



Case Study

How Derwent London built a successful Sharesave plan

Derwent London is the largest London-focused real estate investment trust, owning and managing a £5.4bn portfolio of commercial real estate located mostly in central parts of the city. It typically acquires properties in improving locations, taking a fresh approach to the regeneration of every building through asset management and refurbishment.

Employees are seen as a key asset at Derwent London and always top of the agenda for the senior team is creating the right environment to encourage and create opportunities for individuals and teams to realise their full potential.

ENGAGING AND REWARDING ALL EMPLOYEES WITH SHARE OWNERSHIP

After the recent introduction of a new Sharesave plan at Derwent London, employees were asked for their feedback. What stood out was their incredible positivity, with the scheme being described as “the perfect opportunity to show commitment and share in Derwent London’s future success”, “hassle-free” and a “no-brainer”. Launch communications were singled out for particular praise:

“The process of signing up to the Sharesave scheme was effortless and straightforward. The scheme was advertised very well ahead of the launch and the sessions that were provided were clearly presented as well as being informative...An excellent opportunity for employees. Thanks for setting it up.”

With such feedback, it may be no surprise to hear that the plan has a very high participation rate with 71% of the entire workforce signing up. So, what made the launch so successful?

WHY DERWENT LONDON CHOSE TO PARTNER WITH EQUINITI

In order to successfully deliver Derwent London’s Sharesave plan they partnered with Equiniti. The suite of services available meant that Derwent London were able to house their Discretionary and Sharesave schemes on one platform, resulting in a seamless employee experience and ease of management.

1. MATCHING THE CULTURE OF THE BUSINESS

Derwent London has a loyal and motivated workforce, with a 90% employee retention rate in 2018 and a large proportion of employees having spent between five and ten years with the company. Incredibly, almost a third (30%) of employees have been with the company for more than a decade.



As a result, the culture is very strong and Derwent London's values – including being collaborative and supportive – are central to the way that the company works. The CoSec Team felt that offering a Sharesave plan to employees for the next three years at least was a way to further mirror their values in how they reward their dedicated staff.

This message and these values were reflected in the communications which were designed to be understood by all, and in the many face-to-face briefings which allowed open discussion and consultation.

2. BEING INCLUSIVE

Inclusivity is another key value at Derwent London and it was central to the communications approach taken.

JOB LEVEL

Derwent London operates an Employee Share Option Plan (ESOP) which is welcomed by staff, but the level of employee share ownership, below senior levels, has been low historically. This is because the scheme is discretionary and often the options are exercised when the price is close to market value, not allowing for many shares to be retained.

The CoSec Team felt the low share ownership levels did not reflect the high levels of staff retention and loyalty of the people working at Derwent London, with the company having achieved a 90.4% staff satisfaction score in 2018. The team believed a sustainable, ongoing Sharesave scheme would be a way for everyone to share in the company's successes and promote share ownership and collaboration.

The fact that all employees were included in the scheme was communicated to ensure people knew that they were a valued part of the business and encourage people at all levels to participate.

DIVERSITY

Ensuring that the scheme was appealing to a diverse set of employees was key to achieving a strong participation rate and reflect Derwent London's inclusive culture. 57% of employees are male and 43% are female, while around a quarter of employees classify themselves as non-white. But the company's definition of diversity extends beyond the traditional facets of gender, ethnicity, age and sexual orientation to include personality and communication.

So, to thoroughly and effectively engage employees in the scheme, they were involved in the communications before, during and after the launch. Before publication, the standard invitation and brochure were internally reviewed by a diverse set of people at all different levels within the organisation. They ensured the language was understandable, gender balanced and covered everything that anyone could wish to know about the scheme.

TECHNOLOGICAL ACCESS AND ABILITY

The team ensured that everyone could sign up for the Sharesave scheme, whatever their technical ability and whether they had regular access to the internet or not. There was flexibility in how people could apply, with a paper contingency put in place for people who couldn't access the online Equiniti Portal (which is the primary way to sign up) for any reason.

The ESOP award is also available on this portal through the same login, allowing employees to have all their awards in the same place to monitor and manage.

3. UNDERSTANDING EMPLOYEES

The CoSec Team carefully considered how to set up the Sharesave scheme to work in the best way for Derwent London's employees. Central to this was deciding on the amount of a maximum savings to offer in order to encourage the greatest number of people to participate. Too high and it could feel like an overwhelming commitment, too low and it would not create the impact that was wanted.

The amount that was settled on was £250 per launch, the maximum discount available for the option price of 20%. This was believed to be a significant but not daunting investment and achievable for most staff to participate each year for the three years that the scheme is initially planned to be rolled out (subject to the £500 per month overall limit). The minimum that could be invested was £5 a month, making it accessible for everyone.

Both these amounts were regularly communicated to employees to ensure that the Sharesave plan felt like a positive, realistic investment.

4. CREATING A BESPOKE INTERNAL COMMUNICATIONS CAMPAIGN

Derwent London created a raft of communications to let all employees know about the new scheme, encourage them to ask questions and get involved. These communications were face-to-face, offline and online and designed to match the branding and messaging of the overall Derwent London brand, which is widely recognised by employees. The strategy was to start to build interest and then provide the in-depth information needed to make a decision.

The initial step was for the CoSec Team to talk about Sharesave openly and so raise informal awareness, answering questions at lunchtimes and walking around the offices.

They then released a 'teaser' email to all staff that "Sharesave is coming..." which created a buzz and got people interested in hearing more. The visuals were added to the intranet a month before the invitation opened asking staff to sign up to presentations for further information.

On invitation day, invitations were sent electronically by email and printed packs were created for those who had infrequent access to emails or were on maternity/paternity leave or long-term sickness absence.

During the invitation period, Derwent London offered a real variety of in person, digital and paper communications to get the message out as clearly and comprehensibly as possible to its diverse workforce.

The team:

- Set up six face-to-face briefings over a week long-period where the Company Secretary explained the scheme in simple terms. These included lively 30 to 45-minute Q&A sessions and would often lead to internal discussion which fuelled further interest and encouraged even more people to sign up for future briefings. In the end, approximately 60% of the workforce attended one of these presentations.
- Set up conference calls with the Scotland team who were unable to attend the face-to-face presentations taking place in London.
- Created a to-the-point, easy-to-digest seven-page brochure which outlined everything that employees needed to know about Sharesave, covering the scheme's key features, who can join, how they do so, how the plan works, what happens at the end, a savings example, FAQs, key dates and contact details.
- Sent out regular internal emails from the Company Secretary to alert people to deadlines and encourage participation.
- Encouraged an open-door policy for the CoSec Team, enabling people to ask questions at any time.
- Organised calls and email exchanges with employees on maternity/paternity leave and long-term sickness absence to answer their questions on the scheme.
- Held out-of-hours meetings for staff working shifts/outside of the head office that were unable to attend the presentations (e.g. catering staff and chauffeurs).
- Shared regular reminders and news stories on the Sharesave scheme on the intranet.
- Ensured the Executive team were all advocates of the scheme, understood it and were able to answer any questions directed to them.

Throughout the campaign, the team also regularly updated the FAQs discussed at the end of the presentation based on questions that staff raised. Equiniti's call centre was also provided with these updated points to ensure clear, aligned messaging.

After the closing of the scheme, the Option Certificates were shared by email and it was reiterated that if people had any questions, they could ask the CoSec Team.

Altogether, this campaign created real interest about the scheme and got a diverse set of people talking and asking questions about what it meant for them and how to sign up. The materials developed to answer these questions strived for absolutely clarity in terms of language, design and offering case study examples to bring Sharesave to life for anyone reading them.



It is believed that participation was strong across the board due to three main factors:

- Ensuring communications were understandable and accessible for all;
- Providing everyone with the opportunity to ask questions one-on-one;
- Setting the maximum savings amount of £250.

The invitation opened on 4th April 2019 and just six days later, 28% of the workforce had already sign up. By the 15th April, that had risen to 43%, 58% by 18th April before closing at a 71%.

What makes this high figure even more impressive is that feedback from employees has revealed that uptake would have been even greater if Brexit concerns in the property industry had not made some nervous of participating and others chose to wait until next year to see if they will get a better option price.

In addition, as Derwent London grows its workforce, there were a number of new starters who were on probation at launch who decided not to participate until they knew if they would become full time members of staff. 58% of new starters from January 2019 to the invitation open date in early April went on to join the Sharesave scheme and others have now shown interest in finding out about the 2019/20 scheme.

With a maximum savings amount of £250, the average saving was £182 per month. Very nearly half (49%) of participants saved the maximum of £250 per month, showing that the team chose a sensible, attractive maximum value.

SEGMENTED PARTICIPATION RATES

Derwent London's inclusive approach to the scheme and to the communication was a success.

- Over a third (34%) of participants of the 2019 SAYE grant were joining a Derwent London share plan for the first time and had not received a previous grant under the ESOP. On average they were saving £167 per month – only 8% below the amount invested by people who were more accustomed to such schemes.
- When it comes to gender, the proportion of men and women investing is consistent with Derwent London's gender balance of eligible employees: 46% of eligible employees were female and 45% of participants were female; 54% of eligible employees were male and 55% of participants were male.
- There was a 17.8% gender gap in savings, which is 24% lower than the UK gender investment gap of 22% (ProShare annual SAYE and SIP survey).
- There was also an even split between pay quartiles with 23% from Q4 (lower quartile), 27% from Q3, 29% from Q2 and 21% from Q1 (upper quartile). This closely represents the make up of the workforce

WHAT COMES NEXT

With the communications proving so successful, the team plans to use these as the basis for the next launch too, with the addition of sending out communications segmented by those who have joined already and those still to join.

Momentum is being maintained on an ongoing basis by the senior leadership team who regularly mention the Sharesave scheme at key moments to demonstrate commitment to employees and continue to soften the ground for next year's launch. For instance, when the company's results were announced in early August, the CEO discussed Sharesave at a Town Hall meeting prompting more people to ask questions of the CoSec Team, especially new starters.

The Sharesave portal is also regularly updated with new information so that people at work, on maternity and long-term sickness can easily access the very latest information.

All-in-all, Derwent London's approach to launching its Sharesave scheme demonstrates the impact of comprehensive communications that aim to include absolutely everyone.



We have been extremely pleased with the response we have received from our colleagues to the scheme. It is testament to the careful planning, time and commitment from both the Derwent London team and our Equiniti partners. We would like to thank Equiniti for helping to make our first Sharesave grant such a success

Emma Bester Assistant Company Secretary