

CHIEF EXECUTIVE



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John Richards
Chief Executive

Hammerson's business is, by its very nature, long term. During a period of global economic uncertainty resulting in falling property values and weak consumer confidence, the ability of a business to create long-term sustainable value, whilst looking after its short-term needs, becomes a vital measure of its performance. This report is about the steps we are already taking and the strategies we shall be employing to meet both the current and the future needs of the business.

Our sustainability strategy has not changed: we work with our customers and suppliers to design, create and manage buildings that last. We plan for them to remain fit for purpose over decades, providing long-term value for all our stakeholders.

But we are refining the focus of our investment in sustainability. In 2006 and 2007 our investment was largely focused on development, working with our principal contractors to improve the environmental performance of major projects under construction.

In 2008, we concentrated on improving the environmental and social performance of our investment portfolio. Hammerson benefits from a growing income stream from a portfolio of prime retail and office assets. The growth in our income is partially linked to our occupiers' ability to manage their own costs. By working with our retailers and office occupiers to reduce consumption of natural resources we reduce all parties' costs. This remains our principal area of focus in 2009.

We are going to keep sight of our long-term growth strategy. In 2007 we put in place a system to adopt best practice at the design stage of our future developments. In doing so we were anticipating legislation. Many of the criteria we include in our Sustainability Implementation Plans will become mandatory as a result of recent legislation in both the UK and France. The start of a new major project is dependent upon a range of factors, not least stability in financial markets and improved occupier demand. However, by ensuring our future projects exceed legislative requirements, we aim to emerge from the current downturn in a position of competitive strength.

Our people are central to the success of our strategy. We engaged with our employees in 2008 by encouraging them to take part in the Times 100 Best Companies survey and analysing results. Hammerson is a small company

in terms of employees, and as a result, everyone is well aware of our CR objectives and the role they play in achieving them. I would like to thank Paul Edwards, our Head of Sustainability, for helping everyone to understand our objectives and identify opportunities to make a difference.

During the year, the Board strengthened its understanding of the impacts of climate change. We benefited from a presentation from the Met Office's Chief Scientist, John Mitchell.

We recognise that our performance in CR needs to be clear and measurable. To help all stakeholders better understand our performance in this area, we made a number of changes to our CR reporting. We have chosen to report for the first time using the Global Reporting Initiative (GRI) guidelines, achieving level B. This should facilitate a comparison of our performance with companies in other sectors. We have increased our participation in recognised indices such as DJSI and FTSE4Good. We have also worked to improve our data collection and verification procedures and we know that this is an area where we can make more progress in the future.

Our progress has been recognised in the form of independent surveys or indices. In The Observer's Good Companies Guide we were ranked 15th, the highest of the major UK real estate companies. Our increasing emphasis on monitoring and reporting was also recognised: we were ranked third in the FTSE350 by the Carbon Disclosure Project, making us a UK sector leader.

Overall I believe we have added some clarity to our reporting, which should help investors and other stakeholders understand the substantial progress we have made in 2008 and our approach to the challenges facing us as we navigate a more difficult business environment in 2009.

A handwritten signature in black ink that reads "John Richards". The signature is written in a cursive style with a horizontal line underneath.

John Richards
Chief Executive of Hammerson plc
and Chairman, CR Group