

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 order to support our overall sustainability strategy and to comply with Mandatory Greenhouse Gas emissions reporting requirements under the Companies Act, and our voluntary non-financial reporting contained within our Connected Reporting Framework and other corporate responsibility reporting.

As a UK plc, Hammerson is required by the UK Companies Act to disclose important information 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 flow from them.

Hammerson CR Strategy

In 2007, we set out our approach to corporate responsibility, which focused on five areas selected through a materiality assessment. In 2010 we reviewed our CR strategy and approach. With the support of independent advisors Jones Lang LaSalle and Forum for the Future we carried out a benchmarking study, internal and external stakeholder reviews, a youth forum and senior management workshops. Through this process, we developed our sustainability framework, Positive Places, and established the following medium term sustainability targets for the business:

20% reduction in carbon emissions by 2015

12% reduction in water consumption by 2015

75% of waste diverted from landfill by 2013

38 biodiversity action plans completed 2015

6 research papers completed by 2012

Our top 20 investors engaged by 2013

2 life cycle assessment begun by 2012

All of our top 75 customers engaged by 2013

100% of employees completed CR training

45% of suppliers engaged by >£100k of value by 2015

75% of our community investment to be long term by 2014

All developments and managed assets to have community plans by 2014

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 and France. These are:

- Energy consumption
- Waste
- Water Consumption

Our CR 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 CR targets are set by the Sustainability Team and approved by the Corporate Responsibility Board and Group Executive Committee. Annual CR 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 Corporate Responsibility Report. We report to level C under the Global Reporting Initiative. Our

reporting is independently verified by JLL Upstream and Deloitte LLP. Independent assurance statements for Hammerson can be found on our website here: [Independent Assurance Statement](#)

Reporting Boundaries

The following sets out how we have reported our GHG emissions for the last business reporting year. Our reporting boundaries are set using the Global Reporting Initiative framework. 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
- 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.

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 full CR Report for further clarity on landlord only utility consumption at our assets.

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

Mandatory GHG Reporting

Our 2015 mandatory GHG report covers the period from 1 October 2014 to 30 September 2015. This is a different time period from that covered by our financial reporting and that used in our Connected Reporting Framework. This period was selected to ensure accurate reporting of emissions data both this year and in future years as this will form the base year for our future mandatory reporting. Our voluntary reporting will continue to mirror our financial reporting year for consistency.

Our 2015 report provides intensity metrics both for our mandatory GHG emissions and within our Connected Reporting Framework. The following intensity metrics are used:

- Mandatory GHG emissions - metric tonne CO₂e/£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 global 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 was created as specifically for CR reporting purposes.

Our Scope 3 reporting this year includes water and waste, as well as our business travel (UK air travel, rail, personal car and taxi journeys and French rail and air travel). Taxi journeys of 5km or less in the UK, and all taxi journeys in France, have been excluded from reported data. Our company PAs collect travel data from across the business at all levels through cash and credit card expenses. We also use km provided by our external flight and train booking company, Corporate Traveller. We then use distance calculators to estimate mileage and convert it into CO₂e using the DEFRA 2015 GHG emissions factors.

Our Scope 3 emissions from water are based on total landlord obtained water. The 2015 DEFRA emissions factors for water supply are used to calculate the CO₂e.

Our Scope 3 emissions from waste include CO₂e from landfilled waste, recycled waste, incinerated waste which is used for fuel, and incinerated waste which is not used as fuel. We use the 2015 DEFRA emissions factors for each waste stream.

The UK business fleet data is based on the mileage of each vehicle at the time of its last service within quarter three of 2015 and divided by the years of the contract. 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 miles which were agreed between Hammerson and the leasing company. This is then divided by the number of years the contract has been held. The contractual mileage amount varies for each vehicle from 60,000km to 90,000km in the French fleet with generally a three or four year contract. We have 27 leased vehicles in the France and 12 in the UK.

The table on page 47 of the 2015 Annual Report shows Hammerson's Global CO₂e emissions from Scopes 1 and 2 and 3.

We expect to extend our Scope 3 reporting to include more upstream activities, in particular at our developments, in future years.

Connected Reporting Framework

Hammerson have published a Connected Reporting Framework (CRF) 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 and French portfolios as follows:

- Shopping centres - kgCO₂e/m² common parts
- Retail parks - kgCO₂e/ car parking space

The intensity metrics in our Connected Reporting Framework reflect only the energy based emissions sources. They do not include fleet or refrigerants in Scope 1 or business travel emissions from Scope 3. This ensures the reporting for our specific portfolios within the CRF reflects accurately the 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 within the CRF 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 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 2015 GHG emissions:

- IEA 2013 emissions factors for all electricity consumption at UK and French assets
- DEFRA 2015 GHG emissions factors for Company Reporting for all other emissions at UK and French assets

Method of Collection

Energy and waste data is entered into our data management system on a monthly basis for our UK and French Retail Park assets and for our UK and French Shopping Centres. This data is drawn from manual meter readings, invoices and data provided by our energy bureau service. The data is verified at two levels: by the Environmental Data Manager and Head of Sustainability. There was previously another level of approval from the Energy Manager however; this position has been vacant since April 2015.

- Data is entered on a monthly basis for all of our UK 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 was 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>.
- Business related air-mileage was calculated using an online air miles calculator found here <http://www.airmilescalculator.com/>.
- CO₂e via Combined Heat and Power at WestQuay Southampton has been calculated using a Cofely bespoke emissions factor.



- CO₂e via Combined Heat and Power at Italie 2 and Les Trois Fontaines has been calculated using the Journal Officiel de la République Française.
- Electricity data for our rented corporate premises at Kings Place was estimated on an area basis for June, July, August and September due to difficulties obtaining meter reads. A mix of contractor meter reads and on site meter reads have been used. This accounts for less than 1% of the Group's CO₂e emissions.
- Electricity and water data for our rented corporate premises at Aquis House was estimated on an area basis using invoice data from the building Property Managers. This data represents less than 1% of the Group's CO₂e emissions.

Independent verification

Our Mandatory GHG Emissions reporting processes and results have been independently verified by Deloitte in accordance with International Standard on Assurance Engagements (ISAE 3000). This verification process has covered the following emissions for our 2014 GHG emissions reporting:

Total Scope 1 GHG Emissions in tonnes CO₂e

Total Scope 2 GHG emissions in tonnes CO₂e

Total Scope 3 GHG emissions in tonnes CO₂e

Scopes 1, 2 and 3 GHG emissions per intensity metric as chosen by Hammerson plc

Their independent assurance statement can be found here: [Hammerson Sustainability](#)

Our sustainability reporting, including our Corporate Responsibility report has been independently verified by JLL Upstream since 2010. Their independent assurance statement for Hammerson can be found here:

[Independent Assurance Statement](#)