



**SFMI**  
The Sustainable FM Index

# The Criteria for Sustainable FM: 2023

The SFMI Framework for ESG Reporting



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## The SFMI Framework for Sustainability in FM

Our purpose is to embed sustainability into the management and operation of the FM sector, by helping FM organisations to demonstrate their contributions, how they upskill colleagues and their continuous improvement across the whole value chain.

The Sustainable Financial Management Index is an industry initiative focusing on sustainability within the FM sector. Now in our 11<sup>th</sup> year of assessing FM providers, we continuously monitor developments in legislation, we attend and speak at sustainability in business events, and we keep abreast of social trends. We then review the standards expected of organisations to demonstrate sustainability to their stakeholders, clients, investors and colleagues. By understanding and interpreting legislation and reporting requirements, we strive to align our assessments with the global frameworks, thereby simplifying reporting for our partner companies.

To have a positive impact on the environment and society, an organisation needs to embed the principals of sustainability into its value chain. We recognise that various factors, such as contractual agreements and financial commitments, can sometimes create barriers for progression.

Our ESG assessments are the only industry sustainability benchmark for FM and we are currently assessing partners that make up c.15% of the UK FM market spend\*. The SFMI provides a credible single assessment score for comparable measure and benchmark against other FM companies. As such, the SFMI provides a credible and robust understanding of the company.

[\\*FM Briefing, January 2022](#)

### How we assess

The assessments consist of a 3-stage process:

1. **Desktop assessment** - assessing public domain information.
2. **Discovery sessions** – audit interviews delving into more detail on internal processes held either in person or remotely.
3. **Additional evidence** – opportunity to provide additional information post audit to ensure potential score is maximised based on what can be evidenced.

*“Benchmarking ourselves in an industry specific context can be difficult in other indices. The Sustainable FM Index helps us achieve this alongside sharing best practice and promoting the FM industry.”*

**Equans**

## Criteria Overview and Scoring

We review and update our assessment criteria annually to capture global corporate progress, regulatory and reporting requirements, and trends impacting the FM sector. Together, these ensure the Partners of the SFMI are supported in their plans and ambitions for being leaders in the sector.

We assess a company's sustainability performance across 23 criteria, divided into the three themes: Environment, Social and Governance. Recognising the interdependencies, we apply comprehensive assessment tools to find strengths and opportunities across these areas.

With scores from 0 to 5 showing the range of approaches to sustainability, the top score of 5 is about not only demonstrating a systemic approach to organisational practices, but also extending sustainability to communities, and showing leadership in the industry and society.

Achieving levels 4 and 5 cannot be met through a tick-box approach. As an integrated approach it requires incorporation into the culture, management, its relationships with all stakeholders, and reporting of an organisation and the services being provided.

This table shows some differences in the levels of maturity (reflected by the scoring) for each of the 3 main topic areas. Progress can be assessed in the approaches and activities of organisations. Our Partners' activities provide good examples of the progress and application.

	Score 1	Score 3	Score 5
<b>Environment</b>	Public disclosures, but limited evidence of practices being in place	Predominantly internal only systems and processes. Key data identified and used	Demonstrates knowledge-based client engagement and leadership to reduce impacts at source
<b>Social</b>	Corporate level aspirations are provided with limited stakeholders involved	Active engagement with stakeholders (employees, suppliers) with two-way dialogue	External verification of achievements with measurements focussed upon the need of stakeholders
<b>Governance</b>	Frameworks and policies, but not co-ordinated or demonstrating leadership	Management takes an active role, but limited to the information provided	Budgets in place to ensure delivery of c-level and contract sustainability delivery. Clear evidence-based disclosure



## This Report

This report is the output of the 2022 annual review process, taking into account the changes in areas such as legislation, social trends, and best practices. These developments have been applied to the existing criteria and changes have been incorporated into the relevant areas.

Within this document, each criteria is detailed providing the following information:

1. Definition and relationship to sustainability
2. How the topic affects and interacts with the role of FM
3. Guidance on what an FM can do to manage the topic
4. Leadership attributes, which directly correlate with our assessment criteria
5. Interlinking criteria guidance

We are also pleased to include some examples of application and innovation throughout this report. The progress can be assessed in the approaches and activities of organisations. These showcase some activities of our participants and their developments, and their own innovative ways of expressing their sustainability ambitions.

## Collaboration

By working together, the FM sector can overcome barriers and build its reputation as a driver of sustainable change in business. We collaborate regularly with all our partners - FM organisations, membership bodies and outsourcers - to share good practice, thought leadership and new solutions to sustainability challenges.

## Get in touch

- FM Providers keen to improve their understanding of sustainability
- Organisations looking to compare their FM providers' governance and sustainability performance or improve their own FM team performance.
- Property and sustainability professionals who want to contribute to the purpose of the SFMI.

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# Environment

Environmental sustainability involves responsible interaction with the environment to avoid the depletion and degradation of natural resources. It strives for long-term environmental excellence. There is also the need for FM Providers to integrate environmental management into their service lines to drive further impact within their clients.

**Within the SFMI framework, the Environmental criteria we assess are:**

- Environmental Management Systems
- Ecology and Biodiversity
- Energy
- Water
- Circular Economy
- Transport
- Projects Management



## Environmental Management Systems

Management Systems (M/S) provide a framework to organise and manage multiple parts of a business to deliver continual improvement. They are applied within a defined scope of an organisation and, once written, need to be implemented and communicated to all relevant stakeholders, both people and entities.

M/S are audited to improve the success of the system and can also be certified externally to provide customers with assurance of your approach. Standardised Environmental Management Systems (EMS) cover a range of specific issues related to a company's impact on the environment. They integrate procedures, monitoring, training, reporting and communications of managing the environmental impacts of the company. Companies seeking to achieve external accreditation must follow a set of rules and processes to achieve a goal. For example, ISO 50001 helps a company manage and improve its energy consumption, or the ISO 14064 helps a business to report its greenhouse gas emissions to a good quality standard.

### How does it affect the role of FM?

Achieving and maintaining an ISO 14001 certification is often a pre-tender requisite to bid for work. Whoever is involved in developing the management system, the FM team will be required to help achieve the standard. Failure to follow the system could jeopardise the external certification and trust.

### What can FM do to manage it?

It will often be a requirement for the FM team to ensure that the procedures are followed in identifying environmental risks, training the team, reporting required information and maintaining necessary records. Also important is to feed back potential improvements of environmental management that can improve the system.

### Interlinking Criteria (E, S, G)

- All Environmental Criteria - depending on the level of environmental impacts within the company
- Risk Management, Board Commitment, Sustainability Frameworks, Compliance, Contracts

### LEADERSHIP ATTRIBUTES

The organisation has an EMS (certified to ISO 14001 or other) and enabled within the strategy. Top management are accountable, data within the system is consistent and reported, with a communication strategy in place. Aspects registers for corporate and contracts consider risks and opportunities, as well as compliance obligations.

## Ecology and Biodiversity

Ecological and biodiversity improvement delves into a company's impacts on their surrounding natural environment and should encapsulate a broader discussion on the topic. Once the Taskforce for Nature-Related Financial Disclosures (TNFD) has been released, there is a view to also include this within the criterion. With the huge growth of the built-environment, management of ecology and biodiversity in urban areas is important in the outdoor grounds of any buildings on site, or in any indoor green spaces. Despite urbanisation, plants and animals still provide "ecosystems services" such as provisioning, regulating, cultural and supporting services. Indoor and outdoor ecology benefits the workplace as well. It improves wellbeing by reducing stress, filtering poor air quality and can increase staff productivity.

### How does it affect the role of FM?

Ecology and biodiversity affects both internal and external grounds. Therefore, grounds maintenance and workplace management can integrate ecology into their role.



When altering the landscape to fit the needs of each location, it is important to minimise the ecological impacts. To be effective, activities must be understood and managed individually by FMs.

The FM sector manages the workspaces with an obligation to improve the wellbeing, productivity, and staff turnover rate of a workforce by understanding how to connect staff and the built environment with nature and improving ecology.

### LEADERSHIP ATTRIBUTES

The organisation understands natural capital and the value that protecting and enhancing ecology and biodiversity will bring to contracts and workplaces.

Central guidance is available, and the company confidently reports on KPIs for ecology, monitors progress against targets, while communicating with facility users to create awareness and behaviour change. There is also a link to wellbeing as well as a formal integration into net zero.





### What can FM do to manage it?

Assessing opportunities, measuring current ecology and biodiversity, and acting on the data provided are key elements. Using the Natural Capital Protocol provides a standard way of measuring ecological impacts and dependencies across the built environment, but can also use species identification surveys, biodiversity action plans, staff surveys to spot opportunities, site walk and assessments, and occupational evaluations that include ecology. Although relatively well understood for construction, improving ecology benefits are a new area of sustainability so many industries are still learning how to best approach it.

### Interlinking Criteria (E, S, G)

- Projects, Water
- Wellbeing, Sustainable Communities, Health & Safety
- Sustainability Frameworks, Contracts, Collaborations, Risk Management

#### **Good Practice: Skanska**

Skanska increased the level of biodiversity at Northwood HQ, a military base with a large and varied site, through a variety of projects. These include a pond regeneration scheme, new wildflowers to replace old heather beds, installing beehives and providing a home for rescued hedgehogs. Skanska used a biodiversity measurement tool to assess the positive impact of the changes. It was highly commended in the habitat creation: project of the year category in the 2021 CIRIA Big Biodiversity Awards.



## Energy Management

Energy is the power derived from the utilisation of natural and chemical resources to provide light, heating, cooling, fuel generators and to operate machinery within facilities. Sources of energy for this include fossil fuels (coal, oil, gas), renewable sources (wind, solar, tidal) and other (nuclear, incineration of waste). Energy allows us to power our lives: Electricity is often used for lighting and general building function; heating can be either natural gas or electric.

Energy use directly impacts climate change if derived from fossil fuel sources. Burning fossil fuels releases captured greenhouse gases into the atmosphere which accumulate around the earth as an insulating blanket that traps heat; this creates long-term climatic warming and changes local weather events. Animals, crops and infrastructure are not adapted for the unprecedented changes that are taking place now and which are accelerating at a rapid rate.

### How does it affect the role of FM?

The FM has an opportunity to save its employers or clients significant amounts of energy within the facility it manages, prevent dangerous climate change and save money. It is an interlinked role through the service offer and can be a service line in itself. Changes to working patterns impact energy use and require adjustments for FMs.

Previously, the assessment framework recognised the sharp reductions in occupancy that the Covid pandemic brought. We have broadened this learning to recognise that occupancy levels vary, with hybrid working and with other changes that may come due to financial or societal pressures. These changes present challenges that need to be addressed for optimal energy management.

### What can FM do to manage it?

Identifying energy sources, collecting usage data patterns, understanding behavioural changes in occupancy, and sourcing low-cost initiatives and new technologies that reduce energy are great starting activities. New operating procedures can be introduced to manage behaviours in energy reduction for FM teams, implementing regular maintenance schedules to ensure equipment runs optimally and continually assessing data for improvements or a decline in performance. Going further will require understanding of the link between energy and its conversion to carbon emissions. This applies to the company carbon reduction strategy.

### LEADERSHIP ATTRIBUTES

The company recognises energy as a critical business issue and commits to become a zero-carbon business, and adapt to a client's zero-carbon needs. It can provide examples of projects (in progress or completed) that are integrating clean energy solutions and is able to show it can tackle the energy performance gap.

Procedures and audits stimulate behaviour changes and innovative solutions are integrated into all tender responses.

### Interlinking Criteria (E, S, G)

- Environmental Management System, Projects, Transport
- Supply Chain Management, Wellbeing
- Risk Management, Board Commitment, Sustainability Frameworks, Disclosure  
Finance, Compliance, Contracts

#### **Good Practice: VINCI Facilities**

VINCI Facilities deliver FM to over 600 locations for a major Public Sector customer. Energy and water management services are integrated into the contract and comprise numerous aspects, including supporting the customer's Decarbonisation Strategy through development of a Renewable Energy & Energy Efficiency Feasibility study. In addition to technical feasibility and solution development, VINCI Facilities were able to outline commercial models including interest-free 'green energy' funding options.



## Water

Access to water is critical for life and hygiene is fundamental for businesses to operate. As populations expand, there is more demand for water – especially fresh water - and a greater need for good water stewardship. Severe weather events that cause excess water are also detrimental to life and business.

Water management is about measuring the risks associated with drought and flooding in the localised area, taking action to conserve water to prevent shortages during long periods of low rainfall, managing the responsible extraction of water to ensure water basins are not polluted and preparing business facilities against extreme precipitation scenarios. The UK climate is changing, we are seeing longer spells of high heat, followed by intense prolonged rainfall. In urban environments, not designed for this change, we are witnessing detrimental effects to property that is causing significant cost to business and people.



### LEADERSHIP ATTRIBUTES

The organisation integrates innovative solutions into all relevant tenders and can provide corporate and contract consumption data alongside progress against targets for water reduction. Supply chains are engaged with the need to manage water effectively; long-term commitments have been made. Aspect/Risk registers capture the local water risks and opportunities (quality, access, scarcity, flooding, freezing, amenity).

### How does it affect the role of FM?

The FM will be required to manage water related issues that affect the facility and business continuity and should also be encouraging clients to manage the issue, via two-way communication with suppliers, clients and stakeholders. Localised flooding can shut down business operations, with staff being unable to access the building. Likewise, leaks in the infrastructure, caused by extreme precipitation conditions, can increase the need for roof maintenance. Periods of little rainfall can lead to water shortages and limitations on the availability of water in the workplace. FM could be required to manage water consumption and disposal to ensure costs are reduced and the business contributes to its water reduction targets and compliance requirements.

### What can FM do to manage it?

Monitoring water consumption using billing and meter data, identifying reduction opportunities from data, ensuring the system is maintained to prevent leaks, implementing behaviour change for users. Water risk planning on the site is also key. Understanding the risk of flooding and ensuring the correct business continuity plans are assessed, managed and implemented. There should be two-way communication occurring with non-regulatory bodies as well as alignment with forward risk management and the adaptation to likely effect.

### Interlinking Criteria (E, S, G)

- Environmental Management System, Projects
- Supply Chain Management
- Risk Management, Sustainability Frameworks, Compliance, Contracts



## Circular Economy

The circular economy (CE) refers to a loop or 'circular' system that is created in the use of resources to minimise or eradicate waste. Many materials are finite and are derived from natural resources – oil, timber, metals, gas, minerals. The continuous search for and their extraction has a significant impact on our natural environments. Linear wasteful systems – produce – use – dispose, are harmful. The CE is a system that promotes the reuse and secondary life of materials from a fully circular perspective - from design and procurement to practices and waste handling. This breaks the need for continuous extraction of virgin materials.

After we have used materials, there are numerous journeys that they take. Materials can be re-used directly onsite or through third parties. Waste items go to export, landfill, incineration or recycling centres. The key point is that input and waste of these resources must be minimised or eliminated.

### How does it affect the role of FM?

FM has a role in the management of a workplace waste stream, its interaction with staff and their behaviours, the lifecycle projects, refit projects, procuring goods and potential energy sourcing. All these roles can be managed with circular thinking with sustainability embedded into multiple service lines.

### What can FM do to manage it?

Designing a circular system is not easy but starting small is a good beginning. Considering how the waste hierarchy can apply to your resources – 'reduce, reuse, recycle' is the first step. Engaging with employees to bring them on board will build wider participation, then involving the supply chain and understanding how products that can be reused (e.g., furniture and carpets) can be designed and procured. Partnerships and collaborations with suppliers will spur new innovations that can renew and refurbish old materials. Showing the approach taken to assess and manage services and identify key waste items, giving evidence of multiple examples. FMs should also look at procuring items that can be life extended and retain asset value, as well as using items without damaging the value and ensuring further life at the end of use.

### Interlinking Criteria (E, S, G)

- Environmental Management System, Projects, Energy
- Supply Chain Management
- Board Commitment, Sustainability Frameworks, Finance, Contracts, Collaborations

### LEADERSHIP ATTRIBUTES

A company has developed its strategy for placing circularity at the heart of its business. It is embedded in procurement approaches which promote recycled, reclaimed quality goods with long term value. The company integrates resource efficiency into the services and can provide examples of initiatives that have delivered significant reductions in waste, reuse, and closed loop recycling. It shows services sold are based on circular approach and that sustainability is clearly embedded into multiple service lines.



## Transport

Vehicle transportation includes business vehicle fleets used for day-to-day operations and staff commuting habits towards commuting to the workplace. Both have an impact on global climate change and local air pollution, with overall transportation contributing 34% of UK carbon emissions in 2022, with a cost to human health through toxic air pollution. Electric vehicles are increasing but fossil fuelled vehicles remain dominant on the roads. Motor vehicles have generally become more fuel-efficient over time – largely due to EU regulation – leading to driver behaviour and maintenance being a significant opportunity to reduce impacts. However, increased efficiency does not eradicate the problems.

### How does it affect the role of FM?

FM can be a mobile workforce, for example, hard service FM providers rely on their fleet of vehicles and fast response to jobs. Catering requires food distribution. Vehicles can often be one of the largest impacts of an FM provider. The FM may also need to provide staff with transport options as part of soft services. Emissions are understood and reported publicly.



### What can FM do to manage it?

Initially, understanding what travel is necessary and what can be performed remotely through technology will help to ensure only critical travel takes place. Managing the transport options at a business facility using low carbon options will help to reduce transport impact; being able to measure this reduction is also of value. A provider's own transport emissions can be managed

### LEADERSHIP ATTRIBUTES

The company is committed to upgrade its fleet travel from fossil fuel vehicles with targets and a roadmap. It is engaged in new initiatives that promote the upgrading of client fleets to EVs (with targets linked to social value creation).

It can provide examples of innovative initiatives to reduce vehicle dependency and the environmental impacts of vehicle travel. Transport emissions are well understood, reported annually and verified. Flexible working is supported where feasible. Improving and measuring air quality and local exhaust fume impacts from the vehicle fleet are shown to be an important issue for the business and integrated into its social value strategy. FMs should also be engaging with local contracts on how air pollution can be reduced.

by monitoring fuel consumption, using telemetric devices and through fleet management processes. A business can track and estimate its transport impact by measuring travel to work related projects - i.e. commuting, company fleet travel, wider business travel and supply chain travel. It can then advise or establish policies on the types of vehicles that it purchases.

### Interlinking Criteria (E, S, G)

- Environmental Management System, Energy
- Supply Chain management, Wellbeing, Sustainable Communities
- Board Commitment, Sustainability Frameworks, Disclosure, Finance

#### **Good Practice: Mitie**

Mitie's fleet is responsible for 93% of the company's carbon footprint. The reduction of transport emissions is one of Mitie's key business priorities, so Mitie has created a strategy that combines targets, capital expenditure, infrastructure development, and behavioural change with employee and client engagement. It has pledged to transition 85% of its van and car fleet to electric vehicles by the end of 2025 (from 45% already). To support the transition, Mitie runs numerous workshops and roadshows to demonstrate the benefits of electric vehicles. It is also part of initiatives such as EV100, run by the Climate Group, which sets a public pledge to run 100% of electric vehicles by 2030. This commitment goes beyond new vehicles, with charging points at operations, client locations and employee homes also required.





## Projects Management

Projects are workloads undertaken by the FM that involve a capital outlay above a defined threshold and can provide a step-change in sustainability performance. These can include lighting refit projects, refurbishment projects, replacement of machinery or plantroom equipment. Lifecycle sustainability should be understood at the project level to reduce its impact – for example, materials used, energy consumed, sourcing of materials, (increasingly) social impacts of the projects, long term vs short term economic impacts. Life cycle assessments are one method of assessing the impacts of a project from start to finish (i.e. throughout the "life" of the project). Examples of good practice in projects are also key, these can be used as case studies for further learning within the company as well as for other companies to understand how your responsible business operates.

### LEADERSHIP ATTRIBUTES

Lifecycle reviews of projects are undertaken to embed sustainability practices, with a structured approach to involve FM in the design, address the performance gap, and commissioning and knowledge transfer exercise. Evidence of examples where this has been implemented.

### How does it affect the role of FM?

FM has an opportunity to show long term value in capital and operational expenditure, rather than considering the immediate cost savings of a project. Projects therefore affect the value that an FM can bring to a business.

### What can FM do to manage it?

Sustainable projects require application of knowledge in sustainability to ensure that their impact is monitored throughout the project, handover and knowledge transfer to those operating afterwards. Learning from previous projects is critical. KPIs for projects are used to measure its success, covering economic, operation and often social and environmental criteria.

Project level sustainability can increase efficiencies and reduce longer term costs, as well as reducing the overall negative impact of the projects on the local environment and community. Reviews of its sustainability can be undertaken throughout a project lifecycle.

### Interlinking Criteria (E, S, G)

- Environmental Management System, Circular Economy, Energy, Water
- Supply Chain Management
- Finance, Contracts, Finance, Collaborations

# Social

Social sustainability focuses on the impact of the business on people - the wellbeing of a company's employees and stakeholders as well as promoting healthy communities and workplaces.

**Within the SFMI, the Social criteria we assess are:**

- Health & Safety
- Employment
- Sustainable Communities
- Stakeholder Engagement
- Supply Chain Management
- Wellbeing
- Employee Development



## Health and Safety

Health and Safety (H&S) makes sure that the workplace is a safe and pleasant place for employees to be. The wellbeing of employees, visitors and clients must be preserved and is therefore managed according to the risks of the workplace. A safe workplace will manage business continuity, improve productivity, retain and attract the best staff. It will also benefit the wellbeing of staff - prevention is a key to decreasing the likelihood of accidents.

### How does it affect the role of FM?

There are many laws surrounding health and safety in the UK. If the FM is responsible for this area, it may be accountable. Employees are the greatest asset within a company. Keeping them happy, healthy and safe is of utmost importance and not losing them due to illness or accidents. Typical examples of key H&S areas include fire, water system management (e.g., for Legionnaire's Disease and other illnesses), and asbestos control. Failure to manage H&S can also be a barrier of entry for new business. The recent COVID19 pandemic has escalated the role of FM in the need to plan safe spaces, ensuring supplies of cleaning tools are stocked and getting the business back to work.

### What can FM do to manage it?

Typical management requirements include identifying hazards, assessing risks, having adequate risk control measures, putting systems in place to manage H&S, ensuring the SLAs (service-level agreements) create a safe work environment, and using incident reports.

H&S practices should be implemented throughout the organisation, extending not only to employees but everyone who engages with the business. Setting high level management systems and policies are common. Having the ISO 425001 health and safety management standard is a good indicator of how a company looks after their employees. Data should be verified internally and externally, if possible, with a proven audit process and a robust verification approach.

### Interlinking Criteria (E, S, G)

- Wellbeing, Supply chain management, Employee Development
- Risk Management, Board Commitment, Sustainability Frameworks, Disclosure, Compliance

### LEADERSHIP ATTRIBUTES

The organisation's response to COVID19 for in-house and clients put health and safety first.

H&S policy is publicly available, systems in place are certified (ISO45001); reporting is consistent and covers performance against a core set of KPIs; and sets targets for improving performance which are reviewed at regular intervals. Best practice is communicated, and supply chains are engaged. Auditing occurs to maintain on-going compliance and includes supply chain operations.

Mental health and wellbeing considerations are fully demonstrated.



## Employment

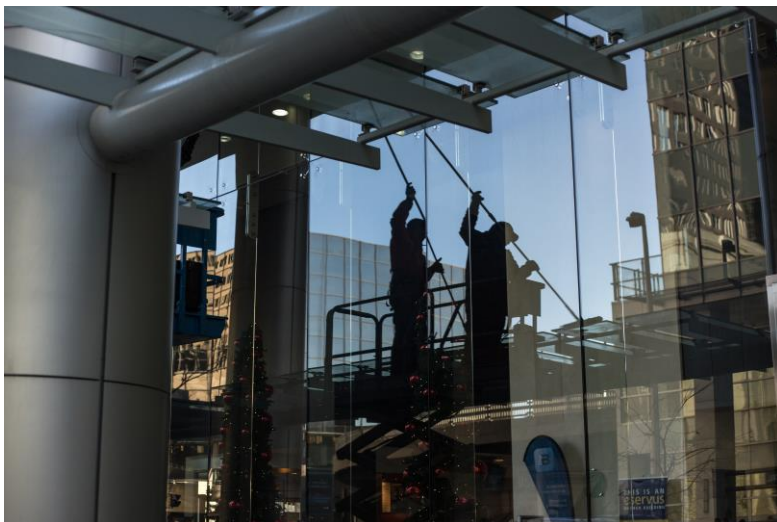
Sustainable Employment ensures equal access to jobs for all groups of people - whether gender, age, ethnicity, sexual orientation, personal background and so many more. Every person has the right to be treated equally when applying for a job, no matter their background.

It is important for companies to offer opportunities to those who may otherwise struggle to get a second chance. Employment policies can encourage diversity in the workplace and inclusion of people who may have a stigma against them.

Groups of people do not have to be the obvious ones such as gender. A business may seek the skills of ex-military for a specific reason as part of its social value employment strategy. A company can provide social value to its local community by offering ex-offenders a chance to reintegrate back into society and the workplace.

### How does it affect the role of FM?

The FM industry employs a significant level of people with different skill levels and many on a living wage. It has the opportunity to provide social value and mobilise under-represented communities. Sustainable employment will ensure that FMs have a diverse staff base and can bring new ways of operating which can increase efficiency.



### LEADERSHIP ATTRIBUTES

The organisation understands its FM employment worker status and has processes in place to protect workers/human rights. Equal opportunities are in place and there are several schemes for employment of targeted groups (which links to a clear company social value strategy). The gender pay gap is understood. Public reporting on these aspects is consistent and provides targets for improvement. The company can show that its Apprentice programmes create social mobility for disadvantaged members of society and social value is measured systematically.

There is a specific emphasis on data, with a breakdown of group level targets and data collection to an FM perspective.

### What can FM do to manage it?

Management and HR can tap into new skills and resource pools by targeting underrepresented populations. Policies and standards will create a company-wide structure that manages employment sustainably, which will filter through relevant teams, such as Human Resources and individuals, such as hiring managers. FM teams can support the approach, bringing in apprenticeships and providing an inclusive environment while including local needs. Social value is incorporated in bidding and procurement approach and is instilled into all contracts won.

### Interlinking Criteria (E, S, G)

- Employee Development, Sustainable Communities, Stakeholder Engagement
- Risk Management, Board Commitment, Contracts, Diversity

#### **Good Practise: BAM FM**

BAM FM is committed to measuring social value for all their contracts from June 2023. 13 priority measures will be applied to every contract based on the target operating model (TOMs) framework. The key measures include:

- No. of local employees hired or retained on contract
- No. of hours supporting unemployed (24+) and young people (16-24) into work
- No. of weeks for training opportunities on the contract
- No. of apprenticeship weeks on the contract
- Total amount spent in the local supply chain
- Investment in VCSE's
- Volunteering time and donations provided to support local community projects
- Equality, diversity and inclusion training for staff and supply chain



## Sustainable Communities

The 'community' refers to the local region outside of the gates of the workplace. Every project or contract will impact a local community through – employment, supply chain, local partnerships, charitable partnerships and more. Each offers an opportunity to positively contribute to the people surrounding the workplace which brings about social value – a key tool for businesses to unlock public sector contracts. Providing social value allows local communities to thrive and improve their local environment and relationships. These relationships are built on the needs of the community inspiring growth of key areas and will differ from community to community.

### How does it affect the role of FM?

A sustainable FM may find it is working directly with the community - working with schools, housing developments, shopping centres and multiple business in one site. By forming connections with the community, it develops a sense of belonging, accountability, and fulfilment to people with direct impacts on the local economy. An FM with a clear social value approach helps build its community engagement and builds its reputation while improving its prospects in public tenders.

### What can FM do to manage it?

Community engagement strategies can be used to help understand the most efficient approaches to strengthen local initiatives and suit people's needs. Partnerships between businesses and their stakeholders can be forged. Employees can be engaged to take part in activities that



benefit the community. The FM can also target local suppliers and employees to develop the economy of the local area and reduce transport emissions and cost. Local ecology programmes can benefit the communities and local environment at the same time.

### LEADERSHIP ATTRIBUTES

The company is dedicated to developing a relationship with their local communities/authorities/charities. It can provide examples where it has developed a long-term community engagement strategy based on the needs of the community and ability of the company. The organisation has a clear social value approach and reports regularly on progress of community initiatives and outcomes.

### Interlinking Criteria (E, S, G)

- Transport, Ecology
- Employment, Stakeholder Engagement, Wellbeing
- Sustainability Frameworks, Contracts, Collaborations

#### **Good Practice: Sewell Facilities Management**

Sewell FM's board shows its commitment to sustainability by embedding it into their frameworks as well as measuring impacts. Sewell has set a compass which incorporates the triple bottom line with People, Planet, Places, and Performance. Using both industry drivers and the UN SDGs, Sewell develops, measures, and tracks their goals in a SMART way. This goes even further in aiming for the KPIs to be relevant, ethical, authentic, distinctive, and memorable. Sewell recognises variations in their industries and is developing both primary and secondary sets of KPIs, making these KPIs more relevant and aligned with the company and with the local settings. Sewell has embedded its tradition of measuring the impacts of their actions, even knowing the local situations before programmes begin, which enables reporting on a variety of measures, such as social value return on investment.



## Stakeholder Engagement

Stakeholder Engagement involves two-way communication with key organisations, individuals and partners. Stakeholders themselves can be found anywhere the company operates and, in some cases, be found beyond the immediate value chain of the company.

Unlike "shareholders", stakeholders are not limited to financial connection. They can be internal, clients, the local community, and the supply chain, and are often connected more personally. This can stretch from a local resident who is affected by potential noise and air pollution of the business, teaching staff in a school building cleaned by a new FM company, or members of the supply chain and the employees of the business.

### How does it affect the role of FM?

Engaging with its stakeholders enables a FM to listen to and learn from a variety of perspectives; as a result, the company can improve its service, or identify risks and opportunities to the business. Stakeholders affect the role of the FM as well because frustrated stakeholders can reduce the productivity of the FM. Therefore, a good engagement strategy is vital. Stakeholders also play a key role in social value – a growing component of a FM sustainability offering.

### What can FM do to manage it?

To improve a situation, one must understand it. The only way to understand it fully is to speak to those involved from every angle and actively engage them. Any methods of communication can work to engage stakeholders, though methods are usually more successful when they include opportunities to record conversations and respond to points, encouraging debate and discussion. FMs could develop an understanding of their interface with corporate stakeholders.

### Interlinking Criteria (E, S, G)

- Environmental Management Systems
- Employment, Employee Development, Supply Chain, Sustainable Communities
- Board Commitment, Disclosure, Compliance, Collaborations

### LEADERSHIP ATTRIBUTES

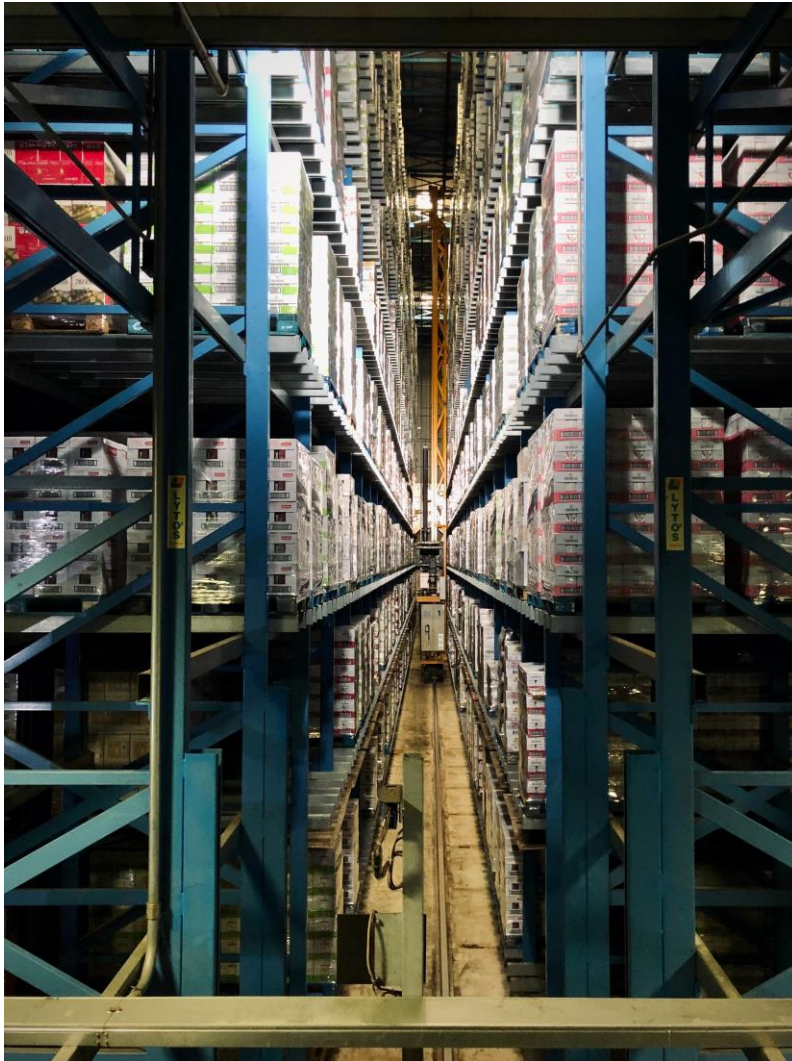
The company has identified its key stakeholders, including community and public or third sector. It can provide examples of detailed stakeholder dialogue as well as open, proactive relationships with NGOs and other organisations, seeking to promote best practice in FM sustainability using innovative methods. Compliance obligations are understood and are reviewed / reported where appropriate. Evidence needs to inform stakeholder sustainability strategy and evidence that stakeholders and their needs are frequently reviewed.





## Supply Chain Management

Supply Chain (SC) Management is the flow of goods and services, aiming to give customer value and bring competitive advantage. It involves active communication with suppliers; purchasing power can be used as a driver to raise the sustainability standards and drive performance. Constructive collaboration is crucial to keep the SC improving over time and reduce the business' overall negative impacts. Traditionally, SC management meant squeezing suppliers to the lowest cost to pass on these savings to the customer. However, good SC management is now about mutually beneficial relationships and improving sustainability throughout the chain.



challenges is beneficial. Leadership and sustainability are a journey, and overcoming difficulties makes a business more relatable.

### LEADERSHIP ATTRIBUTES

The company has identified sustainability SC risks through its corporate risk management programme and takes action to engage with its supply chain in a proactive manner to encourage sustainability.

It can prove the effectiveness of engagement activities amongst its suppliers. The organisation is engaged with key sustainability issues such as the Modern Slavery Act, is measuring the impact of its SC on the climate and understands the risk profile of its supply chain - which assists in decision making.

### How does it affect the role of FM?

The FM procures products and services. Reflecting on its own sustainability strategy, understanding how these products can impact the environment or drive negative social consequences will drive the value chain to improve. Strong communication between FM and suppliers will be rewarding. Communicating

## What can FM do to manage it?

Starting with the top tier suppliers, economic, environmental and social risks can be identified and mapped. These can include the impacts of the supplier or product, along with the reputation and performance. To create a dialogue with the SC, your business strategy, which includes its sustainability ambitions, must be considered. An iterative auditing process should be conducted on a select group of suppliers annually, not randomly or periodically. Using supplier engagement surveys or workshops will highlight your company ambitions while understanding the opportunities that suppliers can provide for you to achieve them. Upskilling the SC comes next on the journey, along with compliance targets to ensure they share the same goals and meet the pre-determined standards.

## Interlinking Criteria (E, S, G)

- Environmental management system, Circular Economy, Energy, Water, Projects
- Stakeholder engagement, Health and Safety
- Risk Management, Board Commitment, Sustainability Frameworks, Disclosure, Compliance

### **Good Practice: Equans**

Equans are now working with a number of suppliers on the sustainability needs of customers. Several examples were provided including Rexel SmartStores which is providing an intelligent system to manage stock to avoid wastage, as well as with HMCTS-Antac for an environmental invention with the supplier to collect rainwater. The main objective to supporting the School is to provide its supply chain with a free tool where suppliers can upskill themselves to deliver a sustainable future. In 2022, in collaboration with the School, Equans hosted training tailored for their supply chain focused on decarbonisation to help their suppliers to understand this topic.



## Wellbeing

Wellbeing is a balance of physical and mental health, a fulfilment of professional and personal goals. Employees with improved physical and mental health increase productivity and engagement and absenteeism reduces. Good wellbeing can also have monetary benefits such as reduced recruitment costs. Companies are increasingly looking at it as a means to monitor and improve their performance. Wellbeing programmes should be a two-way process; they should reciprocate and ensure the employees are heard. Their feedback is used for improvements.

The involvement of senior management on wellbeing has proven to be successful as employees feel more valued. If they engage, drive and back wellbeing and mental health agenda, staff are more likely to have confidence in the programme.

### How does it affect the role of FM?

The FM is increasingly playing a part in wellbeing, not just for employees and long-term contractors, but also tenants and customers. The setup of a workplace has a huge impact on wellbeing because comfort level and the enjoyment of working can come from the environment provided. This was especially true in the state of the COVID pandemic, and applies now in a new era of changed occupancy and use. The FM can also signpost staff towards internal initiatives to improve wellbeing.

### What can FM do to manage it?

Introduction of two-way dialogue with staff is vital to understand how improvement can be made to optimise working conditions, productivity and make employees more satisfied in the workplace. Acting on feedback requires research, potential new technologies, and measuring the impact of the workplace changes to ensure it creates improvement. The FM should have an understanding of the internal and external environment and ensure that the changes it makes can have a positive effect on the people that use the site. Also consider the environmental impacts that changes on the workplace have to ensure there are no trade-offs.

### Interlinking Criteria (E, S, G)

- Circular Economy, Energy, Water, Ecology, Projects
- Health and Safety, Stakeholder Engagement, Employee Development
- Contracts, Collaborations

### LEADERSHIP ATTRIBUTES

Regular two-way dialogue with staff, including occupancy studies to optimise working conditions, productivity, performance reviews and wellbeing. The organisation understands its sickness and turnover rates and targets its improvement. Board members promote and participate in an initiative calendar and recognised standards are utilised to frame improvements. Stakeholder initiatives include the community.

Company could show well-being engagement with staff during COVID lockdown to ensure well-being and take learning to clients to enhance service offerings. Data collection improves building H&S e.g.CO<sub>2</sub> monitors, Fitwell.



## Employee Development

Supporting employees will develop their capacity to improve performance, acquire new skills and unlock their true potential. Employees are the most valuable asset in a company. They need to be continuously developed professionally and personally.

There is a partnership between the employer and employee - one trades knowledge, time and resources whilst the other dedicates time and commitment. Both benefit further from a stronger relationship. Building skills internally may limit the amount of outsourced work the organisation may need, which will become a cost-efficient strategy in the long-term. Sustainability management requires new skills in internal collaboration and systems thinking.

### How does it affect the role of FM?

Employee support is a long journey. It is a considered strategy that incorporates the company values and the business strategy. Identifying future needs of the industry and the workplace will help FMs to develop the skills that they need to continue to add value in the service they provide.

### What can FM do to manage it?

Policies are developed to target skills shortages in the business and ensure knowledge available is recognisable amongst the industry to be transferable to employees. A responsible business culture is embedded on the individual and business levels. Internal training provision for all levels can ensure staff productivity and provide opportunity for employee progression. A skills map tool aids understanding. Board level sustainability training is mandatory, reviewed, monitored in line with ISO14001:2015 requirements. Internal reporting includes detailed information on employee training structures, recording mechanisms, policies and records for minimum wage and career development opportunities for employees.

### Interlinking Criteria (E, S, G)

It is worth noting that training across the sustainability spectrum links this to most criteria.

- Employment, Stakeholder Engagement
- Diversity, Wellbeing

### LEADERSHIP ATTRIBUTES

The organisation understands its core skills requirements and the employment risk the company faces. It identifies short and long-term skills shortages. It creates schemes to target the minimisation of current skills shortages and aligns with the strategic direction of the business to fulfil the skills needed for the future. Consideration is given to the future of FM services

Competencies on sustainability are reviewed and targeted for improvement where appropriate. Reporting takes place for training and other aspects where relevant. The company is integrating a responsible business culture as part of its employee development through values and promotion of responsible business practice.



# Governance

Sustainable Governance implements sustainability into the corporate strategy across the business, sets and manages goals, manages reporting, strengthens relationships with stakeholders and ensures overall accountability of the organisation.

**Within the SFMI, the Governance criteria we assess are:**

- Risk Management
- Board Commitment
- Sustainability Frameworks
- Disclosure
- Financial
- Compliance
- Contracts
- Diversity
- Collaboration



## Risk Management

Risk management is the implementation of structures to manage both financial and non-financial risks. Relating to sustainability, these include environmental and social factors which bring increased regulatory, reputational and physical risk to the business from the enterprise level, down to the contract level. Being able to identify, communicate and manage risks at all levels, as a two-way process, is critical for the overall success of the business.

Risk management is a powerful tool to motivate businesses to managing sustainability issues. Once a risk has been identified as having a material impact on a company revenue, it will often be fast tracked and managed. Many sustainability risks are imminent but unknown in businesses, for example the growing importance of achieving minimal sustainability performance levels as a pre-requisite for new business. This knowledge will prepare a business for the immediate future.



### How does it affect the role of FM?

FM operates on the site level and will, therefore, often be mainly affected by site level risks but should include enterprise level risk also. These will range from health and safety to environmental factors, to non-compliance risk, to flood risk and management. Therefore, being able to identify and contribute towards management and mitigation strategies, brings value to the role of FM.

### What can FM do to manage it?

The FM may be required to identify risk at a site or business level, provide data that contributes to complying with risk mitigation

strategies. Risk management can be supported through the implementation of risk registers and reporting of risks at all levels. Understanding environmental and social sustainability impacts will

### LEADERSHIP ATTRIBUTES

Fully implemented risk management structures which enable the clear and consistent communication and reporting of both financial and non-financial risks in contracts and corporate levels and how each influences strategic decision making. Product, service and business relationship lifecycles will be integrated into the approach taken. Scenario testing of climate risks is performed and results are demonstrated to change organisational behaviour.

TCFD reporting requirements are to be integrated.

help to identify non-financial risks. It is also important to consider opportunities for the company as well. If risks are identified in advance, they can often be turned into an opportunity for the organisation. An FM service provider can also add value by understanding the risks of the client and contributing towards to management of those risks.

#### Interlinking Criteria (E, S, G)

- All environmental criteria
- All social criteria
- All governance criteria

#### **Good Practice: ARCUS FM**

Arcus have a robust risk management approach which fully adopts the use of a mature, 'company-wide scope' Corporate Risk Register covering environmental, sustainability and other business risks. It also reflects both financial and non-financial risks to the organisation. Six-monthly evaluations are conducted, and for each risk identified, a C-suite owner is assigned to highlight responsibility and in order to maintain accountability. Progress includes significant investment to control these risks. Arcus use a risk score tracker method which identifies at regular junctures the differences in the risk levels from one period to another; emerging risks are also taken into account. Supporting the Arcus FM Board in its oversight are the Sustainability Committee, Horizon Group and Evaluation of Risk Management Committee. Risk is also covered in the Compliance Obligations Register which includes TCFD.



## Board Commitment

Sustainability is becoming central to the corporate competitiveness agenda. It is also becoming more prevalent in enterprise risk and opportunity. This therefore elevates the topic to the Board. They are the drivers of a sustainable company culture that seeks to capitalise on the agenda. Leading from the front is vital if a business is integrating a sustainability culture that changes the behaviour of the staff.

Purpose driven businesses, or leaders in sustainability should have internal Board leaders that practice what is preached. The Board needs to fully engage in embedding sustainability into the every-day operations of the business. Regular reviews by the board for internal and FM activities are important for ensuring accountability for ethics and sustainability performance.

### How does it affect the role of FM?

FM should hold the ambition of having representation on the Board, if not directly then for its concerns to be standing agenda items. This will allow a sustainable FM to flourish with the support from the top. FM should also drive through the culture of a Responsible Business within its own activities and management of the supply chain.

### What can FM do to manage it?

FM should seek to influence and highlight the benefits that sustainability is bringing the organisation by managing data to continually improve the sustainability performance of those areas it operates. This will provide the Board with the business case that they need to invest more in sustainability FM. The FM should also seek to join the network of sustainability champions, committees and working groups that report to leadership teams, ensuring that they can provide value to the company culture.

### Interlinking Criteria (E, S, G)

With the importance of the Board driving sustainable business culture, there is a clear linkage with all criteria of sustainability. Those we can deem as high priority to support/ drive through corporate culture are:

- Environmental Management Systems, Circular Economy, Energy
- Health & Safety, Employment
- Risk Management, Sustainability Frameworks, Finance, Diversity

## LEADERSHIP ATTRIBUTES

Leadership on sustainability and a responsible business culture is present and felt throughout the organisation. Multiple Board and senior management teams can show competencies in sustainability understanding including risks and opportunities.

Lines of communication to and from board level are open and regular. Board committees exist to integrate sustainability into decision making. The competency of the leadership is sufficient to meet ISO 14001:2015 standards. Board members have clear targets that drive both corporate success and sustainability.





## Sustainability Frameworks

A framework is an essential supporting structure of a business system. A Sustainability Framework is the strategic structure that a business follows to identify and manage the core elements of sustainability that will impact it, and vice versa. It includes approaches used to integrate sustainability into the business objectives, targets, reporting mechanisms, then shows how it filters actions across the business to achieve results. These are critical to achieve and maintain consistent sustainability performance across all departments and levels - from corporate and to the FM team.

Framework statements and policies can be implemented to clarify the company's commitment to continual improvement and sustainable achievements. These should cover corporate and contract level structures and should be regularly reviewed to ensure effectiveness and efficiency.

### How does it affect the role of FM?

Frameworks are often designed at corporate level and disseminated to the rest of the business. FM will therefore play a role in the operation of the framework but could also be collecting data within the built environment that feeds into the framework. If FM is playing a strategic role then it can also input and develop the framework to ensure the necessary targets, goals and savings are achieved.

### What can FM do to manage it?

Understanding the sustainability objectives of the business and upskilling itself so that it can contribute to the framework at all levels. Changes can be made to FM contracts, service level agreements, PQQ's et cetera to ensure that the framework is followed.

### Interlinking Criteria (E, S, G)

Sustainability Frameworks are the backbone of sustainability in a business, and therefore will link with all criteria of sustainability. It may vary based on different levels of materiality to the company. Key linkages are:

- Environmental Management Systems
- Employee Development, Stakeholder Engagement
- Risk Management, Board Commitment, Disclosure, Financial, Compliance

### LEADERSHIP ATTRIBUTES

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. Impacts of technological advances are considered and integrated into frameworks.



## Disclosure

Transparency on sustainability is managed by all types of companies; large, small, publicly listed, privately owned. Each disclose information in different ways and to different audiences such as investors, customers, staff, rating agencies and pressure groups. Being able to disclose the relevant information according to your audience's needs is vital and is valuable to communicate with many groups and individuals. Disclosure is important to build trust with stakeholders through honesty and accountability. Reports highlighting achievements and progress of sustainable development are some ways in which a company can disclose information. These should cover corporate and FM activities. Progress against targets, risks and opportunities, and policies and statements – such as Gender Pay Gap, Sustainable Development Goals (SDGs), and Modern Slavery policies – are also very important.

### How does it affect the role of FM?

Disclosure will often occur through the communications teams, but they rely on a flow of information; data and case studies that contribute to the disclosure. An FM should be mindful of the dissemination of information that they manage so the business can benefit from it as it engages with stakeholders.

### What can FM do to manage it?

Being able to collect, verify and communicate data for disclosure is key. Understanding the disclosure requirements of the company will help in the data collection to ensure efficiency. It is also valuable for an FM to be well connected in the company so that they can manage data collection. There is recognition of the difficulties with reporting for group level organisations, but there is a benefit of having sub-group reporting to allow for progress to be determined.

### Interlinking Criteria (E, S, G)

Transparency will impact all areas of sustainability. The more transparent a business is about topics, the higher accountability they have towards it. Key areas of disclosure in FM include:

- Energy, Transport, Circular Economy, Transport
- Wellbeing, Sustainable Communities, Employment, Health & Safety,
- Risk Management, Finance, Board Commitment, Diversity

## LEADERSHIP ATTRIBUTES

Supplementary disclosure has external assurance and contains coverage of core areas (ESG) with targets, performance data, risks and opportunities and priorities for the next year.

The disclosure of the gender pay gap is developed, as is the company inclusion and diversity data which will help the company expand its talent pool.

The organisation has established science-based targets (or similar approach to targets) and are aligned to SDGs. The company's communication strategy has been tested and helps ensure an on-going culture of sustainability.

Any cornerstone zero carbon targets that are widely communicated are backed up by a robust strategy that shows the public how they will achieve it.



## Financial

For a company to achieve its sustainability targets and ambitions, it must be able to finance projects at an operational spend level and a capex level. It is also important that the finance team can set the profit margin tone of service contracts to discourage the race to the bottom line which is economically unsustainable for a business in the long term.

Setting a specific sustainability budget which is appropriate and regularly reviewed is highly beneficial however often not allocated, thus comes from within departmental budgets. Sustainability budgets can help to drive innovation and target benefits, but the aim is for financial decisions to consider the triple bottom in all aspects (economic, environmental & social impact). Compulsory financial reporting can be used to track, monitor, and assess financial sustainability within a company and inform changes and improvements.

### How does it affect the role of FM?

While finance control is a corporate governance issue, the financing of projects will affect how effectively a sustainable FM can operate. If an FM is to achieve their operational sustainability targets, they need to ensure that they can create an informed business case into the long-term value of sustainable projects and initiatives. The long-term value should trump the immediate up-front cost but is not always the case. This creates a segway into the circular economy system and the management of projects. Remember - spending more in the short term can mean lower operational costs, and longer longevity in the long term - meaning greater value for money.

### What can FM do to manage it?

By engaging in discussion on long term value and identifying how expenditure can contribute towards sustainability, an FM will be able to direct the conversation and influence the Finance approach of the company.

### Interlinking Criteria (E, S, G)

Finance and investment will affect all elements of sustainability. Without financing, a company will likely not develop environmental or social performance to a high level. But key linkages are with other Governance criteria:

- Risk Management, Board Commitment, Contracts

## LEADERSHIP ATTRIBUTES

Specific budgets are available for investment in FM sustainability and the business's decision making is informed by triple-bottom-line factors. The sales and business development teams are engaged to grow business sustainably. This capital spend is reviewed and its impact is understood centrally, in both financial and non-financial terms. The future financial position is influenced by the TCFD framework.



## Compliance

In the corporate world, compliance is defined as the process of making sure your company and employees follow all laws, regulations, standards, and ethical practices that apply to your organization and industry.

Corporate compliance covers both internal policies and procedures, as well as Government laws. This includes TCFD, ISSB and EU regulations, which will now be referenced in this criterion. Enforcing compliance helps your company prevent and detect violations of rules, which protects your organization from fines and lawsuits.

While responsibility for compliance sits mainly with the client, the FM provider has duties of care and best practice to support his. Assurance on compliance is therefore important when managing this risk.

### How does it affect the role of FM?

Because compliance works on multiple levels, while FM is not dictating the laws and regulations the company is responsible for, it may be required to respond to them or collect data that will go towards them. Internal FM will also set the service compliance levels required from outsourced FM teams. It could therefore be required to enforce them as well.

### What can FM do to manage it?

Understanding the regulatory and other compliance requirements that the FM team need to comply with, and the necessary information, is the first step. The FM can ensure that the organisation is operating their management systems so to achieve compliance. This will include collection of data and signed paperwork, analysis, managing continual improvement, and reporting.



### LEADERSHIP ATTRIBUTES

A structured approach to managing legal compliance is in place. Upcoming legislation is understood, and adaptive measures are being taken. Breaches or civil sanctions are documented, and records can show how these impact management. Compliance obligations must also be addressed in a systematic, authenticated, and verifiable way.

### Interlinking Criteria (E, S, G)

Clients will set their compliance requirements criteria for tenders, and different companies will be exposed to differing levels of regulations. Therefore, compliance can influence all criteria of sustainability dependent on the occasion. Broad key compliance linkages are:

- Environmental Management Systems
- Health & Safety, Employment, Sustainable Communities
- Risk Management

#### **Good Practice: Churchill Group**

Churchill have a robust approach to compliance with a compliance register and risk management approach which is reviewed at a minimum once annually, but can be more often depending on risk and legislation updates, as well as changes to the company. Changes in legislation are communicated to interested parties through the overarching communications plan which identifies what, when, and why changes have been made and who needs to be informed. Churchill also subscribes to frameworks which provide regular legislation updates for the industry. Efforts beyond minimum compliance include looking to develop pathways for refugees, as well as investigating other areas and policies which show responsible citizenship and leadership.



## Contracts

A sustainable FM should be looking at the topic of contracts in both an inward facing perspective, and an external facing view. The external facing view will be how it integrates sustainability into its contracts for economic, social, and environmental impact from the company. This is especially important now that customers are seeking sustainability as part of tenders and contracts; for example, the How can a contract deliver a service, and Social Value at an affordable price?

Internally, structures can be put in place which can be contractually obliged. For example, ensuring that sustainability is considered at every stage of a contract and informs behaviour change – PQQ, RFP, Tender, contract, mobilisation.

### How does it affect the role of FM?

An FM provider can seek to guide the conversation of sustainability in a contract through a bidding process. The concept of integrating sustainability into contracts at this time is often one of wishful thinking. Sustainability value can be removed by a procurement function that is seeking to save immediate upfront costs. Therefore, sustainability in FM can be removed as an extra cost of service without understanding wider savings or the longer-term value it can bring to the client.

### What can FM do to manage it?

Being able to guide the understanding of what added value their sustainability approach brings can be achieved through data collection of sustainability initiatives and practices and analysis of the information collected. FMs should also be seeking to be flexible in their contractual arrangements. This approach will bring them closer with the clients and business and create long term value through partnerships.

### Interlinking Criteria (E, S, G)

- All criteria of the environment
- Health & Safety, Wellbeing, Sustainable Communities, Stakeholder Engagement
- Risk Management, Finance, Compliance

### LEADERSHIP ATTRIBUTES

Demonstrate how sustainability is integrated in tender responses, and mobilisation phases.

The organisation provides guidance to internal teams and supply chains to integrate sustainability where possible.

The FM provider is flexible to change in contracts and has a core set of sustainability deliverables for every contract. Relevant legislation (Social Value Act) is applied with ease in appropriate contracts.

Contractual level impacts are measured and linked to Zero Carbon plans and Social Value).



## Diversity

Corporate Diversity covers all aspects of diversity including (but not limited to) ethnicity, age, gender, prevalence of a disability, education, skills, and experience. Being corporately diverse can help grow a business, increase profits and improve wellbeing of employees. A more diverse workforce brings different opinions, thoughts, beliefs, norms, customs, values, trends, and traditions. Diversity should be promoted at all levels within corporate and FM operations.

Having representatives from a diverse background helps to encourage people of a similar background to join the organisation. Thereby increasing the potential pool of talent available to the company.

### How does it affect the role of FM?

FM is a people-centric industry, reportedly contributing up to 10% of the UK workforce. It employs people across many skill levels and a wide range of roles. It therefore can enact real social mobility within a country. Social mobility is the movement of individuals, families, households, or other categories of people within or between social strata in a society. It is a change in social status relative to one's current social location within a given society. This gives huge social value to regions and communities that the organisation serves.



### LEADERSHIP ATTRIBUTES

Reporting includes a detailed description of approach towards diversity and skills within the organisation. The organisation is able to demonstrate its commitment to promoting diversity both within the organisation (employees and board) and the supply chain. It can show how it is tackling potential unconscious bias in the organisation which will promote equal opportunities for all.

### What can FM do to manage it?

FM should seek to promote employment opportunities in often unseen areas to help provide the opportunity for social mobility. This will encourage a wider pool of applicants to fill roles in an industry that has struggled with an image problem in recent years.

### Interlinking Criteria (E, S, G)

- Employment, Sustainable Communities, Stakeholder Engagement, Supply Chain, Employee Development
- Risk Management, Board Commitment, Sustainability Frameworks, Disclosure

#### **Good Practice: Bouygues Energies & Services**

Bouygues is showing strong commitment to a fair and responsible business culture, including board representation on various sustainability and diversity committees. Bouygues is reporting on its gender pay gap as expected, but takes it a step further in already doing reporting on ethnicity pay gap. This is not legally required and seems to be leading in the industry. In addition, Bouygues demonstrates its commitment to embedding a culture of diversity, equity and inclusion (EDI) through hosting a significant number of employee-led networks, including Kaleidoscope (representing people from ethnic backgrounds), Peer Support Disability & Wellness Network (representing those with physical and mental disabilities), WeLink UK (representing women), Partners and Carers (representing working parents), and Encompass (representing LGBTQ+ community).





## Collaboration

Collaboration is the action of working with others to achieve a purpose or goal. In business, collaboration is a method of reducing risk as partnerships are formed to share resources and work collaboratively towards a common goal. In this case the goal is sustainability, so companies form collaborative partnerships to leverage the strengths of each partner and more easily make progress on important issues. Collaboration does require trust and aligned thinking so that a partnership does not break down or end in dispute.

Examples of collaborative partnership in sustainability would be when a technology provider partners with an FM provider to develop a product using existing technology with a share profit agreement. Collaborations do not have to be economic though. Companies can collaborate with an educational institution to contribute to research, or charities and businesses can collaborate to deliver social value in contracts.

### How does it affect the role of FM?

FM can form collaborations to help deliver the needs of the client it works with. This can include shared interests in cleaning technologies, integrating social enterprises into workspaces that require added value, or using computer-aided FM systems and helping to improve the system for clients.

Examples include engagement with local stakeholders to develop and pursue community benefits, with supply chains to resolve challenges and with technology providers to improve decision making.

### What can FM do to manage it?

Collaborations work best when there is shared mutual interests, shared value, and shared vision. FM can ensure that its collaborations meet the criteria it sets to be successful. It can also communicate gaps in the market by discussing with the workplace what requires improvement. Capturing this information and sharing it to those that will form collaborations.

### Interlinking Criteria (E, S, G)

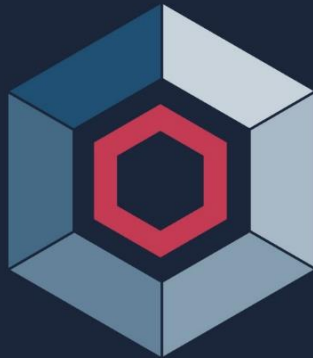
Collaborations can occur across and influence most criteria. Risk can be reduced when partnering with others to offer service lines or to deliver in-house FM. However, the key linkage is through:

- Risk Management

### LEADERSHIP ATTRIBUTES

The FM organisation understands both risks and opportunities from working collaboratively can illustrate how doing so has contributed to wider corporate level or contract level sustainability.

Formal procedural information may be in place for how collaborations are considered, established, and measured to understand their on-going relevance, FMs may achieve certification to BS11000 or other externally verified approach to confirm the value achieved.



# SFMI

The Sustainable FM Index

The purpose of the SFMI is to drive ESG leadership within the FM industry by delivering sustainable services that provide a positive benefit across the value chain.

Find out more [www.acclaro-advisory.com/SFMI](http://www.acclaro-advisory.com/SFMI)

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