

# Corporate Responsibility Performance Report 2011

In compliance with GRI and EPRA Sustainability BPRs



## About Hammerson

Hammerson has been creating and managing some of the most exciting retail destinations and office buildings in Europe for over 60 years. Hammerson's vision is to be the best owner-manager and developer of retail property in Europe. We specialise in prime regional shopping centres and convenient retail parks. Our aim is to outperform through two areas of focus: income growth and high-quality property, both of which are underpinned by our capital strength.

## Table of Contents

Chief Executive Statement .....	3
Head of Sustainability Statement .....	5
About this report .....	7
Advisor's Statement .....	11
Our Corporate Responsibility strategy .....	12
How we drive CR performance .....	14
Labour practices, decent work and human rights .....	16
Environmental impacts and product responsibility .....	19
Society and economic impacts .....	26
Managing our risks .....	27
Engaging with our stakeholders .....	33
2011 Performance .....	38
Connected Reporting Framework .....	49
GRI/ EPRA table of contents .....	53

# Chief Executive Statement

*Despite the backdrop of economic uncertainty and a tough year ahead, corporate responsibility remains integral to our business.*

We have increased our focus on sustainability, especially in France where we must anticipate and react to imminent legislative changes. In 2011 we reduced further our environmental footprint, whilst improving the ability of our local communities to live sustainably. This approach makes good commercial sense and strengthens our business for the future.



In 2011 we continued to deliver good results across the business, reducing carbon emissions across the portfolio by 11.5% and increasing recycling to 52% at offices and 50% at shopping centres. We are training our staff to ensure that they understand the value of designing buildings to meet future rather than existing standards. We are on track to achieve all our long term measures and with them create highly efficient properties with lower environmental impact.

For Hammerson, performing well in benchmark indices is essential to attracting and retaining investors. I am therefore pleased that we were ranked top of the European publicly listed property companies in the 2011 Global Real Estate Sustainability Benchmark, maintaining the high level set in 2009. At an asset level the hard work of our team at 99 Bishopsgate was rewarded by topping the first ever Carbon Reduction Commitment Energy Efficiency Scheme league table. However, we continue to seek to improve our Dow Jones Sustainability Score but identified an area for improvement around the communication to our approach to health and safety

issues. We have therefore set out our management approach in this area in a separate paper available on our corporate website.

Energy costs increased dramatically last year, and provide a renewed incentive to focus on energy efficiency to both reduce costs and limit our impact on the environment. By way of example at Queensgate, Peterborough, we were able to reduce energy consumption by 18%, directly offsetting price increases to tenants.

Following civic unrest in the UK in August our frontline staff responded exceptionally well to ensure the safety of visitors and employees, and our centres subsequently became a focus for

*“...our sustainability initiatives make our properties more attractive for retailers, which helps maintain and enhance their value.”*

activities designed to create pride for the areas affected. Hammerson has a strong track record of supporting its local communities, and we have increased our focus on providing employment and skill development opportunities for young people.

In France we see a clear commitment to a greener future through the implementation of the Grenelle de l'Environnement legislation. Our team has responded well, for example in Strasbourg we have already commenced a programme with tenants to turn off lights at night a year before this becomes a legal requirement. As a leader in this area Hammerson is working with both peers and customers to understand the changes and agree viable responses.

Against a weak economic backdrop our challenges for the coming years are to continue to take market share for our retail assets, by finding ways to grow footfall and introduce brands which appeal to consumers. As part of this response our sustainability initiatives make our properties more attractive for retailers, which helps maintain and enhance their value.

As a priority in the next year, we will be looking for new ways of measuring the business benefit of corporate responsibility and communicating this to our staff, consultants, suppliers and partners, as I believe that this is an integral component of our ability to outperform our peers. We have a clear strategy with a commitment to deliver, and our performance in this area will play an integral part in improving returns for shareholders.

**David Atkins, Chief Executive, Hammerson**

**March 2012**





# Head of Sustainability Statement

*To establish the right messages that will encourage change with different audiences; we have translated our CR strategy into simple messages for specific stakeholders. In 2011 we increased both the level and type of engagement with our stakeholders, whilst continuing to improve the sustainability performance of our investment portfolio.*

## *Strategy*

In 2010 we committed to 12 key measures which are aligned with our business strategy. We focus on work that will create value for tenants and improve the value of our assets. This ranges from direct savings through lower energy or water consumption to influencing industry and governmental policy. As an example, in France we are chairing a waste forum of peers to present a unified voice to suppliers and government, which will help us achieve a 75% recycling target by 2013.

## *Time to change reporting*

This year we decided to start a step change towards real-time, stakeholder-led reporting. We have set up a new in-house data management system which will enable faster, more accurate access to data. We have created a performance-based reporting format which provides all the data linked to GRI CRESS and EPRA. Throughout the year we intend to use this data as the foundation for focused communication documents targeting our five key stakeholders: Investors, Customers, Community, Suppliers and Employees. These will replace our annual CR Report which we felt did not address the specific concerns of individual stakeholder groups sufficiently and equally.

## *Strong communities are essential for growth*

Our commitment to local communities has remained strong, with workshops held at all UK assets to establish a common framework. At the same time we rolled out a new community investment tool in France, enabling us to effectively



capture activity for the first time. Last year we saw governments across Europe focusing on economic growth as their main priority. When asked by local authorities about new developments the first question is no longer about shape or aesthetics but about jobs and growth. Our track record in creating new jobs and prosperity through regeneration is second to none, and through our community investment measurement we are able to clearly set out the benefits to local authorities.

## *What did our investors say?*

Hammerson again ranked number one in several indices including the 2011 Global Real Estate Sustainability Benchmark (No 1 for Europe). However, we recognise that we must continue to improve and our investors provide clear feedback on where we need to focus. One such area was Health and Safety, where we had a strong programme which we had not explained publicly. To address this we have a new online statement setting out our approach and management of this area. The other key questions from shareholders concern linking sustainability to value. We have commenced two research projects to investigate the link and hope to report our findings later in the year. We continue to expand our investor engagement programme, undertaking our first SRI forum in France and asking key investors for their views in a questionnaire.

## *Employees get engaged*

We continue to improve our development and training opportunities for employees - over 500 staff and contractors completed our environmental training course. To ensure that staff have sufficient time to volunteer for work in local communities we approved a new volunteering policy. The CR team completed a review of our charity programme and established a new approach which will see staff involved in the selection of our future charitable partners. This joined up approach will offer staff the opportunity to use their skills to help the third sector, whilst using the experience to enhance their skills.

## *Customer engagement is the future*

We have a commitment to engage with our customers, to understand their business needs better, to establish working partnerships and drive change through our joint supply chain. The top 50 retailers by value in our portfolio are all committed to sustainability, which can be seen through their various targets, CR reports and demonstration projects. It is clear that property companies who ignore this aspect of customers' business will fail to attract tenants over time. We recognize there is still confusion about what sustainability means to tenants and how we as a landlord can help, so we created the Retail Lab, which has invited over 25 retailers to test new initiatives and learn from other pioneering tenants.

## *We are only as good as our supply chain*

Whether it is our legal team or the cleaner we need to have a sustainable supply chain to help us achieve our goals. With this in mind we continued to improve our sustainability questionnaire. We successfully piloted it at Brent Cross with a view to rolling it out across all suppliers with whom we spend over £100k. The pilot and our ongoing programme identified the need to improve the software and incorporate a code of conduct. This work has commenced and will be completed in the first half of 2012, with a view to sending out an

annual questionnaire. We will use the results to report on our supply chain performance in the future.

## *Our performance*

We continue to reduce carbon emissions across the portfolio, down 11.5% this year for the Group. This is a major step toward our 2015 target but we recognise that in France the mild winter skewed these figures, so next year we will report on climatically adjusted numbers. 99 Bishopsgate topped the Carbon Reduction Commitment league table, confirmation that our programme of improvements is working. Within both the UK and France new contracts have been signed setting targets for our supply chain to reduce waste. Both the UK and France continued to set new government policy, the most significant being the UK Energy Act which will limit transactions based on energy ratings, and defines a determination to improve existing property stock. The UK Localism Act, when combined with the national planning policy, passes power back to local communities and will place more pressure on businesses to engage and listen. Hammerson again gained external recognition in the FTSE 4 Good and the DJSI, whilst also receiving a commendation in the PwC Building Public Trust Awards for the quality of our CR report.

## *The future*

We have long term commitment to continue to reduce our environmental footprint. We continue to work with peers and governments in the UK and France to agree the right levers to drive change. We are committed to mandatory Display Energy Certificates which we believe, if implemented correctly, will impact both reputation and value. In France we look forward to the second reading of the Grenelle de l'Environnement due in March 2012, when we expect to see some major changes in legislation ranging from mandatory energy disclosure to the setting of development energy targets. We are pleased with our progress in France on community engagement but expect to see a major shift in 2012 as we concentrate on working with local organisations, and creating jobs.

# About this report

## *Introducing our new approach*

*We recognise the need to create focused communications that define the company's performance and that are representative of the audience interests. This year we are moving away from standard Corporate Responsibility reporting towards targeted communications for each of our key stakeholders. We continue to engage with all stakeholders to understand their needs and it is clear that investors place great importance on benchmarking against a consistent framework to set out our approach and performance. Based on this feedback, the Global Reporting Initiative (GRI) is the recognised standard for benchmarking a company's corporate responsibility performance. This has been further enhanced by the introduction of the GRI Construction and Real Estate Sector Supplement, so ensuring the metrics are now more representative of our industry. We also recognise a need from investors for compliance with the European Public Real Association (EPRA) Best Practices Recommendations (BPRs) for Sustainability Reporting, an important first step towards a common approach to metrics for the property industry. This performance report complies with GRI Level B and EPRA.*

**Paul Edwards, Head of Sustainability**

## **Our audience for this report**

Corporate Responsibility reporting and stakeholder communications are integral to the success of our strategy. Feedback from internal and external stakeholders suggested that investors, analysts and peers are the primary audience and readership for our annual CR Report. We have developed this Performance Report in response to this feedback. It is aimed at our investors and analysts and will be updated annually. In 2012, we will develop targeted communication materials for our other stakeholder groups – employees, customers, local communities and suppliers. This report covers 01 January – 31 December 2011. Our last CR report was published in March 2011, covering the period 01 January – 31 December 2010.

## **Report coverage**

This report was developed in line with the Global Reporting Initiative sustainability reporting guidelines [GRI: G3] and we believe it satisfies the criteria to reach Level B of this Standard. Where feasible, we have also considered the GRI Construction and Real Estate Sector Supplement (GRI CRESS) and next year we will aim to fully comply with these recommendations.

As outlined below, we followed GRI Reporting principles to develop the content of this report. These principles guarantee the quality, relevance and transparency of our disclosure.

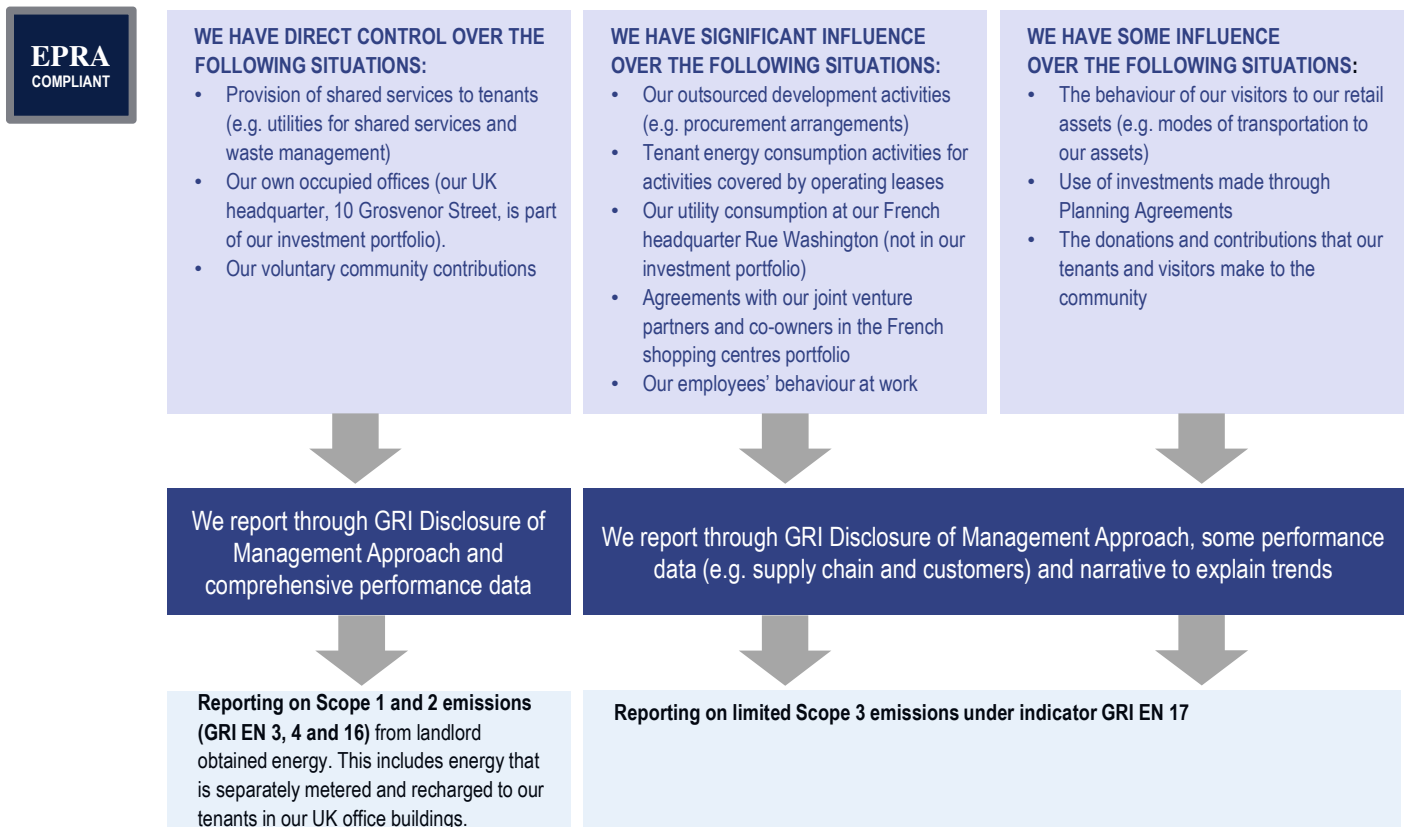
**Figure 1: How we apply GRI Reporting Principles**

Reliability & Accuracy	<ul style="list-style-type: none"> <li>• Approach validated by third parties (Bureau Veritas, Jones Lang LaSalle and Forum for the Future) over the last four years. One of the key recommendations was to create an auditable data management system. We commenced implementation of our new data management system in 2011 and completion is due in 2012.</li> <li>• Guidance provided by Jones Lang LaSalle on compliance with GRI. Full third-party audit and assurance to be reviewed after completion of our new data management system integration.</li> <li>• Data assumptions and calculations disclosed in data qualifying notes and methodological notes</li> </ul>
Comparability	<ul style="list-style-type: none"> <li>• At least three years of historical data reported for all performance indicators</li> <li>• BREEAM ratings used on all our developments</li> <li>• Our managed assets' operational performance is benchmarked against other properties through Jones Lang LaSalle Sustainability Benchmarking and the Better Buildings Partnership initiative</li> <li>• Membership of the London Benchmarking Group (LBG) initiative used to benchmark our community investment performance against our peers</li> <li>• Inclusion and performance in the Dow Jones Sustainability Index (DJSI), FTSE4 Good, Global Real Estate Sustainability Benchmark (GRESB) and Carbon Disclosure Project (CDP)</li> <li>• Compliance with the EPRA Best Practice Recommendations to enable greater comparability with European publicly listed companies</li> </ul>
Balance & Clarity	<ul style="list-style-type: none"> <li>• Simple, clear strategy set in 2010 with a vision, objectives and measures</li> <li>• Disclosure of both negative and positive trends in performance. 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, and included a description of our challenges.</li> </ul>
Sustainability Context & Materiality	<ul style="list-style-type: none"> <li>• Materiality review completed in 2007 and 2010 to ensure that our CR Strategy is aligned with stakeholder direction and global and national drivers of sustainability within the industry. This resulted in 12 measures addressing our material impacts.</li> <li>• Precautionary approach addressed through the use of Sustainability Implementation Plans for developments, Environmental Management Systems for managed assets (some of which are certified to ISO 14001) and the climate change mitigation and adaptation actions carried out in 2010</li> </ul>
Stakeholder Inclusiveness	<ul style="list-style-type: none"> <li>• The stakeholders to whom we consider ourselves accountable are explained in our stakeholder engagement table and are core to how we implement our CR strategy</li> </ul>
Completeness & Boundaries	<ul style="list-style-type: none"> <li>• Refer to the information shown in Figure 2 and Table 1 below for the "Completeness" and "Boundaries" of this report</li> </ul>

Our asset ownership structure and management control differs greatly by asset type and by country and affects the level of influence that we have over the sustainability performance of our assets. Design and construction activities fall outside our direct control as we outsource these activities. We have defined our organisational and operational boundaries in line with GRI and the Greenhouse Gas Protocol reporting principles as outlined in Figure 2.



**Figure 2: Defining our reporting boundaries**



In line with the principles described above, this report includes all assets that we directly manage and that we fully held in 2011. We do not report on assets covered by fully repairing and insuring leases as we have no management control over these and therefore little ability to influence their sustainability performance other than through leasing arrangements. We do not report on assets that we disposed of or acquired during the reporting year as we do not hold full annual data.

Assets included in 2011	% owned	Co-owner(s)
<b>UK shopping centres, managed by Hammerson</b>		
Silverburn, Glasgow	50%	Canada Pension Plan Investment Board
Union Square, Aberdeen	100%	n/a
Brent Cross, London	41%	Standard Life
Bullring, Birmingham	33%	Henderson & Future Fund
The Oracle, Reading	50%	Abu Dhabi Investment Authority (ADIA)
Queensgate, Peterborough	50%	Aviva
Highcross (previously The Shires), Leicester	60%	Hermes
WestQuay, Southampton	50%	GIC Singapore
<b>French shopping centres, managed by SCC and Carrefour Property (Grand Maine)</b>		
Bercy 2, Charenton-le-Pont	57%	Carrefour - Darty
Espace Saint Quentin, Saint Quentin-en-Yvelines	13%	Carrefour-Darty-McDonald's-Redevco
Espace Saint Quentin Car Park	7%	Carrefour-Darty-McDonald's-Redevco
Italie 2, Paris 13ème	100%	Hammerson France
Les 3 Fontaines, Cergy Pontoise	38%	Auchan-Darty-C&A-45 co-owners
O'Parinor Shopping Centre, Aulnay-Sous-Bois	25%	Rockspring Property Investment Managers LLP
Place des Halles, Strasbourg	90%	Redevco-ASCH
Grand Maine, Angers	35%	Carrefour
<b>Offices, managed by Hammerson</b>		
10 Grosvenor Street, London	50%	Grosvenor
99 Bishopsgate, London	100%	N/A

125 Old Broad Street, London	50%	GE Real Estate and Bank of Ireland
Stockley House, London	100%	N/a
10 Gresham Street, London	30%	Canada Pension Plan Investment Board
<b>Retails, parks, managed by Workman</b>		
The Broadway, Didcot	100%	N/A
Abbey Retail Park, Newtown Abbey, Belfast	100%	N/A
Battery Retail Park, Selly Oak, Birmingham	100%	N/A
Brent Cross Shopping Park, London	41%	Standard Life
Central Retail Park phase 1 and 2, Falkirk	100%	N/A
Cleveland Retail Park, Middlesbrough	100%	N/A
Cyfarthfa Retail Park , Merthyr Tydfil	100%	N/A
Dallow Road, Luton	100%	N/A
Drakehouse Retail Park, Sheffield	100%	N/A
Westwood Retail Park , Thanet	100%	N/A
Fife Central retail park , Kircaldy	100%	N/A
Westmorland Retail Park, Cramlington, nr Newcastle		
Parc Tawe, Swansea	100%	N/A
Ravenhead Retail Park, St Helens	100%	N/A
St Oswalds Retail Park , Gloucester	100%	N/A
Westwood Gateway retail park, Thanet	100%	N/A
The Orchard Centre, Didcot	100%	N/A
Manor Walks Shopping Centre, Cramlington, nr Newcastle	100%	N/A
Wrekin Retail Park, Telford	100%	N/A
Villebon 2, Villebon-Sur-Yvette	100%	N/A
<b>In development pipeline (incl. refurbishment)</b>		
Ravenshead Retail Park, St Helens – Development completed in 2011	100%	N/A
Spiceal Street, Birmingham – Extension completed to Bullring shopping centre completed in 2011	33%	Henderson & Future Fund
Silverburn, Glasgow - Planning application approved for extension in 10.	100%	N/A
London Wall Place, London – planning application approved in 2011	100%	N/A
Principal Place, London - Panning application approved in 2011	100%	N/A
Sevenstone, London – Planning application approved in 2009	100%	N/A
Brent Cross, Cricklewood, London – Planning application approved in 2011	100%	N/A
Eastgate Quarters Regeneration Scheme, Leeds -Planning application approved 2011	100%	N/A
<b>Assets excluded in 2011</b>	<b>% owned</b>	<b>Managed by</b>
<b>Disposed in 2011</b>		
60 Threadneedle , London	100%	Hammerson
Bishops Square, London	100%	Hammerson
Three Spires (shopping centre), Lichfield	100%	Hammerson
Not managed by Hammerson		
Cabot Circus, Bristol	50%	Land Securities
<b>Opened or acquired in 2010</b>		
SQYQUEST, Saint Quentin en Yvelines	50%	SCC
54-60 Rue du Faubourg Saint-Honoré, Paris	100%	GERER M/L
Centrale (shopping centre), Croydon	100%	Jones Lang LaSalle
Monument Mall (shopping centre), Newcastle	100%	Jones Lang LaSalle
Elliott's Field (retail park)	100%	Workman
Cathedral Lanes (shopping centre), Rugby	100%	Workman
Wickes (retail warehouse unit), Folkestone	100%	Workman
<b>Full Repair and Insuring properties</b>		
Leadenhall Court, London	100%	RSA (FRI)
Puddle Dock, London	100%	Hammerson

# Advisor's Statement

## Scope of statement

For Hammerson's Corporate Responsibility Performance Report 2011, Jones Lang LaSalle has been involved in two main capacities – firstly, advising on compliance with GRI CRESS Level B and EPRA sustainability Best Practice Recommendations (BPRs) and secondly, assessing progress against the 2011 annual targets and the implementation of the Design Standard. The scope of this statement is limited to these capacities; it does not cover 2011 performance indicators or initial progress against the long-term CR measures, both of which were validated by Hammerson's internal audit processes. Given that Jones Lang LaSalle is Hammerson's long-term advisor on corporate responsibility (CR), this statement does not represent full independent verification but intends to provide an external evaluation of sustainability progress achieved by Hammerson during 2011.

## Compliance with frameworks: GRI CRESS Level B and EPRA Sustainability BPRs

Jones Lang LaSalle has provided guidance to enable the Performance Report 2011 to meet the GRI principles defining report content and quality, and the requirements for self declaring at Level B. For the reporting year 2011, we conducted a gap analysis against the revisions to GRI 3.1, the new GRI Construction and Real Estate Sector Supplement (GRI CRESS) and the new EPRA Sustainability Best Practice Recommendations (BPRs). We provided recommendations to ensure Hammerson's reporting continues to meet these evolving frameworks. A self-assessment table for both GRI CRESS and EPRA is available in this performance report.

## Review of annual targets and Design Standard

Jones Lang LaSalle assessed progress against the 2011 annual actions and implementation of the Design Standard on the basis of face-to-face meetings with relevant individuals and a detailed review of documentation submitted as evidence. In 2011, Hammerson set itself a total of 41 actions. 53% of Hammerson's annual actions were fully achieved (46% in UK and 65% in France), 32% were in progress (33% in the UK and 29% in France), 10% were not achieved (13% in the UK and 6% in France) and 5% were not applicable. In addition, evidence from Hammerson's active development projects in the UK and France

indicate the Design Standard principles are being implemented on the ground. These percentages do not reflect the performance against the CR measures, which were assessed separately by Hammerson.

Jones Lang LaSalle is particularly pleased to see the strong performance of the French business, which significantly exceeded its 2010 performance. Other achievements in 2011 include progress in the implementation of the community strategy at the Principal Place development in the UK and Terrasses du Port in France. The initiation of two innovative collaborative retail projects in the UK to investigate the topics of steel reuse and energy efficient refurbishment are also worth noting.

2011 was a year of consolidation in terms of the systems used by Hammerson to drive its CR performance. We consider that the change from annual actions to CR measures will help Hammerson focus on long term priorities in line with its business strategy. Additionally, once fully implemented, the in-house data collection platform should increase data auditability and enable Hammerson to manage its performance more closely.

In terms of areas for further progress, we would like to see a more integrated approach between the development and operational teams, particularly as Hammerson seeks to unlock value from its retail portfolio through refurbishments and extensions to existing assets.

In 2012, we look forward to the development of stakeholder targeted communications, which should contribute to the successful implementation of the CR strategy and to demonstrating leadership within and outside the real estate sector. Hammerson has led the industry by implementing best practice and continuously challenging its approach to CR. In 2012, Hammerson is in a strong position to demonstrate further how its CR strategy adds value to its stakeholders.

Anne-Sophie Blin  
Senior Consultant  
Upstream Sustainability Services  
Jones Lang LaSalle



# Our Corporate Responsibility strategy

At the end of 2010, we redefined our Corporate Responsibility (CR) strategy in line 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 advisors Jones Lang LaSalle and Forum for the Future. Our strategy consists of:

- A clear, simple **vision**
- Long term **outcomes** that indicate how we see sustainable property in the future
- A set of **goals** structured around our five stakeholder relationships
- A set of long term quantitative **measures** to be achieved by 2015
- Annual **actions**<sup>1</sup> to deliver that relate to our measures

Our Vision		
<i>"To be the best at demonstrating value to us and our communities through sustainable properties"</i>		
Relationships	Goals	Outcomes
Local communities	<ul style="list-style-type: none"> <li>• Enhance community engagement</li> <li>• Integrate community regeneration goals</li> <li>• Focus on long-term community investment</li> </ul>	<i>Lower impact, high-efficiency buildings</i> <i>Buildings designed, and fit for, the future</i> <i>Communities enabled to live sustainably</i>
Employees	<ul style="list-style-type: none"> <li>• Improve knowledge</li> <li>• Acknowledge sustainable thinking as a core competency</li> <li>• Adopt life-cycle approach</li> </ul>	
Customers	<ul style="list-style-type: none"> <li>• Improve customer understanding</li> <li>• Consistent engagement</li> <li>• Monitor trends</li> </ul>	
Investors	<ul style="list-style-type: none"> <li>• Articulate how sustainability will increase shareholder value</li> <li>• Future-proof the portfolio investment</li> <li>• Provide thought leaderships</li> </ul>	
Suppliers	<ul style="list-style-type: none"> <li>• Procure responsibly</li> <li>• Encourage innovation</li> </ul>	

## Measuring our progress and assessing our performance

Last year, we disclosed how we planned to assess progress against our long term measures. We refined and updated our methodology to ensure that we are meeting best practice. In particular, we reflected the EPRA BPRs in the scope of our environmental performance measures, as the EPRA guidelines define an industry approach to defining like for like for the first time.

<sup>1</sup> We now refer to "deliverables" as actions. These are set annually and reported alongside an update on our CR measures.

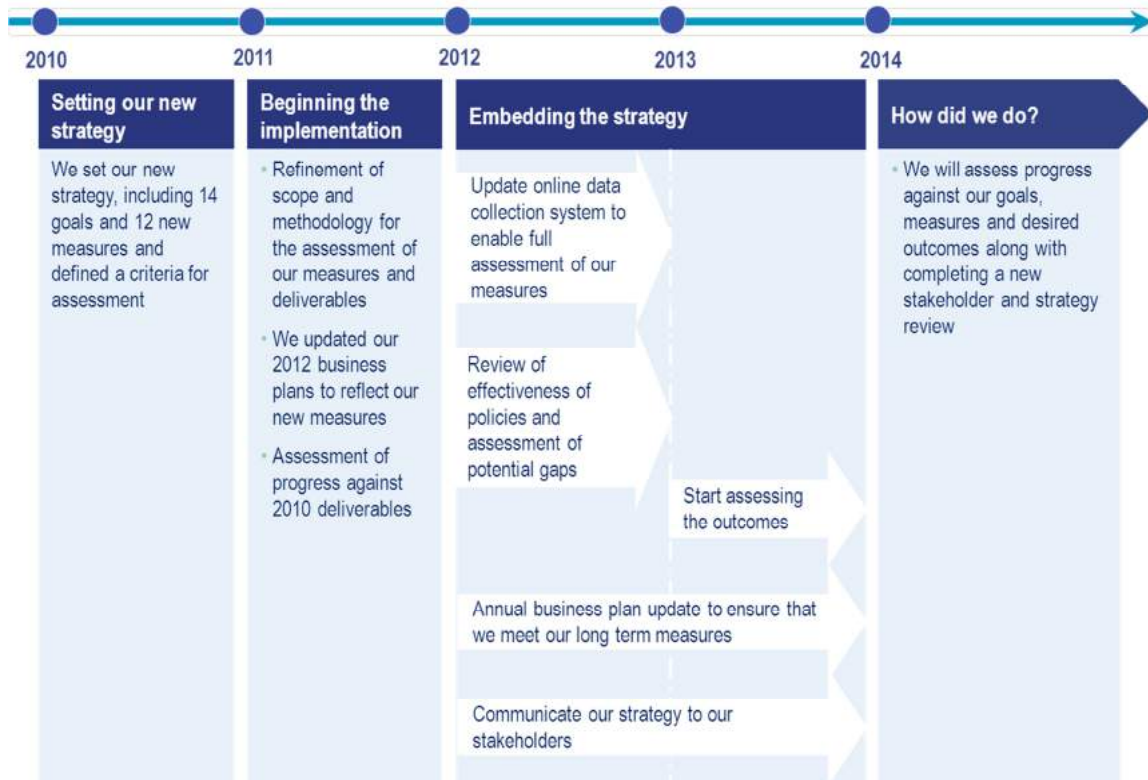


**Figure 3: Our long term measures**

Complete full life cycle assessment for two assets by 2012	2012
Complete six research papers including two with a partner by 2012	
All employees to complete relevant CR training at least biannually	
Increase waste recycling to 75% by 2013	2013
Engage with 100% of top 75 customers by 2013	
Engage with top 20 investors by 2013	
Implement local community plans at all developments and managed assets by 2014	2014
75% of community investment to be focused on long term activities by 2014	
Reduce carbon emissions by 20% for shopping centres by 2015 (2010 baseline). Reduce carbon emissions by 1.5% per annum for UK offices.	2015
Reduce water consumption to 9.3m3/person/year by 2013 and 6.4m3/person/year for offices by 2015.	
Reduce water consumption by 12% for shopping centres by 2015 (2010 baseline).	
Engage with 50% of suppliers by value (over £100k) by 2015	
Implement biodiversity plans at all managed retail assets by 2015	

### Implementing our strategy

We are implementing our CR strategy in phases according to the timeline outlined below. We have started to assess progress against our measures and will publicly report our progress annually. We identified actions for 2012 and updated our business plans accordingly to ensure that we achieve our measures. We are also in the process of building our online data collection and reporting platform, which will be fully operational in 2012.

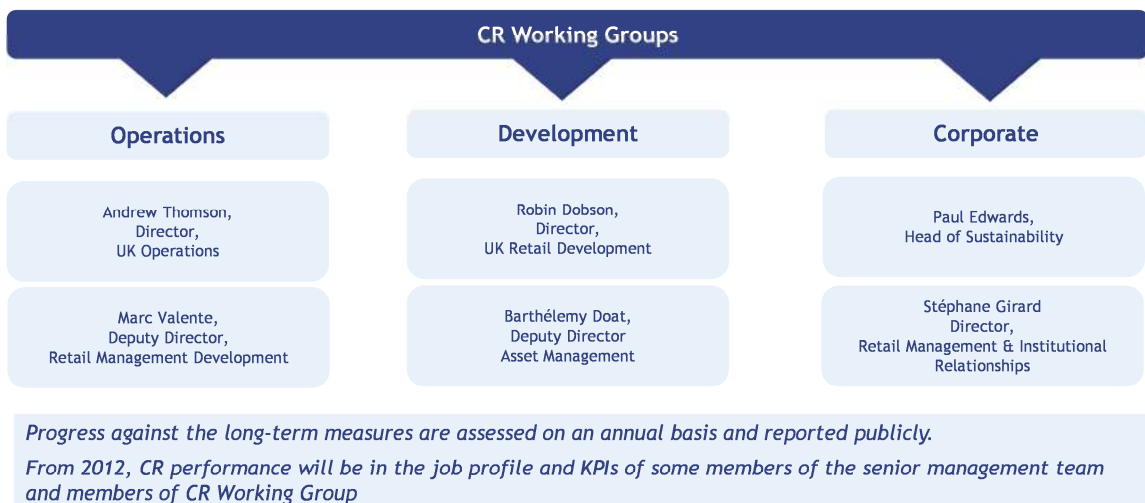


# How we drive CR performance

Corporate Responsibility is an integral part of the way we do business. We have processes in place to ensure that we not only comply with legislation but that we also deliver on our CR strategy and add value to our business.

## How we manage CR

Our CR governance structure is instrumental to the delivery of our strategy and has enabled a significant number of employees to take part in our CR activities and drive forward our sustainability performance. David Atkins, our Chief Executive, is responsible for overseeing the implementation of our CR Strategy and therefore has ultimate organisational responsibility.

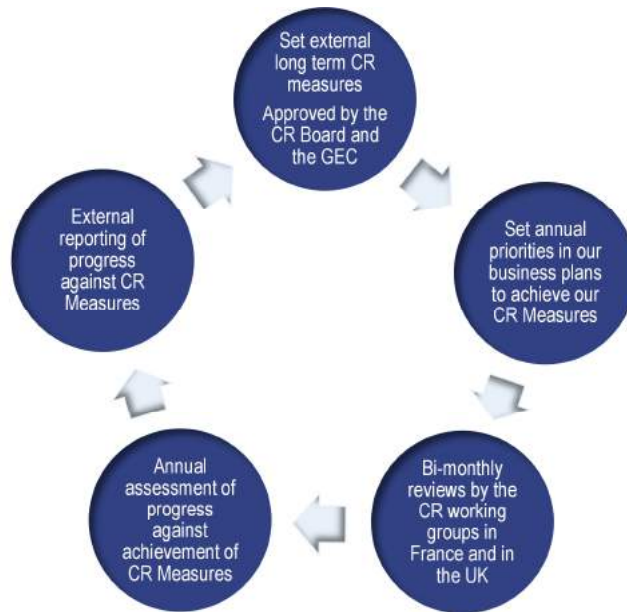


Individuals with issue specific responsibilities	
Environment	Paul Edwards, Head of Sustainability; Philippe Bouveret, Sustainability Director, France
Labour Practices and Decent Work	Sally Learoyd, Director Human Resources
Health and Safety	Andrew Thomson, Director of Operations
Human Resources	Sally Learoyd, Director Human Resources; Philippe Bouveret, Sustainability Director, France
Customers	Lawrence Hutchings, Managing Director, UK Retail; John Mulqueen, Director, UK Offices; Vincent Ravat, Director of Operations, France
Internal control	Warren Austin, Group Financial Controller; Community - Paul Edwards, Head of Sustainability; Stéphane Girard, Director, Retail Management & Institutional Relationships, France.

## Driving our performance across our investment portfolio

Our CR working groups establish our long term measures. Each year, they review and identify annual actions to ensure that we successfully deliver on these measures.

**Figure 6: Process for setting long term measures**



## Our corporate policies

Our policies are available on our corporate website and include:

*Environmental Policy*

*Procurement Policy*

*Climate Change and Carbon Management Policy*

*Biodiversity Policy*

*Community Strategy (internal)*

*Flexible Working Policy*

*Equal Opportunities Policy*

*Health and Safety Policy*

*Equal Opportunities Policy*

*Code of Conduct and Corporate Control Manual (internal)*



## Labour practices, decent work and human rights



Our employees are essential to the success of our business strategy. Our Human Resources team ensures that our employee policies are fair and drive our overall performance through reward and talent management. This section outlines our main human resources policies and practices in line with GRI requirements.

### How we engage with our employees

We maintain a high level of engagement with our employees in order to ensure that we identify and address any concerns through appropriate management actions. In 2011, Paul Edwards, Head of Sustainability, led a review of how we inform and consult our employees. 18 members of staff were interviewed as part of this review and opportunities for improving employee engagement were identified.

We engage with our employees through the following tools and forums:

- An employee satisfaction survey ("Great Place to Work") is undertaken annually by an independent third party and results are openly shared with our staff. We involve our employees in developing solutions to the problems identified by the survey. Employee feedback is incorporated into an action plan that the management team is assessed against. Employees also have the opportunity to pose questions to our Chief Executive Officer, David Atkins, through the intranet site and quarterly management updates.
- Distribution of a retail newsletter and an intranet site for staff working at our UK managed shopping centres
- A programme of social events. In Paris, we held elections for employees to join a social committee.
- We also encourage our employees to become investors in the Company through a range of share ownership schemes.

### Providing career development opportunities

In 2010, a skills assessment criterion was incorporated into annual performance appraisals for our London-based staff, with the aim of enhancing employee personal development and helping boost their performance. As



part of this process, a talent review identified individuals with the motivation and potential to progress into new or more senior roles. In 2010, a complementary corporate learning, training and development plan was also completed and managers who were new to their roles received coaching support.

### Monitoring diversity and equal opportunities

We have an active Equal Opportunities Policy, which is implemented jointly by our CR and Human Resources departments. Changes in labour relations and equality legislation are monitored on a regular basis and addressed. Our policy covers issues related to gender equality. In 2010, we actively sought to improve gender diversity on our Plc Board and the Group Executive Committee (GEC). Judy Gibbons was appointed as a Non-Executive Director and Sarah Booth joined the GEC. In France, we have been monitoring the gender pay gap since 2009 in line with French legislation.

Through our employee satisfaction survey, we monitor our workforce characteristics, including demographics, gender, age, racial and ethnic minorities, full and part-time status and individuals with caring responsibilities. Any concerns around fair treatment on the grounds of age, race or ethnicity, gender, sexual orientation and disability can be fed back to us anonymously through the survey.

Most human rights issues such as child labour, indigenous rights and prevention of forced labour are not material for Hammerson due to strong regulations in our countries of operation. However, we monitor relevant issues through our supply chain where appropriate. In France, Hammerson carefully manages issues related to illegal working by declaring workers to social security as required.

Our UK supply chain questionnaire includes a section on fair pay and human rights, which complies with international standards. A review of this questionnaire and our supply chain approach began in 2011. We are currently updating our supplier chain questionnaire. The update and a digital platform for CR data collection will improve our ability to monitor and report progress on an annual basis. A pilot of the new system will be conducted in March 2012. On 1st April, we will send our updated questionnaire to all suppliers with which we spend more than £100k annually.



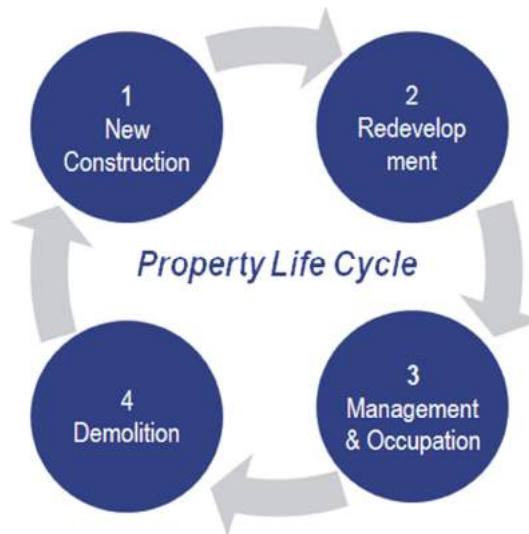
**Figure 4: Employee training and awareness**

<p><i>We believe that training our employees is essential to enable them to deliver on our strategy and raise their awareness of sustainability issues.</i></p>	Environmental	Health and Safety
	<p>In 2009, we developed our own training course in the UK, externally certified by the Institute of Environmental Management and Assessment (IEMA). This is to ensure that the Environmental Management System (EMS) at our UK shopping centres is successfully followed. We continue to roll this out across the UK shopping centre portfolio as part of our aim to achieve ISO 14001. 503 employees have now completed this training course, representing 64% of our staff.</p>	<p>We maintain high standards of Health and Safety (H&amp;S) training for employees with direct property responsibility. The UK 'Management of health and Safety at Work Regulations' place a legal duty on Hammerson to have access to a source of competent H&amp;S advice. This is provided by our H&amp;S Manager, Faye White, and a full-time H&amp;S Advisor, supported where necessary with external advice.</p>
Equality in the workplace / Diversity	Sustainable design	Corporate responsibility
<p>All new UK employees at Hammerson complete diversity training. We updated our UK employee diversity training to align with the 2010 Equality Act.</p>	<p>All UK and French Project and Development managers completed BREEAM training in 2009. Other staff working on developments receive appropriate training (e.g. our team at Les Terrasses du Port received training in 2011). We continually monitor changes to best practice sustainability design standards, including BREEAM 2011, UK Part L 2010 and French Grenelle regulations. In 2011, we ensured that all Property and Development Management staff received presentations from consultants on the changes to BREEAM 2011 and the impact of these changes on new and existing development projects. We also undertook a gap analysis of BREEAM 2011 against 2008 using our Principal Place development.</p>	<p>Corporate responsibility training formed an important part of our 2010 training and development programme. We developed an in-house one-day training session for groups of employees operating within the same business area, involving external speakers. Objectives were developed at the end of each session for each business department.</p> <p>The following departments have attended to date: Facilities, Finance, Asset management, Project management, Development, IT, Administration, Corporate Communications, Company Secretariat, Marketing and Sales, Leasing and Commercialisation.</p>
Sustainability awareness raising	Community issues	Statutory
<p>All employees receive an introduction to sustainability during their inductions with Hammerson. In 2011 we continued to engage with staff to raise their awareness and understanding of CR. This included training asset managers in relation to value add projects such as extensions, Project Managers on the changes to BREEAM and administrative staff to help improve operational efficiency and streamline data collection.</p> <p>In France, building on the BREEAM training conducted in 2010, we engaged senior management to improve their understanding of the Grenelle legislative requirements. Priority actions were successfully identified and captured in the 2012 business plans.</p>	<p>In the UK, the Community Manager led workshops at each shopping centre with the aim to understand local issues and national opportunities. Relevant teams were trained to use our Community Investment Tool. This approach provided an opportunity to engage the asset managers and highlight the value of the data collected through our Community Investment Tool.</p> <p>In 2011, the Community Investment Tool was also rolled out in France. The French CR team was trained to ensure the data is captured correctly.</p>	<p>Our training programmes are designed to ensure that employees have the right level of knowledge to carry out their jobs effectively, comply with legislation and to enable them to develop their skills and progress in their careers. For example, all staff completed Bribery Act training in 2011.</p>

# Environmental impacts and product responsibility

As a traded investor developer, we have environmental impacts at each stage of the property lifecycle from development to management as described below. In particular, we have direct control over the services that we provide to our tenants at our managed assets and significant influence on our developments through procurement arrangements.

**Figure 5: Implementing best practice throughout the property lifecycle**



We have management systems in place at each stage of the lifecycle to address our environmental impacts.

- *Sustainability Implementation Plans (SIPs) implemented on all our developments*
- *Currently developing our understanding of embodied energy through applying Life Cycle Analysis (LCA)*
- *Standard template used on all construction sites to monitoring and reporting on energy and water consumption, waste recycling and the use of certified timber*
- *ISO 14001 certification at 5 of our 7 UK assets. Our retail park portfolio is managed by Workman in accordance with ISO 14001*
- *At a corporate level, our employees can submit ideas for projects and sustainability upgrades to our assets through our Sustainability Forum for Innovation*
- *Every six months the senior management team sign off compliance with internal controls manuals and confirms that the Operations (OM) and Corporate Control (CCM) Manuals have been followed, or where they have not, the reasons have been documented and authorised.*

### Minimising environmental impacts on developments

The Design Standard summarises our core mandatory sustainability performance requirements for all developments and major refurbishments. We review this Standard against best practice on an annual basis and update our performance requirements accordingly. For those developments which were in design phase prior to 2010, the updated requirements are incorporated where feasible.

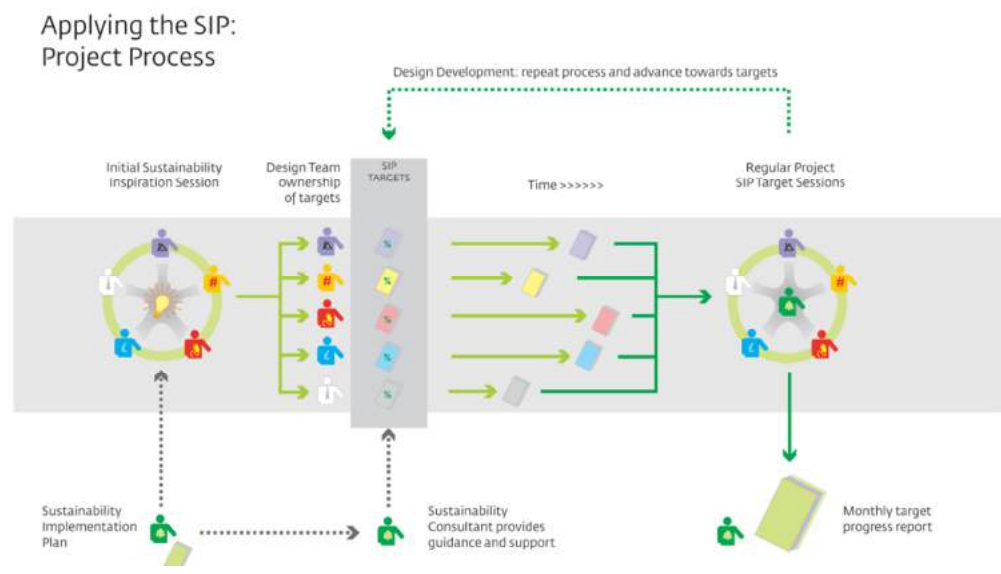
**Figure 6: Our Design Standard for Sustainable Properties**

Target	Geography
Implement the Master Sustainable Implementation Plan (SIP) as a minimum design standard	UK/France
Demonstrate that all developments have:	UK/France
- provisional BREEAM 2011 Excellent assessment for developments at a final design stage	
- the use of a BREEAM Excellent pre assessment checklist for developments which have not reached the final design stage	
Demonstrate in the design specification that Level 4 of the Code for Sustainable Homes will be achieved on all residential projects	UK only
Demonstrate in the design specification a 23% reduction on energy efficiency standards below 2010 Building Regulations Part L	UK only
Design all car park lighting systems to use a minimum of T5 light fittings	UK/France
Incorporate half hourly sub meters for all tenants in UK new developments in line with the CRC requirements and incorporate sub meters for all tenants in France	UK/France
Incorporate water sub meters for all tenants in UK new developments	UK only
Implement Community Framework for new developments	UK only
Implement Responsible Procurement Framework for the selection of and contractual agreement with key suppliers/(materials toolkit) impact contractors	UK only
<b>All developments and major refurbishments in construction phase during the reporting year</b>	
Ensure that all onsite contractors use the standard monitoring and reporting template for water and energy consumption, waste production and timber use	UK/France
Reuse or recycle the waste produced during demolition and construction to a rate of:	UK/France
- 80% for in the UK	
- 75% in France	
Scope: Assessed for each development in construction (average throughout the reporting year)	
Monitor and review the performance of key impact suppliers on Hammerson's construction sites in line with Hammerson's Responsible Procurement Framework	UK/France
<b>All developments and major refurbishments which have been completed within the last 18 months</b>	
All developments completed during the reporting year to achieve BREEAM 2011. Excellent in the post construction phase	UK/France
Carry out post occupancy evaluations for all developments completed within the last 6 months	UK/France
Sign Green Leases or BBP Memorandum of Understandings with all new tenants	UK/France



The Design Standard's requirements form part of our comprehensive Sustainability Implementation Plan (SIP), which is used implemented on all projects. The table below summarises how we address specific issues through our SIP during new construction, redevelopment and demolition phases.

**Figure 7: Applying the SIP, Leeds Development example**



Land degradation, contamination and remediation	<p>Environmental issues related to land degradation, contamination and remediation on development projects are covered in our SIPs, through compliance with BREEAM, in environmental impact assessments and through the due diligence process when we acquire or sell land and through contractual arrangements. Any issues related to pollution and harmful materials and asbestos are also identified through our due diligence process and asbestos registers at our managed assets</p>
Energy and greenhouse gas emissions	<p>Our SIP ensures that best practice around energy efficiency is incorporated into our projects from the outset and that sustainable solutions that have an impact on each stage the property lifecycle (design, construction, leasing and management) are identified as early as possible. We require our design specifications to aim for a 20% improvement in energy efficiency above 2010 Building Regulations Part L.</p>
Effluent, waste minimisation and material selection and transportation	<p>By reducing waste through design, we mitigate risks associated with any fluctuation in material prices, increases in energy prices and interruptions of supply chain due to climate events. Our design teams are encouraged to consider solutions to minimise waste related to the selection of materials from the design stage through our SIP, which include the following targets:</p> <ul style="list-style-type: none"> <li>• Minimise the use of materials and specify environmentally responsible building materials</li> <li>• Consider the amount of embodied energy and carbon emissions generated by the extraction of materials, their reliance on fossil fuels, the impact of transportation related emissions and pollution impacts</li> <li>• Protect resources by reusing or recycling materials as a priority.</li> <li>• Incorporate prefabricated solutions and smart design that minimises waste.</li> <li>• Use relevant toolkits such as the 'Designing Out Waste' WRAP tool.</li> <li>• Ensure that a local option for providing materials is considered.</li> </ul> <p>In 2011, we created a new questionnaire to improve the selection of sustainable materials. This questionnaire will be implemented on all future projects and provide a tool to our design teams to make decisions to identify the most sustainable options of material selection.</p> <p>We continue to monitor opportunities to work with suppliers and customers around the development of design and construction methods that reduce the environmental impacts of raw materials. As an example, we commenced a research project to review opportunities to reuse structural steel in</p>

	partnership with Marks and Spencer and Cambridge University. Our suppliers are required to work to high standards and comply with our Code of Conduct, Environmental and Health and Safety Policies. In particular, we target a minimum score of 36 of the Considerate Contractors scheme on all projects, including any demolition work.
<b>Water</b>	Responsible water management during construction is encouraged through the implementation of our SIP, the brief that we set our design teams and our standard measurement and monitoring template for construction, which all our contractors are required to use. We hope that, as we obtain data on our construction sites, we will be able to set best practice benchmarks for water consumption during construction.
<b>Biodiversity</b>	We usually operate in areas of low ecological value such as brown field sites. All projects start with an environmental impact assessment and this also forms part of our pre-acquisition assessment review. We also implement measures to protect biodiversity through the BREEAM certification process. In line with our Biodiversity Policy, we are committed to enhancing biodiversity where possible. For example, we aim to enhance local habitats by linking our action plans to the local biodiversity requirements. At one of our development projects located in Merthyr Tydfil, we will include a green roof to encourage biodiversity enhancement. In France, biodiversity issues are addressed at Les Terrasses du Port through relevant BREEAM biodiversity credits.
<b>Products &amp; Services responsibility</b>	<p>The management standards for indoor air and water quality are usually set by legislation and addressed through our SIP. Specifically, we are committed to using products which limit the level of volatile organic compounds products and to developing site waste management plans.</p> <p>We have stringent health and safety procedures on all our development sites and health and safety issues are monitored during construction through our Health and Safety Committee. Our processes are compliant with legislation and also aim to target areas beyond compliance, through, for instance, the BREEAM certification process.</p>



# *Our Design Standard in practice, Interview*

*with Phillip Potgieter, Project Manager at Hammerson*

**Jones Lang LaSalle (JLL):** Can you describe your role and where you sit within the development team?

**Phillip Potgieter (PP):** I have been working at Hammerson since 2006. I sit in the project management team working on our retail portfolio. The project management team is split across the London group, working on our offices portfolio and the retail project managers. My role is to manage all aspects related to the construction and design of new builds and asset enhancement initiatives.

**JLL:** How are you involved in Corporate Responsibility?

**PP:** I have been involved in Hammerson's Corporate Responsibility strategy for a long time. In particular, I have worked very closely with the CR team on the development of our supply chain questionnaire. Like all project managers, we also work very closely with Paul Edwards, our Head of Sustainability to ensure that our projects deliver sustainable outcomes.

**JLL:** Can you explain how you address sustainability throughout the development phase?

**PP:** Our project brief always outlines the aspiration for BREEAM Excellent. At the earliest possible opportunity we get the whole design team together and agree our Sustainability Implementation Plan (SIP).

Essentially, the SIP is our roadmap on how to achieve a BREEAM Excellent rating, where possible. Sustainable development is more than achieving a set BREEAM target though; we need to make a positive impact in the communities where we do developments, both socially and economically. For example, we encourage our contractors to use local labour and work with city councils to identify where we can engage local sub-contractors, offer apprenticeships etc. These aspirations are also articulated through the SIP and in some instances through the Hammerson Sustainability Framework. One of the targets for 2012 is to create a SIP "light" for smaller projects.



Sustainability Implementation Plans (SIPs) may also form part of the sustainability statements for planning applications for major projects and are also formalised into contractual documents.

**JLL:** Moving on to one of the projects you worked on in 2011. Can you please describe the key characteristics of the Spiceal Street development within the context of Hammerson's development pipeline?

**PP:** Understandably, major retail development projects in Hammerson's development pipeline have been put on hold due to the on-going economic uncertainty. We are now targeting asset enhancement initiatives where we endeavour to unlock hidden value and create additional income. Therefore, the majority of projects in 2011 related to refurbishment and extension projects such as the Spiceal Street Development, a 1,860m<sup>2</sup> extension to the Bullring shopping centre in Birmingham.

Our experience of implementing sustainability on a relatively small scaled project was not always easy. We "reconfigured" a large area of St Martin's Square which is one of the major arteries to and from the Bullring. Disruption to existing tenants had to be kept

to the minimum, which meant no noisy works were allowed during trading hours. We worked hard to maintain access to and from the shopping centre and provided weekly updates to the Centre Management on our progress. The result of this project was the creation of three new restaurants (all new to Birmingham), extensions to two existing restaurants, which ultimately created a new exciting and vibrant restaurant quarter for Bullring. We also created new jobs and added to the variety on offer at Bullring.

**JLL: Can you explain how you integrated sustainability throughout the development phase of the project?**

**PP:** On this development, there was very little scope for us to implement our SIP as no landlord controlled areas were affected. All new space created was to be fitted out by incoming tenants. Instead of the SIP, we used the Hammerson Sustainability Management Framework, which includes all the Hammerson CR policies and practices (e.g. Requirement for the contractor to engage with the local councils and local community, use local labour and use our waste, water and energy monitoring templates).

We also work with our tenants to ensure that they are aware of their legal requirements around fit out such as the new Part L regulations. We constantly challenge tenants to embrace new technologies and on this development one of the new restaurants installed a heat recovery unit which supplies all their heating and hot water, I understand this was a first for this particular chain of restaurants.

**JLL: How do you incorporate lessons learned on development projects into your sustainability procedures?**

**PP:** We do post completion reviews on our projects and make these reports available to the whole company. All project managers meet monthly to discuss our projects and solve any challenges, which has proven very effective.

I also sit on the CR Development working group that meets quarterly. This forum where other sectors of the business are also represented provide us with the opportunity to provide each other with mutual input and feedback on our CR strategies and policies.

The development team is also increasingly working with the asset management and operational teams in order to ensure that proposed changes to the assets through refurbishment or developments do not negatively affect the operational, environmental or financial performance of the assets. Separately, we all ensure that we comply with legislation through enforcing our internal control and risk management procedures.

**JLL: How do you incorporate best practice sustainability design features for developments that have been in design for a few years?**

**PP:** In theory the implementation of a SIP early on in the design process will mean that we are constantly reminded of the fact that we should stay abreast of technology and best practice.

There does come a point in time where we have to do a design freeze, As we all know, technology is constantly improving so this may mean that technologies that were current during design may well be out-dated two or three years later when the larger schemes are complete. As an example, in 2007, we put the Highcross residential development design on hold only a few weeks prior to going out to tender in order to incorporate sustainable initiatives such as communal boilers and solar thermal heating systems.

We will always do our best to incorporate technology that can increase the operational efficiencies of our buildings, reduce maintenance and costs. This not only serves our objectives but also those of our customers and the environment.



## Minimising environmental impacts in our investment portfolio

We have direct management control over the environmental impacts of our UK assets portfolio. Environmental Coordinators at most of our UK shopping centre assets and managing agents on our office and retail park portfolio ensure that we comply with legislation and meet our environmental performance measures. In France, our outsourced managing agents SCC (La Société des Centres Commerciaux) are in charge of all environmental issues. We also continuously engage with our tenants through forums, such as our “Green Groups”, to identify joint opportunities for raising awareness on sustainability issues.

<b>Energy and greenhouse gas emissions</b>	<p>We prioritise reduction in carbon emissions over carbon offsetting and are currently implementing asset specific energy plans to meet our long term carbon reduction measures. In the UK, we are adapting our metering arrangements in line with the requirements from the CRC Energy Efficiency Scheme and in 2011, we implemented a pilot tenant metering scheme. We have also identified areas of improvement to our data management systems in our retail portfolio.</p> <p>We regularly review planned preventative maintenance schedules of our assets and identify opportunities to improve our performance and reduce any risks likely to affect the financial performance of our assets. As an example, in 2011, we implemented Natural Ventilation at Oracle and Queensgate shopping centres as a direct result of a review of our air conditioning systems.</p> <p>As part of our Climate Change and Carbon Management Policy, we have an objective to “consider, and where necessary incorporate, adaptation measures into future project designs to mitigate the impacts of climate change”. In line with legislation, we are replacing all ozone depleting R22 refrigerant on our managed assets by refrigerants, which are legally allowed.</p>
<b>Effluent and waste</b>	<p>We aim to recycle 75% of our waste at our managed assets by 2013 and have developed relevant policies and action plans to achieve this measure.</p>
<b>Water</b>	<p>We focus mainly on reducing water consumption over which we have direct control (e.g. common part areas in shopping centres and offices). We are also engaging with our tenants to understand how they can minimise their consumptions. Water meters have been installed on all retail tenancies. In 2010, water audits were undertaken on all UK and French assets and action plans are currently being implemented to reduce overall water consumption.</p>
<b>Biodiversity</b>	<p>Biodiversity Action Plans are now in place at 7 of our 15 managed shopping centres and include how to measure our impacts on biodiversity and enhance biodiversity where possible.</p>
<b>Products &amp; Services</b>	<p>Our supply chain sustainability questionnaire was rolled out in 2010 and some follow up meetings were also organised to discuss the findings. Our questionnaire is currently framed around four key areas of our suppliers’ Corporate Responsibility practices. These are: Strategy, Integration, Management and Performance. We rolled out the supply chain questionnaire in priority to the suppliers that have the greatest environmental, social and financial impacts. Our approach to contractors related Health and Safety is available on our corporate website.</p>
<b>Transport</b>	<p>We monitor the modes of transportation to our retail assets of our visitors through annual surveys. We have green travel plans in place at most of our UK shopping centres. We also encourage our staff to use more sustainable forms of transport to travel to work and launched a Cycle to Work scheme in 2010 in the UK. In France, we aim to use trains rather than air travel for long journeys.</p> <p>We also aim to mitigate the environmental impacts related to the transportation of materials. We monitor material selection through procurement practices at managed assets and ensure a local option has been identified.</p>
<b>Marketing, communication and customer privacy</b>	<p>Customers’ satisfaction surveys are carried out every year on visitors in our managed shopping centres in the UK and France and we report annually on the results in the performance section of this report. In 2011, we organised events to inform our prospective retail tenants of our sustainability policies. Our letting agents also attended events during our sustainability awareness week.</p>

## Society and economic impacts

In 2010, we set a new Community Strategy, which we started to implement in 2011 according to the following framework:



Throughout 2011, Community Frameworks were put in place across our investment and development activities and piloted on the Terrasses du Port and Principal Place developments. Community workshops were organised at our assets to lay the foundations for our local community plans.

We also continue to measure our community investment through our Community Investment tool, which helps us quantify our socio economic impacts and focus on long term priorities. Our main on-going community initiatives include cash, time or in-kind donations and specific initiatives in the reporting year are recorded under the performance section of this report. We are also developing a methodology for the assessment of the impact of our activities on financial, economic and social value.

Finally, we undertake Environmental Impact Assessments, including socio economic impacts chapters, on development projects where required by law.

### Our Volunteering Policy

In 2011 the GEC approved a new Volunteering Policy which provides time for employees to engage in volunteering activities up to 15 hours per year in addition to the annual community day. We will align our volunteering activities to our charity partnerships where possible from Q1 2012.

### Anti-competitive behaviour

Every six months the senior management team sign off compliance with internal controls manuals, the effectiveness of our Code of Conduct, controls designed to prevent bribery and corruption related to the appointment of suppliers. All UK staff completed training on the new UK Bribery Act in 2011.

# Managing our risks

Our risk management framework helps us identify and mitigate risks. It is reviewed by our senior office and retail executive monthly. Due to the fast changing nature of CR, we have committed to review our methodology and processes to assess CR risks and opportunities more consistently across the business. We believe that this will provide a more robust approach to risk management. This framework including our actions to mitigate our risks was published for the first time in our 2010 CR Report and was well received by our stakeholders. It has been updated to incorporate risks that arose in 2011 and how we address these.

Risk	Mitigation	Commentary
<b>Corporate responsibility</b>		
<b>Adverse publicity arises through failure to address environmental issues</b>	<ul style="list-style-type: none"> <li>Group Environmental Policy, subject to annual audit and compliance reviews</li> <li>Engagement with government and industry to anticipate change to environmental legislation</li> <li>Twice-yearly CR report to GEC and Hammerson Plc Board by Head of Sustainability.</li> <li>Monthly report to the office executive</li> <li>Quarterly to report to retail executive</li> <li>Annual CR Report includes performance against targets</li> <li>Environmental aspects included in acquisitions due diligence checklist</li> <li>One day accredited environmental training course provided to over 500 employees both direct and contract</li> <li>ISO 14001 accreditation achieved at six shopping centres in 2010</li> <li>Environmental coordinators have been employed at six shopping centres managed by Hammerson Operations Limited</li> </ul>	<p>Hammerson committed to rolling our ISO 14001 across the retail portfolio.</p> <p>Workman manage all retail park assets and are ISO14001 accredited</p> <p>The majority of agents managing our office portfolio are ISO14001 accredited.</p>
<b>Financial loss and adverse publicity arises through failure to meet published CR measures or comply with published CR principles</b>	<ul style="list-style-type: none"> <li>CR Board established to monitor compliance with principles and performance against measures</li> <li>A new CR data management system has been created to bring all data in-house and so improve ability to monitor performance</li> </ul>	<p>Hammerson are currently investigating an option to create a stakeholder panel to provide an independent review of our approach and performance. The outcome of this review will be announced in 2012</p>
<b>Reputational risk linked to public consultation</b>	<ul style="list-style-type: none"> <li>Revised community consultation principles reflecting areas set out in Localism Act</li> </ul>	<p>Set up a Localism working party to look at implications for the business including a knowledge session involving industry experts. Briefing sessions completed across the business to raise awareness of the Localism Act.</p> <p>Consultation principles and use of social media to widen participation embedded into consultation.</p> <p>Responded to Government consultation around National Planning Policy Framework through industry bodies.</p> <p>Tracking the outcome of the consultation during 2012.</p>
<b>CR strategy</b>		
<b>Implementation of a strategy inconsistent with the market environment</b>	<p>Independent advisers assist in the development of a CR Strategy and a community strategy. The process included:</p> <ul style="list-style-type: none"> <li>Benchmarking study</li> <li>Stakeholder mapping</li> <li>Interview with employees and extend stakeholders</li> <li>Senior management workshops</li> </ul>	<p>To read more about the strategy see CR report 2010</p>
<b>Ignore the future impact of climate change on our</b>	<ul style="list-style-type: none"> <li>Completed a review of the climate change impacts on our portfolio in UK and France</li> </ul>	<p>Hammerson continue to work with both national government and local councils</p>

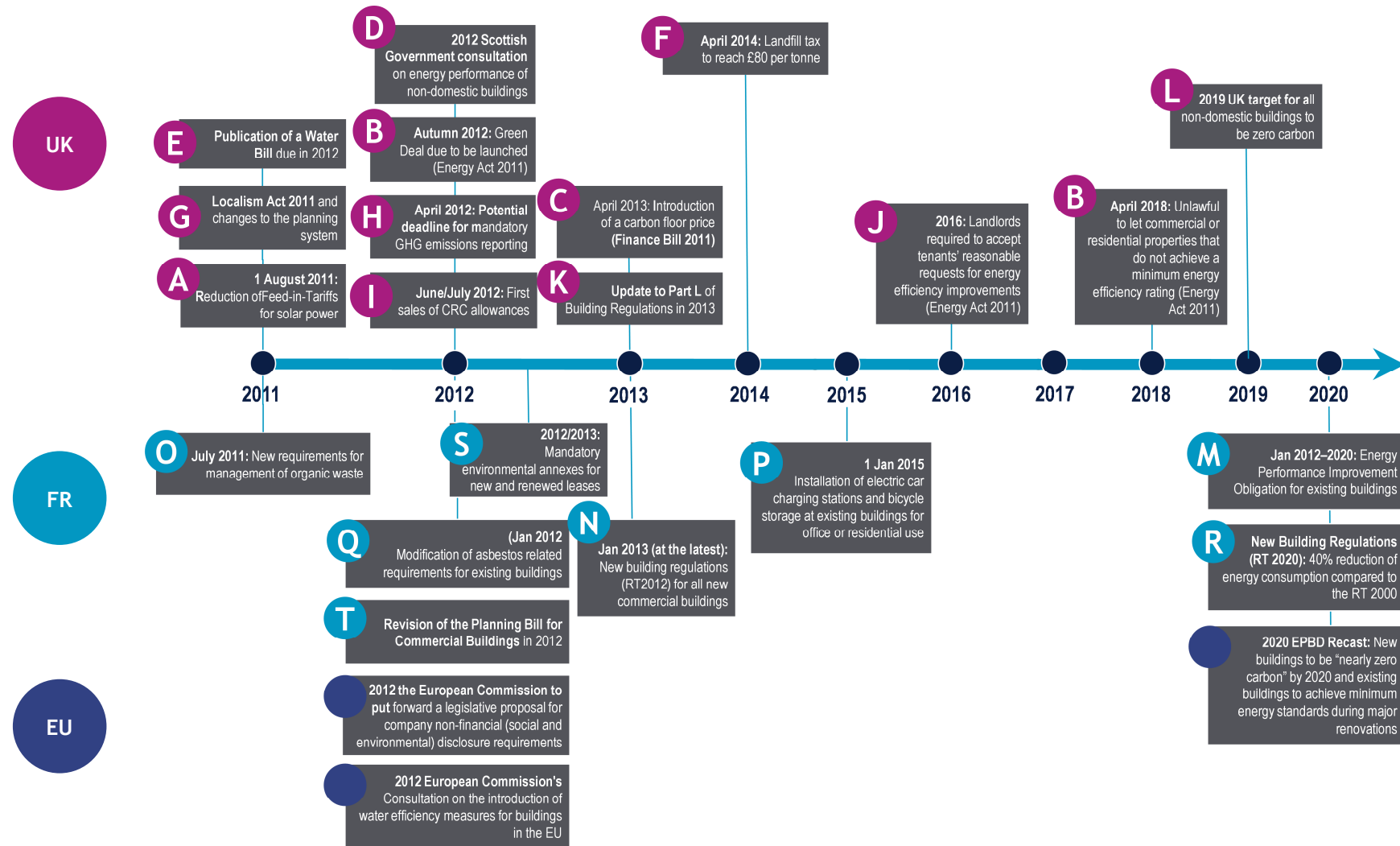
<b>portfolio</b>	<ul style="list-style-type: none"> <li>We continue to review the link between climate change and our future financial performance but at present these are not quantifiable</li> <li>We are committed to reducing carbon emissions, setting a new measure in 2010</li> <li>Completed project watermark at Oracle Reading, a pilot project consisting of a detailed review of flood risk on the operation of the property and the surrounding community</li> </ul>	<p>to understand the impact climate change will have on the communities we work in.</p> <p>Hammerson are part of a project in Southampton to investigate the use of a logistics centre for the town so reducing carbon emissions in the town</p>
<b>Property development</b>		
<b>Failure to address sustainability in development programme</b>	<ul style="list-style-type: none"> <li>Projects are delivered in accordance with the sustainability management framework.</li> <li>Projects follow a full Sustainability Implementation Plan or an abbreviated fitout/refurbishment version</li> <li>Sustainability design workshops are held at the start of new projects to set the parameters for the project</li> <li>Projects are reviewed against the corporate design standard reviewed and updated in 2011</li> <li>A community framework has been developed and piloted in 2011 at Marseille and Principal Place. This will provide a consistent approach to community engagement and meet with the needs set out in the new Localism Bill</li> </ul>	
<b>Failure to understand the 2010 Part L regulation</b>	<ul style="list-style-type: none"> <li>Each project has been reviewed against the standard to understand the implications.</li> <li>In London all projects are designed to achieve 25% below 2010 (equivalent to the GLA planning requirement of 44% below Part L 2006 and compliant with the anticipated 2013 Part L)</li> </ul>	<p>Our existing design standard anticipated this change and set a target far exceeding 2010 Part L on all projects</p> <p>Through the BCO Hammerson are engaged in the Part L 2013 consultation</p>
<b>Failure to understand the 2011 BREEAM regulation</b>	<ul style="list-style-type: none"> <li>A project manager undertook the BREEAM training course, then held a training course for all Hammerson project and development managers.</li> <li>Comparisons between BREEAM 2008 and 2011 have been completed on Principal Place and London Wall Place. The design team have confirmed what design adjustments are required to achieve the Excellent under 2011</li> <li>Engagement with tenants has commenced at Marseille and with UK retailers to explain the requirements placed on them in order for new projects to achieve BREEAM Excellent</li> </ul>	<p>BREEAM training in 2009 for French development managers</p> <p>Marseille will achieve BREEAM Excellent despite changes to the PV Feed In Tariff in France which affected the financial viability of PV and so reduced the quantity to be provided</p>
<b>Failure to be a member of Local Enterprise Partnership, which has replaced the Regional Development Agency</b>	<ul style="list-style-type: none"> <li>We ensured we formed part of each LEP submission where we have either existing assets or new developments planned</li> <li>In 2010 a paper on LEP's and the impact on Hammerson was submitted to the GEC for review</li> </ul>	<p>Local senior management are involved in local LEPs and are monitoring progress</p>
<b>Property investment</b>		
<b>Acquisition of properties that fail to meet sustainability standards</b>	<p>Acquisition checklist up dated to includes requirement for energy performance certificates and Carbon Reduction Commitment and a climate change impact reviews.</p>	
<b>Failure to register for the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES)</b>	<ul style="list-style-type: none"> <li>A CRC EES steering committee established to manage across the portfolio</li> <li>Regular updates given for GEC and Hammerson plc Board</li> <li>New metering strategy for the investment portfolio</li> <li>Carbon Trust certification completed where possible</li> <li>Continuing to engage next with industry bodies and the Government</li> </ul>	<p>99 Bishopgate ranked number one in the CRC performance league table</p>
<b>Energy Act – ability to transact property in 2018 based on energy certification rating</b>	<ul style="list-style-type: none"> <li>Hammerson have calculated energy performance certificates across the investment portfolio and so understand those properties at risk</li> <li>No properties in the Hammerson portfolio achieve a G-Rating EPC</li> <li>Only retail shops in Kirkcaldy achieve a G-rating</li> <li>As part of our CR strategy we have a commitment to reduce our carbon emissions</li> </ul>	<p>Hammerson set a target in 2007 to reduce carbon emissions across the investment portfolio against a 2006 baseline. We continue to reduce carbon emissions year on year.</p> <p>Hammerson are committed to driving change throughout the property industry and have fully supported the</p>

	<ul style="list-style-type: none"> <li>Energy audits and long term energy improvement plans are in place at all assets</li> <li>Green groups have been set up across the portfolio to engage customers and promote energy efficiency</li> <li>Green leases ask all tenants to monitor energy consumption and work with the landlord to improve their performance and that of the managed asset</li> </ul>	mandatory roll out of Display Energy Certification to promote energy efficiency during operation.
<b>Lack of appropriate environmental management system</b>	<ul style="list-style-type: none"> <li>ISO 14001 is being implemented at Hammerson managed shopping centres and offices.</li> </ul>	
<b>Civil unrest</b>	<ul style="list-style-type: none"> <li>implemented a co-ordinated response to manage both the immediate and long term impacts</li> </ul>	Working alongside key stakeholders in the cities affected we provided financial support, skills and expertise to support local businesses and communities in local recovery programmes.
<b>Grenelle de l'environnement</b>	<ul style="list-style-type: none"> <li>Energy audits and energy plans</li> <li>Landlord data collection</li> <li>Legal update</li> </ul>	Secondary legislation, following Grenelle 2 law voted in 2010, should be completed by the end of 2012, particularly for buildings energy sector (existing buildings, new buildings)
<b>Business organisation and human resources</b>		
<b>Failure to provide staff with the knowledge and tools to implement sustainability programme</b>	<ul style="list-style-type: none"> <li>One -day department-specific CR training courses held</li> <li>BREEAM training held for project managers, development managers and leasing team</li> <li>ISO 14001 EMS IOSH accredited training held for over 503 staff at Hammerson managed shopping centres</li> <li>Senior management training held on the Grenelle d'environnement in France</li> <li>Corporate learning, training and development plans in place to improve CR skills of employees</li> <li>Talent management and succession planning process in place</li> </ul>	All staff in France have been made aware of the implications of the Grenelle de l'environnement through staff presentations, email announcements and CR newsletter.
<b>Failure to implement an appropriate Health and safety strategy</b>	<ul style="list-style-type: none"> <li>A detailed description of the approach to managing Health and Safety has been included on the CR portal this year.</li> </ul>	Through one to one engagement with investors and following feedback from indices we recognised the need to explain our approach to Health and Safety because otherwise the perception is that we do nothing





## Anticipating upcoming legislation



The timeline and table lay out the future legislative risks and opportunities that are likely to have a significant impact on our business and our actions to address these. The ability of current UK and French governments to enforce ambitious sustainability programmes is likely to be impacted by the implementation of austerity policies to address the public debt crisis, upcoming presidential elections in France in 2012 and the unprecedented extension of the parliamentary period in the UK.

CARBON EMISSIONS	
<b>A</b>	<b>Reduction of Feed-in-Tariffs</b> by 40-70% for large-scale solar installations over 50kW from 2012, creating uncertainty on the financial viability of renewable investment projects
<b>B</b>	<b>The Energy Act 2011:</b> From 2018, could be unlawful to let commercial buildings with poor energy efficiency rating, causing a risk of obsolescence for worse performing assets.
<b>C</b>	<b>Finance Bill 2011:</b> Potential introduction of a carbon floor price for electricity generators (from 2013), starting at £16 per tCO2. Cost could be passed on to end users.
<b>D</b>	<b>Scottish Government consultation on measures to improve energy performance of existing non-domestic buildings:</b> Requirements to implement carbon emissions improvement plans on buildings over 1,000 m2 within a period of 3.5 years.
<b>J</b>	<b>First sales of CRC allowances at a price of £12 per tonne</b> (1 June- 31 July 2012) to cover carbon emitted during 2011-2012.
<b>K</b>	<b>Next update to Part L and F of Building Regulations due in 2013:</b> Part L and F are updated every three years to ensure the government is on track to meet its goal of reducing carbon emissions by 80% by 2050.
<b>L</b>	<b>All non-domestic buildings to be zero carbon by 2019</b>
<b>M</b>	<b>Energy Performance Improvement Obligation for existing buildings (2012 – 2020)</b> : buildings with lower energy performance ratings to increase their ratings
<b>R</b>	<b>New building regulations (RT2012) and (RT2020)</b> Significant investment required at design stage to meet increasingly stringent regulations (from 2020, all new buildings to produce more energy that energy they consume)
WATER	
<b>E</b>	<b>Publication of a Water Bill in 2012 in response to risks of water shortage in the UK.</b> Potential introduction of requirements to install smart water meters to enable more accurate billing of tenant consumption
WASTE	
<b>F</b>	<b>Annual rise in landfill tax:</b> £56 per tonne as of April 2012 to £80 per tonne in April 2014.
<b>O</b>	<b>New requirements for large producers of organic waste to segregate waste onsite</b> and send it to recycling. Opportunity to engage with occupiers who produce significant amounts of organic waste.
<b>UK:</b> Undertook a review of opportunities for investment in PV installations. The change in the FIT made potential projects no longer financially viable. Planned 5 year energy management plans at all retail managed assets in 2012. Capital expenditure in annual business plans to achieve our ong term carbon emissions reduction measures.  Represented on the Green Deal property working group to establish establishing the criteria for access to finance for commercial buildings  <b>FR:</b> Energy efficiency audits and improvement plans for existing assets currently in development in order to achieve reductions required through the Grenelle and our 2015 carbon reduction measure.  Research project into low carbon design undertaken in 2011 in collaboration with IFPEB, Avenir Investir and Ecole Centrale de Paris, that investigated the combination of air treatment, glass features for windows and thermal flooring required to be able to eliminate the need for air conditioning (Mantes development project)	
<b>UK:</b> Progress towards 75% waste recycling measure. All assets to implement tools to raise awareness on waste(e.g. waste wheel and mall bins) <b>FR:</b> Leading an industry working group to improve transparency of waste measurement and	

	May require investment in specific. There are also requirements to separate plastics.	infrastructure. Additionally, we successfully trialled organic waste separation at Place Des Halles. Lessons learnt to be transferred across the portfolio through changes to waste management contract arrangements. Planned engagement in 2012 with catering facilities at our managed assets around the enforcement of the upcoming organic waste recycling obligation.
<b>COMMUNITIES</b>		
<b>G</b>	<b>Localism Act 2011 (including creation of Local Enterprise Partnerships) and significant changes to the UK Planning System</b> (National Planning Policy Framework & National Policy Statement). Devolution of greater powers to councils increasing control over planning decisions and local growth plans to neighbourhoods and communities. Requirements for developers to demonstrate their contribution to sustainable communities and potentially increase the level of mandatory and voluntary investments.	<b>UK:</b> Investigated the risks and opportunities for our involvement in LEPs and set up an internal localism steering committee to develop a consistent approach to our involvement in LEPs. Implementation of our new Community Strategy on our developments and ongoing collection of community investment data
<b>T</b>	<b>Revision of the Planning Law for Commercial Buildings developments (Loi d'Urbanisme Commercial) in 2011:</b> Greater power of Mayors in awarding planning permission for commercial buildings and greater emphasis on preserving inner city independent retailers	<b>FR:</b> Implementation of the Community Strategy across our managed assets and developments collection of comprehensive community investment data for the first year. Attendance to planning commissions meetings by our Our Sustainability Director in 2011
<b>INVESTORS</b>		
<b>H</b>	<b>Potential requirements for increased transparency of non-financial performance in Annual Reports &amp; Accounts of publicly listed companies</b> (e.g. Updates to European Directive, FTSE 100 companies may have to publish measurable progress gender diversity on companies' Boards, disclosure of GHG data under the Climate change Act 2008)	Disclosure of sustainability performance in Annual Reports and Accounts through our Connected Reporting Framework and implementation of a new CR data management tool to improve data auditability Proactive policies to improve gender diversity at Board level, including appointment of Judy Gibbons as a new Non-Executive Director and Sarah Booth on the GEC
<b>CUSTOMERS</b>		
<b>H</b>	<b>Energy Act 2011:</b> By 2016, a landlord cannot refuse a tenant's reasonable request to improve the sustainability of their property. Represents an opportunity for setting up improvement plans that would bring mutual benefits to landlords and tenants.	<b>UK:</b> Green groups established across the portfolio, offering a forum for discussion and agreeing energy efficiency measures. New occupier engagement programme set to commence in 2012
<b>P</b>	<b>Installation of electric car charging stations and bicycle storage</b> at existing buildings for office or residential use, requiring investment in infrastructure at new and existing assets where the main use is either residential or office.	<b>FR:</b> Charging points for electric cars to be installed from 2013. Partnership with Renault and pilot project to provide bicycle storage at Saint Quentin.
<b>Q</b>	<b>Modification of asbestos related requirements for existing buildings</b> , requiring asbestos to be actively searched for and documented in existing assets	Review of asbestos in managed assets
<b>R</b>	<b>Potential introduction of a requirement</b> for tenants to decrease electricity consumption related to outdoor electric signs	Communications with our tenants on the Grenelle requirements including the potential obligation to decrease electricity consumption from electric signs. Updated tenant fit out guide attached to our green leases to include energy efficiency requirements (in 2012). Environmental Annexes currently rolled out with the aim to have signed an environmental appendix for all existing leases over 2,000 m2 by 14 July 2013.
<b>S</b>	<b>Mandatory environmental annexes</b> for new and renewed leases for commercial use and retail units from 1 <sup>st</sup> January 2012 for new leases over 2000 m2 and from 13 July 2013 for existing or renewed leases	

# Engaging with our stakeholders

A key part of our 2010 CR Strategy review, we undertook comprehensive stakeholder engagement. 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 La Salle with internal and external stakeholders, including interviewing a youth forum in Tower Hamlets and Hackney, an area of great importance to Hammerson. The interviews were used in an internal workshop with our senior management team to define our new strategy. Through this process, we identified the five key stakeholder relationships that now form the basis of our CR strategy.

## How we engaged with our stakeholders in 2011

INVESTORS	
Type and frequency of engagement	What they said
<ul style="list-style-type: none"> <li>SRI investor road show, one to one meetings, seminar with 8 French investors and engagement with various specialist analysts</li> <li>Responded to SRI investor questionnaires, including Global Real Estate Sustainability Benchmark survey (GRESB), and the Kempen Sustainability Universe</li> </ul>	<ul style="list-style-type: none"> <li>We need to improve understanding of link between sustainability and value and make our approach to Health and Safety clearer</li> <li>Some investors are adjusting their discount rates to take into account sustainability</li> <li>Scored 83 in our first FTSE4Good submission, 3rd ranked globally (for real estate)</li> <li>Hammerson ranked top European publicly listed real estate company in GRESB</li> </ul>
How we're responding	
<ul style="list-style-type: none"> <li>Continue to work on project s-i-r-e (Sustainable Investment in Real Estate)</li> <li>Commenced a specific research project with Jones Lang LaSalle to investigate the link between the 99 Bishopsgate sustainable refurbishment and value, using an adapted Monte Carlo modelling technique</li> <li>Engaged government and industry on improving and mandating Display Energy Certificates</li> <li>Commenced an internal research project to improve our understanding of Environmental Social Governance (ESG) issues, results due in 2012</li> <li>Health and Safety management statement uploaded on our corporate website</li> </ul>	

Figure 8: 2011 GRESB results

### Top-5 Listed Companies

	Score	MP*	IM*
Company			
1. Hammerson Plc	83	92	78
2. Land Securities	75	81	72
3. British Land Company Plc	73	88	66
4. Unibail-Rodamco	71	87	63
5. Big Yellow Plc	69	88	60
Regional Average	42	56	36

\*MP: Management & Policy

\*IM: Implementation & Measurement

*“Among listed companies, sustainability management at Hammerson (UK) is leading the industry, followed closely by Land Securities (UK) and British Land (UK). Unibail-Rodamco, ranked fourth, is the only Continental European company in the top 5. Big Yellow, the number one in 2009, is ranked fifth this year.”*

**GRESB Research Report 2011**

LOCAL COMMUNITIES	
Type and frequency of engagement	What they said
<ul style="list-style-type: none"> <li>• UK project "Spitalfields Together" and "Project Shoreditch"</li> <li>• Community consultations at development projects and managed assets</li> <li>• Community workshops held at all existing assets to map community demographics and develop new engagement plans</li> <li>• Meetings and presentations with local authorities in Cramlington, Redcar, Hackney and Merthyr Tydfi to outline community strategy</li> <li>• ELBA - representation on forums Tower Hamlets/Hackney</li> <li>• Work with National Skills Academy for Retail - Board membership and work at local level</li> </ul>	<p>Specific questions raised about future development including:</p> <ul style="list-style-type: none"> <li>• Rights to light and other planning issues affecting communities</li> <li>• Timeliness - when will projects commence</li> <li>• What and how many jobs will be created through the new development</li> <li>• How will the new development bring growth to the community</li> </ul>
How we're responding	
<p><b>Our activities around developments</b></p> <ul style="list-style-type: none"> <li>• Developed a joint UK/France implementation plan for our community strategy. Created community engagement frameworks for developments to encourage a consistent approach and meet the needs of the localism and big society agenda in the UK</li> <li>• Continued engagement activities around existing developments including: <ul style="list-style-type: none"> <li>○ the development of an online consultation tool using social media to increase participation in the Leeds Eastgate development consultation,</li> <li>○ continued consultations around the One London Wall developments, including presentations with architects to discuss the impact of the scheme on residents</li> <li>○ we used conclusions of our 2010 youth engagement workshop to inform our City developments.</li> </ul> </li> </ul> <p><b>Our activities around managed assets</b></p> <ul style="list-style-type: none"> <li>• Commenced a working relationship in France with France Initiative, a group representing small businesses and the French Job Centre organisation Pôle d'Emploi, in France to match job seekers with opportunities at our retail assets</li> <li>• On-going work with Local Education Business Partnerships (EBP) around our UK shopping centres to enrich the national curriculum at local schools and investigated partnership opportunities with local universities and continue to work with NSA for Retail to develop service level agreements and embed Skills Shops to boost recruitment and skills development opportunities at our shopping centres.</li> <li>• Roll out of the Community Investment Tool in France, which revealed immediately a 24% increase between 2010 and 2011.</li> <li>• In 2011, we commenced a two year research project to identify methods to measure, record and report the impact of our community activities.</li> </ul>	

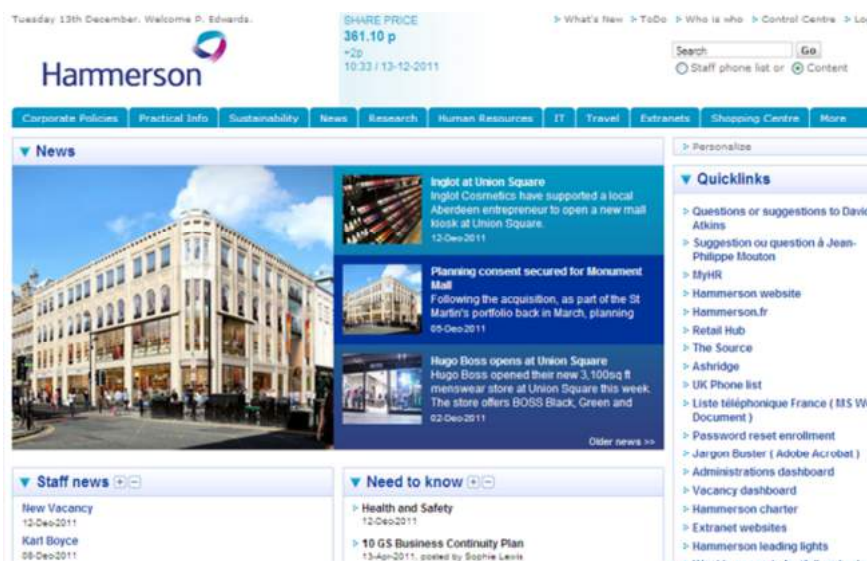
**Figure 9: stakeholder mapping, Principal Place development site**





EMPLOYEES	
Type and frequency of engagement	What they said
<ul style="list-style-type: none"> <li>Employee survey "Great Place to Work"</li> <li>CR training days delivered to our employees including Sustainability Awareness Days (UK/France) and Community Day (UK)</li> <li>Environmental training programme</li> <li>Set up of a sports and social committee</li> <li>CEO quarterly updates to all staff</li> <li>Opportunities to ask direct questions to CEO</li> <li>CR induction for all new staff</li> </ul>	<ul style="list-style-type: none"> <li>Need sustainability training to specific roles including training on changes to legislation, training on using the Community Investment tool in France and using the new CR data management tool training required</li> <li>From the "Great Places to work" survey, 84% of our employees responded positively to questions related to our approach to corporate responsibility. This score was in line with results achieved in 'Top 50' businesses</li> <li>The survey revealed that 74% of employees want increased opportunities to volunteer</li> </ul>
How we're responding	
<ul style="list-style-type: none"> <li>All training needs identified were addressed through customised programmes. In addition to the areas identified above, this included a BREEAM 2011 training for development managers, project managers and leasing teams</li> <li>An accredited environmental training course was delivered to over 500 staff and contractors at shopping centres, aligned with the roll out of ISO14001 on our centres</li> <li>Staff newsletters and retail newsletters are distributed respectively in France and in the UK and incorporate sustainability section</li> <li>Community day and sustainability awareness week were held in the UK including panels aimed at our retail, construction and office staff</li> </ul>	

**Figure 10: Engaging our employees through our intranet**



SUPPLIERS	
Type and frequency of engagement	What they said
<ul style="list-style-type: none"> <li>Responsible Procurement Policy</li> <li>Launched sustainability questionnaires and organised one to one meetings with specific suppliers</li> </ul>	<p>Our suppliers want to know more on our requirements around sustainability and how they can respond to these, areas in which they should focus and how and what to measure</p>
How we're responding	
<ul style="list-style-type: none"> <li>Distributed a supplier questionnaire and assessed suppliers' performance. Results were issued to suppliers and included specific sectors' benchmarking and further engagement was conducted through one to one meetings</li> <li>Issued a common metrics template for measurement during construction</li> </ul>	

CUSTOMERS	
Type and frequency of engagement	What they said
<ul style="list-style-type: none"> <li>Engagement through our Green Groups (<b>offices and retail</b>)</li> <li>Implementation of green leases and distribution of sustainability guidelines to tenants (<b>offices and retail</b>)</li> <li>Office and retailer panels held during Sustainability Awareness Week Identification of tenants sustainability commitments against a criteria developed by our CR team (<b>offices and retail</b>)</li> <li>Retailer cocktail event (<b>retail</b>)</li> <li>Retailer engagement plan set by leasing team including sustainability review (<b>retail</b>)</li> <li>Annual customer surveys (<b>visitors to retail assets</b>)</li> </ul>	<ul style="list-style-type: none"> <li>Tenants expressed concern over the costs incurred for business operations and carbon emissions in relation to the implementation of the CRC EES (both the complicated nature of the scheme and responsibilities around the payment of allowances) (<b>offices and retail</b>)</li> <li>Tenant want to understand how sustainability initiatives can be financed(<b>offices and retail</b>)</li> <li>We had specific requests to partner with retailers to research specific initiatives (<b>retail</b>)</li> <li>Cannot see that we improve the sustainability performance of our assets (<b>visitors to retail assets</b>)</li> <li>Lack of understanding of what sustainability means to them (<b>visitors to retail assets</b>)</li> </ul>
How we're responding	
<p>We maintain ongoing communication with our tenants through:</p> <ul style="list-style-type: none"> <li>Letters to explain CRC programme and charges</li> <li>Tenants' Sustainability Guide issued in UK and in France</li> <li>New office and retail newsletters issued in UK including sustainability section</li> <li>One to one meetings</li> <li>Continue to hold our green group meetings (rolled out for the first time to French assets in 2011 centres in France. We help specific sessions on the CRC ESS in 2011.</li> </ul> <p><b>Offices</b></p> <ul style="list-style-type: none"> <li>Electronic boards with CR performance data for each office asset were distributed to our tenants</li> <li>We held a presentation on designing a zero carbon building for our agents, design teams and staff</li> <li>We are investigating a new Occupant Engagement Programme based on similar programme developed by Cadillac Fairview (learning from a major investor)</li> </ul> <p><b>Retail</b></p> <ul style="list-style-type: none"> <li>We developed our partnership approach by working with: <ul style="list-style-type: none"> <li>M&amp;S and Cambridge university to research reuse of structural steel,</li> <li>Next, Halfords and Retail Lab to bid for funding from the technical services board for research into building performance evaluation</li> <li>Centre Ville en Mouvement - an association of retailers in city centres to foster economic development</li> </ul> </li> <li>Organised visit for 26 retailers to Retail Lab with DeMontford University and attended a retailer lunch sponsored by the BBP where we shared sustainability best practice with 6 major retailers</li> <li>The outcomes of our research on the sustainability commitments of our top 50 retailers by value were integrated into the Customer Relationship Management system</li> <li>Engaged tenants in France about BREEAM Excellent related requirements for tenants</li> <li>Commenced collection of energy data from tenants in France to comply with Grenelle d'environnement legislation</li> </ul> <p><b>Visitors to shopping centres</b></p> <ul style="list-style-type: none"> <li>Run customer-focused programmes such as "Pump it Up" (students pumped up tyres to raise awareness about reducing carbon emissions)</li> <li>Improved information on public transport to visitors</li> <li>Rolled out recycling bins within malls</li> </ul>	



OTHER PARTNERS (industry, government and joint venture partners)	
Type and frequency of engagement	What they said
<b>Industry and peers</b> Representation, attendance and input at committee meetings of several industry boards, including: <u>In the UK</u> <ul style="list-style-type: none"> <li>Board member of the Better Building Partnership and Head of Sustainability chairing the BBP sustainability working group</li> <li>Chair British Council of Offices Environmental Sustainability Group</li> <li>Member British Council of Shopping Centre Sustainability committee and Strategy group</li> <li>Chair of the Green Property Alliance Metrics Working Group</li> <li>UKGBC Sustainability Training and Education Programme</li> <li>Board member National Skills Academy</li> <li>Member of the British Property Federation Sustainability Group</li> <li>Trustee of London Sustainability Exchange</li> <li>Members of the London Sustainable Development Commission</li> <li>London Benchmarking Group</li> </ul> <u>In France:</u> engagement mainly through the National Centre for Shopping Centres (CNCC) Sustainability working group and the IFPEB (the French Green Building Council)	<b>Industry and peers</b> The focus In the UK is around understanding the implications of the CRC EES for landlord tenant relationship, mandating DEC's, and defining reporting standards and sustainability metrics for the property sector  The focus in France is around understanding the implications of the Grenelle Laws and secondary legislation; in particular the implications of the draft secondary legislation on the requirements improve the energy efficiency of commercial buildings through refurbishments plans from 2012 and 2020.
<b>Government</b> <ul style="list-style-type: none"> <li>Attendance at industry meetings regarding CRC EES, Display Energy Certificates, Energy Performance Certificates and the Green Deal.</li> <li>Responding to relevant consultations</li> <li>Commissioner on College in their Communities Inquiry</li> <li>Engagement from our CEO with members of Select Committee - key messages around socio-economic impacts</li> </ul>	<b>Government</b> Launched several consultations this year on topics of relevance to our business
<b>Joint ventures partners</b> Specific engagement with regards to the CRC Energy Efficiency Scheme through one to one phone calls, attending JV board meetings. JV partners took part in interviews as part of CR strategy review	<b>Joint venture partners</b> They want to prepare for and understand implications of the CRC Energy Efficiency Scheme and have access to the data within the scope of the scheme
How we're responding	
<b>Industry</b> <ul style="list-style-type: none"> <li>Attended meetings with peers, industry groups and government decision makers</li> <li>Participated in the EPRA project on defining best practice guidelines for sustainability performance indicators</li> <li>Produced review of business benefits and new toolkit with fellow LBG members to be launched to the LBG members in 2012</li> <li>Chairing BCSC working party on community engagement to look at how to raise awareness &amp; engage more members in community investment activity</li> </ul>	
<b>Joint venture partners</b> <ul style="list-style-type: none"> <li>Provided details of our approach to CRC EES to General Executive Committee and plc Board in 2010 to ensure that all members were able to discuss with JV partners</li> <li>Provided written confirmation of qualification and consumption for last three years to JV partners</li> <li>Provide written information to new partners in France on our approach to sustainability.</li> </ul>	
<b>Government</b> <ul style="list-style-type: none"> <li>Responded to government consultations through letters, meetings, one to one discussions and industry bodies</li> <li>Provided input to on-going Grenelle discussions through CNCC in France</li> <li>Meetings between David Atkins and Ministers to discuss key topics</li> <li>Only private sector representative on College Inquiry, chaired seminar on College relationships with employers, findings included in report presented to government to review future policy</li> <li>Provided evidence to CLG Select Committee report on regeneration</li> </ul>	

## 2011 Performance

We benchmarked our performance against our peers as part of the 2010 strategy review process, based on Forum for the Future's Leader Business 2.0 report, which assesses leadership in several categories of sustainability management. Through this process we identified the following areas for improvement for the real estate as a whole and Hammerson:

- 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 space for bold sector leadership and an ability to differentiate on sustainability

This table summarises where we performed against the Forum for the Future benchmarking criteria:

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

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

In 2011, we addressed these comments through the following actions:

- **Products and services:** We continue to review our product and services to see how we can improve the outcome. We have updated our design standard with stretching targets in particular against Part L and BREEAM. The latests version of BREEAM places much more emphasis on partnership and actual performance, and so our commitment to engage with customers aligns with our approach to create a better product. We are on track to deliver BREEAM Excellent at Marseille, which will be a major achievement and clear demonstration of our determination to be the best in class
- **Supply chain:** We continue to increase the coverage across our supply chain. However we have had problems with the software used for our questionnaire and as such have decided to switch to combine with our main CR data management tool, which will improve accuracy and our ability to track and report on findings. This will happen at the start of 2012 and provide a foundation for future engagement to increase. We will also create a new code of conduct to be signed by all suppliers.
- **Community:** implementation of our Community Strategy as described in this report under the society and economic impacts section.

## Performance against 2011 annual targets

In 2010, we changed our approach to setting performance targets as we set long term CR measures as part of our CR strategy. As 2011 was a transition year for the implementation of our new strategy, we still set annual targets for 2011. Our CR strategic advisors Jones Lang LaSalle assessed our performance against these. In 2012, we will only assess progress against our CR measures.



Target	Status	Commentary
<b>ASSESSMENT AGAINST UK TARGETS</b>		
<b>Carbon emissions</b>		
Define and implement BREEAM-related green clauses for all future developments (Developments)	Achieved	BREEAM Excellent compliant green lease checklist in place setting out fit-out requirements for tenants
If viable, implement 1 renewable energy photovoltaic array benefiting from UK Government Feed-in Tariffs (1 shopping centre/1 retail park)	N/A	750kW installation investigated at St. Oswald's Retail Park, Gloucester. Project deemed financially non-viable following Government proposed cuts to Feed-in-Tariff on installations over 50kW.
<b>Biodiversity</b>		
Extend the Hammerson Biodiversity Action Programme to two further shopping centres and two retail parks (2 shopping centres, 2 retail parks)	Achieved	Biodiversity Action Plans developed for two shopping centres (Highcross and Westquay) and two retail parks (Cyfartha Retail Park and Ravenhead Retail Park).
<b>Community</b>		
Develop relationships with local government and key stakeholders through engagement with Local Enterprise Partnership across the UK Retail managed portfolio (retail portfolio)	Achieved	Position paper on Local Enterprise Partnerships (LEPs) presented to the CR Board, outlining key risks and opportunities, recommendations for engagement and summary of engagement so far by asset.
Based on the 2010 Community Strategy Review, adapt the Community Regeneration Framework to the development pipeline and implement across two project (2 developments)	Achieved	Community Framework developed and adapted to include stakeholder mapping, socio demographic and local authority strategy templates. Framework fully applied to Principal Place, Hammerson's office development. Principal Place was the only development where it could be fully rolled out in 2011 (will be apply to Croydon development in 2012)
Review opportunities to engage with local communities, entrepreneurs and businesses to develop a temporary use strategy for the development pipeline (developments)	Achieved	Opportunities for temporary uses reviewed at two sites: 1) <b>Boxpark</b> (Bishopsgate Goods Yard development site) – 2 units to be leased to Amnesty International and Arts Against Knives. 2) <b>Brent Cross</b> - Community day organised to discuss options for the temporary use of unused adjacent land (including the development of learning allotments for local communities)
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 1 in France	On Track	Workshops completed across UK retail portfolio and feedback used to develop the community framework for UK managed assets and developments. Framework to be rolled out across retail assets in 2012. Community plans to be developed by 2014.
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) (Shopping centres)	On Track	Charity partners identified at 5 managed shopping centres, with the exception of Silverburn and Union Square, which have instead developed a Bursury Approach and Bullring, which does not have a main charity partner. Charity giving monitored through the community investment tool.
Complete a feasibility study into Community Panels for ongoing community engagement/communication for UK shopping centres (shopping centres)	Not Achieved	No work undertaken in relation in 2011. Planned for 2012
Develop community engagement opportunities linked to the implementation of the Biodiversity Action Plans in the UK Retail portfolio (shopping centres, 2 retail parks)	On Track	Community and awareness raising day around biodiversity held at reservoir local to the Silverburn. Other similar activities planned for 2012 at several managed retail assets.
<b>Suppliers</b>		



Target	Status	Commentary
Develop and implement an awards programme to recognise achievements in sustainability by suppliers and advisors (Corporate)	Not Achieved	Awards programme postponed due to upcoming updates to the Supply Chain questionnaire and evaluation process.
Review Hammerson's design standard for developments to ensure it meets best practice (Corporate)	Achieved	Design Standard modified with best practice following technical studies existing assets.
Implement sustainable implementation plans at all new developments (shopping centres, retail parks and offices) including guidance (Developments)	N/A	No new major development projects during 2011 where the SIP was applicable.
<b>Investors</b>		
Investigate the differences between BREEAM 'Excellent' and 'Outstanding' to understand the challenges and opportunities are to achieving a higher rating (developments)	Achieved	Gap analysis undertaken on the Principal Place development between 2008 BREEAM Outstanding and Excellent and against 2011 BREEAM. Maximum score achievable on this development was 82% compared to 85% needed for BREEAM Excellent 2008.
<b>Customers</b>		
Carry out the following customer-related activities: Develop and implement a green lease engagement and communication plan (retail managed portfolio and developments)	On Track	Work undertaken with lawyers to revise green leases in 2011. Action plan set up to roll out new leases in 2012. Work underway to develop way of engaging with retailers on the introduction of new leases, particularly at WestQuay.
Partner two retailers to identify areas for collaboration and ways to overcome sustainability challenges (development)	Achieved	Two collaboration projects currently being established: 1) Steel reuse with M&S and Cambridge University at Cramlington (possibly also to involve John Lewis). 2) Energy efficient refurbishment of retail space with Demontfort University in partnership with group of retailers.
Hold retail and office tenant sustainability events as part of our pre-let strategy (developments)	Achieved	For retail, participation in retailer lunch debate hosted by BPP with pre-let target companies. Included discussion of sustainability challenges. For offices, event held for letting agents of London Wall Place to raise awareness of Hammerson's sustainability requirements.
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 (1 managed shopping centre)	On Track	For Sustainable Shop-fit Guide, sustainability elements drafted, including design guidance, a tenant sustainability appraisal and tenant guidance in a number of environmental areas. Existing documentation to be updated and new guide rolled out in 2012.
Review of future requirements of sustainable store design to understand the impact on retail delivery (development)	Not Achieved	No progress made in 2011
<b>Research</b>		
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)	On Track	Participated in LBG research project to develop and test methodologies for measuring business benefits of community programmes. Toolkit to be launched to LBG members in 2012.
<b>Employees</b>		
Implement a CR education and awareness programme for senior management including the Group Executive committee (corporate)	On Track	Conversations started with several organisations to set up and implement a CR education and awareness programme for senior management.
Include 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 (Corporate)	On Track	Decided to include a CR KPI in 2012 for employees whose roles are necessary for delivery of CR Strategy, including members of the senior management teams.
Develop and implement arrangements for informing and consulting employees (Corporate)	Achieved	Existing employee engagement opportunities were reviewed. Various engagement arrangements from 2010 continued in 2011, including CEO quarterly update presentation to all staff, Sport & Social Committee, CR Working Groups, annual staff survey, staff conference and intranet page.
Review the existing charity partnering programme and align with the corporate community strategy and employee engagement programme (Corporate)	Achieved	Review of charity partnership programme completed including peer and customer benchmark and timelined recommendations for alignment with community strategy and employee volunteering activities.
<b>ASSESSMENT AGAINST FRENCH TARGETS</b>		
<b>Carbon emissions</b>		
Define and implement BREEAM-related green clauses for all future developments (development)	Achieved	Fit out technical guidance updated for Les Terrasses du Port to include BREEAM requirements and sustainability criteria (to be

Target	Status	Commentary
		used on all future developments)
Following the research study on low-energy buildings, apply the findings to a French development project (1 development entered at design stage in 2009)	Achieved	Research study fully completed in 2011 including recommendations of how to achieve a low carbon project on the Mantes shopping centre development through alternative heating and cooling measures on the Mantes development.
Develop an internal policy for employees to reduce their consumption of carbon (head office)	Achieved	CR best practice guide developed for employees. To be distributed to all employees early 2012.
Carry out energy audits on all existing shopping centres, develop a mechanism to share best practice and create plans to reduce energy consumption (shopping centres)	On Track	Energy audits and actions plans developed for Saint Quentin and Parinor. Energy audit undertaken at 3 Fontaines, Cergy No work was started yet on sharing best practice.
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 (shopping centres)	Achieved	Letters sent to tenants requesting they share energy consumption information and explore how to reduce their energy consumption from air conditioning units. Response rate of 25-30%. Information was also shared with tenants during 2011 meetings where service charge was discussed.
Complete a meter audit for all shopping centres and develop a metering strategy (shopping centres)	Achieved	Metering strategy for energy developed in 2010. Inventory and status check of all energy meters completed in 2011 for all assets.
<b>Water</b>		
Complete a meter audit for all shopping centres and develop a metering strategy (shopping centres)	On Track	Metering strategy for water developed in 2010. In process of carrying out inventory and status check of all water meters across managed assets.
<b>Biodiversity</b>		
Create a Biodiversity Action Plan at five French shopping centres based on the 2010 biodiversity audit	On Track	Two Biodiversity Action Plans created at Cergy and Saint Quentin.
<b>Community</b>		
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 (shopping centres)	Achieved	Relevant objectives from local 21 agendas mapped against Community Strategy at all assets. Examples of actions that directly contribute to these plans: - electrical vehicles transportation offered to visitors between Saint Quentin and Sqy ouest shopping centres - Joint biodiversity working group with the city of Saint Quentin - Convention with French job centre association (Pole Emploi) to facilitate recruitment of people at managed shopping centres - Partnership established with association France Initiative to support the creation of SMEs
Measure community investment in the French business in line with UK reporting processes (corporate)	Achieved	Community investment tool was adapted to incorporate French requirements around local economic development and was used to collect data in 2011 across the portfolio.
Based on the 2010 Community Strategy Review, adapt the Community Regeneration Framework to the development pipeline and implement across two projects (developments)	On Track	Detailed community framework developed for Les Terrasses du Port. Framework to be used to create generic template that can be applied to all future developments. Conventions around local economic development were signed with local authorities for the Marseilles, Mantes and Beauvais developments.
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 (shopping centres)	Achieved	Detailed community framework developed for Les Terrasses du Port.
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 1 in France.	Achieved	2008 guidance never developed therefore first part of this deliverable is not applicable. Three partnerships form the community framework in France: Pole Emploi in relation to employment, France Initiative focusing on local entreprise and job creation, and Centre-ville en Mouvement. Conventions are being actively implemented at each managed retail asset. Community investment data tool adapted to reflect the conventions and to capture activity at local level.
<b>Suppliers</b>		
Adapt the UK supply chain questionnaire to the French operation and send to ten supplier groups in France (development)	On Track	UK questionnaire adapted and translated but none sent out in 2011 (planned for 2012).
<b>Employees</b>		

Target	Status	Commentary
Implement a CR education and awareness programme for senior management including the Group Executive committee (Corporate)	Achieved	Awareness raising session held with all of Executive Group of senior managers regarding the Grenelle law and BREEAM certifications.
Include 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 (corporate)	Not Achieved	No work undertaken in 2011
Establish an internal communication plan for the impact of the Grenelle de l'environnement (corporate)	Achieved	Targeted communications distributed by Sustainability Director to individuals affected by the Grenelle legislation. The Executive Group and senior managers attended a presentation held for Executive Group and senior managers on implication of the Grenelle Laws.

## Progress against CR Measures

In this section, we set out the methodology we are using to assess our progress against our CR measures and report an update on 2011 progress. From 2012, we will assess our progress against these measures only, rather than alongside annual actions.

EPRA  
COMPLIANT

Our approach and assessment criteria, Boundaries and scope <sup>2</sup>	Calculations
<b>Reduce carbon emissions by 20% for shopping centres by 2015 (2010 baseline), (managed shopping centres)</b>	
<ul style="list-style-type: none"> <li>Landlord-provided energy for shared services, excluding tenant sub-metered consumption</li> <li>Include all managed shopping centres owned between 2010 and 2015</li> <li>In order to account for the changes in our portfolio, we will review the scope of this measure on a 2 year rolling basis and include new and refurbished properties that meet the EPRA like for like definition</li> </ul>	<ul style="list-style-type: none"> <li>Establish landlord shared services consumption (kWh) per energy type and per shopping centre and calculate CO2e figure per energy type and per shopping centre as a proportion of total CO2e emissions by common parts floor area (m2)</li> <li>Calculate percentage change in CO2e between reporting year and baseline year and report percentage of carbon emissions covered by this measure as a proportion of Hammerson's total carbon emissions</li> </ul>
<b>Reduce carbon emissions by 1.5% per annum for UK offices, (managed offices)</b>	
<ul style="list-style-type: none"> <li>Annual target for offices due to shorter term hold of this portfolio</li> <li>Landlord-provided energy for shared services, excluding tenant sub-metered electricity consumption</li> <li>Like for like properties in line with EPRA</li> <li>Performance measure is set based on the achievements that we have already made in our portfolio over the past 10 years and is dependent upon on the environmental performance of the newly acquired properties</li> <li>Achieving further reductions beyond this level will require a combination of planned capital upgrades and capital investments</li> </ul>	<ul style="list-style-type: none"> <li>Aggregate energy consumption per office at portfolio level (absolute kWh) and calculate CO2e figure at portfolio level and calculate percentage change in CO2e between reporting year and previous year</li> </ul>
<b>Reduce water consumption by 12% for shopping centres by 2015 (2010 baseline), (managed shopping centres)</b>	
<ul style="list-style-type: none"> <li>UK - landlord-obtained water</li> <li>France - landlord-obtained water for shared services only, excluding tenant sub-metered consumption (where sub metering is the place).</li> <li>In order to account for the changes in our portfolio, we will review the scope of this measure on a 2 year rolling basis and include new and refurbished properties that meet the EPRA like for like definition</li> </ul>	<ul style="list-style-type: none"> <li>Aggregate landlord obtained water</li> <li>Divide by number of annual visits as in previous years</li> </ul>
<b>Reduce water consumption to 9.3m3/person/year by 2013 and 6.4m3/person/year for offices by 2015, (managed offices)</b>	
<b>Managed offices</b> <ul style="list-style-type: none"> <li>Benchmark target for offices due to shorter term hold of this portfolio</li> <li>Landlord obtained consumption (shared services and tenant consumption)</li> <li>Include all like for like properties</li> </ul>	<ul style="list-style-type: none"> <li>Aggregate all water consumption at portfolio level</li> <li>Divide consumption by number of people (workers) per annum</li> <li>Report at portfolio level as well as by asset</li> </ul>
<b>Increase waste recycling to 75% by 2013, (Managed shopping centres, offices and 2 retail parks (Cramlington and Didcot))</b>	
<ul style="list-style-type: none"> <li>Indicator reflects waste recycling rather than waste diverted</li> </ul>	<ul style="list-style-type: none"> <li>Report at corporate level (in line with GRI EN 22) as well</li> </ul>

<sup>2</sup> All measures apply to France and UK with the exception of the LCA measure that only applies to the UK

<ul style="list-style-type: none"> <li>from landfill</li> <li>Waste recycling can include onsite waste sent directly to recycling and waste segregated offsite by Material Recycling Facilities (MRF) for recycling. Certificate needs to be provided by our waste contractors in case of MRF. Where no certificate is produced, it is assumed that waste is sent to landfill.</li> </ul>	as by country and portfolio (retail and offices)
<b>Implement biodiversity plans at all managed retail assets by 2015, (<i>all managed retail assets in our 2010 portfolio</i>)</b>	
<ul style="list-style-type: none"> <li>Develop and implement all biodiversity action plans in accordance with our biodiversity policy and as defined by the Strategic Biodiversity Action Programme completed by Hyder consulting in 2010</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of biodiversity action plans on retail assets</li> </ul>
<b>Implement local community plans for all developments &amp; managed assets by 2014 (<i>managed assets and developments</i>)</b>	
<ul style="list-style-type: none"> <li>Local Community Plans will be developed across all asset types based on the Development and Asset Community Frameworks. These Frameworks will set the minimum standards and principles required to address our material community impacts, grouped under People; Prosperity and Place themes.</li> <li>Local Community Plans will build on principles to ensure that the assets and developments address local community priorities</li> <li>Plans to be set for a 5 year cycle and will be reviewed on an annual basis and/or after significant local or political changes.</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of managed assets with Local Community Plans in place (expressed in %)</li> <li>Proportion of developments with Local Community Plans in place (expressed in %)</li> </ul>
<b>75% of community investment to be focused on long term activities by 2014, (<i>managed shopping centres, offices and retail parks</i>)</b>	
<ul style="list-style-type: none"> <li>Long term community investment defined as "Sustained community activities that meet the perceived needs of both Hammerson and the local community".</li> </ul>	<ul style="list-style-type: none"> <li>75% investment measured by value. Direct – Cash, time and in-kind. Indirect – money raised, in kind and time from Hammerson operations and non Hammerson staff.</li> <li>Long term activity will be based on a 3 year relationship with an organisation – charity or not for profit.</li> </ul>
<b>Engage with 50% of suppliers by value (over £100k) by 2015, (<i>Suppliers are defined as in our financial accounts over 100K</i>)</b>	
<ul style="list-style-type: none"> <li>Engagement can take the form of questionnaires, meetings and presentations.</li> <li>Suppliers are defined as in our financial accounts.</li> <li>Exclude suppliers with which Hammerson engaged as part of tenders processes but does not commission any work with.</li> </ul>	<ul style="list-style-type: none"> <li>Report on percentage of suppliers who were engaged with through questionnaires, meetings and presentations in the reporting year as a proportion of total number of suppliers over which Hammerson spent more than £100K in the reporting year</li> </ul>
<b>Complete full life cycle assessment for two assets by 2012, (<i>2 UK managed shopping centres</i>)</b>	
<ul style="list-style-type: none"> <li>To be defined during Q1 2012</li> </ul>	<ul style="list-style-type: none"> <li>Number of LCAs undertaken</li> </ul>
<b>Engage with top 20 investors by 2013, (<i>top 20 investors by value of shares owned</i>)</b>	
<ul style="list-style-type: none"> <li>Top 20 investors based on shareholder register (top shareholders by % of shares owned/managed on behalf of others).</li> <li>Engagement can take the form of surveys, meetings and presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Top 20 investors identified based on shareholder register as of 31 December 2010</li> <li>Number of investors from the top 20 engaged with either individually or through collective presentations as proportion of total number of top 20 investors (%)</li> </ul>
<b>Engage with 100% of top 75 customers by 2013, (<i>managed shopping centres</i>)</b>	
<ul style="list-style-type: none"> <li>Engagement can take the form of surveys, meetings and presentations.</li> <li>Customers mean our tenants rather than retail visitors.</li> <li>Based on the number of top 75 tenants by value with whom we engaged in each reporting year.</li> </ul>	<ul style="list-style-type: none"> <li>Report top 75 occupiers by rental value at year end with whom Hammerson undertook some form of sustainability engagements undertaken with these tenants (including surveys, meetings and presentations) as a proportion of the top 75 tenants by rental value</li> </ul>
<b>Complete six research papers including two with a partner by 2012, (<i>corporate</i>)</b>	
<ul style="list-style-type: none"> <li>Research partners can include universities, college, non-government organisations (NGO) or consultants.</li> </ul>	<ul style="list-style-type: none"> <li>Number of research papers</li> </ul>
<b>All employees to complete relevant CR training at least biannually, (<i>all Hammerson direct permanent employees on payroll</i>)</b>	
<ul style="list-style-type: none"> <li>CR training to be provided which is relevant to role performed by the employee.</li> <li>Training will include attendance at conferences and seminars and can be either internal or external.</li> </ul>	<ul style="list-style-type: none"> <li>All employees to complete relevant CR training either annually or biannually depending on department/position. Report as number of employees who had CR training divided by total number of employees at year end</li> </ul>



CR MEASURE	UPDATE PROGRESS 2011	2012 ACTIONS
Reduce carbon emissions by 1.5% per annum for UK offices	<ul style="list-style-type: none"> <li>• <b>23% reduction in carbon emissions</b> from 2010 to 2011 across 4 properties</li> <li>• At 125 Old Broad Street the allocation of energy between landlord and tenant has been adjusted. Excluding this the portfolio shows 15% reduction.</li> <li>• Vacancy at Stockley and 99 Bishopsgate</li> </ul>	<ul style="list-style-type: none"> <li>• The refurbishment at 99 Bishopsgate will continue to improve the energy performance</li> <li>• 125 Old Broad Street is proving to out perform other similar properties so a detailed review will be completed to ensure all positive lessons learnt are translated to other buildings</li> <li>• Development of energy plans at all office buildings</li> </ul>
Reduce carbon emissions by 20% for shopping centres by 2015 (2010 baseline)	<ul style="list-style-type: none"> <li>• <b>11.5% reduction in carbon emissions</b> across the managed retail assets</li> <li>• Re-lamping of car park lighting continues</li> <li>• A mild winter in France reduced gas consumption and related carbon emissions</li> <li>• 6 shopping centres reviewed to determine whether they can be changed to natural ventilation so removing the need for air conditioning</li> </ul>	<ul style="list-style-type: none"> <li>• Re-lamping of car park lights to continue across the portfolio. Total investment of £3.4m, predicted to reduce consumption across the portfolio by 25%.</li> <li>• Voltage optimisation being installed at Silverburn and investigated at Bullring and Highcross</li> <li>• Natural ventilation project delivery to start at Oracle and stage two will start at Brent Cross, Bullring and Queensgate. Queensgate to be completed in phases to align with development activity.</li> <li>• Develop car park/service yard ventilation strategy</li> </ul>
Reduce water consumption to 9.3m3/person/year by 2013 and 6.4m3/person/year for offices by 2015	<ul style="list-style-type: none"> <li>• <b>Reduction in water consumed per person</b></li> <li>• Refer to the Connected Reporting Framework section for performance</li> <li>• Vacancy and refurbishment work at 99 Bishopsgate have distorted the results</li> </ul>	<ul style="list-style-type: none"> <li>• Water audits will be completed and plans put in place to reduce water consumption at each asset</li> <li>• Completion of toilet refurbishment at 99 Bishopsgate will reduce water consumption</li> <li>• Occupant engagement program planned across the portfolio to communicate how the tenants can make a difference</li> </ul>
Reduce water consumption by 12% for shopping centres by 2015 (2010 baseline)	<ul style="list-style-type: none"> <li>• <b>7% reduction across the portfolio</b></li> <li>• Water audits now complete for all shopping centres</li> <li>• Waterless urinals successfully trialled at Oracle</li> <li>• Continued to improve data collection but also identified new water meter requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Complete implementation of water metering strategy</li> <li>• Capture and collate tenant water consumption at Union Square, Queensgate and Silverburn in UK</li> <li>• Establish a four year water reduction plan based on findings from water audit</li> <li>• Complete water audits at all offices</li> <li>• Develop a communications plan to encourage change based on the 2011 tenant water audit in France</li> </ul>
Increase waste recycling to 75% for offices by 2013	<ul style="list-style-type: none"> <li>• <b>52% of waste recycled</b></li> <li>• The office teams continue to make good progress towards the target. Clear communication with tenants on the waste management program via the green groups has assisted in improving performance</li> </ul>	<ul style="list-style-type: none"> <li>• Continued occupant engagement to ensure all waste streams are used correctly</li> <li>• Review progress with managing agents and continue to look for new ways to improve performance</li> </ul>



CR MEASURE	UPDATE PROGRESS 2011	2012 ACTIONS
<p><b>Increase waste recycling to 75% for shopping centres by 2013</b></p>	<ul style="list-style-type: none"> <li>• <b>50% of waste recycled</b></li> <li>• New waste management contracts signed in UK and France, including set targets to be achieved</li> <li>• New waste management program rolled out in WestQuay resulting in increased recycling rate from 25% to 68% in three months</li> <li>• Place des Halles trialled separate organic waste stream</li> </ul>	<ul style="list-style-type: none"> <li>• New waste management scheme being rolled out at one centre per month until June in 2012</li> <li>• Mall bins being implemented at the majority of assets</li> <li>• New waste contractor to start at Silverburn</li> <li>• New waste contract to be agreed and implemented for Centrale and Monument</li> </ul>
<p><b>Implement biodiversity plans at all managed retail assets by 2015</b></p>	<ul style="list-style-type: none"> <li>• <b>9 biodiversity plans implemented</b></li> <li>• 5 biodiversity plans produced at the UK shopping centres</li> <li>• Biodiversity plans complete at 2 retail parks</li> <li>• Biodiversity plans complete at Espace Saint Quentin and Cergy</li> </ul>	<ul style="list-style-type: none"> <li>• Complete biodiversity audits at the remaining centres and create localised plans</li> <li>• Measure outcomes of biodiversity plans</li> <li>• Ecologist engaged at Saint Quentin</li> </ul>
<p><b>Implement local community plans for all developments &amp; managed assets by 2014</b></p> <p><b>75% of community investment to be focused on long term activities by 2014</b></p>	<ul style="list-style-type: none"> <li>• <b>13 community plans created</b></li> <li>• Community workshops held at all UK assets to establish a common approach to community engagement and define how to measure long term</li> <li>• Community framework completed to ensure a common approach to community engagement and programme delivery for new developments and assets</li> <li>• Community programme developed for Principal Place</li> <li>• Graduate employed through ELBA EaGLES project to develop the community mapping in Hackney</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement projects to commence at Cramlington and Silverburn</li> <li>• Developing a new young person programme focused on skills and exploring employment opportunities</li> <li>• Creating a pilot apprenticeship program across UK shopping centre portfolio</li> <li>• Continuing to improve data collection in France and implement toolkit to measure business benefits in the UK</li> <li>• Implementing Pole Emploi in all existing French assets and service level agreement with retail skills shops across the UK retail portfolio.</li> <li>• Creating a community action plan at 2 assets in France</li> <li>• The LBG Community Investment Data tool translated into French</li> <li>• The Community Strategy set up in France and adapted to the French social context</li> </ul>
<p><b>Engage with 50% of suppliers by value (over £100k) by 2015</b></p>	<ul style="list-style-type: none"> <li>• <b>41% of suppliers engaged</b></li> <li>• 44 suppliers engaged on sustainability issues in 2012 in UK and France</li> <li>• Sustainability questionnaire translated into French</li> </ul>	<ul style="list-style-type: none"> <li>• A new suppliers code of conduct to be completed in Q1</li> <li>• A new sustainability supply chain questionnaire to be completed in Q1</li> <li>• The software will be updated to enable improved reporting and accuracy. This will enable an annual report to be issued each year to all suppliers over £100k</li> <li>• The new Code of Conduct and questionnaire to be implemented in France</li> </ul>

CR MEASURE	UPDATE PROGRESS 2011	2012 ACTIONS
Engage with top 20 investors by 2013	<ul style="list-style-type: none"> <li>• <b>35% of top 20 investors engaged</b></li> <li>• New investors engaged through one to one meetings, forums and responding to questionnaires</li> <li>• Research of environmental, social and governance screening (ESG) requirements underway</li> <li>• First French investor forum held</li> </ul>	<ul style="list-style-type: none"> <li>• Revisit investors in North America</li> <li>• Sustainability results to form part of the annual results presentation</li> <li>• Paul Edwards to take part in the mainstream investor tour</li> <li>• A gap analysis of key research analyst reviews and scoring to be undertaken</li> <li>• Letter and invitation to engage to be sent to top twenty investors</li> <li>• Review of our ESG rating</li> <li>• Set up recommendation and an action plan to improve our ESG scores</li> </ul>
Complete full life cycle assessment for two assets by 2012	<ul style="list-style-type: none"> <li>• Meetings held with various consultants to establish what methodologies currently exist</li> <li>• In 2011 it became clear that this measure would not be complete in one year so this has been extended by one year</li> </ul>	<ul style="list-style-type: none"> <li>• Establish which methodology is appropriate for this measure</li> <li>• Clarify the boundaries and scope for this activity</li> <li>• Identify and engage an appropriate consultant to assist in delivering this measure</li> <li>• Pilot this initiative at two projects</li> </ul>
Engage with 100% of top 75 customers by 2013	<ul style="list-style-type: none"> <li>• <b>12% of customers engaged</b></li> <li>• A desktop review completed of the sustainability commitments of top 50 retailers by value</li> <li>• Retailer lunch held with 6 top tier retailers to discuss sustainability challenges</li> <li>• Partnership formed with Next, Halfords and Retail Lab to bid for funding for building evaluation research project</li> <li>• Research started with M&amp;S and Cambridge University relating to the re-use of steel</li> </ul>	<ul style="list-style-type: none"> <li>• Desktop review of potential office tenants to be completed</li> <li>• Increase number of one to one meetings with customers</li> <li>• Hold two specific retailer events as part of sustainability seminar series. One will be focus on catering and restaurants.</li> <li>• Engage retailers around the sustainability roadshow planned for Q3</li> <li>• Launch Green Groups at all French assets</li> </ul>
Complete six research papers including two with a partner by 2012	<ul style="list-style-type: none"> <li>• <b>4 research papers started</b></li> <li>• Partnership formed with Next, Halfords and Retail Lab to bid for funding for building evaluation research project</li> <li>• Project on re-use of steel commenced with Cambridge University and M&amp;S</li> <li>• Working with Jones Lang LaSalle to investigate the link between sustainability and value</li> <li>• Internal research project commenced on environmental, social, governance(ESG) requirements</li> </ul>	<ul style="list-style-type: none"> <li>• ESG project to be continued</li> <li>• Continue to work with customers and Retail Lab to identify areas for future research projects and opportunities for funding</li> <li>• Research to commence on social return on investment in line with our community strategy</li> </ul>

CR MEASURE	UPDATE PROGRESS 2011	2012 ACTIONS
All employees to complete relevant CR training at least biannually	<ul style="list-style-type: none"> <li>64% employees trained</li> <li>Over 500 (64%) employees and contractors completed accredited environmental training across the shopping centre portfolio</li> <li>Sustainability seminars held for employees to hear from customers and consultants about their commitments and design solutions#</li> <li>All new staff complete a one hour sustainability induction</li> <li>Focused sustainability presentations given to specific business units establishing the link to their day job and providing tools for them to succeed</li> <li>Sustainability roadshow taken to all shopping centre assets</li> <li>Community workshops held at all shopping centre assets</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability seminar series to be created with 4 events to be held throughout the year</li> <li>Environmental training to continue, with the addition of a senior management course</li> <li>Community and environmental league tables to be communicated to improve understanding of performance, create competition to drive change</li> </ul>

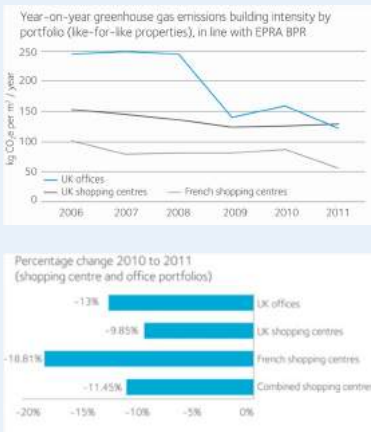
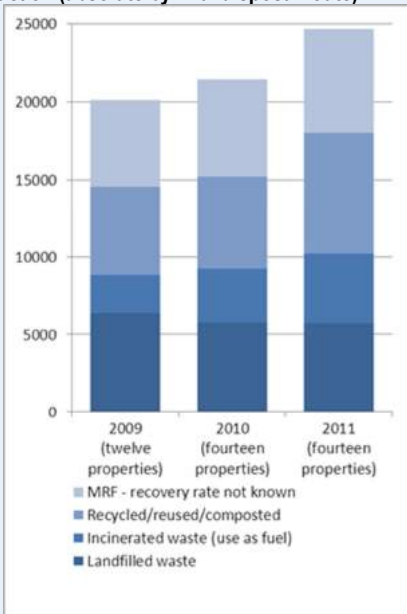
### Implementing our Design Standard on our French developments

Target	Faubourg Saint Honoré, Paris	Les Terrasses du Port, Marseille	Le Jeu de Paume, Beauvais	Halle en Ville, Mantes
	Post-construction	Construction	Design	Design
Implement the Master sustainable Implementation Plan as a minimum design standard	SIP in draft form	SIP in implementation	Ambition to achieve BREEAM Excellent set out in initial planning application documentation	Ambition to achieve BREEAM Excellent set out in initial planning application documentation
Demonstrate that all developments have provisional BREEAM 2011 Excellent assessment for developments at a final design stage	No certification – This site was already in construction stage in 2010	BREEAM Excellent design stage	BREEAM Excellent is targeted	BREEAM Excellent is targeted
Design all car park lighting systems to use a minimum of T5 light fittings	Not applicable as no car park	Technical specifications include use of T5 light fittings	Not applicable in 2011	Not applicable in 2011
Incorporate half hourly sub meters for all tenants in UK new developments in line with the CRC requirements and incorporate sub meters for all tenants in France	No half hourly sub meters installed on the asset	Half hourly meters are mentioned and included in the tenant fit out guide	Not applicable in 2011	Not applicable in 2011
Ensure that all onsite contractors use the standard monitoring and reporting template for water and energy consumption, waste production and timber use	The monitoring template was used and data was reported on a monthly basis	Data on energy use, water use and waste produced on site is being recorded on a monthly basis, as required for BREEAM. This data includes a breakdown of waste by waste type, e.g. hazardous.	Not applicable in 2011	Not applicable in 2011
Reuse or recycle the waste produced during demolition and construction to a rate of 75% in France	Contractors reported a percentage of recycling of 80% in 2010. The average rate for 2011 is not yet available.	As of November 2011, 95% of waste produced onsite was incinerated for use as fuel (valorise).	Not applicable in 2011	Not applicable in 2011



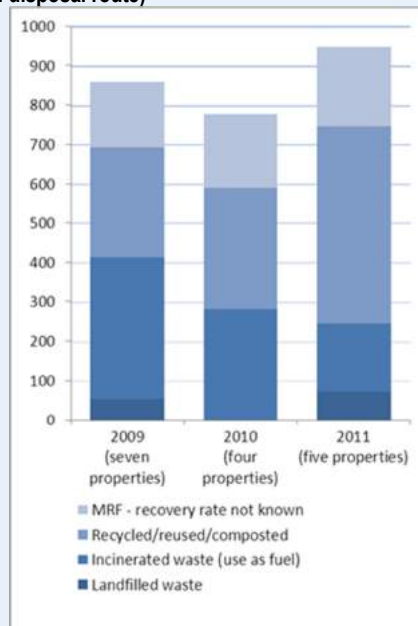
Target	Faubourg Saint Honoré, Paris	Les Terrasses du Port, Marseille	Le Jeu de Paume, Beauvais	Halle en Ville, Mantes
<b>Monitor and review the performance of key impact suppliers on Hammerson's construction sites in line with Hammerson's Responsible Procurement Framework</b>	Clauses were included in the contracts and performance was monitored mainly through the use of the standard template	Construction related environmental performance data collection onsite by the contractors	Not applicable in 2010 and 2011	Not applicable in 2010 and 2011
<b>All developments completed during the reporting year to achieve BREEAM 2011. Excellent in the post construction phase</b>	No certification	Not applicable in 2011	Not applicable in 2011	Not applicable in 2011
<b>Carry out post occupancy evaluations for all developments completed within the last 6 months</b>	Construction finished during 2011. However, Hammerson has not yet scheduled a post-construction evaluation of what was planned versus what was delivered.	Not applicable in 2011	Not applicable in 2011	Not applicable in 2011
<b>Sign Green Leases or BBP Memorandum of Understandings with all new tenants</b>	All new signed leases include a Green Lease clause.	All new signed leases include a Green Lease clause and will include an Environmental Annex attached to tenant fit out guide	Not applicable in 2011	Not applicable in 2011

# Connected Reporting Framework

Carbon and energy	Coverage	2009	2010	2011	Comments on 2011 performance																								
<b>CR measure:</b> Reduce carbon emissions associated with landlord-provided energy for shared services in the like for like portfolio by 1.5% per annum for UK offices and by 20% for shopping centres, from a 2010 baseline	UK/FR  This measure covers 44,520 tonnes of CO <sub>2</sub> e, which represents 100% of total greenhouse gas emissions	<div>Year-on-year greenhouse gas emissions building intensity by portfolio (like-for-like properties), in line with EPRA BPR</div>  <div>Percentage change 2010 to 2011 (shopping centre and office portfolios)</div> <table><tr><td>UK offices</td><td>-13%</td></tr><tr><td>UK shopping centres</td><td>-9.85%</td></tr><tr><td>French shopping centres</td><td>-18.61%</td></tr><tr><td>Combined shopping centres</td><td>-11.45%</td></tr></table>			UK offices	-13%	UK shopping centres	-9.85%	French shopping centres	-18.61%	Combined shopping centres	-11.45%	<ul style="list-style-type: none"><li>The major drop in office energy intensity in 2009 related to a change in tenant/landlord apportionment</li><li>A review of natural ventilation has been completed at all assets. Oracle and Queensgate completed stage two detailed design review</li><li>Lighting projects to reduce consumption commenced across all car parks</li><li>The cost of energy continued to rise, new contracts noted an increase of 18%</li><li>99 Bishopsgate topped the new Carbon Reduction Commitment league table</li><li>Energy Performance Certificates have been completed at all assets with ratings shown in the Annual Report for the first time</li><li>125 Old Broad Street delivers new benchmark for energy efficiency in the Hammerson portfolio</li><li>Good progress continues to be made in shopping centre portfolio, with the French portfolio reducing energy consumption by 14.6%</li><li>Bercy 2 achieved a reduction of 8% through improved operational management.</li></ul>																
UK offices	-13%																												
UK shopping centres	-9.85%																												
French shopping centres	-18.61%																												
Combined shopping centres	-11.45%																												
Cost of energy (£000)	UK/FR all properties	10,858	8,202	9,707																									
Energy efficiency investment (£000)	UK/FR all properties	53	697	1,231																									
Estimated energy savings (£000)	UK/FR like for like	980	211	1,157																									
Waste	Coverage	2009	2010	2011	Comments on 2011 performance																								
<b>CR measure:</b> Increase waste recycling to 75% by 2013 (offices and shopping centres) (UK/FR)  Annual waste production by final disposal route, in line with EPRA	<b>Shopping centres (UK &amp; France) – Annual waste production (absolute by final disposal route)</b>	 <table><tr><th>Year</th><th>Properties</th><th>Landfilled waste</th><th>Incinerated waste (use as fuel)</th><th>Recycled/reused/composted</th><th>MRF - recovery rate not known</th></tr><tr><td>2009</td><td>twelve</td><td>~4,000</td><td>~4,000</td><td>~10,000</td><td>~2,000</td></tr><tr><td>2010</td><td>fourteen</td><td>~5,000</td><td>~4,000</td><td>~10,000</td><td>~3,000</td></tr><tr><td>2011</td><td>fourteen</td><td>~5,000</td><td>~4,000</td><td>~10,000</td><td>~4,000</td></tr></table>			Year	Properties	Landfilled waste	Incinerated waste (use as fuel)	Recycled/reused/composted	MRF - recovery rate not known	2009	twelve	~4,000	~4,000	~10,000	~2,000	2010	fourteen	~5,000	~4,000	~10,000	~3,000	2011	fourteen	~5,000	~4,000	~10,000	~4,000	<ul style="list-style-type: none"><li>Overall waste recycling has increased to 58.5%</li><li>A new centralised management contract has been implemented including strict recycling targets. WestQuay implemented the new system in October and by December recycling rates had increased from 25% to 68%</li><li>Silverburn continued to struggle this year but a new contractor has been selected and will commence work in 2012</li><li>We continue to see a dramatic reduction in landfill tax. By 2014 landfill tax will reach £80 per tonne (UK) and €20 per tonne (France).</li></ul>
Year	Properties	Landfilled waste	Incinerated waste (use as fuel)	Recycled/reused/composted	MRF - recovery rate not known																								
2009	twelve	~4,000	~4,000	~10,000	~2,000																								
2010	fourteen	~5,000	~4,000	~10,000	~3,000																								
2011	fourteen	~5,000	~4,000	~10,000	~4,000																								



**Offices (UK) – Annual waste production (absolute by final disposal route)**

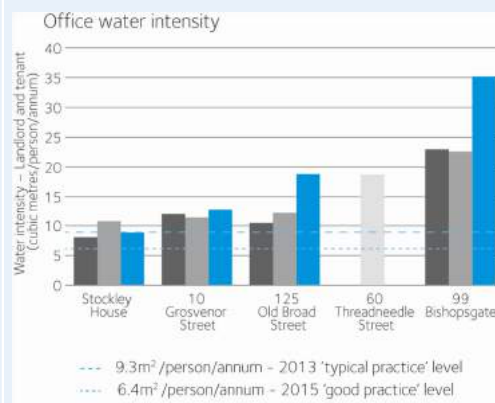
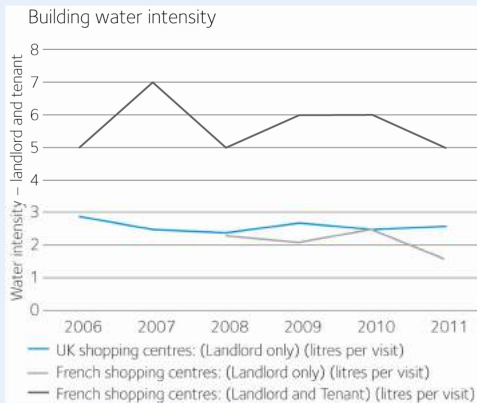


Total waste cost (£000)	UK Only	1,473	1,668	1,325
Amount saved in landfill tax (£000)	UK Only	370	558	527
Income from sale of waste (£000)	UK Only	44	76	110

Water	Coverage	2009	2010	2011	Comments on 2011 performance
-------	----------	------	------	------	------------------------------

**CR measure:**

Reduce water consumption to typical 9.3m<sup>3</sup>/person/pa by 2013, (CIBSE benchmark levels, offices) and good practice 6.4m<sup>3</sup>/person/pa by 2015 and by 12% by 2015 in the shopping centres portfolio (common part areas)



- Water intensity at 99 Bishopsgate has increased as a major refurbishment has reduced occupancy levels without an equivalent reduction in water consumption
- Water audits are complete at all UK shopping centres and water management plans underway
- Water explorer event held at Highcross in partnership with Levis to raise consumer awareness of water consumption and promote waterless jeans
- Despite a reduction in water consumption across the rest of the portfolio we cannot report a saving as we discovered a faulty meter at Silverburn resulting in a major increase in water consumption
- Water cost and investment figures have been restated for 2010, as a mistake has been identified in the calculation.

Cost of water (£000)	UK/FR all properties	1,628	1,742	1,896	
Investment in water management improvements (£000)	UK/FR all properties	14	12	16	
Estimated water savings (£000)	UK/FR all properties	420	97	-143	
Suppliers	Coverage	2009	2010	2011	Comments on 2011 performance
<b>CR measure:</b> 50% of suppliers by value to be engaged	UK/FR	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>Continue to implement the sustainability questionnaire as part of all new tender requests</li> <li>New supply contracts cannot be signed off without confirmation that a sustainability questionnaire has been completed</li> <li>Questionnaire piloted at Brent Cross.</li> </ul>
Number of suppliers by value over £100k	UK/FR	n/a	280	76	
Value of contracts with suppliers we engaged on sustainability (£000)	UK/FR	n/a	340,318	51,296	
Communities	Coverage	2009	2010	2011	Comments on 2011 performance
<b>CR measure:</b> Create and implement community plans, focused on achieving a benchmark of 75% long term community investment activities	All developments and managed assets	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>2011 based on UK and for the first time France</li> <li>2% increase in overall contributions in the UK is due in part to more effective data capture and recording of community investment activities particularly in our retail parks business</li> <li>The community investment tool has been implemented in France improving investment figures by 24%</li> <li>The total community investment contribution in France reflects the 3 conventions that are the pillars of our community programme in the country: Pole Emploi (employment); Centre Ville Movement (City Centre Management); and France Initiative (support for local enterprise).</li> </ul>
Direct contributions (£000)	UK/FR	821	401	914	
Indirect contributions (£000)	UK/FR	754	632	365	
Number of organisations that benefited from Hammerson's direct and indirect contributions	UK	235	202	389	
Customers	Coverage	2009	2010	2011	Comments on 2011 performance
<b>CR measure:</b> Engage with 100% of top 75 customers	UK/FR	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>95% of top 50 customers committed to sustainability</li> <li>Research used to structure engagement campaign and loaded onto Customer Relationship Management database</li> <li>Agreed and launched new green lease in France to comply with new government regulation</li> <li>Commenced data collection of tenant energy in France in line with new regulation</li> <li>Introduced 26 customers to Retail Lab.</li> </ul>
Passing rent covered by green leases (£000)	UK/FR	52,700	74,381	83,555	
Number of green leases in portfolio	UK/FR	698	787	896	
Green leases as proportion of passing rent	UK/FR	19%	24%	23%	
Investors	Coverage	2009	2010	2011	Comments on 2011 performance
<b>CR measure:</b> Engage with top 20 investors	UK/FR	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>Hammerson ranked number one in Europe for the Global Real Estate Sustainability Benchmark</li> <li>Hammerson commenced a sustainable valuation research project with JLL</li> </ul>
Total number of investors with whom we had collective or	UK/FR	21	17	13	

individual meetings					<ul style="list-style-type: none"> <li>Hammerson held its first Investor forum in France</li> <li>Investors requested increased transparency on health &amp; safety.</li> </ul>
Total number of shares held by the top 20 investors (000s)	UK/FR	n/a	n/a	417,375	
Total number of shares held by those top 20 investors with whom Hammerson engaged on sustainability (000s)	UK/FR	n/a	n/a	147,690	
Employees	Coverage	2009	2010	2011	Comments on 2011 performance
<b>CR measure:</b> All employees to complete relevant CR training bi-annually depending on department/position	UK/FR	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>Over 500 employees and contractors completed the ISO14001 accredited environmental training course</li> <li>The senior management team commenced a leadership course and continued with personal coaching</li> <li>Career development programme established for employees.</li> </ul>
Total expenditure on training (£000)	UK/FR	338	303	352	
Total hours spent on training (hrs)	UK/FR	6,110	4,039	5,191	

# GRI/ EPRA table of contents

A symbol is used throughout the report to signal compliance with EPRA Sustainability Best Practice Recommendations.

	Profile disclosure	Reference/page number
	<b>Strategy and analysis</b>	
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	Chief Executive Statement, p3
1.2	Description of key impacts, risks and opportunities	Chief Executive Statement, p3 Head of Sustainability Statement, p4 Managing our risks, p27
	<b>Organisational Profile</b>	
2.1	Name of the organisation	About Hammerson, p2
2.2	Primary brands, products, and/or services.	About Hammerson, p2
2.3	Operational structure of the organisation, including main divisions, operating countries, subsidiaries, and joint ventures.	Annual Report 2011 - Financial statements
2.4	Location of organisation's headquarters.	Annual Report 2011 - Property portfolio
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.	About this report, p2
2.6	Nature of ownership and legal form	Corporate website – <a href="#">About us</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Annual Report 2011 – Property portfolio, <a href="#">Corporate website - Occupiers</a>
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	Annual Report 2011 - Business & financial review
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	Annual Report 2011 - Business & financial review
2.10	Awards received in the reporting period	<a href="#">Corporate website - Awards</a>
	<b>Report parameters</b>	
3.1	Reporting period for information provided	About this report, p7
3.2	Date of most recent previous report	About this report, p7
3.3	Reporting cycle	About this report, p7
3.4	Contact point for questions regarding the report or its contents.	Contact us, p56
3.5	Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report, and - Identifying stakeholders the organisation expects to use the report.	About this report, p7 Our Corporate Responsibility strategy, p12 Engaging with our stakeholders, p33
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	About this report, p7
3.7	State any specific limitations on the scope or boundary of the report.	About this report, p7
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. 3.8 Commentary added to report on different lease types.	About this report, p7
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.	Hammerson Performance Data Report 2011
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Hammerson Performance Data Report 2011
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this report, p7
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI/EPRA table of contents, p53
3.13	Policy and current practice with regard to seeking external assurance for the report.	About this report, p7 Advisor statement, p11
	<b>Governance, Commitments &amp; Engagement</b>	
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.	Annual Report 2011 - Governance
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).	Annual Report 2011 - Governance
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.	Annual Report 2011 - Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Annual Report 2011 – Governance, Engaging with our stakeholders, p33
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)	Annual Report 2011 – Governance, How we drive CR performance, 14

4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Annual Report 2011 – Governance
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.	Annual Report 2011 – Governance, How we drive CR performance,p14
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.	How we drive CR performance,p14
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.	How we drive CR performance, Managing our risks,p27
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Annual Report 2011 – Governance, How we drive CR performance
4.11	Explanation of whether and how the precautionary approach or principles is addressed by the organization.	About this report,p7
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	How we drive CR performance, p14 Engaging with our stakeholders,p33
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.	Engaging with our stakeholders,p33
4.14	List of stakeholder groups engaged by the organisation, differentiate those stakeholder groups that are engaged at the organizational level and those that are engaged at a project or asset level.	Engaging with our stakeholders,p33
4.15	Basis for identification and selection of stakeholders with whom to engage	Our Corporate Responsibility strategy, Engaging with our stakeholders,p33
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Engaging with our stakeholders,p33
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.	Engaging with our stakeholders,p33
<b>GRI and EPRA compliant performance indicators and Disclosure on Management Approach</b>		<b>Core/A d</b> <b>Full/p artial</b>
All performance indicators are published in our Performance Data report and in some cases in this report (highlighted in the table below). Disclosure of Management Approach (DMAs) are all in line with the GRI Construction and Real Estate Sector Supplement		
<b>GRI CRESS DMA</b>	Training and awareness on all subjects is reported under our Labour Practices, decent work and human right section (p16-19)	
<b>GRI CRESS DMA</b>	Organisational responsibilities, reported How we drive CR performance section, p14	
<b>GRI CRESS DMA</b>	Policies and practices are reported under the following sections: Labour practices, decent work and human rights; Environmental impacts and product responsibility; society and economic impacts (p 16-27)	
<b>EPRA</b>	Split between landlord/tenant consumption table	
<b>EPRA</b>	Inclusion of EPRA Sustainability indicators into the Annual Report and Accounts,( Connected Reporting Framework)	
<b>EC Economic development</b>		
<b>EC1</b>	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.	Core
<b>EC2</b>	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Core
<b>EC4</b>	Significant financial assistance received from government.	Core
<b>EN Environmental</b>		
<b>EPRA 3.1, 3.2 &amp; 3.3</b>	Total energy consumption	
<b>EPRA 3.1 &amp; 3.2</b>	Indirect energy consumption by final energy source	
<b>EN2</b>	Percentage of materials used that are recycled input materials.	Core
<b>EN3/ EPRA 3.3</b>	Direct energy consumption by primary energy source.	Core
<b>EN5</b>	Energy saved due to conservation and efficiency improvements.	Adtl
<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives, <b>Connected Reporting Framework, p49 of this report</b>	Adtl
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved.	Adtl
<b>EN8/ EPRA 3.8</b>	Total water withdrawal by source.	Core
<b>GRI CRE2 / EPRA 3.9</b>	Building water intensity (litres / person / year)	
<b>EN10</b>	Percentage and total volume of water recycled and reused.	Adtl
<b>EN14</b>	Strategies, current actions, and future plans for managing impacts on biodiversity.	Adtl
<b>EN16/ EPRA 3.5 &amp; 3.6</b>	Total direct and indirect greenhouse gas emissions by weight.	Core



EN17	Other relevant indirect greenhouse gas emissions by weight.	Core	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved, <b>Connected Reporting Framework, p49 of this report</b>	Adtl	
EN19	Emissions of ozone-depleting substances by weight.	Core	
EN22/ EPRA 3.10 & 3.11	Waste by type and disposal method.	Core	
EN23	Total number and volume of significant spills.	Core	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Core	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Core	
GRI CRE1 / EPRA 3.4	Building energy intensity (kWh / m2 / year)	Core	
GRI CRE3 / EPRA 3.7	Greenhouse gas intensity from building energy (kg CO2e / m2 / year)	Core	
<b>LA Labour Practices and Decent Work</b>			
LA1	Total workforce by employment type, employment contract, and region.	Core	
LA2	Total number and rate of employee turnover by age group, gender, and region.	Core	
LA10	Average hours of training per year per employee by employee category.	Core	
LA12	Percentage of employees receiving regular performance and career development reviews.	Adtl	
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Core	
<b>PR Product Responsibility</b>			
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.	Adtl	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction, <b>reported under the "Engaging with our Stakeholders" section, customers table</b>	Adtl	
<b>SO Society Performance Indicators</b>			
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.	Adtl	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Adtl	
SO8	Monetary value of significant fines and total number or non-monetary sanctions for non-compliance with laws and regulations.	Adtl	
<b>HR Human Rights</b>			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Core	
HR4	Total number of discrimination and actions taken	Core	



## Contact us

**Paul Edwards**

**Head of Sustainability**

10 Grosvenor Street

London

W1K 4BJ

Tel: 020 7887 1000