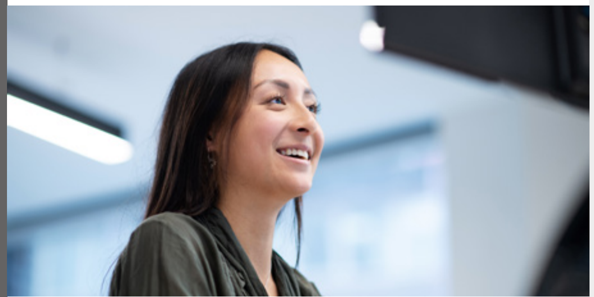
Proactive Sustainability Solutions

CLS Holdings plc
Sustainability Report 2023

Welcome to our new Sustainability Report, in which we set out our commitments and progress against our Sustainability Strategy ambitions and interim targets.

Companion to the 2023 Annual Report
This report contains metrics and information to cover multiple sustainability and ESG frameworks and is to be read alongside the 2023 Annual Report. The Annual Report provides a high level summary on ESG as well as required regulatory disclosures.

Contents



Chief Executive's review

Fredrik Widlund
Chief Executive Officer

Dear Stakeholders,
It is with a sense of both pride and responsibility that I introduce CLS Holdings' new dedicated Sustainability Report for 2023. It presents a comprehensive overview of key sustainability performance data as well as the environmental, social, and governance (ESG) initiatives we have undertaken throughout the past year.

Importantly, we have made progress against some of our key targets and commitments from our Sustainability Strategy and Net Zero Carbon Pathway. Sustainability remains a strategic imperative for CLS. This report is a testament to our dedication to transparency, accountability, and measurable progress in addressing key ESG issues.

In recent years we combined our detailed ESG reporting with the Annual Report. However, as a listed business aiming to match best practice in the UK and EU, the volume of content had become too much for a single report. So, we took the decision to create this separate report, published alongside our Annual Report, to meet the needs of our stakeholders.

Throughout this report, you will find detailed insights into our efforts, from innovative energy-saving initiatives to growing our social value., We have continued to take further significant strides to align our assets and operations with a sustainable future.

This year we have continued to reduce our greenhouse gas emissions and energy use in all three countries we operate in, capitalising on previous investments and rolling out more energy saving measures.

"IMPORTANTLY, WE HAVE MADE PROGRESS AGAINST SOME OF OUR KEY TARGETS AND COMMITMENTS FROM OUR SUSTAINABILITY STRATEGY AND NET ZERO CARBON PATHWAY."

This report also highlights the initiatives we have implemented to foster social value in the communities we operate in. The 37% improvement we made includes donations, volunteering and our work with youth skills and employability. These and other social initiatives aim to utilise our business to make a meaningful impact on people's lives and society.

The governance section of this report outlines our robust governance framework, risk management, policies and ethical standards that underpin our decision-making processes. Continuing good governance, integrity and transparency, are foundations of our long-term success.

This report is more than just a compilation of data and it shows we have not only identified key issues, but have taken concrete steps to address them. Our commitment extends beyond rhetoric, and we invite you to explore the tangible outcomes of our efforts as we strive for continuous improvement.

As we navigate today's challenges, we remain steadfast in our pursuit of a sustainable and responsible business model. Thank you for your commitment to sustainability, and we look forward to your engagement with CLS Holdings' 2023 Sustainability Report.

Fredrik Widlund
Chief Executive Officer, CLS Holdings PLC

Q&A

Will Ray
Head of Sustainability

Q. How has the CLS performed in its sustainability focus areas for 2023?
We made good progress against the sustainability key focus areas we set ourselves for 2023: achieving or partially achieving 17 out of 18 goals. Crucially, we are seeing energy and carbon reductions in different categories of 5% or more in line with our Net Zero Carbon Pathway.

We implemented sustainability actions in all three of our countries. In the UK, we completed our photovoltaic roll out with 111 kWp installed at 5 sites and we also have nearly 100 electric vehicle charging points installed at 18 sites.

In France, we continued preparations for Décret Tertiaire and rolled out our first electric vehicle chargers with plans for more.

In Germany, we continued the roll out of smart thermostats and completed the installation of smart water leak detection across all sites.

Q. What sustainability achievements are you most proud of over the last 12 months?
The further reductions we made in energy consumption and carbon emissions. We had significant energy savings across gas, electricity and district heating, making our buildings more future-ready.

KEY HIGHLIGHTS

17

OUT OF 18 OF OUR 2023 SUSTAINABILITY TARGETS WERE PARTIALLY OR FULLY MET

-8%

LIKE-FOR-LIKE DECREASE IN LANDLOARD ENERGY CONSUMPTION

I'm also proud of the continued rapid expansion of our roof-top solar PV portfolio, now one of the largest for an office landlord in Europe. Measures like this help our occupiers to be more sustainable and, at the same time, position our assets as the most sustainable offerings in local markets.

Finally, the increasing social value CLS is able to generate, now estimated to be over £261,000, through our support for charities and the communities we work in with charity donations, volunteering and other activities.

Q&A continued

Will Ray
Head of Sustainability

Q. Are you still making progress on your Net Zero Carbon pathway?
We continue to implementing our clear programme of upgrades this year with a further 73 projects completed saving an estimated 741 tonnes CO_2e. This is 28% more than last year.

Despite the surprise carbon factor increases, we still saw positive energy and carbon reductions across our regional portfolios and all utilities, culminating in a 5% reduction in greenhouse gas emissions overall this year. As expected the impact of our ongoing work has begun to show more broadly as we enabled operational energy management tweaks to increase energy savings.

Q. How is CLS handling increased regulatory standards around ESG?
CLS is well placed to respond to the demands and standards set by UK and EU regulators. This includes minimum energy efficiency standards in the UK, Décret Tertiaire in France and the EU Taxonomy and Corporate Sustainability Reporting Directive.

53% of our UK portfolio properties are now rated EPC A or B.

We have also begun implementation of a cloud-based sustainability data platform to allow us to more easily report to multiple frameworks and regulations, as well as feeding the growing tenant demands for data. Bringing data and reporting systems into one place will increase our efficiency.

“I'M ALSO PROUD OF THE CONTINUED RAPID EXPANSION OF OUR ROOF-TOP SOLAR PV PORTFOLIO, NOW ONE OF THE LARGEST FOR AN OFFICE LANDLORD IN EUROPE.”

Q. What are your ESG focus areas for the year ahead?
We have taken the decision to narrow down our focus areas this year to key areas needing intensive work.

Again, building on our work to deliver energy and carbon reductions through energy management and investment, we are targeting to be in line with the reductions planned in our Net Zero Carbon Pathway.

We also want to work on improvements in other environmental areas like biodiversity and waste.

On social value, now that we have an initial baseline, our goal is to focus our work, broaden our measurement and grow our social value particularly around helping young people with skills.

Finally, we are keen to continue our work on improving data for insights and reporting. This includes further work on smart metering and our new data platform.

Sustainability Strategy to 2030

Our Sustainability Strategy, in place since 2021, maps the journey CLS will take up to 2030, with the key targets and milestones set appropriately to reflect the position we started from against each material element.

We believe that sustainable outcomes and shareholder returns are not a zero-sum game. Properly valuing and integrating sustainability risks and opportunities into our business strategy provides resilience to future disruption and unlocks potential for future growth.

Building a resilient business means taking steps to prepare and adapt before regulation requires it, or the environment and our customers demand it. A sustainable operating model and strategy reduces material risks to our reputation and balance sheet. Crucial to this is our commitment to being a Net Zero Carbon business by 2030.

Our strategy is summarised below.

Targets

For more detail see our Sustainability Strategy document on our website.

Environmental

A positive environmental impact

We will invest in our properties and collaborate with occupiers to sustainably manage natural resources, support local environments and build resilience to climate risks; delivering future-ready assets.

Net Zero Carbon Pathway
See page 10

Social

Creating shared value

We will create and share value with our stakeholders by engaging collaboratively with our occupiers, supporting local communities and partnering with our supply chain.

Social Value Framework
See page 30

Governance

Being a responsible business

Strong governance and transparency will provide the basis for demonstrating our values, supporting people and working with our stakeholders to uphold high standards.

Monitoring and regulatory reporting
See page 44

Performance, Metrics and Reporting

2023 Performance
Our total Scope 1 and 2 GHG Emissions have decreased by 5% Like-for-Like in 2023 due to energy efficiency projects. Absolute emissions were up slightly, mainly due to the temporary effect of worsening carbon factors for electricity and district heating caused by the Ukraine war requiring more coal to be burnt to replace gas. That said, the introduction of 3 new buildings and major refurbishments also impacted.

As a part of this there has been a decrease in total landlord electricity consumption from the 70 like-for-like buildings of 4% across the Group and a reduction of 5% in tenant areas. Similarly, absolute electricity consumption in landlord spaces has decreased by 2% primarily resulting from energy efficiency projects. Scope 3 emissions remained high due to our larger spending on major construction and refurbishment projects.

Water consumption increased as offices continued to get more use by occupants post-pandemic, although waste across the Group decreased.

We have maintained the social metrics upon which we report as well. See the Social section of this report for more commentary.

Methodology
The scope, boundary and methodology adopted for the calculation of the Scopes 1, 2 and 3 GHG emissions, Streamlined Energy and Carbon Reporting ('SECR') metrics, and other environmental and social indicators are set out in the Sustainability Metrics: Scope, Boundaries & Methodology section at the back of this report.

Sustainability Metrics: Scope, Boundaries & Methodology
See page 58

Reporting frameworks
We align to EPRA sBPR, SASB and GRESB frameworks for reporting and benchmarking sustainability. The full tables, with splits by country, can be found in the Extended Sustainability Metrics section on pages 50 through 57. These include all the required regulatory disclosures as well as those for EPRA sustainability best practices reporting guidelines and SASB indicators as well as geographical splits of the data.

We also provide our annual sustainability data as a downloadable file from our website in CSV format for easy use.

Sustainability Governance & Reporting Frameworks
See page 44

Assurance
For a fourth year we engaged DNV, an independent expert in assurance and risk management, to undertake limited independent assurance on key EPRA SBPR metrics in our Annual Report. We have retained the expanded scope covering water, waste and Scope 3 emissions data indicators as well as our 2023 Scope 1 and 2 emissions and energy metrics. The specific metrics that have been subject to assurance are identified in the Annual Report pages 34, 35 and 38 and in the extended data table in the Appendices of this report.

A copy of DNV's Assurance Statement can be found on our website.

Having reviewed our processes during assurance, we have identified several metrics from previous years that require restating to ensure alignment with the 2023 methodology. The restated figures have not been subject to assurance and are identified by appropriate footnotes in the data tables.

2023 Highlights

LIKE-FOR-LIKE DECREASE IN TOTAL GROUP SCOPES 1 & 2 GHG EMISSIONS
5%

ELECTRIC VEHICLE CHARGING POINTS AVAILABLE TO TENANTS
>100

PROPORTION OF TOTAL GROUP ELECTRICITY FROM RENEWABLE OR CARBON-FREE SOURCES
99.5%

NET ZERO CARBON PATHWAY PROJECTS COMPLETED
73

EQUIVALENT SOCIAL VALUE GENERATED (EXCLUDING SUPPLY CHAIN)
£261,948

SOLAR PHOTOVOLTAIC PANELS INSTALLED
111kWp

SMART WATER LEAK DETECTION SYSTEMS INSTALLED
29

EMPLOYEE VOLUNTEERING HOURS COMMUNITY AND CHARITABLE ORGANISATIONS
985 hours

Environment

In this section

Our Environment Strategy

A positive environmental impact
We will invest in our properties and collaborate with occupiers to sustainably manage natural resources, support local environments and build resilience to climate risks, delivering future-ready assets

2024 Focus Areas
Energy & Carbon – Reduction in carbon emissions and energy use in line with the Net Zero Carbon pathway model (3% like for like)

Energy & Carbon – Ensure completion of relevant planned NZC energy efficiency and PV projects for 2024 and capex plans set for key large NZC projects due prior to 2030

Data – Review utilities metering and monitoring systems in each region and action any changes required to ensure they are providing accurate and timely data that is beyond reproach

UN SDGs Covered

UN Goal	Applicable Target	Applicable Indicator
Affordable and clean energy	7.2	7.2.1
	7.3	7.3.1
Responsible consumption and production	12.5	12.5.1
	12.6	12.6.1
Climate action	13.2	13.2.2
Life on land	15.5	15.5.1

Long-Term Targets

Net Zero

Our properties and operations will be Net Zero Carbon by 2030 in line with Science Based Targets and CRREM pathways

BREEAM

All new developments to achieve a minimum of BREEAM 'Excellent' (or equivalent)

Reduce water consumption

Like-for-like portfolio reduction in potable water consumption of 20% from 2019 by 2030

Rewild

Rewild 10% of maintained grassland under management by 2025

Strategy Progress

- Scope 1 & 2 GHG emissions reduced by 5%, on a like-for-like basis
- Reduced landlord energy consumption by 8%, on a like-for-like basis
- Reduction in Group energy consumption by 8%
- 73 out of planned 118 energy efficiency projects completed
- 111 kWp solar PV capacity installed
- Over 50% of our UK portfolio is EPC A or B rated with plans in place to upgrade all EPC D rated buildings to B, by at least 2030
- Embodied carbon assessments undertaken at new developments – The Coade and Artesian
- Smart metering coverage now stands at 77% across main utilities
- Waste management awareness days undertaken across worst performing sites in the UK
- New UK landscaping contract includes biodiversity, rewilding and ecology requirements in line with our net-gain target
- BREEAM In-use V6 assessments undertaken across UK, French and German portfolios ensuring compliance with the leading operational building performance standard

2023 Focus Areas & Performance

- ● Achieved
- ◒ Partially achieved
- ○ Not achieved

FOCUS AREA	PERFORMANCE	COMMENT
Reduce carbon emissions and energy use in line with the Net Zero Carbon Pathway (4% like-for-like) and complete planned energy efficiency and PV projects	Partially achieved	Scope 1 & 2 GHG emissions reduced by 5% like-for-like, only exceeding the annual NZC Pathway target due to worsening electricity carbon factors Energy use reduced by 8% including district heating use down by 12%, and landlord electricity down by 8% 73 out of 118 planned Net Zero Carbon Pathway projects completed costing £4.8 million and saving an estimated 741 Tonnes of CO_2e per year
Reduce energy intensity in top 15 energy-consuming buildings by 5% or more compared to 2022	Partially achieved	Made significant gas and electricity reductions at most of our larger buildings Spring Mews had 51% gas savings from recommissioning the ground source heat pump system Electricity use reductions included 16% at Harman House, 18% at Thameslink House and 14% at Hygeia
Maintain or improve EPC (or country equivalent) ratings and the plans to upgrade all D-rated buildings in the UK	Partially achieved	Over 50% of our UK properties now have EPCs of B or A Some challenges with new EPC calculation method has meant one building was rerated as E. However, we have developed plans to improve all EPC D & E rated buildings to B No major changes in French & German building ratings
Undertake pilot assessments on embodied and whole life carbon for achieving net zero carbon buildings	Achieved	Embodied Carbon Assessments completed at The Coade and Artesian (Prescot Street) alongside operational carbon assessments The results showed the need to focus on embodied carbon reduction of future developments
Increase smart meter roll out for all utilities to >80% coverage	Partially achieved	Smart metering established in 77% of main utilities including nearly all electricity and gas meters All German water meters include smart leak detection with further roll out for other regions in 2024 District heating utility meters unable to have smart meters fitted currently
Undertake waste education initiatives at assets covering >80% waste generation	Partially achieved	Waste education days held at all lower performing UK properties (7 sites) Recycling average dropped to 49% and needs further work to improve including more waste reduction training will be done in 2024
Release Biodiversity Net Gain and Rewilding Plan and commence implementation	Partially achieved	New biodiversity, rewilding and ecology requirements included in UK landscape maintenance contract Biodiversity and rewilding initiatives based on baseline assessments deferred to 2024/25
Start update to BREEAM In-use V6 whilst maintaining ratings and clear plans to reach at least 'Very Good'	Achieved	Updated 29 buildings to BREEAM V6 and maintained or improved ratings with clear plans to achieve 'very good' for each building

Energy & Carbon

Net Zero Carbon Pathway

Our Net Zero Carbon Pathway is built from asset-level energy audits creating a robust technical evidence base of the energy and carbon saving opportunities and costs for each property. These have been aggregated into a Group-wide model to calibrate our targets, strategy and capital expenditure plans. In addition, they have been incorporated into individual asset management plans to enable strategic decisions about the refurbishment, sale or full redevelopment of assets to be made.

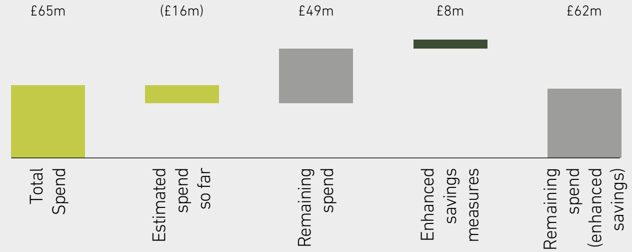
Where refurbishment is viable, the projects highlighted in the energy audit will be incorporated into the respective plans for each building to ensure the optimal timing and allocation of capital over the course of the pathway to achieve our carbon reduction targets. These plans have resulted in a time-line of carbon reduction through to 2030 which will be constantly updated as expenditure is incurred at each asset. These plans are reviewed and improved each year to incorporate technology improvements as well as any acquisitions or disposals.

Despite making improvements in energy and carbon data management, this year we have faced challenges with system problems and metering errors. This included during meter changeovers to add more smart meters. This has led us to increase our meter verification programme efforts and we expect improvements in 2024.

The updated pathway now includes a 65% reduction (note 42% committed) in Scope 1 and 2 emissions and a 27% reduction in Scope 3 emissions intensity by 2030 against a 2020 baseline. The plans are aligned to the Science Based Targets initiative (42% reduction required) and the CRREM pathways for 2030.

The residual carbon emissions will be addressed with appropriate and robust carbon offsets. We are continuing to monitor options for offsets and will provide more details once the regulatory environment is more certain.

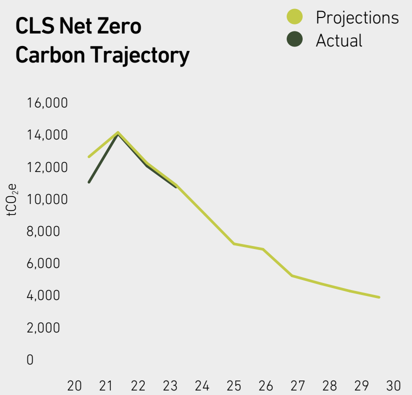
CLS NZC Pathway Costs



Net zero Pathway & CRREM update

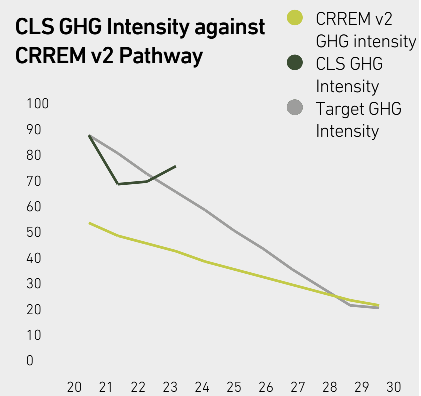
Whilst we are tracking in-line with our net zero carbon pathway. The temporary increase in electricity carbon factors have pushed us above the CRREM GHG intensity pathway. We expect this to realign in future years with ongoing energy efficiency improvements, electrification of heating systems and a return to reducing carbon factors in electricity markets.

CLS Net Zero Carbon Trajectory



5 BIGGEST ENERGY SAVING BUILDINGS	2022 (MWh)	2023 (MWh)	% Change
Spring Mews, UK	1109.9	**905.5**	-18%
Columbia Centre, UK	386.5	**326.8**	-15%
Kings Court, UK	186.1	**139.3**	-25%
Rossstrasse 96, DE	554.6	**510.9**	-8%
Hygeia, UK	293.7	**255.2**	-13%

CLS GHG Intensity against CRREM v2 Pathway



Energy & Carbon continued

Energy Efficiency Projects
During 2023, we continued to deliver a variety of projects to improve energy efficiency and reduce energy costs in our buildings in the UK, Germany and France. We completed 73 carbon reduction projects from the NZC Pathway at a cost of £4.8 million. The projects save an estimated 741 tCO_2e annually; an increase of 21% over 2022. Projects included:

- Building refurbishment with external façade insulation (e.g. Park Avenue in France);
- Replacement of heating, ventilation and cooling plant and equipment with higher efficiency units;
- Replacing old extract fans and old motors in air handling units with speed-controlled EC equivalents;
- Electrification of heating using heat pumps;
- Improving ventilation fan controls in car parks and toilets (e.g. carbon monoxide and time controls);
- Replacing old light fittings in common areas and tenant areas, including emergency lighting and external and car park lighting with LED lighting and automatic lighting controls;
- Upgrades to controls including introducing building management Systems (BMS) including trialling continuous artificial intelligence BMS optimisation; and
- Installing roof-mounted solar photovoltaics.

KEY HIGHLIGHTS

73
CARBON REDUCTION PROJECTS COMPLETED

28
TONNES CO_2E SAVED USING LED FITTED LIGHTS ANNUALLY

Find out more about our Net Zero Carbon Pathway

In addition, there were also simple operational changes:

- BMS and control systems adjustments where they were inefficiently deviating from optimum settings; and
- Further rollout of pioneering new air handler enzyme, piloted in 2022, cleaning to reduce pressure drops, improve heat transfer and consequently reduce fan and chiller / boiler energy use.

An example of a completed project is the refurbishment of The Artesian. This included full HVAC, lighting and window replacements as well as a new BMS and a 16 kWp PV installation. This means the fully electric building is estimated to achieve savings of 140 tCO_2e per year.

We continued to expand our coverage of Automatic Meter Reading ('AMR') technology across our utility supplies in 2023. 77% of our main utility meters in managed assets now have AMR.

Energy & Carbon continued

Scope 3 GHG Emissions
We have provided a further update on our Scope 3 indirect carbon emissions (both upstream and downstream) this year. We have again calculated these using data and estimates on tenant energy use for downstream emissions and using an environmentally extended input output analysis methodology based on our audited financial data and emissions factors from Quantis, DEFRA, and IEA for upstream emissions in our selected significant categories. We are clear that this is not the most accurate way of calculating emissions, in particular for purchased goods and services and also capital goods including construction.

Our full methodology is available in the Sustainability Metrics: Scope, Boundaries & Methodology section.

See pages 58 to 62

Using this method our largest source of Scope 3 carbon emissions remain upstream emissions from our supply chain of goods, services and capital spending representing 69% of Scope 3. Again this year, emissions from building construction and refurbishment activities are by far the largest component of this at 58%, due to the large amount of capital spend undertaken this year, particularly on our major construction projects.

To address Scope 3 upstream emissions we have a Sustainable and Responsible Supplier Code of Conduct and started to request tracking of emissions in our major construction projects, including embodied carbon. We completed analysis of embodied carbon in two of our major construction projects. However, we had to delay extending carbon emissions reporting requirements to our major contracts. However we intend to roll this out soon to gain more accurate reporting from suppliers.

Our Scope 3 downstream carbon emissions, like most commercial real estate owners, remains primarily from occupant electricity use for lights, localised cooling and business equipment (PCs etc.) in their spaces. Usage is influenced by the density of occupation, the choice of equipment and the way it is controlled and used.

To reduce these emissions, we reviewed and tightened our tenancy fitout guidelines and continue to extend use of LED lighting and controls. We have green lease requirements generally in line with BBP recommendations (in the UK) to encourage more active energy management by occupants.

In 2023 we have increased occupant engagement on sustainability with a trial of a tenant app at two UK buildings and increased data provision to individual occupants with tips on saving energy.

In 2024 we will continue this engagement programme and encourage the use of technology and operational changes to reduce out of hours energy use.

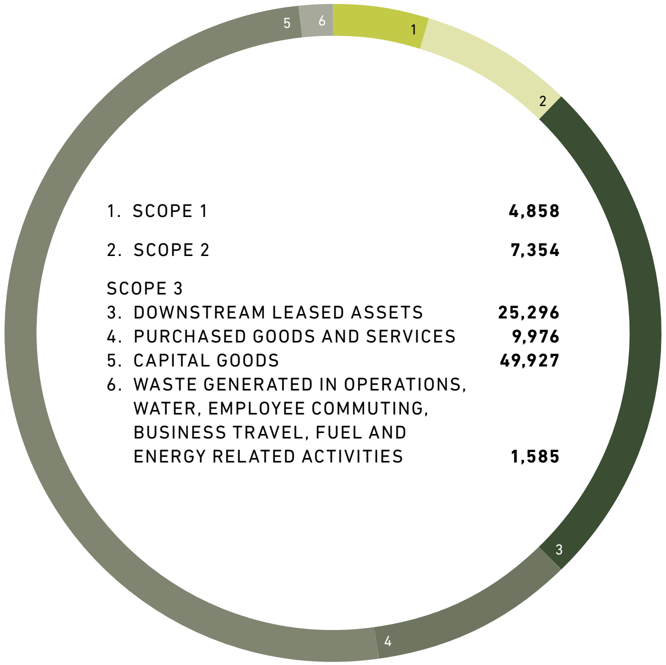
Where we do not control energy supply, we will encourage occupiers onto zero carbon electricity supplies.

Our Carbon Footprint (Scope 1, 2 & 3 emissions)

ALL EMISSIONS SCOPES 2023

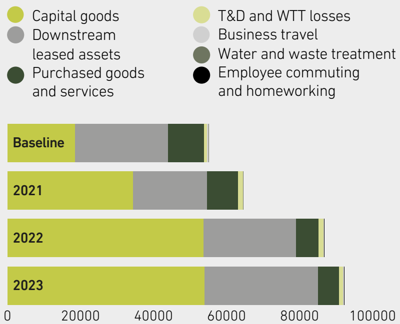
104,565

TOTAL GROUP BASELINE



DOWNSTREAM EMISSIONS ARE MANAGED THROUGH TENANCY GUIDELINES, LED LIGHTING, AND OCCUPANT ENGAGEMENT PROGRAMS, AIMING TO REDUCE ENERGY CONSUMPTION AND PROMOTE SUSTAINABILITY.

CLS Scope 3 Emissions



Energy & Carbon continued

MEES & Energy Performance Certificates (UK)

Our UK portfolio is fully compliant with minimum energy efficiency standard (MEES) EPC E rating. This minimum is proposed to increase to C in 2027 and B in 2030.

All major refurbishments now include upgrades to at least EPC B as standard, an example from this year being Artesian in Prescot Street London which is now rated EPC A.

We reviewed our other UK EPC D rated buildings this year with the updated EPC calculation methodology. This method penalises gas heated buildings more heavily because of changing carbon factors of the electricity grid leading to lower baseline ratings. This has affected one building, downgrading the base rating from D to E.

However, electrification of heating using heat pumps or similar technologies, as we have planned in our NZC Pathway, resolves this issue and enables our buildings to achieve a B rating through deliverable measures.

Following our review this year, we can confirm our NZC Pathway and associated investment plans align to upgrading our buildings to EPC B (with the new methodology) by 2030. For most properties we are retaining, we expect to start these replacements before 2027.

Décret Tertiaire & DPE Ratings (France)

Décret Tertiaire is the main regulation on energy performance of commercial buildings in France and all our buildings are registered for it. The regulation requires our buildings (in cooperation with our tenants spaces) to meet a 40% energy reduction by 2030 from a chosen reference year on or after 2010. Beyond that there will be further reductions at intervals after 2030. Crucially, there is a cost-effectiveness requirement that will prevent issues where capital investment does not match energy savings.

Over 80% of occupiers share data with us. This is a key requirement to access and incorporate their consumption from their separately metered spaces.

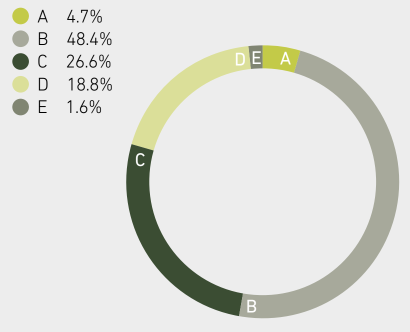
We have begun to review individual building plans against the projects that are already part of the Net Zero Carbon Pathway plans for each building. These are aligned and we do not expect significant differences to achieve the required reductions.

Our initial work suggests that some buildings in our French portfolio are already compliant and the remainder will remain compliant with proposed capital investment.

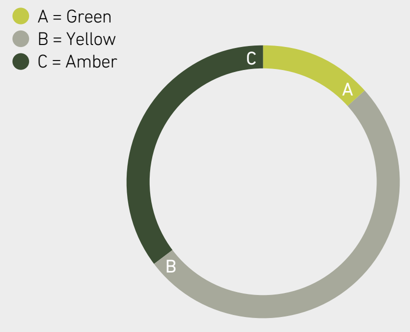
Currently there are no minimum DPE ratings (like minimum EPCs) for office buildings in France. However, we track the DPE ratings for our buildings and will relate this to Décret Tertiaire compliance in future

“OUR UK PORTFOLIO IS FULLY COMPLIANT WITH MINIMUM ENERGY EFFICIENCY STANDARD (MEES) EPC E RATING. THIS MINIMUM IS PROPOSED TO INCREASE TO C IN 2027 AND B IN 2030. ALL MAJOR REFURBISHMENTS NOW INCLUDE UPGRADES TO EPC B AS STANDARD.”

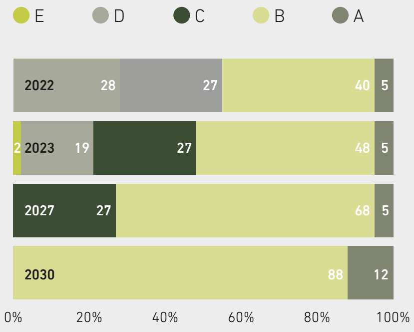
EPCs UK Portfolio



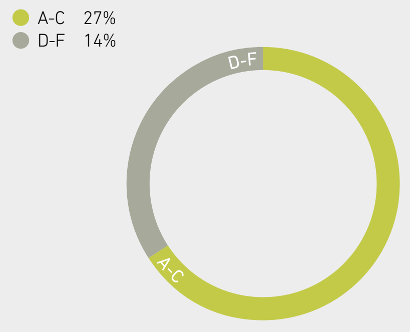
EnEV Ratings Whole Portfolio



UK Portfolio EPC Evolution



DPE Ratings Whole Portfolio



Energy & Carbon continued

EnEV Ratings (Germany)
Currently there are no minimum energy efficiency standards (like minimum EPCs or Décret Tertiaire) for office buildings in Germany. However, we track the EnEV ratings for our buildings. Since EnEV ratings are not in categories, we have created 3 simple performance categories to enable comparisons.

On-site Solar Photovoltaics
We continued our installation of solar photovoltaics (PV) on our UK buildings. We installed 111 kWp on 5 buildings with the largest being 31 kWp at 20 Kingston Road. We also increased our output by 51%.

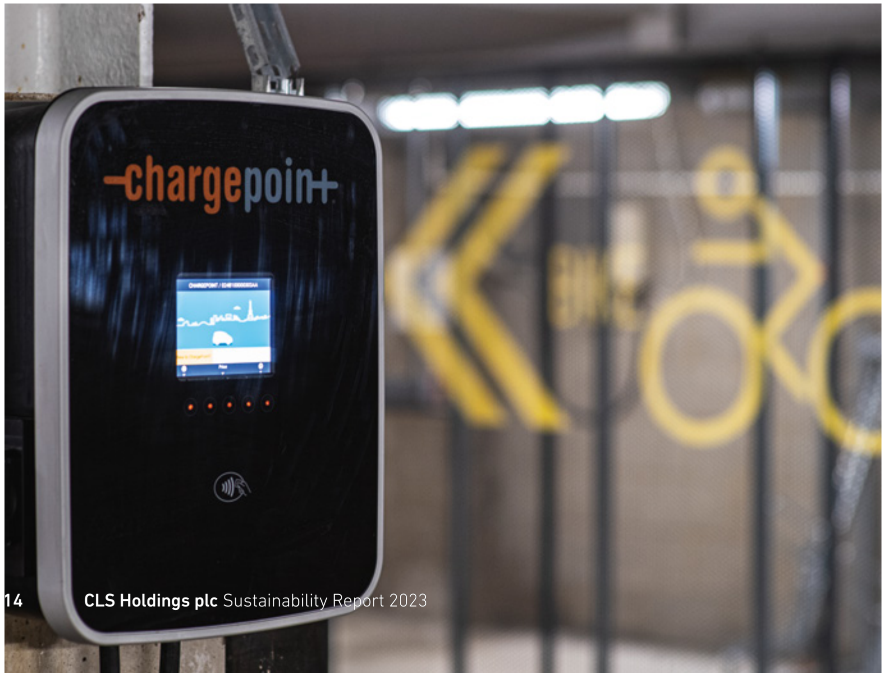
At 1.4 MWp We have one of the largest PV portfolios of any office landlord in Europe with ambitions to install more in future years to cover as much of our portfolio as possible. Photovoltaics are a key differentiator for our assets and provide valuable long-term electricity cost savings for occupiers, especially with high electricity unit costs.

Electric Vehicle Charging
This year we continued to roll out electric vehicle charging points. We now have more than 100 charging points at 20 of our buildings in the UK and France. These are continuing to get mixed levels of use currently, but we expect demand to grow.

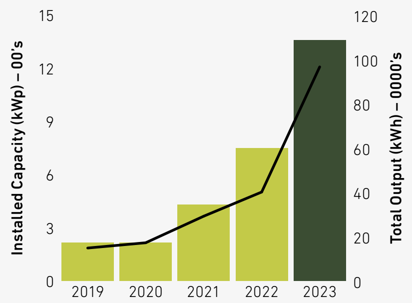
We installed our first landlord-led installations of charging points at Jean Jaures in France. Installing EV charging in France is more challenging due to fire regulations in deep basement car parks which are common in Paris office buildings. These will fulfil the growing early demand from occupiers. We will continue to review our sites with the intention of adding more chargers in the coming years, with the next focus region being Germany.

Energy Contracts & Green Energy Supply
We maintained our commitment to sourcing clean, sustainable energy for our properties throughout 2023 and rolled this into new contracts for electricity in the UK even with challenging market conditions.

The combined effect of renewable and new zero carbon electricity contracts with associated REGO certificates, as well as French and German equivalents, for all three regions means 99.5% of the total Group electricity is carbon free.



Portfolio PV Output and Capacity



KEY HIGHLIGHTS

51%

INCREASE IN PORTFOLIO PV GENERATION OUTPUT

Case study

Smart thermostats mean savings for tenants in Germany
Our first pilot project for self-learning heating thermostats in our Hamburg building on Nagelsweg has been a success.

The AI-controlled thermostats are fed with weather data, as well as using occupancy sensors. Using this they create optimised individual heating profiles for rooms adapted to their use thus reducing energy use.

These will now be rolled out to more buildings in Germany in coming years as a cost-effective way to manage heating energy use.

Climate-related Transition Risks & Opportunities

Climate-related transition risks & opportunities
Our business is exposed to both risks and opportunities which arise as national and global economies transition to a low carbon state. The rate at which this process of decarbonisation occurs, will dictate the type and severity of climate-related transition risks posed as well as the scale of opportunities presented.

Impacts of transition risks or opportunities are considered material where the current or future financial impact on the business, as assessed by our sustainability team, is greater than 2% of the Group's annual revenue.

Assessing and managing transition risks and opportunities
The Task Force on Climate-related Financial Disclosures (TCFD) defines transition risk in four categories: policy and legal; market; technology; and reputation. We examine risks and opportunities in all four categories and review their severity, likelihood and the optimal controls and/or mitigation required.

Our climate-risk disclosure, in line with the TCFD framework
▷ **See pages 41 to 47 of our Annual Report**

Group's overall risk management approach
▷ **See pages 48 to 53 of our Annual Report**

GRESB research indicates that policy, at a national level, is considered the dominant transition risk for a real estate asset or portfolio and could lead to 'Asset Stranding' because of an asset's inability to perform in compliance with increasingly stringent regulatory requirements on carbon performance or energy efficiency.

This has thus been identified, in the relevant sections of the risk table on pages 17 and 18, as material due to its financial impacts in terms of capital expenditure.

Currently, most national legislation and regulation lag behind the requirements needed to meet the '1.5 degree' Paris Climate Agreement target, but the EU and UK are committed to this pathway and it is fair to assume that regulatory requirements (e.g. energy efficiency regulation, carbon markets, carbon pricing and building-specific regulations) will catch up in the short to medium-term. Hence our focus on this warming pathway as well as specific current policies or likely regulation in our markets. This is incorporated into the costing of our NZC Pathway.

It is also worth highlighting that in our assessment and management of transition risks, we include Scope 3 GHG emissions; both upstream emissions from our supply chain and downstream emissions from our occupiers, alongside Scope 1 & 2 GHG emissions. We do this to:

- give a better picture of total building energy use and energy intensity (i.e. energy use/GHG emissions per floor area) in alignment with CRREM's decarbonisation pathways;
- avoid "leakage" of emissions to occupiers;
- recognise our significant influence on downstream emissions through our relationship with occupiers including office fit-out standards (e.g. lighting and lighting control standards), lease agreements and tenant handbooks (e.g. setting hours of plant operation and provision of performance data to influence behaviour); and
- recognise our significant influence on upstream emissions through our procurement processes (e.g. sustainable and responsible supplier code of conduct) and standards (e.g. development design and construction standards)

KEY HIGHLIGHTS

2%

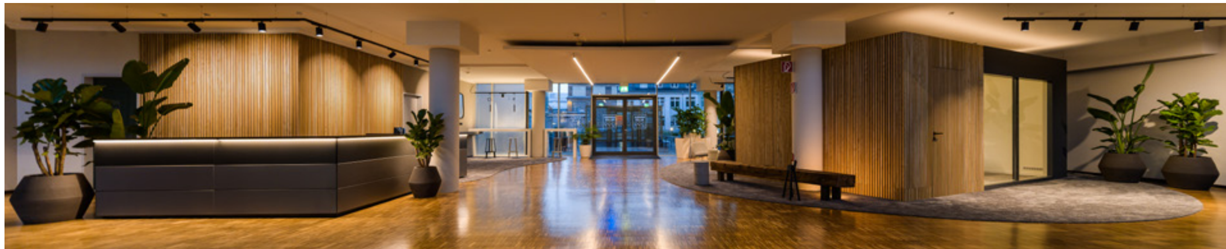
RISK MATERIALITY THRESHOLD GREATER THAN THE GROUP'S ANNUAL REVENUE

1.5°

OUR NET ZERO CARBON TARGET COMMITMENT, IN LINE WITH THE PARIS AGREEMENT

The table on pages 17 and 18 summarises all our material climate-related transition risks and opportunities. In accordance with the TCFD framework, CLS' sustainability team, with reference to the Sustainability Committee, have assessed these risks and opportunities against the most stringent (1.5 degree) climate transition scenario, which drives the greatest change in the short-term (within the next year), medium-term (2025-2030) and long-term (beyond 2030).

This analysis represents an important part of our investment and development strategy, as it ensures material risks and opportunities are considered before capex is allocated. In doing so, we secure the long-term resilience of our portfolio.



Climate-related Transition Risks & Opportunities continued

Strategy
Climate-related transition risks and opportunities affect the way in which we manage, refurbish and invest in our existing portfolio. They also determine our approach to new developments in each of the regions in which we operate.

Recognising the impacts of climate change on our business and thus our stakeholders, led us to develop our Climate Resilience Plan (please see page 22 for more detail), Sustainability Strategy, and NZC Pathway and establish our ambition to be a net zero carbon business by 2030 (aligned to a 1.5°C climate scenario).

Our climate risk, net zero carbon and sustainability targets cover the breadth of our business activities to ensure we are reducing our carbon footprint and exposure to associated risks whilst maximising any opportunities as a real estate business.

In association with our Climate Resilience Plan, our NZC Pathway sets out a clear route explaining how we will become a net zero carbon business and remain resilient to climate change in both the short and long-term. Fundamentally, we will achieve this by:

- reducing the energy consumption and improving the efficiency of our assets;
- increasing green energy usage (e.g. renewable electricity procurement and solar energy generation at our properties) to manage the future risk of higher energy costs;
- reducing the embodied carbon associated with our development and refurbishment schemes; and
- for those carbon emissions we cannot eliminate by 2030, we will offset using verified schemes which remove carbon from the atmosphere.

The key impacts of climate change on our business model and strategy are described below:

Active asset management – our NZC Pathway ensures we have Asset Management Plans in place for each asset which: include fully costed measures to reduce energy consumption and carbon emissions, cost-effectively; meet national regulations (e.g. MEES in the UK and Décret Tertiaire in France); are aligned with CRREM and the SBTI; and provide buildings that occupants need now and in the future.

Acquiring the right properties – our business model is based on acquiring existing buildings and improving them to add value. In general, our strategy takes a refurbish-first approach. We recognise the impact of embodied carbon in existing buildings and maximise material reuse wherever possible. During the acquisition process, we assess the true cost of carbon of a potential purchase and ensure we can transition the asset to a net zero carbon future, in a cost-effective manor.

Developments and major refurbishments – our design standards and processes ensure we are developing buildings that are resilient to a carbon-constrained future. We prioritise long-life spans and use flexibility, energy efficiency including passive design features as well as on-site renewable energy which mean our properties are less reliant on mechanical cooling and heating from fossil fuel use (i.e. all electric heating and cooling). We are also working on assessing and reducing embodied and whole-life carbon in all future developments.

Securing the right finance – our financing strategy has been specifically developed to increase the proportion of our 'green' loans (see page 49). This enables us to strategically link our financing to our net zero carbon ambition by establishing specific performance for loans, which are aligned with our Sustainability Strategy and NZC Pathway.

Financial planning (operating costs, capital expenditure and allocation) – At today's costs, it will cost approximately £65 million (between 2021 and 2030) to upgrade our assets to meet our SBTi-aligned targets as set out in our NZC Pathway. It will also see us align with the latest CRREM intensity pathways by 2030, across all regions The overall cost is based on asset-level energy surveys undertaken by external consultants which are reviewed internally for viability and cost-effectiveness. As part of our active asset management approach, this work is refreshed and updated with additional, more detailed feasibility studies, where required.

We are still developing our approach to carbon offsetting as the regulatory landscape, science and technology is still evolving. Whilst costs are expected to increase as demand increases, we remain satisfied with the projections used in our NZC Pathway modelling.

KEY AMBITIONS

EPC B

RATING AMBITION FOR 2030

“THE CAPEX ALLOCATED TO DELIVER OUR NET ZERO CARBON TARGET, INCLUDES THE COSTS REQUIRED TO IMPROVE UK ASSETS TO A MINIMUM EPC B RATING AND UPGRADE FRENCH ASSETS TO MEET DÉCRET TERTIAIRE TARGETS.”

Find out more about our financing strategy

Metrics, Targets and Emissions Disclosure
To enable our stakeholders to understand our impact and subsequent performance, we report an extensive range of consumption and intensity metrics relating to energy, carbon, waste and water. These are shown in the Appendices on pages 50 to 57, whilst the associated scope, boundaries and methodology are set out in the Sustainability Metrics: Scope, Boundaries & Methodology section also at the back of this report. In these tables, we provide full disclosure of our Scope 1, 2 and 3 GHG emissions in line with the EPRA framework as well as the disclosures required for SECR.

Our Sustainability Strategy and NZC Pathway set out a range of objectives, including carbon and energy use targets aligned with SBTi and CRREM pathways. These targets provide the framework to manage and minimise climate-related transition risk, including tightening regulation, and maximise opportunities at an asset and business level. They also ensure we align our carbon reduction programme with our business activities.

The table on page 47 of our Annual Report summarises the metrics and targets (and associated references) used by CLS to assess and manage climate-related transition risks and opportunities in line with our overall strategy, risk management process and main performance targets.

Climate-related Transition Risks & Opportunities continued

R Risk
O Opportunity
Y Yes

Climate-related Transition Risks and Opportunities Analysis Summary

RISKS & OPPORTUNITIES POLICY AND LEGAL

DESCRIPTION	Risk / Opportunity	Short-term (> 1 year)	Medium-term (Until 2030)	Long-term (beyond 2030)	CONTROLS, MITIGATIONS & MATERIALITY
Evolving building energy performance requirements e.g. MEES in the UK (requirement expected to be EPC B by 2030) and new build regulations (e.g. Part L in the UK)	R	Y	Y		EPC upgrade costs calculated and included in individual Net Zero Carbon Asset Management Plans New build and refurbishment investment proposals include costs of enhanced regulatory requirements All material costs included in NZC Pathway
Additional regulatory burden and impacts linked to the introduction of 'energy in-use' regulations/ratings e.g. Décret Tertiaire in France (which requires buildings to reduce their energy consumption by 40% by 2030, by 50% by 2040 and by 60% by 2050) and the possible introduction of the NABERS scheme in the UK	R	Y	Y	Y	Focus of NZC Pathway targets and data collection/reporting is on actual asset 'energy in-use' and carbon performance, rather than just improving EPC ratings Active work on Décret Tertiaire compliance for French buildings underway All material costs included in NZC Pathway
Increasingly onerous emissions reporting obligations in addition to voluntary disclosures	R	Y	Y	Y	We already report full Scope 1, 2 & 3 emissions and associated metrics across multiple frameworks with further improvements planned to data and reporting in line with both evolving and new regulation (e.g. CSRD)
Current and future emissions pricing and taxation	R	Y	Y	Y	Current risk addressed by our focus on asset energy reduction/efficiency and use of certified zero carbon energy sources Long-term risk is factored into planning through allocated future purchases of carbon offsets, in line with our NZC Pathway All material costs included in NZC Pathway
Increasingly stringent and complex planning requirements for development projects (e.g. Whole Life Carbon Assessment in London Plan)	R	Y	Y		Our business focus is primarily on existing buildings We are undertaking research to better understand embodied carbon requirements and factoring these into development and refurbishment decisions
Opportunities to acquire lower-rated buildings (i.e. potential stranded assets) at reduced prices for redevelopment/repurposing	O	Y	Y		In-house technical capability (i.e. sustainability team) and training of key employees to improve knowledge on energy and carbon reduction pathways Include energy and carbon considerations in acquisition due diligence
Ever developing climate change and carbon litigation	R		Y	Y	We maintain standards of transparency through third party assurance of energy and carbon data/reporting Monitoring of relevant legal developments/outcomes with the support of our in-house legal department
MARKET RISKS & OPPORTUNITIES					
Increased market demand from occupiers for and increased returns from more energy efficient, climate resilient buildings with lower carbon footprints (including net zero carbon buildings)	O	Y	Y	Y	We maintain a proactive response to regulatory changes. Our NZC Pathway will improve the desirability of CLS' assets to potential occupiers by maintaining and improving EPCs and BREEAM in-use ratings, for example
Tenants operating in sectors associated with high climate risk (e.g. oil and gas)	R	Y	Y		The CLS sustainability and property teams provide appropriate levels of tenant engagement and knowledge-sharing to ensure our climate targets as well as our occupier's, are met Long-term leases are prioritised to enable effective engagement whilst tenant selection criteria are also implemented
Increased cost and reduced availability of raw materials and equipment impacting our low carbon developments and refurbishments	R	Y	Y	Y	Bulk forward-purchasing of key items (e.g. PV panels) Use of external expert consultants to monitor and advise on appropriate solutions

Climate-related Transition Risks & Opportunities continued

R Risk
O Opportunity
Y Yes

Climate-related Transition Risks and Opportunities Analysis Summary

MARKET RISKS & OPPORTUNITIES

DESCRIPTION	Risk / Opportunity	Short-term (> 1 year)	Medium-term (Until 2030)	Long-term (beyond 2030)	CONTROLS, MITIGATIONS & MATERIALITY
Increased cost and reduced availability of utilities including price volatility associated with market shifts and pricing structure changes	R	Y	Y	Y	Proactive approach to reducing energy consumption and improving energy security, including on-site renewable energy generation Use of expert energy consultants for procurement and planning
Preferential cost of capital for low/zero carbon and carbon-reducing/absorbing investments	O	Y	Y	Y	Sustainable financing target in place as part of our Sustainability Strategy, which already represents approximately 20% of our loans
Availability and price of robust and verifiable emissions offsets	R		Y	Y	Initial study on carbon offsets undertaken Monitoring of carbon markets and future regulatory developments by the CLS sustainability team

TECHNOLOGICAL RISKS & OPPORTUNITIES

DESCRIPTION	Risk / Opportunity	Short-term (> 1 year)	Medium-term (Until 2030)	Long-term (beyond 2030)	CONTROLS, MITIGATIONS & MATERIALITY
Replacing existing technology with lower emission alternatives	O	Y	Y		Net zero carbon plans for each asset incorporate viable technologies for carbon reduction/lower emission options
Manually read metering and lack of sub-metering impacting quality of energy consumption data	R	Y	Y		Our smart metering programme has covered over 75% of all main utility meters, with a target to improve to greater than 80% coverage
New building systems in developments/refurbishments too complex or not fully understood, leading to inefficient operation	R		Y	Y	Use of external expert consultants to monitor and advise on appropriate solutions Training of key employees and supply chain where necessary
Lack of availability of technical solutions or materials for significantly reducing embodied carbon	R	Y	Y		Our business focus is primarily on existing buildings Whole life embodied carbon assessments undertaken for new developments and large refurbishment projects
Improved visibility and management of utility data for occupants reducing costs, improving occupant behaviour and enhancing our relationship	O	Y	Y	Y	Enhanced tenant engagement has commenced. Increased accessibility to data and reports for our occupiers in 2024 through new sustainability data platform and tenant app

REPUTATIONAL RISKS & OPPORTUNITIES

DESCRIPTION	Risk / Opportunity	Short-term (> 1 year)	Medium-term (Until 2030)	Long-term (beyond 2030)	CONTROLS, MITIGATIONS & MATERIALITY
Potential impact of increasing occupant expectations with regards to the sustainability credentials of their buildings	R O	Y	Y	Y	Certification of CLS' properties to sustainability standards (e.g. BREEAM) PV and EV installations across the portfolio Use of certified zero carbon energy sources. 99.5% of Group electricity supplies are from certified renewable sources Enhanced occupier engagement to support any sustainability needs We maintain knowledge of industry best-practice through participation in the BBP and similar groups
Investor and external stakeholder reactions to increasing sustainability disclosures and transparency	R O	Y	Y		Continued transparency of reporting, coupled with frequent investor engagement to maintain and increase confidence in the ability of the business to deliver on energy and carbon goals
Potential detrimental impact on reputation with investors and stakeholders, of acquiring and owning lower EPC rated (or equivalent) assets, or not upgrading assets quickly enough	R	Y	Y		We maintain clear plans to improve the energy and carbon performance of our current building stock, ahead of regulatory timelines, whilst acquisitions are subject to robust due diligence to ensure their alignment with our NZC Pathway
Inability to recruit and retain employees due to perceived insufficient action on climate change and engagement	R	Y	Y		Clear communication of Sustainability Strategy and NZC Pathway, including progress updates, across the business Employee engagement on energy and carbon though effective internal communications (e.g. Lunch and Learn events, training and our internal sustainability awards scheme)

Climate-related Physical Risks & Opportunities

Climate-related physical risks and opportunities
Climate-related physical describes the potential for physical damage and financial losses from increasing exposure to climate hazards. This includes more frequent and severe flooding, wind and rainstorms and extreme heat and drought. We recognise that our portfolio's exposure to types of hazard is increasing and that it will continue to increase, in different forms, depending on the trajectory and type of climate future we are able to achieve as a collective society.

Currently, for commercial property, there are no significant opportunities related to predicted physical climate change, in any future scenario.

Assessing and managing physical risks and opportunities
This year, we have continued our analysis of physical climate-related risk using the Jupiter Intelligence, ClimateScore Global platform. The platform uses advanced climate models (based on the best available data, research and information), machine learning, land use and elevation data as well as specific property characteristics, to model and examine risk exposure across six key hazards: extreme heat; extreme cold; extreme rainfall, flooding (river, coastal and flash flooding), wind storms and drought.

We are able to forecast the impact of these hazards on our assets, using multiple climate change scenarios, across different time frames, up until 2100. We assess asset-by-asset risks in detail, using the information to inform plans to protect and future-proof our existing portfolio and to undertake robust due diligence on acquisitions, investment and development projects. The analysis is undertaken by the CLS sustainability team and reviewed by the Sustainability Committee on at least an annual basis to ensure the business has access to up to date and relevant information for investment decisions.

“WE HAVE CONTINUED OUR PARTNERSHIP WITH JUPITER INTELLIGENCE TO ACCURATELY ASSESS AND MANAGE PHYSICAL CLIMATE RISKS.”

Find out more about our 2030 and 2050 targets

To ensure we identify, assess and manage risk across a full spectrum of global warming scenarios, we have chosen two climate trajectories: a best case and a worst case scenario which are described below:

Shared Socioeconomic Pathway (SSP) 1 / Representative Concentration Pathway (RCP) 2.6 (approximately 1.8°C warming by 2100)
A scenario in line with the United Nations Climate Change Agreement of 2015. According to the IPCC, it requires GHG emissions to start declining immediately and reach zero by 2100. This relies on global implementation of stringent climate policies.

SSP 5 / RCP 8.5 (approximately 4.4°C warming by 2100)
A 'business as usual' high-emissions scenario. This trajectory is consistent with no major policy changes or industry moves to reduce global emissions, leading to high atmospheric GHG concentrations.

Risks are also considered across three different time frames: short (<1 year); medium (until 2030); and long-term (beyond 2030). The timeframes have been selected to align with the Group's overall approach to risk management (please see pages 48-53 of our Annual Report).

Although we use short, medium and long-term scenarios to evaluate physical risks, the ClimateScore platform has highlighted that there is no material difference between short and medium-term risk forecasts. Therefore, the table on pages 20 to 21 which details our exposure to physical hazards, includes only a short and long-term view to analyse risk our risk profile.

Generally, there is little divergence between all scenarios through to 2030, due to the delayed nature of modelled climate change impacts. The impacts of existing emissions in the atmosphere are 'baked in' and will likely be felt in the coming decades, with increasing severity.

The risk definitions referred to in following table are based on the methodology used by the ClimateScore Global platform. Please see the Sustainability Metrics: Scope, Boundaries & Methodology appendix for further detail.

Much of our risk exposure is managed by existing national regulations, our design standards and current business processes. However, the table on page 23 expands upon this by explaining our current risk mitigation measures as well as the future controls we propose to implement, to ensure the impacts of the different climate-related weather events, are robustly managed, meaning our portfolio remains resilient, both in the short and long-term.

Climate-related Physical Risks & Opportunities continued

HAZARD	EVALUATION OF RISK: SHORT TERM (<1 YEAR) – SSP 1 & SSP 5	EVALUATION OF RISK: LONG TERM (BEYOND 2030)
Heat Risk associated with frequency of temperatures above 35 degrees Celsius	**Lowest or low level exposure across all assets** In both scenarios, 92% of our properties are exposed to the lowest level of risk from extreme heat. Buildings in Lyon are exposed to slightly higher levels of heat stress but the risk is still considered low (i.e. temperatures may exceed 35 degrees, between 2 and 10 days per year)	**SSP 1: No material difference from short-term** **SSP 5: Exposure to extreme heat remains low across the portfolio** 39% of assets are exposed to between 2-10 days of extreme heat (i.e. <35 degrees) per year, by 2050. More frequent heatwaves will increase ventilation and cooling demand within our buildings and threaten occupier thermal comfort, however, in both the short and long-term, heat stress does not represent a material risk
Cold Risk associated with frequency of temperatures below freezing point	**16% of assets exposed to between 60-100 days per year, of temperatures below freezing** Properties in Munich, Stuttgart, Nuremberg and Berlin are more frequently exposed to weather conditions below freezing (on average between 60 and 100 days per year). Given the central European location of our properties, freezing conditions are relatively common but impacts are managed by current controls (see page 23)	**SSP 1: No material difference from short-term** **SSP 5: Reduced exposure to extreme cold** Freezing conditions will become less common across the portfolio as global temperatures rise. We do not consider extreme cold a threat to the operation of our properties and thus we will focus risk mitigation efforts on other hazards

HAZARD	EVALUATION OF RISK: SHORT TERM (<1 YEAR) – SSP 1 & SSP 5	EVALUATION OF RISK: LONG TERM (BEYOND 2030)
Precipitation Risk associated with volumes of total daily rainfall in a 100-year return period	**Lowest or low level exposure across all assets** Our portfolio is not exposed to any material risk from excessive rainfall and all current mitigation and controls are sufficient	**SSP 1: No material difference from short-term** **SSP 5: Incremental increase in exposure to precipitation events until 2050** Overall, the risk of pluvial flooding remains low. Whilst precipitation stress due to heavy rainfall is likely to remain consistent, several of our buildings may potentially experience localised flash flooding due to local terrain features. This could cause water ingress and damage in basements and ground floors, however, the risk profile is not likely to change with time or changing temperatures meaning current mitigation measures will remain effective
Flooding Risk associated with inland and coastal flood depths of a one in-one-hundred-year event	**8% of assets exposed to higher flood risk** 7 properties (across France and Germany) could experience a one in one-hundred-year probability flood event that exceeds 2m in flood depth (deemed a highest risk event by ClimateScore Global). 6 of our buildings are exposed to high or medium risk flood events, based on the same probability of occurrence (i.e. 1% chance within the next year). Extreme flooding can damage lower levels within our properties, which could lead to temporary buildings closures and require additional capex for remedial works. Although a more material risk, we consider our current risk controls sufficient whilst we plan to introduce further measures to future proof assets where necessary (see page 23)	**SSP 1: No material difference from short-term** **SSP 5: Flooding remains a material risk, however, changes to the overall portfolio risk profile, up until 2050, are marginal** The exposure to highest, high and moderate level flooding remains relatively steady between the short and long-term forecasts. We will therefore concentrate our mitigation and controls in the locations we expect to be most heavily impacted. Due to the risk presented, we review the portfolio's risk profile on at least an annual basis, using specific climate risk KPIs to support our analysis (see page 47 of our Annual Report)

Climate-related Physical Risks & Opportunities continued

HAZARD	EVALUATION OF RISK	
	SHORT TERM (<1 YEAR) – SSP 1 & SSP 5	LONG TERM (BEYOND 2030)
Wind Risk associated with wind speeds of a one in-one-hundred-year event	**Moderate exposure to windstorms across the portfolio** Our portfolio, like much of the built environment in Europe, has some exposure to medium risk level wind storms (i.e. wind speeds of between 90 and 120 km/h in a one in one-hundred-year event). In the event of a windstorm of medium or high magnitude, our properties could be exposed to minor flying debris meaning facades may experience minimal levels of damage. However, the structural integrity of our buildings will not be compromised	**SSP 1: No material difference from short-term** **SSP 5: Risk profile remains consistent up until 2050** Given there is no change to our exposure to wind between the short-term and the long-term, across both the SSP 1 and SSP 5 scenarios, we are confident our current risk management controls will continue to provide robust mitigation and ensure impacts on the operation of our buildings remain immaterial

HAZARD	EVALUATION OF RISK	
	SHORT TERM (<1 YEAR) – SSP 1 & SSP 5	LONG TERM (BEYOND 2030)
Drought Risk associated with levels of water stress (i.e. demand exceeds supply) within a local watershed	**High levels of drought could impact properties in London and** In both the SSP 1 and SSP 5 scenario, it is anticipated that the UK portfolio will be exposed to drought. This is an issue facing REITs with properties in London and the Southeast of the UK. Although the Group's water consumption is immaterial, increased water stress may result in increased utility costs. We will continue to manage the risk of drought using the mitigation and controls outlined on page 23, in line with many of our peers	**SSP 1: No material difference from short-term** **SSP 5: London and surrounding areas remain exposed but long-term forecasts are consistent with short and medium-term outlooks** Although water stress remains high across the portfolio, we are confident our risk management controls will provide the necessary mitigation to ensure impacts on our portfolio are minimised in the years ahead. Due to the risk presented, we review the portfolio's risk profile on at least an annual basis, using specific climate risk KPIs to support our analysis (see page 47 of our Annual Report)

Climate-related Physical Risks & Opportunities continued

Strategy

Climate-related physical risks affect the way in which we invest in, manage and refurbish our existing properties, as well as how we develop new buildings. In recognition of the impacts on our operations and on our stakeholders, we have developed a new Climate Resilience Plan. Our Plan covers the breadth of our business activities to ensure we are effectively managing our key climate risks and the exposure of our assets whilst maximising opportunities as a real estate business. The plan explains our approach to both physical and transition risks and opportunities, our goals and objectives, key actions and the KPIs we use to track progress against our targets.

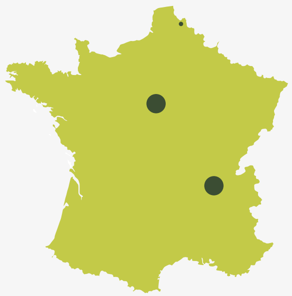
In summary, the key impacts on our business model and strategy are described below:

Geographic diversity

UNITED KINGDOM	37
LONDON	27
SOUTH EAST	9
BIRMINGHAM	1

GERMANY	32	DORTMUND	3
HAMBURG	8	COLOGNE	1
MUNICH	6	NUREMBERG	1
BERLIN	4	BOCHUM	1
DÜSSELDORF	4	ESSEN	1
STUTTGART	3		

FRANCE	17
PARIS	11
LYON	5
LILLE	1



Geographic diversity – maintaining a well-spread portfolio across the UK, Germany and France, builds an inherent resilience to the range of potential physical risks posed.

Active asset management – we have Asset Management Plans in place for each asset which include fully costed measures to maintain the resiliency of assets to extreme weather (e.g. extreme heat and cold, flooding and drought). These are aligned with our NZC Pathway and ensure we create buildings that occupants demand now and in the future.

Acquiring the right properties – our business model is based on acquiring older buildings and improving them to add value. During the acquisition process, we assess climate-related physical risk, primarily the direct impacts of flooding, (using the ClimateScore Global platform) but we also evaluate indirect risks including maintaining insurance in a cost-effective manor.

Developments and major refurbishments – our design guidelines and processes ensure our developments and major refurbishments are resilient to different future climate scenarios. We achieve this primarily by undertaking assessments for flooding, overheating and other extreme weather and ensuring the appropriate application of design criteria.

Securing the right finance – our financing strategy includes working with potential financiers on physical risk to ensure our assets satisfactorily meet their risk control needs under the TCFD framework, for example.

“OUR STRATEGY ENSURES OUR ASSETS REMAIN RESILIENT IN THE FACE OF CLIMATE UNCERTAINTY.”

“BY MAINTAINING A WELL-SPREAD PORTFOLIO ACROSS THE UK, GERMANY AND FRANCE, WE HAVE BUILT AN INHERENT RESILIENCE TO A RANGE OF PHYSICAL RISKS.”

Financial planning (operating costs, capital expenditure and allocation) – whilst costs are expected to increase, under different climate change scenarios, we remain satisfied with our insurance provisions. As the national and local policy landscape evolves, we will ensure our Climate Resilience Plan and NZC Pathway remains relevant and robustly costed.

Overall, given the levels of risk highlighted by our analysis using ClimateScore Global, combined with the mitigation and controls incorporated in our risk management approach, our business model and company strategy remains resilient in the short and long-term. By ensuring our assets are adequately future-proofed against the range of weather-related hazards identified, across the different time frames and warming trajectories, our properties remain resilient in the face of climate uncertainty. This means we continue to deliver returns for our stakeholders.

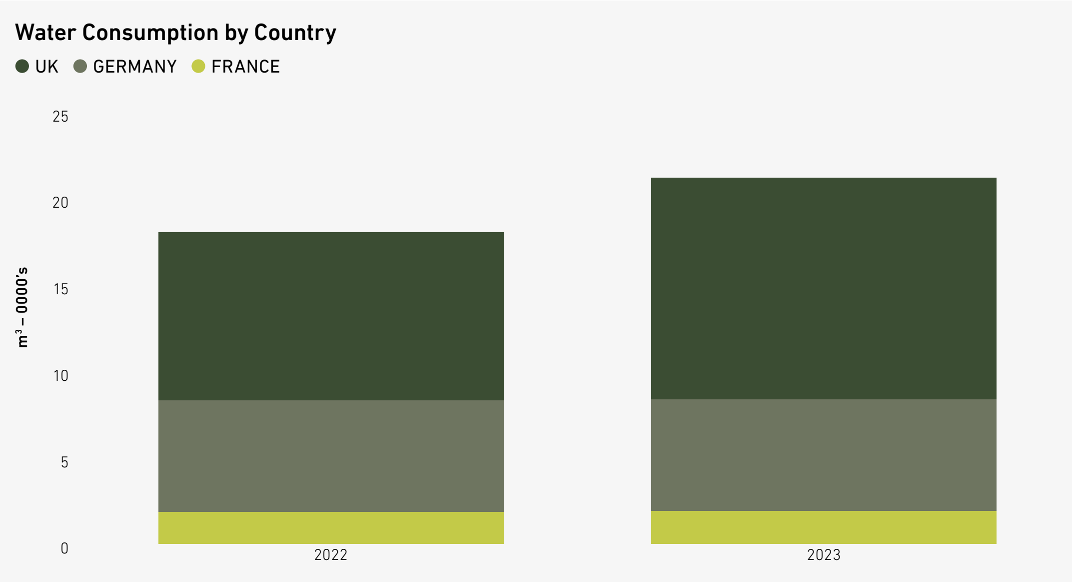
Although we summarise physical and transitional risks and opportunities separately within this report, CLS recognises the interdependences between them and the potential cascading impacts. For example, we will consider the risk of heat stress on our buildings whilst evaluating the impact any mitigation may have on the ability of the Group to deliver its' net zero carbon targets. Fundamentally, we take a holistic approach to the management of physical and transition risks and opportunities.

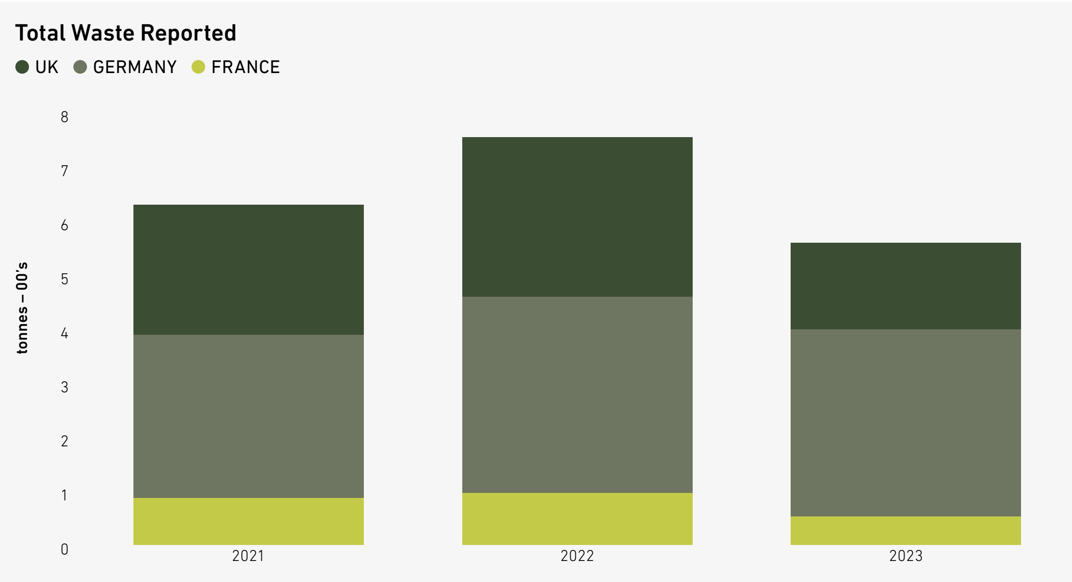
Climate-related Physical Risks & Opportunities continued

Current and Future Risk Mitigation and Controls Summary

HAZARD	RISK MITIGATION AND CONTROLS
Heat	**Current** • Thermal comfort is managed through HVAC design and passive building design measures (e.g. external shading & natural ventilation) and monitored via air quality sensors, occupier feedback and surveys • New HVAC system installations and upgrades designed with consideration for future climate scenarios including appropriate mechanical and electrical equipment sizing, allowing for higher heat loads without compromising on energy efficiency • Façade upgrades (improving insulation) and introducing external design features (e.g. blinds, solar film, brise soleil) to reduce solar heat gain • Outdoor greenery and shade provision incorporated into landscaping strategies to offer 'refuges' in hotter weather conditions
	Future • Review the potential need to install or upgrade cooling systems or to upgrade passive cooling measures (e.g. external shading) for "at risk" buildings • Track and ensure adequate occupant comfort in high temperatures using AI-driven Building Management Systems as well as system optimisation and "tuning"
Cold	**Current** • Fit-out and design standards ensure improved passive design to avoid thermal comfort issues and reduce energy use for heating (e.g. insulation, avoidance of thermal bridging) and mean components have adequate resilience to cold as per relevant standards • Provide regular snow clearing and gritting at properties to ensure safe accessibility
Precipitation	**Current** • Business continuity and emergency response planning measures in place to minimise impact in case of high precipitation warning • Regular drainage surveys undertaken across select buildings to ensure sufficient water attenuation • Insurance protection in place in case of physical damage or interruption which includes appropriate consideration in leases
	Future • Comprehensive flash flood risk assessments across the portfolio • Flash flood mitigation measures incorporated in design of new projects and major refurbishments, including blue roofs and rainwater harvesting systems that consider future climate scenarios
Flooding	**Current** • Business continuity and emergency response planning measures put in place in case of flooding • Flood mitigation measures are being incorporated in design of new projects where relevant risk established in future climate scenarios • Insurance protection in place in case of physical damage or interruption and appropriate consideration in leases
	Future • Comprehensive flood risk management plans created for exposed existing assets • Consideration of flooding in future climate scenarios to be included in asset acquisition due diligence process • Thorough due diligence on future investments/acquisitions
Wind	**Current** • Business continuity and emergency response planning measures in place to minimise potential impact in case of severe storm warnings • Building design criteria and construction processes ensure adherence to standards for relevant components to withstand high winds • Insurance protection in place in case of physical damage or interruption (including protection against portable and unsecured items in building vicinity) and appropriate consideration in leases
	Future • Consider upgrade to buildings design criteria for key building elements (e.g. roofs) for new buildings or refurbishments to account for more severe conditions
Drought	**Current** • Elimination of automatic watering during warmer periods, in areas of high water stress • Planting considers low water dependent plants • Our design guidelines ensure any sanitary fittings and fixtures as well as appliances adhere to the relevant BREEAM high water efficiency standards • Support of expert consultants when procuring new utilities contracts
	Future • Implement grey water reuse and rainwater harvesting systems in new builds and refurbishments • Biodiversity net gain strategy ensures landscaping considers future drought affected climates

Environmental Impacts





Water

We have seen similar water consumption across our portfolio in 2023. This corresponds with the overall occupancy as people continued to return to the office on a more frequent basis.

We again increased smart metering for our water meters to increase data accuracy and monitoring. Our current smart meter coverage for water now covers all German properties and close to 1/3 of UK managed assets.

The main water saving measure alongside smart water metering has been to introduce water leak detection systems which we moved from piloting to full implementation. We have covered the entire German portfolio this year and some of the UK portfolio.

Waste

We recognise further work is still required to improve recycling rates, as well as improving data collection and reduction in overall waste prior to forming a broader circular economy strategy.

The UK has the most detailed data at the moment, but a new waste contract in Germany, whilst it has been delayed, will help to improve data on waste and recycling quantities.

We have worked with our waste contractor in the UK to engage tenants at our worst performing buildings on recycling and waste reduction. This will continue in 2024.

To compliment this we will commence waste audits in all three regions .

Waste from construction and demolition is a key issue for our business, whilst we are not in control of this, we do have standards in our contracts and we receive regular reports on waste and recycling in development and major refurbishment projects which track all waste streams and quantities. We are tracking this waste to assess compliance with our standards and to inform and set baselines for future work on construction waste targets.

We implemented education initiatives at seven properties in the UK in collaboration with our waste contractor to provide tenants with better information. This education work identified the need to improve waste infrastructure in some buildings.

Environmental Impacts continued

Biodiversity
Better understanding and improving biodiversity and ecosystem service delivery across our sites is a small but key challenge. The baseline of our existing properties is not substantial due to the nature of the existing properties we own with limited open areas on or around most buildings in urban and city areas. Over the last few years biodiversity and nature initiatives, such as green roofs, have been implemented at different buildings to make improvements.

As a baseline, more than half of our existing sites have some open space and potential to implement biodiversity or ecology improvements.

Both baseline conditions and predicted changes are being measured using the DEFRA Metric 2.0 methodology and a bespoke qualitative assessment for ecosystem service delivery (based on real estate best practice). Our methodology aligns with Natural England's Green Infrastructure Framework and the new Task force on Nature-related Financial Disclosures (TNFD) framework as well as local standards where relevant.

Where possible, actions are specified to enable predicted uplifts in both biodiversity units and ecosystem service provision which can then be calculated. These will be based on more detailed ecological assessments for key properties. This will be the basis of our plan going forward.

In the UK this will be delivered through our new landscaping and garden maintenance services contracts negotiated this year. This includes delivering on the grassland rewilding target starting next year.

Planned interventions for relevant properties and their benefits. These include uplifts in biodiversity units and ecosystem service delivery including the provision of habitat improvements for identified protected species (e.g. Stag Beetles), habitat connectivity, water management and air quality improvements.

This coming year we will begin implementing recommendations and commence an annual review of biodiversity net gain across our assets to enable the measurement of progress year on year against the targeted percentage uplift, which will be reported publicly.

“WE HAVE RELEASED THE DRAFT PLAN AND BEGUN IMPLEMENTING RECOMMENDATIONS, WITH AN ANNUAL REVIEW OF BIODIVERSITY NET GAIN ACROSS OUR ASSETS PLANNED FOR NEXT YEAR.”

Environmental Impacts continued

Buildings Ratings – BREEAM & SKA ratings
We remain committed to rating our managed assets using BREEAM In-use. We utilise these ratings to target cost-effective sustainability improvements to building systems that should result in improvements of these ratings, particularly in small refurbishments.

This year we maintained the coverage of ratings, excluding only new acquisitions and buildings due for redevelopment or disposal. We also began the process of updating to Version 6 of BREEAM In-use by rating 29 buildings in UK and France.

We have maintained our ratings, despite the toughening of the rating criteria in Version 6. We have also developed plans for lower rated to improve to 'Very Good' or Excellent. These will be aligned with the Net Zero Carbon Pathway investments.

We also remain committed to a minimum BREEAM Excellent rating for major redevelopments and new buildings. Our major projects Artesian and The Coade in London achieved BREEAM Excellent.

On a smaller scale we also use SKA ratings for minor refurbishments, typically tenant space improvements and lobby/common area modernisations. Five ratings were undertaken on refurbishments this year all achieving our minimum of SKA Gold.

Procurement & Supply Chain
CLS have a Sustainable and Responsible Supplier Code of Conduct. It includes relevant environmental requirements such as: monitoring and reducing energy use and carbon, energy supply, and waste. These are incorporated in many existing contracts, such as facilities contracts in France and in major construction contracts. We have also updated our office fit out guide and requirements to compliment our use of SKA ratings.

Whilst we have begun to obtain data from suppliers focusing on our larger construction contracts (initially collecting waste and carbon data) we have not yet progressed to more detailed Scope 3 carbon emissions assessment and supplier engagement work.

Supply chain engagement on sustainability continues to be a key focus. The landscape and garden maintenance tender in the UK being a key focus.

We also continued regular meetings on environmental and energy performance with the UK contractors responsible for energy using systems at the top 15 energy consuming buildings. This has led to implementing energy management actions for these buildings.

Case study

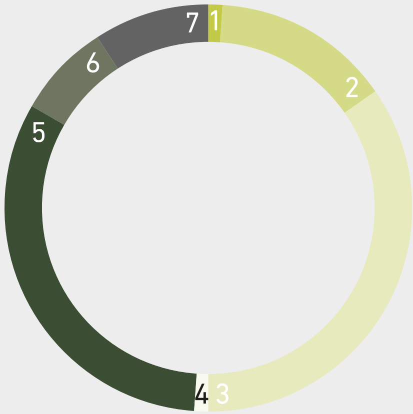
Contracting for biodiversity and sustainability benefits
A tender for landscaping and garden maintenance services in the UK gave us the opportunity to implement sustainability requirements into contracts and deliver on our biodiversity and ecology commitments.

Our facility management team, working with expert consultants, selected tenderers partially on the basis of their ability deliver sustainability improvements.

As a result, biodiversity and ecology improvement plans (including grassland rewilding as per our target) are now standard on relevant properties with contractors responsible for their delivery during the contract.

Managed Portfolio BREAM In Use

1. Excellent	1
2. Very Good	11
3. Good	27
4. Pass	1
5. Undergoing Certification	25
6. Certified Under Different Scheme	6
7. Not rated	7



Social

In this section

Our Social Strategy

Creating shared value
We will create and share value with our stakeholders by engaging collaboratively with our tenants, supporting local communities and partnering with our supply chain.

2024 Focus Areas
Stakeholder engagement – Increase engagement with our tenants and supply chain to improve sustainability data collection and reporting (e.g. Scope 3 GHG emissions and social value)

Supply chain – Implement key actions to improve compliance with Prompt Payment Code

Social value – Further grow our social value, focusing on measures under 'Improved employability of young people' outcome

Reporting, Benchmarking & Commitment Frameworks

UN SDG	Applicable Target	Applicable Indicator
No poverty	1.2	1.2.2
Quality education	4.4	4.4.1
Gender equality	5.1	5.1.1
	5.5	5.5.2
Decent work and economic growth	8.6	8.6.1
Reduced inequalities	10.2	10.2.1
Sustainable cities and communities	11.7	11.7.1

Long-Term Targets

Promote Health & Well-being

Design and manage our properties to promote the health, well-being and satisfaction of our tenants. Post Occupancy Evaluations and tenant satisfaction surveys across our managed portfolio will measure progress.

Invest in Communities

Invest in our local communities and provide support to disadvantaged groups and charitable causes, with a commitment to publish the full social value of our business in our 2025 Group Annual Report.

Invest in People

Achieve Living Wage Foundation accreditation by 2025
Invest in the development, wellbeing and mental health of our employees. Every employee will have access to a multi-disciplinary health and wellness programme and a dedicated training and development budget.

Strategy Progress

- Tenant health, wellbeing and satisfaction are now a standard part of asset design and on-going management as measured by BREEAM ratings and biennial tenant satisfaction surveys in all regions
- Social Value measurement and reporting began in 2022, including reporting on our support of charities, local communities and disadvantaged groups. We are committed to increase coverage to our supply chain in coming years
- We have achieved our Accreditated Living Wage Employer status this year, well ahead of schedule
- We continue to invest in employees development, wellbeing and mental health

2023 Focus Areas & Performance

● Achieved
◒ Partially achieved
○ Not achieved

FOCUS AREA	PERFORMANCE	COMMENT
Deepen key charity and community partnerships aligned with Social Value Framework	●	Developed deeper partnerships with charities working within our local communities, including the National Literacy Trust, whilst continuing our support for our main charity partner, LandAid This saw an improvement in the outcomes of our Social Value Framework. We plan to explore further opportunities to deliver greater value in 2024
Gain and maintain Living Wage Foundation accreditation	●	Achieved Living Wage Foundation Accredited Living Wage Employer status and have budgeted to ensure we do so again in 2024. We aim to maintain this, by regularly reviewing coverage across our supply chain
Continue implementation of new DE&I Plan	◒	Regularly celebrated the diversity of our workforce, recognising annual celebrations including key religion, ethnicity, gender and disability festivals and awareness days Issued minimum expectations to our recruitment partners outlining what we require in terms of running an equitable and inclusive recruitment process to attract a diverse range of candidates
Improve occupier engagement and experience including piloting online occupier portals, refreshed handbooks and welcome packs	◒	Piloted a new tenant app which included updated welcome packs and user guides containing information such as tenancy fit-out sustainability requirements Serviced an increased number of tenant sustainability data and information requests
Grow our social value, focusing on measures under 'Improved employability of young people' outcome	◒	Our partnership with the National Literacy Trust saw us assist them with training at a local school and having two local students join the team in the UK for work placements. The students worked across the organisation, delivering a final presentation to the COO. In total, we grew the value of this outcome by nearly 50%
Improve social value measurement further by covering more measures from our framework in line with National TOMs	◒	Social Value Framework has been adjusted to better suit the nature of our business including a focus on the provision of affordable office space to charity and community groups We will begin to include our supply chain in our social value measurement in 2024

Social Value

'Social value' is the additional, measurable and sustainable social, economic and environmental outcomes our activity delivers, beyond shareholder returns.

Our Sustainability Strategy includes an aspiration to create shared value with our stakeholders. We do this by supporting and creating safe, vibrant, healthy and prosperous neighbourhoods. We collaborate with our occupiers, support local businesses and invest in communities and charitable causes, to share our success and create long-term social value for our occupiers, employees, and surrounding communities.

Social Value Framework
Our Social Value Framework provides the basis and structure for measuring the social value generated by our business and so our positive contribution to society. Our approach to delivering and measuring social value is based on the widely recognised UK national social value TOMs framework.

- Themes are wider sustainability categories, such as Jobs.
- Outcomes, such as 'Improved employability of young people', feed into the Themes and act as the targeted goal of our actions.
- Measures are the individual KPIs that we can use to measure the progress towards each outcome.

To ensure our framework remains relevant and aligns with the nature of our business, we review the themes, outcomes and measures on at least an annual basis. This year, we incorporated the provision of affordable office space into our social value measurement. This covers the space we let, below the Expected Rental Value, to support charities and local community projects.

We increased our social value generation from 2022 by nearly 40%. This was largely due to an increase in donations to local community projects, boosted by our measurement of affordable office space provision. We were not able to calculate all measures this year as we need to liaise further with our supply chain to obtain the necessary data. However, we plan to include elements of supply chain measurement in our social value reconciliation, in 2024.

To help deliver even greater value next year, we have set targets for 2024, based upon the performance of each measure in 2023, which is highlighted in pages 31 to 34.

£261,949

EQUIVALENT SOCIAL VALUE GENERATED
(EXCLUDING SUPPLY CHAIN)

37%

INCREASE IN EQUIVALENT SOCIAL VALUE GENERATED FROM 2022

Learn more about our Social Value Framework

Social Value Framework

5 themes

Jobs	Growth	Social	Environment	Innovation
Promoting local skills and employment	Supporting the growth of responsible regional businesses	Creating healthier, safer and more resilient communities	Decarbonising and safeguarding our world	Promoting social innovation

15 outcomes

Jobs	Growth	Social	Environment	Innovation
Improved employability of young people	Ethical procurement is promoted	More working with the community	Carbon emissions are reduced	Social innovation to safeguard the environment and respond to the climate emergency
More local people in employment	More opportunities for local Micro-, Small and Medium-sized Enterprises (MSMEs) and Voluntary, Community and Social Enterprises (VCSEs)	Our occupiers are more satisfied	Air pollution is reduced	
	More local employment	Creating a healthier community	Sustainable procurement is promoted	
	Reducing inequalities	Crime is reduced		
	Improving staff, well-being in mental health			

27 measures[1]

1 For details of the measures identified as part of our Social Value Framework see our Sustainability Strategy document on our website.

Social Value continued

Local Skills and Employment
Promoting local skills and employment is a relatively new theme to CLS in terms of driving social value. Previous work has been organic and associated with development projects. As a business with a low headcount, creating opportunities for work placements and internships can be challenging. However, we have made substantial progress by incorporating the 'Improved employability of young people' outcome into the remit of the CSR Committee.

This has helped to foster a deep new relationship with the National Literacy Trust's flagship literacy and employability programme 'Words for Work'. We provided training and work experience for young people from a local high school in the London Borough of Lambeth. We will continue to foster this relationship and focus on the value we generate for local youth skills and employment, in 2024.

OUTCOMES	EQUIVALENT VALUE	MEASURE	2024 TARGET	TOMs DEFERENCES
Improved employability of young people	£687.85 (42.75 hours)	No. of staff hours spent on local school and college visits	Maintain	NT8
	£7,912.50 (75 hours)	No. of hours dedicated to support young people into work	Increase	NT11
	£2,024.64	Meaningful work placements/internships that pay real Living Wage according to eligibility – 6 weeks or more	Increase	FM23a
More local employment	19% (UK)	Percentage of local employees (FTE)	Maintain	NT2
	Not measured this year	Total amount (£) spent in local supply chain	Measure baseline	NT18

Healthier, Safer and More Resilient Communities
We furthered our commitment to supporting our local communities and charitable causes by significantly increasing our volunteering activities across our core focus areas; food poverty, homelessness and youth education, skills and training.

Our target is for all employees to participate in at least one community or charitable volunteering initiative per year. In 2023, our staff volunteering hours totalled 985, which was an increase of 445 hours compared with 2022 and meant we hit our target.

We deepened our partnership with our main charity partner LandAid. Further to our participation in events including the LandAid SleepOut, which sees the industry come together in an attempt to experience "sleeping rough" for a night, and the annual 10km charity run in Regent's Park, we donated to LandAid's Big Christmas Challenge. Acting as a key partner, the additional donation funded a safe place to sleep for up to 16 months.

Further initiatives included volunteering with Bee Urban, a local social enterprise that focuses on responsible beekeeping and community building working with Vauxhall City Farm as well as Brixton and Norwood Foodbanks. Furthermore, our UK facilities team partnered with FEAST With Us, a charity making a positive impact in the fight against food poverty, turning surplus food into nourishing dishes for those most in need.

In Luxembourg, the team continued their collaboration with "Serve the City Luxembourg" for World Clean-up Day, by taking to the streets to collect approximately 7,000 cigarette butts. The waste collected will be transformed into street furniture, helping to enhance local amenities.

OUTCOMES	EQUIVALENT VALUE	MEASURE	2024 TARGET	TOMs DEFERENCES
Our occupiers are more satisfied	UK: 71% France: 74% Germany: 75% (2023 figures)	Occupier satisfaction score (NPS)	80%	RE35 FM58
	Not undertaken this year	A Post Occupancy Evaluation has been carried out	N/A	RE36 FM59
More working with the Community	Recorded under NT17	No. of hours volunteering time provided to support local community projects	Increase	NT29 RE33 FM56
	£165,212	Donations or in-kind contributions to local community projects	Increase	NT28 RE32 FM55
Creating a healthier community	Not measured this year	Initiatives aimed at reducing crime	Measure baseline and conduct feasibility study	NT24 RE28 FM49

Social Value continued

Case study

This year, we started work with the National Literacy Trust. Their Words for Work scheme provides students with the opportunity to understand the practical application of literacy within the workplace. Students are given a platform to develop their formal writing and speaking skills, meaningfully applying activities to the world of work.

"THE SHEER AMOUNT OF DIFFERENT PROJECTS AND ROLES THAT THE STUDENTS WERE EXPOSED TO IS SOMETHING THEY RARELY HAVE THE CHANCE TO EXPERIENCE AT 17 YEARS OLD. THIS WAS A ONE IN A MILLION OPPORTUNITY AND I AM EXCITED TO CONTINUE WORKING WITH CLS HOLDINGS TO OFFER THIS CHANCE TO LOCAL STUDENTS."

Marlene Vasquez-Cain, Project Manager, Words for Work, National Literacy Trust

Two local school students joined the team in the London office for week-long placements. The students worked across the organisation, in departments including property, sustainability and marketing, focusing on interview practice, elevator pitches, formal emails and CV preparation. At the end of the week, they presented their final projects to the Chief Operating Officer and Head of Human Resources. We will continue our partnership with the National Literacy Trust, providing further work experience opportunities for local students, in 2024.

In line with another one of our core focus areas, staff in the UK spent time volunteering at the Norwood and Brixton Foodbank. The foodbank aims to provide nutritionally balanced emergency food and support to local people who are referred in times of crisis.

The two days spent working along side fellow volunteers at the foodbank, saw the team involved in range of activities including creating food parcels and providing vital support in the warehouse. In total, through partnerships which include the Norwood and Brixton foodbank, we increased our total volunteering hours by 45%, from 2022.

"AT A TIME WHEN WE ARE SEEING ONGOING DEMAND FOR OUR SERVICES AND GROWING NEED FROM MORE AND MORE IN OUR COMMUNITY, THIS SUPPORT IS AMAZING."

Elizabeth Maytom MBE, Project Lead, Norwood and Brixton Foodbank

50%

INCREASE IN VALUE GENERATED UNDER IMPROVED EMPLOYABILITY OF YOUNG PEOPLE OUTCOME

985

TOTAL STAFF VOLUNTEERING HOURS IN 2023

Social Value continued

Growth of Business

OUTCOMES	EQUIVALENT VALUE	MEASURE	2024 TARGET	TOMs DEFERENCES
Ethical procurement is promoted	87% in the UK 87 in France 92% in Germany	% of invoices paid within 30 days	95%	NT61, RE60, FM47
	Not measured this year	% of contracts which include commitments to ethical employment practices in the local and global supply chain, including verification that there is zero tolerance of modern slavery, child labour and other relevant requirements such as elimination of false self-employment, unfair zero hours contracts and blacklists	Measure baseline	RE26, FM43
More opportunities for local MSMEs and VCSEs	Not measured this year	Provision of expert business advice to VCSEs and MSMEs	Review pro bono opportunities	NT15, RE18, FM26
	£15,160.80 (942.25 hours)	Number of voluntary hours donated to support Voluntary, Community & Social Enterprise organisations	Increase	NT17, RE20, FM28
	Recorded under NT28	Equipment or resources donated to Voluntary, Community & Social Enterprise organisations	Increase	NT16, RE19, FM27
	Not measured this year	Total amount (£) spent with Voluntary, Community & Social Enterprise organisations within your supply chain	Measure baseline	FM25
Reducing inequalities	100%	% of staff that are paid at least the relevant real Living Wage as specified by the Living Wage Foundation	Maintain accreditation	NT41, FM40
	Not measured this year	% of contractors in the supply chain required (or supported if they are micro or small business) to pay at least real Living Wage	Measure baseline	NT42, FM41
Improving staff wellbeing and mental health	£10,797.16	Equality, diversity and inclusion training provided for both staff and supply chain staff	Increase	NT21, RE25, FM36
	£7,516.02	No. of employees provided access to, for at least 12 months, comprehensive and multidimensional wellbeing programmes	Maintain	NT20, RE24, FM33

Prompt Payment
CLS is a signatory to the Prompt Payment Code (PPC), a voluntary scheme backed by the UK Government to set standards of best practice for payment of suppliers.

The PPC requires all signatories to pay 95% of their undisputed invoices from suppliers within a 60 day period and additionally 30 days for businesses with fewer than 50 employees (SMEs). In addition, we report on the Group's UK companies' payment practices twice yearly in accordance with The Reporting on Payment Practices and Performance Regulations 2017. Whilst there is no equivalent legislation in France and Germany, we have provided their figures as well as a weighted average for the Group.

We recognise that we have again had challenges meeting compliance with the PPC, not reaching the required 95% level within 30 days for SMEs. A new plan has been established by the finance team to address deficiencies, which includes IT system improvements, employee training, new processes and additional internal reporting. We will report on outcomes of this plan next year.

	UK	GERMANY	FRANCE	GROUP (WEIGHTED AVERAGE)
SMEs				
(Within 30 days)	89%	92%	80%	92%
All suppliers (Within 60 days)	96%	98%	96%	97%

Social Value continued

Living Wage

We are a Living Wage Foundation Accredited Living Wage Employer. This means we are committed to providing our UK employees and our regular contractors with the real Living Wage and, in London, the London Living Wage. We are proud of our commitment to the lowest paid amidst continuing high inflation this year.

For the last four years, new, relevant UK supplier contracts, including facility management contracts when renewed, have committed to paying the Living Wage and London Living Wage, as a minimum. We have budgeted to ensure we maintain our accreditation in 2024.

In France and Germany, the directive on adequate minimum wages in the European Union, means minimum wages will be set in a framework equivalent to the voluntary living wage approach we follow in the UK.

Decarbonising and Safeguarding our World

Full details of our work around carbon emissions reduction are included in the Energy and Carbon section of this report (pages 10 to 14).

We continue to provide employees with more climate-friendly, commuting options. This includes an electric vehicle lease scheme which offers a wide range of cars at different price scales as well as a Cycle to Work scheme in the UK and German offices and train season ticket loans for UK employees. This, in addition to providing offices equipped with bike storage, changing and showering facilities for all employees.

OUTCOMES	EQUIVALENT VALUE	MEASURE	2024 TARGET	TOMs REFERENCES
Carbon emissions are reduced	£40,074.67	Savings in CO_2 emissions on contract achieved through decarbonisation	Maintain in line with NZC target	NT31
	Net Zero Carbon Pathway (see Environment section)	Policy and programme to achieve net zero carbon, including monitoring plan with specific milestones	Maintain	NT44
Air pollution is reduced	EV lease scheme (UK), Cycle to Work scheme (UK and Germany) and train season ticket loans (UK) available to employees	Corporate travel schemes available to employees on the contract	Maintain	NT46
	Not measured this year	Percentage of procurement contracts that include sustainable procurement commitments or other relevant requirements and certifications	Measure baseline	NT35

Social Innovation

Throughout 2023, we continued to review opportunities to optimise the operational performance of our buildings. This included continuing our work at Hansaallee 299 in Düsseldorf, Germany. By integrating Artificial Intelligence into the Building Management System, the project yielded energy savings of c.20% from reduced heating and cooling energy use.

We also introduced innovative enzyme-based cleaning of HVAC equipment to more buildings in the UK, following a pilot initiated last year, whilst we installed air quality sensors across several buildings as well. This allows us to monitor the working conditions we provide our occupiers, including CO_2 levels, temperature and humidity, whilst measuring the impact of the HVAC cleaning solution.

OUTCOMES	EQUIVALENT VALUE	MEASURE	2024 TARGET	TOMs REFERENCES
Social innovation to enable healthier, safer and more resilient communities	Not measured this year	Innovative measures to enable healthier, safer and more resilient communities to be delivered on the contract	No target currently set	NT52
	£12,225,77	Innovative measures to safeguard the environment and respond to the climate emergency to be delivered on the contract	Increase	NT53

Stakeholder Engagement

Managing sustainability risks and opportunities, particularly from climate change, requires a strategy that spans the full breadth of our value chain – from acquisitions to the securing of finance, to the day-to-day operation of our properties right through to disposal or redevelopment. This means we must engage with all stakeholders touched by this chain to create change, achieve our long-term objectives and capture the value from our actions.

External Partners

The close integration of our properties within local communities, combined with our long-term investment model, underpins our commitment to the success of the neighbourhoods we operate in. We work collaboratively with our occupiers and local community groups to support the health and prosperity of our neighbourhoods.

The partners we collaborate with are crucial for realising this shared value. We also continue to be proactive in linkages with peers and the wider industry including retaining full membership of the Better Buildings Partnership industry body where we can liaise with peers and are provided access to best practice tools and knowledge on environmental legislation updates for the UK and Europe.

Stakeholder Engagement Overview
See Annual Report pages 28 to 29

“OUR STRATEGY FOR MANAGING SUSTAINABILITY RISKS AND OPPORTUNITIES INVOLVES ENGAGING STAKEHOLDERS ACROSS OUR VALUE CHAIN TO CREATE MEANINGFUL CHANGE AND CAPTURE VALUE FROM OUR ACTIONS.”

Find out more about KidsOut Giving Tree

Occupiers

‘Our tenants, our focus’ is a core value. This year we refreshed our occupier survey across all our regions. Last done in 2021, this time the surveys showed improvements in overall satisfaction in France and Germany, often related to refurbishments. It also showed improvements in communication and responsiveness in Germany and the UK.

On sustainability the survey results showed that whilst there was improved awareness, we have further work to do on improving communication on energy use and our Net Zero Carbon Pathway plans.

In response, we have already increased sharing of energy and environmental performance data with occupiers to improve sustainability outcomes and meet their reporting requirements.

The survey also showed positive response to the well-being initiatives implemented at many properties in recent years. Enhanced outdoor spaces like terraces and gardens scored well as did improved bike facilities and other new tenant amenities.

To aid engagement, we again ran a variety of events at our properties, such as Christmas gift-giving for children in association with KidsOut Giving Tree at various properties in the UK, food trucks at properties in Germany and free coffee and breakfasts at some of our properties in the UK. We have also had waste awareness days at several UK buildings to improve recycling and waste management.

We also continued our work to improve responsiveness to occupier requests. This will be supported by a new tenant app initially piloted this year in two UK buildings with new means of communication, user guides containing information such as sustainability requirements and other tools.

Supply Chain

Embedding sustainability into our supply chain remains a key challenge given the focus on reducing Scope 3 GHG emissions in the NZC Pathway and the need for tier 1 suppliers to help us achieve a range of other sustainability targets using their services.

In 2022 we created a Sustainable and Responsible Supplier Code of Conduct to support our procurement policy. This year, a tangible sign of progress in implementation was the incorporation of sustainability requirements in our new UK landscape and garden maintenance contracts.

In the UK our engagement with HVAC contractors enabled a operational energy efficiency improvements to be rolled out during the year, contributing to hitting our targets.

In France, contractual requirements for facilities and other major contractors continue to include social and environmental requirements.

SOCIAL

Our People

We have nearly 100 employees looking after a multi-billion pound property portfolio across three countries. We recognise how vital attracting, motivating and retaining a diverse workforce is to our long-term success. This includes appropriate remuneration and benefits packages, providing training and development opportunities, maintaining open and continuous employee engagement, and supporting a vibrant and engaged culture that welcomes diversity, promotes equity and fosters tolerance and teamwork.

Recruitment

Finding and retaining the right people is vital to our long-term success. We believe a diverse workforce is a key strength and allows us to collaborate better across departments and markets, generate ideas and build new initiatives to drive us forward.

Our levels of turnover remain stable and we continue to attract, motivate and retain high-calibre employees, which, in turn, benefits the performance of the Group.

Our policies and procedures demonstrate our commitment to equal opportunities and diversity in employment, starting with our hiring practices. We have implemented a document, issued to our recruitment partners, at the start of any hiring exercise, which outlines our expectations during the recruitment process. In doing so, we are ensuring that we run an equitable and inclusive recruitment process and see a diverse range of candidates including those with non-traditional routes into our sector.

All employees and applicants are treated equally regardless of gender, marital status, ace, colour, nationality, ethnicity, religion, disability or sexual orientation, nor are they advantaged by conditions or requirements, including age limits, which cannot be justified objectively. Entry and progression within the Group is solely determined by the job criteria, personal aptitude and competence.

Our policies incorporate best practice in the employment of people with disabilities. Full and fair consideration is given to every application for employment from people with disabilities whose aptitude and skills can be used in the business, and to employee training and career development. This includes, wherever possible, the retraining and retention of staff who become disabled during their employment.

Training and Development

We are committed to training and development in its broadest sense. All employees are actively encouraged to undertake training develop personally and professionally as well as to ensure their knowledge remains current and up to date. Each employee is allocated a personal training budget which they can use for their continued professional development. Additionally, we support staff to attain professional qualifications in their specialist areas. In 2023, we financed and supported eight staff, across four functions.

We ensure that all people managers have the support they need to foster a culture of learning within their teams.

“ATTRACTING, RETAINING, AND MOTIVATING A DIVERSE WORKFORCE IS ESSENTIAL TO OUR LONG-TERM SUCCESS, UNDERPINNED BY EQUITABLE POLICIES, TRAINING, AND DEVELOPMENT OPPORTUNITIES.”

All staff have access to a range of self-service learning resources within our Learning Management System and 100% of users undertook at least one course in 2023.

We are committed to knowledge sharing and leveraging in-house expertise, and offer internal workshops, in which teams present on their specific role within the organisation, thereby developing employees' wider business knowledge and understanding of how the Group's activities inter-relate.

We run a comprehensive onboarding programme in which new joiners are introduced to a range of Heads of Function and are provided with the opportunity to tour the properties within our portfolio. In the UK, we continue to offer four-day “Be Yourself Better” workshops to all new joiners within their first year with a focus on their personal development.

We also encourage all employees to consider areas of wider professional development. We have held seminars with the assistance of our network of external advisors. This year that included a deep dive into solar photovoltaic technology and its installation and maintenance as well as a seminar on acoustics and office wellbeing.

Our People continued

Remuneration

Our overall remuneration and benefits package is designed to attract, motivate and retain employees. Our remuneration structure is simple, combining salary and benefits with an annual bonus and a long-term retention bonus, based on the Group's medium-term performance.

In addition, the Group has a share incentive plan, which is open to all employees in the UK, Germany and Luxembourg. The scheme matches employee contributions in the ratio of 1:1 and take-up continues to grow, year on year; an indication of employees' vested interest in the company's success.

We regularly benchmark our salaries and benefits to ensure that we remain competitive in each of our regional markets. As a result of once such benchmark, we updated our benefits offering in Luxembourg by introducing a private pension scheme and increasing annual leave entitlement.

We support equal pay and review this annually although we do not disclose gender pay gap due to the low sample size of employees.

We continue to ensure that all UK staff are paid the London Living Wage and will implement the most recent uplift in quarter two of 2024.

"...A VERY HIGH MAJORITY OF STAFF EITHER AGREE OR STRONGLY AGREE THAT CLS HAS CREATED AN ENVIRONMENT OF COOPERATION AND TEAM WORK AND THAT THEY ARE TREATED WITH RESPECT AS IN INDIVIDUAL."

Engagement

We seek the views of our employees in a number of ways. In 2023, we undertook our staff survey (following the previous one in 2020) through a third-party advisor so as to ensure anonymity. Whilst the analysis is not yet complete, with a response rate of 88% across the Group, we are confident that the data we have gathered is representative of the views of our workforce and that staff are engaged in making the business a success. This will provide the leadership with areas for focus in 2024 and 2025.

We have a dedicated intranet and internal social media channels which allow us to promote new policies, procedures, Group activities, and employee events as well as recognise individual or team achievements.

With a predominantly flat management structure, all employees can be informed of matters concerning their interests and the financial and economic factors affecting the business quickly and effectively. Weekly team meetings are held across the Group and our Executive Directors present our annual and half yearly results to all employees, which is followed by a question and answer session. This is designed to give everyone an understanding of the business and how their work contributes to the Group's performance. This has been added to with quarterly CEO communications of key strategic updates for the business.

We have reviewed the effectiveness of our Workforce advisory panel and taken steps to evolve how the Board engages with staff. As a result of this review, it has been agreed that our Senior Independent Director, Elizabeth Edwards, will instead host a townhall twice in each region each year that all staff will be invited to attend. This gives every employee the opportunity to have direct contact with Elizabeth and allow for more efficient sharing of information and ideas around workforce policy and practice.

Workforce related policies and practices
▷ **See Annual Report pages 126 to 127**

Regular socials are held with a strong focus on teambuilding and encouraging staff to connect with colleagues cross-function. Many of our social activities are also connected with our CSR initiatives to ensure we maximise opportunities to give back to society.

On an individual basis, employees receive a minimum of two appraisal/review conversations each year, all employees agree objectives with their manager each year that are tracked to maximise completion and there is a firm emphasis placed on the tools and resources they need to fulfil those objectives.

Culture

Our open-door policy encourages everyone to share opinions, creating greater transparency, honesty and trust.

We pride ourselves on the way we build relationships, and our flexible approach allows us to see potential and opportunities in ways that others do not. We act with agility and speed to make the most of possibilities as they arise. The Workforce Advisory Panel contributes to a culture of openness by creating increased direct contact between employees and the Board. Our staff conference showed that everyone has visibility and a voice. Our culture is professional, inclusive and friendly reflecting our purpose, vision and values.

Whilst analysis continues into 2024, an initial review of staff survey results shows us that a very high majority of staff either agree or strongly agree that CLS has created an environment of cooperation and team work and that they are treated with respect as in individual. We are delighted to see that our staff feel the effects of the culture and values that we treasure.

The wellbeing of staff has continued to be an important focus during 2023. We continued our established wellbeing initiatives centred around three pillars of mental, physical and financial wellbeing. These have included, yoga sessions, mental health seminars, 1:1 financial coaching and, in the UK, we committed c.£10,000 to upgrading our on-site gym.

SOCIAL

Our People continued

Diversity, Equity and Inclusion

We have employees from 16 countries, which helps to foster a diverse, collaborative, cosmopolitan environment. We are an inclusive and respectful employer that welcomes diversity and promotes equality, tolerance and teamwork. We recognise that diversity enriches our creativity and adds value for our stakeholders. Our Diversity, Equity and Inclusion Policy underlines our commitment to attracting, promoting and developing talent no matter who they are.

We continue to have a strong pipeline of future female leaders. Nearly 28% of our managers Group-wide are now women.

We invite UK employees to self-report on a broad range of demographic information which we update as necessary. This is shown along with additional information in the Diversity, Equity and Inclusion graphs here. More information is also provided in the Workforce Engagement and Nomination Committee Reports in the 2023 Annual Report.

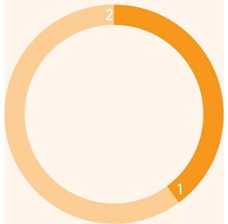
Committee Reports
▷ **See Annual Report pages 65 to 71**

We use this data to inform our activities against the priorities in the DE&I plan that build on our commitment to an inclusive workplace with a greater focus on equity. Priorities are shown in the table below along with actions taken this year.

DIVERSITY, EQUITY AND INCLUSION PRIORITIES 2022-2025	2023 ACTIONS
Enhance training offering on DE&I issues	Continued availability of online training.
Acknowledge holidays and key awareness days for minority groups including establishing dialogue with ethnically diverse colleagues	Calendar of events to celebrate and raise awareness of issues surrounding ethnicity, religion, sex and disability. Opportunities embraced for sharing information and provoking conversation around historic and live issues. Celebration of culture through food, music and dance.
Formulate approaches to support development and promotion of women and people of colour into senior management (e.g. training programme & reciprocal mentoring)	Actions to continue in 2024.
Review unconscious bias in recruitment processes and options for improvement	Sharing minimum expectations with our recruitment partners ensuring they support us to deliver an equitable and inclusive recruitment process which allows us to attract a diverse range of candidates. More opportunity to discuss specifics of how this looks for each function or role in 2024.
Review corporate policies for impacts on DE&I (including appraisals, reward and recognition)	No action this year.
Release updated DE&I policy and create DE&I KPIs to track progress and survey employee views	No action this year.

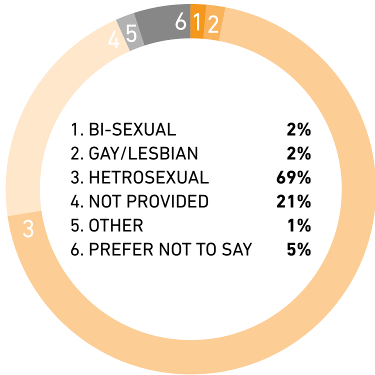
Diversity, Equity and Inclusion data

GENDER DIVERSITY
BOARD

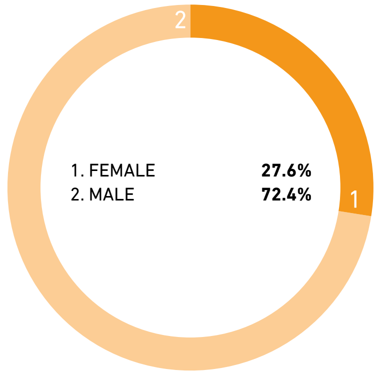


1. FEMALE	**40%**
2. MALE	**60%**

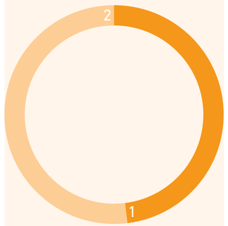
SEXUALITY
(PERM EMPLOYEES)



GENDER DIVERSITY
MANAGEMENT

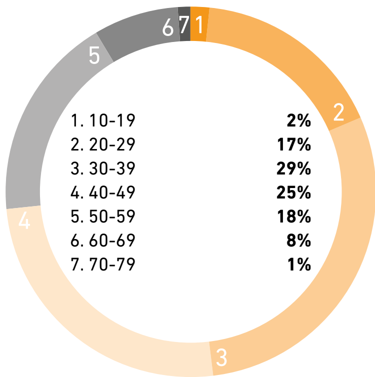


GENDER DIVERSITY
PERM EMPLOYEES

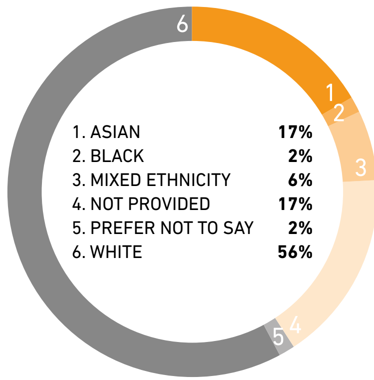


1. FEMALE	**48.11%**
2. MALE	**51.89%**

AGE RANGES
(TOTAL EMPLOYEES)



ETHNICITY
(UK EMPLOYEES)



Note: these use of the term "gender" is as used in equal pay legislation

Health & Safety

It is a primary focus of the Board that the Group manages its activities so that the health and safety of its employees, customers, advisors and contractors, and the general public is not compromised.

As part of this process the Group employs specialist accredited advisors to advise on all health and safety matters in each country in which we operate. The Group also operates a Health and Safety Committee, which covers issues related to the portfolio and its employees.

Chaired by the Chief Operating Officer, the Committee comprises Facilities Managers, Property Managers, employees and advisors, and reports to the Chief Executive Officer. The Chief Executive Officer also attends Health and Safety Committee meetings.

The Committee reports quarterly to the Executive Committee and yearly to the Board, updates are provided at each scheduled board meeting. The Health and Safety Policy is reviewed annually and approved by the Board.

All regions maintain and follow local health and safety policies and report issues to the Chief Executive Officer.

We also have specialist management and reporting of health and safety for our developments and major refurbishment projects. This reporting process has worked effectively throughout the year and has ensured ongoing compliance with health and safety legislation.

The Group sets health and safety objectives covering our workforce and portfolio which are monitored by the Health and Safety Committee.

UK
Each managed or occupied property within the UK portfolio undergoes an annual risk assessment against which our targets can be measured. Our targets address three key areas: risk management and control; document compliance; and incidents. These areas are reviewed each quarter through the Health and Safety Committee and reported to the Board.

There was a reduction in accident frequency, due to improved processes, well below the national rate and generally risks remain well managed with improvements in other areas also.

Germany
All CLS buildings must comply with building permits and are regularly reviewed by local authorities to ensure compliance with building law. Facilities governed by special regulations are reviewed more frequently by an appropriate certified specialist. Services (such as fire safety, electricity supply, ventilation, lifts and heating) are reviewed as required by law or business standard and at least once a year by authorised personnel. Reports and protocols are reviewed by the CLS operational team.

We ensure that all scheduled reviews are conducted in accordance with local laws. Facilities managers provide comprehensive reports on a monthly basis to the CLS operational team.

Generally risks remain well managed.

KEY HIGHLIGHTS FROM FRANCE

100%
OF REGULATORY AUDIT REPORTS HAVE BEEN PROCESSED OFFICE

95.1%
FOR ALL DOCUMENTS WERE COMPLIANT

France
All buildings must comply with the Code du travail (Labour Code), which defines our responsibilities. Each tenant oversees their own security on their premises in accordance with the Code and security obligations of the building. The building facilities (such as the electricity supply and building and mechanical safety checks) are reviewed once or twice a year by a statutory controller. The reports of the statutory controller are reviewed and acted upon by our operational team.

This process is audited externally twice a year. The accountability remains with CLS management. As at the date of this report, 100% of regulatory audit reports have been processed.

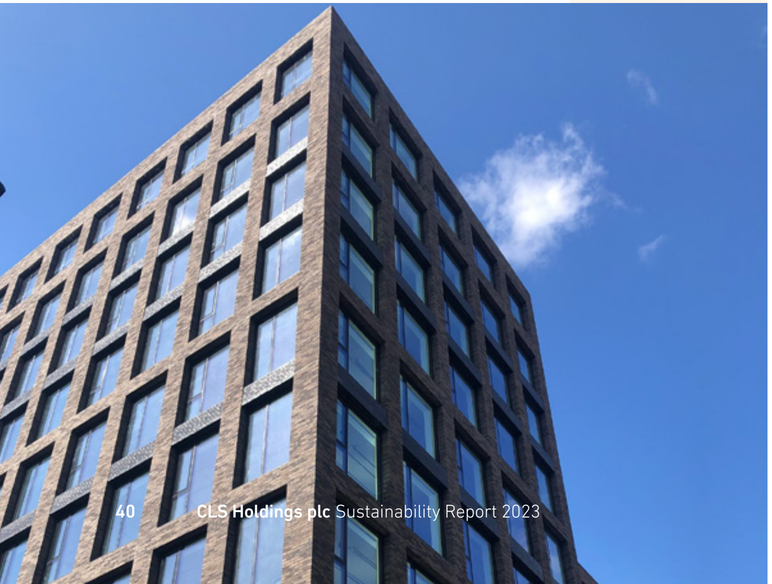
Facilities managers provide comprehensive reports on a monthly basis to the operational team. As at the date of this report, 100% of all identified risks were under control, document compliance was 95.1% and the accident rate was zero.

Health & Safety continued

Development and Major Refurbishments
Our duties for Health and Safety for developments and major refurbishments in the UK are covered by CDM 2015 which makes us accountable for the impact our decisions and approach have on health, safety and welfare for our projects. Our duties begin from the very start of a project (i.e. early planning and design) and continue beyond the end of a project including covering issues that arise from the maintenance and use of the building after construction is finished.

Our development team manages these obligations. They set out, in the briefing and tender process, to make suitable arrangements for managing projects, enabling those carrying them out to manage health and safety risks in a proportionate way. The arrangements are monitored and reviewed at regular project meetings for the duration of the project.

> **"OUR DEVELOPMENT TEAM ENSURES COMPLIANCE WITH HEALTH AND SAFETY REGULATIONS THROUGHOUT THE PROJECT LIFE CYCLE, FROM PLANNING AND DESIGN TO CONSTRUCTION AND MAINTENANCE."**



In summary our team:

- Appoint a principal designer and contractor that have appropriate skills, knowledge, experience and organisational capability;
- Monitor project programme to ensure sufficient time and resources are allowed;
- Regularly review actions of the principal designer and contractor to carry out CDM duties appropriately;
- Ensure suitable welfare facilities are provided throughout the construction;
- Provide pre-construction information to designers and contractor including design brief, design guidelines and appropriate management information and reports (e.g. Asbestos audit);
- Require and hold a copy of the construction phase plan prepared by the principal contractor before that phase begins; and
- Ensure that the principal designer prepares a health and safety file for the project, that it is revised as necessary and made available to anyone who needs it for subsequent work at the site. This is incorporated within online project management system and then integrated with operation and maintenance manuals at completion.

Our two major projects in the UK that have been running since 2021 are basically complete. They are managed slightly differently, by different contractors, meaning that key project statistics collected vary, as shown in the table below.

Health & Safety Statistics

UK

	RISKS UNDER CONTROL			
	RISK MANAGEMENT AND CONTROL	DOCUMENT COMPLIANCE	ACCIDENT FREQUENCY RATE	NATIONAL ACCIDENT FREQUENCY RATE
2023	99.1%	95.7%	36	930
2022	94.9%	96.9%	165	930

Germany

	RISKS UNDER CONTROL			
	RISK MANAGEMENT AND CONTROL	DOCUMENT COMPLIANCE	ACCIDENTS (PEOPLE)	INCIDENTS (PROPERTY ONLY)
2023	99.9%	98.5%	0	0
2022	99.7%	98.5%	0	1

Developments and Major Refurbishments

	INTERNAL AUDITS	SITE INSPECTIONS / OBSERVATIONS	ACCIDENTS	NEAR MISSES
9 Prescot St	12	32 / 65	0	0
The Coade	4	8 / 61	0	0

Governance

In this section

Our Governance Strategy

Being a responsible business
Strong governance and transparency will provide the basis for demonstrating our values, supporting people, and working with our stakeholders to uphold high standards.

2024 Focus Areas
Regulation and Risk – Ensure Group and regions are working towards compliance with key regulations (e.g. MEES, Décret Tertiaire, Décret BACS, TCFD and CSRD / EU taxonomy)

Reporting – Improve the efficiency and effectiveness of sustainability / ESG data reporting internally and externally (including for tenants) using our new Sustainability Data Platform (Scaler)

Reputation and Ratings – Build on CLS sustainability reputation externally through stakeholder engagement and ensure EPRA and GRESB ratings are maintained

Reporting, Benchmarking & Commitment Frameworks

A fundamental part of our sustainability strategy is to be transparent and follow recognised and widely accepted voluntary standards for reporting and benchmarking our sustainability impacts, performance, risks and opportunities as well as regulatory reporting requirements.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SASB
SUSTAINABILITY ACCOUNTING STANDARDS BOARD

CRREM

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Long-Term Targets

Responsible procurement

Promote the ethical procurement of goods and services across our value chain and adopt an enhanced Responsible Procurement Policy across our supply chain

Prompt payment

Meet the Prompt Payment Code target with 95% of invoices from SMEs paid within 30 days

ESG-linked loans

50% of Group debt comprised of ESG-linked loans by 2030

Investment

Further integrate sustainability into our investment and financing strategies

Strategy Progress

- We have created a Sustainable and Responsible Supplier Code of Conduct and will continue to promote improvements in ethical procurement
- Prompt Payment Code targets require more work to achieve over coming years
- Whilst ESG-linked loans already comprise c.20% of Group debt. This target is to be reviewed in light of changes in finance markets around sustainability regulation
- Sustainability is part of core strategies, but work continues to integrate sustainability in investment and financing strategies

2023 Focus Areas & Performance

● Achieved
◒ Partially achieved
○ Not achieved

FOCUS AREA	PERFORMANCE	COMMENT
Provide 90% of employees with 4 hours or more of job-specific training in sustainability	●	'Lunch and Learn' seminar format re-established with 5 sessions on different aspects of sustainability Property team members trained in BREEAM In-use including some team members becoming accredited practitioners
Create more non-financial incentives (awards & recognition) to encourage employee action on sustainability	●	Launched new 'Sustainability Stars' awards for employees and contractors to recognise their contributions to our goals
Improve compliance with prompt payment code focusing particularly on % SMEs paid within 30 days	○	Compliance with prompt payment target has not improved this year. A new detailed plan has been established by the finance team to address deficiencies in internal payment processes and improve compliance, particularly in the UK. This includes IT system improvements, employee training, new finance processes and additional internal reporting
Increase % of Group debt comprised of ESG-linked loans above current c.20%	◒	Group debt proportion in sustainability-linked loans was maintained The Sustainability Committee decided this focus area requires review in 2024. Changes in finance markets around disclosure and regulation of sustainability mean this goal may not help the business improve sustainability in the short-term

Sustainability Governance & Reporting Frameworks

The oversight of ESG matters is vital as it allows the Board to understand the impact of its decisions on the Group's key stakeholders and the environment as well as ensuring that it is kept aware of any significant changes in the market. This includes the identification of emerging risks and trends, such as climate-related risks and opportunities which can then be factored into its strategy discussions.

The Board has overall responsibility for ESG matters and monitors the management of our climate-related risks and opportunities.

The Chief Executive Officer is the main Board member with overall accountability for ESG and sustainability. The Group's Chief Operating Officer chairs the Sustainability Committee and oversees the performance of our climate-related work.

They are supported by the sustainability team, led by the Head of Sustainability, which has day-to-day management responsibility of climate-related issues and ensures compliance with industry best practices.

ESG Governance Framework

The Board. Overall responsibility for ESG matters

Executive Committee. Responsible for overseeing the Group's ESG initiatives

Expert consultancy support. Energy and carbon reduction, biodiversity and regional expertise in Germany and France (e.g. Longevity Partners)

Dedicated sustainability team. Responsible for implementing and monitoring the Group's ESG risks and initiatives

Sustainability Committee
Responsible for monitoring and reporting against the Board's ESG strategy

Health and Safety Committee
Responsible for monitoring health and safety management and performance

CSR Committee
Responsible for key aspects of Social Value Framework including the Group's charitable activities, donations and volunteering activities with various partners as well as assisting with employee well-being

Workforce Advisory Panel
Responsible for providing input into workforce policies and practices. This has been agreed by the Board to be altered in 2024 to become open forums, in each region, led by the workforce Non-Executive Director.

> **"A FUNDAMENTAL PART OF OUR SUSTAINABILITY STRATEGY IS TO BE TRANSPARENT AND FOLLOW RECOGNISED AND WIDELY ACCEPTED VOLUNTARY STANDARDS."**

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION | SASB | CRREM | TCFD — TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Reporting, Benchmarking & Commitment Frameworks
A fundamental part of our Sustainability Strategy is to be transparent and follow recognised and widely accepted voluntary standards for reporting and benchmarking our sustainability impacts, performance, risks and opportunities as well as regulatory reporting requirements.

We align to EPRA sBPR, SASB and GRESB frameworks for reporting and benchmarking sustainability. These are the leading frameworks for the real estate industry and it means we also address relevant United Nations Sustainable Development Goals (SDGs). The relevant SDGs are highlighted in each section of this report.

We also monitor the performance of our buildings (new and existing) using BREEAM and EPC (or local equivalent) ratings.

Additionally, we follow the regulatory requirements to report against the TCFD framework on climate risk and Streamlined Energy & Carbon Reporting (SECR) requirements for UK energy use and carbon emissions.

Our targets for carbon reduction and energy efficiency are aligned with CRREM and Science Based Targets pathways which we are committed to meet.

We are not covered by the EU Taxonomy for Sustainable Activities although we are well aligned through our investment in the refurbishment of existing commercial properties.

The above frameworks are generally equivalent to GRI and CDP requirements also.

In future years, we will be reporting in line with the EU's Corporate Sustainability Reporting Directive requirements once we complete the necessary double materiality assessment to define the reporting scope.

Sustainability Governance & Reporting Frameworks continued

Sustainability Committee

The Sustainability Committee, chaired by our Chief Operating Officer, meets at least twice a year and provides strategic oversight on ESG matters including climate risk and resilience and helps embed them more fully into the strategy and operations of the Group.

The Committee:
- reviews progress and suitability of sustainability strategy and its components;
- assists with the embedding of the Net Zero Carbon Pathway and Social Value Framework throughout the Group;
- allows more efficient and effective monitoring and reporting of the Group's ESG objectives; and
- increases the discussions and focus upon sustainability risk including climate-related risks and opportunities within the organisation.

The Head of Sustainability provides written updates to the Committee on the latest environmental and social data from the business, performance versus sustainability targets, our climate-related work, the associated risks and opportunities, and progress against our current year and longer-term targets including our Net Zero Carbon Pathway.

Reports are provided for every Board meeting, whilst monthly updates to the Senior Leadership Team also include target progress reports. The Committee also gets regional updates related to risk and regulatory compliance. Outcomes from the Committee are fed back to the Chief Executive Officer.

The management and delivery of key sustainability initiatives and collection of various environmental and social data for internal and external reporting and insights is then the responsibility of the dedicated Sustainability team who also work with various areas of the business on implementation. We also utilise the services of expert third-party consultants where necessary. Where appropriate, training and presentations by the sustainability team and external third parties are provided to the Board and management to maintain up-to-date industry knowledge.

Other Committees

Our CSR (Corporate Social Responsibility) Committee meets monthly. The Committee reports to the CEO quarterly and to the Board annually. It is responsible for key aspects of our Social Value Framework including the Group's charitable activities, donations and volunteering activities with various external partners as well as assisting with employee well-being, development and workplace culture. More detail on the Social Value Framework is in the Social Value section of this report.

More details on the Health and Safety Committee are provided in the Health and Safety section of this report.

See page 39

"WE AIM TO ACKNOWLEDGE AND CELEBRATE SUSTAINABILITY CONTRIBUTIONS, FOSTERING A CULTURE OF RESPONSIBILITY WITH CONTINUAL IMPROVEMENT AND INNOVATION."

Find out more about our sustainability goals

Goals and Incentives

The achievement of key sustainability goals is aided by financial and non-financial incentives for leadership and employees.

Target-linked bonuses were introduced this year, focussing on delivery of the Net Zero Carbon Pathway initially.

We introduced the Sustainability Stars Awards that aim to acknowledge and celebrate sustainability contributions of employees and contractors across the business.

The awards, with five categories aligned to key parts of our Sustainability Strategy, encourage everyone at CLS to actively engage in our sustainability efforts, fostering a culture of environmental and social responsibility with continual improvement and innovation.

Sustainability Data Platform

This year we sought to upgrade our sustainability data and reporting systems to a cloud-based platform. The idea is to centralise different data collection and reporting functions in-house and allow us to present and analyse a wide range of current and historic data and information for key internal and external stakeholders to support the delivery of our Sustainability Strategy.

This aligns with our overall IT strategy which has a programme of reviewing and integrating IT systems to benefit from shared technology and data platforms including a single group-wide property and finance management system, tenant and supplier portals as well as management dashboards.

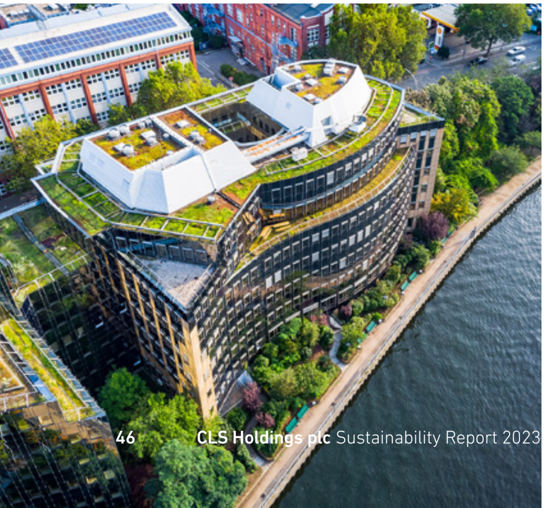
The onboarding process with the new platform began this year and will be operational in 2024.

Sustainability Risk

Our approach to Risk
Sustainability represents one of the six principal risks of the business (see the 2023 Annual Report for more detail on risk management at CLS). Each individual sustainability risk is then captured within the Sustainability Risk Register tool, maintained by the Sustainability team and reviewed twice a year by the Sustainability Committee or when a material change in the risk landscape occurs. This includes the Group's climate-related risks.

Principle Risks
See Annual Report pages 48 to 53

Each year, along with senior managers from the other business functions, key risks (which includes sustainability and climate-related risks) are reported to the Executive Committee. This year, a risk questionnaire was completed by all senior staff members to facilitate the process. The risks are assessed by the Committee to understand their severity, likelihood and the optimal controls and/or mitigation required.



"CLS ACTIVELY MANAGES SUSTAINABILITY RISKS, INCLUDING CLIMATE-RELATED CONCERNS, THROUGH ROBUST MONITORING AND REPORTING PROCESSES."

There have been updates made to the sustainability risk register this year with two new risk areas and a re-evaluation of some likelihoods and impacts. The table over summarises key sustainability risks as taken from the risk register.

Crucially, CLS discloses the risks associated with their operations, resulting from climate change, in line with the TCFD framework and UK regulations. This is both the transitional and physical risk exposure of assets and wider business. More information about these disclosures and the internal governance structure and processes in place to identify, quantify and respond to both the risks and opportunities posed by climate change, across each of our three countries, can be found in the Climate-related Transition Risks and Opportunities section as well as Climate-related Physical Risks section.

Climate-related Physical Risks
See page 19

The Sustainability team has the responsibility for managing the Group's climate-related risks in conjunction with the Group's Sustainability Committee. The team has significant knowledge and experience of climate-related and sustainability matters. In addition, we utilise the services of expert third party consultants where necessary.

Where appropriate, training and presentations by the Sustainability team and external third parties are provided to the Board and management to maintain up-to-date industry knowledge. The Board has experience with listed and non-listed organisations on their approach to ESG matters in the built environment and across corporate disciplines, and knowledge of ESG issues facing listed and non-listed organisations in the property sector and wider UK businesses and charities.

ESG Incident monitoring & reporting
No substantial issues or incidents were reported this year.

Sustainability Risk Register Summary 2023

● Low
◒ Moderate
○ Critical

THEME	HAZARD / IMPACT DESCRIPTION	IMPACT	LIKELIHOOD	MITIGATION	RESIDUAL RISK RATING
Sustainability – general	Sustainability KPIs, reported to the market via industry schemes (e.g. GRESB and Science Based Target initiative). Lack of progress against targets (including regulation e.g. Décret Tertiaire) can attract scrutiny leading to stakeholder or investor challenges as well as potential financial penalties.	◒	Unlikely	The CLS Sustainability team track and report progress against ESG KPIs throughout the year. Annual targets ensure progress is accurately and robustly reported at half-year and year end. The Sustainability Strategy and Net Zero Carbon Pathway as well as each annual report, ensure environmental KPIs are effectively managed. Where progress lags anticipated timescales, this is scrutinised by the Sustainability Committee and where necessary, actions taken.	Low
Investment	Insufficient annual capital investment in Net Zero Carbon Pathway and sustainability measures leading to a backlog of necessary investment and potential for assets to not meet company or regulatory targets, impacting stakeholder sentiment.	○	Moderate	Investment plan associated with Net Zero Carbon Pathway pre-approved by Board. Progress tracked by Sustainability team and scrutinised by the SLT/Sustainability Committee. Where necessary, actions taken.	Moderate
Data	Poor quality data on environmental or social KPIs leading to inaccurate picture of sustainability performance	◒	Moderate	Dedicated sustainability data analyst. New data platform to be introduced 2024. Third party assurance of key indicators for annual reporting	Low
Climate change – Transitional	Policy and legal; market; technology; and reputation risks – combined. Refer to detailed risk table in Climate-related Transition Risks and Opportunities section for further detail on risk components	○	Moderate	Refer to detailed risk table in Climate-related Transition Risks and Opportunities section for further detail on specific mitigations but generally covered by our Sustainability Strategy and Net Zero Carbon Pathway	Low
Climate change – Physical	Impacts on assets from flooding, extreme wind, precipitation, extreme cold and extreme heat combined. Refer to detailed risk tables in Climate-related Physical Risks section for further detail on risks based on ClimateScore Global analysis	◒	Moderate	Use of sophisticated digital risk assessment platform – ClimateScore Global. Refer to detailed risk tables in Climate-related Physical Risks section for further detail on specific mitigations based on ClimateScore Global analysis. Introduction of a Climate Resilience Plan	Low

Sustainability Risk Register Summary 2023 continued

- ● Low
- ◒ Moderate
- ○ Critical

THEME	HAZARD / IMPACT DESCRIPTION	IMPACT	LIKELIHOOD	MITIGATION	RESIDUAL RISK RATING
Responsible resource use	Use of high environmental impact materials and generation of waste in construction, refurbishment and fit outs. Includes material toxicity in production, reconditioning/ re-using components and recycling materials	◒	Unlikely	Waste contractor procurement, waste measurement, responsible and sustainable procurement policies and design, refurbishment and fitout guide environmental criteria	Low
	Not considering biodiversity net gain requirements and sustainable land use in developments, redevelopments and refurbishments	◒	Unlikely	Biodiversity strategy and rewilding, design and refurbishment guide standards	Low
Human resources management	Poor occupational Health and Safety leading to serious injury, death of employees / contractors as well as financial penalties and reputational impact	○	Moderate	Health and Safety controls, including Health and Safety Committee and management systems in each operating country.	Low
	Perception of unsustainable organisation and lack of investment in related skills for employees impacting attraction, retention and development of talent	○	Moderate	Training and development plans, Sustainability Strategy and regular employee engagement	Low
	Poor outcomes on diversity, equity and inclusion as well as employee well-being in the organisation impacting attraction, retention and development of talent	○	Likely	DE&I plan 2023-2025. CLS comprehensive well-being programme. Employee surveys	Low
Occupant satisfaction	Occupant well-being and satisfaction (measured in customer surveys currently) impacting attraction and retention of tenants	○	Moderate	Social Value Framework, responsive occupier engagement plan based on regular occupant surveys, office refurbishments, plus new CRM system to be phased in from 2024	Moderate
Business ethics and integrity	Unlawful or ethical behaviour by employees or associated parties (e.g. corruption, bribery and fraud) leading to reputational impacts	◒	Unlikely	Internal policies and controls	Low

Compliance and Business Ethics

CLS upholds the highest standards of business ethics. Through our internal controls, procurement management and reporting processes, the Board is confident that the Company is in compliance with this law. The Board recognises the importance of the Group's responsibilities as an ethical employer and views matters in which the Group interacts with the community both socially and economically as the responsibility of the whole Board.

"CLS PROMOTES RESPONSIBLE PROCUREMENT, AIMING FOR ETHICAL AND SUSTAINABLE OUTCOMES, FOSTERING TRANSPARENCY AND EFFICIENCY."

Supply Chain & Responsible Procurement

CLS promotes responsible procurement with its supply chain. For our business this is the sourcing of services, supplies, and works in a way that includes ethical and sustainable considerations. These include: social, labour, and environmental factors. We always aim to act in a way that is open, fair, and transparent and still deliver efficient economic outcomes.

In place of a Sustainable and Responsible Procurement Policy we have created a Sustainable and Responsible Supplier Code of Conduct to match with industry best practice and to allow the corporate procurement policy to be revised separately.

It includes relevant requirements incorporated existing contracts, such as Living Wage compliance, and further elements to strengthen sustainability requirements in procurements and contracts in areas such as: energy use, energy supply, and waste. This is to allow increased focus on reducing our Scope 3 emissions. It also means suppliers will sign-up to requirements alongside contracts. It also covers business ethics, child labour, environmental standards (products & processes), employee health and safety, health and well-being, human rights, labour standards and working conditions. It applies to significant contractors and suppliers and covers their supply chain also.

The code of conduct also introduces a new method to better monitor and manage sustainability risk in the supply chain too.

The Modern Slavery Act 2015

The Modern Slavery Act 2015 requires any UK commercial organisation with a turnover of more than £36 million to prepare a statement setting out the steps taken during the financial year to ensure that slavery, including child labour and human trafficking is not taking place in its business or in its supply chain. The Group's statement, which is signed by the Chief Executive Officer, can be found on our website.

Find out more about our CEO's Statement

The Bribery Act 2010

Following the enactment of the Bribery Act 2010, the Group implemented an Anti-Bribery and Anti-Corruption Policy which further demonstrated its commitment to business ethics. The policy, which was updated this year and approved by the Board, can be found on our website. To ensure continued compliance with the Bribery Act 2010, training is given to new employees with formal internal control checks during the system-based procurement process.

Find out more about our Anti-Bribery and Anti-Corruption Policy

Green financing

We currently have £210.1 million in sustainability-linked loans which represents c.20% of our total financing.

The KPIs required for the interest rate reduction are aligned with our sustainability strategy and performance continues to be monitored for both loans. We are on track to meet our 2023 targets.

In light of recent challenging conditions, there has been a seachange in financing since our target was first established. Rising interest rates and the evolution of mandatory reporting, such as the introduction of the EU Sustainable Finance Disclosure Regulation (SFDR), which has seen sustainability become "business as usual" in regards to financing, has driven this change. The Sustainability Committee will be reviewing the value of this target but, in the meantime, we are continuing to seek to increase the percentage of sustainability-linked loans as opportunities, although limited, arise.

KEY AMBITIONS

£210.1M
SUSTAINABILITY LINKED LOANS

20%
OF OUR FINANCING GOES TOWARDS SUSTAINABILITY LINKED LOANS

Appendices

In this section

Extended Sustainability Metrics

Table 1: EPRA sBPR Absolute Energy Consumption

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
Elec-Abs	**Total energy consumption – electricity**							
	Total landlord purchased grid electricity from renewable sources	kWh	28,237,967	**26,049,157**	-8%	18,179,484	2,926,542	4,943,131
	Total landlord purchased grid electricity from non-renewable sources	kWh	18,615	**1,510**	-92%	1,510	–	–
	Total electricity generated through on-site PV or CHP	kWh	1,209,087	**1,362,585**	13%	970,321	75,845	316,419
	Proportion of electricity from renewable sources	%	100%	**100%**	0%	99.9%	100%	100%
	Total grid purchased electricity consumed in landlord areas	kWh	20,277,919	**18,586,145**	-8%	10,716,472	2,926,542	4,943,131
	Total grid purchased electricity sub-metered to occupiers	kWh	7,978,663	**7,463,012**	-6%	7,463,012	–	–
	Grid electricity consumed within head offices	kWh	190,675	**163,467**	-14%	147,472	5,134	10,862
DH&C-Abs	**Total energy consumption – district heating and cooling**							
	Total district heating and cooling from renewable sources	kWh	1,629,070	**1,188,000**	-27%	–	–	1,188,000
	Total district heating and cooling from non- renewable sources	kWh	9,892,819	**9,900,580**	0%	–	559,300	9,341,280
	Percentage of district heating and cooling consumed from renewable sources	%	16%	**12%**	-27%	–	–	13%
Fuels-Abs	**Total energy consumption – fuels**							
	Total direct fuel consumption for landlord spaces	kWh	22,966,497	**20,885,971**	-9%	11,507,906	–	9,378,066
	Total direct fuel purchased sub-metered to occupiers	kWh	11,306	**16,073**	42%	16,073		
	Percentage of total fuel consumption from renewable sources	%	–	-	–	–	–	–
Total Energy-Abs	**Total energy consumption**							
	Total building energy (electricity and fuel) consumption	kWh	63,965,360	**59,565,835**	-7%	30,675,293	3,561,687	25,166,897
	Total building energy used in landlord spaces	kWh	55,975,391	**51,923,282**	-7%	23,194,699	3,561,687	25,166,897
	Total building energy sub-metered to occupiers	kWh	7,989,969	**7,479,085**	-6%	7,479,085	–	–
Energy-Int	**Building Energy Intensity**							
	Net Lettable Floor Area (m^2)	m^2	544,690	**562,603**	3%	151,361	59,326	351,917
	Building Energy Intensity (kWh/m^2/year)	kWh/m^2/year	117	**106**	-10%	203	60	72

Extended Sustainability Metrics continued

Table 2: EPRA sBPR Like-for-Like Energy Consumption

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
Elec-LfL	**Total energy consumption – electricity**							
	Total landlord purchased grid electricity from renewable sources	kWh	25,531,784	**24,303,840**	-5%	17,286,891	2,367,657	4,649,291
	Total landlord purchased grid electricity from non-renewable sources	kWh	1,510	**1,510**	0%	1,510	–	–
	Total electricity generated through on-site PV or CHP	kWh	1,168,470	**1,348,666**	15%	956,402	75,845	316,419
	Proportion of electricity from renewable sources	%	100%	**100%**	0%	100.0%	100.0%	100.0%
	Total grid purchased electricity consumed in landlord areas	kWh	17,998,506	**17,000,755**	-6%	9,983,806	2,367,657	4,649,291
	Total grid purchased electricity sub-metered to occupiers	kWh	7,534,789	**7,303,085**	-3%	7,303,085	–	–
	Grid electricity consumed within head offices	kWh	190,675	**163,467**	-14%	147,472	5,134	10,862
DH&C-LfL	**Total energy consumption – district heating and cooling**							
	Total district heating and cooling from renewable sources	kWh	1,629,070	**1,188,000**	-27%	–	–	1,188,000
	Total district heating and cooling from non- renewable sources	kWh	6,860,820	**7,709,912**	12%	–	559,300	9,341,280
	Percentage of district heating and cooling consumed from renewable sources	%	24%	**15%**	-35%	–	–	13%
Fuels-LfL	**Total energy consumption – fuels**							
	Total direct fuel consumption for landlord spaces	kWh	20,122,572	**20,902,044**	4%	11,523,979	–	9,378,066
	Total direct fuel purchased sub-metered to occupiers	kWh	11,306	**16,073**	42%	16,073	–	–
	Percentage of total fuel consumption from renewable sources	%	–	**0%**	–	–	–	–
Total Energy-LfL	**Total energy consumption**							
	Total building energy (electricity and fuel) consumption	kWh	55,325,532	**47,257,552**	-15%	29,784,855	3,002,802	24,873,057
	Total building energy consumption in landlord spaces	kWh	47,779,438	**39,615,000**	-17%	22,464,187	3,002,802	24,873,057
	Total building energy sub-metered to occupiers	kWh	7,546,094	**7,319,158**	-3%	7,319,158	–	–

Extended Sustainability Metrics continued

Table 3: EPRA sBPR Absolute Greenhouse Gas Emissions

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
GHG-Dir-Abs	**Scope 1**							
	GHG emissions from purchased fuels combusted on-site	tCO_2e	4,198	**3,824**	-9%	2,083	–	1,717
	GHG emissions from refrigerant gases	tCO_2e	660	**985**	49%	275	138	131
GHG-Indir-Abs	**Scope 2**							
	GHG emissions from purchased electricity consumed in landlord areas (location-based)	tCO_2e	4,080	**4,034**	-1%	2,219	167	1,648
	GHG emissions from purchased district heating and cooling (location-based)	tCO_2e	3,274	**3,481**	6%	–	33	3,447
	GHG emissions from purchased electricity consumed in head offices (location-based)	tCO_2e	40	**34**	-15%	31	0	4
	GHG emissions from purchased electricity consumed in landlord areas (market-based)	tCO_2e	2	**2**	7%	2	–	–
	GHG emissions from purchased district heating and cooling (market-based)	tCO_2e	1,102	**863**	-22%	–	84	779
	GHG emissions from purchased electricity consumed in head offices (market-based)	tCO_2e	0	**–**	-100%	–	–	–
GHG-Indir-Abs	**Scope 3**							
	GHG emissions from new construction and other capital goods	tCO_2e	53,639	**53,937**	1%	31,978	9,286	12,673
	GHG emissions from purchased goods and services	tCO_2e	6,264	**5,706**	-9%	3,090	588	2,028
	GHG emissions from T&D and WTT losses	tCO_2e	1,261	**1,145**	-9%	670	16	459
	GHG emissions from water and waste treatment	tCO_2e	79	**69**	-12%	34	8	28
	GHG emissions from business travel	tCO_2e	180	**253**	41%	135	24	94
	GHG emissions from employee commuting, including homeworking	tCO_2e	64	**68**	6%	41	7	21
	GHG emissions from sub-metered utilities, and occupier-controlled utilities	tCO_2e	25,296	**31,064**	23%	3,592	266	27,206
GHG-Int	**Greenhouse Gas Intensity**							
	Net Lettable Area	m^2	544,690	**607,946**	12%	169,272	70,104	368,571
	Scopes 1 and 2 only	$kgCO_2e/m^2/year$	22	**20**	-10%	27	5	19
	Scopes 1, 2 and 3	$kgCO_2e/m^2/year$	182	**172**	-5%	261	150	134

Extended Sustainability Metrics continued

Table 4: EPRA sBPR Like-for-Like Greenhouse Gas Emissions

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
GHG-Dir-LfL	**Scope 1**							
	GHG emissions from purchased fuels combusted on-site	tCO_2e	2,342	**3,664**	56%	2,080	–	1,584
	GHG emissions from refrigerant gases	tCO_2e	417	**512**	23%	262	135	116
GHG-Indir-LfL	**Scope 2**							
	GHG emissions from purchased electricity consumed in landlord areas (location-based)	tCO_2e	3,474	**3,729**	7%	2,067	135	1,550
	GHG emissions from purchased district heating and cooling (location-based)	tCO_2e	2,446	**2,876**	18%	–	33	2,730
	GHG emissions from purchased electricity consumed in head offices (location-based)	tCO_2e	40	**35**	-14%	31	0	4
	GHG emissions from purchased electricity consumed in landlord areas (market-based)	tCO_2e	0	**0**	0%	0	–	–
	GHG emissions from purchased district heating and cooling (market-based)	tCO_2e	816	**816**	0%	–	84	558
	GHG emissions from purchased electricity consumed in head offices (market-based)	tCO_2e	0	**–**	-100%	–	–	–

Table 5: EPRA sBPR Absolute Water Consumption

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
Water-Abs	**Total water consumption**							
	Total landlord obtained water	m^3	180,052	**211,729**	18%	128,102	18,944	64,683
	Total water sub-metered to occupiers	m^3	–	**–**	–	–	–	–
Water-Int	**Building water intensity**							
	Net Lettable Floor Area	m^2	544,690	**607,946**	12%	169,272	70,104	368,571
	Building water intensity	m^3/m^2	0.33	**0.35**	5%	0.76	0.27	0.18

Table 6: EPRA sBPR Like-for-Like Water Consumption

INDICATOR	MEASURE	UNIT	2022	2023	YOY%	2023 UK	2023 FRANCE	2023 GERMANY
Water-LfL	**Total water consumption**							
	Total landlord obtained water	m^3	118,694	**164,035**	38%	89,004	17,895	57,136
	Total water sub-metered to occupiers	m^3	–	**–**	–	–	–	–

Extended Sustainability Metrics continued

Table 7: EPRA sBPR Absolute Waste

INDICATOR	MEASURE	UNIT	2022	2023	2023 % BY DISPOSAL ROUTE	YOY %	2023 UK	2023 FRANCE	2023 GERMANY
Waste-Abs	**Total waste**								
	Total waste collected	t	1,422	**1,251**	100%	-12%	385	178	688
	Total non-hazardous waste	t	1,422	**1,251**	100%	-12%	385	178	688
	Total hazardous waste	t	0	**0**	0%	0%	–	–	–
	Total waste recycled	t	755	**619**	49%	-18%	224	52	343
	Total waste incinerated with energy recovery	t	667	**632**	51%	-5%	161	126	346
	Total waste sent to landfill	t	–	**–**	0%	–	–	–	–

Table 8: EPRA sBPR Like-for-Like Waste

INDICATOR	MEASURE	UNIT	2022	2023	2023 % BY DISPOSAL ROUTE	YOY %	2023 UK	2023 FRANCE	2023 GERMANY
Waste-Abs	**Total waste**								
	Total waste collected	t	1,242	**1,084**	100%	-13%	319	165	600
	Total non-hazardous waste	t	1,242	**1,084**	100%	-13%	319	165	600
	Total hazardous waste	t	0	**–**	0%	-100%	–	–	–
	Total waste recycled	t	659	**543**	50%	-18%	183	48	311
	Total waste incinerated with energy recovery	t	583	**541**	50%	-7%	136	117	289
	Total waste sent to landfill	t	–	**–**	0%	–	–	–	–

Extended Sustainability Metrics continued

Table 9: EPRA sBPR Building Certifications

INDICATOR	MEASURE	LEVEL OF CERTIFICATION	% OF PORTFOLIO NLA 2022	% OF PORTFOLIO NLA 2023	% CHANGE YOY
Cert-Tot	**Total waste**				
	Energy Performance Certification (EPCs)	A	0%	**0%**	0%
		B	11%	**11%**	1%
		C	9%	**9%**	-3%
		D	7%	**6%**	-11%
		E	0%	**0%**	0%
		F	0%	**0%**	0%
		G	0%	**0%**	0%
		Uncertified (Managed)	1%	**0%**	-100%
		Uncertified (FRI)	0%	**0%**	0%
	Energieeinsparverordnung (EnEV)	Green	0%	**0%**	0%
		Yellow	4%	**0%**	-100%
		Amber	3%	**0%**	-100%
		Red	0%	**0%**	0%
	Diagnostic de Performance Énergétique (DPE)	A	0%	**0%**	-100%
		B	0%	**11%**	6599%
		C	8%	**9%**	13%
		D	9%	**6%**	-26%
		E	1%	**0%**	-100%
		F	1%	**0%**	-100%
		G	1%	**0%**	-100%
		I	1%	**0%**	-100%
	BREEAM	Excellent	0%	**0%**	-100%
		Very Good	24%	**0%**	-100%
		Good	41%	**0%**	-100%
		Pass	4%	**0%**	-100%
		Uncertified (Managed)	15%	**0%**	-100%
		Uncertified (FRI)	9%	**0%**	-100%
	SKA	Gold	2%	**0%**	-100%
		Silver	0%	**0%**	0%
		Bronze	0%	**0%**	0%

Extended Sustainability Metrics continued

Table 10: SASB Energy Management

REFERENCE	ACCOUNTING METRIC	RESPONSE
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector.	100% Base Building data coverage
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	59,565,835 kWh total consumption for Base Building and UK submetered tenants. Excludes any energy purchased directly by tenants.
	Percentage of grid electricity	41%
	Percentage renewable by property subsector	100%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	-7%
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating	100% of managed portfolio
	Percentage of eligible portfolio that is certified to ENERGY STAR by property subsector	Not applicable
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Please refer to 'Climate-related Transition Risks & Opportunities' section on pages 15-18

Table 11: SASB Water Management

REFERENCE	ACCOUNTING METRIC	RESPONSE
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area by property subsector	100%
	Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress by property subsector	100%
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage by property subsector	211,729 m^3
	Percentage of total water withdrawn in regions with High or Extremely High Baseline Water Stress by property subsector	42%
IF-RE-140a.3	Like-for-Like percentage change in water withdrawn for portfolio area with data coverage by property subsector	8% increase
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to the 'Sustainability Risk' section on pages 46-48, the 'Water' section on page 24 and 'Climate-related Physical Risks & Opportunities' section on pages 19-23

Extended Sustainability Metrics continued

Table 12: SASB Management of Tenant Sustainability Impacts

REFERENCE	ACCOUNTING METRIC	RESPONSE
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	Not currently measured
	Associated floor area by property subsector	Not currently measured
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity by property subsector	100% of the managed portfolio
	Percentage of tenants that are separately metered or submetered for water withdrawals by property subsector	0% of the managed portfolio
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Please refer to 'Scope 3 GHG Emissions' section on page 12, 'Environmental Impacts' section on pages 24-26 and the 'Stakeholder Engagement' section on page 35

Table 13: SASB Climate Change Adaptation

REFERENCE	ACCOUNTING METRIC	RESPONSE
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector.	2,521,137 sq ft
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks.	Please see 'Climate-related Physical Risks & Opportunities' section on pages 19-23

Table 14: SASB Activity Metrics

REFERENCE	ACCOUNTING METRIC	RESPONSE
IF-RE-000.A	Number of assets by property subsector	85
IF-RE-000.B	Leasable floor area by property subsector	6,219,180 sq ft
IF-RE-000.C	Percentage of individually managed assets, by property subsector	88%
IF-RE-000.D	Average occupancy rate, by property subsector	EPRA vacancy rate is 11.0%

Scope, Boundaries & Methodology 2023

Methodology

Introduction

This document summarises the scope, boundaries and methodology adopted by CLS Holdings plc ("CLS") for its sustainability performance reporting, including SECR reporting, EPRA Sustainability Best Practices Recommendations ("sBPR") reporting, and any other sustainability metrics disclosed by CLS in its 2023 Annual Report and Sustainability Report.

Reporting Boundaries

CLS' reporting period runs in alignment with its financial year, from 1st January to 31st December, annually.

CLS uses the 'operational control' approach for all its sustainability reporting, based on the guidance by The Greenhouse Gas ("GHG") Emissions Protocol(Greenhouse Gas Protocol).

CLS Holdings plc is the highest parent entity of the CLS Group of companies. All subsidiary entities within the CLS Group are appraised consistently against the scope and boundaries defined in this document.

For all Internal Repair and Insurance "IRI" leases CLS assumes all control over consumption in common areas of the property, i.e. anything not directly in occupiers' demises. Any consumption within direct occupier demise will be included as Scope 3, Downstream Emissions.

Following our operational control approach, all consumption within properties under a Full Repair and Insurance ("FRI") leases is categorised as Scope 3, Downstream Emissions.

Any properties co-owned by CLS will be reported if CLS own the majority of the net lettable area ("NLA") of the building and has operational control over the management of the space, otherwise the property will be excluded from Scope 1, 2, and 3 calculations. CLS will report the % of emissions that equals its ownership %, unless CLS owned space is separately metered.

Where properties move from an FRI lease to an IRI lease, CLS assumes all consumption as per above from the date of move and vice-versa.

For acquisitions and disposals, CLS aims to always include all consumption from the date of acquisition or up to date of completion of the sale. If data for new acquisitions is not available, CLS will exclude the property from that reporting period until the following reporting period. This will be clearly noted in this document. In 2022, no new acquisitions have been excluded from the reporting.

CLS has a limited development portfolio and does not have operational control over construction or refurbishment activities. Therefore, all consumption associated with this is classed under Scope 3, Category 2: Capital Goods. The energy, including electricity and fuels consumption, which we purchase as landlords refers to common areas, shared services, and occupier areas where this consumption is not sub-metered but recharged via the service charge. The sub-metered areas are included in Scope 1 and 2.

Where energy is obtained by the landlord, but consumed in occupier areas and is sub-metered, such consumption has been allocated to occupiers in our Scope 3 emissions. Utilities procured directly by occupiers are excluded from Scope 1 and 2 as they fall outside our operational control. These emissions are captured in Scope 3.

Water consumption occurs at a whole building level and therefore includes occupier use and is not separated.

Waste data covers occupier and landlord waste combined as we are generally responsible for waste contracts. Where tenants control the contracts for disposing particular waste streams, this data is generally unavailable and thus is excluded from calculations. Only dry mixed recycling and waste for incineration streams are included in the data. Other waste streams are excluded from calculations.

Materiality

Every effort is made to ensure the accuracy of our data for reporting purposes each year. However, if revised data is obtained this will be considered material and would trigger a subsequent restatement if it meets the following criteria:

- Any one revision that impacts the Group reported figure by 3% or more or,
- Any series of revisions that collectively impact the Group reported figure by 5% or more.

Carbon Conversion Factors

CLS follows The GHG Protocol guidance for calculating its GHG emissions. For its Scope 2, electricity, and district heating emissions, CLS follows a dual approach, reporting both location-based factors, as well as market-based factors obtained from its suppliers. To ensure consistency in market-based Scope 2 reporting, where exact tariff factor is not known, CLS will use the worst factor published by the supplier. If the supplier does not publish any factors, CLS will instead use the location factors for that supply.

This approach allows CLS to show the impact of its renewable energy procurement across the portfolio.

CLS sources its energy and carbon conversion factors primarily from the UK Government GHG Conversion Factors document provided by the Department for Environment Food and Rural Affairs ("DEFRA") for Company Reporting. Additionally, CLS sources electricity and district heating conversion factors from the IEA Emissions Factors to cover its French and German portfolio. We use the 2023 edition of both, however in this edition of IEA the latest confirmed figures are for 2021.

All electricity factors exclude transmission and distribution ("T&D") losses, as those are captured in our Scope 3 reporting (Category 3).

Scope, Boundaries & Methodology 2023 continued

For its Scope 3 reporting, CLS uses a mixture of DEFRA and IEA carbon conversion factors as well as spend-based emission factors developed by Quantis in line with GHG Protocol. We sourced the Quantis emission factors from our 2022 calculations (as the online Quantis tool is no longer available) and will look to develop our approach to Scope 3 reporting next year (e.g. using Life Cycle Analysis data). Further detail can be found in our Scope 3 section.

Data Collection

Utility data is collected from automated meter readings (AMR, 77% of our meters are AMR), manual meter readings, invoices, or maintenance records.

To limit the risk of human error, CLS heavily invests in its smart metering infrastructure across the portfolio. For external reporting, AMR data is used wherever possible, followed then by invoices, then manual meter readings (only if necessary).

Calculation Methodology

Direct Energy and Scope 1 GHG Emissions

Natural Gas

Natural Gas is recorded in cubic meters and cubic feet. This consumption (data is sourced from automatic meter reads, invoices, manual meter reads and estimates) is then converted into kWh using appropriate energy conversion factors from DEFRA. Where there are direct natural gas supplies into occupier demises that are sub-metered off the main building supply, and over which the occupier exerts operational control, this gas use is classed as Scope 3 (Category 13: Downstream Leased Assets) for reporting purposes.

Liquid Fuels

Liquid Fuels (gas oil and 100% mineral diesel blend) are recorded in litres from our supplier invoices or statements, these are then converted to kWh using the appropriate energy conversion factors. For diesel generators, where we only have a record of the number of hours run in the reporting year, fuel consumption chart has been used to calculate the approximate fuel consumption in litres. In these instances, we assume generators are run at half load.

Generator Size	Approximate Diesel Fuel Consumption ½ Load (litres/hr)
10kW / 12kVA	2
12kW / 15kVA	2
16kW / 20kVA	3
20kW / 25kVA	3
24kW / 30kVA	4
32kW / 40kVA	5
40kW / 50kVA	6
60kW / 75kVA	9
80kW / 100kVA	12
120kW / 150kVA	16
160kW / 200kVA	20
200kW / 250kVA	25
280kW / 350kVA	38
400kW / 500kVA	53
640kW / 800kVA	86

Fluorinated Gases

Fluorinated Gases (F-Gases): are recorded in kilograms. The Screening Method is adopted to estimate the annual GHG emissions from refrigerants across the CLS portfolio. To do this we utilise the inventory within our F-Gas register which contains information on the plant type, F-Gas charge, and F-Gas type, and apply the appropriate annual leak rate as per the Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019) document.

CLS determines the size of an air conditioning system using a two-step approach:

1. Where the cooling capacity of the system in kW has been recorded, CLS uses the CIBSE TM44 Inspection of Air Conditioning Systems guidance to classify the size of the system:

a. Small: cooling capacity < 12kW
b. Medium: cooling capacity 13kW < 250kW
c. Large: cooling capacity >= 250kW

2. Where the cooling capacity has not been recorded, but the F-Gas charge in kilograms has been recorded, CLS uses the following classifications, as per the "Typical Charge Capacity for Equipment" section of the Environmental Reporting Guidelines document mentioned previously:

a. Small: F-Gas charge < 10kg
b. Medium: F-Gas charge 11kg < 100kg
c. Large: >= 100kg

Additionally, F-Gas emissions are normalised by time. i.e. if a property was owned for less than the full reporting period, its emissions are adjusted to cover only the number of days owned during the reporting period.

Any equipment over which CLS does not have operational control is excluded from this calculation.

Indirect Energy Consumption and Scope 2 GHG Emissions

Electricity

Purchased Electricity is obtained from automated meter readings, invoices, manual meter reads or estimates if aforementioned is not available as per our Data Collection section and is measured in kWh. Where there is sub-metered electricity that is consumed by our occupiers for use within their demise, this is categorised as Scope 3.

District heating

Heat purchased from a district heating network (district heating) data is obtained via the sources given above and is measured in kWh. Where buildings obtain their primary heat supply from a district heating network from a 3rd Party energy supplier under contract to CLS, the heat consumption data is obtained either from supplier invoices or meter data.

Scope, Boundaries & Methodology 2023 continued

Scope 3

CLS reports the following Scope 3 categories in accordance with the GHG Protocol:

Category 1: Purchased Goods and Services (PG&S) and Category 2: Capital Goods

To report on these categories, CLS collects financial data from France, Germany and the UK. This data is then classified into spend categories originally employed by Quantis. The spend categories have been assigned by the sustainability team with advice from the finance team to ensure most appropriate categorisation. The same categories have been employed this year, as last year. For Capital Goods, CLS uses its published CAPEX figures available in our financial statements. All capital expenditure relating to construction and refurbishment is assigned to Capital Goods. To ensure consistency of reporting, we have re-stated our 2022 PG&S and Capital Goods emissions totals so that all expenditure/emissions relating to construction and refurbishment is assigned to Capital Goods.

In PG&S and Capital Goods, CLS reports all its operational spend and capital expenditure over which it has full operational control. Spend relating to electricity, water, waste, and other utilities has been excluded as it falls within our Scope 1 & 2. Likewise, any spend associated with travel has been excluded from these categories, as it falls either within the Business Travel or Employee Commuting categories.

This financial data is converted to US Dollars using end of calendar year rates and is then converted into carbon. The US Dollar conversions were sourced from xe.com. This year, to calculate our PG&S and Capital Goods emissions, we used spend based emission factors that were sourced from last year's calculations, originally sourced from Quantis.

While we have used spend based emission factors for this year's calculation, we will look at using other tools and factors subject to their agreeability to CLS methodology and approach.

Category 3: Fuel and Energy

CLS uses its Scope 1 and 2 energy data to calculate T&D and WTT losses using DEFRA and IEA carbon conversion factors.

For T&D losses associated with district heating, CLS uses published DEFRA carbon conversion factors across all regions.

Category 4: Upstream Transportation and Distribution

CLS assumes that any emissions associated with this category would be captured under our Category 1: Purchased Goods and Services.

Category 5: Water and Waste

CLS uses its published water and waste consumption to calculate GHG emissions using DEFRA carbon conversion factors.

Category 6: Business Travel

CLS uses a mix of travel-related financial data and trip data from its corporate travel agent (Corporate Traveller). CLS cross checks the financial data with the travel agent data to ensure any spend relating to Corporate Traveller is excluded to avoid double counting. This is only relevant in the UK where Corporate Traveller expense is recorded in the General Ledger. All Corporate Traveller expense is removed from the spend based Business Travel calculation. Corporate Traveller expense is not located in either the French or German General Ledger's.

Data from Corporate Traveller is recorded in km travelled and converted using DEFRA carbon conversion factors. Financial data is converted to US Dollars as per Categories 1 & 2 and calculated using spend based emission factors that were sourced from/calculated using last year's calculations, originally sourced from Quantis (due to the fact the online Quantis tool is no longer available). Where the specific type of spend data related to travel is unknown, an emissions factor for car travel is used. Most of our Business Travel emissions have been calculated using financial data. We will review our approach in 2024 to transition towards trip/distance-based (as opposed to spend-based) calculations.

Category 7: Employee commuting and homeworking

CLS carries out a commuter staff survey once per year. This data is then used to calculate commuting emissions per each commuting day. CLS assumes 222 working days in the year, after subtracting weekends, bank holidays, and employee holiday entitlement.

The same assumption has been made for all regions. CLS has used actual number of days that people go into the office based on the commuter survey conducted. The remaining one day is assumed as working from home, as per our amended flexible work policy in 2023, and are used to calculate homeworking emissions using DEFRA carbon conversion factors.

Any missing employee responses are extrapolated from the data of other employees in the same region. We had a 71% response rate to the survey.

Scope, Boundaries & Methodology 2023 continued

Category 8: Upstream Leased Assets
This category is not applicable to CLS, as it does not operate leased assets. All emissions associated with CLS' occupiers is reported under Category 13: Downstream Leased Assets.

Category 9: Downstream Transportation and Distribution
This category is not applicable to CLS, as it does not produce any goods which require transportation and distribution.

Category 10: Processing of Sold Products
This category is not applicable to CLS, as it does not sell products.

Category 11: Use of Sold Products
This category is not applicable to CLS, as it does not sell products.

Category 12: End-of-life Treatment of Sold Products
This category is not applicable to CLS, as it does not sell products.

Category 13: Downstream Leased Assets
This category includes all occupier submeter energy data. Some occupiers across our portfolio have their own energy supplies. In those instances, if CLS has no visibility of that consumption, CIBSE TM 46 2023 benchmarks are used to estimate the occupier energy use. CLS uses the "office: air conditioned standard, typical practice" benchmark.

Category 14: Franchises
This category is not applicable to CLS, as it does not operate any franchises.

Category 15: Investments
This category is not applicable to CLS, as it is an asset based business. All emissions associated with investments would be captured either in Scope 1, and 2 or Scope 3 category 2: Capital Goods.

Total Group Energy Consumption
Total group energy consumption is the sum of direct and indirect energy uses where CLS (the Landlord) is responsible. This includes landlord electricity, gas, gas oil and district heating consumption. As diesel is only used for back-up generators it has been excluded.

Other Data
Water Data
CLS reports water data on a whole building level (data is split into landlord and tenant) since we are wholly responsible for the water supply contracts. The data is from a mix of automatic meter readings, invoices, and manual meter readings or estimates in that order of priority (as per energy).

Waste Data
CLS receives detailed waste reports from Contractors across our UK portfolio. Waste data across our German and French portfolio are recorded in the number of bins collected during the reporting period for different waste streams. CLS uses the UK portfolio waste data to calculate a 'kg/l' value for each waste type. This is weight per litre of volume of the bin. Since bin sizes in litres are known across our German and French portfolio, CLS will apply these 'kg/l' values to the total number of bins calculated for Germany and France. Since CLS has a similar type of property across regions, we consider this a good proxy for calculating the weight of waste produced, until we improve data collection across our German and French properties.

Proportions of waste are measured as percentages of the total reported waste.

Hazardous waste is only included where CLS has direct responsibility for collection via contractors. Where construction and refurbishment contractors have contractual responsibility for waste or tenants have contractual responsibility for waste, this has been excluded.

Net Lettable Area (NLA) data
All NLA data is obtained from the Asset teams in each region. To ensure accurate calculation of intensity metrics, CLS has decided to normalise its NLA data by time, i.e.:

- For assets owned for 3 months out of the year (reporting period), the reported NLA for that asset will be 25% of the total NLA.
- For assets where the NLA varies throughout the reporting period, an average NLA is taken.

Social Metrics
CLS obtains employee data from our HR systems. All employee numbers are taken at the end of the reporting period.

CLS calculates its social metrics in accordance with EPRA guidelines. Our social value metrics have been calculated in accordance with the UK National Themes, Outcomes and Measures (TOMs) Framework. This is currently applied to all countries as a proxy. The following assumptions have been made to adapt the CLS framework to our operations in other countries:

- French, German & Luxembourg minimum wage has been assumed as an equivalent to the UK Living Wage Foundation recommendation.
- Value multipliers are assumed to be the same as UK TOMs.

Net Zero Carbon
CLS uses its Scope 1 and 2 emissions as calculated per the methodology in this document, to show its progress against our Net Zero Carbon Pathway.

The projected trajectory is calculated using our 2020 baseline emissions, adjusted using CRREM energy carbon conversion factors, and projected carbon savings from planned energy efficiency projects as currently allocated for future years.

Energy Certificates
CLS categorises German EnEV certificates based on the certified energy intensity as follows:

- Below or equal to 75 kWh/(m^2a) is classified as 'Green',
- Above 75 kWh/(m^2a) and below or equal to 160 kWh/(m^2a) is classified as 'Yellow',
- Above 160 kWh/(m^2a) is classified as 'Amber'.

Scope, Boundaries & Methodology 2023 continued

In the UK, some of our properties have multiple EPC ratings – this is due to properties having a separate rating for each floor or unit. In our EPC graphs we assume an average EPC rating for the property based on these, if a whole building EPC is not available.

Data Coverage

Please refer to EPRA performance tables for the number of assets within the organisational boundary which are included in data disclosed for each asset-level Performance Measure.

We seek to report on all properties within the organisational boundary defined above and where utility data is available.

Indicator	Coverage 2023	Coverage 2022	Coverage 2021
Elec-Abs	100%	100%	100%
Elec-LfL	100%	100%	100%
DH&C-Abs	100%	100%	100%
DH&C-LfL	100%	100%	100%
Fuels-Abs	100%	100%	100%
Fuels-LfL	100%	100%	86%
Energy-Int	100%	100%	100%
Water-Abs	100%	100%	96%
Water-LfL	100%	100%	93%
Water-Int	100%	100%	96%
Waste-Abs	100%	100%	80%
Waste-LfL	100%	100%	40%
GHG-Int	100%	100%	100%

Estimation methodology

Every effort is made to collect actual metered or invoiced utility (i.e. energy, water & waste) data. Nonetheless, there are instances where these data inputs were not available.

For gaps in the smart meter data, CLS extrapolates the missing percentage using existing data.

Where a whole month's data is missing, CLS will estimate the missing consumption by averaging the consumption of months either side of the missing month.

For any larger data gaps, 3 months or more, or where consumption must be wholly estimated, CLS will use the average of previous years data for the same period.

If actual data for the previous year is not available, CLS will use the average intensity of properties (e.g. kWh/m^2) in the same region and utility type.

The proportion of data estimated for each of the environmental performance measures can be found in table below.

Estimated portfolio data	2023	2022	2021
Elec-Abs	3.2%	2.3%	1.6%
Elec-LfL	2.0%	2.3%	1.7%
DH&C-Abs	31.3%	37.2%	26.3%
DH&C-LfL	33.8%	50.0%	30.1%
Fuels-Abs	20.6%	7.1%	3.0%
Fuels-LfL	20.6%	5.8%	1.6%
Energy-Int	6.5%	6.4%	2.5%
Water-Abs	11.0%	20.4%	15.1%
Water-LfL	8.4%	22.0%	13.9%
Water-Int	11.0%	20.4%	15.1%
Waste-Abs	55.5%	52.5%	42.2%
Waste-LfL	55.4%	48.8%	42.7%
GHG-Int	6.5%	6.4%	2.5%

Normalisation and Intensity Metrics

Intensities (Elec-Int, GHG-Int and Water-Int) are calculated using the net lettable floor area (m^2) (excluding car parks and basements) as the denominator and absolute consumption as a numerator. Due to the boundaries of operational control and limitations on collecting occupier-controlled consumption, we are aware of the potential mismatch between the consumption numerator and floor area denominator. In some cases, occupier and landlord energy data cannot be separated and, therefore, is included wholly.

The health and safety performance measures are normalised according to guidance of GRI Standard 403-9.

For NLA and fluorinated gases normalisation please refer to the NLA data section and the Fluorinated Gases section.

Segmental Analysis and Disclosure on Own Offices

Segmental analysis has been conducted on a geographical basis. The office portfolio includes properties across the UK, Germany and France. Please refer to Tables 1 through 8 for our segmental analysis tables.

Our disclosure on own offices can similarly be found in Tables 1 through 8.

Segmental analysis with year on year differences can be found in our downloadable CSV metrics file. Please refer to page 53 for details.

Physical Climate Risk Modelling

Jupiter Intelligence is a leader in climate risk analytics. ClimateScore Global quantifies the risk to assets due to changing climate around the world. ClimateScore Global employs data from dozens of well-vetted climate models, coupled with machine learning, land use and elevation data and models for hydrology, wildfire and severe weather to analyse trends in future climate scenarios. ClimateScore Global quantifies risk due to environmental perils in 5-year increments from 2020 through 2100, for three carbon emissions scenarios (SSP1-2.6, SSP2-4.5, and SSP5-8.5; see IPCC for details). The final results are produced on a 90-meter grid, providing high-resolution data on each peril, globally. The CLS 2023 physical climate risk analysis is based upon the latest ClimateScore Global model – ClimateScore Global Data 3.1. Further information on ClimateScore Global Data 3.1 can be provided on request.

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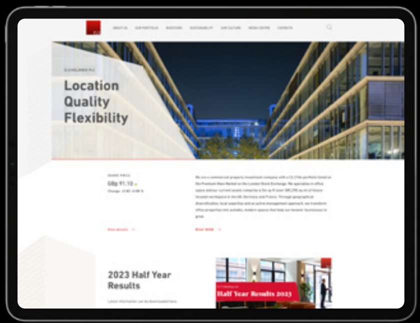

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