



# Focus on ESG



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*Following on from CrowdProperty’s initial review of ESG with specific reference to ‘Environmental’ matters, in this article, the focus turns to its often overlooked ‘Social’ sibling – unpackaging its meaning and its importance generally. We also*

*consider its relevance within a real estate context and from a lending perspective.*

Given its common usage, most will be familiar with the term ‘social’. The Cambridge dictionary advances various definitions, including ‘relating to society

and the way people live together’. Whilst generic, we can nonetheless conclude that it is intrinsically linked to people and their behaviours, arguably towards those around them. In particular, it is a focus on how the outcomes of those behaviours affect others directly and indirectly. But how does this translate in a commercial context?

The ways in which an organisation might seek to harness this ‘social’ element of ESG are broad ranging, considering both its internal and external behaviours, and the overlap between the two. From an internal perspective, the way a business engages with social elements might be best illustrated through its approach regarding diversity and inclusion, for example, to the health and wellbeing of its staff. Looking externally, many organisations might be involved in supporting local charities.

Of course, for some organisations, their sole purpose will be one of a social nature. For many, the most obvious illustration of socially geared organisations would be those with a charitable structure or base. Furthermore, charities’ strategic objectives will be to support a specific group or demographic. From a real estate perspective, immediately identifiable examples might include organisations such as housing associations: at their core, there is the desire to ultimately house individuals through the facilitation of new and existing accommodation. L&Q, one of the UK’s largest registered providers, states its remit is to ‘provide homes and neighbourhoods’ on the basis ‘everyone

deserves a quality home that provides them with the opportunity to live a better life’ – a sentiment many of us would align with.

Interestingly, this perspective reaches beyond just focussing on the importance of building a dwelling but how that dwelling interacts with its local environment. It is arguably implicit, therefore, that the very nature of house building is a social one – in its primitive form, providing shelter, but more broadly to creating or improving communities and social cohesion. Regarding the latter, this is ultimately being achieved through the provision of affordable housing to intergenerational schemes, much favoured in European countries such as Holland.

And so, whilst there needs to be a focus on house building generally, ensuring they are affordable is also a key element.

Clearly though, any social focus would not be complete without the consideration of the environment. Naturally, there is an overlap between both these ESG limbs – the environment becoming one of growing importance. In a recently commissioned government report on boosting housing supply, Richard Bacon MP identified a number of key proposals including promoting greener homes and using advanced manufacturing techniques. Dovetailing with our first article on ‘Environmental’ matters, we all have a social responsibility to support the environment. Through building better houses – notably those which incorporate

modern methods of construction, eco-friendly and sustainable products – we can provide homes that are suitable for and accommodate the end user.

From our previous article, lenders need to be focussed on their role and recognise that they play a key part in facilitating the adoption of sustainable development practices and greener products. In particular, we need to move the conversation beyond the ‘cost’ hurdle. Indeed, only by continuing to discuss the importance of ESG can we hope that these elements will be better adopted and so, for example, modern methods of construction become the norm. Indeed, as one of the leading contributors to climate change, the onus is on the sector to proactively engage with ESG.

From a CrowdProperty perspective, we continue to re-examine the way we can improve our approach to ESG – particularly the social element. Looking internally, we understand the importance of diversity and inclusivity, putting it at the core of what we do. This also allows us to better understand and engage with the market around us. Working in such a specialist field requires specialist training and so we are focussed on providing our employees with the best opportunities to grow and tackle the challenges this sector provides. And so, whilst our Property team includes a number of Chartered RICS Surveyors, we are committed to supporting junior staff on their route to MRICS status. Looking externally, we recognise there is a role for us to play, whether through internal CrowdProperty fundraising

events, through to supporting St Basils directly, a local charity based in Birmingham, providing supported accommodation schemes across the Midlands. More generally, whilst we welcome requests for funding, we strongly encourage applications for projects with strong social merit. We recently had the great pleasure of supporting a borrower to convert existing agricultural barns into specialist holiday accommodation for disabled users, and we aspire to positively expand our social footprint.

As mentioned in the previous article, we continue to look at how we can innovate to support the market by developing products to meet the needs of developers. We have a particular focus at the moment on sustainable construction and modern methods of construction which tie together.

*CrowdProperty has funded over £400,000,000 of property projects by SME property professionals, funding the development of more than 2,000 homes. This is still just the start of our mission to transform property finance to build more homes, increase spend in the UK economy and ever more efficiently and effectively match the supply and demand of capital for the benefit of all. Together we build a better future.*

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