Total Contribution

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Our Aspirations

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

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

Super-efficiency
By 2030, to have closed the waste loop using circular economy principles.
“Make the future the cause of the present” Rob Cameron, SustainAbility

- Pollution
- Poverty
- Mental Health issues
- Floods

Negative impacts lead to societal changes
Our business model

Our approach

We have a distinctive approach that combines smart, progressive business thinking with a long-term approach. We call this conscious commercialism. It’s about being astute and enterprising in how we create value today, while also taking a considered, long-term view of the assets we manage.

What we do

1. Investment management
   We buy and sell

2. Development management
   We plan, construct and refurbish

3. Asset management
   We manage our assets to increase their value

4. Property management
   We add value for customers, visitors and communities

What we rely on

We draw upon our capitals as inputs to our business model and are constantly transforming them through our activities.

- Financial resources – available to us to run and grow our business
- Physical resources – property, plant and equipment we own and use
- Natural resources – that we manage and use
- Our people – the skills, competencies and experience of our employees
- Our know-how – our collective expertise and processes
- Our networks – our relationships with all of our stakeholders including customers, communities and business partners

The value we’ve created

We consistently create significant value for the UK taxpayer, and tangible, long-term value for all of our stakeholders. We measure this for each of our capitals.

See below for the net economic values (direct) generated for our capitals once Total Contribution methodology has been applied – based on the average of three years’ data (2013/14 - 2015/16).

£320m Financial resources
£118m Physical resources
£27m Natural resources
£1m Our people
£370m Our know how
£15m Our networks

All figures are rounded. More detail on pages 18-21. For information on indirect and enabled contribution see online at www.thecrownestate.co.uk/TotalContribution.

Investment into the business

We access capital to invest in our portfolios via strategic partnerships and sale of non-core ex-growth assets.

Our contribution to HM Treasury

Our annual net revenue profit is paid to HM Treasury.
Our capitals

- **Financial resources**: Finance available to us to run and grow our business
- **Physical resources**: Property, plant and equipment, and other manufactured goods we own and use
- **Natural resources**: Natural resources that we own, manage and use
- **Our people**: Skills, competencies and experience of our employees
- **Our know how**: Collective expertise and processes
- **Our networks**: Relationships we have with all of our stakeholders which facilitate all activity
Direct ‘adjusted Gross Value Added’ (aGVA) indicators

### Direct aGVA indicators based on the average of three years’ data (2013/14 – 2015/16)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Impact (+/-)</th>
<th>Valuation (£) – 3 year average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Gross value added (in summary, turnover minus the cost of goods and services we procure)</td>
<td>-</td>
<td>319,500,000</td>
</tr>
<tr>
<td>2. Net total</td>
<td>+</td>
<td>319,500,000</td>
</tr>
<tr>
<td><strong>Physical resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. New development and retrofitting</td>
<td>+</td>
<td>123,200,000</td>
</tr>
<tr>
<td>4. Fixed asset upgrades (property, plant and equipment)</td>
<td>+</td>
<td>1,127,000</td>
</tr>
<tr>
<td>5. Damage to property due to workplace activity</td>
<td>-</td>
<td>(3,650,000)</td>
</tr>
<tr>
<td>6. Wear and tear of fixed assets</td>
<td>-</td>
<td>(3,000,000)</td>
</tr>
<tr>
<td>7. Reduction in value due to external events (natural, social and political)</td>
<td>-</td>
<td>(200,000)</td>
</tr>
<tr>
<td>8. Net total</td>
<td>+</td>
<td>117,527,000</td>
</tr>
<tr>
<td><strong>Natural resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Specific habitat investment</td>
<td>+</td>
<td>235,000</td>
</tr>
<tr>
<td>10. Soil recovery strategies</td>
<td>+</td>
<td>245,000</td>
</tr>
<tr>
<td>11. Greenhouse gas emissions</td>
<td>-</td>
<td>(149,000)</td>
</tr>
<tr>
<td>12. Waste generated</td>
<td>-</td>
<td>(170,000)</td>
</tr>
<tr>
<td>13. Water consumed</td>
<td>-</td>
<td>(362,000)</td>
</tr>
<tr>
<td>14. Carbon sequestered and stored</td>
<td>+</td>
<td>575,000</td>
</tr>
<tr>
<td>15. Greenhouse gas emissions avoided</td>
<td>-</td>
<td>36,000</td>
</tr>
<tr>
<td>16. Other ecosystem services</td>
<td>+</td>
<td>25,348,000</td>
</tr>
<tr>
<td>17. Net total</td>
<td>+</td>
<td>26,740,000</td>
</tr>
<tr>
<td><strong>Our people</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Contribution to private healthcare</td>
<td>+</td>
<td>97,000</td>
</tr>
<tr>
<td>19. Contribution to public healthcare</td>
<td>+</td>
<td>1,004,000</td>
</tr>
<tr>
<td>20. Investment in other wellbeing programmes</td>
<td>+</td>
<td>121,000</td>
</tr>
<tr>
<td>21. Workplace injuries</td>
<td>-</td>
<td>(241,000)</td>
</tr>
<tr>
<td>22. Workplace fatalities</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>23. Sickness absence days</td>
<td>-</td>
<td>(150,000)</td>
</tr>
<tr>
<td>24. Gender equal opportunity</td>
<td>-</td>
<td>(62,000)</td>
</tr>
<tr>
<td>25. Employee engagement</td>
<td>+</td>
<td>15,000</td>
</tr>
<tr>
<td>26. Employee volunteer programmes</td>
<td>+</td>
<td>29,000</td>
</tr>
<tr>
<td>27. Total</td>
<td>+</td>
<td>823,000</td>
</tr>
</tbody>
</table>

### Our know-how

- Employee training and development: + 7,970,000
- Research and development: + 1,847,000
- Knowledge decay: - 4,420,000
- Suboptimal employee turnover: - (355,000)
- Value added: + 357,400,000
- Consumption of public information: - 212,000
- Production of public information: + 591,000
- Net total: + 389,655,000

### Our networks

- Customer management systems: + 49,000
- Local and wider communities (e.g. Stewardship Programme): + 9,130,000
- Late payment of suppliers: - (151,000)
- Employment placements: + 2,659,000
- Visitor wellbeing (from ecosystem services): + 3,600,000
- Net total: + 16,177,000

**Key to colour coding**
- PwC has assessed the maturity of these indicators for the year 2015/16.
- In addition, for these indicators, PwC has assessed the maturity of the economic valuation methodology used for the year 2015/16.
- NB PwC has not assured the valuation numbers presented in the table.

Total Contribution Report 2017
Total contribution: Stocks and flows

If output flows exceed the capacity recharge flows of investment and appreciation stock depreciation results.

**Capital Stocks K1**
The store of respective outputs in year 1

**Capital Stocks K2**
The store of respective outputs in year 2

K2, the functional capacity and economic value of capital stocks in year 2, equals the capacity and value in year 1 less the quantity and value of outputs generated less the quantity and value of stock degraded via depreciation plus the quantity and value increase resulting from investment plus the quantity and value enhancement via appreciation.

\[ K2 = K1 - Y - D + I + A \]
Total contribution: Stocks and flows
Our people (Human capital)

- Investment Flows [+][I]
- Health & Well Being Improvement Programmes
- Depreciation Flows [-][D]
- Output Flows [-][Y]
- Types & Rates Of Work
- Appreciation Flows [+][A]
- Improving Condition
Framework

This shows positive and negative flows for capitals, with example indicators. In some cases we have shown the Total Contribution value associated with the indicator, based on the average of three years’ data (2013/14 – 2015/16).

### £123.2m

**New development spend (Direct)**
Over the past five years The Crown Estate has created more than one million square feet of new real estate (across all portfolios and sectors), enriching the existing stock of built capital through considered design and the primacy of “place-making.” On average, over the past three years £123.2m per annum has been invested in new developments.

### £0.36m

**Employee turnover (Direct)**
Attempts to capture the net reduction of know-how embedded within our employees and subsequent information systems, due to an employee turnover rate that is either too low or too high (suboptimal) relative to industry averages. Economic valuation follows a linear cost productivity approach (in conjunction with conventional HR replacement cost estimate). For every percentage point above or below the optimal range, a lost productivity cost (based on wage rates) is incurred.

### £0.8m

**Employee training and development programmes (Direct)**
Attempts to capture the benefits of investing in and enhancing our combined know-how through individual and wider team training programmes. Economic valuation involves application of a them-specific (e.g. leadership) programme. Return On Investment multiplier to the direct and indirect (employee time) costs of a programme.

### £0.15m

**Greenhouse gases emitted (Direct)**
Attempts to capture the future damage resulting from unrestricted use of the atmosphere’s capacity to assimilate greenhouse gas, i.e. climate change. The damage is estimated via application of a unit social cost of carbon dioxide emissions estimate. The UK Treasury’s estimate equates to £23.32/tCO2 in 2015 (ignoring inflation) is currently used. This unit cost is conservative relative to more recent publications.

### £149m

**Greenhouse gas emissions avoided (Estimated)**
Attempts to capture the external benefit of avoiding the release of greenhouse gas emissions, resulting from generation of electrical power from renewable technologies, largely offshore wind (i.e. the benefit of averting climate change). On average, over the past three years, 6.4 million tonnes of greenhouse gas emissions have been avoided per year. The benefit is estimated (in terms of avoided cost) via application of a unit social cost of carbon dioxide emissions estimate. Application of the UK Treasury’s estimate (equal to £23.32/tCO2 in 2015 (ignoring inflation) is currently used.

### £3.5m

**Visitor wellbeing (Direct)**
Attempts to capture the external benefit of increasing individual/visitor wellbeing, resulting from recreational pursuits encouraged and hosted by the natural ecosystems of Windsor Great Park. Economic valuation utilizes the approach developed by the UK’s National Ecosystem Assessment (NEA) – a mix of economic, regression and biophysical process models that arrive at spatially explicit economic values for recreation and other ecosystem services.
Aggregation

‘adjusted Gross Value Added’ (aGVA)

£851m

3 year rolling average (2013/14-2015/16)
Total contribution: Value chain

Indirect
- Upstream - Suppliers

Direct
- The Crown Estate

Enabled
- Downstream - Tenants

Total Contribution measures and communicates the impact of The Crown Estate’s activities on the capitals on which it depends.
Stakeholders we’ve worked with