



*Real value in a changing world*

# Sonae Sierra

**Review** of Progress Against 2009 CR Actions

Report

March 2010

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# 1 Introduction

In addition to 24 public targets published in Sonae Sierra's 2008 CR Report, Sonae Sierra also defined 50 CR actions to be achieved before the end of 2009. This report, which has been prepared by Upstream Sustainability Services<sup>1</sup> for Sonae Sierra, is intended to provide an independent review of the company's progress towards meeting these 50 CR actions. It is divided into four main sections:

1. Methodology.
2. Summary of progress.
3. Comment on progress against each CR action.
4. List of evidences reviewed.

A report on Sonae Sierra's progress towards meeting its 2009 CR targets has also been developed and is available on Corporate Responsibility section of the company's website.

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<sup>1</sup> Upstream Sustainability Services is an operating unit with Jones Lang LaSalle.

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## 2 Methodology

The level of progress achieved towards each action has been established by scrutinising documented evidence provided by Sonae Sierra (see section 5 for further details). In cases where actions were applicable to around 20 or more different sites or other entities, a sampling approach was used, whereby random samples of additional evidences were requested from a summary list of items. Where further explanations were deemed necessary, direct communication was made with individuals within the company who were responsible for completing the action. The methodology used in order to determine how complete each action is, as a percentage, varies according to the type of action set.

### Performance actions

Performance actions are those concerned with achieving performance against a standard (e.g. ISO 14001, or relevant government standards) or a threshold of performance (e.g., a recycling rate).

These actions have been evaluated and awarded a percentage towards completion. This is calculated by dividing the actual level of performance achieved by the level of performance which the company was aiming to achieve in 2009.

Of the actions set for completion in 2009, 12 out of 50 were considered to be 'performance' related actions.

#### Performance action evaluation – worked example

**Action:** *Achieve an average occupancy level, in each country, of at least 95% (measured by GLA) aggregated across all Sierra owned shopping centres.*

**Evaluation:** *According to externally audited performance data, in 2009 the average occupancy levels in each different country where Sierra operates were as follows:*

- Portugal: 97.0%
- Spain: 91.0%
- Brazil: 96.8%
- Italy: 87.9%
- Germany: 94.1%
- Greece: 99.0%
- Romania: 84.8%

*An occupancy level of at least 95% was achieved in three out of seven countries where Sierra operates (Portugal, Brazil and Greece). We therefore evaluated the action as being 43% achieved, based on the calculation "three, divided by seven, multiplied by 100 equals 42.857, rounded to 43".*

### Management actions

Management actions relate to a management process or procedure. Management actions may contain quantifiable elements, but do not measure actual performance relative to a threshold or standard.

Upon setting management actions, Sonae Sierra anticipates the steps required to achieve each action. For each step, a weighting (%) is set on an "effort" basis by applying professional judgement. This weighting determines the extent to which the completion of each step contributes to the overall achievement of the action. Management actions have, therefore, been awarded a percentage of achievement in view of the evidence towards completion

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received by Upstream Sustainability Services in relation to each step necessary for the whole action to be completed, and in accordance with the weighting (%) attributed to each step. In cases where Management actions are applicable to more than one site, the extent of completion of each step by site is considered in order to establish the overall rate of action achievement, as in the example below.

Of the actions set for completion in 2009, 38 out of 50 were considered to be management actions.

#### Management action evaluation – worked example

**Action:** *Perform waste characterisation studies and identify ways to reduce waste production and increase the rate of waste recycled, recovered and reused.*

**Evaluation:** *At the beginning of 2009, Sierra assigned the following 'steps' to this action:*

- 1) Commission the waste characterisation studies at those centres.
- 2) Undertake the studies.
- 3) List the recommendations identified to reduce waste production and increase waste recycled which should be followed up.
- 4) According the conclusions of the studies, decide if it is to include / or not in the investment plan 2010 the investment needed or in the common charges budget.

The action was applicable to three shopping centres: Parque Atlántico, LoureShopping and Pantheon Plaza.

Evidences were provided to Upstream to confirm that steps 1 and 2 were completed at each shopping centre. Steps 3 and 4 were completed at Parque Atlántico and LoureShopping, but not at Pantheon Plaza, due to the study having been completed late in the year.

It was therefore concluded that this action was fully achieved (100%) at two shopping centres, and partially achieved (70%) at the third. The following calculation was applied, to generate an overall achievement rate of 90%: "2.7 divided by 3, multiplied by 100 equals 90".

## 3 Summary of progress

### 3.1 Summary of progress against 2009 CR actions

Figure 1: Pie chart

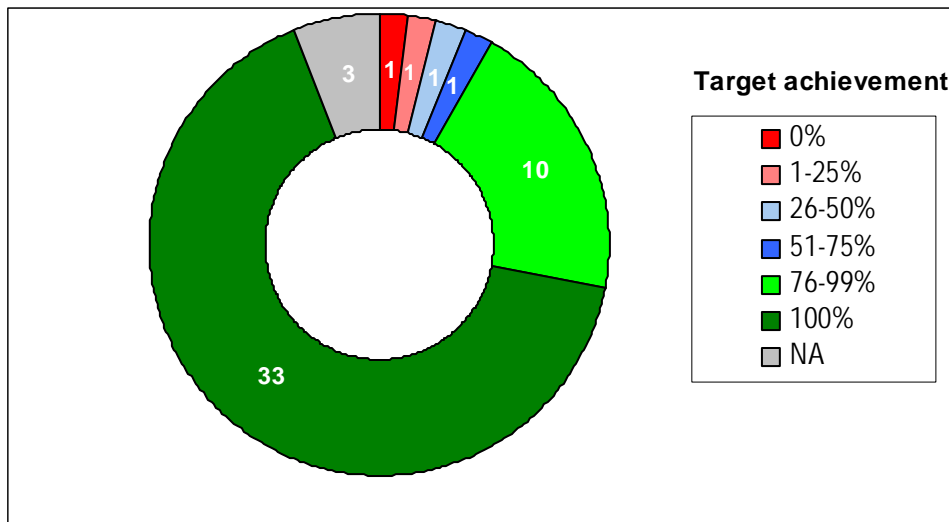


Figure 2: Summary of progress against 2009 CR actions, by impact area

CR Impact Area	Number of actions	0%	1-25%	26-50%	51-75%	76-99%	100%	N/A
Environmental Management	3	-	1	-	-	-	2	-
Energy and Climate	11	-	-	-	-	4	7	-
Water	10	-	-	-	-	4	5	1
Waste	3	-	-	-	-	2	1	-
Biodiversity and Habitats	2	-	-	-	-	-	-	2
Suppliers	5	-	-	-	-	-	5	-
Tenants	4	-	-	1	1	-	2	-
Communities and Visitors	3	-	-	-	-	-	3	-
Employees	4	-	-	-	-	-	4	-
Safety and Health	2	-	-	-	-	-	2	-

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Risk Management	3	1	-	-	-	-	2	-
<b>TOTALS</b>	<b>50</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>33</b>	<b>3</b>

## 4 Comment on progress against each 2009 CR action

The following table provides a comment on the extent of accomplishment for each action.

2009 CR actions	% achievement	Comment on extent of action achievement
<b>ENVIRONMENTAL MANAGEMENT</b>		
Maintain the ISO 14001 certification for Sonae Sierra's corporate Environmental Management System (EMS).	100%	Sonae Sierra renewed the ISO 14001 certification of its corporate EMS covering the development, investment and management of shopping centres.
Ensure that all completed projects achieve 100% compliance with critical Environmental Standards for Retail Developers (ESRD).	25%	<p>In 2009 Sonae Sierra inaugurated two new shopping centres, one expansion and one refurbishment.</p> <p>All of four projects applied the ESRD. According to the ESRD Final Audit reports, the levels of compliance with the critical standards were as follows:</p> <ul style="list-style-type: none"> <li>• Loop5 – 81%</li> <li>• Manauara Shopping – 43%</li> <li>• Guimarães Shopping expansion – 100%</li> <li>• Albufeira Shopping refurbishment – 69%.</li> </ul> <p>Given that just one out of four projects achieved 100% compliance with critical ESRD standards, this target was considered to be 25% achieved.</p>
Each shopping centre to develop at least one training and awareness activity about one significant environmental issue (water, energy or waste) for tenants and service providers.	100%	At least one training and awareness activity about one or more significant environmental issues was delivered to tenants and service providers in all Sierra shopping centres that were in operation for the full calendar year 2009.
<b>ENERGY AND CLIMATE</b>		
Undertake full energy audits at shopping centres where these have not been previously carried out within the last five years.	100%	<p>This action was considered to be applicable to Freccia Rossa in Italy and Alexa and Münster Arkaden in Germany. Full energy audits were performed at all three shopping centres.</p> <p>Budget was integrated into the Freccia Rossa 2010 Investment Plan to implement energy efficiency recommendations. Due to economic constraints it was agreed that just management level recommendations would be implemented at the two shopping centres in Germany in 2010.</p>
Undertake a specific energy study at Valecenter in Italy.	100%	This study was undertaken at Valecenter by a competent third party in October 2009.

<p>Implement the recommendations made by energy audits at shopping centres where audits have been undertaken.</p>	<p>83%</p>	<p>This action was applicable to 21 shopping centres. The action was fully achieved at five shopping centres in Portugal, five shopping centres in Brazil, four shopping centres in Spain, one shopping centre in Greece and our only shopping centre in Romania.</p> <p>The remaining five shopping centres partially achieved the action by accomplishing just the first step (30%). At Valecenter in Italy and Shopping Campo Limpo and Pátio Brasil in Brazil, the recommendations of the energy audit were evaluated but none were implemented before the end of 2009. At Shopping Plaza Sul and Tivoli Shopping in Brazil, some but not all of the applicable measures were implemented.</p>
<p>Continue to install the necessary infrastructure to measure and monitor individual energy uses separately in centres where this has not already been completed.</p>	<p>100%</p>	<p>This action was applicable to seven shopping centres. Sonae Sierra installed equipment to measure and monitor individual energy uses separately at AlbufeiraShopping in Portugal, El Rosal in Spain, Münster Arkaden in Germany, River Plaza Mall in Romania and Parque D. Pedro in Brazil. At Valecenter in Italy, the energy sub-meters were connected to the BMS.</p> <p>At Alexa in Germany, works began to install the energy metres in December 2009 but were not completed until February 2010. However, considering that the greater part of the work had been completed within 2009, this action was considered to have been fully achieved at Alexa.</p>
<p>Replace HCFC air conditioning systems at 8 shopping centres in Portugal where these equipments are still in use.</p>	<p>100%</p>	<p>HCFC air conditioning systems were replaced and correctly disposed of at all eight applicable shopping centres in Portugal. These were: CascaiShopping, CoimbraShopping, ViaCatarina, ArrábidaShopping, GaiaShopping, GuimarãesShopping, MaiaShopping and NorteShopping.</p>
<p>Perform a cost benefit study for integrating renewable energies at five shopping centres in operation.</p>	<p>100%</p>	<p>This action was considered to only be applicable to three shopping centres in 2009 – Gli Orsi, River Plaza Mall and Shopping Campo Limpo.</p> <p>At Gli Orsi in Italy, a cost benefit study was performed for the installation of a photovoltaic energy system. It was concluded by the Asset Management team that budget would not be included in the Investment Plan 2010 but instead an option involving a third party will be investigated.</p> <p>At River Plaza Mall in Romania it was concluded that without any financial aid, the payback time was too high to implement this system. Investigations made into gaining E.U and Romanian Funds for the implementation of solar panels to produce warm water (heating) or photovoltaic panels to produce electricity concluded that this was not an option.</p> <p>At Shopping Campo Limpo in Brazil, a low-cost solar water heating system was developed using PET plastic bottles and fully implemented during 2009.</p>
<p>Review the options available for renewable energy procurement from the grid (applicable to the two shopping centres in Germany).</p>	<p>100%</p>	<p>This action was applicable to the two shopping centres in Germany. A detailed study was performed by Sierra on the green electricity market in Germany and it was concluded that it would be feasible to make the switch to a green</p>

		<p>electricity tariff at both Münster Arkaden and Alexa shopping centres.</p> <p>The contracts were signed in 2009 to confirm the procurement of green electricity at Münster Arkaden and Alexa shopping centres from 2010 onwards.</p>
When purchasing new electrical appliances source those with high energy efficiency (i.e. 'A') ratings.	94%	<p>In 2009, Sonae Sierra purchased new electrical appliances at eight shopping centres across Portugal, Romania and Brazil. All new appliances conformed to high energy efficiency standards.</p> <p>At Pátio Brasil, it had been agreed that two new energy efficient equipments should be installed, however only one was purchased in 2009.</p>
Implement Green Travel Plans at a further four shopping centres in operation.	93%	<p>In 2009 Sonae Sierra developed and implemented Green Travel Plans (GTPs) at NorteShopping in Portugal, Freccia Rossa in Italy and Alexa in Germany.</p> <p>Although Gli Orsi in Italy developed aGTP in 2009, the approved GTP was not formally launched before the end of the reporting year which is why this action is not 100% complete.</p>
Develop a corporate-level Sierra briefing for energy audit tenders for shopping centres in operation.	90%	<p>A desktop study was performed in December 2009 to define the legal policy, program and implementation requirements of energy audits in Sonae Sierra's shopping centres. Following this, an energy audit protocol was developed.</p> <p>To fully achieve this target, Sierra decided to make an audit to test the new energy audit protocol before communicating it. However, this step was not achieved before the end of 2009.</p>
Perform energy audits at offices where they were not yet performed and implement the recommendations made by energy audits at offices where they were already performed.	100%	<p>All main Sierra corporate offices had already performed energy audits during previous years, except for the São Paulo office in Brazil, which undertook an energy audit as planned in 2009. The recommendations made as a result of this audit are scheduled for implementation in 2010.</p> <p>At the Lisbon, Milan, Bucharest and Dusseldorf offices, the applicable measures were identified and implemented during 2009.</p> <p>This action was considered 'not applicable' for the Madrid office as the applicable recommendations had already been implemented in 2008. It was also considered to be 'not applicable' for the Athens office, due to problems with the supplier which were beyond Sierra's control.</p>
<b>WATER</b>		
Continue to install the necessary infrastructure to measure and monitor individual water uses separately at shopping centres where this has not already been completed.	76%	<p>Sonae Sierra installed equipment to measure and monitor individual water uses separately at Parque Principado in Spain, Münster Arkaden in Germany and River Plaza Mall in Romania.</p> <p>At AlbufeiraShopping in Portugal, the installation of water meters was commissioned in 2009 but was not concluded before the end of the year. Due</p>

		to the late approval of the investment required to complete this action at Mediterranean Cosmos in Greece, the installation of the water meters was not completed before the end of 2009. The action is expected to be accomplished at both these shopping centres in 2010.
Undertake complete water consumption audits at shopping centres where these have not been carried out within the last six years.	95%	<p>Water consumption audits were completed and recommendations of the water audit were factored into the 2010 Investment Plans at 12 of the 13 shopping centres specified. These were:</p> <ul style="list-style-type: none"> <li>• Plaza Mayor in Spain.</li> <li>• Alexa and Münster Arkaden in Germany.</li> <li>• River Plaza Mall in Romania.</li> <li>• Shopping Campo Limpo, Boavista Shopping, Shopping Penha, Franca Shopping, Tivoli Shopping, Shopping Plaza Sul, Pátio Brasil and Parque D. Pedro in Brazil.</li> </ul> <p>The exception was Pantheon Plaza in Greece, where the water audit was scheduled to be performed in January 2010.</p>
Implement the approved recommendations made by water consumption audits at shopping centres where audits have been undertaken.	90%	<p>The approved recommendations made by the water consumption audits were implemented in seven out of eight applicable shopping centres. These were:</p> <ul style="list-style-type: none"> <li>• Dos Mares, Plaza Éboli, Luz del Tajo, Avenida M40, Parque Principado and Valle Real in Spain.</li> <li>• Parque D. Pedro in Brazil.</li> </ul> <p>The exception was ArrábidaShopping in Portugal. At ArrábidaShopping the allocated investments were retracted in 2009 due to budget constraints, but the measures are now approved for implementation during 2010. The action was considered to be partially achieved at this centre.</p>
Complete a cost-benefit analysis on the installation of reduced flow taps and waterless urinals in WCs in the shopping centres where this equipment is not installed.	100%	<p>This action was completed at all four applicable shopping centres. Cost-benefit analyses were completed at Airone in Italy and Münster Arkaden and Alexa in Germany. Reduced flow taps and waterless urinals were installed at AlbufeiraShopping as part of this shopping centre's refurbishment.</p> <p>The necessary investments were approved for Airone. The necessary investments for waterless urinals were proposed for the investment plans 2010 for Münster Arkaden and Alexa (Germany), but were not approved by the shopping centre owners.</p>
Undertake rainwater harvesting pilot studies at shopping centres where these have not been previously undertaken and where conditions may be favourable.	100%	<p>This action was completed at all six applicable shopping centres. Rainwater harvesting pilot studies were commissioned at Madeira Shopping in Portugal, Plaza Éboli in Spain and Shopping Plaza Sul in Brazil. Studies had already been performed at Centro Colombo in Portugal, Boavista Shopping in Brazil and Shopping Campo Limpo also in Brazil during 2008.</p> <p>In accordance with the recommendations of the 2008 studies, Boavista</p>

		<p>Shopping and Shopping Campo Limpo in Brazil installed a system to capture and use groundwater rather than a rainwater harvesting system. Shopping Plaza Sul in Brazil installed a rainwater harvesting system.</p> <p>The investments required to install the rainwater collection systems were proposed for 2010 for MadeiraShopping and Centro Colombo in Portugal. It was concluded that the system would not be economically viable to implement at Plaza Éboli in Spain.</p>
Install necessary equipment at centres where studies indicate that rainwater harvesting is feasible and has been approved by Sierra Investments.	N/A	The necessary equipment was identified at both Centro Colombo and MadeiraShopping, but the installation of the equipment was not approved for 2009. Instead it was proposed for the 2010 Investment Plans.
Undertake pilot studies to identify possibilities for grey water re-use within Sierra centres and, if feasible and economically viable, install the equipment necessary for the system of grey water re-use.	100%	Studies to identify the feasibility of installing grey-water reuse systems were performed at Plaza Éboli in Spain and Alexa in Germany as planned, but the system was considered not to be economically viable at either of these shopping centres.
Undertake specific water studies at various centres.	100%	<p>This action was completed at all five applicable shopping centres. Studies were performed at Pátio Brasil in Brazil, Valecenter in Italy and AlgarveShopping in Portugal. At Mediterranean Cosmos in Greece a study was performed on the site's ecology to identify opportunities to increase the efficiency of the irrigation system. At Franca Shopping in Brazil, a study had already been undertaken in 2008, so this step was considered to be 'not applicable'.</p> <p>The necessary investments were factored into the 2010 Investment Plans for Valecenter, Pátio Brasil and Mediterranean Cosmos. At AlgarveShopping the investment was not approved by the shopping centre owners. At Franca Shopping in Brazil, the WC refurbishment was implemented during 2009.</p>
Identify a benchmark indicator for Portugal.	100%	<p>An analysis was made of the water consumptions at all Sierra shopping centres in Portugal, taking into account their different characteristics.</p> <p>The conclusion was drawn that there is a considerable variation in water efficiency between the Portuguese shopping centres, and that audits should be made of internal distribution networks to determine why these variations exist. This could lead to the identification of not one benchmark, but several. It was considered that 3.4 litres/visit could represent a reference value.</p>
Install water optimization mechanisms/ appliances in water taps and/or flush devices, in offices that do not have them yet.	87%	This action was considered to be applicable to five out of eight main Sierra corporate offices: Madrid, São Paulo, Milan, Athens and Bucharest. It was considered to be not applicable to the Lisbon and Düsseldorf offices due to the fact that these offices were already equipped with water efficient appliances. It was also considered not applicable to the Maia office, because the WC's at this office are shared with other companies and are managed jointly rather

		<p>than by Sonae Sierra.</p> <p>Sierra identified the water saving devices required for all applicable offices. Water efficient devices were installed at all of these offices as planned with the exception of the Milan office, which only identified the equipments required in 2009.</p>
<b>WASTE</b>		
<p>Review the options available for the composting of organic waste (either through the purchase of an on-site composting facility or through partnerships with local organisations) at centres where this is not currently being undertaken.</p>	<b>100%</b>	<p>This action was completed at all 12 applicable shopping centres. During 2009 Sonae Sierra began sending waste to composting facilities at Valecenter in Italy and MadeiraShopping, Serra Shopping and Estação Viana, all in Portugal. Parque Atlântico, also in Portugal, will implement an internal organic waste collection system in 2010, and waste will be sent to the AgraÇor anaerobic digestion facility. At Tivoli Shopping and Franca Shopping in Brazil on-site composting systems were implemented.</p> <p>With respect to AlgarveShopping, AlbufeiraShopping, CCC Portimão (all located in the Algarve region in Portugal), Sierra will begin to send organic waste to the ALGAR facility once it opens in 2010. The situation is similar for CoimbraShopping in Portugal, where composting system is scheduled to open within the municipality in 2010 or 2011.</p> <p>At Luz del Tajo in Spain it was concluded that neither option for waste composting would be economically feasible.</p>
<p>Perform waste characterisation studies and identify ways to reduce waste production and increase the rate of waste recycled, recovered and reused.</p>	<b>90%</b>	<p>This action was considered to be applicable to three shopping centres.</p> <p>Waste characterisation studies were commissioned and performed at Pantheon Plaza in Greece and Parque Atlântico and LoureShopping in Portugal. A list of recommendations and action plan for how each one would be implemented was drawn up for both shopping centres in Portugal. At LoureShopping, these measures were already implemented as they did not require investment. At Parque Atlântico, it was agreed that the measures should be implemented in 2010 or 2011 within the scope of the budget already allocated.</p> <p>At Pantheon Plaza in Greece the action plan to implement the waste recommendations was not yet completed nor the budget for their implementation agreed, due to the EcoGestus study having been completed at the end of December 2009.</p>
<p>Undertake specific waste studies/actions at various centres.</p>	<b>89%</b>	<p>The specific waste actions were fully implemented at eight out of nine applicable shopping centres.</p> <p>These included:</p> <ul style="list-style-type: none"> <li>• Training activity to improve waste separation in restaurants, new contract for the collection of organic waste, a recycling scheme</li> </ul>

		<p>for used light bulbs and a 'pay by weight' waste management scheme at Münster Arkaden in Germany.</p> <ul style="list-style-type: none"> <li>• The acquisition of coloured bins for recycling at Mediterranean Cosmos in Greece.</li> <li>• Recycling marathons for tenants at Shopping Campo Limpo, Boavista and Pátio Brasil in Brazil.</li> <li>• Improvements to the waste vegetable oil collection at Pátio Brasil.</li> <li>• Training sessions on waste recycling for staff, tenants and service providers at Franca Shopping, Tivoli Shopping and Shopping Plaza Sul in Brazil.</li> <li>• Distribution of specific containers for recyclable and non-recyclable waste to restaurant tenants in Shopping Plaza Sul.</li> </ul> <p>At Avenida M40 in Spain, the required investment for new waste containers was rejected by the shopping centre owner. It was therefore concluded that the action was not achieved at Avenida M40.</p>
<b>BIODIVERSITY AND HABITATS</b>		
Where technically feasible, ensure that at least 25% of the available roof area (not occupied with technical equipment) is green roof (applicable to all new shopping centres with RAAI <sup>2</sup> approved in 2009).	N/A	This action was evaluated as being 'Not Applicable', as no RAAI were submitted during 2009.
Guarantee that at least 20% of the uncovered parking areas on the surface are equipped with sustainable urban drainage systems (applicable to all new shopping centres with RAAI approved in 2009).	N/A	This action was evaluated as being 'Not Applicable', as no RAAI were submitted during 2009.
<b>SUPPLIERS</b>		
Ensure that 100% of the contracts signed with development suppliers during 2009 include the approved Sierra Responsible Procurement Policy statement.	100%	Sonae Sierra ensured that the Responsible Procurement Policy was sent to all development service suppliers that signed new contracts in 2009.
Ensure all high risk, repeat development suppliers complete the CR questionnaire, with the aim of assessing the baseline CR performance of all our high risk, repeat	100%	<p>No applicable suppliers were identified in Spain, Italy, Greece, Romania or Brazil during 2009. In Portugal and Germany, nine development service suppliers were identified as "high risk".</p> <p>The CR Questionnaire was distributed to all these suppliers, who were</p>

<sup>2</sup>RAAI refers to 'investment proposal'.

suppliers.		encouraged by Sierra to provide feedback. Although seven rather than all nine suppliers completed the Questionnaire during 2009, it was considered that efforts had been made by Sierra to gain feedback from all applicable suppliers and it was beyond the company's control to oblige the remaining two suppliers to complete this action. The responses of each of these seven suppliers were evaluated and ratings from A - D were awarded and communicated to each individual supplier.
Send the approved Sierra Responsible Procurement Policy statement to 100% of new property management suppliers.	100%	In 2009 Sonae Sierra sent a copy of the Responsible Procurement Policy to 100% of new property management suppliers.
Ensure all high risk, repeat property management suppliers complete the CR questionnaire, with the aim of assessing the baseline CR performance of all our high risk, repeat suppliers.	100%	Sonae Sierra identified 50 applicable high risk property management suppliers across all countries of operation. Security suppliers were also considered as critical suppliers in 2009.  CR Questionnaires were distributed to and completed by all these suppliers and the results analysed by Sonae Sierra. The ratings obtained by each supplier were communicated to all shopping centres and suppliers with lower performance were identified.
Ensure that all high risk, repeat property management suppliers meet a minimum CR rating (based on CR Questionnaire) and where necessary, take appropriate corrective action by end of 2009.	100%	In 2009 all applicable property management suppliers achieved a baseline CR rating (A-D).  Four suppliers achieved C and D ratings, and these suppliers were targeted for further engagement and corrective action plans were defined for them. Due to the fact the CR Questionnaires are not completed and analysed until Q4, the deadline for the actions to be implemented is scheduled for 2010.
<b>TENANTS</b>		
Achieve an average occupancy level, in each country, of at least 95% (measured by GLA) aggregated across all Sierra owned shopping centres.	43%	In 2009, Sonae Sierra achieved an average occupancy level above 95% in Portugal, Brazil and Greece. However, in the remaining countries of operation (Spain, Italy, Germany and Romania), this level of occupancy was not attained.  We have therefore considered that this action was achieved in three out of seven countries where Sierra operates.
Launch a targeted tenant survey among senior management representatives of key tenant companies in Germany, Italy and Greece.	57%	In 2009 Sonae Sierra selected tenants to participate in the Top Tenant survey in Germany, Italy and Greece and sent letters of invitation to each one.  11 out of the 15 scheduled Top Tenant surveys were completed in 2009. However, the conclusions and follow-up actions were not developed for any of the surveys before the end of 2009.
Organise at least six meetings per year with tenants on Corporate Responsibility issues,	100%	In 2009 at least six meetings were held with tenants in all shopping centres in operation throughout the whole year covering CR issues.

in every Sierra owned shopping centre.		
Ensure that minimum social and environmental compliance standards are included in the Regulations of all Sierra owned shopping centres.	100%	<p>Sonae Sierra had already ensured that minimum social and environmental compliance standards were introduced into shopping centre regulations in all countries in 2008 (with the exception of Germany, where not all tenants approved the new regulations). In 2009 all shopping centres continued to apply the same regulations defined in 2008.</p> <p>In 2009, Sonae Sierra's legal team reviewed the Global Compact clauses in the context of the clauses already present in Sierra's shopping centre regulations and the relevant legislation applicable in each country where Sierra operates. However, it was concluded that there was not currently a need to integrate new clauses into the shopping centre regulations.</p>
<b>COMMUNITIES AND VISITORS</b>		
Initiate seven new panels in centres in operation.	100%	<p>Sierra initiated new Community Advisory Panels (CAPs) in 2009 at:</p> <ul style="list-style-type: none"> <li>• AlgarveShopping and GaiaShopping in Portugal.</li> <li>• Luz del Tajo and El Rosal in Spain.</li> <li>• Gli Orsi in Italy.</li> <li>• Pantheon Plaza in Greece.</li> <li>• Shopping Metr�pole in Brazil.</li> </ul> <p>Suitable CAP members were identified and first meetings held at all of these centres.</p>
Operate existing panels in centres in operation and centres under development in a three meeting per year mode.	100%	<p>It was identified that this action was applicable to Estac�o Viana, Dos Mares, Valecenter, Mediterranean Cosmos, M�nster Arkaden, River Plaza Mall, Manauara Shopping and LeiriaShopping (development project).</p> <p>All of these sites held three CAP meetings during 2009.</p>
Maintain overall Sierra employee community involvement through appropriate initiatives.	100%	<p>In 2009, Sonae Sierra employees dedicated 3,001 hours of work time to community volunteering initiatives, compared to approximately 2,521 hours in 2008, according to externally verified data.</p>
<b>EMPLOYEES</b>		
Conduct 360� evaluations for all Managers and Team Leaders who have more than five employees reporting to them.	100%	<p>Sonae Sierra defined that the 360� evaluations should be performed for all Team Leaders and above with more than five persons directly reporting to them.</p> <p>Guidelines were provided to all of these employees explaining the 360� evaluation process and asking them to request feedback from team members reporting directly to them.</p>

		At the end of the year, all applicable employees had completed this process.
Implement internal recruitment policy in order to guarantee that internal candidates are considered for all vacant and new positions.	100%	Sonae Sierra approved an alteration to the current recruitment policy in favour of internal recruitment. This guarantees that internal candidates are considered for all new and vacant posts.
Assess the working conditions in all workplaces created in 2008.	100%	<p>Sonae Sierra carried out ergonomic assessments on all new workplaces created in 2008. This covered:</p> <ul style="list-style-type: none"> <li>• 63 workplaces in the Lisbon office (due to relocations in this office).</li> <li>• 38 workplaces in the Dusseldorf office (due to an office move).</li> <li>• Five work places in Gli Orsi, six in Freccia Rossa and five in Pantheon Plaza (shopping centres inaugurated in 2008).</li> </ul> <p>Non-conformities were identified and an improvement action plan was developed for review by the CR Steering Committee.</p>
Undertake ergonomic and workforce conditions assessments for Brazilian shopping centres (including new sites at shopping centres) and define an action plan to implement the recommendations.	100%	<p>Sonae Sierra carried out ergonomic assessments on all 189 workstations in Brazil. A list of recommendations was made, and an action plan drawn up to implement improvement actions in 2010.</p> <p>A presentation was developed to present this action plan to the CR Steering Committee (CRSC) and circulated to CRSC members by email on 31<sup>st</sup> December 2009.</p>
<b>SAFETY AND HEALTH</b>		
Achieve OHSAS 18001 Certification for Sonae Sierra's Safety and Health Management System (S&HMS) in 11 sites in operation.	100%	<p>In 2009, Sonae Sierra achieved OHSAS 18001 certifications for the local S&amp;HMS of :</p> <ul style="list-style-type: none"> <li>• ArrábidaShopping, Centro Vasco da Gama, Estação Viana, GaiaShopping and NorteShopping in Portugal.</li> <li>• Dos Mares, Luz del Tajo, Plaza Eboli and Plaza Mayor Shopping in Spain.</li> <li>• Gli Orsi in Italy.</li> <li>• Shopping Plaza Sul in Brazil.</li> </ul>
Obtain OHSAS 18001 certification in one Construction site: LeiriaShopping.	100%	In October 2009 Sonae Sierra achieved OHSAS 18001 certification for the construction works of LeiriaShopping in Portugal.
<b>RISK MANAGEMENT</b>		
Produce a quarterly Interest Rate Risk Report for the Finance Committee.	0%	At the end of 2009, no steps had yet been taken to initiate this project.
Prepare a Board paper on Foreign Exchange Risk exposure and develop an appropriate	100%	A Board paper on Foreign Exchange Risk exposure was developed and presented to the CEO at the Finance Committee meeting held on 1 <sup>st</sup> October

<p>risk monitoring and reporting system.</p>		<p>2009.</p> <p>The Board of Directors approved the proposal on 4<sup>th</sup> November 2009 and proposed that the monitoring of the policy should start immediately and that periodic reports should be presented to the Finance Committee.</p> <p>On 10<sup>th</sup> December 2009, the Executive Committee approved the proposal to distribute reports on this issue on a monthly and a quarterly basis.</p>
<p>Review and improve the Financing Report ("Cash Forecast") presented monthly to the Finance Committee.</p>	<p>100%</p>	<p>In 2009 Sonae Sierra reviewed and improved the Financing Report ("Cash Forecast") that is presented monthly to the Finance Committee.</p> <p>The Finance Reporting System will now include Cash Position, Short-term Facilities and Bank Guarantees Granted.</p>

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## 5 List of evidences reviewed

In order to confirm the statements made in section **Error! Reference source not found.** above, Upstream Sustainability Services reviewed a range of documents provided by Sonae Sierra and validated by an independent auditor. A list of the principal documents reviewed with respect to each CR impact area (including Environmental Management and Risk Management) is provided below.

### Environmental Management

- Scanned copy of the renewed ISO 14001 certificate for Sonae Sierra's corporate Environmental Management System (EMS).
- Environmental Standards for Retail Development (ESRD) Final Audit Reports for Loop5, Manauara Shopping, GuimarãesShopping and AlbufeiraShopping, developed by external supplier Edifícios Saudáveis.
- Sierra Global Environmental Training Register, shopping centre-level Environmental training plans and training materials, photographic evidences and signed lists of attendees to Environmental training sessions delivered to tenants and service provides in a sample of 28 shopping centres.

### Energy and Climate

- Energy Audit Reports developed for Freccia Rossa, Alexa and Münster Arkaden.
- Report of the energy study performed by Vecogest at Valecenter.
- Scanned copies of invoices and photographic evidences of the energy audit recommendations implemented at shopping centres in Portugal, Spain, Italy, Greece, Romania and Brazil.
- Scanned copies of invoices and photographic evidences of energy monitoring equipment installed at AlbufeiraShopping, El Rosal, Valecenter, Alexa, Münster Arkaden, River Plaza Mall and Parque D. Pedro.
- Scanned copies of Invoices for the replacement of chiller equipment at the eight applicable shopping centres in Portugal and waste transfer notes emitted by the Portuguese Environment Agency to confirm that old equipment had been disposed correctly.
- On-site renewable energy cost benefit studies performed at Gli Orsi and River Plaza Mall. Photographic evidence of the solar water heating system installed at Shopping Campo Limpo.
- Study performed by Sierra on the green electricity market in Germany and copies of the contracts signed with Stadterke Münster and Mitteldeutsche Energie for the procurement of green electricity at Münster Arkaden and Alexa.
- Specifications of the new, high efficiency electrical appliances installed at ViaCatarina, GuimarãesShopping, GaiaShopping, ArrábidaShopping, and CoimbraShopping. Photographic evidence of the energy efficient lighting installed in the River Plaza Mall car park and scanned copy of the invoice for the work carried out at Pátio Brasil.
- Green Travel Plans (GTP) developed for NorteShopping and Alexa, including photographic evidence of GTP measures implemented. Evidence that the GTPs had been communicated to visitors at NorteShopping, Freccia Rossa and Alexa. Copy of the Green Travel survey performed at Gli Orsi.
- Study performed by Sierra to identify the legal requirements, policies and programmes that need to be considered when defining the scope of energy audits in Sierra shopping centres, and the Energy audit protocol developed on the basis of these findings.

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- Confirmation from office managers at Sierra's Lisbon and Düsseldorf offices that the energy efficiency measures had been implemented at these offices. Copy of the recommendations made as a result of the energy audit at the São Paulo office and implementation plan.

## Water

- Scanned copies of invoices and photographic evidences of the new water consumption monitoring equipments installed at Parque Principado, Münster Arkaden and River Plaza Mall.
- Water Audit Reports developed for Plaza Mayor, Münster Arkaden, Alexa, Boavista Shopping, Shopping Penha, Franca Shopping, Shopping Plaza Sul, Pátio Brasil and Parque D. Pedro. Investment Plans 2010 for all Brazilian shopping centres, including budget water efficiency measures.
- Various evidences to demonstrate the recommendations made by water consumption audits were implemented at eight shopping centres, including: scanned copies of invoices and/or photographic evidences for the installation of water efficient equipment; copies of letters sent to tenants providing advice on water saving and scanned lists of attendees at water awareness training sessions.
- Cost benefit analyses for waterless urinals and flow-reduced taps at Münster Arkaden and Alexa; photographic evidences of these equipments installed at AlbufeiraShopping and email confirmation from the owners of Airone that investments had been approved to install waterless urinals and flow-reduced taps in 2010.
- Rainwater harvesting studies performed at Centro Colombo, MadeiraShopping and Plaza Éboli. Photographic evidence of rainwater or groundwater harvesting systems installed at Boavista Shopping, Shopping Campo Limpo and River Plaza Mall.
- Grey water reuse studies performed at Plaza Éboli and Alexa.
- Specific water studies performed at AlgarveShopping, Valecenter, Mediterranean Cosmos and Pátio Brasil. Scanned copies of the invoices for the installation of water efficient equipment at Franca Shopping.
- Analysis made by Sonae Sierra of the water consumptions at all shopping centres in Portugal, taking into account their different characteristics. Conclusions of the analysis made, with suggestions for the benchmark value.
- Scanned copies of the invoices for the installation of water efficient equipment at the Athens, Bucharest, Madrid and São Paulo offices.

## Waste

- Various evidences to confirm that options for organic waste composting had been investigated at 12 Sierra shopping centres, including photographic evidence of the on-site waste composting system at Tivoli Shopping, waste records and/or email communication from the waste contractors at Estação Viana, SerraShopping, Parque Atlântico and Valecenter, where Sierra began sending waste to composting facilities and the cost-benefit study performed at Luz del Tajo.
- Waste characterisation studies and follow-up action plans developed at Parque Atlântico and LoureShopping. Preliminary findings of the Waste characterisation study developed at Pantheon Plaza.
- Evidences to confirm that specific waste actions were fully implemented at eight centres, including: photographic evidence of the new waste collection layout at Airone, copy of the contract signed for the collection of organic waste and photographic evidence of the light bulbs recycling facility at Münster Arkaden, invoice for the purchase of the recycling bins at Mediterranean Cosmos and Shopping Plaza Sul, flyers produced to promote the waste recycling marathons held at Shopping Campo Limpo, Boavista and Pátio

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Brasil, signed list of attendees to waste training sessions held at Franca Shopping, Tivoli Shopping and Shopping Plaza Sul.

## Suppliers

- Lists of new development and property management suppliers in 2009 and confirmation from the development and property management teams in each country that the Responsible Procurement (RP) Policy was sent to each one. Further sample evidences, including: receipts of the emails containing the RP Policy in countries where this was sent electronically, proof of postage of the RP Policy to a sample of property management suppliers in Portugal, Greece and Brazil and scanned copies of the RP Policy and accompanying letter faxed to all new property management suppliers in Romania.
- Copies of the CR Questionnaires completed by seven out of nine development suppliers and all 50 property management suppliers. Copies of the emails sent to all seven suppliers, informing them of the CR Questionnaire rating they achieved. Consolidated results of the property management suppliers CR Questionnaire, including the rating achieved by each one.
- Copy of the 2010 improvement action plans developed with the property management suppliers who obtained a 'C' rating.

## Tenants

- Externally verified data record showing the average occupancy index (% by GLA) for each country where Sierra operated in 2009.
- Lists of tenants selected for the Top Tenant Survey in Germany, Italy and Greece and copy of the letter sent out to each one inviting them to participate.
- Record of CR meetings held with tenants at each Sierra shopping centre, extracted from Sonae Sierra's CR Portal. Sample copies of the meeting minutes of meetings held in all shopping centres to confirm the inclusion of CR issues.
- Review of the Global Compact Principles made by Sierra shopping centre management teams in each country where the company operates.

## Communities and Visitors

- PowerPoint presentations developed by AlgarveShopping, GaiaShopping, Luz del Tajo and El Rosal including list of Community Advisory Panel (CAP) members, details of first CAP meetings and scanned signatures of the attendees. List of CAP members and photographic evidence of the first CAP meeting at Pantheon Plaza. Meeting minutes, signed list of attendees and photographic evidence of the two CAP meetings held at Shopping Metr pole.
- Various evidences to confirm that CAP meetings were held three times in 2009 at Estac o Viana, Dos Mares, Valecenter, M nster Arkaden, Mediterranean Cosmos, River Plaza Mall, Manauara Shopping and LeiriaShopping, including: signed list of attendees to CAP meetings, photographs, agendas and meeting minutes of meetings held.
- Externally verified data record showing that 3,001 hours of work time were dedicated to employee volunteering in 2009.

## Employees

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- List of all staff for whom 360° evaluations were considered to be applicable, copy of the email sent to staff providing guidelines on how to perform the evaluations and assurance from the Human Resources Department and third party auditor that evaluations had been conducted among all applicable employees in 2009.
  - Copy of the amendment to the recruitment policy circulated by internal communication in June 2009.
  - Ergonomic assessment 'checklists' made to all new workplaces in the Lisbon and Düsseldorf offices and the Panethon Plaza, Freccia Rossa and Gli Orsi offices. Presentation developed for the CR Steering Committee, including list of non-conformities identified and action plan proposed to implement corrective actions.
  - List of recommendations made by the ergonomic assessments performed on all shopping centre workstations in Brazil. Presentation developed for CR Steering Committee including list of non-conformities and summary of proposed action plan.

### **Safety and Health**

- Scanned copies of the OHSAS 18001 certificates issued by TUV Rheinland for ArrábidaShopping, NorteShopping, Centro Vasco da Gama, GaiaShopping, Estação Viana, Dos Mares, Luz del Tajo, Gli Orsi and Shopping Plaza Sul. Copy of OHSAS 18001 Safety and Health Management System (S&HMS) documentation from Plaza Mayor and Plaza Éboli and email confirmation in December 2009 from TUV Rheinland that the certificates would be issued shortly.
- Scanned copy of the OHSAS 18001 certificate issued for LeiriaShopping construction works by TUV Rheinland Portugal, Lda in October 2009.

### **Risk Management**

- Briefing paper on Foreign Exchange Risk exposure prepared for Board review. Minutes of the Finance Committee meeting held on 01/10/09, during which the policy on Foreign Exchange Risk was presented to the CEO.
- Financing Reports produced in November 2009 and January 2010, with reference made to the changes in the reporting system.



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