

# COMMITTING TO NETZERO:

## HOW BUSINESSES ARE MEETING THEIR CARBON PLEDGE





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Leaders of large U.S. companies have realized that sustainability has become key to their success. The energy efficiency of the buildings they own and/or lease has become a top priority. This impacts portfolio and facility managers overseeing building management, maintenance, refurbishing and construction, as well as vendors and commercial real estate professionals who support these efforts.

In fact, the top priorities for sustainability initiatives companies expect to take over the next year will focus on the physical spaces where they operate, according to a new survey done in partnership between Honeywell and The Business Journals.

This ebook is based on that research and gives vendors, consultants and industry professionals key insights into how sustainability initiatives are viewed and executed and how the sustainability roadmap is designed.

The survey was conducted in spring 2021 and involved almost 1,200 business executives working in companies of 50 employees or more in various industries, including manufacturing, construction, architecture/engineering, banking, logistics, communications, retail and more than 20 other broad industry groups. The executives shared how companies view sustainability and what drives their sustainability initiatives. The companies the survey respondents lead are large users of space as the owner and as the tenant.



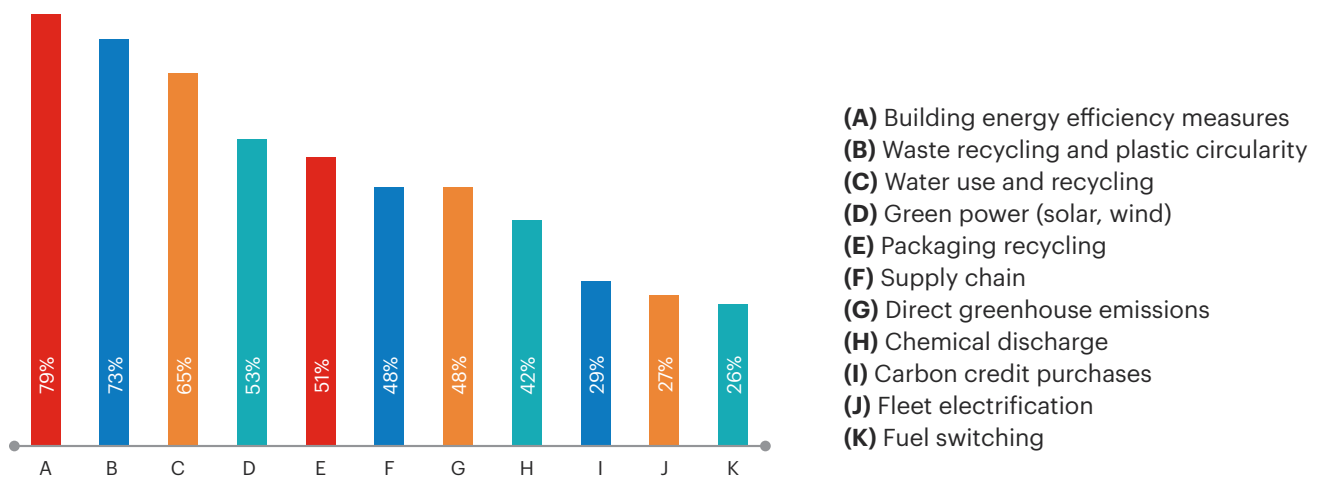
The U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) rating system was launched in 2000 as a foundation for creating better buildings that keep people and nature in mind. In the years since, it has led to an explosion in sustainable building initiatives that have helped [more than 100,000](#) commercial projects reduce their energy use and carbon emissions. Even in the face of challenges presented by the pandemic, [4,740](#) commercial projects were LEED certified in 2020.

**Some of the most important characteristics of these buildings include energy use, recycling and reuse of resources, and water efficiency.** Respondents in the Honeywell/The Business Journals survey say those are their top three priorities for their companies’ sustainability initiatives over the 12 months.

### High Priority For Sustainability Initiatives For Their Company In The Next 12 Months

*(Base=those knowledgeable of company sustainability initiatives)*

*\*Rank 4 or 5 on 5-point scale*

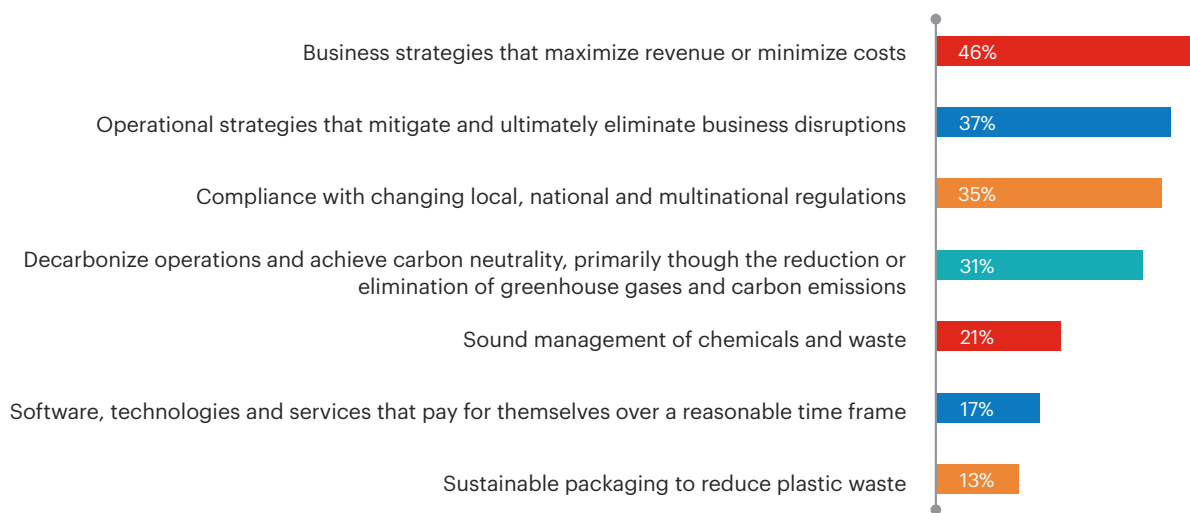




When asked to rank various sustainability initiatives in order of priority at their company, **nearly half of all respondents ranked business strategies that maximize revenue or minimize costs as their first and second priorities.** Their ranking of priorities shows that measurable ROI of sustainability investments is a key factor and many have adopted sustainability as a routine part of doing business.

### Ranked 1st Or 2nd By Company With Regard To Sustainability Initiatives

(Base=those knowledgeable of company sustainability initiatives)



Here are examples of how buildings benefit from sustainability investments:

#### ENERGY CONSUMPTION

Buildings with high occupancy numbers require significant energy use to accommodate lighting, heating, cooling, computer and equipment powering, refrigeration and water heating. Areas to focus on for reduced energy consumption include: power management software, LED and natural lighting, solar design, landscaping, energy-saving building materials, increased insulation, occupancy sensors, routine HVAC maintenance, energy-efficient equipment and programmable thermostats.

#### CARBON POLLUTION

Carbon dioxide emissions come from commercial buildings both indirectly and directly. The former happens offsite in ways such as powering the structures, and the latter can occur onsite via the use of fossil fuels to heat the building.



The Center for Climate and Energy Solutions [recommends various ways](#) to reduce the carbon emissions related to a building, including:

- Shifting to on-site power generation using solar panels
- Using electricity for heating, cooling and hot water needs instead of burning natural gas or fuel oil
- Designing a building to use more natural lighting
- Installing district heating
- Sourcing construction materials that have less embodied carbon
- Planning major retrofits over the life of the building

### RESILIENCY

Resilient design can help a building weather environmental challenges and adverse events, including wildfires, earthquakes and hurricanes. LEED [advocates](#) for resilience-enhancing strategies that include:

- Durable materials
- Thoughtful site selection
- Rainwater collection
- Demand response
- [Grid islanding](#)
- Energy efficiency

Other strategies can include backup capabilities, floodway mapping assessments, enhanced roofing and disaster recovery plans.

### HUMAN HEALTH

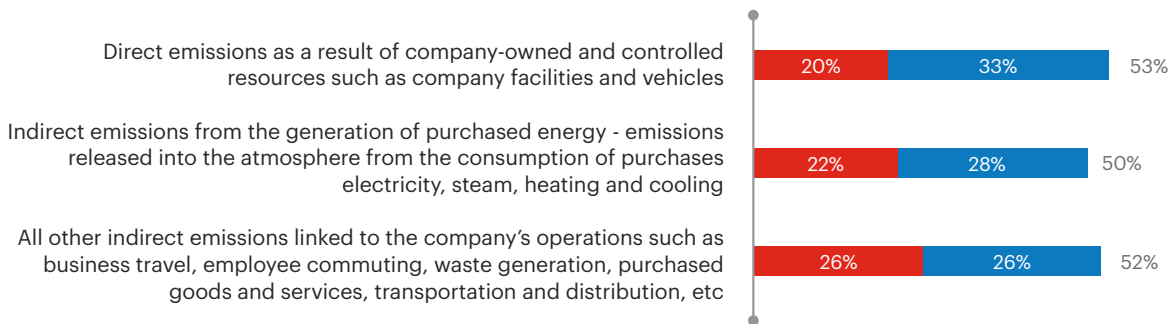
The U.S. Green Building Council [states](#) green buildings can also support human health and wellbeing. The LEED credit category for [indoor environmental quality](#) reflects a commitment to occupant health and comfort. When it comes to indoor office spaces in particular, the [Council says research has shown](#) that good air quality, ventilation, lighting, acoustics and thermal control lead to greater productivity and employee retention. A building environment focused on health, comfort and satisfaction also has been related to the [social benefits of sustainability](#), such as quality of life, health, wellbeing and improved performance.



When it comes to a zero-carbon commitment goal, at least half of respondents who say their company already has initiatives underway or who plan such initiatives will have a sustainability goal in at least one of these three scopes:

### **Zero-Carbon Commitment Goals**

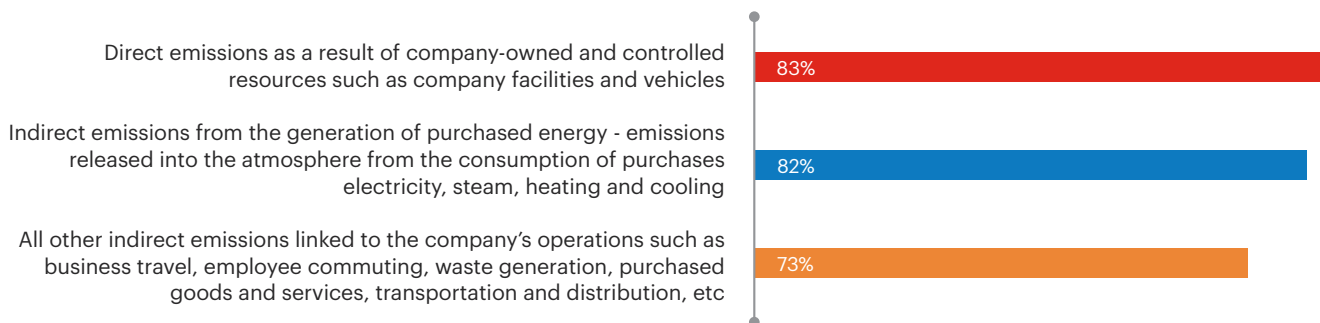
*(Base=those knowledgeable of company sustainability initiatives)*



More than 73% of respondents who have zero-carbon commitment goals in place say they are on target to meet the zero-carbon commitment goal set for indirect emissions linked to the company's operations, such as business travel, employee commuting, waste generation, purchased goods and services, transportation and distribution. **More than 80% say they are on target to meet zero-carbon goals** for direct emissions as a result of company-owned and controlled resources such as company facilities and vehicles and for indirect emissions from the generation of purchased energy.

### **On Target To Meet Our Zero-Carbon Commitment Goals**

*(Base=those who have zero-carbon commitment goals in place)*

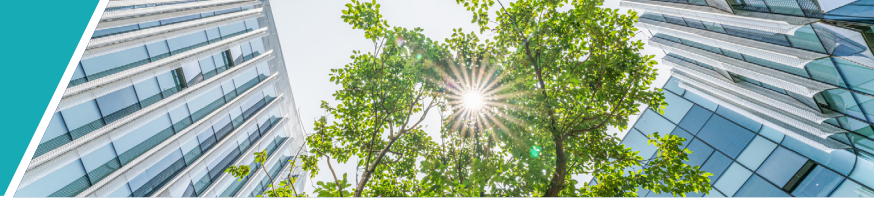




Honeywell has made a long-term commitment to carbon reduction. The company recently [committed to being carbon neutral](#) in its operations and facilities by 2035. These initiatives represent **a continuation of the company's sustainability efforts since 2004, which already have driven a reduction of more than more than 90%** in the greenhouse gas intensity of its operations and facilities.

“Companies like Honeywell have a unique role to play in shaping a future that is safer and more sustainable for our children and our grandchildren, and that’s why I am pleased to commit to achieving carbon-neutral facilities and operations by 2035,” [says Darius Adamczyk, chairman and chief executive officer of Honeywell](#). “Honeywell has a long history of improving our own environmental and sustainability profile while providing innovative products and services that improve our customers’ profiles as well. We will continue to invest in our plants and in new technologies that will reduce our carbon footprint and contribute significantly to global efforts to mitigate climate change.”



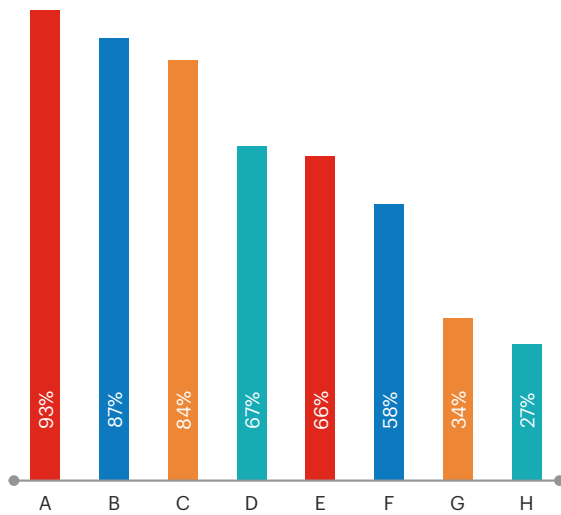


Nearly all respondents think sustainability is a lasting trend, and **87% view it as a long-term investment rather than a cost**. Eighty-four percent of respondents believe their companies can generate economic value by identifying and addressing social problems that intersect with their companies.

### Statement Agreement

(Base=those knowledgeable of company sustainability initiatives)

% Somewhat/Strong Agree



- (A) Sustainability is a lasting trend
- (B) Sustainability in our company is viewed as a long-term investment rather than a cost
- (C) We can generate economic value by identifying and addressing social problems that intersect with my company
- (D) Investing in climate change initiatives could lead to significant new product and service opportunities for our company
- (E) Sustainability as a business is primed to be exploited
- (F) Sustainability is changing the way we measure and track financial performance
- (G) My company lacks the ability to link sustainability practices to financial performance
- (H) The expensive of incorporating sustainability in my own company outweighs the benefits

A heightened focus on sustainability is leading more businesses (70%) to integrate it into strategic planning and products and services (60%). **Sixty-six percent believe the issue is aligned and integrated with their company's purpose and mission.**

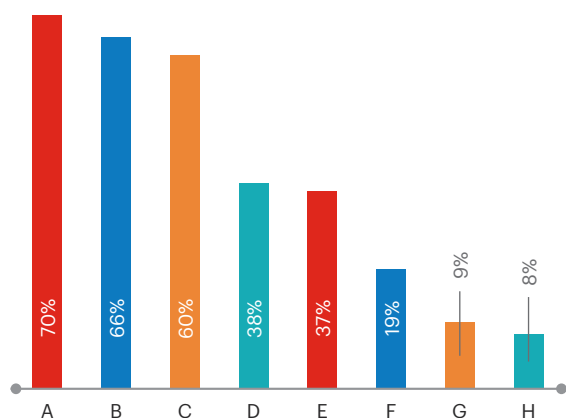
"We believe our success is connected to the health and wellbeing of our team members, providers, customers and the planet," one respondent says. "We believe that doing good for the communities we serve — and, ultimately, the planet — is good business. For (us) to achieve (our) mission, it's critical for us to reduce our waste, to lessen our carbon footprint, protect the environment and make a conscious effort to ensure the health of our planet and people."



## How Sustainability Is Integrated Into Companies

(Base=those knowledgeable of company sustainability initiatives)

% Somewhat/Strong Agree



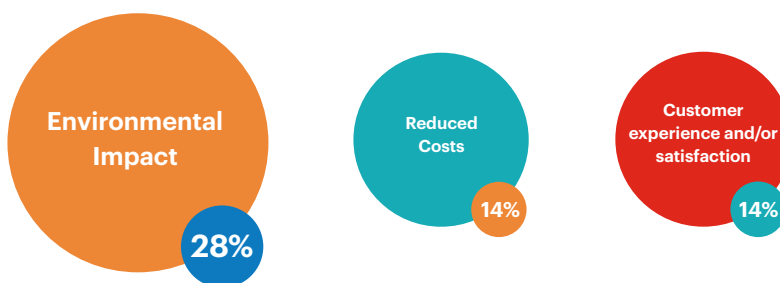
- (A) Integrated into strategic planning
- (B) Aligned and integrated with our company's purpose and mission
- (C) Integrated into our product and services
- (D) Direct reporting line from sustainability office to executive team
- (E) Our company KPI's include sustainability
- (F) We have a Chief Sustainability Officer
- (G) Sustainability is embedded in compensation/bonus of other executives or all employees
- (H) CEO pay/bonus linked to achievement of sustainability KPI's/goals

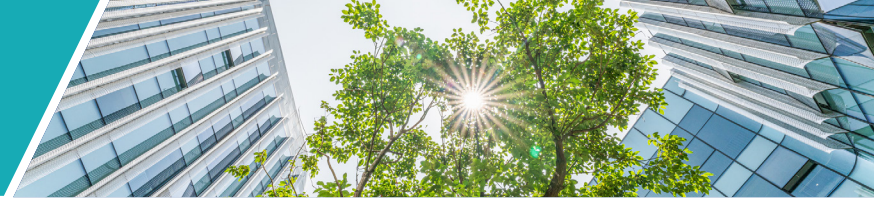
The standards and metrics respondents use to measure the performance of the sustainability initiatives are: internal measuring and reporting, LEED requirements, special reporting (e.g., greenhouse gas carbon reduction, Environment Social Governance reporting, 2030 Challenge) and compliance with government regulations.

The most important metrics to measure the ROI from sustainability initiatives are environmental impact, reduced costs and customer experience/satisfaction.

## Most Important Metric To Measure ROI From Sustainability Initiatives

(Base=those knowledgeable of company sustainability initiatives)





“Each of us has a role to play when it comes to designing a sustainable, resilient, healthy, equitable world,” says one survey respondent. “That’s why we formed our sustainability action network (SAN). Led by (our) director of sustainability and resilience, SAN is an inter-office network ... (from design to marketing to operations) who work to disseminate their knowledge, experience and expertise throughout the company, so our goals and best practices find every corner of our work.”

“Signing on to the AIA 2030 is a challenge (our company) is embracing,” the same respondent says. “Fourteen employee focus groups across all offices (with over 85% participation), client and consultant conversations and a review of our current design process and business operations have informed this document. It will be updated annually.”

## WHY SOME COMPANIES ARE JUST STARTING SUSTAINABILITY INITIATIVES, & WHY A SMALL GROUP SAY THEY NEVER WILL



The survey found that **eight of 10 businesses say they have sustainability initiatives in place** as the issue has transcended trend status to become a business imperative. Among companies that do not have sustainability initiatives in place, **31% plan to in the next one to two years, 20% expect to in the next three to five years**, 15% hope to act in five years or more, and **34% say they never will**.

The top barriers to businesses undertaking sustainability initiatives are low priority among company leadership, need to prove return on investment, and lack of experience in sustainability practices.

### Top Three Barriers For Sustainability Initiatives In Companies

*(Base=those whose companies do not currently have sustainability initiatives in place)*



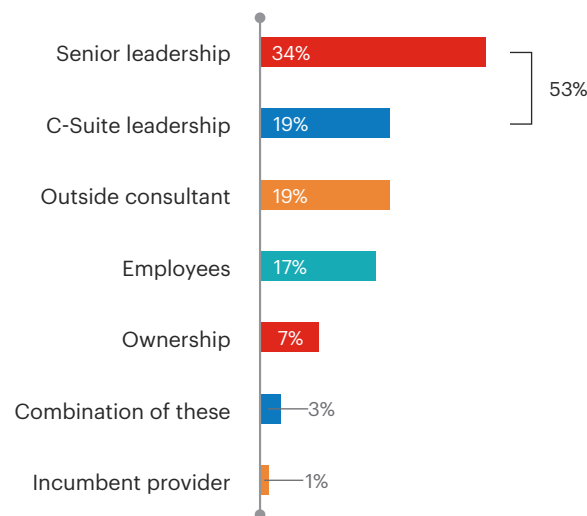
COVID-19 impacted sustainability initiatives for nearly half of the survey's respondents. Delayed plans (36%), more waste (8%), shifting priorities (7%) and less travel (7%) are the top responses about the pandemic's impact. Others respondents say they moved forward with plans as the health crisis persisted. "We moved into a greener building in late 2020," says one respondent.



Those primarily responsible for sustainability in companies are **senior managers, C-suite leaders and the chief sustainability officer**. When companies build a sustainability roadmap, they mostly turn to senior leadership, C-suite leaders and outside consultants.

### Sources Used To Build Sustainability Roadmap

(Base=those knowledgeable of company sustainability initiatives)



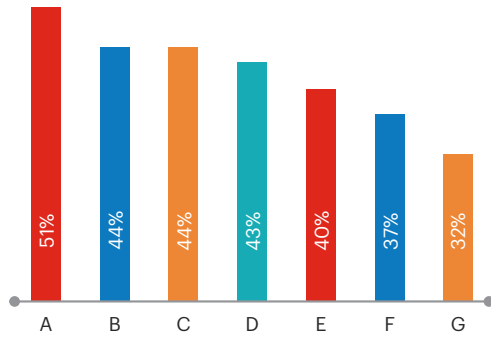
Education inside corporations plays a key role in improving corporate sustainability initiatives, which can include deploying new and existing technologies, creating corporate sustainability policies and roadmaps, and reducing energy consumption and water usage.

[Honeywell Building Technologies](#) provides training and has solutions to help building owners with a variety of factors tied to sustainability and changing building standards, safety guidelines, government-issued regulations and a company's risk management policies.



### Areas To Increase Education

(Base=those knowledgeable of company sustainability initiatives)



- (A) Deploying new and existing technologies
- (B) Creating corporate sustainability policy/roadmap
- (C) Reducing energy consumption and water usage
- (D) Minimizing waste and improving waste disposal
- (E) Benchmarking tools
- (F) Understanding what government incentives are available
- (G) Available partnerships

According to a [new report](#) from the company, 75% of surveyed U.S. facility managers say COVID-19 has caused them to permanently rethink how their facility operates. **Nearly 6 in 10 respondents are more likely to invest in indoor air quality optimization and other healthy building solutions, while 7 in 10 are now more willing to invest in smart building solutions** that help drive efficiency and support sustainability efforts.

“A notable transformation driven by the COVID-19 pandemic is prompting U.S. facility leaders to reconsider their operational strategies and invest in smarter, healthier technologies,” says Vimal Kapur, president and chief executive officer, Honeywell Building Technologies. “As occupants become more aware of how the buildings they use for work, school and care can affect their well-being, we expect them to push building owners and operators to implement new procedures with efficient, sustainable solutions that better support occupants’ safety, comfort and enhance their experiences, not only for the immediate return to office but for the long term as well.”



The survey by Honeywell/The Business Journals found that 41% of respondents are currently in a partnership with another business as part of their sustainability initiatives. Another one-fifth are not currently in a partnership but are looking to develop a partnership. Also, as seen earlier, one role of a partner or consultant is to help set the roadmap for a corporation. About one-fifth of respondents say they turn to consultants for help developing that roadmap. Partners also often supply the hardware, software and analytics corporate leaders need to monitor and boost the efficiency and productivity of these facilities they own, lease or occupy.

When evaluating a potential partner or consultant, the sustainability credentials of the potential partner can become a factor in the selection. **Three of 10 respondents say credentials is a factor in choosing a partner**, 53% say a partner's credentialing may or may not be a factor, and 18% say the credentials of a partner play no role.



A [survey](#) from the U.S. Green Building Council found that employees who work in LEED-certified buildings are healthier, happier and more productive than employees in conventional buildings. That's why sustainable buildings is the future path in commercial real estate.

The owners, managers and tenants of these buildings are committed to sustainability, especially to the goal of reducing their carbon impact, and they view sustainability investments as a long-term cost that is part of doing business. These investments are made in the C-levels of corporations, and these leaders often work with partners to make sure their sustainability investments create healthier workspaces for employees and generate a return on investment for stakeholders.

For some, the vision around sustainability might be crystal clear; whereas others continue to explore and detail a long-term integrated sustainability plans. Executives are increasingly turning to sustainability as a force multiplier for competitive advantage. In the past, this was typically not a competitive focus – simply a means of demonstrating responsible corporate citizenship – and so sustainability initiatives often became siloed within the enterprise.

Now, the top priorities for sustainability initiatives companies expect to take over the next year will focus on the physical spaces where they operate. While sustainability is gaining broad-based interest and appeal among company executives, there is no one-size-fits-all approach for those companies ready to embark on the sustainability journey.

Like energy, time is much too valuable to waste, that's why it's important to create a sustainability plan now. One that will help you reduce resource consumption, avoid waste, and comply with the changing environmental and governance requirements. [Speak with a Honeywell sustainability expert](#) to guide your organization on a path to a sustainable future.