

The Multi-Site Company's Sustainability Playbook:

The secrets to a high-return sustainability program



The Importance of a Plan

Why Develop a Sustainability Strategy?

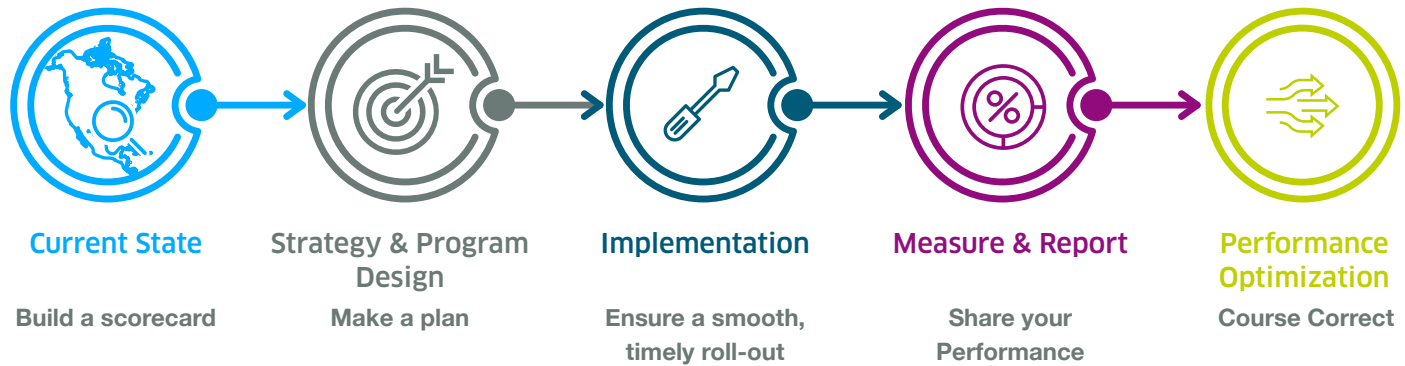
Rising costs. Increasing regulations. Growing demands for transparency. Businesses are waking up to the reality that they need a strategy to better manage key resources such as energy, water and waste. To see real results, they must go beyond short-term efficiency projects, and look toward a strategy that engages executives, shareholders and employees. **The question today is not whether to take action, but where to start.**

Why Multi-Site Companies?

For companies managing hundreds or thousands of sites every day, implementing a comprehensive sustainability program is no easy task. Challenges such as **prioritizing projects, benchmarking performance, coordinating vendors and engaging thousands of employees, have led many organizations to implement siloed, short-term initiatives.** But now, we are beginning to see a change. Leaders in these industries have blazed a new trail, demonstrating through millions in savings, surges in revenue, and improvements in talent acquisition that **long-term sustainability strategies are significantly more effective than short-term efficiency projects.**

A Framework for Success:

How does an organization with hundreds or thousands of sites, millions of data points, and plenty of opportunity enact a sustainability strategy? In the following pages, you'll find a framework for each of the 5 foundational stages of a sustainability strategy:



How Does ENGIE Define “Sustainability”

In the following eBook, we'll be focusing on strategies to minimize the cost and use of resources such as energy, water, and waste and the resulting environmental impact, measured by greenhouse gas emissions.

The following insights were informed from data ENGIE Insight has gathered over

20+
years of
projects

\$3.2
Billion
in savings

with over
25%
of the
fortune 500

Insights from
720K
sites



Current State: Build a Scorecard

Assess your footprint across key resources: energy, water, waste, and carbon. To identify where you're headed, it's critical to understand your current state. Companies with large, geographically dispersed portfolios face greater challenges than most as they account for variances in site conditions, regulations, climate, utility rates and more.



1

Bill Data

Normalize data from electric, natural gas, water and waste bills to determine cost drivers such as weather, unit price, usage and fees.

2

Equipment and Service Inventory

Assess the age and model of high consumption assets such as HVAC, lighting, water and waste equipment. For waste, gather service level details such as pick-up frequency, container size and fees.

3

Energy Mix

Evaluate your current supply contracts and market-specific opportunities to assess your current energy procurement mix of brown vs green power. Companies with stated goals of decarbonization should explore setting internal carbon pricing to help them evaluate the short and long-term benefits of green and alternative energy options.

4

Site Audits

5-10 site walks coupled with waste audits can reveal simple fixes that can reduce energy, water, and waste costs – often with minimal additional expense. Look for things such as: door and refrigeration seals, excess run off from irrigation. Monitor operations – are doors left open, lights left on after hours, waste containers overflowing?

5

Greenhouse Gas Emissions

EU regulations, imminent carbon taxes, and investor demands are just a few of the drivers for businesses to begin calculating and disclosing greenhouse gas emissions. Identify tools and expertise to help you calculate your emissions and consistently track progress over time.

6

Regulations

Regulations govern how you consume energy and water, what you throw away, whether you disclose, and even how you package your products. Evaluate regulations that most directly impact your business (e.g. food safety, hazardous waste, plastic straw bans). Begin with global, nationwide and state regulations, then expand to municipalities.

7

Peer Benchmarking

Compare key factors like energy intensity, diversion rates, withdrawal, effluents, and goals to others in your industry. How do you stack up?

8

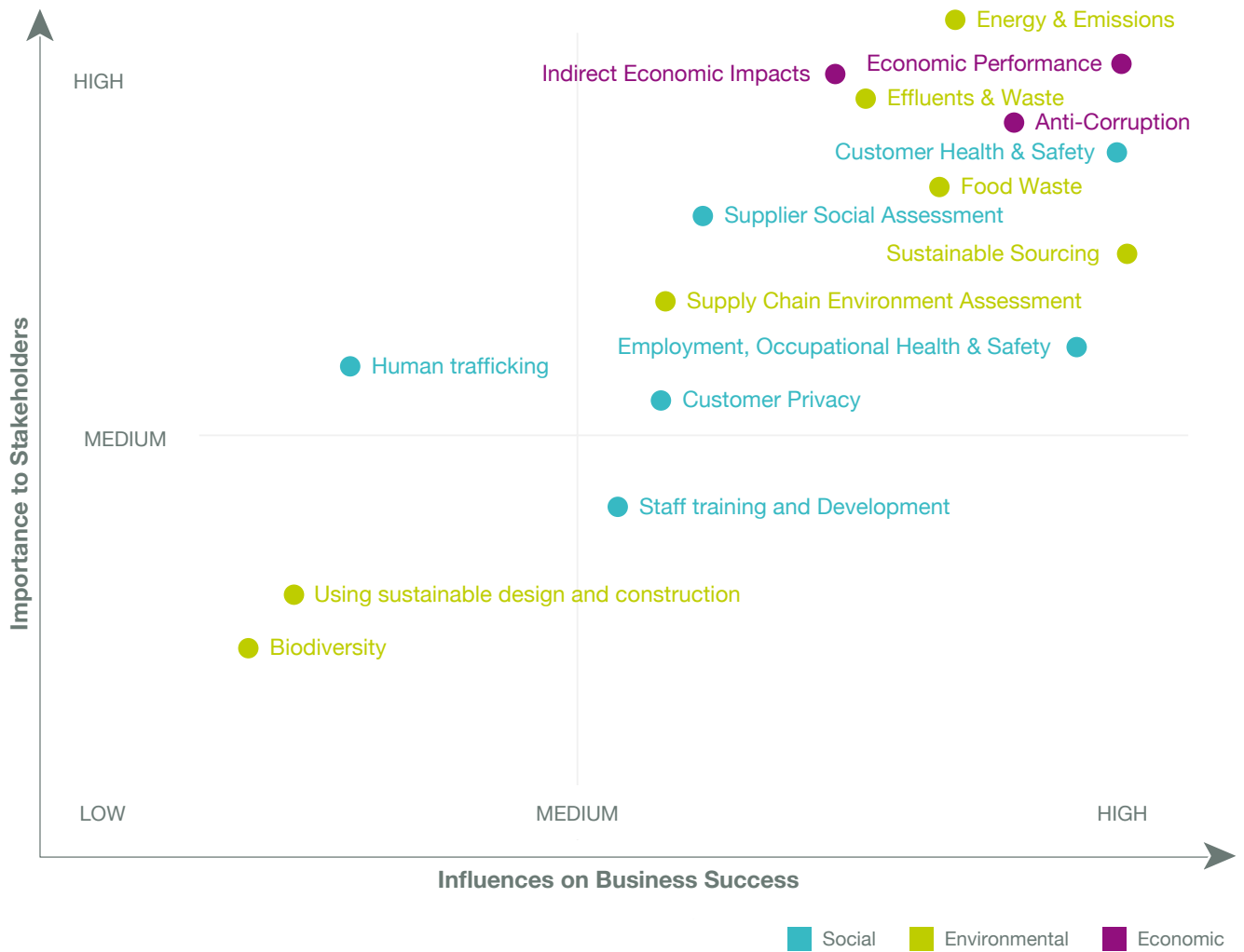
Stakeholder Survey

Identify the priorities of the people that matter. Start with executives, board of directors, customers, and employees. A materiality assessment conducted by a third-party organization is a great approach to achieve alignment on corporate goals. In your early years, start small with just 5 key issues; as you get more advanced, expand to about 20.

9

Materiality Assessment

By leveraging an industry-standard framework to clarify the highest priority sustainability issues, organizations can more easily align stakeholders on corporate goals, reporting priorities, opportunities and risks. Use a Materiality Assessment to define key issues facing your industry, identify a representative sample of stakeholders, conduct a survey and map results.



Now you have identified low hanging fruit, competitive benchmarks and objectives: the necessary foundation to develop a plan.



Strategy And Program Design: Make a Plan

A robust strategy is critical to ensuring organizations maximize return and maintain focus on material business issues. Critical to a successful strategy are a robust business case, executive support, goals, and a detailed roadmap.



1

Build a business case

When developing a sustainability business case, multi-site companies must balance the long-term risks of environmental and social change with the short-term investment criteria most organizations use to approve funding. **A successful business case must span a medium-term horizon of 5-10 years and include annual program plans with detailed financial analysis that meet your organization's investment hurdles.** A comprehensive business case should go beyond direct cost savings to consider the value of risk management, brand enhancement and increased revenue.

2

Secure executive support

The programs that have achieved the greatest return have one thing in common: executive support. Long gone are the days where there is not concrete data supporting the positive financial return of a long-term sustainability strategy. Today, as progressive companies tout millions in savings, executives see these efforts as not only an opportunity, but a competitive necessity.

- Articulate the gaps between you and material business issues.
- Start with savings ranges and build more evidence over time.
- Combine projects to meet approval thresholds and investment criteria.
- Embed sustainability into existing corporate initiatives.



80%

of sustainability programs fail without executive support

3

Set a specific goal

Internal goals are essential to program success. Ensure you have executive buy-in, cross-functional alignment, and a clearly defined baseline from which to measure. Consistently communicate progress to your goal. After several years of success, your organization may consider a public goal such as RE100, Zero Waste, science-based carbon targets, or other industry-specific goals.

4

Develop a multi-year roadmap

A strong 5-year roadmap should be structured around building early successes, evaluating regularly and using results to justify more complex or longer payback projects. After building some internal momentum, companies with distributed portfolios should consider disclosing to industry-standard frameworks (e.g. CDP, SASB, GRI) and evaluate public targets that align with their material business issues.

The Multi-Site Sustainability Roadmap



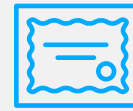
Report Internally

Establish repeatable reporting KPIs and develop channels to regularly communicate progress. Set internal goals.



Disclose

Begin to calculate carbon emissions. Communicate progress according to the reporting framework best for your industry (see page 10). Formalize your annual reporting process. Consider setting a public goal.



Set a Public Goal

Commit to a goal that aligns with your material business issues. Leverage data to create an actionable strategy to achieve your goal, and plan for regular assessments to stay on track.



Year 1

Quick Wins and Pilots

Show early wins by targeting high-cost regions and high-use resources. Begin piloting projects with a slightly longer payback period.

Good priorities for Year 1 include high-return projects like LED retrofits, aerators, smart thermostats, and recycling programs. Explore the best measures and financing options for your industry on pages 8 and 9.

Year 2-4

Roll out Deeper Retrofits

Continuously pilot new technology and use results to justify and roll out more complex retrofits. Bundle energy, water, and waste retrofits to minimize costs. Share results to engage employees. Begin to assess measures such as on-site solar, batteries, and engage suppliers.

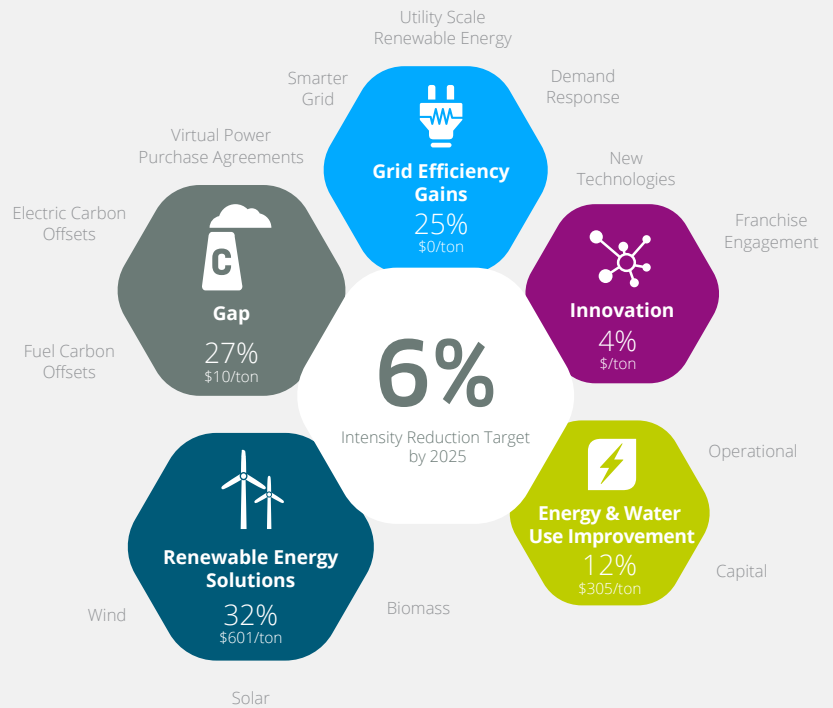
Year 5

Tier 2 Projects and Emissions Reductions

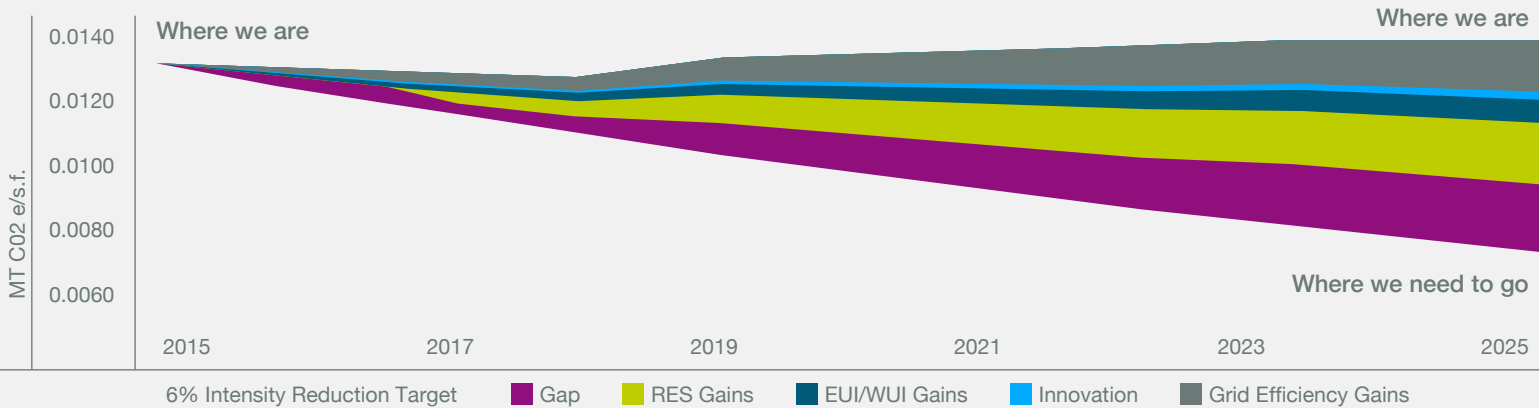
Plan to revisit remaining efficiency retrofits and optimize early projects. Begin to implement carbon-led strategies to resource management by assessing alternative energy options, evaluate a public goal, explore setting an internal cost of carbon.

Case Study: Hospitality Brand turns Carbon Target into Reality

After setting an aggressive global carbon emissions target, an international hospitality brand needed an achievable path to get there. Leveraging insights from their global emissions, market forces, and technology enhancements, ENGIE Insight identified the costs and impact of key measures that could make their goal a reality. These measures were mapped over a 10-year roadmap with robust annual project plans and KPIs to ensure this market-leader stays on track to achieve their ambitious goals.



GHG Intensity Roadmap





Implementation: Ensure A Smooth, Timely Roll-Out

1

Set your rules of engagement

Which of the following are most important to you: timeline, project costs, minimal disruption to business operations? Gather a cross-functional group to align on operational priorities, ensure representation across:

- Finance
- Facilities
- Operations
- Procurement
- Construction

2

Prioritize projects for optimal return

For multi-site companies, there are few more important factors than prioritization. Prioritization should be informed by business priorities and long-term goals, and weighed against variable factors impacting each site. Engage a vendor-agnostic advisor that can help you balance a range of competing factors including:

- Rebate availability
- Equipment age and model
- Store footprint
- Regional costs
- Regional differences (e.g. codes, unions, vendors, regulations)
- Service availability (e.g. waste organics services)
- Planned retrofits or remodels

Standardized stores may be far from standard

For one national quick-service restaurant chain, upholding brand standards didn't necessarily translate to similar store footprints. The below example conveys how conditions at two seemingly identical stores can lead to significantly different energy and water consumption, which informed how this restaurant chain prioritized equipment retrofits.



Minnesota Store

Average building age	27 years
Average equipment age	5
Degree days	6,922
Square footage	3,474
Weekly operating hours	94
Average unit cost/kwh	0.12
Use/sqft	32.64
Total	\$21,249
Electric Costs	\$18,394
Water Costs	\$2,856

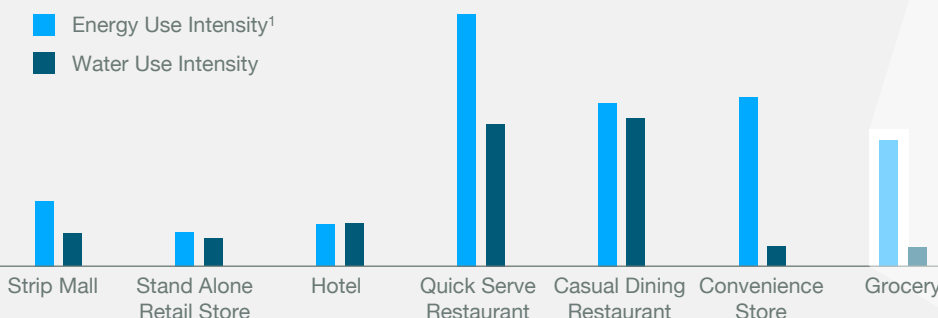


Alabama Store

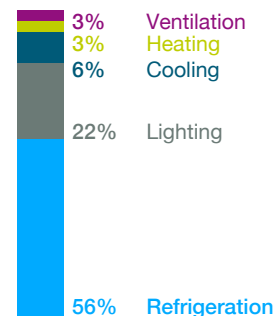
Average building age	18 years
Average equipment age	13
Degree days	4,697
Square footage	3,000
Weekly operating hours	100
Average unit cost/kwh	0.10
Use/sqft	164
Total	\$49,637
Electric Costs	\$46,781
Water Costs	\$2,856

How does your industry stack up?

Determine ideal efficiency measures by assessing the resources that impact your industry the most. A combination of equipment upgrades and improved maintenance can typically drive savings between 10-20%.



Energy use by source



Target high-use equipment first. In grocery, upgrades to display cases, fans, and defrost controls could reduce refrigeration energy use by up to 30%. Routine maintenance, proper stocking, and carefully managed set points can contribute 10-15% savings.

1. ENERGY STAR Portfolio Manager: U.S. Energy Use Intensity by Property Type

3

Structure vendor meetings and communications

Align a cross-functional group of critical stakeholders early in the project process. Leverage long-term goals to align those stakeholders on RFP questions and project goals. With vendors, structure your communication process. In the initial weeks, schedule frequent meetings to review installations and address early challenges. As installations continue, schedule consistent progress meetings to review defined metrics and checklists.

Explore alternative financing options.

Several opportunities exist to offset your costs of capital improvements. Anticipate added complexity for a distributed portfolio of small footprint locations. Use the below guide to understand the resources needed to maximize your project return.

Description	Pros and Cons
Utility Rebates and Incentives	<p>1. ENERGY STAR Portfolio Manager: U.S Energy Use Intensity by Property Type Refund programs that dramatically reduce the cost of capital for energy efficient products.</p> <p>Pros: Increase project ROI Cons: Unique program requirements make it challenging to secure rebates portfolio-wide and may limit product choice.</p>
Energy Performance Contracts	<p>Energy service companies fund, install and maintain efficient equipment, paid for through energy savings over pre-determined length of time.</p> <p>Pro: Low upfront costs. Guaranteed savings, outsourced project management. Cons: Long, complex negotiations. Projects typically must exceed \$1M. Not a good fit for leased spaces or distributed sites.</p>
On-Bill Financing and Property Assessed Clean Energy Financing (PACE)	<p>Energy-efficiency project loan paid for via utility bill energy savings or property taxes (PACE).</p> <p>Pros: Low interest rates can provide positive or net-even cash flow. Cons: Caps on project size, limited availability, can require capital funding for the initial cash outlay.</p>
Green Bond	<p>Financial product designed to fund projects that have environmental benefits.</p> <p>Pros: Below-market interest rates. Cons: Limitations on qualifying projects. Ongoing reporting requirements increase lifetime costs.</p>
Self-Financing	<p>Use of traditional financial resources to fund projects.</p> <p>Pros: No interest, good for companies with cash on hand and low debt limits. Cons: Lost ability to finance revenue-focused activities.</p>





Measure & Report: Share your Performance

1

Measure what matters

A scorecard with key performance indicators (KPIs) can serve as an excellent tool to track progress to stated goals. Schedule quarterly meetings to review KPIs with your core cross-functional team. Invest in the processes and tools that can streamline reporting to reveal trends, measure savings, elevate issues, and track progress to timelines.

2

Engage employees by sharing results

Engage employees through continuous communication of corporate sustainability goals and performance. Leverage these results to increase participation and behavioral initiatives across the organization. Use leaderboards to gamify employee engagement with friendly competition between stores.

Data helps Panda Express Save Big

At a leadership conference, the founder of Panda Express asked all the attendees one simple question: "How full do you make your trash bag before throwing it out?" The forward-thinking founders saw the tremendous opportunity to better manage their waste, and Zero Waste soon became a focus for the Panda Express organization. To achieve success, they knew they would need to understand where they started, set a realistic diversion goal, invest in the right equipment, and keep employees engaged. By partnering with ENGIE Insight, Panda Express was able to root every decision in hard data, gain insights into equipment and diversion techniques and see incredible results.

Challenge:

- Desire to reduce costs
- Increasing regulations
- Recycling market limitations
- Increase employee involvement

Solution:

- Analyzed waste data
- Engaged leadership
- Set a goal
- Piloted compacting equipment
- New signage, bins & trainings
- Right-sized service
- Waste audits
- Continued measurement

23%

Saved through procurement

32%

Saved from right-sizing

35%

Recycling rate due to continued employee engagement



3

Disclose your progress using industry-standard frameworks

Today, companies receive pressure from investors, boards, international directives, and consumers alike to be more transparent; yet, external pressure is not the only motivator. By disclosing Environmental, Social and Governance (ESG) metrics, organizations can drive down costs by ensuring focus on energy, water, and waste reduction, they can free up access to capital, increase investor engagement, and even differentiate themselves from competitors. The following table serves as a high-level guide to five of the most broadly adopted reporting frameworks.

Reporting Framework	Description	Relevant Industries
Global Reporting Initiative (GRI)	Widely adopted framework of ESG metrics considered material to stakeholders. Offers standards for disclosure in corporate responsibility reports. No scoring system.	International public and private companies, publicly funded institutions.
Sustainability Accounting Services Board (SASB)	Industry-specific criteria considered financially material to investors. Offers standards for sustainability accounting and SEC filings, no concrete scoring system.	Ideal for financial disclosures of US-based public companies
CDP (formerly Carbon Disclosure Project)	Disclosure of GHG emissions, water scarcity and deforestation issues, including a new focus on risk analysis. Two separate scores for Disclosure and Performance using a 100-point scale.	Public and private companies, publicly funded institutions, supply chains.
Dow Jones Sustainability Index (DJSI)	Industry-specific criteria considered material to investors. Economic, social and environmental indicators. Companies receive a total sustainability score between 0-100 and peer rankings.	Top 10% of S&P Global Brand Market Index
Global ESG Benchmark for Real Assets (GRESB)	ESG factors tailored to the real-estate industry, now including resiliency indicators. Scoring scale based on 140.5 points.	Property companies, real estate investment trusts, funds, and developers





Performance Optimization: Course Correction

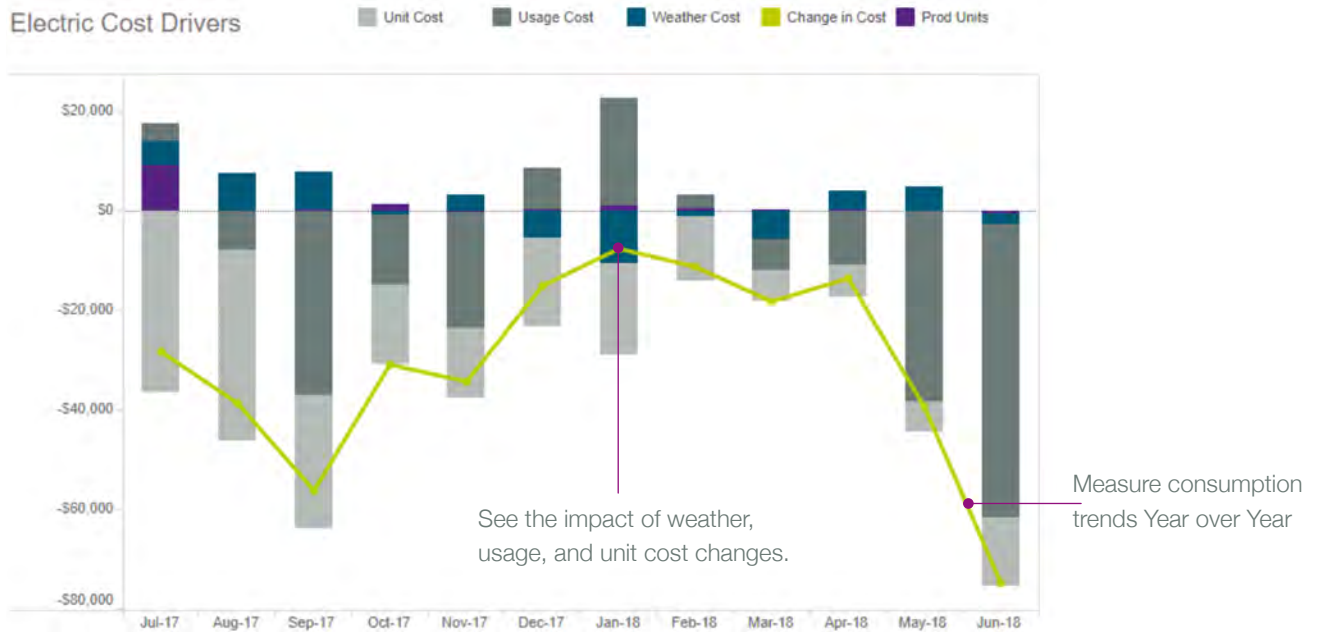
1

Analyze granular data during pilots. Analyze trends portfolio-wide.

Continuous evaluation of performance can save millions for companies with large portfolios.

When conducting a pilot, measurement and verification provides the granular data needed to quantify savings from new equipment or operational changes.

When looking to understand cost drivers more broadly across a region or a portfolio, account for a range of factors like weather, unit costs, and site conditions. Use tools to normalize data to best reveal trends, inform budgets, or identify outliers.



2

Ensure performance reporting shapes future projects.

Establish a regular cadence for reporting and facilities teams to interface with new construction and other project implementation teams. As you glean insights, discover equipment challenges or identify user errors, incorporate changes into future roll-outs.

3

Adapt operations to evolving equipment capabilities.

Enhanced technology, such as energy management systems, dumpster monitors, and water metering can provide incredible insights. However, without a process in place to use this data – to inform maintenance, repair and replace decisions or changes to service – savings will be limited or may erode over time.

Conclusion

Data is at the heart of every successful sustainability strategy. Armed with the right data and expertise, you can engage stakeholders, build a business case, prioritize projects and improve outcomes. So, how can data help you get started?

A current state assessment is the first step to developing a strategy. Identify a champion on your executive team and work together to develop a budget for a comprehensive current state assessment. Engage a third-party vendor with deep expertise in your industry and a strength in analyzing data to help you expedite your process.

Having a sustainability strategy is no longer an option. Those that effectively develop and execute a sustainability strategy rooted in data will outpace competition by quickly driving savings, managing risks, and building brand value.

Act now, act quickly, or be left behind.

Don't Wait. Start Today.

To explore opportunities and discuss your current strategy further, request a discovery session with an ENGIE Insight consultant today.

ENGIE Insight

ENGIE Insight (formerly Ecova) works with multi-site businesses that aim to thrive in a sustainable world. With accurate and comprehensive resource data – including energy, water, waste and telecommunications – ENGIE Insight applies technology and people expertise to lower costs, drive efficiencies, and reduce environmental impact. Leading customers, including 25 percent of the Fortune 500, turn to ENGIE Insight to drive their sustainable resource management initiatives forward.

Contact Us

If you would like to discuss any of the findings or best practices presented in this report, please reach out to your ENGIE Insight representative or contact us at:

1313 N Atlantic St Ste 5000
Spokane WA 99201-2330
1 (800) 767-4197
info.insight@engie.com
engieinsight.com

