

2019 Performance Targets

Audit Report

Internal Audit

Mar. 17, 2020

To:
The Board of Directors of
SIERRA PORTUGAL S.A.

Date: Mar. 17, 2020

Subject: Internal Audit Report – **2019 Performance Targets**

I. Introduction:

This report presents an overview of the achievement rates of the Performance Targets for 2019; the report is divided in two parts:

(i) Performance overview.

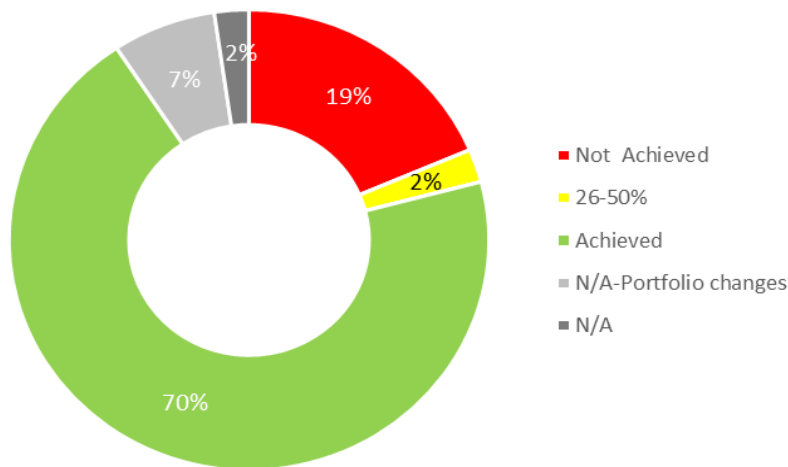
Overall summary of the achievement rates for all 2019 Targets, including analysis by different areas.

(ii) Performance Targets by achievement rates.

Details per each Target include description, status and respective achievement rates.

II. 2019 Performance Targets

Status of 2019 Performance Targets (43)



2019 Performance Targets by area and score range:

Area	Number	Score range (%)						
		0	1-25	26-50	51-75	76-99	100	N/A
Environment	10	2					8	
Water	2	1					1	
Waste	6	1					5	
Energy & Climate	2						2	
Safety & Health	9	4					5	
SHEMS	3	2						1
Risk Management	0							
Future Fit Retail	14			1			10	3
Leveraging Knowledge	7						7	
Total number	43	8	0	1	0	0	30	4

Performance Targets by achievement rates (43):

#	2019 Performance Targets/Area	%	Comments
Environment			
Water			
1	E1.1 - Attain a level of water consumption at or below 2.86 l/vis (aggregated across all Sierra owned shopping centres).	100%	Result: 2.79 l/vis, i.e., below maximum target.
2	E3.1 - Achieve a water reuse of at least 13.6% at Sonae Sierra owned operating assets.	0%	Result: 5.9%, i.e., below minimum target.
Waste			
3	E4.1 - Attain a minimum average recycling rate of 65.2% across our owned shopping centres.	100%	Result: 66.4%, i.e., above minimum target.
4	E5.1 - Guarantee that the proportion of waste (by weight) sent to landfill, across Sonae Sierra owned shopping centres does not exceed 12.1%.	100%	Result: 10.5%, i.e., below maximum target.
5	E6.1 - Attain a minimum average recycling rate of 91.7% in our Lisbon and Maia Offices.	100%	Result: 95.9%, i.e., above minimum target.
6	E6.2 - Attain a maximum average landfill rate of 6.7% in our Lisbon and Maia Offices.	100%	Result: 3.7%, i.e., below maximum target.
7	E7.1 - Achieve an overall recycling rate of 85% on all construction projects completed in 2019 (including refurbishments and expansions).	0%	Not achieved as no information was made available.
8	E8.1 - Achieve an overall waste valorization rate of 76% in owned operating assets.	100%	Result: 81.5%, i.e., above minimum target.
Energy and Climate			
9	E10.1 - Reduce Scope 1 and 2 GHG emissions to 16kg CO ₂ e / m ² GLA in 2019.	100%	Result: 15.3kg CO ₂ e / m ² GLA, i.e., below maximum target.
10	E11.1 - Attain a maximum value of electricity consumption of 363 kWh/m ² (...) across Sierra owned shopping centres.	100%	Result: 342 kWh/m ² , i.e., below maximum target.
Safety & Health			
11	S1.1 - Reduce the number of work accidents (per million hours worked) which result in workforce absence to not more than 1.65.	0%	Result: 2.53, i.e., above the maximum target.
12	S1.2 - Reduce the severity of work accidents and occupational diseases which result in workforce absence to not more than 10.41.	0%	Result: 180.43, i.e., above the maximum target.
13	S1.3 - Achieve zero fatalities due to accidents within Sonae Sierra's workforce.	100%	Result: 0 fatalities.
14	S2.1 - Ensure that all construction projects on going in 2019 do not have a Lost Workday Case Accidents Frequency Rate (LWCAFR) higher than 11 for New Projects and 9.5 for Refurbishments/Expansions.	100%	Result: 8.9., i.e., below the maximum target.
15	S2.2 - Attain a maximum of 7.1 Lost Workday Case Accidents Frequency Rate (LWCAFR) for all construction projects completed in 2019 (over the entire project duration).	0%	Not achieved as no information was made available.
16	S2.3 - Achieve zero fatalities due to accidents on Sonae Sierra construction works.	100%	Result: 0 fatalities.
17	S3.1 - Reduce the LWCAFR of shopping centres' service suppliers to 5.99. acc/M h.	100%	Result: 5.10, i.e., below the maximum target.
18	S3.2 - Achieve zero fatalities due to accidents in operating assets.	100%	Result: 0.
19	S3.3 - Attain a maximum number of 1.61 severity 3, 4 and 5 accidents in owned operating assets, per million visits.	0%	Result: 1.8, i.e., above the maximum target.
SHEMS			
20	SHE3.3 - Achieve 100% compliance with the SHEDS on 2 development assets completed in 2019.	0%	Not achieved.
21	SHE4.1 - For all projects completed in 2019 ensure that SHE data is correctly reported to guarantee that at least of 85% are validated in final data audit.	N/A	Investment not approved by partner.

#	2019 Performance Targets/Area	%	Comments
22	SHE4.2 - Perform the SHE Data Audit in all owned assets and offices and achieve at least an average of 97%.	0%	Not achieved.
Future Fit Retail			
23	FFR1 - Proceed with the implementation of the rising store winning projects (PT and SP).	50%	Not achieved in Portugal.
24	FFR2 - Promote 2 Community Advisory Panels (CAP).	100%	Community Advisory Panels were performed.
25	FFR3 - Develop 5 local community initiatives.	100%	Local community initiatives were carried out.
26	FFR4 - Invest a proportion of the Promotional Fund in community initiatives (at least 2%).	100%	A proportion of the Promotional Fund in community initiatives was invested.
27	FFR5 - Collection of XMAS Gifts (average 75 gifts).	100%	Collection of XMAS gifts is above the average (4.322 Xmas gifts collected).
28	FFR6 - 6 digital sustainable content/SC per quarter.	100%	The number of digital sustainable content/SC per quarter was achieved.
29	FFR7 - Develop a Big Campaign supporting a "Social cause".	100%	A big campaign supporting a "Social cause" was carried out.
30	FFR8 - Develop a National Campaign supporting the dementia cause.	100%	A national campaign supporting the dementia cause was carried out.
31	FFR9 - Carry out the Tenant Training qualification program at least in 50% of SSB owned shopping centres.	N/A	SSB is no longer part of Sierra's portfolio.
32	FFR10 - Enlarge the number of companies (stores) with a sustainable character inside our shopping centres (4 shops).	N/A	SSB is no longer part of Sierra's portfolio.
33	FFR11 Promote a "Business and sustainability" awareness lecture for shopping centre managers and leasing managers.	N/A	SSB is no longer part of Sierra's portfolio.
34	FFR12 - Pilot at least one new technology in one SC of our portfolio.	100%	Target achieved.
35	FFR13 - Develop a study on Seniors and propose potential new roads of development to make our products more resilient to demographics shifts.	100%	A study was carried out as per target.
36	FFR14 - Adopt one innovation on mobility connected to healthier lifestyles.	100%	Target achieved.
Leveraging Knowledge			
37	KNW1 - Organize a Sonae Sierra Community Day in at least 5 countries.	100%	Sonae Sierra organized a Community Day in 5 countries.
38	KNW2 - Celebrate "Be Healthy" with initiatives to promote the health and well-being of our workforce.	100%	Initiatives to promote the health and well-being of Sierra's workforce were carried out.
39	KNW3 - Embracing Diversity.	100%	Target achieved.
40	KNW4 - Develop an action plan Be Well and implement 2019 activities.	100%	Action plan Be Well was implemented.
41	KNW5 - Implement of learning hubs until September and subsequent evaluation of impact.	100%	Learning hubs were implemented.
42	KNW6 - Launch of 4 new e-learning courses.	100%	Four new e-learning courses were launched.
43	KNW7 - Implement of 4 We Share sessions.	100%	Four We Share sessions were carried out.