



**COMFORT
SYSTEMS USA**

**2021
Sustainability
Report**

Contents

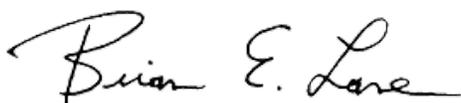
<u>Letter From the CEO</u>	03
<u>Our Company</u>	04
<u>About This Report</u>	05
<u>Year In Review</u>	06
<u>Materiality</u>	07
<u>Sustainability Governance</u>	10
<u>People</u>	12
<u>Management Approach</u>	13
<u>Key Performance Indicators</u>	15
<u>Construction Inclusion Week</u>	17
<u>Workforce Development</u>	18
<u>Progress Report</u>	19
<u>Partners</u>	20
<u>Management Approach</u>	21
<u>Key Performance Indicators</u>	23
<u>2021 EcoVadis Submission</u>	25
<u>Procurement Program</u>	26
<u>Dallas College Donation</u>	27
<u>Customer Satisfaction</u>	28
<u>Progress Report</u>	29
<u>Planet</u>	30
<u>Management Approach</u>	31
<u>Key Performance Indicators</u>	33
<u>TAS Solar Panel Installation</u>	35
<u>Green Building Spotlights</u>	36
<u>Progress Report</u>	37
<u>Appendix</u>	39
GRI, UN SDG, SASB Metric Tables, TCFD, & Glossary	



A Message from the CEO

Being innovative and sustainable has always been at the heart of Comfort Systems USA's operations, so we were pleased to showcase this commitment in our inaugural 2020 Sustainability Report. Our report highlighted our existing sustainable practices and programs as well as our future initiatives and goals. Among those initiatives was the creation of a new executive-level Sustainability Committee, which is tasked with oversight of our sustainability efforts for the entire enterprise. We also have an initiative to become more transparent about and accountable for our practices and programs. We kicked off this initiative by submitting our first assessment to the independent monitor EcoVadis, and we are proud to say that we were awarded the EcoVadis Bronze Medal rating as a result. We also expanded our diversity and inclusion initiative enterprise-wide in 2021 and added accountability by including related goals for our executive leadership in their annual incentive plans. Further, in 2021 we became a UN Global Compact signatory, demonstrating our commitment to the Ten Principles in the areas of human rights, labor, environment, and anti-corruption.

As an organization, we understand that sustainability is more than just our environmental responsibility, so we have committed to three sustainability pillars: People, Partners, and Planet. These three pillars are at the root of our culture and serve as a key to our success. Our operating companies were instrumental in our application of these three pillars in 2021, and we were able to emphasize our commitment to responsible sourcing through our adoption of a Comfort Systems USA Supplier Code of Conduct, Environmental Policy, and Supplier Diversity Policy.



BRIAN E. LANE
CEO, PRESIDENT & DIRECTOR



Sustainability is an ongoing journey. We will continue to advance Comfort Systems USA's sustainability efforts and persist in creating long-term value for our stakeholders. Our 2021 report outlines some of our recent accomplishments, highlights a few great examples of our existing sustainability practices and also includes new disclosures aligned with the Task Force on Climate-Related Disclosures and the United Nations Sustainable Development Goals (SDG). Additionally, our 2021 report provides an overview of our continuing and new initiatives, including our plans to disclose our greenhouse gas emissions in detail with the CDP (formerly the Carbon Disclosure Project).

I want to thank our team of over 13,000 employees for their hard work over the last year. We are firmly committed to continuing to build a world that is safe, comfortable, and sustainable.

Our Company

Comfort Systems USA, Inc. ("Comfort Systems USA", "Comfort" or the "Company") is a leading building and service provider for mechanical, electrical, and plumbing building systems. In June 1997, the Company went public with 12 operating companies. Today, we are composed of over 40 operating companies in 170 locations across the United States with over 13,000 employees, headquartered in Houston, TX. Our tremendous growth has been accomplished by successfully expanding services to existing customers and attracting high quality operations to our family of companies.

Our national footprint provides us with the ability to meet the needs of today's most technically complex systems. Comfort Systems USA's companies deliver expert resources necessary to perform a range of services, including mechanical, electrical, process piping, modular construction, and building automation controls.

OUR VISION

To be the leading builder and service provider of mechanical, electrical, and plumbing building systems.

OUR 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**



About This Report

At Comfort Systems USA, we recognize that while our work lends itself to sustainable best practices, there is more we can do to create a positive impact. We are committed to a continual improvement approach to sustainability. This report was created to outline our commitment to not only our vision and values, but also our people, partners, and the planet.

To maintain our position as an industry leader, we prepared this report in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and Sustainability Accounting Standard Board's (SASB) standards for the Engineering and Construction Services industry. For the first time in 2021, our report includes the Task Force on Climate-Related Financial Disclosures (TCFD) to show our process for identifying and managing climate-related risks and opportunities.

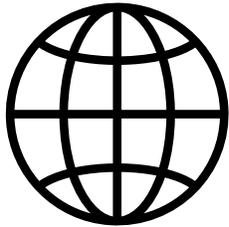
This 2021 report describes our progress on our sustainability goals, how we plan on improving them in the future, and how we have aligned these goals to the United Nations Sustainable Development Goals (UN SDGs) and their respective targets. For each material topic discussed in this report, we have defined a boundary that indicates how Comfort Systems USA has impacted the material topics through our business operations. We then outline our management approach, key performance indicators, current operations, and planned initiatives to best exemplify our robust sustainability efforts. For questions about this report, contact:

Comfort Systems USA – Corporate Headquarters
675 Bering Dr. Suite 400 Houston, TX 77057
Phone: (713) 830-9600 information@comfortsystemsusa.com

Year In Review: *A Year of Firsts*



The Comfort Systems USA Sustainability Committee began to implement the Sustainability plan in 2021



In 2021, we cemented our commitment to the 10 Principles of the UN Global Compact



We submitted our first EcoVadis Assessment, earning a bronze rating



For the first time in the history of Comfort Systems USA, we completed a Greenhouse Gas Inventory covering our relevant Scope 1 and 2 Greenhouse Gas Inventory across our facilities

TCFD

The 2021 Sustainability Report is the first Comfort Systems report to include Task Force on Climate-related Financial Disclosures (TCFD).

Materiality

In 2020, Comfort Systems USA interviewed key decision makers across management and business sectors to identify what is most important to the business. We then conducted surveys, industry research, and evaluated customer requests to determine what is most important to our external stakeholders.* Using that information, we were able to identify our most material topics. The topics are paired to the UN Sustainable Development Goals to show action behind our commitment. Because there were no major changes to our business operations in 2021, we have maintained our material topics for this year's report.



PEOPLE



**Worker Health
and Safety**



**Diversity,
Equity, and
Inclusion**



PARTNERS



**Regulatory
Compliance**



**Financial
Health**



**Privacy &
Data
Security**



**Ethics, Anti-
Bribery, &
Corruption**



PLANET



**Energy
Efficiency**



**Carbon
Emissions**

**Despite the topics being individually defined, careful consideration has been taken to account for the impact that each topic has on each other.*

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs), developed in 2015, were created by the United Nations to be achieved by 2030. The set of 17 ambitious goals and their related targets and indicators are the blueprint for achieving a sustainable future for all. Comfort Systems USA is committed to advancing these global goals through our own sustainability targets and initiatives.

To track our progress, we have identified five SDGs that best align with our material topics. Throughout this report, the SDG icons will appear to denote where our areas of progress, commitments, and future goals are in alignment with that SDG. The corresponding targets for each goal are outlined by the Sustainable Development Goals, summarized throughout this report for all of our material topics.*



Material Topic	SDG	Goal Description	Category
Energy Efficiency	7 AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable, and modern energy for all	
Worker Health and Safety and Financial Health	8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
Diversity, Equity, and Inclusion	10 REDUCED INEQUALITIES 	Reduce inequality within our organization and the communities we impact.	
Carbon Emissions	13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts	
Regulatory Compliance, Privacy and Data Security, and Ethics, Anti-Bribery, and Corruption	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	

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

United Nations Global Compact

Human rights, labor, the environment and anti-corruption have always been at the heart of what we do at Comfort Systems USA. In July 2021, we made a commitment to uphold the values of corporate responsibility in our daily operations by becoming a signatory of the United Nations Global Compact. At Comfort Systems USA, we are looking forward to a more sustainable future. With our continued support of the U.N. Global Compact and its principles, we strive to advance the Sustainable Development Goals through our sustainability strategy, culture, and day-to-day operations.

The Company recognizes a key requirement for participation in the U.N. Global Compact is annual submission of a Communication on Progress (CoP). Comfort Systems USA supports public accountability and transparency and commits to report annually on Company progress.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION

Sustainability Governance

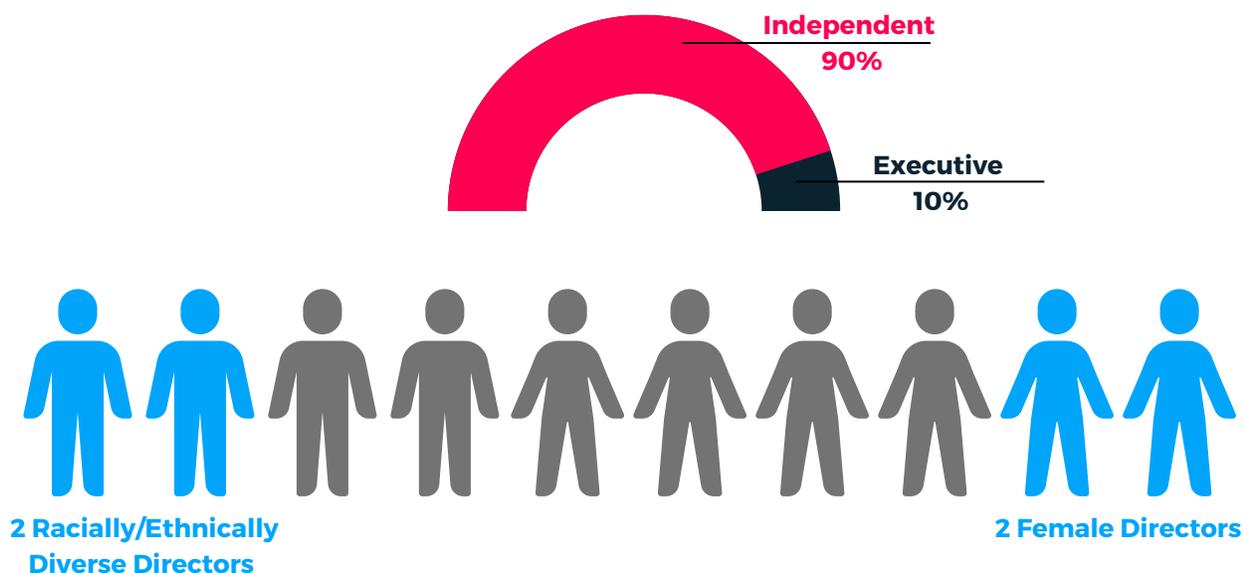
Comfort System USA's Board of Directors and leadership team embrace their responsibility for oversight of sustainability. Using the material topics as a guide, our management team executes our business strategy to achieve a more sustainable future. Our governance practices hold us accountable and give us resources to manage Environmental, Social, and Governance (ESG) at Comfort Systems USA.

Governance Practices

- Executive compensation directly linked to performance on safety and diversity and inclusion measures
- Compensation and Human Capital Committee of the Board of Directors provides oversight of the Company's compensation and human capital practices
- Nominating, Governance, and Sustainability Committee of the Board of Directors provides oversight of the Company's environmental and governance practices
- Audit Committee of the Board of Directors provides oversight of the Company's key risks, including ESG risks
- Sustainability Committee of the Company's senior leadership tracks and reports progress of the Company's sustainability program and plan

Board Composition

Comfort Systems USA's Board of Directors has an independent super-majority, has named a fully independent Chairman of the Board, and has diverse representation.



Sustainability Committee

In 2021 we implemented our Sustainability Committee, which is composed of a diverse set of executive-level management representing a broad range of business functions. The purpose of the Committee is to set goals and initiatives related to our material ESG impacts, monitor the progress we make toward our goals, and ultimately ensure that our business continues to thrive in a sustainable manner.

The Committee meets on a monthly basis, which helps ensure that our sustainability goals and initiatives continually progress forward throughout the year.

2021 initiatives driven by the Sustainability Committee

- EcoVadis Submission
- TCFD Submission
- Sustainable Transportation Program
- Expanded Diversity, Equity, and Inclusion Programs

Sustainability Committee composition

- CEO
- CFO
- COO
- Chief Accounting Officer
- General Counsel
- VP of Internal Audit
- Corporate Controller
- VP of Tax
- Regional Controller
- Sr. VP of People and Leadership Development
- VP of Risk

2022 goals for the Sustainability Committee

- CDP Submission
- 95% of national suppliers to sign the Supplier Code of Conduct by 2023
- Continued enhancement of Diversity, Equity, and Inclusion Programs
- Development and implementation of a Human Rights Policy

“

"Creating a Sustainability Committee made up of key leaders from the Company ensures that we have appropriate oversight and perspective for our sustainability goals. The Committee has already seen success in its first year, and I have confidence that it will continue to ensure that our focus stays on our people, our partners and the planet."

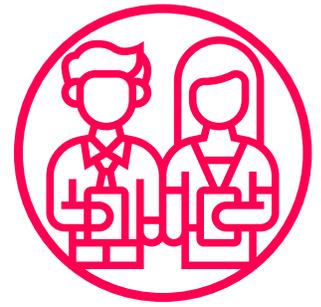
-Laura Howell, Sustainability Committee Chair

People



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

People



Worker Health and Safety

Health and Safety is a top priority for all employees at Comfort Systems USA. We incorporate health and safety into our business through programming, policies, and actions. To ensure that we are a leader in promoting a safe work environment, we have implemented safety programs, including a Safety Advisory Council composed of safety professionals and business leaders. Additionally, to ensure the mental, financial, and physical well-being of our employees, we provide our employees with wellness programs, a company-sponsored 401(k) plan, an employee assistance program, and an Employee Relief Fund.

SDG Contribution

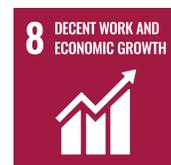
Target 8.8 Protect labor rights and promote safe and secure working environments for all workers

CAUSE Mapping

In order to ensure a safe environment for all employees, Comfort Systems USA has implemented the CAUSE mapping program across its operating locations. CAUSE Mapping is an investigative methodology much like the "5 Why" technique. CAUSE Mapping can be utilized by any group to get at the root factors that led to an error, injury, rework, employee complaint, etc. as it allows us to look into individual decision making, standard operating procedures and processes, checklists, general policies, and procedures, code of conduct violations, and much more. It works backward from the result (e.g., laceration, reportable spill, violation of a company policy) and identifies causal factors for each topic that led to the unwanted event.

88

People trained in our CAUSE Mapping course





Diversity, Equity, and Inclusion

To create a culture where all employees can thrive, our operating companies have customized Diversity, Equity, and Inclusion (DEI) action plans and initiatives that identify local challenges and opportunities for a people-first approach. Examples of these initiatives include diversifying our university recruiting efforts by partnering with Historically Black Colleges and Universities (HBCUs) and conducting training to address unconscious bias in the workplace.

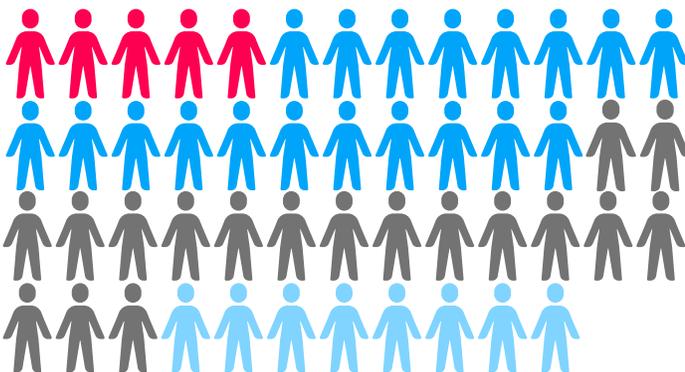
SDG Contribution

Target 10.3 Ensure equal opportunity and reduce inequalities of outcome, 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

100%

of all operating companies have diversity, equity, and inclusion action plans



Comfort Systems Employee Generations

Gen Z (up to age 24): 10%
 Millennials (ages 25-40): 37%
 Generation X (ages 41-56): 36%
 Boomers (ages 57-75): 17%

People



People are at the core of what we do at Comfort Systems USA. Our business relies not only on our own employees, but on our relationships with customers, partners in our value chain, and the communities where we work. We know that our employees' health, safety and continual growth is important not only for our own success but for the success of our customers, partners and the community.

Our commitment to our employees' health, safety and continued education are supported by the following facts:

Workplace Operations	2020	2021
Lost Workday Case Incidence Rate (LWDIR)	0.27	0.40
Days Away, Restricted, or Transferred (DART)	0.71	0.81
Total Recordable Incident Rate (TRIR)	1.36	1.27

100%

of all operational sites has conducted an employee health & safety risk assessment

Employee Training	2020	2021
Construction Training Average Course Duration (in Days)	6	5
Corporate/Operations & Service Training Average Course Duration (in Days)	4	6
Online Training Average Minutes	75	75
Number of Employees Trained in Ethics	1,220	1,547

6

Average years of service

\$981,394

Total 2021 Charitable Contributions



Construction Inclusion Week



In 2021, we participated in the inaugural Construction Inclusion Week presented by Time for Change, a five-day training that identified ways to advance diversity, equity, and inclusion in construction. Time for Change is a consortium of six leading general contractors in the U.S. who have come together to champion change in the construction industry.

Construction Inclusion Week helped to foster conversations and share plans to promote diversity within the construction industry. Each day focused on a new topic, such as leadership commitment and accountability, unconscious bias, supplier diversity, jobsite culture, and community engagement. If we want to attract, retain, and develop the best talent for our industry and maximize the diversity of our suppliers, we must grow our industry's culture to be truly inclusive.

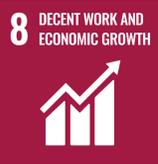
Comfort Systems USA was proud to have one of our own operating companies featured: Bryce Rogers, ColonialWebb's Supply Chain Manager, shared how our Supplier Diversity Program supports a variety of local businesses in our communities.



At Comfort Systems USA, we are learning to better incorporate diversity and inclusion into our long-term strategy for success. We are working to build an even more inclusive workplace based on mutual respect, but our journey is ongoing.

-Trent Mckenna, COO

Workforce Development



Comfort Systems USA has taken steps to ensure that the next generation of our workforce is trained and prepared while simultaneously offering growth opportunities to our existing employees. As an example, Comfort Systems USA (Syracuse) is one of a number of our operating companies that offers an apprenticeship program. Comfort Systems USA (Syracuse)'s apprenticeship program includes three disciplines of mechanical contracting: plumbing/pipefitting, sheet metal work, and sprinkler fitting. Those interested in the apprentice training program must complete an assessment in addition to having a High School Diploma or HSE and a reputable history of showing up on time and being willing to work. The top 10 candidates for each discipline are chosen.

The goal of Comfort Systems USA (Syracuse)'s program is to prepare employees to be leaders. This goal has been achieved time and again with graduates now serving as Project Managers and leading large and complex projects.

Comfort Systems USA (Syracuse) continues to enhance the apprenticeship program. For instance, this year new materials to cross-train employees among several disciplines were introduced to ensure a broad foundational understanding of projects for all apprentices.



40+

apprentices graduated in the last 7 years through the Comfort Systems USA (Syracuse) apprenticeship program

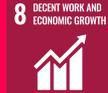
Progress Report



Diversity, Equity, and Inclusion



Employee Health & Safety



Expand DEI Program

Root Cause Analysis Program: To further our commitment to the health and safety of our employees, we are formalizing a root cause analysis procedure to better prevent workplace injuries.

In 2021, Comfort had 100% of its operating locations establish and work towards DEI action plans targeted to their individual needs and goals. Additionally, Comfort developed a Supplier Diversity Policy confirming our commitment to finding the best suppliers, promoting sustainability, dedicating ourselves to social responsibility, and supporting local community needs while delivering superior customer service. The goal of our supplier diversity program is to promote the inclusion of diverse businesses in our purchasing process including disability-owned, women-owned, LGBTQ+ owned, minority-owned, and veteran owned-businesses.

In 2021, Comfort implemented the CAUSE Mapping program, an investigative methodology much like the "5 Why" technique. CAUSE Mapping gives employees the tools to identify and analyze the root factors that led to incidents that put employees in harm's way. The CAUSE Mapping training workshop was driven by the audience and what each would like to be able to do after the completion of the workshop, and led by an external instructor. Comfort hosted three two-day classes with a total of 88 people that participated in the full Cause Mapping course.

- Continue to ensure that 100% of operating locations have DEI action plans
- Provide training and encouragement to our purchasing teams to promote diverse suppliers in the purchasing process
- Implement a process to track, manage, and report on the number of diverse suppliers with whom we partner
- Monitor and measure the effectiveness of our supplier diversity efforts

In 2022, we plan to continue expanding the health and safety programming across the organization and to train employees in initiatives similar to the CAUSE Mapping program.

Partners



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

Partners



Regulatory Compliance

Comfort Systems USA is committed to compliance with all laws, rules, and regulations that apply to our business. Our Code of Conduct details guidance for employees to prevent non-compliance within our organization. We operate in multiple jurisdictions, so we must be aware of different laws that may apply. All employees must comply with the standards and principles outlined in the Code of Conduct.

In the case of non-compliance incidents, the Audit Committee of our Board of Directors has delegated authority to management to take enforcement action. These members of management are responsible for investigating the alleged incident, including root cause analysis and corrective actions.

SDG Contribution

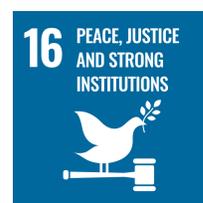
Target 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all

Privacy and Data Security

We rely on sophisticated information technology systems, networks, and infrastructure in our day-to-day operations, protecting sensitive Company and customer information. Additionally, we use third-party software and information technology for accounting, project management, and financial information systems. We collect and retain information about our partners, with the expectation that we will adequately protect such information. Information technology system failures, including suppliers' or vendors' system failures, could disrupt our operations, therefore we take significant precautions to protect this information.

SDG Contribution

Target 16.10 Ensure customer privacy and identity, in accordance with national legislation and international agreements.





Ethics, Anti-Bribery, and Corruption

Comfort Systems USA has an Employee Code of Conduct that is applicable to all employees. Additionally, we conduct ethics trainings, which include an overview of anti-bribery, anti-corruption and conflict of interest policies, as well as whistleblower protection provisions for employees at all levels of the organization. The Company maintains an anonymous, confidential third-party hotline where any individual may report a workplace incident, including concerns about ethics. Each hotline report is promptly and thoroughly investigated by our Compliance and Ethics department.

To ensure that our suppliers share our quality standards and our commitment to ethics and integrity, we have implemented a Supplier Code of Conduct, which was communicated to suppliers in 2021. We anticipate to have 95% of our national suppliers acknowledge the Code by 2023.

SDG Contribution

Target 16.5 Substantially reduce corruption and bribery in all their forms

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

Financial Health

The financial health of the Company is central to our ability to offer employment to the community, improve the local economy, provide quality services to our customers, and maintain beneficial employee programs.

To maintain and improve quality we utilize customer satisfaction programs, which provide insight into customers' opinions regarding the services and customer support that we provide. Using this insight, we identify common themes and develop actionable responses to improve relationships with partners and extract business value.

Furthermore, we know that our financial health is directly impacted by our ability to innovate. We are committed to continually providing our customers with advanced technology and cutting edge solutions.

SDG Contribution

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

Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation.

Partners



We consider our business partners to be an extension and reflection of our own operations. Therefore, we collaborate through mutual efforts to identify leading business practices and sustainable solutions in our industry.

The metrics below convey how we support our partners and supply chain to ensure safe, secure and ethical business practices.

0
Confirmed
Incidents of
Corruption

0
Cases of
Regulatory Non-
Compliance

	2020	2021
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	\$7,569	\$0
Number and percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated*	6,639 66%	7,449 63%
Percentage of national suppliers that will acknowledge the Supplier Code of Conduct	2023 goal of 95%	

100%

of all operational sites have completed an internal audit/risk assessment concerning business ethics issues

*7,449 or 63% of employees acknowledged the Code of Conduct in 2021. Our customary practice is for newly acquired companies to have employees acknowledge our Code of Conduct within one calendar year following acquisition. This process is currently in progress for a portion of our operating companies.

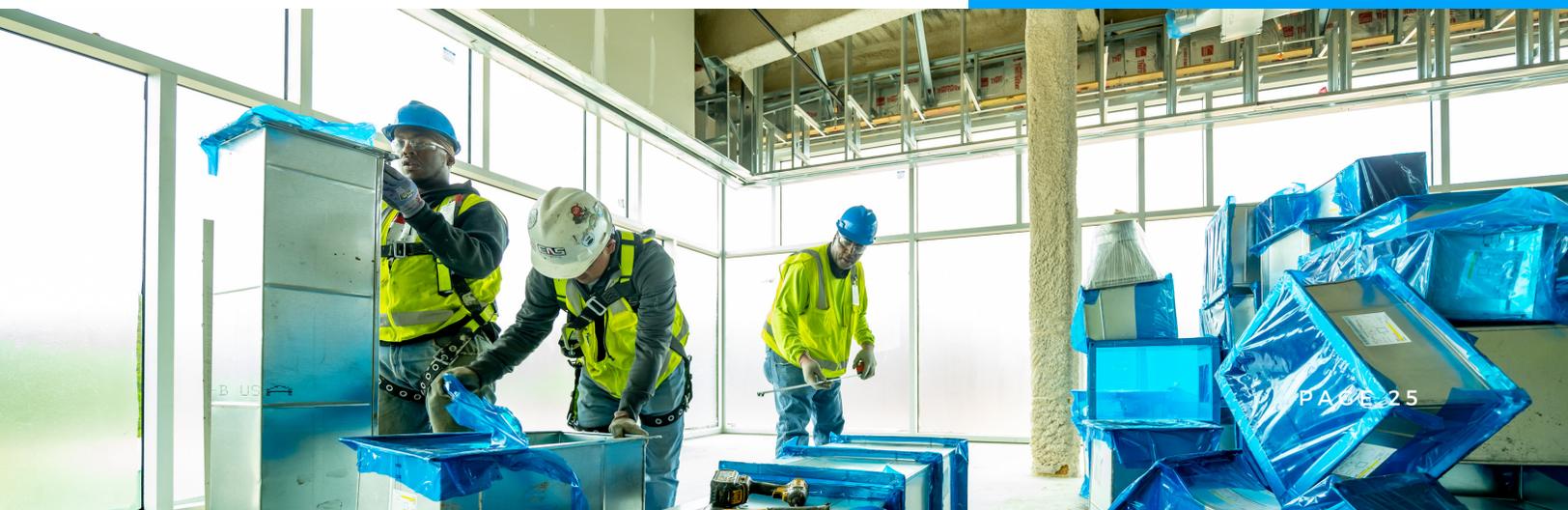


2021 EcoVadis Submission

In an effort to continue being a strong partner and promoting transparency throughout our supply chain, Comfort Systems USA participated in an EcoVadis assessment for the first time in 2021.

EcoVadis is a third-party organization that validates corporate adherence to 21 recognized ESG criteria across the topic areas of environment, labor and human rights, sustainable procurement, and ethics.

We are proud to announce our achievement of a Bronze rating in our first submission year. This rating validates our commitment to being a sustainable company, but also reinforces our desire to continue improving, not only to improve our EcoVadis rating, but to advance our sustainability initiatives and achieve our company goals.



Procurement Program



Sustainable Procurement Policy and Supplier Diversity Program

At Comfort Systems USA, we are committed to improving our sustainable procurement practices while simultaneously educating our suppliers on the importance of sustainability in their own operations. In 2021, we took important steps towards achieving a more sustainable and diverse supply chain.

Sustainable Procurement Policy

The Sustainable Procurement Policy reinforces our core values that define, inform, and guide the way we operate daily, both within the company, and in the communities where we do business. The policy outlines procurement practices to be followed at all of our operating companies, including environmental, social, and governance guidelines for choosing suppliers. By implementing the Sustainable Procurement Policy in conjunction with our Supplier Code of Conduct, we intend to hold our suppliers to the same values and standards that drive our internal operations.

Supplier Diversity Program

Additionally, we published our [Supplier Diversity Policy](#), which lays out the guidelines and implementation plan for our Supplier Diversity Program. The goal of our Supplier Diversity Program is to promote the inclusion of diverse businesses in our purchasing process, including disability-owned, women-owned, LGBTQ-owned, minority-owned, or veteran-owned businesses, or businesses located in a HUBZone.

We aim to reach our program goals by:

- Identifying, actively seeking and continuously working to expand our network of diverse suppliers
- Training and encouraging our purchasing teams to include diverse suppliers in the purchasing process where there is alignment with our business needs
- Tracking and reporting the number of diverse suppliers with whom we partner
- Monitoring and measuring the effectiveness of our supplier diversity efforts

We have taken the first step toward identifying our diverse supplier network by partnering with a supplier database reporting consultant to understand our current percentage of diverse suppliers.



Dallas College Construction Sciences



We pride ourselves on our ability to provide opportunities for personal and professional growth, development and investment in leadership training, and mentoring initiatives to equip our future leaders for generations to come. The Dallas College Construction Sciences building is one example of a great opportunity for several Comfort Systems USA operating companies to invest early in tomorrow's leaders.

For more than 20 years, Dallas College and the Construction Education Foundation have partnered to offer hands-on training for the construction industry, providing students and employees opportunities to broaden their skills and advance their careers in the construction industry. In response to a growing industry need for trained labor, Dallas College decided to build a new state-of-the-art 97,000-square-foot Construction Sciences Building.

Several Comfort Systems USA operating companies provided significant donations to support the building of a medium classroom that will be used to support education in the latest construction technologies, systems and methods. The new building is designed with designated areas for in-progress building construction, sheet metal fabrication, carpentry, plumbing, roofing, electrical, HVAC, welding, pipefitting, and more.



Customer Satisfaction Highlight: Envirotrol



Envirotrol, a Comfort Systems USA operating company, created a Client Experience Advocate (CEA) role in 2019. The intent of the new role was to capture the voice of our clients through live surveys. The survey was prepared to get better insight into what the customer believed we were doing well, what we could do better, and what actions could be taken to improve the overall experience. Additionally, the conversational survey allows our customers to discuss any unresolved concerns, pain points, and upcoming projects. To ensure continued customer satisfaction, the CEA sets monthly calls with each customer. If at any point in the process the customer voices concerns, an immediate meeting is planned for all internal parties involved in the account to discuss the findings and create an action plan to resolve the issue.

14%

**Increase
in revenue in the
maintenance
agreement
renewal process**

Envirotrol's commitment to customer satisfaction has been a huge success in 2021. The operating company has seen cancellations decrease while project scope additions have increased year-over-year. In 2021, Envirotrol saw a 14% increase in revenue during the maintenance agreement renewal process. Envirotrol largely attributes this improvement due to the creation of the CEA role.

Due to the success of this position at Envirotrol, Comfort Systems USA is looking to replicate the role across other lines of business as well as other operating companies.



Progress Report



Transparency



2021 Goal

To improve our transparency to all stakeholders we aimed in 2021 to submit reports to EcoVadis, the Carbon Disclosure Project (CDP), and the Task Force on Climate Related Financial Disclosures (TCFD).

2021

Accomplishment

EcoVadis Submission: Comfort Systems USA submitted our inaugural report to EcoVadis and earned a bronze rating.

TCFD: We included TCFD disclosures at the back of this report in order to proactively identify and disclose climate-related risks and opportunities.

CDP: We have begun preparing our CDP submission, including the calculation of our Greenhouse Gas Inventory.

2022 Goal

EcoVadis Submission: We plan to submit again to EcoVadis in 2022 and improve our score with the new submission.

TCFD: In 2022, we plan to expand our disclosures and undertake additional climate-risk analysis.

CDP: In 2022, we plan to submit our GHG inventory report to CDP.

Planet



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

Energy



We aim to increase energy efficiency for our customers by replacing aging buildings' existing systems with modern, energy-efficient systems. This significantly reduces a building's energy consumption and carbon footprint, while reducing cost and improving air quality and overall system effectiveness. In 2021, we provided retrofit services to 5,838 projects on existing buildings, which inherently improved energy efficiency for customers.

We increase our own energy efficiency by using LED lighting, conducting energy verification reports, and operating in green certified facilities.



Energy Consumption

Total energy consumption within the organization from non-renewable sources (GJ)

2021

1,237,078
GJ

Total fuel usage from vehicle fleet (gallons)

8,679,685
Gallons



Emissions



Carbon Emissions

Green House Gas Inventory

Our construction and service offerings have a profound positive impact on reducing our customers' energy consumption and GHG emissions, but we know that is not enough. For the first time in the history of Comfort Systems USA we completed a Greenhouse Gas Inventory covering all relevant Scope 1 and 2 emissions across facilities.* Methods laid out within the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard were used to quantify emissions.

On an annual basis we will continue to calculate our GHG emissions and track progress toward our goal of decreasing our environmental impact and continue to evaluate the feasibility of setting net zero GHG emissions targets.

Sustainable Transportation Guidelines

In an additional effort to reduce our carbon emissions, we developed Sustainable Transportation Guidelines that outline best practices regarding fleet management, business travel, route optimization, and employee commuting. These guidelines have been shared and recommended for adoption by all of our operating companies. Further investigation into purchasing more sustainable fleet vehicles is currently in progress.

2021

Scope 1	114,458 MT CO ₂ e
Scope 2	13,226 MT CO ₂ e

**Relevant sources of Scope 1 emissions include emissions from owned/leased vehicles, purchased gases/chemicals, natural gas for heat, refrigerant losses. Relevant sources of Scope 2 emissions include purchased electricity. Acquisitions that took place during 2021 were not included in this year's inventory due to a lack of sufficient data, but will be included in future greenhouse gas inventories*

Planet KPIs



Our emphasis on environmental stewardship and improving productivity drives our internal efforts to become more environmentally sustainable, in addition to driving our customers to make positive change to their own operations. Waste management and water consumption are two areas that we believe hold the greatest opportunity in our industry and operations to be improved to make a positive impact in our sustainability efforts. As part of our 2021 efforts, we have collected data across our organization to better understand and monitor our waste and water impact.

The figures below represent our environmental performance, as well as our commitment to contributing positively to the environment.



Incidents of non-compliance with environmental permits, standards, and regulations

Waste and Water

2021

Total weight of waste generated (Metric tons)

10,162.38
MT

Total volume of water consumed (Megalitre)

6,613.62
mL

**Waste, water, and energy estimates for facilities with no data were calculated using average annual usage per person with consideration of total employee count, facility type, and facility location. For utility bills that only provided a cost figure, consumption was estimated based on the average cost per unit of energy (e.g., \$/kWh) for the state in which the facility is located. Data gaps were addressed by averaging the consumption of the months surrounding the gap. Once consumption data was gathered, US eGRID Emission Factors were used to calculate emissions associated with electricity and EPA Emission Factors for Greenhouse Gas Inventories were used to calculate emissions associated with all other relevant emissions sources.*





TAS Solar Panel Installation

As part of an ongoing sustainability effort, in 2018, our operating company, TAS Energy (TAS), completed a solar panel installation at its Houston, Texas facility. The energy being produced is stored in TAS's thermal energy storage tank associated with its Modular Solutions Lab, which is used for R&D and houses a small colocation data center. TAS's focus on renewable energy and energy efficiency has resulted in TAS investing in the 100kw solar installation to offset power consumption related to modular data center product manufacturing, integrate the solar power into TAS's onsite colocation data center, and use on-site solar to study DC powered data center solutions.

In 2021, TAS's solar panels generated over 75,500 Kilowatt hours of electricity, resulting in a 2% reduction in purchased electricity and a cost savings of over \$6,000.

TAS provides modular engineered products for data centers, power plants, and other industries. TAS specializes in high efficiency, standard product designs with a data center product portfolio that encompass the spectrum of solutions from high density, edge data centers to hyperscale and enterprise data infrastructure modules like modular cooling units and UPS Systems. Compared to typical field construction, TAS's factory packaging increases speed-to-market and substantially reduces project schedule, construction cost and risk.



Green Building Spotlight



Oyster River Cooperative School District Middle School

One of Comfort System USA's operating companies, Granite State Plumbing and Heating in Weare, N.H., was the mechanical contractor for the construction of a middle school with a focus on solar power and geothermal heating and cooling. The school district has the goal of achieving a net-zero greenhouse gas emissions facility and is anticipating earning a LEED Gold certification.

To achieve this, the building was constructed with a high-performance exterior envelope that reduces the building's heating and cooling needs, and a highly efficient geothermal heat pump system for reducing energy consumption. Additionally, the facility has a roof-mounted solar panel array, as well as a parking lot canopy-mounted array. The solar panels not only generate power for the building but are expected to send enough extra power back out to the electricity grid to make the site a net-zero facility.



Progress Report



2021
Accomplishment

Green House Gas Inventory



Calculate and Report: GHG inventories contribute to understanding climate change impacts and opportunities for improvement.

For the first time in the history of Comfort Systems USA, we completed a Greenhouse Gas Inventory covering all relevant Scope 1 and 2 emissions across our facilities.

Continue to calculate our annual GHG emissions and track our progress in decreasing our environmental impact. Continue to evaluate the feasibility of setting net-zero GHG emissions targets and goals

Sustainable Transportation Policy



Develop a policy to transition Comfort Systems USA's fleet to more sustainable transportation options, including electric and hybrid vehicles.

In an effort to mitigate our impact on the environment and our contribution to climate change, we developed sustainable transportation guidelines that are shared and recommended as best practices to all operating companies. Topics addressed in the guidelines include; fleet management, business travel, route optimization, and employee commuting.

Continue to explore the feasibility of transitioning our fleet into more sustainable transportation options, including electric and hybrid vehicles



Appendix

GRI Index

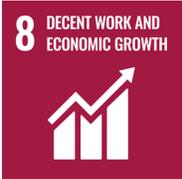
GRI #	Disclosure	Page/Response
102-1	Name of organization	Pg. 4; Comfort Systems USA, Inc.
102-2	Activities, brands, products, and services	Pg. 4; Building and service provider for a range of services, including mechanical, electrical, process piping, modular construction, and building automation controls.
102-3	Location of headquarters	Pg. 4; Houston, TX
102-4	Location of operations	Pg 4; Over 40 operating companies in 170 U.S. locations
102-5	Ownership and legal forms	Publicly Traded Corporation (NYSE: FIX)
102-6	Markets served	Approximately 170 geographical locations across the United States; mechanical, electrical, and plumbing building systems
102-7	Scale of the organization	13,000+ employees Approximately 170 U.S locations Total revenue: \$3,073,636,000
102-8	Information on employees and other workers	Pg. 4, 12-15; 13,000+ employees total
102-9	Supply Chain	<u>Code of Conduct pg. 16</u> ; Our supply chain consists of various suppliers. The types of products most commonly supplied include: HVAC Equipment, Plumbing, Distribution- HVAC/R, Pipe, Valves & Fittings, Electrical, Tools & Accessories, Equipment Rental, Distribution- PVF, and Metal Supply
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary principle or approach	Pg. 8-11, TCFD Table
102-12	External initiatives	United Nations Sustainable Development Goals & United Nations Global Compact, more information on Pg. 8-9
102-13	Membership of 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
102-14	Statement from senior decision-maker	Pg. 3; Message from the CEO
102-15	Key impacts, risks, and opportunities	Pg. 7, 12-15, 20-23, 30-33
102-16	Values, principals, standards, and norms of behavior	Pg. 4

GRI #	Disclosure	Page/Response
102-17	Mechanisms for advice and concerns about ethics	Pg. 22
102-18, 19, 20	Governance structure; delegating authority; executive-level responsibility for economic, environmental, and social topics	Pg. 10-11
102-21	Consulting stakeholders on economic, environmental, and social topics	Pg. 5; Stakeholder Engagement
102-22	Composition of the highest governance body and its committees	Pg. 10-11; Proxy Statement pg. 11-20; Board of Directors, which includes the Audit Committee, Compensation and Human Capital Committee, and Nominating, Governance, and Sustainability Committee; Sustainability Committee of the Company's senior executive leadership
102-23	Chair of the highest governance body	Franklin Myers, Chairman of the Board
102-24	Nominating and selecting the highest governance body	Proxy Statement pg. 20, 22
102-25	Conflicts of interest	Code of Conduct pg. 18-21; Proxy Statement pg. 60-61
102-26	Role of highest governance body in setting purpose, values, and strategy	Proxy Statement pg. 18-20, 23
102-27	Collective knowledge of highest governance body	Proxy Statement pg. 3, 12-17
102-28	Evaluating the highest governance body's performance	Proxy Statement pg. 23
102-29, 31	Identifying and managing economic, environmental, and social impacts; review of economic, environmental, and social topics	Comfort utilizes an enterprise risk management (ERM) approach through which senior corporate leaders identify risks, how the risk will be managed or mitigated, potential impacts, and the likelihood of the occurrence of the risk. Included in this system is an assessment of social impacts and climate-related risks. Individual risks are rated on potential impact and likelihood of occurrence to create a Risk Score. A Risk Register is created, which identifies a responsible party, any acts of mitigation, and an accompanying completion date, if applicable. The Risk assessment, Risk score, and Risk Register are utilized to create a category of risk and help identify which risk to prioritize. Annually, individuals on the ERM team review a risk survey analysis, review the ERM tools, discuss risk mitigation strategies, and review the ERM with the Board and management.
102-30	Effectiveness of risk management processes	Proxy Statement pg. 18, 23
102-32	Highest governance body's role in sustainability reporting	Proxy Statement pg. 18-20, 23

GRI #	Disclosure	Page/Response
102-33, 34	Communicating critical concerns	The Company maintains an anonymous, confidential third-party hotline where any individual may report a workplace incident, including concerns about ethics. Each hotline report is promptly and thoroughly investigated by our Compliance and Ethics department. Reports can be sent to ComfortSystemsUSA.EthicsPoint.com or call 1-844-689-1741 More information can be found on pg. 22.
102-35, 36, 37	Remuneration policies; process for determining remuneration; stakeholders' involvement in remuneration	Proxy Statement pg. 24-25, 31-46
102-38, 39	Annual total compensation ratio; percentage increase in annual total compensation ratio	Proxy Statement pg. 58; 18.85% decrease
102-40	List of stakeholder groups	Customers, employees, suppliers, shareholders, investors, and peers.
102-41	Collective bargaining agreements	We have collective bargaining agreements covering less than ten employees. We have not experienced and do not expect any significant strikes or work stoppages and believe our relations with employees covered by collective bargaining agreements are good.
102-42	Identifying and selecting stakeholders	Pg. 7
102-43	Approach to stakeholder engagement	Regular communication through surveys, interviews, and review of external research; conduct a materiality assessment every two to three years
102-44	Key topics and concerns raised	Pg. 7; employee health & safety, energy efficiency, life cycle impacts, carbon emissions, raw material sourcing, toxic emissions and waste, labor standards, product responsibility, worker health and safety, tax transparency, collaboration, clean technology, regulatory compliance, privacy and data security, ethics/anti-bribery/corruption, financial health
102-45	Entities included in the consolidated financial statements	10-K Exhibit 21.1
102-46	Defining report content and topic boundaries	People, Partners, Planet OR Environmental, Social, Governance (ESG)
102-47	List of material topics	Pg. 7: Worker healthy and safety, diversity, equity, and inclusion, financial health, regulatory compliance, privacy and data security, ethics/anti-bribery and corruption, energy efficiency, carbon emissions
102-48	Restatement of information	N/A
102-49	Changes in reporting	None
102-50	Reporting period	2021
102-51	Date of most recent report	June 2021
102-52	Reporting cycle	Annual
102-53, 54	Contact point for questions regarding the report; claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option. More information can be found on pg. 5

GRI #	Disclosure	Page/Response
102-55	GRI content index	Pg. 37-40
102-56	External Assurance	Comfort Systems USA is investigating the feasibility of external assurance for future reports.
205-2	Communication and training anti-corruption policies and procedures	63% of employees have had the organization's anti-corruption policies and procedures communicated to them. More information can be found on pgs. 22-23
205-3	Confirmed incidents of corruption and actions taken	Zero (0) confirmed incidents of corruption. More information can be found on pg. 23
302-1	Energy consumption within the organization	Total energy consumption within the organization from non-renewable sources was 1,239,469.78 GJ. More information can be found on pg. 31.
303-1	Interactions with water as a shared resource	Comfort Systems USA recognizes an individual's right to water as a fundamental right. More information can be found on pg. 33.
305-1	Direct (Scope 1) GHG emissions Indirect (Scope 2) GHG emissions	Scope 1: 114,358.12 MT CO2e Scope 2: 13,226.17 MT CO2e more information can be found on pg. 32.
306-3	Waste generated	Total weight of waste generated in metric tons in 2021 was 10,162.38 MT. More information can be found on pg. 33.
404-1	Average hours of training per year per employee	Specific training metrics can be found on pg. 15.
404-2	Programs for upgrading employee skills and transition assistance programs	Information on our workforce development can be found on pg. 18.
405-1	Diversity of governance bodies and employees	Our management approach and metrics for diversity and inclusion can be found on pg. 10, 14-15.

GRI Disclosures and SDG Targets

SDG	Material Targets	GRI Disclosure
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Energy Efficiency</p>	<p>302-1</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Worker Health and Safety and Financial Health</p>	<p>404-1, 404-2</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Diversity, Equity, and Inclusion</p>	<p>405-1</p>
 <p>13 CLIMATE ACTION</p>	<p>Carbon Emissions</p>	<p>303-1, 305-1, 306-3</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Regulatory Compliance, Privacy and Data Security, and Ethics, Anti-Bribery, and Corruption</p>	<p>205-2, 205-3</p>

SASB

Topic	Accounting Metric	Category	Code	Disclosure/Initiative
Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	IF-EN-160a.1	None
	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 of 1.27 TRIR and no workplace fatalities.
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	Comfort Systems USA has contributed to 47 LEED certified projects in 2021.
	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	None
	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.

SASB

Topic	Accounting Metric	Category	Code	Disclosure/Initiative
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	None
	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	None
	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	Comfort Systems USA has outlined our policies and practices for preventing bribery and corruption and anti-competitive behavior in our Code of Conduct located under the Governance tab at https://investors.comfortsystemsusa.com . Employees are required to acknowledge and abide by the Code of Conduct. Furthermore, Comfort System USA conducts ethics training sessions covering bribery and corruption prevention.

General Accounting Metric Disclosure	Accounting Metric	Category	Disclosure
Number of active projects	Quantitative	IF EN 000.A	7,831
Number of commissioned projects	Quantitative	IF EN 000.B	11,186
Total backlog	Quantitative	IF EN 000.C	\$2.31 billion

TCFD

Area	Disclosure	
<p>Governance</p>	<p>A. Describe the board's oversight of climate-related risks and opportunities.</p> <p>B. Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Our Board of Directors oversees and monitors all ESG topics including climate-related risks and opportunities. At least annually, the Nominating, Governance and Sustainability Committee of the Board reviews and analyzes updates on climate-related activities and risks associated with our strategic plan and material topics.</p> <p>Additionally, as part of our ERM process, our management team develops a risks impact and probability assessment that is used to prioritize risks based on key employees' input and trends in the marketplace. Once risks have been identified and ranked, management assigns a risk owner and manager who is responsible for oversight and day-to-day management of each risk. Our Board then reviews all identified risks during the annual risk assessment meeting.</p> <p>Our Sustainability Committee, comprised of cross-functional leaders, meets on a monthly basis to implement and review sustainability initiatives and goals including topics related to climate related risks and opportunities across our corporate and operating company locations. The Sustainability Committee is chaired by our Senior Vice President and General Counsel. Additional responsibilities of the Sustainability Committee include developing, managing, and reviewing our sustainability plan and sustainability reporting.</p>
<p>Strategy</p>	<p>A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>Our Risk Management Team, through our Enterprise Risk Management Process, has identified the following climate-related risks and opportunities, which have impacts over the short, medium, and long term. The associated risks have been incorporated into our overall risk mitigation process:</p> <p style="text-align: center;">Transitional Risk</p> <p>Society's focus on transitioning to a less carbon intensive economy provides us with risks and opportunities. The risks involved in this transition include keeping pace with changing customer expectations and continually evolving technologies. We as a company must ensure that our construction and service offerings meet the needs of our client's sustainability initiatives.</p> <p style="text-align: center;">Legal & Regulatory Risk</p> <p>Legislation, nationwide protocols, regulation or other restrictions related to climate change could negatively impact our operations or our customers' operations. Increasing concerns about climate change and other environmental issues may result in additional environmental regulations and restrictions. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies could increase the costs of projects for our customers or, in some cases, prevent a project from going forward, which could in turn have an adverse effect on our financial condition and results of operations.</p>

Area	Disclosure	
<p>A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>Physical Risk</p>	<p>The increased likelihood of extreme weather may increase our insurance related costs and risks.</p> <p>Extreme weather conditions (such as storms, droughts, extreme heat or cold, wildfires and floods), as a result of climate change, may limit the availability of resources, increase our costs, or may cause projects to be delayed or cancelled. To the extent climate change results in an increase in extreme weather events and adverse weather conditions, the likelihood of a negative impact on our results of operations may increase.</p>
	<p>Opportunities: Market Growth</p>	<p>The increasing importance of improving energy efficiency and reducing carbon emissions may provide Comfort Systems with access to new markets or larger market share in existing markets.</p>
	<p>B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>Climate change may create physical and financial risk to our business. Physical risks from climate change could, among other things, include an increase in extreme weather events (such as floods or hurricanes), rising sea levels and limitations on water availability and quality. Such extreme weather conditions may limit the availability of resources, increasing the costs of our projects, or may cause projects to be delayed or cancelled. Legislation, nationwide protocols, regulation or other restrictions related to climate change could negatively impact our operations or our customers' operations. Increasing concerns about climate change and other environmental issues may result in additional environmental regulations and restrictions. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies could increase the costs of projects for our customers or, in some cases, prevent a project from going forward, which could in turn have an adverse effect on our financial condition and results of operations.</p> <p>As a company, one of our key objectives is to enable sustainable and efficient building environments. To help advance this, Comfort Systems has an opportunity to continue to improve our construction and service offerings to meet and support our client's and our own sustainability initiatives and targets. Comfort Systems plays a critical role in replacing aging building systems with modern, energy-efficient systems. We predict that society will increasingly value the ability to improve energy efficiency and reduce carbon emissions. To meet this market opportunity, we have focused our business strategy to continue to invest in and offer innovative processes and technologies to our clients.</p> <p>We continually work to identify, develop, and implement new materials, products and methods that can achieve greater productivity and more efficient and sustainable outcomes.</p>

Strategy

TCFD

Area	Disclosure	
Strategy	<p>C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Comfort Systems USA is currently streamlining and establishing our operational procedures to better understand our impact and effects from climate related scenarios.</p> <p>We are collecting and reporting on our Scope 1 and Scope 2 GHG emissions for the first time. We view this process as our first step in our journey to developing and planning our organizational strategy towards climate-related scenario planning.</p>
Risk Management	<p>A. Describe the organization's processes for identifying and assessing climate-related risks</p> <p>B. Describe the organization's processes for managing climate-related risks.</p> <p>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>As part of our Enterprise Risk Management "ERM" process, on an annual basis, our management team identifies and ranks potential risk areas based on the impact that each risk would have on the company and the probability or likelihood of it occurring. For each identified risk, a risk manager and owner is identified to manage the day-to-day risk monitoring, mitigation, and trend analysis. In addition to our management's annual review of our risks, our Board of Directors is also provided annual reports of our risks and mitigation procedures. The Board uses this information to help better align our business strategy to address and mitigate risks. One of the risk areas that is addressed during this annual process is sustainability and climate related risk. The Company also periodically reviews and revises our business continuity and disaster recovery planning procedures for each operating company to ensure that the Company can continue to operate in the event of a variety of disruptions or interruptions, including interruptions related to extreme weather due to climate change.</p>
Metrics and Targets	<p>A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>Scope 1: 114,458 MT CO₂e Scope 2: 13,226 MT CO₂e</p> <p>Scope 3: CSUSA is conducting a scope 1 and 2 full GHG inventory for 2021. As a next step in our sustainability progress and impact analysis, CSUSA will continue to expand our GHG inventory to include part of Scope 3 Emissions</p> <p>Number of Energy Efficiency Projects: 5,838</p>
	<p>C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Using 2021 data as our baseline year, CSUSA will evaluate appropriate target setting activities beginning in 2022. The Company intends for targets to be ambitious, aspirational, and realistic and designed to help us measure and track progress towards our overall goal of reducing our negative impact in the communities where we operate.</p>

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 charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts
Clean Air Act (CAA)	comprehensive United States federal law that regulates air emissions from stationary and mobile sources
carbon dioxide (CO ₂) equivalent (CO ₂ e)	measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP); note: the CO ₂ 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
Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)	otherwise known as Superfund - provides a Federal "Superfund" to clean up uncontrolled or abandoned hazardous-waste sites as well as accidents, spills, and other emergency releases of pollutants and contaminants into the environment. Through CERCLA, the EPA was given power to seek out those parties responsible for any release and assure their cooperation in the cleanup
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
Greenhouse gas (GHG)	a gas that contributes to the greenhouse effect by absorbing infrared radiation
GHG Inventory	a list of emission sources and the associated emissions quantified using standardized methods

Term	Definition
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
Indoor air quality (IAQ)	the air quality within and around buildings and structures, especially as it relates to the health and comfort of building occupants
LED Lighting	Light emitting diode. LED lighting products produce light up to 90% more efficiently than incandescent light bulbs
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
OSHA 10 hr	provides basic awareness training on the recognition, avoidance, abatement, and prevention of workplace hazards, including information regarding workers' rights, employer responsibilities, and filing a complaint in a general industry or construction setting
OSHA 30 hr	provides a greater depth and variety of training on an expanded list of topics associated with workplace hazards in each industry for supervisors or workers with some safety responsibility
Resource Conservation and Recovery Act (RCRA)	the principal federal law in the United States governing the disposal of solid waste and hazardous waste
Safe Drinking Water Act (SDWA)	established to protect the quality of drinking water in the U.S. This law focuses on all waters actually or potentially designed for drinking use, whether from above ground or underground sources
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

Term	Definition
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
Waste Diversion	waste diverted from the landfill through reduction, reuse, and recycling
Water Pollution Control Act (WPCA)	establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters

Glossary definitions pulled from GRI, CDP, EPA, Oxford Dictionary, EcoVadis, World Green Building Council, EnergyStar, and UCLA