

# INDEPENDENT ASSURANCE STATEMENT

REVIEW OF TARGETS AND DATA BY BUREAU VERITAS



## To the stakeholders of British Land

For the fourth year, Bureau Veritas has been engaged by the British Land Company PLC (British Land) to conduct an independent review of British Land's performance against targets and verification of key performance data for the 2009/10 reporting period.

The overall aim of the review is to assure British Land's stakeholders that: i) the objectives and targets set by the business address its material issues; ii) appropriate processes are in place to report information accurately; and iii) the progress against targets and data reported accurately reflect performance.

This Statement applies to the information contained in British Land's Corporate Responsibility Report 2010 reporting disclosures as provided on the company's website ([www.britishland.com/responsibility](http://www.britishland.com/responsibility)) and included in [www.britishland.com/crReport2010](http://www.britishland.com/crReport2010) (the 'Report').

## Scope of work

The assurance process was conducted in line with the principles of ISAE 3000. The scope of work was to provide limited assurance via the review of performance data, factual information and activities for the reporting period 1st April 2009 to 31st March 2010. Specifically, this included:

- Reviewing British Land's progress in implementing its corporate responsibility strategy during the reporting period;
- Reviewing the systems and processes for collecting, aggregating and reporting sustainability related data;
- Assessing the level of performance achieved against 32 performance-based targets (see end of statement);
- Sampling data at source/asset level through site visits to selected managing agents;
- Verifying data including energy use, water use, waste management, carbon emissions, customers, communities, staff and suppliers;
- Reviewing British Land's process for setting 2010/11 targets and the suitability of these targets for the year ahead;
- Assuring British Land's performance against the requirement of the G3 Global Reporting Initiative (GRI) B+ application level.

## Opinion, findings and recommendations

It is our overall opinion that during the course of our review nothing came to our attention to indicate that there was any material error, omission or misstatement in the information subject to review.

Based on the review, the following findings and recommendations are presented:

**1.** British Land has continued to define and strengthen the implementation of its corporate responsibility strategy further during the reporting period. British Land continues to demonstrate leading thinking within the UK property development and management sector in relation to corporate responsibility. For instance, through its Ropemaker Place development.

British Land should ensure that any portfolio growth in Continental Europe takes account of country-specific corporate responsibility issues, and that managing agents understand their reporting requirements fully. British Land should also consider communicating its sustainable design and construction activities for Ropemaker Place more extensively.

**2.** The new system and processes for collecting, analysing and reporting data and assessing performance against targets are robust, and seem to be working effectively.

British Land should update the review processes for its annual reporting cycle to reflect the new data collection and reporting systems. British Land should also ensure that additional checks and balances are put in place to manage user updates to data entered into the system.

**3.** Progress statements against the 32 performance-based targets for the reporting period reflect progress and activities undertaken during the year accurately. British Land continues to disclose its progress (good or bad) across all performance-based targets transparently.

As a leader in corporate responsibility reporting, British Land could consider providing mid-year updates on performance against targets, as well as offering links to supporting documentation for stakeholders.

**4.** The site visits identified a good level of understanding about corporate responsibility issues amongst those managing agents interviewed, as well as a desire to implement resource efficiency initiatives – taking into account economic constraints and occupiers' needs.

British Land could give managing agents easier access to technical knowledge on energy, water and waste improvement schemes to drive resource efficiency on site further. British Land should also review managing agents' comments on the new data collection system before making any further updates.

**5.** The data reviewed reflects performance during the reporting year accurately. British Land has continued to improve the comprehensiveness and scope of its data reporting. Calculating and reporting carbon emissions continues to be a material issue for British Land.

British Land should i) ensure that managing agents review and sign off their resource use data formally at the end of each annual reporting cycle (especially at properties with considerable resource consumption); ii) try to improve understanding and recording of waste and water data across its retail and Continental European portfolio; iii) ensure that the reporting of its carbon emissions allows users to understand fully the complexity of British Land's corporate carbon emissions accounting (that is, explain in more detail the relationships between offsetting and the CRC Energy Efficiency Scheme).

**6.** British Land has continued to set demanding corporate responsibility targets for the year ahead, with an increased focus on performance-based targets.

British Land should report on the small number of targets it did not meet in 2009/10 within its 2011 Corporate Responsibility Report.

**7.** British Land's sustainability reporting disclosures meet the GRI requirements at the B+ application level.

British Land should consider reviewing any relevant industry-specific reporting requirements (for example, the draft GRI Sector Supplement 'Sustainability Reporting in the Construction & Real Estate Sector') to ensure it continues to identify and report on those issues of material significance to internal and external stakeholders.

# INDEPENDENT ASSURANCE STATEMENT

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## Methodology and activities

As part of its review, Bureau Veritas undertook the following activities:

1. Interviews with members of the British Land senior management team involved in the development and delivery of its corporate responsibility strategy;
2. Interviews with Arup (specialist environmental consultants) who support British Land and managing agents in data collection and reporting progress against targets;
3. Review of the new data collection and reporting system implemented during 2009;
4. Review of the processes for reporting progress against the 32 performance-based targets for 2009/10;
5. Site visits and interviews with key personnel at Broadgate Estates and Savills, managing agents;
6. Review of key performance data covered in the Report. This included verification of data relating to energy use, water use, waste management, biodiversity, carbon emissions, sustainable development, customers, communities, staff and suppliers; and
7. Review of the 2010/11 targets to ensure that they are challenging and reflect British Land's material issues.
8. Review of the standard and management disclosures and verification of 31 Key Performance Indicators against the GRI reporting requirements at the 'B' application level.

## Limitations and exclusions

This review was carried out to provide limited, rather than absolute assurance and we believe the scope of work provides a reasonable basis for our conclusions. Whilst Bureau Veritas has examined British Land's data collection system, we have not tested data back to source systematically in all cases.

Excluded from the scope of our work is information relating to:

- Activities outside the defined reporting period;
- Company position statements (including any expression of opinion, belief, aspiration, expectation, aim or future intention);
- Financial data which is taken from British Land's Annual Report and Accounts, audited by an external financial auditor;
- Progress against non performance-based targets;
- Quotes contained in the Report from British Land employees or third parties;
- Case studies and narrative examples contained in the Report.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

## Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 170 years history in providing independent assurance services, and an annual turnover in 2008 of €2.6 billion.

Our assurance team does not have any involvement in any other Bureau Veritas projects with British Land and there is no conflict between the other services provided by Bureau Veritas and that of our assurance team.

Bureau Veritas has implemented a Code of Ethics across its business which is intended to ensure that all our staff maintain high ethical standards in their day to day business activities.

Competence: Our assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes in accordance with best practice.



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Bureau Veritas UK

London, June 2010

# INDEPENDENT ASSURANCE STATEMENT

32 PERFORMANCE-BASED TARGETS REVIEWED BY BUREAU VERITAS

## Energy use

1. Identify initiatives in building-specific environmental plans and reduce energy use by 5% on an annual like-for-like basis across our managed portfolio.
2. 30% of all occupiers in multi-let office buildings to sign up to Carbon Reduction Memorandum of Understanding or equivalent document.

## Waste management

3. Recycle 50% of managed retail waste across our retail portfolio.
4. Dispose of no more than 20% of managed retail waste to landfill across our retail portfolio.
5. Recycle 60% of waste across our managed office portfolio.
6. Dispose zero waste to landfill across our managed office portfolio.
7. Recycle 90% of fit-out waste for common parts fit-out projects (covered by Construction, Design and Management Regulations) across our entire portfolio.
8. 50% of office fit-out projects (covered by Construction, Design and Management Regulations) undertaken by occupiers to adopt the British Land Fit-out Waste Guidelines.
9. All developments to divert a minimum of 95% of demolition and strip-out material waste from landfill, and a minimum of 85% of construction waste.

## Water use and biodiversity

10. Identify initiatives in building-specific environmental plans and reduce total water consumption by 2% on an annual like-for-like basis within our managed portfolio.
11. All developments with a construction cost of over £5 million to result in a net improvement in site biodiversity.

## Sustainable development

12. All new office developments to achieve a BREEAM Excellent rating. All office refurbishments with a construction cost over £3 million to achieve a minimum BREEAM Very Good Rating. New retail construction with a construction cost over £3 million to support the use of BREEAM Retail in areas we can control.
13. All new residential developments gaining planning permission after 2009 to achieve a minimum Code for Sustainable Homes Level Four.
14. All new office developments to be constructed to a standard at least 10% better than the relevant Part L2A Building Regulations. All office refurbishments to achieve an Energy Performance Certificate (EPC) rating of no more than 60.
15. At least 25% of total material by value in new buildings to contain re-used and recycled content.
16. All London office developments to score an average of 36 under the Considerate Constructors Scheme (CCS).

## Customers

17. Achieve 80% average occupier satisfaction on post occupancy surveys.
18. Achieve 85% recommendation rating from occupiers on post occupancy surveys.
19. Exceed satisfaction ratings for lease flexibility and lease assignments in the 2009 Occupier Satisfaction Index (OSI).
20. Achieve 55% occupier retention across our entire portfolio where the occupier had an unfettered option to renew.

## Communities

21. Head office to donate more than £350,000 to support good community causes.
22. All assets with a staff presence (at least 30% full-time equivalent) to engage in local fundraising initiatives raising more than £10,000.

## Suppliers

23. Reduce 2009/10 service charge costs by 5% per m<sup>2</sup> across the entire portfolio, compared to 2008/09.
24. Achieve 95% compliance of the Service Charge Code. Compliance defined by the RealService industry benchmark.
25. All Property Managers Association (PMA) service charge audits to achieve Gold.
26. Achieve 90% 'green' status on health and safety for the managed portfolio.
27. Reportable accident frequency rate not to exceed 0.25 and lost-day accident frequency rate not to exceed 0.20.

## Staff

28. 25% of all Head Office staff to participate in community volunteering.
29. Reduce annual electricity consumption at Head Office per full-time equivalent by 5%, compared to 2008.
30. Reduce waste generated at Head Office per full-time equivalent by 5%, compared to 2008.
31. Recycle 65% of managed waste at our Head Office and send zero waste to landfill.
32. Reduce annual staff London taxi travel by 5%, measured as a proportion of total London travel compared to 2008.