

ONE HAMMERSON

2008 was the first year that Hammerson UK and Hammerson France shared the same strategy, targets and approach. We made tremendous progress, and are now in a position where we can evaluate what we in France need to do to adapt our strategy to our particular cultural context.



Philippe Bouveret
Sustainability Director, France

At Hammerson France we have always had strength in elements of corporate responsibility relating to occupier engagement. Rather than relying on third parties such as agents or lawyers, our own staff, many of whom have been with the company for a number of years, communicate directly with our retailers and office occupiers. Where we have needed to focus our efforts at Hammerson France, therefore, is on measuring and improving our environmental performance and in considering certain aspects of corporate social responsibility that are only just starting to come onto our country's agenda.

I became involved in CR in France in 2006, firstly as part of my role in lease management and then assuming a dedicated role as Sustainability Director for Hammerson France in August 2008. Our initial CR activity was based on two very clear commercial imperatives. First, that working with our occupiers and developing good relationships with them was key to lease renewals and, in the case of co-ownerships, support for our management initiatives at the shopping centre. Second, that it was in our interest to help retailers control their costs by finding ways to limit service charge increases, by carefully managing our use of natural resources in the common parts of the building. In many ways, then, my role now as Sustainability Director in France was a natural progression of my previous role in lease management – and indeed my role before that as management controller at our facilities management partner, SCC.

"La différence" is as present in CR as it is in every other aspect of Anglo-French relations! In terms of environmental sustainability, we have not had the same focus on carbon in France as in the UK, perhaps because 80% of our energy comes from nuclear power. With energy prices significantly lower than those in the UK, energy consumption represents a much lower proportion of overall costs for the average occupier, and a dramatically lower CO₂ impact. In fact the UK is aiming to decarbonise its energy supply and so head in the same direction as France. In this context, Hammerson has a great deal to gain from sharing knowledge between our teams in the two countries.

The French attitude towards energy consumption is slowly changing. Whereas France has certainly lagged behind the UK until recently in terms of environmental legislation, the Grenelle de l'Environnement will pave the way for the type of emissions reductions programmes mandated by the UK Government as a result of the Climate Change Act (for information on UK and French legislation, please see page 44). In addition, reduced consumer demand is focusing retailers' attention on fixed costs, however low, as they seek to shore up profitability. 2009 will therefore be a key year in our carbon emissions reductions programme as we seek to implement changes with renewed support from retailers in order to exceed our legislative demands.

Two other important differences relate to the social aspects of sustainability. One is that French shopping centres, traditionally anchored by hypermarkets, are visited by the same people, every week, as they do their food shop. In terms of visitor numbers, this makes French shopping centres much less prone to a downturn. It also puts them at the heart of their communities, providing the owner(s) with an opportunity to engage directly with a local audience on community and environmental issues. A second important area of focus for us is charity donations. Again, because France has traditionally had a strong

emphasis on the State, there is not the same emphasis on charity donations and volunteer work that is found in the UK. For a number of years now, we have collected spectacles in our shopping centres on behalf of a French NGO. We are working to promote local charities offering services not provided by government, and are helping people to understand the aid that is available to them.

Against a background of cultural differences, then, we have achieved major successes since we began our CR work in earnest in late 2006, achieving reductions in carbon emissions of 17.8% at our shopping centres and 6.7% in our Paris office portfolio. Much of this reduction can be attributed to an initial programme in 2007 whereby we monitored energy usage in our shopping centres and managed output at times of low activity and a subsequent programme in 2008, involving the installation of energy-efficient lighting systems in our centres. However, for much of this time we were working without the benefit of solid information: while we knew the initiatives we were putting in place would save significant amounts of energy, we were, at the same time, working to define our 2006 baseline. This involved identifying and quantifying all our energy sources, including those on fixed-charge contracts, such as the district heating system at Italie2, our central Paris shopping centre. Following this exercise, we have been able to revise data back to 2006 and set a baseline against which to measure performance going forward.

We have also installed sub-meters across the French portfolio to improve measuring and monitoring. This is more complicated than it may seem, as a result of the co-ownership structure in France, which requires majority votes by co-owners on management initiatives in shopping centres. I am pleased to say that we successfully lobbied co-owners to install sub-meters at five of our seven centres in 2008, and will continue this roll-out in 2009. Overall, I believe that we have made good progress in 2007 and 2008 in measurement and monitoring, although, as in the UK, it remains an area for improvement.

A key focus in 2008 was engagement with our own staff in France. We carried out a survey to assess our French employees' knowledge of sustainability, and carried out a carbon footprinting exercise at our principal office at Washington Plaza in Paris. As a result of France's decarbonised electricity grid, premises' energy consumption represented a relatively low proportion of our overall carbon emissions (see page 26). We will therefore be using the results of the survey to put in place staff engagement programmes on specific topics, such as car use and waste recycling, in 2009. I am also very proud that over a third of our staff in France were directly involved in a CR working group in 2008.

I believe we have made great progress in a relatively short period of time and, with the support of Paul and the UK team, will continue to make further strides in 2009, focusing on continuing to improve energy, water and waste efficiency; achieving BREEAM certification for our future development projects in France; and building constructive relationships with our suppliers in relation to sustainability issues. We are getting to a point where the UK and France teams are gaining an understanding of the other's cultural context, sharing knowledge and adapting solutions where necessary. This, for me, is enriching and, for Hammerson, brings us closer together.

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