OUR STRATEGY CONTINUED

Strategic pillar:
Being sustainable

DELIVERING A CLIMATE-RESILIENT PORTFOLIO

Key priorities
- Reduce energy consumption across the portfolio and reduce greenhouse gas emissions in line with our net zero carbon pathway
- Reduce waste generation across the portfolio
- Achieve high environmental standards across all development and refurbishment activities

2022/23 key achievements
- 5% reduction in average energy intensity across the portfolio
- 27% reduction in greenhouse gas emissions from gas consumption
- 12% increase in spaces with A/B EPC ratings
- 100% renewable electricity procured

2023/24 aims
- Drive further improvement in energy efficiency
- Further decarbonise heat
- Enhance greenery and biodiversity credentials
- Gain better visibility of water consumption

LOOKING AFTER OUR PEOPLE

Key priorities
- Support and enhance the wellbeing of our employees and customers
- Improve diversity across all levels of business and embed inclusive behaviours into our culture
- Support professional development and career progression of our people

2022/23 key achievements
- 57 wellbeing events hosted, benefitting 1,600 customers
- Voluntarily paid Living Wage across the portfolio, including suppliers

2023/24 aims
- Improve diversity and inclusion across the business
- Champion responsible and inclusive recruitment
- Evolve our wellbeing offering in response to employee needs

SUPPORTING OUR COMMUNITIES

Key priorities
- Enhance the impact of our work with Single Homeless Project (SHP)
- Roll out our local skills and employment programme, InspiresMe, in partnership with our customers
- Create a social impact framework to monitor and enhance social value generated

2022/23 key achievements
- 620 employee hours dedicated to volunteering for SHP
- 180 students benefitted from our InspiresMe programme
- 17 food bank collections
- Created our social value framework and targets
- £110k raised for SHP
- Delivered a £600k equivalent of social value

2023/24 aims
- Scale up InspiresMe in partnership with our customers
- Roll out a place-based community impact programme across each of our centres
- Evolve our SHP partnership

Relevant KPIs

Financial performance:
1, 5, 6

Non-financial performance:
1, 2

Relevant principal risks and uncertainties
1, 2

Market trends
1, 2, 4

71%
ESG CUSTOMER ADVOCACY SCORE

How our approach to sustainability enhances customer engagement

Sustainability is important to our customers. They are performance-driven and care about a range of issues, such as how much energy we use in our buildings and how we manage our waste. They also share our passion for supporting local communities and driving local economic and social impact through our business operations.

Our approach to engaging with customers on sustainability helps build long-term customer relationships, resulting in higher customer satisfaction scores, engagement and retention.

This year's ESG Advocacy Score is at 71%, an increase of 5% year on year, reflecting our increased focus on ESG across the business and alignment with customer interests. We have seen that there is a strong correlation between ESG score and overall Customer Advocacy scores.

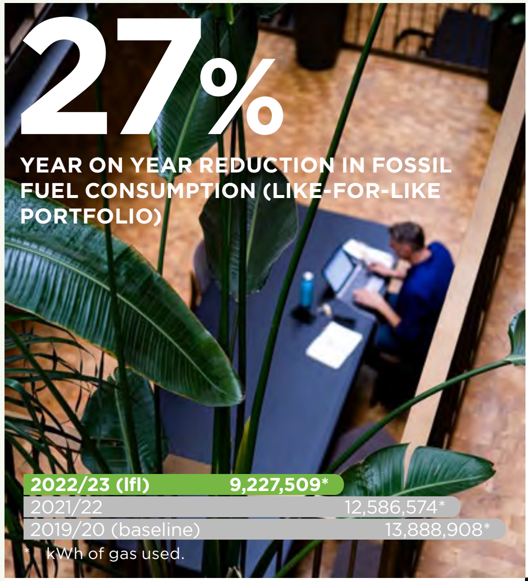
SUSTAINABILITY

Sustainability is inherent to Workspace and informs everything we do. Our environmental and social achievements this year demonstrate our performance-driven mindset and undeterred commitment to maximising stakeholder value.

Sonal Jain
Head of Sustainability

SUSTAINABILITY CONTINUED

Highlights



27%

YEAR ON YEAR REDUCTION IN FOSSIL FUEL CONSUMPTION (LIKE-FOR-LIKE PORTFOLIO)

2022/23 (lfl)	9,227,509*
2021/22	12,586,574*
2019/20 (baseline)	13,888,908*

* kWh of gas used.

1,600

CUSTOMERS BENEFITTED FROM OUR WELLBEING OFFERING

120

SUSTAINABILITY EVENTS DELIVERED

70

ELECTRONIC DEVICES DONATED TO LOCAL CHARITY PARTNER

180

STUDENTS AND 12 CUSTOMERS PARTICIPATED IN THE INSPIREME PROGRAMME ACROSS FIVE CENTRES

£110K

RAISED FOR SHP

620

EMPLOYEE HOURS DEDICATED TO VOLUNTEERING FOR SHP

12%

OF THE TOTAL PORTFOLIO'S FLOOR AREA WAS UPGRADED TO EPC A/B

71%

CUSTOMER ESG ADVOCACY SCORE

79%

RECYCLING RATE

2022/23	79%
2021/22	75%
2020/21	73%

£600K

SOCIAL VALUE GENERATED

RATINGS AND MEMBERSHIPS

Ratings

GRESB 2022

81
Real Estate Assessment Score

96
Development Assessment Score

A
Public Disclosure Score

CDP Discloser 2022

A-

EPRA sBPR Gold

GOLD
EPRA Sustainability Best Practice Recommendations Award

MSCI ESG Ratings

AA
MSCI ESG rating

Sustainalytics

Low Risk
Sustainalytics ESG Risk Rating

Membership

UK GBC

BPF

BBP

Islington Sustainability Network

SUSTAINABILITY CONTINUED

Our approach

We have embedded sustainability throughout our business, driving how we design and operate our buildings and informing every strategic decision we take.

Our three-pillar sustainability strategy – (1) Delivering a Climate-Resilient Portfolio, (2) Looking After Our People, (3) Supporting Our Communities – allows us to continually improve our environmental and social impact, whilst adding value to all our stakeholders. We have also mapped our strategy against the UN Sustainable Development Goals (SDGs) to ensure our objectives and targets are aligned with global ambitions.

With a view to enhance the transparency of our reporting and adding to our existing annual publication of the EPRA report, we are now reporting on our environmental and social performance in accordance with the Global Reporting Initiative (GRI) 2021 and in line with the Sustainability Accounting Standards Board (SASB) guidelines (learn more in the Environmental Performance section of our investor website).

Governance
The highest level of responsibility for our sustainability strategy lies with our Chief Executive Officer, and together with the rest of the Workspace Board, the group acts as a guardian of the strategy. In addition, an ESG Board Committee (refer to page 172) has been established to bolster our sustainability governance and drive further integration across business decisions. The Board is supported by the Executive Committee in setting and delivering our sustainability strategy.

At an operational level, we have committees dedicated to both environmental sustainability and social sustainability, comprising senior representatives from across the business.

The two committees are responsible for operationalising the delivery of our strategy. Progress is reported to the Board and Executive Committee monthly. We also have a number of sustainability champions across the business who help mobilise ground-up support.

This year our staff took on the Three Peaks Challenge

OUR THREE-PILLAR SUSTAINABILITY STRATEGY

DELIVERING A CLIMATE-RESILIENT PORTFOLIO 1

Future proofing our business by minimising our environmental impact and transitioning to net zero carbon by 2030.

Relevant SDGs

Read more
Pages 41 to 49

LOOKING AFTER OUR PEOPLE 2

Looking after our people through our focus on wellbeing, responsible business practices, skills and employment.

Relevant SDGs

Read more
Pages 50 to 53

SUPPORTING OUR COMMUNITIES 3

Creating lasting value for our communities through employment-led regeneration and meaningful partnerships with local community groups and charities.

Relevant SDGs

Read more
Pages 54 to 57

SUSTAINABILITY CONTINUED

Defining what matters most

Materiality assessment
Our materiality assessment helps us understand the issues that matter most to our internal and external stakeholders. We identified and assessed a number of environmental, social and governance issues to refine our approach.

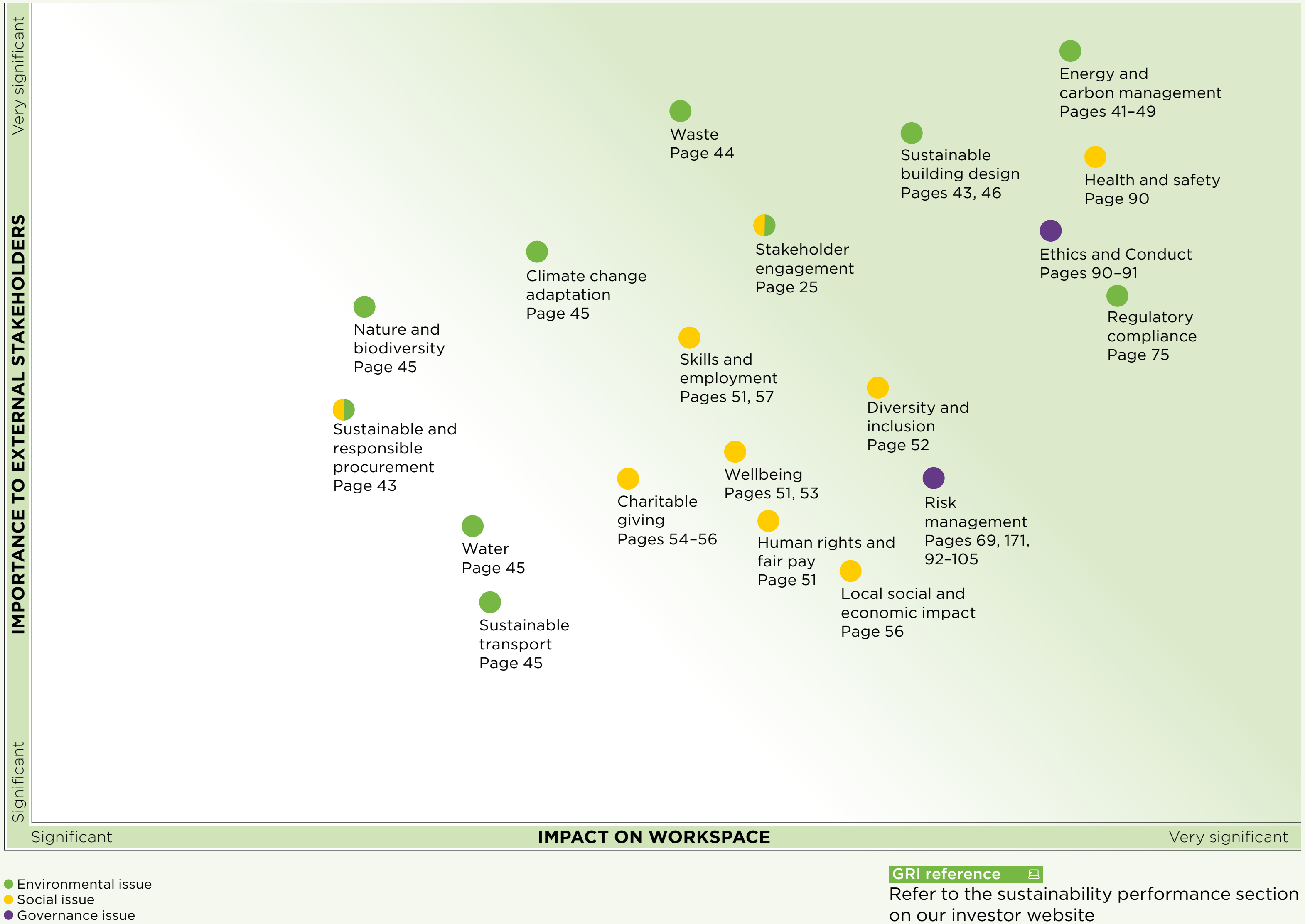
Stakeholder engagement
We consulted with our internal and external stakeholders, including customers and employees through our bi-annual surveys and ongoing interactions with our suppliers to confirm our material issues, as shown on the matrix.

Our response
Our sustainability strategy covers all issues identified as material to our business. Subsequent sections in the report highlight how we are positively impacting these issues.

The process we followed:

Step 1	**Identify key stakeholders** **List material issues**
Step 2	**Consult stakeholders** – Social Sustainability Committee – Environmental Sustainability Committee – Employees – Customers – Suppliers
Step 3	**Analyse consultation outputs** – Importance to stakeholders – Significance of impacts – Ability of the business to influence
Step 4	**Prioritise issues and refine our strategy**

OUR MATERIALITY MATRIX – KEY SUSTAINABILITY ISSUES



GRI reference
Refer to the sustainability performance section on our investor website

SUSTAINABILITY CONTINUED

Alignment to UN SDGs

The aim of our sustainability strategy is to maximise value for all our stakeholders – our people, our customers, our suppliers, our investors and the environment.
Our strategy is also aligned with several of the UN Sustainable Development Goals (SDGs)

AFFORDABLE AND CLEAN ENERGY

Relevant stakeholders:
- CUSTOMERS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

We invest in on-site renewable energy by installing roof-mounted solar panels across our portfolio, ensuring we generate clean power. We also source 100% of our electricity from renewable sources, through our REGO certified green contract.

SUSTAINABLE CITIES AND COMMUNITIES

Relevant stakeholders:
- CUSTOMERS
- COMMUNITIES

As custodian of some of London's most iconic buildings, we work to reduce the environmental impact of London's built environment and build resilience for the long term. This is delivered through sustainable design, construction and the way we operate all of our buildings.

CLIMATE ACTION

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

The delivery of our 2030 net zero carbon commitment ensures we are decarbonising our business swiftly and thus playing our part in limiting global warming to 1.5°C.

GENDER EQUALITY

Relevant stakeholders:
- PEOPLE
- COMMUNITIES

Our people practices actively support gender equality, including the use of gender-neutral language in all our policies and recruitment material. All our people have been trained on unconscious bias and we strive to create a truly inclusive work environment. We work hard to identify and address gaps within existing workplace policies, as well as offering professional development opportunities to all our employees.

QUALITY EDUCATION

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- COMMUNITIES

Through our InspiresMe programme, we work alongside our customers to provide inspiration, knowledge, support and experience to individuals within our communities who are most at risk of NEET (Not in Education, Employment or Training) and help them to reach their full potential.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Relevant stakeholders:
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

By investing in clean technology and materials we are reducing our environmental impact while driving innovation in the industry.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Relevant stakeholders:
- PARTNERS AND SUPPLIERS
- THE ENVIRONMENT

Investment in energy efficient equipment and effective management ensures our energy consumption is optimised. We also work hard to reduce waste in operations and construction, aiming to divert 100% from landfill.

GOOD HEALTH AND WELL-BEING

Relevant stakeholders:
- CUSTOMERS
- PEOPLE

Provision of safe and healthy workplaces for our employees and customers is paramount. We do this by ensuring health and wellbeing considerations are fully incorporated into our building design. We also run an extensive wellbeing support programme for all our employees and customers.

DECENT WORK AND ECONOMIC GROWTH

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- INVESTORS
- PARTNERS AND SUPPLIERS
- COMMUNITIES

We provide quality flexible space for SMEs across London. Our model also creates hubs of economic activity that benefit entire communities through employment-led regeneration of the area. We are also an accredited Living Wage Employer, ensuring that all our employees and contractors are paid at Real London Living Wage.

REDUCED INEQUALITY

Relevant stakeholders:
- CUSTOMERS
- PEOPLE
- COMMUNITIES

Our InspiresMe programme aims to tackle youth unemployment and the ethnicity gap by building relationships with schools and youth organisations across London to offer work experience placements, career talks, CV workshops and interview practices.

SUSTAINABILITY CONTINUED

Strategic pillar:
Delivering a climate resilient portfolio

1

In 2019, we made a commitment to delivering a net zero carbon portfolio by 2030, covering all scopes of carbon. We also signed the Better Buildings Partnership's (BBP) Climate Commitment and published our net zero pathway, quantifying our emissions and outlining our decarbonisation trajectory for both our operational and embodied carbon. To make sure this goal is robust and in line with a 1.5°C future, we have aligned our emissions reduction trajectory with approved Science-based Targets (SBT), requiring:

- 42% reduction in scope 1 emissions by 2030, from a 2019/20 base year
- 20% reduction per square foot of Net Lettable Area (NLA) in scope 3 emissions from capital goods by 2030, from a 2019/20 base year
- Sourcing of 100% renewable electricity through to 2030

29%

SCOPE 1 AND 2 REDUCTION IN LIKE-FOR-LIKE PORTFOLIO SINCE 2019/20

Like-for-like performance (Workspace portfolio excluding major projects)
Investment in energy efficiency and decarbonisation of our portfolio has driven significant progress on our net zero carbon pathway. For our like-for-like Workspace portfolio, we reduced our scope 1 emissions by 32% and our scope 2 emissions by 28% in 2022/23 against our 2019/20 baseline. Going forward, we aim to go beyond our SBTs and eliminate our operational emissions as much as we can across the entire portfolio, with minimal reliance on carbon offsetting.

A significant proportion of our scope 3 emissions is attributed to our refurbishment and development activities. This means reducing the embodied carbon of our development projects is a priority for us. Our refurbishments are on average designed to achieve a 60%–70% reduction in embodied carbon when compared to current industry benchmarks of 1,000 $kgCO_2/m^2$.

Whole portfolio performance (Workspace portfolio + McKay)
Following the acquisition of McKay Securities, we have integrated emissions from the acquired properties into our greenhouse gas reporting this year. The absolute emissions reported for the 2022/23 period are therefore not comparable to the emissions covering the 2019/20 baseline period or previous years, as those only covered emissions from the historic Workspace portfolio. A detailed breakdown of our absolute greenhouse gas emissions can be found on page 101.

Relevant UN SDGs

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
11 SUSTAINABLE CITIES AND COMMUNITIES

Enhancing accountability
This year, we have made great progress in increasing the accuracy of our energy data, notably through an accelerated roll-out of smart Building Energy Management Systems (BEMS) across the portfolio.

This has enabled our facilities managers to better understand energy usage across the properties and target reduction initiatives that are most effective.

To further drive action, we have embedded energy and carbon targets into various team's objectives. This drove collective effort and streamlined collaboration between various teams, all working towards a common goal of energy and carbon reduction.

28

PROPERTIES EQUIPPED WITH BUILDING ENERGY MANAGEMENT SYSTEMS

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

OUR GREENHOUSE GAS EMISSIONS

As a signatory to BBP's Climate Commitment and Science Based Targets initiative, we disclose progress against our net zero pathway annually. We have reported our absolute greenhouse gas emissions in line with the GHG Protocol Guidelines. Our scope 1 and 2 categories encompass emissions where we have operational control and therefore include tenant consumption where we procure gas, electricity or heat on their behalf. Although our electricity is REGO-backed, we report scope 2 emissions using a location-based methodology.

> We strive to reduce the carbon intensity of our portfolio by phasing out gas heating and implementing energy efficiency measures

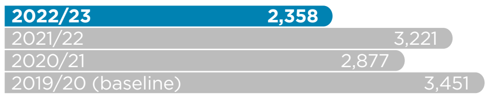
Ariane Ephraim
Sustainability Manager

WORKSPACE PORTFOLIO

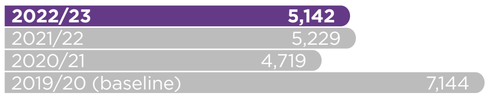
LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	2,358
Scope 2	5,142
Scope 3	6,614

SCOPE 1 GHG EMISSIONS (tCO_2e)



SCOPE 2 GHG EMISSIONS (tCO_2e)



McKAY PORTFOLIO

LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	830
Scope 2	1,295
Scope 3	9,998

WHOLE PORTFOLIO

LOCATION BASED SCOPE 1, 2, 3 GHG EMISSIONS (tCO_2e)

Scope 1	3,188
Scope 2	6,437
Scope 3	16,612

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Reduce energy intensity by 5%	Energy & carbon management		Achieved	**Like-for-like Workspace portfolio** We achieved a 5% reduction in average energy intensity across the portfolio, compared to last year. This was mainly driven by significant reduction in gas use across the portfolio, which offset a 3.6% increase in electricity consumption due to higher operational activity across our sites. We invested over £8m this year on various energy efficiency initiatives across the portfolio, including LED lighting, presence detection sensors, smart building management systems, secondary glazing and heat pumps. We also ran extensive customer engagement campaigns to reduce whole building energy consumption including our successful participation to the CUBE UK energy savings competition. **Whole portfolio** Our portfolio is inherently energy efficient when compared to industry benchmarks. The average energy intensity across our combined portfolio is 129 $kWhe/m^2$/year, which is 19% better than current UK Green Building Council energy performance target for net zero carbon buildings.
Reduce scope 1 emissions by 5% across the portfolio	Energy & carbon management		Achieved	**Like-for-like Workspace portfolio** We achieved a significant reduction of 27% in gas related emissions across the portfolio. This was primarily driven by roll out of smart Building Energy Management Systems across a number of buildings, optimisation of temperature set points and timing controls and implementation of over 70 HVAC upgrade projects. Currently over 30% of our portfolio is fossil fuel free (all electric or served by district heating).
All new developments and refurbishments designed to be net zero carbon, aiming to achieve embodied carbon of less than 500 $kgCO_2/m^2$	Energy & carbon management Responsible procurement		Achieved	**Like-for-like Workspace portfolio** We continue to implement our sustainable development framework across all major constructions and refurbishments. This framework ensures all our projects meet the net zero carbon brief. We also undertake whole-life carbon analysis at key design stages to help us further reduce embodied carbon by optimising design and material choices. Estimated embodied carbon of our current projects at Leroy House, Havelock Terrace, Riverside and Chocolate Factory is 230 $kgCO_2/m^2$, 504 $kgCO_2/m^2$, 469 $kgCO_2/m^2$ and 291 $kgCO_2/m^2$ respectively. Overall, we achieved a 51% reduction in greenhouse gas emissions from capital goods per sq. ft. from a 2019/20 base year.
Increase renewable energy supply and source 100% renewable electricity	Sustainable procurement		Achieved	**Like-for-like Workspace portfolio** 12 sites are equipped with solar panels and generated 191,629 kWh of green electricity in the past year, equivalent to the annual electricity usage of 64 typical UK households. Three additional solar projects are currently being implemented, amounting to an annual generation capacity of 78,543 kWh once installed. We also continue to source 100% renewable electricity from our utility provider (REGO-backed). **Whole portfolio** 14 sites have solar panel installations.

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Increase the % of EPC A and B rated areas in the portfolio by 10%	Energy & carbon management	12, 13	Achieved	**Like-for-like Workspace portfolio** This year we upgraded 620k sq. ft. of our portfolio to A/B rated energy performance certificates (EPC) by installing high efficiency lighting and HVAC systems. Overall we increased A/B rated areas by 15%, bringing 43% of our portfolio holding to an A or B EPC rating. **Whole portfolio** Following the energy efficiency upgrades, over 43% of our core portfolio is rated EPC A/B.
All development projects to be BREEAM Excellent and EPC A (B for refurbishments)	Energy & carbon management	3, 9, 12, 13	Not applicable	**Like-for-like Workspace portfolio** A total of 20 buildings are BREEAM certified in our portfolio. No new projects were completed this year. All projects in the pipeline are being designed to achieve an 'Excellent' BREEAM certification and A rated EPC (B for refurbishments).
Achieve recycling rate of >76%, divert 100% waste from landfill and remove single use plastics from cafés	Waste and recycling	11, 12	Achieved	**Like-for-like Workspace portfolio** We achieved an average recycling rate of 79% across the portfolio. A total of 2,825 tons of waste was generated across the portfolio, comprising of 68% post consumer waste, 21% general waste, 6% food and 5% bottom ash.

Our approach to sustainable waste management
Sustainable management of waste is both a priority for us and our customers. To ensure our people follow the right behaviours on waste management we ran 16 awareness events in 2022/23 and continued to advocate correct recycling via signage, posters and email communications, resulting in a significant increase in our recycling rate across our centres to 79%.

We have also teamed up with FareShare, a charity redistributing surplus food from the UK's top food companies to charities and community groups. For every food waste collection, a meal is donated via FareShare to those most in need. So far 1,300 meals have been donated.

SUSTAINABILITY CONTINUED

DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

ESG TARGETS CONTINUED

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Benchmark water consumption and drive reduction in use	Water	12, 13	Roll forward	**Like-for-like Workspace portfolio** Our average water consumption intensity (where we have visibility) across the historic portfolio is within GRESB standard practice. We will continue to roll out water meters across the sites where we don't have visibility with a view to accurately benchmarking our portfolio water consumption.
Increase greenery and biodiversity across the portfolio, targeting at least 15% improvement in biodiversity net gain on development projects	Nature and biodiversity	3, 11	Achieved	**Like-for-like Workspace portfolio** We have reviewed industry guidance and developed a biodiversity policy setting out our approach to nature and biodiversity. We will be updating the document in line with TNFD guidance this coming year. Driven by our sustainable development framework, we will significantly enhance Biodiversity Net Gain (BNG) across our two development projects – Havelock Terrace (100% BNG) and Shaftesbury (74% BNG).
Refine climate risk assessment and create adaptation plans for assets exposed to hazards	Climate change adaptation and resilience	11	Achieved	**Whole portfolio** We have reassessed our core portfolio's exposure to physical climate risk using latest climate models and used probabilistic models to assess value at risk to business. We have also reviewed transition risk to business taking into account the acquisition of the McKay portfolio. Find more detail in our TCFD section along with an explanation of our mitigation strategy on page 92.
Enhance green travel infrastructure across the portfolio	Sustainable transport	3, 11, 13	Achieved	**Whole portfolio** We have a total of 32 EV charging points across the portfolio, which were utilised over 3,000 times in the past year, saving 23 tCO_2e. We have also upgraded site facilities to encourage green transport and have installed an additional 25 showers and 50 cycling racks across the portfolio.

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY
Redeveloping Chocolate Factory in Wood Green

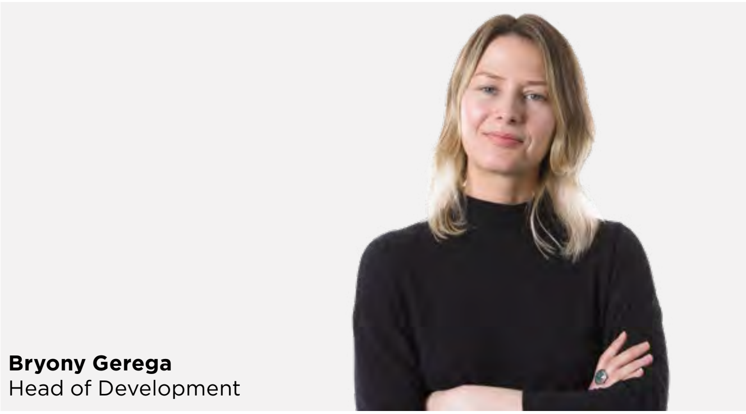
Like many of Workspace's buildings, Chocolate Factory has a long and rich history. Whilst it is now home to 40 customers, with activities ranging from luxury wallpaper designers to streetwear brands and artists, the site was a sweets manufacturing facility towards the end of the 19th century.

Chocolate Factory is now one of Workspace's main redevelopment projects, and will upgrade 38,000 sq. ft. of business space. Careful design considerations led us to preserve most of the old structure and give a second life to unique features such as the historic façade, exposed bricks and ironwork.

These design choices both preserve the site's heritage but also drastically reduce the project's carbon emissions.

The current design is estimated to emit 291 kCO_2/m^2 in embodied carbon, a significant reduction from the defacto option which entailed the demolition of an old water tower, an industrial-era enclosed bridge and low-rise storage buildings. All of these building elements will now be repurposed into meeting spaces and site amenities. Operational energy and carbon reduction is also central to the project's design, which will include high performing windows and internal insulation, as well as decarbonised heating through the installation of heat pumps.

The project is part of the wider mixed-use regeneration scheme at this location, including 230 residential units and 72 affordable housing units with a new public square and significant landscaping improvements.



Bryony Gerega
Head of Development

THE CHOCOLATE FACTORY IN NUMBERS

38,000 sq. ft.
OF REFURBISHED SPACE

Excellent
TARGETING BREEAM EXCELLENT RATING

291 $kgCO_2e/m^2$ NLA
EMBODIED CARBON (71% LESS THAN INDUSTRY BENCHMARKS)

39%
EXPECTED IMPROVEMENT ON PART L ENERGY STANDARDS FOR REFURBISHED SPACE

> "The redevelopment of Chocolate Factory is a perfect example of how preserving the heritage of a building goes hand in hand with enhancing its environmental performance

Bryony Gerega
Head of Development

The Chocolate Factory, Wood Green

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

DRIVING ENERGY REDUCTION ACROSS THE PORTFOLIO

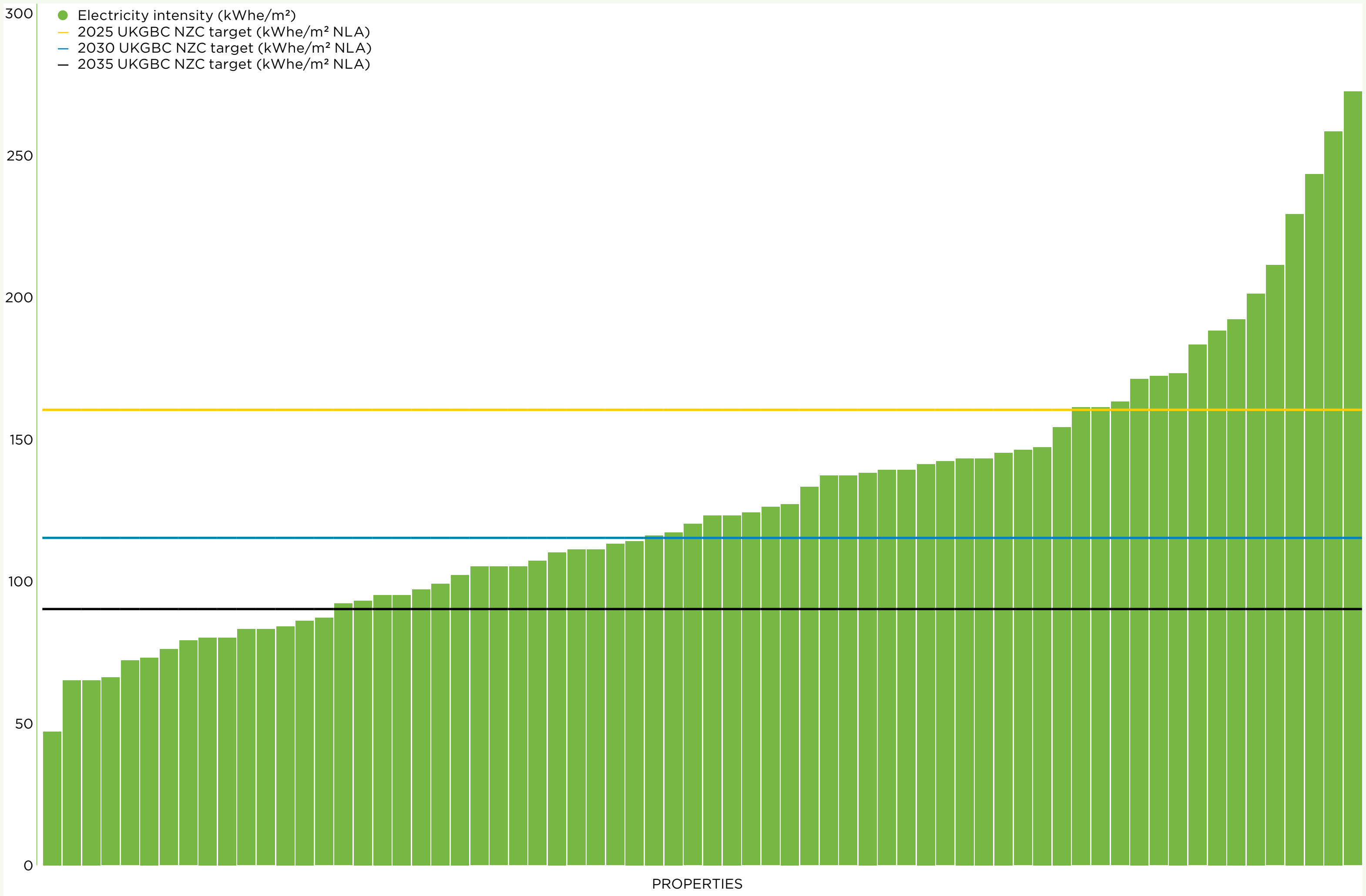
Driving energy reduction is a key priority for the business and we have invested over £8m this year in efficient lighting, presence-detection sensors, smart Building Energy Management Systems and heat pumps to remove reliance on gas boilers. We have closely monitored each property's energy performance and optimised temperature controls and timers. As a result, we have decreased our portfolio energy intensity by 5% across the like-for-like Workspace portfolio.

Taking into account the acquisition, the average energy intensity of our core portfolio is 129 kWhe/m². This represents a 7.5% increase from last year's average energy intensity due to high energy consumption associated with some of the properties we have recently acquired. We have also witnessed increased occupational activity across our centres compared to the last two years of the pandemic, which has also contributed to an increase in electricity use in customer occupied areas.

Following integration of the McKay portfolio, we are creating a targeted energy reduction programme for the high consuming buildings which will be rolled out this coming year. We expect to see a significant drop in the energy intensity profile of these properties as a result.

The graph shows the energy intensity of all properties in the office portfolio. All buildings but 15 meet the 2020 UKGBC energy performance target for net zero carbon buildings (depicted by yellow line) and 30 buildings already meet 2030 target (depicted by blue line).

APRIL 2022 TO MARCH 2023 ENERGY USE INTENSITY (kWhe/m² NLA)



SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

CASE STUDY

Significantly reduced energy intensity at Edinburgh House

One of our flagship buildings in South London, Edinburgh House, formerly a 1960s housing block, was redeveloped in 2019 into a bright and open business centre, home to 78 businesses.

Whilst it achieved a BREEAM Very Good certification and a B rated Energy Performance Certificate, it showed an unusually high energy intensity at the start of 2022.

As a result, our Facilities Management team amended the heating and cooling controls strategy and operational schedules so as to precisely meet occupants' needs and avoid superfluous out-of-hours energy consumption. For instance, the building's chiller and boilers are respectively isolated in winter and summer months and are only operating when necessary, responding to seasonality and building occupancy patterns.

These measures drove an 11% reduction in energy intensity across the building.

This is a great example of how effective operational energy reduction initiatives can be. Whilst significant retrofit investments are sometimes essential, cost-free operational optimisations on pre-existing equipment can also prove to be very powerful energy savers.

Domenico Pallucci
Facilities Manager

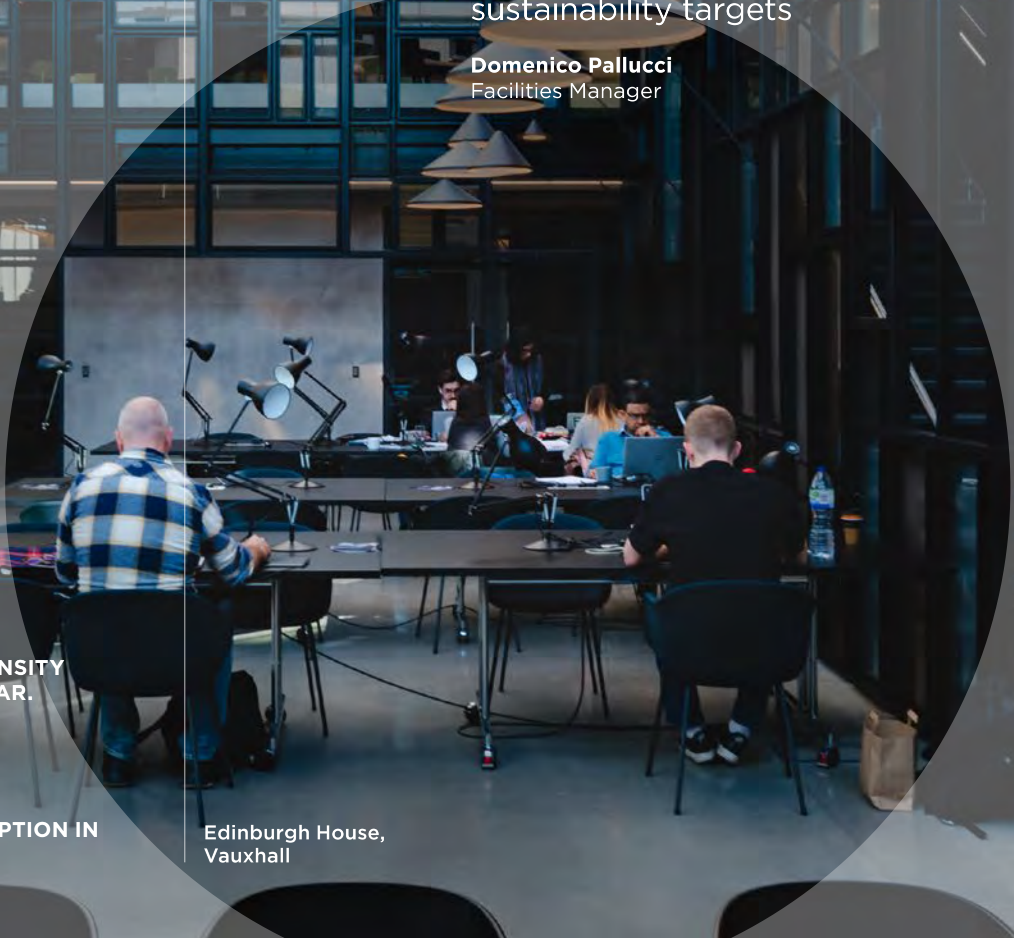
EDINBURGH HOUSE IN NUMBERS

11%
REDUCTION IN ENERGY INTENSITY SINCE THE START OF THE YEAR.

34%
REDUCTION IN GAS CONSUMPTION IN 2022/23 VERSUS 2021/22.

"At every building I manage, I always look for the small operational improvements that will make a difference in reducing energy consumption. Every kWh saved helps us to stay on track with our sustainability targets

Domenico Pallucci
Facilities Manager



Edinburgh House, Vauxhall

SUSTAINABILITY CONTINUED
DELIVERING A CLIMATE RESILIENT PORTFOLIO CONTINUED

EPC RATINGS

Whilst our portfolio is already compliant with the current Minimum Energy Efficiency Standards (MEES) regulation, requiring all units to hold a valid EPC with a minimum rating of E, the UK Government is planning to increase requirements to a minimum rating of B by 2030.

We are working towards an annual increase of A/B rated space of 10% to 2030.

This year, following an investment of over £8m in HVAC equipment, lighting upgrades and insulation works across 41 properties, we have increased the proportion of A/B rated spaces from 28% to 43%.

Based on the projects we have already delivered, we estimate the total investment needed to upgrade our portfolio to EPC A/B by 2030 will be c.£45-60m (c.£7-8m each year). However, the actual additional investment needed each year will be lower as part of this expenditure is covered by our ongoing maintenance capex.

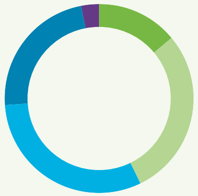
43%

A/B RATED PROPERTIES

£8m

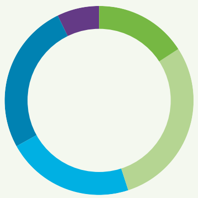
INVESTED IN 2022/23 IN EPC UPGRADES

EPC SCHEDULE WORKSPACE PORTFOLIO



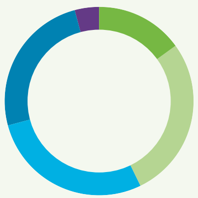
A	14%
B	29%
C	31%
D	23%
E	3%

EPC SCHEDULE McKAY PORTFOLIO



A	16%
B	29%
C	22%
D	26%
E	7%

EPC SCHEDULE WHOLE PORTFOLIO



A	15%
B	28%
C	28%
D	25%
E	4%

CASE STUDY
EPC upgrades

Print Rooms
EPC C to B
21,000 sq. ft. project

Phasing out our buildings' reliance on gas boilers is core to our decarbonisation strategy.

At Print Rooms, our teams removed the gas fired heating system and installed a Variable Refrigerant Flow (VRF) system using heat pumps to provide decarbonised heating and cooling to the building.

LED lights were also installed across the building in order to further reduce electricity demand.

Leather Market
EPC C to B
2,800 sq. ft. project

A small but ambitious project, the refurbishment of the third floor in the Lafone House building at Leather Market is a great example of energy efficiency improvements. Our team entirely removed the gas heating system to install heat pumps. LED lighting was also installed along with presence detection sensors.

Operational optimisation is as important as efficient equipment. Our teams have therefore enhanced the metering infrastructure and added new automatic meters as part of Building Energy Management System installation.

SUSTAINABILITY CONTINUED

Strategic pillar:
Looking after our people

2

As an employer of 280 people, client of over 800 suppliers and office space provider for over 4,000 customers, we have a responsibility to create a culture that fosters fairness, wellbeing, inclusion and diversity, and to support people to perform at their best.

Our culture

Change starts at home. Whilst our employees believe in our commitment to sustainability and our core values, our business is committed to delivering continuous improvement and fostering a cohesive culture, where everyone feels valued and knows how they can contribute to the Company's goals. Initiatives such as town hall meetings and regular business unit updates, Executive Committee site visits, internal shadowing days, employee suggestion scheme and employee support networks are all contributing to a positive company culture.

Diversity

Our diversity is our strength and the first step to improving on diversity is to measure it. 90% of our employee base provided personal diversity data, and we have now published our first gender pay gap report. As part of our ongoing efforts, we continued to roll out our unconscious bias and anti-harassment training and have launched an employee support network. Building on our equal opportunities hiring policy, we are implementing inclusive recruitment practices (such as anonymised CVs) and utilising alternative hiring channels to widen access to profession. A breakdown of the number of directors, senior managers and all employees by gender is set out on pages 151 and 152.

Wellbeing

Workspace strive to provide spaces where people can thrive and enjoy coming to work. This applies both to our customers and our employees. From offering outstanding physical and mental health benefits to our staff, to delivering a bespoke programme of wellbeing themed events to our customers (ranging from puppy therapy to financial wellbeing and mindfulness awareness), we go above and beyond to support the wellbeing of our people.

Relevant UN SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

5 GENDER EQUALITY

Listening to our people

Whilst we gather employee feedback via an annual survey, our People Team have also launched an employee suggestion scheme to encourage feedback and idea sharing all year long.

To keep delivering the best to our customers, we keep our ear to the ground and collect formal feedback twice a year. This helps us evolve our offer to best meet our customer needs. We have also introduced a customer feedback policy to ensure our customers have a direct line to communicate with us. Through this policy, we aim to cater to customer needs in a timely and consistent manner.

80%
WORKSPACE INCLUSIVITY SCORE

1,600
CUSTOMERS BENEFITTED FROM WELLBEING INITIATIVES

69%
FAVOURABLE ENGAGEMENT SCORE

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Support and enhance the wellbeing of our employees and customers	Wellbeing		Achieved	A total of 23 employee wellbeing events and initiatives were delivered, reaching a total of 600 attendees. Over 160 employees utilised our wellbeing cash back programme, with total claims value of c.£28k. We received an average employee wellbeing score of 79%, based on our annual employee survey. A number of wellbeing questions were included in the survey to gain a holistic understanding of employee expectations. These included questions on satisfaction with our wellbeing offering, work load management, stress management and managerial support. A total of 57 customer wellbeing events were hosted centrally (including 50 wellbeing events and seven sessions on financial wellbeing), benefitting over 1,600 customers. All events received very positive feedback with average score 4.9/5 star score. In addition, the centre teams partnered with local gyms and businesses to host a further 37 wellbeing focused initiatives. Based on insights from our mid-year customer survey, customers who attended wellbeing events were 15% more likely to be brand promoters.
Improve diversity across all levels of business and embed inclusive behaviours into our culture	Diversity and inclusion		Achieved	A key initiative for us this year was to better understand the diversity of our existing employees. Over 90% of our employees provided personal data which enabled us to benchmark our performance. We also published our first gender pay gap report and created an action plan to address the gap. We continued to roll out unconscious bias and harassment training to a total of 105 employees. Throughout the year we celebrated different cultures and launched our first employee network to support people with caring responsibilities. We were pleased to receive an inclusivity score of 80% in our recent employee survey.
Champion compliance with living wage and modern slavery across the supply chain	Human rights and fair pay		Achieved	Workspace are an accredited Living Wage employer and both our employees and contractors are paid at London Living Wage levels. This year we ensured new contractors that were onboarded as part of the McKay acquisition were also paid the living wage. To drive compliance, Workspace's new supplier code of conduct is mandated across all contracts and formally included in our supplier on-boarding procedure. We also worked with a third party to conduct a modern slavery audit of our cleaning supplier.
Support professional development and career progression of our people	Skills and employment		Achieved	We supported over 17 employees to complete accredited training, including 10 employees who were sponsored for our newly launched Leadership and Management programme. In total we delivered 363 hours of professional training to our employees (women – 232 hours and men – 131 hours), including over 100 hours of Chartered Institute of Personal and Development coaching and people skills training.
Widen access to profession and drive local employment within our operations and across our supply chain	Skills and employment, Diversity and Inclusion		Achieved	As part of our new recruitment policy, we are implementing a number of inclusive recruitment practices (such as hiring managers training, anonymised CVs and utilising alternate recruitment channels). We also engaged with our charity partner Single Homeless Project (SHP) and supported the successful hiring of one of their clients with our cleaning contractor. This previously unemployed person is now permanently employed on our portfolio as a member of the cleaning team. We continued our engagement with SHP and delivered a successful employability workshop to support their clients with employability skills. Throughout the year we continued our engagement with our suppliers on employment related opportunities. We are pleased to see that a total of 23 apprentices are employed as part of our supply chain contracts.

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

We celebrate different experiences and perspectives

CASE STUDY

Creating a diverse and inclusive business

We are very proud of our business values and welcoming culture. We strongly believe that the success of our business depends on our people and are committed to providing a working environment which is inclusive of all cultures, where everyone feels welcome, and in which we celebrate different experiences and perspectives.

We have launched a series of initiatives to support diversity and inclusion:
- All our employees have completed unconscious bias training and we are rolling out anti-harassment training.
- Our first diversity network called 'Supporting Others' was launched, providing a safe space for colleagues to support each other and share their experience on balancing work and caring responsibilities.
- We published our first gender pay gap report (see investor website).
- We implemented inclusive recruitment practices including anonymised CVs and hiring manager training.

We are always striving to do better and build on current initiatives. To start monitoring our diversity performance and set a diversity and inclusivity improvement plan, it was important to get a deeper understanding of the diversity of our workforce. This year, for the first time, we collected additional data from our employees to better understand our diversity. Although this was entirely voluntary, we achieved a 90% response rate which is a testament to our employees' desire to support a strategy towards more diversity and inclusion within the business.

Satpreet Dhariwal
Senior HR Manager

31% FIRST GENERATION OF THEIR FAMILY TO GO TO UNIVERSITY

11% 50+ YEARS OF AGE

30% UNDER 30 YEARS OF AGE

28% WITH CARING RESPONSIBILITIES

24% ENGLISH NOT AS A FIRST LANGUAGE

23% NATIONALITY OTHER THAN BRITISH

30% IDENTIFY AS BAME

6.5% IDENTIFY AS LGBTQ

57% IDENTIFY AS FEMALE

SUSTAINABILITY CONTINUED
LOOKING AFTER OUR PEOPLE CONTINUED

CASE STUDY
Our approach to employee wellbeing

We prioritise the health and wellbeing of our employees. We are proud to offer a wide range of benefits, including Health Shield, which subsidises wellbeing treatments. Over 160 employees utilised Health Shield, with a total claims value of c.£28k.

We continue to offer seminars on mental and physical health, financial wellbeing, and stress management. A total of 23 employee wellbeing events and initiatives were delivered, reaching a total of 600 attendees.

EMPLOYEE WELLBEING IN NUMBERS

79%
EMPLOYEES AGREE THAT WORKSPACE CARES ABOUT THEIR WELLBEING

23
WELLBEING EVENTS ATTENDED BY 600 EMPLOYEES

CASE STUDY
Our approach to customer wellbeing

Building on last year's success, we have continued to deliver a series of wellbeing events for our customers. Our puppy therapy events were once again extremely popular. We have also diversified our offer to include more hands-on wellbeing sessions, which we call 'wellbeing', including pottery workshops and terrarium building, that have been shown to significantly reduce stress.

On average, our 'wellbeing' events received 5/5 star ratings from participants.

CUSTOMER WELLBEING IN NUMBERS

5/5
POST EVENT STAR RATING AWARDED BY PARTICIPANTS

57
CUSTOMER WELLBEING EVENTS REACHING 1,600 PEOPLE

> Creating an environment that fosters wellbeing is in our DNA. We are proud of the stellar reviews our customers give following each wellbeing event

Stacy Lyden-Sauppé
Events Manager

SUSTAINABILITY CONTINUED

Strategic pillar: Supporting our communities

3

Social impact is inherent to Workspace's business model. We support employment-led regeneration of London by investing in some of the most deprived areas of the capital, enabling employment opportunities for local people and boosting local spend.

We have a strong culture of charitable giving and volunteering. Working closely with our charity partner Single Homeless Project, we have made significant impact in alleviating homelessness across London.

In London, we manage over 60 sites across 15 boroughs. Through our centre teams, we aim to build meaningful relationships with local communities and charities. We work closely with our customers to implement engagement initiatives that support the local communities.

£600K

SOCIAL VALUE GENERATED

620

VOLUNTEERING HOURS

Joe raised £985 for SHP as part of a skydiving challenge

Relevant UN SDGs

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

Driving positive social impact

As a major provider of office space to over 4,000 of London's brightest businesses, Workspace is in a unique position to address some of the most pressing social issues in the capital.

Thanks to our provision of high quality work space in all parts of London, we support local employment opportunities for many SMEs. We also support independent businesses and enhance local economic activity through our operations and customer footfall.

In London, homelessness has increased by 47% in the past 10 years, and the proportion of NEET[1] young people aged 16-17 has reached 3.4%. This is why we are committed to using our centres as hubs for driving positive social impact amongst local communities, through a focus on skills and education and homelessness prevention.

1. Not in education, employment or training.

180

BENEFICIARIES OF SKILLS AND EMPLOYMENT PROGRAMME

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

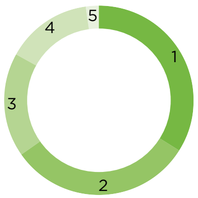
ESG TARGETS

Target	Relevant material issue	Relevant UN SDG	Status	Performance commentary
Roll out our community skills and employment programme InspiresMe across five centres	Skills and employment Local social and economic impact	4 Quality Education 10 Reduced Inequalities	Achieved	We successfully launched InspiresMe across five centres. These included Kennington Park, Brickfields, Mare Street, Cargo Works and Chocolate Factory. Over 160 students benefitted through our CV workshops and career sessions and 20 students were hosted for work placements. A total of 12 customers participated in the InspiresMe programme. The responses from school partners and customers were extremely positive with 100% of the schools who took part agreeing they were keen to continue with this initiative next year.
Works in partnership with SHP to prevent homelessness in London	Skills and employment Charitable giving	4 Quality Education 10 Reduced Inequalities	Achieved	We raised over £110,000 for SHP, including providing funding for a full-time employability coordinator. A number of our employees supported SHP throughout the year and delivered over 620 volunteering hours. This year we also hosted an employability workshop for SHP clients where we ran a daylong session on business and IT skills.
Support local food banks and charities across our centres to drive greater community impact	Local social and economic impact Charitable giving	8 Decent Work and Economic Growth 10 Reduced Inequalities	Achieved	We ran 38 community engagement initiatives across our centres in partnership with local charities, including 17 food bank collections which were hugely popular with our customers. We also partnered with local charity, Community TechAid, and supported them with the donation of over 70 pieces of electronic equipment. Overall, we contributed £162k through our lettings in kind programme, providing free space and meeting rooms to local charities.
Assess and enhance social value generated across our portfolio	Local social and economic impact Charitable giving Wellbeing Skills and employment Diversity and Inclusion Human rights and fair pay	4 Quality Education 8 Decent Work and Economic Growth 10 Reduced Inequalities	Achieved	We have created a social value framework that helps us align our activities to issues that are most material to the business. The framework also enables us to adopt a stakeholder value approach, ensuring we positively impact our employees, our customers, our suppliers and our local communities. To help us baseline our current performance, we worked with Social Value Portal to assess our social value contribution. In total we generated over £600k of direct social value across our material issues – wellbeing, responsible business practices, local community and charity partnerships, employment and skills and customer stewardship. We also worked with our suppliers and customers to drive additional social value (i.e. our indirect impact) worth £280k, mainly through our outreach on employment and skills. We plan to further enhance our social value in the coming year by setting actionable goals under each of the material issues. “We really enjoyed participating in InspiresMe and spending time to pass on knowledge. It was great to see how it had benefitted the students by the end of the week Customer at Kennington Park

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

SOCIAL VALUE WE HAVE CREATED

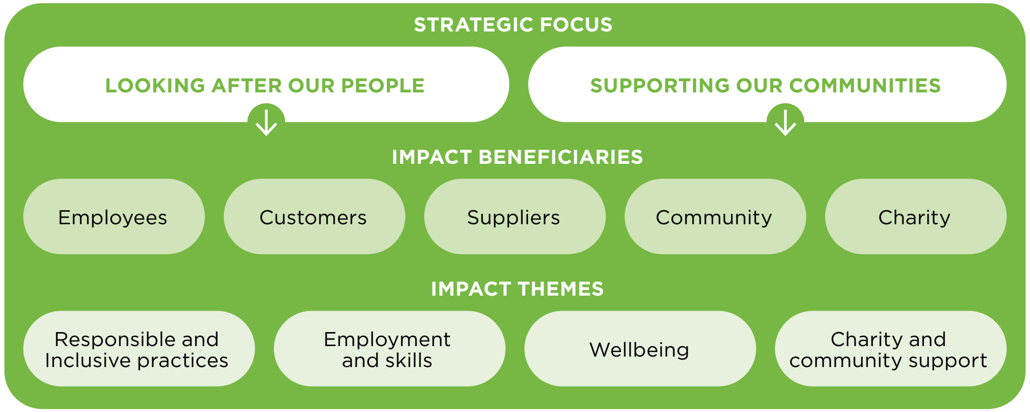
SOCIAL VALUE CREATED – £604,747



1.	Responsible and Inclusive Practices	£206,608
2.	Charity and Community Support	£188,447
3.	Wellbeing	£107,828
4.	Innovation – Customer Stewardship	£88,476
5.	Skills and Employment – Direct	£13,388

This is the first year we have worked with Social Value Portal to quantify the social value we create. The National TOMs Framework has been used to calculate the financial value associated with each of our initiatives, which is deemed ‘additional’ to business as usual. The table provides a breakdown of various initiatives and social value created by our direct business activities. Separately, we have also calculated the indirect value generated through our collaboration with our suppliers and customers.

WORKSPACE – SOCIAL VALUE FY 22/23



WORKSPACE – SOCIAL VALUE FY 22/23

Area	Social Value Created
Wellbeing	– £65.8k invested to deliver wellbeing events for customers (including event manager’s time) – £16.5k invested to deliver wellbeing campaigns for staff (including Charity, Wellbeing and Social Committee members’ time) – £25.5k delivered through all employees having access to a comprehensive wellbeing programme (Thrive, Health Shield, etc.)
Responsible and Inclusive Practices	– 33 employees received the unconscious bias training and 175 employees received the harassment training (£64.9k social value delivered) – 24 employees benefitted from funding for further studies (£0.5k social value delivered) – £1.2m spent with non-profit organisations as suppliers (£141k social value delivered)
Charity and Community Support	– 45 hours of skilled volunteering (SHP employability workshop, procurement training) – £4.5k social value delivered – 624 hours of unskilled volunteering – £10.6k social value delivered – 693 hours of CMs’ time spent to support the local community (foodbanks, fundraisers) – £11.7k social value delivered – £161.6k in-kind contributions (lettings, business rates, room bookings, electronic equipment, SHP donation)
Innovation – Customer Stewardship	– £88.5k invested to deliver four London’s Brightest Businesses breakfasts and seven master classes (including event manager’s time)
Skills and Employment – Direct	– 10 weeks of InspiresMe work placement supported by Workspace (£1.9k social value delivered) – 676 staff hours invested in delivering InspiresMe (£11.4K social value delivered)
Skills and Employment – Indirect	– £211k social value delivered through key suppliers hiring of homeless, NEET, ex-offenders and people with disabilities – 261 weeks of apprenticeships delivered by our key suppliers (£65.7k social value delivered) – 10 weeks of InspiresMe work placements with customers (£1.9k social value generated)

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

CASE STUDY
SHP employability workshop

In October 2022, we were delighted to support the hiring of one of Single Homeless Project's (SHP) clients by our cleaning contractor, Olivers Mill. We hope this success story is the first of many, and we are continuing to focus several of our SHP volunteering opportunities around employability skills.

In November 2022, 11 Workspace employees took part in an employability workshop with SHP clients. The aim of the session was to help SHP clients with creation of CVs and interview skills.

Building from a positive initial feedback from SHP clients, our charity committee are looking to organise more employability workshops in the coming year.

CASE STUDY
InspiresMe

INSPIRESME IN NUMBERS

4.3/5
SATISFACTION SCORE FROM STUDENTS

4.3/5
SATISFACTION SCORE FROM SCHOOLS

100%
CUSTOMER ENGAGEMENT SCORE

InspiresMe is Workspace's community outreach programme, focused on skills and employment. The aim of the programme is to work alongside our customers to provide inspiration, knowledge, support and experience to individuals within our communities who are most at risk of NEET (Not in Education, Employment or Training) and to help them to reach their full potential.

As a provider of office space to a diverse range of SMEs, we are in a unique position to broker a partnership between local schools and our customers in order to improve the employability skills of underprivileged young Londoners. The programme gives our customers the opportunity to deliver CV workshops, interview training sessions, participate in career fairs and host work experience placements throughout the year.

In the last year we launched InspiresMe across five centres in various London Boroughs – 180 secondary school students benefitted from the programme and 12 customers participated.

SUSTAINABILITY CONTINUED
SUPPORTING OUR COMMUNITIES CONTINUED

Looking ahead

Q&A

Sonal Jain
Head of Sustainability

Q: What has been your biggest achievement?
I am incredibly proud of the progress we have made this year. We have reduced our total greenhouse gas emissions by 16% across our like-for-like portfolio, upgraded over 12% of our portfolio to EPC A/B, boosted our customer ESG advocacy score and delivered significant social value through our wellbeing and skills and employment programme. However, for me personally the biggest highlight was collective ownership of our sustainability agenda. Right at the start of the year we set a number of business-wide sustainability targets, which were then translated into individual objectives. Each of our teams have worked with undeterred determination to achieve these targets. I am so pleased by the way each Workspace employee has embraced a sustainability mindset.

Q: What are your plans for the coming year?
Our inherently sustainable business model gives us an advantageous position in the industry, whether it's our lower energy use intensity, lean embodied carbon refurbishments and the positive socio-economic impact we generate through our focus on employment led regeneration. However, we realise we need to continue to deliver high performance in order to maintain our market leadership position.

To this end, we will continue to roll out an accelerated programme of refurbishment and ensure our portfolio is decarbonised and future proofed ahead of the 2030 deadline. Energy and carbon management continues to be our top priority and we will be focusing our effort to further reduce our energy intensity.

With the launch of our social impact framework focused on social issues that are material to the business, we have set ourselves a number of actionable targets that will help us deliver enhanced social value in the coming year. This includes a key focus for us to champion skills and employment across our value chain.

We are fortunate to be Home to London's Brightest Businesses, many of them are in the green economy sector themselves. We realise our duty of care towards our customers, ensuring they have a productive and sustainable workspace. We ran a successful customer engagement programme this year and plan to further enhance it. In addition, we will actively explore collaboration opportunity with our customers to jointly deliver on sustainability programmes across the portfolio.

> "As a team, we always think twice when it comes to energy, all our electricals have automatic standby mode, our office lights are always turned off when the unit is not in use, and we open our windows before the aircon gets considered
>
> **Owen O'Neill, founder at Uni Compare, winner of the energy savings competition at Frames**

COMPLIANCE STATEMENTS CONTINUED

TCFD

Workspace considers climate change as a principal risk and a material issue. In line with the 'Task Force on Climate-related Financial Disclosures' (TCFD) recommendations, since 2019 Workspace has provided information to stakeholders on its climate-related risks and opportunities, in turn helping them to make informed decisions.

This year we have re-assessed our material climate risks and opportunities, and their potential impact using a number of climate change scenarios. This assessment has provided us with an in-depth view of the levels of risks across the portfolio and helped us test the resilience of our strategy. We also have a more robust understanding of the opportunities to Workspace, arising from the transition to a low carbon economy. We have used the findings of this assessment to update our approach to risk management, implement a strategy to mitigate material risks and maximise the opportunity. Aligned to this is our 2030 net zero carbon commitment, which ensures we are closely managing our transition risks and building resilience within the business.

The following section includes our comprehensive TCFD disclosures, including details on climate change scenarios and how they may affect our business in the short and long term. As required by the Listing Rules (LR 9.8.6R), we confirm that this report is consistent with all of the TCFD recommendations and recommended disclosures (four TCFD recommendations and 11 recommended disclosures).

TCFD pillar and recommendation	Recommended disclosures	Compliance status	Progress to date	2023/24 objectives
1. Governance Disclose the organisation's governance around climate-related risks and opportunities	– Describe the Board oversight of climate-related risks and opportunities	Achieved	– Board ESG Committee established to oversee climate-related risks, opportunities and goals – Executive ownership of climate-related objectives, with performance linked to their remuneration	– Board ESG Committee to continue monitoring climate-related risks and opportunities – Stretching carbon related goals to be included in everyone's objectives, including senior management and linked to remuneration
	– Describe management's role in assessing and managing climate-related risks and opportunities	Achieved		
2. Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	– Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Achieved	– In-depth assessment of climate-related risks and opportunities undertaken against 4°C and 1.5°C global temperature rise scenarios (page 95) Disclosure on potential impact and resilience of strategy on page 96	– Analysis on exposure to climate risk and resilience of business strategy to be re-assessed annually taking into account any new changes in drivers
	– Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Achieved		
	– Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Achieved		
3. Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	– Describe the organisation's processes for identifying and assessing climate-related risks	Achieved	– Risks identified using climate models, academic research and expert advise – Based on probability and impact scale, risk level assessed as low, moderate or high. – Utilising enterprise risk management framework to capture, document and manage risks	– Climate risk is identified as a principal risk and will continue to be assessed as part of the overall risk management framework, including periodic review of effectiveness of controls
	– Describe the organisation's processes for managing climate-related risks	Achieved		
	– Describe processes for identifying, assessing, and managing climate-related risks and integrating them into the organisation's overall risk management	Achieved		
4. Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	– Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Achieved	– Annual publication of energy consumption, renewable energy generation and procurement, carbon emissions (from fuels, waste, water), recycling rates, EPC split, voluntary green certifications, energy efficiency projects, portfolio flood exposure	– Key metrics will be tracked on a monthly basis and presented to Board – Science-based carbon emissions reduction targets to be updated to reflect newly on-boarded properties
	– Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Achieved		
	– Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Achieved		

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

GOVERNANCE

1

The role of the Board
Our Chief Executive Officer has the highest level of responsibility for climate-related risks and opportunities and together with the rest of the Workspace Board, ensures we maintain close oversight of climate-related issues.

An ESG Committee comprising of six independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating climate-related considerations in business strategy and decision making. Ultimately, ensuring the long-term sustainable success of the business. The ESG Committee receives a detailed update on our sustainability and climate-related goals three times a year, from members of the Executive Committee and the Head of Sustainability. The update from the Committee and any associated recommendations are then put forward to the Board for consideration.

During the year, the Board received updates from the ESG Committee three times and considered the following climate-related issues: alignment of McKay properties with the 2030 net zero target, assessment of revised budget to deliver on the commitment, compliance with changes to Minimum Energy Efficiency Standard (MEES) and effectiveness of our climate-related policies. See page 172 for further details of climate-related topics considered by the Board and its Committees (including Audit and Remuneration Committees). The Board also received a technical briefing on three topics as part of the ongoing upskilling drive, including climate risk assessment, renewable procurement and evolving sustainability reporting requirements.

Following detailed deliberation, the Board made a decision to elevate climate risk as a principal business risk and reviewed the mitigation strategy and effectiveness of controls as part of the principal risk register review. This information is provided to the Board and the Executive Committee via the Risk Management Group, comprising of senior members from different parts of the business. The Risk Management Group meets monthly and is responsible for monitoring and implementing risk management activities, including climate risk.

We have also linked sustainability and climate-related performance measures to the Executive Directors' remuneration, accounting for 24% of their bonus weighting. These targets are also incorporated into wider team objectives. The Board received a monthly report tracking progress against these goals. See page 204 for further details.

Management responsibility
The Head of Portfolio Management is the Executive owner of our climate strategy. He is supported by the Head of Sustainability and members of the Sustainability Committee in the day-to-day management and delivery of climate-related initiatives. The Sustainability Committee is made up of cross-functional members who head up various business departments, such as development, asset management, facilities management, investment and support functions. The Committee includes a number of other Executive Committee members, which ensures senior level ownership and oversight of implementation plans and also streamlines communication to the wider Executive team and the Board. The Sustainability Committee meets monthly and is responsible for setting and operationalising our climate-related objectives, and hence is well positioned to manage, report, communicate and inform our approach on climate-related issues.

STRATEGY

2

Climate change risk and opportunity
As a responsible business, we consider climate-related risks and opportunities across our portfolio and business wide activities. We have identified the physical and transition risks arising from climate change and are committed to actively managing these risks. Due to the nature of our business model, Workspace is also in a position to capture several opportunities arising from the transition to a low carbon economy.

We have worked with Willis Tower Watson (WTW) to identify and assess the impact of climate-related risks through quantitative and qualitative scenario analysis, considering short-term (to 2025), medium-term (2025–2030) and long-term (to 2050 and beyond) time horizons. This short-term and medium-term time horizons align with our portfolio strategy and financial planning. Our portfolio strategy categorises projects that are live and will be completed in the short term (1-2 years) and a medium-term development pipeline that extends out to 2030. We accordingly do our budgeting for short and medium term. We are also working on a rapid decarbonisation of the business over the medium term, as reflected in our 2030 net zero target. Anything longer than 2030 is considered long term given the regulatory and market uncertainty involved. The assessment we have conducted is based on two pre-defined climate scenarios – a 4°C global temperature rise scenario in line with the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP 8.5) and a 1.5°C global temperature rise scenario in line with RCP 2.6.

The 4°C warming scenario assumes that the markets, governments and society will continue business as usual with increasing adoption of energy and resource intensive lifestyles and abundant exploitation of fossil fuels. There will be limited action taken to mitigate climate change in this scenario and hence as a result in the period after 2030, the physical effects of climate change will begin to intensify rapidly.

The 1.5°C warming scenario assumes proactive and sustained action to reduce carbon emissions over the next 30 years to build a low-carbon economy, in the form of stringent Government policies on stricter energy efficiency building codes and carbon taxes. There will also likely be significant public and private sector investment in low emissions technologies to help the global economy achieve net zero goals by 2050. Overall, this scenario would result in higher transition risk in the short and medium term. Given the warming over pre-industrial levels is going to be limited, the extent of physical risk will only be slightly higher than it is today.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Our assessment considered all plausible climate-related risks and opportunities that are applicable for real estate businesses. These are identified in the table below. The impact of physical risks is mainly in the form of direct damage to property, business interruption or supply chain disruption. Impact of transition risks is mainly in the form of increased cost of business, property obsolescence or failure to meet customer expectations.

RISKS RELATED TO THE PHYSICAL IMPACTS OF CLIMATE

Acute Climate Risks	Chronic Climate Risks
Winter storm	Heat stress
Tornado	Precipitation
River flood	Drought
Flash flood	Fire weather
Coastal flood	Sea level rise
Hailstorm	
Lightning	

RISKS AND OPPORTUNITIES RELATED TO THE TRANSITION TO A LOWER-CARBON ECONOMY

Policy and Legal Risks/Opportunities	– Pricing of GHG emissions – MEES requirements (EPC B by 2030) – Climate Change litigation – Enhanced emissions reporting obligations – Increasingly stringent planning requirements
Technology Risks/Opportunities	– Substitution of existing technology to lower emissions options
Market Risks/Opportunities	– Change in customer demands – Increased cost of raw materials – Increased cost and availability of electricity – Cost of capital – Emissions offset
Reputation Risks/Opportunities	– Investment risk – Employee risk

WTW conducted an asset by asset exposure analysis for a range of climate risks (as shown in the table) at the present day, as well as for future years under the selected scenarios. Data used for the analysis includes state of the art models and databases within the insurance industry (including WTW Global Peril Diagnostic, MunichRe hazard database, SwissRe CatNet amongst others), climate models, published research and information from IPCC. The assessment was further supplemented with local information and data that we hold on the assets.

To assess the transition risks, we conducted scenario analysis using the guidance issued by TCFD. The scenario used for the analysis aligns with projections to keep global warming below 1.5°C above pre-industrial temperatures and it was constructed based on a variety of sources including RCP 2.6 scenario from IPCC, International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS). NGFS has also been used as a primary source for carbon price estimates. Potential transition risks to Workspace were identified and articulated using academic research and discussions with Workspace teams (as shown in the table).

All the identified risks were assessed in terms of impact and probability via a series of subject matter expert interviews with Workspace teams (such as finance, investment, technology, legal, development, HR and leasing). Where the risk criteria allowed for quantification, financial impacts were estimated using assumptions and likelihood assessed and aligned to our Enterprise Risk Management (ERM) risk rating criteria (details of our ERM framework can be found on page 97). This helped us narrow down the material risks and opportunities applicable to Workspace as shown on page 95, along with risk levels.

Our analysis showed that all of London and the South East could be exposed to a mix of acute and chronic climate risks such as flooding, windstorm, drought and heat stress, thereby affecting our properties as well. The analysis showed that the chronic risk would become more evident in the long term, but the impact level will still be low and manageable under 1.5°C scenario. The impact level is deemed moderate under 4°C scenario, arising from failure to transition. Acute risk, on the other hand, could be felt today. Using catastrophe models such as Property Quantified and KatRisk, we simulated thousands of acute climate events to estimate the level of impact in terms of property damages and business interruption. Taking this probabilistics view and accounting for actual vulnerability of our locations have further provided rigour to our risk level projections. Overall, we estimate the level of impact from acute risks (such as flooding, flash floods and wind storms) is low.

On transition risk, the impact is evident even now, and could be significant under the 1.5°C warming scenario due to stringent policy requirements, increasing customer expectations and expected raw materials price increases. We have estimated the risk level to be moderate, considering impact in terms of increased cost, property obsolescence and customer demand. However, through our sustainable business model we hold an advantage over our peers and have committed to a 2030 net zero target (two decades earlier than UK's commitment in Climate Change Act 2008 (2050 Target Amendment) Order 2019), thereby minimising our risk. We are also we1ositioned to capture the transition opportunities, such as operational cost efficiencies, lower cost of capital and changing customer demands.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

The table below shows the summary of material risks and opportunities, applicable to Workspace, across the various time horizons and considering the two warming scenarios.

	Short term (to 2025)	Medium term (2025-2030)	Long term (to 2050+)
1.5°C scenario	**Moderate transition risk resulting from:** – MEES requirements for all commercial buildings to be EPC B by 2030, requiring investment in energy efficiency upgrades across the portfolio – Changing customer demands on sustainability, requiring swift adaptation of our older buildings to meet high sustainability standards	**Moderate transition risk resulting from:** – Continued MEES requirements – Increase in planning requirements, resulting in higher upfront investment in energy efficiency or offsetting – Increased costs of raw materials – Increased costs associated with offsetting of scope 3 emissions	**Low transition risk in the long term, assuming the UK economy has already transitioned to a low carbon world**
	Transition opportunity arising from: – Operational cost savings and efficiencies from upgraded EPCs and implementation of low carbon technologies – Enhanced customer attractiveness due to our ability to meet their expectations on sustainability across many of our new and refurbished buildings – Access to green finance	**Transition opportunity continues to exist** due to operational cost savings, customer expectations and access to green finance	**Low transition opportunity in the long term, assuming the UK economy has already transitioned to a low carbon world**
	Low physical risk – Existing exposure to windstorm across the portfolio (unrelated to changing temperature). The impact in terms of physical damage and business disruption is low considering asset vulnerability – Flood risk exposure at six buildings and risk of localised flash flooding due to heavy precipitation across 11 buildings. The impact in terms of physical damage and business disruption is low considering asset vulnerability	**Low physical risk with no significant changes to current risks profile**, other than the already existing exposure to windstorm and flood risk	**Low physical risk,** mainly due to smaller manageable changes in chronic risks such as drought and heat stress. The main impact from droughts is water scarcity and impact on green areas. Heat stress can impact running costs and customer wellbeing. On acute risk, windstorm continues to pose risk and eight properties become exposed to flood risk. However, the impact in terms of physical damage and business disruption is low considering asset vulnerability
4°C scenario	**Transition risk non-existent in this scenario, in the short term**	**Transition risk non-existent in this scenario, in the medium term**	**Moderate physical risk arising from failure to transition:** – Continued exposure to windstorm, flood risk at nine buildings and localised flash flooding across 11 buildings – Increased drought risk across all buildings – Increased heat stress across all buildings
	Low physical risk, due to already existing exposure to windstorm (unrelated to changing temperature), flood risk at six buildings and localised flash flooding across 11 buildings. The impact in terms of physical damage and business disruption is low considering asset vulnerability	**Low physical risk with no significant changes to current risks profile**, other than the already existing exposure to windstorm and flood risk	

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Strategy and financial planning
Our sustainability strategy has a key focus on climate change mitigation and adaptation, ensuring we are minimising the environmental impact of our portfolio and building resilience for the long term. We are delivering on this ambition by embedding climate considerations across the property life cycle: Development, Investment and Asset Management and the services we deliver to our customers.

Development: As a business, our primary focus is on repurposing old buildings to higher standards and hence inherently our activity is less carbon intensive than some of our peers. However, we continue to focus on further minimising our environmental and carbon impact, ensuring what we build is fit for the future. Our sustainable development brief requires all our development and refurbishment projects to meet high energy and carbon specifications, thereby minimising our exposure to risks such as MEES, stringent planning requirements, raw material costs and increased customer demands. We also ensure that we test our design brief against physical risks such as heat stress and flooding.

Investment: Climate considerations inform all our investment decisions, whether it's spending capex on building upgrade or acquiring new properties. We conduct sustainability due diligence, taking into account a number of warming scenarios, prior to acquisition to assess climate-related risks associated with the building and forward plan the investment and interventions required to mitigate any material risks.

Asset management: Our flexible business model allows us to implement a rolling programme of refurbishments across the existing portfolio, to ensure we continue to improve the energy and carbon performance of all our buildings and remain compliant with legislation. Our flood risk assessment has also helped us prioritise adequate defences and mitigation plans for exposed assets.

Services to customer: Climate considerations are fully embedded in our operational platform, ensuring our site teams are delivering customer services sustainably. This includes initiatives to manage whole building energy consumption, raising awareness with our customers to reduce carbon and manage our waste sustainably. We are also actively upgrading our portfolio to be more sustainable, in line with changing customer expectations.

Financial planning: Climate considerations inform our business financial reporting and planning. The Board deem no material impact, considering valuation of properties, going concern and viability of Group and the capital expenditure required. The Board have approved a comprehensive investment plan to transition our portfolio to net zero carbon and upgrade EPC to A and B (see page 49) and this has enabled us to forward plan investments on interventions such as energy efficiency technology, decarbonising heat, onsite renewables and sustainable materials and construction practices. To ensure we have access to capital at competitive rates, we have also linked our financing to climate-related criteria (£300m Green Bond, £335m ESG-linked revolving credit facility and a £65m loan from Aviva).

Resilience of strategy
The climate scenario assessment undertaken has revealed that our overall exposure to climate-related risks is moderate, mainly arising from transition risk under 1.5°C scenario (see table on page 95). The geographic concentration of our portfolio in London and low vulnerability of assets to acute risks, such as windstorm and flooding, means that the overall exposure to physical climate risks is low.
Our transition risks whilst ranked moderate, are manageable because of our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average. Our focus on repurposing older buildings to meet high sustainability and performance standards ensures we are building in resilience to climate factors across the portfolio. Our robust operational platform and onsite management control, allows us to proactively manage environmental performance of our assets and mitigate both physical and transition risks.

Given our long-term approach, coupled with our flexible lease model which allows us to invest across our portfolio in a timely manner and actively address climate risks, we are confident that our strategy is resilient against plausible climate scenarios. Further, our pathway to become net zero carbon by 2030 (see pages 41 and 42), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

> "Our 2030 net zero carbon pathway ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks

RISK MANAGEMENT

3

Enterprise risk management framework
Risk management continues to be an integral part of all our activities. Risks and opportunities are considered in every business decision we make. We specifically focus on key risks which could impact on the achievement of our strategic goals and therefore on the performance of our business.

We have an established Risk Management Framework in place to help us capture, document and manage risks facing our business. The Audit Committee along with the full Board have overall responsibility for risk management. See our Risk Management Framework on page 171.

Our aim is to manage each of our risks and mitigate them so that they fall within the risk appetite level we are prepared to tolerate for each risk area. Risk appetite reflects the overall level of risk acceptable with regards to our principal business risks. The Board is responsible for deciding the amount of risk it is willing to take. High risk, after considering the controls we have in place to mitigate risks, is not generally tolerated. We work towards a moderate to low risk profile, ensuring that we have mitigating actions in place to bring each risk down to within the agreed risk appetite.

Our Risk Management Framework is underpinned by close working relationships between the Executive Directors, senior management and other employees, which enhances our ability to efficiently capture, communicate and action any risk issues identified.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Identifying and assessing risk

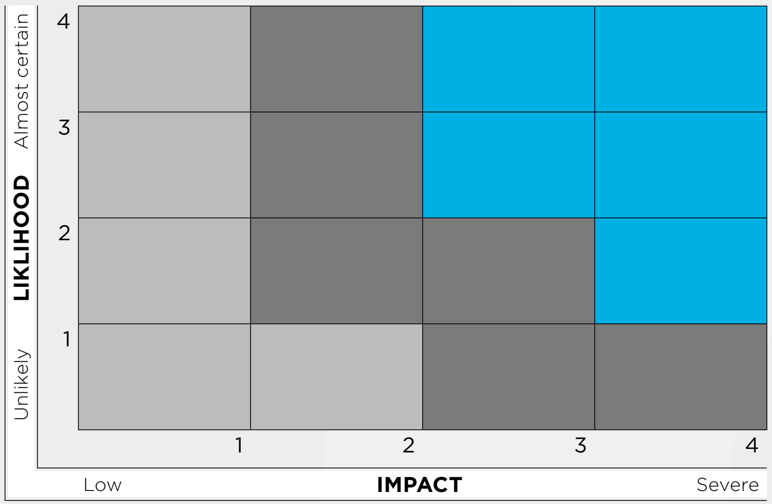
Overall, we identify risks across two key areas: Principal Business (Strategic) risks and Operational risks. Climate-related risks have been factored in both these categories.

The low, moderate, high risk severity score is determined using the following calculation: Impact x Impact x Probability, which provides a weighted impact scoring. The impact is determined on a scale from 1 (low) to 4 (severe) based on revenue, property valuation, health and safety and reputational consequences. Probability is determined on a scale from 1 (unlikely) to 4 (almost certain), considering the likelihood of the risk materialising within a five-year period.

The scenario analysis conducted with WTW helped us assess the level of exposure to climate risk, its likelihood (taking into account both existing and emerging regulatory and market risks), and determine its financial materiality using a structured template (see impact criteria on the right) to capture any impact on revenue, costs or property valuation. This allowed us to map our risk levels as low, moderate or high, using our risk scoring matrix. In our case, we observed no significant change in risk profile between various time horizons and hence the mitigation strategy is focused on short to medium term actions, covering our response out to 2030, including delivery of our net zero carbon commitment.

Depending on the extent of planned mitigation measures in place, as already captured in our net zero pathway and existing business processes, we were able to narrow down the material risks which had a level of residual impact (as listed on page 95) that we will continue to manage effectively. These are captured in the table opposite along with current mitigation strategy for the two climate scenarios we have assessed.

Risk scoring matrix



Likelihood scale

The following criteria should be used, considering the likelihood of the risk materialising within a five-year period.

Likelihood	
4 – Almost certain	>80%
3 – Likely	50-79%
2 – Possible	21-49%
1 – Unlikely	<20%

Risk level:
- Low
- Moderate
- High

Impact criteria

Impact	1 – Low	2 – Medium	3 – High	4 – Severe
Revenue/Cash	Revenue <£2m Cash <£1m	Revenue £2m-£15m Cash £1m-£5m	Revenue 15m-£25m Cash £5m-£15m	Revenue >£25m Cash >£15m
Property valuation	<2% unexpected reduction	2-5% unexpected reduction	5-10% unexpected reduction	>10% unexpected reduction
Hazard/Health & Safety	Minor injury/first aid required	Minor reportable injury/ RIDDOR report required	Major reportable injury	Large scale injuries
Reputational	Third-party communications with no lasting impact on reputation	Adverse local media attention which could lead to a small number of complaints and damage the brand locally	Adverse national publicity resulting in short-term damage to public and/or political confidence	Adverse sustained national publicity resulting in loss of public and/or political confidence

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Transition risks and opportunities in the short and medium term – 1.5°C warming scenario		
Policy and Legal – EPC rating requirements	– 28% of the Workspace portfolio is rated C and 29% is rated D and E. Additional investment of £45–60m will be required to meet EPC A/B across the portfolio by 2030 (c.£7-8m annually) – However, taking into account the annual maintenance capex for ongoing refurbishments throughout the year, the actual additional investment required will be much lower than £5m – **Opportunity:** There will be an opportunity arising from higher operational savings due to upgraded environmental performance	– Target set to upgrade a significant proportion portfolio to EPC A/B each year. We successfully upgraded 12% of portfolio to EPC A/B this year. – A rolling programme of EPC and net zero audits are being undertaken to identify asset level upgrade plans and a process is in place to upgrade a unit once vacant – A detailed investment plan is created for annual budgeting purposes – Central register created to track EPC compliance status monthly
Policy and Legal – Increasingly stringent planning requirements	– Workspace is able to meet London Plan requirement of 35% emissions reduction over Part L – If the requirements were to get more stringent in future (say 50% reduction or inclusion of offsetting for upfront carbon at planning stage), we would need to design buildings differently, which could raise project costs	– By implementing our net zero design brief, we are able to achieve over 35% reduction at minimal incremental cost – Continual tracking of planning requirements to inform our design brief – Strategy in place to minimise whole life carbon through responsible design and material choices
Market – change in customer demands	– Based on a recent survey, nearly 20% of our customers factor in sustainability as one of the top criteria in their choice of office space – By 2030, our portfolio will be net zero carbon, ensuring we are well placed to meet changing customer expectations and capture more market share by being ahead of our peers – In the interim, there is some risk to our older properties which are not in the top tier of energy/carbon performance and are awaiting upgrades – **Opportunity:** There will also be an opportunity from increased customer demands (i.e. successful lettings, high occupancy) for our newly refurbished or developed buildings that meet high sustainability standards	– Our net zero pathway ensures we continue to enhance our portfolio to meet changing customer demands – Through continual collection of customer preferences and data, we intend to proactively manage customer expectations – Improved communications with customers on our sustainability efforts further strengthen customer satisfaction
Market – increased cost of raw materials	– We expect the costs of carbon intensive raw materials (such as cement, steel) will increase in the future – The resulting impact will depend on our build activity in a year and the percentage of cost passed on by suppliers	– Our focus on repurposing limits our exposure to raw materials and associated cost increased – Continued efforts to explore new materials and technologies will help further reduce embodied carbon of our developments
Market – emissions offset	– Our current emissions footprint is around 26,000 tonnes of CO_2. We expect our net zero pathway to reduce our scope 1 and 2 emissions by at least 90% with offsetting for the residual emissions only – Applying UCL projected cost of carbon at $50 per tonne*, this could cost us up to £700k annually (assuming worst case scenario for scope 3 reduction)	– Continue to drive progress on our net zero pathway to eliminate scope 1 and 2 emissions – Continued efforts to explore new materials and technologies to reduce embodied carbon of our developments and hence limit offsetting needed for scope 3 emissions

* Source: https://www.ucl.ac.uk/news/2021/jun/ten-fold-increase-carbon-offset-cost-predicted

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Physical risks in the short and medium term – 1.5°C warming scenario		
Windstorm	– Most of our buildings could be exposed to risk of windstorm and missile impact from flying debris. However, given the solid facade and relatively lower height of our buildings, we estimate level of impact in property damages and business interruption to be low (less than £1m, assuming worst case scenario). The risk profile will likely remain within the current levels of variability, with changing temperatures	– Business continuity and emergency response planning measures in place to minimise potential impact in case of storm warnings – Protection against portable and not secured items in building vicinity is being incorporated
River flood	– Flood defences provide an adequate level of protection however, there are some local areas at risk which exposes six of our buildings (eight buildings become exposed by 2050). The impacts could be water ingress, damage in lower floor and some level of interruption to the business. Taking into account our flood mitigation strategy and emergency preparedness plans, we estimate level of impact in property damages and business interruption to be low (less than £2m, assuming worst case scenario). The risk profile only moderately changes with time or changing temperatures	– Comprehensive flood risk management plans created for exposed assets – Business continuity and emergency response planning measures put in place in case of flooding – Flood mitigation measures being incorporated in design of new projects – Insurance protection in place in case of physical damage or interruption
Localised flash flooding	– Whilst the precipitation stress due to heavy rainfall is likely to stay the same, a handful of our buildings could be exposed to localised flash flooding due to local terrain features which could cause water ingress and damage in lower floors. A deeper dive of these buildings has revealed lower vulnerability to localised flash flooding and hence we estimate level of impact in property damages and business interruption to be low (less than £1m, assuming worst case scenario). The risk profile is not likely to change with time or changing temperatures	– Comprehensive flash flood risk assessment being undertaken across the portfolio – Business continuity and emergency response planning measures put in place to minimise impact in case of high precipitation warning – Regular drainage survey being undertaken across select buildings to ensure sufficient water attenuation on site – Flood mitigation measures being incorporated in design of new projects, including blue roofs and rain water harvesting systems
Physical risks in the long term – 4°C warming scenario*		
Drought	– Under this climate scenario, London and the South East of the UK could be exposed to drought stress, affecting all our properties in the long term. Whilst our water consumption is not material, this would result in slightly increased utility costs and impact on green areas.	– We are installing water efficient fittings across our buildings – Our landscaping has been designed to bear warmer climates in mind
Heat stress	– In this scenario, by the end of the century, London and the South East of the UK could be exposed to medium level of exposure to heat stress resulting in the number of heatwave days increasing to 20 days per year, thereby affecting all our properties. On average, there will be an increase in our cooling demand. The scenario will also result in milder winters, which would in turn reduce our heating demand on average. In the short term, heat stress will not be a significant issue despite slight increase in heatwave days	– A rolling programme of air conditioning is being implemented across the portfolio to ensure customers are comfortable in high temperatures – Additional measures such as outdoor greenery and shade being incorporated to provide ‘refuges’ in hotter weather conditions – Review of current heating and cooling usage being undertaken to ensure we continue to optimise consumption, in response to outdoor temperatures

* Note: Under the 4°C warming scenario – windstorm, flood risk and flash flood risk will exist as well, and potentially could edge further. However, the risk profile will not change significantly. The mitigation strategy listed above will continue to be effective.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

METRICS AND TARGETS

4

Metrics used to assess climate-related risks and opportunities
To understand our climate-related impact and performance we report on a wide range of consumption and intensity metrics relating to energy, carbon, waste and water, such as:
- Total energy consumption (page 101)
- Total electricity consumption, including proportion generated from renewables (page 101)
- Proportion of electricity sourced from renewable sources (page 43)
- Total fuel consumed on site (page 101)
- Building emissions intensity by floor area (page 101)
- Total emissions from water consumption (page 101)
- Total emissions from waste, waste recycled and diverted from landfill (page 101)
- EPC split of the portfolio by floor area page 49)
- Number of buildings with sustainability certification (page 44)
- Number of energy efficiency projects implemented and associated capital expenditure (page 49)
- Number of buildings exposed to flooding (page 95)
- ESG metrics linked to remuneration and performance against these (page 204)

Pages 43 to 45 provide further detail on targets we have set against all climate-related metrics and progress made to date.

Scope 1, 2, 3 GHG emissions and related risks
Carbon emissions represent one of our largest environmental impacts and we are actively working to reduce our sources of carbon where possible (see our net zero carbon pathway on page 41). Significant contributors to our operational carbon emissions are the electricity and gas consumed within our buildings and by improving the energy efficiency of our buildings and electrifying the heating systems we aim to reduce our overall carbon footprint. Following an in-depth analysis of our scope 3 emissions, we now have a much better understanding of the emissions associated with our development and refurbishment activities which make up a significant portion of our scope 3 emissions. Refer to page 101 for our scope 1, 2 and 3 greenhouse gas emissions data and year on year changes (calculated using GHG protocol).

Targets used to manage climate-related risks and opportunities
To reduce our carbon emissions, we continue to focus on designing low-carbon buildings and implementing energy efficiency initiatives throughout the portfolio, whilst actively engaging with both our site staff and customers.

Our main target is to deliver a net zero carbon business by 2030 (see page 41 for the scope of our commitment). This is underpinned by the following emissions reduction targets:
- Reduce scope 1 and 2 emissions by at least 90% by 2030 (Note: it's our intention to go beyond our science-based targets, requiring only 42% reduction in scope 1 emissions)
- Decarbonise heating from our portfolio by 2030
- Source 100% energy from renewable sources
- Undertake whole life carbon assessment of all development and refurbishment projects
- Reduce scope 3 emissions from capital goods by 20% per square foot of net lettable area by 2030, from a 2020 base year

Kennington Park, Oval

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

GREENHOUSE GAS ('GHG') EMISSIONS AND ENERGY USE DATA FOR STREAMLINED ENERGY & CARBON REPORTING (SECR)*

Source of emissions	2019/20 (baseline Year)	2021/22	2022/23 LfL portfolio	2022/23 Whole portfolio	2022/23 vs 2021/22 % change	2022/23 vs 2021/22 LfL portfolio
Scope 1 (Direct)	**3,451**	**3,221**	**2,358**	**3,188**	**-1%**	**-27%**
Gas (tCO_2e)	2,620	2,305	1,684	2,336	+1%	-27%
Fugitive Emissions (tCO_2e)	828	916	674	852	-7%	-26%
Vehicle Emissions (tCO_2e)	3	–	–	–	–	–
Scope 2 (Energy Indirect)	**7,144**	**5,229**	**5,142**	**6,437**	**+23%**	**-2%**
Electricity (location based) (tCO_2e)	7,021	5,069	5,005	6,300	+24%	-1%
Electricity (market based) (tCO_2e)	–	–	–	–	–	–
Purchased Heat (location based) (tCO_2e)	123	160	137	137	-14%	-14%
Total Scope 1 & 2 (location based)	**10,595**	**8,450**	**7,500**	**9,625**	**+14%**	**-11%**
Energy consumption used to calculate above emissions (kWh)	42,430,031	37,400,667	35,913,161	46,183,607	+23%	-4%
Intensity Ratio: Net Lettable Area tCO_2e/sq. ft.	0.00181	0.00209	0.00194	0.00183	-13%	-7%
Intensity Ratio: Gross Internal Area tCO_2e/sq. ft.	0.00177	0.00144	0.00140	0.00137	-5%	-3%
Scope 3 (Other Indirect)	**21,264**	**8,398**	**6,614**	**16,612**	**+98%**	**-21%**
Purchased Electricity Transmission & Distribution (tCO_2e)	596	449	458	576	+28%	+2%
Customer Direct Energy (tCO_2e)	3,515	2,015	1,581	3,296	+64%	-22%
Water Supply (tCO_2e)	91	29	29	34	+16%	0%
Water Treatment (tCO_2e)	187	53	53	61	+16%	0%
Waste Management (tCO_2e)	82	59	55	64	+9%	-6%
Heat – Transmission & Distribution (tCO_2e)	6.5	8	7	7	-10%	-10%
Embodied carbon in development projects (tCO_2e)	8,982	1,642	4,430	5,744	+250%	+170%
Purchased goods and services (tCO_2e)	7,647	4,013	not available	6,511	+62%	N/A
Employee Commuting (tCO_2e)	84	130	not available	288	+121%	N/A
Business Travel (tCO_2e)	74	0.5	not available	31	+5,567%	N/A
Total Scope 1, 2 & 3 (tCO_2e)	**31,860**	**16,848**	**14,114**	**26,238**	**+56%**	**-16%**
Total gas use – whole building (kWh)	15,617,931	13,956,418	10,597,353	16,137,792	+16%	-24%
Total electricity use – whole building (kWh)	38,801,849	31,480,001	32,764,485	46,475,822	+48%	+4%
Total purchased heat – whole building (kWh)	700,922	939,261	805,247	805,247	-14%	-14%
Total energy consumption – whole building (kWh)	55,120,702	46,375,680	44,167,085	63,418,861	+37%	-5%
Self generated renewable electricity (kWh)	129,533	160,976	191,629	191,629	+19%	+19%

* Note: All figures reported relate to emissions and energy consumed in the United Kingdom.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

REPORTING FRAMEWORK

Reporting period: 1 April 2022 – 31 March 2023 Reporting Frequency – Annual, aligned with financial reporting	**Regulatory:** Part 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
Boundary: Our GHG emissions have been prepared using the 'operational control' approach, in compliance with the Greenhouse Gas Protocol guidance. Scope 1 and 2 emissions include tenant consumption where we procure gas, electricity or heat on their behalf. Where electricity is directly purchased by our tenants (c.64% of NLA), we have estimated usage and corresponding emissions have been included under our scope 3 reporting. Following the acquisition of McKay Securities in May 2022, our portfolio now comprises 86 properties (whole portfolio), covering 5,300,000 sq. ft., representing a 1,400,000 sq. ft. increase from our previous reporting period. We have reported environmental performance for Workspace like-for-like portfolio and Workspace whole portfolio (including McKay). In cases where a property has been acquired or sold during the reporting period, we report its greenhouse gas emissions up to the sale date or from the acquisition date. We exclude properties from greenhouse gas reporting for the duration of any major refurbishment or construction project.	**Reporting standards:** World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol). World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (scope 3). We have also aligned our reporting with: – EPRA 'Sustainability Best Practice Recommendations' (sBPR). Published in the sustainability performance section of our investor website – Sustainability Accounting Standards Board (SASB) real estate metrics. Pages 104 and 105 – Global Reporting Initiative (GRI) 2021 Standard. Published in the sustainability performance section of our investor website
Verification: Accenture were appointed for independent third-party verification of our carbon data. The verification has been performed to the international standard ISO 14064-3:2019 Specification. Limited level of assurance, based upon a 5% materiality threshold. The full assurance statement can be found in the sustainability performance section of our investor website. Further, our social value data has been verified by Social Value Portal.	**Other:** When reporting totals, the location-based emissions are used. All market-based emissions are backed by Renewable Energy Guarantees of Origin (REGOs). **Any questions about the reported information, please contact:** info@workspace.co.uk

Performance

In addition to our operational emissions, of which the boundaries are explained above, we have voluntarily reported our like-for-like portfolio GHG performance, which excludes the 30 properties acquired from McKay Securities in May 2022. We achieved a 27% reduction in scope 1 emissions on this like-for-like portfolio, which is a result of investment in high efficiency heat pump installation across a number of properties and optimisation of system controls and setpoints. We also rolled out a number of energy efficiency upgrades across the portfolio such as LED lighting, presence detection sensors, smart BEMS and ran several energy awareness campaigns with customers. Due to these measures our electricity consumption remained stable (scope 2 decreased slightly by 2%), despite significantly higher levels of occupancy in our buildings compared to the 2021/22 period where office working patterns were still impacted by the pandemic.

Overall, Workspace procured energy consumption reduced by 4% across the like-for-like portfolio, thanks to granular energy data analysis, continued roll out of smart BEMS and investment HVAC and lighting upgrades.

Following the acquisition of McKay Securities in May 2022, our portfolio has increased by 1,400,000 sq. ft. which has resulted in a sizeable increase in our GHG emissions. Hence the numbers reported for the whole portfolio are not comparable with the previous years.

Our market-based electricity figure is zero because all of the electricity we purchase is now on a renewable energy contract backed by Renewable Energy Guarantees of Origin (REGOs).

Energy efficiency actions taken during 2022/23

We have proactively identified and delivered a range of energy efficiency projects across our portfolio (invested £8m across 41 properties), such as LED and PIR lighting upgrades, installation of secondary glazing and a rolling programme of high efficiency heat pumps. We have also benefitted from improved data management and customer engagement initiatives across a number of our buildings.

We have continued to roll out our Building Energy Management System (BEMS), Optergy, which is a smart metering technology that has enabled real-time energy monitoring at the building level right down to individual plant equipment. The data provided by the BEMS is used by our in-house Facility Management teams to improve energy management practices and reduce GHG emissions. The Optergy portal is now live at 28 sites and enables us to view and monitor our energy consumption profiles, down to the unit level.

COMPLIANCE STATEMENTS CONTINUED
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Method for data collection
We collect utility data across our operational portfolio from manual meters, automated meters and invoices, which are all collated on our energy reporting and billing platform. Our site teams are responsible for reading manual meters and log consumption data onto our energy and billing management platform on a monthly basis. To remove reliance on manual meter reading, we continuously look at upgrading to automatic meters, which are currently in place across the majority of our main incomers. An in-house energy analyst role was created to review the accuracy of energy reporting and to analyse monthly performance trends and prioritise properties for energy efficiency improvements.

Due to increased data availability and reliable information on heating source types, a small proportion of energy consumption previously reported under gas (scope 1) has now been reported under heat (scope 2).

We estimate electricity consumption data where tenants have their own utility supplier. Where this relates to units in a building where we otherwise have access to energy consumption, we estimate ‘tenant direct’ electricity usage based on the energy usage of the rest of the building, using a floor area pro rating method. Where this relates to a single-let building, energy consumption is estimated based on the average energy usage of the portfolio. Whilst our ‘tenant direct’ gas consumption is very low, this year we have included estimations for gas consumption where we have been made aware of tenants managed gas supplies, and added corresponding GHG emissions to the 2019/20 and 2021/22 reported GHG figures. GHG emissions calculated from ‘tenant direct’ electricity and gas consumption are included in our scope 3 reporting.

Fugitive emissions stem from the use of refrigerants and have been calculated based on refrigerant leak event schedules provided by our air conditioning contractors.

Vehicle emissions are calculated from the expense schedule listing car mileage claims by employees using their personal vehicles for business purposes.

Waste data is captured by our waste contractor, who weighs recycled and general waste across the portfolio at each waste collection and provides us with a monthly tonnage report.

Embodied carbon in development projects relates to GHG emissions stemming from our construction and refurbishment activities. Since 2021, we systematically carry out whole-life carbon analysis for all developments and major refurbishment projects, and therefore have project specific embodied carbon data on our most recent projects. Whilst there is no standardised carbon emission factor for calculating embodied carbon emissions from buildings, embodied carbon factors advised by our consultant’s research team have allowed us to estimate embodied carbon emissions for projects carried out prior to 2021, representative of standard market practice (770 $kgCO_2e/m^2$ for office construction, 480 $kgCO_2e/m^2$ for logistics construction, 196 $kgCO_2e/m^2$ for office retrofits involving heat decarbonisation, 77$kgCO_2e/m^2$ for light office retrofits). The 2019/20 and 2021/22 embodied carbon calculations have been updated in line with these carbon factors. We have also restated the 2019/20 and 2021/22 embodied carbon figures to include light refurbishment projects.

Purchased goods and services relate to the upstream emissions from the business’ use of products and services. Emissions were calculated using a spend-based method, applying carbon factors from the EPA database. Where in previous years, we had only included our capital spend in emissions calculations, we are now also including operational spend, explaining the change in 2019/20 and 2021/22 reported emissions figures. We intend to move towards an activity-based method for our upstream emissions as more supply chain data becomes available. This will provide greater accuracy of the purchased goods and services emissions.

Business travel data includes journeys in our company cab and plane journeys used for business travel for all direct employees.

Emissions from commuting include carbon emissions from homeworking in addition to office commuting. Following our flexible working policy implementation, we assumed the Head Office employees to be working in the office three days a week and at home two days a week. All site employees are assumed to be working on-site five days a week. Assumption on modes of transportation used by commuters came from the Department of Transport statistics.

With the exception of embodied carbon and purchased goods and services, GHG emissions were calculated using DEFRA (Department for Environment, Food & Rural Affairs) 2022 factors.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	IF-RE-130a.1	The energy consumption reported on page 101, falling within our scope 1 and 2 emissions, cover 36% for our portfolio's total nettable floor area and corresponds to the areas where Workspace have operational control. Energy data falling outside of our procurement control is estimated and corresponding carbon emissions are reported under scope 3 on page 101. Majority of this consumption is associated with the industrial assets in the portfolio which are on FRI lease.
	(1) Total energy consumed by portfolio area with data coverage (2) percentage grid electricity (3) percentage renewable, by property subsector	IF-RE-130a.2	(1) See 'Energy Consumption used to calculate above emissions (kWh)' on page 101. (2) 99% of electricity consumed was purchased from the grid, the rest was self-generated by on-site solar panels. (3) 100% of electricity procured was from certified renewable sources (REGO-backed). Additionally we have 12 sites that are equipped with solar panels. Refer to page 43 for more information on our renewable electricity procurement.
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	Refer to Ele-LfL, Fuel-LfL and DH&C-LfL metrics in our EPRA report.
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	IF-RE-130a.4	Refer to Cert-Tot metric in our EPRA report. Energy Performance certificates (EPCs) and BREEAM certification have been used as the relevant UK alternative to ENERGY STAR.
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	Energy management is identified as one of the key material issues for the business and underpins the delivery of our net zero carbon pathway. As a result, stretching energy reduction targets directly influence Executive remuneration. Refer to pages 43, 47, 49, 96 in this report for more information on our strategy and approach to energy management, along with impact delivered.
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.	(1) Our water consumption data coverage amounts to 75% of our portfolio's floor area. (2) 100% of our office properties and 85% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 15% of our logistics properties are located in a medium-high water stress zone.
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.2	(1) Refer to Water-Abs metric in our EPRA report. (2) 100% of our office properties and 82% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 18% of our logistics properties are located in a medium-high water stress zone.
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	Refer to Water-LfL metric in our EPRA report.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	We include emissions associated with water supply and water treatment in our scope 3 footprint and intend to address it as part of our net zero carbon pathway. Our climate risk assessment also indicated water stress as a key risk in the long term and we have put in place a mitigation strategy in the form of water efficient design brief and adaptive landscaping around our sites (page 99). We are also rolling out metering to gain better coverage of our water data.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements (2) Associated leased floor area, by property subsector	IF-RE-410a.1	Our new leases are inclusive of rent and all bills, including utilities. A responsible energy consumption clause has been included in those leases, which allows us to charge an excessive usage fee in instances of consistent high energy consuming behaviour. Those inclusive leases represented 46% of our total sales volume in 2022/23.
	(1) Percentage of tenants that are separately metered or submetered for grid electricity consumption (2) Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector	IF-RE-410a.2	(1) 63% of tenant spaces on the like-for-like Workspace portfolio (which represent 74% of the whole portfolio) are submetered for grid electricity consumption. Submetering coverage for the newly acquired McKay portfolio is yet to be confirmed. (2) Customers are billed for water usage on a floor area pro rating basis. A small number of tenants manage their own water meter (gyms and restaurant units) in addition to single-let properties' tenants.
	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	IF-RE-410a.2	Our operational platform allows us to maintain a close working relationship with our customers and collaborate on whole building initiatives. We have a multi-faceted customer engagement strategy on sustainability, whereby we send quarterly sustainability newsletters to tenants of each of our properties, share building-level sustainability performance data, and guidance on how to operate buildings sustainably. This year we delivered 120 sustainability-themed customer events ranging from energy savings awareness to and recycling and zero-waste workshops.
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	1,356,640 sq. ft. lettable area of offices and 356,687 sq. ft. of industrial spaces are located in a 100-year flood zone according to the Environment Agency flood map.
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	Refer to the TCFD section of this report on pages 92 to 100.

Activity Metric	Code	Comment
Number of assets, by property subsector	IF-RE-000.A	74 offices 11 industrial assets 1 other (leisure)
Leasable floor area, by property subsector	IF-RE-000.B	4,524,063 sq. ft. of offices 648,800 sq. ft. of industrial assets 98,255 of leisure assets
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	0% of office space floor area is indirectly managed 71% of industrial floor area is indirectly managed
Average occupancy rate, by property subsector	IF-RE-000.D	85% average occupancy rate across offices 87% average occupancy rate across industrial properties