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# Smart Buildings

**SHOW**

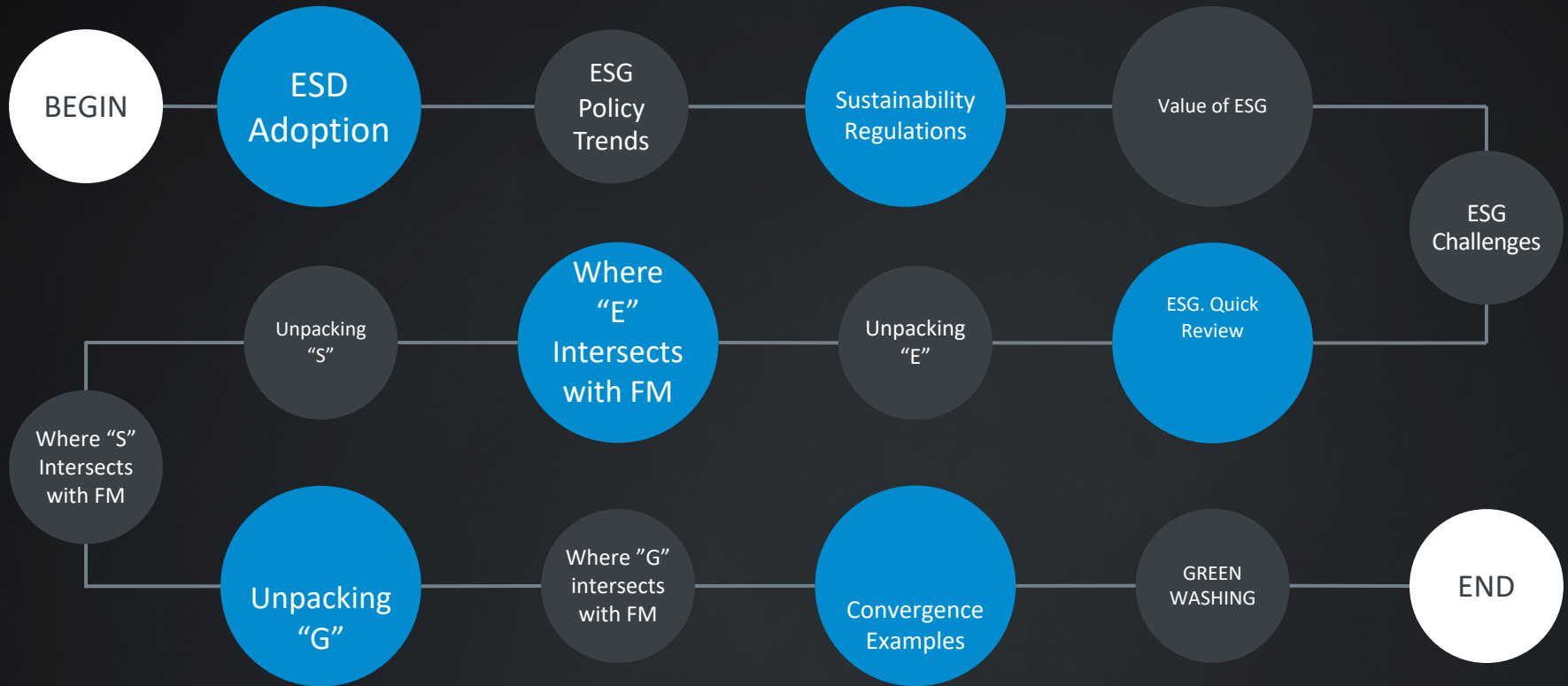
18-19 October 2023 • ExCel London

# The Convergence of ESG and Facilities Maintenance in the Built Environment

ExCeL London

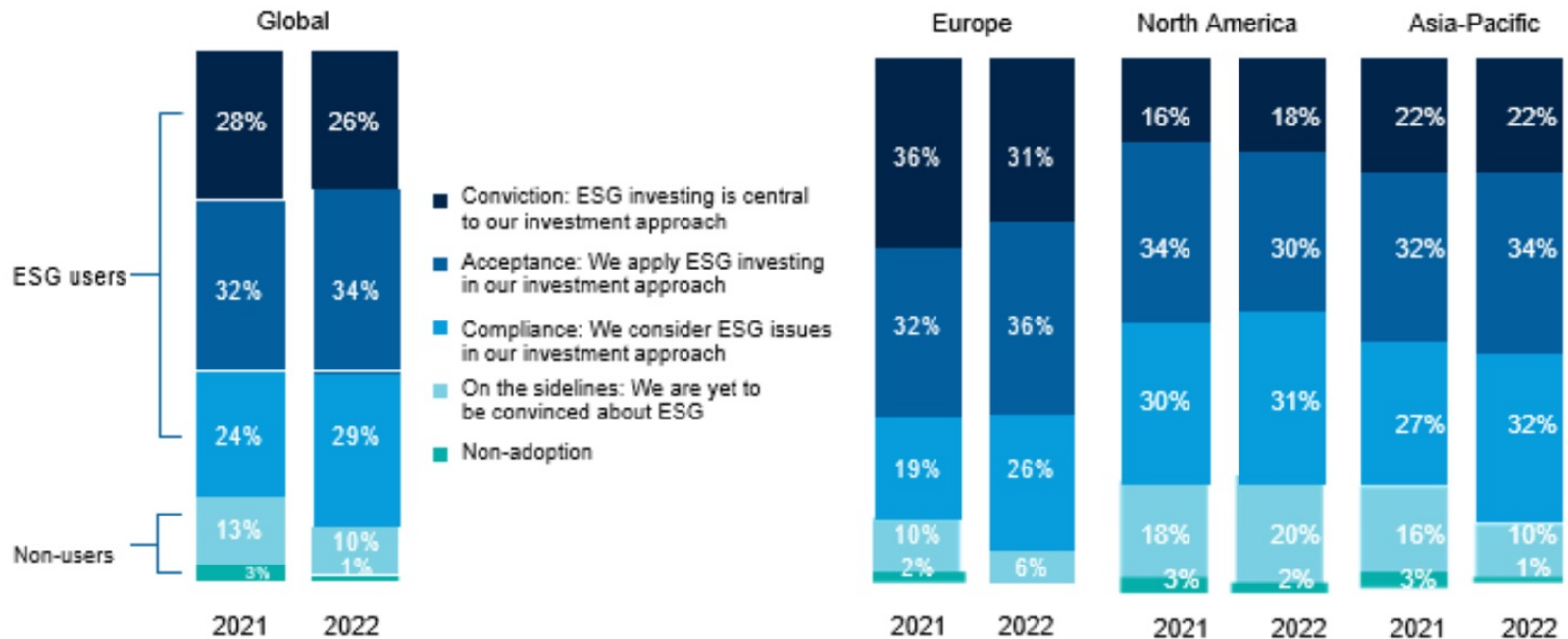
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# OUR AGENDA



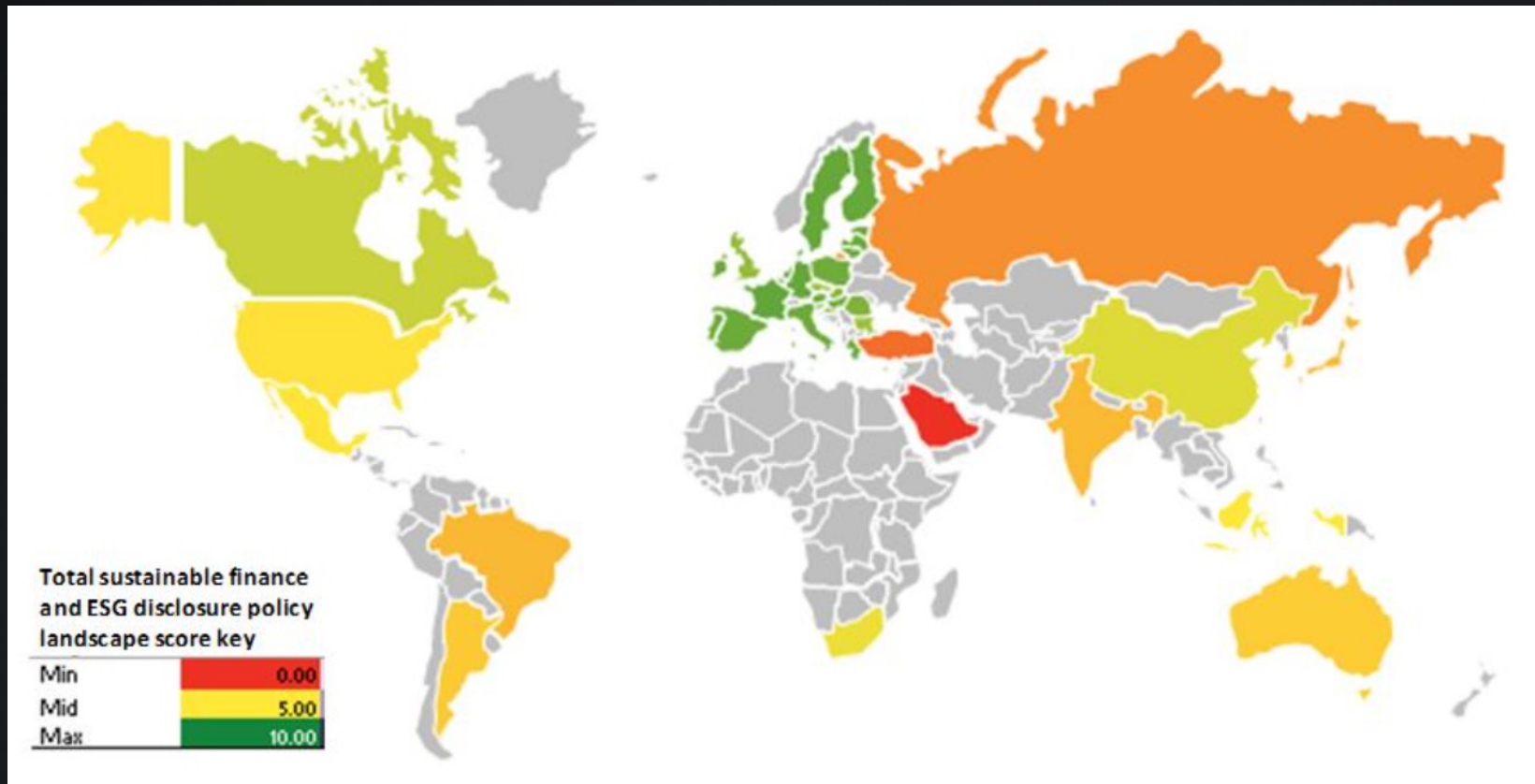
# ESG ADOPTION LEVELS

## ESG adoption levels



source: Harvard ESG Global Study 2022

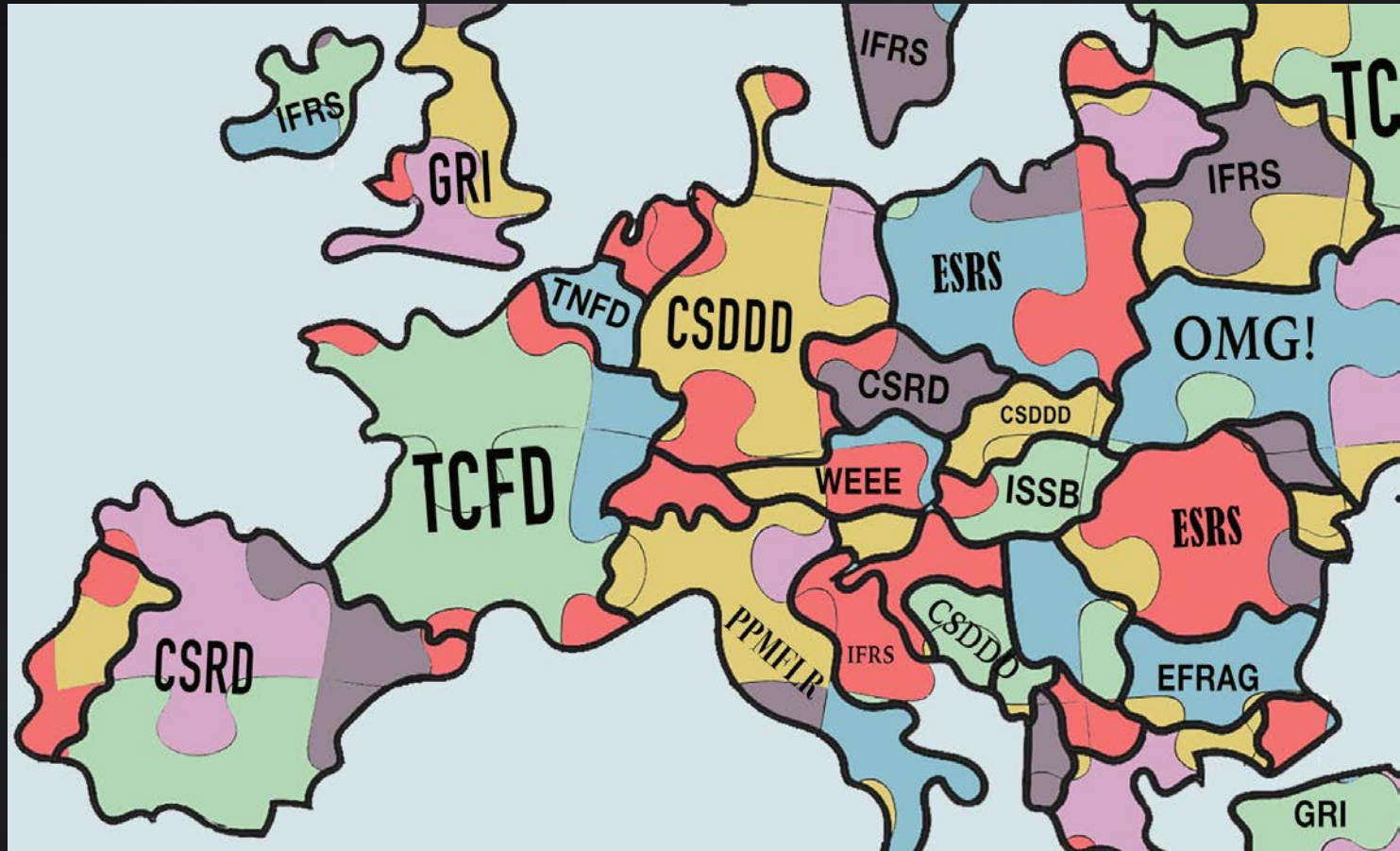
# EUROPE LEADS ON ESG POLICY, BUT PROMISING TREND FOR ALL



Source: BloombergNEF, PRI, NGFS, Coalition of Finance Ministers for Climate Action, IPSF, policy documents. Note: only mandatory policies assessed (including comply-or-explain)



# EU SUSTAINABILITY REGULATIONS



# VALUE OF ESG: IS ESG WORTH IT?

**80% of the world's largest companies** are reporting exposure to physical or market transition risks associated with climate change  
[[S&P Global Market Intelligence](#)]

**Climate-related weather events** are expected to cost businesses \$1.3 trillion by 2026 [[CDP](#)]

**76% of consumers** say they will stop buying from companies that treat the environment, employees, or the community in which they operate poorly [[PwC](#)]

**53% of revenues** of the 500 largest US companies and 49% of revenues of the 1,200 largest global companies come from business activities that support SDGs [[S&P Global](#)]

# VALUE OF ESG: IS ESG WORTH IT?

**27% of revenues** of the 500 largest US companies and **31% of revenues generated of the 1,200 largest global companies** come from activities aligned with the EU Taxonomy for Sustainable Activities [S&P Global]

ESG strategies can affect operating profits by as much as 60% [McKinsey]

**88% of consumers will be more loyal** to a company that supports social or environmental issues [Cone Communications]



# PURPOSE & VALUE CREATION

Integrate “purpose” into core strategy operations – reap the rewards

## OPERATIONAL EFFICIENCY

### Cost Savings

**64%** of companies with product sustainability programs achieved lower logistics and supply chain costs

### Improved performance

A **10% improvement** in employer’s connection with the organization’s mission or purpose was associated with **12.7% decrease in safety incidents**  
**4.1% decrease in turnover**  
**4.4% increase in profitability**

## TALENT

### Employee attraction

**78%** if people indicated that they would prefer to work for a purpose-driven company

### Worker retention

**50%** of workers and **75%** millennial workers would take a pay cut to work at an environmentally responsible company

## RISK MITIGATION

### Reduced exposure

**15%** of companies would be unprofitable if accounting for the environmental damage they cause

### Brand trust

A negative trust event eroded three companies’ market cap **20%-56%** a combined loss in value of \$70 billion

## BRAND & RECOGNITION

### Greater Recognition

**78%** of consumers were more likely to remember companies that exhibit strong purpose

### Stronger Protection

Brands with strong purpose were **6x more likely to be protected** in the face of negative publicity

## SALES & INNOVATION

### Entry into new markets

of surveyed CXOs reported **53% new revenue streams** from socially conscious offerings

### Top dollar for goods and services

Sustainability-marketed products compared with conventionally marketed products saw a **39.5% price premium**

## CAPITAL ACCES & MARKET VALUATION

### Faster growth

High-purpose brands doubled their market value over **4 X faster**

### Higher returns

Companies that met shareholder expectations achieved a **6.4% higher return on equity**

Source: McKinsey & Company

# PRESSURE TO ACT

## Sustainability performance is in demand by employees

Deloitte's survey of more than 2,000 CxOs across 21 countries.

**Deloitte.**



Deloitte 2022 CxO Sustainability Report

The disconnect between ambition and impact

## Stakeholders are pressuring companies to act

To what extent does your company feel pressure to act on climate change from your stakeholders?

(select all that apply)

■ Feel pressure to a large/moderate extent



Regulators/  
government



Board members/  
management



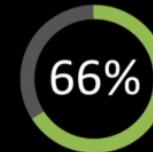
Consumers/clients



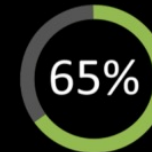
Civil society  
(e.g., media,  
activists)



Shareholders/  
investors



Competitors/  
peers



Employees



Banks/  
lenders

© 2022. For information, contact Deloitte Touche Tohmatsu Limited.

source: Deloitte 2022 CxO Sustainability Report

# OBSTACLES: EXIST

Sustainability performance is in demand by employees

Deloitte.



Deloitte 2022 CxO Sustainability Report

The disconnect between ambition and impact

Leaders struggle with short-term obstacles that impede future impact



Top-five obstacles to driving sustainability efforts  
(select top two)

30%

Difficulty measuring environmental impact

27%

Insufficient supply of sustainable or low-emissions inputs

27%

Too costly

25%

Focus on near-term business issues/demands from investors/shareholders

24%

Magnitude of change needed is too large

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source: Deloitte 2022 CxO Sustainability Report

# ESG CHALLENGES: BARRIERS TO ADOPTION

**71% of CEOs** believe it is their **personal responsibility** to ensure that the organization's ESG policies reflect the values of their customers [KPMG]

**Only 50% of companies** believe their company performs very effectively against environment metrics. [NAVEX Global]

Worse, **only 39%** believe their company performs well for governance, and 37% for social issues. [NAVEX Global]

**Nearly a quarter (24%) of companies** say that corporate silos are a barrier to ESG progress. [PwC]



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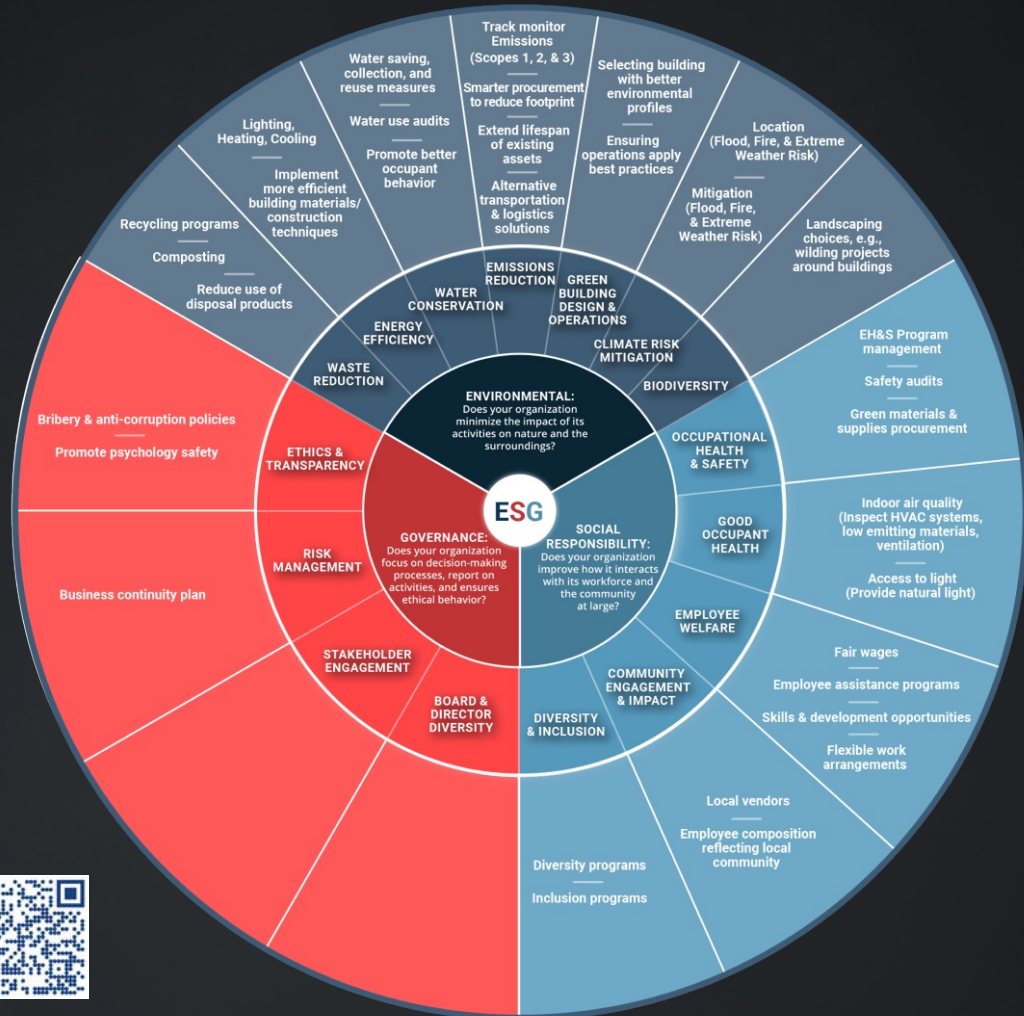
# ESG. Quick Review

# ESG in the Built Environment

**E** - waste reduction/elimination, energy efficiency, water conservation, emissions reduction, building design and operations, and climate risk mitigation

**S** - occupational health and safety, accessibility, good occupant health, employee welfare, community engagement and impact, and diversity and inclusion

**G** - decision-making and risk management processes, activities, and ethical behaviour



# WHAT IS ESG?



## ENVIRONMENTAL

Direct and indirect impacts on emissions, pollution, waste, etc. and a process to mitigate those areas

## SOCIAL

Direct and indirect impacts on social wellbeing, social justice and equality and creating opportunities to improve those areas

## GOVERNANCE

Direct and indirect impacts on corporate governance through transparency, metrics, data security, risk management and ownership

# WHAT IS ESG?

## Impact Factors



Climate  
Change



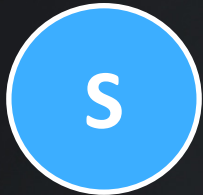
Natural  
Resources



Pollution  
Waste



Environmental  
Opportunities



Human  
Capital



Product  
Liability



Stakeholder  
Management



Social  
Opportunities



Data Security  
& Transparency



Performance  
Metric



Risk  
Management



Ownership  
Considerations



# UNPACKING “E”



Your impact on the world

- Climate Change
- Greenhouse Gas Emissions
- Natural resource depletion
- Waste & Pollution
- Deforestation
- Hazardous materials
- Biodiversity



Your commitment to future generations

# WHAT YOUR “E” GOALS MIGHT LOOK LIKE?

## Minimize environmental impact of your physical facilities:

- Reduce greenhouse gas emissions from the operation of its buildings, branches, distribution centers
- Establish a renewable energy goal with on-site renewable energy and off-site long-term renewable energy contracts
- Transition fleet of vehicles to electric
- Reduce global water consumption
- Reduce office paper use , and purchase 100% of paper from certified sources
- Divert 100% of e-waste from landfill through responsible third-party vendors

## Partner with Suppliers to advance sustainability goals:

- Waste
- EMS (Energy Management Systems)
- UBM (Utility Bill Management)
- Utilities – Procurement, Incentives, Rebates

# UNPACKING “S”



Your contribution to  
your communities

- working conditions, including slavery & child labor
- Impact on local communities
- conflict regions
- Health & Safety
- Employee relations & diversity
- Product mis-selling
- Data protection



How returns are shared

# WHAT YOUR “S” GOALS MIGHT LOOK LIKE?

- What’s your company’s or department’s mission statement? Social relevance?
- What are your internal hiring practices? fair pay for team members?
- What type of retirement plans offered?
- Establish health & safety practices
- Working conditions & policies regarding diversity, inclusion - prevention of sexual harassment
- Impact on local communities
- Acting in the best interest of your customers
- Employee & Supplier relations & diversity
- Employee turn-over
- Data protection



# UNPACKING “G”



How you conduct yourself

- Executive pay
- Bribery & corruption
- Political lobbying & donations
- Board diversity & Structure
- Tax Strategy
- Data breaches



Your **license** to operate

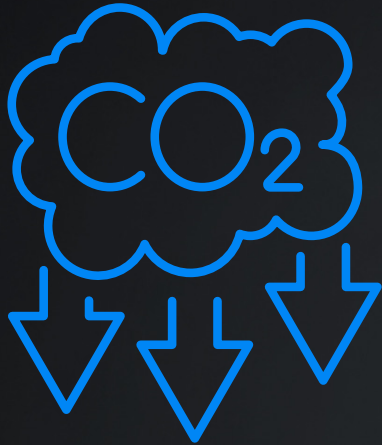
# WHAT YOUR “G” GOALS MIGHT LOOK LIKE?

- How a company is managed by the C-Suite / Top Floor Offices
- Executive Pay & Board Diversity
- How well do executive management and the board of directors attend to the interests of the company’s various stakeholders?
  - employees
  - suppliers
  - shareholders
  - customers
- Does the company give back to the community where it is located?

# Convergence Examples

# CONVERGENCE EXAMPLES

## in the Built Environment



### ENERGY EFFICIENCY UPGRADE

#### ESG Goal:

Reducing environmental impact.

---

#### Facilities Maintenance Action:

##### Implement:

- energy-efficient HVAC systems,
- LED lighting,
- smart building technologies

To decrease energy consumption and greenhouse gas emissions while lowering operational costs.



# CONVERGENCE EXAMPLES

## in the Built Environment



**EXTEND  
ASSET LIFE**

### ESG Goal:

“Mining” CMMS Data for “Actionable” insight

### Facilities Maintenance Action:

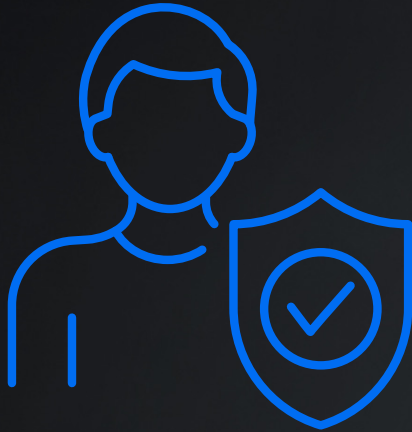
#### Implement:

- “Mine” R&M Data across critical asset classes (ex. HVAC)
- Benchmark data against peer groups
- Run scenarios in digital environment (i.e. Digital Twin)

To extend useful asset life, reduce repairs and maintenance, reduce truck roles that contribute to CO2 footprint, better capital decisions for new equipment.

# CONVERGENCE EXAMPLES

## in the Built Environment



Indoor Air Quality  
Improvement

### ESG Goal:

Enhancing occupant well-being and health..

---

### Facilities Maintenance Action:

Regular maintenance of HVAC systems, air filters, and ventilation to ensure high indoor air quality, which positively impacts the health and comfort of building occupants.

# CONVERGENCE EXAMPLES

## in the Built Environment



Sustainable Materials  
and Waste Management

### ESG Goal:

Reducing waste & promoting responsible resource use.

---

### Facilities Maintenance Action:

Incorporating sustainable building materials, recycling programs, and waste reduction strategies during construction and maintenance activities to minimize environmental impact.

# CONVERGENCE EXAMPLES

## in the Built Environment



Social Responsibility  
and  
Labor Practices

**ESG Goal:** Fostering fair labor practices and social equity

---

### **Facilities Maintenance Action:**

Ensuring ethical labor practices among maintenance contractors, promoting diversity and inclusion in the workforce, and providing training and development opportunities for employees..



# CONVERGENCE **EXAMPLES**

## in the Built Environment



Resilience and  
Disaster Preparedness:

**ESG Goal:** Enhancing resilience to climate change and other crises

---

### **Facilities Maintenance Action:**

Action: Implementing disaster preparedness plans, maintaining backup power systems, and retrofitting buildings to withstand extreme weather events, thus safeguarding both the facility and the community in times of crisis.

A large, solid dark blue circle is positioned on the left side of a black background. The word "Greenwashing" is written in white, sans-serif font across the middle of the circle.

Greenwashing

# GREENWASHING

# 10 SIGNS OF GREENWASHING

- Fluffy Language
- Green Products vs. Dirty Company
- Suggestive Pictures
- Irrelevant Claims
- Best in Class
- Just not credible
- Gobbledygook
- Imaginary Friends
- No Proof
- Out-right lying





# GREENWASHING



# GREENWASHING



**Innocent** are known for their friendly, positive approach – including towards the planet. However, they're less known for being owned by Coca-Cola, the world's biggest plastic pollute

# GREENWASHING



# GREENWASHING



**Keurig** led Canadian buyers to believe they could recycle their single-use plastic coffee pods by simply breaking open the top, emptying out the coffee, and throwing the empty carcass into recycling bins ...WRONG



# GREENWASHING



# GREENWASHING



**TESCO**- Complaint filed against retail giant after an experiment found that the teabags did not biodegrade after a year buried in soil...WRONG



GREENWASHING

# QOUTES

*“Time for Action”*



Queen Elizabeth II  
and Climate  
Activist



## QOUTES

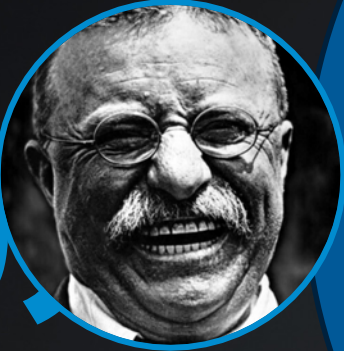
”



*Amory Lovins*  
*Scientist & Activist*

*"Climate change is a  
business opportunity  
masquerading as an  
environmental problem"*

# QOUTES



***“Do what you can, with what you have, where you are.”***

*Teddy Roosevelt  
26th President of the  
United States*

## African Proverb



***“If you think you are too small to be effective, you have never been in bed with a mosquito.”***

*African Proverb*



# QUESTIONS AND ANSWERS

Go ahead. Ask away.  
I'll give it my best shot.



# CONTACT ME




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**THANK  
YOU**



Enjoy the Show!

# APPENDIX



# CRITERIA TOPICS:

## examples

### ENVIRONMENTAL

Biodiversity  
Building Materials  
Climate Strategy  
Electricity Generation  
Environmental Policy  
Environmental Reporting  
Fuel Efficiency  
Low Carbon Strategy  
Operational Eco-Efficiency  
Packaging  
Product Steward Ship  
Raw Material Sourcing  
Recycle Strategy  
Resource Conservation  
Resource Efficiency  
Water Operations/ Water Related Risks

### SOCIAL

Addressing Cost Burden  
Asset Closure Management  
Corporate Citizenship/Philanthropy  
Financial Inclusion  
Health Outcome Contribution  
Human Capital Training & Development  
Human Rights  
Labor Practices  
Local Impact of Business Operations  
Occupational Health & Safety  
Social Impacts on Communities  
Stakeholder Engagement  
Talent Attraction/Retention

### GOVERNANCE

Brand Management  
Code of Business Conduct  
Compliance  
Corporate Governance  
Customer Relationship Management  
Efficiency  
Energy Mix  
Financial Stability & Systemic Risk  
Fleet Management  
Information Security/Cybersecurity  
Marketing Practices  
Network Reliability  
Privacy Protection  
Risk Management  
Supply Chain  
Sustainable Construction  
Sustainable Finance

**Aware:** Become aware of ESG considerations and their importance

**Knowledge:** Develop a deeper understanding of your organization's ESG goals and ambitions

**Resources:** Assess what resources you need to integrate ESG into your processes, like technology or personnel

**Develop:** Start developing an ESG strategy within your FM and real estate plan

**Data strategy & management:** Make sure you have access relevant data, and foster openness and transparency

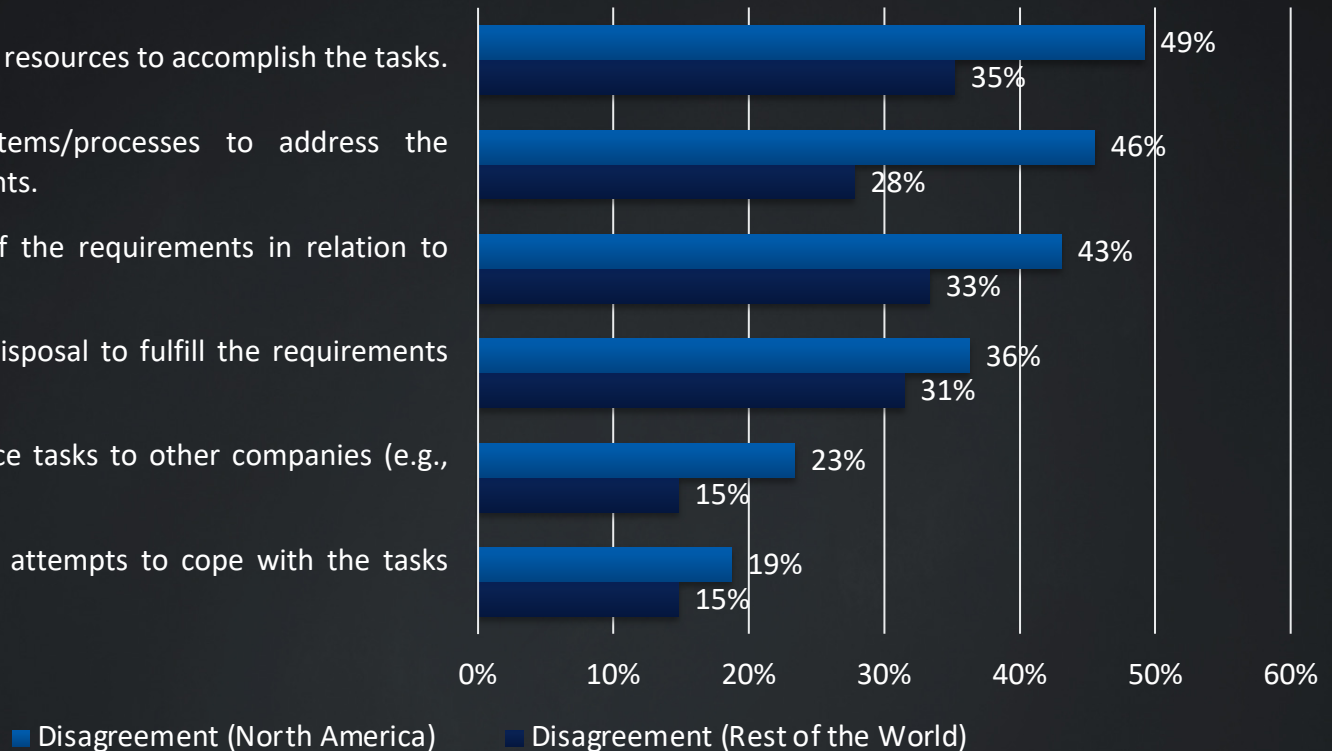
**Apply:** Put your ESG plan into action at scale by implementing new technologies, training, or changing operational procedures

**Monitor:** Regularly monitor and evaluate your ESG performance to make sure you're meeting your goals and targets



# ORGANIZATIONS HAVE...

- ... sufficient human resources to accomplish the tasks.
- ... sufficient internal systems/processes to address the decarbonization requirements.
- ... a clear understanding of the requirements in relation to decarbonization.
- ... sufficient data at their disposal to fulfill the requirements for decarbonization.
- ... already tried to outsource tasks to other companies (e.g., consultancies).
- ... already made their own attempts to cope with the tasks internally.



**Interested in  
more  
information?**





# Smart Buildings **SHOW**

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We look forward to seeing you in 2024