

OUR STAKEHOLDERS

Proactive and positive stakeholder engagement helps to secure our long-term success.

Each stakeholder group requires a distinct approach to foster effective and mutually beneficial relationships. By understanding our stakeholders and factoring them into our decisions, we can secure our long-term success. Our section 172(1) statement for the year ended 31 December 2021 is on pages 124 and 125 and demonstrates how our stakeholders influenced some of the decisions taken by the Board in 2021. Acting in a fair and responsible manner is a core element of our business practice as seen in the Responsibility section on pages 50 to 75.

We recognise that we have a responsibility to all our stakeholders. Through our engagement strategy, existing relationships with our stakeholders and, with an understanding of their concerns and issues, we were able to work closely alongside them during the pandemic and, wherever possible, offer proactive support.

We held our first Stakeholder Day on 29 September 2021 to engage with and inform our stakeholders on our intentions and future projects. This included our Net Zero Carbon Pathway, how we plan to generate green energy from our Scottish land and our Intelligent Building strategy. With over 100 attendees, representing the majority of our stakeholder groups, our Stakeholder Day recognised that 'relationships are at the core of what we do' (see page 134).



We held our first Stakeholder Day at DL/78 in 2021, further details are on page 134

Our key stakeholders

Their material issues

OCCUPIERS

Our success is dependent on our ability to understand and respond to our occupiers' needs and aspirations

- The health and wellbeing of employees and visitors
- Continuity of businesses during the pandemic
- Suitable lease terms
- Well-designed and sustainable (green) buildings
- Talent attraction/retention
- Amenities for employees and visitors

EMPLOYEES

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business

- Overall health and wellbeing
- Agile and flexible working practices
- Opportunities for training, development and progression
- Opportunities to share ideas and make a difference
- A diverse and inclusive work environment

LOCAL COMMUNITIES & OTHERS

We are committed to supporting the communities in which we operate, including the NHS, 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

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

CENTRAL & LOCAL GOVERNMENT

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

- Openness and transparency
- Proactive engagement with local authorities
- Support for local economic plans and strategies
- Compliant with legislation
- Timing of the economic recovery as people return to city centres for work and to support businesses

DEBT PROVIDERS

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
- Increase in green finance lending

SHAREHOLDERS

We adopt an open and transparent approach with our investors with frequent contact. They play an important role in helping shape our strategy and monitoring our governance

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

How we engage

2021 outcomes and highlights

Further links

We communicate regularly with our existing occupier base via our dedicated Leasing, Asset and Property Management teams, together with close Director involvement. We do this through calls, meetings, engagement events and forums.

During 2021, we provided proactive support to our occupiers. Occupier surveys were commissioned to gather feedback and to measure our response to the pandemic. In October 2021, we launched DL/78, a new amenity available to all Derwent London office occupiers which reflects our design-led approach to creating inspiring space for occupiers, which is both useful and engaging.

- Launch of DL/78 and the DL/ App (see page 30)
- Rent deferrals and concessions given to occupiers that were most impacted by the pandemic
- £13.7m of lettings
- 1.6% EPRA vacancy rate
- 77% tenant retention/re-lets

Providing enhanced amenity
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Asset management
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Executive annual bonus void management target
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We have an open and collaborative management structure and engage regularly with our employees. Engagement methods include, but are not limited to, employee surveys, CEO town hall meetings, Company presentations, our intranet site, newsletters, awaydays and our wellbeing programme. Employee engagement is frequently measured and we have employee representatives on our Responsible Business Committee, which is chaired by the designated Non-Executive Director (Dame Cilla Snowball) for gathering the views of our workforce.

- Feedback from employee surveys (see page 60)
- Attained National Equality Standard accreditation
- 13% of our employees are trained as mental health champions
- 13 town hall meetings were hosted to share news and provide support

Staff satisfaction KPI
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Diversity and inclusion
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Employee engagement
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We engage with the local community through the planning process, our Community Fund, volunteering, charitable donations 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.

- Use of 16 flats donated to University College Hospital
- Committed £725,000 of community and sponsorship donations for 2021
- 19 community projects supported in 2021

Community Fund
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Charities and sponsorships
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Our pathway to net zero carbon
page 12 →

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. Our Supply Chain Sustainability Standard sets out our principles and expectations in terms of the environmental, social, ethical and governance issues which relate to our supply chains.

- Our average payment term was 20 days
- £173.7m capital expenditure
- Revised our Supply Chain Sustainability Standard
- Published our 2021 Modern Slavery Statement

Supply chain governance
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Supply Chain Sustainability Standard
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Responsible payment practices
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During 2021, we have supported initiatives to reopen central London after lockdown. We take a constructive and positive approach to working with local authorities to ensure high-quality planning applications are submitted. Similarly, we maintain proactive relationships with government departments such as HMRC, via regular dialogue and correspondence. Paul Williams (CEO) is Chairman of the Westminster Property Association (WPA), a not-for-profit advocacy group, which focuses on policy, research and maintaining excellent relationships with central London's local authorities. Derwent London became a part of London Borough of Islington's London Living Wage Action Group to support Islington to become a London Living Wage Borough.

- Maintained our 'low-risk' tax rating with HMRC
- Providing a theatre and public realm as part of the Soho Place development
- Achieved dual planning for the Network Building W1

Our journey to COP26
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Working with local authorities
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Tax governance
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We arrange debt facilities from a diverse group of providers ranging from banks to institutional pension funds. We engage with these providers and our credit rating agency 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.

- Raised £350m via a green bond
- Extended our Revolving Credit Facilities with our UK banking partners for a further year to 2026
- 20.8% loan-to-value ratio
- Interest cover 464%
- Fitch corporate credit rating of A-

KPI – interest cover ratio
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Debt and financing
pages 94 and 95 →

Green Finance Framework
pages 13, 96 and 97 →

Through our investor relations programme, which includes RNS announcements, meetings, property tours and our Annual General Meeting, we ensure shareholders' views are brought into our boardroom and considered in our decision making.

- Held an Investor Day on 28 September at DL/78
- 2.8% increase in dividend
- We received votes from 84.7% of shareholders for the 2021 AGM

KPI – Total Shareholder Return (TSR)
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Shareholder engagement
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Annual General Meeting
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