

Liberty International PLC

Corporate Social Responsibility Report 2006



Sustainable design



Regeneration



Community



Sustainable travel

Highlights for 2006

• Overview

- significant progress across the CSR agenda
- clear additional value from our proactive approach to sustainability, environmental and community issues

• Stakeholders

- engagement across a broad spectrum of stakeholders
- extensive consultation on new development proposals
- development programme includes investment in substantial residential and community elements

• Sustainability and the environment

- 100 per cent of current development programme on brownfield land
- sustainability a key design factor for all new developments
- UK shopping centres
 - majority of energy from sources exempt from Climate Change Levy
 - 51 per cent waste reused through recycling or energy from waste
 - major progress with public transport initiatives at our shopping centres

• People

- continuing excellent health and safety record
- 82 per cent of management staff are long-term employees
- 58 per cent of total workforce are women

• Community support

- over 50,000 people employed at our UK shopping centres
- partnerships with major organisations to deliver local initiatives
- 4,300 hours of staff time spent on local community activities
- £755,000 community support provided by UK shopping centres
- £176,000 corporate charitable donations

• External recognition

- FTSE4Good
- Business in The Community – Top One Hundred Companies
- Business in the Environment – Sector Leader
- JSE (Johannesburg's Stock Exchange) SRI Index
- Morley Sustainable Investment

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Captions for front cover pictures:

Main image – Chapelfield Shopping Centre, Norwich – people are central to our business success.

Sustainable design – new homes, a new central library, a new pedestrianised street and new retail form part of the expanded St David's Centre, Cardiff.

Regeneration – The continuing regeneration of Braehead, Renfrew, Scotland as an integrated community won "Mixed Use Award for Excellence" in 2006.

Community – MetroCentre Gateshead supported a "SeaCadetFest" to increase the profile of this youth organisation and encourage recruitment.

Sustainable travel – MetroCentre's public transport facilities bring rail, bus and coach travellers to the centre.

Supporting sustainable development



I am delighted to report that Liberty International PLC continues to rank as a leader in the property sector in responsible CSR management which has always been high on the agenda of our company. Once again the company has been rated a top 100 company by Business in the Community in their Corporate Responsibility Index and has retained inclusion in the leading FTSE4Good and JSE SRI Indices in 2006.

Our shopping centres act as the catalyst for significant employment opportunities, both in retailing and support services, underlining the role we continue to play in the process of economic regeneration. Some 50,000 people are employed in our shopping centres throughout the UK. We continue to focus our substantial development programme both on brownfield sites where we bring previously underutilised or derelict land back into productive use and within town centres where we seek to enhance existing townscapes for the benefit of the community.

We also believe strongly in participating in constructive dialogue with Central Government, Local Authorities, and other opinion formers, together with the general public, regarding planning, sustainable designs and other matters of general interest. This is well evidenced by our proposed design for Westgate Oxford where we have worked with a wide range of stakeholders to create a new mixed-use development which addresses the sensitivities of the location, utilises brownfield land in need of regeneration, incorporates renewable energy sources and includes a substantial residential element which will revitalise this city centre location.

Our central strategy continues to be to invest for the long term in regional shopping centres and other high quality buildings where we can add value through our management skills and provide our customers and occupiers with a safe and secure environment in which to shop and conduct their business.

The environment and the consequences of global warming are now firmly on the political and economic agenda, with greater focus on the negative impact of carbon emissions from energy usage and the minimisation of waste which necessitates stricter controls on disposal. We continue to work to achieve further energy efficiencies

and have made significant progress with our waste management programme. Publishing a full range of transport options for the customers at our shopping centres also remains a priority as part of our objective of encouraging greater use of public transport.

We have this year widened our CSR programme by focusing our resources on community initiatives covering youth, education and the prevention of crime. Our shopping centres play an important part in the lives of the public in the communities in which we invest and, as a gathering point for substantial populations, are an excellent medium for pursuing a range of valuable initiatives. We have formed partnerships with a number of special interest community organisations such as I CAN, Sea Cadets Association, Crime Concern and BTCV, who are pre-eminent in their respective fields and we are delighted to be working alongside them. Examples of these initiatives are contained on pages 14 and 16 of this report. I hope that these and other joint initiatives will become a permanent feature of engaging with the communities local to our shopping centres and demonstrate clearly our support for sustainable development across the broad spectrum of our stakeholders.

Whilst we have made significant progress in formalising our CSR management procedures and broadening our community programme over the last four years we recognise that there is always more to do. As a major FTSE 100 company we are rightly expected to be at the leading edge of CSR best practice. I believe that our record to date supports this position. None of this could be achieved without the dedication and skill of our own staff. I thank them all for their support, their initiatives and their enthusiasm; I look forward to working with them in the future.

I am encouraged by our achievements in 2006 and look forward to the future in the knowledge that Corporate Social Responsibility will remain an integral part of our management culture and core to the values we hold in managing the business to good effect on behalf of our shareholders and other stakeholders.

Sir Robert Finch
Chairman
28 February 2007

Profile

Liberty International at a glance

Liberty International PLC is the UK's third largest listed property company quoted on the London and Johannesburg Stock Exchanges. It is a constituent of the FTSE 100 Index of the UK's leading listed companies. Liberty International owns Capital Shopping Centres ("CSC"), the premier UK regional shopping centre business, and Capital & Counties ("C&C"), a retail and commercial property investment and development company concentrating on Central London, non-shopping centre retail in the UK and California, USA

Highlights from 2006 Accounts

- £341 million net rental income
- £8.2 billion total properties
- £5 billion net assets (diluted, adjusted)
- £1 billion development projects including Cardiff, Oxford and extension to Eldon Square shopping centre, Newcastle.

Scope of report

As our fifth report, it covers activities for the year to 31 December 2006, although most of the shopping centre statistical information is for the 12 months to 30 September 2006. In compiling this report, we have informally applied best practice guidance, including that from the Global Reporting Initiative (GRI-G3), Association of British Insurers (ABI), Department of the Environment, Food and Rural Affairs (DEFRA) and Business in the Community (BITC) Corporate Responsibility Index.

This CSR Report contains information on the impact of CSR related issues on the Liberty International group, and should be read in conjunction with the 2006 Annual Report for detailed information on how the group addresses corporate governance including information on compliance with the Combined Code on Corporate Governance.

Significant changes in the year

Our UK shopping centre portfolio has grown considerably over the past year with a significant increase in the square footage across the portfolio. Data is now included from all UK shopping centres excluding the existing St David's Centre, Cardiff in which we acquired a 50 per cent interest in December 2006. The outsourcing of support services in the directly managed UK shopping centres has been completed, resulting in the consolidation of the supply chain and a reduction in the number of directly employed staff.

We acquired in August 2006 a prime seven acre Central London retail and leisure investment in Covent Garden, including the original market buildings previously converted into retail and leisure use. Data from this investment has not been included this year.

Capital Shopping Centres

CSC is the United Kingdom's leading shopping centre company. For over 30 years, we have specialised in regenerating redundant and derelict land to create high-quality regional shopping centres which provide not only first-class shopping destinations but also a range of leisure, residential and social facilities designed to respond to the needs of each area.

- Thirteen completed centres including eight of the UK's top 21 centres.
- Four out-of-town shopping centres: Lakeside Thurrock, MetroCentre Gateshead, Braehead Renfrew Glasgow, The Mall at Cribbs Causeway Bristol.
- Nine town centre shopping centres: Eldon Square Newcastle, Manchester Arndale, Victoria Centre Nottingham, The Potteries Stoke-on-Trent, Chapelfield Norwich, The Harlequin Watford, The Chimes Uxbridge, The Glades Bromley, St David's, Cardiff.
- 12.4 million sq. ft. of retail space, 2,025 units.
- UK's major retailers represented in our centres including John Lewis, Debenhams, House of Fraser, Marks & Spencer, Next, Boots and Arcadia.
- An estimated 225 million shopper visits per annum.
- An estimated 50,000 employed by retailers in UK shopping centres.
- Catchment areas covering half of the UK's population.

Capital & Counties

C&C is our commercial property arm with a focus on retail and office properties in the UK and California and includes Capital Enterprise Centres, the managed workspace provider. Our retail holdings include prime shops in London locations such as Kensington, Piccadilly and Regent Street, and the iconic seven acre Covent Garden Estate, including the historic market buildings.

- 6.7 million sq. ft. of commercial property.
- Properties 62 per cent retail, 36 per cent business space and 2 per cent other.
- Portfolio distribution: Covent Garden 30%, Central London 22%, Capco Urban 12%, Capco Opportunity 15%, Capco USA 21%



Manchester Arndale.



Chapelfield, Norwich.

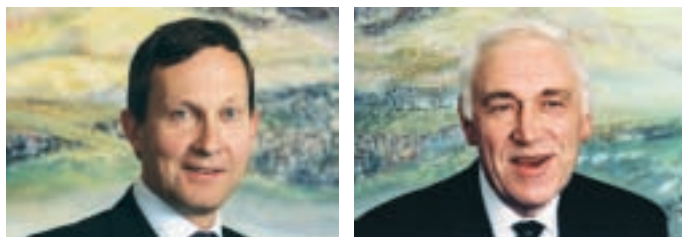


Covent Garden, London WC2.



The Strand, London WC2.

Management review



Introduction

We have now been reporting on CSR as a central part of our business activities for the last four years. During this period we have formalised our management systems covering social, ethical and environmental issues. We have invested significant management resources in introducing further initiatives to improve our energy consumption efficiencies and waste disposal procedures, as well as extending our engagement with the communities served by our business. This year, we are additionally publishing a summarised version of this report which, as well as being distributed with the Annual Report, will extend our stakeholder engagement by being available to local communities through our shopping centres and other locations.

Major Achievements in 2006

- Regeneration underway on a further 55 acres of land at Braehead.
- Focus on incorporating energy efficient solutions into new developments and existing properties.
- Further progress in increasing waste recycling.
- Majority of our electricity supplies procured from renewable sources.
- Our health and safety record continues to be excellent.
- Active community programmes partnered with national organisations dedicated to supporting youth, education and the prevention of crime.

Sustainable Development

We support the Government's sustainable development agenda by focusing on the following main areas:

- Protection of the environment by the prudent use of natural resources.

We commit the necessary resources to reduce the environmental impacts of our business where it is practical and commercially viable to do so. We continue to focus our efforts on reducing the proportion of total waste from our shopping centres consigned to landfill by encouraging more recycling. For non-recyclable waste, we endeavour to make greater use of Energy from Waste facilities ("EFW") where these are commercially available.

Energy consumption is the other major environmental impact where we are pleased that the majority of our energy needs continue to be procured from renewable sources. We are working with the Carbon Trust to understand the carbon footprint of our shopping centres and expect to provide more information on this in our 2007 Report.

- Economic progress through regeneration.

Our development programme continues to focus on bringing back into economic use previously derelict and brownfield land. We play an active role in the regeneration of the central areas of cities and towns in which we invest and their vitality is crucial to the long-term performance of our assets.

For example:

- At Braehead the land we own adjacent to our shopping centre continues to be developed to create an integrated residential and business community.
- Our new shopping centre developments in Cardiff and Oxford, and our retail and commercial developments in London and Leeds have all been designed for mixed uses; in particular fulfilling the needs of the community by incorporating space for residential apartments. The new shopping centres will generate considerable additional employment opportunities.

- Social Progress – meeting people's needs.

- The value of our people

Our staff are key to the future of our business and our policy is to provide remuneration and benefits reflecting their importance. We continue to promote an open culture, encouraging full participation at all levels with short reporting lines for effective management. Our business success is built on teamwork, taking advantage of the multi-disciplinary skills of our employees.

- Community support

Our shopping centres have become an integral part of community life providing a natural focus for shopping and other leisure activities. Our proactive community programme supports youth, education and the prevention of crime. We do this in a variety of ways designed to improve local amenities and provide wider opportunities for all strands of society. More information on our major initiatives including partnerships with national organisations is on pages 14 and 16.

External recognition

Our commitment to sound CSR principles continues to be recognised by leading CSR agencies: FTSE4Good, the JSE SRI Index and Morley, the UK fund manager. We remain a BiTC top 100 company and are sector leader in their Environmental Index.

The future

We have made good progress towards achieving our plans and objectives for 2006–2008. We are confident that, with the enthusiasm and commitment of our staff together with the support of our consultants and suppliers, we can drive forward our agenda as part of our stated aim of delivering long-term shareholder value.

David Fischel
Chief Executive
28 February 2007

Peter Badcock
Chairman CSR Management
Committee

Governance

Objectives 2006–2008

- Maintain the processes for monitoring progress of our CSR strategy and its supporting systems and introduce enhanced Environmental Management System (“EMS”) procedures.
- Establish benchmarks and targets for other key objective areas – supply chain, transport, and stakeholder engagement.
- Further develop our internal audit programme and review outcomes at CSR Management Committee.
- Undertake an annual review of CSR risks.

Progress in 2006

- EMS procedures in place at all directly managed UK shopping centres.
- Internal and external audit processes in place.
- Work underway to establish benchmarks/targets.
- Internal audit extended to cover CSR indicators. Reports quarterly to CSR Management Committee.
- Process established for annual review of CSR business risks by Board.

The Board takes direct responsibility for determining policy and strategic direction on CSR matters, which is disseminated through the CSR Committee and progress against predetermined targets and objectives is delegated to the CSR Management Committee. Delivery of the agreed action plans, targets and objectives is the responsibility of executive management reporting to the CSR Management Committee as appropriate.

Following an independent annual review and benchmarking against best practice, including GRI and the BiTC Corporate Responsibility Index, we continue to refine CSR risks that impact on our business which have formed the basis of our targets and objectives for 2006. Progress against these criteria is shown in the individual sections on Environment, Stakeholders, Our People and Health and Safety.

CSR risks

A comprehensive assessment is carried out as part of the group's Annual Report and the CSR Management Committee

undertakes to review each year the group's risk register from a CSR perspective. Each area of risk has been allocated to a member of the Board who is responsible for the executive processes in managing the risk. The identified CSR risks are set out in the chart below and referred to elsewhere in the Report.

Committee training and learning

The Management Committee has continued to address best practice from a variety of sources. Training has included in-house presentations on CSR related issues and best practice from specialist organisations such as Carbon Trust and Bureau Veritas. Committee members have continued the programme through attendance at seminars and conferences, and visits to a variety of community projects to see how the relevant issues are being addressed.

Stakeholder Groups/CSR Risks	Management Processes	LI Board Responsibility	Further information
Corporate Governance Business Code of Practice Compliance & Verification	Policies, systems and audit	Entire Board	p4
Shareholders & Analysts	Investor relations programme	Chief Executive and Finance Director	p13
Staff	HR management	Chief Executive	p18
Local Communities – support	Community engagement initiatives	Chairman	p15
Central Government	Engagement	Chairman and Chief Executive	p13
Planning Process – Local Authorities, Regional Government Departments, NGO's	Engagement	Managing Director – C&C Development Director – CSC	p13
Suppliers, Contractors and Consultants	Procurement	Managing Directors – CSC/C&C	p15
Health & Safety	Policies, training, systems and audits	Chief Executive – LI Managing Directors – CSC/C&C	p20
Environment – energy, waste and transport	Policies, training, systems and audits	Managing Directors – CSC/C&C	p10-p12
Retailers and occupiers	Direct engagement and benchmarking against peer group	Managing Directors – CSC/C&C	p13
Shopping Public	Range of feedback mechanisms including surveys and focus groups	Managing Directors – CSC/C&C	p15



CPC4, Capital Park, Cambridge.

Corporate policies

A comprehensive set of policies supporting our Business Code of Practice are listed throughout this document and can be viewed in full on our website.

CSR Management Systems and Data collection

We have now introduced our environmental management system equivalent to ISO14001 at all our directly managed UK shopping centres. A formalised Environmental Management System document has been published to assist centre management in properly managing our impacts in respect of utilities usage and waste recycling. Comparative data continues to be collated from all shopping centres and office properties on a quarterly basis including utilities usage, waste, transport and community activities. The data is subject to both internal and external verification. Each property location is therefore monitored on a consistent basis to determine trends and afford comparison although due to differences in age and design specifications it is not practical to normalise the data in a meaningful way. The management systems form part of the mechanism for the delivery of the Action Plans in the UK shopping centres.

Audit

The internal audit programme continues to cover verification of CSR data which is also independently verified, on a sample basis, by Bureau Veritas. The scope of verification includes adherence to stated policies as well as reviewing the procedures involved in collating the figures. This process covers both internally generated data and that provided by our service partners.



Manchester Arndale, an integral part of Exchange Square.

Health & Safety

The responsibility for health & safety in respect of our staff, contractors, occupiers and visitors to our shopping centres and other properties lies with the Liberty International Board which has delegated responsibility for Health & Safety policy to three separate Health & Safety Committees – Liberty International, Capital Shopping Centres and Capital & Counties. Each committee is responsible for establishing safety procedures for its part of the overall business. The Committees are advised by a specialist external consultant to ensure consistency of standards and performance throughout the group. Operational responsibility remains with line management. During 2006 we reviewed our Health & Safety reporting procedures. More information is given on page 20.

Compliance

The company has complied with all applicable legislation and has been subject to no sanctions or fines for environmental, health & safety or any other infringements.

Targets and objectives

2006 marks the beginning of our second three year cycle of targets and objectives. Our achievements during the last 12 months are summarised at the beginning of each section of this document.

Environment

Objectives 2006–2008	Progress in 2006
Transport <ul style="list-style-type: none"> • Continue the implementation of travel plans and aim to complete at all directly managed UK shopping centres by 2007. 	<ul style="list-style-type: none"> • Four travel plans in place and others at an advanced stage.
Energy, Water <ul style="list-style-type: none"> • Aim to achieve a 5 per cent reduction in energy consumed in 2006 at the directly managed UK shopping centres, subject to normal weather patterns. • Aim to build on current water data to ensure a robust baseline across all shopping centres. • Continue to explore the potential for renewable energy, re-use of rainwater and other sustainable practices in our new developments. 	<ul style="list-style-type: none"> • Reductions achieved in some areas. • Work to establish baseline data continues. • Majority of energy consumed is from renewable sources. • Grey water used for toilets introduced at The Glades.
Waste <ul style="list-style-type: none"> • Aim to achieve 40 per cent of waste recycled at our UK shopping centres in 2006. • Research other opportunities to reduce waste sent to landfill. 	<ul style="list-style-type: none"> • Significant progress has been made. 33 per cent of waste recycled and waste to landfill reduced on a like-for-like basis. • New methods of recycling being trialled.
Sustainable Design and Development <ul style="list-style-type: none"> • All new developments to achieve a BREEAM standard of “Very Good”. • Continue to employ contractors who implement our environmental objectives on site. 	<ul style="list-style-type: none"> • Major contracts now incorporate BREEAM “Very Good” as a requirement. • Major contracts comply with Environmental Policy and Guide.
Regeneration of Derelict and Brownfield Sites <ul style="list-style-type: none"> • Continue to ensure the efficient use of land to support regeneration and economic growth and maintain our development programme on brownfield land. 	<ul style="list-style-type: none"> • Almost 70 per cent of 280 acre site at Braehead now brought back into economic use.
Procurement <ul style="list-style-type: none"> • Implement the programme of supplier engagement in line with the Supply Chain Policy. • Undertake audits of critical suppliers to ensure compliance with the Supply Chain Policy. • Develop where appropriate minimum standards for certain goods and services in line with the Environmental and Supply Chain policies. 	<ul style="list-style-type: none"> • Procedures established for working with key suppliers. • Work underway on audit systems. • Audit programme being implemented.

As one of the UK's leading property companies, we continue to recognise the responsibility for managing our impacts on the environment and the opportunity we have to contribute positively to the regeneration of the built environment. We have established a reputation for a responsible and forward looking approach to environmental issues. Considerable strides have been made over the last four years in formalising the introduction of sustainable design into our business.

Related policies

[Environmental \(supported by Guide\)](#)

[Supply Chain](#)

These policies are available on www.liberty-international.co.uk

Building for the future

As a major property company, we have a continuing programme of development, refurbishment and remodelling underway. During 2006, the final phases of Manchester Arndale northern extension and the first phase of the remodelling of Eldon Square opened. A new office building at Capital Park, Cambridge and a refurbishment at Metro Building, Hammersmith were completed.

Major refurbishment works are underway at Lakeside, The Glades, MetroCentre and The Mall, Cribbs Causeway shopping centres together with Wapping Riverside, London; Hagley Road, Birmingham and our mixed-use scheme at Broad Gate, Leeds.

Our Environmental Policy and Guide is provided to all consultants and contractors, compliance with which is a contractual requirement. We work with our specialist teams, who advise us on best practice and buildability, taking into account the relevant BREEAM ("Very Good") or Eco Homes ("Good"/"Very Good") standard where residential development is included. The Environmental Statement prepared for all major projects reflects this approach and includes issues such as environmental impact, sustainability reports and access statements.

We award construction contracts to companies which can demonstrate the necessary skills and experience to complete the work to our specification, timetable and budget, and whose approach to the environment reflects our objectives. Our project management team works with the contractor to monitor on-site activity to ensure the minimum of disruption to the local community and compliance with national/local considerate contractor schemes is a requirement on our sites.



Capital Park, Cambridge – an aerial view of the major regeneration of a former hospital site, showing the refurbished hospital buildings, new office blocks and the retained playing fields.



Old Eldon Square – the western side of this key city centre public space has been revitalised by introducing two street level restaurants and a light curtain wall replacing the former brick façade. Further landscaping works will be carried out next year.

Regeneration of brownfield sites

100 per cent of our development programme is on brownfield land, underlining our commitment to the regeneration of our towns and cities, bringing new economic vitality to the community with the consequential benefits for employment and local facilities.

Shopping centres (open)

	Year opened	Pre-development land use
Lakeside	1990	Redundant quarry
MetroCentre	1986 (purchased 1995)	Redundant power station
Braehead	1999	Redundant industrial area
Harlequin	1992	Derelict and underused town centre sites
The Glades	1991	Derelict and underused town centre sites
The Chimes	2001	Derelict and underused town centre sites
Eldon Square	1976	Derelict and underused city centre sites
Victoria Centre	1972	Closed railway station
The Potteries	1988	Derelict and underused town centre sites
Chapelfield	2005	Regeneration of disused chocolate factory
Manchester Arndale	1976 (purchased 2005)	Regeneration of city centre sites including bomb damaged area
The Mall at Cribbs Causeway	1998 (purchased 2005)	Development of rezoned agricultural land to support economic growth following the closure of local industries
St David's Centre	1970 (purchased 2006)	Underused city centre sites

Shopping centre development

	Anticipated completion	Pre-development land use and proposals
Eldon Square (Newcastle)	2006–2009	Partial redevelopment and extension of shopping centre to provide new bus station, department store, modern retail units and public realm improvements
St David's 2 (Cardiff)	2009	Regeneration of city centre site adjacent to St David's Centre to provide modern retail space, residential accommodation, a new library and public realm improvements
Westgate (Oxford)	2011	Regeneration of old car park and city centre site to extend existing shopping centre and provide modern retail and residential accommodation and public realm improvements

Commercial development

	Anticipated completion	Pre-development land use and proposals
190, Strand (London WC2)	2010	Redevelopment of city centre site to provide modern office, retail and residential accommodation and public realm improvements
Broad Gate (Leeds)	2008	Refurbishment and upgrading of old department store to provide modern retail and office accommodation and new residential apartments
Wapping Riverside (London E1)	2007	Refurbishment of listed riverside warehouses to provide space for start up businesses
Stockwell Street, Greenwich (London SE10)	2010	New build retail and high quality residential apartments

Public consultation and communication

It is fundamental to our approach to regeneration that we listen to the views of the local community and reflect its aspirations in our designs. In 2006, consultation continued in Oxford, at MetroCentre and at Stockwell Street, Greenwich. These consultations encompassed exhibitions, newsletters and public questionnaires. Special one-on-one presentations were also made to other local stakeholders and public interest groups. Once a project is underway, a programme of on-going communication keeps the public up-to-date with progress and special leaflets provide information on any changes to traffic or pedestrian movement.

Public Consultation Stockwell Street, Greenwich
Public planning exhibitions were held in September and November 2006 to seek the views of the local community. There was considerable local interest in these exhibitions with around 90 people attending over the two days of the first exhibition, followed by a significant number at the second exhibition. A positive discussion took place, with residents pleased that the site was under new ownership and welcoming the opportunity to be consulted. Further community engagement will take place once our planning application is submitted.



Consultation in Greenwich (above) and examples of public information literature.



Clyde View Park and new apartments.

Braehead – Building a community

The continuing regeneration of the 280 acre site along the Clyde has made considerable progress this year. From the derelict site 10 years ago, the opening of the shopping centre, retail park, IKEA and the first office buildings have been a catalyst for a truly remarkable change. The leisure destination has now been enhanced by Xscape, with Scotland's first indoor real snow slope, multiplex cinema, aerial assault course, 22 lane bowling alley, climbing wall and a wide selection of cafes and restaurants. Braehead's first hotel is now under construction. More than 1,000 homes are planned as part of the first phase of Braehead's Ferry Village. The first owners moved in for Christmas 2005 and the construction of more apartments and houses is continuing, building a substantial residential community linking the shopping and leisure destination to Renfrew town centre. Clyde View Park and the associated riverside walk and cycleway along 1.2 miles of the Clyde are now fully open, opening up the bank of the river which had been inaccessible to the public for decades. A focus for recreation, the park provides children's play areas, wildlife habitats and opportunity to enjoy the outdoors. More office space will open in 2007, bringing many more jobs to Braehead. Improvements to the environment continue to be made; we are funding the removal of overhead pylons along the edge of the site, and work is now underway to re-assess the possibility of introducing on-site wind driven power.



Children's play area.



Sculpture by Kenny Munro.

Public Art

As part of the park project a public art programme was implemented in partnership with Renfrewshire Council and an art strategy devised to form positive links to the local community.

A working party of CSC, Renfrewshire Council and a specialist adviser chose suitable artists, suggested sites for their works, and provided guidance on appropriate forms of artwork. The key expectations were that the art installations must be identifiable, accessible and visible, integrate into the park design, and be sufficiently robust for the public setting. Following a selection process which included workshop visits, two artists were commissioned.

Kenny Munro came with valuable experience of school-based art projects. He drew on historical figures and events from Renfrew's past, such as the pioneering pilot Winnie Drinkwater and the firm of dredger builders, Lobnitz & Simons. His series of eight pieces stand on sandstone pillars alongside the main footpath. A single large pyramid stone carries a group of bronzes cast from the work of local primary school children.



Xscape snowslope.



David Annand's omega bench.

David Annand, has a reputation for fine figurative sculpture; he took a poetic approach. His depiction of two figures writing upon an omega bench features a poem by Colette Bryce. A stainless steel bench, featuring bronze figures, is located atop a grassy mound, providing a focal viewpoint over the park and river. It lies on the axis of a new street within the housing developed alongside the park.

"the future is waiting to be written
all weathers we lean to the task
the sky balances on our shoulders like the past"

Oxford

From the start of the project, sustainable design has been an integral part of the whole design process and our plans have been independently assessed, receiving "Very Good" BREEAM and EcoHomes ratings.

We will be making a substantial investment in public transport improvements including park and ride facilities.

Efficient use of resources has been achieved in the following ways:

- A centralised biomass boiler plant will provide the heating and hot water demand of the new John Lewis department store and residential development of 127 apartments. This will result in at least 12-15 per cent on-site renewable energy. The design will also include the installation of pipework to enable the centre to connect to a local Combined Heat and Power plant currently being researched by Oxford City Council.
- Using solar tracking models to inform the design, optimum levels of daylight have been achieved within the buildings whilst controlling the amount of solar gain.
- No air conditioning or comfort cooling has been used in the covered streets which will operate in a naturally ventilating manner such that no mechanical ventilation is required, even under fire conditions.
- The replacement below ground car park will be naturally ventilated.
- Rainwater harvesting will capture a large portion of the rainwater run off from the buildings. It will then be distributed from a large storage tank, buried below the basement service yard, to service functions including the flushing of the public toilets, the irrigation of planting and the cleaning of glazing. Low flow heads will be installed throughout the development including all residential units.
- Biodiversity: An area of green roof is being installed to control run off from the roof top areas and to offer some biodiversity to the urban environment.



Artist's impression: Bonn Square, Oxford.



Artist's impression: Norfolk Street, Oxford.

Cardiff

Work is underway on St David's 2, Cardiff, a joint venture with Land Securities, to regenerate a large site in Cardiff city centre to provide a retail-led mixed use scheme that will provide over 300 apartments, a new library, restaurants and cafes and a landscaped pedestrianised environment as well as a substantial retail extension to the existing St David's Centre. As the design has progressed the St David's Partnership has been working with their team of consultants to ensure the development achieves the appropriate BREEAM and EcoHomes ratings.

Energy efficient design solutions have been utilised within the retail development and include mechanical free cooling and underfloor heating to the Arcades and variable speed fans for the underground car park and service yard to suit air quality requirements. High efficiency condensing boilers and variable speed pumps are utilised to serve the underfloor heating system to ensure optimum efficiency is achieved. Low energy light fittings and lighting control systems are utilised for the public spaces and back of house areas. To ensure retail occupiers provide energy efficient systems, energy efficiency limits will be included in the tenant's handbook for lighting, ventilation and air conditioning systems. Energy meters will be installed to all major systems to allow monitoring by a Building Energy Management System.

Private residential domestic hot water is fed via a centralised system, served by high efficiency condensing boilers. Whole house ventilation units are also utilised to provide fresh air ventilation with heat recovery that can recover up to 70 per cent of the waste heat. Low energy lighting fittings have been specified throughout all apartments.

Carbon emission calculations have been carried out for the retail and residential buildings to ensure compliance with the Part L Building Regulations 2006. The preliminary carbon calculations have shown savings of 50 per cent for the retail development, 28 per cent for the affordable housing and 26 per cent for the private residential.

A new approach to site hoardings: Working with a specialised company in Caerphilly, South Wales, the St David's Partnership and the main contractor have funded the development of the Eco-Sheet product for use as hoarding panels for building sites. Eco-Sheet is made from a mix of re-cycled polymers and other recycled materials including waste, electrical and electronic equipment. At the end of their useful life, eco-sheet panels can again be recycled. A stretch of the new hoardings has been set up along part of the site perimeter to test the material in action. It is believed to be the first time recycled material has been used in this way.



Artist's impression of the Grand Arcade, St David's 2.



The team inspect the new eco hoarding at the St David's 2 site Cardiff.

Managing our assets

We believe passionately in actively managing our assets to ensure that they consistently provide shoppers and occupiers with the highest standards of customer care and services. This requires constant attention to detail, meeting and maintaining the exacting standards expected of a market leader.

Energy

We continue to work to enhance our systems to enable us to identify and take advantage of opportunities to further improve energy efficiencies throughout our investment properties, where this is within our control. We have introduced best practice taking account of both the short- and long-term benefits to the operational costs of our business. We continue to work with The Carbon Trust to evolve a Carbon Management strategy. A gap analysis has been completed and 2007 will see the importance of Carbon Management related to key business drivers and opportunities being incorporated as part of the continuing strategy of reducing CO₂ emissions on a comparable basis.

As the portfolios of our shopping centres and commercial properties change each year, it is unlikely that total consumption will ever be strictly comparable. We have therefore continued our practice of reporting the overall figures and providing like-for-like comparisons where possible.

UK shopping centres

We were unable to meet our target of a 5 per cent reduction in 2006 in energy consumed at our directly managed UK shopping centres, due to a number of factors, including some extensions to trading hours, the necessity of overnight development and maintenance work at some centres, and variations in weather, in particular the record breaking temperatures in July, which necessitated more extensive air cooling plant usage. Comparing 2006 with 2005 on a like-for-like basis consumption in kWh was up by some 2 per cent, but after translation, utilising the same conversion formulas for 2005 and 2006, there has been only a marginal increase in usage measured by CO₂ emissions. We will be looking to re-establish positive progress in 2007. We remain governed however by the requirement to provide a comfortable ambient temperature for the shoppers visiting our centres and this has to remain our overriding business consideration.

Energy consumption for Chapelfield, covering its first year of operation, together with full year data for the Braehead Arena, the Manchester Arndale and The Mall at Cribbs Causeway, all included for the first time, are shown separately.

We continue to work to improve our energy efficiencies and to investigate sustainable sources of energy. We are working towards our revised target of a 5 per cent reduction in energy consumption by 2008 at our 10 directly managed UK shopping centres on a comparable basis and are considering ways of benchmarking our performance against external meteorological data. We are making good use of the information resulting from our half-hourly monitoring of supplies over 100 kWh. Eight of our centres continue to be certified 100 per cent supplied from generation that is exempt from Climate Change Levy. This represents approximately 75 per cent of the electricity consumed at our 10 directly managed centres.

UK commercial properties

During 2006 energy consumption mainly relating to usage in the common parts of multi-let office premises has increased by 1 per cent in comparison to the previous year. This is partly due to increased occupancy levels, and partly to the recent installation of air conditioning in a number of Central London properties in response to occupier demand. It is intended to collect data on energy consumed by our recently acquired Covent Garden estate during 2007.

Capital & Counties continues to focus on maximising the efficiency of plant and balancing their occupiers' requirements with the need to monitor energy consumption where and whenever possible.

USA

Our business in the USA, centred on California, represents approximately 4 per cent of the group's total activities.

We have now collected a full 12 months of energy and water data covering the 1.365 million rentable square feet and 825,000 rentable square feet in the shopping centres and commercial buildings respectively. The full year's figures are electricity 16.3m kWh, gas 2.56m kWh and 338,392 m³ of water. No meaningful comparisons can be made with 2005.

Waste is not reported as there is not a consistent basis used by the various local authorities and the data can therefore not be consolidated.

Electricity and gas consumption

UK shopping centres

**2006: 148 million kWh,
50,450 tonnes of CO₂**

Managed by CSC:

Nine shopping centres (like-for-like)

**104 million kWh,
36,884 tonnes of CO₂**

(2005 – 101 million kWh, 36,659 tonnes of CO₂)*

Chapelfield Shopping Centre and Braehead Arena

**11 million kWh,
3,688 tonnes of CO₂**

(2005 – Comparable data not applicable)

Managed by our investment partners:

Manchester Arndale

The Mall at Cribbs Causeway

**33 million kWh,
9,878 tonnes of CO₂**

(2005 – Comparable data not available)

UK commercial properties

**2006: 27.6 million kWh,
8,086 tonnes of CO₂**

(2005 – 27.2 million kWh, 7,922 tonnes of CO₂)*

*restated on a comparable basis.

Water

Whilst we are not a large user of water, we are conscious of the need to conserve this resource and continue to search for additional methods for improving efficiencies in this area.

During 2006 we made significant efforts to improve the reliability of collected data and we have now established an internal water reading programme involving electronic reading instrumentation which has enabled us to monitor for the first time water consumption at our shopping centres. This is showing encouraging results but further work still needs to be done before our data is fully robust. Overall at the 12 centres, including the two managed by our investment partner, we consumed 345,000 cubic metres of water and on a like-for-like basis we estimate that our consumption has increased modestly compared with 2005.

We continue to explore opportunities to reduce water usage through adopting best practice in the design of new or expanded centres. Where appropriate, we will retrofit water saving devices into existing centres – for example, we have installed a rainwater harvesting system for flushing the toilets in the new facilities at The Glades.

Waste

The disposal of waste, largely generated by our retailers, is a major area of environmental impact over which we can exert some influence and we continue to make every effort to improve our management of this area of our business.



Lakeside's Nick Jewitt inspects the process.

Waste Management at Lakeside

Lakeside, in conjunction with its cleaning service provider, concluded that in order to achieve increased recycling they would need to engage a waste management company with the necessary resources and commitment to work in partnership with them.

As a result new waste handling procedures were introduced in September with the appointment of a new contractor to handle the waste. Situated close to Lakeside, the contractor is equipped to remove to their depot all waste that is not currently outsourced at the centre. On arrival the residual waste is tipped and all recyclable material is extracted. Following this process all remaining waste is then sent to be incinerated to produce energy (EFW) as best practice.

In addition, the contractor has become the sole supplier of skips and containers to Lakeside. This has meant that all recyclable material is extracted from waste generated through shopfitting or redevelopment.

In the first three months of operation, the new procedures are showing encouraging results, with an increase in waste recycled and none going to landfill. The new initiative coincided with the start of the new CSR data year, and Lakeside expects to make a significant contribution to the group's recycling targets next year.

In 2006, overall we handled some 17,500 tonnes of waste at nine directly managed centres (we do not currently handle waste at Eldon Square), from which we recycled at source 5,500 tonnes (31 per cent) of glass, plastic, cardboard and other redundant materials. From the remaining waste 400 tonnes (2 per cent) was recycled off-site and some 3,000 tonnes (18 per cent) processed by energy from waste plants. Including EFW tonnages, total waste diverted for added value purposes amounted some 8,900 tonnes, representing 51 per cent of total waste. Landfill accounted for 8,600 tonnes (49 per cent). There was a decrease in landfill of some 400 tonnes (5 per cent) on a like-for-like basis compared with 2005, reflecting the increasing success of our waste management programme.

In 2006, at nine of our directly managed UK shopping centres, we set individual targets for on-site waste segregation and subsequent recycling. These targets were deliberately challenging at between 40 per cent and 50 per cent of total waste tonnage. Whilst these targets were not met in 2006 most centres achieved creditable results, especially by including EFW tonnages, with significant improvements being shown by The Chimes and MetroCentre.

The two centres managed by our investment partner, Manchester Arndale and The Mall at Cribbs Causeway generated 4,500 tonnes of waste in 2006, out of which 1,440 (32 per cent) was recycled on and off-site with the remaining 68 per cent sent to landfill. Comparative figures are not available for 2005.

We continue to seek to maximise the recycling of waste at source as best practice in the accepted waste management hierarchy, which puts EFW as the next preferred option. Our ability to increase the proportion of total waste disposed through EFW plants will continue to be frustrated until Government and local authorities encourage the provision of these facilities in accessible locations. Without progress in this area significant quantities will inevitably, as of necessity, continue to be consigned to landfill sites.

At the nine directly managed centres waste data is provided by a specialist contractor and is subject to our internal audit procedures.

At the office properties, Capital & Counties continues to promote waste recycling and encourages its occupiers to participate accordingly. In-built recycling facilities have been introduced at all new developments and major refurbishments and they form an integral part of new schemes planned for 2007 and 2008. We hope to include data from the Covent Garden Estate in the next report.

Waste handled by UK shopping centres

At nine directly managed centres (excluding Eldon Square)

17,504 tonnes

(2005 – 15,800 tonnes (8 centres)) Chapelfield opened Sept 2005

33%

Recycled on and off-site (2005 – 29%)

18%

Incinerated for energy (2005 – 19%)

49%

Residual waste incinerated or consigned to landfill (2005 – 52%)

2006 Transport links to our UK shopping centres

	Shoppers not using cars*	Bus station	Bus stops	Number of buses per year†	Coach park	Coach visits per year	Railway within 10 mins walk	Number of trains per year	Taxi rank	Cycle parking	Other transport	Car visits per year‡
Lakeside	16%	✓		105,542	✓	374	on site	23,120	✓	✓		8,464,253
MetroCentre	22%	✓		434,000	✓	2,255	on site	32,760	Freephone	✓		7,764,809
Braehead	24%	✓		259,166	✓	579		-		✓	river bus	n/a
The Harlequin	21%		✓	192,000		-	✓	10,600	✓	✓		3,402,425
The Glades	47%		✓	273,423		-	✓	83,810	✓	✓		1,532,278
The Chimes	28%		✓	260,000		-	✓	63,200	✓	✓		1,712,282
Eldon Square	79%	✓	✓	236,696		-	✓	168,000	✓	✓		n/a
Victoria Centre	74%	✓	✓	556,654		60	✓	80,613	✓	✓		1,504,045
The Potteries	32%		✓	47,836		-			✓	✓		1,089,919
Chapelfield	56%		✓	400,000		-			✓	✓		568,148
Manchester Arndale	70%	✓	✓	220,222		-	✓	n/a	✓	✓	Metrotram	583,125
Cribbs Causeway	12%	✓		190,000	✓	276			✓	✓		5,350,700

*Figures from customer surveys, footfall counters, etc †Estimate ‡Centre car parks n/a Figures not available

Transport and travel

During the year, our Sustainable Travel Manager has continued to work on the creation and implementation of Travel Plans for all of our shopping centres with Lakeside and Eldon Square having published their plans this year. The key to the success of these plans is the formation and consolidation of key partnerships, including partnerships between CSC and its retailers, together with the broader linkages with each local Council and transport providers in delivering their area-wide transport strategy programmes.

Activities in 2006 in support of these partnerships have included involvement in and presentation at the London Borough of Hillingdon Business Forum, and support of a staff

travel survey undertaken by Creative Environmental Networks on behalf of Seltrans (South East London Transport Authorities) at The Glades in Bromley. We are also establishing links with Sustrans (see separate panel).

Following the successful implementation of Travel Plans at MetroCentre and Chapelfield, and the publication of Travel Plans at Lakeside and Eldon Square, work is progressing well on the development of appropriate plans at other centres.

This programme will be substantially completed in 2007 but we recognise that travel planning is an on-going commitment and so reviews of each plan will be undertaken on a regular basis.

Sustrans

Initial discussions have been held with Sustrans, creators of the award-winning National Cycle Network and the Travelsmart initiative which provides personalised journey planners to encourage greater use of public transport, cycling and walking. In 2007 we aim to work with Sustrans at a local level to identify opportunities to forward the objectives of both CSC and Sustrans through, for example, links from our shopping centre web sites to Sustrans mapping showing cycle routes to and surrounding each centre. We will also involve Sustrans in any of our new developments to ensure sustainable transport choices are provided.

The Chimes, Uxbridge

Improved local travel information has been provided at The Chimes in the form of a "Transport information" booklet. This gives details of all bus and tube services serving Uxbridge with approximate journey times. This was made available at Customer Services and through retailers. The London Borough of Hillingdon (LBH) is now looking to use this format of publication for industrial business areas in the Borough. Further travel planning work will be undertaken in 2007 in partnership with LBH and the West London Transport Alliance.



Lakeside bus station.

Lakeside publishes transport options

Lakeside became the third shopping centre to publish a detailed travel plan. The plan informs both retailers' staff and shoppers of the transport options in accessing Lakeside. It highlights the centre's integral bus and rail stations which provide a comprehensive network of services to communities in East London and Essex areas and details of cycle and pedestrian accesses. Lakeside is working in conjunction with Thurrock Council and retailers in the centre in addressing a variety of initiatives designed to encourage both visitors and employees to consider reducing their dependency on car borne visits with the consequential reductions in carbon emissions. Some broad targets have been set and an action programme has been formulated. Monitoring of the programme will be managed by the centre management team and our Sustainable Travel Manager. It is anticipated that resulting from this Plan, in addition to Thurrock Council, long-term partnerships will be formed with public transport operators and other retailers in the Retail Park to enable the full benefits to be realised.



Stakeholders

Objectives 2006–2008

Communications and Stakeholder Engagement

- Continue to engage shareholders and other stakeholders and progress joint initiatives.
- Communicate relevant CSR activities to stakeholders as appropriate.

Customers – Shoppers and Occupiers

- Distribute new retailer handbooks in directly managed UK shopping centres.
- Continue to develop retailer liaison programme in the UK shopping centres.
- Communicate key elements of CSR strategy to shoppers and occupiers – such as transport access, waste and energy.

Community Involvement

- Roll out the youth, education and community projects to other UK shopping centres.
- Consider appropriate initiatives for the prevention of crime and other anti-social behaviour.
- Engage major external service providers in shopping centre community initiatives.

Progress in 2006

- Pro-active programme in place.
- Summary report and wider circulation planned this year.
- Final drafts prepared; production process now underway.
- Programme of retailer engagement formalised in the centres.
- Work underway to include information in Retailer Handbooks and both corporate and centre websites.
- Summary report to be available at key locations.
- Active programme extended.
- Pilot projects underway.
- Discussions underway to identify appropriate initiatives.

Throughout the company, we continue to focus on engagement with stakeholders at all levels, to identify common interest and discuss ways of working together. We regard all stakeholder groups as important, but in particular, our employees are central to the success of our business (see page 18).

Our CSR Report is widely circulated to all interested groups, including shareholders, employees, local authorities, consultants and retailers. It is available both in printed form and on our website. As part of our regular engagement with stakeholders, CSR related matters form part of our discussions as appropriate.

Investor relations

A programme of constructive engagement with our shareholders and potential investors, bankers and other organisations is carried on throughout the year. Presentations, one-to-one briefings and site visits are arranged and during 2006 our Executive Directors met with over 96 investor groups 44 of which were overseas.

We especially welcome representatives from groups who have a special interest in CSR related matters and discuss our initiatives with them.

Partners

We share ownership of a number of our shopping centres and other investments with local authorities, institutions and other organisations. We value highly the relationships with our co-investors and work with them to deliver common goals and objectives.

Government and local authorities

As a leading UK property investor, we participate in the formulation and development of new planning policies and guidance at both national and local levels. We work closely with local authorities, who in some areas are co-investors in our shopping centres, on the development of Structure Plans and other initiatives. As part of our development and planning process, we prepare Area Wide Development Briefs and undertake Environmental Impact Studies, Sustainability Reports and Traffic Assessments.

Retailers and occupiers

The relationship with our retailers and other occupiers is a prime focus of our business. We work at all levels to engage with them to ensure that we are providing the high quality service they need for the success of their business.

Our property and centre management teams have continued their structured communication programmes this year, and the feedback from these conversations has made a valuable input to our business strategy.

The production of consistent Retailer Handbooks has been a major project during this year and we look forward to their phased distribution in 2007. These will provide a single source of reference on all aspects of a retailer's operation – from initial design and fit-out to day-to-day operation.

Related Policies

Communication	Occupier
Community	Supply Chain
Shopper	

These policies are available on www.liberty-international.co.uk



One of the Sea Cadets' adult volunteers introduces a young enthusiast to nautical knots.

The Sea Cadets

We have chosen to support The Sea Cadets because we recognise the importance of their mission to encourage youngsters aged 10-18, from diverse backgrounds, to realise their full potential by learning a variety of skills in a structured environment. The Sea Cadets provide indoor and outdoor activities with a nautical flavour, develop teamwork, enterprise, respect and integrity, all of which are key elements in today's broader educational processes. We are working with them to encourage recruitment of both cadets and adult volunteers. As part of the pilot project, MetroCentre welcomed Sea Cadet units from the North East of England and Scotland to a "SeaCadetFest" in which over 200 cadets took part. The event included Sea Cadet bands, traditional displays of the hornpipe and club swinging and other activities in which the public could participate. It is expected that this will become a regular event in the centre's programme. We also helped sponsor a group of cadets from the Jarrow unit on a sea training exercise and continue as a major sponsor of the annual Trafalgar Day Parade led by The Sea Cadet Corps.



The Sea Cadet band entertains shoppers at MetroCentre.



I CAN staff and pupils from I CAN's early years centre at Herons Cross in Stoke-on-Trent launch the Wall of Words.

I CAN

The children's communication charity I CAN works to ensure that children have the skills needed to achieve their potential and has pioneered solutions to help improve children's speech and language skills. CSC is supporting their "Make Chatter Matter" campaign to highlight the importance of young children's communication skills and provide families with the information they need to take action at home. Building on the success of the "Wall of Words" at The Potteries (see 2005 CSR Report), I CAN have introduced similar programmes at MetroCentre, Lakeside and the Victoria Centre.



Retailers and students at the presentation event at BALTIC Centre for Contemporary Art.

Retail in Education – Partnered with Newcastle Education Business Partnership



A student works in Oil 'n Vinegar.

We are working with NEBP to encourage students in the Tyneside area to pursue retailing as a possible career option, under the BTEC qualification scheme. As well as course work, the programme involves students from schools being placed on a temporary basis with retailers to gain first hand experience in a broad range of specialised functions in the retail industry. From the pilot phase of the programme involving two schools and retailers in Eldon Square, nine students achieved a BTEC First Diploma in retail and three have been employed on a permanent basis. The programme (now called "Retail Gold") has been expanded; some 48 students from four schools are this year working with retailers in both Eldon Square and MetroCentre. A celebration event for the successful students was held at BALTIC Centre for Contemporary Art, Gateshead, hosted by local DJ, Wayne, attended by representatives from CSC, NEBP, the schools and retailers.

Community programme and initiatives

Our shopping centres are a hub for their local communities providing the facilities for social interaction, entertainment, trade and commerce. We believe strongly in maintaining the bond with all generations, young and old, who regularly use our centres and local management identify opportunities to work with their local community as appropriate in their area.

We continue to build on these strong links by forming central partnerships with national organisations, pre-eminent in their respective fields, in joint projects focused on youth, education and the prevention of anti-social behaviour. By concentrating on these three areas, we are addressing fundamental issues in modern society which are important to the long-term success of our business. Whilst the aims and objectives of these organisations are diverse and tackle a variety of problems across a broad spread of age groups, there is a central theme of providing support to the younger generation, especially those vulnerable members of society.

Our contribution is provided by way of a combination of funding, provision of mall space, staff time and other support as appropriate. We assess the added value offered by each partnership before extending the initiative to other locations.

We maintain strong relationships with the police local to our centres; they work with us to provide a safe and secure environment for our shoppers and retailers. In five centres, we provide on-site facilities for them and at Chapelfield, a "virtual" police station has been set up in the mall, enabling shoppers to communicate with the police on line. Earlier this year, The Victoria Centre took part in the Initial Police Learning and Development Programme. This provided student officers with an early introduction to the communities in which they are to work and supported role-plays scenarios such as a report of a lost child or a suspected shop theft. This proved very successful, and has resulted in the centre providing community placements for student officers to spend time with our security team and in the control room.

Job creation

The opening of a shopping centre is a catalyst for job creation. In 2006 Xscape Braehead and the Manchester Arndale northern extension were completed, raising to an estimated 50,000 the number of people who work for retailers and other occupiers in our shopping centres across the UK. A centre's sphere of influence also results indirectly in many thousands of other jobs in businesses that support and provide services to it and its retailers. This ensures that the local economy grows in parallel with the success of the shopping centre.

Shoppers

We recognise the importance of providing first class facilities and customer service to our shoppers and our focus on attracting and retaining the loyalty of our customers has continued into 2006. Customer service desks are a focal point for communicating with our shoppers, and customer forums continue to be held at the centres, harvesting customer opinion and suggestions for improvement. The Mystery Shopper programme, started in 2005, has proved successful in further enhancing services and attitudes to customers and will continue to be rolled out during 2007. We have increased our investment in research and now possess powerful databases on customer demographics which allow marketing to be tailored to our visitors' needs. During 2007, our centres' websites will be relaunched, providing customers with the highest standards of information, competitions and special offers.

A standardised complaints procedure has been introduced at each shopping centre to enable us to respond promptly and appropriately to all complaints and comments received from our customers; investigating all such content to prevent a reoccurrence.

Donations

We have continued our support to the community through a combination of direct charitable giving, the donation of time and resources and the facilitation of third party fundraising activities. In addition, the Liberty International group centrally made donations of £176,000 (2005 – £143,000) to charitable causes, some £111,000 (2005 – £103,000) of which was made through the UK shopping centres.

In the shopping centres, we support the work of charities in whichever way best suits their objectives. We facilitated some 440 mall cash collections, raising an estimated £310,000 (2005 – £220,000). We also distributed some £38,000 (2005 – £50,000) donated by the public through fountains, Christmas grottos etc. In the UK, we have given the equivalent of £755,000 (2005 – £500,000) in cash and kind in community support including sponsorship of local causes, support for Town Centre management and the provision of free mall space and services. Our management staff contributed around 4,300 (2005 – 3,600) hours of time to work in the community. Based on average remuneration rates, the cost of our contribution is £69,000.

The total sum of our direct donation of cash and resources during the year totalled £931,000 (2005 – £643,000).

Supply chain

We recognise the wide range of potential impacts arising from our supply chain as it relates to the development of our property portfolio and the procurement of the products and services for their management and operation. Following the implementation of our Supply Chain Policy in 2005, we have established procedures for working with key suppliers to monitor its implementation.

The outsourcing in the directly managed UK shopping centres of maintenance, cleaning and security to specialist providers was completed during 2006. Within the contracts of the three selected service providers are details of required standards of ethical trading and corporate social responsibility. Compliance to these performance standards is monitored by the General Manager, formally reviewed monthly and will be audited annually. Next year, we will have audit systems in place, for our three principal providers of outsourced services, in respect of CSR Management; to ensure that our CSR values are reflected throughout the operations of these companies.

Where possible, we use suppliers local to our operations and we pay suppliers within the contractual terms of settlement.

4,300 hrs
of community involvement

£755,000
community support donated
by UK shopping centres

£176,000
group charitable donations

BTCV (formerly the British Trust for Conservation Volunteers)

BTCV is managing a project at The Mall, Cribbs Causeway, sponsored jointly with our investment partners, Prudential and The J Bayliss Trust. "The Three Brooks Grass Roots" project is reinvigorating a neglected and underused area of land in Bradley Stoke, the main community area local to the shopping centre where The Three Brooks Nature Reserve is surrounded by the largest privately owned housing estate in Europe. An awareness programme is helping to drive regeneration and is drawing on the diversity of woodland, plants and wildlife to create community events including a variety of educational components. A new pond has been created, providing a habitat for great crested newts, dragonflies and frogs. Children from a local primary school planted up the pond with over a hundred plants, The Three Brooks Project was launched at The Mall, where BTCV demonstrated ancient green woodworking techniques to shoppers.



BTCV staff and volunteers launch the woodland and wildlife community projects in the Mall at Cribbs Causeway.



Bowsland Green primary school help BTCV plant the giant new pond.



Awards were presented to the winning team at Harrop Fold School in Salford by Assistant Chief Constable Ian Seabridge and Ruth Siemaszko from the Department for Education and Skills.

Crime Concern

Crime Concern works with young people by addressing the causes and effects of anti-social behaviour on community life. Together with our partner, Prudential, we have been piloting The Arndale 4 Youth project, at Manchester Arndale, working with The Harrop Fold School in Salford. As part of their social enterprise curriculum, nine groups comprising some 60 students were asked to consider the causes and effects of anti-social behaviour in their own community, a local shopping centre and the Manchester Arndale and were asked to come up with novel ideas to address the issue. The launch of the 12 week project took place in September at Old Trafford by courtesy of Manchester United Football Club, and at finals night in January awards were presented to groups with the most innovative idea, the best presentation and teamwork with selective merit awards for special effort. First prize was won by "Teen Connection UK", which after researching the causes and effects of anti-social behaviour at the Manchester Arndale, suggested the incorporation of an additional early warning communication link in the existing information touch screen facility with the centre. The idea will be adopted by centre management as a positive contribution to tackling anti-social behaviour issues within the centre. It is anticipated that ideas from other student groups will be also the put into practice. The project has enhanced the students' understanding of social enterprise, and provided them with teamwork and presentational skills. It has also benefited the school and given the mentors supporting the groups the opportunity to work with young people on a worthwhile and constructive project.

Based on the success of this project, we have commissioned a further project in Nottingham involving youngsters participating in a youth inclusion programme. We intend to follow up with a wider programme addressing anti-social behaviour problems in Nottingham in collaboration with other strategic partners.

The Sage Gateshead

As part of our programme of supporting education, we are working alongside the concert hall's management team in organising "The Big Sing". This programme enables some 3,000 children and their teachers to take part in a seven month long project to encourage the development of musical opportunities across the North of England. The schools are provided with resource materials including a song book and CD and musicians from The Sage Gateshead work with each school, providing additional inspiration and direction. The programme culminates in the schools coming together at The Sage Gateshead to sing the songs they have learned. It is anticipated that selected schools will also be able to perform at both MetroCentre and Eldon Square – joint sponsors of the project for a three year period.

At the launch of this year's event, children from Broadwood Primary School were joined by two members of the internationally renowned indie/rock band Maximo Park, lead singer Paul Smith and musician Lukas Wooller. The band has donated one of their songs "Kiss You Better" to the song book for the 2007 programme – the Big Sing Goes Pop.

Comments from the children included "singing makes me happy" to "I never get tired of singing."



Paul Smith and Lukas Wooller of Maximo Park launch this year's Big Sing.

Image courtesy of NEWS & Pictures North.

Local community initiatives

Our shopping centres continue with their active programmes involving the local community, examples of which are:



Covent Garden

Since acquiring the Covent Garden Estate in August, we have supported the well established community event programme. We are able to use the area to support annual events such as London's fittest fire fighter, raising money for their benevolent fund, the Remembrance Day service, and a sponsored fundraising Christmas Pudding Race. At the switching on of the Christmas lights, children from a Birmingham school (above) were sponsored to sing in the North Hall, and students from a local dance studio performed to a live audience. A reception was held for local residents, traders and invited guests. A Schools Challenge was sponsored by the Covent Garden Market with market traders (below) assisting the three short listed schools in getting a clear understanding of how to manage a stall. The children then presented their projects to representatives of the market and our management team. The children all received a "goody bag" and a voucher of varying denominations. We intend to build on this in 2007 by extending the scope of the activities to respond to the residential community in the area and the substantial tourist trade. Twice a year the Royal Opera House shows free live performances on large screens in the Piazza.



MetroCentre Chaplain

A Chaplain has been part of the staff at MetroCentre since it opened in 1986 – a first for a UK shopping centre. The current Chaplain, Lyn Jamieson (above), provides an independent counselling role to both centre and retail staff in their own working environments by listening, supporting and sharing in matters of concern to the individual. Lyn provided this service for a period of eight years from 1994 to 2002, returning in 2006 after a spell working with the Bishop of Durham. Her role offers a confidential service and by providing a communication channel she can often put right misconceptions which, if not corrected, can cause unnecessary worry leading to stress. Her role is designed to be both constructive and independent.



Glades – The Young Author campaign is a good example of working with retailers, local press, schools in the Borough, and individual members of the community. The competition was launched during a three week Easter storytelling event, featuring all the books written by a member of Ottakar's staff, Andrew Murray. Working with the local Education Business Partnership, Ottakar's Bookstore (now Waterstone's) and Bookworld, The Glades embarked on a literacy campaign, contacting all the schools in the Borough and inviting their students in Key Stages 2, 3 and 4 to write a book that would be published (circulation 15,000), and professionally illustrated.

The campaign was run in conjunction with the local newspaper, News Shopper, who provided constant awareness over the seven month period. A total of 330 entries were received, and were displayed in the centre during October and November.

The overall winner was nine year old Alexander Moore (above), a pupil at Highfield Infant School, whose tale of "Whapper Flapper's Adventure" caught the imagination of the judges. Alexander said his story was inspired by a trip to the zoo and only took him three hours to write. The Penguin theme used for the stories was based on the Penguin Ice Mountain which was the central feature of the Christmas Grotto. 12,000 copies of the book were distributed via the Grotto with the remainder sold and the monies donated to the Bromley Young Carers Charity.

A presentation evening was attended by 180 people including 20 Young Author finalists in each category plus their parents or representatives. All finalists won Glades gift vouchers, and the three category winners also won a VIP tour of the News Shopper and a state of the art pen set from Websters Penshop.

Victoria Centre – Following the involvement of the Samaritans in incidents in Nottingham earlier in the year, the management team at Victoria Centre has worked with them in raising awareness through poster displays, calling cards and the distribution of literature from the information desk. Further activity is planned in the coming year. Their support work has been commended by the local police.

Our People

Objectives 2006–2008

- Continue to undertake annual performance appraisals for staff and include CSR related issues where appropriate.
- Conduct employee opinion research and undertake to act on it where necessary.
- Continue to improve HR communication and documentation.
- Involve employees in community initiatives.

Progress in 2006

- CSR related issues have been incorporated into annual reviews where appropriate.
- Electronic post box established for employee opinions, ideas and suggestions.
- A focus for 2007.
- Proposals for employee volunteering now in place.

Our employees are central to the success of our business and the delivery of a high quality service for our shoppers and occupiers. We have a comprehensive set of policies that embody our approach to our employees and establish the framework for the high standards of behaviour and values that we expect. The development and implementation of these policies is overseen by our Chief Executive in conjunction with the Remuneration Committee and the Board of Liberty International. Human Resources are formally reported on as part of the Board agenda.

Policies

The overarching policy, our Business Code of Practice, sets out our approach to ethics. The Importance of People policy brings together our key objectives for our employees and how we aim to implement them, and the Human Resources policies address particular issues. These are set out in the panel opposite and can be found in full on our website. We have adopted specific Health & Safety policies which relate to employees and which are available for all employees, along with all the policies, on the group's intranet. We have also reviewed our HR policies against the requirements of the UK Human Rights Act to ensure compliance. Whilst we believe in informality, our policies are designed to ensure that we continue to comply with both legislation and best employment practice.

Working environment

We provide a working environment which is stimulating and challenging, giving employees opportunities to reach both personal and professional goals whilst delivering business targets. We have strong corporate values of integrity and professionalism, and a firm belief in an open culture. We aim to bring out the best in people, by providing them with clear objectives, ongoing feedback and allowing them to be as innovative and creative as possible. We encourage team work, utilising to best effect the specialist skills of our employees.

This working environment is essential to achieve our objectives, to attract and retain excellent employees, recognise their value to the business and enable their personal development. We operate a non-discriminatory employment policy, and full and fair consideration is given to every application for employment from all parts of society. We recruit the best person for a vacancy regardless of background.

Staff turnover

The company has an experienced core senior management team which leads our employees to deliver outstanding results for shareholders. We recognise that there is a continuing risk to the business of members of senior management leaving

the organisation. We aim to reduce this risk by continuing to develop our employees at all levels and reward them commensurate to the success of our business. We consequently have low employee turnover at a senior level and our incentive schemes for key employees establish performance hurdles which are linked to key business objectives including, where appropriate, CSR related issues. Succession planning issues for our senior management are considered by the Nomination & Review Committee and the Board.

Internal promotion

We encourage internal promotion. During the year, we have reaped the reward of our ongoing training and development plans with 20 per cent of our management vacancies filled by promotion.

Remuneration

Liberty International aims to recruit and retain first class employees through appropriate overall benefit packages. Salaries for Directors and key employees are considered and reviewed annually by the Remuneration Committee, taking into account comparative salary data.

We encourage employee share ownership and details of bonus and long-term incentive arrangements are included in the 2006 Annual Report (page 72).

We also provide a range of benefits including life insurance, and pension benefits.



The Elifar Challenge

For several years, the group has supported The Elifar Foundation Challenge by entering a team of seven into this annual corporate "superstars" tournament. This year CSC put forward a team (above), who competed with 24 other property companies at water polo, ultimate frisbee, volleyball and a fire challenge – complete with fire engines! The day raised a total of £53,000 for The Elifar Foundation, (since renamed "Robinia") a charity widely supported by the property industry which cares for profoundly disabled children.

Induction, personal development and training

A comprehensive induction process ensures that new employees are provided with an appropriate and detailed understanding of the aims and objectives of our business and the importance we place on business ethics, health and safety and customer service. Induction folders and employee handbooks give detailed information on all internal procedures, processes and policies.

The group supports and encourages the personal development of employees. All employees are set objectives when they join the company and work with their line manager towards meeting them. The objectives are for both professional and personal development and, where possible, targets are measurable.

The group also operates a policy which supports and encourages employees who wish to pursue community volunteering opportunities.

The aim of our training is twofold: to equip employees with the skills to perform their current role and also to develop them both personally and professionally. Our programme ensures that our employees have up to date training, based on needs identified between employees and their managers. In 2006 the total number of days spent by our employees training was 706 (2005 – 1,099). The reduction reflects the reduced staff numbers following outsourcing.

We recognise that it is necessary for our employees to be aware of the risks involved in entering a construction site. In addition, there is an increasing prevalence of contractors requiring both workforce and visitors to sites to hold an appropriate CSCS (Construction Skills Certification Scheme) card. As a result, we have commenced a programme for relevant employees to obtain an appropriate CSCS card qualification.

Employee suggestions and opinions

We believe that we have an environment where employees feel that they can speak about the issues that matter to them. In the first instance, employees are encouraged to make suggestions or raise issues with their line managers. We have also recently introduced an "Electronic Mailbox" which allows employees to make suggestions or raise issues anonymously.

Related policies

Business Code of Practice

The Importance of People

HR policies

Adoption Leave	Information and Communications – Acceptable Use
Data Protection	Maternity Leave
Discipline & Capability	Parental Leave
Dismissal	Paternity Leave
Equal Opportunities	Time Off for Dependants
Gifts	Whistleblowing
Grievance	Working Time
Harassment	
Hospitality	

These policies are available on www.liberty-international.co.uk



Induction day

A formal induction day is held at appropriate intervals during the year to provide employees with an overview on the group and its operation. Participants usually represent all aspects of the business and in itself, this promotes interaction between departments. Following an introduction from the Chief Executive, a presentation provides up-to-date information on our approach to business and the activities of the two principle businesses. A coach tour takes in key London properties and to Lakeside, where the group is provided with a comprehensive behind the scenes tour and an opportunity to study the malls. The content and form of the day is improved and refined in the light of feedback provided. The feedback is very positive as recent comments show:

"I thoroughly enjoyed visiting Lakeside as it gave me a good behind the scenes insight into our work."

"The content was well balanced and informative. It was great to hear David Fischel's vision for the company as well as his expectation for every employee."

Employee communication

We regularly review our contracts of employment, employment policies and procedures. In 2007 we are planning to further improve on the format and presentation of these documents.

Employees are regularly provided with details of any incentive shares, and their pension benefits. Each year, the Chief Executive and other senior executives give presentations on the company's annual and interim results to our employees at all levels and other presentations and briefings are held during the year to discuss our objectives and progress. The Report & Accounts and CSR documents are distributed throughout the company and all press releases, job vacancies and other useful internal information are broadcast on the group's intranet.

Employees

374

Total number of employees including 30 casuals (2005 – 884)*

82%

Full-time (2005 – 79%)

10%

Part-time (2005 – 15%)

8%

Casual (2005 – 6%)

7

Grievancies (2005 – 6)

*reduction due to outsourcing see page 2

Employee retention

82%

of management (2005 – 86%)

72%

of all employees (2005 – 81%)

Female employees

40%

of management (2005 – 34%)

58%

of all employees (2005 – 41%)

0

Number of whistle-blowers (2005 – 0)

Health and Safety

Objectives 2006–2008

- Review of H&S reporting to LI Board.
- Maintain the excellent H&S performance and low level of incidents.

Progress in 2006

- Completed.
- Achieved.

Liberty International places the highest importance on the Health and Safety (“H&S”) of its employees, occupiers and shoppers. We are committed to delivering high standards across all aspects of our operations and are acutely aware of the paramount need to offer our shopping public a secure and safe environment in which to shop. Every practical step is taken to achieve this objective and we work with the local police and industry bodies to ensure we respond to heightened security alerts.

Our H&S policy is overseen by the Board and implemented through an H&S management system which promotes a strong culture of safety consciousness across the organisation. Currently we have three H&S Committees comprising representatives from all levels of the business. The roles of the committee are to review new legislation, oversee H&S progress and review a full accident report. Additionally, an H&S Forum is established in each shopping centre.

We continue to work to ensure that the disabled facilities in our properties meet the requirements of our shoppers and occupiers. We upgrade our facilities whenever possible and we believe all our premises are DDA compliant.

Asbestos Management Plans are in place in all properties; external audits have been undertaken and all recorded asbestos is now confined to “low risk”.

We have a programme of H&S awareness training; such issues form part of our induction procedures and are reinforced through additional job related courses.

Review

During 2006, we reviewed our Health & Safety management and reporting to the Board, and as a result revisions were made to the existing policies to update the procedures, and a more formal regular reporting pattern has been established whereby each of the three Committees reports formally to the main Board every six months. Reporting of urgent or serious matters is, as before, through line management to the Board as and when an incident arises. We believe that we comply with all relevant legislation and have a process in place to monitor any changes.

Under the Regulatory Reform Order (Fire Safety) 2005 new Fire Safety Management Plans have been installed at all multi-let office properties and in the shopping centres, replacing the now obsolete Fire Certificates. All occupiers have been advised of their responsibilities under the new Order. Fire safety across the multi-let office portfolio continues to be monitored by external independent advisors/contractors.

Performance

Our performance is monitored by external independent advisers. We keep detailed records of any accidents and are pleased to report that our low level of incidents has continued in 2006 in our directly managed shopping centres and commercial properties. Whilst, with over 225 million customer visits per annum to our shopping centres, minor “slips and trips” inevitably occur, reportable (RIDDOR) accidents for 2006 continued to be low at 29 (2005 – 19). In respect of our 374 UK employees there were 3 reportable accidents (2005 – 6). This is encouraging but we are not complacent and our target is to continue to work to improve still further the statistics.

External contractors engaged at our shopping centres and other properties, are required to provide full details of their competence to undertake the work before being granted a “permit to work” by our management team.

An external consultant carries out annual review visits to all directly managed UK shopping centres and, in addition, unannounced visits are undertaken in order to audit the due diligence file and to check that the interactive H&S management system is being operated properly.



The health and safety of our shoppers is of paramount importance.

Related policy

Health & Safety

These policies are available on www.liberty-international.co.uk

External recognition

National Indices

See inside front cover

Industry awards

Property Week Awards – Shopping Centre of the Year
Chapelfield

BCSC Gold Award

Chapelfield
Manchester Arndale

Property Executive Awards – Mixed Use Award for Excellence
2006 Braehead

Security

Association of Chief Police Officers – Park Mark Safer
Parking Award

Braehead	The Chimes
Chapelfield	The Glades
Lakeside	The Harlequin
MetroCentre	The Potteries
	Victoria Centre

Customer Service

Loo of the Year
National Category Winner
Lakeside
Braehead

Babychange facilities (National winner Scotland)
Braehead

Hearing Dogs Friendly Awards
Chapelfield

Marketing

BCSC Purple Apple Merit Winner for Best Single Event
Lakeside

Individual Awards

Sceptre Young Achiever of the Year 2006 –
MetroCentre's Operations Manager – Gavin Prior
Scottish National Crime Prevention Award –
Braehead Security Officer – Gareth Gillies

Environment

Staffordshire Green Awards – Resource Efficiency
The Potteries

Hearing Dogs

Less than a year after it opened, Chapelfield received an award recognising its approach to assistance dogs. The charity "Hearing Dogs" was contacted by the Centre's Customer Service Team to obtain information and guidance on access for assistance dogs. A spokesperson commented: "We were delighted that a new venue was taking a proactive approach to accessibility for hearing dogs and deaf people. We wanted to recognise and commend this positive attitude and so decided to put the centre forward for one of our 'Hearing Dog Friendly' awards."



Margot Thornley proudly displays the Hearing Dog Friendly Award, presented to her by Ceri and her owner Barbara Bird.

Sceptre Awards – Young Achiever of the Year

For the second year in succession, one of CSC's team has won this award. Gavin Prior, who was appointed as Operations Manager at MetroCentre in June 2005, is an example of our policy of supporting employees in their professional development and promoting internally wherever possible.

Joining CSC in February 1996 as a Junior Administrator at The Harlequin, Gavin worked his way up through the team, and in 2001 was promoted to Operational Services Manager, responsible for centre operations including security, cleaning and car parks, moving up to Operations Manager in 2003. CSC is supporting Gavin in achieving his professional BCSC qualification.



Left to right: Ian Whittingham of sponsor Rentokil, Gavin Prior, Graham Parker, Editor, Shopping Centre magazine.

Scottish National Crime Prevention Awards

Gareth Gillies, a security officer at Braehead Shopping Centre won a crime prevention award for his quick thinking action in preventing a drunken driver leaving the centre in charge of a minibus carrying children with disabilities. Whilst awaiting police support, he prevented the driver from moving the bus. The driver was subsequently fined and banned from driving for a year. Gareth received the award from Scotland's First Minister Jack McConnell during the National Crime Prevention Awards, held at Edinburgh Castle.



Left to right: Chief Constable Willie Rae, Gareth Gillies, Jack McConnell, Scotland's First Minister.

Performance indicators

All indicators are Global Reporting Initiative (GRI) core indicators unless stated otherwise and, where appropriate, cross reference to other CSR indicators is shown (such as those from BiTC, FTSE4Good).

The majority of statistics shown under Environmental and Social Performance are non-comparable because of changes in the property portfolio (see Significant Changes on page 2 for details).

Economic Performance		2006 CSR year to 30.9.06 except where indicated†	2005 CSR year to 30.9.05 except where indicated†
GRI Reference			
	Direct Economic Impacts: Customers		
EC1	• Turnover	£563 million†	£434 million†
	• EBITDA (excluding valuation movements)	£341 million†	£286 million†
EC2	• Breakdown of markets by turnover	UK 91%, USA 9%†	UK 92%, USA 8%†
	Direct Economic Impacts: Suppliers		
EC4	• % contracts paid in accordance with agreed terms	100%	100%
	Direct Economic Impacts: Employees		
EC5	• Total payroll	£29.6 million†	£30.6 million†
	Direct Economic Impacts: Capital		
EC7	• Total value of gross assets	£8.8 billion†	£7.3 billion†
	• Increase in earnings per share (adjusted)	14%†	10%†
EC6	• Breakdown of capital	see annual report page 55	see Annual Report page 51
	Direct Economic Impacts: Public Sector		
EC10	• Total sum of taxes paid	£38.8 million†	£34.9 million†
EC8	• Donations made (including community support)	£931,000†	£643,000†

Environmental Performance		2006	2005
GRI Reference			
	Environmental: Energy (also BiTC, FTSE4Good indicator)		
EN3	• Direct energy use (UK directly managed shopping centres)	115 million kWh	101 million kWh
	• Associated carbon dioxide emissions from direct energy use (UK directly managed shopping centres)	40,572 tonnes	36,659 tonnes
	• Direct energy use (UK commercial properties)	27.6 million kWh	27.2 million kWh
	• Associated carbon dioxide emissions from direct energy use (UK commercial properties)	8,086 tonnes	7,922 tonnes
EN5	Environmental: Water (also BiTC, FTSE4Good indicator)		
	• Total water use (UK shopping centres)*	345,000m ³	159,500m ³
	• Total water use (UK commercial properties)	90,354m ³	64,000m ³
	Environmental: Waste (BiTC, FTSE4Good indicator)		
	• Total waste handled (UK directly managed shopping centres)	17,504 tonnes	15,800 tonnes
	• Breakdown of waste disposal routes (UK directly managed shopping centres)	33% recycled 18% incinerated for energy 49% sent to landfill	29% recycled 19% incinerated for energy 1% incinerated 51% sent to landfill
	Environmental: Biodiversity (BiTC, FTSE4Good indicator)		
	<i>Additional Indicators</i>		
EN6	• Location, size of land owned, leased, managed in biodiversity rich habitats	None	None
EN25	• Impacts of activities and operations on protected/sensitive sites	None	None
EN16	Environmental: Compliance (also BiTC, FTSE4Good indicator)		
	• Incidents of and fines for non-compliance with all environmental legislation	None	None
EN34	Environmental: Transport (also BiTC, FTSE4Good indicator)		
	<i>Additional Indicators</i>		
	• Significant environmental impacts of transport: associated carbon dioxide of travel to and within work	Not re-assessed in 2006 (survey conducted in 2003)	Not re-assessed in 2005 (survey conducted in 2003)
	• Breakdown of travel to shopping centres by shoppers	see page 12	see page 16 (2005 report)
	Environmental: Brownfield (BiTC indicator)		
	• % of land developed on brownfield	100%	100%

Social Performance

GRI Reference		2006 CSR year to 30.9.06 except where indicated†	2005 CSR year to 30.9.05 except where indicated†
Social, Labour Practices and Decent Work: Employment			
<i>Core Indicators</i>			
LA1	• Breakdown of workforce at year end	354 + 30 casual 82% full-time 10% part-time 8% casual	833 + 51 casual 79% full-time 15% part-time 6% casual
<i>Additional Indicators</i>			
LA12	• Local employment used	All	All
	• Employee benefits – eligible employees pension scheme membership	50%	64%
Social, Labour Practices and Decent Work: Health & Safety			
LA5	• Practices on recording and notification of occupational accidents and diseases	see page 20	see page 17 (2005 report)
LA6	• Description of formal joint H&S Committee comprising management and workforce and proportion of workforce covered by such committees	see page 20	see page 17 (2005 report)
LA7	• H&S performance	3 RIDDOR in 374 employees†	6 RIDDOR in 862 employees†
Social, Labour Practices and Decent Work: Training and Education			
LA9	• Average hours/days of training per year per employee	706† days of training provided to employees	1,099† days of training provided to employees
Social, Labour Practices and Decent Work: Diversity and Opportunity			
LA10	• Description of equal opportunity policies and monitoring systems to ensure compliance and results	see page 18	see page 18 (2005 report)
LA11	• Composition of senior management, including male/female ratio	40% female employees† in management 58% female employees overall†	34% female employees in management† 41% female employees overall†
Social, Society: Community Core Indicators			
SO2	• Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures to address issues including results of monitoring	see pages 13-17	see pages 8-11 (2005 report)
<i>Additional Indicators</i>			
SO4	• Awards received relevant to social, ethical and environmental performance	see page 21	see page 21 (2005 report)
Social, Society: Political Contribution			
<i>Core Indicators</i>			
SO3	• Description of policy/procedures and mechanisms for managing political lobbying and contributions	Policy is to make no political contributions	Policy is to make no political contributions
<i>Additional Indicators</i>			
SO5	• Amount of money paid to political parties	None	None
Social, Product Responsibility: Customer Health & Safety			
<i>Core Indicators</i>			
PR1	• Description of policy for preserving customer H&S during use of services and how this is applied and results of any monitoring	see page 20	see page 17 (2005 report)
<i>Additional Indicator</i>			
PR4	• H&S performance for shoppers (UK Shopping Centres)	29 RIDDOR per 225 million customer visits†	19 RIDDOR per 210 million customer visits†
PR5	• Number of complaints upheld by H&S regulatory bodies	None	None

BUREAU VERITAS EXTERNAL VERIFICATION STATEMENT SUMMARY



Objectives

The purpose of this Statement is to assure stakeholders that the Liberty International 2006 CSR Report is accurate, objective and provides a true reflection of the impacts and performance of the business.

Methodology

Bureau Veritas recognises that there are currently no statutory requirements or accepted UK standards with regard to verification. The process used in this verification is based on current best practice, such as that detailed in the Institute of Social and Ethical Account Ability Standard AA1000, the Global Reporting Initiative framework and other auditing standards such as ISAE 3000.

The outputs of the process are: this External Verification Statement; and an Internal Management Report which contain recommendations to further improve Liberty International's future CSR reporting.

Scope

KPI data was reviewed from October 2005 to September 2006 inclusive, whilst case study and general information was reviewed from October 2005 to December 2006. We have verified all factual statements and data in the Report except economic data arising from the financial accounts, company profile and some non-UK information. Verification was conducted at Liberty International's Head Office and detailed site audits were held at three of 12 shopping centres. Service partners were audited where necessary.

Responsibility of the verifier – Bureau Veritas

The verifier's obligation is to stakeholders and readers of this statement, and the verifier is exclusively responsible for the contents of this statement. Bureau Veritas has not been involved in the production of data, or in the writing of this report, however, Bureau Veritas does provide CSR strategy support and advice, and has provided training to Capital Shopping Centre (CSC) Head Office staff.

Opinion

Bureau Veritas considers the Liberty International CSR Report 2006 to be an accurate reflection of CSR activity, containing balanced factual statements. Bureau Veritas regards the data collection systems as generally robust and provides a reliable representation of Liberty International's CSR performance. However, some areas for improvement were identified and appropriate recommendations have been provided.

Completeness, materiality and responsiveness of Report

We are satisfied that Liberty International has provided an accurate and balanced Report which is aligned with its CSR objectives. No significant omissions were found which could affect stakeholders' ability to make informed judgements about its performance. In terms of responsiveness, Liberty International continues to obtain feedback from and respond to stakeholders' needs at an operational level.

This year we were impressed by the well-established CSR structures and governance, along with the strong Board commitment to the CSR agenda. The transfer of the CSR programme across to the new properties has been effective, and the efforts to incorporate green design into new developments are also welcomed.

The system for gathering KPIs would benefit from further formalisation, particularly as new shopping centres have been introduced this year. In particular, the system for recording charitable donations/community involvement/transport need to be more robust, with a transparent policy and clear guidelines. The system for target implementation/delivery would also benefit from detailed action plans to support target delivery at site and group level. Finally, it is vital that Liberty International continues to engage its new service partners in the CSR process.

Louise Etheridge
Senior Consultant

Ben Shuster
Consultant

Bureau Veritas HS&E Ltd

Bureau Veritas is a Quality, Health, Safety, Environment and Social Accountability compliance and advisory service provider which has expertise in a wide range of areas, such as Corporate Responsibility, H&S, EMS, Risk, Air Quality, Noise, Water Quality and Ecology. The company has experience in the design, development and verification of sustainability reports in a wide range of sectors.

Glossary

Association of British Insurers (ABI) An industry association which explores public policy and other issues relevant to the insurance industry. The ABI has published guidelines on implementing CSR.

Association of Chief Police Officers Assists chief police officers to provide excellence in the leadership of the service; ensure a professional and ethical service is delivered to all communities; and provide professional advice to Government, police authorities, and other appropriate organisations and individuals.

Biodiversity Short for biological diversity, means the diversity of species, the diversity of the habitats in which they live, and genetic diversity within species.

Biomass Boiler Heating system based on burning biological matter such as wood pellets.

BREEAM Building Research Establishment's Environmental Assessment Method. This is used to assess the environmental performance of both new and existing buildings. It is regarded by the UK's construction and property sectors as the measure of best practice in environmental design and management.

Brownfield land Land that has previously been used for development.

Business in The Community (BiTC) This is a UK charity whose aim is to inspire, challenge, engage and support business in continually improving its positive impact on society.

Carbon Management is a tool for reducing an organisations impact on climate change through the management of its carbon emissions.

The Carbon Trust Launched in April 2001, this Government body works with businesses and the public sector to meet the UK's ongoing targets for carbon dioxide emissions; to improve the competitiveness of UK business through resource efficiency; and support the development of a UK industry sector that capitalises on low carbon technologies.

Climate Change Levy is a tax on industrial and commercial use of energy. The levy is designed to stimulate increased energy efficiency across business thereby reducing the UK's emissions of greenhouse gases.

Considerate Constructors Scheme (CCS) is a voluntary Code of Considerate Practice, which is adopted by participating construction companies, and everyone involved on the construction site.

Construction Skills Certification Scheme (CSCS) Provides a standard to demonstrate competency in occupational health and safety.

CSR (Corporate Social Responsibility) This concept considers many aspects of a company's performance and risks associated with issues such as employment, environment, human rights, communities and business relationships and is a corporate's response to the sustainable development agenda.

DEFRA The UK Government Department for Environment, Food and Rural Affairs.

Disability Discrimination Act (DDA) An Act of Parliament put in place in 1995 which enforces the rights of and prevents the discrimination against disabled people in areas of employment, access to goods, facilities and services and property.

Ecohomes is an environmental rating scheme for homes, which seeks to assess the overall environmental performance of new and existing homes. It considers the broad environmental concerns of climate change, resource use and impacts on wildlife.

Elifar Foundation A voluntary organisation set up to help improve the care, facilities and equipment available mainly to profoundly disabled children and young adults.

Energy from Waste (EFW) is the process of converting waste materials into various forms of energy.

FTSE4Good FTSE4Good indices (part of the FTSE set of indices) have been designed to measure the performance of companies that meet corporate responsibility standards to facilitate investment in those companies.

Global Reporting Initiative (GRI) An international process whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations for reporting the economic, environmental and social dimensions of their activities.

Governance The management processes and systems that determine how decisions are made and a company is managed.

Grey Water is washwater that is used within buildings and is taken from purified rainwater or sink waste waters. The use of grey water helps to recycle water and reduce the need for using drinking quality water where such a high standard is not required – for example in the flushing of toilets

Green Roof is the term for covering the tops of buildings with plants, trees and grasses. A Green Roof has a range of environmental benefits, such as minimising rainwater run-off.

ISO 14001 An international standard on Environmental Management intended to assist organisations to achieve environmental and economic goals.

Johannesburg Securities Exchange (JSE) is South Africa's Socially Responsible Investment Index. The Index measures commitment and performance in terms of environmental, economic and social impacts.

Kilowatt Hours (kWh) and Megawatt Hours (MWh) Units of energy measurement.

Morley Sustainable Investment A global fund management company and a leader in Socially Responsible Investment and Corporate Social Responsibility.

Park and Ride schemes provide a means of travelling in and out of a town or city centre. Visitors park their car at a designated car park outside the town or city centre and travel in by a designated bus.

Renewable Energy Energy produced from non-fossil fuel sources.

Retailer Handbook Reference book provided to each shopping centre retailer containing information on shopfitting procedures and the operation of the shopping centre.

RIDDOR Reporting of Injuries, Diseases and Dangerous Occurrences from the 1995 Regulations. These Regulations require an employer to report certain dangerous events to the appropriate enforcement body. Such events include fatalities, major injuries, injuries where employees are away from work over three days and a wide range of occupational diseases as well as an extensive list of other defined dangerous events.

Seltrans (Southeast London Transport Strategy) A partnership between the seven southeast London boroughs, transport providers and operators, and groups representing the interests of businesses and passengers.

Shareholders Individuals and organisations that own shares in Liberty International.

Shoppers and Occupiers Our customers – the tenants of our office, retail and shopping centres and their employees and visitors to our premises or those of our tenants.

Socially Responsible Investment (SRI) Investment decisions based on environmental and social factors, as well as financial returns. SRI balances the need for financial returns with the investment's potential impact upon the environment and society. Most major investors operate SRI funds, which will only invest in companies meeting predetermined environmental and social criteria.

Stakeholders Any person who is affected by, or has an effect upon an organisation. A stakeholder is also a person who perceives an effect as a result of an organisation's activities.

Sustainability/Sustainable Development Integrating economic, social and environmental policies to ensure a better quality of life for everyone, now and for generations to come.

Sustrans is the UK's leading sustainable transport charity. The aim of the charity is to enable people to choose to travel in ways that benefit their health and the environment by providing practical, innovative ways of dealing with the transport challenges that affect us all.

Travel Plan A package of measures used by an employer to encourage staff to use alternatives to single-occupancy car-use.

UK Human Rights Act Legislation formally setting out the rights of UK citizens.

Whistleblowing Disclosing information about malpractice where the disclosure is in the public interest.



We would welcome your feedback on this report.

Please send your comments to Peter Badcock at Liberty International PLC, 40 Broadway, London SW1H 0BT, telephone 020 7960 1200, or email peter-badcock@lib-int.com

This report is also available, together with the 2003, 2004 and 2005 CSR Reports, on our website: www.liberty-international.co.uk



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