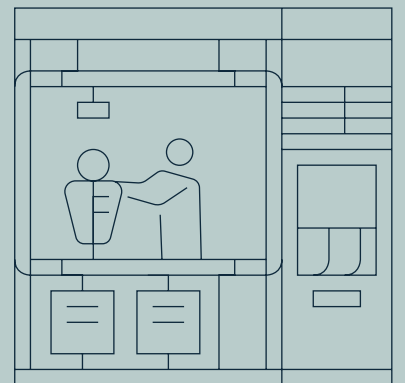
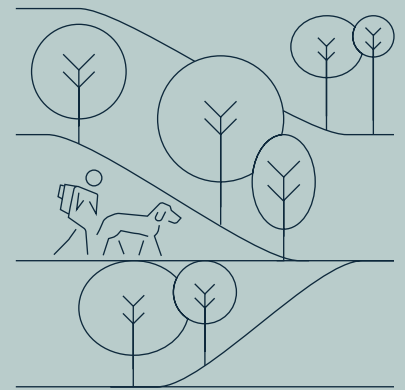
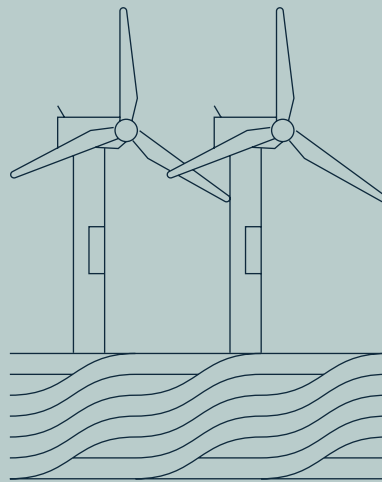


# Sustainability: Performance against our capitals 2019/20



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## OUR CAPITALS



### Natural resources

The natural resources that we manage and use.



### Our people

The skills and experience of our employees.



### Our know-how

Our collective expertise and processes.



### Our networks

Our relationships with stakeholders, including customers, partners and communities.



### Physical resources

The land and property that we own and utilise.



### Financial resources

The financial resources that are available to us to grow our business.

## Assurance

KPMG LLP has provided independent limited assurance over selected data included within our integrated Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](https://www.thecrownestate.co.uk/2020-annual-report-document), using the assurance standard ISAE 3000 and, for selected greenhouse gas data, ISAE 3410. KPMG has issued an unqualified opinion over the selected data and their full assurance statement is available on our website which, together with our Reporting Criteria, should be read in conjunction with the selected data in this report. See both KPMG's opinion and our Reporting Criteria at: [thecrownestate.co.uk/assurance-reporting](https://www.thecrownestate.co.uk/assurance-reporting).

The data subject to KPMG's assurance has been reproduced in this report where you see the symbol

September 2020

# Overview

In this sustainability report we consolidate and add to the information given in our Integrated Annual Report and Accounts 2019/20 (Annual Report) on environmental and social performance. It complements the Annual Report and should be read in conjunction with it. A copy can be found at: [thecrownestate.co.uk/2020-annual-report-document](http://thecrownestate.co.uk/2020-annual-report-document).

This report is structured around our capitals (also referred to as our resources and relationships), which we draw on to create value (see previous page). We rely on the capitals as vital inputs into our business model and draw on them through our activities.

As our Physical and Financial resources are considered in our Annual Report, this report focuses on our performance against the remaining capitals - Natural resources, Our people, Our know-how and Our networks. However, all six capitals are heavily inter-connected and very little of what we discuss in this report could be achieved without also drawing on our Financial and Physical capitals.

Much of the activity reported took place before the arrival of COVID-19. In recognition of its far-reaching implications across our business, in our networks and across the world, the impact of the pandemic has been cited throughout the report as appropriate. A more detailed account of our operational response relating to our customers and wider networks can be found on page 18 of our Annual Report.

## Context to this report

The last reporting year, and in particular the past few months, have seen an extraordinary amount of economic, political and systemic change. Many of the major, long-term trends that have been impacting society, such as climate emergency and technology, have continued and become even more apparent through the effects of COVID-19. Internally we have welcomed a new Chief Executive, Dan Labbad, and have begun a deep review of our purpose, strategy and associated objectives and targets to ensure that the business is best positioned to create value in the widest sense.

For a number of years we have reported against our Aspirations 2030, which were developed to help achieve our strategic objective to be a leading responsible and resilient business which thinks long term. However, whilst we have made good progress against these (see pages 04 and 05), we know we need to be much more ambitious in order to play an active and leading role across all the sectors in which we operate, in support of the UK's transition to net zero carbon.

As a first step, we will shortly be setting out how we will become a net zero carbon business, aligning to the United Nation's Sustainable Development Goals (SDGs) which are referenced overleaf and throughout this report.

# Our capitals

This report covers four of our six capitals. Our people and Our know-how are reported together as they are intricately linked.

We rely on our capitals as vital inputs into our business model and we draw on them through our activities, increasing and diminishing the stock of value in each. By acting carefully, the diminution of value in one capital can positively transform the value in others.

We measure our impact on Natural resources through our Aspirations 2030 (see pages 04 and 05).

Using our Total Contribution methodology we have applied an economic value to a number of non-financial indicators to give a comparable indication of impact.


See impact data on pages 10, 13, 21, 23 and 32.

 For more information see: [thecrownestate.co.uk/total-contribution/methodology](https://thecrownestate.co.uk/total-contribution/methodology)

## Capitals

### Natural resources


The natural resources that we nurture, manage or use to sustain our business, many of which are finite and irreplaceable.

 Read more p06



### Our people and know-how


The individual skills, competencies and experience of our people which create value. Also, our collective expertise and processes which provide us with competitive advantage.

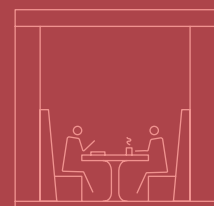
 Read more p20



### Our networks

The relationships we have with stakeholders, including our customers, communities, and partners that are central to our business.


 Read more p29



## Creating value in our capitals


### Delivering optimal working environments, smartly

Smart buildings can reduce energy use, carbon emissions and costs as well as increase productivity.

 [Read more p09](#)


### Waste not, want not

12 restaurateurs trial exciting and innovative solutions to reduce their food waste.

 [Read more p16](#)


### Allotments in the sky

On a rooftop in Regent Street gardeners are creating a haven for wellbeing and biodiversity.

 [Read more p19](#)


### Becoming more diverse and inclusive

By attracting a diverse group of people to our business and our destinations we create value for all.

 [Read more p28](#)

### Ensuring a thriving future for aggregates

Equipping the industry with knowledge and skills for continued success.

 [Read more p35](#)

## Alignment to UN Sustainable Development Goals (SDGs)



Ensure access to affordable, reliable, sustainable and modern energy for all



Make cities inclusive, safe, resilient, and sustainable



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts



Conserve and sustainably use the oceans, seas and marine resources for sustainable development



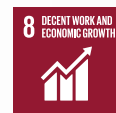
Protect, restore and promote sustainable use of ecosystems, land and forests, and halt biodiversity loss



Ensure healthy lives and promote wellbeing for all, at all ages



Reduce inequality within and among countries



Promote inclusive and sustainable economic growth, employment and decent work for all



Reduce inequality within and among countries

# Our Aspirations 2030
















Our Aspirations are primarily environmental, as are the majority of the targets associated with them. They are discussed predominantly in the Natural resources section of this report on pages 06 to 19. As highlighted on page 01, our Aspirations and the associated targets will be refreshed in the year ahead as part of our internal strategic review and commitment to becoming a net zero carbon business.

Aspirations 2030	Indicator	Target	
Climate action	Carbon intensity	40%	Improve carbon emissions intensity by a further 40% from a 2012/13 baseline for properties under our direct control (by 2022/23)
	Purchased renewables	100%	100% of electricity procured from renewable sources (by 2022/23)
	Renewables generation	8-10GW	Effectively realise value from the natural resources of the seabed (England, Wales and N Ireland), including facilitation of 8-10GW of offshore wind capacity (by 2020/21)
Super-efficiency	Waste generation - developments	6.5t/100m <sup>2</sup>	Aggregated total construction waste generated on completed development projects to be no more than 6.5t/100m <sup>2</sup> (Gross internal area) (by 2022/23)
	Waste recycling - developments	95%	95% of demolition and construction waste generated from major and moderate projects operating under Development Sustainability Principles (DSPs) v3 to be reused or recycled (by 2022/23)
	Waste recycling - managed assets	80%	80% of waste generated from managed assets (where we have operational control) to be reused or recycled (by 2022/23)
Healthy places and habitats	Valuable green space	5,000m <sup>2</sup>	Create at least 5,000m <sup>2</sup> of additional, valuable green space compared to 2012/13 baseline (by 2022/23)
	Sites of Special Scientific Interest (SSSIs)	50%	50% of SSSIs (Windsor) to be in 'favourable' condition, whilst maintaining at least 95% in 'favourable or recovering' condition (by 2020/21)
	Health & Safety - Incident Severity Score	10%	10% year-on-year improvement in Incident Severity Score based on a rolling three-year average

△ Independent limited assurance (see inside front cover)

Key

- Achieved
- On track
- Not on track but achievable
- At risk
- Not achieved
- No data to report

Progress	Status	Alignment to SDGs
<p><b>38%<sup>▲</sup></b> improvement against the 2012/13 baseline (6.1%<sup>▲</sup> year-on-year improvement)</p>	<span style="color: lightgreen;">■</span>	 
<p><b>88%<sup>▲</sup></b> of electricity purchased is from renewable sources</p>	<span style="color: lightgreen;">■</span>	 
<p><b>9.3GW<sup>▲</sup></b> cumulative offshore wind capacity operational (1.6GW<sup>▲</sup> additional capacity achieved over 2019/20)</p>	<span style="color: darkgreen;">■</span>	 
<p><b>11.61t/100m<sup>2</sup></b> no projects were completed in 2019/20</p>	<span style="color: grey;">■</span>	
<p><b>N/A</b> projects working to DSPs v3 are not yet generating waste</p>	<span style="color: grey;">■</span>	 
<p><b>55%</b> of operational waste is recycled</p>	<span style="color: orange;">■</span>	 
<p><b>3,362m<sup>2</sup></b> total valuable green space created to date</p>	<span style="color: orange;">■</span>	
<p><b>100%</b> in favourable condition</p>	<span style="color: darkgreen;">■</span>	 
<p><b>-31%<sup>▲</sup></b> underperformance against the target</p>	<span style="color: darkred;">■</span>	

# Capital:

## *Natural resources*

We all depend on natural resources, not just for our business activity, but for survival, and realise that many are finite or being used at a rate beyond which they can be sustainably renewed. As part of our business activity we manage natural resources of national significance, from the Windsor Estate and our rural holdings, to marine aggregates and the seabed more broadly.

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## Introduction

Recognising the finite and irreplaceable nature of many of our natural resources, we have a responsibility to measure and mitigate our impact on them, to enhance their value within the communities in which we operate, and to be considerate in our use of them. We do this working with our networks (all of our stakeholders, including our customers, communities and supply chain) and know that there is a lot more to do.

The COVID-19 pandemic has helped all of us to appreciate the benefits of the natural environment for our own health and mental wellbeing and to see how different ways of working and lifestyle can transform some of the negative impacts we have had on the environment. The pandemic presents both challenges and opportunities and has reinforced understanding of the interdependencies between the capitals.

### OUR ASPIRATIONS 2030

We are working towards our ambitious sustainability Aspirations 2030, which will help future-proof our business:

#### Climate action

To be climate resilient by 2030, with portfolio decarbonisation and effective climate change adaptation in place.

#### Super-efficiency

By 2030, we will have closed the waste loop using circular economy principles.

#### Healthy places and habitats

By 2030, to be creating healthy places where our customers, employees, communities and natural habitats can thrive.

Our Aspirations 2030 are especially relevant to this part of the report, and it has been structured around them.

It is worth drawing attention to our Development Sustainability Principles (DSPs) v3 at: [thecrownestate.co.uk/DSP-2019](https://www.thecrownestate.co.uk/DSP-2019), launched in May 2019. Although we are a multi-faceted real estate owner, our property development pipeline is material to the consideration of our impact on natural resources and the DSPs set out valuable principles and requirements of the organisations we work with.

We are pursuing greater sustainability outcomes at all stages of our development projects. In this latest version of the DSPs we have placed an emphasis on:

- Resilience – spaces will be flexible and adaptable over the long term
- Efficiency – assets should minimise costs and the use of resources
- Innovation – working in partnership with our supply chain, developments should seek to identify continual improvement
- Customers – buildings will deliver healthy, productive and accessible environments
- Community – developments will have a positive role in, and integrate with, local communities.

## Climate action

In line with SDG 13 (Climate action) we continue to work to mitigate our impact and are committed to working towards achieving net zero carbon. Acknowledging the global urgency of this issue, and the enormity of this undertaking, we will be shortly setting out how we will become a net zero carbon business.

For a number of years we have been working with the offshore wind industry and stakeholders to help achieve a low-carbon energy system and have recently launched Offshore Wind Leasing Round 4 to facilitate the growth of this sector.

In addition, we recognise the need to identify where and how to adapt to climate changes that are already happening. To this end we are working on a voluntary basis towards the recommendations of the Taskforce for Climate-Related Disclosure (TCFD). We have developed a draft roadmap on disclosure and have undertaken some preliminary scenario analysis on our Central London and Regional portfolios. Read more on TCFD on page 35 of our Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](https://www.thecrownestate.co.uk/2020-annual-report-document). Work undertaken on TCFD will result in recommended action to take on strengthening resilience and the adaptive capacity of our portfolio to climate-related hazards.

We have been working for a number of years to adapt in different parts of our portfolio, for example on the Windsor Estate where we have been growing tree species which are more resilient to expected climate changes. Likewise, across the rural portfolio we have been investing in drainage schemes to improve resilience (over £1.5 million since 2014). Benefits have already been seen by our customers on the Ellington Estate through improved soil health and crop yields.

In the summer of 2019, and for the first time in the UK, 3.2 million tonnes of sand from the seabed was placed on the coast in north Norfolk to create the Bacton to Walcott Sandscaping scheme. This has been designed to protect the Bacton gas terminal and nearby coastal villages from coastal erosion, and represents a 'first of a kind' engineering solution in the UK. Working with nature, over time the sand will be moved naturally by currents and tides to continuously replenish the beaches of neighbouring villages. With a design life of 20 years it provides a high level of protection and gives the community vital time to plan for the future.

Our involvement in the £20 million project was as programme initiator and joint developer, delivering research, engaging stakeholders, as well as providing a new regulating lease for the enlarged beach. The sand used to replenish the beach was supplied from Crown Estate dredging licences.

### NEXT STEPS

- Set out our commitment and approach to achieving net zero carbon for the business
- Extend climate change physical risk analysis to other parts of the portfolio (TCFD)
- Assess climate change transition risk in moving towards a 1.5 degree Celsius scenario (TCFD)

## CAPITAL: NATURAL RESOURCES

*continued*

### Energy and carbon

In line with our net zero carbon agenda our priorities are to reduce our energy intensity and to better understand, and account for, our Scope 3 emissions (indirect emissions from our value chain). We will be working more on both over the coming year.

For transparency, our reporting shows progress against our Aspiration 2030 – climate action targets and is in line with regulatory requirements and stakeholder expectations. Our reporting on energy and carbon will increase as we work to achieve net zero carbon. The methodology applied to the quantification and reporting of our data, is given in the green panel opposite.

### Energy use

Energy use across the whole of our managed portfolio has increased by 2% this year (see table below). Properties leave the portfolio for redevelopment and those replacing them, whilst designed for energy efficiency, are generally larger and more sophisticated, to meet changing occupier needs and expectations. This has an impact on energy use.

A significant driver to the increase in energy use was the 11% year-on-year increase in fuel use (principally gas). Contributing factors include: occupation of properties following refurbishment, letting of vacant floorspace, changes to major plant and to customer working routines, alongside data anomalies which are being investigated as a priority.

On a like-for-like basis we have achieved a 9% reduction in energy use. Like-for-like properties are those which have been consistently in operation (and not under development) during the most recent two reporting years. Like-for-like performance shows the change in performance unrelated to fluctuations in portfolio size and refurbishment or redevelopment, as opposed to absolute energy performance.

Energy intensity (kWh per sq m) (based on floor space) has increased by one indexed point to 94 points. This increase largely reflects the number of properties coming back into the portfolio through our development pipeline in recent years.

In accordance with Streamlined Energy and Carbon Reporting (SECR) we report energy efficiency measures taken during the reporting year with associated savings. In the 2019/20 financial year the Central London portfolio realised energy savings of approximately 2,597MWh (£310,000 in cost savings) as a result of building management system (BMS) optimisations, improved maintenance programmes, energy management awareness amongst customers, lighting retrofits and replacements. We have identified a number of additional energy efficiency measures and will report on these next year.

A Smart Optimisation programme carried out at Rex House, on Regent Street, in 2018/19 has yielded a number of different benefits, including reduced gas and electricity use over 2019/20 (read more in the case study on next page).

A reduction in energy consumption is key to the achievement of net zero carbon. Shortly we will be setting out how we intend to become a net zero carbon business which will include ways to improve efficiency and ambitious targets.

### NEXT STEPS

- Improve accuracy and quality of energy data collection

### METHODOLOGY

We quantify and report our organisational Greenhouse Gas (GHG) emissions according to the GHG Protocol, using the operational control approach. Energy use data has been collated and converted into carbon dioxide equivalent (CO<sub>2</sub>e) using the UK Government 2019 Conversion factors for Company Reporting and the International Energy Agency (IEA) international electricity conversion factors, in order to calculate emissions from corresponding activity data.

This report has been prepared in accordance with the GHG Protocol's, Scope 2 Guidance. We have therefore reported both a location-based and market-based Scope 2 emissions figure (and Scope 3 where applicable). The Scope 2 market-based figure reflects emissions from electricity purchasing decisions that we have made. When quantifying emissions using the market-based approach we have used a supplier specific emissions factor where possible. If these factors were unavailable, a residual mix emissions factor was then used and, as a final alternative, a location-based grid emissions factor was used.

More information can be found in our Environmental Reporting Criteria at: [thecrownestate.co.uk/environmental-reporting-criteria](http://thecrownestate.co.uk/environmental-reporting-criteria).

See pages 10 and 11 for our total emissions using the location- and market-based Scope 2 accounting methodologies.

### Energy use – absolute

Source	(MWh)			Like-for-like (MWh)		
	2018/19	2019/20	Year-on-year % change	2018/19	2019/20	Year-on-year % change
Electricity	69,481	<b>68,073</b>	(2)%	59,076	<b>55,018</b>	(7)%
Fuel	34,588	<b>38,293</b>	11%	24,024	<b>20,880</b>	(13)%
<b>Total</b>	<b>104,069</b>	<b>106,366</b>	<b>2%</b>	<b>83,100</b>	<b>75,898</b>	<b>(9)%</b>
Number of Assets	158	<b>158</b>	0%	127	<b>125</b>	(2)%

<b>Energy Intensity (indexed kWh/m<sup>2</sup>) (2012/13 baseline – 100 indexed points)</b>	<b>93</b>	<b>94</b>	<b>1</b>
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#### Data note:

The data in the above table reflects emissions from our direct-managed properties within our Central London and Regional portfolios and the main commercial buildings at Windsor Great Park. It represents circa 38% of the total floor area of properties within these portfolios.



51 tCO<sub>2</sub>e p.a.

expected saving as a result of decreased energy use.

£22,000 p.a.

expected savings as a result of decreased energy demand.

97%

potential productivity due to optimal working environment.

## CASE STUDY

### Creating value in our capitals

# Delivering optimal working environments, smartly

Smart buildings can reduce energy use, carbon emissions and costs, as well as deliver a better experience for those who use the space, resulting in increased productivity.

In 2019 this was tested at Rex House, an office building in St James's, part of our Central London portfolio. Working with Carbon Intelligence and BNP Paribas Real Estate, we developed The Smart Building Optimisation Programme designed to drive energy savings whilst improving wellbeing on-site and reducing complaints and site call-outs.

12 IoT (Internet of Things) sensors were installed to monitor CO<sub>2</sub>, temperature, humidity, light and motion, elements which are known to impact running costs, productivity and wellbeing. Each sensor sends a live flow of data to Carbon Intelligence's online analytics platform, ADAPT. Using machine learning and engineering analysis of the data, we were able to identify and visualise inefficiencies in the building's operations, which in turn informed a programme of optimisation actions.

A revised plant-running schedule now ensures the building is only using energy during the hours it really needs to.

The speed at which water is pumped around the building is reduced where possible to lower energy consumption. The temperature of the external air brought into the building is more accurately increased or decreased to maintain a more consistent temperature inside. And the management team now uses real time data to identify office temperature changes and can make immediate adjustments.

Together, these actions have had a significant impact:

- energy use has decreased – gas by 10% and electricity by 8% over one year which is expected to save £22,000, and 51 tonnes of CO<sub>2</sub>e, per year (as at 31 March 2020)
- maintaining optimum CO<sub>2</sub> levels has ensured that productivity potential is close to as high as it can be, at 97%
- the team which runs the building now has a dynamic, real-time system with which to deliver an optimal working environment for our customers.

## CAPITAL: NATURAL RESOURCES

continued

Carbon dioxide emissions (direct-managed portfolio)

### Carbon emissions: Scope 1, Scope 2 (location-based) and Scope 3 (tCO<sub>2</sub>e)

	Emission Source	tCO <sub>2</sub> e				
		2015/16	2016/17	2017/18	2018/19	2019/20
Scope 1	Direct emissions from fleet and heating of buildings	5,868	5,906	5,663	6,678	7,457 <sup>▲</sup>
Scope 2	Emissions from generated electricity usage	11,221	12,621	14,542	11,738	9,247 <sup>▲</sup>
Gross Scope 1 and 2		17,089	18,527	20,205	18,416	16,704
Scope 3	Emissions from business travel	265	208	188	178	181
	Indirect emissions - evidenced customer-purchased energy	15,840	13,109	8,722	8,048	8,232
	Indirect emissions - electricity transmission distribution losses	927	1,142	2,163	1,677	1,477
<b>Total Scope 3</b>		17,032	14,459	11,073	9,903	9,890 <sup>▲</sup>
<b>Gross Scope 1, 2 and 3</b>		34,121	32,986	31,278	28,319	26,594 <sup>▲</sup>
<b>Emissions Intensity (indexed kg CO<sub>2</sub>e)</b>						
New methodology (indexed at 100 points at the 2012/13 baseline)		N/A	87	78	66	62 <sup>▲</sup>
Old methodology (indexed at 100 points at the 2012/13 baseline)		89	82	N/A	N/A	N/A

#### Data notes:

The above data reflects emissions from our directly-managed portfolio (within Central London, Regional and Windsor office and workshops). It represents circa 38% of the total floor area of buildings within these portfolios.

The 2016/17 emissions intensity figure was restated from 82 to 87 as a result of work undertaken on the methodology to increase accuracy and reduce complexity.

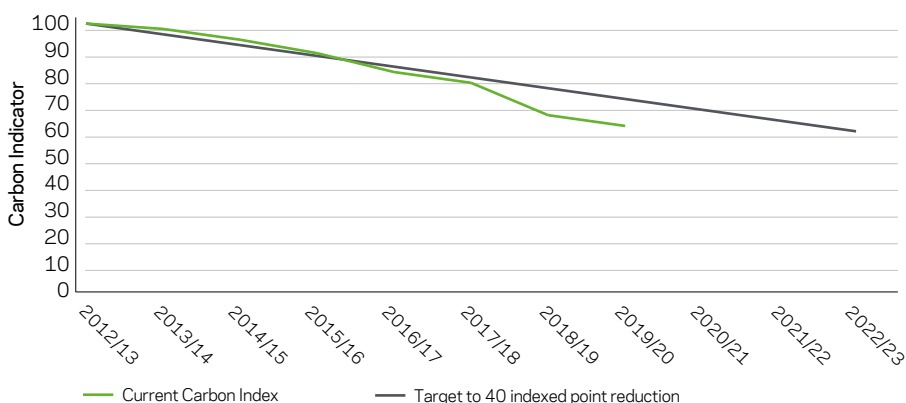
In accordance with the GHG Protocol's Scope 2 Guidance we have reported both location-based and market-based Scope 2 emissions figures (and Scope 3 where applicable).

For a more detailed breakdown of the table above, see Annex 1 on page 37.

Location-based methodology: under this methodology, emissions from electricity usage are calculated in accordance with the spread of energy sources in the National Grid over the year (e.g. fossil fuels and renewables). As the grid has increasingly been decarbonised so our associated emissions have decreased. Therefore, any decrease in our emissions has been due to a combination of energy saving measures and, increasingly, grid decarbonisation.

We are on track to achieve our target of a 40% reduction in carbon emission intensity (against floor space) from a 2012/13 baseline, by 2022/23. This is indicated in the penultimate line of the table above by the Emissions intensity score of 62<sup>▲</sup> indexed points against a baseline of 100, reflecting year-on-year improvement of 6.1%<sup>▲</sup>. Again the reduction has been due, mainly, to the decarbonisation of the grid.

### Carbon emissions intensity: progress against target



#### Data note:

The unit of measurement for the Carbon Index is as follows: CO<sub>2</sub>e/m<sup>2</sup> adjusted to serviced floor area and for occupancy. Indexed to 100, with the aggregation weighted by absolute impact on the total portfolio emissions.

<sup>▲</sup> Independent limited assurance (see inside front cover)

THE CROWN ESTATE

Sustainability: Performance against our capitals 2019/20

### IMPACT

#### Greenhouse gas (GHG) emissions

16,704 tCO<sub>2</sub>e

tonnes of CO<sub>2</sub>e emitted (Scopes 1 and 2). (2018/19: 18,416 tCO<sub>2</sub>e).

#### Impact of GHG emissions

£1,069,056\*

Value of the negative impacts and associated social costs resulting from increased concentrations of atmospheric GHGs. (2018/19: £1,178,595).

\*The impact figure reflects a methodological adjustment relating to an increased cost now applied to the social cost of carbon. The 2018/19 figure has been restated accordingly to enable meaningful comparability.

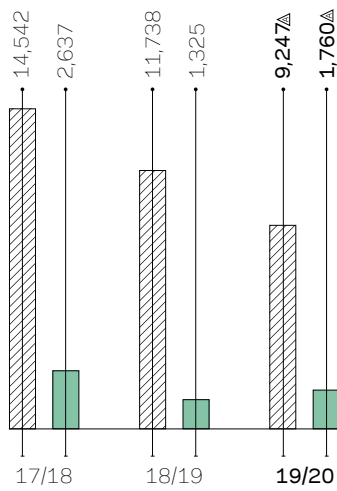
For more information see: [thecrownestate.co.uk/total-contribution/methodology](https://www.thecrownestate.co.uk/total-contribution/methodology)

Market-based methodology: under this methodology, the sources of energy purchased (e.g. renewables) are taken into account in the calculation of actual emissions released into the atmosphere. Of electricity purchased over the year, 88%<sup>▲</sup> (2018/19: 81%) was from renewable sources. This significantly reduces our actual emissions (see charts below).

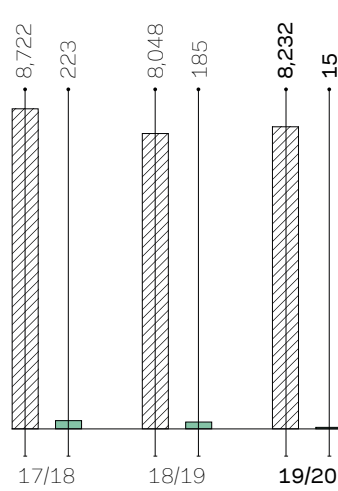
Our target is to procure 100% of our electricity from renewable sources by 2022/23. We already procure some gas from renewable sources but recognise that the renewable gas market is not yet as mature as that of renewable electricity.

**Emissions using the market-based methodology compared to the location-based methodology (tCO<sub>2</sub>e)**

**Scope 2**



**Scope 3 (customer-purchased energy only)**



▨ Location-based carbon emissions  
 ■ Market-based carbon emissions



**88%<sup>▲</sup>**

of our electricity is purchased from renewable sources.

<sup>▲</sup> Independent limited assurance (see inside front cover)



**CAPITAL: NATURAL RESOURCES**  
*continued*

**The bigger picture – understanding our Scope 3 emissions**

As with our peers, the direct impacts of our operations are small compared with our overall carbon footprint. While we will continue to reduce our direct Scope 1 and 2 emissions, we also understand the importance of addressing our Scope 3 emissions (those occurring up and down our value chain) (see the panel below for definitions).

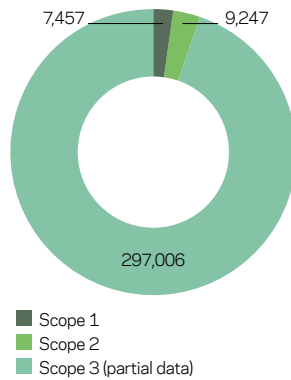
**CARBON EMISSIONS – SCOPES**

- Scope 1 – Direct GHG emissions from sources owned or controlled by the business, e.g. combustion in boilers or owned vehicles or process equipment
- Scope 2 – Indirect GHG emissions from the generation of purchased electricity. Emissions physically occur at the facility where electricity is generated
- Scope 3 – Other indirect emissions as a consequence of the activities of the business, but occur from sources not owned or controlled by the business, e.g. business travel

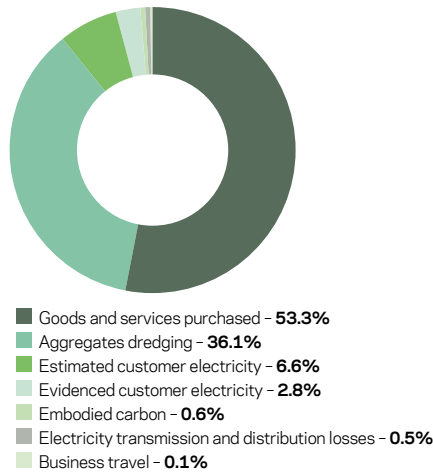
Scope 3 is a challenge for all organisations, in both understanding the impacts and recognising the ability to make improvements. We are beginning to investigate our most material Scope 3 impacts through engagement with our supply chain and our customers. We know our construction activity has a significant impact, especially with regard to embodied carbon, and are addressing capture of this data through the DSPs v3. However, we are at a very early stage with all of this. Data capture will form part of our net zero carbon roadmap.

The chart at the top of the page gives a partial indication of the extent of our Scope 3 emissions, using the data we currently have. Scope 3 emissions are currently calculated as 297,006 tCO<sub>2</sub>e for 2019/20. They begin to show the very small amount of emissions we have some control over and on which we report (see carbon data on previous pages). Scope 3 elements not yet taken into account include other activities we licence on the seabed and on our Rural holdings.

**Carbon emissions by Scope (tCO<sub>2</sub>e)**



**Composition of Scope 3 emissions (partial data) (297,006 tCO<sub>2</sub>e)**



Our wider portfolio offers us a unique opportunity to play a bigger role in addressing climate change. For example, through our forestry programmes on The Windsor Estate we sequester carbon (56,000 tCO<sub>2</sub> per annum), while our facilitation of offshore wind generation enables emissions to be avoided (currently 13,096,350 tCO<sub>2</sub>e per annum). We recognise that these activities are not necessarily formal Scope 3 reductions but are an important aspect of our total contribution.

It is clear that achievement of net zero carbon will require coordination between our action on TCFD, Science-based targets (work on which has provided data on our goods and services purchased) and our customer emissions. We are defining the different stages, scopes and boundaries of our net zero carbon ambition, and reviewing our business processes, in order to achieve the required reduction in carbon emissions over the coming years.

**297,006 tCO<sub>2</sub>e**

relating to Scope 3 emissions for 2019/20 (partial data).

**56,000 tCO<sub>2</sub>**

sequestered per annum by forestry on The Windsor Estate.

**13.1million tCO<sub>2</sub>e**

currently avoided per annum through offshore wind energy generation.

**Renewables**

**Onshore renewables**

We generate a minimal amount of renewable energy on our directly-managed portfolio, primarily through the installation of solar panels. Although this has not been straightforward, due to complications with historic lease structures and the configuration of the roofs (particularly in central London), we are exploring new opportunities with our Regional portfolio customers. However, we do install solar panels on the roofs of our new developments amongst chiller units, roof-top planting and bug hotels. The amount of energy generated in 2019/20 was 743MWh. This compares to a much lower amount of 83MWh in the prior year, largely attributable to the unavailability of data. Of the 743MWh, 589MWh was from solar power and 153MWh from a fuel cell (since decommissioned).

**NEXT STEPS**

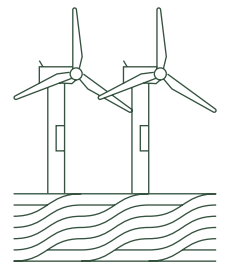
- Explore opportunities for on-site renewables across the real estate portfolio

**Offshore renewables**

We play a fundamental and active role in supporting the UK's world-leading offshore wind industry. We facilitate the industry by identifying and leasing suitable seabed sites for development, as well as working with partners to build evidence, share data and support innovation to enable the responsible growth of the sector.

During 2019/20, operational capacity in the UK offshore wind sector increased from 7.7GW to 9.3GW<sup>▲</sup> (an increase of 1.6GW<sup>▲</sup>), meeting our own internal target set in 2015 to achieve 8-10GW by 2020. Further insights about the UK's offshore wind sector can be found in our Offshore Wind Operational Report [thecrownestate.co.uk/osw-ops-report-2019](http://thecrownestate.co.uk/osw-ops-report-2019) which demonstrates how the sector continues to lead the world in installed capacity, data-gathering, skills and health and safety.

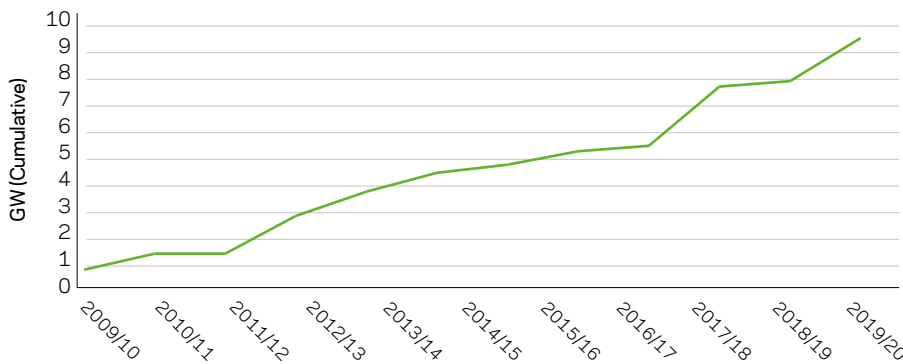
In September 2019 we launched Offshore Wind Leasing Round 4, our first major new leasing round in a decade, creating the opportunity for at least 7GW of new projects around England and Wales. It is clear offshore wind will continue to play an important role in the transition to net zero, and contribute significantly to SDG 7 (Affordable and clean energy).



**9.3GW**

of cumulative operational capacity achieved against a target of 8-10GW by 2020/21 (2018/19: 7.7GW).

**Cumulative GW value of offshore wind turbines installed per year**



**Data note:**

Data from 2014/15 shows GW capacity from turbines installed and operating (i.e. grid connected). Previous years' data included those installed but not yet operating.

**IMPACT**

**Greenhouse gas (GHG) emissions avoided (enabled)**

**32.7 TWh**

enabled terrawatt hours of offshore renewable energy generated over 2019/20. (2018/19: 25.3 TWh).

**Impact of GHG emissions avoided**

**£838.2m\***

Value of the positive impacts and associated social benefits resulting from reduced concentrations of atmospheric greenhouse gases. (2018/19: £648.5m\*).

\*Updated methodology applied - to reflect increasing renewable energy in the National Grid. 2018/19 figure has been restated accordingly to enable meaningful comparability.

For more information see: [thecrownestate.co.uk/total-contribution/methodology](http://thecrownestate.co.uk/total-contribution/methodology)

<sup>▲</sup> Independent limited assurance (see inside front cover)

## CAPITAL: NATURAL RESOURCES

*continued*

### Super-efficiency

Efficient use of all natural resources is critical to their continued availability. In line with SDG 12 (Responsible consumption and production), we are endeavouring to apply circular economy principles and greater consideration of natural resource use across our business, and encouraging the same of our customers and within our supply chain.

### Building materials

In support of our Development Sustainability Principles (DSPs) v3 we have developed a materials matrix which provides a framework for our supply chain to deliver responsible sourcing of materials for our developments. The matrix categorises a wide range of materials and finishes against standards, social responsibility, traceability, different emissions and resource efficiency in accordance with circular economy principles.

In our building fit-out guides we specify and encourage careful consideration of use of all resources.

### Waste

Our waste reporting is split between operational and construction waste. Having achieved 100% diversion of waste from landfill for waste from our occupied properties for at least three years, we have been focusing on the recycling of waste. However, the generation of waste has not abated and we are working with our customers to address this and intend to set a waste intensity (tonnes per sq m) target as part of our review of non-financial targets.

### Operational waste

Operational waste is defined as waste generated as a result of our direct activities or those of our customers where the disposal of waste is under our management (covering the Central London and Regional portfolios, and the Windsor Estate). Of our operational waste, 100% was diverted from landfill and of this 55% was recycled against a target of 80% by 2022/23. We currently operate a waste consolidation scheme with three consolidation centres. The scheme serves 300 customers across our Central London portfolio, and alongside removing waste, provides waste and recycling data back to our customers to aid their own waste reduction ambitions.

We encourage our customers to use our waste contractors so that we can monitor waste generation and end disposal routes. However, some are already using their own contractors for recycling and ours for non-recyclable waste, which makes it difficult to improve the recycling percentage (in the table below both Recycled and Anaerobic digestion are considered recycled waste).

Over the past year we have worked with some of our customers in the fashion sector. At an event with a focus on waste and circularity a number of our customers shared detail on their initiatives and goals. Together we looked at the potential for scalability with other customers in the same geographical area and explored carbon footprint reduction challenges.

Working with the Sustainable Restaurants Association (SRA), we launched the Food Waste Pledge in May 2019, bringing together 12 restaurants to trial exciting and innovative solutions to reduce their food waste by 25% in a year. Read more about the Food Waste pledge in our case study on page 16.

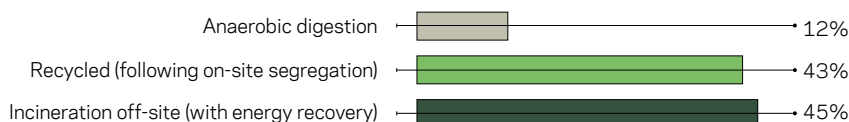
### Operational waste generated (tonnes) and disposal route

	2015/16	2016/17	2017/18	2018/19	2019/20
Waste generated from buildings where we collect the waste (tonnes)	6,792	7,523	6,281	8,297	8,465
Percentage of non-hazardous waste diverted from landfill	99%	100%	100%	100%	100%
<b>Waste Disposal Route</b>					
Landfill (Non-hazardous or inert)			0%	0%	0%
Incineration off-site (with energy recovery)			47%	46%	45%
Recycled (following on-site segregation)			50%	48%	43%
Anaerobic digestion			3%	6%	12%
Re-use off-site			0%	0%	0%
<b>Waste Cost</b>					
Avoided landfill costs (£) <sup>1</sup>	561,016	654,184	540,794	738,018	773,278

#### Data note:

1. Avoided waste costs for 2019/20 are based on landfill tax of £91.35 per tonne.

### Operational waste - end disposal breakdown 2019/20





## Construction waste

Construction waste is defined as waste generated by our construction partners working on our behalf. The data in the table below does not include demolition waste. However, all development projects working to our newest version of the Development Sustainability Principles (DSPs) v3 published May 2019, are required to collect demolition waste data and it will be reported in future years, as new construction projects commence.

### Construction waste generated (tonnes) and diverted

	2015/16	2016/17	2017/18	2018/19	2019/20
Construction waste generated	4,247	2,350	2,007	2,830	<b>3,628</b>
Number of projects	8	10	14	10	<b>4</b>
<b>Diversion from Landfill</b>					
% diverted from landfill	96%	95%	98%	89%	<b>94%</b>
<b>Waste Cost</b>					
Avoided landfill costs (£)	338,528	187,791	170,125	224,046	<b>310,375</b>

Despite the lower numbers of projects in 2019/20, there was an increase in waste, reflecting the different development stage of projects in both years.

In the DSPs we have set high expectations of future construction projects (major and moderate) and seek to ensure that circular economy measures are embedded into the design and specification stages of developments. We recognise that a lot of work is required with regard to systems and processes, in both the construction and waste industries, before the following requirements become standard practice.

- 98% of non-hazardous CDE (construction, demolition and excavation) (including fit-out) waste diverted from landfill.
- 95% of non-hazardous CDE (including fit-out) waste reused or recycled.
- Depending on use class – between 3.2 and 4.9 tonnes/100m<sup>2</sup> gross internal area (GIA) of non-hazardous construction waste generated.

### Applying circular economy principles in the offshore wind industry

Looking more broadly across our business to activity on the seabed, and outside of our direct operational control, we have engaged with the offshore wind sector on circular economy principles. In October 2019 we hosted our first offshore wind decommissioning day for customers, as well as regulators and government stakeholders, in collaboration with Offshore Renewable Energy (ORE) Catapult.

The aim of the day was to start the conversation on offshore wind decommissioning and the importance of circular economy in the sector. We looked at the value and recovery of materials offshore, the value of the opportunity and the resource savings of recycling materials against materials from virgin sources. As a result it was agreed that the industry should collaborate to bring decommissioning costs down and focus on how to recycle turbine blades.

### NEXT STEPS

- Set an operational waste intensity target (tonnes per sq m)
- Explore opportunities with the offshore wind industry to progress action on decommissioning



## CASE STUDY

### Creating value in our capitals

# Waste not, *want not*

In May 2019, we launched the Food Waste Pledge, bringing together 12 like-minded restaurateurs from across our West End property portfolio, as well as our own in-house café, who together pledged to reduce food waste by 25% in a year. The project was inspired by the SDG 12 (Responsible consumption and production), which has a target to reduce food waste by 50% per capita by 2030.

Partnering with the Sustainable Restaurant Association, we have delivered a programme of workshops and training to support the restaurants in making the pledge a reality, which has already led to a range of innovations including:

- Chefs reinventing menus and creating entirely new dishes, which incorporate previously discarded ingredients such as off-cuts, peelings and parts of vegetables that would previously have gone to waste, without compromising on quality
- Reducing bread waste by 50%, simply by removing table baskets and offering customers as much bread as they like
- The provision of boxes for diners to take away leftovers
- Challenging suppliers to rethink their offering and packaging
- Designing more informative menus to raise awareness amongst diners of the food waste issue.

Data collected throughout the programme has identified that most food waste is created during preparation (45%) followed by plate waste (34%) and spoilage (21%). Insights such as this could help inform other restaurateurs who share a desire to reduce food waste. Although the COVID-19 pandemic caused restaurants to close in mid-March, bringing the Food Waste Pledge to a premature end, we have collected 10 months of data and will share the results later this year in a bid to contribute to the industry's understanding of how food waste can be reduced.

We would like to thank the customers who took part in the Food Waste Pledge: Café Murano, Brasserie Zedel, Hawksmoor Air Street, ikoyi, Laurent, Hotel Café Royal, Neat Burger, Ristorante Frescobaldi, tibits, Sabor, Scully, Sketch, Ziggy Green and Vacherin, The Crown Estate's in-house café supplier.

Through this project we hope to inspire more of our customers and other partners to help reduce food waste.

## Water

Whilst our water consumption is not considered material compared to some of our other impacts, we recognise that many of our properties are in water-stressed areas. Our customer fit-out guides encourage occupiers to minimise water consumption and to use water-efficient fittings. Our DSPs set requirements for design-in-use and construction projects.

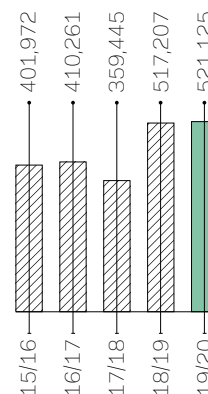
The following data relates to water consumption from our directly-managed portfolio where we have the readings. Our direct water consumption totalled 521,125m<sup>3</sup> over the year, representing an increase of 3,918m<sup>3</sup> on that of 2018/19 (see the footnote to the table below).

We are working to improve data accuracy at Windsor, and where water consumption fluctuates depending on the amount of rainfall in the watering season.

We also report consumption from development projects. Indirect water consumption reduced dramatically during 2019/20. Not only were there fewer projects but the projects were at stages of development which did not demand the consumption of much water.

## Absolute water consumption (m<sup>3</sup>)

# 521,125



## Water - absolute consumption (m<sup>3</sup>)

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Water consumption (direct)</b>					
Windsor	173,171	138,753	137,481	140,843 <sup>1</sup>	<b>161,477</b>
Central London and Regional portfolios	228,801	271,508	221,964	376,364	<b>359,648</b>
Total water consumption	401,972	410,261	359,445	517,207 <sup>1</sup>	<b>521,125</b>
Number of Central London and Regional properties included in analysis	75	72	66	73	<b>75</b>
<b>Water consumption (indirect)</b>					
Construction projects	N/A	N/A	N/A	49,270	<b>1,971</b>
Number of projects included in analysis	N/A	N/A	N/A	9	<b>4<sup>2</sup></b>

### Data notes:

- 2018/19 water consumption at Windsor was restated to 140,843m<sup>3</sup> from 78,660m<sup>3</sup> as a result of a broken meter discovered after we had reported last year. The total water consumption for the year has been restated from 455,024m<sup>3</sup> to 517,207m<sup>3</sup> accordingly.
- Development projects - Fosse Park Food Central, Fosse Park West, Morley House and Remo House.

## Water source

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Water consumption (m<sup>3</sup>) (direct use)</b>					
Water from municipal water supplies	401,972	410,261	359,445	517,207	<b>521,125</b>
Water from rainwater harvesting	2,004	3,551	8,668	6,922	<b>11,745<sup>1</sup></b>
Total water withdrawal	403,976	413,812	368,113	524,129	<b>532,870</b>
<b>Water abstraction from Windsor (m<sup>3</sup>) (indirect use)</b>					
Indirect	35,314	20,790	29,441	60,508	<b>36,013</b>

### Data note:

- Rain water harvesting data relates to 1 and 2 St James's Market, One Eagle Place and One Vine Street.

## NEXT STEPS

- Benchmark water consumption across the real estate portfolio and set reduction targets
- Improve the accuracy of water data at Windsor

## CAPITAL: NATURAL RESOURCES

*continued*

### Healthy places and habitats

Across our portfolio we aim to add greenspace and enable increased biodiversity, especially in the built environment. Our work, with that of others, contributes to SDGs 11 (Sustainable Cities and Communities), SDG 15 (Life on Land) and SDG 14 (Life below water).

Throughout the pandemic Windsor Great Park has been of great value to the local community. COVID-19 has helped all of us to value the natural environment for our own health and mental wellbeing, appreciating the interdependencies even more clearly. Lockdown has also been beneficial for flora and fauna due to cleaner air and less noise and disruption. Conversely, there are likely to have been issues with invasive species and lack of necessary maintenance which will need to be addressed in due course.

COVID-19 is driving the reconsideration of the future of our urban places in particular. The real opportunity is to deliver a long-term change to the environment, and air quality with regard to the volume and movement of traffic in the urban environment. This will have to be a collective effort and will require systems thinking.

### Healthy places

#### Air quality

We are focused on improving air quality wherever we can, by reducing and consolidating deliveries, restricting commercial traffic to designated time windows and cutting back on personal deliveries. In central London we are doing this in part by reducing vehicle movements through waste and delivery consolidation schemes, and on development sites through sustainable procurement plans. Our retail freight consolidation scheme covers 46 locations across Regent Street. Since 2013 it has contributed to a reduction in deliveries to participating customers in these locations of over 90%.

Across our Regional portfolio a sustainable travel programme is underway to support our customers to reduce single car occupancy journeys to our destinations through lift-sharing apps, providing cycling facilities and education about alternative methods of transport. A bespoke app hosts sustainable travel information for each of our locations, including live feeds to public transport timetables and updates.

#### Wellbeing

The Marq, a property in St James's, London, has become the first new-build project in the UK to achieve both a BREEAM New Construction 'Outstanding' rating and WELL Gold Certification for the base build of the scheme, relating to the office space.

We are targeting Well Ready certification on all of our major office developments which will involve closer customer liaison and result in better indoor air quality and more indoor biophilia e.g. green walls. Working with our partners and supply chain, we will continue to challenge ourselves to achieve these high standards in future developments and ongoing operations.

In recognition of our commitment to sustainability, Regent Street achieved first place in its peer group and Global Sector Leader status in the annual Global Real Estate Sustainability Benchmark (GRESB). It also achieved eighth place in the 'New Construction' section against 379 global peers. We were particularly pleased that our Regent Street, St James's and Regional portfolios all scored full marks in the new Health and Wellbeing questions added this year.

### Healthy habitats

#### Wild West End

As a founder partner we continue to play an integral role in central London's Wild West End, a partnership of neighbouring landowners and other stakeholders working to create new, valuable green spaces and increase biodiversity in urban corridors between London's parks. For more information - [wildwestend.london/vision](http://wildwestend.london/vision). Good green space also improves air quality, sequesters carbon dioxide, retains rainwater, provides urban cooling and enhances a sense of health and wellbeing.

Since 2017/18 we have developed a total of 3,362 sq m of new green space in central London, keeping us on track to achieve our target of 5,000 sq m by 2022. The abundance of flora and fauna (including bats, birds and insects) are monitored every two years using established methodologies and any issues are identified with recommendations for action.

Wild West End also provides a healthy place for the customers in Regent Street and the surrounding streets in the form of rooftop allotments (read more in our case study on the next page).

We are exploring the potential to use Wild West End as a framework for central London public realm activity and on our Regional portfolio. All current landscaping proposals have a net positive effect on the biodiversity baseline value of our sites and we will target improvement. We are also looking to achieve biodiversity net gain through developments at Fosse Park, Rushden Lakes and East Hemel.

### Natural capital accounting

In 2019 a study was undertaken to estimate the value of ecosystem services at the Windsor Estate. The conservative value of these services to our customers and adjacent communities was calculated at £21 million per annum. This study can be found at [thecrownestate.co.uk/valuing-windsor-estate](http://thecrownestate.co.uk/valuing-windsor-estate).

### Sites of Special Scientific Interest (SSSIs)

On the Windsor Estate we have over 2,400 hectares of designated SSSIs. These were assessed by Natural England last year as 100% in 'favourable condition', outperforming our target of 50% in 'favourable condition' and 95% in 'favourable or recovering condition'. The challenge is to maintain this status until the next assessment (at least three years away).

### Habitat retention on the seabed

As manager of the seabed around England, Wales and Northern Ireland we need to optimise the increasingly scarce space on the seabed given the many varying demands. Consideration of biodiversity is integral to our decision-making and we work closely with many stakeholders to understand the implications for biodiversity of activities which we enable.

We also ensure the sectors we work with are aware of the potential interactions their projects have on designated areas to inform their decision-making. This has been a consideration in our approach to Offshore Wind Leasing Round 4 (read more on page 9 of the Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](http://thecrownestate.co.uk/2020-annual-report-document)).

During the year we granted a licence to seed a two hectare (20,000 sq m) area of the seabed with seagrass in a pilot scheme in Dale near Milford Haven in Pembrokeshire. Over the next three to five years, the benefits to the environment should include carbon sequestration and marine habitat formation.

For information on how we are working to protect the natural environment in Wales and on the surrounding seabed, see the Biodiversity and Resilience of Ecosystems Report (Wales) 2019 report online at: [thecrownestate.co.uk/biodiversity-report-wales](http://thecrownestate.co.uk/biodiversity-report-wales) and, for the version in Welsh at: [thecrownestate.co.uk/biodiversity-report-cymru](http://thecrownestate.co.uk/biodiversity-report-cymru).

### NEXT STEPS

- Identify opportunities for the development of green infrastructure across the portfolio





## CASE STUDY

### Creating value in our capitals

# Allotments *in the sky*

Seven storeys up on a rooftop in Regent Street a team of gardeners are creating a haven for wellbeing and biodiversity.

In the spring of 2016, along with our managing agent JLL, we established the Regent Street rooftop Allotment Garden. It is an example of the positive link between green space, biodiversity, fresh food and wellbeing.

The 16 table top allotments and one large communal herb table give 48 of our team and customers the opportunity to grow their own food throughout the year. The gardeners, most of whom start as complete novices, are guided by professional gardeners who help them gain confidence in growing a wide variety of herbs such as sage, thyme and tarragon, as well as fruit and vegetables such as lettuce, tomatoes, peppers and strawberries.

They can also learn new skills through workshops such as the 2019 Winter Allotment workshop, run by Head Gardener, Jo Ryan, and Edwin Ballogen from the Sustainable Cookery School.

Gardeners have reported that the allotment is a great boost for their health and wellbeing. They gain a sense of satisfaction from growing their own food and learning new skills; and they see the allotment as a place where they can recharge their batteries, enjoy the peace and calm and take time out of busy working days for relaxation and contemplation.

People are not the only ones who benefit. The space provides a healthy habitat for biodiversity, with bees from our apiary – located close by on another roof – regularly visiting and pollinating crops. Ladybirds, butterflies and small birds such as pied wagtails also enjoy visiting the allotment. This helps contribute to the aims of Wild West End, a partnership to encourage wildlife into this busy area of London, and create greater connections with nature for people to enjoy.

In providing spaces such as these, we are using our physical resources to deliver wellbeing value to our people and our customers, and a thriving habitat for wildlife.

# Capital:

## *Our people and know-how*

Our people strategy is based around five key themes: inclusive culture; brilliant place to work; enable and reward successful performance; learning driven environment; and agile and talented people. Its objective is to nurture a high-performing culture and create the best possible working environment for everyone, so that we can all be our best.

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Diversity and inclusion (D&I)	24
Learning and development (L&D)	26
Living Wage	26
Staff turnover	27

## Introduction

People are at the centre of everything we do to support the long-term resilience of our business. Our people are valued for the contribution they bring to The Crown Estate as individuals (their skills, competencies and experience) and also for the contribution they make to our know-how (our collective expertise and processes which provide us with competitive advantage).

Know-how is hard to measure. Whilst staff turnover and training data are indicators they do not tell the whole story. It is that extra piece in the organisation which enables it to achieve more than the sum of its individuals' abilities, whether that is through collaboration; effective, streamlined processes and systems; or working as one team with a common objective.

In March 2020, our working environment, like everyone else's, suddenly looked very different as the COVID-19 situation developed. As events unfolded, our first priority was, and continues to be, the health and wellbeing of people, including our customers, supply chain and communities as well as our own in-house team.

For our own people, our response has prioritised mental health and wellbeing, including a clear message that those with caring responsibilities should put those duties first. We have introduced greater flexibility to working patterns, reprioritising workloads and projects, and providing access to additional online resources to support physical and mental wellbeing.

## Employee engagement

Our One Voice, employee engagement, survey was conducted in January 2020 and continued to show high scores across a number of areas. The overall employee engagement ('Brilliant place to work') indicator scored 86%, a slight drop from 89% last year, but still outperforming the Willis Towers Watson UK national benchmark for employee engagement of 78%.

The overall engagement score is made up of a number of survey results, including the following:

- 91% - I would recommend The Crown Estate as a good place to work (2019 - 91%) - 15% above the UK norm.
- 96% - I am proud to work for The Crown Estate (2019 - 97%) - 13% above the UK norm.
- 92% - I am motivated to work beyond what is required to help The Crown Estate succeed (2019 - 89%) - 1% above the UK norm.

The survey was completed by 88% of our people and the percentages stated refer to the total favourable response to an answer. Favourable responses were the top two response options ('agree' or 'tend to agree') out of the five options offered. The One Voice results also showed continued improvements against the UK norm in the areas of Wellbeing; Diversity and Inclusion; and Talent and Opportunity.

However, it is important to acknowledge that the steady improvement in our scores over the last few surveys has halted, and there are some areas now showing a decline on last year. One example is leadership, which has fallen significantly, particularly in the areas of Executive Committee communication, decision-making and managing change. We are committed to improving this under the new Chief Executive and with a broader leadership team representing all parts of the business.

Another area where we underperformed relates to collaboration between teams which is an essential part of a strong culture. We are exploring this theme in more detail at a team level to understand the drop in the score.

Over the next year we will progressively introduce a series of employee engagement pulse surveys to check on our progress where improvement is required. We will also survey new joiners to learn about our recruitment and on-boarding processes from their perspectives.

Employee engagement has associated benefits for the business, not always immediately apparent, such as increased productivity. See our conservative estimate of the theoretical economic impact of our score above.

## IMPACT

### Employee engagement

# 86%

of employees who think that The Crown Estate is a 'brilliant place to work'. (2018/19: 89%).


### Impact of employee engagement

# £591,036\*

Value of the positive impacts and associated social benefits resulting from engaged employees in terms of their workplace productivity. (2018/19: £526,595\*).

\*Updated version of the methodology applied. 2018/19 figure has been restated accordingly to enable meaningful comparison.

Despite a reduced employee engagement percentage, the impact value for 2019/20 has increased due to a greater number of employees and an increased average salary.

 For more information see: [thecrownestate.co.uk/total-contribution/methodology](https://thecrownestate.co.uk/total-contribution/methodology)

## NEXT STEPS

- Introduce employee engagement pulse surveys to check where improvement is still required

**CAPITAL: OUR PEOPLE AND KNOW-HOW**  
*continued*

**Staff mix**

The table below gives an idea of the mix of our people and where they are based. Further detail on the characteristics of our team is given throughout this section.

**Total workforce by employment type, employment contract, and region  
(based on average number of staff throughout the year)**

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Total staff</b>	457	444	404	420	<b>456</b>
Employment contract					
Full-time staff	416	409	372	378	<b>412</b>
- as a proportion of total staff	91%	92%	92%	90%	<b>90%</b>
Part-time	41	35	32	42	<b>44</b>
- as a proportion of total staff	9%	8%	8%	10%	<b>10%</b>
Gender					
<b>Female staff:</b>	155	158	150	156	<b>178</b>
- number of females working full-time	132	134	129	130	<b>151</b>
- proportion working full-time	85%	85%	86%	83%	<b>85%</b>
- number of females working part-time	23	24	21	26	<b>27</b>
- proportion working part-time	15%	15%	14%	17%	<b>15%</b>
<b>Male staff:</b>	302	286	254	264	<b>278</b>
- number of males working full-time	284	275	243	248	<b>261</b>
- proportion working full-time	94%	96%	96%	94%	<b>94%</b>
- number of males working part-time	18	11	11	16	<b>17</b>
- proportion working part-time	6%	4%	4%	6%	<b>6%</b>
<b>Demographics:</b>					
London	238	244	231	248	<b>288</b>
Windsor	180	168	173	172	<b>168</b>
Other portfolios in England	2	0	0	0	<b>0</b>
Scotland	37	32	N/A	N/A	<b>N/A</b>

**Data note:**

On 1 April 2017, the management of Crown Estate assets in Scotland was devolved to Scottish Government; and that management is now delivered by Crown Estate Scotland.



## Health and safety

An area in which we need to do a lot more to improve our performance and demonstrate best practice is health and safety. It is essential that our people, customers, supply chain and visitors are safe and secure. This remains an area of continuous focus and aligns to the objective of SDG 3 (Good health and wellbeing).

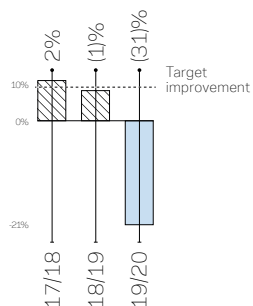
### Incident Severity Score (ISS)

We measure our health and safety performance using an Incident Severity Score. This measure covers incidents and significant near misses relating to injury, security and environmental incidents. It also includes those incidents and near misses involving our direct employees, contractors and members of the public on our portfolio. For a number of years we have been encouraging everyone to report all incidents and near misses as this degree of detail helps us to know where to focus attention.

We have an Incident Severity Score target of a 10% year-on-year improvement on a rolling three-year average. This year we have missed that target by 31%. We saw a 16% increase in the year-on-year score of 165. This was due to an increase in significant near misses occurring in the second half of the year as a result of damage to property and falling materials following strong winds at some of our regional assets, and other incidents. Clearly this is not acceptable. Consequently, we are working as a priority to review our entire health and safety strategy which will include our approach to incident prevention.

**-31%**

Underperformance against the Health and Safety Incident Severity Score (ISS) target, a 16% deterioration on the 2018/19 score



### RIDDORs, AFR and ASR

We have had two RIDDOR incidents on directly managed assets involving members of the public, and zero RIDDOR incidents within those parts of the portfolio managed by third parties. Of the two reportable incidents (both resulting in hospital visits), one occurred at MK1 Shopping & Leisure Park, Milton Keynes, where a member of the public tripped on uneven ground and the other at Princesshay Shopping Centre, Exeter, where a member of the public tripped over a cone during a fire evacuation.

Direct workplace injuries include all injuries sustained by employees that occur while at work and undertaking a work activity. These include both minor and more serious injuries, including those reportable to the HSE. We had 31 workplace injuries involving our people during the year (as featured in the Impact box below). All of these were minor and no serious injuries were sustained.

Our Accident Frequency Rate (AFR) is zero and our Accident Severity Rate (ASR) is 0.04. On our construction projects we review our contractor accident statistics and our Development AFR, was zero.

More information can be found in our Health and Safety Reporting Criteria at: [thecrownestate.co.uk/hs-reporting-criteria](http://thecrownestate.co.uk/hs-reporting-criteria).

### Accident Severity Rate (ASR) & Accident Frequency Rate (AFR)

	2017/18	2018/19	2019/20
ASR	0.03	0.06	0.04
AFR	0.00	0.24	0.00

### Definitions

**Incident Severity Score (ISS)** - annual aggregation of scores allocated to every incident and significant near miss occurring on our property, and as a result of our activity, involving a member of the public, our people or those of our managing agents and their supply chain. Scores depend on the severity of the incident or potential severity (in the case of a serious near miss) and range between 0 and 25 (increasing with severity).

**Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR)** - incidents which require to be reported to the Health and Safety Executive (HSE).

**Accident Frequency Rate (AFR)** - measures the total number of injuries sustained by a Crown Estate employee, reportable to HSE under the RIDDOR regulations, per 100,000 employee hours worked. This is calculated by: number of employee RIDDOR injuries/ total hours worked x 100,000. This excludes non injury incidents.

**Accident Severity Rate (ASR)** - measures the total number of Crown Estate employee lost days/ total hours worked x 1000: Number of employees lost days per 1000 hours worked - (any lost days from 1-180) relating to direct employees only including absence relating to accidents.

## IMPACT

### Workplace injuries (direct)

**31**

All workplace injuries were minor, no major injuries. (2018/19: 39 minors).

### Impact of workplace injuries

**£16,282\***

Value of the negative impacts and associated social costs resulting from workplace injuries, such as the reduction in an individual's health, treatment costs and reduced workplace productivity. (2018/19: £20,607\*).

Updated methodology applied. 2019/19 figure has been restated accordingly to enable meaningful comparison.

For more information see: [thecrownestate.co.uk/total-contribution/methodology](http://thecrownestate.co.uk/total-contribution/methodology)

▲ Independent limited assurance (see inside front cover)

## CAPITAL: OUR PEOPLE AND KNOW-HOW

*continued*

### Improvement programme

One of our reported next steps last year was to expand safety leadership tours with a focus on key areas. Over the last year we ran six leadership tours. Avoidance of underground services and wellbeing were two of the topics. All senior leaders also took part in our new health and safety training course, aligned to the Institute of Directors' guidance on H&S management in leadership.

Fire safety remains a major focus of our health and safety activity across the business. We held two workshops for our teams, our managing agents and project managers on how to ensure exemplary fire safety management across our development and operational sites, and to review more generally the effectiveness of our urban design and build process in this important area.

We also had an emphasis on dropped objects and ran two workshops on the subject. As a result, the development and asset teams are thinking differently about scaffolding and considering the use of some prefabricated building elements, reducing the risk of dropped objects.

Following engagement with leading industry bodies and specialist consultants and contractors, we also developed a 'standard' that sets out our approach as a property/construction client to prevent falls (of materials, people, and plant and equipment) from height.

We continue to promote excellence in health and safety within our supply chain, among our construction contractors in particular. The focus has been on mental health awareness training and support, occupational health and wellbeing, and fire safety. We have been particularly active in these areas within our Fosse Park developments as part of the Considerate Constructors Scheme, where our contractor achieved 'Ultra Site' status.

In addition, the construction site at Morley House, north of Oxford Circus, has been recognised as an 'Ultra Site' for demonstrating and promoting the highest standards of the Considerate Constructors Scheme, scoring 45 out of 50 points.

#### NEXT STEPS

- Review our entire health and safety strategy which will include our approach to incident prevention
- Work to ensure demonstrable leadership in health and safety along with clear leadership accountabilities

### Environmental incidents

As with health and safety incidents, we encourage the reporting of environmental incidents.

Over 2019/20 we had two reportable environmental incidents and 12 non-reportable incidents. No fines were imposed. Of the reportable incidents, one took place at Rushden Lakes involving a fats, oils and grease spill affecting the lake. The Environment Agency gave advice, the drains were cleared and discussions held with customers. There was no negative impact on the lake or wildlife and the lake was returned to its natural state.

The second incident occurred at Windsor involving an oil spill affecting our water treatment works. No water courses were contaminated and the spill was contained very quickly with advice from the Environment Agency.

The non-reportable incidents mainly related to oil spills from vehicles, a fuel spill entering the foul drain, a blockage of a foul waste line entering the premises of customers selling food, exposure of a small amount of asbestos following the planning of a fire door, a water leak in a basement and a chemical spill from a split pipe in a knapsack sprayer.

### Wellbeing

Wellbeing is important to us and an area in which we feel we are making good progress. 90% of respondents in our One Voice survey agreed that we care about the wellbeing of our people, a year-on-year increase, and 21 percentage points above the UK benchmark.

Last year we reported a next step to create a culture which de-stigmatises and raises awareness about mental health, and helps all employees to thrive. We have worked hard on this over the year and have also further increased the number of internal mental health first aiders. We now have 73, providing one trained mental health first aider for every seven members of staff, and outperforming our target of one for every 10 members of staff.

Our sickness absence rate for the business is 2.63% (2018/19: 2.31%) of working time, compared to a national average of 2.7% (2018/19: 2.5%).

More detail on our wellbeing programme can be found on page 29 of our Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](https://thecrownestate.co.uk/2020-annual-report-document).

#### NEXT STEPS

- Increase engagement with our suppliers on wellbeing, and mental health in particular

### Diversity and Inclusion (D&I)

Our ambition in this area is to establish an inclusive and diverse environment which inspires and enables our people to perform at their best, as we believe diversity fosters creativity, innovation and ultimately drives business success. We are committed to improving on D&I and regularly monitor our progress to explore how we can improve. We are also seeking to better understand how we can meaningfully act in line with SDG 10 (Reduced inequalities), as part of our commitment to D&I within our business.

Recognising that D&I needs to be embraced as part of our culture, purpose and values both at The Crown Estate and also with our partners, we established the D+I (diversity + inclusion = belonging) Working Group. The group has set out our mandate to identify a roadmap of priorities and to help drive the agenda forward, and it is now chaired by our Chief Executive to accelerate the pace of change.

We are both clear and determined in our commitment to eliminate any bias, within our policies, procedures and wider culture, against any of the nine protected characteristics set out in the Equality Act 2010.

In tackling society-wide systemic racism, recently brought to the fore of public debate through the Black Lives Matter movement, we recognise we have much more to do to build a truly diverse team. We want to make a meaningful impact where we have the influence to tackle racism and bias, in support of a more equal and inclusive society. We have started by focusing on the experiences of our black colleagues, recognising the need to better understand and take action to ensure equal opportunity for all colleagues, at all levels, within our business and wider supply chain.

Externally we continue to support and be active partners with organisations including Stonewall, Purple, Business Disability Forum, AccessAble and Real Estate Balance. Examples of some these partnerships in action can be found in the case study on page 28 and in Our networks on pages 32 and 33.

**Gender Pay Gap**

This year we have reported our gender pay gap data for the third time. Over the past year, we have further reduced the gender pay gap, shifting closer to balance, from a position of a gender pay gap in favour of women.

As at April 2019, the median gap narrowed from -25.6% to -13.0%, and the mean gap narrowed from -5.6% to -3.2%. This reflects the fact that since we last reported we have made a number of new senior male appointments. This includes better gender diversity of men and women at a senior management level as well as better diversity in the broadest sense across the whole business.

For more information see: [thecrownestate.co.uk/gender-pay-gap](http://thecrownestate.co.uk/gender-pay-gap).

**LGBT+**

Success will be creating an environment that enables people to be themselves by bringing their 'authentic self' to work, feeling confident to express their perspective and, ultimately, feeling they belong. Our aim is to achieve an inclusive environment which inspires and enables everyone to perform at their best.

We already have a range of established initiatives and networks in place to support our commitment in this area, including Real-Estate Balance and Stonewall. Our structured recruitment process includes the 'gender decoding' of job profiles and our internal and external web and social media pages promote activities relating to D+I.

**NEXT STEPS**

- Eliminate systems' bias with regard to race, accessibility, gender and LGBT+, and all other protected characteristics
- Commit to deeper change as identified in continued conversation on racism and bias

**Female representation**

Four out of seven Board members, not including the two Board Counsellors, are female.

	2017/18		2018/19		2019/20	
	%	Number	%	Number	%	Number
Proportion and number of Board (Non-Executives, CEO and CFO) who are female	50%	4	57%	4	<b>57%</b>	<b>4</b>
Proportion and number of senior management team (including CEO, CFO and Company Secretary & General Counsel) who are female	60%	3	60%	3	<b>50%</b>	<b>2</b>
Proportion and number of staff who are female	38%	155	38%	163	<b>40%</b>	<b>190<sup>1</sup></b>

**Data note:**

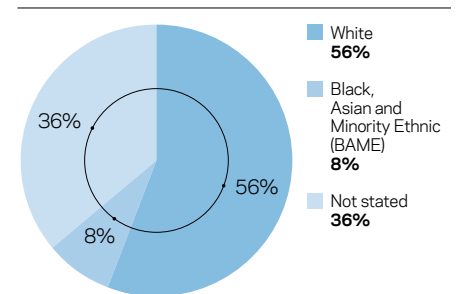
<sup>1</sup> This figure is based on the actual number of female staff on 31 March 2020 and therefore differs from the figure of 178 given in the Staff mix table on page 22 which is based on the average number of staff during 2019/20.

**Ethnicity**

Our data shows that, of our team, the percentage of members categorised as Black, Asian and Minority Ethnic (BAME) has increased by 2% to 8% from last year, as has the percentage categorised as white, from 54% to 56%. However, as shown adjacent, 36% (down from 40%) have not disclosed their ethnicity. While we do not make disclosure of this information compulsory, we need to continue to work to create an environment where our people feel comfortable to disclose their ethnicity, and ensure we regularly collect the data.

We realise that the reasons for non-disclosure can be complex and multi-layered, as are the reasons for certain parts of the business being more, or less, diverse than others. To this end we have started conversations across the business, and at all levels, underpinned by our D+I activity, to better understand the issues surrounding ethnicity, and challenges in the workplace, so that we can work to address them.

**Ethnicity as at 31 March 2020**



## CAPITAL: OUR PEOPLE AND KNOW-HOW

*continued*

### Disability

During the year we achieved Level 1 of the Government's Disability Confident scheme, which supports employers to make the most of the talents disabled people can bring to the workplace. Now certified as a 'Disability Confident Committed Employer', we are working towards attaining Level 2 later this year, and we will continue to work towards our ultimate aim of becoming a Level 3 'Disability Confident Leader'. Read more in our case study on page 28.

### Learning and development

We aim to be a learning driven organisation and as such have continued to invest in the development of our people with 88% of staff having attended a development programme, day course, coaching session or other development activity in the past 12 months. Approximately 16.6% of our total recruitment activity has involved internal candidates moving into new roles.

We have continued to offer a range of learning, development and skills-based training for all our people. This has included investment in coaching for women returning from maternity leave to enable them to successfully transition back into the workplace and to balance their new family commitments.

Our overall One Voice score for Talent and Opportunity was 72% favourable, 9 percentage points above the UK benchmark, with the individual score relating to 'opportunity for personal development and growth' increasing in favourability by two percentage points year-on-year to 73%.

The average number of training hours per person decreased during the year to 16 hours. This reduction is attributed to two main factors. First, much of the technical training undertaken at Windsor is cyclical and was due for renewal in 2018/19; and in the same year we also invested in a number of new training programmes which, as they were introductory, experienced a higher than usual take-up.

An area we know we need to improve is Performance Management. Following focus group sessions, we are working to enhance this important aspect of staff development and reward. We are reviewing the quality and effectiveness of objective setting and performance feedback, and making it part of an ongoing coaching process. The new approach is being piloted in 2020/21.

#### NEXT STEPS

- Pilot a new approach to performance management, suited to new ways of working in the COVID-19 environment

### Living Wage

We are proud to be a Living Wage employer, accredited by the Living Wage Foundation since April 2015. All staff (including directly employed contractors) are paid the statutory National Living Wage as a minimum. However, the London Living Wage and Real Living Wage go further and as well as paying our own people in line with these, we are encouraging their adoption across the supply chain:

- In the Development Sustainability Principles (DSPs) v3 there is a requirement for all main contractor staff to be paid the London/Real Living Wage.
- On our Regional portfolio, as from 1 April 2020 the Real Living Wage has been in place for frontline operators across all facilities management service lines. We have also reviewed working hours/shift patterns with a view to improving operational efficiencies and wellbeing for operators.



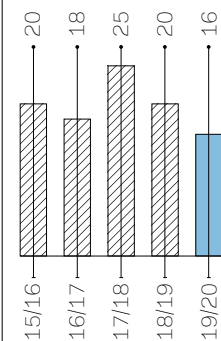
## 89%

of our people (One Voice employee engagement survey) recognise our efforts to encourage a diverse and inclusive workplace, 9% above the UK norm.

Average hours of training per year per person

## 16 hours

-20% reduction on 2018/19



## Staff turnover

This is our third year of reporting voluntary turnover figures. We believe this metric is more meaningful than total turnover as it relates to employees who have chosen to leave the business. This figure remains low at 6.6%, compared to 6.7% in the prior year.

People who left the business over the past year gave their main reasons as retirement, career progression, relocation and life-style change. We succeed in retaining talent by offering the opportunity of promotion or other roles within the business (approximately 16.6% of total recruitment activity involved internal candidates moving into new roles over the last year). This allows our people to develop and helps to share specialist insight across the business.

### Staff turnover (voluntary)

	2017/18	2018/19	2019/20
<b>Total number and rate of staff turnover by gender, age group, and region</b>			
Total number of staff leaving during reporting period	28	28	<b>30</b>
Turnover rate (% of total staff) based on average number of staff	6.9%	6.7%	<b>6.6%</b>
<b>Gender</b>			
Female (number)	10	12	<b>12</b>
Male (number)	18	16	<b>18</b>
Female turnover rate (% of average number of female staff)	6.7%	7.7%	<b>6.7%</b>
Male turnover rate (% of average number of male staff)	7.1%	6.1%	<b>6.5%</b>
<b>Age</b>			
16-24	1	-	<b>1</b>
25-35	7	3	<b>13</b>
36-45	12	9	<b>7</b>
46-55	5	6	<b>2</b>
Over 56	3	10	<b>7</b>
<b>Region</b>			
London	21	21	<b>18</b>
Windsor	7	7	<b>12</b>





## CASE STUDY

### Creating value in our capitals

# Becoming more diverse *and inclusive*

By being open and attractive to the broadest possible scope of people, we create value in several ways: we broaden the pool of expertise and know-how we can recruit from; we create valuable trust amongst a wider group of customers in response to positive experiences across our portfolio; and we can partner with a more dynamic network of stakeholders who see value in standing alongside us.

During the year we have sought to increase opportunity for inclusion amongst disabled people within our business, and across our destinations.

We achieved Level 1 in the Government's Disability Confident scheme and became a Disability Confident Committed Employer. This includes ensuring our recruitment process is inclusive and accessible; anticipating and providing reasonable adjustments as required; supporting any existing employee who acquires a disability or long-term health condition, enabling them to stay in work; and undertaking at least one activity that will make a difference for disabled people. We are working towards attaining Level 2 later this year, as we strive to reach Level 3 and be recognised as a Disability Confident Leader.

We are a founding partner of Purple Tuesday, a programme that encourages organisations to make changes to improve the customer experience for disabled people 365 days a year. We supported Purple Tuesday, the organisation's flagship change programme, in November 2019 by compiling and sharing awareness raising fact packs across our destinations, and encouraging any customers not already engaging with the initiative to do so.

We also invited a host of social media bloggers to visit ten of our destinations, to 'vet' accessibility, highlight our strengths and identify where we can improve. Their blogs helped to raise awareness on accessibility as well as encouraging readers to be more conscious and accommodating of accessibility issues.

Continuing on this theme, through our partnership with AccessAble (which gives information on the accessibility of places) we delivered Detailed Access Guides for Regent Street, Oxford Circus and Piccadilly Circus. A similar one for St James's is in progress and next year we plan to trial their introduction at 16 of our retail destinations.

By supporting initiatives such as these, we continue to move a step closer to being a more diverse and inclusive business that delivers value for our people, our networks (our communities and our customers) and ourselves.

# Capital:

## *Our networks*

Our success relies on our relationships with all of our stakeholders, from our customers and business partners through to the communities we serve, our value chain and associated organisations and governmental bodies. We seek to bring a partnership approach to these relationships to achieve the best outcomes for everyone.

Introduction	30
Stakeholder engagement	30
Our customers	30
Our communities	32
Our supply chain	34

**CAPITAL: OUR NETWORKS**  
*continued*

**Introduction**

Strong partnerships with those in our diverse networks are vital, helping to build trust and ensure the resilience of our business. Whilst the impact of COVID-19 on our customers and stakeholders remains a developing situation and the full effects are yet to be understood, we are working together to navigate the resulting operational and economic challenges.

We are also deeply aware of the financial difficulty many of our customers are facing. In response we have sought to establish a fair and balanced approach that is sustainable through an extended period of disruption. We have focused resource on supporting businesses for whom our help can make the greatest difference, for example, small independent businesses who are facing particular challenges at the moment.

**Stakeholder engagement**

We have many and diverse stakeholder groups as shown in the diagram below. We seek to have open and transparent relationships with all of them as an important part of our governance. In our Annual Report, available at: [thecrownestate.co.uk/2020-annual-report-document](https://www.thecrownestate.co.uk/2020-annual-report-document), details of how we engage, listen and collaborate with our stakeholders can be found on pages 32 and 62. On page 65 we set out how our Board aligns with the stakeholder requirements of section 172 of the Companies Act 2006.

A summary of our engagement with stakeholders during the evolving COVID-19 situation can be found on page 18 of the Annual Report.

**Our customers**

Our ambition, and one of our four corporate strategic objectives, is to achieve high levels of customer satisfaction, loyalty and recommendation, which we are working towards. Our customer strategy aims to place customer experience at the heart of our approach to how we do business. To help us achieve this, we have created five customer promises which set out what our customers can expect from us and our partners:

**Our Customer Promises**

**Simplicity**

We are easy to deal with

**Proactivity**

We resolve problems quickly

**Innovation**

We drive ourselves to keep doing better

**Commitment**

We recognise what matters to our customers

**Excellence**

We commit to high standards

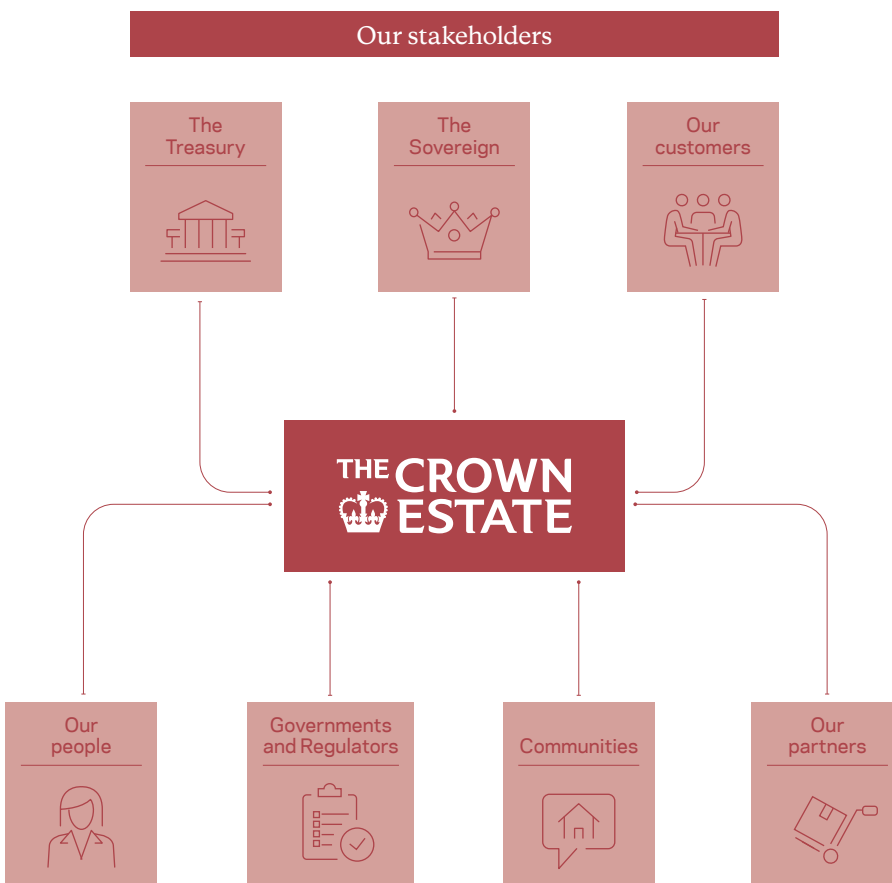
Our own Brilliant People Customer Service Awards programme recognises the delivery of these promises by our teams, partners and supply chain, on a quarterly basis.

We acknowledge we are only beginning to implement our customer strategy, and have more work to do. Introducing new customer-focused skills and expertise into our in-house and managing agent teams, with a particular focus on experience and engagement, was an important step during the year. This included recruiting digital expertise to focus on improving customer experience through technology.

In recognition of the development and progress of our strategy to date, we were pleased to win the 2020 Customer Focus Award (Large Enterprise) organised by the Institute of Customer Service (ICS).

**Customer satisfaction**

As our customers' needs are changing, so too are we, moving away from the traditional 'landlord' to become a service provider. Our customer surveys give us a good insight into what we need to do to improve. Surveys are carried out annually on our Central London and Regional portfolios and now every other year on the Windsor Estate and the Energy Minerals and Infrastructure (EMI) portfolio.





Feedback provided in the most recent Central London and Regional survey highlighted, amongst others, the following key areas to improve:

- direct communication and engagement with our in-house team
- response times on maintenance issues, particularly in large premium offices
- ensuring new buildings are fit for purpose on handover so that issues are not passed on to our service partners to manage
- ensuring that following the identification of a health and safety issue, the whole portfolio is checked to prevent it from occurring elsewhere.

One action taken since the survey results, which will help us drive improvement, is the consolidation of our managing agents in London from three to one, and the creation of a bespoke new office within our portfolio for the combined team. This will enable development of a greater partnership culture. The consolidation also enables us to get closer to our customers with a larger customer-facing team and to build more effective direct relationships with them and our supply chain.

We are undertaking a full review of our complaints and service recovery process, service help desk and maintenance reporting process. The focus is on speed of resolution especially for issues which affect our customers' business operations, enjoyment of their home or their safety and wellbeing. Over the coming year we will deliver a Brilliant Basics programme of minimum operating standards.

Despite the issues identified in the surveys, this year the results showed an improvement in satisfaction in the Central London and Regional portfolios from 79% last year to 83%. This figure reflects the proportion of our customers who are either satisfied or highly satisfied, and outperforms the Institute of Customer Service (ICS) benchmark of 76.9% as at January 2020.

We also measure our Net Promoter Score (NPS), which tracks the loyalty that exists between provider and customer. Our overall score is now 34.3, a decrease from 38.6 last year for our Central London and Regional portfolios. The decline was predominantly driven by office occupiers regarding issues already outlined above. However, this still places us ahead of the Institute of Customer Service UK benchmark, with an average NPS of 20.5 as at July 2019.

Although EMI customers were not surveyed this year, we engaged with our offshore asset customers through a number of different events, from our annual portfolio forums to receptions and bespoke workshops. 90% of attendees rated these events as excellent or very good and 96% were willing to recommend our events to others.

For our Regional customers we carried out Regional Customer-centric Excellence training – bringing together a group of 65, comprising our in-house team, the managing agent team and supply chain partners. The training looked at different aspects of our customer relationships and how we can improve customer experience.

**Working with our customers**

Where we can, albeit in a small way, we are working with our customers to help further their own sustainability goals and support them in their business resilience. A number of examples are given within this report:

- page 7 – rural flood resilience
- pages 14, 15 and 16 – circular economy in the fashion and food sectors and in offshore wind
- page 35 – supporting the aggregates industry.

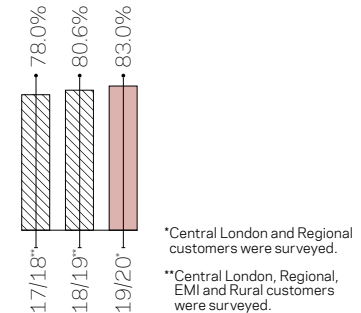
Our priorities for the year ahead are driven by customer feedback and the continuing COVID-19 situation. As restrictions lift, we are working with our customers and managing agents to ensure our properties and destinations are opened safely and in line with Government guidance.

In the longer term it seems likely that extreme stresses and strains caused by the pandemic will serve to accelerate pre-existing structural changes faced by our customers, particularly in the retail, and food and beverage sectors. They will also lead to changes in customer and consumer behaviour. Much of our activity this year has been on addressing these ongoing changes, which will remain a focus.

However, our underlying and primary focus is to consistently deliver the experience our customers value across all of our operations – getting the basics right.

83%

Customers who are 'satisfied' or 'very satisfied'



**NEXT STEPS**

- Employ new technology to support ways of working and processes related to managing our customer relationships
- Deliver a Brilliant Basics programme of minimum operating standards
- Work with our customers to help them back into their workplaces safely and effectively, and in the coming months as the COVID-19 situation evolves

## CAPITAL: OUR NETWORKS

*continued*

### Our communities

As the owner of a diverse portfolio of assets we recognise our responsibility to make a positive difference to the broad range of local communities in which we operate. We want to deliver long-term positive social value across our portfolios, with a focus on supporting local growth and creating inclusive and accessible places.

Our ambition is that our places deliver positive opportunities and experiences for all, regardless of physical or mental disability or social background. It is in our communities and our supply chain where we can make a meaningful, albeit minimal, contribution to SDGs 8 (Decent work and economic growth) and 10 (Reduced inequalities), which are helping us in our thinking.

These are early days and our approach will evolve in line with the outcome of our review of purpose and corporate strategy as outlined earlier. However, we are committed to working with our communities to understand their priorities, and will then look to find the right local solutions, delivered in collaboration with specialist partners where necessary. Wherever possible, we are keen to work with local charities to educate and take action on specific inclusivity issues, reflective of local community needs. In central London, we hosted an external discussion event with industry leaders and customers around the role businesses could play in supporting those who are homeless.

We need consistency in our approach to the measurement of social value and to develop a set of meaningful indicators which not only report on inputs and outputs, but quantify outcomes and impacts on those we are trying to help.

We already have a number of established partnerships and our work with them has yielded some good outputs. The most significant of these are the various partnerships providing for Recruit Regional, our local employment programme, and interns and apprentices, as described in the following paragraphs.

### NEXT STEPS

- Establish a consistent approach to the measurement of social value

### Recruit Regional

Our local employment programme is delivered with the Department for Work and Pensions (DWP) and North Tyneside Council. Set up in 2017, the programme now supports four of our regional destinations. Over three years 478 unemployed people have been placed into employment. For information on this programme see the case study on page 31 of the Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](https://www.thecrownestate.co.uk/2020-annual-report-document).

The impact box below shows the economic value of the social benefits of 154 employment placements over the last year. For 478 placements over the three-year period, the sum is in excess of £17 million.

Over the year we bolstered our commitment to supporting local people into jobs by delivering our first Mentoring Circles programme, again in partnership with the DWP. Seven young people started the programme, five of whom successfully progressed into employment through the support they received from our team during the programme, and the continued support from the Recruit Rushden Lakes Workplace Coordinator.

### IMPACT

#### Employment placements

154

Unemployed people placed into employment through our Recruit Regional programme (2018/19: 154).

#### Impact of employment placements

£5.68m\*

Value of the positive impacts and associated social benefits of placing an unemployed individual into employment in terms of their income received and reduced support from the state (2018/19: £5.57m).

\*Despite the number of placements being the same in both years, the value of the impact has increased due to a rise in minimum wage.



For more information see: [thecrownestate.co.uk/total-contribution/methodology](https://www.thecrownestate.co.uk/total-contribution/methodology)

### Internships and apprenticeships

Supporting interns and apprentices is another important way in which we can help our communities. At Windsor we employed three apprentices during the year, and three students from the Professional Gardeners Guild. In London we developed a new internship programme and welcomed two interns from the Reading Real Estate Foundation (RREF) programme for a month. We have supported RREF for many years and many of our people give their time to inform and inspire young people from disadvantaged backgrounds on the variety of careers in the real estate industry.

Since 2016 we have partnered with customers, NGOs and local authorities to deliver the Coast Explorer Internship Programme in Kent and London. In 2019, funded by The Crown Estate and in partnership with Vattenfall, Canterbury City Council and Kent Wildlife Trust, three interns were able to gain work experience opportunities across a range of marine sectors, including renewable energy, marine ecology and community engagement. When not carrying out educational outreach activities or fieldwork, the interns were working on a research project. The projects covered a wide range of topics, from looking at the sustainability of marine aggregates to underwater noise from offshore wind farms and its impact on marine species. These projects gave our interns further insights into a career in the marine sector and all three went on to secure employment in the sector.

In 2019 we launched the Marine Futures North West Internship Programme based in and around Cumbria. This partnership with Ørsted, Natural England and the North West Wildlife Trusts enabled one intern to gain valuable experience in the marine sector and who successfully went on to secure a full-time job with Natural England in its marine team.

### Staff volunteering

Volunteering is encouraged as we recognise that it not only helps the community but also helps our people to recognise need in the community and that they can have an impact. In addition, it can have a positive effect on the wellbeing and confidence of the volunteer, in turn supporting productivity and loyalty to the business.

Our people are eligible for two days' volunteering per year and we continue to encourage participation. This year 38% of our people volunteered 1,408 hours. The number of hours and the percentage of staff volunteering decreased this year for a couple of reasons. First, the communities team has been focusing on its strategy over the year, agreeing new partnerships and developing processes to enable accurate impact, as well as input and output, data collection. Second, we had to cancel a significant volunteering event scheduled in March as the COVID-19 lockdown was introduced. The pandemic will also significantly influence our ability to volunteer over the coming year.

Volunteering activity over the past year has ranged from the Windsor 'Great Estate Tidy' (65% of hours), beach cleans for Surfers against sewage (10% of hours) to working with RREF, The Connection (Westminster Street Audit and Feed the Homeless), and the Felix Project - delivering excess food to schools and the homeless. Our people have also volunteered their time on various personal and local initiatives.

Of the 12% of volunteers that filled in a post-volunteering survey (completed by those undertaking a different volunteering activity for the first time):

- 85% said they would volunteer again after taking part in their initiative
- 70% said allowing our staff two days per year to volunteer makes The Crown Estate a more attractive employer
- 83% said volunteering had a positive effect on their wellbeing.

#### NEXT STEPS

- Identify volunteering opportunities which can be undertaken while respecting COVID-19 social distancing guidance
- Work with, and support, charity partners via remote and digital volunteering - in particular, skills-based volunteering

### Staff volunteering

	2015/16	2016/17	2017/18	2018/19	2019/20
Number of staff volunteering	95	217	208	180	<b>174</b>
Total average number of staff	457	444	404	420	<b>456</b>
Proportion of staff volunteering	21%	49%	51%	43%	<b>38%</b>
Number of volunteering hours	797	1,554	2,705	1,915	<b>1,408</b>
Average number of hours spent volunteering per member of staff	2	4	7	5	<b>3</b>

## CAPITAL: OUR NETWORKS

*continued*

### Our supply chain

We have a diverse supply chain, ranging from construction and asset management through to facilities management and a variety of service providers. The strength of our relationships across our supply chain is critical to our business. Our strategic joint venture and service delivery partnerships are central to how we manage and grow our business.

We take a broad view of our impact in how we, and our supply chain, procure. As our supply chain widens and becomes more complex there is a risk that we do not adequately manage our suppliers, which increases the risk of their non-compliance with laws and regulation.

To mitigate these risks we are guided by our Procurement Framework which sets out the principles of our approach, ensuring value for money, effective supply chain management and working in partnership to maintain all relevant legal, environmental, ethical, and health and safety standards. Over the past year we have also been able to support our business teams with in-house, specialist expertise.

We conduct regular reviews within our supply chain to drive continuous improvement. These include supplier audits, KPI monitoring and service performance reviews.

We work closely with our managing agents and supply chain to align our processes and continually review and monitor the effectiveness of our policies, procedures and governance.

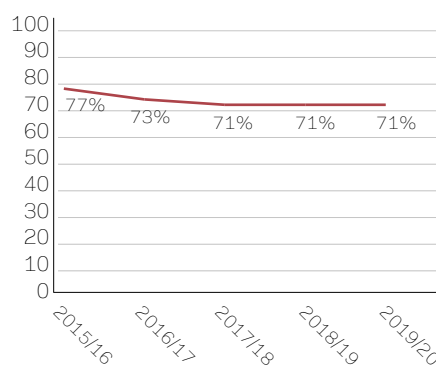
For more information on how we work with our supply chain and in the area of human rights, see page 33 of our Annual Report at: [thecrownestate.co.uk/2020-annual-report-document](http://thecrownestate.co.uk/2020-annual-report-document).

### Supplier payments

We aim to pay our suppliers within 30 days of receipt of a correctly documented invoice, or on completion of a service where a fee is recoverable from a third party, or in a shorter period according to contract.

Over the past financial year we paid 71% of suppliers within the target period (2018/19: 71%). This includes disputed invoices and amounts recoverable from third parties. On average, suppliers are paid within 37 days (2018/19: 36 days) of receipt of an invoice.

#### Supplier invoice payment



During the year there has been a focus on improving procurement compliance and process for directly managed suppliers. We are now rolling out these improvements for indirectly managed suppliers.

Throughout the COVID-19 period we have maintained business as usual with regard to payment of suppliers.

We observe the principles of the Better Payment Practice Code.

### NEXT STEPS

- Work with our managing agents on better purchasing practice in order to improve payment times



## CASE STUDY

### Creating value in our capitals

# Ensuring a thriving future *for aggregates*

Britain has one of the world's most developed marine aggregate industries. Between 15 and 20 million tonnes of aggregates are extracted from the seabed annually, much of which is used for construction, transport infrastructure, replenishing beaches and improving coastal defences.

The Crown Estate owns almost all of the sand and gravel resources lying off the coast of England, Wales and Northern Ireland, and we award and manage commercial agreements for companies to extract it. As a responsible landlord we are committed to making sure this resource is managed in a sustainable way, to ensure the industry continues to thrive in the future.

Key to this commitment is education, to meet some of the emerging challenges faced by the industry such as succession management, investment requirements, specialist skills required to ensure a sustainable future, and an acknowledgement that the resource is ultimately finite. Recognising this, with the support of the Mineral Products Association (MPA), we designed and launched the Marine Aggregate Business Leadership Programme for the next generation of company leaders, marine regulators, statutory nature conservation bodies, and terrestrial mineral planners.

The free, modular, year-long course\* provides a full-sector perspective of the industry, covering areas such as resource management, shipping operations, legislation and regulation, the financial environment, wider policy, and key risks and opportunities. It equips participants with the knowledge and skills required to succeed in the industry, and the confidence and understanding to invest in it.

There is a clear appetite for this type of programme; the course is open to 30 candidates per year and was oversubscribed in the latest round.

The programme demonstrates how our capitals can work together to deliver value over the longer term. By using our financial resources to invest in the programme now, we are developing expertise and know-how within our networks (our customers). Ultimately, this will help build the future resilience of the sector, which over time, will feed back into our financial resources.

\*This will be impacted temporarily by COVID-19.



# Next steps for 2020/21

We are reviewing our overall purpose and strategy and will publish the first phase of our new strategy early in 2021, along with our commitment and approach to becoming a net zero carbon business. This will result in associated changes to goals and targets. In the meantime we will continue to work to enhance the value we create in our resources and relationships, as noted throughout this report and summarised below.

Natural resources	Our people and know-how	Our networks
<p><b>Climate action</b></p> <ul style="list-style-type: none"> <li>– Set out our commitment and approach to net zero carbon for the business</li> <li>– Extend climate change physical risk analysis to other parts of the portfolio (TCFD)</li> <li>– Assess climate change transition risk in moving towards a 1.5 degree Celsius scenario (TCFD)</li> </ul>	<p><b>Employee engagement</b></p> <ul style="list-style-type: none"> <li>– Introduce employee engagement pulse surveys to check where improvement is still required</li> </ul>	<p><b>Our customers</b></p> <ul style="list-style-type: none"> <li>– Employ new technology to support ways of working and processes related to managing our customer relationships</li> <li>– Deliver a Brilliant Basics programme of minimum operating standards</li> <li>– Work with our customers to help them back into their workplaces safely and effectively, and in the coming months as the COVID-19 situation evolves</li> </ul>
<p><b>Energy and carbon</b></p> <ul style="list-style-type: none"> <li>– Improve the accuracy and quality of energy data collection</li> </ul>	<p><b>Health and safety</b></p> <ul style="list-style-type: none"> <li>– Review our entire health and safety strategy, which will include our approach to incident prevention</li> <li>– Work to ensure demonstrable leadership in health and safety along with clear leadership accountabilities</li> </ul>	<p><b>Our communities</b></p> <ul style="list-style-type: none"> <li>– Establish a consistent approach to the measurement of social value</li> <li>– Identify volunteering opportunities which can be undertaken respecting COVID-19 social distancing guidance</li> <li>– Work with, and support, charity partners via remote and digital volunteering – in particular, skills-based volunteering</li> </ul>
<p><b>Renewables</b></p> <ul style="list-style-type: none"> <li>– Explore opportunities for on-site renewables across the real estate portfolio</li> </ul>	<p><b>Wellbeing</b></p> <ul style="list-style-type: none"> <li>– Increase engagement with our suppliers on wellbeing, and mental health in particular</li> </ul>	<p><b>Our supply chain</b></p> <ul style="list-style-type: none"> <li>– Work with our managing agents on better purchasing practice in order to improve payment times</li> </ul>
<p><b>Waste</b></p> <ul style="list-style-type: none"> <li>– Set an operational waste intensity target (tonnes per sq m)</li> <li>– Explore opportunities with the offshore wind industry to progress action on decommissioning</li> </ul>	<p><b>Diversity and Inclusion</b></p> <ul style="list-style-type: none"> <li>– Eliminate systems' bias with regard to race, accessibility, gender and LGBT+, and all other protected characteristics</li> <li>– Commit to deeper change as identified in continued conversation on racism and bias</li> </ul>	
<p><b>Water</b></p> <ul style="list-style-type: none"> <li>– Benchmark water consumption across the real estate portfolio and set reduction targets</li> <li>– Improve the accuracy of water data at Windsor</li> </ul>	<p><b>Learning and development</b></p> <ul style="list-style-type: none"> <li>– Pilot a new approach to performance management, suited to new ways of working in the COVID-19 environment</li> </ul>	
<p><b>Healthy habitats</b></p> <ul style="list-style-type: none"> <li>– Identify opportunities for the development of green infrastructure across the portfolio</li> </ul>		



# Annex 1

Breakdown of Scope 1, Scope 2 and Scope 3 carbon emissions (tCO<sub>2e</sub>) – as reported in the summary table on page 10.

## Total direct and indirect GHG emissions, by scope, weight and source (tCO<sub>2e</sub>)

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Scope 1 emissions</b>					
Direct energy consumption					
Gas and heating fuel in buildings	5,369	5,416	5,246	6,279	7,080
Fleet (petrol and diesel)	159	179	172	165	168
Machinery fuels	340	311	245	234	209
<b>Total Scope 1 emissions</b>	<b>5,868</b>	<b>5,906</b>	<b>5,663</b>	<b>6,678</b>	<b>7,457</b>
<b>Scope 2 emissions</b>					
Electricity generated – indirect energy consumption					
Central London and Regional portfolios	10,907	12,210	14,190	11,306	8,879
Windsor	275	367	348	432	368
Rural offices and depots	39	44	4	-	-
<b>Total Scope 2 emissions</b>	<b>11,221</b>	<b>12,621</b>	<b>14,542</b>	<b>11,738</b>	<b>9,247</b>
<b>Scope 3 emissions</b>					
Business travel					
Travel – taxi	5	4	2	2	2
Travel – rail	24	25	17	13	13
Travel – air	187	137	137	147	149
Travel – personal car	47	41	32	16	17
Travel – car hire	2	1	-	-	-
<b>Total</b>	<b>265</b>	<b>208</b>	<b>188</b>	<b>178</b>	<b>181</b>
Customer emissions – from energy exclusively used by customers					
Evidenced customer-purchased energy	15,840	13,109	8,722	8,048	8,232
<b>Total</b>	<b>15,840</b>	<b>13,109</b>	<b>8,722</b>	<b>8,048</b>	<b>8,232</b>
Electricity Transmission and Distribution losses – indirect energy consumption					
Central London and Regional portfolios	901	1,105	2,130	1,640	1,446
Windsor	23	33	33	37	31
Rural offices and depots	3	4	-	-	-
<b>Total</b>	<b>927</b>	<b>1,142</b>	<b>2,163</b>	<b>1,677</b>	<b>1,477</b>
<b>Total Scope 3 emissions</b>	<b>17,032</b>	<b>14,459</b>	<b>11,073</b>	<b>9,903</b>	<b>9,890</b>
<b>Gross Scope 1, 2 and 3 emissions</b>	<b>34,121</b>	<b>32,986</b>	<b>31,278</b>	<b>28,319</b>	<b>26,594</b>
Central London and Regional portfolios coverage (by number of properties)	143	123	117	142	129
Number of Windsor properties to which data applies	18	19	10	18	29

**PHOTOGRAPHY**

**Page 09**

**Rex House, Regent Street, St James's**  
Supplied by Matt Chisnall

**Page 19**

**Allotments, Regent Street**  
Supplied by Agnese Sanvito

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