The socially responsible developing investor

Graduation research
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03.02.2017
The socially responsible developing investor

The use of Corporate Social Responsibility (CSR) to develop sustainable urban areas
Graduation research

- Graduation laboratory
  - Sustainable Private Sector-led Urban Development

- Graduation committee
  - Dr. ir. E.W.T.M. (Erwin) Heurkens – 1\textsuperscript{st} mentor
  - Mr. dr. F.A.M. (Fred) Hobma – 2\textsuperscript{nd} mentor
  - Dr. R.J. (Reinout) Kleinhans – external examiner

- Graduation company [anonymised]
  - Supervisors [anonymised]
• Motivation for research
• Research question
• Research design
  • Part 1 – Concepts
  • Part 2 – Practices
  • Part 3 – Synthesis
Motivation for research
The urban age
New responsibilities in urban planning

- Destabilise unsustainable regimes
- New types of governance
- New responsibilities in urban planning for public and private actors
Private sector-led urban development

- State-market relationship has changed
- Focus on development planning
- Public-Private Partnerships
  - Shift towards private sector-led
Safeguarding societal values

- Traditionally, through urban development projects
  - Public sector → safeguarding societal values
  - Private sector → obtaining decent profit
Safeguarding societal values

Collectivism
Collective service access
Equality

Societal values

Individualism
Selective service access
Inequality

Power

(De Jonge, 2007; Heurkens, 2012)
Safeguarding societal values

(De Jonge, 2007; Heurkens, 2012)
Call for responsible market behaviour

• During and after 2008 World Financial Crisis
  • No longer “hit and run”
  • Focus on
    • Long-term revenues
    • End user
    • Juxtaposed value chains
The developing investor

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis
The developing investor and CSR

- Attention for sustainability and CSR
- Socially Responsible Investment (SRI)
  - Policies
  - Reports
The developing investor and CSR

- Good governance
  - Environmental, Social and Governance (ESG)
  - Global Reporting Initiative (GRI)
  - International Integrated Reporting Council (IIRC)
  - Global Real Estate Sustainability Benchmark (GRESB)
    - Green Star real estate portfolio
  - Leadership in Energy and Environmental Design (LEED)
  - Building Research Establishment Assessment Method (BREEAM)
  - WELL Building Standard
  - ISO 26000 Guidance on Social Responsibility
  - United Nations Global Compact
  - United Nations Sustainable Development Goals

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis
The developing investor and CSR

- What is CSR?
- Where did it originate?
- What does it imply in the Dutch urban planning context?
Research question
Main research question

- Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?
Research design
Research design

Concepts
- Theory
- Methodology

Practices
- Anglo-Saxon cases
- Dutch case

Synthesis
- Lessons from Anglo-Saxon practice
- CSR maturity model for Dutch developing investor
- Conclusion
Concepts

Theory
Definition of sustainable development

Social dimension
PEOPLE

Economic dimension
PROFIT

Environmental dimension
PLANET
Definition of CSR

- Responsibility for business impact: people, planet, profit
- Voluntary
- Beyond government regulation
- Beyond shareholder concern
- Active stakeholder engagement
- Optimise effects of products and/or services
- Tool or a way of doing business towards sustainable (urban) development
Background of CSR

- Anglo-Saxon model of capitalism
  - UK, USA, Canada (and others)
  - Liberal market economy

- Rhineland model of capitalism
  - Northern & Continental Europe
  - Social market economy
Background of CSR

- Anglo-Saxon model of capitalism
  - Rise of CSR: >1980

- Rhineland model of capitalism
  - Rise of CSR: >2000
Concepts

Methodology
Research dimensions

Conceptual analytical model

Research methods

Case studies  Lesson drawing

Research techniques

Literature review  Interviews  Observation
Conceptual analytical model

- Structuring device for case study research
- To analyse the use of CSR by a developing investor
- Key variables and presumed relationships

**CONTEXT**
Business environment & stakeholders

**NORMS AND VALUES**
Corporate vision, mission, values & social responsibility

**STRATEGY**
Sustainability goals & strategies

**STRATEGY IMPLEMENTATION**
Operationalisation & institutionalisation

**PRODUCT**
Sustainable urban area

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis
Practices

Anglo-Saxon practice

The case studies of [Company A] and [Company B]
Research techniques

- [Company A]
  - Interview
  - Document analysis 2014 CSR Report
  - Document review [Case A] project

- [Company B]
  - Interview
  - Document analysis 2015 CSR Report
  - Document review [Case B] project
Context

- [Company A]
  - USA
  - Real Estate Investment Trust
  - (Urban) development department
  - Voluntary and proactive setup of CSR
  - Call for CSR: cities and investors

- [Company B]
  - Hong Kong
  - Investment Holding Company
  - (Urban) development department
  - Voluntary and proactive setup of CSR
  - Call for CSR: Sustainable Development Goals, COP
Norms and values

- [Company A]
  - "Commitment to proactive environmental responsibility,
  - enhancement of economic vitality in the communities in which we operate,
  - and continued investment in the growth, development and well-being of our associates."

- [Company B]
  - "[Company B] embraces the business-in-community model: we strive to do well as a business by doing well for the community.
  - We pursue environmental best practices,
  - create opportunities for (young) people,
  - and care for the community."
Materiality assessment

Strategy formation

Quantifiable goal setting

Not yet finished Search for metrics

Quite modest

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis
Strategy
Strategy implementation

- [Company A]
  - Structure
    - Sustainability Department (2007)
    - Director of CSR and sustainability (2007)
    - CSR Advisory Council (2014)
  - Support systems
    - GRI reporting guidelines (2012)
    - GRESB benchmark (2014)
    - LEED (pre-) certification

- [Company B]
  - Structure
    - CSR Committee steered by Senior Management (2012)
    - CSR Sub-Committees (2012)
  - Support systems
    - GRI reporting guidelines & ESG reporting guidelines (2011)
    - BREEAM (pre-) certification
    - LEED (pre-) certification
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<tbody>
<tr>
<td>Product, urban area</td>
<td>[Company A], [Case A], San Francisco</td>
<td>Community health, engagement and education</td>
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<td></td>
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</tbody>
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Product, urban area

[Company B], [Case B], Hong Kong

Sustainable building development and certification

Supplier environmental and labour practices

Energy, waste and emissions
Practices

Dutch practice
The case of [Company C]
• Interviews with management team and employees
• Literature review concerning peers and shareholders
• Observation during project meetings
  • [Case C1]
  • [Case C2]
Context

- Fund manager for 4 residential funds
  - Flagship fund: [Company C] Residential Core Fund
- Developer of residential properties and areas
- No CSR statement, policy or report
- Attention for CSR in sector
  - Peers go in front
  - Shareholder demands
    - ESG reporting
    - GRESB Green Star real estate portfolio
Norms and values

- “[Company C] aims for sustainability in the broadest sense for the development of areas and projects.
- This implies creating attractive, lively and thus sustainable areas.
- Areas that are correct in a socio-economic sense are well-constructed in a physical-spatial sense and can be properly financially exploited.”
“[Company C] has a sustainability strategy for both project and area development and the management of our houses.”

- Core Fund
  - Sustainability strategy
  - Sustainability action plan
  - Sustainability committee
  - Improvement is necessary
Strategy

Investment management
- CSR “story”
- Green Star label
- CSR / SRI / ESG report

Development management
- Projects are custom-fit
- Fear for “green washing”
Questions of [Company C]
- Why CSR?
  - Aren’t we doing the right things already?
  - Why going beyond government regulation?
- CSR reporting?
- CSR management structure?
Product, urban area

[Case C1], Amsterdam

Circular building

Self-sufficiency
Product, urban area

[Case C2], Amsterdam

Community involvement
Community building
Sharing economy
Synthesis

Lessons from Anglo-Saxon practice
International comparative research

- Learning lessons
- Limitations, context-dependent urban planning processes
- Focus on practical, context-independent CSR characteristics
Lessons learned

- Material sustainability issues
- Quantifiable sustainability goals
- CSR structure and leadership style
- CSR certification, benchmarking and reporting
Synthesis

CSR maturity model for Dutch developing investors
CSR maturity model

<table>
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<tr>
<th>Level of CSR maturity</th>
<th>Exploratory</th>
<th>Defined</th>
<th>Adoptive</th>
<th>Adaptive</th>
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Development over time

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis

(Stage names: Morgan, 2012)
Motivation for research | Research question | Research design | Concepts | Practices | Synthesis

CSR maturity assessment

Level of CSR maturity

Development over time

Unaware
Exploratory
Defined
Adoptive
Adaptive

[Company C]
[Company A]
[Company B]

(Stage names: Morgan, 2012)
Synthesis

Conclusion
Within Dutch urban development, how can developing investors use CSR to develop sustainable urban areas?
CSR: means to optimise business impact

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis
Use of CSR: continuous process

Motivation for research | Research question | Research design | Concepts | Practices | Synthesis

Measure impact of business upon society

Select material sustainability issues

Formulate quantifiable sustainability goals

Formulate sustainability strategies

Implement strategies into business practice
Use of CSR: continuous process

Increasingly sustainable urban areas

Continuous use of CSR
Necessary
Necessary but not sufficient

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Voluntary and individual CSR

Collective action and government regulation
Advice for Dutch developing investor

Extrinsic motivation:
client and market demand; C$R

Intrinsic motivation:
the right thing to do; there is no planet B
Future of CSR in Dutch urban planning

Symbolic and well-intentioned

Solid and institutionalised?
Thank you for your attention
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