COMPLIANCE STATEMENTS

GOING CONCERN

The Group's activities, strategy and performance are explained in the Strategic Report on pages 1 to 105.

Further detail on the financial performance and financial position of the Group is provided in the financial statements on pages 224 to 250.

The Directors have conducted an extensive review of the appropriateness of adopting the going concern basis. More details can be found on page 227. Following this review and having made appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources and sufficient headroom on the Group's bank loan facilities to continue in operational existence. For this reason, the Directors believe that it is appropriate to continue to adopt the Going Concern basis in preparing the Group's accounts.

VIABILITY STATEMENT

Assessment of prospects
The Group assesses its prospects primarily through the annual Strategic Review process which involves a debate of the Group's strategy and business model, consideration of the Group's principal risks and a review of the Group's five-year plan. Particular attention is given to existing refurbishment and redevelopment commitments, long-term financing arrangements, compliance with financing and REIT covenants and existing macroeconomic factors.

The most recent strategy day was held in October 2022 and the Board reviewed the business plan for the five years to 31 March 2027.

Macroeconomic and political issues, including the war in Ukraine, high levels of inflation and increased interest rates continue to give rise to concerns around the UK economy meaning there is continuing risk of an economic downturn. Consideration has been given to a number of downside scenarios covering the period to 31 March 2028.

The scenarios modelled include a severe but realistically possible downside scenario based on the following key assumptions:
- A stalling of the UK economy, with low levels of GDP growth and inflationary pressure, resulting in a reduction in customer demand over the next two years, compared to current levels
- Like-for-like occupancy reduces by c.5% to 85% over the next two years, with associated increase in void costs and downward pressure on pricing of new lettings, and thereafter a gradual recovery to c.90% by 31 March 2028
- New lettings at below the average price per sq. ft. of vacating customers resulting in an overall reduction in average rent per sq. ft. until like-for-like occupancy levels return to c.90%
- Elevated levels of counterparty risk, with bad debt significantly higher than pre-pandemic levels
- Continued elevated levels of cost inflation
- Further increases in SONIA rates impacting the cost of variable rate borrowings
- Estimated rental value reduction in-line with the decline in average rent per sq. ft. and outward movement in investment yields resulting in a lower property valuation

The Group's activities, strategy and performance are explained in the Strategic Report on pages 1 to 105, including a description of the Group's strategy and business model on pages 32 to 35 and 64 to 68.

Assessment of time period
The Board has selected a review period of five years for the following reasons:

a) The Group's strategic review covers a five-year period.
b) Our current project pipeline spans five years, covering the time for the currently planned major refurbishments and redevelopments to progress from initiation to completion.
c) The average period to maturity of the Group's committed facilities is 4.1 years.

Although financial performance is assessed over a period of five years, the strategy and business model are considered with the longer-term success of the Group in mind. The Directors believe they have no reason to expect a significant adverse change in the Group's viability immediately following the end of the five-year assessment period.

Assessment of viability
The Board has considered the key risks and mitigating factors that could impact the Group, details of which can be found on pages 69 to 76. Those risks that could have an impact on the ongoing success of the Group's strategy, particularly in light of the current geopolitical situation, were identified and the resilience of the Group to the impact of these risks in severe, yet plausible downside scenarios has been evaluated.

Sensitivity analyses have been prepared to understand the impact of the identified risks on solvency and liquidity. The specific risks which were evaluated are shown in the following table.

COMPLIANCE STATEMENTS CONTINUED

RISK SENSITIVITY ANALYSES

Specific risk	Risk category	Sensitivity analysis
Demand for space falls dramatically impacting occupancy and pricing levels, or customer defaults increase leading to a breach of loan covenants.	– Customer demand – Valuation	At the point in the severe scenario modelled where ICR is at its lowest, net rental income would need to reduce by 36% compared to the year to 31 March 2023. This represents a 30% reduction from the net rental income included in the severe scenario modelled.
Property values are adversely impacted by the uncertainty in the economy leading to a breach of covenants.	– Valuation	At the point in the severe scenario modelled that LTV is at its highest, the property valuation would need to fall by 42% compared to the valuation as at 31 March 2023.
Changes in the economic UK environment result in further increases in SONIA rates.	– Financing	At the point in the severe scenario modelled where ICR is at its lowest, SONIA rates would need to increase by 760bps compared to 31 March 2023.
Changes in the economic and regulatory UK environment impact the availability and pricing of debt.	– Financing	£885m of the Group’s debt facilities expire within the viability period – see note 16 of the Financial Statements. Under the scenario modelled, the Group would need to either refinance these facilities when they expire or implement other mitigating strategies to ensure full repayment.

Risk sensitivity analyses
The Group benefits from a largely freehold property portfolio and a flexible business model that allows the business to adapt to changing requirements of its customer base. This, coupled with a strong balance sheet, means the Group can withstand a significant downturn in the economy and demand.

In the scenarios tested, the most significant impact on the viability of the Group would be to liquidity headroom resulting from an inability to refinance both existing debt facilities. To mitigate this risk, the Group regularly reviews funding requirements and maintains a close relationship with existing and potential funding partners to facilitate the continuing availability of debt finance.

The maturity of debt facilities is spread over a number of years to avoid a concentration of risk in one period and gearing is relatively low with LTV of 33% as at 31 March 2023.

There are a number of mitigating factors that were not considered in the scenarios tested but which could be actioned:
- Additional asset disposals
- Cancellation or significant reduction in dividend
- Reduction in refurbishment programme

Conclusion
The sensitivity and stress analyses outlined above indicate that the Group would have adequate means to maintain headroom in its facilities and covenants to continue operations for the period under review. Taking into account the Group’s position and principal risks, the Board has assessed the prospects of the Group and has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period stated above.

COMPLIANCE STATEMENTS CONTINUED

Non-financial information statement

The table below, and the information it refers to, sets out our position on non-financial reporting requirements in accordance with Sections 414CA and 414CB of the Companies Act 2006 as well as other key compliance areas. The time periods for reporting on the matters set out below have been informed by applicable law and prevailing market practice, taking into account the Group's particular circumstances and the nature of its business. The description of our business model can be found on pages 64 to 68 and the description of our non-financial key performance indicators can be found on pages 62 to 63.

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Climate and environmental matters	– Our Sustainability strategy sets out our commitment to operating responsibly in all our dealings with our stakeholders. This is supported by an Environmental Policy and a Climate Change Policy which sets out our objectives and our commitment to a co-ordinated approach to improving the overall environmental performance of our portfolio – Our net zero carbon pathway sets out our roadmap to becoming a net zero carbon business by 2030 and our sustainable development brief sets minimum requirements for our development and refurbishment projects on energy, carbon, waste, water, materials, nature and wellbeing – We disclose our climate-related risks and opportunities, targets and KPIs and management processes in line with the TCFD recommendations	– Our climate and environmental policies inform all our sustainability activities. See our Sustainability report on pages 36 to 58 for details of our commitment to environmental matters, including our net zero carbon pathway – See our ESG Committee Report on pages 172 to 177 for further details on our policies and how they support the implementation of our ESG strategies – Our TCFD disclosure can be found on pages 92 to 105 – Our green finance framework, along with the allocation report, is on our website	Risk 10 – Climate change
Social matters	– Our Sustainability strategy sets out our approach to supporting our employees, customers and suppliers – Our social impact programme demonstrates our commitment to supporting communities in need across London – We pay our direct employees the London Living Wage and in April 2022 we also brought all third-party contractors onto the Living Wage	– See pages 50 to 58 for details on how we are focusing on social matters, including our real Living Wage commitment, our social impact programme and the community and charity projects we have supported during the year	Social matters are not deemed to be a principal risk for the Group; however, we are continuing to focus on social matters through our Sustainability strategy (see pages 50 to 58 for more details)
Employees	– Our Code of Conduct, approved by the Board, sets out the standards of behaviour expected of Group employees and stakeholders on behalf of the Board and demonstrates the Group's commitment to maintaining the highest standard of ethical conduct and behaviour in our business practice – We are committed to diversity and inclusion at all levels of our business. See pages 22, 52 and 149 for more details on our Equal Opportunities and Dignity at Work Policy – The Group's Health & Safety Committee meets twice per year. The Board receives regular reports and reviews our health and safety processes at least annually, and the Executive Committee receives monthly reports. See page 90 for more details on our health and safety policies and procedures – In July 2021, we introduced a Hybrid Working Policy in recognition of the importance of work-life balance	– See pages 21 and 50 to 53 for details of how we looked after our employees during the year, including how we listened to them during the year, our health and wellbeing initiatives, our diversity and inclusion initiatives and our training and development initiatives – Employees receive induction training and regular reminders on the Code of Conduct	Risk 7 – Resourcing

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Health & safety	– Our Health & Safety Policy lays out our commitment to the health and safety of our employees, customers, visitors and others who may be affected by our activities and to fully comply with all health and safety legislation applicable to our business, by implementing HSG65 – All our site staff and facilities managers, as well as some key head office personnel, use a compliance monitoring tool which is a proven software system that enables us to monitor statutory compliance and routine maintenance across the entire portfolio – We train our employees so that they are competent and confident to carry out their jobs in a safe and professional manner. Each new starter is given in-house induction training targeted to the health and safety responsibilities they will hold, with ongoing training provided via toolbox talks and regular formal meetings with managers – We undertake a series of formal internal health and safety audits every year to review our controls and to ensure they are suitable and sufficient to manage risk in the business. Evaluations of the results from these audits are used to facilitate individual site safety improvements and to identify areas where we can enhance our safety procedures across the portfolio – We closely manage our contractors' activities and the associated risks to the health and safety of customers and visitors, particularly where building works are being carried out in close proximity to common parts and customer-occupied areas	– Our Health & Safety Policy was formally reviewed by our Health & Safety Committee twice in the year to ensure it remains appropriate and up-to-date – We have carried out a substantial amount of health and safety training, including, IOSH Managing Safely, NEBOSH Certificate and specific training around asbestos, water hygiene, fire safety and the Construction Design and Management Regulations – For the seventh consecutive year, there have been no contractor-related accidents or incidents that have affected our customers – We monitored and reviewed our health and safety systems to promote continued compliance with HSE standards and best practice	Risk 9 – Regulatory
Human rights and modern slavery	– Our Anti-Slavery Policy reflects our commitment to upholding human rights and eliminating all forms of forced, slave, bonded or involuntary labour both within our business and our supply chain. All new employees are given training on our Anti-Slavery Policy during inductions and our Employee Code of Conduct reinforces the message that we expect all of our staff to work with us to uphold our commitment to preventing modern slavery in our business and supply chains – We publish a Supplier Code of Conduct on our website, which sets out our expectations of our suppliers, including in respect of modern slavery and human rights. As part of our due diligence process, all new suppliers are expected to read and to abide by the Supplier Code of Conduct – We care about, respect and support internationally proclaimed human rights. We consider the risk of modern slavery and human trafficking to be very low in our business, however, we regularly monitor and review our risk profile and emerging regulatory guidance and we will take any necessary actions to improve and to strengthen our practices – Our modern slavery statement is approved by the Board and published on our website annually and it is available at https://www.workspace.co.uk/investors/sustainability/our-policies. Our modern slavery statement sets out the steps the Group has taken and is taking to help prevent slavery and human trafficking in our business and supply chains	– We take a zero-tolerance approach to modern slavery and other breaches of fundamental human rights – All staff onboarding suppliers are aware of the requirement for suppliers to abide by the Supplier Code of Conduct – During the year we completed a modern slavery audit of our cleaning contractor. For more details, see page 51 – No incidences of human rights abuse or modern slavery have been identified (2022: Nil)	Risk 7 – Resourcing Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED
NON-FINANCIAL INFORMATION STATEMENT CONTINUED

	Policies and due diligence	Outcomes of policies and impacts of activities	Related principal risks (Pages 69 to 76)
Anti-bribery and corruption	– Our Anti-Bribery and Corruption Policy, which is reviewed by the Audit Committee annually, sets out the responsibilities and expectations of our employees for the prevention, detection and reporting of bribery and other forms of corruption. The Policy also contains our Gifts and Hospitality Policy, which requires employees to seek approval whenever offered or offering a gift or hospitality valued over £20 (whether they are accepted or refused) – We make suppliers aware of our zero-tolerance approach to bribery and we undertake due diligence on suppliers to confirm that they are committed to the prevention of bribery and corruption – Our Code of Conduct further reinforces these messages	– It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and we are committed to implementing and to enforcing effective systems to counter bribery – All staff receive training on the Anti-Bribery and Corruption Policy, including the Gifts and Hospitality Policy, as part of their induction and thereafter with annual refresher training – No incidences of bribery or corruption have been identified (2022: Nil)	Risk 9 – Regulatory
Political and charitable donations	– Our policy is not to make any political donations. We only make charitable donations that are legal and ethical. Any charitable donations are made with the prior approval of the Company Secretary	– The Group did not make any political donations or incur any political expenditure during the year (2022: Nil)	Risk 9 – Regulatory
Data privacy	– We take our obligations under the retained EU law version of the General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 and other applicable data privacy legislation very seriously. We monitor guidance and practice in this area and continue to embed data privacy into the heart of the business – We have a Data Protection Policy, as well as ancillary policies in specific areas (including security, data breaches, subject rights, appointment of data processors and data privacy impact assessments). We continue to monitor compliance with our policies and procedures and to review and update them where appropriate to reflect developing guidance and practice	– The Board continues to place high value on data privacy, and privacy is embedded throughout the organisation. Regular reports are provided to the Executive Committee and the Board – Staff are aware of their duties in relation to data privacy. Mandatory data protection training is provided to all staff at induction and on an annual basis. We also provide more tailored, role-specific training to staff where appropriate – Data privacy is a key consideration whenever new projects are contemplated or changes to existing arrangements are proposed	Risk 9 – Regulatory
Conflicts of interest	– In accordance with HR policies and the Code of Conduct, employees are required to notify the Company of any conflicts of interest. The Board is also subject to these policies and is regularly reminded of their duty to notify us of any interest in an existing or proposed transaction with the Group – All conflicts are recorded on a central register and we have procedures in place for managing conflicts of interest	– Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board in writing or verbally at the next Board meeting – During the year, no Director had any beneficial interest in any contract significant to the Group's business, other than a contract of employment (2022: Nil)	Risk 9 – Regulatory
Whistleblowing	– We have a Whistleblowing Policy which provides employees with information on how they can report, anonymously if they wish, any concerns about impropriety or wrongdoing within the business – Employees have access to an independent telephone line for anonymous reporting of concerns – The Whistleblowing Policy is reviewed annually, and the Board receives updates from the Company Secretary on the operation of the whistleblowing system	– During the year under review, we did not receive any whistleblowing messages (2022: Nil)	Risk 7 – Resourcing Risk 9 – Regulatory

COMPLIANCE STATEMENTS CONTINUED

TCFD

Workspace considers climate change as a principal 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 re-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 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. As required by the Listing Rules (LR 9.8.6R), we confirm that this report is consistent with all of the TCFD recommendations and recommended disclosures (four TCFD recommendations and 11 recommended disclosures).

TCFD pillar and recommendation	Recommended disclosures	Compliance status	Progress to date	2023/24 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 established to oversee climate-related risks, opportunities and goals – Executive ownership of climate-related objectives, with performance linked to their remuneration	– Board ESG Committee to continue monitoring climate-related risks and opportunities – Stretching carbon related goals to be included in everyone's objectives, including senior management and linked to remuneration
	– 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 (page 95) Disclosure on potential impact and resilience of strategy on page 96	– Analysis on exposure to climate risk and resilience of business strategy to be re-assessed annually taking into account any new changes in drivers
	– 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 advise – 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 periodic 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	– Key metrics will be tracked on a monthly basis and presented to Board – Science-based carbon emissions reduction targets to be updated to reflect newly on-boarded properties
	– 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

GOVERNANCE

1

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.

An ESG Committee comprising of six independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating climate-related considerations in business strategy and decision making. Ultimately, ensuring the long-term sustainable success of the business. 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. The update from the Committee and any associated recommendations are then put forward to the Board for consideration.

During the year, the Board received updates from the ESG Committee three times and considered the following climate-related issues: alignment of McKay properties with the 2030 net zero target, assessment of revised budget to deliver on the commitment, compliance with changes to Minimum Energy Efficiency Standard (MEES) and effectiveness of our climate-related policies. See page 172 for further details of climate-related topics considered by the Board and its Committees (including Audit and Remuneration Committees). The Board also received a technical briefing on three topics as part of the ongoing upskilling drive, including climate risk assessment, renewable procurement and evolving sustainability reporting requirements.

Following detailed deliberation, the Board made a decision to elevate climate risk as a principal business risk and 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 sustainability and climate-related performance measures to the Executive Directors' remuneration, accounting for 24% of their bonus weighting. These targets are also incorporated into wider team objectives. The Board received a monthly report tracking progress against these goals. See page 204 for further details.

Management responsibility
The Head of Portfolio Management is the Executive owner of our climate strategy. He is supported by the Head of Sustainability and members of the Sustainability Committee in the day-to-day management and delivery of climate-related initiatives. The Sustainability 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 Sustainability Committee meets monthly and is responsible for setting and operationalising our climate-related objectives, and hence is well positioned to manage, report, communicate and inform our approach on climate-related issues.

STRATEGY

2

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.

We have worked with Willis Tower Watson (WTW) 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. This 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 (1-2 years) and a medium-term development pipeline that extends out to 2030. We accordingly do our budgeting for short and medium term. We are also working on a rapid decarbonisation of the business over the medium term, as reflected in our 2030 net zero target. Anything longer than 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 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.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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 – 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

WTW conducted an asset by asset exposure analysis for a range of climate risks (as shown in the table) 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 (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).

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 97). This helped us narrow down the material risks and opportunities applicable to Workspace as shown on page 95, 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 1.5°C scenario. The impact level is deemed moderate under 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 probabilistics view and accounting for actual vulnerability of our locations have 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 committed to a 2030 net zero target (two decades earlier than UK's commitment in Climate Change Act 2008 (2050 Target Amendment) Order 2019), thereby minimising our risk. We are also we1ositioned 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.

	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	**Moderate 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	**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 six buildings and risk of localised flash flooding due to heavy precipitation across 11 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 and eight properties become exposed to flood 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 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 nine buildings and localised flash flooding across 11 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 six buildings and localised flash flooding across 11 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 across the property life cycle: 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 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: Climate considerations inform all our investment decisions, whether it's spending capex on building upgrade 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 no material impact, considering valuation of properties, going concern and viability of Group and the capital expenditure required. The Board have approved a comprehensive investment plan to transition our portfolio to net zero carbon and upgrade EPC to A and B (see page 49) 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, we have also linked our financing 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 undertaken has revealed that our overall exposure to climate-related risks is moderate, mainly arising from transition risk under 1.5°C scenario (see table on page 95). The geographic concentration of our portfolio in London and low vulnerability of assets to acute risks, such as windstorm and flooding, means that the overall exposure to physical climate risks is low.
Our transition risks whilst ranked moderate, are manageable because of our sustainable business model, whereby our carbon and energy intensity is lower compared to the industry average. Our focus on repurposing 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 mitigate both physical and transition risks.

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 pages 41 and 42), ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks.

> Our 2030 net zero carbon pathway ensures we are aligning our business to a 1.5°C warming scenario and mitigating any potential risks

RISK MANAGEMENT

3

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. The Audit Committee along with the full Board have overall responsibility for risk management. See our Risk Management Framework on page 171.

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 moderate 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.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Identifying and assessing risk

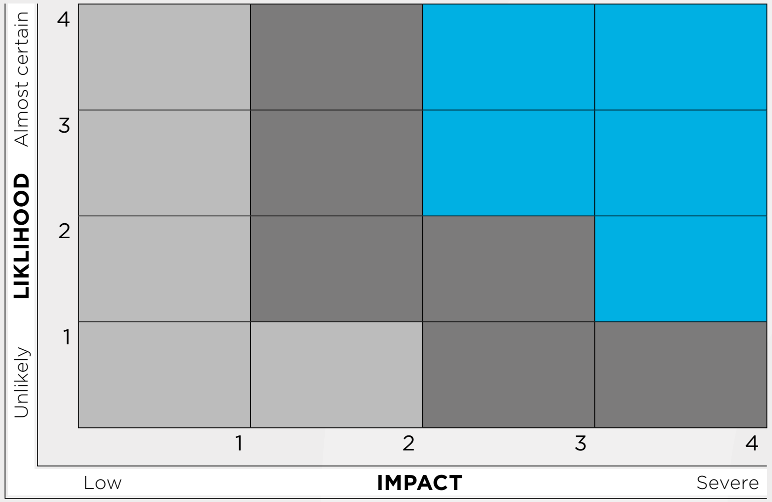
Overall, we identify risks across two key areas: Principal Business (Strategic) risks and Operational risks. Climate-related risks have been factored in both these categories.

The low, moderate, high risk severity score is determined using the following calculation: Impact x Impact x Probability, which provides a weighted impact scoring. The impact is determined on a scale from 1 (low) to 4 (severe) based on revenue, property valuation, health and 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 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 the right) 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. 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 (as listed on page 95) that we will continue to manage effectively. These are captured in the table opposite along with current mitigation strategy for the two climate scenarios we have assessed.

Risk scoring matrix



Likelihood scale

The following criteria should be used, considering the likelihood of the risk materialising within a five-year period.

Likelihood	
4 – Almost certain	>80%
3 – Likely	50-79%
2 – Possible	21-49%
1 – Unlikely	<20%

Risk level:
- Low
- Moderate
- High

Impact criteria

Impact	1 – Low	2 – Medium	3 – High	4 – Severe
Revenue/Cash	Revenue <£2m Cash <£1m	Revenue £2m-£15m Cash £1m-£5m	Revenue 15m-£25m Cash £5m-£15m	Revenue >£25m Cash >£15m
Property valuation	<2% unexpected reduction	2-5% unexpected reduction	5-10% unexpected reduction	>10% unexpected reduction
Hazard/Health & Safety	Minor injury/first aid required	Minor reportable injury/ RIDDOR report required	Major reportable injury	Large scale injuries
Reputational	Third-party communications with no lasting impact on reputation	Adverse local media attention which could lead to a small number of complaints and damage the brand locally	Adverse national publicity resulting in short-term damage to public and/or political confidence	Adverse sustained national publicity resulting in loss of public and/or political confidence

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Transition risks and opportunities in the short and medium term – 1.5°C warming scenario		
Policy and Legal – EPC rating requirements	– 28% of the Workspace portfolio is rated C and 29% is rated D and E. Additional investment of £45–60m will be required to meet EPC A/B across the portfolio by 2030 (c.£7-8m 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 – **Opportunity:** There will be an opportunity arising from higher operational savings due to upgraded environmental performance	– Target set to upgrade a significant proportion portfolio to EPC A/B each year. We successfully upgraded 12% of portfolio to EPC A/B this year. – A rolling programme of EPC and net zero audits are 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 – 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 over 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, 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 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 footprint is around 26,000 tonnes of CO_2. We expect our net zero pathway to reduce our scope 1 and 2 emissions by at least 90% with offsetting for the residual emissions only – Applying UCL projected cost of carbon at $50 per tonne*, this could cost us up to £700k annually (assuming worst case scenario for scope 3 reduction)	– Continue to drive progress on our net zero pathway to eliminate 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
TCFD CONTINUED

Risk	Evaluation of residual risk	Mitigation strategy
Physical risks in the 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 facade 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 six of our buildings (eight buildings become exposed by 2050). 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, 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. 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*		
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 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. The mitigation strategy listed above will continue to be effective.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

METRICS AND TARGETS

4

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 101)
- Total electricity consumption, including proportion generated from renewables (page 101)
- Proportion of electricity sourced from renewable sources (page 43)
- Total fuel consumed on site (page 101)
- Building emissions intensity by floor area (page 101)
- Total emissions from water consumption (page 101)
- Total emissions from waste, waste recycled and diverted from landfill (page 101)
- EPC split of the portfolio by floor area page 49)
- Number of buildings with sustainability certification (page 44)
- Number of energy efficiency projects implemented and associated capital expenditure (page 49)
- Number of buildings exposed to flooding (page 95)
- ESG metrics linked to remuneration and performance against these (page 204)

Pages 43 to 45 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 41). 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. Refer to page 101 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 (see page 41 for the scope of our commitment). This is underpinned by the following emissions reduction targets:

- Reduce scope 1 and 2 emissions by at least 90% by 2030 (Note: it's our intention to go beyond our 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

Kennington Park, Oval

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

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

Source of emissions	2019/20 (baseline Year)	2021/22	2022/23 LfL portfolio	2022/23 Whole portfolio	2022/23 vs 2021/22 % change	2022/23 vs 2021/22 LfL portfolio
Scope 1 (Direct)	**3,451**	**3,221**	**2,358**	**3,188**	**-1%**	**-27%**
Gas (tCO_2e)	2,620	2,305	1,684	2,336	+1%	-27%
Fugitive Emissions (tCO_2e)	828	916	674	852	-7%	-26%
Vehicle Emissions (tCO_2e)	3	–	–	–	–	–
Scope 2 (Energy Indirect)	**7,144**	**5,229**	**5,142**	**6,437**	**+23%**	**-2%**
Electricity (location based) (tCO_2e)	7,021	5,069	5,005	6,300	+24%	-1%
Electricity (market based) (tCO_2e)	–	–	–	–	–	–
Purchased Heat (location based) (tCO_2e)	123	160	137	137	-14%	-14%
Total Scope 1 & 2 (location based)	**10,595**	**8,450**	**7,500**	**9,625**	**+14%**	**-11%**
Energy consumption used to calculate above emissions (kWh)	42,430,031	37,400,667	35,913,161	46,183,607	+23%	-4%
Intensity Ratio: Net Lettable Area tCO_2e/sq. ft.	0.00181	0.00209	0.00194	0.00183	-13%	-7%
Intensity Ratio: Gross Internal Area tCO_2e/sq. ft.	0.00177	0.00144	0.00140	0.00137	-5%	-3%
Scope 3 (Other Indirect)	**21,264**	**8,398**	**6,614**	**16,612**	**+98%**	**-21%**
Purchased Electricity Transmission & Distribution (tCO_2e)	596	449	458	576	+28%	+2%
Customer Direct Energy (tCO_2e)	3,515	2,015	1,581	3,296	+64%	-22%
Water Supply (tCO_2e)	91	29	29	34	+16%	0%
Water Treatment (tCO_2e)	187	53	53	61	+16%	0%
Waste Management (tCO_2e)	82	59	55	64	+9%	-6%
Heat – Transmission & Distribution (tCO_2e)	6.5	8	7	7	-10%	-10%
Embodied carbon in development projects (tCO_2e)	8,982	1,642	4,430	5,744	+250%	+170%
Purchased goods and services (tCO_2e)	7,647	4,013	not available	6,511	+62%	N/A
Employee Commuting (tCO_2e)	84	130	not available	288	+121%	N/A
Business Travel (tCO_2e)	74	0.5	not available	31	+5,567%	N/A
Total Scope 1, 2 & 3 (tCO_2e)	**31,860**	**16,848**	**14,114**	**26,238**	**+56%**	**-16%**
Total gas use – whole building (kWh)	15,617,931	13,956,418	10,597,353	16,137,792	+16%	-24%
Total electricity use – whole building (kWh)	38,801,849	31,480,001	32,764,485	46,475,822	+48%	+4%
Total purchased heat – whole building (kWh)	700,922	939,261	805,247	805,247	-14%	-14%
Total energy consumption – whole building (kWh)	55,120,702	46,375,680	44,167,085	63,418,861	+37%	-5%
Self generated renewable electricity (kWh)	129,533	160,976	191,629	191,629	+19%	+19%

* Note: All figures reported relate to emissions and energy consumed in the United Kingdom.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

REPORTING FRAMEWORK

Reporting period:
1 April 2022 – 31 March 2023
Reporting Frequency – Annual, aligned with financial reporting

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

Boundary:
Our GHG emissions have been prepared using the 'operational control' approach, in compliance with the Greenhouse Gas Protocol guidance. Scope 1 and 2 emissions include tenant consumption where we procure gas, electricity or heat on their behalf. Where electricity is directly purchased by our tenants (c.64% of NLA), we have estimated usage and corresponding emissions have been included under our scope 3 reporting. Following the acquisition of McKay Securities in May 2022, our portfolio now comprises 86 properties (whole portfolio), covering 5,300,000 sq. ft., representing a 1,400,000 sq. ft. increase from our previous reporting period. We have reported environmental performance for Workspace like-for-like portfolio and Workspace whole portfolio (including McKay).

In cases where a property has been acquired or sold during the reporting period, we report its greenhouse gas emissions up to the sale date or from the acquisition date. We exclude properties from greenhouse gas reporting for the duration of any major refurbishment or construction project.

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).

We have also aligned our reporting with:
- EPRA 'Sustainability Best Practice Recommendations' (sBPR). Published in the sustainability performance section of our investor website
- Sustainability Accounting Standards Board (SASB) real estate metrics. Pages 104 and 105
- Global Reporting Initiative (GRI) 2021 Standard. Published in the sustainability performance section of our investor website

Verification:
Accenture were appointed for independent third-party verification of our carbon data. The verification has been performed 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 in the sustainability performance section of our investor website. Further, our social value data has been verified by Social Value Portal.

Other:
When reporting totals, the location-based emissions are used. All market-based emissions are backed by Renewable Energy Guarantees of Origin (REGOs).

Any questions about the reported information, please contact:
info@workspace.co.uk

Performance
In addition to our operational emissions, of which the boundaries are explained above, we have voluntarily reported our like-for-like portfolio GHG performance, which excludes the 30 properties acquired from McKay Securities in May 2022. We achieved a 27% reduction in scope 1 emissions on this like-for-like portfolio, which is a result of investment in high efficiency heat pump installation across a number of properties and optimisation of system controls and setpoints. We also rolled out a number of energy efficiency upgrades across the portfolio such as LED lighting, presence detection sensors, smart BEMS and ran several energy awareness campaigns with customers. Due to these measures our electricity consumption remained stable (scope 2 decreased slightly by 2%), despite significantly higher levels of occupancy in our buildings compared to the 2021/22 period where office working patterns were still impacted by the pandemic.

Overall, Workspace procured energy consumption reduced by 4% across the like-for-like portfolio, thanks to granular energy data analysis, continued roll out of smart BEMS and investment HVAC and lighting upgrades.

Following the acquisition of McKay Securities in May 2022, our portfolio has increased by 1,400,000 sq. ft. which has resulted in a sizeable increase in our GHG emissions. Hence the numbers reported for the whole portfolio are not comparable with the previous years.

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).

Energy efficiency actions taken during 2022/23
We have proactively identified and delivered a range of energy efficiency projects across our portfolio (invested £8m across 41 properties), such as LED and PIR lighting upgrades, installation of secondary glazing and a rolling programme of high efficiency heat pumps. We have also benefitted 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 28 sites and enables us to view and monitor our energy consumption profiles, down to the unit level.

COMPLIANCE STATEMENTS CONTINUED
TCFD CONTINUED

Method for data collection
We collect utility data across our operational portfolio from manual meters, automated meters and invoices, which are all collated on our energy reporting and billing platform. Our site teams are responsible for reading manual meters and log consumption data onto our energy and billing management platform on a monthly basis. To remove reliance on manual meter reading, we continuously look at upgrading to automatic meters, which are currently in place across the majority of our main incomers. An in-house energy analyst role was created to review the accuracy of energy reporting and to analyse monthly performance trends and prioritise properties for energy efficiency improvements.

Due to increased data availability and reliable information on heating source types, a small proportion of energy consumption previously reported under gas (scope 1) has now been reported under heat (scope 2).

We estimate electricity consumption data where tenants have their own utility supplier. Where this relates to units in a building where we otherwise have access to energy consumption, we estimate 'tenant direct' electricity usage based on the energy usage of the rest of the building, using a floor area pro rating method. Where this relates to a single-let building, energy consumption is estimated based on the average energy usage of the portfolio. Whilst our 'tenant direct' gas consumption is very low, this year we have included estimations for gas consumption where we have been made aware of tenants managed gas supplies, and added corresponding GHG emissions to the 2019/20 and 2021/22 reported GHG figures. GHG emissions calculated from 'tenant direct' electricity and gas consumption are included in our scope 3 reporting.

Fugitive emissions stem from the use of refrigerants and have been calculated based on refrigerant leak event schedules provided by our air conditioning contractors.

Vehicle emissions are calculated from the expense schedule listing car mileage claims by employees using their personal vehicles for business purposes.

Waste data is captured by our waste contractor, who weighs recycled and general waste across the portfolio at each waste collection and provides us with a monthly tonnage report.

Embodied carbon in development projects relates to GHG emissions stemming from our construction and refurbishment activities. Since 2021, we systematically carry out whole-life carbon analysis for all developments and major refurbishment projects, and therefore have project specific embodied carbon data on our most recent projects. Whilst there is no standardised carbon emission factor for calculating embodied carbon emissions from buildings, embodied carbon factors advised by our consultant's research team have allowed us to estimate embodied carbon emissions for projects carried out prior to 2021, representative of standard market practice (770 $kgCO_2e/m^2$ for office construction, 480 $kgCO_2e/m^2$ for logistics construction, 196 $kgCO_2e/m^2$ for office retrofits involving heat decarbonisation, 77$kgCO_2e/m^2$ for light office retrofits). The 2019/20 and 2021/22 embodied carbon calculations have been updated in line with these carbon factors. We have also restated the 2019/20 and 2021/22 embodied carbon figures to include light refurbishment projects.

Purchased goods and services relate to the upstream emissions from the business' use of products and services. Emissions were calculated using a spend-based method, applying carbon factors from the EPA database. Where in previous years, we had only included our capital spend in emissions calculations, we are now also including operational spend, explaining the change in 2019/20 and 2021/22 reported emissions figures. We intend to move towards an activity-based method for our upstream emissions as more supply chain data becomes available. This will provide greater accuracy of the purchased goods and services emissions.

Business travel data includes journeys in our company cab and plane journeys used for business travel for all direct employees.

Emissions from commuting include carbon emissions from homeworking in addition to office commuting. Following our flexible working policy implementation, we assumed the Head Office employees to be working in the office three days a week and at home two days a week. All site employees are assumed to be working on-site five days a week. Assumption on modes of transportation used by commuters came from the Department of Transport statistics.

With the exception of embodied carbon and purchased goods and services, GHG emissions were calculated using DEFRA (Department for Environment, Food & Rural Affairs) 2022 factors.

COMPLIANCE STATEMENTS CONTINUED
SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	IF-RE-130a.1	The energy consumption reported on page 101, falling within our scope 1 and 2 emissions, cover 36% for our portfolio's total nettable floor area and corresponds to the areas where Workspace have operational control. Energy data falling outside of our procurement control is estimated and corresponding carbon emissions are reported under scope 3 on page 101. Majority of this consumption is associated with the industrial assets in the portfolio which are on FRI lease.
	(1) Total energy consumed by portfolio area with data coverage (2) percentage grid electricity (3) percentage renewable, by property subsector	IF-RE-130a.2	(1) See 'Energy Consumption used to calculate above emissions (kWh)' on page 101. (2) 99% of electricity consumed was purchased from the grid, the rest was self-generated by on-site solar panels. (3) 100% of electricity procured was from certified renewable sources (REGO-backed). Additionally we have 12 sites that are equipped with solar panels. Refer to page 43 for more information on our renewable electricity procurement.
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	Refer to Ele-LfL, Fuel-LfL and DH&C-LfL metrics in our EPRA report.
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	IF-RE-130a.4	Refer to Cert-Tot metric in our EPRA report. Energy Performance certificates (EPCs) and BREEAM certification have been used as the relevant UK alternative to ENERGY STAR.
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	Energy management is identified as one of the key material issues for the business and underpins the delivery of our net zero carbon pathway. As a result, stretching energy reduction targets directly influence Executive remuneration. Refer to pages 43, 47, 49, 96 in this report for more information on our strategy and approach to energy management, along with impact delivered.
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.	(1) Our water consumption data coverage amounts to 75% of our portfolio's floor area. (2) 100% of our office properties and 85% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 15% of our logistics properties are located in a medium-high water stress zone.
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.2	(1) Refer to Water-Abs metric in our EPRA report. (2) 100% of our office properties and 82% of our logistics properties are located in areas classified as under high water stress according to the World Resource Institute's (WRI) Water Risk Atlas tool. 18% of our logistics properties are located in a medium-high water stress zone.
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	Refer to Water-LfL metric in our EPRA report.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	We include emissions associated with water supply and water treatment in our scope 3 footprint and intend to address it as part of our net zero carbon pathway. Our climate risk assessment also indicated water stress as a key risk in the long term and we have put in place a mitigation strategy in the form of water efficient design brief and adaptive landscaping around our sites (page 99). We are also rolling out metering to gain better coverage of our water data.

COMPLIANCE STATEMENTS CONTINUED

SASB SUSTAINABILITY ACCOUNTING STANDARD – REAL ESTATE METRICS

Topic	Accounting Metric	Code	Comment
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements (2) Associated leased floor area, by property subsector	IF-RE-410a.1	Our new leases are inclusive of rent and all bills, including utilities. A responsible energy consumption clause has been included in those leases, which allows us to charge an excessive usage fee in instances of consistent high energy consuming behaviour. Those inclusive leases represented 46% of our total sales volume in 2022/23.
	(1) Percentage of tenants that are separately metered or submetered for grid electricity consumption (2) Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector	IF-RE-410a.2	(1) 63% of tenant spaces on the like-for-like Workspace portfolio (which represent 74% of the whole portfolio) are submetered for grid electricity consumption. Submetering coverage for the newly acquired McKay portfolio is yet to be confirmed. (2) Customers are billed for water usage on a floor area pro rating basis. A small number of tenants manage their own water meter (gyms and restaurant units) in addition to single-let properties' tenants.
	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	IF-RE-410a.2	Our operational platform allows us to maintain a close working relationship with our customers and collaborate on whole building initiatives. We have a multi-faceted customer engagement strategy on sustainability, whereby we send quarterly sustainability newsletters to tenants of each of our properties, share building-level sustainability performance data, and guidance on how to operate buildings sustainably. This year we delivered 120 sustainability-themed customer events ranging from energy savings awareness to and recycling and zero-waste workshops.
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	1,356,640 sq. ft. lettable area of offices and 356,687 sq. ft. of industrial spaces are located in a 100-year flood zone according to the Environment Agency flood map.
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	Refer to the TCFD section of this report on pages 92 to 100.

Activity Metric	Code	Comment
Number of assets, by property subsector	IF-RE-000.A	74 offices 11 industrial assets 1 other (leisure)
Leasable floor area, by property subsector	IF-RE-000.B	4,524,063 sq. ft. of offices 648,800 sq. ft. of industrial assets 98,255 of leisure assets
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	0% of office space floor area is indirectly managed 71% of industrial floor area is indirectly managed
Average occupancy rate, by property subsector	IF-RE-000.D	85% average occupancy rate across offices 87% average occupancy rate across industrial properties