



COMPLIANCE STATEMENTS CONTINUED

TNFD

INTRODUCTION

Workspace considers nature and biodiversity to be a material issue, intrinsically linked to several of our other priority areas, including climate resilience, customer expectations, wellbeing, and regulatory compliance. Recognising the growing urgency of nature loss and its implications for our business and stakeholders, we are committed to understanding and addressing our nature-related impacts and dependencies.

In line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), we are pleased to present our inaugural TNFD report. This disclosure provides transparency on the nature-related risks and opportunities we face, supporting stakeholders in making informed decisions. We intend to build on this foundation, refining and expanding our approach annually as we deepen our assessment of nature-related issues and embed them more fully into our strategic planning and risk management processes.

The need for action is clear. Globally, wildlife populations have declined by nearly 70% over the past 50 years (Source: WWF's living planet report). In the UK, one in six species is now at risk of extinction (Source: State of nature report 2023). London is not immune to these pressures. Urban development and rising temperatures are straining natural habitats, with far-reaching consequences for public health, community resilience, and quality of life.

As the owner and manager of 67 sites across 18 London boroughs and the South East, Workspace is well-positioned to enhance access to green space, improve local biodiversity, and deliver positive outcomes for communities. In recognition of this opportunity, we have launched our first Nature and Biodiversity Strategy, Make Space for Nature, available on our website.

TNFD PILLAR AND RECOMMENDATION	RECOMMENDED DISCLOSURES	ALIGNMENT WITH DISCLOSURE REQUIREMENTS
1. GOVERNANCE Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	A. Board oversight of nature-related dependencies, impacts, risks and opportunities	Fully aligned
	B. Management's role in assessing/managing dependencies, impacts, risks and opportunities	Fully aligned
	C. Human rights policy and engagement activities in assessment of dependencies, impacts, risks and opportunities	Fully aligned
2. STRATEGY Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	A. Dependencies, impacts, risks and opportunities for short, medium and long term	Partially aligned
	B. Effect on business model, value chain, strategy, financial planning, transition plans	Partially aligned
	C. Business' strategy resilience against various scenarios	N/A
	D. Interface with priority locations	Partially aligned
3. RISK MANAGEMENT Describe the process used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risk and opportunities.	A. Process for identifying, assessing and prioritising dependencies, impacts, risks and opportunities in direct operations and value chain	Partially aligned
	B. Process for monitoring dependencies, impacts, risks and opportunities	Partially aligned
	C. Integration into overall risk management	Partially aligned
4. METRICS AND TARGETS Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	A. Metrics used to assess and manage risks and opportunities	Fully aligned
	B. Metrics used to assess and manage dependencies and impacts	Partially aligned
	C. Description of targets (and performance monitoring) to manage dependencies, impacts, risks and opportunities	Partially aligned



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Through this strategy, we are setting ambitious, measurable targets to enhance the ecological value of our operational and development portfolios—ensuring nature is a core consideration in the design, construction, and management of our spaces.



With a portfolio comprising of 4.2m sq. ft. of space, Workspace is uniquely positioned to support local biodiversity and increase access to nature in the city.

Ariane Ephraim
Senior Sustainability Manager

1. GOVERNANCE

Board Oversight

Our Chief Executive Officer has the highest level of responsibility for nature-related risks and opportunities and together with the rest of the Workspace Board, ensures we maintain oversight of nature-related issues. The Board ESG Committee, comprising of our Chair, five Non-Executive Directors, Non-Executive Directors, our CEO and CFO receives a detailed update three times a year on our sustainability strategy, including nature-related issues, from members of the Executive Committee and the Head of Sustainability.

This year, the Board ESG Committee reviewed and approved Workspace's first nature and biodiversity strategy, taking into account our nature-related dependencies, impacts, risks and opportunities. The strategy includes measurable targets for our developments and existing portfolio, which are now fully integrated into key performance metrics, and monitored by the Board ESG Committee annually. The Committee also received a detailed ESG regulatory update from the Executive Committee and Head of Sustainability during the year, including changes to national and local nature-related regulations.

Management's Role

The Head of Portfolio Management was nominated the Executive owner of our nature strategy and reports to the Board ESG Committee on all nature-related issues. They are supported by the Head of Sustainability and members of the Environmental Committee in setting our nature and biodiversity strategy and mobilising delivery. Nature-related targets set out in our strategy are now fully embedded into the objectives of relevant team members.

To ensure effective learning from the outset, a smaller group within the Environmental Committee has formed a dedicated Biodiversity Taskforce. Meeting monthly, the taskforce includes representatives from asset management, facilities management, and development, providing focused oversight of nature enhancement projects and tracking progress against our nature and biodiversity goals as outlined in the Make Space for Nature strategy.

Human rights and engagement

As a property business, we recognise that nature-related impacts often intersect with the rights and wellbeing of local communities. We integrate human rights considerations into our governance of nature-related risks, particularly when developing or managing properties that may affect local ecosystems, contribute to deforestation, or limit public access to natural assets. We engage with customers, suppliers, and local stakeholders to identify and address all risks, ensuring our activities support equitable and sustainable development in line with international human rights and environmental standards.



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2. STRATEGY

Nature-related Dependencies and Impacts

Workspace recognises the vital connection between a thriving natural environment and the long-term success of its business. As a provider of flexible workspaces across a densely urbanised city, we both depend on and impact key ecosystem services, including climate regulation, stormwater management, and air purification. Our reliance on nature's provisioning services is especially pronounced in our value chain, notably in construction, which demands significant volumes of natural raw materials.

Shifting regulatory and market expectations present both risks and opportunities. Increasingly, local and national regulations require greater attention to greening and biodiversity in development projects. At the same time, evolving customer expectations are a key driver of action. Our recent London SME survey revealed that access to greenery is a significant factor in office space selection. We've seen highly positive responses to the greening of our sites, highlighting a clear opportunity to expand this across our portfolio and enhance customer satisfaction.

In collaboration with nature and biodiversity experts, and through engagement with internal teams, we have undertaken an initial mapping of our nature-related risks and opportunities associated with our direct operations. Building on this foundation, we plan to conduct a comprehensive double materiality assessment of our direct and indirect impacts, dependencies, risks, and opportunities related to nature. This will be guided by the TNFD's LEAP (Locate-Evaluate-Assess-Prepare) approach.

NATURE-RELATED RISKS AND OPPORTUNITIES

CATEGORY	NATURE-RELATED RISKS / OPPORTUNITY	DESCRIPTION	EFFECT ON BUSINESS MODEL, VALUE CHAIN, STRATEGY AND FINANCIAL PLANNING	IMPACT
Physical Risk	Biodiversity degradation near urban sites	Reduced ecosystem services (e.g. pollination, shading, air quality) impacting customer wellbeing and quality of life	Diminished attractiveness of our portfolio	Low
Physical Risk	Climate stress from loss of natural safeguards	Lack of green space exacerbates urban heat island effect and flood risk	High operational costs due to heat stress and flood damage remediation	Moderate
Physical Risk	Drought risk	Water scarcity causing operational issues	High operational costs	Low
Transition Risk	Regulatory compliance (e.g., Biodiversity Net Gain, local planning requirements, nature-related disclosure)	Additional planning restrictions, cost increases, or delays for non-compliance	Compliance risk, development cost increase due to delays	Low
Transition Risk	Stakeholder expectation misalignment	Reputational risk due to lack of appropriate response to nature degradation	Reduced brand attractiveness and customer recommendation levels	Low
Transition Risk	Access to capital	Increased scrutiny on nature and biodiversity KPIs as part of lending requirements	Increase cost of capital	Low
Transition Risk	Cost of raw materials	Degraded provision of ecosystem services causing lack in supply of raw materials, such as timber.	Construction cost increase	Low
Opportunity	Enhanced asset value from green spaces	Nature-enhanced assets may command higher rents and customer retention	Increased and sustained rental income	Low
Opportunity	Customer wellbeing and productivity	Access to nature linked to improved customer satisfaction and wellness	Reputational benefits and increased tenant retention and attraction	Low
Opportunity	Alignment with urban planning and resilience strategies	Supporting local climate/nature goals can streamline approvals and community goodwill	Facilitating planning approvals and portfolio growth	Low

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2. STRATEGY CONTINUED

While we have mapped our operational portfolio against priority biodiversity locations - confirming that none of our sites fall within designated areas - we have not yet conducted a comprehensive assessment of our broader value chain. This is a priority we intend to address in due course. Similarly, we have not undertaken dedicated nature-related scenario analysis, primarily due to the current lack of robust and widely accepted methodologies. However, several risks and opportunities identified through our existing TCFD climate scenarios are directly linked to nature, such as surface water flooding.

ADDRESSING OUR NATURE-RELATED IMPACTS, DEPENDENCIES, RISKS AND OPPORTUNITIES

Our 'Make Space for Nature' strategy aims to address our nature-related risks and opportunities via three primary objectives:

1. Achieve ambitious Biodiversity Net Gain

The statutory metric (BNG) provides a quantifiable and verifiable method to assess our habitat creation efforts and environmental impact, which also helps to meet regulatory requirements. The aim is to achieve quantifiable biodiversity net gains, which exceed minimum compliance standards, for all new developments, major refurbishments and existing assets. This includes enhancing habitats for priority species and implementing green infrastructure across all assets where opportunity exists. Quantifying habitat enhancement and creation also allows us to incorporate nature and biodiversity performance consideration into financial planning both at design stage of development/refurbishment projects and into annual asset management budgeting.

2. Health and wellbeing engagement

The increase in urban density can constitute a barrier to accessing nature, a crucial contributor to physical and mental health. As an actor of urban transformation, Workspace recognises that people's connection to nature is essential to their wellbeing and needs to be preserved. By creating sizeable and inviting green spaces as part of each project, we are committed to meeting our customers' expectations and enhancing their wellbeing and that of local communities.

3. Ecosystem service provision and resilience

We recognise that the evolving climate presents low to moderate risks to our business, manifesting as extreme weather events such as flooding, and chronic challenges like heat and drought stress. By integrating nature-based solutions into the design of our buildings effectively help to mitigate against these risks. The creation of blue and green spaces contribute to reducing the Urban Heat Island effect, and outdoor greenery offers shaded spaces that help mitigate the effects of heat stress. Green infrastructure on site also helps managing surface water by increasing the amount of permeable ground across our properties.

To measure our progress, we have baselined our contribution to local biodiversity and set measurable targets (see Metrics and Targets on page 117).





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3. RISK MANAGEMENT

Given the central role of nature-based solutions in climate change adaptation and mitigation, nature and climate-related risks are deeply interdependent. As such, Workspace integrates nature-related risks into its broader climate risk management approach through its enterprise risk management framework (see page 103 in the TCFD section for further detail).

As outlined in the Strategy section, the three objectives of our 'Make Space for Nature' strategy (biodiversity net gain, wellbeing, climate resilience) together address our direct nature-related risks and opportunities. To mitigate against the risks, we have incorporated the strategy, along with clear action plans, into the objectives of relevant teams, both for our operational portfolio and development projects.

Operational portfolio:

Following a comprehensive biodiversity baselining exercise of our portfolio, we have identified enhancement opportunities across our operational portfolio and created a pipeline of greening projects which were prioritised based on site needs, customer expectations and space availability.

To ensure any enhancement or addition of green spaces across our portfolio addresses our three strategic objectives, we have developed a Biodiversity Design Guide to inform and support decision making. This guide provides clear green infrastructure specifications, including species selection and is used by both our asset management and development teams to inform project specification.

This guidance also includes maintenance regimen, horticultural best practice, cost estimations and links to ecosystem service provision.

Developments:

Our Sustainable Development Framework has guided our development teams in translating Workspace's sustainability ambitions consistently into project designs. Building on this existing process, we have incorporated our latest nature-specific targets into the Framework to ensure meaningful and measurable contributions to local biodiversity are achieved at project level (exceeding the minimum compliance requirements), whilst maximising customer wellbeing. This also places nature-based solutions at the heart of our climate-related adaptation and mitigation strategy.

The table on the right outlines our mitigation strategy against each of the nature-related risks.

MITIGATING STRATEGY FOR NATURE-RELATED RISKS

CATEGORY	NATURE-RELATED RISKS/OPPORTUNITY:	MITIGATION STRATEGY
Physical Risk	Biodiversity degradation near urban sites > Reduced ecosystem services (e.g. pollination, shading, air quality) impacting customer wellbeing and quality of life	<ul style="list-style-type: none"> - Rolling programme of greening projects, informed by Biodiversity Design Guide, to enhance onsite biodiversity - All major projects incorporate a minimum BNG target, exceeding minimum compliance requirements
Physical Risk	Climate stress from loss of natural safeguards > Lack of green space exacerbates urban heat island effect and flood risk	<ul style="list-style-type: none"> - Biodiversity Design Guide encourages implementation of sustainable drainage systems and enhancement in vegetative cover, including tree planting
Physical Risk	Drought risk > Water scarcity causing operational issues	<ul style="list-style-type: none"> - Specification of drought resistant planting and water efficient fittings to minimise our water consumption
Transition Risk	Regulatory compliance > Additional planning restrictions, cost increases, or delays for non-compliance	<ul style="list-style-type: none"> - All major projects incorporate a minimum BNG target, exceeding minimum compliance requirements
Transition Risk	Stakeholder expectation misalignment > Reputational risk due to lack of appropriate response to nature degradation	<ul style="list-style-type: none"> - 'Make Space for Nature' strategy communicated to all stakeholders with public reporting of progress and TNFD disclosure to ensure our approach and response is widely understood
Transition Risk	Access to capital > Increased scrutiny on nature and biodiversity KPIs as part of lending requirements	<ul style="list-style-type: none"> - Incorporation of BNG target as a key sustainability KPI, with a long term measurable goal - TNFD disclosure ensures lenders are informed of progress being made
Transition Risk	Cost of raw materials > Degraded provision of ecosystem services causing lack in supply of raw materials, such as timber	<ul style="list-style-type: none"> - Focus on refurbishment minimises reliance on raw materials - Plans to update procurement policies to take into account nature-related considerations

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4. METRICS AND TARGETS

To measure our nature-related impact and dependency, we are now tracking and reporting on a number of metrics such as:

- Biodiversity Net Gain achieved on each development project³
- Urban Greening Factor achieved on new development project³
- Number of ecosystem services uplifted on new development project⁵
- Annual Biodiversity Net Gain uplift across our operational portfolio (page 117)
- Number of additional greening projects or greenery condition improvement projects carried out annually (page 77)
- Number of customer and employee nature awareness events delivered (page 117)
- Instances of surface flooding affecting our buildings (page 79)
- Waste generated and disposal (page 107)
- Water use (page 107)

The table on the right provides further detail on targets we have set against nature-related risks and opportunities.

NATURE & BIODIVERSITY TARGETS

	TARGET	PROCESS
Existing portfolio	1. Achieve 15% BNG across the operational portfolio (based on habitat units) by 2030 from a 2023/24 baseline.	<ul style="list-style-type: none">- We will seek to green our buildings where feasible.- We will implement adequate 'biodiversity actions' (such as planters, trees, etc) where feasible.- We aim to monitor and report against the targets every two years including verification from a third party.
New Developments	1. Achieve 25% BNG, for sites with existing greening ¹ OR achieve 2 BU/ha, for dense urban sites with little greening ² . 2. Achieve a Urban Greening Factor ('UGF') of 0.3. 3. Achieve an uplift in at least five ecosystem services, as assessed via the Environmental Benefits for Nature ('EBN') Tool.	<ul style="list-style-type: none">- We will apply the 'Biodiversity Requirements' for new developments during the design process, to provide process-led environmental net gain on each site.- We will monitor and report against the targets from RIBA Stage 3 onwards.
Business-wide commitment	1. Communicate response externally via TNFD disclosure 2. Update procurement policies to include nature-related considerations.	<ul style="list-style-type: none">- We will continue to evolve our TNFD disclosure as the strategy evolves beyond direct operations.- We will build on existing sustainable procurement policy to consider embodied ecological impact of materials and information on suppliers' nature impacts.

1. Where the baseline value of site is one biodiversity unit or above.
2. Where the baseline value of site is less than one biodiversity unit.
3. Nature and Biodiversity metrics for new developments (see table to the right) are not reported this year as no new development project has been designed since the publication of the 'Make Space for Nature' strategy.

CASE STUDY

SMALL PROJECTS MAKE BIG WINS

This year we delivered external greening projects across 5 buildings, carefully designing the space to enhance local biodiversity and access to nature. These projects resulted in a biodiversity net gain of 0.4 Biodiversity Units – a 2.4% increase from our baseline of 16.76 Biodiversity Units. We intend to continue to drive progress at pace, in line with our 2030 target.

STAKEHOLDER ENGAGEMENT ON NATURE

Meeting customer expectations around nature is a key driver of our strategy. Just as importantly, we believe that fostering awareness and connection to the natural environment will deepen the impact and long-term success of our approach. To mark the launch of our 'Make Space for Nature' strategy and involve our customers from the outset, we hosted a bulb planting workshop at our Kennington Park centre. Fifteen customers took part, learning planting techniques and creating their own planters, which are now proudly displayed on the shared terraces.

