

OUR STAKEHOLDERS

We believe that to secure our long-term success, we must take account of what is important to our key stakeholders. This is best achieved through proactive and effective engagement.

We set out in the adjacent table our key stakeholder groups, their material issues and how we engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding our stakeholders, we can factor into boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns. This in turn ensures we continue to provide office space that our occupiers desire, work effectively with our colleagues and contractors, make a positive contribution to local communities and achieve long-term sustainable returns for our investors. Acting in a fair and responsible manner is a core element of our business practice as seen in our Responsibility report on pages 76 to 91.

Our section 172(1) statement for the year ended 31 December 2019 is on page 95 and demonstrates how our stakeholders influenced some of the principal decisions taken by the Board in 2019.



Marylebone Boys School visit Brunel Building W2

Their material issues

OCCUPIERS

Our success is dependent on our ability to understand and respond to our occupiers' needs and aspirations. Many of our occupiers have moved within our portfolio as their businesses have grown, which is testament to our proactive approach

- Suitable lease terms
- Well-designed and sustainable buildings
- Wellbeing and talent attraction/retention
- Amenities

EMPLOYEES

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Therefore, it is important that we continue to generate opportunities for individuals and teams to realise their full potential

- Opportunities for development and progression
- Agile working practices
- Opportunity to share ideas and make a difference
- Diversity and inclusion

LOCAL COMMUNITIES

We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public

- Minimising local disruption
- Impact on the local economy
- Derwent London being a responsible neighbour
- Effective communication and engagement

SUPPLIERS

We outsource many of our activities to third-party suppliers and providers. As a result, it is crucial that we develop strong working relationships with our suppliers, so we can enhance the efficiency of our business and create value

- Long-term partnerships
- Collaborative approach
- Open terms of business
- Fair payment terms

CENTRAL AND LOCAL GOVERNMENT

As a responsible employer and business, we are committed to engaging constructively with central and local government to ensure we are supporting the wider community

- Openness and transparency
- Proactive and compliant with new legislation
- Proactive engagement with local authorities
- Support for local economic plans and strategies

DEBT PROVIDERS

Our debt providers play an important role in our business. We maintain close and supportive relationships with this group of long-term stakeholders, characterised by openness, transparency and mutual understanding

- Financial performance
- Openness and transparency
- Proactive approach to communication
- Credit rating
- Low gearing

SHAREHOLDERS

Our shareholders play an important role in monitoring and safeguarding the governance of our Group

- Financial performance
- Strategy and business model
- Environmental, social and governance (ESG) performance
- Dividend

How we engage	2019 outcomes and highlights	Further links
<p>Via our dedicated leasing, asset and property management teams and close Director involvement, we communicate regularly with our existing occupier base to anticipate trends and preferences and incorporate them early into our designs. We do this through meetings, engagement events and forums. This active engagement ultimately ensures our high-quality, sustainable space meets their needs and helps them to attract and retain talent.</p>	<ul style="list-style-type: none"> • £34.0m of lettings • 0.8% EPRA vacancy rate • 90% tenant retention/re-lets 	<ul style="list-style-type: none"> p.42 KPIs – tenant retention and void management p.62 Asset management p.157 Executive annual bonus – void management target
<p>We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through an appraisal process, structured career conversations, employee surveys, our intranet site, company presentations, awaydays and our wellbeing programme. Employee engagement is frequently measured and we have a designated Non-Executive Director, Cilla Snowball, who chairs the Responsible Business Committee.</p>	<ul style="list-style-type: none"> • 87% staff retention • 92.5% staff satisfaction • Two employees on the Responsible Business Committee (see page 139) 	<ul style="list-style-type: none"> p.43 KPI – staff satisfaction p.104 Employee engagement p.109 Whistleblowing
<p>We engage with the local community not only through the planning process but also through our Community Fund, volunteering, charity work and providing employment and work experience opportunities. We also liaise with Non-Governmental Organisations (NGOs), Business Improvement Districts and industry bodies to enhance the positive impact we have on the communities in which we operate.</p>	<ul style="list-style-type: none"> • Delivered 10 affordable housing units at 65 Whitfield Street to Origin as part of the 80 Charlotte Street development • 151 hours of staff volunteering • £386k of charitable and community donations (up 10.3% from 2018) 	<ul style="list-style-type: none"> p.81 Net zero carbon strategy p.88 Our Community Strategy p.106 The Featherstone Building case study
<p>Through effective collaboration, we aim to build long-term relationships with our suppliers so that we can develop and operate great spaces for our occupiers. We are signatories to the CICM Prompt Payment Code and are clear about our payment practices. We expect our suppliers to adopt similar practices throughout their supply chains to ensure fair and prompt treatment of all creditors.</p>	<ul style="list-style-type: none"> • £204m capital expenditure • 25 day average payment • Received confirmation that our key suppliers were compliant with our Sustainability Standard 	<ul style="list-style-type: none"> p.52 Principal risk – contractor default p.138 Supply Chain Sustainability Standard p.138 Responsible payment terms
<p>We take a constructive, positive approach to working with local authorities to ensure high-quality planning applications are submitted. Similarly, we maintain positive and proactive relationships with government departments such as HMRC via regular dialogue and correspondence.</p>	<ul style="list-style-type: none"> • Delivered 10 affordable housing units at 65 Whitfield Street to Origin as part of the 80 Charlotte Street development • Progressing a theatre and public realm as part of the Soho Place development • Maintained our 'low-risk' tax rating 	<ul style="list-style-type: none"> p.56 Principal risk – regulatory non-compliance p.91 Tax governance p.107 Soho Place case study
<p>We arrange debt facilities from a diverse group of providers ranging from banks to institutional pension funds. We engage with these providers and credit rating agencies through regular meetings and presentations to ensure that they remain fully informed on all relevant areas of our business. This high level of engagement helps to support our credit relationships.</p>	<ul style="list-style-type: none"> • Issued £175m of convertible bonds due 2025 • Renewal of the Group's £450m Revolving Credit Facility with a £300m 'green' tranche • 16.9% loan-to-value ratio • Fitch corporate credit rating of A- 	<ul style="list-style-type: none"> p.42 KPI – interest cover ratio p.72 Debt and financing arrangements p.73 Green Finance Framework
<p>Through our investor relations programme, which includes regular updates, meetings, roadshows and our Annual General Meeting, we ensure shareholder views are brought into our boardroom and considered in our decision making.</p>	<ul style="list-style-type: none"> • 10.0% increase in dividend • 290+ investor meetings • We received votes from 87% of shareholders for the 2019 AGM 	<ul style="list-style-type: none"> p.41 KPI – Total Shareholder return (TSR) p.105 Shareholder engagement p.166 Dividend