



COMPLIANCE STATEMENTS CONTINUED

TCFD

Workspace considers climate change as a 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 further evolved our understanding of material climate risks and opportunities, and their potential impact using a number of climate change scenarios. This assessment has provided us with an indepth 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. The information presented in this section pertains to Workspaces portfolio only and we will be including the McKay portfolio in our TCFD report next year.

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Solar panels at Metal Box, Borough

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1 Governance

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 are effectively incorporating climate related considerations in business strategy and decision making. The Workspace Board receives a detailed update on our sustainability and climate related goals at least twice a year, from the Executive Committee and the Head of Sustainability. During the year, the Board considered the following climate related issues: delivery of our net zero target, associated investment plan, compliance with changes to Minimum Energy Efficiency Standard (MEES) and our ESG linked financing.

Going forwards, the newly established Board ESG Committee will allow for even greater focus and oversight of climate-related risk and opportunities. We have also linked sustainability and climate-related performance measures to the Executive Directors' remuneration, accounting for 24% of their bonus weighting. See page 181 for further details.

This year the Board reviewed the principal risk register twice and through the Executive Committee achieved oversight of our operational risks, which include our climate change risks. This information is provided to the Executive Committee via the Risk Management Group, comprising senior members from different parts of the business. The Risk Management Group meets monthly and is responsible for monitoring and implementing the Board's risk management activities, including climate risk.

Management responsibility

The day-to-day management of climate related issues is managed by our Sustainability Committee. The Sustainability Committee is chaired by our Head of Sustainability and 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 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 sustainability and climate related objectives, and hence is well positioned to manage, report, communicate and inform our approach on climate related issues.

We have embedded climate change considerations across the business, ensuring there is clear oversight and accountability at each level – at Board level, at Executive level and at operational delivery level. Further, all employees have sustainability related targets linked to their remuneration, ensuring each of us are playing our part in transitioning to a net zero business and building resilience for the long term.



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2 Strategy

Climate change risk and opportunity
As a responsible business, we consider climate related risks and opportunities across all our portfolio and business wide activities. We have identified several 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 are also in a position to capture several opportunities arising from the transition to a low carbon economy.

We have worked with Willis Tower Watson 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. Our analysis 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.

Our assessment looked at two impact areas:

Risks related to the physical impacts of climate e.g. direct damage to property or supply chain disruption

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

**COMPLIANCE STATEMENTS CONTINUED****TCFD CONTINUED****STRATEGY CONTINUED**

To assess the physical risks, the team at Willis Tower Watson conducted an asset by asset exposure analysis for a range of climate risks 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 (WTW Global Peril Diagnostic, MunichRe hazard database, SwissRe CatNet), 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 table on page 83). 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 and criteria can be found on page 87).

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. Heat stress will also result in increased operational costs associated with higher cooling demand, although this increased cost would be significantly offset with lower heating costs due to warmer winters. Overall, the analysis showed that the impact of chronic risks would become more evident in the long term while some impact from acute risks could be felt today.

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. However, through our sustainable business model we hold an advantage over our peers and have committed to an early net zero target (2030), thereby minimising our risk. We are also well positioned to capture the transition opportunities, such as operational cost efficiencies, lower cost of capital and changing customer demands. The table below shows the summary of our risks and opportunities across the various time horizons and considering the two warming scenarios.



The Leather Market, Bermondsey

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STRATEGY CONTINUED

	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 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 No significant changes to current physical risks: - Existing moderate exposure to windstorm - Flood risk exposure at two buildings - Moderate risk from localised flash flooding across a handful of buildings	Slight increase in 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 Transition opportunity continues to exist due to operational cost savings, customer expectations and access to green finance No significant changes to current physical risks, other than the already existing moderate exposure to windstorm (unrelated to changing temperature), flood risk at two buildings and localised flash flooding across a handful of buildings	Limited Transition risk in the long term, assuming the UK economy has already transitioned to a low carbon world Limited Transition opportunity in the long term, assuming the UK economy has already transitioned to a low carbon world Smaller manageable changes in physical risks, in terms of slightly warmer winter and drier summers, in addition to the already existing moderate exposure to windstorm, flood risk at two buildings and localised flash flooding across a handful of buildings
4 °C SCENARIO	Transition risk non existent in this scenario, in the short term No significant changes to current physical risks, other than the already existing moderate exposure to windstorm (unrelated to changing temperature), flood risk at two buildings and localised flash flooding across a handful of buildings	Transition risk non existent in this scenario, in the medium term No significant changes to current physical risks, other than the already existing moderate exposure to windstorm, flood risk at two buildings and localised flash flooding across a handful of buildings	Failure to transition resulting in increase in physical risks: - Continued moderate exposure to windstorm, flood risk at two buildings and localised flash flooding across a handful of buildings - Increased drought risk across all buildings - Increased heat stress across all buildings, resulting in increased electricity consumption for cooling by an average of 1-6% at 2050s and potentially larger in the decade beyond. We also expect our heating demand to drop by 15-25% on average

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STRATEGY 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 lifecycle: Development, Investment and Asset Management.

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: We conduct sustainability due diligence 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 light 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.

Climate considerations also inform our business financial planning. We have created a comprehensive investment plan to transition our portfolio to net zero carbon and upgrade EPC to A and B (see page 44) 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. Considering our long term approach, we favour directing climate related investment on our portfolio, as opposed to offsetting. To ensure we have access to capital at competitive rate, we have also linked our financing to climate related criteria (£300m Green Bond and £200m ESG-linked revolving credit facility).

Resilience of strategy

The climate scenario assessment undertaken has revealed that our overall exposure to climate related risks is fairly limited (see table on page 85). The geographic concentration of our portfolio in London means we are generally well protected from acute hazards such as river floods and irreversible sea level rise. Our transition risks are lower as well because of our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average. Our focus on repurposing our 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 optimise emissions in use.

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 page 44), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

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3 Risk management

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. With the integration of the Board Risk Committee with the Board Audit Committee, going forwards, the Board Audit Committee along with the full Board will have overall responsibility for risk management. See our Risk Management Framework on page 160.

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 medium 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.

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, medium, high risk severity score is determined using the following calculation: Impact x Probability, which provides a weighted impact scoring. The impact is determined on a scale from 1 (low) to 3 (severe) based on revenue, property valuation, health & 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 Willis Tower Watson helped us assess the level of exposure to climate risk and determine its financial materiality using a structured template to capture any impact to profit and loss and impact to balance sheet. 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 key risks which had a level of residual impact that we will continue to manage effectively. These are captured in the table below along with current mitigation strategy for the two climate scenarios we have assessed.



Pill Box, Bethnal Green

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RISK MANAGEMENT CONTINUED

RISK	EVALUATION OF RESIDUAL RISK	MITIGATION STRATEGY
TRANSITION RISKS AND OPPORTUNITIES – 1.5°C WARMING SCENARIO		
POLICY AND LEGAL – EPC RATING REQUIREMENTS	37% of Workspace portfolio is rated C and 35% is rated D and E. Additional investment of £35–47m will be required to meet EPC A/B across the portfolio by 2030 (c. £5m 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 a year Opportunity: There will be an opportunity arising from higher operational savings due to upgraded environmental performance	- Additional 30% of the portfolio will be upgraded as part of development and refurbishment pipeline in the next 5 years - For the rest of the buildings/units below EPC A and B, process is in place to ensure EPC is upgraded as units become vacant - A rolling programme of EPC and Net Zero audits are being undertaken to identify asset level upgrade plans - 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 currently able to meet London Plan requirement of 35% emissions reduction over Part L. Most of our schemes achieve c. 45% savings - 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 45% 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 the 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 - Depending on our build activity in a year and percentage of cost passed on by suppliers, we estimate the additional cost of raw materials to increase by around £1m annually (excluding inflationary increases)	- 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 baseline emissions footprint is around 34,000 tonnes of CO₂. Our net zero pathway will deliver on zero scope 1 and 2 emissions by 2030. We will however have residual scope 3 emissions that will be offset to achieve net zero carbon - Applying UCL projected cost of carbon at \$50 per tonne*, this could cost us up to £400K annually (assuming worst case scenario for scope 3 reduction).	- Continue to drive progress on our net zero pathway to achieve zero 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

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RISK MANAGEMENT CONTINUED

RISK	EVALUATION OF RESIDUAL RISK	MITIGATION STRATEGY
PHYSICAL RISKS - 1.5°C WARMING SCENARIO		
WINDSTORM	- Most of our buildings could be exposed to a medium risk of windstorm and missile impact from flying debris. 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 2 of our buildings. The impacts could be water ingress, damage in lower floor and some level of interruption to the business. The risk profile does not significantly change 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. 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 - 4°C WARMING SCENARIO*		
DROUGHT	- Under this climate scenario, London and South East of the UK could be exposed to drought stress, affecting all our properties. Whilst our water consumption is not material, this would result in slightly increased utility costs	- We are incorporating grey water reuse and recycling systems and installing water efficient fittings across our buildings - Our landscaping has been designed to bear warmer climates in mind
HEAT STRESS	- In this scenario, by end of the century, London and South East of the UK could be exposed to medium level of exposure to heat stress resulting in the number of heatwave days increase with over 20 days per year, thereby affecting all our properties. On average, there will be an increase in our cooling demand (1-6%). The scenario will also result in milder winters, which would in turn reduce our heating demand by 15-25% 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 in the short-term. The mitigation strategy listed above will continue to be effective.

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4 Metrics and Targets

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 91)
- Total electricity consumption, including proportion generated from renewables (page 91)
- Proportion of electricity sourced from renewable sources (page 41)
- Total fuel consumed on site (page 91)
- Building emissions intensity by floor area (page 91)
- Total emissions from water consumption
- Total emissions from waste, waste recycled and diverted from landfill
- EPC split of the portfolio by floor area (page 44)
- Number of buildings with sustainability certification (page 37)
- Number of energy efficiency projects implemented and associated capital expenditure (pages 41 and 92)
- Number of buildings exposed to flooding (page 85)

Scope 1, Scope 2 and Scop3 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: by improving the energy efficiency of our buildings 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 the majority of our Scope 3 emissions. Refer to page 91 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. This is underpinned by the following emissions reduction targets:

- Reduce scope 1 and 2 emissions to zero by 2030 (Note: this supersedes our previous 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

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METRICS AND TARGETS CONTINUED

GHG/SECR Emissions

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

Source of emissions	2019/20 Baseline Year	2021/22 Reporting Year	2021/22 vs. 2019/20 % change
Scope 1 (Direct)	3,451	3,288	-5%
Gas (tCO ₂ e)	2,620	2,371	-9%
Fugitive Emissions (tCO ₂ e)	828	916	11%
Vehicle Emissions (tCO ₂ e)	3	0.54	-82%
Scope 2 (Energy Indirect)	7,124	5,168	-27%
Electricity (location based) tCO ₂ e	7,021	5,069	-28%
Electricity (market based) tCO ₂ e	0	0	0%
Purchased Heat (location based) tCO ₂ e	103*	99	-3%
Total Scope 1 & 2 (Location Based)	10,575	8,456	-20%
Energy Consumption used to calculate above emissions (kWh)	42,311,964	37,403,021	-12%
Intensity Ratio: Net Lettable Area tCO ₂ e/sq. ft.	0.003	0.002	-21%
Intensity Ratio: Gross Internal Area tCO ₂ e/sq. ft.	0.002	0.001	-20%
Scope 3 (Other Indirect)	23,358	8,535	-63%
Purchased Electricity Transmission & Distribution (tCO ₂ e)	596	449	-25%
Customer Direct Energy (tCO ₂ e)	3,265	1,765	-46%
Water Supply (tCO ₂ e)	91	29	-68%
Water Treatment (tCO ₂ e)	187	53	-72%
Waste Management (tCO ₂ e)	82	59	-28%
Heat – Transmission & Distribution (tCO ₂ e)	7	5.2	-26%
Embodied carbon in development projects	11,294**	4,094	-64%
Purchased goods and services	7,678	1,951	-75%
Employee Commuting	84	130	55%
Business Travel	74	0	-100%
Total Scope 1, 2 & 3	33,933	16,992	-50%
Energy Consumption (KWh)	53,632,791	45,005,836	-16%
Total gas use – whole building (kWh)	14,248,087	12,945,753	-9%
Total electricity – whole building (kWh)	38,801,849	31,480,001	-19%
Total purchased heat – whole building (kWh)	582,855	580,082	0%
Total energy consumption – whole building (kWh)	53,632,791	45,005,836	-16%
Self generated renewable electricity (kWh)	129,533	160,976	24%

* Due to an increase in data availability and accuracy, purchased heat emissions for the baseline year has been amended from 130 tCO₂ to 103 tCO₂.

** Whilst there is no standardised carbon emission factor for calculating embodied carbon emissions from buildings, recent industry publications along with our assessment of whole life carbon of current Workspace projects have led to a re-baselining of our 2019/20 embodied carbon emissions, using the following factors:

- 1000 kgCO₂/m² for new developments. This factor refers to the non-domestic baseline embodied carbon figure on page 54 of the following document, published by the London Energy Transformation Initiative: https://www.leti.london/_files/ugd/252d09_3b0f2acf2bb24c019f5ed9173fc5d9f4.pdf
- 500 kgCO₂/m² for major refurbishments. A third party whole life carbon analysis of our current Leroy House project evaluated the project's embodied carbon intensity at 231 kgCO₂/m². We are taking a conservative approach and assuming that our historic major refurbishment projects have been at least twice more carbon intensive, hence the 500 kgCO₂/m² factor.
- 250 kgCO₂/m² for minor refurbishments: The assumption here is that lighter refurbishment works would be less carbon intensive than major refurbishment works. This is because carbon intensive structural works such as façade, cladding and glazing, are not in scope in case of minor refurbishments.

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METRICS AND TARGETS CONTINUED

METHODOLOGIES

In order to satisfy the requirements, we report both absolute emissions and emissions as an intensity ratio, this is based on net lettable and occupied area.

REPORTING PERIOD

1 April 2021 – 31 March 2022.

BOUNDARY

Operational control, UK only. Scope 1 and 2 emissions include tenant consumption where we procure gas, electricity or heat on their behalf.

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).

REGULATORY

Part 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

VERIFICATION

Verified 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 on the website.

OTHER

When reporting totals, the location-based emissions are used.

All market-based emissions are backed by Renewable Energy Guarantees of Origin (REGOs).

Performance

Our operational emissions have decreased significantly this year. Whilst some of this reduction is attributed to partial lock downs last year, the main reason for reduction is our energy monitoring programme and our investment in energy efficiency across a number of buildings.

Our scope 1 emissions have decreased by 5% compared to 2019/20. The real driver for this change was the reduction in our gas emissions due to better controls strategy and replacement of old gas boilers with high efficiency heatpumps in a number of our buildings. However, our fugitive emissions have increased slightly due to improved data availability this year.

Our scope 2 emissions (location based) have decreased by 27% compared to the baseline year. This is due to a number of factors, including investment in energy efficiency upgrades of our buildings, decrease in the carbon dioxide emission factor for UK electricity generation, and partial lockdown periods during last year. Note: 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).

Overall, this has also led both intensity ratios to reduce since the baseline year.

Our scope 3 emissions have decreased due to data quality improvements, particularly in calculating the embodied carbon associated with our development and refurbishment

activity. There has also been a change in the number of customers and downstream leased assets procuring their own energy directly from suppliers. The emissions associated with waste management have decreased by 28% compared to the previous year due to the increase in recycling rate and reduction in total waste generation across the portfolio.

Energy Efficiency Action Taken during 2021/22:

We have proactively identified and delivered a range of energy efficiency projects across our portfolio (c. 30 upgrade projects across the portfolio last year), such as LED and PIR lighting upgrades, installation of double glazing and a rolling programme of high efficiency heat pumps. We have also benefited 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 a number of our sites and enables us to log in to view and monitor our energy consumption profiles, down to the unit level.