SUSTAINABLE FM INDEX 2014

SUMMARY REPORT

AUTHORS

This report has been written with the support of the following individuals:

Sunil Shah, Acclaro Advisory

Rachael Pywell, Acclaro Advisory

Ankit Singh, Acclaro Advisory

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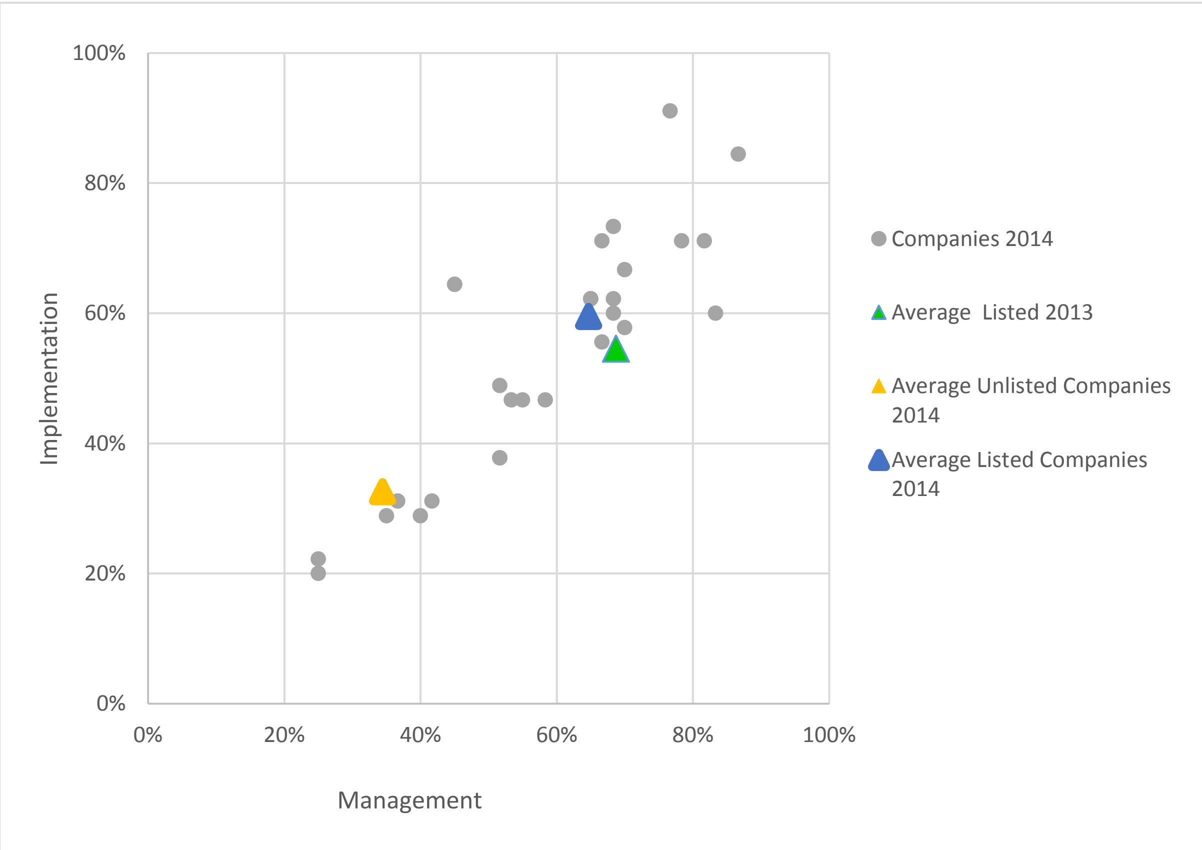
EXECUTIVE SUMMARY

Sustainability embedded into facilities management services is now an expectation from in-house and external clients, with a range of drivers including legislation, cost pressures, corporate responsibility reporting and tender requirements all increasing the risks to both the FM and client organisation. Managed proactively, a sustainable FM service can reduce costs and provide long term value.

Developed as a framework, this Index provides a robust and transparent assessment to compare FM providers within the UK market. The results are compiled annually, and can be applied to internal and outsourced organisations. The intent for this Index is to raise the performance and delivery of sustainability by showcasing achievement and highlighting excellence. It is also intended to stimulate a positive change within the sector, through both internal performance and external perception.

The Index Assessment Model (Figure 1) shows the sustainability performance based upon the scores achieved against the Management and Implementation criteria. A companies position in the Index Assessment Model is based upon is performance on these two areas and will help to understand the aspirational gap between the two – are organisations doing what they say they will.

FIGURE 1: MANAGEMENT VERSUS IMPLEMENTATION



The list of organisations that finished in the Top Quartile of the Index this year are listed below in alphabetical order:

Overall Winner	Cofely FM
Top Quartile	Bilfinger Europa Services
	Carillion
	Cofely
	Cofely FM
	Mitie
	Vinci Facilities

LISTED COMPANIES ARE PERFORMING CONSISTENTLY ABOVE PRIVATE

The largest disparity is seen in the comparison of social sustainability measures, where listed companies are scoring over 50% higher than private. The two sectors are performing closest in terms of environmental sustainability – the strongest area for private companies, and the weakest for listed - where the gap is only 25%.

THERE IS A CLEAR MATURITY PATH

Private companies are lower down on the same trajectory as listed companies. Systems are developed to better manage and report on progress as part of an organisations disclosure and contract management. Skills development for managers is critical to translate the Board requirements to deliver action at an operational level.

DECISION MAKING IS BECOMING INCREASINGLY SHORT TERM

We see an increasing short term nature of decision making for sustainability matters, accompanied by a rolling back of senior management engagement. Focus is being placed upon embedding the developed framework into the business. Whilst this is positive and is part of the natural cycle, increased Governance should be put in place to forward identify any gaps that may occur. The reduction in risk management exposes a failure in managing this change.

INCONSISTENCY IN DEFINING SUCCESSFUL SUSTAINABILITY PERFORMANCE

Whilst the role of FM is to enable a building to operate, its real value is in the customer experience that can be provided. Defining success with social and some environmental issues is still in development, resulting in a range of approaches. From a customer perspective, this lack of consistency makes it difficult to understand how providers are able to support. The reduced score in projects means that sustainability measures are being stripped out through value engineering removing the ability to provide step change improvements. Again, this highlights the short term nature of thinking.

ENERGY HAS BECOME A PREREQUISITE EXPECTATION

For the delivery of a service, embedded into the way FMs provide their offer. Management and efficiency is largely focussed on assumptions, rather than measured performance and improvement as a result of the poor granularity of data collected.

CONFLICT WITH EMPLOYMENT AND WAGES

Employment initiatives and wages are public facing issues with varying responses from FM organisations. Momentum is now gaining around FMs using the Living Wage for roles including cleaners, security and catering personnel. However, as Living Wage continues to outstrip inflation pressure will come to customers and FM providers to look at alternatives.

WHY IS THIS INDEX IMPORTANT?

THE ROLE OF INDICES

Over the last few years there have been a variety of external rating indices and awards seeking to measure corporate sustainability performance. These are increasingly used both to inform Stakeholders decisions, and to enable companies to gauge and validate sustainability strategies and test progress against rivals[1].

Making accurate and meaningful comparison with these tools is extremely difficult, often comparing companies from different sectors and geographies on the same set of criteria.

For example, comparing an investment bank and a food company on the basis of common criteria, where an issue such as sustainability manifests itself in different ways within each organisation[2]. In response to this problem, there has been an emergence of sector, size or issue specific indices such as FT Sustainable Banking awards and the Medicine Index. The importance of sectorial and geographical context[3] in the development of organisational sustainability strategies has also been highlighted in several studies[4] where physical location has been used to compare similar sized organisations. This context plays an important role when it comes to contrasting, comparing and measuring organisational performance.

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[1] Sustainability., 2010., "Rate the raters Phase one Look back and current state"., Available from: http://www.sustainability.com/content/libraries/attachment1/10/1277715919.pdf

[2] Heijden, A. V. D., P. Driessen and J. Cramer., 2010., "Making sense of Corporate Social Responsibility: Exploring organizational processes and strategies." Journal of Cleaner., 18: 1787-1796.

[3] Chen, S. & Bouvain, P., 2008. "Is Corporate Responsibility Converging? A Comparison of Corporate Responsibility Reporting in the USA, UK, Australia, and Germany"., Journal of Business Ethics, 87(S1), pp.299–317. Available at: http://www.springerlink.com/index/10.1007/s10551-008-9794-0 [Accessed March 8, 2013]

[4] Nyberg, D., Spicer, a. & Wright, C., 2013. "Incorporating citizens: corporate political engagement with climate change in Australia". Organization, 20(3), pp.433–453. Available at: http://org.sagepub.com/cgi/doi/10.1177/1350508413478585 [Accessed June 7, 2013].

THE SUSTAINABLE FM INDEX

Sustainability with a specific FM focus is assessed to monitor delivery of the service to clients, and to measure aspects of social performance within the organisation itself. On the delivery side, we look at issues such how the FM companies influence their clients to adopt sustainability measures. The provision of FM services is largely contract driven, and the embedding of sustainability depends on the type of contract and relationship between the FM provider and client. On the other hand, measuring of social performance within FM companies has been plagued by the lack of standardised (sector specific) and quantifiable social measures (i.e. what are the key social performance indicators for the sector and how do you identify the impact of social performance on the business?).

Developed as a framework compiled annually, this Index provides a robust and transparent assessment for FM providers to effectively measure and validate sustainability performance.

LIST OF PARTICIPATING FM ORGANISATIONS

AMEY UK	Galliford Try (Pentland Estate Management)	Mears Group
Babcock Support Services	GSH	MITIE
Bilfinger Europa Services	Initial	OCS
Bouygues Energy and Services	Integral UK Holdings	Serco
Carillion	Interserve	Servest
CBRE	ISS-Facilities	Skanska Construction UK
Cofely	Johnson Controls	Sodexo
Compass Group	Kier	Telereal Trillium
G4S	Cofely FM	Vinci Facilities

METHODOLOGY SNAPSHOT

The Sustainability in FM Index seeks to assess how large and established Facilities Management organisations are addressing the agenda of sustainability in the UK. This includes the disclosure of their activities and management approach towards sustainability.

REPORT COVERAGE

For the 2014 report FM organisations were selected on the basis of three criterions. The 27 organisations have met at least two out of the three criteria. This was to ensure the availability of sustainability performance related information in the public domain.

1. FM organisations that are listed on a global stock exchange,
2. FM organisations who have a minimum of 25% of their business revenue (in the financial 2013-2014) from FM services and
3. FM organisations identified under the UK government Facilities Management Contracting Model.

POOL OF INFORMATION

The criteria for the sustainability assessment of these organisations have been developed using existing standards including the Global Reporting Initiative, FTSE4Good, Dow Jones Sustainability Index and the Carbon Disclosure Project. Several areas of assessment have been updated since the 2013 Index in response to developments within the wider sustainability agenda. This ensures that the index remains relevant, valid and focused on current issues. From each company, the most recent annual reports are identified and used to assess performance. In addition, other documents that are available within the public domain are included within this assessment to ensure that consistent expectations can be successfully appraised.

ASSESSMENT INDICATORS

The Sustainable FM Index 2014 assessment is based upon 21 sector specific indicators. These indicators are divided into three separate disciplines: Management and Governance, Impact on the Environment and Impact on Society. Several indicators were updated to include issues such as materiality (i.e. measurement of business specific sustainability issues), focus on disclosure processes (both in reporting and in FM contracts) and employee wellbeing. A table detailing all assessment indicators can be found at the back of this report.

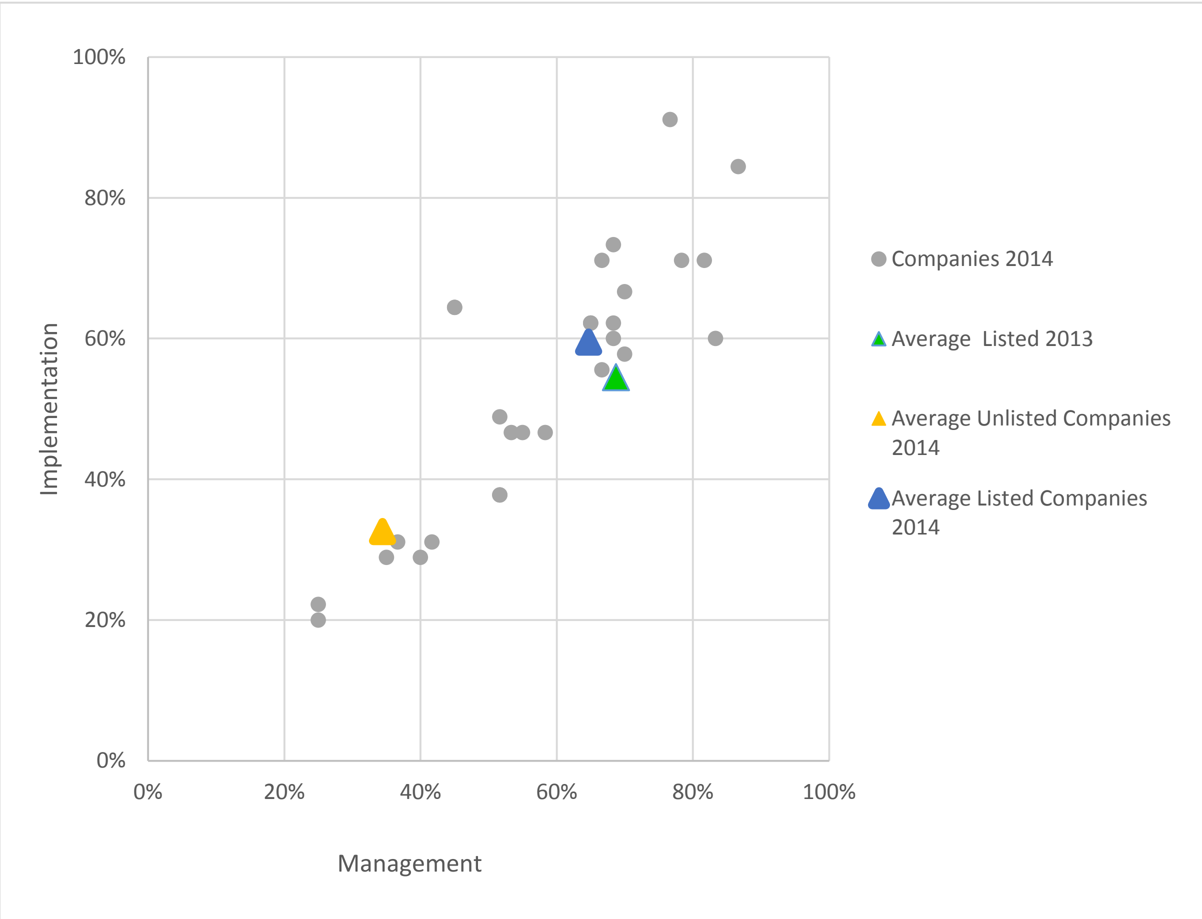
INDEX ASSESSMENT MODEL

The Index Assessment Model shows the sustainability performance for all the participating FM organisations based upon the scores achieved against the Management and Implementation criteria. A company's position in the Index Assessment Model is based upon is performance on these two areas and will help to understand the aspirational gap between the two – are organisations doing what they say they will. A lot of the other indices talk about implementation of strategy at a corporate level & the measurement of how this has taken place – so what this allows us to do is to cross check or align our findings against the other indices.

The 21 criteria have been split into a Management set and an Implementation set of criteria:

- Management: outlines what the strategy is going to be for the company in terms of sustainability.
- Implementation: deals with how the strategy will be delivered.

FIGURE 1: MANAGEMENT VERSUS IMPLEMENTATION



When we separate activities into management and implementation as shown in Figure 1, we can see implementation has risen among listed companies by 5% over the last year. This supports the finding that "Since 2007, there has been significant progress in the implementation of the sustainability policy within organisations[5]", due to legislation and increasing pressures on FM organisations to demonstrate their Corporate Responsibility.

Management scores have decreased over the past year, falling by an average of 4%, despite the emergence of new legislation to help engage senior management with sustainability issues. The 2014 BIFM report states that the ability of facilities managers to drive organisational change is still constrained by poor communication and a lack of robust and granular data; "overcoming these weaknesses is critical to delivering a sustainable FM service provision[6]".

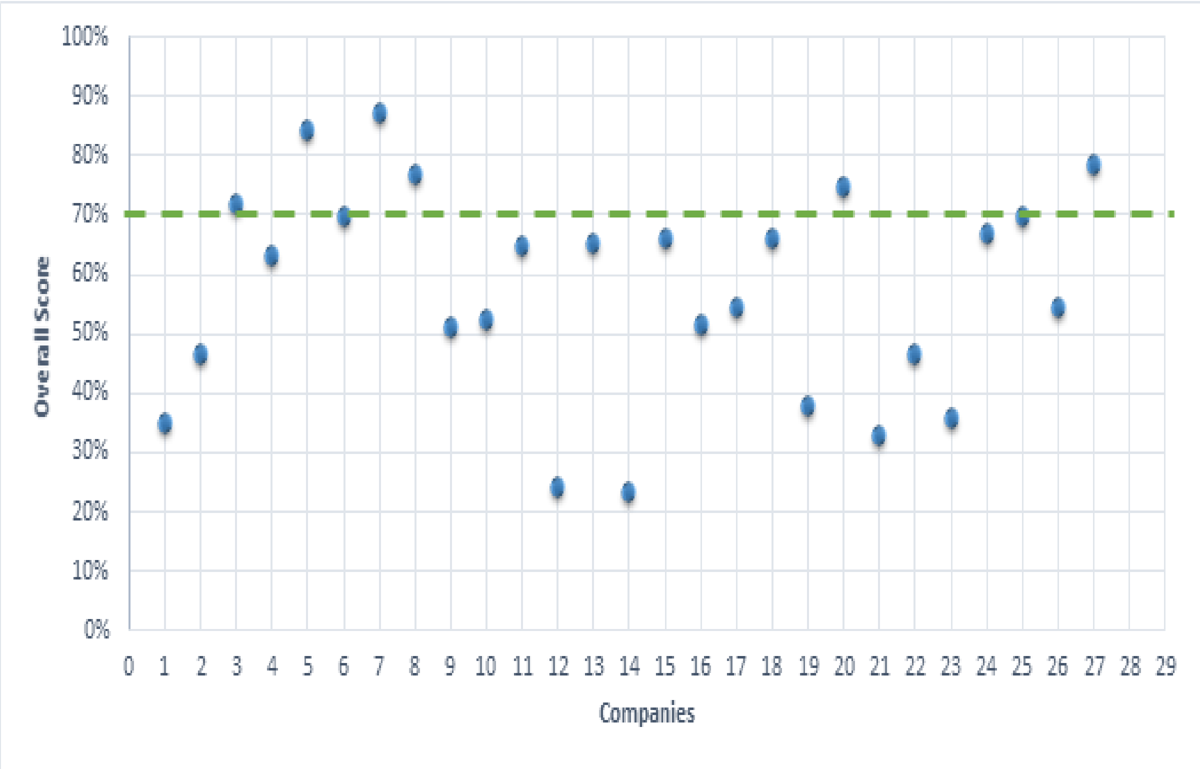
Sustainability is becoming more short term, demonstrated by a closer alignment on a 1:1 basis between the implementation and management scores. This suggests that as strategies are developed, they are implemented relatively quickly.

This also gives rise to a lack of longer terms thinking on place and forward assessment of likely impacts – evidenced during the assessments. Private companies are following the same trajectory but are much earlier on in the journey.

[5] Sustainability in FM., 2013., Available at: http://www.sustainabilityinfm.org.uk/news/view/40
[6] BIFM., 2014., "BIFM Sustainability in FM report 2014"

The scoring in figure 2 shows the total scores for each of the 27 participants which shows the spread of scores this year ranging from low 20's% through to above 80%. There is a mixed set of results with an average of 57% and a focus between 50% and 70%.

FIGURE 2: TOTAL SCORES FOR ALL 27 PARTICIPANTS in 2014



The dotted line represents those organisations that comprise the top quartile, with a score of 71% required.

KEY FINDINGS

Assessing the performance of the Index as a whole is able to provide a different perspective of the progress being made, but also where attention is being placed by the FM community as a whole. More detailed analysis at a category and criteria level is available further in the report.

Figure 3 highlights that listed companies are performing consistently above private organisations in all areas. The largest disparity is seen in the comparison of social management and governance, where listed companies are scoring 37% higher than private. Commitment in terms of society is also vastly different, with listed companies outperforming private by an average of 29%. The two sectors are performing closest in terms of environmental sustainability – the strongest area for private companies, and the weakest for listed - where the gap is only 25%.

Overall, listed organisations are displaying the highest score in terms of social criteria, with an average score of 70%. This is closely followed by management and governance, at 64% and finally environmental at 56%. Private organisations are also performing best in terms of social sustainability, with an average score of 41%. This is closely followed by environmental at 34%, and finally management and governance at 27%.

FIGURE 3: OVERALL AVERAGE SCORES FOR ALL COMPANIES IN 2014

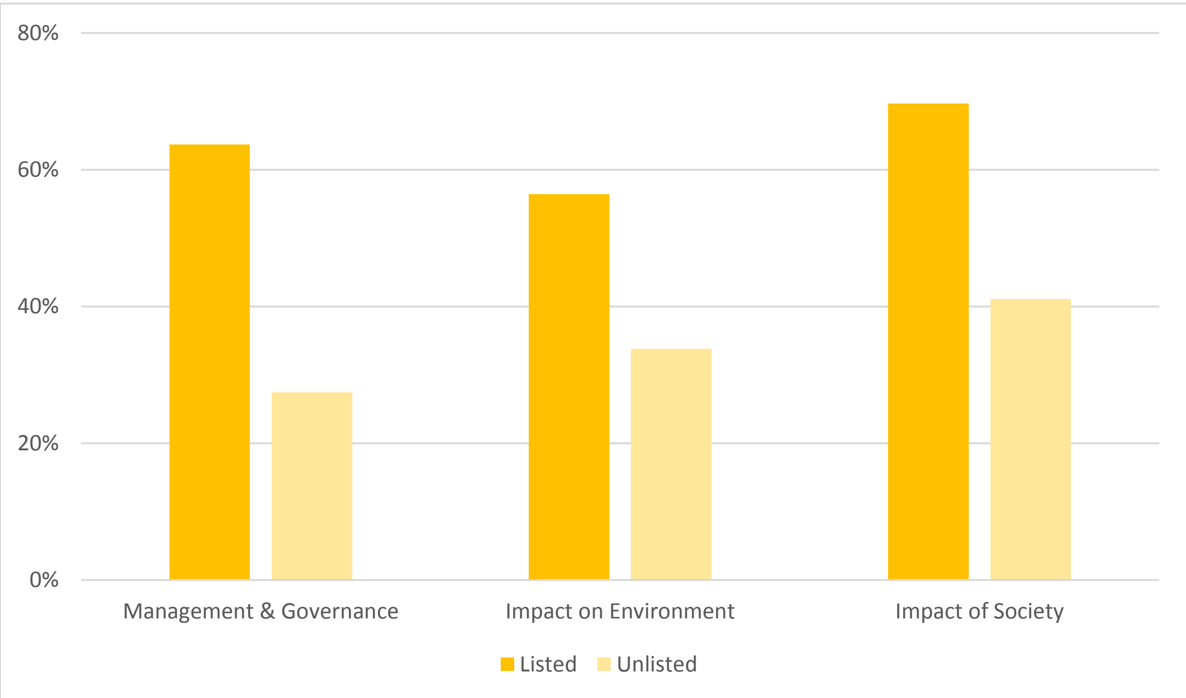
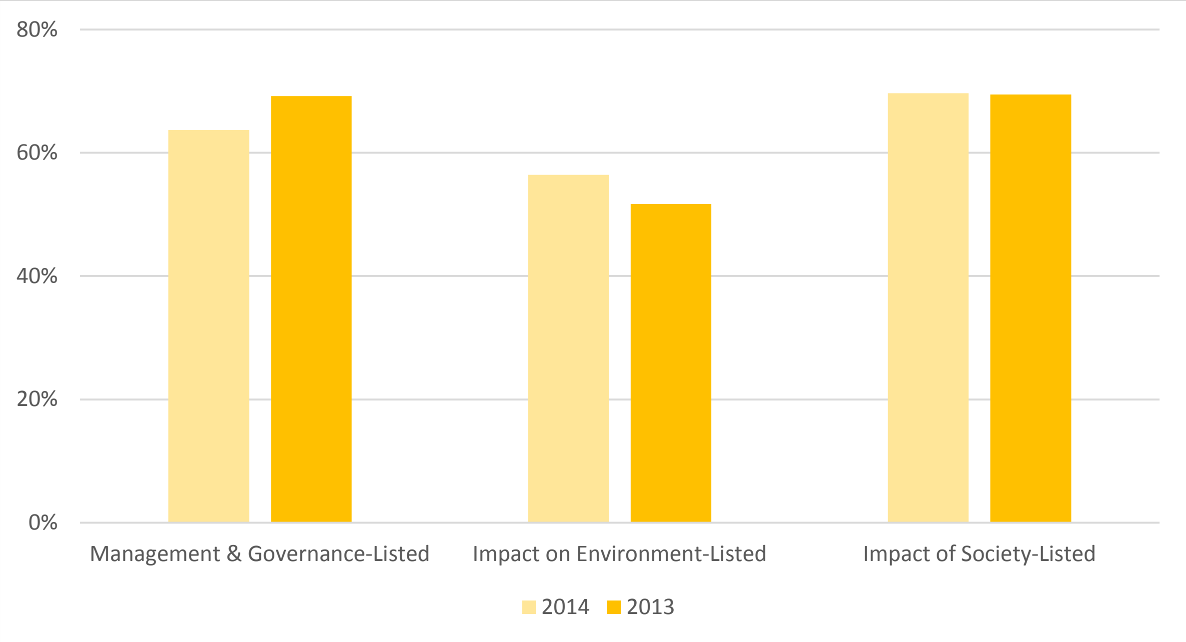


FIGURE 4: OVERALL SCORES FOR LISTED COMPANIES IN 2013 VERSUS 2014



When comparing the scores of listed organisations from 2013-2014 in Figure 4, we can see how commitment has shifted. In 2013, commitment was highest in terms of management and governance, followed by social, and finally environmental. This year, management and governance scores have fallen by an average of 5%. Environmental scores on the other hand have increased by 4.7%, and social commitment has remained relatively stable

The key findings from the three categories are:

MANAGEMENT AND GOVERNANCE

The results are showing an increasing short term nature of decision making for sustainability matters and a rolling back of senior management engagement. Focus is being placed upon embedding the developed framework into the business. Whilst this is positive and is part of the natural cycle, risk management should also be increased to forward identify any gaps that may occur. The reduction in risk management exposes a failure in managing this change.

ENVIRONMENT

The focus on environmental matters has been in areas that will deliver short term cost savings and benefits at the site level. The reduced score in projects conversely means that sustainability measures are being stripped out through value engineering removing the ability to provide step change improvements. Again, this highlights the short term nature of thinking. The mirroring of the listed and private organisational scores highlights a clear maturity path whereby systems are developed to better manage and report on progress as part of an organisations disclosure and contract management.

SOCIETY

The profile of social impacts is rising rapidly up the agenda for FM organisations as it is becoming clear that whilst the role of FM is to enable a building to operate, its real value is in the customer experience that can be provided. Defining success with social issues is still in development resulting in a range of approaches being employed. From a customer perspective, this lack of joined up approach from the FM community makes it difficult to understand how providers are able to support.

MANAGEMENT & GOVERNANCE

MANAGEMENT AND GOVERNANCE RESPONSIBILITY

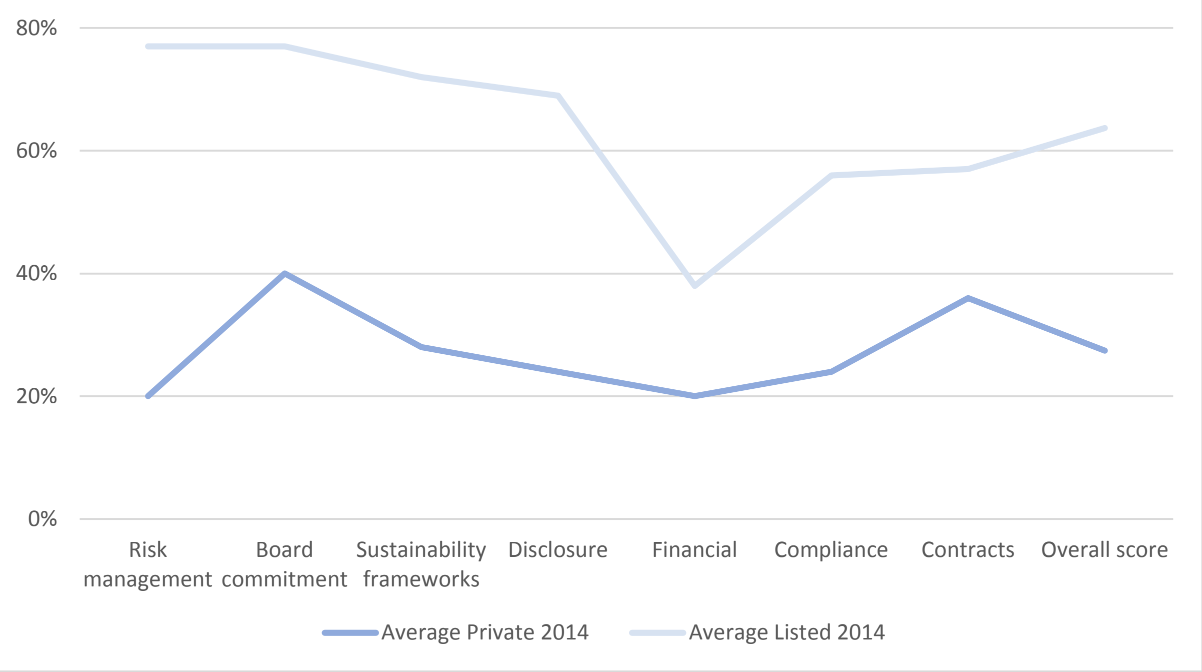
Effective Management and Governance is becoming an increasingly important consideration for both organisations and stakeholders. Management and Governance issues took on increased significance in the wake of the global financial crisis, as the ways businesses conducted themselves came under scrutiny. There has also been growing pressure from investors and regulatory bodies for effective monitoring and reporting of corporate sustainability, stemming from the popular belief that good Management and Governance of sustainability practices can contribute to the creation of long-term shareholder value and sustainable organisational success[7]. When it comes to the question of materiality of sustainability issues within an organisation, Management and Governance takes centre stage in directing and controlling how organisations balance and evaluate the interests of all parties involved.

[7] International Federation of Accountants., 2012., "Investor Demand for Envrionmental, Social and Governance Disclosures"

KEY FINDINGS

Figure 5 illustrates the lowest, highest and average scores as a percentage of the total marks available for Management and Governance, both overall and across each of the 7 criteria, for all private and listed companies assessed. Listed companies, on average, are scoring 37% higher that private companies. This is largely due to the nature of listed organisations who need to disclose a higher level of information within the public domain, and provide quantifiable data to investors.

FIGURE 5: OVERALL GOVERNANCE PERFORMANCE 2014

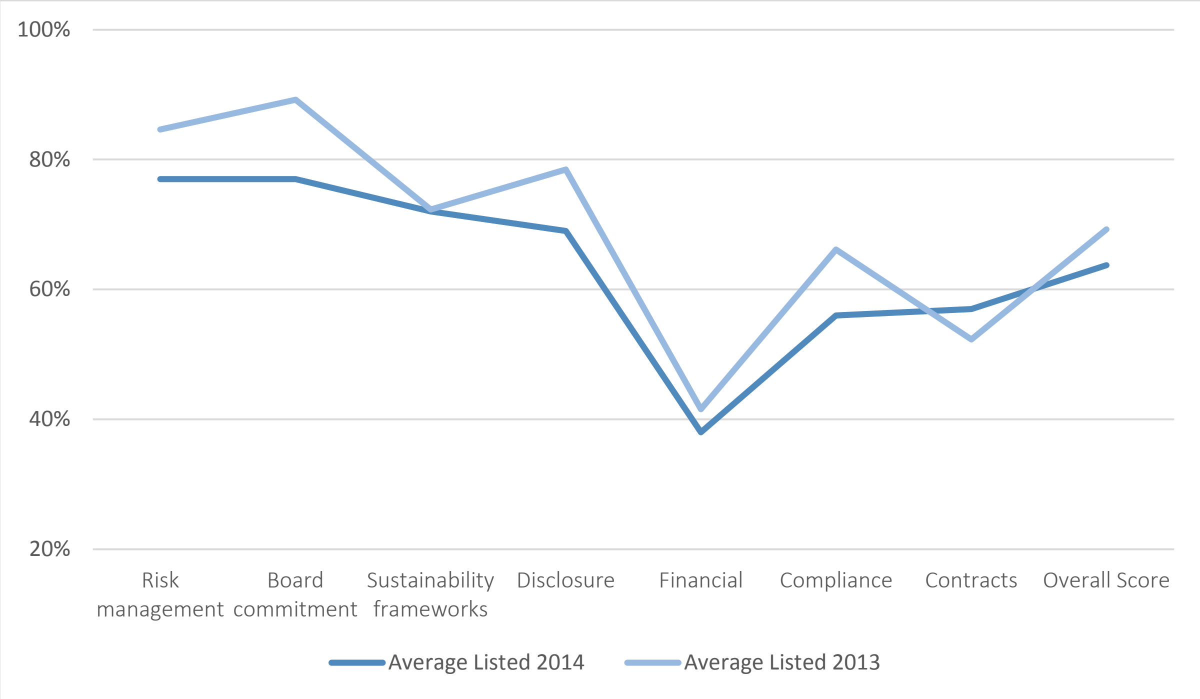


All the companies involved in the Index have consistently low scores in terms of finance, with tight budgets throughout the FM sector. "Finance can be key to the success or failure in delivering on sustainability targets and objectives[8]", but a lack of investment prevents average scores from reaching above 40%.

Figure 6 shows a comparison of the average scores of listed companies assessed in the 2013 Index and the 2014 Index. Comparison of data year on year shows how companies have progressed in terms of sustainability in this area. Overall, scoring for listed companies across all seven criteria has decreased by an average of 5%. The most significant fall in performance has been seen in terms of board commitment and compliance, closely followed by risk management and disclosure.

[8] BIFM., "Sustainability: Meeting the needs of finance and FM"., Available from: http://www.bifm.org.uk/bifm/events/view/3296

FIGURE 6: GOVERNANCE SCORES FOR LISTED COMPANIES IN 2013 V 2014



The only improvement in the performance has been seen in terms of contracts, with an average increase in scoring of 5%. This is identified as a key trend for the FM industry, as longer and more sophisticated contract structures are developed as awareness of the potential for savings grows. Contracts are becoming increasingly performance-driven, emphasising "greater bundling of services, longer-term partnerships and gain-share arrangements" to encourage all parties to deliver sustainability benefits[9]. This supports the earlier findings, that implementation is increasing, as companies move away from talking about making changes, to actually making them.

Board Commitment importantly, together with compliance have both fallen this year, with the provision and maintenance of the Frameworks remaining static. External factors surrounding a reduction in the regulatory burden on business has meant businesses are more reliant on delivery good practice directly rather than meeting minimum standards.

Results are showing an increasing short term nature of decision making for sustainability matters and a rolling back of senior management engagement. Greater focus instead is being placed upon embedding the framework into the business. Whilst this is positive and is part of the natural cycle, correspondingly risk management should also be increased to forward identify any gaps that may occur. The reduction in risk management exposes a failure in managing this change.

[9] Construction week online., 2014., Available from: http://www.constructionweekonline.com/article-28245-top-10-key-trends-in-fm-over-the-next-five-years/1/print/

CASE STUDY : VINCI LEAN THINKING

With so many good ideas being generated in the business and the competiveness of the FM industry at a high, senior management needed to introduce a long term mechanism that balances occasionally conflicting targets, captures innovation and continually improves the way we work for the benefit of all its stakeholders. The LEAN improvement programme supports our sustainable business model with long term strategies aligned to our corporate vision and mission objectives.

LEAN was introduced to help guide us through daily activities to ensure that the work we do is focused, sustainable and innovative. We found that our original sustainable business model often disengaged our operational teams, whereas LEAN makes the same strategies and business objectives task based and better aligned to operational mindsets. We created a central framework of targets & objectives and further developed specific strategies, for all our projects, that both aligned with our customer's and sustainable business targets. With the culture now positively reset to 'exceeding expectations' through a dynamic team, VINCI Facilities now has an exemplar for all of its projects. Our customers and stakeholders now have clearly defined expectations when working with VINCI Facilities and recognise the longer term benefits of a targeted and balanced sustainable business.

ENVIRONMENTAL FINDINGS

ENVIRONMENTAL RESPONSIBILITY

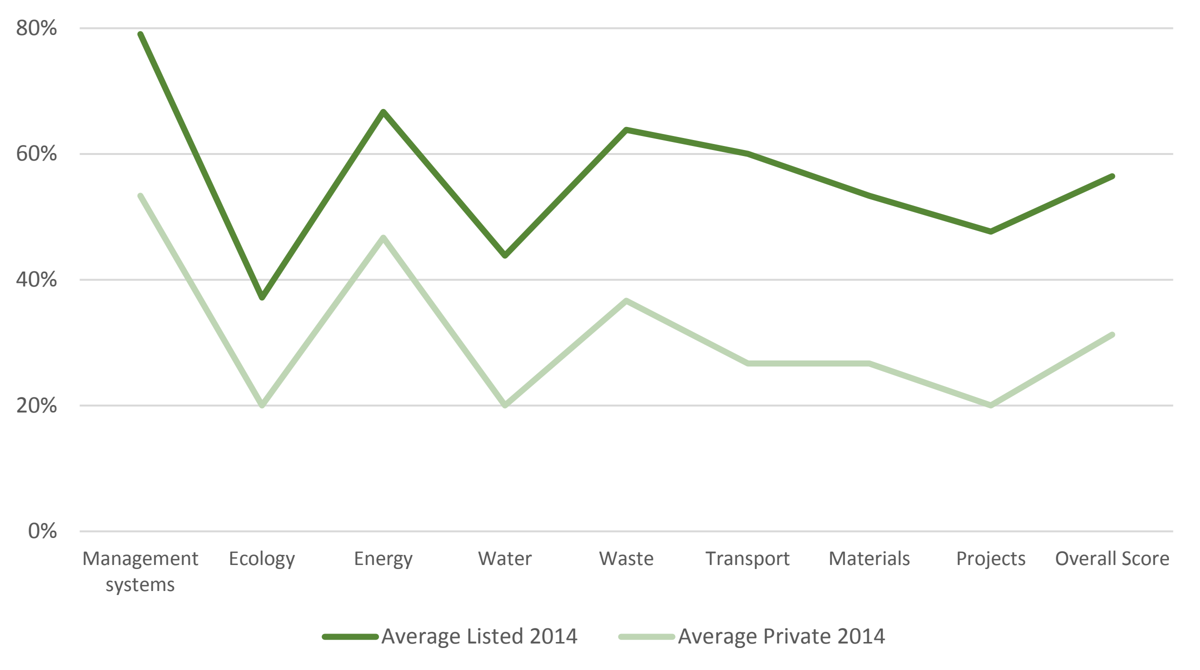
At the recently concluded Brisbane G20 climate change conference, the debate around awareness of climate change was redefined. Green growth is now an essential part of economic growth, which is likely to gather steam over the next few years following the US China climate change agreement[10]. Other key drivers include a movement towards closed-loop materials management and environmental assessment performance ratings for property.

These factors are driving FM organisations to maintain a high level of environmental responsibility in core aspects of business practice. Effective measurement and reporting of environmental performance brings direct benefits to an organisation, helping to reduce energy and resource costs and improve materiality through a better understanding of risks such as climate change and resource constraints. Improved performance also strengthens a company's green credentials within the marketplace, clearly demonstrating to investors the link between sustainability and profitability, and enables commercially advantageous contracts to be developed for FM service providers. Drivers should therefore exist for both clients and FM organisations to deliver a service with a lower environmental impact.

[10] UNFCC, 2009-2014. "Framework Convention on Climate Change"

Figure 7 illustrates the lowest, highest and average scores as a percentage of the total marks available for environmental sustainability, both overall and across each of the 8 criteria, for all private and listed companies assessed. Listed companies, on average, are scoring 25% higher than private, although the gap is consistent across the 8 criteria.

FIGURE 7: OVERALL ENVIRONMENTAL PERFORMANCE 2014



Scores were consistently low in terms of Ecology, a finding similar to last years' Index, with listed companies averaging 37% and private companies averaging just 20%. While FM organisations are increasingly expected to provide consistent and accurate information regarding their ecological sustainability, the vast range of certification schemes and standards means "the level to which [they] address biodiversity issues can vary greatly[11]", leading to inconsistent and ineffective reporting throughout the industry.

Companies also performed well in terms of energy, as it becomes recognised as a "critical element of organisations' overall sustainability strategies[12]". With explicit Government and regulatory requirements to promote reducing consumption, customers now expect to see energy savings built into FM contract KPIs, effectively internalizing the requirement as a pre-requisite. Companies are therefore recognising energy as a critical business issue, and demonstrating an increasing commitment to achieving high standards of thermal efficiency, lighting solutions and energy efficiency[13].

[11] FM Guru., 2011., Available from: http://www.fmguru.co.uk/cmsfiles/a-z/nature_conservation.pdf
[12] NEF., 2014., "FM professionals experiences and expectations of improving the use of energy".
[13] Construction week online., 2014., Available from: http://www.constructionweekonline.com/article-28245-top-10-key-trends-in-fm-over-the-next-five-years/1/print/

FIGURE 8: ENVIRONMENTAL SCORES FOR LISTED COMPANIES IN 2013 V 2014

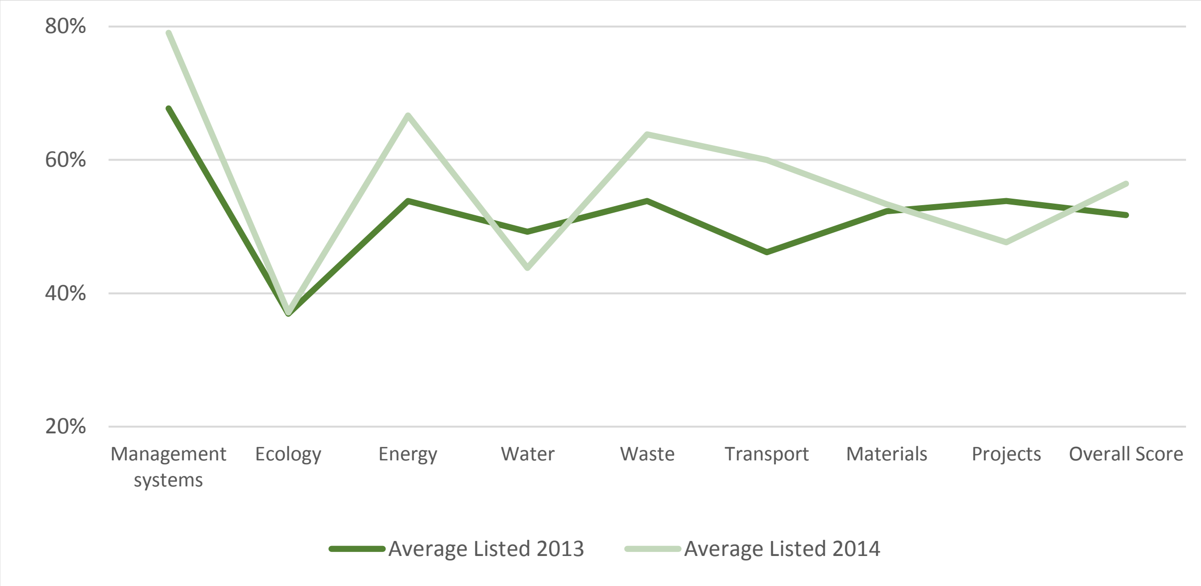


Figure 8 shows a comparison of the average scores of listed companies assessed in the 2013 Index and the 2014 Index. Comparison of data year on year shows how companies have progressed in terms of sustainability in this area. Overall, performance has improved, with scores rising by an average of 5%. The most significant rise in performance has been seen in terms of management systems and energy.

Scores have only fallen in terms of water and projects, with an average decrease of 5-7%. Companies are failing to consider the long-term financial and non-financial costs of emissions and impacts, with a lack of feedback mechanisms in place to learn lessons and capitalise on best practice at each stage of a project. Low scores are placing organisations at a competitive disadvantage during a time of increased shareholder attention to water challenges, with "the number of investors pressing for corporate accountability on water and related information increas[ing] by more than 300% since 2010[14]".

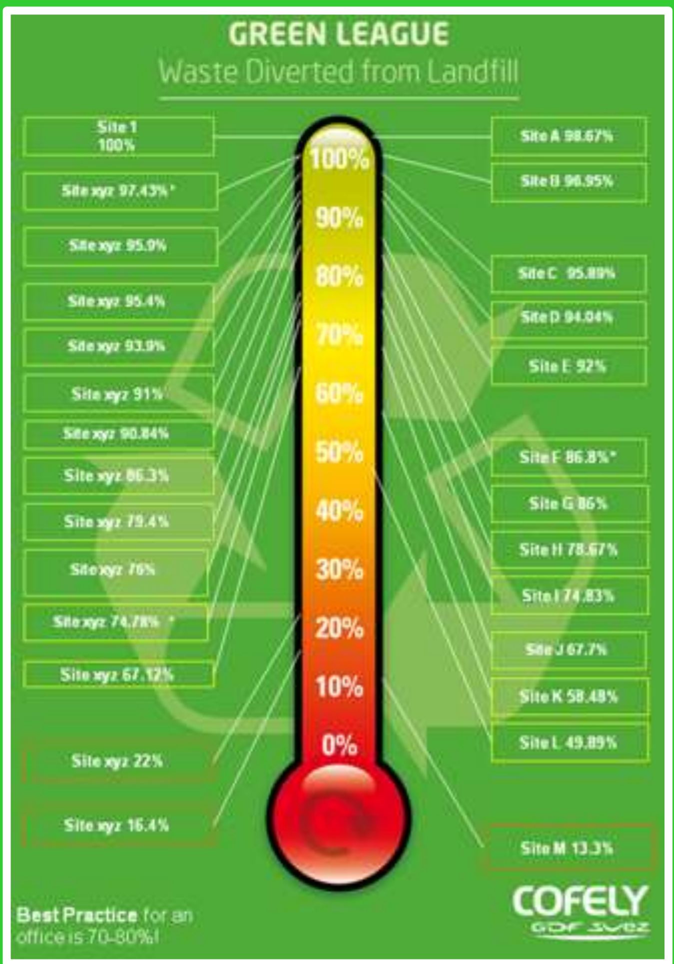
The focus on environmental matters has been in areas that will deliver short term cost savings and benefits at the site level. Attention on resource efficiency and transport has looked at making the buildings perform better at an operational level. The reduced score in projects conversely means that sustainability measures are being stripped out through value engineering removing the ability to provide step change improvements. Again, this high lights the short term nature of thinking. The mirroring of the listed and private organisational scores highlights a clear maturity path whereby systems are developed to better manage and report on progress as part of an organisations disclosure and contract management.

[14] FMJ., 2014., Available from: http://www.fmj.co.uk/water-poses-major-risk-business-growth/

CASE STUDY : COFELY GREEN LEAGUE

Cofely's aim is to be a market leader in providing sustainable workplaces. In 2010 Cofely developed and implemented the flagship initiative, Cofely Green League (GL). The scheme encourages healthy competition to maximise recycling and diversion of waste from landfill. Cofely viewed waste management as a "gateway" starting point to engage their workforce in sustainability as recycling is a very visible element within all buildings. Monthly performance is collated and displayed on the GL which provides real time feedback to employees causing changes in behaviour. Since 2010 the Green League has helped Cofely to achieve an 85% reduction in waste to landfill. The initiative also has proven to be popular with Cofely clients helping them to achieve their waste management targets.

After the launch of the GL Cofely quickly learnt the importance of having a single methodology all sites could use to record local waste statistics. Cofely tackled this issue with the implementation a universal monitoring tool to ensure consistency across the business whilst encouraging.



SOCIAL FINDINGS

SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. As evidence suggests, CSR is increasingly important to the competitiveness of enterprises, bringing many benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity[15]. Following the Rio de Janeiro summit in 2012, it was established that businesses making the transition towards a greener economy are already benefiting from savings of hundreds of millions of dollars and a high return on investment benefiting consumers, communities and other stakeholders[16]. Business' engagement with society and its stakeholders is seen as key, with supply chain management, materiality and stakeholder engagement taking centre stage on the sustainability landscape last year. Organisations are now expected to design sustainability management processes that include not just their own operations but also addresses the impacts of business partners within the supply chain[17].

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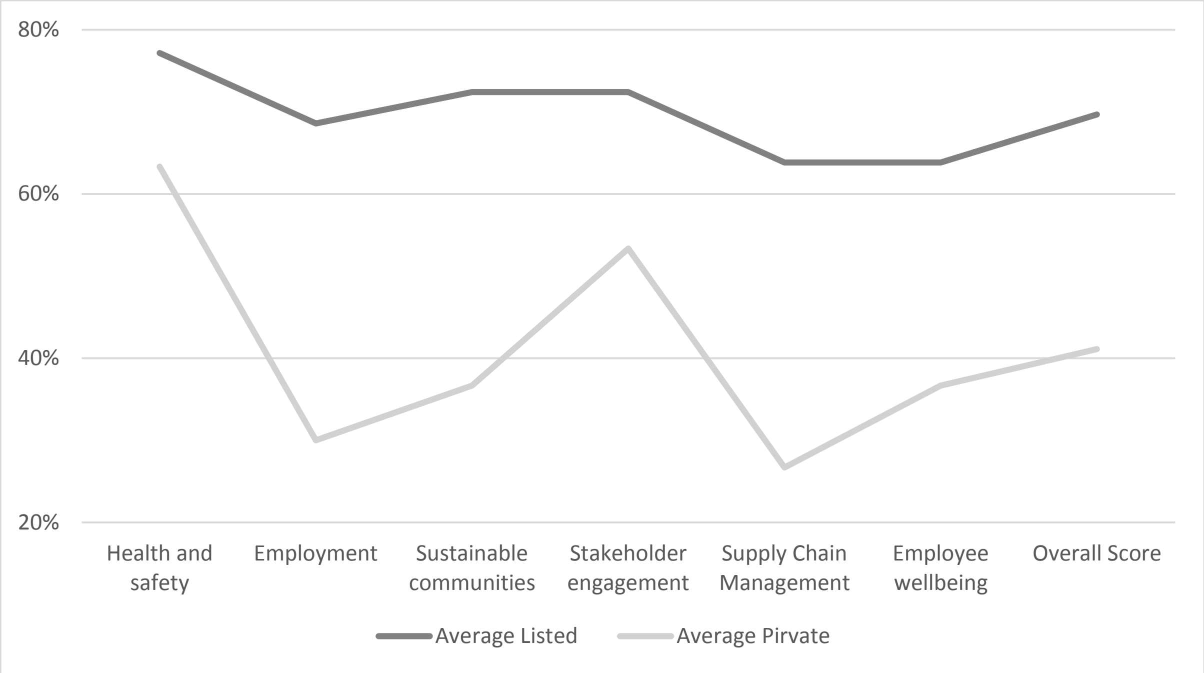
[15] European Comnission , 2014. Corporate Social Repsonsibility. [Online]
Available at: http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm [Accessed 2014].
[16] UNEP, 2012. The Business Case for the Green Economy, Rio de Janiero: UNEP.
[17] GRI, 2013. Streamlining sustainability: Increased focus on supply chain management and disclosure. [Online]
Available at: https://www.globalreporting.org/information/news-and-press-center/Pages/Streamlining-sustainability-Increased-focus-on-supply-chain-management-and-disclosure.aspx
[Accessed 2014].

KEY FINDINGS

Figure 9 illustrates the lowest, highest and average scores as a percentage of the total marks available for Social sustainability, both overall and across each of the 6 criteria, for all private and listed companies assessed. Listed companies, on average, are scoring 29% higher than private overall.

FIGURE 9: OVERALL SOCIAL PERFORMANCE 2014



Scores are consistently highest in terms of Health and Safety, averaging from 60-80%. This is not surprising, as Health and safety implementation is underpinned by strong legislative requirements[18]. The majority of organisations therefore maintain regular assessments to ensure compliance with legal issues and requirements with external certification such as OHSAS 18001, and in some cases this extends to documented procedures to review performance and encourage best practice.

Companies are receiving their lowest scores in terms of supply chain management, often neglecting to separate FM Supply Chain information from corporate information or back up aspirational claims with evidence. Many FM providers “struggle to keep on top of essential information about their suppliers”, with a lack of visibility and poor management leading to administrative burdens, siloed data records and compliance risks[19].

[18] Sustainability in FM,., 2014., Available from: http://www.sustainabilityinfm.org.uk/news/view/40
[19] FMJ., 2014., Available from: http://www.fmj.co.uk/risky-business/

Listed companies saw the lowest scores in terms of Supple Chain management and employee wellbeing. Communication is starting to become a two way process, but does not encompass the entire management structure. While initiatives are in place to optimise working conditions and productivity, there is little evidence of practices that have been used to achieve reduced sickness and turnover rates through a structured approach.

FIGURE 10: SOCIAL SCORES FOR LISTED COMPANIES IN 2013 V 2014

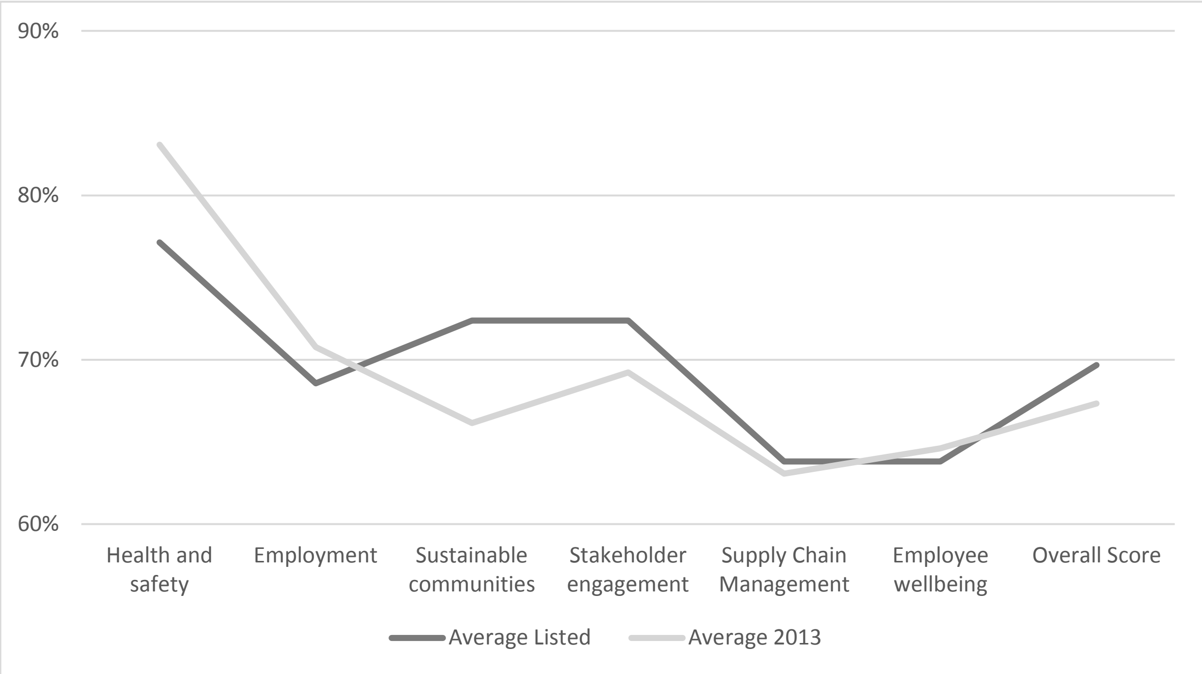


Figure 10 shows a comparison of the average scores of listed companies assessed in the 2013 Index and the 2014 Index. Comparison of data year on year shows how companies have progressed in terms of sustainability in this area. Overall, scoring for listed companies across all seven criteria has increased by an average of 2%, with scores rising in terms of sustainable communities, stakeholder engagement and supply chain management.

Improved performance in these areas supports the popular belief that legislation is the most effective driver for the implementation of sustainability. Other areas are therefore deemed as lower risk and become neglected, meaning scores have fallen by 0-6% in terms of health and safety, employment and employee wellbeing. FM engagement with local communities, stakeholders and supply chains has improved in response to the Social Value Act, which requires organisations to address the value they add to society.

CASE STUDY : ISS COMMUNITY INVESTMENT[20]

The LBG (formerly London Benchmarking Group) model enables corporate community investment (CCI) professionals to measure their company's overall contribution to the community, taking account of cash, time and in-kind donations, as well as management costs. The model also records the outputs and most importantly the longer-term community and business impacts of CCI projects. The LBG is a well proven method of measuring community investment and one which is driven by LBG members themselves and which is constantly evolving. Another significant benefit is the ability to learn from other LBG members on a one to one basis, in workshops and in the annual conference.

Over the last 6 years at ISS we have used the LBG model to pull together our CCI across all our UK businesses in a structured and methodical way. This has given us much better visibility of our community focus areas and over the last 18 months we have started to properly measure the way in which our activities have impacted on our local communities. Corporate Responsibility Director at ISS UK and Ireland, Steve Workman states 'The LBG model enables us to demonstrate to our employees, our clients and our communities the quantity and range of impacts we make in our local communities. We can show a substantial increase in CCI over recent years due to stronger employee engagement and to using a more robust and structured reporting model that ensures we measure the impacts of our financial investment, employee time and in kind giving. It helps us to demonstrate that we are making real progress against our aspiration of 'making a positive impact in the communities where we live and operate'.

[20] IBG., www.lbg-online.net

ASSESSMENT CRITERIA

CRITERIA	DESCRIPTION
MANAGEMENT AND GOVERNANCE	
Risk Management	Reporting includes detailed description of approach to both financial and non- financial risk management, along with emphasis on link to life cycle management of services
Board Commitment	The company has secured board level commitment to sustainability and has a high-level committee to integrate sustainability issues into business decision-making. The company has either internal or external resources to assist with implementing the sustainability strategy.
Sustainable Frameworks	The company has a board-approved comprehensive sustainability policy integrating environmental, social and economic responsibilities, and identifies core areas of sustainability for the organisations and publishes it in its core and supplementary disclosure.
Disclosure	Supplementary disclosure has external assurance and contains coverage of core areas (environmental, social and economic) with management targets and extensive performance data, targets and priorities for the next year.
Financial	Specific budgets are available throughout the organisation for investment, with capital spend reviewed for core sustainability areas and impact along with financial and non-financial benefits.
Compliance	Structured approach to managing legal compliance in a proactive manner with commentary around any breaches or civil sanctions imposed e.g. new CRC regime.
Contracts	Use of green leases and other mechanisms to encourage all parties including clients and supply chain to deliver sustainability benefits have been trailed as a minimum.
ENVIRONMENTAL	
Management Systems	The company has an environmental management system certified to ISO 14001 or other EMS, ISO 50001, PAS99 and makes its environmental performance data available to external stakeholders, is 3rd party verified to create a robust certified management system and communicates the effective coverage of the system
Ecology	The company states that full biodiversity action plans are completed for not only corporate activities but across all activites and implementation is monitored. Biodiversity planning is recognised to add value to their business and operations.
Energy	The company recognises energy as a critical business issue and demonstrates a commitment to achieving high standards of thermal efficiency, lighting solutions and energy efficiency and can provide examples of projects (in progress or completed) that are integrating renewable energy on-site. The company engages in on-site behaviour studies to identify specific patterns to improve energy management.
Water	The company can provide examples of projects that have incorporated water minimisation devices, specified water-efficient equipment, used rainwater harvesting, and grey-water recycling systems that have integrated

	sustainable urban drainage systems. The company can also provide performance data and targets relating to its water impacts.
Waste	The company integrates waste management facilities and can provide examples of projects that have delivered significant reductions in waste, reuse and closed loop recycling, as well as facilities for composting organic waste. The company can also provide performance data and targets relating to its waste and resources impacts.
Transport	The company acknowledges the importance of reducing vehicle dependency (staff and supply chain), states a commitment to upgrade fleet travel and promote public transport, and can provide examples of innovative initiatives to reduce vehicle dependency and the environmental impacts of vehicle travel.
Materials	The company states that it has a consistent and detailed process for considering the environmental impacts of materials and specifies the use of recycled/reclaimed materials, materials with low embodied energy and high recycled content, and timber from FSC-certified sources. The company discusses with its suppliers their approach to environmental impacts.
Projects	Lifecycle reviews of projects are undertaken to embed sustainability practices, with a structured approach to involve FM in the design, commissioning and knowledge transfer exercise. Evidence of examples where this has been implemented.
SOCIAL	
Health and Safety	The company carries out internal and external health and safety audits and the board manager with responsibility undertakes regular site visits. Performance data and targets are available externally and certified (OHSAS 18001).
Employment	The company has a commitment to employing local labour. It can provide examples of local employment initiatives and strategies for combating long-term unemployment.
Sustainable Communities	The company is dedicated to developing a relationship with the local community. It can provide examples of projects where it has developed a long-term community engagement strategy.
Stakeholder Engagement	The company has identified its key stakeholders and can provide examples of detailed stakeholder dialogue as well as open, proactive relationships with NGOs and other organisations seeking to promote best practice in sustainability.
Supply Chain Management	The company engages with its supply chain in a proactive manner to encourage innovation. It encourages sustainability engagement amongst its suppliers, by encouraging certification, training etc.
Employee Wellbeing	Regular two way dialogue with staff, including POE studies to optimise working conditions, productivity and wellbeing leading to reduced sickness and turnover rates. Evidence of practices that have been used to achieve the aims

GLOSSARY

Carbon dioxide equivalents (CO2e)
The internationally recognised way of expressing the amount of global warming of a particular greenhouse gas in terms of the amount of CO2 required to achieve the same warming effect over 100 years.

Carbon footprint
The total emissions of greenhouse gases (in carbon equivalents) from whichever source is being measured – be it at an individual, organisation or product level.

Carbon Neutral
Through carbon offsetting organisation to individual are counterbalancing the emissions they produce to make themselves carbon neutral.

Carbon offsetting
The process of reducing greenhouse gas emissions by purchasing credits from others through emissions reductions projects, or carbon trading schemes. The term often refers to voluntary acts, arranged by a commercial carbon offset provider.

Carbon Reduction Commitment
Is a scheme that will apply mandatory emissions trading to cut carbon emissions from large commercial and public sector organisations.

Carbon Zero
This is to reduce all carbon emission to zero by good practice, not including offsetting.

Corporate social responsibility (CSR)
A businesses plan to reduce its impact on environmental, social and political issues.

Climate Change
Climate change refers to any significant change in measures of climate (such as temperature, precipitation, or wind) lasting for an extended period (decades or longer). Climate change may result from:

- Natural factors, such as changes in the sun's intensity or slow changes in the Earth's orbit around the sun;
- Natural processes within the climate system (e.g. changes in ocean circulation);
- Human activities that change the atmosphere's composition (e.g. through burning fossil fuels) and the land surface (e.g. deforestation, reforestation, urbanization, desertification, etc.)[21]

Ecological Footprint
A measure of human demand on the Earth's ecosystems. The carbon footprint is an element of the ecological footprint.

[21] U.S. Environmental Protection Agency., 1997., Terms of Environment: Glossary, Abbreviations and Acronyms. [online] Washington, D.C. Available from: http://www.epa.gov/OCEPAterms/ [accessed 16 December 2009]

Emission
The release of any gas, particle, or vapor into the environment from a commercial, industrial, or residential source including smokestacks, chimneys, and motor vehicles.

Energy Intensity
The entire amount of energy required to produce a product as a ratio of that product.
Energy Recovery: Simply put, obtaining energy from waste. This is accomplished through a variety of processes, and is also known as “waste-to-energy.” Traditionally, this meant burning waste products, but now gasification and anaerobic digestion are also playing a role.

Environmental Footprint
The environmental impact a company or entity makes as it performs any activity. A footprint is determined by how well raw materials or by-products are (or aren’t) absorbed by the surrounding environment.

Greenhouse Gas (GHG)
Any gas that absorbs infrared radiation in the atmosphere. Greenhouse gases include, but are not limited to: water vapor, carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), ozone (O_3), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6).

Key Performance Indicators (KPI)
Financial and non-financial indicators for the performance of a company.

Life Cycle Analysis (LCA)
The assessment of a products full environmental costs, from raw materials to final disposal, in terms of consumption of resources, energy and waste - 'from the cradle to the grave'

Life Cycle of a Product
All stages of a product's development, from extraction of fuel for power to production, marketing, use and disposal.

Renewable Energy
Energy derived from generally renewable resources including hydro, solar, wind and geothermal.

Sustainability and/or Sustainable Development
Now a widely accepted definition, the World Commission on Environment and Development in 1987 said sustainability means, “Meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainable Footprint
Is defined as injuries, illnesses, incidents, waste, emissions, use of water and deplete-able forms of raw materials and energy.

Triple Bottom Line
People, Planet and Profit - the idea being that environmental quality and social equity are just as important as black ink at the bottom of the ledger.

GET INVOLVED

The Sustainable FM Index allow participants to identify the areas in which they can improve their sustainability performance, both in absolute terms as well as relative to peers. The results can be used by both clients and those involved in purchasing to improve sustainability performance, by lowering operating costs, meeting regulatory requirements, and by satisfying the developing preferences of customers. Index participants can also use the results as a toolkit for internal and external engagement.

SCORECARDS

Participants' Index results are disclosed in a Scorecard that contains an overview of their Sustainable FM Index performance, highlighting both absolute performance and performance relative to peers. The Scorecard also highlights areas for improvement and contains valuable information for FM providers that are starting to implement sustainability practices into their business, as well as industry leaders.

ADDITIONAL FEEDBACK AND SUPPORT

Additional support and feedback can be offered to encourage participants to better understand their Index scores and plan for performance improvements.

Performance Analysis Report: £3,500 +VAT

Provide companies with a better understanding of their performance, interpreting findings and highlight next steps for improvement by:

- Summarising key findings and areas of strength
- Presenting a detailed gap analysis of the company's performance
- Modelling the company's opportunities for improvement against potential score implications, including limited examples of best practice from peers and Index participants
- Providing examples of best practice from peers and Index participants
- Prioritising areas for improvement and action

Findings will be presented at a meeting with the company management and the team involved in completing the Index.

BESPOKE SUPPORT

Based on the Index results, bespoke advice can be provided which will help you progress on your Sustainable FM journey. Focusing on the company's individual needs, we will provide specialist support and practical recommendations to:

- Aligning business strategy with sustainability risks and opportunities
- Developing an action plan to address specific issues identified through the Sustainable FM Index
- Bespoke benchmarking of global regions or subsidiaries for improved governance

ABOUT US

Acclaro Advisory is a specialist consultancy providing organisations with a range of carbon management and sustainable business solutions. We work with multinational corporations, governments and NGOs. We are a values-driven company and thereby make a dedicated effort to live by our values by applying sustainability principles in our daily business management. This includes sourcing environmentally and socially responsible suppliers, offsetting work-related CO2 emissions and encouraging employees to play active roles in their community. This approach supports an environment where sustainability and quality becomes a part of our culture. www.acclaro-advisory.com

ABOUT OUR SUPPORTERS

The British Institute of Facilities Management (BIFM) is the professional body for facilities management (FM). Founded in 1993, we promote excellence in facilities management for the benefit of practitioners, the economy and society. Supporting and representing over 14,500 members around the world, both individual FM professionals and organisations, and thousands more through qualifications and training. We promote and embed professional standards in facilities management. Committed to advancing the facilities management profession we provide a suite of membership, qualifications, training and networking services designed to support facilities management practitioners in performing to the best of their ability. www.bifm.org.uk

BSRIA is a test, instruments, research and consultancy organisation, providing specialist services in construction and building services. As a non-profit distributing, member-based association, clients can be assured of our independent approach and authoritative reputation. Any profits made are invested in our on-going research programme, producing industry recognised best practice guidance. BSRIA offers a wide range of services to help companies improve the design, build and operation of buildings. Our unique blend of product testing and market research can also help manufacturers gain the relevant certification and plan their marketing strategy. www.bsria.co.uk