



→ On-going commitment  
→ Sustained progress



Workspace Group

Workspace Group PLC  
Our Responsible Approach to Society 2005

# Performance highlights in 2004/05

## Summary of target achievement

Achievement levels	Total	% of total targets
Not applicable	0	0%
0%	2	6%
25%	3	9%
50%	4	12%
75%	6	18%
100%	18	55%
Total number of targets	32	100%

- 0%** No evidence of action taken suggesting the target remains unprogressed.
- 25%** Initial progress has been made towards the target but a significant amount of work remains or a separate action has been undertaken which goes some way towards meeting the target.
- 50%** Implementation of the target is well under way although some work has yet to be undertaken.
- 75%** The target is virtually complete, with very little work remaining outstanding.
- 100%** The target has been fully achieved.

There have been a number of particular successes in our CSR programme during the past financial year, examples of which are highlighted below.

### Whistleblowing procedure

Following recommendations from the Business in the Community (BitC) Corporate Responsibility (CR) Index in 2004 we set a target to operate a whistle blowing procedure for internal grievances in relation to the Company's core values, seven key principles and overall commitment to CSR. In January 2005 we published a formal whistleblowing procedure and issued it as a leaflet to all staff. It has been established with a confidential hotline number.

### Diversity

In the past year we have successfully promoted workforce diversity through performance development plans and career progression in general, achieving 100% against the target set in this area. This included providing diversity training for ten managers in interviewing, selection and recruitment processes. In addition, a key skills index has been introduced to ensure transparency through the recruitment process. The staff appraisal process has also

been adapted to make it fairer and more user friendly for the needs of all our staff.

### Environmental standards for suppliers

In 2004/05 we set ourselves a target to identify suppliers that Workspace Group could engage with further on CSR and environmental issues. As a result, we approached all of our cleaning contractors to ascertain if the products they use are environmentally sensitive. Through this process we discovered that one of our major cleaning contractors was not using environmentally friendly products and they have now switched to using more sensitive cleaning products. Similarly, stationary, and janitorial supplies in our head office at Magenta House are now all made from 80% recycled material. We are working with London Remade to incorporate more recycling into our procurement and to roll this policy out across our portfolio.

There is, of course, still a lot of work to be done in engaging with our suppliers on social and environmental responsibility, and we remain committed to taking this further by establishing more formal procedures for integrating CSR principles throughout our supply chain. In 2004/05 we also introduced a requirement in the contract for our

design contractors on large building works to apply the principles of whole life costing to identify the most environmentally sustainable and financially viable design solution. We recognise that this process needs to be carefully monitored, and we look forward to reviewing how our design consultants fulfil this requirement.

### Health and Safety

Health and Safety remains a top priority for Workspace Group, and in 2004/05 we provided Institution of Occupational Safety and Health (IOSH) training for over 50 operational managers and site supervisors. Although we cannot claim a direct causal link, the number of Reporting of Injuries, Diseases and Dangerous Occupancies Regulations (RIDDOR) reportable accidents was reduced this year despite growth of our portfolio.

Please see [www.workspacegroup.co.uk](http://www.workspacegroup.co.uk) for the full review of progress against targets.

**55%**  
of total targets fully achieved



## Year-on-year improvement

We have had many successes this year. We continue to be listed amongst the top real estate sector performers in BitC's annual CR Index and we also gained re-accreditation for the Big Tick we received in 2004 in the environmental impact category.

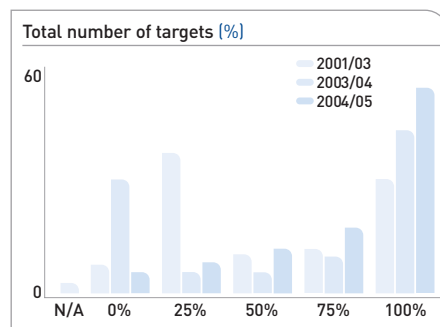
As in previous years, this Summary report on our corporate social responsibility (CSR) gives an overview of the progress made against CSR targets set for 2004/05, tracks our performance against key performance indicators, and lists the targets which have been agreed for 2005/06. A detailed report of our progress against individual 2004/05 targets is available on our website at [www.workspacegroup.co.uk](http://www.workspacegroup.co.uk). I am pleased to see our target achievement levels continue to improve year on year, as this reflects the greater ownership and commitment amongst key staff members.

This Summary report also introduces the work we are undertaking to increase opportunities to learn from our customers. We recognise there are an increasing number of our customers who undertake environmentally and socially progressive activities, and we aspire to work with them to improve our own CSR performance. Some examples are featured in this document. We also hope that including the CSR skills and expertise of customers within our existing tenants directory and an accessible online database will both help Workspace Group to identify other customers with whom we can work to improve our own CSR

performance and help customers to engage with, and learn from each other.

We have had many successes this year. We continue to be listed amongst the top real estate sector performers in the BitC annual CR Index and we also gained re-accreditation for the Big Tick we received in 2004 in the environmental impact category. Feedback from the BitC CR Index indicates that our business model performs strongly against sustainability criteria, but that we could be doing more to improve the management of our environmental impacts. This is now a priority going forward, and we have set specific targets for the collection and analysis of environmental performance data so that we can more effectively improve our performance in this aspect of sustainability.

**Harry Platt** Chief Executive



This graph indicates how our progress against targets has been improving year-on-year since we began setting formal CSR targets in 2001.

# Learning from our customers

Our customer satisfaction surveys suggest that many of our customers are concerned about CSR related issues. Indeed, a number of them are specifically engaged in activities which, by their very nature, are socially and environmentally responsible. As their landlord, and given our own corporate commitment to CSR, we are keen to learn from such customers in further improving our own CSR approach and performance.

We also believe we may be able to help our customers to learn from each other and share best practice. We have already worked with a number of our customers to improve our performance in social and environmental aspects of our business, examples of which are featured in this publication. It is our intention that these relationships will continue to develop and grow to a wider proportion of our customer base.

To achieve this, we have initiated a review of our customers, identifying those which are environmentally and socially progressive, a selection of which we hope to showcase in a Workspace publication to be published towards the end of 2005. Our longer term goal is to include in an online tenant database, those customers whose business model or service offer contributes to sustainable development. We hope that this database will become an active and useful resource for both Workspace Group employees, and all our customers, as well as the public at large, to identify organisations that can assist in the transition to more sustainable practices.

**Working together**  
to find sustainable solutions



#### →Customer

London Cycling Campaign  
(Great Guildford Street)

#### →Details

The London Cycling Campaign (LCC) is the world's largest urban cycling organisation. Its aim is to make London a world class cycling city. LCC provide services for, and campaign on behalf of 9,000 individual and corporate members.

#### →Relationship with Workspace

We have set a number of performance targets in relation to cycling in order to encourage cycling to and from Workspace Group properties. LCC has worked closely with us to help us achieve our cycling targets, by offering gift vouchers for Workspace Group tenants who join LCC and carrying out cycling audits on our properties. This has resulted in improved and increased facilities on our sites. We hope this will result in a steady increase in our tenants cycling to work.



→ **Customer**

London Remade  
(Quality Court)

→ **Details**

London Remade is an innovative not-for-profit organisation funded primarily by London Development Agency. It aims to develop markets for recyclables and drive innovation in the recycling sector.

→ **Relationship with Workspace**

We have worked closely with London Remade to identify opportunities to procure recycled materials in our head office at Magenta House and we hope to roll this out to our centres in the future. London Remade are tenants at Quality Court, and in early 2005 they held a session for all the tenants to learn more about recycling and offer their help and advice. This coincided with the introduction of recycling bins in all the kitchens which were provided by Loop, another Workspace Group tenant. London Remade also offered funding of equipment for recycling at two of our other centres.



→ **Customer**

Construction Resources  
(Great Guildford Street)

→ **Details**

Construction Resources is the UK's first ecological building centre and building merchant. The emphasis is on the use of renewable, recyclable, natural materials, the conservation of water and minimising the energy used in building.

→ **Relationship with Workspace**

Workspace has introduced Construction Resources to the builders of the Millennium Village – and is trying to adopt the principles of Construction Resources in its own procurement of building materials.



## → Learning from our customers continued



### → Customer

Fairtrade Foundation (Hatton Gardens)

### → Details

Fairtrade Foundation awards the independent certification label – the FAIRTRADE mark – for products as a guarantee that producers in developing countries have received a better deal. The Foundation aims to raise awareness of the FAIRTRADE Mark, to deepen understanding of the Mark and to increase sales of Fairtrade certified products. The Foundation also works to introduce new Fairtrade products and to update the standards for existing products to ensure that the benefits to producers are maximised.

### → Relationship with Workspace

At our head office at Magenta House, we have introduced fair trade tea and coffee purchased through Fairtrade Foundation. We intend to roll this out to our other centres in the near future. We aim, in due course to help promote Fairtrade to all of our customers. The rise in sales of Fairtrade products from coffee to fresh fruit has been accompanied by the expansion of the organisation. With the co-operation and assistance of Workspace the Foundation has expanded from occupying two units in 1998 to eight units in 2005.



## Listening to customers

so we act more responsibly



→ **Customer**  
Upstream  
(Quality Court)

→ **Details**  
Upstream is a strategic sustainability consultancy specialising in providing support and advice to companies in the property sector.

→ **Relationship with Workspace**  
Upstream assist us in setting and reviewing progress against our CSR targets, and provide advice and support regarding other strategic initiatives and CSR related issues. We worked with Upstream before they became tenants but the company has been growing, and in 2005 we were delighted to be able to offer them accommodation in Quality Court.



**Expanding our expertise**  
through sharing best practice



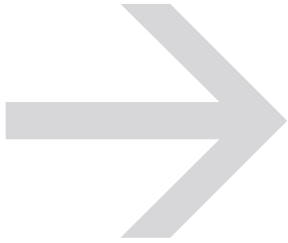
→ **Customer**  
Loop Management  
(Cremer Business Centre)

→ **Details**  
A total waste management company. Loop advises on and manages recycling of waste.

→ **Relationship with Workspace**  
Loop has assisted us in rolling out recycling schemes across the majority of our properties. We have a management contract with them to survey and advise on cost-effective recycling systems. Loop collects data across all our sites to record weight of materials recycled. They have helped us push our recycling rate up to double figures across the board with Charles House in Southall managing to recycle most of its waste most of the time. The target this year is to increase the overall recycling rate to at least 15% by raising awareness further.



# Key performance indicators



## → Significant CSR issues/impacts

### Owners and investors

Financial returns

Corporate governance

Performance in CSR and environmental surveys/benchmarks

### Customers

Quality of service, competitive prices and leases

Customer care and overall satisfaction

Health and Safety

Lettings

Take up of Workspace Group services by customers

### Employees

Equality and diversity

Training and development

### Suppliers

Prompt and fair payment

### Communities

Community investment

### Environment

Climate change from direct energy use

Climate change (from indirect energy purchased for customers)

Water use

Waste management (indirect – customer waste)

Transport

**Key**

- ✓ Positive change
- X Negative change
- No change

## →Key performance indicators

→2002/03    →2003/04    →2004/05    →Change since 2003/04

→Key performance indicators	→2002/03	→2003/04	→2004/05	→Change since 2003/04
Net asset value (per share)	£1.51	£1.84	£2.24	✓
Annual percentile performance against IPD universe benchmark	20	11	54	X
Five year percentile performance against IPD universe benchmark	Top	Top	1	X
Compliance with key provisions of Combined Code	yes	yes	yes	-
Ranking amongst real estate companies in BitC's CR Index	1	1	2	X
Proportion of customer calls answered within 12 seconds	94%	97%	99%	✓
Number of man-hours of training on customer care skills completed by Workspace Group staff	300	315	465	✓
Like-for-like Group occupancy levels	89%	88%	91%	✓
Total number of notifiable RIDDOR Health and Safety accidents recorded in on-site accident books at business centres	5	7	4	✓
Conversion rate of enquiries to new lettings	13%	18%	13%	X
Broadband	153	198	256	✓
Gas and electricity	1,072	993	918	X
Business insurance	700	688	650	X
Proportion of Workspace Group employees that are female	37%	32%	37%	✓
Proportion of females in managerial grades	22%	24%	41%	✓
Proportion of employees from ethnic minorities	22%	24%	28%	✓
Proportion of ethnic minorities in managerial grades	20%	21%	25%	✓
'Investor in People' accreditation	yes	yes	yes	-
Average number of days per employee dedicated to training and development	2	4.3	4.3	-
Average spend per employee on training and development	£612	£671	£688	✓
Average payment term from invoice date (days)	19	29	28	✓
Number of invoices awaiting authorisation as a ratio of the weekly average of invoices received (weeks)	-	1.13	1.82	X
Total value of community investment (cash and gifts in kind)	£82,850	£88,803	£92,033	✓
Proportion of pre-tax profits spent on community investment	0.5%	0.6%	0.7%	✓
Carbon dioxide emissions associated with HQ Magenta House energy use (kg)	118,895	107,324	128,017	X
Carbon dioxide emissions associated with energy use in common parts of tenant occupied properties (kg CO <sub>2</sub> /sq ft)	3.06	3.44	3.53	✓
Carbon dioxide emissions saved as a result of mileage from Th!nk cars (kg)	1,685	1,591	592	X
Water consumption at HQ Magenta House (m <sup>3</sup> )	1,196	1,100	1,200	X
Waste recycled as proportion of total waste produced across portfolio (% by weight)	4.5	6.0	9.6	✓
Number of sites with cycle storage facilities	28	29	39	✓

# 2005/06 targets

The process of target setting and review of performance against targets is an essential component of our CSR management system. Listed below are our proposed targets for 2005/06.



## → Investors and Marketplace

- Continue to outperform the Investment Property Database (IPD) benchmarks of property returns.
- Continue to increase profits, earnings per share, dividends and net asset value per share.
- Continue to achieve high standards of corporate governance through compliance with key provisions of the Combined Code.

## → Customers

- Explore opportunities for customers to learn from each other about CSR related performance.
- Target female customers to respond to customer satisfaction surveys to see how Workspace Group might improve services for them and encourage more women into the workplace.
- Develop a tenant intranet to promote inter-tenant trading.
- Continue to roll-out Business Watch schemes across the portfolio.

## → Employees

- Launch a 'Welcome to Workspace' scheme by reviewing the procedures for new employees before, during and after entry.
- Refine staff review procedures and documentation through consultation with staff and managers across the Group.
- Formalise the staff forum and launch with a formal constitution.
- Broaden out the due diligence process on new acquisitions to incorporate human resources and a cultural audit.
- Develop and implement a personal safety policy for all employees.

## → Communities

- Formalise and implement the Community Strategy.
- Produce a good practice guide for all managers in community relations including a re-launch of the 'Good Ideas' initiative.
- Introduce an employee volunteering programme allowing all employees a specified amount of Company time to spend on community related initiative.

## → Suppliers

- Pay invoices within 31 days of receipt.
- Launch the supplier scoring system for centre managers.
- Establish processes to initiate and encourage more procurement from our tenant customer base.
- Work with advisors and contractors to review the standard design specification for major refurbishments to improve environmental performance.
- Introduce a contractual requirement for contractors to practice waste segregation and recycling on building projects over £250,000.

## → Environment, Health and Safety

- Ask all centre managers to report back centrally on minor accidents/incidents.
- Establish online, an interactive database for operational managers and surveyors on asbestos, health and safety, and other material building issues.
- Increase the total proportion of waste recycled at centres where Workspace Group is responsible for waste disposal to 15% (by weight).
- Carry out a customer needs analysis on cycling facilities for three centres with a view to implementing the findings.
- Promote 'Cycle to Work Week' at another five centres.
- Implement the recommendations of the London Remade audit at Magenta House and begin to roll-out across centres.
- Establish a system to record energy and water consumption at 10 high consuming properties.

# Advisors' statement

Our CSR performance and strategy is reviewed by our CSR advisors, who also provide assurance of our achievement against targets.

## Purpose and scope

This statement is intended to provide assurance of the accuracy of information presented in this CSR Summary report related to the achievement of the 2004/05 CSR targets. It does not constitute a full external audit of all the information and quantitative data detailed in this Report.

## Methodology

- Independent assessment undertaken by Upstream.
- Review of documented evidence in support of target achievements.
- Anecdotal evidence in discussions between Workspace Group and Upstream.

## Conclusions

Workspace Group has a very strong business model in terms of sustainability. Through the refurbishment of old buildings to provide rented accommodation for small and medium sized enterprises Workspace Group reuses buildings and minimises waste and the use of construction materials.

It also assists in the physical and social regeneration of communities and supports new and innovative businesses many of which are in social and environmental sectors. For these reasons, it is our view that Workspace Group's business model automatically results in economic, social and environmental improvements. It is encouraging to note, therefore, Workspace Group's continued commitment to formalising its CSR approach and to facilitate learning both from, and amongst, its customers in this area.

## Recommendations

Workspace Group continues to be listed in the BitC 100 Companies that Count Index, and it has gained reaccreditation for the BitC Big Tick, in the environmental impact category. In order to improve further, Upstream believes that Workspace Group will need to address the following challenges:

- Quantitative measurement of its direct and indirect environmental impacts,

so that it can allocate resources more effectively, and set performance improvement targets.

- More exacting environmental requirements could also be placed on the Company's design and engineering advisors, to ensure that building designs meet with best practice in environmental terms.
- Finally, Workspace Group could also improve the consistency of its varied and extensive community activities by formalising a community strategy across the Group.

It is encouraging to note that most of these have associated targets related to them for the coming year and we look forward to reviewing the Company's performance in meeting these this time next year.

**Julie Hirigoyen** Director Upstream

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