



CORPORATE RESPONSIBILITY  
REPORT 2008

Hammerson

**HAMMERTON HAS BEEN CREATING AND MANAGING SOME OF THE MOST EXCITING RETAIL DESTINATIONS AND OFFICE BUILDINGS IN EUROPE FOR OVER 50 YEARS. OUR STRATEGY IS TO CREATE VALUE BY DEVELOPING AND ACTIVELY MANAGING HIGH QUALITY PROPERTIES TO MEET THE NEEDS OF OUR OCCUPIERS, OUR PARTNERS AND OUR SHAREHOLDERS.**

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# WHAT CR MEANS TO US

**"Hammerson's Board believes that a strong CR strategy is fundamental to the strength of our business. We therefore recognise the importance of integrating our CR strategy into our overall business and risk management framework."**

1/ John Nelson Chairman

**"In a period of global economic uncertainty, we believe it is increasingly important for our business to create long-term sustainable value, while looking after our short-term objectives."**

2/ John Richards Chief Executive

**"Sharing knowledge between our UK and French teams is enabling us to build on our position as a partner of choice for local authorities and occupiers."**

3/ Christophe Clamageran Managing Director,  
Hammerson France

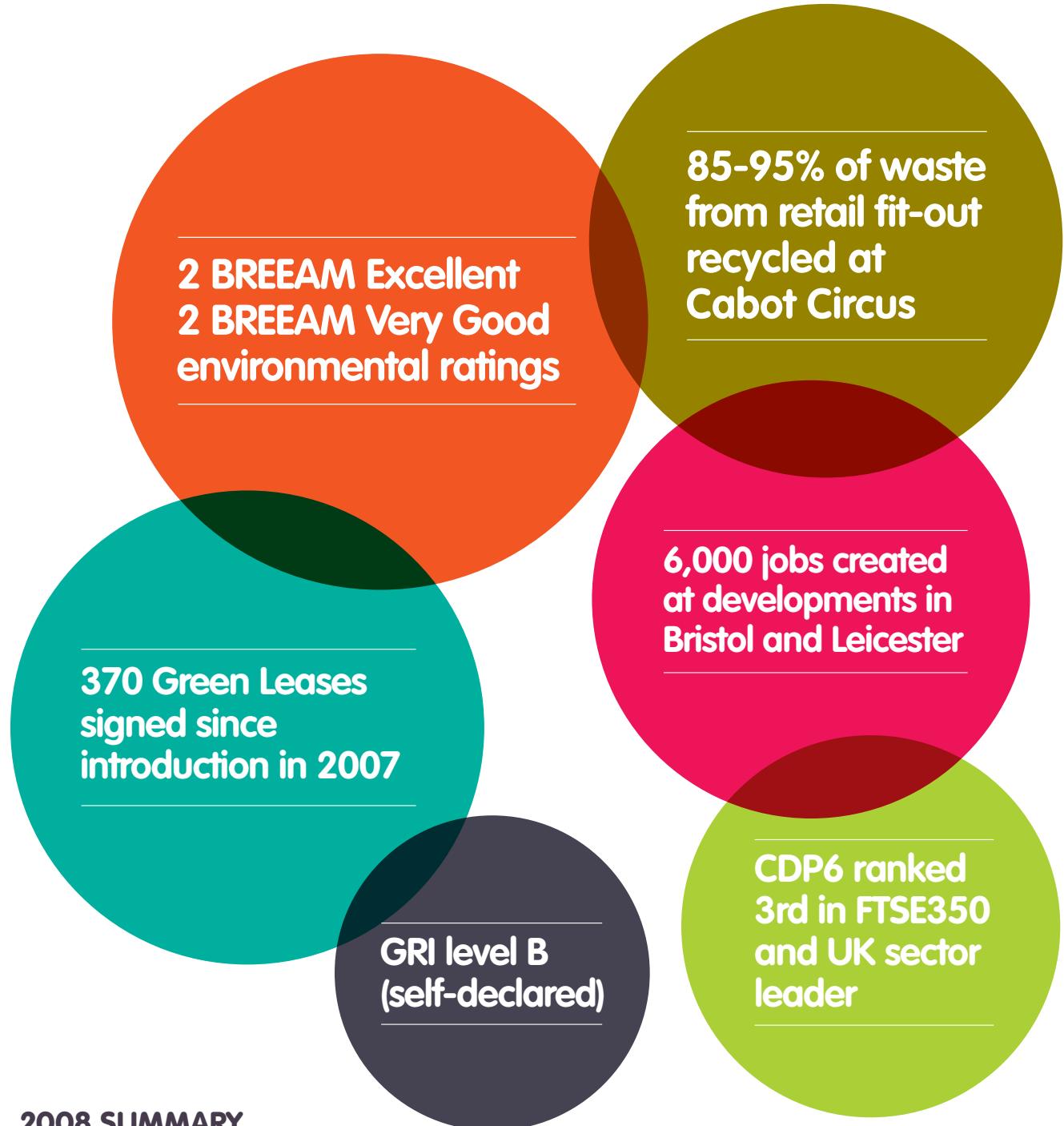


**"Sustainability means meeting all the environmental and social challenges facing the business and making the most of opportunities to meet, and even surpass, our economic objectives. Our approach is to ensure that our investment in sustainable initiatives is properly costed, and properly evaluated, to add value to the business."**

Paul Edwards Head of Sustainability



# 2008 HIGHLIGHTS



## 2008 SUMMARY

% changes compare 2008 with 2007

### ENERGY

Normalised carbon emissions in UK and France shopping centres ( $\text{CO}_2/\text{m}^2/\text{year}$ )

**↓10%**

Normalised reduction in carbon emissions in UK and France offices ( $\text{kgCO}_2/\text{m}^2/\text{year}$  per employee per year, landlord and tenant)

**↓7%**

### WASTE

Waste averted from landfill at UK shopping centres in 2008 (2007: 50%)

**73%**

Waste from UK offices (grams per employee per day\*)

**↓38%**

### WATER

Absolute water consumption in UK shopping centres

**↓6.2%**

Absolute water consumption in French shopping centres

**↑3.8%**

\*Includes the effect of asset disposals.

# CHIEF EXECUTIVE



**We work with our customers and suppliers to design, create and manage buildings that last. We plan for them to remain fit for purpose over decades, providing long-term value for stakeholders.**

**John Richards**  
Chief Executive

Hammerson's business is, by its very nature, long term. During a period of global economic uncertainty resulting in falling property values and weak consumer confidence, the ability of a business to create long-term sustainable value, whilst looking after its short-term needs, becomes a vital measure of its performance. This report is about the steps we are already taking and the strategies we shall be employing to meet both the current and the future needs of the business.

Our sustainability strategy has not changed: we work with our customers and suppliers to design, create and manage buildings that last. We plan for them to remain fit for purpose over decades, providing long-term value for all our stakeholders.

But we are refining the focus of our investment in sustainability. In 2006 and 2007 our investment was largely focused on development, working with our principal contractors to improve the environmental performance of major projects under construction.

In 2008, we concentrated on improving the environmental and social performance of our investment portfolio. Hammerson benefits from a growing income stream from a portfolio of prime retail and office assets. The growth in our income is partially linked to our occupiers' ability to manage their own costs. By working with our retailers and office occupiers to reduce consumption of natural resources we reduce all parties' costs. This remains our principal area of focus in 2009.

We are going to keep sight of our long-term growth strategy. In 2007 we put in place a system to adopt best practice at the design stage of our future developments. In doing so we were anticipating legislation. Many of the criteria we include in our Sustainability Implementation Plans will become mandatory as a result of recent legislation in both the UK and France. The start of a new major project is dependent upon a range of factors, not least stability in financial markets and improved occupier demand. However, by ensuring our future projects exceed legislative requirements, we aim to emerge from the current downturn in a position of competitive strength.

Our people are central to the success of our strategy. We engaged with our employees in 2008 by encouraging them to take part in the Times 100 Best Companies survey and analysing results. Hammerson is a small company

in terms of employees, and as a result, everyone is well aware of our CR objectives and the role they play in achieving them. I would like to thank Paul Edwards, our Head of Sustainability, for helping everyone to understand our objectives and identify opportunities to make a difference.

During the year, the Board strengthened its understanding of the impacts of climate change. We benefited from a presentation from the Met Office's Chief Scientist, John Mitchell.

We recognise that our performance in CR needs to be clear and measurable. To help all stakeholders better understand our performance in this area, we made a number of changes to our CR reporting. We have chosen to report for the first time using the Global Reporting Initiative (GRI) guidelines, achieving level B. This should facilitate a comparison of our performance with companies in other sectors. We have increased our participation in recognised indices such as DJSI and FTSE4Good. We have also worked to improve our data collection and verification procedures and we know that this is an area where we can make more progress in the future.

Our progress has been recognised in the form of independent surveys or indices. In The Observer's Good Companies Guide we were ranked 15th, the highest of the major UK real estate companies. Our increasing emphasis on monitoring and reporting was also recognised: we were ranked third in the FTSE350 by the Carbon Disclosure Project, making us a UK sector leader.

Overall I believe we have added some clarity to our reporting, which should help investors and other stakeholders understand the substantial progress we have made in 2008 and our approach to the challenges facing us as we navigate a more difficult business environment in 2009.

A handwritten signature in black ink, appearing to read "John Richards".

**John Richards**  
Chief Executive of Hammerson plc  
and Chairman, CR Group

# HEAD OF SUSTAINABILITY

**By building on our progress to date, further developing our education and training programmes and sharing the benefits among stakeholders, we will not only embed sustainability in the way we do business but also ensure our role as a partner of choice for investors and customers.**

**Paul Edwards**  
Head of Sustainability



## WHAT VALUE SUSTAINABILITY?

Now, more than ever, this is a question business leaders are asking themselves as they face the challenge of managing companies at a time of weak economic activity. For the Hammerson team, sustainability means responding to the environmental and social challenges facing the business and making the most of opportunities. Sustainability supports our efforts to meet our economic targets. It is integral to the way we do business and remains key to our future licence to operate a business that creates, and manages, important parts of the environment in which many people work and live.

2008 was a landmark year for Hammerson. The Company completed four major development projects. Each of these in some way demonstrated leadership in sustainability: at 125 Old Broad Street in the City of London we retained the existing building, enlarged it, re-clad it, and dramatically improved its environmental performance; at Cabot Circus, Bristol and Highcross, Leicester instead of relying solely on artificial lighting and installing air conditioning we introduced natural light and natural ventilation, reducing future energy consumption while improving the quality of the space. We ran skills and training programmes for the 6,000 jobs we created, engaging with over 75,000 local people across those two projects. At O'Parinor to the north of Paris, we recycled over 85% of waste produced during demolition and introduced rainwater harvesting for use within the extended scheme.

These are landmark projects for which we have already gained significant recognition in the form of environmental ratings, notably a BREEAM Excellent rating for Cabot Circus, the first ever such rating for a UK shopping centre. We were also rewarded a BREEAM Excellent rating for 60 Threadneedle Street in the City of London, an office scheme we completed in January 2009.

But some of our most important achievements in 2008, which truly underpin our approach to sustainability, are much less visible. Primarily focused on our assets, most of these initiatives are designed to improve environmental performance and reduce outgoings. They range from the relatively simple – changing to more energy efficient lighting, a programme that saved over 1,600 tonnes of CO<sub>2</sub>, to the truly innovative, including the purchase of a Superlizzy Waste Compacting Machine to reduce our waste to landfill. Collectively we

estimate these efforts have resulted in a saving of over 3,000 tonnes of carbon per annum across our portfolio, providing cost savings of around £500,000 for Hammerson and its customers. This annual benefit will grow as payment both for carbon emissions and waste production increasingly features as mainstream Government policy.

I am pleased that many of these initiatives were identified by my colleagues involved in the day-to-day management of our properties. At the end of 2007 we created an in-house forum to identify new ideas in the CR area of our business and assess them against economic, environmental and social benefits. This process means that we can capture the expertise of a large number of staff that benefits all parts of our business.

The real estate industry cannot afford to focus solely on development. Firstly, the economic climate is not going to support significant development for some time. But even setting aside economic cycles, the existing stock of property is going to be with us for a very long time and there are legal and economic imperatives to address how those buildings use natural resources. Our occupiers face tough challenges to sustain their own businesses. Energy costs have been volatile but will continue to rise over the medium term as legislation in both the UK, and France targets corporates' energy consumption/ carbon emissions as an environmental issue. Waste is set to become the next legislative target. In the UK, landfill tax is set to increase year-on-year until 2011. As landfill sites fill up we might expect even more stringent regulations. In France, the cost of sending waste to landfill has almost doubled since the beginning of 2009. The combined result is that our occupiers are keener to enter a dialogue with us and other property owners on energy, water and waste. At Hammerson, following the introduction of a Green Lease in 2007, we have now signed over 370 such agreements with our retail and office tenants.

The success of this lease lies with its approach. It is not prescriptive: instead it seeks to build partnerships with occupiers and share solutions. We are now rolling out this initiative in France, both on new deals and on lease renewals. As a founding member of the Better Building Partnership, Hammerson has been heavily involved in the design of a memorandum of understanding which aims to provide a structure for owners and occupiers to work together to improve buildings and businesses' environmental performance. We are

already in discussions with several of our tenants to commence partnerships based on this structure.

The efforts are already having a direct impact on service charges. We are on track to deliver a 19% reduction in energy consumption in the UK and 11% in France against a 2006 baseline, thereby containing increases in service charge as a result of energy price rises in recent years.

In last year's report I highlighted that we were working towards a common approach to sustainability in the UK and France. I am pleased to say that during 2008 we made substantial progress in this area and now adopt the same strategy and targets across our business. Philippe Bouveret, an asset manager with over seven years' experience with Hammerson, has taken on the role of Sustainability Director in France and has added significantly to our CR efforts across the whole business. He offers his views on progress to date and some of the challenges he faces on pages 11 and 12.

Measuring, monitoring and reporting remain key to our ongoing management of sustainability, and we recognise that we still have room to improve. At the beginning of 2008, Carl Brooks, an employee of Hammerson's management services subsidiary in Reading, assumed responsibility for monitoring and reporting energy, waste and water across the UK retail portfolio and identifying areas for improvement. Carl's work in this area has increased the accuracy of our reported data, in some cases highlighting areas where we have fallen down in the past. Similarly, in France, our focus on measuring and reporting in 2008 has meant that we have identified data unreported in previous years. With additional input from Bureau Veritas, engaged for the first time in 2008 as a "critical friend" to Hammerson's reporting process, I believe we are set to make further progress in this area.

2009 will represent a major challenge for the CR industry as the tough economic conditions force a re-appraisal of every investment decision in most businesses. However, against this difficult background, I believe that we will better identify the cost and benefits of the sustainability opportunities that present themselves. At Hammerson our approach is to ensure that our investment in sustainable initiatives is properly costed, and designed to add value to the business at all stages. It is against this background that we have adopted the Connected Reporting Framework as a reporting tool. This aims to enable stakeholders to evaluate the link between environmental or social sustainability and economic outcomes.

In 2009 our focus remains on sustainability solutions which reduce costs for our occupiers and for ourselves. By building on our progress to date, further developing our education and training programmes, and sharing the benefits amongst all our stakeholders we will not only embed sustainability in the way we do business but assure our role as a partner of choice.



**Paul Edwards**  
Head of Sustainability

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London W1K 4BJ

Telephone: 020 7887 1000

**↓26%**

## REDUCTION IN CARBON EMISSIONS

### 10 GROSVENOR STREET

At our UK head office, we have measured our carbon footprint for two years, this year reducing our footprint from 1,046 tonnes to 777 tonnes. We re-commissioned the lighting system, which now switches off automatically at night, coming back on when it detects a presence. We also increased staff awareness about turning off computers and lighting. In 2008, we measured our carbon footprint at our Paris office for the first time and have put in place a programme to reduce carbon emissions in 2009.

**85%**

## PROPORTION OF WASTE RECYCLED DURING DEMOLITION

### O'PARINOR

In September 2008, Hammerson completed a 25,000 m<sup>2</sup> extension to O'Parinor, a major shopping scheme to the north of Paris. During the demolition phase, 85.4% of waste was recycled. Going forward a target of 55% has been set for construction waste in France.

**83%**

## FSC TIMBER USED IN CONSTRUCTION

### 60 THREADNEEDLE STREET

Hammerson has an objective to measure and report on the use of timber that is certified to FSC standard or equivalent. At 60 Threadneedle Street, a recently completed office scheme in the City of London, 83% of timber used was certified to FSC standard.

**125,000**

## LEICESTER RESIDENTS ATTEND THE OPENING OF HIGHCROSS

### HIGHCROSS

When Highcross, our major Leicester retail scheme, opened to the public in September 2008, 125,000 people attended opening day festivities. Displays included the "River of Silk", a procession made up of a flowing river of 24 silk banners carried by community groups such as Action Deafness, the Chinese Community Centre and Hind Leys Community College; and the "Parade Illuminaire", a procession by children from across the region carrying lanterns made in a creative workshop Summer School in August.

**8**

## GREEN LEASES

### FRENCH SHOPPING CENTRES

Following the successful introduction of a Green Lease in the UK, Hammerson made comparable revisions to its standard lease in France, and a Green Lease was introduced in October 2008. Eight such leases have since been signed in the French shopping centre portfolio.

# MATERIAL ISSUES AND STAKEHOLDERS

Hammerson focuses its sustainability initiatives on five key areas identified as a result of a materiality study carried out in 2007. These five areas encompass a number of more specific issues which we set out below, and around which we group our annual targets.



## STAKEHOLDERS

Hammerson engages with a number of stakeholders as part of its activities. These include: investors; office occupiers; retailers; visitors to its shopping centres; Government (local and national), community organisations, suppliers, our own staff; sustainability opinion leaders; and peers. Hammerson works with industry organisations in respect of its CR development and lobbying activities.

# HOW WE MANAGE CR

The CR Group agrees overall CR strategy and targets, and monitors target progress. CR targets are grouped around our five identified material issues and are delivered by working groups representing the three principal areas of Hammerson's business activity: Operations, Development and Corporate.

We adopt a common approach in the UK and France. Members of the CR Group (which meets quarterly) and the leaders of working groups in the UK and France (which meet six times a year) are set out below.

CR GROUP				
1 2 3 4 5	OPERATIONS	DEVELOPMENT	CORPORATE	page 23 page 27 page 30 page 34 page 37
	 <b>ANDREW THOMSON</b> Director, UK Operations	 <b>ROBIN DOBSON</b> Director, UK Retail Development	 <b>PAUL EDWARDS</b> Head of Sustainability	
	 <b>MARC VALENTE</b> Retail Property Deputy Director	 <b>JEAN-LOUIS COQUAND</b> Director, Shopping Centres	 <b>VALÉRIE PETITBON</b> Director, Marketing & Communications	
	Since the beginning of 2008, the focus of our sustainability investment has shifted to improving the environmental and social performance of our investment portfolio.	2008 was a landmark year for Hammerson, with the Company completing four major development projects. Each of these demonstrated leadership in sustainability.	Our increasing emphasis on monitoring and reporting was recognised in 2008 as we were nominated UK sector leader by the Carbon Disclosure Project, ranking third-highest in the FTSE350.	
	<b>CLIMATE CHANGE AND ENERGY</b>	<b>OPERATIONS</b>	<b>DEVELOPMENT</b>	<b>CORPORATE</b>

- Our knowledge, education and communication programmes span our five material areas and the three groups which implement them. Our programmes focus on sharing sustainability knowledge with our occupiers and the visitors to our shopping centres, and on ensuring that our employees and suppliers fully understand our objectives and the reasons behind them.
- A major focus since 2006 has been the improvement of measuring and monitoring systems, both at the point of data collection, and in its subsequent analysis. This is fundamental to our approach.
- We have chosen to report for the first time in 2008 using the Global Reporting Initiative (GRI) guidelines, achieving level B. We have also increased our participation in recognised indices such as DJSI and FTSE4Good, and made public our response to the Carbon Disclosure Project.

# VALUE

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In an economic downturn, the importance of interrogating costs in the business grows, as does determining the value those costs go on to generate. Sustainability is generally viewed as a cost centre within a real estate business, albeit one that can have a positive impact on other income-generating or investment areas, such as leasing or development. At Hammerson, our objective is to pursue a sustainability strategy which creates value for our shareholders, partners and occupiers.

Central to the success of this strategy is the ability to identify how different sustainability initiatives create value, and whether this value creation is direct and measurable, or indirect, but deemed to be of positive influence. This section aims to explain the link between sustainability and value in Hammerson's business, and for its occupiers, and to explain the focus of our investment in sustainability initiatives.



**David Atkins**  
UK Managing Director

**Initiatives identified by Hammerson fall under one or more of our key focus areas, and directly reduce costs or are viewed to have an indirect positive impact on our profits.**

## **RESOURCE USE: Reducing costs of energy and waste disposal**

### **Direct**

Hammerson owns and manages some 1.4 million m<sup>2</sup> of retail space and a further 255,000 m<sup>2</sup> of offices. Energy, water and waste represent costs in the management of these assets.

A proportion of these costs are recharged to occupiers as part of the service charge. Hammerson seeks to help its customers control costs by managing consumption of natural resources, thereby maintaining low service charges.

#### **Energy**

Over the past two years, energy costs in the UK have increased by 80%. The scale and rapidity of these cost increases – gas costs alone doubled in a single month in November 2008 – have become a real problem for businesses as something which has traditionally been viewed as a fixed cost becomes one of the most volatile. With new carbon budgets imposed by the Climate Change Act and a cap and trade scheme for companies, costs will continue to increase.

#### **Waste**

Having introduced rigorous targets for carbon reduction, the UK Government has turned its attention to waste. With landfill sites running out, tax on waste to landfill is increasing at £8 per tonne per year, meaning there is an economic imperative for companies to increase their reuse and recycling of waste. Put simply: why would you pay £32 per tonne – and rising – to send waste to landfill when you can recycle or reuse at zero cost or even make money from paper, plastics and cardboard?

This is not just an asset management issue. Waste & Resources Action Programme (WRAP), a government-backed initiative, estimates the value of materials wasted on an average construction project at around 2% of a project's total cost. The cost of waste on a £500 million retail development would, on this basis, be up to £10 million. (For details on how we reduced the cost of waste at our Cabot Circus development in Bristol, please see page 36).

## **CUSTOMERS: Energy performance ratings**

### **Indirect**

Hammerson's objective is to create properties which businesses want to occupy. As a result of the EU's Energy Performance of Buildings Directive (see legislation page 44), all buildings will in future be graded A (highest) to G (lowest) based on their energy efficiency. This is likely to result in potential occupiers "looking for the label" when they seek new premises.

Would a leading blue-chip office occupier or retailer move into a G-rated building? Probably not. We believe, therefore, that there is value in adopting initiatives which will improve the energy rating of a building in order to attract a wider range of occupiers, maintain competition for space and preserve the building's value.

We have obtained Energy Performance Certificates for buildings across our portfolio. These, however, represent theoretical performance. We are lobbying Government to expand the scheme to reflect actual performance of buildings through the introduction of Display Energy Certificates, currently used for public sector buildings.

**Energy Performance Certificates: 125 Old Broad Street, a major refurbishment of the former Stock Exchange Tower in the City of London, was awarded a "C" rating, the norm for a commercial building according to information published by the Department of Communities and Local Government.**



## **COMMUNITY REGENERATION: The value of development**

### **Indirect**

The 2008 Planning Act identifies the need for a development to create value for the local community. A well thought-out retail-led regeneration scheme has the potential to boost spending as well as civic pride, triggering further investment in the city. More prosperous local residents should spend more at our shopping centre, leading to greater competition among retailers for space, thereby supporting the value of the buildings.

For example, the development of Highcross is expected to boost net spending in the city by around £58 million p.a. This is forecast to give a direct boost of around £31 million per year to the city's domestic product and an annual £19 million boost to the wages of people employed in Leicester. The scheme is expected to boost employment by around 710 jobs. Without Highcross, the impact of competing developments is likely to have resulted in a loss of jobs and domestic product in the city.

## **SUPPLY CHAIN: Creating energy centres**

### **Direct**

Hammerson develops and manages large buildings, frequently comprising a variety of uses: retail, offices and residential.

In new projects we are looking to reduce our environmental impact. A simple way to improve efficiency, and reduce future spend on energy, is to centralise all plant equipment. By including power production on site it is possible to create an energy centre. All projects in Hammerson's development pipeline include energy centres as part of their overall plan to reduce carbon emissions.

The extension of this idea, which we are exploring in designs for a number of our future developments, is an energy utility or ESCO (Energy Service Company). These are created in partnership with local authorities, and work on the premise that different classes of occupier – retail, office and residential – have different peak points in their energy use, so can operate off the same centralised energy centre. Such initiatives have the potential to reduce Hammerson's capital costs significantly in the development phase and create an additional income stream from the completed asset. At our proposed Brent Cross extension, we have extended this idea to include the conversion of waste into energy, helping London to meet its Government target of creating 170 waste-to-energy plants by 2025.

## **CLIMATE CHANGE AND ENERGY: Energy performance companies funding sustainability initiatives**

### **Direct**

We look carefully at the return on investment and payback period of each of our sustainability initiatives before making a decision on whether to proceed. In some cases, an initiative may appear worthwhile, but the payback period may be too lengthy to merit investment. One solution is to sign energy performance contracts whereby a third party funds an initiative, and its investment is repaid through the savings generated by the initiative. For example, at Bullring, Birmingham, lighting specialist Weblight installed a solution which cost £317,000, and is designed to save around £91,000 per annum. Weblight will be paid from these savings until its capital investment is recouped – a 41 month period based on the company's own savings estimates. This solution means that we are able to introduce initiatives which have a longer payback period than we would normally consider, but which can still demonstrate savings.

## **REPORTING: Maximising the attractiveness of Hammerson to a broad range of potential equity investors**

### **Indirect**

In Europe, the broad Socially Responsible Investment (SRI) market is now estimated to represent 10-15% of total European funds under management.\* This represents growth of 36% since December 2002. In May 2008 we carried out research into the CR and SRI policies of our top 21 equity investors by value. This research demonstrated that 71% of these investors have a CR commitment and/or report on CR issues and that 62% have an SRI policy in place. This research demonstrates that measuring and reporting is increasingly important if the company is to ensure it is not excluded from specific funds. It also suggests that a proactive CR strategy is something which can influence the investment decisions of some equity investors. With this in mind, Hammerson is seeking to improve its CR reporting through the introduction of the Connected Reporting Framework and by following GRI guidelines for its CR report. We also continue to engage with SRI investors: in 2008, for the first time, we ran an SRI investor tour, taking 15 SRI analysts and investors to our development at Highcross, Leicester.

\*Source: Eurosif 2006. Broad SRI refers to funds under management which include environmental, social and/or corporate governance requirements in their investment criteria. Rather than practising simple negative screening, the broad SRI approach seeks to use shareholders' influence in order to improve a company's social or environmental behaviour through dialogue, pressure and voting at AGMs.

# ONE HAMMERSON

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2008 was the first year that Hammerson UK and Hammerson France shared the same strategy, targets and approach. We made tremendous progress, and are now in a position where we can evaluate what we in France need to do to adapt our strategy to our particular cultural context.



**Philippe Bouveret**  
Sustainability Director, France

At Hammerson France we have always had strength in elements of corporate responsibility relating to occupier engagement. Rather than relying on third parties such as agents or lawyers, our own staff, many of whom have been with the company for a number of years, communicate directly with our retailers and office occupiers. Where we have needed to focus our efforts at Hammerson France, therefore, is on measuring and improving our environmental performance and in considering certain aspects of corporate social responsibility that are only just starting to come onto our country's agenda.

I became involved in CR in France in 2006, firstly as part of my role in lease management and then assuming a dedicated role as Sustainability Director for Hammerson France in August 2008. Our initial CR activity was based on two very clear commercial imperatives. First, that working with our occupiers and developing good relationships with them was key to lease renewals and, in the case of co-ownership, support for our management initiatives at the shopping centre. Second, that it was in our interest to help retailers control their costs by finding ways to limit service charge increases, by carefully managing our use of natural resources in the common parts of the building. In many ways, then, my role now as Sustainability Director in France was a natural progression of my previous role in lease management – and indeed my role before that as management controller at our facilities management partner, SCC.

"La différence" is as present in CR as it is in every other aspect of Anglo-French relations! In terms of environmental sustainability, we have not had the same focus on carbon in France as in the UK, perhaps because 80% of our energy comes from nuclear power. With energy prices significantly lower than those in the UK, energy consumption represents a much lower proportion of overall costs for the average occupier, and a dramatically lower CO<sub>2</sub> impact. In fact the UK is aiming to decarbonise its energy supply and so head in the same direction as France. In this context, Hammerson has a great deal to gain from sharing knowledge between our teams in the two countries.

The French attitude towards energy consumption is slowly changing. Whereas France has certainly lagged behind the UK until recently in terms of environmental legislation, the Grenelle de l'Environnement will pave the way for the type of emissions reductions programmes mandated by the UK Government as a result of the Climate Change Act (for information on UK and French legislation, please see page 44). In addition, reduced consumer demand is focusing retailers' attention on fixed costs, however low, as they seek to shore up profitability. 2009 will therefore be a key year in our carbon emissions reductions programme as we seek to implement changes with renewed support from retailers in order to exceed our legislative demands.

Two other important differences relate to the social aspects of sustainability. One is that French shopping centres, traditionally anchored by hypermarkets, are visited by the same people, every week, as they do their food shop. In terms of visitor numbers, this makes French shopping centres much less prone to a downturn. It also puts them at the heart of their communities, providing the owner(s) with an opportunity to engage directly with a local audience on community and environmental issues. A second important area of focus for us is charity donations. Again, because France has traditionally had a strong

emphasis on the State, there is not the same emphasis on charity donations and volunteer work that is found in the UK. For a number of years now, we have collected spectacles in our shopping centres on behalf of a French NGO. We are working to promote local charities offering services not provided by government, and are helping people to understand the aid that is available to them.

Against a background of cultural differences, then, we have achieved major successes since we began our CR work in earnest in late 2006, achieving reductions in carbon emissions of 17.8% at our shopping centres and 6.7% in our Paris office portfolio. Much of this reduction can be attributed to an initial programme in 2007 whereby we monitored energy usage in our shopping centres and managed output at times of low activity and a subsequent programme in 2008, involving the installation of energy-efficient lighting systems in our centres. However, for much of this time we were working without the benefit of solid information: while we knew the initiatives we were putting in place would save significant amounts of energy, we were, at the same time, working to define our 2006 baseline. This involved identifying and quantifying all our energy sources, including those on fixed-charge contracts, such as the district heating system at Italie2, our central Paris shopping centre. Following this exercise, we have been able to revise data back to 2006 and set a baseline against which to measure performance going forward.

We have also installed sub-meters across the French portfolio to improve measuring and monitoring. This is more complicated than it may seem, as a result of the co-ownership structure in France, which requires majority votes by co-owners on management initiatives in shopping centres. I am pleased to say that we successfully lobbied co-owners to install sub-meters at five of our seven centres in 2008, and will continue this roll-out in 2009. Overall, I believe that we have made good progress in 2007 and 2008 in measurement and monitoring, although, as in the UK, it remains an area for improvement.

A key focus in 2008 was engagement with our own staff in France. We carried out a survey to assess our French employees' knowledge of sustainability, and carried out a carbon footprinting exercise at our principal office at Washington Plaza in Paris. As a result of France's decarbonised electricity grid, premises' energy consumption represented a relatively low proportion of our overall carbon emissions (see page 26). We will therefore be using the results of the survey to put in place staff engagement programmes on specific topics, such as car use and waste recycling, in 2009. I am also very proud that over a third of our staff in France were directly involved in a CR working group in 2008.

I believe we have made great progress in a relatively short period of time and, with the support of Paul and the UK team, will continue to make further strides in 2009, focusing on continuing to improve energy, water and waste efficiency; achieving BREEAM certification for our future development projects in France; and building constructive relationships with our suppliers in relation to sustainability issues. We are getting to a point where the UK and France teams are gaining an understanding of the other's cultural context, sharing knowledge and adapting solutions where necessary. This, for me, is enriching and, for Hammerson, brings us closer together.

**Whereas France has certainly lagged behind the UK until recently in terms of environmental legislation, the Grenelle de l'Environnement will pave the way for the type of emissions reductions programmes mandated by the UK Government as a result of the Climate Change Act.**



# CONNECTED REPORTING FRAMEWORK

1

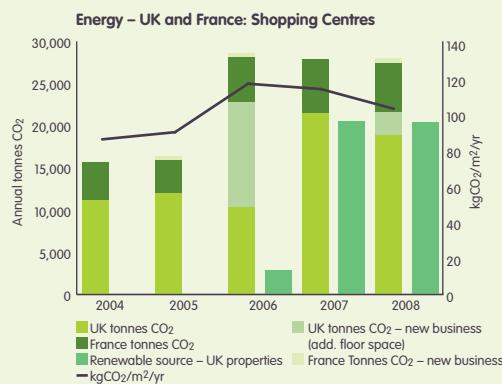
## CLIMATE CHANGE AND ENERGY

### DIRECT COMPANY IMPACTS

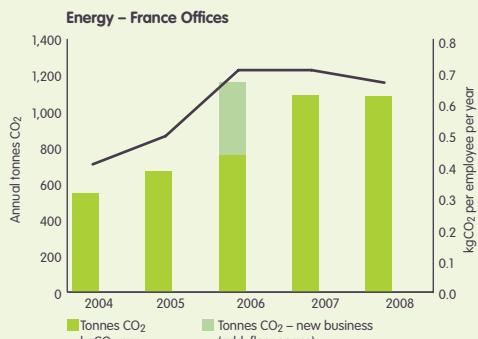
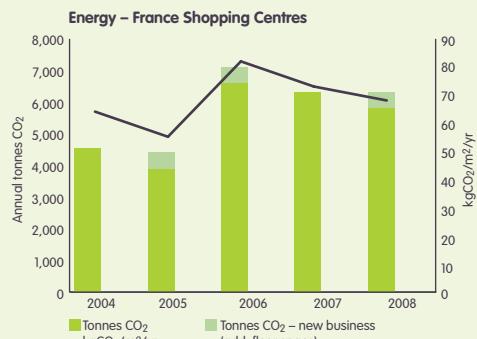
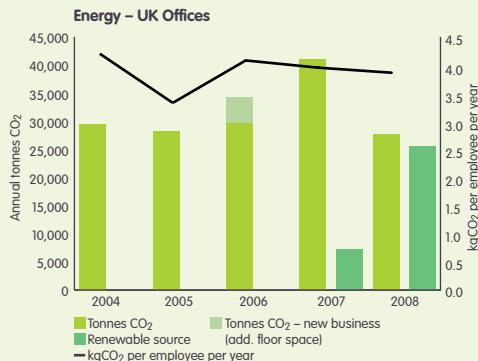
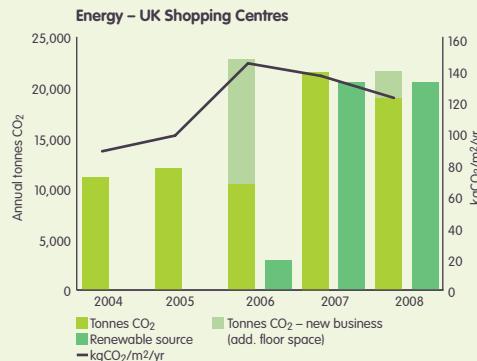
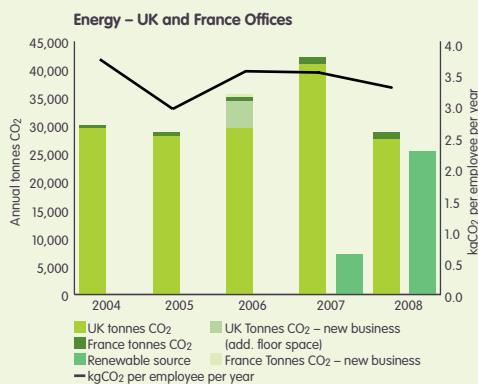
FINANCIAL INDICATOR	ENERGY COST	SUSTAINABLE INVESTMENT	SAVINGS	CARBON OFFSET	CLIMATE CHANGE LEVY
	2008 <b>£7,555,502</b>	2008 <b>£1,444,879</b>	2008 <b>£335,200</b>	2008 <b>£11,003</b>	2008 <b>£71,513</b>
	2007 <b>£6,223,627</b>	2007 <b>£282,659</b>	2007 <b>£131,671</b>	2007 <b>£13,611</b>	2007 <b>£182,609</b>
	2006 <b>£5,515,685</b>	2006 Not measured	2006 Not measured	2006 Not implemented	2006 <b>£205,794</b>

### NON-FINANCIAL INDICATOR

#### RETAIL



#### OFFICE



# CONNECTED REPORTING FRAMEWORK

1

## CLIMATE CHANGE AND ENERGY CONTINUED

### DIRECT COMPANY IMPACTS

#### COMMENTARY ON PERFORMANCE

- Our key initial action against the threat of climate change is to reduce our emissions. Since our baseline year of 2006, we have reduced our building energy intensity (expressed as carbon emissions) on a like-for-like basis at our UK shopping centres by 15.6%, UK offices by 4.8%, our French offices by 6.7% and our French shopping centres by 17.8% when normalised by m<sup>2</sup>.
- The 2007 CR Report figures for Bullring did not include the car park energy, which has resulted in an adjustment of 19% in reported energy consumption, requiring a restatement of our data for that year. In order to expand our reporting to France, all data for France has been back-dated to 2006 where available.
- At Highcross we noted a 17.2% increase in carbon emissions following the opening of a major new extension in September 2008. We would expect this to increase further in 2009 as the first full year of operation is completed.
- The absolute reductions in electricity consumption since 2006 have resulted in a saving of £155,840 for Hammerson and our occupiers.
- The reduction in gas and electricity consumption and the sale of Moorhouse and One London Wall resulted in a £1,422,930 saving in energy costs in our office portfolio.
- The £335,200 savings identified are estimated based on sustainability initiatives planned as part our Sustainability Programme for Innovation. At WestQuay, one initiative to change car park lights from T8 to T5 fittings will result in an estimated annual energy saving of £163,000 and 600 tonnes CO<sub>2</sub>.
- Sustainable investment in 2008 includes £590,000 of investment in France.
- Energy costs include tenant energy for offices, but not for shopping centres.

### INDIRECT COMPANY IMPACTS

#### COMMENTARY

- The cost for energy in 2008 dramatically increased, with the cost of electricity rising 53% in October and gas, 113%. Despite our reductions in energy consumption, our costs continued to increase.
- At Bullring we delivered our first energy performance contract, with an external company funding changes to car park lighting and recouping them over time through cost savings achieved. This initiative will result in an annual saving of 592 tonnes of CO<sub>2</sub>.
- In anticipation of the final Carbon Reduction Commitment scheme, Hammerson have started to evaluate the impact of £12 per tonne cost of carbon at existing assets and for future developments. To understand the cost to Hammerson and our tenants we are completing a full review of our ownership structure, metering and energy contracts in accordance with the CRC requirements.

#### BENCHMARKS

- CDP6 – Top in sector, 3rd in FTSE350
- FTSE4Good
- Dow Jones Sustainability Index (DJSI)
- Building Research Establishment Environmental Assessment Methodology (BREEAM)
- Energy Performance Buildings Directive

# CONNECTED REPORTING FRAMEWORK

2

## RESOURCE USE

### DIRECT COMPANY IMPACTS

FINANCIAL INDICATOR	COST OF WASTE	COST OF WATER*	LANDFILL TAX	TAX SAVED AS A RESULT OF WASTE AVERTED FROM LANDFILL
2008	2008	2008	2008	2008
<b>£1,719,476</b>	<b>£552,646</b>	<b>£223,501</b>	<b>£195,667</b>	
2007	2007	2007	2007	2007
<b>£1,476,922</b>	<b>£599,873</b>	<b>£217,722</b>	<b>£107,798</b>	
2006	2006	2006	2006	2006
<b>£1,249,841</b>	<b>£498,363</b>	<b>£232,538</b>	<b>£70,485</b>	
<b>SAVINGS ON LANDFILL EXPENDITURE (EXCLUDING TAX) AND SUSTAINABLE INVESTMENT</b>				
2008	2008	2008	2008	2008
<b>£425,418</b>		<b>£32,504</b>		<b>£55,155</b>
2007	2007	2007	2007	2007
<b>£367,369</b>		<b>Not measured</b>		<b>£34,639</b>
2006	2006	2006	2006	2006
<b>£84,506</b>		<b>Not measured</b>		<b>£14,021</b>

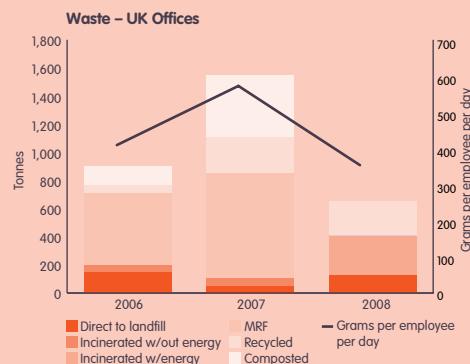
\*As we have no historical or planned investment or estimated savings for water, we are unable to provide any further information.

### NON-FINANCIAL INDICATOR

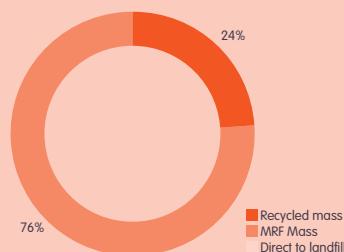
#### RETAIL



#### OFFICE



#### Waste by disposal - French Shopping Centres



#### Waste by disposal - French Offices



#### Commentary

The data represented is an estimate of total 2008 waste by weight based on the audits that Hammerson carried out at its shopping centres and offices (see target 23 for further information). The data, however, does not cover Parinor, Faubourg St Honoré and Rue de l'Université as no data was available for these assets. The recycled waste reflects cardboard segregated onsite.

# CONNECTED REPORTING FRAMEWORK

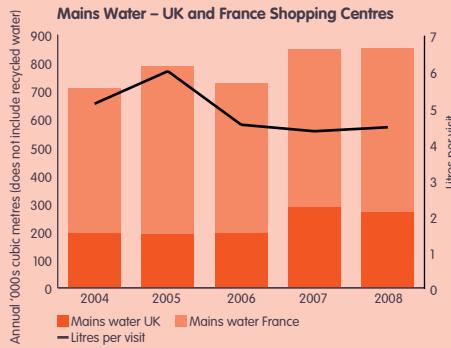
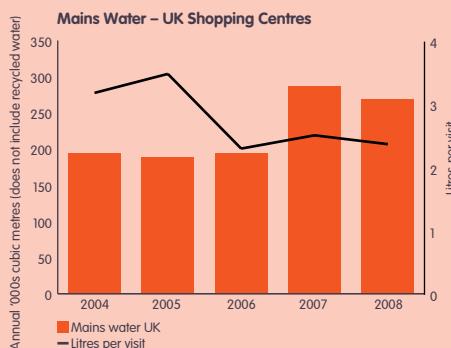
2

## RESOURCE USE CONTINUED

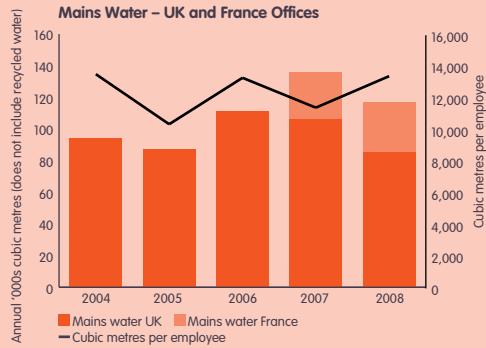
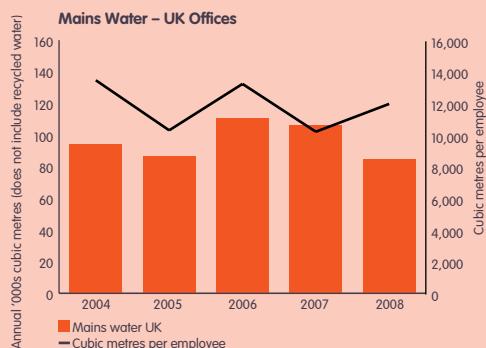
### DIRECT COMPANY IMPACTS

**NON-FINANCIAL INDICATOR**

#### RETAIL



#### OFFICE



# CONNECTED REPORTING FRAMEWORK

## 2

## RESOURCE USE CONTINUED

### COMMENTARY ON PERFORMANCE

- We have not historically measured waste in France. In 2008 we initiated a measuring and monitoring programme by conducting a waste audit. This will form a basis for measuring and monitoring going forward.
- The Material Recycling Facility (MRF) serving The Oracle shopping centre had been reporting a recycling rate of 40%. Following an audit, this figure has been adjusted to 2.5%. As a result of this, and other reporting discrepancies, our waste recycling figures had to be adjusted for 2007 by 981 tonnes. This demonstrates how our accuracy in measurement remains dependent on the reliability of reporting in our indirect supply chain.
- We managed and monitored the waste recycling of all fit-out contracts at Cabot Circus. This not only reduced our costs by £600,000 but increased the waste recycling on retail fit-out to 85-95%.
- Monitoring and measurement for water consumption in all our assets has been a business priority in the UK since 2006, and this is reflected in the reduction in absolute water consumption of 6.2% for UK shopping centres between 2007 and 2008. So far we have not been able to achieve the same performance improvements in our UK offices, where there has been an increase of 8.5% in like-for-like properties, as it is much harder for us to control our tenant behaviour than visitor behaviour in the shopping centres.
- In France, monitoring and measurement of water consumption has only been undertaken for the first time in 2008 and our water consumption has increased by 3.8% for shopping centres and 4.1% for offices. In 2009 we will investigate the accuracy of some of the water data in more detail and have a target to put in place action plans to reduce our consumption.
- Hammerson recognises the need to increase the investment in water reductions and as such has set a target to review water usage in the existing portfolio, setting a long-term target in 2010.
- In 2007 a faulty meter accounted for an increase in base line water consumption by 38% at Oracle. In 2008, Oracle worked hard to improve management of water consumption resulting in a 22% reduction, so saving £30,228.

### INDIRECT COMPANY IMPACTS

### COMMENTARY

- The cost of landfill tax continues to increase by £8 per tonne per annum. The current charge is £32 per tonne. In France, the 2009 landfill tax is €15 per tonne.
- We engaged WRAP to develop a recycled content target for Sheffield. This identified the difference between materials used according to asset class (retail, residential and car park) and the impracticality of setting a single overreaching target. As such, all Sustainability Implementation Plans now include a reference to the Sheffield research project by WRAP and we are in a position to specify targets for different building uses.

### BENCHMARKS

- Waste Resource Action Programme (WRAP)
- BREEAM
- Forest Stewardship Council (FSC)

# CONNECTED REPORTING FRAMEWORK

**3**

## COMMUNITY REGENERATION

### DIRECT COMPANY IMPACTS

FINANCIAL INDICATOR	TOTAL CASH AND TIME INVESTED (HQ)	TOTAL CASH AND TIME INVESTED (SHOPPING CENTRES)	CHARITY DONATIONS	VISITOR COLLECTIONS
2008	2008 <b>£364,330</b>	2008 <b>£609,792</b>	2008 <b>£212,375</b>	2008 <b>£136,560</b>
2007	2007 <b>£38,700</b>	2007 <b>£531,480</b>	2007 <b>£112,670</b>	2007 <b>£167,383</b>
2006	2006 <b>£88,206</b>	2006 Not measured	2006 <b>£117,944</b>	2006 <b>£67,380</b>

NON-FINANCIAL INDICATOR	JOBs	DEVELOPMENT COSTS	JOBs CREATED	PREVIOUSLY UNEMPLOYED
2003				
Bullring		<b>£500m</b>	<b>5,500</b>	 <b>76%</b>
2008				
Highcross		<b>£350m</b>	<b>2,000</b>	 <b>72%</b>
2008				
Cabot Circus		<b>£500m</b>	<b>4,000</b>	 <b>50%</b>

### COMMENTARY ON PERFORMANCE

- We created 6,000 retail and leisure jobs as a result of our development of Cabot Circus, Bristol and Highcross, Leicester.
- Through our employment charter we were able to leverage match funding and other funding streams with our partners. This, combined with a cash injection of £320,000, allowed us to provide education and training for jobs in Bristol and Leicester.
- When the UK Government decided to decrease VAT by 2.5%, Hammerson introduced a policy to donate the VAT reduction in car park tariffs to local charities. This has resulted in £64,000 being donated to charity. All car park users can claim their money back if they do not wish the money to be used for donations.
- Hammerson has formed Spitalfields Together, a partnership with Deutsche Bank, Allen & Overy and East London Business Association (ELBA) to develop a better understanding of the needs of the communities in Tower Hamlets and Hackney, where we have several major future development projects.

### INDIRECT COMPANY IMPACTS

COMMENTARY	<ul style="list-style-type: none"> <li>• Hammerson measures the impact of its developments on the surrounding city economy. For example, the opening of Highcross is expected to boost net spending in the city by around £58 million per year. This is forecast to give a direct boost of about £31 million per year to the city's GVA and an annual £19 million boost to the wages of those employed in Leicester. The direct net impact of the scheme is expected to boost employment by around 710 jobs in addition to the 2,000 created at the scheme itself.</li> <li>• Through our partnership work with the public sector we have been able to promote jobs to people in disadvantaged communities, assisting in the achievement of local government targets on employment, inclusion and social mobility.</li> <li>• Creating a trained local workforce minimises job displacement, reducing the recruitment costs for our tenants.</li> <li>• We re-entered the Business in the Community CR Index in 2008 in which we scored Bronze.</li> </ul>
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### BENCHMARKS

- London Benchmarking Group
- Business in the Community

# CONNECTED REPORTING FRAMEWORK

## 4

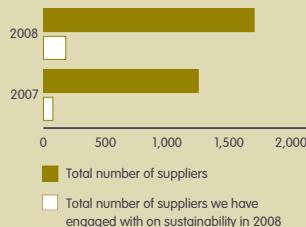
## SUPPLY CHAIN

### DIRECT COMPANY IMPACTS

FINANCIAL INDICATOR	COST OF ALL GOODS AND MATERIALS	UK SUPPLIERS WE HAVE ENGAGED WITH ON SUSTAINABILITY (VALUE OF CONTRACTS)
	2008 <b>£501.7m</b>	2008 <b>£235m</b>
	2007 <b>£463.6m</b>	2007 <b>£290m</b>
	2006 <b>£322.9m</b>	2006 <b>Not measured</b>

### NON-FINANCIAL INDICATOR

#### UK



### COMMENTARY ON PERFORMANCE

- In 2008 we developed Sustainability Implementation Plans for nine developments and pipeline projects. This includes Union Square, Aberdeen, our current major development project.
- We published our first Responsible Procurement Policy.
- We issued environmental sustainability questionnaires to over 50 different suppliers as part of the materials selection process for Sevenstone, Sheffield, a potential future development. Information received was used to inform the specification.
- We have employed sustainability consultants on all future developments to influence and direct our design team.

### INDIRECT COMPANY IMPACTS

#### COMMENTARY

- We recognise the importance of influencing our supply chain. As such, we have commenced a programme of engagement with key suppliers ranging from Sir Robert McAlpine to MITIE.
- We have engaged with many of our consultants directly through our sustainability workshops on future developments. Their ideas are incorporated in the Sustainability Implementation Plans for each project.

#### BENCHMARKS

- Green Property Alliance Responsible Procurement Principles
- ISO 14001
- BRE Green Guide
- BSI Responsible Procurement

# CONNECTED REPORTING FRAMEWORK

**5**

## CUSTOMERS

### DIRECT COMPANY IMPACTS

FINANCIAL INDICATOR	NET RENTAL INCOME (£M)	GREEN LEASE VALUE (£M)
2008	<b>£299.8m</b>	2008 <b>£33.6m</b>
2007	<b>£275.7m</b>	2007 <b>£12.2m</b>
2006	<b>£237.4m</b>	2006 <b>Not measured</b>



### COMMENTARY ON PERFORMANCE

- We have encouraged our tenants to measure, monitor and manage their impacts through our Green Lease and Tenants' Sustainability Guidelines for both office and retail, with over 370 environmental leases being signed since inception.
- We have introduced environmental and social awareness days for our staff in the UK and France. We also issue a quarterly newsletter to staff, to be extended to France in 2009, and continue to provide training. New employees are provided with a one hour induction by the Head of Sustainability.
- We completed comprehensive staff commuter surveys in both France and the UK. This information has been used to improve our reporting on the carbon footprint at both offices.
- Hammerson have been working with a number of tenants on a new financial model and design for an "Eco" store, which will make use of natural daylight and improve the quality of the indoor environment while reducing typical energy consumption by 55%, so lowering energy bills for the occupier.

### INDIRECT COMPANY IMPACTS

COMMENTARY
<ul style="list-style-type: none"> <li>• We are a founding and board member of the Better Building Partnership (BBP) and chair the owner-occupier working group. One of the BBP working groups has produced a memorandum of understanding which Hammerson intends to trial with tenants in the coming months.</li> <li>• We held 'Green Weeks' in the UK and 'Eco Days' in France at all of our shopping centres, raising awareness of sustainability issues among the public and employees.</li> <li>• We began our roll-out of Energy Performance Certificates (EPCs) in April 2008. All new, let or sold properties will include an EPC in line with 2006 legislation.</li> <li>• Hammerson is part of the BPF Carbon Reduction Commitments working group aimed at improving landlords' and tenants' understanding of the scheme and providing feedback to the Government as part of the final consultation on how the CRC programme could be improved.</li> </ul>

### BENCHMARKS

- BCSC
- British Council for Offices
- Better Building Partnership

# THINKING

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Hammerson recognises the value of research to help us move forward in our sustainability objectives. As such, we have invested this year in projects which can deliver real outcomes for our business and value for our shareholders. Research topics fall under one of our five material issues: climate change and energy; resource use; community regeneration; supply chain and customers.



Russell Beresford  
Project Manager

Carl Brooks  
Sustainability Advisor

Hammerson worked with three universities in 2008 on projects designed to give students practical experience of solving business problems while assisting the Company with specific challenges, including optimising green roof use in development and improving environmental performance at WestQuay shopping centre in Southampton.



### CASE STUDY UNIVERSITY OF SHEFFIELD: GREEN ROOFS

Part of Hammerson's long-term development pipeline, Sevenstone Sheffield is a major retail and leisure project. During the design development of the SIP (Sustainability Implementation Plan) for Sevenstone, we determined that including green or brown roofs across as much of the project as possible would enhance the development. Reasons for incorporating a green roof in the design of a building include:

- Helping to insulate the building, so improving thermal performance.
- Acting as a temporary sponge during heavy rainfall, reducing runoff of water, and acting as a part of our Sustainable Urban Drainage system (SUDs).
- Providing habitat for birds and insects, so improving the biodiversity performance of the development.
- In the case of Sevenstone, a mixed-use project, including green roofs would also improve the appearance of the building to residential occupiers.

Initially the project design team were advised that including Green Roofs would be prohibitive both in terms of cost and the additional building structure density, due to the additional weight of the soil substrate. As a team, we chose to challenge this initial advice and sought further expert advice through the Green Roofs Centre, a centre of excellence based at Sheffield at Hallam University. Through a collaborative approach, a solution was found which proved to be extremely cost effective, enhanced biodiversity considerably, reduced the substrate thickness from 500 millimetres to 100 millimetres and reduced the need for storm water attenuation tanks. We are continuing our work with the university, with a view to providing them with 'live sites' for testing new species, an important part of their curriculum.

### CASE STUDY UNIVERSITY OF SOUTHAMPTON: IMPROVING ENVIRONMENTAL PERFORMANCE AT WESTQUAY

Postgraduate students studying for Masters degrees in Environmental Sciences at the University of Southampton were set the challenge of developing an environmental management system (EMS) and gaining international environmental management standard ISO 14001 for WestQuay.

Working in six small consultancy groups, 34 students assessed how WestQuay can best manage its facilities and systems to reduce its overall environmental impact, looking at factors ranging from waste and energy management to heating and lighting, lifts and escalators, public and retailer waste, car parking, service yards and loading bays. The centre already taps into the city's district heating scheme for heating and cooling services, so the challenge was to find innovative new ways to reduce consumption of resources.

In January, the six consultancy groups presented their findings to Hammerson and WestQuay senior management. One group, who had given themselves the title "PANASH" (pictured) was given the opportunity to develop their ideas into an environmental management system. University course director Simon Kemp will continue to work alongside Hammerson to assist in implementing the EMS and achieving the ISO 14001 standard.

In 2008, we also measured the carbon footprint for Westquay, Southampton. For Greenhouse Gases protocol scope 1 and 2 the total carbon footprint is 3,053 tonnes CO<sub>2</sub> but when we include scope 3 (visitor, supplier and staff transport) this rises to 72,487 tonnes CO<sub>2</sub>, clearly highlighting the need to engage with all stakeholders on green travel plans. It is our intention to roll out footprinting across our portfolio in 2009.

# 1 CLIMATE CHANGE AND ENERGY

Improving our monitoring, measuring and reporting across our portfolio remained a priority in 2008. We continue to work towards a longer-term target to reduce carbon emissions in the managed portfolio by 19% in the UK and by 11% in France by 2010, against a 2006 baseline.

## ENERGY CONSUMPTION

Our year-on-year changes in CO<sub>2</sub> emissions in 2008 have contributed to reductions against our 2006 baseline across the portfolio.

Year-on-year changes in CO<sub>2</sub> emissions from UK and French shopping centres (kg CO<sub>2</sub>/m<sup>2</sup>/year):

↓10%

## REPORTING

As part of our commitment to improving monitoring, measuring and reporting, Hammerson took part in the 2008 Carbon Disclosure Project (CDP6). We were ranked top in our sector, and third overall in the FTSE350.

Carbon Disclosure Leadership Index (CDLI) Score in CDP6 (Third-highest ranking company in FTSE350)

96

## CARBON-REDUCING INITIATIVES

In 2008 we put in place an in-house forum to capture new CR ideas from employees involved in the day-to-day management of our properties. Primarily focused on improving environmental performance and reducing outgoings, we estimate that these initiatives resulted in a saving of 3,000 tonnes of carbon per annum across the portfolio, equating to a cost saving of £500,000 for Hammerson and our customers.

Carbon saving across portfolio as a direct result of new initiatives:

3,000 TONNES

# We made considerable progress in reducing the carbon footprint of our existing properties in 2008 against our 2006 baseline.

Our objectives relating to climate change and energy are twofold. On an ongoing basis, we seek to reduce the carbon footprint of each of our properties, ensuring we meet, and preferably exceed government targets relating to energy consumption. In our development activities, we seek to design buildings which minimise energy consumption in their construction, and are designed to be efficient in their operation. A longer-term objective is to adapt our buildings where necessary to minimise the effects of climate change, and ensure our investment strategy takes into account the possible negative impact of changes in weather patterns.

We made considerable progress in reducing the carbon footprint of our existing properties in 2008 against our 2006 baseline. Since our baseline year of 2006, we have reduced our energy intensity (expressed as carbon emissions normalised by m<sup>2</sup>) at our UK shopping centres by 15.6%, UK offices by 4.8%; French shopping centres by 17.8% and French offices by 6.7%. We added around 210,000 m<sup>2</sup> of space to the investment portfolio during the year as a result of the opening of two shopping centres (Cabot Circus in Bristol and Highcross, Leicester); a major extension to O'Parinor, a shopping centre to the north of Paris, and 125 Old Broad Street, an office building in the City of London. However, because all but one of these buildings opened in the second half of the year, the effect on total energy consumption was low. Total energy consumption therefore also fell during 2008.

Our success in this area is dependent on rigorous measuring and reporting in both the UK and France. In the UK, we appointed a full-time Sustainability Advisor with responsibility for monitoring and reporting across the UK retail portfolio and identifying areas for improvement. As a result, we discovered inaccuracies in previous years' data, which we have now restated.

## OBJECTIVES

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

Performance  
against targets

43% ACHIEVED  
50% IN PROGRESS  
7% NOT ACHIEVED



## ACHIEVED

- Review carbon emissions and develop metering, monitoring and reporting to ensure baseline is known by November 2008, to establish plan for reduction in 2009.
- Measure the carbon footprint (including energy and transport emissions) for Hammerson's head office and its Paris office at Washington Plaza.
- Develop a strategy to reduce the carbon footprint at Hammerson's offices at 10 Grosvenor Street and Washington Plaza.
- Deliver Diagnostics of Energy Performance (DEPs) for all managed shopping centres and offices.

## IN PROGRESS

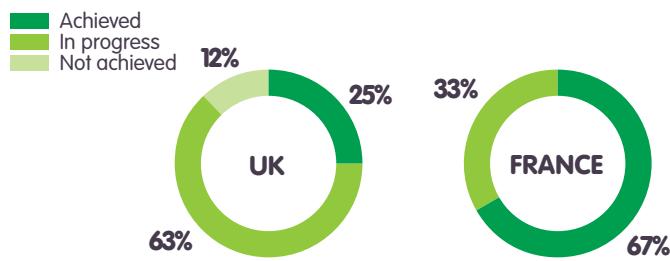
- Prepare a report on climate change mitigation and adaptation to inform the Sustainability Implementation Plans for development.
- Prepare a report on climate change mitigation and adaptation to inform the management of all managed assets.
- Obtain Energy Performance Certificates for all managed shopping centres and offices.
- Measure the carbon footprint (including both energy and transport emissions) of six managed properties.
- Target a 30% reduction on energy efficiency standards below 2006 Building Regulations Part L.

## NOT ACHIEVED

- Investigate the business case for offsite renewables.

UK ●  
France ●

In 2009, we aim to continue to improve accuracy in this area. In France, this is the first year we have reported environmental data, although we have been collecting data internally since 2006. As a result of an increased focus on monitoring and reporting, we also uncovered errors in previous years' data. We have now improved metering, measuring and monitoring systems, installing sub-metering in five of our seven French shopping centres, and have a comprehensive plan for reductions in 2009.



Expenditure on sustainability initiatives in 2008 totalled £1.4 million (UK and France), a proportion of which is rechargeable to occupiers. Initiatives in both countries focused on the installation of low-energy T5 lights in shopping centres and more energy efficient air conditioning and cooling. Initiatives in the UK were assessed by our recently-created Sustainability Forum for Innovation, which reviews social and environmental initiatives against economic criteria.

As a result of these initiatives, we are on track to reduce energy consumption by 19% for UK shopping centres, 19% for UK offices and 11% for France by 2010 against a 2006 baseline.

Targets relating to our longer-term objective to minimise the impacts of climate change were in progress: we commissioned a report from Hyder Consulting into climate change mitigation and adaptation for managed assets and developments in the UK and France. This report will be completed in 2009.

## CASE STUDY HOW TO BE EXCELLENT

Hammerson submits all new developments for assessment by the Building Research Establishment (BRE), the worldwide environmental certification body for the real estate sector. Developments are rated according to a points system across seven categories ranging from energy and transport to land use, materials and waste. Schemes receive an overall BREEAM (BRE Environmental Assessment Method) rating from "Pass" to "Excellent".

Since the beginning of 2008 we have completed our first BREEAM Excellent projects: Cabot Circus, Bristol and 60 Threadneedle Street. These are particularly strong achievements as we only decided to aim for the highest BREEAM rating after beginning construction work.

As a starting point, we assessed the sustainability profile of each project at the beginning of 2007, then created a list of opportunities to improve the score. Each item on the list was first costed, then reviewed in terms of sustainability benefits. Items ranged from rainwater capture to biomass boilers, photovoltaic cells and green roofs. In this way we were able to identify which items offered greatest value for money. In total The Bristol Alliance invested an additional £275,000 at Cabot Circus, and Hammerson invested £115,000 at 60 Threadneedle Street to bring the schemes up to Excellent standard.

But this is not the optimum way to create a BREEAM Excellent scheme. The key to scoring Excellent at little or no additional cost is to set the target at the outset and ensure that the internal team, consultants and suppliers all remain focused on the objective. We run the system alongside our own framework for development, the principal outcome of which is the Sustainability Implementation Plan (SIP). SIPs cover all aspects of sustainability, from energy and water to employment and training. For our future development projects, we hold stakeholder engagement sessions at an early stage, and design workshops throughout the design process, which feed into our constantly-evolving SIPs.

We have created a simple traffic light diagram which assesses the value for money of items for inclusion: green items are included in design; amber represents low cost or no cost items for inclusion; and red represents items which have a high price tag attached or which for other reasons are hard to achieve or simply not viable for that particular project.

As an industry standard, BREEAM is an extremely good tool for measuring and benchmarking. In 2009 we will be completing a BREEAM rating for one of our future projects in France, using the new BREEAM Europe system, and comparing this with its ranking according to HQE ("Haute Qualité Environnementale"), the green building standard in France.

We do however recognise the limits of BREEAM. For example at 125 Old Broad Street, our major redevelopment of the former Stock Exchange tower in the City of London, we retained a 27-storey structure. In terms of both waste produced in demolition, and conservation of embodied energy, this is clearly positive. However, according to the BREEAM points system, it ranks on the same level as installing bicycle racks. We do not believe that this is a true reflection of the sustainability benefits of conserving an existing building.



**Stephen Marshall**  
Senior Project Manager

**Robin Dobson**  
Director, UK Retail Development



## CASE STUDY ESPACE SAINT QUENTIN

At Espace Saint Quentin, a shopping centre to the south of Paris, Hammerson France succeeded in improving energy and water efficiency in 2008 by investing in new equipment and matching resource use to needs.

The team's programme to reduce energy use was focused on the centre's two car parks, which together provide 2,600

spaces over several levels, and are open 24 hours a day. By monitoring actual usage of the car parks' levels, the team were able to identify periods of low usage and adapt lighting requirements accordingly. In this way, they were able to cut electricity usage by 6.7% (175,000 Kwh). In addition, the refurbishment of an area accommodating 600 spaces introduced low energy T5 lighting. The benefits of this were twofold. First, light intensity increased by 30%, resulting in a more secure environment for consumers. Second, energy consumption was reduced by 35%. This refurbishment programme will be extended in 2009 to an area providing a further 400 spaces. In total, the two energy efficiency programmes at Espace Saint Quentin resulted in an annual saving of €12,800 on the centre's electricity bill.

A separate initiative was aimed at improving the efficiency of the centre's air-conditioning system. The open tower coolers, which had been in place for a number of years, consumed a large amount of water, and also required frequent attention to ensure they met hygiene standards. They were replaced by a new dry cooler system, thereby eliminating hygiene risks – an important consideration for a centre in the middle of a large conurbation – and reducing water consumption by 9,500m<sup>3</sup> each year. Overall, water consumption at Espace Saint Quentin was reduced by 12% in 2008.



## CASE STUDY CARBON FOOTPRINTING

At our UK head office, we have measured our carbon footprint for two years, this year reducing our footprint from 1,046 tonnes to 777 tonnes. We re-commissioned the lighting system, which now switches off automatically at

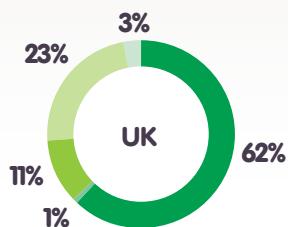
night, coming back on when it detects a presence. We also increased staff awareness about turning off computers and lighting. We continue to offset our carbon emissions from our UK head office, paying £9,700 to The Carbon Neutral Company in 2008.

For the first time in 2008 we also measured our carbon footprint at our Paris office at Washington Plaza, Paris 8ème. We have put in place a plan for reduction from the current level of 612 tonnes. Three areas of focus were chosen: transport; building management; and Hammerson activities.

In 2008, we also measured the carbon footprint for WestQuay, Southampton. In 2008, we also measured the carbon footprint for Westquay, Southampton. For Greenhouse Gases protocol scope 1 and 2 the total carbon footprint is 3,053 tonnes CO<sub>2</sub> but when we include scope 3 (visitor, supplier and staff transport) this rises to 72,487 tonnes CO<sub>2</sub>, clearly highlighting the need to engage with all stakeholders on green travel plans. It is our intention to roll out footprinting across our portfolio in 2009. This was part of a target to measure the footprint of six managed properties. As this target was deemed to be "in progress" in 2008, we have rolled it into 2009.

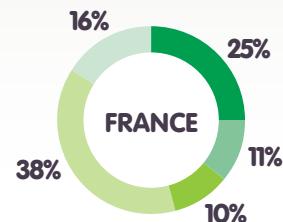
### Emissions by source

- Premises
- Deliveries
- Commuting
- Business travel
- Company-owned vehicles



### Emissions by source

- Depreciation on building and equipment
- Energy and air conditioning
- Commuting
- Business travel
- Goods and services



# 2 | RESOURCE USE

We aim to maximise the efficiency of our use of natural resources, reducing waste and re-using it where viable.

## ENVIRONMENTAL DESIGN

We were awarded BREEAM Excellent environmental ratings for Cabot Circus, our major retail-led development in Bristol and for 60 Threadneedle Street, an office scheme in the City of London. Our developments at Highcross, Leicester and 125 Old Broad Street in the City of London, both redevelopment and refurbishment projects, received BREEAM Very Good ratings.

BREEAM ratings:

4

## WATER

Despite some successes in reducing water consumption in our UK shopping centres, we recognise the need to improve our monitoring and measuring across the portfolio, with a view to setting a long-term target to reduce consumption from 2010.

Increase in water consumption in French shopping centres (2007-2008):

↑3.8%

## WASTE

We redirected 73% of waste from landfill at our UK shopping centres, significantly increasing our proportion of waste going to MRF in 2008. In France, we carried out a waste audit for all our assets in 2008, and have adopted a target to reduce waste to landfill by 50% by 2013.

UK shopping centre waste averted from landfill, direct from site:

73%

## We improved monitoring and reporting of waste and water use in both the UK and France.

We aim to maximise the efficiency of our use of natural resources, both in the management of our shopping centre and office buildings, and in our development activities.

We delivered four major development projects in Bristol, Leicester, Paris and London in 2008, completing another (60 Threadneedle Street, an office building in the City of London) in January 2009. As such, development was a major focus of our efforts in resource use in 2008. We achieved BREEAM Excellent environmental ratings for our developments at Cabot Circus, Bristol, and 60 Threadneedle Street, London. Highcross, Leicester and 125 Old Broad Street, London both received BREEAM Very Good ratings. This rating was partly due to the low level of credit awarded by BRE for the use of an existing building (see case study "How to be Excellent" page 25). Both projects took existing buildings and gave them a new lease of life, greatly improving their environmental performance, and avoiding the use of large quantities of energy-intensive raw materials, such as concrete and steel, which would be required for a new-build.

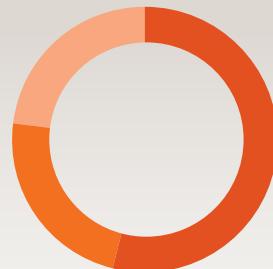
We also achieved targets to work towards high environmental ratings on future development projects: a project to extend Italie 2 shopping centre in Paris include HQE ('Haute Qualité Environnementale') pre-certification studies, and Sustainability Implementation Plans for all projects in design stage in the UK target BREEAM Excellent. The current development programme completes in Autumn 2009 with the opening of Union Square, Aberdeen, and it is unlikely that any major developments will start on site in the medium term. However we will continue to develop the SIPs for future developments, in order to ensure that projects incorporate the latest thinking in this area when economic conditions allow a start on site.

### OBJECTIVES

- To maximise the efficiency of our use of natural resources
- To reduce waste and reuse where viable

### Performance against targets

**54%** ACHIEVED  
**23%** IN PROGRESS  
**23%** NOT ACHIEVED



### ACHIEVED

- Review waste recycling and develop measurement and reporting of waste data to ensure baseline is known by November 2008, to establish plan for reductions in 2009.
- Increase the proportion of waste diverted from landfill to 60% at managed shopping centres.
- Target an environmental rating for development:
  - BREEAM Excellent in the UK; HQE in France.
- Specify a minimum percentage of recycled materials (including recycled content and process) in the Sustainability Implementation Plan for all developments, based on the WRAP report for Sheffield.
- Implement an Environmental Management System and complete a cycle of external audits on 30% (by number of sites) of the managed portfolio.
- Target Level 3 of the Code for Sustainable Homes on all residential projects.

### IN PROGRESS

- Reduce water consumption in the UK shopping centre portfolio by 10%.
- Specify a minimum percentage of recycled materials (including recycled content and process) in the SIPs for all developments, based on the WRAP report for Sheffield.
- Increase the proportion of waste diverted from landfill to 40% at managed offices.

### NOT ACHIEVED

- Reduce water consumption in the French portfolio by 5%. (Counts as two targets).
- Reduce water consumption in the UK office portfolio by 10%.

UK  
France



## CASE STUDY THE QUEENSGATE WASTE WHEEL

The challenges of efficient waste management, including reducing the proportion of waste sent to landfill, have resulted in a range of initiatives. At Queensgate we carried out a detailed assessment of the waste management process and created a retailer information programme in order to encourage recycling.

Firstly, Peterborough Environment City Trust (PECT) was commissioned to complete a waste audit. The aims of the audit were to review current waste management; quantify types of waste produced; identify how improvements could be made by working closely with three retailers; and investigate alternative charging arrangements whereby charges could be attributed to occupiers in proportion to the waste produced. During the audit, we engaged

with retailers and shoppers to identify and recommend options for improving waste management at the centre.

Results achieved during the five-month audit included: a 10% increase in recycling rates; a 20% decrease in waste to landfill; the creation of a network of retailer 'waste champions'; the delivery of accredited waste management training; and the creation of a culture where retailers and centre management recognise the importance of waste management.

John Lewis, Waitrose, Marks & Spencer, Bhs, Boots and Lush were among the retailers to take part. Yet much of the success of this initiative depended on the support of retail staff on the ground, and the success of centre management in keeping the initiative simple. A colour coding system for waste handling was introduced throughout the waste service areas in the basement of Queensgate and publicity material, including a Queensgate "Recycle Wheel", was produced to encourage retailers to segregate waste in-store. This was backed up with retailer briefings.

Retailers responded very positively to the initiative and welcomed the opportunity to support the centre's environmental objectives. Over the period of the audit, the proportion of waste recycled increased significantly, from 15% in May 2007 to 42% in July 2008.

**"The project gave us a starting point to improve, educating and refocusing the team and helping us do things we hadn't previously considered. Since the project, we have installed recycling facilities with the store and commissioned an environmental audit to understand our biggest environmental impact."**

Bhs, Store Manager, Angela Curchin

We improved monitoring and reporting of waste and water use in both the UK and France. In France, we carried out a waste audit of all our managed assets, as a result of which we adopted a target to reduce waste by 50% on a like-for-like basis by 2013. In the UK, we achieved our targets to reduce our waste to landfill, with 73% reused, recycled or sent to MRF in the shopping centre portfolio, and 81% in the office portfolio. Our performance relating to water use was more mixed. We reduced consumption in the UK and French shopping centre portfolios on a normalised basis. However this figure rose in both office portfolios, reflecting our lower influence over occupier water usage in the managed office portfolio.

**Nick Gregory**  
Retail Asset Manager

**Marc Valente**  
Retail Property Deputy Director



# 3 | COMMUNITY REGENERATION

Our main focus in 2008 was the education and training programmes we ran for the jobs created as a result of our major retail developments. We also delivered major public art programmes.

**72%**

**OF PEOPLE OFFERED JOBS  
AT HIGHCROSS, LEICESTER  
WERE PREVIOUSLY  
UNEMPLOYED**

Hammerson reviews the success of its education and training programmes against socio-economic criteria. From the data that the partnership has collated to date we know that 72% of those individuals who were offered jobs in Leicester were previously unemployed or young people aged 16-19 not in education, employment or training, with 52% living in Leicester's priority wards and 67% from BME groups.

**30%**

**OF CONSTRUCTION  
WORKERS FROM THE  
LOCAL COMMUNITY AT  
HIGHCROSS, LEICESTER**

In an audit carried on site at Highcross, Leicester over a six-month period in 2008, 30% of construction workers were found to be from local communities.

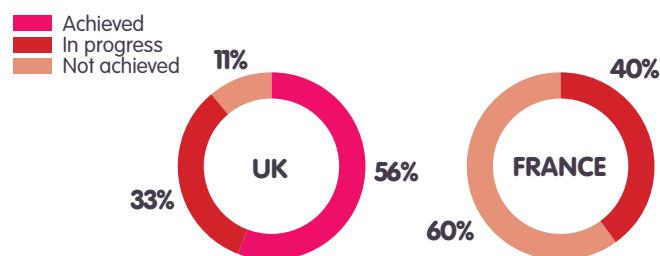
**6,000**

**JOBS CREATED  
IN BRISTOL  
AND LEICESTER**

The development of a new retail and leisure quarter within a city creates demand for a skilled workforce. Following the successful creation of recruitment and training schemes to support our development of The Oracle and WestQuay in the late 1990s and Bullring in 2003, dedicated programmes were set up by Hammerson in Leicester and Bristol to provide education and training for the 6,000 retail and leisure jobs created.

## We have been running our education and training programmes since our development of The Oracle in 1999.

Our main focus in this area during 2008 was the education and training programmes we ran for the 6,000 jobs created as a result of our major retail developments in Leicester and Bristol and our public art programmes (the largest in Bristol and at Spitalfields, London, home to our Bishops Square office scheme). Both are established programmes which we have been running in different locations for a number of years: case studies are included in this section (page 32) and in previous CR reports.



Targets, however, were largely forward looking and relate to consultation and community engagement. Based on our experience of development projects completed in 2008, and informed by a social sustainability workshop we held in June, we developed a guidance note for best practice in community consultation, and implemented this in the consultation exercises we carried out in London and Southampton. In France, we also developed a guidance note based on our experience of the development of O'Parinor, to the north of Paris.

In the UK, we sought to extend our work in education and training, by developing a programme for the delivery of skills academies. We have developed a business plan in partnership with Skillsmart, the sector skills council for retail, and academies will be delivered from 2009 onwards. As a key community member in Tower Hamlets and Hackney, with future projects and existing assets, we continue to engage in community projects such as Spitalfields Music. Hammerson is a founding member of the Spitalfields Together partnership, designed to align our interests with those of the local community. We have employed Yomi Bashorun as a community manager working full time in the area. This has resulted in the development of several projects, from repairing playgrounds to organising series of seminars, linking volunteering with financial investment.

Community regeneration is one of the few areas where we did not meet many of our targets in France in 2008. It should be recognised that the legislative and cultural context surrounding community consultation and engagement in France is very different from the UK, a fact not reflected in our targets for 2008. We are working to identify appropriate targets in this area for France. In the meantime, we continue to run programmes which have proved successful in previous years, such as the spectacles donation scheme in shopping centres organised in partnership with Lunettes Sans Frontières.

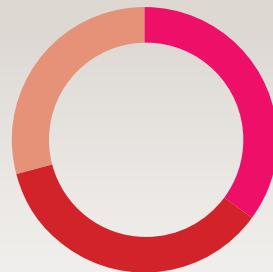
Finally, we re-entered the Business in the Community CR Index in 2008 in which we scored Bronze.

### OBJECTIVES

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

#### Performance against targets

- | Performance  | Target |
|--------------|--------|
| ACHIEVED     | 35%    |
| IN PROGRESS  | 36%    |
| NOT ACHIEVED | 29%    |



### ACHIEVED

- Hold a social sustainability workshop to develop a community engagement strategy.
- Develop a guidance note for best practice community consultation during the development process and at managed assets.
- Implement the guidance note for best practice community consultation during the development process.
- Join the London Benchmarking Group and improve our measurement of community investment in line with this model.
- Develop a programme for delivery of skills academies.

### IN PROGRESS

- Develop a guidance note for best practice community consultation during the development process and at managed assets.
- Organise a 'Hammerson in the Community' day and an environmental awareness day.
- Deliver a charter for job skills and training at all existing assets.
- Develop a stakeholder engagement plan for future developments and each existing asset in order to recognise and enhance its role in the community.

### NOT ACHIEVED

- Implement the guidance note for best practice community consultation during the development process.
- Implement the guidance note for best practice community consultation for operations in the managed portfolio.
- Join the London Benchmarking Group and improve our measurement of community investment in line with this model.

UK  
France



## CASE STUDY JOBS CAMPAIGN – WORK HIGHCROSS AND CABOT CIRCUS JOBS

Hammerson is one of the UK's leading developers of major retail regeneration projects in city centres, with projects in the last decade including WestQuay, Southampton and Bullring Birmingham. Each of these major schemes creates upwards of 2,000 retail and leisure jobs, typically in cities with a historically low retail provision. We realised during our development of The Oracle, Reading that there was an opportunity to create additional value, by leveraging government funding to provide retail training and education programmes. This not only ensures that our retail customers have access to a skilled workforce, but also that local people have the best possible chance of securing local employment, in an industry that offers career progression.

The development of a new retail and leisure quarter within a city creates demand for a skilled workforce in the construction, retail and hospitality industries. Following the successful creation of recruitment and training schemes to support Hammerson's development of The Oracle, WestQuay and Bullring, dedicated programmes were set up by Hammerson in Leicester and Bristol to provide education and training for the 6,000 retail and leisure jobs created.

The vision for both schemes was to provide the local community with access to employment opportunities whilst offering a comprehensive package of services to meet retail and hospitality employer's recruitment and training needs.

To encourage employers and public sector organisations to work together, Hammerson developed partnerships with the public sector and retailer occupiers, Cabot Circus Jobs and Work Highcross, the latter underpinned by the Leicester Charter for Employment and Training. Initiatives developed to target local communities with particularly high pockets of unemployment included:

- **Work Highcross and Cabot Circus Jobs websites:**

The sites provided retailers with the infrastructure to advertise their vacancies and recruit their workforce and enabled jobseekers to register their details and directly apply online for jobs. This service was free to both retailers and jobseekers alike and had never been delivered on this scale before. We received over 51,000 registrations received across the two websites.

- **Recruitment Fair:** Over two weekends in June, over 10,000 people visited recruitment fairs in Leicester and Bristol. These events offered the chance to meet retailers such as John Lewis, Harvey Nichols and House of Fraser and receive career advice.

- **Work Highcross Roadshow and Cabot Circus Jobs bus:**

This initiative took job and training opportunities directly to people in their own communities. The buses were equipped with a range of material including career information packs and laptops. 7,400 people attended the Work Highcross roadshow at 54 community locations and events across Leicestershire. In Bristol around 10,000 people visited the Cabot Circus Jobs bus and community events.

- **Pre-employment training:** In both Leicester and Bristol local colleges delivered two-week pre-employment training programmes, with some 1,000 unemployed people following the newly designed courses. The retail courses were developed by Skillsmart Retail, the Sector Skills Council, in response to retailers' demands for a course that would introduce people to retail and help to challenge perceptions about career progression. The courses provide an insight into the skills that are required to work in retail and helped to build the trainee's confidence and prepare them for interview.

The jobs campaigns in Leicester and Bristol have engaged over 75,000 members of the local community in both cities. From the data that the partnership has collated to date we know that 72% of individuals employed by our development in Leicester were previously unemployed or young people aged 16-19 not in education, employment or training, with 52% living in Leicester's priority wards and 67% from the BME groups. In Bristol similar results have been achieved, with 50% previously unemployed.

Over 130 retailers ranging from John Lewis and Harvey Nichols, to House of Fraser, and National Amusements were supported by our partnership approach. Their response to the programme has been exceptional, with retailers such as John Lewis, Wagamama, Next and New Look offering guaranteed interview places for trainees from the pre-employment training programme. Some retailers were able to recruit their entire workforce through the jobs fair.

The success of both Work Highcross and Cabot Circus Jobs has not only provided training and employment opportunities to individuals but has also achieved city-wide regeneration benefits. The public sector organisations involved in these partnerships are now using the initiative as the recruitment and training model to support further regeneration projects in other industry sectors.



## CASE STUDY PUBLIC ART AT CABOT CIRCUS

As part of its development of Cabot Circus, the Bristol Alliance, a 50:50 joint venture between Hammerson and Land Securities, created one of the largest and most diverse public art programmes of its kind for a shopping centre scheme.

Some £12.5 million has been invested in the work of 20 different artists as part of a permanent and temporary programme of site-specific public art works. Each piece of permanent art work, conceived as an integral part of the scheme design, is the result of extensive collaboration, with the artists working alongside the scheme's architects, planners, engineers and contractors.

Developed in partnership with consultants InSite Arts, the public art strategy was planned and conceived to integrate both temporary and permanent artwork into Cabot Circus at an early stage of the scheme design. The Cabot Circus Public Art Programme has involved:

- The work of over 20 individual artists during the development phase.
- The creation of nine permanent artworks around the 36-acre site.
- A stand-alone programme of temporary artworks.
- The appointment of a scheme-specific artist-in-residence, Neville Gabie.

- Collaboration as the defining principle of all artworks.

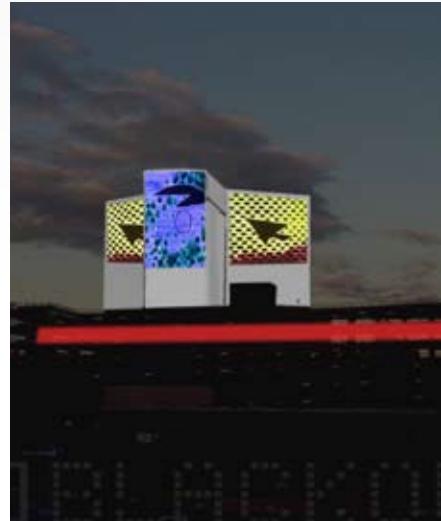
- New ground broken in terms of the variety, scale and ambition of artwork.

Central to the public art programme has been the inclusion of a series of socially engaging public interventions masterminded by the scheme's artist in residence during the course of Cabot Circus's three-year development. Projects included:

- 'R310 RCF Ford Mondeo', concerned with the theme of the supply and sourcing of construction materials, pays homage to the fact that the reinforcing steel used to construct the centre car park is 100% recycled. Gabie's film project follows the journey of a Ford Mondeo car, and its eventual manifestation as a recycled reinforcing bar in a concrete column on the third floor of the car park.
- The global diversity of cultures brought together to create Cabot Circus is a major theme explored in the 'Cabot Circus Cookbook' and contains national recipes collected from among the 59 different nationalities represented by the site construction workers. The book also documents the serving of these meals, prepared each month by chefs from Bristol's Mud Dock restaurant, with the groups of on-site workers.
- The 'Cabot Circus Cantata' was performed on 14 October 2007 in the empty shell of the House of Fraser building by the City of Bristol Choir. The specially composed musical score was developed by David Ogden from 25 traditional songs contributed by site construction staff. Songs were collected by Neville Gabie and David Ogden touring the construction site and persuading builders, secretaries, foremen, concreters, security guards, and canteen staff to sing traditional songs from their native countries. In June 2008 the 'Cabot Circus Cantata' DVD and book was launched at Bristol's Arnolfini Gallery.



The Cabot Cantata



Installation at Tollgate House, pre-demolition



Neville Gabie, Artist-in-residence

# 4 | SUPPLY CHAIN

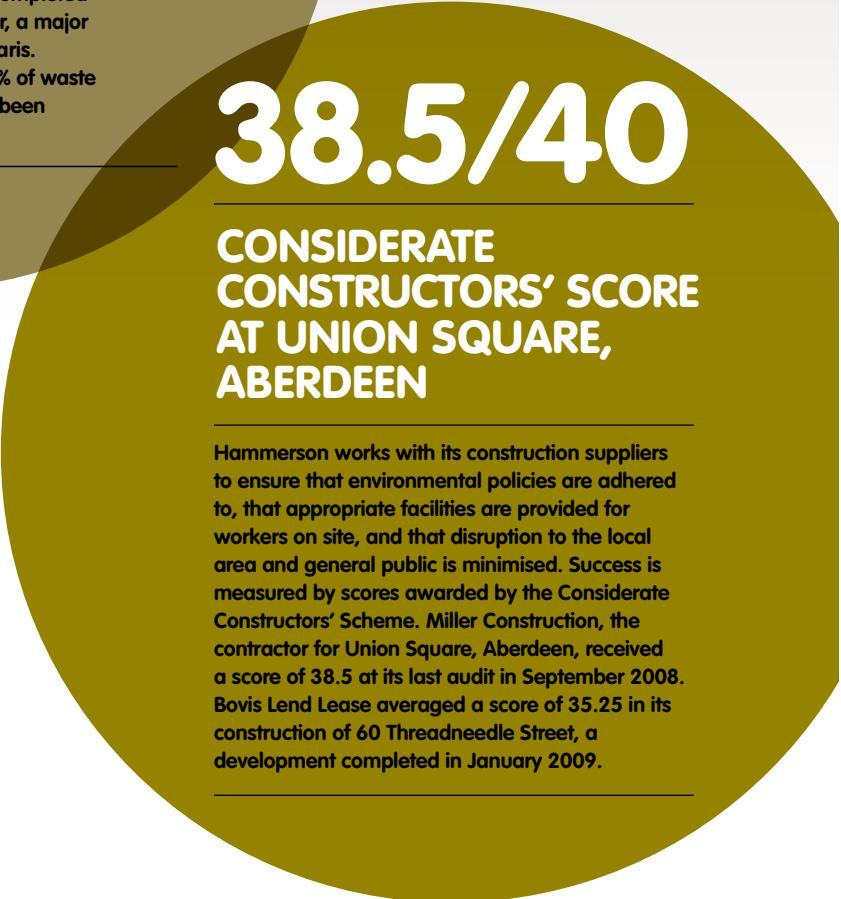
One of our challenges as a large scale end-user of construction services is to manage risks within a lengthy supply chain over which we have little direct control.



85%

## PROPORTION OF WASTE RECYCLED DURING DEMOLITION, O'PARINOR

In September 2008, Hammerson completed a 25,000 m<sup>2</sup> extension to O'Parinor, a major shopping scheme to the north of Paris. During the demolition phase, 85.4% of waste was recycled. A target of 55% has been adopted for future developments.

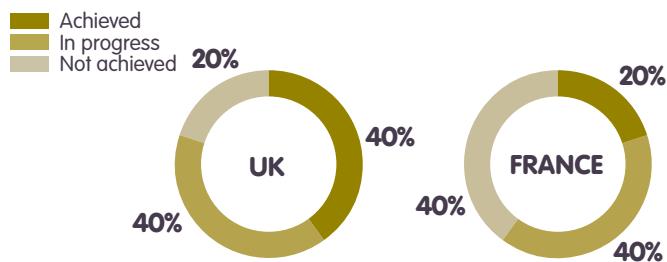


38.5/40

## CONSIDERATE CONSTRUCTORS' SCORE AT UNION SQUARE, ABERDEEN

Hammerson works with its construction suppliers to ensure that environmental policies are adhered to, that appropriate facilities are provided for workers on site, and that disruption to the local area and general public is minimised. Success is measured by scores awarded by the Considerate Constructors' Scheme. Miller Construction, the contractor for Union Square, Aberdeen, received a score of 38.5 at its last audit in September 2008. Bovis Lend Lease averaged a score of 35.25 in its construction of 60 Threadneedle Street, a development completed in January 2009.

**In 2008, we assessed the CR performance of 59% of our UK suppliers, and will continue to review our suppliers' policies and performance in 2009.**



The scope of our 2008 targets relating to our supply chain was, in retrospect, ambitious. While the target relating to the review of procurement procedures for UK developments was judged to be 'in progress', as we were able to supply evidence of extensive supplier engagement for one of our future developments, we were disappointed that we failed to achieve our targets in this area during 2008. We have split the targets into separate, more realistic goals, and achieving these will be a significant area of focus in 2009.

In 2008, we assessed the CR performance of 59% of our UK suppliers by value, and will continue to review our suppliers' policies and performance in 2009. In seeking to work with suppliers who adopt, and apply, robust CR policies, we can positively influence our own performance in areas of our operations where we have limited direct control. For example, Workman LLP, which manages Hammerson's retail parks on its behalf, achieved accreditation to ISO 14001 Environmental Management in October 2008 for the divisions of the business relating to Property Management, Building Surveying and Health and Safety. This commits workman to operating an Environmental Management System; focusing on energy, water and waste efficiency; and using monitoring and reporting to continually improve performance.

Our proportion of waste recycled during construction in 2008 was well in excess of the UK government guideline of 50%, ranging from 54% at Highcross, Leicester, to 70-95% at Cabot Circus, Bristol. In Paris, we recycled 85% of waste produced during demolition. We did not, however, meet our target of 90% in the UK. In retrospect, this target was overly ambitious, but based on our experience in Bristol, we believe it should be possible to achieve an 80% target on certain projects going forward. In a period of reduced development activity, we plan to fully analyse our results to date and set a realistic target during 2009.

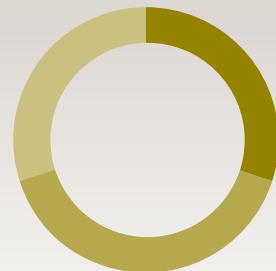
We continue to improve our sourcing process, publishing a Responsible Procurement Policy in 2008 and improving our monitoring and reporting of procurement of sustainable goods, including FSC certified timber.

## OBJECTIVES

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

### Performance against targets

**30% ACHIEVED**  
**40% IN PROGRESS**  
**30% NOT ACHIEVED**



## ACHIEVED

- Investigate a target for re-using or recycling waste produced during construction.
- Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.
- Measure and report on the use of timber that is either certified to FSC standard or equivalent.

## IN PROGRESS

- Review Hammerson's procurement procedures for key impact development suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews.
- Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.
- Measure and report on the use of timber that is either certified to FSC standard or equivalent.
- Re-use or recycle 90% of waste produced during construction.

## NOT ACHIEVED

- Review Hammerson's procurement procedures for key impact suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews. (Counts as three targets: Operations UK; Operations France; Development France.)

UK ●  
France ●



## CASE STUDY WASTE – FIT-OUT AUDIT ON TENANTS AT CABOT CIRCUS, BRISTOL

At Cabot Circus, Hammerson took responsibility for waste management in the retail fit-out of 103 stores. The aim of this was to see what improvements could be made to current waste management practices, and to ensure accurate measurement and reporting on-site.

Not only is there an environmental imperative for waste management on construction sites: there is a real business rationale. Wasted material is valued at around ten times its cost price, once transport and double handling is factored in.

We reduced the cost of the construction tender price by around £600,000 by directly appointing our waste contractor, Viridor Waste Management. Waste weighing and segregation was carried out on-site. We selected seven stores to monitor waste production precisely and, for the remaining 96, we collated their waste across seven waste streams.

This process allowed us to focus our contractors', consultants' and occupiers' attention on the issue of waste by highlighting the quantity created and the cost associated with this waste during shop fit-out. The variation between different retailers' waste production was telling, ranging from just 0.3 tonnes per ft<sup>2</sup> for the best performer and 3.8 tonnes per ft<sup>2</sup> for the worst.

Overall, we exceeded our ambitious recycling target figure of 80%, achieving a recycled rate of 85-95% on retail fit-out. We also generated income totalling £23,000 for our waste contractor Viridor Waste Management, who recycled cardboard, metal and clean wood. In working towards this target, we learnt a number of important lessons to apply in future developments: for the architect, for the contractor, for our retailers and for Hammerson.



# 5 CUSTOMERS

Following our introduction of a Green Lease in the UK in 2007, our focus in 2008 was on persuading retailers to adopt the lease and on extending it to France.

**370**  
**GREEN LEASES  
SIGNED SINCE  
INTRODUCTION**

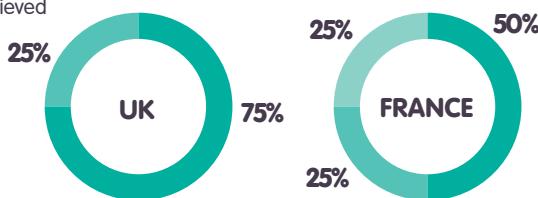
By the end of 2008, 370 retailers and office occupiers had signed Green Leases with Hammerson, representing £33.6 million in rental income.

**85%**  
**CUSTOMER  
SATISFACTION**

Hammerson carries out annual consumer satisfaction surveys at its UK and French shopping centres. In France, 85% of visitors surveyed rated their experience as satisfying or very satisfying. In the UK, 83% of visitors agreed or strongly agreed that they enjoyed their visit.

## For the second year running, we ran sustainability exhibitions in our UK and French shopping centres.

Achieved  
In progress  
Not achieved



### OBJECTIVES

- To anticipate and meet our occupiers' long-term needs
- To share best practice on sustainability issues

Hammerson has two principal CR objectives relating to its occupiers and visitors to its shopping centres. The first is to build positive relationships in order to encourage repeat business from occupiers, and frequent visits and increased spend from visitors to the centres. The second is to work with occupiers and shopping centre customers to reduce their impact on the environment.

Shopping centre visitor surveys continue to provide a key measure of customer satisfaction. These are carried out annually in the UK and biannually in France. Our UK survey showed that 83% of visitors agreed or strongly agreed that they enjoyed their visit. In the last survey carried out in France, in 2007, 85% of visitors surveyed rated their experience as satisfying or very satisfying.

For the second year running, we ran sustainability exhibitions in our UK and French shopping centres (see case study on page 39). A survey carried out to gauge the success of the event demonstrated that 91% of visitors interviewed thought that a shopping centre was a suitable location for a sustainability exhibition; 84% agreed it fitted with the centre's brand image; and 80% thought we should continue to hold sustainability exhibitions at the centre.

Hammerson has taken a tripartite approach to engaging occupiers on sustainability issues; the Green lease; Tenants' Sustainability Guide and creating exemplar fit-outs. We have been successful in implementing the first two, with 370 Green Leases signed since its introduction in 2007. We are now concentrating on helping our occupiers to deliver sustainable fit-outs in 2009 and continue our efforts to improve communication and collaboration to the benefit of both parties. With this in mind, Hammerson will be rolling out the Better Buildings Partnership Memorandum of Understanding to existing tenants.

In 2008, we extended the Green Lease to France. Since its adoption in October, we have signed eight Green Leases (see case study page 39). We also extended the scope of the Tenants' Sustainability Guide, creating a version suitable for offices in the UK, and beginning work on a guide for the French retail portfolio. In France, we also succeeded in identifying six tenants at Italie 2 shopping centre in Paris to partner with to create an exemplar sustainable fit-out.

### Performance against targets

**62%** ACHIEVED  
**25%** IN PROGRESS  
**13%** NOT ACHIEVED



### ACHIEVED

- Develop a Green Lease.
- Identify key customers to partner with to create an exemplar sustainability best practice fit-out. (Counts as three targets: Operations UK; Operations France; Development UK.)
- Develop a tenants' sustainability guide for all office tenant fit-outs.

### IN PROGRESS

- Design post-occupancy evaluations for all newly completed projects and carry out the evaluations six months after development completion.
- Develop a tenants' sustainability guide.

### NOT ACHIEVED

- Design post-occupancy evaluations for all newly completed projects and carry out the evaluations six months after development completion.

UK ●  
France ●

Igor Aglat, Director, Retail Leasing



## CASE STUDY GREEN LEASE IN FRANCE

Following the success of the Green Lease in the UK in 2007, we decided to adapt the lease for France in 2008. Awareness of sustainability issues has grown enormously over the past 18 months in France, and retailers are looking for ways to improve their performance. In addition we are working on lease renewals in the shopping centre portfolio, so this seemed like an ideal time to introduce the Green Lease as standard.

The French lease is not markedly different from its UK parent: it commits the occupier and owner to work together to improve sustainability performance. What does differ is that while the UK lease points towards specific, Hammerson-organised initiatives in the shopping centre portfolio, in France, reflecting the constrictions of the co-ownership structure, the emphasis is on environmental and social policy and how this might translate into initiatives.

We were extremely proud to be the first to launch a Green Lease in France, and even more pleased that retailers appeared to welcome it: since introducing the lease in October, it has been signed by eight retailers – a 100% success rate. The lease emphasises communication: Hammerson agrees to communicate with retailers on the success rate of sustainability initiatives at each centre; and retailers agree to provide Hammerson with information on their consumption of natural resources. By working together, both retailer and owner can anticipate future changes in legislation, share best practice and improve their performance – both sustainable and financial.



## CASE STUDY ECO DAYS

In 2008, Hammerson organised a sustainability awareness campaign both in its shopping centres and at its office in Paris.

The exhibition "Eco Days" was held in partnership with Unicef, Toyota and fairtrade organisation Max Havelaar at our six largest shopping centres in France. The exhibition focused on the three main facets of sustainability: environmental (including climate change, pollution, biodiversity, water, waste); social (employment, diversity, public health); and economic (business, consumption; the wealth divide). Titled "A for Achats" (purchases); "T for Transport" and "M for Maison" (Home), three displays provided day-to-day examples of ways in which consumers could make positive changes to their lifestyles.

The exhibition moved in November to Hammerson's Paris office at Washington Plaza, as a part of Hammerson's objective to raise awareness among employees. We also invited employees from surrounding offices, attracting around 100 more people to the exhibition.

Similar exhibitions were held in the UK in 2008: "Pamper the planet" at WestQuay, Southampton; "Green Matters" at Brent Cross, London and "Don't blame Daisy" at The Oracle, Reading.

# KNOWLEDGE AND REPORTING

Having carried out a materiality study in 2007 to identify the areas where we should focus our sustainability activity, most of our targets are grouped around these five issues. However, a number span all five areas and relate to our engagement with other stakeholders including investors and employees.

Recognising that our people are key to the achievement of our CR objectives, we invested further in staff training and raising awareness in 2008. We carried out a gap analysis of sustainability knowledge in the UK and France, asking staff to provide feedback and suggestions for training in 2009. We also carried out a sustainability competition at our all staff conference in November, with a prize going to Hammerson's "greenest employee", and have integrated sustainability training into our induction programme for new employees.

We engaged with our employees by encouraging them to take part in the Times 100 Best Companies survey and analysing results. Around 67% of UK employees took part in the survey, the average return rate for a company of Hammerson's size. We were designated as "One to watch", receiving positive ratings in all eight engagement categories. Our highest rated category was 'My Company', a category which covers general feelings about working for Hammerson. In our lowest-ranking categories, 'Fair Deal' and 'Well Being', we nevertheless outperformed the average of the 795 participating companies. A plan has been put in place to identify areas for improvement based on analysis of the results, and to share these objectives with staff.

Many of our initiatives focused on improving reporting, and ensuring that this reporting reached the right audiences. We commissioned a Carbon Accounting Briefing, designed to align energy reporting with carbon accounting frameworks, the result of which is the Connected Reporting Framework on pages 13 to 20; we also joined the London Benchmarking Group as a first step to measuring and monitoring the effectiveness of community investment programmes.

We improved our understanding of the requirements of Socially Responsible Investment (SRI) Funds, commissioning a report into the SRI commitments of our top 21 investors by value, and general trends in SRI. We held a SRI investor presentation and tour of Highcross, Leicester while the scheme was under construction; and included sustainability information in our analyst and investor trip to Bristol in November 2008, after it had opened.

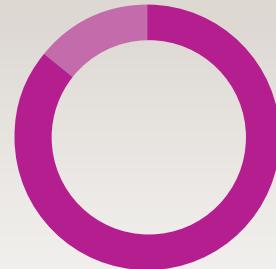
Finally, we sought to respond to investor requests for more standardised CR reporting, and for the first time are reporting using GRI guidelines. We have also adopted the Connected Reporting Framework as a further step to explain the direct and indirect links between investment and sustainability outcomes.

## OBJECTIVES

- To focus on measuring, monitoring and reporting as a means to improving our economic, environmental and social performance
- To ensure that Hammerson's approach to sustainability is communicated appropriately to stakeholders

Performance against targets

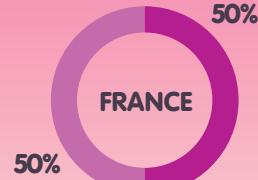
86% ACHIEVED  
14% IN PROGRESS



## ACHIEVED

- Carry out a gap analysis of current staff sustainability knowledge, with a view to integrating sustainability into the Hammerson education plan.
- Produce sustainability implementation Plans on all new development projects.
- Hold an investor presentation informing them of our CR approach and delivered outcomes.
- Investigate the opportunity for Hammerson to access SRI investors.
- Evaluate different sustainability accounting methodologies and put forward a recommendation to the CR Group about potential applicability within Hammerson.

Achieved  
In progress



## IN PROGRESS

- Produce sustainability implementation Plans on all new development projects.

UK ●  
France ●

## CASE STUDY ASSESSING THE ROLLING ENERGY TARGET

Hammerson set itself a long-term target of reducing its CO<sub>2</sub> emissions associated with energy use in its managed assets against a 2006 baseline. This target was set to measure properties retained in the portfolio and normalised by m<sup>2</sup> to reflect any redevelopment activities. Progress against the target has been assessed in this way and communicated as "headline" KPIs in the Connected Reporting Framework commentary.

However, there are other approaches to both normalisation and portfolio inclusion which could be taken to assess performance against the target and these are laid out in the table for UK offices below, for transparency. An explanation of the rationales for taking these approaches is also given.

### CONSISTENT VERSUS WHOLE PORTFOLIO COMPARISON

Assessing a target on a consistent, or like-for-like, basis involves only comparing assets that were in the portfolio in all years. It therefore excludes any assets which have been acquired, disposed of or developed during the target period. This approach demonstrates the effect of facility and asset management activities. The advantages of this approach are that it:

- Enables clear comparison between a static set of properties.
- Relates closely to the activities of a typical developer-landlord which holds assets over the medium term.

The disadvantage of this approach is that:

- If there is a very active development pipeline or acquisitions/disposals strategy, then the number of properties included in the analysis falls and the overall picture may be less meaningful.

Assessing a target across a whole portfolio demonstrates the effect of both portfolio management – the development, acquisitions and disposals strategy – as well as facility and asset management activities. This is the most meaningful approach if a company is:

- Actively acquiring or disposing of assets and, in particular, if it is choosing to acquire assets based on excellent energy performance, or dispose of assets based on poor energy performance.
- Wishing to show its carbon footprint for energy consumption.

As we cannot state that the energy performance of an asset is Hammerson's overriding rationale for acquiring or disposing of assets, we are taking the consistent portfolio approach in the 2008 CR Report.

### ABSOLUTE AND NORMALISED ASSESSMENT

Reducing the absolute CO<sub>2</sub> emissions is an objective of a socially responsible company. Of course, the easiest way for any property company to reduce its absolute emissions would be to sell all its assets. Given it is not currently feasible for any property company to reduce its CO<sub>2</sub> emissions to zero whilst continuing to trade, using an absolute assessment methodology does not take account of economic factors such as whether the company is growing or shrinking, or property-specific changes such as extensions or redevelopments.

For that reason, we have chosen to assess performance against the targets for both the shopping centre and office portfolios per m<sup>2</sup> (common areas for shopping centres and net lettable areas for offices). This takes account, therefore, of the extensions at Parinor and Highcross in 2008.

Offices can also be normalised by the number of employees on-site as this may have an effect on the energy consumption of the building, along with the broader facilities management activities and changes in tenant activities. Accordingly, we have normalised by number of employees for the UK and French office portfolio graphs as seen on page [•], but it should be noted that the employee numbers for the French office portfolio may not be accurate for 2006 and 2007.

### ANOTHER KEY CONSIDERATION – DISCOUNTING GREEN PROCUREMENT CHOICES

The target assesses building energy intensity expressed as CO<sub>2</sub> emissions. It takes account of the national grid mix so CO<sub>2</sub> emissions are significantly lower for the French assets due to the high proportion of nuclear energy in France. However, it does not take account of green energy procurement in the Hammerson UK portfolio due to:

- the energy that actually powers the assets is still the grid mix as there are no private wires;
- the Carbon Reduction Commitment will not take account of procurement choices;
- the target is aiming to assess energy intensity rather than purely CO<sub>2</sub> emissions.

Nevertheless, for transparency, green energy procurement is shown in the raw data and in the energy charts on pages 51-53.

**Rolling target for 2010 (UK Offices)**

**19% for UK Offices – Landlord directly controlled**

	2006	2007	2008	2006-2007 change	2007-2008 change	2006 (baseline) 2008 change
<b>Total consumption (Landlord only energy)</b>						
Total kgCO <sub>2</sub> (consistent portfolio)	12,821,820	12,771,338	12,253,625	-0.4%	-4.1%	-4.4%
Total kgCO <sub>2</sub> (all properties)	17,348,465	18,745,479	12,253,625	8.1%	-34.6%	-29.4%
Total kgCO <sub>2</sub> /m <sup>2</sup> (consistent portfolio)	158	157	150	-0.8%	-4.1%	-4.8%
Total kgCO <sub>2</sub> /m <sup>2</sup> (all properties)	135	146	150	7.8%	3.2%	11.2%
Total kgCO <sub>2</sub> /visit and tonnesCO <sub>2</sub> /employee (consistent portfolio)	2.39	1.80	1.73	-24.7%	-3.7%	-27.5%
Total kgCO <sub>2</sub> /visit and tonnesCO <sub>2</sub> /employee (all properties)	2.09	1.82	1.73	-12.5%	-5.2%	-17.0%

Stakeholder	Type of engagement	Issues raised	Hammerson action
Investors	We organised an SRI Investor tour to Leicester for nine SRI investors and analysts. Anonymous feedback on the content of the presentation and tour was collected by Citi, Hammerson's joint broker, after the visit.	<p>Request for more information on:</p> <ul style="list-style-type: none"> <li>– legislation affecting the Company;</li> <li>– employee issues and health and safety;</li> <li>– supply chain policies.</li> </ul>	<p>We have included an expanded legislation section in this year's CR report (online and summary) and more detail on employee engagement. We published a Responsible Procurement Policy in 2008, and have quantified our engagement with suppliers in the Connected Reporting Framework in both the Annual Report and CR report. We recognise disclosure on supply chain management and health and safety as an area for improvement in our reporting and will seek to address this in 2009.</p>
	Research was carried out by Upstream, Hammerson's strategic sustainability advisor, into SRI trends and the SRI commitments of its top investors by value. This included interviews with Hammerson's top 21 equity investors (as at May 2008).	<ul style="list-style-type: none"> <li>– Request for reporting along GRI guidelines;</li> <li>– Desire to see how CR approach is integrated across all areas of the Company and all developments.</li> </ul>	<ul style="list-style-type: none"> <li>– We have chosen to report using GRI for the first time in 2008, and have attained level B.</li> <li>– We have included a summary of environmental risk management for the first time in the CR online report and continue to report along ABI guidelines for the Annual Report, including an overview of how CR is managed at Hammerson and the summary text of our Environmental Policy.</li> </ul>
Office occupiers	We introduced a Green Lease in 2007 and signed 19 such leases with office occupiers in 2008.	The need to understand in a simple fashion how sustainability will keep tenants' occupation costs down and how occupying Hammerson real estate can meet corporate sustainability objectives.	
Retailers	We introduced a Green Lease in 2007 and signed 300 such leases with retailers in 2008. We also held sustainability engagement meetings with 52 major occupiers in 2008.		We have simplified the design and structure of our CR reports to make them more appealing to occupiers and retailers.
Visitors to shopping centres	We carried out visitor surveys at all our UK shopping centres in 2008 to assess consumer satisfaction, and organised sustainability awareness exhibitions at all of our UK and French shopping centres. In France, we carried out a consumer survey to gain feedback on exhibition content.	Consumers responded positively in both the consumer satisfaction surveys and the sustainability awareness surveys.	We will use the feedback from the surveys to continue to improve customer experience in our centres, and as an endorsement of our sustainability exhibitions in centres.
Government (local and national)	As a founder member of the National Skills Academy for Retail we liaised with national government agencies to gain official skills academy status and funding. At a local level, regular meetings take place with regional government, local authorities and public sector organisations to support both our core business activities. Our employment and training programmes in Aberdeen, Bristol and Leicester demonstrate our engagement and partnership working with these stakeholders. During the business plan submission process for the National Skills Academy, Hammerson represented the property industry in a consultation meeting with the Government funding body. This resulted in the business plan being approved in its first submission and national skills academy status announced by the Minister for Skills in July 2008.	Issues raised by Government during the business planning period for the national skills academy related to how responsive the retail industry would be to the proposed skills academy model. In Leicester the local authority were keen to ensure that employment opportunities were targeted at disadvantaged communities and taken up by the diverse range of communities.	To address Government concerns over retail industry support for the national skills academy, we demonstrated how we work with our retail tenants to improve access to skills development. At a local level working groups are established with local government to ensure that the employment and training strategy reflects local needs. We completed a community tour to meet local community leaders in advance of launching the jobs campaign. Consultation with local Government and public sector bodies have led to the successful implementation of the employment and training programmes: 72% of vacancies created by the Highcross development were filled by local unemployed people. The partnership work also resulted in leveraging public sector funding to support the programmes including City Strategy and European Social Funding to provide pre-employment training courses.

<b>Stakeholder</b>	<b>Type of engagement</b>	<b>Issues raised</b>	<b>Hammerson action</b>
Community organisations	We produced a Statement of Community Involvement to support our planning application for Watermark WestQuay, a potential development in Southampton, carried out pre-application consultation and held a stakeholder preview session and three-day public exhibition attended by over 750 people from the local community.	Resident groups and statutory consultees including English Heritage and CABE were keen to ensure the application was appropriate to its surroundings, specifically the historic city wall, a scheduled ancient monument.	We held a number of meetings with the Old Town Residents' Association, CABE and English Heritage to ensure their concerns were considered.
Suppliers	We published our first Responsible Procurement policy in 2008. We also issued sustainability questionnaires to over 50 different suppliers as part of the materials selection process for Sevenstone, Sheffield, a potential future development. We have also engaged directly with our key suppliers through our sustainability workshops on future developments.	Suppliers have responded positively, providing solutions which can be used by Hammerson in other schemes and projects.	Hammerson intends to increase its engagement with suppliers in 2009, including the development of a responsible procurement framework for ongoing management, monitoring and performance reviews of key impact suppliers.
Hammerson employees	We carried out a gap analysis of staff sustainability awareness in both the UK in France. We held a presentation on CR achievements in 2007 in our Paris office and issue quarterly CR newsletters to all UK staff. Our all staff conference in November 2008 included a quiz to find the most sustainable employee, and we held a social awareness day in the UK and an Eco Day in France. New employees are provided with a one-hour induction by the Head of Sustainability.	Only a small number of employees had read the 2007 CR report, with the majority expecting to receive information on CR initiatives and progress in a different way. Employees show interest in sustainability, demonstrating a reasonable level of knowledge.	The Head of Sustainability will use the publication of the CR report as a platform to present 2008 progress to employees in London and Paris, and to shopping centre staff.
Sustainability opinion leaders	In 2008, as part of a redesign of the corporate website, the Responsibility section of the website was significantly expanded (from five web pages to 37). The aim of this was to provide a more comprehensive overview of our approach and major initiatives to complement the detailed annual review contained in the CR report.	Upstream, Hammerson's strategic sustainability advisor, provided input on the upgraded website content. We have received no independent feedback on the site relating specifically to corporate responsibility.	We will continue to engage with CR opinion leaders through conferences and round tables and we invite feedback in our CR report. We review our corporate website quarterly to ensure content remains interesting and relevant to its target audiences.  Hammerson's chief executive was the keynote speaker at ULI's Sustainable Cities conference; and our Head of Sustainability spoke at conferences including: UKGBC; Responsible Retail Property Summit; EXPO Real; CoreNet Global Summit. We have revised our KPIs and are reporting using GRI guidelines for the first time in 2008.

# LEGISLATION UK

Hammerson's business is subject to environmental and social legislation. We seek to surpass legislative obligations.



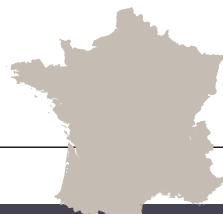
CLIMATE CHANGE AND ENERGY		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2008	<b>Climate Change Act</b>  This requires a reduction of 26% in UK carbon emissions by 2020 and 80% by 2050. The Government will set, and monitor progress against, five-year carbon budgets. Principal measures affecting Hammerson are Energy Performance Certificates (EPCs) required for all buildings and the Carbon Reduction Commitment, which requires all large organisations to monitor and report on total UK energy emissions by October 2009.	Hammerson continues to reduce its carbon emissions. We are targeting a 19% reduction by 2010 for UK properties against a 2006 baseline. In 2008, Hammerson was named climate leader in its sector by the Carbon Disclosure Project (CPD6) as a result of our work in reducing emissions and improving reporting.
2008	<b>Carbon Budget</b>  The first Carbon Budget has been issued by Lord Turner, setting out where carbon emissions must be reduced.	Hammerson is participating in a UK Green Building Council working group on the Code for Sustainable Buildings. We are also working with the Better Building Partnership to improve the owner-occupier relationship and develop a toolkit for carbon reduction.
2008	<b>Energy Performance of Buildings Directive – Energy Performance Certificates (EPC) – Display Energy Certificates (DEC)</b>  All commercial buildings new, let or sold, must have an Energy Performance Certificate. Display Energy Certificates (DECs) show the actual energy usage of a building, the Operational Rating, and are required for buildings occupied by public bodies.	Hammerson has commenced the rollout of EPCs in line with the Government's timetable for phased introduction. This is complete for the office portfolio and ongoing for the retail portfolio. We continue to take part in LES-TER, an industry initiative to align owners' and occupiers' interests in reducing emissions and the Upstream Benchmarking Programme. Hammerson is investigating the application of DECs, as we believe actual consumption to be more relevant than the theoretical EPC.
2008	<b>Carbon Reduction Commitments (CRC)</b>  The CRC is a cap and trade scheme which will require companies to submit their carbon emissions for inclusion in a league table. The companies ranked higher will be rewarded financially, with those ranked bottom paying a penalty. The CRC has been through several consultation phases, with final consultation taking place in March 2009.	Hammerson is working with the Carbon Trust to obtain a Carbon Standard which equals 50% of the CRC score in year one. Hammerson is taking part in the consultation through the BPF CRC working group. Half-hourly meters are required throughout the portfolio before the commencement date. Hammerson is mapping its metering types, energy contracts and ownership structures.
2008	<b>Planning Act</b>  This outlines a legal duty for national policy statements to consider climate change. It will impact developments, with local authorities required to consider the extent to which prospective developments both mitigate and adapt to climate change, with councils being given legal powers to require renewable energy systems to be included for new developments in order to grant planning permission.	Hammerson already draws up Sustainable Implementation Plans for each of its developments. We are developing a community framework this year with Business in the Community in anticipation of Local Authority Impact Assessments.

RESOURCE USE		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
1996, 2002, 2004, 2005	<p><b>Landfill Tax Regulations and Landfill Regulations</b></p> <p>Landfill tax will increase £8 per tonne year-on-year until 2011, from a current level of £32.</p>	Hammerson has commenced a programme to reduce waste to landfill across the portfolio. We completed a pilot project to reduce waste in occupier fit-outs at Cabot Circus.

COMMUNITY REGENERATION		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2008	<p><b>Local Democracy, Economic Development and Construction Bill</b></p> <p>This aims to strengthen and streamline local democracy by passing more power and responsibility to local authorities, communities and citizens. It also aims to ensure that tenants' views are heard on housing issues and aims to increase transparency and public accountability for construction contracts.</p>	Hammerson carried out research into best practice community consultation in 2008 and will implement this for future schemes. We continue to work closely with our local authority and social enterprise partners and continue to improve our measurement of community investment through the London Benchmarking Group.
2010	<p><b>Welfare Reform White Paper</b></p> <p>The White Paper proposals include enabling private and voluntary sector organisations to pay for support to get people back to work from subsequent benefit savings and piloting a return to work for jobless parents with children over a specified age.</p>	Hammerson is not legally affected by this legislation. However a change in legislation relating to jobless parents' support will significantly increase the pool of workers suited to Hammerson's pre-employment retail training schemes.

# LEGISLATION FRANCE

Growing environmental awareness in France has resulted in proposals for extensive legislation, which we have included for the first time in our 2008 CR report. The principal legislation is the Loi Grenelle de [l'Environnement] I and II. The Grenelle is a draft bill made up of 151 articles designed to combat climate change, protect diversity and safeguard against climate change and risks to public health. It represents the legislative outcome of a series of round tables launched in 2007 and is composed of representatives from central government, local government, employer organisations, trade unions and NEO's.



CLIMATE CHANGE AND ENERGY		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2009	<b>Energy efficiency for new buildings</b> Article 4 of the Grenelle Bill I	Hammerson will include stretching energy efficiency targets in its Sustainability Implementation Plans for new developments in France based on the Grenelle threshold.
	A new threshold of 50kWh/m <sup>2</sup> /year for new build. New developments must enforce these energy efficiency requirements.	
	<b>Energy efficiency for existing buildings</b> Article 2 and 30 of the Grenelle Bill II	Hammerson monitors, measures and reports on its energy waste in France and is focusing on improving the accuracy of its monitoring.
	• Compulsory energy efficiency improvement measures for commercial buildings over the period from 2012-2020. • Compulsory energy meters within the next five years.	
	<b>Energy savings certificates</b> Article 5 of the Grenelle Bill I	Secondary legislation will complement the Bill and Hammerson is likely to engage directly with the Government on this issue.
	• Possible introduction of a trading system based on energy savings certificates for property companies.	
	<b>Renewable energy</b> Article 4 and 30 of the Grenelle Bill II	Hammerson is tracking discussions on the Bill and secondary legislation.
	A mayor cannot cite the use of renewable energy or renewable materials to reject a planning application.	
2007	<b>Transport</b> <b>Finance Act 2007</b>	Hammerson France has been monitoring its carbon footprint at its head office and will implement an action plan in 2009. In 2008 Hammerson France also committed to preferential procurement of low polluting cars in its car fleet policy.
	• A premium is granted to buyers of low polluting cars. • Buyers of highly polluting cars will be taxed.	
2006	<b>Energy Performance certificates (Diagnostic de Performance Energétique DPE)</b> Secondary legislation (Décret n° 2006-1147/14) Septembre 2006 Grenelle Bill	Hammerson has already produced DPEs for its two managed offices. One of its targets for 2009 is to implement DPEs in shopping centres when the government releases secondary legislation.
	• DPEs are currently compulsory for any transactions or lease renewal. • However the guidance note from the government has not been released for shopping centres yet. Therefore DPE can only be produced for offices. • The DPE will be compulsory for new buildings that obtained planning permission after 1 July 2007.	

RESOURCE USE		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2009	<b>Biodiversity</b> Article 20 and 21 of the Grenelle Bill I <ul style="list-style-type: none"> <li>• Creation of biodiversity conservation areas to encourage territorial continuity.</li> <li>• Creation of a compensation principle for the conservation of biodiversity.</li> </ul>	Hammerson France already includes biodiversity considerations in its charter for retail parks. In 2009, Hammerson UK will be rolling out a biodiversity programme on some UK assets, which could be transferred to France in future. Hammerson is tracking discussions on the Bill and secondary legislation.
2009	<b>Environmental impact studies</b> Chapter III of the Grenelle Bill II <p>This article aims at transposing some aspects of the European directive (85/337/CEE) passed in 1985 regarding the requirements for environmental impact studies in the planning process.</p>	Hammerson is tracking discussions on the Bill and secondary legislation.
2009	<b>Waste</b> Article 77 and 79 of the Grenelle Bill II <ul style="list-style-type: none"> <li>• Obligation for developers to carry out a diagnostic regarding the waste produced on any building that is demolished.</li> <li>• Waste management plans compulsory for all construction sites.</li> </ul>	Hammerson is accustomed to waste management plans for its UK developments and has been actively engaging with French contractors during 2008 in order to monitor their waste disposal during construction.
2009	<b>Finance Act</b> Article 39 of the Finance Act for 2009 regarding the tax on polluting activities ( <i>taxe générale sur les activités pollutantes</i> ) <p>The 2009 Finance Act raised the tax on polluting activities, equivalent to landfill tax. The tax was €8.21/tonne in 2008 and will increase to €15 Euros/tonne in 2009. This will have an impact on both Hammerson's construction sites and managed assets.</p>	Active policies to reduce waste disposed to landfill will reduce the financial implications associated with the rise in this green tax.

OTHER SOCIAL ISSUES		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2010	<b>Equal pay audits</b> Article L.2323-47 of the "Code du travail" <p>In 2009, companies under 300 employees operating in France will have to monitor salaries between men and women as well as reporting on actions carried out to improve working conditions for disabled employees.</p>	Hammerson France's HR department is preparing for the introduction of this legislation.

# LEGISLATION EU

**EU directives inform UK and French legislation. We monitor these directives to ensure we are well prepared for national legislation.**

CLIMATE CHANGE AND ENERGY		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2008	<b>Energy and climate change package</b>  This includes a binding target for the energy mix for all EU member states to include 20% renewable energy.	Hammerson incorporates onsite renewable energy production (including photovoltaics and waste-to-energy plants) in its development portfolio and its most modern assets. Additionally, we undertook an analysis of the business case for onsite renewables on managed assets in 2008 and will be taking forward some recommendations in 2009 and 2010.
2007	<b>Floods Directive 2007</b>  Requires Member States to map the assets and humans at risk from flooding and to take coordinated measures to reduce this flood risk. Reinforces the rights of the public to access this information and to have a say in the planning process.	Hammerson is in the process of undertaking a thorough climate change adaptation strategy for all of its managed assets in the UK and France, including an assessment of flood risk.
2002	<b>Energy Performance of Buildings Directive 2002</b>  The principal objective was to promote the improvement of the energy performance of buildings through cost-effective measures. There are four main aspects: <ul style="list-style-type: none"><li>• Establishment of a calculation methodology for the energy performance of buildings;</li><li>• Minimum energy performance requirements;</li><li>• Energy performance certificates for buildings built, sold or let;</li><li>• Inspections of boilers and air-conditioning systems.</li></ul>	See comments in UK and French legislation tables.

RESOURCE USE		
DATE	NAME OF POLICY AND BRIEF DESCRIPTION	OUR ACTIONS
2008	<p><b>Waste Framework Directive 2008</b></p> <ul style="list-style-type: none"> <li>• Requires EU member states to set recycling targets for non-hazardous construction and demolition waste of 70% by 2020.</li> <li>• Includes a provision which would enable the European Commission to adopt EU-wide end-of-waste criteria for specified wastes.</li> <li>• The obligation for Member States to set up waste prevention plans.</li> </ul>	Hammerson has been setting recycling targets for its operations and construction activities for a number of years and is thus well positioned to prepare for the implications of this target.
2000	<p><b>Water Framework Directive 2000</b></p> <p>Draws together a number of older directives and requires Member States to adopt an integrated approach to the protection of ALL waters and the enhancement of aquatic ecosystems. Includes a number of ambitious objectives, including: from 2010, Member States must ensure that water pricing provides adequate incentives to use water efficiently and that the various economic sectors contribute to the environmental recovery of the costs of water services.</p>	Hammerson has been setting water efficiency targets for its operations for a number of years and is thus well positioned to prepare for the implications of this target.
2004	<p><b>Environmental Liability Directive 2004</b></p> <p>According to the 'polluter pays principle', all sectors with potential to harm species or habitats may be affected by the proposed Regulations.</p>	Increasing implementation of ISO 14001-certified Environmental Management Systems on Hammerson's managed assets is leading to improved environmental risk management.

# PERFORMANCE INDICATORS

During 2008 Hammerson has undergone a thorough review of its Key Performance Indicators in line with the Connected Reporting Framework, the Global Reporting Initiative, appropriate investor indices and peer best practice. As a result, we recognised that in order to achieve a leadership position in comparison to other European commercial property companies, we needed to increase the breadth and comprehensiveness of our performance reporting, and therefore the number of performance indicators declared throughout this report have increased significantly.

The Performance Indicators laid out in the pages that follow should be read alongside the Performance Indicators included in the Connected Reporting Framework pages. As a general principle, indicators do not include French or UK retail park data prior to 2008 unless otherwise noted.

Due to the inclusion of French data for 2008, these Performance Indicators should not be interpreted as year on year trends.

For financial indicators, an exchange rate of £1 = €1.258 was used throughout in line with the Annual Report and Accounts.

## Environmental data qualifying notes

### Data coverage

Data coverage is calculated according to the floor area of properties where data is collected as a proportion of all properties over which Hammerson has at least 25% ownership and a full managerial control for all 12 months of 2008. The data being reported is not limited by equity share of the properties. For further detail on data coverage, see "Completeness" in the GRI Content pages.

Aggregated floor area figures vary in relation to previous years to reflect changes in the properties where data is collected in the respective shopping centre and office portfolios and also where any developments have led to an increase in floor space.

In regard to shopping centres, offices and retail parks, Hammerson France properties have been included in the data period to broaden the scope of the portfolio analysis. For this reason, the properties have also been retrospectively included (where data is available) in the portfolio analysis for prior calendar years.

### Data quality

Energy data have been gathered from a combination of Building Management Systems, meter readings, invoices and estimates. For the UK shopping centres' and offices' electricity, six of the 10 assets have automatic meter readings, three have manual-visual readings and one is based on estimates/invoices. For gas, two of the assets have automatic readings, seven have manual-visual readings and one is based on estimates/invoices. Through efforts to improve data accuracy, revisions have been carried out in respect to some previous years' data, in particular a revision of Bullring electricity consumption in 2007 to incorporate the car park electricity. Otherwise, the energy data has been relatively robust. For the UK retail parks, this is the first year of recording electricity and therefore our confidence levels are low for this data. For the French assets, there is monthly recording of electricity consumption with close management of the data, and the company therefore has a strong confidence level in the accuracy of the data for 2008. There were some significant internal revisions to the district heating and gas consumption data, particularly for Italie 2 and Place des Halles for 2006 and 2007, leading us to have a lower confidence level in the accuracy of this energy data at present.

Water data have been gathered from a combination of Building Management Systems, meter readings, invoices and estimations. For the UK water data is recorded for eight of the 10 assets on the basis of manual-visual readings, one has an automatic meter and one is calculated on the basis of estimates/invoices.

For waste data: eight of out the 10 UK assets have actual weights of waste provided by waste contractors; the remaining two assets have estimates of waste quantities provided by waste contractors. For the purpose of GRI EN22, data within certain disposal routes comprises a combination of the preceding statement and contractors' materials recovery facility certificates.

French waste data comes from the waste audits that were carried out at 11 of the assets in 2008 and it is an estimation of 12 months' worth of waste aggregated up from a nine month sample.

### General methodological notes for all GRI indicators

Definitions of floor areas, landlord-tenant splits and conversion factors are consistent with reporting in previous years.

Carbon dioxide conversion factors for electricity, gas and district heating energy sources have been updated for 2008 (where possible) and retrospectively applied to prior years for consistency in analysis.

For the UK properties this is in line with DEFRA's guidelines.

For French assets conversion factors have been taken from the latest GHG Protocol guidelines.

To report primary energy consumed (under GRI EN4) standard default electricity and heat conversion equivalents were used for UK and France except where actual energy supplier figures were available. This means primary energy used in the generation of electricity and heat consumed at the properties is expressed in national and/or regional primary fuel requirements to deliver such energy (including conversion losses as well as transmission and distribution losses).

The inclusion of CO<sub>2</sub> equivalents (for GRI EN4), in addition to CO<sub>2</sub>, covers the impact (global warming potential) from methane and nitrous oxides only. Remaining gases (HFC-134a, HFC-143a and Sulphur hexafluoride (SF6) are believed to be relatively insignificant for reporting on building emissions. However, the equivalent CO<sub>2</sub> impact of refrigerant losses have been included.

A standard conversion factor of vehicle fuel consumption per km has been used for consistency due to the lack of vehicle-specific fuel economy figures.

Vehicle emissions data (covered under GRI EN17) are largely based on company carbon footprinting exercises and for the UK are modelled on data from the prior calendar year.

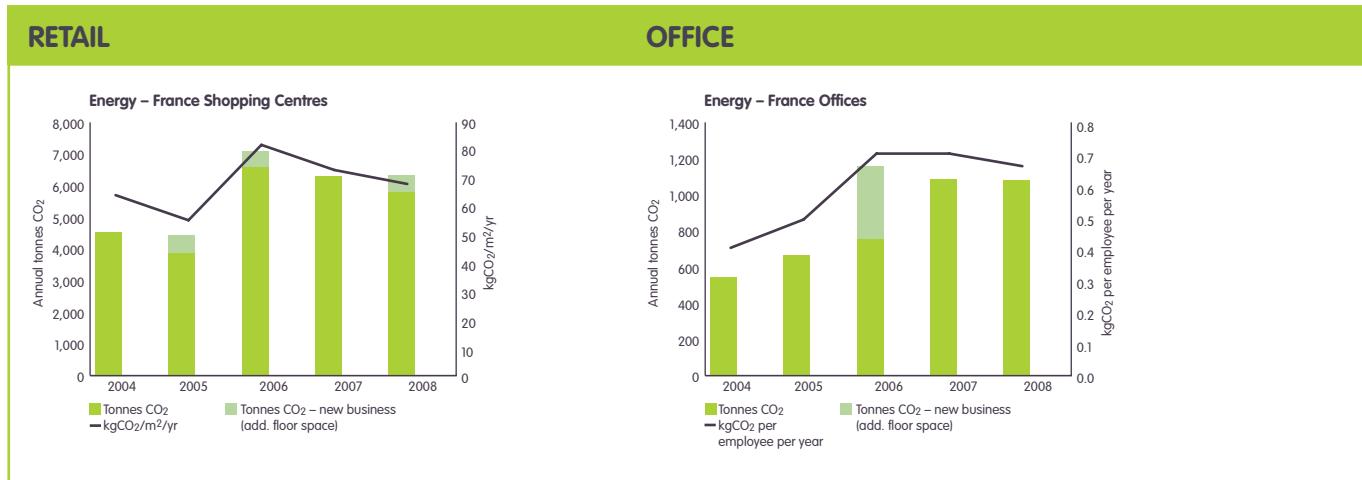
In France, although no water is recycled onsite (covered under EN10), Hammerson pays a tax that guarantees that 100% of the water is recycled offsite for all assets.

## CLIMATE CHANGE AND ENERGY

Portfolio energy summary			Shopping Centres				Offices	Retail Parks	
Data period: Calendar year			2006	2007	2008	2006	2007	2008	2008
<b>Electricity consumption (kWh/yr)</b>									
Landlord's directly-controlled non-renewable (kWh/yr)	UK	34,053,125	0	0	25,652,697	22,790,559	0	<b>3,511,567</b>	
Landlord's directly-controlled non-renewable (kWh/yr)	France	32,943,639	31,019,734	<b>29,415,248</b>	4,227,317	4,024,425	<b>3,995,778</b>	<b>244,861</b>	
Landlord's directly-controlled renewables or good quality CHP	UK	5,407,036	38,171,499	<b>38,105,032</b>	0	5,471,722	<b>18,637,949</b>	0	
Tenants' (sub-metered) non-renewable (kWh/yr)	UK	n/a	n/a	n/a	31,605,481	33,695,139	0	n/a	
Tenants' (sub-metered) non-renewable (kWh/yr)	France	n/a	n/a	n/a	not sep. mtrd	not sep. mtrd	<b>not sep. metrd</b>	n/a	
Tenants' (sub-metered) renewables or good quality CHP	UK	n/a	n/a	n/a	0	7,822,618	<b>28,782,281</b>	n/a	
Tenants' (sub-metered) renewables or good quality CHP	France	n/a	n/a	n/a	not sep. mtrd	not sep. mtrd	<b>not sep. metrd</b>	n/a	
Total consumption (kWh/yr)	UK and France	72,403,800	69,191,233	<b>67,520,280</b>	61,485,495	73,804,464	<b>51,416,007</b>	<b>3,756,428</b>	
<b>Gas consumption</b>									
Total consumption (kWh/yr)	UK	6,496,746	4,273,795	<b>4,865,757</b>	17,344,497	17,323,467	<b>10,898,284</b>	n/a	
Total consumption (kWh/yr)	France	13,964,502	11,375,085	<b>11,495,694</b>	n/a	n/a	n/a	n/a	
<b>District heating</b>									
Total consumption (kWh/yr)	UK	1,647,710	986,990	<b>1,241,886</b>	n/a	n/a	n/a	n/a	
Total consumption (kWh/yr)	France	6,195,050	5,792,786	<b>6,506,000</b>	3,925,662	3,987,150	<b>3,636,092</b>	n/a	
<b>Building energy CO<sub>2</sub> emissions</b>									
Carbon emitted (kgCO <sub>2</sub> /yr)	UK	19,879,521	1,025,610	<b>1,177,434</b>	34,320,608	33,901,455	<b>2,245,046</b>	<b>1,885,711</b>	
Carbon emitted (kgCO <sub>2</sub> /yr)	France	7,092,623	6,312,196	<b>6,326,418</b>	1,158,644	1,151,766	<b>1,080,645</b>	<b>22,772</b>	
Carbon averted (purchase/generation of renewables) (kgCO <sub>2</sub> /yr)	UK	2,903,578	20,498,095	<b>20,462,402</b>	0	7,139,061	<b>25,464,663</b>	0	
kg CO <sub>2</sub> equivalent (sum of the above)		29,875,722	27,835,901	<b>27,966,254</b>	35,479,252	42,192,281	<b>28,790,355</b>	<b>1,908,483</b>	
<b>Portfolio under analysis</b>									
Floor area (m <sup>2</sup> )	UK	156,661	156,661	<b>176,361</b>	128,306	128,603	<b>81,494</b>	<b>377,105</b>	
Floor area (m <sup>2</sup> )	France	84,954	84,954	<b>92,164</b>	40,036	40,036	<b>40,036</b>	<b>44,944</b>	
Coverage	100% of Hammerson's UK investment portfolio in 2008 for which the Company procure the above energy sources								



## CLIMATE CHANGE AND ENERGY CONTINUED



### Commentary

In preparation for the upcoming legislative deadline of 1 January 2010, Hammerson has been going through the process of replacing its the R22 refrigerant in its air conditioning chillers. As an example, 25kg of R22 was found to be unaccounted for during the recent conversion of the old chiller plant to R477d Isceon at Stockley House, one of the new office assets. As Hammerson has only recently acquired the property, it is impossible to tell when the gas charge became depleted but as loss has occurred we have logged with the authorities accordingly.

### Direct energy consumption by primary energy source (GRI EN3)

GRI

Fuel type in GJ	Use	2006	2007	2008
Natural gas	Consumed at premises	136,101	118,700	<b>98,135</b>
Diesel	Consumed at premises	27,965	22,308	<b>653</b>
Fuel oil	Consumed at premises	–	–	–
Petrol (gasoline)	Company-owned vehicles	–	2,406	<b>422</b>
Petrol (gasoline)	Business travel – hire cars	–	524	–
Petrol (gasoline)	Business travel – employee owned cars	–	–	<b>782</b>
Diesel	Company-owned vehicles	–	2,040	–
Diesel	Business travel – hire cars	–	203	–
Diesel	Business travel – employee owned cars	–	–	–
<b>Total</b>		<b>164,066</b>	<b>146,181</b>	<b>99,992</b>

### Commentary

The overall year on year reduction in these absolute figures reflects both a decrease in the number of managed offices within the Hammerson portfolio and overall performance improvements in gas consumption. It should be noted that the vehicle information is only complete for 2007 for both the UK and France; this was not recorded in 2006 and has not yet been recorded for France for 2008.

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	GRI
Emissions of ozone-depleting substances by weight (EN19)	Not recorded	Not recorded	110 kg of R22 refrigerant (which equals 0.006 tonnes of CFC-11)	

## CLIMATE CHANGE AND ENERGY CONTINUED

### Indirect energy consumption by primary energy source (GRI EN4)

Intermediate Energy Type in GJ	2006	2007	2008	GRI
Coal	327,301	361,960	<b>301,013</b>	
Natural gas	302,446	332,486	<b>276,790</b>	
Petroleum products	13,470	14,476	<b>12,351</b>	
Crude oil	—	—	—	
Nuclear	1,109,428	750,613	<b>669,836</b>	
<b>Non-renewable energy subtotal</b>	<b>1,752,645</b>	<b>1,459,535</b>	<b>1,259,990</b>	
Solar/other	—	—	—	
Wind	205	193	<b>185</b>	
Geo-thermal	2,118	1,983	<b>1,619</b>	
Hydro	26,793	26,146	<b>24,336</b>	
Combustible renewables and waste	29,516	29,340	<b>24,059</b>	
Hydrogen based intermediate energy	—	—	—	
<b>Renewable energy subtotal</b>	<b>58,632</b>	<b>57,661</b>	<b>50,200</b>	
<b>Total</b>	<b>1,811,276</b>	<b>1,517,196</b>	<b>1,310,190</b>	

### Commentary

The overall year on year reduction in these absolute figures reflects both a decrease in the number of managed offices within the Hammerson portfolio and overall performance improvements in electricity consumption, despite the inclusion of retail parks for the first time in 2008.

### Total direct and indirect greenhouse gas emissions by weight: tCO<sub>2</sub>e (GRI EN16)

	2006	2007	2008	GRI
	62,782	49,595	<b>36,468</b>	

### Commentary

The overall year on year reduction in these absolute figures reflects a decrease in the number of managed offices within the Hammerson portfolio, overall performance improvements in electricity and gas consumption, and green procurement choices. In this regard, it should be noted that, unlike the energy graphs elsewhere in the report which express building energy as equivalent CO<sub>2</sub> (emitted and averted), this indicator takes account of Hammerson's procurement of hydro-generated electricity for UK assets.

### Other relevant indirect greenhouse gas emissions by weight: tCO<sub>2</sub>e (GRI EN17)

	2006	2007	2008	GRI
	—	416	<b>244</b>	

### Commentary

It should be noted that the vehicle information is only complete for 2007 for both the UK and France; this was not recorded in 2006 and has not yet been recorded for France for 2008. However, the underlying data reveals that there was a reduction in indirect CO<sub>2</sub>e (Scope 3 Greenhouse Gas Protocol) emissions associated with UK business operations.

### Energy saved due to conservation and efficiency improvements (GRI EN5)

Energy saved in Gigajoules from 2007 to 2008 (France and UK)	<b>3,110</b>	GRI
--------------------------------------------------------------	--------------	-----

### Commentary

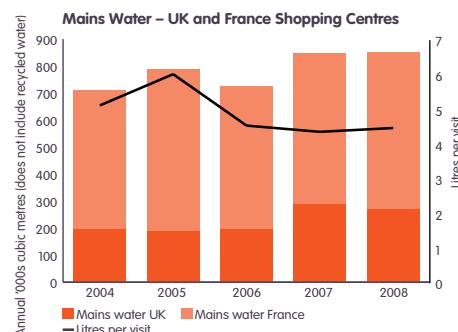
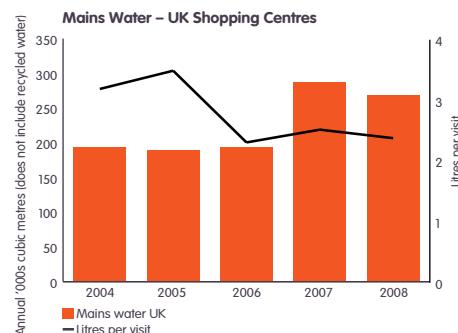
This indicator demonstrates the reduction in energy consumption due to efficiency improvements on a like-for-like property basis from 2007 to 2008 across the Hammerson UK and French shopping centre and office portfolios. It is worth noting that Hammerson's rolling CO<sub>2</sub> reduction target for building energy consumption is calculated on a normalised by m<sup>2</sup> basis to allow trends to be calculated regardless of whether assets are disposed or acquired. By also incorporating this indicator, the reader is able to see year-on-year changes in absolute building energy consumption on a consistent set of properties as well.

## RESOURCE USE – WATER

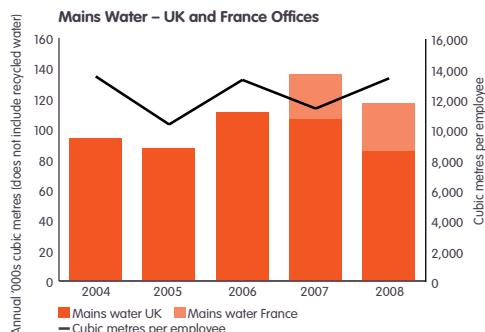
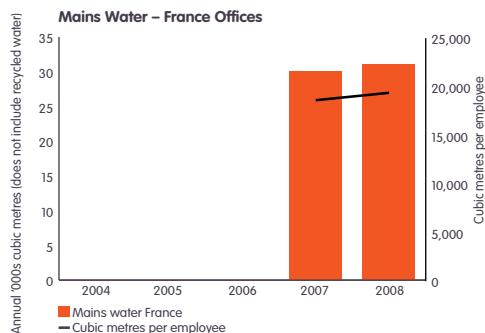
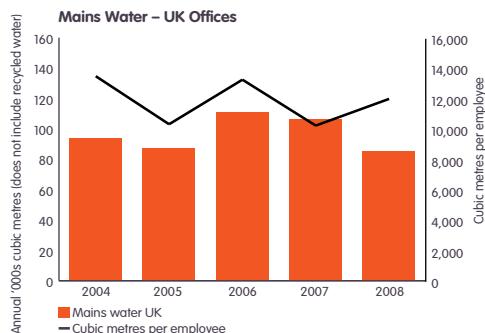
Portfolio water summary	Shopping Centres				Offices	Retail Parks	
Data period: Calendar year	2006	2007	2008	2006	2007	2008	2008
<b>Mains water</b>							
Consumption (m³)	UK	194,049	287,346	<b>269,391</b>	110,726	105,643	<b>85,267</b> not available
Consumption (m³)	France	532,414	561,093	<b>582,545</b>	0	30,211	<b>31,448</b> 1,690
Number of visitors or employees	UK	84,026,669	114,252,545	<b>113,182,393</b>	8,320	10,272	<b>7,080</b> not available
Number of visitors or employees	France	75,926,613	74,059,229	<b>77,420,259</b>	1,623	1,623	<b>1,623</b> not available
<b>Coverage</b>	<b>100% of Hammerson's entire investment portfolio for which the Company procure water</b>						
<b>Portfolio under analysis</b>							
Floor area (m²)	UK	156,661	156,661	<b>176,361</b>	128,306	128,603	<b>81,494</b> 377,105
Floor area (m²)	France	84,954	84,954	<b>92,164</b>	40,036	40,036	<b>40,036</b> 44,944

### Percentage of water recycled or reused GRI (EN10)

#### RETAIL



#### OFFICE



GRI

### Total water withdrawal by source (EN8)

GRI

Water consumed in cubic metres	2006	2007	2008
Surface water, including water from wetlands, rivers, lakes and oceans	—	—	—
Ground water	—	65,317	<b>80,624</b>
Rainwater collected directly and stored by the reporting organisation	—	—	—
Waste water from another organisation	—	—	—
Municipal water supplies or other water utilities	837,189	918,976	<b>889,717</b>
<b>Total</b>	837,189	984,293	<b>970,341</b>

### Commentary

The 2006 absolute figure for water consumption does not include water data for: Brent Cross, Highcross and Grand Maine shopping centres, and Les Trois Quartiers and Université offices, and Villebon 2 retail park. The 2007 data does not include Villebon 2 retail park. These data gaps explain why there was significant increase in absolute water consumption between 2006 and 2008. The reduction in absolute water consumption from 2007 to 2008 can be attributed to the disposal of two UK offices and reductions in absolute water consumption in 11 of the 19 assets.

## RESOURCE USE – WASTE

GRI

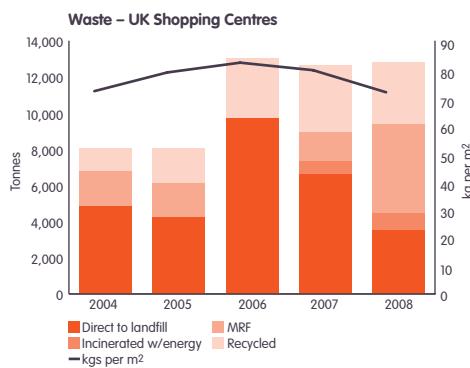
### Total weight of waste by type and disposal method (GRI EN22)

Waste by type and disposal route in tonnes (of which hazardous)	2006	2007	2008
Composting	131	440	6
Re-use	–	–	–
Recycling	3,416	(8.52)	4,027
Recovery	–	–	–
Incineration or used as fuel	56	781	1,242
Landfill	9,828	8,174	6,868
Deep well injection	–	–	–
On-site storage	–	–	–
Other	505	743	–
<b>Total</b>	<b>13,936</b>	<b>14,164</b>	<b>13,466</b>

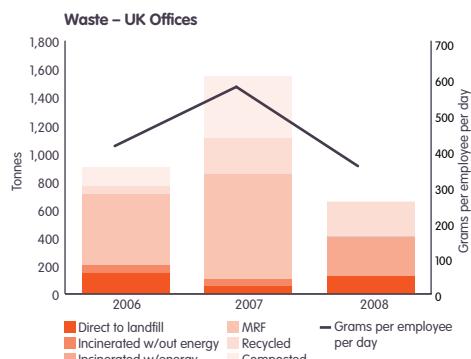
### Commentary

This table only includes UK waste data; France has undertaken a waste audit in 2008 and will be instigating monitoring and measurement of its waste streams in 2009. What is clear from this table is the continued trend of increases in recycling and reductions in waste to landfill in line with Hammerson's overall corporate targets.

## RETAIL



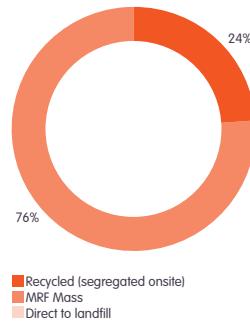
## OFFICE



### Waste by disposal in tonnes – French Shopping Centres



### Waste by disposal in tonnes – French Offices



## RESOURCE USE CONTINUED

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
Proportion (%) of new development undertaken on brownfield land	100%	100%	100% for UK 50% for France	
BREEAM or HQE rating achieved on developments certified during calendar year	1 x Very Good (Drakehouse Retail Park)	2 x Very Good (Highcross, Leicester Shopping Centre; 125 Old Broad Street Office)	2 x Excellent (Bristol Cabot Circus Shopping Centre; 60 Threadneedle Office)	In the 2007 CR Report, we noted that 60 Threadneedle Street had achieved a Very Good rating but during the course of 2008, the level of its environmental design has been improved such that it achieved an Excellent rating when certified in October 2008.
<b>GRI</b>				
Percentage of materials used that are recycled input materials (EN2)	Not recorded	Not recorded	29% -33% recycled content at Highcross and Cabot Circus.	Scope here is limited to UK shopping centre developments during 2008.
<b>GRI</b>				
Total number and volume of significant spills (EN23)	Not recorded	Not recorded	0 spills	
<b>GRI</b>				
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (EN28)	Not recorded	Not recorded	Nil	

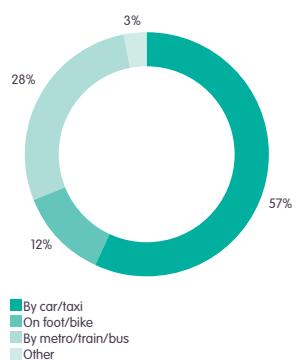
COMMUNITY				
Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
Proportion of volunteering day entitlements taken up by employees	0	0	0	There is currently no Hammerson corporate policy with regards to volunteering day entitlements.
Corporate charitable donations and charitable sponsorship	£117,944	£112,670	£212,375	
Total spent in cash and in kind – Head Office	£88,206	£38,700	£364,330	
Total spent in cash and in kind – Offices	£88,206	£38,700	£364,330	
Total spent in cash and in kind – Retail Parks	£88,206	£38,700	£364,330	
Total spent in cash and in kind – Shopping Centres	Not recorded	£531,480	£609,792	
Total number of staff days for direct CR activity – Head Office	Not recorded	471	828	This substantial increase in staff time reflects the 4 full-time resources currently dedicated to CR in the UK and France, as well as some time spent by other members of staff on reporting.
Total number of staff days donated to the community – Head Office	Not recorded	153	24	This is a low figure for 2008 as the Community Day was postponed to 2009.
Total number of staff days for CR activity – shopping centre staff	452	582	909	Increase from 2007 total due to Brent Cross implementing a volunteering policy for all staff and management linked to performance review and bonus targets.
Total raised by visitor collections at Hammerson shopping centres	£67,380	£167,838	£200,414	Hammerson introduced a policy to donate 2.5% VAT reduction in car park tariff to local charities.
Total raised by visitor collections at Hammerson offices, retail parks and head office	Not recorded	Not recorded	£22,120	
Money spent in planning agreements (section 106 and 75)	£3.5 million	Nil	£148,256 – London office group £150,000 – Aberdeen	There is further money committed for 2009 for Aberdeen and other projects, but not spent in calendar year 2008.

SUPPLY CHAIN				
Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
Considerate Constructors' Scheme Score Average – UK only	Not recorded	Not recorded	Bristol – 30.9 125 Old Broad Street – 35 60 Threadneedle Street – 35.25 Victoria Retail park, Nottingham – 33 Kirkcaldy – 35 Cleveland Retail Park – 29 Battery Retail Park – 25 Aberdeen – 36 Feb 08 and 38.5 Sept 08 Gloucester – 29.5	
Proportion of suppliers/contractors that are based within the local area – <b>UK retail parks only</b>	Not recorded	Not recorded	75%	This figure has been calculated based on Workman's Safe contractor database and represents an average figure for the firm.
Cost of all goods, materials and services purchased	£322.9m	£463.6m	£501.7m	
Proportion of suppliers paid within 30 days (Hammerson direct payments only)	Not recorded	UK – 55%	UK – 74% France – 20%	This has been redefined as 30 days when compared to 2007 KPI of 28 days.
Proportion of timber used during development that is from sustainable sources – <b>UK only</b>	Not recorded	Not recorded	40% – 125 Old Broad Street; 83-100% – 60 Threadneedle Street; 100% – Highcross, Aberdeen; 97-100% – Bristol Cabot Circus; % not calculated – Leicester residential development 0% – Kirkcaldy Retail Park	Note that as this was a 2008 target the data monitoring and measurement had not commenced on all developments at the start of the calendar year, and therefore these percentages should be considered a sample. We aim to have robust full year data in 2009 for all French and UK developments and refurbishments.
Number of existing suppliers/contractors that have been assessed for their CR performance	Not recorded	UK – 70	UK 180 0 for France	

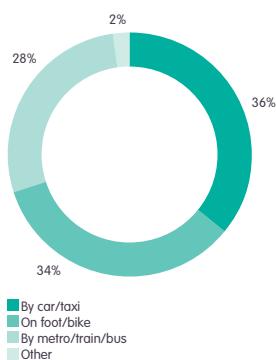
## CUSTOMERS

### CUSTOMER TRAVEL

UK Shopping Centre portfolio-breakdown of transport modes for visitors 2008



French Shopping Centre portfolio-breakdown of transport modes for visitors 2007



- Customers travelling to Hammerson's UK shopping centres produced approximately 64,000 tonnes of CO<sub>2</sub>.

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
Number of managed properties covered by a green travel plan	Not recorded	Not recorded	<b>France</b> 0 shopping centres, retail parks and offices. <b>UK</b> 5 of 6 shopping centres 2 of 5 offices 5 of 21 retail parks	For UK assets, 2008 is the first year in which we have recorded the data for proportion of visitors arriving to our UK shopping centres by different modes of transport, alongside those assets with a green travel plan. For French assets, visitor travel surveys are only undertaken every two years in the customer satisfaction surveys and therefore the visitor split by different modes of transport is for 2007.
Number of visitors to French shopping centres who rated their experience as satisfying or very satisfying – <b>France</b>	Not recorded	85%	Not recorded	As can be seen, despite not having green travel plan in place, the French shopping centre assets have significantly higher proportions of visitors arriving by public transport than the UK assets, in large part due to their location near transport hubs. Having introduced these indicators in 2008, our intention is now to track performance and to attempt to actively manage visitor travel through our green travel plans.
Number of visitors to UK shopping centres who agreed or strongly agreed that they enjoyed their visit – <b>UK</b>	Not recorded	Not recorded	83%	

## CUSTOMERS CONTINUED

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
Number of sustainability engagement meetings held with major occupiers	Not recorded	Not recorded	52 recorded in the UK 2 in France	
Headline findings from customer satisfaction surveys regarding knowledge of sustainability issues <b>– France only</b>	Not recorded	Not recorded	<ul style="list-style-type: none"> <li>• 91% of the visitors who participated in the survey think that the organisation of an event such as the Eco Days is legitimate in a shopping centre.</li> <li>• 84% think that it matches their image of the shopping centre (St Quentin).</li> <li>• 64% of them think that this improves the image of the centre.</li> <li>• 80% think it is legitimate for the Shopping Centre to repeat this sort of operation.</li> </ul>	No question asked for the UK
Number of RIDDOR reportable major injuries across the UK property investment portfolio <b>– Shopping centre portfolio</b> <b>– UK only</b>	8 members of public and 0 staff	7 members of public and 2 staff	3 staff (managing agents, not directly employed by Hammerson)	Hammerson will be introducing a clearer reporting system to distinguish between health and safety incidents relating to directly employed staff, managing agents, contractors and members of the public in 2009.
Number of RIDDOR reportable major injuries across the UK property investment portfolio <b>– Retail parks portfolio</b> <b>– UK only</b>	Not recorded	Not recorded	4 (members of the public)	
Number of RIDDOR reportable major injuries across the UK property investment portfolio <b>– Office portfolio</b> <b>– UK only</b>	0	0	0	
<b>GRI</b>				
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 (PR2)	Not recorded	Not recorded	0	

KNOWLEDGE – EMPLOYEES						
Performance Indicator Employee equality and diversity	2006	2007	2008	Data qualifying notes and commentary		
<b>GRI</b>						
<b>Total workforce by employment type, employment contract, and region (LA1)</b>						
<b>UK – Total Staff</b>	151	167	156	Data is presented in a different split in 2008 in order to meet the appropriate GRI indicator. It should be noted that a substantial proportion of the organisation's work is performed by workers who are not directly employed by Hammerson – this includes the managing agents and their subcontractors in the investment portfolio, and consultants and construction contractors for the development portfolio.		
<b>France – Total Staff</b>	97	97	97			
Total staff	248	264	253			
% Permanent Contract			97.6%			
% Fixed Term or Temporary Contract			2.4%			
% Full Time Total			94.5%			
% Part Time Total			5.5%			
<b>GRI</b>						
<b>Total number and rate of employee turnover by age group, gender, and region (LA2)</b>						
	Number – 2008		Rate – 2008			
<b>UK Leavers</b>	24	9.5%	Employee turnover is calculated based on total employee numbers at the end of 2008.			
<b>France Leavers</b>	11	4.3%				
<b>Leavers Total</b>	35	13.8%				
<b>Male Leavers Total</b>	23	9.1%				
<b>Female Leavers Total</b>	12	4.7%				
<b>GRI</b>						
<b>Turnover by age group – France only</b>						
Under 21 years: 0	0	0.0%	Employee turnover is calculated based on total French employee numbers at the end of 2008. The UK was not able to provide this data in 2008 but hopes to be able to do so in 2009.			
21-25: 1	1	1.0%				
26-34: 4	4	4.1%				
35-44: 3	3	3.1%				
45-54: 2	2	2.1%				
55-64: 1	1	1.0%				
More than 65: 0	0	0.0%				

## KNOWLEDGE CONTINUED

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
<b>Employee Equality and Diversity</b>				
Women as proportion of total staff	48%	46%	48%	
Women as proportion of senior management	Not recorded	26%	12% for the UK 22% for France	Senior Management for UK is those people identified in the Annual Report as the senior management team. This is a restatement from 2007.
Proportion of women on the Board of Directors	0%	0%	0%	
Proportion of female staff working – full time	86%	92%	89%	
– part time	14%	8%	11%	
Breakdown of workforce by age group	Not recorded	Not recorded	21-25 = 3% 26-34 = 39% 35-44 = 37% 45-54 = 17% 55-64 = 3% 65+ = 1%	
Number of employees working 'flexible' hours due to parental and carer responsibility	Not recorded	Not recorded	4%	
Proportion of staff given diversity training	Not recorded	93%	56%	This includes both France and the UK.
Total payroll and benefits	£28.5m	£31.8m	£29.7 m	
<b>Employee satisfaction and career development</b>				
Proportion of employees responding to employee survey	Not recorded	Not recorded	57%	For France, this information came from the sustainability questionnaire containing some questions regarding employee satisfaction. This questionnaire was intentionally not anonymised which may explain a relative low respondent level.
Proportion of employees who indicated a positive level of satisfaction with employment at Hammerson – <b>UK only</b>	Not recorded	Not recorded	73%	
Proportion of employees who indicated that their knowledge of sustainability issues increased whilst working at Hammerson	Not recorded	Not recorded	100%	This figure is calculated based on question asked at the all-staff conference in May 2008 which was not anonymised.
Total spent for staff training	£96,254	£87,571	£269,416	
<b>GRI</b>				
Average hours of training per year per employee by employee category (GRI LA10) – <b>France only</b>	Not recorded	Not recorded	32 hours	
<b>GRI</b>				
Percentage of employees receiving regular performance and career development reviews (GRI LA12)	Not recorded	Not recorded	100%	

## KNOWLEDGE CONTINUED

Performance Indicator	2006 (UK only unless specified)	2007 (UK only unless specified)	2008	Data qualifying notes and commentary
<b>Employee Health &amp; Safety</b>				
Number of injury lost days amongst Hammerson employees	0	0	0	
Number of work related fatalities amongst Hammerson employees	0	0	0	
<b>GRI</b>				
Rates of injury, occupational diseases, lost day's and absenteeism and number of work-related fatalities by region (LA7) – <b>France directly employed staff only</b>	Not recorded	Not recorded	Absenteeism rate: 1.6% Rates of injury: 0 Lost days: 0 Work-related fatalities: 0	This indicator is not fully achieved to GRI Level in 2008 but we aim to roll it out fully to the UK and French direct and contracted employees in 2009.
Proportion of staff given health and safety training	Not recorded	Not recorded	100%	
Accident frequency rate	Not recorded	Not recorded		
<b>Transparency and Reporting</b>				
<b>GRI</b>				
Significant financial assistance received from government (EC4)	Not recorded	Not recorded	£0 for the UK £2,981 for France	This covers subsidy from French government to carry out carbon footprinting.
<b>GRI</b>				
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country (SO6)	0	0	0	
<b>GRI</b>				
Monetary value of significant fines and total number or non-monetary sanctions for non-compliance with laws and regulations (SO8)	Not recorded	Not recorded	France – £14,308	This relates to an incident in France, including parking fines.
Number of SRI investors with whom individual meetings have been held in calendar year	Not recorded	Not recorded	18	This figure does not include meetings with mainstream investors when sustainability was discussed.
Individual meetings and/or group presentations with institutional investors representing % of issued share capital	Not recorded	65%	54%	The shareholder register changed significantly in the last 4 months of 2008, meaning that this KPI refers to the shareholder register in mid 2008. Nearly 20% of Hammerson's share capital is currently on loan or held by stock lenders and market-makers, in which case it is possible that the company has met with the underlying owner of the share.

## KNOWLEDGE CONTINUED

### Economic value

Indicator EC1 – economic value generated, distributed and retained – figures in £ million	2006	2007	2008
<b>GRI</b>			
<b>Direct economic value generated</b>	<b>951.6</b>	<b>901.7</b>	<b>649.3</b>
<b>Revenue</b>			
Gross rental income	278.2	311.5	344.2
Service charge income	45.4	53.0	59.8
Proceeds from disposals	628.0	537.2	245.3
	<b>951.6</b>	<b>901.7</b>	<b>649.3</b>
<b>Direct economic value distributed</b>	<b>624.4</b>	<b>857.9</b>	<b>945.5</b>
<b>Operating costs</b>			
Land and buildings additions (excluding acquisitions)	280.6	423.8	403.7
Other property outgoings	28.1	24.2	32.2
Service charge expenses	53.0	59.2	65.8
	<b>361.7</b>	<b>507.2</b>	<b>501.7</b>
<b>Employee wages and benefits</b>			
Total staff costs	28.5	31.8	33.9
Less: social security	(3.5)	(4.2)	(4.2)
	<b>25.0</b>	<b>27.6</b>	<b>29.7</b>
<b>Payments to providers of capital</b>			
Interest (cash flow)	155.2	177.7	209.7
Dividends (cash flow)	57.7	73.1	86.7
	<b>212.9</b>	<b>250.8</b>	<b>296.4</b>
<b>Payments to government – gross taxes</b>			
Tax paid (cash flow)	<b>21.1</b>	<b>71.6</b>	<b>116.2</b>
<b>Community investments</b>			
Total spent in cash and in kind at all assets and headquarters	0.088	0.570	0.974
Money spent on community investment for section 106 and 75 planning agreements	3.500	0.000	0.298
Corporate charitable donations and charitable sponsorship	0.118	0.113	0.21
	<b>3.7</b>	<b>0.7</b>	<b>1.5</b>
<b>Direct economic value retained</b>	<b>327.2</b>	<b>43.8</b>	<b>-296.2</b>

### Commentary

GRI suggests that the rationale for this indicator EC1 is that data on the creation and distribution of economic value provides a basic indication that the organisation has created wealth for stakeholders. For this reason, alongside the implementation of the Connected Reporting Framework, Hammerson has been keen to disclose this indicator for the first time this year, backdating our financial data and community investment for previous years.

However, we have found there to be some issues of accounting principle which we hope will be resolved through the GRI construction and real estate sector supplement. For example, for a property sector company, the overall calculation of the "direct economic value retained" in any given year is highly contingent upon a number of factors, in particular whether we have disposed of assets in a calendar year. Secondly, the guidance is not clear whether Property Revaluations should be included or not. However, property revaluations make a very significant difference to both the "Direct Economic Value Generated" and consequently to the "Direct Economic Value Retained". To illustrate, our property values rose by £731.8 million in 2006 but fell by £1,674.7 million in 2008. We hope that the working group will discuss these issues and arrive at a uniform reporting principles for the sector in the near future.

### Other headline financial indicators

	Germany 1%	Germany 1%	Germany 1%
Proportion of portfolio by value in the UK, France and Germany	France 25%	France 28%	France 39%
	UK 74%	UK 71%	UK 60%
Year on year change in adjusted earnings per share	5.10%	22.90%	-5.50%
Year on year change in dividend per share	10%	25.90%	2.20%
Year on year change in adjusted net asset value per share	21.30%	3%	-32.90%
Net rental income	£275.7m	£237.4m	£299.8m
Corporation taxation charge	£99.4m	£16.4m	£0.6m

# TARGETS SUMMARY

**The majority of our targets (82%) were either fully achieved or in progress in 2008.**

Climate change and energy	Target status	Location
Review carbon emissions and develop metering, monitoring and reporting to ensure baseline is known by November 2008, to establish plan for reduction in 2009.	Achieved ↑	●
Measure the carbon footprint (including energy and transport emissions) for Hammerson's head office and its Paris office at Washington Plaza.	Achieved ↑	● ●
Develop a strategy to reduce the carbon footprint at 10 Grosvenor Street and Washington Plaza.	Achieved ↑	● ●
Deliver Diagnostics of Energy Performance (DEPs) for all managed shopping centres and offices.	Achieved ↑	●
Prepare a report on climate change mitigation and adaptation to inform the Sustainability Implementation Plan for development.	In progress →	● ●
Prepare a report on climate change mitigation and adaptation to inform the management of all managed assets.	In progress →	● ●
Obtain Energy Performance Certificates for all managed shopping centres and offices.	In progress →	●
Measure the carbon footprint (including both energy and transport emissions) of six managed properties.	In progress →	●
Target a 30% reduction on energy efficiency standards below 2006 Building Regulations Part L.	In progress →	●
Investigate the business case for offsite renewables.	Not achieved ↓	●
Resource use	Target status	Location
Implement an Environmental Management System and complete a cycle of external audits on 30% (by number of sites) of the managed portfolio.	Achieved ↑	●
Review waste recycling and develop measurement and reporting of waste data to ensure baseline is known by November 2008, to establish plan for reductions in 2009.	Achieved ↑	●
Increase the proportion of waste diverted from landfill to 60% at managed shopping centres and 40% at managed offices.	Achieved ↑	●
Target an environmental rating for all projects: BREEAM Excellent in the UK; HQE in France.	Achieved ↑	● ●
Target Level 3 of the Code for Sustainable Homes on all residential projects.	Achieved ↑	●
Specify a minimum percentage of recycled materials (including recycled content and process) in the Sustainability Implementation Plan for all projects, based on the WRAP report for Sheffield.	In progress →	●
Reduce water consumption in the UK Shopping Centre portfolio by 10%.	In progress →	●
Reduce water consumption in the French portfolio by 5%.	Not achieved ↓	●
Reduce water consumption in the UK office portfolio by 10%.	Not achieved ↓	●

UK ●  
France ●

Community regeneration	Target status	Location
Hold a social sustainability workshop to develop a community engagement strategy.	Achieved ↑	●
Develop a guidance note for best practice community consultation during the development process and at managed assets.	Achieved ↑	●
Join the London Benchmarking Group and improve our measurement of community investment in line with this model.	Achieved ↑	●
Develop a programme for delivery of skills academies.	Achieved ↑	●
Implement the guidance note for best practice community consultation during the development process.	Achieved ↑	●
Develop a guidance note for best practice community consultation during the development process and at managed assets.	In progress ➔	●
Organise a Hammerson in the Community Day and an environmental awareness day.	In progress ➔	● ●
Deliver a charter for job skills and training at all existing assets.	In progress ➔	●
Develop a stakeholder engagement plan for future developments and each existing asset in order to recognise and enhance its role in the community.	In progress ➔	●
Implement the guidance note for best practice community consultation during the development process.	Not achieved ↓	●
Implement the guidance note for best practice community consultation for operations in the managed portfolio.	Not achieved ↓	● ●
Join the London Benchmarking Group and improve our measurement of community investment in line with this model.	Not achieved ↓	●

Supply chain	Target status	Location
Investigate a target for reusing or recycling waste produced during construction.	Achieved ↑	●
Measure and report on the use of timber that is either certified to FSC standard or equivalent.	Achieved ↑	●
Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.	Achieved ↑	●
Measure and report on the use of timber that is either certified to FSC standard or equivalent.	In progress ➔	●
Review Hammerson's procurement procedures for key impact development suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews.	In progress ➔	●
Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.	In progress ➔	●
Reuse or recycle 90% of waste produced during construction.	In progress ➔	●
Review Hammerson's procurement procedures for key impact suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews.	Not achieved ↓	● ●

Customers	Target status	Location
Develop a green lease.	Achieved ↑	●
Identify key customers to partner with to create an exemplar sustainability best practice fit-out.	Achieved ↑	● ●
Develop a tenants' sustainability guide for all office tenant fit-outs.	Achieved ↑	●
Design post-occupancy evaluations for all newly completed projects and carry out the evaluations six months after development completion.	In progress →	●
Develop a tenants' sustainability guide.	In progress →	●
Design post-occupancy evaluations for all newly completed projects and carry out the evaluations six months after development completion.	In progress →	●
Design post-occupancy evaluations for all newly completed projects and carry out the evaluations six months after development completion.	Not achieved ↓	●

Knowledge and reporting	Target status	Location
Carry out a gap analysis of current staff sustainability knowledge, with a view to integrating sustainability into the Hammerson education plan.	Achieved ↑	● ●
Produce sustainability Implementation Plans on all new development projects.	Achieved ↑	●
Hold an investor presentation informing them of our CR approach and delivered outcomes.	Achieved ↑	●
Investigate the opportunity for Hammerson to access SRI investors.	Achieved ↑	●
Evaluate different sustainability accounting methodologies and put forward a recommendation to the CR Group about potential applicability within Hammerson.	Achieved ↑	●
Produce sustainability Implementation Plans on all new development projects.	In progress →	●

# FUTURE TARGETS

We set ourselves rigorous annual targets across our five material areas. Hammerson has also set itself longer term targets relating to carbon emissions and waste across its managed portfolio.

## 1 CLIMATE CHANGE AND ENERGY

	Target	Scope
UK / France	<p>ROLLING TARGET FOR 2010:</p> <p>Reduce carbon emissions associated with landlord provided energy (for shared services) in the managed portfolio by 2010 against a 2006 baseline, by the following amounts:</p> <ul style="list-style-type: none"><li>• 19% for UK shopping centres</li><li>• 19% for UK offices</li><li>• 11% for France.</li></ul>	Aggregated for like-for-like managed shopping centres in the UK and France. Aggregated for like-for-like managed offices in the UK and France.
UK	Measure the carbon footprint (including energy and transport emissions) of six UK managed properties.	2 shopping centres, 2 retail parks, 2 offices.
France	Deliver Diagnostic of Energy Performance to all assets that require them under legislation.	All managed properties in France.
France	Complete the following transport-related initiatives in France: <ul style="list-style-type: none"><li>• investigate how people travel to our centres</li><li>• research which opportunities and technologies could reduce our environmental impact</li><li>• review implications of these opportunities and technologies.</li></ul>	Corporate.
UK	Develop a corporate climate change and carbon management policy.	Corporate.
UK / France	Develop a standard monitoring and reporting template for the measurement of energy, water, waste and timber. Introduce this reporting template on all construction sites.	Development Working Group, UK and France.
UK / France	Establish appropriate sustainability implementation plans for: <ul style="list-style-type: none"><li>• design and construction of retail parks and refurbishment activities (UK)</li><li>• design and construction of all new developments (France).</li></ul>	UK and French Development Working Groups.
UK	Investigate the design of car parks and the applicability of including adaptable and flexible design components in order to facilitate potential changes of use.	UK Development Working Group, France Development Working Group.
France	Investigate and report on the impact of updating the technical conditions of the 'Cahier Des Charges' (Project Scope Statement) to include sustainability and to anticipate future legislation.	France Development Working Group.
UK / France	Based on the 2008 climate change mitigation and adaptation report develop an action plan to implement the findings within the existing portfolio and SIPS for developments.	For existing portfolio: Managed retail (shopping centre only) portfolio. For developments: All developments in design stage during 2009.

	Target	Scope
UK / France	<p>ROLLING TARGET FOR 2013:</p> <p>Increase the proportion of waste diverted from landfill through recycling across the managed portfolio by 2013 to the following amounts:</p> <ul style="list-style-type: none"> <li>• 75% for UK shopping centres</li> <li>• 75% for UK offices</li> <li>• 50% for France.</li> </ul>	Managed shopping centres in the UK. Managed offices in the UK. Managed shopping centres in France.
UK / France	<p>Target an environmental rating for all projects:</p> <ul style="list-style-type: none"> <li>• BREEAM excellent rating</li> <li>• BREEAM Very Good for Retail Parks</li> <li>• HQE rating in France.</li> </ul>	UK – all developments during design stage. France – all developments that are entering in to design phase in 2009.
France	Complete a BREEAM rating for one project in France against the new BREEAM Europe system and compare outcomes with the HQE standard methodology.	One development – design stage.
UK	Target a 30% reduction on energy efficiency standards below 2006 Building Regulations Part L.	All developments – design stage.
UK	Target level 4 of the Code for Sustainable Homes on all residential projects.	Residential developments – design stage.
UK / France	<p>Reuse or recycle waste produced during construction:</p> <ul style="list-style-type: none"> <li>• 80% for developments and refurbishments in the UK</li> <li>• 55% for developments and refurbishments in France.</li> </ul>	All developments and refurbishments – construction stage.
UK	Develop a biodiversity action programme for all existing assets to identify opportunities for improvement.	UK Operations Group.
UK	Investigate the feasibility of off-site logistics centres for deliveries and recycling activities during both construction and operation phases in order to inform the design of future developments.	UK Development Working Group.
UK / France	<p>Carry out the following water use initiatives:</p> <ul style="list-style-type: none"> <li>• undertake an audit of water consumption throughout the managed portfolio</li> <li>• use this information to set a rolling target from the 2008 baseline</li> <li>• develop an implementation plan to reduce consumption.</li> </ul>	Managed shopping centres in the UK. Managed offices in the UK. All French properties.
UK / France	Evaluate the impact of ISO14001 certification in selected assets with a view to implementing a more structured environmental risk management programme.	Managed portfolio. One office building in France.

## 3 COMMUNITY REGENERATION

Target		Scope
UK / France	Implement the guidance note for best practice community consultation during the development process.	All developments – design and construction stages.
UK	Develop a programme for delivery of skills academies as part of our commitment to the National Skills Academies.	UK Corporate Group.
UK	Develop and implement a community framework.	UK Corporate Group.
UK / France	Implement the London Benchmarking Group toolkit to improve our measurement of community investment in-line with this model.	UK managed portfolio and new developments. France managed portfolio.
UK / France	Organise a Hammerson in the community day and an environmental or social day.	Corporate.

## 4 SUPPLY CHAIN

Target		Scope
UK / France	Review Hammerson's responsible procurement procedures for key impact suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements. (Counts as two targets: Operations and Development.)	UK Development Working Group. France Development Working Group. UK – All operational management procurement activity. France – only the shopping centres where we have full control.
UK / France	Design and implement a Responsible Procurement Framework for ongoing management, monitoring and performance reviews of key impact suppliers. (Counts as two targets: Operations and Development.)	All developments – design and construction stage (UK). UK – All operational management procurement activity. France - only the shopping centres where we have full control.
UK	Deliver a BREEAM Rating for management and operations.	1 office/1 shopping centre in the UK.
UK	Develop a sustainability checklist for all managing agents to be completed on a half-yearly basis and complete one iteration by the end of 2009.	Managed offices and retail parks in the UK.
UK	Develop a sustainability engagement plan for Hammerson's leasing agents.	UK Operations Group.

## 5 CUSTOMERS

	Target	Scope
UK / France	Design post occupancy evaluations for all newly completed developments and carry out the evaluations six months after completion.	UK for all developments completed in 2008. France to complete for new head office only.
UK / France	Complete the following initiatives with tenants: <ul style="list-style-type: none"> <li>• identify key customers to partner with to create an exemplar sustainability best practice fit-out in the UK – 1 retail park/1 shopping centres/1 office.</li> <li>• sign 50 Green Leases in France.</li> <li>• distribute tenants' requirement guide to 50 tenants in France.</li> </ul>	
UK / France	Distribute and implement the tenants' sustainability guide for all office tenant fit-outs.	Whole office portfolio (non FRI).
UK / France	Achieve an exemplar sustainability best practice fit-out.	One tenant for 1 retail park or 1 Shopping Centre or 1 office – managed portfolio for UK only. One tenant for 1 Shopping Centre for France.
UK / France	Develop green groups at all existing assets and agree a joint improvement plan with occupiers.	Managed shopping centres in the UK. Managed offices in the UK. Managed shopping centres in France.

## KNOWLEDGE AND REPORTING

	Target	Scope
UK	Hold an investor presentation informing them of our CR approach and delivered outcomes.	Corporate.
UK / France	Based on the results of the 2008 sustainability knowledge gap analysis survey, create: <ul style="list-style-type: none"> <li>• a personalised sustainability training and education plan (UK)</li> <li>• a sustainability knowledge training programme for all staff (France)</li> <li>• specific technical sustainability training for development teams (France).</li> </ul>	Corporate.
UK	Develop a mentoring programme for the Hammerson Group.	Corporate.
UK	Develop a volunteering programme for the Hammerson Group.	Corporate.
France	Complete a review and gap analysis against all industry sustainability indices and benchmarks.	Corporate.
France	Publish a quarterly CR newsletter for all Hammerson France staff.	French Corporate Group.

# GRI COMPLIANCE

We have benchmarked our reporting against the updated Global Reporting Initiative sustainability reporting guidelines GRI: G3. We assess our application of the GRI reporting framework to be at level B. The process employed to apply these principles is summarised in the tables below.

## Application of the GRI Guidance on defining report content and the associated principles

GRI PRINCIPLES	COMMENTARY
<b>Materiality</b>	<p>During autumn 2007, Hammerson undertook a thorough materiality review of its sustainability impacts, including four of the five materiality tests put forward by AccountAbility. Our study encompassed: a review of peer best practice; analysis of regulatory and societal norms; interviews with over 20 internal and external stakeholders, including CR group members; and analysis of those issues with a direct link to our financial performance. As a result of this we carried out two key activities. Firstly, we prioritised the five key issues (climate change and energy, resource use, community regeneration, supply chain, customers) upon which our sustainability strategy is now focussed and around which this report is structured. Secondly, we reorganised our internal management structure to three core working groups as laid out on page 7 in order to take advantage of institutional sustainability capacity in these three key business operations.</p> <p>Through our involvement in industry forums, our engagement with stakeholders and our tracking of legislation we are continuously reviewing our approach to sustainability and the materiality of the issues that we address. Nevertheless our intention will be to undertake another formal review of our materiality approach in 2010.</p>
<b>Stakeholder inclusiveness</b>	<p>The stakeholders to whom we consider ourselves accountable are mentioned throughout the report and on pages 6, 42 and 43. Our focus during 2008 in both France and the UK has been on engaging in particular with office occupiers, visitors, SRI and mainstream investors, staff, retailers, industry bodies and community organisations.</p> <ul style="list-style-type: none"><li>– Engagements with investors and industry bodies during 2009 have specifically led to the expansion of our key performance indicators, as well as the decision to utilise the Accounting for Sustainability and Global Reporting Initiatives in the CR Report 2008.</li><li>– Engagements with staff and government have led to the decision to undertake a shadow assurance process with Bureau Veritas this year.</li><li>– Engagement with staff, retailers and office occupiers has led us to focus on improving the communication style and content of our summary report in comparison to 2007.</li></ul>
<b>Sustainability context</b>	<p>Our report aims to describe the context for addressing sustainability and our key impacts throughout, as well as reflecting on what we perceive to be the most significant challenges during the current economic conditions and in the future climate scenarios. We have also included a summary of what we perceive to be the most important sustainability legislation in the UK, France and at an EU level on pages 44-48.</p> <ul style="list-style-type: none"><li>– For our specific material impacts, we have provided industry benchmarks where these are available in the Connected Reporting Framework pages.</li><li>– For our managed assets, we have submitted our assets to the Upstream Benchmarking for Retail Properties for eight years and for Office Properties for two years.</li><li>– For our development assets, we utilise the BREEAM and HQE frameworks to enable comparison across projects.</li><li>– In terms of broader peer comparison, our inclusion in the FTSE4Good, DJSI and our leadership position in the Carbon Disclosure Project has enabled us to understand our own position across a broad number of sustainability criteria.</li></ul>

## Application of the GRI Guidance on defining report content and the associated principles continued

GRI PRINCIPLES	COMMENTARY
<b>Completeness</b>	<p>The report was developed taking in to account Hammerson's impacts throughout its supply chain and across all of its corporate, asset management and development activities in the UK and France. Where performance data does not cover all operations or assets, this is noted in the data qualifying notes. All data refers to the calendar year until December 2008 unless otherwise indicated.</p> <p>In 2008 we have extended our reporting and performance data to cover all assets under management for a full calendar year where we own more than 25% of an asset, and have also covered St Quentin carpark, where our ownership is 19% on the basis of the fact that we would be reporting on St Quentin shopping centre energy consumption, and it seemed sensible to aggregate these together. We report complete utility consumption and waste production for a given asset, rather than adjusting for equity share of each asset.</p> <p>Please note that we do not report on the operational environmental or social performance of:</p> <ul style="list-style-type: none"><li>– any of our assets with Fully Repairing and Insuring leases, such as Bishops Quarter in London, where we have no management control and therefore no ability to influence sustainability performance except at the leasing stage</li><li>– the operational environmental performance of assets in the development portfolio which we intend to redevelop</li><li>– any assets which have opened during the calendar year, such as Bristol Cabot Circus or Highcross, Leicester, which will be included in 2009 reporting</li><li>– our minor ownership of Forum Steglitz in Germany, which represents less 1% of our total asset ownership, as this is a neglible percentage</li></ul> <p>We believe that this approach represents the fullest level of reporting that we believe to be applicable for a property company of our size and business structure.</p> <p>This report provides information on our performance against our most material environmental, social and economic aspects. Additional information on our business and financial performance, corporate governance and Directors' remunerations is provided in our Annual Report and Accounts. The most significant change in this year's report has been our attempt at the full integration of the UK retail parks, the French corporate operations and the French retail and office assets in comparison with the 2007 CR Report.</p> <p>With regards to data quality and reliability, actual measurements are used wherever possible, and where estimation is used this has been indicated. In a number of cases data collection parameters have changed, and where this is the case this is indicated in the data qualification notes.</p>

CONTENTS CHECKLIST	DESCRIPTION
<b>1 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.	Chairman quote page 1. Chief Executive's statement – page 3. Value – pages 6-7.
1.2 Description of key impacts, risks and opportunities.	Chief Executive's statement page 3. Head of Sustainability statement page 4. Value pages 8-10.
<b>2 Organisational profile</b>	
2.1 Name of the organisation.	Front cover.
2.2 Primary brands, products, and/or services.	Who we are statement – inside cover; Annual Report – page 1.
2.3 Operational structure of the organisation, including main divisions, operating countries, subsidiaries and joint ventures.	Who we are statement – inside cover; Annual Report – page 2.
2.4 Location of organisation's headquarters.	Back cover (CR and Annual Report).
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.	Who we are statement – inside cover; Annual Report – page 1.
2.6 Nature of ownership and legal form.	Annual Report – pages 1, 93.
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Performance Indicators – page 64. Annual Report page 2.
2.8 Scale of the reporting organisation, including – Number of employees; – Net sales (for private sector organisations) or net revenues (for public sector); – Total capitalisation broken down in terms of debt and equity; – Quantity of products or services provided.	Performance Indicators – page 64. Annual Report pages 25, 27, 55.
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 pages 4-5, 26.
2.10 Awards received in the reporting period.	Annual Report – pages 18-19, 25-26; About Us section of corporate website.
<b>3 Report parameters</b>	
3.1 Reporting period for information provided.	The report covers the calendar year ending 31 December 2008.
3.2 Date of most recent previous report.	The previous report was published in March 2008, covering the calendar year ending 31 December 2007.
3.3 Reporting cycle.	Annually in line with Annual Report and Accounts.
3.4 Contact point for questions regarding the report or its contents.	Back cover, page 5.
3.5 Process for defining report content, including; – Determining materiality; – Prioritising topics within the report, and – Identifying stakeholders the organisation expects to use the report.	Our five material issues and stakeholders – page 17. Compliance with GRI guidelines – page 72.

CONTENTS CHECKLIST		DESCRIPTION
<b>3 Report parameters continued</b>		
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Data qualifying notes – page 50. Compliance with GRI guidelines – pages 72-73.
3.7	State any specific limitations on the scope or boundary of the report.	Data qualifying notes – page 50. Compliance with GRI guidelines – pages 72-73.
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.	Data qualifying notes – page 50. Compliance with GRI guidelines – pages 72-73.
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.	Data qualifying notes and Performance Indicators – pages 50-64.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Data qualifying notes and Performance Indicators – pages 50-64. CRF – page 14.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	One Hammerson – pages 11-12. Compliance with GRI guidelines – page 73. Data qualifying notes and Performance Indicators – pages 50-64.
3.12	Table identifying the location of the Standard Disclosures in the report.	Compliance with GRI guidelines – pages 74-76.
3.13	Policy and current practice with regard to seeking external assurance for the report.	Advisor's statement – page 81. Head of sustainability statement – page 5.
<b>4 Governance, commitments and 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 – pages 36-39.
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 – pages 36-39.
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 – page 36.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Knowledge and Reporting – page 40. Annual Report – page 37.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Annual Report – pages 44-51.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Annual Report – pages 36-39.
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	Annual Report – pages 36-39.

CONTENTS CHECKLIST	DESCRIPTION
<b>4 Governance, commitments and engagement continued</b>	
4.8	<p>Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.</p>
	<p><b>Publicly available on our website</b></p> <ul style="list-style-type: none"> <li>– an Environmental Policy – in full implementation;</li> <li>– a Responsible Procurement Policy – in the process of being implemented;</li> <li>– an Equal Opportunities Policy – in full implementation.</li> </ul>
	<p><b>Internally</b></p> <ul style="list-style-type: none"> <li>– Corporate Control Manual – in full implementation;</li> <li>– Code of Conduct – in full implementation;</li> <li>– Whistleblowing procedures – in full implementation;</li> <li>– Staff Handbook – in full implementation, Annual Report – pages 22, 39.</li> </ul>
4.9	<p>Procedures of the highest governance body for overseeing the organisation'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.</p>
	<p>Annual Report – pages 36-39.</p>
4.10	<p>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.</p>
	<p>Annual Report – page 36.</p>
4.11	<p>Explanation of whether and how the precautionary approach or principles is addressed by the organisation.</p>
	<p>The precautionary approach is addressed by the organisation through the use of Sustainability Implementation Plans for developments, Environmental Management Systems for our managed assets (some of which are certified to ISO 14001) and the climate change mitigation and adaptation that we are carrying out at the moment.</p>
4.12	<p>Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses.</p>
	<p>Community regeneration – page 30. Membership organisations – page [•]. Annual Report – page 16-17.</p>
4.13	<p>Membership in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation:</p>
	<ul style="list-style-type: none"> <li>– has positions in governance bodies;</li> </ul>
	<ul style="list-style-type: none"> <li>– participates in projects or committees;</li> </ul>
	<ul style="list-style-type: none"> <li>– provides substantive funding beyond routine membership dues; or</li> </ul>
	<ul style="list-style-type: none"> <li>– Views membership as strategic.</li> </ul>
4.14	<p>List of stakeholder groups engaged by the organisation.</p>
	<p>Material issues and stakeholders – page 6.</p>
4.15	<p>Basis for identification and selection of stakeholders with whom to engage.</p>
	<p>Material issues and stakeholders – page 6.</p>
4.16	<p>Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.</p>
	<p>Knowledge and Reporting – page 40.</p>
4.17	<p>Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.</p>
	<p>Knowledge and Reporting – page 40.</p>

In order to achieve Level B certification, GRI specifies that an organisation should fully report against 20 indicators, including at least one indicator under each of the six categories. In compiling this report, we have carried out a full evaluation of all GRI indicators and found that some are not relevant to our reporting. We have also identified indicators where we do not have sufficient data to report against them, which we have listed as partially fulfilled. We will be reviewing those indicators where we do not have sufficient data in time for the 2009 report. With regards to a number of environmental indicators in particular, we look forward to more appropriate specification of indicators for the sector in the GRI Construction and Real Estate sector supplement.

As can be seen in the table below, upon the advice of our strategic sustainability advisors Upstream Sustainability Services, we have assessed ourselves as having fully completed 22 indicators.

<b>Management approach and Performance Indicators</b>	<b>Core or additional indicator</b>	<b>Location or description</b>	<b>Full or partial</b>
<b>EC Economic indicators</b>			
EC1 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	Performance Indicators – page 64.	Full
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Core	Chief Executive's statement – page 3. Head of Sustainability statement – page 4. Value – page 10; Legislation – pages 44, 46. CRF Tables pages – 13-14. Carbon Disclosure Project submission on the CDP website.	Full
EC4 Significant financial assistance received from government.	Core	Performance Indicators – page 63. The government is not present in the shareholding structure. Our status as a Real Estate Investment Trust is material to this indicator.	Full
<b>EN Environmental indicators</b>			
EN2 Percentage of materials used that are recycled input materials.	Core	Performance Indicators – page 56. (Scope is limited to UK shopping centre developments during 2008 and calculated based on a specific Waste Resources Action Programme project).	Partial
EN3 Direct energy consumption by primary energy source.	Core	Performance Indicators – page 52.	Partial
EN4 Indirect energy consumption broken down by primary source.	Core	Performance Indicators – page 53.	Full
EN5 Energy saved due to conservation and efficiency improvements.	Additional	Performance Indicators – page 53.	Full
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Additional	Hammerson's core product is the buildings which are occupied by our tenants – initiatives to provide a more energy efficient product are given in the case studies and target review in Climate Change and Energy – pages 23-26 and Resource Use – pages 27-29. Hammerson's core service is the leasing of space to our tenants – initiatives to provide a more energy efficient service are given in the case studies and target review in Customers – pages 37-39. Quantified reductions are reported in the Performance Indicators – page 51.	Full

<b>Management approach and Performance Indicators</b>	<b>Core or additional indicator</b>	<b>Location or description</b>	<b>Full or partial</b>
<b>EN Environmental indicators continued</b>			
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	Additional	<p>There is indirect energy use associated with our products and services with regards to:</p> <ul style="list-style-type: none"> <li>a) the energy intensity of the materials used to construct our buildings</li> <li>b) energy used during the construction phase of our developments</li> <li>c) business-related travel</li> <li>d) employee commuting.</li> </ul> <p>Initiatives to reduce indirect energy in these areas are presented in Supply Chain – pages 34-36; Climate Change and Energy – pages 23-26; and Resource Use – pages 27-29.</p> <p>Quantification for c is included in Performance Indicators – page 52, but we do not as yet actively measure the embodied energy use in our materials nor fully disclose b and d.</p>	Partial
EN8 Total water withdrawal by source.	Core	Performance Indicators – page 54.	Full
EN10 Percentage and total volume of water recycled and reused.	Additional	Performance Indicators – page 54.	Full
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	Additional	<p>No water reuse or recycling in our assets is recorded at present. However, new extensions and developments include rainwater harvesting, meaning our performance will improve in 2009.</p> <p>Hammerson has integrated biodiversity considerations into its own Sustainability Implementation Plans for developments, as well as addressing biodiversity through the Ecology credits in the BREEAM system for the UK and the HQE standard for France. The BREEAM and HQE systems include consideration of green roofs, appropriate brown roofs on the habitat of black Redstarts, bat boxes and increased species of flora and fauna, and development specific targets have been set. However, we do not currently have in place a methodology for establishing risk exposure to biodiversity in our development or investment portfolio, nor consistent monitoring processes. However, we have set a target to develop a biodiversity programme for 2009 and aim to address the requirements of this indicator in that programme.</p>	Full
EN16 Total direct and indirect greenhouse gas emissions by weight.	Core	Performance Indicators – page 53.	Full
EN17 Other relevant indirect greenhouse gas emissions by weight.	Core	Performance Indicators – page 53.	Full
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Additional	<p>Climate Change and Energy – pages 23-26.</p> <p>Resource Use – pages 27-29.</p> <p>CRF – pages 13-14.</p>	Partial
EN19 Emissions of ozone-depleting substances by weight.	Core	Performance Indicators – page 52.	Full
EN22 Waste by type and disposal method.	Core	Performance Indicators – page 55.	Full
EN23 Total number and volume of significant spills.	Core	Performance Indicators – page 56.	Full
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Core	<p>Climate Change and Energy – pages 23-26.</p> <p>Resource Use – pages 27-29.</p> <p>Supply Chain – pages 34-36.</p>	Partial
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Core	Performance Indicators – page 56.	Full

<b>Management approach and Performance Indicators</b>	<b>Core or additional indicator</b>	<b>Location or description</b>	<b>Full or partial</b>
<b>LA Labour practices and decent work Performance Indicators</b>			
LA1 Total workforce by employment type, employment contract and region.	Core	Performance Indicators – page 61.	Full
LA2 Total number and rate of employee turnover by age group, gender and region.	Core	Performance Indicators – page 61.	Partial
LA10 Average hours of training per year per employee by employee category.	Core	Performance Indicators – page 62.	Partial
LA12 Percentage of employees receiving regular performance and career development reviews.	Additional	Performance Indicators – page 62.	Full
LA7 Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Core	Performance Indicators – page 63.	Partial
<b>PR Product responsibility Performance Indicators</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.	Additional	Performance Indicators – page 60.	Full
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Additional	<p><b>France shopping centres</b>            Satisfaction surveys are conducted at shopping centres every two years with the last survey in 2007. The sample size is 1,200 for a questionnaire in each shopping centre. The survey examines why customers enjoy visiting the centres or not. Customers are asked to rank their experience in terms of comfort, cleanliness of the site, air conditioning, merchandising, services provided, car park, security, equipment available. Headline findings given in the Performance Indicators. Other mechanisms for customer feedback include the surveys on comfort and services by an organisation called Market Audit, which takes a smaller sample of customers.</p> <p><b>UK shopping centres</b>            Customer surveys completed once a year. At Bullring and Brent Cross, the sample size is 2,000; at the other shopping centres, the sample size is 1,250. The methodology is exit interviews, quota'd by day, time and exit point. Headline findings given in the Performance Indicators. There are also additional customer comment leaflets at the customer service desks.</p>	Full

<b>Management approach and Performance Indicators</b>	<b>Core or additional indicator</b>	<b>Location or description</b>	<b>Full or partial</b>
<b>SO Society Performance Indicators</b>			
SO1 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Core	<p>At the moment, there are ad-hoc programmes in place for assessing the impacts of operations on local communities but they are not yet consistently applied. For example, when entering the community in France, depending on the size of the project (above 10,000 m<sup>2</sup>) surveys are carried out prior to filing for the planning permission looking at and evaluating the following topics are evaluated and assessed:</p> <ul style="list-style-type: none"> <li>• Topographic situation</li> <li>• Public transport and bike spaces created</li> <li>• Expansion of the planted and green areas</li> <li>• Specific programme favouring employment for people living in the district</li> <li>• Car park and signage</li> <li>• Visitors' Health and Safety.</li> </ul> <p>Our intention is to integrate the GRI criteria into the community regeneration framework in 2009 in order to enable us to report fully against this indicator in successive years.</p>	Partial
SO6 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Additional	Performance Indicators – page 63.	Full
SO8 Monetary value of significant fines and total number or non-monetary sanctions for non-compliance with laws and regulations.	Core	Performance Indicators – page 63.	Full
<b>HR Human rights Performance Indicators</b>			
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Core	Hammerson had 1,700 suppliers in the UK and 820 in France in 2008. As mentioned in the CRF tables, we have undertaken sustainability engagement with a number of our suppliers but have not undertaken any kind of human rights screening to date. This may be an area that we would wish to consider for our supply chain in future.	Full

## Management Disclosures

### Economic Management Disclosures

**Economic performance** – Our management approach and monitoring is explained in our Annual Report – see the Financial Highlights on page 3, Chairman's Statement on page 4, and the Risk Management section on page 14.

**Market Presence** – Our management approach is explained in our Annual Report – see the Property Portfolio section on page 23.

**Indirect Economic Impacts** – Hammerson is concerned with the economic impact the Company has in the communities where it operates and considers this aspect to be material to its sustainability strategy. Therefore information can be found in the Community Regeneration and Supply Chain sections of the CR Report 2008 on pages 30-36, as well as in the Performance Indicators section on pages 50-64.

### Environmental Management Disclosures

Our management approach and additional contextual information for our material environmental aspects is explained thoroughly in the Climate Change and Energy and Resource Use (pages 23-29) and in the CRF pages 13-20. We also have an Environmental Policy available on the website and summarised in the Annual Report (page 22). Hammerson has implemented an online Environmental management system called E Risk across our portfolio. Additionally Hammerson have delivered ISO 14001 at 99 Bishopsgate and BREEAM Operation and management at 10 Grosvenor Street and Harbour Exchange. Workman manages our Retail Park portfolio in accordance with ISO 14001 and we have commenced roll out of ISO 14001 in our shopping centre portfolio starting at WestQuay. Our monitoring of our environmental performance can be seen in the target review (page 24) and the performance indicators (page 50). A gap analysis of staff sustainability training was undertaken in 2008 and recommendations from this gap analysis will be rolled out in 2009.

### Labour Practice Management Disclosures

#### **Employment, Labour and Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equality** –

We recognise that a happy, healthy workforce is pre-eminent to our success as a business, and poor management of labour practice is identified as a key business risk in the Risk Management Section of our Annual Report (page 14). Primary organisational responsibility for Labour Practice sits with our Director of HR, Sally Learoyd, and the Senior Management team – information on these individuals can be found on our website or in the Annual Report (pages 8-11). In terms of specific policies, we have a publicly available Equal Opportunities policy on our website and further information in our internal Staff Handbook. Our Performance Indicators demonstrate our monitoring with regards to employee equality and diversity, employee satisfaction and career development, and occupational health and safety on pages 61-63. We have also submitted a response to the Times Best Companies to Work For award in 2008 and will aim to improve our disclosures in this area in 2009.

### Society Management Disclosures

**Community** – This is one of our material impact areas and there is substantial information related to our goals, policy, monitoring and key contextual information included in the Community Regeneration section (pages 30-33), the CRF (page 18) and Performance Indicators (page 57). Organisational responsibility lies with the Community Manager, Michelle Dawson, and the Corporate Working Groups in both the UK and France.

**Corruption, Public Policy, Anti-Competitive Behaviour and Compliance** – The Board has ultimate responsibility for the Group's system of internal control, which is managed by the Group Financial Controller, Warren Austin, and is discussed in the Annual Report. Internally, we have a Corporate Control Manual, a Code of Conduct, Whistleblowing procedures and a Staff Handbook all in Full implementation (see Annual Report – pages 22, 39). Monitoring against some elements of these indicators are disclosed on page 63.

### Product Responsibility Disclosures

Our product is the buildings we develop and manage. We have included a dedicated section on customers (pages 37 - 39), which covers the occupiers and their customers who use our buildings.

**Customer Health and Safety** – ensuring that our tenants and visitors are safe and healthy is a key goal for our asset management activities and we record performance indicators on this topic (page 60).

**Product Service Labelling and Compliance** – BREEAM and HQE are the green rating tools or "labels" that are used to rate our new developments, and through law we are required to produce EPCs in the UK and DPEs in France for our managed assets. Our performance with regards to this labelling is discussed in the Value section on page 9.

**Marketing Communications and Customer Privacy** are not considered to be material to the product of a building.

### Human Rights Management Disclosures

Human Rights issues are not material due to the nature and location of Hammerson's operations in the UK and France. However, we do recognise that there may be human rights issues associated with materials production in our supply chain and will aim to integrate some consideration of human rights in to our review and implementation of supply chain procedures in 2009.

# ADVISOR'S STATEMENT

For Hammerson's CR Report 2008, Upstream Sustainability Services has been involved in three main capacities – undertaking an assessment of Hammerson's progress against the 2008 targets; collating data for the performance indicators; and providing assistance on achieving Global Reporting Initiative Level B. Given that Upstream Sustainability Services is Hammerson's long-term strategic advisor on corporate responsibility, this statement does not represent a fully independent verification statement but intends to provide an external evaluation of progress achieved during the year.

As in previous years, Upstream Sustainability Services has performed the target assessment on the basis of telephone interviews and face-to-face meetings with those responsible for CR targets, as well as a detailed review of documentation and data submitted as evidence of action against each target. This year, Hammerson France was involved in a substantively higher number of targets than in previous years; with 39 targets being set for the UK business and 27 for the French business. As the scope for these targets varied for France and the UK, these targets were assessed separately.

The majority of Hammerson's targets (82%) were either fully achieved or in progress in 2008. Notable achievements by Hammerson include:

- Substantial progress towards achieving the rolling normalised CO<sub>2</sub> reduction target, with a 15.6% decrease in energy intensity expressed as CO<sub>2</sub> emissions per m<sup>2</sup> for UK managed shopping centres, 17.8% decrease for French shopping centres, 4.8% decrease in UK offices and 6.7% decrease in French offices.
- Successfully targeting and achieving high environmental building ratings for all of its developments.
- Achieving greater consistency in terms of monitoring of energy, timber and water use, and waste production by contractors.
- Implementing increasingly consistent community consultation and engagement practices on its UK developments.
- Working with Skillsmart to develop a programme for the delivery of retail skills academies in the UK.
- Taking significant steps towards creating a best practice sustainable fit-out in both the UK and France by identifying and approaching potential tenant partners.
- Developing a green lease structure appropriate to its French operations, the first company to do so in France.

In terms of the 18% of targets not achieved, Upstream Sustainability Services considers that Hammerson still needs to implement its responsible procurement policy in a systematic fashion across all operational and development activities, as well as fully rolling out its sustainability programmes to the retail park portfolio. Hammerson also faces the challenge of making improvements to its performance with regards to water consumption in the managed assets, as well as understanding how to approach community investment activities in the French marketplace.

From our perspective, one of the biggest steps forward by Hammerson in 2008 related to its implementation of the new CR strategy and governance structure in both the UK and France. This new governance structure has given clarity about sustainability responsibilities across the whole of Hammerson, leading to active involvement by a much greater proportion of the workforce. Similarly, the new materiality framework has given greater focus to sustainability activities, leading to the positive outcome that socio-economic and environmental impacts are now being considered consistently across all of the business operations.

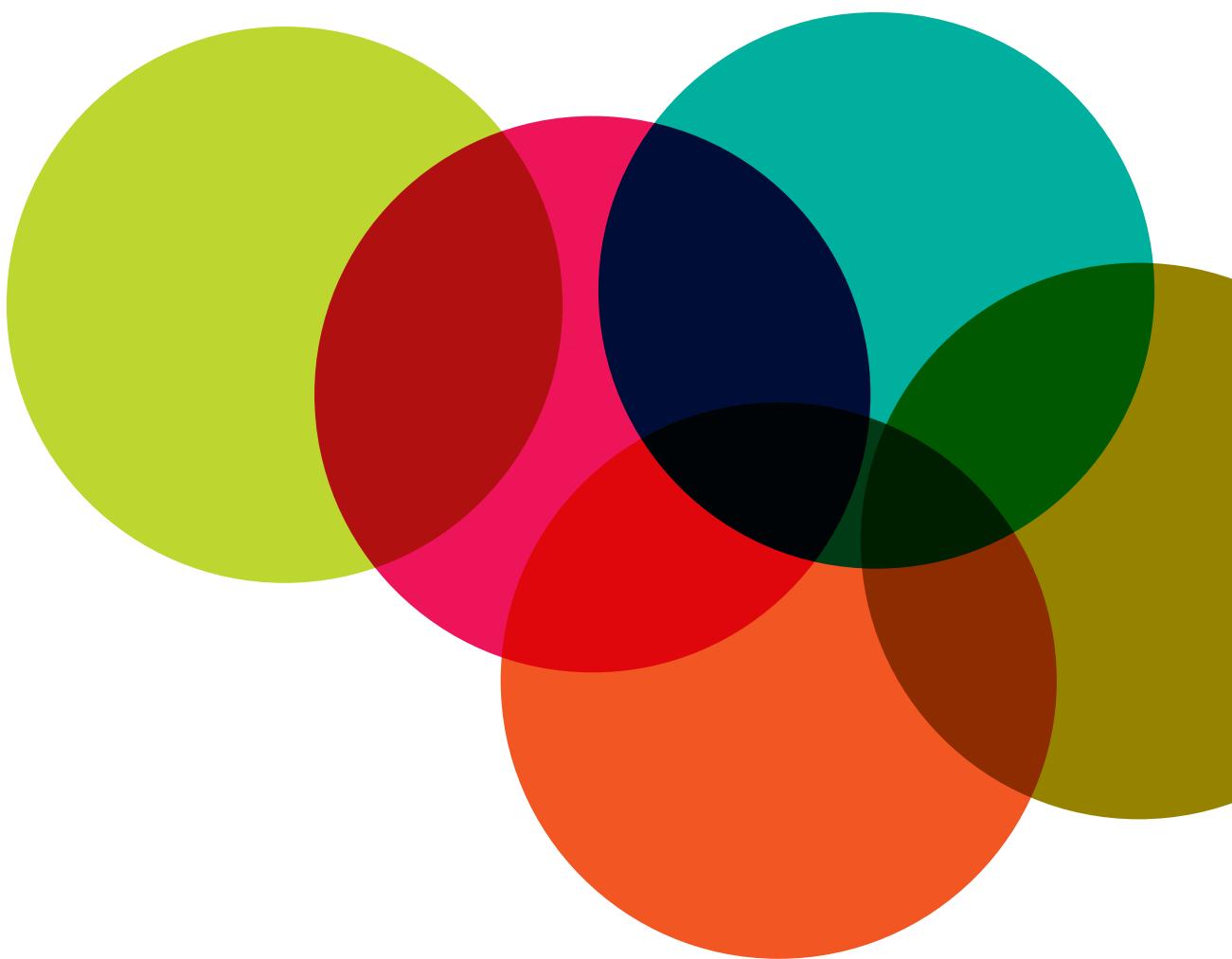
In 2008, Hammerson also set about developing a deeper understanding of sustainability accounting methodologies and investors' requirements with a view to ensuring that the Company has access to socially responsible investment in a challenging economic environment. One of the outcomes of this stakeholder engagement resulted in Hammerson aligning its CR reporting with the Global Reporting Initiative Level B and the Connected Reporting Framework developed by Accounting for Sustainability. Through revising its list of performance indicators in line with these frameworks, Hammerson has now put in place the reporting mechanisms to start demonstrating the link between financial performance and sustainability improvements over the coming years. This is a significant step forward for the Company.

As the economic climate remains challenging in 2009, Hammerson will wish to make sure that resources are used wisely to ensure corporate responsibility remains embedded in the Company's core business strategy, and that the financial risks and opportunities associated with sustainability are further understood. In particular, although data collection has improved significantly over the last three years, consolidating and verifying Hammerson's environmental data will be a core task in preparing for the introduction of the Carbon Reduction Commitment in the UK, and in preparing for increasing environmental legislation in France.

In conclusion, this year Hammerson has opened some of the most environmentally and socially sustainable properties currently operating in the UK and it has started to make significant reductions in CO<sub>2</sub> emissions; Hammerson has also successfully implemented the new CR governance structure; it has demonstrated a much stronger commitment to transparency, and is en route to achieving a best practice approach to CR reporting. In 2008, Upstream Sustainability Services considers that Hammerson has achieved its ambition of consolidating its position as a sustainability leader amongst its UK and French peers, and that Hammerson is on track to continue this excellent performance in 2009.

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