







Key factors affecting our performance

Material issues Our material issues are factors that have the potential to most significantly influence our ability to deliver our strategic objectives. They are reviewed on an annual basis through a cross-business workshop facilitated by an external third party. The results are endorsed by the Management Board.

<p>Reputation and trust</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about A good business is a responsible business. Society expects that businesses should be managed responsibly</p> <p>What we're doing Inspiring trust through leadership, and demonstrating how seriously we take our responsibility for the long-term management of the assets we look after on behalf of the nation</p> <p>Performance measures</p> <ul style="list-style-type: none"> • Being the partner of choice so that third party funds are available, when required, from appropriate partners (KPI) • Improvements in the awareness and recognition of how we deliver conscious commercialism as indicated by key message delivery (KPI) and staff understanding (KPI) <p>Strategic objective</p>	<p>Sustained and profitable growth in response to our markets</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about Our response to changing market conditions will have a direct impact on the delivery of the growth of the business</p> <p>What we're doing Implementing our investment strategy and tactical decision-making together with keeping costs under control and so continuing to grow our revenue surplus and outperform our peer group at a total return level</p> <p>Performance measures</p> <ul style="list-style-type: none"> • Annual revenue profit year-on-year growth (KPI) • Total return compared to our IPD bespoke benchmark (KPI) <p>Strategic objective</p>	<p>Government policy</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about Changes in Government policy can have a significant impact on the business and our customers' investment and operational strategies</p> <p>What we're doing We work with the grain of Government and need to anticipate and be responsive to changes in policy that may impact on our business</p> <p>Performance measures</p> <ul style="list-style-type: none"> • Active participation in key policy reviews, openly communicated through corporate channels <p>Strategic objective</p>
<p>Health of the economy</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about Our performance is influenced by the UK's economy – as economic conditions improve so do the opportunities for us</p> <p>What we're doing Increasing our contribution to the UK economy. Our performance is influenced by the economy – as economic conditions improve so does our performance</p> <p>Performance measures Our Total Contribution</p> <p>Strategic objective</p>	<p>Customer focus</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about Our ability to provide appropriate service to our customers and tenants in order to satisfy their needs</p> <p>What we're doing Following the results of our first ServCheck (Institute of Customer Service) survey we are developing a business-wide customer focus strategy. We are rolling out customer satisfaction surveys across the business</p> <p>Performance measures Customer satisfaction survey (KPI). A second ServCheck survey is under consideration for 2016 and then every other year thereafter</p> <p>Strategic objective</p>	<p>Technological change</p> <p>Resources and relationships relevant to the issue</p> <p>What it's about Technological innovation has rapidly changed the way information is shared and managed by organisations</p> <p>What we're doing Technological advancements mean that we are responding to changing customer demands for flexibility with how spaces are used We encourage flexible working We take positive steps to safeguard our data and the security of our systems</p> <p>Performance measures</p> <ul style="list-style-type: none"> • Compliance with ISO 27001 Information Security Standard achieved • Our response to technological change so far as it affects demand for different types of spaces is reflected in our performance against total return and capital growth benchmarks (KPIs) <p>Strategic objective</p>

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

i Resources and relationships
See pages 40–41

i Material issues
<http://www.thecrownestate.co.uk/our-business/material-issues/>

Power of strategic counter-parties

Resources and relationships relevant to the issue

What it's about
Strategic partnerships need to be aligned to our core values and investment strategy

What we're doing
Creating strategic partnerships and attracting investors who share our values to provide capital that enables us to continue to reinvest

Performance measures

- The amount of third party funds under our management
- Percentage of capital value held in joint arrangements

Strategic objective

1 2

Attraction, development and retention of best talent

Resources and relationships relevant to the issue

What it's about
Attraction, development and retention of the best people are vital to the successful delivery of our strategic objectives

What we're doing
Ensuring that we attract and retain the best people, encourage a high performance culture and are recognised as a great place to work

Performance measures

- Employee turnover
- Training hours per employee
- Employee salary by gender and grade
- Salary packages marked to market
- Working hours without a reportable incident (KPI)
- Health and safety incident performance year-on-year improvement
- Performance for sustainable staff engagement against the National UK Normal rating (KPI)

Strategic objective

1 3

Governance

Resources and relationships relevant to the issue

What it's about
A governance structure appropriate for the business allows us to respond effectively to the competitive and statutory environment in which we operate

What we're doing
Ensuring that we have the right culture, organisational structure and management processes in place to achieve our strategic objectives and vision

Performance measures
See our Governance report pages 56–87

Strategic objective

1 2 3 4 5 6

Natural resources

Resources and relationships relevant to the issue

What it's about
Whilst some natural resources are abundant and create commercial opportunities for us and our stakeholders, other natural resources are finite and need to be managed responsibly if supply chains are to be secured and costs controlled

What we're doing
We have mapped the natural resources we depend on, together with the functions they fulfil, to better understand where specific risks and opportunities may lie with regard to their ongoing availability and value to us and to society

Performance measures

- Operational and development waste diverted from landfill
- Absolute water consumption

Strategic objective

1 5 6

Successful placemaking

Resources and relationships relevant to the issue

What it's about
Placemaking enhances our buildings and the spaces around them, creating environments where people choose to live, work or spend their leisure time

What we're doing
We have developed principles for successful placemaking, which are embedded into all of our new developments

Performance measures





- Number of projects achieving BREEAM 'excellent' rating; visitor numbers/footfall
- Public realm projects undertaken
- Awards for excellence

Strategic objective

1 2 5 6

Climate change

Resources and relationships relevant to the issue

What it's about
Climate change presents physical, financial and regulatory risk and opportunity to our business and society as a whole

What we're doing
Managing and responding to the physical, financial and regulatory risk and opportunity that climate change presents to our business

Performance measures

- Greenhouse gas emissions intensity indexed trend (KPI)
- GW of operational renewable energy capacity (KPI)
- Absolute emissions

Strategic objective

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Review of our activities See pages 12–33