



# Sustainability Report *Supplement*

FISCAL YEAR 2020

## Letter From Our CEO

**In a year in which we all faced unprecedented challenges, EMCOR managed to deliver strong performance for its customers and shareholders in 2020. Our *Mission First, People Always* values guided us as we sought to keep our employees safe, serve our customers, and adapt to a new reality.**

In most geographies, our services were deemed essential, and our employees continued to operate through the pandemic – sometimes under challenging circumstances. Our primary focus, as always, was to seek to keep our employees safe in this new work environment through a comprehensive range of policies and initiatives, including the issuance of updated safety guidelines, new and updated training programs, and the provision of personal protective equipment.

Through our indoor air quality (IAQ) services, we also helped our customers keep their own employees, tenants, and customers safe. Innovative solutions such as UV-C technology and ionization air purification have become essential to building systems, not only helping to keep occupants safe, but also improving mechanical efficiency.

In addition to IAQ services, we continued to help our customers reduce their own carbon footprint through services such as lighting retrofits, mechanical and electrical solutions that minimize energy consumption, and the construction of cogeneration power plants, fuel cell facilities, and solar and wind projects – all essential tools in the global response to climate change.

We are very proud of our performance during these difficult times and are grateful to our employees for their dedication and commitment to EMCOR and its customers. We could not have done it without them.

We believe, as we hope our Sustainability Report demonstrates, that we have built a company that people want to work for, and that our customers are proud to partner with.

As we move forward into a future that is very different from the one that we anticipated at the start of 2020, we view our services as an even more essential part of that future.



**Anthony J. Guzzi**

*Key metrics for company sustainability, safety, compliance, and governance encompass several critical performance ratings.*

ISS Corporate Governance Score

1

CNA

4x

Safety Award Recipient for Safety Innovation

EcoVadis Sustainability Rating

silver recognition\*

1.20  
2020 Safety

TRIR

AA

MSCI ESG Rating

Fortune 500 Company

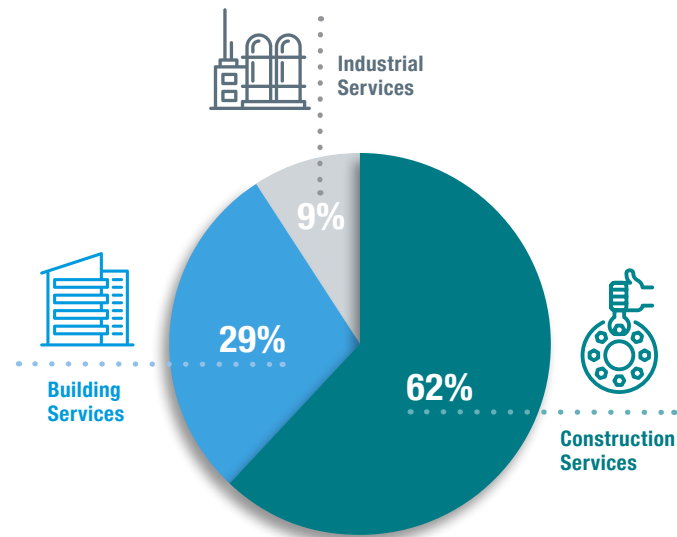
20

Consecutive Years

\*Top 30% of all evaluated companies.

## Operating Results Summary

In 2020, we had revenues of approximately \$8.8 billion, of which approximately 62% were generated from our construction operations, approximately 29% were generated from our building services operations, and approximately 9% were generated from our industrial services operations. Our revenues are derived from many different customers in numerous industries, which have operations in several geographic areas. Of our 2020 revenues, approximately 95% were generated in the United States and approximately 5% were generated outside the United States, substantially all in the United Kingdom.



## Corporate Governance

We have a long history of good corporate governance practices that has greatly aided our long-term success. Our Board of Directors and our management have recognized for many years the need for sound corporate governance practices in fulfilling their respective duties and responsibilities to our stockholders. Our Board and management have taken numerous steps to enhance our policies and procedures to comply with the corporate governance listing standards of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission, and to respond to the needs and interests of our stockholders.

### EMCOR CORPORATE GOVERNANCE

Our history of good corporate governance practices has supported our long-term success

Board/Committee Independence	Board Practices	Stock Ownership/ Compensation	Accountability
Independent Lead Director with specified duties and responsibilities	Annual Board assessments and succession planning	Stock ownership guidelines for Named Executive Officers and Directors	Annually elected Board
Independent Board (9 of 10 Directors <sup>1</sup> )	Independent Directors hold executive sessions	Prohibition on hedging and pledging by Named Executive Officers and Directors	Stockholder right to call a special meeting
Fully independent Audit, Compensation and Personnel, and Nominating and Corporate Governance Committees	Director retirement and term limit policy	Executive compensation recoupment policy	Majority voting standard in director elections
	Orientation program for new Directors and continuing education for existing Directors		Stockholder ability to amend by-laws with majority vote
			Proxy access right

<sup>1</sup> Pursuant to our new director term limit policy, Richard Hamm Jr. will not stand for re-election at our 2021 annual meeting and our Board's size will subsequently reduce to nine directors, eight of whom are independent

### BOARD COMMITTEES AND RISK OVERSIGHT

We have fully independent Board Committees

**Audit Committee:** Assists the Board in its oversight of the integrity of the Company's financial statements, the independent auditors' qualifications and independence, compliance by the Company with legal and regulatory requirements, and cybersecurity risks (updates received at least quarterly)

**Compensation and Personnel Committee:** Approves and evaluates all compensation plans, policies, and programs for the CEO, the senior executives, and other officers

**Nominating and Corporate Governance Committee:** Identifies and recommends director nominees, recommends corporate governance guidelines, oversees ESG initiatives, and leads the Board in its annual review of the Board's performance

## *Lifecycle Impacts of Buildings & Infrastructure*

**For decades, EMCOR has implemented smart energy solutions for our clients through the in-house technical staff of our operating companies and key energy-industry partnerships. We provide clients with expertise, technology, and smart solutions to maximize their energy efficiency and give them greater control over their energy use, sourcing, and costs.**

Each year we analyze, design, or review projects in hundreds of facilities, saving our customers millions of dollars in annual energy costs while significantly reducing their carbon footprint. Our capabilities in energy efficiency run deep, driving greater efficiency and greater savings for our customers.

### **Our energy services and capabilities include:**

- Assisting our customers in energy-saving initiatives
- Operation of energy systems and energy producing equipment for clients
- Design, construction and maintenance of energy systems and equipment
- Energy audits
- Water system conservation and retrofits
- Lighting retrofits
- Mechanical system retrofits
- Electrical upgrades and electrical maintenance services
- Occupied space retrofits
- Building envelope services
- Building automation system implementation
- Design enhancements
- Critical equipment monitoring
- Renewable energy systems (e.g. solar, photovoltaic, wind, fuel-cell, biomass, landfill gas, tidal, and biofuel-fired generation)



## Lifecycle Impacts of Buildings & Infrastructure

**EMCOR's accredited experts provide environmentally sound approaches to construction, site planning, materials, building upgrades, and energy management.** EMCOR companies actively participate in a variety of projects which are certified to, or seek certification to, a third-party multi-attribute sustainability standard, including Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), Green Globes, and the Institute for Sustainable Infrastructure's (ISI) Envision, among others.



During 2020, we completed 70 projects that were certified to such standards, and we were engaged in approximately 220 other projects that were active (but not yet completed) and were seeking such certification. These projects represent aggregate contract value of nearly \$2.3 billion and collectively accounted for just over 7% of our total 2020 revenues. As of December 31, 2020, the value of our remaining performance obligations (a measure of the remaining revenue to be recognized from uncompleted contracts) associated with projects seeking certification to a third-party multi-attribute sustainability standard was approximately \$590 million, or nearly 13% of our total remaining performance obligations.

In addition to our participation in projects certified to the sustainability standards noted above, we have partnered with our customers in order to assist with the design, construction, and/or servicing of various facilities measured as carbon neutral. EMCOR companies have completed projects of this type for several of the largest technology, communications,

### 2020 Certified Projects

**\$2.3**  
BILLION  
Aggregate  
Contract Value

**7%**  
OF TOTAL  
REVENUE

**\$590**  
MILLION

or **13%**  
of Total Remaining  
Performance  
Obligations

industrial, and retail companies by providing services that help to improve facility energy use and reduce energy costs. Our services include installing building automation controls (including smart temperature and lighting controls), employing advanced cooling techniques and systems (including energy-efficient evaporative cooling), and redesigning how power is distributed throughout a facility.

## Climate Impacts of Business Mix



### Renewable Energy Projects

Our expertise encompasses a broad range of sustainable alternatives for power generation, including solar, photovoltaic, wind, fuel-cell, biomass, landfill gas, tidal, and biofuel-fired generation. Our companies have designed, built, and provided ongoing maintenance services for alternative energy installations across North America. In addition, we have extensive experience in developing waste-to-energy systems, which separate and burn municipal, agricultural, and industrial waste to provide a clean fuel source for steam heat and power generation.

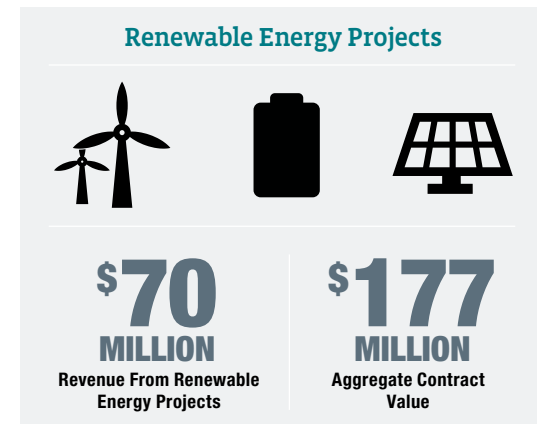
During 2020, we recognized revenues of approximately \$70 million from renewable energy projects with an aggregate contract value of over \$177 million. As of December 31, 2020, the value of our remaining performance obligations associated with these contracts was approximately \$66 million, the majority of which will be recognized as revenue during 2021.

### Hydrocarbon Related Projects

Demand for certain of our services, primarily those of our industrial services business, which generated approximately 9% of our 2020 revenues, is highly dependent on the strength of the oil and gas, and related industrial markets. These services are largely performed for refineries and petrochemical plants and often involve projects which are directly associated with the hydrocarbon value chain, including hydrocarbon infrastructure services and maintenance, hydrocarbon power generation, and hydrocarbon-related downstream services. As of December 31, 2020, the value of our

remaining performance obligations associated with hydrocarbon-related projects was approximately \$79 million.

Certain of the services offered by our industrial services operations allow refineries and petrochemical plants to increase their own energy efficiency. We are committed to helping our customers execute their maintenance projects safely, efficiently, and in compliance with all applicable laws and regulations. In addition, we are also working to leverage our expertise in industrial services to construct and maintain carbon capture technologies and renewable energy resources.





## Climate Impacts of Business Mix

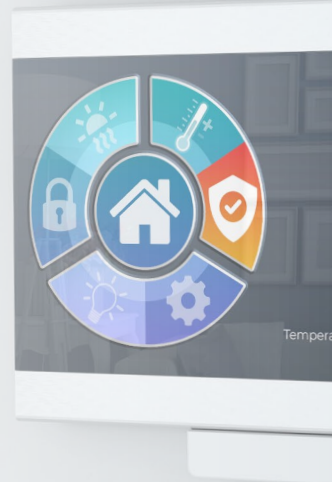
### Impacts of Global Climate Change on Demand for Our Services

We share the broad concerns about the risks and impacts of global climate change. While the impact of warming average temperatures on our business is difficult to predict or measure, we believe that our business will be able to serve our customers as they seek to reduce energy consumption and create a safer and more comfortable environment at their facilities through the construction, retrofit, and maintenance of heating, air conditioning, and other mechanical systems.

The demand for certain of our electrical and mechanical construction services, as well as our building services, is impacted by many factors, including: (a) shifts in energy costs, (b) the advancement of new technologies aimed at improving efficiency or reducing emissions, and (c) environmental factors such as variability in weather patterns or temperatures. Increased demand for our services aimed at mitigating or addressing these impacts could benefit our results of operations.

For example, based on our 2020 revenues, a 10% increase in the revenues generated by our electrical and mechanical construction operations as well as our building services operations would have favorably impacted our consolidated revenues by approximately \$800 million.

Conversely, as referenced above, we have certain businesses, particularly our industrial services operations, whose results are highly dependent on the strength of the oil and gas, and related industrial markets. A decrease in the demand for oil and gas, including a decrease in demand driven by either a change in consumer preferences or an increase in the use of alternate energy sources, could result in a reduction in revenues from these businesses. For example, based on our 2020 revenues, a 10% decrease in demand for the service offerings of these businesses would have resulted in a decrease in our consolidated revenues of approximately \$80 million.



## Sustainable Practices in our Operations

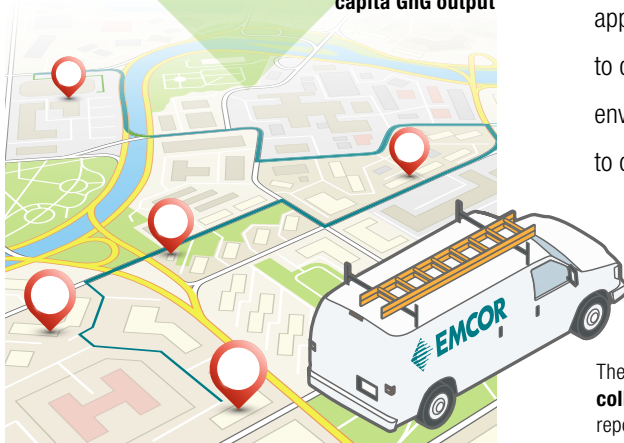
### 2035 Energy and Emission Goals

**30-40%**

Per capita reduction in carbon based fuel consumption across service fleet

**20%**

Reduction in per capita GhG output



**At EMCOR, we also are applying our expertise and partnering with outside experts to improve our own energy consumption.** This takes the form of changes big and small, from reducing the fuel consumption of our fleet of approximately 11,500 service vehicles by shifting to a more fuel efficient vehicle mix and using GPS to find the most direct routes to and between jobs, to reducing energy draw by installing solar panels at specific field locations, to applying our depth of knowledge in energy efficiency to design, install, and maintain electrical and environmental control systems at our own facilities to optimize our energy efficiency.

The implementation of a **new data collection methodology** ensures our reporting is more relevant, complete, consistent, transparent, and accurate as we progress on our sustainability goals

Over time, we have implemented a broad array of internal programs to track, analyze, and improve our carbon footprint and energy efficiency. These include launching in 2015 a company-wide carbon footprint analysis to provide detailed breakdowns of energy usage by location, including fuel consumption tracking, vendor source type, and carbon dioxide equivalency; installing and maintaining more energy efficient electrical and environmental control systems at our facilities; and, where applicable, adding on-site solar capture for use in some of our facilities.

EMCOR companies produced an estimated 181,385 metric tons of greenhouse gas (“GhG”) emissions in 2020. This total includes the electricity, natural gas, and vehicle fuels purchased for use in our offices, shops, warehouses, and vehicles during the year. Approximately 73%, or 132,166 metric tons, of EMCOR’s total GhG emissions came from the consumption of fuel for our fleet of service vehicles, while the remaining 27%, or 49,219 metric tons, came from electricity and natural gas consumed by our operations at their offices and facilities.

## Sustainable Practices in our Operations

We plan to achieve a 20 percent reduction in our per capita GhG emissions by 2035. We will achieve this through better use of our GPS routing and tracking systems, a change in the mix of our fleet by vehicle size and capacity, and the use of hybrid and electric vehicles. Current projects include working with major vehicle manufacturers to pilot and test more fuel-efficient vehicles. We believe that through this process, we will be able to achieve a 30 to 40 percent reduction in our use of carbon-based fuels on a per capita basis by 2035.

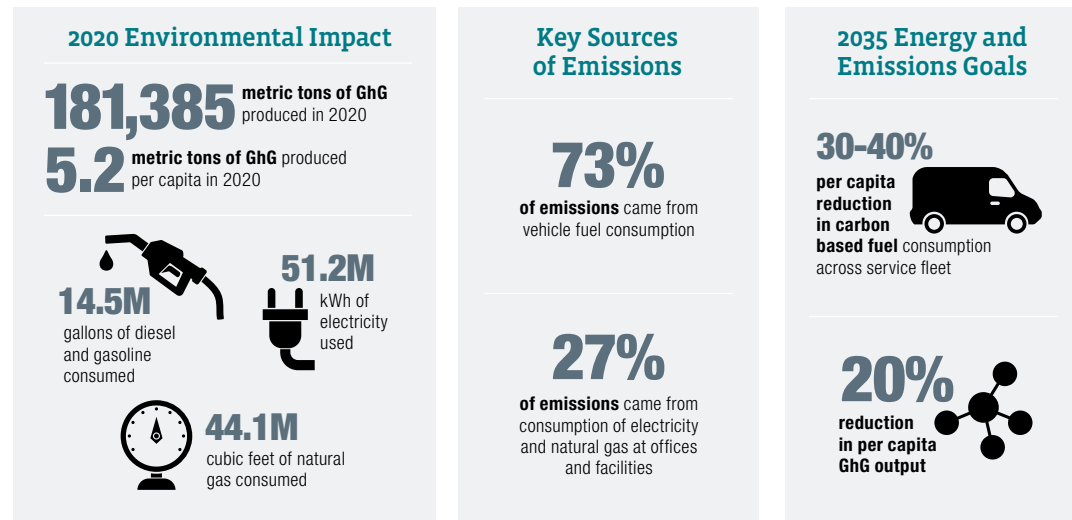
We have adopted governance policies, and undertaken specific initiatives, to seek to ensure that our business is conducted in compliance with applicable environmental laws and regulatory requirements and in a manner that reflects our commitment to sustainability and environmental responsibility. The Nominating and Corporate Governance Committee

of our Board of Directors oversees the development and implementation of our environmental, social, and governance policies and initiatives and engages with management to evaluate our goals and metrics.

We believe our programs and monitoring activities have been effective in facilitating compliance with environmental permits, standards, and regulations.

During 2020, the number of instances of non-compliance with environmental regulations involving waste, emissions, and oil or hazardous substance spills was limited to 10, of which only two required reporting to a regulatory agency, and the cumulative costs associated with all such instances were immaterial.

### ENERGY AND CARBON METRICS AND GOALS



## Structural Integrity & Safety

**As a specialty contractor, we have a professional responsibility to ensure the safety and integrity of our work.** Errors or inadequate quality in project design or construction can cause significant personal injury, loss of property value, and economic harm. Companies that perform poorly with respect to structural integrity and safety can face potentially high costs due to redesign and/or repair work and legal liabilities, as well as reputational damage that could hurt growth prospects. At EMCOR, we strive to meet or exceed minimum applicable codes and standards, including new industry standards for quality, and have established practices throughout our companies to reduce the risks associated with potential quality or defect issues.

During 2020, we incurred warranty expenses, a proxy for the amount of our defect- and safety-related rework costs, of approximately \$3 million. During the same period, the amount of monetary losses, excluding legal fees, associated with defect-related incidents was approximately \$5 million, which represents payments made during the period for ongoing construction defect claims. At less than 0.1% of our consolidated 2020 revenues, we believe these costs reflect our commitment to structural integrity and quality control.

Warranty Expenses  
Less Than  
**0.1%**  
of Consolidated  
2020 Revenue



## Workforce Health & Safety

**EMCOR maintains a strong commitment to safety throughout our operations, striving for a zero injury environment and culture across our 85 operating subsidiaries.** Our position as an industry leader in safety begins with a strong culture of care and vigilance and is supported by a comprehensive suite of training, resources, and analytics. Our Board oversees human capital management, including employee safety, training, development, and succession planning.

We believe that our focus on employee safety and well-being is reflected in our results. In a year in which our employees worked a total of approximately 73 million hours, the second highest in our history, the Company's Total Recordable Incident Rate (TRIR) in 2020 was approximately 1.20, that was nearly 60% lower than the most recently available industry average of 2.90. This represents our twelfth consecutive year with a TRIR that was less than half the industry average.

Through our IAQ services, we also help to keep our customers and their employees, tenants, and customers safe. Indoor air pollutants can negatively impact tenant satisfaction and cause serious health problems for occupants who have respiratory conditions, autoimmune disorders, or environmental allergies. Airborne pathogens also build up in HVAC



systems, leading to decreases in cooling capacity and reductions in energy efficiency. Our IAQ experts and professional technicians offer a full suite of services aimed at improving health and safety, ranging from routine maintenance and duct cleaning to the latest in ultra-violet (UV-C) technology and patented ionization products to kill and remove most pathogens.

## Business Ethics



All EMCOR employees are bound by the EMCOR Code of Business Conduct and Ethics, which reflects our goal to conduct business with the highest ethical standards and defines the standards of conduct that are the foundation of our business operations. In addition, to demonstrate that our commitment to our values

extends beyond our own people and operations, we maintain a Vendor Code of Conduct that sets forth the essential requirements that each of our vendors and subcontractors must agree to in order to perform work for our customers. Violations of our policies may be reported anonymously through our Ethics Hotline at (888) 711-3648.

Our policies mandate that all of our employees, subcontractors, vendors, and agents worldwide comply with our Global Anti-Corruption Compliance Policy, Global Human Rights Policy and with anti-bribery laws, including the U.S. Foreign Corrupt Practices Act and the U.K Bribery Act of 2010. During 2020, the Company did not incur any monetary losses as a result of legal proceedings associated with charges of bribery or corruption or anti-competitive practices.

The majority of our work is performed in the United States and United Kingdom. At December 31, 2020, we had remaining performance obligations of approximately \$4.6 billion, of which approximately 97% related to projects and services being performed by our United States subsidiaries and approximately 3% related to projects and services being performed by our United Kingdom building services subsidiary. The Company did not have any active projects, or remaining performance obligations associated with any projects, being performed in countries with the 20 lowest rankings in Transparency International's Corruption Perception Index.

## Diversity and Inclusion

Our EMCOR value of **People Always** includes helping all of our employees realize their full potential. This starts by striving to provide a diverse and inclusive workplace and to provide all employees with an equal opportunity to succeed in a safe and respectful environment. We believe that a diverse workforce is important to the long-term success of our business. We actively seek to increase the diversity of our workforce and to practice our commitment to diversity and inclusion in hiring, development, and training. This extends to our senior leadership and Board of Directors, where we require any search for either new non-management director candidates or for open corporate officer positions to include candidates from underrepresented demographics. We also have designed and implemented policies and practices to promote a workplace free from discrimination, including our Affirmative Action and Equal Opportunity Policy. The implementation, effectiveness, and reporting requirements for such policies are overseen by our designated Affirmative Action Officer.

# people *always.*

MUTUAL RESPECT & TRUST,  
COMMITMENT TO SAFETY, AND TEAMWORK

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All EMCOR employees are required to complete annual Diversity & Inclusion Training, and our senior leaders, including our executive officers, undergo Implicit Association and Unconscious Bias training. To develop and reinforce our values company-wide and empower our leaders to perform at the highest levels, all senior leaders are invited to our Leadership for Results course at Babson College and our Leading with Character program at the Thayer Leadership Development

Group at West Point. We also work to unlock the full potential of all employees at every level through the EMCOR Manager Certificate Program to promote supervisor management skills, tuition reimbursement for continuing education through our Degree Assistance Program, and the powerful resources of our online learning platform, the EMCOR Learning Center, providing thousands of on-demand training courses on a wide range of topics.

## Diversity and Inclusion

Our latest filing with the U.S. Equal Employment Opportunity Commission (the “EEOC”) indicates that our U.S. employees had the following gender demographics:

**Male** 89%

**Female** 11%

Additionally, our latest filing with the EEOC indicates that our U.S. employees had the following race and ethnicity demographics:

**Black/African American** 7%

**Asian** 2%

**Hispanic/Latinx** 20%

**White** 69%

**Multiracial, Native American, Native Hawaiian and Pacific Islander** 2%

**DIRECTOR AND NAMED EXECUTIVE OFFICER DIVERSITY TABLE**

Name	Title	Board Committees	Gender	Ethnicity	Other Diverse Characteristics
<b>John W. Altmeyer</b>	<i>Director</i>	Compensation Chair	Male	White	
<b>Anthony J. Guzzi</b>	<i>Chairman, President and CEO</i>		Male	White	Veteran
<b>Richard F. Hamm, Jr.</b>	<i>Director</i>	Governance Chair and Audit	Male	White	
<b>Ronald L. Johnson</b>	<i>Director</i>		Male	Black and African American	Veteran
<b>David H. Laidley</b>	<i>Director</i>	Audit Chair	Male	White	
<b>Carol P. Lowe</b>	<i>Director</i>	Audit	Female	White	
<b>M. Kevin McEvoy</b>	<i>Lead Director</i>	Compensation and Governance	Male	White	Veteran
<b>William P. Reid</b>	<i>Director</i>		Male	White	
<b>Steven B. Schwarzwaelder</b>	<i>Director</i>	Compensation	Male	White	
<b>Robin Walker-Lee</b>	<i>Director</i>	Governance	Female	White	
<b>R. Kevin Matz</b>	<i>EVP – Shared Services</i>	N/A	Male	White	
<b>Mark A. Pompa</b>	<i>EVP and CFO</i>	N/A	Male	White	
<b>Maxine L. Mauricio</b>	<i>EVP, General Counsel and Corporate Secretary</i>	N/A	Female	Native Hawaiian and Asian American	

**Named Executive Officers: 25% Female and Ethnically Diverse**  
**Directors: 20% Female, 10% Ethnically Diverse, and 30% Veterans**



## Disclosures for fiscal year 2020

The following table summarizes EMCOR's disclosures for fiscal year 2020, as prepared in accordance with the disclosure framework outlined in the Sustainability Accounting Standards Board's Engineering & Construction Services Sustainability Accounting Standard.

Topic	Accounting Metric	EMCOR Reported Amount	Unit of Measure	EMCOR Commentary	Code
<b>Environmental Impacts of Project Development</b>	Number of incidents of non-compliance with environmental permits, standards, and regulations	10	Number	Represents the number of instances of non-compliance with environmental regulations involving waste, emissions, and oil or hazardous substance spills.	IF-EN-160a.1
<b>Structural Integrity &amp; Safety</b>	Amount of defect and safety-related rework costs	\$3.1 million	USD	Represents warranty expenses incurred as such costs are a proxy for the amount of our defect- and safety-related rework costs.	IF-EN-250a.1
	Total amount of monetary losses, excluding legal fees, as a result of legal proceedings associated with defect- and safety-related incidents	\$4.6 million	USD	Represents payments made during the period for ongoing construction defect insurance claims.	IF-EN-250a.2
<b>Workforce Health &amp; Safety</b>	Total recordable incident rate (TRIR)	1.2	Rate	Calculated in accordance with guidance provided by the U.S. Bureau of Labor Statistics.	IF-EN-320a.1
<b>Lifecycle Impacts of Buildings &amp; Infrastructure</b>	Number of commissioned projects certified to a third party multi-attribute sustainability standard	70	Number	These projects represent aggregate contract value of nearly \$2.3 billion and collectively accounted for just over 7% of our total 2020 revenues. The value of our remaining performance obligations associated with these projects was approximately \$590 million, or nearly 13% of our total remaining performance obligations.	IF-EN-410a.1
	Number of active projects seeking certification to a third party multi-attribute sustainability standard	217	Number		IF-EN-410a.1
<b>Climate Impacts of Business Mix</b>	Amount of backlog for hydrocarbon related projects	\$79.1 million	USD	During 2020, EMCOR did not experience any significant "backlog cancellations" associated with hydrocarbon-related projects. We believe our reported remaining performance obligations are firm and contract cancellations have not had a material adverse effect on us.	IF-EN-410b.1 IF-EN-410b.2
	Amount of backlog for renewable energy projects	\$66.3 million	USD	During 2020, we recognized revenue of approximately \$70 million from renewable energy projects with an aggregate contract value of over \$177 million.	IF-EN-410b.1
<b>Business Ethics</b>	Number of active projects in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	-	Number	The Company did not have any active projects, or remaining performance obligations associated with any projects being performed in countries with the 20 lowest rankings in Transparency International's Corruption Perception Index.	IF-EN-510a.1
	Amount of backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	-	USD		IF-EN-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	-	USD		During 2020, the Company did not incur any monetary losses as a result of legal proceedings associated with charges of bribery or corruption or anti-competitive practices.
<b>Greenhouse Gas (GHG) Emissions</b>	Scope 1 and Scope 2 Greenhouse Gas (GHG) Emissions	181,385	Metric Tons	Approximately 73%, or 132,166 metric tons, of EMCOR's total GHG emissions came from the consumption of fuel for our fleet of service vehicles, while the remaining 27%, or 49,219 metric tons, came from electricity and natural gas consumed by our operations at their offices and facilities.	Task Force on Climate-related Financial Disclosures



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