position’ above and GRI indicator G4-SO6 below.

**PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-S06</td>
<td>Total value of political contributions by country and recipient/beneficiary.</td>
</tr>
</tbody>
</table>

No financial and in-kind contributions were made by Sonae Sierra to political parties, politicians and related institutions in 2015.
SOCiETY aSPECTS (CONTINUED)

ASPECT: CHANGINg CONSUMER LIFESTYLES

DISCLOsuRES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Customers are increasingly concerned with the environmental and ethical impacts of their purchases and are keen to pursue more environmentally conscious healthy lifestyles. According to our latest Consumer Corporate Responsibility survey (conducted in 2013), 75% of respondents said they felt more satisfied when visiting a ‘sustainable shopping centre’.

With owned shopping centres attracting 360 million visits in 2015, Sonae Sierra is uniquely placed to be able to engage with a large number of consumers and promote sustainable lifestyles and purchasing choices. This will help Sonae Sierra to meet customer expectations while encouraging new growth markets in sustainable products which can increase or create new revenue streams for tenants.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

Our mission is to provide ultimate shopping experiences to customers and create outstanding value to shareholders, investors, tenants, communities and staff, while contributing to sustainable development.

Through our long term focus on Sustainable Lifestyles, Sonae Sierra aims to promote positive behavioural change campaigns focusing on the environment and health.

These efforts build upon the environmental awareness campaigns executed over the past couple of years (which focused on communicating Sonae Sierra’s own impacts) in order to engage consumers directly and promote positive behavioural change in their everyday activities.

Goals and Targets

The Sustainable Lifestyles Working Group has set a target for 2016 to inform visitors about sustainable lifestyle experiences through the communication of sustainable products and services that support healthy and environmentally-conscious behaviour, or by informing consumers about events, activities or workshops with a focus on culture, health or the environment.

See also ‘Our Strategy’, pages 19 to 20.

Responsibilities and Resources

Responsibility for planning and overseeing the implementation of environmental awareness campaigns that aim to communicate our environmental progress to consumers and increase consumer engagement on environmental issues are managed by our shopping centre management teams with support from corporate functions including marketing and the sustainability offices.

These included a commitment to communicate our environmental progress to consumers, increase consumer engagement on environmental issues and implement one environmental awareness raising event.

The Sustainable Lifestyles Working Group is responsible for planning and overseeing the implementation of our actions in relation to this long term priority. The group meets regularly to discuss existing strategies and identify areas for improvement, as well as develop new campaigns.

c) Report the evaluation of the management approach

Monitoring

The Sustainable Lifestyles Working Group is accountable to the Sustainability Steering Committee into which it reports three times a year. In future, this will include progress against the specific KPIs that are currently being developed as part of the three year strategy.

Results and Adjustments

Our first sustainable lifestyles initiative will be delivered as part of a broader shopping centre marketing communications campaign known as ‘Agenda’. Published monthly, Agenda is an integrated digital communications platform bringing together content from our tenants, shopping centres and the local area to enhance the visitor experience and strengthen our relationship with them. Due to be trialled at eight shopping centres in Portugal during 2016, the Sustainable Lifestyles Working Group will use Agenda to promote offers and products with healthy, ethical, green and local features. Our initial goal is to feature at least one such story per month across the eight shopping centres taking part, and achieve the same number of page views as other Agenda content.

See also ‘Operational performance’, page 36.
PRODUCT RESPONSIBILITY ASPECTS

ASPECT: CUSTOMER HEALTH AND SAFETY

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Accidents occurring in shopping centres could put large numbers of people at risk, incur loss of business and damage our assets and reputation. By anticipating and managing safety and health (S&H) risks appropriately and raising awareness about S&H among shopping centre staff, tenants, service suppliers and visitors, we can reduce the risk of accidents occurring and the severity of their consequences, add value to our property management service and strengthen our relationships with these key stakeholder groups.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

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.

Goals and Targets

We have set a long term objective to provide a safe environment for everyone who visits or works within Sonae Sierra shopping centres, aiming towards zero accidents, and to promote safety and health conscious behaviour among our tenants and visitors.

Responsibilities and Resources

PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER HEALTH AND SAFETY (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

GRI G4 CRESG Additional Guidance - Policies, practices and training relating to end user health, safety and security during all stages of the lifecycle

Our Safety, Health and Environment Development Standards (SHeDS) are considered by all design teams during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. For further information, see ‘Governance, Safety, Health and Environment Management System’, pages 48 to 49.

During the operations phase, all Sonae Sierra shopping centres implement the procedures defined by our corporate Safety, Health and Environment Management System (SHEMS) with the aim of guaranteeing the safety of all building users. We provide training on SHe issues and invite tenants to actively participate in Open SHe Committees during which S&H issues are discussed and tenants are asked to actively participate in the shopping centres’ SHe management. Any issues identified by these procedures are followed-up and corrective actions are taken. We also raise awareness of safety and health risks through campaigns and awareness raising events such as posters and presentations.

Within the scope of our SHEMS, we monitor and evaluate S&H performance on a regular basis using tools such as SHE Preventive Observations (SPO), emergency drills and SHe inspections and following-up on any non-conformities detected (covering safety-related equipment and installations in tenant units and technical areas). SPOs are a form of process review carried out in our shopping centres and corporate offices 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.

We also invite tenants to compete for our Best Tenant Awards; the Personæ Tenant Award for best practice in S&H and the Planet Sierra Tenant Award for best practice in environmental management. Each of these Awards is presented bi-annually, meaning that each year there is one competition, focused either on environment or S&H performance. Furthermore, in 2015 we launched the Service Supplier Award to reduce the number of accidents amongst our service suppliers in Portugal and Brazil by promoting good safety and health practices. The award was launched across 33 shopping centres and achieved a 60% participation rate in both countries.

For further information on our health and safety risks during construction, see ‘Occupational Health and Safety’, pages 103 to 104.

Specific Actions – Addressing health and safety risks for visitors

We regularly monitor visitor safety risks and organise awareness campaigns to promote safe behaviour in our shopping centres. Examples include Safety and Health Days, school visits and shopping centre tours. The majority of incidents involving visitors include falls at the same level and escalator accidents. Between 2013 and 2015 we conducted several studies in Portugal and Spain to identify the areas with the highest risks of slips. As a result, we are implementing a range of anti-slip measures across the 15 shopping centres evaluated. These include anti-slip treatment to floors and travellers, additional matting near the entrances and training for cleaners.

Further initiatives to increase awareness around accident prevention and safety among the centres’ visitors in Portugal include SegurArte. SegurArte is a competition for artists and art students to create artwork promoting safety measures when using moving stairs and carpets in our centres.

If necessary we work with our suppliers to put in place preventive measures. For example, we developed a protective handrail in cooperation with the escalator manufacturer, Schindler Portugal. The handrail was developed in response to a number of accidents involving children on escalators at shopping centres not owned by Sonae Sierra. So far, the installation of handrail protection has been rolled out across Portugal and is due to be rolled out across all countries under the management of Schindler.

c) Report the evaluation of the management approach

Monitoring

See the Disclosures on Management Approach for Environmental Aspect ‘Overall’ on page 76.

Results and Adjustments

See the Disclosures on Management Approach for ‘Occupational Health and Safety’ on pages 106 to 108 and ‘Operational performance’ on page 35.

See also GRI indicators G4-PR1 and G4-PR2 below.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER HEALTH AND SAFETY (CONTINUED)

PERFORMANCE INDICATORS

Indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Life cycle stages</th>
<th>Percentage of service categories covered</th>
<th>Comments on assessment procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>New construction</td>
<td>100%</td>
<td>Our Safety, Health and Environment Development Standards (SHEDS) are considered by all design teams during the concept and architectural development phase of all our new shopping centres, refurbishment or expansion projects and minor works. For further information, see page 49. During the construction phase, we aim to achieve excellent safety standards by defining strict procedures that exceed those which are required by law. All new shopping centre development projects must implement a site-specific Safety, Health and environment Management System (SHEMS) and achieve certification in accordance with the OHSAS 18001 standard for the entire construction phase. For further information, see page 49.</td>
</tr>
<tr>
<td>Management</td>
<td>100%</td>
<td>During the operations phase, all Sonae Sierra owned shopping centres implement the procedures defined by our corporate SHEMS with the aim of guaranteeing the safety of all building users. We use some specific tools to assess the safety of our shopping centres for building users, which are described on page 49. Audits are performed to assess compliance with Sonae Sierra’s SHEMS at corporate and site levels on an annual basis. In shopping centres managed by Sonae Sierra, some critical procedures are also implemented to guarantee the incident prevention, the wellbeing of the workforce, as well as compliance with applicable safety, health and environmental legislation.</td>
</tr>
<tr>
<td>Development/redevelopment</td>
<td>100%</td>
<td>This covers expansion and refurbishment activities. Expansion and refurbishment works with a value greater than €5 million (or 10% of the assets OMV) and longer than nine months in duration must apply the same procedures as those described in relation to 'New construction' above. Expansion and refurbishment works that fall below this threshold must comply with a simplified Safety, Health and Environment Management Plan (SHEMP). Works below €1.5 million in value must comply with our small works procedure.</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, and all projects under development during the reporting period.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER HEALTH AND SAFETY (CONTINUED)

PERFORMANCE INDICATORS (CONTINUED)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Incidents of non-compliance with regulations resulting in a fine or penalty</td>
</tr>
<tr>
<td>Portugal</td>
<td>–</td>
</tr>
<tr>
<td>Brazil</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>–</td>
</tr>
<tr>
<td>Spain</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
</tr>
</tbody>
</table>

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period, and all shopping centres managed but not owned by Sonae Sierra during the reporting period.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – CUSTOMER SURVEYS

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material.

Engagement with customers is vital for any business: anticipating and responding to customers’ needs is essential to sustained revenue generation. In the context of this Aspect, customers refer to shopping centre visitors (please see ‘Tenant Engagement and Satisfaction’ for tenant surveys). We engage with visitors in order to understand what drives their behaviour and purchasing decisions. By responding to feedback from these visitors we can improve the quality of our shopping centres and promote more sustainable practices in retail and consumerism. This is likely to result in higher footfall and sales as well as other benefits, thereby supporting the long term success of our tenants’ and our own businesses.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We do not have specific policies or commitments concerning the frequency with which we conduct customer surveys. Mall Tracking surveys (see ‘Monitoring’ below) are conducted regularly, but their exact frequency is determined by individual shopping centre budgets.

Sonae Sierra and service suppliers who conduct surveys on our behalf are required to comply with the International Chamber of Commerce/ESOMAR’s International Code on Market and Social Research. The Code sets out a self-regulatory framework for market researchers covering issues such as compliance with national and international laws, ethical conduct and the use of personal information.

Other customer feedback tools include the Customer Contact Management system which gives visitors an opportunity to provide feedback directly to our shopping centres. Complaints can also be presented to the Sierra Ombudsman (see page 48).

Goals and targets

Mall Tracking surveys include a set of questions that relate to the customer experience, although we do not set a target to achieve a minimum satisfaction level. If visitors provide written feedback via the Customer Contact Management System we have response targets as outlined in our Service Level Agreement (SLA) (see below).

Responsibilities and Resources

Responsibility for visitor satisfaction and engagement lies with our Shopping Centre Managers, supported by the central Marketing Department. See ‘Monitoring’ for details on visitor surveys and feedback mechanisms and how we respond.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – CUSTOMER SURVEYS (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

c) Report the evaluation of the management approach

Monitoring

We regularly undertake Mall Tracking surveys at our shopping centres to help us understand our visitors’ profiles, their behaviour and requirements. These surveys monitor trends in visitor satisfaction, expectations, loyalty and behaviour. Shopping centres develop action plans on the basis of the survey results, paying particular attention to critical success factors affecting visitor numbers and short-term actions necessary to correct any negative results. We also conduct specific corporate responsibility surveys to better understand visitor attitudes towards sustainability and target our initiatives and communications accordingly.

We have a customer feedback system in place called Customer Contact Management which provides a unique source of learning for our shopping centres. We encourage visitors to submit their suggestions and complaints either verbally or in writing. If verbal contacts cannot be resolved immediately, we escalate them to written contacts and request that customers submit their feedback in writing, or we reframe the feedback on their behalf via a form. We ensure that the Shopping Centre Manager personally responds to all suggestions and complaints received.

When visitors offer their time to provide written feedback it is essential to show that we take their views seriously. The first step is to ensure an adequate answer in a short period of time. This timing is measured against the SLA. The objective is to respond to customers in three working days, but acknowledging that this is not always feasible, the SLA target is 70% answered in three days; 95% in one week and 100% in two weeks. During 2015, we received approximately 1,925 written contacts, of which 90% were responded to in three days, and 99% within two weeks.

We have consistent procedures for written and verbal contacts with customers and all employees working at our shopping centres (including security, cleaning, maintenance and administration employees) are trained in how to manage verbal feedback through tools including a training film, presentation and a pocket book summarising the correct procedures and behaviours.

In 2015 we undertook an assessment of the Customer Contact Management system to assess its effectiveness in dealing with verbal and written contacts. A ‘mystery shopper’ technique was used to evaluate employees’ customer care skills and compliance with our customer care standards, both within shopping centres and through calls made to the call centre. The overall results were positive, but we have identified a number of opportunities to improve the process further which we plan to roll out in 2016. These include additional training for our customer-facing employees at shopping centres and improvements to the process for handling email contacts.

Shopping centre visitors may also present complaints to the Sierra Ombudsman.

Results and Adjustments

See ‘Stakeholder engagement’, page 66 and GRI indicator G4-PR5 below.

PERFORMANCE INDICATORS

Indicator
G4-PR5 Results of surveys measuring customer satisfaction.

<table>
<thead>
<tr>
<th>Visitor Satisfaction Index – ‘new methodology’ (for countries that report 0-100 indexes)</th>
<th>Year</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>82.0</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>76.6</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>80.1</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>74.2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Visitor Satisfaction Index – ‘old methodology’ (for countries that report 0-4 indexes)</th>
<th>Year</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3.4</td>
<td></td>
</tr>
</tbody>
</table>

Data Qualifying Note:
The visitor satisfaction results are based on a sample of 500 interviews which are proportionally stratified according to the shopping centre traffic. The survey takes the form of a personal interview based on a structured questionnaire. The number/type of visitors who receive the interview are selected through systematic counting during one week. The ‘old’ methodology is based on a survey in which different factors are rated from 1 to 4 according to the visitors’ assessments. The ‘new’ methodology is based on a survey in which different factors are rated from 1 (not satisfied) to 5 (very satisfied) and between 5 to 20 items are valued. Taking these valuations we create an indicator on a scale of 1 to 100.

The indicator for the ‘new’ methodology includes shopping centres owned and in operation for the full reporting year in Portugal (11 out 21), Spain (1 out 7) and Brazil (2 out 10) which performed visitor satisfaction surveys in 2015.

The indicator for the ‘old’ methodology includes shopping centres owned and in operation for the full reporting year which performed visitor satisfaction surveys in 2015. Alexa and Loop 5 in Germany and Pantheon Plaza in Greece are not included since studies were not performed or didn’t include the visitor satisfaction index in 2015.

In 2015 the methodology for both approaches was changed as only visitor satisfaction indexes obtained from studies performed in the reporting year were taken into consideration, whereas previously visitor satisfaction indexes obtained from earlier years were included if the shopping centre had not conducted a study in the reporting year.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – SUSTAINABLE BUILDING STANDARDS AND CERTIFICATION

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Regulations and industry expectations concerning the sustainability performance of buildings have developed rapidly over the past few years. By applying sustainable design standards on new projects and significant expansions/refurbishments, we can prepare for new and emerging regulations whilst ensuring that our shopping centres are more attractive to investors and occupiers.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

It is part of our policy to seek third party audit and certification of the Safety, Health and Environment Management System (SHEMS) across all our sites. For all our own new development projects, major expansions and refurbishments where we have direct control we target BREEAM Good, LEED® Silver or DGNB Bronze certification as a minimum.

Goals and Targets (including GRI G4 CRESQ Additional Guidance – Policies with respect to the application of voluntary and mandatory sustainable building standards, certification, rating and labelling schemes)

We have set a long term objective to obtain a building certification for all new shopping centres and certify the Safety, Health and Environment Management System for all Sonae Sierra construction projects and owned assets that we have managed for two or more years in a maximum period of three years. Additionally, we have set a target to ensure all new development projects, major expansions and refurbishments where we have direct control to achieve BREEAM Good, LEED® Silver or DGNB Bronze certified as a minimum.

Responsibilities and Resources

Responsibilities and resources for managing the products and services aspect are covered by our SHEMS. See ‘Safety, Health and environment Management System’ on page 48.

Specific Actions

See Disclosures on Management Approach for the Environmental Aspect ‘Products and Services’ on pages 99 to 100.

c) Report the evaluation of the management approach

Monitoring

The extent of implementation of the Safety, Health and Environment Development Standards (SHEDS) on each of our projects is assessed by an external advisor. Our local SHEMS are assessed by a third party certifier as part of the process for achieving ISO 14001 and OHSAS 18001 certifications. Third party certification is also sought for BREEAM, LEED® and DGNB certification.

Results and Adjustments

See ‘Operational performance’, page 27 and GRI Indicators G4-PR4 and CRE8 below.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: PRODUCT AND SERVICE LABELLING – SUSTAINABLE BUILDING STANDARDS AND CERTIFICATION (CONTINUED)

PERFORMANCE INDICATORS

Indicator
G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.

In 2015, there was only one instance of non-compliance with regulations resulting in a warning (in Portugal). There were no incidents of non-compliance with regulations resulting in a fine or penalty, or incidents of non-compliance with voluntary codes.

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period and all shopping centres managed but not owned by Sonae Sierra during the reporting period.

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

In 2015, Sonae Sierra achieved five OHSAS 18001 certifications, one ISO 14001, and two BREEAM in-use certifications at shopping centres in operation. We also achieved ISO 14001 and OHSAS 18001 certification for the construction works at ParkLake. No certifications were obtained for corporate offices.

Number of sustainability certifications achieved for shopping centres and development projects

<table>
<thead>
<tr>
<th>Certification</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 14001 certification</td>
<td>2</td>
</tr>
<tr>
<td>OHSAS 18001 certification</td>
<td>6</td>
</tr>
<tr>
<td>BREEAM in-use</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
</tr>
</tbody>
</table>

Sustainability certifications achieved to date

<table>
<thead>
<tr>
<th></th>
<th>ISO 14001</th>
<th>OHSAS 18001</th>
<th>EU EPC</th>
<th>DGNB</th>
<th>BREEAM</th>
<th>UNE 170001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations (owned centres)</td>
<td>91% (41 out of 45)</td>
<td>76% (34 out of 45)</td>
<td>76% (34 out of 45)</td>
<td>N/A</td>
<td>11% (5 out of 45)</td>
<td>16% (7 out of 45)</td>
</tr>
<tr>
<td>Development</td>
<td>26 (total)</td>
<td>10 (total)</td>
<td>-</td>
<td>1 (total)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
ASPECT: TENANT ENGAGEMENT AND SATISFACTION

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

Our primary customers are our tenants. We view our tenants as strategic partners; the financial performance of our tenants directly impacts on our own business performance through occupancy rates and rental income. In the context of our sustainability strategy, engaging with our tenants entails not only seeking feedback on our current practices, but also identifying trends in tenants’ behaviour, including attitudes towards environmental and social concerns. By responding to feedback from tenants, we can improve the quality and efficiency of our services which supports both our tenants’ and our own businesses.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We are committed to delivering a high quality service to tenants and maintaining high levels of tenant satisfaction. Within the context of our sustainability strategy’s long term focus on Prosperous Retailers, we are also committed to partnering with our tenants to make their businesses more resilient. This includes the launch of new retail formats such as Flash Stores, Coop Stores and Rising Stores that support entrepreneurship and encourage innovation. See pages 36 and 72.

Goals and Targets

Our long term objectives in relation to tenant satisfaction are:

• Deliver a high quality service to tenants and maintain high levels of satisfaction, striving to achieve an average tenant satisfaction level of 4 or above in all shopping centres (out of a maximum score of 6).

• Engage with our tenants with the aim of helping them to improve their safety, health and environmental performance.

For more information about our goals in relation to Prosperous Retailers see ‘Our strategy’, on pages 19 to 20 and the Disclosures on Management Approach for the ‘Indirect Economic Impacts’ Aspect on page 72.

Responsibilities and Resources

Senior responsibility for tenant satisfaction and other aspects of tenant engagement and management is divided between the Sonae Sierra Board Director responsible for Property Management and Leasing in Europe (including ultimate responsibility for Sonae Sierra’s 30 top tenants) and the CEO of Sonae Sierra Brasil. Responsibility is divided at the management level between the heads of property management in each country of operation. Shopping Centre Managers take responsibility for managing the day to day relations with tenants, with support from centralised leasing teams. We have an on-line Property Integrated Management System in place which supports all lettings management processes in an integrated way.

Specific Actions – Engaging with tenants on sustainability

We help our tenants to improve their sustainability performance through training and awareness and our efforts to increase our shopping centres’ operational efficiency (including reductions in energy, water and waste costs in line with our environmental strategy).

Tenants are invited to participate in open SHE committees during which environmental, health and safety issues are discussed, and tenants are asked to participate in the shopping centre’s SHE management. A ‘Good Practice Guide’ for tenants and service suppliers sets our best practice guidelines covering various activities to reduce the risk of safety accidents and environmental incidents.

Since 2007 the Personæ Tenant Award recognises the safety and health efforts made by our tenants to improve the performance in their shops, thus helping to promote a culture of accident prevention and foster a safe environment for staff and customers.

A similar award – Planet Sierra Tenant Award, was launched in 2010 to recognise outstanding environmental performance. This award alternates with the Personæ Tenant Award, and is intended to recognise tenants’ endeavours towards environmental excellence, thus promoting a joint sustainable long term business. Thirteen tenants were recognised for their environmental performance in the third edition of the Planet Sierra Tenant awards in May 2015.

We also run a sustainability benchmark report for tenants that monitor their energy consumption and allows them to compare their performance with similar stores to identify where improvements can be made.

See Environmental Aspects on pages 75 to 101, ‘Occupational Health and Safety’ on pages 102 to 109 and stakeholder engagement on page 65.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: TENANT ENGAGEMENT AND SATISFACTION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

(continued)

c) Report the evaluation of the management approach

Monitoring

We regularly monitor the effort ratio of our tenants (the ratio of rents plus common charges paid by the tenant to the sales they achieve) and compare the performance of different tenants with similar operations in the same centre or similar units in different shopping centres. If we detect that a tenant has a very high effort ratio, we arrange a face-to-face meeting with the store management team to seek to understand the reasons for this and if possible help the tenant to find a solution.

We undertake annual operational tenant surveys in all owned shopping centres, 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 to address aspects which receive low scores and ultimately drive continuous improvement in tenant satisfaction levels.

We also regularly engage with tenants on issues relating to safety, health and the environment (SHE) through channels such as SHE Open Committees and SHE training. Coupled with responses received from SHE-related questions in tenant surveys, the feedback allows us to monitor tenant concerns and interests regarding SHE issues and respond appropriately.

Results and Adjustments

The results of our operational tenant satisfaction surveys were positive overall. Our overall satisfaction level was 4.7 and all of our shopping centres that participated in the index achieved an overall tenant satisfaction rate of 4 or above. Satisfaction rates increased in all countries except Romania (which fell from 4.9 in 2014 to 4.8 in 2015) and Spain (which fell from 4.9 in 2014 to 4.8 in 2015). We saw significant improvements relating to the impact of marketing initiatives on visitor traffic and tenant sales, with the highest satisfaction scores for shopping centre lighting and signage. For more information on the topics raised by tenants, and our response, see stakeholder engagement on page 65.

For the second consecutive year we invited tenants to participate in our sustainability benchmarking report. A total of 207 tenants took part (77% more than in 2014) providing participants with valuable advice on energy and water saving initiatives and the approximate cost savings that could be achieved.

Further references:

For more information, see the case study on our website.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER EXPERIENCE AND INNOVATION

DISCLOSURES ON MANAGEMENT APPROACH

a) Report the impacts that make this Aspect material

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. In order to entice consumers out of their homes, shopping centres must provide entertainment experiences that go beyond shopping alone. At the same time, digital and online technologies are changing the way consumers purchase goods and services. This presents a new challenge for traditional physical retailers who must compete to attract customers into their stores.

This aspect was identified as material according to the materiality review performed by Sonae Sierra in 2015, which was based on a number of criteria covering both Sonae Sierra’s impacts and stakeholders’ opinions. For further details, see our response to ‘Identified Material Aspects and Boundaries’ on pages 60 to 63 above.

b) Report how the organisation manages the material Aspect or its impacts

Policies and Commitments

We are committed to combining digital and physical retail space to provide a unique customer experience. To achieve this, Sonae Sierra is implementing measures to integrate online digital strategies aimed at improving the customer experience. This in turn supports commitment to strengthening the prosperity of tenants and local retailers through our sustainability strategy’s long term focus on Prosperous Retailers.

Goals and targets

Our goal is to continue to innovate in our approach 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 enhance the customer experience, such as our digital strategy, and more recently our sustainability strategy, in particular our focus on Safe People and Eco-efficiency, Sustainable Lifestyles and Prosperous Retailers.

Our focus on Safe People and Eco-efficiency has allowed us to respond to increasing consumer interest in sustainability, while Sustainable Lifestyles aims to capitalise on these trends by promoting healthy, green and local goods and services; improving wellbeing through health activities in our shopping centres; and creating a sense of place.

Our focus on Prosperous Retailers meanwhile has resulted in innovative retail concepts such as Coop Stores and Rising Stores that encourage entrepreneurship and enhance our offer to consumers by offering new brands and products.

Sonae Sierra has developed a digital strategy that capitalises on emerging technologies to engage with consumers in innovative ways to increase sales and footfall in our shopping centres. While specific targets have not currently been set, our Go Digital strategy comprises the following initiatives:

- PromoFans®: An online promotions platform that enables tenants to build customer loyalty and brand awareness by offering promotion via our shopping centres.
- Digital information desks and sitting areas at shopping centres.
- Loyalty apps for customers which offers discounts and prizes.

One such example is ‘Fashion 4 Me’ that was launched in 2015. Fashion 4 Me is an online platform designed to promote the fashion offer at participating shopping centres. A digital ‘fashion curator’ provides personalised fashion advice by selecting combinations of clothes and related items available in each shopping centre. It provides an interactive interface allowing users to browse recommended products, highlight their favourites and compile ‘wish lists’. As well as being available across multiple devices (personal computers, mobiles and tablets), kiosks at participating shopping centres features television screens and a video wall to enhance the experience.

Initially launched across four shopping centres in Spain and one in Germany, it is due to be expanded in 2016 to an additional shopping centre in Germany and two shopping centres in Portugal.
PRODUCT RESPONSIBILITY ASPECTS (CONTINUED)

ASPECT: CUSTOMER EXPERIENCE AND INNOVATION (CONTINUED)

DISCLOSURES ON MANAGEMENT APPROACH (CONTINUED)

Responsibilities and Resources
Customer experience aspects including the development of our digital strategy are managed by multi-disciplinary working groups including corporate marketing, regional marketing, asset management and architecture to ensure that the initiatives deployed reflect Sonae Sierra’s standards and provide context specific solutions.

Sonae Sierra’s Innovation Office also plays a significant role in helping us to identify, anticipate and respond to changing consumer expectations by stimulating new ideas across the company. Projects such as ‘Back2Future’ (which was launched in 2015) aim to define a vision to Sonae Sierra’s products of the Future. How evolving retail trends will impact our, and our clients’ businesses and, by anticipating these trends, and ensuring we have the infrastructure and procedures in place to capitalise on them, we will be able to differentiate our products and doing so we continue to fulfil our corporate vision and mission.

For information regarding the management of Safe People and Eco-efficiency, Sustainable Lifestyles and Prosperous Retailers, see pages 48, 72 and 126 respectively.

c) Report the evaluation of the management approach

Monitoring
Customer satisfaction and Mall Tracking surveys provide valuable intelligence regarding customers’ opinions and expectations. Results are presented back to shopping centres management teams and used to guide future investment plans. In addition, KPIs such as footfall and tenant sales are monitored on a regular basis. Our marketing teams also use a number of KPIs to track consumer uptake of digital technologies. The impact of initiatives that are part of our sustainability strategy such as Coop Stores are monitored by respective working groups who report to the Sustainability Steering Committee on a quarterly basis.

Results and Adjustments
See ‘Operational performance’, page 36.
INDEPENDENT ASSURANCE

REVIEW REPORT

Introduction
1. We have performed a review of the sustainability information included in the Economic, Environmental and Social Report 2015 (“EESR 2015”) of Sonae Sierra, SGPS, SA (“Sonae Sierra”), that covered:
   - Its accordance with the disclosure of information requirements defined by the Guidelines for Sustainability Reporting of the Global Reporting Initiative, version v4 of 2013 (“GRI G4”), for the core option, and additional contents and performance indicators required by the GRI’s G4 Construction and Real Estate Sector Disclosures (“GRI CRESD”) related to the material sustainability aspects, including the reliability of the overall related information and 2015 data, as identified in “Annex: Global Reporting Initiative”;
   - Sonae Sierra’s own sustainability performance indicators 2015 data, disclosed in the EESR 2015, in accordance with the therein mentioned criteria;
   - The information on progress against the 2015 sustainability targets and management actions, in accordance with the criteria established by Sonae Sierra, disclosed in its internet site, as identified in the chapter “Operational performance” of the report; and
   - The Sonae Sierra environmental accounting model information and results for the property management activity, disclosed in “Disclosures on Management Approach” of the environmental material aspect “Overall” within “Annex: Global Reporting Initiative”, in accordance with the therein mentioned criteria.

Responsibilities
2. Sonae Sierra’s Board of Directors is responsible for preparing the Economic, Environmental and Social Report 2015, as well as defining, implementing and carrying out adequate processes, procedures, internal control systems and criteria for collecting, processing, presenting and validating the information contained therein. Our responsibility is to issue a report, based on the procedures referred to below, on the information referred to above.

Scope
3. We conducted our review in accordance with the International Standard on Assurance Engagements 3000 – ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board, regarding assurance engagements other than audit or reviews of historical financial information, for a moderated level of assurance.

4. This standard requires that we plan and perform procedures and apply audit skills and techniques, in order to obtain an adequate understanding of the matters under review and, considering the circumstances, to obtain sufficient appropriate evidence on which to base our conclusions. In a limited assurance engagement, the procedures performed consist primarily of inquiries of Sonae Sierra’s employees and analytical procedures, including tests on a sample basis and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.
5. The main procedures performed were:

   • Interview of Sonae Sierra’s employees responsible for the preparation of the EESR 2015 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 2015 content with the GRI G4 Guidelines disclosure of information requirements for core option, and whenever applicable with the GRI CRESD requirements;

   • Review of the processes, criteria and systems used to collect, consolidate, present and validate the data for 2015, relating to the information reviewed by us;

   • Review of the procedures and criteria in place to monitor and measure progress against 2015 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 2015 and related publicly available reports, and that it does not contradict any significant information included in the 2015 Sonae Sierra’s Consolidated Report and Accounts.

Opinion

6. Based on the work performed, as described in paragraph 5 above, which was executed to obtain a moderate level of assurance, nothing has come to our attention that causes us to believe that the sustainability information included in, or publically available and related to the EESR 2015, 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 G4 Guidelines for the core option, and whenever applicable with GRI CRESD, as well as with the criteria defined by Sonae Sierra.

Lisbon, 1 April 2016

Deloitte & Associados, SROC S.A.
Represented by João Carlos Frade
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 enjoyed reading our Economic, Environmental and Social Report 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 cr@sonaeserra.com or by post to Rua Galileu Galilei, 2, 3º piso, 1500-392 Lisbon, Portugal.

CAN YOU TELL US...

1. About you.
   Which stakeholder group do you belong to?
   - Investor/financier
   - Tenant
   - Shopping centre visitor/customer
   - Sonae Sierra employee
   - Supplier
   - 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

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? (Pages 17 to 20)
   1 2 3 4 5 6 Information provided on Sonae Sierra’s business model? (Pages 13 to 14)
   1 2 3 4 5 6 Information on how Sonae Sierra uses resources (“capitals”) and impacts upon the availability and quality of these resources? (Pages 15 to 20)
   1 2 3 4 5 6 Information about risks and opportunities faced by Sonae Sierra? (Pages 21 to 22)
   1 2 3 4 5 6 Information about how the external environment affects Sonae Sierra? (Pages 15 to 16)
   1 2 3 4 5 6 Information about the future outlook for Sonae Sierra? (Pages 37 to 38)
   1 2 3 4 5 6 Information about the governance within Sonae Sierra? (Pages 46 to 49)
   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?

4. 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.

5. 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.
6. What do you see as being the main social, economic and/or environmental challenges for Sonae Sierra in the next five to ten years?

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

8. 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
OFFICES

PORTUGAL
LISBOA
PORTO

ALGERIA
KOUBA

BRAZIL
SÃO PAULO

COLOMBIA
CALI

GERMANY
DÜSSELDORF

GREECE
ATHENS

ITALY
MILAN

LUXEMBOURG
LUXEMBOURG

MOROCCO
CASABLANCA

ROMANIA
BUCHAREST

SPAIN
MADRID

THE NETHERLANDS
HOOFDDORP

TURKEY
ISTANBUL

www.sonaesierra.com

For more information on our offices please visit