2016 Sustainability Report

Positive Places

Hammerson

Cover photograph shows The Beacons sculpture at Highcross, Leicester. These seven interactive, LED pillars display art and designs from local artists curated by the Highcross team. The fish, featured here, have been one of the most popular displays so far with the public.

A MESSAGE FROM OUR CHIEF EXECUTIVE

"It is my great pleasure to introduce Hammerson's latest annual Sustainability Report. 2016 was a busy year for the business and the outcomes we are able to report here show the continuing effectiveness of our Positive Places sustainability strategy. I am delighted with the results and the position this puts us in to be able to respond to the rising expectations from our key stakeholders for the highest standards of corporate responsibility. The recent launch of our ambitious Net Positive targets are a direct outcome of this approach. Becoming Net Positive will be a challenge for the business but I expect it to be an inspiring one and look forward to sharing our experiences and results with you as we take it forward.

The current political-economic context continues to raise more questions than it answers, particularly in relation to sustainability. However, we have a clear vision for our business and sustainability sits at the heart of that vision. As we show through the data in this report, a fully embedded sustainability strategy drives down operational costs and supports the delivery of best in class assets for all our stakeholders.

Last year I set the Sustainability Team the challenge of further developing our Positive Places strategy into one that enables the business to take a major step forward in setting and delivering the sustainability agenda for our sector. Setting this challenge led directly to the development of our ambition to be Net Positive in carbon emissions, resource use, water and socio-economic impacts by 2030.

Launched earlier this year, this challenging corporate objective extends to the tenanted areas of our assets and the impacts of our investments in assets and portfolios managed by others such as VIA Outlets and Value Retail.
It is with great pride that I am able to announce that we are the first property company in the world to set out such a comprehensive set of net positive targets.

This report sets out a wealth of data on our performance over the 12 months to December 2016. As we strive to ensure the greatest level of transparency we can, we continue to provide comprehensive, comparable data that is independently assured and compliant with the GRI reporting framework and EPRA Sustainability Best Practice standards. I trust you will find the information both interesting and useful and we welcome your feedback and comments. For more information and for regular updates on our activities including our progress with Net Positive I encourage you to visit the sustainability pages of our website."

David Atkins,
Chief Executive, Hammerson plc

For the full Chief Executive statement see page 20

Positive Places

A BRIEF OVERVIEW FROM OUR HEAD OF SUSTAINABILITY

2016 was a busy but exciting year for Hammerson as a whole and particularly for the Sustainability Team. The two major shopping centre developments delivered by the UK developments team are both on track to deliver BREEAM Excellent ratings and equally importantly achieved outstanding socio-economic outcomes for their local communities. Electricity consumption has fallen by 7% and carbon emissions by 15% across our like-for-like UK Shopping Centre portfolio. When we factor in the effect of having clean electricity contracts across the UK and Irish assets the reduction in carbon emissions is even more dramatic. Details of the projects that have delivered these changes are set out later in the report.

The Retail Parks team has continued to show inspirational leadership on sustainability following the delivery of the Eco-Pod with Costa. They have now committed to making phase two of Elliott's Field in Rugby net zero for operational carbon emissions. This is a major commitment by the team and, as far as we are aware, will be the first retail park to achieve this in the world. We are on site now and will update on progress over the course of the year.

Our asset management and operational teams were similarly busy in 2016. The expansion of the portfolio through the purchase of new assets in Ireland is presenting exciting management and development opportunities. With the installation of a PV array at Westquay, LED lighting at Centrale and Union Square along-side many other projects all of which contribute to the overall performance of a large portfolio we have lots of activity to report on. We are delighted that the investment in LED lighting and updated controls at Bullring has delivered results ahead of expectation, as has the PV array at Westquay. These positive outcomes are generating increasing confidence in the returns and co-benefits that can flow from investment in sound sustainability projects and this is creating a real momentum across the business.

As we close out 2016 and the final reporting of results for the year, our thoughts inevitably turn to 2017 and beyond. Hammerson has delivered consistently strong sustainability performance over the last ten years but it is clear businesses like ours need to do more to support the avoidance of the worst effects of climate change. Recognising this as an opportunity the Board encouraged the team to review our sustainability strategy with a view to substantially extending the reach and impact of our programmes.

The outcome has been the development of our objective for Hammerson to become Net Positive for carbon emissions, water, resource use and socio-economic impacts by 2030. This is an ambitious set of targets but we are convinced it is the scale of change needed across our sector and other sectors if we are to avert the worst impacts of climate change.

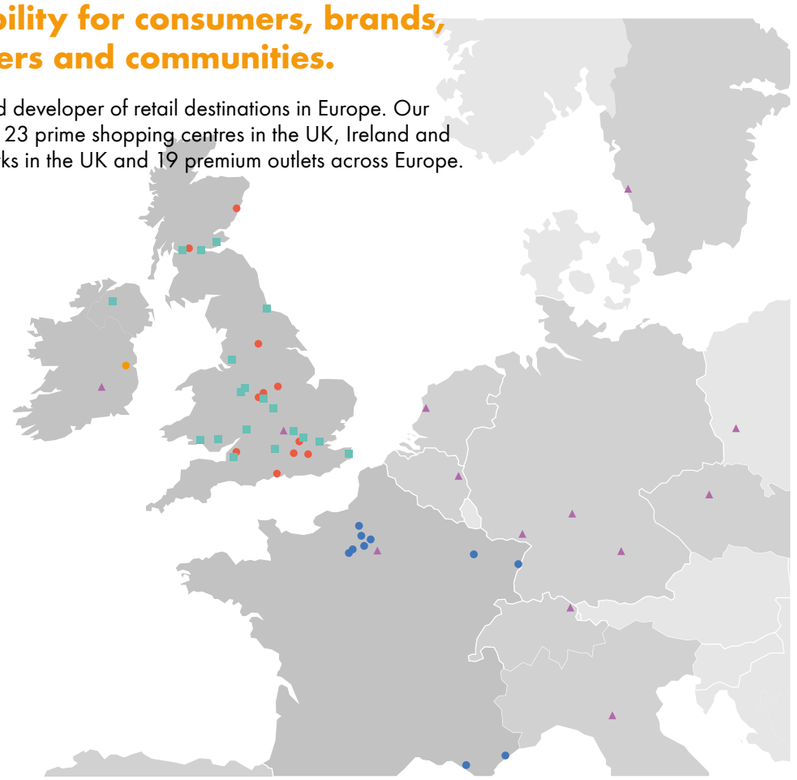
Environmental and socio-economic footprints have been calculated for the business to provide robust baselines against which we can measure our progress in achieving Net Positive. We will report on this comprehensively each year whilst also providing on-going updates through social media and our Positive Places website. I encourage you to look out for our communications on Net Positive – the real success of this programme of work will not just be measured by our achievements but by any impact it has in inspiring other companies to make a similar commitment. We can make a small change by ourselves but as a sector we can make a real difference.

Louise Ellison,
Group Head of Sustainability, Hammerson plc

ABOUT US
OUR VISION

We create desirability for consumers, brands, commercial partners and communities.

We are an owner, manager and developer of retail destinations in Europe. Our portfolio includes investments in 23 prime shopping centres in the UK, Ireland and France, 18 convenient retail parks in the UK and 19 premium outlets across Europe.

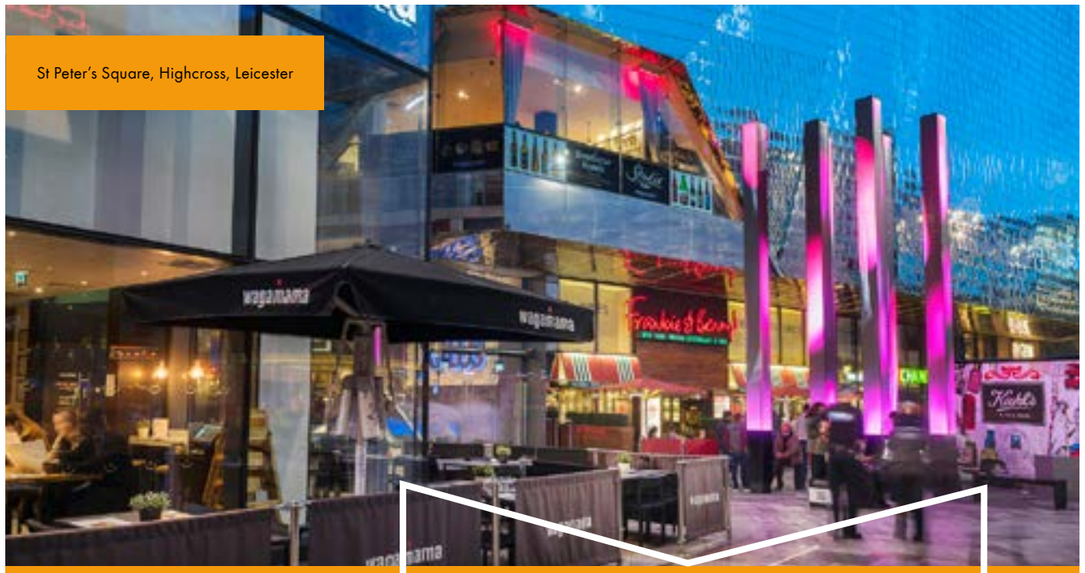


Our sustainability vision is to create retail destinations that deliver net positive impacts economically, socially and environmentally. Positive Places is our strategy for making that happen.

OUR POSITIVE PLACES COMMITMENTS

These five commitments shape our Positive Places activity

01 Protect & Enhance	We will protect and enhance our natural environment by minimising resource consumption and delivering restorative projects to deliver a net positive environmental impact
02 Partner & Collaborate	We will take a stakeholder led approach to create collaborative projects that deliver net positive outcomes
03 Challenge & Innovate	We will challenge the status quo and trial new approaches and solutions to support the transition to a net positive business
04 Serve & Invest	We will deliver social value to the communities we serve, measured in jobs, skills, civic pride and investment
05 Upskill & Inspire	We will invest in our people, as well as recognising and rewarding those delivering change that delivers on our net positive objective



St Peter's Square, Highcross, Leicester

Embedding our Vision

Our Product Experience Framework is embedded across everything we do, providing a unique point of differentiation. We constantly challenge ourselves to apply best practice in retail design and lead the industry with our approach to sustainability.

Iconic destinations
We create outstanding architecture to enhance locations. We place our centres at the heart of local communities, connected by seamless technology and transportation links.

Best at retail
We deliver the optimal retail mix, consistently refreshed and showcasing new concepts.

Convenient & easy
We make shopping simple and stress-free, with enhanced customer facilities and services such as click & collect, encouraging regular shopper visits.

Interactive & engaging
Our outstanding customer service and leading digital infrastructure drive engagement and loyalty, and encourage shoppers to spend longer at our destinations.

Entertaining & exciting
We constantly evaluate and refresh our food and leisure offers, and provide a local and national calendar of events to surprise and delight our customers, and keep them coming back.

Positive places
We create destinations that deliver positive impact economically, socially and environmentally.

PERFORMANCE AGAINST OUR 2020 TARGETS

1.

PROTECT & ENHANCE

Reduce carbon emissions intensity of the business by 20% by 2020 against 2015 baseline	10% improvement achieved	
Reduce operational energy use by 10% by 2018 across the like-for-like shopping centre and retail parks portfolio against a 2015 baseline	3% reduction achieved	
Achieve 100% diversion of construction waste from landfill in the UK by 2020	On track. Achieved 96% diversion of construction waste and in 2016.	
Achieve 100% diversion of construction waste from landfill in France by 2025	No relevant activity in 2016	
Achieve 100% diversion of operational waste from landfill for the UK portfolio by 2020	Achieved 100% diversion of operational waste from landfill for the managed assets	
Achieve 100% diversion of operational waste from landfill for the French portfolio by 2020	On track. Achieved 78% diversion of operational waste from landfill for the managed assets	
Reduce landlord water intensity by 10% by 2020 against a 2015 baseline for like-for-like shopping centre portfolio in the UK and France	-3% UK, +22% France, +10% overall. This target is not achieved and will be a focus of attention for 2017	

2.

PARTNER & COLLABORATE

Extend our placemaking impact assessment across the UK portfolio by 2017	On track. A socio-economic footprint has been calculated on our True Value of Shopping Centres toolkit updated	
Deliver a centre-based retailer engagement activity across all UK and French shopping centres by 2017	On track	
Review and update the Supply Chain Survey in 2016	Achieved. Review and update carried out, new version to go live in 2017	

3.

CHALLENGE & INNOVATE

Meet 100% of irrigation demands and 25% of flushing demand from non-potable water for all new developments and major extensions entering planning and design after 1st Jan 2015	On track	
Build 2 mWh renewable capacity into our existing assets and new developments by 2020	On track	

4.

SERVE & INVEST

Community design workshops to be held for all UK shopping centre developments and major extensions by the end of RIBA Stage 2 from 1st January 2015	Achieved	

5.

UPSKILL & INSPIRE

Ensure that 100% of Hammerson employees who have been employed for 12 months or more have received sustainability training by 2017	On track	

Chart 1.1

GROUP CARBON INTENSITY (mt CO_2e/£M ADJUSTED PROFIT BEFORE TAX)

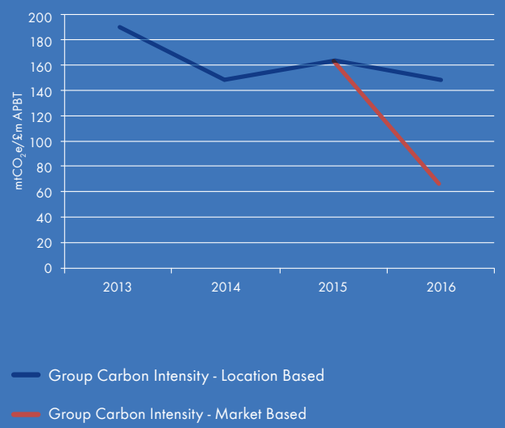
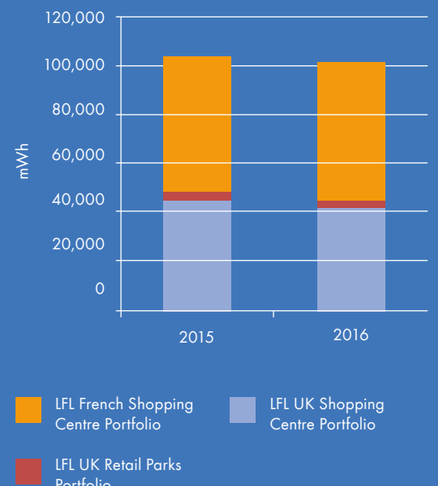


Chart 1.2

OPERATIONAL ENERGY DEMAND (FOR LANDORD SERVICES)



The data reported here is calculated for the 12 months to 31 December 2016. The sustainability data in our Annual Report and Accounts is calculated for the 12 months to 30 September to avoid the use of estimated data. There are therefore minor differences between the data reported in the two documents. A full explanation of our basis of reporting is available on our website at sustainability.hammerson.com.

Our carbon emissions data is assured by Deloitte. The assurance process includes review of our operational energy, water and waste data. Our additional targets are assured by JLL Upstream Sustainability Services. Assurance documents are available on our website.

2016 - A YEAR OF ACTIVITY

2016 was a very busy year for Hammerson and presented good opportunities for making progress against our business-wide sustainability objectives under each of our Positive Places commitments.

Leeds Victoria

ACHIEVED

2016 OBJECTIVES	OUTCOMES
Achieve 3% reduction in carbon emissions intensity of the business	Achieved 10% reduction in carbon emissions intensity of the business based on metric tonnes of CO_2e/Adjusted profit before tax
6% reduction in electricity consumption across the LfL UK shopping centre portfolio	Achieved 7% reduction
Extend LED lighting within the UK shopping centre and retail parks portfolio	Completed Bullring LED project, continued roll-out programmes across other centres
Deliver BREEAM Excellent developments at Victoria Gate, Leeds and Westquay Watermark, Southampton	Design Stage 'Excellent' rating achieved on both projects. On track for 'Construction stage' confirmation
Review tenant and shopper communications around waste	All centres have reviewed and updated waste protocol and re-engaged tenants. Particularly important is F&B tenants - highlighted during BioWhale trial in Q4 at Westquay
Monitor implementation of recommendations from Energy Saving Opportunities Scheme audits	All feasible recommendations implemented and learnings shared across centres
Commission energy audits for French assets	Energy audits undertaken across the portfolio Opportunities identified lie in insulation, BMS, lighting and air conditioning, with a total recommended investment of €15m over 5 years
Continue to manage, at risk, EPCs out of the portfolio through active asset management	Over 200 EPCs commissioned or reviewed in 2016. Number of F and G EPCs across the portfolio continuing to fall and we are on track to manage MEES risk out of the portfolio as planned
We will continue our work with the retailer group, identifying mutually beneficial projects and issues to collaborate on	Two further meetings held with our retailer forum focusing on new fit out standards and Net Positive
Review and update our Supply Chain survey and publish our 3rd Annual Supplier Report	3rd Annual Supplier Report published in 2016. Online Supplier Survey reviewed and new version due to go live in Q2 2017
Deliver at least one innovation project with a key supplier	Collaborated with Sir Robert McAlpine to deliver Natural Capital research project and hosted industry workshop

During the course of 2016 we have maintained our focus on driving down the environmental impacts of our assets through good management and judicious investment. This approach has reaped rewards this year with an impressive 14% reduction in carbon emissions across the like-for-like managed portfolios, 10% reduction in carbon intensity for the business and 3% reduction in electricity consumption across the like-for-like UK shopping centre portfolio. Absolute water demand has also fallen in the UK.

ACHIEVED
CONTINUED

2016 OBJECTIVES	OUTCOMES
Continue to deliver market-leading community engagement activity for all our sites	Delivered over 2,000 jobs across our developments and assets. Worked with Teenage Markets, Pop-Up Business, Enabling Enterprise and others to deliver innovative, market leading community engagement events and activities
Respond to the increasing demand for information and communication from our investors	Participated in two Socially Responsible Investment conferences, had one to one meetings with investors and continued to engage with key investors on CR issues
Start work on a carbon footprint for the business	By year end we had collated data from across the business to enable a full carbon footprint to be established. This includes data from our tenants and suppliers
Build on the successes and lessons learnt from the Eco-pod, Elliott's Field and the B&Q Eco Learning Store in Merthyr Tydfil, to establish a new sustainable design standard for our retail park developments	Elliott's Field Retail Park, Rugby Phase 2 designed to meet BREEAM 'Outstanding', zero net carbon and to meet the B&Q Eco Learning Store targets
Install PV at Westquay, Southampton and explore the potential for PV at Bullring and Cabot Circus	PV operational at Westquay. Feasibility studies run at Bullring and Cabot Circus
Work towards embedding PV in our Retail Parks standard development specification	We now include PV in our Retail Park development specifications for new schemes or major extensions as standard. If PV is excluded from the scheme it will be as a result of a design review revealing that the site is not suitable for an array
Work with BRE to support them in better aligning BREEAM requirements with Retail Park developments	Met with BRE to discuss ways in which the standard might be improved to accommodate retail parks more effectively. We will be contributing to their consultation on the next revision of BREEAM once it is open
Deliver consultation workshops at Croydon as part of our Croydon Partnership development	Two consultation workshops delivered focusing on inclusivity (via Croydon Council) and youth (St Andrews School). Workshops also held with key stakeholders covering education, third sector, business groups and registered providers
Maintain staff engagement in volunteering activities	Staff volunteering has grown again during 2016 with over 2,000 hours of volunteering recorded. Butterfly Bank - our staff volunteering and sustainability engagement platform has supported this take up. It is also promoting sustainable behaviour change amongst individuals from eating less meat to walking to work. For more details see Our Corporate Impacts section on pp. 84-85
Support six senior leaders through the Cambridge Institute for Sustainable Leadership (CISL) programme	Six members of the senior management team attended the CISL programme in 2016 including the CFO

The opening of two new shopping centres in 2016 kept the team extremely busy but also presented great opportunities. A review of the façade design at Westquay South led to a saving of 279 tonnes of embodied carbon. This represented over half the embodied carbon in the cinema cladding and soffit and brought with it a reduction in cost. Photovoltaic panels have been installed on Westquay South and a carport system is being design to enable PV installation at Leeds Victoria.

WORKING TOWARDS

2016 OBJECTIVES	OUTCOMES
Focus on improving waste management across our French portfolio	Recycling rates have improved at all French assets we have been managing for at least one year
Invest in water metering and management	We trialled Waterblades ahead of a planned roll out in 2017. We are also trialling metering software
Focus on understanding weather and non-weather related gas consumption	This will now form part of the new utility monitoring project schedule for 2017
Collaborate with our Health and Safety colleagues to achieve efficiencies in the administration of both ISO 14001 and ISO18001 management system	We have improved processes for environmental incident reporting. Further upgrades to be done in 2017
Review capacity for renewable electricity generation across the French retail portfolio	Espace Saint-Quentin and O'Parinor have been identified as sites suitable for solar PV. Full feasibility studies will be carried out in 2017
Update and expand our True Value of Shopping Centres research, originally published in 2013 and begin establishing community engagement baselines for each asset	At 2016 year end the research update was progressing and included our retail park assets and our assets in UK and France. This is providing baseline data for each asset that is used to inform our Positive Places Plans and enable us to measure performance over time as part of our Net Positive socio-economic objective
Extend the sustainability training programme to all staff to ensure all teams are sufficiently skilled to support delivery of Positive Places	Sustainability training is currently provided to all on-site teams and to all new joiners through both corporate induction and small group induction sessions, as well as an IEMA-certified course for all UK shopping centre staff. In 2016 we undertook Net Positive engagement across the business, although we did not achieve our intention to offer enhanced sustainability training through a business wide online training platform

OUR POSITIVE PLACES PLANS FOR 2017

1.

PROTECT & ENHANCE

PLANS FOR 2017

- Achieve continued improvement in carbon emissions intensity of the business
- Achieve 10% reduction in energy use for like-for-like UK assets against the 2015 baseline
- Continue to extend LED lighting across the portfolios
- Achieve 85% recycling of operational waste and 100% diversion from landfill
- Roll out Waterblades where feasible, and improve metering and monitoring of water demand through new utility management platform project
- Begin implementing energy audit recommendations for the French assets
- Continue to manage EPC compliance
- Upgrade systems to improve efficiency of environmental incident reporting. Prepare for transition to ISO 14001 2015 standard

TRIALLING INNOVATIVE NEW WASTE MANAGEMENT SOLUTIONS

In 2016 we joined forces with OWL to implement their BioWhale system at Westquay. One of only five systems in the world currently, this cutting edge organic waste management system undertakes the first part of anaerobic digestion on site. Designed to ensure the capacity for anaerobic digestion that exists in the UK is fully utilised, the system also ensures the greatest rate of food waste recycling by treating it on-site at the source point. The bio-soup created is used as fertiliser or burnt for energy.

For more information: http://www.organicwastelogistics.com/our-solution.php

2.

PARTNER & COLLABORATE

COLLABORATION WITH LOCAL ORGANISATIONS IS A KEY PART OF OUR APPROACH

As part of our Community Plan for Leeds we created a partnership with East Street Arts, Sir Robert McAlpine, Leeds College of Building and Leeds City Council to transform an empty unit into a unique temporary project space - 130 Vicar Lane. This joint enterprise project aims to provide a platform for young people who are looking to gain experience in working in the creative industries, providing a range of initiatives and training opportunities to up-skill Leeds residents, encouraging them to make, create and exhibit their work.

> East Street Arts wouldn't have the chance to work in this kind of space without working with Hammerson. It's absolutely vital that when new developers are coming into city centres that they look to understand the city, its needs and what the community looks like.

Nicola Greenan,
External Relations Director,
East Street Arts

PLANS FOR 2017

- Identify top ten retailers to engage with on Net Positive
- Build profile of Positive Growth Awards across UK Shopping Centres
- Launch an updated and supplier survey in the UK, develop supplier survey for Hammerson France
- Deliver one innovation project with a key supplier
- Establish cross portfolio delivery partner for market leading community engagement focused on areas of asset specific need.
- Continue to build engagement with investors

3.

CHALLENGE & INNOVATE

Westquay South, Southampton

CHALLENGING OUR RETAILERS

In 2016, we launched The Positive Growth Awards Scheme as part of our commitment to Partner & Collaborate with our retailers. The scheme works with individual retail stores to award a status for their sustainability, and provide help and support to improve and celebrate this. The scheme covers five areas of sustainability: Energy, water, waste, products and people. Awards range from a basic Membership Level, which reflects a commitment to monitor and improve sustainability performance, through to an advanced Platinum level, which reflects best practice in store sustainability. Retail staff from over 100 stores across the portfolio are participating.

For more information: http://sustainability.hammerson.com/positive-growth-awards.html

PLANS FOR 2017

Establish a monitoring and reporting structure for each Net Positive pillar

Deliver net zero carbon, BREEAM Outstanding retail park

Install PV on one existing asset

Carry our PV feasibility in at least three further sites in France.

Deliver one further Eco-pod

4.

SERVE & INVEST

PLANS FOR 2017

Publish updated True Value of Retail research

Establish asset specific community engagement targets for each UK asset

Establish a cross portfolio programme that has a positive impact on asset specific local skills and employability profiles

Ensure key recommendations from the Community Access Forum are incorporated into the next phase of the Brent Cross development

Maintain staff engagement in volunteering activities

ENSURING OUR CENTRES ARE ACCESSIBLE AND INCLUSIVE

2016 saw a number of accessibility projects including our Accessibility Forum at Brent Cross. Feedback from this Forum is feeding into the design process to help us make the future Brent Cross as inclusive and accessible as we can.

"

We are all local disabled people and we meet regularly at Brent Cross with the architects and planners, and give feedback on how the development can be truly accessible to disabled people. The forum is there to bring insight into being a disabled customer, so that the new Brent Cross, the Brent Cross in the future's as inclusive as it can be to as many people as possible.

"

Tracey Proudlock,
Chair,
Brent Cross Community Access Forum

5.

UPSKILL & INSPIRE

PLANS FOR 2017

Support a further six senior leaders through the Cambridge Institute for Sustainable Leadership (CISL) programme

Extend sustainability training and develop new learning programmes using the business wide online training platform

Conduct staff survey

Continue to actively encourage staff engagement in sustainability through Butterfly Bank, Community Day and volunteering opportunities

INSPIRING OUR EMPLOYEES TO TAKE ACTION

Hammerson joined up with Coriander Cows in 2015 to use their innovative engagement platform 'The Butterfly Bank'. Our employees can find community, environmental and health and wellbeing actions to take at work and at home. They record uptake, share stories and inspire each other with peer designed, sustainability focused actions. Since the launch, employees from across three offices and ten shopping centres have been actively recording sustainable behaviours and community actions. To date they have recorded an impressive 50,000 actions. Each action earns a number of virtual butterflies that are 'banked' online, a currency that reflects the fact that butterflies are an indicator species – the more there are, the healthier our planet.

For more information: http://sustainability.hammerson.com/stories/309/the-butterfly-bank-2017.html

BECOMING NET POSITIVE A NEW POSITIVE PLACES OBJECTIVE

In 2017 our sustainability vision became even more ambitious, with a bold new objective to become Net Positive for carbon, resource use, water and socio-economic impacts by 2030.

Carbon
Net Positive for carbon means carbon emissions avoided exceed emissions generated.

Resource Use
Net Positive for resource use means waste avoided, recycled or re-used exceeds materials used that are neither recycled, renewable nor sent to landfill.

Water
Net Positive for water means water replenished by external projects exceeds water consumed from mains supply.

Socio-economic
Net Positive for socio-economic impacts means making a measurable positive impact on socio-economic issues relevant to our local communities beyond a measured baseline.

Our Net Positive Areas

We aim to be Net Positive in four areas where we have the greatest material impacts and therefore the greatest opportunities to drive change.

Becoming Net Positive is a short animation that introduces you to our Net Positive objective. Visit sustainability.hammerson.com and search for Introducing Net Positive.

Hear from Hammerson Chief Executive David Atkins about becoming Net Positive. Visit sustainability.hammerson.com and search for The Launch of Net Positive.

Louise Ellison, Head of Sustainability from Hammerson and other key stakeholders give us their thoughts on Hammerson's Net Positive objective. Visit sustainability.hammerson.com and search for A Bold New Net Positive Commitment.

Net Positive and UN Sustainable Development Goals

The UN has set out 17 goals designed to ensure a sustainable future, which have been adopted by countries across the globe.

For the goals to be reached everyone, including business, needs to support them.

Our new Net Positive objective directly aligns with four of the 17 UN Sustainable Development Goals:

For more information on the UN Sustainable Development Goals go to http://www.un.org/sustainabledevelopment/sustainable-development-goals

SECTION 1
SUSTAINABILITY REPORT 2016 - INTRODUCTION

Welcome to Hammerson's latest Sustainability Report.

This document sets out comprehensive coverage of what we have achieved over the 12 months to 31 December 2016, and our plans for the future.

CHIEF EXECUTIVE'S STATEMENT

It is my great pleasure to introduce Hammerson's latest annual Sustainability Report. 2016 was a busy year for the business and the outcomes we are able to report here, show the continuing effectiveness of our Positive Places sustainability strategy.

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I am delighted with the results and the position this puts us in to be able to respond to rising expectations from our key stakeholders for the highest standards of corporate responsibility. The recent launch of our ambitious Net Positive targets are a direct outcome of this approach. Becoming Net Positive will be a challenge for the business but I expect it to be an inspiring one and look forward to sharing our experiences and results with you as we take it forward.

The current political-economic context continues to raise more questions than it answers, particularly in relation to sustainability. However, we have a clear vision for our business and sustainability sits at the heart of that vision. As we show through the data in this report, a fully embedded sustainability strategy drives down operational costs and supports the delivery of best in class assets. Taking a long-term, strategic approach to sustainability has enabled us to develop Positive Places as a robust framework that is understood by the whole business and embedded in everything we do. This is particularly important as the company continues to grow. Being in a position to establish and implement a Positive Places plan at each asset enables us to deliver rapid results that directly support the business model.

During 2016 our portfolio has expanded, both through developments and acquisitions. We have opened two new assets in the UK, both on track to be BREEAM Excellent, extended our estate in Birmingham with the purchase of Grand Central, and the conversion of debt to equity on two assets in Dublin has taken our Positive Places strategy into a third territory. Our community engagement outcomes at our UK shopping centre and retail park developments were exceptional. We will now be monitoring carefully how these assets perform in use, to ensure we learn any lessons that can feed into future designs, particularly at Brent Cross but also at Italie Deux and Les Trois Fontaine, Cergy in France.

Our biggest environmental and social impacts remain within the operational portfolio so our focus is always on refining and improving our asset management systems to optimise sustainability performance. This approach has delivered strong results for us over the last decade and continues to do so. We have achieved a further 14% reduction on carbon emissions from our managed portfolios in 2016, excluding the impacts of our clean electricity contracts, bringing our like-for-like reductions to over 50% since 2006. This has taken considerable hard work but a critical factor has been the close collaboration between the sustainability team and our asset management and operations teams. Bullring's very impressive 20% year-on-year reduction in electricity consumption as a result of investment in LED and good energy management is just one example of what can be achieved through this approach.

Key material sustainability issues for the business, as set our later in the report, include the security and cost of energy supplies and the physical and policy impacts of climate change.

Our short and medium responses include continued investment in energy efficiency technologies and good management, and investment in on-site renewable electricity generating capacity. These are key areas of focus within our 2020 Positive Places targets. Westquay now has a 130kWp PV array that is producing an average 7.6 mWh of clean electricity each month, approximately 2% of Westquay's on-site electricity demand. We plan to extend PV installations to other assets during 2017.

Last year I set the Sustainability Team the challenge of further developing our Positive Places strategy into one that enables the business to take a major step forward in driving the sustainability agenda for our sector. The business has delivered great outcomes in reducing impacts and generating social value in the last ten years but the challenges facing both our natural environment and society are becoming more intense and more complex. Setting this challenge led to the development of our ambition to be Net Positive in carbon emissions, resource use, water and socio-economic impacts by 2030.

Launched earlier this year, this ambitious set of targets includes not just our directly managed impacts but those of the tenanted areas of our assets and the impacts of our investments in assets and portfolios managed by others such as VIA Outlets and Value Retail. It will of course, require our retail partners to work with us particularly on areas such as store fit out. Our preparation work for Net Positive identified ten retailers as being responsible for over 40% of the energy demand across our assets. We will be looking to work actively with them to identify opportunities for energy efficiencies.

Our Net Positive launch has been warmly welcomed by teams across the business, all of whom have a role to play in its achievement. I am always inspired by the enthusiastic response of Hammerson staff to a challenge and sustainability is something people here feel very strongly about. Projects already in the pipeline that will directly support Net Positive include the phase two extension at Elliott's Field, Rugby which is on course to be the first retail park to achieve net zero operational carbon emissions, and the installation of further PV arrays across our existing assets.

This report sets out a wealth of data on our performance over the 12 months to December 2016. As we strive to ensure the greatest level of transparency we can, we continue to provide comprehensive, comparable data that is independently assured and compliant with the GRI reporting framework and EPRA Sustainability Best Practice standards. I trust you will find the information both interesting and useful and we, of course, welcome you feedback and comments. For more information and for regular updates on our activities including our progress with Net Positive I encourage you to visit the sustainability pages of our website.

David Atkins
Chief Executive, Hammerson plc

1.1 About This Report

This report sets out Hammerson's GRI compliant sustainability data reporting and disclosures for the period 1 January to 31 December 2016. This provides a continuation from our previous reporting year, 1 January - 31 December 2015. We consider transparency in reporting to be a critical element of good business practice and are pleased to be able to provide a consistent and growing data set that details our sustainability progress.

This report has been drafted in accordance with the core reporting requirements of Global Reporting Initiative (GRI) G4 and the GRI Construction and Real Estate Sector Supplement (CRESS) and in accordance with EPRA Best Practice Sustainability Reporting guidelines. Our reporting is externally assured so that as a reader and user of our disclosures you can compare our performance with others within the sector and be confident the data is robust. Our waste, water and energy data is externally assured and progress against our five-year targets externally verified each year.

We report annually and have reported in accordance with GRI requirements since 2009. We trust you will find the information here useful and we are very happy to receive feedback. Contact details are provided in Section 10 and are available on our corporate website at www.hammerson.com

The Oracle, Reading

1.2 Materiality and Managing Risks

As the owner, operator and manager of major retail assets in Europe, our economic, social and environmental impacts are significant. In accordance with GRI G4 requirements we review the sustainability impacts of our business operations in order to ensure our reporting provides comprehensive and robust data on our key material aspects. This report contains disclosures of our management approach and data on applicable indicators for those aspects identified as specifically relevant for our business activities. Aspects and indicators have been selected on the basis of priority according to likelihood of impact, its seriousness and our ability to control or influence. Under GRI G4 we report against the aspects identified as most relevant to the business.

Table 1.1 sets out the GRI aspects considered material and reported against.

ASPECTS CONSIDERED MATERIAL	IDENTIFICATION	INTERNAL ASPECT BOUNDARY	EXTERNAL ASPECT BOUNDARY/ STAKEHOLDER GROUP	RELEVANT ENTITIES
Indirect Economic Impacts	Materiality review	UK and France operations	N/A	UK and France operations with operational control
Materials	Materiality review	Development and major refurbishment	Suppliers	UK and France operations with operational control
Energy	Materiality review	Corporate, Development and Assets with managerial control	Customers, Suppliers	UK and France operations with operational control
Water	Materiality review	Corporate, Development and Assets with managerial control	Customers, Suppliers	UK and France operations with operational control
Emissions	Materiality review	Corporate, Development and Assets with managerial control	Customers, Suppliers, Visitors	UK and France operations with operational control
Effluents and Waste	Materiality review	Corporate, Development and Assets with managerial control	Customers, Suppliers, Visitors	UK and France operations with operational control
Local Communities	Materiality review	Development and Assets with managerial control	N/A	UK and France operations with operational control
Products and Services	Materiality review	Development and Assets with managerial control	Suppliers	UK and France operations with operational control
Product Service and Labelling	Materiality review	Corporate, Development and Assets with managerial control	Suppliers	UK and France operations with operational control
Customer Health and Safety	Internal risk management	Corporate, Development and Assets with managerial control	Suppliers	UK and France operations with operational control

Table 1.1 A full list of each indicator reported against for each aspect is provided at in table 10.1 on page 95-99.
For limitations regarding the boundary and level of reporting for each aspect, see Section 10: About this Report, p. 94.

1.3 Our Material Impacts

The process of identifying our material impacts is based on our materiality studies which incorporate stakeholder engagement, and on our internal risk management systems and Corporate Responsibility (CR) Governance. This includes our CR Working Groups and CR Board which routinely set, review and monitor our performance against sustainability targets and our sustainability risk matrix. Our corporate approach to risk management is set out in our Annual Report and Accounts.

A materiality study was carried out in 2010 and reviewed in 2014. The review of our materiality studies confirmed the key material issues for the business as perceived by our stakeholder groups, both internal and external, as being energy, waste, resource use, water and socio-economic impacts and our operational portfolio as the main source of our impacts. Internal risk management identified additional, more operational issues including anti-corruption, security practices and customer health and safety. These are addressed through the relevant teams within the business.

Table 1.2 sets out key relevant themes as identified by our stakeholders.

Extensive carbon and socio-economic footprint analyses were carried out in 2016 as part of the programme of work to develop our Net Positive objective. These exercises provided extensive data on the key sources of our material environmental and socio-economic impacts.

We routinely monitor and report scope 1, 2 and 3 carbon emissions and have a good understanding of the major emissions drivers within the business. Our knowledge has been deepened through this exercise, particularly in terms of our understanding of our scope 3 impacts. Our approach to reducing these impacts, both absolute and intensity, is set out in section 2. Waste arisings and water consumptions are also identified as material for the business through our long term reporting and materiality studies and we provide data and a management approach in sections 3 and 4 below. Our impacts arise from both the development and operation of the assets.

Our business activities present opportunities for positive socio-economic impacts and a socio-economic foot-printing exercise initiated in 2016 has demonstrated the positive impacts we have in our local communities. We are using the data gathered to enrich our understanding of the issues most relevant to each of our local communities and to enable us to tailor our activities accordingly. Data on our programme of community engagement work is provided in section 7.

THEME	ISSUE	MATERIALITY
Environmental	Energy security and demand	High
Economic	Technology	High
Social	Community engagement investment and relevance	High
Environmental	Waste	High
Economic	Meeting customer Sustainability objectives	High
Environmental	Water	Medium
Environmental	Material use and sustainable procurement during development and operation	Medium
Social	Placemaking	Medium
Environmental	Adapting to climate change and related policy	Medium
Economic	Impact of sustainability on value	Medium
Social	Local economic development and demographic change	Medium

Table 1.2 Material issues as identified by our stakeholders

WE HAVE COMMITTED TO BECOMING NET POSITIVE BY 2030

We will be net positive in the four areas where we have the greatest material impacts, and therefore the greatest opportunity for positive change

Carbon **Resource Use** **Water** **Socio-economic**

1.4 Risk and Opportunities

Carbon Emissions

The carbon emissions generated by our business activities are significant and reducing the carbon emissions intensity of the business is a corporate key performance indicator. As the business-risks posed by climate change are becoming increasingly manifest the urgency with which all businesses need to address their carbon emissions is increasing. We have made good progress in reducing our impacts over the past ten years, both relative to our business productivity and in absolute terms. But we are very much aware of the need to do more.

We have carried out a comprehensive carbon footprint for the business over the last 12 months. This includes our scope 1, 2 and 3 emissions and is extremely helpful in identifying which areas of the business we need to focus on to have the greatest impact in reducing our emissions. What this reveals, as expected, is that the majority of our carbon emissions are generated from energy consumption across our managed portfolio. This is split between the areas we manage and the areas within the control of our tenants in the ratio of 40:60. To have a meaningful impact on our overall emissions we have committed to addressing both of these areas as a long term target within our Net Positive objective.

Landlord controlled carbon emissions

Initially we are addressing the carbon emissions over which we have direct control. We have made significant progress on this over the last ten years, achieving a reduction of 50% in absolute emissions from the like-for-like portfolio. This excludes the impact of clean electricity contracts agreed across our UK Shopping centre portfolio. Once the reductions from these contracts are factored in our 2015-2016 year-on-year reduction in carbon emissions is 65% for the like-for-like managed portfolios.

Key approaches to achieving these emissions reductions include:

- Reducing demand through active energy management and monitoring.
- Installation of new technologies including LED lighting, unheated air barriers and new controls.
- Installing rooftop solar PV on new developments and existing assets.

Tenant controlled carbon emissions

We have no direct control over the use of utilities in the tenanted areas of our managed assets but we do have a level of influence. Furthermore, we are of the view that the emissions from these areas within our portfolio are too significant to ignore. We are therefore working with our tenants to ensure their space within our assets operates as efficiently as possible.

We use a number of approaches to do this:

- Sustainability clauses in our leases.
- Environmental standards in our fit out guides and retail delivery process.
- Centre level engagement through our Positive Growth Awards.
- Corporate level engagement through a Retailer Forum.
- Designing assets to be as carbon efficient as possible.

CARBON FOOTPRINTING FOR NET POSITIVE

We have undertaken a comprehensive footprint exercise to set a baseline for Net Positive. This includes the water and waste footprints for the company.

Energy Demand and pricing risk

Rising demand for electricity is placing unprecedented demand on the electricity supply infrastructure in the UK. This leads to pricing uncertainty as charges rise at peak periods. We expect these pressures on the grid to increase as electricity demand rises faster than supply capacity.

We are addressing this across our portfolios in the following ways:

- Reducing demand for electricity through good management and investment in energy efficient technology.
- Investment in metering infrastructure and systems to support effective demand management.
- Investment in on-site renewable electricity production to reduce our demand from the grid.

Each of these will contribute to our Net Positive carbon emissions targets whilst also supporting the resilience of the portfolios to energy demand and pricing risk.

Climate Change

Key threats posed by climate change include increased risk of flooding and increased demand for energy to maintain comfortable temperatures within our enclosed assets. Flood risk has been identified as low for the portfolio. Our ability to maintain ambient temperatures through periods of extreme heat are supported by our implementation of passive ventilation systems and the installation of efficient lighting that generates less heat than the technologies it replaces. We keep the ambient temperatures of our assets under review and routinely look for opportunities to improve efficiencies. Designing for future climates is incorporated into our Sustainability Vision for Developments.

Waste and materials

Waste is one of our material environmental impacts. Our two key sources of waste – the operational portfolios and our development projects – have quite different waste profiles. Our focus is firstly on reducing the amount of waste generated and then on maximising reuse and recycling rates before moving to diversion from landfill.

Waste management at our development projects is ultimately the responsibility of the contractor but we set stretching targets against which data is provided on a monthly basis. Data from across our active developments during 2016 shows our contractors to be making significant achievements in ensuring as little waste as possible goes to landfill. Our 5 year target is to achieve 100% diversion from landfill for construction waste from our UK sites by 2020. We are aware that the final few percentages of waste are the most demanding to find an alternative solution for and will be working closely with our contractors to find ways of managing this.

The on-going management of waste at our operational sites is complex and requires close collaboration with out on site teams and the waste contractor. We have many waste streams and increasing quantities of organic waste generated at these sites.

We introduced two new waste management systems during 2016

The BioWhale was trialled at Westquay in Southampton and is now being used to support the management of organic waste from the newly opened extension which is predominantly occupied by food and beverage businesses. The BioWhale is a system for storing organic waste in a single, compressed container. This significantly reduces the number of lorry trips to site to collect organic waste, which reduces carbon emissions, and requires less space than traditional organic waste management systems. The BioWhale has had the additional benefit of improving waste separation habits of the restaurants which is supporting better recycling rates at the site.

At Victoria Leeds we have installed a bio-digester to manage the on-site organic waste. This system uses enzymes to reduce the organic waste to water and pulp, reducing lorry trips to site, and uses significantly less space than a traditional waste management system.

We have still not quite met our 85% recycling target overall in the UK but some of the assets are achieving it. Notably Cabot Circus achieved 95% recycling across the year.

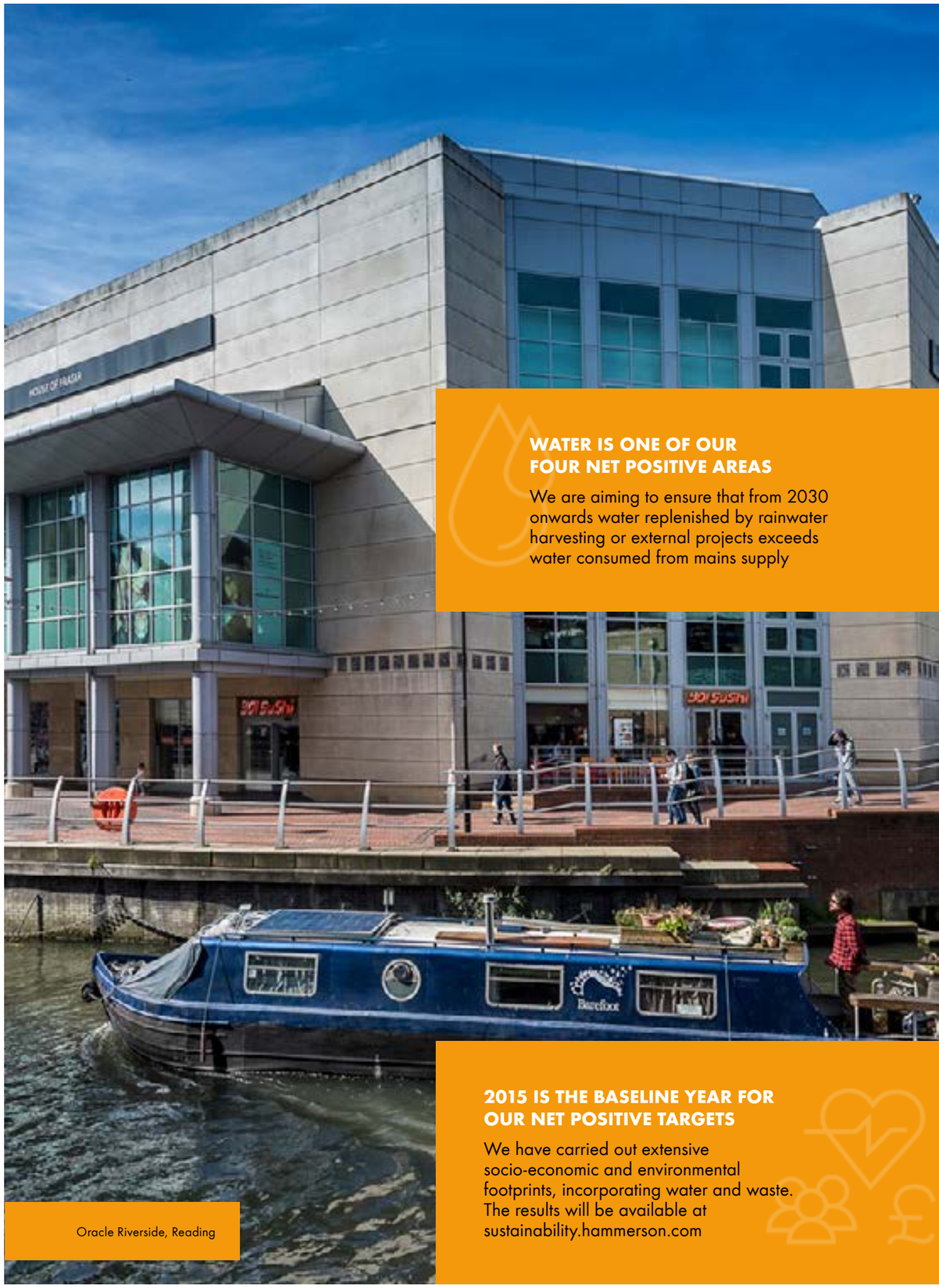
Water

Whilst our assets are not located in regions that are water-stressed, we recognise the significance of water as a valuable resource and are committed to reducing water demand across the business. Furthermore, the continuous supply of clean drinking water to all of our assets has a significant carbon footprint so managing down consumption has the additional benefit of reducing our emissions.

A third factor also driving interest in water demand is the deregulation of the water markets in the UK scheduled for 2017. This is an operational cost risk we have identified for the portfolio and we are working with our utility consultants to understand the best way of addressing it. We will provide updates on our approach through our regular communication channels later in 2017.

The vast majority of water consumption across our portfolio comes from our operational assets. This is split between landlord services and tenant demand. Landlord services includes any water for public realm features such as fountains, supplies for toilets and back of house uses, for example for washing down service yards and landscape irrigation. In some instances we have water cooled air conditioning systems which also generate additional demand.

Tenant water consumption makes up an increasing proportion of total water demand across our operational assets, linked mainly to the increase in the proportion of the food and beverage offer within the assets. Water supplied to these units is sub-metered. Detailed data is set out in the tables in section 4.



Oracle Riverside, Reading

WATER IS ONE OF OUR FOUR NET POSITIVE AREAS

We are aiming to ensure that from 2030 onwards water replenished by rainwater harvesting or external projects exceeds water consumed from mains supply

2015 IS THE BASELINE YEAR FOR OUR NET POSITIVE TARGETS

We have carried out extensive socio-economic and environmental footprints, incorporating water and waste. The results will be available at sustainability.hammerson.com

1.5 Managing Risk

Risks flowing from sustainability are managed in the same way as our other business risks. Our company-wide risk management model provides a robust foundation for identifying risks and establishing a clear management response. Our 2016 Annual Report and Accounts sets out in some detail our approach to business risk and this process includes regulatory and legislative risks relating to the environment as well as climate change and extreme weather events. The potential risks flowing from sustainability are always on the corporate agenda.

As the effects of climate change become more obvious and legislative and regulatory responses expand we are careful to monitor the potential impacts and opportunities for our portfolio. The Plc Board, our most senior governance level within the business, has ultimate responsibility for decision-making on social and environmental issues.

Whilst sustainability risks increase, our assessment is that there is no immediate major risk to the business that would cause a substantive change in operations, revenue or expenditure. At a corporate level, sustainability risks are regularly monitored as part of the business wide risk management process. The Sustainability Risk Framework sets out our assessment of key sustainability risks and our responses to them. This is updated each year and is routinely reviewed by the Corporate Responsibility Board. This ensures relevant business unit leads are alert to identified risks or potential risks and a response is put in place as necessary. Relevant business leads are allocated responsibility for each identified risk.

We are conscious that there are always unforeseen risks which are increased where there is political uncertainty and a changing legislative landscape. We therefore apply precautionary principles of ensuring that in key areas we go beyond compliance in our reporting and in the standards set for our asset management and developments. The longer term risks posed by climate change including the potential for carbon pricing, rising energy costs and pressure on the electricity supply network across the UK are acknowledged by the business. This report details the range of strategies in place to ensure early, cost effective mitigation of the potential impacts of these risks including the reduction of carbon emissions from the portfolio, reduction in energy demand and the implementation of a metering strategy that will support electricity demand management.

1.6 Our Reporting Approach

We take an operational control approach to our reporting. This report therefore includes data on our directly managed operations. It does not include data for our investments in Value Retail, VIA Outlets or the properties underlying the Irish loan portfolio as we do not have direct management control of these assets. We do, however, engage with the operators of those investments to encourage a best practice approach to sustainability. Our reporting covers our key geographical regions which are currently the UK, France and Ireland. We hold investment assets in other geographical locations but these are not covered in this report.

Westquay South – opening night

1.7 Stakeholder Engagement

An understanding of, and clear engagement plan, for stakeholders is at the heart of our Positive Places framework. In 2015, the framework for Positive Places was reviewed and evolved from a simple reflection of Hammerson's five key stakeholder groups to form our five sustainability commitments. The new commitments retain the ethos of ensuring our stakeholders are reflected within all our sustainability initiatives and activities but give greater clarity to the breadth of work we are doing to achieve the vision of creating Positive Places.

Table 1.3 sets out the five stakeholder groups reflected within those commitments and the type of engagement work that we have undertaken during 2016 with each group.

Specific stakeholder engagement was undertaken with each of our stakeholder groups as part of the development of our Net Positive objective and targets. We were very encouraged by the response, particularly from our retailers, many of whom provided critical data for our foot printing exercise. Achieving our Net Positive ambitions will require collaboration and work with all our key stakeholder groups and this will be reflected in our engagement activities as we progress with key projects.

Investor engagement

Deepening our investor engagement was a key target for 2016 which we are pleased to have made good progress with. As the socially responsible investment community expands and mainstream investor interest in environmental, social and governance issues increases we are seeing greater opportunities to engage. In particular we were pleased to be able to present at JPM's first SRI specialist conference and to participate at ODDO's SRI conference. We have also expanded our one-to-one dialogue with investors through these and other events. The investor universe is wide and the number of ESG specialists limited, so engagement with this community remains challenging. However, we are making good progress and will maintain our efforts in this area.

We continue to participate in key investor and industry benchmarking systems and indices including CDP, GRESB, FTSE 4 Good and DJSI. Our performance across these continues to be positive and scores are provided in **Table 1.4**.

Community Engagement

Community engagement is a major area of work for Hammerson and one where we consider our approach to be market leading. Our Positive Places Plans prepared for each managed asset provide a location specific unique programme of community engagement work. Our work during 2016 on the socio-economic footprint of the business has provided insight into the key characteristics of each asset. This will inform the development of our next round of Positive Places Plans, enabling us to focus on issues that can drive change that is relevant for each community.

Section 7 sets out our community engagement activity during 2016. We also provide updates on projects and initiatives throughout the year on the Positive Places website.

Our Retailer Engagement

Our retail customers are a key stakeholder for us and we maintain a programme of active stakeholder dialogue with them. This operates at both a corporate level where our retailer forum is helpful in working together on cross-portfolio issues and at asset level.

The Positive Growth Awards were introduced four years ago as a means of engaging with and incentivising store level staff on sustainability by recognising and rewarding good practice. Wider take up of the Awards was a key target for 2016 and we have been delighted with the response. Retail staff from 100 different stores across our centres have participated in the awards demonstrating high levels of engagement and interest from on-site teams. We will continue to extend the reach of this programme in 2017 and see this as an effective platform for building asset-level engagement on sustainability which will be important for delivering our Net Positive targets.

Employee Engagement

Ensuring our employees are sufficiently skilled and equipped to deliver our sustainability vision is a constant and evolving area of work. The Institute of Environmental Management and Assessment skills map provides a systematic basis through which we work to ensure our teams achieve the right level and type of training. From the induction process, through to the Cambridge Leadership in Sustainability Course, training is shaped according to roles.

In 2016 we updated our Environmental Awareness training for our on-site teams. Our all staff conference in September provided an important opportunity to introduce the whole business to our new Net Positive targets, seek their feedback and answer questions. We were delighted with the level of support this initiative received and this has continued as our internal communications on Net Positive have gathered pace.

Hammerson enjoys a strong culture of collaboration and participation and this is widely illustrated in the support given for sustainability initiatives and activities. The 2016 results of the Great Place to Work Survey show the overwhelming view is that the business takes sustainability very seriously. We have high levels of staff volunteering across the business and of participation on our annual Community Day which has become a popular fixture in the Hammerson calendar.

Training for our employees on issues of good governance including our code of ethics and training on bribery and corruption are extensively covered. Small group training is provided to all new starters in addition to training through the Corporate Induction process. The staff handbook provides an important resource, available to all staff, covering policies and procedures on ethics and code of conduct. Updates and alerts are provided on specific topics. For more information see the governance section of our 2016 Annual Report and Accounts.

Supplier Engagement

The main elements of our supply chain support our three key business activities of development, asset management and our corporate operations. These include construction firms, engineering services and design team expertise including architects, engineers and specialist consultants, property and facilities management providers and business services including legal, financial, utilities brokers and consultants. This has not changed significantly in the reporting year.

Our business model is one that uses suppliers to deliver important areas of work for us from constructing new assets through to managing waste across or standing portfolio. We take a very active approach to engaging with them and have a range of policies and processes in place both to support and monitor performance. We published our 3rd annual Supplier Report in 2016 raising awareness of our engagement work and of the high standards of performance we identify within our supply chain.

Our online Supplier Survey is an early engagement point where we raise awareness of our sustainability requirements and alert suppliers to the obligations set out within our Code of Conduct in relation to labour standards and other legislation. We have updated the on-line survey in response to feedback to make it more reflective of the range of sectors and different sized companies we work with. This will be rolled out in the UK in 2017.

The achievement of our new Net Positive targets will require our supply chain to work closely with us to identify opportunities to drive improvements. We were delighted with the response we had to this initiative at a key supplier event we held at Kings Place in December. We will be working closely with our suppliers to identify opportunities to drive real change across the business over the coming years.

STAKEHOLDER GROUPS	EXAMPLE ENGAGEMENT ACTIVITY	PROJECT/ CORPORATE LEVEL ENGAGEMENT	FREQUENCY OF ENGAGEMENT ACTIVITY	TOPICS RAISED	RESPONSES
Customers	Retailer forum	Corporate	Two meetings each year	Fit out standards, retail deliver process	Redrafting of fit out guidance
	Hospitality forum	Corporate	Three meetings each year	Energy management, regulation, waste management	Review of sustainability responsibilities within retail delivery process
	Retailer engagement at asset level through tenant meetings and retailer teas and Positive Growth Awards	Project	Regular tenant meetings	Waste management	On site engagement to support waste management
Investors	One to one meetings	Corporate	Ad hoc	Environmental performance against targets and industry benchmarks	Publication of performance data
	Representation at investor conferences	Corporate	Annual	Environmental performance against targets, community engagement, strategy, governance	Continued engagement on all topics raised.
	Participation in industry sustainability benchmarks	Corporate	Annual	Risk management	Participation in GRESB, CDP, REEB, Vigeo; Inclusion in DJSI, FTSE for Good
	Quarterly Board reports	Corporate	Quarterly	Performance against business plan	Maintaining quarterly reporting and disclosure of performance
Communities	Community engagement events – skills shop, pop up business school, engagement with local artists to develop content for The Beacons at Highcross Leicester	Corporate and Projects	Throughout the year	Sustainable living	Further development of community engagement activity across the portfolio
	Work experience, apprenticeships	Project	Monthly	Skills and training	Increased number of apprentices across the portfolio, expansion of asset based employment and skills programme
	Community Access Forums	Project		Inclusivity and accessibility	Engagement with design teams to review plans. Inclusivity workshop held at Oracle, Reading
		Project	Annual	Consultation on development programmes and planned activities	Consultation on development programmes and planned activities
Employees	Great place to work survey	Corporate	Annual	Corporate approach to sustainability and performance	Breakfast briefings
	Corporate induction	Corporate	Annual	Corporate targets and achievements	Employee engagement platform for volunteering and community day
	Sustainability induction	Corporate	Two each year	Role specific responsibilities and tasks	Match funding of charity fund raising
	Sustainability updates	Corporate	Two each year		Role specific small group inductions
	Environmental awareness training	Corporate	Initial training followed by biennial refresher		
	Promotion of volunteering through Butterfly Bank engagement platform	Corporate	Continuous	Supporting young people, environmental awareness, charity fundraising	Establishment of corporate teams and monthly prizes
Suppliers	Supply chain survey	Corporate		Anti corruption	Refreshed supplier survey
	Annual Supplier Report	Corporate	At initial tender	Code of conduct	Development of case studies to show case good practice
	Group meetings with key suppliers	Corporate	Biannual	Collaboration to achieve positive environmental and community outcomes	Supplier breakfast briefing on Net Positive held
	One to one meetings with key suppliers	Project	Ad hoc	Sustainable Design Standard	Sustainable Design Standard updated to reflect Net Positive targets

Table 3.1 Key Stakeholder Groups and Engagement Activity

1.8 Industry Presence

In addition to our five key stakeholder groups, Hammerson has an important role to play in engagement across the industry both on issues of sustainability but also on broader industry topics including policy-making. We engage in a number of ways both directly and through industry groups on topics we consider to be directly relevant to the business.

Hammerson has a strong presence across a number of key industry groups.

ORGANISATION	POSITIONS / COMMITTEES 2015
Accessible Retail	Member
Better Building Partnership	Chairman
REVO	Board, Sustainability and other committees Member
EPRA	Board member Sustainability, Commercial Property
Green Construction Board	Board member
International Council of Shopping Centres	Sustainability and other committees Member
Urban Land Institute	Executive Committee representation
Property Industry Alliance	Chairman, Research Committee

Table 1.4 Board, Commercial Property

SECTION 2
ENERGY AND CARBON DATA AND PERFORMANCE DISCLOSURES

In the first year of working towards our 2020 targets, Positive Places Plans were developed for each asset focusing on emissions reduction and increasing operational efficiency. The most significant contributor to our carbon footprint is energy consumption across our UK, Irish and French shopping centres, so this is where we focus our greatest efforts. We continue to set annual, asset level targets for electricity and gas consumption that reflect the efficiency opportunities identified in each asset. These targets are designed to support the portfolio level operational carbon emissions reductions targets. We do not currently use carbon offsets to achieve any of our carbon emissions targets.

We are reporting carbon emissions on both market and location bases this year. Market based calculations reflect emissions factors relevant for clean energy contracts. These are reported along with location based emissions reflecting standard grid factors for each location for completeness.

Less the 1% of our reporting emissions data is based on estimates.

Our portfolios are subject to national and European environmental legislation, much of which focuses on carbon and energy efficiency. Key energy and carbon policies we have responded to in 2016 include:

- Mandatory Company GHG Emissions Reporting (Group)
- Carbon Reduction Commitment Energy Efficiency Scheme (UK only)
- Minimum Energy Efficiency Standards (UK only)
- Grenelle II (France only)

All European developments and operations are subject to EU Energy Performance of Buildings Directive, transposed into UK, French and Irish law. In the UK, this includes reference to the UK Building Regulations in which Part L deals specifically with energy and carbon efficiency of new buildings.

Carbon emissions by Group and Operating Region - (metric tonnes CO2e by Scope)

GRI Indicator G4-EN19

Table 2.1

HAMMERSON GROUP	UNIT	EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Scope 1	$mtCO_2e$	GHG-Dir-Abs	3,561	4,185	2,942	6,171	5,970	-3%
Scope 2 (Market Based [a])	$mtCO_2e$	GHG-Indir-Abs	30,134	27,859	23,800	28,763	8,955	-69%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	30,134	27,859	23,800	28,763	28,370	-1%
Scope 3 (Market Based [b])	$mtCO_2e$	GHG-Indir-Abs					1,475	N/A
Scope 3 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	914	1,898	2,037	1,859	1,475	-21%
Total (Market Based)	$mtCO_2e$		33,695	32,044	26,742	34,934	14,925	-57%
Total (Location Based)	$mtCO_2e$		33,695	32,044	26,742	34,934	34,340	-2%
HAMMERSON UK TOTAL								
Scope 1	$mtCO_2e$	GHG-Dir-Abs	1,709	1,717	1,259	3,345	3,087	-8%
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	27,126	24,746	20,249	24,417	5,258	-78%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	27,126	24,746	20,249	24,417	25,419	4%
Scope 3 (Market Based) [a]	$mtCO_2e$	GHG-Indir-Abs					1,371	
Scope 3 (Location Based) [a]	$mtCO_2e$	GHG-Indir-Abs	914	1,658	1,751	1,723	1,371	-20%
Total (Market Based) [b]	$mtCO_2e$		28,835	26,463	21,508	27,762	8,345	-70%
Total (Location Based) [b]	$mtCO_2e$		28,835	26,463	21,508	27,762	28,506	3%
HAMMERSON FRANCE TOTAL								
Scope 1	$mtCO_2e$	GHG-Dir-Abs	1,852	2,467	1,683	2,825	2,467	-13%
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	3,008	3,112	3,550	4,345	6,554	51%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	3,008	3,112	3,550	4,345	6,554	51%
Scope 3 (Market Based) [a]	$mtCO_2e$	GHG-Indir-Abs					104	
Scope 3 (Location Based) [a]	$mtCO_2e$	GHG-Indir-Abs	0	240	286	135	104	
Total (Market Based)	$mtCO_2e$		4,860	5,579	5,233	7,170	9,021	26%
Total (Location Based)	$mtCO_2e$		4,860	5,579	5,233	7,170	9,021	26%
HAMMERSON IRELAND TOTAL								
Scope 1	$mtCO_2e$	GHG-Dir-Abs	N/A	N/A	N/A	N/A	92	
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	745	
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	2,764	
Scope 3 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	0	
Scope 3 (Location Based)	$mtCO_2e$	GHG-Indir-Abs					0	
Total (Market Based) [b]	$mtCO_2e$		N/A	N/A	N/A	N/A	837	
Total (Location Based) [b]	$mtCO_2e$		N/A	N/A	N/A	N/A	2,856	

a Scope 3 is from tenants sub-metered energy supplies only and is excluded from Total.
b Total emissions include scope 1 and 2 only

OUR 2015 DATA SET IS OUR CURRENT BASELINE FOR REPORTING

2016 is our first year of reporting against this baseline.

Key Changes to the portfolios

During 2016 we took over asset management of 2 shopping centres – Grand Central in Birmingham and Dundrum in Dublin. We also opened two new assets – Leeds Victoria and Westquay South, the new catering and leisure centre at Southampton. This increase in the size of the shopping centre portfolio is reflected in our absolute consumption and emission figures. However we are pleased to be able to report that our portfolio level energy and carbon intensity figures measured against metres squared of common parts areas, continue to improve.

The sale of Manor Walks in Cramlington from our Retail Parks portfolio has significantly reduced the absolute consumption figures as this was the highest consumer within the portfolio.

Carbon emissions by whole Portfolio - (Metric tonnes CO_2e by Scope)

GRI Indicator G4-CRE3, G4-EN19

Table 2.2

HAMMERSON UK SHOPPING CENTRE PORTFOLIO (WHOLE COVERAGE 13/13 ASSETS)	UNIT	EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Scope 1	$mtCO_2e$	GHG-Dir-Abs	1,434	1,402	1,035	3,111	2,913	-6%
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	7,314	3,122	-17%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	20,293	19,852	17,217	21,693	19,665	-9%
Scope 3 Market Based [a]	$mtCO_2e$	GHG-Indir-Abs	915	1,437	1,471	1,700	707	
Scope 3 Location Based [a]	$mtCO_2e$	GHG-Indir-Abs					3,122	
Total (Market Based)	$mtCO_2e$		-	-	-	-	6,035	
Total (Location Based)	$mtCO_2e$		21,727	21,254	18,252	24,804	22,577	6%
Common Parts Area (CPA)	M^2		223,913	223,913	223,913	294,547	301,889	
GHG intensity (Location based)	$kgCO_2e$/CPA	GHG-Int	97	95	82	84	75	-11%
HAMMERSON UK RETAIL PARK PORTFOLIO (WHOLE COVERAGE 25/25 ASSETS)								
Scope 1	$mtCO_2e$	GHG-Dir-Abs	10	4	4	4	3	-25%
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	1,216	1,491	2,057	1,830	1,342	-27%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	1,216	1,491	2,057	1,830	1,342	-27%
Scope 3 Market Based [a]	$mtCO_2e$	GHG-Indir-Abs	35	30	25	23	21	
Scope 3 Location Based [a]	$mtCO_2e$	GHG-Indir-Abs					21	
Total (Market Based)	$mtCO_2e$		-	-	-	-	1,345	
Total (Location Based)	$mtCO_2e$		1,226	1,495	2,061	1,834	1,345	-27%
Car park spaces (CPS)	#		13,572	13,572	20,445	22,714	19,766	
GHG intensity (Location based)	$kgCO_2e$/CPS	GHG-Int	90	110	101	81	68	-16%
HAMMERSON FRANCE SHOPPING CENTRE PORTFOLIO (WHOLE COVERAGE 10/10 ASSETS)								
Scope 1	$mtCO_2e$	GHG-Dir-Abs	1,853	2,467	1,683	2,737	2,407	-12%
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	3,005	3,095	3,535	4,328	3,107	-28%
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	3,005	3,095	3,535	4,328	3,107	-28%
Scope 3 Market Based [a]	$mtCO_2e$	GHG-Indir-Abs	-	-	-	135	104	-23%
Scope 3 Location Based [a]	$mtCO_2e$	GHG-Indir-Abs					0	
Total (Market Based)	$mtCO_2e$		-	-	-	-	5,514	
Total (Location Based)	$mtCO_2e$		4,858	5,562	5,218	7,065	5,514	-22%
Common Parts Area (CPA)	M^2		80,871	81,998	109,267	108,215	119,892	
GHG intensity (Location based)	$kgCO_2e$/CPA	GHG-Int	60	68	48	65	46	-30%

a Scope 3 is from tenant submetered energy supplies only and is excluded from Total

The procurement of 100% renewable electricity across the group, combined with energy efficiency improvements have generated significant year-on-year carbon reductions. This is reflected in the 'Market Based' calculations in these tables.


The Oracle, Reading

Carbon emissions by whole Portfolio - (Metric tonnes CO_2e by Scope)

GRI Indicator G4-CRE3
(continued)

Table 2.2

HAMMERSON IRELAND SHOPPING CENTRE PORTFOLIO (WHOLE COVERAGE 1/1 ASSETS)	UNIT	EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Scope 1	$mtCO_2e$	GHG-Dir-Abs	N/A	N/A	N/A	N/A	43	-
Scope 2 (Market Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	0	-
Scope 2 (Location Based)	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	2,312	-
Scope 3 Market Based[a]	$mtCO_2e$	GHG-Indir-Abs	N/A	N/A	N/A	N/A	0	-
Scope 3 Location Based[a]	$mtCO_2e$	GHG-Indir-Abs					0	
Total (Market Based)	$mtCO_2e$						43	-
Total (Location Based)	$mtCO_2e$						2,355	-
Common Parts Area (CPA)	M^2						52,713	
GHG intensity (Location based)	$kgCO_2e$/CPA	GHG-Int					45	

2.1 Performance

Carbon emissions

Group carbon emissions intensity, measured as tonnes CO_2e emitted per £m adjusted profit before tax, improved by 10% year-on-year in 2016. This improvement was generated by a range of factors including investment in lighting and controls and a continuing focus on good energy management. However, the decarbonisation of the grid in the UK and France also has an impact. Carbon emissions on the like-for-like retail park assets have fallen but electricity consumption has actually increased across this portfolio (see Table 2.6).

Improvements in the grid are important and we expect to see this continue as the proportion of electricity being generated from renewables increases, however it remains equally important to reduce demand. We will continue to focus on improving efficiencies whilst being as transparent as possible regarding how improvements are being generated. As we have clean electricity contracts in place and certificates from our energy providers we can now report using market based factors. The effect of these contracts has been to reduce carbon emissions from our operations by 57% even though the portfolio has expanded.

Disaggregating by region shows the strongest performance in the like-for-like UK Shopping Centre portfolio. This portfolio is the biggest driver of operational emissions for the business so remains a key focus and we are pleased to be able to report continued reductions. The Performance of the French shopping centre portfolio has improved in 2016 but the results suggest there are further opportunities for efficiencies. We are, however, pleased with the progress being made by the on site teams with the management of the portfolio and expect to see a further improvement in out-turn for 2017.

We are expecting the retrofitting of LED lighting to be completed on at least one of our retail park assets in time to show improved results for 2017. This portfolio continues to excel in terms of ambition in our development projects but the limited capacity for operational change makes improvements in operational performance more challenging.

CARBON EMISSIONS INTENSITY - WHOLE PORTFOLIOS

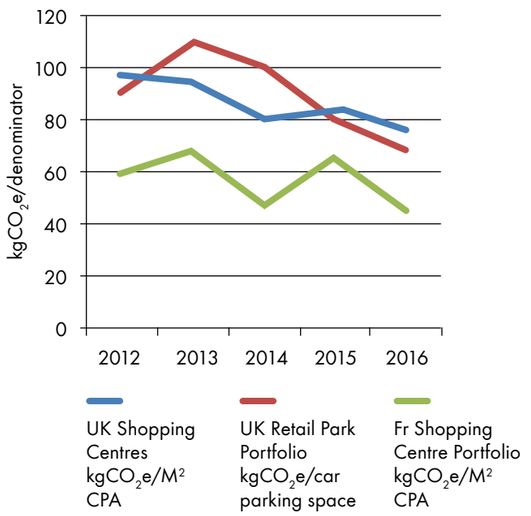


Chart 2.1

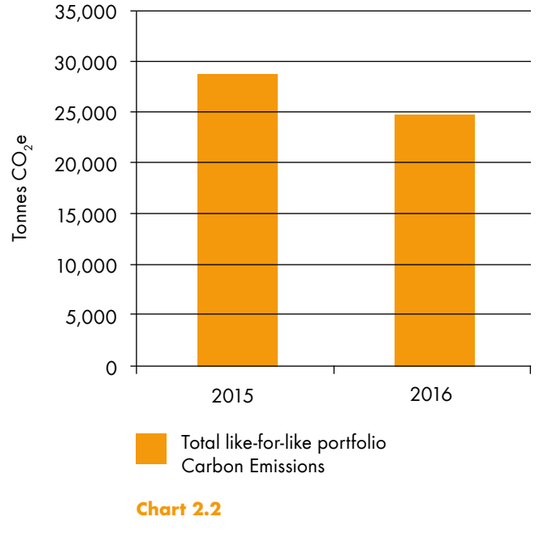
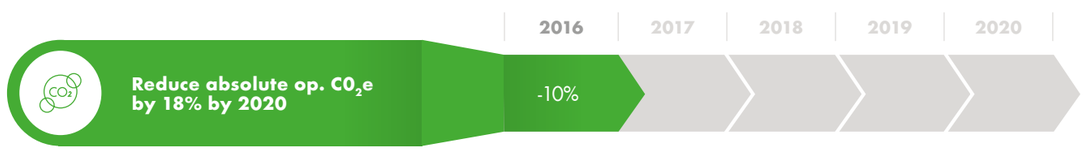


Chart 2.2



Bullring, Birmingham

LfL Portfolio Carbon Emissions

Table 2.3

EPRA LFL (2015-2016) UK SHOPPING CENTRES (COVERAGE 9/9 LFL ASSETS)	UNIT		2015	2016	% CH Y-O-Y
% of whole portfolio included by number of assets			64%	60%	
Total CO_2e (location based)	$mtCO_2e$		20,986	17,840	-15%
Scope 1 CO_2e	$mtCO_2e$	GHG-Dir-LfL	2,255	2,200	-2%
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	18,191	15,119	-17%
Scope 3 CO_2e [a]	$mtCO_2e$	GHG-Indir-LfL	540	521	-4%
Total CO_2e (market based)	$mtCO_2e$		4,846	3,242	-33%
Scope 1 CO_2e	$mtCO_2e$	GHG-Dir-LfL	2,255	2,200	-2%
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	2,051	521	-75%
Scope 3 CO_2e	$mtCO_2e$	GHG-Indir-LfL	540	521	-4%
Common Parts Area (CPA)	M^2		226,503	226,503	
Carbon intensity (location based)	$mtCO_2e/M^2$ CPA	GHG-Int	93	79	-15%
EPRA LFL (2015-2016) UK RETAIL PARKS (COVERAGE 20/20 LFL ASSETS)					
% of whole portfolio included by number of assets			73%	76%	
Total CO_2e (location based)	$mtCO_2e$		12,245	1,141	-8%
Scope 1 CO_2e	$mtCO_2e$	GHG-Dir-LfL	0	0	
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	1,225	1,124	-8%
Scope 3 CO_2e	$mtCO_2e$	GHG-Indir-LfL	14	16	18%
Total CO_2e (market based)	$mtCO_2e$		1,239	1,141	-8%
Scope 1 CO_2e	$mtCO_2e$	GHG-Indir-LfL	0	0	0
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	1,225	1,124	-8%
Scope 3 CO_2e	$mtCO_2e$	GHG-Indir-LfL	14	16	18%
Number car park spaces (CPS)	#		18,019	18,009	
Carbon intensity (location based)	$kgCO_2e$/CPS	GHG-Int	69	63	-8%
EPRA LFL (2015-2016) FR SHOPPING CENTRES (8/8 LFL ASSETS)					
% of whole portfolio included by number of assets			89%	80%	
Total CO_2e (location based)	$mtCO_2e$		6,569	5,773	-12%
Scope 1 CO_2e	$mtCO_2e$	GHG-Dir-LfL	2,215	2,041	-8%
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	3,821	3,110	-19%
Scope 3 CO_2e	$mtCO_2e$	GHG-Indir-LfL	528,874	623	18%
Total CO_2e (market based)	$mtCO_2e$		6,565	5,773	-12%
Scope 1 CO_2e	$mtCO_2e$	GHG-Indir-LfL	2,215	2,041	-8%
Scope 2 CO_2e	$mtCO_2e$	GHG-Indir-LfL	3,821	3,110	-19%
Scope 3 CO_2e	$mtCO_2e$	GHG-Indir-LfL	529	623	18%
Common Parts Area	M^2		84,426	84,426	
Carbon intensity (location based)	$kgCO_2e/M^2$ CPA	GHG-Int	78	68	-12%
TOTAL LFL PORTFOLIO CARBON EMISSIONS					
Total LfL Portfolio - location based	$mtCO_2e$		28,790	24,754	-14%
Total LfL Portfolio - Market based	$mtCO_2e$		12,650	10,156	-20%

a Scope 3 emissions comprises energy sub-metered to tenants

Changes in energy demand

In France the expansion of Sunday trading has increased operating hours at two assets. We have also increased the restaurant and leisure offer across the French assets, leading to further increases in operating hours. These have increased absolute consumption but improvements in operational efficiencies have delivered significant reductions at specific assets and our energy intensity metric for the French portfolio continues to improve.

Overall the French assets have shown an improvement in performance in 2016 relative to 2015. This is encouraging and suggests the move to in-house property management combined with a focus on asset level targets and regular self-reporting of consumption from the on-site teams is generating good results.

Energy demand and carbon emissions for the UK and France shopping centre portfolios have improved over the 12 months to December 2016. The installation of LED at the Bullring has made a significant impact on energy demand at the site with electricity demand falling over 20% year-on-year. As the most energy hungry asset within the portfolio Bullring is an important area of focus for us and we are looking at other potential investments for the site in 2017.

The team at Union Square, Aberdeen has also made good progress in electricity demand in 2016 achieved a 14% reduction. Installation of LED lighting particularly in stairwells is a simple project that has generated excellent impacts.

Photovoltaic panels have been installed on Westquay South and a carport system is being designed to enable PV installation at Victoria Leeds.

Gas consumption has fallen across the assets, although much of the fluctuation in gas relates to the impact of weather as it is largely used for heating. We are however, implementing improvements to the assets that we expect to generate efficiencies in heating requirements regardless of weather adjustments. These include upgrades to the boilers at Union Square and the installation of unheated or minimally heated air barriers at Brent Cross and Westquay.

Direct and Indirect Energy Consumption by Primary Energy Source - Group and Operating Region (kWh)

GRI indicators G4-EN3, G4-EN15 and G4-EN17

Table 2.4

HAMMERSON GROUP	UNIT	EPRA CODE	2012	2013	2014	2015	2016
Total Landlord Obtained Electricity [a, b]	kWh	Elec-Abs	87,930,606	82,788,719	84,899,115	100,049,069	104,784,301
Renewables exported [d]	kWh	Elec-Abs	0	0	3,976	841	32,119
Electricity Consumption plus Self Generated	kWh	Elec-Abs	87,930,606	82,788,719	84,903,091	100,049,910	104,816,420
Electricity sub-metered to Tenants	kWh	Elec-Abs	9,136,192	5,592,218	1,902,384	3,540,422	3,089,306
Natural Gas Consumption [a]	kWh	Fuels-Abs	23,218,114	28,389,362	22,035,145	32,642,464	30,056,245
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	3,873,003	5,457,974	6,044,060	6,859,359	6,195,546
Diesel Consumption	kWh	Fuels-Abs	0	0	0	64,083	194,013
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	0
District Heating and Cooling	kWh	DH&C-Abs	7,702,000	8,143,842	6,731,254	7,019,000	7,749,969
HAMMERSON UK TOTAL							
Total Landlord Obtained Electricity [a, b]	kWh	Elec-Abs	61,351,405	56,284,758	46,159,437	52,655,574	52,821,348
Renewables exported	kWh	Elec-Abs	0	0	3,976	841	32,119
Electricity Consumption plus Self Generated	kWh	Elec-Abs	61,351,405	56,284,758	46,163,413	52,656,415	52,853,467
Electricity sub-metered to Tenants	kWh	Elec-Abs	9,191,250	5,879,941	1,902,384	1,223,557	563,015
Natural Gas Consumption [a]	kWh	Fuels-Abs	13,160,162	14,791,795	12,890,324	17,801,278	16,345,849
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	3,873,003	5,457,974	6,044,060	6,859,359	6,195,546
Diesel Consumption	kWh	Fuels-Abs	0	0	0	64,083	194,013
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	N/A
District Heating and Cooling	kWh	DH&C-Abs	1,054,000	1,385,009	978,254	540,000	373,969
HAMMERSON FRANCE TOTAL							
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	27,424,452	28,299,113	38,739,678	47,393,495	46,079,020
Renewables exported	kWh	Elec-Abs	0	0	0	0	0
Electricity Consumption plus Self Generated	kWh	Elec-Abs	27,424,452	28,299,113	38,739,678	47,393,495	46,079,020
Electricity sub-metered to Tenants	kWh		2,642,072	0	0	2,316,865	2,526,291
Natural Gas Consumption [a]	kWh	Fuels-Abs	10,067,152	13,406,567	9,144,821	14,841,186	13,207,815
Natural Gas sub-metered to Tenants	kWh		0	0	0	0	0
Diesel Consumption	kWh	Fuels-Abs	0	0	0	0	0
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	0
District Heating and Cooling	kWh	DH&C-Abs	6,648,000	6,758,833	5,753,000	6,479,000	7,376,000
HAMMERSON IRELAND TOTAL							
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	N/A	N/A	N/A	N/A	5,883,933
Renewables exported	kWh	Elec-Abs	N/A	N/A	N/A	N/A	0
Electricity Consumption plus Self Generated	kWh	Elec-Abs	N/A	N/A	N/A	N/A	5,883,933
Electricity sub-metered to Tenants	kWh		N/A	N/A	N/A	N/A	502,581
Natural Gas Consumption [a]	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0
Natural Gas sub-metered to Tenants	kWh		N/A	N/A	N/A	N/A	0
Diesel Consumption	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0
Fuel Oils Consumption	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0
District Heating and Cooling	kWh	DH&C-Abs	N/A	N/A	N/A	N/A	0

a Includes utilities obtained by landlord but consumed by tenant and on-site generated renewables.
b Less than 1% of electricity estimated

Energy audits undertaken in 2015 for the UK portfolio to comply with the Energy Saving Opportunities Scheme identified some really interesting opportunities across the UK estate, which we have progressed in 2016. These include upgrade works to our boilers in Union Square, changes to our planned preventative maintenance schedule, and increased roll out of LEDs.

Energy audits are continuing in France and have also identified some great efficiency opportunities, including improvements insulation, improvements to the building management systems and air conditioning and lighting upgrades. We will be looking to implement these improvements in a cost effective way through the property asset plans over the next three years.

In 2016 we planned to extend our LED roll-out across UK shopping centres and retail parks. The roll-out at Bullring is now complete and installations at Centrale and Union Square have generated savings. We are continuing our 'replacement at failure' programme across back of house areas. We are preparing for a much larger roll out in 2017 as part of car park refurbishment projects at five shopping centres, and plan to retrofit LEDs into our car parks at three retail parks.

The PV at Westquay became operational in August, and to the end of 2016 generated 32.12mWh of clean electricity. It is operating ahead of forecast, and we are looking to build on our success in 2017 by retrofitting a further array at another asset.

We are on track for achieving our target of 10% reduction in operational electricity demand for the like-for-like portfolio by 2018 having achieved a 3% reduction to date. This will, however, rely on implementation of expected efficiency investments across the retail parks and French portfolio as well as in the UK.

We remain convinced there are more efficiencies to be made across all the portfolios and have included a wide range of projects and proposals in our 2017 asset business plans. Our strategy of focusing on good management and monitoring in combination with selective technological interventions, upgrades and investments is proving effective and will be maintained.

Across the French shopping centre portfolio O'Parinor has progressed particularly well showing a reduction of 18% once the impact on energy demand of opening on Sundays is accounted for. This asset is the second largest consumer of electricity in our French portfolio after Les Terrasses du Port making such significant savings important for the portfolio as a whole. Les Terrasses du Port continues to perform well showing a further 3% year-on-year reduction in electricity demand.

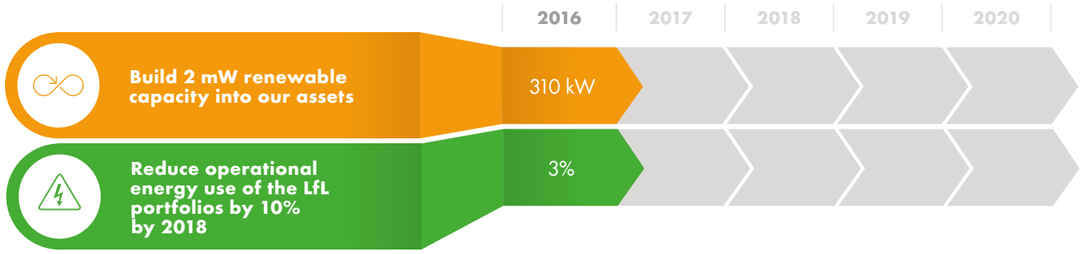
Direct and Indirect Energy Consumption by Primary Energy Source - Whole Portfolio (kWh)

GRI Indicators G4-EN3, G4-EN6 (reductions)
G4-CRE1 (Building Energy Intensity)

Table 2.5

HAMMERSON UK SHOPPING CENTRE PORTFOLIO (WHOLE PORTFOLIO, COVERAGE: 13/13 ASSETS)	UNIT	EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	45,965,394	44,056,359	39,282,193	49,789,283	47,113,768	-5%
Renewables generated	kWh	Elec-Abs	0	0	0	0	32,119	
Renewables exported	kWh	Elec-Abs	0	0	0	0	0	
Electricity Consumption plus Self Generated	kWh	Elec-Abs	45,965,394	44,056,359	39,282,193	49,789,283	47,145,887	-5%
Electricity sub-metered to Tenants	kWh	Elec-Abs	457,472	980,637	814,024	946,593	512,549	-46%
Electricity for Landlord Services	kWh	Elec-Abs	45,507,923	43,075,722	38,468,169	48,842,690	46,633,338	-5%
Natural Gas Consumption [a]	kWh	Fuels-Abs	11,619,639	13,280,785	11,671,937	16,783,476	15,474,731	-8%
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	3,873,003	5,457,974	6,044,060	6,846,449	6,195,546	-10%
Gas for landlord services only	kWh	Fuels-Abs	7,746,636	7,822,811	5,627,877	9,937,027	9,279,185	-7%
Diesel Consumption [b]	kWh	Fuels-Abs	0	0	0	64,083	194,013	203%
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	0	
District Heating and Cooling	kWh	DH&C-Abs	1,054,000	1,382,229	978,254	540,000	373,969	-31%
Common Parts Area	M^2		223,914	226,025	195,891	228,312	301,889	32%
Landlord service energy intensity	kWh/M^2 Common Parts		243	231	230	260	186	-28%
HAMMERSON UK RETAIL PARKS PORTFOLIO (WHOLE PORTFOLIO COVERAGE 25/25 ASSETS)								
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	2,877,142	3,914,409	3,863,299	3,960,481	3,752,900	-5%
Renewables generated	kWh	Elec-Abs	0	0	0	0	0	
Renewables exported	kWh	Elec-Abs	0	0	3,976	841	0	
Electricity Consumption plus Self Generated	kWh	Elec-Abs	2,877,142	3,914,409	3,867,275	3,961,322	3,752,900	-5%
Electricity sub-metered to Tenants	kWh	Elec-Abs	73,562	68,006	57,096	49,424	50,466	2%
Electricity for Landlord Services	kWh	Elec-Abs	2,803,580	3,846,403	3,810,179	3,911,898	3,702,434	-5%
Natural Gas Consumption	kWh	Fuels-Abs	712	20,164	24,666	20,709	17,263	-17%
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	14,887	0	0	0	0	
Gas for landlord services only	kWh	Fuels-Abs	-14,175	20,164	24,666	20,709	17,263	-17%
Diesel Consumption	kWh	Fuels-Abs	0	0	0	0	0	
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	0	
District Heating and Cooling	kWh	DH&C-Abs	0	0	0	0	0	
Car Park Spaces [c]	#		16,681	20,664	20,445	22,074	22,583	
Landlord service energy intensity	kWh/ Car Park Spaces	Energy-Int	169	187	188	178	165	-8%

a Includes utilities obtained by landlord but consumed by tenant.
b Diesel consumption is highly variable depending on timing of supplies and testing of equipment. It is immaterial in relation to our overall energy consumption.
c 2014 and 2015 figure restated due to a common parts reporting error.



2.2 Data Quality

We aim to be as comprehensive as possible in our reporting of environmental performance across our assets and over time. Establishing a robust long term performance data set is an important part of our contribution to the better understanding of the sustainability performance of commercial property more broadly.

Our Group energy demand and emissions reporting includes our strategic portfolio (assets held for development purposes only) and our corporate offices. These are broken down by geography. Our portfolio level reporting includes our actively managed assets in the three key geographies. We do not report the strategic assets separately.

We provide like-for-like analysis of our actively managed portfolios by geography. These include two years of data for those assets held continuously for the last two years with no major changes as per the EPRA Best Practice Reporting guidelines. Data coverage is set out within each table. We also provide data for the whole portfolios for the past five years. This includes assets that we may have held for less than a full year.

The assets included within our 2016 Sustainability Report and their relevant data sets are set out in table 9.1. The data for our energy and carbon reporting includes all landlord purchased or generated energy for the operational portfolios and all carbon emissions from our purchased fossil fuels. Data coverage includes 49 assets broken down across the portfolios as follows:

24 Shopping centres: 13 UK, 10 France, 1 Ireland
25 Retail Parks – all UK

Coverage does not include the two developments that were opened in Q4 2016.

Data collection and verification

Data is captured at asset level by our on-site teams for the three Shopping Centre portfolios and by a third party management company for the UK Retail Parks. Data is entered into CR360 reporting platform monthly and internally verified at two further levels within the organisation. All data contributing to our carbon emissions is externally assured

We are keenly aware that better data quality results in opportunities to understand our performance and instigate positive change. That is why in 2016 we investigated options for new utility monitoring and smart metering. We have implemented this across the Retail Parks portfolio and are exploring how this might be delivered across the UK Shopping Centres in 2017. Alongside this we continued our programme of on-going training and support for colleagues and through the on-boarding of staff at our new centres to provide accurate environmental data.

Direct and Indirect Energy Consumption by Primary Energy Source - Whole Portfolio (kWh)

GRI Indicators G4-EN3, G4-EN6 (reductions)
G4-CRE1 (Building Energy Intensity)
(continued)

Table 2.5

HAMMERSON FRANCE SHOPPING CENTRE PORTFOLIO (WHOLE PORTFOLIO, COVERAGE 10/10 ASSETS)	UNIT	EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	27,371,709	28,052,947	38,479,781	46,974,319	45,914,741	-2%
Renewables generated	kWh	Elec-Abs	0	0	0	0	0	
Renewables exported	kWh	Elec-Abs	0	0	0	0	0	
Electricity Consumption plus Self Generated	kWh	Elec-Abs	27,371,709	28,052,947	38,479,781	46,974,319	45,914,741	-3%
Electricity sub-metered to Tenants	kWh	Elec-Abs	0	0	0	2,316,865	2,526,291	9%
Electricity for Landlord Services	kWh	Elec-Abs	27,371,709	28,052,947	38,479,781	44,824,161	43,388,450	-3%
Natural Gas Consumption [a]	kWh	Fuels-Abs	10,067,152	14,105,802	9,144,821	14,841,186	13,207,815	-11%
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	0	0	0	0		
Gas for landlord services only	kWh	Fuels-Abs	10,067,152	14,105,802	9,144,821	14,841,186	13,207,815	-11%
Diesel Consumption	kWh	Fuels-Abs	0	0	0	0	0	
Fuel Oils Consumption	kWh	Fuels-Abs	0	0	0	0	0	
District Heating and Cooling	kWh	DH&C-Abs	6,648,000	6,758,833	5,753,000	6,479,000	7,376,000	14%
Common Parts Area [b]	M^2		82,691	82,691	84,426	92,193	103,870	13%
Landlord service energy intensity	kWh/M^2 Common Parts	Energy-Int	533	592	632	717	616	
HAMMERSON IRELAND SHOPPING CENTRE PORTFOLIO (WHOLE PORTFOLIO COVERAGE 1/1 ASSETS)								
Total Landlord Obtained Electricity [a]	kWh	Elec-Abs	N/A	N/A	N/A	N/A	5,437,075	
Renewables generated	kWh	Elec-Abs	N/A	N/A	N/A	N/A	0	
Renewables exported	kWh	Elec-Abs	N/A	N/A	N/A	N/A	0	
Electricity Consumption plus Self Generated	kWh	Elec-Abs	N/A	N/A	N/A	N/A	5,437,075	
Electricity sub-metered to Tenants	kWh	Elec-Abs	N/A	N/A	N/A	N/A	0	
Electricity for Landlord Services	kWh	Elec-Abs	N/A	N/A	N/A	N/A	5,437,075	
Natural Gas Consumption [a]	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	238,640	
Natural Gas sub-metered to Tenants	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0	
Gas for landlord services only	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	238,640	
Diesel Consumption	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0	
Fuel Oils Consumption	kWh	Fuels-Abs	N/A	N/A	N/A	N/A	0	
District Heating and Cooling	kWh	DH&C-Abs	N/A	N/A	N/A	N/A	0	
Common Parts Area	M^2		N/A	N/A	N/A	N/A	52,713	
Landlord service energy intensity	Energy-Int	Energy-Int					108	

a Includes utilities obtained by landlord but consumed by tenant.
b 2014 common parts figure restated due to reporting error

Energy savings

The 7% energy savings we achieved within the like-for-like UK shopping centre portfolio in 2016 resulted from both investments in efficiency technology, and large scale behaviour change. Highlights include stepping up from our incremental investment in LEDs to switch over 4,000 lamps to LED at Bullring in late 2015 / early 2016, maintaining the focus on good management and delivering our first on-site solar PV array at Westquay.

Preparation for the opening of the new shopping centres at Leeds Victoria and Westquay along with entire overnight works have resulted in longer operating hours and increased energy consumption for lighting and mall conditioning at Victoria Leeds, Westquay, Southampton and at Oracle, Reading. Victoria Quarter has been taken out of our 2016 like-for-like reporting figure because the impact on consumption is considered too great to make year-on-year comparison meaningful. The other two remain within the like-for-like reporting. Diesel consumption at Westquay was significantly impacted by demand from on site equipment. However as diesel is a relatively small contributor to our overall impacts we have decided to keep the asset in the like-for-like data set.

Direct and Indirect Energy Consumption by Primary Energy Source - LfL portfolios

GRI Indicators G4-EN3, G4-EN6, G4-CRE1

Table 2.6

EPRA LFL (2015-2016) UK SHOPPING CENTRES (COVERAGE 9/9 LFL ASSETS)	UNIT	EPRA CODE	2015	2016	% CH Y-O-Y
% of whole portfolio included by number of assets			64%	60%	
Total Electricity incl on-site renewables	kWh	Elec-lfl	39,183,748	36,587,472	-7%
Landlord Supplied Tenants' Electricity Consumption	kWh	Elec-lfl	282,112	288,108	
Total electricity demand landlord controlled areas		Elec-lfl	38,901,636	36,299,364	-7%
Total Natural Gas	kWh	Fuels-lfl	12,016,531	11,618,540	-3%
Landlord Supplied Tenants' Natural Gas Consumption	kWh	Fuels-lfl	6,070,436	6,032,818	
Total gas demand landlord controlled areas	kWh	Fuels-lfl	5,946,095	5,585,721	
Diesel Consumption	kWh	Fuels-lfl	64,083	184,005	
Thermal Energy	kWh	DH&C-lfl	540,494	373,969	-31%
Common Parts Area	M^2		226,503	226,503	
Building energy intensity	kWh/M^2		200	187	-7%
EPRA LFL (2015-2016) UK RETAIL PARKS (COVERAGE 20/20 LFL ASSETS)					
% of whole portfolio included by number of assets			73%	77%	
Total Electricity incl on-site renewables	kWh	Elec-lfl	2,650,557	2,728,629	3%
Landlord Supplied Tenants' Electricity Consumption	kWh	Elec-lfl	0	0	
Total Natural Gas	kWh	Fuels-lfl	0	0	
Landlord Supplied Tenants' Natural Gas Consumption	kWh	Fuels-lfl	0	0	
Diesel Consumption	kWh	Fuels-lfl	0	0	
Thermal Energy	kWh	DH&C-lfl	0	0	
Car Park Spaces	#		18,019	18,009	
Building energy intensity	kWh/Car Park Space		147	152	3%
EPRA LFL (2015-2016) FRENCH SHOPPING CENTRES (COVERAGE 8/8 LFL ASSETS)					
% of whole portfolio included by number of assets			89%	80%	
Total Electricity incl on-site renewables	kWh	Elec-lfl	39,380,589	39,731,820	1%
Landlord Supplied Tenants' Electricity Consumption	kWh	Elec-lfl	2,316,865	2,526,291	
Total electricity demand landlord controlled areas	kWh	Elec-lfl	37,063,724	37,205,529	0%
Total Natural Gas	kWh	Fuels-lfl	12,040,115	11,090,375	
Landlord Supplied Tenants' Natural Gas Consumption	kWh	Fuels-lfl	0	0	
Total gas demand landlord controlled areas	kWh	Fuels-lfl	12,040,115	11,090,375	-8%
Diesel Consumption	kWh	Fuels-lfl	N/A	N/A	
Thermal Energy	kWh	DH&C-lfl	6,479,000	7,376,000	14%
Common Parts Area	M^2		84,426	84,426	
Building energy intensity	kWh/M^2		658	659	0%
Total Landlord Energy Demand - LfL portfolios	kWh		103,621,620	100,659,587	-3%

Refrigerant Data - Group $kgCO_2e$

GRI Indicator G4-EN20

Table 2.7

	2012	2013	2014	2015	2016	EMISSION FACTOR	SOURCE	ODP FACTOR	CFC EMISSIONS EQUIVALENT (TONNES)
R22	5	5	0	0	0	N/A	Defra 2016	N/A	N/A
R134A	0	285	0	0	0	1,430.0	Defra 2016	0	0
R143A	0	0	0	0	0	4,470.0	Defra 2016	N/A	N/A
R404A	0	2	0	0	0	3,922.0	Defra 2016	0	0
R407C	166	438	36	23	18	1,774	Defra 2016	0	0
R410A	0	10	0	0	0	2,088.0	Defra 2016	0	0
							TOTAL ODP	0	0

Other relevant indirect green-house gas emissions by weight $mtCO_2e$

GRI Indicator G4-EN17

Table 2.8

		2014	2015	2016	EMISSIONS FACTOR		SOURCE
Business travel by air, rail, personal mileage and taxi [a]	Metric tonnes CO_2e	614	412	1,016	**Air travel**		
					Domestic Average	0.29767	
					Short-haul Business	0.24761	
					Short-haul Economy	0.16508	
					Long-haul First	0.58711	
					Long-haul Business	0.42565	Defra 2016
					Long-haul Economy	0.14678	
					Rail travel		
					Domestic Average	0.04885	
					International Average	0.01214	
					Road travel		
					Average taxi	0.16286	
					TFL (Estimated rate per mile)	1.60934	
Visitor journeys by car to our shopping centres (UK only) [b]	Metric tonnes CO_2e	148,360	149,772	148,918	**Road travel**		Defra 2016
					Average car	0.18943	
					Average petrol car	0.19115	
					Average diesel car	0.17561	

[a] We collected business travel details for our Mandatory GHG Emissions reporting using the period of October 2015-September 2016. This is representative of CO_2e emissions from flights, car journeys, train journeys and taxis.
[b] Emissions associated with visitor travel are estimated based on annual footfall, our 2011 UK survey of visitor travel and the 2008 BCSC Report "Contribution of the Retail Sector to the Economy'. We assume 2.4 people per vehicle, 11.91 mile round trip and use the DEFRA emissions factor for an average car.

Our PV installation at Westquay positions that asset as a leader in the UK retail sector with regards to on-site renewable generation.

Reductions in Energy Requirements of Products and Services

GRI Indicator G4-EN7

Table 2.9

INITIATIVE	LOCATION	SAVINGS (KWH)
LEDs in service yard	Westquay	Not separately metered
LEDs in mall, control room, management suite, hub and shop-mobility	Silverburn	Not separately metered
LEDs in service yard and high atrium	Union Square	10,906
LED in mall	Victoria Quarter	Not separately metered
LED in back of house	Centrale	100,000
LED in service yard	Highcross	Not reliably quantifiable - meter recalibration
LED Car parks, BOH and FOH 2015 investment (and Emergency lighting upgrades)	Bullring	Total 2016 savings: 1,985,562 (Electricity) Estimated 1,687,728 from LED
Improved operational control (Cooling & Heating Strategy - Electricity) e.g. Over door heaters, lighting etc.	Bullring	Total 2016 savings: 1,985,562 (Electricity) Estimated 297,834 from controls
Improved operational control (Heating Strategy - Gas)	Bullring	597,043 (12 months*) 123,391 (8 months**) *2015 Jan to Apr significant consumption due to Link St works. **Realistic savings excluding Jan-April.
Control room air conditioning replacement	Espace Saint-Quentin	Not separately metered
Waste room air conditioning replacement	Espace Saint-Quentin	Not separately metered
Hot air curtains replacement	Espace Saint-Quentin	Not separately metered
Cold water pipes insulation replacement (partial)	Espace Saint-Quentin	Not separately metered
Lennox chiller replacement	Espace Saint-Quentin	Not separately metered
BMS updating	Espace Saint-Quentin	Not separately metered
New air introducer replacement	Place des Halles	Not separately metered
Lighting partial replacement	Place des Halles	Not separately metered
Air conditioning equipments partial replacement	Les Trois Fontaines	Not separately metered
Waste room air conditioning replacement	Italie Deux	Not separately metered
Lighting partial replacement	Les Terrasses du Port	Not separately metered
BMS installation	Saint Sébastien	Not separately metered
Chiller replacement	O'Parinor	Not separately metered
Air cooling replacement	Nicetoile	Not separately metered
Lighting partial replacement	Nicetoile	14,075

SECTION 3
WATER DATA AND PERFORMANCE DISCLOSURES

The water Hammerson uses within our capacity as a landlord is not significant in the context of our retailers' water footprint, however due to our influence on our tenants and increasing global challenges surrounding water availability, water consumption is identified as a material issue for the business. Our strategy focuses on leak detection, increasing efficiency, and installing rainwater harvesting and grey water recycling wherever feasible. We currently use rainwater harvesting to support landlord water demand at Cabot Circus, and are looking at the installation of similar systems in other locations.

With deregulation of the UK water market in April 2017, we have spent much of 2016 focusing on improving our water data quality and preparing to go out to tender for our water supply. We are conscious that this is a great opportunity to improve engagement, invest in better water metering and sub-metering across the portfolio and drive down consumption.

3.1 Performance

Across our UK like-for-like portfolio we have seen a 2% decrease in landlord water consumption and a 1% improvement in water intensity. (See Table 3.2) A significant contributor to this has been improved metering and data collection processes enabling us to better separate landlord consumption from tenant consumption. We are continuing to see an increase in tenant water consumption as our portfolio includes more food & beverage offers, but we are also engaging with retailers on their fit-out and design to promote water efficient fittings.

Water demand for landlord services in France was disappointing in 2016. An undetected leak at one asset is in large part responsible for a 27% year-on-year increase in consumption.

WE HAVE UNDERTAKEN A WATER FOOTPRINT STUDY AS PART OF OUR WIDER CARBON FOOTPRINT STUDY

The footprints will help to build our understanding of water use across our assets and shape our efficiency and replenishment activities.

Water Consumption - Whole Portfolios

GRI Indicators G4–EN8, G4–CRE2

Table 3.1

HAMMERSON GROUP		EPRA CODE	2012	2013	2014	2015	2016	% CH Y-O-Y
Total Landlord Obtained Water [a,b]	M^3	Water-Abs	747,969	816,299	837,684	1,106,371	1,171,378	6%
Water sub-metered to Tenants	M^3	Water-Abs	441,199	536,772	536,271	567,289	659,490	16%
Water for landlord services	M^3	Water-Abs	306,770	279,527	301,413	539,082	511,888	-5%
Total water withdrawal by source								
Rainwater Harvested on-site	M^3		0	0	0	836	5,662	
Kitchens	M^3		4,353	2,149	0	0	0	
Total water consumption	M^3		747,969	816,299	837,684	1,107,207	1,177,040	
HAMMERSON UK SHOPPING CENTRE PORTFOLIO (COVERAGE 13/13 ASSETS)								
Total Landlord Obtained Water	M^3	Water-Abs	388,276	449,884	445,028	713,014	674,355	-5%
Rainwater Harvested on-site	M^3		0	0	0	836	5,662	
Water sub-metered to Tenants	M^3	Water-Abs	137,162	245,727	237,604	328,498	439,710	34%
Water for landlord services	M^3	Water-Abs	251,114	204,157	207,424	384,516	240,306	-38%
Building Water Intensity (landlord services) [c]	Litres/Visitor	Water-Int	1.5	1.3	1.3	2.4	1.5	-39%
HAMMERSON UK RETAIL PARKS PORTFOLIO (COVERAGE 25/25 ASSETS)								
Total Landlord Obtained Water	M^3	Water-Abs	6,347	2,042	5,297	5,138	2,836	-45%
Water sub-metered to Tenants	M^3	Water-Abs	2,766	534	460	408	151	-63%
Water for landlord services	M^3	Water-Abs	3,581	1,508	4,838	4,730	2,685	-43%
HAMMERSON FRANCE SHOPPING CENTRE PORTFOLIO (COVERAGE 10/10 ASSETS)								
Total Landlord Obtained Water	M^3	Water-Abs	312,105	337,070	371,797	382,893	382,750	0%
Water sub-metered to Tenants		Water-Abs	241,590	279,201	291,915	238,383	220,046	-8%
Water for landlord services	M^3	Water-Abs	70,515	57,869	79,882	144,510	162,704	13%
Building Water Intensity (landlord services) [c]	Litres/Visitor	Water-Int	1.1	0.6	0.6	1.6	1.7	4%
HAMMERSON IRELAND SHOPPING CENTRE PORTFOLIO (COVERAGE 1/1 ASSETS)								
Total Landlord Obtained Water	M^3	Water-Abs	N/A	N/A	N/A	N/A	109,654	N/A
Rainwater Harvested on-site	M^3		N/A	N/A	N/A	N/A	0	
Water sub-metered to Tenants	M^3	Water-Abs	N/A	N/A	N/A	N/A	0	N/A
Water for landlord services	M^3	Water-Abs	N/A	N/A	N/A	N/A	109,654	N/A
Building Water Intensity	Litres/Visitor						N/A [e]	

a Total landlord obtained water includes any metered supplies to tenants
b No estimated data. All based on reads and supplier invoices
c Water consumption at centres is largely from toilet facilities so is directly related to visitor footfall.
d Manor Walks is the only retail park with material water consumption and it was sold in Q2 2016
e Operational control for 6 months only so data not available for intensity calculations

In the UK we have a water efficient brief for toilet facilities across the portfolio. We have engaged specifically on this issue with our Product Innovation team in 2016 to ensure the new toilet refurbishment programme maximises opportunities to install efficient fittings, and we have trialled new technology, 'Waterblade' across our shopping centres. This small tap insert reduces tap flow rates significantly, and subject to installation feasibility we are planning a large scale roll out in 2017.

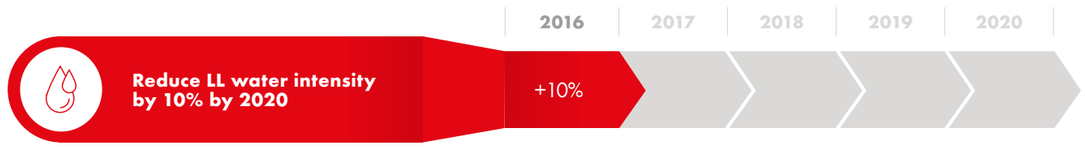
Water Consumption - Like-for-Like portfolios

GRI Indicators G4–EN8, G4–CRE2

Table 3.2

EPRA LFL (2015-2016) UK SHOPPING CENTRES (COVERAGE 9/9 LFL ASSETS)	UNIT	EPRA CODE	2015	2016	% CH Y-O-Y
% of whole portfolio included by number of assets			64%	60%	
Total Landlord Obtained Water Total (L + T)	M^3	Water-LfL	471,015	511,916	
Landlord Supplied Tenant Water Consumption	M^3	Water-LfL	315,816	364,302	
Rainwater harvested water	M^3	Water-LfL	836	5,662	
Water for landlord services		Water-LfL	156,035	153,276	-2%
Annual Visitor Numbers	#		138,515,962	137,217,768	
Building Water Intensity (landlord services)	Litres/ Visitor	Water-Int	1.1	1.1	-1%
EPRA LFL (2015-2016) UK RETAIL PARKS [a] (Coverage 20/20 LfL assets)					
% of whole portfolio included by number of assets			73%	76%	
Total Landlord Obtained Water Total (L + T)	M^3	Water-LfL	0	0	
Landlord Supplied Tenant Water Consumption	M^3	Water-LfL	0	0	
Rainwater harvested water	M^3	Water-LfL	0	0	
Annual Visitor Numbers	#		0	0	
EPRA LFL (2015-2016) FR SHOPPING CENTRES (COVERAGE 8/8 LFL ASSETS)					
% of whole portfolio included by number of assets			89%	80%	
Total Landlord Obtained Water Total (L + T)	M^3	Water-LfL	315,521	360,374	
Landlord Supplied Tenant Water Consumption	M^3	Water-LfL	194,585	207,181	
Rainwater harvested water	M^3	Water-LfL	0	0	
Water for landlord services		Water-LfL	120,936	153,193	27%
Annual Visitor Numbers	#		80,445,984	83,508,000	
Building Water Intensity (landlord services)	Litres/ Visitor	Water-Int	1.5	1.8	22%
			13	14	10%

a Manor Walks is the only retail park with material water consumption and it was sold in Q2 2016



Link Street, Bullring, Birmingham

3.2 Data Quality

Our water metering and monitoring arrangements continue to pose a challenge to data accuracy. Data is largely collected through manual meter readings and invoices, although changes to the UK water market in 2017 offers us a good opportunity to work with suppliers to improve timeliness and accuracy of billing.

We will include water meters and sub-meters in our UK smart meter project of 2017, with the intention of ultimately removing any manual meter reads and significantly improving data quality and quantity.

Water consumption across our Retail Parks portfolio is minimal and only routinely monitored at the Manor Walks site. Following the sale of this asset in 2016 we have not reported water consumption in the like-for-like data for the Retail Parks portfolio.

WATER DEMAND FOR LANDLORD SERVICES (LFL PORTFOLIOS, ABSOLUTE AND INTENSITY)

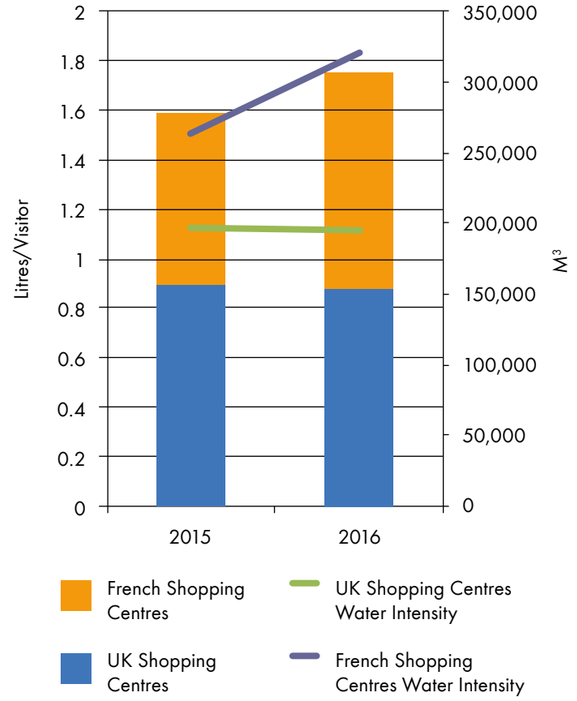


Chart 3.1

SECTION 4
WASTE DATA AND PERFORMANCE DISCLOSURES

Waste arising from our developments and operations is a material issue for Hammerson. It represents a significant financial cost, both in carrier fees and charges and in landfill tax, and a significant environmental cost in terms of resource use. It is therefore a key area of focus for our sustainability teams.

We separate out management and reporting of waste between our operational portfolio and the development portfolio. This section of the report focuses on the operational portfolio waste performance and data. Waste arisings and management for our developments is reviewed in section 6.

Operationally, we are targeting zero waste to landfill by 2020 in the UK, and by 2025 in France. The reason for this difference in timing is the very different waste management landscape in France which makes diversion from landfill less economically viable and practically more difficult to achieve.

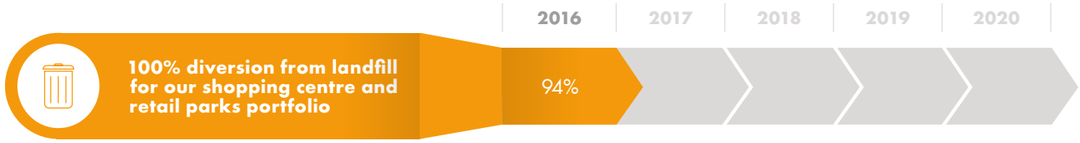
As part of our focus on resource efficiency we also set a target of 85% recycling for operational waste for the centres as well as our 100% diversion from landfill target. Improvements in recycling rates at our managed assets come from investment in on-site technology, such as waste sorting and recovery facilities. Engagement with retailers and restaurant and café staff to support the maintenance of good practice in the sorting and management of waste is also key as is engagement with our waste contractors to ensure we are operating best practice techniques on site.

We have yet to meet our overall 85% recycling target but performance across the UK portfolio remains strong and is improving in France. We are very pleased that good management of waste is already a priority at Dundrum in Ireland and we are working closely with the teams on site to encourage good practice and ensure they share knowledge with other teams across our portfolio.

Group Waste Data

Table 4.1

GROUP	UNIT	EPRA CODE	2012		2013		2014		2015		2016	
Total Waste Quantity incl shop-fit	Tonnes	Waste-abs	25,008	100%	26,134	100%	27,316	100%	34,574	100%	35,542	100%
Total tonnes diverted from landfill	Tonnes	Waste-abs	19,302	77%	22,576	86%	25,934	95%	30,391	88%	33,535	94%
Recycled waste	Tonnes	Waste-abs	8,538	34%	12,154	47%	12,089	44%	16,326	47%	18,241	51%
Total Reused waste	Tonnes	Waste-abs	1.56	0%	39	0%	9	0%	5	0%	8	0%
Composted waste	Tonnes	Waste-abs	N/A		N/A		71	0%	N/A		N/A	
Incinerated waste (use as fuel)	Tonnes	Waste-abs	1,442	6%	1,449	6%	2,558	9%	1,979	6%	1,556	4%
Incinerated waste (not used as fuel)	Tonnes	Waste-abs	28	0%	6	0%	15	0%	4	0%	3	0%
Landfilled waste	Tonnes	Waste-abs	2,967	12%	2,230	9%	1,018	4%	3,453	10%	1,859	5%
Food Disposal	Tonnes	Waste-abs	N/A		N/A		N/A		34	0%	N/A	
Other Waste	Tonnes	Waste-abs	144	1%	76	0%	83	0%	0	0%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-abs	11,889	48%	10,219	39%	6,932	25%	9,157	26%	12,031	34%
Landfilled waste [MRF]	Tonnes	Waste-abs	2,738	11%	1,319	5%	289	1%	659	2%	48	0%
Landfilled shop-fit waste	Tonnes	Waste-abs	N/A		N/A		152	1%	71	0%	75	0%
Total Hazardous Waste	Tonnes	Waste-abs	57	0%	86	0%	35	0%	39	0%	392	1%
Hazardous Landfilled waste	Tonnes	Waste-abs	1	0%	9	0%	0	0%	11	0%	25	0%
UNITED KINGDOM (COVERAGE 38/38 ASSETS)												
Total Waste Quantity incl shop-fit	Tonnes	Waste-abs	19,441	100%	23,974	100%	23,810	100%	26,421	100%	25,269	100%
Total tonnes diverted from landfill	Tonnes	Waste-abs	15,708	81%	21,253	89%	23,258	98%	26,327	100%	25,149	100%
Recycled waste	Tonnes	Waste-abs	6,560	34%	11,597	48%	10,689	45%	12,644	48%	12,510	50%
Total Reused waste	Tonnes	Waste-abs	1.56	0%	39	0%	9	0%	5	0%	8	0%
Composted waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		N/A	
Incinerated waste (use as fuel)	Tonnes	Waste-abs	101	1%	682	3%	1,379	6%	1,682	6%	1,359	5%
Incinerated waste (not used as fuel)	Tonnes	Waste-abs	28	0%	6	0%	15	0%	4	0%	3	0%
Landfilled waste	Tonnes	Waste-abs	1,798	9%	1,393	6%	188	1%	14	0%	5	0%
Food Disposal	Tonnes	Waste-abs	0	0%	0	0%	0	0%	34	0%	0	0%
Other Waste	Tonnes	Waste-abs	144	1%	76	0%	83	0%	145	1%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-abs	10,810	56%	10,219	43%	6,906	29%	8,421	32%	9,540	38%
Landfilled waste [MRF]	Tonnes	Waste-abs	1,934	10%	1,319	6%	289	1%	9	0%	15	0%
Landfilled shop-fit waste	Tonnes	Waste-abs	N/A		N/A		152	1%	71	0%	75	0%
Total Hazardous Waste	Tonnes	Waste-abs	57	0%	86	0%	35	0%	38	0%	390	2%
Hazardous Landfilled waste	Tonnes	Waste-abs	1	0%	9	0%	0	0%	11	0%	25	0%



Terrasses du Port, Marseille

Group Waste Data
(continued)

Table 4.1

	UNIT	EPRA CODE	2012		2013		2014		2015		2016	
FRANCE (COVERAGE 10/10 ASSETS)												
Total Waste Quantity incl shop-fit	Tonnes	Waste-abs	5,567	100%	2,161	100%	3,507	100%	8,153	100%	8,687	100%
Total tonnes diverted from landfill	Tonnes	Waste-abs	3,594	65%	1,324	61%	2,676	76%	4,064	50%	6,800	78%
Recycled waste	Tonnes	Waste-abs	1,978	36%	557	26%	1,400	40%	3,682	45%	4,700	54%
Total Reused waste	Tonnes	Waste-abs	0		0		0		0	0%	0	0%
Composted waste	Tonnes	Waste-abs	0		0		71	2%	0	0%	0	0%
Incinerated waste (use as fuel)	Tonnes	Waste-abs	1,341	24%	767	35%	1,179	34%	297	4%	197	2%
Incinerated waste (not used as fuel)	Tonnes	Waste-abs	0		0		0		0	0%	0	0%
Landfilled waste	Tonnes	Waste-abs	1,169	21%	837	39%	831	24%	3,438	42%	1,854	21%
Food Disposal	Tonnes	Waste-abs	0		0		0		0	0%	0	0%
Other Waste	Tonnes	Waste-abs	0		0		0		0	0%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-abs	1,079	19%	N/A		26	1%	736	9%	1,936	22%
Landfilled waste [MRF]	Tonnes	Waste-abs	804	14%	N/A		N/A		650	8%	33	0%
Total Hazardous Waste	Tonnes	Waste-abs	N/A		0	0%	0	0%	1	0%	2	0%
Hazardous Landfilled waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
IRELAND (COVERAGE 1/1 ASSETS)												
Total Waste Quantity incl shop-fit	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		1,586	100%
Total tonnes diverted from landfill	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		1,586	100%
Recycled waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		1,031	65%
Total Reused waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Composted waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		N/A	
Incinerated waste (use as fuel)	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Incinerated waste (not used as fuel)	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Landfilled waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Food Disposal	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		N/A	
Other Waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		555	35%
Landfilled waste [MRF] [%]	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Total Hazardous Waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Hazardous Landfilled waste	Tonnes	Waste-abs	N/A		N/A		N/A		N/A		0	0%
Total Hazardous Waste	Tonnes		N/A		N/A		N/A		N/A		0.00	0%
Hazardous Landfilled waste	Tonnes		N/A		N/A		N/A		N/A		0.00	0%

4.1 Performance

The Group recycling rate has increased year-on-year supported by some assets with very strong performance. Centrale, Croydon Highcross Leicester, Silverburn Glasgow and Union Square Aberdeen have all achieved the 85% recycling target this year. Our assets in Scotland all achieved zero waste to landfill.

We achieved 94% diversion of operational waste from landfill at Group level, 99% in the UK and Ireland. There has been an increase in the percentage of waste used for refuse derived fuel (RDF) at many of our assets this year and we will continue to monitor this. Cabot Circus however has once again outperformed here sending less than 2% of waste to RDF.

Our overall focus on reducing resource use as part of our Net Positive objective will require a switch away from RDF to more recycling or reuse wherever possible across the portfolios. The achievements at Cabot Circus demonstrate that there is more we can do to improve performance in this area.

As part of our focus on implementing high standards of waste management we are keen to collaborate with our supplier partners to trial new ideas. At Westquay in 2016 we trialled BioWhale as a new organic waste solution, which mulches and stores food waste on-site before transporting it to anaerobic digestion. Whilst this does not reduce the quantity of food waste, it reduces the frequency of required collections, thereby reducing lorry trips and related carbon emissions. It has also had the co-benefit of improving retailer separation of waste. This has reduced cross contamination of waste and improved recycling rates. We are looking at how we can roll this solution out to other sites within the portfolio in 2017.

At Victoria Leeds we are trialling bio-digesters as a means of managing food waste at this new asset. As the centre only opened in October 2016 we are still in the early phases of the trial but the system is working well so far. We are working with the supplier to find solutions to the challenges this technology faces in relation to the disposal of settlement into the water course.

Waste from the Retail Parks portfolio is largely from litter picking apart from the fit out waste. This is generally controlled by the retailers.

Waste management across the French assets remains more challenging with a less advanced infrastructure in place to support recycling and recovery. However, the on-site team at Les Terrasses du Port has consistently demonstrated good practice and achieved a further improvement in recycling rates to 65% for 2016. Knowledge sharing amongst the teams both within France and across to the UK teams is driving improvements and some of our other French assets are demonstrating strong progress in performance. All the like-for-like assets in France have shown improvements in recycling with San Sébastien achieving the highest rate of 69% for 2016.

John Lewis, Highcross, Leicester

EPRA LFL Waste Data

GRI Indicator G4-EN23

Table 4.2

EPRA LFL (2015-2016) UK SHOPPING CENTRES (COVERAGE 9/9 LFL ASSETS)	UNIT	EPRA CODE	2015		2016	
% of whole portfolio included by number of assets			64%		60%	
Total Waste Quantity	Tonnes	Waste-lfl	21,531	100%	17,978	100%
Total tonnes diverted from landfill	Tonnes	Waste-lfl	21,447	100%	17,878	99%
Recycled waste	Tonnes	Waste-lfl	10,797	50%	9,821	55%
Total Reused waste	Tonnes	Waste-lfl	0	0%	0	0%
Composted waste	Tonnes	Waste-lfl	0	0%	0	0%
Incinerated waste (use as fuel)	Tonnes	Waste-lfl	993	5%	773	4%
Incinerated waste (not used as fuel)	Tonnes	Waste-lfl	4	0%	0	0%
Landfilled waste	Tonnes	Waste-lfl	1	0%	0	0%
Food Disposal	Tonnes	Waste-lfl	34	0%	0	0%
Other Waste	Tonnes	Waste-lfl	145	1%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-lfl	6,080	28%	5,533	31%
Landfilled waste [MRF]	Tonnes	Waste-lfl	0	0%	0	0%
Landfilled waste [Shopfit]	Tonnes	Waste-lfl	71	0%	75	0%
Total Hazardous Waste	Tonnes	Waste-lfl	38	0%	90	0%
Hazardous Landfilled waste	Tonnes	Waste-lfl	11	0%	25	0%

EPRA LFL (2015-2016) UK RETAIL PARKS (COVERAGE 20/20 LFL ASSETS)						
% of whole portfolio included by number of assets			73%		76%	
Total Waste Quantity	Tonnes	Waste-lfl	652	100%	752	100%
Total tonnes diverted from landfill	Tonnes	Waste-lfl	648	99%	748	99%
Recycled waste	Tonnes	Waste-lfl	118	18%	237	32%
Total Reused waste	Tonnes	Waste-lfl	5	1%	8	1%
Composted waste	Tonnes	Waste-lfl	0	0%	0	0%
Incinerated waste (use as fuel)	Tonnes	Waste-lfl	205	31%	183	24%
Incinerated waste (not used as fuel)	Tonnes	Waste-lfl	0	0%	3	0%
Landfilled waste	Tonnes	Waste-lfl	0	0%	0	0%
Food Disposal	Tonnes	Waste-lfl	0	0%	0	0%
Other Waste	Tonnes	Waste-lfl	0	0%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-lfl	329	51%	329	44%
Landfilled waste [MRF]	Tonnes	Waste-lfl	4	1%	4	1%
Landfilled waste [Shopfit]	Tonnes	Waste-lfl	0	0%	0	0%
Total Hazardous Waste	Tonnes	Waste-lfl	0	0%	0	0%
Hazardous Landfilled waste	Tonnes	Waste-lfl	0	0%	0	0%

EPRA LFL Waste Data

GRI Indicator G4-EN23

(continued)

Table 4.2

EPRA LFL (2015-2016) FRANCE SHOPPING CENTRES (COVERAGE 8/8 LFL ASSETS)						
% of whole portfolio included by number of assets			89%		80%	
Total Waste Quantity incl shopfit	Tonnes	Waste-lfl	7,249	100%	7,994	100%
Total tonnes diverted from landfill	Tonnes	Waste-lfl	3,526	49%	6,134	77%
Recycled waste	Tonnes	Waste-lfl	3,420	47%	4,397	55%
Total Reused waste	Tonnes	Waste-lfl	0	0%	0	0%
Composted waste	Tonnes	Waste-lfl	0	0%	0	0%
Incinerated waste (use as fuel)	Tonnes	Waste-lfl	48	1%	171	2%
Incinerated waste (not used as fuel)	Tonnes	Waste-lfl	0	0%	0	0%
Landfilled waste	Tonnes	Waste-lfl	3,119	43%	1,852	23%
Food Disposal	Tonnes	Waste-lfl	0	0%	0	0%
Other Waste	Tonnes	Waste-lfl	0	0%	0	0%
Total Waste sent to OFFSITE Materials Recovery Facility (MRF)	Tonnes	Waste-lfl	662	9%	1,572	20%
Landfilled waste [MRF]	Tonnes	Waste-lfl	605	8%	8	0%
Landfilled waste [Shopfit]	Tonnes	Waste-lfl	0	0%	0	0%
Total Hazardous Waste	Tonnes	Waste-lfl	1	0%	2	0%
Hazardous Landfilled waste	Tonnes	Waste-lfl	0	0%	0	0%

4.2 Data Quality

Waste performance data is gathered from our waste contractors' waste transfer notes, and via local recycling facilities. Data is uploaded monthly into CR360 alongside utility performance data.

We recognise that waste data is a continuing challenge for the industry. We have been working with our waste partners to improve data quality for all our waste streams and are confident in the data we are reporting. However, we expect to roll out new waste data capture processes in 2017 and anticipate a further improvement in data capture as a result of this process. This will support accuracy and robustness in our waste data reporting and will improve the audit process by enhancing traceability.

Westquay South, Southampton

SECTION 5

KEY FINANCIAL METRICS ASSOCIATED WITH ENVIRONMENTAL PERFORMANCE

5.1 Performance

This section includes our investment in energy and water efficiencies and the related demand and cost savings. It also provides waste management cost data. The data covers the assets over which we have operational control and is provided for the whole portfolio. Investment includes equipment and related installation costs.

Our energy demand continues to fall as we manage down key areas of consumption. The intensity figures provided in Tables 2.5 and 2.6 demonstrate that whilst the portfolio is growing in absolute terms the efficiency is improving. The UK portfolio has seen significant reductions in electricity consumption flowing directly from investment that has been implemented in the last two years. Costs continue to fall as a result, in-spite of upwards pressure on unit electricity prices.

We have 100% clean electricity contracts in place across our UK and Irish assets now and intend to maintain this approach to our purchase of electricity. We will also continue to invest in on-site renewable which provides a direct saving to the business and our retailers.

The data also shows the progress being made on waste management and recycling. Recycling rates in France have improved in 2016, reducing the cost of waste management. We have also continued to make good progress on waste management in the UK. High levels of landfill tax in the UK combined with rising costs from waste contractors means our focus on this area and good practice achieved, generates real savings for the business and for our retailers.

For details of the basis of calculation please see table 10.2 on page 104

ENERGY (HAMMERSON GROUP)	2014	2015	2016
Cost of energy (£)	7,045,350	7,834,870	9,348,926
Estimated energy savings (£)	404,948	402,478	665,484
Energy Efficiency Investment (£)	636,991	2,653,893	405,676
Estimated energy savings in kWh since 2014 GRI G4-EN6			2,234,000

WATER (HAMMERSON GROUP)	2014	2015	2016
Cost of water for Landlord services (£000)	717	1,683	1,963
Investment in water management improvements (£000)	30	2	3
Estimated water cost savings (increases) (£000)	588	(439)	(155)

WASTE (HAMMERSON GROUP)	2014	2015	2016
Operational costs from waste management (£m)	2.1	2.7	3.8
Savings from averted landfill tax (£m)	2.1	2.0	2.4
Income from sale of waste for recycling (£000)	155	269	599

Case Study

Hammerson

Sir Robert McALPINE

NATURAL CAPITAL

In 2016, Hammerson collaborated with Sir Robert McAlpine on a detailed Natural Capital study.

CGI impression of the future Brent Cross Shopping Centre

For more information on Natural Capital and the Natural Capital Protocols, visit the Natural Capital Coalition website:

https://naturalcapitalcoalition.org/

Hammerson and Sir Robert McAlpine commissioned and published research from Trucost evaluating the Natural Capital implications of different technologies employed across two different projects: Westquay Watermark and Brent Cross. Focusing on gas fired Combined Heat and Power, LED lighting and the installation of a photovoltaic array, the report investigates the Natural Capital costs and benefits of each technology relative to a base line scenario.

This approach translates the natural capital costs such as resource depletion, air pollution and water use, into a financial metric. This can then be incorporated into a standard financial calculation making the real cost of different technologies clearer. Applying this type of analysis to our PV installations shows that if you incorporate the natural capital benefits within the calculation the payback period is reduced. A workshop was held in September with a cross-industry group to explore the implications of the findings of the research for different actors within the construction and development process.

The summary and full reports are available **here**.

SECTION 6
DEVELOPMENT AND RESOURCE USE

6.1 Performance

Development activity during 2016 saw the completion of major projects including Victoria Gate and the new leisure and restaurant based asset at Westquay, Southampton. A number of projects have entered the design and planning stages with our approach to sustainable developments being implemented on each one. Highlights include:

- Elliott's Field Retail Park, Rugby phase 2 on track to achieve Hammerson's first BREEAM Outstanding rating at design stage and being on track to become a net zero regulated carbon project
- Victoria Gate and Westquay South achieving design stage BREEAM Excellent ratings and being on track to meet the same at post construction
- The Sustainability Implementation Plan being used on all projects to set the strategy throughout the design and construction stages
- Updating the Hammerson Sustainability Vision for Developments, Sustainability Implementation Plan and Sustainability Employer's Requirements to support delivery of Net Positive in our developments
- Undertaking further analysis of the embodied carbon impact of our developments and taking action to reduce it
- Collaborating with Sir Robert McAlpine on research investigating the natural capital impacts of design decisions (see Case study on page 65).

Westquay South, Southampton

Development Approach

Our approach to achieving sustainable developments follows a three-step process to support our internal teams and external contractors in thinking through the sustainability risks and opportunities of all our development projects from the earliest stage.

Hammerson Sustainability Vision → **Project Sustainability Brief** → **Sustainability Implementation Plan**

Standards, targets and objectives are set relating to the sustainability performance of newly designed schemes incorporating standard industry benchmarks such as BREEAM and CEEQUAL whilst also reflecting our corporate objectives. We are increasingly aware that whilst industry standard benchmarks are enormously valuable in providing clarity and incentive, they need to be used alongside a clear corporate framework that ensures optimal outputs across the full range of sustainable outcomes.

Our Sustainability Implementation Plan (SIP) includes minimum standards for the environmental impact and recycled content of key materials, such as concrete and steel, Volatile Organic Compounds and careful sourcing of timber. We also actively encourage contractors to reuse or recycle waste materials either on-site or through local waste management.

We revised our strategic Sustainability Vision for Developments document to align with the objectives of Net Positive together with supporting tools such as the Sustainability Implementation Plan and Sustainability Employer's Requirements. It is important that all developments in the pipeline now address these objectives and take steps to deliver positive outcomes towards our 2030 Net Positive target.

Innovation

In last year's CR report one of our points of focus for 2016 was to build on the successes and lessons learnt from the Eco-pod, Elliott's Field Retail Park, Rugby (phase 1) and the B&Q Eco Learning Store in Merthyr Tydfil with a view to establishing a new sustainable design standard for our retail park developments. This led to a set of exemplary objectives being set for the next phase of Elliott's Field, drawing together the standards set on previous retail park achievements.

These include a target of net zero regulated carbon for the development, inclusion of rainwater harvesting, embodied carbon reductions and targeting of BREEAM Outstanding. The development will also offer valuable insight into the opportunities and challenges to meet Hammerson's Net Positive targets. All objectives are being met through the design of the scheme, which includes an 800kWp photovoltaic (PV) array, and will be monitored during construction in anticipation of a late 2017 completion date.

More coffee anyone... ?

Following the success of the Eco-pod at Telford, Hammerson and Costa have agreed to develop a second pod at our Parc Tawe Retail Park in Swansea. The Eco-pod will be in a 'drive-thru' format and takes into account the lessons learnt from the first Eco-pod. This includes changes to the passive ventilation strategy and underfloor heating following practical challenges and operational review.

BREEAM Certification

Achieving BREEAM Excellent under the 2014 version is still a challenge on our retail park schemes however with detailed analysis and tenant engagement it can be practical to achieve. We continue to monitor the development of the benchmark and work constructively with BRE to make improvements.

For our shopping centres, BREEAM Excellent is a key part of the sustainability strategy on all new and extension schemes. Both the new Westquay leisure and restaurant development and the Victoria Gate Arcades achieved design stage BREEAM Excellent ratings and we are close to concluding the post construction stage assessments. Both projects have demonstrated the need for a robust energy strategy minimising both landlord and tenant demand and supplying clean energy from on-site PV. Consistent positive support from tenants is critical to this process and both projects saw a high level of tenant commitment. Valuable lessons have been learned through the implementation of these commitments through leasing and our retail delivery process and this is vital for future projects.

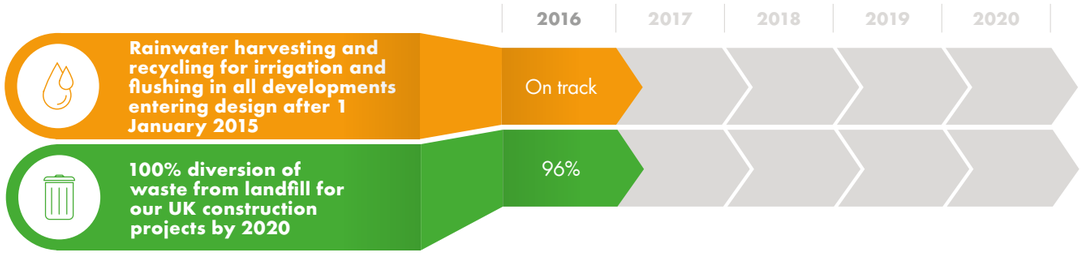
Mitigation of Environmental Impacts of Products and Services

GRI Indicator G4 - EN27

Table 6.1

	ENERGY PERFORMANCE	GAS CONSUMPTION	WATER CONSUMPTION	CARBON	ELECTRICITY
Eco Learning Store	-15% v. Building Regs	-43%	-50%	-23%	N/A
Eco-pod	-54%	N/A	-13%	Net zero carbon for regulated energy	-38%

Our joint venture regeneration of Brent Cross with Standard Life Investments saw considerable design development in 2016 with sustainability being an integral part. Regular workshops were held to set project and planning targets in the SIP, review progress with the project team and to define strategies relating to energy, water and climate change. The infrastructure works are on track to achieve CEEQUAL Excellent rating.



Development Targets

Corporate targets include BREEAM Excellent and 25% reduction on Building Regulations Part L. In addition to these, at Brent Cross we are targeting 10% of site rainfall to be captured by rainwater harvesting, 10% of roof area to be green or brown roofs and a link to a district energy network. A major scheme like Brent Cross represents a unique opportunity to make a significant contribution to meeting our Net Positive targets and will enable us to develop a robust measurement and reporting protocol. This will be a key focus for 2017 and thereafter.

In 2016, we continued to undertake life cycle assessments of our retail park projects to help us further understand the embodied impacts of our development activities and opportunities to make significant reductions. Key findings have been the benefit of using timber as a framing and cladding material, the impact of recycled aggregate and cement replacements in concrete elements, substructure design and the lean use of materials generally. This understanding is essential for Net Positive and will enable us to set appropriate targets for these impact areas on future developments.

Performance Against Hammerson Sustainable Design Standard

Table 6.2

	2016 STATUS	TARGET START DATE	BREEAM TARGET	BREEAM RATING ACHIEVED (CERTIFICATION STAGE)	CONSIDERATE CONSTRUCTORS SCHEME	CON WASTE GEN (T/100M²)	CONSTRUCTION WASTE DIVERTED FROM LANDFILL	DEMOLITION WASTE DIVERTED FROM LANDFILL	SITE ACTIVITY CO_2 EMISSIONS (TCO_2/100M²)	POTABLE WATER (M³/100M²)	% FSC / PEFC TIMBER	GRI G4 EN2 PERCENTAGE OF MATERIALS THAT ARE RECYCLED INPUT MATERIALS
HAMMERSON CORPORATE TARGET >>			Excellent		40	-	97%	99%	-	-	100%	N/A
SCHEMES ON SITE IN 2016												
Westquay South, Southampton	Completed 2016	-	Excellent	Excellent (Design)	44	5	97%	99%	1.5	4.3	100%	27%
Victoria Gate Arcade, Leeds [a]	Completed 2016	-	Excellent	Excellent (Design)	43.5	3.1	95%	No demolition waste in 2016	0.5	1.7	100%	2%
Victoria Gate John Lewis, Leeds	Completed 2016	-	Very Good	Very Good (Design)	43.5	3.1	95%	No demolition waste in 2016	0.5	1.7	N/A	N/A
PRE 2016 SCHEMES		**COMPLETION DATE**										
Abbotsinch Phase 3, Paisley	Completed 2015	2015	Very Good	Very Good (Pre-assessment)	38.5	3.3	92%	No demolition waste	5.5	20.5	100%	N/A
Jeu de Paume, Beauvais	Completed 2015	2015	Excellent	Excellent (Construction)	N/A	N/A	92%	N/A	8.41	50	N/A	N/A
POST 2016 SCHEMES												
Elliott's Field, Rugby (Phase 2)	Design	2017	Outstanding	Outstanding (Pre-assessment)								
Brent Cross, London extension	Design	2018	Excellent	Excellent (Pre-assessment)								
Whitgift Centre, Croydon	Design	2018	Excellent	Excellent (Pre-assessment)								
Abbotsinch Phase 4, Paisley	Design	2017	Very Good	Very Good (Pre assessment)								
Fife Retail Park extension, Kirkcaldy	Design	2017	Very Good	Very Good (Pre assessment)								
Orchard Centre extension, Didcot	Design	2017	Very Good	Very Good (Design)								
Imperial Retail Park extension, Bristol	Design	2017	Excellent	Excellent (Pre-assessment)								
Fountain Retail Park extension, Oldbury	Design	To be confirmed	Very Good	Very Good (Pre assessment)								
Parc Tawe, Swansea	Design	2017	Excellent (Costa unit only)	Excellent (Pre-assessment)								
Trois Fontaine extension, Cergy	Design	2017	Excellent	Excellent (Pre-assessment)								
Italie Deux	Design	2017	Excellent	Excellent (Pre-assessment)								

a Victoria Gate Arcade and Victoria Gate John Lewis were constructed under a single contract.

Our new asset at Westquay achieved BREEAM Excellent for Design in 2016. The site includes our largest installation of on-site renewable energy generation to date.

Elliott's Field has targeted BREEAM Outstanding for design and looks set to be the world's first retail park achieving the rating.

Parc Tawe will be the home of the second Zero Energy Costa Eco-Pod. Following our successful collaboration with Costa in Telford to create the first award winning Costa Eco-Pod we will deliver a second Eco-Pod for them in 2017.

SECTION 7
OUR IMPACTS WITHIN OUR COMMUNITIES

7.1 Investing in our Communities

As demonstrated through our True Value of Shopping Centres research, the direct and indirect socio-economic impacts of our assets are significant. We strive to ensure those impacts are enjoyed across our local communities, whether that be in the form of improved local architecture and amenity or the opening of opportunities to develop new skills and win employment. We monitor our socio-economic outputs and impacts by setting targets and reporting structures for any projects in which we invest. Our approach is to work with existing local providers with good knowledge of relevant local issues and areas of need in order to ensure our investment has the greatest possible impact.

Our key focus areas for Community Engagement remain:

- Employment and Skills
- Entrepreneurship
- Young People
- Health and Well-being

Student event, Highcross, Leicester

DELIVERING NET POSITIVE SOCIO-ECONOMIC IMPACTS IS ONE PILLAR OF OUR NET POSITIVE OBJECTIVE.

Our socio-economic footprint will help to shape both our Net Positive activity and the baseline from which we report progress.

Policy Framework

EU, National and local policies impact on development and operational procedures. A common driver of developments in all locations is the creation of jobs, and infrastructure improvement. The introduction of the community infrastructure levy on UK developments has created additional indirect impacts from developments and also increased development risk for the business. For UK assets, increases in business rates, living wage, introduction of the apprenticeship levy and uncertainty around the UK leaving the EU have increased operating costs for our business and for our tenants. We are keen to ensure that the socio-economic benefits that can flow from these policy changes deliver value for our local communities through, for example, improvements in local infrastructure and the opening of training and employment opportunities.

To help us remain aware of the risks and opportunities of government legalisation, we use the services of an external organisation to support with public affairs and European, National and local policy development.

Socio Economic Footprint

During 2016, we commissioned JLL Upstream to carry out a full socio-economic footprint exercise for the operational assets across the business. This included reviewing our socio-economic policies, procedures, and programmes against our industry peers.

The results of this exercise show our approach to community engagement is best practice, both for our development projects and managed assets. We will use the outputs to refine our placemaking approach and set socio-economic baselines for each of our assets during 2017. This will provide a clear basis against which we can measure our socio-economic impacts as part of achieving our Net Positive socio-economic objective.

National and Local Targets

During 2016, we also developed new national targets within our Positive Places strategy which have been rolled out to all developments and assets. These enhance our commitments to youth engagement and enterprise, but also set commitments in areas not previously addressed as part of our focus on inclusivity, including supporting the ageing population and encouraging visitors to use sustainable travel options.

Every managed asset and development has a bespoke positive places plan, based on our corporate framework. This is owned by a dedicated individual and managed by the wider local team. The plan comes with a stakeholder map, communications strategy and tool-kit to ensure local issues are addressed in a consistent manner.

We monitor the impacts of our developments and assets via corporate and local steering groups. This provides an opportunity to involve stakeholders in setting key performance indicators and resolve any issues. It also helps us to share best practice between locations but ensure a locally driven approach is maintained.

This approach delivered positive results in 2016, including close partnerships with local authorities and wider stakeholders at our developments in Leeds and Southampton. These schemes created over 2000 jobs during 2016, with minimum disruption to local communities.

7.2 Benchmarking Performance

Hammerson uses the London Benchmarking Group (LBG) to measure our socio-economic performance both within our sector and the wider business community. This also enables us to benchmark our developments and assets across geographical locations.

As members of LBG, we are able to share best practice with the business community. We also work with industry peers through committees to share knowledge, including REVO and Constructing Excellence. During 2016, we supported REVO with a campaign week, Retail Matters, to highlight the positive work that the industry undertakes in the community.

7.3 Stakeholder Input

At a local level, our policies, processes and programmes, support the business in working with stakeholders in a consistent and coherent manner. This includes:

- Stakeholder mapping at assets and developments to ensure the correct people and organisations are involved in benchmarking.
- Development steering groups to monitor performance against other developers and contractors.
- Involvement with Local Enterprise Partnerships, Business Improvement Districts, Chamber of Commerce and local authority steering groups.
- Independent consultations and research as part of development process.
- Community Design Workshops for all our shopping centres developments.

We use the above to adapt our procedures and identify useful design changes or adaptations that improve accessibility at our assets. We strive always to ensure our assets are welcoming and navigable for the widest range of groups in our communities. We are of course conscious of our rapidly changing demographics and are taking specific measures to respond to this.

Examples in 2016 include:

- Following advice from Consultative Access Forum at Brent Cross, we changed access provision for the Brent Cross development plan and the location / service offered by Shop-mobility. We also improved seating and toilets in the new development plans.
- Following support from local stakeholders, Westquay, Southampton has signed up to the local Dementia Friendly Communities standard and improved way-finding.
- In Croydon, we have supported the local authority with the development of a good employers charter and the introduction of a work experience standard called First Steps.

Pop-Up Business supports local people who have an idea for a business

Socio-Economic Investment

Table 7.1

	UNIT	2012	2013	2014	2015	2016
GRI SO1: % Group Operations with implemented local community engagement, impacts, assessments and development programmes	%	N/A	N/A	N/A	80	75
UK	**UNIT**	**2012**	**2013**	**2014**	**2015**	**2016**
Direct contributions	£000	599	431	1,700	2,158	2,197
Indirect contributions	£000	446	299	407	383	629
Number of organisations that benefited from Hammerson's direct and indirect contributions	#	347	398	332	276	434
FRANCE	**UNIT**	**2012**	**2013**	**2014**	**2015**	**2016**
Direct contributions	€000	189	265	154	444	273
Indirect contributions	€000	149	37	99	22	16
Number of organisations that benefited from Hammerson's direct and indirect contributions	#	129	139	97	83	84

7.4 Delivering Long-term Community Engagement

Community Engagement is embedded into our asset life cycle. Our Sustainability Implementation Plan ensures development and project management teams engage with stakeholders at a variety of stages and that key placemaking principles are central to the design brief. This includes consultation with various community stakeholders using a variety of means both physical and now digital too. Whilst we still hold road-shows and have introduced community design workshops for our major developments, digital and social media channels are now equally important and particularly useful for reaching a wider audience.

Enhancing the positive attributes of developments is the target throughout including creating local employment and enterprise opportunities. This is cascaded through the development process and included in documents such as our employers requirements and our leasing documents. A risk matrix is used to understand local issues and ensure once construction commences, these issues are managed effectively.

Once on site, a community engagement plan covers regular stakeholder dialogue through a variety of digital and physical methods. Each development has a dedicated community manager to ensure our procedures are delivered and to create locally tailored programmes to enhance value to the community.

This delivered excellent results in our recently completed schemes in Leeds and Southampton, with strong local relationships and legacy programmes to ensure local people benefited from the development, beyond completion. An Example of this is the East Streets Arts partnership in Leeds, which benefits from meanwhile use space and funding to support the local arts community.

As a long term investor we see ongoing community engagement work at our managed assets as equally important to our developments and take a similarly managed approach. This produces excellent local community engagement activities as outlined in table 7.3. Highlights in 2016 include the creation of a community garden at Silverburn in Glasgow and community led events using the newly created public art at Highcross in Leicester. There have been some excellent examples of sharing of programmes and good practice between shopping centres. Examples include the consistent delivery of work experience at centres and our work with NCS, a youth volunteering programme.

Our increased focus on inclusivity has already led to Highcross in Leicester becoming the first UK shopping centre to be recognised by Alzheimers UK and Silverburn becoming Scotland's first Dementia Friendly Shopping Centre.

Community Investment (£)

Table 7.2

INDICATOR G4-EC8	2014	2015	2016	COMMENTARY ON TREND
TOTAL VOLUNTARY INVESTMENT	£2,072,411	2, 541,913	£3,067,660	Increase in development and improved reporting from centres as a result of dedicated community staff
Total value of direct contributions to the community broken down by type of contribution and country	£1,665,155	£2,158,656	£2,438,660	Increase in development and improved reporting from centres as a result of dedicated community staff
Cash contributions	£573,494	£792,277	£777,481	Slight decrease as development activity slowed at Leeds following opening event
Value of staff time	£212,396	£227,860	£328,498	Introduction of staff volunteering system has increased and improved reporting
In-kind donations	£879,264	£1,276,374	£1,332,681	Consistent with previous year / slight improvement due to partnership with Pop Up Business School whom occupy empty units
Total in kind - Corporate	£21,500	£1,653	£0	Reduced use of office space
Total in kind - Developments	£17,769	£0	£0	No direct in kind donations via developments (via SRM / indirect)
Total value of indirect contributions to the community generated from other sources than Hammerson	£407,256	£383,257	£629,000	Improved reporting via centre teams and dedicated resource at centre teams
RETAIL PORTFOLIO (SHOPPING CENTRES AND RETAIL PARKS)				
Charity collections and money raised from sales	£233,504	£118,227	£309,084	Improved reporting from centres as a result of dedicated community staff
Value of HOL and non Hammerson staff time dedicated to community activities	£112,301	£77,592	£150,000	Dedicated staff at each centre now in place and expansion of team in UK and France
Other leverage (e.g. other external partners, employees' contributions and service charge)	£48,422	£51,441	£20,194	New suppliers in place resulting in short term dip in contributions via external partners
CORPORATE				
Charity collections and money raised from sales	£40,657	0	0	No corporate sales / charity collections in office (employees contribution included other leverage)
Value of HOL and non Hammerson staff time dedicated to community activities	£85,801	£80,000	£100,000	Increase in staffing
Other leverage (e.g. other external partners, employees' contributions and service charge)	£7,220	£13,065	£36,945	Increase in match funding and better data capture
DEVELOPMENTS				
Charity collections and money raised from sales	£0	£0	£0	No sales on development
Value of HOL and non Hammerson staff time dedicated to community activities	£29,024	£47,096	£47,096	Additional member of staff to support with developments
Other leverage (e.g. other external partners, employees' contributions and service charge)	£40,000	£3,250	£41,590	SRM contributions at Leeds and Watermark including Vicar Lane
Mandatory Investments - Developments				
Community investment through planning agreements	£0	£8,956	£110,000	Brent Cross / Watermark
Other Indicators				
Number of organisations that benefited from Hammerson direct and indirect contributions	332	276	434	Improved reporting via centre teams and dedicated resource at centre teams. Active developments have also increased
Full time equivalents on direct CR activities	12	13	18	Each centre now has a dedicated CR individual
% Volunteering day entitlements taken up by employees	15%	17%	27%	Introduction of staff volunteering system has increased volunteering and improved reporting
Jobs created from developments	1,384	4,527	6,687	Westquay South and Leeds
% Previously unemployed	8%	8%	23%	Tenant jobs at Victoria and Westquay with targeted programmes to support unemployed into work
Number of persons voluntarily or involuntarily displaced and/or resettled by development, broken down by project	0	0	0	None of our development projects have required displacement of persons in the three years to the reporting date.

This data includes investment from our UK and French portfolios.

7.5 Our Community Engagement in Action

First Step

Developed by Citizens UK (registered charity), First Step is a work experience initiative in Croydon that aims to address the lack of decent work-based training for young people. First Step engages with local employers, creating work experience placements for young people across a range of sectors and industries. Working alongside schools and colleges, young people are helped through CV support and mock interviews to apply for work experience placements created through the initiative. Those undertaking work experience placements ultimately gain new skills, knowledge and increased confidence to apply for future job opportunities. Our support has included financial assistance towards First Step, alongside shaping the delivery of the programme whilst creating work experience placements at Whitgift & Centrale shopping centres.

Crystal Palace Football Foundation

Crystal Palace Football Foundation delivers a range of high quality programmes that have a real and measurable impact in communities across London. Aspire II is a programme developed by Crystal Palace Foundation that aims to work with young people who are furthest away from the labour market because of a history with crime or challenging domestic circumstances. The 12 week, intensive programme engages young people in training across a range of subjects to learn useful life skills that are applicable to the workplace. In addition to providing grant funding, we have supported the programme by accommodating participants at our offices offering an insight into a corporate and office environment alongside mock interviews.

Teenage Market in Leeds

Pop-Up Business School

Pop-Up Business School offer a completely unique approach to inspire and help people start businesses. Through a series of workshops, participants learn how to establish and run a successful business along with advice in creating a website, using social media as a marketing tool and adapting to meet customer demand. We have partnered with the Department of Work and Pensions, local authorities, housing providers and Business Improvement Districts to deliver Pop-Up Business School across a number of locations including Leeds, Reading, Croydon and Bristol. After completing the workshops, several of our Pop-Up Business School events have provided participants with the opportunity to in our shopping centres, offering direct access to a high retail footfall.

The Teenage Market

During 2016, we successfully delivered three Teenage Market events in both Leeds and Croydon. The Teenage Market provides a free platform for young people to trade, selling homemade items such as artwork, crafts, jewellery and clothing in a market environment. In addition to individual young traders, several school groups have participated as part of their curriculum or to raise funds for charities. Those participating in The Teenage Market have spoken positively of their enterprise experience. Many have commented that the opportunity has led to an increase in confidence, with several traders establishing their own businesses and creating websites. We plan on working with The Teenage Market to deliver this initiative at other locations during 2017.

Key Local Community Engagement Projects and Initiatives

Table 7.2

ASSET	ACTIVITY	THEME	INPUT/OUTCOME
Highcross	Pop Up Space	Enterprise, Urban planning, employment and skills	1,334 people engaged, 29 Pop Up events
Brent Cross	Job Shop	Employment	93 people supported into employment
Brent Cross	Entrepreneurial Barnet	Enterprise	82 people engaged, 4 start up business funded
Brent Cross	Pop Up Business School	Enterprise	83 people engaged, 20 businesses started
Brent Cross	Educational engagement projects	Enterprise, Urban planning, employment and skills	Engagement with 650 young people
Whitgift/Centrale	Pop-Up Business School	Enterprise	183 people engaged, 80 businesses started
Whitgift/Centrale	Youth Opportunity Grants Fund	Young People	£12K grants awarded, 12 local charities/ organisations/groups benefited
Whitgift/Centrale	Teenage Market Events	Enterprise & Young People	8 young traders supported including over 25 local college students
Westquay	Local employment opportunities	Employment	2,246, 72% of end user roles local
Westquay	Local investment	Employment and skills, young people	£110k cash investment 36,651 people engaged
Westquay	Active Families	Health & Well-being	12 families engaged
Westquay	Cookery classes, local curriculum support in partnership with local colleges	Health and Well-being	57 people attended cooking classes for disadvantaged residents including ex-offenders and people with disabilities
Westquay	EBP South- Watermark Challenge	Education	52 students engaged, 6 schools engaged
Orchard (Didcot)	Local producers / farmer markets	Enterprise	24 traders supported
Silverburn, Glasgow	Pre Employment Training	Employment	36 individuals completed pre-employment training
Silverburn, Glasgow	Dragons Den	Education	3 schools engaged, 180 students engaged
Silverburn, Glasgow	Silverburn Cares	Charity	Supporting local causes 2
Oracle	Pop Up Business School	Enterprise	102 business started
Bullring	Pre Employment Training	Employment	70 people completed two week training programme
Bullring	Enabling Enterprise	Education	90 students engaged, three schools engaged
Bullring	NCS	Education	150 students engaged
Victoria Leeds	Employment Road-shows	Employment	787 people engaged
Victoria Leeds	Teenage Market Events	Enterprise & Young People	63 young traders supported
Victoria Leeds	130 Vicar Lane - Arts, Culture & Makers Hub	Arts & Culture	Local artists and print makers supported

7.6 Occupational and Customer Health and Safety

The health and safety of our customers and of anyone working at our sites is a material aspect for the business. Safety is directly impacted by our policies and processes and failure in this area would have an impact on business performance.

This applies from construction through to operation. Whilst health and safety during the construction phase is delivered by our contractors, this is something we work closely with them on and we require consistent and clear reporting.

Product Responsibility – Customer Health and Safety

Table 7.4

G4-PR1	% Significant product and service categories for which health and safety impacts are assessed for improvement	100%
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome	0
G4-PR2	Non-compliance with regulations resulting in a fine or penalty	0
G4-PR2	Non-compliance with regulations resulting in a warning	0
G4-PR2	Non-compliance with voluntary codes	0
G4-PR2	RIDDOR reportable injuries across the managed portfolio	9 - UK 168 - Ireland 53% - France
G4-PR2	Total number of dangerous occurrences, reportable injuries and fatalities to non-workers on or off a site or assets as a result of non-compliance with regulations and voluntary codes	0
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	0
G4- EN24	Total number and volume of significant spills	0
	Number/% Employees given health and safety training	115/26% - UK Ireland - no employees during reporting year 62 - France
G4-CRE6	% of the organisation operation operating in verified compliance with an internationally recognized health and safety management system	100%

Design Phase

We adopt best practice through the design process to ensure our assets provide a safe and secure environment for customers during operation. This includes applying industry standards such as Secured By Design and working closely with our appointed CDM Co-ordinators and Local Authority Access teams to ensure compliance with the appropriate standards. We establish disability forums for our major schemes to ensure designs are informed by people with direct experience of accessibility issues.

The Consultative Access Forum established at Brent Cross has been particularly active in feeding into the design process to support continued improvement. A similar Forum is being established for the Croydon Partnership development.

Construction Phase

The construction phase of our assets holds the highest short-term occupational health and safety risk. We work closely with our contractors to ensure these risks are minimised and regularly reported through monthly reports and Considerate Constructors Scheme audits. The construction, development and redevelopment teams have full processes in place in line with Construction (Design and Management) Regulations 2015. There is a continuous process of feedback and improvement for health and safety on site which is common across the UK construction sector.

Acquisition and ready for sale processes include health and safety impacts. Health and safety impacts on customers through the construction phase can also include noise and air pollution. This is carefully monitored for all sites to ensure safe limits are maintained. Regular dialogue is maintained with local communities to ensure any issues are dealt with swiftly.

Operational Phase

During the operational phase of our assets, the health and safety of anyone on site as a responsibility we take very seriously. In the current complex political environment we are conscious that our assets are at risk and have implemented enhanced policies, practices and training in response. These include the formation of a Core Crisis Group and the organisation of externally facilitated simulation exercises. This is to enhance our standard health and safety regimes.

Hammerson UK is certified against the Occupational Health and Safety Assessment Series British Standard 18001. This certification confirms that Hammerson has a full health and safety management system which confirms and provides evidence of compliance against all relevant legislation and best practice guidance. In particular this includes fire management. The annual statement of intent, signed by the Director responsible for H&S, outlines aims and objectives to maintain safety and health for all employees and others who may be impacted by Hammerson business operations.

All operational policies are derived from risk management process to ensure that the right solution is implemented across all life cycle stages. Particular risks such as vertical transportation (escalator and lifts) are managed in consultation with a competent specialised company. Security is managed through working with a portfolio security provider to make sure that appropriate security practices dovetail with operational excellence. A director level core crisis group leads company management of business continuity and disaster recovery and is supported by an emergency response manual.

All statutory inspecting and testing requirements are managed via insurance company with visit reports to identify any non-compliance which are addressed within required time-scales.

The internal audit process is managed through the BS18001 certification and an annual external H&S audit and fire risk assessment are also conducted to provide an independent review of all areas with any impacts are added to the company non-conformance register to determine root cause and provide corrective and preventative measures to prevent re-occurrence. All non-conformities are risk rated to ensure high risk matters are managed to protect the health and safety of everyone on site.

Sustainability Certification

Indicator G4-CRE8, Cert-Tot

Table 7.5

CERTIFICATION	UK RETAIL PORTFOLIO	FRANCE RETAIL PORTFOLIO	IRISH RETAIL PORTFOLIO
BREEAM - NEW CONSTRUCTION	11	4	0
BREEAM - In use	0	3	0
BREEAM - % portfolio covered by GIA	49%	66%	0
BREEAM - % portfolio covered by number of assets	27%	30%	0%
ISO 14001	8	0	0
Energy Performance Certificates	1,441	10	31
Energy Performance Certificate - % portfolio covered by GIA	70%	100%	8%
Energy Performance Certificate - % portfolio requiring EPC	100%	100%	100%

Sustainability is a core part of our Product Development Framework.

Our target is to achieve excellent or outstanding for all of our assets during design, construction and operation. Sustainability certification is increasing across the portfolios. We have extensive coverage of energy performance certificates in the UK. This has been a major focus of attention due to minimum energy efficiency standards coming into force in 2018. There is no comparable regulation in France or Ireland.

All developments completed in the last three years have had BREEAM certification. Our corporate target is to achieved BREEAM Excellent and we are on track to achieve this at our two most recently completed developments. We are targeting BREEAM Outstanding at one of our retail park developments.

We continue to use ISO14001 as an environmental management system for ensuring our business wide processes are robust and consistent. Our regular ISO 14001 audits support the view that our systems are in line with best practice. We will be extending BREEAM In Use as an operational management system at our French and Irish managed assets between 2017 and 2020.

SECTION 8
CORPORATE DATA

8.1 Corporate Real Estate

We occupy offices in London, Reading, Paris and Ireland. Our London and Reading offices have Ska Gold rated fit outs. Our London office is in Kings Place, Kings Cross, which is a highly sustainable building. Whilst our corporate footprint is small relative to the impacts of our operational portfolio and our developments, organisational culture is important in underpinning employee behaviour. We therefore use our offices to support our company wide approach to environmental and social responsibility. Examples include the promotion of good recycling habits, incentivising staff to bring and reuse mugs to avoid the use of paper cups and a campaign to ensure people switch monitors off at night.

The corporate emissions data provided here is included in the Group reporting figures in Table 2.1. Our ISO 14001 accreditation includes our corporate offices.

This page: Retail Showcase and Marketing Suite at Hammerson's Head Office in Kings Cross.

We have undertaken a carbon footprint study for Net Positive and Hammerson's corporate carbon emissions represent approximately 1% of the carbon footprint of our total business activities.

Hammerson Corporate Office Environmental Data 2016

Table 8.1

	UNIT	EPRA/GRI CODE	KINGS PLACE, LONDON	AQUIS HOUSE, READING	RUE CAMBON, PARIS
Total CO_2e Emissions scopes 1 and 2 ($kgcO_2e$)	Tonnes		169	90	93
Hammerson Electricity Consumption	kWh	G4-EN3	392,842	136,256	164,279
Total Natural Gas				123,806	
Hammerson Water Consumption	kWh	G4-EN8	N/A	N/A	N/A
Net internal area	M^3		3,579	897	2,244
Electricity intensity/m^2 occupied area	kWh/M^2	G4-CRE1	110	152	73
Total waste quantity	Tonnes	G4-EN23	107	N/A	N/A
Diverted from landfill	Tonnes	G4-EN23	107		
Total recycled	Tonnes	N/A	39		
Total incineration (used for fuel)	Tonnes	N/A	44		
Total Hazardous Waste	Tonnes	N/A	N/A		
Food Disposal	Tonnes	N/A	24		
Total incineration (not used for fuel)	Tonnes	N/A	0		

Hammerson owned transport

	UNIT	EPRA INDICATOR	2016
Petroleum Consumption	$mtCO_2e$	GHG-Dir-Abs	2
Diesel Consumption	$mtCO_2e$	GHG-Dir-Abs	89

a We do not have a full year of data to report for the office in Dublin and consumption at that office is considered immaterial it is therefore excluded.

8.2 Our People

One of our core Positive Places commitments is to Inspire and Up-skill our employees. Sustainability is a rapidly developing topic. Changes in technology, regulation and legislation and new research and development mean we have to keep up our skills to ensure we are able to deliver. With our Net Positive objective it is even more vital to ensure our employees are inspired and supported with skills development.

As a business with complex asset management and development functions, our human capital is a key asset. Nurturing talent is therefore an important focus. We approach this at all levels with a high quality graduate programme through to management and leadership training and a strategic approach to succession planning within and across teams. We have a number of policies and processes in place to ensure individuals and teams have access to appropriate training and to development. Whilst we have a good record on diversity across our work force, during 2015 we implemented a diversity and inclusion programme with a view to ensuring we are drawing talent from the widest possible pool and our work in this area continues. More details of outcomes and on diversity within our workforce is available in our Annual Report and Accounts.

We regularly run the Great Place to Work Survey and are pleased to confirm consistently positive scores. Further information on outcomes and actions is available in the Annual Report. Hammerson's approach to sustainability received the most positive response within the survey and scores significantly above benchmark in this category.

Inspiring action

2016 saw our employees increase their volunteering activity significantly as we developed new and interesting ways for them to give back to the local community above and beyond our annual community day. We offer skills based volunteering that aligns with our key Serve and Invest priorities such as our mentoring programmes with Enabling Enterprise, The Retail Trust and Urban Land Institute.

Our developments offer employees the chance to really get involved with local stakeholders with everything from creating retail design projects for Leeds Beckett University, through to supporting people with CV writing as part of our collaborative Westquay Works programme.

We also present opportunities for people to get involved with our charity partners, with employees taking on marathons, cup cake mornings and hiking from Reading to London in order to raise funds.

We continue to use The Butterfly Bank to inspire action and track volunteering, bringing our employees different actions to take at home, at work and in the community. Our monthly rewards recognise those leading the way. In 2016, over 25,000 actions were taken from volunteering activities to meat free Mondays, with almost 3,000 hours of volunteering recorded.

G4 LA1 Hammerson workforce by employment type, contract and region (2016)

Table 8.2

	GROUP	UK	FRANCE	IRELAND [c]
Total number of direct employees	572	385	135	52
Total number of supervised workers [a]	N/A	1155	N/A	N/A
Number of employees under indefinite or permanent contract	N/A	368	132	N/A
Number of employees under temporary/fixed term contract	N/A	17	3	N/A
Number of female employees on temporary/fixed term contracts [b]	N/A	N/A	N/A	N/A
%Total permanent contract	N/A	96%	98%	N/A
%Total fixed term or temporary contract	N/A	4%	2%	N/A
Number of employees on a full time contract	N/A	365	133	N/A
Number of female employees on a full time contract	N/A	184	63	N/A
Number of Hammerson's direct employees under part time contract	N/A	20	2	N/A
Number of Hammerson's direct females employees under part time contract	N/A	19	2	N/A

a supervised workers includes 3rd party contractors working under contracts agreed at our managed UK shopping centres.
b We are unable to report how many female employees are employed under fixed term contracts at this time.
c We have only recently normalised all our employee contracts in Ireland having only taken on the management of the asset fully in 2016. We are unable to provide a full data set at this time.

Women in the Hammerson Workforce, 2016

Table 8.3

	UNIT	UK	% CH Y-O-Y	FRANCE	% CH Y-O-Y
Hammerson's female direct employees (includes contractors)	#	203	12%	65	-6%
Hammerson's male direct employees (includes contractors)	#	182	28%	70	-7%
Number of employees in Category 1 (Senior Management) (LA 10)	#	41	-24%	13	0%
Number of employees in Category 2 (other Hammerson staff apart from Senior Management) (LA10)	#	205	-18%	94	-8%
Number of employees in Category 3 (Support Employees) (LA 10)	#	139	-8%	28	-3%
Number of Hammerson female employees as part of senior management	#	14	250%	2	100%
% Females in Senior Management	%	34%	361%	15%	100%
% Female Employees	%	53%	-6%	48%	0%
% Females on the Board of Directors	%				
% Females working full time	%	91%	2%	97%	0%
% Females working part time	%	9%	-15%	3%	6%
Number of Hammerson's direct employees working flexible hours due to parental or carer responsibility	#	18	-18%	1	0%
Number of requests for flexible working that have been accepted.	#	4	-60%	0	-100%
Number of total requests for flexible working for the reporting year	#	4	-67%	0	-100%
% Flexible working requests accepted	%	100%	20%	N/A	
% Employees working flexible hours due to parental and carer responsibility	%	5%	-31%	1%	-102%

Employee satisfaction, career development and diversity

Table 8.4

SATISFACTION WITH HAMMERSON	UNIT	2014	2015	2016
% Total employees responding to employee survey	%	84	81	82
% Employees who indicated a positive level of satisfaction at Hammerson	%	84	78	77
% Employees who responded positively to "This workplace is working to reduce its environmental impact"	%	Not asked	89	89
% Employees who responded positively to "The organisation manages its impact upon society responsibly"	%	Not asked	90	87
G4-11 % Employees covered by Collective Bargaining Agreements	%	0	0	0
% Volunteering day entitlements taken up by employees (UK only)	%	15	17	23
Number of volunteering days contributed by employees		Not recorded	350	269
DIVERSITY	**UNIT**	**2014**	**2015**	**2016**
G4 HR3 Total number of incidents of discrimination	#	0	0	0
% Permanent employees who received diversity training	%	2	9	45
% Employees who answered the "Great Place to Work" survey who are from a racial or ethnic minority (UK Only)	%	0	Not asked	Data not available
CAREER DEVELOPMENT	**UNIT**	**2014**	**2015**	**2016**
G4 LA11 % permanent employees receiving regular performance and career development reviews	%	100	100	100

The full data set we normally provide on our workforce is not available across all three jurisdictions in sufficient detail this year so we are unable to report as fully as we would wish. This is not considered a material issue or risk for the business but is an issue we take seriously and it will be rectified for the next reporting cycle.

Knowledge and reporting transparency and reporting performance indicators

Prepared on accruals basis

Table 8.5

INDICATOR	UNIT	2012	2013	2014	2015	2016
Number of SRI investors with whom individual and collective meetings have been held in calendar year		13	1	12	67	10
Individual meetings and/or group presentations with investors representing % of issued share capital		43%	27%	24%	60%	60%
G4 EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED						
Direct economic value generated						
Revenues						
Gross rental income	£m	325.6	328.6	344.1	366.4	398.7
Service charge income	£m	58.5	59.0	59.7	63.1	68.6
Management fee income (net)	£m	6.6	6.9	5.6	6.0	8.5
Interest receivable	£m	6.5	6.5	9.1	20.3	29.8
Share of results from VR & VIA/Other income	£m	4.3	12.9	16.9	20.9	29.5
Proceeds from disposals	£m	584.2	261.1	123.0	185.1	635.5
Sub total	£m	985.7	675.0	558.4	661.8	1,170.6
Direct economic value distributed						
Operating costs						
Other property outgoings	£m	31.8	28.5	28.1	34.5	37.7
Service charge expenses	£m	69.4	68.9	70.1	76.4	83.1
Other administration costs (excl. staff costs)	£m	16.6	17.3	20.5	18.0	22.7
F&F expenditure		0.3	0.9	1.8	3.8	0.2
Capital expenditure	£m	559.1	388.0	566.3	313.0	1,532.8
Operating costs	£m	277.0	307.6	118.7	128.9	143.5
Total staff costs (incl. social security)	£m	44.9	44.0	44.7	48.8	53.6
Interest	£m	120.5	115.9	126.7	123.6	128.8
Dividends	£m	120.9	130.1	139.5	165.2	180.1
Sub total		241.4	246.0	266.2	288.8	308.9
Tax paid - current	£m	0.4	0.8	0.9	1.6	2.7
Total costs		563.7	598.4	430.5	468.1	508.7
Direct economic value retained	£m	422.0	76.6	127.9	193.7	661.9
Community investments						
CI1 Hammerson's direct contributions	£m	0.60	0.43	1.66	2.15	2.2
G4 EC4 Significant financial assistance received from government	GBP	0	0	0	0	0
G4 SO6 Total value of financial and in kind contributions to political parties, politicians and related institutions by country	GBP	0	0	0	0	0
G4 SO8 Monetary value of significant fines and total number of non monetary sanctions for non compliance with laws and regulations	GBP	0	0	0	0	0

Above figures presented on a consistent basis with Group reporting - proportionally consolidated basis, with VR & VIA included in single income line 2013 & 2012 include discontinued operations

SECTION 9
DATA COVERAGE

We report on our material aspects for all assets over which we have managerial control, either directly or through a directly contracted third party.

We do not report on assets in which we have only an investment interest or in which we hold only debt or other financial instruments. Within our whole portfolio reporting we do not include assets which were purchased during the reporting year, however, these will be included within our Group GHG emissions data. Following the completion of the sale of our office portfolio in 2013, from 2014 we will only report data from our corporate offices.

The tables below set out the retail assets we have reported against since 2010. Our reporting separates out our whole portfolios from our like-for-like portfolios – those assets we have held consistently over the relevant reporting period. Coverage within our whole portfolio reporting includes all assets over which we have asset management control for the previous 12 months. We have not included developments opened in the final quarter of the year.

Bullring, Birmingham

Data Coverage

Table 9.1

ASSETS INCLUDED IN THE WHOLE PORTFOLIO, LIKE-FOR-LIKE AND CRF DATA SETS FOR 2016	FIVE YEAR DATA SET	LFL DATA	KEY FINANCIAL ENVIRONMENTAL METRICS
HAMMERSON UK SHOPPING CENTRE PORTFOLIO	**2016**	**2016**	**2016**
Brent Cross, London	Y	Y	Y
Bullring, Birmingham	Y	Y	Y
Grand Central, Birmingham	Y 2016 only	N	Y
Martineau Galleries, Birmingham	Y 2016 only	N	Y
Highcross, Leicester	Y	Y	Y
Queensgate, Peterborough	2012 Sold 2013	N	N
Silverburn, Glasgow [e]	Y	Y	Y
The Oracle, Reading	Y	Y	Y
Centrale, Croydon	Y	Y	Y
Union Square, Aberdeen	Y	Y	Y
Westquay, Southampton	Y	Y	Y
Monument Mall, Newcastle	2013-2014 Sold 2016	N	N
Victoria Quarter, Leeds	Y	N	Y
Cabot Circus, Bristol	2014 - 2016	Y	Y
Victoria Gate, Leeds	N Opened 2016	N	N
Whitgift, Croydon	2015 - 2016	N	Y
HAMMERSON FRANCE SHOPPING CENTRE PORTFOLIO			
Bercy 2	2012 - 2014 Sold 2015	N	N
Espace Saint-Quentin	Y	Y	Y
Grand Maine	2012 - 2014 Sold 2015	N	N
Italie 2, Paris	Y	Y	Y
Jeu de Paume, Bauvais	2016 Opened 2015	N	Y
Les 3 Fontaines, Cergy-Pontoise	Y	Y	Y
O'Parinor Shopping Centre, Aulnay-sous-Bois	Y	Y	Y
Place des Halles, Strasbourg	Y	Y	Y
Les Terrasses du Port, Marseille	2015 - 2016 Opened Q3 2014	Y	Y
Nicetoile, Nice	2016 Acquired Feb 2015	Y	Y
Saint Sébastien, Nancy	2015 - 2016 Acquired 2014	Y	Y
SQYOuest, Saint-Quentin	Y	Y	Y

Data Coverage
(continued)

Table 9.1

ASSETS INCLUDED IN THE WHOLE PORTFOLIO, LIKE-FOR-LIKE AND CRF DATA SETS FOR 2016	FIVE YEAR DATA SET	LFL DATA	KEY FINANCIAL ENVIRONMENTAL METRICS
HAMMERSON UK RETAIL PARKS PORTFOLIO			
Abbey Retail Park, Belfast	Y	Y	Y
Abbotsinch Retail Park, Glasgow	2013 - 2016 only	Y	Y
Battery Retail Park, Birmingham	Y	Y	Y
Brent South Shopping Park, Brent Cross	Y	Y	Y
Cathedral Lanes, Coventry	2012 - 2013 only. Sold 2014	N	N
Central Retail Park (1 & 2), Falkirk	Y	Y	Y
Cleveland Retail Park, Middlesborough	Y	Y	Y
Cyfarthfa Retail Park, Merthyr Tydfil	Y	Y	Y
Dallow Road, Luton Warehouse	Y	Y	Y
Drakehouse Retail Park, Sheffield	2012 - 2014 only. Sold 2015	N	N
Elliott's Field, Rugby	2016 only Opened 2015	N	Y
Fife Central Retail Park, Kirkcaldy	Y	Y	Y
Imperial Retail Park, Bristol	Y	Y	Y
Lakeside Leisure Park, Thurrock	Y	Y	Y
Lakeside Extra Retail Park, Thurrock	Sold Q3 2016	N	N
Lakeside Tunnel Retail Park, Thurrock	Sold Q3 2016	N	N
Manor Walks Shopping Centre, Cramlington	Y Sold Q2 2016	N	N
Parc Tawe Retail Park, Swansea	Y	Y	Y
Ravenhead Retail Park, St Helens	Y	Y	Y
St Oswalds Retail Park, Gloucester	Y	Y	Y
Telford Forge Retail Park	Y	Y	Y
The Broadway, Didcot	Y	Y	Y
The Orchard Centre, Didcot	Y	Y	Y
Westmorland Retail Park, Cramlington	Y Sold Q3 2016	N	N
Westwood Gateway Retail Park, Thanet	Y	Y	Y
Westwood Retail Park, Thanet	Y	Y	Y
Wrekin Retail Park, Telford	Y	Y	Y
HAMMERSON CORPORATE PORTFOLIO [b]			
10 Grosvenor Street, London	2012 - 2014 Vacated and sold 2015	N	N
19 Bridge Street, Reading	2012 - 2014 Vacated 2014	N	N
Aquis House, Reading	2014 - 2016	N	N
Kings Place, London	2015 - 2016	N	N
Rue Cambon, Paris	2013 - 2016	N	N
Hammerson Strategic Portfolio	Y	N	N

b Following completion of the sale of the Hammerson Office Portfolio in June 2013, from 2014 we will only report our corporate office data.

Imperial Park, Bristol

SECTION 10
ABOUT THIS REPORT

10.1 Reporting Timelines and Boundaries

The data contained within this report covers the period 1 January – 31 December 2016. The previous report, published in May 2016, covered the previous calendar year.

Hammerson's operations include development, asset management and investment. Our reporting boundary includes the impacts of assets over which we have operational control, and our development activities. We do not provide data on assets in which we have only an investment interest. We do, however, work with our co-investors to support the setting of appropriate sustainability strategy and this is reported through a GRI Disclosure of Management Approach.

As a landlord we have direct control over a relatively limited proportion of space within our assets. For our major environmental impacts we report only on those areas. Data coverage currently includes properties where we directly control or manage the provision of shared utility services and where we have data for a minimum period of two years over which time the asset has not undergone development activity that would have significantly affected performance.

We do not report on properties that are let on FRI leases or on properties disposed of or acquired during the reporting period. In areas where we have significant influence such as: outsourced procurement arrangements, tenant energy consumption where covered by operating leases, agreements with joint venture partners and co-owners and our employees behaviour, we report through a GRI Disclosure of Management Approach. Performance data relating to our supply chain and retailer tenants is provided where available alongside narrative to explain trends.

The full list of assets and our level of reporting against them is provided in Table 9.1. If you have any questions or comments on this report or any of our initiatives please contact us at sustainability@hammerson.com

10.2 GRI Aspects and Indicators

Hammerson is committed to the promotion of greater transparency and robustness in reporting as we see this as fundamental to supporting the move to a more sustainable economy.

We have used the GRI CRESS as a reporting mechanism since its inception and this report has been drafted in accordance with GRI G4 Core requirements. Our aim is to provide the clearest possible statement of our performance over time and to enable our stakeholders and other interested parties to understand and analyse this.

Our material aspects are set out in Table 1.1 on page 2. Tables 10.1 and 10.2 set out the General and Specific Standard disclosures included within this report to comply with the GRI requirements.

GRI Index

Table 10.1

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	EXTERNAL ASSURANCE
Strategy And Analysis			
G4-1	CEO statement page 20		
Organizational Profile			
G4-3	Hammerson plc		
G4-4	Annual Report and Accounts: Our Portfolio, page 2-3		
G4-5	Annual Report and Accounts: Shareholder information, page 191		
G4-6	Annual Report and Accounts: Our Portfolio, page 2-3		
G4-7	Annual Report and Accounts: Shareholder information, page 193		
G4-8	Annual Report and Accounts: Our Portfolio, pages 2-3		
G4-9	Annual Report and Accounts Business Review pages 22-42 / Financial tables		
G4-10	Pages 82-89	We are unable to provide a full data disclosure for this indicator for 2016.	
G4-11	Section 8, Table 8.5, page 87		
G4-12	Supplier engagement, page 31		
G4-13	There have been no significant changes to the share capital or other capital formations in the reporting year.		
G4-14	Introduction, pages 4-5, and Sections 1.2 & 1.4		
G4-15	Chief Executive Statement, pages 20-21		
G4-16	Section 1.8, pages 32-33		

GRI Index
(continued)

Table 10.1

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	EXTERNAL ASSURANCE
Identified Material Aspects And Boundaries			
G4-17	Sections 1.5, 1.6, pages 22-27, 10.1 AR&A pages 41-143		
G4-18	Introduction Section 1.3, pages 22-23		
G4-19	Introduction and this table Section 1.2, pages 24-25		
G4-20	Introduction aspects and boundaries, asset table Section 1.2, pages 22-23		
G4-21	Introduction aspects and boundaries, asset table Section 1.2, pages 22-23		
G4-22	See the data qualifying notes in Sections 2 - 9 and Section 10.3, pages 102-103		
G4-23	Section 1.2, pages 24-25 and Section 10.3, pages 102-103		
Governance			
G4-24	Section 1.3, page 23, Section 1.7, pages 30-32		
G4-25	Section 1.7, pages 30-32		
G4-26	Section 1.7, pages 30-32		
G4-27	Section 1.7, pages 30-32		
Report Profile			
G4-28	Section 1.1, page 22, Section 10.1, page 94		
G4-29	Section 1.1, page 22, Section 10.1, page 94		
G4-30	Section 1.1, page 22, Section 10.1, page 94		
G4-31	Section 1.1, page 22, Section 10.1, page 94		
G4-32	Section 1.1, page 22, Section 10.1, page 94		
G4-33	Section 1.1, About this Report, page 22		
G4-34	Annual Report and Accounts, page 53, PP Website: Vision and approach/Governance Structure		
Ethics And Integrity			
G4-56	Annual Report and Accounts, pages 6-7, Chief Executive Statement, page 10, Compliance with Corporate Code, pages 115 - 119, This report, Chief Executive Statement, page 20-21		

GRI Index
(continued)

Table 10.1

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	EXTERNAL ASSURANCE
Material Aspect: Indirect Economic Impacts			
G4-DMA	Section 7, pages 72-77		
G4-EC8	Section 7, Table 7.1, pages 74-75		
Material Aspect: Materials			
G4-DMA	Introduction, page 24-27 & Section 6, page 42-51		
G4-EN2	Page reference should be Section 6, Table 6.2, pages 70-71	We do not record the % of recycled and re-used input materials by category as we do not directly procure materials	
Material Aspect: Energy			
G4-DMA	Introduction, pages 24-27 & Section 2, pages 42-51		
G4-EN3	Section 2, Tables 2.4 and 2.5, pages 42-47		
G4-EN6	Section 2, Tables 2.5 and 2.6, pages 42-47		
G4-EN7	Section 2, Table 2.9, page 51	Reductions related specifically to energy efficiency initiatives can not be fully reported as they related to integrated mechanical and electronic equipment which is not separately sub-metered.	
CRE1	Section 2, Tables 2.5 and 2.6, pages 46-49		
Material Aspect: Water			
G4-DMA	Introduction, pages 24-27 and Section 3, pages 52-53		
G4-EN8	Section 3, Tables 3.1 and 3.2, pages 52-53		
CRE2	Section 3, Tables 3.1 and 3.2, pages 52-53	We do not report a water intensity metric for Retail Parks as we use car park spaces to normalise data for this portfolio and this has no relationship to water consumption. Our water consumption in Retail Parks relates to irrigation and landscaping. We do not have a full year of data for our asset in Ireland so have not sufficient data to provide a water intensity metric.	

GRI Index
(continued)

Table 10.1

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	EXTERNAL ASSURANCE
Material Aspect: Emissions			
G4-DMA	Introduction, pages 24-27 and Section 2, pages 34-41		
G4-EN15	Section 2, Tables 2.1 and 2.2, pages 34-41		External assurance of carbon data provided by Deloitte
G4-EN16	Section 2, Tables 2.1 and 2.2, pages 34-41		External assurance of carbon data provided by Deloitte
G4-EN17	Section 2, Tables 2.1 and 2.2, pages 34-41		External assurance of carbon data provided by Deloitte
G4-EN19	Section 2, Tables 2.1, 2.2 and 2.3, pages 34-41	Reductions related specifically to initiatives can not be fully reported as they related to integrated mechanical and electronic equipment for which impacts can not be separated..	External assurance of carbon data provided by Deloitte
G4-EN20	Section 2, Table 2.7, pages 46-47		External assurance of carbon data provided by Deloitte
CRE3	Section 2, Tables 2.2 and 2.3, pages 36-39		External assurance of carbon data provided by Deloitte
Material Aspect: Effluents And Waste			
G4-DMA	Introduction, pages 24-27 and Section 4, pages 56-63		External assurance of waste provided by Deloitte
G4-EN23	Section 4, Tables 4.1 and 4.2, pages 54-61, Section 7.4, Table 7.4, pages 72-73		External assurance of waste provided by Deloitte
G4-EN24	Section 7.4, Table 7.4, pages 72-73		External assurance of waste provided by Deloitte
Material Aspect: Products And Services			
G4-DMA	Introduction, pages 24-27, and Sections 2 to 6		
G4-EN27	Section 6, Table 6.1, pages 68-69		
Material Aspect: Local Communities			
G4-DMA	Introduction, pages 24-27, and Sections 2 to 6		
G4-SO1	Section 7, Table 7.1, page 75		
CRE7	Zero persons are voluntarily and involuntarily displaced and/ or resettled by our development activities		

GRI Index
(continued)

Table 10.1

GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	EXTERNAL ASSURANCE
Material Aspect: Customer Health And Safety			
G4-DMA	Introduction, pages 24-27 and Section 7.5, pages 80-81		
G4-PR1	Section 7.6, Table 7.4, pages 74-75		
G4-PR2	Section 7.6, Table 7.4, page 80		
Material Aspect: Product And Service Labelling			
G4-DMA	Introduction, pages 24-27, Section 1.7, pages 30-31 and Section 6, pages 66-71		
G4-PR4	Section 7.6, Table 7.4, page 80		
CRE8	Section 7.6, Table 7.5, page 80		

Bullring, Birmingham

10.3 Data Quality

Our comprehensive environmental data management system, implemented in 2011 continues to improve the level of accuracy in our data and the efficiency of the reporting process. We have a high level of confidence in the accuracy of the data we are reporting. This is supported by the independent assurance process undertaken annually for our GHG emissions reporting.

Nonetheless, the collection and analysis of environmental data, remains challenging. However, our continuing data reviewing and testing process has not revealed any inaccuracies in data reported previously this year.

The expansion of the portfolio in 2016 presents data challenges both in establishing systems in new assets and on-boarding established teams who require training in our management processes. However, close working relationships with the on-site teams coupled with standardised systems and dedicated resource within the teams in the majority of assets makes this process easier.

The introduction of automated data feeds for half hourly data on the retail parks portfolio has undoubtedly improved energy reporting for that portfolio. This will be an area of focus for the UK shopping centres during 2017 as we review our metering strategy and look to invest in upgrades. However, the age and complexity of the assets creates particularly challenges in this area.

Method of Collection

Utility and waste data is entered into our data management system on a monthly basis for the managed assets. 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 and Energy Manager and the Environmental Data Analyst or Head of Sustainability.

- 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, with all half hourly energy data now automatically uploaded.

Estimated Data

Whilst we make every effort to ensure our reporting is based
on actual data there are inevitably instances where estimations are necessary. These are calculated in one of two ways:

i) Based on actual data for the same month in the previous year

ii) Based on invoices from utility providers

Less than 1% of utility data is estimated in our 2016 CR Report and this is indicated in the relevant charts in Section 2 of the report.

Data Quality – UK Shopping Centres

For electricity and natural gas we remain confident of the data. Responsibility for data entry is allocated to individuals at Centre Level and verified by our Environmental and Energy Manager within the Sustainability Team at head office for the UK assets and by the Head of CR France for the French Assets. The Environmental Data Analyst within the head office Sustainability Team provides consistent data monitoring. Support and regular training are provided to the Centre Teams and third party property managers, to ensure they are using the data management system correctly. They all have access to the system and are able to monitor performance to identify anomalies.

The majority of data is taken from manual or automatic meter readings carried out monthly. Where estimates are used this is noted in the system and they are subsequently confirmed through readings and billed data.

Imported thermal energy consumption from the district heating and cooling system at West Quay is taken from manual readings.

For the French Shopping Centres, data is provided for all areas other than areas controlled by the co-ownership associations in Italie 2 and Place des Halles. Obtaining reliable energy data for these areas remains difficult so it is not included within the data set.

Data Quality – UK Retail Parks

Management of the Retail Parks Portfolio is carried out for Hammerson by Workman, a third party contractor. The Hammerson Sustainability Team has been working closely with the Workman Sustainability Team and Property Managers to improve data capture and to validate previously entered data. We are confident that the utilities data reported for the retail parks for 2016 is accurate.

Transport

Fuel consumed for business travel has been provided for 2016. Data coverage includes fleet transport for the global business, air travel for the global business and trains and taxis for the UK business. The data is for the 12 months to 30 September 2016 in line with our reporting period for our GHG emissions. This is the only data that is not reported on a calendar year basis in this report. This is because our corporate travel emissions are not material to our overall footprint. We consider the data used for annual reporting is sufficient for our purposes in what is otherwise an updated data set.

Emissions associated with visitor travel to our shopping centres is calculated based on the 2011 UK Survey of visitor journeys and annual footfall to our centres. For car journeys we assumed 2.4 heads per vehicle and an average of 11.91 miles per round trip, based on the BCSC 2008 report 'Contribution of the Retail Sector to the Economy'.

Westquay South, Southampton

Mandatory GHG Reporting

Our 2016 mandatory GHG report covers the period from 1 October 2015 to 30 September 2016. This is a different time period from that covered by our financial reporting and that used in this and our other Sustainability Reports. This period was selected for our GHG reporting to ensure accurate reporting of emissions data. Our voluntary reporting will continue to mirror our financial reporting year, January to December for consistency.

Our 2016 Annual Report and Accounts provides intensity metrics both for our mandatory GHG emissions. The following intensity metrics are used:

Mandatory GHG emissions - metric ton CO_2e/£m adjusted profit before tax. This metric was selected as we believe it provides a clear 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.
- Our Scope 3 reporting includes our business travel, waste arisings and water consumption.
- Business travel
  - Rail, air, personal car and taxi journeys for the UK have been included. Taxi journeys of 5 miles or less in the UK and all taxi journeys in France have been excluded.
- Waste
  - CO_2e for waste arisings from our corporate estate and managed assets are provided.
- Water
  - CO_2e for water consumption from our corporate estate and managed assets is provided.

Key Financial Indicators Associated with Environmental Performance

The table below sets out how we calculate the data included within the key financial indicators set out in Section 5.

Methodology for calculating our financial metrics associated with environmental performance

Table 10.2

INDICATOR	DEFINITION	DATA COVERAGE	DATA QUALIFYING NOTE AND PRINCIPLES APPLIED
Energy cost	Charges for building energy consumption (excluding transport), including standing charges and environmental taxes (e.g. Climate Change Levy). Includes electricity, gas and thermal	Whole portfolios, three years to the end of the reporting period.	Source of cost data used, in order of priority
		For all energy types with kWh consumption, we include corresponding energy cost	Cost information from bills uploaded monthly by the centres into c360.
		All Hammerson obtained energy (including sub metered tenant consumption)	Unit cost data from assets, then multiplied by consumption
Water cost	Charges for both water and wastewater along with standing charges and any water/environmental taxes	All UK and French managed properties included	Where neither of the above has been provided by the assets, the average unit cost in that year for that property type (preferably from the same country) is multiplied by the consumption
Waste cost	Standing charges, landfill/environmental taxes (e.g. Landfill Tax in the UK), labour costs, and equipment rental	Inclusion of all managed properties where data is available	Cost information provided by the assets
Climate change levy expenditure (UK only)	Amount of electricity and gas upon which Climate change Levy is due and the appropriate Levy	Climate Change Levy is paid across our UK assets. Following policy changes made in 2015 it is now payable on clean electricity contracts which were previously exempt.	0.559p per kWh for electricity and 0.195p for natural gas
Energy efficiency investments	Examples of energy efficiency investments include the replacement of lighting systems, voltage optimisation, natural ventilation, upgrade of Building Management systems, any work related to the insulation of buildings. Includes items recharged through service charge as well as items funded by the asset owner.	Across all portfolios where applicable.	Information from annual forms supplied by the centres
Investments in waste management improvements	Includes: Low capital investment rechargeable through the service charge and capital investment	Across all portfolios where applicable.	Information from annual forms supplied by the centres
	Examples: acquisition of composter and bailers, improvement of on-site facilities for the segregation of waste	Across all portfolios where applicable.	Information from annual forms supplied by the centres
Investments in water management improvements	Examples of water management improvements can include water saving devices at fit out, change to the chilling systems under landlord control and a standardised water efficient brief for centre toilet refurbishments		Information from annual forms supplied by the centres

Highcross, Leicester

Hammerson Positive Places

Our sustainability vision is to create retail destinations that deliver net positive impacts economically, socially and environmentally.

Positive Places is our strategy for making that happen.

If you have any questions about our sustainability strategy or the information contained within this document please contact the Hammerson Sustainability Team at:

sustainability@hammerson.com

Positive Places