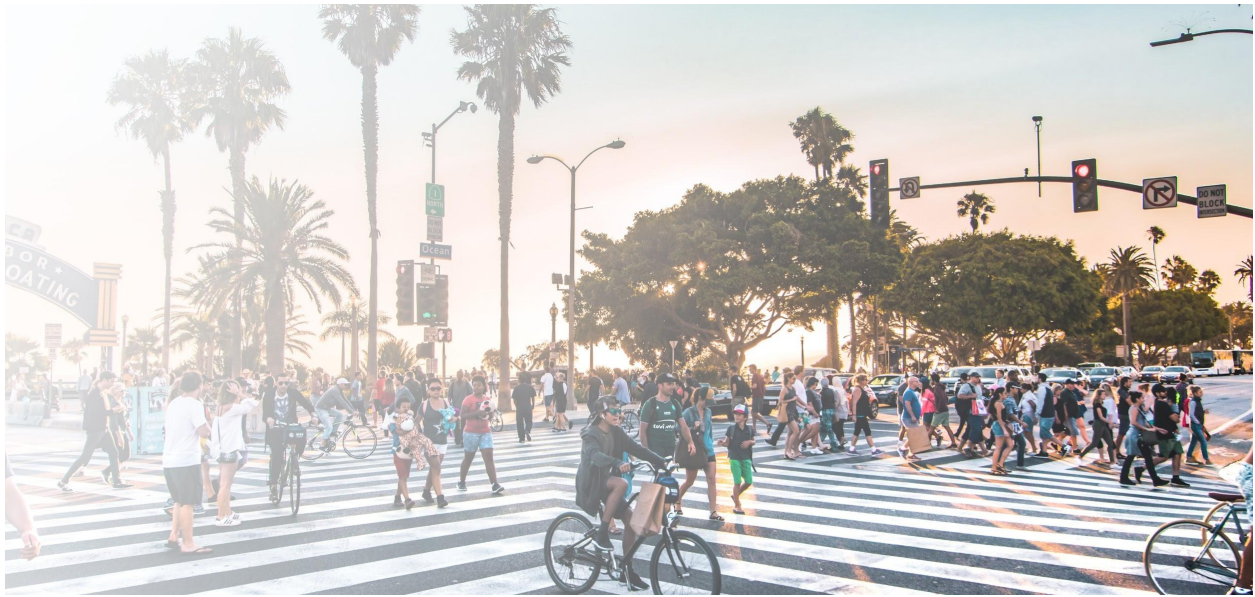


# ZC Sustainability



## 2022 Annual Report

Completed July 2023

ZC Sustainability

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July 26, 2023

### **Letter from the Director of Operations + Culture**

ZC Sustainability (ZCS) formed in the Fall of 2021 as a collaborative of experts who have worked together in one form or another since 2008 in the sustainability sector. We organized together as a Benefit Corporation with the intent to reflect our values in our governing and operational structure. As such, we are uniquely composed of a majority owner company. Our voices all hold equal weight and value and our governance is determined by consensus — emphasizing the quality of decision making that we strive to reflect in our work's achievements.

This, our first Annual Report, is the beginning of an ongoing attempt to track key performance indicators most often associated with equity, community engagement, and healthy living. While we shine in some indicators, other indicators have proven to be more challenging to achieve. Nevertheless, we believe that the only way to move us forward to a more sustainable and healthy environment for living is to be transparent in all processes so that we (and you) can hold us accountable for improving our performance. And, of course, we'd always be grateful for any praise for those areas where we were able to shine — fueling our desire to do better by doing good.

Humbly,

Katy Robinson  
Partner/Director of Operations + Culture  
Chief Financial Officer



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## 2022 Annual Report

# BASIS OF REPORT

ZC Sustainability (ZCS) has chosen to use the guidelines set forth in the International Living Future Institute's (ILFI) JUST™ Label as reference for capturing the data for our calendar year 2022 Annual Report. This report fulfills our requirements for maintaining our status as a Benefit Corporation and are in accordance with our own policies and practices of transparency in reporting. While the JUST™ Label is our guideline, we have opted not to certify under the official JUST™ Label, and as such, this report is not related in any official capacity to a sanctioned ILFI document. A PDF to the full JUST™ Requirements can be found here for reference: <https://living-future.org/just/>.

# DIVERSITY

ZCS recognizes that having a diverse workforce is necessary for the long-term viability and relevance of our company. Without the necessary inclusion and space for everyone’s voices; including the holding up of marginalized voices over those that already hold power; the work we do would otherwise be diminished. We understand that, as a small business, it becomes all the more critical to actively increase the diversity of our workforce — as small changes in our small setting have a bigger impact overall.

## Ethnic Diversity

Policy	
<ul style="list-style-type: none"> <li>Organization has a written policy that documents commitment to a racially/ethnically diverse workforce.</li> </ul>	
Representative Workforce	
<ul style="list-style-type: none"> <li>Baseline: As of July 2021, the US Census for Los Angeles County estimates that 29.8% of the population identifies as non-white, minority</li> <li>Minorities are represented in the ZCS workforce at least 75 percent of the value 29.8% (at 33%)</li> <li>Minorities are represented in the ZCS senior leadership team at least 60% percent of the value 29.8% (at 20%)</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 3</b>

## Gender Diversity

Policy	
<ul style="list-style-type: none"> <li>Organization has a written policy that documents commitment to maintaining its status as a Women Owned Business with over 50% of the ownership belonging to female-identified persons, and is also committed to maintaining a 50% or higher female or non-binary identified workforce overall.</li> </ul>	
Representative Workforce	
<ul style="list-style-type: none"> <li>Women and/or non-binary identified persons constitute at least 50% of the overall workforce (at 67%).</li> <li>Women or non-binary identified persons constitute at least 35% of the senior leadership team (at 60%).</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

## Inclusion

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents commitment to the creation and maintenance of an inclusive work environment and culture. The company is organized around the inclusive practice of consensus-based decision-making.</li> </ul>	
<b>Inclusion Survey</b>	
<ul style="list-style-type: none"> <li>ZCS reports an average of 9.6 on the inclusion survey asking the following questions: 1. How committed is your organization to a comprehensive strategy of ensuring that all employees feel included? and 2. How included do you feel, on a scale of 1-10, with 10 being the most positive?</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 3</b>

## Employee Engagement

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents commitment to employee engagement.</li> </ul>	
<b>Degree of Engagement</b>	
<ul style="list-style-type: none"> <li>ZCS reports that 100% of employees are engaged as part of ongoing Rules of Engagement and evident in the culmination of engagement as identified during the collaborative Annual Review process.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

# EQUITY

ZCS is committed to achieving an equitable work environment for our employees and those individuals, companies, and organizations we engage with. As a young company, we have the benefit of setting ambitious goals; but we also understand that due to the nature of our initial acquisitions, some areas will take more time to become equitably distributed. Our corporate governance is consensus-driven and not by majority – which guarantees that we practice equitable decision making. By setting foundational policies and by tracking the success or weaknesses in hitting our equity goals, we learn where to direct our efforts for the company’s strategic planning and implementation in the year to come.

## Full Time Employment

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents full-time employment practices.</li> </ul>	
<b>% Full Time</b>	
<ul style="list-style-type: none"> <li>67% of the ZCS workforce meets the full-time employment definition.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

## Pay Scale Equity

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents pay-scale equity practices.</li> </ul>	
<b>Pay Scale Ratio</b>	
<ul style="list-style-type: none"> <li>ZCS has a maximum compensation scale ratio of 1:6. (For reference, JUST Indicator Level 4 must meet a ratio of 1:15)</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

## Freedom of Association

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy fully supporting and advocating for workers’ rights to collectively bargain.</li> </ul>	

Notes	
<ul style="list-style-type: none"> <li>The organizational structure during 2022 contained 5 co-owners, and 1 employee. As such, we have not been tested on our support and advocacy first hand.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

## Living Wage

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents a living wage commitment.</li> </ul>	
Living Wage Calculator	
<ul style="list-style-type: none"> <li>Using the MIT Living Wage Calculator at the 2 Adults (both working)/2 Children Family Unit, ZCS meets the criteria for providing a living wage.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2</b>

## Gender Pay Equity

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents its gender pay equity.</li> </ul>	
Gender Pay Status	
<ul style="list-style-type: none"> <li>The gender pay gap for ZCS is considerable (at 34.39%) due to the nature of acquiring two companies, both of which were owned by male-identified partners and the subsequent compensation agreements that came with the acquisition.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>



# EMPLOYEE HEALTH

Our company was formed specifically with the concept of work-life balance in place. As a business with 5 equal partners, we took the opportunity to create a business that reflected the values we recommend to our clients: flexible work time, ample vacation and holiday time, mental health breaks, and operational practices that help to create a safe place for communication and to thrive as a valued team member.

## Physical Health

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents its work to optimize the physical health status of employees.</li> </ul>	
Health Models and/or Certification	
<ul style="list-style-type: none"> <li>At this time, ZCS has not generated a specific Workplace Health Model, and, due to working remotely, we do not have the capacity to pursue WELL or Fitwel certifications of our workspace. However, due to many factors that are baked into our foundational documents, there are sufficient protocols in place to support worker health.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

## Well-Being

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents its work to optimize the emotional, social, and spiritual well-being of employees.</li> </ul>	
Comprehensive Employee Well-being Program	
<ul style="list-style-type: none"> <li>No formal program has been implemented as of 2022, but the company structure is organized to support this type of program. A 2023 goal is to begin an HR wellness “module” for employees.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2</b>

# EMPLOYEE BENEFITS

ZCS believes that all employees are entitled to support, both financially and emotionally, of their health and well-being for now and the future. Our benefits packages are growing with each year we've been in operation (having launched in September 2021). It is our intent to strengthen the breadth of our benefits package and, due to the nature of our governance structure, we consider the specific needs and requests of individual employees on a case by case basis when extra support is needed for any single individual and has the consensus of the board.

## Employee Health Care

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents employee health care and the cost-sharing structure.</li> </ul>	
Healthcare Benefit	
<ul style="list-style-type: none"> <li>We are responsible for covering \$500 per full-time staff for an employee-selected group healthcare plan that covers medical and vision. JUST's Indicator Level 2 specifies that medical, dental, and vision should all be covered — however, because our monetary allotment can cover 100% of the medical and vision policies, we have self-selected to qualify for Level 2 which only asks that 60% of a comprehensive healthcare plan be covered.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2*</b>

## Retirement Provision

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents the employee retirement provision.</li> </ul>	
Retirement Benefit	
<ul style="list-style-type: none"> <li>ZCS offers 401ks to all full-time employees after 1 year of employment with matching contributions up to 4%. This falls marginally under JUST's Level 3 of a 5% floor. Due to the 1 year eligibility restriction, we cannot meet any level higher than the JUST Indicator Level 1.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

## Family/Medical Leave

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy on family and medical leave.</li> </ul>	
Family Medical Leave Benefit	
<ul style="list-style-type: none"> <li>Our company provides up to 8 weeks of paid leave for any employee welcoming a child through birth, adoption, or foster placement, and when dealing with a serious health condition of their own or a loved one. The ability for any employee to have flexible work arrangements is baked into our foundational structure.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2</b>

## Training + Education

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy on employee training and continuing education benefits.</li> </ul>	
Training & Education Benefit	
<ul style="list-style-type: none"> <li>We allocate approximately \$500 per full-time employee toward training and continuing education. However, we do not cap this expense and consider, on a case-by-case basis, what type of investments we feel are beneficial to the company, and, importantly, which type of training and continuing education best supports each employee's goals as self-identified during annual reviews.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2</b>

# STEWARDSHIP

As a company whose mission is to provide responsive and thoughtful consulting services that positively and equitably impact people and the Earth’s climate, our commitment to being good stewards is implicit. We continually seek to find ways to boost our impact as good stewards with each opportunity we are given between clients and our scope of work. In addition to the work we do, ZCS also finds ways of engaging with our local communities and state and national organizations through volunteer opportunities, in-kind donations and mentoring, and by being mindful of our collective consumption activities.

## Local Communities

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy that documents support of local communities.</li> </ul>	
<b>Stakeholder Engagement</b>	
<ul style="list-style-type: none"> <li>Most often, ZCS is engaged to implement one or more third-party certified systems for real estate development projects. These systems identify the key stakeholders that need to be engaged and therefore largely define our sustainability standards and measurements.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 2</b>

## Community Volunteering

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written volunteering policy.</li> </ul>	
<b>Volunteering Allotments</b>	
<ul style="list-style-type: none"> <li>In alignment with JUST’s Indicator Level 4, ZCS offers 24 hours of paid time per year for volunteering at an organization of the employer’s choice. In addition, organization-sponsored volunteering efforts can be recognized up to a maximum of 8 hours.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

## Animal Welfare

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy on its commitment to animal welfare.</li> </ul>	
Animal Welfare Impact	
<ul style="list-style-type: none"> <li>Given the nature of our work, our remote office location, and limited purchasing, it was easy to meet the JUST Level 3 Indicator. We do not knowingly participate in the harmful or abusive treatment of animals, including animal testing or experimentation, and factory farming practices. Any contracted caterers or food suppliers source certified humane animal products and offer at least 50% plant-based meals. We likewise, do not knowingly purchase supplies, materials, nor ingredients that have been tested on animals.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 3</b>

## Charitable Giving

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy on charitable giving.</li> </ul>	
Donation Allotment	
<ul style="list-style-type: none"> <li>ZCS does not currently have a set donation quota; however, we do provide a generous amount of in-kind donations in the service of non-profit organizations and assess our capacity to financially donate at the end of each calendar year.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

## Positive Products + Services

Policy	
<ul style="list-style-type: none"> <li>ZCS has a written policy that addresses its commitment to and involvement with products and services that have positive societal and environmental impacts.</li> </ul>	
Services Impact	
<ul style="list-style-type: none"> <li>All ZCS's services have positive societal and environmental impacts; many are third-party certified.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 4</b>

# PURCHASING/SUPPLY CHAIN

We recognize that equitable purchasing and the diversification of supply chains are key factors in implementing sustainable, lasting institutional change. ZCS, while not formally set, believes that this is an important goal and does its best on a case-by-case basis to make smart and ethical determinations for purchasing needs and when choosing who to partner with as subcontractors.

## Equitable Purchasing

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy on equitable purchasing.</li> </ul>	
<b>Equitable Purchasing Capabilities</b>	
<ul style="list-style-type: none"> <li>ZCS's current configuration has a very small need for purchasing outside of our standard operational needs. When we have the option to choose between one good or service, then we do apply a qualitative assessment, and are willing to pay more money for a good or service that operates and produces in an ethical fashion. As a Women-Owned Business, ourselves — we very much endeavor to partner with other businesses who are independent, locally owned and operated, Women-Owned and/or Service-Disabled Veteran-Owned Businesses, certified B Corps, and JUST Organizations.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

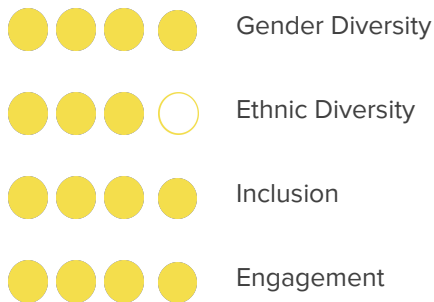
## Supply Chain

<b>Policy</b>	
<ul style="list-style-type: none"> <li>ZCS has a written policy on socially and environmentally responsible supply chain management.</li> </ul>	
<b>Policy</b>	
<ul style="list-style-type: none"> <li>No due diligence has been yet implemented to identify and assess significant actual and potential negative social impacts in the selection of subcontractors nor have we set parameters for DEI commitments from our subcontractors — in large part because our subcontractors are primarily sole proprietors with no employees. ZCS does engage in conversation around who we choose to work with and who, by default, represents us and has had to make decisions about who we work with that are based on an ethical analysis and assessment of the potential partnership.</li> </ul>	
<b>JUST Category Equivalent</b>	<b>Level 1</b>

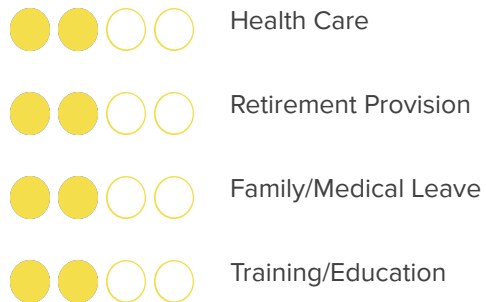
# SUMMARY: KEY INDICATOR SCORING

The below summarized scores represent the levels ZCS scored through the using the JUST Program as a guide for Calendar Year 2022.

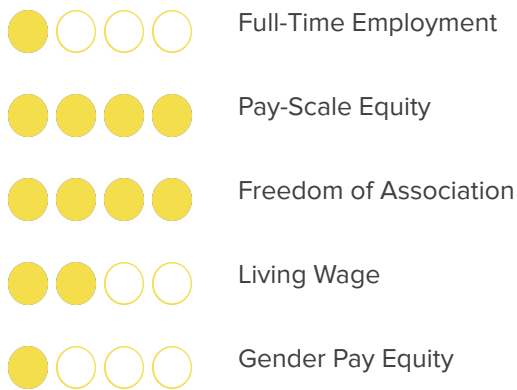
## Diversity & Inclusion



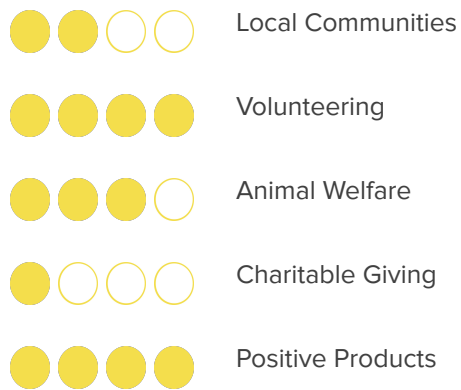
## Employee Benefits



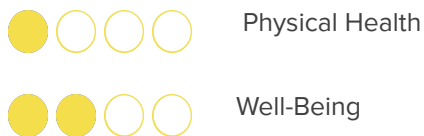
## Equity



## Stewardship



## Employee Health



## Purchasing & Supply Chain

