



Beyond Altruism

How Sustainability Efforts Can Drive Organizational Value



At its core, sustainability entails a commitment to minimizing environmental impact, conserving resources, and fostering social responsibility. While these practices may appear rooted in altruism, they also bring opportunities to drive organizational value. Notably, organizations with strong environmental sustainability practices may benefit from substantial energy cost savings, reduce their carbon footprint, improve energy resilience, and bolster their reputation among employees, consumers, and stakeholders.

These outcomes not only align with increased expectations to combat climate change and resource depletion but also translate into economic and competitive advantages. However, many organizations face challenges in successfully managing their environmental sustainability commitments, underestimating the complex journey towards more sustainable business practices.

Misalignment Between Ambition and Progress Causes Consequences

A considerable misalignment persists between the ambitious environmental sustainability goals set by organizations and the actual progress made in achieving them. Despite increased focus on ESG matters, a notable number of organizations are struggling to fulfill their stated commitments.

As leaders strive to put sustainability into practice, they often discover that their organizations are not prepared for the task, lacking internal and external alignment with key stakeholders, inability to evaluate and prioritize investments, skilled labor shortages, and the necessary metrics for effective implementation and evaluation. Furthermore, many organizations are not aware of the financial risks and opportunities related to climate change. The consequences of inaction can be substantial; organizations which fail to act on a credible commitment can risk missed opportunities to grow revenues and profit, as well as risk losing market share, talent, and their brand reputation.

According to a study of Accenture's G2000 companies,

37% of companies had net zero commitments in 2023

yet only **18% of them are on track** to achieve net zero by 2050¹



Driving Profitability Through Environmentally Sustainable Improvements in Buildings and Operations

In today's market, embracing sustainability is no longer a moral choice; it is also a sound financial strategy. When organizations invest in environmental sustainability, they have an opportunity to add financial value to the organization, operation, and physical assets through improved brand perception and talent acquisition, lower operating costs and higher profitability, and more productive and attractive physical spaces.

Minimize Costs and Carbon Impact Through Energy Efficiency

A crucial sustainability strategy to help reduce an organization's environmental impact and energy costs lies in building efficiency measures. According to the International Energy Agency (IEA), the operations of buildings account for 30% of global final energy consumption and 26% of global energy related emissions.² Implementing technologies such as LED lighting, energy efficient heating, ventilation, and air conditioning (HVAC) systems, as well as connectivity of all subsystems and controls through a building automation system (BAS), can substantially reduce a buildings energy consumption. By implementing building efficiency measures, organizations can simultaneously help to improve their sustainability, reduce emissions, and capitalize on energy savings.

Commercial buildings could save up to

35% in HVAC and lighting energy costs

when paired with occupancy monitoring technologies³

1. Accenture, "Destination Net Zero," 2023. <https://www.accenture.com/content/dam/accenture/final/accenture-com/document-2/NetZero-Report-FNL-112823.pdf#zoom=40>

2. International Energy Agency (IEA), <https://www.iea.org/energy-system/buildings>

3. Sicheng Zhana and Adrian Chonga, "Building occupancy and energy consumption: Case studies across building types," Energy and Built Environment, April 2021. <https://www.sciencedirect.com/science/article/pii/S2666123320300829>



Beyond decreased energy use, equipment upgrades will also improve operational and maintenance spending through reduced maintenance requirements and increased equipment lifespan. Building managers can more effectively manage energy consumption when integrating subsystems with advanced control systems such as occupancy, temperature, humidity, and daylight sensors. Upgrading to new, more efficient, or electrified equipment or fixtures, such as HVAC equipment or LED lighting, can yield both carbon and energy savings, while simultaneously maximizing productivity, minimizing maintenance costs, and providing better environments or operational outcomes for employees and building occupants. In addition, energy efficient buildings often incorporate smart technologies and robust infrastructure, making them less susceptible to disruptions during power outages or fluctuations. Furthermore, energy efficiency measures can limit the impacts of energy volatility, mitigating the effect of energy price fluctuations by reducing overall consumption. These sustainability-driven energy efficiency measures contribute to long-term cost savings and enhance operational resilience, making them an essential component of a comprehensive sustainability strategy.

Lastly, driving sustainability through the decarbonization and modernization of an organization's operations and facilities allows an organization to help reduce costs, improve profitability and productivity, and deliver more comfortable, attractive environments for employees or patrons. When a building or business owner chooses to decarbonize by making facility efficiency improvements, these activities also often lead to cost reductions – funds that can either enhance the bottom line or may be redeployed to support mission-critical needs or growth initiatives.

Enhance Energy Resilience

In 2022, US natural gas price volatility (a measure of daily price changes) reached its highest level in 20 years.

This was due to a series of events that included storms, unplanned maintenance and outages, changes in imports and exports, and other sudden changes in demand.⁴

Fluctuations in energy prices, supply disruptions, and geopolitical factors have created uncertainty and volatility in the global energy markets. Energy price volatility may have a substantial impact on a company's overall ability to plan and budget expenses, affecting profitability, competitiveness, and long-term sustainability. Organizations are turning towards sustainability experts to both help reduce energy expenses and enhance resilience while simultaneously impacting their long-term carbon reduction initiatives.

Enhancing energy resilience is a crucial aspect of an organization's sustainability efforts. Deploying Distributed Energy Resources (DER) technologies, such as onsite generation through solar panels, energy storage systems, and microgrids, can significantly improve resilience. By harnessing renewable energy resources and storing excess energy, organizations can ensure uninterrupted operations even in the event of grid disruptions or power outages, helping to reduce the risk of financial losses due to downtime. Additionally, demand response programs facilitated by energy storage systems enable companies to participate in load-shifting initiatives, helping to reduce peak energy demand costs. These energy resilience measures not only bolster operational dependability but also play a pivotal role in helping to achieve sustained cost reductions, solidifying their crucial role in a comprehensive sustainability plan.

Utilize Decarbonization Incentives and Financing Mechanisms to Achieve Both Carbon Reduction and Enhanced Facilities

Government sustainability programs and incentives have played a pivotal role in broadening the implementation of energy efficiency initiatives. Subsidies and tax incentives for energy efficiency technologies and practices have motivated companies to invest in upgrades, reducing both their environmental impact and operational costs. For example, in the United States, it is expected that the Inflation Reduction Act (IRA) of 2022 will dramatically alter the energy landscape, shifting the market away from fossil fuels and toward cleaner sources through tools such as tax credits, loans, grants, and rebates. Simultaneously, state, and local incentives have been on the rise, providing organizations with additional motivation to embrace sustainable energy practices.



In addition to government incentives, energy service companies (ESCOs) have demonstrated adaptability in their contracting mechanisms, offering relief to organizations wrestling with CAPEX constraints. Through energy saving performance contracts (ESPC) and energy-as-a service (EaaS) contracts, providers have empowered clients to realize energy savings and improve sustainability at little to no upfront cost. By leveraging government incentives and CAPEX friendly contracting mechanisms, organizations can effectively balance implementing their sustainability objectives without sacrificing investments that support their core mission. These strategic approaches enable them to preserve their CAPEX to maintain and advance the core mission of the organization.

4. Federal Energy Regulatory Commission, "2022 State of the Markets", 2023. https://www.ferc.gov/sites/default/files/2023-03/2022_State-of-the-market.pdf

The struggle to align and prioritize investments as it relates to environmental sustainability goals often requires changes to ROI requirements with consideration for the new forms of value creation that decarbonization can provide organizations. The current decarbonization landscape provides a variety of attractive opportunities for organizations to enhance facilities and improve operations while simultaneously reducing emissions, which should be incorporated and considered when evaluating the benefit of improvements that deliver decarbonization.

Decarbonizing Facilities and Operations Adds Additional Value to Organizations

Beyond the more easily quantified financial benefits, it's important to consider the positive implications of an improved brand reputation as a result of more environmentally sustainable practices. As consumer preferences lean increasingly towards environmentally responsible brands, organizations with robust sustainability practices find themselves with a distinct market advantage, fostering customer loyalty and expanding market share. In today's conscientious marketplace, consumers and clients increasingly prioritize companies that demonstrate strong environmental and ethical commitments. Another study by Sustainable Brands reports that 96% of US consumers intend to behave in ways to protect the planet, with 36% reporting that they always do so.⁶ As demand for sustainable products and services continues to rise, organizations with strong sustainability initiatives can position themselves as preferred choices, ultimately leading to expanded business opportunities and financial growth.

78% of US consumers claim a sustainable lifestyle is important to them

30% are more likely to purchase goods with sustainable credentials.⁵

The cultivation of a sustainable corporate culture enhances employee attraction, retention, and satisfaction efforts, reducing recruitment costs and promoting a committed workforce. Because organizational sustainability appeals to employees who prioritize social and environmental responsibility, it is rapidly becoming an important driver for attracting talent and retaining employees. As public perception grows about the importance of climate change action, employees are increasingly expecting their employers to act responsibly. A 2021 Pawprint survey reported that 30% of millennials would consider changing jobs if their employer were not doing enough for sustainability.⁷ When competing for talent, businesses can differentiate themselves with a strong sustainability strategy. Employees that are proud of their organization's sustainability efforts tend to be more engaged, motivated, and loyal, leading to increased productivity and reduced turnover costs.

A Sustainable Path to Financial and Environmental Prosperity

Sustainability practices, while often viewed as altruistic endeavors, hold the potential to enhance an organizations profitability. However, despite numerous pledges to improve their sustainability, many organizations globally are struggling with the complexities of implementation. Failing to meet sustainability targets can result in reputational damage and a loss of stakeholder's trust. Sustainable practices also play an important role in employee retention, as they resonate with the values of the modern workforce seeking purpose and alignment with their organizations mission.

Moreover, with conscious consumerism on the rise, customers are increasingly favoring businesses committed to sustainability. With the guidance of sustainability experts, organizations can create and follow a transparent plan that can simultaneously help to reduce their carbon footprint, yield energy and operational cost savings, and improve facilities in a way that enables greater productivity, attractiveness, and revenue generation potential. Establishing a resilient energy system becomes crucial to effectively manage energy spikes and navigate potential blackouts and grid disruptions. In conclusion, a sustainability plan not only helps an organization align with their ethical and environmental goals but also can enable financial resilience and long-term success in the ever-evolving energy landscape.

5. NielsenIQ, "Sustainability: the new consumer spending outlook", 2022. https://nielseniq.com/wp-content/uploads/sites/4/2022/10/2022-10_ESG_eBook_NIQ_FNL.pdf

6. Sustainable Brands, "SB SOCIO-CULTURAL TRENDS RESEARCH™ 2023". <https://go.sustainablebrands.com/2023-SCT-annual-highlights-report>

7. Pawprint, "What employees think about your sustainability strategy", 2021. <https://www.pawprint.eco/eco-blog/what-employees-think-about-your-sustainability-strategy>

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ENGY-PRB002A-EN
05/13/2024