



A STUDY OF THE ESG IMPACT ON CONSTRUCTION

**EXECUTIVE
NETWORK
GROUP**

INTRODUCTION

Over 2022, ESG (environmental, social, and governance) practices will play a pivotal role as world economies tackle the issue of reducing global emissions. With ESG continuing to evolve, Executive Network Group (ENG) conducted a study around the environmental impact in the built construction sector, investigating the topic with business leaders across built environment and civils. The information in this report was compiled by aggregate inclusive of a survey, and direct email responses to give us an insight from business leaders in construction.

The built environment contributes 30% of total greenhouse gas emissions and 40% of total energy use, while the construction industry consumes 32% of the world's natural resources. Due to these factors, it is clear that the construction industry has a role to play in the global agenda to reduce emissions and mitigate climate change. [1]

There will be a challenge for the construction industry to limit their use of harmful resources and waste, to recycle and re-use, and to implement green economy principles in their design solutions. Adding to this growing list of challenges are tightening safety regulations and growing economic constraints. However, these challenges simultaneously present opportunities to demonstrate innovation, sustainability, and enhanced quality. All of these aspects are capable of contributing to a greater competitive advantage and to stronger economic growth. [2]

ENG believed it was imperative to collate data that's relevant to understanding how our clients are transitioning their businesses through the development of ESG initiatives. Our research consisted of 40 clients across the sector which provided contemporary data focused on understanding the impacts of ESG policies and whether progression has been made toward the global agenda of reducing carbon emissions.





WHAT IS SUSTAINABLE CONSTRUCTION?

The impact of ESG has resulted in the construction sector taking a more sustainable and environmentally friendly approach to the development of future projects. Building new structures with sustainable materials, along with reducing energy consumption and waste, is an essential aspect of sustainable construction.

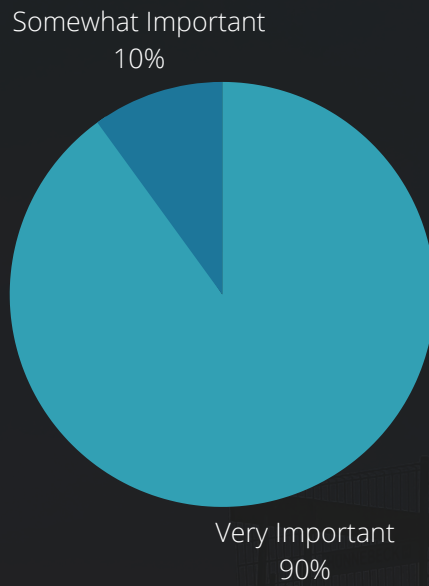
Sustainability in construction refers to reducing the environmental impact of the industry.

Sustainable construction buildings require ESG elements that have an ongoing positive influence on the building's environmental impact. Building materials with a long lifespan, for instance, products which can protect against heat loss or reduce energy consumption.

There are many environmental impacts associated with the construction industry, including energy use, emissions, and waste. A large amount of carbon emissions are caused by the production of equipment that relies heavily on fossil fuels. [3]

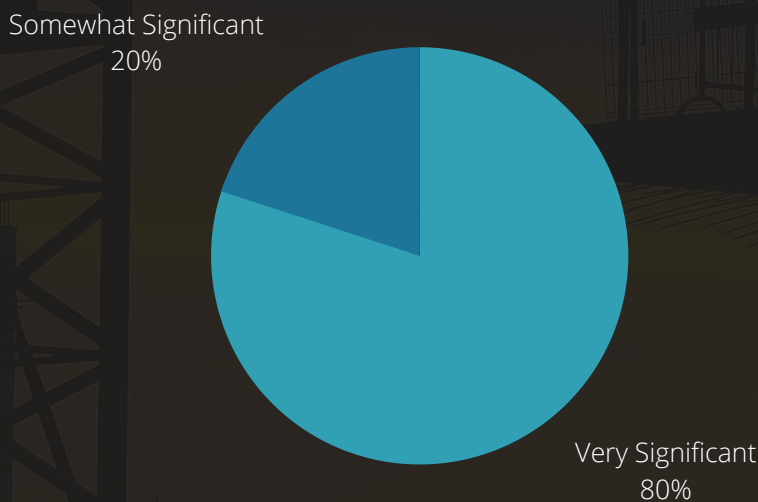
- 45% of total UK carbon emissions (27% from domestic buildings and 18% from non-domestic) come from built construction.
- 72% of domestic emissions arise from space heating and the provision of hot water.
- 32% of landfill waste comes from the construction and demolition of buildings.
- 13% of products delivered to construction sites are sent directly to landfills without being used.

HOW IMPORTANT ARE ESG VALUES TO YOU?



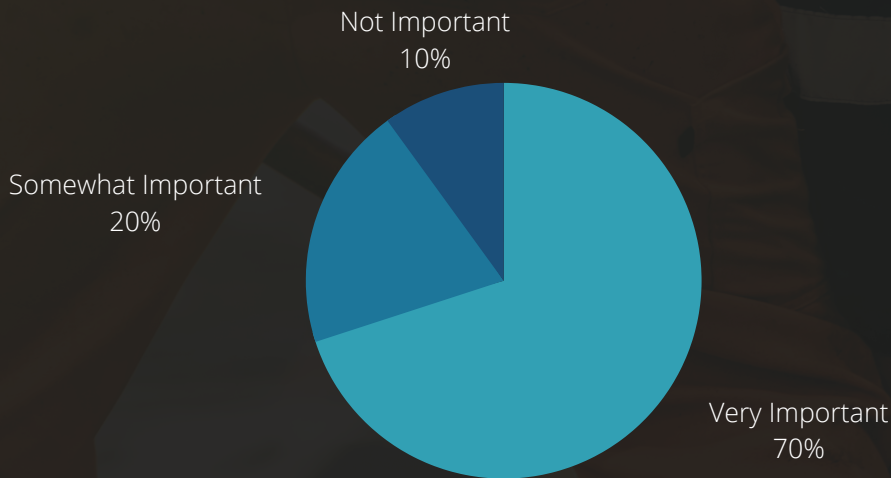
We found that 90% of respondents interpret ESG values to be very important. Only 10% of workers who took part in our research believed ESG values to be only somewhat important. Evidently, workers are becoming more aware of the importance of ESG values and the impact they have on the environment.

HAS CLIMATE CHANGE IMPACTED ESG VALUES ACROSS YOUR BUSINESSES?



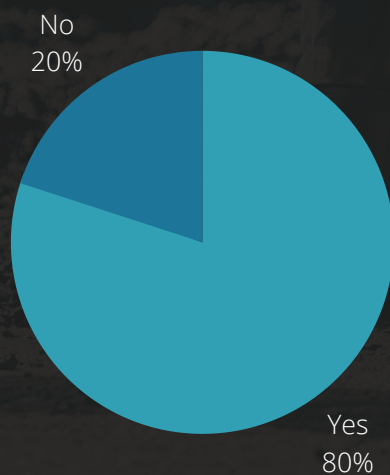
According to 80% of our respondents, climate change has impacted their businesses response toward ESG Values. However, 20% believed climate change was somewhat significant. None of our participants believed climate change had no significance. Employees are noticing a change to the traditional business model.

HOW IMPORTANT ARE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES TO YOUR ORGANISATION?



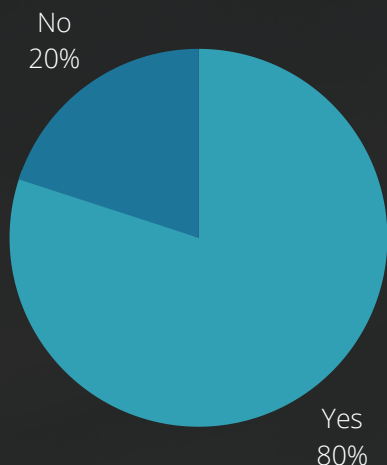
In our survey, we asked respondents how important ESG initiatives are to their organisation. Approximately 70% of our participants believe their business has moved towards sustainable practices and value ESG initiatives. Additionally, 20% of respondents believe that ESG initiatives are somewhat important to their company. Whilst 10% consider ESG initiatives to be not important to their organisation.

IS YOUR BUSINESS TRACKING ESG MEASURES AROUND SUSTAINABILITY?



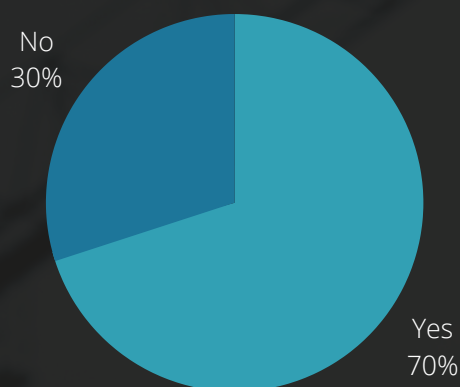
80% of participants have reported their businesses are tracking ESG data and implementing practices that are more sustainable. However, 20% of respondents reported their business hasn't been tracking ESG metrics and its transition to sustainable practices.

HAVE ESG INITIATIVES LED TO POSITIVE CHANGES WITHIN YOUR ORGANISATION?



The ESG initiatives contributed significantly to transition to a sustainable practice for 80% of professionals who took part in our research report. On the other hand, 20% suggest ESG initiatives haven't led to a positive change in their company.

DOES YOUR BUSINESS HAVE A DEDICATED TEAM OR PERSON FOR ESG / SUSTAINABILITY?



Offsetting carbon emissions is only a small area of the whole ESG picture. Our statistics display that currently 70% of construction companies have in fact dedicated resources to achieving more sustainable operation. On the other hand, 30% of workers which took part in our survey had suggested their company hasn't invested into achieving a more sustainable practice.

CONCLUSION

In conclusion, it's great to see such positive data surrounding the impact of ESG on the construction market and the development toward a more sustainable future.

Specifically, over half the percentage of respondents have voted positively for their business transitioning toward a more sustainable practice. The progression being made is impressive, however, there is still much work to be done as some companies still haven't dedicated resources toward reducing their carbon footprints.

There is a wide range of positive responses from workers across the sector clearly displaying that many workers understand the importance of ESG and how seriously their business values ESG practices.

We're slightly disappointed that some of the employees reported their business isn't tracking the emissions being produced. Without analysing the data it's not possible to see progression. Companies which are paying attention to the metrics will adapt to a more sustainable practice.

The responses we received were from a diverse background and a wide range of roles across the sector. This allowed for us to gather a multitude of data from the sector from a range of different backgrounds and experiences.

ESG values are clearly impacting the development of sustainability across the sector. There are many ways of reducing our carbon footprint, yet businesses aren't prioritising sustainability due to being more costly. The very nature of our planet is posing a significant threat to human beings and all other forms of life on earth.

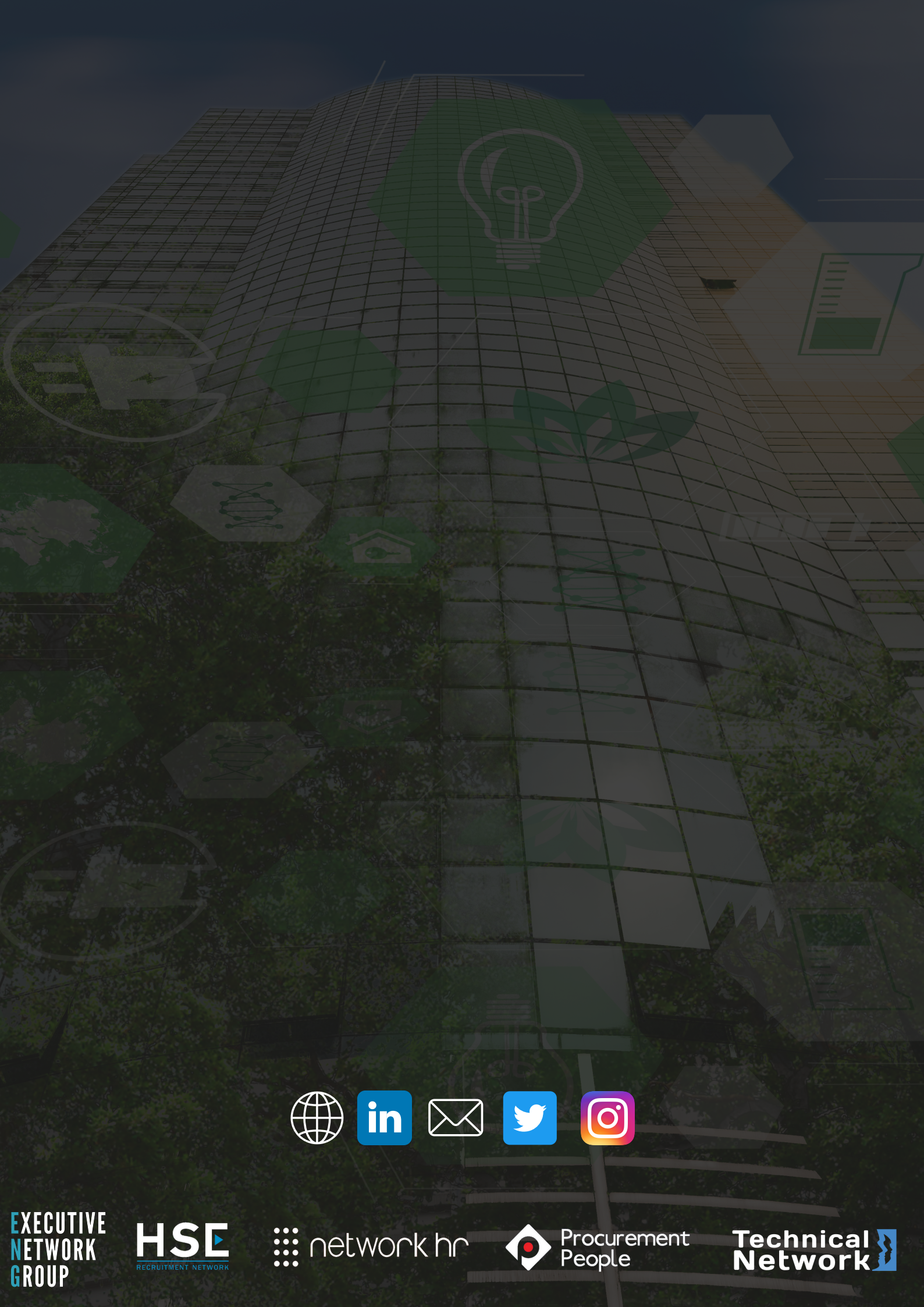
If you would like to hear more about this topic, or receive future communications, please contact
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EXTERNAL RESOURCES

<https://www.marshmcclennan.com/insights/publications/2021/april/-exploring-the-impact-of-esg-on-contractors.html>

<https://constructionblog.autodesk.com/sustainable-construction-statistics/>

<https://www.countfire.com/blog/construction-industry-sustainability/#:~:text=Sustainability%20in%20UK%20construction&text=45%25%20of%20total%20UK%20carbon,construction%20and%20demolition%20of%20buildings>



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