



SONAE SIERRA

**Sustainability-Linked Financing
Framework**

25 January 2022

INDEX

INTRODUCTION	3
About Sonae Sierra.....	3
Business Overview	3
Sustainability Strategy.....	3
Rationale for Sustainability-Linked Financing Framework.....	12
SUSTAINABILITY-LINKED FINANCING FRAMEWORK	13
1. Selection of Key Performance Indicators (KPIs)	13
2. Calibration of Sustainability Performance Targets (SPTs).....	21
SPT #1: Reduce GHG (Scope 1 + 2) Emissions intensity to a maximum of 16.8 kgCO ₂ e / sq. m GLA by 2025, equivalent to a minimum 12% reduction vs. 2019 Baseline.....	21
SPT #2: Increase Waste Recycling Rate to a minimum of 78% by 2025	25
3. Sustainability-Linked Instruments Characteristics	28
4. Reporting	29
5. Verification	30
DISCLAIMER.....	31

INTRODUCTION

About Sonae Sierra

Business Overview

Sonae Sierra is a property company and full real estate services provider committed to delivering solutions to meet its client ambitions.

We develop, manage, and invest in sustainable assets and provide investment, architecture & engineering, and property management services for clients in geographies as diverse as Europe, South America, North Africa and Asia, while creating shared value for our business and society.

At Sonae Sierra we identify market opportunities, partner with real estate investors, and deliver real estate services covering the full property lifecycle. This allows us to implement our know-how and international experience to develop innovative products that create value for our clients and other stakeholders.

Sonae Sierra operates from corporate offices located in more than 10 locations providing services to clients in geographies as diverse as Europe, South America, North Africa, and Asia.

Incorporated in Portugal in 1989, Sonae Sierra is owned by Sonae, SGPS (Portugal) with 80% and Grosvenor Group Limited (United Kingdom) with 20%.

Our Portfolio

- **Owner of 27 Shopping Centres** with a total GLA of **1.25 million sq. m** and an OMV of about **7 billion euros**
- Responsible for the ownership, management and/or leasing of **124 real estate assets**
- **5 projects under development**
- Currently managing **12 investment vehicles.**

Sustainability Strategy

Our approach to sustainability is supported by our Sustainability Policy and it focuses on creating shared value across three levels:

- Through engagement with our partners to ensure high sustainability standards across our investment portfolio
- Through engagement with our clients to implement greener standards for their own assets, through the active marketing of our sustainability services
- Through embedding sustainability into our corporate operations and human resources.

In doing so, we protect the long-term value of our assets by managing operational risks and increasing resource efficiencies; we deliver an outstanding service and experience to investors, partners, service clients, tenants and building visitors; and we reduce our corporate office impacts and attract and retain talented people in our Company.

Our track record, coupled with the quality of our services and our ability to create financial and social value throughout the entire real estate asset lifecycle, constitute a competitive advantage, and have enabled our business to expand across multiple countries and be distinguished by more than 200 industry awards and several distinctions.

Sustainability is at the heart of everything we do.

It is profoundly embedded in our DNA since 1998, long before other companies in the sector and long before it became a requirement, making us pioneers and at the forefront of the industry in driving the evolution of sustainable practices.

According to the World Economic Forum Global Risks Report, if environmental considerations are not confronted in the short term, environmental degradation will intersect with societal fragmentation to bring about dramatic consequences.

In fact, according to the 2021 Global Risks report, 4 of the top 5 most likely risks are environmental, and 1 is social. In the top 5 impact risks, 3 are environmental and 1 social.

Considering the urgency of environmental key challenges and following the most recent evolution of our business strategy, in 2020 we also revised our sustainability strategy, to continuously address the environmental and social challenges, while achieving competitive and more successful business results.

We revised our materiality matrix to reflect the new business strategy.

Our sustainability strategy is organized in two strategic priorities:

- I. Future-proof the lived environment
- II. Safe, healthy & engaged workforce

I. Future-proof the lived environment

With this strategic priority we will serve the human and business needs of tomorrow's cities, by future-proofing the built environment and operations through responsible investment criteria and sustainability solutions.

Operating Context

- Increasing regulation governing Sustainability, including safety, health and environmental (SHE) aspects
- Pressure from investors and other stakeholders to ensure that Sonae Sierra operates according to high ESG standards
- Shortages of natural resources will lead to an increase in their costs, demanding a new approach to the way we develop and manage assets.

Our Approach

- Embed resource resilience strategies and a best-in-class Safety, Health & Environment Management System (SHEMS) across all our corporate operations
- Promote the uptake of SHEMS and resource resilience across our investment portfolio
- Encourage our clients to implement sustainability standards on their own assets by demonstrating the business case and delivering sustainability services
- Position ourselves as experts in energy, water and waste strategies for real estate assets
- Promote sustainable building certifications and develop resilient assets

- Specific roadmap for decarbonization to tackle climate change
- Adopt responsible investment criteria
- Ensure the adoption of circular economy principles across our operations
- Provide the best sustainability initiatives for local communities.

Intended Results

- Ensure that risks towards people, assets and ecosystems are minimised
- Address environmental and social challenges (e.g. climate change)
- Increased competitiveness and supporting business' long-term profitability
- Communities engaged with sustainability.

Shared Value Created

- Operational efficiencies & risk management
- Enhanced reputation and brand value
- Long-term asset value protected
- Lower environmental impact
- Improved eco-efficiency
- Local community safety and well-being
- Reduced operational and insurance costs
- Increased revenue
- Higher quality service for clients, tenants & visitors
- Increased client and tenant preference
- Protected license to operate
- Stakeholder engagement
- Enhanced shareholder value.

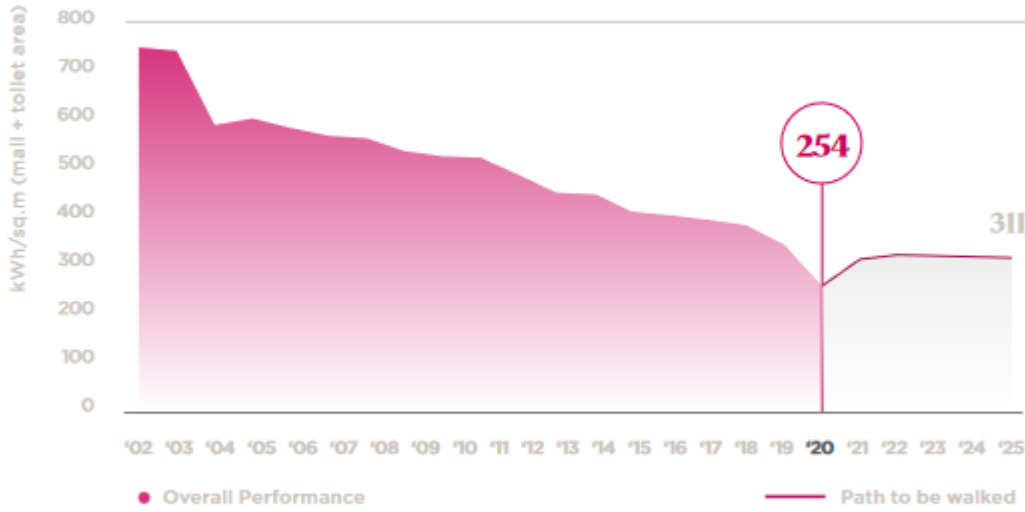
Our performance to date

Not only have we consistently improved our environmental performance, but we have avoided over €15.1 million in costs in 2020 from eco-efficiency improvements in energy, water and waste introduced since 2002.

The following charts illustrate our progress against the key performance indicators that have guided actions with respect to energy efficiency, GHG emissions, water efficiency, waste management and recycling, and safety and health.

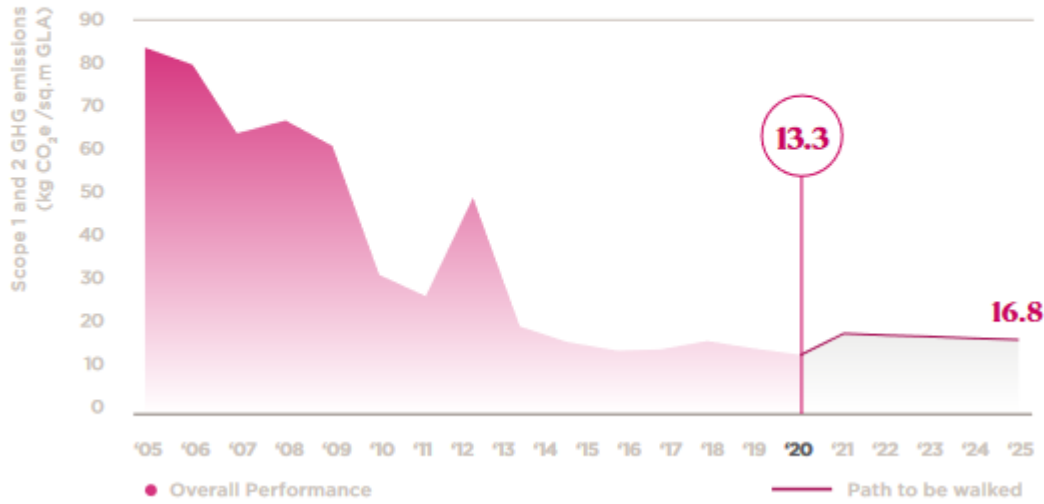
Each year, we track our progress against annual targets and actions and our performance is externally verified. Our long-term objectives are reviewed on a regular basis, with the most recent review taking place in 2019 when we updated our previous 2025 commitments with more stretching goals. In 2020 the atypical operation caused by the pandemic, caused some abnormal oscillations in the performance indicators, therefore we have not yet updated our long-term commitments.

**Electricity efficiency of the owned portfolio⁴
(kWh/ sq.m mall and toilet area)**



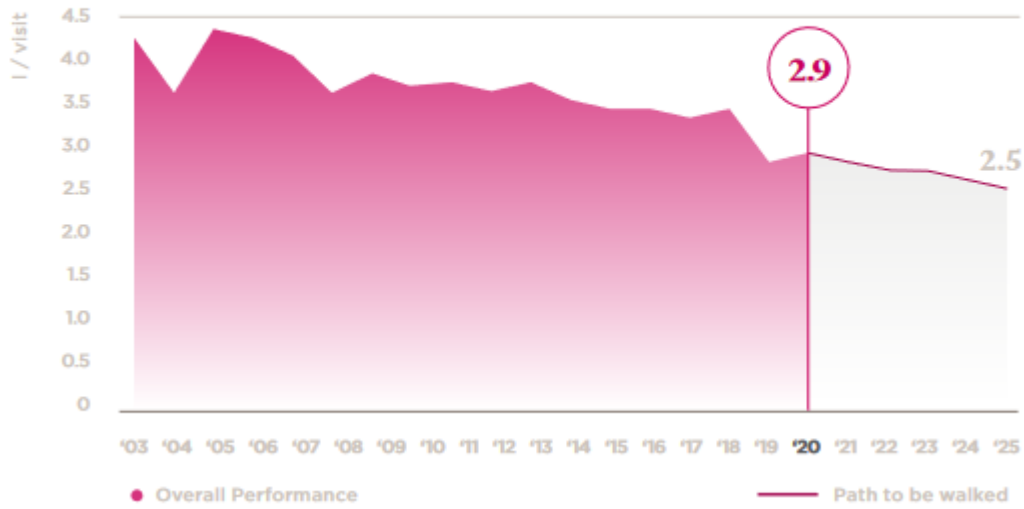
4) The decrease in 2020 is due to less consumption as a result of Covid-19.

**GHG Emissions: Scope 1 and 2 GHG Emissions⁴
(kg CO₂e /sq.m GLA)**

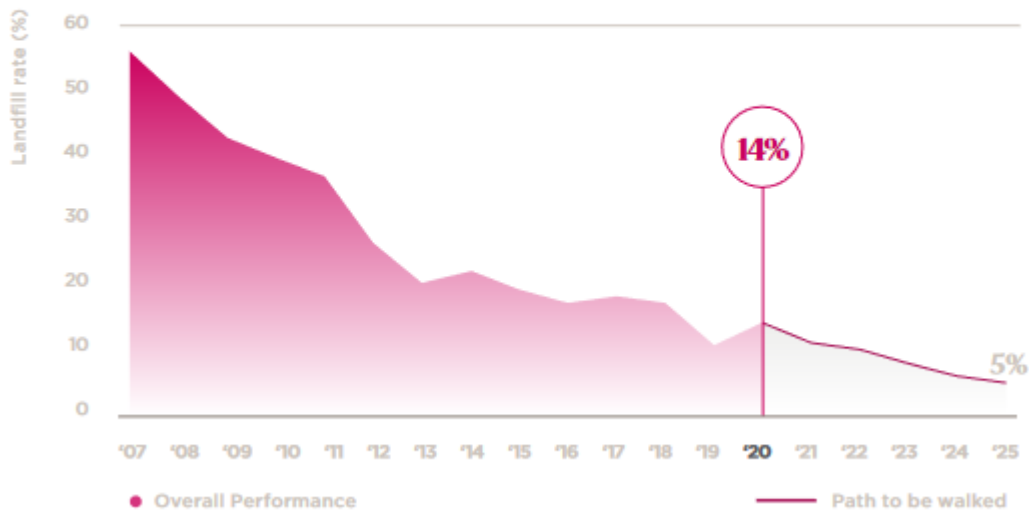


4) GHG emissions are expected to increase in 2021 following the unexpected decrease in 2020 due to Covid-19.

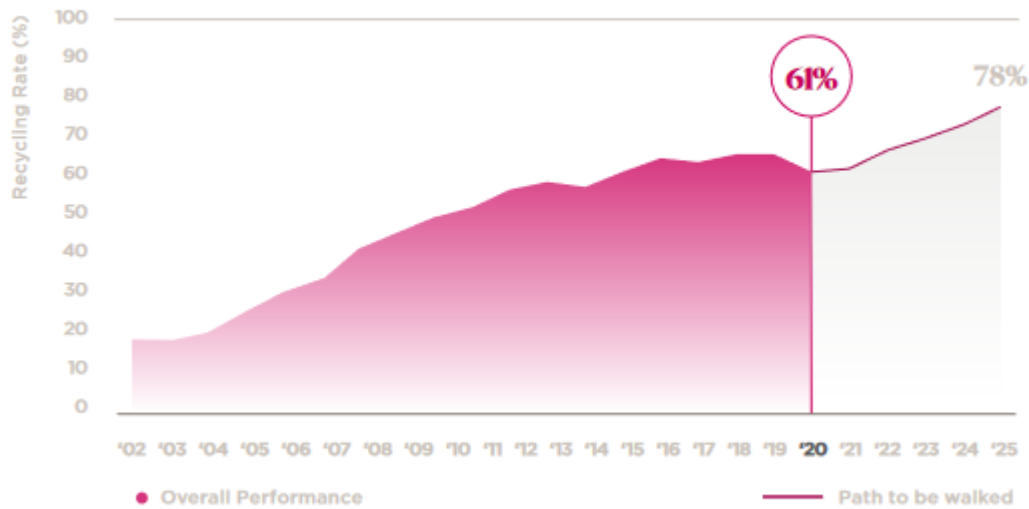
Water efficiency (excluding tenants) of the owned portfolio (l/visit)



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

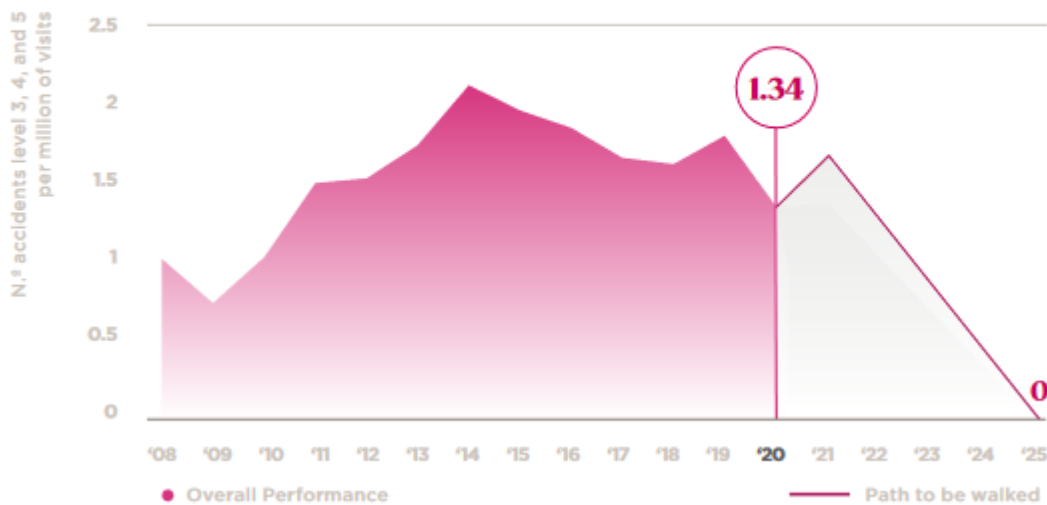


Waste recycling as a proportion of waste produced across³ the owned portfolio (% by weight)



3) The decrease in waste recycling is explained by changes in the supplier and to contaminated wastes.

Level 3, 4 and 5⁵ accident rate in our owned portfolio



5) Level 3, 4 and 5 accidents are defined as those resulting in medical assistance, lost workdays/life disruption, and fatality/permanente disability, respectively.

II. Safe, healthy & engaged workforce

With this strategic priority we will ensure a diverse, inclusive and engaged workforce by developing employees’ skills and productivity within a safe, healthy and empowering culture.

Operating Context

- Competition for talent

- High importance of people's competencies, skills, relationships and productivity, within our business strategy
- Increasing focus on workplace wellness - promoting health and wellbeing to increase employee productivity, satisfaction and retention.

Our Approach

- Continuously build the skills and knowledge of our people to maximise their potential so that we deliver superior services to our clients
- Embed sustainable lifestyles among our people by increasing knowledge and awareness of best of health and wellbeing best practices
- Guarantee safe workplaces for our workforce, promoting a safety culture through our best-in-class Safety, Health & Environment Management System (SHEMS)
- Ensure a diverse workforce by promoting diversity and defining quotas for gender equality
- Guarantee high Top Talent Retention Rates
- Foster engagement among our workforce.

Intended Results

- Offer hands-on training that provides immediate value
- Capitalise on our in-house expertise to develop our talent
- Become a beacon for professional development
- Promote sustainable lifestyles among employees
- Guarantee a safe workplace
- Achieve a diverse workforce.

Shared Value Created

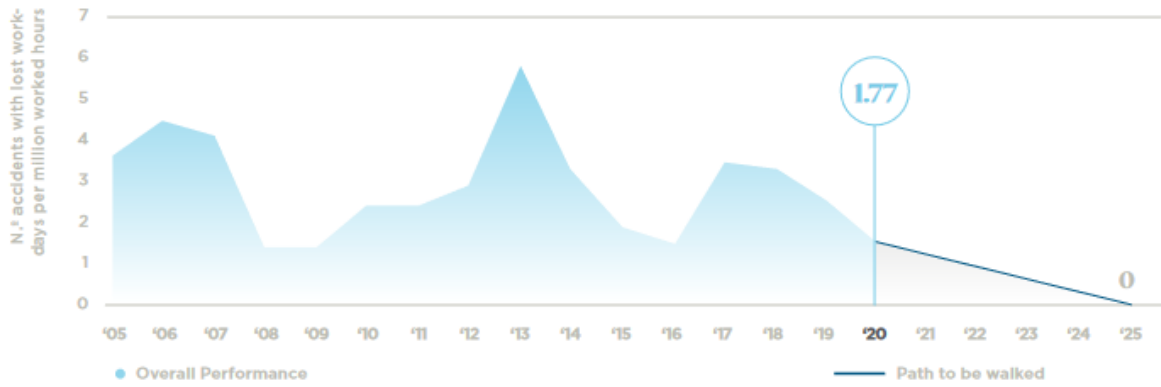
- Enhanced intellectual capital
- Higher levels of staff satisfaction, engagement & productivity
- Talent attraction & retention
- Superior client service
- Enhanced shareholder value.

Our performance to date

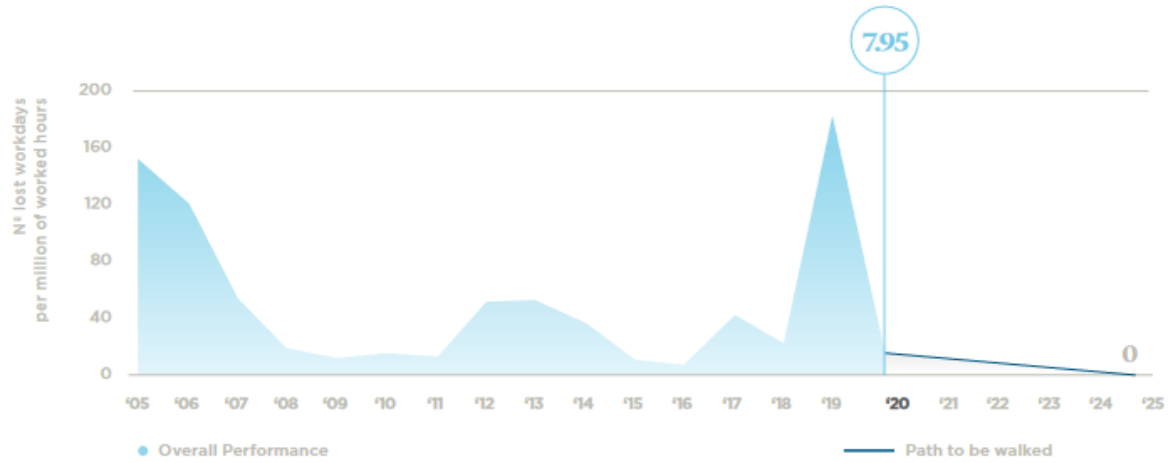
We can highlight some of the following achievements:

- The formation of the Sierra Academy, a training platform that sets a reference standard for know-how and skills in the sector, whilst nurturing Sonae Sierra's values, increasing internal networking and knowledge sharing, and fostering talent
- The development of several initiatives to improve employee wellbeing and promote resilience as part of 'Project Be Well' that aims to tackle the causes of work-related stress.

Accident rate (LWCAFR) among the workforce













Accident severity rate (ASR) among workforce



United Nations Sustainable Development Goals

Sonae Sierra's activity is also designed to meet the United Nations Sustainable Development Goals (SDGs). There are 17 goals that aim to end poverty, protect the planet and ensure prosperity for all by 2030. The goals cover areas such as sustainable communities, health, education, diversity, poverty, environmental protection and climate change. Although, we do not have a direct impact on all areas through our business model and core activities, we nonetheless support the goals and maximise our contribution to their objectives where material. We are committed to the United Nations Sustainable Development Goals (SDGs), and we have adapted our sustainability strategy to more effectively address these ambitious goals. We identified the most relevant SDGs for our business (where we can deliver greater impact) and integrated them in our sustainability strategy to guarantee we contribute to their successful achievement in the best way. The following table highlights the most relevant Goals to our business, along with examples of the positive contribution we make through our activities.

SDGs	HOW WE CONTRIBUTE
	Promote more sustainable lifestyles among visitors and contribute to higher levels of employee resilience and productivity through improved health and wellbeing.
	Promote environmental and social-focused events with local communities. Support the professional development of our employees through a well-established education and training programme.
	Continually aim to promote gender equality and diversity within the company.
	Increase the water efficiency of our assets, use innovation and technology to rethink how water is used and managed in our owned assets; minimise water pollution through our Safety, Health and Environmental Development Standards (SHEDS) when needed by the asset owner; monitor waste water discharges at our owned certified assets.
	Increase the energy efficiency of our assets and implement measures to increase our energy self-sufficiency to reduce our reliance on fossil fuels.
	Support local economic development through job creation and skills development opportunities. Safeguard labour standards in our supply chain. Promote innovation and productivity in our company through improved work practices and operational efficiencies and employee engagement and training.
	Use innovation to reduce water and energy use across our owned portfolio and third-party assets through our Bright © and Dive © programmes. Encourage innovation across the whole supply chain to reduce the consumption of materials and improve water and energy resilience.
	Design eco-efficient, attractive real estate assets that reduce resource consumption, serve the needs of the local population and enhance public spaces, local amenities and infrastructure in line with the planning requirements of local authorities and our own SHEDS. This is only applicable to owned Shopping Centres. Work with town councils to implement systems that enable the efficient use of resources.
	Improve the eco-efficiency of our assets focusing on energy, water and waste production and prohibit the use of materials that are known to have negative impacts on the environment and on the health and wellbeing of building occupants.
	Reduce GHG emissions from our portfolio, integrate climate change risk adaptation procedures into our current risk management processes, design standards for new developments and operational procedures for existing assets.
	Collaborate with industry partners, industry bodies and associations to promote and share best practices and innovation in tackling the sustainability challenges facing the industry.

Rationale for Sustainability-Linked Financing Framework

Sonae Sierra has established this Sustainability-Linked Financing Framework as a means to further communicate to investors and other stakeholders Sonae Sierra's ESG strategy and commitments towards carbon neutrality by 2040 and adapting its operations to a Circular Economy by linking Sonae Sierra's upcoming financing with meaningful and ambitious ESG targets. Additionally, through the incorporation of sustainability-linked instruments within its funding policy, Sonae Sierra further demonstrates its commitment to embed its sustainability pledge in all functions across its organization.

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Sonae Sierra's Sustainability-Linked Financing Framework ("Framework") has been established in accordance with the Sustainability-Linked Bond Principles 2020 version ("SLBP")¹, as administered by the International Capital Markets Association ("ICMA"), and the Sustainability-Linked Loan Principles 2021 version ("SLLP")², as administered by the Loan Market Association ("LMA"), and follows the five core components:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Sustainability-Linked Instruments Characteristics
4. Reporting
5. Verification.

The Framework aims at covering any of Sonae Sierra's upcoming sustainability-linked finance instruments, whether Sustainability-Linked Bonds, Sustainability-Linked Loans, or other finance instruments whose characteristics are linked with sustainability performance targets ("Sustainability-Linked Instruments").

Sonae Sierra may review this Framework from time to time, including, but not limited to, its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of KPMG or any such other qualified provider of second party opinion. The updated Framework, if any, will be published on Sonae Sierra's website (www.sonaesierra.com).

1. Selection of Key Performance Indicators (KPIs)

Sonae Sierra has selected the following two Key Performance Indicators (KPIs) for inclusion (one or both) in Sustainability-Linked Instruments issued under this Framework, which are relevant, core and material to our overall business and embody two of our top sustainability commitments:

- **KPI #1:** Reduction of GHG (Scope 1 + 2) Emissions Intensity
- **KPI #2:** Increase of Waste Recycling Rate

KPI #1: Reduction of GHG (Scope 1 + 2) Emissions Intensity



UN SDG 13: Climate Action

EU Environmental Objective 1: Climate Change Mitigation

Definition and Scope of KPI #1

GHG (Scope 1 + 2) Emissions intensity, from Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year and

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

² https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf

corporate offices in Lisbon and Maia, measured in kilograms of Carbon Dioxide equivalent (kgCO₂e) per square meter (sq. m) of Gross Leasable Area (GLA)³.

The numerator used to calculate this KPI includes the total amount⁴ of Scope 1 and 2 emissions from Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year and corporate offices in Lisbon and Maia, measured in kilograms of Carbon Dioxide equivalent (kgCO₂e), calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard methodology, with the following considerations:

- Fleet fuel consumption is included for all our fleet in all the European countries where we operate, due to its materiality (10% in 2019⁵) in our total Scope 1 emissions
- Electricity of Maia office in Portugal is not included in Scope 2 emissions as is not known because it is in a shared floor/building with no individual meters (Scope 2 emissions from the corporate office in Lisbon are fully included, though they represent only 0.6% of our total Scope 2 emissions).

The denominator includes the total GLA⁶ of Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year, measured in square meters (sq. m). The Maia and Lisbon offices' areas are not included in the denominator.

Sonae Sierra's owned and managed portfolio of shopping centres includes those owned and managed through subsidiaries, associates and joint ventures.

Currently, the list of properties considered for the calculation of this KPI is the following:

Greece	Fashion City Outlet
Italy	Gli Orsi
	Le Terrazze
Portugal	ArrábidaShopping
	CascaíShopping
	Centro Colombo
	Centro Vasco da Gama
	Estação Viana Shopping
	GaiaShopping
	GuimarãesShopping
	MadeiraShopping
	MaiaShopping
	NorteShopping

³ GLA - Gross leasable area is the amount of space in a commercial building that can actually be rented by a tenant. In most cases, this includes basements, mezzanines, or upper floors that a tenant can potentially utilize. Typically GLA is measured from the centre of a wall or other partition that separates tenants (such as retail stores in a shopping mall) from the lease line in common areas. It also fully takes into account any walls that are not shared with other tenants. (<https://www.commercialrealestate.loans/commercial-real-estate-glossary/gla-gross-leasable-area>).

⁴ 100% of Scope 1 and 2 emissions from the properties are considered, independently of Sonae Sierra's ownership share in such properties.

⁵ In the current and following sections on KPI #1 and KPI #2 we refer to 2019 as it was the most recent full year of activity unaffected by the Covid-19 Pandemic.

⁶ Total GLA of the shopping centres, independently of Sonae Sierra's ownership share in such shopping centres.

	Parque Atlântico
	Portimão Retail Center
	SerraShopping
	ViaCatarina Shopping
	Lisbon Offices
	Maia Offices
Romania	ParkLake
Spain	GranCasa
	Luz del Tajo
	Max Center
	Plaza Mayor
	Valle Real
	Área Sur

Other currently owned but not managed shopping centres and therefore not included for the calculation of this KPI are Jardin Plaza Cucuta, in Colombia, Designer Outlet Málaga, in Spain, and Parque D. Pedro, in Brazil.

Sierra corporate offices in geographies outside of Portugal are not included for the calculation of this KPI as they are not material.

Scope 1 (direct) emissions are from sources that are owned and controlled by Sonae Sierra such as the company car fleet, air-conditioning equipment (fugitive emissions), boilers, and co-generation plants.

Scope 2 (indirect) emissions result from Sonae Sierra's activities but are owned and controlled by another organization such as purchased electricity and purchased heating and cooling.

Table 1: Detail of Scope 1 and Scope 2 emissions, 2019

2019			
Scope 1	tCO2e	%	
Natural Gas	7,207	77%	
LPG	16	0%	
Fleet Fuels	916	10%	
Fugitive Emissions	1,239	13%	
Sub-Total	9,377	100%	46%
Scope 2	tCO2e	%	
Electricity	6,910	62%	
Cold Water	4,273	38%	
Hot Water	0	0%	
Sub-Total	11,183	100%	54%
Total	20,560	100%	

Scope 2 emissions are calculated based on the market-based approach, as in several locations Sonae Sierra purchases energy from renewable sources, and exclude emissions associated with energy purchased on behalf of tenants (which accounts for Scope 3 emissions).

Carbon offsets are not considered in the calculation of this KPI.

Rationale for KPI #1

To support the European Green Deal, the European Commission published in 2020 the 8th Environment Action Programme⁷, which has among its six priority objectives: achieving the 2030 greenhouse gas emission reduction target⁸ and climate neutrality by 2050.

According to the 2020 UNEP Emissions Gap report⁹, to be on track for the 1.5-degree goal, the world needs to reduce global emissions by over 50% by 2030 and work towards carbon neutrality by 2050. As the buildings and construction sector accounts for 35% of final energy use and 38% of energy and process-related carbon dioxide (CO₂) emissions globally, the retail real estate (RRE) sector will have to play a major part in achieving this vision¹⁰.

GHG emissions have long been a material area for Sonae Sierra. GHG emissions were reported for the first time in 2004 using the GHG protocol¹¹.

Sonae Sierra's 2020 materiality review reconfirmed that Climate Change Resilience remains one of the core focus areas for acceleration of our business, as GHG emissions is crucial for Sustainable Buildings.

Reducing GHG emissions intensity is a key strategic goal for Sonae Sierra, within our commitment to address Climate Change, the biggest environmental challenge the world faces, and our ambition to become carbon-neutral by 2040.

⁷ https://ec.europa.eu/environment/strategy/environment-action-programme-2030_en

⁸ To at least 55%, compared to 1990.

⁹ <https://www.unep.org/emissions-gap-report-2020>

¹⁰ A Paris-proof Retail Real Estate Sector, Buildings Performance Institute Europe (BPIE), February 2021 (<https://www.bpie.eu/paris-proof-retail-real-estate/>).

¹¹ Sonae Sierra Corporate Responsibility Report 2004, page 29.

For the purpose of this Framework, we have chosen to focus on GHG Scope 1 and 2 Emissions on the basis that they are both within Sonae Sierra's control and material to our business. An Intensity KPI is used to accommodate for some variation in the portfolio and because it is the only way we can compare our pathway against the SBTi Services-Commercial building sector.

We nevertheless recognize the materiality of the Scope 3 emissions for our shopping centres portfolio, as they represented, in 2019, 96% of Sonae Sierra's total emissions. Although Scope 3 emissions are not controlled by Sonae Sierra, but rather indirectly impacted by our value chain, we have been working to reduce them by:

- creating awareness among employees to reduce business travel and use lower carbon intensity ways of transport
- increasing the recycling rate in our corporate offices and owned portfolio
- creating awareness among tenants to implement best practices to reduce electricity consumption
- connecting our owned shopping centres to public transports
- developing green travel plans to promote the use of public transport and other more sustainable means of travel among the shopping centres' visitants
- creating awareness campaigns among employees to promote a more sustainable commuting.

Table 2: Breakdown of Scope 1, 2 and 3 emissions, 2019

2019		
	tCO2e	
Scope 1	9,377	2%
Scope 2	11,183	2%
Sub-Total	20,560	4%
Scope 3		
Tenants' Electricity	90,726	19%
Air Travel	1,107	0%
Rail Travel	3	0%
Hotel Accommodation	79	0%
Commuting	618	0%
Materials	0	0%
Visitors' Trips	385,588	81%
Waste	740	0%
Sub-Total	478,860	100%
Total	499,420	100%

Sonae Sierra joined in 2019 the Science Based Targets initiative (SBTi) to reduce its emissions in line with climate science. We are now defining the near-term and long-term targets, including Scope 3 emissions for tenants' electricity and for

visitors, using the recently launched SBTi Net Zero Standard (aligned with 1.5°C scenario). We aim to submit these targets for validation by SBTi during 2022.

KPI #2: Increase of Waste Recycling Rate



UN SDG 12: Ensure sustainable consumption and production patterns

EU Environmental Objective 4: Transition to a circular economy

Definition and Scope of KPI #2

Waste recycling rate, across Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year, measured by the total waste recycled as a proportion of waste produced.

The numerator used to calculate this KPI includes the total amount of waste sent for recycling, anaerobic digestion, and composting, measured in tonnes, across Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year.

The denominator includes the total amount of waste produced, measured in tonnes, across the same Sonae Sierra's owned and managed portfolio of shopping centres in operation during the full reporting year.

Sonae Sierra's owned and managed portfolio of shopping centres includes those owned and managed through subsidiaries, associates and joint ventures.

Currently, the list of shopping centres considered for the calculation of this KPI is the following:

Greece	Fashion City Outlet
Italy	Gli Orsi
	Le Terrazze
Portugal	ArrábidaShopping
	CascaíShopping
	Centro Colombo
	Centro Vasco da Gama
	Estação Viana Shopping
	GaiaShopping
	GuimarãesShopping
	MadeiraShopping
	MaiaShopping
	NorteShopping
	Parque Atlântico
	Portimão Retail Center
	SerraShopping
	ViaCatarina Shopping
Romania	ParkLake
Spain	GranCasa
	Luz del Tajo
	Max Center
	Plaza Mayor
	Valle Real

Área Sur

Other currently owned but not managed shopping centres and therefore not included for the calculation of this KPI are Jardin Plaza Cucuta, in Colombia, Designer Outlet Málaga, in Spain and Parque D. Pedro, in Brazil.

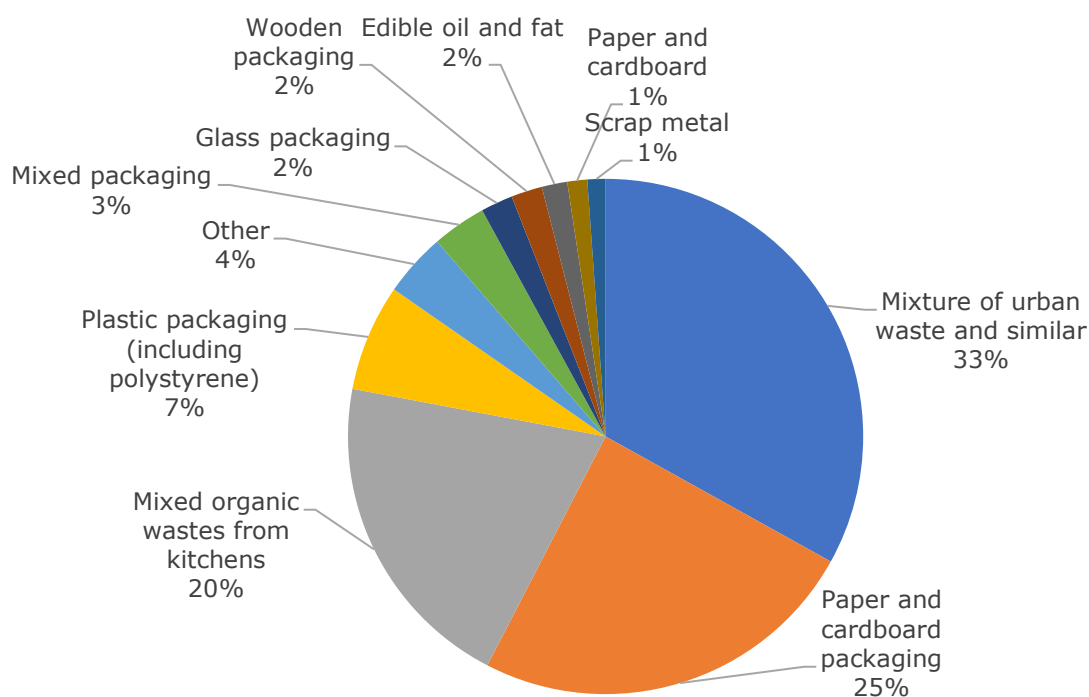
In 2019, our owned and managed portfolio of shopping centres generated 26,046.45 tonnes of waste, with the following weight (in tonnes) of waste by disposal method:

Table 3: Weight of Waste by Disposal Method (tonnes), 2019

Disposal Method	Quantity (tonnes)	%
2 - Recycling	11,769.02	45%
4 - Energetic Valorisation	3,661.23	14%
6 - Landfill	3,165.57	12%
3 - Composting	2,969.56	11%
3 - Anaerobic Digestion	2,527.72	10%
4 - Incineration with Energy Recove	1,866.61	7%
5 - Wastewater Treatment Plant	50.60	0%
5 - Elimination/ Treatment	20.33	0%
1 - Reuse (returnable packaging)	15.81	0%
5 - Incineration without Energy Rec	0.01	0%
Grand Total	26,046.45	100%

The types of waste, and their respective share in the total waste generated, in 2019 were as follows:

Types of waste generated (%), 2019



The types of waste are classified according to the European Waste Codes (<https://ec.europa.eu/eurostat/documents/342366/351806/Guidance-on-EWCStat-categories-2010.pdf/0e7cd3fc-c05c-47a7-818f-1c2421e55604>).

The disposal methods are aligned with the EU Waste Framework Directive, which defines a 'hierarchy' to be applied in waste management: waste prevention and re-use are the most preferred options, followed by recycling (including composting), then energy recovery, while waste disposal through landfills should be the very last resort.

The disposal method of the waste produced, and respective quantities, are provided by the waste disposal contractors, that are officially licensed for that job.

Rationale for KPI #2

To support the European Green Deal, the European Commission published in 2020 the 8th Environment Action Programme¹², which has among its six priority objectives: advancing towards a regenerative growth model, decoupling economic growth from resource use and environmental degradation, and accelerating the transition to a circular economy.

Managing waste in an environmentally sound manner and making use of the secondary materials they contain are key elements of the EU's environmental policy. The EU waste policy (https://ec.europa.eu/environment/topics/waste-and-recycling_pt) aims to contribute to the circular economy by extracting high-quality resources from waste as much as possible. It also aims to protect the environment

¹² https://ec.europa.eu/environment/strategy/environment-action-programme-2030_en

and human health and help the EU's transition to a circular economy. It sets objectives and targets to:

- improve waste management
- stimulate innovation in recycling
- limit landfilling.

Buildings generate significant amounts of materials and waste. Managing waste effectively can contribute to the overall resource efficiency of a building and therefore improve its environmental footprint.

Long considered a material area for Sonae Sierra's business, Waste Management has been part of our Environmental Management System since 2000 when we started its implementation in our operating shopping centres¹³.

Sonae Sierra's 2020 materiality review reconfirmed that, together with Climate Change Resilience, Circular Economy also remains a core focus area for acceleration of our business, as both GHG Emissions and Waste Management are crucial for Sustainable Buildings.

The waste recycling rate translates our key objective to reduce the environmental impact from Sonae Sierra's operating assets and to contribute to the transition to a circular economy. The focus on recycling, including composting and anaerobic digestion, is completely aligned with the European hierarchy of waste management.

2. Calibration of Sustainability Performance Targets (SPTs)

The two established ambitious Sustainability Performance Targets (SPTs), one for each selected KPI, are fully aligned with Sonae Sierra's sustainability strategy and targets, as published in our Economic Environmental and Social Report (EES Report) of 2020¹⁴, and represent both our trajectory towards achieving carbon neutrality by 2040 and our commitment to adapting our operations to a Circular Economy.

SPT #1: Reduce GHG (Scope 1 + 2) Emissions intensity to a maximum of 16.8 kgCO₂e / sq. m GLA by 2025, equivalent to a minimum 12% reduction vs. 2019 Baseline

Observation Date for SPT #1

31 December 2025.

2019 (pro-forma) Baseline for SPT #1

19.1 kgCO₂e / sq. m GLA.

For the year of 2019, Sonae Sierra has reported a value of 15.3 kgCO₂e / sq. m GLA for KPI #1. However, since 2019 Sonae Sierra's owned and managed portfolio of shopping centres has changed. Only 80% of the properties from 2019 remain in the current carbon footprint. Two properties were included (Portimão Retail Center and Fashion City Outlet) and 6 properties were excluded (Alexa, 8ª Avenida, AlgarveShopping, Albufeira Retail Park, LoureShopping, RioSul Shopping).

¹³ Relatório Ambiental Sonae SGPS 2000, pag 14-15.

¹⁴ https://sonaesierra.com/publicdocs/reports2020/2020_EES_Report.pdf

Although the selling of part of those properties was completed in 2019, their environmental performance for the entire year was still included in Sonae Sierra's 2019 EES Report.

Data from Portimão Retail Center was not included in 2019 because it was not available.

The 6 properties that were excluded had a below average carbon intensity (half of them even had zero carbon emission's intensity), while the most carbon intensive properties remain within the current portfolio. These sites have their main emissions from co-generation and purchased cold/hot water sources rather than from electricity purchase. In total, these emissions sources contribute to around 40% of the Sierra's total GHG emissions (Scope 1 and Scope 2).

Consequently, we have recalculated the 2019 value for KPI #1 so that its perimeter reflects our current owned and managed portfolio of shopping centres. Considering the current portfolio, the carbon intensity in 2019 changes from 15.3 kgCO₂/m² GLA to 19.1 kgCO₂/m² GLA.

Both the initially reported and the pro-forma 2019 Baseline have been audited for a limited level of assurance by Deloitte.

2019 was selected as Baseline because it was the most recent full year of activity unaffected by the Covid-19 Pandemic.

Rationale and ambition of SPT #1

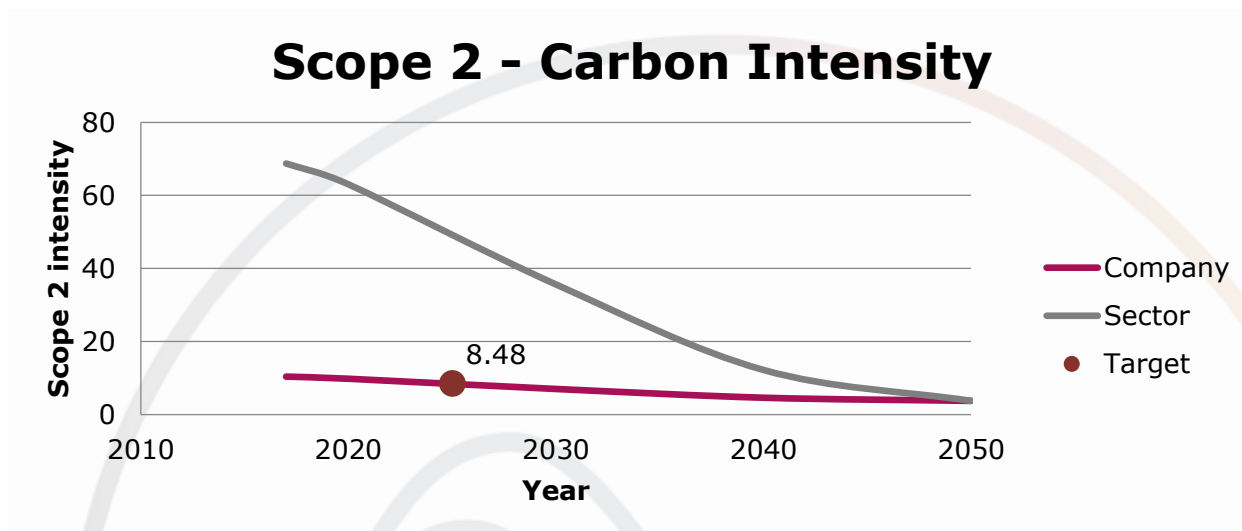
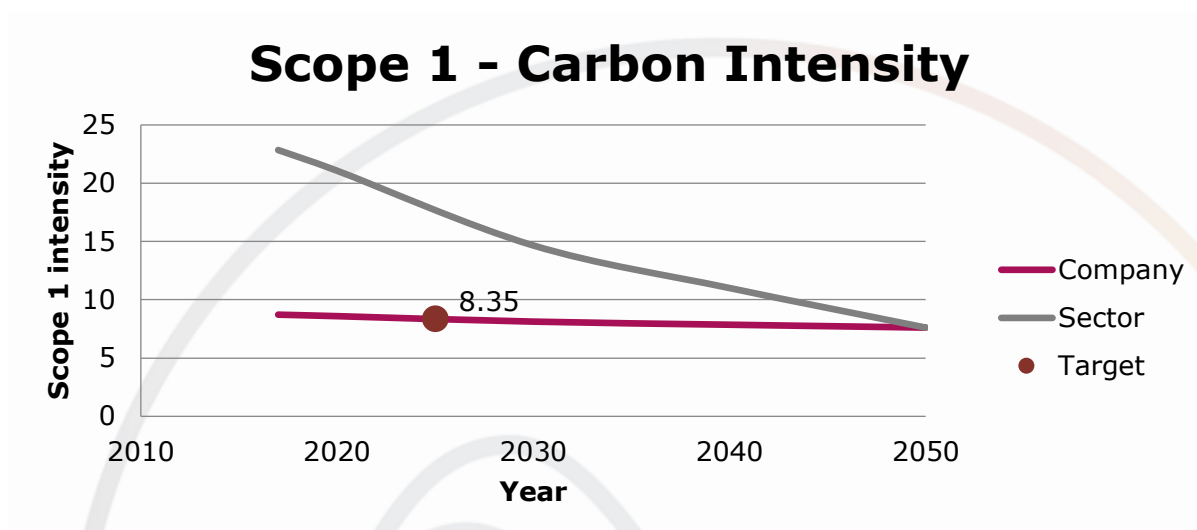
SPT #1 corresponds to our long-term objective for 2025, as stated in our sustainability strategy¹⁵, and is fully aligned with our ambitious pathway towards achieving carbon neutrality by 2040.

As signatories to the 'Paris Pledge for Action' pledge, Sonae Sierra defined its long-term objective of GHG Scope 1 and 2 Emissions for 2025 using the Science Based Target initiative tool.

SPT #1 was set by using the Science Based Target Setting Tool (version SBTi V8.1, with the Sector Decarbonization Approach for Services/Commercial buildings, consistent with the 2°C scenario of global temperature increase vs. pre-industrial levels), which produced the following results:

Services / Commercial Buildings			
	Base year 2019	Target year 2025	Variation
Scope 1 emissions (tCO ₂ e)	9,377.07	9,068.10	-3%
Scope 2 emissions (tCO ₂ e)	11,183.14	9,202.59	-18%
Scope 1+2 emissions (tCO₂e)	20,560.22	18,270.70	-11%
Scope 1 carbon intensity (kgCO ₂ /s)	8.72	8.35	-4%
Scope 2 carbon intensity (kgCO ₂ /s)	10.40	8.48	-19%
Scope 1+2 carbon intensity (kgCO₂/s)	19.13	16.81	-12%

¹⁵ <https://www.sonaesierra.com/corporate/en-gb/about-sonae-sierra/sustainability/our-sustainability-strategy/long-term-objectives.aspx>



Sonae Sierra has continuously been reducing the carbon intensity of its shopping centres portfolio over the years (a cumulative reduction of 84% since 2005) and this is the main reason for our very low carbon intensity in comparison to the sector. Our primary strategy to achieve this has been through the implementation of energy efficiency initiatives to reduce consumption and of a procurement policy to purchase green electricity in the shopping centres located in Iberia.

The historical LfL performance (for the current portfolio) is as follows¹⁶:

	2017	2018	2019	2020	2025
ton CO2e	21,599	19,439	20,560	14,183	
GLA (sq. m)	993,569	1,039,856	1,074,910	1,085,610	
kgCO2e/sq. m	21.7	18.7	19.1	13.3	16.8

¹⁶ The reported (externally verified for a limited level of assurance) kgCO₂e/sq. m for the same years was: 2017: 16.5; 2018: 14.8; 2019: 15.3; 2020: 13.3. From 2017 to 2020 the portfolio changed significantly. In total, 24 shopping centres were sold and 3 new shopping centres acquired. For calculating the LfL numbers, Lisbon and Maia offices emissions were also added (from 2018, incl., onwards) and business flights' emissions were eliminated (from 2018, incl., onwards).

To achieve the target for 2025 (16.8 kgCO₂e / sq. m GLA, equivalent to a 12% reduction vs. 2019 Baseline), it will require significant effort on further reducing energy consumption and sourcing energy from renewable sources.

Route for achieving SPT #1

Despite the different initiatives that Sonae Sierra has undertaken over the last 20 years, we believe it is still necessary to proceed with a Renovation Strategy of our buildings portfolio to further improve energy efficiency and reduce greenhouse gas emissions.

To improve energy efficiency, measures to be implemented, corresponding to an estimated investment of €34 million, include:

- **New High-Efficient Lighting Systems:** efficient lighting systems using the most recent technologies in different areas of the buildings (including shopping centres, car parks, technical corridors, etc.) in combination with controls and sensors
- **Heating and Cooling Systems:** renovation of the heating and cooling systems of their assets through the acquisition or refurbishment of: Highly efficient Chillers; Cooling Towers; Thermal Stations for Heating production; Heating Ventilation Air Conditioning (HVAC)
- **Increasing Insulation Conditions:** renovation or installation of Skylight window films/glazing systems to assure a more efficient insulation and heat maintenance.

To reduce the dependency on fossil energy sources and the emission of greenhouse gases from our buildings, we intend to invest in the implementation of photovoltaic panels for local production of energy and building operation based on renewable energy sources. We also want to continue our green electricity procurement practices. In 2019, 79% of the electricity purchased was green, and our aim is to increase to 96% in 2025. For now, it is impossible to buy green electricity for the shopping centres located on the Portuguese Islands, Madeira and Azores.

Potential obstacles in achieving SPT #1

Our partners in the investment properties must share our vision/ambition to contribute for the decarbonization of the shopping centre portfolio. The pace to implement this vision depends, to a certain extent, on each shopping centre context and decisions will be taken according to the specific situation. Extraordinary events like the covid pandemic lockdown may create financial constraints, limiting the implementation of some of the planned measures.

A sharp increase on the green electricity price may also limit the execution of our current procurement policy.

Please note that factors that support and/or might put at risk the achievement of SPT #1 and/or SPT #2, as relevant, are to be disclosed in the relevant documentation of the Sustainability-Linked Instruments to be issued under this Framework, in line with applicable regulation.

Recalculation Policy for SPT #1

We will recalculate KPI #1 baseline and/or SPT #1 to reflect Recalculation Events that, individually or in aggregate, affect positively or negatively the value of KPI #1 by at least 5% cumulatively versus the 2019 Baseline.

Recalculation Events include:

- Changes in Sonae Sierra's owned and managed portfolio of shopping centres
- Changes in the calculation methodology of GHG Scope 1 and/or Scope 2 emissions
- Changes in the emissions' factor from the thermal and electricity grid
- Changes in data reported due to better data accessibility, including the discovery of data errors
- Changes in regulation from regulatory bodies relevant to KPI #1 and/or SPT #1.

Independent assurance of any recalculation of the KPI #1 baseline and/or SPT #1 will be obtained by Sonae Sierra and the corresponding reset KPI #1 baseline and/or SPT #1 will be updated onto the Framework and published at Sonae Sierra's website (www.sonaesierra.com) – please refer to Section 4. Reporting and Section 5. Verification for more details.

Update of SPT #1 following validation of targets by SBTi

SPT #1 corresponds to our current long-term objective of GHG (Scope 1 + 2) Emissions intensity for 2025, as stated in our sustainability strategy¹⁷, and has been defined using SBTi's setting tool (version SBTi V8.1, with the Sector Decarbonization Approach for Services/Commercial buildings, consistent with the 2°C scenario of global temperature increase vs. pre-industrial levels).

We are now in the process of defining our near-term and long-term targets, including Scope 3 emissions for tenants' electricity and for visitors, using the recently launched SBTi Net Zero Standard (aligned with 1.5°C scenario). We aim to submit these targets for validation by SBTi during 2022.

If the SBTi validated target for GHG (Scope 1 + 2) Emissions intensity with reference to 2025 is more ambitious than our current target reflected in SPT #1, we will update SPT #1 so that it reflects such more ambitious target, and the then outstanding Sustainability-Linked Instruments issued under this Framework that incorporate SPT #1 in their terms will become linked to the updated SPT #1.

In case the SBTi validated target for GHG (Scope 1 + 2) Emissions intensity relates to a year falling later than the Observation Date for SPT #1 (i.e. 31 December 2025), we will calculate the updated SPT #1 for such Observation Date using linear interpolation and assuming a constant trajectory of improvement each year.

Any update of SPT #1 following validation of targets by SBTi will be reflected onto the Framework and published at Sonae Sierra's website (www.sonaesierra.com) – please refer to Section 4. Reporting for more details.

SPT #2: Increase Waste Recycling Rate to a minimum of 78% by 2025

Observation Date for SPT #2

31 December 2025.

2019 Baseline for SPT #2

Waste Recycling Rate in 2019 of 66%.

2019 was selected the Baseline because it was the most recent full year of activity unaffected by the Covid-19 Pandemic.

¹⁷ <https://www.sonaesierra.com/corporate/en-gb/about-sonae-sierra/sustainability/our-sustainability-strategy/long-term-objectives.aspx>

Data from Portimão Retail Center was not included in 2019 because it was not available.

The 2019 Baseline has been audited for a limited level of assurance by Deloitte. The changes occurred since 2019 in Sonae Sierra's owned and managed portfolio of shopping centres have only a marginal impact on the 2019 reported value for this KPI, therefore no recalculation of the 2019 reported value is necessary.

Rationale and ambition of SPT #2

SPT #2 corresponds to our long-term objective for 2025, as stated in our sustainability strategy¹⁸, and translates our commitment to continue adapting our operations to a Circular Economy.

The 2025 objective was defined based on historical performance. It also took into consideration the results of waste audits performed in shopping centres in operation and the waste management programmes developed for each. The potential for recycling is not the same for all assets as it depends on two main factors: the shopping centre tenant mix that has implications on the amount of organic waste produced; and the local capacity to compost, or valorise, this kind of waste.

The improvement that has been achieved in the recycling rate throughout the last 20 years at Sonae Sierra's shopping centres under operation is significant, but there is still potential for optimization. Although Sonae Sierra is already an industry leading performer in waste recycling, it is still committed to a materially improved and ambitious Waste Recycling Rate target that requires measures going beyond "business as usual".

The KPI #2 past performance since 2017 (audited to a limited level of assurance by Deloitte) and target for 2025 are as follows:

2017	2018	2019	2020	2025
64%	66%	66%	61%	78%

The changes occurred since 2017 in Sonae Sierra's owned and managed portfolio of shopping centres have only a marginal impact on the reported values for this KPI (1pp in 2017 and 2018), therefore no LfL historic performance values are presented.

Sonae Sierra is performing above most of its sector peer companies and it has also defined a more ambitious target.

¹⁸ <https://www.sonaesierra.com/corporate/en-gb/about-sonae-sierra/sustainability/our-sustainability-strategy/long-term-objectives.aspx>

	2017	2018	2019	2020	TARGET
Peer 1	73%	76%	78%	57%	85% (2025)
Peer 2	42%	35%	35%	37%	
Peer 3	37%	36%	39%	44%	70% (2030)
Peer 4	n.a.	n.a	n.a.	57%	
Peer 5	n.a.	49%	50%	49%	
Peer 6	53%	55%	34%	35%	
Peer 7	31%	27%	27%	33%	60% (2022)
Peer 8	54%	59%	60%	n.a.	Increase 10 % (2022)
Peer 9	33%	51%	50%	25%	
SIERRA	64%	66%	66%	61%	78% (2025)

Source: Sonae Sierra and Peer websites

Route for achieving SPT #2

Sonae Sierra made significant progress over the last 20 years in terms of waste management. Most waste handled by Sonae Sierra is largely generated by tenants' activities. 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. The main driver for higher recycling rates is the capacity to segregate and dispose the organic waste (for composting or anaerobic digestion).

To achieve the recycling rate target, additional measures must be implemented, namely:

- Segregate organic waste in more shopping centres and send it for composting or anaerobic digestion (only 17 of 24 are currently doing it)
- Improve the segregation of plastic that is still mixed with undifferentiated waste
- Increase awareness/training of tenants' employees and of shopping centres' cleaning service providers to manage efficiently the waste.

Potential obstacles in achieving SPT #2

Proper waste management requires intensive human resources allocation, and its effectiveness is very dependent on people behaviour.

The level of recycling rate is also dependent on the availability of local disposal systems to treat recyclable and organic waste.

Extraordinary events like the covid pandemic lockdown may create financial constraints that impact the operational capacity to manage properly the waste, limiting the implementation of some measures necessary to increase the recycling rate.

Please note that factors that support and/or might put at risk the achievement of SPT #1 and/or SPT #2, as relevant, are to be disclosed in the relevant documentation of the Sustainability-Linked Instruments to be issued under this Framework, in line with applicable regulation.

Recalculation Policy for SPT #2

We will recalculate KPI #2 baseline and/or SPT #2 to reflect Recalculation Events that, individually or in aggregate, affect positively or negatively the value of KPI #2 by at least 5% cumulatively versus the 2019 Baseline.

Recalculation Events include:

- Changes in Sonae Sierra's owned and managed portfolio of shopping centres
- Changes to the calculation methodology of recycled waste
- Changes in data reported due to better data accessibility, including the discovery of data errors
- Changes in regulation from regulatory bodies relevant to KPI #2 and/or SPT #2.

Independent assurance of any recalculation of the KPI #2 baseline and/or SPT #2 will be obtained by Sonae Sierra and the corresponding reset KPI #2 baseline and/or SPT #2 will be updated onto the Framework and published at Sonae Sierra's website (www.sonaesierra.com) – please refer to Section 4. Reporting and Section 5. Verification for more details.

3. Sustainability-Linked Instruments Characteristics

The proceeds of Sustainability-Linked Instruments issued under this Framework will be used for general corporate purposes, unless otherwise stated.

Each such Sustainability-Linked Instrument will incorporate one or both of the KPIs (and respective SPT) outlined in this Framework.

The financial characteristics of a given Sustainability-Linked Instrument will be impacted by the failure and/or by the success of Sonae Sierra to meet the relevant SPT(s) at the respective Observation Date in the following way:

- If by the failure, in the form of a step-up in the coupon¹⁹, a premium payment at maturity or a combination of both, and/or
- If by the success, in the form of a step-down in the coupon²⁰, a discount payment at maturity or a combination of both.

For a given Sustainability-Linked Instrument, such impact on its financial characteristics shall be commensurate and meaningful relative to its original financial terms.

If a Sustainability-Linked Instrument incorporates the two KPIs, each KPI may be assigned with a different impact in the coupon step-up/step-down and/or the premium/discount payment, as applicable.

The specific characteristics of a given Sustainability-Linked Instrument issued under this Framework, including, but not limited to, the relevant KPI(s), SPT(s), step-up/step-down coupon amount and/or premium/discount payment amount, will be identified in the relevant documentation of such Sustainability-Linked Instrument.

If, (i) following an SPT Observation Date and within the time limit prescribed in the Sustainability-Linked Instrument documentation (which shall not be more than 6 months after such SPT Observation Date), Sonae Sierra does not make publicly

¹⁹ A step-up in the Margin in case of Floating Rate Sustainability-Linked Instruments.

²⁰ A step-down in the Margin in case of Floating Rate Sustainability-Linked Instruments.

available information on the actual performance of the relevant KPI(s) relative to the respective SPT(s), together with the Verification Assurance Certificate, in accordance with the Reporting and Verification sections of this Framework, or (ii) for any reason, the performance level of the relevant KPI(s) relative to the respective SPT(s) cannot be calculated or observed as prescribed, or not in a satisfactory manner (non-satisfactory manner to be understood as the Verification Assurance Certificate to be provided by the appropriately qualified independent party containing a reservation or such independent party not being in a position to provide such certificate):

- For a Sustainability-Linked Instrument impacted by the failure, but not by the success, to meet the relevant SPT(s), the step-up in the coupon and/or premium payment, as applicable, shall be triggered
- For a Sustainability-Linked Instrument impacted by the success, but not by the failure, to meet the relevant SPT(s), the step-down in the coupon and/or discount payment, as applicable, shall not be triggered
- For a Sustainability-Linked Instrument impacted by both the failure and the success to meet the relevant SPT(s), the step-up in the coupon and/or premium payment, as applicable, shall be triggered.

4. Reporting

In order to provide investors and other stakeholders with adequate and updated information about the progress made on the KPIs and the achievement or not of the SPTs, we will communicate on the KPIs and SPTs annually at least until we have reported on the performance of the KPIs on the SPTs Observation Date, publishing and keeping readily available and easily accessible up-to-date information and reporting on our website (www.sonaesierra.com).

We intend to include in our annual Economic, Environmental and Social Report ("EES Report") made publicly available on our website:

- Up-to-date and externally verified (please refer to Section 5. Verification for more details) information on the performance of the KPIs
- Other relevant information enabling investors and other stakeholders to monitor the progress of the KPIs towards the SPTs and to observe the level of ambition in respect of the SPTs, which may include updates in our sustainability strategy, governance considerations having impact on the KPIs and/or the SPTs, and, more generally, information relevant to the analysis of the KPIs and/or the SPTs.

When feasible and relevant, we may further include in our annual EES Report:

- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance on the KPIs
- Illustration of the positive sustainability impacts of the performance improvement
- Disclosure of any risks and factors that might affect the performance of the KPIs and/or the achievement of the SPTs.

Additionally, following an SPT Observation Date, we shall make publicly available on our website a report outlining the actual performance of the KPIs relative to the respective SPTs as well as the related impact, and the timing of such impact,

on the financial characteristics of Sustainability-Linked Instruments issued under this Framework, together with the Verification Assurance Certificate confirming such performance of the KPIs relative to the respective SPTs (please refer to Section 5. Verification for more details).

Following the occurrence of a Recalculation Event leading to a recalculation of a KPI baseline and/or a SPT, we will publish on our website (included in our EES Report or otherwise) information on such recalculation, together with the associated verification assurance report (please refer to sub-sections "Recalculation Policy for SPT #1" and "Recalculation Policy for SPT #2" under Section 2. Calibration of Sustainability Performance Targets (SPTs) for more details).

Upon an update of SPT #1 following validation of targets by SBTi, we will also publish on our website (included in our EES Report or otherwise) information on such update (please refer to sub-section "Update of SPT #1 following validation of targets by SBTi" under Section 2. Calibration of Sustainability Performance Targets (SPTs) for more details).

5. Verification

Stakeholders' confidence is of utmost importance for Sonae Sierra. We ensure independent verification and assurance of our ESS Report. In connection with this Framework and the Sustainability-Linked Instruments issued under it, we will further ensure:

Pre issuance

Sonae Sierra's Sustainability-Linked Financing Framework has been reviewed by KPMG Advisory - Consultores de Gestão, SA who has provided a Second Party Opinion (SPO), confirming the alignment with the ICMA Sustainability-Linked Bond Principles 2020 and the LMA Sustainability-Linked Loan Principles 2021. The SPO will be available on Sonae Sierra's website (www.sonaesierra.com).

Post issuance

Sonae Sierra's annual performance of each KPI will be included in our annual ESS Report and will be verified to at least a limited level of assurance by an appropriately qualified independent party as part of the independent verification and assurance of our ESS Report.

Additionally, following an SPT Observation Date, Sonae Sierra's actual performance of the KPIs relative to the respective SPTs will be verified to at least a limited level of assurance by an appropriately qualified independent party, which shall issue a Verification Assurance Certificate.

Our annual ESS Report as well as the Verification Assurance Certificate confirming the performance of the KPIs relative to the respective SPTs will be made publicly available on Sonae Sierra's website (www.sonaesierra.com).

DISCLAIMER

This Sustainability-Linked Financing Framework (“Framework”) is intended to provide non-exhaustive, general information. This Framework may contain or make reference to public information not separately reviewed, approved or endorsed by Sonae Sierra, SGPS, S.A. (“Sonae Sierra”) and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Sonae Sierra as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain statements about future events and expectations that are forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this document. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this document. Sonae Sierra has and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

This Framework is not intended to be and should not be construed as providing legal, financial or technical advice.

This Framework does not constitute or form part of and should not be construed as any offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities of Sonae Sierra or any subsidiary or affiliate of Sonae Sierra or provide financing to Sonae Sierra or any subsidiary or affiliate of Sonae Sierra, and nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any regulatory authority.

Any bonds or other debt instrument that may be issued by Sonae Sierra or any subsidiary or affiliate of Sonae Sierra from time to time, including any sustainability-linked securities, shall be offered by means of a separate prospectus or offering document (including any supplement thereto) in accordance with all applicable laws (including any selling restrictions). Any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document (including any supplement thereto) provided in connection with the offering of such securities, and not on the basis of this Framework.

Neither this Framework nor any other related material are intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons who might come into possession of such documents must inquire as to the existence of such restrictions and comply with them.

The information in this Framework has not been independently verified.

The addressee is solely liable for any use of the information contained herein and Sonae Sierra, or its representatives, directors, officers and employees shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this Framework by the addressee.



Second Party Opinion

***Sonae Sierra Sustainability -
Linked Financing Framework***

25.01.2022

TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	3
2	METHODOLOGY	3
3	WORK UNDERTAKEN	4
4	FINDINGS AND DISCUSSION	5
5	DISCLAIMERS	22

1 EXECUTIVE SUMMARY

Sonae Sierra, SGPS, S.A. (“Sonae Sierra” or “the company”) is a property company and full real estate services provider. Based in Portugal since 1989, Sonae Sierra is owned by Sonae SGPS with 80%, and Grosvenor Group limited with 20%. Currently, Sonae Sierra owns 27 shopping centers and is responsible for the ownership, management, and/or leasing of 124 real estate assets, has 5 projects under development, and manages 12 investment vehicles.

KPMG Portugal has been commissioned by Sonae Sierra to provide a second party opinion on the Sustainability-Linked Financing Framework (the “framework”). The main goal of the assessment is to evaluate if the framework meets the criteria established within the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles 2020 (SLBP)¹ as well as the Sustainability-Linked Loan Principles 2021 (SLLP)².

This framework enables the issuance of sustainability-linked bonds and loans or other finance instruments whose characteristics are linked with sustainability performance targets (“Sustainability-Linked Instruments” or “instruments”). In this document, dated January 2022, Sonae Sierra identified two material Key Performance Indicators (KPIs) to the business:

KPI 1: Greenhouse Gas (GHG) emission intensity reduction (Scope 1 and 2)

KPI 2: Waste Recycling rate increase

Sonae Sierra will assess its sustainability performance through the following Sustainability Performance Targets (SPTs):

SPT 1: Reduce GHG (Scope 1 + 2) Emissions intensity to a maximum of 16.8 kgCO₂e / sq. m GLA by 2025

SPT 2: Increase Waste Recycling Rate to a minimum of 78% by 2025

KPMG is of the opinion that Sonae Sierra’s Sustainability-Linked Financing Framework is aligned with the core components of the Sustainability-Linked Bond Principles (SLBP) and Sustainability Linked Loan Principles (SLLP), and best market practices.

2 METHODOLOGY

As mentioned, the evaluation uses reference the criteria established by SLBP and SLLP. Both are formed by five principles:

Principle One: Selection of Key Performance Indicators (KPIs)

The company must have a clear definition of the KPI(s) as well as the calculation methodology. It is also recommended that they communicate the rationale and process according to which the KPI(s) have been selected and how these indicators fit into their sustainability strategy.

The chosen KPIs must be relevant, core, and material to the company’s overall business strategy. The indicators should be measurable or quantifiable and externally verifiable.

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

² https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf

Principle Two: Calibration of Sustainability Performance Targets (SPTs).

The framework should make a clear reference to the timelines for the target achievement as well as the key factors beyond the direct control that may affect the achievement of the SPT(s). When relevant, the sustainability performance targets should be associated with a verified baseline or a reference point for improvement of the KPI(s). It is also important to mention in what situations recalculations or Pro-forma adjustments of baseline will be necessary.

The defined SPTs should be ambitious, meaningful, and realistic. The target settings must also be based on a sustainability improvement in relation to a predetermined performance target benchmark.

Principle Three: Instrument Characteristics

The instrument will need to include a financial or structural impact depending on whether the KPIs reach or not the predefined SPTs. It is also important to reference any fallback mechanisms in case the SPTs cannot be calculated adequately.

Principle Four: Reporting

The company should publish and keep readily available: information on the performance of the selected KPIs, a verification assurance report relative to the SPT and their related impact, and any other information enabling investors to monitor the level of ambition of the SPTs.

It is critical to keep these reports updated regularly (at least annually) as well as assessing closely KPI performance that could lead to a potential adjustment of the Sustainability-Linked Instruments financial and/or structural characteristics.

Principle Five: Verification

The company should seek external verification of their performance level for each SPT by a qualified external reviewer (i.e., auditor or environmental consultant). These verifications of performance should always be made publicly available.

3 WORK UNDERTAKEN

The present work constituted a high-level review of the available information, based on the understanding that the information was provided to us by Sonae Sierra in good faith. It is important to note that we have not performed an audit or other verifications to check the veracity of the information provided to us. The work was undertaken to form our assessment included:

- Sonae Sierra's Sustainability-Linked Financing Framework analysis;
- Discussions with Sonae Sierra management;
- Documentation regarding methodology and calculation for the selected key performance indicators and corresponding targets;
- Benchmark analysis using publicly available information;
- Review of Sonae Sierra's published reports and website including the EES Report (years 2017 to 2020);

- Documentation of findings against each element of the criteria.

4 FINDINGS AND DISCUSSION

A. Principle One: Selection of Key Performance Indicators (KPIs)

KPI1: Greenhouse Gas (GHG) emission intensity reduction (Scope 1 and 2)

KPI # 1 includes the total amount of Scope 1 and 2 emissions from Sonae Sierra's owned and managed portfolio of shopping centers, in operation during the full reporting year, as well as corporate offices in Lisbon and Maia. Other owned but not managed shopping centers therefore, are not included in the calculations. In the considered base year (2019) this indicator had a value of 19,13 kgCO₂e/sq. m.

- Materiality and relevance

The KPI selected is core and material to Sonae Sierra as it was identified as a material issue in the most recent Economic, Environmental and Social ("EES Report") annual reports³. Since 1998 Sonae Sierra identified four key ESG issues: emissions, energy, water consumption, and waste recycling. In this context, the reduction of GHG emissions represents an important pillar for the overall business and a relevant factor for the upcoming years.

Currently, scope 1 and 2 only represent 4.5% of their global GHG emissions, leaving scope 3 with 95.5%, having by far the most significant contribution to their carbon footprint. Such emissions are associated with the activities of tenants and vehicles emissions produced by visitors. Having no control of scope 3 emissions, Sonae Sierra encourages tenants to reduce their GHG emissions from their activities and is working on improving access to their shopping centers.

Through the Sustainability Accounting Standard Board (SASB)⁴ Materiality Map, energy consumption was recognized as a major ESG issue for the real estate industry. As electricity consumption currently corresponds to approximately 67% of Sonae Sierra's Scope 2 emission, it's safe to assume that GHG emissions (for scope 1 and 2) can also be considered as a relevant ESG factor.

- Consistency with overall company's sustainability strategy

As stated, the impact of GHG emission was considered one of the key ESG risks on the EES report as climate change represents a relevant menace for the overall business, causing physical and local depreciation to the assets. On the other hand, adapting the existing buildings and developing new buildings that perform better in predicted climate change scenarios could help to maintain and enhance assets.

The selected KPI is also aligned with Sonae Sierra's ambition to become carbon neutral by 2040 and therefore respect the European Green Deal. For Europe to become Carbon neutral

³ https://sonaesierra.com/publicdocs/reports2020/2020_EES_Report.pdf

⁴ <https://www.sasb.org/standards/materiality-finder>

by 2050 GHG emissions must be reduced by over 50%, as buildings and construction represent 35% of global emissions, they play a major role in achieving this goal.

Furthermore, to strengthen their sustainable strategy Sonae Sierra set a long-term commitment with the Science-Based Target initiative (SBTi)⁵ and is now formally committed to reducing the value of scope 1 and 2 emission intensity (KPI#1).

- Measurability

This KPI covers all Scope 1 and 2 emissions, which account for approximately 4.5% of Sonae Sierra’s total GHG emissions. This indicator is quantifiable, the emissions are measured in metric tons carbon dioxide equivalent.

Direct emissions (scope 1) are from sources that are owned and controlled by Sonae Sierra such as company car fleet, air-conditioning equipment, boilers, and co-generation plants. On the other hand, indirect emissions (scope 2) result from Sonae Sierra’s activities but are owned by a third party, such as purchased electricity, heating, and cooling. Additionally, scope 2 emissions are calculated in a market-based approach.

For both scopes, the calculation methodology follows credible external sources such as the Greenhouse gas Protocol⁶. The GHG emission calculation tool determines, from the energy consumed and the gas emission factor, the corresponding amount of CO₂ equivalent.

Moreover, the selected KPI is presented in detail on the Economic, Environmental and Social report which is externally verified on an annual basis. Additionally, this indicator is also subject to an internal audit plan (Safety Environment and Health data audits) which ensures every year a material sample of shopping centers is subject to this audit.

Criteria	Requirements	Evidence	KPMG Findings
Material to core sustainability and business strategy	<p>The KPIs should be material to the company’s core sustainability and business strategy and address relevant environmental, social, and/or governance challenges of the industry sector.</p> <p>The KPI should be of high strategic significance to the company’s current and/or future operations.</p> <p>It is recommended that company communicates the rationale to which the KPI(s) have been selected and how they fit into their Sustainability strategy.</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 - SBTi: SDA Tool - Matriz Materialidade (Sonae Sierra’s website) 	<p>It is KPMG’s opinion that KPI#1 is deemed core and material through Sonae Sierra’s Sustainability report.</p> <p>Reduction of scope 1 and 2 emission is also aligned with Sonae Sierra’s ambition to become carbon neutral by 2040 and therefore respect the European Green Deal making the selected KPI crucial for Sonae Sierra’s Sustainability strategy</p>

⁵ <https://sciencebasedtargets.org/>

⁶ <https://ghgprotocol.org/calculation-tools>

Criteria	Requirements	Evidence	KPMG Findings
Measurability	<p>KPIs should be measurable or quantifiable on a consistent and adequate methodological basis; externally verifiable; and able to be benchmarked</p> <p>Companies are encouraged to select KPI(s) that they have already included in their previous annual reports, allowing investors to evaluate the historical performance of the KPIs selected.</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p> <p>- EES Report 2020</p> <p>- SBTi: SDA Tool</p> <p>-Deloitte: Relatório de Procedimentos acordados</p> <p>-Ficha indicadores : G4-EN15,G4-EN16,WS1</p>	<p>KPMG can confirm that the chosen KPI is measurable, quantifiable and its calculation methodology follows credible external sources.</p> <p>In addition, the selected KPI is externally verifiable</p>
Clear definition of selected KPI	<p>A clear definition of the selected KPI(s) should be provided as well as the calculation methodology</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p>	<p>The framework provided by Sonae Sierra has a clear definition of the selected indicators and their methodology for calculation</p> <p>Furthermore, the company communicated the rationale and process according to which KPI #1 has been selected</p>

KPI2: Waste Recycling rate increase

KPI #2 is defined as the waste recycling rate across Sonae Sierra’s owned and managed portfolio of shopping centers in operation, during the full reporting year. This KPI includes the total amount of waste sent for recycling, anaerobic digestion, and composting. In the considered base year (2019) the company registered a 66% waste recycling rate.

- Materiality and relevance

The KPI selected is core and material to Sonae Sierra as it was identified as a material issue in the most recent EES annual reports. Over the years, waste management has been one of the main factors for Sonae Sierra’s Sustainability plan. In 2020, Sonae Sierra compared its waste recycling rate to other real estate peers (over 10 other real estate businesses) proving its constant commitment on improving waste management systems. According to the last EES report, the circular economy remains a core focus area for accelerating their business and is relevant for sustainable buildings.

Additionally, following the Sustainability Accounting Standard Board (SASB) Materiality Map, Product Lifecycle Management was considered a key ESG factor for the real estate services industry.

- Consistency with overall company’s sustainability strategy

Since the early 2000s, waste management has been a key factor for Sonae Sierra’s Sustainability plan, making waste recycling rates (KPI# 2) a crucial aspect for the overall business strategy. The selected KPI is also aligned with EU policy that aims to contribute to the circular economy by extracting high-quality resources from waste as much as possible.

Over the years Sonae Sierra has been engaged in increasing its recycling rate. In addition, raw material selection is also an important factor for Sonae Sierra’s waste management system. When it comes to material selection the company follows their Safety, Health, and Environment Development Standard (SHDS) that prohibits them to use materials that are known to have a negative impact on the environment and on the health being of building occupants.

- Measurability

KPI #2 covers all waste sent for recycling across Sonae Sierra’s owned and managed portfolio of shopping centers in operation during the full reported year, measured in tonnes. This indicator is quantifiable, the total waste and recycled waste are both measured in tons, and its methodology is robust and detailed.

As stated, the considered recycled waste includes waste sent for recycling, anaerobic digestion, and composting, on the other hand, the total waste includes the total of waste produced across Sonae Sierra’s owned and managed portfolio of shopping centers in operation during the full reporting year. This data is captured from a detailed map, of each site, with waste produced during the reporting period, by type of waste, type of destination, and with identification of the classification of hazardous and non-hazardous waste.

Moreover, the selected KPI is presented in detail on the Economic, Environmental and Social report which is externally verified on an annual basis. Additionally, this indicator is also subject to an internal audit plan (Safety Environment and Health data audits) which ensures every year a material sample of shopping centers is subject to this audit.

Criteria	Requirements	Evidence	KPMG Findings
Material to core sustainability and business strategy	<p>The KPIs should be material to the company’s core sustainability and business strategy and address relevant environmental, social, and/or governance challenges of the industry sector.</p> <p>The KPI should be of high strategic significance to the company’s current and/or future operations.</p> <p>It is recommended that company communicates the rationale to which the KPI(s) have been selected and how they fit into their sustainability strategy.</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 - Matriz Materialidade (Sonae Sierra’s website) 	<p>It is KPMG’s opinion that KPI#2 is deemed core and material through Sonae Sierra’s EES report</p> <p>For the past 20 years, waste management has been a key ESG factor for Sonae Sierra’s overall business making it one of the most relevant issues for its sustainability strategy</p> <p>The selected KPI is also aligned with EU policy that aims to contribute to the circular economy by extracting high-quality resources from waste as much as possible</p>

Criteria	Requirements	Evidence	KPMG Findings
Measurability	<p>KPIs should be measurable or quantifiable on a consistent and adequate methodological basis; externally verifiable; and able to be benchmarked</p> <p>Companies are encouraged to select KPI(s) that they have already included in their previous annual reports, allowing investors to evaluate the historical performance of the KPIs selected</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p> <p>-EES Report 2020</p> <p>-Deloitte: Relatório de Procedimentos acordados</p> <p>-Ficha indicadores : G4-EN15,G4-EN16,WS1</p>	<p>KPMG can confirm that the chosen KPIs are measurable, quantifiable and its calculation follows a robust and detailed methodology</p> <p>In addition, the selected KPI is externally verifiable</p>
Clear definition of selected KPI	<p>A clear definition of the selected KPI(s) should be provided as well as the calculation methodology</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p>	<p>The framework provided by Sonae Sierra has a clear definition of the selected indicators and their methodology.</p> <p>Furthermore, the company communicated the rationale and process according to which KPI #2 has been selected</p>

KPMG’s Opinion

Both KPIs are deemed core and material through the Sonae Sierra EES report. Since 1998 Sonae Sierra identified four key ESG risks (emissions, energy, water consumption, and waste recycling), two of which are directly related to the selected KPIs (emissions and waste management). The materiality exercises have been updated on a yearly basis and have confirmed the alignment of these topics with business strategy and stakeholder expectations.

In addition, KPI #1 is aligned with the long-term commitment with the Science-based target initiative, and KPI #2 is allied with EU policy that aims to contribute to a more circular economy by extracting high-quality resources from waste.

The selected indicators are calculated following a robust and detailed methodology and are independently assured by a third party confirming their ongoing measurability and verifiability.

Based on the evidence reviewed, KPMG can confirm that the selected KPIs are relevant, core, and material to the company’s overall business and present high strategic value to the current and future operations. The rationale behind KPI selection as well as its definition, measurability, and, verifiability are well defined in the framework.

B. Principle Two: Calibration of Sustainability Performance Targets (SPTs)

SPT1: Reduce GHG (Scope 1 + 2) Emissions intensity to a maximum of 16.8 kgCO₂e / sq.m GLA by 2025

As mentioned, SPT #1 is directly related to the commitment to SBTi making it a key component to Sonae Sierra’s broader sustainability and business strategy. Considering the 2°C scenario and a timeline of 5 years, a reduction of GHG emissions intensity (Scope 1 and 2) to a maximum of 16.80 kgCO₂e/sq.m was established which results in a cumulative reduction of 12% between 2019 and 2025.

It is important to state that the value of KPI #1 for the year 2019 has been recalculated, corrected from 15.3 kgCO₂e/sq.m to 19.1 kgCO₂e/sq.m. This adjustment was based on the changes to Sonae Sierra's portfolio, as only 80% of the properties remain in the current carbon footprint scope. The initially reported data as well as the Pro-forma 2019 baseline, have been audited for a limited level of assurance.

- Ambition, Baseline and Benchmarks

With the following historical data regarding KPI #1, it is possible to evaluate the indicator performance between 2017 and 2020:

KPI #1	2017	2018	2019	2020	Target 2025
Scope 1 & 2 (KgCO₂e/sq.m)	21.7	18.7	19.1	13.1	16.8
Annual variation (%)	-	-13.8%	+2.0%	-31.0%	-
Cumulative reduction (%)		-11.9%			-12%
Total Reduction 2017-2025			-22%		

As mentioned, the primary goal is to reduce Scope 1 and 2 emissions intensity to a maximum of 16.8 kgCO₂e/sq.m until 2025 considering a baseline of 2019. The year 2019 was considered the most accurate representation of the Sonae Sierra emission profile as it is the most recent full year of activity unaffected by the Covid-19 pandemic. In addition, it also aligned with the baseline year submitted to SBTi.

As shown above, the company’s past performance has varied over the years. From 2019 to 2020 a significant decrease in emissions (- 30%) and between 2018 and 2019 there was an increase of 2%. It is important to note that, in 2020, annual emissions declined significantly,

essentially, due to restrictions applied on public spaces in the pandemic context which led to a large decrease in energy consumption.

From 2017 to 2019 there was a total of 11.9% decrease in emissions and throughout 2017 to 2020 an average of 13% decrease per year of direct and indirect emissions intensity. Such results can lead to the assumption that SPT#1 is not ambitious, however, it is important to highlight that 2020 was an atypical year as energy consumptions were at their lowest leading to very low emission values.

With the targeted decrease of 12% by 2025 there will be a total reduction of 22% between 2017 and 2025, leading up to a significant decrease in emission for scope 1 and 2.

In the following table, Sonae Sierra emission data was analysed and forecasted using two approaches: by applying a continuous decrease to obtain the expected value of 16.8 kgCO₂e/sq. m, and by using the average annual reduction of the 2017-2019 period throughout 2021 to 2025. It's important to note that 2020 emission values were not considered in the analysis as low energy consumption led to unrealistic CO₂ emission values.

GHG emissions Scope 1 & 2 (kgCO ₂ e/sq. m)	Reported Data				Forecast				Target
	2017	2018	2019	2020 ⁷	2021	2022	2023	2024	2025
Sonae Sierra	21.7	18.7	19.1	13.1	-	-	-	-	-
Forecast values (by target approach)					18.6	18.2	17.7	17.3	16.8
Reduction (%) baseline 2019 (by target approach)					-2.4%	-4.8%	-7.1%	-9.3%	-12%
Forecast values (by linear approach)					18	16.9	15.9	15.0	14.1
Reduction (%) baseline 2019 (by linear approach)		-5.9%			-5.9%	-11.4%	-16.5%	-21.4%	-25.9%

Based on historic reduction and assuming a linear approach forecast we would expect a higher emissions reduction by 2025 (with an expected value of 14.1 kgCO₂e/sq. m) of scope 1 and 2 emissions than the defined target.

To further analyse Sonae Sierra's performance, the following data compares Sonae Sierra's emission intensity with peers of the real estate industry

⁷ 2020 data was not considered in the present analysis as Covid-19 pandemic led to unrealistic emission value

GHG emissions Scope 1 & 2 (kgCO ₂ e/sq.m)	2017	2018	2019	2020	Target
⁸ Peer 2	21	14	9	5.2	0 (2030)
Peer 5	48	48	39	33	
Peer 7	-	-	26	18.9	
Sonae Sierra	21.7	18.7	19.1	13.1	16.8

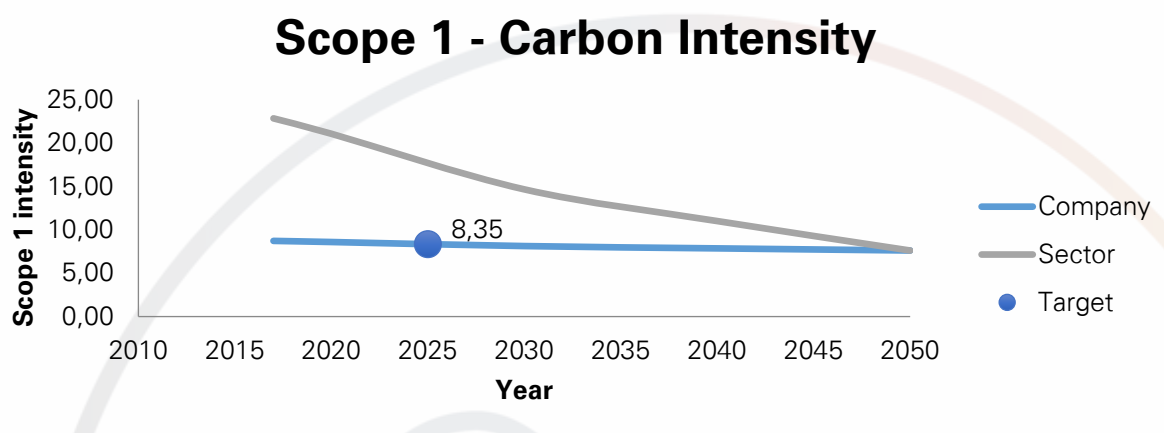
When comparing with existing available benchmarks it is observable that Sonae Sierra has a good starting point of the indicator which also creates an additional challenge to achieve significant reductions.

In 2019, Sonae Sierra had considerably low values compared to Peer 5 and Peer 7, has shown in the previous table, Sonae Sierra had an emission intensity of 19.1 kgCO₂e/sq.m and on the other hand, Peer 5 and Peer 7 had 39 kgCO₂e/sq.m and 26 kgCO₂e/sq. m respectively. Regarding emission reduction, Sonae Sierra has similar reduction rates compared to other companies of the sector.

Here, it is also evident that 2020 lead to significant emission reductions, as shown in the above data, Peer 2 had a total decrease of 42% leaving Sonae Sierra with the second higher decrease of 31% between the years 2019 and 2020.

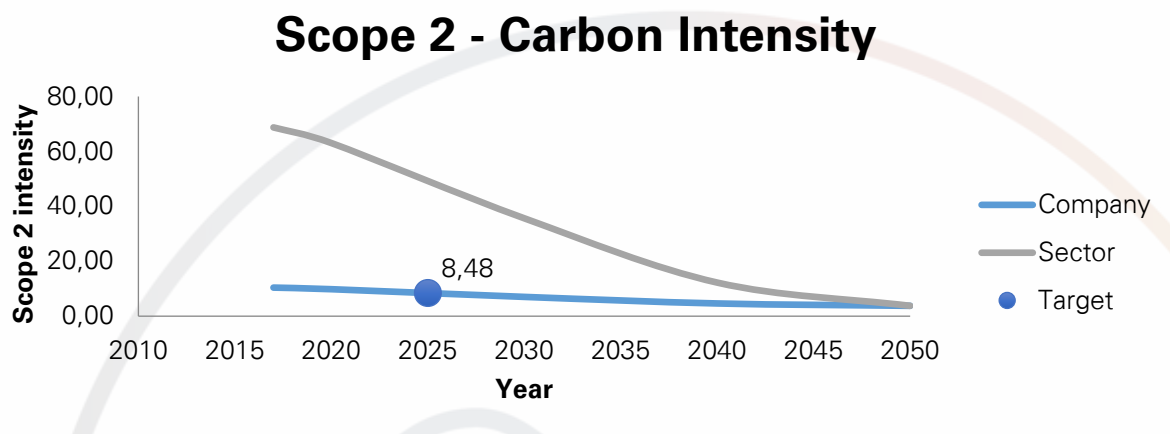
Additionally, as one of the few companies with specific targets for this type of emissions, Sonae Sierra is already in a favourable position compared to its competitors.

In order to have a wider view of the GHG emissions impact in the real estate industry, Sonae Sierra 's Scope 1 and 2 emission intensity was compared with the overall sector. It is important to note that the following data was directly imported from the SBTi Target setting tool⁹.



⁸ Peer reference follows the one established in Sonae Sierra Sustainability-Linked Financing framework

⁹ <https://sciencebasedtargets.org/resources/files/Business-Ambition-FAQ.pdf>



When comparing Sonae Sierra’s baseline for 2019 (8.72 kgCO₂e/sq.m and 10.40 kgCO₂e/sq.m, for scope 1 and scope 2 emissions respectively) it is noticeable that it is significantly lower than the real estate sector as a whole, according to the SBTi. Therefore, the pathway for reduction and towards neutrality is also distinct between the company and its peers. These results reinforce the very positive positioning Sonae Sierra already registers in this indicator, and reassures that the targets set for 2025 are ambitious because the company needs now to enhance efforts to address marginal efficiency improvements that produce the targeted reduction of scope 1 and scope 2 emissions.

Furthermore, being aligned with the Science-Based target initiative’s (SBTi’s) science-based criteria ensures that its targets are ambitious against regional and international targets and also aligned with the company goal to be carbon neutral by 2040.

We consider, therefore, this specific target to be ambitious.

- Strategy to Achieve SPT

Sonae Sierra has identified different methodologies for achieving SPT objectives; efficient light systems in combination with controls and sensors, renovation of the heating and cooling systems and increasing their isolation conditions, implementation of photovoltaic panels, and investment in green electricity procurement practices. Currently, 79% of the purchased electricity is green and Sonae Sierra aims to increase this percentage up to 96%. All the previous measures will correspond to an estimated investment of 34M€.

In addition, a recalculation policy is presented in the Framework. Sonae Sierra is committed to recalculating KPI #1 baseline or/and SPT #1 to reflect recalculation events that affect positively or negatively the value of KPI #1. Such recalculation events include: changes in Sonae Sierra’s owned and managed portfolio, new calculation methodology of GHG Scope 1 and 2 emissions, the discovery of data errors, and changes in regulation from regulatory bodies relevant to KPI #1 or SPT #1.

Criteria	Requirements	Evidence	KPMG Findings
Ambitious target settings	The SPT should be ambitious to the company’s business and should be consistent with the overall sustainability strategy	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 	<p>SPT #1 is directly related to the commitment to SBTi making it a key component to Sonae Sierra’s broader Sustainability strategy.</p> <p>With the 2019 baseline and the targeted decrease of 12% by 2025, there will be a total reduction of 22% between 2017 and 2025, leading up to a significant decrease of emission for scope 1 and 2. With such results, KPMG concluded that SPT #1 can be considered an ambitious target.</p>
Benchmark approach	<p>The target settings should also be based on benchmarking approaches:</p> <p>The company’s past performance (it is recommended a measurement track of, at least, the last 3 years)</p> <p>The SPT position compared to other peers of the industry or sector standards</p> <p>Referenced science-based scenarios</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 	<p>Sonae Sierra presented four years (2017,2018,2019 and 2020) of historical data.</p> <p>When comparing with past performance and market peers, it is clear that the chosen target goes beyond the “Business as usual “scenario.</p> <p>As mentioned, being aligned with science-based criteria can ensure that its targets are ambitious against regional and international targets.</p>
Disclosures on target setting	<p>In the Framework, they should make a clear reference to:</p> <p>The timeline for the target achievement, trigger events, and frequency of SPT</p> <p>The verifiable baseline or reference point selected for the improvement of the KPI as well as the rationale of the baseline</p> <p>Situations of recalculation or Pro-forma adjustments of baselines</p> <p>Type of actions that are expected to drive the performance towards the SPTs as well as their expected respective</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - Discussions with Sonae Sierra Management - EES 2020 - EES Investments 2021 	<p>KPMG can confirm that the Framework refers to:</p> <p>The timeline of SPT #1 target achievements.</p> <p>The reference point for the SPT will be 2019 as it is the most accurate representation of their emission profile and is also aligned with the baseline year set with SBTi.</p> <p>The framework adequately defines the situation that could lead to recalculation of KPI, SPT, and the baseline (changes in Sonae Sierra’s owned and managed portfolio, new calculation methodology of GHG Scope 1 and 2 emissions, the discovery of</p>

Criteria	Requirements	Evidence	KPMG Findings
	<p>contribution, in quantitative terms wherever possible</p> <p>Other key factors beyond the company’s control that may affect the achievement of SPT</p>		<p>data errors, and changes in regulation from regulatory bodies relevance to KPI #1 or SPT #1).</p> <p>Sonae Sierra has identified different methodologies for achieving SPT objectives; efficient light systems in combination with controls and sensors, renovation of the heating and cooling systems and increasing their isolation conditions, implementation of photovoltaic panels, and investment in green electricity procurement practices</p>

SPT2: Increase Waste Recycling Rate to a minimum of 78% by 2025

Over the years waste management has been a key factor for Sonae Sierra’s Sustainability plan, in addition, an increase of recycling rates is also aligned with EU policy that aims to contribute to the circular economy by extracting high-quality resources from waste as much as possible.

By the new European standards¹⁰, sustainable products should be the new norm, and reducing resource use, retaining value in the economy, waste prevention, design for recycling, and reuse should always be a part of the new strategic framework. Until 2035 EU is committed to increase the recycling rate to over 65%, by comparing it with SPT #2, Sonae Sierra is already in advance compared to the European target.

- Ambition, Baseline and Benchmarks

With the following historical data regarding KPI #2, it is possible to evaluate the indicator performance between 2017 and 2020:

¹⁰ https://www.europarl.europa.eu/doceo/document/ENVI-PR-652387_PT.pdf

KPI #2	2017	2018	2019	2020	Target 2025
Recycled Waste (%)	64%	66%	66%	61%	78%
Annual variation (%)	-	+3%	0%	-7%	-
Cumulative increase (%)		+3%			+18%
Total increase 2017-2025			+22%		

As mentioned, the goal is to increase the recycled waste percentage, to have, in 2025, a minimum of 78% of recycled waste. Sonae Sierra selected 2019 as its baseline as it is the most accurate representation of their waste management values and it is the most recent full year of activity unaffected by the Covid-19 pandemic.

As shown above, the company's past performance has varied over the years. From 2019 to 2020 a significant decrease of 7% and between 2017 and 2018 there was an increase of 3%. From 2017 to 2019 there was a total of 3% increase in recycled waste and throughout 2017 to 2020 an average of 1.3% decrease per year.

With the targeted 78% of recycled waste by 2025, there will be a total of 18% increase of recycled waste from the base year (2019) and a total of 22% compared to 2017. Such results can lead to the assumption that SPT#2 presents ambition compared to the company's past performance.

In order to understand Sonae Sierra's position regarding waste recycling rate in the market, the following data compares Sonae Sierra performance with 10 real estate peers:

KPI # 2 ¹¹	2017	2018	2019	2020	Target
Peer 1	73.0%	76.0%	78.0%	57.0%	85%
Peer 2	42.0%	35.0%	35.0%	37.0%	-
Peer 3	37%	36,0%	39,0%	44,0%	70% (2030)
Peer 4	-	49,2%	49,9%	49,2%	-
Peer 6	52,9%	54,6%	33,6%	35,2%	-
Peer 7	31,2%	26,6%	27,0%	33%	60% (2022)
Peer 8	54,0%	59,0%	60,0%	-	-
Peer 9	33,2%	50,8%	49,9%	25,2%	-
Sonae Sierra	64%	66%	66%	61%	78%

As shown in the table above, Sonae Sierra already presents a considerably high recycling rate compared to its peers. In 2019, Sonae Sierra had 66% of recycled waste, on the other hand, companies like Peer 2, Peer 6, and Peer 7 had values below 35%.

According to this sample, from 2017 to 2019 Sonae Sierra was the second company with a higher recycling rate and in 2020 had the highest rate of 61%. In addition, the target setting follows an ambitious route as it is the second-highest rate target with the compared businesses.

- Strategy to Achieve SPT

As already mentioned, waste management has been a focus of Sonae Sierra's sustainability plan for the last 20 years, thus having a considerable maturity in the subject and already made considerable improvement on their waste management system. For the new target, additional operational measures will be implemented such as increase of segregation of organic waste, improvement of plastic separation, and awareness of tenant's employees to manage efficiently waste.

In addition, a recalculation policy is presented in the Framework. Sonae Sierra is committed to recalculating KPI #2 baseline or/and SPT #2 to reflect recalculation events that affect positively or negatively the value of KPI #2. Such recalculation events include: changes in Sonae Sierra's owned and managed portfolio, new calculation methodology for recycled waste, the discovery of data errors, and changes in regulation from regulatory bodies relevant to KPI #2 or SPT #2.

¹¹ Pier 5 recycling rate was not publicly available

Criteria	Requirements	Evidence	KPMG Findings
<p>Ambitious target settings</p>	<p>The SPT should be ambitious to the company’s business and should be consistent with the overall sustainability strategy</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 	<p>Over the years waste management has been a key factor for Sonae Sierra’s Sustainability plan, in addition, an increase of recycled waste is also aligned with EU policy that aims to contribute to the circular economy by extracting high-quality resources from waste as much as possible.</p> <p>With the targeted 78% of recycled waste by 2025, there will be a total of 18% increase of recycled waste from the base year (2019) and a total of 22% compared to 2017. Such results can lead to the assumption that SPT#2 presents ambition compared to the company’s past performance.</p>
<p>Benchmark approach</p>	<p>The target settings should also be based on benchmarking approaches:</p> <p>The company’s past performance (it is recommended a measurement track of, at least, the last 3 years)</p> <p>The SPT position compared to other peers of the industry or sector standards</p> <p>Referenced science-based scenarios</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework - EES Report 2020 - EES Report 2019 	<p>The Framework presented four years (2017,2018,2019 and 2020) of historical data.</p> <p>When comparing with past performance and market peers, it is clear that the chosen target goes beyond the “Business as usual”scenario.</p> <p>Sonae Sierra has a considerably high recycling rate compared to its peers. In addition, the 2025 target is considerably more ambitious compared to other companies in the sector.</p>
<p>Disclosures on target setting</p>	<p>In the Framework, they should make a clear reference to:</p> <p>The timeline for the target achievement, trigger events, and frequency of SPT</p> <p>The verifiable baseline or reference point selected for the improvement of the</p>	<ul style="list-style-type: none"> - Sonae Sierra Sustainability-Linked Financing Framework -Discussions with Sonae Sierra Management - EES Report 2020 - EES Investments 2021 	<p>KPMG can confirm that the Framework refers to:</p> <p>The timeline of SPT #2 target achievements.</p> <p>The reference point for the SPT will be 2019 as it is the most accurate representation of their current waste management performance.</p>

Criteria	Requirements	Evidence	KPMG Findings
	<p>KPI as well as the rationale of the baseline</p> <p>Situations of recalculation or Pro-forma adjustments of baselines</p> <p>Type of actions that are expected to drive the performance towards the SPTs as well as their expected respective contribution, in quantitative terms wherever possible</p> <p>Other key factors beyond the company’s control that may affect the achievement of SPT</p>		<p>The framework adequately defines the situation that could lead to recalculation of KPI, SPT, and the baseline (changes in Sonae Sierra’s owned and managed portfolio, new calculation methodology for recycled waste, the discovery of data errors, and changes in regulation from regulatory bodies relevance to KPI #2 or SPT #2).</p> <p>Sonae Sierra has identified different methodologies for achieving SPT objectives.</p>

KPMG’s Opinion

Both SPTs use clear baselines (2019) and include at least three years of historical data. It is KPMG’s opinion that the selected SPTs are market-leading within the European real estate peers and by analysing KPIs past performance (between 2017 and 2020) it is clear that the targets go beyond the “Business as usual”.

Additionally, Sonae Sierra presented a transparent SPT/KPI and baseline re-calculation policy as the portfolio is actively managed and may suffer changes throughout the years.

C. Principle Three: Instrument Characteristics

According to Sonae Sierra Framework, the failure and/or the success to meet the SPTs at respective observation dates will impact the financial characteristics of the sustainability-linked instruments, in the form of:

- If the instrument is impacted by the failure: in the form of a step-up in the coupon, a premium payment at maturity or a combination of both, and/or
- If the instrument is impacted by the success, in the form of a step-down in the coupon, a discount payment at maturity or a combination of both.

If Sonae Sierra does not make publicly available information on the performance of the KPI and the corresponding SPT, within 6 months of the target date, or the relevant KPI(s) and the respective SPT(s) cannot be calculated or observed adequately, the step-up in the coupon and/or premium payment will be triggered or the step down in the coupon/ a discount payment at maturity will not be triggered according to the type of instrument in place.

According to the established instrument characteristics, it is possible to conclude that they are relevant and adequate for the established purpose. KPMG can confirm that the financial instruments defined in the context of this framework are impacted based on KPI performance under SPTs.

Criteria	Requirements	Evidence	KPMG Findings
SPT Financial/structural impact	Financial and/or structural impact involving trigger events based on whether the KPIs reach the predefined SPTs	- Sonae Sierra Sustainability-Linked Financing Framework	<p>Sonae Sierra has committed to adjusting the financial characteristics of the instrument, based on whether the KPIs reach the respective target on the observation date (2025). These changes may include:</p> <ul style="list-style-type: none"> - Coupon Step-up / Step down - Premium payment - Discount payment <p>The adjustment will be triggered if Sonae Sierra does not make publicly available information on the performance of the KPI and the corresponding SPT, within 6 months of the target date.</p>
Fallback mechanism	Any fallback mechanism in case the SPTs cannot be calculated or observed adequately	- Sonae Sierra Sustainability-Linked Financing Framework	<p>The step-up / step down in the coupon and/or premium payment / discount payment will be also impacted if SPTs are not observed adequately.</p> <p>In addition, Sonae Sierra has a robust recalculation policy that significantly decreases the risk of not obtaining KPI and SPT values. In this case, a fallback mechanism is not required.</p>

KPMG's opinion

KPMG can confirm that the financial characteristics of the instruments issued under the given framework are impacted based on KPI performance under SPTs following the SLB and SLL principles. Due to the robust recalculation policy, a fallback mechanism is not required.

D. Principle Four: Reporting

Sonae Sierra has committed to including on the annual Economic, Environmental, and Social Report (EES Report) the following information:

- Up-to-date and externally verified information on the performance of the KPIs
- Relevant information enabling investors and other stakeholders to monitor the progress of the KPIs towards the SPTs and to observe the level of ambition in respect of the SPTs, which may include updates in our sustainability strategy, governance considerations having an

impact on the KPIs and/or the SPTs, and, more generally, information relevant to the analysis of the KPIs and/or the SPTs.

When possible and relevant their EES annual report will also include:

- Qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the performance on the KPIs
- Illustration of the positive sustainability impacts of the performance improvement
- Disclosure of any risks and factors that might affect the performance of the KPIs and/or the achievement of the SPTs.

Criteria	Requirements	Evidence	KPMG Findings
Reporting	<p>Companies should publish and keep available:</p> <p>Up-to-date information on the performance of the KPI, including baselines</p> <p>Verification assurance report of the SPT</p> <p>Any information enabling investors to monitor the level of ambition of the SPT</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p>	<p>Sonae Sierra is committed to including in their annual EES report (that will be made available on their website):</p> <p>Up-to-date and externally verified information on the performance of the KPIs</p> <p>Relevant information enables investors and other stakeholders to monitor the progress of the KPIs towards the SPTs</p> <p>In addition, information may also include:</p> <p>A qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the performance on the KPIs</p> <p>Illustration of the positive sustainability impacts of the performance improvement</p> <p>Disclosure of any risks and factors that might affect the performance of the KPIs and/or the achievement of the SPTs.</p>
Second Party Opinion	<p>Companies should have a second-party opinion report.</p> <p>The report should be conducted by a reviewer with relevant expertise,</p>	<p>- Sonae Sierra Sustainability-Linked Financing Framework</p>	<p>A second party opinion is being conducted by us, KPMG. The present assessment includes a detailed evaluation of the selected KPIs, SPTs, benchmark, baselines, and the credibility of Sonae Sierra’s strategy to achieve them.</p>

KPMG's opinion

Sonae Sierra has committed to reporting annually on the KPIs and SPTs which will be made publicly available. KPMG is of the opinion that Sonae Sierra will be reporting in the lines of the SLB and SLL principles.

E. Principle Five: Verification

As mentioned, the verification of the selected KPI will be assured through Sonae Sierra EES annual report. This report will be verified in a limited level of assurance by an appropriately qualified independent party. Furthermore, following the SPT observation date (2025), Sonae Sierra's performance of the KPI and respective SPT will, once more, be appropriately verified by an independent party that shall issue a verification assurance certificate.

In addition to the information available in the EES report, a verification assurance certificate confirming the performance of the KPIs relative to the respective SPTs will be made publicly available as well.

Criteria	Requirements	Evidence	KPMG Findings
External Verification	Companies should seek independent and external verification of their performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise	- Sonae Sierra Sustainability-Linked Financing Framework -DBV: Report Audits 2022-2024	It is clear for KPMG that Sonae Sierra is committed to assuring that the KPIs and SPTs are externally verifiable (including in the observation date, 2025)

KPMG's opinion

KPMG confirms that Sonae Sierra has committed to obtaining verification and making it publicly available, in line with the SLB and SLL principles.

5 DISCLAIMERS

This review aims to provide an opinion on the sustainability strategy and credentials within the Sustainability-Linked Financing Framework established by Sonae Sierra and based on the information that has been provided to KPMG. The review is strictly limited to the integration of two environmental factors: KPI 1: Reduction of GHG emissions intensity (Scope 1 and Scope 2); KPI 2: Increase in waste recycling rate and to version of 25 of January of the framework.

Any material changes to this framework invalidate this opinion. This review does not cover other broader sustainability aspects (e.g. social issues, ethics, or governance) nor the labelling of the instrument which is the decision of Sonae Sierra.

This review is not a verification, certification, or assurance. In this process, KPMG did not interview stakeholders outside of Sonae Sierra universe, nor did it perform on-site verifications to test the reliability of the information provided. The reliability, completeness and accuracy of the information collected is the sole responsibility of Sonae Sierra. Sonae

Sierra is fully responsible for the achievement of the objectives set out in its policies, and for their implementation, monitoring and attestation. This review does not focus either on the financial performance of the instrument or on the effective allocation of the resources generated through it. KPMG is not responsible for any consequence arising from the use of this opinion by third parties in making investment decisions and any other business transaction.

© 2022 KPMG Advisory – Consultores de Gestão, S.A., a Portuguese private limited company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.