COMFORT SYSTEMS USA

2023 Sustainability Report

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A MESSAGE FROM THE CEO

2023 was a remarkable year for Comfort Systems USA. We achieved record earnings and cash flow, and our backlog continues to surge for future work. We welcomed new companies to our family of companies while our existing companies continued to execute at an extraordinary level. These record results would not have been possible without the hard work and dedication of our 15,000+ teammates. Our people are our top priority – not only do we want to make sure that they go home safely each day, but we also want each team member to feel welcomed, valued and fulfilled in the work that they do for our partners and communities. Comfort Systems USA's efforts to enable a more sustainable future are central to our strategy and long-term success. We remain dedicated to delivering innovative solutions by investing in best-in-class technologies, following responsible business practices, and attracting top talent. It is not only our duty but our privilege to ensure that our focus remains on doing the right thing for our people, our partners, and our planet.

In this report, we provide an overview of our current and planned sustainability initiatives. This report also details how we are enabling our teams to have a positive impact on our customers and the communities we serve. In 2023, we interviewed key stakeholders to ensure that our material sustainability topics were updated to reflect the Company's business and outlook. You will see commentary on these updated topics throughout the report. Additionally, we conducted several risk assessments in 2023, including a climate risk assessment and a water risk assessment. This in-depth analysis allowed us to understand what locations are most sensitive to climate change and will inform our risk mitigation strategies going forward. We also strengthened several programs in 2023, including our diversity, equity, and inclusion program, our safety program, and various talent initiatives. As in previous years, we continued to voluntarily report to Ecovadis and CDP, and we remain a proud signatory of the United Nations Global Compact.

While I am pleased with the progress we have made since publishing our first sustainability report, we will continue to seek innovative ways to remain an industry-leading company that operates safely, responsibly, and sustainably. We appreciate the engagement of all our stakeholders, and the feedback they contribute, which helps us to focus on achieving our long-term financial and sustainability goals and to ensure Comfort Systems USA's future as an industry leader. I hope that you find our sustainability report to be a valuable resource in understanding our approach to sustainability and the progress we are making toward our sustainability goals for the future.

Sincerely,

Brian E. Lane

BRIAN E. LANE
CEO, PRESIDENT & DIRECTOR

> " Comfort Systems USA's efforts to enable a more sustainable future are central to our strategy and long-term success.

Our Company

Comfort Systems USA, Inc. ("Comfort Systems USA," "Comfort," or the "Company") is a leading provider of mechanical, electrical, and plumbing building systems, catering to the construction and maintenance needs of diverse facilities and industries. Our extensive national presence positions us to effectively realize our clients' objectives to build secure, quality, and efficient structures. Headquartered in Houston, Texas, Comfort Systems USA's family of companies encompasses over 15,000 employees spread across more than 130 cities throughout the nation. Comfort Systems USA is a publicly traded company (NYSE: FIX).

Customers seek out Comfort Systems USA operating companies for our unparalleled expertise in mechanical and electrical services, process piping, modular construction, controls, energy efficiency, and various other requirements for nonresidential construction and building services. Our commitment extends beyond immediate projects, emphasizing a long-term perspective marked by a focus on safety and sustainability.

OUR CORE VALUES

Our core values define, inform, and guide the way we operate on a daily basis, both within the Company and in the communities where we do business.

| Be Safe | Be Honest | Be Respectful | Be Innovative | Be Collaborative |

WE BUILD LEGACIES

- With our **customers** by safely installing and maintaining their most critical building systems.

- With our **people** by providing the tools and paths for individual career achievement.

- With our **acquisitions** by preserving and advancing their life's work.

ABOUT THIS REPORT

The executive leadership team and Board of Directors at Comfort Systems USA are proud to present our 2023 Sustainability Report. This annual report celebrates the progress we've made in turning our commitment to sustainability into action. We continue to develop and ingrain our core values of safety, honesty, respect, collaboration, and innovation into our business operations and strive to prioritize transparency when disclosing our sustainability efforts, commitments, and progress.

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board's (SASB) standards for the Engineering and Construction Services industry, covering the period from January 1st, 2023, to December 31st, 2023. This reporting period is in alignment with our financial reporting period. We have included the Task Force on Climate-Related Financial Disclosures (TCFD) framework to showcase our approach to identifying and managing climate-related risks and opportunities.

In this 2023 report, we outline our advancements toward sustainability goals, improvement strategies, and alignment with the United Nations (UN) Sustainable Development Goals (SDGs) and their associated targets. Each material topic features a management approach, key performance indicators, current operations, and planned initiatives, underscoring our dedication to sustainability endeavors.

For questions about this report, please contact:

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Phone: (713) 830-9600

information@comfortsystemsusa.com.

2023 YEAR IN REVIEW

1.10

With a 1.10 OSHA Recordable Incident Rate, we remain well below the industry average of 2.4

CDP

We improved our CDP Climate score from C- to C

BRONZE 2023 ecovadis Sustainability Rating

We maintained our EcoVadis score and received a Bronze medal rating

$1,376,119

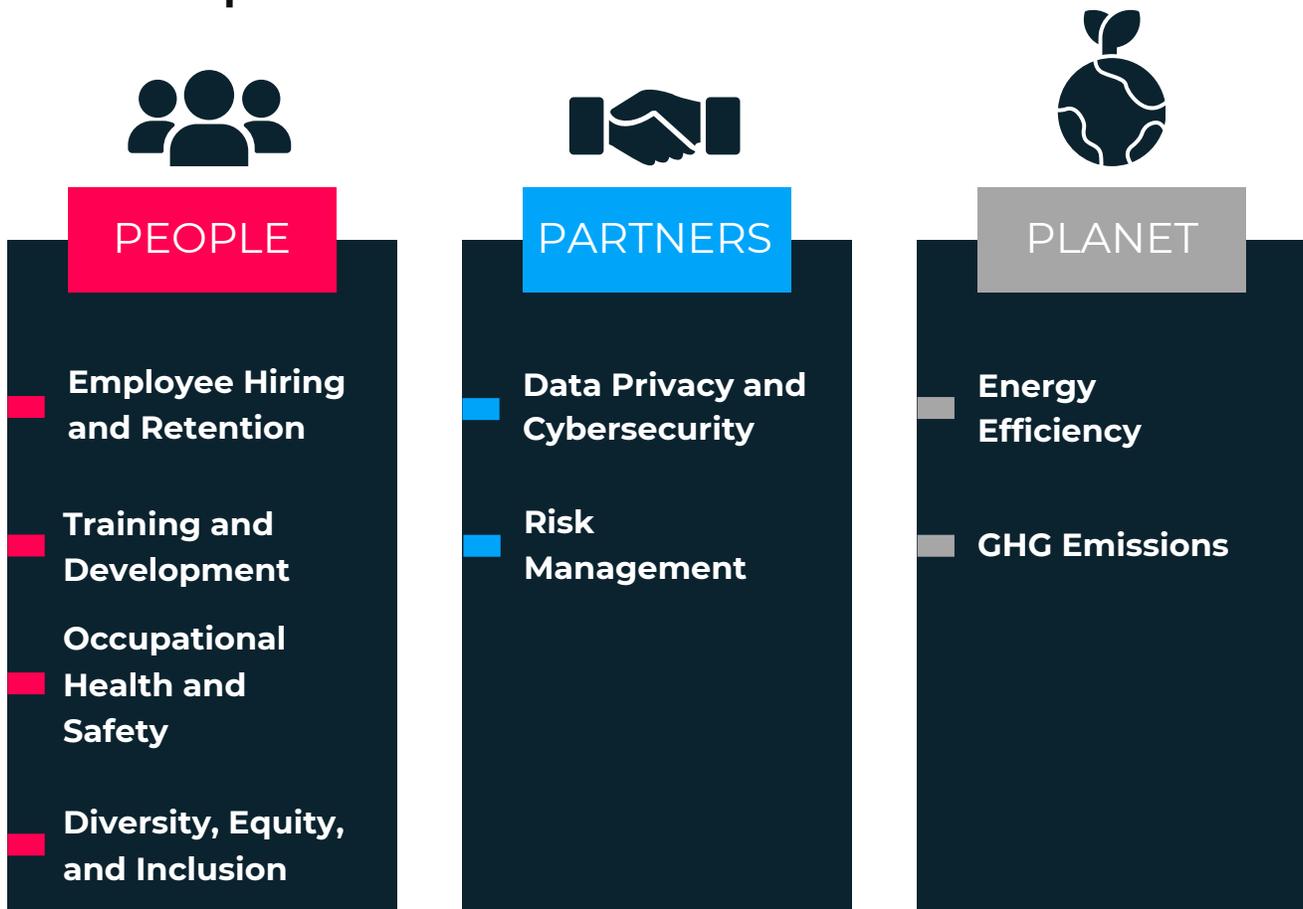Our charitable contributions reached our highest ever: $1,376,119

MATERIALITY

Comfort Systems USA conducted a materiality assessment in 2020 to identify our most significant sustainability impact areas by analyzing our influence on key stakeholders and our business operations. This practice serves as the cornerstone for managing Comfort Systems USA's sustainability strategy, guiding our actions and communication efforts.

In 2023, we refreshed our materiality assessment to ensure that we are prioritizing our most impactful topics. The process involved several key steps:

- Consultation interviews with diverse leaders across Comfort Systems USA to discuss organizational priorities
- Industry analysis to benchmark our performance against key customers and peers
- Impact assessment on the materiality of sustainability topics considering both financial and impact perspectives

Our analysis applied principles of double materiality, assessing both financial and non-financial (such as environmental and social) risks, opportunities, and impacts across stakeholder groups. With the results of this materiality refresh, we have updated our list of material topics to best reflect our company values and ensure alignment with our sustainability commitments.

Material Topics

PEOPLE

- **Employee Hiring and Retention**
- **Training and Development**
- **Occupational Health and Safety**
- **Diversity, Equity, and Inclusion**

PARTNERS

- **Data Privacy and Cybersecurity**
- **Risk Management**

PLANET

- **Energy Efficiency**
- **GHG Emissions**

SUSTAINABLE DEVELOPMENT GOALS

The UN SDGs are 17 global goals identified as the blueprint for achieving a sustainable future for all. Comfort Systems USA is committed to advancing these goals through our sustainability targets and initiatives. We have identified our six highest-impact SDGs and have aligned each to material topics.

Throughout this report, the SDG icons denote where our areas of progress, commitments, and future goals are in alignment with an SDG. The corresponding targets for each goal are summarized throughout this report for each material topic.*

SDG 4: Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

COMFORT MATERIAL TOPICS:
Training and Development

Target 4.3 – Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Target 4.4 – Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
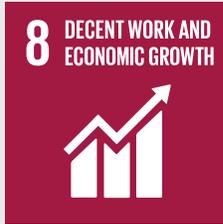
SDG 7: Affordable and clean energy

Ensure access to affordable, reliable, sustainable, and modern energy for all

COMFORT MATERIAL TOPICS:
Energy Efficiency

Target 7.3 – Double the global rate of improvement in energy efficiency

Note that language for targets has been slightly adjusted to align with GRI disclosures and better represent business metrics

SDG 8: Decent work and economic growth

Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all.

COMFORT MATERIAL TOPICS:
Employee Hiring and Retention

Target 8.5 – Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Occupational Health and Safety

Target 8.8 – Protect labor rights and promote safe and secure working environments for all workers

Risk Management

Target 8.2 – Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

SDG 8: Reduced inequalities

Reduce inequality within our organization and the communities we impact

COMFORT MATERIAL TOPICS:
Diversity, Equity, and Inclusion

Target 10.3 – Ensure equal opportunity and reduce inequalities of outcomes by eliminating discriminatory policies and practices and promoting appropriate legislation, policies, and action in this regard

Target 10.4 – Adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality
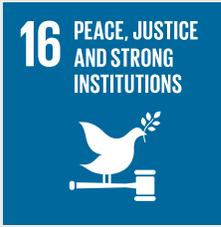
SDG 13: Climate action

Take urgent action to combat climate change and its impacts

COMFORT MATERIAL TOPICS:
Greenhouse Gas Emissions

Target 13.2 – Integrate climate change measures into national policies, strategies and planning indicators

SDG 16: Peace, justice and strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

COMFORT MATERIAL TOPICS:
Data Privacy and Cybersecurity

Target 16.5 – Substantially reduce corruption and bribery in all their forms

Target 16.6 – Develop effective, accountable and transparent institutions at all levels

UN GLOBAL COMPACT

Comfort Systems USA continues to participate in the UN Global Compact and upholds its Ten Principles related to human rights, labor, environmental stewardship, and anti-corruption measures. We are committed to integrating these principles into our corporate policies, strategies, and culture.

Recognizing the significance of fulfilling UN Global Compact participation obligations and our commitment to transparency and accountability, Comfort Systems USA completes an annual Communication on Progress (CoP). This document serves as our CoP.

SUSTAINABILITY GOVERNANCE

The commitment of Comfort Systems USA's Board of Directors and leadership team to sustainability oversight is resolute. We are dedicated to minimizing our adverse sustainability impacts through board oversight, regulatory compliance, continuous improvement, and active involvement in community groups.

Our Board of Directors provides oversight of our sustainability performance through the Nominating, Governance, and Sustainability Committee.

Guided by our newly reorganized material topics, the Sustainability Committee of our management team executes our business strategy to achieve a more sustainable future. Our governance practices ensure accountability and provide us with the necessary resources to effectively manage sustainability-related matters.

Governance Practices

- Oversight of the Company's sustainability practices falls under the purview of the Nominating, Governance, and Sustainability Committee of the Board of Directors.

- The Board of Directors' Audit Committee supervises the Company's critical risks, including sustainability risks.

- The Sustainability Committee, made up of the Company's senior leadership team, tracks and reports the progress of the Company's sustainability program and plan.

- Executive compensation is directly linked to performance on safety, as well as objective, non-discriminatory diversity, equity, and inclusion metrics.

- The Compensation and Human Capital Committee of the Board of Directors provides oversight of the Company's compensation and human capital practices.

Board Composition

Comfort Systems USA's Board of Directors has an independent super-majority (90%) and has named a fully independent Chairman of the Board, Franklin Myers.

Two Female Directors

Three Racially/ Ethnically Diverse Directors

Sustainability Committee

Our Sustainability Committee is composed of executive-level management representing a broad range of business functions, including the following positions:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Vice President of Tax

- Chief Accounting Officer
- General Counsel
- Vice President of Internal Audit
- Corporate Controller

- Vice President of Risk
- Senior Vice President of Talent and Leadership Development

The Sustainability Committee is responsible for setting goals, defining initiatives, and tracking progress related to our material topics and other sustainability-related topics.

The Committee meets monthly and reports directly to the Nominating, Governance, and Sustainability Committee.

2023 Committee Initiatives

- Conducted climate risk and water risk analysis to enhance climate resilience

- Continued enhancement of diversity, equity, and inclusion (DEI) programs

- Implemented a GHG accounting software to improve data tracking and accuracy

2024 Committee Goals

- Complete a corruption risk analysis

- Set scope 1+2 GHG emissions reduction targets and create a corresponding plan to meet such targets

- Create a carbon reduction plan to achieve the set GHG emissions targets

Our sustainability mission:

To provide the best value mechanical, electrical, and plumbing building systems to realize superior returns for our stockholders while caring for our People, Partners, and Planet.

PEOPLE 👥

Foster a safe, collaborative, and inclusive environment for our employees

PEOPLE

At Comfort Systems USA, we recognize that our employees are our most valuable strength. With one of the largest skilled workforces in the sector, we understand the pivotal role our employees play in delivering exceptional results and exceeding customer expectations. Therefore, we prioritize their well-being, rights, and professional development. Central to this commitment is our labor and human rights policy, which encompasses key areas such as employee health and safety, working hours, fair wages and benefits, career development and training, DEI, discrimination, harassment, compulsory or forced labor, and child labor.

Applicable to all employees, directors, contractors, and suppliers, this policy is reviewed annually by our Senior Vice President and General Counsel to ensure alignment with evolving standards and regulations. Any violations are promptly reported to management or addressed through our whistleblower procedure, fostering accountability and transparency. Moreover, our Code of Conduct and employee handbooks reinforce principles of equal employment, workplace conduct, employee benefits, and time away. Our Board of Directors and Board committees play a crucial role in providing oversight on human capital matters.

EMPLOYEE HIRING AND RETENTION

Through our refreshed materiality assessment, Comfort Systems USA identified employee hiring and retention as a new material topic for our organization. This strategic initiative reflects our acknowledgment of the significant impacts that effective employee hiring and retention practices can have on our Company. Recognizing the pivotal role our employees play in driving our success, we understand the importance of keeping them engaged and fulfilled in their roles. As such, employee hiring and retention have emerged as key priorities for our internal and external stakeholders. This demonstrates our commitment to fostering a workplace environment where every team member feels valued, supported, and empowered to thrive. With an average tenure of six years and 35% of our workforce serving longer than that, our dedication to employee longevity is evident.

Comfort Systems USA has implemented various initiatives to cultivate a positive work environment. We offer attractive benefit packages to provide our employees with the support and resources they need to succeed both personally and professionally. We also conduct employee satisfaction surveys to gather feedback and insights to continually improve our workplace practices and meet the expectations of employees. By prioritizing a culture of transparency and mutual success, Comfort Systems USA is enhancing our organizational performance and further solidifying our position as an employer of choice in the industry. We are pleased to report a 3 percentage point decrease in our turnover rate from 2022 to 2023, reflecting our ongoing efforts to improve employee satisfaction and retention within our organization.

Employee benefits:

- Medical, vision, and dental insurance
- Life insurance
- Short- and long-term disability
- Employee Assistance Program
- Family and medical leave
- 401(k) plan

3% improvement in employee turnover rate from 2022 to 2023

Employee Hiring and Retention Spotlight – HR/Recruiter Bootcamp

In 2023, Comfort Systems USA hosted an HR/Recruiter Bootcamp in Atlanta, GA, to provide team members with invaluable insights to enhance our hiring and retention strategies. Attendees expressed their appreciation for the enriching experience, noting the program's profound impact on their knowledge and perspective in the field.

The learnings garnered from this training will enable us to overcome recruitment challenges, attract top talent, and bolster our organization's success. By investing in continuous learning opportunities like the HR/Recruiter Bootcamp, Comfort Systems USA demonstrates its commitment to fostering a skilled and motivated workforce, an essential component for long-term growth and sustainability.

We have 5 different generations in the current workforce and the most diverse workforce in the history of our country. That combined with things like AI, the skills gap, and changing employee expectations, the boot camp created an excellent opportunity for our HR professional to enhance their skill set and share best practices for the current and future talent market.

— Terry Reed
Senior Vice President, Talent, and Leadership Development

Data

Metric	2023
Percent of workforce that has been with Comfort for at least 3 years	53%
Percent of workforce that has been with Comfort for at least 4 years	46%
Percent of workforce that has been with Comfort for at least 5 years	40%
Percent of workforce that has been with Comfort for at least 6 years	35%

Rate of employee turnover

28%	34%	31%
2021	2022	2023

TRAINING AND DEVELOPMENT

Training and development were additional new material topics Comfort Systems USA identified during our materiality refresh. Not only are training and development crucial among our peers in the industry, but they are also key priorities for our internal stakeholders. By prioritizing training and development, we will not only meet the evolving needs of our industry but also encourage our employees to reach their full potential and contribute to the long-term success of our organization.

Comfort Systems USA addresses the professional growth and development of our employees through various development initiatives. Regular performance reviews are fundamental to our approach. Annually, employees complete self-assessments of their accomplishments and goals, engage with their managers to set annual objectives, and receive feedback on their performance. We are proud to maintain that, in 2023, 100% of our corporate employees received regular performance reviews.

Additionally, we offer formal training sessions and valuable on-the-job training opportunities to ensure practical skill development. Technical training and apprenticeship programs, like Comfort Academy, further enhance the capabilities of our workforce, preparing them for challenges in their respective roles and opening the door for career advancements within the organization. Furthermore, our numerous training programs cater to diverse roles and levels within the organization, including management, sales, and leadership. Through these initiatives, we strive to nurture talent, drive innovation, and create a constructive environment where employees can excel.

100% Percentage of corporate employees receiving regular performance and career development reviews

Comfort Academy

Designed to enhance employees' knowledge and skills and advance their careers, Comfort Academy offers distinctive learning paths tailored to individual aspirations and business needs allowing employees to cater the trajectory of their career development. With courses covering safety, service operations, compliance, construction, and leadership, Comfort Academy continually evolves to meet business and employee needs.

Metric	2023
Classes offered	35
Total participants	741
Executive leadership participants	42

OCCUPATIONAL HEALTH AND SAFETY

At Comfort Systems USA, the safety and well-being of our employees are of paramount importance. We have implemented a Safety and Health Program, encompassing regular equipment safety inspections, health and safety emergency action plans, and training for all employees in relevant positions. Each site has conducted a health and safety risk assessment to identify and address potential safety hazards.

We continued to offer a streamlined complaints procedure for employees to report any health and safety concerns or incidents. Additionally, employees have 24/7 access to an employee assistance program that provides confidential emotional support, work-life solutions, legal guidance, and financial resources for all employees and their family members.

In addition to these proactive measures, Comfort Systems USA demonstrates our dedication to employee health through benefits packages. We provide medical, vision, dental, and prescription drug plans, along with a health savings account (HSA) match program. By prioritizing occupational health and safety, Comfort Systems USA aims to create an environment where every team member can thrive both professionally and personally.

Based on the U.S. Bureau of Labor Statistics (BSL) [1] most recently published construction workplace injury and illness data, Comfort Systems USA is performing better than the industry for OSHA Recordable Incident Rate, Lost Workday Case Incident Rate (LWDIR), and Days Away Restricted or Transferred (DART). We recognize that there is still room for improvement across our health and safety metrics.

Metric	2023	BLS Construction Industry Average [1]
Lost Workday Case Incidence Rate	0.2	1.0
Days Away, Restricted, or Transferred	0.5	1.5
OSHA Recordable Incident Rate	1.1	2.4

[1] U.S. Bureau of Labor Statistics 2022 Construction Industry Averages

OHS Spotlight – Mental Health First Aid Training Program

Comfort Systems USA is proud to be a corporate sponsor of the Mental Health First Aid Training Program. During the course, participants learned how to recognize signs and symptoms indicating a potential mental health challenge, how these issues could manifest in the workplace, how to listen without judgment, provide reassurance to individuals facing mental health challenges, and refer someone to suitable professional support, corporate benefits, and services.

By investing in mental health education, we are fostering a workplace culture that prioritizes well-being and mental health awareness. A critical component of this initiative is our certified Mental Health First Aiders who are equipped to provide support and guidance to their colleagues in times of need. Together, we are breaking the stigma surrounding mental health and building a resilient and compassionate community where everyone feels supported and valued.

DIVERSITY, EQUITY, AND INCLUSION

Comfort Systems USA is committed to fostering a diverse, equitable, and inclusive workplace. Our principles related to these topics are featured in key documents such as our employee handbook, code of conduct, and labor and human rights policy. By explicitly outlining DEI policies in these documents, Comfort Systems USA is working to create a workplace free from discrimination and harassment. Comfort Systems USA has a grievance mechanism specifically focused on discrimination and harassment issues to ensure a safe and confidential avenue for employees to address concerns. This third-party, anonymous, and confidential reporting system provides our team with a secure platform to voice their concerns. Additionally, the Company invests in training programs to foster understanding and inclusion. Employees undergo training on DEI and unconscious bias to increase awareness of prejudices and promote a more inclusive workplace culture.

To prevent discrimination from the outset, Comfort Systems USA takes proactive measures during recruitment. We publish equal opportunity employer disclosures on job postings and ensure that our hiring personnel have heightened training and awareness to remain fair and unbiased during the hiring process. Additionally, we work with several organizations to help us reach the broadest possible pool of potential employee candidates. For example, in recent years, we have expanded our enterprise-wide internship program to include students from a

range of universities and areas of study. The interns work in various departments in the corporate office and at numerous operating companies. This experience gives them a fresh and valuable perspective. Through these initiatives and practices, we not only strive to eliminate discrimination within our ranks but to actively work towards creating a workplace that celebrates DEI at every level.

Since 2022, we have progressed in our DEI efforts. Our Nominating, Governance, and Sustainability Committee aims to include diverse candidates when selecting nominees for the board, and it instructs any search firm it works with to identify such candidates. From 2022 to 2023, our board diversity increased by 10%. Additionally, our employee demographic data collection has expanded, allowing us to better evaluate diversity across our workforce.

Diversity — Board of Directors

Male	8 (80%)
Female	2 (20%)
Racially/ethnically diverse	3 (30%)

From 2022 to 2023, our board diversity increased by 10%

DEI Spotlight

Comfort Systems USA is an active sponsor of the National Association of Women in Construction (NAWIC). As advocates for gender equality and in celebration of NAWIC's 25th annual Women in Construction week, we took the opportunity to raise awareness about the opportunities and career options available for women in the construction industry. Through our sponsorship, we seek to inspire and empower women to pursue rewarding careers in construction and contribute to the ongoing transformation of the industry by promoting a more inclusive workforce for the future.

> *As a woman in the construction industry for over 35 years, most with Comfort Systems USA, I have found boundless opportunities throughout my career. As a contractor and service provider, we play a vital role in building the future across our diverse communities, offering rewarding career paths in sales/estimating, skilled trades, project management, service management, BIM/technology, scheduling/operations, safety, administration, and accounting.*

— Kim Anderson, President, Comfort Systems USA (Southeast), Inc.

Supplier Diversity Program

Comfort Systems USA places a strategic focus on supplier diversity, with a collaborative effort led by our sustainability committee and procurement teams. The Supplier Diversity Program is a central component of this initiative, driven by the goal of promoting and increasing the inclusion of diverse businesses in the Company's purchasing process. This includes a range of businesses, such as disability-owned, women-owned, LGBTQ-owned, minority-owned, veteran-owned, or those located in a HUBZone. The program not only reflects Comfort Systems USA's commitment to fostering inclusivity but also contributes to the broader economic ecosystem. To emphasize transparency and accountability, Comfort Systems USA maintains a public supplier diversity policy.

Supplier Diversity Program Spotlight – ColonialWebb Trailblazing Partnership Award

ColonialWebb, a Comfort Systems USA operating company, has collaborated with the Metropolitan Business League's (MBL) Construction Build-Up Program, a non-profit business association that fosters business development, partnerships, and expansion for small, women- and minority-owned businesses. Through MBL, ColonialWebb partnered with and mentored the owner of Royal Flush Plumbing in Richmond, Virginia. As a result of this mentorship, Senator Mark Warner recognized the Comfort Systems USA operating company for its dedication, and the MBL awarded ColonialWebb the Trailblazing Partnership Award. The accolade reflects the partnership's impactful work and exemplifies ColonialWebb's dedication to nurturing teamwork and making a positive impact within the Richmond business community.

PARTNERS 🤝

Be reliable, honest and innovative partners to our customers and suppliers

PARTNERS

Comfort Systems USA prioritizes partnerships with organizations and suppliers that share our commitment to ethical governance and sustainability. We strive to implement best practices and innovative solutions that drive positive environmental and social impact throughout our operations and supply chain. Our partnership approach aligns closely with our overarching principles of ethical governance outlined in our code of conduct and our supplier code of conduct. These policies support and advance the Ten Principles of the UN Global Compact. Additionally, Comfort Systems USA complies with all applicable laws and regulations. Our compliance and ethics program ensures that our employees, operating entities, and partnerships adhere to our standards of integrity, transparency, and accountability. Through collaborative efforts, we aim to create lasting value for our stakeholders while advancing our sustainability initiatives.

DATA PRIVACY AND CYBERSECURITY

Data privacy and cybersecurity are an important area of focus for Comfort Systems USA, and we have several policies and procedures that guide our approach to this topic. For one, our information technology security policies address aspects related to ensuring the confidentiality, integrity, and availability of our information and technology resources. Our policies contain, among other things, processes for safeguarding personally identifiable information (PIP)—information that can be used to identify, contact, or locate a unique person—and managing confidential information. Furthermore, our crisis communication plan outlines our incident response procedure to manage breaches of confidential information, providing a structured approach to handling and communicating cybersecurity incidents. Lastly, our privacy policy outlines our commitment to protecting users, data, and transparent communication around this topic.

To bolster our cybersecurity posture, Comfort Systems USA regularly has third parties perform network penetration testing to identify security issues that could adversely affect our systems and data. We also periodically work with third parties to evaluate and mitigate potential security risks related to safeguarding data, privacy, resiliency, and reputation. Training initiatives further solidify Comfort Systems USA's cybersecurity defenses. Subject matter experts undergo extensive training in cybersecurity risk mitigation and vendor payment diligence, ensuring a heightened level of expertise within the organization. Finally, a whistleblower procedure adds an additional layer of vigilance by encouraging stakeholders to report any potential security concerns. Together, these initiatives showcase Comfort Systems USA's approach to maintaining the highest standards of data privacy and cybersecurity.

Topics related to data privacy and cybersecurity are overseen by our Chief Information Security Officer, who reports directly to our executive management team. We have an Information Technology Department that is responsible for managing and maintaining our technological infrastructure, systems, and processes. The Chair of the Nominating, Governance, and Sustainability Committee serves as the Board Liaison for Cybersecurity, ensuring a direct line of oversight and communication between the board and cybersecurity initiatives.

ZERO complaints received concerning breaches of customer privacy

ZERO identified leaks, thefts, or losses of customer data

RISK MANAGEMENT

Comfort Systems USA's sustainability journey continues to evolve with a heightened focus on risk management, emerging as a new material topic for our organization. This topic is guided by our Vice President of Risk and our internal audit and risk professionals. It encompasses the systematic identification, assessment, and mitigation of potential threats and opportunities that could impact the achievement of our strategic objectives.

Through an annual risk assessment process that evaluates both probability and impact, we systematically identify and prioritize risks, including external factors beyond our direct control. High impact risks that we consistently monitor include, but are not limited to, talent acquisition and management, growth management, safety risks, supply chain risk, economic downturn, and cyclical business risks, change fatigue, and project performance and execution, all of which have the potential to impact our financial health, reputation, and stakeholder relationships. Other areas of critical concern are communicated in our publicly available annual financial reporting. Through our evolving risk management framework, we strive to enhance our ability to anticipate, mitigate, and adapt to evolving risks, strengthening our resilience and sustainability performance.

Risk Management Spotlight - Climate Scenario Analysis

In 2023, Comfort Systems USA partnered with a third-party sustainability consulting firm to conduct a climate scenario analysis to better understand the implications climate change could have on our business and identify potential mitigation plans for high-risk areas. The analysis considered both physical and transition risks and opportunities.

The climate analysis identified that transition risks have medium-to-low impact potential, while acute physical risks, such as droughts, severe storms, and tropical cyclones, are expected to increase in select operational locations.

Using this analysis, Comfort Systems USA can better plan for potential future adaptation and mitigation projects to increase our resilience against the impacts of climate change.

PLANET

Operate with the intention to positively impact the environment through our work and the services we provide to our customers

PLANET

Comfort Systems USA is committed to environmental stewardship within our operations and the operations of our partners in our supply chain. Our environmental policy, sustainable procurement guidelines, and sustainable transportation guidelines apply to all employees and companies within our organization and guide our approach to responsible environmental practices. Senior leadership is tasked with the implementation of these policies and guidelines, which are reviewed annually to ensure relevance and effectiveness.

Oversight by our Board of Directors through the Nominating, Governance, and Sustainability Committee ensures that environmental considerations are integrated into our decision-making processes. Progress and initiatives related to our environmental performance are regularly communicated to the Board. Our two largest environmental impact areas are energy consumption and greenhouse gas emissions. Through our efforts, we strive to uphold our commitment to environmental responsibility and contribute to a more sustainable future for all.

WE ARE COMMITTED TO:

1 Investing in process efficiency improvements and technology innovations when applicable and beneficial to the environment.

2 Striving to evaluate and improve our supply chain, including reducing related greenhouse gas emissions and waste produced.

3 Implementing policies and procedures that help to reduce our carbon footprint and reduce energy use, including transportation guidelines, green facilities, and accredited reporting frameworks.

4 Regularly evaluating our resource consumption and waste management practices.

5 Ensuring hazardous waste is handled and disposed of responsibly and in accordance with local, state and federal regulations.

ENERGY EFFICIENCY

At Comfort Systems USA, our approach to energy efficiency extends across our direct operations, supply chain, and the operations of our customers. To address the evolving sustainability needs of our customers and our planet, Comfort Systems USA continues to implement our service offerings that incorporate high-efficiency building systems.

Our energy efficiency efforts are overseen by the Board's Nominating, Governance, and Sustainability Committee, and directly managed by our management-level sustainability committee. Our commitments and practices are governed by our environmental policy, which applies to all of our operating companies and is reviewed on an annual basis.

This year, by leveraging a software platform, we have, in part, automated the collection and analysis of our utility data. This update has enhanced the accuracy and availability of our energy consumption data and allows us to identify opportunities more easily for energy efficiency initiatives. In addition to focusing on internal operational improvements, we recognize that we play a pivotal role in enhancing the energy efficiency of our customers' facilities through our installation of a range of mechanical, electrical, and plumbing building systems. By prioritizing energy-efficient solutions and practices, we aim to minimize environmental impact while maximizing the long-term sustainability of our operations and those of our valued clients.

In 2023, our energy usage was 1,272,801 gigajoules, a 7.2% increase from 2022. This increase was driven by company expansion. Despite this rise in absolute energy consumption, we achieved a 14.7% decrease in energy intensity when comparing energy usage to annual revenue. In part, this decrease is attributed to improved company efficiencies.

As a first step to reduce its carbon footprint, Quality Air Heating & Cooling, Inc., an operating company of Comfort Systems USA, installed LED lights in its offices.

2023 Energy Use by Source

Purchased Electricity 11%
Natural Gas 4%
Diesel 6%
Motor Gasoline 79%
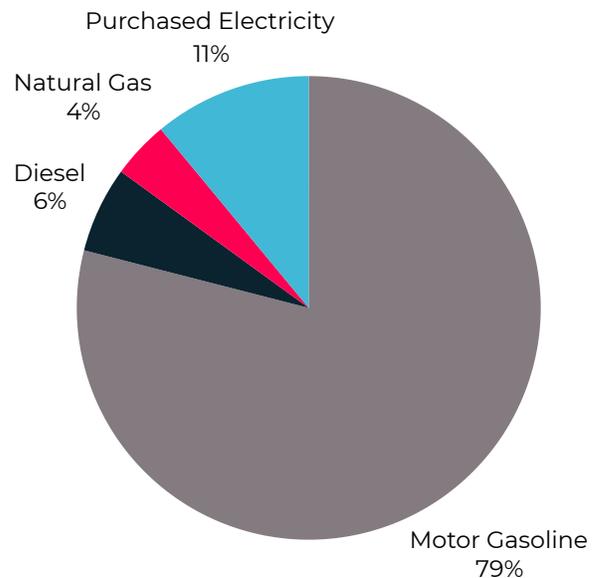
Energy Source	2023 (gigajoules)
Purchased Electricity	139,633
Natural Gas	71,946
Propane	651
Motor Gasoline	1,003,004
Diesel	57,567
Total	1,272,801

Energy Intensity (GJ/million $ revenue)

287	244
2022	2023
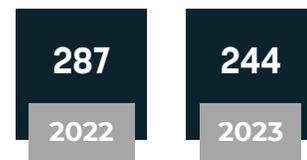
Energy Case Study - Telematic Installation

This year, Comfort Systems USA launched an implementation of a consolidated telematics solution within our fleet. We plan to carefully track the informatics in future years to ensure that we are maximizing the safety of our drivers, improving fleet management, optimizing cost savings, and lowering our environmental footprint. By promoting more efficient driving practices and reducing unnecessary idling and fuel consumption, telematics will help us decrease the environmental impact of our vehicle operations. We plan to revisit this investment in future reports and share our progress in making Comfort Systems USA a safer, more efficient, and sustainable company.

GREENHOUSE GAS EMISSIONS

Comfort Systems USA is committed to reducing our carbon footprint as part of our sustainability efforts. This commitment and our approach to our emissions are outlined in our Environmental Policy and overseen by the Nominating, Governance, and Sustainability Committee of our Board of Directors. A significant milestone in our journey was the completion of a scope 3 emissions screening, which gave us valuable insights into the indirect emissions associated with our activities. The screening allowed us to identify key areas for expanded data collection and optimization. We take pride in knowing that our service offerings support our customers in their GHG reduction endeavors.

Tracking and minimizing our GHG emissions is essential to our business model.

GHG Metrics

Metric	2023	2022
Scope 1 (MT CO2e)	77,115	71,980 [2]
Scope 2 (MT CO2e)	13,928	13,458 [3]
Emissions Intensity (MT CO2/Million $ Revenue)	17.5	20.6

[2] 2022 scope 1 emissions data have two changes from prior reporting: 1) a net decrease of 12,765 tons due to improvements in our data collection and calculation methods and 2) a decrease of 95,988 tons due to the reclassification of refrigerant emissions from scope 1 to scope 3 category 11 (use of sold products)

[3] 2022 scope 2 emissions data decreased from prior reporting by 1,022 tons due to applying more accurate emission factors

Tracking and minimizing our GHG emissions is essential to our business model. To best track these reductions, we are currently exploring the possibility of setting scope 1 and scope 2 intensity-based emission reduction targets. We plan to present these targets in future reports and remain transparent in our efforts to meet them.

In 2023, our absolute scope 1 and 2 GHG emissions were 91,043 MT CO2e, an increase of 6.6% compared to 2022. The GHG emissions inventory comprises natural gas, propane, transportation fuel (diesel and motor gasoline), and purchased electricity. Transportation fuel is our largest source of emissions, accounting for 80.7% of our corporate scope 1 and 2 emissions. Compared to 2022, our 2023 transportation-related GHG emissions increased by 7.2% due to elevated demand and company growth.

2023 Emissions Use by Source

Purchased Electricity 15.3%

Stationary Combustion 4%

Mobile Combustion 80.7%
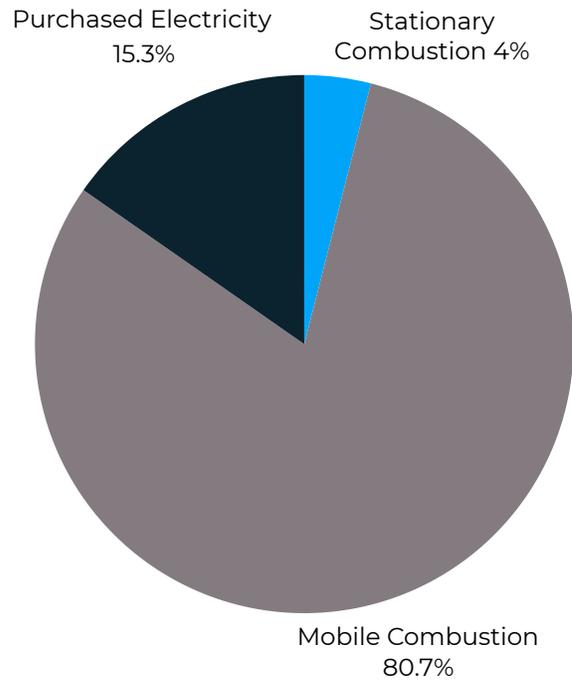
Despite an increase in absolute scope 1 and 2 emissions, Comfort Systems USA realized a GHG intensity reduction of 15.2%.

All GHG emission calculations were completed in alignment with the GHG Protocol Corporate Standard.

GHG Emissions Spotlight – Scope 3 Screening

In our ongoing commitment to sustainability, Comfort Systems USA recently completed a comprehensive screening of our scope 3 emissions. Scope 3 emissions encompass indirect emissions that occur throughout our value chain, including purchased goods and services, employee commuting, and waste disposal. These emissions, while not directly under our operational control, account for a significant portion of our total GHG emissions. Particularly noteworthy is the identification of purchased goods and services as the largest category within scope 3, emphasizing the importance of supply chain sustainability in our overall carbon footprint. We anticipate that these initial findings will inform targeted strategies to mitigate our environmental impact and enhance our overall sustainability performance.
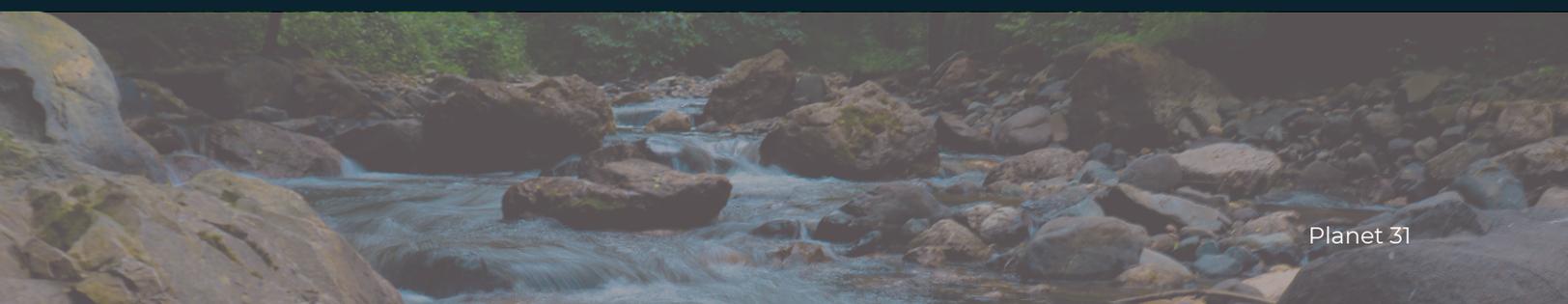
WATER AND WASTE MANAGEMENT

While not material topics, Comfort Systems USA acknowledges that we must carefully monitor our water and waste footprint. We regularly evaluate our water consumption and waste management practices and ensure hazardous waste is handled and disposed of responsibly and in accordance with local, state and federal regulations.

3,464 **Total metric tons of waste to landfill**

111 **Total megaliters of water withdrawn**

Water use, energy use, and waste generation estimates for facilities with no or limited data were calculated using the average annual use/generation per square foot from facilities with available data. If a facility's area was not available, then its energy/water use and waste generation were estimated as the average absolute use/generation for all Comfort facilities with available data in 2023.
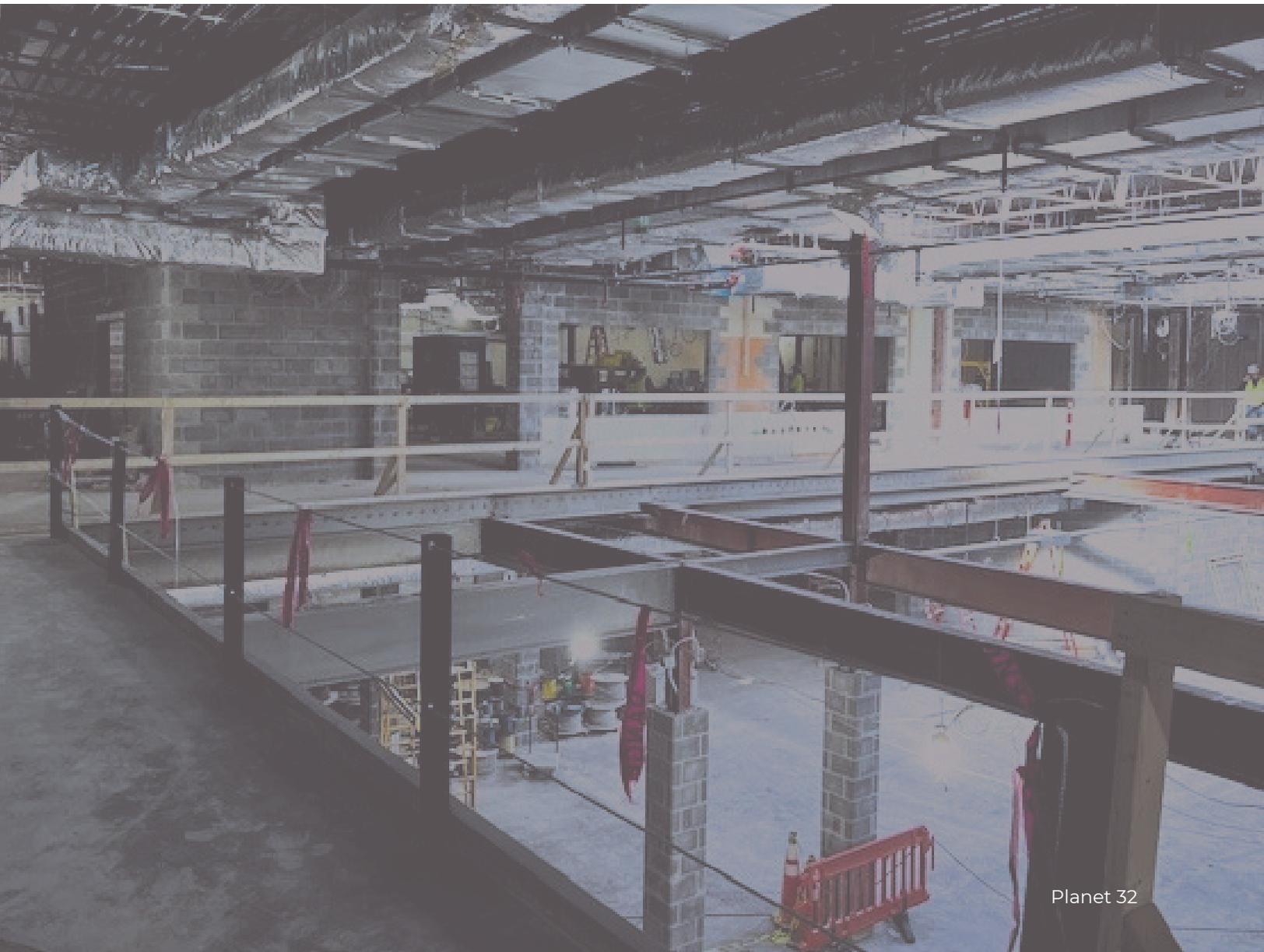
APPENDIX

GRI Index

Comfort Systems USA, Inc. has reported in accordance with the GRI Standards for the period 1/1/2023 to 12/31/2023.

GRI 2: General Disclosures

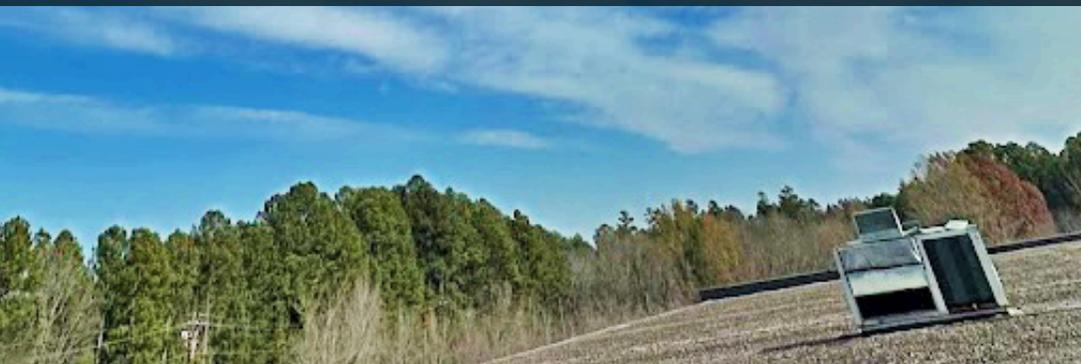|		
2-1	Organizational details: Legal Name	2023 Sustainability Report, Pg: 4
2-1	Organizational details: Nature of ownership and legal form	2023 Sustainability Report, Pg: 4 2024 Proxy Statement, Pg: 2
2-1	Organizational details: Headquarters location	2023 Sustainability Report, Pg: 4
2-1	Organizational details: Countries of operation	2023 Sustainability Report, Pg: 4
2-2	Entities included in the organization's sustainability reporting	Comfort Systems USA Website: Locations
2-3	Reporting period, frequency and contact point	2023 Sustainability Report, Pg: 5
2-4	Restatements of information	We updated 2022 GHG emissions data from prior reporting due to improved data collection and calculation methods. See table footnotes on page 30 for details. Additionally, as part of an annual GHG emissions scoping review, we have reallocated GHG emissions related to refrigerants from scope 1 emissions to scope 3- category 11 Use of Sold Products. We believe this better represents the boundaries within our operational control. In future reporting, refrigerants will be considered as part of our scope 3 emissions.
2-5	External assurance	N/A
2-6	Activities, value chain and other business relationships	2023 Sustainability Report, Pg: 4

2-7	Employees	Additional Metrics, Pg: 48 Sustainability Report, Pg: 16
2-8	Workers who are not employees	Comfort Systems USA currently does not disclose this data. We are investigating opportunities to do so in the future.
2-9	Governance structure and composition	2023 Sustainability Report, Pgs: 11-12 2024 Proxy Statement, Pg: 14-26
2-10	Nomination and selection of the highest governance body	2024 Proxy Statement, Pg: 14

GRI 2: General Disclosures

2-11	Chair of the highest governance body	2023 Sustainability Report, Pgs: 11-12
2-12	Role of the highest governance body in overseeing the management of impacts	2023 Sustainability Report, Pgs: 11-12
2-13	Delegation of responsibility for managing impacts	2023 Sustainability Report, Pgs: 11-12
2-14	Role of the highest governance body in sustainability reporting	2023 Sustainability Report, Pgs: 11-12
2-15	Conflicts of interest	Code of Conduct, Pg: 18-20
2-16	Communication of critical concerns	2023 Sustainability Report, Pg: 18 Code of Conduct, Pg: 43-44, 49
2-17	Collective knowledge of the highest governance body	2024 Proxy Statement, Pg: 15-19
2-18	Evaluation of the performance of the highest governance body	2024 Proxy Statement, Pg: 25
2-19	Remuneration policies	2024 Proxy Statement, Pg: 32-48
2-20	Process to determine remuneration	2024 Proxy Statement, Pg: 32-48

2-21	Annual total compensation ratio	2024 Proxy Statement, Pg: 61
2-22	Statement on sustainable development strategy	2023 Sustainability Report, Pgs: 7-12
2-23	Policy commitments	Comfort Systems USA Website: Sustainability

GRI 2: General Disclosures

2-24	Embedding policy commitments	Comfort Systems USA Website: Sustainability
2-25	Processes to remediate negative impacts	Code of Conduct, Pg: 43-44, 49
2-26	Mechanisms for seeking advice and raising concerns	Code of Conduct Pg: 43-44, 49
2-27	Compliance with laws and regulations	2023 Sustainability Report, Pg: 23
2-28	Membership associations	NAWIC-National Association of Women in Construction ABC- Associated Builders and Contractors Johnny Mac Soldiers Fund ASHRAE Association of Energy Engineers National Safety Council The American Society of Safety Professionals
2-29	Approach to stakeholder engagement	2023 Sustainability Report, Pg: 7 2024 Proxy Statement, Pg: 25, 34
2-30	Collective bargaining agreements	2023 Annual Report, Pg: 22

GRI 3: Material Topics

| 3-1 | Process to determine material topics | 2023 Sustainability Report, Pg: 7 |
| 3-2 | List of material topics | 2023 Sustainability Report, Pg: 7 |

GRI 201: Economic Performance

3-3	Management of material topics	2023 Sustainability Report, Pg: 7
201-1	Direct economic value generated and distributed	2023 Annual Report, Pg: 59-62
201-2	Financial implications and other risks and opportunities due to climate change	2023 Annual Report, Pg: 24, 29
201-3	Defined benefit plan obligations and other retirement plans	2023 Annual Report, Pg: 83
201-4	Financial assistance received from government	2023 Annual Report, Pg: 59-62

GRI 302: Energy

3-3	Management of material topics	2023 Sustainability Report, Pg: 7
302-1	Energy consumption within the organization	2023 Sustainability Report, Pg: 29
302-2	Energy consumption outside of the organization	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.
302-3	Energy intensity	2023 Sustainability Report, Pg: 29
302-4	Reduction of energy consumption	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.
302-5	Reductions in energy requirements of products and services	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.

GRI 305: Emissions

3-3	Management of material topics	2023 Sustainability Report, Pgs: 30-31
305-1	Direct (Scope 1) GHG emissions	2023 Sustainability Report, Pgs: 30-31
305-2	Energy indirect (Scope 2) GHG emissions	2023 Sustainability Report, Pgs: 30-31
305-3	Other indirect (Scope 3) GHG emissions	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.
305-4	GHG emissions intensity	2023 Sustainability Report, Pgs: 30-31
305-5	Reduction of GHG emissions	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.
305-6	Emissions of ozone-depleting substances (ODS)	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Comfort Systems USA currently does not monitor this data. We are investigating opportunities to do so in the future.

GRI 401: Employment

3-3	Management of material topics	2023 Sustainability Report, Pgs: 15-19
401-1	New employee hires and employee turnover	2023 Sustainability Report. Pg: 16
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2023 Sustainability Report. Pg. 15
401-3	Parental leave	Parental leave policies vary by operating location

GRI 403: Occupational Health and Safety

3-3	Management of material topics	2023 Sustainability Report, Pgs: 18-19
403-1	Occupational health and safety management system	2023 Sustainability Report, Pgs: 18-19 Code of Conduct Pg: 14-15
403-2	Hazard identification, risk assessment, and incident investigation	2023 Sustainability Report, Pgs: 18-19
403-3	Occupational health services	2023 Sustainability Report, Pgs: 18-19
403-4	Worker participation, consultation, and communication on occupational health and safety	2023 Sustainability Report, Pgs: 18-19 Code of Conduct, Pg: 43-44, 49
403-5	Worker training on occupational health and safety	2023 Sustainability Report, Pgs: 18-19
403-6	Promotion of worker health	2023 Sustainability Report, Pgs: 18-19

403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2023 Sustainability Report, Pgs: 18-19 Supplier Code of Conduct, Pg: 4-5
403-8	Workers covered by an occupational health and safety management system	Comfort Systems USA currently does not have a centralized occupational health and safety management system. We are investigating opportunities to implement such a system in the future.
403-9	Work-related injuries	2023 Sustainability Report, Pgs: 18-19
403-10	Work-related ill health	2023 Sustainability Report, Pgs: 18-19

GRI 404: Employment

3-3	Management of material topics	2023 Sustainability Report, Pgs: 14-17
404-1	Average hours of training per year per employee	Comfort Systems USA tracks our training hours by the percentage of our workforce who received training. In 2023, 52% of our workforce received additional skills training this year
404-2	Programs for upgrading employee skills and transition assistance programs	2023 Sustainability Report. Pg: 17
404-3	Percentage of employees receiving regular performance and career development reviews	2023 Sustainability Report. Pg: 17

GRI 405: Diversity and Equal Opportunity

3-3	Management of material topics	2023 Sustainability Report, Pgs: 19-21
405-1	Diversity of governance bodies and employees	Sustainability Report, Pg: 19-21 Additional Metrics, Pgs: 48-49
405-2	Ratio of basic salary and remuneration of women to men	Comfort currently does not monitor this data, we are investigating opportunities to do so in the future.

GRI 406: Non-Discrimination

3-3	Management of material topics	2023 Sustainability Report, Pgs: 19-20
406-1	Incidents of discrimination and corrective actions taken	Any claims of discrimination reported through the Company's whistleblower hotline or directly to the Company's compliance department are promptly and thoroughly investigated and appropriate remedial action is taken in each case.

GRI 418: Customer Privacy

3-3	Management of material topics	2023 Sustainability Report, Pg: 24
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2023 Sustainability Report, Pg: 24

SASB Index

Topic	Accounting Metric	Category	Code	2023 Response
Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	IF-EN-160a.1	0
	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Discussion and Analysis	IF-EN-160a.2	Comfort Systems USA maintains and complies with all environmental laws and regulations. We support our customers in managing environmental risks.
Structural Integrity and Safety	Amount of defect- and safety-related rework costs	Quantitative	IF-EN-250a.1	Comfort Systems USA is investigating the feasibility of tracking and calculating this data for future disclosures. As an installer of equipment, Comfort Systems USA is not responsible for defects from manufactured equipment.
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Quantitative	IF-EN-250a.2	Monetary losses associated with defect incidents - $0 Monetary fines associated with safety-related incidents - $0
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	If-EN-320a.1	Comfort Systems USA had a total recordable incident rate (TRIR) of 1.1 TRIR and no workplace fatalities.

Topic	Accounting Metric	Category	Code	2023 Response
Lifecycle Impacts of buildings and infrastructure	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Quantitative	IF-EN-410a.1	9
	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	IF-EN-410a.2	Comfort System USA partners with our customers to satisfy their energy and water efficiency goals.
Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects	Quantitative	IF-EN-410b.1	Information is not provided or available to accurately calculate backlog for hydrocarbon related projects and renewable projects.
	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	IF-EN-410b.2	0
	Amount of backlog for non-energy projects associated with climate change mitigation	Quantitative	IF-EN-410b.3	Comfort Systems USA is actively exploring the possibilities of tracking this data for future reporting.

Topic	Accounting Metric	Category	Code	2023 Response
Business Ethics	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	IF-EN-510a.1	0
	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	Quantitative	IF-EN-510a.2	0
	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	Discussion and Analysis	IF-EN-510a.3	Employees are required to acknowledge and abide by the Code of Conduct. Furthermore, Comfort Systems USA conducts ethics training sessions covering bribery and corruption prevention.

General Accounting Metric Disclosures	Unit of Measure	Category	2023 Response
Number of active projects	Quantitative	IF EN 000.A	10,481
Number of commissioned projects	Quantitative	IF EN 000.B	14,048
Total backlog	Quantitative	IF EN 000.C	$5.16 billion

TCFD Index

Disclosure	2023 Response
Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors actively supervises and evaluates sustainability matters including climate-related risks and opportunities applicable to the organization. Yearly, the Nominating, Governance, and Sustainability Committee of the Board assesses climate-related activities and associated risks within our strategic framework and key focus areas.
Describe management's role in assessing and managing climate-related risks and opportunities.	Within our Enterprise Risk Management (ERM) framework, our management team conducts an annual assessment to pinpoint and prioritize potential risk areas, considering both their potential impact on the company and the likelihood of occurrence. Each identified risk is assigned a risk manager and owner to monitor any potential impacts on the organization. Furthermore, our Sustainability Committee, composed of leaders from various departments, convenes monthly to enact and evaluate sustainability initiatives and objectives. This encompasses addressing climate-related risks and opportunities across our corporate and operational sites. Our Senior Vice President and General Counsel leads the sustainability related aspects of this committee. Additionally, the Sustainability Committee is tasked with formulating, overseeing, and evaluating our sustainability strategy and reporting mechanisms.
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Through our ERM process, our risk management team has identified climate-related risks and opportunities. We anticipate short- and medium-term transition risks due to the urgent need for transition to a low-carbon economy. On the other hand, we expect to see the physical risks we identified over the medium- to long-term as the impacts of climate change affect major weather patterns. Transition and physical climate risks have been integrated into our overall risk mitigation strategy. **Transition Risk** Our commitment to environmental stewardship and the transition to a low-carbon economy presents both risks and opportunities. Transition risks include evolving customer expectations and behaviors and increased raw material costs. Transitional climate-related opportunities include embracing emerging technologies and aligning our business with shifts in customer expectations to enhance our business in the transition to a low-carbon economy. Furthermore, evolving legislation and regulations nationwide concerning climate change pose potential operational challenges for us and our customers. There is a risk of additional regulatory measures causing greater business costs to meet compliance requirements while serving our customers. **Opportunities: Market Growth** The imperative to enhance energy efficiency and minimize carbon footprints presents Comfort Systems with opportunities for market expansion and increased market share. Aligning with our commitment to fostering sustainable and efficient buildings, we can further enhance our construction and service offerings to support both client and internal sustainability objectives and targets. This positions us to capitalize on emerging market trends and demands.

Disclosure	2023 Response
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	**Physical Risk** The physical risks of climate change posed to Comfort Systems include chronic risks such as extreme weather patterns, temperature fluctuations, changing precipitation, sea level rise, and water scarcity, and acute risks, such as winter storms, droughts, wildfires, and floods. These put our business at risk of reduced resource availability, heightened operational expenses, decreased workforce productivity, and project disruptions. Following a climate analysis of our nationwide operating sites, we determined which climate risks are the most pertinent to each site. For example, our Texas facilities are at a greater risk for hurricanes and flooding, which will likely be further exacerbated by sea-level rise. Our Arizona facilities are at a higher risk than other facilities for extreme drought if not managed or adapted properly. Many of our locations may likely experience increased vulnerability with rising temperatures.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate change poses potential operational and financial hurdles for our business. The physical risks linked to climate change could lead to resource scarcity, escalating project expenses, or project delays or cancelations, thereby impacting Comfort Systems' financial performance. Additionally, evolving legislation and regulations on climate change may have adverse effects on our operations or our clients' operations. Increased apprehensions surrounding climate change and environmental concerns could prompt additional regulatory measures, mandates, and limitations. Adhering to these regulations, alongside their rigorous enforcement, could inflate project costs, thereby negatively affecting our financial standing. However, we have identified opportunities to enhance our construction and service offerings to align with both our customers' and our climate objectives and targets. Comfort Systems plays a pivotal role in upgrading outdated building systems with emerging, energy-efficient alternatives. We anticipate a growing societal emphasis on energy efficiency and carbon emissions reduction. To capitalize on this market potential, we have oriented our business strategy toward continuous investment in and provision of innovative processes and technologies to our clients.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Comfort Systems collaborated with a third-party consulting firm to identify various climate warming scenarios, encompassing outcomes such as those aligned with a well-below 2-degrees and business-as-usual trajectories. Understanding these scenarios enabled us to identify the risks and opportunities pertinent to our business activities, and the identification of these transition and physical risks, alongside opportunities, played a role in shaping our strategy for both present and future operations.

Disclosure	2023 Response
Describe the organization's processes for identifying and assessing climate-related risks.	Within our ERM framework, our management team conducts an annual assessment to identify and prioritize potential risk areas. In tandem with a third-party consultancy, we undertook a climate scenario analysis to discern and prioritize our most significant and probable climate-related risks, alongside pinpointing opportunities to mitigate their impact or facilitate Comfort's adaption to a shifting climate without incurring substantial financial losses. The risks and opportunities identified in this analysis are integrated into our broader ERM system, where we continuously evaluate and revise the array of risks to our business operations.
Describe the organization's processes for managing climate-related risks.	For every recognized risk, we designate a risk manager and owner responsible for overseeing risk monitoring, mitigation efforts, and trend analysis.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Apart from our management's yearly assessment of risks, our Board of Directors receives annual reports that detail risks and corresponding mitigation protocols. The Board leverages this information to exercise oversight over our business strategy, focusing on addressing and mitigating risks effectively. Sustainability and climate-related risks are among the areas covered during this annual review process. Additionally, the company regularly revisits and updates our business continuity and disaster recovery planning protocols for each operating entity. This ensures our ability to sustain operations amidst disruptions or interruptions linked to extreme weather events stemming from climate change and the shift towards a low-carbon economy.
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Scope 1: MT CO2e: 77,115 Scope 2: MT CO2e: 91,043 Scope 3: Comfort Systems USA has not calculated a full scope 3 inventory, but is exploring the feasibility of reporting on scope 3 emissions in future sustainability reports.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Utilizing 2021 as a base year, we are actively assessing suitable target goals for forthcoming reporting periods. We aim to define targets that are both ambitious and feasible, geared towards facilitating the measurement and monitoring of our advancement toward our overarching goal of minimizing our adverse footprint within the communities we serve.

Additional Metrics

People

Metric	2023 Response
Employee Hiring and Retention	
Total number and rate of employee turnover	31%
Average tenure	6 years
Percent of workforce that has been with Comfort Systems USA for at least 3 years	53%
Percent of workforce that has been with Comfort Systems USA for at least 4 years	46%
Percent of workforce that has been with Comfort Systems USA for at least 5 years	40%
Percent of workforce that has been with Comfort Systems USA for at least 6 years	35%
Training and Development	
Percent of employees receiving regular performance and career development reviews	100% at the corporate level
Number of classes offered at Comfort's Comfort Academy	35
Total number of Comfort Academy participants	741
Total number of executive leadership participants at Comfort Academy	42
Occupational Health and Safety	
Percent of sites that have conducted a health and safety risk assessment	100%
Rate of recordable work-related injuries (TRIR)	1.1
Lost Workday Case Incident Rate (LWDIR)	0.24
Days Away, Restricted, or Transferred (DART)	0.52
Number and rate of fatalities as a result of work-related injury	0
Total number of hours worked for all employees	34,298,595
Diversity, Equity, and Inclusion	
Number and percent of males on the Board of Directors	8 (80%)
Number and percent of females on the Board of Directors	2 (20%)
Number and percent of Board of Directors that identify as racially or ethnically diverse	3 (30%)
Number and percent of males across all employees	13,999 (90%)
Number and percent of females across all employees	1,614 (10%)
Percent of generational demographics across all employees	
Gen Z (up to 26)	18%
Millennials (27-43)	39%
Gen X (44-59)	32%
Boomers (60-78)	11%
Silent Generation (79+)	<1%

Percent of race/ethnicity demographics across all employees	
White	63%
Hispanic or Latino	16%
Black (African American)	6%
Other*	15%

*Includes Native Hawaiian or Other Pacific Islander, Asian, Indian, American Indian or Alaska Native, or Two or More Races, and other

Partners

Metric	2023 Response
Data Privacy and Cybersecurity	
Number of complaints received concerning breaches of customer privacy	0
Number of identified leaks, thefts, or losses of customer data	0
Ethics	
Number and nature of confirmed incidents of corruption	0
Percentage of all operational sites with an ISMS certified to ISO 27000 (or similar)	0%
Percentage of all operational sites for which an internal audit/risk assessment concerning ethics has been conducted	100%
Percentage of all operational sites with certified anti-corruption management system	0%
Percentage of total workforce trained on business ethics issues	5%
Number of reports related to whistleblower procedure	12
Number of incidents of non-compliance of regulations	0
Number of employees trained in ethics	821

Planet

Metric	2023 Response
Energy	
Energy Use (Gigajoules)	1,272,801
Energy Use Intensity (Gigajoules/ Million $ revenue)	245
GHG Emissions	
Scope 1 (MT CO2e)	77,115
Scope 2 (MT CO2e)	13,928
Scope 1 and 2 GHG Emissions intensity (MT CO2e/ Million $ revenue)	17.5
Water	
Water Withdrawn (Megaliters)	111
Waste	
Waste to landfill (Metric tons)	3,464

Glossary

Term	Definition
Carbon Footprint	The amount of carbon dioxide and other carbon compounds emitted due to the consumption of fossil fuels by a particular person, group, etc.
CDP	A not-for-profit that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts
Carbon Dioxide (CO2) Equivalent (CO2e)	Measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP); note: the CO2 equivalent for a gas is determined by multiplying the metric tons of the gas by the associated GWP
Code of Conduct (COC)	A statement setting out guidelines regarding the ethical principles and standards of behavior expected of a professional person or company
Diversity, Equity, and Inclusion (DEI)	Diversity includes all the ways in which people differ, encompassing the different characteristics that make one individual or group different from another. Equity is the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Inclusion is the act of creating environments in which any individual or group can be and feel welcomed, respected, supported, and valued to participate
EcoVadis	Provides holistic sustainability ratings service of companies, delivered via a global cloud-based SaaS platform
Energy Efficiency	The ratio of a heating or cooling system's output, per hour, in British thermal units to the input in watts, used to measure the system's efficiency
Enterprise Risk Management (ERM)	A methodology that looks at risk management strategically from the perspective of the entire firm or organization. It is a top-down strategy that aims to identify, assess, and prepare for potential losses, dangers, hazards, and other potentials for harm that may interfere with an organization's operations and objectives and/or lead to losses.
Greenhouse Gas (GHG)	A gas that contributes to the greenhouse effect by absorbing infrared radiation

Term	Definition
GHG Inventory	A list of emission sources and the associated emissions quantified using standardized methods
Greenhouse Gas Protocol Corporate Accounting and Reporting Standard	A protocol to help develop and promote internationally accepted greenhouse gas accounting and reporting standards through an open and inclusive process. It provides requirements and guidance for companies that are preparing a corporate-level GHG emissions inventory
Green Building	A building that, in its design, construction or operation, reduces or eliminates negative impacts and can create positive impacts on our climate and natural environment. Green buildings preserve precious natural resources and improve our quality of life
Global Reporting Initiative (GRI)	An international organization that helps businesses and other organizations take responsibility for their impacts with widely used standards for sustainability reporting
Materiality	A topic that reflects a reporting organization's significant economic, environmental, and social impacts or that substantively influences the assessments and decisions of stakeholders
Sustainability Accounting Standards Board (SASB)	An independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors
United Nations Global Compact	Participants of the UN Global Compact incorporate the Ten Principles into their strategies, policies, and procedures. Companies are expected to not only uphold their basic responsibilities to people and the planet but also set the stage for long-term success.
United Nations Sustainable Development Goals (UN SDGs)	17 Sustainable Development Goals, which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests
Task Force on Climate-related Financial Disclosures (TCFD)	Recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks