

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.

A new set of corporate sustainability targets were established for 2016 – 2020. Headline targets are listed below:

Key 2016 – 2020 Sustainability Targets

- Reduce operational energy use by 10% by 2018 across the like for like shopping centre and retail parks portfolio against a 2015 baseline
- Reduce absolute operational carbon emissions by 18% by 2020 against a 2015 baseline for the like for like UK and France retail portfolios
- Build 2 MWh renewable capacity into existing assets and developments by 2020
- Divert 100% UK waste from landfill by 2020

- Reduce landlord water intensity by 10% by 2020 against a 2015 baseline for like for like shopping centre portfolio in the UK and France
- 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

By the end of 2017 we had achieved of a number of the above targets, demanding a review of them in 2018:

- Reduce operational energy consumption for the EPRA LFL portfolio by 15% by 2020
- Reduce operational carbon emissions for the EPRA LFL portfolio by 25% by 2020
- Build 3MWh renewable capacity into our existing assets and new developments by 2020
- 100% diversion from landfill for all Hammerson operations and construction projects for all regions by 2025
- Recycling and re-use target of 85% for the group level by 2020
- Ensure that 100% of Hammerson employees who have been employed for 24 months or more have received sustainability training.

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 generation
- 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.

We conduct a materiality review on a four yearly cycle which evaluates what our impacts are in the ever-changing sustainability landscape and that our sustainability targets continue to align with those impacts. Our latest Materiality Study was conducted in 2018 which supported the review of our targets in the same year. Emerging material issues have come to light through the 2018 review which helps us to ensure our focus remains on the right issues. The priority and emerging issues are covered in the Sustainability Report 2018.

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 Sustainability Working Groups in France and in the UK and to be reported quarterly to the Executive Group and Corporate Responsibility Board. Our progress against our sustainability measures is assessed each year and we report this externally through our annual Sustainability Report. We obtain independent assurance

on selected sustainability disclosures within our Sustainability Report and sustainability targets by Deloitte LLP and standards verification through JLL Upstream.

Reporting Boundaries

The following sets out how we have reported our GHG emissions for 2018.

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 2016 onwards.

A full list of assets included within our Greenhouse Gas Emissions reporting is available on the [Hammerson Sustainability](#) website as well as in the *Reporting approach and data management* section of the Sustainability Report 2018.

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 2018 mandatory GHG report covers the period from 01 January 2018 to 31 December 2018. This is a different time period to that covered by our GHG reporting for all previous years, which covered the period 01 October to 30 September. The new dates align to our financial reporting and our other voluntary sustainability reporting. The reporting period has changed due to improved and earlier availability of data from our assets.

The change in reporting dates since 2017 results in a gap of public GHG reporting for the period 01 October to 31 December 2017 in our Annual and Accounts Report. However, this period has been externally assured by Deloitte LLP.

Our 2018 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 CO₂e/£m 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 profit before tax 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 improvement in data collection has generated an increase in the amount of journeys included in the 2018 reporting year.

Travel data is collected from across the business at all levels through cash and credit card expenses by the administrative teams. In April 2018, we introduced a new online expenses system, Concur, which has enabled a new source of travel data logging and provides the new functionality of downloading all expensed travel to calculate emissions per journey.

The Finance Team provides a database of all employees that have logged any travel expenses in the reporting year. We also include journeys provided by our external flight and train booking company, Corporate Traveller, for UK corporate travel. To estimate mileage, this year Hammerson IT team has developed a new online mapping look-up tool which uses to and from text descriptions to calculate the journey distance. Any gaps from this tool are manually calculated using an online distance calculator. Once all journey distances have been gathered, the DEFRA 2018 GHG emissions factors are applied to convert to CO₂e.

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 19 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 2018 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 and incinerated waste which is used for fuel. We exclude all CO₂e from shop-fit waste. Up until 2015, we included this for

consistency with our baseline data. We use the 2018 DEFRA emissions factors for each waste stream for UK, Ireland and France.

The table on page 189 of the 2018 Annual Report and Accounts shows the Hammerson Group CO₂e emissions from Scopes 1, 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 - kgCO₂e/m² common parts
- Retail parks - kgCO₂e/ car parking space

The intensity metrics in our environmental disclosures reflect only our energy based emissions sources. They do not include fleet, business travel emissions, or 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 Credit 360 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 emission factors to our Scope 1, 2 and 3 emissions. The following emissions factor sources have been used to calculate our 2018 GHG emissions:

- IEA 2018 emissions factors for all electricity and gas consumption in France and Ireland assets
- DEFRA 2018 GHG emissions factors for Company Reporting for all other emissions at UK assets
- DEFRA 2018 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 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 human 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

Over 2017 and 2018 we have increased accuracy of assets where we have tenanted office spaces showing landlord obtained tenant consumption. This is now incorporated into country level reporting figures in the Sustainability Report 2018, though is not reported as a separate portfolio.

Corporate offices consumption is collated once a year through the property managers relative to the three office spaces occupied by Hammerson employees in London, Dublin and France. This data is included in the Credit 360 database and country level emissions reporting.

Exceptions and Variations

- In circumstances where travel distances for calculating emissions per journey was not possible to obtain using an excel look up tool, gaps were manually collecting using the below sources:
 - Business related rail mileage for our French operation is calculated using the online mileage calculator found here <http://distancefromto.net/>.
 - Business related air-mileage was calculated using an online air miles calculator found here <http://www.airmilescalculator.com/>.
 - 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.
- CO₂e for Combined Heat and Power at WestQuay Southampton has been calculated using Engie bespoke emissions factors for both heating and cooling.
- CO₂e for Combined Heat and Power at Cergy 3, Italie 2 and Les Trois Fontaines has been calculated using the *Journal Officiel de la République Française, 15 Avril 2018*.
- Electricity, gas and water data for our rented corporate premises at Aquis House and Dublin Town Centre Offices 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.
- Estimated corporate consumption is responsible for <1% of Hammerson Group Carbon emissions using the location 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 2018 GHG emissions reporting and sustainability reporting:

Subject matter	Indicator
Carbon	<ul style="list-style-type: none"> •Total Scope 1 GHG emissions (tCO₂e) •Total Scope 2 GHG emissions (tCO₂e) •Total Scope 3 GHG emissions (tCO₂e) •Scopes1, 2 and 3 GHG emissions per an intensity metric chosen by Hammerson plc
Water	<ul style="list-style-type: none"> •Total Landlord Obtained Water (m3) •Water for landlord services (m3) •Building water intensity (landlord services) (litres/visitor)
Waste	<ul style="list-style-type: none"> •Total Waste Quantity including shop-fit (tonnes) •Total waste sent to offsite Materials Recovery Facility (MRF) (tonnes) •Recycled waste (tonnes)

Additional indicators are to be covered this year. Due to the change in the reporting year quarter four of 2017 is to be assured as well as target verification:

Additional indicators	
Carbon (for the period Jan-Dec2017)*	<ul style="list-style-type: none"> •Total Scope 1 GHG emissions (tCO₂e) •Total Scope 2 GHG emissions (tCO₂e)
Targets	<ul style="list-style-type: none"> •Achieve 15% reduction in energy use for like-for-like UK assets against 2015 baseline –having achieved our 10% reduction target 12 months early we have set a more stretching target for 2018. •100% diversion from landfill for our shopping centre and retail parks portfolio operational waste



--	--

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.

The Deloitte LLP and JLL Upstream independent assurance statements can be found here: [Independent Assurance Statement](#).