

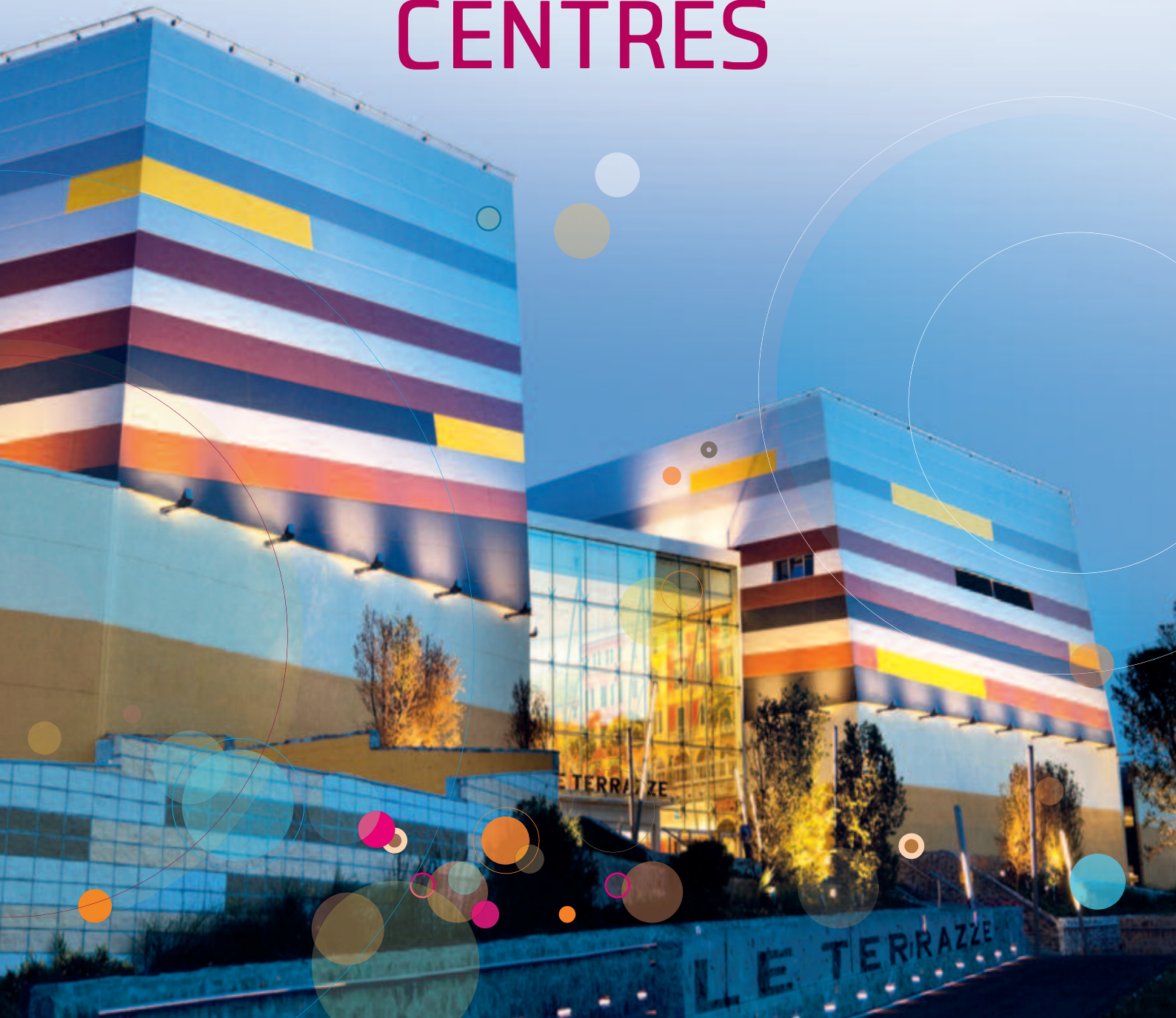
SONAE SIERRA

2012

Economic, Environmental and Social Report

Specialists in creating...

SUSTAINABLE SHOPPING CENTRES



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GLOBAL REPORTING INITIATIVE (GRI) SELF-DECLARATION STATEMENT

This report provides a comprehensive review of Sonae Sierra's economic, environmental and social strategy and the Company's performance in 2012. We believe that this report complies with level A of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3.1:2011), including the Construction and Real Estate Sector Supplement (GRI CRESS), both in terms of the report contents and performance indicators. Our compliance with the GRI Guidelines has been independently verified by Deloitte, whose assurance statement enables us to self-declare to GRI level A+.

		C	C+	B	B+	A	A+
Mandatory	Self-declared						✓
Optional	Third party checked						✓
	GRI checked						

Launched in September 2011, the GRI Construction and Real Estate Sector Supplement (CRESS) guidelines are tailored for the construction and real estate sector. It encompasses some specific performance indicators and disclosure requirements, as well as general guidance, so as to ensure that companies in this sector report most effectively on the industry's key economic, social and environmental sustainability issues. In line with GRI requirements, all companies in the sector must report against the CRESS supplementary guidelines.



Further references:

For more information about the GRI G3.1 Sustainability Reporting Guidelines, please see:
<https://www.globalreporting.org/reporting/reporting-framework-overview/Pages/default.aspx>

For more information about the GRI CRESS, please see:
<https://www.globalreporting.org/reporting/sector-guidance/construction-and-real-estate/Pages/default.aspx>

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Plaza Mayor, Spain

LoureShopping, Portugal



Alexa, Germany



WHO WE ARE

Sonae Sierra is a specialist at the cutting edge of shopping centre development, ownership, management and the delivery of services to third parties in geographies as diverse as Europe, South America, North Africa and Asia.

Passionate about bringing innovation and excitement to the shopping industry since 1989, Sonae Sierra has been interpreting trends and spearheading a movement that has defined the shopping centres of the future focused on the creation of unique shopping experiences. Through our integrated strategy of investment, development and property management, we have developed a unique understanding of the business and markets we operate in, and we have earned more international awards than any other company in our sector.

We have long recognised that environmental and social performance affects our financial results, and we believe that our long-term business success is dependent on all three dimensions: economic, environmental and social. We have pioneered the integration of sustainability principles into the shopping centre business and we are already reaping the benefits of this forward-thinking approach.

Our integrated Economic, Environmental and Social Performance Report aims to provide our stakeholders with a robust and engaging account of our current strategy and our performance in 2012, and demonstrates how we encompass all three dimensions of performance into our day-to-day business activities.

CEO'S STATEMENT

A conversation with Fernando Guedes Oliveira, Sonae Sierra CEO

Q: 2012 has been a challenging year for real estate. How has Sonae Sierra performed over the past twelve months and were there any unpleasant surprises?

A: In 2012 we delivered solid results in most aspects of performance that fall within our direct control. We increased our EBITDA in absolute terms, as well as our EBITDA margin compared with the previous year, thanks in part to an overall growth in our portfolio and relatively stable global occupancy rates and tenant rents. Viewed alongside cost reduction efforts in our operations, this allowed us to increase our direct net profits by 2%.

Despite these positive direct results, a number of factors that fall outside of our managerial control adversely affected our overall performance. In particular, the expansion in retail yields in Portugal, Spain and Italy drove our total portfolio valuation down. This had the unfortunate result of pushing our overall net results into negative figures. The lack of investor appetite in Southern European countries and the restricted access to capital also challenges our aspiration to recycle capital within the portfolio by divesting non-core assets in these markets.

Nevertheless, I am proud of the fact that we were able to hedge the principal risks to our business through our long-standing operations in Brazil, and through our continued expansion into new emerging markets.

Q: What would you identify as the greatest highlights of 2012 and how do these position the business for the future?

A: During 2012 we continued to display outstanding operational management that has been a hallmark of our resilience since the start of the financial crisis in 2008. We managed to keep global occupancy rates relatively stable at 96%, with global rents increasing by 0.3%, as a result of our attentive property management approach. All of this in spite of sharper falls in average consumer sales figures in Europe due to austerity measures affecting family incomes. We also achieved further cost efficiencies by moving external services in-house, identifying savings in our supply chain and retaining our highly skilled employees.

We continued to expand our portfolio in markets whose economies have remained more buoyant, in particular in Brazil where we experienced double digit growth in all of our shopping centres. March saw the inauguration of Uberlândia Shopping in Brazil. In the same month, we also inaugurated Le Terrazze in Italy which has performed beyond our expectations in terms of sales, visits and occupancy rates. We have a number of developments in the pipeline that will strengthen our presence in markets where we see growth potential.

The strong market in Brazil also allowed us to pursue our capital recycling strategy, successfully disposing of our interest in three non-strategic shopping centres there over the year. We will use the proceeds from these sales, along with those raised through a successful bonds issue, to plough back into the business by funding developments and acquisitions with a strong potential for development or expansion. We were also able to continue with our capital recycling strategy in Europe, taking advantage of strong investor demand in Germany where the Sierra Fund sold its 100% interest in Münster Arkaden while retaining responsibility for the property's management.

Another highlight in 2012 was undoubtedly the continued growth in our third party service provision. To capitalise on these opportunities we launched our EMEA Services department that consolidates more than 20 years of experience in all aspects of retail asset management. We are now able to offer clients a holistic suite of services covering the life-cycle of their assets, from development to leasing and management. This will further enhance our success in emerging markets in North Africa, South America and Eastern Europe. I am also particularly proud to announce that in December 2012 we opened an office in China in order to be able to provide services to third parties in this country, which could mark the start of a very important strategic market for Sonae Sierra in Asia.

Finally, I continue to be very proud of our social and environmental performance which is a cornerstone of our approach to doing business at Sonae Sierra:

- + Our property funds were ranked first in their peer group, fourth in Europe and 11th worldwide on sustainability according to the Global Real Estate Sustainability Benchmark.
- + We have reduced our GHG emissions per m² of GLA by 49% since 2005, our baseline year, putting us on track to meet our 70% target by 2020.
- + In 2012, we avoided €17 million in costs through environmental efficiencies (made since 2002) in energy use, water use and better waste management practices.



"IN 2012 WE DELIVERED SOLID RESULTS IN MOST ASPECTS OF PERFORMANCE THAT FALL WITHIN OUR DIRECT CONTROL AND CONTINUED TO DISPLAY OUTSTANDING OPERATIONAL MANAGEMENT THAT HAS BEEN A HALLMARK OF OUR RESILIENCE SINCE THE START OF THE FINANCIAL CRISIS IN 2008."

Fernando Guedes Oliveira
Chief Executive Officer

CEO'S STATEMENT CONTINUED

Q: What about 2013, do you see reasonable growth prospects emerging?

A: In Southern Europe the challenging economic conditions will continue throughout 2013, and negative GDP forecasts for Spain and Portugal mean we do not expect to see an improvement in consumer confidence or yields. In light of this, we will continue to focus on keeping our operational costs down, working with our tenants to maintain sales and occupancy rates. We will concentrate our development prospects on the European markets that present better opportunities for our company, mainly Germany, Italy and Romania.

In Brazil, we expect consumer confidence and tenant sales to remain robust. While upward pressure on construction costs will make it more challenging for us to pursue our preferred development strategy, we will continue to recycle capital, executing the hold/sell positions we have identified following the strategic review of our assets, as well as taking advantage of acquisitions whenever we identify opportunities. We also plan two further inaugurations in 2013 that will strengthen our portfolio including Boulevard Londrina Shopping and Passeio das Águas Shopping.

Arguably the greatest potential for growth lies in the further extension of our third party services, especially in North Africa and Asia where we plan to pursue new opportunities in 2013. In North Africa we have benefitted from our early entry into the market, which gave us first-mover advantages, while in Asia, and particularly China, we face a more crowded market but even greater rewards. We believe our track record and unparalleled experience in shopping centre development and management give us a unique competitive advantage and help to make us a partner of choice.

I continue to feel confident about Sonae Sierra's ability to emerge from the current recession in a strong position. Our outstanding people, resilient business strategy and tight management processes enable us to stand apart from the competition and offset the adverse impacts of the economic crisis in Southern Europe. I am very proud of this company and believe that we have both the determination and innovation to pursue a growth trajectory in years ahead.

Q: Which will be your strategic priorities in 2013, and how do these position the business for long-term success?

A: We have set ourselves a number of strategic priorities for 2013 and beyond:

- + We will maintain our shopping centre specialism by keeping an integrated approach covering development, investment and management of shopping centres. Our goal is to create innovative shopping centre concepts that are the preferred choice of customers.
- + We will increase our focus on developments through a combination of acquiring exposure to new development opportunities and reducing exposure to investment properties. To hedge against low growth in Europe, we will take advantage of our geographic scope targeting opportunities in emerging markets and Brazil.

- + We will focus on the provision of third-party services covering development and property management. Doing so enables us to leverage our track record, knowledge and experience to tap into the potential offered in emerging markets and identify future investment opportunities.
- + We have long decided to move to a capital light mode and will continue to focus on pursuing development opportunities as a minority partner to reduce capital investment, share risk and maximise returns through service delivery and improving know-how.
- + We will continue to comply with demanding standards of safety, health and environmental management across all our operations, in many markets exceeding the requirements of local legislation. But moving beyond this approach, we have identified a number of longer-term priorities that deliver tangible value for our business, society and the environment. Addressing such issues is intended to safeguard our continued capacity to do business in a rapidly changing world. We are embarking on initiatives today that prepare us for a future business environment in which:
 - natural resources are scarce and costly;
 - consumer choices are shifting towards ethical, green, and healthy alternatives;
 - people need access to skills and education to either gain or remain in employment; and
 - businesses – retailers in particular – have to come up with innovative solutions to accommodate dramatic technological advances and demographic changes.

Q: Given the economic turmoil of recent years, do you believe there is a new business reality emerging where economic, environmental and social value all converge more seamlessly?

A: In view of the turmoil in global financial markets in recent years, it appears at least possible that markets of the future will be underpinned by different economic principles to those of the past. In fact, both accountancy and corporate governance frameworks are pushing for the business community to be accountable for a far wider range of dynamic risks and challenges than purely financial ones. It is no longer justifiable for instance to continue the pursuit of profit at the expense of environmental degradation or societal inequality. Corporations will increasingly need to demonstrate to stakeholders how their business strategies actively contribute to addressing global challenges.

Our view at Sonae Sierra has long since been that the economic activity our business is engaged in cannot be divorced from the environmental and social context it is part of. In 2012 we undertook a far-reaching review to identify the different stocks of natural, human, social, manufactured and financial capital Sonae Sierra is dependent on to carry out its business activities. We found that we are dependent upon all such forms of capital, and it is therefore a pre-requisite of the longevity of our business to protect and enhance them wherever possible.

THE YEAR AT A GLANCE

Key Activities

INVESTMENT

SUCCESSFULLY ISSUED 30,000 BONDS WORTH 300 MILLION REAIS IN BRAZIL.



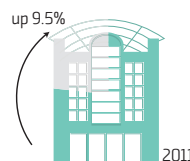
SIERRA FUND SOLD 100% INTEREST IN MÜNSTER ARKADEN IN GERMANY TO AACHENER GRUNDVERMÖGEN-KAPITALANLAGEGESELLSCHAFT MBH.



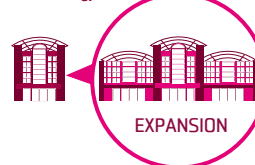
SOLD MINORITY STAKES IN TIVOLI SHOPPING AND PÁTIO BRASIL SHOPPING, AND MAJORITY STAKE IN SHOPPING PENHA – ALL IN BRAZIL.



ACQUIRED AN ADDITIONAL 9.5% SHARE IN FRANCA SHOPPING IN BRAZIL, BRINGING OWNERSHIP STAKE UP TO 76.9%.



REFURBISHMENT &



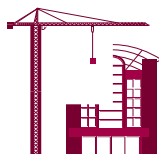
COMMENCED THE €3.5 MILLION REFURBISHMENT OF CENTRO COMERCIAL CONTINENTE DE PORTIMÃO AND EXPANSION OF ALGARVES SHOPPING.

DEVELOPMENT

INAUGURATED LE TERRAZZE (ITALY) AND UBERLÂNDIA SHOPPING (BRAZIL).



CONTINUED CONSTRUCTION ON A JOINT VENTURE PROJECT WITH MAB DEVELOPMENT TO DEVELOP HOFGARTEN SOLINGEN IN GERMANY.



ANNOUNCED A JOINT VENTURE WITH CAELUM DEVELOPMENT TO DEVELOP PARKLAKE IN BUCHAREST, ROMANIA.

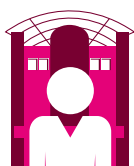


PROCEEDED WITH THE DEVELOPMENT OF BOULEVARD LONDRINA SHOPPING AND PASSEIO DAS ÁGUAS SHOPPING IN BRAZIL.



MANAGEMENT

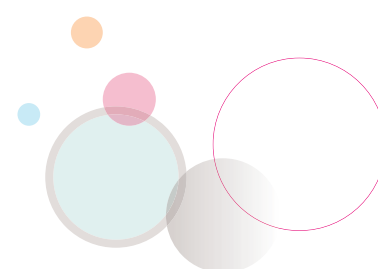
INITIATED THE LETTING OF PARKLAKE IN BUCHAREST, ROMANIA.



ACHIEVED TWO-THIRDS GLA LEASED FOR HOFGARTEN SOLINGEN AND 74% FOR BOULEVARD LONDRINA SHOPPING BY THE END OF 2012.



LAUNCHED PROMOFANS®, A MULTI-CHANNEL PROMOTIONS PLATFORM IN PORTUGAL.

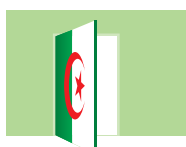


SERVICES TO THIRD PARTIES

CONSOLIDATED PRESENCE IN MOROCCO SIGNING NINE NEW DEVELOPMENT AND MANAGEMENT CONTRACTS FOR SHOPPING CENTRE PROJECTS IN CASABLANCA AND TANGIERS.



ENTERED THE ALGERIAN MARKET THROUGH A JOINT VENTURE AGREEMENT WITH CÉVITAL GROUP AND SIGNED SEVEN NEW DEVELOPMENT AND MANAGEMENT CONTRACTS.



SIGNED 27 NEW CONTRACTS WITH THIRD PARTIES TOTALLING €9 MILLION IN EUROPE, ASIA AND NORTH AFRICA.



ENTERED CHINA TO PROVIDE DEVELOPMENT, LEASING AND MANAGEMENT SERVICES TO THIRD PARTIES.



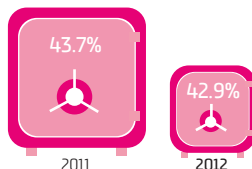
THE YEAR AT A GLANCE CONTINUED

Economic Performance: Key Achievements and Performance Indicators¹

DIRECT
NET PROFIT



REDUCED OUR LOAN-TO-VALUE RATIO



GLOBAL
RENTAL
INCOME



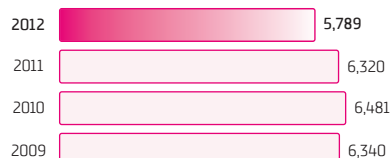
AWARDED THE BEST
RETAIL DEVELOPER
IN PORTUGAL IN THE
EIGHTH EDITION OF
THE EUROMONEY
REAL ESTATE
AWARDS.



KEY FACTS AS OF 31 DECEMBER 2012

€5,789m

OMV of Assets under Management
(€ million)



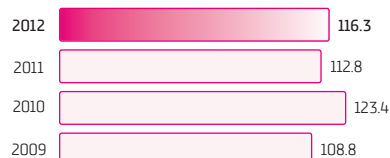
€-45.9m

Consolidated Net Profit
(€ million)



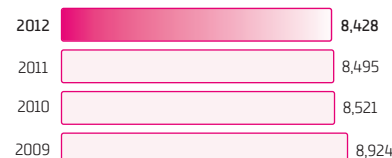
€116.3m

EBITDA
(€ million)



8,428

Number of tenant contracts under management



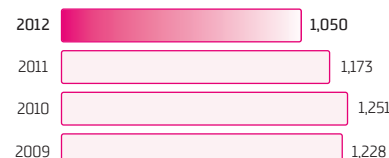
96.1%

Average Occupancy Index
(% by GLA, across our owned portfolio)



€1,050m

Real Estate NAV
(€ million)



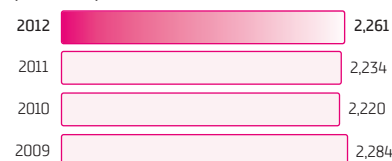
1,893

GLA owned in operating centres
(000's m²)



2,261

GLA under management
(000's m²)



¹ We are not in a position to report the information for the countries where we do not own a shopping centre (Croatia, Morocco, Algeria, Colombia, and China), since the information is not systematised in the same manner.

THE YEAR AT A GLANCE CONTINUED

Environmental Performance: Key Achievements and Performance Indicators

SONAE SIERRA PROPERTY FUNDS ranked first in their peer group, fourth in Europe and 11th worldwide in the Global Real Estate Sustainability Benchmark (GRESB), which establishes a ranking of the property funds and companies in the real estate sector that are most committed to sustainability.

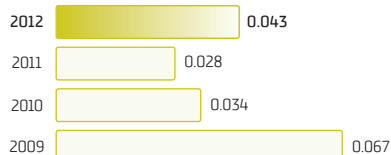


ISO 14001 CERTIFICATIONS ACHIEVED FOR A FURTHER ONE SHOPPING CENTRE AND ONE CONSTRUCTION WORKS. BOULEVARD LONDRINA SHOPPING WAS THE SECOND SHOPPING CENTRE IN THE AMERICAS TO SIMULTANEOUSLY ACHIEVE ISO 14001 AND OHSAS 18001 CERTIFICATIONS FOR THE SAFETY, HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM OF ITS CONSTRUCTION WORKS.



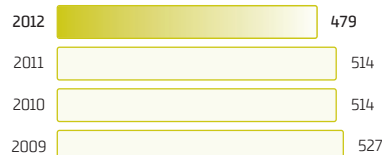
0.043

Greenhouse gas (GHG) emissions of our owned portfolio and corporate offices (tCO₂e/m² GLA)



479

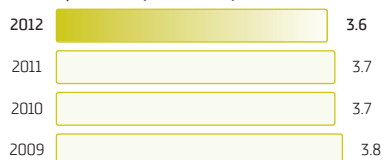
Electricity efficiency (excluding tenants) of our owned portfolio (kWh/m² mall and toilet area)



Over **€14 million** in energy costs avoided in 2012 as a result of efficiency measures introduced since 2002.

3.6

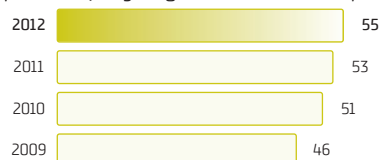
Water efficiency (excluding tenants) of our owned portfolio (litres/visit)



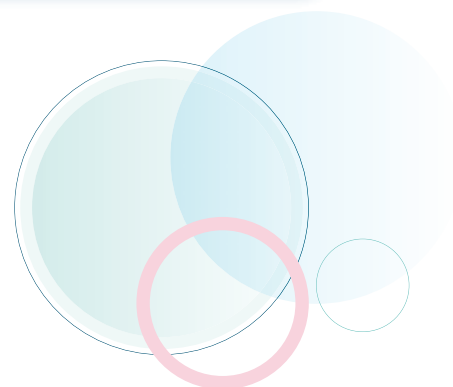
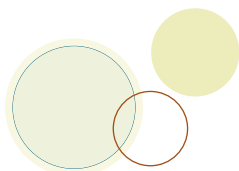
€458,400 in water costs avoided during 2012 due to water efficiency measures introduced since 2003.

55%

Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio)



€2.3 million in landfill and incineration costs avoided during 2012 due to improved recycling measures introduced since 2002.



THE YEAR AT A GLANCE CONTINUED

Social Performance: Key Achievements and Performance Indicators

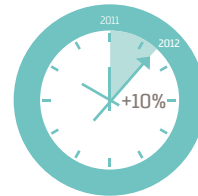
MAINTAINED HIGH LEVELS OF SATISFACTION.



OHSAS 18001 CERTIFICATIONS ACHIEVED FOR THREE SHOPPING CENTRES AND ONE CONSTRUCTION WORKS (BOULEVARD LONDRINA SHOPPING, HIGHLIGHTED ON THE PREVIOUS PAGE).

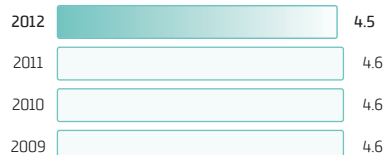


NUMBER OF HOURS SPENT BY EMPLOYEES IN CHARITY ORGANISATIONS.



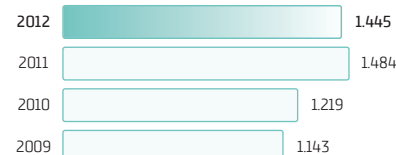
4.5

Tenant Satisfaction Index (scale of 1 ('not satisfied') to 6 ('very satisfied'))



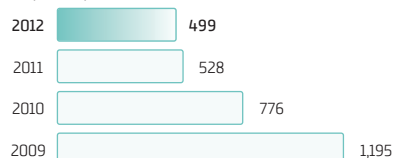
€1.445m

Marketing investments in CR and other community contributions (€ million)



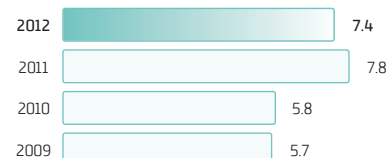
€499

Investment in staff training and development (€ per capita)



7.4

Number of non-conformities per hour of reference SPO²



Passionate about innovative, sustainable ideas for our industry

[click here](#) to view the list of further awards and distinctions which we received in 2012

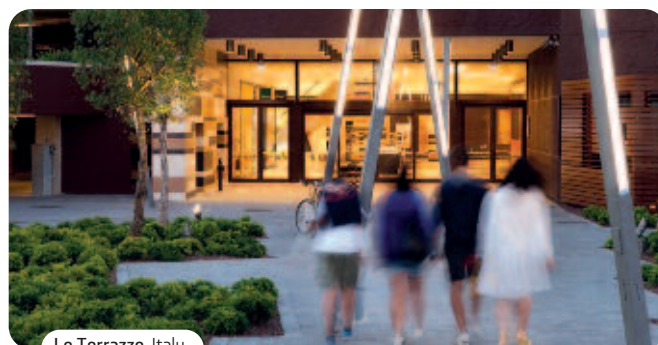
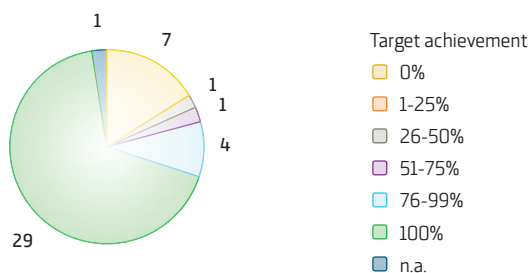
² Safety, Health and Environment Preventive Observations (SPOs) are a form of safe behaviour audit undertaken at our shopping centres in operation. For further details, please see [page 88](#).

THE YEAR AT A GLANCE CONTINUED

Progress against Corporate Responsibility Targets

At the end of 2011 we defined 43 CR targets to be achieved by the end of 2012. The chart and table below summarise our performance against these targets. Our performance against each individual target is reported within each impact area chapter in the report. A comprehensive review of our performance against all CR targets, including details of the criteria used and procedures followed to evaluate target achievement can be downloaded from our website.

Summary of achievement against 2012 CR targets



Le Terrazze, Italy

2012 CR target achievement by impact area

CR Impact Area	Number of targets	0%	1-25%	26-50%	51-75%	76-99%	100%	N/A
Environmental Management	4	-	-	-	-	-	3	1
Energy and Climate	2	1	-	-	-	-	1	-
Water	5	1	-	-	1	1	2	-
Waste	6	-	-	-	-	-	6	-
Biodiversity and Habitats	1	-	-	-	-	-	1	-
Suppliers	4	-	-	1	-	-	3	-
Tenants	4	-	-	-	-	3	1	-
Communities and Visitors	1	-	-	-	-	-	1	-
Employees	3	-	-	-	-	-	3	-
Safety and Health	11	5	-	-	-	-	6	-
Risk Management	2	-	-	-	-	-	2	-
Total	43	7	-	1	1	4	29	1

To ensure that we make progress towards our long-term CR objectives, we set 37 additional CR actions to be implemented in 2012 and commissioned an external review to check that they had been effectively implemented.

A comprehensive review of the CR targets and actions we accomplished in 2012 can be downloaded from our website.



Further reference:

<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

OUR COMPANY

Sonae Sierra is the international shopping centre specialist that is passionate about bringing innovation and excitement to the shopping industry. Incorporated in Portugal in 1989, Sonae SGPS (Portugal) and Grosvenor Group Limited (United Kingdom) each control 50% of the Company.

We have an integrated business which encompasses owning, developing and managing shopping centres as well as the provision of services to third parties in geographies as diverse as Europe, South America, North Africa and Asia. As a pioneer in the creation of themed shopping centres, Sonae Sierra remains a leader in the development of unique concepts for exceptional shopping centres that offer great experiences and turn customers into fans.

Our proactive approach to the business ensures that we have the necessary capital required to maintain and market our shopping centres, attract new and innovative tenants and to increase our

centres' asset values. This strategy has allowed us to develop a unique know-how and has earned us international recognition for the development of innovative products and delivery of high-quality property management services. This in turn has enabled us to develop our activity as a service provider to third parties.

On 31 December 2012 we were operating in Portugal, Spain, Italy, Germany, Greece, Romania, Croatia, Morocco, Algeria, Colombia, Brazil and China³. In Total Sonae Sierra manages more than 70 Shopping Centres with a market value of more than 5.8 billion euros, and a total Gross Lettable Area (GLA) of about 2.3 million m² with about 8,500 tenants.

By the end of 2012, we had seven projects under development, including four for third parties, and seven new projects in the pipeline. In 2012 our total portfolio under management – including shopping centres owned by third parties – welcomed 426 million visits.



³ Our countries of operation listed here include those where we have an established presence in the market, and/or are actively pursuing new investment opportunities, and those markets where we provide third party services with no immediate prospects of direct investment. However, in the environmental and social performance sections of this report, we restrict our performance reporting to direct operations only, information is therefore not included for Croatia, Morocco, Algeria, Colombia, and China.

OUR COMPANY CONTINUED

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

Our **mission** is to provide ultimate shopping experiences to customers and to 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 and local communities where we operate and independence from political power.



Further reference:

To read about our values and principles see:

<http://www.sonaesierra.com/en-gb/aboutus/visionmissionandvalues.aspx>



Manauara Shopping, Brazil



Casai Shopping, Portugal



Freccia Rossa, Italy



Loop5, Germany

OUR COMPANY CONTINUED

Organisational Structure

Sonae Sierra is a holding company for four separate Sonae Sierra businesses: Sierra Investments, Sierra Developments, Sierra Management, and Sonae Sierra Brasil. Our businesses, with the exception of Sonae Sierra Brasil, also act as knowledge and service providers to third parties in Europe, South America, North Africa and Asia.

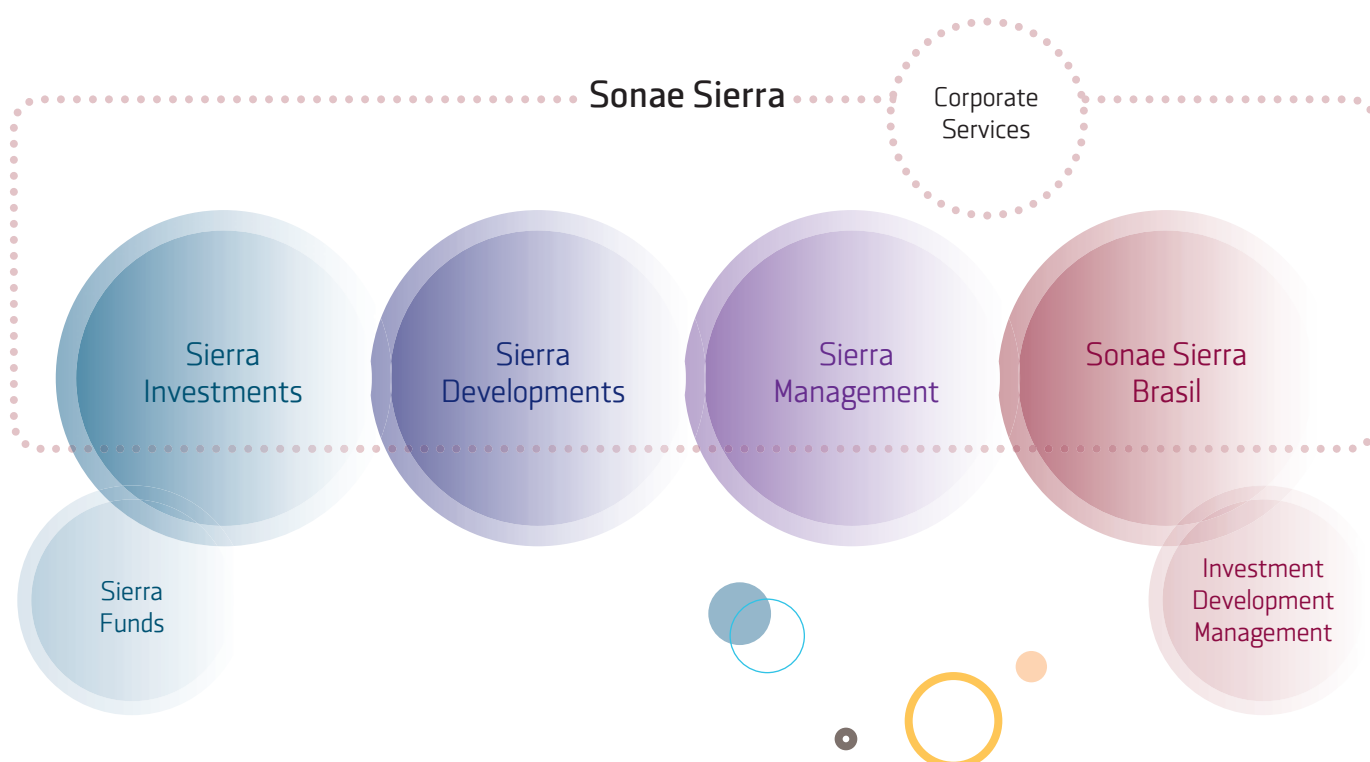
Sierra Investments owns the Company's shopping centres and is responsible for our investment. It contributes to the Company's results through a combination of net operating income from shopping centres and the variation in the market value of the shopping centres owned and in operation. The team takes a long-term view of the potential of an asset to increase in value over time, investing in a combination of assets developed by Sierra Developments as well as acquired from third parties. Sierra Investments holds 50.1% of the Sierra Fund and 47.5% of the Sierra Portugal Fund, thus maintaining its position as co-owner and manager of the Funds' underlying assets. Applying the extensive experience it has acquired over the past, this business also acts as a knowledge provider to third parties.

Sierra Developments constantly seeks opportunities to develop new shopping centres. This business applies its internal expertise from the conceptual architectural design phase through to the construction and engineering management of shopping centres (including expansion and refurbishment projects). Sierra Developments is responsible for developing new and innovative concepts 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. Leveraging on its track record and know-how, Sierra Developments also provides development services to third parties.

Sierra Management is responsible first of all for managing shopping centres from Sonae Sierra and co-owners, with a focus on maximising their long-term value. Secondly, the business is responsible for leasing the retail premises within each shopping centre, including the vacant shops in our operating centres and those in projects that are still in the development stage. Sierra Management also provides management and/or leasing services to shopping centres that are owned by third parties.

Sonae Sierra Brasil is listed in the BM&F BOVESPA (the Brazilian Stock Exchange) with a 33% free float, the remaining is a 50/50 partnership between Sonae Sierra and Developers Diversified Realty (DDR), one of the USA's largest real estate investment trusts (REIT) focused on the shopping centre sector. Sonae Sierra Brasil's business operates autonomously and is focused on investing in, developing and managing shopping centres in Brazil. The business aims to become one of Brazil's leading companies in the shopping centre sector.

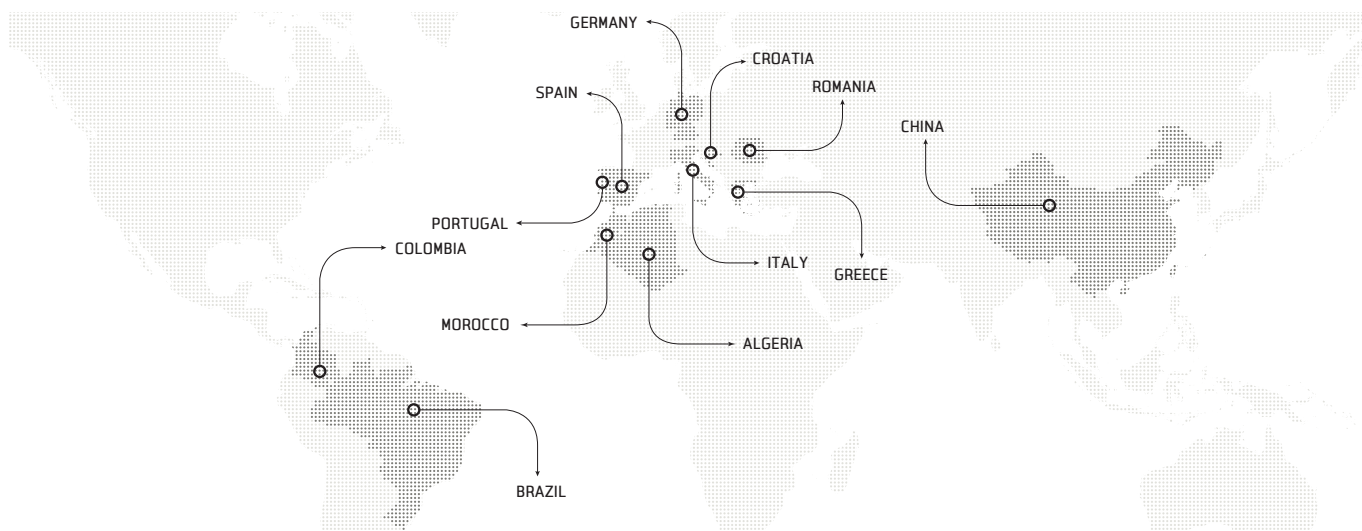
All our businesses are supported by Corporate Services which includes: Finance, Legal, Taxes, Human Resources, Communication, Sustainability and our European Back-Office.



OUR COMPANY CONTINUED

Where We Operate

Our strong partnership policy, both with international investors and local partners, provides the financial backing and market intelligence necessary to successfully develop new business in new geographies. Currently we are present in 12 countries: Portugal, Spain, Italy, Germany, Greece, Romania, Croatia, Morocco, Algeria, Colombia, Brazil and China.



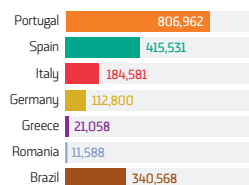
KEY FACTS BY COUNTRY (AS ON 31 DECEMBER 2012)⁴

NUMBER OF SHOPPING CENTRES OWNED⁵



TOTAL: 47

GLA OF OWNED SHOPPING CENTRES (m²)⁶

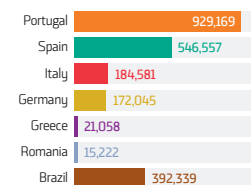

TOTAL: 1,893,088m²

NUMBER OF SHOPPING CENTRES MANAGED

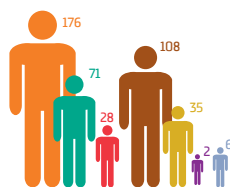


TOTAL: 69

GLA OF SHOPPING CENTRES MANAGED (m²)

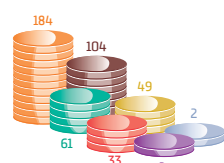

TOTAL: 2,260,971m²

VISITS TO SHOPPING CENTRES MANAGED (millions)⁷



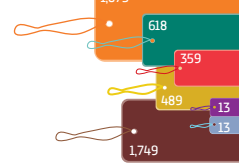
TOTAL: 426

RENT RECEIVED AT OWNED SHOPPING CENTRES (€ million)⁸



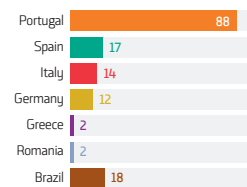
TOTAL: 435

TENANT SALES AT OWNED SHOPPING CENTRES (€ million)⁹



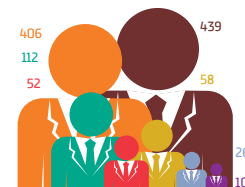
TOTAL: 5,114

COSTS BY COUNTRY (€ million)¹⁰



TOTAL: 155

NUMBER OF DIRECT EMPLOYEES¹¹



TOTAL: 1,123

Key

■ Portugal
 ■ Spain
 ■ Italy
 ■ Germany
 ■ Greece
 ■ Romania
 ■ Brazil

⁴ We are not in a position to report the information on this table for the countries where we do not own a shopping centre (Croatia, Morocco, Algeria, Colombia, and China), since the information is not systematised in the same manner.

⁵ These figures cover shopping centres that are 100% and co-owned by Sonae Sierra.

⁶ GLA figures are periodically confirmed by technical specialists, sometimes leading to adjustments of these figures with respect to individual shopping centres.

⁷ These figures cover the total number of visits welcomed by all Sonae Sierra owned shopping centres and shopping centres managed on behalf of other owners.

⁸ These figures correspond to the total rents invoiced (100%) to tenants of Sonae Sierra owned shopping centres. They have been calculated based on account performance between 1 January 2012 and 31 December 2012.

⁹ These figures do not include sales achieved by tenant owners (those who own individual units in our centres). These figures have been calculated based on account performance between 1 January 2012 and 31 December 2012.

¹⁰ Costs by country include costs associated with external suppliers and services, costs with common charges, buy out costs and other operating expenses. The Netherlands is not included as a 'country' in this table, although it is within the value of total costs. Costs by country have been calculated based on account performance between 1 January 2012 and 31 December 2012.

¹¹ Sonae Sierra also has four employees based in The Netherlands, one employee based in Colombia, two based in Morocco and 13 employees based in Algeria. These 20 employees are included in the total number of employees reported in the end column of this table.

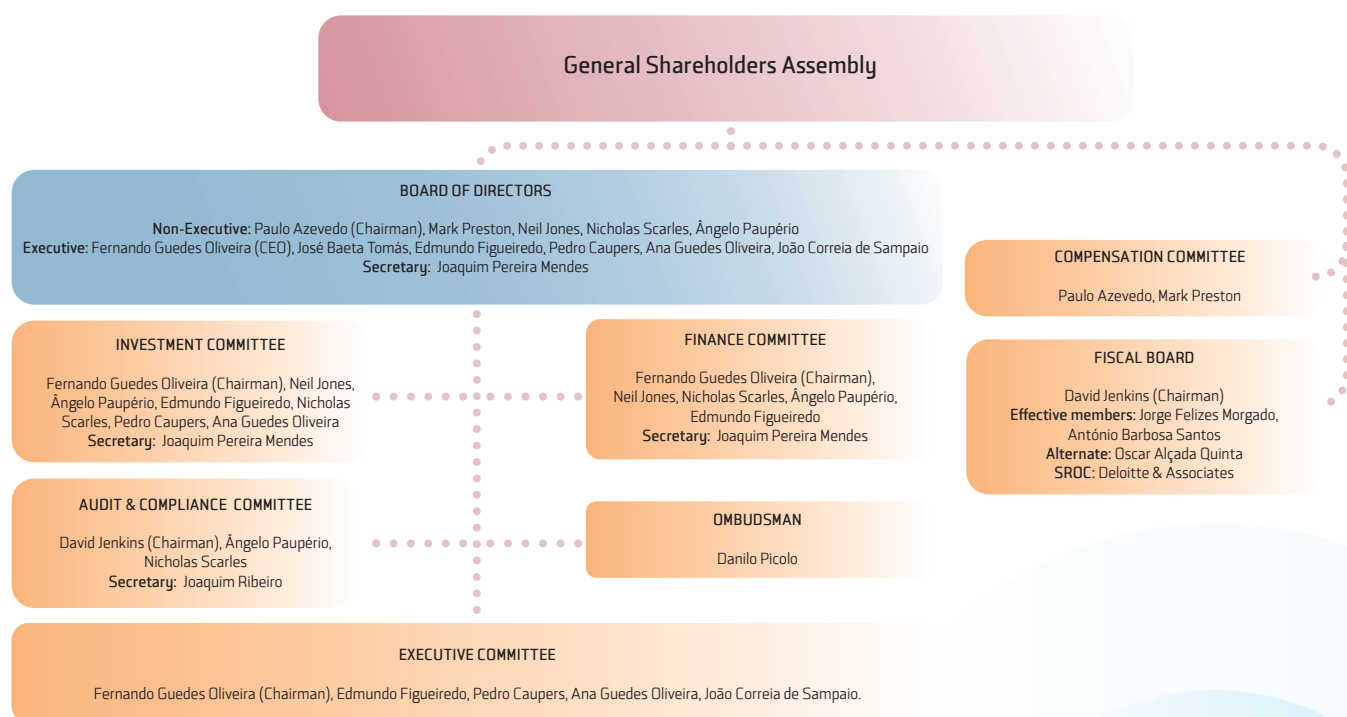
OUR COMPANY CONTINUED

Corporate Governance

Sonae Sierra's corporate governance policies were adopted by the Company benefiting from the models of its shareholders, Sonae and Grosvenor. The shareholders' corporate governance policies impose levels of transparency, independence, remuneration compliance rules and Corporate Responsibility (CR) policies which have contributed to shaping Sonae Sierra's own management model, corporate values, business strategy, CR 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 eleven members, six of them being executives and five non-executives. Each executive member of the Board is given responsibility for certain businesses or areas of the Company, including the Sustainability Office. When appointing new Board members, shareholders take into consideration the qualifications and expertise of the candidates and their understanding of the economic, environmental, and social issues which are of relevance to our business.

The Executive Committee is responsible for the day-to-day operations of the Company, which encompasses CR 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 Committees. 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.



[click here](#) to read our response to the GRI criteria on Governance and Commitments

[click here](#) to read the biographies of the Sonae Sierra Board Members and Other Executives

OUR COMPANY CONTINUED

Corporate Governance (continued)

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 assurance that they will be processed, investigated, and responded to in a timely and sensitive manner.

[click here](#) to read our response to the GRI criteria on Corruption, Anti-Competitive Behaviour and Compliance

[click here](#) to read our response to the GRI criteria on Human Rights



Freccia Rossa, Italy



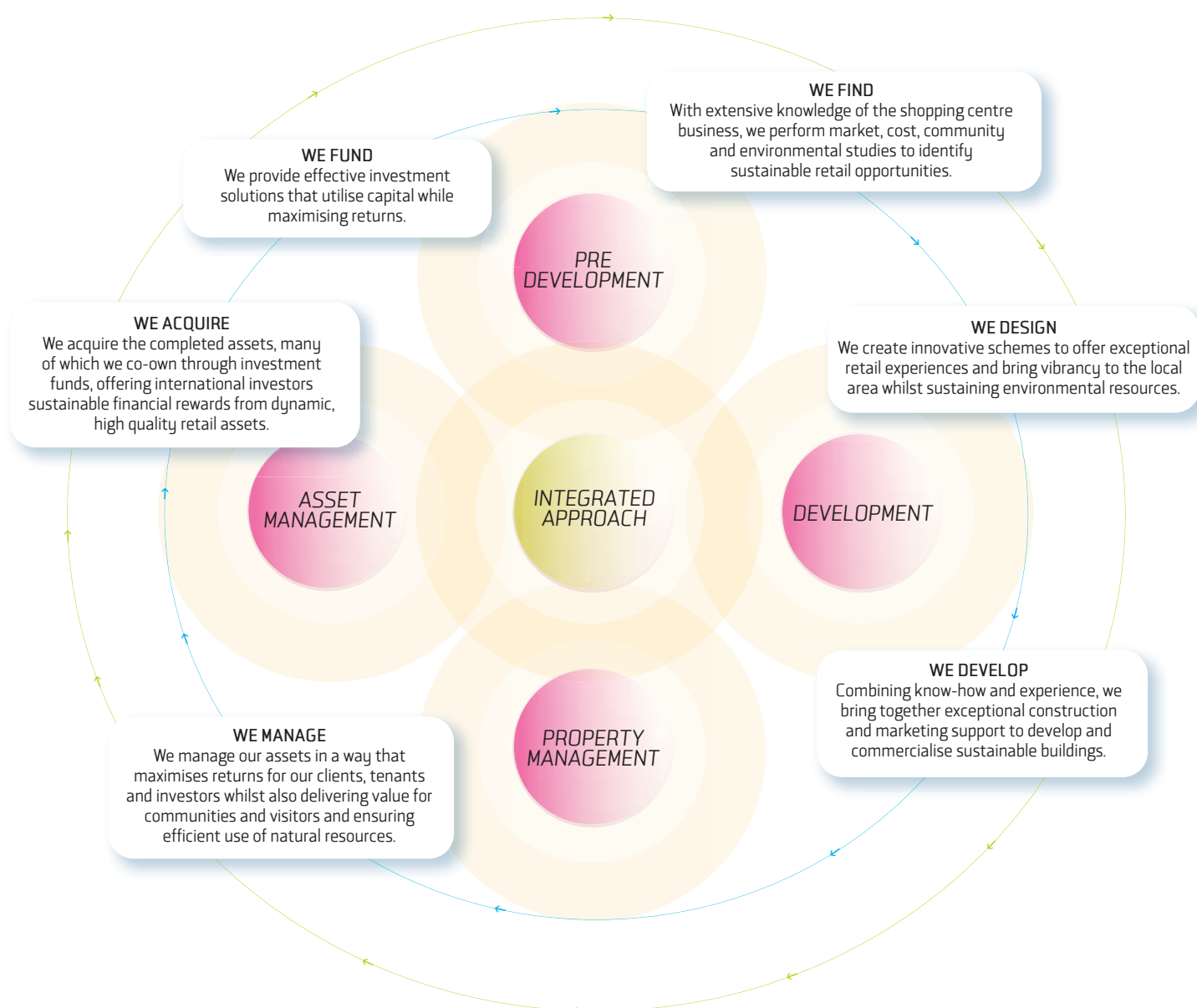
Uberlândia Shopping, Brazil

OUR BUSINESS STRATEGY

How We Create Value

With over two decades of experience and with operations in four continents, Sonae Sierra creates value for stakeholders throughout the entire lifecycle of each asset.

The combination of our experience, our commitment to innovation and our long-term approach to business have created an integrated strategy that today embraces shopping centre development, ownership and management, as well as knowledge provision to our clients. Through this strategy we have developed a unique understanding of the business and markets we operate in, as it is applied to our own shopping centres as well as those owned by third parties. This unique set of skills has added to Sonae Sierra's value chain and fuelled our passionate determination.

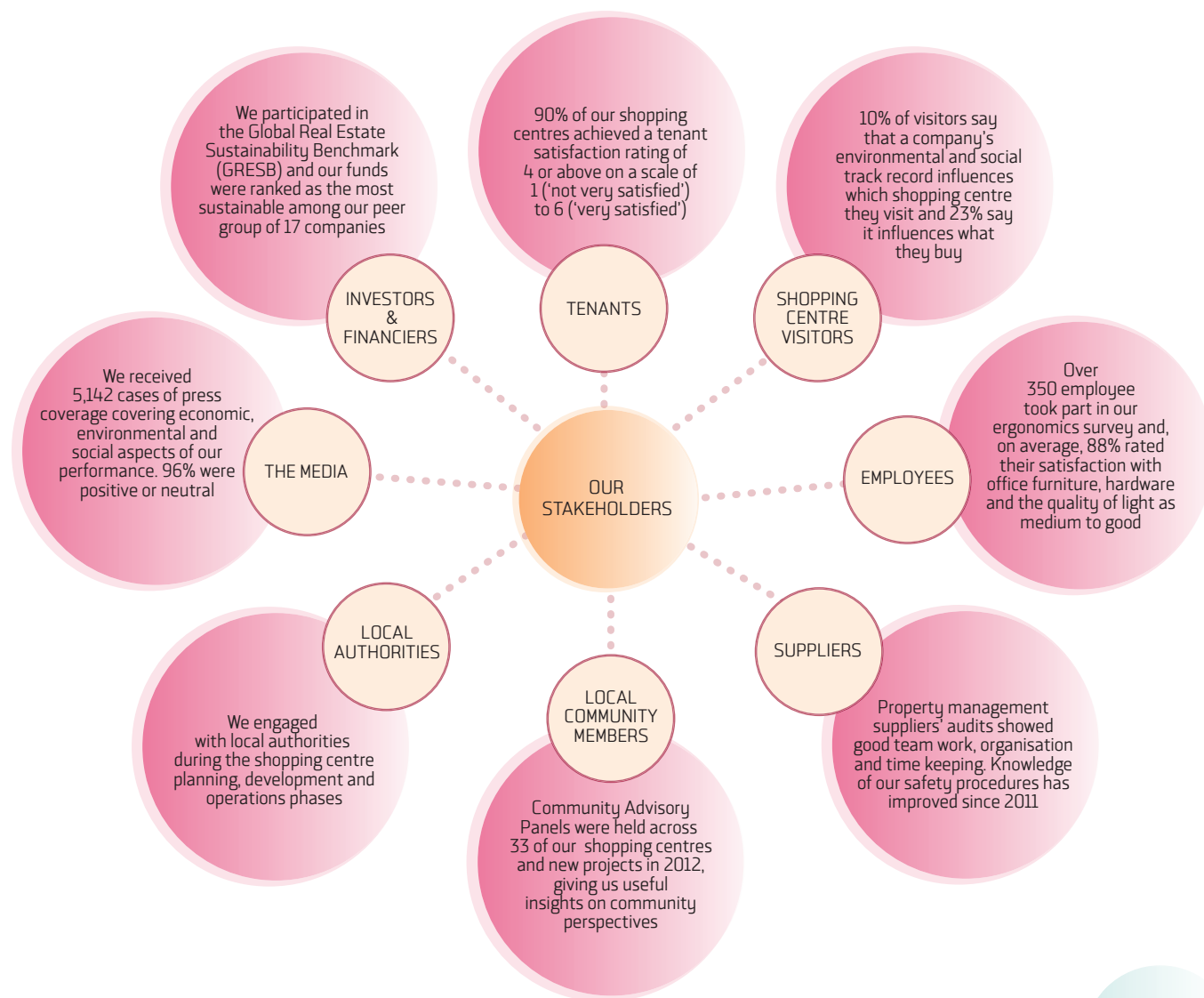


OUR BUSINESS STRATEGY CONTINUED

Our Relationships

Our stakeholders

We believe that conducting our activities in a way that is sensitive and responsive to our stakeholders' needs and concerns is vital for the long-term success of our business. We employ a range of stakeholder engagement techniques and receive valuable feedback from our investors, tenants, clients, visitors, employees, suppliers and from local community members which can help us to refine our approach at a corporate level as well as allow us to identify and implement improvements on individual sites. The diagram below highlights our main stakeholder groups and examples of engagement and/or feedback received in 2012.



[click here](#) to read about the stakeholder engagement techniques we employed in 2012 and key feedback received

More detailed commentary on feedback received from stakeholders in 2012 and the ways in which we responded to this feedback can be found in the Suppliers, Tenants, Communities and Visitors and Employees chapters of this report.

OUR BUSINESS STRATEGY CONTINUED

Our Partnerships and Clients – past and present

When it comes to shopping centres, we aim to be the partner of choice. Our business, quite simply, would not be what it is today without our partners (P) and services clients (C). With their backing, we can ensure we have financial strength, and also the ability to quickly gain an in-depth knowledge of markets, and create new opportunities.

PORTUGAL

- (P) Estevão Neves
- (P) Bensaude Group
- (P) Sonae Distribuição
- (P) Estação Shopping
- (P) CGD
- (C) Millenium BCP
- (C) Montepio Geral
- (C) Martifer

FRANCE

- (P) CNP Assurance
- (P) CDC
- (P) Foncière Euris

GERMANY

- (P) Deka
- (P) Union Investment
- (P) Commerzbank
- (C) Balsa
- (C) Aachener Grundvermögen
- (C) BHG Gewerb

ITALY

- (P) Coimpredil

ALGERIA

- (P) Cévital Group
- (C) Eden Enterprises

UNITED KINGDOM

- (P) Grosvenor Fund Management
- (P) Miller Developments
- (P) Rockspring
- (P) Castle City
- (P) Schroders Investment Management
- (P) Aberdeen Property Investors
- (P) Caelum Development
- (C) Scottish Widows

SPAIN

- (P) LAR Group
- (P) Mall Group
- (P) Iberdrola
- (P) Eroski Group
- (C) Banco Santander

THE NETHERLANDS

- (P) ING Real Estate
- (P) ING Developments
- (P) APG Investments
- (P) MAB Development
- (C) Redevco

GREECE

- (P) Charagionis Group
- (P) Lamda Development

MOROCCO

- (C) Marjane
- (C) Foncière Chellah (CDG Group)
- (C) AUDA – Agence d'urbanisation et Développement d'Auda
- (C) Facenor

BRAZIL

- (P) Multiplan
- (P) Tivoli EP
- (P) Enplanta Engenharia
- (P) Marco Zero
- (P) Credit Suisse HG

USA

- (P) AIG
- (P) TIAA-CREF
- (P) DDR
- (P) CBRE Global Investors

FINLAND

- (P) KEVA
- (P) Ilmarinen

COLOMBIA

- (P) Central Control

GREECE / CROATIA

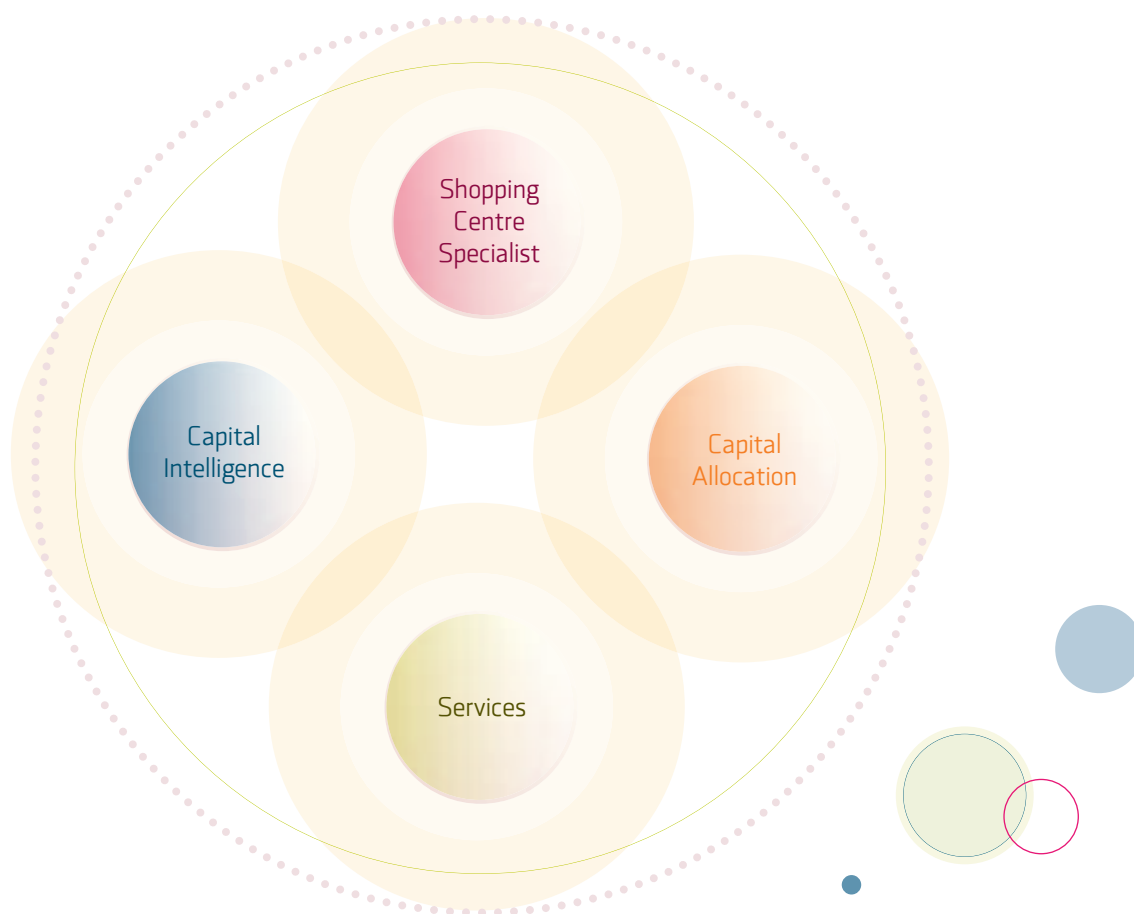
- (C) Bluehouse Capital

OUR BUSINESS STRATEGY CONTINUED

Our Medium to Long-Term Strategy

Research into social, consumer and technological trends suggests that we are likely to see a rapid transformation in the global retail industry over the next decade brought about by the fast-growing use of mobile internet devices, demographic changes, shifting consumer behaviour and preferences and growing segmentation between different customer groups. To succeed in this new era of retail, we will need to continue focusing on the ultimate experience of retail customers, and we aim to improve this by offering premium space and unique shopping centre concepts which remain a destination of choice for visitors.

Our business strategy to achieve this is very clear. We focus our attention on the four strategic axes that we have identified as priorities.

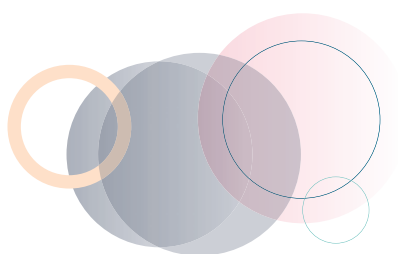


Shopping Centre Specialist: We aim to maximise the value captured along the complete value chain of the business. For this, we will keep an integrated approach, covering development, investment and management of shopping centres.

We define ourselves by our sector focus and not by the amount of capital committed to properties. That means, in some properties:

- + We may hold a controlling position, by ourselves or with partners.
- + We may hold minority positions associated with management services.
- + We may render services to third party owners without any capital invested by the Company.

In all cases, we will strive for the creation of innovative shopping concepts that will adjust and evolve in order to be the preferred choice of the customer.



OUR BUSINESS STRATEGY CONTINUED

Our Medium to Long-Term Strategy (continued)

Capital allocation: We aim to increase our exposure to developments. 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 mature market concentration to a greater weight of emerging markets. Our market priorities will be:

- + Brazil,
- + Emerging markets with significant shopping centre potential, that can deliver high returns in the long term, and where we may enter via services, and
- + Germany, Italy and Romania where the objective is to reduce capital employed and adopt a developer approach.

Portugal and Spain will continue to be core stable markets for the Company but with no prospects for new developments.

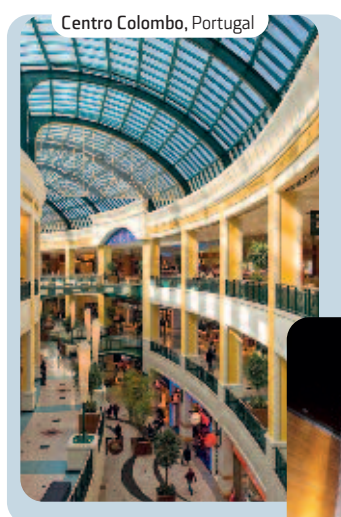
For Greece, the objective is to realize value in an orderly way.

Services: We will continue to reinforce a third-party service component focused on development and property management services. This will aim to optimise the resources of the Company under market fluctuations and improve know-how on markets, partners and projects.

Capital intelligence: We will reinforce a capital-light approach in the use of equity. For this, we will use partnerships with the purpose of minimising the capital invested in a given operation allowing us to share risk, maximise returns through service delivery and improving know-how.

Market dominance is one of the more relevant variables when assessing shopping centre strength and medium-term potential. We will aim to maintain the financial capacity to commit to ambitious and relevant shopping centre projects, namely in terms of accessing funds in debt markets. For this, we will aim to keep a relevant balance sheet size, associated with prudent financial ratios.

Underpinning all our strategic priorities, our mission at Sonae Sierra is to provide ultimate shopping experiences to customers and to create outstanding value to shareholders, investors, tenants, communities, and staff while contributing to sustainable development. Our long-term strategy is to integrate sustainability within business plans and our approach aims to generate value for both our bottom line and society at large.



OUR BUSINESS STRATEGY CONTINUED

Risk Management

We operate a Risk Management Working Group to serve as facilitator and promoter of risk management best practices in all parts of the Company. The Working Group gathers information and reports on the risks that the Company is facing or may face in the future and reports, via the CFO, to the Audit and Compliance Committee of the Company.

In 2012 we reviewed our risk matrix and added two new risks – Euro area break up and E-commerce – whilst the emphasis on some individual risks has changed due to the wider economic context. In addition, the Working Group concluded the BEST¹² training programme for Sonae Sierra employees on the Anti-Corruption Policy. Our Risk Management targets for 2013 are to detail and quantify three risks included in the Sonae Sierra Risk Matrix, and conduct three debates with business teams about relevant risk topics.

The table below presents a summary of our key controllable and non-controllable financial risks and mitigation strategies.

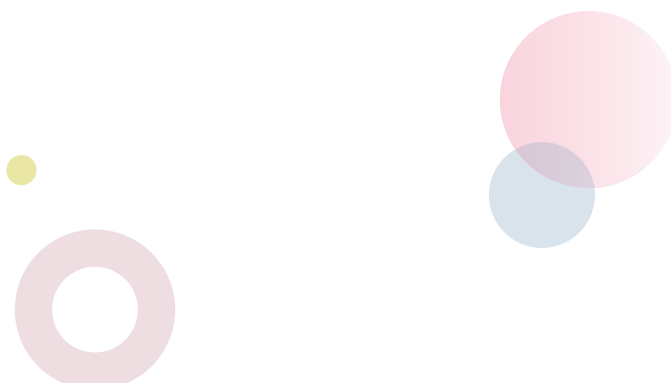
Key controllable risks

Risk	Mitigation strategy
Liquidity Risk: The lack of availability of bank debt in Europe at present constrains our ability to finance new developments and refinance loans which are maturing.	Our capital recycling 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 in rapidly growing economies. We maintain our loan to value ratio at prudent levels below 50% (currently at 42.9%).

Key non-controllable risks

Risk	Mitigation strategy
Increase in yields: Property valuations are affected by the prevailing conditions in the property investment market and the macro economic climate in general, and this impacts on our indirect results. Increasing yields in many European markets have been adversely impacting property values.	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, taking into consideration the medium-term potential for yield compression (among other factors).
Rents Sustainability: The trading environment has been tough for tenants in Europe, as the financial crisis has had an impact on the sustainability of the rents; if the tenant's businesses cannot sustain the rents contracted, we are at risk of having higher vacancy rates.	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, and in particular our current presence in the Brazilian market reduces the impact that individual tenant default can have on our business.

¹² BEST stands for 'Behaviour with Ethics Sierra Training'.



OUR BUSINESS STRATEGY CONTINUED

Risk Management (continued)

As a separate but related exercise, Sonae Sierra continues to review the relative materiality of individual environmental and social impact areas in terms of both the risk and opportunity that they might represent to the business. We have used a standard risk management framework to evaluate environmental and social issues according to their likelihood/frequency of occurrence and the scale of impact should the issue arise¹³. The findings of our latest assessment conducted in 2012 are summarised in the table below. The main impact areas identified through this assessment formed the basis of our CR strategy during 2012 and are covered in more detail in the Environmental and Social Performance chapters of this report.



Energy and Climate – Greenhouse gas emissions minimisation, efficient energy use, sustainable energy supply and climate change adaptation

Risks

- + Non-compliance with more stringent regulations which have emerged under the European Union's (EU) Energy Performance of Buildings Directive.
- + Increased demand for energy and anticipated increase in energy costs could reduce profitability by 2% – 5% maximum in 2030¹⁴.

Opportunities

- + Avoid costs and reduce environmental impact (€14 million costs avoided in 2012 due to energy efficiency measures implemented in shopping centres between 2002 and 2012).
- + Achieved recognition through awards, rankings and indices.
- + Increase competitiveness and sustain assets' value by increasing energy efficiency and/or generating energy on site.



Water – Sustainable water supply, water efficiency and avoiding water pollution

Risks

- + Fines can be incurred for non-compliance with local wastewater regulations.
- + Increase in water costs could reduce profitability by between 0.15% and 2% maximum in 2030.

Opportunities

- + Avoid costs and reduce environmental impact (€458,400 costs avoided in 2012 due to water efficiency measures implemented in shopping centres between 2003 and 2012).
- + Contribute to the recognition of Sonae Sierra as a 'responsible' Company.
- + Increase competitiveness and sustain assets' value by increasing water efficiency and/or reusing water on site.



Waste – Increasing recycling and reducing waste sent to landfill

Risks

- + Non-compliance with waste management regulations, including on construction sites.

Opportunities

- + Avoid costs and reduce environmental impact (€2.3 million costs saved in 2012 due to the increase in the proportion of waste recycled at shopping centres between 2002 and 2012).
- + Contribute to the recognition of Sonae Sierra as a 'responsible' Company.
- + Be prepared for more stringent regulations which could be introduced in the future.

¹³ In 2009 and in 2010, a single score from 1 to 5 (very low to high) was allocated to each issue based on an assessment of its likelihood/frequency of occurrence, with reference to likelihood/frequency categories used by standard risk management frameworks. The 'impact' of each issue was assessed using a weighted average score of five factors which were based on AccountAbility's five materiality tests established in 'The Materiality Report – Aligning Strategy, Performance & Reporting', Maya Forstater, Simon Zadek et al., AccountAbility, BT Group plc & LRQA, 2006. The CR risk matrix which was developed as a result of this analysis is presented on [page 97](#).

¹⁴ According to a pilot study commissioned on two of our assets in Portugal. See [page 109](#) for further details.

OUR BUSINESS STRATEGY CONTINUED

Risk Management (continued)



Biodiversity and Habitats – Reducing negative impacts on biodiversity and enhancing it where possible

Risks

- + Non-compliance with EU and local legislation on biodiversity.

Opportunities

- + Integrate biodiversity on sites (such as green features that provide natural habitats) to demonstrate commitment; this also may result in visitors staying longer.
- + Biodiversity impacts in the supply chain could lead to commodity price increases, e.g., impact of deforestation on timber prices in China.



Suppliers – Environmental and social practices along our supply chain

Risks

- + Fines/ reputational damage if contractors do not comply with regulations.
- + Ineffective delivery of suppliers' services in shopping centres can reduce tenant and visitor satisfaction.
- + Some supplier businesses may be impacted by commodity price increases.

Opportunities

- + Reduce costs through greater efficiencies in the supply chain.



Tenants – Increasing tenant satisfaction and engaging with tenants on sustainability issues

Risks

- + Higher void rates leading to lower profitability.
- + Not meeting tenants' expectations in the long term if/when CR issues become more important.

Opportunities

- + Maintain tenant satisfaction (30% of our tenants say CR is an important factor that contributes to their overall satisfaction).
- + Maintain high occupancy rates and rental income.



Communities and Visitors – Impact on local communities, community engagement and visitor satisfaction

Risks

- + Inability to obtain planning permission if cannot demonstrate added value to local communities.
- + Lack of buy-in from local community could reduce footfall.
- + Lack of attentiveness to visitors' needs in the long term decreases appeal and competitiveness of the centre.

Opportunities

- + Maintain good community relations; this is likely to result in higher footfall and sales.
- + Enhance our brand through projects that demonstrate 'corporate citizenship' (e.g., Community Day, CR campaigns, educational projects).
- + Contribute to sustaining high footfall and sales by being attentive to changing visitor preferences.

OUR BUSINESS STRATEGY CONTINUED

Risk Management (continued)



Employees – Employee satisfaction and retention, equal opportunities and diversity and talent management

Risks

- + Non-compliance with regulations on gender equality and non-discrimination.
- + Costs associated with employee turnover.

Opportunities

- + Increase staff motivation and retention through progressive policies such as offering flexible work arrangements.
- + Increase competitiveness by retaining talented employees (the estimated value of innovations implemented by Sonae Sierra as a result of employees' suggestions is €109 million).



Safety and Health – Safety and health of the workforce, construction site and shopping centre safety

Risks

- + Non-compliance with EU and national S&H regulations.
- + Fines associated with accidents; delays on construction projects.
- + Strong stakeholder expectations in relation to this issue, as serious accidents/ fatalities on sites can damage reputation.

Opportunities

- + Reduce insurance costs.
- + Future-proof assets (buildings need to comply with ever-tightening S&H regulations).
- + Enhance reputation through awards and recognition by stakeholders for proactive attitude.

More detailed information about how we manage our environmental and social risks and maximise value generating opportunities is provided in the Environmental and Social sections of this report.

Manauara Shopping, Brazil

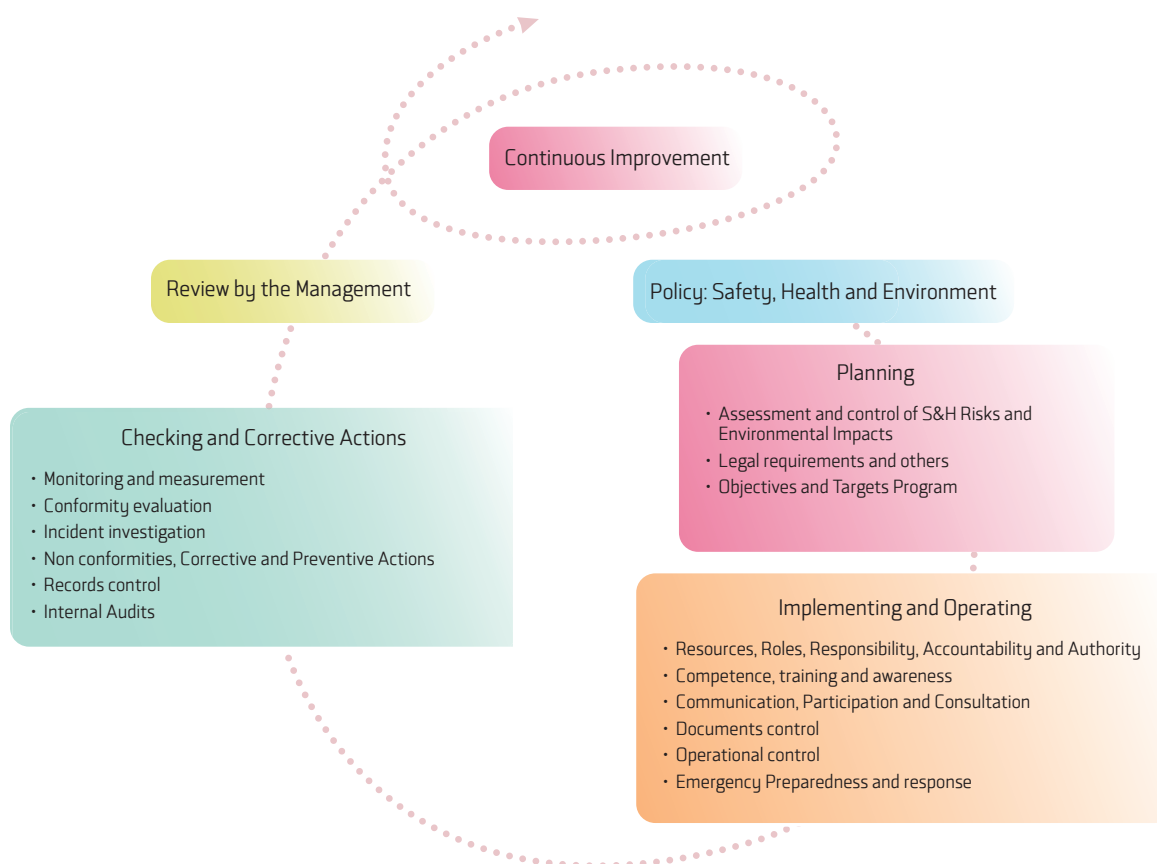


Freccia Rossa, Italy

OUR BUSINESS STRATEGY CONTINUED

Safety, Health and Environmental Management System

Our Company first developed an Environmental Management System (EMS) in 1999 and in 2005 we were the first company in our sector in Europe to obtain ISO 14001 certification for our corporate EMS, which covered all our business activities. In 2004, we launched our Safety and Health (S&H) Policy and in 2008 became the first company in Europe to achieve OHSAS 18001 certification for our corporate S&H Management System. In 2010, we began working on the integration of these two management systems with an aim to exploit the synergies between them and increase our operational efficiency. In 2011 our integrated Safety, Health and Environment Management System (SHEMS) became fully operational. 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.



During the New Business phase of our projects, Environmental Due Diligence and an Environmental Impact Study are developed so that we can understand the potential environmental liabilities that sites may contain (such as contaminated land or materials) and therefore guarantee sufficient budget in our Investment Plans to adequately deal with these issues. Environmental Due Diligence is also implemented upon the acquisition of existing shopping centres. It is reinforced by the execution of S&H Due Diligence, which complements the Technical Due Diligence recommendations and provides Sonae Sierra with information on the capability of the existing shopping centre's systems to perform according to Sonae Sierra's expectations.

During the design stage, we have introduced a 'sustainable shopping centre' concept, which is achieved through the implementation of our Safety, Health and Environment Development Standards (SHEDS). The SHEDS has historically consisted of around 179 standards based on our experience, best available techniques and certification schemes such as LEED® and BREEAM as well as international safety standards (NFPA – National Fire Protection Association). The SHEDS are revised periodically to ensure that they are kept up to date.

- | | | |
|-------------|-------------------------|--------------------------|
| ✦ Energy | ✦ Health and well-being | ✦ Site safety conditions |
| ✦ Water | ✦ Land and ecology | ✦ Emergency response |
| ✦ Waste | ✦ Fire prevention | ✦ Hazardous products |
| ✦ Transport | ✦ Electrical risks | ✦ Security |

OUR BUSINESS STRATEGY CONTINUED

Safety, Health and Environmental Management System (continued)

All new development projects, major expansions and refurbishments¹⁵ where we have direct control have historically been required to achieve 100% compliance with the 'critical' SHEDS standards. However, we have introduced an important change to the way we apply our Safety, Health and Environment development standards, which will take effect from 2013 onwards. Up until 2012, whilst effectively we were using international certification standards such as BREEAM and LEED as the basis for the best practice guidelines recommended within our Safety, Health and Environment Development Standards, certification against these recognised schemes was not mandatory. However, we recognise that delivering buildings that are certified to internationally recognised standards is increasingly expected from our stakeholders and it can protect the value of our assets in the long term. This is why from 2013 onwards, all our new developments will target as a minimum BREEAM Good, LEED Silver or DGNB Bronze. Our SHEMS procedures and SHEDS will only retain critical aspects necessary to risk management and to guarantee good shopping centre performance whilst our development teams will be able to select the credits that will best help them achieve their certification goals.

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 that we discuss with our partners and clients the best approach and strategy to meet their needs and the local market standards. We have developed some guidelines to ensure that we apply a consistent approach across all our activities to address all possible situations, the most common of which are described below.

For shopping centres where we provide third party development and management services, we do not systematically apply our certified SHEMS because this falls outside the boundaries of our responsibility. However, we make sure that we comply with legislation to protect contractors' safety onsite, our employees, tenants and visitors through regular safety and health audits. With our long-term experience in managing safety, health and environmental impacts, we are also very well placed to provide additional services, such as building certification or alignment with ISO 14001 and OHSAS 18001, when these services are specifically requested by our clients.

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 onsite and building regulations of the relevant country. We run data reports and data audits in relation to safety, health and environmental issues.

The certified SHEMS covers our business activities (development, investment and property management) for the assets which we own or occupy (shopping centres in development and in operation and our corporate offices). Each of our projects under development are required to ensure that risks and characteristics unique to each site are managed adequately¹⁶.

As of 31 December 2012, ISO 14001 certifications had been achieved in 87% of our shopping centres in operation and OHSAS 18001 certification had been achieved in 59.6%. With regards to the development of new shopping centres, since 2004, 22 Sonae Sierra construction sites have achieved ISO 14001 certification and five have achieved OHSAS 18001 certification. The most recent is Boulevard Londrina Shopping in Brazil, which became the third shopping centre in the world, and second shopping centre in the Americas, to achieve joint ISO 14001 and OHSAS 18001 certifications for the SHEMS of its construction works. The first to achieve both was Le Terrazze in Italy which we inaugurated in March 2012. The first to achieve both in the Americas was Uberlândia Shopping (also inaugurated in March 2012).

We recognise that creating sustainable buildings does not end once the development has been completed. We monitor the performance of new shopping centres with respect to energy; water; waste and safety, and identify further improvements that need to be made to optimise the buildings' environmental performance and reduce S&H risks. Across our operational portfolio, we have been measuring, monitoring and targeting energy use and waste management since the year 2000, water use since 2003 and S&H since 2004.

¹⁵ Sonae Sierra specifies three types of construction works interventions that may occur: (1) New shopping centres, which are managed by a Development Manager; (2) Expansion or refurbishment of existing centres, which may be managed by a Development Manager or Asset Manager, and (3) Small works, which may be managed by any person belonging to Sierra Developments, Sierra Asset or Sierra Property Management. Since each of these varies considerably in terms of environmental impact, S&H risks and intervention costs, criteria have been set to establish the most appropriate scheme for each case. All new shopping centres and expansions, refurbishments and other works with a construction cost over €10 million or a construction cost of more than 10% of the centre's Open Market Value (OMV) must apply the standard SHEDS procedure. Expansions, refurbishments and other works with a construction cost of over €2.5 million but under €10 million or with a construction cost of less than 10% of the centre's OMV should apply a simplified SHEDS procedure. Finally, expansions, refurbishments and other works with a construction cost of less than €2.5 million should instead apply the 'Small Works' procedure defined within our SHEMS.

¹⁶ With reference to the three types of construction interventions described in the note above, all new shopping centres must apply the construction works SHEMS. All expansions, refurbishments and other works with a construction cost of more than €2.5 million must apply a Safety, Health and Environment Management Plan (SHEMP). Finally, expansions, refurbishments and other works with a construction cost of less than €2.5 million should instead apply the 'Small Works' procedure defined within our SHEMS.

OUR BUSINESS STRATEGY CONTINUED

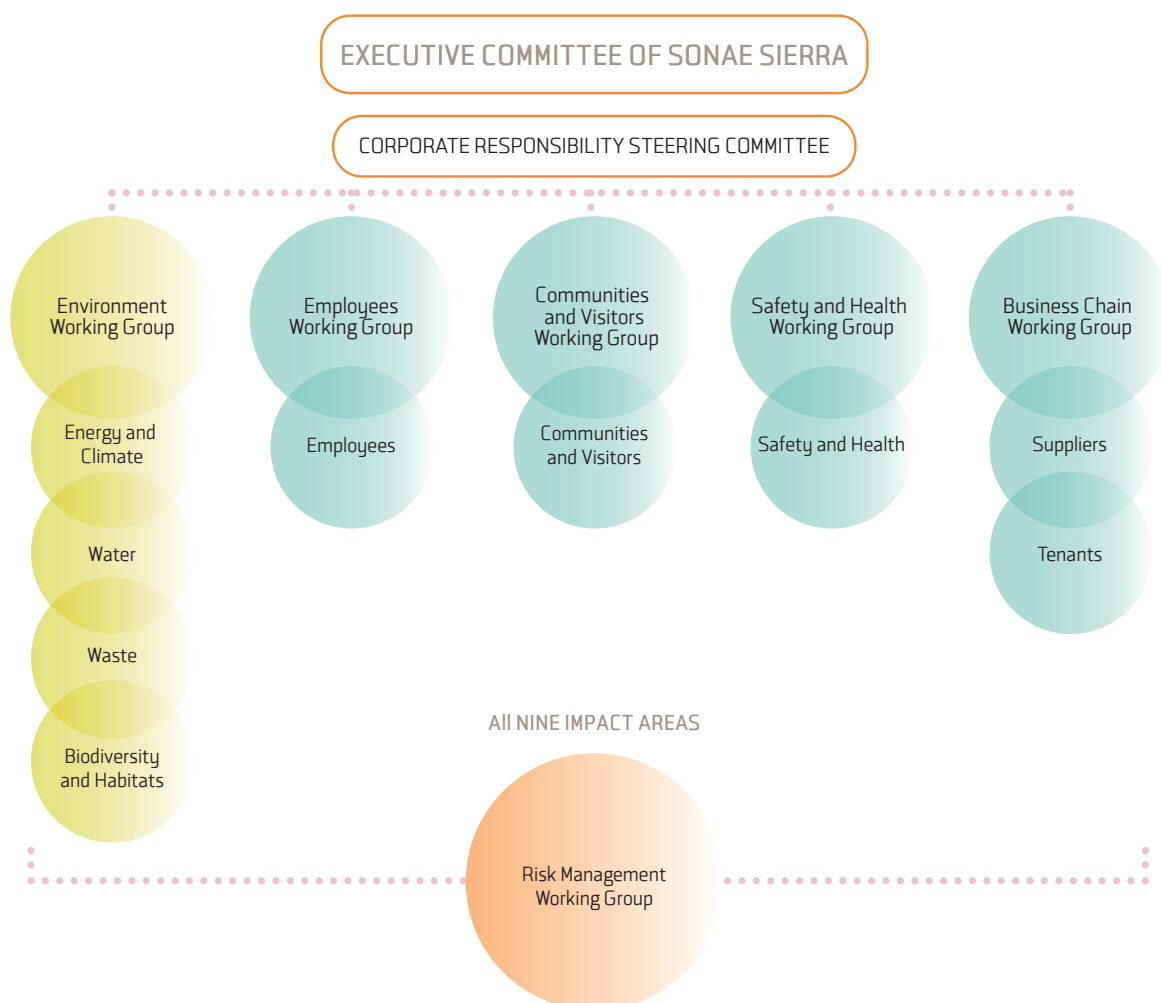
Safety, Health and Environmental Management System (continued)

Our energy and water metering strategy is designed to ensure effective sub-metering with connection to each centre's BMS, which allows us to have a better control of these utilities' use. In 2012, we launched a new online management system, called the SHE Portal. This tool allows us to streamline our SHE management processes and improve the accuracy of data and information reported 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 and increase staff and tenant awareness of all issues. 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). Furthermore, the annual capital expenditure budget allocated to each of our shopping centres includes investments to improve the centres' SHE performance. We deliver SHE training to our staff and other key stakeholders on an on-going basis, and in 2012 we delivered a total of 31,680 man hours of training (including meetings) on SHE to staff, suppliers and tenants across our shopping centres, development projects and in our corporate offices.

Corporate Responsibility Governance and Management System

At Sonae Sierra, Corporate Responsibility has always meant more to us than effective safety, health and environmental management, albeit such management topics must be the foundation of our approach to being a responsible business. Indeed, our approach to Corporate Responsibility has, until now, been driven by our responsibilities towards key stakeholder groups, as well as the environment.

During 2012, Sonae Sierra continued to operate six CR Working Groups which between them governed all CR impact areas. The Heads of each Working Group were represented on our CR Steering Committee which was chaired by the CEO, Fernando Guedes Oliveira. The CR Steering Committee was responsible for overseeing the organisation's identification and management of material CR issues and ensuring that performance in these critical areas was monitored and improved.



OUR BUSINESS STRATEGY CONTINUED

Corporate Responsibility Governance and Management System (continued)

Throughout the business, and across different functions and divisions, individual members of staff have responsibility for implementing specific aspects of CR into their daily activities. Safety, Health and Environment objectives form part of all employees' performance appraisals (including Executive Committee members' appraisals) which link through to remuneration and bonus schemes. We also carry out an annual evaluation of each Shopping Centre Manager, which takes into consideration results achieved in terms of tenant satisfaction and the corrective measures implemented in response to Tenant Surveys.

From 2013, under our revised Sustainability Strategy (see [page 30](#)), a centralised Sustainability Steering Committee (SSC) will replace the CR Steering Committee and will be responsible for overseeing the delivery of the work in each of our five focus areas, as well as in SHE and Risk Management.

The Committee will report directly to the Board and will be chaired by the CEO. Members will include the Directors responsible for Human Resources, Marketing and Innovation, Development, Investment, Property Management, Risk Management and Brazil and also the Head of Sustainability, the SHE Manager and the CR Reporting Coordinator.



For more information:

See our website:

<http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance/sustainability-governance.aspx>



CR Objectives and Targets

As described above, during 2012 our CR strategy was still driven by the nine material CR impact areas identified through our various risk management processes. For each of these impact areas, therefore, Sonae Sierra had previously identified long-term objectives to drive continuous improvement in performance and annual targets to achieve these.

In 2013, following a strategic review of our risks and priorities going forwards (as part of the development of our revised Sustainability Strategy), we have concluded that our approach to managing four of these impact areas (Suppliers, Tenants, Communities and Visitors and Employees) be fully embedded within existing business procedures, as they will bring recognised value to our company and our stakeholders. By this analysis, we have set the following short-term targets for implementation in 2013:

- Organise a community day.
- Invest a proportion of the promotional variable marketing fund of every operational shopping centre and project under development in community-related initiatives (at least 2% for sites in Europe and 1% for sites in Brazil).

In respect to the remaining five impact areas (Energy and Climate, Water, Waste, Biodiversity and Habitats and Safety and Health) we will maintain the defined long-term objectives but will included them under the umbrella of Safe People and Eco-efficiency (more details can be found on [page 30](#)). For the full list of these long-term objectives and 2013 targets see the table below.



Energy and Climate

Long-term objective

2013 targets

- | | |
|---|---|
| ✦ Achieve a 70% reduction in GHG emissions per m ² of GLA, by 2020, compared to the 2005 level (GHG Protocol scopes 1 and 2, plus business air travel; also includes corporate offices). | ✦ Attain a maximum value of 0.044 ton of GHG emissions per square metre of GLA (GHG Protocol scopes 1 and 2, plus business air travel). |
| ✦ Attain a maximum electricity consumption of 400kWh per m ² of mall and toilet area, by 2020. | ✦ Attain a maximum value of electricity consumption of 488kWh/m ² (mall and toilet area) across Sonae Sierra owned shopping centres. |
| ✦ Develop and implement a long-term climate change adaptation strategy covering investment, development, management and corporate activities, by 2020. | |



OUR BUSINESS STRATEGY CONTINUED

CR Objectives and Targets (continued)



Water

Long-term objective

- ✦ Attain a level of water consumption at or below three litres per visit, by 2020.
- ✦ At least 10% of total water consumed to be reused "greywater" or harvested rainwater, by 2020.
- ✦ Develop and implement a long-term strategy to ensure a secure water supply, with a particular focus on locations that are vulnerable to water shortages, by 2020.
- ✦ Ensure that all discharges to local water courses comply with Sonae Sierra's wastewater quality standards and pollutant limits, by 2020.

2013 targets

- ✦ Attain a level of water consumption at or below 3.82 litres per visit (aggregated across all Sonae Sierra owned shopping centres).
- ✦ Implement wastewater/greywater reuse or rainwater harvesting systems according to studies previously done.
- ✦ Improve wastewater networks by taking corrective actions to ensure that discharges to water courses comply with Sonae Sierra's wastewater quality standards and pollutant limits.



Waste

Long-term objective

- ✦ Obtain a minimum recycling rate of 55%, by 2020.
- ✦ Reduce the proportion of waste sent to landfill to a maximum limit of 30%, by 2020.
- ✦ Obtain a minimum recycling rate of 80% across Sonae Sierra 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.

2013 targets

- ✦ Attain a minimum average recycling rate of 55.1% across our owned shopping centres.
- ✦ Guarantee that the proportion of waste (by weight) sent to landfill, across Sonae Sierra owned shopping centres does not exceed 28.6%.
- ✦ Attain a minimum average recycling rate of 78% in Lisbon, Maia and São Paulo offices.
- ✦ Attain a maximum average landfill rate of 6% in Lisbon, Maia and São Paulo offices.
- ✦ Achieve an overall recycling rate of 85% considering all projects completed in 2013 (including refurbishments and expansions).



Biodiversity and Habitats

Long-term objective

- ✦ Promote the use of previously developed land or brownfield land for new Sonae Sierra shopping centre projects and protect and enhance biodiversity wherever possible.
- ✦ Strive to protect and enhance biodiversity on both existing Sonae Sierra sites and new projects and add value to new projects by actively integrating biodiversity whenever possible, taking into account the regional context.

2013 targets

- ✦ Implement 100% of approved recommendations of the Preliminary Environmental Evaluations (or equivalent study) on completed projects.

OUR BUSINESS STRATEGY CONTINUED

CR Objectives and Targets (continued)



Safety and Health

Long-term objective

- + Enhance the well-being 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 safety and health conscious behaviour among our tenants, suppliers and visitors.

2013 targets

- + Reduce the number of work accidents (per million hours worked) with workforce absence, in comparison with 2012.
- + Reduce the severity of work accidents and occupational diseases with workforce absence, in comparison with 2012.
- + Achieve zero fatalities due to accidents within Sonae Sierra workforce.
- + Attain a maximum of 12.0 Lost Workday Case Accidents Frequency Rate (LWCAFR) on all projects completed in 2013 (considering the whole project duration).
- + Achieve zero fatalities due to accidents on Sonae Sierra Construction Works.
- + Achieve 100% accomplishment of SPI hours across all development projects completed in 2013 (considering the whole project duration).
- + Reduce the LWCAFR of shopping centres' service suppliers by at least 3% in comparison with 2012.
- + Achieve zero fatalities due to accidents in Sonae Sierra shopping centres.



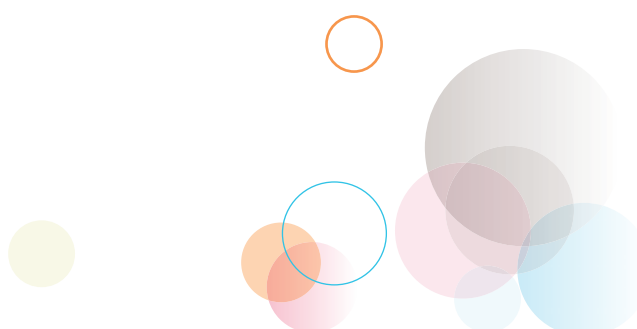
Safety, health and environmental management system

Long-term objective

- + Obtain ISO 14001 and OHSAS 18001 certifications for the SHEMS of our construction projects and the Sonae Sierra owned assets that we have managed for two or more years, by 2015.

2013 targets

- + Achieve OHSAS 18001 certifications for the SHEMS of one further shopping centre in operation.
- + Achieve ISO 14001 and OHSAS 18001 certifications for the SHEMS of two further shopping centres in operation.
- + Ensure that all new shopping centre development projects have a valid ISO 14001 and OHSAS 18001 certificate upon opening.



OUR BUSINESS STRATEGY CONTINUED

Future Sustainability Strategy

Recent years have been characterised by a stark contrast in the market conditions of different regions where Sonae Sierra operates. The global financial crisis in 2008-09 and more recently the culture of austerity that we have inherited in Southern Europe have both led us on a relentless campaign for value – be it economic, social or environmental value. Separate from this trend, we have also been conscious of the need to simplify and refresh our approach to Corporate Responsibility. Much of our activity that was previously branded CR is now sufficiently embedded in the business to make it unnecessary to govern under a CR umbrella.

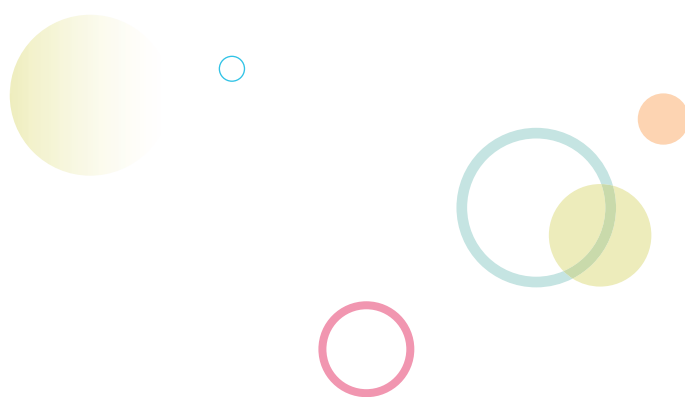
As a consequence, we undertook a substantive strategic review in 2012 which will result in a revised Sustainability Strategy for Sonae Sierra from 2013 onwards. Firstly, we have taken a decision to change our terminology – from Corporate Responsibility to Sustainability. We have always viewed the latter as the business community's contribution towards sustainable development. So to us, this change in terminology does not reflect a change in sentiment of which issues are at stake. We absolutely remain committed to an agenda that brings together our economic, social and environmental responsibilities, hence our continued efforts towards more integrated reporting.

Indeed, we are extremely proud of the significant achievements we can claim since we introduced our CR strategy in 2006 structured around nine material impact areas. Not only have we consistently exceeded requirements placed upon us by regulators and local authorities, but we have generated substantial cost savings and strengthened our brand and reputation amongst key opinion-formers. We are consistently being recognised for our best-in-class approach to safety, health and environment which will always remain a foundation of our culture.

Our revised Sustainability Strategy will, therefore, build heavily on previous commitments, while also sharpening our focus on actions that can create long-term shareholder value by solving some of our society's key challenges. The aim is to provide greater alignment between our sustainability and business goals as we adopt a Creating Shared Value (CSV)¹⁷ approach over and above targeting continuous improvements in environmental, safety and health.

As we sought to apply the concept of shared value, we identified a number of longer-term priorities that deliver tangible 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 in a world where:

- + natural resources are becoming increasingly scarce and costly;
- + retailers are having to respond to rapid technological advances and demographic changes by adapting their business models and finding innovative solutions;
- + evolving workplace practices and economic development mean people need access to skills and education to either gain or remain in employment; and
- + consumers are becoming more environmentally and socially conscious, and shifting towards ethical, green, and healthy alternatives.



¹⁷ Michael E. Porter and Mark R. Kramer; 'The Big Idea: Creating Shared Value', (Harvard Business Review, January – February 2011).

OUR BUSINESS STRATEGY CONTINUED

Future Sustainability Strategy (continued)

As a result, our revised Sustainability Strategy, which will be launched close to the publication of this EES Report 2012, will focus around five key themes:

Safe People and Eco-efficiency:

Continuing our journey of striving for continuous improvements.



Leveraging Knowledge:

Empowering people through skills and knowledge.



Resource Resilience:

Trying to be energy independent, using innovation and technology to rethink our processes and reusing water on our sites.



Prosperous Retail Communities:

Partnering with our tenants to make their businesses more resilient.



Sustainable Lifestyles:

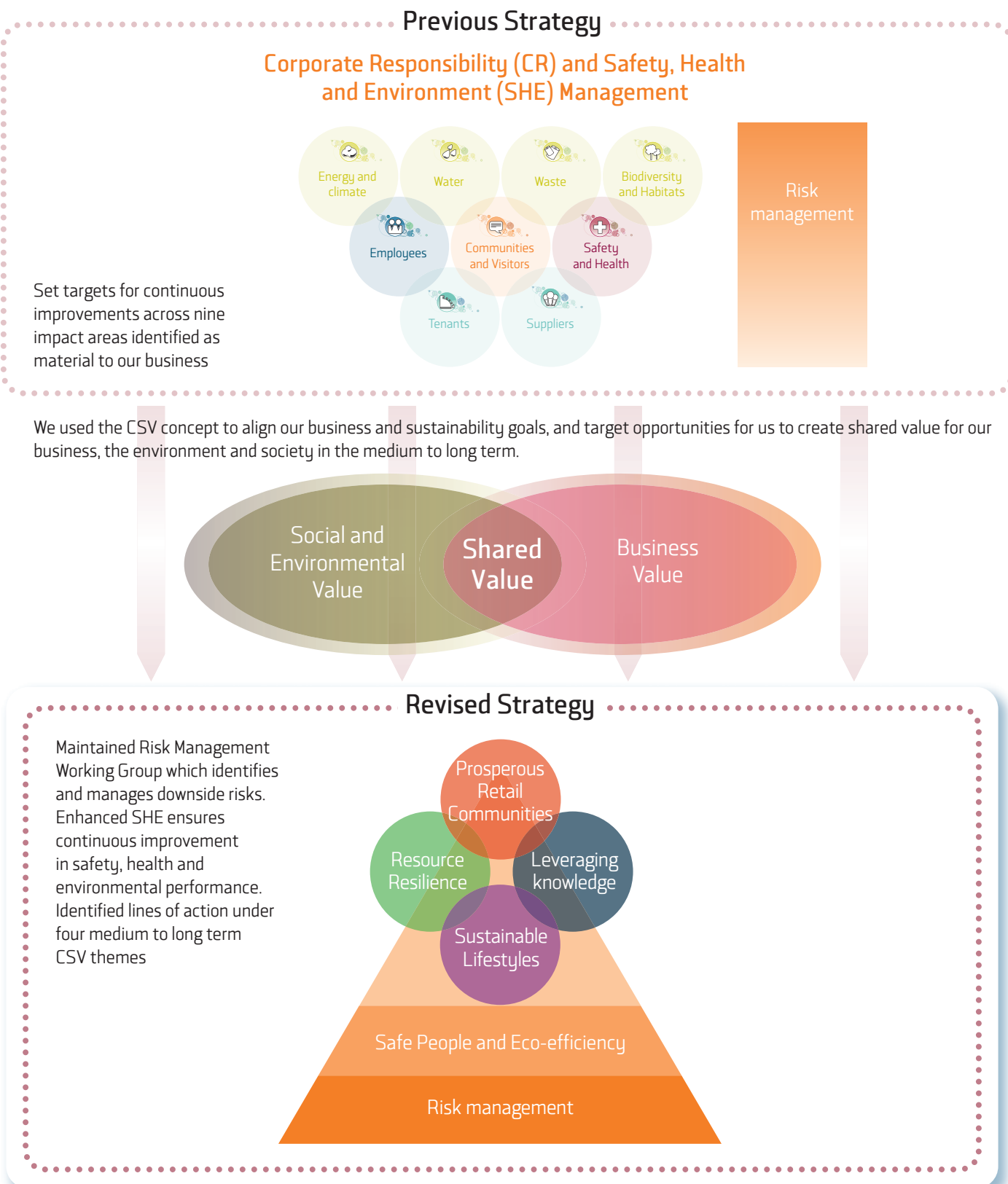
Using our reach and public influence to encourage our visitors to make the right choices.



OUR BUSINESS STRATEGY CONTINUED

Future Sustainability Strategy (continued)

This strategy will be launched to all our key stakeholders in 2013, and it will form the backbone of our EES Report 2013. The diagram below intends to illustrate the transition that we will make from our old CR approach to the revised strategy.



More details on Sonae Sierra's Sustainability Strategy can be found on our website:
<http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance.aspx>

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Gli Orsi, Italy



Loop5, Germany

“Despite capital constraints, we inaugurated two new shopping centres in 2012, representing a **total investment value of €229 million**. We are completing construction on a further three shopping centres due to be inaugurated in 2013, two of which have been developed as joint venture agreements.”



ArrábidaShopping, Portugal

ECONOMIC PERFORMANCE

Our integrated approach to shopping centre development, ownership and management enables us to have an impact on the economy which reaches beyond our own direct financial performance and remuneration to our shareholders. Our business creates employment, stimulates local markets and contributes to economic growth in the communities where we operate.

Through our quest for excellence and our focus on specialisation, we have learned that it is only the creation of unique and exciting shopping and leisure venues that can deliver sustainable value. We sustain economic growth through capital recycling strategies, which allow us to exploit opportunities to develop new shopping centres in markets where we are already present and in new ones. Having established ourselves as a knowledge provider for third parties, we are generating revenue and building our experience in emerging markets where we aim to leverage partnerships with local companies to make our own investments in the future, thus contributing further to economic development in these regions.

THE ECONOMIC CONTEXT

Confidence is improving, but market conditions remain challenging

Despite a slight uplift in market sentiment in Europe, 2012 continued to be a year of recession in Europe, mainly in Spain and Portugal, with the impact of Government austerity measures presenting a number of key risks to our business. Falling GDP and continuing illiquidity and reduced investor appetite for retail assets in Southern European markets made it difficult to secure new capital and refinance debt. Fortunately, the outstanding quality of our portfolio and our international presence demonstrated strong resilience against such factors, but the conditions nevertheless made for a challenging growth environment.



Edmundo Figueiredo
Director, Chief Financial Officer

"OUR POSITIVE TOTAL DIRECT RESULTS MASK THE STARK DIFFERENCE IN CONDITIONS IN OUR TWO KEY MARKETS: EUROPE AND BRAZIL. IT IS ESSENTIAL TO DIFFERENTIATE BETWEEN THESE WHEN REVIEWING SONAE SIERRA'S OWN PERFORMANCE."

Lack of consumer confidence in Southern Europe offset by continued growth in Brazil

In Brazil we have continued to benefit from one of the fastest growing economies in the past few years. GDP grew by 3% in 2012 and the retail industry continues to show strong performance as falling interest rates support consumer spending. Our portfolio echoed this trend. We enjoyed double digit sales growth in all of our shopping centres and we presented one of the highest EBITDA and Funds from Operations margins in the listed sector.

By contrast, in Portugal and Spain, which together represent 74% of the Open Market Value of our European portfolio, GDP contracted by 3.4% and 1.8% respectively. Measures taken to reduce public budget deficits contributed to reductions in family income which in turn had a knock-on effect on tenant sales. Scarcity of debt remained a fundamental constraint to our development pipeline, much of which continues to be on hold in these markets. However, even within Europe, our business benefits from its geographic spread so we achieved better results in European markets less affected by the crisis. In fact, we successfully inaugurated Uberlândia Shopping in Brazil and Le Terrazze in Italy.

As a consequence of these macro-economic trends in the two regions, the Net Asset Value (NAV) of our portfolios also fluctuated significantly over the year. In Brazil, our NAV in Reais increased due to the strong operational performance of the portfolio. While in Europe, this result was offset by the yields expansion.

However, to counter and mitigate such adverse results, we continued to focus our attention on generating operational efficiencies and introduced even tighter asset management controls to reduce our direct costs. We continue to strive for high levels of service quality at lower costs wherever feasible, thereby contributing to overall asset performance.

Further growth in direct results

In light of these external influences, it is especially pleasing to note that Sonae Sierra succeeded in growing its direct results by 2% in comparison with 2011. This performance reflects a number of key strengths in our management strategy, namely our strong operational performance, our rigorous approach to cost control and our efforts to support tenants through difficult trading times. Indeed, maintaining high occupancy rates is a key priority for us, and given the tough market conditions for retailers in Southern Europe in 2012 we are especially proud to have maintained occupancy rates above 97% in Portugal, 93% in Spain and 96% in Italy. One of the principal contributions we can make to our tenants' resilience is to further reduce service charges through on-going efficiencies and to work closely with those whom we believe have the most viable business models.

In 2012, we succeeded in decreasing our direct corporate costs. This was achieved through our on-going focus on reducing variable costs, on rationalising our supply chain and on transferring staff from one business or geography to another. This allows us to retain key skills within the firm and reallocate resources to growth areas where they are needed as we expand our third party services into Eastern Europe, South America, North Africa and Asia.

THE ECONOMIC CONTEXT continued

Extracting value from capital recycling

During 2012, the availability of appropriately priced debt remained relatively scarce. We continued to employ a capital-light approach and to focus on opportunities to recycle capital within our business portfolio. We are particularly proud to have reduced our exposure to debt in Europe mainly through selling our interest in Münster Arkaden in Germany. In Romania we entered a joint venture agreement to develop ParkLake which will further extend our presence in the region.

In Brazil, a successful bonds issue and the selling of our stake in three non-strategic shopping centres has enabled us to satisfy the financing needs of our development pipeline over the coming years. We now have two developments due for inauguration in 2013, and we continue to look out for opportunistic investment propositions as we aim to further strengthen our portfolio in Brazil.

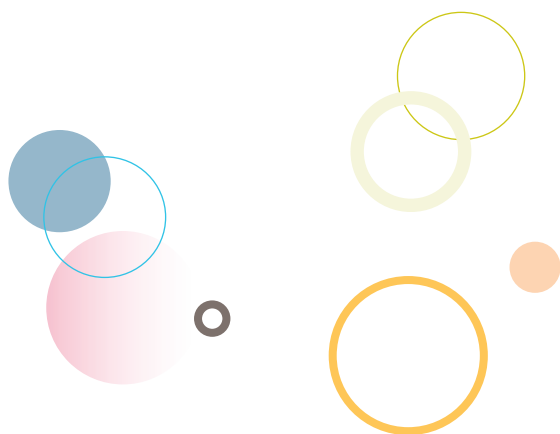
Short to medium term economic outlook and opportunities for growth

From an operational point of view, we expect 2013 to continue to be a challenging year in Europe. The immediate outlook for Portugal and Spain remains weak and we expect GDP to contract further in 2013 with government austerity measures and rising unemployment hitting consumer spending. Within these markets, we are witnessing a growing differentiation between valuations of primary and secondary retail properties. While this represents an investment opportunity, we expect limited prospects to recycle capital, which restricts our ability to reinvest. In Italy, we expect a small decrease in like-for-like tenant sales as negative GDP forecasts are likely to hit consumer confidence. Incipient investor demand for real estate assets should however improve pending the outcome of elections early in the year.

We remain more optimistic about growth prospects elsewhere in Europe, including Germany and Romania. In Germany, we expect to see continuing investor interest in retail assets and GDP growth will remain close to 1%, although the wider impact of austerity measures across the Eurozone has the potential to hit consumer spending. In Romania, we expect to see an uptake in consumer spending with GDP forecast to grow by 3% in 2013.

In Brazil, we expect inflation to remain under control so consumer spending should remain vigorous. On the other hand, we are experiencing upward pressure on land and construction costs due to the 2014 World Cup and the 2016 Olympic and Paralympic games. This has made it more difficult to ensure that risk returns reach the standards we would like. As such, we expect to see a slowdown in the pace of new development opportunities and will increase our focus on target acquisitions with development potential by recycling capital from the sale of assets we consider non-core.

Having long since decided to do business in a capital-light mode, it has been pleasing to see our continued success in becoming the A-Z service provider to third party property players in emergent markets in Northern Africa and Asia, as well as other EU countries like Croatia. Indeed, we have been very successful in Morocco and our recent joint venture in Algeria will result in revenue growth during 2013. We also hope to expand our capability into China, where we started operations in December, and other new emerging markets in the months ahead.



OPERATIONAL PERFORMANCE

Two new centres opened their doors

The impact of austerity measures and financial instability across the Eurozone for much of the year meant that access to capital and debt structured at sensible commercial rates continued to be adversely affected in 2012. This inevitably constrained the scale of our development pipeline and a number of projects remain on hold until economic conditions improve. Nevertheless, despite such constraints, we inaugurated two new shopping centres in 2012, representing a total investment value of €229 million:

- ✦ Le Terrazze in La Spezia, Italy, was inaugurated in March and brings our total number of shopping centres in the country to five. The shopping centre was developed as a 50/50 joint venture between Sonae Sierra and ING Real Estate. Its 38,455m² GLA hosts 102 shops offering a high quality tenant mix including 37 local businesses, as well as a fitness club and free covered parking for 2,000 cars. Le Terrazze was the world's first shopping centre to achieve joint ISO 14001 and OHSAS 18001 certification during its construction.
- ✦ Also in March, we inaugurated Uberlândia Shopping in Brazil, our 11th shopping centre in the country at that time. The centre's 45,300m² GLA features 218 shops, six of which are large dimension shops, 21 local tenants, 21 restaurants, a Walmart hypermarket and cinema. It also features a large parking lot with 2,400 parking spaces and a bicycle park connected to the city's urban bicycle path. Uberlândia Shopping was the first shopping centre in the Americas to achieve both ISO 14001 and OHSAS 18001 certification during construction.

A healthy development pipeline ahead

We continued with our development pipeline in markets that displayed strong growth throughout 2012, and where we believe such conditions will continue. We are completing construction on a further three shopping centres due to be inaugurated in 2013, two of which have been developed as joint venture agreements as part of our capital light strategy:

- ✦ In Germany, construction continued on Hofgarten Solingen in Solingen, a €120 million joint venture agreement with MAB Development. By the end of 2012, over 70% of its 29,000m² GLA was let. Although the site is small, it will serve a catchment area of 270,000 inhabitants in a city which is presently underserved, providing much needed retail space. Inauguration is due in October 2013.
- ✦ In Brazil, Boulevard Londrina Shopping, a joint development with Marco Zero Group, will have a total of 47,800m² GLA – 74% of which was already let by the end of 2012. It will serve a catchment area of more than 800,000 inhabitants and will feature 236 stores including many brands new to the city, in addition to a strong proportion of local tenants. It is estimated that the new shopping centre will create over 3,000 direct jobs and represents an investment of €88 million. Inauguration is due in May 2013.
- ✦ Also in Brazil, Passeio das Águas Shopping, in Goiânia, state capital of Goiás, will have 78,100m² GLA, serving a catchment area of more than 1.6 million inhabitants. This centre represents an investment of about €167 million, which will make Passeio das Águas Shopping the largest and most modern shopping centre of the region. Inauguration is due in October 2013.

During 2012 we also announced a joint venture agreement with Caelum Development to develop ParkLake in Bucharest, Romania. Construction is due to begin in 2014 and the centre will offer a high quality retail environment of around 200 shops only ten minutes from the city centre, serving a catchment area of more than half a million people. The project, which represents an investment of €185 million, has already signed contracts for 52% of its 67,000m² GLA, with a further 13% of the GLA in advanced negotiations by the end of 2012.

We believe sustainable real estate will deliver above average returns and outperform non-sustainable real estate over the medium to long term. From our experience, investors are increasingly aware of the importance that sustainability features represent when making investment decisions. While the translation of such features into a value premium has yet to be seen, what is becoming more evident is that investors will tend to penalise properties lacking such features because they are at greater risk of obsolescence. This places added emphasis on ensuring that we integrate safety, health and environmental management standards into our design and construction processes right from the inception of a project.



OPERATIONAL PERFORMANCE continued

Upgrading the quality of existing assets

Despite the lack of investor appetite in Europe, we remain focused on maintaining and improving the quality of our existing assets through refurbishment and expansion works. In 2012, we completed or commenced such works at several assets in our portfolio:

- + We completed the first stage of an entire refurbishment of Centro Comercial Continente de Portimão, a €3.5 million investment that will modernise and revitalise the interior of this important centre in the city of Portimão.
- + We finished a €1 million expansion project at GuimarãesShopping that will add over 1,200m² of GLA.
- + At CascaiShopping, we completed the second phase of the refurbishment of the centre's food court by replacing existing furniture. We have invested approximately €2.5 million in the project.
- + At AlgarveShopping, we started expansion works that will add approximately 3,000m² GLA to the centre, providing additional space to accommodate two new fashion anchor stores as well as six additional shop units. Works are due to be completed by May 2013.
- + We installed playgrounds at MaiaShopping, RioSul Shopping and LoureShopping to reinforce their positions as family focused destinations.
- + At Estação Viana Shopping and RioSul Shopping, we made a number of investments to refurbish and extend the food courts thus improving their appearance and comfort.
- + At Valle Real, we completed a re-anchoring process with Primark entering in late November.
- + At Plaza Mayor, we began a process to change the use of existing space, which will increase the retail offer by 7,000m² of GLA.
- + At Valecenter, we have invested €1 million to refurbish the underground car park.
- + At Shopping Metr pole, we completed an expansion and refurbishment project, including technical improvements, to the car park, and began expansion works for an onsite gym and additional retail units.

Delivering services to third parties

Providing third party services is a key aspect of our strategy to grow new income streams and increase know-how and experience in new and emerging markets. In 2012 we continued to make real progress in further growing this side of our business, by signing 27 new contracts with third parties totalling €8.9 million. These include 15 development and 12 property management and leasing contracts. In 2012, we took the significant step of launching our EMEA Services department to strengthen our service offer. The department is responsible for the sale and management of services to third parties in new markets in Europe, the Middle East and Africa, and also support the third party services provision in countries where we already operate. The department brings together the entire range of services we provide to offer clients a dedicated and coordinated service.

We now manage and/or lease more than 70 shopping centres in 12 countries. During the year we significantly strengthened our presence in North Africa:

- + We signed nine service contracts consolidating our position in Morocco, including three development contracts for shopping centres in Casablanca and one letting contract for a shopping centre in Tangier.
- + We entered Algeria with the formation of Sierra Cevital – a joint venture with Algerian group Cevital – signing seven new contracts: three for letting services, three for property management services and one for development services. Algeria presents considerable potential with 36 million inhabitants, 60% of which are under 30, and expected GDP growth of 3.4% in 2013.

A major highlight in the past twelve months is also the opening of our office in Shanghai, China, in order to provide development, letting and management services to third parties in this market.



Ana Guedes Oliveira
Director, Developments

"IN 2012 WE CONTINUED TO MAKE REAL PROGRESS IN FURTHER GROWING THIS SIDE OF OUR BUSINESS, BY SIGNING 27 NEW CONTRACTS WITH THIRD PARTIES TOTALLING €8.9 MILLION. THESE CONTRACTS SPAN ACROSS DEVELOPMENT, PROPERTY MANAGEMENT AND LEASING SERVICES."

OPERATIONAL PERFORMANCE continued

Delivering services to third parties (continued)

Entering new emerging markets as a service provider in a capital-light mode (before committing to direct investment) enables us to learn first-hand about the market characteristics and key risks and opportunities they present should we decide to invest when the economic climate improves.

While we aim to develop our services in all markets where we operate, we are targeting emerging markets where we see the greatest growth potential. We see significant opportunity to expand our services and are actively exploring new opportunities in emerging markets in North Africa, South America and also Asia. We are confident that we will be able to confirm new development and management contracts in 2013.

Portfolio under management

■ GLA (000 m²)
— Number of Contracts

2012		2,261 / 8,428
2011		2,234 / 8,495
2010		2,220 / 8,521
2009		2,284 / 8,924
2008		2,163 / 8,455
2007		2,183 / 8,162
2006		2,001 / 7,293

Rental income protected by stable occupancy levels and top quality assets

Our property management business continued to display exceptional resilience in 2012, maintaining strong performance in both tenant sales and rental income, despite falling consumer confidence in many markets which had a knock-on effect on tenant sales.

In Europe, the austerity measures implemented by governments have impacted consumer spending and contributed to a challenging operating environment for our European property management business. Although the year ended with a 4% decrease in tenant sales, including 7.1% and 8.2% decreases in Portugal and Spain respectively, our relative country performance against this indicator was broadly in line with our expectations and external benchmarks including the Eurostat Non-Food Consumer Retail Index (excluding fuel). Italy was our strongest performing market with sales increasing by 22.9% due to a one-off stimulus from the introduction of Sunday trading and the opening of Le Terrazze, while in Germany tenant sales were up by 0.1%.



Joao Correia de Sampaio
Director, Property Management
and Leasing

"WE WORK IN CLOSE PARTNERSHIP WITH OUR JOINT VENTURE PARTNERS AND TENANTS TO IMPROVE THE VALUE PROPOSITION OF OUR CENTRES AND DIFFERENTIATE THEM FROM THE COMPETITION. AS A RESULT, OUR SHOPPING CENTRES HAVE SHOWN A FAR GREATER RESILIENCE TO RETAIL MARKET DECLINES."

Across our European portfolio, occupancy rates remained strong at 96%, thanks, in part, to the concrete steps we have taken to support our tenants mainly in Portugal and Spain. Here, despite the economic conditions hitting retailers hard, we saw drops of less than 1% in the occupancy rate per country, which highlights the excellent quality of property management provided as well as the successful tenant mix in our shopping centres. Despite such downward trends in our European sales figures, we are very proud to have maintained relatively stable income streams from our rent roll, with the greatest falls being a 4% drop in Spain and Portugal. Overall, we experienced a year on year drop in rents across our European portfolio of 0.4%.

In Brazil, we are operating in a market that continues to display strong consumer sentiment on the back of rapid economic growth in recent years. Double digit increases in retail sales translated into a 14% sales growth across our portfolio thanks to low interest rates and sustained increases in the average net income of the population. We also saw a corresponding increase in rents of 10.3%. For the second year running, Manauara Shopping – located in the Northern city of Manaus – once again performed exceptionally well ranking as one of the best shopping centre in terms of sales. Another highlight was Shopping Metr pole that expanded in 2012 and rents per m² are some of the best in our portfolio.

The rapid growth in retail space in Brazil has meant that some smaller tenants lack the capacity and funding to take advantage of expansion opportunities. Despite this, in 2012 our occupancy rates remained relatively stable at 97%. Moreover, we managed to maintain high levels of tenant satisfaction which helped us secure space for our new developments. We believe our high quality portfolio will continue to ensure we stand out from our competitors and we have focused on strengthening the quality of our assets further by offering new entertainment and shopping experiences.

OPERATIONAL PERFORMANCE continued

Rental income protected by stable occupancy levels and top quality assets (continued)

Sales

	2012	2011	% 12/11 total like-for-like	
Portugal	2,015.8	2,170.9	-7.1%	-6.9%
Spain	771.1	839.6	-8.2%	-8.2%
Italy	380.6	309.6	22.9%	4.8%
Greece	12.5	14.8	-15.5%	-15.5%
Germany	501.6	501.0	0.1%	1.8%
Romania	18.6	16.8	10.7%	10.7%
Europe	3,700.2	3,852.7	-4.0%	-5.2%
Brazil (€)	1,780.3	1,709.3	4.2%	2.5%
Brazil (R\$)	4,524.5	3,969.4	14.0%	10.3%
Total Sonae Sierra	5,480.5	5,562.0	-1.5%	-2.9%

Sales in € million

Visits

	2012	2011	% 12/11 total like-for-like	
Portugal	176.1	184.9	-4.8%	-4.3%
Spain	71.4	73.9	-3.4%	-3.4%
Italy	28.0	22.1	27.1%	9.1%
Greece	1.7	1.6	4.9%	4.9%
Germany	34.9	38.1	-8.5%	-3.5%
Romania	6.2	4.8	28.8%	28.8%
Europe	318.3	325.5	-2.2%	-2.6%
Brazil (€)	107.3	102.5	4.6%	3.1%
Brazil (R\$)	107.3	102.5	4.6%	3.1%
Total Sonae Sierra	425.6	428.0	-0.6%	-1.3%

Visits in million

We take an active approach to understanding our tenants' businesses so as to develop a deep understanding of their needs. In the context of Europe, this has enabled us to remain well informed of their exposure to key market risks as they unfold. Our proactive management style leads us to monitor our tenants' approach and results in terms of sales strategy, marketing campaigns, customer service and competitor landscape, all of which has enabled us to advise and support them in their efforts to remain in business. In recent times, we have been working especially closely with those tenants that have the strongest business models to support them in enduring one of the worst recessions in memory.

It is in our best interests to retain our tenants in our centres, thereby maintaining high occupancy rates. In 2012 we introduced Flash Stores at 11 shopping centres in Portugal as part of an initiative to encourage innovation among our tenants while filling empty units. The concept provides attractive advantages for leases of up to six months, giving new and existing tenants a low-risk opportunity to develop and test new concepts while maintaining occupancy rates. We aim to roll out the initiative to other countries in 2013.

Average occupancy rate (% by GLA)

	2012	2011
Portugal	97	98
Spain	94	95
Italy	97	94
Germany	99	99
Greece	64	73
Romania	81	81
Europe	96	96
Brazil	97	99
Sonae Sierra	96	97

In the last 12 months we also continued our relentless drive to further reduce service charges by working with suppliers and tenants to identify operating efficiencies and reduce costs. Notable successes include savings by changing waste management suppliers in Portugal and by working closely with our escalator and lift supplier in Spain and Portugal.

Our centres are managed by specialist professionals who implement innovative solutions such as improving the tenant mix, prioritising customer service and creating sound marketing campaigns whilst taking a long-term sustainable approach.

The retail industry is changing rapidly and we believe that evolving consumer behaviours and e-commerce represent key opportunities for our own and our tenants' businesses. Research we conducted in 2011 suggests that some of the most significant trends amongst consumers worldwide include a move to Go Digital, Go Green and Go Healthy. Indeed, our research shows that, in the European geographies where we are present, up to 83% of Sonae Sierra's shopping centres' visitors are interested in and/or taking action on, social and environmental issues through their purchasing decisions. As a result, we are adopting a range of different strategies from simple online sales activation programs and loyalty clubs, to the introduction of new eco-brands in our tenant mix, and particularly in Europe, the reinforcement of services in the customer offer such as gyms, sports facilities and health services. We continue to believe that our sustainable approach significantly adds value to our customer proposition.

OPERATIONAL PERFORMANCE continued

Rental income protected by stable occupancy levels and top quality assets (continued)

In 2012 we re-evaluated our digital approach and mapped out a strategy to capture these opportunities by integrating and expanding our existing initiatives, such as installing Wi-Fi, mobile charging points and digital directories. We launched PromoFans®, a multi-channel promotions platform enabling tenants to build customer-loyalty and brand awareness by offering promotions via our shopping centres using a digital platform. Unique in Portugal, PromoFans® will enable us to capitalise on the growth of digital platforms use while helping to increase visitor traffic. We anticipate rolling out a similar initiative to all of our markets in due course.

We target best practice sustainability management across the asset lifecycle, from conception to operation. We also integrate specific investment initiatives into each shopping centre's Investment Plan to improve eco-efficiency, reduce risks and ensure that we maintain our reputation as sustainability leaders within our industry.

Rents

	Fixed Rents		Variable Rents		Total Rents		% 12/11 Rents	
	2012	2011	2012	2011	2012	2011	total	like-for-like
Portugal	180.5	187.7	3.4	4.3	184.0	191.9	-4.2%	-4.7%
Spain	60.2	62.7	1.3	2.2	61.5	64.9	-5.2%	-2.6%
Italy	31.7	24.5	1.3	1.0	33.0	25.5	29.3%	3.7%
Greece	1.5	1.5	0.1	0.1	1.6	1.6	-0.8%	-0.8%
Germany	46.4	44.0	2.5	2.1	48.9	46.2	5.9%	5.9%
Romania	1.5	1.6	0.0	0.0	1.6	1.6	-0.4%	-0.4%
Europe	321.9	321.9	8.7	9.8	330.6	331.7	-0.4%	-2.3%
Brazil (€)	94.5	92.3	10.2	9.9	104.6	102.1	2.4%	4.4%
Brazil (R\$)	236.2	214.2	25.4	23.0	261.6	237.2	10.3%	12.4%
Total Sonae Sierra	416.4	414.2	18.8	19.7	435.2	433.9	0.3%	-1.1%

Rents in € million

Investment market fundamentals

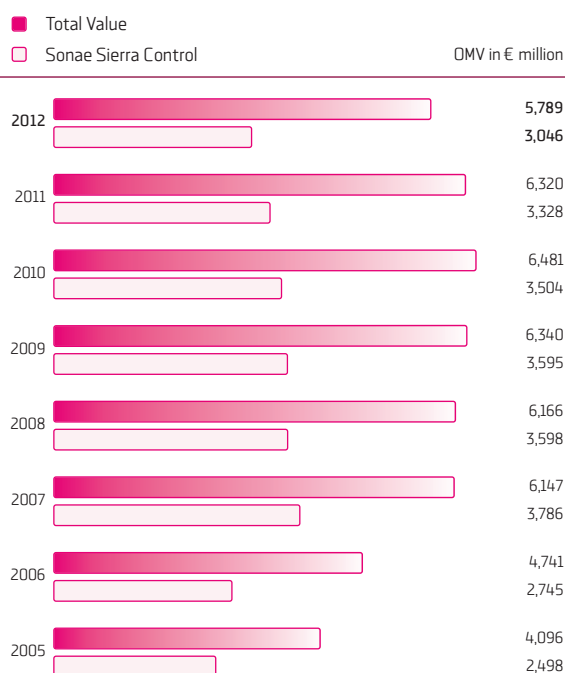
With up to 80% of our assets under management located in Europe, the economic climate impacted our indirect performance with yields moving out more than expected. We saw a 6.8% reduction in the value of our European portfolio, although yields expanded to different degrees between geographies and assets. For instance, in Portugal the value of our assets fell by 4.3% while in Spain they fell by 13.3%. The changes in Spain have been of a higher magnitude than other regions following a series of milder falls in previous years. In Italy we saw an increase due to the opening of Le Terrazze, while in Germany, by contrast, we saw a decrease due to the sale of Münster Arkaden. Behind these macro-trends we saw some uptake in investor demand for prime assets, while secondary assets have seen yields expand further. For example, yields between prime and secondary properties differed by up to 40 basis points in Portugal, whereas in Spain they differed by up to 80 basis points.

In all these markets, as in 2011, increased yields have adversely impacted the total Open Market Value (OMV) of our shopping centres and the indirect side of our profit and loss account. To counter and reduce the negative effect of yields expansion, we have increased the efficiency of the centres we manage, and we have implemented measures that allowed us to continue to deliver high quality services at lower costs.

In Brazil, on the other hand, property values in Reais continued to rise in 2012, mostly fuelled by the operational performance of our centres, the strong growth in the retail sector and the yield compression in the most important shopping centres.

Please note that, measured in Euros, the value of our Brazilian portfolio was adversely impacted due to the devaluation of the Real.

Open Market Value of Centres in Operation



OPERATIONAL PERFORMANCE continued

Successful disposals in Germany and Brazil

Throughout 2012, continuing illiquidity in capital markets across the Eurozone prevented our investments business from completing its programme of capital recycling initiatives – namely the sale of interests in certain properties in Europe. Until finance becomes more readily available, and at reasonable prices, we will continue to find innovative ways to raise capital and to rationalise costs and capital expenditure in operational shopping centres, so as to protect our cash flow.

Nevertheless, we did successfully dispose of a number of assets during the year. In November we sold our interest in Münster Arkaden in Germany and will remain responsible for the centre's management going forward.

We were also able to commence our capital recycling strategy in Brazil. Following our successful public offering in 2011, in 2012 we issued bonds raising 300 million Reais and sold minority stakes in Tivoli Shopping and Pátio Brasil Shopping, as well as our ownership stake in Shopping Penha. The three shopping centres represented about 81,000m² of owned GLA, around 20% of Sonae Sierra Brasil's total owned GLA, and all three properties were classified as non-core following the strategic assessment we conducted of our assets based on their long-term ability to generate value. Sonae Sierra will continue to provide management and leasing services for Shopping Penha and for Tivoli Shopping.

We also strengthened our portfolio in Brazil following the acquisition of an additional 9.5% share of Franca Shopping and the acquisition of an additional 30% of share of Shopping Plaza Sul. Sonae Sierra Brasil now owns 76.9% of Franca Shopping located in the city of Franca, São Paulo state, with 18,500m² of GLA and 105 shops. This transaction, coupled with the bonds issue and the sale of interests in three other shopping centres, reinforces Sonae Sierra Brasil's strategy to pursue opportunistic merger and acquisition opportunities.

Stable Fund activity

In addition to the direct ownership of some of our shopping centres, we co-own many others through investment funds launched in partnership with international investors.

In 2012, yield movements in Southern Europe had a direct result on our two funds: the Sierra Fund and the Sierra Portugal Fund. The Sierra Fund's performance mirrored that of our wider portfolio in Portugal, Spain, Italy and Germany where its assets are based, although its performance was boosted in 2012 as it was able to capitalise on high investor demand through the sale of Münster Arkaden. By contrast, the Sierra Portugal Fund fared slightly worse given that, on the one hand, it focuses solely on the Portuguese market, and on the other, it has a higher concentration of secondary assets. 2013 will mark a decision on the exit strategy for the Sierra Fund and we are currently in discussions with fund investors over different outcomes.

We will continue to target investment opportunities in European markets that have remained more resilient to the economic downturn, including Germany, where growth prospects for the shopping centre industry are likely to be more robust than in other Eurozone countries. However, in 2012 we decided to postpone the launch of the Sierra Fund III due to the diverging risk profile of its two target markets – Germany and Italy – and the impact this had on investor appetite for a single fund focused on both markets.



Jose Baeta Tomas
Director, Chief Executive Officer,
Sonae Sierra Brasil

"IN BRAZIL, WE STRENGTHENED OUR PRESENCE FOLLOWING THE INAUGURATION OF UBERLÂNDIA SHOPPING AND THE ACQUISITION OF AN ADDITIONAL 9.5% SHARE OF FRANCA SHOPPING. THIS TRANSACTION, COUPLED WITH THE BONDS ISSUE AND THE SALE OF INTERESTS IN THREE OTHER SHOPPING CENTRES, REINFORCES SONAE SIERRA BRASIL'S STRATEGY TO PURSUE OPPORTUNISTIC MERGER AND ACQUISITION OPPORTUNITIES."



Pedro Caupers
Director, Investment and
Asset Management

"IN GERMANY WE TOOK ADVANTAGE OF STRONG SENTIMENT AND COMPLETED THE SALE OF MÜNSTER ARKADEN IN GERMANY FOR APPROXIMATELY 14% ABOVE ITS CURRENT OMV, FOLLOWING A CONCERTED EFFORT TO IMPROVE THE TENANT MIX AND ACHIEVE FULL OCCUPANCY"

CONSOLIDATED ACCOUNTS

The following Financial Statements consolidate all the companies by the proportional method.

Sonae Sierra Consolidated Accounts

Profit & Loss Accounts

The Direct Net Profit reached €62.6 million which compares with €61.1 million in 2011, an increase of 2%. The Direct Income from Investments is in line with last year. The higher rental discounts and lower turnover rents in Europe are compensated by higher income in the Brazilian portfolio and the opening of Le Terrazze and Uberlândia Shopping. Sonae Sierra was successful in the implementation of its costs cutting efforts in all countries where the Company operates, thus maintaining its EBITDA higher than previous year (3%).

There is an increase in the Net Financial Costs mainly due to Le Terrazze and Uberlândia Shopping openings in 2012 and the consequent non capitalisation of costs in the investment and higher corporate debt in Brazil – debentures issued in early 2012.

Gains on Sales of Properties in 2012 are related with the net gain on sale of Münster Arkaden and the gain on sales in the Brazilian portfolio.

Impairment and Development funds at risk provision are higher than last year due to the write-off of Pantheon Plaza property and the change in the policy-provision of 100% of the assets at risk mainly in Greece and Romania.

The Value Created on Investment Properties is lower than in the same period of last year due to additional increases in yields in Europe: Portugal, Spain and Italy partially compensated by the small decrease in yields in Brazil.

Balance Sheet

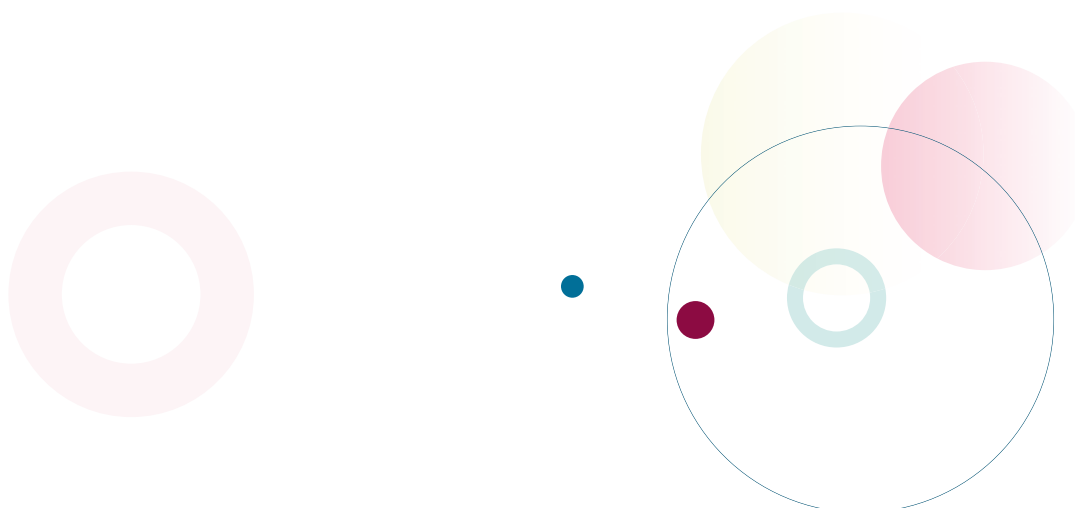
The Total Assets of the Company reached €2.4bn of which €2bn correspond to Investment Properties and €219mn are Properties under Development and Concessions.

The decrease in Investment Properties compared with 31 December 2011 is mainly explained by the sales of Münster Arkaden, Shopping Penha, Tivoli Shopping, Pátio Brasil and the adverse Foreign Exchange (FX) fluctuation in the Brazilian portfolio, partially compensated by the openings of Le Terrazze and Uberlândia Shopping.

Properties under Development are below 31 December 2011 mostly due to the openings of Le Terrazze and Uberlândia Shopping. These were partially compensated by the on-going investment in Hofgarten Solingen, Boulevard Londrina Shopping and Passeio das Águas Shopping.

The Net Worth as at 31 December 2012 is lower than that at 31 December 2011 due to the negative current year result, the dividends distributed in 2012, and the adverse variance in Translation Reserves namely due to depreciation of the Brazilian Real.

Bank Loans are lower when compared with 31 December 2011 mainly due to the Münster Arkaden sale, partially compensated by the new bond loan in Brazil and the normal increase in debt in the properties under development.



CONSOLIDATED ACCOUNTS continued

Sonae Sierra Consolidated Accounts (continued)

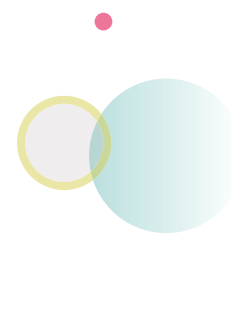
Consolidated Profit and Loss Account

(€000)	2012	2011PF*	2011	% 12/11PF
Direct Income from Investments	227,326	227,112	209,287	0%
Direct costs from investments	111,015	114,312	96,487	-3%
EBITDA	116,311	112,800	112,800	3%
Net financial costs	38,171	35,799	35,799	7%
Other non-recurrent income/cost	-2,552	-3,241	-3,241	21%
Direct profit before taxes	75,589	73,760	73,760	2%
Corporate tax	13,005	12,663	12,663	3%
Direct net profit	62,584	61,097	61,097	2%
Gains realised on sale of investments	6,991	-8,226	-8,226	185%
Impairment & Development funds at risk provision	-34,965	-6,977	-6,977	-
Value created on investments	-84,382	-33,741	-33,741	-150%
Indirect income	-112,356	-48,944	-48,944	-130%
Deferred tax	-3,891	2,405	2,405	-
Indirect net profit	-108,466	-51,349	-51,349	-111%
Net profit	-45,882	9,748	9,748	-

* Note: 2011PF – restatement of 2011 P&L account to include the full amount of Service Rendered – to Sierra centres and to third parties.

Consolidated Balance Sheet

(€000)	31 Dec 2012	31 Dec 2011	Var. (12 – 11)
Investment properties	1,933,026	2,058,594	-125,568
Properties under development and others	218,511	255,841	-37,330
Other assets	125,602	135,300	-9,698
Cash & Equivalents	153,260	113,798	39,462
Total assets	2,430,399	2,563,533	-133,134
Net worth	840,809	941,090	-100,281
Bank loans	1,059,613	1,107,428	-47,815
Deferred taxes	261,438	286,956	-25,518
Other liabilities	268,538	228,058	40,480
Net worth and liabilities	2,430,399	2,563,533	-133,134



CONSOLIDATED ACCOUNTS continued

Sonae Sierra Consolidated Accounts (continued)

Net Asset Value

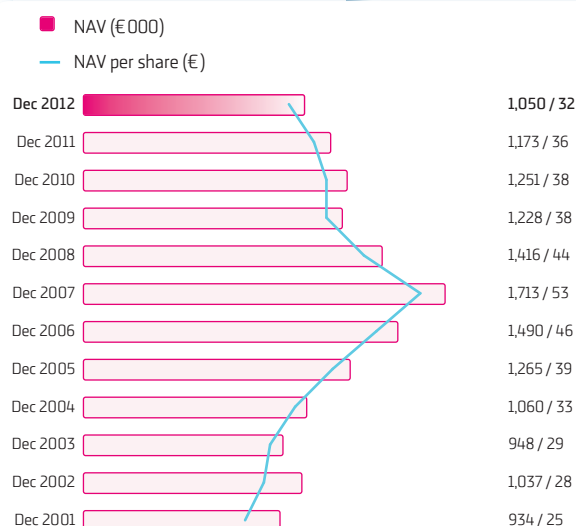
The Company measures its performance, in a first instance, on the basis of changes in Net Asset Value (NAV) plus dividends distributed. The Company calculates its NAV according to the guidelines published in 2007 by INREV (European Association for Investors in Non-listed Real Estate Vehicles), an association of which the Company is a member.

On the basis of this methodology, the NAV of Sonae Sierra, as of 31 December 2012, was €1,050 million compared with €1,173 million on 31 December 2011. The NAV per share of the properties attributed to the company is €32.29 against €36.07 recorded on 31 December 2011.

Net Asset Value (NAV)

(€000)	31 Dec 2012	31 Dec 2011
NAV as per the financial statements	840,809	941,090
Revaluation to fair value of developments	9,841	10,430
Deferred tax for properties	217,382	238,686
Goodwill related to deferred tax	-34,503	-36,073
Gross-up of Assets	16,443	18,765
NAV	1,049,972	1,172,899

Net Asset Value (NAV)



Ratios

Ratios

	31 Dec 2012	31 Dec 2011
Loan-to-value	42.9%	43.7%
Interest cover	2.60	2.82
Development ratio	12.4%	12.0%

The Loan-to-Value (LTV) is 42.9% favourably comparing with 43.7% in December 2011, a decrease that derives mostly from the sale of Münster Arkaden.

The lower gearing ratios results primarily from the cash not distributed to the shareholders in Europe.

The Interest Cover in December 2012 is 2.6, well above the Company's target of 2.

The Company also measures its exposure to the retail real estate development risk through the Development Ratio, by monitoring the weight of the funds already spent in all its committed and non-committed developments and those still to be spend in all its committed developments in relation to its total real estate portfolio (including the funds still to be spent in its committed projects).

The Development Ratio is higher than December 2011 due to the increase on investment in the Brazilian projects. Capital Employed is below 2011 mostly due to the sales in Germany along with the adverse Foreign Exchange (FX) fluctuation in the Brazilian portfolio partially compensated by the on-going investment in Hofgarten Solingen, Boulevard Londrina Shopping and Passeio das Águas Shopping.

Sierra Investments

Sierra Investments contributed negatively with €46.9 million to the Consolidated Net Profit of Sonae Sierra.

Direct Net Profits

The Direct Net Profits of Sierra Investments are derived from the operation of shopping and leisure centres that are part of its portfolio, including those assets that are in the Sierra Fund and in the Sierra Portugal Fund. The direct profits also include the asset management services provided to the properties by Sierra Asset Management.

Net Operating Income decreased 3% compared with last year, mainly explained by lower Asset Management Net Operating Income which depends of the valuations of the existing portfolio.

CONSOLIDATED ACCOUNTS continued

Sierra Investments (continued)

Indirect Net Profits

Indirect Net Profits arise either from the change in value of the investment properties or the realisation of capital gains on the sale of assets and/or shareholding positions.

The Indirect Result is €22.5 million below last year due to a high decrease in the value of the existing portfolio. Value Created in Investment Properties in 2012 was heavily penalised by the yield expansion in Portugal, Spain and Italy as a consequence of the economic crisis in Europe and due to the write-off of Pantheon Plaza property, despite the gain in 2012 on the Münster Arkaden sale.

Balance Sheet

The Investment Properties decreased its balance by €139 million when compared with 31 December 2011. This decrease is explained by the sales of Münster Arkaden and the value decrease of the portfolio in 2012, partially compensated by the opening of Le Terrazze.

Bank Loans are below those at December 2011 mainly due to the sale of Münster Arkaden.

Profit and Loss Account

(€000)	2012	2011PF*	2011	% 12/11PF
Retail Net Operating Margin	90,329	90,637	101,550	0%
Parking Net Operating Margin	1,522	1,478	1,478	3%
Cogeneration Net Operating Margin	220	508	508	-57%
Shopping Centre Net Operating Income	92,071	92,623	103,536	-1%
Asset Management Net Operating Income	5,603	7,693	1,881	-27%
Net Operating Income (NOI)	97,674	100,316	105,417	-3%
Net financial costs	37,403	36,331	36,331	3%
Other non-recurrent income/cost	-101	-707	-5,808	86%
Direct profit before taxes	60,170	63,279	63,279	-5%
Corporate tax	8,720	10,117	10,117	-14%
Direct net profit	51,449	53,162	53,162	-3%
Gains realised on sale of investments	3,627	-8,079	-8,079	145%
Value created on investments	-117,822	-76,302	-76,302	-54%
Indirect income	-114,195	-84,381	-84,381	-35%
Deferred tax	-15,849	-8,529	-8,529	-86%
Indirect net profit	-98,347	-75,852	-75,852	-30%
Net Profit	-46,897	-22,690	-22,690	-107%

* Note: 2011PF – restatement of 2011 P&L account to include the full amount of Service Rendered - to Sierra centres and to third parties.

Consolidated Balance Sheet

(€000)	31 Dec 2012	31 Dec 2011	Var. (12 - 11)
Investment properties & others	1,608,381	1,747,849	-139,469
Other assets	174,734	180,502	-5,768
Cash & Equivalents	81,635	45,976	35,659
Total assets	1,864,749	1,974,327	-109,578
Net worth	596,373	644,698	-48,325
Bank loans	881,214	947,275	-66,060
Deferred taxes	213,541	230,134	-16,593
Other liabilities	173,621	152,220	21,401
Net Worth and liabilities	1,864,749	1,974,327	-109,578

CONSOLIDATED ACCOUNTS continued

Sierra Developments

Sierra Developments contributed negatively with €40.1 million to the Consolidated Net Profit of Sonae Sierra.

The Development services rendered are lower than those provided during same period of last year mainly due to lower income from Sonae Sierra projects under development. However, higher Services Rendered to Third Parties partially compensated the total decrease under Development services rendered.

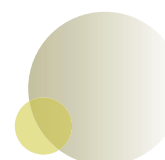
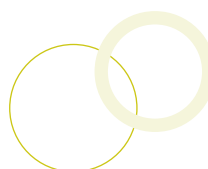
The figure presented in Value Created in Projects concerns the Asset@Risk provision booked in the Greek and Romanian projects.

Profit and Loss Account

(€000)	2012	2011	% 12/11
Project Development Services Rendered	5,628	5,932	-5%
Value created in projects	-25,542	-5,110	-400%
Operating Income	-19,914	821	-
Operating costs	19,029	23,942	-21%
Net Operating Income (NOI)	-38,942	-23,120	-68%
Net financial costs	283	912	-69%
Other non-recurrent income/cost	-196	-537	64%
Income tax	642	-7,778	108%
Net Profit	-40,063	-16,791	-139%

Consolidated Balance Sheet

(€000)	31 Dec 2012	31 Dec 2011	Var. (12 - 11)
Properties under development	148,748	187,888	-39,139
Other assets	85,019	70,690	14,329
Cash & Equivalents	8,127	7,244	883
Total assets	241,895	265,822	-23,927
Shareholder Funds	88,540	109,358	-20,818
Bank loans	17,334	40,570	-23,236
Deferred taxes	159	3,531	-3,372
Other liabilities	135,862	112,363	23,499
Net worth and liabilities	241,895	265,822	-23,927



CONSOLIDATED ACCOUNTS continued

Sierra Management

Sierra Management contributed with €4.5 million to the Consolidated Net Profit of Sonae Sierra.

Profit & Loss Accounts

The Total Income from Management Services increased by 5% versus the previous year consequence of the change in the Common Charges contracts and the Services Rendered to Third parties increase. However, the Net Operating Income decreased due to an increase in Personnel Costs.

Improvements on the financial and tax management sides have allowed a 2% growth of Sierra Management's Net Profit.

Balance Sheet

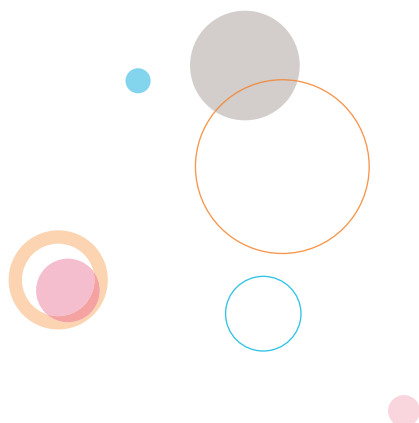
The Total Assets of €65.2 million correspond basically to short term loans to group companies and to rents not yet received.

Profit and Loss Account

(€000)	2012	2011	% 12/11
Total Income from Management Services	34,268	32,583	5%
Operating Costs	28,660	26,654	8%
Net Operating Income (NOI)	5,608	5,929	-5%
Net financial costs	-1,265	-1,009	-25%
Other non-recurrent income/cost	-369	-307	-20%
Income tax	1,979	2,208	-10%
Net Profit	4,524	4,424	2%

Consolidated Balance Sheet

(€000)	31 Dec 2012	31 Dec 2011	Var. (12 - 11)
Other assets	32,626	24,973	7,653
Cash & Equivalents	32,595	38,666	-6,071
Total assets	65,220	63,639	1,581
Net worth	18,551	14,027	4,524
Other liabilities	46,669	49,613	-2,943
Net Worth and liabilities	65,220	63,639	1,581



CONSOLIDATED ACCOUNTS continued

Sonae Sierra Brasil

Sonae Sierra Brasil contributed with a positive result of € 36.5 million to the Consolidated Net Profit of Sonae Sierra.

Profit & Loss Accounts

Net Operating Income has increased by 7% versus last year explained by the impact of the opening of Uberlândia Shopping and the increase in total rents due to superior sales of the existing portfolio.

Indirect Net Profit is lower than in the previous year due to the impact of the expansions in 2011 and the adverse FX variance.

The Gains realised on Sale of Investments correspond to the sales of Shopping Penha, Tivoli Shopping, Pátio Brasil and the Metrópole surplus land.

Balance Sheet

The Investment Properties reached € 388mn in December 2012, an increase of € 16 million when compared with 31 December 2011 explained by the opening of Uberlândia Shopping, the acquisition of Shopping Plaza Sul, the increase in the value of the existing properties partially offset by the sales described above and to the adverse FX variance.

The increase in Bank Loans corresponds to the new bond loan issued in early 2012 and the new debt in the projects under development.

Profit and Loss Account

(€000)	2012	2011	% 12/11
Retail Net Operating Margin	23,615	21,744	9%
Parking Net Operating Margin	3,237	3,301	-2%
Shopping Centre Net Operating Income	26,852	25,045	7%
Total Income from Services Rendered	6,280	5,910	6%
Overheads	8,338	7,803	7%
Net Operating Income (NOI)	24,794	23,152	7%
Net financial costs/(income)	1,750	-3,022	-
Other non-recurrent income/cost	-237	-220	-8%
Direct profit before taxes	22,806	25,953	-12%
Corporate tax	4,626	3,570	30%
Direct Profit	18,180	22,383	-19%
Gains realised on sale of investments	3,251	0	-
Value created on investments	24,752	39,630	-38%
Deferred tax	9,636	14,620	-34%
Indirect net profit	18,368	25,010	-27%
Net Profit	36,548	47,393	-23%

Consolidated Balance Sheet

(€000)	31 Dec 2012	31 Dec 2011	Var. (12 - 11)
Properties	388,473	372,776	15,697
Other assets	16,836	13,786	3,050
Cash & Equivalents	85,255	54,851	30,403
Total Assets	490,564	441,413	49,151
Net worth	316,526	323,778	-7,253
Bank loans	86,066	45,637	40,429
Deferred taxes	51,720	55,935	-4,215
Other liabilities	36,252	16,062	20,190
Net Worth and liabilities	490,564	441,413	49,151

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Alexa, Germany



Gli Orsi, Italy



Sonae Sierra is a pioneer in environmental management in the shopping centre sector.



LeiriaShopping, Portugal

ENVIRONMENTAL PERFORMANCE

As early as 1998 we had developed and approved our ambitious Environmental Policy, defined environmental requirements for inclusion in shopping centre's design specifications and developed our Environmental Management System (EMS).

Our shopping centres were the first in their countries to pilot environmental practices and technologies and our Company has received numerous international awards for demonstrable improvements in environmental performance. We have a robust system in place to monitor our environmental impacts and measure performance across all the sites where we operate. Improving our environmental performance across all our activities has benefitted our business in several ways. We have saved costs by making our operations more eco-efficient, enhanced our reputation, and begun to future proof our assets against natural resource shortages. Moreover, we are helping to lead our sector towards a more sustainable way of doing business: in 2012 our property funds were ranked 11th out of 443 globally, and first amongst a group of 17 peer retailers, by the Global Real Estate Sustainability (GRESB) benchmark.

THE ENVIRONMENTAL CONTEXT

Reducing energy use and tackling climate change

As specialist in shopping centre development, ownership, and management with properties in several geographies, we can – and must – play a significant part in increasing the energy efficiency of the buildings we operate, which are our main source of energy use. By increasing energy efficiency in buildings we can help manage greenhouse gas (GHG) emissions and contribute to tackling climate change.

Regulations on the energy consumption and GHG emissions of buildings are becoming more stringent across the globe, including in emerging markets which we may be expanding into. This means that high-energy consuming and carbon emitting buildings will be less desirable to investors and occupiers in the future. So by reducing the energy consumption and GHG emissions associated with our shopping centres we also aim to avoid costs and make our properties more attractive.

We are moving towards this objective (on the right) by seeking a maximum average electricity consumption of 400kWh per m² (mall and toilet area) per year across our shopping centres by 2020. We work with each of our centres to develop energy performance targets, and to design new centres which are energy efficient.

OUR OBJECTIVE IS TO ACHIEVE A 70% REDUCTION IN GHG EMISSIONS PER M² OF GLA BY 2020, AS MEASURED AGAINST A 2005 BASELINE.

We apply our Safety, Health and Environment Development Standards, which specify the use of energy efficient boilers, air conditioning units and other equipment such as lighting and appliances. We also require all Development Managers to consider the use of renewable and low-carbon technologies such as natural ventilation and Combined Heat and Power wherever possible during design. And we investigate opportunities for on-site generation of renewable energy at our shopping centres, as well as for procurement of green electricity through the grid.

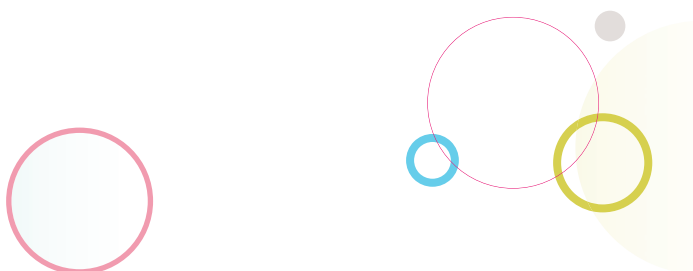
Aside from the energy used by the buildings themselves, we also seek to reduce the energy consumption and GHG emissions generated by associated activities, such as vehicle emissions produced by people visiting our shopping centres, or by staff travelling to and from work or on business trips. Most of our centres display public transport timetables, and have cycle storage facilities for tenants and visitors. We have Green Travel Plans aimed at improving the accessibility of our shopping centres by public transport, bicycle and foot.

Emissions are also produced by tenants occupying our centres, and we make efforts to advise and educate our tenants about saving energy and reducing GHGs from their activities.

Our construction contractors, too, can be big energy users. During initial construction, major refurbishments, or expansions, we make sure contractors strictly adhere to our Safety, Health and Environment Management System, which includes guidelines for monitoring energy consumption and achieving greater energy efficiency. We give preference to the use of demolition materials in construction, as well as materials sourced within a 500km distance of the site in question.

All of our activity on energy and climate change is guided by our climate change strategy, which was developed in 2006. This covers both our direct and indirect GHG emissions as set out in the guidelines of the GHG protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. We aim to develop and implement, by 2020, a long-term climate change adaptation strategy covering investment, development, management and corporate activities.

Outside of our own boundaries, we advocate strongly for our industry and other sectors to improve their practices on energy and climate change. In particular we support the 2°C Challenge Communiqué, signed in 2011, which calls for more global government action in this area.



THE ENVIRONMENTAL CONTEXT CONTINUED

Conserving freshwater

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, Spain and Greece.

By improving our water efficiency and avoiding water pollution, we can reduce our exposure to water scarcity risks and minimise our water footprint, which prepares us for potential future legislation and avoids costs. By making sure our water use is responsible, we not only help to maintain our supplies; we contribute to global efforts to properly manage this precious resource.

One of our key objectives in this area is to attain a level of water consumption at or below three litres per visit – aggregated across all our shopping centres – by 2020.

We use the global water tool developed by the World Business Council for Sustainable Development to identify new or existing shopping centres that are at risk of water stress or scarcity. When new projects are started or existing ones refurbished, our Safety, Health and Environmental Development Standards stipulate that water-intensive equipment such as water cooled chillers must be avoided, while at the same time taking into consideration the impact substitute equipment can have on other environmental impacts such as energy use.

We set requirements for water efficient sanitary equipment – such as sensor spray taps, waterless urinals and low flush toilets – and we require that all design and equipment specifications maximize the opportunities for water use reduction and water recycling. Where feasible, we also include rainwater harvesting and greywater recycling systems into new projects to reduce the need for freshwater or municipal water consumption, and by 2020, at least 10% of total water consumed at our shopping centres will be reused greywater or harvested rainwater. We have water meters in all our shopping centres, which allow us to identify unusually high patterns of usage, which will lead to new management measures.

It is also important to monitor and control water use in exterior areas of our centres. For this reason, our landscape projects must use efficient irrigation systems, and we minimise the planting of species that have high water demands.

Aside from using water efficiently, we make sure we are dealing properly with our wastewater. We have a wastewater quality standard that goes beyond existing legal requirements, and by 2020 we aim to ensure that all discharges to local watercourses comply with this standard. Our shopping centres have up to five separate wastewater collection systems, each allowing different types of wastewater to be reused or treated. During the design phase of a shopping centre we also incorporate measures that reduce pollution to local water sources: for instance by specifying that filter drains and porous paving must be fitted in external paved areas to prevent pollution from rainwater run-off. Stormwater management plans are agreed according to a site's characteristics, and we also place strict demands and controls on our contractors over the risk of water pollution from their construction activities.

We aim, by 2020, to have developed and implemented a long-term strategy to have a secure water supply, with a particular focus on locations that are vulnerable to water shortages.

Panthéon Plaza, Greece



LoureShopping, Portugal



THE ENVIRONMENTAL CONTEXT CONTINUED

Better waste management

The construction and running of shopping centres can generate large volumes of waste that, if not managed properly, ends up in landfill. Landfill 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.

Good waste management can reduce our impact on the environment, but it can also save us money – for instance through reduced landfill tax bills and disposal costs, or by cuts in consumption of raw materials. Additionally it ensures we are ready for more stringent regulation around the world when it comes. As waste management is increasingly heavily regulated, particularly in relation to restrictions on the use of landfill, no company can afford to be behind the curve in this area.

We want to encourage the people who use our shopping centres to reduce the waste they generate. If we do so we contribute to the general global effort to reduce, reuse, recycle, recover and responsibly dispose of waste, enhancing our reputation as a business that cares about the environment.

We take a progressive approach to waste management during construction work of shopping centres, and our contractors are required to report back to us the results of waste management plans that are agreed in advance. We are committed to designing-out waste produced during building work – for example through off-site pre-fabrication – and where possible we specify end-of-life recycling for building components, which is particularly relevant for our refurbishment activities.

Our Safety, Health and Environment Development Standards include a series of design requirements to maximise the waste separation potential of every shopping centre we develop.

Once a shopping centre is built and operational, most waste comes not from ourselves but from our tenants. However, we provide waste management services to our tenants, which means we can have a positive influence on their recycling rates and waste management practices – not just by investing in excellent waste separation services but by finding new waste disposal opportunities, such as on-site composting and incineration with energy recovery or by carrying out awareness raising activities.

We aim to progressively improve each shopping centre's waste recycling rate, and have set an objective to obtain a minimum average recycling rate of 55% (and a maximum average landfill rate of 30%), aggregated across all our shopping centres by 2020.

Protecting biodiversity and habitats

By far the most important reason for the unprecedented loss of biodiversity around the world in recent decades has been the destruction and alteration of habitats, so as a responsible citizen we need to play our part in avoiding this wherever possible. Our main impact on biodiversity results from the development of land, particularly when projects are built on un-developed 'greenfield' sites that are most likely to be rich in biodiversity or to perform valuable ecosystem services and functions.

As well as causing damage to biodiversity and habitats, development on ecologically sensitive sites can increase the likelihood of opposition from local communities to our shopping centres, resulting in expensive delays to, or rejections of, planning applications. It also increases the risk of fines due to pollution or litigation through environmental liability laws.

On the other hand, constructing on previously developed land and enhancing the ecological value of contaminated sites can bring benefits to the local economy, environment and community. This can increase support for new projects and enhance our reputation.

We strive to protect and enhance biodiversity on existing sites and new projects, and for these reasons we have set an objective to promote the use of previously developed land for new shopping centre projects and to protect and enhance biodiversity wherever possible.

Before land acquisition or any expansion of existing sites, we carry out evaluations to identify the potential biodiversity impacts of building work on the site and of the operation of the shopping centre afterwards. These evaluations identify mitigation measures that will help to preserve biodiversity and habitats, and we monitor the implementation of these over time.

Once work goes ahead, our Safety, Health and Environment Development Standards require that premium ecological features must be preserved throughout construction and integrated into the landscape design. All other relevant ecological features should be preserved to the greatest extent possible, with native flora used on all outdoor soft landscaping works. Exotic or non-indigenous plants are avoided, flat roofs are considered for planting, and preference is given to the use of 'green barriers' such as hedgerows rather than fences.

Once construction is completed, biodiversity impacts that may result from the day-to-day operations of our centres – such as waste disposal and water consumption – are monitored. We also seek to raise awareness of biodiversity through marketing events and other initiatives among shopping centre staff and visitors.

ENERGY AND CLIMATE

In 2012 we reduced our total carbon footprint by 6.6% compared with 2011. However, we did not meet our 2011 target to achieve a value of 0.0281 tonnes of GHG emissions per m² of GLA (GHG protocol scopes 1 and 2 and business air travel) by 2012. We have achieved an overall reduction of 49% since 2005, our baseline year. With these results, we are on track to meet our 70% reduction in GHG emissions per m² of GLA, by 2020.

Our total carbon footprint is composed of:



Le Terrazze, Italy



Leiria Shopping, Portugal



18,973 Tonnes CO₂e

Our direct (scope 1) emissions, which correspond to GHG emissions from sources owned or controlled by Sonae Sierra, such as the company car fleet, leaks of refrigerant gases from air-conditioning equipment, boilers and cogeneration plants.



73,808 Tonnes CO₂e

Our indirect (scope 2) emissions, which are GHG emissions that are generated as a result of Sonae Sierra's activities but are owned or controlled by another organisation, e.g., emissions produced by the electricity and heating and cooling which we purchase from energy companies.

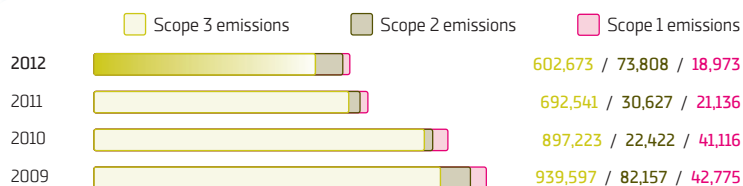


602,673 Tonnes CO₂e

Our other significant indirect (scope 3) emissions, which are GHG emissions associated with our activities which are also owned or controlled by another entity. The GHG emissions data which Sonae Sierra collects and reports for scope 3 covers emissions generated by: visitors' travel to and from shopping centres; staff commuting; business air and rail travel and hotel stays; waste produced in our shopping centres and in corporate offices and the treatment of wastewater generated by our shopping centres¹⁸.

We measure our carbon footprint in tonnes of CO₂ equivalent (tCO₂e).

Sonae Sierra's carbon footprint (Tonnes CO₂e)



Further references:

Historical data from earlier years is available on our corporate website at:
<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/energy-and-climate.aspx>

Data on scope 1, 2 and 3 GHG emissions by country is available in our Country CR Summary Report at:
<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

For more information regarding our scope 1, 2 and 3 emissions, including data qualifying notes, please see our response to GRI indicators EN16 and EN17 on [page 123](#).

¹⁸ Sonae Sierra is evaluating the new GHG protocol guidance for scope 3, and the possibility of covering other indirect emissions sources in the future. Currently it is not yet possible to set an implementation plan with specific targets and deadlines, but we aim to do that next year.

ENERGY AND CLIMATE CONTINUED

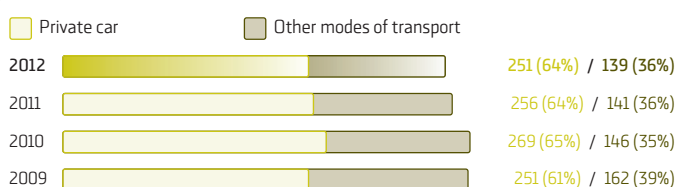
Tackling greenhouse gas emissions associated with visitors' travel

The most significant contribution to our carbon footprint is from visitors travel to our shopping centres. In 2012 visitors' travel accounted for 83% of our total carbon footprint, a 13% decrease compared to 2011.

Whilst we neither control our visitors' nor our employees' travel to and from our sites, we can seek to influence it. We have developed Green Travel Plans for 12 of our shopping centres and two corporate offices to promote the use of public and environmentally friendly transport. Some of the initiatives implemented as part of our Green Travel Plans have included creating bicycle parking areas; establishing walkways for pedestrians; cooperating with local authorities to create new bus routes or additional bus stops and organising green transport campaigns.

Number and percentage of visits made by private car and other modes of transport, to and from our shopping centres

(millions of visits)



Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the reporting period. Not all of our shopping centres performed Mall Tracking studies (which allow us to identify the number of visits made by private car) in 2012. In these cases, data from previous years' studies has been used. Uberlândia Shopping is excluded from this indicator since it didn't perform any study of this kind.



Further reference:

Historical data from earlier years is available on our corporate website at: <http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/energy-and-climate.aspx>

Reducing greenhouse gas emissions associated with energy consumption

We have more direct control over our scopes 1 and 2 emissions, which are associated with energy consumption in our operational shopping centres; corporate offices and by our company car fleet. Scope 1 emissions decreased by 10% in 2012 compared to 2011. 67% of these emissions are generated by the two cogeneration plants which we own at NorteShopping and MaiaShopping in Portugal. The remaining emissions are linked to the use of boilers at 18 shopping centres, our company car fleet, and coolant leakage from air-conditioning units. We ensure that all equipment is used and maintained adequately and we repair equipment producing abnormal leakage. We also procure more energy efficient boilers when they are renewed, which has allowed us to reduce our natural gas consumption.

Scope 2 emissions, driven by electricity and hot and cooled water use, increased by 141% in 2012 compared to 2011. This was due to the updating of electricity emissions factors and the inclusion of energy purchased on behalf of tenants.

ENERGY-EFFICIENT LIGHTING BRING MULTIPLE BENEFITS IN BRAZIL

Challenge

Our two shopping centres in Brazil – Parque D. Pedro Shopping and Franca Shopping – needed to make concerted efforts to reduce their energy consumption, not just to meet the company's environmental targets but to save money on operating costs. As part of these efforts, we introduced the E=mc² (energy = money, conservation, control) initiative which aims to reduce energy consumption at these two shopping centres.

Solution

During 2012, Parque D. Pedro Shopping invested approximately €126,000 (R\$315,000) replacing hundreds of ordinary 150W light bulbs with 56W LED equivalents throughout the centre. At Franca Shopping, adjustments included changes to lighting timer controls, better use of natural light in the food court, reduced lighting at night-time, and daily monitoring of energy consumption to identify hotspots.

Results

At Parque D. Pedro Shopping, the changes have reduced the centre's annual electricity consumption by 118,000kWh. As an added benefit, the LED lights are much less likely to overheat or short circuit, reducing fire risks. Because they need less maintenance, there is also greatly reduced use of the centre's elevation platform to lift maintenance workers up to light fittings – which reduces the risk of accidents. LED lights are now being installed in the shopping centre's entrance and parking areas.

At Franca Shopping, annual electricity consumption has been reduced by 172,000kWh. Work will continue throughout 2013 with the installation of energy meters and changes to the illumination of posters in the centre's car park.

Overall estimated savings for both shopping centres was approximately €110,000 (R\$275,000) in 2012 alone. The investment cost of work at Parque D. Pedro Shopping will be recovered in 16 months, and at Franca Shopping it paid for itself in just 18 days.



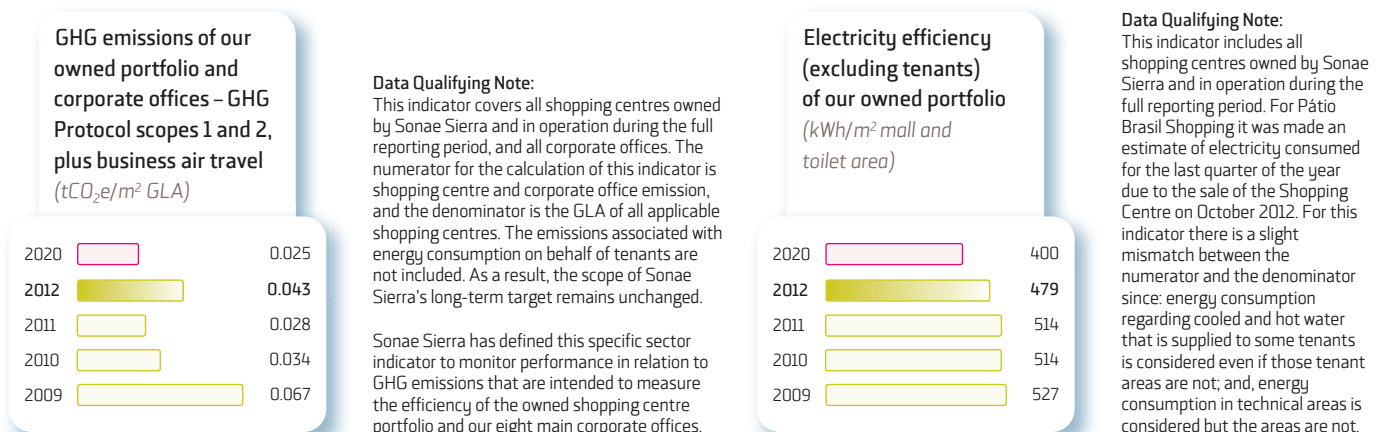
ENERGY AND CLIMATE CONTINUED

Measuring the energy and carbon efficiency of our business activities

Measuring our GHG emissions and our electricity consumption in relation to our portfolio size gives us a more accurate indicator of whether our operations are becoming more energy and carbon efficient. We do this using the following two key performance indicators, with respect to which we have set long-term objectives:

- + GHG emissions of our owned portfolio and corporate offices, as tonnes of CO₂e divided by m² of GLA in shopping centres and by m² of offices. This indicator includes our scopes 1 and 2 emissions and emissions associated with business air travel (part of scope 3); i.e., the GHG emissions which we are able to control.
- + Electricity efficiency (excluding tenants) of our owned portfolio, as kWh divided by the mall and toilet area of our shopping centres. This reflects the electricity efficiency of the areas within our buildings which we have direct control over. We have focused on monitoring our electricity efficiency (rather than energy efficiency) as this is easier for us to accurately measure without including tenants' consumptions and accounts for the largest part of energy use in landlord-controlled areas.

We also measure GHG emissions (scope 1 and 2 emissions and emissions associated with waste and wastewater) of our owned portfolio divided by m² of mall and toilet area. In 2012, our first year reporting, this was 0.214 tCO₂e/m² mall and toilet area.



In terms of electricity efficiency, we achieved an average electricity consumption of 479kWh per m², meaning we exceeded our target of 509kWh per m². Our performance represents a 6.8% decrease from 2011.



Further references:

Historical data from earlier years is available on our corporate website at:
<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/energy-and-climate.aspx>

Data on our GHG emissions and electricity efficiency by country is available in our Country CR Summary Report at:
<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

SINCE 2002, WE HAVE REDUCED OUR SHOPPING CENTRES' ELECTRICITY CONSUMPTION PER M² BY 35%. THE ELECTRICITY EFFICIENCY MEASURES WHICH WE HAVE INTRODUCED SINCE THEN HAVE ENABLED US TO AVOID IN 2012 THE CONSUMPTION OF AN ADDITIONAL 123 MILLION KWH OF ELECTRICITY, WHICH IS EQUIVALENT TO OVER €14 MILLION IN ENERGY COSTS.

ENERGY AND CLIMATE CONTINUED

Measuring the energy and carbon efficiency of our business activities (continued)

Our centres in Brazil and Germany are the highest electricity consumers, with an average consumption of 570kWh per m² and 545kWh per m² respectively. Our Italian and Portuguese portfolios are also high consumers, with average consumptions of 535kWh per m² and 503kWh per m² respectively. Overall, our Portuguese and Greek portfolios demonstrated the biggest improvements of 10.8% and 9.7% respectively. The largest reduction (33%) took place at Centro Colombo in Portugal following the sale of the centre's cogeneration plant.

We also monitor the electricity efficiency of our corporate offices and our construction projects, although we have less direct control over the measures which can be implemented to improve energy efficiency on these sites. Electricity consumption per m² in our corporate offices decreased by 17% in comparison with 2011.

Electricity efficiency in corporate offices (kWh/m²)

2012	<div></div>	137
2011	<div></div>	166
2010	<div></div>	153
2009	<div></div>	146

Data Qualifying Note:

This indicator includes all corporate offices. Lisbon Office, in Portugal, and Madrid Office, in Spain, changed their locations in November 2012, introducing slight differences in the m² considered in calculations for these offices.

Construction electricity indicator on completed projects (kWh/€000 construction cost, completed projects)

Centro Comercial Continente de Portimão	<div></div>	13.7
Le Terrazze	<div></div>	9.0
Uberlândia Shopping	<div></div>	18.2

Data Qualifying Note:

This indicator includes all major development projects completed within the reporting period. The values reported are indicative of the quantity of electricity consumed during construction on these projects. The indicator is calculated for each project by dividing the total electricity consumed on the construction site by the total construction cost of the project. Electricity consumption is monitored and recorded on a monthly basis at each project, from the start to the completion of the works.

Reaping the rewards of greater energy efficiency in shopping centres

Improving the energy efficiency of our operations continues to be an important strategy which can help us to reduce costs; an imperative in the current challenging economic situation.

We have performed energy audits across all of the shopping centres which we have owned for two or more years and in 2012 we implemented the recommendations of the energy audits carried out at 7 shopping centres as well, as a range of other energy saving measures, corresponding to a total investment of around € 281,000. These included:

Energy conservation action

	Annual kWh saving	Annual kgCO ₂ avoided
Replacing lights with more efficient LED at shopping centres in Portugal, Spain, Italy and Brazil	661,667	241,239
Installing automatic sensors for the lights in the emergence stairs at Centro Colombo	41,667	18,400
Installing variable speed drives in the HVAC system at GranCasa	163,889	42,597
Improving management practices to optimise the use of lighting and HVAC operating hours at shopping centres in Portugal, Spain, Italy, Germany and Brazil	3,632,778	295,820

For a full list of energy conservation actions implemented in our shopping centres, corporate offices and on completed development projects in 2012, see [page 120](#).

ENERGY AND CLIMATE CONTINUED

Promoting the use of renewable energy in shopping centres

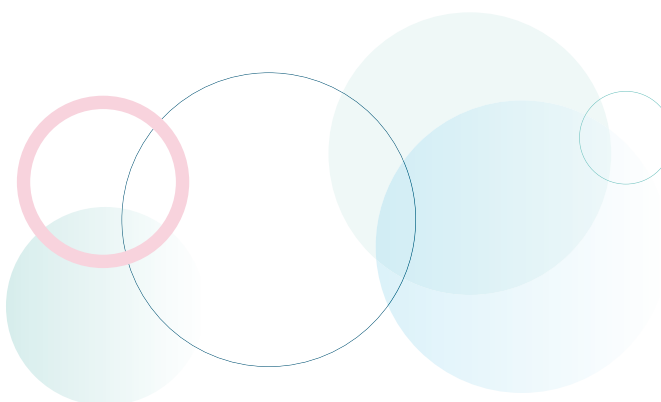
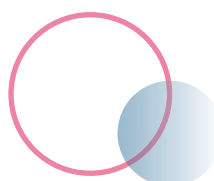
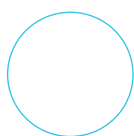
We prioritise energy suppliers which generate electricity based on renewable energy wherever economically feasible. Almost all our shopping centres in Portugal and Spain, and all of those in Germany now have electricity contracts in place which have low CO₂ emissions factors per kWh.

We also evaluate options for generating renewable energy on site on new projects and on existing shopping centre sites where economic conditions (such as Feed-in Tariffs in Europe¹⁹) are favourable. Different options are available to produce electricity or heat on site including wind turbines, solar and photovoltaic panels, combined heat and power (CHP) and geo-thermal energy, but chosen sites need to fulfil certain characteristics for these technologies to be feasible. Moreover, the costs and benefits associated with each option needs to be carefully weighed up to ensure they are financially viable for our business.

Manauara Shopping in Brazil generates part of the energy it consumes using solar energy systems on site. At 8ª Avenida in Portugal and Uberlândia Shopping in Brazil, the energy from solar panels covering the centres' roofs are used to provide hot water in restrooms.

At Loop5 in Germany, over 2,800 photovoltaic panels on the shopping centre's roof produce 600,000kWh of electricity annually which is fed into the energy grid, thereby adding renewable energy to the regional energy mix and avoiding 300 tonnes of CO₂ a year. Sonae Sierra benefits from an annual rental income for the roof space making the agreement beneficial to us financially as well as being beneficial to the environment.

For more on our approach to managing energy, see [page 115](#).



¹⁹ Feed-in Tariffs are a scheme set up by many governments in Europe to promote small-scale generation of renewable energy. They involve giving payments to energy users (households, commercial property owners, etc.) for the renewable electricity that they generate.

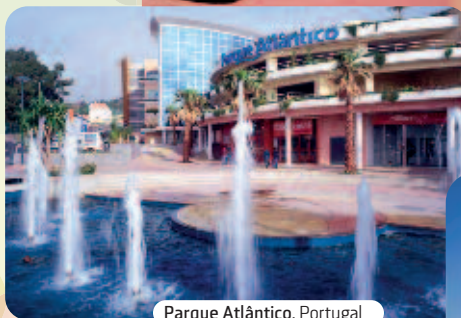


In 2012, our shopping centres consumed 3.6 litres per visit meaning we met our target of 3.63 litres per visit. We remain on track to meet our objective to attain a level of water consumption at or below three litres per visit by 2020.

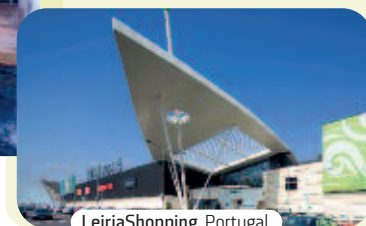
We also monitor the building water intensity of our shopping centre portfolio based on total water consumption (including water purchased on behalf of tenants) in litres per visit. Based on this indicator, the average building water intensity across our portfolio in 2012 was 6.3 litres per visit. See [page 122](#) for more information.



Le Terrazze, Italy



Parque Atlântico, Portugal



LeiriaShopping, Portugal

Water efficiency (excluding tenants) of the owned portfolio (litres/visit)

2020	<div></div>	3.0
2012	<div></div>	3.6
2011	<div></div>	3.7
2010	<div></div>	3.7
2009	<div></div>	3.8

Data Qualifying Note:
This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period. The indicator refers to the water consumed at our shopping centres (excluding tenants), divided by the number of visits made during the reporting period. For Pátio Brasil Shopping, water consumption was estimated for the last quarter of the year due to the sale of the shopping centre in October 2012.

SINCE 2002, WE HAVE REDUCED SHOPPING CENTRES' WATER USE PER VISIT BY 15%. THE WATER EFFICIENCY MEASURES WHICH WE HAVE INTRODUCED SINCE 2003 ENABLED US TO AVOID, IN 2012, THE CONSUMPTION OF 242 MILLION LITRES OF WATER, WHICH IS EQUIVALENT TO €458,400 IN COSTS.



Further references:

Historical data from earlier years is available on our corporate website at:
<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/water.aspx>

Data on our water efficiency by country is available in our Country CR Summary Report at:
<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

WATER CONTINUED

We also monitor the water efficiency of our corporate offices and our construction projects, although we have less direct control over water efficiency improvements at these sites. In our corporate offices, we achieved a value of 7,457 litres per worker.

Water efficiency in corporate offices (litres/worker)

2012		7,457
2011		8,585
2010		6,948
2009		5,925

Data Qualifying Note:

This indicator includes the water consumed at each office during the full reporting period divided by the number of workers at each office (direct employees and supervised workers). Data was recalculated since 2009 in order to exclude independent workers. Moreover, the Lisbon office was included in 2011 data (previously it was excluded). For 2012, data from the Maia corporate office in Portugal is not included because the toilets are shared with other Sonae companies and no individual meter reading is available, nor for the two kitchenettes used by Sonae Sierra staff. Data for the Milan and São Paulo offices is also not included because these offices do not have water meters. Water consumption costs are included as a fixed value in the condominium expenses. The Lisbon office changed its location in mid-November 2012 so water consumption for December is not known (in the new office, water consumption costs are also included as a fixed price in the condominium expenses).

Construction water indicator ($m^3/\text{€}000$ construction cost) on completed projects

Centro Comercial Continente de Portimão		0.02
Le Terrazze		0.23
Uberlândia Shopping		0.45

Data Qualifying Note:

This indicator includes all major development projects completed within the reporting period. The values reported are indicative of the quantity of water consumed during construction on these projects. This indicator is calculated for each project by dividing the total water consumed at the construction site by the total construction cost of the project. Water consumption is monitored and recorded on a monthly basis at each project, from the start to the completion of the development works.

Designing and operating water efficient buildings

We aim to reduce the proportion of water withdrawn from municipal supplies and increase our use of water from other sources, such as harvested rainwater, groundwater and treated wastewater. In 2012, our shopping centres consumed a total of 1,389,921m³ of water. At least 68% of our shopping centres' water consumption was withdrawn from municipal water supplies and at least 19% was supplied by groundwater and rainwater collected by our shopping centres. For full data, please see [page 121](#).

Percentage and total volume of water recycled and reused (excluding water allocated to tenants) ($m^3/\%$)

2020		10
2012		89,375 / 6.4
2011		75,500 / 5.8
2010		61,862 / 4.3
2009		66,927 / 4.6

Data Qualifying Note:

The shopping centres which are contributing to water recycled/reused (excluding water reallocated to tenants) are: ArrábidaShopping, CascaShopping, Centro Colombo, CoimbraShopping, GaiaShopping, LoureShopping (Portugal); Parque D. Pedro Shopping (Brazil); Gli Orsi, Freccia Rossa (Italy); and Alexa (Germany). This indicator is determined by the following formula: (Water reused/recycled (m^3)/Total water withdrawal (excluding tenants (m^3))*100. Pantheon Plaza in Greece, Dos Mares in Spain, Valecenter in Italy, 8ª Avenida and LeiriaShopping in Portugal have water reuse systems in place but are not currently able to measure the real amount of water reused. Since last year, Shopping Penha and Shopping Plaza Sul in Brazil no longer have operational water reuse systems due to technical problems.



Further references:

Historical data from earlier years is available on our corporate website at:
<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/water.aspx>

Data on our total water withdrawal by country is available in our Country CR Summary Report at:
<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

WATER CONTINUED

Designing and operating water efficient buildings (continued)

REDUCING WATER USE THROUGH LANDSCAPING

Challenge

As part of our aim to reduce overall water consumption, we were keen to minimise the need for watering of landscaped areas at our new Le Terrazze shopping centre in Italy while maintaining their attractiveness and functionality.

Solution

We investigated the use of plants that were well adapted to the local Mediterranean climate and which were therefore likely to have much lower water consumption. We identified a number of native trees that were ideal for the site – including Stone Pine and Holly Oak – plus some from other areas, such as the French Tamarisk and the Greek Strawberry Tree, that were well suited to the environment.

Results

100% of all plants used for landscaping at Le Terrazze were well adapted to local conditions, and this allowed us to install an ultra-low volume irrigation system that uses the minimum amount of water possible. Aside from saving water in a water-stressed area, the landscaping is in keeping with surrounding vegetation, is attractive, and has increased the ecological value of the site due to its use of native trees suited to local wildlife.

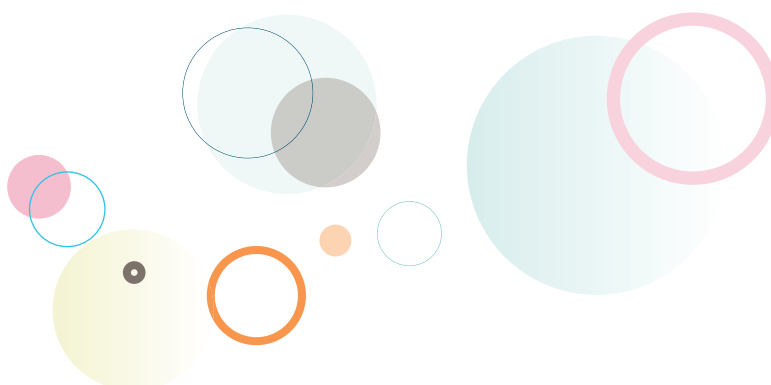


Investment in shopping centres' water efficiency pays off

We invested a total of around €91,140 in water efficiency improvements at our shopping centres in operation focusing on centres located in areas of water scarcity according to the WBCSD Global Water Tool. Based on an analysis of our owned shopping centres and development projects against the Tool, we have identified one shopping centre in an area of 'extreme scarcity' relative to the annual renewable water supply per person and 'extreme stress' according to the mean annual relative water stress index. A further five shopping centres are located in areas of 'high scarcity' and two are located in areas of 'medium scarcity'. 35 shopping centres are located in areas where the water supply per person is 'sufficient' or 'abundant'. For four centres no data was available. With respect to our development portfolio, one out of ten projects is located in an area of 'extreme scarcity' relative to the annual renewable water supply per person and two are located in areas of 'medium scarcity'. All other projects are located in areas where the water supply per person is 'sufficient'.

We conduct regular water audits at our shopping centres to analyse water use and identify opportunities to improve their performance. The audits set out recommendations to improve a shopping centre's water use. For example, following an audit in 2011, Loop5 in Germany developed a four-year plan to implement the audits findings. Some of the recommendations included recalibrating water meters and improvements to water pumps.

In 2012 we continued our efforts to cut our water use, targeting improvements at ten shopping centres in Portugal, Spain and Brazil through water efficient technologies and improved metering and leak detection. More accurate and detailed metering allows us to develop a much deeper understanding of our shopping centre's water uses. For example, at Alexa shopping centre in Germany, replacing water meters with smart meters improve leak detection and facilitated remote monitoring allowing us raise employee and tenant awareness of their water use.



WATER CONTINUED

Investment in shopping centres' water efficiency pays off (continued)

In shopping centres, a significant amount of water is used in toilet areas and for irrigation purposes and we implemented a range of actions to reduce water consumption in WCs and irrigation specifically focusing on improving the water efficiency of fixtures and fittings. For example:

- ✦ At GaiaShopping, we installed 16 waterless urinals and 18 dual flush toilets in response to the recommendations of the water audit carried out at this centre saving 2,654m³ of water. The centres water efficiency improved from 2.4 litres per visit in 2011 to 2.1 litres per visit in 2012, generating savings of €6,635.
- ✦ At BoavistaShopping in Brazil, we installed aerators in 76 taps in the centre's public toilets which reduced the flow rate of these taps from 0,77m³/h to 0,36m³/h and its total water consumption reduced by 3% between 2011 and 2012.
- ✦ At Franca Shopping, we installed two automatic taps near the food court and introduced daily monitoring of water meters in common areas. These measures, coupled with repairing a leak in the centre's reservoir, meant the centre achieved a reduction in total water consumption of 6% between 2011 and 2012. Its water efficiency improved 2.70 litres per visit in 2011 to 2.45 litres per visit in 2012 generating savings of €7,359 (18,400 Reais).

For a full list of water efficiency actions implemented in our shopping centres and on completed development projects in 2012, see [page 126](#).

Increasing the reuse of water on our sites

In 2012 we continued our efforts to install water reuse and recycling systems. In total, ten Sonae Sierra shopping centres have rainwater harvesting systems in place; 20 are harvesting groundwater and seven are reusing water from their cooling towers. Cooling towers and air conditioning systems are a large consumer of water but through processes such as 'reverse osmosis' it is possible to treat and reuse that water.

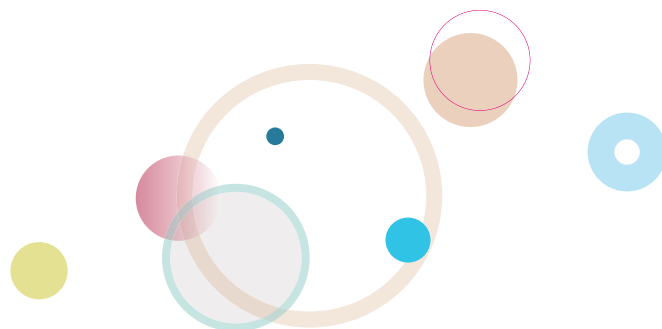
Following a feasibility study at Uberlândia Shopping in Brazil, we installed three 1,000 litre water tanks to collect rainwater run-off from the shopping centre's roof. Rainwater is directed into the tanks and it undergoes physical and chemical filtering to remove solid waste and disinfection before being used in the centre's WC's, cooling towers and the automatic irrigation system.

In 2012 we conducted a study into the feasibility of using rainwater harvesting at Valecenter and Loop5. In both shopping centres, the feasibility study gave a positive outcome. In the case of Loop5, for example, it was estimated that between 7,500m³ and 9,500m³ of water could be saved. Installation is planned for both shopping centres in 2013.

Avoiding Water Pollution

We study the quality of wastewater emitted by every shopping centre we own and manage, and compare the results with thresholds set by our SHEMS and current regulations. In 2012 we took steps to ensure that discharges to water courses comply with Sonae Sierra's wastewater quality standards and pollutant limits at 14 shopping centres in Portugal, Brazil, Germany and Romania following a 2011 analysis that identified parameters which regularly exceeded the limits set (oils and fats for instance). We will build on this work in future years to ensure that all discharges to local water courses and sewers comply with our quality standards and are well within legal thresholds.

For more on our approach to managing water impacts, see [page 115](#).





In 2012, our shopping centres and corporate offices combined generated a total of 44,523 tonnes of waste, of which 12,701 tonnes (29%) were disposed of in landfill. The remaining tonnes were disposed of principally through recycling, composting, incineration with energy recovery and anaerobic digestion.

Our completed construction projects generated a total of 16,747 tonnes of waste, of which 378 tonnes (2.26%) were disposed of in landfill and the remaining tonnes were disposed of through reuse and recycling; hazardous waste treatment; waste composting and incineration with energy recovery.



Centro Vasco da Gama, Portugal



GaiaShopping, Portugal

Total weight of waste by type and disposal method

Disposal Method	Shopping Centres and Corporate Offices (tonnes)			
	Hazardous waste	Non-hazardous waste	Total	
Anaerobic Digestion	–	1,641	1,641	3.7%
Composting	–	5,831	5,831	13.1%
Incineration with energy recovery	2	6,581	6,583	14.8%
Incineration without energy recovery	1	204	205	0.5%
Landfill	1	12,700	12,701	28.5%
Recycling	158	17,051	17,209	38.7%
Reuse	–	67	67	0.2%
Treatment/Elimination	27	259	286	0.6%
Total	189	44,334	44,523	100%

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period and all corporate offices. For Pátio Brasil Shopping we estimated the amount of waste produced for the last quarter of the year due to the sale of the shopping centre in October 2012.



Further references:

Historical data from earlier years is available on our corporate website at:

<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/waste.aspx>

Data on our total weight of waste by country is available in our Country CR Summary Report at:

<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

WASTE CONTINUED

Tackling waste on our construction sites

Our construction sites can generate significant quantities of waste. Construction and demolition waste is one of the heaviest and most voluminous waste streams and its disposal in landfill can result in significant harmful impacts for the natural environment. We have set an objective to maintain high performance in terms of waste recycling on construction projects and to increase the proportion of construction materials used which have a recycled content.

In 2012, we applied our waste management practices on all projects under construction and achieved a recycling rate of at least 96% for completed projects, meaning we met our target of 85%.

Total waste recycled as a proportion of waste produced (% by weight, on completed projects)

Centro Comercial Continente de Portimão	<div><div></div></div>	99
Le Terrazze	<div><div></div></div>	100
Uberlândia Shopping	<div><div></div></div>	96

Data Qualifying Note:

This indicator includes all major development projects completed within the reporting period. The construction recycling indicator is calculated for each major individual project completed during 2012. The indicator covers waste recycling for the whole of the construction period. It includes waste that is recycled, recovered and reused.

Increasing our shopping centres' recycling rates reduces costs

In 2012, our shopping centres achieved a global recycling rate of 55%, compared with 53% in 2011, meaning we exceeded our target to achieve a minimum recycling rate of 53.4% and met our 2020 objective.

We also reduced the rate of waste sent to landfill from 36% in 2011 to 29% in 2012, meaning we met our 2012 target to ensure that the proportion of waste sent to landfill does not exceed 36.3%. We have also already met our 2020 objective to ensure it does not exceed 30%.

The overall increase in the recycling rate in 2012 was achieved mainly by increasing our efforts to raise tenants' awareness; optimise the allocation of personnel involved in waste management; improve waste collection facilities and improve local waste management practices in localities that allowed us to introduce more waste segregation streams in some centres.

SINCE 2002, WE HAVE INCREASED THE PROPORTION OF SHOPPING CENTRES' WASTE THAT IS RECYCLED BY 197%. INCREASING RECYCLING RATES HAS ENABLED US TO DIVERT 16,315 TONNES OF WASTE FROM LANDFILL OR INCINERATION, SAVING €2.3 MILLION IN COSTS IN 2012.

Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio)

2020	<div><div></div></div>	55
2012	<div><div></div></div>	55
2011	<div><div></div></div>	53
2010	<div><div></div></div>	51
2009	<div><div></div></div>	46

Proportion of waste that is sent to landfill (% by weight, across our owned portfolio)

2020	<div><div></div></div>	30
2012	<div><div></div></div>	29
2011	<div><div></div></div>	36
2010	<div><div></div></div>	39
2009	<div><div></div></div>	42

Data Qualifying Note:

These indicators include all shopping centres owned by Sonae Sierra and in operation during the full reporting period. For Pátio Brasil Shopping, waste production was estimated for the last quarter of the year due to the sale of the shopping centre in October 2012. Total waste recycled includes waste from the following disposal methods: Recycling, Anaerobic Digestion and Composting.



Further references:

Historical data from earlier years is available on our corporate website at:

<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/waste.aspx>

Data on our waste recycling rates by country is available in our Country CR Summary Report at:

<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

WASTE CONTINUED

Increasing our shopping centres' recycling rates reduces costs (continued)



CUTTING WASTE AT FRANCA SHOPPING

Challenge

Recycling and reducing waste are important aspects of responsible waste management, but we understand that we have a shared responsibility with our tenants to ensure, as much as possible, our waste is recycled and as little waste is produced. It is therefore vital that our tenants are on board with our joint responsibility to separate waste into its distinct recycling categories and reduce their waste production. We therefore wanted to find effective ways to engage with our tenants on this subject.

Solution

At Franca Shopping, we launched a competition among tenants to increase recycling rates and reduce amount of waste produced. For one month during September, the tenants, categorised by business type, would bring their recycled waste to be weighed. For each kilo of recycled waste, they would accumulate points. At the end of the month, the tenant from each category with the highest number of accumulated points won a prize.

Results

The initiative was a success, as almost 120 tenants joined the competition recycling paper, plastic, tetrapak, metal and light bulbs and raising awareness on the importance of recycling and their commitment to doing so. On posters, we published the names of the winners, thanked everyone for their participation, and finished with a message: "Continue Recycling!" In total, tenants collected over 4.6 tonnes of waste and Franca Shopping was able to increase its recycling rates from 37.52% in September 2011 to 43% in September 2012.

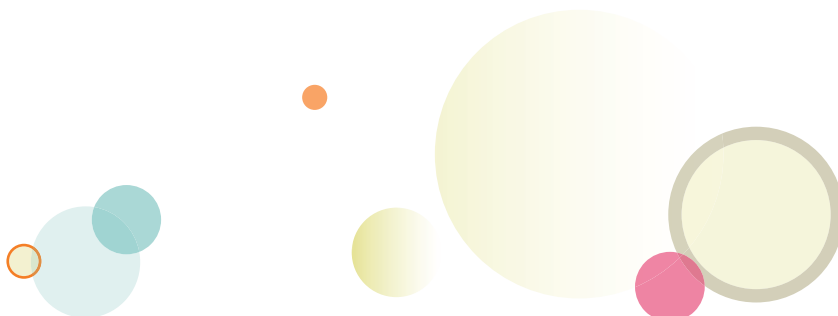


We continued our efforts to divert waste from landfill and improved our recycling rates at our shopping centres. The majority of waste produced at our shopping centres is generated by our tenants activities so influencing their behaviour is one of the principal strategies we can adopt in order to reduce the impact of our shopping centres' waste production.

In 2012 we introduced a number of initiatives to reduce waste and improve recycling rates:

- ✦ At Shopping Plaza Sul, we reorganised the waste recycling area to make it easier for tenants to separate waste, using colour coded bags for the different waste types, acquiring containers specifically for the food court, such as for organic waste, and introducing performance requirements in contracts. We have also expanded the range of materials we can recycle to include iron and wood.
- ✦ At Parque D. Pedro Shopping, we launched a competition which involved tenants submitting examples of waste reduction initiatives implemented or due to be implemented at the centre. These were then assessed based on their effectiveness, results achieved and creativity. The competition opened with a presentation on the importance of waste recycling and examples of best practice.
- ✦ At RioSul Shopping, improvements to waste collection procedures at the food court and a tenant awareness raising campaign conducted in 2011 meant the shopping centre achieved a recycling rate of 74% – almost 40% higher than the average Sonae Sierra shopping centre. As well as generating savings over €5,000, better waste management practices led to a marked improvement in customer satisfaction and cut the shopping centre's CO₂ emissions by 118 tonnes.

For a full list of waste management actions implemented in our shopping centres in 2012, see [page 126](#).



WASTE CONTINUED

Pro-active waste management in our corporate offices

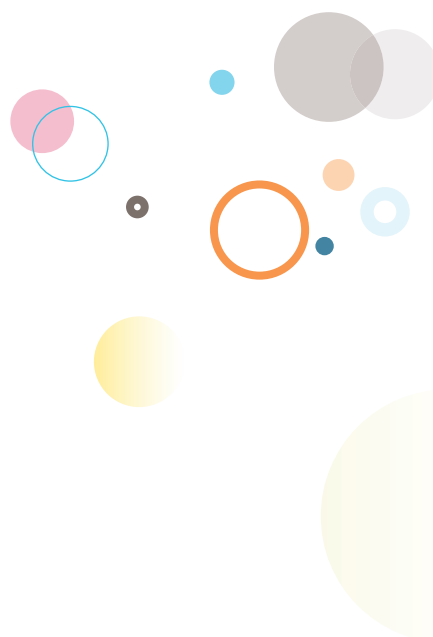
In 2012 we improved the recycling rate of our corporate offices by 6 percentage points in comparison with 2011, meaning that we met our target to achieve an average recycling rate of 78% across our offices and exceeded our 2020 objective of attaining an 80% recycling rate. The offices that contributed most to our performance were Lisbon, Madrid and Maia, where one-off activities (cleaning) resulted from the relocation of these offices (for example, five tonnes of gift vouchers were sent for recycling at Lisbon, Madrid and Maia, increasing their recycling rates). Our Bucharest office also saw an increase, mainly due to an increase in paper sent for recycling, due to its relocation.

At our Sao Paulo office we implemented a number of recommendations following a waste characterisation study we conducted in 2011. They included:

- ✦ Placing signs next to bins for different waste streams.
- ✦ Placing messages around the office to encourage employees to use fewer plastic and paper cups.
- ✦ Providing training for new employees and service providers on recycling.
- ✦ Publishing quarterly updates on the office's recycling rate and progress towards its annual target.



For more on our approach to managing waste impacts, see [page 116](#).



BIODIVERSITY AND HABITATS

Integrating biodiversity on our new projects

In 2012, 100% of new completed development projects occurred on previously developed land. We did not own, lease or manage any sites in or adjacent to protected areas or areas of high biodiversity value outside protected areas and our activities had no significant impacts on biodiversity in protected areas or areas of high biodiversity value outside protected areas.



Parque D. Pedro Shopping, Brazil



Franca Shopping, Brazil



Manauara Shopping, Brazil

Proportion of completed development on previously developed land (% by area)

2012	<div style="width: 100%;"></div>	100
2011	<div style="width: 100%;"></div>	100
2010	<div style="width: 100%;"></div>	100
2009	<div style="width: 100%;"></div>	100

Data Qualifying Note:
This indicator includes all Sonae Sierra development projects completed within the reporting period. In 2012 this applied to Le Terrazze, in Italy and Uberlândia Shopping, in Brazil. It does not apply to the refurbishment of Centro Comercial Continente de Portimão because this project involved development inside the shopping centre building boundaries.



Further reference:

Historical data from earlier years is available on our corporate website at: <http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/biodiversity-and-habitats.aspx>

In 2012, only one (Uberlândia Shopping) out of our two applicable shopping centre construction and development projects that were completed in 2012 achieved 100% compliance with the approved recommendations of the Preliminary Environmental Evaluations (or equivalent study). For more on our Preliminary Environmental Evaluations, see [page 116](#).

At Passeio das Águas Shopping, our project under development in Goiânia, Brazil, we are committed to restoring a degraded forest area of 57,641m² around the River Caveirinhas. We are developing an Environmental Recovery Plan which will involve reforestation of the area with native tree species and the preservation of wild fauna.

BIODIVERSITY AND HABITATS CONTINUED

Promoting biodiversity protection in operational shopping centres

Once our shopping centres are in operation, there is less scope for us to enhance local biodiversity on site, except on those shopping centres which include significant areas of green space within the site (namely LoureShopping in Portugal and Parque D. Pedro Shopping and Manauara Shopping in Brazil). Therefore, during the operations phase, we focus our actions on raising awareness about biodiversity protection, capitalising on our ability to communicate with the large number of people who visit our shopping centres, and on supporting local organisations involved in biodiversity protection.

For more on our approach to managing biodiversity and habitat impacts, see [page 116](#).

PROTECTING BIODIVERSITY AT BOULEVARD LONDRINA SHOPPING

Challenge

The development of land for new shopping centres is our most significant impact on biodiversity, particularly when projects are built on un-developed, 'greenfield' sites. To reduce this impact, Sonae Sierra has set itself two biodiversity objectives: to promote the use of previously developed land, or 'brownfield' land, for new shopping centre projects; and to protect and enhance biodiversity on new and existing sites by actively integrating ecological features wherever possible, and adapting these to the regional context.

Construction activities, by their nature, are disruptive and can threaten local flora and fauna through earthworks, the removal of vegetation, as well as the noise and dust they generate. Ensuring we minimise these impacts is especially important in developing countries such as Brazil that are experiencing rapid urbanisation, while at the same time being naturally rich in biodiversity.

Solution

Many of the ecological features included in the design and construction of Boulevard Londrina Shopping were a direct result of our objectives to protect and enhance biodiversity.

Due to be inaugurated in 2013, the centre will have a total of 47,800m² GLA and will serve a catchment area of more than 800,000 inhabitants in the city of Londrina, in the state of Paraná in northern Brazil.

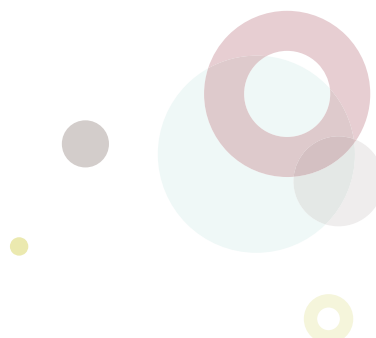
The centre has been built on a brownfield site, thereby ensuring the protection of existing natural and semi-natural habitats nearby. The area was previously occupied by a factory that produced vegetable oil, therefore, as part of the planning process, we conducted an Environmental Due Diligence study to assess the possibility of contamination from this previous use.

The key reasons for conducting Environmental Due Diligence and other studies such as Environmental Impact Assessments are to understand the potential environmental liabilities that sites may contain (such as contaminated land or materials) and to proactively mitigate any negative environmental impacts. In terms of mitigation at Boulevard Londrina Shopping, we identified a number of measures that the development team was required to put in place prior to commencing construction works to compensate for the loss of any biodiversity.

Results

Among the recommendations was an afforestation project (the planting of trees in an area where previously there was no forest) in the surrounding area. Other recommendations included work to ensure the site's soil permeability met legal requirements and the installation of a rainwater runoff system to capture rainwater on the roofs and other impermeable areas and to return it to the ground.

Freshwater availability is an increasing concern in the state of Paraná. In response, the shopping centre's design includes a number of features to conserve and reduce the consumption of drinking water in order to protect groundwater resources.



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Plaza Mayor, Spain



Centro Colombo, Portugal



We are committed to conducting our activities so that risks towards people and assets are minimised, and to achieving excellent levels of social responsibility.



Albufeira Shopping, Portugal

SOCIAL PERFORMANCE

Our approach to social issues focuses on the stakeholder groups most affected by our operations: our suppliers; tenants; visitors; employees and the communities close to our shopping centres and new projects.

We formalised this commitment in 2004 with the introduction of our Safety and Health Policy, and in 2008 our Safety and Health Management System became the first in the shopping centre sector to achieve certification in accordance with the OHSAS 18001 standard.

It is part of our day-to-day operations to make sure that our tenants and our shopping centre visitors are satisfied with the quality of service they receive from our Company and results show that, in spite of the challenging economic conditions, our shopping centres remain attractive to both. Beyond our emphasis on customer satisfaction, we have developed significant programmes to actively engage our stakeholders on wider sustainability issues, and our studies point towards further opportunities to exploit a growing consumer appetite for more environmentally sustainable and health-orientated products and services.

THE SOCIAL CONTEXT

Ensuring high standards in our supply chain

Our supply chain is a key area of reputational risk. People who visit our shopping centres expect that the materials and services we use are produced, transported, and used to high social and environmental standards, without exploitation of the workers who produce them or the environment from which they originate. We share the same expectations, and recognise that supply chain management is an important plank in delivering many of our social and environmental objectives.

Procurement is complex in our industry, and we have to deal with an extensive supply chain. But we have a responsibility to properly manage it so that our expectations on social and environmental issues are delivered. If we fail to do so, we will be held to account for the failings of our suppliers and asked why we did not do better. We may lose business, face regulatory penalties, and suffer reputational damage.

We therefore engage with our suppliers with the aim of encouraging them to adopt more responsible business practices, for everyone's benefit. This we do through our Responsible Procurement Policy, adopted in 2007, which is integrated into our Service Suppliers' Management Procedures. These Procedures ensure that social and environmental performance is considered when tendering, managing and evaluating supplier contracts, both for the development of shopping centres and their operation.

All contracts with critical suppliers must include safety, health and environmental (SHE) clauses, and sub-contractors have the same level of requirements in this area 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 also have SHE regulations for service providers that include, for example, an obligation on suppliers to adopt protective measures to minimise risks for workers. Compliance with these regulations is checked during work supervision. SHE induction training is obligatory for all new suppliers and SHE training plans for each site include the identification of training needs for service suppliers.

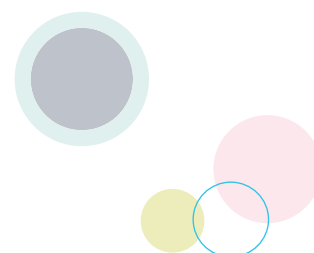
Although the sourcing of materials used in shopping centre developments is controlled by our contractors, we encourage them to reuse demolition materials and favour materials that have low toxicity, are locally sourced, have a recycled content, and are sourced from companies that adhere to ethical and environmental standards. Our Safety, Health and Environment Development Standards prohibit the use of timber products derived from non-sustainable managed forestry, as well as materials known to have negative impacts on the environment or the health and well-being of building occupants. We aim to increase the proportion of sustainable materials used in development, expansions and refurbishment projects – with a long-term objective of using 100% certified sustainable timber by 2020.

Working with tenants

Our research shows that tenants view corporate responsibility as a significant factor in their overall satisfaction with the service we provide, so it is important we meet their expectations in this direction. We view our tenants as strategic partners; their financial performance impacts directly upon our own, through occupancy rates and rental income, so if they are not happy, we are not happy.

Our shopping centre management teams work with tenants on a daily basis, including through individual face-to-face meetings, to ensure they are treated fairly and in a way that enhances their business potential, helping to deliver a high quality service and maintaining high levels of tenant satisfaction. We have a goal of achieving an average tenant satisfaction level of 5 (out of 6) or above in all our shopping centres by 2015, as measured through the annual tenant satisfaction surveys we carry out in all our centres. We use the findings of these surveys to develop action plans that will improve satisfaction levels and address areas where we have scored less well.

We help our tenants to improve their safety, health and environment performance through training and by inviting them to participate in SHE Committees. We also encourage them to compete for two awards: the Personæ Tenant Award for best practice in safety and health and the Planet Sierra Tenant Award for best practice in environmental management. Additionally, we monitor the work practices of tenants through SHE Preventive Observations (SPO's), a process designed to detect any instances of behaviour that present safety and health risks or environmental impact. If issues arise, we discuss them constructively with our tenants' employees.



THE SOCIAL CONTEXT CONTINUED

Supporting communities and meeting visitor expectations

If we fail to attend to the needs of visitors to our shopping centres, or to people in the wider communities around them, then we ignore our responsibility to make a useful contribution to society. We also hamper our ability to function as a business, as the consequences are likely to be a reduction in footfall at our shopping centres, reduced sales, and greater difficulty in obtaining planning permission for new schemes. By contrast, maintaining good community relations and delivering exceptional shopping experiences to visitors is likely to result in higher footfall and sales and an enhanced 'license to operate'.

We are committed to providing attractive shopping centres that serve the needs of local populations. This means offering employment to local people, working to provide sustainable transport systems, and inviting local businesses to rent space in our shopping centres. We acknowledge that the creation of new shopping centres can sometimes have an adverse impact on local businesses, and to mitigate this we offer local retailers high quality accommodation in our centres. We also provide alternative retail formats: Shop Spots are ideal for entrepreneurs and small businesses to market their products in a prime location at a competitive cost; Flash Stores give new and existing tenants an opportunity to try new ideas by offering low-rent six month contracts for empty retail units.

We develop projects in compelling locations, creating shopping centres that offer leisure and entertainment and a broad, innovative tenant mix. And we create convenient and efficient layouts to offer visitors an experience that fits with the local setting by generating strong, meaningful links with community values. Many of our shopping centres involve considerable improvements to urban infrastructures near the site, usually developed in conjunction with local authorities. This is particularly important in parts of the world where infrastructure is poor.

Through our Community Advisory Panels (CAP's) programme we make sure local communities are consulted on, and involved in, the development and operation of each of our shopping centres in a way that creates long-term relationships and is sensitive to local cultural considerations.

We also undertake to play a proactive role in raising visitors' awareness of corporate responsibility concerns, promoting a large number of events and campaigns with environmental and social themes and supporting charitable initiatives to promote the well-being of the local community around our centres.

Making Sonae Sierra a great place to work

By ensuring high levels of staff satisfaction we can create a more prosperous company. But we also avoid costs associated with high staff turnover, maintain high levels of productivity, and attract a wider range of potential candidates to our jobs. Developing and retaining talent can increase our competitiveness because the talent we develop and retain enhances our know-how, which boosts our reputation. In turn, our strong reputation contributes substantially to attracting new talent, thus perpetuating the cycle.

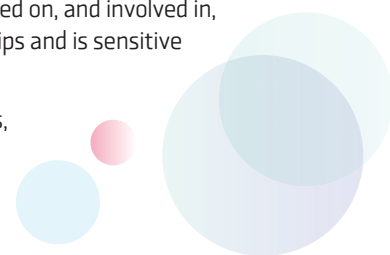
With this in mind we aim to have created the best possible working conditions for all our staff by 2015. The results of our bi-annual employee survey help us identify areas where we can improve our offering to staff, for example by carrying out ergonomic assessments across our offices or introducing new policies to promote better work-life balance. They also allow us to pinpoint areas of perceived unequal opportunities, and to promote initiatives to change these.

One of our long-term objectives is to offer our employees more flexible working arrangements, with the aim of becoming a recognised leader in this area by 2020. This means helping employees who want to work part time and from home, as well as those who would like to have more flexible working hours to fit in with family and other commitments. We promote initiatives to increase staff well-being offering employees the opportunity to sign up with gyms with which we have agreed partnerships.

We have a non-discrimination and diversity policy that states our commitment to a meritocracy 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. To enforce these principles and policies, employees can turn to the Sierra Ombudsman to report work-related concerns. The Code and our Anti-Corruption Policy outline the high ethical standards we expect of our employees and this is reinforced through training.

We nurture our employees' talents through professional development programmes and training. We also foster a culture of innovation through our Innovation Office, which develops and co-ordinates activities to stimulate new ideas across the company. The Innovation Office runs initiatives such as I@Work, a project that allows staff to question the way we work and investigate ways we can operate more efficiently.

We use key performance indicators (KPIs) to measure how individuals are contributing to our business goals as well as to our safety, health and environment objectives. KPIs allow employees to manage their own performance, and we ensure that bonuses are paid according to that performance.



THE SOCIAL CONTEXT CONTINUED

Protecting the safety and health of everyone who uses our shopping centres

We are responsible for the safety of millions of people each day who visit and work at our shopping centres – and who are involved in construction work on new and existing sites. Incidents occurring at our centres can cause harm to people and expose our company to risks such as reputational damage, fines and delays on construction projects. A progressive approach to Safety and Health (S&H) can help us protect people, future-proof our assets, reduce insurance costs and enhance our reputation.

Our S&H strategy aims to prevent all accidents, thereby protecting every person present on our premises. Zero accidents is our ultimate goal and we aim to achieve this through the creation of a safety-conscious culture across our entire organisation. By 2015 we also aim to have obtained OHSAS 18001 safety certification for all our new construction projects and all assets which we own and have managed for at least two years.

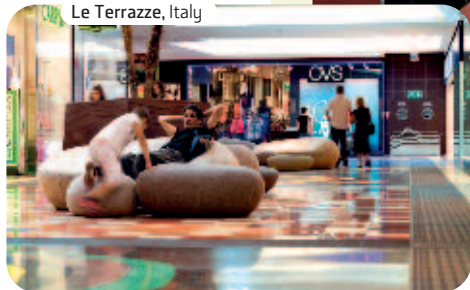
We strive to continually minimise the occurrence of workplace incidents and occupational diseases, as well as to promote good health and well-being among our workforce. We do this by implementing our Safety, Health and Environment Management System, which helps us embed a safety culture throughout all our activities, minimising risks and promoting a safer and healthier lifestyle for all the people who visit and work in our shopping centres.

For more information on how we manage safety and health risks across the lifecycle of our shopping centres from development to operation, please see [pages 129](#) and [144](#).

Alexa, Germany



Le Terrazze, Italy



SUPPLIERS

In 2012 we assessed the CR performance of 100% of our development suppliers with whom we have large contracts in place (over €2.5 million) by distributing questionnaires to 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 investment.

Each supplier is allocated a score according to the results achieved and this was communicated back to the supplier. Of the 17 suppliers surveyed, 59% obtained an 'A' rating (equivalent to a score above 75%) and 41% obtained a 'B' rating (equivalent to a score above 50%).

We also ensured that 100% of contracts signed by our critical property management suppliers included clauses for minimum requirements in relation to safety, environmental and social standards.

For existing critical property management suppliers, including maintenance, security, cleaning and waste management suppliers, we conducted CR audits that involve a check list of CR issues to assess their knowledge about our shopping centres' SHE procedures and the conditions of their equipment. A survey of the audits carried out across all our owned operational shopping centres in 2012 revealed that:

- + All main service suppliers demonstrated good team work, organisation and timekeeping.
- + Among our waste management and cleaning suppliers, training and knowledge of Sonae Sierra's fire, accident and evacuation procedures could be improved.
- + Amongst our cleaning suppliers, the use of gloves and approved uniform was high, however the use of protective masks & filters could be increased.
- + Among our maintenance suppliers, the use of protective equipment and clothing is high, with the exception of protective masks/filters and head protection. Tools were well-maintained, stored and labelled and safety sheets were readily available in most cases. Employees' knowledge of working permit procedures was high, however, non-conformances were detected regarding the delivery of training and medical check-ups to staff.
- + Our security suppliers demonstrated good knowledge of shopping centre safety procedures and high levels of conformance with the use of the correct uniform. The percentage of security staff with first-aid and defibrillators certificates and availability of the respective equipment could be improved. Medical check-ups also continue to have margin for improvement.

In early 2013 we will develop an action plan to follow-up on these results with a strong focus on addressing non-conformances. We will then perform another round of CR audits for all critical property management suppliers across all our shopping centres.

In 2011, we set a target (to be achieved in 2012) to reduce the number of non-conformities to 15%, and a sample review of audits conducted by applicable shopping centres showed that this had been achieved in all cases.



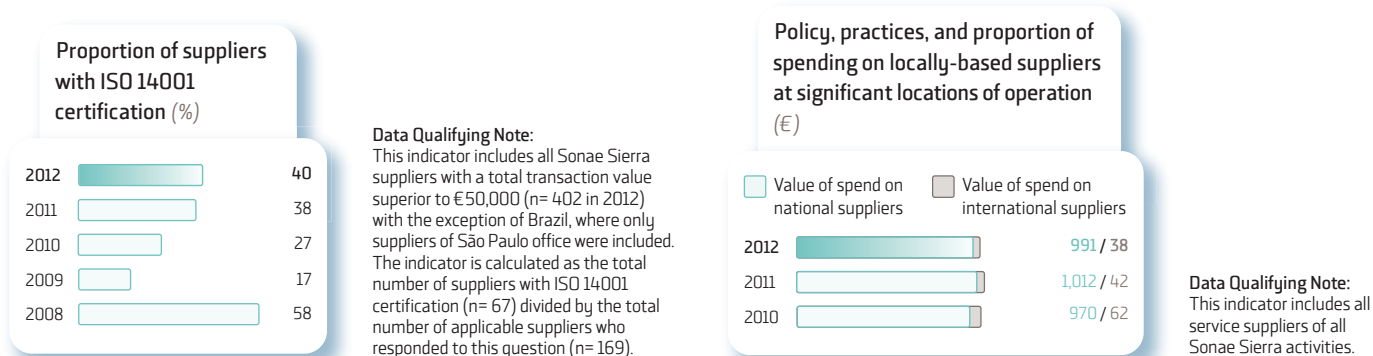
Le Terrazze, Italy



Le Terrazze, Italy

SUPPLIERS CONTINUED

We employed a greater proportion of suppliers with ISO 14001 certified Environmental Management Systems in 2012 and we increased our high proportion of spend on locally-based suppliers. Supporting local suppliers can have considerable benefits for the local economy.



Ensuring the safety and health of our development and service suppliers is a priority for us. We work closely with our suppliers, including contractors and subcontractors, to reduce safety incidents by sharing best practice and promoting safer behaviour. For example, in 2012 we organised Open SHE Committee meetings to debate the management of safety and health issues during construction works in shops. The meetings were an opportunity to discuss issues such as training needs, safety performance, and analyse recent accidents and their causes to agree the steps that can be taken to prevent their reoccurrence. For more on our approach to safety and health, see [page 130](#).

We aim to treat our suppliers fairly, and we monitor the number of days within which our suppliers' invoices are paid. In 2012, suppliers' invoices were paid within an average time of 44 days²⁰.

WORKING WITH SUPPLIERS TO IMPROVE FIRE-SAFETY AWARENESS

Challenge

At our Dos Mares shopping centre in Spain we wanted to improve the fire prevention knowledge of our tenants and service providers, particularly in relation to the use of fire extinguishers. While we have a good record on fire prevention at the centre, which has five million visits a year, we are conscious that knowledge always needs to be updated and that because of personnel changes over time it is possible for some expertise to be lost.

Solution

Since 2010 we have set up an annual joint fire prevention training project with the company responsible for building maintenance at Dos Mares and the local Civil Protection Bureau, which specialises in fire prevention training. Attendance is compulsory for all workers at Dos Mares and focuses on how to properly use fire extinguishers.

Results

We have achieved a significant increase in knowledge of how to use fire extinguishing systems among all workers and service providers, making Dos Mares a safer place for those who visit and work at the shopping centre. As a bonus, the training project has fostered increased cooperation and understanding between those who have collaborated to provide it. To date, more than 55 service suppliers and tenants have participated in the training and the feedback has been overwhelmingly positive: "It's been exciting seeing a fire so close and especially helpful in knowing how to safely deal with it", said one of the centre's cleaning team employees.



²⁰ The suppliers' invoice payment time is determined as the time between the invoice date and date of payment, weighted by the number of invoices.

SUPPLIERS CONTINUED

Investigating alternative materials for use in future developments

It can be a challenge to find the most sustainable alternatives for many products used in our construction and refurbishment activities because the 'sustainability' of these products depends on a number of factors, including: the raw materials used in the product; the environmental and ethical impacts associated with the raw materials' extraction; the distance that the product and its various components have travelled; the eco-efficiency of the processes used to manufacture the product; and its potential to be recycled or reused at the end of its life.

We have undertaken several initiatives to identify and evaluate the different sustainability aspects of a number of materials and products used in our development activities.

For example, using a methodology produced by The Department of Resources Recycling and Recovery of California (CalRecycle) to identify the eco-efficiency of different types of materials which can be used for each building element, we have created a sustainable materials checklist, using colour codes to grade different types of materials according to how eco-efficient they are.

We have also included in our CR questionnaire for all new relevant suppliers, questions to ensure that high-risk materials come from reliable sources in respect of child labour and working conditions. The questions were developed following a study we completed in 2011 to identify and evaluate a number of materials and products used in our development activities. The materials we identified for appraisal include light fittings; sanitary fixtures; furniture; pipework; ductwork and cabling; solar panels; air-conditioning equipment and any other equipment manufactured in Asia (except Japan) and Africa.

Following a pilot to assess the recycled content of a number of materials used during the construction phase of Boulevard Londrina Shopping in Brazil, we developed a methodology to assess the recycled content of the most significant materials used on future development projects including concrete, brickwork, steel, glass and insulation, as well as other materials used in significant quantities. The findings will help us to identify which materials we might prioritise when seeking more sustainable alternatives and the methodology will be piloted during the construction works of ParkLake in Romania.



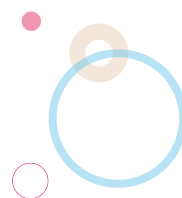
Integrating sustainable materials into completed projects

On the Le Terrazze construction project in Italy and the Uberlândia Shopping construction project in Brazil, we implemented a number of measures to reduce the environmental and health impacts of the materials used during the development process.

For example, at both projects, a list of prohibited materials was distributed and included in the tender documentation for contractors and sub-contractors to reduce the use of materials, substances and produces that could have a negative impact on the environmental and human health.

At Le Terrazze, the technical details of all paints and other decorative finishes, such as varnish and wood preservatives, were assessed to ensure they were lead-free. We also verified that all insulation materials used were free of CFCs and HCFCs.

Similarly at Uberlândia Shopping construction project, we ensured that all insulation materials were free from CFCs and HCFCs. The project also managed to reduce the use of PVC-based materials, with PVC-free alternatives representing 61% of the total cost of usual PVC-based materials for a project of its size. Other successes include the use of off-site fabricated materials to reduce waste and the volume of materials used on-site. In total, off-site fabricated materials represented 67% of the total cost of the centre's fabric and structure.



Monitoring our impact in our own offices

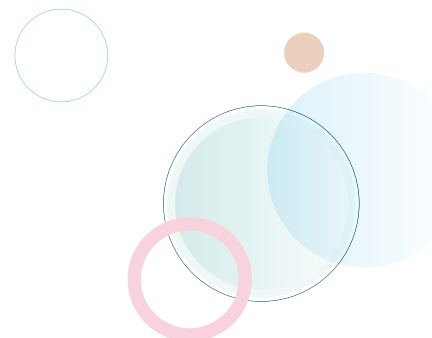
We monitored our materials use across all our corporate offices and shopping centre offices to identify the proportion of materials used that were recycled input materials. In 2012 we reduced our consumption of materials by 11% compared to 2011, which was due both to budget reduction measures and the increased reuse of materials such as paper; archive folders; document dividers and plastic bags. However, we decreased the percentage of materials used that were recycled input materials to 86%, but reduced the amount of paper consumed per worker by 13% in comparison with 2011.

Percentage of materials used in corporate offices and shopping centres that are recycled input materials (%)

2012	<div style="width: 86%;"></div>	86
2011	<div style="width: 90%;"></div>	90
2010	<div style="width: 85%;"></div>	85

Data Qualifying Note:

This indicator includes materials consumed in all our shopping centre offices during the full reporting period and all corporate offices. All materials listed are direct materials; no non-renewable materials are consumed in Sonae Sierra Offices (corporate offices and shopping centres offices). The percentage of recycled input materials used is calculated by applying the following formula: $(\text{total recycled input materials used} / \text{input materials used}) \times 100$. Note: the formula included recycled and reused input materials. In 2012, in order to fully address this indicator, a study was performed to assess the possibility to quantify the most significant materials consumed during the construction of new projects. The defined methodology will be used at a pilot project in 2013. Pátio Brazil Shopping is excluded from this indicator because it was not possible to collect information.





In 2012, we had 8,428 contracts with tenants across both our owned shopping centres and those we manage on behalf of third parties. It is our objective to deliver a high quality service to tenants and maintain high levels of tenant satisfaction, and we have set ourselves the goal of achieving an average tenant satisfaction level of 5 or above²¹ in all Sonae Sierra owned shopping centres by 2015.

In 2012 the global occupancy rate of our owned shopping centres decreased slightly from 96.7% in 2011 to 96.1% (see table on page 39), meaning we almost met our overall target to achieve a global average occupancy rate of at least 95%, because six of eight countries achieved a global occupancy rate over the 90% limit, but Romania and Greece only achieved 80.6% and 63.5% respectively.

We narrowly missed our target for all our owned shopping centres to achieve an average tenant satisfaction rate of 3.8 or above (96% of shopping centres achieved it) and for 85% of our owned shopping centres to achieve an average tenant satisfaction rate of 4.25 or above (80% of our shopping centres achieved it).

These results are nonetheless impressive taking into account the difficult economic environment in most countries where we operate, and have been achieved by working together with tenants, shopping centre owners and visitors to improve the value proposition of our centres and differentiate them from competition.



Global tenant satisfaction index

2012	<div style="width: 100%;"></div>	4.5
2011	<div style="width: 95%;"></div>	4.6
2010	<div style="width: 95%;"></div>	4.6
2009	<div style="width: 95%;"></div>	4.6

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, including Shopping Penha and Tivoli Shopping which were sold during the last quarter of 2012. Uberlândia Shopping in Brazil and Le Terrazze in Italy were excluded because they were not open for the whole year. Sonae Sierra's tenant satisfaction index is derived from tenants' responses to two questions: (1) Relationship with the Sonae Sierra Management Team, and (2) Degree of satisfaction with Sonae Sierra. For both questions, tenants can answer on a scale of 1 ('not satisfied') to 6 ('very satisfied') or 9 ('no opinion').



Further references:

Data on our tenant satisfaction index by country is available in our Country CR Summary Reports at: <http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

²¹ Tenant satisfaction is measured on a scale of 1 ('not satisfied') to 6 ('very satisfied').

TENANTS CONTINUED

Energy efficiency initiatives help tenants to reduce their costs

In the context of the tough retail conditions in many of the markets where we operate, and in particular in Portugal, Spain and Greece, we have challenged our shopping centre teams to identify cost reduction opportunities.

Increasing energy efficiency and reducing GHG emissions are one of the most important environmental issues for our tenants, and energy is one of the main cost items in the service charge. We introduced a number of steps across our shopping centres to help tenants save energy and costs following energy audits. These included:

- + Evaluating tenants' cooling needs and promoting the use of free cooling during winter.
- + Replacing existing lighting with LED technology.
- + Making use of natural lighting, where possible.
- + Installing individual meters to monitor energy use.
- + Reviewing the operation of air conditioning during winter.

Investments in equipment to reduce energy and water consumption in common areas which were approved and implemented at various shopping centres also enabled us to pass on cost savings to tenants.

Supporting tenants to improve their business

Changing consumer habits, new technology and the economic downturn together present a challenging trading environment for our tenants, but also a number of opportunities. We work closely with them to respond to these challenges, and in 2012 we introduced a number of initiatives to help support and grow their businesses, while also contributing to our twin goals of ensuring high tenant satisfaction and occupancy rates. Many of these initiatives were developed internally by our employees (see [page 85](#)).

For example, PromoFans® is a multichannel promotions and sales application that tenants can use to connect with customers and increase visitor numbers by offering promotional items for collection in our shopping centres. By the end of 2012, PromoFans® had over 100,000 registered users and was supported by 350 tenants who offered 700 promotions. Flash Stores are based in the 'pop-up' store concept and aim to give new and existing tenants an opportunity to try new ideas while maintaining occupancy rates by offering low-rent six month contracts (see case study). Other projects piloted during the year include a system that visitors can sign up to whereby we can anonymously track their movements through our shopping centres using Bluetooth signals. The information can be used to help improve the design of our shopping centres.



PROMOTING INNOVATION AND SUPPORTING ENTREPRENEURS

Challenge

It is in our best interests to retain our tenants in our centres, thereby maintaining high occupancy rates. However, in recent times, capital restrictions due to the financial crisis and the uncertain economic climate have limited our tenants' ability to expand and innovate, and reduced opportunities for new businesses to grow, both of which are vital to restoring growth and keeping our shopping centres fully occupied.

Solution

In Portugal we launched Flash Stores, a new concept aimed at supporting tenants and new businesses while at the same time making use of empty stores. Short-term contracts mean tenants can try new products and ideas generating greater interactivity and forming closer relationships with customers which can't be achieved in traditional stores and set ups. For entrepreneurs, Flash Stores have the advantage of requiring a lower investment and greater flexibility in terms of contract price and duration. Flash Stores provide a unique opportunity to test new concepts and products which, if successful, can lead to a more permanent contract.

Results

During 2012, the Flash Store concept was tested at three shopping centres in Portugal: Centro Colombo, ArrábidaShopping and CoimbraShopping with more than 17 local businesses and entrepreneurs taking advantage of the opportunity. The Flash Store concept was integral to our 2012 agreement with the Regional Office of Lisboa e Vale do Tejo (Direção Regional de Economia de Lisboa e Vale do Tejo) when we became the only private sector partner in the "Produtos de Portugal, produtos da minha terra" (Portuguese products, products of my homeland) initiative, that aims to promote and boost the sale of regional products to further support local businesses. Under the agreement, businesses and associations of the Lisboa e Vale do Tejo region can take advantage of the special conditions and establish Flash Stores at Sonae Sierra shopping centres, with one such stores opening in Centro Colombo in 2012. By the end of 2012, Flash Stores were operating in 11 shopping centres and we plan to roll them out to our shopping centres across Portugal and other countries in 2013.



TENANTS CONTINUED

Challenging tenants to follow safety best practices and reduce energy consumption

In 2012, we continued to engage with tenants on environmental and social issues organising at least four meeting with tenants in each Sonae Sierra owned shopping centre. In total, we organised over 240 separate meetings. The meetings are an opportunity to discuss performance on a range of issues, share best practice and gather feedback. Topics included recycling initiatives, efforts to reduce energy and water consumption, information on incidents that have occurred and presentations on the main safety risks and hazards relevant to each shopping centre.

We held the second edition of the Planet Sierra Tenant Award, which distinguishes tenants who demonstrate best practice in environmental management and performance. In 2013, 78 tenants competed for the Award, and 15 winners were selected. They were:



PORTUGAL

- Category A – FNAC (CascaiShopping)
- Category B – Nespresso (NorteShopping)



GERMANY

- Category A – Media Markt (Alexa)
- Category B – Cilantro Mexican Grill (Loop5)



ITALY

- Category A – McDonald's (Valecenter)
- Category B – Primigi (Gli Orsi)



SPAIN

- Category A – Cortefiel (Max Center)
- Category B – McDonald's (Max Center)



- Category C – Continente (Centro Colombo)

PORTUGAL



GREECE

- Category A – H&M (Pantheon Plaza)
- Category B – Optical Papadiamandopoulos (Pantheon Plaza)



ROMANIA

- Category A – McDonald's (River Plaza Mall)
- Category B – POEMA & MUSSE (River Plaza Mall)



BRAZIL

- Category A – loja CBTC (Franca Shopping)
- Category B – Joe & Leos (Parque D. Pedro Shopping)

Category A = large units greater or equal to 1,000m²

Category B = shops smaller than 1,000m²

Category C = hypermarkets

For more on our approach to tenant impacts, see [pages 144 and 145](#).

COMMUNITIES AND VISITORS

In 2012, we invested a total of €1,444,524 in local community initiatives. This included:

- ✦ €1,057,609 in investments in charitable causes and specific activities, events and campaigns with social responsibility themes, made through our shopping centres' marketing budgets.
- ✦ €108,000 in shopping centre-level community investment in cash, including donations of €60,360 collected from shopping centres' visitors on behalf of charitable causes.
- ✦ €120,668 in corporate donations to charitable causes and sponsorships.
- ✦ €143,977 in shopping centre-level sponsorships.
- ✦ €14,270 in investments in charitable causes and specific activities, events and campaigns with social responsibility themes, made through the marketing budgets of our projects under development.

We also collected 24,306kg of food contributions, 924 litres of milk and 18,811 other items such as clothing and books²².

Global marketing investments in CR and other community contributions (€ million)

2012	1445
2011	1484
2010	1219
2009	1143

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



Further reference:

Data on our marketing investments in CR and other community contributions by country is available in our Country CR Summary Report at:
<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

Across our operational shopping centres, we achieved our target to invest a minimum percentage of our shopping centres' marketing budget in community-related initiatives (3% in Europe and 1% in Brazil); in fact, our shopping centres in Europe invested an average of 4.5% of their marketing budget in community initiatives and in Brazil they invested an average 2.2%.

In total, we supported 547 charitable organisations with a wide range of causes. In Portugal, our 2011 partnership campaign with Acreditar, an association for the parents and friends of children with cancer, received an honourable mention at the ICSC Foundation European Community Support Awards which recognise social responsibility initiatives developed by commercial real estate companies and shopping centres across Europe. The campaign involved the use of music to raise funds for the construction of an Acreditar home in Porto to host around 220 families of children with cancer from the northern region of the country, during periods of out-patient treatment at the Portuguese Institute of Oncology and the São João Hospital in Porto.



Le Terrazze, Italy



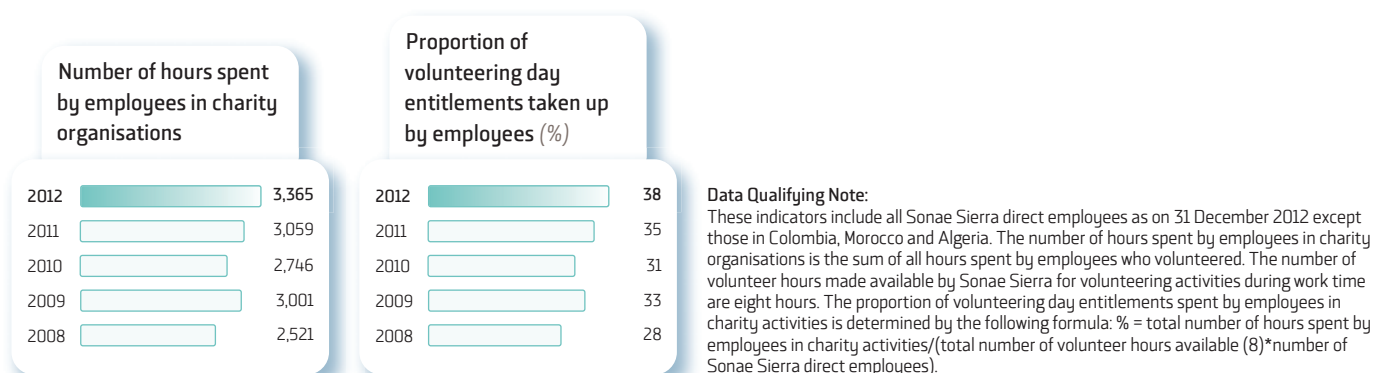
²² All 24,306kg of food were donated by shopping centre visitors, 31 litres of milk were donated by Sonae Sierra employees and 893 litres were donated by shopping centre visitors, 6,800 other items were donated by Sonae Sierra employees, and 12,011 items were donated by shopping centre visitors.

COMMUNITIES AND VISITORS CONTINUED

In Brazil, all our shopping centres held sales campaigns with an environmental theme and we contributed to the publication of a special 'green' edition of *Recreio* – a popular children's magazine – to coincide with World Environment Day on the 5th June. More than 20,000 copies of the magazine were handed out to children in Sonae Sierra Brasil shopping centres and copies were also given to employees' children so that they could also enjoy the magazine and share the environmental messages with their families. During the sales campaign, shopping centre visitors were encouraged to take part in an online "Green Attitude Quiz", which was accessible through our shopping centre websites. Visitors answered a series of sustainability-related questions about their actions and behaviour to create a personal environmental profile and measure how "green" they are. Participants could share their scores with friends and families via social media.

Dedicating time and resources to good causes through employee volunteering

Besides the impact we have on local communities at the shopping centre level, we aim to contribute to the community at a corporate level by mobilising our staff to participate in community volunteering. 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, which is held across all countries where we operate.



In 2012, our staff dedicated a total of 3,365 hours of time to community volunteering, a 10% increase in comparison with 2011. 3,177 of these hours were contributed through the Sonae Sierra Community Day. We invested €29,526 in Community Day activities, benefitting 59 institutions and at least 5,450 people who received our support.

Some examples of initiatives undertaken included:

- + Sonae Sierra Brasil employees spent a day creating toys from recycled material for underprivileged children.
- + Employees from Airone shopping centre volunteered for a local soup kitchen helping to prepare meals for people in hardship.
- + 200 volunteers, including visitors, tenants and suppliers at RioSul Shopping helped to clear nearly 13 tonnes of waste from nearby beaches.
- + A group of volunteers from NorteShopping organised activities for nearly 100 elderly people from a local care home, including a trip to the cinema and a day serving lunch and distributing gifts such as clothing.
- + 18 volunteers from AlgarveShopping and AlbufeiraShopping provided a day of fun activities for children from a temporary housing shelter (Centro De Acolhimento Temporário), including a group lunch and distributing gifts in the nearby town of Loulé.

"WE WOULD LIKE TO SAY THANK YOU VERY MUCH ON BEHALF OF ALL OF THE CHILDREN FOR THE GESTURE OF SOLIDARITY AND THE ENTIRE RECEPTION YOU PROVIDED ON THE DAY. THE CHILDREN HAD AN AMAZING TIME AND ARE ALL VERY GRATEFUL."

Maria José Capela,
Centro De Acolhimento Temporário, Loulé

COMMUNITIES AND VISITORS CONTINUED

Dedicating time and resources to good causes through employee volunteering (continued)

As well as the specific events which took place as part of the Sonae Sierra Community Day, Sonae Sierra staff contributed to local communities through some unique and on-going initiatives. In total, in 2012 we welcomed 230 school and higher education institution visits to our shopping centres, which involved educating children about environmental, safety and health and cultural issues, as well as more technical environmental and safety equipment and procedures for older students.



A NEW APPROACH TO SAFETY AWARENESS

Challenge

With millions of visitors passing through our shopping centres each year, we all need to remain constantly vigilant of the safety and health risks they face. This is especially so with equipment that people use every day as they often forget about the inherent risks involved.

Solution

In 2012 we developed a novel approach across our European shopping centres to raise awareness of the safety risks posed by escalators and travelators. We developed a fun and educational campaign using posters and stickers delivered through a never before used media – the escalators themselves.



This innovative approach helped to get visitors' attention and ensure our message made a lasting impact. Simple and easy to understand images and messages highlighting the correct behaviour to avoid risks were placed on the sides of escalators, the steps themselves, as well as at the entrance and exit points to drive the message home.

Results

We surveyed 400 shopping centre visitors in Portugal and Spain to understand how effective the approach had been. The results show that:

- + 86% of respondents found the campaign graphics "good" or "very good".
- + 84% of respondents found the clarity of the message "good" or "very good".
- + 72% of respondents found the effectiveness of the campaign "good" or "very good".

The feedback was especially rewarding as this was the first time that we had launched a campaign addressing this issue in such a creative way.

Community Advisory Panels initiate engagement with the local community

Through our Community Advisory Panel (CAP) project, we aim to integrate community consultation and engagement into the development and operation process of our shopping centres. CAPs are currently in place at 33 Sonae Sierra shopping centres and development projects. The CAPs help us to create trust and cooperation between our shopping centres and local community representatives. At CAP meetings, which are held at least twice a year, community representatives are invited to raise ideas and concerns and present potential projects for collaboration. For example, in 2012:

- + Serra Shopping responded to a request from CAP members to dedicate a space in the shopping centre where they could showcase their activities.
- + Parque Principado worked with a local blood bank to set up a campaign to encourage shopping centre visitors to donate blood. The campaign will take place in 2013.

Other initiatives from across our portfolio include efforts to encourage greater water conservation and paper recycling, campaigns to raise awareness of the social and professional challenges faced by people with disabilities, and a training program for political refugees to help them find employment.

Besides our CAPs, we receive feedback from local communities through our Geo Tracking surveys, media coverage and compliments and complaints that are presented to our shopping centres. In 2012, we received 1.356 cases of press coverage on social and environmental issues. Of these, only 4 (less than 0.3%) were unfavourable. Favourable press coverage focused on various environmental initiatives held at our centres including "Earth Hour", S&H day, community activities, the Personæ Tenant award and environmental and safety and health certifications achieved at multiple centres in Brazil, Italy, Germany and Romania.

COMMUNITIES AND VISITORS CONTINUED

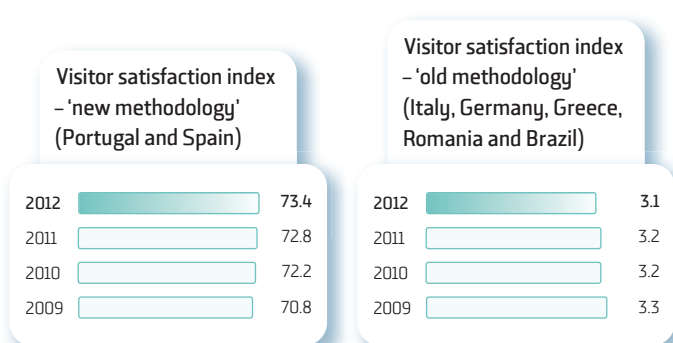
Measuring and enhancing visitor satisfaction

Engaging with visitors in order to understand what drives their behaviour and decisions is fundamental to our shopping centres' success. We undertake Mall Tracking surveys at our shopping centres every year or two years to help us understand our visitor's profile, their behaviour and requirements. These surveys monitor trends in visitor satisfaction, expectations, loyalty and behaviour, and also ask questions about social and environmental aspects. 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.

In 2012, we increased visitor satisfaction levels in Portugal and Spain and experience a small drop in visitor satisfaction levels across Italy, Germany, Greece, Romania and Brazil. We use two different methodologies to monitor visitor satisfaction (each country applies one or the other) and results against both of these are shown in the charts below. Although we use different questions to analyse visitors' feedback for different types of shopping centres in our portfolio, in particular our centres are recognised for credentials such as:

- + Offering the visitor a wide range of stores, services and leisure activities which provide a complete experience (beyond shopping).
- + Offering visitors the certainty that they will be able to find what they are looking for.
- + Keeping their stores, services and leisure activities up to date.
- + Supporting good causes and promoting regional development.
- + Offering entertainment for families.

In 2012, we implemented a number of measures to improve visitors' satisfaction across all shopping centres in response to feedback received, namely installing Wi-Fi, improved eating facilities and wider entertainment facilities.



Data Qualifying Note:

The 'new' visitor satisfaction methodology includes all 30 shopping centres owned and in operation during the full reporting period in Portugal and Spain. The 'old' visitor satisfaction methodology includes 19 out of 21 shopping centres owned and in operation during the full reporting period in Italy, Germany, Greece, Romania and Brazil. It includes Shopping Penha and Tivoli Shopping which were sold during the last quarter of 2012. Uberlândia Shopping in Brazil and Le Terrazze in Italy were excluded because data was not available from these centres. 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 15 and 20 items are valued. Taking these valuations we create an indicator in a scale 1 to 100.

Investigating visitors' attitudes towards 'green' and ethical shopping

Even in the context of the economic downturn, consumers still care about environmental and social responsibility and according to a study conducted by Deloitte on shopping trends among European consumers²³, more than two thirds of consumers avoid buying products with a substantial carbon impact and try to avoid products that may have been manufactured using child labour.

Sustainability questions in our annual visitor surveys (Mall Tracking) in Europe track consumer attitudes towards sustainability and in doing so identify ways in which we can help to meet visitors' needs whilst at the same time promoting sustainable consumption choices to a wider market. The results of the 2012 survey revealed that:

- + 10% of visitors say that a company's environmental and social track record influences which shopping centre they visit.
- + 23% say that a company's environmental and social track record influences what products they buy.
- + A significant proportion of visitors (52%) agree that a company's environmental and social track record is important, but it is not an important factor in deciding where they shop or what they buy.

The 2012 survey results revealed some significant differences between countries. In Portugal and Spain, just under 12% and 11% of consumers respectively say that a company's environmental and social track record influences where they shop, and only 13% and 8% respectively state that environmental and social responsibility is 'not important' with respect to shopping. In Italy, 32% say that a company's environmental and social record influences what products they buy. In Greece, while environmental and social issues are considered important by over 70% of consumers, they are not widely taken into account in purchasing decisions.

²³ Source: Deloitte; Natal 2012 (2012).

COMMUNITIES AND VISITORS CONTINUED

Investigating visitors' attitudes towards 'green' and ethical shopping (continued)

When asked which social and environmental issues were most important for them with respect to their visit to the shopping centre, the most common factors cited were:

- + Increasing energy efficiency and reducing GHG emissions (including use of renewable energy, promoting sustainable travel).
- + Managing waste (including recycling).
- + Providing facilities for disabled people to improve accessibility to, in and around the shopping centre.
- + Reducing water consumption through water efficiency and reuse and preventing water pollution.
- + Promoting healthy lifestyles among shopping centre visitors and staff.

Sonae Sierra's performance in relation to these issues was rated as being 'good' or 'very good' (2.9 to 4.7 on a scale of 1 to 6).

We have developed a strategy to deliver a sustainable shopping experience to our visitors, with a particular focus on attracting and retaining environmentally-conscious visitors. Some of the actions we are taking include holding events to promote environmentally-conscious consumption and raising visitors' awareness of Sonae Sierra's commitment to sustainability.

Within our shopping centres, we already offer a tenant mix which includes services as well as shops, including services which have an environmental or social mission. Some activities worth highlighting include:

- + One of our tenants at Centro Colombo specialises in recycling inkjet cartridges.
- + In Brazil, a tenant at Franca Shopping sells sustainable sandals made from biodegradable and recycled rubber. At Manauara Shopping, another tenant uses a waterless system to wash cars.
- + Many of our shopping centres provide free entertainment for children and playgrounds and we are expanding these across our portfolio in Europe.

For more on our approach to communities and visitors, see [pages 140](#) and [145](#).



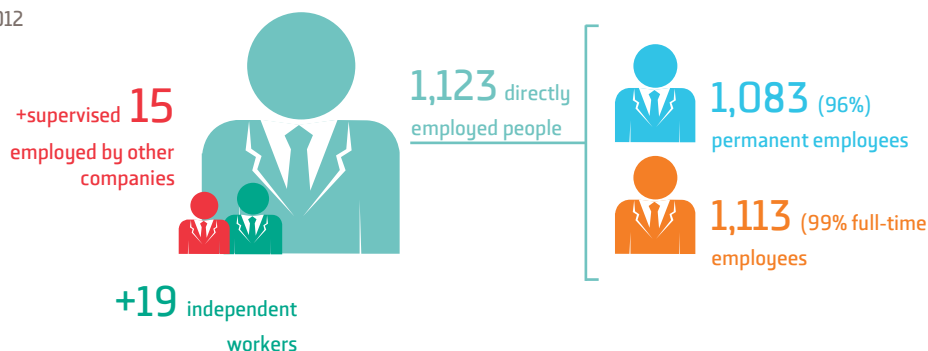
RioSul Shopping, Portugal



Freccia Rossa, Italy



AS OF 31 DECEMBER 2012



Introducing measures to improve staff satisfaction

Following the results of our latest employee survey in 2011 we introduced a number of measures to improve employee satisfaction levels. We refined our employee engagement model and identified four strategic priorities:

- + Develop professionally each employee and promote alignment with Sonae Sierra's values, culture and corporate life.
- + Value each employee as an individual and help them build a better life for themselves.
- + Attain genuine happiness by respecting our employee's personal lives.
- + Providing a sense of purpose by fostering opportunities for employees to support their communities.

In 2012, we implemented some specific measures to underpin this model and target other low scoring areas following the survey, including promoting work/life balance and tackling perceived unequal opportunities. These included:

- + Launching 'Improving Our People', a new performance assessment and potential management model that aims to provide more and better information about our teams; encourage the participation and involvement of our employees and promote a commitment to boosting personal development.
- + Strengthening our internal communication around existing flexible working arrangements, which include Leave of Absence, Flexible Working Schedule, Part-time Work and Home Working Arrangements. These communications included emails and meetings with employees.
- + Forming partnerships with gyms to give employees discounted membership (applicable to sites with at least ten employees).

EMPLOYEES CONTINUED

Maintaining our commitment to equal opportunities

For full diversity data, including the number and percentage of employees by gender and age group, per employee category; Ratio of basis salary of women to men by employee; and the Ratio of remuneration of women to men by employee category, see [pages 132](#) and [136](#).

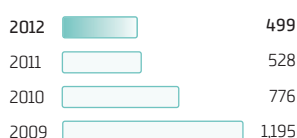
Investing in staff training and development

In 2012, we invested €499 per capita in staff training and development. This value is lower in comparison with previous years, and reflects the economic constraints on our Company in 2012. We did however increase the delivery of internal training to staff, and succeeded in providing employees with an average 35.8 hours of internal and external training during the course of the year, a decrease of 27% in comparison with 2011. For examples of training initiatives carried out in 2012, please see [page 128](#).

We encourage employees to identify their own training needs and we monitor participant feedback received on all our training sessions. We also include questions on training and development in our Employee Survey. Whilst employees' assessment of the training opportunities offered by Sonae Sierra has improved over the last five years, this is still an aspect which could be further enhanced.

In 2012, 100% of our direct employees received regular performance and career development reviews²⁴.

Investment in staff training and development (€ per capita)



Data Qualifying Note:

This indicator covers all Sonae Sierra direct employees. Investment in staff training and development refers to the costs of external training only, and does not include travel costs associated with the training. It includes the costs of trainings paid during the reporting period. Examples of training provided in 2012 included coaching, foreign languages, first aid training, meeting management, stress management and advanced negotiation skills. The indicator is calculated using the following formula: Investment in staff training and development/Number of direct employees (LA1).

Average hours of training per year per employee (Number of hours)



Proportion of training undertaken by type

Type of training	Number of hours	Proportion of total training hours (%)
Technical	23,945	60%
Behavioural	3,689	9%
Languages	12,583	31%
Total	40,217	100%

Data Qualifying Note:

These indicators include all of Sonae Sierra's direct employees on 31 December 2012. A breakdown of the average hours of training per year per employee by employee category and gender is provided in the Global Reporting Initiative Annex of this report, under LA10, on [page 135](#).



Further references:

Data on our investments in staff training and development and average hours of training by employee by country is available in our Country CR Summary Report at: <http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

²⁴ This included all Sonae Sierra direct employees on 31 December 2012: 569 female employees (100%) and 554 male employees (100%).

EMPLOYEES CONTINUED

Investing in staff training and development (continued)

IMPROVING EMPLOYEE TRAINING

Challenge

We wanted to continue to develop the skills of our employees despite, for economic reasons, having to make cuts to training budgets across the company. We were also keen to improve the overall quality of training regardless of the cuts.

Solution

From 2008 we reduced our reliance on training provided by external providers and brought much of the work in-house, saving money and freeing up resources to improve our own training programmes. We set up a 'train the trainers' initiative for our own staff and created cross-functional in-house training teams supplemented with an external consultant if needed. As a result, more than 60 'training champions' now act as trainers within Sonae Sierra, and in excess of 1,300 participations to this programme.

Results

The money we need to spend on training has been reduced, with savings of around €415,000 a year, yet the feedback from those taking part in the training has been excellent, and we have received systematically high evaluations from participants. We have also found that internal trainers help to increase the knowledge of our business among participants, in contrast to external providers who naturally know less about our operations. We are continuing to expand the scheme by training more champions and developing new training topics.

"IT IS A PLEASURE TO BE PART OF SONAE SIERRA'S INTERNAL TRAINING TEAM. INTERNAL KNOWLEDGE SHARING IS USED TO IMPROVE EMPLOYEE SKILLS WITHOUT HAVING TO REQUIRE EXTERNAL SERVICES TO DO SO, AND THAT MEANS COST REDUCTIONS."

Nuno Alves (training champion)



Promoting a culture of innovation

We estimate that the Net Present Value (NPV) of innovation projects already implemented by our Company is €17.1 million. The NPV of projects that are in the pipeline is estimated at €91.8 million. In 2012 we continued to promote innovation among our employees through a range of programmes developed by our Innovation Office:

- + 4Sight is a project to accelerate the identification of future opportunities for Sonae Sierra. From a total of 15 strategic initiatives identified in 2011, ten have been completed, one is due to start in 2013, and we have decided not to proceed with the remaining four.
- + I@Work aims to promote an innovation culture by encouraging employee teams to come up with solutions to some of the daily issues that limit their productivity. The initiatives are reviewed by their peers and the most popular ones prioritised for action. Of the 43 actions identified as a priority in 2011, the consolidation of some meant 32 initiatives were targeted for implementation.
- + The Innovation Office's Business Innovation Project (BIP) programme was created to identify and raise awareness of high-potential ideas developed across the company and to encourage their implementation. In 2012, four projects were adopted as BIPs including PromoFans® and Flash Stores.

Just under 6,400 ideas were submitted by employees to our Explore Programme (online ideas management platform), and 50 of these were approved for implementation and/ or implemented during 2012.

To further support a culture of innovation in our shopping centres we encourage employees to compete for the Personæ and Planet Sierra Award. The award recognises shopping centre management teams who demonstrate the best achievements in safety, health and the environment. The goal is to improve performance across our portfolio, reinforce employees' commitment to these impacts and establish a dynamic process to share best practice both locally and across the Company. The 2012 winners were:

1st Place – Franca Shopping and ArrábidaShopping;

3rd Place – Centro Vasco da Gama.

For more on our approach to employees, see [page 128](#).



Promoting safety on construction sites

In 2012 we achieved a 71% fall in the Lost Workday Case Accidents Frequency Rate (LWCAFR) on construction sites meaning we met our target for a 5% reduction. The fall was due to the completion of construction works at Uberlândia Shopping.

In 2012, we began reporting (although we have been managing this information for previous years) the Accident Severity Rate (ASR) among development service suppliers to better understand the severity of accidents on construction sites. Measured as the number of lost work days due to accidents per million hours worked, the ASR in 2012 was 145.97. We will continue to report this indicator in future to allow comparison.

We use the Safe Practice Index (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 results, the higher the level of safety awareness amongst the construction workforce. Where deviations or non-conformities are detected, various actions can be taken, such as correcting them, increasing worker supervision, or providing further training or more resources.

In 2012, the average SPI score across all our construction sites was 85%, a 9.6% decrease compared to 2011. This was due to the below average performance at our Boulevard Londrina Shopping construction works and a change in the way this data is calculated, as we moved from an average rating to the introduction of a system that attributes greater weighting to audits with higher levels of participation and longer durations.



Lost Workday Case Accidents Frequency Rate (LWCAFR) on construction sites

2012	<div style="width: 10%;"></div>	5.0
2011	<div style="width: 34%;"></div>	17.2
2010	<div style="width: 27%;"></div>	13.0
2009	<div style="width: 10%;"></div>	7.5

Data Qualifying Note:
This indicator includes all projects under development as on 31 December 2012 and projects completed within the reporting period. The LWCAFR is the number of incidents resulting in one or more lost work days (incident category level 4) per million hours worked on construction sites.

Safe Practice Index (SPI) (%)

2012	<div style="width: 85%;"></div>	85
2011	<div style="width: 94%;"></div>	94
2010	<div style="width: 92%;"></div>	92
2009	<div style="width: 91%;"></div>	91

Data Qualifying Note:
This indicator includes all projects under development as on 31 December 2012 and projects completed within 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. This indicator covers all projects with an SPI programme in place. The number of observed persons and the duration of the audit are also taken into account.

We hold SHE Meetings organised by site managers and carry out emergency practice drills on all construction sites and delivered 1,200 man hours of S&H training in 2012. During 2012, meetings covered safety risks such as working from height, emergency procedures, and safety and health best practice.

All serious incidents which occur are investigated and lessons learned are communicated across the Company through the tool called Safety Alerts, which are messages that are sent to all Sonae Sierra employees, and describe preventive actions which should be taken to avoid certain accidents.

In 2012 we developed an awareness campaign focusing on the prevention of one or more key safety risks. At Boulevard Londrina Shopping, for example, events were organised throughout the year, regarding for example, the use of safety equipment, management of chemical waste, respiratory protection equipment and creating safe work environment conditions.

SAFETY AND HEALTH CONTINUED

Making shopping centres safer

In 2012 the LWCAFR among our service suppliers in shopping centres increased by 10% in comparison with 2011, missing our target of a 4% reduction. Although the LWCAFR has shown an increase over the four year period since 2009, this is more likely to be due to the improving quality of data reported at our shopping centres. In 2012, our data audits did not find any incidents which had not been reported, which means that we can now have greater confidence in the reliability of this indicator. We will investigate the reasons for this increase further in 2013.

In 2012 the ASR (first year reporting) for service suppliers (measured as the number of lost work days due to accidents per million hours worked by suppliers based in our shopping centres) was 60.59.

We also saw an increase in the frequency rate of level three, four and five category accidents per million visits to our shopping centres; the frequency rate of these types of accidents was 1.52 in 2012 compared with 1.48 in 2011.

Global frequency rate of level 3, 4 and 5 category accidents per million visits in shopping centres



Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, as well as a further eight shopping centres which we managed on behalf of other owners in 2012. The frequency rate of accidents occurring among shopping centre visitors is calculated as the number of level 3, 4 and 5 category accidents divided by the total number of visits. In accordance with Sonae Sierra SHE procedures, we identify the following levels of incidents in shopping centres according to their severity: Level 1: Critical 'near miss' (an S&H incident that nearly caused personal damage); Level 2: S&H accident requiring first aid attention; Level 3: S&H accident requiring medical treatment; Level 4: S&H accident with lost work-day or life disrupting case, temporary or partial incapacity or minor occupational disease; Level 5: Fatality or permanent disability or serious occupational disease.

Global Lost Workday Case Accidents Frequency Rate (LWCAFR) among suppliers in shopping centres



Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, as well as a further six shopping centres which we managed on behalf of other owners in 2012. 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 shopping centres.

We continue to promote safe behaviour, prevent accidents and make sure that we know how to respond in emergency situations across all our shopping centres. When incidents do occur, we issue safety alerts and update our SHEMS procedures with the aim of preventing any similar incident from occurring again.

In 2012 a further three of our shopping centres' SHEMS were certified in accordance with OHSAS 18001.

SAFETY AND HEALTH CONTINUED

Making shopping centres safer (continued)

In 2012 we delivered training to shopping centre suppliers and tenants on the SHEMS; emergency procedures and fire fighting; hazard identification and risk assessment; first aid and ergonomics, as well as induction training for new staff, tenants and suppliers. We also performed 10,187 hours of Safety, Health and Environment Preventive Observations (SPO)²⁵ across our shopping centres (including some of those which we manage on behalf of other owners). The number of hours of SPO performed decreased in comparison with previous years as the monthly target number of hours of SPO set for shopping centres (previously four hours per month) was adjusted according to the number of shops and number of personnel in each shopping centre management team to perform the SPO. Furthermore, unlike in 2011 where we more than exceeded the target number of hours of SPO in Spain and Germany, our performance in 2012 more accurately reflects the target hours set by the SHE Steering Committee. In 2012, we identified an average 7.4 non-conformities per hour of reference SPO, a 5% decrease in comparison with 2011.

Number of hours of Safety, Health and Environment Preventive Observation (SPO) performed in shopping centres and corporate offices (numbers of hours)

2012	<div></div>	10,187
2011	<div></div>	10,795
2010	<div></div>	12,880
2009	<div></div>	12,445

Data Qualifying Note:
The indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all shopping centres managed on behalf of third parties, and all corporate offices.

Number of non-conformities detected per hour of reference SPO

2012	<div></div>	7.4
2011	<div></div>	7.8
2010	<div></div>	5.8
2009	<div></div>	5.7

Data Qualifying Note:
The indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period. This indicator relates to the number of non-conformities per hour of SHE Preventive Observations audited by the Sustainability Office team and CSHEC (Country S&H 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.



Further references:

Historical data from earlier years is available on our corporate website at:

<http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/safety-and-health.aspx>

Data on the number of SPOs performed by country is available in our Country CR Summary Report at:

<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

SHE "Global Achievement" (shopping centres) (%)

SHE Global Achievement components	2012	2011	2010	2009
SHE Meetings	134	137	121	123
SPOs	153	193	126	130
Drills	125	109	101	116
Incident investigation	91	111	101	n.a.

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, as well as shopping centres managed by Sonae Sierra on behalf of other owners during the reporting period. The "SHE Global Achievement" comprises the average of the following four elements: 1) The percentage of SHE meetings in relation to the target set; 2) The percentage of hours of SHE Preventive Observations (SPOs) in relation to the target set; 3) The percentage of emergency practice drills in relation to the target set; 4) The percentage of incidents investigated in relation to the number of incidents that must be investigated.

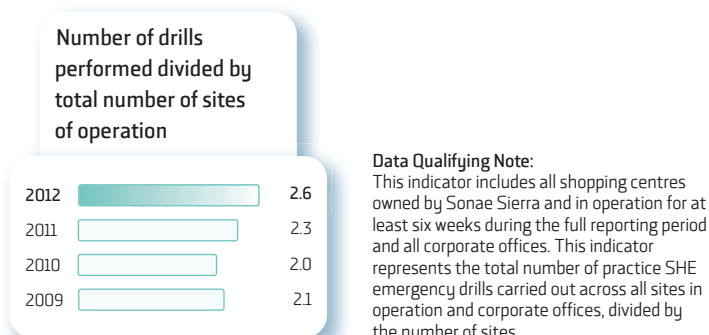
²⁵ Formerly Safety Preventive Observations, SPO allow us to identify and correct behaviour which could potentially lead to incidents, and are therefore an important part of our incidents prevention strategy. In 2012, in line with the integration of our Safety and Health and Environmental Management Systems, the SPO included environmental as well as S&H criteria.

SAFETY AND HEALTH CONTINUED

Embedding our S&H management procedures

One of our SHEMS procedures involves the regular inspection of our tenants' units and in 2012 we carried out 5,557 of these inspections and engaged with tenants to address all non-conformances detected.

All our shopping centres (as well as our corporate offices) have an Internal Emergency Plan developed during the construction phase of the site, or after acquisition, and this plan covers all possible emergency scenarios. It is tested at least twice per year on each site against two of these scenarios, through the practice of emergency drills. We have identified fires as being the most significant hazard for shopping centres and a fire emergency is one of the scenarios we practice every year. In 2012 our shopping centres performed an average of 2.6 emergency practice drills covering fire, earthquake and, for the first time, tsunami scenarios.



We raise awareness among our suppliers, tenants and visitors about S&H issues through regular meetings and other communications. In 2012, we used Open SHE Committee meetings to debate the management of S&H issues in construction works in shops with the aim of reducing the number of accidents. The discussions covered topics such as the most common health and safety risks, the most common injuries, the ways that these can be prevented, and included case studies of people who were injured in past years. Other initiatives included:

- ✦ At Valle Real shopping centre, we implemented measures to reduce the risk level in the underground service suppliers' workplace.
- ✦ To reinforce the communication of S&H risks on escalators and travelators, we put in place more visually engaging safety notices in the form of stickers and signs across our European portfolio.
- ✦ We also installed Automatic External Defibrillators (AEDs) in the shopping centres where permitted by local legislation.

REDUCING OPERATING COSTS THROUGH IMPROVED SAFETY AND HEALTH MANAGEMENT

Challenge

Despite making significant improvements to safety and health practices in our operations in Italy, including OHSAS 18001 certification for our Gli Orsi and Valecenter shopping centres, we had failed to register any measurable cost savings as a result of these changes.

Solution

In 2011 we set up a research programme to determine ways in which we could derive economic benefit from our improved safety and health performance. This identified that we should be able to achieve reduced insurance premiums based on our safety and health practices in Italy. Using an external consultant and working through the Italian National Institute for Insurance against Accidents (INAIL), we filled out a checklist of our safety and health measures and submitted our performance for evaluation.

Results

INAIL accepted that we qualified for reduced insurance payments as a result of good safety and health practices. Across all parts of the company this resulted in total savings on insurance premiums of €4,045 in 2012. With further improvements we believe more savings will be forthcoming. We also plan to investigate if similar savings can be made in other countries.



SAFETY AND HEALTH CONTINUED

Reducing accidents and occupational diseases in the workplace

In 2012, we saw an increase in the rate of work accidents with workforce absence²⁶ by 22% in comparison with 2011. The severity of work accidents among our workforce, measured as the number of staff days' absence due to work accidents and occupational diseases per million hours worked, remained stable at 0.02. There were no fatalities among our workforce in 2012.

Global rates of injury, occupational diseases, lost work days, absenteeism and number of work-related fatalities

	2012	2011	2010
Injury rate	2.89	2.37	2.40
Occupational disease rate	0.48	0.00	0.00
Lost day rate	50.18	11.84	14.88
Absentee rate	0.02	0.02	0.03
Fatalities	0.00	0.00	0.00

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees (i.e. employees on Sonae Sierra payroll) and all Sonae Sierra supervised workers 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 * 1.000.000)/Total time worked

Occupational disease rate = (Number of occupational diseases * 1.000.000)/Total time worked

Lost day rate = (Number of lost days * 1.000.000)/Total time worked

Absentee rate = Absentee in period (hours)/Total time worked

The Total time worked equals the total number of workable days (excluding vacation and holidays) multiplying by the total workforce and multiplying by 8 hours; units in hours. Injuries reported do not include minor injuries (first-aid level). For Sonae Sierra "days" means "scheduled work days" and "lost days" count begins in the immediate working shift (or day) after the accident/occupational disease manifestation occurred. It was not possible to report the information with a gender breakdown, fact which we will try to report on the next Economic, Environmental and Social report.

We maintained our strong focus on incident prevention and in 2012 we delivered a total of 31,680 man hours of Safety and Health (S&H) training and awareness to our employees. A total of 1,354 training sessions were held, involving 22,505 participants. These sessions included training on:

- + Sonae Sierra's SHEMS procedures;
- + Incident reporting and investigation;
- + Emergency response procedures;
- + The use of the SHE Portal;
- + SHE Preventive Observations (SPO);
- + Safe Practice Index (SPI) audits;
- + Commuter safety risks at our offices in São Paulo, Düsseldorf, Athens and Milan; and
- + Other specific topics such as fire fighting systems, first aid and construction site safety.

We also performed 377 hours of SHE Preventive Observation (SPO) and an average 2.1 emergency practice drills across our main corporate offices. We achieved 100% accomplishment of our corporate target relating to the number of SPOs; Regular SHE Meetings; Emergency Practice Drills and Incident Investigation in corporate offices, as shown by our 'Achievement Indicator' below.

Total number of man hours of Safety and Health training and awareness provided across all Sonae Sierra sites

2012	<div style="width: 100%;"></div>	31,680
2011	<div style="width: 90%;"></div>	37,154
2010	<div style="width: 80%;"></div>	41,495
2009	<div style="width: 60%;"></div>	20,307

Data Qualifying Note:

This indicator includes all Shopping Centres owned by Sonae Sierra and in operation during the full reporting period; all shopping centres managed on behalf of third parties; all Sonae Sierra projects under development during the reporting period; and all corporate offices. Data for 2011 and 2010 has been restated in order to apply the same calculation method used for 2012.

²⁶ We consider our workforce to be the 1,123 employees who we directly employ and the 15 people who are employed by other companies but are supervised by our Company, as reported in the Employees chapter on [page 83](#).

SAFETY AND HEALTH CONTINUED

Reducing accidents and occupational diseases in the workplace (continued)

SHE "Global Achievement" (corporate offices) (%)

SHE Global Achievement components	2012	2011	2010	2009
SHE Meetings	106	119	101	106
SPOs	169	123	142	134
Drills	106	100	100	119
Incident investigation	100	0	100	n.a.

Data Qualifying Note:

This indicator includes all corporate offices. Please see page 88 for an explanation on how the "SHE Global Achievement" is calculated.



Further references:

Historical data for S&H training and awareness from earlier years is available on our corporate website at: <http://www.sonaesierra.com/en-gb/sustainability/safe-people-and-eco-efficiency/safety-and-health.aspx>

Data on S&H training and awareness by country is available in our Country CR Summary Report at: <http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

We celebrate World Day for Safety and Health at Work as an opportunity to reinforce the importance of preserving the safety and health of our employees, visitors, tenants and suppliers. In 2012 we marked the occasion with an educational quiz to remind employees about the day-to-day safety and health risks they face at work and how to manage them. Multiple-choice questions challenged employees to think how to respond in the event of a fire, how to reduce musculoskeletal disorders and how to prevent the risk of falling or slipping.

Because day-to-day work activities can lead to stress in some individuals, and high levels of continuous stress have a negative impact on health, we are committed to helping employees that might be suffering from stress in the workplace. During 2012 we delivered training on how to deal with stress as part of our internal training programme: 'Motive'. 209 employees from our Property Management business attend the training programme that covered stress management as well as other factors that contribute to employee motivation.

We continued to promote good ergonomic conditions for our workforce. We regularly hold meetings in our office on musculoskeletal disorders which can be triggered by office work and on how best to handle manual loads. Every three years we conduct an ergonomic assessment of all Sonae Sierra offices (and for new offices within six months of their opening) to identify non-conformities against our Standard for Ergonomics & Workplace Attributes. This sets out our workplace requirements for all Sonae Sierra locations covering: the workspace; wall coverings; lighting; indoor air quality, indoor noise; office furniture and computer hardware. Based on the results, we put in place an action plan to correct any non-conformities and progress against this plan is independently verified by a third party.

For more on our approach to safety and health, see [pages 129](#) and [144](#).

BOARD MEMBERS



Paulo Azevedo
Chairman

Paulo Azevedo joined Sonae in 1988 as New Investments Analyst and project Manager. Subsequently, he held different management positions in several group companies.

From 1996 to 1998 was Executive Director at Modelo Continente Hypermarkets and in 1998 was appointed CEO of Optimus. From 2000 to 2007, was Sonaecom CEO. In 2007 was elected Sonae CEO.

Academic achievements

Degree in Chemical Engineering, École Polytechnique Federal de Lausanne; MBA, ISEE, University of Porto.



Mark Preston
Non-Executive Director

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 in San Francisco from 2002, became Chief Executive of Grosvenor Britain & Ireland in 2006 and Group Chief Executive in 2008.

He is a Trustee of the Westminster Foundation and also a member of the Board of The Association of Foreign Investors in Real Estate, the ULI Greenprint Advisory Board and the (University of) Cambridge Land Economy Advisory Board.

Academic achievements

BSc (Hons) Degree in Land Management, Reading University; member of the RICS; International Executive Programme at INSEAD.



Ângelo Paupério
Non-Executive Director

Ângelo Paupério has been a Non-Executive Director of Sonae Sierra since 2000. He is also Chairman of Sonaecom's Executive Committee, Executive Vice-Chairman 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.



Nicholas Scarles
Non-Executive Director

Nicholas Scarles (FCA, Attorney at Law), joined Grosvenor in 2004 where currently is Group Finance Director. He was previously at Centrica, Price Waterhouse and Coopers and Lybrand in London, New York and Toronto. He is a Governor of the Haberdashers' Elstree Schools, 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
Non-Executive Director

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 Leducq 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. Based in Paris since 1998, he has also lived and worked in London, Brussels and Hong Kong.

Academic achievements

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



EXECUTIVE DIRECTORS



Fernando Guedes Oliveira
Chief Executive Officer

Fernando Guedes Oliveira joined Sonae Sierra in 1991, as Development Manager of the company's ViaCatarina Shopping and Centro Vasco de 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 and 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
Director, Chief Financial Officer

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
Director, Investment and Asset Management

Pedro Caupers joined Sonae Sierra in 1997. In 1999 he was appointed Board Director, with responsibilities for all the company's European property management and leasing activities. Since 2009 he has been in charge of the investment division and its European portfolio. He is also manager of 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
Director, Developments

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 in Europe.

She is a member of the Sustainability Steering Committee.

Academic achievements

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



João Correia de Sampaio
Director, Property Management and Leasing

João Correia de Sampaio joined Sonae Sierra in 1992, since when among other duties in the property management area he was Managing Director of Sierra Management Portugal and Sierra Management Spain. Since 2009 he has been responsible for all Sonae Sierra's European property management and leasing activities.

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
Director, Chief Executive Officer, Sonae Sierra Brasil

Having joined the Sonae Group in 1982, José Baeta Tomás was appointed General Manager of Sonae Distribuição in 1983. He joined the Executive Committee 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, and Retail Marketing, Management Centre Europe, Oxford. Executive Program Michigan University USA.

OTHER EXECUTIVES



João Pessoa Jorge
Services, Asia & Colombia

João Pessoa Jorge joined the Sonae Group in 1983 as one of the executives involved in starting the Group's real estate business. From 1998 until 2010, he was CEO of Sonae Sierra Brasil. In 2010, João took responsibility for promoting the company's services to third parties in Asia and Colombia.

Academic achievements

Degree in Civil Engineering, University of Porto; MBA, Kent State University, Ohio.



Joaquim Pereira Mendes
Legal, Tax, Mergers & Acquisitions

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, Coimbra University; Visiting Professor, Portucalense University, Porto.



José Falcão Mena
EMEA Sierra Services

José Falcão Mena joined Sonae Sierra in 1989. 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 the services to third parties in EMEA region.

Academic achievements

Degree in Civil Engineering, Instituto Superior Técnico, Lisbon; Management Graduated, ISCTE, Lisbon; Advanced Marketing Studies, Católica Lisbon – School of Business and Economics.



Joaquim Ribeiro
Finance, Planning and Control

Joaquim Ribeiro joined the Sonae Group's holding company in 1985, before transferring to Sonae Indústria. He then moved to London for six years, where he worked for Sonae International. In 1995 he joined Sonae Sierra's financial department, where – since 2008 – he has been responsible for Finance, Control, Back Office and Information Systems.

He is a member of the Sustainability Steering Committee and responsible for the Risk Management Working Group.

Academic achievements

Degree in Economics, Faculdade de Economia do Porto; MBA, Nova University of Lisbon; MSc in Property Investment, City University, London.



Ingo Nissen
Development, Romania

Ingo Nissen joined Sonae Sierra in 2000, when the company began operations in Germany. Since 2007 he has responsibilities for the company's shopping centre developments in Romania.

Academic achievements

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



Thomas Binder
Development, Germany

Thomas Binder has more than 30 years' experience of project and lease management in the German shopping centre, business parks and commercial property sector. He joined Sonae Sierra in 2006, and has responsibilities for the company's shopping centre developments in Germany.

Academic achievements

Degree in Real Estate Management, Wirtschaftsakademie, Kiel; studied Law in Bochum and Kiel.



Vitor Nogueira
Property Management, in Italy, Greece, Romania Morocco and Algeria

Having overseen the inauguration of more than 10 new shopping centres in Iberia, Vitor Nogueira previously led the Sierra Management support team responsible for 17 shopping centres in Spain. Since 2007, his responsibilities have been focused on the company's non-Iberian operations, particularly those in Italy, Greece and Romania. In 2012 he also became responsible for the expansion of the property management services in new markets, including Algeria and Morocco.

Academic achievements

Degree in Management Administration, UL/UM, Lisbon; MBA, IEDE, Madrid; Master of Science in Finance, Central Western University, Texas; Leadership, London Business School; Global Strategic Management at Harvard Business School.



Manuela Calhau
Marketing and Innovation

Manuela Calhau joined Sonae Sierra in 2008, following senior positions in the telecommunications sector, where she was a board member at several Sonae 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 all the company's European operating shopping centres and development projects.

She is a member of the Sustainability Steering Committee.

Academic achievements

Degree in Economics, Católica Lisbon – School of Business and Economics; MBA, Nova University of Lisbon; Visiting Professor on the joint UCP/UNL/MIT MBA programme.

OTHER EXECUTIVES CONTINUED



Cristina Santos
Property Management, Portugal

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 Sierra Management Portugal, with special responsibilities for property management and letting.

Academic achievements

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



Alexandre Fernandes
Asset Management, Portugal and Spain

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. Since 2008, Alexandre has overseen all Sonae Sierra's real estate investments in Portugal and Spain.

Academic achievements

Degree in Electronics Engineering, Minho University; MSc in Management, University of Porto; MBA, ISEE; MSc in Management, University of Porto; AMP, IE Madrid.



Alberto Bravo
Property Management, Spain and Romania

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 Head of Property Management for the whole of Spain, a responsibility he took up in 2009. In 2012 he also became responsible for property management activities in the Romanian Market.

Academic achievements

Degree in Law, UNED, Madrid; Studied General Management, London Business School.



Carlos Alberto Correa
CFO & IR Officer, Sonae Sierra Brasil

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 responsibility over the investors' relations department.

Academic achievements

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



Jerry Boschi
Development, Italy

Jerry Boschi joined Sonae Sierra in 2002. Since 2012 he has responsibilities for the company's shopping centre development in Italy.

Academic achievements

Degree in Civil Engineering, UMIST, University of Manchester; MBA, Cranfield School of Management.



Pedro Soveral Rodrigues
Human Resources

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 the responsibility of Property Management in Italy. In 2010 he was appointed as Head of Human Resources.

He is a member of the Sustainability Steering Committee.

Academic achievements

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



Waldir Chao
Property Management and Leasing, Sonae Sierra Brasil

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
Conceptual Design & Architecture

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 Head of the Conceptual Design & Architecture.

Academic achievements

Degree in Architecture at Faculdade de Arquitectura, Lisbon. MBA at IESE, Universidad de Navarra, Barcelona.

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Le Terrazze, Italy



Valecenter, Italy



Centro Vasco da Gama, Portugal

ANNEX: GLOBAL REPORTING INITIATIVE

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 world's most widely used sustainability reporting framework.

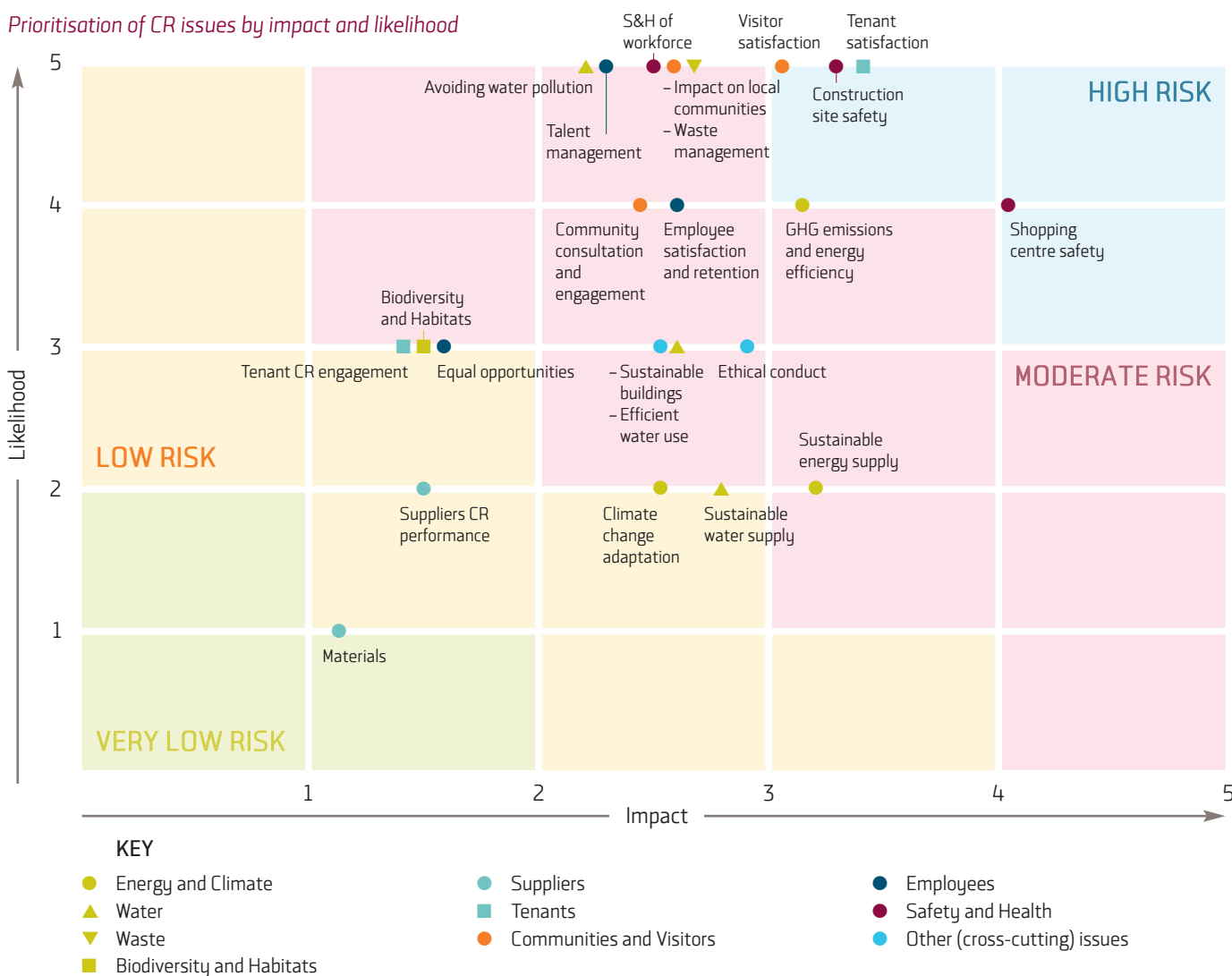
Since 2004 we have published reports which comply with the GRI. This report complies with level A+ of the GRI G3.1 Sustainability Reporting Guidelines, the updated version of the G3 Guidelines which was released in March 2011. Moreover, this report also follows the new GRI Construction and Real Estate Sector Supplement (CRESS) guidance which was launched in September 2011. This chapter follows the structure of the GRI Guidelines, and includes our responses to the Profile Disclosures, Disclosures on Management Approach and Performance Indicators, or references where these can be found in other sections of this report.

PROFILE DISCLOSURES

Strategy and Analysis

- 1.1 Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy
CEO's Statement, [pages 2 to 3](#).
- 1.2 Description of key impacts, risks and opportunities.
Sonae Sierra has identified nine environmental and social impact areas that are most important for our business, and the key issues associated with each one. The impact areas were first identified through the application of the five-part Materiality Test developed by sustainability think-tank AccountAbility²⁷ in 2006 and key issues were identified through a more rigorous review based on the same tests in 2009, which was repeated in 2010.
- In 2010 we also introduced a new materiality test focusing on innovation opportunities. The findings of our latest assessment conducted in 2011 enabled us to identify a total of 23 CR material issues; which are shown in the chart below. Until 2012 these impact areas formed the cornerstone of our CR strategy and management system and the environmental and social chapters of this report are structured around these CR impact areas.

Prioritisation of CR issues by impact and likelihood



²⁷ The Materiality Report – Aligning Strategy, Performance & Reporting; Maya Forstater, Simon Zadek et al., AccountAbility, BT Group plc & LRQA, 2006.

PROFILE DISCLOSURES CONTINUED

Strategy and Analysis (continued)

In 2012, we refined our approach to CR to focus on issues and lines of action that can drive concrete value for the business, the environment and society in the short- to medium-term. This approach is not only fitting with the challenging economic conditions in which Sonae Sierra's business is now operating, but also reflects a trend among CR industry leaders to adopt strategies that can deliver measurable value for the business as well as society and the environment. Our future environmental and social reporting will be structured around this revised strategy.

The specific risks and opportunities associated with each CR impact area are presented in Our Business Strategy, Risk Management, [pages 20 to 23](#).

An explanation of our revised strategy is presented on [pages 30 to 32](#).

Organisational Profile

2.1	Name of the organisation.	Our Company, page 9 .
2.2	Primary brands, products and/or services.	Our Company, page 9 .
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Our Company, Organisational Structure, page 11 .
2.4	Location of the organisation's headquarters.	Our headquarters are located in Maia, Portugal.
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Company, page 9 , and Our Company, Where We Operate, page 12 .
2.6	Nature of ownership and legal form.	Our Company, Corporate Governance, page 13 .
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	Our Company, page 9 , Our Company, Where We Operate, page 12 .
2.8	Scale of the reporting organisation.	Our Company, page 9 , Our Company, Where We Operate, page 12 .
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	The Year At A Glance, Key Activities, pages 4 to 7 .
2.10	Awards received in the reporting period.	<p>A summary of the most important awards we received at a corporate level in 2012 are reported in The Year At A Glance, Key Achievements and Performance Indicators, page 5.</p> <p>In addition to those, we also received several awards at a shopping centre level and were shortlisted for others at a corporate level:</p> <ul style="list-style-type: none"> Sonae Sierra's "Música por uma Ca(u)sa" fundraising campaign for the Association of Parents and Friends of Children with Cancer received an honourable mention at the ICSC Foundation European Community Support Awards. Sonae Sierra received the ICSC Silver Solal Award in the Digital Marketing category for its innovative Christmas campaign held at NorteShopping. The award-winning campaign involved the use of technology and social media to promote the centre during Christmas. Sonae Sierra received a mention in the Social Corporate Responsibility Category of the Spanish Shopping Centre Association (AECC) awards. The Euromoney Real Estate Awards for Excellence named Sonae Sierra Best Retail Developer in Portugal. Centro Colombo received the "Marcas que Marcam" Award (QSP Marketing) for Best Shopping Centre. Le Terrazze was awarded the Certificate of Merit in the Grand Opening category of the CNCC 2012 Italy Awards and Valecenter received the top prize in the Sales Promotion category.

PROFILE DISCLOSURES CONTINUED

Report Parameters

3.1	Reporting period (e.g. fiscal/ calendar year) for information provided.	The information in this report relates to the calendar year ending on 31 December 2012.
3.2	Date of the most recent previous report (if any).	This report succeeds our 2011 In Review: Economic, Environmental and Social Performance Report and our 2011 Economic, Environmental and Social Report, both published in April 2012.
3.3	Reporting cycle (annual, biennial, etc.).	We report on a calendar year cycle.
3.4	Contact point for questions regarding the report or its contents.	Nuno Rafael Alves Corporate Responsibility Reporting Coordinator Email: cr@sonaesierra.com
3.5	Process for defining report content, including: <ul style="list-style-type: none"> Defining materiality; Prioritising topics within the report; and Identifying stakeholders the organisation expects to use the report. 	<p>The GRI framework includes principles to help organisations develop a balanced and accurate account of their sustainability performance. Here we describe how Sonae Sierra has applied each of these principles to this report.</p> <p>Materiality</p> <p>Our latest full Materiality Review was performed in December 2010 (see page 97 for further details). The contents of this report are based around the 23 material issues which were identified through that review.</p> <p>In 2012, we refined our approach to CR to focus only on issues that can drive concrete value for the business in the short to medium term. This approach is not only fitting with the challenging economic conditions in which Sonae Sierra's business is now operating, but also reflects a trend among CR industry leaders to adopt strategies that can deliver measurable value for the business as well as society and the environment.</p> <p>This involved:</p> <ul style="list-style-type: none"> Moving away from a materiality test driven by peer practices and stakeholder expectations towards one that is driven by value creation for Sonae Sierra's business. Testing Sonae Sierra's business plan against future scenarios that might impact upon its ability to continue business as usual. Making the link between CR activities and investment performance more explicit. Identifying a subset of fundamental issues where the business can make the most significant progress.

Stakeholder Inclusiveness and Clarity

Through our considerable experience of developing and managing shopping centres, we have identified those stakeholder groups that are significantly affected by our activities and whose actions can affect our business performance. For further details about our stakeholders, see [pages 105 to 108](#).

We have also produced a number of external communication materials to accompany this report and to make the information more accessible to a wider audience. These include:

2012 In Review: *Economic, Environmental and Social Performance*, which offers a short summary of our 2012 performance.



<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

CR Country Summary Report, which provides a summary of our performance in the seven main countries where we operate.



<http://www.sonaesierra.com/en-gb/sustainability/reports-and-feedback/reports/2012.aspx>

The Sustainability section on our Corporate Website.




<http://www.sonaesierra.com/en-gb/sustainability/sustainability.aspx>

PROFILE DISCLOSURES CONTINUED

Report Parameters (continued)

Sustainability Context

Where applicable, this report includes objective information with reference to broader sustainable development concerns and trends, as recognised in regional and/or global publications and links between sustainability topics and Sonae Sierra's organisational strategy.

We have also identified sustainability initiatives undertaken within our Company which we believe to be particularly innovative in the shopping centre sector. These are shown by the 'innovation star' symbol. 

Balance

This report discloses both favourable and unfavourable aspects of our performance. Where possible we have included positive and critical feedback received from our stakeholders. We also present and comment on our performance data in a way that enables the reader to easily interpret trends and to understand the factors that may have influenced our performance.

Timeliness

The information and data presented in this report (including environmental, social and economic performance data) relates to the calendar year 2012. The next update on our environmental, social and economic performance is scheduled for publication in April 2014.

Completeness

See 'Boundary of the report' under Global Reporting Initiative, Profile Disclosures, Report Parameters, 3.6, below.

Accuracy, Reliability and Comparability

See 'Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report' under Global Reporting Initiative, Profile Disclosures, Report Parameters, 3.9, on [page 101](#).

3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	<p>This report covers key aspects of our economic, environmental and social performance with a specific focus on our CR material impact areas. This considers all our business activities, namely the ownership, development and management of shopping centres. Unless otherwise stated, all performance data contained in this report:</p> <ul style="list-style-type: none"> • Includes all of Sonae Sierra's direct operations in Europe and Brazil, but excludes our activities in Colombia, Morocco, Algeria, Croatia and China where we do not own shopping centres. • Excludes our corporate offices in Colombia; Morocco; Algeria; The Netherlands and Luxembourg. • Excludes shopping centres that are managed but not owned by Sonae Sierra (i.e. shopping centres that we do not hold any shares in). Shopping centres which are not owned by Sonae Sierra are not fully covered by our SHEMS, and are not included within the scope of CR targets related with shopping centres. At the end of November 2012 we sold our interests in Tivoli Shopping and Shopping Penha in Brazil but we remain responsible for their management. For all indicators, we have included their performance until that date, excluding indicators that are linked to our long-term objectives, where full year data was included (we have estimated, when no real data was available, December performance based on historical trends to provide full calendar year data). In October 2012 we also sold our interest in Pátio Brasil Shopping but we have not maintained property management services. As with Tivoli Shopping and Shopping Penha, we have included its performance until that date, excluding indicators that are linked to our long-term objectives, where full year data was included (we have estimated, when no real data was available, December performance based on historical trends to provide full calendar year data). Indicators with the scope as of 31 December 2012, have not included these three sites. • Excludes the sustainability impact of our tenants (all our owned shopping centres contain units/facilities which are leased to our tenants; the impacts of these facilities, which are the impact of our tenants, are not 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. However, we have included figures for energy, water consumption and waste management of our significant development projects completed in 2012. These include the refurbishment of Centro Comercial Continente de Portimão in Portugal, Le Terrazze in Italy and Uberlândia Shopping in Brazil. <p>This year, we have attempted to provide a clearer picture of our SHE Management process for third party services. For more information, see page 25.</p>
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PROFILE DISCLOSURES CONTINUED

Report Parameters (continued)

3.7	State any specific limitations on the scope or boundary of the report.	<p>The completeness of the data used to compile our Key Performance Indicators (KPIs) is explained through the notes which accompany each performance measure.</p> <p>Where data is not available or could not be verified the abbreviation 'n.d.' ('no data') has been used. Similarly where data is not applicable to the site in question the abbreviation 'n.a.' ('not applicable') has been used.</p>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	<p>The Safety, Health and Environment (SHE) information in this report covers all our owned subsidiary holding companies, regardless of our ownership stake in these. The financial information is reported on the financial value derived directly by Sonae Sierra, which is proportionate to our ownership stake.</p>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	<p>In this report, actual measurements are presented whenever possible. Any estimates, underlying assumptions, or limitations on the values presented are explained using data qualifying notes beside each performance indicator. In all cases, we are confident that the margin of error associated with quantitative data will not affect stakeholder's ability to reach accurate conclusions about our performance.</p> <p>With respect to financial performance and other monetary data, average FX exchange rates have been used throughout this report to convert Brazilian values in Reais (R\$) into Euro (€) (0.39996) and Romanian values in Lei to Euro (€) (0.22444).</p> <p>GRI indicators have been calculated in accordance with the guidelines in the GRI indicator protocols. The methodologies used to calculate non-GRI indicators are explained in the notes alongside each KPI in cases where these are not obvious to the reader. In cases where Sonae Sierra's response does not exactly meet all of the GRI requirements, explanations can be found in the data qualifying notes.</p>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	<p>Any re-statements of previously reported values are explained using data qualifying notes beside each performance indicator.</p>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	<p>The most significant change in terms of scope in comparison with the previous reporting period was the sale of Münster Arkaden in Germany and Shopping Penha, Tivoli Shopping and Pátio Brasil Shopping in Brasil, meaning that on 31 December 2012 we had 47 shopping centres in our operational portfolio compared with 49 at the end of 2011. Any other changes in scope, boundary or measurement methods with respect to individual performance indicators are reported in the data qualifying notes besides each indicator.</p>
3.12	Table identifying the location of the Standard Disclosures in the report.	<p>This section of our report (pages 96 to 148) is comprised of tables which make up the GRI Standard Disclosures.</p>
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	<p>This report has been externally assured by an independent auditor to ensure that data and information is accurate and complies with GRI G3.1 guidelines, including the Construction and Real Estate Sector Supplement (GRI CRESS). The independent auditor's review can be found on pages 149 to 150.</p>

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement

- 4.1** Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.
- Our Company, Corporate Governance, [pages 13 to 14](#), and Board Members and Executives, [pages 92 to 95](#).
- In the diagram on [page 13](#) we have explained the composition of the highest governance body and each of its committees. In accordance with the new GRI G3.1 requirement (including the Construction and Real Estate Sector Supplement (GRI CRESS)) in the table below we state the proportion of committee members by gender.

Governance body/committee	Proportion (%) of male members	Proportion (%) of female members
Board of Directors	91%	9%
Investment Committee	86%	14%
Finance Committee	100%	0%
Audit & Compliance Committee	100%	0%
Compensation Committee	100%	0%
Fiscal Board	100%	0%
Executive Committee	80%	20%

- 4.2** Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).
- Our Company, Corporate Governance, [pages 13 to 14](#).
- 4.3** For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.
- Our Company, Corporate Governance, [pages 13 to 14](#).
- 4.4** Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
- Our shareholders are represented on both the General Shareholders Assembly and the Board of Directors, providing them with an opportunity to express their views to these bodies. We also hold meetings with the Boards of each of the Sierra Funds, which provide Fund investors the opportunity to express their opinions.
- We invite employees to raise concerns and opinions at monthly Safety, Health and Environment (SHE) meetings held at each site where we operate. CR Working Groups are an important conduit for employees to provide CR recommendations to the highest governance bodies within the Company. The Explore programme, which is open for employees to express their ideas, provides another opportunity for employees to make suggestions to the Board of Directors.
- 4.5** Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).
- Our Business Strategy, CR Governance and Management System, [page 26](#).
- 4.6** Processes in place for the highest governance body to ensure conflicts of interest are avoided.
- Our Code of Conduct includes a requirement for all staff to report any situations where conflicts of interest exists or may exist.
- In addition, Sonae Sierra's Executive Committee has approved a set of Anti-Corruption Guidelines which were issued in 2011. The Anti-Corruption Guidelines include a specific policy concerning conflicts of interest. They state that conflicts of interest are not acceptable within Sonae Sierra and no employee should be in a position to grant a business commitment to a relative or associate, namely on the selection of suppliers, contractors or approving contracts for utilisation of shopping centre areas. Any cases of conflict of interest which arise in these situations must be communicated and authorised in writing by the Board member responsible for the employee's business division.
- The Sierra Ombudsman, described on [page 14](#), offers another channel which can help to ensure that conflicts of interest are avoided.

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	When appointing new Board members, shareholders take into consideration the qualifications and expertise of the candidates and their understanding of the economic, environmental, and social issues which are of relevance to our business.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<p>Our Vision and Mission are presented in Our Company, page 10.</p> <p>Our CR Management System is underpinned by several public policies, including our over-arching CR Policy, all of which can be found on our corporate website:</p> <div>  http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance.aspx </div>
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Our Business Strategy, CR Governance and Management System, page 26 .
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	We do not have a formal process for evaluating the performance of the Board of Directors with respect to economic, environmental and social issues because there is not an intermediary body between the Board of Directors and the General Shareholders Assembly that could effectively undertake such an evaluation. However, the performance of the Board of Directors is evaluated by our shareholders and the market which is positive judging by the number of prestigious awards.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	The precautionary principle is addressed through our approach to safety, health and environmental (SHE) issues. We operate a Safety, Health and Environmental 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 24 and 25 for further details, including the number of our local SHEMS which are certified). We apply our Environmental Due Diligence procedure on new projects and acquisitions and our Safety and Health Due Diligence procedure on acquisitions. Our Safety, Health and Environment Development Standards (SHEDS), also described on page 24 , 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 109 to 110 for further details.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	<p>Global Compact</p> <p>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 must provide this shareholder with an outline of how we comply with these principles, so it can fully report to the United Nations.</p>

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. Sonae Sierra has participated in the 'Greenprint Performance Report Volume 2' (previously called Greenprint Carbon Index). We submitted energy consumption and Greenhouse Gas (GHG) emissions data from 47 shopping centres, which were analysed and compared to other Greenprint members' portfolios. In 2012, we became a member of the Advisory Board of the ULI Greenprint Centre for Building Performance following the Greenprint Foundation's merger with the Urban Land Institute.

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

INREV Sustainability Working Group

INREV, the European Association for Investors in Non-listed Real Estate Vehicles, launched a Sustainability Working Group in 2009 to inform and educate members of fund-level sustainability issues. INREV's initial work focuses 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 became a member of the INREV Sustainability Working Group in 2009 and participates in Working Group meetings and was involved in the publication of the INREV Best Practice Recommendations (BPR) for Sustainability Reporting in 2012.

Programa Acción CO₂

Since 2008 Sonae Sierra has participated in Programa Acción CO₂ (CO₂ Action Programme), a voluntary emissions reduction program – developed by Fundación Entorno, the Spanish Business Council for Sustainable Development – which aims to be avoid the emission of 50,000 tonnes of CO₂. In 2012 the initiative focused on the retail sector through the ESPACIOS AcciónCO₂ platform. Sonae Sierra participated in the benchmarking sessions and contributed to the drafting and promotion of an Energy Efficiency manifesto across the platform which includes more than 200 professional members.

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.

The 2°C Challenge Communiqué

In 2011 Sonae Sierra signed The 2°C Challenge Communiqué that calls on governments to break the deadlock in the international negotiations and take action at a national level to tackle climate change.

World Business Council for Sustainable Development

In previous years we have participated in the core group of the WBCSD's Energy Efficiency in Buildings (EBB) project and signed up to the WBCSD's Manifesto for Energy Efficiency in Buildings.

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.

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic.	<p>Memberships in industry associations</p> <ul style="list-style-type: none"> • 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 – APII (Portuguese Property Investor and Developer Council)** • Associação Brasileira de Shopping Centers – ABRASCE (Brazilian Council of Shopping Centres) • Assoimmobiliare (Italian Real Estate Industry Association)* • CSP – Confederação de Serviços de Portugal (Confederation of Services of Portugal) • 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* • Federimmobiliare (Italian Federation of Real Estate Associations)* • German Council of Shopping Centres* • Greek Council of Shopping Centres* • 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 <p>* 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.</p>
4.14	List of stakeholder groups engaged by the organisation.	Our Business Strategy, Our stakeholders, page 16 .
4.15	Basis for identification and selection of stakeholders with whom to engage.	The stakeholder groups with whom we engage have been identified based on our considerable experience of developing and managing shopping centres.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and	In the tables below we have provided a summary of the stakeholder engagement techniques we employed in 2012 and key feedback received. More detailed commentary on feedback received from stakeholders in 2012 and the ways in which we responded to this feedback can be found in the Suppliers, Tenants, Communities and Visitors and Employees chapters of this report.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	

Our Investors

How we engaged and informed

- General Shareholders Assembly
- Annual Reports and Quarterly Reports
- Regular meetings and presentations about our financial performance and risk management practices
- INREV Sustainability Working Group

General feedback received and how we responded

In 2012 we received positive feedback on our 2011 Economic, Environmental and Social Report, and have continued with the same approach for our 2012 report.

In line with the INREV Best Practice Recommendations, we included a sustainability performance annex in our asset fund reports.

In 2012 we also received and responded to a request from a Sierra Fund investor to complete a questionnaire about our Environmental, Social and Governance practices.

Example in focus

In 2012 we continued to participate in the Global Real Estate Sustainability Benchmark (GRESB). Our property funds were ranked 11th out of 443 globally, and first amongst a group of 17 peer retailers. Our performance puts us in the Green Star category, the highest rating achievable under this benchmark.

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

Our Employees

How we engaged and informed

- Horizons magazine and intranet
- Explore programme
- Regular Safety, Health and Environment (SHE) Meetings
- SHE "Tips" and Alerts, SHE training and SHE Preventive Observations (SPO)
- Involvement of employees in the definition of SHE targets and the development of our Sustainability Strategy
- Surveys to obtain feedback on training needs, SHE initiatives and reporting practices
- World Environment Day and World Day for Safety and Health at Work

General feedback received and how we responded

Just under 6,400 ideas were submitted by employees to our Explore programme in 2012. 50 of these have been implemented or are under implementation.

Our next biennial Employee Satisfaction survey is due to take place in 2013.

Example in focus

Tackling ergonomic injuries and accidents is a priority for us and since 2006 our ergonomics programme has aimed to reduce ergonomic non-conformities and increase staff satisfaction with their workplace. In 2012 we invited employees to participate in our online ergonomics survey. The survey asked employees to rate their office environment and invited recommendations to improve office ergonomic conditions. Over 350 employees took part and, on average, 88% rated their satisfaction with office furniture, hardware and the quality of light as medium to good.

Further details can be found under Employees, [pages 83 to 85](#) and Safety and Health, [pages 90 to 91](#).

Our Tenants

How we engaged and informed

- SierraCentres network and newsletter
- Tenant Satisfaction Surveys
- Management meetings
- SHE Open Committees
- SHE training, SPO and emergency practice drills

General feedback received and how we responded

90% of our shopping centres achieved a tenant satisfaction rating of 4 or above on a scale of 1 to 6. In general, factors such as cleanliness, ambience, signage and car parking were evaluated favourably across our shopping centres. Factors such as temperature and WCs showed room for improvement in some centres. Tenant action plans have been developed to address areas of concern identified at a shopping centre level.

Open SHE Committee meetings with tenants help us to identify the safety and health issues of most concern to them. In 2012, discussion topics included how to prevent accidents, particularly related to electricity, improving traffic circulation and improving safety conditions during construction works in shops. Tenants also provided some specific recommendations with regards training, for example to include information about handling kitchen equipment.

Example in focus

In Brazil we launched new initiative focusing on the four Rs: "reduce, reuse, recycle... and rethink", to tackle the amount of waste produced by our tenants at three shopping centres: Parque D. Pedro Shopping, Franca Shopping and Shopping Plaza Sul. Each shopping centre introduced a number of initiatives to support the central goal, such as improving waste collection areas, organising tenant training sessions and holding meetings to discuss correct waste collection and disposal methods, as well as sharing ideas on how to improve the recycling rate. For example, at Franca Shopping, the marketing department helped to create a small magazine called "Recicle a sua ideia" (Recycle your idea) that was handed out to tenants with information regarding waste recycling procedures.

Further details can be found under Tenants, [pages 75 to 77](#) and Safety and Health, [pages 88 to 89](#).

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

Our Suppliers

How we engaged and informed

- CR Questionnaire for critical, repeat development suppliers
- CR audits with maintenance, security, cleaning and waste management suppliers
- Service Suppliers' Evaluation Procedure
- Regular SHE Meetings
- SHE training, SPO and Safe Practice Index

General feedback received and how we responded

59% of our critical development suppliers assessed through our CR questionnaire achieved an 'A' rating and 41% achieved a 'B' rating.

The results of the CR audits revealed that all suppliers demonstrated good team work, organisation and time-keeping. Knowledge and implementation of Sonae Sierra's safety procedures has improved since 2011, but there is room for further improvement, especially among cleaning suppliers. A further area identified for improvement is the safety training suppliers provide to their employees and the provision of regular medical check-ups.

Supplier feedback from our regular SHE meetings identified safety conditions on escalators and working conditions for service suppliers as areas for improvement.

Example in focus

Since 2010 we have set up an annual joint fire prevention training project with the company responsible for building maintenance at Dos Mares and the local Civil Protection Bureau, which specialises in fire prevention training. Attendance is compulsory for all workers, including suppliers, at Dos Mares and focuses on how to properly use fire extinguishers. We have achieved a significant increase in knowledge of how to use fire extinguishing systems among service providers, making Dos Mares a safer place for those who visit. As a bonus, the training project has fostered increased cooperation and understanding between those who have collaborated to provide it.

Further details can be found under Suppliers, [pages 72 to 74](#) and Safety and Health, [pages 86 to 89](#).

Our Communities and Visitors

How we engaged and informed

- Community Advisory Panels (CAPs)
- Community and Visitor surveys
- Customer Contact Management System for visitors to present suggestions and complaints
- Email updates on services and events at local shopping centres
- School liaison and staff volunteering activities
- Awareness-raising events with Safety and Health and Environmental themes, including the celebrations of World Day for S&H at Work and World Environment Day

General feedback received and how we responded

According to our Mall Tracking survey, 10% of visitors at our European shopping centres (excluding Romania) say that a company's environmental and social track record influences which shopping centre they visit, and 23% say that a company's environmental and social track record influences what products they buy. We have developed a strategy orientated towards visitors with this profile.

Example in focus

In Brazil, we survey visitor perceptions of our shopping centres' environmental and community initiatives. In 2012 perceptions improved at three shopping centres and four maintained the same score from our last survey in 2010. We promote greater environmental awareness through our annual 'Green Sales' campaign that aims to inspire shopping centre visitors to adopt more environmentally friendly behaviours. In 2012, the campaign which featured a range of awareness raising initiatives and ideas. For example, we created an online "Green Attitude Quiz", which was accessible through our shopping centre websites. Visitors answered a series of sustainability-related questions about their actions and behaviour in our shopping centres (e.g. whether they tried to reduce the amount of waste they created) to create a personal environmental profile and measure how green they are.

Further details can be found under Communities and Visitors, [pages 78 to 82](#).

PROFILE DISCLOSURES CONTINUED

Governance, Commitments and Engagement (continued)

Local Authorities

How we engaged and informed

- Community Advisory Panels (CAPs)
- Engagement at the shopping centre level during the planning, development and operations phases

General feedback received and how we responded

Local authority representatives are often invited to participate in our CAPs, where they are invited to raise any concerns and suggestions regarding shopping centre activities and present ideas for collaboration.

Example in focus

During 2012 we were invited to participate in a focus group related to the development of a Intermunicipal Mobility Plan working with local municipalities, citizens and other stakeholders such as businesses. The main goal was to establish guidelines for the optimum use of existing transport capacity and to develop the appropriate new infrastructure to solve congestion and accessibility problems (preferably during urban planning procedures). In this context, Sonae Sierra contributed several proposals to increase mobility in the vicinity of RioSul Shopping in order to solve the identified situations which interfere with daily life of our visitors and workers.

The Media

How we engaged and informed

- Conferences and presentations
- Publication of articles in press covering economic, social and environmental issues
- Interviews

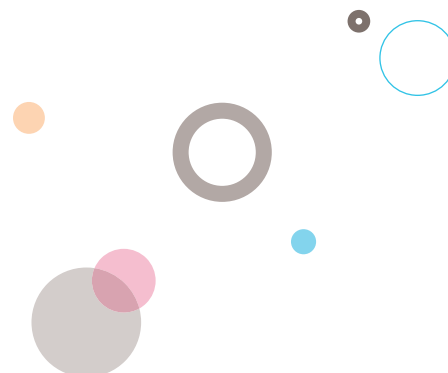
General feedback received and how we responded

In 2012, we received 5,142 cases of press coverage, covering economic, environmental and social aspects of our performance. Of these, 96% were positive or neutral.

Example in focus

Favourable press coverage focused on various environmental and social initiatives held at our centres, including "Earth Hour" and the "Recycling Battle" in Brazil, community days in Germany and Brazil, the Personæ Tenant Awards in Germany, Italy, Portugal, Romania, Greece and Spain, and the environmental and safety and health certifications achieved at multiple centres in Brazil, Italy, Germany and Romania.

Besides the specific feedback methods listed above, the Sierra Ombudsman is available for all stakeholders to present their complaints with the guarantee that these will be responded to. In 2012, the Sierra Ombudsman received 478 complaints from employees, suppliers, tenants and visitors. The majority of complaints focused around tenant service, the quality and efficiency of services such as cleaning and security, lack of information, the provision of smoking areas, complications with gift vouchers and promotions and the location of kiosks. All complaints were responded to by email or letter and, in some cases, a meeting. Operational adaptations and improvements were made in response to some claims regarding up-to-date signing in shopping centres and car parks, handicapped access and customer services.



ECONOMIC ASPECTS

Disclosures on Management Approach

Economic Performance and Market Presence

Goals and performance

Information about our strategic economic goals is provided in Our Business Strategy, Our Medium to Long-Term Strategy, [pages 18 and 19](#).

Information and data concerning our market presence and economic performance in 2012 is provided in summary in The Year at a Glance, [page 5](#). A more detailed account of our economic performance can be found in Operational Performance on [pages 36 to 41](#) and Consolidated Accounts, [pages 42 to 48](#).

Policy

Our policies and practices in relation to risk management are explained in Our Company, Corporate Governance, [page 13](#) and Our Business Strategy, Risk Management, [page 20](#).

Additional contextual information

Information about key economic successes and shortcomings and major changes can be found in Operational Performance on [pages 36 to 41](#).

Information about economic risks and opportunities and key strategies for achieving our goals in relation to economic performance and market presence can be found in Our Business Strategy, Our Medium to Long-Term Strategy on [pages 18 to 19](#) and The Economic Context on [pages 34 to 35](#).

Indirect Economic Impacts

We do not have specific goals related with indirect economic impacts, but we do report on our impact on the local economy through the supply chain in the Suppliers chapter on [pages 72 and 73](#) and on our impacts on local communities in the Communities and Visitors chapter on [page 78 to 80](#).

Our business makes a sizable indirect economic contribution to the communities it is located in through job creation, both in our direct workforce and indirectly through the people employed by our service suppliers and by our tenants who need to recruit local people for new stores. For example, the inauguration of Le Terrazze and Uberlândia Shopping in March 2012 created an additional 2,735 jobs, with 2,537 being created by our tenants.

Indicator

Compliance with
GRI CRESS

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. *(Core)*

FULL

€ million

Direct economic value generated	234.32
Revenues + sales of assets	234.32
Economic Value Distributed	271.00
Operating Costs	71.49
Employee wages and benefits	59.25
Payment to capital providers	68.44
Community Investment	0.05
Payments to Government	71.77
Economic Value Retained	-36.68

Data Qualifying Note:

This indicator covers all company activities. Payments to Government include €8 million of taxes paid to government but recharged to tenants (e.g. property tax).

EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues. *(Core)*

FULL

Sonae Sierra's Corporate Responsibility Steering Committee, which is chaired by the CEO and includes other representatives of the Executive Committee, has identified that climate change can present risks and opportunities for the business and Sonae Sierra has already performed studies to identify the potential financial risks for its business due to climate change.

Although it is impossible to predict how climate change risks will impact our business, we believe in taking action now to prevent potentially serious and irreversible damage from occurring in the future. It is now widely accepted among scientists across the world that some impacts of climate change will be inevitable: on current trends, average global temperatures are expected to rise by 2 to 3°C, within the next 50 years or so, and the earth will be subject to several degrees more warming if emissions continue to grow. If the increase in global average temperatures exceeds 1.5 to 2.5°C, major changes in ecosystem structure and function are anticipated, with predominantly negative consequences for biodiversity and ecosystems goods and services such as water and food supply.

ECONOMIC ASPECTS CONTINUED

Indirect Economic Impacts (continued)

Indicator	Compliance with GRI CRESS
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues. (Core) (continued)	
<p>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. With reference to the findings of the Intergovernmental Panel on Climate Change (IPCC) and other sources, we have identified the potential climate change impacts which may arise in the regions where we operate. We cannot anticipate exactly how these impacts might affect our shopping centres, although we can estimate, for example, that rising temperatures in several regions could increase demand for cooling within our shopping centres, putting further pressure on energy resources and causing operational costs to increase.</p> <p>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. This was done by identifying potential changes in energy use resulting from climate change under different scenarios and calculating the costs of these changes based on two main assumptions: firstly, that the price of electricity would be unchanged relative to what it was in 1990 and secondly, that the price will change as a result of climate-related policies. In order to estimate the impact on the profitability of operations at the selected assets, two approaches were taken. The first was an accounting approach, in which it was assumed that the cost structure would remain unaltered and reductions in profitability were calculated based on existing publicly available financial data for each shopping centre. The second involved estimating the relationship between profitability and electricity prices using an econometric approach. The econometric approach allows for the adjustment of operations in the centres to changing prices of inputs such as electricity and accounts for other indirect effects on profits such as increased visitors during periods of higher temperatures. The results of this study revealed that:</p> <ul style="list-style-type: none"> • 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%. <p>In Portugal, AlgarveShopping and NorteShopping were selected for a more detailed asset-level study. The results of the study revealed that:</p> <ul style="list-style-type: none"> • 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. <p>We also 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, waste and biodiversity and habitats (see pages 21 to 22). The issues identified form the basis of our Sustainability Strategy which seeks to align our sustainability and business goals to generate value in the medium to long term for our business and society, while addressing the long-term risks posed by social and environmental constraints such as natural resource shortages, cost increases and more stringent environmental regulations (see pages 30 to 32).</p>	
EC3 Coverage of the organisation's defined benefit plan obligations. (Core)	FULL
<p>The only country where we have a defined benefits plan obligation is The Netherlands, where Sonae Sierra only has four employees (representing 0.4% of the total workforce). This benefit plan states that the employers' obligation to pay defined pension contributions must be met directly and not through a fund held and maintained exclusively for the purpose. This does not constitute an indefinite liability to the employer; the liability is limited to the pension premium, which is only due as long as the employee is in service of the company. The percentage of contribution is 5% for the employee and the remainder for the employer.</p>	
EC4 Significant financial assistance received from government. (Core)	FULL
<p>In 2012, Sonae Sierra received a total value of €278,537 from the government.</p>	
EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. (Additional)	–
<p>Not reported.</p>	

ECONOMIC ASPECTS CONTINUED

Indirect Economic Impacts (continued)

Indicator	Compliance with GRI CRESS										
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. (Core) and EC7 Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community at significant locations of operation. (Core)	FULL										
<div><table><tr><td></td><td>€ million</td><td>%</td></tr><tr><td>National suppliers (aggregated across all countries of operation)</td><td>991</td><td>96.3%</td></tr><tr><td>International suppliers (aggregated across all countries of operation)</td><td>38</td><td>3.7%</td></tr></table><div><p>Data Qualifying Note: This indicator covers all Sonae Sierra direct employees at 31st December 2012; Sonae Sierra contractors and sub-contractors; and service suppliers of all Sonae Sierra activities.</p></div></div>				€ million	%	National suppliers (aggregated across all countries of operation)	991	96.3%	International suppliers (aggregated across all countries of operation)	38	3.7%
	€ million	%									
National suppliers (aggregated across all countries of operation)	991	96.3%									
International suppliers (aggregated across all countries of operation)	38	3.7%									
<p>The hiring policy at Sonae Sierra is based on merit, experience and other professional criteria, regardless of nationality. There is no policy that guarantee preference to local employees.</p> <p>The appointment of contractors and sub-contractors is governed by our supplier procurement procedures. As with direct employees, 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.</p> <p>All suppliers are evaluated and selected in a fair and transparent manner according to a range of criteria including cost, their ability to fulfil the terms of the contract, and their alignment with Sonae Sierra's CR policies including safety, health and the environment.</p>											
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)	FULL										
<p>In 2012, there were no investments and services provided primarily for public benefit through commercial, in-kind or pro ono engagement.</p>											
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)	-										
<p>Not reported.</p>											

ENVIRONMENTAL ASPECTS

Disclosures on Management Approach

Overall

Goals and Performance

Our long-term lines of action and 2013 objectives in relation to environmental aspects can be found on [pages 27 to 28](#).

Commentary on our environmental performance in 2012, including key success and shortcomings, and changes to environmental management procedures which occurred during the reporting year can be found in Our Business Strategy, Safety, Health and Environmental Management System on [pages 24 to 26](#) and in each environmental impact area chapter under Environmental Performance on [pages 53 to 67](#).

Policy

Our Safety, Health and Environment Policy establishes our responsibility to be proactive in safeguarding the environment for both today's and future generations and sets out a series of principles, including our commitments to:

- Plan, implement and operate our shopping centres in an environmentally responsible way; and
- Continually improve the environmental performance of our products, process and business activities.



[Click here to read our Safety, Health and Environmental Policy, which is available on our corporate website.](http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance/sustainability-policies.aspx)
<http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance/sustainability-policies.aspx>

Our Responsible Procurement Policy commits us to integrating CR criteria into our Service Suppliers' Management Procedures so as to ensure that the social and environmental performance of our suppliers is considered when tendering, managing and evaluating supplier contracts. Contracts signed by our Development and Property Management businesses with critical service suppliers included clauses for minimum requirements in relation to safety, environmental and social standards.

Organisational Responsibility

Ultimate responsibility for environmental aspects lies with Sonae Sierra's CEO and Executive Committee. The Safety, Health and Environment (SHE) Steering Committee constitutes the senior level of decision making. This Committee establishes the Safety, Health and Environment policy, lines of action and objectives and monitors progress in respect of these. The Sustainability Office actively supports the SHE Steering Committee and advises on SHE policies and standards. Responsibility for the implementation of Safety, Health and Environment Development Standards (SHEDS) and Safety, Health and Environment Management System (SHEMS) procedures is assigned to all leaders and managers in the line 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.

Training and Awareness

An online training video introducing our approach and policy regarding Safety, Health and Environmental policy is available to all employees.

Within the framework of our SHEMS, we operate a Competence, Training and Awareness Procedure. In accordance with this procedure, 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.

All training needs are recorded in the Corporate Training and Awareness Plan and communicated to all employees involved and their line managers. 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.

An evaluation process is performed based on each training session, allowing us to monitor the effectiveness of training delivered.

Monitoring and Follow-up

For an introduction to our SHEMS, see Our Business Strategy, Safety, Health and Environment Management System on [pages 24 to 26](#).

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 and the CR Portal. Performance results are evaluated on a timely basis by all the involved entities, including the SHE Steering Committee, Executive Committee and Board of Directors.

We have established an Incident Report and Investigation procedure to report, investigate, communicate and act to prevent environmental 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.

ENVIRONMENTAL ASPECTS CONTINUED

Disclosures on Management Approach (continued)

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; and,
- 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.

In addition to the procedures described above, we monitor the number and proportion of complaints we receive about environmental concerns, as well as articles released by the media that are positive or neutral related to environmental aspects.

Complaints of an environmental nature (number and %)

	2012	2011	2010	2009
Shopping Centres and Corporate Offices				
Total number of complaints	3,629	3,958	4,323	5,302
Total number of environmental complaints	163	119	136	214
Proportion of environmental complaints (%)	4.5	3.0	3.1	4.0
Projects under development				
Total number of environmental complaints	7	10	–	–

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period; all corporate offices; and all Sonae Sierra projects under development during the reporting period.

Additional Contextual Information

Details of the environmental risks and opportunities that we have identified as being most relevant for our business are provided on [pages 21 to 22](#).

Economic Investment

We integrate specific investment initiatives into each shopping centre's Investment Plan to ensure that we improve the centre's environmental performance. These investment initiatives include environmental protection measures at our existing shopping centres, corporate offices and development projects, in particular investments in environmental management and waste disposal, emissions treatment, and remediation costs. See indicator EN30, [page 127](#), for full details of these expenditures.

Sonae Sierra's Environmental Accounting in owned Shopping Centres under operation

In 2008 Sonae Sierra developed a tool to account for environmental expenditures and benefits, both physic and economic, from the implementation of company's Safety, Health and Environmental Management System (SHEMS). Sonae Sierra's Environmental Accounting aims to:

- Identify expenditures of environmental conservation activities;
- Identify benefits gained from such activities;
- Provide means of quantitative measurement: physical and monetary;
- Support the communication of results.

ENVIRONMENTAL ASPECTS CONTINUED

Economic Investment (continued)

Summary of environmental costs and associated measurable benefits, by environmental category (2012)

Area	Capital Expenditure (€)	Current Costs (€)	Benefits of Significant Actions of Previous Periods	Benefits of Significant Actions of the Period	Benefits of the Period
Air	-	11,434			
			Reduction of CO ₂ emissions (tonnes): 1,171	Reduction of CO ₂ emissions (tonnes): 20.6	Reduction of CO ₂ emissions (tonnes): 55.4
					Reduction of NO _x emissions (tonnes): -41.8
					Reduction of SO _x emissions (tonnes): 0.60
					Reduction of PM emissions (tonnes): 1.32
Health and well being	191,257	630,232	Compliance with indoor air quality and water quality thresholds (legal and company standards)		
Energy	841,647	91,101	Economic (€): 569,760	Economic (€): 13,400	Economic (€): 5,630,699
			Reduction of electricity consumption (kWh): 3,876,026	Reduction of electricity consumption (kWh): 100,453	Reduction of electricity consumption (kWh): 14,705,616
					Reduction of gas consumption (GJ): -159
Water	256,683	90,046	Economic (€): 16,163	Economic (€): 8,719	Economic (€): 154,072
			Reduction of water consumption (m ³): 7,549	Reduction of water consumption (m ³): 4,912	Reduction of water consumption (m ³): 68,611
Ecosystem	1,144	-			
Emergencies	1,506	-			
Noise	4,207	-	Compliance with legal noise emission limits		
Wastewater	92,839	840,033			Economic (€): -359,133
					Reduction of wastewater discharged (m ³): 46,222
			Compliance with wastewater quality thresholds (legal and company standards)		
Waste	284	951,174			Economic (€): 445,414
					Increase of waste sent to valorisation (tonnes): -1,061
			Reduction of quantity of waste sent to final disposal (tonnes): 211		Reduction of waste sent to final disposal (tonnes): 2,060
Environmental management activities	4,777	3,643,259			Economic (€): 34,723
Social activities	-	4,515			
Total Economic (€)	1,394,343	6,261,795	Economic (€): 585,923	Economic (€): 22,120	Economic (€): 5,812,358

Data Qualifying Note:

The Company's Environmental Accounting (EA) model details the current costs, capital expenditure, and economic and environmental benefits resulting from the implementation of company's Safety, Health and Environmental Management System, excluding S&H issues. The model allows us to break down expenditures into legally mandatory, so-called baseline, expenditures, and extra-baseline expenditures (e.g. legionella monitoring in countries where no legal requirements exist). In this way, it is possible to estimate the economic effort of the company to strive to achieve more than just complying with legal requirements. The EA is structured by environmental domain and specific activities, and the presented figures include all shopping centres owned by Sonae Sierra in operation for the current reporting period, except Münster Arkaden, Pátio Brasil Shopping, Tivoli Shopping and Shopping Penha.

Capital expenditure and current costs are calculated from the company's financial controlling statements, classifying them by assigning one or several environmental activities along with its related percentages and legally non-mandatory fractions. Current costs include the human resource effort that is environmentally related and corporate environmental expenditure.

Benefits can be physical or economic and are computed as differences of performance between 2012 and 2011. They are based on validated data also presented throughout this report.

Economic benefits can be revenues (monetary inflows from environmental conservation activities, for example from waste recycling) or savings (avoided consumptions, pollutants disposal or costs compared to the previous period).

ENVIRONMENTAL ASPECTS CONTINUED

Economic Investment (continued)

Data Qualifying Note: (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 physical and/or economic saving (when compared with basic technology or prior existing situation). These actions produce effects throughout the asset/equipment's operating period. The effects from actions from previous years and those for this period are shown in the table. The implementation date of the Significant Actions of 2012 was on average 10/31, meaning that the benefits (physical and economic) of Significant Actions of the period for a full year are 6 times bigger than the shown figures. The Benefits of Significant Actions of 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 contribute 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 on [page 127](#) detailing EN30 expenditure. Benefits can eventually include items resulting from the compliance of legally mandatory requirements (for e.g. implemented actions from building energy certifications may impact the benefit "Reduction of electricity consumption"). On the other hand, since benefits are computed from differences in centres' performance from the last two years, some current costs associated benefits may be excluded ("benefit of the period" from previous years).

The economic benefits regarding waste include only the revenues from waste recycling.

Revenues resulting from sale of energy (electricity, hot and cold water) are only for the two shopping centres with CHP plants (NorteShopping and MaiaShopping in Portugal). The volume of wastewater is estimated from the water consumption (80%).

Benefits figures were normalised taking into account some shopping centres operational data between periods, such as opening hours and number of visits, therefore the presented values may vary significantly from GRI/CRESS indicators shown in this report.

Materials

We engage with our suppliers with the aim of encouraging them to adopt more responsible business practices. In 2007, we formally approved our Responsible Procurement Policy, which commits us to:

- Integrating CR criteria into our Service Suppliers' Management Procedures so as to ensure that the social and environmental performance of our suppliers is considered when tendering, managing and evaluating supplier contracts.
- Engaging with our suppliers in order to improve their CR performance.
- Privileging the use of materials which are locally-sourced; have a recycled content; have a low-toxic content; have a long life and can be recycled or used, and/or are sourced from companies which adhere to ethical and/or environmental standards.

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 materials consumption. Nonetheless, through our SHEDS and our Service Suppliers Management Procedures we encourage our suppliers to reuse demolition materials and favour materials that are low-toxic, locally sourced, have a recycled content and/or are sourced from companies that adhere to ethical and environmental standards. The SHEDS prohibit the use of materials which are known to have negative impacts on the environment and on the health and well-being of building occupants and timber products derived from non-sustainable managed forestry.

In 2012, a study was performed to assess the possibility to quantify the most significant materials consumed during the construction of new projects. The defined methodology will be used at a pilot project in 2013.

Energy

Increasing the energy efficiency of our activities – and in particular of our buildings – constitutes one of the main strategies to help us to achieve our goal of a 70% reduction in GHG emissions per m² of GLA, by 2020, compared to the 2005 level. We aim to attain a maximum average electricity consumption of 400kWh per m² (mall and toilet area) per year across our shopping centres by 2020. 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. We also require Development Managers to explore possible renewable and low-carbon technologies during design, such as passive solar design, natural ventilation, Combined Heat and Power (CHP) and district heating. We are especially committed to designing buildings that will achieve high energy efficiency ratings under the European Union's Energy Performance of Buildings Directive.

Alongside our efforts to manage our shopping centres' energy use as efficiently as possible during the operations phase (as described on [pages 54 to 57](#)), we investigate opportunities for on-site generation of renewable energy and procurement of green electricity through the grid.

We also seek to reduce the energy consumption and GHG emissions that are generated as a consequence of our other direct and indirect activities. These include transport emissions generated by people visiting our shopping centres; by our staff travelling to and from work and for business purposes; emissions produced by tenants occupying our shopping centres and by our contractors on construction sites.

During the construction phase, we implement our Safety, Health and Environment Management System (SHEMS) for construction (or the SHE Management Plan for major refurbishments and expansions) which include guidelines for monitoring energy consumption and implementing best practices in energy conservation in order to achieve greater energy efficiency.

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 in which 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 Environmental Development Standards (SHEDS) define that specific equipment (like water chillers) must be avoided in order to minimise our vulnerability to water shortages. We also ensure that water efficient design, including equipment specifications and water recycling engineering solutions, is maximised.

ENVIRONMENTAL ASPECTS CONTINUED

Water (continued)

Where feasible, we integrate rainwater harvesting and greywater recycling systems on new projects to reduce the need for freshwater or municipal water consumption, and we have set an objective for at least 10% of total water consumed at our shopping centres to be reused greywater or harvested rainwater by 2020. During the fit out process, we set requirements for water efficient sanitary equipment (such as sensor spray taps, waterless urinals and low flush toilets). For shopping centres' exterior areas and when landscape projects are defined, we specify efficient irrigation systems and minimise the planting of species with high water demands.

Within our operational shopping centres, we install water efficient appliances such as waterless urinals, low flush toilets, sensor taps and taps aerators in all refurbishments and set procedures to restrict water use wherever appropriate. It is our objective to attain a level of water consumption at or below three litres per visit (aggregated across all our shopping centres) by 2020. Our water metering strategy allows us to optimise shopping centres' water consumption by enabling us to identify unusually high usage patterns and to define new management measures for tighter control of water usage. Regarding water quality we perform regular analysis according to its source and use that go beyond existing legal requirements. Our Water Quality and Consumption Management procedure sets out the process we follow. We collect regular samples according to the water source, including water supplied from the public network, groundwater/boreholes or rainwater. Additional sources in Brazil include water tank vehicles and water reused from wastewater treatment plants. We require further analyses whenever a system change occurs or whenever there is a complaint. The procedure also ensures that the cleaning and maintenance of water storage tanks meet the required standards.

In addition to monitoring water quality, we record and evaluate water consumption levels against objectives and targets defined within the scope of the SHEMS, and analyse possible existing deviations, taking appropriate action whenever necessary.

During construction works, we implement our Safety, Health and Environment Management System (SHEMS) for construction which includes guidelines for monitoring water consumption, targeting water efficiency improvements and implementing best practices in water conservation. We also place demands upon our contractors in order to avoid the risk of water pollution from construction activities.

Biodiversity

We have set an objective to promote the use of previously developed land for new Sonae Sierra shopping centre projects and to protect and enhance biodiversity wherever possible.

Environmental Due Diligence, Environmental Impact Studies (EIS), Safety, Health and Environment Development Standards (SHEDS) and a site specific Safety, Health and Environmental Management System (SHEMS) are applied to all our new developments. EIS are performed when required by legislation and, in all other cases, Preliminary Environmental Evaluations (PEE) are performed, according to Sonae Sierra's specifications. The EIS identifies potential environmental impacts of each project's design, construction and operation on the site's biodiversity and specifies mitigation measures. We monitor the implementation of these recommendations to ensure that impacts on biodiversity are minimised as far as possible. In cases where we are building a shopping centre on a Greenfield or previously undeveloped site, we ensure that all recommendations are implemented to compensate for any loss of biodiversity.

The SHEDS also establish requirements in relation to biodiversity, namely:

- Ecological features classified as premium features according to the EIS must be preserved throughout construction and integrated in the landscape design. All other relevant ecological features should be preserved and integrated into the landscape project to the greatest extent possible.
- Native flora should be specified for use on all of the development's outdoor 'soft' landscaping works, and preference should be given to the use of "green barriers" such as hedgerows rather than fences. Exotic, allochthonous, invasive or non-indigenous plant or tree species should not be specified for any of our new shopping centre's landscape projects.
- Flat roofs (i.e. roofs with gradients of no more than 5 degrees), which are not used for any specific purpose (e.g. car parking, pedestrians use, housing of plant rooms, etc.), should be considered by design as suitable locations for green roofs.

At our operational shopping centres and our corporate offices, biodiversity impacts that may result from day-to-day activities such as waste disposal and water consumption are monitored through our SHEMS procedures. We have on-going projects at LoureShopping in Portugal and Parque D. Pedro Shopping in Brazil to protect existing habitats and we also seek to raise awareness of biodiversity through marketing events and other initiatives among shopping centre staff and/or visitors.

Emissions, Effluents, and Waste

Waste

Our Safety, Health and Environment Development Standards (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).

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.

ENVIRONMENTAL ASPECTS CONTINUED

Emissions, Effluents, and Waste (continued)

During the operations phase, the 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. Therefore, our waste management efforts are focused on waste segregation, management and disposal. Beyond legal requirements, we aim to progressively improve each shopping centre's waste recycling rate, and have set an objective to obtain a minimum average recycling rate of 55% (and a maximum average landfill rate of 30%), aggregated across all our owned shopping centres by 2020. Our Site Managers at each shopping centre are responsible for ensuring that waste is managed efficiently. This includes providing appropriate storage areas and equipment that are well maintained, preventing spillage and scattering during transportation, and producing monthly reports of waste volumes. 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.

Emissions

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 and the World Business Council for Sustainable Development. Our long-term objective is to achieve a 70% reduction in GHG emissions per m² of GLA, by 2020, compared to the 2005 level. 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 CO₂ emissions in relation to some minor events.

It is part of our strategy to advocate more sustainable practices at an industry level and in 2011, we signed The 2°C Challenge Communiqué that supports a robust, equitable and effective United Nations agreement on climate change.

During the construction phase, 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.

Effluents

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 is installed, minimising pollution through the pre-treatment of these effluents before they are discharged. Our shopping centres may have up to five separate wastewater collection systems, which enable different types of wastewater to be reused and/or treated, according to their characteristics.

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. Among the main bio-chemical parameters usually analysed are Biological Oxygen Demand (BOD5), Chemical Oxygen Demand (COD), Fats and oils, Total Hydrocarbons, Total Suspended Solids (TSS), pH, Detergents and Sulphides. Through this control it is possible to prevent and to correct pollution to water sources.

Products and Services

Regarding indoor air quality, 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 are monitored on-line and transmitted to the public who visit our shopping centres through television screens in the mall areas.

During the design phase, the SHEDS include standards which guarantee the use of best equipment for Legionella control and the on-going 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 drift eliminator devices. Shopping centres must have the capacity to measure indoor air quality against the parameters of air temperature; relative humidity; CO₂ and carbon monoxide (CO) in different areas of the building.

Compliance

Our SHEMS ensures that, as a minimum, Sonae Sierra complies with all SHE legislation and regulations in the countries where it operates. The legal and other requirements procedure is established and maintained to identify the legal and other requirements that are applicable to Sonae Sierra's activities and periodically evaluate compliance with these.

ENVIRONMENTAL ASPECTS CONTINUED

Compliance (continued)

Land Degradation, Contamination and Remediation

In accordance with our Land Use Strategy, we aim to treat contaminated soil rather than disposing of it in landfill. In cases where remediation of contaminated land is required, each project must investigate the possibility of employing the 'in situ bio-remediation' technique by identifying organisations which might be able to undertake this remediation work and the associated costs needed as well as business impact. This investigation is made as part of our Due Diligence process.

Our SHEDS prohibit the use of harmful materials such as asbestos, lead, chromium, mercury and manmade mineral fibres. Suppliers are made aware of the prohibited materials list and the SHEDS audit checks that the prohibited materials list has been adhered to. Since not all of the shopping centres in our operational portfolio have been developed by Sonae Sierra or in accordance with the SHEDS, we follow all legal requirements and best practices to ensure that harmful materials are managed where they exist. 'Harmful materials' is one of the environmental aspects which are addressed through the Due Diligence process for the acquisition of existing shopping centres.

Transport

By giving preference to the reuse of demolition materials and use of materials sourced within a 500km distance, we seek to avoid indirect GHG emissions associated with the transport of building materials to and from our construction sites. During the operations phase, we strive to maximise the accessibility of our centres to those using alternative transport modes. We also continue to work to reduce GHG emissions associated with business travel, for example by promoting the use of video-conferencing tools and restrictions on staff travel budgets.

Most of our centres have dedicated spaces for the provision and display of travel information, including public transport timetables, and cycle storage facilities for tenants and visitors. We have also established Green Travel Plans at 12 shopping centres and two corporate offices to analyse the existing transport infrastructure and implement measures to encourage and improve the accessibility to the shopping centre by public transport, bicycle and on foot.

Performance Indicators

Indicator	Compliance with GRI CRESS
EN1 Materials used by weight, value or volume. <small>(Core)</small>	PARTIAL

Category	Total (ton)
Archive folders	14
Binder clip	1
Business cards	1
Documents dividers	1
Envelops	12
Markers	1
Paper	356
Pencils	0.2
Pens	5
Plastic bags	2
Post its	2
Total	395

Data Qualifying Note:

This indicator includes materials consumed in all our shopping centre offices and corporate offices. The reported materials are considered to be the most relevant in the activity of Sonae Sierra. All materials listed are direct materials; no non-renewable materials are consumed in Sonae Sierra Offices (corporate offices and shopping centres offices). In 2012, in order to fully address this indicator, a study was performed to assess the possibility to quantify the most significant materials consumed during the construction of new projects. The defined methodology will be used at a pilot project in 2013. Pátio Brazil Shopping is excluded from this indicator because it was not possible to collect information.

EN2 Percentage of materials used that are recycled and reused input materials. <small>(Core)</small>	PARTIAL
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In 2012, in order to fully address this indicator, a study was performed to assess the possibility to quantify the recycled content of the most significant materials consumed during the construction of new projects. The defined methodology will be used at a pilot project in 2013. See Suppliers, [page 74](#).

EN3 Direct energy consumption by primary energy source. <small>(Core)</small>	FULL
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Fuel Type	Use	kWh	GJ
Natural Gas	Natural gas purchased for Boilers and Cogeneration systems	85,397,538	307,431
Diesel	Fleet cars and business travel in staff's own cars	3,586,887	12,913
Petrol (Gasoline)	Fleet cars and business travel in staff's own cars	423,833	1,526
Ethanol	Fleet cars and business travel in staff's own cars	261,849	943
Total		89,670,107	322,813

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period and all corporate offices. GranCasa, in Spain, started the use of natural gas in November 2012 and MaiaShopping, in Portugal, stopped using cogeneration in April 2012. The conversion factors used to convert fuel to Gigajoules are all from GRI CRESS Guidelines, except ethanol, which is not available in GRI CRESS Guidelines. Since it is only consumed in Brazil, we have used a conversion factor recognised by that country. The calculation of the intermediate energy purchased and consumed is based on publicly available information. The conversion factor used to convert kWh to GJ is 0.0036, as defined by the GRI CRESS Guidelines.

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
EN4 Indirect energy consumption by primary source. (Core)	FULL

Sonae Sierra's total energy consumption includes:

- Electricity consumption (277,026,574kWh/997,296 GJ);
- Chilled water consumption (39,433,768kWh/141.962 GJ); and,
- High temperature hot water consumption (7,810,776kWh/28,119 GJ).

The total corresponding primary energy consumed in its production is 530,038,106kWh/ 1,908,137 GJ, taking into account the losses which occur in electricity production, transportation and distribution. Indirect energy consumption by primary source and by country is presented in the tables below:

Electricity

Country	Non-renewable energy		Renewable energy		Total	
	GJ	kWh	GJ	kWh	GJ	kWh
Portugal	443,187	123,107,426	266,486	74,023,817	709,673	197,131,243
Spain	151,438	42,066,042	52,266	14,518,472	203,704	56,584,514
Italy	90,362	25,100,531	29,907	8,307,367	120,269	33,407,898
Germany	148,942	41,372,864	32,795	9,109,795	181,737	50,482,659
Greece	53,673	14,909,168	8,321	2,311,499	61,994	17,220,667
Romania	35,205	9,779,286	12,979	3,605,225	48,184	13,384,511
Brazil	63,878	17,743,866	518,698	144,082,748	582,576	161,826,614
Total	986,685	274,079,183	921,452	255,958,923	1,908,137	530,038,106

Heat/Cold

Country	Non-renewable energy		Renewable energy		Total	
	GJ	kWh	GJ	kWh	GJ	kWh
Portugal	235,779	65,494,146	–	–	235,779	65,494,146
Italy	10,620	2,950,001	578	160,496	11,198	3,110,497
Germany	20,538	5,705,032	3,411	947,516	23,949	6,652,548
Romania	9,879	2,744,293	92	25,444	9,971	2,769,737
Total	276,816	76,893,472	4,081	1,133,456	280,897	78,026,928

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period and seven out of eight corporate offices. Maia office in Portugal was excluded since it is in a shared floor/building, with no individual energy meters. The calculation of indirect energy consumed in the production of the intermediate energy purchased and consumed by Sonae Sierra is based on publicly available information. The conversion factor used to convert kWh to GJ is 0.0036, as defined by the GRI CRESS Guidelines. The desegregation of primary energy was based on the International Energy Agency (IEA) Energy Balances of OECD Countries and non OECD Countries published in 2011.

CRE1 Building energy intensity (Core)	FULL
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Country	Building Energy Intensity, Shopping Centres (kWh/m ² mall and toilet area)
Portugal	683
Spain	320
Italy	804
Germany	683
Greece	929
Romania	659
Brazil	554
Total	594

Country	Building Energy Intensity, Corporate Offices (kWh/m ²)
Portugal	122
Spain	98
Italy	78
Germany	46
Greece	379
Romania	62
Brazil	232
Total	137

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, and seven out of eight corporate offices. Maia office in Portugal was excluded since electricity consumption isn't known because it is in a shared floor/building with no energy meters. For MaiaShopping, we did not consider the amount of hot/chilled water produced by cogeneration in the building since consumption data aren't known. Therefore, we only considered natural gas consumption for cogeneration, leading to an overestimated building energy intensity since a great part of the energy produced by cogeneration (electricity) is sold to the network and not used in the premises.

For this indicator there is a slight mismatch between the numerator and the denominator since: energy consumption regarding cooled and hot water that is supplied to some tenants is considered even if those tenant areas are not; and, energy consumption in technical areas is considered but the areas not.

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
EN5 Energy saved due to conservation and efficiency improvements. (Core)	PARTIAL

	kWh	GJ
Offices	360,743	1,299
Shopping Centres	14,549,101	52,377
Total	14,909,844	53,676

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period and all corporate offices. Since this indicator is a like-for-like indicator, shopping centres contributing to this indicator are the same for 2011 and 2012. Due to the sale of three shopping centres in Brazil, the months in which the shopping centres were no longer owned by Sonae Sierra were excluded from both years in order for the consumption data to be comparable.

EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. (Core)	FULL
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Shopping centres in operation	Initiative description	Since implementation date		Whole year	
		Reduction (GJ)	GHG emissions reduction (Kg CO ₂)	Reduction (GJ)	GHG emissions reduction (Kg CO ₂)
Parque D. Pedro Shopping (Brazil), Airone, Gli Orsi, Valecenter (Italy), 8ª Avenida, AlbufeiraShopping, ArrábidaShopping, CascaiShopping, Centro Colombo, LeiriaShopping, Centro Vasco da Gama, CoimbraShopping, Estação Viana, GaiaShopping, ViaCatarina Shopping, Serra Shopping, GuimarãesShopping, LoureShopping, MaiaShopping, NorteShopping, Parque Atlântico (Portugal) and Valle Real (Spain)	Replacement of lamps for LED or more efficient lighting	1,575	155,310	2,382 ²⁸	241,239
Alexa (Germany) and Shopping Campo Limpo (Brazil)	Replacement of lamps for more efficient lighting and improvements in lighting control (e.g. installation of presence detectors)	51	156	51	156
Centro Colombo (Portugal)	Installation of presence detectors in emergency stairs	100	12,267	150	18,400
Manauara Shopping, Shopping Metrópole, Franca Shopping (Brazil), Loop5 (Germany) RioSul Shopping, Centro Colombo, GuimarãesShopping, Parque Atlântico (Portugal) Parque Principado, GranCasa, Plaza Mayor, Valle Real, Zubiarte (Spain) and Gli Orsi (Italy)	Implementation of management measures to decrease energy consumption (e.g. optimisation in lighting and HVAC working hours, optimisation of HVAC set points)	2,654	96,483	13,078 ²⁹	295,820
8ª Avenida, CascaiShopping (Portugal)	Implementation or improvement of the free-cooling system	n.d.	n.d.	n.d.	n.d.
Münster Arkaden (Germany) and CoimbraShopping (Portugal)	Improvement of the energy monitoring and/or metering system	n.d.	n.d.	n.d.	n.d.
GranCasa (Spain)	Installation of variable speed drives in HVAC system	49	3,550	590	42,597
Loop5 (Germany)	Change Car parking light system and programming	2	-	181	-
Luz del Tajo (Spain) and NorteShopping (Portugal)	Others initiatives (implementation of automatic doors and installation of a new absorption chiller)	1	121	90 ³⁰	11,026
Lisbon Offices (Portugal)	Purchase of electric cars	n.d.	n.d.	n.d.	n.d.

Data Qualifying Note:

The indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices and all Sonae Sierra development projects completed within the reporting period.

²⁸ Data includes 20 of 22 shopping centres listed in the left-hand column. Data was not available for LeiriaShopping and Estação Viana in Portugal. The same comment applies to the GHG emissions reduction.

²⁹ Data includes four of 14 shopping centres listed in the left-hand column. Data was only available for Manauara Shopping, Max Center, Franca Shopping and RioSul Shopping. The same comment applies to the GHG emissions reduction.

³⁰ Data only includes reductions achieved at NorteShopping (installation of a new absorption chiller). The same comment applies to the GHG emissions reduction.

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
EN7 Initiatives to reduce indirect energy consumption and reductions achieved. <i>(Additional)</i>	PARTIAL

Shopping centres in operation	Initiative description	Since implementation date		Whole year	
		Reduction (GJ)	GHG emissions reduction (Kg CO ₂)	Reduction (GJ)	GHG emissions reduction (Kg CO ₂)
Boavista Shopping, Franca Shopping, Parque D. Pedro Shopping, Shopping Plaza Sul (Brazil), River Plaza Mall (Romania)	Celebration of WWF event "Earth Hour" to increase awareness regarding climate change	n.d.	n.d.	n.d.	n.d.
Valle Real, Max Center (Spain)	Actions to increase awareness regarding efficient energy use (e.g. messages in centre's website, informative posters etc)	n.d.	n.d.	n.d.	n.d.
Athens Offices (Greece)	Campaign encouraging the use of public transportation instead of private car	n.d.	n.d.	n.d.	n.d.

Data Qualifying Note:

The indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices, and all Sonae Sierra development projects completed within the reporting period.

EN8 Total water withdrawal by source. <i>(Core)</i>	FULL
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Total water withdrawal by source (m ³)		
Water Source	Excluding tenants	Including water reallocated to tenants
Ground water	251,738	426,766
Rainwater collected directly and stored by the reporting organisation	13,139	10,719
Municipal water supplies or other water utilities	940,094	1,676,000
Mixture of ground water and municipal water	108,715	174,057
Greywater	11,322	11,322
Treated waste water	64,913	64,913
Total	1,389,921	2,363,777

Total water withdrawal by country (including water reallocated to tenants) (m³)

Country	
Portugal	832,937
Spain	340,028
Italy	104,772
Germany	141,510
Romania	14,881
Brazil	929,649
Total	2,363,777

Data Qualifying Note:

This indicator includes 47 out of 49 shopping centres owned by Sonae Sierra and in operation during the full reporting period. Total water withdrawal by source (excluding tenants) does not include Pantheon Plaza in Greece, since this shopping centre has unknown partial consumptions, such as "Water withdrawal from rainwater" and "Water withdrawal from mixture of water sources". Total water withdrawal by source (including tenants) also excludes Pantheon Plaza in Greece, and Freccia Rossa in Italy, because water reallocated to tenants isn't known. Due to the sale of Pátio Brasil Shopping in October 2012, the values for water consumption were estimated for October 2012. It was detected in October 2012 that Manauara Shopping provided groundwater to tenants together with municipal water supply. Consequently, estimations considering this fact were made for the period January 2012 to October 2012.

EN9 Water sources significantly affected by withdrawal of water. <i>(Additional)</i>	–
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Not reported.

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS																		
EN10 Percentage and total volume of water recycled and reused. (Additional)	FULL																		
<div><table><tr><th>Water Type</th><th>Volume (m³)</th><th>Percentage</th></tr><tr><td>Recycled or Reused</td><td>86,954</td><td>3.7%</td></tr><tr><td>Not recycled or reused</td><td>2,276,823</td><td>96.3%</td></tr><tr><td>Total</td><td>2,363,777</td><td>100.0%</td></tr></table><div><p>Data Qualifying Note: This indicator includes 48 out of 49 shopping centres owned by Sonae Sierra and in operation during the full reporting period. Freccia Rossa in Italy was excluded since, although this shopping centre uses rainwater, the water reallocated to tenants is not known. This indicator is determined by the following formula: (Water reused or recycled (m³)/Total water withdrawal (m³))*100. Pantheon Plaza in Greece, Dos Mares in Spain, Valecenter in Italy, 8ª Avenida and LeiriaShopping in Portugal have water reuse systems in place but are not currently able to measure the real amount of water reused. Since last year, Shopping Penha and Shopping Plaza Sul in Brazil no longer have operational water reuse systems.</p></div></div>		Water Type	Volume (m³)	Percentage	Recycled or Reused	86,954	3.7%	Not recycled or reused	2,276,823	96.3%	Total	2,363,777	100.0%						
Water Type	Volume (m³)	Percentage																	
Recycled or Reused	86,954	3.7%																	
Not recycled or reused	2,276,823	96.3%																	
Total	2,363,777	100.0%																	
The shopping centres which are contributing to water recycled/reused (including water reallocated to tenants) are: ArrábidaShopping, CascaiShopping, Centro Colombo, CoimbraShopping, GaiaShopping and LoureShopping (Portugal); Parque D. Pedro Shopping (Brazil); Gli Orsi (Italy); and Alexa (Germany).																			
CRE2 Building water intensity. (Core)	FULL																		
<div><table><tr><th>Country</th><th>Average Building Water Intensity (litres/visit/year)</th></tr><tr><td>Portugal</td><td>4.9</td></tr><tr><td>Spain</td><td>5.8</td></tr><tr><td>Italy</td><td>7.8</td></tr><tr><td>Germany</td><td>4.5</td></tr><tr><td>Greece</td><td>6.2</td></tr><tr><td>Romania</td><td>4.3</td></tr><tr><td>Brazil</td><td>9.2</td></tr><tr><td>Total</td><td>6.3</td></tr></table><div><p>Data Qualifying Note: This indicator includes 48 out of 49 shopping centres owned by Sonae Sierra and in operation during the full reporting period. Freccia Rossa in Italy was excluded since the water reallocated to tenants is not known. The formula used to calculate this indicator is: (Total Water Consumption (excluding tenants) (m³) + Total Water Consumption purchased on behalf of tenants) (m³)*1000)/"Number of visits in the reporting year (Owned Portfolio)".</p></div></div>		Country	Average Building Water Intensity (litres/visit/year)	Portugal	4.9	Spain	5.8	Italy	7.8	Germany	4.5	Greece	6.2	Romania	4.3	Brazil	9.2	Total	6.3
Country	Average Building Water Intensity (litres/visit/year)																		
Portugal	4.9																		
Spain	5.8																		
Italy	7.8																		
Germany	4.5																		
Greece	6.2																		
Romania	4.3																		
Brazil	9.2																		
Total	6.3																		
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	FULL																		
See Biodiversity and habitats, page 66.																			
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	FULL																		
See Biodiversity and habitats, page 66.																			
EN13 Habitats protected or restored. (Additional)	FULL																		
No habitats were protected or restored during 2012.																			
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)	FULL																		
See Environmental Aspects, Disclosures on Management Approach, Biodiversity, page 116.																			
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)	-																		
Not applicable.																			

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
EN16 Total direct and indirect greenhouse gas emissions by weight. (Core)	FULL

		GHG Emissions (tCO ₂ e)			
		2009	2010	2011	2012
	Scope 1	42,775	41,116	21,136	18,972
	Scope 2	82,157	22,422	30,627	73,807
Total	Total	124,932	63,538	51,763	92,779
Scope 1	Boilers and Cogeneration	39,953	36,486	19,163	17,549
	Fleet	1,129	1,107	1,074	1,055
	Refrigeration Equipment	1,693	3,523	899	368
	Total	42,775	41,116	21,136	18,972
Scope 2	Electricity	79,636	19,251	27,772	68,342
	Chilled and Hot Water	2,521	3,171	2,855	5,465
	Total	82,157	22,422	30,627	73,807

Data Qualifying Note:

This indicator includes shopping centres owned by Sonae Sierra and in operation during the full reporting period and all corporate offices.

Scope 1: Direct emissions from sources that are owned or controlled by Sonae Sierra, e.g., the company car fleet, air-conditioning equipment, boilers and cogeneration plants.

Scope 2: indirect emissions that result from Sonae Sierra's activities but are owned or controlled by another organisation, e.g., the generation of 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. The electricity emission factors (gCO₂e/kWh) were provided by our electricity suppliers in each country, except for Brazil where we used the value provided by the Environment Ministry associated with the national grid (<http://www.mct.gov.br/index.php/content/view/full/321144.html#ancora>). The values refer to 2011, except for Brazil, Germany and partially for Portugal, since no data was available for 2012 at the time when we calculated the carbon footprint.

In 2012 we included for the first time the energy consumed on behalf of tenants as established in the GRI CRESS Guidelines. The emissions factors were updated according to values referred to in: 2012 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting.

For Italy, 2012 car fleet consumption was estimated taking into account consumption in 2011 and the variation in the number of company cars between years.

GranCasa, in Spain, started the use of natural gas in November 2012 and MaiaShopping, in Portugal, stopped using cogeneration in April 2012.

For Maia office in Portugal electricity consumption isn't known as it is located in a shared floor/building, with no individual energy meters.

EN17 Other relevant indirect greenhouse gas emissions by weight. (Core)	FULL
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		GHG Emissions (tCO ₂ e)			
		2009	2010	2011	2012
Business train travels		38	64	43	24
Business air travels		2,853	1,923	1,690	2,214
Employee commuting		1,159	1,150	1,359	1,327
Visitor trips to and from our shopping centres		925,532	884,023	664,065	577,713
Hotel Stays		-	-	-	109
Waste water treatment (co-workers + visitors)		10,015	10,063	9,627	9,461
Waste treatment		-	-	15,756	11,824
Total		939,597	897,223	692,541	602,672

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period and all corporate offices.

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. This indicator includes emissions from:

- Business air travel and train travel: For train travel the emissions factors used for 2012 come from Defra (National Rail and International Rail), which are substantially lower than the emissions factors used in previous years. For Brazil and Romania there was no business train travel in 2012. For Germany and Greece the distances travelled by train were estimated based on the distances travelled in 2010 for Germany and 2011 for Greece, and the variation in the number of employees in these countries between years.

For air travel, the source of emissions factors is the Defra Act on CO₂ calculator, and the Radiative Forcing Factor (RFI) is from Jardine (2005) Oxford ECI. Since the methodology in 2011 did not include a RFI, variations between flown distances and GHG emissions are not comparable. These differences are also due to the different types of flights that compose the total distance travelled (short, medium and long haul) and to the itinerary (number of stops requiring landing and take-off operations that are fuel intensive).

- Employee commuting: This was updated based results from the Company's 2011 survey regarding commuting patterns and 2012 employee numbers. The emissions factors were updated and are according to values referenced in: 2012 Guidelines to Defra /DECC's GHG Conversion Factors for Company Reporting.

- Visitor trips to and from our shopping centres: This was updated for visitor patterns based on the same methodology applied in previous years and in accordance with 2012 visitor numbers. The emissions factors were updated and are according to values referenced in: 2012 Guidelines to Defra /DECC's GHG Conversion Factors for Company Reporting.

For shopping centres in Brazil, it was assumed that visitor patterns remained the same as those analysed in 2007, and therefore it was only updated in accordance with 2012 visitor numbers.

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS																		
EN17 Other relevant indirect greenhouse gas emissions by weight. (Core) (continued)																			
Data Qualifying Note: (continued) <ul style="list-style-type: none"> Waste Water treatment: We applied the same methodology as in previous years. Updated in accordance with 2012 employee and visitor numbers. Waste Treatment: Emissions associated with the following waste disposal methods were considered: anaerobic digestion, composting, incineration (with and without energy recovery) and landfill. For anaerobic digestion we used the emission factor published in: Emissions Factor Guide – Version 6.1 – Bilan Carbone – Agence de l'Environnement et de la Maîtrise de l'Énergie. June 2010. For disposal by incineration (with and without energy recovery) and by landfill, we used the emissions factors published in: Company certified by Carbon Disclosure Project: Ecometrica – 2011 (http://emissionfactors.com/) (for incineration with energy recovery the emission factor is always assumed as zero). Sonae Sierra also produces waste which is disposed of through recycling, reuse and other treatment/ elimination processes. For these types of disposal methods, we do not yet have a procedure in place to calculate the related GHG emissions. Hotels: for the first time in 2012 we considered GHG emissions related to hotel stays in Europe. These were calculated based on emissions factors published by InterContinental Hotels Group/Best Foot Forward. 																			
CRE3 Greenhouse gas emissions intensity from buildings. (Core)	FULL																		
<table> <tr> <th>Country</th><th>CRE3 (tCO₂e/m²)</th></tr> <tr> <td>Portugal</td><td>0.336</td></tr> <tr> <td>Spain</td><td>0.104</td></tr> <tr> <td>Italy</td><td>0.216</td></tr> <tr> <td>Germany</td><td>0.057</td></tr> <tr> <td>Greece</td><td>0.523</td></tr> <tr> <td>Romania</td><td>0.289</td></tr> <tr> <td>Brazil</td><td>0.112</td></tr> <tr> <td>Total</td><td>0.214</td></tr> </table>	Country	CRE3 (tCO ₂ e/m ²)	Portugal	0.336	Spain	0.104	Italy	0.216	Germany	0.057	Greece	0.523	Romania	0.289	Brazil	0.112	Total	0.214	Data Qualifying Note: This indicator covers all shopping centres owned by Sonae Sierra and in operation during the full reporting period. The numerator for the calculation of this indicator is scope 1 and scope 2 emissions according to GHG protocol methodology plus shopping centre emissions from waste and wastewater. The denominator is the total mall and toilet area of the applicable shopping centres. For this indicator there is a slight mismatch between the numerator and the denominator since: energy consumption regarding cooled and hot water that is supplied to some tenants is considered even if those tenant areas are not; and, energy consumption in technical areas is considered but the areas are not.
Country	CRE3 (tCO ₂ e/m ²)																		
Portugal	0.336																		
Spain	0.104																		
Italy	0.216																		
Germany	0.057																		
Greece	0.523																		
Romania	0.289																		
Brazil	0.112																		
Total	0.214																		
CRE4 Greenhouse gas emissions intensity from new construction and redevelopment activity. (Core)	–																		
We do not have the processes in place, nor the mechanisms, to fully report the information for this indicator. In 2013 we will study the viability of reporting the required information in future reports.																			
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. (Core)	FULL																		
Reported under EN6 on page 120 .																			
EN19 Emissions of ozone-depleting substances by weight. (Core)	–																		
Not applicable. We have not reported on emissions of ozone-depleting substances because the only emissions of ozone-depleting substances that result from our activities are during the usage and replacement of air conditioning systems. We operate a procedure defined under our SHEMS regarding the management of equipment that uses ozone-depleting substances and this includes a programme to replace equipment that uses HCFC.																			

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS												
EN20 NO _x , SO _x , and other significant air emissions by type and weight. (Core)	FULL												
<div><div><div>Air emissions by type (kg)</div><table><tr><td>NO_x</td><td>52,594</td></tr><tr><td>Non Methane Volatile Organic Compounds (NMVOC)</td><td>4,227</td></tr><tr><td>Particulate Matter (PM)</td><td>644</td></tr><tr><td>SO_x</td><td>586</td></tr><tr><td>Volatile Organic Compounds (VOC)</td><td>136,220</td></tr><tr><td>Total</td><td>194,271</td></tr></table></div><div><div>Data Qualifying Note:</div><div>This indicator includes all shopping centres owned by Sonae Sierra during the full reporting period and all corporate offices.</div><div>The information reported covers NO_x, SO_x and other significant air emissions from shopping centres' boilers and from on-site cogeneration systems at two of our centres in Portugal (MaiaShopping and NorteShopping). Emissions from mobile sources such as the company car fleet and the emergency generators have not been included here.</div><div>For MaiaShopping it should be noted that an estimation of the emissions was made, since cogeneration was operational only until April 2012 and the bi-annual analyses were scheduled to May 2012. The estimation considered results from 2011 (kg pollutant/operating hour) and the operating hours of cogeneration in 2012.</div><div>The calculations of emissions from boilers have been made using the figures for natural gas consumption and associated emission conversion rates. The methodology used is consistent with the IPCC – Intergovernmental Panel on Climate Change and the APA – Portuguese Environmental Agency (Agência Portuguesa do Ambiente).</div></div></div> <div>The calculations of emissions from cogeneration have been made based on direct measurements of the NO_x, SO_x and other significant air emissions. The total values for these emissions in 2012 have been calculated using the average of the two most recent measurements from each engine and multiplied by the total number of hours of their operation during the year.</div>		NO _x	52,594	Non Methane Volatile Organic Compounds (NMVOC)	4,227	Particulate Matter (PM)	644	SO _x	586	Volatile Organic Compounds (VOC)	136,220	Total	194,271
NO _x	52,594												
Non Methane Volatile Organic Compounds (NMVOC)	4,227												
Particulate Matter (PM)	644												
SO _x	586												
Volatile Organic Compounds (VOC)	136,220												
Total	194,271												
EN21 Total water discharge by quality and destination. (Core)	–												
Not applicable. Sonae Sierra does monitor wastewater quality at all owned shopping centres, but the wastewater produced is domestic rather than industrial effluent and therefore does not fit within the indicator protocol defined by the GRI.													
EN22 Total weight of waste by type and disposal method. (Core)	FULL												
See Waste, page 62 .													
EN23 Total number and volume of significant spills. (Core)	FULL												
<div><div><div><div></div><div>Operations</div></div><div><div></div><div>Corporate Offices</div></div><div><div></div><div>Projects under development</div></div></div><table><tr><td>Total number of significant spills</td><td></td><td></td><td></td></tr><tr><td>Total</td><td>–</td><td>–</td><td>–</td></tr></table></div> <div><div>Data Qualifying Note:</div><div>In 2012, Sonae Sierra decided to report only significant spills with severe damage or very severe damage to the environment and extensive effort to correct and recover. This indicator includes all the significant spills of chemicals, oils, fuels, waste and other types of spills in shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices and all Sonae Sierra projects under development during the reporting period.</div></div>		Total number of significant spills				Total	–	–	–				
Total number of significant spills													
Total	–	–	–										
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)	–												
Not applicable.													
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff. (Additional)	–												
Not applicable.													
CRE5 Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations. (Core)	FULL												
There was no area/volume of land decontaminated during the reporting period.													
<div><div>Data Qualifying Note:</div><div>This indicator covers all projects under development during the reporting period.</div></div>													

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

		Compliance with GRI CRESS	
Indicator			
EN26 Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)		FULL	
Shopping centres in operation	Initiative Description	Since implementation date	Whole year
		Extent of impact mitigation	Extent of impact mitigation
Boavista Shopping, Shopping Penha, Shopping Plaza Sul, Franca Shopping, Parque D. Pedro Shopping, Manauara Shopping (Brazil), Valle Real, Parque Principado (Spain), Airone, Freccia Rossa, Gli Orsi, Valecenter (Italy), 8ª Avenida, AlbufeiraShopping, AlgarveShopping, Centro Colombo, ArrábidaShopping, GuimarãesShopping, Parque Atlântico, RioSul Shopping, ViaCatarina Shopping, Estação Viana, CascaiShopping (Portugal), River Plaza Mall (Romania)	Awareness initiatives to improve recycling (e.g. training to tenants and suppliers, expositions regarding waste reuse and recycling, surveys etc)	n.d.	n.d.
Boavista Shopping, Shopping Campo Limpo, Shopping Metr�pole, Shopping Plaza Sul (Brazil), GranCasa (Spain), Centro Colombo, LeiriaShopping, MaiaShopping (Portugal)	Improvement of waste infrastructures and/or waste docks organisation	n.d.	n.d.
Shopping Plaza Sul (Brazil), 8ª Avenida, Arr�bidaShopping, NorteShopping, GaiaShopping (Portugal), GranCasa (Spain)	Implementation of incineration with energy recovery for mixed urban waste instead of landfill deposition and new waste streams sent for recycling	1,462 tonnes of waste sent to valorisation and avoided in landfill	-
Boavista Shopping, Shopping Penha, Parque D. Pedro Shopping, Franca Shopping, Shopping Metr�pole, Shopping Campo Limpo, Shopping Plaza Sul (Brazil), Loop5 (Germany), La Farga, Luz del Tajo, Valle Real, Dos Mares, Max Center, GranCasa, Zubiarte (Spain) Arr�bidaShopping, GaiaShopping, MadeiraShopping, Centro Colombo, CoimbraShopping, RioSul Shopping (Portugal)	Implementation of water reduction measures (e.g. waterless urinals, cooling towers filling control system, optimisations in HVAC, low flow taps and flush valves etc)	46,516m ³ ³¹	85,281m ³
Franca Shopping, Shopping Penha, Boavista Shopping, Shopping Metr�pole, Shopping Plaza Sul (Brazil), Parque Principado, GranCasa, Plaza Mayor, Luz del Tajo (Spain), Airone (Italy) and GaiaShopping (Portugal)	Awareness actions regarding sustainable use of water and/or other natural resources and good environmental practices	n.d.	n.d.
Shopping Metr�pole, Franca Shopping, Manauara Shopping, Parque D. Pedro Shopping (Brazil), Alexa (Germany), Parque Principado, GranCasa, Zubiarte, Valle Real, La Farga, Plaza Mayor (Spain), Gli Orsi (Italy), CoimbraShopping, LeiriaShopping, GaiaShopping, RioSul Shopping (Portugal)	Improvement of water control and/or metering system	n.d.	n.d.
AlgarveShopping, SerraShopping, NorteShopping, MadeiraShopping, CoimbraShopping, GaiaShopping, ViaCatarina Shopping, CascaiShopping (Portugal)	Improvements in grease separation boxes and/or wastewater networks	n.d.	n.d.
Corporate and all Brazilian shopping centres	Actions of tree planting as a celebration of the world environment day and as a result of a carbon neutralisation initiative in Brazilian shopping centres	398 tonnes of CO ₂ e	-
Valle Real (Spain), River Plaza Mall (Romania)	Other initiatives (e.g. Install bicycle racks, improvements in public transportation)	n.d.	n.d.
Dos Mares (Spain), Gli Orsi (Italy), LoureShopping and GaiaShopping (Portugal)	Decrease treated water consumption, by increasing water reused and/or using non treated water (e.g. from borehole)	718m ³	7,310m ³
Athens Offices (Greece) and S�o Paulo Offices (Brazil)	Awareness campaigns regarding recycled stationery use and correct waste management	n.d.	n.d.

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices and all Sonae Sierra development projects completed within the reporting period.

³¹ Data includes 15 of 22 shopping centres listed in the left-hand column. Data was not available for the initiatives at Shopping Metr pole (Brazil), Arr bidaShopping, MadeiraShopping, Centro Colombo, CoimbraShopping, RioSul Shopping (Portugal) and GranCasa (Spain).

ENVIRONMENTAL ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
EN27 Percentage of products sold and their packaging materials that are reclaimed by category. <i>(Core)</i>	–
Not applicable. The disposal of products and packaging materials at the end of a use phase is not applicable to our shopping centre business.	
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. <i>(Core)</i>	FULL

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices and all projects under development during the reporting period. Sonae Sierra received one non-monetary sanction for Boulevard Londrina Shopping, related to a notification from the health authority concerning the on-site medical/first aid room. Following a resolution, a new visit was performed and the notification was closed. Sonae Sierra does not have a threshold of significance in terms of fines. All fines are reported regardless of their value.

	Monetary value paid of significant fines (€)	Number of cases brought through dispute resolution mechanisms	Number of monetary sanctions received	Number of non-monetary sanctions received
Operations and Corporate Offices	–	–	–	–
Development	–	–	–	–

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce. <i>(Additional)</i>	FULL
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We have considered as significant impacts of transporting members of the workforce:

- The values reported under EN3 (diesel and petrol consumed by the company car fleet and business travel in staff owned cars);
- The values reported under EN16 (GHG emissions associated with the company car fleet); and
- The values reported under EN17 (GHG emissions associated with business air travel and staff commuter journeys).

Regarding the impacts of transporting products and other goods and materials for Sonae Sierra development and property management activities, it is not possible to quantify their impact, although measures to mitigate such impacts are implemented (for example, the implementation of SHEDS during the construction phase, and promoting local procurement).

Sonae Sierra's corporate SHEMS encompasses a methodology for Identification and Evaluation of Environmental Aspects and Impacts. In the guidelines for environmental significance assessment the different energy uses and their sources are taken into account.

The environmental impacts of transporting members of the organisation's workforce are mitigated by:

- The full implementation of the SuperCom project across our offices helped us to reduce emissions associated with staff business travel. SuperCom included the installation of video and audio-conferencing facilities in all meeting rooms and enabling staff to hold videoconferences and telephone calls through their laptops; and
- Proceeding with the purchase of electric cars for the company car fleet in Portugal.

EN30 Total environmental protection expenditures and investments by type. <i>(Additional)</i>	FULL
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Total environmental investments by type for shopping centres

(€)

Prevention and environmental management costs	7,945,917
Waste disposal, emissions treatment, and remediation costs	7,833,875
Total	15,779,792

Total environmental investments by type for corporate offices

(€)

Prevention and environmental management costs	16,226
Waste disposal, emissions treatment, and remediation costs	1,928
Total	18,154

Total environmental investments by type for projects under development

(€)

Prevention and environmental management costs	693,180
Waste disposal, emissions treatment, and remediation costs	1,246,755
Total	1,939,935

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period, all corporate offices and all projects under development during the reporting period.

Environmental investments for shopping centres covers all shopping centres excluding Münster Arkaden, Pátio Brasil Shopping, Tivoli Shopping and Shopping Penha. The environmental expenditure for shopping centres is based on the 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 (see pages 113 to 115 for further information). The data from the EA was rearranged by corresponding each EA activity to an EN30 category as defined by the GRI guidelines.

Environmental investments for offices include costs related to internal audits, services for legislative updates and measures to improve waste separation.

Environmental investments for projects under development covers Le Terrazze, Uberlândia Shopping and C.C. Continente de Portimão, and includes costs related with waste management activities, wastewater monitoring, noise measurements and internal audits among others.

LABOUR PRACTICES AND DECENT WORK ASPECTS

Disclosures on Management Approach

Employment, Training and Education, Diversity and Equal Opportunity

Goals and Performance

From 2013, our existing long-term objectives in relation to employees will be fully embedded within existing business procedures and not managed as part of our Sustainability Strategy. The long-term objectives are: Offer our employees more flexible working arrangements with the aim of becoming a recognised leader in this area, by 2020; adopt and implement a strategy, with the aim of creating the best possible working conditions for all our staff, by 2015; improve workforce ergonomic conditions based on approved standards by the end of 2015.

Commentary on our performance in relation to Employees aspects in 2012, including key success and shortcomings and changes to human resources procedures which occurred during the reporting year can be found in Employees, [pages 83 to 85](#).

Policy

Our Code of Conduct is based around six Ethical Principles, which include the respect for the dignity and rights of each individual; respect for individual identity (independent of race, gender or religion); promoting a balance between personal and professional life; acting with honesty and integrity; commitment to the community; and strict compliance with the law.



[Click here to read our Code of Conduct, which is available on our corporate website.](#)

<http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance/sustainability-policies.aspx>

We also have four other policies in place in relation to employment issues. These are:

- Non-Discrimination and Diversity Policy
- Part-Time Working Policy
- Working From Home Policy
- Flexible Work Schedule Policy

Organisational Responsibility

Ultimate responsibility for Employees aspects 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.

Training and Awareness

We provide a regular integration scheme for new employees, called JUMP, which includes a specific sustainability programme and an explanation of Sonae Sierra's policies and its Code of Conduct, besides the role of the Sierra Ombudsman. Other internal training programmes include:

- 'HR Knowledge Pills' training sessions which focus on specific HR issues (e.g., information on legal requirements and Sonae Sierra HR procedures).
- 'LISTEN', which raises awareness about the importance of giving feedback to colleagues.
- 'HIRE', which trains line managers on how to deliver recruitment interviews.
- BEST (Behaviour with Ethics Sierra Training) training that aims to increase knowledge of our Code of Conduct and raise awareness of the different types of corruption employees may be confronted with.
- 'We Share', which aims to aggregate and share the professional knowledge and expertise of our employees by bringing together the different knowledge sharing initiatives that we have.
- 'Motive for Action', which aims to build the skills of our Property Management employees to help them adapt and respond to challenging market and economic conditions.
- 'SIGHT', that aims to balance the different business areas' role on defining the Company's management strategy.

We have also invested in external training programs, but we have found that these internal training programmes better meet the specific needs of our organisation.

For details about employees' career development and individual training plans, see [pages 83 to 85](#).

Monitoring and Follow-up

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 corporate mission, strategy and values; training and development; engagement and ability to influence decisions; ergonomic conditions; performance management; compensation; team work; communication; line management; equal opportunities; work life balance and overall satisfaction. The last survey was conducted in 2011 and the outcomes of our actions in response to the results are explained on [page 83](#).

The Sierra Ombudsman, which is described on [page 14](#), 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.

Labour Management Relations

See Employees, [pages 83 to 85](#).

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Disclosures on Management Approach (continued)

Diversity and Equal Opportunity & Equal Remuneration for Women and Men

Sonae Sierra demonstrates its commitment to non-discrimination in recruitment and treatment of staff in the workplace by monitoring the 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.

Additional Contextual Information

Details of the employees-related risks and opportunities that we have identified as being most relevant for our business are provided on [page 23](#).

Occupational Health and Safety

Overview

Our Safety and Health (S&H) strategy aims to prevent all incidents. Zero accidents is our ultimate goal and we aim to achieve this through the creation of a safety-conscious culture across our entire organisation.

Goals and Performance

Our long-term objectives and 2013 targets in relation to safety and health (S&H) aspects can be found on [page 29](#).

Policy

Our Safety, Health and Environment Policy establishes our commitment to conduct our activities so that risks towards people and our assets are minimised, and the benefits enhanced. It is our principle that the prevention of risk is a management responsibility, and that responsibility for S&H management belongs to our entire organisation.

We strive to reduce S&H risks and incidents for all people working in our shopping centres, including service suppliers. Our Responsible Procurement Policy commits us to integrating CR criteria into our Service Suppliers' Management Procedures so as to ensure that the social and environmental performance of our suppliers is considered when tendering, managing and evaluating supplier contracts.

Organisational Responsibility

Ultimate responsibility for S&H aspects lies with Sonae Sierra's CEO and Executive Committee. The SHE Steering Committee constitutes the senior level of decision making; this Committee establishes the SHE Policy, goals and objectives and monitors progress with respect to these objectives. The Sustainability Office actively supports the SHE Steering Committee and advises on SHE Policy and standards. Responsibility for the implementation of our Safety, Health and Environment Development Standards (SHEDS) and Safety, Health and Environment Management System (SHEMS) procedures is assigned to all leaders and managers in the line organisation, who are also required to demonstrate a strong visible management commitment.

In 2008 our S&H Management System was the first in the shopping centre industry to be certified according to OHSAS 18001 standard. In 2011 this system was integrated with the Environmental Management System to create the Safety, Health and Environment Management System (SHEMS). The SHEMS continues to provide us with the necessary tools to maintain a safety culture embedded throughout all our activities, minimising risks and promoting a safer and healthier lifestyle to all the people who work in and visit our shopping centres. To date, 59.6% of our total shopping centres have obtained OHSAS 18001 certification for their local SHEMS, as have five construction projects.

Finally, our organisation as a whole is supported by the SHE network, which provides advice on S&H, Environment management and technical issues.

Training and Awareness

Our SHE Policy commits us to promoting safety training among our stakeholders. Our SHEMS includes a "Competence, training and awareness" procedure, whereby a competence matrix is used to identify the level of training required for each role and function during the annual personal assessment process. For example, all new Sonae Sierra employees must receive S&H induction training, and all Site Managers, Site Correspondents and Country SHE Coordinators must attend training on all the SHE procedures within our SHEMS, as well as on legal S&H 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. Our SHE training plans for each site include the identification of training needs for service suppliers.

Monitoring and Follow-up

See performance indicator LA7 on [page 133](#) for data on rates of injury, occupational diseases, lost days and absenteeism, and work-related fatalities for both our employees and service suppliers.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Occupational Health and Safety (continued)

Development and Service Supplier safety

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 Safety, Health and Environment Management System (SHEMS) into their Service Suppliers Management Procedures, so that these are set up in a way that ensures that our main suppliers' performance meets with Sonae Sierra's Safety, Health and Environmental (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) and 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. Additionally, a Safety Plan is drawn up for each of our construction sites and compliance with this plan is compulsory for all contractors. 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. In respect to expansions and refurbishments a simplified SHEMS version is also implemented (see [page 25](#) for further details).

We investigate the cause of all incidents and communicate across the Company the lessons that can be learned to avoid a repeat occurrence. 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.

Procedures to identify and evaluate S&H risks to people

See performance indicator LA8 for information regarding the monitoring and evaluation of S&H hazards and risks to Sonae Sierra's workforce, external suppliers, tenants and visitors.

Prior to the commencement of construction or refurbishment works, all design teams consider our Safety, Health and Environment Development Standards (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 with an investment proposal approved after December 2009 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.

Policies and procedures for the procurement, transport, handling, use and disposal of hazardous materials

Within our SHEDS there is a specific requirement which is included within the design team and contractors' service agreements which prohibits the use of hazardous materials and substances (as defined by Sonae Sierra) throughout the construction works. The use and disposal of the any hazardous materials which are not prohibited is controlled by the implementation of our SHE procedures for development; namely the SHEMS for new projects, the Safety, Health and Environment Management Plan (SHEMP) 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.

Policy 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. In 2012 we held training sessions on stress management for our employees, and in particular for our accounts department. The objective of these sessions was to help employees to identify the effects of stress and learn how to manage and reduce them.

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 case of serious work-related injuries or fatalities, the fines that are paid to Sonae Sierra revert to the families of injured workers.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Occupational Health and Safety (continued)

Policies and procedures for the commissioning, operation and decommissioning of equipment

Proper commissioning is dealt with through two of the Safety, Health and Environment Development Standards (SHEDS) during the design and construction phase of our shopping centres. These ensure that operational teams work in a shopping centre that is functional and efficient. Our contracts with service suppliers include requirements to make sure that pre-opening testing and training is performed on the new equipment 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.

Additional Contextual Information

Details of the S&H risks and opportunities that we have identified as being most relevant for our business are provided on [page 23](#).

Performance Indicators

Indicator	Compliance with GRI CRESS
LAI Total workforce by employment type, employment contract, and region, broken down by gender. (Core)	FULL

Country	Direct Employees		
	Female	Male	Total
Portugal	234	172	406
Spain	66	46	112
Italy	29	23	52
Germany	28	30	58
Greece	7	3	10
Romania	15	11	26
Morocco	1	1	2
Algeria	4	9	13
Colombia	–	1	1
The Netherlands	2	2	4
Brazil	183	256	439
Total	569	554	1,123

Country	Independent Workers		
	Female	Male	Total
Portugal	10	6	16
Germany	1	2	3
Total	11	8	19

Country	Supervised Workers		
	Female	Male	Total
Portugal	3	1	4
Spain	6	1	7
Italy	1	1	2
Greece	–	2	2
Total	10	5	15

Employment contract	Direct Employees	
	Female	Male
Permanent	543	540
Temporary	26	14
Total	569	554

Employment type	Direct Employees	
	Female	Male
Full Time	560	553
Permanent Part time	7	1
Temporary Part Time	2	–
Total	569	554

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees, supervised workers and independent contractors as on 31 December 2012. The information regarding contractors and sub-contractors, to be reported under this indicator, is not directly controlled by Sonae Sierra, meaning that we would need to implement a complex (e.g., several geographies) ad-hoc process in order to estimate this value. Taking in consideration the effort needed to report this data and our new long-term priorities we have concluded that this information is not material to be disclosed under this report, and the lack of it will not influence our stakeholder's decisions. Additionally, taking in consideration our geographical context we believe that the potential use of vulnerable workers or less desirable types of work contracts is reduced. There is also no intention to report it in future sustainability reports.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
LA2 Total number and rate of new employee hires and employee turnover by age group, gender and region. (Core)	FULL

Turnover by age group

	Number	Ratio (%)
Less than 35 years	65	5.8%
35-44 years	51	4.5%
45-54 years	22	2.0%
55-64 years	6	0.5%
More than 64 years	5	0.4%
Total	149	

Turnover by gender

	Number	Ratio (%)
Male	81	7.2%
Female	68	6.1%
Total	149	

Turnover by region

	Number	Ratio (%)
Portugal	22	2.0%
Spain	3	0.3%
Italy	7	0.6%
Germany	6	0.5%
Greece	7	0.6%
Romania	5	0.4%
Algeria	5	0.4%
Brazil	94	8.4%
Total	149	

New employees hires by age group

	Number	Ratio (%)
Less than 35 years	126	11.2%
35-44 years	40	3.6%
45-54 years	14	1.2%
55-64 years	1	0.1%
More than 64 years	1	0.1%
Total	182	

New employees hires by gender

	Number	Ratio (%)
Male	100	8.9%
Female	82	7.3%
Total	182	

New employees hires by region

	Number	Ratio (%)
Portugal	18	1.6%
Spain	4	0.4%
Italy	4	0.4%
Germany	14	1.2%
Romania	2	0.2%
Morocco	2	0.2%
Algeria	17	1.5%
The Netherlands	1	0.1%
Brazil	120	10.7%
Total	182	

New employee hires leaving employment by age group

	Number	Ratio (%)
Less than 35 years	9	5.0%
35-44 years	5	2.8%
45-54 years	2	1.1%
55-64 years	1	0.6%
More than 64 years	1	0.6%
Total	18	

New employee hires leaving employment by gender

	Number	Ratio (%)
Male	12	6.6%
Female	6	3.3%
Total	18	

New employee hires leaving employment by region

	Number	Ratio (%)
Portugal	1	0.6%
Italy	1	0.6%
Algeria	5	2.8%
Brazil	11	6.1%
Total	18	

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees as of 31 December 2012. The rate (%) of employee turnover has been calculated using the following formula: Number of employees leaving employment divided by the total number of employees at the end of the reporting period. The rate (%) of new employee hires was calculated using the following formula: Number of new employee hires divided by the total number of employee at the end of the reporting period. The rate (%) of new employee hires leaving employment was calculated using the following formula: Number of new employee hires leaving employment divided by the total number of new employee hires at the end of the reporting period.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. <i>(Additional)</i>	–
Not reported.	
LA15 Return to work and retention rates after parental leave, by gender. <i>(Core)</i>	–
Not reported. We have put the mechanisms in place to compile this information, however, we are not comfortable with the accuracy of the data. We will report this information in our 2013 report.	
LA4 Percentage of employees covered by collective bargaining agreements. <i>(Core)</i>	FULL
Sonae Sierra does not have any collective bargaining agreements, so 0% of employees are covered.	
LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. <i>(Core)</i>	FULL
Sonae Sierra's practice on this matter is to communicate to all employees the significant changes that might occur during their professional career in a timely manner according to each of the situations and local obligations. The only exception is when both parties have established a different agreement.	
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes. <i>(Additional)</i>	–
Not reported.	
LA7 Rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender. <i>(Core)</i>	PARTIAL
See Safety and Health, page 90 .	
CRE6 Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system. <i>(Core)</i>	FULL

	Direct Employees	Supervised Workers	Independent Workers
Total workforce and Independent Contractors	1,123	15	19
Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001	548	6	17
Percentage of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001 (%)	49%	40%	89%
Total number of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety, health and environmental management system (SHEMS)	1,074	15	19
Percentage of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety, health and environmental management system (SHEMS) (%)	96%	100%	100%

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees, all supervised workers and all independent contractors as on 31 December 2012.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases. <i>(Core)</i>	FULL

Coverage of programmes	Education/Training	Counselling	Prevention	Treatment
Staff	Yes	Yes	Yes	n/a
Families of staff	Yes	Yes	Yes	n/a
Community members	Yes	Yes	Yes	n/a

Data Qualifying Note:

During 2012, seven specific education, training, counselling, prevention and risk-control programs were in place to assist workforce members and their families regarding serious diseases or potential long-term damage to health. These were:

- "Safety Tips" practice: "Safety Tips" provide staff with guidance on how to best respond to different every-day situations covering a wide range of issues, among them risk prevention measures on diseases or long-term damage to health. In 2012 Safety Tips delivered to staff and their families included advice about:
 - Take Steps
 - Exposure to sun
 - Home Computer
 - Benefits of walking
 - Store hazardous products properly
 - Dengue
- Training sessions on Ergonomics: Brazil (São Paulo Office, Shopping Penha, Manauara Shopping) Portugal (ViaCatarina Shopping) and Italy (Le Terrazze) carried out ergonomics training sessions including how to adjust working stations, suitable work postures, frequency of breaks, etc.
- First aid courses: some members of our staff in Portugal (Lisbon Office, Maia Office, ArrábidaShopping, NorteShopping, LoureShopping), Brazil (Shopping Penha, Boavista Shopping, Parque D. Pedro Shopping, São Paulo Office), Spain (GranCasa, Valle Real) and Romania (River Plaza Mall), completed a basic first aid course (provided in Portugal by the Portuguese Red Cross). This course included many practical skills required by a first aider in the modern workplace such as treating patients who have experienced a heart attack, who are unconscious, or are suffering from shock, choking, poisoning, bleeding, burns or scalds.
- Shopping Centres and Offices campaigns: In 2012 Sonae Sierra undertook several campaigns to raise public awareness about serious diseases. For example, the celebration of World Day for Safety & Health at Work (28th of April), "Safety is the question" at main Offices and in offices of all Shopping Centres (Europe and Brazil) and events related to safety and health issues at Shopping Centres (for example escalator safety at all Shopping Centres in Europe).
- Defibrillator: Some members of our staff (Lisbon Office, Manauara Shopping, Pantheon Plaza, River Plaza Mall, AlgarveShopping, Centro Vasco da Gama, Centro Colombo, RioSul Shopping, Parque Atlântico and ViaCatarina Shopping) received specific training on external automatic defibrillator about how and when to use.
- Induction training: Safety and Health and Environment training for new staff, service suppliers and tenants (All countries).
- Training about Legal Requirement about Fire Protection in Portugal (Lisbon, Algarve and Oporto) to Site Managers and Site Correspondents.

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

Sonae Sierra's has defined a transversal procedure in its Safety, Health and Environmental Management System aimed at identifying and evaluating S&H hazards and risks to people.

This evaluation is made for every area in Offices, Centres in Operation and Development projects, and through which we identify the associated activities that are developed, the periodicity of occurrence, the activity's responsible and the potential consequences to people, identifying both injuries (e.g. cut, burns) and occupational diseases (e.g. muscle skeletal disorders, hearing losses).

This risk analysis includes all risks identified to Sonae Sierra's workforce, external suppliers, tenants and visitors considering, whenever available, the risk analysis provided by these stakeholders as reference for our own risk assessment.

As we evaluate a hazard we have to consider the existent control measures and deficiencies, the periodicity/probability of the hazard's occurrence, and its potential severity. After considering all these issues, we classify hazards into four separate risk levels: two that are considered as acceptable and two non-acceptable. Any non-acceptable risks that are identified, must result in the implementation of additional risk control measures until risk is classified into one of the two acceptable risk categories.

Examples:

- In our shopping centres, we identified that the activity of the inspection and test of emergency generators could generate loss of hearing capacity. To avoid this we implemented several controls, like short term worker exposure to noise, regular noise measurements and communication of results, mandatory personal protective equipment use signage and the provision of suitable hearing protectors.
- In our offices, the possibility of air handling units maintenance operations generating musculoskeletal disorders was recognised. As so, and to avoid this, we provide mechanical transport equipment's to ease work, training on this equipment's functionalities, and promote regular inspections on their use.
- In development sites, we identified that workers involved in demolition activities are more susceptible to pick up respiratory problems due to excessive dust conditions, so we set a procedure to previously humidify all areas foreseen to be demolished and provide all involved workers with suitable masks and training on their proper use.

All matrixes are validated by qualified technicians, either the 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.

In Shopping Centres, besides the previous validation, the matrixes are also validated on site by a Safety and Health Technician that is dedicated to concerns related to risks for staff.

Additionally, in all countries where this is demanded by law, an occupational doctor also provides follow-up and feedback to Sonae Sierra staff in regular consultations and evaluates each staff's workstation to evaluate it and eliminate any possible future occupational health complaints or problems.

Regarding Shopping Centres under development, we have acknowledged that the task of identifying the number of workers that are exposed to a specific risk in a specific moment is extremely complex (due to site specific factors as: the variation of construction processes; the multiplicity of tasks that a worker may perform; or the previous training that workers possess) and that the time and effort put into this identification will not produce relevant benefits to Sonae Sierra.

Our posture focuses most of our efforts to ensure that all existent risks in each construction site have proper control measures associated, and to continuously follow-up on the adequacy of these control measures throughout construction. We identified that workers on constructions sites are more exposed to: noise, vibrations, dust, working with concrete. Knowing this and to minimize the associated risks the following measures are implemented: Workers rotation, awareness, use of Personal protective equipment (i.e.: masks, glasses, gloves, cleaning, use of specific uniform to specific tasks).

All sites have to perform the risks and hazards assessment, to evaluate which are the risks that workers are exposed to, and then all of them are validated by qualified technicians, either the 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.

In Management activity the risks of serious occupation diseases are less extensive than in Development. However Sonae Sierra was able to identify eleven occupational diseases, all in service suppliers. Some examples can be tendonitis, loss or reduction of hearing capacity or Raynaud phenomenon. The stakeholders that are more exposed to risk of occupational diseases are Maintenance and Cleaning service suppliers.

In Corporate Office the only risk identified is the risk of tendonitis and Carpal tunnel syndrome. During this year there was one occupational disease recorded in Portugal. It was a tendonitis, which is consistent with our risk analysis.

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
LA9 Health and safety topics covered in formal agreements with trade unions. <i>(Additional)</i>	–

Not applicable. Sonae Sierra does not have any formal agreements with trade unions.

LA10 Average hours of training per year per employee by gender and by employee category. <i>(Core)</i>	FULL
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Employee Category	Number of employees	Number of hours	Average number of hours of training per year per employee by employee category
Global Senior Executive,			
Senior Executive, Executive	23	331	14.4
Senior Manager	62	2,080	33.5
Manager	98	2,562	26.1
Team Leader	152	3,633	23.9
Project Team Specialist	153	5,209	34.0
Team Member	635	26,402	41.6
Total	1,123	40,217	35.8

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees as on 31 December 2012. To obtain the average hours per employee, by employee category, the following formula was applied: total hours of training per employee category, divided by total employees per employee category. To obtain the average hours of training per gender, the following formula was applied: total number of hours by gender, divided by total number of employees by gender.

Gender	Number of employees	Number of hours	Average number of training per year per gender
Female	569	20,866	36.7
Male	554	19,351	34.9
Total	1,123	40,217	35.8

LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending. <i>(Additional)</i>	–
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Not reported.

LA12 Percentage of employees receiving regular performance and career development reviews, by gender. <i>(Additional)</i>	FULL
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See Employees, [page 84](#).

LABOUR PRACTICES AND DECENT WORK ASPECTS

CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	FULL

Number of employees by gender per employee category

	Male	Female	Total
Global Senior Executive,			
Senior Executive and Executive	20	3	23
Senior Manager	48	14	62
Manager	69	29	98
Team Leader	84	68	152
Project Team Specialist	79	74	153
Team Member	254	381	635
Total	554	569	1,123
Percentage (%)	49%	51%	100%

Number of disabled employees, per employee category

	Disabled people		
	Male	Female	Total
Senior Manager	3	–	3
Project Team Specialist	1	1	2
Team Member	–	2	2
Total	3	3	7

	<35		35-44		45-54		55-64		>64		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Global Senior Executive,											
Senior Executive and Executive	–	–	2	–	8	3	9	–	1	–	
Senior Manager	–	1	20	7	17	5	10	1	1	–	
Manager	8	1	33	21	21	6	7	1	–	–	
Team Leader	24	20	44	35	12	13	4	–	–	–	
Project Team Specialist	30	33	34	35	14	6	1	–	–	–	
Team Member	115	210	94	120	34	40	10	7	1	4	
Total	177	265	227	218	106	73	41	9	3	4	1,123
Percentage (%)	15.8%	23.6%	20.2%	19.4%	9.4%	6.5%	3.7%	0.8%	0.3%	0.4%	100%

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees as on 31 December 2012.

LA14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. (Core)	FULL
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Remuneration Ratio (%)

Global Senior Executive, Senior Executive, Executive	95
Senior Manager	101
Manager	84
Team Leader	89
Project Team Specialist	95
Team Member	137

Basic Salary Ratio (%)

Global Senior Executive, Senior Executive, Executive	87
Senior Manager	100
Manager	83
Team Leader	90
Project Team Specialist	95
Team Member	128

Data Qualifying Note:

This indicator includes all Sonae Sierra direct employees as on 31 December 2012.

Both ratios are calculated by dividing the total remuneration received by men and by women in each employee category by the total number of employees in that category. The average female salary is then divided by the average male salary in order to generate a ratio. The remuneration ratio includes the annual basic salary plus the variable remuneration received by employees. In the case of Sonae Sierra, variable remuneration represents the bonuses fraction, which is considered to be most significant (over 90% of the total benefits received by the employees). The basic salary ratio considers only the annual basic salary received by direct employees.

Sonae Sierra demonstrates its commitment to non-discrimination in recruitment and treatment of staff in the workplace by monitoring the 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.

HUMAN RIGHTS ASPECTS

Disclosures on Management Approach

Overall

Our business activities do not typically infringe upon or come into direct conflict with internationally proclaimed human rights issues. We mainly operate in regions which typically possess significant bodies of legislation to protect working conditions and human rights amongst the labour force.

We are expanding our business as a third party services provider into emerging markets, such as North Africa, where legislation protecting working conditions and human rights is not as robust our traditional European markets. In these markets where we provide third party services we do not sign contracts with service suppliers on behalf of the asset owner.

Goals and Performance

It is our principle to respect the dignity and rights of each individual. Within the scope of our own direct activities, we uphold this principle through the implementation of practices that are aligned with our Code of Conduct and our core values, namely our responsibilities to our staff, tenants, suppliers, communities and other stakeholders.

Policy

Our Code of Conduct promotes the fundamental aspects of ethical behaviour that Sonae Sierra's Board believes should be adopted in all our activities. It promotes ethical and responsible decision-making by providing guidance on dealing with issues such as bribery, corruption, legal compliance, equality and human rights.

Our Code of Conduct is based around six Ethical Principles, which include the respect for the dignity and rights of each individual; respect for individual identity (independent of race, gender or religion); promoting a balance between personal and professional life; acting with honesty and integrity; commitment to the community; and strict compliance with the law.

Our Responsible Procurement Policy commits us to integrating CR criteria into our Service Suppliers' Management Procedures so as to ensure that the social and environmental performance of our suppliers is considered when tendering, managing and evaluating supplier contracts. Contracts signed by our Development and businesses with critical service suppliers included clauses for minimum requirements in relation to safety, environmental and social standards.

Organisational Responsibility

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 assurance that they will be processed, investigated, and responded to in a timely and sensitive manner.

Training and Awareness

We conduct regular training on our Code of Conduct that is mandatory for all our employees.

CR questionnaires that are distributed to critical development suppliers collect information on our supplies policies and practices on a range of CR issues including human rights. Each supplier is allocated a score and this is communicated back to them to help raise awareness on CR and encouraging them to perform better when possible.

Monitoring and Follow-up

We consider that the inclusion of clauses relating to human rights in contracts with our critical first tier suppliers and supplier questionnaires constitutes a form of human rights monitoring and follow-up.

HUMAN RIGHTS ASPECTS CONTINUED

Performance Indicators

Indicator	Compliance with GRI CRESS
HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening. <i>(Core)</i>	FULL
<p>In the context of our business, we consider "investment agreements" to be agreements made with joint venture partners. Within agreements made with joint venture partners regarding new projects and operational shopping centres, we include criteria to encourage our partners to make their best efforts to ensure the implementation of good practice standards for safety and environmental management in accordance with ISO 14001 and OHSAS 18001 on joint venture projects. Across all countries where we operate, in 2012 only one agreement with a joint venture partner was signed (for the ParkLake project in Romania) and these clauses were included.</p> <p>It is part of our procedure to ensure that all contracts signed with critical suppliers include clauses for minimum requirements in relation to safety, health, social and environment standards. In 2012, a sample of contracts signed with critical property management suppliers were reviewed by an external party as part of our 2012 CR Target Review, and in all cases these clauses had been included. Contracts signed with critical development suppliers were not subject to an external review, as we did not set a CR Target relating to critical development suppliers' contracts, but they are still subject to the internal procedure.</p> <p>Data Qualifying Note: For Development, critical suppliers are considered to be those with whom Sonae Sierra has a contract of over €2.5 million. For Property Management, critical suppliers are considered to be main shopping centre service providers: cleaning, security, maintenance and waste management.</p>	
HR2 Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken. <i>(Core)</i>	FULL
<p>While we do not consider human rights to be a material risk for our own direct operations, we do recognise that there are potential human rights risks within our supply chain and we are conscious of our responsibility to ensure that human rights are not negatively impacted upon as a result of activities in our upstream supply chain.</p> <p>It is part of our procedure to ensure that our new Development and Property Management suppliers receive our Responsible Procurement Policy and that all contracts signed with critical suppliers include clauses for minimum requirements in relation to safety, health, social (including human rights) and environment standards. In 2012, a sample of contracts signed with critical property management suppliers were reviewed by an external party as part of our annual CR Target Review, and in all cases these clauses had been included.</p> <p>Contracts signed with critical development suppliers were not subject to an external review, as we did not set a CR Target relating to critical development suppliers' contracts, but they are still subject to the internal procedure. We assess the CR performance of development suppliers with whom we have large contracts in place (over €2.5 million) by distributing questionnaires to collect information on our 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 investment. During 2012, the questionnaires were sent to 17 suppliers at our Hofgarten Solingen, Boulevard Londrina Shopping and Passeio das Águas Shopping development projects, meaning we met our target for all relevant development suppliers to answer the questionnaire and receive feedback on their response with aim of assessing their baseline CR performance and to allowing us to measure their improvement. Of these suppliers, 59% obtained an 'A' rating (equivalent to a score above 75%) and 41% obtained a 'B' rating (equivalent to a score above 50%).</p>	
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. <i>(Core)</i>	FULL
<p>The internal training package called "JUMP", which is delivered to new employees, covers issues related to human rights, such as the Code of Conduct and Non-Discrimination Policy. During 2012, a total of 1,200 hours of "JUMP" training was provided, involving 50 employees (representing 27% of the total new employee hires in 2012 and 4% of the total direct employees).</p>	
HR4 Total number of incidents of discrimination and corrective actions taken. <i>(Core)</i>	FULL
<p>No incidents of discrimination were registered within the Company in 2012.</p>	
HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. <i>(Core)</i>	FULL
<p>We do not have any kind of policy against freedom of association among any of our stakeholders. We operate in an industry where trade unions exist and are free to exercise their collective bargaining rights. We also seek to ensure that our employees' views and interests are represented in corporate decision-making in a number of areas, e.g., Safety and Health.</p>	

HUMAN RIGHTS ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
HR6 Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. <i>(Core)</i>	FULL
<p>Our business activities do not typically infringe upon or come into direct conflict with internationally proclaimed human rights issues. Sonae Sierra does not employ any child labour. We operate in regions which typically possess significant bodies of legislation to protect working conditions and human rights amongst the labour force. Nonetheless, we consider that the inclusion of clauses relating to human rights in contracts with our critical first tier suppliers constitutes a form of human rights screening.</p>	
HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. <i>(Core)</i>	FULL
<p>Our business activities do not typically infringe upon or come into direct conflict with internationally proclaimed human rights issues. Sonae Sierra does not uphold any forced or compulsory labour practices. We operate in regions which typically possess significant bodies of legislation to protect working conditions and human rights amongst the labour force. Nonetheless, we consider that the inclusion of clauses relating to human rights in contracts with our critical first tier suppliers constitutes a form of human rights screening.</p>	
HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations. <i>(Additional)</i>	–
Not reported.	
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken. <i>(Additional)</i>	–
Not reported.	
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. <i>(Core)</i>	FULL
<p>We have not applied human rights reviews or impact assessments to any of our operations across all company activities. We do not consider human rights to be a material risk for our own direct operations. However, we do recognise that there are potential human rights risks within our supply chain and although these risks are several tiers removed from our business, we have, for example:</p> <ul style="list-style-type: none"> • Included clauses relating to human rights in contracts with our critical first tier suppliers. • Assessed the CR performance of our critical first tier suppliers by distributing questionnaires to collect information about their policies and practices regarding a range of CR issues, including human rights. In 2012 the questionnaires were completed by critical first tier development suppliers. 	
HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. <i>(Core)</i>	FULL
No grievances related to human rights were registered within the Company in 2012.	

SOCIETY ASPECTS

Disclosures on Management Approach

Local communities

Goals and Performance

We are committed to providing attractive shopping centres that serve the needs of the local population. We seek to generate local economic benefits by creating local employment, inviting local businesses to rent space in our shopping centres and investing in initiatives that improve the well-being of local people. In 2012, on average 34% of tenants across our European portfolio and 54% 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.

Commentary on our performance in relation to communities aspects in 2012, including key success and shortcomings, can be found on [pages 78 to 82](#).

Policy

Our policy towards the community is based on values and principles such as Environmental Awareness; Community Involvement; Openness to Society, Confidence and Ethics.

Our Corporate Responsibility (CR) Policy states our commitment to play a proactive role in changing society through education and awareness-raising campaigns, by capitalising on our ability to communicate with the public who visit our shopping centres.



Click here to read our CR Policy, which is available on our corporate website.

<http://www.sonaesierra.com/en-gb/sustainability/strategy-and-governance/sustainability-policies.aspx>

Organisational Responsibility

Ultimate responsibility for Communities 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 is 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 lie with our Shopping Centre Managers, supported by the central Marketing Department.

Training and Awareness

We provide training to shopping centre management teams and development managers regarding community relations, with a particular focus on the implementation of Community Advisory Panels (CAPs). Our employees are also made aware of community issues through surveys, participation in volunteering activities and school liaison projects.

Monitoring and Follow-up

Communities

Through our Community Advisory Panels (CAPs) programme, we integrate community consultation and engagement into the development and operation of each of our shopping centres. The CAPs help us to create trust and cooperation between our shopping centres and local community representatives and build on-going relationships with local communities that will facilitate environmental, social and economic improvements in the areas in which we operate.

Since 2007 we have established CAPs at 33 Sonae Sierra shopping centres and development projects. At the CAP meetings, which are held at least once a year, community representatives are invited to raise ideas and concerns and present potential projects for collaboration.

In Europe, we carry out annual community ('Geo Tracking') surveys to help us understand the impact of our shopping centres on local consumer habits. These studies assess among other things the degree and quality of the existing commercial supply and the shopping facilities used by local residents. Information is collected through telephone interviews and structured questionnaires, and results are used to define the centre's marketing strategy to ensure that it is tailored to the catchment area. Geo Tracking surveys also include questions about social and environmental aspects of our shopping centres.

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.

During the operations phase, besides ensuring that the tenant mix, facilities and events offered by the shopping centre are suited to visitors' needs and interests, we undertake to play an active role in raising visitors' awareness of CR concerns, promoting a large number of events and campaigns with environmental and social themes. We also support charitable initiatives to promote community members' well-being.

Visitors

Engaging with visitors in order to understand what drives their behaviour and decisions is fundamental to our shopping centres' success. We undertake Mall Tracking surveys at our shopping centres every year or two years to help us understand our visitor's profile, their behaviour and requirements. These surveys monitor trends in visitor satisfaction, expectations, loyalty and behaviour, and also ask questions about social and environmental aspects. 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.

SOCIETY ASPECTS CONTINUED

Disclosures on Management Approach (continued)

Suppliers

We assess the CR performance of our development suppliers with whom we have large contracts in place (over €2.5 million) by distributing questionnaires to 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 investment. Each supplier is allocated a score according to the results achieved and this is communicated back to them.

We also ensure that contracts signed by our critical property management suppliers include clauses for minimum requirements in relation to safety, environmental and social standards. For existing critical property management suppliers, including maintenance, security, cleaning and waste management suppliers, we conducted CR audits that involve a check list of CR issues to assess their knowledge about our shopping centres' SHE procedures and the conditions of their equipment. We work with suppliers to develop action plans to tackle non-conformities and conduct follow up audits to ensure any non-conformities have been addressed.

Additional Contextual Information

Details of the communities-related risks and opportunities that we have identified as being most relevant for our business are provided on [page 22](#).

Apart from GaiaShopping in Portugal, which was 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.

Corruption, Anti-Competitive Behaviour and Compliance

Policy

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.

Organisational Responsibility

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.

Training and Awareness

Regular ethics training is mandatory for all our employees. In 2012, we concluded the BEST training programme (Behaviour with Ethics Sierra Training) for Sonae Sierra employees, which is based on the contents of the Code of Conduct and Anti-Corruption Guidelines. Participation was compulsory and at the end of each session, employees were 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.

Monitoring and Follow-up

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 assurance that they will be processed, investigated, and responded to in a timely and sensitive manner.

We ensure that compliance with the avoidance of Bribery and Corruption is upheld 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.

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 (SPVs), 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. 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, supporting thus and relevantly, the final award decision.

Public Policy

Essentially, Sonae Sierra supports political endeavours to encourage greater social cohesion and environmental responsibility, although we resist changes in legislation that are likely to significantly and adversely affect our business. Lobbying activities which took place in 2012 are reported under GRI Performance Indicator S05 on [page 143](#) below.

SOCIETY ASPECTS CONTINUED

Performance Indicators

Indicator	Compliance with GRI CRESS																		
S01 Percentage of operations with implemented local community engagement, impact assessments and development programmes. <i>(Core)</i>	FULL																		
<p>On 31 December 2012, Sonae Sierra owned 47 shopping centres and had seven projects under development, including four for third parties.</p> <p>We have one significant local community engagement programme in place, our Community Advisory Panels (CAPs), which are described on page 80 in the Community and Visitors chapter of this report and are in place across 31 (66%) of our operational shopping centres and 2 of our projects under construction.</p> <p>Environmental Impact Studies (EISs) or Preliminary Environmental Evaluations (PEEs) are carried out on 100% of new development projects and on major expansions. 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.</p> <p>Through our Geo Tracking studies, we evaluate the impact of our shopping centres on local consumer habits on an annual basis. Aside from these, we do not have any local community impact assessment programmes in place across our portfolio. We have community education projects in place at Shopping Metr�pole and Shopping Penha in Brazil, but aside from these, we do not have any other local community development projects in place across our portfolio.</p> <p>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 Environmental Development Standards (e.g., regarding the promotion of sustainable travel). Many of our shopping centres also offer play areas for children, cr�che services, sports and waste recycling facilities which are available for the local community.</p>																			
S09 Operations with significant potential or actual negative and positive impacts on local communities. <i>(Core)</i> ; S010 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. <i>(Core)</i>	–																		
<p>We don't report on these indicators yet as we have thus far been unable to gather the data since we don't have the necessary mechanism in place to report on it. Only after defining the correct mechanisms we will be able to define when to report the information.</p>																			
CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project. <i>(Core)</i>	FULL																		
<p>There were no cases of persons voluntarily or involuntarily displaced and/or resettled as no new projects commenced in 2012. It does not include the refurbishment of shopping centres as refurbishment does not involve an increase in GLA.</p> <p>Data Qualifying Note: This indicator includes all Sonae Sierra development projects (excluding refurbishments) started within the reporting period.</p>																			
S02 Percentage and total number of business units analysed for risks related to corruption. <i>(Core)</i>	FULL																		
<p>In 2012, a total of six business processes (equivalent to 46%) were analysed for risks related to corruption.</p> <p>Data Qualifying Note: This indicator includes all Sonae Sierra activities. Our Code of Conduct states that is forbidden to give or accept any reward (or "benefit") with the purpose of influencing someone's behaviour to obtain a commercial advantage. We ensure compliance with this obligation by incorporating corruption risk into the annual Internal Audit Plan of activities, which is aligned with Sonae Sierra Risk Matrix through the audit work carried out by business process areas. During 2012, the Internal Audit Activities covered all the core business risks included in the Risk Matrix and 46% of the corresponding business processes. The Anti-Corruption Guidelines has enabled the development of anti-corruption awareness through the provision of staff training, carried out under a program named BEST (Behaviour with Ethics Sierra Training).</p>																			
S03 Percentage of employees trained in organisation's anti-corruption policies and procedures. <i>(Core)</i>	FULL																		
<div> <p>Total number of employees of management and non-management employees who have received anti-corruption training during the reporting period</p> <table> <tr> <th>Employee Category</th><th>Number of Employees</th></tr> <tr> <td>Global Senior Executive, Senior Executive and Executive</td><td>20</td></tr> <tr> <td>Senior Manager</td><td>53</td></tr> <tr> <td>Manager</td><td>92</td></tr> <tr> <td>Team Leader</td><td>130</td></tr> <tr> <td>Project Team Specialist</td><td>132</td></tr> <tr> <td>Team Member</td><td>486</td></tr> <tr> <td>Total</td><td>913</td></tr> <tr> <td>%</td><td>81%</td></tr> </table> </div> <div> <p>Data Qualifying Note: This indicator includes all Sonae Sierra's direct employees. BEST (Behaviour with Ethics Sierra Training) is the name of the anti-corruption training provided to Sonae Sierra direct employees. The percentage and the total number of employees in each employee category who have received anti-corruption training during the reporting period was calculated using the total number of Sonae Sierra direct employees on 31 December 2012.</p> </div>		Employee Category	Number of Employees	Global Senior Executive, Senior Executive and Executive	20	Senior Manager	53	Manager	92	Team Leader	130	Project Team Specialist	132	Team Member	486	Total	913	%	81%
Employee Category	Number of Employees																		
Global Senior Executive, Senior Executive and Executive	20																		
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Team Leader	130																		
Project Team Specialist	132																		
Team Member	486																		
Total	913																		
%	81%																		

SOCIETY ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
S04 Actions taken in response to incidents of corruption. <i>(Core)</i>	FULL
There was one incident of corruption with an employee and a supplier. The employee left the company and the supplier will not be consulted on the future.	
S05 Public policy positions and participation in public policy development and lobbying. <i>(Core)</i>	FULL
Lobbying activities through own initiative in 2012 included:	
<ul style="list-style-type: none"> • Petitions to municipalities at several locations in Portugal regarding local planning regulations where Sonae Sierra owns shopping centres. • Petition to Lisbon municipality for exemption from waste collection taxes due to the fact that Sonae Sierra's shopping centres have their own waste management system. • Petitions to the Municipalities of Malaga, Saragossa and Bilbao to include our Shopping Centres in the catalogue of zones of touristic interest in order to extend their opening days. • Meetings with the authorities of Castilla La Mancha Region, where our Luz Del Tajo shopping centre is based, to analyse the impact of the full liberalisation of retail opening hours on the local economy. • Petition to Portimão Municipality, Portugal, to request an amendment to the water services and sanitation regulations to ensure that new tenants are not penalised due to debts of previous occupants. • Petition to São João da Madeira and Porto municipalities, Portugal, regarding local planning regulations in order to simplify the current procedures. • Meetings with government members in Portugal to discuss issues related to shopping centre activities, such as licensing of commercial activity, safety, security and energy issues 	
We also supported or were involved in defining policy positions led by industry associations, including the European Property Federation's (EPF) responses to a range of European Union-level Directives and legislative initiatives, such as:	
<ul style="list-style-type: none"> • The adoption of a voluntary common European Union (EU) certification scheme for the energy performance of non-residential buildings under the Energy Performance of Buildings Directive. We proposed a methodology for the certification scheme using Sonae Sierra know-how. • The EU's Energy Efficiency Directive. We contributed to the final paper submitted by the EPF to the European Commission regarding this Directive. • The European Commission's Retail Market Monitoring Report. We represented the EPF at a Retail Action Plan Workshop to counter the arguments put together by the European Commission which stated that retailers are suffering due to a 'retail property market malfunction'. • We also represented the EPF in response to a document by the European Commission that looked into the use of planning regulations by local authorities to circumvent prohibited economic tests. We supported proposals to set up and participate an expert group to look into the relationship between urban and commercial planning and freedom of establishment. • We also are represented since 2008 as a member of the Administrative Board of the German Council of Shopping Centres and we were re-elected last autumn for a period of another 4 years. 	
In Italy, we challenged in court regional and municipal decrees aiming at maintaining in place limitations on opening hours that had been cancelled by national law in December 2011. The action was taken in coordination with Federdistribuzione (the Italian large retailers association) and was successful, as all such regional and municipal regulations were ruled illegitimate. The case was taken to the Italian Constitutional Court by a number of Regional Governments, but their appeal was rejected and the law is now in place and not subject to any further challenge.	
As members of CNCC (ICSC Italy) Sonae Sierra campaigned heavily in the period between the passing of the law and the Constitutional Court decision, in order to support the view that freedom of opening hours was beneficial both to the efficiency of retail operations and to the occupation levels.	
We also campaigned, through CNCC and through Assoimmobiliare (of which Sonae Sierra is a member) for a better coordination of urban development and land zoning legislation at regional level, by establishing a binding frame of rules at national level, limiting divergence of regional laws in this field; we contributed to the drafting of a proposal for a new national law that was presented by Assoimmobiliare to the public in a number of events and will be submitted to the new government after the February 2013 elections.	
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. <i>(Core)</i>	FULL
No financial and in-kind contributions were made by Sonae Sierra to political parties, politicians, and related institutions in 2012.	
S07 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. <i>(Additional)</i>	FULL
There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in 2012.	
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. <i>(Core)</i>	FULL
In 2012 Sonae Sierra paid a total value of €16,854 for significant fines (in Spain). We did not receive any non-monetary sanctions and there were no cases brought through dispute mechanisms. Last year, Sonae Sierra reported two cases brought against the Company through dispute resolution mechanisms, but we are still waiting for their resolution. During 2012, another case of this nature was identified, but there was no resolution until the end of the reporting period.	

PRODUCT RESPONSIBILITY ASPECTS

Disclosures on Management Approach

Customer Health and Safety

Goals and Performance

Our long-term objectives and 2013 targets in relation to safety and health aspects can be found on [page 29](#).

Commentary on our safety and health performance in 2012, including key success and shortcomings and changes to S&H management procedures which occurred during the reporting year can be found on [pages 86 to 91](#).

Policy

See Labour Practices and Decent Work Aspects, Disclosures on Management Approach, Occupational Health and Safety on [page 129](#).

Organisational Responsibility

See Labour Practices and Decent Work Aspects, Disclosures on Management Approach, Occupational Health and Safety on [page 129](#).

Training and Awareness

We place a strong emphasis on communicating our SHE Policy, procedures and practices to all stakeholders (see the Safety and Health chapter on [page 86 to 91](#) for further details) and deliver training to our employees, suppliers and tenants on the SHEMS; emergency procedures and fire fighting; hazard identification and risk assessment; first aid and ergonomics.

For more, see Labour Practices and Decent Work Aspects, Disclosures on Management Approach, Occupational Health and Safety on [page 129](#).

Monitoring and Follow-up

Besides the monitoring practices reported under Labour Practices and Decent Work (see [pages 129 to 131](#)), we also operate a range of practices relating to shopping centre users' health, safety and security during all phases of the property lifecycle.

During the operations phase, all Sonae Sierra shopping centres implement the procedures defined by our corporate SHEMS with the aim of guaranteeing the safety of all building users. We provide training on Safety, Health and Environment (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 shopping centres' SHE management. Any issues identified by these procedures are followed-up and corrective actions are taken.

Within the scope of our Safety, Health and Environment Management System (SHEMS), we monitor tenants' compliance with our SHE requirements for shopping centres by performing inspections on tenant units and following-up on any non-conformances detected. We monitor and evaluate S&H performance on a regular basis using tools such as SHE Preventive Observation (SPO), emergency drills and SHE inspections (covering safety-related equipment and installations in tenant units and technical areas). SPOs are a form of audit carried out in our shopping centres and corporate offices to observe workers, detect any instances of behaviour that present safety and health risks or environmental impacts and engage with the person(s) involved to make them more aware of SHE. 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.

Our Safety, Health and Environment Development Procedures (SHEDS), which are implemented during the shopping centre design and development process, are described under Labour Practices and Decent Work on [page 130](#).

Details of our emergency procedures in shopping centres can also be found on [page 89](#).

Product and Service Labelling – Sustainable Building Standards and Certification

Goals and Performance

Our 2013 targets in relation to sustainable building standards and certifications can be found on [page 29](#). Progress we have made to date towards achieving these standards and certifications can be found on [page 25](#). Details of new certifications achieved in 2012 can be found on [pages 6 and 7](#).

Policy

Through our years of experience in designing, constructing, owning and managing shopping centres we 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.

The SHEDS are structured in a way that they allow our shopping centre projects to achieve the international 'BREEAM Good' standard or above for environmental design as well as our own minimum requirements. We do aim to apply 'BREEAM' ratings to our projects in future.

During the construction and operations phases, we operate Safety, Health and Environment (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. By obtaining ISO 14001 and OHSAS 18001 certification, shopping centres ensure that their management systems are aligned with Sonae Sierra's corporate policy and that SHE procedures have been fully implemented. Certification demonstrates to our stakeholders our visible commitment to managing our SHE impacts and helps us to reduce the costs associated with those impacts.

PRODUCT RESPONSIBILITY ASPECTS CONTINUED

Disclosures on Management Approach (continued)

Training and Awareness

Training and awareness on the SHEDS and our SHEMS procedures is addressed through our SHE training procedures, which are described under Environmental Aspects, Disclosures on Management Approach on [page 112](#) and Labour Practices and Decent Work Aspects, Occupational Health and Safety on [page 129](#).

Monitoring and Follow-up

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.

Product and Service Labelling – Customer surveys

Goals and Performance

Our primary customers are our tenants. From 2013, our existing long-term objectives in relation to tenants will be fully embedded within existing business procedures and not managed as part of our Sustainability Strategy. The long-term objectives 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 by 2015; and, engage with our tenants with the aim of helping them to improve their safety, health and environmental performance.

Commentary on our performance in relation to tenant satisfaction in 2012, including key success and shortcomings, can be found on [page 75](#).

Commentary on our performance in relation to shopping centre visitors' satisfaction in 2012 can be found on [page 81](#).

Organisational Responsibility

Senior responsibility for tenant satisfaction and other aspects of tenant engagement and management are 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 (PIMS) in place which supports all property management processes in an integrated way, covering leasing, marketing, operations, administration, maintenance, safety and security activities.

Monitoring and Follow-Up

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 tenant satisfaction surveys in all our owned shopping centres, which allow us to gain general feedback on operational aspects, marketing events, communications, our CR programme 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. Recognising that understanding and responding to our tenants' concerns will help us to deliver a higher quality service, in 2008 we launched a top tenant survey in Portugal, Spain and Brazil to obtain feedback from key tenant companies at the senior management level. In 2009 we also rolled out top tenant surveys in Germany, Italy and Greece, and these were completed at the beginning of 2010. Following these top tenant surveys, tailor-made actions plans were developed and are being implemented in each country.

We help our tenants to improve their financial and CR performance through training and marketing, and our efforts to increase our shopping centres' operational efficiency (including reductions in energy, water and waste costs in line with our environmental strategy) help to deliver cost reductions for tenants.

With respect to shopping centre visitors, we undertake Mall tracking surveys at our shopping centres every year or two years to help us understand our visitor's profile, their behaviour and requirements. These surveys monitor trends in visitor satisfaction, expectations, loyalty and behaviour, and also ask questions about social and environmental aspects. 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 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 in writing and we ensure that the Shopping Centre Manager personally responds to all suggestions and complaints presented. In order to improve both the quality of our contact with customers and our ability to learn from them, in 2010 we carried out a Contact Management project. This involved reviewing and systematising all the procedures for written and verbal contacts with customers; creating new tools for reporting customer contacts and training all the internal and external staff working in our shopping centres on how to handle customer questions and complaints. In Brazil, we provide training to our Customer Contact Management team and evaluate their skills and compliance with our customer care standards using a 'mystery shopper' technique both within shopping centres and through calls made to the Call Centre. Shopping centre visitors may also present complaints to the Sierra Ombudsman.

When customers offer their time to provide written feedback it is essential to show that we take it seriously. The first step is to ensure an adequate answer in a short period of time. This timing is measured against the S.L.A. [Service Level Agreement]. The objective is to respond to customers in three working days, but acknowledging that is not always feasible, the SLA target is 70% answered in three days; 95% in one week and 100% in two weeks. In 2012, 82% of written feedback was answered in three working days. All employees working at our shopping centres 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.

PRODUCT RESPONSIBILITY ASPECTS CONTINUED

Disclosures on Management Approach (continued)

Marketing Communications

Sonae Sierra does not currently monitor marketing communications to evaluate conformity and/or good practices with respect to transparency and fair marketing communication with customers. This is principally due to the following two reasons: 1) the budget invested in marketing communication campaigns does not justify the costs that Sonae Sierra would have to bear to contract the ICAP (Portuguese official compliance entity); 2) to date Sonae Sierra has not received any complaints concerning lack of transparency in marketing communications.

Customer Privacy

Sonae Sierra does not supply data concerning tenants to third parties (sales achieved or results of audits) except in cases where we are obligated to by law or we are authorised to do so by the tenant company. Sensitive tenant data is always kept confidential, with data only being disclosed in the case of a shopping centre valuation (and in this case, the valuator who analyses the data is obliged to adhere to a confidentiality agreement). The application of these measures eliminates the need for a specific strategic management approach concerning customer privacy.

Performance Indicators

Indicator	Compliance with GRI CRESS
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. <i>(Core)</i>	FULL

Life cycle stages	Percentage of service categories covered	Comments on assessment procedures
New construction	100%	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 pages 24 to 25 . 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 130 .
Management	100%	During the operations phase, all Sonae Sierra 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 144 . Audits are performed to assess compliance with Sonae Sierra's SHEMS at corporate and site levels on an annual basis.
Development/redevelopment	100%	This covers expansion and refurbishment activities. The same procedures apply as those described in relation to 'New construction' above.

PRODUCT RESPONSIBILITY ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. <i>(Additional)</i>	FULL

Country	Incidents of non-compliance with regulations resulting in a fine or penalty	Incidents of non-compliance with regulations resulting in a warning	Incidents of non-compliance with voluntary codes
Portugal	-	3	-
Spain	-	-	5
Brazil	-	-	2
Total	-	3	7

Country	Number of dangerous occurrences, reportable injuries and fatalities to non-workers on or off a site or assets as a result of non-compliance with regulation and voluntary codes
Portugal	276
Spain	73
Italy	17
Germany	15
Greece	1
Romania	3
Brazil	261
Total	646

Data Qualifying Note:

These indicators includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period as well as shopping centres managed by Sonae Sierra on behalf of third parties. The incidents of non-compliance with regulations resulting in a warning occurred in LeiriaShopping. The incidents of non-compliance with voluntary codes occurred in the following Shopping Centres:

- Spain: La Farga (five)
- Brazil: Shopping Metr pole (one) and Manauara Shopping (one)

PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements. <i>(Core)</i>	FULL
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Significant building and infrastructure components and products used by our business and for which we apply a specific environmental, safety and/or ethical criteria or require adherence to a particular certification/ label/rating are foreseen on the Safety, Health and Environmental Management System (SHEMS). As example we have under our SHEMS standards for:

- Prohibition of the use of Hazardous Materials;
- Timber Products;
- Sustainable products, and
- Low emission products.

For additional information regarding Environmental and Safety and health certifications please consult [pages 25, 69 and 115](#).

Data Qualifying Note:

This indicator includes all shopping centres owned by Sonae Sierra and in operation during the full reporting period; all corporate offices; and all Sonae Sierra projects under development during the reporting period.

CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment. <i>(Core)</i>	FULL
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In 2012 we achieved a total of six new sustainability certifications for construction sites and operational shopping centres.

	Offices	Operation	Development
ISO 14001 Certification	-	1	1
OHSAS 18001 Certification	-	3	1

For details on the type and number of sustainability certifications achieved by our business to date, see Our Business Strategy, Safety, Health and Environmental Management System, [page 25](#).

PRODUCT RESPONSIBILITY ASPECTS CONTINUED

Performance Indicators (continued)

Indicator	Compliance with GRI CRESS
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. <i>(Additional)</i>	FULL
No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling occurred in 2012 at any of our owned shopping centres or in shopping centres we manage in behalf of others.	
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. <i>(Additional)</i>	FULL
See Tenants page 75 and Product Responsibility Aspects, Product and Service Labelling page 145 . See Communities and Visitors page 81 and Product Responsibility Aspects, Product and Service Labelling page 145 .	
PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. <i>(Core)</i>	FULL
Sonae Sierra does not adhere to any codes or voluntary standards relating to marketing communications, including advertising, promotion and sponsorship.	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. <i>(Additional)</i>	–
Not reported.	
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. <i>(Additional)</i>	–
Not reported.	
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. <i>(Core)</i>	FULL
Sonae Sierra did not identify any non-compliance with laws or regulations across company activities in 2012. We consider significant fines or penalties to be ones for which the amount (individual fine) is greater than € 500.	

INDEPENDENT AUDITOR'S REVIEW



Deloitte & Associados, SROC S.A.
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REVIEW REPORT

Introduction

1. We have been requested by the Board of Directors of Sonae Sierra, SGPS, SA (“Sonae Sierra”) to perform a review of the corporate responsibility information included in the Economic, Environmental and Social Report 2012 (“2012 Report”), that covered:
 - Its compliance with the disclosure of information requirements defined by the Guidelines for Sustainability Reporting of the Global Reporting Initiative, version v3.1 of 2011, considering the Construction and Real Estate Sector Supplement, CRESS (together “GRI Guidelines”), for the A+ application level, including the reliability of the “Profile Disclosures” and “Disclosures on Management Approach” information, and of the 2012 data relating to all reported GRI performance indicators, as identified in the “Annex: Global Reporting Initiative” therein;
 - Sonae Sierra’s own corporate responsibility performance indicators disclosed in sections “Corporate Overview”, “Economic Performance”, “Environmental Performance”, “Social Performance” and “Annex: Global Reporting Initiative”, in accordance with the criteria therein mentioned;
 - The reported progress against the 2012 corporate responsibility targets and actions, in accordance with criteria established and publically available, as identified in the report; and
 - The Sonae Sierra’s environmental accounting model information and results disclosed in the “Annex: Global Reporting Initiative”, in accordance with the criteria therein mentioned.

Responsibilities

2. Sonae Sierra’s Board of Directors is responsible for preparing the Economic, Environmental and Social Report 2012, 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, issued by the International Auditing and Assurance Standards Board, regarding assurance engagements other than audit or reviews of historical financial information, for a limited 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 responsible and analytical procedures, including tests on a sample basis and therefore, less assurance is obtained than in an engagement aimed at obtaining reasonable assurance.

INDEPENDENT AUDITOR'S REVIEW CONTINUED



Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231

5. The main procedures performed were:

- Interview of those responsible in Sonae Sierra for the preparation of the 2012 Report and for the reported data, so as to know and understand the management and report principles, systems and procedures applied, as well as the associated control mechanisms;
- Review of the compliance and consistency of the 2012 Report content, with the GRI guidelines disclosure of information requirements for A+ application level;
- Review of the process, criteria and systems used to collect, consolidate, present and validate the 2012 data, relating to the information reviewed by us;
- Review of the procedures and criteria in place to monitor and measure progress against 2012 corporate responsibility targets and 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 2012 Report and related publicly available reports, and that does not contradict any significant information included in Sonae Sierra's Consolidated Financial Statements as of 31 December 2012.

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 corporate responsibility information included in the Sonae Sierra's 2012 Report, referred to in paragraph 1 above, has not been reliable and consistently prepared and that it does not conform, in all material respects, with the disclosure requirements of the GRI Guidelines for the A+ application level and with the criteria defined by Sonae Sierra.

Lisbon, 22 March 2013

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@sonaesierra.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?

- | | |
|--|--|
| <input type="radio"/> Investor/ financier | <input type="radio"/> Local community member |
| <input type="radio"/> Tenant | <input type="radio"/> NGO/ charitable organisation |
| <input type="radio"/> Shopping centre visitor/customer | <input type="radio"/> Media |
| <input type="radio"/> Sonae Sierra's employee | <input type="radio"/> Government/ local authority |
| <input type="radio"/> Supplier | <input type="radio"/> Student |
| <input type="radio"/> 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 contained a good summary of information across all topics |
| 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 | The financial information presented in this report? |
| 1 | 2 | 3 | 4 | 5 | 6 | Sonae Sierra's economic performance during the course of 2012? |
| 1 | 2 | 3 | 4 | 5 | 6 | The environmental information presented in this report? |
| 1 | 2 | 3 | 4 | 5 | 6 | Sonae Sierra's environmental performance during the course of 2012? |
| 1 | 2 | 3 | 4 | 5 | 6 | The social information presented in this report? |
| 1 | 2 | 3 | 4 | 5 | 6 | Sonae Sierra's social performance during the course of 2012? |

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.

.....

.....

FEEDBACK FORM CONTINUED

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?

.....

.....

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.

.....

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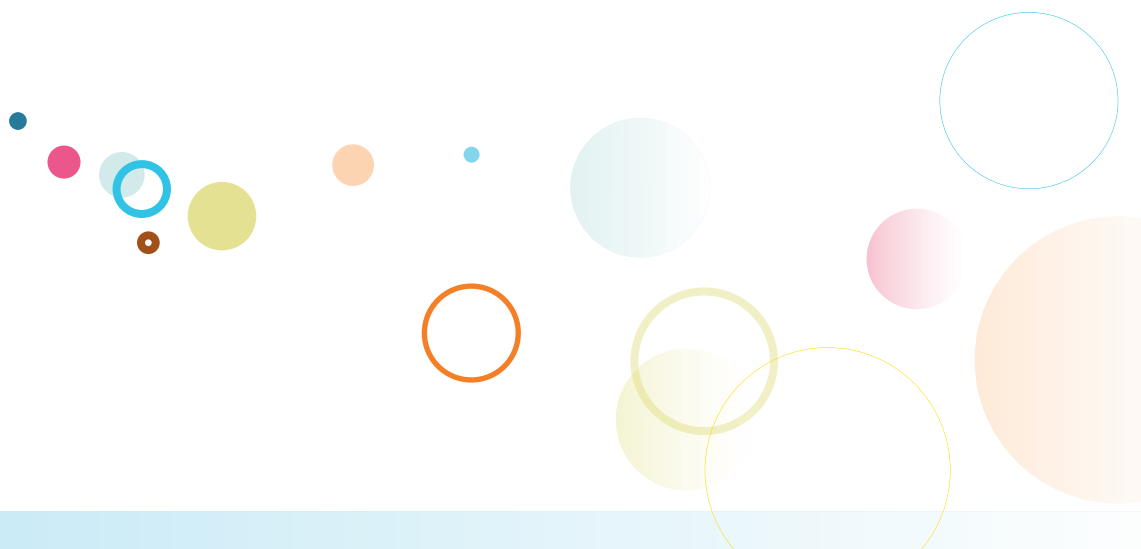
.....

.....

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



Uberlândia Shopping, Brazil



C. C. Continente de Portimão, Portugal



Le Terrazze, Italy

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