

DOING THE RIGHT THING CONTINUED

Climate change mitigation and resilience

Climate change mitigation is a cornerstone of our ESG strategy. In recent years, we have made significant progress, notably with a 28% decrease in greenhouse gas emissions in 2019/20, compared to our original 2012/13 baseline. We are now taking our climate ambitions one step further, with our net zero carbon strategy.

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Targeting net zero carbon by 2030

To reach our goal to become a net zero carbon business by 2030, we are reducing our emissions across our operations and value chain in line with our approved science-based targets, which are in turn aligned with limiting global temperature rise to 1.5°C above pre-industrial levels.



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DOING THE RIGHT THING CONTINUED

CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED

Our carbon footprint

Before getting into the details, it is important to first understand our carbon footprint. To illustrate this, we have used our 2020/21 carbon emissions, which totalled 44,246 tonnes of carbon (equivalent to the annual energy usage of 10,923 average UK households), and have split the emissions up into our business and value chain activities.

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes':

SCOPE 1

Scope 1 emissions are direct emissions from owned or controlled sources. Our Scope 1 emissions are essentially our gas and fugitive emissions (refrigerants for air conditioning).

SCOPE 2

Scope 2 emissions are indirect emissions from the generation of purchased energy, i.e. our electricity consumption. Scope 2 can be reported as location-based or market-based. A location-based method reflects the average emissions intensity of the grid whereas a market-based method reflects emissions from electricity purchased from a supplier, allowing zero emissions to be reported for contracts on a renewable energy tariff. Our Scope 2 market-based emissions are zero because we procure 100% renewable electricity, and our Scope 2 location-based emissions are 4,719tCO₂e. To be fully transparent, we have used our location-based emissions in the chart (right).

SCOPE 3

Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain, including both upstream and downstream emissions. The majority of our Scope 3 emissions are from the embodied carbon associated with our refurbishment and redevelopment activities. 3.5% of our total emissions are from 'purchased goods and services' which includes maintenance, service charge recoverable items and minor capex items. Some of our customers' energy falls under our Scope 3 emissions where they procure their energy directly from the supplier.

2,887

Natural gas	2,028
Fugitive emissions	857
Vehicle emissions	2

4,719

Electricity (location based)	4,568
Purchased heat (location based)	151
Electricity (market based)	0

36,640

Embodied carbon in development projects	32,307
Customers' direct energy procurement	2,053
Purchased goods and services	1,529
Purchased electricity transmission & distribution	393
Water treatment	126
Employee commuting	121
Water supply	61
Waste management	41
Heat transmission & distribution	8
Business travel	0



Net zero carbon pathway, see page 40

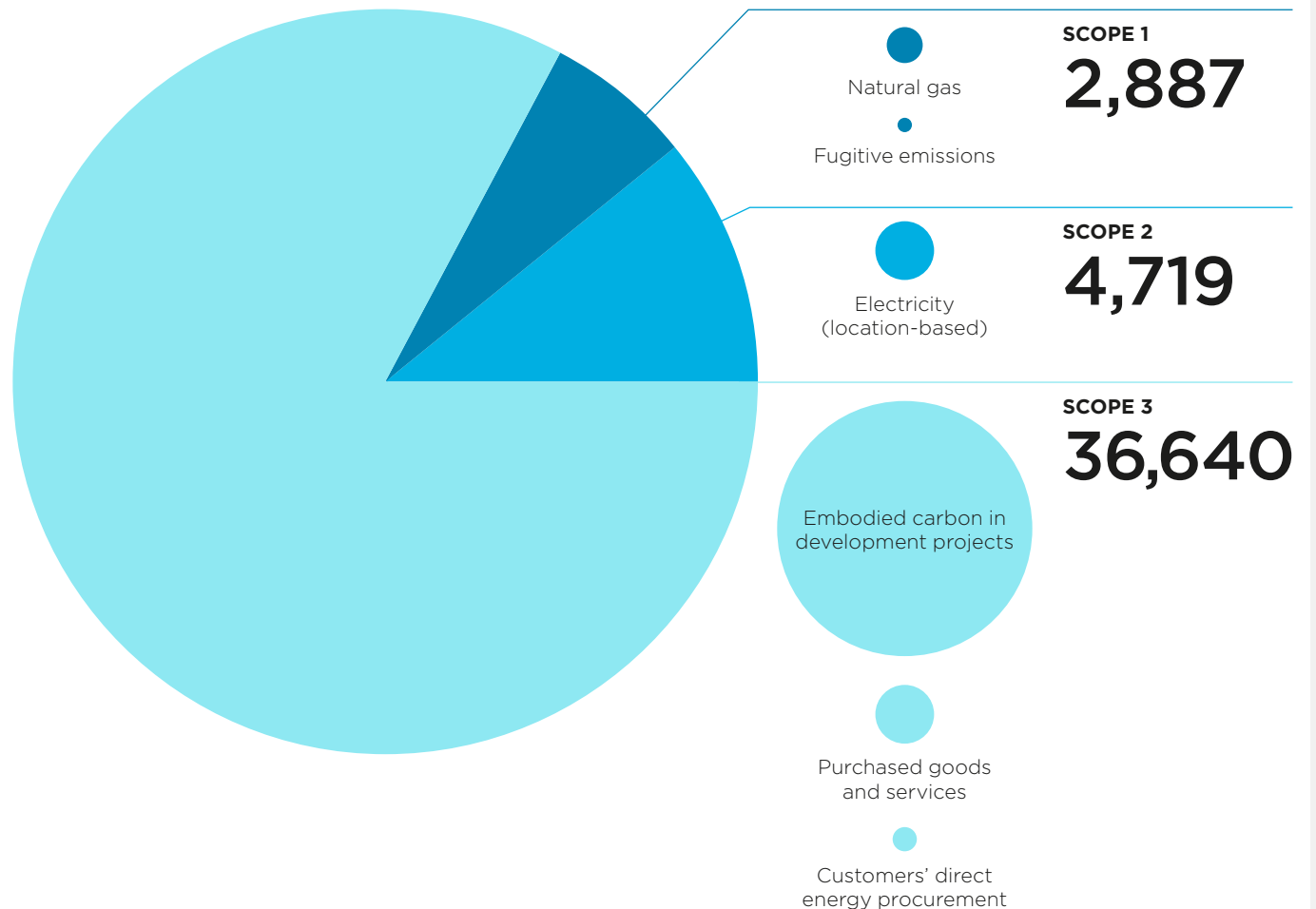
DOING THE RIGHT THING CONTINUED

CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED

OUR CARBON FOOTPRINT CONTINUED

Our Scope 1 and 2 emissions make up only 17% of the total emissions, and although these look insignificant compared to our Scope 3 emissions, they are essentially our operational emissions that we have control over and therefore take full responsibility for. The majority of Scope 3 emissions are associated with our refurbishment and redevelopment activities.

LOCATION-BASED SCOPE 1, 2 AND 3 GHG EMISSIONS



DOING THE RIGHT THING CONTINUED**CLIMATE CHANGE MITIGATION AND RESILIENCE** CONTINUED

Net zero carbon pathway by 2030

In September 2019, Workspace signed up to the Better Buildings Partnership ('BBP') Climate Change Commitment to deliver net zero carbon real estate portfolios by 2050. Since then we have carried out a review of our business and value chain emissions and have brought this forward to 2030.

This will be a significant challenge, particularly given that many of our buildings are older, with some listed, and therefore need to be carefully retrofitted without altering their appearance or character. Wherever possible, we aim to retain the existing structures and repurpose our buildings, transforming them into modern spaces, whilst saving on embodied carbon.

We directly manage our buildings and foster close relationships with our customers, giving us a unique opportunity to collaboratively drive down emissions, whilst our in-house facilities management team gives us greater control over our operational energy consumption. We will increasingly be supporting and engaging with all of our stakeholders to deliver this commitment and look forward to sharing our progress.

To help us achieve our net zero carbon goal, we have developed science-based targets ('SBTs') which are aligned with the Intergovernmental Panel on Climate Change ('IPCC') 1.5°C report. These targets have been approved by the science-based targets initiative ('SBTi') and cover both our operational and embodied carbon emissions.

The full net zero carbon pathway can be found on www.workspace.co.uk/investors/doing-the-right-thing

OPERATIONAL CARBON (ENERGY, WATER AND WASTE)

SCIENCE-BASED TARGETS

-42% Reduce absolute Scope 1 GHG emissions 42% by 2030 from a 2020 base year

- All new developments and major refurbishments to have electric heating and cooling systems
- Retrofit existing assets with electric heating and cooling systems
- Reduce heating demand by improving wall and ceiling insulation
- Reduce performance gap between design and in-use by following Soft Landings or NABERS Design for Performance Framework
- Look to obtain asset level energy efficiency ratings such as BREEAM in-use or NABERS UK
- Accelerate energy efficiency upgrades including LED/PIR lighting, BMS optimisation
- Improve energy monitoring and controls
- Customer engagement to help them understand and drive down their emissions



EMBODIED CARBON

SCIENCE-BASED TARGETS

-20% Reduce Scope 3 GHG from capital goods 20% per sq. ft. of net lettable area by 2030 from a 2020 base year

- All new developments and major refurbishments to have an embodied carbon assessment
- Take embodied carbon into account when making development decisions
- Set specific embodied carbon reduction targets for new developments and major refurbishments
- Reduce the embodied carbon of development projects (using low carbon materials)



RENEWABLES PROCUREMENT

SCIENCE-BASED TARGETS

100% Continue annually sourcing 100% renewable electricity through to 2030

- Procure green gas upon next contract renewal¹
- Investigate opportunities to engage in power-purchase agreements (PPAs) to further drive the renewables market
- Survey customers who procure their own energy to gather data on existing renewable procurement, and use this to build on our existing strategy to encourage renewable procurement among customers

1. Backed by a REGO (Renewable Energy Guarantees of Origin) certificate.



DOING THE RIGHT THING CONTINUED
CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED

NET ZERO CARBON PATHWAY CONTINUED

ON-SITE GENERATION

- Install solar PV systems for all new developments and major refurbishments where possible
- In addition, aim to install solar PV systems for the six sites identified in the feasibility study carried out in 2020
- Continue to review the portfolio to identify further opportunities for on-site renewable energy generation

OFFSETTING

- Develop our company principles and approach to offsetting
- Explore internal carbon pricing options and setting up a decarbonisation fund
- Explore opportunities and the costs and benefits associated with investing in sustainable practices within our own supply chain (insetting)

THIRD-PARTY VERIFICATION

- Extend scope of GHG emissions verification level
- Review science-based targets annually to ensure alignment with science and re-baseline if necessary
- Review carbon offsetting verification schemes to ensure they are aligned with our principles
- Support an industry net zero carbon certification for real estate



CASE STUDY

Solar PV performance

We currently have 13 solar photovoltaic ('PV') installations across the portfolio. Our total solar power generation over the past four years has increased by 221% to 157,953 kWh. We install solar PV systems at all new developments where possible and have carried out feasibility studies to retrofit systems at six of our existing sites, with plans to install in 2021/22. Although we procure 100% renewable electricity across the portfolio, on-site generation will deliver a return on investment over time and play a part in our net zero carbon target.

SOLAR PV GENERATION
157,953 kWh

+22%

2021	157,953
2020	129,553

Solar panels at Barley Mow



DOING THE RIGHT THING

CONTINUED

CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED


Green finance

Our focus on sustainability is embedded across all our decision-making process, including our financing strategy. This year, Workspace developed a Green Finance Framework, under which it can raise debt to support the financing and refinancing of activities of an environmental nature. These are collectively known as Green Debt Instruments ('GDIs').

In March 2021, Workspace issued its first green bond, in accordance with the Green Finance Framework. The framework is aligned with ICMA's Green Bond Principles (2018 edition) and LMA's Green Loan Principles (2021 edition) and addresses UN SDGs 7, 11, 12 and 13.

The £300m of proceeds will be used to finance or refinance eligible green refurbishment and redevelopment projects, reinforcing the role Workspace plays in the employment-led regeneration of areas across London as a long-term owner of historic and character buildings in the Capital.

Glossary

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“This green bond, which further strengthens our balance sheet, is the first issued under our Green Finance Framework, which will continue to be a core pillar of our financial strategy and underscores our commitment to sustainable investment and development practices.”

Dave Benson

Chief Financial Officer

The five pillars of our Green Finance Framework

3. Management of proceeds

- Workspace intends to allocate an amount equivalent to the proceeds from the GDI to an EGP portfolio
- Funds will be drawn from the GDI to finance only the qualifying expenditure on EGPs or to refinance expenditure on green projects which have previously been funded from other sources
- The Group aims, over time, to achieve a level of allocation for the EGPs which matches or exceeds the balance of net proceeds from its outstanding GDIs

1. Use of proceeds

Eligible green projects ('EGPs'):

- Green buildings
- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Renewable energy
- Clean transportation
- Energy efficiency
- Climate change adaptation
- Pollution prevention and control (waste management)
- Clean transportation
- Sustainable water and wastewater management

4. Reporting

- As per market standards, Workspace will disclose publicly both allocation and impact information in relation to GDIs issued.

Allocation report:

- The aggregated amount of allocation of the net proceeds to the EGP at category level;
- The proportion of net proceeds used for financing versus refinancing
- The balance of any unallocated proceeds invested in cash and/or cash equivalents

Impact report:

- Workspace will periodically provide qualitative and quantitative environmental performance reporting of the EGPs

2. Projects evaluation and selection

- As part of the management of its Green Finance Framework, Workspace intends to set up a Green Finance Committee
- The Workspace Green Finance Committee will be responsible for final approval of:
 - Updates to the framework, to ensure alignment with relevant market standards and Workspace's sustainability strategy
 - Selection of GDIs aligned with the framework
 - Selection of EGPs
 - Management of proceeds
 - Reporting on the use of proceeds and their impact
 - Overseeing external review process of the framework

5. External review

- Workspace commissioned DNV to conduct an external review of this Green Finance Framework
- We were pleased to receive a positive outcome

“On the basis of the information provided by Workspace and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definition of Green Bonds within the Green Bond Principles 2018 and Green Loans within the Green Loan Principles 2021.”

(DNV)

DOING THE RIGHT THING CONTINUED

CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED

CASE STUDY

Ink Rooms in Clerkenwell

Environmental and social issues are considered throughout Workspace's properties' lifecycle, of which refurbishments are a critical stage. From the use of responsibly sourced materials, to enabling green transport and giving back to the local community, it is crucial to achieve sustainability objectives on our refurbishment projects if we want to reach our overall ESG goals.

Workspace transformed Ink Rooms' ageing office space to create a vibrant business centre with four floors of modern office and studio space. The fourth floor offers a self-contained unit with its own private terrace with great views of London. The ground floor was transformed into self-contained offices with large shopfront windows and new glass skylights to maximise daylight intake.

Ink Rooms achieved a "Very Good" BREEM Refurbishment and Fit-out rating, performing particularly well in the management, energy, transport and water sections of the assessment. The building also holds a B-rated Energy Performance Certificate. The project achieved a 41% reduction in carbon emissions compared to pre-refurbishment levels, going from 37.25 kgCO₂/m² to 22.13 kgCO₂/m².

41%

reduction in carbon emissions



Ink Rooms

DOING THE RIGHT THING CONTINUED

CLIMATE CHANGE MITIGATION AND RESILIENCE CONTINUED

INK ROOMS CONTINUED

98%

waste diverted from landfill

100%

of timber sourced from sustainable forests

“

The project teams worked together to ensure that sustainability was at the heart of the building's design.

”

Kahroon Tanvir
Senior Project Manager

Features of Ink Rooms' sustainable design

TRANSPORT

The site offers 41 indoor secure cycling bays and five showers and changing facilities. A very high rating was achieved on London's Public Transport Accessibility Level (6a), with an Accessibility index of 35.89.

BIODIVERSITY

A green roof was included in the design, incorporating at least 16 different species, with an aim to create and maintain a functional green roof which maximises biodiversity on site and creates habitat for local wildlife.

HEALTH AND WELLBEING

The lighting was specified to guarantee visual performance and comfort, including daylight dimming controls. The heating and cooling systems were designed to provide excellent thermal comfort in occupied spaces, with temperature controls in each unit to allow customers to adjust levels to match their needs.

Noise levels were reduced through tailored insulation and glazing to meet stringent local authority requirements, with external noise intrusion levels not exceeding 55 decibels in open plan offices. The heating and cooling equipment was also specified to meet specific noise requirements.

ENERGY

Renewable energy is provided by the 12.81kWp solar PV system installed on the roof and low carbon energy is provided from air source heat pumps.

Energy efficiency features include LED lighting with daylight sensors and motion detection, as well as energy-efficient lifts. The building has been designed to be predominantly naturally ventilated, which helps to reduce the site's emissions.

The site presents extensive energy sub-metering. The consumption data is automatically stored on the Optergy energy management software. This allows facility management teams to closely monitor the property's energy consumption profile and make energy efficiency adjustments on an ongoing basis. Customers also have access to the system to view their energy profiles.

WATER

The building is achieving an impressive 51% water use reduction over the BREEAM Baseline – equivalent to 21.63 litres per person per day.

Low-flush toilets of 3.4 litres have been fitted, as well as showers not exceeding 8 litres per minute.

Water metering and a leak detection system were installed in order to continuously monitor and manage consumption.

MATERIALS

100% of the timber used in construction was sourced from legal and sustainable forests (FSC and PEFC). The existing structure and external walls were retained, reducing the amount of new materials required. All new materials were sourced using ISO 14001 and BES 6001 sustainable certification.

WASTE

Construction waste has been reduced through careful procurement, and 1,392 tonnes of waste were diverted from landfill, which is equivalent to approximately 98% of the total non-hazardous waste.

MANAGEMENT

The project scored 37/50 in the Considerate Constructors Scheme, reflecting care taken over appearance, community, environment, safety and workforce.