

OUR STAKEHOLDERS

We believe that, to maximise value and 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.

s172 Companies Act 2006

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, in accordance with s172 of the Companies Act 2006 (see page 94). 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 74 to 81.

Below: Building management team at White Collar Factory EC1



Our stakeholders	Their material issues	How we engage	2018 highlights	Further links
OCCUPIERS				
The continued strong performance of our business would not be possible without understanding our occupiers' needs and future aspirations. Many of our occupiers have moved within our portfolio as their businesses have grown, which is testament to our proactive approach	<ul style="list-style-type: none"> Suitable lease terms Well-designed and sustainable buildings Well-being and talent attraction/retention 	Via our dedicated 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.	<ul style="list-style-type: none"> £26.8m of lettings 1.8% 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.125 Executive annual bonus – void management target
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 create the right environment to encourage and create opportunities for individuals and teams to realise their full potential	<ul style="list-style-type: none"> Opportunities for development and progression Agile working patterns Opportunity to share ideas and make a difference Diversity and inclusion 	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, away days and our well-being programme. Employee engagement is frequently measured and we have a designated Non-Executive Director, Cilla Snowball, who chairs the Responsible Business Committee.	<ul style="list-style-type: none"> 90.0% staff retention 90.4% staff satisfaction 'Fit for the Future' initiative launched 	<ul style="list-style-type: none"> p.43 KPI – staff satisfaction p.48 Principal risk – management of succession p.125 Executive annual bonus – staff satisfaction target
LOCAL COMMUNITIES				
We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public	<ul style="list-style-type: none"> Local disruption Impact on the local economy Derwent London being a responsible neighbour 	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 (NGO's) and industry bodies to enhance the positive impact we have on the communities in which we operate.	<ul style="list-style-type: none"> 141.5 hours of staff volunteering £350k of charitable and community donations Extended our support to the Community Fund until 2021 	<ul style="list-style-type: none"> p.26 Investing in communities p.94 The Featherstone Building case study p.125 Executive annual bonus – carbon intensity target
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	<ul style="list-style-type: none"> Long-term partnerships Collaborative approach Open terms of business Fair payment terms 	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.	<ul style="list-style-type: none"> £187.5m capital expenditure 28 day average payment Received confirmation that our key suppliers were compliant with our Sustainability Standard 	<ul style="list-style-type: none"> p.47 Brexit p.52 Principal risk – contractor default p.113 Supply Chain Sustainability Standard
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	<ul style="list-style-type: none"> Openness and transparency Proactive and compliant with new legislation Proactive engagement with local authorities Support for local economic plans and strategies 	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. This has helped us maintain a 'low risk' tax rating.	<ul style="list-style-type: none"> 14 units of affordable housing under construction as part of the 80 Charlotte Street development Progressing a public theatre as part of the Soho Place development 	<ul style="list-style-type: none"> p.56 Principal risk – regulatory non-compliance p.70 Taxation p.94 The Featherstone Building case study
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	<ul style="list-style-type: none"> Current financial performance Openness and transparency Proactive approach to communication Credit rating 	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.	<ul style="list-style-type: none"> £250m new long-term debt arranged 491% interest cover 17.2% loan-to-value ratio Fitch assigned corporate credit rating of A- 	<ul style="list-style-type: none"> p.42 KPI – interest cover ratio p.72 Debt and financing arrangements p.170 Note 23: Net debt
SHAREHOLDERS				
Our shareholders play an important role in monitoring and safeguarding the governance of our Group	<ul style="list-style-type: none"> Financial performance Strategy and business model ESG performance Dividend 	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.	<ul style="list-style-type: none"> 10.2% increase in dividend 75p special dividend paid in June 260+ investor meetings 	<ul style="list-style-type: none"> p.41 KPI – Total shareholder return (TSR) p.93 Shareholder engagement in 2018 p.125 Remuneration – annual bonus and LTIP