COMPLIANCE STATEMENTS CONTINUED

TCFD

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

We have 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 net zero carbon target, which ensures we are closely managing our transition risks and building resilience.

The following section includes our climate-related financial disclosures for purposes of the UK Listing Rules, including details on climate change scenarios and how they may affect our business in the short, medium and long term. As required by the UK Listing Rules (UKLR 6.6.6R), we confirm that this report is consistent with all of the TCFD recommendations and recommended disclosures, taking into account Section C of the TCFD Annex entitled 'Guidance for All Sectors' and (where appropriate) Section E of the TCFD Annex entitled 'Supplemental Guidance for Non-Financial Groups'.

TCFD PILLAR AND RECOMMENDATION	RECOMMENDED DISCLOSURES	COMPLIANCE STATUS	PROGRESS TO DATE	2025/26 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 oversees climate-related risks, opportunities and goals – Joint Audit and ESG meeting held in January 2025 which reviewed ESG policies and related assurance – Executive ownership of climate-related objectives, with performance linked to their remuneration	– Board ESG Committee to continue monitoring climate-related risks and opportunities – Emission reduction objectives in line with updated science-based targets to be included in relevant teams' objectives
	– 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 (see pages 101 to 102) – A disclosure on potential impact and resilience of strategy on pages 102 to 103	– Whilst we expect minimal changes in physical risks, annual re-assessment of transition risks (specifically from regulation) will be carried out
	– 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 advice – 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 a bi-annual 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 – Emissions reduction targets were updated to be in line with latest SBTi criteria	– Key metrics to continue being tracked on a monthly basis and presented to the Board
	– 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

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 maintain close oversight of climate-related issues.

Climate-related issues are regularly considered by the Board as part of broader decision-making processes regarding strategy, risk management, budgeting, business planning and overseeing the Group's performance objectives. To do this effectively, the Board has set up an ESG Committee comprising of all members of the Board – the Board Chair, the five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer. 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.

During the year, the ESG Committee considered the following climate-related issues: approved the proposal to update net zero targets in line with latest SBTi guidance, approved interim emissions reduction milestones and inclusion of relevant KPIs as performance targets for Executive Directors, endorsed the launch of Leroy House as our first net zero building and reviewed the effectiveness of our climate-related policies. See page 189 for further details of climate-related responsibilities of the Board and its Committees (including the Audit and Remuneration Committees). The Board also received a technical briefing on three topics as part of the ongoing upskilling drive, including net zero carbon, nature and biodiversity and evolving sustainability legislative requirements.

Climate risk remained a principal business risk this year and the Board 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 climate-related performance measures to the Executive Directors' LTIP grants this year, accounting for 25% of weighting. These targets are also incorporated into wider team objectives. The Board received regular reports tracking progress against these goals. See pages 186 to 191 for further details.

Management responsibility
The Head of Portfolio Management was nominated as the Executive owner of our climate strategy and reports to the Board ESG Committee on all climate-related issues. They are supported by the Head of Sustainability and members of the Environmental Committee in the day-to-day management and delivery of climate-related initiatives. The Environmental 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 Environmental Committee meets bi-monthly and is responsible for operationalising our climate-related objectives, and hence is well positioned to manage, report, communicate and inform our approach on climate-related issues.

2. STRATEGY

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.

Since 2022, we have worked with Willis Towers Watson ('WTW') to identify and assess the impact of climate-related risks through quantitative and qualitative scenario analysis, considering short (current, 2025), medium-term (2025-2030) and long-term (to 2050 and beyond) time horizons. These 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 year) and a medium-term development pipeline that extends out to 2030. We accordingly do our budgeting for short and medium term. Aligned to this strategy, we are aiming to decarbonise our portfolio by 2030, where feasible. Anything beyond 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 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
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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 – Proposed 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

We have worked with WTW since 2022 to conduct an asset by asset exposure analysis for a range of climate risks (as shown in the table to the left) at the present day, as well as for future years under the selected scenarios. This analysis was last repeated in 2023 as we had a significant change in portfolio during that time. 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 on the bottom left).

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 185). This helped us narrow down the material risks and opportunities applicable to Workspace as shown on page 44, 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 the 1.5°C scenario. The impact level is deemed moderate under the 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 probabilistic view and accounting for actual vulnerability of our locations has 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 made a net zero carbon commitment in line with the UK's commitment in Climate Change Act 2008 (2050 Target Amendment) Order 2019, 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.

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.

	CURRENT / SHORT TERM (2025)	MEDIUM TERM (2025-2030)	LONG TERM (TO 2050+)
1.5°C SCENARIO	**Moderate transition risk resulting from:** – Proposed 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:** – Proposed 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 three buildings and risk of localised flash flooding due to heavy precipitation across 10 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. 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 current / 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 three buildings and localised flash flooding across 10 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 three buildings and localised flash flooding across 10 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 in financial and strategic decisions across the life cycle of our properties: 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 proposed MEES requirements, 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 upgrades 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 there is no material financial impact from climate-related issues, considering valuation of properties, going concern and viability of the Group and the capital expenditure required. The Board reviewed the investment plan to transition our portfolio to net zero carbon and upgrade EPC to A and B, where feasible, (see pages 76 to 77) 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, our financing is also linked 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 has enabled us to test the resilience of our strategy and revealed that our overall exposure to climate-related risks is moderate, mainly arising from transition risk under 1.5°C scenario (see table on pages 104 to 105). The geographic concentration of our portfolio in London and low vulnerability of assets to acute risks means that the overall exposure to physical climate risks is low, even under a 4°C scenario.

Our strategy and financial planning effectively addresses the transition risk identified in the 1.5°C scenario. Our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average and our focus on repurposing older buildings to meet high sustainability standards ensures we are building resilience across the business in the near to medium term. Our robust operational platform allows us to proactively manage environmental performance of our assets and mitigate both physical and transition risks.

Given our long-term ownership of buildings, 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 (see pages 53 to 55), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

> **Our updated net zero targets, aligned with latest SBTi guidance, ensure we actively mitigate any potential transition risk.**

3. RISK MANAGEMENT

Identifying and assessing risk
We have an established Risk Management Framework in place to help us capture, document and manage risks facing our business, including climate-related risks. The Audit Committee along with the full Board have overall responsibility for risk management. See our Risk Management Framework on page 185 along with our criteria for determining risk scoring.

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

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 page 87) 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 (page 87). 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 that we will continue to manage effectively. These are captured in the tables on pages 104 to 105 along with current mitigation strategy for the two climate scenarios we have assessed.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

RISK	EVALUATION OF RESIDUAL RISK	MITIGATION STRATEGY
TRANSITION RISKS AND OPPORTUNITIES IN THE CURRENT/SHORT AND MEDIUM TERM – 1.5°C WARMING SCENARIO		
POLICY AND LEGAL – EPC RATING REQUIREMENTS	– 21% of the Workspace portfolio is rated C and 19% is rated D and E. Additional investment of £40-50m will be required to meet EPC A/B across the portfolio by 2030 (c.£8-10m 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 c.£4-5m annually – **Opportunity:** There will be an opportunity arising from higher operational savings due to upgraded environmental performance	– Target set to upgrade a significant proportion of the portfolio to EPC A/B each year. We successfully upgraded 8% of the portfolio to EPC A/B this year – A rolling programme of EPC and net zero audits is 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, of the building regulations – 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 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, over 25% of London SMEs factor in sustainability as one of the top five criteria in their choice of office space – We are rapidly decarbonising our portfolio in line with our net zero pathway, 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 are around 20,565 tonnes of CO_2e. In line with our net zero pathway, we expect to reduce our emissions by 90% by 2040 from a 2020 baseline (31,631 tonnes of CO_2e) – Applying UCL projected cost of carbon at $100 per tonne[1] worst case scenario, this could cost us up to £240k annually from the point we achieve our net zero carbon target	– Continue to drive progress on our net zero pathway by upgrading our properties to eliminate scope 1 and 2 emissions – Continue efforts to explore new materials and technologies to reduce embodied carbon of our developments, driving our scope 3 emissions down – Continue engaging with tier 1 suppliers to implement the newly established supply chain decarbonisation roadmap, requiring top 50 suppliers to report carbon data annually and setting their own net zero targets

1. 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 CURRENT/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 façade 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 three of our buildings. 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, 10 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[1]		
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 current/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

1. 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

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 107).
- Total electricity consumption, including proportion generated from renewables (page 107).
- Proportion of electricity sourced from renewable sources (page 110).
- Total fuel consumed on site (page 107).
- Building emissions intensity by floor area (page 107).
- Total emissions from water consumption (page 107).
- Total emissions from waste, waste recycled and diverted from landfill (page 107).
- EPC split of the portfolio by floor area (page 77).
- Number of buildings with sustainability certification (page 77).
- Number of energy efficiency projects implemented and associated capital expenditure (page 108).
- Number of buildings exposed to flooding (page 105).
- ESG metrics linked to remuneration and performance against these (pages 63, 64, 221).
- Internal carbon price of $100/tonne (page 104).

Pages 75 to 80 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 54). 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. We are also implementing a supply chain decarbonisation roadmap to accurately assess and reduce our supply chain emissions. Refer to page 107 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 our customers and suppliers to reduce scope 3 emissions.

Our main goal is to significantly decarbonise our business (see pages 54 to 55 for the scope of our net zero carbon commitment, aligned to latest SBTi guidance). This is underpinned by the following emissions reduction targets:
- Aim to reduce our total greenhouse gas emissions by 90% by 2040, from a 2020 baseline.
- Aim to significantly decarbonise heating from our portfolio by 2030 where feasible.
- Aim to source 100% energy from renewable sources.
- Undertake whole life carbon assessment of all development and refurbishment projects.

We use the following KPIs to assess progress against these targets:
- Reduction in scope 1 and 2 emissions.
- % of our property portfolio that is EPC A/B rated.

See page 63 for further details.