

# 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.

Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. It is by understanding our stakeholders, and factoring them into our decisions, that we can secure our long-term success. Our section 172(1) statement for the year ended 31 December 2020 is on pages 104 and 105 and demonstrates how our stakeholders influenced some of the principal decisions taken by the Board in 2020. Acting in a fair and responsible manner is a core element of our business practice as seen in the Responsibility section on pages 46 to 63.

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

Foremost in our efforts was the health, safety and wellbeing of all our stakeholders, especially our customers and employees, as well as the communities around our buildings. See 'Supporting our stakeholders in 2020' on pages 12 and 13 for further information.



The Featherstone Building EC1 – Early payment to our subcontractor Skonto Plan (based in Latvia) for the façade cladding enabled our main contractor Skanska to store the majority of the façade elements before 31 December 2020. This meant site operations were able to continue unaffected by tariffs and the movement of goods arising from Brexit.

## Our key stakeholders

## Their material issues

### Occupiers

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

- Health and wellbeing of their employees and visitors
- Continuity of their businesses during the pandemic
- Suitable lease terms
- Well-designed and sustainable work spaces
- Talent attraction/retention
- Amenities for their employees

### Employees

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

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

### Local communities and others

**We are committed to supporting the communities in which we operate, including the local businesses, residents, the NHS, 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 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
- 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

### 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**

**2020 outcomes and highlights**

**Further links**

We communicate regularly with our existing occupier base via our dedicated Leasing, Asset and Property Management teams and close Director involvement. We do this through calls, meetings, social media, events and forums. During 2020, proactive engagement was critical in providing support to our occupiers and to understand how the pandemic was impacting upon them. Occupier surveys were commissioned to gather feedback and to measure our response to the pandemic.

- Rent deferrals and concessions given
- 25% contribution to tenants' service charges for March and June quarters
- £6.7m of new lettings
- 1.8% EPRA vacancy rate
- 87% tenant retention/re-lets

- [p.68](#) Asset management
- [p.161](#) Executive annual bonus – Void management target
- [p.10](#) Delivering value to our customers

We have an open and collaborative management structure and engage regularly with our employees. Engagement methods include, but are not limited to, employee surveys, company presentations, awaydays and our wellbeing programme. Employee engagement is frequently measured, and we have three employee representatives on our Responsible Business Committee which is chaired by a designated Non-Executive Director. During 2020, the CEO and other Directors hosted 17 town hall meetings to share news, provide support and clear communication with all employees.

- 96.3% staff satisfaction
- 93.0% staff retention
- 17 town hall meetings hosted virtually for all employees
- Three employees on the Responsible Business Committee (see page 147)
- Responses from employee surveys on page 51
- Appointed mental health champions

- [p.45](#) KPI – Staff satisfaction
- [p.115](#) Employee engagement
- [p.12](#) Supporting our employees

We engage with the local community through the planning process, 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. During 2020, our CEO was in regular contact with the principal central London borough councils to aid in support coordination.

- Use of 16 flats donated to University College Hospital (see page 13)
- Charitable donations and community funding budget increased by 179% to £1.1m
- Contributed to the UCL Medical Student Support Fund and the 1928 Project

- [p.53](#) Our Community Fund
- [p.13](#) Supporting our communities
- [p.28](#) Our pathway to net zero carbon

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.

- Accelerated our payments, so our average payment term was 20 days
- Supported furloughed third party service staff (see page 9)
- £175m capital expenditure
- £1.4m of early retention payments

- [p.148](#) Supply Chain Sustainability Standard
- [p.135](#) Responsible payment practices
- [p.57](#) Supply chain governance

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. During 2020, we have been discussing and supporting initiatives to reopen central London after lockdown.

- Maintained our 'low-risk' tax rating with HMRC
- Progressing a theatre and public realm as part of the Soho Place development
- Delivered a 'pocket park' at 80 Charlotte Street

- [p.98](#) Our principal risks – Regulatory non-compliance
- [p.57](#) Tax governance
- [p.24](#) Investing in our pipeline

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.

- Extended our existing £450m Revolving Credit Facility (RCF) and agreed a £100m RCF with Wells Fargo
- 18.4% loan-to-value ratio
- Interest cover 446%
- Fitch corporate credit rating of A-

- [p.44](#) KPI – Interest cover ratio
- [p.78](#) Debt and financing arrangements
- [p.79](#) Green Finance Framework

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.

- 2.8% increase in dividend in 2020
- We received votes from 80.1% of shareholders for the 2020 AGM

- [p.43](#) KPI – Total shareholder return (TSR)
- [p.114](#) Shareholder engagement
- [p.175](#) Annual General Meeting