



SFMI
The Sustainable FM Index



FM leaders reach the point
where sustainability really pays

2024

“

Our experience with the SFMI has been transformative. The comprehensive ESG audit across all 23 topics has not only validated our sustainability efforts but also helped provide invaluable insights that have propelled our practices to new heights.

Jason Roberts
Group Director for Sustainability at Mitie

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FOREWORD

This year we are celebrating! After monitoring the sustainability journey of FM providers since 2013, we can excitedly announce that the leaders in the FM market have now reached the point where sustainability really pays – where sustainability initiatives deliver substantial value internally and significant revenue opportunities externally.

This balloon-lined point that was constantly in the distance has now been reached, and it is hugely significant. The group of market-leading SFMI partners cannot be praised enough. They have been tireless in their sustainability efforts, but also intelligent and persistent in ensuring that the promised financial benefits are realised.

This report celebrates their efforts in bringing new service offerings to market that support decarbonisation, in capitalising on wellbeing efforts for higher staff retention and customer rewards, in realising commercial value through social value activities and turning risks into financial rewards.

The milestone is also important for the wider sector. For FM providers and clients alike, this provides another gold-plated incentive to prioritise ESG efforts, and to align them more closely with the business imperatives. FM plays a significant role in helping organisations unlock the real value through people, places and processes.

Further progress will not be without challenges. Many FM providers and clients are still let down by a lack of skills and competence particularly at senior levels. To help everyone move forward with sustainability, we've worked very hard at identifying lessons and guidance in this year's report. But if you are serious about doing good and making money, then I'd encourage you to chat to us about becoming an SFMI partner.

Hope you enjoy the 2024 report. It pairs well with a glass of bubbles.



Sunil Shah
Managing Director at Acclaro
Advisory & The SFMI

EXECUTIVE SUMMARY

The past 12 months have been marked by significant turbulence, yet the steady advancement of ESG remains unmistakable, from the drivers causing concern, to the evolution of supporting regulations. Newsworthy climate impacts, such as the severe flooding on Spain's eastern coast and drought in Southern Europe and the continental US, are becoming more frequent and intense, underscoring the urgency for action. Simultaneously, regulatory progression driven by investors and customers has continued, placing additional demands upon organisations.

The SFMI has observed these trends evolving over recent years, with organisations challenged by embedding ESG into the FM function and business objectives. Skills gaps have consistently been highlighted, most notably at senior levels.

2024 marks a milestone with the commercialisation of the FM ESG services, with leaders capable of translating organisational requirements and drivers into the provision of services. This shift reflects a growing maturity within the sector, as FM professionals adopt the language of value and benefits to organisations to align ESG efforts more closely with business imperatives.

Evolution of Trends

2021

Obstacles to sustainability and an urgent call for upskilling.

The year was marked by early-stage struggles to build foundational sustainability capabilities within organisations.

2022

Growing understanding and engagement with sustainability.

This year marked the infancy of sustainability as a core organisational value, with a stronger emphasis on internal commitment and social value.

2023

Deepening understanding and structured improvements.

Organisations advanced their sustainability efforts with a focus on structure, wellbeing, and broader environmental responsibility.

2024

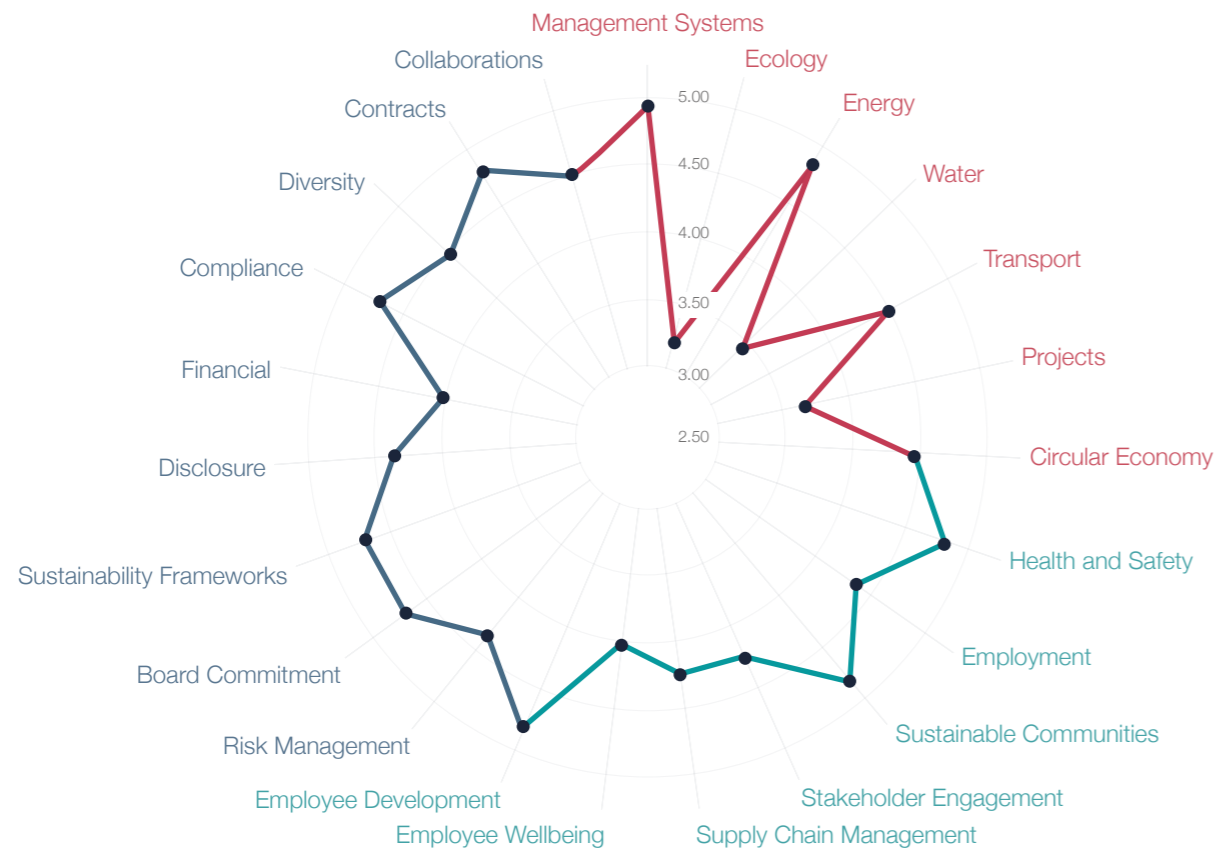
Commercialisation and high-value sustainability initiatives.

Having established a foundation, FM leaders now chase opportunities for revenue generation and market differentiation through advanced, high-return sustainability initiatives.

Implementation of ESG within a business is temperamental, with Governance and Social scores typically showing greater consistency compared to the variability of Environmental scores. Despite increasingly stringent criteria, the average scores for 2024 indicate some improvement over previous years, reflecting steady progress in integrating sustainability into core business planning.

Environmental performance continues to be driven primarily by regulatory pressures, with areas such as water and biodiversity consistently scoring lower. In contrast, Social and Governance categories are a combination of regulation and customer demands across the measures, providing a more consistent response.

Average Partner scores from 2024 across all 23 criteria



Environmental Criteria

Social Criteria

Governance Criteria

SFMI IN NUMBERS

23

criteria

300+

questions:
updated each
year

Governance
and Social
areas drive
progress, with
an

11%
boost in
average scores



10%
increase in
overall scores

78%



Diversity
most improved criteria

ABOUT THE SFMI

Established by Acclaro Advisory in 2013, the Sustainable Facilities Management Index (SFMI) is dedicated to driving ESG leadership within the Facilities Management (FM) sector. Through a unique partnership programme rooted in research, assessments, strategic solutions, and collaboration, the SFMI provides a forward roadmap and challenges the industry to adopt best practices and embrace innovation.

THE SFMI WAS DEVELOPED WITH A CLEAR PURPOSE:

- Drive best practices:** The SFMI encourages the adoption of sustainability best practices, sharing knowledge across the industry to raise overall standards.
- Combat greenwashing:** By educating the market and benchmarking performance, we help reduce greenwashing and promote genuine sustainability efforts.
- Showcase the value of sustainability within FM:** We demonstrate the tangible benefits that sustainability can bring to FM organisations.
- Improve transparency:** Through a structured roadmap, we provide clarity on both internal and external delivery, enabling organisations to determine their sustainability value.

Foster open dialogue: The SFMI includes both FM providers and client FM teams, creating opportunities for open communication and collaboration across the sector.

Each year, the SFMI conducts comprehensive assessments, evaluating how FM providers integrate sustainability across 23 ESG criteria. These criteria cover essential areas of operations and management, ensuring a holistic view of sustainability performance.

INTERESTED IN BECOMING AN SFMI PARTNER?

Join the SFMI community and enhance your organisation's sustainability journey. As a member, you'll gain access to tailored insights, cutting-edge benchmarks, and a collaborative network of like-minded professionals.

Get in touch today to learn more about membership opportunities and how we can support your sustainability journey.

TOP 3 WAYS THE SFMI ADDS VALUE TO YOUR ORGANISATION

Based on survey responses to 'What value does your organisation get from the SFMI'.



HOW DO YOU ENVISION YOUR ORGANISATION LEVERAGING SFMI'S RESOURCES & EXPERTISE IN THE FUTURE?

“Using the audit's output to develop specific **improvement plans** for the coming year, aligning the SFMI framework with operational delivery for large client accounts and in the bidding process.”

“Support with **Scope 3** related activities.”

“**Driving continuous improvements** through ESG and Horizon Scanning of upcoming regulations. Also creating collaborative **communication between peers.**”

“**Improve and maintain strategy** across the full breadth of ESG, focusing on weaker areas like ecology and water. As reporting requirements increase, SFMI helps us **stay up to date** as a large business in the FM sector.”

“Continue to use as an industry benchmark and to provide sustainability validation and verification.”

OUR SCOPE 3 RESEARCH PROGRAMME

Alongside our annual ESG assessments, the SFMI runs a dedicated Scope 3 research initiative, in partnership with RICS, IWFM, and IEMA as well as a dedicated group of FM providers.

Our Scope 3 research project emerged from the understanding that existing whole-building carbon assessments often overlook FM-related emissions, leading to incomplete carbon calculations for buildings. This oversight minimises the full environmental impact of buildings and reduces the effectiveness of sustainability initiatives beginning from the design phase. We saw an opportunity to address this gap, positioning FM as an essential driver of decarbonisation,

Through its benchmarking standards and assessments, the SFMI has been instrumental in advancing sustainability across the FM industry. Meanwhile, its focused research on Scope 3 emissions, which we supported, sheds light on one of the most difficult challenges in the sustainability agenda, giving FM professionals the knowledge and tools to manage their entire environmental impact. The SFMI's approach ensures that the sector can drive measurable progress while addressing the full spectrum of sustainability challenges.

Sofie Hooper, Head of Policy & Research at IWFM



We are now ready to embark on Phase 3 of our Scope 3 research programme. Building on the success of our **Scope 3 Framework for FM**, this next stage invites a wider group of organisations to shape the development of an advanced Scope 3 emissions tool. If you would like to find out more, please [get in touch](#).

HOW WE ASSESS

The SFMI Assessments examine a partner's strategy and operations to assess how effectively they align with sustainability principles and the SFMI's values.

The SFMI assessments consist of three stages:

1. INITIAL ASSESSMENT

The Initial Assessment analyses what we know about the organisation across the SFMI's 23 ESG criteria.

2. AUDIT

Audits delve deeper into an organisation's policies and procedures through a face-to-face audit (in person or remotely).

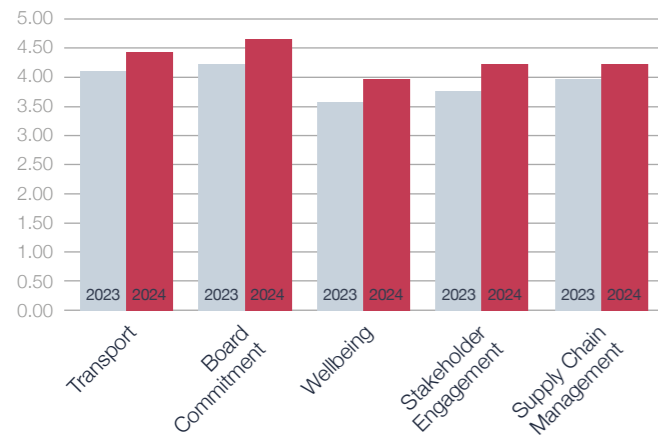
3. ADDITIONAL EVIDENCE

Post audit, Partners are given 2 weeks to provide additional evidence to support issues raised in the audit which may improve their score.

Organisations are scored on a 0-5 scale across 23 ESG criteria, offering a credible and consistent benchmark to compare performance against other FM companies. In a landscape demanding greater transparency and performance validation, the SFMI provides a streamlined way to achieve these goals.

For further details on the SFMI's 23 criteria, their impact on FM, and leadership expectations, see: [2024 Criteria for Sustainable FM: The SFMI Framework For ESG Reporting.](#)

Average partner scores of key updated criteria



Whilst almost all of the criteria were updated for the 2024 assessments, a focus on a few select criteria that represent critical aspects of recent sustainability developments show the progress partners have made this year.

UPDATES TO THE SFMI ASSESSMENT FOR 2024

Since its inception in 2013, the SFMI has evolved yearly to incorporate with the FM sector's shifting trends and requirements. These updates, primarily focused on refining the scoring methodology, ensure relevance in a fast-changing industry.

In 2024, the SFMI and its partners conducted a consultation, addressing significant changes in legislation, frameworks and societal trends affecting the industry. The consultation focused on four key areas: **Climate Risk, Governance, Wellbeing and Social Value, and Value Chain.** Insights from this process have directly shaped the current assessment criteria and will continue to guide future updates.

This year's adjustments reflect an increased focus on key industry trends, particularly supply chain practices, proactive stakeholder engagement, and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and stakeholder engagement. The 2024 assessments emphasised:

- Enhanced data handling and verification
- Progress toward green transport across all modes
- Increased board-level commitment to ESG goals
- Wellbeing and stakeholder engagements
- Human rights and environmental impact in supply chain management.



The SFMI has provided us with a clear framework for what sustainability/ ESG means in an FM context. It allows us to plot an improvement plan at an organisational level, but also, we are now looking at how we use the framework to measure our delivery at a contract level.

Kam Singh
Executive Director – ESG at EMCOR UK



2024 SUSTAINABILITY PERFORMANCE



Gold
Award

Arcus FM
Churchill
EMCOR UK



Platinum
Award

BAM FM
Equans
Mitie
Skanska
VINCI



Silver
Award

Amey

2024
Overall Winners



2024
Rising Star



SFMI PARTNERS



The SFMI programme has been incredibly valuable for us at Churchill Group, and we have strived to align our priorities with the criteria as much as possible. Of particular importance to us in the current regulatory climate where disclosure is paramount, has been the validation, transparency and in-depth review provided.

Hannah Dales, Head of Environment at Churchill Group



PARTNER INSIGHTS



Reid Cunningham
Business Development
Director, Energy
at BAM FM

BAM FM'S JOURNEY WITH THE SFMI

BAM FM has been part of the SFMI since 2015 and is among the few holders of a Platinum Award. We spoke to Reid Cunningham, Business Development Director – Energy at BAM FM, to find out more about the company's sustainability achievements and the value it receives from the SFMI.

Q Well done on maintaining your SFMI Platinum status for 2024, after first obtaining this in 2022. How important is this to BAM FM and what kinds of benefits does it bring?

A BAM FM is really serious about 'Building a sustainable tomorrow'. Internally we come back to this focus point all the time. Much of what BAM FM does is directed towards construction and civil engineering. BAM FM achieving a Platinum Award is a way of recognising BAM FM's consistency across everything we do, not just construction and civils. It is a great independent verification that resonates really well externally, and customers want to hear about it. If we operate at Platinum, that's as good as we can be in the industry.

Q Can you tell us a little bit about your sustainability journey and the role that the SFMI has played in it?

A BAM FM was established in 1998 and our initial sustainability focus was on energy efficiency and atmospheric emissions. In the early noughties, we saw the emergence of social value and then between 2010 and 2020, we witnessed an acceleration in other sustainability topics, including governance and most notably decarbonisation. There was so much change during that period, we were unsure how we were performing in our market. That's where the SFMI and its 23 ESG criteria came in. They helped us to accurately and objectively measure, compare and plan across the full scope of ESG. After that, by harnessing the ambition and tools of BAM FM, we received the Rising Star Award in our second year, then a Gold and now a Platinum Award.

“When we joined, the results of our SFMI audit let us see where we were good and where there was room for improvement. That was a real epiphany.”

Q What improvements has your organisation made in the last few years particularly?

A The expectations of society and the SFMI keep increasing – so we've tried to improve and make a difference across all 23 areas. One key initiative has been to harness BAM FM's unique supply chain and whole life capability to identify and achieve 'circular economy' results from some lifecycle replacement projects. That has been something that we were really keen to demonstrate and celebrate with the SFMI.

Q Every SFMI partner gets audited once a year. Can you give us an insider's perspective of what this is like and what you get out of the process?

A After some nerves during our preparation, I find that I really enjoy the audits because they become a real celebration of all the things that we are doing. In addition to our subject matter experts we also try to make sure our practitioners who have implemented and delivered sustainability improvements join the audit too. And everyone gets a moment to show off - to describe all the great things that they have done. We really enjoy it and I think the auditors do too!

Q You've been part of the SFMI since 2015. What do you think are the key benefits for those thinking of joining?

A When we joined, the results of our SFMI audit let us see where we were good and where there was room for improvement. That was a real epiphany. The benefit for others thinking of joining is that you immediately establish your relative position for individual criteria against an objective standard. So, you can prioritise areas where other organisations are doing better or celebrate where you are already doing well. That's invaluable.

There also aren't many forums in the FM space where we can share sustainability insights and best practice, particularly in detail. For example, how we tackle challenges of ecology and biodiversity or deliver circular economy. One ongoing benefit of the SFMI is hearing about what the other partners are doing and interacting with likeminded organisations. It raises the bar internally. You ask yourself: 'Could we do something like that or almost like that?'

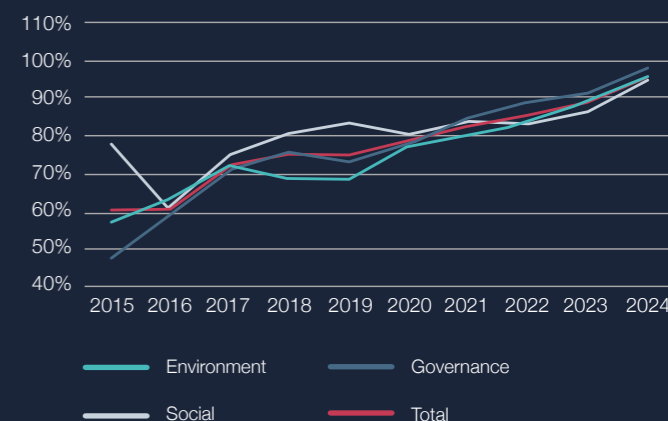
Q Any other final observations on your journey and the benefits of the SFMI?

A Our membership of the SFMI has presented new opportunities to us like the really exciting stuff that we have been doing with the SFMI team on Scope 3. We've relished the opportunity to take a leadership role in the first phases of this project which is bringing best practice and consistency into the industry for everyone's benefit. We really look forward to the next phase of this in 2025.

“It is a great independent verification that resonates really well externally, and customers want to hear about it. If we operate at Platinum, that's as good as we can be in the industry.”

BAM FM has shown excellent progress in its environmental, social and governance scores reflecting its work across all 23 areas. Commenting on these results, Sunil Shah particularly praised the progress made in governance which really sets top performers apart. "This is always the critical measure. It defines a great ESG strategy and is essential to integrating ESG in the business – it's what makes changes stick."

BAM FM scores over time.



UNLOCKING VALUE THROUGH SUSTAINABLE COMMERCIALISATION IN FM

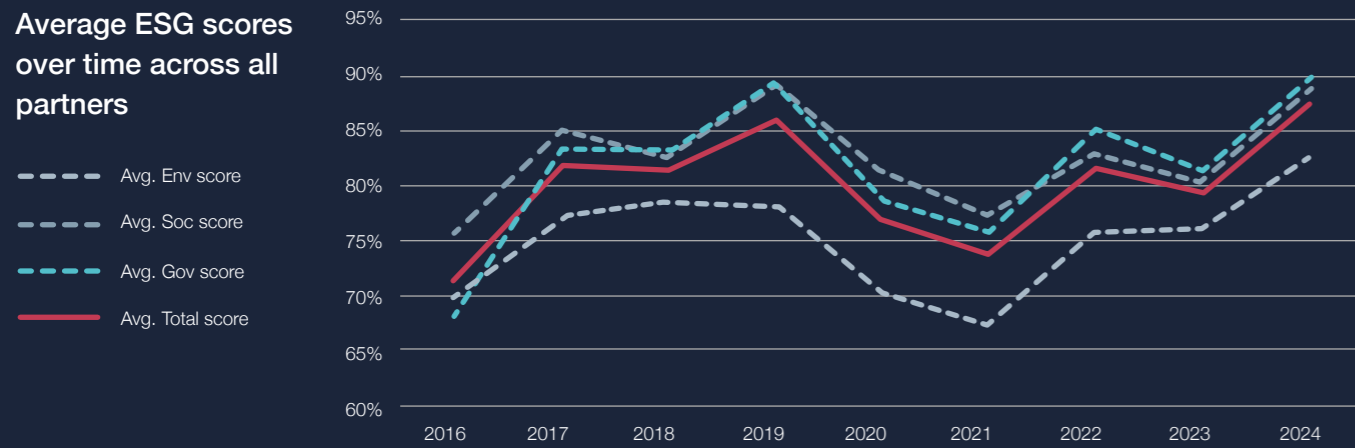
The FM business is becoming more complicated and challenging – its fundamental remit is to support organisations’ workplace and operational property. This now needs to incorporate regulations, societal demands, economic headwinds, staffing issues, and increasingly stringent environmental requirements. These need to be handled within the imperative of good company stewardship

For the FM sector, the SFMI provides a well-developed and structured starting point for addressing these

challenges. We have anticipated a number of substantial changes and maturing processes over the years. The SFMI’s 23 criteria are strengthened regularly, giving guidance for our Partners as they tackle the big issues and commercial health.

The SFMI audits show stronger results over the years, and even with substantial changes, this year is no exception. The overall average has increased, and each of the three sections (Environment, Social, Governance) has played its part.

Average ESG scores over time across all partners

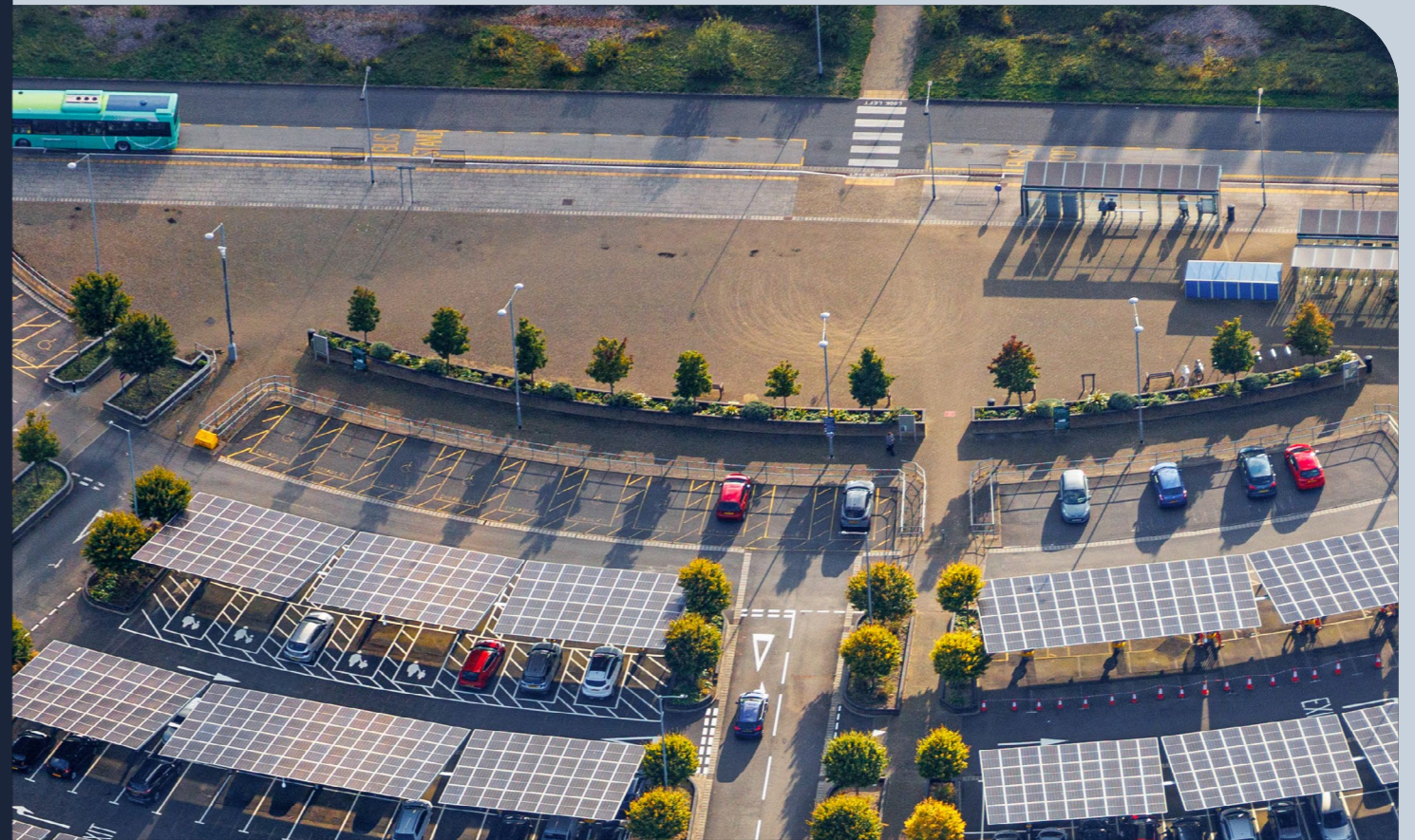


Leveraging in-depth interviews and expert insights into best practices, the SFMI has identified significant progress and ongoing challenges among industry participants. This year, four major themes have emerged, all of which highlight the maturity development of commercialisation of sustainable activities. This commercialisation reflects a deeper understanding of the issues, alongside creative thinking and collaboration with peers, clients, and other stakeholders. The refinements are in response to client requests, government demands, and financial imperatives.

The SFMI has identified four key themes for 2024:

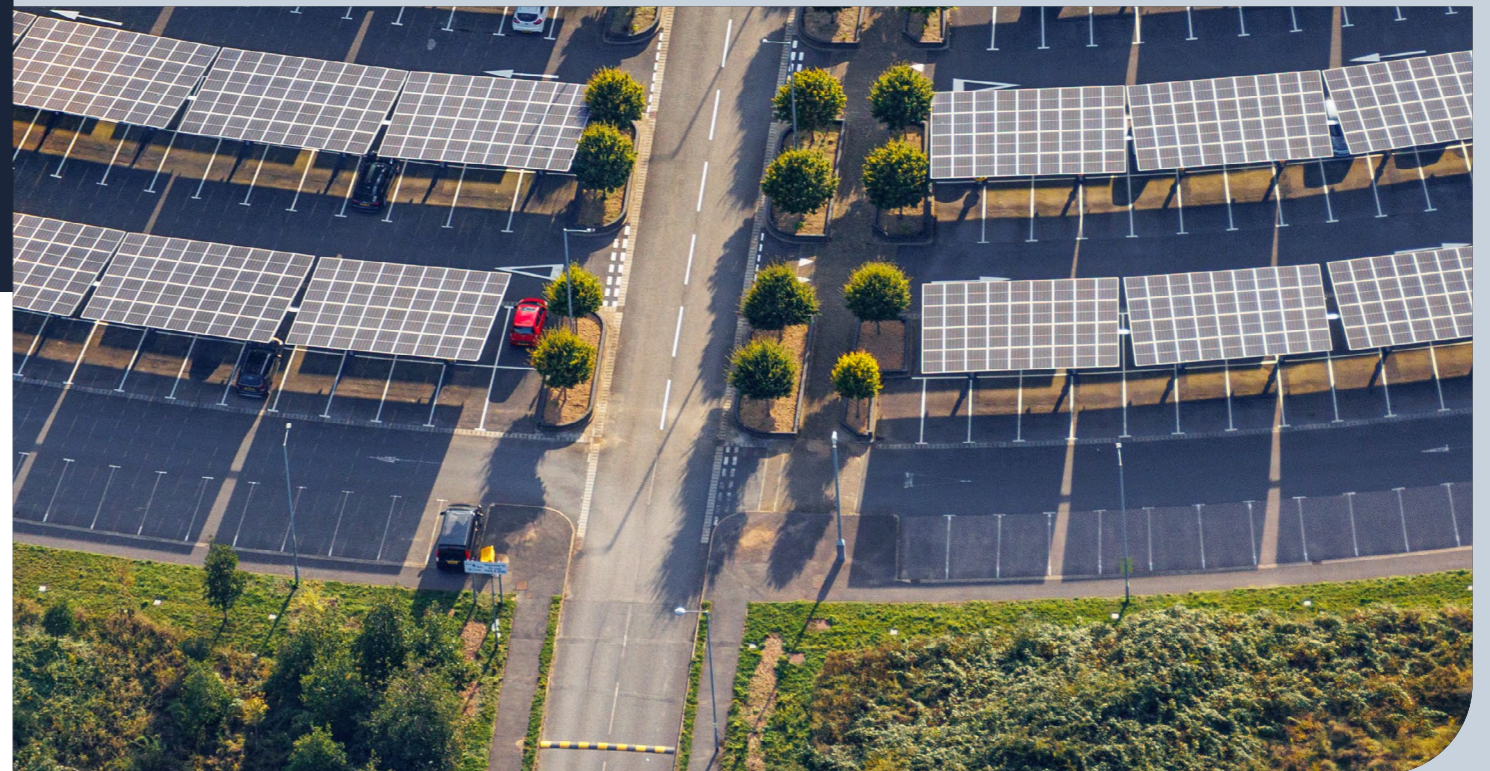
- Decarbonisation
- Wellbeing
- Social Value
- Risks & Opportunities

Each of these represents a material issue that all FM organisations should integrate into their management structures to remain competitive and forward-thinking.



DECARBONISATION

TURNING AMBITIONS INTO OPPORTUNITIES

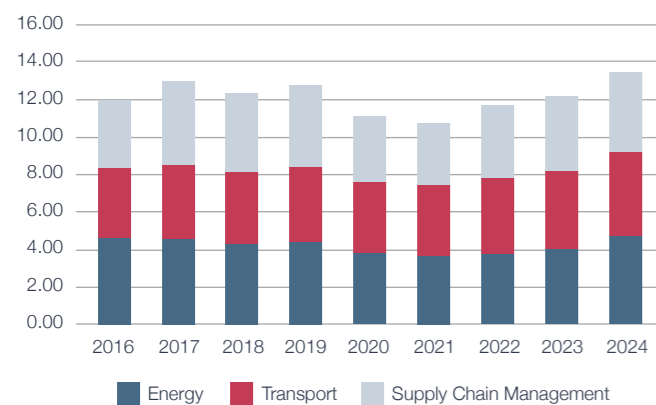


FM leaders are at the forefront of transforming decarbonisation from a compliance-driven goal into a dynamic, revenue-generating opportunity. By bringing new service offerings to market that involve decarbonisation – not just for them but for their clients, they are setting new benchmarks for commercial success in FM.

With a deeper understanding of the challenges and opportunities in decarbonisation, SFMI Partners have matured in their approach. This has enabled the development of service offerings, and, due to increasing demand for these services across industries, is driving their commercialisation.

Decarbonisation actions contribute to higher scores through many of the assessment criteria. SFMI partners are showing that they are now handling the more stringent criteria and looking more broadly at the external opportunities.

Average scores of related criteria for decarbonisation over time across all partners



FOCUS ON INNOVATIVE CARBON SERVICES TO MEET COMPLEX CLIENT NEEDS

SFMI Partners are aligning closely with their clients' needs by developing decarbonisation services and diversifying their offerings based on company scale. These carbon-based services are designed to meet the evolving and complex demands of clients, including forward-looking decarbonisation roadmaps, climate risk mapping across

portfolios, EV infrastructure, and sustainable building installations.

One standout example of sustainable building decarbonisation in this year's SFMI programme comes from EMCOR, which has developed a service offering at a successful commercial level for decarbonising buildings. This involves implementing a structured approach to the provision of energy management related services across accounts.

FM providers have significant carbon exposure in Transport, given the large fleets required to move people and goods to numerous sites. However, commercial benefits of decarbonisation are emerging as Partners take strong steps forward in fleet decarbonisation. Arcus, for example, has taken initiatives to decarbonise its fleet, including introducing the use of a scheduling tool, telematics to determine optimal points for switching to electric vehicles (EVs), incentives to promote adoption of EVs within its grey fleet, and culture changes aimed at reducing mileage. Equans is also decarbonising its fleet on an operational level, integrating with internal governance. This involves having a dedicated steering Committee for fleet decarbonisation, with executive sponsorship and wide participation. Their holistic approach combines fleet data across all business units and even incorporates mileage reduction challenges into commercial contracts.

EMPOWER LEADERSHIP TO DRIVE SUSTAINABLE CHANGE

These successes have not materialised overnight - they are the result of numerous years of learning, testing, and implementing strategies in order to launch decarbonisation programmes that are not only effective but also commercially viable for clients. Achieving this requires a commitment to ongoing upskilling, continuous training, and the recruitment of new talent. The development of new service lines also demands commitment and vision from the Board. Board members must be not only motivated by new business prospects but also equipped to understand shifts in the decarbonisation market. With this knowledge, they are well-equipped to guide investments and strategic

acquisitions, ultimately building a unique value proposition and a portfolio of complementary services.

ENGAGE SUPPLY CHAINS TO ADDRESS SCOPE 3 EMISSIONS

An important pillar of reaching the necessary decarbonisation levels lies in improvements in Scope 3 and supply chain cooperation. As FM providers enhance their capability to deliver decarbonisation services, FM clients are also shifting their focus to engaging their own supply chains to address the carbon intensity of their suppliers. This shift calls for FM providers to have a deeper understanding of their Scope 3 emissions and how their activities impact their clients' emissions.

SFMI Partners are at the forefront of commercial benefits of their sustainability efforts. We see signs that they are capitalising on their successes and looking to broaden the reach of productive programmes. They now face pressure – and possible collaboration - from emerging players who are carving out niche decarbonisation services and positioning themselves to stand out in a competitive market.

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The SFMI helps us to benchmark our organisation against other leaders in the FM sector, ensuring that we keep momentum on our sustainability journey.

Samantha Howatson, Risk and Sustainability Lead Business Partner at Arcus FM

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Some clear directions are emerging for enhancing decarbonisation outcomes and successfully realising commercial benefits. These represent significant opportunities for the early-adapters, and potential risks for those who fall behind. The key factors are:

Data Quality

High-quality, reliable data is critical for planning the investments needed to achieve emissions reduction targets and for engaging clients on the carbon intensity of FM-provided services. The ability to measure client-related emissions also enhances trust in an FM provider's decarbonisation services.

Leadership upskilling

Leaders who understand Scope 3 emissions and the impact it can have on a business can accelerate the investments needed to address these challenges effectively.

Scope 3

Accurate measurement of Scope 3 emissions is fast becoming crucial for both mitigating risks and unlocking opportunities in FM. The concept of Serviced Emissions, introduced by the SFMI in their Scope 3 Framework for FM, is gaining traction across the professional services industry. Organisations such as SBTi and Race To Zero are starting to grapple with how it should feature in frameworks. FM providers are ahead of the curve thanks to the SFMI's guidance, and should start to build this understanding into their measurement approach. This will be essential for the commercialisation of decarbonisation plans that are increasingly gaining traction.

To dive deeper into how Scope 3 emissions can be integrated into your decarbonisation strategy, [download our Scope 3 Framework for FM.](#)



WELLBEING

THE VALUE OF DOING WHAT'S RIGHT



SFMI Partners are reaping tangible commercial benefits from their focus on wellbeing activities.

This year, Wellbeing scores rose, and the related group of criteria put in a strong performance. Partners are capitalising on their wellbeing efforts by seeing higher staff retention and customer rewards as well as the benefits from enhanced diversity across their organisations.

While wellbeing has clearly shown its value, it remains an area with significant untapped potential. Despite this year's gains, it is still the lowest-scoring criterion in the Society and Social section, showing that there is still growth potential in these activities and more commercial benefits to come.

better health, and fewer absences all support commercial benefits for our Partners.

ALIGN WELLBEING EFFORTS INTO OTHER SUSTAINABILITY INITIATIVES

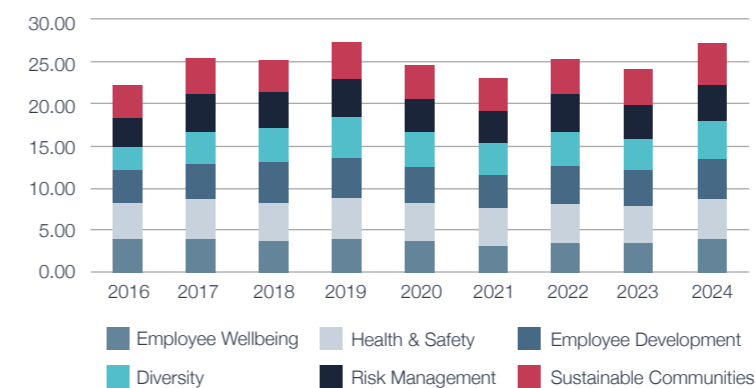
Beyond traditional boundaries, Partners are linking wellbeing not only into Health & Safety but also into nature and net zero efforts. Responding to the SFMI's call to link wellbeing into Ecology and Biodiversity, Partners are expanding their activities for staff and on-site, as well as integrating these considerations into contracts with clients. Encouragingly, there is also a growing focus on aligning wellbeing efforts with net zero efforts also.

LEADERSHIP COMMITMENT DRIVES WELLBEING SUCCESS

Senior management is seen to recognise the commercial imperative of wellbeing aspects. Our data reveals that senior leadership is increasingly involved in wellbeing initiatives, with many sponsoring these initiatives. For example, Vinci has made People and Wellbeing one of its three core pillars, demonstrating a clear strategic commitment. Similarly, innovative collaborations like BAM FM's joint venture with Sleep Station are driving tangible improvements in employee wellbeing.

Pioneering a new approach to embed wellbeing in its strategy, EMCOR UK has become the first organisation to be certified against the new ISO 45003 standard for psychological health and safety. This milestone reflects EMCOR UK's leadership in embedding wellbeing into its core strategy. In addition to stronger engagement with its employees, EMCOR UK has seen a 12% improvement in its overall score on internal wellbeing KPIs, and a 32% reduction in absences due to mental health/ stress. Other Partner practices that leverage governance and strategy include embedding a dotted line connection between wellbeing activities and health and safety within the company's internal structure and governance.

Average scores of related criteria for wellbeing over time across all partners



TACKLING NEW CHALLENGES WITH EVOLVING STANDARDS

These results illustrate the improvements in scores, even following the SFMI audits steadily raising the bar over the years. By addressing key challenges, such as skills shortages, the audits have helped Partners focus their attentions on a continuity risk. As part of this evolution, the SFMI has broadened the scope of Health & Safety topics, noting the risks and opportunities of addressing sleep, neurodivergence, menopause, and even blood pressure issues. These areas are gaining attention as societal awareness grows, and Partners are increasingly prioritising them. Higher engagement, fewer accidents,

These accomplishments not only set SFMI Partners apart in a competitive marketplace, but also enhance their appeal to investors. The evidence is clear: improved staff health, fewer illnesses and absences, fewer accidents, and better retention and recruitment all position SFMI Partners as attractive, forward-thinking FM providers in a highly competitive industry.

Several factors contribute to the successes in wellbeing, but one stands out as being the differentiating factor: being bold. This means committing resources early on, stepping up as a leader, and taking the risk of doing the right thing before it becomes a requirement. Early adopter are garnering the commercial benefits and now occupy positions ahead of the pack.

EMBEDDING WELLBEING AT THE CORE

However, there remains significant room for growth in integrating wellbeing with nature, decarbonisation and net zero strategies. While wellbeing and nature are beginning to find their place in strategies, they are not yet at the core. Not only are these activities heading toward the same sustainability goals, but combining the initiatives and actions is a way to achieve better efficiency and deeper reach, and therefore better results across all measures, including commercial gains.

It is reasonable to expect that Partners that have met with success will embed this into the core of the organisation strategy and deeply into operations. Successful actions can be capitalised on by including the measures and metrics in customer communications, bidding, public disclosures, and reporting to investors.

FM providers should look to capitalise on their Wellbeing successes in this next phase in a few ways:

- Refine the measures of progress and meaningful metrics (to show engagement, savings, and benefits).
- Look for collaboration with clients/ tenants and experts on topics.
- Harness Nature for better Wellbeing. Leveraging the

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The evidence is clear: improved staff health, fewer illnesses and absences, fewer accidents, and better retention and recruitment all position SFMI Partners as attractive, forward-thinking FM providers in a highly competitive industry.

Sunil Shah
Managing Director at Acclaro
Advisory & The SFMI

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interconnectedness of Wellbeing with Ecology and Net Zero will be essential for realising its value. This will require deepening integration and fostering a more holistic approach. Many SFMI Partners have nature-focused initiatives on their sites and are offering nature-focused activities in their commercial contracts.

Opportunities remain in better addressing the challenges to embed Wellbeing in contracts and sites for tenants and clients. This will help realise the benefits including better staff health, increases in safety measures, efficiencies, and higher staff retention and recruitment.



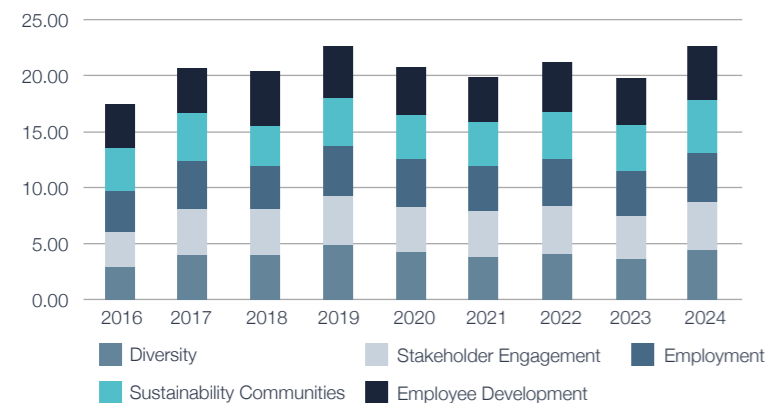
SOCIAL VALUE

TURNING PURPOSE INTO PROFIT



Social value initiatives have taken centre stage in 2024, with SFMI Partners making significant strides – scoring around 14% higher across the relevant criteria. This reflects a growing recognition that the partners have been giving to this area. As companies expand their social value activities, driven by government mandates or client requirements, measuring the benefits is increasingly proving commercial value of these new approaches.

Average scores of related criteria for social value over time across all Partners



Successful initiatives in social value go further than doing the right thing. These initiatives not only reinforce a company's reputation as a responsible business but also enhance employee satisfaction, boost retention rates, foster team cohesion, and improve recruitment outcomes. This year the SFMI has seen more demonstrable actions. Partners are engaging in more strategic activities, improving their communications, and demonstrating a growing commitment to this important area.

DRIVE IMPACT THROUGH STRUCTURED INNOVATION

Amey's ex-offender programme exemplifies how FM companies can make a tangible difference in social outcomes without requiring decades of experience or high-level maturity—what matters most is having the right motivation and actions in place. Within serviced prisons, Amey provides prisoners with opportunities to learn new skills while helping maintain facilities. This initiative lowers costs, reduces vandalism and equips prisoners with valuable skill sets; resulting in social value benefits measured at £93 million.

Measurement and structured approaches are critical in amplifying these benefits. Churchill has taken strides in its social value tracking by integrating its own ESG dashboard with the Social Value Portal, enhancing real-time progress reporting. By hosting a roundtable with national contractors, Churchill has also contributed to standardising and refining industry-wide approaches to social value. Some frameworks now directly link social value achievements to profits, assigning a percentage of contract value to the fulfilment of social value objectives.

Being a responsible business is a commendable accomplishment by SFMI Partners, but turning social value into commercial opportunity requires strategic effort. Leaders in this space excel by transforming seemingly intangible outcomes into business-relevant metrics. They leverage their specialist FM expertise, as well as harnessing external technology, to drive impact.

COLLABORATION HAS EMERGED AS A CORNERSTONE OF SOCIAL VALUE SUCCESS

FM providers are partnering with non-traditional stakeholders and broadening the concept of change agents. Internally, they are integrating their data systems with external tools. Commercialisation has been concretised into contracts, as Partners boldly tie their social value initiatives into their profit structures.

OVERCOMING CHALLENGES WITH ENHANCED COLLABORATION, DATA, AND SKILLS

Despite significant progress, challenges remain around setting clear targets and developing consistent measurement frameworks across all initiatives. Additionally, the collaborative nature of many initiatives introduces new dynamics, where a lack of specific skills or experience can undermine success.

As organisations deepen their understanding and implementation of social value, these challenges will evolve. To stay ahead, FM leaders can focus on three key areas:

Collaboration

Successful social value initiatives often require new types of collaboration. FM providers must develop skills in a different type of activity and be willing to ask for expertise where theirs is only developing.

Data

Gathering, managing, and interpreting data on social value activities can be complex, especially for initiatives that fall outside the traditional FM scope. Creativity and expertise in data handling will be essential in uncovering insights and demonstrating the impact of these programmes.

Upskilling

Leaders who understand the importance of social value can bring vision as well as solid guidance to the decisions. The competencies are also important in the operational teams, in order to effectively embed the advantages into contracts as well as internal measures.

By addressing these areas, FM providers can elevate their social value activities from admirable efforts to strategic differentiators, driving both commercial success and meaningful societal change.

As society increases its awareness of sustainability, attention is increasingly directed to the social and human aspects. This shift is encapsulated in frameworks like the government's PPN 06/21, which brings social value into the commercial arena through both financial and non-financial measures tied to human capital. For FM providers, the opportunities extend further - leveraging property and its surrounds to support local communities, individuals, and third-sector organisations.



Our involvement in the SFMI continues to develop and enhance our approach to Sustainability in FM. The breadth of categories helps to integrate the sustainability message into different business functions along with requiring a high level of governance and risk management.

Anthony Heaton
Senior Environmental Sustainability
Manager at BAM UK



RISKS & OPPORTUNITIES

TURNING RISKS INTO REWARDS



As the FM industry faces more risks, SFMI leaders are turning challenges into opportunities. The SFMI's expert knowledge highlights the risks that face partners as well as the opportunities in the industry. This year's interviews showcased a range of approaches – from bold innovations driving revenue growth to a few missed opportunities. Encouragingly, the majority of SFMI partners are demonstrating a deeper understanding of monetising sustainability, with some already leveraging their expertise to deliver services that enhance both their own sustainability goals and those of their clients.

However, the path to success is not without risks. Data reliability, supply chain challenges, water and ecology management, and unaddressed climate risks remain key barriers. Yet, these same risks can serve as springboards for innovation. FM leaders that turn these hurdles into opportunities – such as through enhanced decarbonisation services, decarbonising fleets, assessing climate risks, contracts improvements, and upskilling decision makers – are positioning themselves as market leaders in the industry.

OPPORTUNITIES OUTPACE RISKS

Risks and opportunities have been mapped to the relevant SFMI criteria and show the score progression over the years. Notably, the analysis reveals that the Opportunities cluster gained by nearly twice as much as the Risks maturity cluster, a clear sign that FM leaders are leaning

into the commercial potential of sustainability. The success of commercialisation shows in the breadth of opportunities being developed across the FM sector. Among these are the decarbonisation of building services and fleets, but also assessing organisations such as hospitals for climate risk hazards. At least one SFMI Partner has successfully integrated sustainability improvements into PFI contracts, and many are realising commercial benefits from EDI initiatives. These benefits include improved staff retention, recruitment successes, increased sales, and positive investor interactions.

GOVERNANCE IS A CATALYST FOR RISK MANAGEMENT

The previously-noted SFMI trend – that positive actions in governance herald better progress across the business – continues to hold true. This is evident in examples where boards enhance their skills, leading to better commercial outcomes. These include improved ESRS preparation, more focused materiality assessments that optimise resource allocation, and the implementation of risk registers for each business unit and down to the contract level.

On the flip side, some risks remain challenging, reflecting slower progress in areas with less attention or resource allocation. Key risks to SFMI Partners are notable in supply chains (continuity, human rights, and carbon), data handling challenges, and water and ecological concerns.

Notably, the SFMI criteria linked to risks have only made half the gains of those tied to opportunities this year, illustrating the need for greater focus and investment in these areas.

The progress made in turning opportunities into commercial successes highlights the importance of several factors. Commitment from leadership, adequate resources, and the right knowledge are crucial and often stem from a top-down approach. Board upskilling, in particular, has opened the door for informed decision-making and guidance. Together, these allow issues to be addressed strategically as well as at the operational level. It should be noted that in

Total scores of the groups of criteria that constitute risks and opportunities over time



almost all examples, innovation and collaboration play important roles in delivering on the promise of commercial maturity.

COMMERCIALISATION IS THE KEY TO UNLOCKING OPPORTUNITIES

Turning obvious risks into opportunities remains a challenge, and commercialisation may be the key that unlocks these potentials. Commercialising areas like water and ecology has proven particularly difficult for many, while data and climate risks require further education and upskilling. For example, organisations that can better recognise, understand, and mitigate climate risks – both for themselves and their clients – have the potential to become early adapters and leaders in this space. Similarly, data risk management could evolve into valuable commercial offerings to clients and supply chain partners alike.

Looking ahead, it's reasonable to expect that commercialised opportunities will continue to grow, while less monetisable risks may lag. Factors such as regulatory deadlines and potential commercial impact will likely drive prioritisation, with supply chain and climate risks taking precedence.

Ultimately, the same factors that drive success in commercialising opportunities - upskilling, innovation, commitment of resources, and collaboration – are also key in unlocking the value in addressing risks. By embracing these strategies, FM providers can position themselves to extract commercial value from all aspects of sustainability, creating shared benefits for their own organisations, clients, and the wider FM sector.

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The SFMI's rigorous standards and supportive framework have empowered us to make more informed decisions, driving positive change within our organisation and beyond. We are proud to be part of a community that is committed to sustainability and continuous improvement.

Jason Roberts
Group Director for Sustainability
at Mitie

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INSIGHTS & NEXT STEPS

The 2024 SFMI Assessments raised the bar for ESG activities, reflecting substantial progress across all arenas compared to previous years. Partners have driven higher average scores, with Governance the highest scoring area due to progress in Diversity and Collaboration. The Social arena saw improvement in each of its components, notably in Wellbeing and Sustainable Communities. The Environment arena also gained, with Energy contributing the largest increase. These achievements are the result of forward-thinking FM providers who are now implementing sustainability actions into their strategy and operations.

Governance serves as the foundation for ESG advancements

Research from the SFMI highlights Governance as a catalyst for sustainability progress, and the strong performance again this year bodes well for more robust actions to come. To sustain this momentum, FM providers must embrace activities such as incorporating the triple bottom line and other concepts into financial decisions, including materiality assessments, TCFD and reporting changes.

Embedding social value and wellbeing across all entities is key

In the Society and Social arena, gains in Wellbeing, Sustainable Communities, and Employment reflect deeper embedding of social value and wellbeing considerations into activities across the value chain. However Supply Chain Management remains a challenge, signalling a need to embed values and sustainability across all entities, especially as requirements for environmental and human rights activities intensify.

Environmental progress is advancing, but key areas need urgent focus

The Environment section made gains but continues to lag overall. Showings in Ecology & Biodiversity and in Water are again lagging in this section, and require urgent focus. These challenges also present opportunities for innovative FM providers to commercialise. Encouragingly, the strong performance in Management Systems within this arena may foreshadow broader environmental gains, mirroring the positive impact Governance has demonstrated in driving progress.

Reflecting on the four key themes - Decarbonisation, Wellbeing, Social Value, Risks and Opportunities - their commercial success relies on common strategies: upskilling, improvements in data and metrics, fostering collaboration, and driving innovation. The themes also have common benefits: business growth, elevation of service delivery and creation of industry-wide benefits.

ADVANCING SUSTAINABILITY: NEXT STEPS FOR FM LEADERS

To build on this momentum, forward-thinking FM providers should prioritise the following actions:

Upskilling and Strategic Assessments: Conduct materiality assessments and evaluate climate risks across operations, identifying financial vulnerabilities and potential growth opportunities.

Investing in Emerging Areas: Commit resources to pioneering sustainability initiatives. Such bold investments are not only foundational for adapting to stricter regulations but also instrumental in seizing future opportunities.

Turning Risks into Opportunities: Adopt a creative and entrepreneurial approach to challenges. Solutions developed internally can often become valuable services for clients and even peers within the industry.

By embracing these strategies, the FM industry can follow the example set by SFMI leaders, achieving sustainability goals while unlocking commercial value. The path forward calls for innovation, collaboration, and bold action to shape a resilient and profitable future for FM providers.

JOIN THE SFMI

Becoming a member of the SFMI offers numerous benefits to your organisation, including:



STRATEGIC SOLUTIONS AND GUIDANCE:

Leverage the SFMI's strategic solutions and expert guidance to strengthen your sustainability initiatives, aligning them with industry best practices and future-focused strategies.



ENHANCE YOUR REPUTATION AND CREDIBILITY:

As the only FM-specific ESG assessment, an SFMI award and membership showcases your commitment to sustainability, positioning your organisation as a trusted ESG leader for stakeholders.

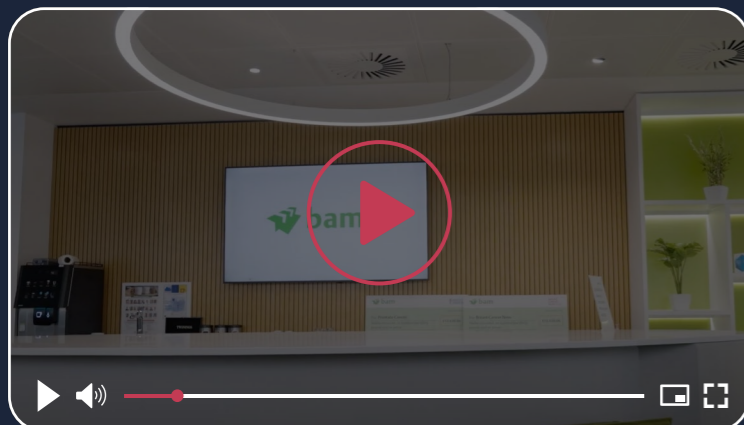


ACCESS TO BEST PRACTICES AND INDUSTRY TRENDS:

Stay informed on the latest industry trends, from horizon scanning to exclusive webinars. The SFMI provides regular updates and insights that keep your organisation aligned with evolving ESG expectations.

INTERESTED IN LEARNING MORE?

For a closer look at the impact of SFMI membership, [watch our video](#) featuring BAM FM to see how our ESG assessment supports FM organisations.



NEXT STEPS:

Contact us to explore how SFMI membership can advance your sustainability initiatives and position your organisation as a leader in responsible facilities management.

CONTACT US



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Through its benchmarking standards and assessments, the SFMI has been instrumental in advancing sustainability across the FM industry.

Sofie Hooper
Head of Policy & Research at IWFM

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SFMI

The Sustainable FM Index

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