

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

Risk Committee Report

The creation of the Risk Committee and our updated risk management framework further strengthens the Group's risk management approach.

Attendance at Risk Committee meetings

	Member since	Meetings attended
Damon Russell (Chairman) ^{1,4}	2020	2/2
Chris Girling ^{1,4}	2020	2/2
Rosie Shapland ^{2,4}	2020	1/1
Lesley-Ann Nash ^{3,4}	2021	1/1

1. Damon Russell and Chris Girling were appointed as the inaugural members of the Committee in September 2020.
2. Rosie Shapland was appointed in November 2020 and attended one meeting during the year.
3. Lesley-Ann Nash was appointed in January 2021 and attended one meeting during the year.
4. Biographies of Committee members, including a summary of their experience, can be found on pages 106 to 109.
5. The Company's Head of Legal & Assistant Company Secretary acts as the Secretary to the Committee and attends all meetings.

Damon Russell

Chairman of the Risk Committee



AUDIT, RISK AND INTERNAL CONTROL CONTINUED**RISK COMMITTEE REPORT** CONTINUED**Risk
Committee
Chairman's
Letter**

2 June 2021

Dear Shareholder

I am pleased to present the Risk Committee report for the financial year ended 31 March 2021. This is the first report of the Risk Committee (the 'Committee') following the establishment of the Committee in September 2020. During the year, we welcomed Rosie Shapland and Lesley-Ann Nash to the Committee following their appointments to the Board in November 2020 and January 2021 respectively.

The Report of the Risk Committee details the key activities of the Committee alongside its principal responsibilities. These can be found on pages 164 to 165.

Principal risks

During the year the Committee reviewed the Group's principal risks. See pages 63 to 70 for further details on our principal risks and uncertainties.

Review of our risk management framework

The Group engaged PwC to conduct a review of the Group's risk requirements during 2020. Following this review, the Group has updated its risk management framework and the Risk Committee was established by the Board in September 2020 to oversee the risk management framework and advise the Board on risk appetite, tolerance and strategy. The Risk Committee receives reports from the Executive Committee, which in turn receives reports from a newly formed Risk Management Group (which has replaced the Group's former operational risk committee). The Risk Management Group is chaired by the CFO and consists of nine other members from across the business, and is responsible for implementing and embedding the Group's risk policies within the business.

Further details on the Group's risk management framework can be found on page 166 of this report.

Review of our internal controls framework

During its April 2021 meeting, the Committee discussed the Group's internal controls framework and the Group's newly introduced self-certification process. As part of this process, control owners are required to annually self-certify whether the controls they are responsible for are operating effectively and, where they are not, identify the further action required. We were pleased to note that the self-certification process demonstrated that overall our key controls remain effective, and in particular that no significant weaknesses or failures had been identified.

Covid-19

Since its formation, the Committee has received regular reports and updates on the risks posed to the Group by Covid-19, and the measures the Group has taken in response. In particular, the Committee has received an overview of the risk assessments conducted by the Group, the hygiene and social distancing policies and procedures implemented and communications with staff. Further details on the Group's response to Covid-19 can be found on pages 16, 45, 50, 115 and 201.

Risk Committee effectiveness

The Committee's effectiveness was subject to review as part of the externally conducted Board evaluation conducted during March 2021. I am pleased to report that no significant issues were raised, and the review confirmed that the Risk Committee operates in an efficient and effective manner.

I hope that you find this report informative and can take assurance from the work undertaken by the Committee during the year to deliver its key responsibilities.

**Damon Russell**

Chairman of the Risk Committee

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

RISK COMMITTEE REPORT CONTINUED

The role of the Risk Committee

The Risk Committee oversees the effectiveness of risk management throughout the organisation, advises the Board on risk appetite, tolerance and strategy and provides recommendations to the Board on the Group's approach to risk management and the effectiveness of the internal control environment.

The Committee's Terms of Reference are available on www.workspace.co.uk/investors/about-us/governance/committee-terms-of-reference and they will be updated, as required, to reflect any changes in best practice.

How the Committee operates

During the year under review, the Committee met on two occasions, in September 2020 and in January 2021. In addition, the Committee met in April 2021 to review the 31 March 2021 Annual Report and in particular the disclosures related to risk management and principal risks.

A forward plan of agenda items informs the business to be considered at each meeting and is regularly reviewed and developed. This assists and facilitates the work of the Committee, enabling it to give thorough consideration to matters of particular importance to the Group. The Committee receives information in advance of its meetings, including information from management.

The Committee may, at its discretion, invite other people to attend its meetings. Those people and advisers listed in the table below attended meetings during the year at the request of the Committee Chairman.

Attendee	Position
Dave Benson	Chief Financial Officer
Vivienne Frankham	Head of Finance
Angus Boag	Development Director
PwC	Adviser

Meetings of the Committee are held in advance of the Board meetings to allow the Committee Chairman to provide a report of the key matters discussed, to the Board, and for the Board to consider any recommendations made.

The Audit Committee remains responsible for oversight of financial risks and controls. All members of the Risk Committee are also members of the Company's Audit Committee, enabling key information or recommendations to be easily shared between the Committees.

All of the above, along with ongoing challenge, debate and engagement, allows the Committee to discharge its responsibilities effectively.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

RISK COMMITTEE REPORT CONTINUED

THE ROLE OF THE RISK COMMITTEE CONTINUED

Risk Committee responsibilities

Risk appetite, tolerance and strategy

- Advise the Board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives. See page 165 for details of how the Committee has considered risk appetite and strategy during the year.
- Advise the Board on the likelihood and impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact. See pages 63 to 70 for information on the Committee's consideration of principal risks.

Internal controls and risk management processes

- Review the adequacy and effectiveness of the Group's overall risk assessment processes that inform the Board's decision-making, including the design, implementation and effectiveness of those processes.
- Review the effectiveness of the Group's internal controls (with the exception of the internal financial controls which remain the responsibility of the Audit Committee) and risk management systems.
- Review whistleblowing arrangements whereby employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, to receive assurance that there are proportionate and independent procedures in place. See page 85 for more information on our Whistleblowing Policy.

- Review the Group's procedures for preventing and/or detecting fraud.
- Review the Group's procedures for the prevention and detection of bribery and monitor the reports generated by such procedures. See page 84 for more information on our Anti-Bribery Policy.

Governance, best practice and development

- Keeping up to date with external developments relating to control environments.
- Keeping up to date with regulatory and legislative matters relevant to the Group.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED**RISK COMMITTEE REPORT** CONTINUED**Key matters
considered by
the Committee
during the year****SEPTEMBER 2020****JANUARY 2021****RISK APPETITE, TOLERANCE AND STRATEGY**

- | | |
|---|---|
| <ul style="list-style-type: none"> - Considered and discussed the risks to the Group of the Covid-19 pandemic and the actions the Group was taking in response. See pages 16, 45, 50, 115 and 201 for further details of the Group's response to Covid-19. | <ul style="list-style-type: none"> - Considered and discussed the risks to the Group of the Covid-19 pandemic and the actions the Group was taking in response. See pages 16, 45, 50, 115 and 201 for further details of the Group's response to Covid-19. - Reviewed and discussed the Group's principal risks and any emerging risks. See pages 63 to 70 for further details on the Group's principal risks. - Considered key contractor and supplier risks and the actions in place to mitigate them. |
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INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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|---|--|
| <ul style="list-style-type: none"> - Reviewed and approved the Group's updated risk management framework. See page 166 for further details. - Reviewed the Group's Anti-Bribery Policy and procedures. See page 84 for further details. | <ul style="list-style-type: none"> - Reviewed the Group's risk information and reporting procedures. - Reviewed the Group's procedures for detecting and preventing fraud. |
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GOVERNANCE

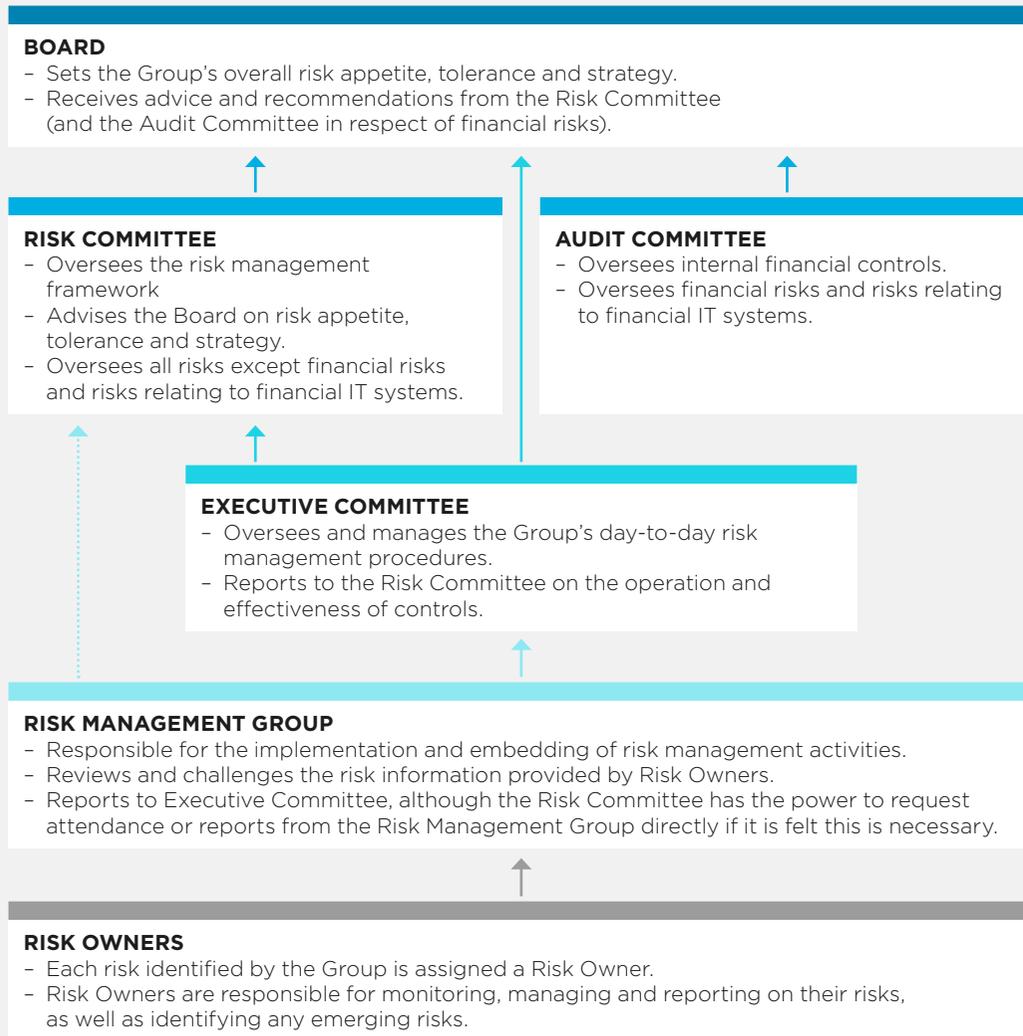
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| <ul style="list-style-type: none"> - Noted the establishment of the Committee and its Terms of Reference. - Agreed the proposed meeting schedule of the Committee. - Agreed the forward plan of agenda items. - Discussed information flow from the Committee to the Board. | <ul style="list-style-type: none"> - Reviewed an update on the Group's governance, legal and compliance risks. See page 84 to 85 for further details on the Group's approach to key compliance areas. |
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The Committee also met in April 2021, where amongst other matters it discussed the link between the Group's principal risks and its viability and the Group's internal controls framework and the process by which control owners self-certify that the controls they are responsible for are operating effectively.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

RISK COMMITTEE REPORT CONTINUED

Our risk management framework



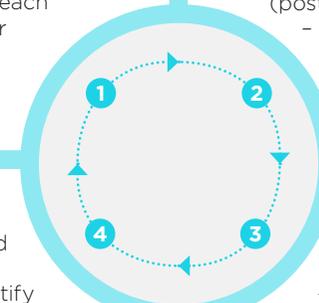
OUR RISK PROCESS

1. RISK IDENTIFICATION

- Risks are identified when projects are being considered or through being raised organically by members of staff.
- Identified risks are captured in Risk Registers.
- A Risk Owner is assigned to each risk and has responsibility for assessing and monitoring that risk.

2. RISK ASSESSMENT

- Each risk is assessed and scored according to the potential impact and likelihood of it materialising.
- Each risk is given an Inherent Risk Score (pre-controls) and a Residual Risk Score (post-existing controls).
 - Each risk is also assigned a Target Risk Score representing the Group's risk tolerance for that risk.



4. RISK MONITORING AND REPORTING

- Risks are regularly monitored by the Risk Owners.
- Control owners regularly certify that their controls continue to operate effectively.
- The Risk Management Group oversees this activity and escalates significant changes and new risks to the Executive Committee, Risk Committee and/or Board as appropriate.

3. RISK RESPONSE

- Each Residual Risk Score is compared to its Target Risk Score.
 - If the Residual Risk Score is higher than the Target Risk Score, action is taken to reduce it towards the target.
- Controls are assigned an owner who is responsible for monitoring whether the controls operate effectively.

Internal audit

Due to its size, the Group does not have an internal audit function, a matter which is kept under review by the Audit Committee. However, the Executive Committee mandates a programme of operational, facilities management and health and safety internal audits at its properties, carried out by qualified senior head office personnel on a rotational basis. Any significant findings are reported to the Risk Committee.

Our principal risks

See pages 63 to 70 for information on the Group's principal risks.