



Corporate Responsibility 2009

# CONNECTED REPORTING FRAMEWORK

## CLIMATE CHANGE AND ENERGY

### Strategic Objectives

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

### Action **GRI**

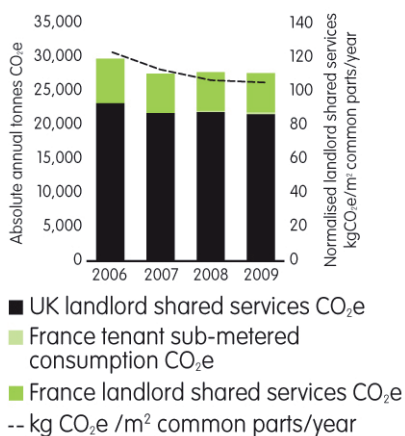
Our focus is to reduce energy consumption and greenhouse gas emissions on a like-for-like basis in our investment portfolio in line with our 2010 target. In order to do this we have taken a series of actions in 2009:

- Careful monitoring of energy use and continued efforts to improve the reliability of our carbon data in all portfolios. This is particularly important in preparing for the CRC Energy Efficiency scheme as accurate reporting becomes a legal requirement.
- Implemented measures ranging from investment in low-energy technologies from voltage optimisation to providing train tickets for staff to travel to meetings.
- Investigated how carbon is generated at each asset through the use of a bespoke carbon footprinting tool and the Carbon Trust Standard tool.
- Recognising the potential impacts of climate change, we have conducted a detailed climate change study in both the UK and France, looking at three key areas: subsidence, rainfall and flooding.

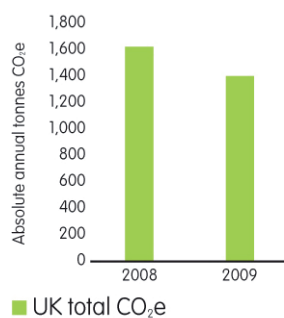
### Performance

#### Retail

Shopping Centres (UK & France) – CO<sub>2</sub>e from building energy consumption – all properties

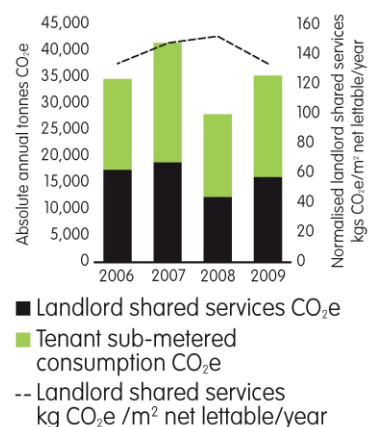


Retail Parks (UK) – CO<sub>2</sub>e from building energy consumption

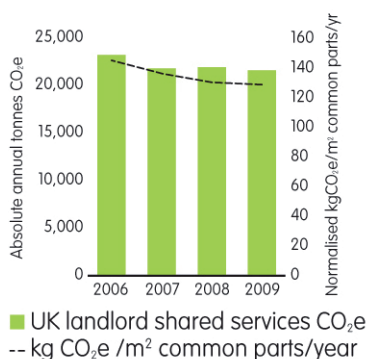


#### Office

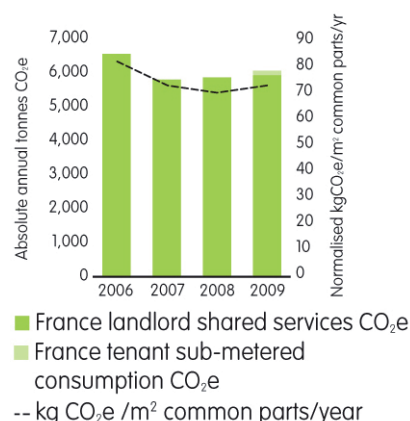
Offices (UK) – CO<sub>2</sub>e from building energy consumption – all properties



Shopping Centres (UK) – CO<sub>2</sub>e from building energy consumption



Shopping Centres (France) – CO<sub>2</sub>e from building energy consumption



Financial indicators	2007	2008	2009
<b>Cost of energy</b>			
UK	£6,223,627	£7,555,502	£10,465,671
France	Not recorded	Not recorded	£2,637,408
<b>Total</b>	<b>£6,223,627</b>	<b>£7,555,502</b>	<b>£13,103,079</b>
<b>Energy efficiency investment</b>			
UK	£282,659	£854,879	£53,000
France	Not recorded	£590,000	£487,048
<b>Total</b>	<b>£282,659</b>	<b>£1,444,879</b>	<b>£540,048</b>
<b>Estimated energy savings</b>			
UK	£131,671	£335,200	£979,452
France	Not recorded	Not recorded	Not recorded
<b>Total</b>	<b>£131,671</b>	<b>£335,200</b>	<b>£979,452</b>
Expenditure in carbon offset (UK only)	£13,611	£11,003	£11,834
Climate Change Levy Expenditure (UK only)	£182,609	£71,513	£202,373

#### Commentary

- Since our baseline year of 2006, we have reduced our carbon emissions (expressed in CO<sub>2</sub>e) from landlord shared services by 15.9% for UK shopping centres, 17.3% for French shopping centres and by 19.6% for UK offices, when normalised by m<sup>2</sup> for a like-for-like set of buildings.
- Despite this reduction in consumption, our overall energy costs have risen. This is due to two factors – the inclusion of two new assets in our reported UK office investment portfolio and rising energy costs. Until now, energy prices in France have been regulated by the Government. This will stop in 2010, with a potential impact on costs. This rise in energy spending reinforces our aim to further reduce energy consumption; it also means that the payback periods for investments in energy efficiency technologies will become increasingly attractive in future years.
- For the latter part of 2009 we were unable to purchase green energy in our UK shopping centre portfolio due to a significant lack of availability in the market.
- In 2009, the majority of investment (£487,000) in energy efficiency was in France. A change in lighting systems at Italie 2 shopping centre in Paris represented just over half this investment, which has an anticipated payback period of around 12 years. Hammerson France has 10-year plans in place at all assets, which include prospective budgets for energy efficiency investment. The fact that these plans and budgets have to be approved by co-owners demonstrates the importance of Hammerson France's continued engagement with its co-owners on sustainability issues, particularly in the context of legislative requirements of the Grenelle relating to the refurbishment of existing assets between 2012 and 2020.

# CONNECTED REPORTING FRAMEWORK

## RESOURCE USE

### Strategic Objectives

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

### Action **GRI**

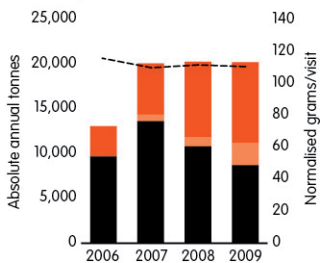
- In 2009 we continued to engage with our construction and architect suppliers to consider resource use in their designs, thereby helping us reduce our future impacts. We have now extended Sustainability Implementation Plans (SIPs) to UK Retail Parks and future developments in France. The SIP, which goes beyond recognised standards such as BREEAM and HQE, contains strict targets for recycled content, timber, paint and other materials, and also encompasses water, waste and biodiversity criteria
- At our managed assets, we continue to focus our teams' efforts on increasing reuse and recycling. In order to understand the issues and set comprehensive plans for each asset, we are also rolling out waste audits at all assets.

We commissioned water audits for both common areas and occupier space across the shopping centre portfolio.

### Performance

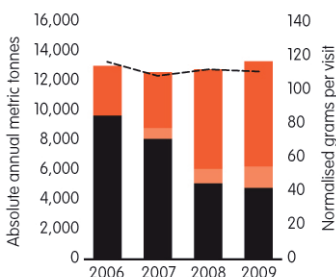
#### Retail

Shopping Centres (UK & France)  
Annual waste production (absolute by final disposal route) (UK only in 2006)



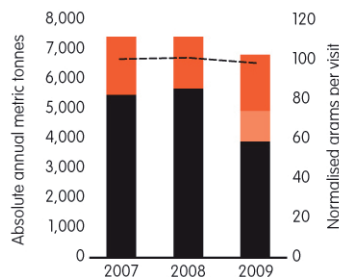
- Landfill
- Recycled/re-used/composted
- Incinerated waste (use as fuel)
- Grams/visit

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



- Landfill
- Incinerated waste (use as fuel)
- Recycled/Re-used/Composted
- Grams per visit

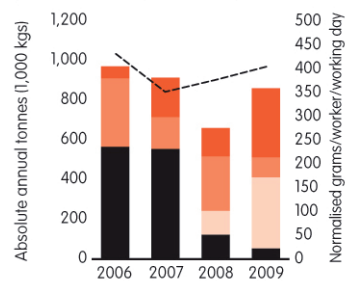
Shopping Centres (France) –  
Annual waste production  
(absolute by final disposal route)



- Direct to landfill
- Incinerated waste (use as fuel)
- Recycled/Re-used/Composted
- g/visit

#### Office

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



- Landfill
- Incinerated waste (use as fuel)
- MRF – recovery rate not known
- Recycled/Re-used/Composted
- Grams/worker/working day

Waste

Financial indicators

	2007	2008	2009
<b>Cost of waste</b>			
UK	£1,476,922	£1,719,476	£1,473,306
France	Not recorded	Not recorded	£641,261
<b>Total</b>	<b>£1,476,922</b>	<b>£1,719,476</b>	<b>£2,114,567</b>

Investment in waste management improvements

UK	Not recorded	£32,504	£6,000
France	Not recorded		£9,126
<b>Total</b>	<b>£0</b>	<b>£32,504</b>	<b>£15,146</b>

Estimated savings from landfill aversion

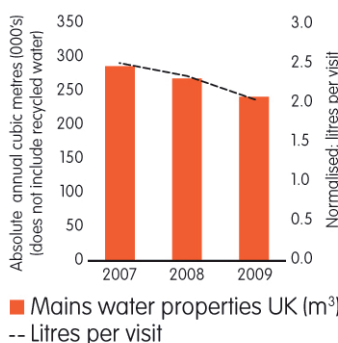
UK	£116,488	£254,364	£369,634
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Income from sale of waste

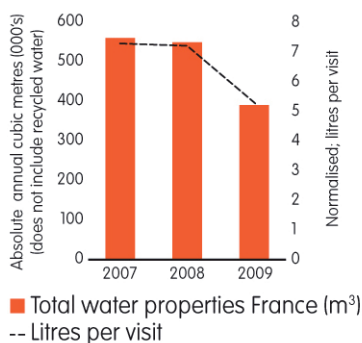
UK	£34,639	£55,155	£44,489
France	Not recorded	Not recorded	£14,218
<b>Total</b>	<b>£34,639</b>	<b>£55,155</b>	<b>£58,708</b>

Retail

Shopping Centres (UK) – Annual water consumption from all sources (landlord & tenant) – all properties

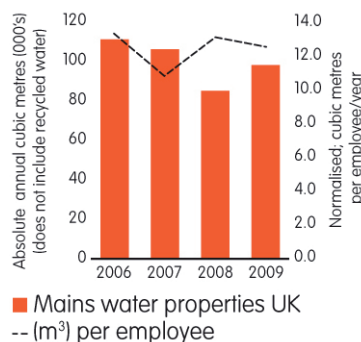


Shopping Centres (France) – Annual water consumption from all sources (landlord & tenant)

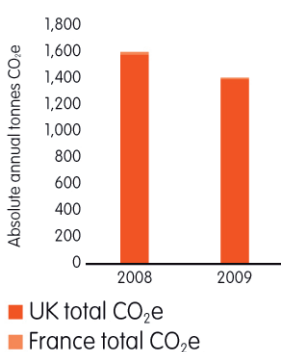


Office

Offices (UK) – Annual water consumption from all sources (landlord & tenant)



Like for like Retail Parks (UK & France) – CO<sub>2</sub>e from building energy consumption



# CONNECTED REPORTING FRAMEWORK

## COMMUNITY REGENERATION

### Strategic Objectives

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

### Action **GRI**

- Over the past 10 years Hammerson has developed a comprehensive training programme to increase the skills of unemployed people living in the vicinity of our shopping centres, in order to provide local communities with access to jobs, and retailers with a pool of skilled workers.
- In 2009, we began to provide ongoing support to retailers and local communities by working with the National Skills Academies (NSA) and other public sector partners.
- Hammerson also supports the community through cash and in-kind donations, including community bursaries, volunteer work and school careers tours.
- Our Community Bursary scheme in Aberdeen helped 13 organisations, including Mental Health Aberdeen, the Forget-me-Not Club, a charity for people with dementia and the Hip Hop school. A number of organisations who benefited from financial assistance took part in launch day celebrations.
- We have improved our data collection and monitoring of community investment through the introduction of the Community Investment Tool, a bespoke tool modelled on the London Benchmarking Group.

### JOBS CREATED FROM DEVELOPMENTS – UNION SQUARE, ABERDEEN:

JOBS CREATED

PREVIOUSLY UNEMPLOYED

**1,200**

 **56%**

### INDIRECT CONTRIBUTIONS (UK):

(E.G. CHARITABLE DONATIONS RAISED BY CUSTOMERS  
IN HAMMERSON SHOPPING CENTRES):

**£821,484**

### DIRECT CONTRIBUTIONS (UK):

(CASH, VALUE OF TIME AND IN-KIND DONATIONS  
MADE DIRECTLY BY HAMMERSON):

**£753,611**

### Commentary

- Jobs for U, the skills training programme we ran to support the opening of our Union Square shopping centre in Aberdeen, delivered strong results. Of the 1,200 people employed at the centre, 56% were previously unemployed.
- Working with the NSA, Skills Academies were set up in three cities where Hammerson owns a major shopping centre: Birmingham; Bristol and Leicester. Hammerson hosted a 'pop-up' Skills Shop at the Bullring shopping centre as part of this roll-out. Further academies will open in Aberdeen, Brent Cross and Reading in 2010.
- As part of our ongoing involvement in the Spitalfields area of London, Hammerson launched the Spitalfields Art Prize in 2009, a £45,000 bursary awarded to artist Kenny Hunter to create a piece for display at Bishops Square.
- The Government's recently released Regeneration Framework "Transforming Places; Changing Lives", the current draft PPS4 "Planning for Sustainable Economic Development", the forthcoming duty on local authorities to produce detailed economic assessments of their areas, and the proposed replacement of the needs test with a broader impact assessment framework as part of the revised PPS 6, are likely to increase the range of criteria councils use to consider the potential impact of a proposed development.
- Indirect charity collections (principally money donated by visitors to our shopping centres) rose substantially in 2009 as we took the decision to donate the equivalent of the 2.5% VAT reduction to local charitable partnerships.

# CONNECTED REPORTING FRAMEWORK

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## SUPPLY CHAIN

### Strategic Objectives

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

### Action **GRI**

- Two years ago, we launched a Responsible Procurement Policy and carried out a risk assessment of our supply chain against economic, social and environmental indicators. We identified two key initiatives as a result of this. The first is to engage with all suppliers during the tender process. The second, introduced as a trial in 2009, is to issue all suppliers with a sustainability questionnaire. Each supplier receives a score according to responses. We have set a minimum score that suppliers must reach in order to work with us, and are giving existing suppliers three years to comply, with year-on-year improvements. We are offering assistance to suppliers to help them achieve this level.
- In France we have developed a questionnaire for the tender process and implemented it at our new developments. We have also created a standard measurement tool which clearly identifies the metrics that must be used for measurement during construction and will implement this at both 54-60 rue Faubourg St-Honoré and our Les Terrasses Du Port development in Marseille.

### TOTAL NUMBER OF SUPPLIERS:

(2008: 2,520)

**2,361**

### NUMBER OF SUPPLIERS WE ENGAGED WITH ON SUSTAINABILITY:

(2008: 187)

**155**

### TOTAL COST OF GOODS & MATERIALS:

(2008: £501.7m)

**£307.2m**

### VALUE OF CONTRACTS FOR SUPPLIERS WE ENGAGED WITH ON SUSTAINABILITY:

(2008: £235m)

**£166m**

### Commentary

- With an increasing focus by the regulatory authorities on enforcement of environmental legislation for construction activities, including large fines, it is clear to Hammerson that supplier engagement reduces our operational and financial risks on large development projects.

# CONNECTED REPORTING FRAMEWORK

## CUSTOMERS

### Strategic Objectives

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

### Action

- Our approach to engaging with our customers on sustainability issues is to:
  - introduce green leases across the portfolio.
  - assist customers on fit-out and operations through our Tenants' Sustainability Guide.
  - create Green Groups in our shopping centres.
  - develop exemplar stores in partnership with customers.

We engage with our customers on an ongoing basis to understand their needs and identify ways of improving environmental and social performance.

### TOTAL NUMBER OF GREEN LEASES IN PORTFOLIO:

(2008: 370)

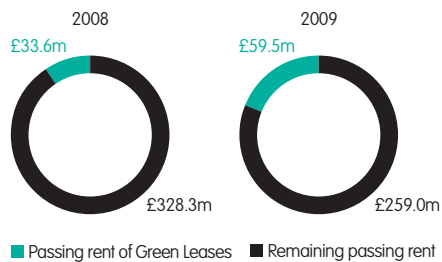
**698**

### TOTAL NUMBER OF OCCUPIERS:

(2008: 2,222)

**2,568**

Green Leases as a proportion of passing rent (UK & France)



### Commentary

- Hammerson had 698 green leases with tenants by the end of 2009: 590 in the UK and 108 in France.
- We created Green Groups at 99 Bishopsgate, Brent Cross and Highcross to encourage tenants to share sustainability ideas. We commit to having green groups at all assets by the end of 2010.
- In 2009 we issued our first Tenants' Sustainability Guide in France to all existing customers. The guide offers information on ongoing operations as well as fit-out.
- We have continued to work with De Montfort University on a partnership to deliver StoreLab, a facility which will allow retailers to test sustainable technologies and compare products. We were successful in our joint application to the EU to fund the project, which will be located on the university campus.