



About World Green Building Council

Through a systems change approach, our network is leading the industry towards a net zero carbon, healthy, equitable and resilient built environment.

The World Green Building Council (WorldGBC) catalyses the uptake of sustainable buildings for everyone, everywhere. Our mission is to transform the building and construction sector across three strategic areas - climate action, health & wellbeing, and resources & circularity. We are a global action network comprising of over 70 Green Building Councils around the globe.

As members of the UN Global Compact, we work with businesses, organisations and governments to drive the ambitions of the Paris Agreement and UN Global Goals for Sustainable Development. Through a systems change approach, our network is leading the industry towards a net zero carbon, healthy, equitable and resilient built environment.

Read more about WorldGBC's North Star Goals for the industry here.

sponsor logos here.

Statement

by Cristina Gamboa, CEO of World Green Building Council

As one of the largest economic ecosystems in the world, the building and construction industry has a critical role to play in achieving global sustainability goals, especially in tackling the climate crisis.

As one of the largest economic ecosystems in the world, the building and construction industry has a critical role to play in achieving global sustainability goals, especially in tackling the climate crisis.

The COVID-19 crisis has profoundly changed human relationships with our built environment, and the global real estate sector is readjusting to a 'new normal' - with social value rising in industry attention.

In this context, it is crucial that we now embark on a radical transformation of the built environment, mitigating the impacts of climate change, enhancing equity and justice and implementing greater economic and environmental resilience to combat risks. By adopting sustainable practices at all stages of the life cycle, we can reduce our reliance on finite resources, generate positive and restorative impact, and improve quality of life for people in all stages of the value chain.

Today's value proposition for a sustainable built environment is both financial and ethical. It is on a powerful trajectory to amplify in the future. WorldGBC champions within this report for immediate, transformational and regenerative action for people and planet, and stress, based on future scenario modelling. In short, no business can afford not to adopt substantive sustainability measures in the built environment.







Foreword

We hope this report inspires **urgency**, but **urgency with optimism**.

We believe that sustainability is becoming part of the business case for the global real estate market. Since the publication of WorldGBC's 'The Business Case for Green Buildings' report in 2013, the WorldGBC global network has seen the building and construction industry increasing their awareness about sustainability, and starting to differentiate in quantifying the value of built assets.

There are a multitude of economic imperatives and opportunities for investing, developing, designing, constructing or occupying sustainable buildings or infrastructure assets. These range from higher sale or rental value, reduced construction and operating costs, to lower asset risk and insurance premiums. However, for the global real estate sector today, the value proposition is both broadening and increasing in prominence.

Awareness of social value - comprising environmental, economic and community-based interventions to enhance people's quality of life - is on the rise across the real estate sector¹. Although social and environmental impacts are not yet being widely captured

within asset value, ethical action is being driven through leaders across the value chain - from financial, public and private sector organisations - across all geographies.

Through this report, WorldGBC presents the drivers for the broadening business case within the context of current and future market trends. These are both the drivers that set the economic business case, including policy, sustainable finance, and corporate risk and reputation; plus the compelling forces behind the rise in social value - from the aftermath of the pandemic to urgency for action on the climate crisis and wider environmental and social issues.

Considering the wider value proposition - encompassing climate action and social value alongside financial benefits and risk mitigation - strengthens the business case for a sustainable built environment. You cannot afford not to be part of the sustainability movement - from an ethical, financial, risk mitigation or future-proofing perspective. Green assets are an opportunity not to be missed.



We hope this report inspires urgency, but urgency with optimism. WorldGBC calls for deep, unprecedented collaboration and multi-stakeholder action across the entire value chain, that will provide both business benefit and resilience, and create equitable societies living in a healthy, regenerating planet. Together we can drive a zero carbon, resilient, healthy and sustainable future.

You cannot afford not to be part of the sustainability movement - from an **ethical**, **financial**, **risk mitigation** or **future-proofing** perspective.



The Broader Value Proposition for a Sustainable Built Environment

DRIVERS OF BUSINESS CASE

- Policy change, nationally, and at city level
- Incoming finance regulation, such as carbon pricing
- The risk of sustainable finance and ESG

THE BUSINESS CASE

- Greater access to investment
- ESG and corporate reputation
- Higher asset value and desirability
- Resilient investment & lower risk of stranded asset
- Lower operational costs and return on investment
- Reduced build costs and circularity opportunities
- Preferential insurance premiums
- Better occupant productivity in commercial sector

DRIVERS OF SOCIAL VALUE

- The impact of COVID-19
- Increased awareness from the private sector, and rise of CSR
- Public drivers, including policy and procurement

THE SOCIAL VALUE CASES

- Health and wellbeing at building level
- Community benefit. including jobs, resilience and equity
- Transforming supply chain and construction, including worker welfare, human rights and justice.

THE FUTURE VALUE COSTS

- In a 3 degree climate change scenario, sustainable buildings present a strong business case in terms of occupant benefits, risk mitigation and asset values. In a 1.5 degree climate change scenario, costs, finance and reputation are stronger drivers.
- In an unhealthy, inequitable world, sustainable buildings
 present a business case through occupant benefits, cost and
 risk mitigation. In a healthier, equitable future, costs, assets
 values, investor reputation and the wider role of business are
 key themes in the value proposition.

Seven Ways to Identify Value from a Sustainable Built Environment

Seven themes consistently emerge in both the financial business case and social value proposition sections of this report. Together these themes outline some of the co-benefits that enhance the value proposition for a sustainable built environment.





ASSET VALUES















BEYOND THE BUSINESS CASE

1.0 Introduction

We acknowledge both the **challenge and urgency** of transitioning to a net zero, regenerative, healthy and equitable society before 2050. This is a critical decade for united, international efforts to enhance sustainability.

The climate crisis must be tackled with absolute urgency. Climate change impacts are widespread, real and intensifying, and some impacts are now irreversible². Deep and sustained reductions in emissions of carbon dioxide and other greenhouse gases are the only possibility to limit further climate change. However, with the emissions already released to date, it could take 20-30 years to see global temperatures stabilise. Therefore some future climate impacts are, sadly, inevitable³.

The COVID-19 pandemic has amplified a diverse range of inequalities between and within societies⁴. Differences between high and low income countries, plus intra-nation health inequalities, gender inequalities and employment disparities have made their mark on society, and will likely take decades to heal⁵. In the next decade, the global population is expected to grow to around 8.5 billion in 2030, combined with changes in spatial distribution driven by increasing urbanisation⁶. The risk of inequalities in resource availability and quality of life

will heighten with rapid urbanisation and population growth, alongside the demand and consumption of global resources and our natural capital.

We acknowledge both the challenge and urgency of transitioning to a net zero, regenerative, healthy and equitable society before 2050, and we call for the building and construction sector to play its part.

In the last two decades, sustainability has rapidly mainstreamed to become the powerful principle it is today – catalysing efforts, budgets, attention and attitudes⁷ as climate change is growing in public awareness⁸, and governments and institutions are committing to re-evaluating and improving regulations⁹. For some societies, sustainable growth linked with circularity is the most viable long-term option¹⁰. The value proposition for investment in net zero, healthy and equitable built environments is now stronger than ever.

IN THE LAST TWO DECADES,
SUSTAINABILITY HAS RAPIDLY
MAINSTREAMED TO BECOME
THE POWERFUL PRINCIPLE IT IS
TODAY - CATALYSING EFFORTS,
BUDGETS, ATTENTION AND
ATTITUDES



1.1 Why the Built Environment

The scope and breadth of sustainability ambition has dramatically expanded The sustainability movement within the built environment sector has been on a journey through the last three decades. Initially, the green building movement focused on operational energy use, efficiency and primarily environmental concerns. However, the scope and breadth of sustainability ambition has dramatically expanded - encompassing now the diversity of the UN's Sustainable Development Goals, to be considered across all stages of the building and construction lifecycle, plus the communities and infrastructure that serve our buildings as well as the built assets themselves.





A Changing World

What is the built environment?

Within this report, the scope of WorldGBC's reference to the built environment sector includes;

- Buildings, of all typologies and in all geographies
- Construction, as a sector, and considering the creation of both new and retrofitted assets
- Infrastructure, capturing both Horizontal Infrastructure, which is composed mainly of transportation, power & communications and waste (both overground and subterranean), and Vertical or Social Infrastructure, comprising buildings (particularly spaces that facilitate the delivery of social services by governments), plus structured facilities (eg. parking areas) and structures

WorldGBC's calls for sustainability extend across the entire lifecycle of all built environment components.

Who are the key stakeholders?

The global real estate sector takes responsibility for the finance, development, design, construction, operation, use, maintenance and end of life actions for all the above listed built assets. Through this report, WorldGBC aims to catalyse demand for sustainable action from these key actors through a narrative which will focus on:

- Developers and investors: who finance, develop and manage our built assets
- Designers and construction: who design and create our built environment
- Owners and occupiers: who buy, lease, sell and occupy our buildings and spaces
 Policy makers: who set targets, requirements and regulation for buildings, infrastructure and urban areas

Although a non-exhaustive list, these broad stakeholder groups represent the key actors who hold the potential to catalyse the systemic, transformational change required across the supply chain and full lifecycle. Advantages and considerations for each stakeholder group are presented throughout this report.

By demonstrating why these groups cannot afford not to invest, design, procure, supply, buy, sell, own or occupy a truly sustainable built environment asset, we can generate market stimulus from all actors across the value chain.



A Changing World

The Intergovernmental Panel on Climate Change (IPCC) suggests that to limit global warming to less than 1.5°C over the next few decades, global carbon neutrality must be achieved at the latest by 2050²². The last decade has experienced the hottest years on record and increasing extreme weather events, such as forest fires, heat waves and floods²³. Global warming risks are anticipated to exceed pre-industrial levels by more than 2°C by 2060 and could even reach 5°C by the end of the century²⁴. As well as posing tremendous risk to human development and quality of life, environmental changes may simultaneously affect the biodiversity, productivity, and stability of the Earth's ecosystems²⁵ that we all rely upon.



The last decade has experienced the hottest years on record and increasing extreme weather events, such as forest fires, heat waves and floods.

Introduction





The built environment sector is critical to achieving a more sustainable future due to the impacts it does, and will, create. These include:

- **75%** of annual global greenhouse emissions from the built environment, with buildings accounting on its own for 37%¹¹ 12
- Around 50% of emissions from new buildings will be from embodied sources, and half from operational sources, between 2020 and 2050¹³
- 40-50% of resources extracted for global materials are used for housing, construction and infrastructure¹⁴
- Building materials account for **half** the solid waste generated every year worldwide¹⁵
- 230 billion square meters of new buildings will be constructed in the next 40 years¹⁶

- 75% of the infrastructure needed by 2050 still needs to be built¹⁷
- 7% of the global population is employed in the construction workforce¹⁸
- 90% of our time is spent inside buildings, and our cities, infrastructure and urban ecosystems shape our quality of life¹⁹
- **68%** of the world's population will live in cities by 2050²⁰
- Green buildings will represent a **\$24.7 trillion** investment opportunity by 2030²¹

It is estimated that over the next four decades, building floor area will double, adding the equivalent of a city the size of Paris every week to the planet in new building construction²⁶. Most of their growth will take place in emerging markets in East Asia, the Pacific and South Asia, where more than half of the world's urban population will live in 2030²⁷. In addition, there is a worldwide deficit of 330 million

homes, which is expected to grow to 440 million homes by 2025, also including regions like Latin America, Middle East and Africa²⁸.

We cannot tackle climate change without addressing buildings, which account for close to 40% of emissions, and our cities that host the majority of our population²⁹. Switching from fossil fuels to clean energy sources, optimising resource consumption and prioritising deep energy efficiency retrofits can provide local governments and other property owners with an opportunity to also improve health and reduce healthcare costs, generate jobs, address fuel poverty, reduce asset maintenance costs, and increase the productivity and educational attainment of urban residents³⁰. A sustainable built environment will provide infrastructure to enhance the quality of life and resilience of communities.

The built environment represents one of the biggest global investment opportunities of the next decade, an avenue to enhance sustainable development and human quality of life, and - if tackled correctly - reduce emissions and combat the climate crisis³¹.

A WORLD GREEN BUILDING COUNCIL REPORT

About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case The Business Case

Strengthening the Case: Social Value The Social Value Case

The Value Proposition

1.2 Introducing the Broader Business Case

WorldGBC presents a **broader** and **enhanced value** proposition for achieving these **sustainability goals** for the built environment In this report, WorldGBC presents a broader and enhanced value proposition for achieving these sustainability goals for the built environment, considering buildings, their supply chain and the infrastructure that supports them.

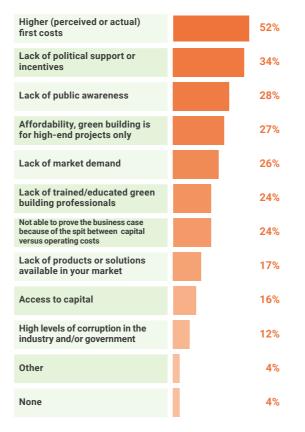
Within this value proposition, seven key co-benefits emerge across both the financial and social value proposition.



Whilst climate action should be an absolute and urgent priority for the global real estate sector, in this report WorldGBC isn't presenting the details of the environmental case for a sustainable built environment. Market action in the last decade has demonstrated that, while many leaders are motivated by tackling the climate crisis, to motivate the global mass market in all geographies and across competing priorities, a broader value proposition that speaks to the core priorities of most organisations is essential to stimulate action. This priority is, of course, finance.

Barriers to green building: globally and by region

Barriers to green building data highlight that three of the five most substantial obstacles to sustainable buildings globally relate to finance, and are most often cited in North America and South Asian markets³².



Barriers to green building: globally and by region



This report is clear in its recommendation that the real estate and built environment sector cannot afford not to invest in a sustainable built environment, and commit to urgent action to tackle the climate crisis. In this report, WorldGBC presents both the financial business case and the social value case. We believe that social value is on an increasing trajectory of importance that will soon be reflected in financial metrics.

The business case is starting to stack up. The financial drivers are improving and it's also the right thing to do. Considering social and environmental value considerations strengthens the business case, making sustainable built assets a powerful financial opportunity. You can't afford not to act.

1.2 The Future we Face

- Pollution from materials extraction (environmental
- Human rights violations and forced labour in materials supply chain
- Worker welfare in Construction
- Use of virgin materials and waste creation (environmental)
- Built environments car enhance inequalities
- Climate change unmitigated - extreme weather events, eg. forest fires, heat waves and floods - global warming could reach 5°C by the end of the century
- Land intake of buildings leads to ecological disturbance and impact

- damage to buildings a infrastructure, risk of stranded assets, higher insurance premiums
- Occupant health and comfort harder to achieve worsening in warming

Protection of human rights and health in materials supply chain Vorker welfare and rights

- Worker welfare and rights protected and enhanced
 Materials and resources used in a circular system
- reducing waste and regenerating economy

 Built environments can
- and tackled with resilience
 extreme weather events
 do occur, but people are
 protected from impacts by
 their built environment (eg.
 flood defences, buildings
 designed with shading)
 Occupant health and
 comfort easier to maintain,
 protected from inevitable
- Buildings as material banks, material waste fron demolition and renovation used in other projects

A WORLD GREEN BUILDING COUNCIL REPORT

2.0 Drivers of the Business Case

As the urgency of sline a mange is becoming clearer, sustainability is being integrated into every corner of the economy

Today, sustainability is an essential component of any organisation's future risk mitigation strategy, and an increasing body of evidence suggests that sustainable built assets offer preferential financial opportunities in the current context. This trend is being strengthened by the contextual factors outlined in this chapter.

As the urgency of climate change is becoming clearer, sustainability is being integrated into every corner of the economy. This includes finance, politics and consumer purchases, in addition to real estate that is also, in many markets, on the same trajectory³³. Regulation, financial trends and growing expectations of corporate responsibility are cementing the business case for sustainability in the built environment in both a current and future context.

TODAY, SUSTAINABILITY IS AN **ESSENTIAL COMPONENT** OF ANY ORGANISATION'S FUTURE RISK MITIGATION STRATEGY

About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case



2.2 Policy Change

The global real estate market should expect increasing regulatory enforcement to advance sectoral

mitigation goals

2.1.1 Nationally Determined Contribution

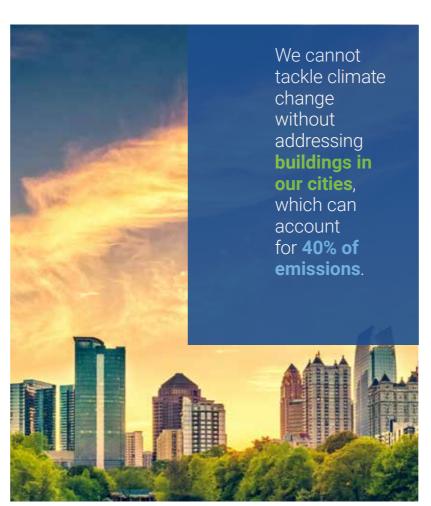
An important stimulus for the business case for sustainable assets is compliance with the incoming regulatory change that our global leaders have committed to enforcing in order to meet their national sustainability goals.

Nationally Determined Contributions (NDCs) are at the heart of the 2015 Paris Agreement and the achievement of the proposed long-term environmental goals. NDCs articulate each country's efforts to reduce national emissions and adapt to the impacts of climate change, requiring them to prepare, report and maintain successive domestic mitigation measures in order to meet the targets of these contributions.

As of early 2021, of those who have submitted an NDC, 136 countries mention buildings, 53 countries mention building energy efficiency, and 38 specifically call out building energy codes, indicating the importance of building energy efficiency to our climate future³⁴. Furthermore, in the top 10 building energy consumers globally, 80%

indicate building energy efficiency in their NDCs or climate action strategies including energy codes for new and existing buildings, energy efficiency resources, rating systems, renovation targets and energy consumption targets³⁵.

The global real estate market should expect increasing regulatory enforcement to advance sectoral mitigation goals. Expectations from consumers and the public sector will be that private sector organisations also align with the trajectory of NDCs and the 1.5 degree warming pathway³⁶. The ambition is also not fixed - the improvement of these national commitments is expected to continue as countries heighten their commitments for enhanced ambition of their NDCs to meet the 1.5°C temperature rise goal³⁷. Businesses looking to avoid financial repercussions can consider implementing highly ambitious sustainability policies today, targeting net zero well before 2050, as an investment in future compliance.



2.1.2 City Level Shift

Cities, in which currently more than half of the global population currently live, and expected to reach two-thirds by 2050³⁸, are an important player in the sustainability transition. Many cities, as major policy enablers and owners of real estate, are committing to action faster than national governments. City policy is able to change at a faster trajectory, hence, real estate stakeholders in these locations, especially Small and Mid-Size Enterprises (SMEs), are likely to be impacted by increasing ambition of regulation.

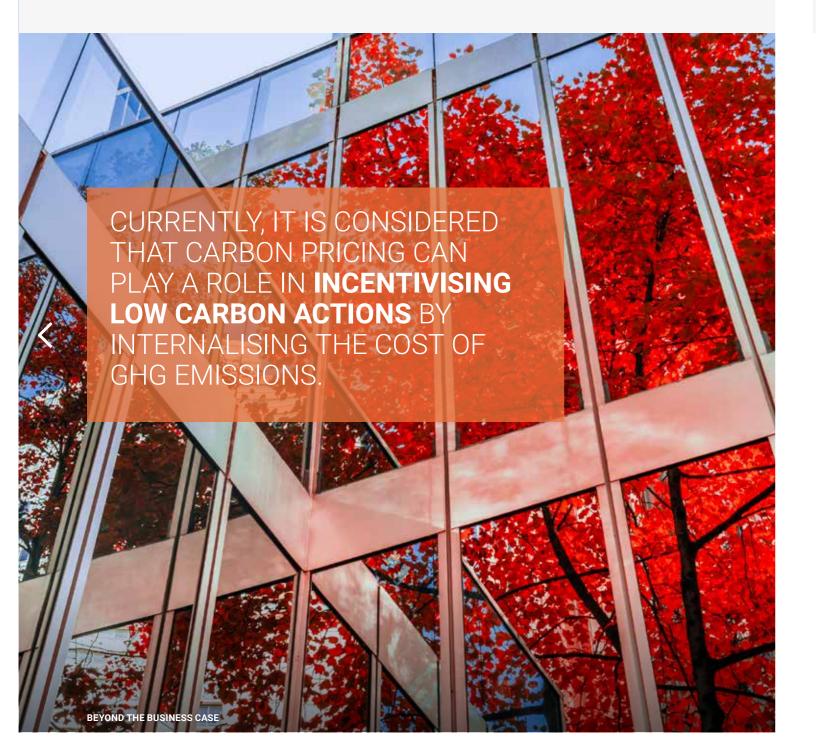
More than 700 cities³⁹ in 53 countries are now committed to halving emissions by 2030 and reach net zero by 2050, while employing innovative approaches to achieve these goals. For example, Amsterdam is delivering a strategy to halve the use of new raw materials by 2030 and achieve a fully circular city by 2050, and Oslo is piloting fossil fuel free construction sites on public procurement projects.

Net zero trends will ultimately be reflected in local policies and planning laws, such as those already in place in Vancouver and Tokyo⁴⁰, and are likely to present increased opportunities for organisations prepared for such changes.

As with national policy change determined by NDCs, the business case for the real estate sector at city-scale is future proofing for the regulatory change our city leaders have committed to - but with the understanding that cities are moving further, and faster.



Introduction



2.1.3 Carbon Pricing

Trends suggest that carbon pricing is coming, and will likely soon be a significant consideration for all organisations operating on the global market⁴¹. As emissions are increasingly quantified and reported on, real estate actors risk being severely financially impacted if they do not implement decarbonisation efforts in line with the trajectory of the Paris Agreement.

Today, carbon pricing is one of the most debated tools for mitigating the effects of climate change. Carbon pricing works by financially incentivising low carbon actions and adapting to the potential risks and opportunities associated with the transition to a low-emission economy.

The Canadian government announced in **December 2020** that the price of its federal carbon tax will increase by over **450%** in the next decade

Despite the economic and social upheaval of COVID-19, carbon pricing instruments, such as a carbon tax or energy tax related to carbon content, have continued to be rolled out or increased in ambition⁴². For example:

- China's emissions trading system, the largest carbon market in the world, was launched in 2021 covering around 4,000 MtCO2 annually, or 30% of its national GHG emissions, with prices expected to increase in line with emission reduction goals⁴³.
- The Canadian government announced in December 2020 that the price of its federal carbon tax will increase by over 450% in the next decade⁴⁴.
- In the private sector, nearly half of the largest 500 companies in the world have reported the use of an internal carbon price, or have declared the intention to use one within the next two years⁴⁵.

The trajectory of carbon taxation is continuing to rise, and can be expected to strengthen in the coming decades. The implications on organisations will be reduced where preemptive steps are taken to measure and reduce carbon footprints across the lifecycle of infrastructure - higher performing, lower carbon built assets will be faced with more manageable offset payments⁴⁶.



About WorldGBC Statement Foreward Introduction

Drivers of the Business Case



CASE STUDY

EU Green Deal and **EU Taxonomy**





The EU Taxonomy is set to be a foundational tool of the European Green Deal and represents global innovation in financial regulation. It is increasing global awareness in sustainable investment and ESG reporting, creating a classification system for economic activities and sectors critical to climate change mitigation and adaptation, based on impact and performance — including the building and construction

It will strengthen the value proposition for a sustainable built environment by:

- Enabling owners and developers to access dedicated green financial products
- Stimulating investment for renovating less energy efficient buildings and constructing new energy efficient buildings
- Advancing market competitiveness and combat 'greenwashing'
- Creating a context for corporate best practice, influencing reputation and risk management
- Reducing risk by establishing a common sustainability language and criteria

- The EU Taxonomy will be mandatory within 2022 for a significant number of European financial institutions and companies⁴⁸. Every organisation offering financial products on the European market will have to comply
- This will include the construction sector and the implications are likely to be felt worldwide. It is also likely that other countries will prepare or adopt similar approaches, such as the UK Taxonomy currently under development⁴⁹.

In this context, advancing a decarbonised and sustainable environment will become necessary as well as desirable, and the global real estate market is advised to future-proof assets and investments against future regulatory change or compliance risks.

The European Green Deal is an example of global leadership in ambitious sustainability policy.

A WORLD GREEN BUILDING COUNCIL REPORT



3.0 The Business Case

A cleaner and more sustainable economy will grow stronger and faster in an increasingly low-carbon global economy

In this chapter, WorldGBC presents financial reasons of why a sustainable built environment is a better return on investment if you are a developer, owner or any actor in the real estate sector.

Real estate is a major asset class accounting for 10% of global GDP⁵⁰. Therefore, the creation, renovation and maintenance of a sustainable built environment offers large scale financial opportunities, from a market competitiveness and risk mitigation perspectives.

A growing body of evidence has shown that unmanaged climate change generates significant value risks for investors and that the inclusion of climate factors can improve returns⁵¹. It is now more widely accepted that maximising returns goes hand in hand with minimising environmental impact⁵². Global market leaders are making ambitious sustainability commitments, with one of the largest corporate pension schemes in the UK setting a 2050 net-zero financed emissions targets towards the end of 2021, aiming to halve emissions of this decade⁵³.

Consequently, financial markets are increasingly directing their investments towards projects and companies that guarantee (in addition to economic profitability) the achievement of social and environmental development goals⁵⁴. These financial business benefits of this approach are outlined in this chapter, highlighting specific opportunities for key stakeholders across the building and construction value chain.

"GREEN BUILDINGS ARE OF HIGH VALUE BECAUSE OF LOWER OPERATING COSTS, HIGHER OCCUPANCY RATES AND RENTAL INCOME. IN ADDITION TO AVOIDING FINANCIAL PENALTIES FOR CARBON EMISSIONS. WHICH MAKES GREEN BUILDINGS A BETTER CREDIT RISK ASSET AND BETTER COLLATERAL."

INTERNATIONAL FINANCE CORPORATION (2019), GREEN BUILDINGS: A FINANCIAL

AND POLICY BLUEPRINT FOR EMERGING MARKETS



3.1 ESG: Underpinning the Business Case for all Real Estate Actors

Foreward

MITIGATION 🔛 INVESTMENTS

The impacts of **climate change** have already influenced real estate markets at the **global scale**

Environmental, Social and Governance (ESG) reporting is not a new phenomenon, as these issues have long been a consideration of many companies and organisations. However, ESG is dramatically increasing in industry influence in developed markets⁵⁵, and are no longer being considered of lesser importance to investors and organisations operating globally.

Note: ESG investing and reporting is currently much less prominent in developing countries, but there are growing efforts to support popularity of ESG investing in all markets^{56 57}.

In recent decades, institutional investors and pension funds have become too large to diversify away from systemic risks⁵⁸, forcing them to consider the environmental and social impacts within their portfolios. The UN Principles for Responsible Investment (PRI) have also heightened accountability of investment decisions, and the increasing availability and popularity of voluntary reporting tools such as CDP, GRESB or the Task Force on Climate-Related Financial Disclosures (TCFD)⁵⁹, have facilitated mass market engagement.

In today's market, it appears the majority of investments integrate sustainability issues, including environmental action and social value into investment criteria. This trend is true for built asset owners as environmental initiatives such as reducing energy or water usage have been attractive due to their tangible financial benefit from lower operating costs. The impacts of climate change have already influenced real estate markets at the global scale, with 65% of investors expressing their motive for taking ESG issues into consideration to help manage investment risks, as 35% of Real Estate Investment Trusts' (REITs) properties are exposed to climate hazards⁶⁰

More than half of global asset owners are currently implementing or evaluating ESG considerations in their investment strategy⁵¹ and it is estimated that ESG funds under management will represent the majority of proportions of mutual fund assets by 2025⁶². ESG now represents a priority for leaders and companies in all sectors, including real estate⁶³.

Five ways ESG reporting is creating a business case for sustainable built assets:

ESG is changing market trends: adopting more responsible behaviour in terms of resource management, environmental and social impact is becoming business as usual. As of July 2020, **90%** of companies in the S&P 500 released ESG or annual sustainability reports⁶⁴.

Shareholder expectations: trend predictions expect organisations will soon be held accountable by shareholders for their ESG performance⁶⁵.

More than half of global asset owners are currently implementing or evaluating ESG considerations in their investment strategy

Regulatory enforcement: in the EU, the Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants⁶⁶.

The growing popularity of ESG is increasing pressure from investors, employees, customers and numerous other stakeholders to increase transparency on sustainable and socially responsible practices⁶⁷.

ESG has influenced a new generation of consumers:
92% of 'Generation Z'
consumers would switch to a brand that supports ESG issues over one that does not⁶⁸.

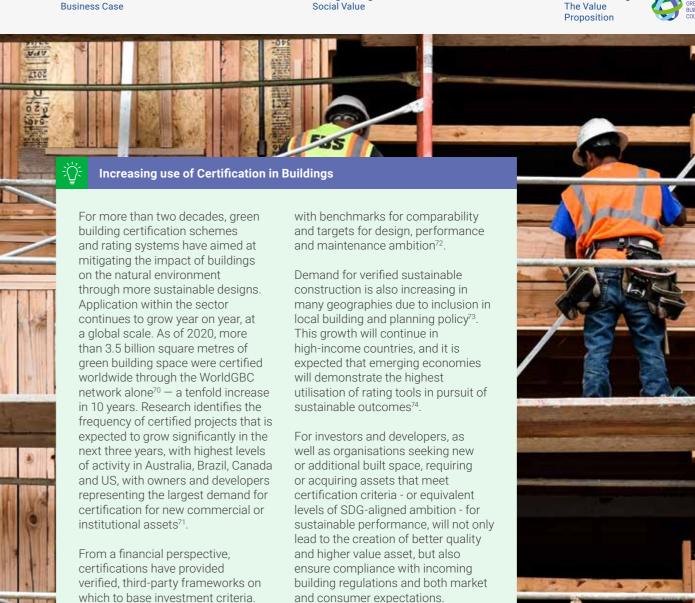
Sustainability ratings for built assets have provided the real estate market

More than half of global asset owners are currently implementing or evaluating ESG considerations in their investment strategy

The ESG reporting industry is set to continue growing in the coming decades, with new tools of sustainable finance emerging to measure criteria within organisations in a transparent and harmonised way⁶⁹. This provides investors with a significantly improved ability to compare investment options in terms of ESG factors, supporting them to make informed decisions that align with their impact investing goals.







About WorldGBC Statement Foreward Introd

Introduction

Drivers of the Business Case



CASE STUDY

In operation, the centre produces all its own power on-site from renewable sources and is close to water neutral

Sustainable Buildings Research Centre, University of Wollongong, New South Wales, Australia: 'Australia's most sustainable building'

Low embodied carbon, net zero operational energy and eliminating toxic materials.

- Deemed "Australia's most sustainable building", the Sustainable Building Research Centre is designed to act as a living laboratory. The 900m² research centre has a net zero carbon certified Living Building Challenge rating.
- During design and construction, embodied carbon was minimised through;
 - design interventions such high proportions of recycled content, extensive reuse of materials from demolition of other sites or infrastructure (including steel from train tracks and timber from a bridge), plus use of exposed finishes to avoid unnecessary material use,
 - optimised passive design reducing the size of HVAC systems,

- material selection for reduced life-cycle impact, such as locally sourced re-used bricks (that were heavily insulated to assist with thermal comfort) to minimise transport energy and support local economies,
- construction for durability and ease of maintenance and cleaning, with incorporated design for disassembly at end of useful life
- All remaining embodied energy for the project including materials, construction, waste and predicted maintenance and repairs over the lifetime of the building has been offset using premium market offsets
- In operation, the Centre produces all its own power on-site from renewable sources (an on-site PV system where excess renewable energy is used to power another nearby building, and after that any surplus electricity is sold back to the electricity grid) and is close to water neutral with the

vast majority of the building designed to be self-sufficient for water in an average year using rainwater harvesting and black water recycling systems.

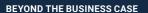
For occupants, early modelling of energy, daylight, glare, thermal comfort and air flows in the building helped to inform the design of the building and systems, which aims to eliminate the 14 most common toxic chemicals found in buildings (known as the 'Red List'). It also incorporates urban

farming, providing native fruits, vegetables, herbs and other productive materials for use by students, staff and the local Aboriginal community.

The centre aims to address the challenge of transforming our buildings and built environment into sustainable, resilient and effective places for people to live and work, and demonstrates this through third-party certification of environmental credentials.

The University expects a resulting return on investment through reduced operating costs, from operational energy and water savings as well as less tangible measures such as increased student and staff attraction and retention, improved productivity and learning outcomes.





About WorldGBC Statement

Foreward

Introduction

Drivers of the Business Case



3.2 Business Case For Investors And Developers

Low-carbon
buildings are one
of eight sectors
accepted for the
use of income under
the green bond
taxonomy

3.2.1. Greater Access To Finance - Bank and Lenders

Green finance is accelerating rapidly, and expected to overtake 'standard' finance in market size in the coming years' ⁷⁵. Consequently, there is increasing finance available for sustainable built asset projects from countries, banks and institutions. Real estate market actors who are committing to provide social and environmental benefits with their projects are therefore eligible for exclusive financial opportunities, creating a business case for sustainable built assets.

In the last decade, banks have begun to consider sustainability as strategically important for risk and opportunity management, increasingly inspired by the ESG agenda⁷⁷. As a result, various financial products and opportunities have emerged: voluntary principles for sustainable lending and investment, enhanced environmental disclosure and governance requirements, and financial products such as green loans, green bonds, and green infrastructure investment funds.

Green bonds are finance packages, usually issued by banks and in

some cases corporations, which fund projects that have positive environmental and sustainability benefits⁷⁸. The green bond market is also benefiting from changing priorities at national and supranational level⁷⁹, including green investing as part of national COVID-19 recovery programmes or strategies⁸⁰, and has seen significant growth in recent years⁸¹ - reaching USD \$1 trillion in cumulative issuance by December 2020, since its market inception in 2007⁸².

Green buildings have developed to be one of the most important asset classes in the green bond market83. In 2019, USD \$66 billion of green bonds were used to finance or refinance green buildings or loans for green buildings - 28% of the total 2019 green bonds issuance84. ASEAN governments are also encouraging the use of this source of finance to address underinvestment in green buildings through both local currency and international green bonds and endorsing investment in green buildings through green building standards⁸⁵ 86.



A key part of the value proposition for sustainable built assets for investors and developers is greater access to finance from banks and lenders, due to:

- Lender recognition that sustainable buildings can have a higher value than standard structures due to lower tax, regulatory, and reputational risks⁸⁷.
- Banks gaining access to new sources of capital through green bonds, green lines of credit, green securitisations and impact funds, enabling them to offer sustainable building financing and mortgages⁸⁸.
- By offering better financing terms, banks are driving both the supply and demand sides, enticing developers to green their buildings and generate interest from commercial tenants and homebuyers⁸⁹.
- Access to international resources from green bonds to leverage a broader investor base such as pension funds, sovereign wealth funds and

insurance companies. Low-carbon buildings are one of eight sectors accepted for the use of income under the green bond taxonomy⁹⁰. 2018 saw a record of \$167.4 billion in green bond issuance, bringing the total market size to \$521 billion⁹¹.

From an investor perspective, the increasing availability of green finance presents sustainable buildings and infrastructure as a favourable investment versus other comparable market products92 The real estate sector as a result has untapped potential to stimulate economic growth and advance sustainable development in geographies around the world due to the massive quantity of finance available. All real estate actors should therefore ensure that their sustainability commitments and ambition are in line with the Paris Agreement, SDGs and other international targets to facilitate the opportunity to access available finance for green projects.

A WORLD GREEN BUILDING COUNCIL REPORT

Statement



CASE STUDY

EYOND THE BUSINESS CASE

One Taikoo Place, Hong Kong -**Access to green finance**











- One Taikoo Place is a 48-story commercial building in Hong Kong, achieving Platinum level certification under LEED, WELL & BEAM Plus.
- The project developers, Swire Properties, entered into agreements with Standard Chartered Bank and DBS to secure a total of HK\$3 billion of sustainability-related loans. With this capital, Swire Properties were the first company in Hong Kong to launch a financing mechanism where interest rate is indexed based on improvements of ESG performance, with their first green bond issued in January 2018 and raising US\$500 million. As of September 2020, close to 80% of the net proceeds from these green bonds had been allocated to green building projects.
- Over HK\$3.4 million had been allocated to One Taikoo Place. The availability of this finance has led to buildinglevel sustainability credentials including; smart energy management, integrating all data collected from sensors with the BMS system, biodiesel generator consuming biodiesel from 100% food waste and waste-oil recycled to local biofuel plants, plus 500m2 of PV panels installed on the rooftop. The development saves 278 tons of CO2 emissions annually requiring the equivalent offset from 1,400 trees.
- In 2020, Taikoo Place was awarded the 2020 Asia Pacific Awards for Excellence by the Urban Land Institute. Taikoo Place has demonstrated innovation in financing the construction of a sustainable building.



About WorldGBC Statement Foreward

Introduction

Drivers of the **Business Case**











3.2.2. Greater Access to Finance - Institutional and Private Investment

The market trends are clear demand for sustainable investing in most markets worldwide is skyrocketing, and therefore providing preferential market opportunities for green asset owners, such as real estate owners, developers or investors. This is particularly prevalent in the private and institutional investment market.

Climate change is leading to a profound reassessment of the risk and value of financial assets⁹³. Investors are increasingly recognising that climate risk is also an investment risk⁹⁴. Since 2014, global sustainable and environmentally responsible asset investments have increased by 68% and now exceed \$30 trillion95 Demand for sustainable funds and exchange traded funds reached record levels in 2020, with estimated net flows of USD \$ 269 billion - a figure that increased tenfold over the past five years⁹⁶.

Sustainable investing is increasingly recognised as a strong foundation for allowing clients' portfolios to grow⁹⁷ as having a positive environmental impact can go hand-in-hand with financial performance and provides ESG opportunity98. This is clearly demonstrated through the following trends, that continued strongly despite COVID-19 pandemic disruption to business-as-usual:

- From 2016-2018, Socially Responsible Investing (SRI) assets across the world's five biggest regional markets saw a 34% increase99.
- Among global asset owners in 2019, 80% said they were actively integrating sustainable investing, a rise of 10% from 2017¹⁰⁰.
- During 2020, 81% of a globally-representative selection of sustainable indexes outperformed their parent benchmarks.
- A 2017 study reported that from 2012 to 2015, the companies with the highest

ESG ratings outperformed the lowest-rated firms by as much as 40%101.

- · From January to November 2020, investors in mutual funds and exchange-traded funds invested \$288 billion globally in sustainable assets, a 96% increase over the whole of 2019¹⁰².
- In 2019, a reported USD \$12 trillion was invested in line with ESG factors, indicating a guarter of US assets under management.

Additional to a pattern of growth, the business opportunity is one of protecting against future exclusivity measures. Most institutional investors foresee a time when they will limit allocations exclusively to investment managers with a formal approach to sustainable investing¹⁰³. Almost 43 global institutional investing firms have indicated that ESG was universally top of mind for these executives. These include the world's three biggest asset managers: BlackRock, Vanguard, and State Street: as well as, large

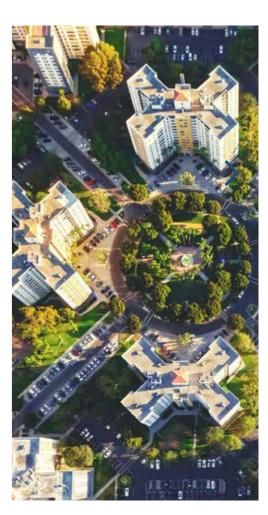
asset owners such as the California Public Employees' Retirement System and the government pension funds of Japan, Sweden, and the Netherlands¹⁰⁴.

Alongside changing regulations and other drivers discussed earlier in this report, the UN-backed Principles for Responsible Investment (PRI) are driving the same engagement with sustainable investing. The PRI promotes ESG factors when analysing returns and managing risk, and its influence is rapidly growing - PRI is currently supporting over 2,300 signatories worldwide, representing roughly USD \$80 trillion of sustainably invested assets¹⁰⁵.

Studies point to this trend developing in the building and construction sector specifically 106 107, for example investment in energy-efficient buildings in all global markets increased to USD \$152 billion in 2019¹⁰⁸. Total investment in the global buildings sector is set to increase from around USD \$ 4.9 trillion in 2017 to more than USD \$ 5.4 trillion in 2050, with more than 70% of the investment expected

to be for building construction and renovation. The investment opportunity is seen to be particularly strong in new residential buildings. The green residential sector is expected to grow at a compound annual rate of 10.9% between 2018 and 2023, with the non-residential segment of the market expecting compound annual rate of 9.3% growth over the same period¹⁰⁹.

Demand for sustainable funds and exchange traded funds reached record levels in 2020, with estimated net flows of USD \$ 269 billion



A WORLD GREEN BUILDING COUNCIL REPORT **BEYOND THE BUSINESS CASE**



The business case for the global real estate market to embrace sustainability for all assets is strong from both the investor and developer/owner perspective.

For investors, market signals show that sustainable built assets are a good investment opportunity¹¹⁰ ¹¹¹. In addition to strong market returns, the following opportunities are part of the current and future business case:

- Sustainable built assets offer alignment with Principles for Responsible Investment (PRI), which currently underpin many organisational ESG strategies
- There are specific opportunities within the real estate sector in certain geographies, (e.g. European Renovation Wave and associated policies to reduce EU emissions to 55% by 2030¹¹²) that will demand finance for built asset retrofit
- Lower investment risks and generate excess returns: socially responsible investing is a means to manage ESG-related risks, which can potentially mitigate risks and improve returns¹¹³

- Sustainability frameworks for buildings can provide investment benchmarks, compliance standards, and comparability in reporting, including sustainable building certifications, sustainability indexes such as the Dow Jones Sustainability Indices, or the UN Sustainable Development Goals (SDGs).
- Reputational risk: investors are becoming increasingly concerned about their reputation when being associated with unsustainable assets¹¹⁴. Sustainable investments are a safer option¹¹⁵.

For all actors in the global real estate sector the increasing attractiveness of the business case for investment in sustainable built assets sends a clear signal. The trajectory of private and public investment is increasingly weighted towards socially responsible, sustainable investing. Institutional investors may soon be formally excluding investment opportunities that don't meet sustainability criteria¹¹⁶. Real estate developers, asset owners and managers in all geographies

and typologies should ensure their ambition for new and existing built assets are aligned with global climate and sustainability targets to facilitate incoming investment that will both enhance profitability and contribute to the necessary transformation of our built environment.

"As the focus on climate issues intensifies, we are pleased to see more asset owner investors making net zero commitments. These commitments are incredibly important, and the first step on the road to investors putting a net zero investment strategy in place. We look forward to working with these asset owners on their net zero strategies and invite other climate-conscious asset owners to consider becoming signatories to the Paris Aligned Asset Owners pledge"

Stephanie Pfeifer, CEO, Institutional Investors Group on Climate Change

Natural Capital

Natural capital can be defined as the world's stocks of natural assets which include geology, soil, air, water and biodiversity¹¹⁷. The continued, thriving existence of these natural resources are essential to supporting the ecosystem services that our survival on this planet, in both our urban and rural environments, ultimately depend on.

Natural resources and ecosystem services support many key economic activities, from farming, to energy generation, and material extraction for medicines or building materials¹¹⁸. With a particular focus on the built environment, nature also provides physical protection to numerous key human settlements, and is essential for climate regulation and the continued cycling of water, materials and chemicals, essential to our continued utilisation of the planet for human habitation. These benefits translate to better air quality, lower urban heat island effect. stronger nutrient cycle and also enhanced resilience to climate change impacts. However - the over-extraction of natural capital, without allowing adequate

recovery of natural systems, poses a significant risk of local, regional or even global ecosystem collapse¹¹⁹.

Natural capital is able to be financially quantified - and is valued at USD \$145 trillion/ year, twice as much as global aggregate GDP¹²⁰. Many studies have quantified the value provided by nature in the built environment in economic terms - for example, street trees in California provide USD \$ 1 billion per year in ecosystem services, through climatic regulation and flood prevention in urban environments, and Mexico's mangrove forests provide an annual USD \$ 70 billion to the economy through storm protection and protecting the fishing industry¹²¹ Therefore, natural capital should be considered part of the business case for a sustainable built environment. Protecting ecosystems and biodiversity today can protect against future replenishment costs down the line, and also provide a range of benefits.

In the real estate sector, there is opportunity to enhance

natural capital by supporting the continued availability of resources used for building construction and operation, such as:

- Timber, by increasing demand for sustainable materials, favouring re-use as far as possible
- Water, by promoting water efficiency at all stages of lifecycle and tracking and reporting during construction and operation phases
- Biodiversity, by actively increasing diversity of flora and fauna on-site and in local communities, and supporting ecosystem development for pollinators and other key species.

The protection of nature is also, undeniably, the right thing to do - but in a world of competing priorities it can be difficult to balance the environmental and the economic. Natural capital enables us to place a financial value on the invaluable natural services provided by our planet, with which we can hope the clarity of the business case will inspire preservation and regeneration of our natural ecosystems.

Introduction





3.2.3 Higher Asset Values

"Green buildings are of high value because of lower operating costs, higher occupancy rates and rental income. In addition to avoiding financial penalties for carbon emissions. Which makes green buildings a better credit risk asset and better collateral."

International Finance Corporation (2019), Green Buildings: A Financial and Policy Blueprint for Emerging Markets

"Research by JLL in 2020 identified that sustainable buildings in central London have a rental premium of 6–11% and that building occupancy was higher for buildings which achieved a BREEAM rating of Outstanding/Excellent compared to those that were rated Very Good."

JLL (2020), The impact of sustainability on value. Developing the business case for net zero buildings in central London

Evidence from the past decade suggests that sustainable buildings tend to have higher asset values than conventional buildings encompassing higher rental values. lower operating costs, and higher occupancy rates¹²². In this section, higher rental values and occupancy rates are explored, with operating costs presented as a business case for the owner later in this chapter. The business case for the real estate market is clear however - invest, develop or design better and more sustainable buildings, and you should be financially compensated at point of sale or rental.

Market demand for green buildings has increased in the past decade due to environmental regulations, greater corporate and consumer engagement in sustainability, and the drive for healthier buildings - undoubtedly accelerated by the impact of the COVID-19 pandemio¹²³. Research suggests demand for green buildings could double in many parts of the world in the near future¹²⁴ with additional evidence from global markets specifically pointing to an increasing demand for environmentally friendly homes¹²⁵



A Changing World

Awareness of global environmental issues is changing the habits of consumers. 8 in 10 consumers indicate sustainability is important for them: and for those who say it is very/extremely important, over 70% would pay a premium of 35%, on average, for brands that are sustainable and environmentally responsible¹²⁸. These attitudes are driving global market choice for products that are 'cleaner', are sustainable and environmentally responsible, support recycling, or use natural ingredients¹²⁹, and are being reflected in market trends in real estate

About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case The Business Case



There is strong evidence that sustainable built assets positively affect both capital and operational expenses¹³⁰. Increasing market demand has helped to raise a premium in the value of sustainable assets. In the commercial sector in particular, tenants are increasingly willing to pay a premium for more sustainable spaces¹³¹, often demonstrated with a certification or building rating. The 2021 'World Green Building Trends' report has shown that about two-thirds of owners and developers believe that green building will increase a new building's asset value by 6% or more¹³². Premium certified buildings have been seen to command a greater than 12% rental premium in some markets¹³³. Reasons for this premium at sale or rental point include:

- International investors are now demanding buildings with sustainability certifications¹³⁴. Trends show that today's real estate investors are willing to spend more for real estate that is energy efficient and environmentally friendly¹³⁵.
- Green accreditation of real estate can help to increase occupancy rates by attracting more tenants, thus lowering vacancy rates¹³⁶ ¹³⁷.
- New generations of renters and aspiring sustainable homeowners are concerned about health and sustainability within buildings¹³⁸.

The 2021 'World Green Building Trends' report has shown that about two-thirds of owners and developers believe that green building will increase a new building's asset value by 6% or more.

Evidence shows that green assets command higher asset values, in most markets of the world¹³⁹. For developers and investors, this trend creates a clear business case - there is heightened financial opportunity from asset value of sustainable buildings. Committing to action on sustainability across all built assets makes financial sense.

3.2.4 Reduced Risk of Stranded Assets

Stranded assets are defined as assets that suffer from unexpected and often premature financial devaluation, often warranting to a loss of investment¹⁴⁰. The risk of stranded assets in the built environment caused by environmental factors, such as the impacts climate change, both physically on the asset itself and via associated policies to tackle the climate crisis, has become a topic of increasing importance and research attention¹⁴¹. In recent years, climate-related stranded assets have received international attention from the UN, OECD, G20 Financial Stability Board, plus a number of key financial institutions and national governments142.

Focusing on the built environment, stranded assets present a major risk to both existing building and infrastructure assets, plus those under construction. Extreme weather events can damage or delay projects in construction processes, disrupt supply chains and delay work programmes, can cause physical damage and system stresses to existing assets, and

impact insurance premiums - all with financial repercussions. Additionally, increasing policy requirements can lead to non-compliant assets suffering from plummeting value, which is a growing concern for asset managers in countries like the UK, where minimum EPC rating requirements are set to be raised to counter climate change¹⁴³.

The potential impact of climate change related effects risk value for residential real estate property assets alone would be USD \$16 trillion, plus USD \$5 trillion for global commercial assets¹⁴⁴. Therefore a sustainable building or infrastructure project that has resilience measures embedded within it, both in terms of physical climate impacts but also future-proofing against future compliance measures, presents a lower risk in terms of 'stranded assets' 145 146.

Extreme weather events can damage or delay projects in construction processes, disrupt supply chains and delay work programmes, can cause physical damage and system stresses to existing assets



About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case The Business Case

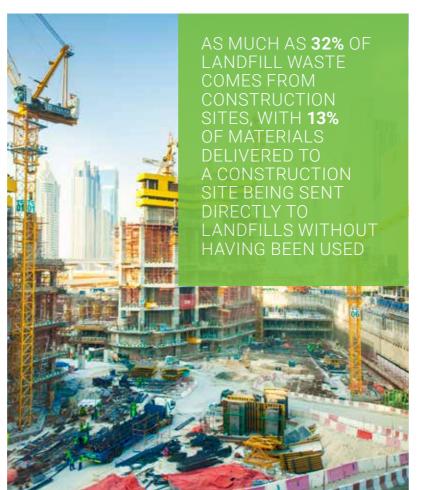


3.3 Business Case for Designers & Construction

Design principles include passive design principles, energy-efficient equipment and storage, carbon-negative materials and a combination of onsite and offsite production of clean energy

Sustainable buildings have typically been considered premium developments, associated with higher costs. However there is growing evidence showing that this is not always the case, especially during the construction stage.

Design techniques and technologies for constructing sustainable buildings are increasing in accessibility and cost competitiveness¹⁴⁷. Design principles include passive design principles, energy-efficient equipment and storage, carbon-negative materials and a combination of onsite and offsite production of clean energy. Construction principles include prefabrication and modular construction. The mass market utilisation of these processes could substantially reduce demand for virgin materials and energy, facilitate the development of the circular economy, and create a business case through lower cost of construction and material sourcing.



3.3.1 Reduced Build Costs

In recent decades, the construction sector is recognising a number of trends that provide opportunity for significant impact in reducing the environmental impact of the sector. Prefabrication and modular construction are both experiencing a significant expansion, as the construction industry seeks to improve safety, productivity, quality, cost, schedule and sustainability performances¹⁵³.

Modular construction can demonstrate a series of benefits over traditional construction for appropriate projects, for example, reduced build cost and overall lifetime cost of the building through accelerated build schedules¹⁵⁴. Recent modular projects have already established a solid track record of accelerating project timelines by 20–50%, however this is still exceptional rather than normal practice¹⁵⁵.

As the market value for modular in new real-estate construction alone could reach USD \$130 billion in Europe and the United States by 2030¹⁵⁶, it is feasible that economies

of scale and greater cost savings could be realised. Currently, prefabricated housing has achieved a foothold in a few locations, including Scandinavia and Japan¹⁵⁷. Modular construction could scale to an industry that represents more than USD \$100 billion in US and European real estate, delivering USD \$20 billion in annual savings¹⁵⁸.

Additionally, sustainable buildings that protect human rights across the lifecycle can protect lower build costs via risk mimtigation. For example ensuring adequate participation of surrounding communities, avoiding harm to workers on site and through supply chains, and ensuring accessibility on site can avoid costly delays, disruption and adjustments during design or construction stages. Further to mitigating the potential loss of value, these interventions also generate positive social value.

MITIGATION
ASSET
VALUES
INVESTMENTS
ENAMORE



THE MARKET VALUE FOR
MODULAR IN NEW REAL-ESTATE
CONSTRUCTION ALONE COULD
REACH \$130 BILLION IN EUROPE

Introduction



3.3.2 Economic Value Retained Through Material Banking

Reducing waste in the construction process - both by sourcing re-used materials at point of construction, and by returning functional materials to the market at end of life point, offers financial opportunity versus standard building construction practice.

Business as usual in many geographies today is that excess building materials - both surplus in the construction process to those available at end of life stage - end up as waste¹⁴⁸. The US Environmental Protection Agency found that total waste from constructionrelated projects was double that of municipal waste from households and businesses¹⁴⁹. As much as 32% of landfill waste comes from the construction site, with 13% of materials delivered to a construction site being sent directly to landfills without having been used¹⁵⁰. However, sustainable building efforts can help the construction industry substantially reduce waste generation¹⁵¹.

With the transition to a circular economy, buildings, infrastructure and the materials that create them are considered reusable assets. with lasting value. Flexibly designed buildings become banks of valued materials, able to be extracted without damaging or degrading the material and facilitating reuse in another project - thereby slowing resource use to a pace that is sustainable for the planet. Materials banking represents a source of additional financial value as a resource to be realised once the building reaches the end of its use. For example, re-using asphalt and concrete has been shown to save up to 25% on material costs¹⁵².

For the asset owner, realising maximum value depends on choosing the right materials and construction techniques that are low cost to dismantle, reuse and recycle. This approach can also be applied in a similar way to existing assets. For example, if the building is examined in advance with the goal of capturing value at the end of its use, the owner

will be aware of the materials that have potential value and how they should be dismantled to preserve it. With this approach, financial value is embedded within the fabric of the building, to be accessed at point of deconstruction.

CASE STUDY



Mansour Residences, Aytou Village, Lebanon

Economic value retained through material banking

- Mansour residences are three residential houses that have been built in Aytou Village, Lebanon.
- Built at an altitude of 1,100m using 'Design for Life' principles, the development included a range of sustainability strategies to optimise material efficiency, such as structural waste reduction and reuse of excess materials, extended material life span due to use of durable concrete and local stone facade cladding, plus energy efficiency measures leading to reduction in CO₂ emissions

THIS PROJECT
WAS **8%** CHEAPER
THAN SIMILAR
PROJECTS

- OCCUPANT SECURITY SEC
- Through these interventions, the project demonstrates optimal financial value at the residential scale: the residences were 8% cheaper than similar projects due to waste reduction and reuse of excess materials, and present a 12% cost reduction due to energy and material optimization and circular design principles
- The project also contributes to local resilience measures with features such as a water harvesting system, that can store up to 460m3, plus over 100 trees that both contribute to biodiversity and to feeding residents. This case study demonstrates that sustainability principles can be implemented in all climates, geographies and typologies and the business case benefits experienced at both large and small scales.



CASE STUDY

- The Acciona Ombu development in Madrid comprises over 10,000 square meters of new office space, combining private and public land with green landscape, by restoring an abandoned listed industrial building built in 1905.
- The restoration of an existing building has offered substantial financial and environmental benefits. By retaining the existing building, specifically the reuse of masonry walls and primary steel, 30% of the embodied carbon related to structures and 50% of the embodied carbon related to the façade was avoided with an overall reduction in embodied carbon (included allowance for future refurbishment) of 25% across the whole life cycle compared to a typical new office building designed. The restoration of the historic building reused 10,000 tons of brick.

Acciona Ombu, Madrid, Spain - Adaptive reuse of a historic industrial building, saving carbon, resources, money and enhancing social value

- When comparing the cost of demolition and new construction with restoration of the facade and roof of the existing building, the restoration saved about €1.5million.
- The return on investment from energy efficiency is highly significant in this development: 35% energy savings over ASHRAE baseline equates to savings of around EUR €60,500 per year, which results in a savings of about EUR €3.5 million over the life cycle of the building.
- These financial benefits from energy efficiency are boosted by a further 10% saving considering both waste and water savings.
- Combining the 35% energy efficiency with 100% renewable energy supply avoids close to 5,700 tonnes CO2 being released into the atmosphere. Furthermore, the new internal timber structure will store 1.640 tonnes CO2 and is recyclable and demountable.

- The development has also increased social value and community benefit by creating a positive multiplier effect in an important and accessible area of the city that had been previously deprived. Through net social impact modelling, it is estimated that 800 jobs in the local community have been provided by this development.
- The net asset value of the building has increased substantially, considering both operational savings and occupant health productivity improvements (over 600 €/sgm NAV over 20 years).

35% PROJECTED ENERGY EQUATING TO THE SAME LEVEL OF ENERGY COST SAVINGS IN USE. A WORLD GREEN BUILDING COUNCIL REPORT



3.4 Business Case For Owners & Occupiers

Sustainable buildings do not always cost more, and uplift is often negligible Evidence across diverse geographies demonstrates that sustainable buildings do not always cost more - or where they do, price uplift is often negligible. Once operational, sustainable buildings can offer owners a faster and better term return on investment versus a standard asset, offering a future-proofed and resilient investment.





CASE STUDY

13 year return on investment plus social value creation.

- UDLAPARK is an 8-story education facility extension project in Quito, Ecuador's capital city, certified with a preliminary EDGE Advanced certificate due to access to green credit and green loans.
- Developed in a former landfill, the UDLAPARK campus demonstrates the regeneration of urban space. The landfill site was recovered by planting native species, which receive irrigation from the wastewater treatment plant.
- Diverse sustainability features, including energy-efficient design with on-site solar renewable energy generation, recycled water treatment plant and water conservation technologies, façade technology with aerators and natural ventilation, passive design strategies to reflect solar radiation and help reduce the urban heat island effect plus large areas of green space

UDLAPARK, University of Las Américas campus, Quito Ecuador

ASSET

WALUES

INVESTMENTS

THE WIDER

BOLE OF BUSINESS

- The facility achieved 46% energy savings (close to 250 tonnes CO2/year) and 38% less embodied energy in materials, plus 71% water savings, when compared with a traditional building located in Quito. A 10% saving in material use and waste generation was quantified using BIM processes.
- Additionally, environmental resilience has been future-proofed by leaving more than 50% of the site with no built footprint or hard surfacing, to promote the infiltration of rainwater and to protect the public sewage system from flood risk.
- The campus supports social value through provision of services for community benefit, including a gym, auditorium, restaurants, multiple use spaces, a bar and cafeteria, as well as the educational facilities

 The EDGE Certification tool calculated an approximate 13 year payback period for all green installations on site, at which point the sustainability features will contribute to development lifetime profit and heightened asset value.





3.3.3 Lower Operating Costs Outweigh Cost Uplifts to Create Return On Investment

A fundamental part of the business case for sustainable buildings and infrastructure is improved operational efficiency, and consequently lower operating costs¹⁵⁹. These operational cost savings can, in many cases, negate any cost uplift associated with design and translate to a stronger and faster return on investment - and have been consistently reported in global green building market trends in the past decade¹⁶⁰.

Sustainable built assets of all types are typically perceived to be more expensive than standard. However a growing body of evidence suggest that, if any, cost uplift can be far lower than the market expects¹⁶¹. These costs can be negated at point of sale, or can also be feasibly recouped through lower overhead costs, due to enhanced energy efficiency, energy generation on site, and lower thermal conditioning requirements. Recent research from UKGBC highlights that sustainable buildings can result in rental value increases of 6-11% plus lower void periods that could potentially offset increases in capital costs¹⁶². Plus,

estimates reveal that the rental premium and yield compression could take a typical scheme from 15% profit on cost to over 20% profit on cost¹⁶³.

Furthermore, sustainable buildings often perform with enhanced operational efficiency. New green buildings have on average a 14% lower operating cost¹⁶⁴. Therefore these assets can offer preferential payback opportunities due to these reduced overheads, and better return on investment¹⁶⁵. Research suggests that net zero carbon buildings can provide a positive financial return over a 25-year period, inclusive of incoming carbon pricing, and require only a modest capital cost premium¹⁶⁶. Studies have also shown that operating costs for sustainable assets are over 13% lower for new construction and close to 9% for retrofitted building projects¹⁶⁷. With a focus on retrofits, the World Green Building Trends 2021 study showed that 18% of respondents who had retrofitted buildings believe that this will lower operating costs by more than 15% over the next year and 35% over the next five years¹⁶⁸.

Over an asset's 50+ year life expectancy, this financial payback trajectory period can offer substantial savings versus a standard development. The return on investment for green buildings has been evidenced for over a decade¹⁶⁹, and is also likely that the financial proposition will strengthen in the future, as explained in Chapter Six, offering even higher return on investment opportunity.

CASE STUDY

Net zero emissions with eight year payback period

- The National University of Singapore redevelopment of the SDE4 building represents the first purpose-built net zero energy building in Singapore.
- Not only does the building operate at net zero, but it exceeds current standards for environmental quality by ensuring equitable access to views, daylight, air, greenery, and community spaces. The same approach was extended within the SDE campus for the renovation of the existing buildings and facilities.
- The development has achieved certification from a range of local and international rating Platinum, BCA Green Mark Design Prototype - Net-zero Energy certification.

National University of Singapore School of Design and Environment campus redevelopment



tools including BCA Green Mark energy, WELL Certification Gold, WELL HSR Rating and ILFI Zero

- The development has been designed to be highly energy efficient and climate-sensitive. consuming only as much energy as it creates, utilising solar roofs, a hybrid cooling system, innovative ventilation systems. and passive architectural structures that provide shade. The renovation wraps the original structure, modulating solar radiation, natural ventilation, and rain, and hosting a full array of photovoltaic panels to meet the energy demands of the building.
- The project demonstrates a commitment to reduced material expenditure and embodied carbon by using the original structural frame.
- The project has helped challenge negative assumptions around comfort and cost of sustainable buildings in the equatorial region, presenting evidence that it has limited additional cost compared to similar, industry-standard models. The cost premium to include sustainability features within similar public buildings in Singapore was described

- as 'marginal'. The return on investment for the rooftop photovoltaic system has been calculated to be 8 years, at which point it will offer operational cost savinas.
- Preliminary occupant survey results have also shown high levels of occupant satisfaction with the environmental conditions created within the building.



DESIGNED TO BE HIGHLY ENERGY EFFICIENT AND CLIMATE-SENSITIVE

About WorldGBC Statement Foreward

Introduction

Drivers of the **Business Case**



4.3.2 Preferential **Insurance Premiums**

A sustainable built environment offers greater social and economic resilience to expected future climate change impacts¹⁷⁰. More resilient buildings and infrastructure are less likely to be at risk from physical and systemic stresses of extreme weather or climate events, including heatwaves, flooding, droughts or fire events¹⁷¹. This is in-turn reflected in reduced insurance premiums for building owners or occupiers¹⁷², offering lower operational overheads in comparison to a less sustainable and resilient alternative asset.

A range of specific market insurance options exist to endorse sustainable built asset purchase and retrofit, ranging from differential premiums based on environmental characteristics and performance; to products specifically tailored for clean technologies and emissions reducing activities¹⁷³, such as discounts for certificatied buildings or rewards for eco-friendly material replacement endorsements¹⁷⁴. These opportunities can incentivise the uptake of sustainable building strategies by reducing financial barriers and providing guidance and opportunities for building owners or occupiers.

Preferential insurance opportunities also exist for private sector organisations, including for developers, due to the availability of renewable energy-related insurance products, such as carbon emissions credit guarantees, focused on enabling private entities to participate in offset projects and emissions trading¹⁷⁵.



INSURANCE OPTIONS EXIST TO ENDORSE SUSTAINABLE **BUILT ASSET PURCHASE AND** RETROFIT

OR AN **ENERGY-EFFICIENT HEALTH AND COMFORT**



3.3.5 Return On Investment Through **Enhancing Health And Productivity**

Sustainable buildings can provide owners or occupants with financial co-benefits by facilitating better indoor environmental quality that both protects health and enhances wellbeing. WorldGBC and other voices have published numerous studies in the past decade that have demonstrated sustainable buildings stimulating higher occupant productivity, particularly in a commercial setting, including the notable CogFX studies undertaken by the Harvard School of Public Health¹⁷⁶ ¹⁷⁷ ¹⁷⁸ ¹⁷⁹

A new sustainable building, or an energy-efficient retrofit of an existing building, often improves many factors of occupant health and comfort. Design or retrofit strategies can enhance both mental and physical health and consequently improve productivity, reduce absenteeism, lessen 'presenteeism', and have even been suggested to lessen staff turnover and consequential recruitment and training costs - presenting a return on investment against any cost uplift in implementing health-focused design interventions¹⁸⁰.

In a commercial organisation, where 90% of typical overheads are spent on human capital, even a minor improvement in productivity can substantially impact company turnover and profit¹⁸¹. Research has shown in numerous geographies and typologies that subjects occupying sustainable buildings are healthier. happier and more productive¹⁸². These improvements to health and productivity can translate to financial gains as substantial as over USD \$900,000 of annual energy savings at the Akron Children's Hospital project, also creating a healthier environment for healthcare, or over USD \$272,000 in savings a year from lower staff turnover and sickness Cundall's London office¹⁸³. Increasing occupant health, happiness and productivity is a highly sought after building attribute in a commercial environment, but also invaluable in

an education, learning or healthcare

A WORLD GREEN BUILDING COUNCIL REPORT **BEYOND THE BUSINESS CASE**

About WorldGBC Statement

Foreward

Introduction

Drivers of the Business Case



CASE STUDY

Return on investment through enhancing occupant health and productivity.

- The 277,000-square-foot building, which was certified LEED Platinum for both commercial interior and core and shell, was created through adaptive reuse of a dormant office building, with 15% of the project classified as new construction and 85% as renovation.
- Approximately 800 employees are housed at the nextgeneration headquarters, which features collaborative spaces for work and recreation, including a fitness centre, walking trails and reclaimed water fountain installation
- The health-oriented design elements in the development are based on Saint-Gobain's Multi Comfort principles, and include biophilic design and engagement with nature, variable airflow and thermal conditions, acoustic absorption and diffusion, daylighting, and fresh air ventilation.

Saint-Gobain North American corporate headquarters in Malvern, Pennsylvania



- Due to these health-based interventions, employees' perceptions of productivity and happiness at work have dramatically improved. Saint-Gobain report that these 'real results go straight to a company's bottom line as a healthier, happier workforce leads to a more profitable company'. For example;
- Employees reported a 56% overall improvement in visual comfort in the new headquarters due to increased access to daylight and reduced glare
- Design strategies were used to ensure acoustic comfort for all 800 occupants, including sound-absorbing surfaces, high-performance interior partitions and exterior façades, and generation of white noise to mask sound. As a result, average occupant acoustic comfort improved by over 42%.

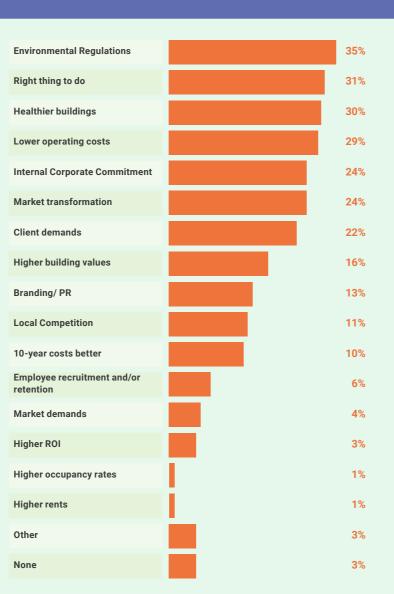
- Employees experienced a 91.6% improvement in collective indoor air comfort in the new Malvern headquarters compared to the former heawdquarters, due to strategies such as air-sanitising wall coverings, wallboard and ceilings that absorb VOCs, and offers superior mould resistance.
- Overall, occupants' satisfaction with indoor environmental improved by close to 50% in the new space. Perceived productivity also increased by close to 40% in the Malvern facility. During the first three weeks of occupancy, the productivity of Saint-Gobain's Call Centre increased by 140%, with no changes in hours or staff
- Employees also find the new building to be supportive of their health and wellbeing and reported a 54% increase in perceived health based on improved indoor environmental quality. Additionally, the average frequency of employees suffering from Sick Building Syndrome symptoms decreased by close to 30% in the new headquarters compared to the previous facility.

EMPLOYEES REPORTED A **56%**OVERALL IMPROVEMENT IN VISUAL COMFORT



The Drivers of Green Buildings

In the 2021 Dodge Data & Analytics 'World Green Building Trends' report, environmental regulations, being the "right thing to do", healthier buildings, and lower operating costs are the top factors motivating green building, each reaching at least 29% in 2021. Internal corporate commitments, market transformation, and client demands are second-tier drivers. These drivers represent a mixture of financial business case and social value case, illustrating that it's the combination of both economic and ethical drivers that are catalysing the increased market engagement with sustainable buildings.



Most Important Benefits of Green Buildings, per Region

	Global Average			Top-5 Countries		
Lower operating costs (energy costs, total lifecycle costs)	66%	Canada 87%	Cameroon 85%w	USA 80%	Singapore 75%	C olombia 69%
Improved occupant health and well-being	62%	Canada 79%	USA 75%	Colombia 71%	Cameroon 67%	Singapore 64%
Future proofing assets	33%	Australia 57%	India 52%	Saudi Arabia 49%	South Africa 43%	Canada 38%
Documentation and certification providing quality assurance	32%	Saudi Arabia 49%	Singapore 41%	India 41%	China, People's Republic 40%	Australia 40%
Education of occupants about sustainability	32%	Cameroon 67%	Brazil 42%	China, People's Republic 38%	Singapore 36%	South Africa 35%
Fulfilling corporate and/ or shareholder reporting requirements	28%	Australia 47%	Singapore 34%	China, People's Republic 33%	Mexico 32%	India 31%
Higher value at point of sale	26%	Mexico 42%	Brazil 36%	China, People's Republic 36%	Germany 30%	Singapore 28%
Increased productivity for tenants	22%	Saudi Arabia 40%	India 39%	Australia 27%	South Africa 26%	Cameroon 26%
Flexibility of design built into green buildings	20%	Saudi Arabia 46%	Cameroon 33%	South Africa 31%	Singapore 26%	India 26%
Higher rental rates	18%	Mexico 28%	Saudi Arabia 26%	Brazil 24%	Singapore 24%	India 22%
Higher occupancy rates	16%	Saudi Arabia 34%	India 33%	Singapore 25%	Mexico 23%	China, People's Republic 20%

Graphs data reference: Dodge Data & Analytics. 2021. World Green Building Trends 2021.

About WorldGBC Statement Foreward Introduction

Drivers of the The Business Case
Business Case

4.0 Strengthening the Case: Social Value

Value has increased massively in certain geographies in recent years, and within this chapter we explain how and why

The Social Value case is the benefit the built environment can bring to people and the planet. Although not yet financially quantified within market value of a built asset, the provision of social value strengthens the business case for sustainable buildings - as presented in the following chapter of this report. Real estate sector awareness of social value has increased massively in certain geographies in recent years, and within this chapter we explain how and why.

IN THE CONTEXT OF THE BUILT ENVIRONMENT, SOCIAL VALUE IS CREATED WHEN BUILDINGS, PLACES AND INFRASTRUCTURE SUPPORT ENVIRONMENTAL, ECONOMIC AND SOCIAL WELL BEING, AND IN DOING SO IMPROVE THE QUALITY OF LIFE OF PEOPLE. EXACTLY WHICH ENVIRONMENTAL, ECONOMIC AND SOCIAL OUTCOMES CREATE SOCIAL VALUE WILL DEPEND ON THE BEST INTERESTS OF THE PEOPLE MOST IMPACTED BY THE PROJECT OR BUILT ASSET."

UKGBC, FRAMEWORK FOR DEFINING SOCIAL VALUE¹⁸⁸ (2021)

About WorldGBC Statement

t Foreward

Introduction

Drivers of the Business Case

Proposition

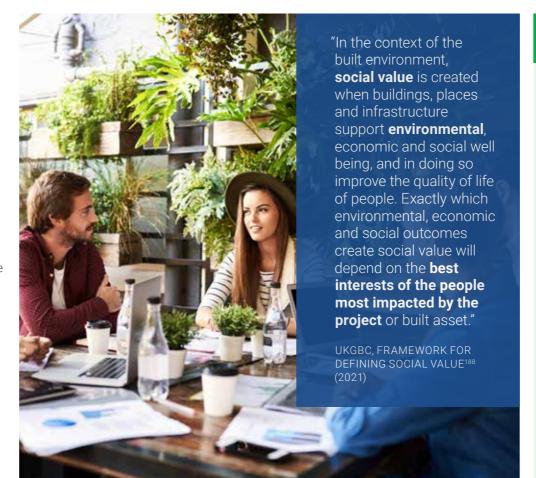
4.1 What Is Social Value?

Social value is an increasingly popular trend around the world, adapting to different contexts

Although finances, budgets and value engineering remain essential components of any new or retrofit development, in today's context there are additional considerations. The generation of social value - of creating positive social impact and inclusive growth, facilitating restorative environmental benefit. and ensuring that economic growth benefits everyone¹⁸⁴ has become a responsibility of all sectors, particularly the built environment. Social value is the creation of direct, positive impacts on people and communities by protecting human rights, dignity, and health and wellbeing, providing community benefit and committing to social justice and equity¹⁸⁵. This includes indigenous rights, gender equality, diversity and inclusion, that would provide long term value to communities and improve local quality of life¹⁸⁶.

be considered at all stages of the lifecycle, from risk mitigation and maximization of social outcomes for the project at siting, planning and financing stages, to taking a longer-term view of the social value and economic benefits generated through operation and use.

Social value is an increasingly popular trend around the world¹⁸⁹, adapting to different contexts, becoming a tool for measurement, and contributing to a broader value proposition and sustainable development - now, and in future. WorldGBC recognises differing trends around the world, however the common drivers presented below are increasing scrutiny on social value across multiple geographies, particularly for the built environment sector that shapes the fabric of our society.





Defining terms: Social value, equity, impact and justice

The term Social Value may be differently interpreted across different geographies, and the definition presented in this report is often interchanged with social equity, justice or impact. These terms have been defined by the BRE as¹⁸⁷:

- Social Equity the equitable access of all people to resources and opportunities and full participation in the social and cultural life regardless of background
- Social Justice the fairness in achieving advantages and opportunities for each citizen.
- Social Impact the effects on people and communities as a consequence of the built environment related to action or activity
- Social value A cumulative benefit of all social impacts from the built environment to individuals, communities and local businesses.

Based on the above definitions, this report will use Social Value as the main term due to its collective meaning broadly encompassing all existing terms. The priorities of enhancing equity and justice for all people at all stages of the supply chain are synonymous across all terms, and remains the fundamental aim of the sustainable built environment movement. Social value should

About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case The Business Case



4.2 The Impact Of COVID-19



"Everything we do during and after this **COVID-19 crisis** must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face."

UN Secretary-General António Guterres

One of the impacts of COVID-19 has been a dramatic increase in interest and awareness on social value, particularly around health and equity. In the era of the pandemic, it has become increasingly clear that the world can no longer justify tackling issues indirectly and individually, but that a collective approach addressing the total impact on people's quality of life should be prioritised¹⁹⁰. The effects of the COVID-19 pandemic are reshaping the profile of sustainable buildings demand, while influencing the occupancy patterns and prospects of urban spaces and the needs of occupants, owners and managers¹⁹¹.

The COVID-19 pandemic has not only devastated economies but has greatly accelerated the impact of inequality. Inequalities between high and low income countries, employment status, population group and income levels have heightened 192. A survey conducted in 37 countries indicated that 3 in 4 households were suffering declining income, with 82% of low-income households being affected. This can be seen prominently in the USA, where over 44 million people lost their jobs and unemployment surged towards 15% during the early months of the pandemic 193. While high-income

countries found over USD \$7 trillion to sustain their businesses, retain jobs and reinforce safety nets, low-income countries had little capacity to do the same¹⁹⁴. Public sector institutions and corporates will be under pressure to ensure their investments reflect genuine value to society. An estimate 25% of consumers and 22% of investors cite a "zero tolerance" policy toward companies that embrace questionable practice on the social value front¹⁹⁵.

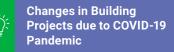
For the real estate sector specifically, a notable aspect highlighted by the pandemic has been the increased awareness of the need for buildings to provide healthy indoor environments. Fundamentals of healthy indoor environmental quality are outlined in WorldGBC's Health & Wellbeing Framework, and include: air quality and ventilation, thermal comfort. acoustics, lighting, mental health and access to nature, amongst many others¹⁹⁶. Poor indoor air quality and ventilation are associated with increased symptoms of sick building syndrome, increased risk of transmission of infectious diseases and reduced cognitive function¹⁹⁷. More than 1.6 million COVID-19 infections worldwide are believed to have occurred due to poorly ventilated indoor spaces¹⁹⁸ ¹⁹⁹. Indoor environmental quality is closely linked to income status and equity - lower quality buildings and housing are often poorly designed and constructed with cheaper materials, and hence often overcrowded and occupied by the most vulnerable populations - putting occupants at higher risk of mental and physical health impacts, further exacerbating the inequality of disease transmission²⁰⁰ ²⁰¹.

COVID-19 mitigation measures have not only raised awareness of social value, but also challenged the sector to rethink building and urban design, serving as a market stimulus that a healthy, equitable built environment should be an expectation²⁰³.

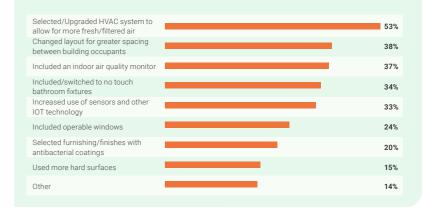
WorldGBC implores organisations supporting economies struggling to rebuild in the wake of the pandemic to prioritise health and social value in the creation and maintenance of the built environment. We also call on governments and policy makers to address the recovery from the pandemic in harmony with the climate crises.

"Following our collective experience of the global coronavirus pandemic, we are asking ourselves how places need to change, to be resilient to future challenges including the risk of prolonged social isolation that can clearly exacerbate what is already an epidemic of loneliness in our cities. Consciously designing our homes, workplaces and public spaces with connectedness in mind is critical to ensure we are creating places that are fit for the future."

Paul King - Managing Director, Sustainability and Social Impact -Lendlease Europe



In answer to the question, 'What changes have you made to or seen on your building projects (new or renovation) specifically in response to the COVID-19 pandemic?' as part of the World Green Building Trends 2021 survey, changes to the HVAC system to allow for fresh air is the most frequent change made or seen on building projects²⁰².



About WorldGBC Statement Foreward Introduction Drivers of the The Business Case **Business Case**



4.3 Increased Focus on Social Value In Private Sector

73% of investors surveyed in a UK study state efforts to improve the environment and society play into their investment decision-making

Social value is increasing in the private sector as organisations recognise market expectation, industry competitiveness, staff retention and increased reporting expectations. Programs of social and environmental responsibility within the construction sector have unlocked opportunities for more ambitious sustainability measures throughout the value chain, such as equitable and formal labour practices that have increased the economic development of more communities²⁰⁴. Organisations including the users and community needs within the design and construction process, have also experienced improved value of building assets²⁰⁵ ²⁰⁶.

Such results have increased awareness of social value, and consequential corporate pressure on their supply chain to demonstrate and disclose ethical and environmental good practices via Corporate Social Responsibility (CSR) reports. This rise in CSR is also driving social value. Due to increasing expectation on reporting and ethical action, there

is increasingly quantified and ambitious target setting around social value indicators.

73% of investors surveyed in a UK study state efforts to improve the environment and society play into their investment decisionmaking²¹¹. With better returns and better investment opportunities, social value is therefore becoming a competitive advantage in the real estate sector²¹². For instance, in the UK, within a 15-year period, social indicators were noted to increase shareholder value by almost USD \$1.7 billion, with CSR reports predicted to help companies increase market value by 4-6%²¹³.

For developers in certain markets. tool of measurement to quantify the society. In these regions, notably the United Kingdom, Europe, USA, organisations operating in these markets will have to engage more formally with social value through dedicated assessments, which are



becoming increasingly sought after by investors and lenders, or in some cases, enforced by local authorities and regulation²¹⁴ ²¹⁵. Social value assessments quantify benefits to community through parameters including jobs and employment opportunities, and health benefits²¹⁶. Compliance with current or incoming policy requirements is another catalyst for increasing social value.



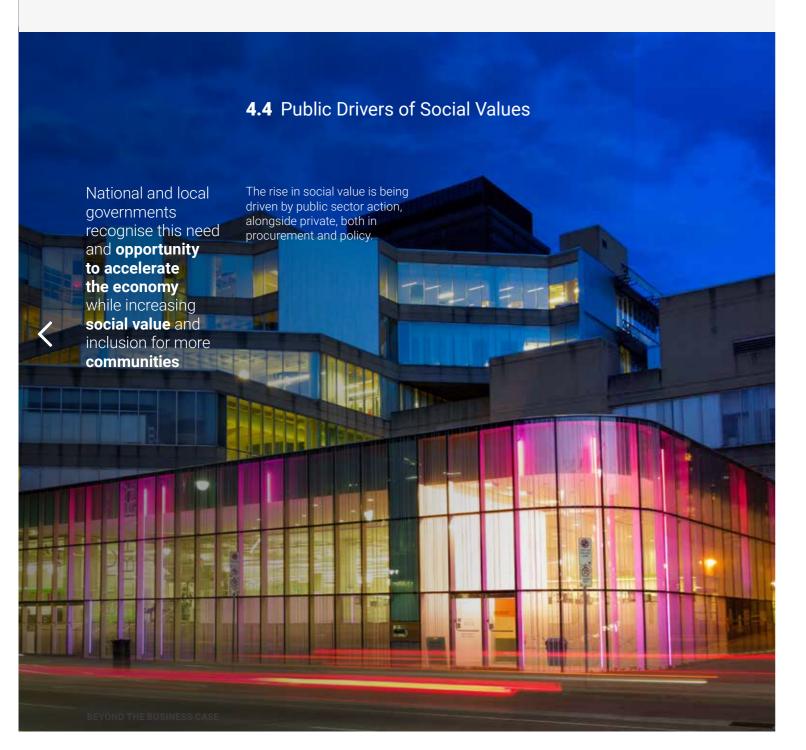
The Rise Of CSR

Business leaders are no longer satisfied solely with financial performance; transparency and progress on environmental, social and governance issues are increasingly becoming relevant²⁰⁷. An estimated 90% of companies on the S&P 500 index published a CSR report in 2019, compared to just 20% in 2011, with nearly 99% of CSR professionals believing COVID-19 has impacted their CSR efforts and initiatives²⁰⁸. The consumer market is transitioning to one which values responsibility, and sustainability²⁰⁹. As consumers increasingly embrace environmental and social causes, they seek products and brands that align with their values. The upward trend in Corporate Social Responsibility reporting demonstrates the growing expectations, noted as a worldwide trend, of generating social value being a core business objective²¹⁰.

social value has evolved to become a impact that built asset developments have on local communities and wider Canada and Australia, the real estate

A WORLD GREEN BUILDING COUNCIL REPORT **BEYOND THE BUSINESS CASE**

Statement



4.4.1 Public Procurement

Public procurement generates expenditure by governments and state-owned enterprises on services and assets, including buildings, infrastructure, and other key services in our communities²¹⁷. The current global value of public procurement is estimated at USD \$13 trillion²¹⁸. With such economies of scale, cobenefits of such sizable investments can generate massive benefits to a local community. National and local governments recognise this need and opportunity to accelerate the economy while increasing social value and inclusion for more communities²¹⁹. By placing a significant weighting on social value and following that through with contractual obligations to report and deliver, governments are promoting a bottom-up systemic change²²⁰. Generating and measuring social value is increasingly becoming an expectation within procurement contracts.

In the built environment, a compendium of examples from within the EU demonstrate socially responsible procurement in construction. In the UK, the Public Services (Social Value) Act 2012 requires local authorities to prioritise social value when procuring and awarding contracts²²¹. In the last decade, the importance of social value has increased in procurement tenders, with weighting of the social value elements in procurement contracts risen from 5% up to 40% today²²². UK city councils have put forward a value of over USD \$10 million for the adoption of strict measures that will create social value and community resilience²²³. A public sector that can demonstrate a strong commitment to social value has been seen to create strong economic benefits and multiplier effect, with institutions managing to increase their spending in the city's local economy from by 300% between 2013 and 2017²²⁴. Organisations who want to be involved in public procurement processes or public-private partnerships should see enhancing social value as an opportunity to

enhance their competitiveness, to access to more contracts, financial schemes, training programs, and visibility²²⁵.

A public sector that can demonstrate a strong commitment to social value has been seen to create strong economic benefits

Introduction

Social Value



4.4.2 Policies and Incentives

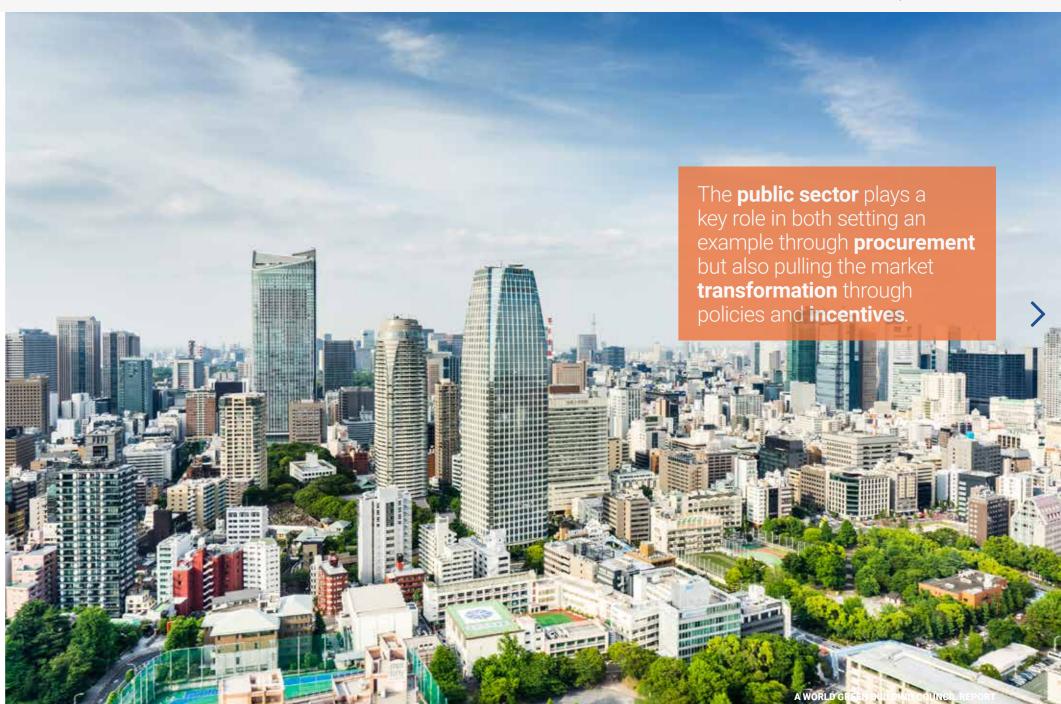
The public sector plays a key role in both setting an example through procurement but also pulling the market transformation through policies and incentives. Clear messages have been sent at international level, with a visible momentum underway from European governments passing legislation on mandatory human rights and environmental due diligence^{REF}.

For instance, the European Commission directly includes social goals through initiatives such as the EU Taxonomy and the national development strategies²²⁶. Other notable examples include the UK Public Services (Social Value) Act 2012 which requires all public sector organisations, and their suppliers, to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area²²⁷. Available evidence suggests that regulation around social value is most mature in Europe and UK, however there is evidence to

suggest that policies around social value, both in procurement and more broadly, have precedent in non-regulatory guidance in markets such as Canada²²⁸. We therefore see increasing likelihood of legislative action on social value, which could be particularly relevant for built environment actors through local planning policies or building codes. Organisations looking to future-proof their compliance should be considering and enhancing social value at all stages of the lifecycle.

Foreward

The European Commission directly includes social goals as part of inclusive growth, which seeks to increase employment rates and reduce poverty and social exclusion



About WorldGBC Statement

"Business case

the economic.

social value"

buildings: Exploring

environmental and

for circular

Foreward

Introduction

Drivers of the Business Case

4.4 Opportunities for Circularity



Summary from WBCSD 'The business casefor circular buildings: Exploring the economic, environmental and social value" report

World Business Council for Sustainable Development (WBCSD) has recently published a report on the "Business case for circular buildings: Exploring the economic, environmental and social value", supported by the World Green Building Council. Similar to this research, the 'Business Case for circular buildings' report aims to articulate the economic value alongside broader value case impacts in pursuing circularity in the built environment. The report brings together qualitative and quantitative research identifying how to derive value and who could capture that value.

The case studies of circular projects analysed in the report illustrate the following results to support the emerging business case:

 A lease price advantage from increased flexibility and lower costs resulting from changing interiors or workplaces, which opens the potential for increased rental prices and lowers operational costs at tenant turnover

- Market differential and rapid sales through enhanced branding and local community buy-in
- Increased value by residual material valuation and component value after deconstruction – for example the design for disassembly and material bank value added EUR €125 – 135/m² net lettable area gained in Park 20|20 project
- Close to 30% emissions reductions and social value from jobs created using old building materials, plus keeping the buildings ahead of impending future legislation
- Developments avoid costs from new land acquisition and landfilling costs by prioritizing existing building land use
- Overall decrease in acquisition and maintenance costs, compared to a standard building.

These business case benefits have been demonstrated through case studies, including Park 20|20, and Upcycle Studios & Resource Rows, and are summarised below:

Business Benefit Impact

CASE	DESIGN & CONSTRUCTION COSTS	ASSET VALUES	OPERATIONAL COSTS	RISK MITIGATION	ENVIRONMENTAL VALUE	SOCIAL VALUE
Resource Rows/ Upcycle Studios	Land and acquisition costs avoided from asset reuse High-quality building pricing: circular building being 8-10% more expensive, due to innovative approaches Lower costs of materials but higher costs of manufacturing – re-processing secondary materials can be costly	Fastest sales in the neighborhood 6% overall decrease in acquisition and maintenance costs Branding and mar- ket differentiation		Collaboration between partners in design and construction led to lower risk in material acquisition Project partnerships reduced delays in the building process when working with innovative approaches	Upcycle Studios: 65 tonnes CO2-eq ~ 45% savings 914 tons of waste avoided Resource Rows 20 tonnes CO2-eq ~ 29% savings 463 tons of waste avoided	Use of existing materials creates uniqueness and catalyzes a sense of ownership in the building 18 jobs created
Park 20 20	Higher design and Construction cost (+ 21%)	Servitization mitigates against obsolete equipment risk The higher rental price used to offset higher initial construction costs. (EUR €25/m2 per year) Design for disassembly & material bank value: adding EUR €125 − 135/ m2 net lettable area gained	Reduction of appr. 40% energy com- pared with existing building offices; savings of EUR €80.000/year	The risk of product failure or the responsibility for maintenance (product as a service) Increased flexibility and development margin (+5%) lead to lower operating costs and reduce the real estate investment risk	Buildings designed to perform 54% more efficiently than a conventional code complaint building	+3% productivity based on non-toxic materials, the shape of the building and layout of the plan Shared spaces improve spatial use costs, providing capital expenditure savings of 4%
Exchange House BritishLand and Globechain					Supported British Land's commitment to achieve a net-zero carbon portfolio and create greater social impact Material reused: 137 tons	Charities have collected and benefited of 5,889 items, improving spaces and facilities they use



Despite the illustrated economic, environmental and social advantages of implementing circular economy solutions, these remain difficult to measure quantitatively. Stakeholders across the supply chain increasingly need to measure and better quantify the benefit or consequence of their activities on the wider industry or community, reducing negative environmental impacts such as pollution, CO² emissions, and on biodiversity, and understanding performance and progress.

Yet, conventional economic and environmental tools fail to capture value from circular solutions and the retained value from adopting a circular approach.

We call on business to measure circularity, adopting established industry tools such as whole-life carbon and life-cycle costing approaches to inform early decision-making. Life-cycle costing should account for residual value. This will help to:

- Identify a consistent set of whole-life carbon and cost benefits related to a circular economy;
- Articulate and understand the business case following the steps described;
- Develop a supportive ecosystem across the value chain for circular solutions.

Governments and public authorities are also key stakeholders in embedding requirements for development projects to prioritize asset and material reuse. This will in turn help to strengthen the business case, catalyze the market and create supply demand for projects and their supply chains through clear, consistent and longterm regional policies on circular economy directives. Such directives would enshrine requirements for developments that address circular economy thinking and make investing more attractive, as well as incentives for innovation and new collaborations to catalyze uptake.

Stakeholders across the **supply chain** increasingly **need to measure** and **better quantify** the benefit or consequence of their **activities** on the wider industry or community



About WorldGBC Statement Foreward Introduction

Drivers of the Business Case The Business Case

5.0

Providing and enhancing social value is both the right thing to do, and strengthens the financial business case for investment in sustainable buildings

The Social Value Case

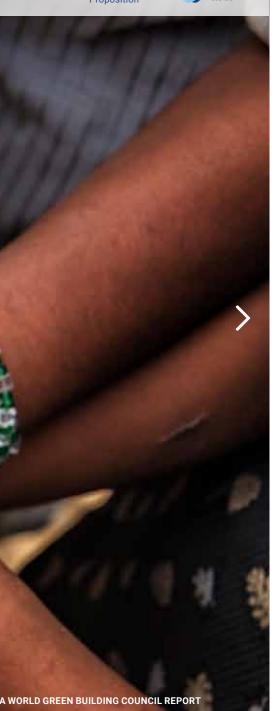
The built environment that shapes the fabric of our lives has the opportunity to enhance social value in many ways - both through assets in operation and throughout the lifecycle. Although these are not currently financially quantified within market value of a built asset, the provision of social value can enhance the desirability of a project and aligns with corporate social responsibility targets that are increasingly expected in developed markets²²⁹.

There is growing expectation that companies respect human rights throughout their operations and supply chains, as set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines (both of which are included in the `safeguards' provisions in the EU Taxonomy).

Providing and enhancing social value is both the right thing to do, and strengthens the financial business case for investment in sustainable buildings.

There are three scales at which the built environment should add value to people's lives: buildings, community, and supply chain. In the below sections, opportunities to do so are presented for the global real estate industry.

Guidance on maximising social value across the lifecycle can be found in IHRB's 'Framework for Dignity in the Built Environment'.



Statement



5.1 Social Value At Building Scale: Enhancing Occupant Health And Wellbeing

BENEHITS M

People spend an average of **90%** of their time inside buildings

The built environment affects both our physical and mental health, amplified by the fact that people spend an average of 90% of their time inside buildings²³⁰. The buildings in which we live, work and learn can both enhance our quality of life and protect our health, but more commonly are attributed to negative impacts. WorldGBC has a wealth of past research on this topic, demonstrating the link between better buildings and occupant and community health in a range of typologies and geographies - including offices, schools, retail and residential sector²³¹ ²³² ²³³ ²³⁴ ²³⁵ ²³⁶.





SUSTAINABLE BUILT
ENVIRONMENTS THAT PREVENT
OR REDUCE THESE PROBLEMS
PROVIDE SOCIAL VALUE
THROUGH THE IMPROVEMENT
OF HEALTH AND WELLBEING OF
BUILDING OCCUPANTS.

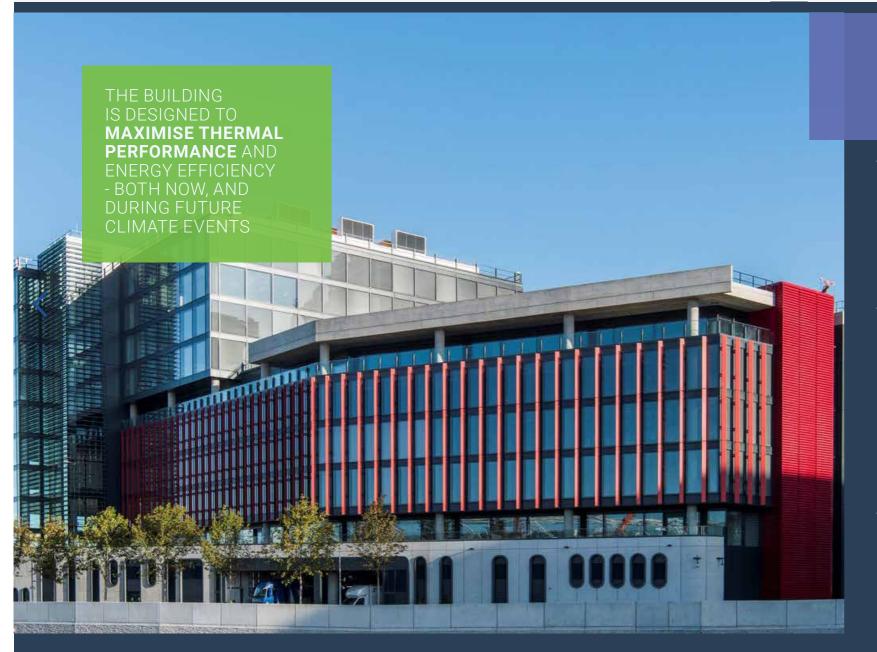
Social value can be created by enhancing health and wellbeing of occupants at building level, with strategies including;

- · Design, construct and operate buildings to tackle common physical health risks stemming from poor indoor environmental quality: fatigue, stress, loss of productivity, and illness can result from poor indoor air quality, thermal conditioning, lighting and other specific building aspects²³⁷, which can be reduced as far as possible through strategic building design and education of building occupants. Pollutants such as particulate matter and Volatile Organic Compounds can cause adverse health effects, and exacerbate respiratory conditions such as asthma and allergies. but concentrations can be substantially lowered with adequate ventilation and healthy, non-toxic material or furnishing choices²³⁸.
- · Reduce transmission of infectious disease, as far as possible: air pollution represents an important factor increasing the risk of mortality from COVID-19, as estimates suggest that particulate air pollution contributed 15% to COVID-19 mortality worldwide²³⁹. Better building design to enhance air circulation, and access to nature and green infrastructure to encourage occupants to have a healthier lifestyle, can all contribute to overall occupant health²⁴⁰.
- Support occupant mental health: sustainable buildings should prioritise the protection of mental as well as physical health, creating positive psychological and social experiences; the International WELL Building Institute claim that buildings can significantly improve cognitive and emotional health through design, technology and treatment strategies²⁴¹. Urban living

is associated with greater stress response in areas linked to emotional regulation, depression and anxiety in the brain, seen through a 21% increase in anxiety disorder, and 39% increase in mood disorders²⁴² - therefore design and urban planning could play a role in reducing stress and mental health risk.

Sustainable built environments that prevent or reduce these problems provide social value through the improvement of health and wellbeing of building occupants. However, as the predicted impacts of forthcoming climate change will likely generate severe health impacts and social repercussions, the challenge of maintaining health will likely heighten in future.

About WorldGBC Statement Foreward Introduction



CASE STUDY

Drivers of the

Business Case

- A nine-story office building, developed by Lendlease, in Stratford's International Quarter London, is a flagship example of sustainable development that enhances occupant, community and planetary health - both today and with the future impacts of climate change.
- 2 Redman Place has achieved BREEAM Outstanding and WELL Gold certification, and at the time of award, the score of 94% was the second highest ever BREEAM score in the UK for a commercial building (New Construction 2014 in the UK for Post Construction certificate). Achieving BREEAM Outstanding puts 2 Redman Place in the top 1% of sustainable new commercial buildings in the UK.
- The building is designed to maximise thermal performance and energy efficiency - both now, and during future extreme climate events. Energy efficiency features such as triple glazing are combined with on-site energy generation from solar panels, amounting to 304 tonnes

2 Redman Place, London, UK - Future-proofing health and wellbeing for a warming world

- of carbon savings each year approximately the same amount as would be produced by running 3,000 fridges. Building owners DWS are delivering occupant thermal comfort through heating and cooling systems, ensuring temperatures remain between 22-24 degrees, plus 100% fresh air through air conditioning systems. Floor-to-ceiling triple-glazed windows deliver an abundance of natural light without compromising facade thermal performance. Indoor environmental quality design will maximise productivity and wellbeing.
- The development encourages active design and efficient resource use. Sustainable transportation for those visiting and working at 2 Redman Place is encouraged through provision of showers, changing facilities and storage facilities for over 200 bicycles. Rainwater harvesting saves the equivalent of 4.5 Olympic-sized swimming pools of drinkable water annually.

Biodiversity on site offers biophilic mental health benefits to occupants, plus localised environmental benefits. The pre-development area had no vegetation on-site, but the operational project features one of London's largest "living walls". a 2.000m2 habitat for wildlife comprising thousands of native plants and benefitting local air quality and carbon

sequestration.

Social value was created during the construction process through meaningful community engagement, including participation from local school pupils with biodiversity design challenges, plus receiving mentoring from occupier Cancer Research UK. Lendlease also hosted over 300 children for education sessions around the regeneration of the once derelict Queen Elizabeth Olympic Park.

A WORLD GREEN BUILDING COUNCIL REPORT







5.2 Supporting Social Value In The Community

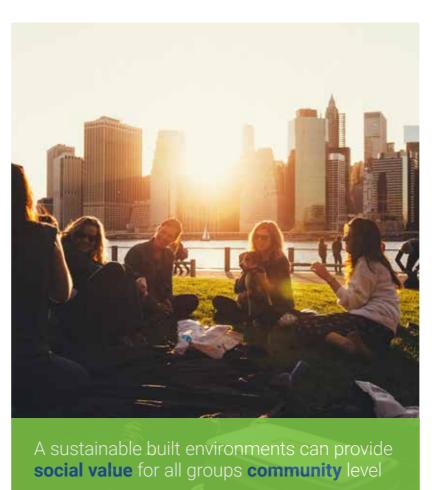


At community level these benefits can be realised through increased jobs, community health and benefit, resilient infrastructure, protecting biodiversity and ecosystem services through enhancing natural capital, and more

The social value case for the real estate sector is the benefit the built environment can bring to people - economically, socially and environmentally. At community level these benefits can be realised through increased jobs, community health and benefit, resilient infrastructure, protecting biodiversity and ecosystem services through enhancing natural capital, and more.

Often, the interests and resources of all social groups are not equally integrated into policy and decision making in the built environment²⁴³ — the risk being that the outcomes will not be socially equitable and just, especially to vulnerable groups. Lower income or disadvantaged areas are recognised to impact community health and quality of life²⁴⁴, further reinforcing the existing inequality in the health of lowincome citizens. A core component of social value is that benefits are realised by the entire community.

As per the UKGBC Framework for Defining Social Value, the local community can be defined as "the people who are most impacted by a building, infrastructure asset or place... and will include residents. local business owners, workers and visitors. 245" The Framework also highlights that 'community' should include future stakeholders, and in some cases future generations. USGBC's 'Social Equity in the Community' pilot credit in LEED v4.1, calls for "fairer, healthier, and more supportive environments .. that responding to the needs of the surrounding community to promote a fair distribution of benefits and burdens, promoting fair trade, respect for human rights, and other equity practices among disadvantaged communities"246. In both the UK and US market, and many other countries in which social value is advancing in important, the benefits and impact on the aforementioned community groups can be quantified by social value assessment, or social equity assessments²⁴⁷.



A sustainable built environments can provide social value for all groups community level, such as:

- Jobs and employment opportunities, addressing skills gaps and providing opportunities in high growth sectors²⁴⁸ - for example a shift to a greener economy could create 24 million new jobs globally by 2030 if the right policies are put in place, says the International Labour Organization (ILO)²⁴⁹.
- Improved environmental quality, from environmentally conscious construction practices which result in a lower amount of dust, pollution, congestion and noise²⁵⁰ or interventions such as reduced vehicular pollution and enhanced green infrastructure. Neighborhood restoration can also be provided through building renovation.

- Economic development from regenerating brownfield sites²⁵¹, plus the presence of workers who make financial transactions in the community contributes to a positive multiplier effect.
- Resilient building and infrastructure design should protect wider community in face of extreme weather events and future climate impacts²⁵².

In general terms, these improvements will likely contribute to improved public health, safety, and wellbeing, plus providing economic stimulus to an area - contributing to social value and improving the quality of life in cities at community level.

About WorldGBC Statement Introduction

Drivers of the **Business Case**



CASE STUDY

Peace Slum Institute (Instituto Favela da Paz), São Paulo, Brazil

Foreward



Net zero buildings that enhance community health and social value

- The 'Favela de Paz', or Peace Slum, is located within the informal favela settlements located in the city of São Paulo, Brazil
- Recognized worldwide as an 'Urban Ecovillage', the mixeduse development consists of three net zero energy residential buildings and one music studio, rated with Zero Energy Pre-Certification from the Green Building Council of Brazil (and will be re-certified annually).
- The buildings are actively generating positive localised social, economic and environmental impact, by enhancing educational programs, offering community locations such as studios for local musicians, and encouraging the wider community to replicate sustainable practices.

- Specific sustainability interventions include:
 - biodigestion systems and organic waste turned into biogas for cooking,
 - rainwater harvesting and reuse.
 - vertical gardens for biodiversity inclusion and,
 - energy efficiency and renewable generation measures- including replacing electric showers with homemade recycled solar systems to heat water, LED lamps for lighting systems, and a gridconnected micro solar energy generator
- A major positive social implication of this project is the financial opportunity these buildings create within the context of their neighbourhood. Inflation in Brazil is leading to high costs for lighting and natural gas for cooking. The social impact of this situation is tremendous in low-income communities. leading to occupant energy poverty in many cases. In the net zero buildings, occupants reports that "we are not paying energy and gas bills anymore" - demonstrating the direct financial benefit to the occupant of renovating and occupying a sustainable, net zero building.



THE BUILDINGS ARE ACTIVELY GENERATING POSITIVE LOCALISED SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT, BY ENHANCING **EDUCATIONAL PROGRAMS**



5.3 Social Equity Throughout The Whole Lifecycle

Millions of workers are directly employed in the construction sector worldwide

"Almost all modern construction projects around the world are subsidized with slavery, dueto unchecked forced labor that permeates thousands of raw and composite materials sourced locally to globally."259

Design for Freedom, 2020

Social value is often focused on building occupants or the local community in the built environment industry. However enhancing health, equity, employment opportunities and human rights at all stages of the lifecycle must also be considered. International human rights standards, including the Universal Declaration, and ILO fundamental principles on rights at work, encompass areas such as worker rights and freedoms, mitigation of risks of forced labour and modern slavery, secure working conditions with fair remuneration, gender equality (including equality in pay), the right to adequate housing, and duties to the community. The UN Guiding Principles on Business and Human Rights set out the duties of governments with regards to private sector actors, the responsibilities of business, and principles on access to remedy. Millions of workers are directly employed in the construction sector worldwide, approximately 7% of the global workforce, and the protection and enhancement of their health and quality of life must be a priority to the global real estate sector^{253 254}

WorldGBC recognises increasing attention on human rights and modern slavery across the built environment industry in recent years, especially within the material supply chain and construction sector where human rights violations are known to be endemic within the sector²⁵⁵ ²⁵⁶.

Forced labor and human trafficking is an estimated USD \$150 billion industry, holding 25 million people in modern slavery²⁵⁷. Research tells us that modern slavery occurs in every region of the world and underpins the material supply chain upon which the built environment and construction sector relies²⁵⁸. The scale of industry, lack of modernisation and fragmentation down the supply chain make tracing the journey of materials in the construction industry very difficult but increasing industry awareness is a necessary first step for action.

Additionally, at the construction stage of the building lifecycle, worker welfare and human rights is also a key social value consideration. Construction workers have a high risk of developing diseases from a



number of health issues²⁶⁰. Exposure to hazardous substances, such as asbestos or silica dust, is a recognised cause of the heightened risk of lung and other cancers, as well as broader respiratory and cardiovascular health issues²⁶¹. In the UK, construction accounts for over 40% of occupational cancer deaths and cancer registrations²⁶².

Construction workforces are, in most geographies, predominantly made up of migrant workforces. In all regions, evidence shows construction workers frequently face dangerous working conditions, meagre or even unpaid wages, and other forms of exploitation on construction sites²⁶³. In some regions of the world, such as the Gulf States in the Middle East, the majority of construction firms have not been disclosing what measures they have in place to meet local labour laws in recent years²⁶⁴. It is expected that scrutiny will therefore be increasing, particularly in the region, catalysed by the growth of awareness around human rights violations within the construction sector and the rise of campaigns such as the Design for Freedom movement. Increasing awareness

and expectations on transparency across the supply chain is called upon from private sector organisations and policy makers by leading voices²⁶⁵. Market demand may likely reflect this developing consumer expectation.

Opportunities to address to enhance social equity are:

- Ensure the protection of rights of vulnerable social groups in the labour market and within the construction sector, such as migrant workers, that do not enjoy the same protection as others²⁶⁶through supply chain audits, specifications in tenders and subcontracting requirements.
- Tackling inequalities in diversity: Organisation should also promote diversity within the sector, as it is well known that the built environment lacks gender equality.
- Promoting a just transition: the process of decarbonisation can also risk the increased vulnerability of marginalised low-income

groups²⁶⁷, for example by forced movement into lowincome neighbourhoods. Social value with sustainable development means protecting the livelihoods of all as we transition to a decarbonised society.

· Raise awareness of social value challenges outside of current stakeholder influence, particularly human rights and modern slavery within the supply chain.

Organisations are now signing on for greater transparency in the supply chain. In recent years, a growing number of multinationals have committed to working only with suppliers that adhere to social and environmental standards²⁶⁸. The transition to a sustainable future needs to serve and benefit everyone, leaving no one behind. There can be no sustainable transition without a just transition.

A WORLD GREEN BUILDING COUNCIL REPORT

BEYOND THE BUSINESS CASE









Changes in Building Projects due to COVID-19 Pandemic

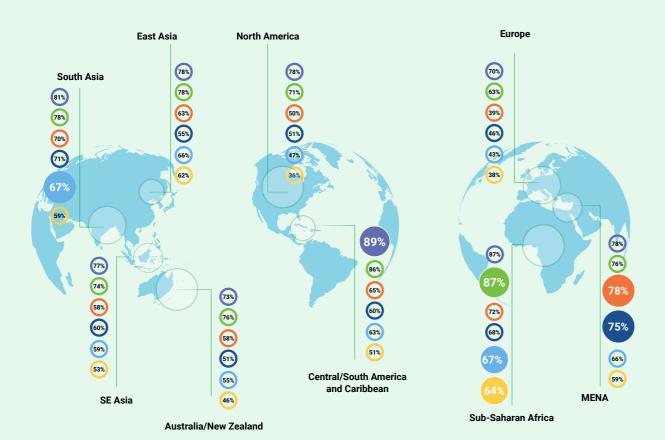
Social: Research suggests Central/South America and the Caribbean are more likely than other regions to value promoting better occupant health and wellbeing. Sub-Saharan Africa most often prizes encouraging sustainability, and MENA places more importance on greater worker productivity and supporting the domestic economy.

Promotes improve occupant health & well-being Encourages sustainable business practices Increases worker productivity

Supports the domestic economy

community

of Is aesthetically pleasing

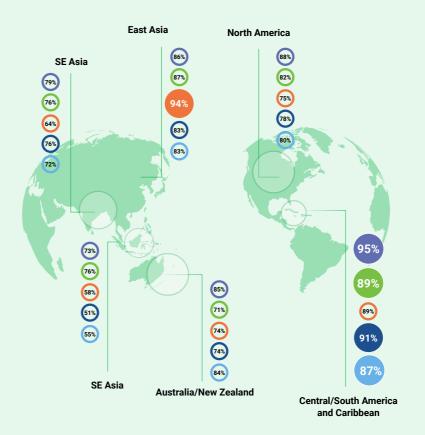


Environmental: Reducing energy consumption is the most important environmental reason for green building with 66% rating this aspect as very important. Respondents located in Central/South America and the Caribbean rated four of the five environmental reasons higher than did other regions. South Asia more often placed high importance on protecting natural resources.

Reduce energy consumption

Improve indoor air quality Protrct natural esources

Reduce water consumption Lower greenhouse gas emissions





BEYOND THE BUSINESS CASE

A WORLD GREEN BUILDING COUNCIL REPORT



5.4 Environmental Action Is Part Of Social Value



Millions of workers are directly employed in the construction sector worldwide

Part of the social value case for the built environment is the environmental improvement made by decarbonisation and climate action in our buildings, infrastructure and cities. Environmental action in the built environment is increasingly high profile - shown by recent research that net zero carbon buildings are considered in the 'World Green Building Trends 2021' as the most important concept to improve the building and construction industry's sustainability, followed by controlling embodied carbon on projects²⁶⁹. As with social considerations, environmental actions must also be considered across all stages of the building and construction lifecycle.

Opportunities of taking environmental action as part of a real estate social value strategy include:

- · Improving ambient air pollution, with localised and global benefit from the reduced combustion of fossil fuels, and the reduced urban heat effect in cities and communities
- A lesser risk of fuel poverty due to energy efficiency measures
- Efficient use of natural resources. including water - of key importance given water consumption has grown twice as fast as the human population over the last century²⁷⁰, and almost half of the world's population already live in areas that

- are potentially water scarce at least one month a year²⁷¹.
- Sustainable building and infrastructure assets can offer superior physical and systemic resilience to current and future climate change impacts
- · Protection and enhancement of biodiversity, enhancing stocks of natural capital, during material sourcing, construction phase and operation and end-of life lifecycle phases
- Decarbonisation today will increase likelihood of compliance with future policy change, alignment with commitments on net zero and science-based performance targets, and act as a risk mitigation strategy for corporate reputation in time of changing consumer and financial sector expectations

WorldGBC directs readers of this report to our extensive body of research and industry quidance on sustainable built environments in all typologies and geographies²⁷².

Environmental action is part of the definition of social value²⁷³. And although social value imperatives are not yet reflected in financial parameters, with increasing quantification of social value outcomes WorldGBC expects these soon to be reflected in asset values.

CASE STUDY



DESIGNED WITH RESILIENCE TO WIND AND HURRICANES



Ward Village, Hawaii, USA



Ward Village, Hawaii USA: Providing social value with resilience and sustainability

- Ward Village is a 60-acre master-planned community village achieving LEED Platinum certification, located in Hawaii.
- The project is committed to sustainability in building operation with energy and water-efficient design, and the use of sustainable materials. Urban planning and design interventions facilitate low carbon and healthy user behaviours through provision of sustainable infrastructure. including electric vehicle charging stations, bike lanes. rideshare drop-off points, and walkways that allow residents to reduce transportation carbon emissions
- Ward Village assets have been designed with resilience to wind and hurricanes for the waterfront neighbourhood, whilst also preserving local water quality and enhancing quality of life of the local community. The

development guards against seawater penetration into the utility infrastructure by installing detention basins for natural filtration systems with dry wells as a part of regional infrastructure improvement initiatives. This development plus best management practices have led to improved water quality and habitats by reducing the leading cause of pollution, which is urban stormwater runoff.

Sales for Ward Village began in 2014 and this thoughtful approach has led to the sale of more than 1,900 homes to date Ward Village has subsequently received many recognitions. including 'Master Planned Community of the Year, 2018' by the National Association of Home Builders and 'Best Planned Community in the United States' by Architectural Digest.



About WorldGBC Statement Foreward Introduction

Drivers of the Business Case



CASE STUDY

Protecting water resources through the built environment

- The UN Offices in Gigiri house the Headquarters of the UN Habitat and UN Environmental Program offices, located in the Gigiri region of Nairobi, Kenya.
- In a nation facing both a growing population and depleting water resources, drought remains a high-risk environmental issue to millions of Kenyan people*. Water efficiency is therefore both an environmental requirement and social value consideration to preserve limited resources for people.

7.5 MILLION LITRES OF RAINWATER COLLECTED FROM THE ROOF

UN Offices, Gigiri, Kenya



- Through a design committed to water efficiency and quality, the UN Gigiri offices have implemented sustainability measures to combat both water shortages and contamination issues. These include:
- Rainwater collection, with 7.5 million litres of rainwater collected from the roof, with excess trickling into the lagoon, also used to irrigate landscaped areas, sustaining biodiversity
- Wastewater treatment, using a modern plant for water recycling and natural purification before being fed into the lagoon
- Water efficient features, including dual flush cisterns, saving up to ten litres of water compared to older models

- Other sustainability features include; enhancing health and comfort for office users with interior air flow, access to nature and views, and internal overheating measures through passive material specifications.
- On-site reduction of greenhouse gas emissions has been achieved through the installation of 6,000 solar panels that generate 100% of the overall energy use of the development which is estimated to be 750,000 kWh annually.
- This development contributes to social value and environmental action by preserving water resources, restoring the natural environment, and creating a healthy environment for occupants and the local community.

BEYOND THE BUSINESS CASE

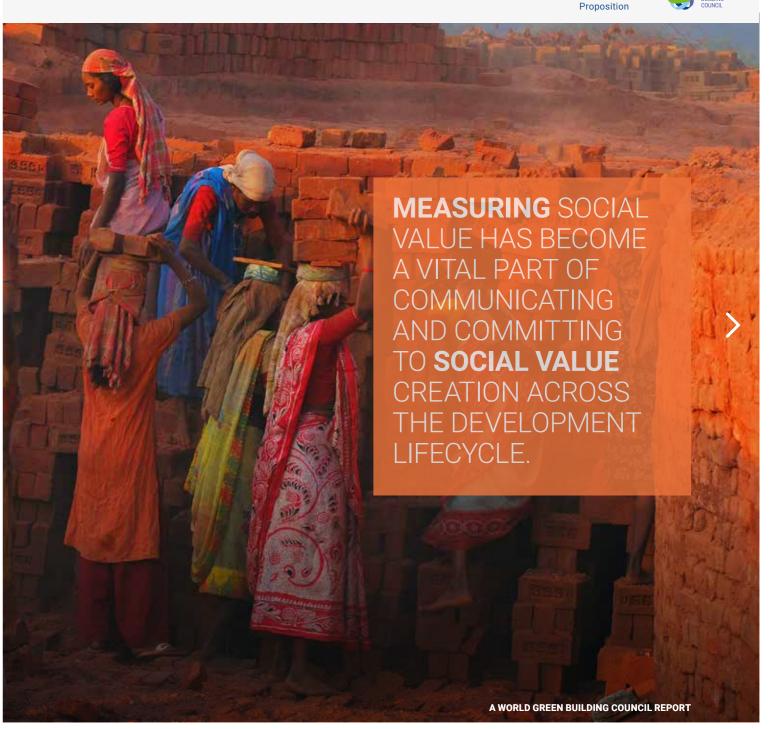
5.5 Measuring Social Value

WorldGBC calls Measuring social value has become a vital part of communicating and committing for investor to social value creation across the requirements for development lifecycle. However, the social value as the measurement of social value in the built environment built environment is a rapidly evolving area of practice, as a vital part of both sector is starting to communicating and committing to mainstream action social value generation across the built on sustainability environment lifecycle.

Financial actors look to compare the social value of development proposals to help inform investment decisions in a quantified and consistent way^{274 275}. Hence, asset managers must begin reflecting the social value of portfolios using data that is easily collected and aggregated across different asset types and geographies²⁷⁶. Common measurement approaches include costbenefit analysis and wellbeing valuation, with useful databases and tools already in place such as the New Manchester Economy Unit Cost Database or the HACT Social Value Bank²⁷⁷.

WorldGBC expects the increase in the ability to measure social value within and between geographies to support a continued rise in importance of social value within ESG assessments, private sector sustainability targets, public procurement targets, policy directives and more. Although currently not reflected in asset value or other financial parameters, WorldGBC suggests the increased ability to quantify social value will initiate this change, and catalyse market momentum which favourably values built assets that advance social value across the supply chain. WorldGBC calls for investor requirements for social value as the built environment sector is starting to mainstream action on sustainability.





6.0

The business case needs to be considered across the lifespan of a building or built asset

Future Proofing the Value Proposition

Through this report, WorldGBC has endeavoured to demonstrate that in today's market, undertaking the urgent transition to a decarbonised and sustainable building portfolio makes strong business sense from both a financial and social value case. However the business case needs to be considered across the lifespan of a building or built asset - approximately 50 years, but often far higher for infrastructure assets.

Transporting us to 2050, the below tables demonstrate the outcomes of research and analysis undertaken through dedicated future scenario modelling workshops, carried out for the purpose of this report. An exploration of future scenarios, based on 2050 IPCC projections, analyses two contrasting feasible situations around climate change mitigation, and development of social value, health and welfare. This analysis is presented through the key themes of this report.

Through these future scenarios, is it clear that the value proposition for a sustainable built environment is stronger than an unsustainable future - from both the financial and social value case.

Introduction

THROUGH THIS REPORT,
WORLDGBC HAS ENDEAVOURED
TO DEMONSTRATE THAT IN
TODAY'S MARKET, UNDERTAKING
THE URGENT TRANSITION TO A
DECARBONISED AND SUSTAINABLE
BUILDING PORTFOLIO MAKES
STRONG BUSINESS SENSE FROM
BOTH A FINANCIAL AND SOCIAL
VALUE CASE

Statement

Foreward

environs.

Introduction

Drivers of the Business Case The Business Case

Strengthening the Case: Social Value The Social Value Case

Future Proofing The Value Proposition



This assessment assumes a base scenario where climate action broadly follows a 2°C trajectory

Occupant Benefits
Extent to which climate change effects building occupant productivity and health & wellbeing.

Costs
Extent to which climate change effects building costs including supply chain, construction and operation costs.

Risk mitigation

Extent to which climate change including extreme

weather events, sea level rise effects buildings and their

Extreme weather increases demand cooling sourced from fossil fuels due to lack of energy efficiency regulation. Passive or energy efficient buildings





are cheaper to run.

Introduction

This assessment assumes a base scenario where health & wellbeing broadly follows existing regulation and policies on health and social value in the built environment. An unhealthy world scenario is where health & wellbeing action is significantly less than this. A health world scenario is where action is greater than this.







7.0 Conclusion

Through this report, WorldGBC has presented why the global real estate sector cannot afford not to act on climate change and invest in a sustainable future.

The built environment has a critical role to play in tackling the climate crisis and advancing sustainable development.

The urgency of the situation cannot be overstated, and the time for transformational action is now.

The value proposition for this action is broader now than ever before - looking at the business case and beyond by showing how the financials are strengthened by social value and climate action. The future value proposition, across a diverse range of scenarios, shows the value proposition for sustainability in the built environment will only continue to grow.

Through this report, WorldGBC has presented why the global real estate sector cannot afford not to act on climate change and invest in a sustainable future.

The themes that underpin the value proposition have consistently been presented throughout the financial and social value case within this report, as we recognise that a sustainable built environment provides seven co-benefits that underpin the broader business case;

- Social benefits, to building occupants through health, productivity & wellbeing
- Lower (or equal) costs at supply chain, construction, and operational phases
- Risk mitigation, providing resilience to inevitable climate impacts, environmentally and financially, as well as future-proofing against legislative changes or corporate expectations and reputational risk
- Higher asset values linked both to performance and asset desirability
- Investment opportunities through a rapidly transitioning finance sector protecting investments, supporting share prices, and increasing requirements on ESC
- Access to finance due to availability of finance for green buildings, from banks, bonds and institutional investors
- The wider role of business, as recognised that organisations must engage with sustainable development, including environmental action and social value, and commit to considerations broader than profit margins

The current and future trends presented in this report demonstrate concentrated efforts are being undertaken to advance the triple bottom line of sustainability within our built environment. There is much to be optimistic about, but so much more still to be done. Urgent action will be needed from all players - governments, the private sector, civil society, and residents - to achieve a more sustainable future for the built environment, and for all of us who live within it.

THERE IS
MUCH TO BE
OPTIMISTIC
ABOUT, BUT
SO MUCH
MORE STILL
TO BE DONE.

Through the World Green Building Council network and global sustainable buildings movement, we will continue to challenge the trailing actors in the building construction sectors to mitigate damaging practices and enhance sustainable development. Join us, in creating sustainable buildings for everyone, everywhere. You can't afford not to.

THE URGENCY OF THE SITUATION CANNOT BE OVERSTATED, AND THE **TIME FOR** TRANSFORMATIONAL **ACTION IS NOW**.





Recommendations

The World Green Building Council network has published an immense quantity of thought leadership and guidance for the building and construction sector to guide the transformation of the built environment, at a global level and through the 70 national Green Building Councils.

WorldGBC encourages all readers to reach out to national GBCs for specific market content and thought leadership.

The following materials from the WorldGBC can be accessed here:



Climate Action

The Net Zero Carbon Buildings commitment



Bringing Embodied Carbon Upfront



Advancing Net Zero Status Report 2021



Advancing Net Zero Whole Life Carbon: Offsetting Residual Emissions from the Building and Construction Sector

Health, Wellbeing and Social Value



Health & Wellbeing Framework



Building the Business Case: Health, Wellbeing and Productivity in Green Offices



Doing Right by Planet and People (Case Study report)



Healthier Homes, Healthier Planet



Green and Healthy Schools



Health, Wellbeing and Productivity in Retail



Health, Wellbeing & Productivity in Offices

BEYOND THE BUSINESS CASE

About WorldGBC

Statement

Foreward

Introduction

Drivers of the Business Case The Business Case

Jana Hock

SHAREACTION

Cassie Sutherland

Nora Steurer

UNEP

C40

Strengthening the Case: Social Value



Acknowledgements

With thanks to the report funders, partners, Taskforce, Expert Review Panel and the WorldGBC network

FUNDERS

CONSULTANTS (pro bono)





































Expert Review Panel

Usha Iyer-Raniga RMIT University

Clay Nesler WRI

Victor Martinez ARCHITECTURE 2030

Cristiana Ciaraldi Jolivet -WBCSD C40

WorldGBC Advancing Net Zero Steering Committee

WorldGBC Better Places for Peopel Steering Committee

WorldGBC Established GBC CEO Network

Authors:

Catriona Brady
Director of Strategy & Development, WorldGBC

Victoria Burrows
Director of Advancing Net Zero, WorldGBC

Ahmad Al-Musa
Advancing Net Zero Project Officer, WorldGBC

Sara Kawamura
Better Places for People Project Officer,
WorldGBC

Carolina Montano Owen
Projects and Grants Officer, European Regional
Network, WorldGBC

Arianna Palmieri Project Manager, WorldGBC







BEYOND THE BUSINESS CASE

References

- JLL, 'Why social awareness at companies is on the rise' (2020) IPCC, 'Climate Change 2021: The Physical Science Basis' (2021) IPCC, 'Climate Change 2021: The Physical Science Basis' (2021) WEF, 'COVID-19 is increasing multiple kinds of inequality' (2020) UN Foundation, 'The shadow pandemic: how the COVID-19 crisis is exacerbating gender inequality' (2020) UN. 'Population 2030' (2015) McKinsey, 'McKinsey on Climate Change' (2020)Yale, 'Climate Change in the American Mind' (2021)UN, 'Transforming our world: the 2030 Agenda
- 10 CNBC. 'Amsterdam bet its post-Covid recovery on 'doughnut' economics more cities are now following suit' (2021)I
 11 Architecture 2030, 'The 2030 Challenge' (2020)

for Sustainable Development' (2015)

and Construction' (2021)

13 Architecture 2030, 'Why the Building Sector?'

GlobalABC, 'Global Status Report for Buildings

- (2019)

 14 GlobalABC, 'Global Status Report for Buildings and Construction' (2020)
- Transparency Market Research, 'Construction Waste Market - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast 2017-2025' (2021)
- UNEP, 'As buildings and construction sector grows, time running out to cut energy use and meet Paris climate goals' (2017)
 Global Infrastructure Basel Foundation, '4th
- GIB Summit Report' (2014)

 McKinsey, 'Reinventing Construction: a route
- to a higher productivity' (2017)

 19 EPA, 'Report on the Environment (ROE): Indoor
 Air Quality' (2021)
- 0 UN, 'World Urbanization Prospects' (2018)
- 21 Taskforce on Climate-Related Financial
 Disclosures, 'Climate change presents financial
 risk to the global economy' (2021)
- 22 IPCC, 'Summary for PolicyMakers' (2018)
- IPCC, 'Summary for PolicyMakers' (2018)
 IPCC, 'Summary for PolicyMakers' (2018)
- 43 : a route 44 45 E): Indoor
 - 2021 Executive Summary' (2021)
 46 UKGBC, 'Building the case for Net Zero' (2020)
 47 EU. 'Taxonomy: Final report of the Technical

Foreward

Science, 'Anthropogenic environmental

changes affect ecosystem stability via

IFC, 'Green Buildings: a finance and policy

WEF, 'Making Affordable Housing a Reality in

UNEP 'Building sector emissions hit record

help transform sector - UN report' (2020)

IFC, 'Green Buildings: a finance and policy

blueprint for emerging markets' (2020)

high, but low-carbon pandemic recovery can

BuroHappold, 'Supercharge your net zero case'

Dodge Data & Analytics, 'World Green Building

Stanford Social Innovation Review. The Next

GlobalABC, 'Global Status Report for Buildings

GlobalABC, 'Global Status Report for Buildings

Phase of Business Sustainability. (2018)

Climate Analytics. '1.5 Degree C National

C40, 'C40 Mayors' Statement for a Green and

C40, 'C40 Mayors' Statement for a Green and

WorldBank, 'State & Trends of Carbon Pricing

WorldBank, 'State & Trends of Carbon Pricing

WorldBank, 'State & Trends of Carbon Pricing

UN, 'NDC Synthesis Report' (2021)

UNIDO, 'Sustainable Cities' (2016)

2021 Executive Summary' (2021)

2021 Executive Summary' (2021)

blueprint for emerging markets' (2020)

GlobalABC, 'Global Status Report for Buildings

biodiversity' (2015)

Cities' (2019)

Trends' (2021)

and Construction' (2020)

and Construction' (2020)

Pathways' (2021)

Just Recovery' (2020)

Just Recovery' (2020)

lbid

Ihid

and Construction' (2020)

- 47 EU, 'Taxonomy: Final report of the Technical Expert Group on Sustainable Finance' (2020)
 48 EU, 'Taxonomy: Final report of the Technical Expert Group on Sustainable Finance' (2020)
- 49 NATIXIS, 'Sustainable Taxonomy development worldwide: a standard-setting race between competing jurisdictions', (2021)

50 WEF, 'A Framework for the Future of Real Estate' (2021)

Introduction

- 51 Grantham Research Institute, 'Climate change and the just transition' (2018)
- 52 GlobalABC, 'Global Status Report for Buildings and Construction' (2020)
- 53 Edie. 'HSBC sets 2050 net-zero financed emissions target for £36bn UK pension scheme' (2021)
- 54 Harvard Business Review, 'The Investor Revolution' (2019)
- 55 Harvard Business Review, 'The Investor Revolution' (2019)
- 56 Columbia School of International and Public Affairs for United Nations Development Programme, 'ESG INVESTING: HOW TO INCREASE ESG INVESTING IN DEVELOPING COUNTRIES' (2018)
- 57 OPEC Fund for International Development, 'ESG and Development' (2020)
- 58 Harvard Business Review, 'The Investor Revolution' (2019)
- 59 PRI, 'TCFD for Real Assets Investors' (2021)
 60 GRESB, 'The Business Case for ESG in Real Estate'. (2020)
- 61 Harvard Business Review, 'The Investor Revolution' (2019)
- 62 PWC, 'Embracing ESG transformation. How asset managers are leveraging regulation to drive value creation' (2021)
- Harvard Business Review, 'The Investor Revolution' (2019)
- 4 G&A, 'Flash Report Russell 1000® Trends on the sustainability reporting practices of the Russell 1000 Index companies' (2020)
- Russell 1000 Index companies' (2020)

 Harvard Business Review, 'The Investor Revolution' (2019)
- KPMG, 'SFDR a Snapshot' (2021)
- 67 UL, 'Why ESG Reporting Is Essential For Your Business' (2020)
- 8 Ibid
- UNEP FI, 'Global ESG Real Estate Investment Survey Results' (2020)
- WorldGBC, 'Annual Report 2020' (2020)
 Dodge Data and Analytics, 'World Green Building Trends' (2021)
- 72 GRESB, 'Real EstateReference Guide' (2021) 73 Ramboll, 'Sustainable Buildings Market Study'

- Dodge Data & Analytics, 'World Green Building Trends 2018' (2018)
- 75 IISD,' Sustainable Investing Shaping the future of finance' (2020)
- S&P Global, 'Green Finance: the Next Driver of Real Growth?', (2017) EY, 'How banks are defining and internalizing
- sustainability goals' (2020)

 78 Climate Bonds Initiative, 'Explaining Green Bonds' (2021)
- 79 Climate Bonds Initiative, 'Sovereign Green, Social, and Sustainability Bond Survey The ultimate power to transform the market' (2021)
- 80 OECD, 'Making the green recovery work for jobs, income and growth' (2020)
 81 NN Investment Partners, 'Sovereign Green
- 81 NN Investment Partners, Sovereign Green Bond fund: financing the green recovery' (2021) 82 Climate Bonds Initiative, 'Explaining Green
- Bonds' (2021)

 Bonds' (2021)

 Bonds' (2021)

 Bonds' (2021)
- Green Bonds' (2020)

 84 Environmental Finance, 'Green Buildings and Green Bonds', (2020)
- ADBInstitute, 'The viability of green bonds as a financing mechanism for green buildings in asean', (2020)
- Ibid
 IFC, 'Green Buildings: a finance and blueprint for emerging market' (2020)
- Climate Bonds Initiative, 'Sovereign Green, Social, and Sustainability Bond Survey The ultimate power to transform the market' (2021)
 GlobalABC, 'Global Status Report for Buildings and Construction' (2020)
- 90 Climate Bond Initiative, 'Green Bonds: The State of the Market' (2018)
- 91 Climate Bonds Initiative, 'Sovereign Green, Social, and Sustainability Bond Survey The ultimate power to transform the market' (2021)
- 92 Harvard Business Review, 'The Investor Revolution' (2019) 93 Fink, 'Annual Letter to CEO's' (2021)
- 94 Fink, 'Annual Letter to CEO's' (2021) 95 IBM. 'Meet the 2020 consumers driving
- change' (2020)

 96 Morningstar, 'Sustainable Funds U.S.
 Landscape Report' (2021)

- Fink, 'Annual Letter to CEO's' (2021)
- WEF, 'Why a healthy planet and a healthy economy go hand-in-hand' (2020)
- Rathbones, 'Why sustainable investing is here to stay' (2019)
 Morgan Stanley, '7 insights from Asset Owners
- on the Rise of Sustainable Investing' (2020)

 Harvard Business Review, 'The Investor
 Revolution' (2019)
- 102 Blackrock, 'Here to stay' (2021) 103 Morgan Stanley, '7 insights from Asset Owners
- on the Rise of Sustainable Investing' (2020)

 104 Harvard Business Review, 'The Investor
 Revolution' (2019)
- 105 Rathbones, 'Why sustainable investing is here to stay' (2019)
 106 Dodge Data & Analytics. 'World Green Building
- Trends 2021'. (2021)
 107 Ramboll. 'Sustainable Buildings Market Study'
- (2019)
 108 Global ABC, 'Global Status Report for Buildings
- and Construction' (2020)

 109 IFC, Green Buildings: a finance and policy blueprint for emerging markets' (2020)

 110 Colliers, 'Building the Green Way: Opportunities
- in Green Building Development' (2020)

 111 Better Buildings Partnership. 'Sustainability in buildings makes for a better investment' (2015)
- 112 European Commission. 'Renovation Wave: doubling the renovation rate to cut emissions, boost recovery and reduce energy poverty' (2020)
- 113 Research Affiliates, 'Unlocking the Performance Potential in ESG Investing' (2018)
 114 Raconteur, 'Should investors be wary of
- stranded assets?' (2019)

 115 Ramboll, 'Sustainable Buildings Market Study'
 (2021)
- Morgan Stanley, '7 insights from Asset Owners on the Rise of Sustainable Investing' (2020)
 Natural Capital Forum, 'What is Natural
- Capital?' (2021)
- 119 Ibid
- 120 Paladino, 'The Economic Value of Natural Capital in the Built Environment' (2020)
- 121 Natural Capital Forum, 'What is Natural Capital?' (2021)

- 122 Real Assets IPE, 'The future of green building ratings' (2018)
- Dodge Data and Analytics 'World Green Building Trends 2021' (2021)
- Dodge Data and Analytics, 'World Green Building Trends 2018: Europe' (2018)
- 125 Savills, 'Does demand for green buildings lead to a premium?' (2021)
- Savills, 'Does demand for green buildings lead to a premium?' (2021)
 SPanasonic, 'Green housing trends in Malaysia'
- (2016)
 128 IBM, 'Meet the 2020 consumers driving change' (2020)
- 129 IBM, 'Meet the 2020 consumers driving change' (2020)
- 130 Schneider Electric, 'Why invest in high-
- performance green buildings?' (2012)

 131 JLL, 'Why companies are willing to pay more to go green' (2021)
- 132 Dodge Data and Analytics. 2021. World Green Building Trends 2021.
- 133 Knight Frank, 'The Sustainability Series' (2021)
- 134 Ramboll, 'Sustainable Buildings Market Study' (2021)
- 135 Forbes, 'The Increased Importance Of Environmental Sustainability In Real Estate' (2019)
- Savills, 'How green is your workplace?' (2021)Building Engines 'Attract and Retain Tenants
- with Green Building Certification' (2021)
- 138 Forbes, 'The Increased Importance Of Environmental Sustainability In Real Estate' (2019)
- Dodge Data & Analytics. 'World Green Building Trends 2021' (2021)
 Llovds 'Stranded Assets' (2021)
- 40 Lloyds Stranded Assets (2021)
 41 Muldoon-Smith and Greenhalgh. 'Suspect foundations: Developing an understanding of
- climate-related stranded assets in the global real estate sector' (2019) Energy Research & Social Science

 142 Energy Research & Social Science, 'Suspect
- foundations: Developing an understanding of climate-related stranded assets in the global real estate sector' (2019)
- 143 Building, 'Sustainability: How EPC requirements could leave buildings at stranding risk' (2019)

					E
144	Energy Research & Social Science, 'Suspect	169	Climate Action & Schneider Electric, 'Why	194	Financial Times, 'Covid-19 has made fighting
	foundations: Developing an understanding of		invest in high-performance green buildings?'	105	inequality more critical than ever' (2021)
	climate-related stranded assets in the global	170	(2012)	195	Impact, 'A handy list of social value statistics'
145	real estate sector' (2019)	170	UNEP, '5 ways to make buildings climate	100	(2021)
145	GRESB. 'Addressing stranded asset risk in real	171	change resilient' (2021) UNEP, '5 ways to make buildings climate	196	WorldGBC, 'Health & Wellbeing Framework Report' (2020)
146	estate investment' (2016) OECD. 'Climate resilient infrastructure' (2018)	171	change resilient' (2021)	197	HarvardTHChan, 'Buildings for health' (2021)
140	Ramboll, 'Sustainable Buildings Market Study'	172	Forbes, 'Can You Make Your Insurance Green?'	198	WorldGBC, 'Can we achieve healthy indoor air
147	(2021)	172	(2021)	190	quality and net zero during a global pandemic?'
148	EEA, 'Construction and Demolition Waste -	173	Green Finance Institute, 'Financing energy		(2021)
140	Challenges and Opportunities in a Circular	175	efficient buildings:the path to retrofit at scale',	199	medRxiv, 'Indoor transmission of SARS-Cov-2'
	Economy' (2020)		(2020)	155	(2020)
149	BigRentz, '23 Construction Waste Statistics &	174	Forbes, 'Can You Make Your Insurance Green?'	200	Inside Housing, 'The housing pandemic: four
113	Tips to Reduce Landfill Debris' (2021)	17-1	(2021)	200	graphs showing the link between COVID-19
150	Designing Buildings, 'Construction waste',	175	Green Finance Institute, 'Financing energy		deaths and the housing crisis' (2020)
.00	(2021)		efficient buildings:the path to retrofit at scale',	201	Frontiers, 'Poverty and Covid-19: Rates of
151	Lu, Chen, Peng and Liu. 'The effects of green		(2020)		Incidence and Deaths in the United States
	building on construction waste minimization:	176	Harvard University, 'The impact of green		During the First 10 Weeks of the Pandemic'
	Triangulating 'big data' with 'thick data" (2018)		buildings on cognitive function' (2018)		(2020)
	Waste Management.	177	WorldGBC 'The Business Case for Green	202	Dodge Data and Analytics 2021. World Green
152	Park Enterprise Construction Co. Inc.,		Building report' (2013)		Building Trends 2021.
	'Recycled Construction Materials Can Save	178	WorldGBC 'Building the Business Case: Health,	203	MDPI,COVID-19 Could Leverage a Sustainable
	You Money & The Environment' (2020)		Wellbeing and Productivity in Green Offices'		Built Environment, 2020
153	Dodge, 'Prefabrication and Modular		(2016)	204	World Bank Group - World Development Report
	Construction 2020' (2020)	179	WorldGBC 'Doing Right by Planet and People'		2019: The Changing Nature of Work.
154	McKinsey, 'Modular construction: From		(2018)	205	Oxford Brookes University's School of the
	projects to products' (2019)	180	WorldGBC, 'Health, Wellbeing & Productivity in		Built Environment & Trowers & Hamlins: Highly
155	McKinsey, 'Modular construction: From		Offices' (2014)		Valued, Hard to Value: Towards an integrated
	projects to products' (2019)	181	WorldGBC 'Building the Business Case: Health,		measurement of real estate development.
156	Ibid		Wellbeing and Productivity in Green Offices'	206	International Living Future Institute (2013) The
157	McKinsey, 'Modular construction: From		(2016)		Economics of Change:
	projects to products' (2019)	182	IEA, 'Energy Efficiency 2020' (2020)		Integrated Policy Approaches to Unlocking the
158	McKinsey, 'Modular construction: From	183	WorldGBC 'Doing Right by Planet and People'	007	Value of a Restorative Built Environment
	projects to products' (2019)		(2018)	207	Harvard Business Review, The Investor
159	Dodge Data & Analytics. 'World Green Building	184	Supply Chain Sustainability School, 'Social	000	Revolution, 2019
160	Trends 2021' (2021)	105	Value in the Built Environment' (2020)	208	Impact, 'A handy list of social value statistics', 2021
160	Ibid, and Dodge Data & Analytics. 'World Green	185 186	Social Value UK, 'What is Social Value?' (2021) Ibid	209	
161	Building Trends 2018' (2018) UKGBC, 'Delivering Building Performance'	187	BREEAM, 'Encouraging positive social impact	209	Business Wire, 'Consumers expect the brands they support to be socially responsible' (2019)
161	(2016)	107	and equity using BREEAM' (2020)	210	International Journal of CSR, A literature
162	UKGBC, 'Building the Case for Net Zero' (2020)	188	UKGBC, 'Framework for Defining Social Value'	210	review of the history and evolution of corporate
163	UKGBC, 'Building the Case for Net Zero' (2020)	100	(2021)		social responsibility, 2019
164	Dodge Data & Analytics. 'World Green Building	189	Business Growth Hub, 'Social Value: what it is	211	Harvard Business School Online. '15
101	Trends 2018' (2018)	103	and why it's more important than ever' (2020)		EYE-OPENING CORPORATE SOCIAL
165	Dodge Data & Analytics. 'World Green Building	190	Buro Happold, 'Defining social value in a		RESPONSIBILITY STATISTICS' (2021)
100	Trends 2021' (2021)	.,,	greener built environment' (2020)	212	Faithful+Gould, 'Embedding Social Value within
166	CaGBC, 'Making The Case For Building To Zero	191	Ramboll, 'Sustainable Buildings Market Study'		the Built Environment', 2016
	Carbon' (2019)		(2021)	213	Impact, A handy list of social value statistics,
167	Climate Action & Schneider Electric, 'Why	192	WEF, 'COVID-19 is increasing multiple kinds	_	2021 https://impactreporting.co.uk/social-
	invest in high-performance green buildings?'		of inequality. Here's what we can do about it'		value-stats/
	(2012)		(2020)	214	RICS 'Measuring social value in infrastructure
460	()	400	WEE (00) (ID 40) :		:

WEF, 'COVID-19 is increasing multiple kinds

of inequality. Here's what we can do about it'

Foreward

Introduction

projects' (2020)

(2020)

UKGBC 'Defining Social Value- Measurement'

215

About WorldGBC

Dodge Data and Analytics. 2021. World Green

Building Trends 2021.

Statement

- Public Health England. Social Value Briefing. 2015 OECD. 'Public procurement' (2021)

The Business Case

- Spend Network. '\$13 Trillion The Global Value Of Public Procurement' (2021) ICLEI, 'Making Socially Responsible Public
- Procurement Work' (2020) 220 Osborne Clark, 'Government's new procurement policy accelerates delivery of
- WorldGBC 'Build Upon2 Energy Renovation Framework' (2021)

social value' (2020)

- Business Growth Hub. 'Social Value: what it is and why it's more important than ever' (2020)
- 222

Drivers of the

Business Case

- 223 UCL Institute of Health Equity, 'Using the Social Value Act to reduce health inequalities in England through action on the social determinants of health' (2015)
- 224 UCL Institute of Health Equity, 'Using the Social Value Act to reduce health inequalities in England through action on the social determinants of health' (2015)
- 225 https://www.gov.uk/government/news/newmeasures-to-deliver-value-to-society-throughpublic-procurement
- 226 European Commission: https:// knowledge4policy.ec.europa.eu/territorial/ social-issues_en
- 227 https://www.local.gov.uk/our-support/ financial-resilience-and-economic-recovery/ procurement/achieving-community-benefits Social Value Portal. 'Social Value in Canada'
- (2017)Institute of Civil Engineers. 'Maximising Social
- Value from Infrastructure Projects' (2020) EPA, Report on the Environment (ROE): Indoor
- Air Quality, 2021 231 WorldGBC 'The Business Case for Green
- Building report' (2013)
- 232 WorldGBC 'Building the Business Case: Health, Wellbeing and Productivity in Green Offices'
- 233 WorldGBC 'Doing Right by Planet and People' (2018)
- 234 WorldGBC, 'Healthier Homes, Healthier Planet'
- WorldGBC, 'Green and Healthy Schools' (2017)
- WorldGBC, 'Health, Wellbeing and Productivity in Retail' (2016)
- EPA, Report on the Environment (ROE): Indoor Air Quality, 2021

EPA: https://www.epa.gov/indoor-air-qualityiag/volatile-organic-compounds-impactindoor-air-quality

Strengthening the Case:

Social Value

- ESC, Regional and global contributions of air pollution to risk of death from COVID-19, 2020 WorldGBC, 'Health and Wellbeing Framework'
- WELL Standard: https://standard.wellcertified.
- com/mind The Guardian, Could bad buildings damage vour mental health?, 2016
- Ramboll, 'Social Equity in the Decarbonisation of the European Built Environment', 2021
- Ade Kearns, Elise Whitley., Are housing and neighbourhood empowerment beneficial for mental health and wellbeing? Evidence from disadvantaged communities experiencing regeneration, 2020
- UKGBC. 'Framework for Defining Social Value' (2021)
- USGBC 'Social Equity in the Community; (2021)
- 247 USGBC 'Social Equity Planning and Assessment Tool' (2021)
- GOV.UK 'The Social Value Model' (2020)
- United Nations. 'Green economy could create 24 million new jobs.' (2019)
- Office of Energy Efficiency and Renewable Energy - Department of Energy USA - The Social Benefits of Sustainable Design (2021) One Planet Network. 'Global State of Play for
- Circular Built Environment.' (2021) USGBC. 'Why green building is synonymous with resilience' (2019)
- McKinsey, 'Reinventing Construction: a route to a higher productivity,' 2017
- 254 OECD Insights. 'The Global Construction Sectors Needs a Big Push on Corporate Responsibility (2016)
- 255 Design for Freedom, 2021 'The Facts' https://www.designforfreedom.org/get-thefacts/#the-scope
- UN, Universal Declaration of Human Right https://www.un.org/sites/un2.un.org/files/ udhr.pdf
- 258
- Design for Freedom, 2021 'The Scope of the Problem' 2021
- Design for Freedom,. 'A Call to Action for practicing professionals within the ecosystem of the built environment', (2020) HSE, 'Construction health risks: key points
- HSE, 'Construction dust', (2020)

262 HSE, 'Construction health risks: key points'

Future Proofing

The Value Proposition GREEN

- IHRB. 'Human Rights and the Built Environment - A Call for Action' (2019)
- 264 Business and Human Rights Resources Centre. 'The construction industry must step up on human rights - Our outreach to firms' (2016)
- IHRB, 'Human Rights and the Built Environment - A Call for Action' (2019)
- ILO, 'Migrant Work & Employment in the Construction Sector', (2016_
- Ramboll, 'Social Equity in the Decarbonisation of the European Built Environment' (2021)
- Harvard Business Review, 'A More Sustainable Supply Chain' (2020)
- Dodge Data and Analytics. 2021. World Green Building Trends 2021.
- 270 UN, 'Water Scarcity Facts' (2018) 271 UN, 'Water Scarcity Facts' (2018)
- 272 WorldGBC 'Our Work' 2021
- 273 National Social Value Taskforce. 'Getting the most from Social Value' (2020)
- Good Finance. 'Measuring Social Impact'
- 275 Stanford Social Innovation Review. 'Measuring Social Value' (2010)276
- 277 Ibid

The Social Value Case

