

NET ZERO

Carbon Pathway

June 2024



WORKSPACE®



We acknowledge there is a climate emergency and recognise that the building and construction industry significantly contributes to the global carbon footprint. This is why we want to play our part in transitioning to a green economy, by becoming a net zero carbon business. First and foremost, we will be focusing our efforts on driving down our operational and embodied carbon emissions in line with our approved science-based targets, aligned to limit global warming to 1.5°C.

This is an ambitious yet challenging goal for us, particularly given many of our buildings are older and often 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 and centre management teams give us greater control over our operational energy consumption. We will be supporting and engaging with all of our stakeholders to deliver this commitment and look forward to sharing our progress.”

Graham Clemett, CEO Workspace Group PLC

**WE WILL
BECOME A
NET ZERO
CARBON
BUSINESS**

Our Commitment

Our Commitment

In September 2019, Workspace signed up to the Better Building Partnership (BBP) Climate Change Commitment to deliver net zero carbon real estate portfolios. Since then we have carried out a review of our business and value chain emissions. This document lays out how we plan to achieve net zero carbon including details on scope, boundaries and reporting metrics.

Making Workspace climate resilient is a key priority for us and we have aligned our approach with the Better Buildings Partnership's (BBP) definition, whereby a climate-resilient business has a strategy in place to:

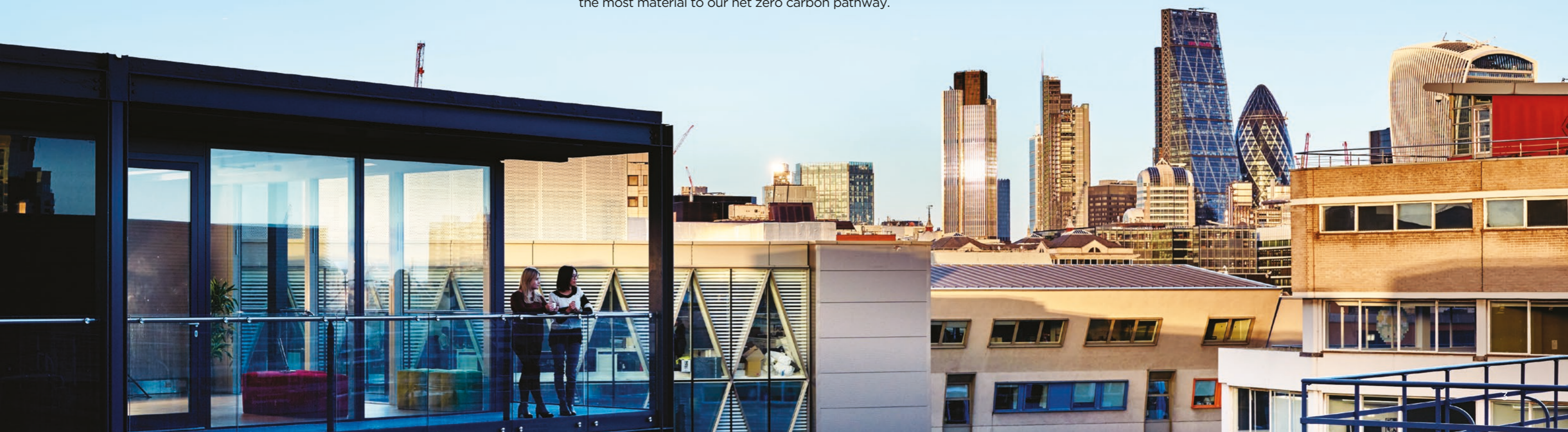
- Mitigate the impact of climate change by becoming net zero carbon.
- Adapt to operating in a world in which climate-driven disruption is more frequent.
- Disclose climate-related information to stakeholders in a useful way.

In response to these principles, we made a commitment to becoming a net zero carbon business and have created a robust strategy to adapt to climate change. Our TCFD disclosure, published in our Annual Report and Accounts, provides detailed information on our climate risk exposure and mitigation plans. We are also a signatory to the BBP Climate Commitment and this document lays out our net zero pathway, quantifying our emissions and outlining our decarbonisation trajectory. This trajectory is informed by our 1.5°C-aligned science-based targets, and guides our efforts across the business as we work towards achieving net zero emissions. The pathway is underpinned by a number of workstreams with sub-targets, including reduction of operational and embodied carbon, procurement of high-quality renewable energy, reduction in value chain emissions and offsetting.

Our climate strategy aligns with several of the United Nations Sustainable Development Goals (SDGs). Goals 7, 9, 11, 12 and 13 were the most material to our net zero carbon pathway.

Our Chief Executive Officer has the highest level of responsibility for climate-related risks and opportunities and, together with the rest of the Workspace Board, ensures we maintain close oversight of climate-related issues. Climate-related issues are regularly considered by the Board as part of broader decision-making processes regarding strategy, risk management, budgeting, business planning and overseeing the Group's performance objectives. To do this, the Board is assisted by the ESG Committee comprising six independent Non-Executive Directors, the CEO and the CFO.

The Board is supported by the Executive Committee in setting and delivering our sustainability and climate strategy. At an operational level, we have committees dedicated to both environmental sustainability and social sustainability, comprising senior representatives from across the business. The two committees are responsible for operationalising the delivery of our strategy. Progress is reported to the Board and Executive Committee monthly. We also have a number of sustainability champions across the business who help mobilise ground-up support.



Our Net Zero Carbon Pathway

To help us achieve our net zero carbon goal, we will be reducing our emissions across our operations and value chain in line with our approved science-based targets, which are in turn aligned with limiting the global temperature rise to 1.5°C above pre-industrial levels.

Underpinning our net zero carbon commitment is our near-term goal to reduce our Scope 1, 2 and 3 GHG emissions by 50% by 2030 from a FY2020 base year. Beyond that, we will continue to work towards a 90% reduction in our total GHG emissions. Below is a summary of the building blocks of our net zero carbon pathway.

It is important to note that our pathway will evolve over time as our knowledge and understanding improves, and as new technologies emerge. Where we can, we intend to accelerate our emission reduction targets in the future.



Operational Carbon (Scope 1&2)

- All new developments & major refurbishments to have electric heating & cooling systems
- Retrofit standing assets with electric heating & cooling systems
- Reduce heating demand by improving wall & ceiling insulation
- Reduce performance gap between design and in-use by adopting principles of 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 drive greater awareness and adoption of sustainable behaviors



Embodied Carbon

- All new developments & 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 & major refurbishments
- Reduce the embodied carbon of development projects (by prioritising refurbishment and using low-carbon materials)



Renewables Energy

- Install solar PV systems for all new developments and major refurbishments where possible
- Continue to review the portfolio to identify further opportunities for on-site renewable energy generation
- Continue annually sourcing 100% REGO* backed electricity
- Look to source power from high quality renewable sources, demonstrating additionality
- Survey customers who procure their own energy to gather data on existing procurement profile, and encourage renewable procurement amongst customers

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



Eliminate value chain emissions (Scope 3)

- Engage with suppliers to gain a better understanding of value chain emissions
- Enhance supplier engagement programme and industry-wide collaboration to reduce value chain emissions
- Incorporate climate-related KPIs in all relevant contracts to reduce value chain emissions



Offsetting

- Develop our company principles and approach to offsetting our GHG emissions.
- 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 periodically to ensure alignment with the latest standard
- Review carbon offsetting verification schemes to ensure they are aligned with our principles
- Support an industry net zero carbon certification for real estate



Our Carbon Footprint

To start with, it is important to understand our carbon footprint. To illustrate this, we have used our FY2019/20 carbon emissions which totalled 31,272 tonnes of carbon 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).

3,451 tCO₂e

| | |
|--------------------|-------|
| Natural gas | 2,620 |
| Fugitive emissions | 828 |
| Vehicle emissions | 3 |

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 7,144 tCO₂e. To be fully transparent, we have used our location-based emissions in the chart (right).

7,144 tCO₂e

| | |
|------------------------------|-------|
| Electricity (location based) | 7,021 |
| Purchased heat | 123 |

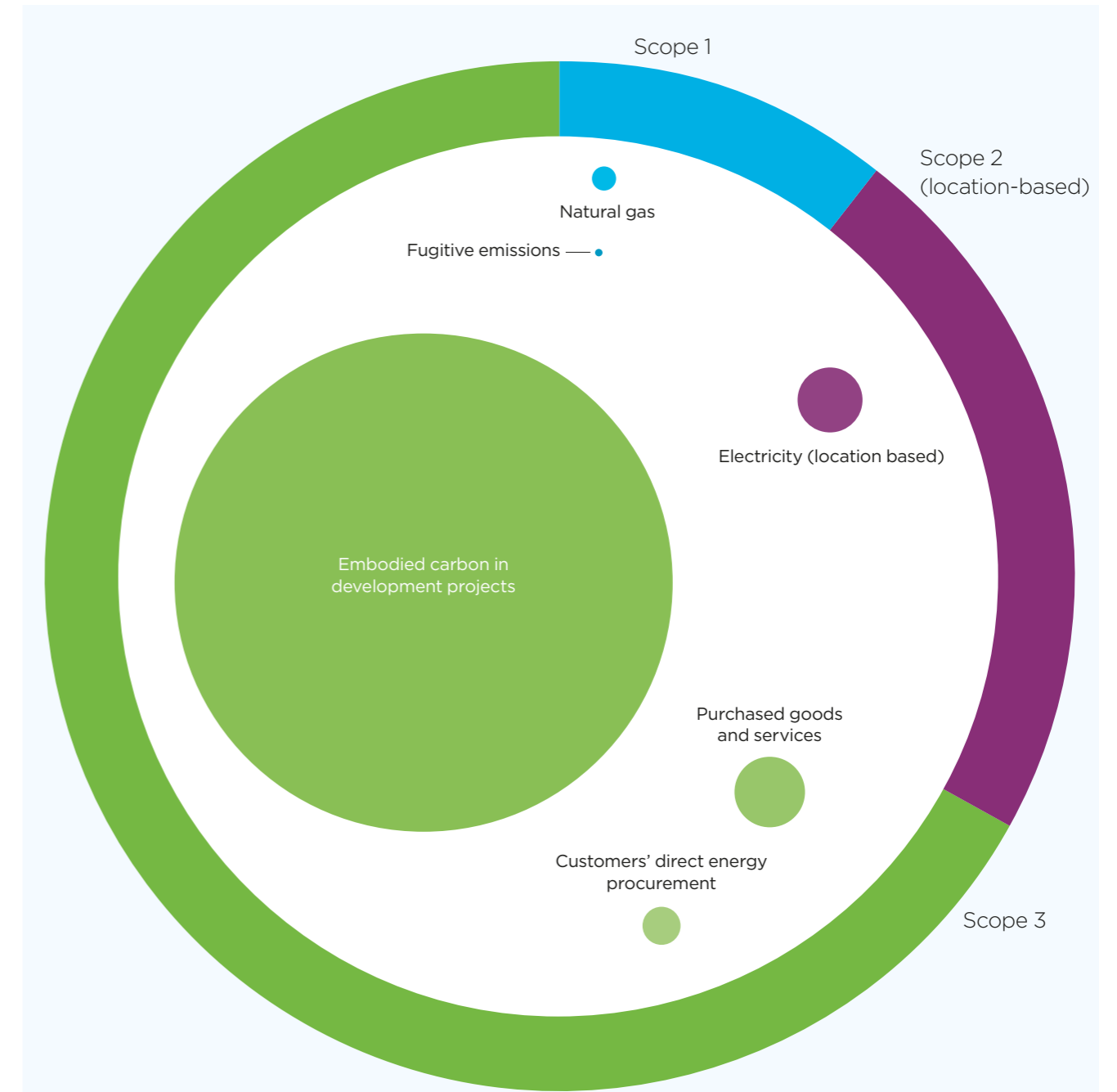
Scope 3

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 and purchased goods and services. 24% 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.

20,667 tCO₂e

| | |
|---|-------|
| Embodied carbon in development projects | 8,982 |
| Purchased goods and services | 7,647 |
| Customers' direct energy procurement | 2,928 |
| Heat transmission & distribution | 6.5 |
| Upstream emissions from our electricity consumption | 596 |
| Water treatment | 187 |
| Water supply | 91 |
| Employee commuting | 84 |
| Waste | 82 |
| Business travel | 74 |

Location-based Scope 1, 2 and 3 GHG Emissions



Our scope 1 & 2 emissions make up only one third of the total emissions. However they are essentially our operational emissions that we have control over and therefore need priority attention to drive decarbonisation at pace.

Our Science-based Targets

To help us achieve our net zero carbon goal, we have committed to reduce our emissions in line with the climate science presented by the Intergovernmental Panel on Climate Change (IPCC).

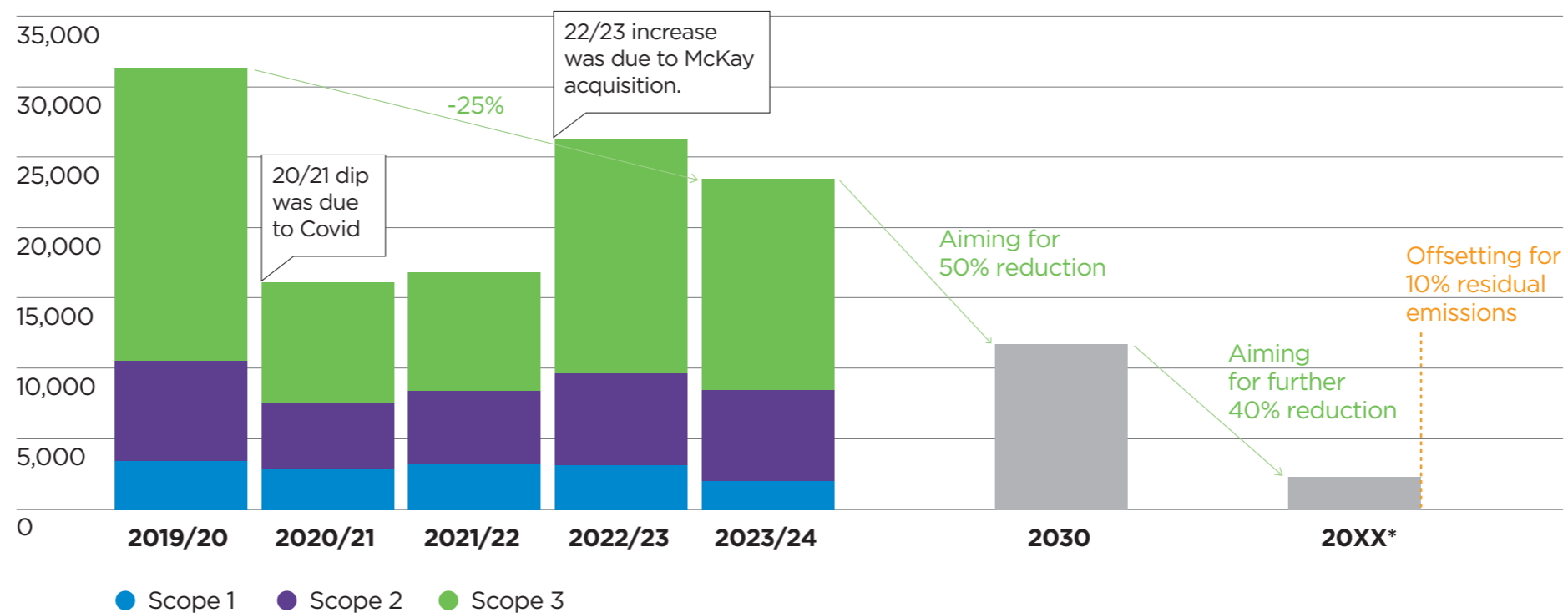
Following a detailed analysis of our emissions across the business and our value chain, we developed a set of science-based emission reduction targets which are aligned to 1.5°C warming scenario. Our targets are approved by the Science Based Targets Initiative (SBTi):

- Reduce scope 1 emissions by 42% by 2030 from a 2020 base year.
- Reduce scope 3 GHG from capital goods by 20% per sq. ft. of NLA by 2030 from 2020 base year.
- Continue annually sourcing 100% renewable electricity through FY 2030.

Noting the changes in SBTi standards, we are in the process of revising our emissions reduction targets to be in line with the updated net zero standard. Ultimately, our long-term goal is to reduce our emissions by 90%, before offsetting any residual emissions.

The chart on the right shows an indicative emissions reduction trajectory, in line with our net zero pathway. Our near-term goal is to reduce our emissions by 50% by 2030. To achieve this, our immediate focus is on eliminating the majority of our scope 1 and 2 emissions and target customer energy use and embodied carbon of our developments to drive down scope 3 emissions.

Scope 1 Science-based Target Trajectory tCO₂e



* Long-term net zero carbon target date to be confirmed once science-based target update is verified.





Our Challenges

Achieving net zero carbon is not going to be easy.

Our main challenges will be:

The nature of our portfolio will be a significant challenge for us, particularly given many of our buildings are older and often listed. Whilst lots of energy efficiency improvements can be made without altering the character and appearance of the building (low energy lighting, loft insulation, improved heating systems), certain measures can be more problematic (wall insulation, glazing and heating/cooling).

Retrofitting multi-tenanted buildings presents a challenge for us as working on parts of a building can have an impact on the efficiency of existing services, such as heating & cooling systems.

Data availability and accuracy can be challenging, particularly around assessing embodied carbon as estimations and assumptions are used when calculating emissions. As we gain a better understanding over time, we could see an initial increase in scope 3 emissions as accuracy is improved.

Limited understanding within the UK building industry on embodied carbon impacts for the maintenance, repair, refurbishment and end-of-life stages of a building's life cycle.



Our Opportunities

However, these challenges lead us to opportunities. In addition to the well-known commercial opportunities associated with mitigating climate change, including resilience, competitive positioning and lower maintenance and operational costs, here are some Workspace-specific opportunities which explain how we are well placed to achieve our net zero carbon goal:

The close relationship with our customers that we have built up as a result of directly managing our properties gives us a unique opportunity to collaboratively drive down emissions. Our customer engagement initiatives include launching the smart Building Energy Management platform Optergy, whereby customers can view and monitor their energy consumption (see Optergy case study on page 11), setting up environmental groups at some of our centres to share energy and recycling data and encouraging collaboration between customers, and offering energy-related events and resources.

Our in-house facilities management team gives us greater control over the day-to-day management of our operational energy consumption. The facilities managers proactively monitor and manage the energy consumption through analysing half-hourly consumption profiles and adjusting controls and settings (see Optergy case study on page 11). Our facilities managers get involved early in the design stage of our refurbishment and development projects in order to provide valuable advice on what works in practice.

Direct energy procurement on behalf of most of our customers means that we have access to whole building consumption data as well as control over electricity contracts which are 100% renewable.

Our rolling refurbishment and redevelopment programme aims to retain as much of the original buildings as possible, transforming them into modern spaces, whilst reducing the whole life-cycle carbon emissions, as well as retaining the history of the sites (see case study on pages 12 & 13). The rolling programme has transformed our portfolio which now has 23 BREEAM-rated energy efficient assets, with future refurbishment and redevelopment works planned in the pipeline to improve the standard further.

On-site generation opportunities throughout our portfolio as our buildings tend to have large flat roof spaces with limited shadowing from other buildings, making them suitable for solar PV panel installations. We currently have 12 solar PV panel installations and have identified a further five suitable sites (page 14). On-site generation requires less reliance on the grid and reduces our risk from future increases in electricity prices.

Our long-standing investment portfolio, with low churn, means that we can invest in long-term energy efficiency and generation projects.

Workspace is a dynamic business and can adapt quickly to change as we own the freehold of our buildings and have in-house development, asset management and facilities management teams.

Significant energy efficiency measures have been implemented over the last four years as part of our Energy Performance Certificate (EPC) project to meet the Minimum Energy Efficiency Standard (MEES) legislation. Over 50% of our portfolio is now EPC A/B rated, which has left us in a really good position in terms of energy efficiency, as well as improving our ability to let our assets. Works included LED lighting upgrades, insulation improvements, and HVAC upgrades.



The Boundaries

Investment Boundary

Workspace is a FTSE 250 listed Real Estate Investment Trust (REIT) which owns, develops and directly manages over 70 business centres.

The portfolio of flexible offices covering over 4.5 million sq.ft. is valued at c. £2,400m. Our net zero carbon target covers the whole Workspace portfolio, including our own corporate emissions. Our corporate emissions have not been separated out from our portfolio emissions.

No assets are currently excluded from the scope of our commitment and we have no Joint Ventures (JVs) or real estate investment vehicles. We have a small number of full repairing and insuring (FRI) leases which are included within our commitment and although the data we hold for them is limited, we are looking to improve our data collection process for these. Any acquisitions and sales will be included from the date of purchase or up until the date of disposal. If these are likely to change our base-year inventory significantly (i.e. more than 5%) this will trigger a recalculation of our Science-based Targets as per the SBTi guidance.

Carbon Emission Boundaries

Our commitment includes our operational and embodied carbon emissions and can be summarised as below:

- **Operational carbon**, critically covering whole building performance, including customer activities; and services procured by Workspace to service and maintain the space.
- **Embodied carbon** of development, refurbishment and fit-out works.

Although not significantly material, our own corporate emissions have been included as our Head Office is located within one of our investment properties. Our corporate emissions have not been separated out from our portfolio emissions.

The table below provides a list of the activities that are included within our net zero carbon target. A more detailed table which demonstrates the range of the carbon sources recognised by the Commitment and their alignment to the Greenhouse Gas Protocol can be found in the Appendix.



Workspace Carbon Emission Boundaries

| Activities which generate GHG emissions for real estate investment (directly or indirectly) | Activities controlled and managed by landlords | Activities controlled and managed by occupiers | Corporate / Head Office |
|---|--|--|-------------------------|
| Energy to operate buildings (electricity, fuels & heat networks) | ✓ | ✓ | ✓ |
| Water to operate buildings | ✓ | | ✓ |
| Waste generated during operation | ✓ | | ✓ |
| Refrigerants (Fugitive emissions) | ✓ | | ✓ |
| Purchase of goods and services (M&E & property management services) * | ✓ | | ✓ |
| Business travel (excluding that associated with development works) | | | ✓ |
| New development works | ✓ | | ✓ |
| Refurbishment works | ✓ | | ✓ |
| Fit-out works | ✓ | | ✓ |
| End of life** | | | |

* This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor Capex items e.g. minor replacements.

** End of life carbon has not been included within the scope of the BBP Climate Change Commitment due to lack of industry consensus on how it should be accounted for. As industry understanding improves and an agreed approach adopted, this position will be reviewed.

Delivery Strategy



Operational Carbon (Energy, water & waste)

What we have done so far:

We actively seek opportunities to manage and reduce our GHG emissions and use of natural resources in order to minimise our impact on the environment and contribute to fighting climate change, whilst continuing to deliver a high standard of customer satisfaction and comfort.

20%

reduction in scope 1&2 GHG emissions in 2023/24 compared to 2019/20 baseline year

46

sites now have smart BEMS installed

over 50%

of the portfolio is EPC A/B rated

Energy

Since our 2019/20 baseline year, we have reduced our absolute scope 1 & 2 emissions by 20%. This is a result of our rolling refurbishment and redevelopment programme, as well as our portfolio-wide energy efficiency projects which included LED lighting upgrades, insulation improvements and heating upgrades. Workspace now has over 50% of the portfolio EPC A/B rated, with works planned to reach 100% EPC A/B rating by 2030.

Water

Water efficiency measures are implemented for all new developments and refurbishments, as well as smaller refurbishment projects, to reduce water demand as much as possible. Our design specification requires that all water fittings have water saving features such as spray taps and showers, automatic sensors and dual flush cisterns. In addition to this, water metering and leak detection systems are installed so the facilities team can monitor and proactively manage consumption.

Waste

We monitor our recycling performance across the portfolio and our service provider conducts monthly waste audits to identify opportunities for improvements. Last year, we achieved a recycling rate of 76%. We have also been working closely with our service provider to improve data accuracy.



Case studies:

Optergy Smart Sub-metering & Controls

A key focus of our energy management strategy has been the roll out of our Optergy Building Energy Management System (BEMS) which is a smart metering technology system 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 Facilities Management teams to improve energy management practices and reduce GHG emissions. The Optergy customer portal is now live at 28 of our sites and enables our customers to log in to view and monitor their energy consumption profiles, giving them the tools to reduce their own carbon footprint.

Soft Landings Framework

To help bridge the performance gap between design and real-life operation, Workspace trialled a bespoke Soft Landings approach at one of its recent developments, Brickfields in Hoxton. This smoothed the transition from design and construction, through to operational performance for customers. A three-year aftercare process is now set to close the gap between predicted and actual building performance, maximising efficiency, reducing energy costs and cutting carbon. Following the success of the project, all new Workspace developments will follow the Soft Landings or NABERS Design for Performance framework.

“The whole project team worked collaboratively to trial our bespoke Soft Landings framework at Brickfields in Hoxton. The result is a great working environment for customers and an operationally efficient building. We are already incorporating lessons learnt at Brickfields into the design of our new centres.”

Alia Hashem,
Workspace Facilities Manager

Waste-to-heat District Heat Network

Four of our sites are connected to a local district heating network. A district heating network is a system of insulated pipes which transport heat from a central source to multiple buildings, providing a sustainable alternative to gas central heating systems. For example, our new building Cocoa Studios at the Biscuit Factory in Bermondsey is connected to the local waste-to-heat district heat network. Each unit has a heat meter which is linked to the Optergy BEMS and is therefore compliant with the Heat Network Regulations, allowing customers to view and monitor their usage, helping drive down consumption.



OUR PLAN TO MEET NET ZERO CARBON:

- All new developments & major refurbishments to have electric heating & cooling systems and we will explore local energy solutions such as district heating networks
- Replace existing gas central heating systems with electric heating & cooling systems where feasible
- Reduce heating demand through improving wall & ceiling insulation
- Roll out energy efficiency upgrades including LED/PIR lighting upgrades, BEMS optimisation
- Reduce the performance gap between design and in-use by adopting the principles of the Soft Landings framework or NABERS Design for Performance for all new development and major refurbishment projects, including post-occupancy evaluation
- Look to obtain asset level energy efficiency ratings such as BREEAM in-use or NABERS UK
- Improve our metering and monitoring systems including roll-out of AMR and Optergy smart sub-metering across the portfolio
- Engage with customers on sustainability-related topics through the Optergy energy portal, events, workshops, toolkits and campaigns
- Improve collection of data from customers who procure their own energy, aiming to transfer these supplies to our renewable contract
- Set operational Energy Use Intensity (EUI) targets for every asset and track EUI performance against net-zero carbon frameworks such as UK Green Building Council (UKGBC) or Carbon Risk Real Estate Monitor (CRREM) tool
- Integrate ESG into our acquisition due diligence process to ensure all investments are in line with our long-term sustainability targets
- Deliver workshops and seminars to equip employees with the relevant skills and knowledge to deliver our ESG targets
- Continue to monitor our water intensity and progress towards targets, including measures such as AMR installations and water harvesting technologies
- Continue to drive improvements in recycling rates and develop a net zero waste strategy
- Review ESG-linked Revolving Credit Facility (RCF) opportunities when we next refinance





Embodied carbon

What we have done so far:

We have reduced the embodied carbon associated with our redevelopment and refurbishment activities by 50%, compared to FY 2019/2020.

Embodied carbon is the total GHG emissions generated to produce a built asset. This includes emissions caused by extraction, manufacture/processing, transportation and assembly of every product and element in the asset. During our own development activities, we try to retain as much of the existing structure of the building as possible, which typically accounts for 67%* of embodied carbon in new build office developments.

To better understand and establish a baseline for our embodied carbon emissions, we carried out an assessment using a sample of recent development projects and extrapolating the data across the portfolio of past projects from 2015-2020. A rolling 3-year average was used to create a more representative base period which smooths out unusual fluctuations in emissions.

In the past, we have calculated our embodied carbon emissions using estimations and assumptions. Since 2021, all new development and major refurbishment projects have an embodied carbon assessment carried out during the planning stage and subsequent design stages to help inform our decisions.

Case study:

Leroy House, Islington

Net zero carbon considerations are at the heart of the design of this refurbishment project, aiming to achieve a BREEAM Excellent certification.

Leroy House is designed to achieve 230 kg CO₂ upfront carbon per m² GIA, 77% better than current benchmark. Key measures are:

- Retaining the current structure and leaving ceilings exposed
- Using steel and concrete with high recycled content
- Opting for natural ventilation, thus limiting the amount of plant required

The project will enable significant operational carbon emissions savings, including a projected 24% reduction in regulated energy consumption over Part L. Key measures are:

- Replacement of gas boilers with heat pumps
- 380 kW solar panel installation
- Double glazing
- High efficiency LED lighting and absence detection sensors

Wellbeing enhancing features were also prioritised throughout:

- Large windows that open to ensure good levels of natural daylight and ventilation
- 50m² of green roof to promote local biodiversity
- 98 cycle racks, 10 showers and a wet room to encourage green modes of transportation and active lifestyles

77%

Reduction from the current embodied carbon benchmark for offices

24%

More energy efficient than current regulation



OUR PLAN TO MEET NET ZERO CARBON:

All new developments & 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 & major refurbishments

Reduce the embodied carbon of development projects (using low carbon materials)

*Source: UKGBC Net Zero Carbon Buildings: A Framework Definition:





Renewable energy

What we have done so far (on-site generation):

To date, we have 12 solar photovoltaic (PV) installations across our portfolio and secured a long term Power Purchase Agreement (PPA) to source two-thirds of our electricity demand from a solar plant in Devon.

We install solar PV systems at all new developments and major refurbishments where possible. Although we already procure 100% renewable electricity across the portfolio, maximising our on-site generation will play a key role in meeting net zero carbon, whilst also generating returns on investment, reducing dependence on the grid and protecting us from potential increases in energy costs in the future.

What we have done so far (renewable procurement):

We began to procure renewable energy in 2017 and since then all electricity supplies within our group contract have been put on a 100% renewable tariff supported by a REGO (Renewable Energy Guarantees of Origin) certificate. As of February 2024, two-thirds of our electricity demand is met through the direct procurement of electricity generated in a solar plant in Devon via a Power Purchase Agreement (PPA).

This change has resulted in a significant reduction in our scope 2 market-based emissions which is why we report both our location-based and market-based scope 2 emissions for full transparency.

OUR PLAN TO MEET NET ZERO CARBON:

Install solar PV systems for all new developments and major refurbishments where possible

Continue to review the portfolio to identify further opportunities for on-site renewable energy generation

Continue annually sourcing 100% renewable electricity

Look to move to a high quality renewable contract via PPA, demonstrating additionality

Survey customers who procure their own energy to gather data on existing procurement options, aiming to transfer all supplies to our renewable contract



12

solar PV installations across the portfolio

2/3rd

Of our electricity demand met by renewable PPA

*Backed by a REGO (Renewable Energy Guarantees of Origin) certificate:



Eliminate value chain emissions

What we have done so far:

We have reduced the proportion of the portfolio with customer-managed energy supplies, resulting in a 6% reduction in corresponding energy-related emissions. We also actively engage with our customers on energy reduction.

6%

Reduction in energy related emissions coming from customer-managed supplies

860MWh

Energy saved in February 2024 from our Big Energy Race campaign

330

Energy saving pledges from customers

Customer direct supplies

A significant portion of our scope 3 emissions originates from the energy directly procured and managed by our customers. We have prioritized transferring these energy supplies to our renewable energy contracts. This initiative not only helps our customers reduce their carbon footprint but also provides us with better visibility and control to implement targeted energy optimization strategies.

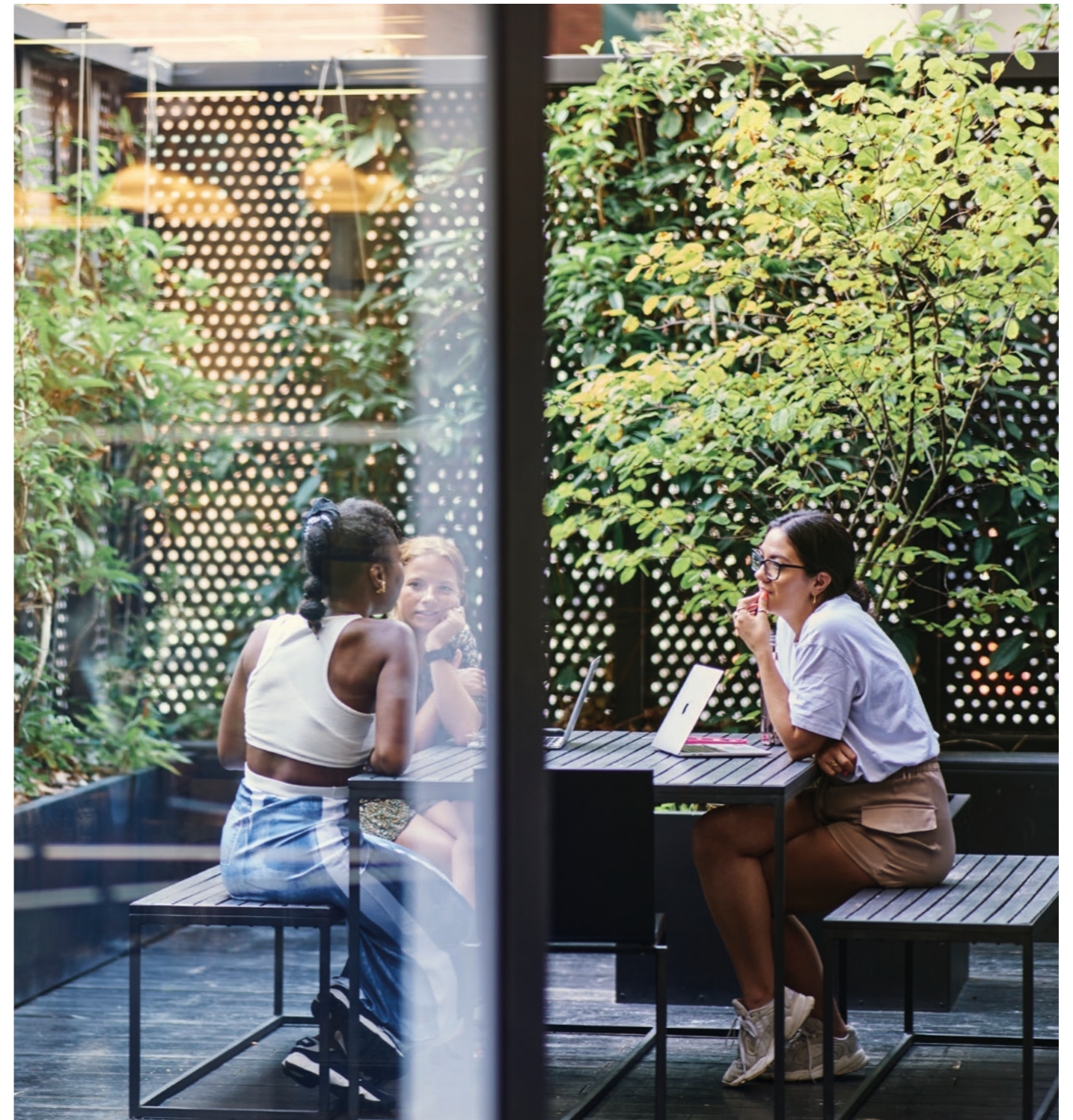
Customer engagement

Customer engagement is essential in unlocking the greatest energy savings and accelerating progress on our net zero carbon trajectory. In 2022, we ran a behaviour change campaign at our Frames building which helped achieve an 11% energy reduction over twelve months, in a modern building already well-equipped. Taking inspiration from the success at Frames, we ran a portfolio-wide 'Big Energy Race' campaign across our entire portfolio in February 2024 to encourage all our customers to reduce their energy consumption.

Our engaging communication and use of gamification allowed this campaign to deliver very tangible results. Over 860,000 kWh of energy was saved in February 2024. The campaign motivated our customers to adopt sustainable behaviours such as switching off lights, reducing temperature set points and setting appliances on energy saving mode during off hours. We intend to run this campaign annually and engage our customers on energy reduction.

Supplier engagement

Our first step is to gain a better understanding of our suppliers' emissions. To facilitate this, we have launched a supplier portal to enhance engagement and communication with them. Our goal is to annually collect emissions data from all our key suppliers. With these insights, we will be able to implement targeted initiatives and reduce emissions across our value chain.





Offsetting

To achieve net zero carbon, we will need to offset our residual emissions. These will mainly be emissions from the embodied carbon associated with our development and major refurbishment activities as well as residual emissions from our value chain, where we have little control.

Our priority is to reduce emissions as much as possible before resorting to offsetting. We will adopt best practice principles for offsetting, aligned with net zero standards, and invest in high-quality, credible projects that aim to permanently remove carbon from the atmosphere.

OUR PLAN TO MEET NET ZERO CARBON:

- Develop an offsetting strategy to outline the scope and timeline of offset arrangements
- Define boundary and scope of emissions to be compensated
- Appoint a provider to support implementation
- Explore opportunities and the costs and benefits associated with investing in sustainable practices within our own supply chain (insetting)
- Explore internal carbon pricing options and setting up a decarbonisation fund



Third-party verification

Third-party verification is completed in accordance with recognised verification standards.

GHG verification

We verify our GHG emissions at a limited level of assurance by a third party to give us confidence that our data is accurate, complete, consistent, transparent and free of material error or omission. Following each audit, we receive a certificate and an improvement report.

Science-based targets

Our science-based targets have been formally approved and verified by the SBTi.

OUR PLAN TO MEET NET ZERO CARBON:

- Extend scope of GHG emissions verification level
- Review science-based targets periodically to ensure alignment with latest standard
- Review carbon offsetting verification schemes
- Support an industry net zero carbon certification for real estate



NET
ZERO
Carbon Pathway

Appendix

Delivery Strategy

| Operational Carbon (energy, water & waste) | | | |
|---|--|--|--|
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Operational carbon emissions | Monitoring our progress in decarbonising our operations in line with climate science. | We have set science-based targets which have been verified by the Science Based Targets Initiative (SBTi) in line with keeping global warming to 1.5° which cover our scope 1 & 2 operational emissions. These will be monitored and re-baselined as needed following SBTi guidance. | Absolute carbon emissions (tCO ₂ e). |
| Operational emissions intensity | Reducing the emissions intensity of heating and cooling our buildings. | We plan to carry out a detailed assessment of building heating and cooling, including the programme of replacements and installations, to identify a road map to retrofit our standing assets with electric heating & cooling systems, and the removal of existing gas central heating systems & replace with air source heat pumps. | Percentage of gas systems replaced. Carbon intensity (tCO ₂ e/m ²). |
| Energy Intensity | Reducing the energy intensity of heating, lighting and cooling our buildings. | We plan to instruct a detailed assessment of building heating and cooling, including the programme of replacements and installations, in order to develop building benchmarks for the different landlord areas & whole buildings. We also plan to roll out a suite of energy efficiency upgrades including LED/PIR lighting upgrades, BEMS optimisation, and wall/ ceiling insulation improvements. We will set operational energy use intensity (EUI) targets for landlord areas by 2021/22 and for every asset by 2025 and track performance against net-zero carbon frameworks such as UK GBC or CRREM tool. These targets will be integrated into these into team objectives. | Percentage of buildings with intensity targets. Energy intensity of each building (kWh/m ²). Average portfolio energy intensity (kWh/m ²) |
| Water consumption & intensity | Reduce water consumption. | Continue to monitor our water intensity and progress towards targets. We plan to implement AMRs to improve water monitoring. Development of a forward-looking strategy for water monitoring to include measures such as water harvesting technologies. | Monitor water consumption & intensity annually – total m ³ and m ³ /sq.ft. |
| Recycling rate & waste generation | Increase recycling rates and reduce waste volumes. | Continue to monitor, review and update our waste targets and to drive improvements in recycling rates. We will develop a strategy for waste reduction in line with net zero. These targets will be incorporated as part of personal objectives. We will develop a strategy for absolute waste reduction in line with net zero target. | Monthly monitoring of recycling rates (%) and total waste produced (tonnes). |
| Measurement & monitoring strategy | Increased understanding of opportunities to reduce energy consumption. | We will improve our metering and monitoring systems including the roll-out of AMR and promoting the uptake of Optergy smart sub-metering across the portfolio. | Percentage of buildings on Optergy, coverage of portfolio (% total sq.ft.). |
| Measurement & monitoring application | Using improved data on energy consumption to drive reductions. | Use metering and monitoring to actively manage energy consumption, including review of half-hourly data etc and developing thresholds for flagging opportunities on an ongoing basis through our data management system. | |
| Customer engagement & data collection strategy | Support our customers to reduce their operational energy consumption. | We will encourage our customers to log onto the Optergy platform to view and monitor their energy consumption. Collect environmental data from customers where Workspace is not directly responsible for energy procurement and waste management (2025). Engage with our customers on sustainability-related topics through events, workshops, newsletters, posters, and social media platforms. Create opportunities for knowledge sharing and engaging with our customers by rolling out customer-led Environmental Groups. | % customers reporting own energy procurement. % sq.ft. covered by customer reporting. Customer participation in environmental groups, number of customers with access to their metering through Optergy, number of newsletters sent out to customers. Number of energy-related events. |
| Acquisition strategy | Ensure investment strategy is in line with our long-term sustainability targets. | Use the BBP toolkit to guide our acquisition strategy. ESG considerations to be integrated into our established due diligence process for acquisitions. | Evidence of ESG considerations in acquisition process. |
| Targets for major refurbishments/ new developments | Reducing the emissions intensity of heating and cooling new developments and acquisitions. | All new developments & major refurbishments to have electric heating & cooling systems. | |
| Targets for major refurbishments/ new developments | Reduce energy consumption of new developments and acquisitions. | We have started using the Soft Landings Framework to help bridge the performance gap between design and real-life operation, to find opportunities for maximising efficiency, reducing energy costs and cutting carbon. Following the success of a pilot project, all new Workspace developments will follow the Soft Landings framework or NABERS Design for Performance. We plan to introduce energy consumption targets for new developments and acquisitions along the guidelines provided by UKGBC or similar. These targets will be reviewed annually to flag areas for increased ambition. | Number of projects following the Soft Landings Framework. Percentage of new developments with energy consumption target according to UKGBC. |

Appendix continued

Delivery Strategy continued

| Embodied carbon associated with capital goods, services, and capital works e.g. management, maintenance, fit-outs, refurbishment and new development | | | |
|--|---|---|--|
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Embodied carbon targets | Monitoring our progress in decarbonising our development projects in line with climate science. | We have set science-based targets which have been verified by the Science Based Targets initiative (SBTi) for our scope 3 upstream embodied carbon. This will be monitored and re-baselined as needed following SBTi guidance. We will establish a methodology to feed this target into project-by-project targets. | tCO ₂ e/m ² (sqft.) |
| Whole life carbon assessments | Identifying opportunities for carbon emissions reduction for development projects. | Carry out whole life carbon assessments for all new major refurbishments & developments, and ensure this target is reflected in the team's goals. The intention is to identify and implement opportunities for carbon savings in new projects. | # assessments carried out % savings identified; % savings achieved |
| Standards for smaller projects and M&E | Establish environmental standards for smaller projects. | Review best practice guidelines for smaller projects and M&E for environmental and social standards. These will be incorporated into personal objectives for the team. | |
| Minor refurbishment standards | Reducing the environmental impact of minor refurbishment projects | Review projects for suitability for SKA ratings and carry out where relevant. | # assessments carried out, and the standard achieved. |
| Embodied carbon of heating systems | Identifying opportunities for carbon emissions reduction in fit-out. | Detailed analysis to include consideration of embodied carbon of heating systems to identify optimum switch-out across Sc1 / Sc3. | % of portfolio reviewed. |
| Procurement strategy | Reducing the environmental impact of fit-out. | Develop procurement strategy, including guidelines for contractors, to focus procurement targets on sustainable sourcing (FSC timber), and providing local value (e.g. hiring and procurement). | Contractors' procurement guide. |
| Customer fit-out | Reducing environmental impact of customer fit-out | To be confirmed once we gain a better understanding of the carbon impact associated with customer fitouts. | Explore impact of customer fitouts. |
| On-site generation | | | |
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Generation | Maximise on-site renewable energy generation. | We have established a target to increase the coverage of on-site installed renewables year on year. We have established a target to install solar PV systems for all new developments and major refurbishments where suitable. | Total portfolio generation (kWh). % energy consumption per building covered by on-site renewables. % increase in coverage of on-site renewables. |
| Investment in renewable energy projects | Increasing on-site renewable energy generation. | We will develop an investment strategy for on-site renewables – building on the feasibility studies and incorporating our understanding of site energy demand and payback periods. | Number of on-site renewables projects established for existing portfolio. |

Appendix continued

Delivery Strategy continued

| Renewables Procurement | | | |
|--|--|---|---|
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Electricity procurement | Support reducing carbon intensity of the UK renewable energy grid. | We currently procure 100% renewable electricity supported by a green electricity contract (REGO-certified) and a Power Purchase Agreement with a solar farm in Devon. | kWh and % kWh consumption covered by PPA contracts kWh and % kWh consumption covered by renewable energy tariffs |
| Green gas procurement | Support reducing carbon intensity of the UK renewable energy grid. | We intend to procure Green Gas Certified gas upon our next contract renewal. | kWh green gas consumed and % gas consumption covered by green gas. |
| Customer's renewable energy procurement | Support reducing carbon intensity of the UK renewable energy grid. | We will 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. | % customers' own renewable energy procurement. |

| Offsetting | | | |
|--------------------------------|--|---|---|
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Offsetting | Invest in global carbon reduction in line with our emissions which cannot be eliminated. | We will develop our company principles and approach to offsetting, which will be used to guide an offsetting strategy to outline the scope and timeline of offset arrangements and appoint a provider to support implementation. | % of emissions which have been offset. Number and type of schemes invested in. |
| Insetting | Generate our own carbon reduction schemes. | We will explore opportunities and the costs and benefits associated with insetting projects, investing in sustainable practices within our own supply chain. | Number and type of carbon reduction scheme initiated. Estimated annual savings (tCO ₂ e). |
| Internal cost of carbon | Incentivise carbon consideration in procurement decisions and energy efficiency. | We will explore developing an internal cost of carbon and its applicability to procurement decisions and energy efficiency. Initially we intend to pilot a shadow to develop the process, with the aim of establishing a price for both operational and development emissions which can feed into a decarbonisation fund we will create. We will seek guidance on best practice standards and work to align with these. | Carbon price of annual procurement. |

| Third-party verification; industry standards and certification | | | |
|--|--|--|--|
| TOPIC/ SUBTOPIC | OUTCOMES / AIMS | DELIVERY / MANAGEMENT STRATEGY | REPORTING METRICS |
| Verification | Increase the credibility of our reporting. | We plan to extend the scope of our GHG emissions verification (currently limited). | Verification level. |
| Certification | Understand our performance against industry standards. | We will continue to carry out BREEAM certification and will explore integrating BREEAM in use or NABERS UK. | BREEAM, BREEAM in-use and NABERS UK assessments carried out. |
| Reporting | Understand our performance against industry standards. | We will continue reporting to the Real Estate Environmental Benchmark and measuring our buildings' performance against that standard. | Properties benchmarked. |
| Assessments | Understand our performance in fit-outs against industry standards. | Carry out SKA Rating assessments for appropriate fit-out projects. | SKA rating assessments carried out. |
| Industry standards | Take guidance from industry standards. | Integrate guidance from the London Energy Transformation Initiative (LETI) and UKGBC net zero standard into our best practice guidelines for development projects. | |

Appendix continued

Detailed Scoping & Greenhouse Gas Protocol Alignment

| BUSINESS AREA | SUB-AREA | GHG PROTOCOL REPORTING CATEGORY | EMISSIONS SCOPE | COMMITMENT INCLUSION | WORKSPACE | WORKSPACE COMMENTS |
|---|--|---|---------------------------------------|----------------------|-----------|---|
| Corporate | Head office energy use | Company facilities | 1 & 2 | • | ✓ | Included within our pathway as our Head Office is located within our Kennington Park Business Centre, one of our Direct Real Estate Holdings. |
| | Company vehicles | Company vehicles | 1 | • | ✓ | These emissions are not significantly material to our business. However, we already report against this as part of our GHG emission reporting and will therefore include this within our pathway. |
| | Business travel (excluding commuting) | Business travel | 3 | • | ✓ | These emissions are not significantly material to our business. However, we already report against this as part of our GHG emission reporting and will therefore include this within our pathway. |
| | Purchased goods and services | Purchased goods & services | 3 | • | ✓ | This is included within our pathway along with our Direct Real Estate Holdings. |
| | Operational waste generated | Waste generated in operations | 3 | • | ✓ | This is included within our pathway along with our Direct Real Estate Holdings. |
| | Operational water use | Purchased goods & services | 3 | • | ✓ | This is included within our pathway along with our Direct Real Estate Holdings. |
| | Employee commuting | Employee commuting | 3 | • | ✓ | |
| | Direct Real Estate Holdings (including JVs with management control) | Landlord purchased energy (electricity & fuels) | Purchased electricity, heat and steam | 1, 2 & 3 | ✓ | ✓ |
| Customer purchased energy (electricity & fuels) | | Downstream leased assets | 3 | ✓ | ✓ | |
| Landlord refrigerants | | Purchased goods and services | 1 | ✓ | ✓ | |
| Customer refrigerants | | Customer scope 3 | 3 | | | |
| Landlord purchased water | | Purchased goods & services | 3 | ✓ | ✓ | |
| Customer purchased water | | Customer scope 3 | 3 | | | We will be looking to collect our customer's environmental data including purchased water; however, we have limited control over this. |
| Landlord managed operational waste | | Waste generated in operations | 3 | ✓ | ✓ | |
| Customer managed operational waste | | Customer scope 3 | 3 | | | We already include customer-managed operational waste within our GHG emissions; however, we have limited control over this. |
| Customer transport emissions | | Customer scope 3 | 3 | | | |
| Customer supply chain emissions | | Customer scope 3 | 3 | | | |
| Landlord purchased capital goods & services (M&E & property management services)* | | Purchased goods and services | 3 | ✓ | ✓ | |

• Corporate emissions are not included within the scope as the focus of the BBP Climate Change Commitment is on Signatories real estate investments. It is also likely these emissions are not significantly material. However, some Signatories may voluntarily elect to include them in their target scope.

* This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor Capex items e.g. minor replacements.

** End of life carbon has not been included within the scope of the BBP Climate Change Commitment due to lack of industry consensus on how it should be accounted for. As industry understanding improves and an agreed approach adopted, this position will be reviewed.

Appendix continued

Detailed Scoping & Greenhouse Gas Protocol Alignment continued

| BUSINESS AREA | SUB-AREA | GHG PROTOCOL REPORTING CATEGORY | EMISSIONS SCOPE | COMMITMENT INCLUSION | WORKSPACE | WORKSPACE COMMENTS |
|---|---|--|-----------------|----------------------|-----------|--|
| Investments (Indirect Real Estate Holdings, e.g., where investments are managed by a third party such as JVs with no management control or investments in other real estate investment vehicles) | N/A | N/A | N/A | N/A | N/A | N/A. We don't have any JVs or investments in other real estate investment vehicles. |
| Development | New development (including those where funding is being provided) | Purchased goods & services | 3 | ✓ | ✓ | |
| | Refurbishments | Purchased goods & services | 3 | ✓ | ✓ | |
| | Fit-out (landlord controlled) | Purchased goods & services | 3 | ✓ | ✓ | |
| | Fit-out (customer controlled) | Customer scope 3 | 3 | ✓ | | This may be included once we gain a better understanding of the carbon impact associated with customer fit-outs. |
| | End of life | End of life treatment of sold products | 3 | ** | | |

- Corporate emissions are not included within the scope as the focus of the BBP Climate Change Commitment is on Signatories real estate investments. It is also likely these emissions are not significantly material. However, some Signatories may voluntarily elect to include them in their target scope.
- * This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor Capex items e.g. minor replacements.
- ** End of life carbon has not been included within the scope of the BBP Climate Change Commitment due to lack of industry consensus on how it should be accounted for. As industry understanding improves and an agreed approach adopted, this position will be reviewed.

Appendix continued

Engagement Strategy

Engaging with our key stakeholders is key to the delivery of our net zero carbon strategy. We inform and educate our customers to enable responsible energy usage in their units through various channels, including interviews, awareness campaign and social media posts.

We closely engage with our key suppliers (waste management, construction, M&E) to monitor progress against environmental targets and now screen all prospective suppliers and contractors against environmental and social criteria and ask that they comply with our Supplier Code of Conduct.

We actively participate in industry roundtables and Government consultations to influence policy and adoption of best practice standard in the sector. Our active participation to industry groups, such as the Better Buildings Partnership and the British Property Federation, also ensure our continued upskilling on best-in-class decarbonisation strategies and solutions.

Unlocking capital is essential, which is why we have created a green finance framework and engaged with banks to issue a green bond and set up a sustainability-linked loan. It is also crucial that our investors understand and back our carbon reduction ambition, and we ensure that our reporting provides full transparency our progress and strategy.

ESG Governance

The governance of ESG matters at Workspace can be found on pages 180-185 in our 2024 Annual Report and Accounts (ARA). Our Chief Executive Officer and Board ultimately have the highest level of responsibility regarding our decarbonisation strategy, however all employees have at least one ESG-related objective in their appraisal process and those objectives are factored into bonus remuneration for key team members, as outlined on pages 190-196 of the 2024 ARA.

To ensure our employees have the knowledge and tools to support the delivery of our net zero carbon pathway, all new joiners are required to attend a sustainability induction and specific training is delivered to key individuals for continuous upskilling.

Our environmental policies listed on page 85 of our 2024 ARA also support the delivery of our decarbonisation strategy. Policies can be accessed on this page.

