



# Responsible Business in Real Estate – the global challenge

Industry leaders forum report





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## Foreword



**Sunil Shah**

Director, Acclaro Advisory  
and Chair of RICS  
Responsible Business  
Leaders Forum

The global financial crisis of 2008, the rise of climate action groups, the devastating images of the impact of single use plastic on the environment alongside the increased awareness of modern slavery mean that businesses are now under unprecedented scrutiny to demonstrate ethics and responsibility relating to their financial, environmental and social activities.

In turn, those who provide services to businesses must also respond, innovate and be able to demonstrate their ability to deliver in this new climate of responsibility and ethics.

At the heart of this conversation is ethics and RICS is part of the global coalition of organisations which, in 2016, produced the International Ethics standards for anyone working in the land, property, construction, infrastructure and related professions. This standard challenges the industry to deliver services ethically.

In 2018 RICS set up a Responsible Business Leaders Forum and in a report published in November 2018<sup>1</sup> identified three main drivers influencing the development of a responsible business: **culture, people** and **technology**.

To explore this in more detail RICS convened a series of workshops, interviews and discussions involving over 35 organisations across the APAC, European and Americas regions to build a global insight into how responsible business can drive success and mitigate risks.

The intention was to establish the global context in which corporate responsibility principles apply to managing real estate. Insight was captured to identify challenges for current and future employment gaps and how organisations are embracing technology.

The forum explored how a business culture focused on ethical values can influence staff recruitment and retention, be reflected in procurement processes and in the management of the supply chain. Participants highlighted their approaches through a number of case studies outlined in this report.

This report provides recommendations and key call to actions for the industry. It is aimed at businesses and the professionals that advise them, with an emphasis on property services.

The role of a responsible business is changing from one that is purely financially driven to a focus on social and environmental responsibility.

Responsible business is about ethics and honesty and is demonstrated by:

- strong leadership
- setting the right culture within the organisation through suppliers and clients and across the sector
- providing disclosure on successes and failures and
- challenging behaviours on discrimination and pay.

Future generations will expect organisations to embed these traits into their culture and for this process to inform the operation of the business.

<sup>1</sup> <https://www.rics.org/globalassets/rics-website/media/about/rics-responsible-leaders-forum.pdf>

Management of buildings requires the services of some of the lowest paid and most disadvantaged individuals. Buildings themselves can lead to significant environmental and social challenges such as contributing to climate change, rapid resource depletion and the degradation of wellbeing in society.

In some cases, substandard practices in supply chains help to maintain poor working conditions and organisations can be held accountable for this. How the industry is addressing these challenges will be highlighted in this report.

The powerful trends we have considered in this report will require organisations to change how they operate and consider what they stand for, resulting in changes occurring at a greater pace. When organisations get it wrong, they will find it more difficult to attract and retain talent and clients, resulting in a less successful business.

It is evident that the approach taken by a business to manage property responsibly through environmental, social and economic challenges is enabled by its corporate culture, including the skills, development and retention of its people and its use of technology.

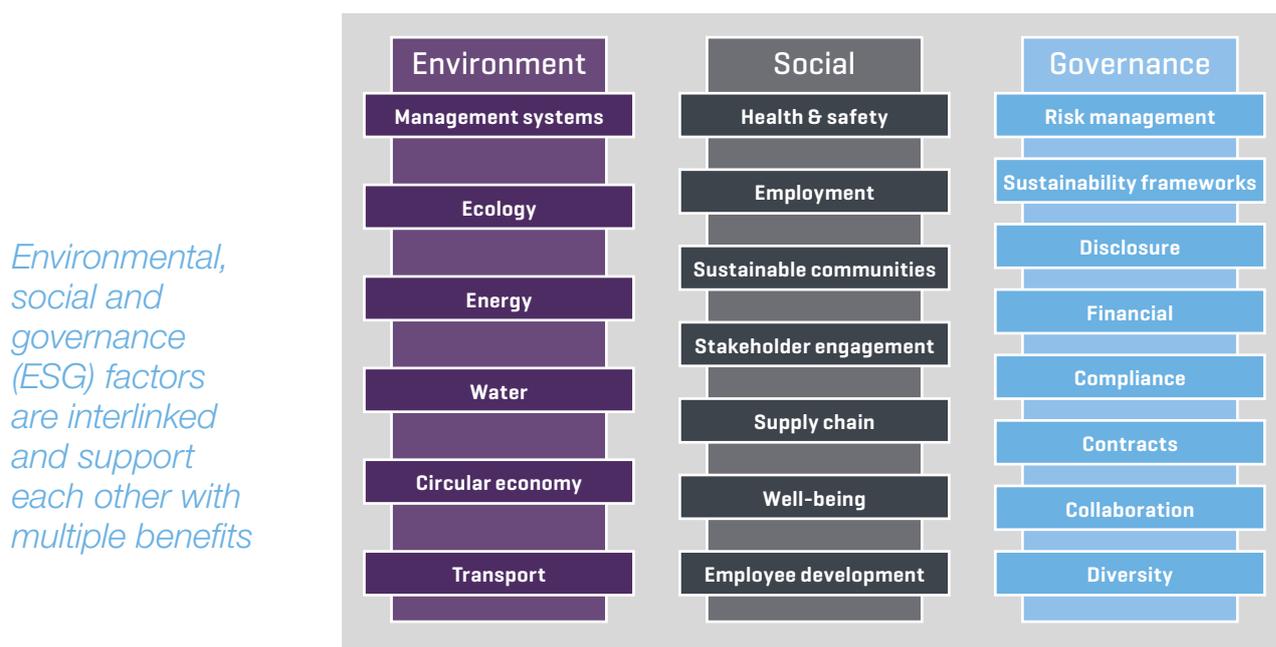
Successful businesses will need to change their structure and position responsible business as a core value.

# 1.0 Introduction

The global business landscape is fundamentally shifting. This has been driven by changes in social perceptions and technological advances which have altered how we operate and deliver services. In order to thrive, businesses need to make use of available data, access the best talent and drive out unethical behaviours.

Environmental, social and governance (ESG) factors are interlinked and support each other with multiple benefits. As such, the changes are shared across organisations, rather than being focussed within departmental criteria. As shown in Figure 1.

**Figure 1:** Environmental, social and governance factors



Change is necessary for business to succeed but recently the level and complexity of this change has taken many by surprise. Increasing global urbanisation has major impacts on environment and society. Management of real estate in the 21st century requires a responsible approach.

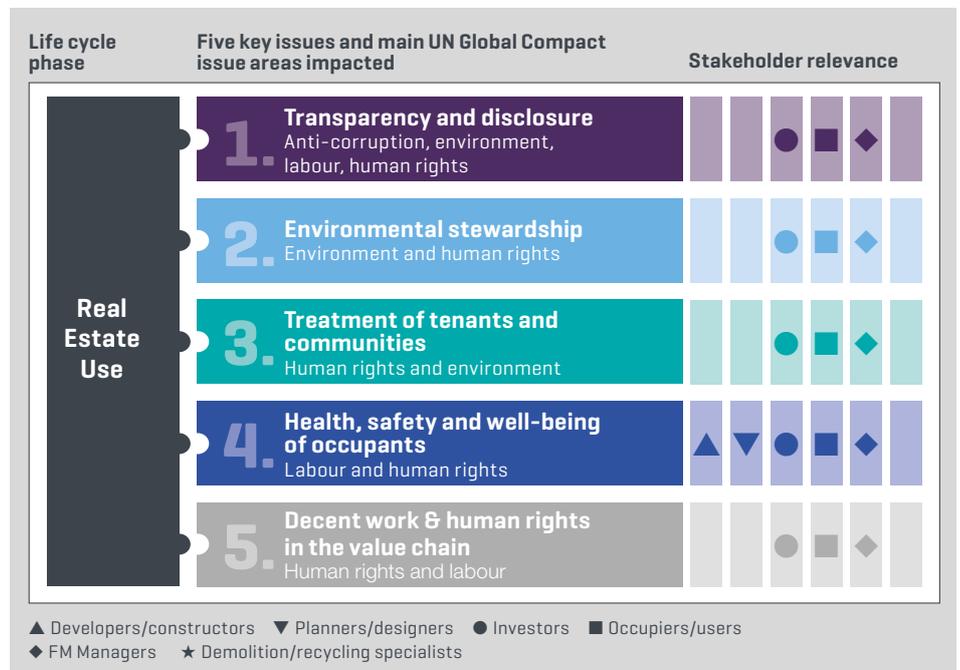
Responsible business leadership can help mitigate global risks caused by climate change, social impacts of property development, and the well-being of occupants, providing competitive advantage and reputational benefits. The way in which these risks and opportunities are approached by corporations that manage property affects investors, occupiers, managing agents and the supply chain. It may improve both the value of the property and the value of the company managing the property.

To help advance the sector’s role, The UN Global Compact and RICS joined forces to tangibly map out the UN Global Compact principles and the sustainable development goals across the lifecycle of the built asset, highlighting major risks and opportunities for changes and improvements. This resulted in one of the first sector- specific initiatives – the UN Global Compact Advancing Responsible Business in Land, Construction and Real Estate Use and Investment report – which was published in 2018.

Across the real estate use phase, the phase when the assets are in occupation including refurbishment, the report highlights the role that developers and constructors play in achieving an optimal asset. This reinforces the need for knowledge transfer and responsibilities during handover stages.

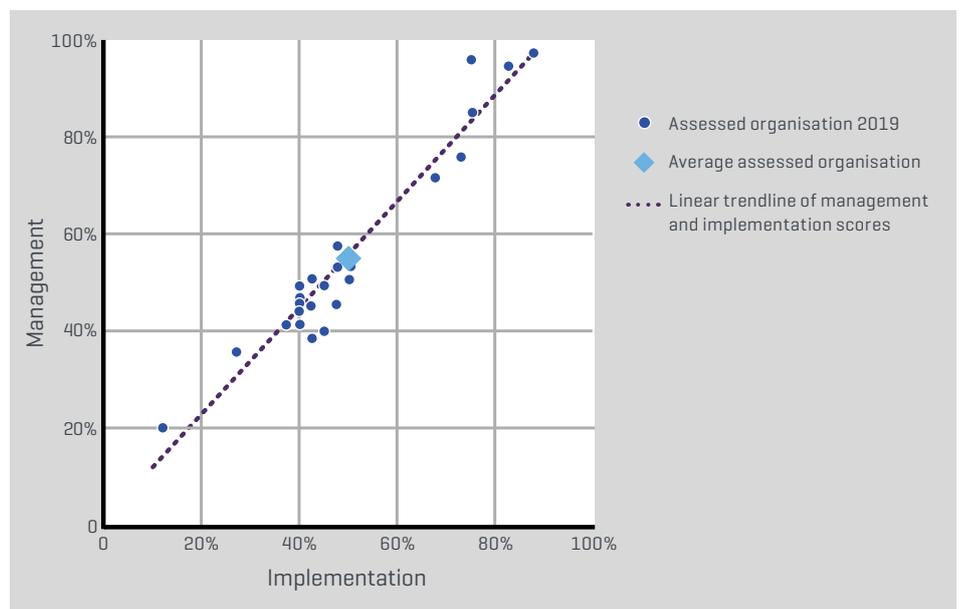
The RICS UN Global Compact Responsible Business Toolkit and the Sustainable Facilities Management Index (SFMI) assessment criteria highlighted in figure 1, mapped with SDGs (see figure 2), highlight a series of tasks that 'should' be implemented during the different stages of a real estate assets lifecycle.

**Figure 2:** Five key issues and stakeholder relevance



While assessing and benchmarking the sustainability performance of the UK facilities outsourcing market, the SFMI have found that a gap is forming between a small number of leaders and the rest of the market. Assessing those topics listed in figure 1 shows a lack of transparency and ability from the general market in both managing and implementing responsible business issues (see Figure 3).

**Figure 3:** The SFMI 2019 assessment – the management of ESG versus implementation



## 2.0 Drivers for responsible business

Responsible business is driven and underpinned by ethics. Expectations are shifting and a number of risks, programmes and trends are being considered to create a sustainable future.

Responsible business for real estate will require alignment between various parties across the property sector from planning, through design and construction and into operation. This will involve knowledge transfer, accountability and engagement across different groups involved and a move away from the current adversarial culture.

Our insight has been drawn from leaders and technical experts in the field to provide a better understanding of the issues and feasible solutions.

### Changing investor and market-led expectations

There is a current shift towards increased disclosure and involvement led by investors in order to manage risks and provide certainty over the returns that will be made. Investor-led approaches as part of fund management programmes is increasing the level of transparency requested and the level of data provided.

There are a range of global programmes, initiatives and scientific targets which provide single measure mechanisms to improve environmental concerns. Each programme begins with the development of a strategy through to a plan and communication of progress, with an increasing desire for transparency and disclosure by all parties.

For real estate organisations, this requires a comparison between the operational building performance and theoretical planning and target setting from the initial stages of each global programme. To close this gap, organisations will require a review of upstream and downstream impacts involving the supply chain and tenant operations.

Integrating this into an organisation is going to be a significant challenge. Procurement has long been recognised as an issue, with a technical suite of requirements covering responsible business factors needed to identify a partner-based supplier. This approach creates trust and a more appropriate structure of the services, but it conflicts with the perceived requirement for supply chain teams to focus on cost savings and is often dropped.

### Changing expectations of future workforce

Being a responsible business in terms of people means meeting the changing needs of future generations. People want to work for organisations with a purpose and where there is a desire for change. This will affect the spaces that individuals want to occupy with well-being improving both health and productivity. Recruitment and retention of staff in a time of reducing net margins requires a different attitude to the business and the supply chain.

Recruitment and retention of talent is becoming an issue globally across the whole property sector. Organisations are being challenged on what they stand for. It is no longer just about money, but increasingly about purpose, transparency and values. Those entering the workforce want to work for organisations that share their beliefs, which are becoming more altruistic. Commercial outcomes are good and an absolute necessity, but so too are the ethics.

*People want to work for organisations with a purpose*

Talent management must take account of skills needed for the future. Moving to a more technological environment will mean understanding how to use the data and its implications on individuals and the organisation, providing better information to enable decisions to be made. This is not a traditional skill set that is captured within the occupier suite of experiences and it does require a significant change.

### Role of Real Estate and well-being

Whilst the science reviewing the impact of facilities on individuals dates back to the 1950s, there is a growing recognition that the design and operational delivery of buildings can affect mental health and productivity. Well-being is a wide-ranging topic, but it is critical for new build and existing properties to get this right. There is a wealth of tools and a growing body of evidence available covering different societal groups.

### Climate risk

Investors expect an understanding of climate risks and a programme to mitigate them in the future. Climate risk impacts reflect the potential cost of one-off major events such as flooding, as well as longer term effects which reduce property value. Currently, this impact is managed through insurance.

### Zero carbon

The World Green Building Council are leading a programme to develop agreed global approaches to enable buildings to move towards zero-carbon status. Whilst this is relatively simple for new buildings or those undergoing major refurbishment, the challenge has been to extend towards the existing building stock which represents the majority currently standing globally. The desire for zero carbon is driven by market conditions and brand, rather than regulation and therefore should be encouraged.

### Social value

A community-led view of business, with a measure based on the net value delivered to society, is changing the perception of procurement and the role of real estate. Although difficult to measure, the cultural shift will require an understanding of the net value, both positive and negative, whilst in operation. This involves less of a focus on developer-led initiatives and more of a focus on the enabling and handover to operations.

### Managing waste and resource

A need for higher recycling rates, increased resource efficiency and a desire to move to a more circular economy will require organisations and their service providers to make significant changes in how they procure and consume products and materials, as well as how they treat and dispose of them at end-of-life.

#### Case study: Circular Economy

In conjunction with Ellen MacArthur Foundation's ReSOLVE framework, Arup have looked to explore and contextualise practical applications in the built environment. At a real estate level this looks at the landlord as a service model, with lighting, furniture, aesthetics and acoustics all being part of a service package.

*The growth of digital technology, known as the digitalisation trend, has led to a disruption of the business to business or customer model*

### Real Estate as a service

Landlords have a shifting role from rent collectors to service providers. Provision of landlord service models have also changed, with a revised focus towards boosting the performance of a workplace through enhancing the workplace experience. A service-based hierarchical needs model requires not just the provision of functional, safe, clean, secure ambient spaces, but also a reflection of how effectively the space supports the organisational activities over time.

### Role of data and technology

Technology plays a vital role in offering better use of occupied space, managing environmental factors, and running equipment more efficiently. Data analysts will be able to use data analytics to deliver results in real time. Data is also collated to identify norms and determine occupier parameters.

The growth of digital technology, known as the digitalisation trend, has led to a disruption of the business to business or customer model as seen in Uber and WeWork. The internet of things (IoT) and machine learning is helping to deliver efficiencies.

These initiatives are becoming more mainstream and they enable the end user to be the decision maker.

The next wave of innovation will start to utilise more accurate data from a range of sources, known as the data and security trend. This includes architectures where buildings have direct control and transparency over personnel data to self-modulate and run buildings, as well as requesting maintenance through directly enabled assets. Blockchain and smart controls will operate not only for supply chain and materials, but also to promote collaboration within the workspace from a variety of organisations.

The use of technology will need to be managed effectively for organisations to continue seeing the benefits. Issues of cyber security (hacking of sensors) and ownership of data increase and they relate to protocols set up by the organisation, allowing individuals to opt in, and the culture and level of trust that exists within the business.

Technology allows FM to be more customer focussed, but it requires the ability to analyse the data that is generated. Whilst artificial intelligence (AI) tools are available, most organisations will require individuals with skills to understand the data and translate it for people. This provides a very different role for FM moving forwards, one where technology is integrated into the service and key skills revolve around the customer, service and data analytics.

### Innovation examples

- DeepMind saved 40 per cent of energy in Google data centres
- At The Edge (Amsterdam), 28,000 sensors track items such as desk use, power use, water, meeting rooms, temperature, coffee. Data is used to:
  - allocate space for staff
  - provide targeted cleaning
  - vary lighting and air conditioning levels
  - create maintenance schedules
- ABB Copenhagen utilise actuators on lighting, heating, audio, blinds, but facilities management (FM) decides on the prioritisation.

### CBRE case study

Profit margins in the FM industry are shrinking. Coupled with the rising cost of labour, it is creating a crisis. People are being worked harder and for longer hours, leading to concerns over staff well-being and challenges in attracting talent to the market. Forward-thinking organisations are investing in technology to address some of these challenges. In Singapore and across Southeast Asia, CBRE has implemented Pulse Suite, our proprietary, cloud-based, data-driven property management platform to help building owners save time, enhance productivity, increase transparency and decrease management oversight.

Our personnel need relevant training to benefit from this technology. In Singapore there are government initiatives on reskilling and retraining to improve the resilience of our workforce. While we have observed some initial resistance and concerns over job losses due to the adoption of technology, clear communication of objectives and benefits of reskilling individual workers has helped to gain their buy-in.

**Mark Yeo**, Director, Business Operations, CBRE Property Management, Singapore and Southeast Asia

Together, all these drivers will need to be addressed when developing a real estate strategy. When managed well and in conjunction with stakeholders, costs and risks can be reduced through strategic capital investment plans. A good example of this is the provision of planting within buildings which maximises oxygen provision, reduces CO<sub>2</sub> and increases the absorption of particulates and chemicals in the air. By using scientifically-chosen plants, the air is cleaned, reducing the need for air and filter changes. Reduced changes mean the air handling units and associated equipment are used less frequently. This results in lower maintenance costs and energy use, as well as improved air quality and well-being for staff. Where this initiative is led by a tenant or a department, would it have the same benefits without engagement with the organisation, landlord and facilities provider?

## 3.0 Findings

The first part of this section will review the common challenges and consistencies identified from the insight globally.

The second part will discuss the business approaches and successes that are employed from global organisations, seeking to demonstrate successful responsible business strategies.

The last part of this section identifies criteria for how organisations can develop responsible business practices and embed them in management and operational activities.

### Part 1. Challenges, solutions and strategies

#### Business Culture

Culture is seen as a challenge, with few organisations demonstrating a strong approach to this area. Purpose-driven companies are looking towards a business approach to attract and retain talent, alongside the requirement to provide the workspaces that meet expectations of purpose-driven individuals. The evolution of flexible workspace solutions embedding a purpose-driven approach have raised expectations.

*The values and culture of the landlord also need to change*

#### Sodexo case study

When a major business identifies a key area to improve on, the road towards change is often long. It requires a change in business culture that involves onboarding of champions, repetition of messages and integrating it at the top level of the business so that the change is filtered through the business. Sodexo's approach to diversity challenges is an example of the wheels of the business turning for positive change. Sodexo have integrated 'diversity moments' into management meetings, whilst giving management staff targets for staff to take part in training, and even linking remuneration pay to diversity targets. These top down initiatives are all supported by the positioning of diversity and inclusion as the cornerstone of the culture and the growth strategy of the business.

**Dave Kimball**, Sodexo and Sodexo Magic Corporate Services, North America

The values and culture of the landlord also need to change. The mentality of the employee affects the purchasing decision of the company and there is a shift away from landlords that are predominantly focussed on financial returns.

Sustainability is recognised as a key risk and opportunity at the C-level. For a business and its supply chain to be sustainable, the right culture needs to be developed.

#### Facilities management (FM) skills gap

The FM image problem is a major factor in causing a skills gap. With, 50% of today's FM workforce retiring in the next 10 years, FM sector needs to promote what it does to attract new skills and staff should be appreciated and motivated. Suppliers are also expected to demonstrate sustainable values, but the challenge is whether there are enough skilled people to fill requirement gaps.

One of the biggest challenges is upskilling and learning. People need to have varied experience to share information about building management and all the interconnecting pieces of a working environment. Managing the building as a whole will help to improve customer service, but it also reduces environmental impact and maintains the sustainability performance of the building.

Increased use of emerging technology is changing the role of FM with increased data available, but the ability to use this data still lacking. From a corporate perspective, if there is limited view of the impact of the FM, the potential of FM will not be fulfilled. Being able to use data in an interconnected way will help with the necessary business case for investment. Skill set requirements for prop tech are moving towards global platforms designed for ease of use which are customisable for regional purposes.

### Procurement of FM

FM is still seen as a commodity, with many organisations utilising their supply chain resources to drive out costs, which places pressure on the procurement team. The need for increased technical knowledge and input into the decision-making process has led to an educational rather than siloed approach to procuring FM with value. The benefit of using a combination of benchmarking and experience to change the traditional price-squeezing mindset of procurement extends beyond FM into the operation of procurement teams.

*A combination of benchmarking and experience to change the traditional price-squeezing mindset of procurement extends beyond FM*

#### Changing the Procurement of FM- case study

A major business operating real estate across the world has a unique way of de-commoditising the role of FM. The global Real Estate Lead, is part of the procurement team. Placing an experienced real estate manager within a procurement environment allows for learnings between both functions. FM can be de-commoditised by showing the benefits of added value through education and benchmarking to show the value that spending a little extra can bring to the company. This education can decouple FM from the bottom line is essential for a responsible property management approach.

Major global business and property lead, Singapore, Southeast Asia.

### Role of government and regulation

In a constrained market, the role of government and regulation can have a dramatic effect on the delivery of sustainable buildings, skilled resources and business culture. Minimum wage requirements, minimum environmental specifications, green building certifications and competency thresholds are common, globally used measures to improve the upfront and ongoing environmental and social performance of the sector. A general move towards green buildings from occupiers has seen slightly improved premiums, which vary region by region.

However, these factors will also increase the costs to deliver property services, resulting in a global trend for margins dropping over the last 10 years. Labour cuts are requiring people to work longer and harder, making talent retention even more difficult. The approach is also encouraging movement of organisations towards lower-cost models, where the regulatory and governmental regimes are not as strong.

## Part 2. Approaches towards responsible business

Many approaches to deliver a responsible business are already in place. The integration of these approaches within organisations is hugely variable, partly due to the lack of a coordinated approach that links together various requirements. It's also due to a current focus on marketing-led strategic and theoretical benefits, rather than delivery and upon the leadership and cultures involved.

Understanding the key sustainability risks faced by managers in real estate across the world will help to clarify a set of core principles that a responsible business should focus on.

The responsible business forum insight highlighted a range of approaches that are being used to drive changes in cultures, together with the impact of these approaches in practice.

*Implementation of a responsible business culture is a top-down approach*

- 1. Committee led approach:** predominantly for larger organisations, this approach has a strong culture that is written into the business values and articulated across the business. Reinforcement is through both positive rewards and tangible benefits, together with self-connecting committees throughout the organisation, to provide a 360-degree view of compliance against these values, from the senior leadership team downwards. Whilst slow to develop and adapt to changes, it provides a strong ethos of delivery and a culture of operation particularly at key leadership positions. The most well-known example is from the John Lewis Partnership which has a long-standing approach that is refreshed and updated to maintain consistency with current issues and themes.
- 2. C-Level led approach:** for all sizes of organisations, instigated by a light-bulb moment by a senior leader who will champion the delivery of a responsible business strategy across the business. Engagement across peers and into the depth of the organisation will be key to the successful delivery of the strategy, together with managing behaviours that don't align with the new culture. This approach is very quick to implement and drive through across the whole organisation, while also adaptable to changes within organisations. The success of the approach depends on how well the leadership team embeds this approach as part of the organisation's culture to mitigate the impact of when the senior leader leaves the role.
- 3. Family led approach:** largely for smaller organisations which apply a family business approach to the organisation. Decisions are made as a group with engagement across the business. With the business on board, this can be the quickest way to drive changes and responsible culture across an organisation, with individuals getting on board with the group mentality. Reinforcement can be a challenge, particularly those individuals who have not fully bought in, and can have a detrimental effect on the programme. Therefore, management of these individuals becomes key.

The key observation from these discussions was that implementation of a responsible business culture is a top-down approach, led by the leadership team, but requires involvement and engagement from the whole business. Those who find change difficult and those who flout the rules need careful management. However, difficult decisions when dealing with supply chain and performance should be communicated in a transparent way.

## VINCI Facilities case study

### C-level led approach

VINCI Facilities delivers facilities management and building solutions to organisations across a wide range of sectors. The company prides themselves on developing successful partnerships with customers and strong relationships with all their stakeholders. The VINCI Facilities approach continually enhances the operation and adaptation of the built environment whilst improving productivity and efficiency gains, reducing carbon footprints and integrating social value.

This is attributed to the sustainable business model that is built into the culture of the business at every level. The sustainable business model that VINCI developed in 2010 allows them to set targets and objectives with tangible key performance indicators (KPIs) for their teams. The business model encourages engagement and feedback from all stakeholder groups and offers a balanced and sustainable approach to shared success.

**Victoria Hughes**, Business Responsibility Director, VINCI Facilities (UK)

## John Lewis Partnership case study

### 360° view of their culture

The John Lewis Partnership has a long history of being a different kind of business. The founder, John Spedan Lewis, signed away his ownership rights in 1929 to allow future generations of employees to take forward his 'experiment in industrial democracy' by including staff in decision-making on how the business would be run. His ideas are set out in the company's constitution which, at its heart, has the idea of establishing a 'better form of business'.

The partnership operates on democratic principles, sharing power with all partners. Their first democratic council was set up 100 years ago in 1919. Today their democratic network of elected councils, committees and forums enables partners to participate in decision-making, challenge management on performance and have a say in how the business is run. There are over 3,000 specially elected representatives who feed into three governing authorities, the Partnership Council, the Partnership Board and the Chairman, which run the Partnership.

**Phil Birch**, Manager of Sustainable and Healthy Buildings at the John Lewis Partnership (UK)

## Part 3. Responsible Business factors – criteria for success

The insight captured from the forum has identified a number of good practices at corporate, regional or departmental levels in implementing changes in service offer and delivery. However, organisations are not yet making fundamental changes to their business models.

The responsible management of technology, people and culture is key to addressing sector challenges and reputational risks that face businesses. The rapid growth of technology, as well as the challenges of climate change and social impact, have created a culture where people need to adapt their skills to succeed and businesses need to demonstrate responsible management.

The following responsible business factors are identified and this report gives a framework with key recommendations on how they can be managed effectively to help a business tackle challenges and take advantages of opportunities.

### 1. Management and commitment

Leadership and development of a responsible business culture can only be driven by the management team. A culture change within the top levels of an organisation does not happen quickly and can require reshaping of positions. A responsible business approach will need to be reflected in the purpose of the business which will help with the management of risk. This links to investor requirements on risk management, along with the need to give confidence to clients through transparency. Having a responsible business reputation will also help the business to attract and retain a strong workforce.

#### Recommended approach:

- Demonstrate board commitment and a strategy to clearly communicate the performance and corporate culture
- Management system set up to include health and safety
- Disclosure and transparency of operations with stakeholders
- Clear risk management approach to integrate compliance and non-financial risks
- Finance to allow for strategic capital investments.

### 2. Diversity and collaboration

The promotion of diversity across the property lifecycle, particularly with developers and the supply chain, will become critical in optimising services and business performance. Enabling proactive collaboration, without the negative blame culture, will allow for a different approach. A major driver for this is to encourage different perspectives to facilitate broader discussions and help in identifying longer-term solutions. Building these into KPIs or management commitments provides transparency on the future of the organisation.

#### Recommended approach:

- Workforce diversity and inclusion strategy throughout the organisation
- Targeted and intended collaboration
- Proactive disclosure of performance and compliance with regulatory frameworks
- Implementation and inclusion within contracts
- Collaborative supply chain culture to build partnerships.

### 3. Well-being and employment

Retaining talent was a common global theme and, whilst technology may mitigate some aspects, it is not a long-term solution for both employees and supply chain teams.

Looking at longer-term employee skills development and reviewing the space provided within and outside the building to provide a better working environment will help. Facilities management is uniquely positioned in being able to take individuals from disadvantaged backgrounds and provide a career opportunity, for example opportunities for ex-offenders, longer term unemployed and those from poorer backgrounds. It can play a key role in social mobilisation and improvement.

If integrated in a transparent way, the use of technology and data is also key as it promotes responsible business values.

#### **Recommended approach:**

- Proactive disclosure of performance and compliance with regulatory frameworks
- Attraction of talent and targeting of those from disadvantaged backgrounds
- Development of employees and future skills
- Provision of well-being as a standard
- Use of projects to assess lessons learned in workspace quality
- Finance to allow for strategic capital investments of workspace.

### 4. Community and supplier engagement

Wider engagement through suppliers and the community provides a purpose-driven culture for an organisation and reflects the values of the business. The concept of social value and the measurable benefit to the community through this engagement will help to differentiate a responsible business from its competitors. Working with the supply chain through an effective procurement process and wider stakeholder engagement to understand where the greatest value can be provided will also help.

#### **Recommended approach:**

- Proactive disclosure of performance and compliance with regulation
- Supply chain management to build partnerships
- Proactive stakeholder identification and engagement
- Develop sustainable relationships with communities
- Use of projects to identify lessons learned.

## 5. Environmental protection

Environmental protection includes the promotion, enhancement and protection of the environment. Movement towards zero-carbon solutions and circular economy will take time, but simple steps can be taken to develop projects that consider environmental performance. Key for this area is the management of risks and the disclosure of progress.

Including environmental protection in the culture and everyday practice of a business will reap results. The integration of new technologies is also fundamental to achieving the zero-carbon mission.

### **Recommended approach:**

- Proactive disclosure of performance and compliance with regulation
- Implementation and inclusion within contracts
- Reduction in environmental impacts, e.g. energy, transport, water
- Use of projects to provide lessons learned and implement change
- Promotion of biodiversity as an environmental and social benefit
- Incorporating the concept of circular economy into the supply chain and business operations
- Finance to allow for strategic capital investments.

## 4.0 How can we drive success?

Driving success using these approaches will require global collaboration from government and industry professionals. The summary below highlights key measures and actions required to enable this and highlights how RICS and RICS professionals can take a leading role in supporting responsible business practices in real estate.

**Table 1:** Key measures and actions required

Measure	Government/ policy makers	RICS professionals	RICS
<b>Management and commitment</b>	<ul style="list-style-type: none"> <li>In conjunction with business, a review of forward ESG risks and their mitigation</li> <li>Share responsibility on a long-term plan</li> </ul>	<ul style="list-style-type: none"> <li>Adopt the RICS Global Professional and Ethics Standards</li> <li>Look at future risks and impacts on the business</li> <li>Provide a two-way structure to communicate performance</li> </ul>	<ul style="list-style-type: none"> <li>Develop a framework to provide best practice guidance for real estate use</li> </ul>
<b>Diversity and collaboration</b>	<ul style="list-style-type: none"> <li>Regulation to incentivise knowledge transfer through the property lifecycle</li> <li>Diversity to be standardised and promoted</li> </ul>	<ul style="list-style-type: none"> <li>Understand diversity performance</li> <li>Improve collaboration through the property cycle</li> <li>Provide disclosure of performance</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and management to challenge diversity</li> <li>Provide tools to engage with developers and supply chain</li> </ul>
<b>Well-being and employment</b>	<ul style="list-style-type: none"> <li>Financial incentives to employ and train individuals from disadvantaged backgrounds</li> </ul>	<ul style="list-style-type: none"> <li>Understand well-being performance</li> <li>Review employment risks and community engagement</li> <li>Provide disclosure of performance</li> </ul>	<ul style="list-style-type: none"> <li>Show an integrated career path for RICS members</li> <li>Provide guidance for occupier role in improving well-being and high performance workplaces</li> </ul>
<b>Community and supplier engagement</b>	<ul style="list-style-type: none"> <li>Government contracts to focus upon operational value (direct and indirect)</li> </ul>	<ul style="list-style-type: none"> <li>Understand the social value provided in services delivered</li> <li>Proactively engage with suppliers</li> <li>Provide disclosure of performance</li> </ul>	<ul style="list-style-type: none"> <li>Encourage improved supplier engagement and provide tools.</li> <li>Provide social value guidance</li> </ul>
<b>Environmental protection</b>	<ul style="list-style-type: none"> <li>Long term policies on climate change and circular economy</li> <li>Coordinated regulation and enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Understand current environmental performance</li> <li>Review financial approach to investment</li> <li>Provide disclosure of performance</li> </ul>	<ul style="list-style-type: none"> <li>Provide guidance on valuing climate risk</li> </ul>

## 5.0 Next steps

A combination of the right culture, people and technology are critical factors for creating a responsible business strategy in a rapidly changing world. These key factors are interconnected within a responsible business approach and implementing a strategy is difficult, takes time and requires leadership and vision to drive through significant changes within an organisation. Specific issues such as procurement, talent retention and reducing margins are not single resolution issues. A longer-term resolution will need to factor in cultural, technological and people-based spectrums.

The global insights highlight a role for government and for RICS to provide the much needed governance support and structure in guiding organisations forward. The framework identified in this report provides a long-term approach with a relatively static structure that can be updated. Organisations can work within the framework to improve and measure performance, while incorporating factors that create a forward-facing, responsible business. This will provide certainty for investment and allow progress to be measured against detailed requirements.

RICS will develop global responsible business best practice guidance for real estate use in 2020. The guidance, including principles around internal management and external implementation, will support transformational change towards responsible business practices.

To get involved in these discussions and in the development of the guidance, contact either:

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## 6.0 Organisations involved

**Acclaro Advisory**

**Sustainable Facilities Management Index**

**Sodexo**

**Vinci**

**Skanska**

**NHS**

**John Lewis and Partners**

**Engie**

**Mitie**

**ISS**

**Compass**

**CBRE**

**Cordant Group**

**Jones Lang LaSalle**

**BNP Paribas**

**Acclaro Advisory**

**GVA**

**Quant Energy**

**Ditto Sustainability**

**Grigoriou Interiors**

**Business Services Association**

**UKGBC**

**British Property Federation**

**Scape Procurement**

**Royal Bank of Scotland**

**WeWork**

**Rio Tinto**

**Gammon Capital**

**Rethinking RE**

**Better Buildings Partnership**

**NABERS**

**ARUP**

**Ellen MacArthur Foundation**

**Cushman & Wakefield**

**Urban Land Institute**

**RICS**





# Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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