Hammerson

Positive Places

Hammerson Basis of Reporting for our Environmental and Social Impacts

Introduction

This document sets out the basis under which Hammerson reports on the environmental and social impacts of our business activities. It provides information on our approach to reporting our environmental and social impacts in support of our overall sustainability strategy, compliance with mandatory Greenhouse Gas (GHG) emissions reporting requirements, and our annual voluntary non-financial reporting.

As a UK plc, Hammerson is required by the UK Companies Act to disclose important information related to our direct and indirect carbon emissions in our annual report and accounts. Our commitment to corporate responsibility reporting also provides evidence that the Board is able to properly address our social and environmental responsibilities and any identified risks that arise from them.

Hammerson CR Strategy

In 2007, we set out our approach to corporate responsibility, which focused on five areas identified through a materiality assessment. In 2010 we reviewed our corporate responsibility strategy and approach with the support of independent advisors, Jones Lang LaSalle and Forum for the Future. Through this process, we developed our sustainability framework, Positive Places, and established medium-term sustainability targets for the business for 2010 – 2015.

Following successful completion of these targets, a further materiality review was carried out in 2014 and a new set of corporate sustainability targets were established for 2016 – 2020. Headline targets are listed below and the full set of targets is available on our website.

Key 2016 – 2020 Sustainability Targets

- 10% reduction in operational energy use by 2018
- 18% reduction in operational carbon emissions from managed retail assets by 2020
- Build 2 mWh renewable capacity into existing assets and developments by 2020
- Divert 100% UK waste from landfill by 2020
- 10% reduction in landlord water intensity by 2020

- Community design workshops to be held in all shopping centre developments or major extensions from January 2015
- Perform an assessment in 2015/2016 of our total Placemaking impact
- Set up sustainability learning group with major retailer customers by 2017
- 100% of Hammerson employees who have been employed for 12 months or more have received sustainability training by 2017

Net Positive

In early 2017, as a part of our Positive Places strategy, we published an additional set of targets to be "Net Positive" for carbon emissions, water consumption, resource use and socio-economic impacts, four areas where we have the greatest impacts, by 2030. Net Positive means reducing our negative impacts to zero and then beyond zero – to make sure that we make a Net Positive contribution to the environment and to society.

We have set out baseline data in an environmental footprint and a socio-economic footprint along with an intermediate five-year target, and made a commitment to report on our progress against these targets each year.

Our Material Impacts

Our material impacts are both social and environmental. The majority of these impacts flow from the operation of our managed real estate assets which include retail parks and shopping centres in the UK, Ireland, and France. These are:

- Energy consumption
- Waste
- Water consumption

Our sustainability strategy includes the measurement and reporting of these impacts on an annual basis demonstrating like-for-like, absolute, and intensity metrics for each.

The material social impacts of our assets are also monitored. They are key assets within the communities they serve and our research has shown they generate significant local social benefits. We therefore track and report our community engagement activity.

Hammerson Corporate Responsibility Processes

External, long-term Sustainability targets are set by the Sustainability Team and approved by the Corporate Responsibility Board and Group Executive Committee. Annual Sustainability objectives and targets are then set within asset business plans to achieve these. Regular meetings allow progress to be monitored by the CR Working Groups in France and in the UK and to be reported quarterly to the Retail Executive Group and CR Board. Our progress against our CR measures is assessed each year and we report this externally through our annual Sustainability Report. We obtained independent assurance on selected sustainability disclosures within our Sustainability Report by Deloitte LLP and target and standards verification through JLL Upstream.

Reporting Boundaries

The following sets out how we have reported our GHG emissions for the last business reporting year.
Our reporting boundaries are set in accordance with Global Reporting Initiative guidance. We report on those impacts over which we have control or significant influence. These include:

- all such impacts at assets that we own and asset manage directly (including strategic assets where we are responsible for supplies);
- assets in which we have a joint venture interest and asset manage directly; and
- all assets we engage a third party directly to manage on our behalf.

Where we are undertaking development activity we require our contractors to provide energy, waste, water, and community engagement data to us for monitoring purposes. The data is reported within our Sustainability Report but is not included within our carbon emissions reporting at Group or Portfolio level.
We do **not** report on impacts from tenant controlled areas of assets as we have no control or significant influence over their management or operation. We do however include tenant utility consumption drawn from landlord purchased supplies. Where this is sub-metered we report it separately in our Sustainability Report for further clarity on landlord-only utility consumption at our assets.

Our Net Positive targets do, however, include carbon emissions from energy consumption in the tenanted areas of our assets. We have therefore included these in our overall carbon footprint and will be reporting against them in our voluntary disclosures from 2026 onwards.

A full list of assets included within our Greenhouse Gas Emissions reporting is available on our website here: Hammerson Sustainability

In accordance with the European Public Real Estate Association (EPRA) reporting standards we provide data on a like for like portfolio of assets held for consistently for the previous 24 months with no major works. We also report on all assets held continuously from 2015 – the baseline for our 5 year targets and on the total portfolio of assets for our Group wide reporting.

Mandatory GHG Reporting

Our 2017 mandatory GHG report covers the period from 1 October 2016 to 30 September 2017. This is a different time period to that covered by our financial reporting and our other voluntary sustainability reporting. This period was selected for our mandatory GHG reporting to ensure accurate reporting of emissions data. Our voluntary reporting will continue to mirror our financial reporting year for consistency.

Our 2017 report provides intensity metrics both for our mandatory GHG emissions and within our other voluntary carbon disclosures. The following intensity metrics are used:

- Mandatory GHG emissions - metric tonne CO_2e/£m adjusted profit before tax. This metric was selected as we believe it provides the clearest indicator of carbon emissions relative to business activity. It reflects profits from all business activity but excludes variations in capital value of assets making it a meaningful metric against which to measure our efficiency in terms of GHG emissions over time. As a standard accounting term it can also aid comparison of Hammerson's GHG Emissions performance with that of other businesses.
- Intensity metrics are provided for Scopes 1, 2 and 3 emissions on a Group basis.
  The intensity factor, adjusted profit before tax, has been adjusted to reflect the Q4-Q3 reporting period adopted for our mandatory GHG reporting. This figure has not been financially audited and is calculated specifically for mandatory GHG emissions reporting purposes.

Our Scope 3 reporting includes emissions from water, waste and business travel. Scope 3 business travel includes:

- UK and Ireland; national and international air travel, rail, personal car and taxi journeys
- French air travel, rail and personal car

Previously, we excluded taxi journeys under 5km due to lack of access to good quality data. We are now able to capture this data accurately in our expenses system, and therefore include such journeys in our Scope 3 reporting. Transport for London underground journeys are calculated based on the average journey length in km. The overall improvements in data collection has generated an increase in carbon emissions from business travel in the 2017 reporting year.

Travel data is collected from across the business at all levels through cash and credit card expenses by the administrative teams. The Finance Team provides a database of all employees that have logged any travel expenses in the reporting year. We also include journey distances provided by our external flight and train booking company, Corporate Traveller, for UK corporate travel. Distance calculators are used to estimate mileage and convert it into CO_2e using the DEFRA 2017 GHG emissions factors. The UK business fleet data is based on the mileage of each vehicle at the time of its last service within quarter three of the reporting year, minus the last known mileage in quarter three of the previous reporting year. This has been adopted as the best means of estimating miles covered by the individual during the reporting period. The French fleet data is based on the contract mileage and the assumption that each vehicle has driven the full allowance of miles which were agreed between Hammerson and the leasing company. We have 22 leased vehicles in France and 7 in the UK. We do not have any leased vehicles in Ireland.

Our Scope 3 emissions from water are based on total landlord obtained water. The 2017 DEFRA emissions factors for water supply are used to calculate the CO_2e.

Our Scope 3 emissions from waste include CO_2e from landfilled waste, recycled waste and incinerated waste which is used for fuel. We exclude all CO_2e from shop-fit waste. Up until 2015, we included this for consistency with our baseline data. We use the 2017 DEFRA emissions factors for each waste stream for UK, Ireland and France.

The table on page 37 of the 2017 Annual Report shows the Hammerson Group CO2e emissions from Scopes 1, and 2 and 3.

Additional Voluntary Sustainability Reporting and Disclosures

Hammerson have published comprehensive data on our environmental and social impacts since 2010. This has included, and continues to include, emissions and energy intensity factors for the last three reporting years in line with EPRA Best Practice Reporting guidelines. The carbon intensity figures are calculated for our UK, Ireland and French portfolios as follows:

- Shopping centres - $kgCO_2e/m^2$ common parts
- Retail parks - $kgCO_2e$/ car parking space

The intensity metrics in our environmental disclosures reflect only our energy based emissions sources. They do not include fleet or refrigerants in Scope 1 or business travel emissions, waste and water emissions in Scope 3. This ensures the reporting for our specific portfolios reflects accurately the energy emissions generated by the operation of the assets. This enables any improvement or worsening in energy efficiency to be accurately reflected over time for both like-for-like, and absolute measures.

Social impacts

Hammerson have reported community investment and engagement data since 2010 using the London Benchmarking Group (LBG) guidelines for Direct and Indirect contributions. The data includes community investment and engagement at our development projects and at our standing assets in the UK, Ireland and France, and any corporate level community engagement activity. The community figures are provided across the shopping centre, retail parks and development portfolios for the UK and France via onsite teams into the Community Engagement module within our Credit360 platform. Our Head Office Teams provide data for Hammerson's corporate contributions.

Emissions factors

All our environmental and community engagement data are recorded within a single data management system. This system applies a range of carbon emissions factors to our Scope 1, 2 and 3 emissions

The following emissions factor sources have been used to calculate our 2017 GHG emissions:

- IEA 2017 emissions factors for all electricity and gas consumption in France and Ireland assets
- DEFRA 2017 GHG emissions factors for Company Reporting for all other emissions at UK assets

- DEFRA 2017 GHG emissions factors are used for business travel emissions in UK, Ireland and France
- Our market based reporting accounts for renewable energy contracts resulting in lower reported emissions

Method of Collection

Energy and waste data is entered into our data management system, Credit 360, on a monthly basis for our Retail Park assets in the UK and for our Shopping Centres in the UK, Ireland and France. This data is drawn from manual meter readings, automated meter uploads, invoices and data provided by our energy bureau service. The data is verified at three levels: by the Sustainability Data Manager, Energy and Environmental Manager and Head of Sustainability.

In Q2 of 2016, we automated input of half-hourly energy consumption data for the Retail Parks portfolio. This is now automatically uploaded once a month into Credit 360 for the majority of the portfolio, reducing the opportunity for error and streamlining our data gathering process.

- Data is entered on a monthly basis for all of our UK, Irish and French shopping centres
- Data is provided on a monthly and quarterly basis by our external property managers for our Retail Parks

Exceptions and Variations

- Business related rail mileage for our French operation is calculated using the online mileage calculator found here http://distancefromto.net/.
- Business related mileage from rail, personal car, tube and taxi journeys were calculated using a UK specific online mileage calculator found here http://www.theaa.com/driving/mileage-calculator. Where taxi journeys have been logged by cost only, we have used the Transport for London standard taxi tariff found here https://tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares to estimate the distance travelled in km. The lower cost per mile is used in our calculation to remain conservative.
- Business related air-mileage was calculated using an online air miles calculator found here http://www.airmilescalculator.com/.

- CO_2e for Combined Heat and Power at WestQuay Southampton has been calculated using Engie bespoke emissions factors for both heating and cooling.
- CO_2e for Combined Heat and Power at Italie 2 and Les Trois Fontaines has been calculated using the *Journal Official de la République Francaise, 25 Mars 2017*.
- Electricity, gas and water data for our rented corporate premises at Aquis House were estimated on an area basis using the whole building consumption report from the Property Managers.
- Water data for our rented corporate premises at Kings Place was estimated on an area basis using invoice data from the building Property Managers.
- Electricity, gas and water data for our rented corporate premises at the Harcourt Centre in Dublin were estimated based on the previous year's consumption due to unavailability of this data from the Property Managers. Hammerson occupied this space until July 2017 and estimates refer to October 2016 to July 2017 consumption.
- We started to occupy the Dundrum Town Centre Offices in July 2017 and the electricity data is based from this date.
- Estimated corporate consumption is responsible for 1.07% of Hammerson Group Carbon emissions using the market based approach. Energy and emissions data for four Leeds external car parks is not included due to unavailability of data. This is estimated to account for less than 1% of the total Group emissions from Scope 2.

Independent verification

Our mandatory GHG emissions disclosures and select voluntary sustainability disclosures have been independently assured by Deloitte LLP in accordance with the International Standard on Assurance Engagements Revised (ISAE 3000). This verification process has covered the following emissions disclosures for 2017 GHG emissions reporting:

Total Scope 1 GHG Emissions in tonnes CO_2e
Total Scope 2 GHG emissions in tonnes CO_2e
Total Scope 3 GHG emissions in tonnes CO_2e
Scopes 1, 2 and 3 GHG emissions per intensity metric as chosen by Hammerson plc.

For the 2017 reporting year additional metrics have been included in the verification process as requested by Hammerson covering the period January to December 2017. The below indicators were separately assured challenging year on year variations in data, the process of data collection and reviewing a sample of source data for selected portfolio assets:

Total Landlord Obtained Water (m3)

Water sub-metered to Tenants (m3)

Water for landlord services (m3)

Total Waste Quantity including shop-fit (tonnes)

Total tonnes diverted from landfill (tonnes)

Recycled waste (tonnes)

Our Sustainability Report has been compiled in accordance with EPRA Sustainability Best Practice Reporting Standards and has been independently assured by JLL Upstream since 2010. JLL Upstream included in their scope of works; verification and performance against each of our 5 year and annual targets, which is included in our Sustainability Reporting.

The Deloitte LLP and JLL Upstream independent assurance statements can be found here: Independent Assurance Statement.