



CASE STUDY

Location matters: From group governance
to company action at Sonae SGPS and Sierra

Company overview

Name:

Sonae SGPS

Sectors:

Retail, Real Estate, Telecommunications,
Technology and Financial Services

Company description:

Sonae is a multinational company with a diverse portfolio across various sectors. It operates in 62 countries, encompassing operations, third-party services, representative offices, franchising agreements and partnerships.

Its sustainability strategy sets group-wide commitments, including halting and reversing nature loss by 2030, carbon neutrality in own operations by 2040, achieving zero deforestation and improving water use efficiency.

- **Sonae Sierra**, a real estate subsidiary, implements these commitments at the operational level by applying a location-based lens. It integrates nature-related considerations into investment decisions, operations and development projects, adapting to the unique risks and conditions of each site.

Case study objective:

The objective is to show how Sonae SGPS, a multinational conglomerate, integrates nature considerations into its governance and strategy, and how Sonae Sierra, one of its subsidiaries, operationalises these efforts. The case highlights how location-specific data informs decision-making, prioritisation and actions to mitigate environmental impacts and dependencies, notably in relation to water scarcity and deforestation.

Case study audience:

This case study is intended for corporate sustainability teams and decision-makers responsible for direct operations and site management. It offers practical insights for those seeking to use location data to drive nature-focused actions across various operations.

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Context and approach:

This case study explores how Sonae SGPS, a holding company, uses location-based information and considers the applications from the perspective of its subsidiary, Sierra. At the group level, Sonae can have a greater impact by providing guidance and support, while facilitating actions for its portfolio companies. It exemplifies this approach by spotlighting Sierra, a real estate company within its portfolio.

Key features of location-based decision-making:

- **Site-specific risk assessments:** Sierra uses tools like water stress mapping and IBAT to evaluate the exposure at individual locations. For example, 62% of its portfolio faces high water stress, a figure projected to rise.
- **Tailored interventions:** Location data guides the prioritisation of actions, such as installing water reuse systems, adopting sustainable sourcing practices and designing deforestation-sensitive developments.
- **Governance alignment:** Decision-making is supported by structures like Sonae's Sustainability Consulting Group (SCG) and Sierra's Sustainability Steering Committee (SSC), ensuring that local actions align with group-level nature goals.
- **Continuous improvement:** Sierra works to enhance data quality and granularity, focusing on asset-level insights to better inform priorities.

Outcome highlights (at Sierra level):

- Operational standards updated due to water scarcity risks.
- The identification of 76 actions with the potential to reduce water use by 8% and save approximately €100,000 annually.
- Resilience was strengthened by embedding environmental due diligence in investment decisions.
- Nature-positive actions contributed to long-term asset value, stakeholder trust and business continuity.



Embedding nature in strategy and governance

How Sonae progressed on the nature journey

Sonae is integrating nature into its business strategy. It has identified material nature-related risks, aligned targets with prioritised impacts and dependencies, and engaged in actions to restore nature loss throughout the value chain.



Sonae's overall sustainability change agenda

Sonae's engagement with nature began in the wood panelling industry, where natural resources were central to its business model. As the company expanded its portfolio, its relationship with nature became more complex. Each business operated in a unique context, with distinct impacts and dependencies on the natural environment.

This complexity reinforced the need for a structured approach. Although the specifics varied by company, the underlying dependency on natural systems remained consistent.

Sonae updated its sustainability strategy in 2022, identifying biodiversity commitments that align with and support the overall business strategy.

Moreover, Sonae set minimum sustainability guidelines for its portfolio companies. These guidelines:

- are adapted based on each company's materiality assessment and identification of dependencies, impacts, risks and opportunities
- are assessed to inform discussions within the SCG and the Sustainability Transversal Task Force
- provide support to prioritise key issues
- align sustainability actions group-wide, with each company expected to develop a roadmap for contributing to the group's commitments; Sonae SGPS will provide guidance, starting with more mature brands and gradually expanding to those still developing their nature strategies.



Sonae's governance of sustainability issues

The SCG plays a central role in supporting and challenging companies on their sustainability strategy. Sponsored by the chair of the Board and the chief executive officer, and led by the chief development officer, the SCG includes representatives from all portfolio companies and works closely with internal and external experts. It ensures that common sustainability guidelines are embedded into business strategies, and reports insights to the Executive Committee, which oversees the overall sustainability performance.

Sustainability is integrated into Sonae's corporate governance, with the Board of Directors factoring in environmental and social considerations during strategic planning, risk management and major decision-making. This includes attention to climate transition risks, resource efficiency and social impact. The Chief Development Officer oversees sustainability through the Corporate Sustainability Department, while each company typically has its own team or lead responsible for implementing the strategy, particularly when biodiversity is a key issue.

Sonae's case illustrates how early recognition of nature's importance can evolve into a group-wide strategy. The challenge lies in tailoring this strategy across a diverse business portfolio, but the existing structures now offer a clearer path for aligning company-level actions with group-level goals.

Sonae's overall approach to nature

“ At Sonae, we are embedding biodiversity into the core of our sustainability strategy – acting to halt and reverse nature loss by 2030. By aligning with global frameworks and investing in innovation and partnerships, we are strengthening business resilience while delivering long-term value for both nature and society. ”

– João Günther Amaral,
Chief Development Officer of Sonae SGPS

In 2018, Sonae developed a four-year sustainability strategy that guided the company through 2022. Building on that foundation, Sonae introduced a new strategy for 2023–2026, structured around five key objectives:

- accelerating decarbonisation
- valuing biodiversity and water
- managing with environmental, social and governance performance criteria
- promoting circularity
- enhancing human development

Under the focus areas of biodiversity and water, Sonae set three main goals:

- halt and reverse biodiversity loss by 2030
- achieve zero deforestation throughout its operations and value chain
- improve the protection and efficient use of water resources

The strategy aligns with Sonae's broader objective of operating within planetary boundaries and ensuring that all portfolio companies collaborate to improve sustainability performance across the group.

From awareness to action

In 2018, Sonae acknowledged the need for a stronger response to growing environmental and social challenges, prompting a shift in its approach to sustainability across the group. The SCG, initially a knowledge-sharing forum, evolved into a central body that guided the development of Sonae's first group-wide sustainability strategy. The aim was to align efforts across companies and enhance overall impact through coordinated action.



Sonae's nature "toolkit"

Given the diversity of companies within Sonae, what works for one may not be applicable to another. As a result, a tailored action plan must be developed for each company. *An overview of the typical process for each, highlighting the various tools that can be used at different stages, follows:*

1 Reflecting on the individual context

Each company in Sonae's portfolio operates in different sectors, leading to varying impacts, dependencies and stages of maturity on their nature journey. As a result, each nature strategy and action plan is unique.

2 Starting with value chain screening

Companies are encouraged to map their value chains using tools like ENCORE and Science Based Targets for Nature (SBTN) materiality assessments for an initial screening. This process involves engaging various teams, such as sustainability, product development and procurement, to identify key products, suppliers and operational sites.

3 Expanding data collection

After completing the initial screening, the company will gather additional data, including procurement details, facility locations, site types and key commodities. This information will help the company assess its environmental footprint across the supply chain.



4 Working with averages and imperfect data

Data can be a challenge, particularly when considering granular information across suppliers. When data is missing or incomplete, companies are encouraged to use country-level averages for a preliminary analysis. Sustainability teams, often supported by external technical experts, typically handle this process and can help tailor it to each specific case. At this stage, any data limitations are identified and accepted, and these gaps can help to prioritise areas for further investigation.

5 Using results to identify priority areas

This process enables companies to identify their greatest risks by using tools, such as the [WWF Water Risk Filter](#), [Aqueduct Water Risk Atlas](#) and [biodiversity mapping](#), to assess their exposure.

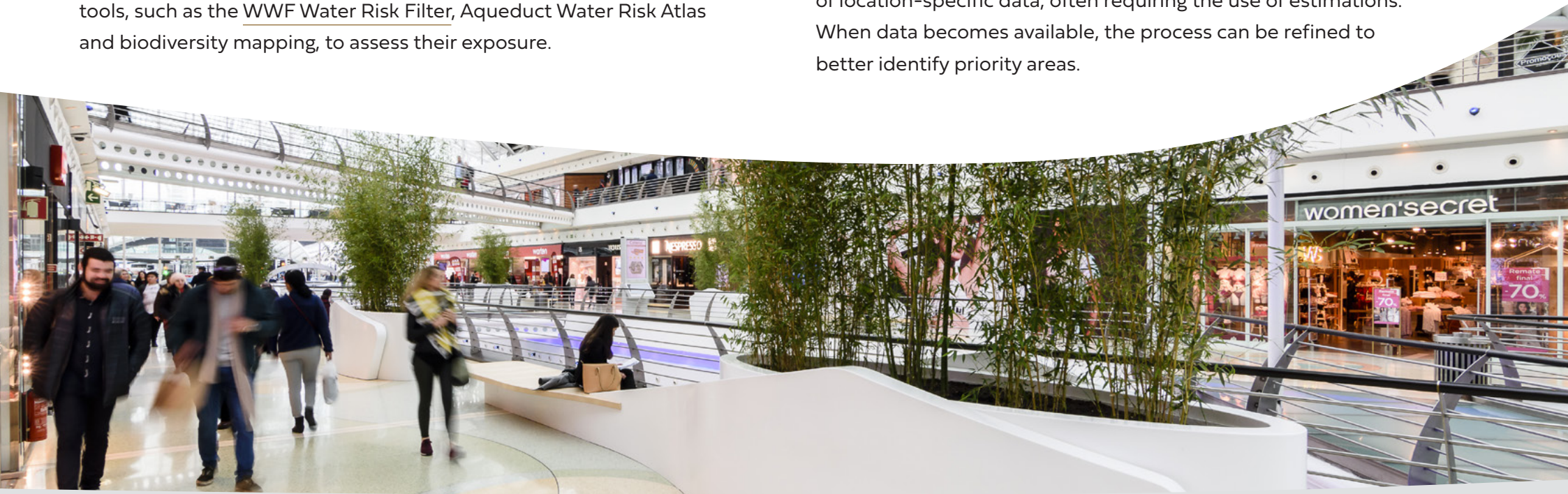
6 Identifying actionable opportunities

Once the biggest risks are identified, companies can explore opportunities and implement solutions, such as certification schemes (e.g. deforestation-free sourcing), water risk mitigation projects and biodiversity conservation actions.

7 Continuously improving data quality

Throughout these stages, companies continue to gather more data. They should focus on obtaining location-specific data over time, prioritising improving data in high-risk and high-opportunity areas.

Despite these assessments, the main challenge remains the lack of location-specific data, often requiring the use of estimations. When data becomes available, the process can be refined to better identify priority areas.



Embedding nature into operations: Applying a location-based lens to decision-making in the case of Sonae Sierra

As part of the Sonae Group, Sierra plays an active role in the company's broader sustainability strategy. It participates in the SCG, in which internal and external stakeholders collaborate to advance action on environmental initiatives across the portfolio.



Sierra is a multinational company that operates in the real estate sector with a focus on urban transformation and innovation. With an international footprint extending across more than 35 countries over time, it currently manages around €7 billion in assets. Sustainability has always been a key differentiator for Sierra, which has built a strong reputation for delivering market-leading solutions that benefit society. Its offering includes the creation of customised investment vehicles designed for long-term relationships, the development and modernisation of sustainable urban spaces with diverse real estate uses, an integrated platform of real estate services and the management of a resilient portfolio prepared for future challenges.

The company is organised into the following business units:

Investment management, developments, property management, asset management and Reify., Sierra's business unit specialising in architecture, engineering and project and construction management.

Sierra's own sustainability strategy is based on two key pillars:

Future-proofing the lived environment, as well as a safe, healthy and engaged workforce, ensuring that environmental and social factors are embedded in corporate decision-making. The first pillar focuses on future-proofing the built environment and operations, by way of responsible investment criteria and sustainable solutions. It includes ensuring the built environment remains resilient, efficient and aligned with evolving demands. To guide its efforts, Sierra conducted a double materiality assessment¹, identifying environmental risks and dependencies at specific locations to ensure its business priorities are consistent with its sustainability goals.

1 The double materiality assessment was performed in line with the Corporate Sustainability Reporting Directive's double materiality approach, which considers both impact materiality (how the company's activities affect people and the environment) and financial materiality (how sustainability issues affect the company's financial performance and resilience). A topic is deemed material if it is significant under either dimension.



How location drives decisions

At the group level, Sonae is working to align with frameworks like SBTN to ensure companies in its portfolio undergo both an assessment and prioritisation stage, where data on key locations directly informs priority-setting.

The real impact comes from each company within Sonae's portfolio, where location-based information drives key actions.

Focusing on the Sierra example, the company incorporates location-specific environmental considerations into its sustainability strategy through a structured approach that aligns governance, data-driven insights and decision-making to achieve nature-positive business outcomes. Specifically, Sierra identifies and evaluates site-specific environmental challenges, such as water stress and deforestation risks, that are crucial to the resilience of its assets. These assessments influence the prioritisation of actions and guide decision-making at the company level.

At Sierra, location-based data is used to assess environmental risks and identify potential site-level impacts. Current assessments show that 62% of Sierra's portfolio is exposed to high or extremely high levels of water stress, and that figure is expected to rise.

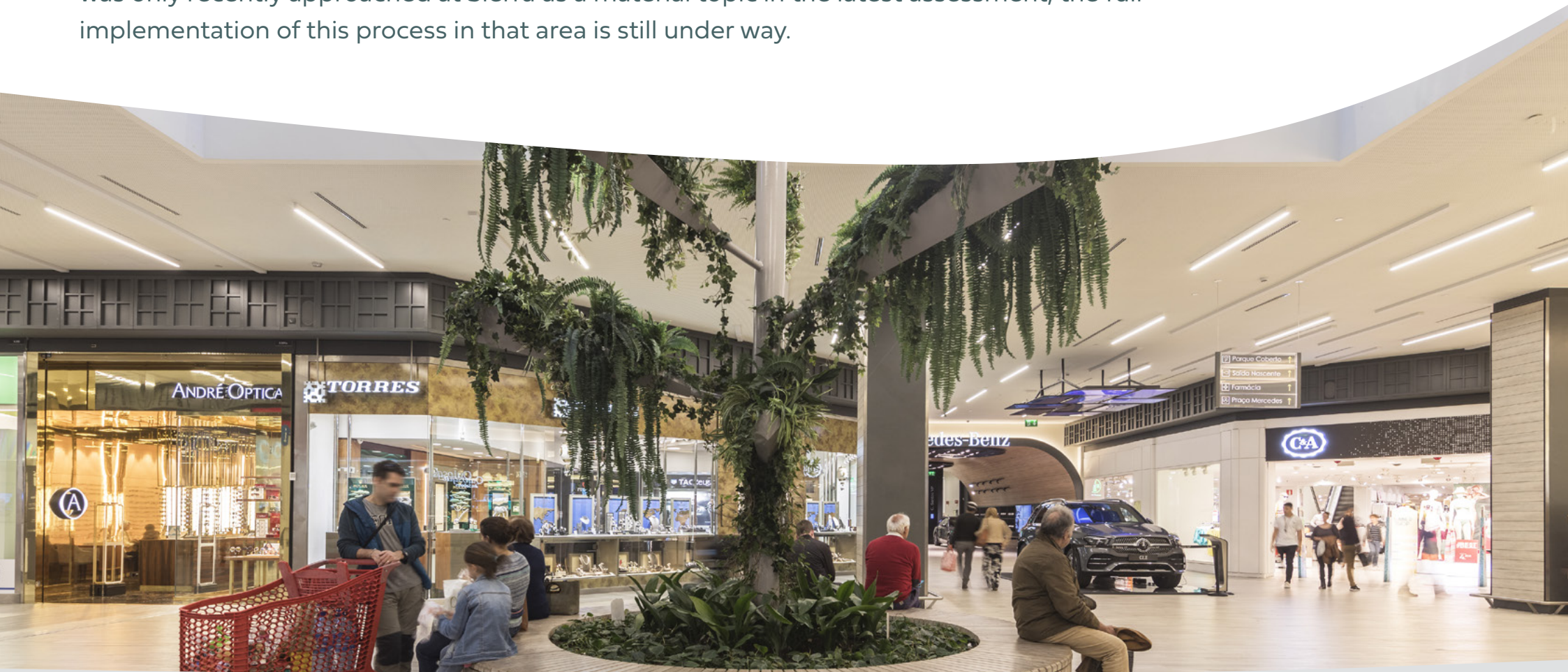
In response, the company introduced Dive® 2.0 in 2022, an updated internal water management tool designed to track water consumption patterns at specific locations. The tool supports efficiency improvements by factoring in such variables as local climate, occupancy and operational requirements.

These insights enable the company to prioritise interventions at high-risk sites, including the installation of water-saving technologies, rainwater harvesting systems and reuse infrastructure.

Beyond water, the company's zero deforestation commitment ensures that infrastructure expansion and new developments in which the company is the majority owner take regional forest ecosystems into account. Risks are mitigated through sustainable sourcing, ensuring the use of only certified and/or recycled wood and by-products, along with responsible land-use planning. Sierra is also firmly committed to preventing the conversion or degradation of natural forests.

ACT-D in practice: A spotlight on Sonae SGPS and Sonae Sierra

Sonae embeds nature into the business through a structured ACT-D approach – assess, commit, transform, disclose – which supports the integration of nature-related considerations into strategy, operations and reporting. This process allows the company to prioritise key issues, define meaningful targets and implement actions aligned with long-term value creation. As biodiversity was only recently approached at Sierra as a material topic in the latest assessment, the full implementation of this process in that area is still under way.



ACT-D at Sonae SGPS

Assess:

Each company screens its value chain to identify nature impacts and dependencies, collaborating with sustainability and quality teams. Data quality varies, especially outside Portugal.

Commit:

Companies benchmark their performance, assess environmental footprints, prioritise risk areas and set operational targets that align with legal requirements and European Union biodiversity goals. They implement group-wide commitments, such as Act for Nature and Zero Deforestation, to drive sustainability.

Transform:

A strategic taskforce, including top executives and sustainability leads, ensures alignment across companies, tackling shared sustainability challenges and trends.

Disclose:

Progress at the group level is publicly disclosed in the Annual Report. Each portfolio company is responsible for its own disclosure and reporting on progress.



ACT-D at Sonae Sierra

Assess:

Sierra regularly conducts materiality assessments, most recently updated in 2024 in line with the Corporate Sustainability Reporting Directive's double materiality framework. This involved both stakeholder engagement and data-based analyses, especially for environmental issues, to identify and prioritise impacts, risks and opportunities.

Sierra decided early on that before approving an investment, it would undergo both an environmental due diligence study and an environmental impact study to assess potential impacts and environmental risks. This policy was established in 2003, even though there were no legal requirements at the time.

In 2023, Sierra began developing new due diligence procedures for various activities to better integrate sustainability risks and identify potential harmful impacts. This approach aims to support decision-making by assessing the risks and consequences of investments, enabling more informed and data-driven decisions.



Commit:

The material topics identified in the materiality assessment, such as water and biodiversity³, drive long-term objectives (e.g. sourcing 25% of water from reused/recycled sources by 2030, limiting consumption to two litres per visit until 2030 and preventing forest conversion). A robust governance structure supports these commitments. Sierra's Sustainability Steering Committee (SSC) formally approves the materiality assessment, the identified topics and the definition of long-term sustainability goals and annual targets. Reporting directly to the Executive Committee, the SSC ensures that sustainability priorities align with the company's strategic direction.

In 2022, Sierra endorsed its responsible investment policy and formalised this commitment by signing the Principles for Responsible Investment. This led to the development of new due diligence procedures for land acquisitions, and the acquisition of existing buildings and companies, among others. Sierra is committed to achieving net-zero emissions by 2040 and is also aligned with Sonae's overarching zero deforestation commitment. This ensures that in all new developments, expansions and refurbishments of majority-owned assets, only certified and/or recycled wood is used.

Transform:

Long-term objectives are operationalised into annual action plans with defined performance targets and implementation measures. These actions guide day-to-day decisions across operations, developments and refurbishments, such as installing water reuse systems or applying sustainable sourcing practices.

Disclose:

Progress is publicly reported in [Sierra's 2024 Annual Report](#). In addition, the company provides separate, detailed disclosures on annual targets, covering both performance metrics and actions, further reinforcing transparency and stakeholder trust.

³ Biodiversity was identified as a material topic only in the most recent materiality assessment. As a result, long-term objectives have not yet been defined.

Decision outcomes

Sierra's sustainability strategy aims to embed nature-related considerations in its processes through:

- **updated operational standards** to address water scarcity risks
- **water savings:** 76 actions identified, 8% consumption reduced, over €100,000 saved annually
- **informed investments:** nature considerations incorporated into decisions for new developments and refurbishments
- **business resilience:** ability to adapt to nature-related risks enhanced

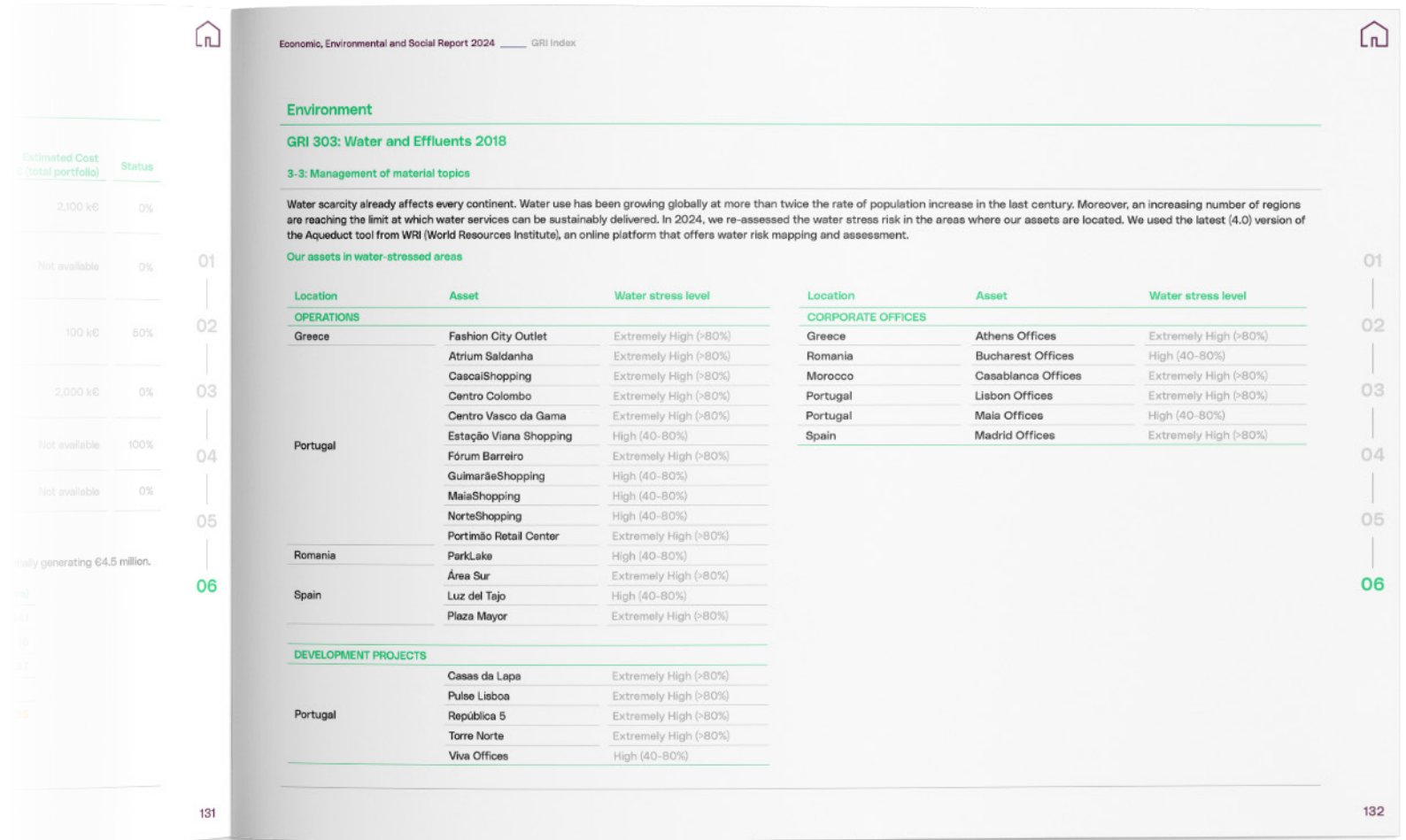


For Sierra, using location-based decision-making has increased the business's resilience to changes in the natural environment, ensuring long-term operational continuity.

An example of this is evident in the water space. Sierra has identified that approximately 62% of its portfolio is exposed to high or extremely high water stress, a figure that is expected to rise to around 70% by 2080, even under more optimistic climate scenarios.

Figure 1: Water stress level in Sierra locations (owned assets under management)

Source: Sierra's 2024 Annual Report



Based on this knowledge, Sierra strengthened its water consumption standard and reran its Dive water benchmarking. This process identified 76 potential actions that could reduce water use by 8%, corresponding to over €100,000 in annual cost avoidance.

The company's water resilience commitments for 2030 include reducing water consumption to two litres per visit in its owned assets under management. Additionally, it aims to ensure that at least 25% of total water consumption in assets with significant climate change risk comes from rainwater or reuse sources, and to implement greywater and rainwater collection systems in 100% of its owned development projects.

Beyond water, Sierra uses location-based risk data to guide decisions in deforestation-sensitive areas. The company is committed to preventing the conversion or degradation of natural forests in new developments where it holds a majority stake and actively promotes sustainable sourcing practices, such as using only certified or recycled wood, in these projects.

Furthermore, Sierra pursues green building certifications that adhere to environmental best practices, tailored to the unique characteristics of each location.



Key challenges and solutions

CHALLENGE	SOLUTION
Water scarcity in key locations	The implementation of Dive® to drive efficiency and optimise consumption
Biodiversity loss from new developments	A zero deforestation commitment and nature-inclusive design in targeted urban developments
Business alignment with nature-positive goals	Sustainability training to embed environmental awareness into the corporate culture
Biodiversity risk and impact assessments lacking site-specific data and market-available tools, making it difficult for companies to evaluate these aspects and identify effective solutions	Combined stakeholder engagement and data-driven analyses in the materiality assessment to identify risks
Low water pricing, which reduces the financial incentive to invest in efficiency, recycling or reuse systems, making implementation less financially attractive	Focus on long-term resilience by treating water efficiency as crucial for asset value and risk mitigation
Translation of long-term commitments into actionable site-level initiatives	The development of annual action plans based on long-term objectives, including performance indicators and actions, with follow-up by the Sustainability Steering Committee
Operationalisation of nature priorities in assets that Sierra does not fully own	The adoption of green building certifications, which often include nature-related criteria; while the specific nature actions may vary, these certifications offer a structured and widely accepted framework that can help integrate nature considerations in a way that aligns with investor expectations
Team resistance and perceptions that sustainability initiatives are merely a cost, hindering buy-in and integration into location and site-level decisions	The definition of long-term and annual targets to ensure implementation (although gaining true buy-in remains a challenge)

How functions engage with location

Barriers to implementing nature initiatives across the company

- **Lack of awareness and understanding**

Many individuals across functions do not recognise that their work on issues like water and climate also affects nature and biodiversity. The link between these efforts and nature-positive outcomes is not fully understood.

- **Siloed responsibility**

Sustainability or nature-related goals are often seen as the responsibility of the Sustainability team alone, rather than being integrated into the daily activities and decision-making of all functions.

- **Limited relevance to core business metrics**

Some functions focus on short-term performance metrics and may not see the relevance of long-term ecosystem health or nature-positive outcomes, leading to disengagement or resistance.

- **Lack of technical knowledge and tools**

Functions often lack the knowledge, guidance or tools needed to incorporate nature-related criteria into their operational or strategic processes.

- **Budget constraints and competing priorities**

Financial limitations and the pressure of competing business priorities can deprioritise nature-related initiatives.



Paths to raising awareness and engagement

“ Embedding nature into business is a journey, not a destination. Along the way, having access to more granular, high-quality data, especially high-resolution, sector-specific, asset-level nature risk and dependency data, would have made the process easier. Greater alignment across industry associations to harmonise methodologies and offer practical tools or guidance would also help accelerate progress, not just for us but for other companies navigating similar challenges. ”

– João Günther Amaral,

Chief Development Officer of Sonae SGPS

As the holding company, Sonae drives a group-wide sustainability strategy, with portfolio companies like Sierra implementing it through specific frameworks.



Four pillars support this integration:

Training and Capacity Building

Sonae invests in training to help teams understand how their roles connect to nature and business resilience.

Clear Nature Outcomes

Nature-related actions are anchored in clear focus areas - land, marine environments, species, and habitats, along with the pressures they face – making nature action more relatable and operational.

Governance

Strong governance, anchored by the SCG – and the SSC at Sierra – guides sustainability decisions, tracks progress, and ensures accountability across the organisation. It also helps business units stay aligned with the group's shared sustainability vision.

Engagement through Ownership

Within Sierra, teams take an active role in sustainability by setting and achieving annual targets aligned with their operations. The appointment of sustainability champions within business units fosters cross-functional collaboration by connecting teams, supporting planning, and embedding nature into decision-making.



Final insights

Lessons learned

Sierra's experience demonstrates the value of applying a location-specific lens to understand and manage nature-related risks and opportunities. Key environmental issues, such as water stress and deforestation, have become integral to both strategic planning and operational decision-making.

A main lesson is the importance of integrating nature into internal governance and decision-making processes. This includes developing action plans, receiving support from the SSC and working to build internal awareness and cross-functional capacity.

However, challenges persist. Access to high-quality, asset-level data remains limited, making it difficult to set accurate priorities and tailor interventions. Additionally, translating high-level group commitments into site-specific actions can be difficult, especially for assets where Sierra holds only a minority stake and has limited operational influence.

Overall, Sierra's journey demonstrates that effectively integrating nature into business operations requires both technical tools and organisational alignment, along with ongoing capacity building and governance oversight.

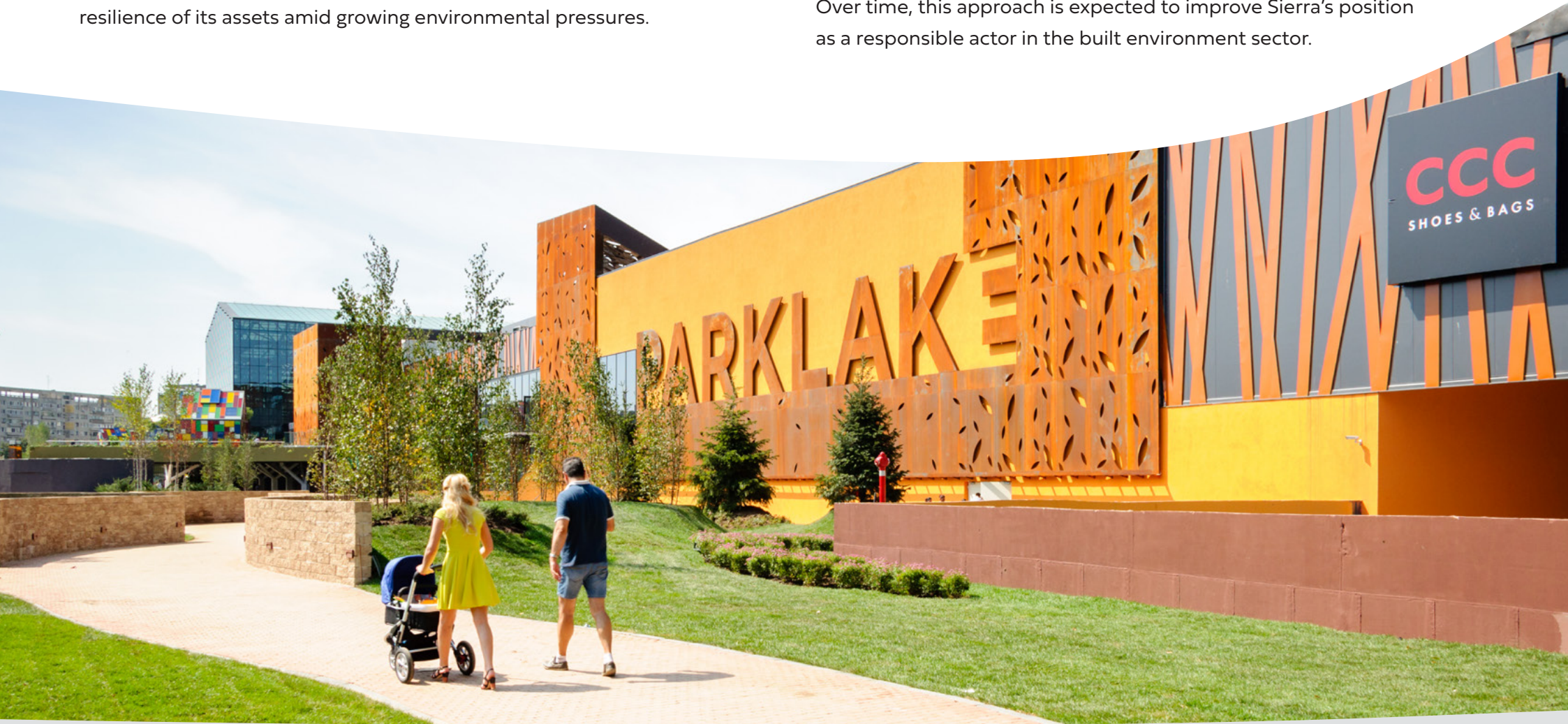


Expected benefits

Beyond the overarching imperative of contributing to the protection and regeneration of natural ecosystems, Sierra anticipates multiple business benefits from this approach. At the company level, these include integrating nature into decision-making to enhance the resilience of its assets amid growing environmental pressures.

Financially, actions like water efficiency upgrades have already resulted in tangible cost savings, while nature-aligned design strengthens the long-term value of assets.

Over time, this approach is expected to improve Sierra's position as a responsible actor in the built environment sector.



The benefits for Sonae also are numerous, including:

- ✓ **Strategic alignment throughout the group**
By setting group-wide sustainability commitments (e.g. zero deforestation, efficient water use), Sonae ensures coherence and alignment across its diverse portfolio companies, helping to reinforce a shared direction.

- ✓ **Governance and oversight**
Through entities like the SCG and the Sustainability Transversal Task Force, Sonae strengthens governance, ensuring that environmental considerations are systematically included in decision-making processes.

- ✓ **Tailored implementation across companies**
The materiality-based approach allows each portfolio company to define relevant nature priorities while contributing to shared group-level goals.

- ✓ **Progressive engagement**
Phased implementation (starting with more mature businesses) enables scalable, realistic integration of biodiversity and nature-related strategies across the organisation.



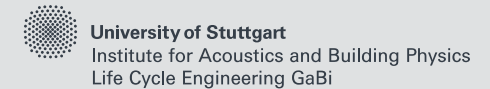
Key insights for other companies

- ✓ **Use location-specific data to inform priorities**
Asset-level insights into environmental risks, such as water stress and deforestation, enable companies to set clear priorities and take focused action.
- ✓ **Integrate nature into daily decisions**
Embedding environmental considerations, such as biodiversity and water, into both the long-term strategy and operational planning leads to better business outcomes.
- ✓ **Ensure strong governance and oversight**
Sustainability steering committees and internal champions play a crucial role in aligning teams and maintaining focus across departments.
- ✓ **Build essential internal capacity**
Success depends not only on having the right tools but also on building internal awareness, cross-functional engagement and sustainability know-how.
- ✓ **Act despite imperfect data**
Start with available data, even if it is high-level or approximate; iterative improvements over time will enhance accuracy and effectiveness.
- ✓ **Tailor actions across diverse portfolios**
For multi-business companies, flexibility is key. Develop company-specific nature roadmaps informed by materiality, location and maturity levels.
- ✓ **Prioritise long-term resilience to drive business value**
Nature-positive actions, such as improving water efficiency, generate durable, measurable returns (e.g. cost savings) and help preserve asset value.
- ✓ **Use frameworks to structure and guide action**
Using frameworks like ACT-D, the Taskforce on Nature-related Financial Disclosures or SBTN brings coherence to strategies across various businesses and sites.

Project partners:



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Lead authors:

Clara Sousa Louro (Sonae)
Joana Capela (Sonae)
Elsa Monteiro (Sonae Sierra)
Joana Carvalho (Sonae Sierra)
Sofia Daenen (WBCSD)
Karina Mereuta (WBCSD)

With thanks to:

Rosimeiry Portela (Capitals Coalition)
Tim Polaszek (Capitals Coalition)
Louise Armand (Capitals Coalition)
Graeme Nicholls (Capitals Coalition)
Jacob Bedford (UNEP-WCMC)

Design & layout: Matthew Brown (Oppla)

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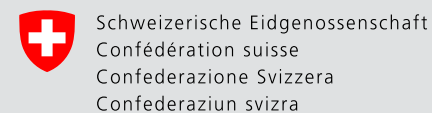
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**State Secretariat for Education,
Research and Innovation SERI**

comms@a-track.info

a-track.info

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