



STAKEHOLDER WORKSHOP REPORT

2011

INTRODUCTION CONTEXT

MANAGING OUR ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACTS IS CENTRAL TO THE WAY WE DO BUSINESS AND TO DELIVERING VALUE FOR OUR SHAREHOLDERS.

In December 2011, we hosted a workshop with key external stakeholders to explore our corporate responsibility strategy, performance and communications. This report provides more detail about what our stakeholders said, and what we plan to do about it.

PricewaterhouseCoopers LLP (PwC) facilitated the workshop under the Chatham House Rule. Members of our management team were present at the beginning and end of the workshop to provide introductions, listen to a summary of the discussions held and interact with stakeholders on the issues highlighted.



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INTRODUCTION

continued

WORKSHOP OBJECTIVES

The objectives of the workshop were to:

- Help us understand what stakeholders see as our most material corporate responsibility issues, and review the suitability of our current focus areas
- Discuss our approach to these key corporate responsibility issues, and how we can improve our strategy, performance, reporting and communications
- Contribute to achieving our commitment to meaningful stakeholder engagement.

WORKSHOP OVERVIEW

Stakeholder representatives attending the workshop included central and local government, office and retail occupiers, managing agents, socially responsible investment analysts, academics and NGOs (page 10).

WORKSHOP AGENDA

SESSION	CONTENT
Workshop introduction	Workshop objectives, introductions to stakeholders, British Land and PwC attendees
The big picture	Presentation on sustainability megatrends
BRITISH LAND STAFF LEFT	
Group discussion	This explored: <ul style="list-style-type: none"> - Material issues
Three separate table discussions	These explored: <ul style="list-style-type: none"> - Strategy and approach - Commitments and performance - Reporting and communication.
BRITISH LAND STAFF RETURNED	
Discussion summary and feedback to British Land	Group discussion and feedback
Expectations of future engagement	Group discussion, sharing expectations of future engagement
Closing remarks	What happens next - how British Land will use the stakeholder feedback

KEY FEEDBACK

WHAT WE'RE DOING

WHAT OUR STAKEHOLDERS SAID

1. LEADERSHIP

Stakeholders wanted to understand whether British Land sees itself as a corporate responsibility leader in its industry, or whether it aspires to be a leader.

Some stakeholders expected us to aspire to a leadership position, as a relatively large company, and commented that this could bring opportunities to shape what the business value of sustainability in real estate means.

They were also interested to know where our corporate responsibility actions are 'above and beyond' the standard practice of our real estate peers and of what is required by regulation.

2. ROLE AS AN INFLUENCER

Whilst stakeholders recognised our positive influence on suppliers, they felt we could collaborate further with other key stakeholders 'beyond the shadow of our buildings' to share best practice and use our influence to be a positive force for change.

These stakeholders include others within the real estate industry and downstream stakeholders such as office occupiers and retail occupiers.

3. REPORTING AND COMMUNICATION

Stakeholders commented we could improve the clarity and transparency of our corporate responsibility reporting by:

- Better explaining our corporate responsibility strategy, notably the link with business objectives and core values
- Providing the option to see the performance of individual assets
- Offering information, such as community contributions, at a regional level
- Giving more information on progress against targets.

Some stakeholders also noted that we do a lot of good work which isn't communicated to relevant stakeholders or featured in the 2011 Corporate Responsibility Report.

INFORMED BY STAKEHOLDER FEEDBACK, WE'VE:

- Included more information in our 2012 Corporate Responsibility Report about our aspiration to be the best at what matters most
- Set more challenging long-term targets to drive performance, informed by a further half-day session involving external stakeholders
- Established new key performance indicators, encompassing European Public Real Estate Association (EPRA) best practice recommendations
- Been clearer about the priorities across our four focus areas, identifying that supporting communities is a particular priority for the coming year
- Identified what's business as usual throughout our 2012 Corporate Responsibility Report, so it's clearer where we're going 'above and beyond'.

Find out more: www.britishland.com/crreport2012

- Included more information about how we engage with stakeholders and act as an influencer on our website and in our 2012 Corporate Responsibility Report.

Find out more: www.britishland.com/stakeholders

- Published the following in our 2012 Corporate Responsibility Report:
 - More strategy information, including our corporate strategic priorities
 - Individual building data for energy use at our largest 33 properties (Full Data Report Fig 13)
 - Community information at a regional level (Full Data Report Fig 48)
 - Detailed commentary on our progress against targets, particularly for targets we did not achieve
- Integrated corporate responsibility information throughout our Annual Report and Accounts, providing readers with insights into the critical linkages in our thinking and activity, and greater clarity on the relationship between our financial and non-financial key performance indicators
- Refreshed the responsibility area of our website: www.britishland.com/responsibility

KEY FEEDBACK

WHAT WE'RE DOING continued

WHAT OUR STAKEHOLDERS SAID

4. RESOURCES

From the outside, stakeholders felt that the asset management team can be reluctant to commit resources to achieve corporate responsibility targets, focusing on payback periods rather than risks and opportunities.

5. COMMUNITY

Many stakeholders believed that we are ahead of our peers in community engagement, but that there is more we could do, for instance ensuring we engage with local communities throughout the project life cycle.

They also noted that the 2011 Corporate Responsibility Report was predominantly environmentally focused and wanted to see more information on our socio-economic contributions and community programme.

INFORMED BY STAKEHOLDER FEEDBACK, WE'VE:

- Engaged closely with the asset management team and other areas of the business
- Identified priority assets and initiatives, where we're now targeting our efforts and resources. For example, over 80% of our energy consumption takes place in just 27 assets, out of more than 100, and so we're focusing our energy reduction initiatives on these priority assets.
- Included more community information in our 2012 Corporate Responsibility Report
- Focused more on outcomes than ever before
- Commissioned the second review of our socio-economic contributions, exploring jobs, training and regional impacts in more depth
- Made supporting communities a priority in 2013.

Find out more: www.britishland.com/communities



MATERIAL ISSUES

KEY FEEDBACK

ASPIRATION

- What does British Land see as success in corporate responsibility?
- Where does British Land see its biggest corporate responsibility opportunities?
- What impact does British Land want to make and does it see itself as a leader in its industry and/or on corporate responsibility? Stakeholders felt this needed to be communicated more strongly
- British Land's corporate responsibility strategy seems to have greater focus on issues impacting the bottom line, for example managing buildings efficiently and developing sustainable buildings
- British Land could link corporate responsibility targets and disclosures more closely to its investment strategy.

INTERACTIONS DOWNSTREAM

- British Land is perceived to be head and shoulders above its peers in engaging with local communities, but could increase its focus on downstream stakeholders, such as occupiers and local communities, where it has significant influence
- British Land should engage with local communities throughout the project life cycle, not just at the beginning of projects
- Much of the good work British Land is doing, which stakeholders have seen first-hand, does not feature in the 2011 Corporate Responsibility Report.

BALANCE

- Three issues in the corporate responsibility strategy can be directly linked to British Land's profitability: managing buildings efficiently, developing sustainable buildings and exceeding customers' expectations. Stakeholders could therefore easily understand why these are focus areas for the business
- A clearer link to business value or explanation for the other focus areas would be valuable. For example, enhancing biodiversity and focusing on local communities are given equal coverage in British Land's 2011 Corporate Responsibility Report, but the detailed disclosures and amount of funding for these focus areas is less
- Stakeholders questioned how equal the focus areas are to British Land, with the feeling that the key ones were those most closely aligned to bottom line financial performance.

ABOVE AND BEYOND

- What is British Land doing above and beyond legal or other compliance requirements?
- British Land could make this clearer in corporate responsibility reporting and could link it to further discussion around the business value of the focus areas.

REDESIGNING CITIES

- The curtailment of local government's ability to be a force for municipal change may change the context for developers
- British Land has influence to reshape whole areas, for example through major retail centres or office developments that deliver new public spaces and infrastructure, as well as buildings
- British Land should think about its role in redesigning cities, including its potential to unite local community plans through doing so.

STRATEGY AND APPROACH

KEY FEEDBACK

ASPIRATION

- Stakeholders expected British Land to aspire to a leadership position on corporate responsibility
- Taking a leadership position could bring opportunities to look at the bigger picture and shape what the business value of sustainability in real estate means
- Stakeholders felt the 2011 corporate responsibility strategy was playing it safe and did not support British Land's statement about 'being the best at what matters most'.

UNDERLYING VALUES AND TARGETS

- British Land could better explain and link its core values to its corporate responsibility strategy
- Stakeholders would welcome communication of long-term objectives, progress towards achieving them and how they link with the business objectives
- Future reporting should provide more information on progress against targets, with a better commentary on performance and actions
- Stakeholders could be involved in the target setting process to provide challenge.

ABOVE AND BEYOND

- Stakeholders were unclear on the extent to which British Land's corporate responsibility strategy is designed for compliance requirements, and what was designed to truly add value to the business
- Stakeholders would welcome clearer explanations and distinction between actions that are a requirement and those that are 'above and beyond'.

ROLE AS AN INFLUENCER

- British Land can influence a wide range of stakeholders 'beyond the shadow of its buildings'. Whilst it is already having a positive influence on suppliers, British Land might be able to collaborate further with key stakeholders, including others in the industry, to share best practice
- British Land could further engage with and influence occupiers, particularly in the retail sector
- British Land should have an objective to work with the wider community around existing assets before, during and after construction of new developments
- British Land could align its corporate responsibility strategy with those of its key stakeholders, notably customers, to work towards common goals. Stakeholders felt there was alignment in many areas between their corporate responsibility objectives and British Land's.

COMMUNICATING OUTCOMES

- British Land could improve communications with stakeholders to further assert its influence
- Stakeholders felt British Land does a lot of good work but does not shout about it
- Where targets have not been met, British Land should consider providing a statement explaining why and outlining actions being taken.

FOCUS AREAS

- British Land was commended for having thought about its priority issues and embedding sustainability in its business strategy. However, there was concern that a silo approach could lead to disconnects between focus areas
- Stakeholders felt the rationale between the weighting given to focus areas was unclear
- Communicating an overarching aspiration could address the issue of connectivity and provide a mechanism for integrating corporate responsibility focus areas.

COMMITMENTS AND PERFORMANCE

KEY FEEDBACK

DRILL DOWN

- British Land could improve transparency in reporting corporate responsibility performance. For example, it could enable stakeholders to access information about the performance of individual assets.

BOUNDARIES

- British Land should be clear about the boundaries of its direct and indirect influence
- British Land could distinguish in its reporting between those targets under its direct influence and those under its indirect influence. This would make it clearer where British Land is stretching its boundaries, for example working with occupiers to influence their behaviour
- It was the perception of the group that the most important sustainability indicators were energy, carbon and water
- Stakeholders felt there are more targets related to inputs than outputs, such as economic and social impacts.

EMBEDDING CORPORATE RESPONSIBILITY

- From the outside, stakeholders felt that the corporate responsibility strategy has not been embedded sufficiently into the business model used by asset management. For example, the asset management team can be reluctant to commit resources to achieve corporate responsibility targets, focusing on payback periods rather than risks and opportunities
- To address this, British Land could focus on synergies and how targets can be reached without additional costs. It could also adjust the business model to accommodate longer term investment versus immediate economic considerations
- British Land needs to look for double wins – actions that would result in cost reductions and address corporate responsibility risks.

FOCUS ON DELIVERY

- How does British Land implement actions and assign resources for targets that are critical to the success of its corporate responsibility strategy?

CLARITY OF REPORTING

- Some stakeholders felt British Land's corporate responsibility website was busy and lacked focus
- British Land could more explicitly link the corporate responsibility focus areas to longer term business value.

REPORTING AND COMMUNICATIONS

KEY FEEDBACK

ROLE AS AN INFLUENCER

- Stakeholders felt British Land has considerable influence over a number of upstream and downstream stakeholders, which it could use to execute its own corporate responsibility strategy, whilst being a force for change. Stakeholders wanted more information on this
- In response to British Land's requirements, some upstream businesses, such as managing agents and construction contractors, have changed their business model, resulting in improvements to their own sustainability performance. This was highlighted as a good example of British Land's ability to be an agent for positive change
- British Land also has significant influence over downstream businesses, such as office occupiers and retail occupiers. It could consider using this influence to improve the sustainability performance of downstream businesses. This may in turn help those businesses influence their peers and place them at the front of the corporate responsibility agenda, which many are striving to achieve. This would be an overall win/win and could drive occupier satisfaction.

ABOVE AND BEYOND

- It was felt a proportion of information reported in the 2011 Corporate Responsibility Report was responding to legal or compliance requirements
- However, stakeholders also recognised there is a lot of activity that goes beyond compliance. British Land may want to distinguish this and highlight voluntary actions to demonstrate their commitment to the corporate responsibility agenda, and to communicate this better. For example, on embodied carbon in developments, British Land can highlight voluntary actions others in the industry are not performing
- This also links to the issue of influence – highlighting progressive corporate responsibility performance can put pressure on peers and clients to respond.

IMPACTS DOWNSTREAM

- Stakeholders felt that the 2011 Corporate Responsibility Report was predominantly environmentally focused. They are interested to see more information on British Land's activities in the socio-economic and community spheres
- The Corporate Responsibility Report could include more detail about the positive (or negative) impacts and ongoing aspects of British Land's activities on downstream stakeholders. For example, the socio-economic impact of developments on the local community, occupiers, retailers and individuals
- British Land could improve communications to downstream stakeholders to help them understand the positive impacts British Land has made and increase the attractiveness of British Land as a landlord
- It was suggested that British Land could build up a brand that individuals are aware of, instead of the traditional business-to-business model.

COMMUNICATION MATRIX

- The 2011 Corporate Responsibility Report has lots of information that is aimed at a corporate level or is aligned with GRI indicators. Stakeholders would like to be able to access information at a holistic level based on a site or region. For example, information for contractors or local communities in relation to a specific building
- Suggested solutions included a method to provide the data already contained within the Corporate Responsibility Report, so readers can search by building, area or topic. Another suggestion was an 'app' which could gather specific information for specific audiences.

WORKSHOP PARTICIPANTS

Attending the workshop were leading representatives from our occupiers, community partners, suppliers, investors, central and local government, and NGOs (as shown below). We invited both those involved with our business and those new to it, who can often give fresh insight.

ORGANISATION	PARTICIPANT
B&Q	Andy Francis
The Source	Ann Cadman
UK Green Building Council	Anna Surgenor
Morrisroe	Dan Bannister
Herbert Smith	Emma Cooke
Aegis Group	Frank Krikhaar
Henderson Global Investors	Fred Kinahan
WRAP	Gareth Brown
Rotherham Borough Council	Ian Smith
Munroe K Asset Management	John Albany-Ward
Westminster City Council	John Walker
East London Business Alliance (ELBA)	Louise Muller
UBS Global Asset Management (UK)	Lucy Burgess
Broadgate Estates Ltd	Mark Evans
WRAP	Mike Falconer Hall
Savills	Nick Herward
Business in the Community	Robert Tate
Deutsche Bank	Ron Herbst
London Borough of Camden	Samantha Dodd
Greater London Authority	Virginie Caujolle-Pradenc
University College London	Yvonne Rydin