Performance against our capitals 2018/19

Introduction

This short report complements, and should be read in conjunction with, our Integrated Annual Report and Accounts (ARA) 2018/19 which can be found here: thecrownestate.co.uk/integrated-annual-report.

We draw upon our six capitals to create value. We are constantly increasing, decreasing and transforming them through our business activity. Here we give more detailed performance data relating to four of our capitals – Natural resources, Our people, Our know-how and Our networks. Data relating to both Financial and Physical resources is covered in the ARA, as is our general approach to each of our capitals.

Included in this report are five impact valuations of non-financial indicators, using our Total Contribution methodology, and more detailed work on ecosystem services at Windsor. Our approach is evolving as we are working to identify meaningful indicators which will help us achieve our strategic objectives, by informing and influencing the decision-making of our teams.

See: thecrownestate.co.uk/total-contribution

Capitals addressed in this report

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.

Assurance

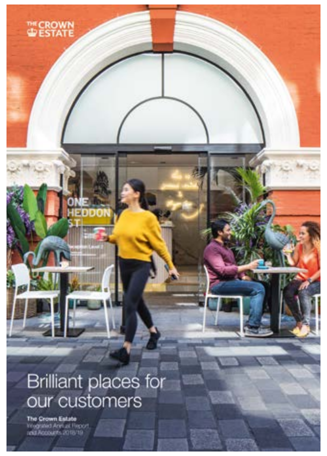
KPMG LLP has provided independent limited assurance over selected data included within our Integrated Annual Report (thecrownestate.co.uk/integrated-annual-report) using the assurance standard ISAE 3000 and, for selected greenhouse gas data, ISAE 3410. KPMG has issued an unqualified opinion over the selected data and their full assurance statement is available on our website, together with our Reporting Criteria, which should be read in conjunction with the selected data in this report. The data subject to KPMG's assurance has been reproduced in this report where you see the symbol Δ.

See: thecrownestate.co.uk/reporting

Context

Our purpose

Creating brilliant places through conscious commercialism



See full integrated annual report page 01: thecrownestate.co.uk/integrated-annual-report

Our corporate strategy

Helping us to achieve our purpose – informed by our material issues and defined by four strategic objectives

- **Actively manage our assets to drive sustainable outperformance against our commercial targets**
- **Nurture a high-performance culture and reputation as a brilliant place to work**
- **Build ever stronger relationships through high levels of customer and partner satisfaction, loyalty and recommendation**
- **Be a leading responsible and resilient business which thinks long term**

See full integrated annual report page 10: thecrownestate.co.uk/integrated-annual-report

Our capitals

Resources and relationships we depend upon, and on which we have an impact, in working to our strategy – these are central to our business model

- Financial resources
- Physical resources
- Natural resources
- Our people
- Our know-how
- Our networks

See full integrated annual report pages 14-15: thecrownestate.co.uk/integrated-annual-report

Our aspirations and targets

Directing the responsible use and management of our capitals and helping to deliver our strategy and the United Nations' Sustainable Development Goals (SDGs)

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

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

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

See next page

Performance against our capitals
2018/19

Our targets

Key
- Achieved
- On track
- Not on track but achievable
- At risk
- Not achieved

*The United Nations Sustainable Development Goals (SDGs) were developed in 2015 to help meet a plan of action for people, planet and prosperity.

Aspirations 2030	Indicator	Target	Progress	Status	Alignment to SDGs*
Climate resilience	**Carbon intensity**	Improve carbon emissions intensity by a further 40% from a 2012/13 baseline for properties under our direct control (by 2022/23)	**34%** improvement against the 2012/13 baseline (15.4%$^{\Delta}$ improvement over 2018/19)		
	Purchased renewables	100% of electricity procured from renewable sources (by 2022/23)	**81%$^{\Delta}$** of electricity purchased is from renewable sources		
	Renewables generation	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)	**7.7GW** cumulative capacity (0.2GW$^{\Delta}$ additional capacity achieved over 2018/19)		
Healthy places and habitats	**User satisfaction**	Achieve 75% overall user satisfaction (offices) (by 2022/23)	**79%** user satisfaction		
	Valuable* green space	Create at least 5,000m^2 of additional, valuable green space compared to 2012/13 baseline (by 2022/23)	**3,359m^2** total valuable green space created		
	Sites of Special Scientific Interest (SSSIs)	50% of SSSIs (Windsor) to be in 'favourable' condition, whilst maintaining at least 95% in 'favourable or recovering' condition (by 2020/21)	**100%** in favourable condition		
	Health & Safety – Incident Severity Score	10% year-on-year improvement in Incident Severity Score based on a rolling three-year average	**9%** improvement (1%$^{\Delta}$ underperformance against the target)		
Super efficiency	**Waste generation – developments**	Aggregated total construction waste generated on completed development projects to be no more than 6.5t/100m^2 (Gross internal area) (by 2022/23)	**11.61t/100m^2** (Gross internal area)		
	Waste recycling – developments	95% of construction waste generated from completed developments to be reused or recycled (by 2022/23)	Revised Development Sustainability Principles (DSPs) reflect the requirements of this target, but are not applicable to past projects and those in construction		
	Waste recycling – managed assets	80% of waste generated from managed assets (where we have operational control) to be reused or recycled (by 2022/23)	**54%** of operational waste is recycled		

* Meeting a minimum of two functions (see page 12).

Natural resources

In the course of business activity we draw on our natural resources and also have an impact upon them, as can be seen by the variety of data sets published in the following pages. In this section we report on waste, climate change, water and ecology.

We monitor ourselves, in part, through what we are doing to meet our Aspirations 2030: climate resilience, healthy habitats and places, and super-efficiency. Increasingly we are working to mitigate our impact, and to enhance the natural resources within the communities in which we own property. We do this working with our networks (our customers and communities, our business partners and supply chain).

Conscious that our development pipeline has a significant impact on natural resources, we are pleased to report publication of the third edition of our Development Sustainability Principles (DSPs). Our construction partners commit to working to these and they reconfirm our commitment to work in partnership with our supply chain, partners and consultants to deliver on our sustainability goals and aspirations.

Our DSPs establish new ambitions around the durability of our assets, operational efficiency, delivery of community impact and enhanced customer experience. This version challenges us, and our supply chain, to deliver better sustainability outcomes throughout the design, construction and the decision-making process of all our real estate developments.

See: thecrownestate.co.uk/development-sustainability-principles

Waste

Our reporting on waste is split between operational and construction waste. Accurate data continues to be a challenge but we are making inroads with the accuracy of operational waste data. Particular success has been seen as a result of engagement with customers on our Central London portfolio, by whom most of the waste is generated.

Operational waste

Definition: waste generated as a result of our direct activities or those of our customers where the disposal of waste is under our management.

End disposal data has been reported (see next page) since we introduced on-site segregation on our Central London portfolio and sufficiently tightened our waste disposal procedures across other portfolios to be confident of the data. Along with others in the property sector, we realise that definitions of reuse and recycling are specific and that just because immediate disposal of waste is at a Materials Recycling Facility (MRF), it does not always follow that all waste is recycled.

Inspired by the United Nations' Sustainability Development Goal 12 – which aims to reduce food waste by 50% per capita by 2030, and partnering with The Sustainable Restaurants Association (SRA), we have brought together a pioneering group of our restaurant customers to make the Food Waste Pledge. They have committed to cut food waste by 25% by 2020. Working with the SRA we have also been trialling a consolidated waste service with all offices and restaurants on Heddon Street in our Central London portfolio.

Operational waste diverted from landfill

100%

of waste generated on managed assets was diverted from landfill (2017/18: 100%)

Operational waste recycled

54%

of waste generated on managed assets was recycled or reused (2017/18: 53%)

Construction waste diverted from landfill

89%

of waste generated on construction sites was diverted from landfill (2017/18: 98%)

Operational waste generated (tonnes) and disposal route

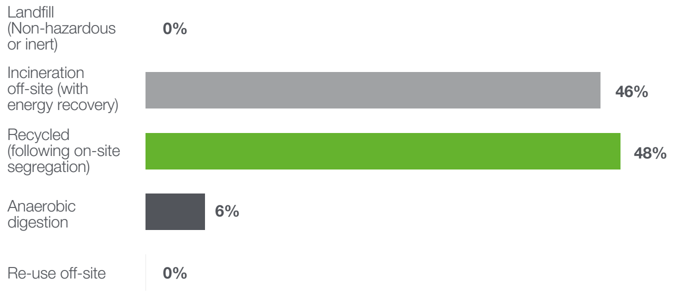
	2014/15	2015/16	2016/17	2017/18	2018/19
Waste generated from buildings where we collect the waste (tonnes)	4,782	6,792	7,523	6,281	**8,297**
Percentage of non-hazardous waste diverted from landfill	100%	99%	100%	100%	**100%**
Waste Disposal Route					
Landfill (Non-hazardous or inert)				0%	**0%**
Incineration off-site (with energy recovery)				47%	**46%**
Recycled (following on-site segregation)				50%	**48%**
Anaerobic digestion				3%	**6%**
Re-use off-site				0%	**0%**
Waste Cost					
Avoided landfill costs (£)[1]	382,529	561,016	654,184	540,794	**738,018**
Total waste costs (£)[2]	616,348	741,329	874,891	1,190,353	**1,577,187**

Data notes:

1 Avoided waste costs for 2018/19 are based on landfill tax of £88.95 per tonne.

2 Cost of waste services arranged by The Crown Estate.

Operational waste – end disposal breakdown 2018/19



Construction waste

Definition: waste generated by construction partners on our behalf (excluding demolition and excavation waste).

We were pleased to have partnered with the UKGBC on the recent publication of Circular Economy Guidance for Construction Clients: 'How to practically apply circular economy principles at the project brief stage'. The updated version of our DSPs includes new requirements on the amount of waste generated and the proportion reused and recycled, using on-site segregation of waste for more accurate measurement. However, until we are more confident of our data we will continue to report only the amount of waste diverted from landfill.

See: ukgbc.org/ukgbc-work/circular-economy/

Construction waste generated (tonnes) and diverted

	2014/15	2015/16	2016/17	2017/18	2018/19
Construction waste generated	12,199	4,247	2,350	2,007	**2,830**
Number of projects	9	8	10	14	**10**
Diversion from Landfill					
% diverted from landfill	96%	96%	95%	98%	**89%**
Waste Cost					
Avoided landfill costs (£)	936,100	338,528	187,791	170,125	**224,046**
Landfill tax costs paid (£)	39,780	12,270	10,508	2,653	**27,691**

The Crown Estate does not benefit directly from all of these savings as part of the waste costs are borne by customers through the service charge. Likewise, savings are passed back to customers through reduced service charge.

The significant drop in waste diverted from landfill over the last year, was due to a delay in appropriate systems being put in place at our newly developed Rushden Lakes. Lessons learnt will feed into new projects.

Natural resources

Climate change

We have committed to achieving carbon net zero by 2050 and aspire to achieve it by 2030. Working with our partners and customers we are reducing our carbon intensity and recognise we need to work harder on energy intensity. We are decarbonising our portfolio through the procurement of renewables and working with our customers on a low carbon economy for the UK, through offshore wind energy generation. Conscious of the extent of our Scope 3 emissions (not fully reflected in our carbon data), we are working towards Science-based targets (SBTs). Our energy consumption and carbon emission data is reported in the following pages.

Task Force on Climate-related Financial Disclosures (TCFD)

We have been working to identify our climate change risks and opportunities, both to assess the impact on the future resilience of our business and in order to begin disclosure in line with the recommendations of the TCFD. Detail on where we are is given below, under the headings used by TCFD in its categorisation of recommendations.

Governance
Climate change is a material issue, included under the heading of the natural environment as reviewed by the Risk Group and Executive Committee, and ratified by the Board as one of our key business risks (within Responsible Business risk).

Strategy
We have carried out a high-level review of risks and opportunities, categorised in alignment with the TCFD approach. This has helped to identify those parts of the portfolio most vulnerable to a changing climate. Over the next year we will commence a detailed scenario analysis to determine our portfolio resilience looking at climate projections over different timescales.

Risk management
This scenario analysis will help inform risk management of our portfolio by identifying the material climate impacts and the level of risk they represent in order that we can put in place appropriate adaptation and mitigation measures.

Metrics and targets
We report against a number of relevant energy and carbon metrics and targets (see following pages).

Next steps:

– Undertake scenario analysis planning

– Trial our approach on three of our Regional assets

– Collaborate with others in the real estate industry to learn from each other and to develop a common approach

Reduction in carbon emissions intensity

34%

against our target to reduce carbon intensity by 40% by 2022/23 (against a 2012/13 baseline) (2017/18: 22%)

Renewable energy procured

81% Δ

of electricity is procured from renewable sources (2017/18: 67%)

Natural resources

Energy consumption

Our aim is to significantly reduce our absolute energy consumption and we are reviewing our energy trajectory to ensure we achieve substantial reductions over the coming years. Total energy usage has increased by 36% since the 2012/13 baseline while the number of assets has reduced by 17%. Smaller assets have fallen out of the portfolio for redevelopment, and been replaced with larger developments with greater energy demands.

We have learnt lessons from a particularly ambitious central energy system installed as part of the 20 Air Street development (off Regent St, London). This was a combined cooling, heat and power (CCHP) system, accompanied by a very large fuel cell.

The system was designed to also serve three other major development sites, with a mix of uses which would spread the energy demand over the day. There were many teething problems, not least because of the five-year time-frame for completion of all developments. The fuel cell is now being removed as the unforeseen speed of grid decarbonisation means it is no longer the most energy-efficient or cost-effective solution.

The table below sets out our absolute energy consumption and shows a 3 percentage point reduction in energy intensity. The like-for-like metric gives the clearest idea of year-on-year performance as it includes the same assets in both reporting years. When comparing 2018/19 against the previous year, like-for-like energy use has reduced by 2%.

Energy consumption – absolute

	(MWh)			Like-for-like		
Source	2017/18	2018/19	Year-on-Year % Change	2017/18	2018/19	Year-on-Year % Change
Electricity	65,814	69,481	6%	58,351	59,076	1%
Fuel	28,834	34,588	20%	26,837	24,024	-10%
Total	**94,648**	**104,069**	**10%**	**85,188**	**83,100**	**-2%**
Number of Assets	127	158	24%	127	127	0%
Energy Intensity (indexed kWh/m²) (2012/13 baseline – 100 indexed points)	**96**	**93**	**-3**			

Over the past year, a number of energy efficiency measures have either been implemented or are in the process of being implemented. These include LED lighting upgrades, improvement of chiller pump controls, replacement of Fresh Air Handling Units (FAHUs) and the implementation of various measures recommended in energy audits and as a result of BMS data analysis.

Next steps:

– Review our energy trajectory and efficiency measures to increase the reduction in consumption

Expenditure on utilities

	2014/15	2015/16	2016/17	2017/18	2018/19
Electricity	£5,877,915	£6,118,184	£7,267,986	£7,151,230	**£9,233,226**
Gas	£927,612	£1,020,602	£595,430	£890,253	**£1,343,080**
Oil	£14,187	£7,156	£12,647	£10,267	**£3,765**
Total	**£6,819,714**	**£7,145,942**	**£7,876,063**	**£8,051,751**	**£10,580,071**

The significant increase in total costs over the past year is due to rising costs of supplies generally but also reflects the inclusion within the data set of 1 St James's Market, now fully occupied.

Data notes:

1 This data does not include Windsor.

2 This measure covers the expenditure on energy for the majority of buildings for which The Crown Estate purchases energy, therefore the figures do not relate exactly to those used to calculate The Crown Estate's carbon emissions.

3 Expenditure on energy sources for business travel, fleet, equipment and non-directly managed buildings are not included in these figures.

Natural resources

Carbon emissions: location-based

Our carbon emissions are reported in accordance with the Greenhouse Gas (GHG) Protocol (see below). The data reported is calculated by applying the DEFRA standard emissions factor used for all of the UK, known as the location-based methodology. The DEFRA emissions factor has decreased rapidly since 2014 with an increasing amount of renewable energy entering the mix of energy in the National Grid.

We have achieved a 34% reduction in carbon emissions intensity since our baseline year of 2012/13, (66$^{\Delta}$ indexed points – see chart below). This goes a long way to meeting our target of a 40% reduction in emissions by 2022/23. Over 2018/19 we saw a 15.4%$^{\Delta}$ improvement from the previous year. The total of 15.4% is split as follows: 12.3% due to DEFRA emission factor change and 3.1% due to energy efficiency measures.

Carbon emissions: Scope 1, Scope 2 and Scope 3

	Emission Source				Location-based method tCO_2e	
		2014/15	2015/16	2016/17	2017/18	2018/19
Scope 1	Direct emissions from fleet and heating of buildings	6,443	5,868	5,906	5,663	**6,678$^{\Delta}$**
Scope 2	Emissions from generated electricity usage	13,548	11,221	12,621	14,542	**11,738$^{\Delta}$**
Gross Scope 1 and 2		19,991	17,089	18,527	20,205	**18,416**
Scope 3	Emissions from business travel	311	265	208	188	**178**
	Indirect emissions – evidenced customer purchased energy	14,499	15,840	13,109	8,722	**8,048**
	Indirect emissions – electricity and transmission distribution losses	1,185	927	1,142	2,163	**1,677**
	Total Scope 3	3,768	17,032	14,459	11,073	**9,903$^{\Delta}$**
Gross Scope 1, 2 and 3		31,138	34,121	32,986	31,278	**28,319$^{\Delta}$**
Emissions Intensity (indexed kg CO_2e) – New methodology (2012/13 baseline)		N/A	N/A	87	78	**66$^{\Delta}$**
Emissions Intensity (indexed kg CO_2e) – Old methodology (2012/13 baseline)		94	89	82	N/A	**N/A**

Data notes:

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

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

Impact

Greenhouse gas (GHG) emissions

18,416 tCO_2e

(Scopes 1 and 2) (2017/18: 20,205 tCO_2e)

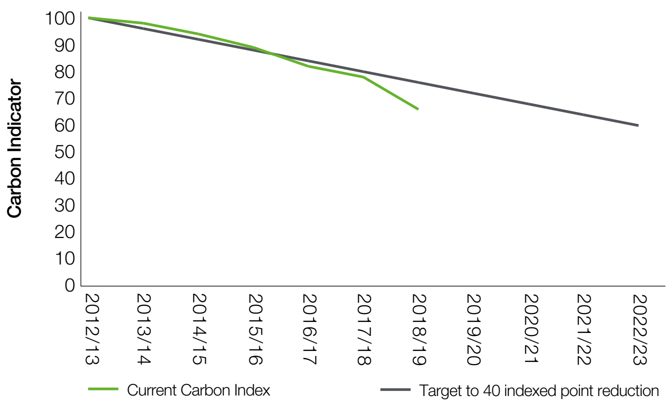
Impact of GHG emissions

-£444,367

Related to the negative impacts and associated social costs resulting from increased concentrations of atmospheric GHGs (2017/18: -£482,000)

See: thecrownestate.co.uk/total-contribution

Carbon emissions intensity: progress against target



Data note:

The unit of measurement for the Carbon Index is as follows: CO_2e/m^2 adjusted to serviced floor area and for occupancy, Indexed to 100, with the aggregation weighted by absolute impact on the total portfolio emissions.

Natural resources

Total direct and indirect GHG emissions, by scope, weight and source (tCO_2e)

		2014/15	2015/16	2016/17	2017/18	2018/19
Scope 1 emissions						
Direct energy consumption						
	Gas and heating fuel in buildings	5,845	5,370	5,416	5,246	**6,279**
	Fleet (petrol and diesel)	198	159	179	172	**165**
	Machinery fuels	400	340	311	245	**234**
	TOTAL Scope 1 emissions	**6,443**	**5,868**	**5,906**	**5,663**	**6,678**
Scope 2 emissions						
Electricity generated – indirect energy consumption						
	Central London and Regional portfolios	13,040	10,907	12,211	14,190	**11,306**
	Windsor	476	275	367	348	**432**
	Rural offices and depots	32	39	44	4	**–**
	TOTAL Scope 2 emissions	**13,548**	**11,221**	**12,621**	**14,542**	**11,738**
Scope 3 emissions						
Business travel						
	Travel – taxi	5	5	4	2	**2**
	Travel – rail	28	24	25	17	**13**
	Travel – air	228	187	137	136	**147**
	Travel – personal car	42	47	41	32	**16**
	Travel – car hire	7	2	1	–	**–**
	Total	**310**	**265**	**208**	**188**	**178**
Customer emissions – from energy exclusively used by customers						
	Evidenced customer-purchased energy	14,499	15,840	13,109	8,722	**8,048**
	Total	**14,499**	**15,840**	**13,109**	**8,722**	**8,048**
Electricity T&D – indirect energy consumption						
	Central London and Regional portfolios	1,140	901	1,104	2,130	**1,640**
	Windsor	42	23	33	33	**37**
	Rural offices and depots	3	3	4	–	**–**
	Total	**1,185**	**927**	**1,142**	**2,163**	**1,677**
	TOTAL Scope 3 emissions	**15,995**	**17,032**	**14,459**	**11,073**	**9,903**
Gross Scope 1, 2 and 3 emissions		**35,986**	**34,121**	**32,986**	**31,278**	**28,319**
Central London and Regional portfolios coverage (by number of properties)		142	143	123	117	142
Number of Windsor properties to which data applies		18	18	19	10	18

	2015/16	2016/17	2017/18	2018/19
Other Scope 3 emissions				
Construction projects	668	1,184	297	**2,312**
Number of construction projects to which data applies	8	10	14	**10**

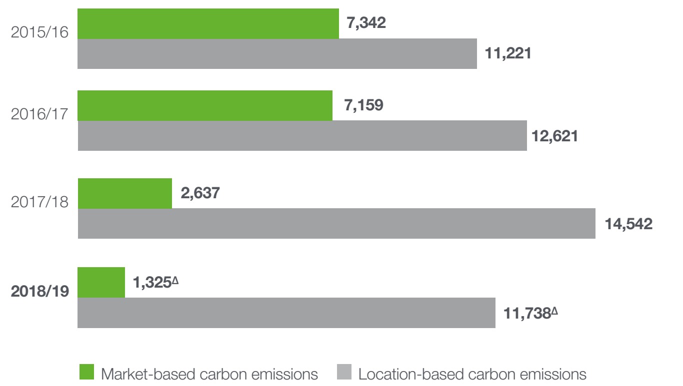
Natural resources

Carbon emissions: market-based

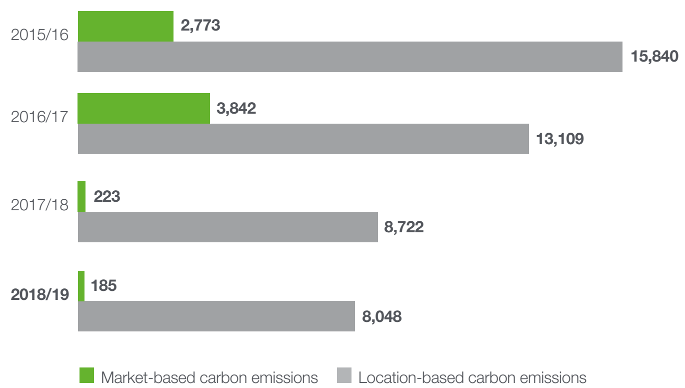
A more accurate picture of our emissions takes into account the amount of renewable energy we are purchasing. This is reflected in calculations based on the market-based methodology (see below for market-based data versus location-based data). Our target is to procure 100% of our electricity from renewable sources by 2022/23. KPMG assurance confirms that 81%[Δ] of our electricity is procured from renewable sources (REGO certified). This significantly reduces our emissions under Scopes 2 and 3 (see bar chart below).

Market-based emissions (tCO_2) against location-based emissions (tCO_2e)

Scope 2



Scope 3 (customer purchased energy only)



Scope 3

We are conscious of the extent of our Scope 3 emissions (currently not fully reflected in the carbon data) and are working with our partners, customers and suppliers to reduce them. As part of our work on the development of SBTs we have identified our top three Scope 3 sources of emissions: purchased goods and services, our leased assets, and fuel- and energy-related activities. By far the biggest source is purchased goods and services, the reduction of which we will address in a more structured way this year.

We are aware that our regional retail and leisure assets generate a lot of road travel and so we have been creating sustainable travel plans at all of our locations. We have worked with our customers, local authorities and bus companies to bring together up-to-date information on accessing our destinations. We have also implemented Savills Insights, a mobile app which can be used by all of our customers and their store teams to access live bus timetables and bicycle storage locations. All car parks on our assets have EV charging points which are free to use.

With such a diverse portfolio, it is interesting to see our wider carbon picture in the chart (below). Alongside our Scope 1, 2 and 3 emissions (as reported on page 8), this shows the carbon benefits of our purchased renewable energy and carbon sequestration from our forests on the Windsor Estate. What we have not included is the carbon avoided from our offshore wind customers at 7.2 million tCO_2e.

Carbon (net position) (tCO_2e)

Natural resources

Renewables

Onshore renewables

We generate renewable energy on our portfolio primarily through the installation of solar panels on our directly managed properties. This has not been straight forward due to complications within some lease structures and the configuration of roofs, particularly within central London. However, we have included them on our new developments amongst chiller units, roof planting and bug hotels. The amount of energy generated has increased to 83MWh from 69MWh in 2017/18 (data from Central London and the Windsor Estate).

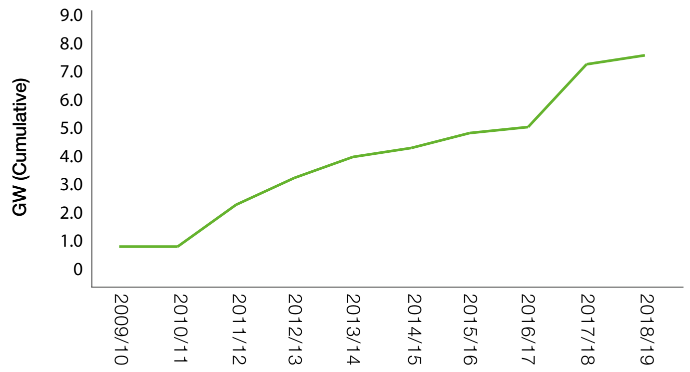
Offshore renewables

The operational capacity of offshore wind around the coasts of England, Wales and Northern Ireland has now reached 7.7GW, equivalent to the electricity needs of 6.6 million homes. Over the year another 0.2GW[Δ] was added to the total capacity. Our target is to reach 8-10GW of operational capacity by 2020/21.

To support the continued growth of offshore wind, and in line with our commitment to the sustainable, long-term management of the seabed, we have committed to fund a programme of strategic, enabling actions. This activity will advance the evidence base and the understanding of the key challenges facing the sector. Our extensive analysis of seabed constraints, technical resource and data has been shared with industry to help developers select the best sites for their new projects.

We will work together with UK Government and the devolved administrations of Wales and Northern Ireland, industry and a range of stakeholders, to ensure that we drive the responsible, coordinated expansion of offshore wind and unlock the sector's extraordinary potential. Our partnership with industry continues through the Offshore Renewables Joint Industry Programme (ORJIP) and SPARTA, the world's first benchmarking platform monitoring the operational performance of offshore wind farms.

Cumulative GW value of offshore wind turbines installed per year



Data note:

In 2013/14 the historic cumulative capacity includes all turbines installed and operating as well as those installed but not yet operating. From 2014/15 GW capacity from turbines installed but not yet operating (i.e. not installed grid connected) are excluded. This is because the target to facilitate the installation of 5-6GW of operational renewable energy on our portfolio by 2015/16 has been tightened to show installed and operational.

Impact

Greenhouse gas (GHG) emissions avoided (enabled)

25.3TWh

Enabled terrawatt hours of offshore renewable energy generated over 2018/19 (2017/18: 23TWh)

Impact of GHG emissions avoided

£172m*

Related to the positive impacts and associated social benefits resulting from reduced concentrations of atmospheric GHGs (2017/18: £193m)

*Economic impact is less than in the previous year despite increased TWh – reflecting increased decarbonisation of the grid

See: thecrownestate.co.uk/total-contribution

Offshore wind capacity

7.7GW

cumulative operational capacity (2017/18: 7.5GW)

Natural resources

Water

The following data relates to direct water consumption and some customer consumption where we have access to the data.

Water consumption is not as material to us as to some other businesses. Nevertheless, we do recognise that many of our properties (situated in London and the South-East) are in a water-stressed area. Fit-out guides for office and retail/leisure space encourage occupiers to minimise water demand.

See: thecrownestate.co.uk/media/1748/sustainability-fit-out-guide-offices.pdf

See: thecrownestate.co.uk/media/1747/sustainability-fit-out-guide-retail-and-leisure.pdf

Our development sites can consume a lot of water in certain stages of the project and our DSPs set requirements for major, moderate and minor projects (of less than six weeks' duration). Construction project water data is reported for the first time in the table below.

Water – absolute consumption

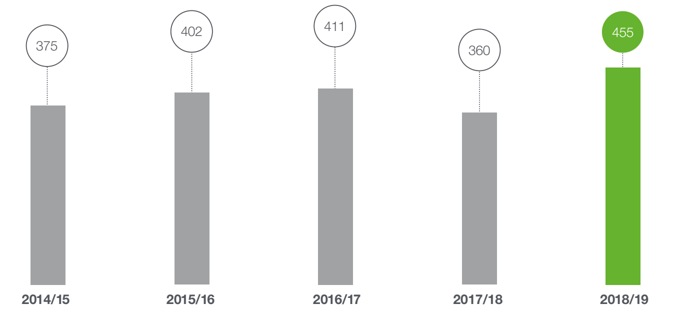
Water consumption (M³) (direct)	2014/15	2015/16	2016/17	2017/18	2018/19
Windsor	144,436	173,171	138,753	137,481	**78,660**
Central London and Regional portfolios	230,104	228,801	271,508	221,964	**376,364**
Number of Central London and Regional properties included in analysis	75	75	72	66	**73**
Total water consumption	374,540	401,972	410,261	359,445	**455,024**
Water consumption (M³) (indirect)					
Construction projects	N/A	N/A	N/A	N/A	**49,270**
Number of projects included in analysis	N/A	N/A	N/A	N/A	**9**

Data notes:

1 Windsor data (2018/19) is under-reported due to a faulty meter.

2 Central London data (2018/19) includes more new development meters.

Absolute Water Consumption (M³)



Water source

Water consumption (M³) (direct use)	2014/15	2015/16	2016/17	2017/18	2018/19
Water from municipal water supplies	401,972	401,972	410,261	359,445	**455,024**
Water from rainwater harvesting	2,543	2,004	3,551	8,668	**6,922**
Total water withdrawal	404,515	403,976	413,812	8,668	**461,946**
Water abstraction from Windsor (indirect use)					
Indirect	29,303	35,314	20,790	29,441	**60,508**

Data note:

Rainwater harvesting data for 2108/19 relates to the systems in place at 1 St James's Market, 10 New Burlington Place, One Eagle Place, 16 New Burlington Place and 20 Air Street (all in London).

Ecology

We recognise the importance of ecology, which once lost, cannot always be replaced. Our work, with that of others, contributes to SDGs 11 (Sustainable Cities and Communities – reducing the environmental impacts of cities), SDG 15 (Life on Land – reducing biodiversity loss) and SDG 14 (Life below water – conservation and sustainable use of oceans, seas and marine resources).

Greenspace and biodiversity

Across our portfolio we aim to create destinations where all can benefit from the relationship between the natural and built environment. As part of our urban greening strategy for London's West End, we continue to support Wild West End, which brings together neighbouring landowners to create new green spaces. These not only enhance biodiversity, but improve air quality and provide urban cooling for our customers. To monitor progress, a habitat survey is carried out every two years, which identifies issues regarding habitat condition and gives recommendations. Our roof allotments are flourishing and are now tended by 48 gardeners from our retail and office customers.

To date we have created a total of 3,359 sq m of additional, valuable green space (mostly on roofs and in the form of green walls) and remain on track to achieve our target of 5,000 sq m by 2022/23. To qualify as valuable green space the area must meet the criteria of a minimum of two functions (biodiversity, climate, microclimate, wellbeing and social) as set out in the urban greening strategy. See more detail on how we are all working together to create an ecological network across the West End.

See: wildwestend.london/vision

Natural resources

Sites of Special Scientific Interest (SSSIs)

We have over 2,400 hectares of SSSIs at Windsor which have recently been assessed by Natural England as 100% in 'favourable' condition – the highest rating achievable. This means that we are outperforming the Government's target of having 50% in 'favourable' condition and 95% in 'favourable or recovering' condition. This has been achieved with hard work over a number of years, including:

- diverting horse tracks to protect the roots of nearby ancient trees
- planting shrubs and trees that provide nectar for insects
- planting 'successor' trees near ancient ones to ensure the Estate enjoys a long and healthy future
- mowing grass to different heights to provide shelter and nectar for insects
- using native breeds of cattle (Longhorns) for grazing to improve the structure and diversity of the landscape
- diverting mountain bike trails away from nesting birds
- eradicating overgrown rhododendron thickets.

The ongoing challenge for the Windsor team is to keep the SSSIs in this condition.

SSSIs on the Windsor Estate

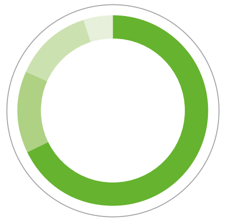
100%

in 'favourable condition' (2017/18: 72%)

Value of ecosystem services at Windsor

In recognition of the Windsor Estate as a concentration of valuable natural resources and the wide range of services provided by the mature ecosystems there, we recently commissioned a deep dive into the value of these services to our customers and the adjacent communities. The conservative estimate is that the ecosystem services provide £21 million of value p.a. (see detail below).

Ecosystem services: value breakdown



Value of recreation and wellbeing services	£14.1m
Value of flood mitigation services	£2.9m
Value of net GHG sequestration services	£2.8m
Value of water quality services	£1.0m

For more detail see: thecrownestate.co.uk/windsor-ecosystem-services

The results point to further investigation of particular aspects which will help to inform decision-making with regard to the management of the Estate – not only for the six million visitors p.a. and ongoing benefits to surrounding areas, but for the protection and enhancement of the natural ecosystems which help to make Windsor the special place it is. Achieving the right balance between the expectations of the customer and the conditions for a thriving natural environment is a constant challenge for the team.

Value of ecosystem services at Windsor

£21m p.a.

Habitat retention on the seabed

Finding the balance between demand, resource and the environment is a delicate balancing act. Sand and gravel are key components for many building projects such as housing, transport infrastructure, replenishing beaches and improving coastal defences. The Crown Estate manages almost all of the sand and gravel resources lying off the coast of England, Wales and Northern Ireland, and awards commercial agreements for companies to extract it. Marine aggregates are an important alternative to vital resources, particularly when access to land-based aggregates is increasingly constrained. Last year we began to identify areas of seabed which are potentially suitable for the future extraction of marine aggregates.

Each area will be subject to a Habitats Regulations Assessment process, to identify the impact extraction in each area could have on natural habitats, the results of which will influence our decision-making.

Since 2000 we have undertaken a great deal of research on the natural habitats on the seabed, sea-life movement and bird migratory patterns above the sea, which have helped to inform our decisions on offshore wind, subsea cables and pipelines, as well as marine aggregates.

You can access this research here: marinedataexchange.co.uk

Our people and know-how

Recognising the value we have in our employees, we continue to focus on nurturing a high-performance culture, and making The Crown Estate a brilliant place to work. This year, we developed our dedicated People Strategy to ensure we have a compelling proposition for our employees and the right approach to attracting, retaining and investing in talent.

In this section we combine Our people and Our know-how as these capitals are closely connected. Know-how is represented within this report through employee turnover, and learning and development. Turnover can relate to loss of know-how if it occurs at a level much greater than the optimal rate, or to knowledge decay if it is much lower than the optimal rate. Appropriate learning and development creates potential for an increase in know-how.

For ease of differentiation, paragraphs relating to Our know-how are coloured pink.

The rest of the section relating to Our People is coloured blue.

Under these capitals we cover workforce context, recruitment and skills, reward, employee turnover, learning and development, diversity and inclusion, health and safety, wellbeing and volunteering.

Workforce context

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

Impact

Employee engagement

89%

of employees think that The Crown Estate is a 'brilliant place to work' (2017/18: 88%)

Impact of employee engagement

£130,210

Related to the positive impacts and associated social benefits resulting from engaged employees in terms of their workplace productivity and the reduced number of sickness absence days. (2017/18: £121,000, restated from £111,000 reported last year)

See: thecrownestate.co.uk/total-contribution

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

	2014/15	2015/16	2016/17	2017/18	2018/19
Total employees	458	457	444	404	**420**
Employment contract					
Full-time employees	425	416	409	372	**378**
– as a proportion of total employees	93%	91%	92%	92%	**90%**
Part-time	33	41	35	32	**42**
– as a proportion of total employees	7%	9%	8%	8%	**10%**
Gender					
Female employees:	148	155	158	150	**156**
– number of females working full-time	127	132	134	129	**130**
– proportion working full-time	86%	85%	85%	86%	**83%**
– number of females working part-time	21	23	24	21	**26**
– proportion working part-time	14%	15%	15%	14%	**17%**
Male employees:	310	302	286	254	**264**
– number of males working full-time	298	284	275	243	**248**
– proportion working full-time	96%	94%	96%	96%	**94%**
– number of males working part-time	12	18	11	11	**16**
– proportion working part-time	4%	6%	4%	4%	**6%**
Demographics					
London	233	238	244	231	**248**
Windsor	187	180	168	173	**172**
Other portfolios in England	2	2	0	0	**0**
Scotland	36	37	32	N/A	**N/A**

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. Those assets are therefore not accounted for in data after 2016/17.

Recruitment and skills

We are actively considering the breakdown and diversity of skills that we require to enable our longer-term transformation to a customer-centric business, which delivers a range of products and services. We have increased investment in our people with an 11% growth in our team this year. New joiners have brought in diverse skills and are helping to build our capabilities in digital and technology, customer experience, programme management, strategic marketing, place and public realm. Approximately one third of all recruitment activity over the last year resulted in existing employees moving into new roles.

We are conscious of our greater potential to create opportunities for apprenticeship, graduate and intern candidates. We have employed apprentices on our Windsor Estate for a number of years and currently have five, having welcomed a forester and carpenter over the last year. Two former students from the Professional Gardeners' Guild training programme have now joined us on a permanent basis. We have also taken interns into our Energy, Minerals and Infrastructure (EMI) team (see Coast Explorer programme on page 20). In the coming year we will be exploring how we can increase these opportunities.

Next steps:

- Invest in new skills and expertise, particularly relating to digital, research and insight, and customer experience
- Further consideration of a programme for apprenticeships, interns and graduates

Reward

As we depend upon our people to do business, it is important that we continue to reward and recognise their contribution to our overall success. Our reward packages are aligned to performance and benchmarked against comparable organisations in our sector. We offer a good competitive total rewards package with a focus on opportunities to support individual and family wellbeing. We are proud to have been a Living Wage employer, accredited by the Living Wage Foundation since April 2015.

Our People Strategy commits us to delivering an attractive employment proposition for current and future employees. This includes a clearly explained reward and benefits package that will continue to attract and retain quality employees with the skills to support the delivery of our corporate objectives.

Next steps:

- Review of reward and benefits as part of our People Strategy commitments
- Improved communication of the value of our reward and benefits package as part of our employee proposition

Employee turnover

This is the second year that we have reported voluntary turnover (relating to employees choosing to leave the business). Careful monitoring and a better understanding of the reasons for leaving can help us influence the turnover rate if necessary. The rate is still comparatively low at 6% against a UK average of 19%. We have retained much of our talent by offering the opportunity of other roles within the business, which allows the employee to develop and also brings insight from other parts of the business into different teams.

The main reasons given by employees leaving the business over the past year were: retirement, career progression, relocation and lifestyle change.

Employee turnover

Total number and rate of employee turnover by gender, age group, and region	2017/18	2018/19
Total number of employees leaving during reporting period	28	**28**
Turnover rate (% of total employees) based on number of employees at the 31 March of each year	7%	**6%**
Gender		
Female (number)	10	**12**
Male (number)	18	**16**
Female turnover rate (% of female employees)	3%	**3%**
Male turnover rate (% of male employees)	4%	**3%**
Age		
16-24	1	**–**
25-35	7	**3**
36-45	12	**9**
46-55	5	**6**
Over 56	3	**10**
Region		
London	21	**21**
Windsor	7	**7**

Our people and know-how

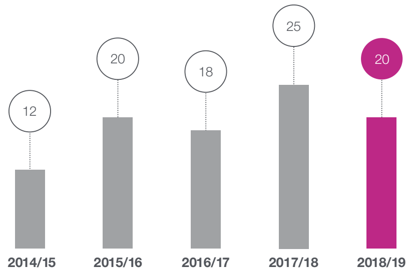
Learning and development

We are committed to creating an environment where people can do a great job and are supported to realise their career ambitions. This year we have focused on training activities tailored to the needs of individuals, ensuring that our people can access the learning and development which is right for them. While this has led to a 20% reduction in the average number of hours of training per employee, 90% of our people have had higher quality, more personalised learning and development.

Average hours of training per year per employee

20 hours

-20% reduction on 2017/18



We have continued our investment in the future generation of leaders with our Connected Leaders and Management Development programmes. Our biggest training investment of the year was our Customer Centric Excellence programme for 120 of our in-house and central London managing agent colleagues. This focused on building stronger relationships with our customers and putting them at the centre of our decision-making.

thecrownestate.co.uk/annual-report/our-people

Diversity and inclusion (D&I)

At The Crown Estate collaboration is a byword for the culture and environment that has been created and the way in which we work. We are proud of our inclusive culture and our One Voice results demonstrate that our people agree, with 87% saying that we promote a diverse and inclusive workplace. Recognising there are further opportunities to develop, D&I forms a key element of our People Strategy. Our policies promote equality and fairness for all, and do not discriminate against any of the nine protected characteristics.

The ability to learn from different perspectives is fundamental to driving innovation. We will encourage, support and inspire inclusion by encouraging diversity – we want every Crown Estate employee to feel comfortable bringing their whole self to work.

The following paragraphs address a number of aspects of D&I.

Female representation:
Our senior leadership team of five, includes three women and we have four female members on our seven-person Board.

Female representation (as at 31 March 2019)

	2017/18		2018/19	
	%	Number	%	Number
Proportion and number of Board (Non-Executives and CEO) who are female	50%	4	57%	4
Proportion and number of senior management team (members of Executive Committee including CEO, CFO and Company Secretary & General Counsel) who are female	60%	3	60%	3
Proportion and number of portfolio directors who are female	25%	1	33%	1
Proportion and number of employees who are female	38%	155	38%	163

Gender pay:
This year we reported our gender pay gap data for the second time – which is in favour of women.

Median base pay gap: -25.6% (2017: -31%)

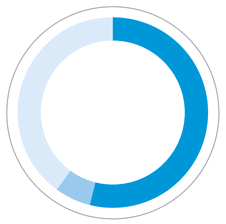
Mean base pay gap: -5.6% (2017: -3%)

These changes reflect the fact that since we last reported we've seen a small number of male leavers at the higher end of the pay scale. Full details can be found online:

thecrownestate.co.uk/annual-report/gender-pay-gap

Ethnicity:
We are reporting our ethnicity data for the first time. We do not make disclosure of ethnicity compulsory and, as can be seen below, 40% of our employees have chosen not to disclose. Whilst we acknowledge that the property sector is perceived to be white and male, we are proud of the wide ethnic mix we have across our different business functions.

Ethnicity as at 31 March 2019



White	54%
Black, Asian and Minority Ethnic (BAME)	6%
Not stated	40%

Our people and know-how

Next steps:

– Create an environment where people feel comfortable to disclose their ethnicity

LGBT:
We have a number of initiatives and partnerships in place to support our commitment in this area, including a structured recruitment process and partnerships with Stonewall, on greater LBGT representation.

Disability:
We are very proud of our Platinum WELL-certified HQ and find it a fantastic working space. Lessons have been learnt over the past year, and changes made, from the experience of our employees in wheelchairs. We have strengthened our relationship with the disability and accessibility organisation, Purple. Looking beyond our employees, our Regional and Central London portfolios supported Purple Tuesday, the UK's first accessible shopping day on 13 November 2018. We also partnered with Purple to audit the accessibility of our corporate and consumer websites, ensuring that they meet the needs of people with disabilities.

Health and safety

It is essential that we deliver an environment and culture where our people can thrive, and our customers feel supported, safe and secure. Our One Voice survey showed improvement for a second year, with 93% of our people feeling we do a good job of ensuring their health and safety wherever we operate.

Health and safety

93%

of employees feel we do a good job of ensuring their health and safety (2017/18: 92%)

Incident Severity Score (ISS)

We measure our health and safety performance using an Incident Severity Score. This measure includes incidents of injury and also significant near misses (incidents just missing being a significant injury). Our direct employees and anyone involved in incidents/near misses occurring on our property are within scope of this measure. We continue to promote the reporting of all incidents and near misses as this data helps us to know where to focus attention in order to reduce the number of incidents. Our target is to achieve a 10% improvement on the score year-on-year (based on a three-year rolling average). Over the last year we achieved a score of 142$^{\Delta}$ which represents a 9%$^{\Delta}$ improvement on the average of the previous three years' score, an underperformance of 1%$^{\Delta}$.

Our response to this is a commitment to improving the health and safety culture within the business and our supply chain. We want to empower and inspire everyone to work safely, commit to prioritising health and safety and take every opportunity to connect with others to enhance working practices.

Next steps:

– Expand safety leadership tours with a focus on key areas

– Develop clear aspirations and impact measures

AFR, ASR and Reportable Incidents

Our Accident Frequency Rate (AFR) is 0.24$^{\Delta}$ (2017/18: 0.00) and our Accident Severity Rate (ASR) is 0.06$^{\Delta}$ (2017/18: 0.03). We had two reportable incidents (RIDDOR) reportable to the Health and Safety Executive (HSE) on directly managed assets and one occurring on our portfolio managed by third parties.

Workplace injuries by definition (see Impact box adjacent) include all injuries sustained by employees that occur while at work or undertaking a work-related activity. These include both minor and more serious injuries, including those reportable to the HSE. We had 39 workplace injuries this year, all minor (2017/18: 52, all minor).

Due to the type of work activity in which many of our employees at Windsor are involved, we have worked to enhance competency in a range of areas. The focus over the last year has been on 'working at height' and 'legionella'. This has been supplemented by inspirational speakers on safety culture and mental health.

Construction projects

We review our contractor accident statistics and our Development AFR, which this year was assured (for the first time) at 0$^{\Delta}$. On our development projects we promote the Considerate Constructors Scheme and are client partners. Our Morley House (London) development achieved Ultra Site status this year, which means we are delivering best practice, exceptional leadership and innovation in construction. A particular focus has been on mental health awareness training and support, occupational health and wellbeing, and fire safety.

We promote Construction Logistics and Community Safety (CLOCS), which is aimed at reducing risk to vulnerable road users, such as cyclists.

Impact

Workplace injuries

39

All direct minor (39) and major (0) workplace injuries (2017/18: 52 minor injuries)

Impact of workplace injuries

-£26,268*

Related to 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 (2017/18: -£21,000)

*Despite fewer injuries, the economic impact is greater than the previous year due to a greater number of associated days of absence

See: thecrownestate.co.uk/total-contribution

Our people and know-how

Wellbeing

We recognise the vital importance of employee health and wellbeing, for a happier workforce, supporting the productivity of our people and talent retention. Our approach is consistent across the business and all areas of our organisation work together to promote great wellbeing leadership. We have increased the number of trained, mental health first aiders, now with one for every ten employees. These representatives act as a conduit for further engagement across the business, raising awareness, signposting to services and reducing stigma associated with mental health. They also provide initial support for anyone in need.

We have also relaunched our Employee Assistance Programme with a new provider, giving our people access to independent and confidential advice 24 hours a day. We have seen an increase in people seeking advice and help since the relaunch. Our sickness absence rate at 2.31% (2017/18: 1.86%) is below the national average of 2.5%.

Throughout the year we have provided a variety of speakers to encourage and inspire our employees in health and wellbeing, all of which were very well attended. Examples include sessions on nutrition, sugar, sleep and digital detox. Our annual Wellbeing week gave employees access to physical health checks and expert-led sessions on a range of health aspects.

Next steps:

– Create a culture which de-stigmatises and raises awareness about mental health, and helps all employees to thrive

WELL Platinum certification

This year, our head office at St James's Market became the first office in Europe to achieve WELL Platinum certification, one of only 11 projects worldwide to achieve this highest standard. The international WELL Building Institute has established the global standard to enhance people's health and wellness through the built environment.

Our focus on wellbeing also extends to our customers and the role our places play in delivering positive outcomes for the people who use them. Read more in Our networks (page 20).

Volunteering

We offer all of our employees two days a year for volunteering. This year 180 employees volunteered 1,915 hours of their time on a range of initiatives, the most popular of which were a beach clean on the north Kent coast and the Windsor 'Great Estate Tidy'. Following the creation of a new internal team with a focus on community, there will be a fresh impetus on volunteering with more opportunities and measurement of impact over the coming years.

Employee volunteering

	2014/15	2015/16	2016/17	2017/18	2018/19
Number of employees volunteering	63	95	217	208	180
Total number of employees	458	457	444	404	420
Proportion of employees volunteering	14%	21%	49%	51%	43%
Number of volunteering hours	433	797	1,554	2,705	1,915
Average number of hours spent volunteering per employee	1	2	4	7	5

Our networks

Our success relies on our relationships with our networks, from our customers and communities to our managing agents and supply chain. Strong partner relationships are vital to ensure we continue to be a responsible and resilient business.

We are working to collect more meaningful and accurate data which will not only give an understanding of our impact on our networks, but will play a crucial role in directing our decision-making in our ambition to create brilliant places.

Responsible business

We have established a Responsible Business working group to develop a comprehensive framework. This will help to ensure that we act as a responsible business and consider the impacts which our breadth of our activities have on all stakeholders and the environment. We have broadened our external engagement with leading academics, peers, customers and political thinkers, to support us in achieving greater clarity of purpose and ambition in the year ahead.

As part of this we will continue to review and monitor the effectiveness of our policies and processes and governance. We work closely with our managing agents and other parts of our supply chain to ensure our processes are aligned. This year we have strengthened our engagement with external partners on security-related issues, including the New West End Company, Heart of London, The Metropolitan Police, and other landowners, through the West End Security Group.

Stakeholder groups

We have large and diverse stakeholder groups, such as the Treasury, industry groups, NGOs, local government and statutory bodies, as well as other stakeholders referred to in the following pages. A full list of these and details of how we engage, listen and collaborate with them can be found on page 59 of the Integrated Annual Report.

See: thecrownestate.co.uk/integrated-annual-report

This year we engaged with elected representatives from over 100 different constituencies, reflecting the breadth of our portfolio and the range of sectors in which we operate. For example, we engaged with MPs in Parliament and with Assembly Members at the National Assembly for Wales on offshore wind leasing. Elected representatives were able to ask questions about our activities, and understand how we had considered shipping, fisheries and other seabed users in our plans.

Customers

Customers are at the heart of the long-term strategy for our business. We are focused on building closer relationships with them, gaining a deep understanding of their business goals and objectives. In March we were delighted that our ongoing commitment to our customers was recognised with the Best Customer Experience award from the Institute of Customer Service UK (ICS).

We are pleased to report an improved customer satisfaction rating across the business of 80.6% (2017/18: 78%), against the ICS benchmark of 78.1%. This reflects the proportion of our customers who are either satisfied or highly satisfied. Our rural team delivered the highest level of satisfaction at 88%.

We also measure our Net Promoter Score (NPS), which tracks the loyalty that exists between provider and customer. Our overall score is 39 (2017/18: 31.5). This places us far ahead of the ICS benchmark of 22.4. Again, our rural team made the most significant improvement this year with a score of 51.3, as a result of its proactive approach to strengthening customer relationships.

This year, we brought in new talent to bolster our customer service capabilities, with a central team working across the business to embed a truly customer-centric mindset.

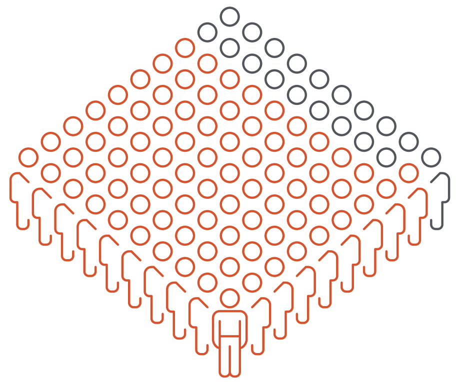
We increased our understanding of our office customers' experience with enhanced customer journey mapping. The insights have enabled us to focus on key areas for improvement. For example, we have introduced move-in ambassadors to support customers as they set up their new offices.

We are also facilitating engagement between our community of customers, creating opportunities for them to work together, and with us. This year, with our office and retail customers we curated free networking events and seminars on sustainability, waste reduction and recycling in particular.

Customer satisfaction rating across the whole portfolio

80.6%

against ICS benchmark of 78.1% (2017/18: 78%)



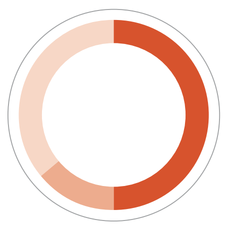
Communities

Our diverse portfolio of assets means we have an incredibly broad range of local stakeholder and communities. This year we brought all our community activities under a central team to work across the business, maximising our impact and value to the people and places in which we operate.

Last year we invested over £400,000 (including £90,000 in management time) in community and stewardship initiatives. Over the year we engaged with 98 organisations and 600 individuals directly benefited from our initiatives. See the next page for the three main areas of focus.

Our networks

Community focus



■	Maintaining or improving quality of life and wellbeing in our communities	50%
■	Increasing the capacity of community organisations	14%
■	Maintaining or improving the environment in the communities in which we do business	36%

Projects, many of which have been ongoing for a number of years, include the following:

- Recruit Regional: this programme of placing unemployed people into employment with our customers on our Regional portfolio is continuing in partnership with the Department of Work and Pensions. It has supported new customers at Fosse Park and Rushden Lakes, ahead of their store openings, connecting them with local jobseekers who are provided with interview practice and CV workshops. Over the past year 154 unemployed people have been placed into jobs (see impact data below).
- ReStart: a three-year employment and training programme delivered with Cross River Partnership, to support those at risk of homelessness back into work. This Westminster-focused initiative has helped 68 people into jobs and supported many more to enter the workplace. A number of our employees volunteered to mentor work candidates. ReStart came to an end on 31 March 2019. We are now working with Westminster City Council to build on its success and continue connecting our customers with their communities through local recruitment and training.
- Seabed litter: an initiative seeking to improve the marine environment by tackling the 'unseen' problem of litter on the seabed. Work includes awareness-raising and direct sponsorship of existing litter-clearing projects.
- Coast Explorer internship programme: in partnership with Kent Wildlife Trust, this is a collaboration which brings us together with our offshore wind customer Vattenfall and Canterbury City Council to introduce young people to careers in the offshore renewables industry. Together, over a four-month period, we provide interns with insight and experience across a range of marine areas, including marine ecology, renewable energy and community engagement activity. Since 2016/17 the programme has engaged with 21 schools and interns have delivered 16 research reports.
- Reading Real Estate Foundation's (RREF) Pathways to Property: working in partnership with Reading University, this ongoing initiative is about inspiring the next generation to take up careers in the property sector and increasing diversity within our recruitment pool. Our employees (32 in 2018/19) volunteer to spend time with the students showcasing the diversity of jobs within the business. Of the 2017 cohort of Reading Summer School participants who have kept in touch, 18% have either gone on to study a property-related degree (11 students) or are now property apprentices (six students).

Impact

Employment placements

154

unemployed people placed into employment through our Recruit Regional programme (2017/18: 170)

Impact of employment placements

£5.5m

Related to 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 (2017/18: £6m)

See: thecrownestate.co.uk/total-contribution

Placemaking and wellbeing

Our focus on wellbeing also extends to our customers and the role our places play in delivering positive outcomes for the people who use them. We want to maintain or improve the environment in the communities where we do business. A couple of initiatives aimed at improving air quality have been piloted at our Morley House development: the Vertical Meadow, a temporary, living, green structure for construction sites; and The Breath, a pollution-absorbing wrap which captures air-borne particulates.

The Marq and One Heddon Street (Central London) both reflect our commitment to creating spaces which support good health, wellbeing and productivity. One Heddon Street is set to be the world's first co-working space to achieve WELL certification, and The Marq is on track for certification for its core and shell. We are targeting WELL Gold for all of our offices being developed on the Central London portfolio, which will result in better indoor air quality, increased customer engagement and indoor biophylia, for example, green walls. Indoor air quality is being measured across a number of our buildings in central London, the results of which prompted the redesign of the reception area in one of our developments, pre-completion.

At Rushden Lakes placemaking has been a key consideration in the design of Garden Square with a scheme incorporating extensive green landscaping, a fresh water drinking fountain, and bird and insect boxes.

Our networks

Suppliers

We have a diverse supply chain which supports us in delivering our objectives. This ranges from construction development of major schemes and asset management, through to facilities management and service provision. As supply chains become more diverse and complex there is a risk that we do not adequately manage them in relation to price, performance and contracting. This also increases the risk of non-compliance of our supply chain with regard to laws and regulation.

As a result we have been proactive in our focus on procurement compliance over the past year. We have refreshed the corporate procurement framework, relaunched the guidelines together with reinforcement and ongoing communication across the business. This has involved appropriate oversight of key supplier relationships.

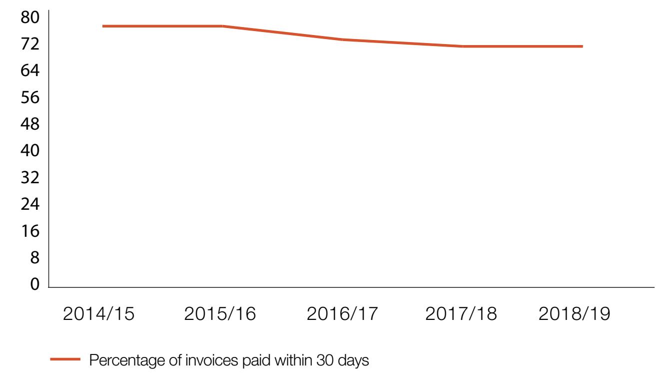
Next steps:

- To support our business teams with specialist procurement expertise

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.

Suppliers' invoice payment



Data note:

The figures include invoices under dispute and amounts recoverable from third parties.

Over the past financial year we paid 71% of suppliers within the target period. On average, suppliers are paid within 36 days of receipt of an invoice and we are identifying processes to streamline our payment processes in order to ensure suppliers are paid within 30 days. We observe the principles of the Better Payment Practice Code.

Modern Slavery and human rights

Following enactment of the Modern Slavery Act 2015, we have legal obligation to outline how we prevent slavery and human trafficking occurring within our business, and the organisations we do business with. We take this obligation extremely seriously and have put in place processes to ensure we can demonstrate to our stakeholders that slavery and human trafficking do not occur within our workplace and supply chain.

See: thecrownestate.co.uk/modern-slavery-act/

We adhere to all applicable laws in the UK, including those relating to human rights and employment. For our supply chain, which stretches beyond the UK, we are committed through our contractors and business partners to operate in accordance with the Universal Declaration of Human Rights, the International Labour Organization Core Conventions, and the Guiding Principles on Business and Human Rights endorsed by the United Nations Human Rights Council. We are not aware of any breaches during the year.