

HIGHLY COMMENDED EMBEDDING AN INTEGRATED APPROACH

The Crown Estate: tackling environmental and social issues at a local and global level.

By committing to help tackle global environmental challenges, and by contributing to inclusive outcomes at home, the Crown Estate is embedding sustainability at the heart of its organisation.

The Crown Estate is committed to help tackle global environmental challenges and contribute to UK-wide inclusive outcomes. Its role in supporting the UK achieve a net zero ambition and create broader sustainability value are threefold.

First it is playing a unique role in leasing the seabed for UK offshore wind (OSW) power and other renewable technology projects. Second it is reducing its own carbon footprint, working with customers and suppliers to reduce theirs, and leading its industry by example. And third it is creating new opportunities for biodiversity and social value to be developed using its unique portfolio of land and built assets.

The Crown Estate is also ensuring that sustainability is a primary component of its investment decision-making through its Value Creation Framework (VCF). This Framework is transforming strategy, business decisions and resource deployment, and it has promoted the broader consideration of environmental and social impact. The Framework encompasses the following:

- a revised and enhanced group strategy, centred on environmental, social and financial value,
- capital deployment and sustainability delivery frameworks, driving performance and accountability, and
- innovative and transparent carbon budgeting programmes and sustainability reporting regimes, underpinning a net zero commitment by 2030, alongside broader sustainability targets.

The Crown Estate is also working on innovative carbon budget frameworks for the future.

“Our internal decision making is underpinned by detailed targets that speak to environmental and social value,” says Mike Parr, The Crown Estate’s Head of Corporate Finance.

“ Our development sustainability principles set out clear targets for all development activity across carbon, biodiversity, wellness and social objectives, alongside the financial viability of any programme. ”

The Crown Estate actively measures and reports on the outcomes of its activities. Parr says: “We strive to be leaders in transparent sustainability reporting and continue to set, and publicly report on environmental and social targets that are embedded in group performance and reward, including: Scope 1 and 2 greenhouse gas emissions reduction; carbon emissions avoided in wind energy deployment; and waste management and absolute energy reduction.”



Positive tangible benefits

The Crown Estate is a national landowner with a portfolio that stretches across land, property and the seabed. Its focus is on creating lasting and shared prosperity for the nation.

Through its activities, it creates financial, social and environmental value. For example, in the two years to FY22 year-end The Crown Estate, underpinned by its VCF, facilitated an increase in OSW power that equates to renewable energy for more than 8m homes. It also achieved a 35% reduction in operational waste, measured in tonnes of waste collected, and doubled the number of work placements for young people to more than 330.

“Through our VCF – driving social and environmental imperatives alongside financial – we consider carefully the potential short-term trade-offs of investing in improved environmental performance in projects and assets,” says Parr.

“However we believe that the long-term financial value of our business will be underpinned by tackling environmental and social challenges now. Our strategic principle is that patient capital invested directly in sustainability will yield long term broader rewards.”

Finance leads positive outcomes

The Finance team at The Crown Estate owns performance and delivery of outcomes. “In partnership with sustainability specialists, the Finance team has been a key driver in the formulation and implementation of the VCF sustainability dimensions,” says Parr.

The Finance team also led the development of integrated analysis for investment committee approvals, thereby incorporating all VCF aspects into decision-making appraisals at the highest level of the business. “We lead the group in the setting of near-term and long-term enterprise targets and KPIs

covering all sustainability imperatives,” says Parr, “and we have led in establishing a new group reward framework that now promotes sustainability achievement alongside financial.”

He explains that his team deploys specialist modelling skills to assist the sustainability group in converting complex data into management solutions for addressing carbon challenges. “We also provide leads in management accounting and employ pure sustainability accountants to ensure that we can transparently monitor and publicly report performance,” he adds.



The judges’ view:

The judges concluded that The Crown Estate should be highly commended in the ‘Embedding an integrated approach’ category.

They said: “Sustainability is embedded across the organisation, with Finance leading the approach, with strong collaboration across teams.”

They noted this was the case across all commercial offerings (commercial, rural and seabed), and they commended the VCF which, having been in place for two to three years, provides a strong decision-making tool.

Finally, the judges were impressed that sustainability criteria were built by The Crown Estate into its commercial contracts, such as lease extensions.

The Finance for the Future Awards recognise the role of finance in driving sustainable economies.

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