

The Crown Estate 2022 UK Gender Pay Gap Reporting Methodology

This document provides details about The Crown Estate's commitment and response to the UK statutory Gender Pay Gap reporting. It includes a summary of the relevant legislation, metrics, methodology, scope, eligibility and other relevant descriptors.

1. Legislation

The Crown Estate prepares the Gender Pay Gap in line with the requirements of the Gender Pay Gap Regulations, otherwise known as the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which came into force in April 2017, that require all private and voluntary-sector employers with 250 or more employees to publish their gender pay gap data.

2. Metrics

In accordance with the legislation, The Crown Estate publishes the following metrics:

- Mean gender pay gap (%) – includes all elements of pay identified as relevant pay according to government legislation. This is based on payroll data as at the snapshot date of 5 April 2022
- Median gender pay gap (%) - includes all elements of pay identified as relevant pay according to government legislation. This is based on payroll data as at the snapshot date of 5 April 2022
- Mean gender bonus gap (%) – includes any bonus payments received between April 2021 and March 2022. Employees who do not receive a bonus are excluded, and this is based on actual figures.
- Median gender bonus gap (%) - includes any bonus payments received between April 2021 and March 2022. Employees who do not receive a bonus are excluded, and this is based on actual figures.
- Proportion of men and women receiving a bonus payment (%) – proportion of males and females receiving a bonus in the eligibility period (for example between April 2021 and March 2022)Proportion of men and women in each pay quartile of the organisation (%) – Quartiles are the proportion of males and females in each quartile, ranked by hourly pay (lowest to highest). Where our employees cannot be divided equally into 4 quartiles, we apportion employees as evenly as possible between the quartiles.

3. Methodology

Our Gender Pay Gap disclosed metrics are calculated in accordance with above legislation as well as the guidance available on the government website (Gender Pay Gap Reporting: Guidance for Employers).

The end-to-end process is as follows:

Firstly, demographic and pay-related data are extracted from our HR information system (HRIS) and our Payroll reports.

For our Gender Pay Gap reporting, we use the April payroll report (April 2022) to calculate the employee's ordinary pay for employees on permanent and fixed term contracts and we use the May payroll report (May 2022) to calculate the employee's ordinary pay for employees on casual contracts, as they are paid a month in arrears. We use the March payroll (year-end - April 2021 to March 2022) report to calculate bonuses paid. For ordinary pay, it includes employees on the payroll who were employed as at the snapshot date 5th April 2022 and all payroll elements. For casual employee, who work irregular hours, it includes employees on the payroll at the snapshot date 5th April 2022 and who worked during the April payroll period. As such we don't include casual employees who were not on assignment during the April payroll period.

For the bonus calculation we only include those employees in employment as at the snapshot date. As such we don't include all active employees in the March payroll, as they may have left before the snapshot date.

For gender pay reporting purposes and in keeping with the regulations gender must be reported as men and women and the data used for the calculation come from the HMRC records, which we acknowledge may not accurately reflect the gender identity of some of our employees.

Then, the information is pulled together and reconciled in accordance with employee eligibility criteria and employment circumstances based on the guidance. This will lead to a set of data relevant to the gender pay gap calculations for the following considerations:

- a) Relevant employee
- b) Full pay relevant employee
- c) Relevant pay period/bonus pay period
- d) Ordinary pay/bonus pay

To determine the ordinary pay/bonus pay, we have set formulas which automatically calculate these outcomes based on specific payroll codes. Each year, we review the codes to capture any updates which then need to be considered in the formulas.

To determine the relevant/full pay relevant employee, we have set our reports in a way which these are easily identifiable. However, we may run additional reports, if needed, for a secondary layer of security.

The population with their relevant remuneration is then used to complete the statutory calculations, using set formulas with automatically calculate the metrics.

The data is prepared and reviewed by the People Team. Our Communications team prepare our messaging and our Senior Leadership Team sign off our report. The Remuneration Committee receive a report on our gender pay gap at the meeting prior to publication.

In case The Crown Estate has to make changes to the criteria and/or methodology, due to errors or new information coming to light which necessitates the correction of numbers the commitment is to re-calculate previous years' disclosures and restate these, if necessary, in

the annual report and accounts. We use the threshold of a 5% variance from the disclosed numbers to determine the need for restatement.

Due to updated legal advice to include casual employees in the gender pay reporting, we need to restate the prior year (5 April 2021) disclosure.

4. Scope, eligibility and key definitions.

We publish our gender pay gap results in the government's website as well as our external website by the statutory deadline 4th April as required. See Appendix 1 for our key definitions.

The Crown Estate does not have operating offices outside the UK, so all relevant employees are included.

The Gender Pay Gap results will be published on The Crown Estate's external website.

Notes:

Leavers before 5th April 2022 and new joiners after the 5th April 2022 are excluded from the calculation. Employees leaving after 5th April but before 30th April, or joining before 5th April but after 1st April are included, with pay calculated based on their actual pay for the period (i.e., in these instances we do not calculate up to the full month equivalent).

Employees not receiving full pay in April (such as those on maternity/paternity leave, sick or unpaid leave) are deemed to be "relevant employees" and have been included in the bonus calculation, however, are not considered "full pay relevant employees" so are not included in snapshot pay data.

We pay our employees monthly and therefore as per the regulations, a month is treated as having 30.44 days. As such, for our employees on permanent and fixed term contracts, the hourly rate is calculated as: $7 \text{ days over } 30.44 = 0.23$. (Total monthly salary * 0.23)/weekly working hours. For our employees on casual contracts who work irregular hours, we use their pay for the month of April and their hours worked for that period and assume that all hours worked in April fell within the two-week period that includes the snapshot date. This provides an hourly rate that more fairly represents the employees hourly rate than using the 12-week average.

Where retrospective salary increases have been awarded, backdated to 5th April 2022 or before, we have used the amounts actually paid in April 2022.

Within our quartile calculations, if there are male and female employees at the cut off for a given quartile earning the same ordinary pay, we split the employees as evenly as possible between the quartiles.

Bonus payments relating to the 2019/20 financial year were paid to employees in two payments. One of which fell within the reporting period 6 April 2021 – 5 April 2022. For reporting purposes, we used the bonus amounts actually paid during the reporting period.

Recognition award payments which fell within the reporting period 6 April 2021 – 5 April 2022 are included in the bonus calculation as they were paid in acknowledgment of the contribution that employees made to the business and as such fall into the definition of 'bonus pay'.

Board Members and non-executives are included in our payroll, however, do not fall under the definition of an "employee" so are excluded from the analysis. We note that the CEO and CFO are members of the board but meet the definition of "employee" and are therefore included in our calculation.

Appendix 1

Key Definitions

<i>Bonus</i>	Bonuses include annual bonus payments (performance related), long term incentives plan payment, sign-on or completion bonuses, recognition awards or any other special bonuses paid using the bonus payments, LTIP, recognition award or special bonus paycodes. Bonuses associated with referral bonuses, i.e., where an employee is paid a one-off payment for referring an employee to The Crown Estate are not included within the bonus calculation
<i>Bonus period</i>	This covers any bonus payments received between 1 April 2021 and 31 March 2022
<i>Full-pay relevant employee</i>	A full-pay relevant employee is one who is employed by The Crown Estate on the snapshot date of 5 April and is paid their usual full basic during the pay period in which the snapshot date falls (the relevant pay period). This excludes employees who receiving pay at a reduced rate in the April 2022 payroll, as a result of being on any type of leave (maternity, paternity, shared parental, sick or any unpaid leave)

<i>Hourly Pay</i>	Hourly pay is the sum of ordinary pay and any bonus pay (including any pro-rated bonus pay) that was paid in the pay period in which the snapshot date falls (April 2022). Bonus payments are included if they are paid during the relevant pay period
<i>Leave</i>	Employees not at work as a result of maternity, paternity, shared parental, sick leave, unpaid or any other leave
<i>Ordinary Pay</i>	Ordinary pay includes basic pay, allowances such as flexible benefit, pension allowances, all hours and game allowances, annual leave pay and cash in lieu payments such as private medical insurance cash in lieu
<i>Pay period</i>	The monthly schedule on which employees are paid on a re-occurring basis
<i>Relevant Bonus Period</i>	The bonus period in which the snapshot date falls which is 6 April 2021 to 5 April 2022
<i>Relevant Employee</i>	Those employees who are in active employment at the snapshot date. This includes full-pay relevant employees and other employees employed on the snapshot date but on less than full pay because of leave. Relevant employees are included in overall headcount and bonus gap calculations
<i>Relevant pay period</i>	The month in which the snapshot date falls which is April 2022
<i>Snapshot Date</i>	The specific date each year on which gender pay gap calculations will be based which is 5 April 2022
<i>Weekly working hours</i>	The weekly working schedule of a person in employment over a selected period