



Preparing MCAA Members for an ESG World

Paul Sambanis, Denise Vaughn, Kasey
Boxleitner, Aidan Niggel

WEDNESDAY, MARCH 20, 2024

9:15AM – 10:45AM

Please let us know what you thought of this session



SEMINAR HANDOUTS SPONSORED BY:



Preparing Members for an ESG World



Paul Sambanis



Denise Vaughn



Kasey Boxleitner



Aidan Niggel

A Tremendous Thank You!!!

Paul Sambanis – SLOAN
Parthiv Amin – SLOAN
Aidan Niggel – Victaulic
Mark Becker – Victaulic
Alan Gilden – Watts Water
Kasey Boxleitner – Trane Technologies
Kristie Upton – Trane Technologies
Denise Vaughn – Ferguson
Bill Tavenner – Ferguson
Greg Polk – Stanley Black & Decker
Jon Howland – DEWALT
Brian Helm – Helm Group

SLOAN

FERGUSON

Victaulic®

WATTS®

StanleyBlack&Decker

DEWALT STANLEY. BLACK+DECKER

Helm



TRANE®



3 Pillars: Environmental, Social, & Governance

ESG is a business strategy that can help contractors maintain and/or get more business, foster employee loyalty, attract top talent, and enhance the company's long-term profitability and reduce the risk of being prevented from bidding.

Some companies use terms like “Corporate Social Responsibility” or “Sustainability” to describe their responsible business priorities.

However a company defines ESG, it is pivotal in shaping the business's purpose, values, and day-to-day operations. Many companies have already implemented core concepts of ESG, like measuring health and safety, implementing employee wellness programs, impact to the environment, and ensuring they have the proper policies, like an employee code of conduct, which benefit the bottom line and business continuity.



- **PLANET**
- Impact on the environment?
- Reducing fuel & energy usage
- Recycling program



- **PEOPLE**
- Impact on stakeholders?
- Health & safety
- Charitable donations



- **PROFIT**
- Are we compliant?
- Develop procedures
- Third party audit

Environmental, Social, Governance (ESG) Membership Survey



M/SC Initiative Objectives

How do we help MCAA members grow, compete, and thrive?

- Prevent bid exclusion and help companies be profitable
- Build awareness of emerging ESG regulatory framework
- Create resources and make options available to MCAA membership
 - MCAA' s 2023 - 2024 Key Initiative

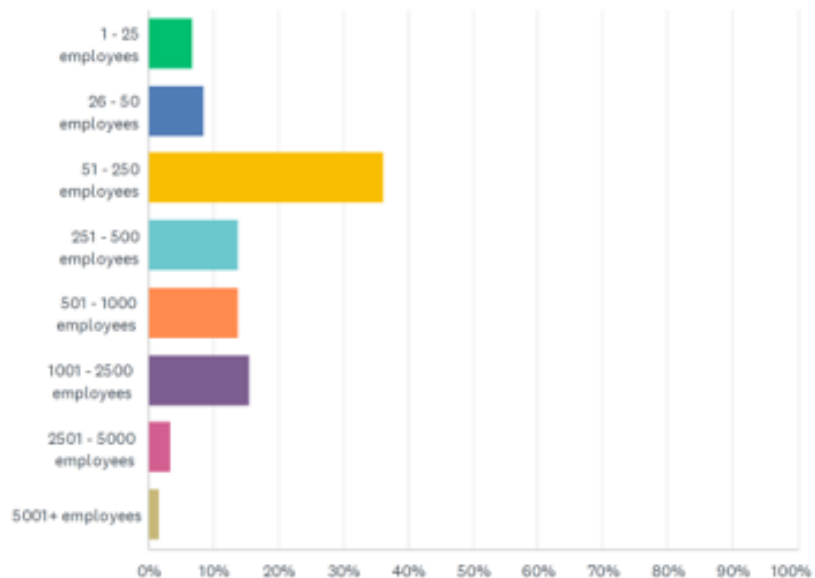


Survey Results – Demographics

- 58 Respondents: 96% contractors, 98% private companies

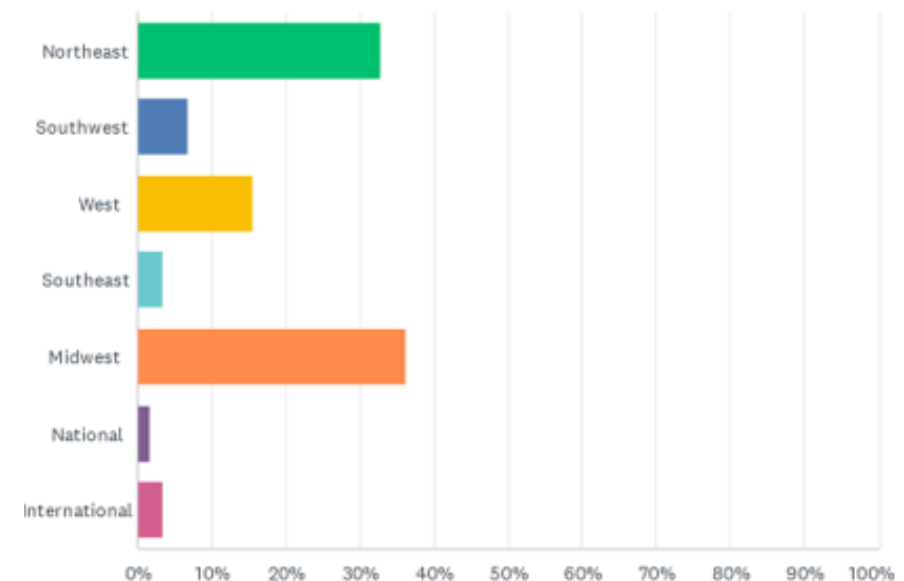
What is the size of your organization
(e.g. number of employees)?

Answered: 58 Skipped: 0



What region do you operate within?

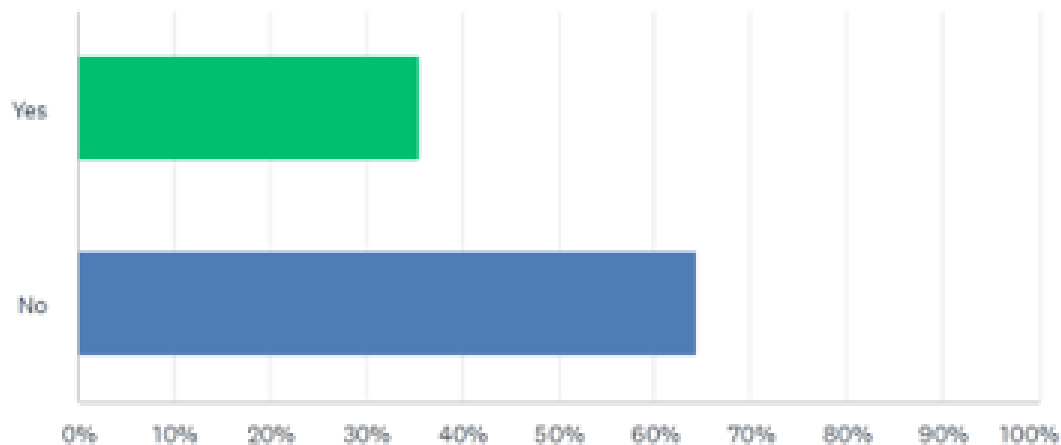
Answered: 58 Skipped: 0



Survey Results – ESG Familiarity & Requests

- 52% are requested to provide ESG data in bid documents
- 78% rate their familiarity with ESG from somewhat to not familiar at all
- Have you ever been asked by a potential customer to submit an ESG plan, as a condition of business?

Answered: 56 Skipped: 2

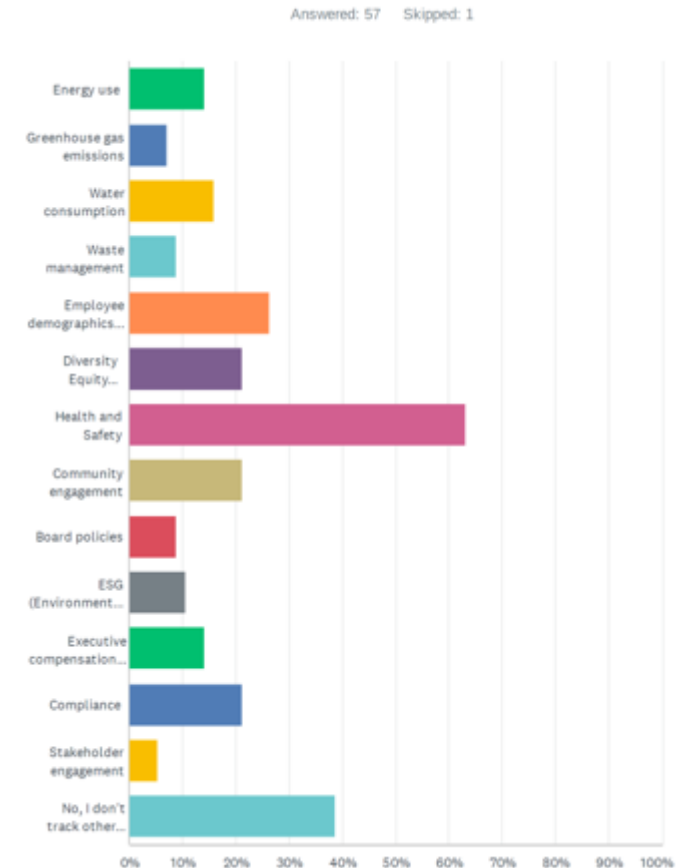


Survey Results – ESG Trends for Members

- 35% asked by a potential customer to submit an ESG plan
- 33% have or will establish an ESG plan this year
 - 43% within 2-5 years



Do you track other metrics in your company, such as the below? Check ALL that apply.



An overwhelming majority of CEOs -92%- say they plan to continue their ESG initiatives despite the backlash.

[Companies face ESG critics from both sides, survey | Fortune](#)

SKANSKA

What we deliver ▾ Who we are

Home > Who we are > Our Impact > Climate

Our Impact

- ▶ Responsibility
- ▼ **Climate**
 - ▶ Sustainability
 - ▶ Resilience

Climate

Skanska offers transformative low-carbon solutions that drive our business forward and help our customers fulfill their ambitious sustainability goals. We partner with organizations to share knowledge, and develop and innovate net-zero solutions for the built environment. Our goal is to transition to low-carbon construction across all our projects and ultimately reach net-zero carbon emissions by 2045. As we move forward, scaling these solutions will be critical for a full industry transformation bringing us closer to net-zero living.

Turner

Build a Sustainable Supply Chain ▲

- We will increase business partner knowledge and awareness of sustainability.
- We will actively engage our SourceBlue and Self Perform Operations teams to take a leadership role in learning and integrating sustainability in supply chain management.
- We will engage with industry organizations that support learning and growth associated with sustainability.

Gilbane

Contact | News | Locations

[Building](#) [Development](#) [Markets](#) [Projects](#) [About](#) [Partner With Us](#)

- real-time market and periodic data reporting.

Our Sustainable Supply Chain Policy

Our team sets high standards for our clients, suppliers, employees, and the communities we serve. We aim to do our part by protecting the environment and providing an ethical and inclusive workplace. Our sustainability commitment is reflected in our ongoing efforts to eliminate waste, reduce pollution, use repurposed materials, and increase energy efficiency to reduce our carbon footprint.

This commitment includes:

- Maintain a diverse supplier base of trade contractors, suppliers, and professional services firms from a wide variety of backgrounds that include Diverse-Owned and Small Businesses (DOSB).
- Seek out and work with suppliers who are committed to reducing their carbon footprint by leveraging the latest technologies, conservation of resources, practicing waste minimization techniques, and maximizing local sourcing.

MCAA ESG Resources

The screenshot shows the MCAA website home page. At the top, there are logos for NCPWB and JRGF, followed by the large MCAA logo and a search bar. Below this is a navigation menu with links for 'Who We Are', 'Educational Events', 'Resources', 'Initiatives', 'Virtual Trade Show', 'Advocacy', and 'My MCAA'. The 'Resources' section is expanded, listing various offerings such as 'Featured Resources', 'Resource Center', 'Manufacturer/Supplier Training', 'MCAA WebBook Library', 'Management Methods Bulletins', 'Quantifying the Value of Union Labor in Construction Projects IPA Report', 'Change Orders, Productivity, Overtime', 'Tool and Equipment Rental Guide', 'WebLEM', 'WebLEM Access FAQs', and 'National Education Initiative'. A central banner promotes the '2023-2024 MCAA MEMBERSHIP DIRECTORY & BUYER'S GUIDE'. At the bottom, there is a search form with fields for 'I'M INTERESTED IN...', 'TYPE OF RESOURCE...', and 'KEYWORD(S)'.

This screenshot shows the 'ESG Resource Center' page. The navigation menu is consistent with the home page. Below the menu, the page title is 'RESOURCES / ESG RESOURCE CENTER'. The main heading is 'ESG Resource Center'. A prominent dark blue box contains the text 'COMING IN APRIL 2024' and 'Environmental Social Governance' in large white letters. Below this, the word 'RESOURCES' is displayed. To the right, there is a text box stating: 'MCAA member contractors are occasionally required to demonstrate ESG (Environmental, Social, and Governance) compliance in their bids. Watch this page in April 2024 for resources to assist members in obtaining the information they require on this subject.' At the bottom, a section titled 'What is ESG?' explains that the ESG framework is used to assess a company's performance in terms of its environmental impact, social responsibility, and corporate governance, and that these criteria help investors, stakeholders, and end users evaluate a company's sustainability and ethical practices.

ESG Plan Template and Resources Guide



ESG Impact Template 2024: How to create an ESG Impact Summary to support business development

HELPING YOU LEAD A SUSTAINABLE BUSINESS, TODAY AND
TOMORROW

The MCAA Manufacturer / Supplier Council has created this ESG Plan Template to help you drive business development, differentiate your business, and prepare for long-term success in an evolving environment by preparing your first ESG impact summary.

Created by

Ferguson | Sloan | Stanley Black & Decker | Telesto Strategy | Trane | Victaulic | Watts



Overview of this document

Demonstrating environmental, social, and governance (ESG) awareness and impact is now table stakes for business development. Developers, real estate investors, and others are increasingly including ESG in their procurement and vendor selection process as part of meeting their own ESG goals. Demonstrating your own commitment to ESG will improve your positioning in competitive bids and show potential customers how you will help them meet their own ESG commitments.

To help your company's business development, the MCAA has created this document on how to prepare your company's first summary of its ESG impact and commitments. **The resulting document can be included in all your RFP bids and similar submissions to increase your overall attractiveness to potential clients and win more work for your company.** Additionally, the process of creating this document will help you identify even more ways that you can align with the ESG expectations of your customers.

For many businesses, creating this first summary is a way to recognize the significant impact you have through caring for your employees and your communities. From your safety programs, employee training, community engagement, local supplier programs and more, you have much to celebrate in your ESG Plan Template.

The following sections of this document provide a template of how to create your first ESG Plan. The resulting document can be used to demonstrate to your customers the significant ESG impact you have today and any related commitments for the future.

Though ESG reports vary by company, many first reports will include four key sections:

- Introduction to your company
- Recognition and select highlights
- Summary of ESG initiatives and impact
- Key ESG commitments and goals

The following sections of this document provide instructions and examples of how to complete each of these items. The final section is a draft template you may use to create your first report, or you can create your own document from scratch.

We encourage you to consult the accompanying ESG Resources Guide when developing your plan, and to reach out to the creators of this document with any questions.

Section 1 of the ESG Plan: Introduction

The beginning of your ESG Plan should be an introduction that provides an overview of your company's history, values, and objectives – especially those that relate to ESG. Your introduction, which typically includes 2-4 paragraphs, should cover a few key points:

- 1. Tell your company history.** Share the history and journey of your company, including when you were founded, what you are known for, and key milestones in your history.
- 2. Share what matters to you and your company.** Include a sentence or paragraph on what issues matter most to your leadership team. Some examples might include supporting your community in providing places to live and work, providing good jobs for people with diverse backgrounds including veterans, ensuring safety of your employees, supporting local community organizations, and more. If your company has a specific mission, vision, or set of values, be sure to mention these too.
- 3. Highlight a few examples of your impact such as key projects, training and safety programs, giving back to the community, good employer awards, or anything else of which you are proud.** These can be the same the examples or awards that you highlight in sections 2 and 3 of the document.

Note that your About section should be just an overview – further details of each item can be included later in your ESG Plan.

Please see below for examples of introductory sections from leading companies:

Example 1: Stanley Black & Decker - [About Us](#)

Building the trust of those who build and shape the world around us.

Headquartered in the USA, Stanley Black & Decker provides the tools and innovative solutions you can trust to get the job done – and we have since 1843.

You know us well for the tools we make that become household names – and jobsite essentials. Brands like DEWALT, BLACK+DECKER, CRAFTSMAN, STANLEY, Cub Cadet, Hustler and Troy-Bilt. But that's only the beginning.

As the first name in engineered fastening systems, we help keep your car secure and mobile phone intact. As a global leader in industrial solutions, we provide the infrastructure systems that reinforce the roads you drive on, build the bridges you cross and even deliver the energy that powers your life.

At the end of the day, what we really build is trust. The trust of our customers, our employees, our communities and our stakeholders.

No matter how much things change, our commitment to being part of building a better world will remain steadfast.

Serving those who make the world is a big job. One that calls for collaboration, empathy, expertise and the highest level of innovation.

That's why we join forces. By bringing together the best of the best, we're developing exceptional products and services that make life easier – and empower people to do better, safer, more significant work.

Across our businesses, we're investing in breakthrough innovation and digital excellence, striving for outperformance and increasing our focus on social responsibility.

Delivering value to our customers, colleagues and communities. That's how we define success. Our commitment to quality, safety and sustainability helps us on our path to being a people-centric global industrial company committed to helping make the world.

Example 2: Trane - [About Us](#)

We're innovating like the planet depends on it. Because it does.

Trane, by Trane Technologies – a global climate innovator, is the building technology and energy solutions company providing individualized, right-sized, and forward-looking solutions for commercial and industrial applications. Practicing at the height of digital and manufacturing excellence and quality, we're leading an ambitious movement to decarbonize the built environment for both the people and the planet.

We help customers succeed by providing innovative solutions that optimize indoor environments through a broad portfolio of indoor environment and climate solutions, energy and sustainability services, and building automation systems.

Trane empowers today's executives, engineers, contractors, facility managers and building owners in an array of markets including education, healthcare, government, data centers, retail, and commercial real estate. We offer global expertise and local execution to identify and implement the highest quality solutions.

As a part of Trane Technologies, the work we do each day progresses us towards our ambitious 2030 Sustainability Commitments and 2050 Net-Zero carbon target. More than being expert engineers, technicians, and business leaders, we are practical idealists pursuing purposeful, yet ambitious innovation focused on meeting the climate and sustainability needs of our customers and our planet.

A History of Impactful Innovation [which includes images and details from founding to present]

Right Now. Right Tomorrow.

We're focused on providing commercial and industrial indoor environment and climate solutions, energy and sustainability services, and building automation systems that enable you to reduce your total carbon footprint and meet your environmental sustainability goals. The Trane difference is we deploy a depth and breadth of expertise, backgrounds, and perspectives to both innovate new technologies and individualized solutions that get it right for both the customer today and the world tomorrow.

Section 2 of the ESG Plan: Recognition and select highlights

In the second section of your ESG Plan, you may highlight recognitions of your company and a few specific projects or examples of your impact. While this is optional, it does afford you an opportunity to highlight to potential external customers how your company is embracing the principles of ESG through its day-to-day operations.

Further details on what to include in this section:

- **Recognition and awards that your company has received.** This can be any award of which you are proud – nearly all such awards fit within the structure of ESG. For example, “Great employer” or safety awards demonstrate how you value your employees, a key section of the ‘S’ of ESG. Recognition for enhancing your community, creating jobs, and supporting local suppliers are also ‘S’ awards. You may also include relevant certifications and memberships.
- **Highlights of your impact.** This is an opportunity to go deep on any examples of impacting your community and/or the environment of which you are especially proud. This can include specific construction projects, community volunteer days, sponsoring local little league teams, and more.

For these highlights, feel free to write out a few sentences explaining the context, the approach that your company took (if relevant), and the resulting impact. Feel free to highlight environmental aspects of construction like LEED certified buildings or using WaterSense products. You may also include pictures of the project, such as the completed construction or a team photo.

Section 3 of the ESG Plan: Summary of ESG Initiatives and Impact

The purpose of this section is to provide your audience with a list of your company’s current ESG initiatives and impact. While Section 2 is intended for highlighting 2-3 specific programs or projects with details and photos, this section is for providing a broad overview of your ESG impact. Many companies find that they are already doing many things that align with the principles of ESG, such as:

- Employee health and safety programs
- Employee training and apprenticeship programs
- Job creation
- Giving back to the community through philanthropy or volunteering
- Adhering to relevant regulations
- Responsible material disposal
- Constructing safe, efficient structures for your community
- Examples of your company’s community impact programs such as volunteer days

Below is a list of common ways that MCAA companies create ESG impact in their communities. We encourage you to create a similarly structured list of environmental, social, and governance initiatives at your company. Your list does not need to be deeply detailed or exhaustive; just 1-2 sentences for a few of the following bullets

is fine. In aggregate, this section should inform your audience of the many ways in which you operate your company ethically and responsibly.

Finally, we encourage you to **quantify** wherever possible in this section, and also consult the accompanying **ESG Resource Guide** document for further information on any of the technical or specific terms below.

Social

- **Employee health and safety** programs, relevant regulations followed such as OSHA, and/or evidence of success such as TRIR, LTR, DART, and/or EMR (all optional)
- **Employee's union benefits** such as health insurance, pension plans, career advancement and apprenticeship programs, saving plans, established working hours and/or overtime rates, guaranteed safe working conditions enforced by OSHA, contractor-supplied tools, and more
- **Employee training programs** and/or total training hours
- **Employee diversity** such as percent of employees that are women, people of color, or veterans, and any programs to encourage employee diversity or hire from nontraditional sources
- **Job creation, especially for diverse populations and veterans**, including your approximate number of employees
- **Using union labor** and its related impacts such as higher productivity and overall cost savings for your customers relative to open shop labor¹
- **Mental health programs** provided to your employees
- **Any projects or collaborations with local education institutions** such as local schools, community colleges, training programs, placement agencies, etc.
- **Philanthropy and community engagement** such as local volunteering or sponsoring local institutions such as little league teams

Environmental

- **Responsible waste disposal** at construction sites
- **Recycling** programs for construction materials or in your offices
- **Any mandatory environmental requirements of local unions** such as recycling or waste disposal
- **Installing high energy efficiency or low emission solutions** such as LED lighting, high efficiency HVAC systems, energy management systems, high efficiency windows, or products with Energy Star certifications
- **Using electric alternatives to gas- or natural gas systems** such as heat pumps
- **Using electric vehicles** including electric cars/trucks, electrifying your fleet or electric construction machinery like electric forklifts
- **Policies that reduce unnecessary gasoline usage** such as employee carpooling, reducing vehicle idle time, efficient route planning, etc.
- **Installing water efficient products** such as those with WaterSense
- **Using or providing products with sustainable lifecycles** such as those with C2C (Cradle to Cradle) certification or Environmental Product Declarations (EPDs)

¹ Mechanical Industry Advancement Fund (MIAF) Independent Project Analysis (IPA), *Quantifying the Value of Union Labor in Construction Projects* (2022). [Link](#)

- **Constructing environmentally sustainable buildings** with certifications like LEED, onsite renewable energy such as solar panels on the roof or wind turbines, onsite energy storage such as batteries (both electric and thermal), etc.
- **Landscaping that supports conservation** e.g. utilizes local plant species, minimizes water runoff, etc.
- **Any projects or collaborations with environmental conservation or sustainability organizations** such as projects for city parks, state or national parks, environmental NGOs, etc.

Governance

Note: for small- and medium-sized private businesses, this section is typically used for highlighting the rules that your business operates by to ensure it is safe and secure. Several examples of this are below:

- **Adherence to relevant regulations** such as training, employee safety, environmental regulations, etc.
- **Providing a hotline for employee complaints** such as posting information about hotlines provided by the local union
- **Ethical business policies** such as employee code of conduct, employee policies and processes, your employee handbook, etc. You can highlight specific policies of which you are particularly proud, such as requiring employees to step away from a construction site when using their cellphone
- **ESG leadership** such as an ESG steering committee or team; these can be individuals who have other day-to-day responsibilities but come together on an occasional basis to work on ESG issues
- **Independent accounting** and auditing of your finances
- **Engaging your stakeholders including employees and customers** to understand their ESG needs and priorities; this can include employee feedback, customer engagement, reviewing customer's ESG reports and commitments, engaging local community leaders on job creation and/or environmental topics, etc.
- **Board of Directors** Establish or engage with board of directors or governing committee.

Section 4 of the ESG Plan: Key ESG Commitments and Goals

To conclude your ESG Plan, share your company's key ESG commitments and goals. Consider 3-5 key ESG commitments that your company has made and, if relevant, provide details on their progress.

Below are several examples of potential ESG commitments for your company to consider. As this is your first ESG Plan, it's ok to start with conservative commitments – or even none at all in some categories. Simply committing to gather data and set a baseline (for example, tracking utility bills and energy use) is a great goal for a first plan. We encourage you to start with goals that are achievable and explore additional commitments in the future.

You do not need to commit to all of the examples below. Most companies only set a handful of conservative commitments in their first plan, many of which are soft commitments such as prioritizing X or exploring Y. We suggest that you only set commitments which are achievable and align with your existing business strategy. **Please also consult the ESG Resource Guide for more information on these topics.**

Category	Examples of commitments
Employee safety and training	<ul style="list-style-type: none"> • Continue adherence to relevant safety and training regulations • Collect data on TRIR, LTR, DART, or EMR, and/or achieve certain targets • Support employee continuing education / provide CEU programs • Provide X hours of training per year per employee • Implement additional training or safety programs
Diversity	<ul style="list-style-type: none"> • Create employee diversity or resource groups • Increase the number of diverse employees, such as more veterans, women, disabled persons, or people of color • Support and/or join external diversity groups such as urban youth development organizations, veterans career programs, etc. • Track and report employee diversity data • Track and report supplier diversity data, such as the % of your suppliers that are local, women owned, etc.
Sustainable products or services	<ul style="list-style-type: none"> • Continue adherence to relevant waste disposal regulations • Track and report your company's energy and/or fuel usage • Reduce idling of construction equipment and vehicles • Introduce employee carpooling programs • Implement company recycling programs • Refurbish and/or donate old tools, appliances, etc. • Reduce use of single-use plastics (e.g., encourage employees to use reusable water bottles over plastic water bottles) • Prioritize the use of recycled and sustainable materials where possible • Train employees on installing sustainable building technologies such as solar systems, energy management systems, high efficiency water fixtures, heat pumps, etc. • Use electric construction equipment such as electric forklifts • Using electric vehicles for employee transportation • Engaging suppliers of sustainable building materials such as low carbon concrete suppliers • To the best of our ability, aligning with sustainable supplier requirements of our customers
Governance	<ul style="list-style-type: none"> • Continue adherence to all relevant regulations • Publish employee code of conduct • Publish supplier code of conduct • Publish employee handbook • Develop additional employee policies to promote safety and sustainability • Engage third party auditor and/or accounting service • Establish an ESG committee
General / other	<ul style="list-style-type: none"> • Establish or continue employee volunteer days • Regularly update website with relevant ESG metrics per other commitments

Optional template for creating your ESG Plan

Use the instructions in the previous sections to help you complete the template below. When finished, delete these instructions so that

[Company Name]

2024 Summary of ESG impact and commitments

I. About [Company Name]

Since our founding in 19XX, Company ABC has been focused on delivering XX for our customers...

We bring our values of XYZ to everything that we do... we live our mission of XYZ everyday...

Our most important responsibility is employee safety... We ensure safety in everything we do...

Our communities are key to our success... and so we give back...

Preserving the environment for the next generation is important to us...

II. Recognition and select case studies of impact

Our company is proud to have been recognized for our being a great employer and a trusted partner for our clients. Recent awards include...

We are proud to have certifications for...

One project that we are particularly proud of is... this project highlights our commitment to the environment, our community, etc...

We are proud to serve our community through programs such as our volunteer day / sponsoring local institutions / providing trainings / etc.

[include relevant logos in this section]

III. Summary of ESG initiatives and impact

Our company has significant impact across all three categories of ESG – the environment, social topics, and good governance. Below is a summary of our impact:

[create a list of ESG initiatives or examples of impact using the examples in the previous section]

IV. Key ESG commitments and goals

While we are proud of our impact thus far, we recognize that we can always improve and serve our community even better. As we continue growing, we also want to continue our role as an ethical and responsible business. To this end, we have made the following commitments:

[list a few goals or commitments from the list of examples in the previous section]



MCAA ESG Resource Guide 2024

HELPING YOU LEAD A SUSTAINABLE BUSINESS, TODAY
AND TOMORROW

The MCAA Manufacturer / Supplier Council has created this ESG Resource Guide to help you differentiate your business and prepare for long-term success in an evolving environment.

Created by

Ferguson | Sloan | Stanley Black & Decker | Trane | Victaulic | Watts



Table of Contents

- Why ESG, Why Now? 2
- 5 Steps to Start Your ESG Journey 3
 - 1. Establish a foundation. 3
 - 2. Conduct benchmarking and engage key stakeholders. 3
 - 3. Develop your strategic roadmap. 3
 - 4. Collect and share data. 3
 - 5. Train and communicate. 3
- ESG Good / Better / Best matrix 4
- Resources 8
 - Sample ESG reports and commitments 8
 - Sample ESG policies 8
- Glossary of key ESG terms 9
- Appendix 12
 - Reporting frameworks 12
 - ESG raters and rankers..... 12

Why ESG, Why Now?

Environmental, Social, and Governance, often referred to as ESG, is a rapidly developing topic that your business is likely hearing more about now than ever before. You may also hear other terms like Corporate Social Responsibility or Sustainability used to describe a company's responsible business priorities.

While ESG might seem intimidating and costly at first, it can provide huge benefits to your organization in the short and long terms. It is a business strategy that can help contractors maintain and/or get more business, foster employee loyalty, attract top talent and enhance long-term sustainability.

Many companies may be surprised to find out that the activities they are already doing for cost savings, customer/legal compliance, or goodwill fall squarely into the ESG space. This includes actions like measuring health and safety, implementing employee development programs, advising on environmental products and solutions and ensuring the proper policies like an employee code of conduct are in place. Your business may not be documenting it as an ESG practice, but through taking stock of what your company does for people and the environment, it can be simpler than expected to align with core ESG principles and learn how to advance them even further. By capitalizing on the good your firm is already doing for the world, or adopting new practices into your business plan, you can achieve a competitive advantage in a market that is placing more and more weight on ESG topics.

Why ESG matters

- **Differentiate your business and prepare for the future.**
Manufacturers, distributors, contractors and others across the supply chain are being asked by owners, developers and government entities for ESG metrics like health and safety, carbon emissions, waste recycling, minority and women business enterprise participation, and more. This information may be used to ensure that they are satisfying legal requirements or meeting their ESG goals. This is no longer a niche request, and increasing regulation may lead to these metrics being required.

Within the bidding stage, sustainability initiatives can be viewed as a long-term cost-saving tactic for the end user, often resulting in reduced operational costs over the long-term. For example, while energy-efficient buildings can lower energy consumption, ultimately it is the collective design, installation, maintenance and operation of its mechanical system that determines its true efficiency.
- **Win the war for talent and strengthen your reputation and brand.**
Employees increasingly value working for companies that prioritize sustainability, social responsibility and ethical business practices. In a recent Deloitte survey, 69% of employees said they want their companies to invest in sustainability efforts, including reducing carbon, using renewable energy, and reducing waste. This sentiment was higher among surveyed employees between the ages of 18 and 34 years old, who showed a stronger interest in sustainability initiatives than respondents from older generations.
- **Prepare for increasing regulatory compliance.**
Governments around the world are moving towards mandating companies share more information related to environmental and social sustainability. This includes rules like the European Union Corporate Sustainability Reporting Directive (CSRD) and proposed climate and human capital disclosure requirements from the U.S. Securities and Exchange Commission (SEC). These, along with other state and local regulations, may force large companies to report on or manage their ESG risks across their full value chain.

5 Steps to Start Your ESG Journey

1. Establish a foundation.

- Conduct a thorough assessment of your current business operations, identifying key environmental, social and governance practices, risks and opportunities.
- Use this information to begin to inform your sustainability strategy.
- Secure buy-in and support from leadership.

Pro tip: Think about your company's impact on the environment, your employees, the surrounding community, and the economy. What are you already doing – i.e. tracking health and safety? What does your company want to achieve through ESG?

2. Conduct benchmarking and engage key stakeholders.

- Conduct benchmarking and a gap analysis to understand performance against your peers and others in the industry to understand where you stand in terms of sustainability.
- Identify and engage with key stakeholders including employees, customers, suppliers and community members to understand and validate where you have the greatest risks and opportunities.

Pro tip: Understand the sustainability goals of your customers and their customers. How can you advise to help them meet their goals, thus increasing the value you bring to the project? Where can your business have the greatest impact?

3. Develop your strategic roadmap.

- Establish ESG governance, structure and policies.
- Use information gained from stakeholder interviews to prioritize issues relevant to your business and develop a framework that aligns with your organizations values, industry standards and stakeholder expectations.
- Integrate ESG considerations into your overall business strategy, ensuring that sustainability goals are aligned with your core business objectives.
- Develop short- and long-term goals, targets and key performance indicators to measure impact.
- Determine which new and emerging ESG-related regulations and reporting standards may be relevant to your company or your customers and plan to assure compliance and capitalize on opportunities.

Pro tip: Start small. Every organization is at a different place on their ESG journey.

Set SMART goals:

- **Specific**
- **Measurable**
- **Achievable**
- **Relevant**
- **Time-bound**

4. Collect and share data.

- Implement systems and SOPs for collecting relevant ESG data and monitor current and future regulations.
- Work with your legal advisors to decide where and how to disclose information and establish a transparent reporting process to communicate ESG performance to key stakeholders.

Pro tip: Proactively tracking and reporting ESG metrics can set you apart in a competitive field, especially when bidding work for federal government entities, major corporations and higher education institutions.

5. Train and communicate.

- Provide training to employees to raise awareness and educate on ESG principles.
- Develop internal and external communications strategies.
- Commit to continuous improvement and adapt to changes in regulations, stakeholder expectations and industry best practices.

Pro tip: Stay informed of regulatory changes, new technologies and sustainable construction trends.

Share your story in a way that is authentic to your business!

ESG Good / Better / Best matrix

Environmental	Metric	Good	Better (Good and ...)	Best (Better and ...)
Energy use	Electric (KWH)	<ul style="list-style-type: none"> Know how much electric and natural gas is consumed per year 	<ul style="list-style-type: none"> Publicly disclose GRI compliant Internal annual targets to reduce 	<ul style="list-style-type: none"> Energy management platform to track all electric and natural gas use Publicly disclose GRI compliant Public targets to reduce 3rd party validation
	Nat gas (M3)	<ul style="list-style-type: none"> Documented via spreadsheets and updated annually Compliant with EPA GHG inventory & accounting Plans to reduce energy and therefore emissions i.e. annual energy audits LED; energy efficiency etc Have bills 		
Fuel	Fleet	<ul style="list-style-type: none"> Aware of employee mileage and gas use 	<ul style="list-style-type: none"> Publicly disclose GRI compliant Internal annual targets to reduce 	<ul style="list-style-type: none"> Publicly disclose GRI compliant 3rd party validation Public targets to reduce
	MTCO2 MT reduction	<ul style="list-style-type: none"> Aware of their scope 1 & 2 emissions Documented via spreadsheets and updated annually Compliant with EPA GHG inventory & accounting 		
Water Consumption	Water use (M3)	<ul style="list-style-type: none"> Know how much water is consumed per year 	<ul style="list-style-type: none"> Publicly disclose GRI compliant Internal annual targets to reduce 	<ul style="list-style-type: none"> Publicly disclose GRI compliant Public targets to reduce 3rd party validation
	M3 reduction	<ul style="list-style-type: none"> Documented via spreadsheets and updated annually Have bills 		
Hazardous Waste Management	KG	<ul style="list-style-type: none"> Know how much hazardous waste is consumed per year 	<ul style="list-style-type: none"> Publicly disclose GRI compliant Internal annual targets to reduce 	<ul style="list-style-type: none"> Publicly disclose GRI compliant 3rd party validation Public targets to reduce
	KG reduction	<ul style="list-style-type: none"> Documented via spreadsheets and updated annually Have bills 		
Environmental Policies	Yes / No	<ul style="list-style-type: none"> Company has policies in place 	<ul style="list-style-type: none"> More stringent policies Company-wide emissions reductions targets Employees training on policies and targets 	<ul style="list-style-type: none"> Policies follow SBTi emissions reductions targets Executives bonus structure tied to goals
Sustainable Purchasing	Yes / No	<ul style="list-style-type: none"> Basic knowledge and awareness 	<ul style="list-style-type: none"> Develop standards and procurement procedure 	<ul style="list-style-type: none"> Implementing standardized processes and communicating to end users

SOCIAL	Metric	Good	Better (Good and ...)	Best (Better and ...)
Diversity, Equity, and Inclusion	Actions and policies	<ul style="list-style-type: none"> • Basic awareness of employee demographics and existence of basic (legally mandated) policies to ensure equity for the nine protected characteristics (EEOC, etc.) 	<ul style="list-style-type: none"> • Year over year tracking of targeted list of employee demographics with awareness of benchmarking against industry averages • Various Employee Resource Groups successfully integrated into company infrastructure (given funding, resources, opportunities to engage, etc.) 	<ul style="list-style-type: none"> • Integrated and openly communicated internal goals regarding tracked employee demographic metrics with the intent to attract and retain more diverse talent • Interests of all social demographics integrated throughout policy framework across all applicable organizations within the company (i.e. not only do you have a DEI policy, but does the employee handbook include the necessary considerations for diverse cultural/religious factors when discussing time off? Are policies regarding employee rights communicated in all primary languages used by employees? etc.) • Mandatory training on relevant DEI topics extended to all employees in management role or higher
Equitable Compensation	Actions and policies	<ul style="list-style-type: none"> • <i>Pay in line with industry standards for each role</i> • Equal pay/promotion opportunities 	<ul style="list-style-type: none"> • Salary grid and bonus scheme benchmarked against industry standards communicated to all employees 	<ul style="list-style-type: none"> • <i>Bonuses and raises available to all employees in alignment with company performance</i> • Employee stock option open to employees beyond just executives
Employee Benefits, Upskilling and Advancement	Actions and policies	<ul style="list-style-type: none"> • <i>Comprehensive health & wellness benefit plans available to all employees.</i> • Yearly performance reviews performed and communicated to employees. 	<ul style="list-style-type: none"> • <i>Tuition reimbursement programs/CPEs/</i> • Company paid training available to all employees regardless of job classification, flexible work arrangements available, etc. 	<ul style="list-style-type: none"> • <i>Internal mobility promoting employee growth (including promoting from within)</i> • <i>Integrated measures to support parenthood and long-term employee retention post parental leave</i> • Internal leadership development programs designed to remove barriers to employee. management and equip employees to move into leadership roles, etc
Employee Engagement Initiatives	Actions and policies	<ul style="list-style-type: none"> • <i>Employee Satisfaction Surveys, wide variety of employee resource groups or employee affiliation groups, opportunities for employees to engage with management and leadership on topics that interest them</i> • <i>Company-wide townhall style meetings to keep employees apprised of direction/initiatives/changes/performance</i> • Employee performance recognition/celebration (lunches, dinners, awards, competitions, etc.), family/community days, team building activities 		

<p>Employee Safety</p>	<p>Actions and policies</p> <p>LTI</p> <p>TRIR</p>	<ul style="list-style-type: none"> • Regular tracking and monitoring of safety metrics • Comprehensive Environmental health and safety management system aligned to or modeled after ISO Protocols • Effective health and safety training program in place • All required PPE provided, and safety measures in place i.e., lockout/tagout • DART • Incident Rate • workforce hours expended 	<ul style="list-style-type: none"> • Annual safety audits at each operational site • External health & safety certifications • Consistent safety tracking against previous years and industry benchmarks with openly communicated targets for improvement • System for reporting safety concerns • Safety talks prior to meetings • LTI Frequency Rate • LTI Severity Rate • Reduction in TRIR 	<ul style="list-style-type: none"> • Onsite medical personnel at all times • Annual physical/checkup required of all employees and provided onsite • Strict non-retaliation protocols to protect employees who report safety concerns • All health and safety protocols (including training measures) extend to third party contractors and any other visitors to the facility
<p>External Stakeholder Human Rights and Supplier Relationships</p>	<p>Actions and policies</p>	<ul style="list-style-type: none"> • Compliance with all global Anti-Human Trafficking/slavery and corruption/bribery laws, conflict minerals policy, supplier code of conduct, etc. 	<ul style="list-style-type: none"> • Onsite audits of suppliers on social issues • Specific procedures / protocols for what criteria or social misconduct must eliminate a potential supplier from consideration • Continuous monitoring of existing suppliers (news and identified persons) for involvement in social or ethical misconduct 	<ul style="list-style-type: none"> • Policies/procedures in place to prioritize diverse suppliers and suppliers who support equity and inclusion initiatives. • Remediation procedures in place to hold partners accountable for the freedom of enslaved or trafficked individuals when such a situation is discovered within the supply chain. • ESG principles integrated into supplier contracts
<p>Fair and Ethical Business Dealings // Corruption, Bribery, Compliance with Global Trade Regulations, etc.</p>	<p>Actions and policies</p>	<ul style="list-style-type: none"> • Code of Conduct • Employee Handbook • Anti-Bribery & Corruption protocols in place internally and externally • Compliant with global trade regulations and operating laws in all applicable countries/regions 	<ul style="list-style-type: none"> • Comprehensive compliance training provided to employees and business partners. • Conflict of Interest policy and training for employees • Vetting of partners and potential partners for ethical concerns 	<ul style="list-style-type: none"> • Continuous monitoring of third-party relationships for corruption related concerns (particularly with respect to relationships with foreign governments) • Sophisticated reporting mechanism in place to allow employees/partners to report any ethical concerns • Comprehensive whistleblower protection program in place.

GOVERNANCE	Metric	Good	Better (Good and ...)	Best (Better and ...)
Executive ESG Responsibilities	Actions and policies	<ul style="list-style-type: none"> Board and Executive Leadership made aware of direction, goals, and current performance metrics of the Sustainability Program 	<ul style="list-style-type: none"> Board and Executive Leadership take an active role in steering/guiding the direction of the Sustainability Program and direct key sustainability goals and targets for the company 	<ul style="list-style-type: none"> Adopt a long-term approach to continuously monitor and mitigate impacts and implement across entire scope of the company Align with third party verifiers and applicable regulatory requirements ESG/Sustainability performance tied to Board member and Executive leadership review and or compensation
Data Privacy and Protection	Actions and policies	<ul style="list-style-type: none"> <i>Compliance with GDPR and all local regulations.</i> <i>Employee badge/password access</i> <i>CCTV</i> <i>VPN</i> <i>Anti-malware software</i> <i>Visitor agreements</i> 	<ul style="list-style-type: none"> <i>IP enforcement</i> <i>Non-compete/NDA agreements</i> <i>Restricted employee access</i> Double authentication 	<ul style="list-style-type: none"> Internal risk assessments/security audit: Hire an ethical hacker to break into the system to determine any weak points and potential security threats; adjust accordingly
Compliance with Environmental and Social Laws and Regulations	Actions and policies	<ul style="list-style-type: none"> Meet basic requirements of env/safety compliance requirements. (ICP, COC, Env. Mgmt. plan, etc.) 	<ul style="list-style-type: none"> Conduct internal audits to determine current company standing 	<ul style="list-style-type: none"> <i>Have a comprehensive report of ESG standing with third-party accreditation</i> Taking preventative measures to disclose and comply even when not directly required to do so

Resources

Sample ESG reports and commitments

- [Bechtel Impact Report](#)
- Ferguson: [Building Momentum, Sustainably](#)
- [Sloan Sustainability Report](#)
- Stanley Black and Decker: [Focused on Impact](#)
- Trane: [Ambition. Action. Impact.](#)
- [Turner Construction](#)
- [Victaulic Sustainability Report](#)
- [Watts Sustainability Report](#)
- [Whiting-Turner](#)

Sample ESG policies

- [Skanska Environmental, Health and Safety Policy](#)
- [Bechtel Sustainability Policy](#)
- [MMC Privacy Policy](#)

Glossary of key ESG terms

BIODIVERSITY: The practice of protecting and preserving the wealth and variety of species, habitats, ecosystems, and genetic diversity on the planet.

CIRCULAR ECONOMY: Includes measures taken to retain the value of products, materials, and resources and redirect them back to use for as long as possible with the lowest carbon and resource footprint possible, such that fewer raw materials and resources are extracted and waste generation is prevented.

COMMUNITY DEVELOPMENT: Includes a plan that details actions to minimize, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community.

CUSTOMER PRIVACY: The right of the customer to privacy and personal refuge. Examples: the obligation to observe confidentiality; the protection of data; the protection of information or data from misuse or theft; the use of information or data for their original intended purpose only, unless specifically agreed otherwise

DIVERSITY, EQUITY, AND INCLUSION: Addresses a company's ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases of race, gender, ethnicity, religion, sexual orientation, and other factors.

EMPLOYEE HEALTH & SAFETY: Addresses a company's ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of their subcontractors. The category further captures how companies ensure physical and mental health of workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing, and personal protective equipment.

ENERGY MANAGEMENT: addresses environmental impacts associated with energy consumption. It addresses the company's management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company.

ENVIRONMENTAL AND SOCIAL LAWS AND REGULATIONS: relate to all types of environmental issues applicable to the organization.

1. Environmental issues can include those such as emissions, effluents, and waste, as well as material use, energy, water, and biodiversity.
2. Environmental laws and regulations can include binding voluntary agreements that are made with regulatory authorities and developed as a substitute for implementing a new regulation.
3. Voluntary agreements can be applicable if the organization directly joins the agreement, or if public agencies make the agreement applicable to organizations in their territory through legislation or regulation.

FOSSIL FUEL: A generic term for organic material (from decayed plants and animals) that has been exposed to heat and pressure from the earth's crust for hundreds of millions of years and converted into oil, coal, or natural gasses.

GOVERNANCE: Refers to the system by which an organization is directed and controlled in the interests of shareholders and other stakeholders. Governance involves a set of relationships between an organization's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the organization are set, progress against performance is monitored, and results are evaluated.

GREENHOUSE GAS EMISSIONS: Gases that trap heat in the atmosphere are called greenhouse gases.

GHG PROTOCOL: Establishes global standardized frameworks to measure and manage GHG emissions. The most widely recognized accounting standard for greenhouse gas emissions.

- Scope 1 refers to all direct emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles.)
- Scope 2 refers to indirect emissions from consumption of purchased electricity, heat, or steam.

- Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope emissions could include the extraction and production of purchased materials and fuels, transport related activities in vehicles not owned or controlled by the reporting entity, electricity related activities e.g., transmission and distribution losses, outsourced activities, and waste disposal.

GREENWASHING: Promoting a product, service or company as more environmentally friendly than it truly is through false or misleading advertising of environmental benefits.

GLOBAL REPORTING INITIATIVE (GRI): An international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues related to climate change, human rights and corruption.

HAZARDOUS WASTE MANAGEMENT: Addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a company's management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance.

HUMAN RIGHTS: Rights inherent to all human beings, which include, at a minimum, the rights set out in the United Nations (UN) International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

PRODUCT QUALITY & SAFETY: Addresses issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a company's ability to offer manufactured products and/or services that meet customer expectations with respect to their health and safety characteristics. It includes, but is not limited to, issues involving liability, management of recalls and market withdrawals, product testing, and chemicals/content/ingredient management in products.

MATERIALITY: A measure of the importance of specific topics and information during the investment analysis process. In ESG investing, materiality helps identify the most important or relevant ESG information to consider when screening and selecting an investment.

NET ZERO: A target of completely negating the amount of greenhouse gases produced by human activity. This can be achieved by reducing GHG emissions and implementing methods of absorbing carbon dioxide from the atmosphere.

SCIENCE-BASED TARGETS INITIATIVE (SBTI): Promotes best practices in emissions reductions and net-zero targets in line with climate science and in support of the Paris Agreement goals.

THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB): A non-profit organization whose goal is to develop sustainability accounting standards.

TRANSITION PLAN: A time-bound action plan that clearly outlines how an organization will achieve its strategy to pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations, ie halving greenhouse gas (GHG) emissions by 2030 and reaching net-zero by 2050 at the latest, limiting global warming to 1.5°C.

VALUE CHAIN EMISSIONS: GHG emissions from the upstream and downstream activities are associated with the full scope of operations (value chain) of the reporting company.

Sources

[ESG Terms You Need to Know - Persefoni](#)

[EPA: Glossary | US EPA](#)

[GRI: GRI Standards Glossary 2022.pdf](#)

[TCFD: E02 - Glossary & Abbreviations.pdf \(tcfithub.org\)](#)

[SASB: Materiality Finder](#)

[SASB: SASB-Conceptual-Framework.pdf](#)

[CDP: List of Sustainability Definitions - CDP](#)

[esg-glossary-2.pdf \(breckinridge-fs.s3.amazonaws.com\)](#)

[IPCC Glossary](#)

Appendix

Reporting frameworks

ESG reports are among the fastest growing voluntary disclosures in history. There are various frameworks and standards that companies can use to help develop their ESG strategy and transparently share information on their greatest risks and opportunities.

- [The Sustainability Accounting Standards Board \(SASB\)](#)

The SASB Standards are designed to surface the sustainability factors most likely to affect the financial condition or operating performance of companies in a given industry. The Standards are well-suited to serve as a valuable input to a company's identification of sustainability-related risks and opportunities. The SASB Standards group sustainability topics into five "sustainability dimensions": the environment, human capital, social capital, business model and innovation, and leadership and governance.

- [International Sustainability Standards Board](#)

The ISSB has issued a comprehensive set of sustainability-related financial and climate disclosure requirements that build on other reporting initiatives. This is intended to streamline and simplify the highly fragmented ESG reporting process. The [Taskforce for Climate-Related Financial Disclosures](#) (TCFD) transitioned to ISSB in 2024.

- [Global Reporting Initiative \(GRI\)](#)

The GRI Standards enable any organization – large or small, private or public – to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby increasing transparency on their contribution to sustainable development.

- [United Nations Sustainable Development Goals \(UN SDGs\)](#)

[The 2030 Agenda for Sustainable Development](#), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

ESG raters and rankers

ESG ratings measure a company's exposure to (industry-specific) sustainability risks and how well it manages them. Many stakeholders rely on publicly disclosed information when assessing a company's ESG profile. However, in some cases, the ESG information may be requested privately, such as in a commercial context. Some investors and other stakeholders may rely on ESG ratings, which can be based on a company's responses to the rater's questionnaire.

As of 2020, research conducted by KPMG, revealed at least 150 global rating agencies, each with their own criteria and methodology. A few notable agencies are explained below.

- [CDP](#): CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
- [MSCI](#): MSCI's ESG ratings are designed to measure a company's resilience to financially material environmental, societal and governance risks.

- [ISS](#): ISS ESG solutions cover corporate and country ESG research and ratings enabling its clients to identify material social and environmental risks and opportunities.
- [Sustainalytics](#): Morningstar Sustainalytics provides high-quality, analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies.
- [EcoVadis](#): The EcoVadis sustainability assessment methodology is an evaluation of how well a company has integrated the principles of Sustainability/CSR into their business and management system.