

# ASSURANCE

Hammerson uses third parties - Upstream Sustainability Services, part of Jones Lang LaSalle and Bureau Veritas - to provide external evaluation of progress and data quality. As both these organisations provide consultancy advice to Hammerson, statements provided should not be interpreted as a fully independent verification or assurance statement.

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## Advisors' Statement

For Hammerson's CR Report 2009, Upstream Sustainability Services, Jones Lang LaSalle has been involved in three main capacities – undertaking an assessment of Hammerson's progress against the 2009 targets; providing assistance on achieving Global Reporting Initiative Level B; and validating data for the performance indicators. Given that Upstream Sustainability Services is Hammerson's long-term strategic advisor on corporate responsibility (CR), this statement does not represent a fully independent verification statement but intends to provide an external evaluation of progress achieved during the year.

## Target assessment

Upstream Sustainability Services performed the target assessment on the basis of telephone interviews and face-to-face meetings with those responsible for CR targets, as well as a detailed review of documentation and data submitted as evidence of action against each target. This year Hammerson set itself 64 targets - 37 for the UK business and 27 for the French business; as the scope for these targets varied for the UK and France, they were assessed separately.

In 2009, 72% of Hammerson's targets were either fully achieved or in progress (41% achieved; 31% in progress). This target achievement rate is low in comparison to 2008 performance; this in part reflects the fact that the company continued to set ambitious targets in very difficult market conditions. Note that 8% of the targets set in 2009 are not applicable mainly due to Hammerson's limited development activities in 2009.

Notable target achievements during 2009 include:

- A sea-change in the capture of community investment data through the roll-out of the LBG toolkit
- Creation of sustainability training programmes in the UK and France to embed sustainability skills and knowledge in more business functions
- Further progress towards achieving the rolling energy target for the consistent portfolio, with reductions of 15.9% for UK shopping centres, 17.3% for French shopping centres and 19.6% for UK offices against the 2006 baseline
- Completing the biodiversity programme to identify opportunities for ecological enhancement in the existing assets
- Progress towards understanding the water baseline in the shopping centres, although metering arrangements remain problematic in some assets

In terms of the 20% of targets not achieved, we reiterate our comment from 2008 regarding the need to implement Hammerson's responsible procurement policy in a systematic fashion across all operational and development activities. Progress has been made in 2009 but there remains a lot more to be done in 2010.

## Target assessment

As in last year's report, Upstream Sustainability Services has provided guidance to enable the CR Report 2009 to meet the GRI principles defining report content and quality. As this is a self-declared GRI report, we recommended the inclusion of a self-assessment against these GRI principles to enable greater transparency for the report reader. A checklist of the required profile disclosures, management disclosures and indicators to meet GRI Level B is provided here. Data Validation

For the reporting year 2009, we were responsible for aggregating and validating environmental, socio-economic and financial data. This validation is limited to checking performance trends against historical data, analysing cost per unit for utilities and analysing monthly environmental data reports for the French assets. For this report, we also undertook site visits to 4 assets and checking of source data for some indicators. We have also been involved in the validation of historical data but our review of the financial information (climate change and energy and resource use - cost, savings, income, investment) is limited to 2009 performance only.

### Advisors' review

From our perspective, 2009 was a year of intense consolidation by Hammerson of its sustainability strategy and management system in challenging market conditions. As a result of this consolidation, Hammerson is now reaping the benefits of its Sustainability Forum for Innovation and better integration of financial and non-financial data through the Connected Reporting Framework. These two initiatives provide a clear, compelling link to the core business strategy, with Hammerson's sustainability actions and disclosure increasingly seen as improving management of operational costs, enabling access to new sources of SRI capital and preventing asset obsolescence.

Hammerson's overall environmental data quality and processes continue to improve significantly, in particular for those assets which it has been holding for a number of years. In terms of disclosure, challenges remain in reporting appropriately on the French portfolio with its complex co-ownership structures, in gathering high quality data for the UK retail park portfolio and for this year in particular, in reporting on dynamic investment and development portfolios. In meeting these challenges, the CR Performance Indicator manual is assisting with clarifying the scope and the consistent calculation of the KPIs, and improved government guidance on voluntary data disclosure is to be welcomed.

Hammerson also made a significant step forward in providing a much more comprehensive and transparent disclosure on its Human Resources performance, and in recognising the extent to which staff sustainability knowledge and enthusiasm is critical to embedding strong environmental and social performance in all business functions.

The key challenge for Hammerson in 2010 relates to the fact that government sustainability policy is evolving extremely quickly, and occasionally in different directions, in the UK and France. This means that the company needs to maximise successful initiatives across the UK and French portfolios in a proactive manner and will need to allocate significant resources to meet compliance-driven requirements. Furthermore, the changing legislation is tying together landlord and tenant responsibility much more tightly and this will require the company to engage with all retail and office tenants to help them improve their own occupational performance significantly in 2010 and beyond.

2009 was the year in which Hammerson's ten year long commitment to sustainable development and corporate responsibility was formally recognised in a number of key indices, including The Sunday Times Best Green Companies Award, the Carbon Disclosure Leadership Index (for the 2nd year) and the Global Perspective on Sustainable Real Estate index (by Maastricht University). The company now takes its place as global leader in sustainable real estate and is on track to cement and strengthen that position in 2010.

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