

SOCIAL REVIEW

Our place in the community

Alongside our financial contribution to the nation, doing the right thing for the people we work with and the communities in which we operate, has been a long-held Group objective.



Key highlights

88

(2019/20: 154).

Unemployed people placed into employment through our Recruit Regional employment programme

19%[△]

(2019/20: -31%).

Outperformance of our Health and Safety Incident Severity Score target

49%

(2019/20: -26%).

Increase in volunteering hours, based on 2,104 hours volunteered by our people

[△] Independent limited assurance (see inside front cover)

Above: Our charity partner, The Felix Project's tap-to-donate window on 55 Regent Street.

From making our places healthier and safer to amplifying the diversity and inclusivity agenda, from driving employment initiatives to providing concessions to customers during the pandemic or encouraging volunteering, we are already making a positive contribution in a variety of ways.

However, we recognise through our emerging strategy that we have the opportunity to significantly build on our approach, leveraging our unique attributes and diverse portfolio to deliver broad-reaching social value.

Through our developing Value Creation Framework (see page 15) we will define and measure the holistic financial, environmental and social value that we wish to deliver as we work to our strategy, aligning to our purpose. We believe we will deliver greater long-term financial performance, by creating social and environmental value, as all three dimensions of value work together.

From a social perspective, this value creation means focusing holistically, and with a long-term view, on opportunities to:

- Contribute to bettering the UK's health, wellbeing and equality; and
- Contribute to the UK's agenda for decent work, economic growth and productivity.

As we continue to refine our strategy to align with our purpose and these two key social impact areas, the following review focuses on current activity in support of these overarching objectives, recognising the greater impact we will look to have in the future. As well as looking outside of our business into wider society, we report on our actions internally with our own people.

Good quality data is always a challenge, particularly social data where we are trying to measure the impact of a programme on the quality of a person's life. We are working to identify appropriate KPIs and, with our programme partners, to set up processes which will allow us to gather meaningful data. More supporting data to this Social review can be found in our Social data supplement online at: thecrownestate.co.uk/Social-Data

These are the Sustainable Development Goals on which we have an impact and have the opportunity to make a difference





Above: This year we formed a new partnership with Drive Forward Foundation, a charity that supports young care leavers into employment.

Stakeholder engagement

Our approach to delivering social value, and wider success as a business, is underpinned by relationships and establishing two-way dialogue with both colleagues and key stakeholders.

We have many and diverse stakeholder groups, including the Sovereign, the Treasury, central and local Government, as well as partners, customers, consumers, suppliers, community groups and our own people. We seek to have open and transparent relationships with all of our stakeholders as an important part of our governance.

Our values are our guiding principles that define our culture. As well as guiding our actions and behaviours internally, they shape our engagement with stakeholders externally in terms of the way we do business and what can be expected of us.

Building strong collaborative relationships is central to understanding our stakeholders' needs. By addressing these needs, and solving our shared problems through diverse and creative thinking, we will align to our purpose and leave a positive legacy, not only for our stakeholders, but for the nation as a whole.

A full list of our stakeholders, along with details of how we engage, listen and collaborate can be found on page 63. For more information on how our Board aligns with the stakeholder requirements of section 172 of the Companies Act 2006, see page 64.

This year we surveyed customers of our London and Regional portfolios, which revealed an improvement in satisfaction from 83% last year to 86% this year. This figure reflects the proportion of our customers who are either satisfied or highly satisfied, and outperforms the Institute of Customer Service benchmark of 76.8% as at January 2021.

We also measure our Net Promoter Score (NPS), which tracks to what extent our customers would recommend us. Our overall score is now 41.6, an improvement from 34.3 last year for our London and Regional portfolios, placing us ahead of the Institute of Customer Service UK benchmark, with an average NPS of 21.2 as at January 2021.

This improvement has been driven by strong endorsement of the level of support given to customers through the pandemic. In relation to our communications, 76% rated our COVID-19 communications programme as Good or Excellent, highlighting its proactivity and fit with what they needed – clear, concise and informative thinking.

For more information on how we engaged with our customers through the pandemic see page 36.

Contribution to bettering the nation's health, wellbeing and equality

Ensuring people remain safe in our places is paramount, and continuous improvement in this area remains a top priority. In addition to our work to improve our performance in health and safety, we recognise the opportunity we have to go beyond this and positively protect and enhance mental health and wellbeing, particularly during a year that has been so challenging in so many ways. Part of this links to our commitment to create environments in which everyone can thrive and to remove barriers that prevent people from realising their potential due to who they are. Our internal focus on diversity and inclusion has evolved this year, and we will continue to build on this in the workplace and the communities we operate in to help create a fairer world.

Health & Safety

In last year's report we acknowledged the need to do much more to improve our performance in health and safety.

We have adopted a 'safety first' approach to shift towards taking a much greater proactive stance; ensuring better risk mitigation and a strengthening of our processes and culture. We have identified areas where we need to be more robust, and actively sought those where improvement is needed. We are committed to working hard to embed health and safety at the outset of our decision-making to ensure we are always prioritising the protection of people, particularly where we can have the greatest impact such as at the early design stage of our schemes and assets.

We measure our health and safety performance using an Incident Severity Score. This measure covers incidents and significant near misses relating to injury, security or environmental incidents, and involving our direct staff, suppliers, or members of the public on our property portfolio. We encourage the reporting of incidents and near misses as this degree of detail helps us to understand where to focus attention.

We have an Incident Severity Score improvement target of 10% year-on-year on a rolling three-year average. This year we have achieved that target and outperformed it by 19%▲, representing a 34%▲ improvement on the 2019/20 score. However, in spite of the decreased footfall across our schemes, we have seen a number of significant near misses and RIDDORs, including COVID-19 related reportable health impacts, which have kept our Incident Severity Score higher than we would have hoped. Next year we will be changing our health and safety target from a reactive to a proactive target.

In 2020/21 our staff Accident Frequency Rate (AFR) was 0.21▲ (2019/20: zero) and our staff Accident Severity Rate (ASR) was 0.02▲ (2019/20: 0.04).

We have had two (2019/20: two) reportable incidents (RIDDOR) to the Health and Safety Executive (HSE) on directly managed assets, and three (2019/20: zero) within those parts of the portfolio managed by third parties. On our construction projects we also review our contractor accident statistics and our Construction AFR of 0.24▲ (2019/20: zero). Health and safety reporting criteria can be found online at: thecrownestate.co.uk/assurance-reporting

Details of our reportable incidents and environmental incidents can be found in our Social data supplement online at: thecrownestate.co.uk/Social-Data

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One of our first actions during the year was to start building greater health and safety resource. We now have a Health and Safety Manager dedicated to Windsor and have appointed two Health and Safety Risk Managers for our London and Regional property portfolios to enhance risk management and provide additional coaching to the teams.

The past year was inevitably dominated by COVID-19, which saw us implement a comprehensive and consistent response in terms of health, hygiene and wellbeing. Working closely with our supply chain, risk was constantly assessed and re-assessed to ensure our response remained proportionate and effective. Led at a senior level, the wellbeing of people, from our customers and supply chain to our communities and in-house team, was prioritised within our response, and has remained front and centre of our activity throughout. Read more on our response to COVID-19 on page 36.

Externally, we conducted surveys within our supply chain at all live construction sites to assess how people felt in relation to getting to and from site, and about onsite COVID-safe practices, as well as general compliance against best practice more broadly. Additionally, contractor and managing agent forums were held to share best practice and showcase individual COVID-19 responses.

Fire safety is a critical area in which we need to learn as much as we can following the Grenfell tragedy. We need to strengthen our ways of working to enhance fire safety operationally – in active and passive protection, and in our approach to development and data. Our fire safety working group has a number of work streams, with cross-business representation, to ensure we make consistent progress across the business including enhancing internal and external competency.

Over the course of the next year we will be developing a new strategy for health and safety which will start with completing a benchmarking exercise to assess our cultural health and safety maturity. We have already identified areas we wish to strengthen including some processes and systems and competency requirements.

Wellbeing

Our ambition is to put wellbeing at the heart of how we operate, thereby supporting people to thrive through their work.

The measures we put in place to support our people at the start of the pandemic continued throughout the year. We clearly communicated that caring responsibilities should come first, offered greater flexibility

to working patterns, reprioritised workloads and projects and provided access to online resources to support physical and mental wellbeing.

We created a Wellbeing Delivery Group, to provide extra support through the pandemic. The team initiated specific projects such as a wellbeing portal, a workplace social networking tool, and a calendar of activity to keep everyone connected and supported while working remotely. Events have ranged from a stress awareness programme, and expert talks, through to weekly online exercise and mindfulness sessions.

While in support of wellbeing for the local community, the Windsor Estate provided access to essential green open space during the pandemic. Read more on page 44.

We have a low sickness absence rate for the business of 1.66% (2019/20: 2.63%) of working time compared to a national average of 2.9% (2019/20: 2.7%).

Embracing diversity and inclusion (D&I)

We want The Crown Estate and all our places to be environments where people thrive through a diverse, collaborative and inclusive culture where uniqueness is valued.

To steer this ambition, we established the D&I Group in 2019. It coordinates our approach to D&I across five primary focus areas, each of which has its own network group and dedicated lead to drive progress and ensure each network's objectives are applied across the organisation. The five areas are: Eliminating System Bias; Race, Ethnicity and Culture; Accessibility and Inclusivity; LGBT+; and Gender.

While we are making progress, for example we're delighted that over 10% of our people actively participate in our D&I Group and networks, we know we have a lot more work to do.

Eliminating System Bias acts as the umbrella for all our D&I activity. Reflecting our overarching D&I principles, it challenges us to facilitate and nurture a culture of care, empowerment and inclusivity, embrace all forms of diversity and call out and remove any unfair bias in our processes and systems.

This is far reaching, from our recruitment procedures to procurement measures. Being able to demonstrate an embedded commitment to diversity is playing an increasing role in the award of contracts, and over the next 12 months we will be formally developing a process to comprehensively assess and score all procurement tenders against a range of D&I criteria.

Our Race, Ethnicity and Culture network is building a culture where there is a level playing field for people of all ethnicities to thrive across The Crown Estate. A roadmap of initiatives to positively impact the Black and Asian community within the Group is being set out and as a first step we became a Business in the Community 'Race at Work Charter' signatory during the year, which we will use as a framework to achieve our ambition of racial inclusion.

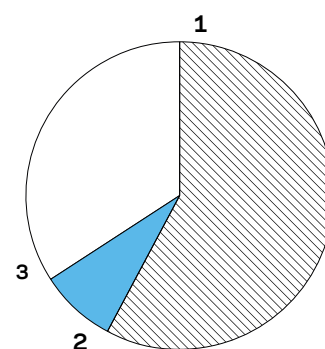
Data on staff diversity can be seen below and in our Social data supplement online at: thecrownestate.co.uk/Social-Data

Our LGBT+ group aims to support our business in inspiring, delivering and reinforcing an inclusive environment which enables people to perform at their best. We are looking to foster a deeper understanding of LGBT+ issues across our Group and delivered activities in support of LGBT+ month during the year. In the coming year we plan to take part in the Stonewall UK Workplace Equality Index to benchmark our progress on lesbian, gay, bi and trans inclusion in the workplace.

Our Accessibility and Inclusivity network aspires to create accessible and inclusive places and experiences across our portfolios that present positive opportunities and experiences for all, regardless of physical or mental disability or social background.

To this end we have achieved Level 2 in the Government's Disability Confident scheme, becoming a Disability Confident Employer (from a Level 1 Disability Confident Committed Employer last year). In practice this means our policies, systems and processes actively encourage people with disabilities to apply for roles with us, and once employed they are fully supported. In the current financial year we will strive to achieve the third and final level and become a Disability Confident Leader.

Staff ethnicity as at 31 March 2021



1 White	58%
2 Black, Asian and Minority Ethnic	8%
3 Not stated	34%

Our work with AccessAble across our assets continued apace during the year. While undertaking the Regent Street public realm improvements, we collaborated closely to ensure accessibility considerations featured in our proposals. And building on the work undertaken in London, we rolled out Detailed Access Guides for seven of our regional destinations, including the first AccessAble guide for a retail park. In the current financial year we will look to complete the regional programme, audit our St James's portfolio, and produce an accessibility guide for Windsor Great Park.

Building on our existing relationship with Purple, the disability and accessibility organisation, we became founding members of Purple 365, a new initiative recognising the need to champion accessibility throughout the year. Our people took part in a range of seminars on subjects from unconscious bias, to mental health and discrimination.

Finally, our network dedicated to promoting gender equality has a clear goal for the business, to be inclusive of all genders and to raise awareness of gender identity and gender bias. Some of the key deliverables for the year ahead include exploring how we can all support women in business and encouraging men to be comfortable talking about subjects such as mental health and flexible working. One initiative we are also exploring is how to support young people of all genders to consider a variety of career paths, to avoid occupational gender bias.

Data on gender can be found in our Social data supplement online at: thecrownestate.co.uk/Social-Data

Mental health

Our mental health programme is focused on three areas: reducing stigma and raising awareness; providing a framework of support; and creating a physical and cultural environment where people can thrive. This latter area was a particular focus of the year, and we provided line manager support training around how to engage with teams in conversations around mental health along with mind fitness sessions for the whole business.

We have 64 mental health first aiders in the Group, equating to one for every eight members of staff. During the year the first aiders took part in a series of virtual workshops to plan group-wide support and awareness raising activities around issues such as mindfulness, active listening and virtual conversations.



Above: One Heddon Street in London, which received WELL Platinum certification, the first fully fitted co-working space in the world to do so.

Alongside this, all our people have 24/7 access to our employee assistance programme, Lifeworks, delivering confidential support on subjects ranging from legal and financial advice through to mental health matters.

We continued our support for Estates Gazette's Mental Health Programme, a campaign to open up the subject of mental health within the real estate sector, and are members of This Can Happen, an organisation set up to empower workplace mental health. We find both invaluable forums for learning what more we can do to support good mental health amongst our stakeholders.

Gender Pay Gap

As reported above, we support gender equality and inclusivity as part of our wider D&I ambition.

This year we reported our gender pay gap data for the fourth time and as at April 2020, the median gap narrowed from -13.0% to -6.3%, and the mean gap moved from -3.2% to 5.9%.

As a business with a relatively modest headcount relative to the size of our portfolio, even small changes in the makeup of our team can have a statistically significant impact on the figures we report – and in this case, reflect a number of senior changes and in particular the appointment of a male Chief Executive since the last reporting period. In the current year, we will be looking to actively achieve gender diversity balance of men and women across all levels of the organisation, and particularly at a senior management level.

More information on the Gender Pay Gap, our methodology, and the full report can be found online at: thecrownestate.co.uk/gender-pay-gap

Working with our supply chain

We work closely with our managing agents and supply chain and carry out regular training and stress testing with our managing agents, supported by our business continuity plans, crisis management and operational procedures at an asset level. Moving forward we are seeking to better leverage our supply chain and form more effective relationships with key suppliers.

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 Human Rights endorsed by the United Nations.

We take our obligation to demonstrate to our stakeholders that slavery and human trafficking does not occur within our workplace or supply chain extremely seriously, and have put the necessary processes in place to ensure this is the case. For more information see: thecrownestate.co.uk/modern-slavery-act

⚠ This data has been reproduced from our website disclosure and has been independently assured by KPMG LLP under ISAE(UK)3000. KPMG's unqualified Limited Assurance Opinion can be viewed online at: thecrownestate.co.uk/assurance-reporting

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Contribution to the UK's agenda for decent work, economic growth and productivity

The societal impact of the pandemic has been significant, particularly with regards to jobs and employment. As well as rising unemployment rates across a range of industries, it has been reported that the opportunity gap faced by young people from disadvantaged backgrounds has become even greater as a result. We recognise the role we can play supporting unemployed people into jobs within our network, and the opportunity we have to help unlock potential by supporting young disadvantaged people gain employability skills to prepare them for future careers. This section of the review outlines some of the progress made in this area over the last 12 months with regards to skills and employment in our communities and also covers our approach to the development of our people.

Looking ahead we'll be considering how we can extend our work in this area to fully realise the role we can play in creating decent work, economic growth and productivity in line with our emerging strategy. For example we have the potential to make an impact through our strategic land ownerships, development pipeline and offshore wind business.

Supporting people into employment in our communities

In response to the turbulent employment landscape, our focus has been on responding with agility to the changing needs of our customers and communities. An important part of this was working closely with our partners to understand how best to respond.

In partnership with the Department for Work and Pensions (DWP), we ran Mentoring Circles, a programme that supports young people with employability skills. By running a virtual programme we were able to offer the joint opportunity to young people from around both Fosse Park and Rushden Lakes. Of the 12 young people who took part, five have now progressed into employment. In total our Recruit Regional programme, which is delivered in partnership with the DWP and North Tyneside Council placed 88 unemployed people into employment at a Crown Estate location. In addition, we brokered a new partnership with Drive Forward Foundation, a charity that supports young care leavers into employment. Our colleagues have been sharing their skills and employability tips with a group of young people from foster care, adoption or residential homes.

Recognising the longer-term challenges around the employment and skills landscape, both from a COVID-19 recovery perspective, but also in light of emerging industries, we have worked with East Northamptonshire Council to pilot a business and support hub at Rushden Lakes. The hub provides a range of walk-in services for people wishing to retrain, find employment or explore a business opportunity. We aim to expand this model and bring together our key partners to establish a meaningful employment and skills offering that supports the workforce of the future.

We also delivered, via a week-long virtual experience, our annual Reading Real Estate Foundation internship for two young people from disadvantaged backgrounds to gain experience in the property industry. The Marine team additionally supported three interns as part of the Marine Futures North West and Marine Research Internship Programmes. All three interns have subsequently secured roles with organisations involved in the programmes, including The Crown Estate. Our Coastal Explorer Internship Programme, while paused during the pandemic, will welcome a new intern to the programme in the current financial year. This year we will be launching a new programme that will focus on bringing the next generation into the workforce.

Looking to maximise value from our apprenticeship levy, and in support of our customers and local community in the rebuilding of the West End as we come out of the pandemic, we are partnering with the London Progression Collaboration to use part of our unused apprenticeship levy to fund apprenticeship schemes on behalf of our customers. To date, our customer Bike-Drop has taken up the opportunity and created seven apprenticeship vacancies.

Volunteering

Volunteering is known to derive mutual benefit for the individuals and organisations being supported, as well as for the volunteers themselves. Donating time to support charity work or other community-focused activities can help build confidence, enable new skills and improve mental health.

Our people are eligible for two days' volunteering per year, and while our physical volunteer programme was impacted by the restrictions of the pandemic, we were able to adapt our offer to create a number of virtual opportunities. Many linked to our existing partners, such as virtual mentoring and internships, but others responded to the unexpected impacts of the last year, such as our new relationship with Age UK



Above: We support interns through our Marine Futures North West and Marine Research Internship Programmes.

Westminster which has seen colleagues from across the business befriended older and vulnerable people to help reduce isolation and loneliness.

In total 2,104 hours were volunteered by 36% of our people, exceeding our internal target by over 500 volunteer hours, a 49% increase on last year.

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 National Living Wage as a minimum, ensuring we are inclusive in motivating and creating competitive opportunities for our people.

Employee engagement

In what was an exceptional year, we adapted our approach to employee engagement, ensuring our check-ins with our people were frequent and timely as events unfolded during the pandemic.

In addition to our Group-wide employee engagement survey, One Voice, we ran regular shorter 'pulse surveys' throughout the year to gain a clear understanding of how our people were feeling at particular points, responding to their needs accordingly and capturing if and how their responses and needs changed as the year progressed.

The pulse surveys had a particular focus on wellbeing through the pandemic and covered areas such as managing workloads and caring for dependants, helping us to understand the different pressures people were feeling at different times.

The One Voice mid-year survey gave us a deeper dive into employment engagement across all areas. It also provided the opportunity to give written feedback to qualify scores and deliver vital insight. It revealed our employee engagement remains high with 93% (2019/20: 96%) of our people proud to work for The Crown Estate. 84% (2019/20: 86%) said our business was a 'Great place to work', outperforming the UK national benchmark for employee engagement by six percentage points.

We continued to perform well in the area of Wellbeing, with a score of 86% (2019/20: 85%) placing us 12 percentage points above the UK national benchmark. And while we saw an improvement in Leadership communication, managing change and decision-making, particularly around transparency, in other areas we fell back or underperformed the UK national benchmark. This includes in Talent and Opportunity, which saw a year-on-year decline of 11 percentage points to 58% and in Empowerment, a new measure for this year, where there was an underperformance against the benchmark of eight percentage points at 78%.

Perhaps not to be unexpected given remote working, we were however still disappointed not to have made more progress in the area of collaboration between teams in London, an area we called out for needing improvement last year.

On Talent and Opportunity, our next steps include improving visibility of internal opportunities and maximising the potential of new learning and development platforms. The key opportunities to improve around empowerment and collaboration are informing the work on our new Group operating model, enabling a more agile and empowered organisation. This work forms part of our wider strategic review of the business, which alongside the creation of our new strategy involves a restructuring of our organisation to improve our ways of working and bring in new skills and capabilities to support in the delivery of our new strategy.

Our learning and development

Like much of our activity during the year, with the move to working from home our attention turned to how we could deliver an uninterrupted learning and development programme for our people working remotely.

To support our managers and supervisors we moved existing monthly meet-ups online, bringing these communities together to share and learn from each other, on topical subjects such as building resilience and motivating your team

in periods of change. We also worked with our partners to offer externally run development courses online.

The onset of the pandemic heightened the need for a more blended approach to learning across different channels. Through LinkedIn Learning, we have been able to offer our people personal, self-directed learning, as well as bespoke learning paths to enhance specific skills. It will also play a key role in the Digital Academy we will be launching in the coming months to specifically upskill in the area of digital.

We have continued to invest in coaching those on maternity leave and returning to work with a programme we introduced three years ago to support with the transition back to work. We initiated the coaching as a high percentage of those returning were leaving the business within one year of maternity leave ending. Since its inception we have offered the programme to 25 women, 23 of whom have participated. Demonstrating its success, all those who participated have now returned to the business or are still on maternity leave.

In total 81% of our people attended a development programme, day course, coaching session or other development activity in the past 12 months.

26% of our total recruitment activity in the year has involved internal candidates moving into new roles, either as secondment opportunities or permanent positions.

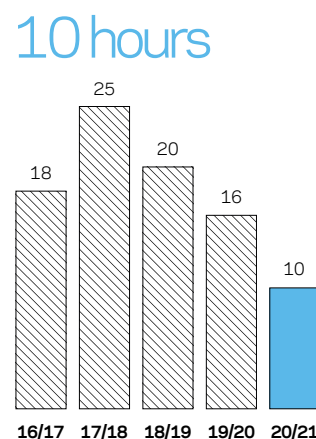
Partly as a result of COVID-19, particularly in Windsor where learning and development is more typically face-to-face and was therefore unable to take place, and also as result of a high level of manager and supervisor development in the prior year, the average number of hours per person decreased in the year to 10 hours. In the year ahead we plan to return to some face-to-face development programmes, while continuing with the blended approach of self-directed learning alongside facilitator-led events in London, and in Windsor we hope to introduce new and more frequent 'Tool Box Talk' sessions.

Internal performance management

Last year we noted improvements were needed to our performance management process. The roll-out of a new process was paused in light of the ongoing work on our new strategy and operating model. We will be reviewing our total reward strategy and performance management process throughout 2021/22, with an ambition to implement it from the following financial year. For more information on our reward strategy please see the Remuneration report on pages 75-80.

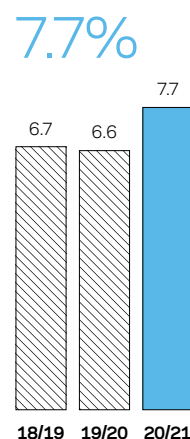
Average hours of training per year per person

A reduction of 38% on 2019/20



Staff voluntary turnover rate

Turnover rate (% of total staff) based on average number of staff for each financial year



However as a result of COVID-19, we did make some immediate and interim changes to our existing performance management process, resetting objectives to prioritise wellbeing and caring responsibilities, reflecting our commitment to supporting our people in finding the right work solutions to suit their personal circumstances.

Staff turnover

This is our fourth year of reporting voluntary turnover figures. We believe this metric is more meaningful than total turnover as it relates to staff choosing to leave the business. Although it is slightly higher than the prior year figure of 6.6%, it remains relatively low at 7.7%.