

# 4 | SUPPLY CHAIN

One of our challenges as a large scale end-user of construction services is to manage risks within a lengthy supply chain over which we have little direct control.

## 85%

### PROPORTION OF WASTE RECYCLED DURING DEMOLITION, O'PARINOR

In September 2008, Hammerson completed a 25,000 m<sup>2</sup> extension to O'Parinor, a major shopping scheme to the north of Paris. During the demolition phase, 85.4% of waste was recycled. A target of 55% has been adopted for future developments.

## 38.5/40

### CONSIDERATE CONSTRUCTORS' SCORE AT UNION SQUARE, ABERDEEN

Hammerson works with its construction suppliers to ensure that environmental policies are adhered to, that appropriate facilities are provided for workers on site, and that disruption to the local area and general public is minimised. Success is measured by scores awarded by the Considerate Constructors' Scheme. Miller Construction, the contractor for Union Square, Aberdeen, received a score of 38.5 at its last audit in September 2008. Bovis Lend Lease averaged a score of 35.25 in its construction of 60 Threadneedle Street, a development completed in January 2009.

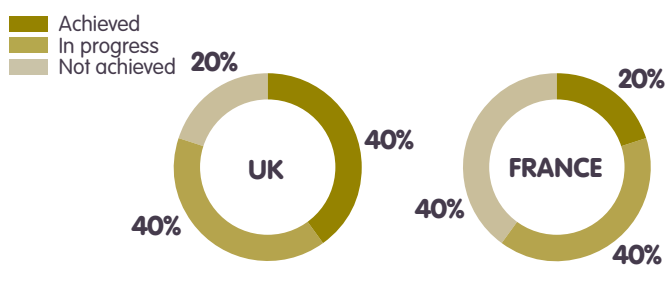
**In 2008, we assessed the CR performance of 59% of our UK suppliers, and will continue to review our suppliers' policies and performance in 2009.**

The scope of our 2008 targets relating to our supply chain was, in retrospect, ambitious. While the target relating to the review of procurement procedures for UK developments was judged to be 'in progress', as we were able to supply evidence of extensive supplier engagement for one of our future developments, we were disappointed that we failed to achieve our targets in this area during 2008. We have split the targets into separate, more realistic goals, and achieving these will be a significant area of focus in 2009.

In 2008, we assessed the CR performance of 59% of our UK suppliers by value, and will continue to review our suppliers' policies and performance in 2009. In seeking to work with suppliers who adopt, and apply, robust CR policies, we can positively influence our own performance in areas of our operations where we have limited direct control. For example, Workman LLP, which manages Hammerson's retail parks on its behalf, achieved accreditation to ISO 14001 Environmental Management in October 2008 for the divisions of the business relating to Property Management, Building Surveying and Health and Safety. This commits workman to operating an Environmental Management System; focusing on energy, water and waste efficiency; and using monitoring and reporting to continually improve performance.

Our proportion of waste recycled during construction in 2008 was well in excess of the UK government guideline of 50%, ranging from 54% at Highcross, Leicester, to 70-95% at Cabot Circus, Bristol. In Paris, we recycled 85% of waste produced during demolition. We did not, however, meet our target of 90% in the UK. In retrospect, this target was overly ambitious, but based on our experience in Bristol, we believe it should be possible to achieve an 80% target on certain projects going forward. In a period of reduced development activity, we plan to fully analyse our results to date and set a realistic target during 2009.

We continue to improve our sourcing process, publishing a Responsible Procurement Policy in 2008 and improving our monitoring and reporting of procurement of sustainable goods, including FSC certified timber.

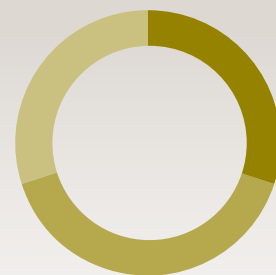


**OBJECTIVES**

→ To engage with our suppliers to share best practice and to procure sustainable goods and services

**Performance against targets**

**30% ACHIEVED**  
**40% IN PROGRESS**  
**30% NOT ACHIEVED**



**ACHIEVED**

- Investigate a target for re-using or recycling waste produced during construction.
- Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.
- Measure and report on the use of timber that is either certified to FSC standard or equivalent.

**IN PROGRESS**

- Review Hammerson's procurement procedures for key impact development suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews.
- Introduce a requirement for energy efficiency reporting on construction sites and monitor contractor performance in this area.
- Measure and report on the use of timber that is either certified to FSC standard or equivalent.
- Re-use or recycle 90% of waste produced during construction.

**NOT ACHIEVED**

- Review Hammerson's procurement procedures for key impact suppliers, including: pre-tender qualifications; selection/evaluation procedure; contractual arrangements; ongoing management/monitoring procedures; and performance reviews. (Counts as three targets: Operations UK; Operations France; Development France.)

UK ●  
France ●



## CASE STUDY WASTE – FIT-OUT AUDIT ON TENANTS AT CABOT CIRCUS, BRISTOL

At Cabot Circus, Hammerson took responsibility for waste management in the retail fit-out of 103 stores. The aim of this was to see what improvements could be made to current waste management practices, and to ensure accurate measurement and reporting on-site.

Not only is there an environmental imperative for waste management on construction sites: there is a real business rationale. Wasted material is valued at around ten times its cost price, once transport and double handling is factored in.

We reduced the cost of the construction tender price by around £600,000 by directly appointing our waste contractor, Viridor Waste Management. Waste weighing and segregation was carried out on-site. We selected seven stores to monitor waste production precisely and, for the remaining 96, we collated their waste across seven waste streams.

This process allowed us to focus our contractors', consultants' and occupiers' attention on the issue of waste by highlighting the quantity created and the cost associated with this waste during shop fit-out. The variation between different retailers' waste production was telling, ranging from just 0.3 tonnes per ft<sup>2</sup> for the best performer and 3.8 tonnes per ft<sup>2</sup> for the worst.

Overall, we exceeded our ambitious recycling target figure of 80%, achieving a recycled rate of 85-95% on retail fit-out. We also generated income totalling £23,000 for our waste contractor Viridor Waste Management, who recycled cardboard, metal and clean wood. In working towards this target, we learnt a number of important lessons to apply in future developments: for the architect, for the contractor, for our retailers and for Hammerson.

