



# COMFORT SYSTEMS USA<sup>®</sup>

## 2022 Sustainability Report



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# A Message from the CEO

2022 was an outstanding year for Comfort Systems USA; we outperformed not only financially but also in a variety of our sustainability pursuits. We achieved this success in a number of ways, including by empowering our employees to put safety first, increasing our transparency regarding sustainability goals and practices, providing innovative solutions to help our customers achieve their sustainability goals, taking actionable steps to promote diversity, equity, and inclusion ("DEI") in our business practices, and dedicating time and resources to promote workforce development.

Safe, reliable business practices are the anchor point of our business and sustain the hard-earned trust of our workforce, customers, suppliers, communities, and other stakeholders. I am proud that in 2022, Comfort Systems USA achieved our lowest enterprise-wide recordable incident rate in company history, an accomplishment attributable to every employee and contractor working at our sites.

In 2022, we continued our commitment to being honest and transparent with our stakeholders through expanded voluntary reporting on our sustainability efforts. Over the course of the year, we completed our first CDP submission, reported under the TCFD framework for the first time, and improved our EcoVadis score from a Bronze rating to a Silver rating. Further, we retained our status as a UN Global Compact signatory through our "Communication on Progress," demonstrating our commitment to the relevant principles governing areas like human rights, labor, environment, and anti-corruption.

We recognize that Comfort Systems USA plays an important role in assisting our customers with designing and building sustainable and safe solutions. We do not take that responsibility lightly and know that we are building a legacy for the future as we design, build, upgrade, and otherwise contribute to our customers' enduring assets of efficient business environments. Replacing an aging building's existing systems with modern, energy-efficient systems significantly reduces a building's energy consumption and carbon footprint while improving cost, air quality, and overall system effectiveness.

We believe that having a diverse and inclusive organization that mirrors the communities that we serve makes us a better company and helps us to provide the best solutions for our customers. In 2022, we further enhanced our enterprise-wide DEI program with a particular focus on recruitment, retention, and development. To that end, we expanded our training and development efforts for our entire workforce and created more opportunities for our operating locations to collaborate and share best practices.

At Comfort Systems USA, sustainability means improving the quality of life of our customers and employees and protecting our planet. In 2022, we experienced substantial growth in our sustainability strategy's impact and influence across the enterprise by continuing to support our people, our planet, and our partners. We are proud of the consistent progress we have achieved since initially defining our sustainability goals in 2020. I want to thank our team of over 14,000 employees for their hard work and dedication over the last year. We are firmly committed to continuing to build a world that is safe, comfortable, and sustainable.



*Brian E. Lane*

**BRIAN E. LANE**  
CEO, PRESIDENT & DIRECTOR



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. Our national footprint allows us to meet our customers' objectives to build and maintain safe, comfortable, and efficient facilities. The company is headquartered in Houston, Texas, and is comprised of over 14,000 employees across more than 43 operating companies in approximately 170 locations throughout the United States. Comfort is a publicly traded corporation (NYSE: FIX).

Companies turn to Comfort Systems USA for our unparalleled expertise in mechanical and electrical services, process piping, modular construction, controls, energy efficiency, and countless other nonresidential building renovation and service needs. We focus on a long-term approach by emphasizing safety and sustainability in everything we do. You can count on Comfort Systems USA to integrate planning, engineering, and implementation to provide you with a customized approach to all of your complex building needs.

## WE BUILD LEGACIES

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- For our **customers** by safely installing and maintaining their most critical building systems.
- For our **people** by providing the tools and paths for individual career achievement.
- For our **acquisitions** by preserving and advancing their life's work.

## OUR CORE VALUES

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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

Comfort Systems USA's executive leadership team members and Board of Directors are pleased to release our 2022 Sustainability Report. Our sustainability goals are embedded in how we operate as a business – they are part of our very foundation and core values of being safe, honest, respectful, collaborative, and innovative – and we have diligently sought to be transparent with our disclosures and sustainability commitments.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards and Sustainability Accounting Standard Board's ("SASB") standards for the Engineering and Construction Services industry for the period of January 1st, 2022, to December 31st, 2022. 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 2022 report describes our progress on our sustainability goals, improvement plans, and alignment to the United Nations Sustainable Development Goals ("UN SDGs") and their respective targets. For each material topic in this report, a boundary is defined, indicating how Comfort Systems USA impacts the material topics through our business operations. Additionally, each material topic contains a management approach, key performance indicators, current operations, and planned initiatives to best exemplify our sustainability efforts. For questions about this report, contact:

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At Comfort Systems USA, sustainability means improving the quality of life of our customers and employees and protecting our planet.

**Brian E. Lane,**  
*CEO, President & Director*



# 2022 In Review

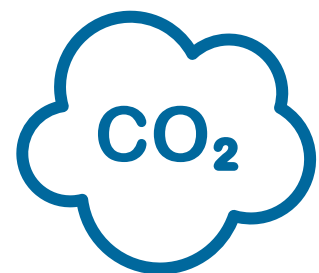


In 2022, we were ranked in Newsweek America's most responsible and trustworthy businesses based on our good business practices.



We improved our TRIR, dropping from 1.27 in 2021 to 1.01 in 2022

We had a 4% reduction in GHG emissions intensity



In 2022, we improved our EcoVadis Score, earning us a Silver level rating.

# Materiality

Comfort Systems USA conducted a materiality assessment in 2020 to identify our most significant impacts on the economy, environment, and society. This assessment included the analysis of employee engagement surveys, interviewing key decision makers within the organization, and industry research on our customers and suppliers. Stakeholders that were considered as part of our materiality process include employees, customers, suppliers, local communities, and senior leadership.

Our material topics were determined by ranking the impact (potential or actual) that Comfort Systems USA has on each impact area. The topics are paired with the UN Sustainable Development Goals to show the action behind our commitment. Because there have been no major changes to our business operations since 2020, we have maintained our material topics for this year's report.

*\*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") are seventeen 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 five highest-impact SDGs and have aligned each to material topics.

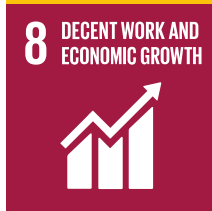
Throughout this report, the SDG icons will appear to denote where our areas of progress, commitments, and future goals are in alignment with an SDG. The corresponding targets for each goal are outlined by the Sustainable Development Goals, summarized throughout this report for all of our material topics.\*

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



## Energy

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



## Health and Safety



## Financial Health

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



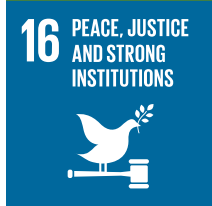
## Diversity, Equity, and Inclusion

Reduce inequality within our organization and the communities we impact



## Carbon Emissions

Take urgent action to combat climate change and its impacts



## Regulatory Compliance



## Ethics, Anti-Bribery, & Corruption



## Privacy and Data Security

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



# United Nations Global Compact

Comfort Systems USA is a proud participant of the UN Global Compact and supporter of its Ten Principles pertaining to the areas of human rights, labor, environment, and anti-corruption. We are committed to incorporating these Principles into our company policies, strategies, and culture of our company.

The Company recognizes that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (CoP). Comfort Systems USA supports public accountability and transparency and is committed to reporting annually on Company progress. This report serves as our CoP.



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. We strive to minimize our negative sustainability impacts through board oversight, regulatory compliance, ongoing improvement investments, and community group involvement.

Our Board of Directors provides high-level oversight of our sustainability performance through the Nominating, Governance, and Sustainability Committee. Our management-level sustainability committee reports to the Board of Directors on a bi-annual basis.

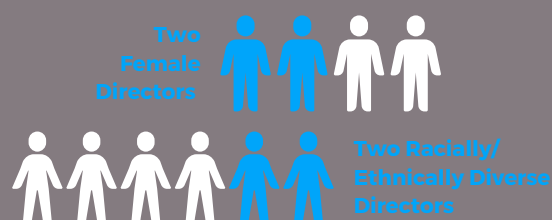
Using the material topics as a guide, our management team executes our business strategy to achieve a more sustainable future. Our governance practices hold us accountable and give us resources to manage Environmental, Social, and Governance ("ESG") matters at Comfort Systems USA.

## Governance Practices

- Executive compensation is directly linked to performance on safety and diversity and inclusion measures. For example, at least 10% of each executive officer's Individual Performance Incentive for 2022 was based on a diversity and inclusion component.
- The Compensation and Human Capital Committee of the Board of Directors provides oversight of the Company's compensation and human capital practices.
- The Nominating, Governance, and Sustainability Committee of the Board of Directors provides oversight of the Company's environmental and governance practices.
- The Audit Committee of the Board of Directors provides oversight of the Company's key risks, including ESG risks.
- The Sustainability Committee of the Company's senior leadership tracks and reports the progress of the Company's sustainability program and plan.

## 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.



# Sustainability Committee

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

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

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.

## Our sustainability mission:

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

## 2022 COMMITTEE INITIATIVES

- CDP and TCFD submissions
- Continued enhancement of Diversity, Equity, and Inclusion Programs
- Development and implementation of a Human Rights Policy
- Water risk analysis

## 2023 COMMITTEE GOALS

- Enhancement of our climate risk analysis and mitigation
- Corruption Risk Assessment
- Continued enhancement of Diversity, Equity, and Inclusion Programs including supplier diversity



# People



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



# People



Comfort Systems USA has one of the largest skilled workforces in the building construction industry. Our employees across our markets are the heart and soul of our company, and our ongoing success depends on attracting, retaining, and developing talented team members.

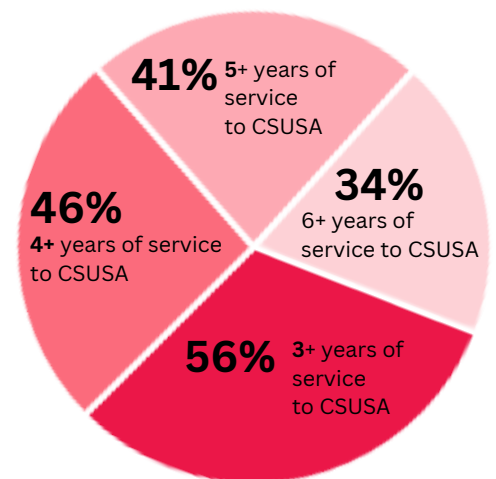
We know that our employees' health, safety, and continual growth is important not only for our own success but for the success of our customers, partners, and the community. Our commitment to our employees' health, safety, and continued education is supported by the following performance indicators:

**100%** of all operational sites have an employee health & safety risk assessment conducted

**74%** of all employees received career or skills related training in 2022

**\$1, 297, 156** In total charitable contributions for 2022

**6** Our employees average years of service



Employee Turnover Rates

2022

38%

2021

28%

2020

34%





## Worker Health and Safety

Ensuring worker safety is an integral part of everything we do. As part of this commitment, Comfort Systems USA continues to utilize the CAUSE mapping program across our operating locations. CAUSE Mapping is an investigative methodology used to identify the factors that led to an error, injury, rework, or employee complaint. The goal of this program and its analyses is to promote preventative measures and corrective actions.

In addition to our CAUSE Mapping program, we also implemented the "Think 5x5" initiative intended to increase worker awareness by encouraging employees to "Take 5 seconds and 5 steps back" to review their surroundings to ensure a safe environment. Furthermore, our employees receive comprehensive training and certification in OSHA 10-Hour Safety, while managers and supervisors receive OSHA 30-hour safety training.

In 2022, CSUSA realized improvements across each of our safety KPIs. This was a result of the success of our health and safety systems, processes, and programs, as well as an enhanced focus from our leadership team. Our Lost Workday Case Incident Rate ("LWDIR"), Days Away, Restricted, or Transferred ("DART"), and Total Recordable Incident Rate ("TRIR") all improved in 2022, and we had 0 work-related illnesses.

	2022	2021	2020
<b>Lost Workday Case Incidence Rate (LWDIR)</b>	0.21	0.40	0.27
<b>Days Away, Restricted, or Transferred (DART)</b>	0.50	0.81	0.71
<b>Total Recordable Incident Rate (TRIR)</b>	1.01	1.27	1.36

We are very proud of our accomplishments regarding our improved health and safety metrics but recognize that even one incident is too many. We strive to continue this improvement moving forward until we reach zero annual incidents.

As part of our commitment to employee health and well-being, Comfort Systems USA offers all employees and family members in their household access to 24/7 support for confidential emotional support, work-life solutions, legal guidance, and financial resources. This is provided through a third-party hotline and online support and resources.

8 DECENT WORK AND ECONOMIC GROWTH



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

# Operating Company Highlight



In 2022, Comfort Systems USA achieved its lowest enterprise-wide recordable incident rate in company history, an accomplishment directly attributable to every employee and contractor working at our sites. Without the constant and ongoing commitment to safety from all operating companies, we would not have been able to achieve this level of success. As an example, T E C Industrial ("T E C"), one of our operating companies, has integrated safety into its process through its uncompromising commitment to the safety of its teammates, subcontractors, customers, and the communities where they live and operate.



T E C understands that the well-being of its workers is the most important factor to be considered before undertaking any job. Additionally, all teammates are empowered with the authority to discontinue any task in which the inherent risk is not controlled to an acceptable level. It is T E C's philosophy that no job is more important than the teammate completing it.

Safety at T E C is beyond the goal of having zero incidents or injuries, it is the outpouring effect that comes from truly caring for the people around us every day. It extends to and affects the lives of ourselves, our co-workers, our clients, our families, our community, and everyone that we encounter. At T E C, safety is the "Core" of caring for those closest to us.

# Comfort Academy

To ensure our long-term competitiveness, Comfort Systems has developed and offers the "Comfort Academy," an industry-leading training program. We have built the Comfort Academy with the intention of helping employees improve their knowledge base, set goals, and grow their careers. The goal of Comfort Academy is to give each employee the opportunity to reach the full potential of their diverse abilities and to create viable learning paths in recognition of employee aspirations and our business needs. Each individual is responsible for their career development, and each manager plays a unique role in the development of our talent pipeline. Comfort Academy hosts a variety of classes covering safety, service sales, service operations, compliance, construction, and leadership. Each course also varies in duration ranging from one day to multiple months. Every year we have been reviewing our course offerings and expanding the opportunities that employees have. Since 2020, we have seen growth in the number of classes offered, class size, total participants, and executive leadership participants.

Comfort Systems USA's Academies help us refine and improve our talented workforce. At Comfort, individuals are given opportunities to grow and are inspired to strive to their greatest potential. Our skilled workforce helps the Company solve problems with innovative ideas that improve our products, services, and processes. A career at Comfort Systems USA means being part of a team that works safely and provides an unparalleled customer experience every day. It means learning and growing and always striving for excellence.

	2022	2021	2020
Classes Offered	72	35	21
Class Size	40 average	30 average	25 max
Total Participants	1,574	1,111	310
Executive Leadership Participants	46	28	23





# Diversity, Equity, and Inclusion

We are an equal-opportunity employer, and we welcome and celebrate our teams' differences, experiences, and beliefs. As outlined in our Labor and Human Rights Policy and Employee Code of Conduct, all employees are expected to maintain a diverse and inclusive environment and to treat each other with dignity and respect. We know that diversity is a competitive advantage that helps drive growth and innovation, and we have increasingly focused on diversity and inclusion programs across our Company. Our leadership team has outlined near-term actions to accelerate progress in outreach, representation, development, and advancement of underrepresented groups. As part of this program, Comfort Systems USA began to offer live diversity, equity, and inclusion training to specific portions of our employee base. Comfort Systems USA is actively working on improving our data collection addressing employee demographics to include more detailed reporting about our employee base in future reports.

The Nominating, Governance, and Sustainability Committee's diversity policy values diversity in its broadest sense, reflecting, but not limited to, an individual's gender, ethnicity, race, age, disability, gender identity or expression, military veteran status, national origin, religion, sexual orientation, skills, and other backgrounds and experiences, and endeavors to include candidates who are diverse in the qualified pool from which Board candidates are chosen. The committee is committed to actively seeking out, and pursuant to the Company's Governance Standards will instruct any search firm it engages to identify, individuals who will contribute to the diversity of the Board to be included in the pool of candidates from which nominees to the Board are selected.

## Employee Generational Demographics

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

## Board of Directors Demographics

- Female: 20%
- Racially or Ethnically Diverse: 20%

## Executive Officers Demographics

- Female: 33%
- Racially or Ethnically Diverse: 17%



**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

# Supplier Diversity Program

Supplier diversity continues to be a focus area for Comfort Systems USA. This program is run by our procurement teams and the Sustainability Committee. The goal of our supplier diversity program is to promote the inclusion of diverse businesses in our supply chain, including small businesses, disability-owned, women-owned, LGBTQ-owned, minority-owned, or veteran-owned businesses, or businesses located in a HUBZone. In 2022, 59% of our suppliers were classified as diverse suppliers. Our guidelines and implementation plan for this program are outlined in our [Supplier Diversity Policy](#).

We continue to advance our supplier diversity goals by:

- Identifying, actively seeking, and continuously working on expanding 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

## Diverse Supplier Mentor Program

As part of our supplier diversity program, one of Comfort Systems USA's operating companies, ColonialWebb Contractors Company ("ColonialWebb"), in Richmond, Virginia, began participating in the Metropolitan Business League ("MBL") Construction Mentor Build Up Program. The program is intended to build capacity for small to medium size construction companies that are members of the MBL by achieving three goals – increase income, become bankable, and increase the workforce. As a mentor company, ColonialWebb provides monthly interactions with their mentees to serve as a guide and subject matter expert in areas such as review of business structures, licensing and certifications, and business plan developments.



In collaboration with the MBL Construction Mentor Build-Up Program, ColonialWebb is working with and mentoring the owner of **Royal Flush Plumbing ("RFP")** in Richmond, Virginia.

Our mentorship of RFP has provided the small business with access to our leadership team to ask questions pertaining to business development and industry knowledge. ColonialWebb is proud to partner with RFP as they continue to grow within the plumbing industry.

# Operating Company Highlights

In 2022, **TAS Energy Inc.** implemented multiple DEI programs and initiatives, driving equity into our communities, schools, and within our company. To further enhance our DEI programming, TAS created a new role, an HR Generalist who is tasked with increasing employees' access to training, employee inclusivity, and employee engagement. Since the addition of this new role, TAS Energy has added training opportunities and implemented a hybrid work policy. These initiatives are targeted to improve our employee retention and help increase employee diversity.



Supporting our community is a critical role that Comfort Systems USA holds in the areas where we do business. As a Houston, Texas, headquartered Company, we take great pride in being a beneficial part of the unique community there.

Food insecurity has become a defining local issue. In 2018, Feeding America reported that Harris County ranked worst in the United States for children living with food insecurity among highly populated counties in the country. To help combat the issue of food insecurity in our county, Comfort Systems corporate employees partnered with Kids Meals Inc., an organization that is dedicated to fighting food insecurity in our community by organizing volunteers to prepare thousands of healthy lunches consisting of a sandwich, nutritious snack, fruit item, and 100% juice or milk for children in the Houston area. Our volunteers aided Kids Meals Inc.'s mission by sorting incoming donations and preparing and packing lunches to be delivered to the doorsteps of Houston's most at risk preschool-aged children.



# Partners



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



# Partners



We understand that our partners are a reflection of our Company. We consider our business partners as an extension of Comfort Systems USA. We collaborate with our partners through mutual efforts to identify leading business practices and sustainable solutions in our industry.



In alignment with our 2022 goal and in an effort to continue being a strong partner and promoting transparency, we submitted to EcoVadis for a second year. This year we improved our score, moving us from a bronze medal to a silver medal.

Our 2022 submission showed improvements in three of the four focus topics: Environment, Labor and Human Rights, and Ethics.

Our strengths were highlighted in areas such as the creation of our Labor and Human Rights Policy, measures to reuse or recycle our waste, and our employee compensation and benefits program.

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. 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.

**100%** of our operational sites have completed an internal audit/risk assessment concerning business ethics issues in 2022

**63%** of employees have had the anti-corruption policies and procedures communicated to them in 2022

**0** Confirmed incidents of corruption in 2022

**0** Incidents on non-compliance with environmental permits, standards, and regulations in 2022



## Regulatory Compliance

Comfort Systems USA is committed to compliance with all laws, rules, and regulations that apply to our business. All employees must comply with the standards and principles outlined in the Code of Conduct, including topics related to conflict of interest, insider trading, confidentiality, and human rights. The Compliance and Ethics Department manages this material topic and reports to the Audit Committee of our Board of Directors. In the case of non-compliance incidents, these two governance bodies take enforcement action, including investigating the alleged incident, root cause analysis, and corrective actions.



## Ethics, Anti-Bribery, and Corruption

The use of bribes, kickbacks, and facilitation payments is strictly prohibited at Comfort Systems USA. To educate employees on our Company policies, we conduct training on anti-bribery, anti-corruption, and conflict of interest issues, as well as whistleblower protection provisions for employees at all levels of the organization.

We recognize the importance of due diligence and carefully monitor third parties acting on our behalf. We screen all third parties, including suppliers, consultants, and vendors who work on our Company's behalf. Third parties are required to operate in strict compliance with our standards and to maintain accurate records of all transactions. Additionally, to ensure that our suppliers share our quality standards and commitment to ethics and integrity, we have implemented a Supplier Code of Conduct. The Supplier Code of Conduct includes Environmental, Social, and Governance components. Through our Supplier Code of Conduct, we are able to communicate our expectations around the prevention of financial crimes.

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.



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

**Target 16.5:** Substantially reduce corruption and bribery in all their forms

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



## Privacy and Data Security

The Board considers information technology and data security risk, specifically cybersecurity risk, an important area of focus. The Company's Vice President of Information Security ("VPIS") works and reports separately from the Information Technology department, an arrangement that allows the VPIS to advise the Company most effectively on cybersecurity and related risks and report directly to our executive management team. The Board oversees information technology, data security, and cybersecurity risk management through regular reports and presentations from the VPIS and other management members. The Chair of the Nominating, Governance, and Sustainability Committee serves as the Board Liaison for Cybersecurity and has completed extensive training on cybersecurity risk mitigation.

**0** reportable information security incidents

**0** substantiated complaints received concerning breaches of customer privacy



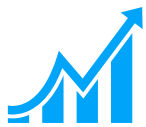
Our management team utilizes sophisticated information technology systems, networks, and infrastructure in our day-to-day operations to protect sensitive company and customer information. We collect and retain information about our partners with the expectation that we will adequately protect such information. Information technology system failures, including suppliers' or vendors' system failures, could disrupt our operations. Therefore, we take significant precautions to protect this information.



**Target 16.5:** Substantially reduce corruption and bribery in all their forms

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





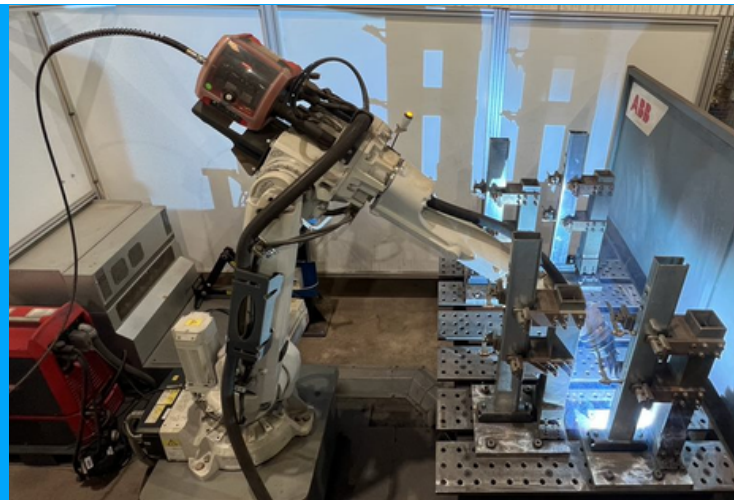
## Financial Health

Comfort Systems USA plays a notable role in the economy across the United States. Our financial health is paramount in our ability to offer fair and decent employment and provide quality services and systems to our customers. We strive to be the best partner possible for our employees and our customers. To maintain and improve our services, we utilize customer satisfaction programs to gain insight into our customers' thoughts and opinions related to Comfort Systems USA. We use this insight to make meaningful improvements in our business and business relationships.

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.

## Operating Company Highlight

One of our operating companies, TAS Energy Inc. completed the installation of a robotic welder in August 2022. The new robotic welder increases productivity, increases capacity, saves energy, and improves safety quality and consistency.



Capital investments like these help better our capacity and overall capabilities to consistently drive value for our customers. As a result of this innovation, we have increased daily throughput by more than 400% in a single cell by automating or eliminating superfluous steps in the process. By adding the robotic cells, we were able to free up 80% of space previously occupied by five manual welding stations – greatly reducing our physical footprint and allowing us to deploy our employee population more effectively to mitigate labor scarcity.

8 DECENT WORK AND ECONOMIC GROWTH



**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.



# Innovation at E-Solutions

Our operating company E Solutions LLC, an MEP Holding Co., Inc. subsidiary ("E-Solutions"), is consistently dedicated to meeting and exceeding the needs of customers who request a "greener" approach to their building standards. Comprised of seasoned automation and HVAC industry veterans, E-solutions specializes in installing and integrating many kinds of industrial systems to provide highly capable, cost-efficient, and easy-to-use controls for our customers.

E-Solutions is a leading innovator in many respects, including through its creation of modular pharmaceutical and nuclear medical clean rooms and hot cells. The pharmaceutical clean rooms are customized to meet customer needs and ISO standard specifications. The clean rooms include energy-efficient variable speed designs, glass siding, ceiling-mounted HEPA fan filter units, and an endless list of options to meet specific needs. The nuclear medical clean rooms are designed specifically for Radiation Safety and long-term management of production. Within the clean room systems, E-solutions can set up systems for hot cells, and large equipment can be moved in and out of the cleanroom by simply removing wall panels that bolt together.





# 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 minimizing our environmental impact by utilizing sustainable business practices. With the oversight of our Board of Directors through the Nominating, Governance, and Sustainability Committee, our management team tracks and manages environmental key performance indicators and our environmental programming. Our progress and new initiatives are communicated to our Board of Directors at least twice per year. Our focus is to maintain the overall health and well-being of our employees, customers, and the public. To achieve this goal, we invest in new technologies that are more efficient and sustainable and support our customers in meeting their environmental goals. Furthermore, we are developing innovative techniques in prefabrication, project design and planning, and coordination and production methods to better achieve reliable and energy-efficient construction outcomes that reduce unnecessary waste.

Our two largest environmental impact areas are energy consumption and GHG emissions. Comfort Systems USA plays an important role in our society in the ability to improve the efficiency of our buildings and reduce the GHG emissions released into our environment. Our impact spans across our business operations, supply chain, and customers' facilities. In addition to energy and GHG emissions, Comfort also tracks and manages our impacts related to waste and water.



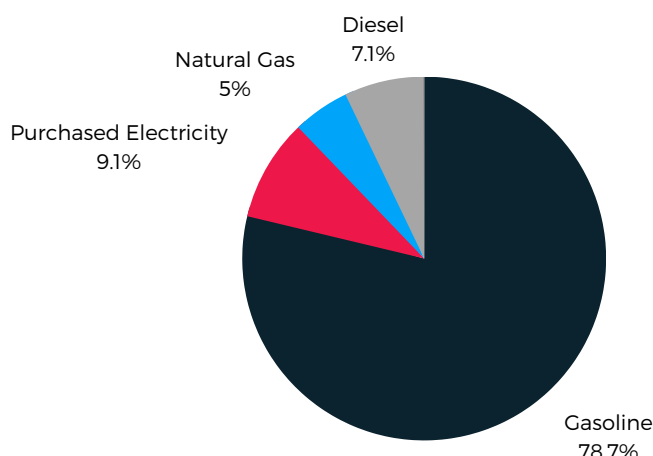
# Energy

Energy use is an integral facet of Comfort System USA's sustainability program. It is directly managed by our management-level sustainability committee and is overseen by the Board's Nominating, Governance, and Sustainability Committee. Comfort Systems USA's practices and responsibilities are outlined in our [Environmental Policy](#). This policy is accessible to all stakeholders and establishes guiding principles for our management team.

Energy use considerations include our direct operations, supply chain, and customers' operations. Within our operation, energy is consumed for the transportation of our fleet, electricity usage within our facilities, and natural gas consumption to heat our facilities. Outside of our business operations, our impact lies within our supply chain and our customers' facilities. Our services are influential in the improved energy efficiency of our customers' building systems. 100% of purchased electricity is from the grid.

Compared to 2021, Comfort Systems USA experienced an 11% increase in our gross energy consumption across our facilities. Despite this increase, our operations were able to utilize energy more efficiently, resulting in an 18% decrease in energy intensity. This decrease can, at least in part, be attributed to LED lighting projects and conducting energy verification reports.

2022 Energy Usage by Source



	2022	2021
Total energy consumption within the organization from non-renewable sources (GJ)	1,367,227	1,237,078
Total fuel usage from vehicle fleet (Gallons)	9,117,495	8,679,685
Energy Intensity (GJ/\$ million revenue)	330.33	403.26



**Target 7.3:** Double the global rate of improvement in energy efficiency



# Operating Company Highlights

In June 2022, Amteck, LLC ("Amteck"), a Comfort Systems USA operating company, installed an electric vehicle charging station at its Lexington, Kentucky, office for its employees to use for free up to eight hours a day. Some of our employees who live in proximity to the office and utilize the charging station are driving to work at minimal cost to the environment due to the new station.

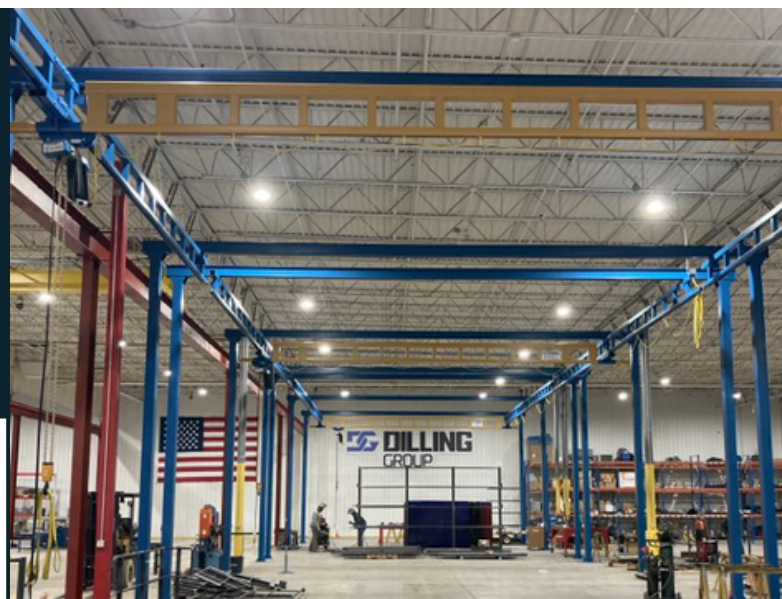
This new addition is not only open to employees, but community members may also use the charging station at a low price to offset the cost of electricity and reduce their environmental impact.

Since its installation in June 2022, utilizing the charger has avoided a total of 994 kg CO<sub>2</sub>e of GHG emissions. That's equivalent to planting 25 trees and supporting their growth for 10 years.

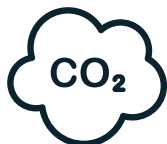
As a new service offering, Amteck has commenced installing EV charging stations for its clients. In 2022, Amteck installed 300 charging stations at one customer's facility.



Dilling Group Inc., a Comfort Systems USA operating company, replaced its aging lighting systems with up to date LED light systems within its facilities. The LED lights reduce their energy consumption in addition to providing cost savings and improved lighting within the facilities.







## GHG Emissions

Comfort Systems USA plays an important role in the GHG emissions of our society. We support our customers in their GHG reduction efforts and strive to reduce our impact wherever possible, primarily by operating more efficiently. In 2022, our Scope 1 GHG emissions were 180,734 MT CO<sub>2</sub>e, and our Scope 2 emissions were 14,480 MT CO<sub>2</sub>e. This represents a 30% increase in Scope 1 and 2 emissions compared to our 2021 baseline. All active operating companies within our operational control were considered as part of our calculations. Purchased electricity, natural gas consumption, transportation fuel, and refrigerants are the primary sources of GHG emissions and were all included as part of our 2022 GHG inventory. Our two largest sources of emissions were transportation fuel and refrigerant losses. Methods laid out within the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard were used to quantify emissions.

Despite an increase in our absolute Scope 1 and Scope 2 emissions, Comfort Systems USA realized a GHG intensity reduction of 4% due to operational efficiencies.

Comfort Systems USA is committed to continuing to monitor and reduce our environmental impact, including our impact related to GHG emissions.

Greenhouse Gas Emissions*	2022	2021
Scope 1	180,734 MT CO <sub>2</sub> e	137,322 MT CO <sub>2</sub> e
Scope 2	14,480 MT CO <sub>2</sub> e	13,226 MT CO <sub>2</sub> e
Emissions Intensity (MT CO <sub>2</sub> e/\$ million revenue)	47.15	48.98

*\*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 2022 were not included in this year's inventory due to a lack of sufficient data, but will be included in future greenhouse gas inventories. 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.*



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

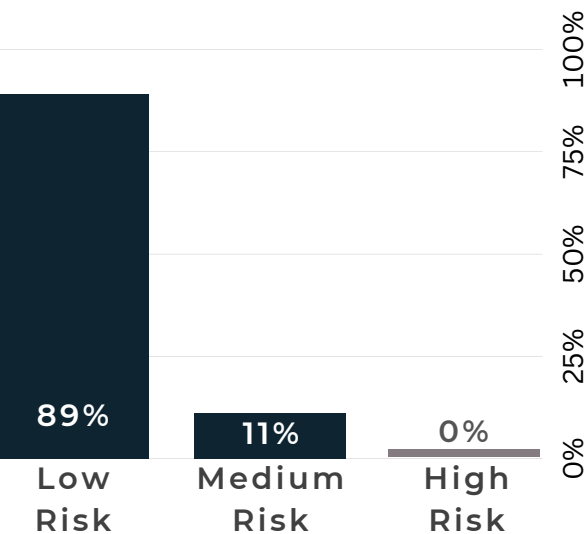
# Water Risk Analysis

Utilizing the WRI Water Risk Atlas and the WWF Water Risk Filter, Comfort Systems USA conducted a water risk analysis to determine the potential risks for each of our facilities. The risk categories evaluated included physical risks, regulatory risks, and reputational risks. These risks were then analyzed considering the watershed basin risks from the location of the facility, and the operational risks from the activities conducted and water use at each facility

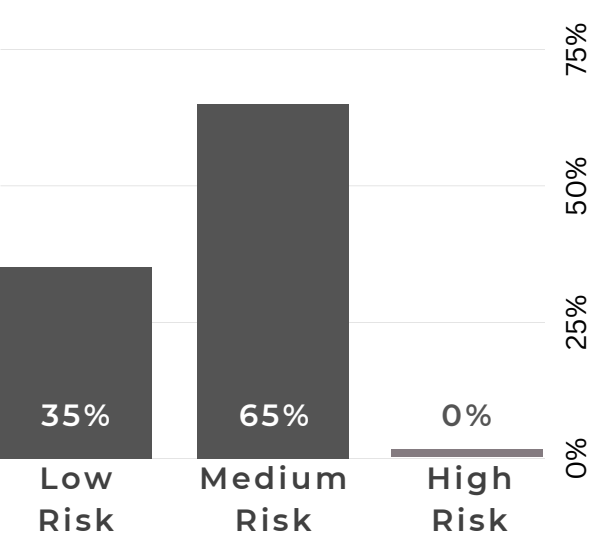
The visuals displayed below show the results of this analysis. It was determined that 89% of facilities have low operational risk levels, 11% have medium operational risk levels, and 0% are considered high operational risk.

When isolating the analysis for only water basin risk, 35% of facilities were low risk, 65% medium risk, and 0% were determined to be high risk. The results of this analysis will better help us determine which facilities to prioritize for future water analysis and initiatives.

Percent of facilities within each operational risk level



Percent of facilities within each overall water basin risk level



Waste and Water*		2022	2021
Total weight of waste to landfill		8,124 MT	10,162 MT
Total volume of water withdrawn		154 ML	120 ML

Water use, energy use, and waste generation estimates for facilities with no data were calculated using the average annual use/generation per square foot of facility area of all Comfort facilities for which 2022 data was available. 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 2022. In addition, 2021 water, waste, and energy estimates were updated to be more accurate given the subsequent provision of more data across Comfort facilities within the past two years.



# Appendix





# GRI Index

Comfort Systems USA, Inc. has reported in accordance with the GRI Standards for the period 1/1/2022 to 12/31/2022.

## GRI 2: General Disclosures

2-1	Organizational details: Legal Name	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-1	Organizational details: Nature of ownership and legal form	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-1	Organizational details: Headquarters location	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-1	Organizational details: Countries of operation	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-2	Entities included in the organization's sustainability reporting	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-3	Reporting period, frequency and contact point	<a href="#">2022 Sustainability Report, Pg: 03</a>
2-4	Restatements of information	Due to improved data collection, we restated our Scope 1 GHG emissions for 2021. from 114,458 MT CO <sub>2</sub> e to 137,322 MT CO <sub>2</sub> e.
2-5	External assurance	We currently do not seek external assurance for our report.
2-6	Activities, value chain and other business relationships	<a href="#">2022 Sustainability Report, Pg: 02</a>
2-7	Employees	CSUSA internally tracks this information in order to ensure that their staff is adequately supported and we are meeting legal requirements, however, due to the nature of our business we do not publish this information publicly.
2-8	Workers who are not employees	This disclosure is not applicable to our operations.

## GRI 2: General Disclosures

2-9	Governance structure and composition	<a href="#"><u>2022 Sustainability Report, Pg: 08</u></a> <a href="#"><u>2023 Proxy Statement, Pg: 25</u></a>
2-10	Nomination and selection of the highest governance body	<a href="#"><u>2023 Proxy Statement, Pg: 16</u></a>
2-11	Chair of the highest governance body	<a href="#"><u>2022 Sustainability Report, Pg: 08</u></a>
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#"><u>2022 Sustainability Report, Pg: 08-09</u></a>
2-13	Delegation of responsibility for managing impacts	<a href="#"><u>2022 Sustainability Report, Pg: 08-09</u></a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#"><u>2022 Sustainability Report, Pg: 05</u></a>
2-15	Conflicts of interest	<a href="#"><u>Code of Conduct, Pg: 18-21</u></a>
2-16	Communication of critical concerns	<a href="#"><u>2022 Sustainability Report, Pg: 20</u></a>
2-17	Collective knowledge of the highest governance body	<a href="#"><u>2023 Proxy Statement, Pg: 21</u></a>
2-18	Evaluation of the performance of the highest governance body	<a href="#"><u>2023 Proxy Statement, Pg: 27</u></a>
2-19	Remuneration policies	<a href="#"><u>2023 Proxy Statement, Pgs: 36-50</u></a>
2-20	Process to determine remuneration	<a href="#"><u>2023 Proxy Statement, Pgs: 36-50</u></a>
2-21	Annual total compensation ratio	<a href="#"><u>2023 Proxy Statement, Pg: 63</u></a>

## GRI 2: General Disclosures

2-22	Statement on sustainable development strategy	<a href="#">2022 Sustainability Report, Pg: 01</a>
2-23	Policy commitments	<a href="#">2022 Sustainability Report, Pg: 20, 41-42</a>
2-24	Embedding policy commitments	<a href="#">2022 Sustainability Report, Pg: 20</a>
2-25	Processes to remediate negative impacts	<a href="#">2022 Sustainability Report, Pg: 20</a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">2022 Sustainability Report, Pg: 12, 20</a>
2-27	Compliance with laws and regulations	<a href="#">2022 Sustainability Report, Pg: 20</a>
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	<a href="#">2022 Sustainability Report, Pg: 05</a>
2-30	Collective bargaining agreements	<a href="#">2022 Annual Report, Pg: 07</a>

## GRI 3: Material Topics

3-1	Process to determine material topics	<a href="#">2022 Sustainability Report, Pg: 05</a>
3-2	List of material topics	<a href="#">2022 Sustainability Report, Pg: 05</a>



## GRI 201: Economic Performance

3-3	Management of material topics	<a href="#"><u>2022 Sustainability Report, Pg: 05</u></a>
201-1	Direct economic value generated and distributed	<a href="#"><u>2022 Annual Report, Pg: 45-48</u></a>
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#"><u>2022 Annual Report, Pg: 45-48</u></a>
201-3	Defined benefit plan obligations and other retirement plans	<a href="#"><u>2022 Annual Report, Pg: 45-48</u></a>
201-4	Financial assistance received from government	<a href="#"><u>2022 Annual Report, Pg: 45-48</u></a>

## GRI 205: Anti-Corruption

3-3	Management of material topics	<a href="#"><u>2022 Sustainability Report, Pg: 20</u></a>
205-1	Operations assessed for risks related to corruption	<a href="#"><u>2022 Sustainability Report, Pg: 19</u></a>
205-2	Communication and training about anti-corruption policies and procedures	<a href="#"><u>2022 Sustainability Report, Pg: 20</u></a>
205-3	Confirmed incidents of corruption and actions taken	<a href="#"><u>2022 Sustainability Report, Pg: 19</u></a>

## GRI 302: Energy

3-3	Management of material topics	<a href="#"><u>2022 Sustainability Report, Pg: 25-26</u></a>
302-1	Energy consumption within the organization	<a href="#"><u>2022 Sustainability Report, Pg: 26</u></a>

## GRI 302: Energy

302-2	Energy consumption outside of the organization	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.
302-3	Energy intensity	<a href="#">2022 Sustainability Report, Pg: 26</a>
302-4	Reduction of energy consumption	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.
302-5	Reductions in energy requirements of products and services	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.

## GRI 305: Emissions

3-3	Management of material topics	<a href="#">2022 Sustainability Report, Pg: 25-26, 28</a>
305-1	Direct (Scope 1) GHG emissions	<a href="#">2022 Sustainability Report, Pg: 28</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">2022 Sustainability Report, Pg: 28</a>
305-3	Other indirect (Scope 3) GHG emissions	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.
305-4	GHG emissions intensity	<a href="#">2022 Sustainability Report, Pg: 28</a>
305-5	Reduction of GHG emissions	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.
305-6	Emissions of ozone-depleting substances (ODS)	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.

## GRI 305: Emissions

305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.
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## GRI 403: Health and Safety

3-3	Management of material topics	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-1	Occupational health and safety management system	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-3	Occupational health services	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-5	Worker training on occupational health and safety	<a href="#"><u>2022 Sustainability Report, Pg: 12, 14</u></a>
403-6	Promotion of worker health	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#"><u>2022 Sustainability Report, Pg: 12</u></a>
403-8	Workers covered by an occupational health and safety management system	This disclosure is not applicable to Comfort Systems USA.



## GRI 403: Health and Safety

403-9	Work-related injuries	<a href="#">2022 Sustainability Report, Pg: 12</a>
403-10	Work-related ill health	<a href="#">2022 Sustainability Report, Pg: 12</a>

## GRI 405: Diversity and Equal Opportunity

3-3	Management of material topics	<a href="#">2022 Sustainability Report, Pg: 15</a>
405-1	Diversity of governance bodies and employees	While the Company lacks reliable data on a broader scale, the Company collects reliable data on its governing bodies, specifically, its board members and executive officers. <a href="#">Sustainability Report, Pg: 15.</a>
405-2	Ratio of basic salary and remuneration of women to men	CSUSA 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	<a href="#">2022 Sustainability Report, Pg: 15</a>
406-1	Incidents of discrimination and corrective actions taken	We currently do not track this information, however, we are looking into possibilities to track and report on this in the future.

## GRI 418: Customer Privacy

3-3	Management of material topics	<a href="#">2022 Sustainability Report, Pg: 21</a>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">2022 Sustainability Report, Pg: 21</a>

# SASB Index

Topic	Accounting Metric	Category	Code	2022 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 of 1.01 TRIR and no workplace fatalities.

Topic	Accounting Metric	Category	Code	2022 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	Comfort Systems USA has contributed to 22 LEED certified projects in 2022.
	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	2022 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	<p>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 <a href="https://investors.comfortsystemsusa.com">https://investors.comfortsystemsusa.com</a>.</p> <p>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.</p>

General Accounting Metric Disclosures	Unit of Measure	Category	2022 Response
Number of active projects	Quantitative	IF EN 000.A	10,636
Number of commissioned projects	Quantitative	IF EN 000.B	12,391
Total backlog	Quantitative	IF EN 000.C	4.064 billion

# TCFD Index

Disclosure	2022 Response
Describe the board's oversight of climate-related risks and opportunities.	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.
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>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>
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>Our Risk Management Team, through our Enterprise Risk Management Process, has identified the following climate-related risks and opportunities. We expect to see transition risks occurring over the short- and medium-term given the immediate action required to create a low-carbon economy, and we expect to see physical risks occurring over the medium- and long term given the pace at which the climate is shifting and the related impacts on identified weather-related events. The associated risks have been incorporated into our overall risk mitigation process:</p> <p><b>Transition Risk</b></p> <p>Society's focus on transitioning to a low-carbon economy provides us with risks and opportunities. The risks involved in this transition include keeping pace with changing customer expectations and behaviors and evolving technologies. We as a company must ensure that our construction and service offerings meet the needs of our clients' sustainability initiatives.</p> <p>Additionally, changing legislation and nationwide protocols and regulations 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>

Disclosure	2022 Response
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p><b>Physical Risk</b> The increased likelihood of extreme weather may increase our insurance-related costs and impact our business operations.</p> <p>Acute physical risks (i.e., winter storms, droughts, wildfires, floods, etc.) and chronic physical risks (i.e., sea level rise, changing precipitation, water stress, etc.) are becoming more likely as a result of a changing climate. These changing conditions could limit the availability of resources, increase our associated costs, and cause projects to be delayed or canceled. Through our climate analysis, we assessed all of our operating locations throughout the United States. We found that most of our locations are not facing a large threat when it comes to physical risks. However, some locations are subject to risks that are likely to worsen as temperatures increase.</p> <p><b>Opportunities: Market Growth</b> The increasing importance of improving energy efficiency and reducing carbon emissions may provide Comfort Systems with access to new markets or a larger market share in existing markets.</p>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>Climate change may create operational and financial challenges for our business. Physical risks associated with climate change could limit the availability of resources, which could increase the costs of our projects or may cause projects to be delayed or canceled, resulting in financial losses for Comfort. Legislation and changing regulations 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 has an opportunity to continue to improve our construction and service offerings to meet and support our clients and our own sustainability initiatives and targets. Comfort 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 on continuing 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>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Comfort is currently working with a third-party consultancy to define different climate scenarios, ranging across various warming projections including a well-below 2 degree and business as usual, to help us further understand what our risks and opportunities are. We will be using these scenarios to assess both transition and physical risks to help inform our strategy for both our current operations as well as our future operations.



Disclosure	2022 Response
Describe the organization's processes for identifying and assessing climate-related risks.	<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.</p> <p>Comfort is currently working with a third-party consultancy to define different climate scenarios, ranging across various warming projections, including a well-below 2 degree and business as usual, to help us further understand what our risks and opportunities are. We will be using these scenarios to assess both transition and physical risks to help inform our strategy for both our current operations as well as our future operations.</p>
Describe the organization's processes for managing climate-related risks.	For each identified risk, a risk manager and owner is identified to manage the day-to-day risk monitoring, mitigation, and trend analysis.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	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 provide oversight of 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 and a transition to 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.	<p>Scope 1: 180,734 MT CO<sub>2</sub>e</p> <p>Scope 2: 14,480 MT CO<sub>2</sub>e</p> <p>Scope 3: CSUSA conducted a scope 1 and 2 GHG inventory for 2022. 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>
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Number of Energy Efficiency Projects: 5,838
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Using 2021 data as our baseline year, CSUSA will evaluate appropriate target setting activities for future reporting. 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.

# 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.
CAUSE Mapping	The process of discovering the root causes of problems in order to identify appropriate solutions.
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 (CO <sub>2</sub> ) Equivalent (CO <sub>2</sub> e)	Measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP); note: the CO <sub>2</sub> 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

Term	Definition
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
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
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



Term	Definition
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
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
Waste Diversion	Waste diverted from the landfill through reduction, reuse, and recycling
WRI Water Risk Atlas	A publicly-available online global database of local-level water risk indicators and a global standard for measuring and reporting geographic water risk
WWF Water Risk Filter	A leading, online tool aimed to help companies and investors assess and respond to water-related risks across their operations, value chain and investments