

# ESG & FACILITY MANAGEMENT

HOW FM CAN IMPROVE THE ORGANISATIONS ESG PERFORMANCE

2023 Survey by STRANDGADE



KONSULENTGRUPPEN  
STRANDGADE

# Agenda

1

Welcome and introduction to the FM ESG Survey

14:00 – 14:30

2

ESG legislation - overview, understanding and FM relevance

14:30 – 15:15

3

Break

15:15 – 15:45

4

Survey results & ESG requirements in FM contracts

15:45 – 16:30

# Introduction

DFM

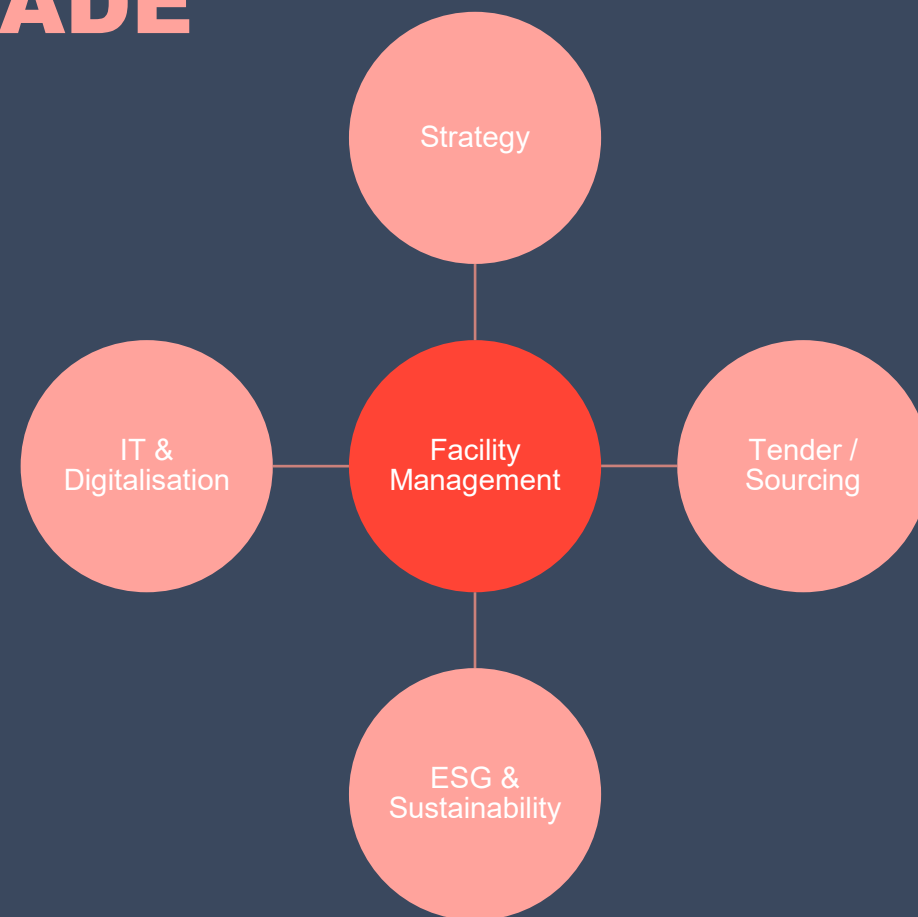
Fødevarestyrelsen

STRANDGADE

- Karen W. Nielsen, Vicedirektør
- Nanna Kiy, Specialkonsulent og projektleder
- Emil Lund, Chefkonsulent
- Christian Behrens, Partner

# Konsulentgruppen STRANDGADE

- Established in 2006 – Out of PWC, IBM & PA Consulting
- Leading Facility Management Consultancy firm in Denmark
- From strategy to implementation & operation
- Long successful track record – both public and private sector clients
- Experienced consultants – background from management consultancy, FM service providers and/or FM customers
- Thought leadership – market research & surveys
- Assisted customers with 40+ FM tenders and internal optimization projects
- Significant results for our customers – savings / quality improvements / employee satisfaction
- High customer satisfaction
- Member & contributor to Dansk Facilities Management



# Objective of survey

- The main purpose of the survey is to translate the general ESG requirements to specific and operational FM targets:
  - FM ESG KPIs
  - FM tender requirements and award criteria
  - How to govern and manage the FM operation with a ESG focus
- How prepared is the market to the new ESG requirements?
  - The survey incorporates feedback and examples from 20+ contributing companies and organisations
- The survey is completed by STRANDGADE – in coordination with DFM

## A multitude of concepts and terminologies



## Summarized into EU's 82 ESG disclosure requirements and 1000+ datapoints



## FM specific & measurable ESG requirements by STRANDGADE

Part of the management report	ESRS codification	Title
1. General information	ESRS 2	General disclosures, including information provided under the Application Requirements of topical ESRS listed in ESRS 2 Appendix C.
2. Environmental information	Not applicable	Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).
	ESRS E1	Climate change
	ESRS E2	Pollution
	ESRS E3	Water and marine resources
	ESRS E4	Biodiversity and ecosystems
	ESRS E5	Resource use and circular economy
3. Social information	ESRS S1	Own workforce
	ESRS S2	Workers in the value chain
	ESRS S3	Affected communities
	ESRS S4	Consumers and end-users
4. Governance information	ESRS G1	Business conduct

Our aim is to develop a specific and operational Facility Management response to ESG

# A complex set of rules to navigate

- 82 disclosure requirements
- 300+ pages and 1.000+ datapoints
- Moving target – latest update 31.07.23
- STRANDGADE will continuously monitor and update our recommendations

General requirements & disclosures	1. General requirements/principles 2. General disclosures on strategy, governance and materiality assessments	12	Sector-specific requirements (est. 2025)
Environment	E1. Climate change E2. Pollution E3. Water & marine resources E4. Biodiversity and ecosystems E5. Resource use and circular economy	32	
Social	S1. Own workforce S2. Workers in value chain S3. Affected communities S4. Consumers & end users	32	
Governance	G 1. Business conduct	6	



- FM is impacted by a subset of these requirements (#21)
- Example: E1-5, Energy Consumption Mix: Calculate total energy consumed broken down into renewable and non-renewable sources and set targets

Chain worker policy							
Reference		Milestones and target years					
Code	Comparative	N	% N / N-1	2025	2030	2040	2050
Year							
Energy consumption and mix							
(1) Fuel consumption from coal and coal products (MWh)							
(2) Fuel consumption from crude oil and petroleum products (MWh)							
(3) Fuel consumption from natural gas (MWh)							
(4) Fuel consumption from other fossil sources (MWh)							
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)							
(5) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)							
Share of fossil sources in total energy consumption (%)							
(7) Consumption from nuclear sources (MWh)							
Share of consumption from nuclear sources in total energy consumption (%)							
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)							
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)							
(10) The consumption of self-generated non-fuel renewable energy (MWh)							
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)							
Share of renewable sources in total energy consumption (%)							
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)							

## Examples

- Chain worker policy (S2-1)
- Scope 1,2 & 3 (E1-6)
- Energy consumption mix (E1-5)

# STRANDGADE & DFM working together

## 20 participating organisations

- Private global companies
- Private local companies
- Public organisations
- Both FM buyers and FM service providers

## Method

- Qualitative method based on questionnaire and interviews

## Other expert contribution

- EU legal proceedings on CSRD\* & ESRS\*




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\* Corporate Sustainability Reporting Directive & European Sustainability Reporting Standards

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# Why focus on ESG as a FM professional

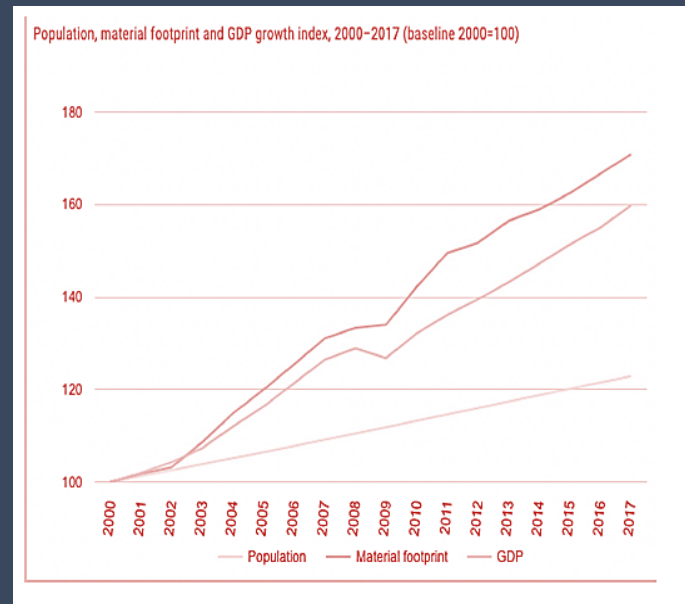
- Legal compliance
- Highly meaningful to make a difference on both environmental & social aspects
- Increase internal organizational awareness of skilled & sufficiently staffed FM and RE functions
- Many initiatives is self-financing and easy to get approved
- Employer and customer branding effect
- Avoid negative publicity
- Supporting an innovative culture



**Science, finance, regulators and population agree**

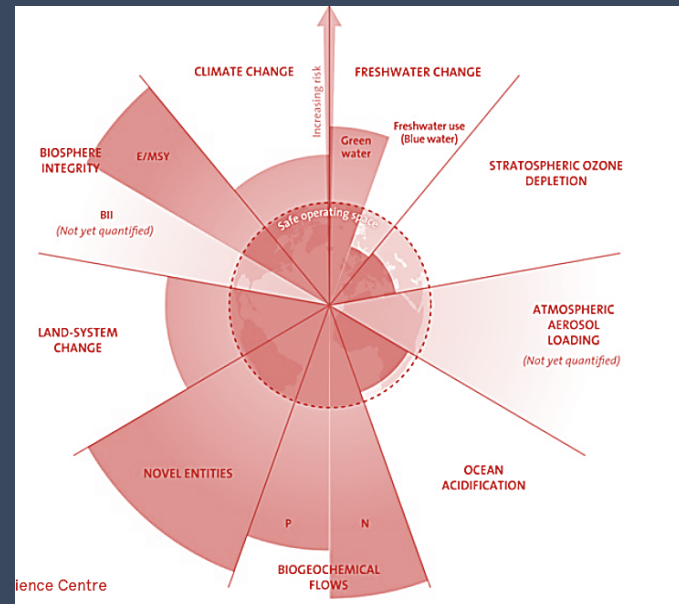


# The challenges are obvious



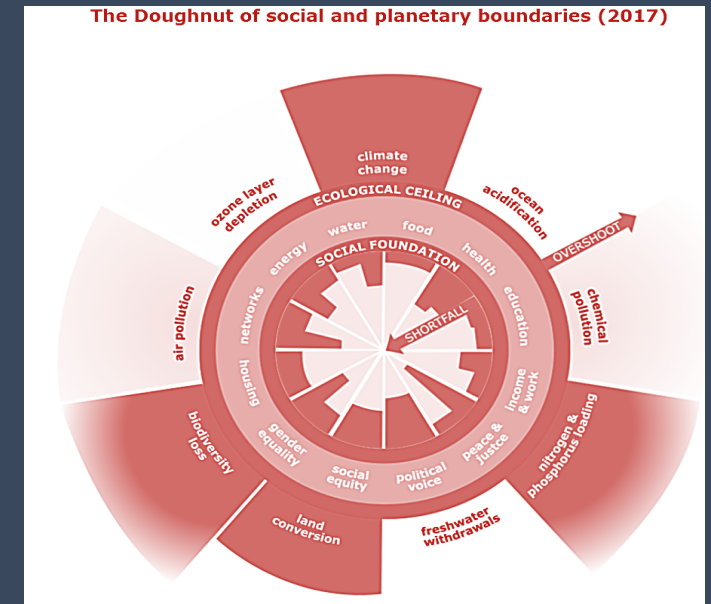
Prosperity = BNP?

Kilde: UN SDG stats



CO2 is not the only environmental issue

Kilde: Stockholm Resilience Center (nov 22). Planetary boundaries



Environment is not the only perspective

Kilde: Kateraworth.com

# A time before and after the GREEN DEAL

- Net Zero before 2050 (55% before 2030)
- CSRD directive: Reporting requirements regarding Environmental, Social & Governance (ESG)
- Taxonomy regulation: Standardize definitions and define which expenditure items are considered sustainable
- CSDDD (directive proposal): Companies are required to carry out due diligence in human rights and environment across the entire value chain

## ESG examples



### Environmental

- Climate change
- Pollution
- Water & marine
- Biodiversity
- Circular economy



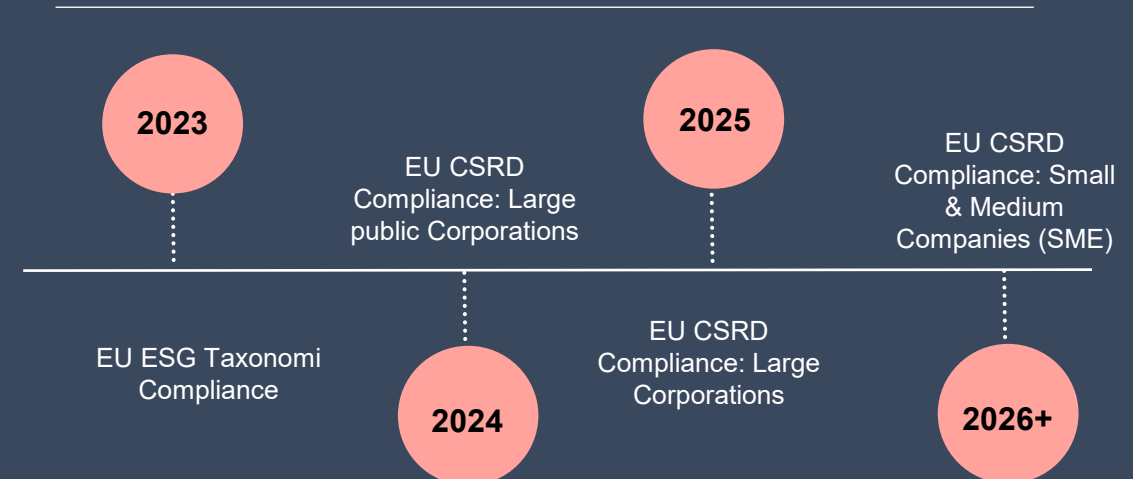
### Social

- Working conditions
- Diversity & inclusion
- Human rights
- Community engagement



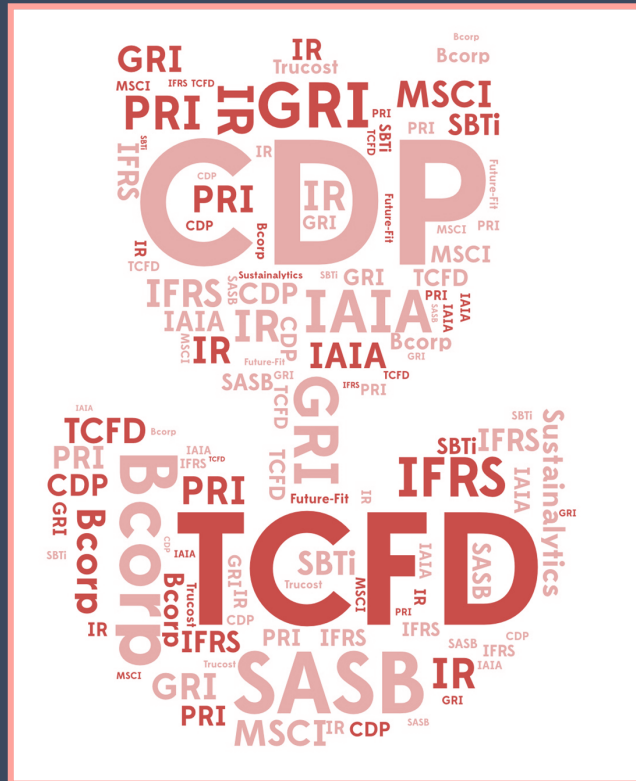
### Governance

- Anti bribery & fraud
- Risk management
- Tax policies
- Executive & board policies

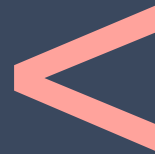


# EU's statutory requirements change the measurement methods for ESG reporting

Multiple and competitive measurement systems



Statutory regulation



# FM is the key discipline in the company's ESG performance

- 2020 European Commission report (Energy Efficiency in Buildings) conclusion: Buildings is responsible for:
  - 40% of total energy consumption in the EU and 36% of total greenhouse gas emission => Buildings and RE/FM as core focus area
- FM (especially Soft services) is employee intensive and therefore generates focus on social sustainability
  - DK: Approx 75% of FM is outsourced.\* FM service providers often uses subcontractors => All parts of the value chain must be compliant
- Conclusion: Strong FM performance is vital in securing a strong ESG position



## Environmental

- Emissions
- Biodiversity
- Waste incl. food waste
- Use of chemicals
- Smart Buildings & HVAC improvements



## Social

- Employee terms & conditions – equal opportunities, training, career programs
- Retention rates and programs for attracting social vulnerable employees
- Ratio of students and trainees
- Interaction with local community



## Governance

- Governance structures
- Control mechanisms
- Risk management

# What part of the ESG legislation is relevant to FM?

- CSRD defines which companies are subject to the legislation and when
- ESRS contains the requirements that companies must comply with
  - ESRS consists of 12 standards - approximately 300 pages
  - Each standard includes a number of requirements for what must be reported. There are currently 82 disclosure requirements and +1,000 qualitative (narrative) & quantitative (metric) data points. Only the general requirements in ESRS2 are mandatory for all companies. Double materiality assessments is essential to conduct.
  - STRANDGADE has reviewed all standards and requirements and assesses that particularly 21 disclosure requirements with associated data points are FM relevant

## Companies directly in scope of CSRD

- Approximately 49.000 companies in the EU  of which 2.300 are Danish companies 
- Heavy trickle-down effect to minor companies is anticipated

## 12 ESRS standards

General (2 standards 12 DR.) & sector specific disclosure req.(TBD)

### Environment & Climate (5 standards 32 DR)

- Climate change
- Pollution
- Water & marine
- Biodiversity & ecosystems
- Circular economy

### Social (4 standards 32 DR)

- Own workforce
- Workers in value chain
- Affected communities
- Consumers & end users

### Governance (1 standard 6 DR)

- Governance, risk management & internal control

# ESRS requirements – From General to FM specific

## Overview of information requirements (June 23)

General ESG requirements	General requirements & disclosures	1. General requirements/principles 2. General disclosures on strategy, governance and materiality assessments	12	Sector-specific requirements (est. 2025)
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	Social	S1. Own workforce S2. Workers in value chain S3. Affected communities S4. Consumers & end users	32	
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## Example of E1: Climate Change – reporting requirements

- Are climate targets included in the management's remuneration?
- The company's climate goals
- How climate impact is priced internally in the company

FM relevant requirements	General requirements & disclosures	1. General requirements/principles 2. General disclosures on strategy, governance and materiality assessments	(0)	Sector-specific requirements (est. 2025)
	Environment	E1. Climate change E2. Pollution E3. Water & marine resources E4. Biodiversity and ecosystems E5. Resource use and circular economy	16	
	Social	S1. Own workforce S2. Workers in value chain S3. Affected communities S4. Consumers & end users	3	
	Governance	G 1. Business conduct	2	

- GHG scope 1,2 and 3 consumption and development (17 DP)
- Risk management of climate change (5 DP)
- Policies to achieve climate targets (14 DP)
- Energy consumption – including share of renewable energy (12 DP) – see next slide



# E1-5 Energy consumption mix

- The company must provide information on its energy consumption and mix – i.e. disclosing:
  - Non-renewable sources (including also electricity, heat, steam or cooling consumed or acquired from coal, oil, natural gas, nuclear products)
  - Renewable sources (including also electricity, heat, steam or cooling consumed or acquired from biogas & biomass or hydrogen)
- Furthermore, the company's "energy-intensity" associated with activities in high climate impact sectors\* : Energy consumption/ Net revenue

## Recommended format for reporting energy consumption & mix

Energy consumption and mix	Comparative	Year N
(1) Fuel consumption from coal and coal products (MWh)		
(2) Fuel consumption from crude oil and petroleum products (MWh)		
(3) Fuel consumption from natural gas (MWh)		
(4) Fuel consumption from other fossil sources (MWh)		
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Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)		



# The cornerstone in sustainability work



## Understanding value chains

- Which value chains are located in FM's area of responsibility. Both upstream and downstream.
- Analyze both from E, S and G perspectives
- Focus on avoiding a negative impression but also activating the possibility of a positive impression



## Selecting areas of action

- Conduct mapping of ESRS standards
- Qualify through double materiality analysis
- Focus on hierarchy of reduction



## Mapping of data, processes and competencies

- Is the required data or policies available in a solid format
- Are there processes that support reporting
- Acquire knowledge and skills and add resources to the area



## Well begun is half done

- Ensure top management commitment
- Avoid letting the worst enemy of the good be the perfect.
- Start with transparent assumptions in case of missing data
- Create a movement
- Think holistic

# Double materiality assessments – Introduction and financial risks & opportunities

- Materiality assessment is the starting point for sustainability reporting under ESRS. Disclosure requirements pr site, country, subsidiary or whatever is significantly different. Only general ESRS 2 requirements are mandatory.
- The ESRS breaks double materiality into two categories:
  - **Financial materiality** (the “outside-in” perspective)
  - **Impact materiality** (the “inside-out” perspective)
- **Financial materiality**
  - Identify the risk and opportunities to financial performance in the eyes of people making decisions relating to providing resources to the entity.
  - Material when assessing likelihood. Does it trigger or could reasonably be expected to trigger material financial effects on the undertaking.
  - The potential magnitude of a financial effect (scenarios)

Examples of ESRS listed by topic – Financial and impact

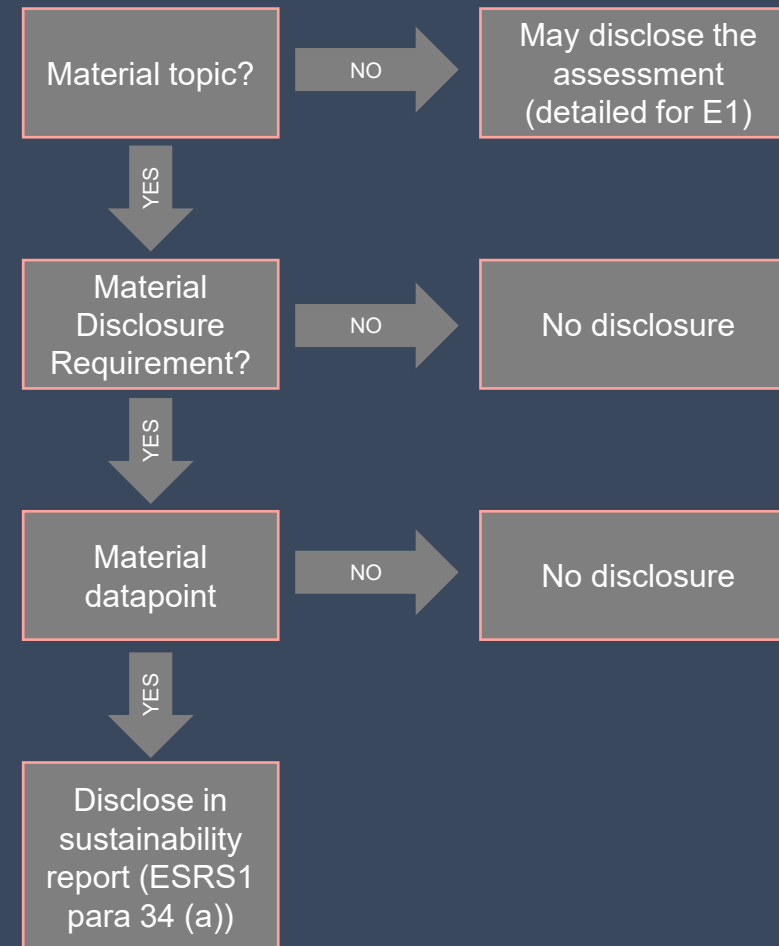
Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate change	<ul style="list-style-type: none"> <li>• Climate change adaptation</li> <li>• Climate change mitigation</li> <li>• Energy</li> </ul>	
ESRS E2	Pollution	<ul style="list-style-type: none"> <li>• Pollution of air</li> <li>• Pollution of water</li> <li>• Pollution of soil</li> <li>• Pollution of living organisms and food resources</li> <li>• Substances of concern</li> <li>• Substances of very high concern</li> <li>• Microplastics</li> </ul>	
ESRS E3	Water and marine resources	<ul style="list-style-type: none"> <li>• Water</li> <li>• Marine resources</li> </ul>	<ul style="list-style-type: none"> <li>• Water consumption</li> <li>• Water withdrawals</li> <li>• Water discharges</li> <li>• Water discharges in the oceans</li> <li>• Extraction and use of marine resources</li> </ul>
ESRS E4	Biodiversity and ecosystems	<ul style="list-style-type: none"> <li>• Direct impact drivers of biodiversity loss</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Land-use change, fresh water-use change and sea-use change</li> <li>• Direct exploitation</li> <li>• Invasive alien species</li> <li>• Pollution</li> <li>• Others</li> </ul>
		<ul style="list-style-type: none"> <li>• Impacts on the state of species</li> </ul>	Examples: <ul style="list-style-type: none"> <li>• Species population size</li> <li>• Species global extinction risk</li> </ul>
		<ul style="list-style-type: none"> <li>• Impacts on the extent and condition of ecosystems</li> </ul>	Examples: <ul style="list-style-type: none"> <li>• Land degradation</li> <li>• Desertification</li> <li>• Soil sealing</li> </ul>
		<ul style="list-style-type: none"> <li>• Impacts and dependencies on ecosystem services</li> </ul>	



# Double materiality assessments – impact

- **Impact** materiality - 3 step assessment:
  - Which stakeholders are affected positively or negatively across the value chain or effected in general (E.g. users of statements, investors, employees, nature, unions, local society, academics etc)
  - Which impacts (Assessing severity of the actual or potential materiality - impacts on people or the environment over the short-, medium- or long-term evaluating scale, scope, likelihood & irremediable character)
  - Setting a threshold (appropriate quantitative and /or qualitative) to support what to report
- EU will supply further guidance on double materiality assessments in late 2023

## Process exemplified



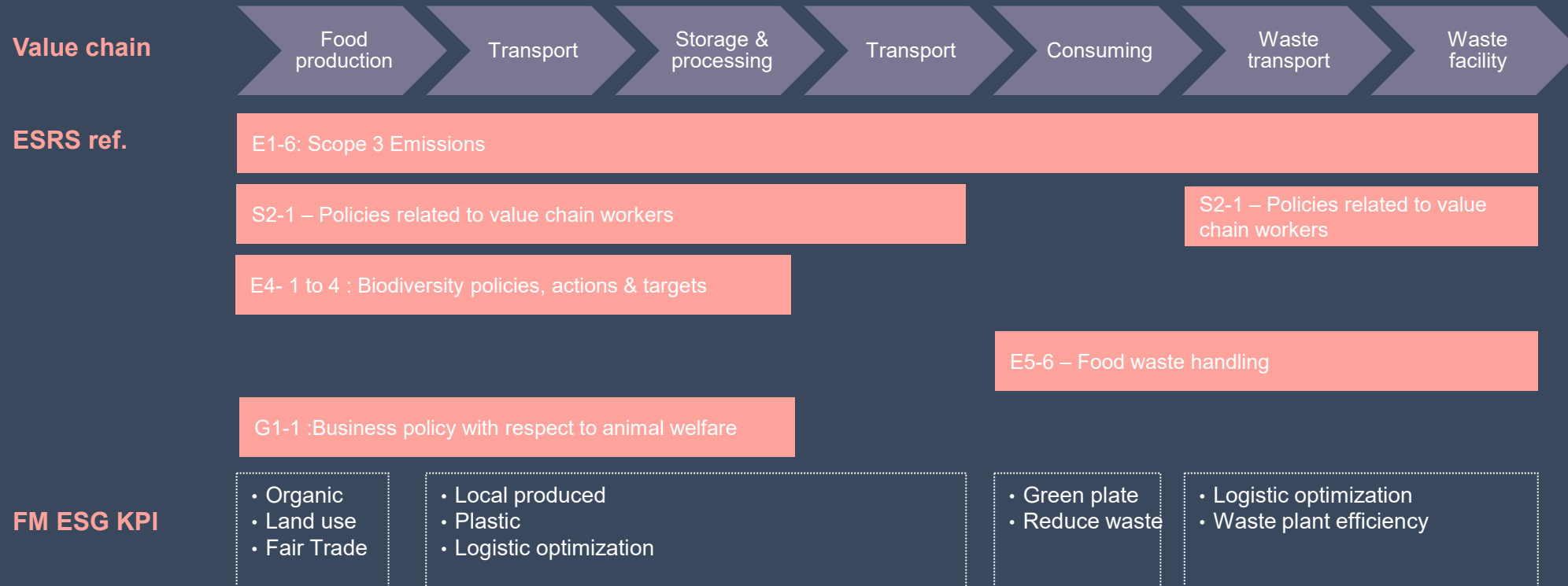
## Example

E5 -Circular economy

E5-6: Resource outflows

E5-6: Composition of waste – Food waste

# Value chains – Canteen example







Ministeriet for Fødevarer,  
Landbrug og Fiskeri  
Fødevarestyrelsen

# Bæredygtighed i et Facility Management perspektiv *Med fokus på kantiner*

12. september 2023



Bæredygtig Mad og Sundhed  
13. september 2023



# Ministeriet for Fødevarer, Landbrug og Fiskeri

## Fødevarestyrelsen



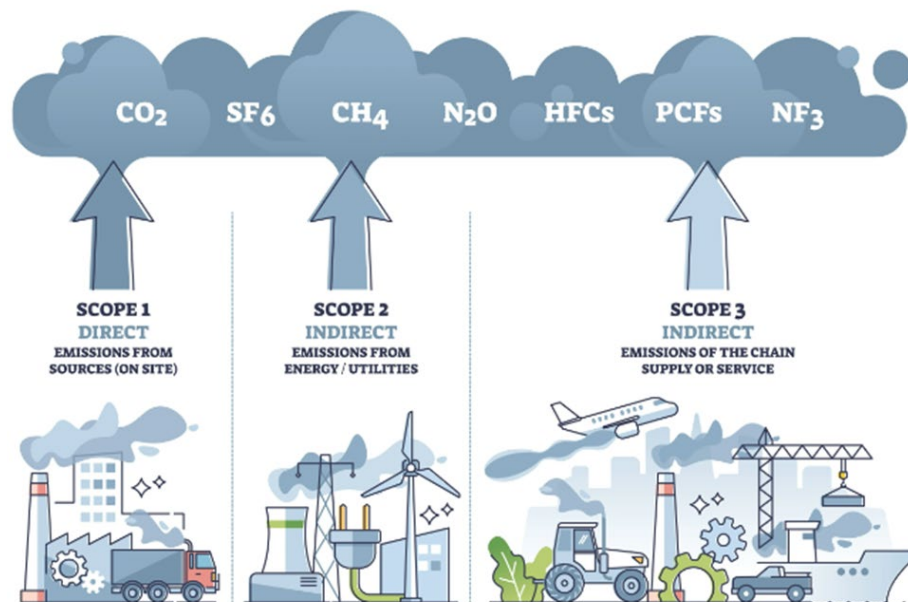
**Spis planterigt,  
varieret og ikke  
for meget**

De officielle Kostråd  
– godt for sundhed og klima





# SCOPES OF EMISSIONS

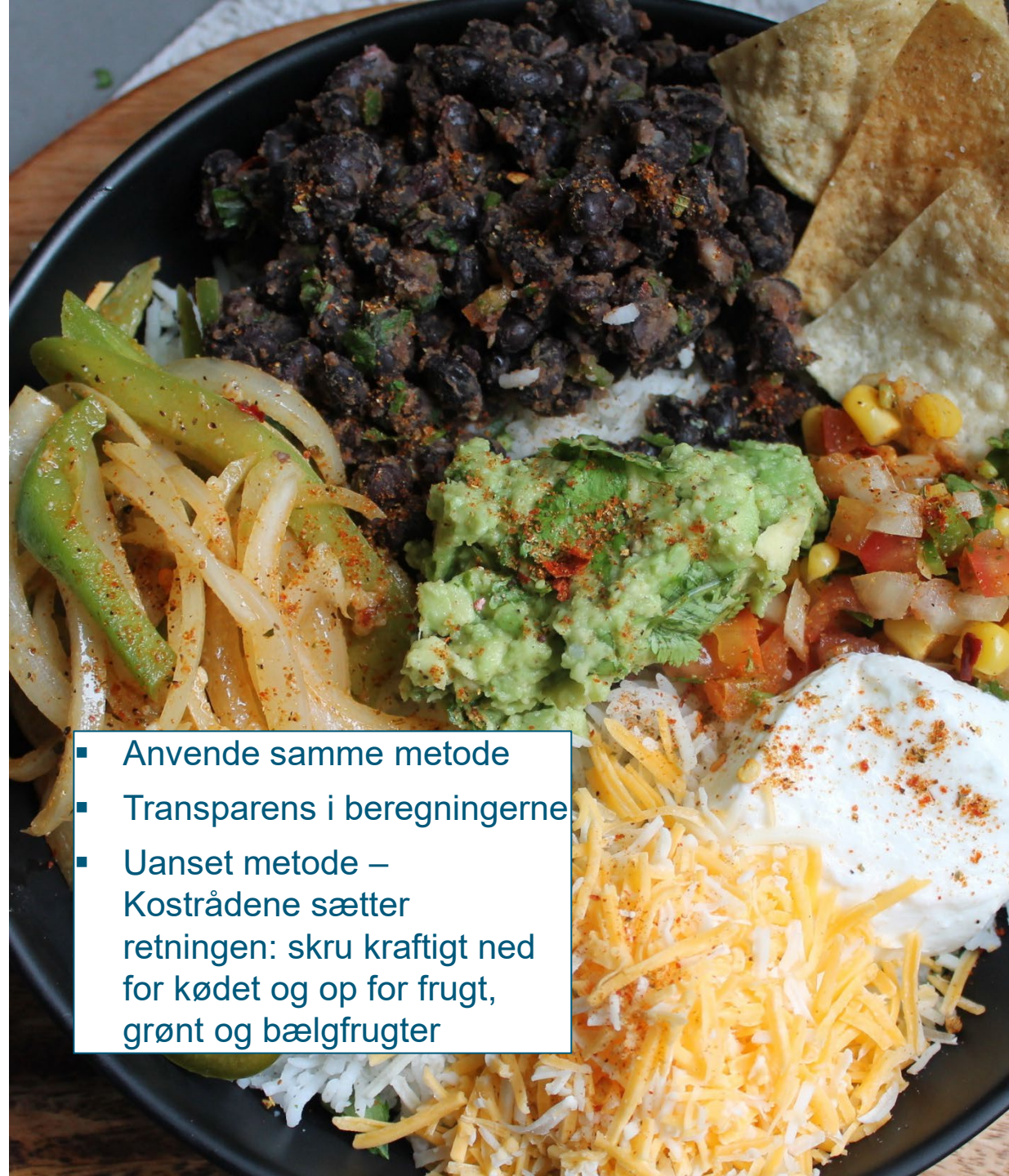


<https://www.danskindustri.dk/brancher/di-digital/nyhedsarkiv/nyheder/2022/10/forsta-drivhusgasprotokollen-og-hvordan-du-begynder-at-arbejde-med-scope-3/>

**SCOPE 3:**  
Inkluderer bl.a.  
fødevareindkøb  
til kantinen

Ingen officielle  
anbefalinger –  
men mange  
udfører i dag  
CO<sub>2</sub> beregninger

- Anvende samme metode
- Transparens i beregningerne
- Uanset metode –  
Kostrådene sætter  
retningen: skru kraftigt ned  
for kødet og op for frugt,  
grønt og bælgrugter





# De officielle Kostråd - godt for sundhed og klima

- Spis planterigt, varieret og ikke for meget
- Spis flere grøntsager og frugter
- Spis mindre kød – vælg bælgrugter og fisk
- Spis mad med fuldkorn
- Vælg planteolier og magre mejeriprodukter
- Spis mindre af det søde, salte og fede
- Sluk tørsten i vand



Spis flere grøntsager  
og frugter



Sluk tørsten  
i vand



Spis mad med fuldkorn



Spis mindre kød –  
vælg bælgrugter og fisk



Vælg planteolier  
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Spis mindre af det  
søde, salte og fede



Spis planterigt,  
varieret og ikke  
for meget

De officielle Kostråd  
– godt for sundhed og klima

# Kostråd til Måltider

Her er de tre primære værktøjer, I kan bruge, når I vil sætte Kostrådene på menuen og servere mad, der er godt for sundhed og klima.

Find alt materialet om Kostråd til Måltider på [altomkost.dk](http://altomkost.dk)

## Principper

Viser principper  
for sund og klima-  
venlig mad, og  
hvordan I omsætter  
dem til måltider

Findes også som version  
til daginstitutioner

**Principper i skoler og kantiner**

Overvej om I kan sænke den samlede energiindhold i maden, og hvordan I kan sænke den samlede mængde af de forskellige ingredienser. Hvis I sænker mængden af ingredienserne, kan I sænke den samlede energiindhold i maden. Hvis I sænker mængden af ingredienserne, kan I sænke den samlede energiindhold i maden.

Grøntsager og frugter	Bælgfrugter, fisk, korn og æg	Kornprodukter og kærter	Fedtstoffer, sukker og frø	Mælkeprodukter og ost
Grøntsager og frugter (2 del af 10)	Bælgfrugter (2 del af 10)	Kornprodukter og kærter (2 del af 10)	Fedtstoffer, sukker og frø (2 del af 10)	Mælkeprodukter og ost (2 del af 10)
Grøntsager og frugter (2 del af 10)	Bælgfrugter (2 del af 10)	Kornprodukter og kærter (2 del af 10)	Fedtstoffer, sukker og frø (2 del af 10)	Mælkeprodukter og ost (2 del af 10)
Grøntsager og frugter (2 del af 10)	Bælgfrugter (2 del af 10)	Kornprodukter og kærter (2 del af 10)	Fedtstoffer, sukker og frø (2 del af 10)	Mælkeprodukter og ost (2 del af 10)

## Råvareoversigt

Viser hvilke råvarer I skal vælge, når I planlægger og tilbereder sund og klimavenlig mad

**Råvareoversigt**

Viser hvilke råvarer I skal vælge, når I planlægger og tilbereder sund og klimavenlig mad.

## Portionsstørrelser

Viser hvilke mængder der er passende i de enkelte måltider

**Portionsstørrelser i daginstitutioner**

Viser hvilke mængder der er passende i de enkelte måltider.



# Indkøbsmonitorering

- Udvikling af metode med afsæt i igangværende forskningsprojekt ved DTU Fødevareinstituttet
- Fødevareleverandører inddrages i processen
- **Udgangspunktet er et ønske om, at kunne anvende indkøbsdata som rettesnor, når kantinens indkøb vurderes → er man på rette vej ift. Kostråd til Måltider – med fokus på sundhed OG klima**



# Gevinster ved økologi i køkkenerne

- Anprise overfor de spisende gæster, at kantinen gør en indsats for økologien og dermed bæredygtigheden
- Anvende økologisk omstilling som løftestang til sundere og mere klimavenlige menuer med mere frugt og grønt og mindre kød + mindre madspild
- Forandringerne gøres med et formål med stor brandværdi
- Øget faglig stolthed for de køkkenansatte ved øget egenproduktion
- Kantinen kan adskille sig fra konkurrenterne som arbejdsplads





# Økologi og klimagevinster

- Økologisk omstilling i professionelle køkkener har vist sig ofte at resultere i en sundere og mere klimavenlig menu med mere grønt, mindre kød og mindre madspild
- Økologisk fødevarerproduktion har en række fordele, fx bedre biodiversitet, bedre dyrevelfærd, uden sprøjtemidler (godt for natur og grundvand)
- Klimaaftrykket fra økologiske produkter er på samme niveau som for konventionelle
- Udledningen af klimagasser er generelt mindre på en økologisk arealenhed, men da udbytterne på den økologiske mark også er lavere, vil det udligne sig på produktniveau



# Kostråd til Måltider

<https://foedevarestyrelsen.dk/kost-og-foedevarer/alt-om-mad/de-officielle-kostraad/kostraad-til-professionelle-koekkener/kostraad-til-maaltider-i-skoler-og-kantiner>

**Kostråd til Måltider**

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Find alt materialet om Kostråd til Måltider på [altomkost.dk](http://altomkost.dk)

**Principper**

Viser principper for sund og klimavenlig mad og hvordan I omsætter dem til måltider

**Principper i skoler og kantiner**

Viser principper for sund og klimavenlig mad og hvordan I omsætter dem til måltider

**Råvareoversigt**

Viser hvilke råvarer I skal vælge, når I planlægger og tilbereder sund og klimavenlig mad

**Portionsstørrelser**

Viser hvilke mængder der er passende i de enkelte måltider

**NU OGSÅ TIL VEGETARISKE MÅLTIDER**

## Alt om Kost

Nyheder om nye anbefalinger, kampagner, produkter og videnskabelige rapporter

- tilmeld nyhedsbrev:  
<https://foedevarestyrelsen.dk/kost-og-foedevarer/alt-om-mad/de-officielle-kostraad/nyheder/abonner>

# Webinarer for madprofessionelle

Kom til gratis webinar om sund og klimavenlig kost



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# Main conclusions from survey

- 1 ESG & Sustainability plays an important role in FM tenders and contracts
- 2 The importance of ESG varies depending on type of company – global corporations are leading
- 3 Public sector organizations calls for more precise instructions and leadership from the top
- 4 FM service providers (mainly) responding to client requests
- 5 ESG data insufficiently covered in FM contracts and managed manually or via stand-alone IT systems
- 6 Different approaches taken by the FM manager – proactive vs reactive
- 7 “Be proactive & visible – the actual effect on ESG improvements is secondary”

The image shows three overlapping survey questionnaires. The top questionnaire is titled 'FM ESG analysis, 2023' and 'Questionnaire - FM buyers'. It includes sections for 'Company', 'General', 'Status of', 'FM ESG', and 'Other'. The middle questionnaire is also titled 'FM ESG analysis, 2023' and 'Questionnaire - FM buyers'. It includes sections for 'Company', 'General', 'Status of', 'FM ESG', and 'Other'. The bottom questionnaire is also titled 'FM ESG analysis, 2023' and 'Questionnaire - FM buyers'. It includes sections for 'Company', 'General', 'Status of', 'FM ESG', and 'Other'.



# ESG & Sustainability plays an increasingly important role in FM tenders and contracts

Significant change  
last 12-18 mnths

Concrete and objective  
ESG requirements

ESG as opportunity  
driven

- Contrast to the conclusion from FM DK market survey in 2022 (as predicted)
- Change from “loose intentions” to hard measured ESG requirements and award criteria
- STRANDGADE has developed recommendations on how best to incorporate ESG in FM tenders – see later
- Much more than just being compliant
- ESG can provide a competitive advantage

**Conclusion from 2022 market survey:**

***“Sustainability is important – But still very unspecified. This will change in the near future”***

# The importance of ESG varies depending on type of company – global corporations are leading

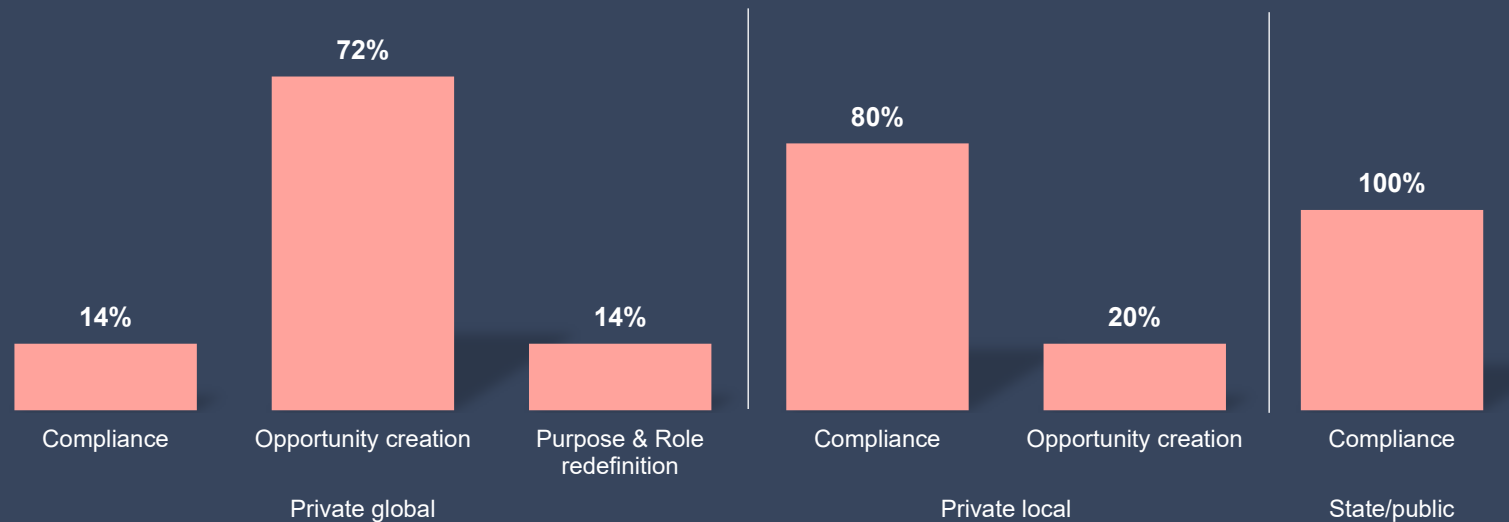
## Question

To what extent does the ESG agenda affect the company and FM - How important is ESG measured on a scale from

- Compliant
- Opportunity creation
- Purpose & role redefinition

## Conclusion

- Global corporations tends to see ESG as a game changer
- Local-market focused companies and public organizations predominantly have a compliance focus
- Public organizations in a waiting position



# Public sector organizations calls for more precise ESG instructions

## Public sector regulation

## A need for more centralized approach

- Focus is on compliance (as expected)
- Regulated in a variety of ways to-day (e.g. state regulation):
  - Cirkulære (energi, social dumping etc.)
  - Budgetvejledning (fx økologigrad)
  - Guide til grønt indkøb
- The individual 'kommune' is too small to drive ESG – must be coordinated and run by more centralized functions
- Waiting for KL to define guidelines
- Very different opinions about 'kommunal' ESG behavior

***FM responsible in large public organization: “Time spent on ESG must be compensated, otherwise less time spent on core activities (not accepted by management)”***

# FM service providers (primarily) responding to client requests – not leading its customers

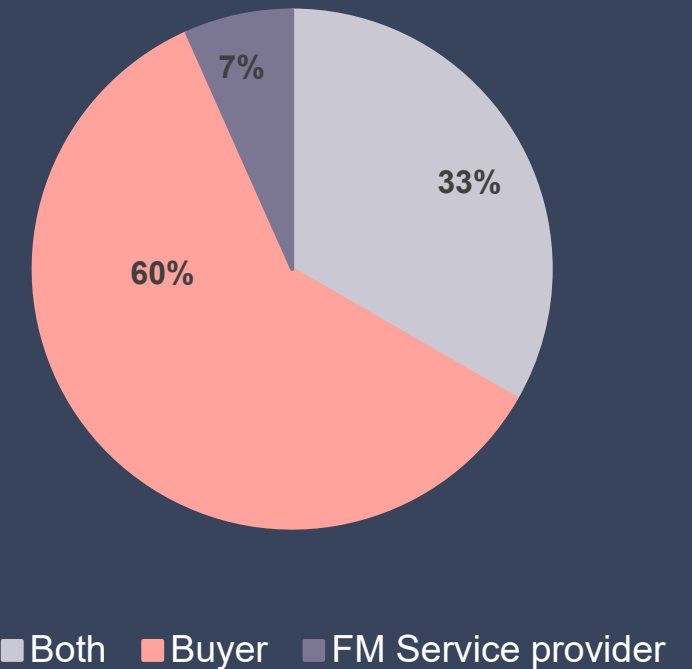
## Question

What is your expectations of your FM service provider with regard to ESG?

Do you expect your FM service provider to be at the forefront of ESG and to advise and support you (e.g. via knowledge, advise re. improvement initiatives, technology/IT, data and reporting), or do you expect internally to drive the ESG development and define the requirements that the FM service provider must deliver?

## Conclusion

- The majority of both customers and FM service providers sees that the drive for ESG requirements and ESG related services comes from the customer side
- Very few FM service providers sees them selves as driving the development and leading their clients
- The more local focused a FM service provider is, the more we see a focus of ESG compliance only and trying to follow the new market requirements coming from the customers



***FM customers are leading its service providers and pushing them to deliver – not the other way around***

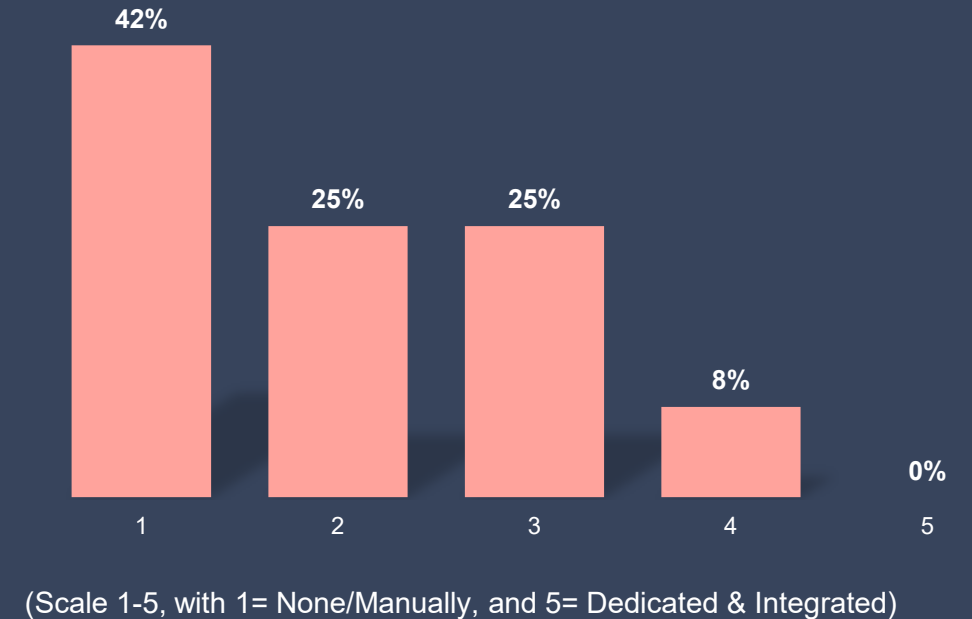
# ESG data primarily managed manually or via stand-alone systems

## Question

Are you using an IT system (e.g. FM-IT) or other types of technology to register and maintain ESG-relevant data, and how integrated is the IT system and the business core/enterprise systems?

## Conclusion

- ESG data is not yet an integrated part of the organizations IT infrastructure
- In many cases ESG data is being managed manually or in stand-alone systems, not integrated in the core systems used by the company/organization
- Private companies have come furthest in this area
- The majority of participants plan to invest significantly in technology in order to be prepared for the ESG requirements



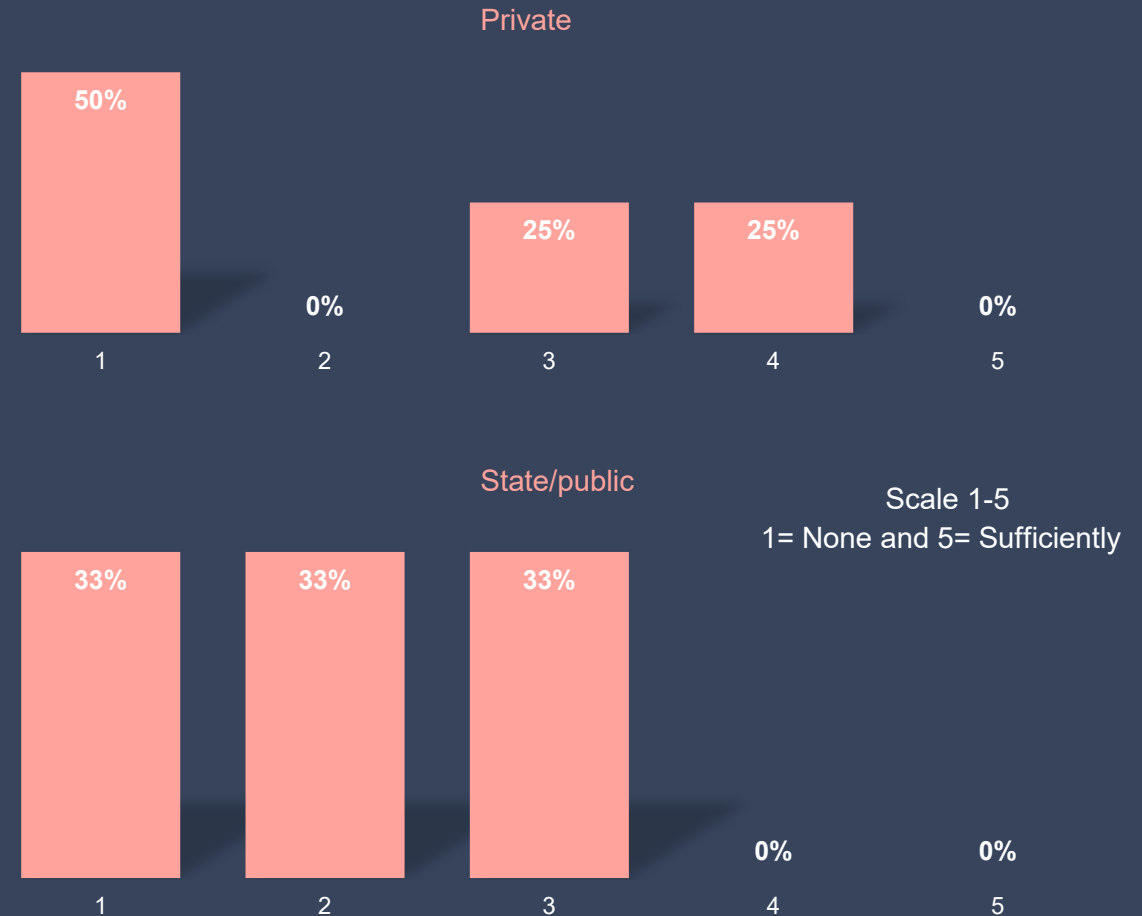
# FM contracts include ESG data requirements - however data is often not used proactively

## Question

Are there clauses in your FM contracts with FM service providers to deliver the necessary ESG data to you? Including clauses defining which data points are necessary for your ESG reporting? Has any technical integration been created to enable the exchange of ESG data from the service provider to your own IT system?

## Conclusion

- Approx 50% of respondents confirm they have such clauses
- However, the majority informs that they view these clauses as insufficient
- Only in rare cases we see technical integration
- Clauses may be part of the contract - however the actual value is limited as the data is not being used proactively eg in areas of Social KPI's



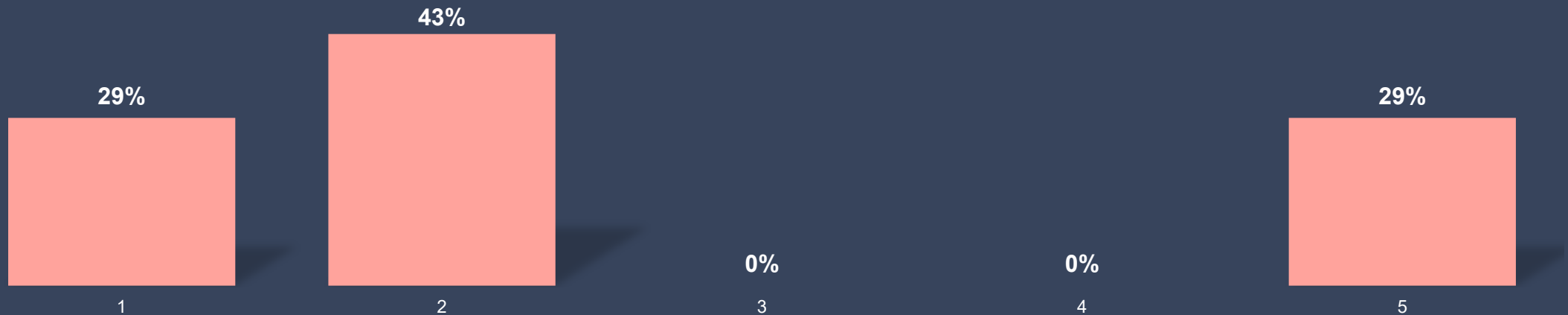
# Different approaches taken by the FM manager – proactive vs reactive

## Question

To what extent is the ESG work driven by you as a FM/RE manager or by your own staff vs. driven by instructions from top management and/or by external advisors


## Conclusion

- Different strategies / approaches:
  - Reactive – awaiting guidelines from management
  - Proactive and demonstrate initiatives and results
- Can the FM manager push upwards and drive the change?




Scale 1-5  
1= 100% reactive and 5 = 100% proactive

# Be proactive & visible – the actual effect on ESG improvements is secondary! (one survey POV)




*“Better to do something than wait for more information and appear not focused on ESG”*

*“We test different ideas, and see what comes out of it – water, coffee, plastic, furniture, vehicles etc.”*



*“Ideally it should transform the entire business, all processes and employee behavior – and not just something we do, because we have to report on it ”*





# FM specific ESG requirements & data points

- Recommended ESG initiatives and KPIs across FM service areas – can also be used if FM is run inhouse
- A guideline of how to incorporate ESG in future FM tenders & contracts
  - Contracts signed today runs for several years – the ESG agenda develops constantly
- Based on survey results + STRANDGADE experience
- Categorized into E, S and G

ESG requirements in Facility Management			
Parameter	Definition	ESG domain	FM Service Area
FM ESG KPI	What to measure (ESG data point)	Environmental	Catering
Objective	What do we want to achieve	Social	Cleaning
Measure	How do we measure it	Governance	Waste
Initiative	What to do to improve our performance		Internal Services
Tender - Pre-qual	Criteria in the Pre-qualification phase of a tender?		Security
Tender - Award	Criteria in Awarding a contract?		Building maintenance
Tender - SLA	SLA contract provision?		Technical Installations
Case	Case story - Where can we find practical experience		Green / White services
Ambition level (1-3)	Phase in ESG journey (1 = Now, 3 = Future)		Capex / Construction
Reference to ESG legislation	Reference to EU's ESG legislation (CRSD)		

# Catering – Illustration for discussion

SOFT FM - ENVIRONMENTAL SUSTAINABILITY										
FM service area	KPI	Objective	Measure	Initiative	Tenders & Contracts			Case	Ambition (1-3)	Ref to ESG Legislation
					Pre-qualif.	Award	Contract SLA			
Catering	Food waste	Reduce food waste	% of food waste / total food purchased	New technology What type of food is being wasted -> Avoid in future meals Ryd buffet initiativ Vægt vs fast pris		x	x	ANONYM	1	E5-6
Catering	CO2 emissions	Reduce CO2 emissions related to catering services	CO2 emissions (baseline) vs CO2 emissions (result)	Measure baseline and set target Value chain from production to consumption in canteen		x	x	ANONYM	1	E1-6
Catering	Organic food ratio	Increase ratio of organic produced food				x	x	ANONYM	1	(E4-1)
Catering	Meat ratio	Reduce ratio of meat		Measure baseline and set target. Potentially set individual targets for chicken, pig and cow.			x	ANONYM	1	E1-6
Catering	Local produce			Measure baseline and set target Individual targets for continent (eg Europe), country (eg. DK) and local region		(x)	x	ANONYM	2	E1-6
Catering	Animals production		"Dyrevelfærdsmærket"	Measure baseline and set target			x	ANONYM	2	G1-1
Catering	Sustainable fish	Only use sustainable fish+shellfish	WWF's categorisation of "green" fish	Measure baseline and set target			x	ANONYM	2	(ESRS2/E3-1)
Catering	Efficiently use of resources in kitchen	Reduce water & electricity consumption	Co2 neutral operation in kitchen	Separate meters in kitchen to measure consumption. Initiatives to reduce		(x)	x	ANONYM	2	E3-4
Catering	Biodiversity from farmers	Enhance biodiversity	Reduce m2 used to produce /kg food	Dialogue with selected farmers			x	ANONYM	3	E4-1
Catering	Plastic and single use materials	Reduce use of plastic and single use materials	Volume consumed plastic + single used materials (baseline) vs Result	Requirement of sustainable packaging of foods and drinks			x	ANONYM	3	E5-6

Diskussionsoplæg

# More Insights to Follow

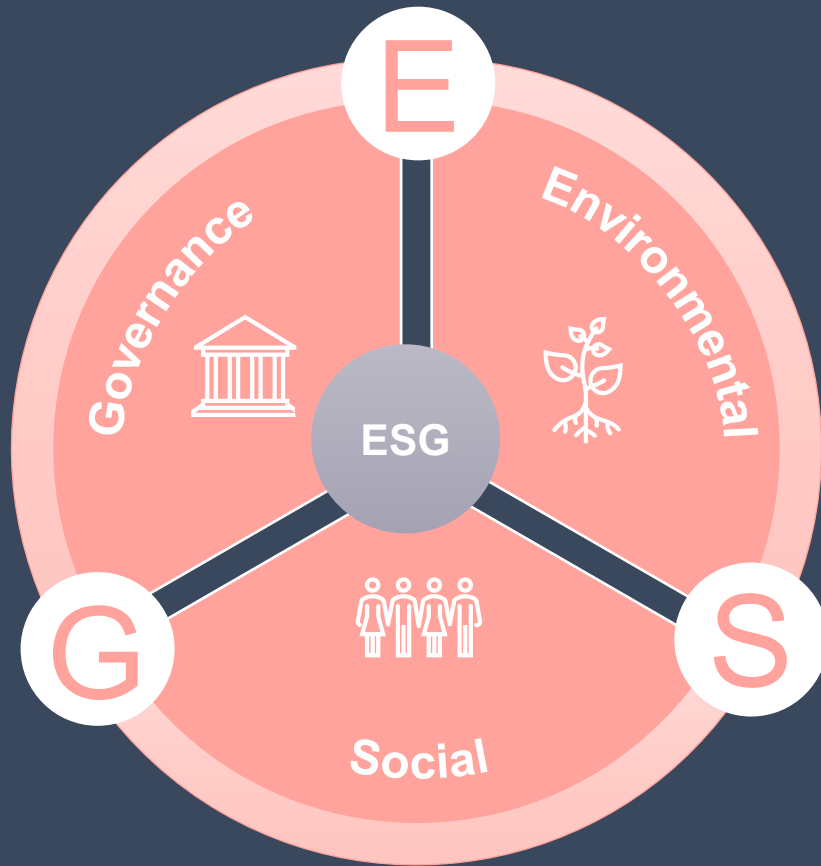
STRANDGADE will continuously monitor the ESG legislation and identify best practices and recommendations – other topics which may follow:

- Focus on Social Sustainability
- ESG functionality in FM IT Systems – How does the market leading FM IT systems support FM ESG data?
- How does ESG impact the future partnership / cooperation with FM service providers



# Sustainability & Facility Management

## HOW FM CAN IMPROVE THE ORGANISATIONS ESG PERFORMANCE



### STRANDGADE Insight



ESG is on the agenda – but the majority have a long way to go



FM and the FM professional can make a significant difference



Which part of the ESG legislation is relevant to FM?



How best to incorporate ESG into future FM tenders & contracts

*Do you want to know more about ESG legislation, FM relevance or status in the FM world?*



**Read more on our website**



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