



CR Report 2010

5 relationships and 12 goals at
the heart of our new strategy

- LOCAL COMMUNITIES
- EMPLOYEES
- CUSTOMERS
- INVESTORS
- SUPPLY CHAIN

Contents

Our approach

Chief Executive's statement	1
Head of Sustainability	3
About this report	6
Advisor statement	8
GRI Index	10
Strategy review process	25
Our new strategy	28
Our process and relationships	28
Goals	28
Measures	29
Deliverables	29
CR management and risk	30
Stakeholder engagement table	35
Training and development	43
Hot topics	45
Legislation	48

Performance

Overview	58
Targets 2010	68
Connected Reporting Framework	74
Next steps	81

Case studies

Employee CR training	87
Supply chain engagement	88
Retail parks reduce waste	89
Waste separation initiative	90
Community bursary	91
Engaging tenants in France	92
Community days	93
Energy group initiatives	94
Reducing water consumption	95
Local community projects	96
Youth engagement	97
Sustainability guide for France	98
Fashion feels good	99

Chief Executive's statement – David Atkins

In a year of change we have continued to ensure that corporate responsibility is ingrained in our operations and management.



In a year of change we have continued to ensure that Corporate Responsibility is ingrained in our operations and management. Our Corporate Responsibility strategy is integral to, and aligned with, our business strategy and we recognise that to deliver a truly sustainable business requires the full commitment of the Board.

We aim to improve income from assets by working with customers to increase their sales and reduce costs, areas which are directly impacted by our energy reduction proposals and our efforts to help customers improve their own sustainability credentials. Further, we aim to create value by acquiring or developing high quality property. At existing properties we strive to improve not just sustainability performance but also its measurement, and to apply integrated sustainability measures on all new developments.

Governance and management

It has been a year in which we have continued to improve the governance of sustainability. We agreed a new carbon accounting and management policy, and a biodiversity policy and in doing so, formalised the importance of these two topics. This year, as part of our

commitment to improve internal integration of sustainability, we identified seven new sustainability champions, one from each part of the business, to develop a greater understanding of its relevance to their roles and to provide insight into their business areas.

Performance highlights

I am pleased with our overall performance in sustainability this year. We again managed to achieve the majority of the targets set. We also came to the end of our long-term target for carbon emissions and since our baseline year of 2006, we have reduced our carbon emissions (expressed in CO₂e on a like-for-like basis) from landlord shared services by 21% for UK shopping centres, 13% for French shopping centres and by 13% for UK offices.

With a lower level of development activity, it has not been possible to achieve all targets; however, as development remains an important element of our business we have retained, rather than abandoned, those which are directly affected by the level of development activity. Recognising the need to improve our Environmental Management System we made a commitment to implement ISO 14001 at one property in 2010. It is great

to report we managed to implement ISO 14001 at five properties in the year, with final certification due at the start of 2011.

Risks and opportunities

In 2010, we improved further our understanding of the risks and opportunities that exist in the sector.

We conducted a review of our supply chain's approach to sustainability through the completion of a supply chain survey, and I'm pleased that this is encouraging action within the industry. We have been contacted by several companies which scored poorly, thanking us and revealing that this has prompted them to work harder to improve their approach. This, in turn, will provide us with more sustainable products and services.

We recognise the risk of flooding, particularly surface water flooding in London, as highlighted in the London Climate Change Adaptation Strategy. Paul Edwards, our Head of Sustainability, has continued to work as a London Sustainable Development Commissioner, contributing to the new policies being developed by the Greater London Authority (GLA).

Chief Executive's statement (continued)

In particular, Hammerson is committed to creating green roofs within our existing portfolio.

We also continue to work on the findings of the 'critical friend' review by Bureau Veritas in the UK and France and are investigating a data management tool which will help prepare us for the new carbon accounting standards and enable us to improve our management and audit trail.

Community, customers and employees

I am personally committed to our community programme. We are implementing new strategies for volunteering and charity donations, aimed at improving skills-based learning, which are aligned with our commitment to improve the training and development of our own staff. Hammerson's approach provides a clear demonstration to local government of what is possible when we work in partnership. We see this work as a vital part of our participation in the new Local Enterprise Partnerships.

As part of our commitment to improve staff understanding of sustainability and to engage with our customers, we held an awareness week which included presentations from some of our key customers and advisers including Associated British Foods, Eversheds, H&M and Talbot Underwriters. These delivered an insight into why their businesses are adopting sustainable practices and what they need from Hammerson to help.

This year, we held our first community day in France, which was a huge success. Staff took part in four projects specific to our centres, ranging from clearing ground to cleaning a lake. This led to an improved environment but also an acknowledged increase in teamwork and confidence, as people from different parts of the business worked together for the first time.

We have, for many years, forged special relationships with individual charities in countries where we believe our actions make a critical difference to the lives of the disadvantaged; one such project is the Haiti Hospital Appeal. In early 2010, a catastrophic earthquake hit the country, the most deprived in the western world. As a result, we increased our financial support, largely through staff-related fundraising, which enabled the building of a new hospital wing and provided 350 water treatment units.

Looking forward

Our work in corporate responsibility is central to the business. I'm proud of the achievements we have made to date, but I want to build on these strong foundations as it is clear that we have significant challenges ahead. In both the UK and France, legislative changes will place greater demands on both our skills and resources. I am keen therefore to continue to close the gap between the UK and France through common metrics, knowledge-sharing and the sharing of ideas and experiences. I want Hammerson to continue to improve its own sustainability

performance, and to communicate better its strategy and activities to both internal and external stakeholders. Hammerson is in a position not only to anticipate and react to legislative changes in the UK and France, but also to lead the industry in defining the way that property companies engage with their communities.

David Atkins

Head of Sustainability statement – Paul Edwards

Vision. “To be the best at demonstrating value to us and our communities through sustainable properties”



In 2010, the importance of sustainability initiatives grew as we pushed the business to reduce cost, increase income and improve the value of the portfolio. Sustainability forms an important element of our plan to better align with our customers, which is a fundamental part of our strategy.

Governments continue to encourage companies to improve their environmental and social performance despite continuing economic difficulties. Hammerson's focus and direction remained clear throughout the year as we strived to deliver against our objectives and targets, and we exceeded our first long-term target of a 19% reduction in energy, set in 2006.

New vision and strategy

2010 was a year in which our Chief Executive, David Atkins, set out his vision for the whole business. Our last Corporate Responsibility (CR) strategy was established in 2007 with a promise to revisit it within three years, so this proved to be good timing.

In this year's CR report we describe how we established our new vision and strategy, the goals for the business and how we will measure our performance.

Our vision is:

“To be the best at demonstrating value to us and our communities through sustainable property”.

Legislative environment

We have seen a change in UK Government but not a change in direction in relation to sustainability. The new coalition Government has begun to simplify, but not reverse, existing legislation. We have seen a marked increase in legislation in France, linked to the implementation of Grenelle de l'environnement Act 1, which is part of a drive to achieve strict EU targets. Next year in France we see the full breadth of requirements and targets that will be set to deliver the 'Grenelle'.

We have stepped up the level of engagement with government in both the UK and France. We continue to work with industry bodies such as PROCOS (PRO motion of COMmerce and Specialised Services) in France where we have agreed a standard industry green lease through negotiation and engagement.

Local enterprise partnerships

The UK, in particular, is now focused on the importance of localism through the formation of Local Enterprise Partnerships (LEP) and

the 'Big Society' agenda. This offers an opportunity for Hammerson, as a major employer in the towns where we operate, to work with local authorities to create and implement their LEPs. All locations where we have major shopping centres have had their LEP applications approved by the Government. We can use our experience from different regions and projects to help demonstrate the business case for such initiatives and show how a partnership can provide fantastic results.

Acquisitions and building performance

In 2010, portfolio acquisitions and disposals gave the sustainability team some interesting new challenges, such as establishing the existence of Energy Performance Certificates (EPCs), and led to a review of our pre-acquisition checklist. With each asset purchase we now consider the EPC rating and the impact this may have on our ability to deliver value. In anticipation of Government legislation we completed Display Energy Certificates (DECs) across our portfolio, to ensure we understand implementation procedures and the baseline ratings. We see a future where DEC certification will start to drive

Head of Sustainability – Paul Edwards (continued)

changes in investment decisions and design criteria for developments.

Once a building is labelled for its actual and theoretical performance with a simple A-G system, this will provide tenants, investors, employees and agents with the data they need to place a value on its sustainability. We believe this will drive the market to value energy consumption for either monetary or reputational reasons. Having rated our portfolio, we have a good understanding of the issues we face and how we can improve our buildings.

Customers

Customer intimacy is now a fundamental part of the Hammerson strategy and we recognise that sustainability must form part of this. Governments in the UK and France continue to develop legislation that they believe will help improve both knowledge-sharing and the landlord-tenant relationship.

We have been working closely with our customers for several years, but this year saw a major step forward in our commitment to help tenants with the opening of the 'RetailLab'. Developed in partnership with De Montfort University ('DMU'), RetailLab aims to encourage retailers to find sustainable design solutions for their stores and products. DMU provides an independent body to test, measure and monitor sustainability performance.

Carbon Reduction Commitment

We started working in 2010 on the UK Carbon Reduction Commitment Energy Efficiency Scheme. Rather than spend money on studies predicting what might happen under the complex, Government-backed scheme, Hammerson took a pragmatic approach, setting up a CRC steering committee with representation from our operations, finance and tax teams.

We collected the data required to register for the scheme and completed our registration and disaggregation before the September deadline set by the previous Government. We are now working with the new Government, both through public

consultation and private industry-led meetings, to help simplify and improve the system.

Investor relations

We have continued to focus on improving investor relations on sustainability issues this year, attending one-to-one meetings in Switzerland, the Netherlands and North America to better understand shareholder needs. These meetings have clearly demonstrated that some mainstream investors are improving their understanding of Environmental Social Governance (ESG) issues and including them in their screening criteria.

We have maintained or improved our performance in the three main sustainability indices:

- For the third year in a row we achieved the top rank in the sector for the Carbon Disclosure Project rankings.
- We retained our position in the FTSE 4 Good index.
- For the first time Hammerson was labelled sector leader in the Dow Jones Sustainability Index (DJSI), achieving bronze status.

During the year, as part of our commitment continually to improve our performance, we met with Sustainable Asset Management (SAM), who manage the DJSI, to discuss the results and we used their feedback as part of our CR strategy review.

Sharing knowledge

Hammerson continues to work with industry peers to share knowledge and provide advice where possible. We play a major role in the Better Building Partnership and continue to work with our tenants to sign green lease Memoranda of Understanding.

We were actively involved in the drive by the property industry (through the Green Property Alliance) to create a common set of measurements for waste, water energy and carbon. This groundbreaking piece of work has been positively received by the industry

and is already creating a common foundation for companies to use.

We are also engaged in various industry and sector sustainability initiatives through the Hammerson finance team. These include:

- Chairmanship of the European Public Real Estate Association (EPRA) sustainability committee.
- Providing advice on the development of the Global Reporting Initiative (GRI) sector supplement for Construction and Real Estate (CRESS).
- Developing guidelines for an industry template on connected reporting.

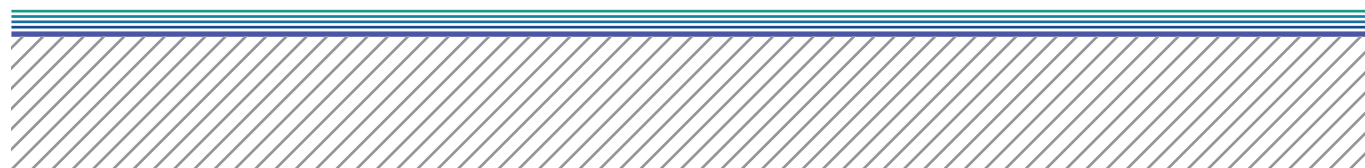
Staff training

This year we again provided training for staff on Corporate Responsibility, concentrating on its relation to individuals' specific roles. We held training days for finance, facilities, communications, asset management, leasing, IT, development and project managers. Each session has included presentations from external companies, including Boots, Deloitte, Lloyds Banking Group, Marks & Spencer, PwC and Salter Baxter.

The full-day sessions provided a good insight into our employees' level of knowledge and what they feel the company should be doing in this area. It provided us with valuable feedback on how we can improve knowledge within the business and improve performance. The sessions have generated ideas for several initiatives for the business, including small steps such as our first paperless Group Executive Committee (GEC) meeting.

Suppliers

We have always understood the importance of our suppliers in helping us reduce our overall environmental and social impact. As a result, we have developed an in-house questionnaire to distribute to all suppliers. They are scored against the questions and also benchmarked against other companies and sectors.



Head of Sustainability – Paul Edwards (continued)

This work commenced in 2010 and we are already seeing the benefits of our approach, with several tenants providing very positive feedback. Some suppliers have also informed us that the prompt from Hammerson has resulted in a change to their own approaches to sustainability, leading to new policies and CR teams being created.

We enjoy talking about our success but each year we find areas which have been challenging or need improvement. For example, data collection from the retail parks portfolio remains difficult, although this is

now the responsibility of one managing agent which should ensure a common approach.

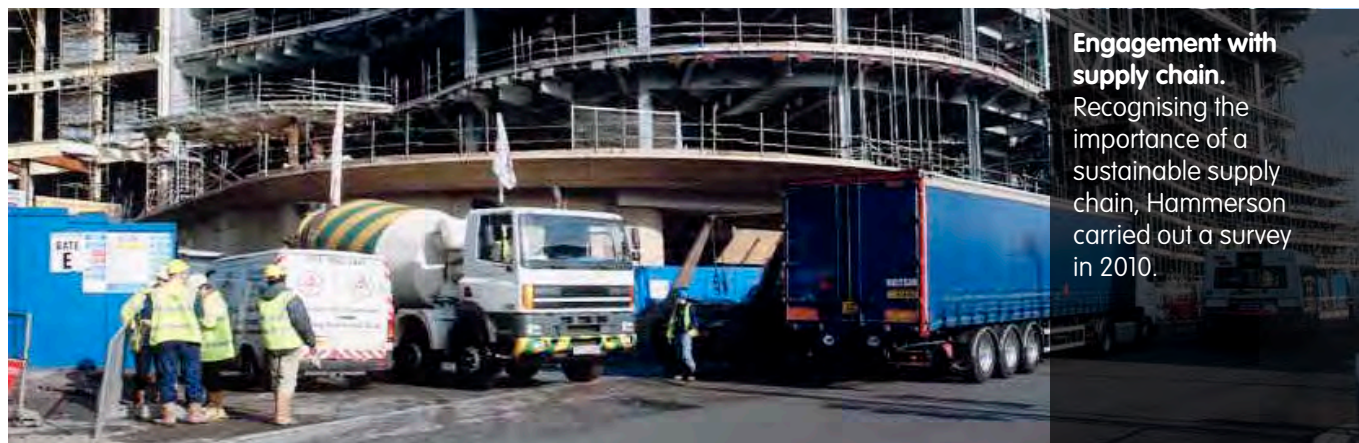
Looking forward

We are very excited about 2011 as we continue to review our portfolio, looking for new opportunities to improve our sustainability performance. I have been asked to investigate various new sustainable business activities, taking advantage of both market needs such as the reduction in carbon and localism, as well as Government incentives such as Feed in Tariffs. We will continue to work with our peers and external

partners to develop an understanding of the true value of sustainability, but feel this will remain challenging until the industry agrees on clear labels and tools to describe a green building. Importantly, Hammerson has a business strategy and a CR strategy that are fully aligned, which will ensure we remain focused and deliver the outcomes needed to improve the Company's overall performance.

Paul Edwards

About this report



The Hammerson Corporate Responsibility Report sets out our performance in 2010 and the next steps to delivering future performance against our new strategy. We also believe our report should provide a platform to share knowledge and educate the reader. For this reason we provide an insight into stakeholder engagement, the impact of legislation on our business and case studies to demonstrate initiatives that can be used by other companies. This year through hot topics and risk management, we have increased the information flow in order to help our stakeholders gain a clearer picture of our approach.

Report content and quality

This report is aimed at our stakeholders highlighted in our new CR strategy. We also developed a Summary CR Report in English and in French, which should be of particular relevance to our customers and community partners. A full disclosure of our performance indicators is included in this report for the reference of our investors and analysts.

This report's content follows the GRI Principles outlined.

Completeness

All our entities as listed in our annual reports and accounts have a sustainability impact. We report fully on those entities over which we exercise operational control as defined in the Greenhouse Gas Protocol.

Our asset ownership structure and management control differs greatly by asset type and by country, which affects the level of influence we have over the sustainability performance of our assets. Our reporting principles and the full list of properties included in this report are available in our downloadable Performance Indicator Pack.

We report on the sustainability performance of the entities over which we have significant influence, including our developments whose design and construction activities are mostly outsourced.

We plan to revise the boundaries of our reporting in line with the DEFRA guidelines published by the UK Government and potential upcoming mandatory requirements from the UK government.

Reliability and accuracy

Validation and assurance for the data and content of this report are currently performed by a third party (Jones Lang LaSalle) on the majority of the data, content and processes but we are not yet ready to commit the significant resources to full third-party audit and assurance. Over the last two years we have also used two other third parties (Bureau Veritas and Forum for the Forum) to validate our approach.

Please see Advisor's Statement from Jones Lang LaSalle in the Our Approach section.

For information on the data assumptions and calculations, please refer to our data qualifying notes and methodological statements and environmental performance pack.

Comparability

We ensure our report and data is comparable through:

- Using the GRI as our main reporting framework.
- Reporting on at least three years' data (historical data can be accessed through our website).
- The use BREEAM and HQE ratings for our developments.
- Our inclusion and performance in the DJSI, FTSE4 Good and Ethibel indices and in the Carbon Disclosure Leadership Index.
- Participation in the EPRA project that aims to review the boundaries and scope of performance indicators across the property sector in order to enable greater comparability in public reporting and accounting.
- Membership of the LBG International initiative for benchmarking of our community investment performance.
- Inclusion in operational performance benchmarks including Jones Lang LaSalle Sustainability Benchmarking and the Better Buildings Partnership.

About this report (continued)

Balance and clarity

We aim to disclose both negative and positive trends in performance on a year-to-year basis. For example, we published the outcomes of the benchmarking exercise by Forum for the Future identifying areas for improvement, disclosed concerns expressed by our stakeholders and how we responded to those and included a description of what we perceive to be our challenges in our CEO and Head of Sustainability statements.

Timeliness

This report covers 1 January – 31 December 2010. We report publicly on our CR performance on an annual basis. Our last CR report was published in March 2010.

Sustainability context and materiality

This report covers what we perceive to be the core global and national drivers of sustainability in the property sector and illustrates how we incorporate these trends into our old and new CR strategy, which is

now structured around our relationships and 12 measures covering our material impacts.

The precautionary approach is addressed by Hammerson through the use of Sustainability Implementation Plans for developments, Environmental Management Systems for our managed assets (some of which are certified to ISO 14001) and the climate change mitigation and adaptation actions that we carried out in 2010.

- New CR Strategy.
- Legislative risks and opportunities.
- Corporate Responsibility risk matrix.
- Peer benchmarking table.

An overview of our performance is provided in our Chief Executive's statement and full detail of our performance against our material impacts in 2010 is covered under the performance sections of this report.

Stakeholder inclusiveness

The stakeholders to whom we consider ourselves accountable are explained in our stakeholder table and in our new CR strategy. Please see our Stakeholder Engagement table for details of type of engagement, issues raised and responses received during the year.

Advisor Statement



Company wide CR training.

Providing sustainability training for employees at Hammerson in 2010 at a roadshow and via a training series.

For Hammerson's CR Report 2010, Upstream Sustainability Services, Jones Lang LaSalle has been involved in three main capacities – undertaking an assessment of Hammerson's progress against the 2010 targets and reviewing the implementation of the Design Standard for the French developments; providing assistance on achieving Global Reporting Initiative Level B; and validating data for the performance indicators. Given that Jones Lang LaSalle is Hammerson's long-term advisor on corporate responsibility (CR), this statement does not represent a fully independent verification statement but intends to provide an external evaluation of progress achieved during the year.

Target assessment

Jones Lang LaSalle performed the target assessment on the basis of telephone interviews and face-to-face meetings with those responsible for CR targets, as well as a detailed review of documentation and data submitted as evidence of action against each target. This year, Hammerson set itself 71 targets – respectively 42 and 29 for the UK and French businesses. As the scope for these targets varied between the two countries, they were assessed separately. In 2010, 66% of Hammerson's targets were fully achieved (76% in UK and 52% in France), 18% were in progress (15% in the UK and 22% in France) and 10% were not achieved

(5% in the UK and 19% in France). 6% of all targets set in 2010 were not applicable. The overall target achievement is higher than 2009 and represents a very good performance in all material impact areas.

Notable target achievements during 2010 include:

- Substantive reductions in the carbon emissions of the UK and French shopping centre portfolios, as well as the two offices.
- The adoption of a corporate Biodiversity Policy and implementation of the 2009 Biodiversity Action Programme across both UK and French shopping centres.
- The adoption of a revised Community Strategy, jointly approved by the UK and French teams.
- Roll out of the sustainability questionnaire to UK suppliers and public disclosure of overall suppliers' CR performance.
- The inclusion of a sustainability KPI in all UK staff role descriptions and in French leasing team objectives, linked to their remuneration package in 2011.
- The development and adoption by the CR Board of an education and training programme for employees to engage in volunteering programmes.

Our review of the implementation of the Design Standard for France has found significant progress in terms of the sustainability aspirations of Hammerson France's development teams and in learning from Hammerson UK development best practice. However, challenges remain in the systematic implementation of the targets across all developments, refurbishments and extensions, as well as in terms of the team's understanding of how the Master SIP should overlay certification processes.

GRI Level B

Jones Lang LaSalle has provided guidance to enable the CR Report 2010 to meet the GRI principles, defining report content and quality, and the requirements for self declaring at Level B. We conducted a detailed gap analysis against the checklists released by GRI in January 2011 for companies who self declare. A self assessment checklist is included in this report.

Data validation

For the reporting year 2010, we were responsible for aggregating and validating environmental, socio-economic and financial data. This validation is limited to checking performance trends against historical data, analysing cost per unit for utilities and analysing monthly

Advisor statement (continued)

environmental data reports for the French assets. In 2010, Hammerson finalised its Performance Indicator (PI) Manual that specified definitions and boundaries for the calculation and reporting of the indicators included in this report. The PI Manual was used to ensure that data is reported consistently over time.

Advisers Review

2010 was a pivotal year for Hammerson as it concluded a transformative three year CR Strategy and set new aspirations for a truly integrated approach with sustainability underpinning all business planning activities. As demonstrated by the broad engagement activities that took place in 2010, stakeholder dialogue has already become a key strength to Hammerson's CR approach. Setting the new strategy around the company's core stakeholder relationships should lead to collaborative solutions to today's sustainability challenges and in the long-term to the external evaluation of the outcomes.

Hammerson has achieved a significantly improved target rate in 2010 compared to 2009, and has also demonstrated more consistent implementation across all material impacts and business departments. Referring back to our Advisor's Statement in the 2009 CR Report, we are particularly pleased to note Hammerson's thorough implementation of its Responsible Procurement Policy, which is already contributing to driving forward the sustainability agenda within the real estate supply chain. Hammerson's asset management and operations teams are also

to be congratulated for impressive reductions in carbon emissions in all the consistent shopping centre and office portfolios; and for setting new long term carbon measures aligned to the Kyoto Protocol targets which will enable the implementation of the company's Climate Change and Carbon Management Policy.

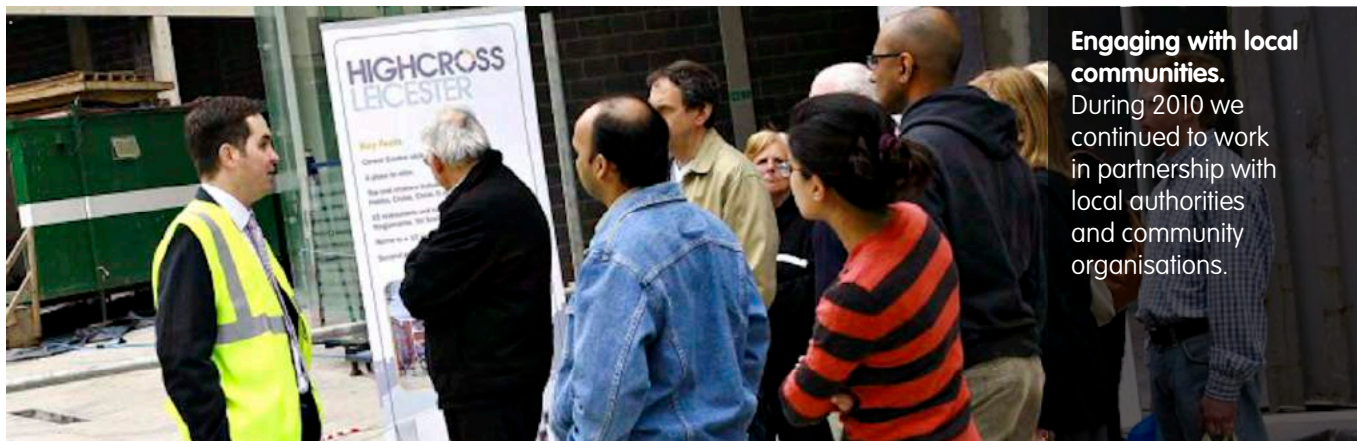
Furthermore, in 2010, Hammerson has demonstrated sustainability maturity in taking advantage of new opportunities. For example, the adoption of a revised Community Strategy positions Hammerson to derive business and social value from the new UK government Big Society agenda and revised planning policy in France.

For 2011, challenges remain in gathering high quality data for the UK retail park portfolio and in reporting appropriately on the French portfolio with its complex co-ownership structures. Based on comparatively lower target achievements in the French business, we also reiterate our comment from last year that Hammerson needs to make a long-term commitment and investment to address stringent legislative requirements in France. We recognise that in 2011 Hammerson will have increased CR resources in place and we anticipate an improved target achievement rate accordingly.

In line with the company's new aspirations, we look forward in 2011 to seeing Hammerson lay the foundations for sustainability leadership beyond the real estate sector.

Sophie Walker	Anne-Sophie Blin	Nick Hogg
Associate Director	Consultant	Consultant
Upstream Sustainability	Upstream Sustainability	Upstream Sustainability
Services	Services	Services
Jones Lang LaSalle	Jones Lang LaSalle	Jones Lang LaSalle

GRI compliance



Engaging with local communities.

During 2010 we continued to work in partnership with local authorities and community organisations.

We have benchmarked our reporting against the updated Global Reporting Initiative sustainability reporting guidelines [GRI: G3]. We assess our application of the GRI reporting framework to be at level B.

GRI PROFILE DISCLOSURES

Strategy and Analysis

Contents Checklist	Location
1 Strategy and Analysis	
1.1 Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	<ul style="list-style-type: none"> • CR Report, Chief Executive's Statement • CR Report, Head of Sustainability Statement
1.2 Description of key impacts, risks and opportunities.	<ul style="list-style-type: none"> • CR Report, Corporate Responsibility Management and Risks • CR Report, Legislative risks and opportunities • CR Report, Chief Executive's Statement • Annual Report and Accounts, Risk Management, p 14

GRI compliance (continued)

GRI PROFILE DISCLOSURES	
Organisational Profile	
Contents Checklist	Location
2. Organisational Profile	<ul style="list-style-type: none"> Home page of the CR Report
2.1 Name of the organisation.	
2.2 Primary brands, products, and/or services.	<ul style="list-style-type: none"> Annual Report and Accounts, Who we are, p 1
2.3 Operational structure of the organisation, including main divisions, operating countries, subsidiaries, and joint ventures.	<ul style="list-style-type: none"> Annual Report and Accounts, Financial Statements, p 78, 79, 82 and 98
2.4 Location of organisation's headquarters.	<ul style="list-style-type: none"> Annual Report and Accounts, Property Portfolio, p 116
2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	<ul style="list-style-type: none"> CR Report, About this report, Completeness CR Report, Hammerson environmental and associated performance document
2.6 Nature of ownership and legal form.	<ul style="list-style-type: none"> Corporate website About Us
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<ul style="list-style-type: none"> Annual Report and Accounts, Our portfolio, p 1 Corporate Website – Occupiers
2.8 Scale of the reporting organisation, including – Number of employees; – Net sales (for private sector organisations) or net revenues (for public sector); – Total capitalization broken down in terms of debt and equity – Quantity of products or services provided.	<ul style="list-style-type: none"> CR Report, Performance Indicators Knowledge and Reporting, GRI LA1 Annual Report and Account, Note to the Accounts, p 68 Annual Report and Account, Business Highlights, p 5 Annual Report and Account, Financial Review p 32
2.9 Significant changes during the reporting period regarding size, structure, or ownership including: – The location of, or changes in operations, including facility openings, closings, and expansions; and – Changes in the share capital structure and other capital formation, maintenance, and alteration operations.	<ul style="list-style-type: none"> Annual Report and Accounts, Business Review, p 20-26 Annual Report and Accounts, Financial Review, p 32
2.10 Awards received in the reporting period.	<ul style="list-style-type: none"> Corporate website Awards

GRI compliance (continued)

GRI PROFILE DISCLOSURES	
Report Parameters	
Contents Checklist	Location
3 Strategy Analysis	<ul style="list-style-type: none"> CR Report, About Us
3.1 Reporting period for information provided.	
3.2 Date of most recent previous report.	
3.3 Reporting cycle.	
3.4 Contact point for questions regarding the report or its content.	<ul style="list-style-type: none"> Contact us
3.5 Process for defining report content, including; <ul style="list-style-type: none"> – Determining materiality; – Prioritizing topics within the report; and – Identifying stakeholders the organisation expects to use the report. 	<ul style="list-style-type: none"> CR Report, About this report CR Report, Hammerson environmental and associated performance document, p 1
3.6 Boundary of the report (e.g, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	<ul style="list-style-type: none"> CR Report, About this report CR Report, Hammerson environmental and associated performance document, Boundaries of reporting, p 3-5
3.7 State any specific limitations on the scope or boundary of the report.	
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document CR Report, Performance Indicators sheets for Customers, Community Regeneration, Supply Chain, Knowledge and Reporting
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, Boundaries of reporting, p11, 21 and 24
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, Boundaries of reporting p 3-5

GRI compliance (continued)

GRI PROFILE DISCLOSURES	
Report Parameters	
Contents Checklist	Location
3.12 Table identifying the location of the Standard Disclosures in the report.	<ul style="list-style-type: none"> • CR Report, GRI Index
3.13 Policy and current practice with regard to seeking external assurance for the report.	<ul style="list-style-type: none"> • CR Report, Advisor's statement: • CR Report, About this report

Governance, Commitment and Engagement	
Contents Checklist	Location
4 Strategy and Analysis	
4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	<ul style="list-style-type: none"> • Annual Report and Account, p 38-41
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	<ul style="list-style-type: none"> • Annual Report and Account, p 43
4.3 For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	<ul style="list-style-type: none"> • Annual Report and Accounts, Board of Directors, p 8
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<ul style="list-style-type: none"> • Annual Report and Account, Corporate Governance, p 39 • Annual Report and Account, Human Resources, p 34 • CR Report, Stakeholder Engagement table.
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	<ul style="list-style-type: none"> • Annual Report and Account, Remuneration Report, p 46 • 2010 target assessment report by Jones Lang LaSalle, target number 6.5 • CR Report, Performance Overview, Knowledge and Reporting
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<ul style="list-style-type: none"> • Annual Report and Account, Corporate Governance, p 39

GRI compliance (continued)

Governance, Commitment and Engagement	
Contents Checklist	Location
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	<ul style="list-style-type: none"> • Annual Report and Account, Corporate Governance • Annual Report and Account, Corporate Responsibility, p 37
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<p>Corporate Website (fully implemented policies)</p> <ul style="list-style-type: none"> • Annual Report and Accounts, p 37 • Environmental Policy • Climate Change and Carbon Management Policy • Biodiversity Policy • Procurement Policy • Equal Opportunities Policy Annual Report and Accounts, Human Resources, p 32 <p>Internally (fully implemented policies)</p> <ul style="list-style-type: none"> • Extracts from our Code of Conduct
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, code of conduct, and principles.	<ul style="list-style-type: none"> • Annual Report and Account, Corporate Governance, p 38 • Annual Report and Account, Corporate Responsibility, p 35
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<ul style="list-style-type: none"> • Annual Report and Accounts, Corporate Governance, p 38 • 2010 target assessment report by Jones Lang LaSalle
4.11 Explanation of whether and how the precautionary approach or principles is addressed by the organization.	<ul style="list-style-type: none"> • CR Report, About this Report
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<ul style="list-style-type: none"> • Annual Report and Accounts, Business Framework, p 12 • CR Report, Head of Sustainability Statement

GRI compliance (continued)

Governance, Commitment and Engagement	
Contents Checklist	Location
4.13 Membership in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: – has positions in governance bodies; – participates in projects or committees; – provides substantive funding beyond routine membership dues; or – views membership as strategic.	<ul style="list-style-type: none"> • About this Report, Comparability • CR Report, Head of Sustainability Statement • CR Report, Stakeholder Engagement Table, Peers and Industry
4.14 List of stakeholder groups engaged by the organisation.	<ul style="list-style-type: none"> • CR Report, Stakeholder Engagement Table,
4.15 Basis for identification and selection of stakeholders with whom to engage.	<ul style="list-style-type: none"> • CR Report, Strategy Review Process • CR Report, Our New Strategy • CR Report, Stakeholder Engagement table
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<ul style="list-style-type: none"> • CR Report, Stakeholder Engagement Table, • CR Report, Case studies, Youth engagement
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<ul style="list-style-type: none"> • CR Report, Stakeholder Engagement Table

GRI compliance (continued)

GRI SUMMARY OF MANAGEMENT DISCLOSURES**Introduction****Summary of GRI Indicators and management disclosure**

We have incorporated all GRI Disclosures on our Management Approach and our GRI Indicators throughout our CR report as well as in our corporate website and 2010 Annual Reports and Account.

Targets and performance

- Upon the advice of our strategic sustainability advisors Upstream Sustainability Services, we have assessed ourselves as having fully completed 25 indicators (including at least one indicator under each of the six categories), thereby meeting the GRI Level B performance indicator reporting requirements. There are a limited number of indicators where we have not been able to report fully due to unavailability of data in 2010.
- We will incorporate guidelines from the GRI Construction and Real Estate sector supplement when these are made publicly available in 2011.
- In addition to the GRI indicators, we monitor our performance through additional indicators including those used in our Connected Reporting Framework.

Monitoring and follow up We monitor progress against our targets and objectives on an annual basis. Our performance is assessed by a third party, Jones Lang LaSalle. Overall target achievement, Jones Lang LaSalle target assessment report. Our new measures and deliverables for 2011 and beyond can be found at www.reports.hammerson.com/cr.

GRI compliance (continued)

EC: ECONOMIC INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	<ul style="list-style-type: none"> • Policies • Training and awareness • Organisational responsibilities • Practices • Context 	<ul style="list-style-type: none"> • Annual Report and Accounts, Key Performance Indicators, p 16 • Annual Report and Accounts, Risk Management, p 14 • Performance Overview, Community Regeneration • Performance Overview, Supply Chain • Additional Performance Indicators for Supply Chain and Community Regeneration
EC1	<p>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and to governments.</p> <ul style="list-style-type: none"> • Core indicator • Fully reported 	<ul style="list-style-type: none"> • Knowledge and Reporting – Transparency and Reporting Performance Indicators
EC2	<p>Financial implications and other risks and opportunities for the organisation's activities due to climate change.</p> <ul style="list-style-type: none"> • Core indicator • Fully reported 	<ul style="list-style-type: none"> • CR Report, Corporate Responsibility Management and Risks • CR Report, Chief Executive statement • Corporate website, Climate Change and Carbon Management Policy • CR Report, Legislative Risks and Opportunities, Climate Change and Energy
EC4	<p>Significant financial assistance received from government.</p> <ul style="list-style-type: none"> • Core indicator • Fully reported 	<ul style="list-style-type: none"> • Knowledge and Reporting – Transparency and Reporting Performance Indicators

GRI compliance (continued)

EN: ENVIRONMENTAL INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	Policies Training and awareness Organisational responsibilities Practices Context	<ul style="list-style-type: none"> Environmental Policy Climate Change and Carbon Management Policy Biodiversity Policy CR Report, Overview of Performance, Climate Change and Energy CR Report, Corporate Responsibility Management and Risk, Property Development and Business Organisation
EN2	Percentage of materials used that are recycled input materials. <ul style="list-style-type: none"> Core indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 26
EN3	Direct energy consumption by primary energy source. <ul style="list-style-type: none"> Core indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 15
EN5	Energy saved due to conservation and efficiency improvements. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 18
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Climate Change and Energy, CRF CR Report, Performance overview, Climate Change and Energy CR Report, Hot Topics, Carbon Reduction Commitment Energy Efficiency Scheme
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. <ul style="list-style-type: none"> Additional indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Performance Overview, Supply Chain CR Report, Performance Overview, Knowledge and Reporting CR Report, Case Studies, Engaging Tenants in France

GRI compliance (continued)

EN: ENVIRONMENTAL INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
EN8	Total water withdrawal by source. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document
EN10	Percentage and total volume of water recycled and reused. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 25
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, New CR Strategy CR Report, Performance Overview, Resource Use CR Report, Performance Overview, Resource Use, CRF
EN16	Total direct and indirect greenhouse gas emissions by weight. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, 15
EN17	Other relevant indirect greenhouse gas emissions by weight. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 18
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Performance Overview, Climate Change and Energy CR Report, Climate Change and Energy, CRF CR Report, Performance Overview, Resource Use CR Report, Resource Use, CRF
EN19	Emissions of ozone-depleting substances by weight. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document

GRI compliance (continued)

EN: ENVIRONMENTAL INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
EN22	Waste by type and disposal method. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document
EN23	Total number and volume of significant spills. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p27
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. <ul style="list-style-type: none"> Additional indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Performance Overview, Supply Chain Overview of progress against implementation of the Design Standard in France Design Standard 2010 target assessment report by Jones Lang LaSalle, targets number 1.1, 2.1, 2.6 , 2.9 , 2.8 CR Report, Performance Overview, Knowledge and Reporting, New measure CR Report, Case Studies <ul style="list-style-type: none"> Energy Group Initiative Retail Parks reduce Waste Waste Separation Initiative
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Hammerson environmental and associated performance document, p 27

GRI compliance (continued)

LA: LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	Policies Training and awareness Organisational responsibilities Practices Context	<ul style="list-style-type: none"> Annual Report and Accounts, Human Resources p 32 CR Report, Our Approach, Training and Development Performance Indicators sheet, Knowledge and Reporting – Employees CR Report, Legislative risks and opportunities
LA1	Total workforce by employment type, employment contract, and region. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Knowledge and Reporting – Employees
LA2	Total number and rate of employee turnover by age group, gender, and region. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> Performance Indicators sheets, Knowledge and Reporting – Employees
LA10	Average hours of training per year per employee by employee category. <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Knowledge and Reporting – Employees
LA12	Percentage of employees receiving regular performance and career development reviews. <ul style="list-style-type: none"> Additional indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Knowledge and Reporting – Employee
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region. <ul style="list-style-type: none"> Core indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Knowledge and Reporting – Employees

GRI compliance (continued)

PR: PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	Policies Training and awareness Organisational responsibilities Context	<ul style="list-style-type: none"> • Design Standard • CR Report, Hot Topic, Sustainable Design • CR Report, Performance Overview, Climate Change and Energy • Corporate Website, Environmental Policy • Corporate Website, Procurement Policy • CR Report, Case Studies, Supply Chain Engagement
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes. <ul style="list-style-type: none"> • Additional indicator • Fully reported 	<ul style="list-style-type: none"> • CR Report, Performance Indicators sheet, Customers
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. <ul style="list-style-type: none"> • Partially reported 	<ul style="list-style-type: none"> • CR Report, Hammerson environmental and associated performance document, p 26 • CR Report, Design Standard
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. <ul style="list-style-type: none"> • Additional indicator • Fully reported 	<ul style="list-style-type: none"> • Corporate Website, Media, Customer Survey Briefing

GRI compliance (continued)

SO: SOCIETY PERFORMANCE INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	Policies Training and awareness Organisational responsibilities Practices Context	<ul style="list-style-type: none"> • CR Report, Performance Overview, Community Regeneration • Annual Report and Accounts, Corporate Governance, p 38 • CR Report, Stakeholder Engagement Table, Government • CR Report, Performance, Knowledge and Reporting, Corporate Responsibility Training • Extracts from our Code of Conduct
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. <ul style="list-style-type: none"> • Core indicator • Fully reported 	<ul style="list-style-type: none"> • CR Report, Performance Overview, Community Regeneration • CR Report, CRF, Community Regeneration • CR Report, Performance Indicators sheet, Community Regeneration • CR Report, Stakeholder Engagement Table • CR Report, Case Studies, Community Bursary
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. <ul style="list-style-type: none"> • Additional indicator • Fully reported 	<ul style="list-style-type: none"> • CR Report, Performance Indicators sheet, Knowledge and Reporting-Transparency and Reporting Performance Indicators
SO8	Monetary value of significant fines and total number or non-monetary sanctions for non-compliance with laws and regulations. <ul style="list-style-type: none"> • Core indicator • Fully reported 	<ul style="list-style-type: none"> • CR Report, Performance Indicators sheet, Knowledge and Reporting-Transparency and Reporting Performance Indicators

GRI compliance (continued)

HR: HUMAN RIGHTS PERFORMANCE INDICATORS		
	Management Approach (MA) and Performance Indicators	Location
MA	Policies Training and awareness Organisational responsibilities Context	<ul style="list-style-type: none"> Annual Report and Accounts, Human Resources, p 32 Corporate website, Procurement Policy
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken <ul style="list-style-type: none"> Core indicator Partially reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Supply Chain
HR4	Total number of discrimination and actions taken <ul style="list-style-type: none"> Core indicator Fully reported 	<ul style="list-style-type: none"> CR Report, Performance Indicators sheet, Knowledge and Reporting-Employees Performance Indicators

Strategy review process



In 2007 we set out our approach to corporate responsibility, which was focused on five areas selected through a materiality assessment. This approach has been enormously successful, and has delivered some outstanding results for the business through a time of great change in the industry.

We stated that we would review our strategy in three years as part of our commitment to ensure we continue to deliver the best performance possible for the business and our shareholders. As a result, in the autumn of 2010, we conducted a full review of our strategy using a similar methodology.

At the same time, we felt it was important to conduct a detailed review of our community strategy, which we see as a vital component of our ability to grow our business and to meet the new localism agenda.

Our approach included:

- A benchmarking study against our peers and wider business sector leaders.
- An analysis of legislative and regulatory norms.
- Interviews with over 70 stakeholders.
- Internal senior management workshops facilitated by Forum for the Future.

Benchmarking

A benchmarking exercise was completed to provide a view of Hammerson's current performance and how it compares to our competitors and other leading businesses.

The main objective was to provide context for Hammerson's current sustainability activities and to help develop the new CR strategy.

In particular we aimed:

- To understand how Hammerson compares to its competitors on various aspects of sustainability
- To identify examples of good and best practice from both inside and outside the sector.
- To provide a general assessment of the response of the real estate sector to sustainability challenges.

The structure of the benchmarking report was based on Forum for the Future's Leader Business 2.0 report, which identifies leadership in several categories of sustainability management. The table below summarises Hammerson's performance.

Indicator	Wider business sector	Real Estate
Vision and strategy	Performer	Leader
Products and services	Performer	Strong performer
External affairs	Performer	Leader
Community	Performer	Performer
Governance	Performer	Performer/leader
Supply chain	Performer	Strong performer/leader
Environment	Leader	Leader
Reporting	Leader	Leader

Strategy review process (continued)

Forum for the Future's leadership spectrum:

- **Beginner** – We need to do this to deliver Government policy, but it's not a priority. The focus is legislation, monitoring and compliance.
- **Performer** – This is important. It makes sense to do this; it's about delivering quality products and services and there are clear benefits. There is a focus on green design, supply chain management, tools and measurement, reporting & PR.
- **Leader** – We can create sustainable value and really make it work for everyone we serve. The Company is looking for strategic opportunities, including market-leading partnerships and innovation.
- **Pioneer** – We want to be a sustainable organisation, where social, environmental and economics together drive decision-making. The Company delivers sustainable services, develops relationships for sustainability, and uses influence to make solutions simple and effective.

Benchmark findings

- Hammerson sits firmly among a small group of companies leading the way within the real estate sector, with a mature approach to addressing material issues and sound reporting on performance.
- There is no standout leader in the real estate sector which has fully integrated sustainability into their brand, core business vision and operating model.
- Hammerson is a sector leader in terms of its strategy, providing a prominent platform for CR, a clear statement of intent, a breakdown of the areas of material impact and links to core business. Hammerson demonstrates leadership qualities in the areas of corporate reporting, tenant engagement and community regeneration.
- Against leaders from a wider group of sectors, Hammerson would sit within the 'strong performer' category.

- Hammerson demonstrates leadership qualities in trying to improve the environmental performance of its customers. There is a high level of engagement with tenants through the adoption of green leases and the development of green groups.
- There are areas within the sustainability agenda where there is considerable room for differentiation. For example, it is noticeable that certain material issues (like supplier engagement or biodiversity) have not advanced much beyond compliance or BREEAM expectations.
- Community regeneration and investment is an area where Hammerson is conducting some excellent work; however, a recent Jones Lang LaSalle study suggests that this still remains a possible leadership area.

Key opportunities for improvement

- Real estate companies have not seriously considered environmental limits and what this really means to the long-term success of their businesses. Indirect impacts, such as Scope Three carbon emissions or the embodied impacts of materials, have yet to be addressed in a meaningful way and publicly reported.
- Outside of the sector there is some impressive innovation and commitment to be found and Hammerson does not currently compete with wider sector sustainability leaders such as Interflor, M&S and BT.
- There is, in our view, space for bold sector leadership and an ability to differentiate on sustainability.

Legislative Review

The results of the legislative review can be found in our legislation table.

Interviews

Stakeholder engagement formed a key part of our approach to the CR strategy review. To ensure the interviews were as effective as possible, we completed a mapping exercise to identify those stakeholders with greatest

influence and those most affected by our work.

Over 70 interviews were conducted by Forum for the Future and Jones Lang LaSalle, including interviewing a youth forum in Tower Hamlets and Hackney, an area of great importance to Hammerson. Interviewees represented internal and external stakeholders from the UK and France.

The interviews provided a base of information that we used in a workshop with senior Hammerson management to start defining our new strategy.

Workshop

Three facilitated senior management workshops were held by Forum for the Future to help shape the strategy. The workshops were attended by various parts of the business, from finance to new business. The first, a futures workshop based on four pre-written future scenarios, allowed us to test the current business vision and strategy, identifying potential weaknesses, risks and opportunities that the CR strategy needed to address. A prioritisation workshop then reviewed the findings, plus the research and stakeholder engagement outcomes, to prioritise and agree key issues. Finally, a review was held with the sustainability champions and senior management to test the draft strategy for robustness and business alignment.

Stakeholder focus

One of the significant changes to the CR strategy is the explicit reference to the importance of key stakeholders. This is in keeping with our increased focus on high quality engagement with customers and directly links to one of Hammerson's core values – relationships.

Where are the big sustainability gains to be made

The interviews and benchmarking study highlighted that real estate firms are successfully reducing their direct operational impacts and carrying out good work

Strategy review process (continued)

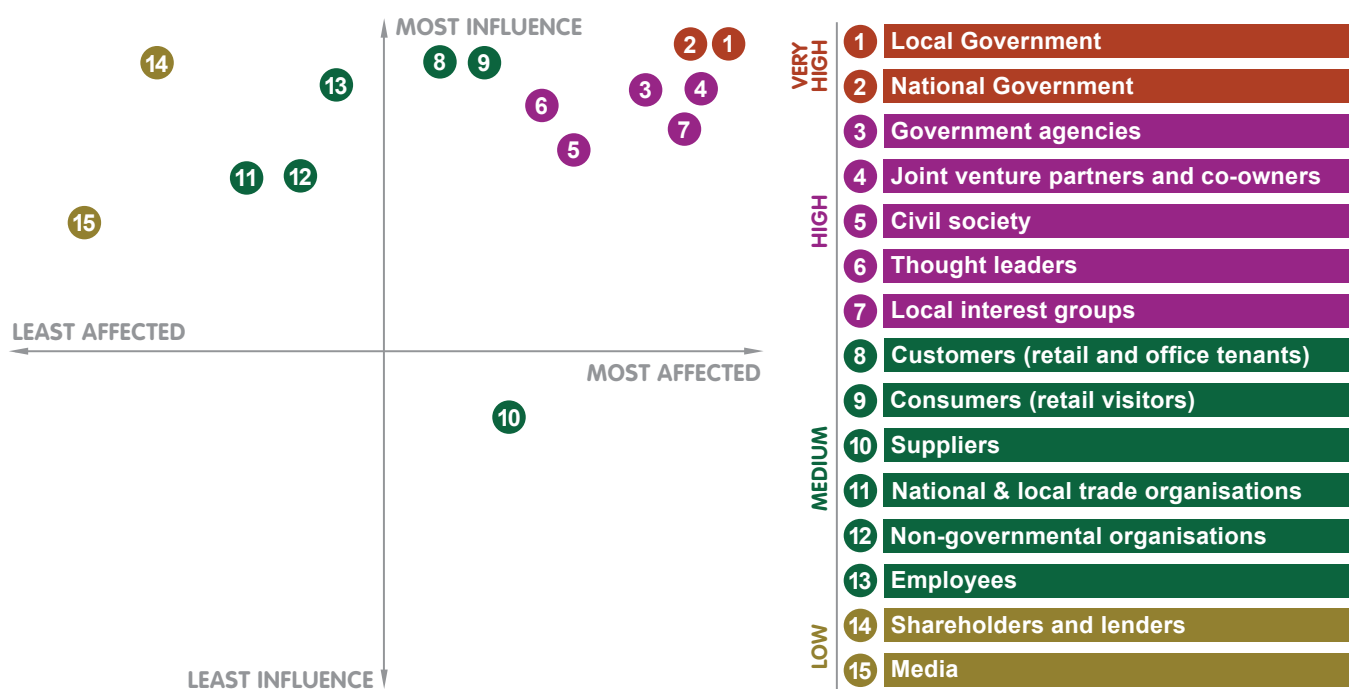
engaging other stakeholders such as building users. Managing direct impacts is good business sense, but it is clear from the research that this is not enough on its own to deliver sector leadership or to differentiate Hammerson in the marketplace. Nor will it address our biggest risks and opportunities.

Hammerson can lead the sector if we are proactive in engaging with our stakeholders, working with them to achieve more sustainable outcomes, and ultimately demonstrating the value of sustainable property.

We feel this approach builds on existing work, reflects our core business values and allows us to focus on areas where we can really excel. This will target real change in collaboration with key stakeholders, rather than solely making incremental improvement to direct impacts.

A stakeholder mapping exercise has been carried out for the strategy review. This diagram represents the review conducted for the community materiality review.

PRIORITISATION OF HAMMERSON STAKEHOLDER (COMMUNITY STRATEGY)



Our new strategy

Vision: "To be the best at demonstrating value to us and our communities through sustainable properties"



Our CR strategy is structured around five key stakeholder groups. It has long-term outcomes that indicate how we see sustainable property in the future. It has a new set of goals and measures. Most importantly it has specific deliverables we will take to meet our goals.

Relationships

In conducting the interviews and workshops for the new CR strategy it is clear that we need to work with five core stakeholder groups to achieve our vision:

- Investors.
- Local communities.
- Employees.
- Customers.
- Suppliers.

By having successful relationships with these stakeholder groups, we feel we can:

- Continue to reduce our negative impacts, for example reducing carbon emissions and waste, improving BREEAM ratings, etc.

- Begin to change our external operating environment, for example by demonstrating the value of sustainability and providing thought leadership.

Outcomes

The desired outcomes from our new strategy are:

- Lower impact, high-efficiency buildings.
- Buildings designed, and fit for, the future.
- Communities enabled to live sustainably.

Goals

The goals set by our CR strategy were identified through the CR strategy interviews, sector benchmarking, and workshops with Hammerson management. We have ensured that they complement the strategic business goals being rolled out across Hammerson. The goals set out below will help us to achieve the long-term outcomes we have defined:

Local communities

- Enhance community engagement.
- Integrate community regeneration goals.
- Focus on long-term community investment.

Employees

- Improve knowledge.
- Acknowledge sustainable thinking as a core competency.
- Adopt life-cycle approach.

Customers

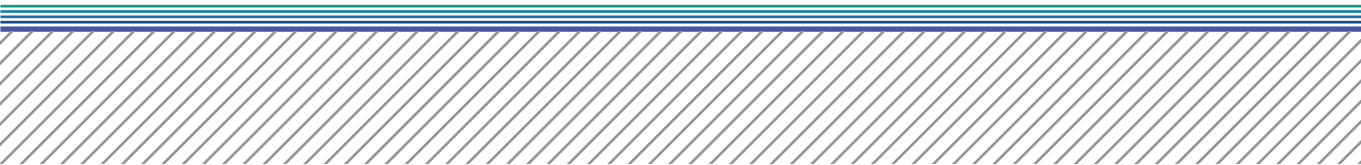
- Improve customer understanding.
- Consistent engagement.
- Monitor trends.

Investors

- Articulate how sustainability will increase shareholder value.
- Future-proof the portfolio investment.
- Provide thought leaderships.

Suppliers

- Procure responsibly.
- Encourage innovation.



Our new strategy (continued)

Measures and deliverables

Our new measures and deliverables will replace the targets we have set in previous years.

Measures

In order to ensure we meet our goals we have set ourselves the following quantitative measures to be achieved over three to five years:

- Reduce 2010 carbon emissions by 20% (2015).
- Reduce 2010 water consumption by 12% (2015).
- Increase waste recycling to 75% (2013).
- Biodiversity action plans at all retail assets (2015).

- Community plans for all developments and managed assets (2014).
- 75% of community activity to be long-term community investment (2014).
- 50% of suppliers, by value, to be engaged (2015).
- Complete full life-cycle assessment for two properties (2011).
- Engage with top 20 investors (2013).
- 100% of customers engaged (2013).
- Complete six research papers, including two with a partner (e.g. university, NGO, etc) (2012).
- All employees to complete CR training (2011).

Deliverables

The deliverables are the actions we will take to deliver against our measures and meet our goals.

Progress against the measures and deliverables will be assessed on an annual basis and reported publicly.

A list of our deliverables can be found within the Next steps section.

CR management and risk



Youth engagement.

Young people from Hackney and Tower Hamlets tell us their views.

At the end of 2010 we defined our new CR strategy for the next three years, and how it will integrate with our business strategy. Our approach included a benchmarking study, internal and external stakeholder interviews, a youth forum and senior management workshops, all of which were organised by independent advisers Jones Lang LaSalle and Forum for the Future.

The new strategy is set out in our CR report. We have retained the governance structure for CR as shown below and will continue to report against the same key performance indicators.

We monitor our strategy, including a review of risks, and opportunities and our performance, at quarterly meetings of our CR Board, which is chaired by our CEO, and our CEMB meetings where appropriate.

How we manage CR

The CR Board meets quarterly and working groups meet at least every two months. The Head of Sustainability provides a report and presents to the Group Executive Committee and the Hammerson plc Board twice a year.

Risk management

Risk management is integral to the achievement of our CR objectives. Our risk management framework, which is regularly reviewed by our senior team, helps to identify and control risk. The principle CR risk areas and the CR steps we take to mitigate them, are shown in the table below. Also noted are references to the pages in this Corporate Responsibility report where the risks, or elements of the business affected by them, are discussed further.

How we manage CR

CR Board
David Atkins , Chief Executive
Paul Edwards , Head of Sustainability
Jean-Philippe Mouton , Managing Director, France
Robin Dobson , Director, UK Retail Development
Andrew Thomson , Director, UK Operations
Morgan Bone , Director of Corporate Communications
Janette Bell , Sales and Marketing Director
Philippe Bouveret , Sustainability Director, France

Achieve measures and deliverables

CR Working Groups
Operations Andrew Thomson , Director, UK Operations Marc Valente , Retail Management Deputy Director
Development Robin Dobson , Director, UK Retail Development Barthélemy Doat , Deputy Director, Asset Management
Corporate Paul Edwards , Head of Sustainability Thomas Havas , Director, Marketing and Communication

Corporate responsibility risk matrix

CORPORATE RESPONSIBILITY		
Risk	Mitigation	Commentary
Adverse publicity arises through failure to address environmental issues	<ul style="list-style-type: none"> Group Environmental Policy and subject to annual audit and compliance reviews. Twice-yearly CR report to GEC and Hammerson Plc Board by Head of Sustainability. Annual CR Report includes performance against targets. Environmental aspects included in acquisitions due diligence checklist. 	
Financial loss and adverse publicity arises through failure to meet published CR targets or comply with published CR principles	<ul style="list-style-type: none"> CR Committee established to monitor compliance with principles and performance against targets. 	
Reputation suffers due to poor or misunderstood Corporate Governance	<ul style="list-style-type: none"> Board and Committees structured and operate in accordance with Combined Code and as set out in Board Authorities and associated documentation, which are regularly reviewed by Company Secretary Corporate Governance policies and procedures disclosed in Annual Report. Company Secretary maintains contact with Corporate Governance Officers at major shareholders. 	

Corporate responsibility risk matrix (continued)

CORPORATE RESPONSIBILITY		
Risk	Mitigation	Commentary
Implementation of a strategy inconsistent with the market environment	<ul style="list-style-type: none"> Independent advisers assist in the development of a CR Strategy and a community strategy. The process included: Benchmarking study. Stakeholder mapping. Interview with employees and extend stakeholders. Senior management workshops. 	
Ignore the future impact of climate change on our portfolio	<ul style="list-style-type: none"> Completed a review of the climate change impacts on our portfolio in UK and France. We continue to review the link between climate change and our future financial performance but at present these are not quantifiable. 	<ul style="list-style-type: none"> We continue to review the mitigation and adaptation strategies for both our new development and existing assets.

Corporate responsibility risk matrix (continued)

PROPERTY DEVELOPMENT		
Risk	Mitigation	Commentary
Failure to address sustainability in development programme	<ul style="list-style-type: none"> Projects are delivered in accordance with the sustainability management framework. Projects follow a full Sustainability Implementation Plan or an abbreviated fitout/refurbishment version. Sustainability design workshops are held at the start of new projects to set the parameters for the project. Projects are reviewed against the corporate design standard. 	
Failure to understand the 2010 Part L regulation	<ul style="list-style-type: none"> Each project has been reviewed against the standard to understand the implications. 	<ul style="list-style-type: none"> Our existing design standard anticipated this change and set a target far exceeding 2006 Part L on all projects.
Failure to understand the 2008 BREEAM regulation	<ul style="list-style-type: none"> A project manager undertook the BREEAM training course, then held a training course for all Hammerson project and development managers. 	<ul style="list-style-type: none"> BREEAM training in 2009 for French development managers.
Failure to be a member of Local Enterprise Partnership, which has replaced the Regional Development Agency	<ul style="list-style-type: none"> We ensured we formed part of each LEP submission where we have either existing assets or new developments planned. 	<ul style="list-style-type: none"> We continue to monitor LEP's in each location.

Corporate responsibility risk matrix (continued)

PROPERTY INVESTMENT

Risk	Mitigation	Commentary
Acquisition of properties that fail to meet sustainability standards	Acquisition checklist updated to include requirement for energy performance certificates, Carbon Reduction Commitment and climate change impact reviews.	
Failure to register for the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES)	<ul style="list-style-type: none"> • A CRC EES steering committee established to manage across the portfolio. • Regular updates given for GEC and Hammerson plc Board. • New metering strategy for the investment portfolio. • Carbon Trust certification completed where possible. • Continuing to engage next with industry bodies and the Government. 	
Lack of appropriate environmental management system	<ul style="list-style-type: none"> • ISO 14001 is being implemented at Hammerson managed shopping centres and offices. 	

BUSINESS ORGANISATION AND HUMAN RESOURCES

Risk	Mitigation	Commentary
Failure to provide staff with the knowledge and tools to implement sustainability programme	<ul style="list-style-type: none"> • One -day department-specific CR training courses held. • BREEAM training held for project managers, development managers and leasing team. • ISO 14001 EMS IOSH accredited training held for over 130 staff at Hammerson managed shopping centres. • Corporate learning, training and development plans in place to improve CR skills of employees. • Talent management and succession planning process in place. 	

Stakeholder engagement table



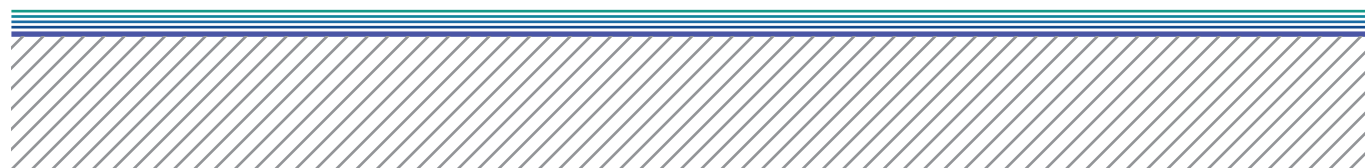
	INVESTORS
Type of engagement	<ul style="list-style-type: none"> • SRI investor tour one-to-one meetings in Europe and North America. • SRI investor questionnaires. • Engagement through teleconferences. • Specific engagement with APG to investigate link to value.
What they said	<ul style="list-style-type: none"> • They want to understand the link between sustainability and value. • They need to understand our approach to risk management.
How we're responding	<ul style="list-style-type: none"> • Jointly developed project s-i-r-e (Sustainable Investment in Real Estate) with Kingston University and EURO Institute of Real Estate Management. • Worked on Project Catalyst with APG on how to integrate sustainability into valuation models through specific investigation of 99 Bishopsgate. • Working with the BBP and Maastricht University to identify an opportunity to complete a study into the value of sustainability. • Engaged government on Display Energy Certificates. • Delivered specific CR training for Investor Relations and Corporate Communications team.

Stakeholder engagement table (continued)

	LOCAL COMMUNITIES
Type of engagement	<ul style="list-style-type: none"> • UK project 'Spitalfields Together'. • UK project 'Project Shoreditch'. • Community consultation at development projects and managed assets. • Specific engagement with 50 stakeholders in the UK and in France as part of the revision of the Community Strategy – included workshop with 15 young people from Tower Hamlets.
What they said	<p>Specific questions raised about future development including:</p> <ul style="list-style-type: none"> • Rights to light and other planning issues affecting the communities. • Timelines – when will projects commence. <p>Key findings from engagement carried out during Community Strategy Review:</p> <ul style="list-style-type: none"> • High awareness of our community activities. • Inconsistency in approach across some assets and between the UK and France. • Need for a clear evaluation of outcomes of actions and partnerships in order to maximise impact. • Desire for local partnerships to continue after the development phase.
How we're responding	<ul style="list-style-type: none"> • Developed an online consultation tool and used social media to engage local people in the Leeds Eastgate consultation this led to increased participation. Developed a consultation group with Barbican residents to outline development plans for One London Wall project; regular presentation with architects to discuss scheme impact on residents. Some outcomes of community strategy engagement. • Conclusions of the youth engagement workshop were distributed internally and the findings will be used to inform our City developments. • We've set the following targets for 2011: <ul style="list-style-type: none"> • Commence a two-year research project to identify methods to measure, record and report the impact of Hammerson's community strategy in relation to the following areas of value: social, economic and financial (corporate and asset). • Developed a joint implementation plan for the UK and France including the development of local asset plans taking account of local context and political priorities. • Investigated opportunities to partner with local universities. • Commenced a working relationship with France Initiative, a group representing existing and the creation of small businesses. Now represented on their sustainability committee, to help small local businesses.

Stakeholder engagement table (continued)

	EMPLOYEES
Type of engagement	<ul style="list-style-type: none"> Employee survey 'Great Place to Work'. CR training days delivered to our employees. Sustainability Awareness days (UK/France). Hammerson Community day (UK/France).
What they said	<ul style="list-style-type: none"> Asked for provision of sustainability training specific to their role within the business . From the 'Great Places to work' survey and questions specific to corporate sustainability: Hammerson UK scored 83%, HGM in isolation scored 80% and HOL in isolation scored 90%. Our CR score was in line with results achieved in 'Top 50' businesses.
How we're responding	<ul style="list-style-type: none"> CR Training days. BREEAM training for development managers, project managers and leasing (re clauses required to achieve excellent). Community day in UK and France. Staff newsletter in France. Office and retail newsletter in UK with sustainability section. Sustainability awareness week in the UK including retail and office panel sessions, movie screenings and zero carbon design session.



Stakeholder engagement table (continued)

	CUSTOMER – OFFICE
Type of engagement	<ul style="list-style-type: none"> • Office panel session during Sustainability Awareness week. • Mapping tenants' commitments against sustainability criteria. • Sustainability guidelines distributed to our tenants. • Green leases. • Green groups.
What they said	<ul style="list-style-type: none"> • Concern over costs incurred for business operations and carbon emissions. • Concern over the CRC EES both its complicated nature and who should pay.
How we're responding	<ul style="list-style-type: none"> • Worked directly with six tenants to agree a BBP Green MOU. • Continue to issue Tenants' Sustainability Guide in UK. • Held one-to-one meetings. • External presentations by tenants, of their requirements as part of panel session. • Delivered a presentation on designing a zero carbon building. • Issued a new office newsletter including sustainability section. • Provided electronic boards with CR performance data at office assets.

Stakeholder engagement table (continued)

	CUSTOMER – RETAIL
Type of engagement	<ul style="list-style-type: none"> • Retailer panel during Sustainability Awareness Week. • Retailer cocktail event. • Retailer engagement plan set by leasing team, including sustainability review. • Mapping tenants' commitments against sustainability criteria. • Green groups. • Sustainability guidelines distributed to our tenants. • Green leases.
What they said	<ul style="list-style-type: none"> • Concern over costs incurred for business operations and carbon emissions. • Concern over the CRC EES both its complicated nature and who should pay.
How we 're responding	<ul style="list-style-type: none"> • Working directly with tenants to agree a BBP Green MOU at a corporate level. • Opened Retail Lab with De Montfort University. • Continue to issue tenants sustainability guide in UK. • Issued new French tenants sustainability guide. • Commenced green groups at centres in UK and France. • Employed Environmental Co-ordinators at each English shopping centre. • Developing new engagement plan in line with new business-led customer intimacy strategy. • Delivered specific CR training for Leasing and Asset Management teams. • Full review of BREEAM 2008 to develop a new set of lease clauses to enable Hammerson to achieve BREEAM Excellent. • New retailer newsletter, including sustainability section. • Centre Ville en Mouvement – an association of retailers in city centres to share knowledge and develop economic activity

Stakeholder engagement table (continued)

	CUSTOMER – VISITOR
Type of engagement	<ul style="list-style-type: none"> Customer survey.
What they said	<ul style="list-style-type: none"> Cannot see or understand what we are doing at our assets to improve our sustainability performance. They do not understand what sustainability means to them.
How we're responding	<ul style="list-style-type: none"> Run customer-focused programmes such as "Pump it Up" (students pumped up tyres to raise awareness about reducing carbon emissions). Improved public transport data provided to the occupier and visitor. Rolled out recycling bins within malls. Held 'Green' awareness weeks.
	SUPPLY CHAIN
Type of engagement	<ul style="list-style-type: none"> Responsible procurement policy. Launched sustainability questionnaires. One-to-one meetings with specific suppliers.
What they said	<p>They want to know:</p> <ul style="list-style-type: none"> Hammerson's needs. What they can do and where they should be concentrating. How and what to measure.
How we're responding	<ul style="list-style-type: none"> Created and distributed a supplier questionnaire. Issued results from supply chain questionnaire, including sector benchmarking. Issued a common metrics template for measurement during construction. Conducted further engagement through one-to-one meetings.

Stakeholder engagement table (continued)

	GOVERNMENT
Type of engagement	Attendance at industry meetings regarding: <ul style="list-style-type: none"> • CRC EES. • Display Energy Certificates. • Energy Performance Certificates. • Response to consultations. • Green Deal.
What they said	The Government has launched several consultations this year on topics of relevance to our business.
How we're responding	Attendance at industry meetings regarding: <ul style="list-style-type: none"> • Provided responses to government consultations through letters, meetings, one-to-one discussions and industry bodies. • Provided input to ongoing Grenelle discussions through CNCC in France.
	JV PARTNERS
Type of engagement	Specific engagement with regard to the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) through: <ul style="list-style-type: none"> • One-to-one phone calls. • Attending JV board meetings. • JV partners took part in interviews as part of CR strategy review.
What they said	Want to prepare and understand the implications of the CRC EES. In particular, they want to: <ul style="list-style-type: none"> • Have access to the data within the scope of the scheme (energy consumption and equivalent carbon emissions). • Understand whether we qualify for CRC EES. • Understand what are doing about CRC EES.
How we're responding	<ul style="list-style-type: none"> • Provided details of our approach to CRC EES to General Executive Committee and plc Board members, to ensure that all members were briefed and able to discuss with JV partners. • Provided written confirmation of qualification and consumption for last three years to JV partners. • Provide written information to new partners in France on our approach to sustainability.

Stakeholder engagement table (continued)

	PEERS/INDUSTRY
Type of engagement	<p>Representation, attendance and input at committee meetings of several industry boards, including:</p> <p>in the UK:</p> <ul style="list-style-type: none"> • Board member, the Better Building Partnership. • Chair, British Council of Offices Environmental Sustainability Group. • Member, British Council of Shopping Centre Sustainability committee and Strategy group. • Chair, the Green Property Alliance Metrics Working Group. • UKGBC Sustainability Training and Education Programme. • Board member, National Skills Academy. • Member, the British Property Federation Sustainability Group. • Trustee of London Sustainability Exchange. • London Sustainable Development Commission; <p>in France:</p> <ul style="list-style-type: none"> • National Centre for Shopping Centres (CNCC) Sustainability working group. • IFPEB (the French Green Building Council).
What they said	<p>Issues of focus included:</p> <p>in the UK:</p> <ul style="list-style-type: none"> • Implications of the CRC EES for landlord/tenant relationship. • Defining reporting standards and sustainability metrics for the property sector; <p>in France:</p> <p>*Understanding the implications of the Grenelle Laws and secondary legislation, particularly:</p> <ul style="list-style-type: none"> • The translation of national objectives on waste recycling into potential requirements for companies and how to achieve this target. • Whether capital investment from mandatory energy efficiency renovation at existing assets will be fully borne by landlords. • Requirements for minimum energy efficiency requirements for new retail assets.
How we're responding	<ul style="list-style-type: none"> • Benchmarking study completed by Forum for the Future. • Attended meetings with peers, industry groups and government decision-makers. • Participated in the EPRA project on defining best practice guidelines for performance indicators. • Took part in specific negotiations with PROCOS (French retail tenant association) to agree a green lease and define how tenants will provide data to landlords. • Created partnerships with École Centrale de Paris (Engineering School, Immochan, Bouygues, IFPEB – Avenir-Investir, GDF-Suez to work through solutions to deliver a 50kWh/m² future design to meet the new French government target.

Training and development



Company wide CR training.

Providing sustainability training for employees at Hammerson in 2010 at a roadshow and via a training series.

CR Report

Our people are more than just the face of Hammerson. They are the ones who deliver our products and services for customers and other key partners throughout the year. Our people bring our values to life.

Our goal is to create a high-performing organisation, made up of people who are inspired and enabled to give their very best. Over the last 12 months we have reviewed almost every aspect of our people management and development practices to ensure they are aligned with this goal.

Engagement

We continued to improve and increase the types of and opportunities for employee engagement. We conduct an annual staff survey through 'Great Place To Work' and use the results as a basis for improving working life. We share the results openly with staff, discuss and involve them in developing solutions and to commit to an action plan against which management can be judged. For our 2010 survey, 84% of staff from across the Group participated and the results show that at least 75% of employees rate Hammerson highly for its friendliness, its

support for training and development, the office facilities, and the way the organisation manages its impact on the environment and society. Targeted areas for improvement in 2010 were training and development, employee recognition, and internal communications. All three have seen improved responses from employees. Other methods of engagement include 'Ask David Atkins', an opportunity for employees to ask questions to the CEO through the intranet site, staff quarterly updates, a retail newsletter, an intranet for UK shopping centres and a programme of social events. In Paris we held elections for employees to join a social committee.

Organisation

Toward the end of 2009, we reorganised our UK property teams to provide better performance for our customers. In 2010, our attention turned to embedding this new way of working into day-to-day practices. We recruited new talent into the business including people from outside the real estate sector in order to bring new ideas and, in particular, to strengthen our customer account management and marketing capabilities. Throughout the year we continued to integrate the shopping centre-

based property management teams into our business to help us deliver on our operational service goals. In April 2010, we appointed Jean-Philippe Mouton to head up our French business. Here too, the organisation has benefited from an increasing performance focus and a strengthening of the calibre of the team in both property and finance. Both within and across all offices, the focus has been on active team-working to ensure expertise and knowledge within functional areas are shared to benefit the business as a whole.

Development

At the start of the year, we incorporated skills assessment into appraisals for London-based staff to add a strong development dimension to employee reviews and help improve performance. To make the most of existing capabilities, support succession planning, and provide individuals with career development options, we also introduced a talent review to identify those individuals with the motivation and potential to progress to new or more senior roles. Both these approaches will be rolled out across all areas of the Group in 2011. In 2010, we also added to the resources we provide to

Training and development (continued)

support learning and development, in particular, we have used coaching widely to support managers who are new to the role. In December, we launched our leadership development programme to aid managers in this important area. We introduced several work/life balance initiatives in London including additional holidays, flexible working and a sabbatical policy.

Reward

We aim to ensure that our employee reward policies encourage the highest levels of employee performance in support of business goals, and that they align with our desire to attract and retain talented people. In the last quarter of 2010, we launched a Group-wide review of reward with the

involvement of representative staff from around the organisation. The review has identified areas for improvement which we will start to implement from 2011.

Employees of Hammerson are encouraged to become investors in the Company through a range of share ownership schemes. At 31 December 2010, 217 employees owned shares or participated in one of the group's share plans.

The remuneration of Directors is set out on page 46 of the annual report.

Hammerson now employs around 250 people in the UK and 100 in France.

We have an active equal opportunities policy and monitor satisfaction in our annual staff

survey by various demographics including gender, age, racial or ethnic minority, full and part-time status and those with caring responsibilities, as well as responses to specific questions on fair treatment on the grounds of age, race or ethnicity, gender, sexual orientation and disability.

Hammerson reports on a number of performance indicators relating to employees as part of the Global Reporting Initiative.

Hot topics



Community days.

A fantastic opportunity for our staff to work in local communities both in the UK and France.

Sustainability supports our efforts to meet our economic targets and those of our tenants. It is integral to the way we do business and remains key to our ability to operate a business that creates, and manages, important parts of the environment in which many people work and live.

Sustainability is a wide-ranging topic covering many complicated and evolving areas; we therefore need continually to improve our knowledge through research. We see it as an important part of our role in the industry, to share some of this research, or our views on 'hot topics'. We have noticed an increasing use of our site by university graduates as they get to grips with this subject and need company views and opinions. This year we will provide the reader of the Hammerson CR report with our views and approach to several of these hot topics; we will update this area throughout the year. This is not an exhaustive list and we are sure there will be other topics that people would like us to cover. If so, please contact us at sustainability@hammerson.com and make suggestions for hot topics you would like covered in future editions.

Climate Change and Energy

Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES)

On 1 December, 2008, the Government approved the Climate Change Act, committing the UK to reducing carbon

emissions by 26% by 2020 and 80% by 2050. On 5 December, 2008, the Committee on Climate Change issued its recommendations on building a low carbon economy – the UK's contribution to tackling climate change – spelling out how the Government could deliver the Climate Change Bill. Under the Climate Change Act, the Government has committed to deliver a carbon budget every five years and, in the first budget of 2009, increased its 2020 target reductions from 20% to 34%. The CRC EES started life as a mandatory carbon trading scheme. It was planned to operate in phases, the first lasting for three years and subsequent ones lasting seven years, each with two years of overlap. The CRC EES has been changed in the recent Comprehensive Spending Review. The review stated that: "the CRC Energy Efficiency Scheme will be simplified to reduce the burden on businesses, with the first allowance sales for 2011–12 emissions now taking place in 2012, rather than 2011. Revenues from allowance sales totalling £1 billion a year by 2014–15 will be used to support the public finances, including spending on the environment, rather than recycled to participants. Further decisions on allowance sales are a matter for the Budget process".

Resource Use

Sustainable design

Hammerson sets a benchmark for innovation in true sustainable design and construction,

as demonstrated by: environmental ratings awarded for recent projects (BREEAM Excellent for both 60 Threadneedle Street, an office development in the City of London and for Cabot Circus, a shopping centre scheme in Bristol); national awards for its pioneering education and training programmes for new jobs created at retail developments; and its status as the first UK property company to introduce Green Leases for occupiers across its portfolio.

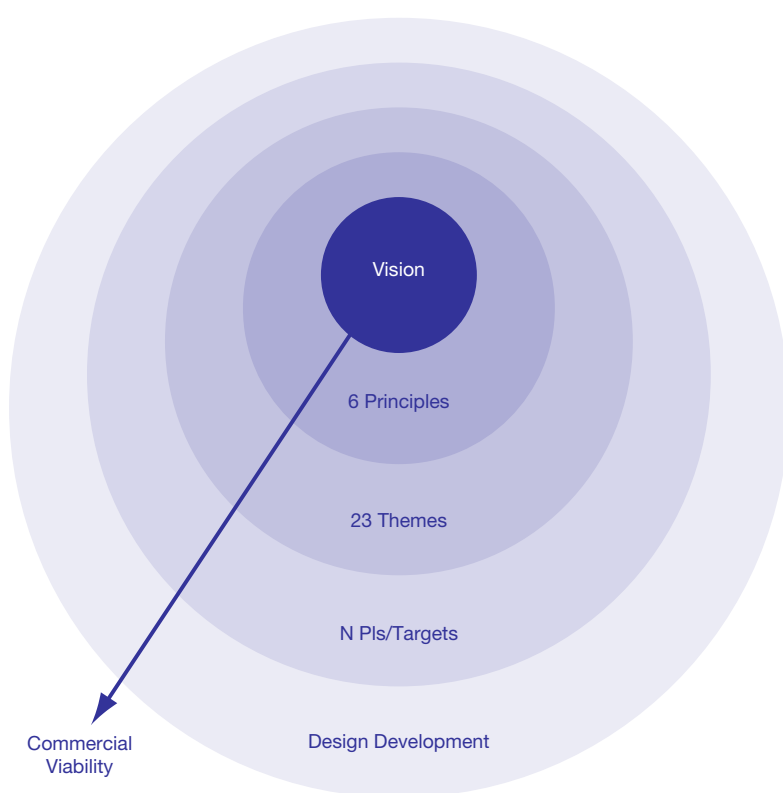
Hammerson incorporates green thinking into its projects from the outset, creating a Sustainable Implementation Plan (SIP) which identifies sustainable solutions for each stage of the project (design, construction, leasing and management). This pioneering approach ensures sustainability is integrated from the start of the project and evolves with the project. Stakeholder workshops or charettes are held with all members of the design team to agree a vision and approach to sustainability. Hammerson recognises sustainability must encompass all aspects of its work from materials selection to jobs, skills and training. Hammerson has developed and refined its approach, which is set out in an internal sustainability framework document, including milestones.

Hot topics (continued)

London Wall example

The project team has developed a holistic approach to sustainability from day one to ensure that all opportunities are explored at

an appropriate stage of the project development and incorporated where applicable, as illustrated in the diagram below.



The sustainability strategy is founded on our overarching vision:

Our project seeks a development that:

- Matches and exceeds today's requirements.
- Anticipates tomorrow's.
- Adapts and remains relevant into the future.

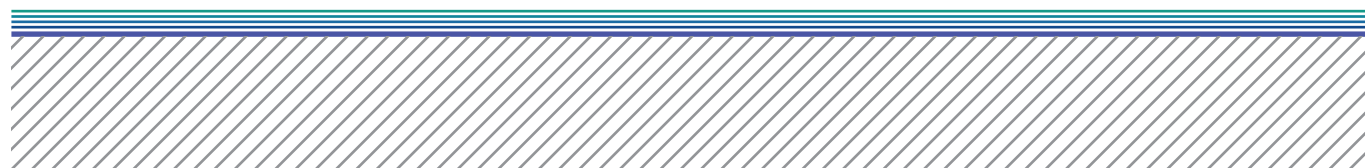
Leading on from this, the team has developed a set of principles to deliver the vision as summarised below:

- P1.** In-build flexibility and adaptability to respond effectively and timely to the changing climate, environment and occupancy.
- P2.** Optimise the use of natural resources throughout the development life cycle.
- P3.** Create a comfortable and healthy environment where people can work effectively and efficiently.

P4. Encourages positive human interface and relationship with individuals and neighbouring communities.

P5. Responds to future energy supply and fuel technologies that mitigate climate change.

P6. Enhance the natural environment and biodiversity within the development.



Hot topics (continued)

Community Volunteering

Traditionally, volunteering has been seen as philanthropy, and something that solely benefits the community. Companies usually perceive volunteering as a nice-to-do for the community. Until recently, most research has gone into how volunteering benefits the community, not how volunteering can benefit business.

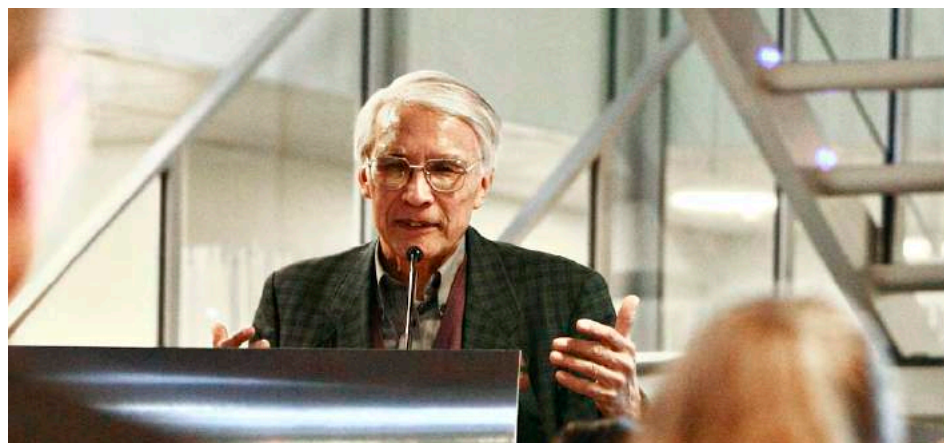
The focus of this paper is that employee skills and competencies can be built through a wide range of community investment

activities that can be matched against training and development needs. This is supported by research by the City of London and Hammerson. Nearly all of the skills developed under volunteering activities feature in the mainstream competency frameworks, used by companies to monitor and guide staff development (including Hammerson's skills framework).

Skills-based volunteering can complement existing training and development programmes, with the added dimension of real-life situations which traditional courses

cannot provide. As seen in both the City of London and Hammerson research, a significant improvement in team-working skills took place under the volunteering activities, with, respectively, 52% of line managers from the City of London research and 55% of Hammerson staff expressing that improved teamwork skills had occurred.

Legislative risks and opportunities



Meeting tenants, Espace Saint Quentin.
Introducing the green group programme to contribute to a sustainable approach in the shopping centre.

In 2010, further sustainability legislation and policy was announced following the arrival of the UK Coalition Government and the

passing of both Grenelle Laws in France. Here is a summary of what we perceive to be our key risks and opportunities from this new

legislation and the actions that we have taken throughout 2010 to mitigate the risks and to take advantage of the opportunities.

CLIMATE CHANGE & ENERGY

IMPROVING EFFICIENCY IN BUILDINGS

Risk and Opportunities

Improving energy efficiency in buildings – requiring higher investment but leading to operational savings

New legislation and policy

EU

- Recast of the Energy Performance of Buildings Directive 2010 requires new buildings to be 'nearly zero carbon' by 2020 and existing buildings will have to achieve minimum energy standards during major renovations.

UK

- Through the Energy Act 2010, Local Planning Authorities can require new buildings to be more energy efficient than Building Regulations.
- Building Regulations 2010 require new buildings to ensure 25% CO₂ saving in comparison to 2006 levels.
- Energy Bill 2010/2011 has announced the 'Green Deal' for both domestic and non-domestic properties – effectively a funding mechanism to incentivise investment in energy efficiency through 'pay as you save' approach.

Hammerson actions

Corporate

Our Board and Management Teams are informed of all relevant legislation – for example in 2009 and 2010, the Grenelle Laws in France were passed and the major implications were discussed at plc board, GEC and French management meetings. Full reports have been issued on specific topics as required. eg CRC EES.

We continue to work with the Government and industry bodies regarding EPBD 2, in particular discussing the implementation of Display Energy Certificates (DEC).

'How to design a zero carbon building' presentation and seminar held for employees. External presentations from Woods Bagot, Buro Happold and 3D Reid provided.

Managed assets

We achieved our CO₂ reduction target from 2006 – 2010 and have now set a further long-term reduction target to be achieved by 2015. We have now achieved significant savings through improved operational management but in order for us to achieve further ongoing savings, targeted capital investment will be required.

We have developed a standard set of lease requirements linked to the ability to achieve BREEAM Excellent.

Legislative risks and opportunities (continued)

New legislation and policy	Hammerson actions
FR <ul style="list-style-type: none"> Energy efficiency audits to be undertaken on buildings with onsite district heating/cooling from 1 January 2012. All existing assets to undergo energy efficiency renovation between 2012 and 2020. Building Regulations will have more stringent energy efficiency criteria, including an intensity requirement of 50kWh/m²/year adjusted by location and type of building. The exact text and details for shopping centres has not been published. 	Developments <p>We developed a Master Sustainability Implementation Plan and the design standard which will be used as a minimum standard on all our developments, including stringent requirements for energy efficiency. In 2010 we developed a SIP Lite for refurbishments and small projects.</p> <p>We have completed BREEAM training in the UK and France of all project and development managers, including a specific review of the changes made in the latest 2008 version.</p> <p>A pilot energy audit has been completed at O'Parinor, further audits will be completed across the portfolio during 2011.</p> <p>We have commenced a research project with École Centrale de Paris (Engineering School, Immochan, Bouygues, IFPEB – Avenir-Investir, GDF-Suez) to work through solutions to deliver a 50kWh/m² reduction in energy consumption in future design to meet the new French government target.</p>
Relates to new strategy: Investors, Supply chain, Customers	

RENEWABLE ENERGY

Risk and opportunities

Greater requirements for renewable energy in planning

New legislation and policy	Hammerson actions
UK <ul style="list-style-type: none"> Feed in Tariffs to encourage on-site renewable energy generation and the Renewable Heat Incentive to encourage on-site heat generation. Through the Energy Act 2010, Local Planning Authorities can require new buildings to use renewable or low carbon sources of energy. FR <ul style="list-style-type: none"> Charging points for electric cars and protected bike parks will have to be installed in new car parks from 1 Jan 2012 and in existing car parks from 1 Jan 2015. Feasibility study to be undertaken to consider the incorporation of renewable energy technology in new developments. 	Managed assets <p>We investigated the possibility of installing wind turbines and Photo Voltaic (PV) cells on the roof and adjacent to our shopping centres and retail parks. We have completed a full review of the opportunities at one specific site. In 2011 we will progress with a feasibility study with a view to installing new PV cells where viable.</p> <p>We met with Streetcar and several electric car companies regarding options and opportunities to install charging points at our assets. In France we have set up a working group to investigate the viability of electric charging points. We continue to monitor the 100 electric charging points installed at Highcross.</p> Developments <p>We developed a Master Sustainability Implementation Plan which requires all new developments to investigate the use of renewables.</p> <p>We have completed an in-depth review of energy centres and district heating networks at several developments. At present we have tendered an ESCO at WestQuay and signed a Utility partner for Leeds.</p> <p>In Marseille the current scheme includes a PV array covering the main shopping centre roof and forms part of our BREEAM certification.</p>
Relates to new strategy: Investors, Supply chain, Customers	

Legislative risks and opportunities (continued)

CARBON TAXATION	
Risk and opportunities Carbon taxation	
New legislation and policy	Hammerson actions
UK <ul style="list-style-type: none"> CRC Energy Efficiency Scheme is now similar to a carbon tax or levy with greater financial implications and more incentives to increase efficiency for both the landlord and the tenant. 	Managed assets We developed a strategy to mitigate the impact of the CRC Energy Efficiency Scheme and registered all qualifying buildings. We continue to increase half-hourly metering, improve monitoring and set reduction targets across the portfolio. We have carbon trust certificates at all assets where possible and appropriate.
Relates to new strategy: Investors, Supply chain, Customers	

ADAPTATION	
Risk and opportunities Adaptation to climate change may be required for assets and operations	
New legislation and policy	Hammerson actions
UK <ul style="list-style-type: none"> Mandatory national standards for Sustainable Drainage Systems expected in 2011. Draft Climate Change Adaptation Strategy for London. FR <ul style="list-style-type: none"> Updated Climate Change Adaptation Strategy to be published in 2011. Local urban plans to take account of climate change adaptation. 	Managed assets We continue to review the impact of climate change on existing assets. We have completed a full climate change review of assets in the UK and France. Notably we have commenced a biodiversity action plan programme. Developments In 2010, we also undertook research into adapting car parks uses for different uses and we will incorporate recommendations into our checklist for retail developments. In 2011 we will review the adaptation measures currently included within the Master SIP to ensure we meet or exceed the needs set by new legislation.
Relates to new strategy: Investors, Supply chain, Customers	

Legislative risks and opportunities (continued)

RESOURCE USE

WATER	
Risk and opportunities Water efficiency and quality to become increasingly regulated environmental issues	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> Ongoing discussions about the proposed Directive for water performance of buildings, which may include water efficient and water re-use technologies and fittings. An increase in water prices in the UK and France is possible following enforcement of the EU Water Framework Directive 2000. FR <ul style="list-style-type: none"> Shopping centres will be able to use rainwater for lavatories and as irrigation for green spaces under Grenelle 2. 	Managed assets In 2009 we set a water target for our French shopping centres and achieved 12% reduction between 2009 and 2010. We reset our target in 2010 to cover both our UK and French Shopping Centre portfolio. We are targeting a 'good practice' benchmark of 6.4 m3/person/annum by 2015. Finally, we developed a metering strategy that aims to identify the current metering scope at each asset in order to highlight the minimum improvements required to give a greater understanding of how utilities are consumed in the landlord areas of our assets and to identify any areas for improvements. Developments We continue to improve the Sustainable Implementation Plan, which includes targets for water efficiency, water collection and waste water management.
Relates to new strategy: Supply chain, Investors	

WASTE	
Risk and opportunities Increasingly stringent recycling targets and landfill taxes	
New legislation and policy	Hammerson actions
UK <ul style="list-style-type: none"> 'Zero waste' economy goals from 2014 – 2020 are specified in the UK Waste Policy and landfill tax continues to increase by £8 per tonne annually. FR <ul style="list-style-type: none"> French tax on waste to continue increasing on an annual basis. National objective of 75% recycling by 2012 still to be translated into secondary legislation specifying the actual requirements for companies. 	Managed assets In order to align with the French national target, we revised our recycling target from 50% to 75%. We continue to progress towards 75% waste recycling in UK by 2013. Developments We have committed to recycle 80% of our waste on our construction sites. The CR development team created and agreed a template for measurement of carbon, energy, water, waste, timber and transport at all new developments. This template has been implemented at 50-60 rue du Faubourg St Honoré, scheme we are achieving an 80% recycling rate. The same template will be used at Les Terrasses du Port, Marseille.
Relates to new strategy: Supply chain, Investors	

Legislative risks and opportunities (continued)

BIODIVERSITY AND ECOSYSTEMS SERVICES	
Risk and opportunities Understanding how our business model is both dependent upon and impacts upon ecosystems	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> • EU Biodiversity Strategy: 20 targets to achieve by 2020 – including conservation of at least 17% of land and restoration of at least 15% of degraded land. • Possible introduction of a Directive requiring sellers or prospective purchasers of land obliged to provide soil status report for any land transaction where potentially contaminating activity has taken/ is taking place, with a view to meet the EU biodiversity targets. • By 2012, all companies operating within the EU will be required to establish a traceability system for wood products, and offenders could be fined. 	Corporate We produced our first Biodiversity Policy which outlines our biodiversity objectives and activities at a corporate level both in France and in the UK. Managed assets We have started to implement biodiversity action plans across all our properties in the UK and have conducted biodiversity audits on our French managed shopping centres. In 2011 we will begin to review opportunities for biodiversity and community activities to align. Developments We continue to define biodiversity within the SIP, inclusive of site selection, green roofs, native species and protection of existing biodiversity.
Relates to new strategy: Supply chain, Investors	

Legislative risks and opportunities (continued)

CUSTOMERS

SUPPORTING CUSTOMERS	
Risk and opportunities Hammerson can help its customers meet increasing sustainability requirements	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> EPCs to be shared with buyers/tenants and advice given by landlords to improve energy performance as part of the Recast of the Energy Performance of Buildings Directive. UK <ul style="list-style-type: none"> All companies, including our tenants, could be required to report on carbon emissions by 2012 through the Climate Change Act 2008. FR <ul style="list-style-type: none"> Mandatory environmental annex for new and renewed leases for commercial use and retail units situated within a shopping centre; landlord and tenant to share energy metre readings from January 2012 	Managed assets In the UK, we continue to engage with our tenants on sustainability through our green leases and Memoranda of Understanding at our managed assets, as well as in the Green Groups now in place at our managed shopping centres. In France, in line with the new Grenelle requirement for Environmental Annexes, we are currently revising our Green Leases and will start collecting tenant consumption data from 2011 onwards. Furthermore, in 2010, we conducted an analysis of our tenant energy use at one of our French shopping centres and have planned to deliver joint water management improvement plans at all of our assets.
Relates to new strategy: Customers	

SUPPLY CHAIN

HEALTH AND SAFETY	
Risk and opportunities Increased Health and Safety standards on our managed assets and developments	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> Downstream users within the scope of REACH (Registration, Evaluation, Authorisation & restriction of Chemicals) must be provided with safety data sheets of the hazardous products handled. 	Corporate In 2010, we undertook a review and analysis of our UK suppliers' sustainability performance and established minimum criteria for all our suppliers to achieve. Managed Assets We are committed to the prevention of injury and ill-health and continued improvement in occupational health and safety management and performance. The Group Health and Safety committee, chaired by David Atkins, meets quarterly to discuss all H&S management ensuring all programmes remain relevant and appropriate against our H&S policy and external legislation.
Relates to new strategy: Suppliers, Investors	

Legislative risks and opportunities (continued)

POLLUTION AND RESOURCE USE	
Risk and opportunities Civil and penal liability for the practices of suppliers is a potential risk for property companies, especially on development projects.	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> Sale of timber logged illegally under the rules of the country of origin is prohibited. Companies must use 'due diligence' to ascertain that timber they sell in the EU was harvested legally (to be enforced by 2012). UK <ul style="list-style-type: none"> Civil sanctions (including fines, request to restore land or cease activity) to be issued by Environment Agency in England for companies breaching water and waste legislation from January 2011. FR <ul style="list-style-type: none"> Planning applications cannot be rejected on the basis that renewable materials are used for the construction activities. Waste management plans to be in place at construction sites. 	Developments We have developed a standard monitoring template covering waste, water, energy and timber use all our sites and have a process in place to monitor the performance of our contractors. Delivery of the Sustainability Implementation Plan is a contractual requirement. See SIP example in Hot topics. We created a bespoke supplier questionnaire which includes questions related to health and safety, human and labour rights. This questionnaire forms part all tender processes. We completed a sustainability risk mapping exercise to establish those sectors which pose the greatest risk. Based on this review we have begun to complete sector analysis using the questionnaire. All scores are reviewed and an engagement plan instigated where necessary. Site Waste Management Plans are required and implemented at all new developments in accordance with Government guidelines and Hammerson standards.
Relates to new strategy: Suppliers, Investors	

Legislative risks and opportunities (continued)

COMMUNITY REGENERATION

INCREASING PLANNING	
Risk and opportunities Increasingly stringent sustainability criteria for planning approvals. Increasing expectations around the contribution of developers to deliver regeneration in the UK.	
New legislation and policy	Hammerson actions
UK <ul style="list-style-type: none"> Community Infrastructure Levy: Developers to pay a standard charge on new developments to fund infrastructure. Localism Bill 2010/2011: Communities to have greater influence over planning of new developments and Regional Spatial Strategies are to be formally written out of law. Creation of Local Enterprise Partnerships – joint local authority-business bodies brought forward to promote local economic development. FR Reform of the Planning Law for commercial developments including: <ul style="list-style-type: none"> Greater power of Mayors in awarding planning permission for commercial buildings. Greater emphasis on preserving inner city independent retailers. 	Managed assets and development In 2010, we revised our Community Regeneration Strategy, including a detailed review of legislation both in the UK and in France. We intend to implement the new community strategy and implementation framework by 2012. This will require all our managed assets and developments to have Local Community Plans which will be set for four to five years, reviewed on an annual basis and after significant local or political changes. Following the UK Government announcement on the abolition of Regional Development Agencies and the invitation for proposals to create Local Enterprise Partnerships (LEP), we contacted all Shopping Centre Directors to track progress in their local area. The directors worked with local stakeholders to input into proposals and all major retail centres are now covered by LEP. During 2011 we will continue to monitor the progress of LEP as they move towards strategic planning and ensure that Hammerson is positioned at a local level to represent our core business activities and impacts.
Relates to new strategy: Local Communities, Investors	

Legislative risks and opportunities (continued)

KNOWLEDGE, REPORTING AND EMPLOYEES

CORPORATE REPORTING	
Risk and opportunities Likelihood of mandatory reporting.	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> Recently launched public consultation on non-financial disclosure by companies including the need for potential legislation on transparent environmental, social and corporate governance disclosure. UK <ul style="list-style-type: none"> UK Government to announce whether mandatory reporting for GHG emissions will be introduced in the UK for publicly listed companies. 	Corporate In 2011, we intend to review and align our GHG reporting with the UK Government's best practice guidelines and potential mandatory reporting requirements. We are aware of the possibility for corporate reporting to move from using operational boundaries to financial boundaries, which would require restatements of our absolute GHG emissions. In 2010, we drafted an internal Performance Indicators Manual, which sets data requirements and records our methodology for reporting on our Performance Indicators. We have commissioned a supplier to build an online data collection platform that will be developed over the next few years. This should allow us to prepare for mandatory reporting.
Relates to new strategy: Suppliers, Investors	

EQUALITY IN THE WORKPLACE	
Risk and opportunities Focus on solving the gender pay gap and strengthening corporate governance	
New legislation and policy	Hammerson actions
EU <ul style="list-style-type: none"> Gender equality strategy 2010-15 outlining priorities at the EU level including potential legislation around resolving the gender pay gap. Unless more women are appointed to Boards by end of 2011 the EU will impose a 20% quota. UK <ul style="list-style-type: none"> The Equality Act 2010 has been passed requiring increased protection against direct and indirect discrimination and allowing claims for direct gender pay discrimination even where there is no actual comparator. Furthermore pay secrecy clauses are now unenforceable and positive action in recruitment and promotion is now allowed. FR <ul style="list-style-type: none"> France is currently considering legislation that would require 40% of corporate board members to be women by 2016. 	Corporate Our CR team and HR departments are closely monitoring changes in legislation in the area of equality. In France, we have been monitoring the gender pay gap in line with French legislation since 2009. All new starters at Hammerson complete diversity training. The diversity training course has been updated to align with the 2010 Equalities Act.
Relates to new strategy: Employees, Investors	

Performance

We measure our performance against our objectives and targets. This section provides you with an overview of our environmental, social and financial performance.

Climate change and energy

Since our baseline year of 2006, we have continued to reduce carbon emissions across both our UK and French shopping centres.

Resource use

This year we have continued to work on the design of our new buildings to ensure that we use construction measures which will reduce the consumption of resources.

Community regeneration

In line with the wider review of the CR strategy, we took the opportunity to complete a more detailed review of our community strategies for the UK and France.

Supply chain

In 2010 the roll-out of our supply chain sustainability questionnaire enabled us to work in partnership with companies on sustainable issues.

Customers

It's been another year of tough trading conditions but we have continued to make some progress especially on the topic of energy efficiency.

Knowledge and reporting

We have made good progress especially against the training and development commitments we set ourselves.

Targets 2010

75% of out targets achieved across UK and France.

Connected Reporting Framework

£295,36.00 estimated energy savings.
£557,761.00 saved in landfill tax aversion.

Next steps

This year is a year of change, one in which we have reviewed the CR strategy with our stakeholders. In the past our strategy hinged on five key themes; we have now moved towards five relationships.

Overview

We made substantial progress in 2010 in reducing the carbon footprint of our existing properties against our 2006 baseline.



France. Sharing sustainable actions with tenants.

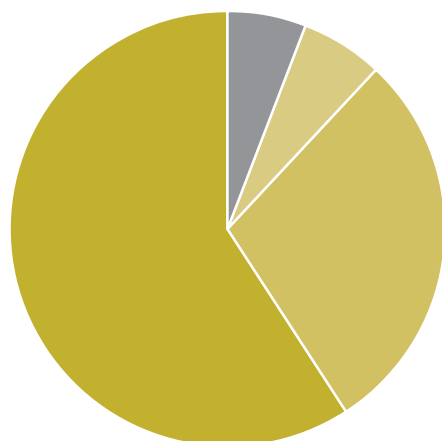
We launched a recommendations guide to help improve the management of energy, water and waste.

Overview (continued)

CLIMATE CHANGE & ENERGY
Objectives

- 01** To reduce the carbon footprint of each of our properties
- 02** To adapt our buildings to minimise the impact of climate change

Performance against targets



- 6% Not Applicable
- 6% Not Achieved
- 29% In Progress
- 59% Achieved

Long-term target achievements

This year we have reached the end of our original long-term rolling target for reducing carbon emissions by 19%, set in 2007 against a 2006 baseline. Since our baseline year of 2006, we have reduced carbon emissions (expressed in CO₂e) from landlord shared services by 17% for UK shopping centres including Highcross and by 21% excluding this property, 11% for French shopping centres including Parinor and 13% excluding this property and by 13% for the UK offices, when normalised by m² of floor area.

Reductions in landlord-obtained energy for shared services (on a normalised basis per m² of common parts) including Highcross and Parinor (that were extended and redeveloped in 2008 and 2009)

	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06 - 08	Percentage change 06 - 09	Percentage change 06 - 2010
UK shopping centres (6 properties)	162	135	-14%	-14%	-17%
French shopping centres (7 properties)	87	78	-20%	-20%	-11%

Reductions in landlord-obtained energy for shared services (on a normalised basis per m² of common parts) excluding Highcross and Parinor (that were extended and redeveloped in 2008 and 2009)

	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06 - 08	Percentage change 06 - 09	Percentage change 06 - 2010
UK shopping centres (5 properties)	163	129	-4%	-17%	-21%
French shopping centres (6 properties)	75	65	-12%	-17%	-13%

Reductions in landlord-obtained energy for shared services (on a normalised basis per m² of net lettable area) for the two offices in our rolling target (99 Bishopsgate, 10 Grosvenor)

	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06 - 08	Percentage change 06 - 09	Percentage change 06 - 2010
UK Offices	245	214	0.1%	-17%	-13%

Savings and investment

We have continued to improve the performance of the portfolio which has led to a saving of £295,376.00. This is a fantastic achievement but is just the start.

New target

We set ourselves a new long-term measure of reducing carbon emissions by 20% from 2010 by 2015 for our shopping centre portfolio. This represents an equivalent of a 40% reduction for those properties which we have owned since 2006. This far exceeds the UK Government's targets.

Overview (continued)

Targeting reductions in France

In 2009, the French Government set a target of 38% reduction in emissions from existing buildings by 2020. This is an extremely difficult target to achieve, as we have already reduced energy consumption by 13% since 2006 in absolute terms for a like-for-like set of properties. To help identify opportunities we commenced a detailed review and energy audit at each asset, and we think there is still scope for further energy efficiency gains across our French portfolio. We need to work closely with our managing agents to achieve these further reductions.

Carbon Reduction Commitment

Last year we reported on the upcoming introduction of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) and the likelihood of a carbon tax in France. The French carbon tax has been rejected by the Government and is not likely to be proposed again for several years.

As for the CRC EES, Hammerson completed full registration in time and disaggregation of our portfolio where appropriate. The CRC EES allows companies to disaggregate buildings from their portfolio so that they can be treated as separate entities, which in some cases will simplify the administration of the system. The CRC EES has since been adapted as part of the recent UK Comprehensive Spending Review completed by the UK Coalition Government. This has changed the CRC EES to a tax or levy and the timeline for first payment has been put back until 2012.

Please go to the hot topics section to understand our approach to the CRC EES.

Improving data collection

The carbon impact of our retail park portfolio is relatively small in comparison to the rest of our portfolio and we have focused our efforts in recent years on the shopping centres and offices where we perceived we could achieve the greatest energy savings. However, through the consolidation of management responsibilities, we are now able to improve data management across the retail park portfolio.

Improved metering

This year we continued to work on improving metering throughout our portfolio, developing a metering strategy to align with CRC EES and also to improve our understanding of each asset's performance. We also developed a tenant metering pilot scheme, which we hope to implement in 2011. This will provide us with an insight into the energy consumption of our tenants and offer us an opportunity to help them improve their performance.

Natural ventilation

We have reviewed the option of natural ventilation at all of our shopping centres. Natural ventilation is already a great success in three of our centres: Union Square, Aberdeen; Silverburn, Glasgow; and Highcross, Leicester, greatly reducing our energy consumption while improving the air quality. At Highcross, we removed the air conditioning from the existing centre, reducing energy consumption by 25% with minimal impact on tenants.

The investigation into converting to natural ventilation at all properties, which will include a climate change assessment, is reviewing the potential impact on consumers and customers. We will be reviewing the findings in early 2011 and where appropriate and feasible, recommendations will be made to convert to natural ventilation.

Sustainable design

In the UK, we have continued to refine our approach to the sustainable design of new buildings. For example, London Wall Place will be world-leading in its integrated approach to sustainable design.

The Hammerson design team has set a vision, guiding principles and sustainability themes to ensure an integrated approach that captures opportunities at different stages of the design process. Please visit the hot topics section for more on sustainable design.

We continue to implement our design standard across all projects in the UK and France. This year, as part of our commitment to understand the energy and materials used

during construction, we implemented our standard reporting template for all new projects in construction. The outcome of this will not be known for several years as we gather data and begin to establish a benchmark for different stages of a property's development. Our first Sustainable Implementation Plan is being used for our development at Les Terrasses du Port, Marseille.

Challenging targets in France

In the future, new shopping centres in France will be required to achieve certain energy intensity levels. These are currently unspecified but the figure is expected to be between 100 and 150 kWh/m². Current shopping centres range from 300kWh/m² to 750kWh/m². This will be a very difficult target to achieve and in anticipation of this we created a partnership with École Centrale de Paris (Engineering School), Immochan, Bouygues, IFPEB – Avenir-Investir, and GDF-Suez to identify ways work through solutions to deliver a building which consumes 50kWh/m² of energy. The team is using a planned Hammerson development at Mantes to carry out the investigation. The initial feedback from the research is expected in the first quarter of 2011 and will be used to inform future designs.

Oversight

The commitment to reduce our climate change impact is laid out in our Climate Change & Carbon Management Policy, the implementation of which is overseen by our CR Board.

New measure

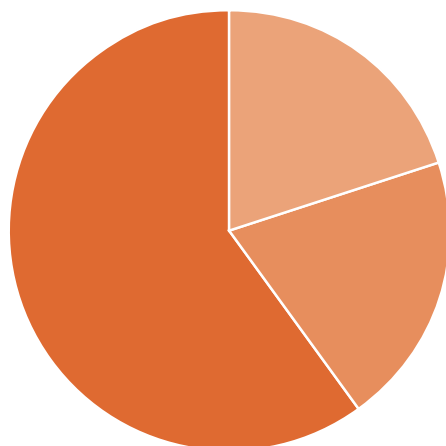
Reduce 2010 carbon emissions by 20% (2015).

Overview (continued)

**RESOURCE USE
Objectives**

01 To maximise the efficiency of our use of natural resources

02 To reduce waste and re-use where viable

Performance against targets

■ **0% Not Applicable**
 ■ **20% Not Achieved**
 ■ **20% In Progress**
 ■ **60% Achieved**

This year we have continued to work on the design of our new buildings to ensure that we use construction measures which will reduce the consumption of resources.

In addition, we have made good progress in improving the environmental performance of several of our existing assets.

Water

We believe water consumption is one of the major issues facing the UK and France. We have therefore placed significant importance on this issue in the last two years to improve our understanding not only of landlord (Hammerson-managed) consumption but also that of our tenants.

Water audit – France

Unlike the UK, we have water meters installed in France on every retail tenancy. We undertook a full water audit of our French portfolio, including our customers, in 2010. The results have provided us with a clear indication of who we need to approach to reduce water consumption.

Three categories of customer, and one type of air conditioning system (representing in total only 22% of tenants) are the main consumers of water, amounting to 69% of total tenant consumption:

- Lost water air conditioning systems – 23%.
- Restaurants – 36%.
- Hair dressers – 5%.
- Dry cleaners – 5%.

We intend to phase in water-based air conditioning systems over the next three years so removing this consumer of water.

Although the audit took place in France only, we anticipate that the results should be broadly similar for our UK shopping centres and provide a clear direction for engagement with UK customers on reducing water consumption.

Water audit – UK

In the UK, we completed a water audit of landlord services and this information has been used to identify opportunities to reduce consumption, which we have begun to implement.

The water audits in France and the UK have been instrumental in setting our new long-term target of a 12% reduction in water use by 2015 (based on 2010 consumption levels).

Waste

Waste continues to be an important focus for both the UK and France, with the ongoing increase in landfill tax in the UK and a new landfill tax commencing in France. The French Government has also set a new 75% recycling target by 2013 and Hammerson has therefore increased its original target from 50% to 75%.

A starting point for increasing recycling rates in France has been to complete several audits to understand the recycling potential of our waste streams. Due to the nature of French waste removal contracts we have also started negotiations with our partners and waste contract companies to determine how we can achieve this requirement in the allotted timeframe. Hammerson France has continued to improve its performance and now recycles 29% of waste.

Biodiversity

The other main area we have concentrated on this year is the implementation of our first Biodiversity policy, followed by the development of Biodiversity Action Plans across our portfolio. So far we have Biodiversity Action Plans at five managed assets.

In 2011, we aim to improve the link between biodiversity and our local communities, particularly in locations where we have rivers, burns or meadows, so offering an opportunity to engage schools and communities in education and learning programmes.

Oversight

The commitment to reduce our environmental impact is laid out in our Environmental Policy, the implementation of which is overseen by our CR Board.

New measures

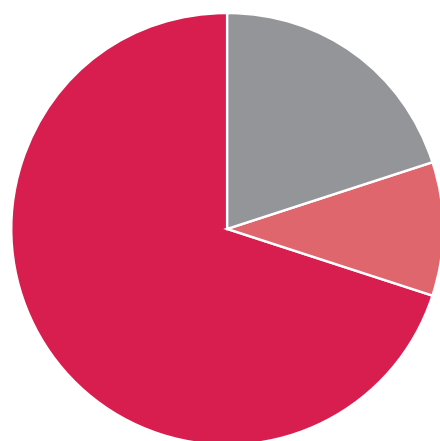
- Reduce 2010 water consumption by 12% (2015).
- Increase waste recycling to 75% (2013).
- Biodiversity Action Plans at all retail assets (2015).

Overview (continued)

COMMUNITY REGENERATION
Objectives

01 To invest in local communities including skills training and job creation

Performance against targets



■ 20% Not Applicable
 ■ 0% Not Achieved
 ■ 10% In Progress
 ■ 70% Achieved

We continued to deliver community projects throughout 2010. These varied from holding our first French community day to expanding the successful community bursary scheme to Aberdeen, Leicester and Bury.

Renewed community strategy

Our community activities have historically mainly focused on our UK business. However, the changing French political context and the new development pipeline in our French business has led to a greater engagement of our French team on these issues, and a better understanding of how community activities are core to our business strategy.

In line with the wider review of the CR strategy, we took the opportunity to complete a more detailed review of our community strategies for the UK and France. The review, conducted by Jones Lang LaSalle, identified key stakeholder groups and engaged with them directly in order to:

- Agree the business drivers for community activity.
- Review the most material community impacts relevant to our core business activity.
- Recommend visionary ideas to position Hammerson as a leader.

The review resulted in a series of recommendations grouped around themes including:

- Relationships.
- Communication.
- Implementation.
- Innovation.

The review fed into the revised CR strategy.

Community investment at existing assets

Our aim has been to create a better understanding of how community investment can be more effective and how staff can do more work within the community. For example, Brent Cross introduced a pilot programme called 1,3,6. The numbers represent the number of community projects that a staff member must undertake as part of their performance indicators.

Retail skills shops

Through our involvement with the National Skills Academy for retail we have continued to oversee the expansion of Retail Skills Shops to support our retail centres. During 2010, Skills Shops were approved for Reading and Brent Cross, and we supported Southampton and Aberdeen as they continued with the business planning stage to establish skills shops.

Sustainable lifestyle advice

We believe that effective partnership with the public will deliver results in the communities in which we operate. As part of our push to inform our tenants and the general public about sustainability we opened a START Living advice centre at Cabot Circus, Bristol. START is the Prince of Wales' new initiative to help people in the UK lead more sustainable lives and to show what a more energy efficient, cleaner and healthier future could look like. The initiative has been established by the Prince's charities with the support of some of the country's biggest businesses and the help of public and private sector organisations.

Overview (continued)

Partnerships in East London

In partnership with the East London Business Alliance we have two successful neighbourhood community schemes in Tower Hamlets and Hackney – Spitalfields Together and Project Shoreditch. We are working with corporate partners, such as Deutsche Bank, UBS and Allen & Overy to support local communities with projects ranging from community football tournaments to a successful fundraising curry night. The curry night offered local children an opportunity to work with our on-site chef, teaching them cooking and business skills, combined with raising funds for their local community hall.

Long-term community investment

As part of our revised strategy we intend to focus on long-term community investment and to develop programmes that benefit local communities and the business as a whole.

We are developing a volunteering policy and programme for our employees. One of the main aims of our approach is to link the programme to skills-based learning that will help employees in their roles. The policy and programme will be piloted during 2011.

Working with wider initiatives

There have been a number of changes to the community landscape with the introduction of the Localism Bill and Local Enterprise Partnerships. These provide us with opportunities to effectively contribute to the local agenda. All local shopping centre management teams were involved in LEP proposals in 2010 and we will continue our involvement as they become operational during 2011.

New measures

Community plans for all developments and managed assets (2014).

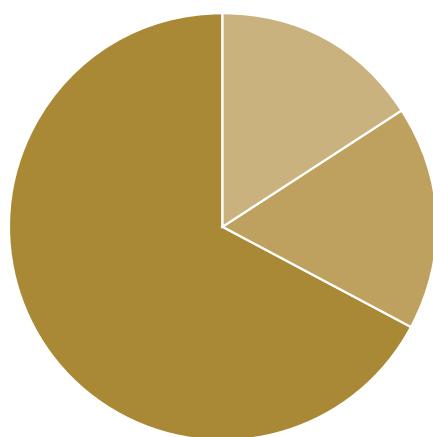
75% of community activity to be long-term community investment (2014).

Overview (continued)

SUPPLY CHAIN
Objectives

01 To engage with our suppliers to share best practice and to procure sustainable goods and services

Performance against targets



■ 0% Not Applicable
 ■ 16% Not Achieved
 ■ 17% In Progress
 ■ 67% Achieved

Supply chain sustainability questionnaire

In 2010 we started the roll-out of our supply chain sustainability questionnaire. This was followed up with supplier meetings and presentations to explain our approach and discuss the level of sustainability activity and performance we expect from our suppliers. We continue to improve the process, aiming for this to become a full on-line reporting system.

The questionnaire is framed around four key areas:

- Strategy.
- Integration.
- Management.
- Performance.

Suppliers are scored against 43 questions. The results are benchmarked against same-sector and wider-sector peers. Benchmarks enable companies to compare themselves against their peers on an anonymous basis, therefore providing them with an indication of their performance.

This approach has already proved very successful. A meeting has been held with five main contractors to discuss the results and review the questionnaire, which they all agreed was a good way for providing them with feedback on their own approach.

Interestingly, architects have been very engaged in the process with three firms providing feedback that their results have been raised at board level, which has helped to drive change in their business. Please visit the case studies section for more details.

It is our intention to implement the supply chain questionnaire in France in 2011.

Rolling out the questionnaire

With over 2,000 suppliers, we have prioritised the roll-out of the supply chain questionnaire to those suppliers that have the greatest environmental, social and financial impacts. Not surprisingly, companies associated with our development pipeline stood out, especially main contractors. It is encouraging, therefore, that main contractors scored an average of 93.6%.

We have put ourselves through the supply chain questionnaire and scored 91.9%, so we still have room for improvement.

Indirect impact

We continue to work with our design teams to influence material selection, reduce waste and improve our understanding of embodied energy. Throughout the design process we monitor material selection and ensure a local option has been identified and assessed against key criteria such as transportation emissions.

New measure

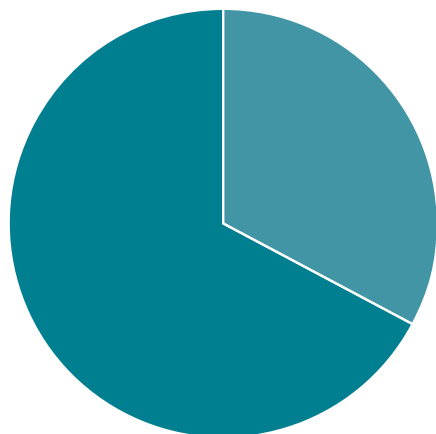
50% of suppliers by value to be engaged.

Overview (continued)

CUSTOMERS**Objectives**

01 To anticipate and meet our occupiers' long-term needs

02 To share best practice on sustainability issues

Performance against targets

■ 0% Not Applicable
 ■ 0% Not Achieved
 ■ 33% In Progress
 ■ 67% Achieved

Tough trading conditions continued to make it hard to deliver exemplary sustainability solutions with tenants. We did, however, have some key successes this year with the opening of RetailLab at De Montfort University and the signing of our 1,000th green lease.

We also started a pilot project at Westquay Shopping Centre, Southampton, as part of a knowledge transfer partnership with Southampton University, to investigate how we can improve the landlord-tenant relationship to the benefit of both parties.

Increasing tenant interest – UK

With the introduction of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) we have seen an increase in the attention being paid to the measurement and reporting of energy by tenants, and the scrutiny given to green leases.

Increasing tenant interest – France

In France, the Grenelle legislation has also started to focus the attention of tenants with the introduction of mandatory energy reporting by tenants to landlords. This mandatory requirement is relevant to both new and existing leases.

We welcomed these changes as we try to increase our customer engagement on sustainability. As in the UK, we have already implemented a standard green lease in France and over 200 have now been signed. We have also translated our Tenants Sustainability Guide into French.

Through the CNCC (the industry body for French shopping centres) we commenced discussions on an industry standard green lease with PROCOS (the industry body for tenants). This lease was finalised and agreed by both parties at the end of November, representing a major step forward in our ability to deliver sustainable retail solutions in France.

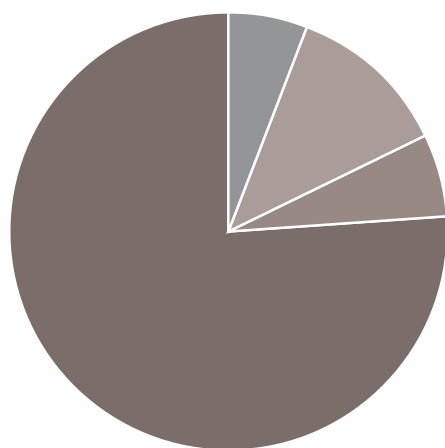
New measure

100% of customers engaged (surveys/ meetings/presentations) (2013).

Overview (continued)

KNOWLEDGE & REPORTING

Performance against targets



- 6% Not Applicable
- 12% Not Achieved
- 6% In Progress
- 76% Achieved

Human resources and training

In 2009 we reported on our new training and development commitments and we have completed eight out of nine initiatives.

In 2010 we:

- Issued a new flexible working policy.
- Ensured that a sustainability KPI has been inserted into all role profiles throughout the business.
- Completed a corporate learning, training and development plan to improve employee skills and performance.
- Completed our first talent management and succession planning review.
- Updated employee diversity training to align with Equality Act 2010.

Volunteering research

The CR team completed a research paper on volunteering and provided the CR Board with six recommendations. We determined that a volunteering programme could be delivered at a relatively modest cost by delivering skills-based learning and volunteering activities instead of traditional training courses.

As well as making savings, skills-based learning and volunteering can increase job satisfaction, motivation and commitment to the Company. The CR board has agreed to progress the six recommendations, including adoption of the new volunteering policy.

Corporate Responsibility training

Corporate responsibility training formed an important part of the training and development programme in 2010. We developed an in-house, one-day training session for groups of employees from the same business area.

The aim of the day was:

- To improve the knowledge of employees about sustainability in relation to their day jobs.
- To define best practice.
- To set key objectives for each group to move towards being best at sustainability in their own functions.

External presenters relevant to each area started the day with an overview of what sustainability meant to them. Presenters ranged from PwC, Trucost, and Lloyds Banking Group to Marks and Spencer, Skanska and Deloitte.

At the end of each session we agreed a set of objectives for each business department.

To date, the following departments have attended the training sessions:

- Facilities.
- Finance.
- Asset management.
- Project management.
- Development.
- IT.
- Corporate communications.
- Company secretariat.
- Marketing and sales.
- Leasing and commercialisation.

Environmental training

At our shopping centre assets we continue to roll out an environmental training course for employees in accordance with ISO14001. Over 113 people have completed the IEMA Approved Environmental Awareness course. In 2011 a further 150 people will complete the training course.

Overview (continued)

Green travel

We continue to reduce our emissions related to business travel and commuting. In the UK we launched a cycle to work scheme, encouraging people to switch modes of transport to work. In France we aim to use trains rather than air travel for long journeys, especially to our new development in Marseille. We are trialling desktop video conferencing to reduce the need for travel to Aberdeen and Paris.

Investor relations

We have continued our increased engagement with investors on sustainability in 2010 with additional one-to-one investor meetings both in the UK and overseas. This year we completed our first investor trip to North America, meeting with key shareholders. One of the key areas discussed was the link between value and sustainability, which led to an initiative focused on sustainable refurbishment of existing assets.

A meeting with Cadillac Fairview, who manage the Ontario Teachers Pension Plan shareholding, has already resulted in the successful transfer of ideas regarding occupier engagement and sustainable design. In the UK, we held our first investor meetings with Aviva and Standard Life.

New measures

- Complete full life cycle assessment for two assets (2011).
- Complete six research papers, including two with a partner (e.g. university, NGO, etc) (2012).
- All employee to complete CR training (2011).
- Engage with top-20 investors (2013).

Performance against targets 2010

We continued to perform well against the targets set.



Bursary
A community bursary contributed funds towards 29 charity and community organisations in 2010.

Performance against targets 2010 (continued)

CLIMATE CHANGE & ENERGY

-  Not applicable
  Achieved
  In progress
  Not achieved

Our progress

- 1.1 ROLLING TARGET FOR 2010: Reduce carbon emissions associated with landlord provided energy (for shared services) in the managed portfolio by 2010 against a 2006 baseline, by the following amounts:
- 19% for UK shopping centres.
- 1.1 ROLLING TARGET FOR 2010: Reduce carbon emissions associated with landlord provided energy (for shared services) in the managed portfolio by 2010 against a 2006 baseline, by the following amounts:
- 19% for UK offices.
- 1.3 Refine and agree the Hammerson Master Sustainable Implementation Plan to be used as a minimum standard for all projects.
- 1.4 Based on the 2009 investigation into adapting car parks to different uses, develop an approach for future developments and implement this on one development in the UK at design stage.

Our progress

- 1.6 Develop a strategy for meeting legislative requirements with regards to high energy efficiency standards for new developments and trial this strategy on one UK and French development (including the forthcoming Code for Non Domestic buildings and the Grenelle target of 50 kWh/m²).
- 1.8 Revise Hammerson's reporting boundaries and scope three emissions reporting in line with UK government guidance on greenhouse gas emissions reporting.
- 1.10 Obtain Display Energy Certificates for managed assets.
- 1.11 Obtain a Carbon Trust Certificate across the Hammerson portfolio.
- 1.12 Develop a strategy to manage and mitigate the impact of the CRC Energy Efficiency Scheme on Hammerson's operations.
- 1.13 Commence implementation of the Green IT Strategy developed in 2009.

Our progress

- 1.1 ROLLING TARGET FOR 2010: Reduce carbon emissions associated with landlord provided energy (for shared services) in the managed portfolio by 2010 against a 2006 baseline, by the following amounts:
- 11% for French shopping centres for 2010.
- 1.2 Measure the carbon footprint (including both energy and transport emissions) of our French head office.
- 1.3 Refine and agree the Hammerson Master Sustainable Implementation Plan to be used as a minimum standard for all projects.
- 1.5 Investigate and report on the impact of updating the 'Cahier Des Charges' (Project Scope Statement) to include sustainability and to anticipate future legislation.
- 1.6 Develop a strategy for meeting legislative requirements with regards to high energy efficiency standards for new developments and trial this strategy on one UK and French development (including the forthcoming Code for Non Domestic buildings and the Grenelle target of 50 kWh/m²).

Performance against targets 2010 (continued)

Our progress	Not applicable	Achieved	In progress	Not achieved
1.7 Identify appropriate energy efficiency plans for the refurbishment of all assets between 2012 and 2020 in line with the Grenelle laws.		FR		
1.9 Following the roll-out of the climate change adaptation questionnaires for property managers, develop appropriate action plans for all French managed assets.			FR	
RESOURCE USE				
	Not applicable	Achieved	In progress	Not achieved
2.2 Complete BREEAM training for development managers (UK only) and asset managers (France only).		UK		
2.3 Implement the Biodiversity Action Programme developed in 2009 at five managed assets.		UK		
2.4 Develop a biodiversity policy for Hammerson's operations and development activities.		UK		
2.5 Using the recommendations from the 2009 report on the feasibility of off site logistics, complete a case study review on one new development project.				UK
Our progress	Not applicable	Achieved	In progress	Not achieved
2.6 Complete the following water efficiency objectives:			UK	
<ul style="list-style-type: none"> Review existing assets based on 2009 water audits, develop a water action programme and commence implementation (UK). Complete water audits on all managed assets (France). Engage with tenants and develop a joint water education and management plan. 				
2.7 Implement ISO 14001 at one further shopping centre.				UK
2.10 Investigate natural ventilation options at two UK managed shopping centres and one French shopping centre.		UK		
2.11 Develop a metering strategy for water, gas and electricity across the managed portfolio.		UK		
2.12 Implement an accredited environmental training programme at UK shopping centres to complement their introduction of Environmental Management Systems.		UK		
2.2 Complete BREEAM training for development managers (UK only) and asset managers (France only).				FR
Our progress	Not applicable	Achieved	In progress	Not achieved
2.4 Develop a biodiversity policy for Hammerson's operations and development activities.		FR		
2.5 Using the recommendations from the 2009 report on the feasibility of off site logistics, complete a case study review on one new development project.				FR
2.6 Complete the following water efficiency objectives:				FR
<ul style="list-style-type: none"> Review existing assets based on 2009 water audits, develop a water action programme and commence implementation (UK). Complete water audits on all managed assets (France). Engage with tenants and develop a joint water education and management plan. 				
2.10 Investigate natural ventilation options at two UK managed shopping centres and one French shopping centre.		FR		
2.11 Develop a metering strategy for water, gas and electricity across the managed portfolio.		FR		

Performance against targets 2010 (continued)

Our progress		COMMUNITY REGENERATION		SUPPLY CHAIN	
		Not applicable	Achieved	Not applicable	Achieved
		In progress	Not achieved	In progress	Not achieved
2.1	ROLLING TARGET FOR 2013: Increase the proportion of waste diverted from landfill through recycling for the managed portfolio by 2013 to the following:				
	• 50% for France.				
2.1	ROLLING TARGET FOR 2013: Increase the proportion of waste diverted from landfill through recycling for the managed portfolio by 2013 to the following:				
	• 75% for UK shopping centres.				
2.1	ROLLING TARGET FOR 2013: Increase the proportion of waste diverted from landfill through recycling for the managed portfolio by 2013 to the following:				
	• 75% for UK offices.				
2.9	Reduce water consumption per worker in the UK managed office portfolio to CIBSE benchmark levels:				
	• By 2013: 'Typical' level of 9.3 m ³ /person/annum				
	• By 2015: 'Good practice' level of 6.4 m ³ /person/annum				
2.8	ROLLING TARGET FOR 2010: Reduce water consumption associated with landlord provided water (for shared services) by 10% in French shopping centres by 2015 against a 2009 baseline.				
3.1	Implement the 2008 guidance note for best practice community consultation and engagement in the managed portfolio.				
3.2	Investigate options to create temporary uses for vacant space for social and community enterprise.				
3.3	Organise a Hammerson environmental/social event and community day.				
3.4	Develop a community strategy for Hammerson.				
3.5	Investigate opportunities to work with educational institutions located near our existing assets and new developments.				
3.7	Develop a strategic sponsorship strategy.				
3.1	Implement the 2008 guidance note for best practice community consultation and engagement in the managed portfolio.				
3.3	Organise a Hammerson environmental/social event and community day.				
3.4	Develop a community strategy for Hammerson.				
3.6	Introduce the Community Investment Tool in France.				
4.1	Based on the revision of Hammerson's procurement procedures, identify ways to report publicly on the performance of Hammerson's key impact suppliers.				
4.3	Finalise the standard monitoring and reporting template for the measurement of energy, water, waste and timber, analyse the data collected on Hammerson construction sites and identify potential targets for future development contracts.				
4.1	Based on the revision of Hammerson's procurement procedures, identify ways to report publicly on the performance of Hammerson's key impact suppliers.				
4.2	For all waste contracts due to be renewed in 2010 in France, require Hammerson's contractors to provide information with regards to the destination of waste managed at all assets.				

Performance against targets 2010 (continued)

Our progress	   
4.3 Finalise the standard monitoring and reporting template for the measurement of energy, water, waste and timber, analyse the data collected on Hammerson construction sites and identify potential targets for future development contracts.	FR
4.4 Develop a sustainability engagement programme for Hammerson France managing agents.	FR
CUSTOMERS	
 Not applicable	 Achieved
 In progress	 Not achieved
Our progress	   
5.1 Develop a strategy and framework for organising community and environmental events at our managed assets based on previous years' experience.	UK
5.2 Sign green leases or Better Building Partnership MOU for 10 tenants' lease renewals.	UK
Our progress	   
5.3 Complete the following transport-related initiatives in France:	FR
<ul style="list-style-type: none"> Investigate how people travel to our centres. Research which opportunities and technologies could reduce our environmental impact. Review implications of these opportunities and technologies. 	
KNOWLEDGE & REPORTING	
 Not applicable	 Achieved
 In progress	 Not achieved
Our progress	   
6.1 Develop an education and training programme for employees to enable them to engage in mentoring and volunteering programmes.	UK
6.2 Develop an internal corporate responsibility communications strategy for employees.	UK
6.3 Develop a CR education and awareness programme for senior management including the Group Executive.	UK
6.4 Develop an internal awards programme to recognise achievements in sustainability.	UK
Our progress	   
6.5 Include a sustainability KPI in all UK staff role descriptions and in French leasing team objectives, linked to their remuneration package.	UK
6.6 Set up a committee to ensure appropriate representation and consultation of Hammerson's employees.	UK
6.7 Develop a new policy for flexible working linked to initiatives to address health and wellbeing.	UK
Our progress	   
6.8 Define a talent management and succession planning process and carry out a first review.	UK
6.9 Create a corporate learning, training and development plan to improve employee skills and performance.	UK
6.10 Review and align the existing charity partnering programme with the corporate community strategy and employee engagement programme.	UK
6.11 Hold an investor presentation to provide information on our CR approach and achievements.	UK
6.12 Carry out a materiality study.	UK
6.2 Develop an internal corporate responsibility communications strategy for employees.	FR

Performance against targets 2010 (continued)

Our progress



6.3	Develop a CR education and awareness programme for senior management including the Group Executive.	FR
6.4	Develop an internal awards programme to recognise achievements in sustainability.	FR
6.5	Include a sustainability KPI in all UK staff role descriptions and in French leasing team objectives, linked to their remuneration package.	FR
6.12	Carry out a materiality study.	FR

Connected Reporting Framework

Our Connected Reporting Framework guides our approach to sustainability.



Connected Reporting Framework (continued)

CLIMATE CHANGE & ENERGY

Objectives

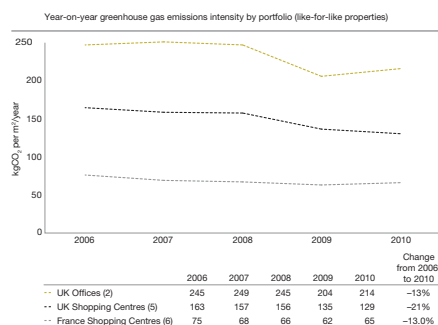
- 01** To reduce the carbon footprint of each of our properties
- 02** To adapt our buildings to minimise the impact of climate change

Action

Reduce energy consumption and greenhouse gas emissions on a like-for-like basis in our investment portfolio in line with our 2010 target. In order to do this, we:

- Continued to improve our metering and monitoring capability through the installation of automated half hourly meters.
- Completed the Carbon Trust Standard for our managed shopping centres in England and our offices portfolio.
- Continued the upgrade of car park lighting from T8 to T5 technology.
- Investigated natural ventilation at managed shopping centres.
- Completion of the registration of all properties into the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) as required by the UK Government.

Performance



	2006	2007	2008	2009	2010
GRI EN16: Total direct and indirect greenhouse gas emissions by weight (tCO ₂ e)	73,209	78,509	66,867	70,537	65,312

Energy financial indicators

	2008	2009	2010
Cost of energy			
UK	£7,555,502	£10,858,155	£8,201,995
France	Not recorded	£2,642,763	£2,473,324
Total	£7,555,502	£13,500,917	£10,675,318

Energy efficiency investment

UK	£854,879	£53,000	£697,104
France	£590,000	£487,000	£537,280
Total	£1,444,879	£540,000	£1,234,384

Estimated energy savings (like-for-like set of properties for each period)

	2008 against 2007	2009 against 2008	2010 against 2009
Cost of energy			
UK	£335,200	£979,452	£210,991
France	Not recorded	Not recorded	£84,385
Total	£335,200	£979,452	£295,376

Commentary

- Since our baseline year of 2006, we have reduced the carbon emissions (expressed in CO₂e) from landlord shared services by 21% for UK shopping centres excluding Highcross (and by 17% including this extended property), 13% for French shopping centres excluding Parinor (and by 11% including this extended property) and by 13% for the UK offices, when normalised by m² of floor area.
- 2010 emissions from the properties included in the carbon rolling target cover 31,231 tCO₂e, which represents 48% of our total 65,312 tCO₂e corporate emissions in 2010. Our carbon rolling target only applies to the like-for-like properties that have been in our portfolio since 2006. Due to major disposal, acquisition and redevelopment activities over the past five

years, the scope of emissions covered by our target, relative to our overall portfolio emissions, now represents 48% of our overall 2010 emissions.

- Our overall energy cost has decreased due to the disposal of Exchange Tower.
- 125 Old Broad Street and 60 Threadneedle have been excluded from the estimated savings indicator due to increased occupancy.

New measures

Reduce carbon emissions by 20% from 2010 (2015).

Connected Reporting Framework (continued)

RESOURCE USE

Objectives

- 01** To maximise the efficiency of our use of natural resources
- 02** To reduce waste and re-use where viable

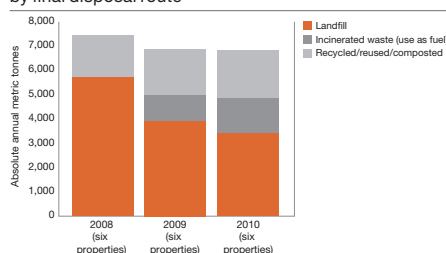
Action

- We completed water audits in the UK and France. In France this included an audit of tenant water consumption across the portfolio.
- We launched our first Biodiversity Policy and commenced the implementation of biodiversity action plans at our UK shopping centres.
- In France we started biodiversity audits at all five shopping centres.
- Waste audits commenced in France to establish recycling potential.
- Environmental co-ordinators employed at five UK managed assets.
- In 2010 we completed a sustainability implementation plan for France for our development projects.

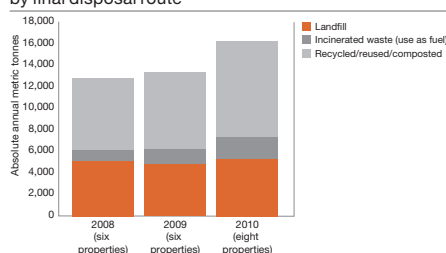
Performance

Waste

Shopping Centres (France) Annual waste production by final disposal route



Shopping Centres (UK) Annual waste production by final disposal route



Waste financial indicators

	2008	2009	2010
Cost of waste			
UK	£1,719,476	£1,473,306	£1,667,517
France	Not recorded	£641,261	£533,094
Total	£1,719,476	£2,114,567	£2,200,611

Investment in waste management improvements

	2008	2009	2010
UK		£6,000	£35,500
France		£9,126	£19,045
Total	£32,504	£15,126	£54,545

Estimated savings from landfill tax aversion

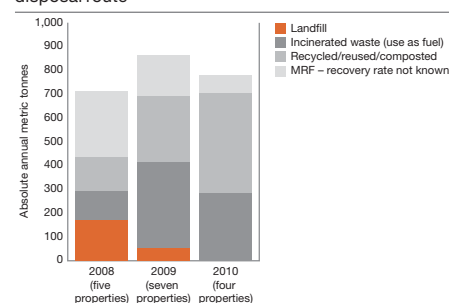
	2008	2009	2010
UK	£254,364	£369,634	£557,761

Income from sale of waste

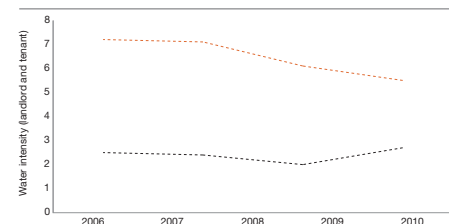
	2008	2009	2010
UK	£55,155	£44,489	£76,395
France	Not recorded	£14,218	£40,620
Total	£55,155	£58,708	£117,015

Water

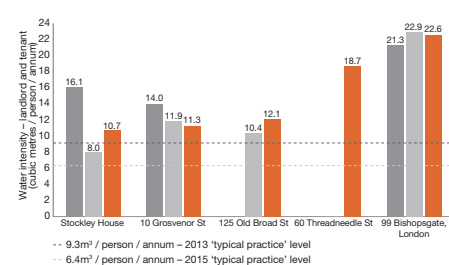
Offices (UK) Annual waste production by final disposal route



All properties in each respective year



	2007	2008	2009	2010
French Shopping Centres: total water consumption (litres per visit)	7.2	7.1	6.1	5.5
UK Shopping Centres: total water consumption (litres per visit)	2.5	2.4	2.0	2.7



	2008	2009	2010
Total water withdrawal consumed (cubic metres) (GRI EN 8)	942,444	803,600	911,515

Connected Reporting Framework (continued)

Water and other financial indicators

	2008	2009	2010
Cost of water			
UK	£552,646	£772,983	£1,001,905
France	Not recorded	£855,191	£858,554
Total	£552,646	£1,628,173	£1,860,459

Investment in water management improvements

UK	Not recorded	£13,000	£15,586
France	Not recorded	£1,126	£43,271
Total	Not recorded	£14,126	£58,857

Estimated water savings

UK	Not recorded	£33,172	-£38,390
France	Not recorded	£386,456	£123,339
Total	Not recorded	£419,628	£84,949

Other sustainability investments

UK	Not recorded	£11,000	£1,320
France	Not recorded	Not recorded	£45,026
Total	Not recorded	£11,000	£46,346

Commentary

Waste: in 2010, the proportion of waste recycled, re-used or composted (through onsite and offsite segregation) reached 55% for UK shopping centres, 29% for French shopping centres and 54% for UK offices. We have reset our long-term target for France from 50% to 75% recycling by 2013. This change is to align with the new French Government target of 75%.

Cost of waste overall increase

2009 – 2010

In absolute terms, waste generated has increased over time, including a considerable rise between 2009 and 2010. This is largely due to the inclusion of two new shopping centre assets in the reported data set.

Water: in 2010 we completed water audits in the UK and France, which have enabled us to set a long-term measure of a 12% reduction by 2015 based on a 2010 baseline, for all managed shopping centres in the UK and France. We have chosen a different approach to setting a reduction for UK offices due to the cyclical nature of our office portfolio. Therefore our measure remains to reduce consumption and ensure all assets meet good practice benchmark by 2013 and best practice by 2015.

Cost of water overall increase

2009 – 2010

Total consumption at UK office and shopping centre portfolio remained relatively unchanged between 2009 and 2010. Union Square and Silverburn were included in 2010, which explains the increase in total water consumption and associated cost between 2009 and 2010 in spite of the 12% reduction at the French shopping centres between 2009 and 2010.

Developments: Les Terrasses du Port development in Marseille scored 29 points under BREEAM when purchased last year. The team have reviewed and improved the design to an anticipated score of 73 to become a BREEAM Excellent project at the time of reporting.

New measures

- Reduce water consumption by 12% from 2010 (2015)
- Increase waste recycling to 75% (2013)
- Biodiversity Action Plans at all retail assets (2015).

Connected Reporting Framework (continued)

COMMUNITY REGENERATION

Objectives

- 01** To invest in local communities including skills training and job creation

Action

- Community investment tool has been expanded to include assets acquired in the year including Silverburn and Union Square.
- Community investment tool has been translated into French to be implemented in France in 2011.
- Community bursary projects set up in Highcross, Leicester and continued at Union Square, Aberdeen.
- National skills academy skills shops extended to Oracle, Brent Cross, WestQuay and Union Square.
- University partnerships continue with Southampton, De Montfort and Middlesex Universities.
- Supported the launch of The Rock, Bury by introducing an employment charter and jobs programme with Bury Council and Jobcentre Plus. Established a community bursary scheme distributing £20,000 to local charities and not for profit organisations.
- Provided 302,553m² of space within the retail and office portfolio for use by local community and charitable groups.

Performance

	2008	2009	2010
Number of organisations that benefited from Hammerson's contributions (UK)	Not recorded	235	202
Direct contributions (UK) (£) (e.g. cash, value of time and in-kind donations made directly by Hammerson)	1,186,497	753,611	631,816
Indirect contributions (UK) (£) e.g. charitable contributions raised by customers in Hammerson shopping centres	222,534	821,484	400,776

Commentary

- We completed a comprehensive review of the community strategy; this included extensive engagement with internal and external stakeholders in the UK and France. A series of recommendations will now be implemented.
- The community strategy review took place as the UK Coalition Government announced the introduction of Local Enterprise Partnerships and the Localism Bill. Changes are also expected to the French planning system.
- We have commenced discussions with councils in Leeds, Sheffield, Barnet and Redcar as part of the preparation relating to our development pipeline in towns and cities.
- We continue to use the London Benchmarking Group (LBG) model to measure and evaluate our community investment. We will start work with other LBG members to develop a toolkit to measure the value of community investment in 2011.
- Explanation for trend direct community investment.

- The decrease in overall in-kind donations between 2009 and 2010 is due to the fact that the shopping centres had less opportunity to provide in-kind space for community/charity group use in 2010 due to two factors:
 - Local Retail Marketing Teams utilised commercial space for marketing activities.
 - Non rental revenue linked to the use of previously available space increased.
- Explanation for trend indirect community investment.

The significant drop between 2009 and 2010 for charity collections and money raised from sales is due to the decision by Hammerson to use the 2.5% VAT rebate on car park charges as a donation to charity in 2009. This only applies for calendar year 2009 as the UK Government VAT rebate only applied for that year.

New measures

- Community plans for all developments and managed assets (2014).
- 75% of community activity to be long-term community investment (2014).

Connected Reporting Framework (continued)

SUPPLY CHAIN

Objectives

- 01** To engage with our suppliers to share best practice and to procure sustainable goods and services

Action

- We launched a sustainable supply chain questionnaire to main contractors, architects, consultants, lawyers, and IT contractors. We also increased our engagement with suppliers through the supply chain questionnaire, individual one to one meetings, teleconferences and presentations.
- In the UK the questionnaire formed part of the tender process and supplier selection for the Spiceal Street, Bishopsgate Goodyard and London Wall Place developments. At London Wall Place, we used reviewed embodied energy as part of the material selection criteria.
- In France we implemented a detailed supply chain questionnaire and have used this during tender process at Les Terrasses Du Port, Marseille and 54-60 rue Faubourg St-Honoré. The supply chain questionnaire will be fully implemented in France in 2011.
- All new development projects now complete a standard data collection form monthly during construction. This information will enable the CR Development team to benchmark usage patterns during different stages of construction for energy and water consumption, waste creation, materials use and transportation emissions.

Performance

	2008	2009	2010
Total number of suppliers	2,520	2,361	2,202
Number of suppliers that were engaged with on sustainability	187	155	183
Total cost of goods and materials (£million)	501.7	307.2	188.6
Value of contracts for suppliers we engaged with on sustainability in 2010 (£million)	236	166	230

Commentary

- We continue to engage with our suppliers in order to mitigate any risks associated with non sustainable practices as these could have reputational and financial impacts.
- Through increasingly stringent legislation and our continued engagement, we can see that suppliers are willing to improve their sustainability performance.
- The findings of the supply chain questionnaire will be presented by our CEO at a presentation to suppliers in 2011.
- Furthermore, in 2011 we intend to trial the implementation of the supply chain questionnaire at one shopping centre in the UK.

New measures

- 50% of suppliers by value to be engaged.

Connected Reporting Framework (continued)

CUSTOMERS

Objectives

01 To anticipate and meet our occupiers' long-term needs

02 To share best practice on sustainability issues

Action

Our approach to engaging with our customers on sustainability issues builds on the success of previous years and in 2010 included:

- Introduction of green leases across the portfolio, targeting the Better Building Partnership Memorandum of understanding for existing leases where possible – we now have over 200 green leases signed in France, building upon our UK success.
- Provide all new customers with a Tenants Sustainability Guide.
- Developing exemplar stores in partnership with customers.
- Creating nine Green Groups in our assets – in 2010, the Head of Sustainability attended several Green Group meetings and completed a road show to all assets providing details of the 2009 results.
- Working with tenants representation associations to understand how to comply with legislative requirements such as the Carbon Reduction Commitment Energy Efficiency Scheme and the Grenelle Law requirement to include an Environmental Annex into our leases.
- Holding a retailer event with over 50 retailers in attendance and our first retailer panel seminar during awareness week with presentations from H&M, ABF and Home Retail Group.

Performance

	2008	2009	2010
Total number of green leases in portfolio (cumulative)	370	698	787
Total number of occupiers	2,222	2,568	2,531
Green leases as a proportion of passing rent	£33.6m/ £328.3m =10%	£56.5m/ £259m =23%	£75m/ £315m =24%

Commentary

- The majority of our actions to date have focused on gradually sharing best practice with our customers, fostering knowledge-sharing and providing practical advice on how to minimise our environmental impact together. An example of this type of practical advice is the opening of the first RetailLab in partnership with DeMontfort University. Several customers have used the facility, with a tour planned for retailers in 2011.
- At the end of 2010, we now have a strong platform for taking advantage of sustainability opportunities together with our tenants and helping them both decrease their own operating costs and implement their own corporate sustainability policies. In 2011, one of the ways we will be doing this is through the inclusion of a sustainability section within the new customer account plan. This will provide each customer account representative with details of the sustainability contact and the Company's key sustainability targets, enabling mutual performance improvements.

New measure

100% of customers engaged by 2013.

Next steps

Understand how our new CR strategy builds on our previous framework.



Fairbridge charity event
£27,000 raised for the Zero 2 Hero project which helps young people to change their lives.

Next steps

This year is a year of change, one in which we have reviewed the CR strategy with our stakeholders. In the past our strategy hinged on five key themes, we have now moved towards five relationships. The feedback from the materiality study clearly shows we can lead the sector if we are proactive in engaging with our stakeholders, working with them to achieve more sustainable outcomes, and ultimately demonstrating the value of more sustainable property.

We feel this approach:

- Builds on existing work.
- Reflects our core business values.
- Allows us to focus on areas where we can really excel.
- Targets real change in collaboration with key stakeholders, rather than making incremental improvement to direct impacts.

The five themes will not be dropped but instead used to direct our measures and deliverables. We will retain a focus on climate change, energy and resource use which can be seen by the measures set for the business.

The tables that follow identify the steps we will be taking to deliver our new strategy.

Climate change & energy

Deliverable	Relationship
Define and implement BREEAM-related green clauses for all future developments.	Investors/ Employees/ Customers
Geography	UK/France
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Following the research study on low-energy buildings, apply the findings to a French development project.	Investors/ Employees/ Customers
Geography	France
Boundary	France: one development entered at the design stage in 2009
Workstream	CR Development

Deliverable	Relationship
If viable, implement one renewable energy photovoltaic array benefiting from UK Government Feed-in Tariffs.	Investors/ Employees/ Customers
Geography	UK
Boundary	One managed shopping centre/ one retail park
Workstream	CR Operations

Deliverable	Relationship
Develop an internal policy for employees to reduce their consumption of carbon.	Employees
Geography	France
Boundary	Head office in France
Workstream	Operations

Deliverable	Relationship
Carry out energy audits on all existing shopping centres, develop a mechanism to share best practice and create plans to reduce energy consumption.	Employees/ Investors
Geography	France
Boundary	Managed shopping centres and offices in France
Workstream	Operations

Deliverable	Relationship
In respect of the Hammerson green lease and in anticipation of Article L 125-9 Grenelle de l'environnement ensure all details of energy consumption are shared by customer and landlord.	Employees/ Customers
Geography	France
Boundary	Managed shopping centres and offices in France
Workstream	Operations

Next steps (continued)

Deliverable	Relationship
ROLLING TARGET FOR 2020: Reduce carbon emissions associated with landlord provided energy (for shared services) in the managed portfolio by 2012 against a 2010 baseline, by the following amount: - 1.5% for UK offices	Employees/ Investors/ Customers
Geography	UK
Boundary	UK offices
Workstream	Operations

Resource use

Deliverable	Relationship
Review Hammerson's design standard for developments to ensure it meets best practice.	Investors/ Employees/ Customers
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Investigate the differences between BREEAM 'Excellent' and 'Outstanding' to understand the challenges and opportunities are to achieving a higher rating.	Investors
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Implement sustainable implementation plans at all new developments (shopping centres, retail parks and offices) including guidance.	Suppliers
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Review of future requirements of sustainable store design to understand the impact on retail delivery.	Customers
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Extend the Hammerson Biodiversity Action Programme to two further shopping centres and two retail parks. Create a Biodiversity Action Plan at five French shopping centres based on the 2010 biodiversity audit.	Employees/ Customers/ Investors
Geography	UK/France
Boundary	2 managed shopping centres
Workstream	CR Operations

Deliverable	Relationship
Complete a meter audit for all shopping centres and develop a metering strategy.	Employees/ Investors
Geography	France
Boundary	Managed shopping centres in France
Workstream	Operations

Deliverable	Relationship
Identify local government Agenda 21 objectives in cities where Hammerson's existing centres are located and communicate the actions Hammerson is taking to contribute to the targets.	Community
Geography	France
Boundary	Managed shopping centres in France
Workstream	Operations

Community regeneration

Deliverable	Relationship
Develop relationships with local government and key stakeholders through engagement with Local Enterprise Partnership across the UK Retail managed portfolio.	Community
Geography	UK
Boundary	Retail managed Portfolio
Workstream	CR Corporate/ Operations

Deliverable	Relationship
Commence a two year research project to identify methods to measure, record and report the impact of Hammerson's community strategy in relation to the following areas of value: social, economic and financial (corporate and asset).	Community
Geography	UK/France
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Measure community investment in the French business in line with UK reporting processes.	Community
Geography	France
Boundary	Corporate
Workstream	Corporate

Deliverable	Relationship
Based on the 2010 Community Strategy Review, adapt the Community Regeneration Framework to the development pipeline and implement across two projects.	Community
Geography	UK/France
Boundary	Development
Workstream	CR Development

Next steps (continued)

Deliverable	Relationship
Review opportunities to engage with local communities, entrepreneurs and businesses to develop a temporary use strategy for the development pipeline.	Community
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Adapt the UK Community Regeneration Development Framework using the recommendations from the Community Strategy Review and implement at Les Terrasses du Port, Marseille development scheme.	Community
Geography	France
Boundary	Managed shopping centres in France
Workstream	CR Development

Deliverable	Relationship
Based on the 2010 community strategy review, update the 2008 guidance note for best practice community regeneration, develop an implementation plan for the revised community framework and implement at all managed assets in the UK and one in France. a) All managed properties within the UK portfolio to work with an identified local charity partner(s) for a three year period to maximise fundraising activities and achieve a 10% rolling increase (based on 2009 baseline) (UK only). b) Complete a feasibility study into Community Panels for ongoing community engagement/communication for UK shopping centres (UK only).	Community
Geography	UK/France
Boundary	Managed shopping centre portfolio
Workstream	CR Operations

Deliverable	Relationship
Develop community engagement opportunities linked to the implementation of the Biodiversity Action Plans in the UK Retail portfolio.	Community
Geography	UK
Boundary	Managed shopping centre portfolio/2 retail parks
Workstream	CR Operations

Deliverable	Relationship
Reduce water consumption per worker in the UK-managed office portfolio to CIBSE benchmark levels: by 2013 'typical' level of 9.3m ³ /person/annum by 2015 'Good Practice' level of 6.4m ³ /person/annum.	Employees/ Investors/ Customers
Geography	UK
Boundary	Managed office portfolio
Workstream	CR Operations

Supply chain

Deliverable	Relationship
Adapt the UK supply chain questionnaire to the French operation and send to 10 supplier groups in France.	Suppliers
Geography	France
Boundary	Development
Workstream	CR Development

Customers

Deliverable	Relationship
Carry out the following customer-related activities: • Develop and implement a green lease engagement and communication plan. • Partner two retailers to identify areas for collaboration and ways to overcome sustainability challenges. • Hold retail and office tenant sustainability events as part of our pre-let strategy.	Customers
Geography	UK
Boundary	Development
Workstream	CR Development

Deliverable	Relationship
Carry out the following customer activities: • Develop a Retailer Toolkit to enable better engagement with Hammerson's CR agenda. • Update and re-launch the Hammerson Sustainable Shop-fit Guide and integrate into retail delivery documentation.	Customers
Geography	UK
Boundary	One managed shopping centre
Workstream	CR Operations

Next steps (continued)

Knowledge & reporting

Deliverable	Relationship
Implement a CR education and awareness programme for senior management including the Group Executive committee.	Employees
Geography	UK/France
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Develop and implement an awards programme to recognise achievements in sustainability by suppliers and advisors.	Suppliers
Geography	UK
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Include a sustainability Key Performance Indicator in the role profiles of all UK staff. All members of the CR working group and senior management to have KPI related to CR targets linked to their remuneration package.	Employees
Geography	UK/France
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Develop and implement arrangements for informing and consulting employees.	Employees
Geography	UK
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Review the existing charity partnering programme and align with the corporate community strategy and employee engagement programme.	Employees
Geography	UK
Boundary	Corporate
Workstream	CR Corporate

Deliverable	Relationship
Establish an internal communication plan for the impact of the Grenelle de l'environnement.	Employees
Geography	UK/France
Boundary	Corporate
Workstream	Corporate

Case studies

We are committed to sharing knowledge & providing educational feedback through our case studies. Find out about how we are delivering sustainable value through property for our stakeholders across France and the UK.

Employee CR training



Supply chain engagement



Retail parks reduce waste



Waste separation initiative



Community bursary



Engaging tenants in France



Community days



Energy group initiative



Reducing water consumption



Local community projects



Youth engagement



Fashion feels good



Employee CR training



Towards the end of 2009 we completed a gap analysis of our employees' understanding of sustainability. It was clear that staff required further details on our sustainability strategy and how it related to their day-to-day role. Providing sustainability training has been a huge challenge for Hammerson over the years. We have run several Sustainability Awareness days and held staff presentations on the topic which have awareness of larger issues and how Hammerson as a business can respond. However, this has not identified how individuals with specific skills can support and deliver our business sustainability vision.

We selected two formats to address this issue:

1. CR Roadshow
2. CR training series.

CR Roadshow

To ensure all staff, including those at our assets, understand our CR strategy we developed a presentation based on the five key material themes, covering CR Strategy, our approach, results from 2009, plans for 2010 and how they can help individually. At each asset we provided the detailed performance of that asset inclusive of benchmarking against the portfolio and our peers.

CR training series

In the UK we ran a series of CR training days covering the different departments, with each session tailored to that department's role. The full day workshop was broken into three key sections: knowledge sharing; challenges and opportunities and objectives. In 2010 we trained 70 staff over five sessions, accounting for 41% of the head office. Training has been delivered to IT, finance, facilities, corporate communications, company secretary, marketing, leasing, retail asset management and project and development managers.

By inviting a group of individuals with the same background to learn about sustainability issues relating to them, then asking them to come up with sustainability ideas related to their day job, we have improved awareness and ownership of sustainability issues.

Supply chain engagement



Hammerson recognises the importance of a sustainable supply chain. Last year we formalised a new responsible procurement policy and developed a sustainability questionnaire for our suppliers and prospective suppliers. The questionnaire covers key CR topics such as environment, community, wellbeing and corporate governance.

Whilst we have engaged with our suppliers informally for a number of years on sustainability issues, in particular working with our construction contractors and architects to identify improvements to schemes or construction methods, this mainly dealt with design issues and not the corporate issues of our suppliers.

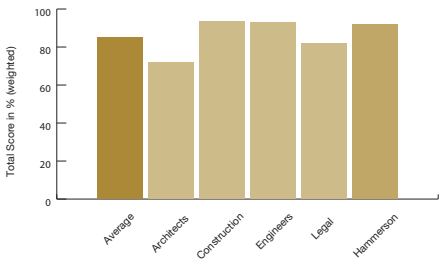
“Hammerson’s sustainability survey 2010 has instigated an in depth internal evaluation of the extent to which we are addressing our corporate responsibilities at KPF. It was reviewed by the Board in New York and we realised we needed to improve our approach. As a result, our Sustainability Focus Group authored a comprehensive ‘review and recommendations’ document for addressing this. The past six months has seen a great shift in the way in which we monitor and

document our sustainability performance in our business and on projects. Hammerson’s survey was evidently the catalyst we needed to pick up the current pace of our Corporate Responsibility journey.”
John Bushell, Managing Director, KPF Architects

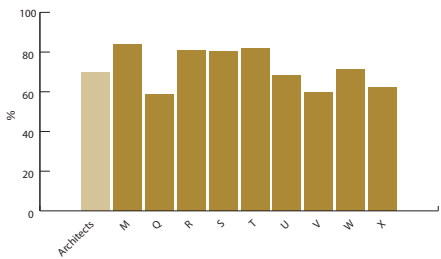
The new 43-question assessment highlights the extent to which corporate responsibility strategy is integrated into business practice throughout an organisation. It provides a benchmark for companies to evaluate their management practices and performance in a range of environmental and social impact areas. Suppliers receive a score according to their responses where 70% or above is rated in a bronze, silver or gold category. If the score is below 70%, we would expect the supplier to have shown year-on-year improvements in order to work with us. We are offering suppliers assistance to help them achieve this target.

As a whole, this exercise provides Hammerson with an understanding of how our suppliers perform in this area. We will use this information to work with our supply chain to improve their, and our, overall performance.

Hammerson Supply Chain Questionnaire sector score overview, compared to average



Architects: Companies Total Scored compared to sector average



Retail parks reduce waste



This year, we turned our attention to our retail parks portfolio, to try to encourage tenants to join a common waste recycling scheme, so improving performance and efficiency whilst reducing cost. At retail parks tenants generally procure individual waste contracts, so the landlord has little or no input. This resulted in minimal recycling and higher costs.

At the Orchard Centre, Didcot and Manor Walks, Cramlington, we have piloted a new approach, with the owner taking control of the waste management so creating efficiency and the ability to improve performance. This has resulted in efficiencies of scale, reduced tenants' direct costs and decreased the number of visits to site by the waste contractors so indirectly reducing carbon emissions. At each centre we have put in place a recycling policy and targets.

The outcomes are clear:

- Reduced direct cost to the tenant.
- Income generated by the scheme is credited back to the service charge.
- Increased recycling rates so reduced volume to landfill.
- Measured and managed waste.
- Reduced vehicle movements so reducing transportation carbon emissions.
- Orchard Centre – Previous contract cost £106,000 per annum. New contract now costs £62,000 per annum.
- Recycling rates:
 - Cardboard – 100 tonnes Manor Walks, 58 tonnes Orchard Centre.
 - Plastics – 1 tonne Manor Walks, 12 tonnes Orchard Centre.
 - Wood – 67 tonnes Orchard Centre.
 - Metal – 2 tonnes Orchard Centre.

Waste separation initiative



In 2008 the site management team at 99 Bishopsgate embraced the concept of waste separation disposing of their waste compactor and replacing it with 12 x 1100 litre wheeled bins to segregate items such as batteries, food waste and reusable items such as clothing and shoes.

In January 2010 it was recognised that whilst we were achieving fantastic results there was a need to go further and a concerted effort was made by working with all tenants to introduce greater segregation at source. At that time a waste management operative was employed from within the local community giving the opportunity for a long-term unemployed person to take up at first, part time employment. The role being to break out all general waste bags and remove any misplaced materials that could be recycled however the individual proved to be very conscientious and the results achieved staggering and consequently this resulted in the operative being employed full time.

The levels of cross contamination were much reduced and the value of recycled materials increased significantly. Total general waste going to incineration has now reduced (year on year) to 30% of total waste generated, with 70% being recycled.

Since 2006 we have received Gold awards for three consecutive years and a Platinum award for 2009 from the City of London. This year the Clean City Award scheme invited 99 Bishopsgate to submit for the Chairman's Cup.

Community bursary



Hammerson supports the local communities in which it operates through cash and in-kind donations, including community bursaries and staff volunteering activities. Highcross Leicester established a Community Bursary scheme to donate £60,000 to local charity and community organisations across the East Midlands. The money was raised through a Hammerson policy to donate the VAT reduction in car park tariffs (during 2009) into a local community fund.

More than 400 applications were made to the scheme, with successful organisations awarded a £1,000, £2,500 or £5,000 funding from the bursary. Entries were judged by a panel consisting of local stakeholders and

members of the Highcross management team. From sports projects to learning materials and from shelters to solar panel roofs, Highcross' community bursary contributed funds towards 29 of Leicestershire's Charitable and community organisations.

First Step, a Leicester based charity received a £5,000 bursary in March. This enabled the charity to raise its profile with a redesigned logo and new literature. First step is the only charity in Leicestershire that specifically helps male survivors of abuse. Since they introduced their new material they have been able to see up to 18 clients per week, a dramatic increase in the number of clients

they supported previously. REMAP a charity that makes custom equipment for disabled people, received £1,000. This represents a third of what the charity spends on making equipment each year. With the fund they were able to develop a number of specialist aids for their clients including a bespoke handrail for children with motor disorders to practise walking and a trolley to carry electrical equipment for a lady with an artificial heart.

Engaging tenants in France



Hammerson is committed to working with our tenants to improve their understanding of the environmental performance of our assets. Hammerson introduced a light green lease asking for our tenants to measure energy, water and waste, then collaborate with Hammerson to improve performance. Now we are providing a forum where tenants can learn about the actions Hammerson is taking, but importantly share solutions with each other.

The purpose of these green groups is to identify with tenants the simple solutions and sustainable behaviours to reduce their environmental impact. The second goal is to prove that this also has a financial benefit.

It is also a forum for companies to share their experiences and in particular plan for the forthcoming legislative changes. Three key requirements from the Grenelle are:

- Tenants are to provide landlords with energy consumption data by the end of 2011.
- Waste recycling must reach 75% by 2013.
- Green leases are required for spaces both new and existing over 2,000m².

In Espace Saint Quentin, the green group programme was presented to the Tenants Association General Meeting at the end of November. The meeting focused on the three points above and also transport, which

tenants identified as a key area for reducing carbon emissions from deliveries and consumers.

The green group will include a regular reporting format from both landlord and tenant regarding activities and recommendations. In this way, the green group will contribute strongly to a common and sustainable approach in the shopping centre. Hammerson is committed to implementing green groups at all assets in France during 2011.

Community days



In the UK the Hammerson community day has become part of our culture and is a valued aspect of our corporate responsibility strategy. It has provided a fantastic opportunity for our staff to work in the local communities, whilst providing an excellent platform to improve basic team relationships. It was therefore recommended that we investigate and implement a similar event in France.

In October 2010 the French staff took part in their first community day. 92% of employees took part in four community projects, linked to our shopping centres around Paris. All

projects involved environmental or social initiatives which would benefit the community. The four projects were:

- Cleaning the lake and lakeside near Les 3 Fontaines, Cergy.
- Cutting and clearing trees and shrubs in a natural protected site near Espace Saint Quentin liberté.
- Helping a charity called Emmaüs-Liberté to sort clothing, crockery, books and toys near Bercy 2.
- Working in a community garden near O'Parinor.

The day was a huge success. A questionnaire was issued to all participants, with a completion rate of 75%. Questionnaire results showed overwhelmingly that participants felt it was a useful activity and they wanted to hold a second community day the following year.

Energy group initiatives



At Queensgate, an Energy Group was formed to identify the reasons behind increased consumption of electricity.

The group met on a weekly basis to monitor and evaluate energy consumption and to address any issues identified. As a result:

- The Building Management System (BMS) has been interrogated to ensure time settings are correct and each lighting zone controlled by the BMS has been reviewed in an attempt to reduce the impact on energy.
- A manual override of any lighting now has to be authorised.

This has had a positive effect, as from mid-July 2010 the previous upwards trend in usage started to decline giving a relatively standard weekly baseline of 41,300kWh per week for the centre, compared with the end of June's average which was 46,200kWh per week approximately. The monthly expenditure year-on-year had increased by more than £1,000 each month between January and June.

The group has continued to meet on a weekly basis to evaluate energy consumption on an ongoing basis and react accordingly if there is any change in trend, or any increase without justification.

Reducing water consumption



Water is a very important natural resource but as yet not a key focus for legislation in either the UK or France. Both France and the UK are seeing a dramatic reduction in water resources and several parts of both countries now have regular drought warnings in dry summers.

Tenant water consumption represents around 80% of the total consumption in a typical shopping centre. In France we have water meters throughout the shopping centres providing a perfect opportunity for us to investigate the water consumption of different

tenant types and create a benchmark. This information can then be used to help engagement with high-consuming tenants in both France and the UK.

A water audit was completed in 2010 and the results show that 69% of consumption is by just 22% of the tenants. The main water consumers are restaurants, hairdressers, and water lost through air conditioning, this alone in 2010 cost €170,000.

Hammerson has now begun to engage with tenants to provide them with the results. We

will work with retailers to remove all water based air conditioning by 2014, so saving 23% of water consumption. In 2011 we will commence an education programme to improve awareness of those tenants who use most water. This usage pattern is not specific to France, but will be similar in the UK. We will use this information to communicate opportunities to UK tenants and engage heavy users. We will also use it to inform our metering strategy and future development design.

Local community projects



Hammerson recognises the impact of its business operations within its local communities, and has a strong track record of working in partnership with local authorities and community organisations to devise innovative community projects linked to these areas.

During 2010, as Hammerson continued work on its development pipeline in cities such as Sheffield and Leeds, opportunities to make use of empty properties and void space for community use were reviewed.

In Sheffield, Hammerson collaborated with the City Council, Creative Sheffield and The Source on 'The Sheffield Showcase'. The

project brings together creative talent, retailers and apprentices to bring to life void retail units located near Hammerson's New Retail Quarter development project.

Students from The Source worked with local artists and designers to develop their visual merchandising skills within a genuine retail environment. Window displays were changed on a monthly basis and the students worked with local artists to create 'film set' displays. The students also worked with Pinstone Street businesses to create new window displays and demonstrate their skills.

The project enlivened the city centre environment utilising local creative talent to attract visitors to the area.

Youth engagement



During 2010 Hammerson commissioned a comprehensive review of its community strategy with a view to setting a revised set of priorities and objectives for the business. To ensure the strategy was ‘future-proof’ a consultation session took place with young people from Hackney and Tower Hamlets, two boroughs where Hammerson has both existing assets and planned new developments.

The group was asked to describe what the word community meant to them and then split into three sub-groups to discuss:

- “Community spaces and young people” – focused on the Bishopsgate Goodsyrd development site and the Bishops Square
- “Young people as consumers” – the group discussed the types of places where they shopped and the impact of online shopping.
- “Young people’s role in the community” – the group discussed their experience of changes in their area, how they would like to be consulted and how they contribute to their community.

The findings of the session were fed into the broader community strategy review and the recommendations that Hammerson will be implementing, including the use of social media and an online consultation platform for Eastgate Quarter, Leeds. This led to increased representation of young people in the consultation exercise. Specific ideas for the Bishopsgate Goodsyrd development were also provided for the team to consider in relation to community uses around the development site.

Sustainability guide for France



Hammerson has recognised the need to work closely with our tenants to improve the environmental performance of our assets. The French Government is placing greater emphasis on setting targets for energy efficiency for landlords and tenants, and from next year Hammerson France will be required to implement green leases for both new and existing tenants.

Hammerson recognised that the gap of knowledge across the retail sector is vast and that we have a role to play in assisting retailers to understand sustainability and how they can work to improve their own performance. We also remind them that this opportunity will save them money directly or indirectly through the service charge. The goal is to engage tenants to enter in this process, through practical solutions.

Hammerson France launched a recommendations guide for all its shopping centre tenants in order to prepare them for the coming legislation and help them improve the management of energy, water and wastes in their shops. The guide provides simple recommendations and measures that, if followed, will improve performance. The benefit for tenants is clearly both environmental and economic: energy costs and waste taxes will clearly increase in the next few years and as such savings that can be made will bring real value. The guide has been sent to over 800 tenants across our portfolio and is used as part of our lease negotiations.

Fashion feels good



Hammerson recognises the key impacts of its business operations within the local communities in which we operate. Impact areas include: skills development for local people, community consultation, provision of art and culture and provision of community amenities. Hammerson has a strong track record working in partnership with local authorities and community organisations to devise innovative community projects linked to these impact areas.

In 2010, a team of Hammerson employees took part in Fairbridge's Zero 2 Hero project as part of our annual Community Day. Fairbridge works with young people aged 13–25 that other organisations find difficult to engage – giving them the motivation, self-confidence and skills they need to change their lives. The Zero 2 Hero challenge is unlike traditional volunteering, as it offers a chance to develop our employees through real life experiences. To be successful the team had to use skills from project management through to negotiation and influencing. The challenge provides a fantastic opportunity to build new skills, take on new roles and network with other local businesses whilst raising money for Fairbridge.

The team was given £500 from the charity and set the task of converting this into £5000 within four months. The team decided to hold a fashion show for all its key customers, suppliers and other contacts in the retail industry. With no experience in organising an event like this, they had really set themselves a tough challenge.

The aims of the Fairbridge Fashion Show Project were:

- To organise a fashion show that will raise £9,000 the cost of putting three young people through the Fairbridge scheme.
- To provide a fully funded fashion workshop for young people to give them experience of the industry.
- To enhance Fairbridge young people's creative designs skills and get their work displayed.

The event was held at the Millennium Hotel, Mayfair, which provided a champagne reception followed by a sit down dinner with entertainment such as a pop-up boutiques, the fashion show, games and music artists. Young people were able to design their own t-shirts which were later auctioned as part of

the fashion show. The project enlivened the charity utilising local creative talent to help enhance and develop their work experience for the future. We sold over 240 tickets for the event. It provided a fantastic environment for Hammerson employees to mix with our customers and suppliers.

Hammerson raised a total of £27,000, giving the opportunity to nine young people to take part in the Fairbridge scheme. We now intend to investigate innovative opportunities with our long-term charitable partners.

www.fairbridge.org.uk

Hammerson Performance Indicators Pack – 2010 CR Report

Hammerson Performance Indicators Pack – 2010 CR Report.....	1
Hammerson environmental and associated financial performance.....	2
1 Boundaries of reporting.....	4
2 Climate Change and Energy disclosure.....	7
3 Resource Use - Waste disclosure.....	21
4 Resource Use - Water	24
5 Resource use – other indicators	27
6 Financial indicators associated to environmental performance	29
Community Regeneration Performance Indicators	35
Knowledge and Reporting Employee Performance Indicators.....	38
Knowledge and Reporting Transparency and Reporting Performance Indicators	44
Supply Chain Performance Indicators.....	46
Customers Performance Indicators.....	48

Hammerson environmental and associated financial performance

Note on the Document

This document covers Hammerson's performance for the Climate Change and Energy and Resource Use impacts and any related financial performance disclosed within Hammerson's 2010 CR Report.

An excel spreadsheet is provided on the website with all tables from this document in order to enable analysts to undertake their own analysis.

Table of Contents

1	Boundaries of reporting	4
1.2	Organisational boundaries	4
1.3	Operational boundaries	6
2	Climate Change and Energy disclosure	7
2.2	Methodological notes	7
2.3	Data quality	9
2.4	Data coverage	10
2.5	Restatements of historical data	12
2.6	Performance	14
	Table 1: Rolling Target CO ₂ e like for like (2006-2010), UK shopping centres, French shopping centres and UK offices	14
	Table 2: Energy consumption by portfolio (MWh)	15
	Table 3a: GRI EN 16 Total direct and indirect greenhouse gas emissions by weight: tCO ₂ e	16
	Table 3b: GRI EN3 Direct energy consumption by primary energy source	16
	Table 3c: Refrigerant data	17
	Table 3d: Indirect energy consumption by final energy source	18
	Table 4: GRI EN5 Energy saved due to conservation and efficiency improvements	19
	Table 6: GRI EN 19 Emissions of ozone-depleting substances by weight	20
3	Resource Use - Waste disclosure	21
3.2	Methodological notes	21
3.3	Data quality	21
3.4	Data coverage	22
3.5	Restatements of historical data	22
3.6	Performance	23
	Table 7: GRI EN22 - Total quantity of waste by type and disposal method	23
4	Resource Use - Water	24
4.2	Methodological notes on water targets	24
4.3	Data quality	24
4.4	Data coverage	25
4.5	Restatements of historical data	25
4.6	Performance	26
	Table 8: GRI EN 8 – Total water withdrawal by source	26
	Table 9: GRI EN 10 – Percentage and total volume of water recycled and reused	26
5	Resource use – other indicators	27

GRI PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	27
GRI EN2 Percentage of materials used that are recycled input materials	27
GRI EN 23 Total number and volume of significant spills	28
GRI EN 28 Monetary value of significant fines and total number of non monetary sanctions for non compliance with environmental laws and regulations	28
6 Financial indicators associated to environmental performance	29
6.2 Energy, waste and water cost	29
6.3 Energy, waste and water estimated savings	32
6.4 Sustainability investment	33

1 Boundaries of reporting

1.2 Organisational boundaries

See the "Completeness" paragraph in "About this Report" section on our CR Report website for a full description of our approach to organisational boundaries, as used in this CR Report.

We report according to the operational control approach as defined by the Greenhouse Gas Protocol according to the following inclusion and exclusion criteria.

For each reporting year, we include assets:

- fully held during the reporting year;
- where we have 100% ownership;
- where we have more than 25% ownership either through co-ownership in France or joint ventures in the UK. One exception is St Quentin, where our percentage ownership dropped to 11% in late 2010. However, we have included this asset in all our indicators as we retain management control.

For each reporting year, we exclude assets:

- with Fully Repairing and Insuring leases as we have no management control over those assets and therefore little ability to influence sustainability performance other than through leasing arrangements;
- that we disposed of in the reporting year, properties that we do not directly manage in the UK, assets that were opened or acquired in the reporting year;
- in our development portfolio and properties that we intend to redevelop in the short term.

Here is the list of properties we included and excluded from our 2010 dataset based on these principles.

Assets included in 2010 Report				
Asset Name	Asset location	% Ownership	Co-owner(s)	Managed by whom?
Shopping centres UK				
Silverburn	Glasgow	50%	Canada Pension Plan Investment Board (CPPIB)	Hammerson
Union Square	Aberdeen	100%	n/a	Hammerson
Brent Cross	London	41%	Standard Life	Hammerson
Bullring	Birmingham	33%	The Future Fund, Henderson Global Investors	Hammerson
The Oracle	Reading	50%	ADIA	Hammerson
Queensgate	Peterborough	50%	Aviva Investors	Hammerson
Highcross	Leicester	60%	Royal Mail Pension Fund	Hammerson
WestQuay	Southampton	50%	GIC	Hammerson
Shopping centres: France				
Bercy 2	Charenton-le-Pont	56%	Carrefour - Darty	SCC
Espace Saint Quentin	Saint Quentin-en-Yvelines	17%	Allianz Carrefour-Darty-McDonald's-Redevco	SCC
Espace Saint Quentin Car Park		7%	Allianz Carrefour-Darty-	SCC

Assets included in 2010 Report				
Asset Name	Asset location	% Ownership	Co-owner(s)	Managed by whom?
			McDonald's-Redevco	
Italie 2	Paris 13ème	100%	n/a	SCC
Les 3 Fontaines	Cergy Pontoise	38%	Auchan-Darty-C&A-45 co-owners	SCC
Parinor Shopping Centre	Aulnay-Sous-Bois	35%	Carrefour-Redevco The National Pension Service of Korea	SCC
Place des Halles	Strasbourg	90%	Redevco-ASCH	SCC
Grand Maine	Angers	35%	Carrefour	Carrefour Property
Offices: UK				
10 Grosvenor Street	London	50%	Grosvenor	Hammerson
99 Bishopsgate	London	100%	n/a	Hammerson
60 Threadneedle Street	London	100%	n/a	Hammerson
125 Old Broad Street	London	50%	GE Real Estate and Bank of Ireland	Hammerson
Stockley House	London	100%	n/a	Hammerson
Retail parks: UK				
The Broadway	Didcot	100%	n/a	Workman
Abbey Retail Park	Belfast	100%	n/a	Workman
Battery Retail Park, Selly Oak	Birmingham	100%	n/a	Workman
Brent South Shopping Park	London	41%	Standard Life	Workman
Central Retail Park (Phase 1 & 2)	Falkirk	25%	TIAA-CREF	Workman
Cleveland Retail Park	Middlesborough	100%	n/a	Workman
Cyfarthfa Retail Park	Merthyr Tydfil	100%	n/a	Workman
Dallow Road	Luton	100%	n/a	Workman
Drakehouse Retail Park	Sheffield	100%	n/a	Workman
Westwood Retail Park (Formerly East Kent)	Thanet	100%	n/a	Workman
Fife Central Retail Park	Kirkcaldy	100%	n/a	Workman
Westmorland Retail Park	Cramlington, near Newcastle			Workman
Parc Tawe	Swansea	100%	n/a	Workman
Ravenhead Retail Park	St Helens	100%	n/a	Workman
St Oswalds Retail Park	Gloucester	100%	n/a	Workman
Westwood Gateway Retail Park	Thanet	100%	n/a	Workman
The Orchard Centre	Didcot	100%	n/a	Workman
Manor Walks Shopping Centre	Cramlington, nr Newcastle	100%	n/a	Workman
Retail parks: France				
Villebon 2	Villebon-Sur-Yvette	100%	n/a	SCC

Assets Excluded in 2010 Report				
Asset Name	Asset location	% Ownership	Co-owner(s)	Managed by whom?
Assets disposed in 2010				
Exchange Tower 1	Docklands, London E14	100%	n/a	Hammerson
Exchange Tower 2	Docklands, London E15	100%	n/a	Hammerson
Bishops Square	London	25%	Oman Investment Fund	Hammerson
Not managed by Hammerson				
Cabot Circus	Bristol	50%	Land Securities	Land Securities
Opened or acquired in 2010				
10 Gresham Street	London	30%	Canada Pension Plan Investment Board (CPPIB)	Hammerson
Wrekin Retail Park	Telford	100%	n/a	Hammerson
Leadenhall Court	London	100%	n/a	Tenant Managed
Full Repair and Insuring properties				
Puddle Dock	London	100%	n/a	Hammerson
In development pipeline/refurbishment				
54-60 Rue du Faubourg, Saint-Honore	Paris	100%		GERER

1.3 Operational boundaries

We report on scope 1 and 2 emissions for all the assets included above and our own operations (see indicator GRI EN 3, 4 and 16). We report on limited scope 3 emissions for all operations (see indicator GRI EN 17). We currently report all our emissions from landlord obtained energy under scope 1 and 2 including energy that is separately metered and recharged to our tenants (in our UK offices and at Italie 2 shopping centre).

However, we intend to review our approach to both organisational and operational boundaries in 2011 after the release of general and sector specific guidelines such as EPRA Best Practice Recommendations on sustainability reporting and the GRI Construction and Real Estate Sector Supplement, the new framework from the Climate Change Disclosure Standards Board and the potential introduction of mandatory greenhouse gas emissions reporting in the UK under the Climate Change Act 2008.

2 Climate Change and Energy disclosure

We have aligned our energy and greenhouse gas emissions disclosure with the following internationally recognised frameworks:

- Global Reporting Initiative,
- Carbon Disclosure Project,
- "A Corporate Accounting and Reporting Standard, Revised Edition" from the Greenhouse Gas Protocol,
- "Guidance on how to measure and report your greenhouse gas emissions" published in 2009 by the UK government (Defra),
- 2010 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting and
- Bilan Carbone, Version 6 from the French ADEME (French government advisory body for energy issues).

2.2 Methodological notes

Base year recalculation policy

We recalculate all our greenhouse gas emissions associated with energy consumption (electricity, natural gas, district heating and cooling) retrospectively to the baseline year (2006) using the most recent publicly available five year rolling average emission factors for France and the UK.

For the first time in 2010, Defra provided emission factors that covered direct GHG emissions (including carbon dioxide, methane and nitrous oxide emissions at UK power stations for electricity) and indirect GHG emissions including the emissions resulting from extraction and delivery of primary fuels to these power stations (i.e. from gas rigs, refineries and collieries, etc). There is no clear guidance from Defra about which specific factor to use but we have chosen to use the factor that reflects both direct and indirect GHG emissions as all Defra factors now systematically include indirect emissions in its tables. This has a significant impact on overall emissions stated in this report in tCO₂e as the emission factors are on average 10% higher than those used in the 2009 Report.

Additionally, the Defra guidance recommends using the annual factor for all energy sources but electricity. However, our approach enables a comparison of our performance over time and is aligned with the methodology we have been adopting to assess performance against our Rolling Target for reductions in CO₂e emissions.

Emissions factors

Emission factors used to convert our energy use (natural gas and electricity consumption) into CO₂e and their sources are included in the table 3b below.

For UK and French electricity consumption, we apply the most recent Defra five year rolling factor averages for total GHG emissions (scope 1, 2 and 3) retrospectively to all prior years shown in this report. In line with Defra and CDP guidelines, the procurement of renewable electricity is immaterial and therefore electricity Hammerson bought from renewable sources is treated as standard electricity from the grid.

For natural gas consumption, we have applied the UK and French emission factors for Gross Calorific Value as the kWh consumption that is quoted on our bills by our suppliers in France is expressed in Gross Calorific Value and this is the recommended approach in the UK according to the Defra 2010 guidance.

At Place des Halles, the co ownership association provides heating generated from natural gas and cooling generated from electricity to a number of co owners including the shopping centre. Hammerson France is charged on the basis of their consumption in kWh of electricity and natural gas and therefore the emission factors for electricity and natural gas are applied rather than for district thermal energies.

For district heating and cooling, we have applied the factors provided by our suppliers in the UK and published by the French government (Arrêté 15th September 2006 relative to the EPC rating for commercial buildings, modified by the arrêté from the 11th October 2010).

Methodological notes for indicators and target assessment

- Indirect energy consumption by final energy source:
 - We are not, this year, reporting on primary source energy as defined in GRI EN4 as Hammerson has no control over the primary energy source of the UK and French electricity grids and district thermal schemes and we do not have enough information on the primary energy sources of all our individual suppliers to accurately report against this indicator.
 - Total indirect energy consumption is thus for final consumption and shown in units of MWh and GJ
 - Natural gas and diesel consumption for the French assets managed by the co ownership associations are reported under indirect energy consumption as these are burnt within the organisational boundaries of the "co ownership associations".
- GRI EN 16 Total direct and indirect greenhouse gas emissions by weight: tCO₂e
 - GRI EN 16 is presented as overall emissions, by country and by portfolio as this is in line with the Carbon Disclosure Project's core indicators.
 - All emissions from French natural gas and diesel consumption for onsite building consumption were classified under scope 2 emissions as energy is not directly bought by Hammerson France but by the co ownership associations.
 - UK greenhouse gas emissions factors for diesel and fuel oil have been applied French asset consumption.
- Rolling Target CO₂e like for like (2006-2010), UK shopping centres, French shopping centres and UK offices:
 - The three targets apply to a like for like set of properties between 2006 and 2010.
 - Only energy bought by Hammerson for landlord shared services is within the scope of the target. Energy bought by Hammerson but recharged to the tenants on a sub metered basis is excluded from the scope of the target.
 - Refrigerants (UK and France) and diesel consumption for France are excluded from assessment against the target. Diesel consumption is not recorded on all assets in France and the quantities bought in a given year are often used for several years mainly to test onsite generators, resulting in inconsistent data over time.
 - The target is analysed in a normalised manner per m² of common parts area for shopping centres and lettable area for offices to account for any changes in floor area.
 - The target is assessed in CO₂e.

2.3 Data quality

UK shopping centres

For **electricity and natural gas consumption**, we generally have high confidence in the data due to the implementation of full Environmental Management Systems at 5 of the 7 assets and the role of Environmental Coordinators in place at the UK assets. The large majority of data is taken from manual or automatic readings, with Silverburn using estimations and invoices for electricity and estimates for the natural gas consumption at WestQuay in 2010, Bullring in 2010 and Highcross in 2009.

UK **diesel consumption** reported is based on amount consumed onsite every year.

Imported thermal energy consumption from district heating and cooling at WestQuay is taken from manual readings.

UK offices

All assets take **electricity data** from automatic or manual readings except for 60 Threadneedle Street that uses estimations or invoices for data collection.

All assets take manual readings for **gas consumption** with the exception of 99 Bishopsgate that uses automatic readings and 60 Threadneedle Street that uses estimations and data from invoices. 125 Old Broad Street reported problems with the gas meter during 2010 and, as a result, actual consumption is likely higher than the recorded figure and may need to be restated in 2011. 99 Bishopsgate estimated gas consumption for December 2010.

UK retail parks

We have low confidence in our retail park historical and 2010 **electricity consumption data**. For instance, our managing agents cannot explain some changes in consumption data year-on-year and have used estimates in the past, particularly in years prior to 2010 and data in historical years were stated from provisional budgets as opposed to actual consumption. However, smart meters were installed at some retail park properties during 2010, therefore, we expect measurements to improve. Manor Walks was the only asset to report gas consumption in 2010. The data was collected through manual readings.

French shopping centres

For **electricity consumption**, data quality has improved although major uncertainty remains around electricity consumption at Italie 2 (refer to restatement for further information). For electricity consumption, data is collected through automatic meter readings from the supplier (EDF) except for the areas controlled by the co ownership associations in Italie 2 and Place des Halles.

In these two assets, some areas are used by other entities in the co ownership structures not related to the shopping centre and are managed by our co ownership association. For instance, service yards are also used by other units which are part of the co ownership. In Place des Halles, we do not currently report on the service yard energy consumption due to lack of information.

Additionally, in Italie 2, three of the six levels of the car park are used and owned by the residential blocks which are part of the co ownership structure. There is no sub metering in place for the electricity consumption related to the three levels of the car park that is owned by Hammerson France and therefore this is apportioned on a nominal basis.

For **natural gas consumption**, all data comes from bills. December 2010 consumption was estimated at Place des Halles.

For the **imported thermal energy consumption from district heating**, data comes from bills. Italie 2 consumption (CPCU) was estimated in December 2010. The CPCU meters were replaced at the start of 2010 and it was found that consumption prior to 2010 was underestimated.

Data for **refrigerants** are based on losses identified when recharging air conditioning systems at each asset. In France, all types of refrigerant losses were recorded in 2010 whereas previously only R22 was reported.

Corporate

Emissions from the fuel consumed from business-related vehicular travel in the UK since 2006 covers transport from Hammerson's UK Headquarters obtained via an annual carbon footprinting survey. This data is not yet available for 2010 although we have recorded transport data (mileage) for 2010 for Hammerson Operations Ltd's car fleet.

Fuel consumed from business-related vehicular travel is only available for 2007 and 2009 in France as data is not collected consistently every year. There was a minor restatement to the emissions in 2007 due to the availability of more accurate data.

Emissions associated with visitor travel by car to our shopping centres are estimated based on the following:

- we used the breakdown of visitors journeys by transportation mode from the 2010 UK survey results and the annual footfall;
- for car journeys only, we assumed 2.4 heads per vehicle and an average of 11.91 mile per round trip – taken from the BCSC report 2008 'Contribution of Retail Sector to UK economy'.

2.4 Data coverage ¹

	Rolling Target portfolio energy intensity (Like for like 2006- 2010)	GRI EN5 (Like for like 2009- 2010)	All following indicators: kWh energy EN 3, EN4, EN 16, EN 19				
			2006	2007	2008	2009	2010
Offices UK							
1 Exchange Tower	n/a	n/a	Y	Y	Y	Y	Sold
10 Grosvenor Street	Y	Y	Y	Y	Y	Y	Y
125 Old Broad Street	n/a	N	n/a	n/a	n/a	Y	Y
2 Exchange Tower	n/a	n/a	Y	Y	Y	Y	Sold
60 Threadneedle Street	n/a	N	n/a	n/a	n/a	Y	Y
99 Bishopsgate, London	Y	Y	Y	Y	Y	Y	Y
Moor House, London	n/a	n/a	Y	Y	Sold	Sold	Sold
One London Wall,	n/a	n/a	Y	Y	Sold	Sold	Sold

¹ n/a means that the property was not owned by Hammerson for the full reporting year or that no reliable data was available for the year

	Rolling Target portfolio energy intensity (Like for like 2006- 2010)	GRI EN5 (Like for like 2009- 2010)	All following indicators: kWh energy EN 3, EN4, EN 16, EN 19				
London							
Stockley House	n/a	Y	n/a	n/a	Y	Y	Y
Offices France							
148 rue de l'Université	n/a	n/a	Y	Y	Y	Sold	Sold
Les Trois Quartiers, 21 boulevard de la Madeleine	n/a	n/a	Y	Y	Y	Sold	Sold
Own occupation FR Washington Plaza²	n/a	Y	n/a	Y	Y	Y	Y
Shopping centres UK							
Brent Cross, London	Y	Y	Y	Y	Y	Y	Y
Bullring, Birmingham	Y	Y	Y	Y	Y	Y	Y
Highcross, Leicester	Y	Y	Y	Y	Y	Y	Y
Queensgate, Peterborough	Y	Y	Y	Y	Y	Y	Y
Silverburn, Glasgow	n/a	n/a	n/a	n/a	n/a	n/a	Y
The Oracle, Reading	Y	Y	Y	Y	Y	Y	Y
Union Square, Aberdeen	n/a	n/a	n/a	n/a	n/a	n/a	Y
WestQuay	Y	Y	Y	Y	Y	Y	Y
Shopping centres France							
Bercy 2	Y	Y	Y	Y	Y	Y	Y
Espace Saint Quentin	Y	Y	Y	Y	Y	Y	Y
Grand Maine	Y	Y	Y	Y	Y	Y	Y
Italie 2	Y	Y	Y	Y	Y	Y	Y
Les 3 Fontaines	Y	Y	Y	Y	Y	Y	Y
Parinor Shopping Centre	Y	Y	Y	Y	Y	Y	Y
Place des Halles	Y	Y	Y	Y	Y	Y	Y
Retail parks UK							
Abbey Retail Park	Retail parks are not in the scope of the rolling targets	Y	n/a	n/a	Y	Y	Y
Battery Retail Park		Y	n/a	n/a	Y	Y	Y
Brent South Shopping Park		Y	n/a	n/a	Y	Y	Y
Central Retail Park (Phase 1 & 2)		Y	n/a	n/a	Y	Y	Y
Cleveland Retail Park		Y	n/a	n/a	Y	Y	Y
Cyfarthfa Retail Park		Y	n/a	n/a	Y	Y	Y
Dallow Road Retail Park		Y	n/a	n/a	Y	Y	Y
Drakehouse Retail Park		Y	n/a	n/a	n/a	Y	Y
Fife Central Retail Park		Y	n/a	n/a	Y	Y	Y
Manor Walks Shopping Centre		Y	n/a	n/a	Y	Y	Y
Parc Tawe Retail Park		Y	n/a	n/a	Y	Y	Y

² Not owned by Hammerson

	Rolling Target portfolio energy intensity (Like for like 2006- 2010)	GRI EN5 (Like for like 2009- 2010)	All following indicators: kWh energy EN 3, EN4, EN 16, EN 19				
Pincents Lane and Berkshire Retail Park, Theale, Reading		n/a	n/a	n/a	Y	Sold	Sold
Ravenhead Retail Park		Y	n/a	n/a	Y	Y	Y
Seacourt Retail Park, Oxford		n/a	n/a	n/a	Y	Sold	Sold
St Oswalds Retail Park		Y	n/a	n/a	Y	Y	Y
The Broadway		Y	n/a	n/a	Y	Y	Y
The Orchard Centre		Y	n/a	n/a	Y	Y	Y
Victoria Retail Park, Nottingham		n/a	n/a	n/a	Y	Sold	Sold
Westmorland Retail Park		Y	n/a	n/a	Y	Y	Y
Westwood Gateway Retail Park		Y	n/a	n/a	n/a	Y	Y
Westwood Retail Park		Y	n/a	n/a	n/a	Y	Y
<i>Retail park France</i>							
Villebon 2	Not in the scope of the rolling targets	Y	n/a	n/a	Y	Y	Y

2.5 Restatements of historical data

Reason for restatement	Name of property	Year of restatement	What was restated
Electricity consumption			
More accurate data available	Villebon 2, Parinor	2008	Total landlord-obtained consumption
	Dallow Road, Manor Walks, Cleveland Retail Park, Ravenhead Retail Park, Place des Halles, Grand Maine, The Orchard Centre, Bullring	2009	Total landlord-obtained consumption
Revised methodology for attributing Hammerson's share of consumption	Italie 2 ³	2006, 2007, 2008, 2009	Total landlord-obtained consumption

³ **Italie 2:** All data for 2006 to 2009 has been restated using improved measurement and methodologies for attributing the share of electricity consumption used by the co-ownership organisation (e.g. in the service yard) that benefits the Hammerson France shopping centre part of the whole complex. However, uncertainty remains as Hammerson does not have direct access to consumption data and the co-ownership organisation provides services to multiple parties including residential parts of the complex.

Reason for restatement	Name of property	Year of restatement	What was restated
Natural gas			
More accurate data available	Bullring, Queensgate, 125 Old Broad Street, Manor Walks, Place des Halles	2009	Total landlord-obtained consumption
Imported Thermal Energy			
More accurate data available	West Quay	2006	Total thermal heating consumption
	Les 3 Fontaines	2008	Total thermal heating consumption

2.6 Performance

Table 1: Rolling Target CO₂e like for like (2006-2010), UK shopping centres, French shopping centres and UK offices

Reductions in landlord-obtained energy for shared services (on a normalised basis per m ² of common parts) <i>including</i> Highcross and Parinor (that were extended and redeveloped in 2008 and 2009)					
	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06- 08	Percentage change 06- 09	Percentage change 06- 2010
UK shopping centres (6 properties)	162	135	-14%	-14%	-17%
French shopping centres (7 properties)	87	78	-20%	-20%	-11%

Reductions in landlord-obtained energy for shared services (on a normalised basis per m ² of common parts) <i>excluding</i> Highcross and Parinor (that were extended and redeveloped in 2008 and 2009)					
	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06- 08	Percentage change 06- 09	Percentage change 06- 2010
UK shopping centres (5 properties)	163	129	-4%	-17%	-21%
French shopping centres (6 properties)	75	65	-12%	-17%	-13%

Reductions in landlord-obtained energy for shared services (on a normalised basis per m ² of net lettable area) for the two offices in our rolling target (99 Bishopsgate, 10 Grosvenor)					
	kg CO ₂ e per m ² 2006	kg CO ₂ e per m ² 2010	Percentage change 06- 08	Percentage change 06- 09	Percentage change 06- 2010
UK Offices	245	214	0.1%	-17%	-13%

Table 2: Energy consumption by portfolio (MWh)

Utility type by MWh	2006		2007		2008		2009		2010	
	UK	FR	UK	FR	UK	FR	UK	FR	UK	FR
Shopping centre portfolio										
Electricity	39,717	35,791	38,171	32,154	38,105	30,247	38,341	30,003	43,234	26,510
Natural Gas	6,497	10,335	4,274	8,241	4,866	8,670	5,374	9,667	9,307	12,837
Imported heating or cooling	1,546	6,195	987	5,793	1,242	6,553	1,142	6,010	1,366	7,448
Diesel	118	0	47	0	31	0	45	175	36	161
Floor area coverage in m ²	161,456	81,123	161,456	81,123	178,519	87,981	178,519	87,981	207,894	87,981
Retail park portfolio										
Electricity	-	-	-	-	3,043	262	2,757	136	2,706	133
Natural Gas	-	-	-	-	4	0	135	0	153	0
Floor area ⁴ coverage in m ²	-	-	-	-	337,566	44,973	357,870	44,973	367,347	44,973
Office portfolio										
Electricity	57,258	4,227	69,780	4,024	49,155	3,996	55,600	-	40,430	-
Natural Gas	17,344	0	17,323	0	12,117	0	11,473	-	10,095	-
Diesel	27	0	22	0	0	0	100	-	2	-
Imported heating or cooling	0	3,926	0	3,987	0	3,636	0	-	0	-
Floor area coverage in m ²	128,306	34,543	128,603	34,543	87,851	34,543	138,042	-	91,987	-
<i>Disclosed portfolio (number of managed assets)</i>	12	10	12	10	28	10	31	8	31	8

⁴ Retail park floor areas shown are for lettable space

Table 3a: GRI EN 16 Total direct and indirect greenhouse gas emissions by weight: tCO₂e

By country and by scope	2006	2007	2008	2009	2010
Scope 1					
UK	5,038	4,410	3,621	3,897	4,410
France	Not recorded	152	89	313	316
Scope 2					
UK	60,155	66,829	56,001	59,933	53,580
France	8,016	7,118	7,156	6,394	7,006
Total	73,209	78,509	66,867	70,537	65,312

By Portfolio	2006	2007	2008	2009	2010
Shopping centres	33,267	30,838	31,010	31,389	35,841
Retail park	Not recorded	Not recorded	1,905	1,742	1,714
Office	39,793	47,491	33,681	36,670	27,000
Other	149	180	271	735	757
Total	73,209	78,509	66,867	70,537	65,312

Commentary on trend

See commentary under table 3b to explain changes over time and categorisation of emissions by scope.

Note overall emissions are restated for all years using the most up to date emission factors, published by Defra in 2010 which include direct and indirect emissions. As the new Defra factors now include indirect emissions as well as direct emissions, there are significant differences between the data that was published in the 2009 CR Report and data published this year. See section “base line year recalculation” policy for more details.

Table 3b: GRI EN3 Direct energy consumption by primary energy source

Utility consumption in MWh	2006	2007	2008	2009	2010	Emission factor	Source
Natural Gas	23,841	21,597	16,986	16,982	19,556	0.203 kg CO ₂ e per kWh	Defra 2010, Annex 1, Table 1c (gross CV basis)
Diesel premises	145	68	31	145	38	0.301 kg CO ₂ e per kWh	
Diesel vehicles	276	0	56	185	83	See footnote ⁵	
Petrol vehicles	304	935	136	1,060	16		
Direct energy consumption by primary energy source (GRI EN3) In MWh	24,566	22,601	17,210	18,373	19,692		
In GJ	88,439	81,362	61,954	66,141	70,891		

Commentary on trend

There are three changes to the data reported in the 2009 CR Report due to restatements:

⁵ Emissions from company owned vehicles (scope 1) is provided directly in CO₂e for France and converted into MWh. For the UK, data is partly provided in mileage and partly provided through the annual carbon footprinting study.

- A major restatement made to 2009 gas consumption at Bullring has resulted in an increase in overall gas consumption between 2008 and 2009 compared to a decrease reported last year.
- 2008 natural gas consumption at Stockley House is now disclosed
- Full 2009 carbon footprinting reports covering the UK and French transport data were received in 2010 and previously reported data was restated in line with these reports.

Following a significant drop between 2007 and 2008, direct energy consumption has shown an increase from 2008 to 2010. This is due mainly to a rise in natural gas consumption in the shopping centre and office portfolio:

- Highcross consumption doubled between 2009 and 2010, which is linked to the asset coming to fully operate under normal conditions in 2010 following the extension in 2008.
- 10 Gresham Street, Silverburn and Union Square consumption was reported for the first time in 2010.

Table 3c: Refrigerant data

The data reported under table 3b is used to calculate scope 1 emissions under GRI EN16 applying the emission factors indicated in the table. Emissions from refrigerants are part of scope 1 under GRI EN 16. Raw data is as follows:

kg of refrigerants	2006	2007	2008	2009	2010	Emission factor	Source
R22	Not recorded		110	59	17	1,810 kg CO ₂ e per kg	Defra 2010, Annex 5, Table 5a
R407C			0	139	155	1,526 kg CO ₂ e per kg	
R143A			0	21	0	3,800 kg CO ₂ e per kg	
R134A			0	0	344	1,300 kg CO ₂ e per kg	

Table 3d: Indirect energy consumption by final energy source

This data is used to calculate scope 2 emissions under GRI EN16.

Energy sources in MWh	2006	2007	2008	2009	2010	Emission factor	Source
Electricity	136,993	144,130	124,808	126,837	113,013	0.617 kg CO ₂ e per kWh	Defra 2010, Annex 3, Table 3c
Electricity Rue Washington	N/A	281	227	203	169	0.099 kg CO ₂ e per kWh	Defra 2010, Annex 10, table 10c
Natural Gas (French shopping centres)	10,335	8,241	8,670	9,667	12,837	0.214 kg CO ₂ e per kWh	ADEME (gross CV)
Diesel (French shopping centres)	Not recorded	Not recorded	Not recorded	175	161	0.301 kg CO ₂ e per kWh	Defra 2010 guidance, Annex 1, Table 1c (gross CV basis)
Heating and Cooling	11,667	10,767	11,431	7,152	8,814	All in kg CO ₂ e per kWh: UK Heating: 0.263 UK Cooling: 0.055 3 Fontaines: 0.245 Italie 2 : 0.195 Rue de l'Universite : 0.011	Supplied directly by providers in the UK and by French government legislation in France ⁶
Indirect energy consumption by final energy source							
<i>In MWh</i>	158,994	163,419	145,135	144,035	134,993		
<i>In GJ</i>	572,379	588,308	522,487	518,527	485,975		

Commentary

Indirect final energy consumption shows a decreasing trend since 2007, with a significant fall between 2009 and 2010.

- There was a significant rise in natural gas consumption at French shopping centres and in thermal heating and cooling consumption between 2009 and 2010 mainly due to colder climatic condition in November and December 2010 compared to 2009.
- Overall electricity consumption has continued to decrease in spite of the inclusion of more assets in 2010 and 60 Threadneedle operating under normal building conditions for the first time in 2010. This reflects Hammerson's overall achievements in reducing electricity consumption since the adoption of its rolling targets in 2006.

Table 4: GRI EN5 Energy saved due to conservation and efficiency improvements

Energy saved from 2009 to 2010 in gigajoules (GJ)	4,338
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Commentary

This indicator demonstrates the reduction in energy consumption from 2009 to 2010 due to efficiency improvements for a like-for-like set of properties (i.e. excluding assets sold or acquired in one of these two years and the 125 Old Broad Street and 60 Threadneedle whose occupancy rate increased significantly between these 2 years).

Whilst overall electricity consumption has continued to decrease between 2009 and 2010, the energy savings are much less considerable than the savings reported last year between 2008 and 2009. This is mainly due to the increase in gas and heating consumption at more than 10 assets related to colder winter conditions.

Table 5: GRI EN17 Other relevant indirect greenhouse gas emissions by weight: tCO₂e

Greenhouse gas emissions: tCO ₂ e	2006	2007	2008	2009	2010
Includes: business travel, commuting by our staff, deliveries and managed waste from our premises	276	384	143	407	Not available at time of going to print
Visitor journeys by car to our shopping centres (UK only)	63,971	66,205	65,585	69,034	82,478

Commentary

Greenhouse gas emissions including business travel, commuting and deliveries increased significantly between 2008 and 2009 (2010 data not yet available). This is due to the inclusion of French data in 2009 but not in 2008 and a rise in emissions from business flights in the UK between 2008 and 2009.

The estimated emissions associated with visitors' journeys to our shopping centres have been restated for all years to show the information for UK shopping centres only due a lack of consistent visitor journey information for French shopping centres. The rise in estimated emissions associated with visitors' journeys to UK shopping centres can be explained by the increased annual visitor numbers partially due to the opening of Silverburn and Union Square. Note that the calculations for these include some important assumptions (see Data Qualifying Notes).

Table 6: GRI EN 19 Emissions of ozone-depleting substances by weight

2008	2009	2010	2008	2009
110 kg of R22 refrigerant	59 kg of R22 refrigerant	17 kg of R22 refrigerant	110 kg of R22 refrigerant	59 kg of R22 refrigerant
<i>(0.00605 tonnes of CFC-11 equivalent)</i>	<i>(0.003245 tonnes of CFC-11 equivalent)</i>	<i>(0.000935 tonnes of CFC-11 equivalent)</i>	<i>(0.00605 tonnes of CFC-11 equivalent)</i>	<i>(0.003245 tonnes of CFC-11 equivalent)</i>

Commentary

In line with European legislation, Hammerson has stopped buying any R22 for its air conditioning chillers and is in the process of replacing the recycled R22 in the chillers where this refrigerant is still used. In 2010, Hammerson had losses in three other refrigerants (R407C, R134A and R143A). The ozone depletion potential of these is zero and therefore they are not covered by the Montreal Protocol.

3 Resource Use - Waste disclosure

3.2 Methodological notes

- See target assessment and results for our UK and French shopping centre portfolio and UK office portfolio under the Performance section – Resource Use of our online report.
- Stockley House has been included in the waste targets retrospectively for 2008 as waste data was received in 2010.
- The following have been excluded from waste indicators:
 - Retail parks as data quality is poor and overall tonnage is insignificant.
 - 60 Threadneedle Street is excluded from any 2010 waste outputs as measurement was in volume whereas it needs to be in weight.
 - Grand Maine, as there is no data for onsite segregation of cardboard (sent directly to recycling) for 2010 and therefore Grand Maine has been excluded from the French recycling rate target.
- Estimated savings from landfill aversion are calculated by applying the landfill tax (at £48 per tonne) to tonnage of waste that is not sent to landfill based on eventual disposal route. This means that the landfill aversion rate at Material Recycling Facilities (MRF) is taken into account. In cases where the MRF recovery rate is not known, it is not assumed that it is averted from landfill.

3.3 Data quality

UK portfolio – offices and shopping centres

- The reported tonnage of waste is based on actual weight provided by waste contractors or, where this is not possible, through estimates.
- There is a greater degree of certainty in the direct (from site) and indirect (provided from offsite recovery facilities) figures on final destination routes for shopping centre waste than for offices.
- Retail park waste is less significant in its quantity and has been excluded due to poor quality data.

French shopping centre portfolio

- The majority of assets using actual weights provided by waste contractors. Limited information on hazardous waste was available for France.
- The 2010 data includes estimates for December given that final weights for 2010 were outstanding.
- In 2010, we received confirmation that waste is sent for incineration with energy recovery at two of our assets.
- We will keep investigating the destination of our waste for all assets, in particular in relation to waste sent offsite to material recovery facilities (MRFs) for which information is lacking.

3.4 Data coverage

ROLLING TARGET: UK and French Shopping Centres, UK Offices			
	2008	2009	2010
<i>Offices: UK</i>			
1 Exchange Tower	Y	Y	Sold
10 Grosvenor Street	Y	Y	Y
125 Old Broad Street	n/a	Y	Y
2 Exchange Tower	Y	Y	Sold
60 Threadneedle Street	n/a	Y	n/a
99 Bishopsgate, London	n/a	Y	Y
Stockley House	Y	Y	Y
<i>Shopping centres: France</i>			
Bercy 2	Y	Y	Y
Espace Saint Quentin	Y	Y	Y
Grand Maine	n/a	n/a	n/a
Italie 2	Y	Y	Y
Les 3 Fontaines	Y	Y	Y
Parinor Shopping Centre	Y	Y	Y
Place des Halles	Y	Y	Y
<i>Shopping centres: UK</i>			
Brent Cross, London	Y	Y	Y
Bullring, Birmingham	Y	Y	Y
Highcross, Leicester	Y	Y	Y
Queensgate, Peterborough	Y	Y	Y
Silverburn, Glasgow	n/a	n/a	Y
The Oracle, Reading	Y	Y	Y
Union Square, Aberdeen	n/a	n/a	Y
WestQuay	Y	Y	Y

3.5 Restatements of historical data

Reason for restatement	Name of property	Year of data restatement	What was restated
Inclusion of data not provided in previous years	Stockley House	2008, 2009	Total quantity of waste

3.6 Performance

Table 7: GRI EN22 - Total quantity of waste by type and disposal method

The overall waste tonnage includes tonnage from waste sent to MRF where the disposal routes are known. The following disposal routes have not been used: Re-use, Incineration - not used as fuel, Deep well injection, On-site storage, Other.

Annual waste in tonnes	2008	2009	2010	% of 2010 total
Composting	6	141	9	0.04%
Recycling	8,603	9,118	11,230	47%
<i>Of which is hazardous</i>	<i>39</i>	<i>64</i>	<i>45</i>	
Waste sent to MRF - recovery rate unknown	276	169	74.1	0.3%
Incineration - used as fuel	1,094	2,834	3,787	16%
<i>Of which is hazardous</i>	<i>0.04</i>	<i>0.0</i>	<i>0.0</i>	
Landfill	10,977	8,768	8,835	37%
Total	20,955	21,030	23,936	

Commentary

In absolute terms, waste generated has increased over time, including a considerable rise between 2009 and 2010. This is largely due to the inclusion of two new shopping centre assets in the reported data set.

2010 overall waste sent to landfill decreased compared to 2009. Underlying this positive trend are an increase in both the absolute quantity and proportion of waste sent directly for recycling as well as an increase in the percentage of waste sent for incineration as fuel.

4 Resource Use - Water

4.2 Methodological notes on water targets

- UK offices: reduce water consumption per worker in the UK managed office portfolio to CIBSE benchmark levels by 2013: Typical level of 9.3 m³ / person / year and by 2015 Good practice level of 6.4 m³ / person / year

Progress against this target is assessed by assessing the proportion of assets which have reached the targeted benchmarks.

- Rolling target France: See Upstream Sustainability Services comments in the “progress against 2010 target” file.

4.3 Data quality

UK portfolio – office and shopping centres

- Collected through manual or automatic meter readings.
- Total water consumption for Highcross is estimated in 2010 due to incomplete year of readings.
- Retail parks are excluded due to poor data quality.

French shopping centre portfolio

- Collected on a quarterly basis by our contractors onsite based on meter reading.
- However, it should be noted that the volume of billed water consumption differs significantly from meter reading at several assets.

4.4 Data coverage

GRI EN8, GRI EN10			
	2008	2009	2010
Offices: UK			
1 Exchange Tower	Y	Y	Sold
10 Grosvenor Street	Y	Y	Y
125 Old Broad Street	n/a	Y	Y
2 Exchange Tower	Y	Y	Sold
60 Threadneedle Street	n/a	Y	Y
99 Bishopsgate, London	Y	Y	Y
Stockley House	n/a	Y	Y
Offices: France			
148 rue de l'Université	Y	Sold	Sold
Les Trois Quartiers, 21 boulevard de la Madeleine	Y	Sold	Sold
Shopping centres: France			
Bercy 2	Y	Y	Y
Espace Saint Quentin	Y	Y	Y
Grand Maine	Y	Y	Y
Italie 2	Y	Y	Y
Les 3 Fontaines	Y	Y	Y
Parinor Shopping Centre	Y	Y	Y
Place des Halles	Y	Y	Y
Shopping centres: UK			
Brent Cross, London	Y	Y	Y
Bullring, Birmingham	Y	Y	Y
Highcross, Leicester	Y	Y	Y
Queensgate, Peterborough	Y	Y	Y
Silverburn, Glasgow	n/a	n/a	Y
The Oracle, Reading	Y	Y	Y
Union Square, Aberdeen	n/a	n/a	Y
WestQuay	Y	Y	Y
Retail parks: FR (no UK RP included)			
Villebon 2	Y	Y	Y

4.5 Restatements of historical data

Reason for restatement	Name of property	Year of data restatement	What was restated
Inclusion of data missing in previous years	Italie 2	2009	Total landlord-obtained consumption
More accurate data available	Grand Maine	2008, 2009	Total landlord-obtained consumption

4.6 Performance

Table 8: GRI EN 8 – Total water withdrawal by source

Absolute water consumption (cubic metres)	2008	2009	2010
Ground water	80,624	66,144	73,024
Municipal water supplies or other water utilities	861,820	737,456	838,491
Total	942,444	803,600	911,515

No water consumed for the following sources: Surface water, including water from wetlands, rivers, lakes and oceans, Rainwater collected directly and stored by the reporting organisation, Waste water from another organisation.

Commentary

Following a decline between 2008 and 2009 driven by reductions in UK and French shopping centres, water consumption increased overall between 2009 and 2010. Total consumption at the UK offices remained relatively unchanged, as increased occupancy at two assets countered the effect of two asset disposals (see data coverage above), and minimal reductions were achieved at the remaining assets. In the UK shopping centre portfolio, the inclusion of two new assets in 2010 added to the fact that no significant reductions were achieved in 2010, resulting in a significant increase in total water consumption. French shopping centres achieved a reduction in water consumption between 2009 and 2010.

Table 9: GRI EN 10 – Percentage and total volume of water recycled and reused

Absolute water consumption (cubic metres)	2008	2009	2010
Water recycled and reused	0	0	0
As a % of total water consumed	0%	0%	0%

Commentary

Rainwater harvesting tanks were installed at 60 Threadneedle Street in 2009, however, we are unable to record and report on the amount of water collected. The tanks have no ability to pump or treat. In addition, some tanks cannot be accessed and have been drained to avoid stagnation. Overall, use of the tanks was minimal in 2010.

5 Resource use – other indicators

Resource Use				
Indicator	2008	2009	2010	Data qualifying note and commentary
Proportion of new developments undertaken on brownfield land	UK 100% France 50%	No new development	100%	
GRI PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Two BREEAM Excellent (Cabot Circus, 60 Threadneedle Street)	Westwood retail park, Thanet - BREEAM Excellent Union Square, Aberdeen - BREEAM Very Good Cleveland retail park, Middlesbrough - BREEAM Good No certification obtained at the Cap Malo and St Omer retail park developments in France	Italie 2 extension, Paris - HQE	
GRI EN2 Percentage of materials used that are recycled input materials	29-33% recycled content at Highcross and Cabot Circus	Not recorded	Not applicable - no significant construction activities	This is a very challenging indicator for us to record systematically on all developments. However, it remains an area of focus for us and we will endeavour to improve our reporting in future years.

Resource Use				
	2008	2009	2010	Data qualifying note and commentary
GRI EN 23 Total number and volume of significant spills	UK - 0 spills France - not recorded	125 Old Broad St - 1 incident of 5 litres of oil; Central Retail Park - 2 incidents of 50 litres due to vandalism; The Oracle - 2 overflow incidents whereby flooding in the service yard led overflow of foul water. The resulting effluent was contained and returned to the foul water system during clean up. France - not recorded	UK - Bullring: - 2 minor spills of 2 litres of oil - 2 major incidents of 16 metric tonnes of waste (including a high percentage of water) due to waste backing up from toilets. There was no environmental impact as all waste was contained inside one of the retailer storage areas. In both cases the waste was taken away in tankers. The Oracle - 2 major spills of 2 cubic metres of waste whereby floods in the service yard caused the foul drains to back up. This quantity of effluent was discharged before flow regulators kicked in stemming the flow. The situation was addressed by adding flow regulators to try and stop drains backing up in the service yard. As a result of the incident, the existing flood response procedure was improved to provide further information on channeling flood water away from drains to areas where it can be managed more appropriately. Silverburn - 2 minor spills of 2 litres of fuel France - 0 spills	
GRI EN 28 Monetary value of significant fines and total number of non monetary sanctions for non compliance with environmental laws and regulations	Not recorded	Nil	No fines or sanctions 1 occurrence of non compliance with environmental laws and regulations at Brent Cross raised by the UK Environmental Agency in relation to a river outfall contamination near Brent Cross. After investigation, it was found that the pollution was from another source. The positive outcome of this investigation was the opportunity to raise awareness with our retailers who received pollution prevention from the Environmental Agency.	

6 Financial indicators associated to environmental performance

In 2008, we were the first property company to use the Connected Reporting Framework (CRF) to disclose financial indicators related to our sustainability performance. Following the publication of a CRF property-specific example by Accounting for Sustainability in 2009, and the drafting of our Performance Indicator Manual, we revised the methodology used for the calculation of these indicators. Below are the details of our core calculations for our Climate Change and Energy and Resource Use financial indicators. In 2009 and 2010, the data has been reviewed by our CR advisors.

Key principles for the calculation of the financial indicators

- The same exchange rate as for our Annual Report and Accounts 1 Euro= 0.857 GBP
- All financial indicators exclude VAT
- Retail parks have been excluded from all financial indicators due to unreliable utilities and waste data

6.2 Energy, waste and water cost

Indicator	Definition	Data coverage	Data qualifying note and principles applied
Energy cost	Charges for building energy consumption (excluding transport), including standing charges and environmental taxes (e.g. climate change levy)	<ul style="list-style-type: none"> • All properties included in 2009 and 2010 (except for UK retail park data) • For all energy types with kWh consumption, we include corresponding energy cost • All Hammerson obtained energy (including sub metered tenant consumption) 	<i>Source of cost data use, in order of priority:</i> <ul style="list-style-type: none"> • Cost information from bills where available • Unit cost data from assets, then multiplied by consumption • Where neither of the above has been provided by the assets, the average unit cost in that year for that property type (preferably from the same country) is multiplied by the consumption
Water cost	Charges for both water and wastewater along with standing charges and any water/environmental taxes	<ul style="list-style-type: none"> • All UK and French managed properties included (except for UK retail park data) 	
Waste cost	Standing charges, landfill/environmental taxes (e.g. Landfill Tax in the UK), labour costs, and equipment rental	<ul style="list-style-type: none"> • Inclusion of all managed properties where data is available (except UK for retail park data) 	<ul style="list-style-type: none"> • Cost information provided by the assets
Climate change levy expenditure (UK only)	Amount of electricity and gas upon which Climate Change Levy is due and the appropriate Levy	<ul style="list-style-type: none"> • UK retail parks are not included as they are also excluded from the energy spend data 	<ul style="list-style-type: none"> • 0.47 pence per kWh for electricity and 0.164 pence per kWh for natural gas

Data Coverage

Energy, water and waste cost			
	2008	2009	2010
Offices: UK			
1 Exchange Tower	Y	Y	Sold
10 Grosvenor Street	Y	Y	Y
125 Old Broad Street	n/a	Y	Y
2 Exchange Tower	Y	Y	Sold
60 Threadneedle Street	n/a	Y	Y
99 Bishopsgate, London	Y	Y	Y
Stockley House	N	Y	Y
Offices France			
148 rue de l'Université	Y	Sold	Sold
Les Trois Quartiers, 21 boulevard de la Madeleine	Y	Sold	Sold
Own occupation: FR Washington Plaza⁷	Energy cost only	Energy cost only	Energy cost only
Shopping centres: UK			
Brent Cross, London	Y	Y	Y
Bullring, Birmingham	Y	Y	Y
Highcross, Leicester	Y	Y	Y
Queensgate, Peterborough	Y	Y	Y
Silverburn, Glasgow	n/a	n/a	Y
The Oracle, Reading	Y	Y	Y
Union Square, Aberdeen	n/a	n/a	Y
WestQuay	Y	Y	Y
Shopping centres: France			
Bercy 2	Y	Y	Y
Espace Saint Quentin	Y	Y	Y
Grand Maine	Y	Y	Y
Italie 2	Y	Y	Y
Les 3 Fontaines	Y	Y	Y
Parinor Shopping Centre	Y	Y	Y
Place des Halles	Y	Y	Y
Retail parks: France			
Villebon 2	Y	Y	Y

Data quality

In the French portfolio, cost data for the month of December for energy, waste and water is based on estimates for all assets. In the case of Italie 2, the lack of available cost data for 2010 means that an estimate has been calculated based on the average unit cost in previous years.

⁷ Not owned by Hammerson

Restatements

Reason for restatement	Name of property	Year of data restatement	What was restated
Inclusion of data missing in previous years	Bullring, WestQuay	2009	Total annual cost of electricity
Updated based on restated consumption	Bullring	2009	Total annual cost of gas

6.3 Energy, waste and water estimated savings

Indicator	Definition	Data coverage	Data quality and principles applied
Energy		<ul style="list-style-type: none"> For energy and water, inclusion of all like for like UK and French properties - consistent properties with data in both 2009 and 2010 (except for UK retail park data and excluding those that have been extended such as Highcross and Parinor) All Hammerson-obtained consumption (including tenant sub-metered consumption) 	<ul style="list-style-type: none"> Same principles as for energy and water cost
Water			
Estimated savings from landfill tax aversion (UK only)	Estimated savings from utilities and waste reflect our year-on-year changes and improvement in the management of our environmental impacts	<ul style="list-style-type: none"> Inclusion of all UK properties with data in both 2009 and 2010 	<ul style="list-style-type: none"> Waste averted from landfill is in line with Hammerson's UK waste target and therefore includes direct and indirect aversion. A cost of 48 GBP/tonne for the whole of 2010 was applied (to reflect the escalation in landfill tax rate the corresponding rate was used for prior years 40GBP/tonne in 2009, 32 GBP/tonne for 2008). We currently do not have sufficient information on the final destination of our waste in France to report on estimated savings from French landfill tax (TGAP) aversion
Income from sale of waste	Income or rebate through sale of waste		<ul style="list-style-type: none"> All data provided directly by the assets

Data coverage

Energy and water savings (2009-2010)		
	Energy	Water
Offices: UK		
10 Grosvenor Street	Y	Y
125 Old Broad Street	N	N
60 Threadneedle Street	N	N
99 Bishopsgate, London	Y	Y
Stockley House	Y	Y
Own occupation: FR Washington Plaza⁸	Y	N
Shopping centres: UK		
Brent Cross, London	Y	Y
Bullring, Birmingham	Y	Y
Highcross, Leicester	Y	Y
Queensgate, Peterborough	Y	Y
The Oracle, Reading	Y	Y
WestQuay	Y	Y
Shopping centres: France		
Bercy 2	Y	Y
Espace Saint Quentin	Y	Y
Grand Maine	Y	Y
Italie 2	Y	Y
Les 3 Fontaines	Y	Y
Parinor Shopping Centre	Y	Y
Place des Halles	Y	Y
Retail parks: France		
Villebon 2	Y	Y

Restatements

- Energy savings: the estimated energy savings prior to 2009 have not been restated, and are not directly comparable with 2009 and 2010, as they reflected estimations of savings based upon the payback of our energy efficiency investments in the UK.

6.4 Sustainability investment

Our sustainability investment covers energy efficiency investment, investment in our waste and water management and other Resource Use investment such as the cost associated with our biodiversity audits. All investment for all managed assets is included for each reporting year.

- All data is provided directly through the Sustainability Forum for Innovation in the UK and the asset specific sustainability business plans in France.
- Where investments are made jointly by Hammerson and its joint venture partners or co owners, Hammerson's share of the investment is reported

Indicator	Definition
Energy efficiency	<ul style="list-style-type: none"> • Examples of energy efficiency investments include the replacement of lighting systems, the upgrade of heating systems, any work related to the insulation of buildings

⁸ Not owned by Hammerson

Indicator	Definition
investments	
Investment in waste management improvements	<ul style="list-style-type: none"> Includes: low capital investment rechargeable through the service charge and capital investment. Examples: acquisition of composter and bidders, improvement of onsite facilities for the segregation of waste.
Investment in water management improvements	<ul style="list-style-type: none"> Examples of water management improvements can include fit out of water saving devices and change to the chilling systems under landlord control.

Community Regeneration

Performance Indicators

Data qualifying note on Hammerson's voluntary community investment data

2008 data is not directly comparable to the 2009 and 2010 data due to the way it was recorded.

UK data

In 2009, Hammerson introduced a new community data collection and reporting tool across its UK portfolio. Throughout 2009 and 2010 data has been systematically collected by all UK assets in accordance with this new reporting framework:

- Indirect contributions e.g. charitable donations raised indirectly by Hammerson through sales, customer fund-raising, etc.
- Direct contributions e.g. cash and value of time and in kind donations made directly by Hammerson. 2009 and 2010 donated space values are based on a standard cost per m2 per day (cost is calculated per m2 per day), rather than commercial value, which explains the significant difference between 2008 and 2009.

France data

In 2010, the community data collection and reporting tool was partially adapted and introduced across the French portfolio. However, no full year data is available for the French data for 2010. For this reason, 2009 and 2010 data do not include community contributions in France.

In 2010, the French shopping centres made a cash contribution to the value of £83,144 and the French Corporate budget for charity/community cash contribution was £20,721. This benefitted 33 organisations.

Voluntary Investment (Direct and Indirect)				
Indicator	2008	2009	2010	Commentary on trend
TOTAL VOLUNTARY INVESTMENT	£1,409,031	£1,575,095	£1,032,592	
DIRECT CONTRIBUTIONS - ALL PORTFOLIOS	£1,186,497	£753,611	£631,816	The decrease in overall in kind donations between 2009 and 2010 is due to the fact that the Shopping Centres had less opportunity to provide in kind space for community/charity group use in 2010 due to two factors: - local Retail Marketing Teams utilised commercial space for marketing activities - non rental revenue linked to the use of previously available space increased.
Cash contributions	£212,375	£359,508	£385,369	
Value of staff time	Not recorded	£78,887	£56,261	
In kind donations	£974,122	£315,217	£190,186	
<i>Total in kind - Retail parks and shopping centres</i>	Not recorded	£237,003	£175,646	
<i>Total in kind - Offices</i>	Not recorded	£76,864	£12,580	
<i>Total in kind - Corporate</i>	Not recorded	Not recorded	£500	
<i>Total in kind - Developments</i>	Not recorded	£1,350	£1,460	
INDIRECT CONTRIBUTIONS ("TOTAL LEVERAGE")	£222,534	£821,484	£400,776	
Retail portfolio (shopping centres and retail parks)	£200,414	£783,301	£371,546	
Charity collections and money raised from sales	£200,414	£717,005	£241,718	The significant drop between 2009 and 2010 for charity collections and money raised from sales is due to decision by Hammerson to use the 2.5% VAT rebate on car park charges as a donation to charity in 2009. This only applies for calendar year 2009 as the UK Government VAT rebate only applied for that year. The increase in "other leverage" is due to increased number of shopping centres reporting in 2010 (i.e. Silverburn and Union Square). Additionally, a contribution was made through Brent Cross marketing budget (through the service charge) to support the BCSC/BitC Talent

Indicator	2008	2009	2010	week.	Commentary on trend
Value of HOL and non Hammerson staff time dedicated to community activities	Not recorded	£31,255	£27,811		
Other leverage (e.g. other external partners, employees' contributions and service charge)	Not recorded	£35,040	£102,017		
Offices	£22,120	£26,522	£1,040		
Charity collections and money raised from sales	£22,120	£17,584	£129		The 2008 figure includes charity collection for retail parks, offices and head office. The decrease in charity collections for the office portfolio from 2009 to 2010 is due to only one office - Bishops Square - reporting data in 2010 as a number of offices were sold by Hammerson in 2010.
Value of non Hammerson staff time for community activities	Not recorded	£7,580	£611		
Other leverage (e.g. other external partners, employees' contributions and service charge)	Not recorded	£1,358	£300		
Corporate	£0	£9,661	£28,190		
Charity collections and money raised from sales	Not recorded	£8,649	£28,190		The increase in the corporate figure relates to the Fashion Charity event organised by Hammerson for Fairbridge, which raised circa £27k.
Other leverage (e.g. other external partners, employees' contributions and service charge)	Not recorded	£1,012	£0		
Development	£0	£2,000	£0		
Charity collections and money raised from sales	Not recorded	£0	£0		
Value of non Hammerson staff time for community activities	Not recorded	£0	£0		
Other leverage (e.g. other external partners, employees' contributions and service charge)	Not recorded	£2,000	£0		

Mandatory Investment - Developments

Indicator	2008	2009	2010	Commentary on trend
Community investment through planning agreements	£298,256	£1,823,318	£160,303	The amount of SO6 and S75 investment was smaller in 2010 due to smaller development activities. The 2009 investment relates mostly to the Union Square development.

Other Indicators

Indicator	2008	2009	2010	Commentary on trend
Number of organisations that benefited from Hammerson direct and indirect contributions	Not recorded	235	202	
Full time equivalents on direct CR activities	4	4	6.8	This includes 4 FTEs in the UK as part of the CR team, 2.1 FTEs (Environmental Coordinators) in place at 5 of the UK managed shopping centres and 0.7 FTEs in France.
Proportion of volunteering day entitlements taken up by employees	0%	0%	0%	In the UK, a volunteering programme including strategic recommendations for our business was set up and approved by the CR Board in 2010 and will be implemented from 2011. See comments in our target assessment for target number 6.1, "Knowledge and Reporting".
Jobs created from developments	6000 at Bristol and Leicester	1,200	Not applicable	Limited development activities in 2010 in France and in the UK
% Previously unemployed	72% at Highcross, Leicester	56% at Union Square,	Not applicable	Not applicable

Knowledge and Reporting

Employee Performance Indicators

Overall qualifying note

- In 2009 Hammerson developed a Performance Indicator Manual to improve the consistency of the data and calculations used to monitor sustainability performance. This has led to significant improvements in the reliability of data reported in 2009 and 2010, in particular for Human Resource indicators. 2008 data are therefore not directly comparable to 2009.
- We have specified in the indicator wording whether the indicators apply to permanent employees or total direct employees including temporary employees.
- Data presented includes Hammerson Plc, Hammerson Operations Ltd and Hammerson France.

	2008	2009	2010	Commentary and Data Qualifying Notes
Workforce characteristics				
GRI LA 1 Total workforce by employment type, contract and region				
Total workforce				
Total number of direct employees	253	334	354	Supervised workers include non Hammerson employees that are being closely supervised by Hammerson either at its headquarters (e.g. cleaning staff, reception staff) and onsite at its shopping centres (employees in charge of safety and security). This does not include third parties such as managing agents and subcontractors who perform services for us in a largely independent capacity.
Total number of supervised workers	Not recorded	250	255	
By region - direct employees only				
UK	156	242	256	Prior to 2009 Hammerson Operations Ltd, was a separate operating company which managed Hammerson's UK shopping centres. In 2009 it was incorporated into Hammerson Ltd which explains the increase in number of UK employees between 08 and 09.
France	97	92	98	
By employment contract - direct employees only				
%Permanent contract	98%	96%	95%	
%Fixed term or temporary contract	2%	4%	5%	

	2008		2009		2010		Commentary and Data Qualifying Notes
By employment type - direct employees only							
% Full time	95%		93%		91%		
% Part time	6%		7%		9%		
Breakdown of employees by age group in percentage (%)							
Less than 21	0%		0%		0%		
21-25	3%		8%		7%		
26-34	39%		40%		32%		
35-44	37%		33%		38%		
45-54	17%		16%		19%		
55-64	3%		2%		4%		
65+	1%		0%		0%		
Equality & Diversity							
GRI LA2 Total number and rate of employee turnover by age group, gender and region (for permanent employees)	14%	(35)	15%	(51)	9%	(30)	
Employees by age group							The 2010 indicator is calculated based on permanent employees at year end and excludes temporary workers as employees leaving the company due to termination of their contracts should not be accounted for in the overall turnover rate according to the GRI methodology. In 2008 and 2009, the indicator was calculated based on permanent and non permanent employees for 2008 and 2009.
Less than 21	0% ⁹	(0)	0%	(0)	0%	(0)	
21-25	1%	(1)	1%	(5)	1%	(2)	
26-34	4%	(4)	6%	(19)	5%	(17)	
35-44	3%	(3)	3%	(11)	2%	(6)	
45-54	2%	(2)	3%	(10)	1%	(5)	
55-64	1%	(1)	1%	(5)	0%	()	
65+	0%	()	0%	(1)	0%	()	
Employees by gender							Note that 2008 data broken down by age group refers only to Hammerson France.
Male	9%	(23)	7%	(25)	3%	(11)	
Female	5%	(12)	8%	(26)	6%	(19)	
Employees by region							

⁹ Turnover by age group was only calculated in France in 2008.

	2008		2009		2010		Commentary and Data Qualifying Notes
France	4%	(11)	5%	(17)	2%	(8)	
UK	10%	(24)	10%	(34)	7%	(22)	
Women in the workforce							
% Female Employees	48%		53%		52%		Since 2009, senior management has been defined as Members of the General Executive Committee and their direct reports (UK) and Members of the Comite de Direction (France).
% Females in Senior Management	12% UK 22% France		11%		9%		
% Females on the Board of Directors	0%		0%		0%		
% Females working full time	89%		88%		84%		
% Females working part time	11%		12%		16%		
Flexible working							
% Flexible working requests accepted	Not recorded		80%		100%		In 2010, there were 3 requests for flexible working in the UK which were all accepted.
% Employees working flexible hours due to parental and carer responsibility	4%		5%		6%		
Minorities and Discrimination							
GRI HR4 Total number of incidents of discrimination and actions taken	Not recorded		0		0		Diversity and equality training forms part of the general induction for all new Hammerson UK employees and is provided by an external trainer. No such training is provided in France and some employees have not yet taken the training in Hammerson's Operations Ltd.
% Permanent employees who received diversity training	56%		51%		54%		

	2008	2009	2010	Commentary and Data Qualifying Notes
% Employees who answered the "Great Place to Work" survey who are from a racial or ethnic minority (UK Only)	Not recorded	19%	13%	25 employees stated that they belong to 'a racial or ethnic minority' in the 2010 Great Place to Work Survey, representing 13% of the total number of UK respondents for that question. This question was not asked in the French employee survey in line with French legislation.
Employee satisfaction and career development				
Total payroll and benefits	£29.7m	£29.8m	£37.4m	
GRI LA12 % permanent employees receiving regular performance and career development reviews	100%	100%	100%	
% Volunteering day entitlements taken up by employees	0%	0%	0%	Until 2010, we did not have a Volunteering Policy in place. We adopted a new volunteering programme in 2010 which will be rolled out from 2011. See Knowledge and Reporting section of our Report for further details.
Satisfaction with Hammerson				
% Total employees responding to employee survey	57%	83%	85%	2008 data refers to Hammerson France employees only. Since 2010, Hammerson has taken part in the external and anonymous "Great Place to Work" survey and has committed to participating in this survey on an annual basis. In 2010, this survey was sent to 328 staff in France and the UK.
% Employees who indicated a positive level of satisfaction at Hammerson	73%	64%	68%	2008 figure relates to a different survey in which only Hammerson plc employees participated. The 2009 and 2010 indicators reflect the percentage of all Hammerson employees including from Hammerson Operations and France who stated that "Taking everything into account, I would say this is a great place to work" in the "Great Place to Work" survey
% Employees who responded positively to "This workplace is working to reduce its environmental impact"	Not recorded	95%	95%	This percentage for this question does not include staff based in France because the same or an equivalent question was not included in the French version of the employee survey.

	2008		2009		2010		Commentary and Data Qualifying Notes
% Employees who responded positively to “The organisation manages its impact upon society responsibly”	Not recorded		92%		85%		The percentage refers to both UK and French surveys.
Employee training				Unit		Unit	
Total expenditure on employee training and total hours of training per year	£269,416	Not recorded	£338,393	(6110)	£302,642	(4039)	
GRI LA 10 Average expenditure and hours of training by employee category per year:							
Senior management	Not recorded		£3,025	(27)	£3,108	(12)	Throughout 2010 significant investment was also made, both in terms of time and money, in building the infrastructure for an internal learning and development framework and in developing a virtual learning resource in partnership with the Ashridge Business School.
Support and administrative staff	Not recorded		£512	(12)	£377	(12)	
Other employees	Not recorded		£932	(21)	£752	(11)	
Employee health and safety							
% Employees given health and safety training	UK - 100%		73%		71%		
GRI LA7 Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region							The figures below only relate to Hammerson's direct employees and exclude supervised workers unless otherwise stated.
Injury rate - UK (excl supervised workers)	Not recorded		3.4		0.9		This rate includes minor injuries and is calculated by number of injuries /total annual worked hours for direct employees*200 000, which represents 50 working weeks at 40 hours per 100 employees.
Injury rate - France (excl supervised workers)	0		1.4		4.2		
Occupational disease rate - UK	Not recorded		Not recorded		0		26 injuries to supervised workers were recorded during 2010
Occupational disease rate - France	Not recorded		Not recorded		0		
Lost day rate - UK	Not recorded		Not recorded		0		

	2008	2009	2010	Commentary and Data Qualifying Notes
Lost day rate - France	0	0	0.6	
Absentee rate - UK	Not recorded	1.9%	1.1%	This rate is calculated as the number absentee days/total annual worked days.
Absentee rate - France	1.6%	1.3%	1.5%	
Number of fatalities - UK (incl supervised workers)	0	0	0	
Number of fatalities - France (incl supervised workers)	0	0	0	

Knowledge and Reporting

Transparency and Reporting Performance Indicators

Indicators	2008	2009	2010	Data Qualification Note
Transparency and reporting				
Number of SRI investors with whom individual and collective meetings have been held in calendar year	18	21	17	There were 24 people, representing 17 organisations, who attended the Investor Roadshows held during 2010.
Individual meetings and/or group presentations with investors representing % of issued share capital	54%	59%	60%	
GRI EC1 Direct economic value generated and distributed				
	Figures in £m			In 2008, we reported for the first time on this indicator and stated we would revise our methodology upon the release of the GRI Construction and Real Estate Sector Supplement in mid 2011.
Direct Economic Value Generated	649.3	803.3	945.4	
Revenue				However, in the current consultation document, it is unclear whether GRI CRESS will address the methodology behind this indicator in sufficient detail for publically listed companies with both development and investment activities.
Gross rental income	344.2	351.5	332	
Service charge income	59.8	57.6	59.9	
Proceeds from disposals	245.3	394.2	553.5	
SUBTOTAL	649.3	803.3	945.4	
Direct Economic Value Distributed	958.4	563.9	429.9	
Operating costs				
Land and buildings additions (excluding acquisitions)	403.7	197.1	73.3	
Other property outgoings	32.2	40.8	39.5	
Service charge expenses	65.8	69.3	67.7	
Administration costs (net of staff costs)	12.9	9.6	8.1	
SUBTOTAL	514.6	316.8	188.6	After the guidance is published in 2011, we will reconsider whether this indicator is meaningful for Hammerson, particularly as we will commence research to identify methods to measure, record and report the impact of Hammerson's community strategy in relation to the following areas of value: social; economic; financial (corporate and asset).
Employee wages and benefits				
Total staff costs	33.9	34.3	37.4	
Less social security	(4.2)	(4.5)	(4.7)	
SUBTOTAL	29.7	29.8	32.7	
Payments to providers of capital				
Interest (cash flow)	209.7	149	111.2	
Dividends (cash flow)	86.7	64.5	95.4	
SUBTOTAL	296.4	213.5	206.6	
Payment to government- gross taxes				
Tax paid (cash flow)	116.2	1.2	1.2	
Community investments				As currently calculated, the direct economic value retained includes potentially large non-recurring items, principally 'proceeds from disposals' and 'land and building additions'. The scale of these items can vary significantly from one year to the next.
Hammerson's direct contributions	1.19	0.75	0.63	
Community investment through planning agreements	0.30	1.82	0.16	
SUBTOTAL	1.5	2.6	0.8	
Direct economic value retained	-309.1	239.4	515.5	

Indicators	2008	2009	2010	Data Qualification Note
GRI EC4 Significant financial assistance received from government				Due to its REIT status, Hammerson receives very limited financial assistance from the UK or French government. It is very difficult for Hammerson to monitor whether the government owns any direct shares in its capital although it may be indirectly present through institutional investors where those have a mandate to manage pension funds on behalf of the government. Hammerson's shareholders are mainly institutional investors and the government is not a majority shareholder.
UK	£0	£0	£0	
France	£2,981	£0	£0	
GRI SO6 Total value of financial and in kind contributions to political parties, politicians and related institutions by country	£0.0	£0.0	£0.0	
GRI SO8 Monetary value of significant fines and total number of non monetary sanctions for non compliance with laws and regulations	£14,308.0	£0.0	£0.0	
<i>Please see our Annual Report for our full financial information</i>				

Supply Chain

Performance Indicators

Data qualifying note

- In 2010, Hammerson UK undertook a very detailed assessment of its suppliers' performance and overall suppliers' performance is disclosed in "Performance - Supply Chain" within this report.
- The indicator "Proportion of suppliers/contractors that are based within the local area" is no longer disclosed as data collection systems currently do not allow Hammerson to report against this indicator.
- The methodology to calculate the Supply Chain indicators around the existing suppliers/contractors that have been assessed for their CR performance will be revised in 2011 to align with the new measure "45% of suppliers by value to be engaged".

Indicator	2008	2009	2010	Commentary on trend
Considerate Constructors' Scheme Score Average (UK only)	<ul style="list-style-type: none"> • Bristol - 30.9 • 125 Old Broad Street - 35 • 60 Threadneedle Street - 35.25 • Victoria Retail Park, Nottingham - 33 • Kirkcaldy - 35 • Cleveland Retail Park - 29 • Battery Retail Park - 25 • Union Square, Aberdeen - 36 (Feb 08) and 38.5 (Sept 08) • Gloucester - 29.5 	Union Square, Aberdeen - 37.5 (March 09) and 38.5 (July 09)	Not applicable	No construction activities in the UK in 2010
Proportion of suppliers paid within 30 days (Hammerson direct payments only)	74%: <i>UK</i> 84%: <i>France</i>	81%: <i>UK</i> 76%: <i>France</i>	84%: <i>UK</i> 80%: <i>France</i>	
Proportion of timber used during development that is from sustainable sources	<ul style="list-style-type: none"> • 40% - 125 Old Broad Street • 83-100% 60 Threadneedle Street • 100% Highcross, Aberdeen • 97-100% Bristol Cabot Circus • % not calculated for Leicester residential development • 0% Kirkcaldy Retail Park • Not recorded in France 	100% - Union Square, Aberdeen No timber used on retail park extensions	100% FSC certified timber in Faubourg St Honore, Paris	
Existing suppliers/contractors that have been assessed for their CR performance	Not recorded: <i>UK</i> Not recorded: <i>France</i>	16: <i>UK</i> 3: <i>France</i>	50: <i>UK</i> 2: <i>France</i>	In 2010, 52 questionnaires were sent to our suppliers, some of which were on our supplier list in 2009 but did not provide goods or services to us in 2010. This is linked to the fact that our spend on suppliers may vary significantly on a year on year basis.
Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Not recorded	16	50	We will report fully on this indicator in 2011 once we have defined the methodology for accounting for significant suppliers and contractors. All the questionnaires which were sent to our suppliers in 2010 included some questions on human rights.

Indicator	2008	2009	2010	Commentary on trend
Number of suppliers with whom Hammerson engaged on sustainability	180	155	183	Includes suppliers who received the sustainability questionnaire, suppliers who were commissioned on sustainability activities by the UK and French CR teams and those with whom the CR team engaged.

Customers

Performance Indicators

Indicator	2008	2009	2010	Commentary and Data Qualifying Note
Customer travel				
Breakdown of visitors' mode of transportation at retail assets	UK only	UK only	UK only	
Car/taxi	57%	55%	56%	<p>In 2010, surveys were carried out at all managed shopping centres in the UK. This information is for UK shopping centres only due a lack of consistent travel data available for French assets.</p> <p>Surveys were last conducted consistently across the French shopping centre portfolio in 2007 and these indicated the following breakdown of visitors' mode of transportation: 36% car/taxi, 34% foot/bike, 28% public transport and 2% other.</p>
Foot/bike	12%	11%	13%	
Public transport	28%	32%	31%	
Other	3%	2%	0%	
Number of managed properties covered by a green travel plan				
Shopping centres- UK	5 of 6	6 of 6	8 of 8	
Offices - UK	2 of 5	6 of 7	4 of 5	
Retail parks - UK	5 of 18	1 of 15	1 of 18	
All portfolio - France	0	0	0	
Customer engagement on sustainability				
Number of sustainability engagement meetings held with major occupiers	54	75	168	<p>In 2010, the data reported covers 20 one to one meetings on sustainability in the UK, UK attendees representing tenants and occupiers at a series of meetings and presentations where Hammerson discussed sustainability with its tenants. This includes for instance attendees from a BBP Owner Occupier annual event and Hammerson's CR training and awareness week.</p> <p>Next year this indicator will be revised and aligned with Hammerson's new CR Measure to engage with 100% of occupiers.</p>

	2008	2009	2010	Commentary and Data Qualifying Note
Number of sustainability engagement meetings held with tenants as part of the Green Groups	No green group in place	No green group in place	75	
Customer health and safety				
Number of RIDDOR reportable injuries across the property investment portfolio				The RIDDOR regulations only apply to the UK. All Major Injuries in 2010 relate to the category "fractures following slip, trip and fall".
Shopping centres and retail parks - members of the public	0	4	9	
Shopping centres and retail parks - direct Hammerson employees	0	1	0	
Shopping centres and retail parks - non-Hammerson staff i.e. managing agents	3	2	1	
Offices	0	0	1	In 2009, A window cleaner fell from height at 10 Grosvenor Street ¹⁰ . Investigations showed a breach in the health and safety regulations by Hammerson, which led to a warning by the council. An action plan was presented by Hammerson to address this issue.
GRI PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	0	1	0	

¹⁰ The 2009 incident took place at 10 Grosvenor Street not Bullring as reported in the 2009 CR Report.