

## ESG COMMITTEE REPORT



The ESG Committee is dedicated to guiding the business toward sustainable success and responsible leadership. By fully integrating environmental, social, and governance principles into the business strategy and decision-making processes, our aim is to deliver value for all our stakeholders.

**Duncan Owen**  
Chair of the ESG Committee



### QUICK LINKS

Membership and attendance at ESG Committee meetings	Page 181
Key topics considered by the Committee during the year	Page 181
Former Chair's letter	Page 182
Governance of ESG matters at Workspace	Page 183
Spotlight on Renewable energy procurement	Page 184
ESG policies, procedures and related assurance	Page 185



## ESG COMMITTEE REPORT CONTINUED

MEMBERSHIP AND ATTENDANCE  
AT ESG COMMITTEE MEETINGS

	MEMBER SINCE	MEETINGS ATTENDED
Duncan Owen (Chair)	2022	●●●● 4/4 <sup>1</sup>
Rosie Shapland	2022	●●●● 4/4 <sup>1</sup>
Lesley-Ann Nash	2022	●●●● 4/4 <sup>1</sup>
Manju Malhotra	2022	●●●● 4/4 <sup>1</sup>
Nick Mackenzie	2022	●●●● 4/4 <sup>1</sup>
Graham Clemett	2022	●●●● 4/4 <sup>1</sup>
Dave Benson	2022	●●●● 4/4 <sup>1</sup>
Stephen Hubbard	2022	● 1/1 <sup>2</sup>

1. There were two ESG Committees held in January 2024. One meeting was a joint meeting with the Audit Committee.
2. Stephen Hubbard stepped down from the Board with effect from the close of the Company's AGM on 6 July 2023.

As at 31 March 2024, The Committee consisted of five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer (biographies are available on pages 118 to 120). At the request of the Committee, members of the Executive Committee, the senior management team and/or external advisers may be invited to attend all or part of any meeting, as and when appropriate.

**Meetings of the ESG Committee**

During the year under review, the Committee held four meetings. These took place in April 2023, September 2023, January 2024 and a joint ESG and Audit committee meeting as well in January 2024.

## KEY TOPICS CONSIDERED BY THE COMMITTEE DURING THE YEAR

KEY TOPIC	ACTIVITY	OUTCOME
<b>CLEAR AND CREDIBLE PATH TO NET ZERO CARBON</b>	<ul style="list-style-type: none"> <li>- Evaluated Workspace's progress on the net zero pathway.</li> <li>- Discussed the suitability of interim decarbonisation milestones and its inclusion in Executive Directors' targets.</li> <li>- Reviewed the action plan supporting near-term decarbonisation targets and the associated investment plan.</li> <li>- Reviewed the proposal for the renewable energy procurement strategy.</li> <li>- Considered dependencies crucial for the successful delivery of the long-term net zero carbon commitment.</li> </ul>	Ensured Workspace continues to have a credible path to net zero, supported by a robust investment plan. The Committee's approval of Workspace's renewable energy procurement strategy marks a significant achievement in advancing towards our net zero target.
<b>EVIDENCING LONG-TERM COMMITMENT TO SOCIAL WELFARE</b>	<ul style="list-style-type: none"> <li>- Assessed Workspace's strategy for delivering positive impact across all stakeholders, aligned with the B Corp framework.</li> <li>- Examined the methodology for measuring and reporting social impact.</li> <li>- Deliberated on incorporating social value and Diversity &amp; Inclusion KPIs into Executive Directors' targets.</li> </ul>	Reinforcement of the commitment to generate value for all stakeholders. Greater business buy in and accountability was achieved by adoption of social value and Diversity & Inclusion KPIs into Executive Director's targets.
<b>ACTIVE MANAGEMENT OF ESG RISKS AND OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>- Evaluated the materiality of various ESG issues, weighing risks and opportunities for Workspace to identify priorities.</li> <li>- Assessed the effectiveness of climate risk management and internal controls.</li> <li>- Received a briefing on upcoming regulatory changes and evaluated compliance readiness.</li> </ul>	Ensured Workspace's sustainability strategy is future proofed against evolving regulatory and market risks. The materiality review also helped identify key opportunity areas to prioritise.
<b>MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE AND REPORTING</b>	<ul style="list-style-type: none"> <li>- Proposed ESG objectives for Executive Directors to the Remuneration Committee and assessed outcomes at year end.</li> <li>- Collaborated with the Audit Committee to review all ESG policies and assurance programmes for effectiveness.</li> <li>- Reviewed and approved the information reported on sustainability.</li> </ul>	Existence of a robust governance framework for sustainability matters, with business-wide accountability in delivering strategic priorities. Reaffirmed our commitment to transparent and effective sustainable practices, by championing adoption of best practice sustainability disclosure.



## ESG COMMITTEE REPORT CONTINUED

ESG COMMITTEE  
CHAIR'S LETTER

**Duncan Owen**  
Chair of the ESG Committee

“  
As the Chair of the ESG Committee, guiding the business towards a sustainable future has been my steadfast principle. I take immense pride in the heightened environmental and social impact we've achieved this year, creating value for all our stakeholders. Sustainability is now authentically embedded in our business culture, with the entire workforce mobilised, as it rightfully should be.

**Dear shareholder,**

I am pleased to present the report of the ESG Committee for the year ended 31 March 2024.

The ESG Committee was established in April 2022 to bolster the Board's oversight of environmental and social issues. Recognising the growing significance of ESG matters and the imperative to lead the business into a sustainable future, the Board deemed it prudent to create a dedicated forum for in-depth oversight of business sustainability strategy.

From the beginning, the Committee agreed that there would be four key themes for it to focus on:

- (i) having a clear and a credible path to net zero;
- (ii) evidencing long-term commitment to social welfare;
- (iii) active management of ESG risks and opportunities; and
- (iv) maintaining high standards of corporate governance and reporting.

Workspace's sustainability strategy is underpinned by the philosophy of stakeholder value. As a Committee, we have aimed to adopt a balanced score card to inform decision making, ensuring business is prioritising environmental and social impact, whilst delivering value for all its stakeholders.

Throughout the year, the Committee has effectively delivered on several tasks we had set out: closely monitoring progress made on net zero carbon transition, setting new strategy for renewable energy procurement, reviewing social impact and customer engagement strategies and conducting a critical review of ESG policies and procedures. The Committee also conducted a detailed review of material ESG issues and sustainability disclosures. I detail on page 181 an overview of the activities which we have carried out.

**Net zero carbon transition**

Climate action continues to be a key priority for the business, requiring business-wide transformation. In 2019, Workspace signed up to the Better Buildings Partnership ('BBP') Climate Commitment to deliver a net zero carbon real estate portfolio. Following a detailed analysis of the emissions across the business and the value chain, Workspace have also developed a set of science-based targets which are aligned to the goals of the Paris Agreement. These targets have been approved by the Science Based Targets Initiative (SBTi) and cover both our operational emissions (scope 1 and 2) and our embodied carbon emissions (scope 3).

During the year, the Committee conducted a deeper dive of the net zero pathway for the business to ensure it is on track to achieving decarbonisation of its portfolio. Whilst this will not be an easy undertaking, I am pleased with the progress the business has already made

by reducing its like-for-like Scope 1 and 2 emissions by 12% compared to last year and the landmark initiative to secure a renewable power purchase agreement, sourcing two-thirds of its electricity from a solar plant in Devon.

**Embedding ESG into the workings of other Committees**

To ensure the ESG agenda is not siloed, we also identified ways in which ESG considerations are embedded within the workings of other Committees. Each year we hold a joint meeting with the Audit Committee to review the ESG policies and effectiveness of the assurance programme in place. ESG input is also informing discussions at the Nominations Committee regarding requisite expertise at Board level and with the Remuneration Committee regarding aligning compensation with ESG targets.

**Looking forward**

Given the fast-evolving pace of the ESG agenda, the Committee recognises that it needs to be future-focused and evolve its priorities to maintain oversight of both existing flagship initiatives and capturing new opportunities. As such, we revisit the materiality assessment for the business each year to identify new frontiers to focus on. Undeniably, the urgency will remain on driving net zero carbon transition at pace and the Committee will continue to closely monitor the Company's progress on its net zero pathway. However, we realise that nature and ecological crisis goes hand in hand with climate mitigation and warrants a robust business response.

This will form a key part of Committee activity in the coming year, in addition to continuing to further evolve our approach to social impact and its scalability.

## ESG COMMITTEE REPORT CONTINUED

### ESG COMMITTEE CHAIR'S LETTER CONTINUED

As we embark on the third year of our journey, I am delighted to share the news that, starting April 2024, Manju Malhotra will assume the role of Chair for the ESG Committee. With a wealth of experience in understanding business ESG drivers and a personal commitment to maximising stakeholder value, Manju is exceptionally well-suited to lead the Committee and guide its strategic direction. Her passion for sustainability and proven expertise will undoubtedly contribute to the continued success of the Committee in fostering a sustainable and responsible future for the business.



**Duncan Owen**  
Chair of the ESG Committee  
4 June 2024

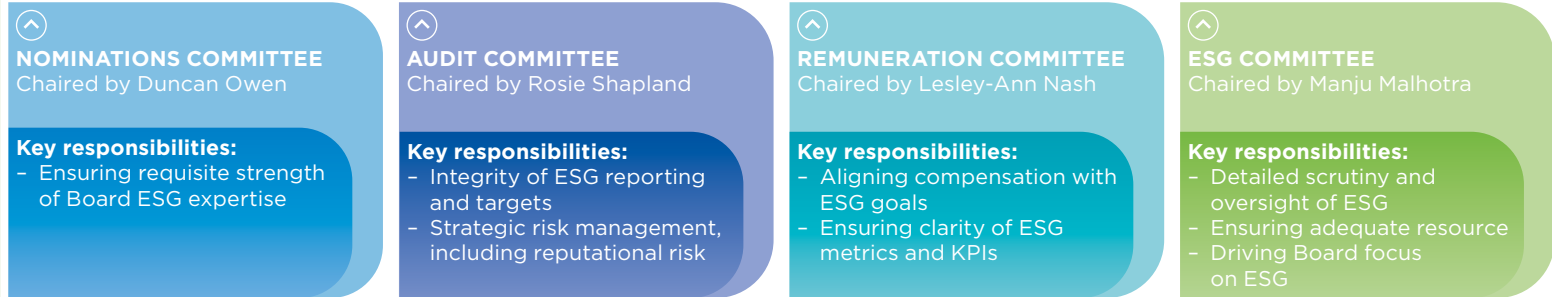


**I am thrilled to step into the role of Chair of the ESG Committee. With Workspace already built on robust sustainability foundations, I am looking forward to the opportunity to offer effective oversight and steer the Committee in setting a strategic course for the future.**

**Manju Malhotra**  
Non-Executive Director

## GOVERNANCE OF ESG MATTERS AT WORKSPACE

### BOARD OF DIRECTORS



#### The role of the Board

The Chief Executive Officer along with the Workspace Board have the highest level of responsibility on all ESG matters. The role of the Board is to maintain close oversight of the ESG programme, ensuring long-term sustainable success of the business.

An ESG Committee comprising five independent Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer is set up to assist the Board in incorporating ESG considerations in business strategy and decision making.

The ESG Committee receives a detailed update on Workspace's sustainability strategy 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.

The ESG Committee also informs the working of other Board Committees with ESG considerations as it pertains to remuneration, nominations and audit functions.

#### Management responsibility

The Executive Committee is responsible for creating sustainability strategy for the business and individual Executive Committee members are responsible for leading on the delivery of environmental and social programmes.

The Executive Committee receives monthly updates on ESG matters, including progress against the annual ESG targets.

At operational level, the day-to-day management of ESG initiatives is managed by the members of the Environmental and Social Sustainability Committees, cross-function groups comprising heads of departments who are responsible for individual workstreams. Both these Committees include several Executive Committee members, which ensures senior level ownership and oversight of implementation plans and streamlines communication to the wider Executive Committee and the Board.

#### Ownership and accountability

ESG considerations are embedded across the business, ensuring there is clear oversight and accountability at each level – at Board level, at Executive level and at operational delivery level. Further, the core ESG targets for the business have been translated into performance objectives for relevant teams and are linked to their remuneration.

#### Terms of Reference

The Committee's role and responsibilities are set out in the terms of reference, which were created in September 2022 and are available on the Company's website at [www.workspace.co.uk/investors/about-us/governance/board-committees](http://www.workspace.co.uk/investors/about-us/governance/board-committees).

#### Performance of the ESG Committee

As part of the Board effectiveness review undertaken this year, the ESG Committee's performance was assessed through an external evaluation. The outcomes and actions of this evaluation are listed below. It was concluded that the ESG Committee was operating effectively.

#### Outcomes

- Consider how to shift Committee focus from learning to deliberation and decision making.
- Ensure that the 'S' of the ESG is well understood by the Committee and therefore the Board.
- Keep under review whether the Committee should continue to comprise the whole Board, and at which point a smaller Committee may be able to do heavy lifting or add greater value.

#### Actions

- Format of Committee meetings and supporting papers was reviewed to ensure the members are provided with comprehensive contextual information as pre-read, allowing for greater time deliberating key issues and implications.
- Allow for dedicated time in the Committee agenda to receive a detailed briefing on social strategy and set increasingly progressive social impact targets.

## ESG COMMITTEE REPORT CONTINUED

## SPOTLIGHT ON RENEWABLE ENERGY PROCUREMENT

This year we achieved a major milestone in our net zero carbon transition by signing a long-term agreement to source two-thirds of our electricity from a newly constructed solar plant in Devon. Thereby also contributing to the UK's clean energy capacity. This agreement marks the first clean energy power purchase agreement made by a London office provider to date. This move further solidifies Workspace's position as a market leader in providing sustainable work spaces and will help our customers in achieving their own sustainability ambitions by significantly reducing their emissions.

# 2/3rd

OF ELECTRICITY DEMAND WILL BE MET BY SOLAR PLANT

“  
This agreement clearly demonstrates how our scale as an operator of five million sq. ft. of work space, our focus on sustainability and our strong financial position have allowed us to take an important leading step in our industry. The deal delivers significant value for our stakeholders and underpins the long-term energy security for the Group and our customers.

**Dave Benson**  
Chief Financial Officer





## ESG COMMITTEE REPORT CONTINUED

## ESG POLICIES, PROCEDURES AND RELATED ASSURANCE

Once a year, Workspace holds a joint meeting of the Audit Committee and the ESG Committee. The primary objective of this meeting is to review and approve a comprehensive assurance programme designed to evaluate the effectiveness of policies and processes related to ESG matters.

The table on the right lists the policies and procedures that support the implementation of Workspace's ESG strategy. These policies ensure that Workspace conducts its business in an environmentally and socially responsible manner. Additionally, the risk management framework has been applied to establish a robust process for assessing and managing all ESG risks.

The Committees' detailed review of all ESG policies and the related assurance programme confirmed that all policies are being effectively implemented.



**Workspace has a robust assurance programme, supported by internal and external checks to ensure compliance with policies.**

**Rosie Shapland**  
Senior Independent  
Non-Executive Director

<b>ENVIRONMENTAL</b>	Climate change policy	Ensures that we conduct our business in a climate responsible way
	Environmental policy	Ensures that we conduct our business in an environmentally responsible way
	Net zero pathway	Ensures that we have quantifiable emission reduction targets and a clear plan to achieve net zero carbon in alignment with a 1.5°C future
	Sustainable development brief	Sets minimum requirements for our development and refurbishment projects on energy, carbon, waste, water, materials, nature and wellbeing
	Green finance framework	A framework used by Workspace to issue a green debt instrument including green bonds, private placement, and green loans
	Climate risk management	A climate risk register to ensure the business has a robust process to assess and manage climate risk. The document is published externally in the form of Task Force on Climate-Related Financial Disclosures (TCFD) in the annual report
<b>SOCIAL</b>	Health and safety policy	Ensures that we deliver on our obligations under health and safety legislation. The policy aims to reduce accidents and it endeavours to control health and safety risks to employees and others who may be affected by our activities
	Supplier Code of Conduct	Sets out Workspace's principles for ethical conduct and behaviour in business practices. The Supplier Code of Conduct also ensures that our suppliers, contractors, service providers and representatives live up to our values and standards
	Modern slavery statement	Sets out a zero-tolerance stance towards slavery and human trafficking for Workspace's operations and amongst its suppliers
	Equal opportunities and dignity at work policy	Sets out Workspace's expectations and standards regarding equal opportunities and dignity at work. The policy also outlines managerial and staff responsibilities to ensure the business' principles are observed
	Social impact framework	Sets out Workspace's strategy for delivering positive stakeholder impact. The framework is published externally in the annual report
<b>GOVERNANCE</b>	ESG-linked remuneration	To ensure ESG is treated as a strategic priority for the business, with leadership accountability
	Risk management framework	A five-step approach to ensure we have a robust process to assess and manage risks. This is used to inform our ESG risk register, enabling us to assess, monitor and manage material ESG risks
	Anti-Bribery and Corruption, and Gifts and Hospitality policy	Sets out standards and expectations for employees to ensure relationships with suppliers are conducted in an ethical way which is compliant with relevant legislation and provides guidance on how to recognise and deal with corruption issues
	Whistleblowing policy	Ensures that staff are aware of how to raise serious concerns. The policy provides guidance, and it ensures a robust process exists to enable an adequate response to the concerns raised. Ensures that staff will be protected from retribution
	Inclusion and diversity policy	Ensures that we are committed to supporting diversity and to creating an inclusive culture