

CORPORATE RESPONSIBILITY

This is our fifth year of corporate responsibility reporting. This section provides a summary of our corporate responsibility activity. Our full Corporate Responsibility Report is available online in a format that is designed to be widely accessible and provide easy navigability for users. This corporate responsibility section contains an overview of our:

- approach to corporate responsibility management;
- focus areas of risk and opportunity: resource use, waste management, regeneration, biodiversity, British Land people, community and occupiers and suppliers;
- progress against a selection of 2006 targets; and
- key performance indicators, objectives and targets for 2007.

View our full Corporate Responsibility Report at www.britishland.com/crReport/2006

Managing corporate responsibility

As one of the UK's largest property investment companies we finance, develop and manage property for the long term.

Our **integrated approach** to corporate responsibility helps in our development and management of sustainable, commercially viable properties that are attractive to occupiers, leading to better returns for our shareholders. Taking our corporate responsibilities seriously helps us meet existing and potential regulatory requirements, and also protects and enhances our reputation.

The **Board** regularly reviews risks to the business, including those arising from corporate responsibility issues. Peter Clarke, Executive Officer, chairs the Corporate Responsibility Committee, and reports to the Executive Committee and Board.

The **Corporate Responsibility Committee**, consisting of heads of department and senior representatives, takes direct responsibility for targets. This Committee also oversees **working groups**, each focusing on a key area, such as the supply chain.

In 2006 we continued to focus on the seven areas of **risk and opportunity** agreed in 2005 following a two year consultation process with shareholders, employees, occupiers, local communities, suppliers and experts. These focus areas will be reviewed again in 2007.

Our approach to corporate responsibility is underpinned by **policies and documents** including our Corporate Responsibility Policy, Sustainability Briefs for Developments and Refurbishments, Service Commitment for Occupiers, Waste Management Plan, Biodiversity Programme and sustainable Travel Plans. You can download these at www.britishland.com/downloads.htm

Resource use

Carbon neutral company

Earlier this year we announced the decision to become carbon neutral by 2008/9. The target will be achieved through on-going measurement and reduction of carbon dioxide emissions, by maximising energy efficiency, increasing the use of renewable energy and by using offsetting as a final step to achieve carbon neutrality. We will also continue to work in close partnership with suppliers and customers to help them to reduce their carbon footprints.

Reporting resource use

We use energy to power lighting, heating, ventilation and cooling, and for cleaning activities. We use water for domestic facilities, cooling and landscape watering.

We record **energy and water information** for the common (landlord-controlled) areas of our multi-let properties. These are the areas where, as landlord, we control usage and can directly effect improvements. Information for April 2005 to March 2006 is compared to information for the same period in 2004/5, according to Department for Environment, Food and Rural Affairs ('DEFRA') guidelines. Information was reported from properties with a total common floor area of 1.49 million square metres (m²) in 2005/6, a 42% increase on 2004/5.

Total **water use** decreased by 16% to 417,926 cubic metres (m³) in 2005/6. Approximately 60% of our total reported water usage was in offices and over 30% was in shopping centres. Overall intensity of water use decreased from 0.82 m³ per m² in 2004/5 to 0.51 m³ per m² in 2005/6. Residential properties used water most intensely per m² compared with other property types. During 2006 we sold our residential portfolio and so our water management activities now focus on our shopping centre and office portfolios.

Total **consumption of all energy** types (electricity, gas and oil) decreased by 4% to 66,041,930 kWh in 2005/6. Associated **CO₂ emissions** also decreased by 2.7% to 22,527 tonnes in 2005/6. This slight decrease reflects year on year changes in the composition of the property portfolio as well as year on year reductions in reported resource use by properties.

Electricity use accounts for almost 80% of the total CO₂ emissions from the property portfolio and represents our most intensive source of CO₂ per m². **Gas use** accounts for almost all of the remaining CO₂ emissions and is our most intensively used energy source per m². **Oil use**, which was reported in only one of our properties, makes a minor contribution to our CO₂ emissions and remains consistent with 2004/5.

Total CO₂ emissions associated with electricity use in offices decreased by 16.6% to 6,938 tonnes in 2005/6, largely due to the energy management activities at Broadgate. Total CO₂ emissions for electricity in shopping centres increased by 10% to 9,787 tonnes in 2005/6, largely due to data from two additional properties and a significant increase in electricity reported from one shopping centre. Total CO₂ emissions for electricity in 'other' properties increased by 56% to 1,154 tonnes in 2005/6, due to the inclusion of one retail property which reported high consumption; the accuracy of this property's data will be reviewed in 2007.

Total CO₂ emissions associated with gas use in offices decreased by 13% to 4,043 tonnes in 2005/6, largely due to properties reporting a decrease in use and fewer reporting properties. Total CO₂ emissions for gas use in shopping centres increased by 16% to 605 tonnes in 2005/6 due to more centres reporting gas use and an increase in gas use. However, CO₂ emissions per m² for gas use in shopping centres decreased by 65% to 1.9 kilograms in 2005/6, largely due to newly reporting properties reporting a low consumption relative to common floor area.



324 cubic metres of rainwater were harvested and re-used at Meadowhall in 2006

Energy use and carbon dioxide emissions

Monitoring and managing energy use reduces our carbon dioxide emissions, minimises the impact of increasing energy prices and helps us to meet existing and future regulatory requirements.

We have been working with the Carbon Trust since 2003 to develop and implement our **energy benchmarking tool**, which provides an active means of controlling energy use in the common (landlord-controlled) areas of our portfolio. In 2006 we rolled it out to managing agents. Based on initial findings, we carried out energy surveys for seven properties and developed improvement recommendations covering aspects such as management and control of services, lighting, space heating, ventilation and building fabric.

As well as benchmarking the energy performance of the common areas of our portfolio, we engaged with **occupiers at Broadgate** to monitor and manage the areas that they are responsible for. We are also evaluating the energy performance of our development projects and assessing the likely Energy Performance Certification level of two development projects, Ropemaker Place and The Leadenhall Building.

As part of the **carbon management programme** we are reviewing opportunities to reduce carbon dioxide ('CO₂') emissions by switching to no or low-carbon energy sources. 67.5% of the CO₂ emissions reported for the common areas of our portfolio in 2005/6 was from energy supplied entirely from Climate Change Levy exempt sources.

Annual CO ₂ emissions	CO ₂ (tonnes per year)		
	2005/6	2004/5	2003/4
Electricity (kWh)	17,879*	17,980	18,269
Gas (kWh)	4,648	5,173	5,998
Oil (kWh)	0.17	0.312	35
Total	22,527	23,153	24,302

Total CO₂ emissions (tonnes) are calculated by converting reported energy use into kilograms of CO₂ using DEFRA conversion factors.

*All CO₂ calculations include emissions from energy used in properties supplied by Climate Change Levy exempt sources through the National Grid. During 2005/6, 100% of the electricity supplied to properties, with a total common floor area of 422,624m², was from Climate Change Levy exempt sources, which represents 85% of the total reported CO₂ emissions associated with electricity and 67.5% of total reported emissions.

Other initiatives

324,000 litres of rainwater harvested and used for landscaping, cleaning and flushing toilets at Meadowhall Shopping Centre.

140 cycle spaces at Regent's Place as part of our sustainable Travel Plan for the area.

11% Meadowhall Shopping Centre **reduced energy consumption** by 11% in 2006, reducing carbon dioxide emissions.

Waste management

Resource recovery at Meadowhall

Responsible waste management reduces our impact on climate change, saves valuable resources and can reduce disposal and transport costs.

In 2005 Meadowhall became the first UK shopping centre to develop an on-site Resource Recovery Centre. The Centre invested £35,000 in facilities to sort, separate and send materials for recycling, including paper, cardboard, plastics and metals.

In 2006 it is estimated that the return on investment was over **£100,000**. This was due to the savings on transport and disposal costs, combined with the revenue from the segregated materials. In 2006 **92% of waste** entering the Resource Recovery Centre was **recycled**.

By working in partnership with Crown Hill Employment, adults with learning difficulties benefited from **job opportunities** at the recycling facility. They are now able to work without the support of carers from Crown Hill Employment and are extremely good at running the facility efficiently while maintaining an excellent working atmosphere.

Regeneration

Regeneration at Regent's Place

The Regent's Place Masterplan aims to help transform areas of Euston Road in London into a vibrant place, with street life, attractive landscaping, major squares and green spaces.

Following two years of consultation, detailed **planning permission** was received for our development at Osnaburgh Street in Regent's Place. This scheme will include residential units with over 50% affordable housing, high quality offices, a community theatre and shops around a new public space. We are now working with the local community to manage the project with minimal disruption to their lives.

We have also been **consulting** with stakeholders about proposals for more offices, residential units and community facilities in the north-east quadrant of the estate. The proposals include high quality offices, community facilities and new landscaped routes. Following stakeholder feedback, there will be a new community One Stop Shop, a new community arts centre and a larger performance space with increased seating at Triton Square.

In 2006 we invested £100,000 in a joint project with Transport for London and Camden Council to design **improved pedestrian access** at the Euston Road underpass. We also worked with Squint Opera, Edco, Farrells and South Camden Community School to review how the area could be improved. As part of Enterprise Week and the London Architecture Biennale, a group of 14 year olds created a video of ideas for the area.

Visit www.britishland.com/crReport/2006 to view the 'Hustle and Flow' video.