

# LEGISLATION

Our sustainability strategy is shaped by increasing national and EU legislation. We summarise the principal risks and opportunities below.

## CLIMATE CHANGE AND ENERGY

### RISKS AND OPPORTUNITIES

#### Climate change mitigation

Whilst the decarbonisation of economies is a long-term objective for European governments, the focus on carbon reduction and energy efficiency in the short term means that running energy-efficient buildings is becoming less of a market differentiator and more part of a company's licence to operate. For newly-built properties, the potential introduction of stringent targets is likely to encourage innovation.

#### Climate change adaptation

European governments are starting to understand the implications of adaptation and establishing policies to tackle a changing climate. The property sector is likely to become more vulnerable to extreme weather, including flooding, overheating and subsidence. As a result of a changing climate, biodiversity is an issue that is likely to rise up the political agenda in the medium term.

### KEY LEGISLATION AND POLICY

#### UK

- Implementation of the CRC Energy Efficiency Scheme in 2010
- Code for Sustainable Buildings with zero-carbon new buildings by 2019

#### FR

- Grenelle Bill II to be passed in 2010
- Secondary legislation for existing buildings
- Carbon tax likely to be implemented in July 2010

#### EU

- Recast of the Energy Performance of Buildings Directive
- Agreement on 30% cut in CO<sub>2</sub> emissions by 2020
- Potential implementation of a European carbon tax

#### UK

- Climate Change Act 2008
- Flood and Water Management Bill 2009/2010
- PPS 25 (ensures that flood risk is taken into account at all stages in the planning process)
- Updated PPS1 due early 2010

#### FR

- Biodiversity conservation articles in Grenelle I and II Bills

#### EU

- EU Adaptation White Paper

### HAMMERSON ACTIONS

#### Managed assets

- Energy reduction achievements in 2009 against target
- Publication of Hammerson's first Climate Change and Carbon Management Policy
- Involvement in key industry and government working groups in both France and the UK
- Preparation for introduction of CRC including targeting Carbon Trust Standard

#### Developments

- Integration of energy-efficient features into SIPs
- Target 30% below Part L Building Regulations and BREEAM Excellent for shopping centres and offices in UK
- Biodiversity audit completed

#### Managed assets

- Consultancy report on climate change adaptation, with action plan implemented in 2009 for high-risk assets
- For 2010, we will investigate natural ventilation options at several assets

#### Developments

- Climate change adaptation incorporated in SIPs

## RESOURCE USE

### RISKS AND OPPORTUNITIES

#### Waste

The key legislative risk in this area relates to the increased price of landfill tax in the UK and TGAP in France.

#### Water

Water efficiency is expected to become increasingly regulated in the medium term as the EU strives to provide incentives to use water efficiently and ensure that businesses contribute to the environmental cost of water services.

### KEY LEGISLATION AND POLICY

#### UK

- Continued increase in Landfill Tax

#### FR

- Increase in TGAP

#### EU

- Waste Framework Directive 2008

#### EU

- Water Framework Directive 2000 – in 2010, member states must introduce water pricing policies to reflect the true costs of commercial water use; by 2015 the coastal and inland waters must reach 'Good Ecological Status'
- Potential Water Performance of Buildings Directive

### HAMMERSON ACTIONS

#### Managed assets

- Rolling target for waste to 2013 focused on increasing recycling rates at our properties
- French waste target on improving transparency of our waste contracts

#### Developments

- Focus on achieving high recycling rates for our construction sites

#### Managed assets

- Water audits carried out in 2009 in most UK and French managed assets
- Action plans in place in UK shopping centres
- Water consumption target set in 2010

#### Developments

- Introduction of a standard template including monitoring of water usage
- Water targets in SIPs

## COMMUNITY REGENERATION

### RISKS AND OPPORTUNITIES

#### Change in planning agreements

Sustainability criteria are increasingly incorporated into local authority planning briefs. This represents an opportunity for Hammerson to differentiate itself from competitors.

### KEY LEGISLATION AND POLICY

#### UK

- Community Infrastructure Levy to be introduced in April 2010

#### FR

- Increasingly stringent sustainability criteria in planning applications for shopping centres

### HAMMERSON ACTIONS

#### Managed assets

- Community Investment toolkit implemented for the UK assets

#### Developments

- UK draft Community Framework will formalise engagement with communities throughout the development cycle

## SUPPLY CHAIN

### RISKS AND OPPORTUNITIES

#### Corporate governance

Civil and criminal liability for the practices of suppliers is a potential risk for property companies, especially on development projects.

### KEY LEGISLATION AND POLICY

#### UK

- Bribery Bill making companies liable for their contractors' practices with regards to bribery

#### FR

- Legal responsibility for cases of illegal workers in construction companies

### HAMMERSON ACTIONS

#### Corporate

- We issue our Code of Conduct to all employees, and publish a summary on our website

#### Managed assets

- Health and safety recording systems and training programmes already in place

#### Health and safety

Increasing legislation relating to organisations' responsibility for their staff and contractors.

#### UK

Corporate Manslaughter and Corporate Homicide Act 2008

#### Developments

- Criteria for selecting suppliers based on sustainability criteria (including health and safety) being set in France and in the UK

## CUSTOMERS

### RISKS AND OPPORTUNITIES

#### Customers

The legislative risks and opportunities in this area are relatively minor. However we are well positioned ahead of the potential implementation of mandatory Green Leases in France and the implementation of the CRC Energy Efficiency Scheme in the UK.

### KEY LEGISLATION AND POLICY

#### UK

- Implementation of the CRC Energy Efficiency Scheme

#### FR

- Potential mandatory Green Leases

### HAMMERSON ACTIONS

#### Managed assets and developments

- Hammerson has various targets relating to occupier engagement tenants and by the end of 2009 had 698 Green Leases in place across the UK and in France
- Improved engagement with tenants through Green Groups

## KNOWLEDGE AND REPORTING

### RISKS AND OPPORTUNITIES

#### Equality and diversity

This area is very much driven by European legislation although implementation is dependent upon the political context of each country.

### KEY LEGISLATION AND POLICY

#### UK

Equality Bill: the Government's intention to force companies to disclose gender pay gap by 2013.

#### FR

Potential legislation including fines for companies that do not have plans in place to tackle gender inequality.

### HAMMERSON ACTIONS

#### Corporate

- Substantial revision to our HR reporting in this year's report and inclusion of HR section in our Annual Report
- Increased coordination between the UK and French HR teams