



**ESG ANNUAL
REPORT
2021**



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*Doing the right thing
by investors means
everyone wins.*

ADAM GEHA

CHIEF EXECUTIVE OFFICER
AND FOUNDING DIRECTOR



A MESSAGE FROM THE CHAIR



2021 was a year of growth for EG, where, despite the continued challenges posed by the pandemic, we were able to build in a better future for our investors, tenants, staff, and the broader community.

At EG, ESG performance means B.I.G. (Build In Good) thinking, understanding that we are here to do more than just create value, narrowly defined. Our position as market leaders gifts us an opportunity to leave a legacy and return good to all.

One thing I am most proud of is EG's continuing commitment to the Little BIG Foundation, our charity fostering mental well-being through belonging to realise a vision of happier, healthier, and kinder lives. During 2021, EG invested over 10% of profits into the Little BIG Foundation, ensuring it could continue to build kindness and community connectedness. For what is the point of corporate success if you cannot help those communities, you are privileged to be a part of, becoming more connected, active, and aware of the little moments with BIG impact in their lives?

It's not just the Little BIG Foundation that's encouraging our stakeholders to appreciate the beauty in the everyday. Our Bundeena Nature Hub staff retreat allows EG staff to reconnect with nature after a time when we were increasingly subjected to stay-at-home orders due to the various lockdowns. Seeing staff bonding over bushwalks, ocean swims, and yoga classes is a highlight with the program offering opportunities for off-site workshops, brainstorming sessions and team building, spawning creativity and innovation for the business.

DR MICHAEL EASSON AM
CHAIRMAN AND
FOUNDING DIRECTOR

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*We're a weird bunch,
committed to a better
future for everyone who
touches our business.*

EG's growth is exemplified through the hiring of 43 new staff members, coming from a wide range of professional and personal backgrounds, adding to EG's proudly "weird" culture. Growing a business while retaining our special culture – what makes EG weird – is of huge importance to us and is reflected by our unique EG programs including EG Grow (monthly staff presentations of new skills), Eggs and no bacon (fortnightly spiritual and philosophy discussions), EG's hobby program (where staff are offered \$1,000 and two weeks leave to learn a new hobby) and EG's business ethics (a monthly conversations on ethics with external stakeholders).

We're a weird mob, but a weird bunch committed to a better future for everyone who touches our business.

What follows is a collection of some of my favourite stories from the year, providing a snapshot of EG's commitment to environmental and social outcomes. We look forward to continuing our ESG journey into 2022, shaping a better future for all stakeholders.

ESG APPROACH

EG recognises the importance of incorporating ESG factors throughout the lifecycle of our investments, conducting our business for the benefit of all stakeholders. We work hard to consistently and transparently communicate our ESG efforts with investors, tenants, staff, community and the industry more broadly, seeking to leave a positive legacy and a more equitable world.

Our ESG approach focuses on the following four pillars:



RESPONSIBLE INVESTMENT

To be known as a highly trustworthy and responsible investment manager through best practice Environmental, Social and Governance (ESG) management and transparency of performance.



PEOPLE AND CULTURE

To develop a team of well balanced employees who are healthy, engaged and always learning.



COMMUNITY ENRICHMENT

To create urban regeneration projects that enhance existing communities and provide significantly more connected, engaged and well resourced neighbourhoods.



ENVIRONMENTAL OPTIMISATION

To optimise the environmental performance of our assets under management and development.

ABOUT EG

EG Funds Management Pty Ltd (EG) is a real estate fund manager with market leading performance over the 20+ years since its establishment. We are focused on creating alignment in our relationships with our partners because we believe that this is fundamental to long-term success. We value long-term relationships and the authenticity of these connections.

RESPONSIBLE INVESTMENT

EG strives to be renowned as a highly trustworthy and responsible investment manager, manifesting a best-practice approach to ESG issues and performance. By placing ESG at the core of all investment decisions, EG ensures that all decisions are made in the best interests of future generations, preserving intergenerational equity for all stakeholders.



EG continues to disclose climate risks in accordance with the global Taskforce on Climate related Financial Disclosure.

EG's engaged Edge Environment to conduct a climate risk assessment across EG's entire portfolio, combining the IPCC's RCP4.5 and RCP8.5 climate change scenarios with raw historical climate data to map out climate risks out to 2030, 2050 and 2070. The results will form the basis of site-specific adaptation plans, with EG taking actions today to mitigate the risks posed by climate change, ensuring long-term stewardship is at the core of all investment strategies.

These climate risk assessments have also been embedded into EG's due diligence program, so that all potential acquisitions are screened for physical and transitional risks as posed by climate change. This ensures that all new assets and mandates are considering climate change from the very beginning, with asset strategies focusing both on climate change risk mitigation as well as avenues to maximise opportunities along the transition to a zero-carbon economy.



EG has been a member of the UN's Principles for Responsible Investment (UNPRI) since 2008, supporting an international investor network incorporating ESG factors into their investment and ownership decisions.

In 2021, EG was delighted for Head of ESG, Ian Lieblich to be appointed to the UNPRI's Global Real Estate Advisory Committee, representing the Asia-Pacific region. Ian sits amongst a panel of international ESG experts, contributing to a wide range of workstreams including climate risk disclosure, ESG taxonomy, sustainable debt and reporting and benchmarking.

This speaks to EG's collaborative approach to ESG, seeking to develop best practice in partnership with world leaders, to ensure consistency of approach and results. It will better enable our investors to assess their global portfolios, as collaboration under the UNPRI banner can account for differences in jurisdictional approaches to issues including climate risk assessment, carbon accounting and human rights.



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Investors' appetite for action on climate change is growing. EG is committed to understanding and mitigating the risks, and seizing the opportunities along the journey to a zero carbon economy.

IAN LIEBLICH
Head of ESG

PEOPLE AND CULTURE

EG is tremendously proud of its culture which fosters rich connection between employees, tenants, investors, the wider community and nature more broadly. By developing a team of well-balanced employees who are healthy, engaged and always learning, EG is not only delivering superior returns, but creating a fun, exciting place for people to come to work every day.



EG GROW PROGRAM

EG Grow is EG's unique personal and professional development program focused on helping staff achieve personal, relationship and skills mastery through individual development opportunities and shared experiences.

FEATURE PROGRAM: EG'S HOBBY PROGRAM

The Hobby Program encourages staff to take up a new cultural or sporting endeavor each year, with EG contributing 70% of the cost, or 100% if you complete your hobby with an EG colleague. Following ten hours of instructor-led teachings – be it in abseiling, cooking, sewing or archery! – EG's staff receive an additional two weeks annual leave.

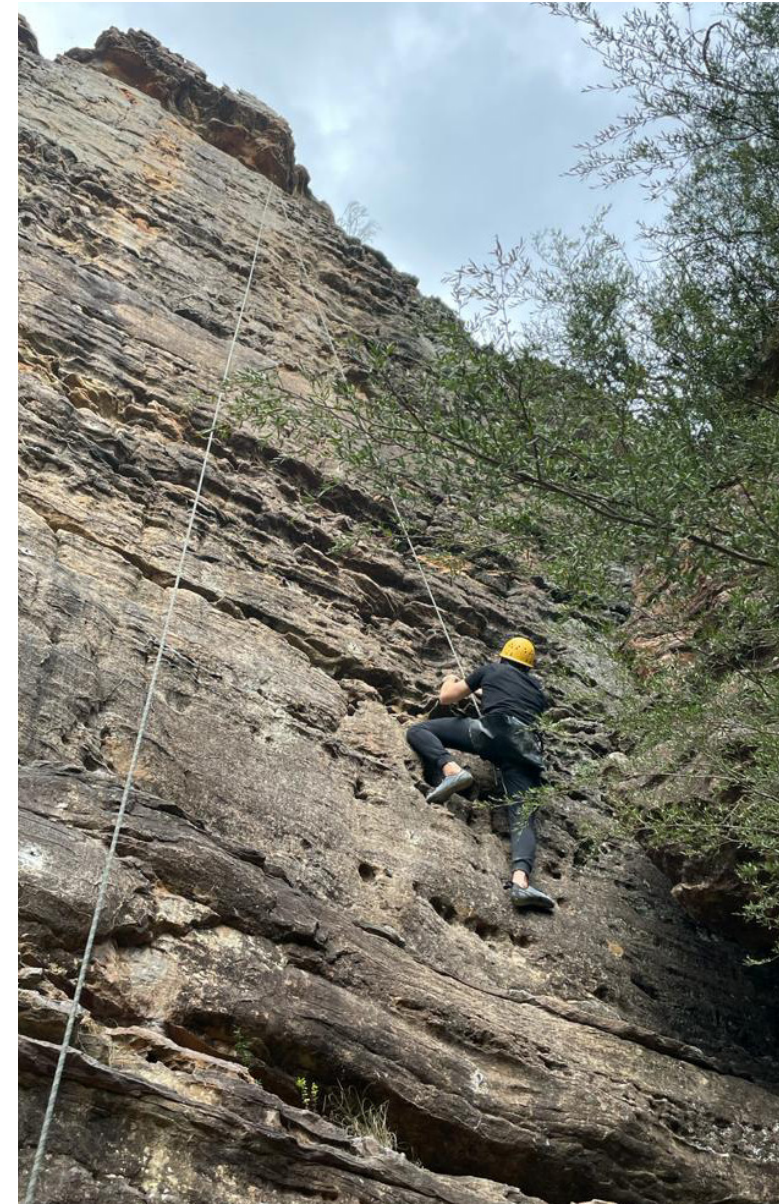
Fulfilled, enthusiastic staff are at the core of EG's culture, with time spent learning new skills often reflected in better performance when returning to work. It's not the only reason our great staff want to work at EG, but "what would your hobby be?" makes for fascinating interview conversations!





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It's so great to be supported to take the time to go on a four-wheel driving adventure and learn new skills.

PHILIPPE SUNG
Head of Debt



NEW IN 2021: THE BUNDEENA NATURE HUB

The Bundeena Nature Hub is EG's first remote working hub, sitting on the edge of Jibbon Beach in the gorgeous Royal National Park, an hour out of the Sydney CBD.

This initiative allows staff to escape the concrete CBD jungle and reconnect with nature, spending time on bushwalks, in the ocean or in surrounding parklands around their existing work schedules. Staff are encouraged to spend up to 7 weeks of their working days at the remote working hub, sharing the mental and physical health benefits with the broader EG Family.



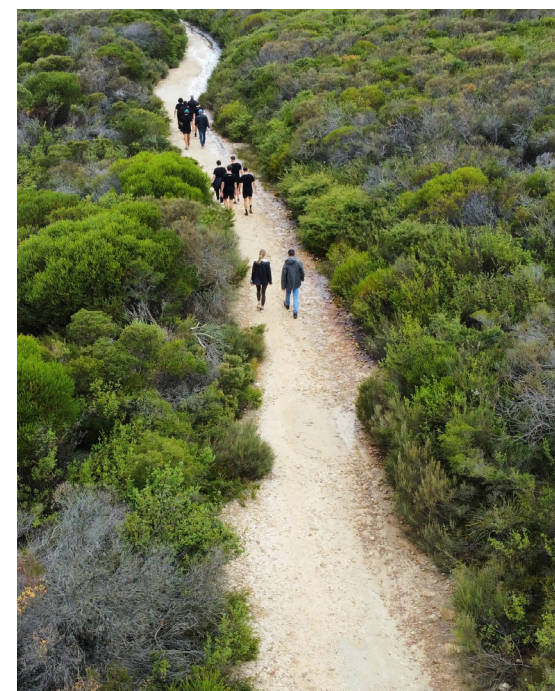
The property has also been used by different teams for conferences and workshops, with the proximity to nature unlocking teams' creativity and innovation. Employees are also encouraged to participate in outdoor activities including kayaking, bushwalking and mountain biking while at Bundeena.

Off the back of the success of the program, EG has the desire to acquire more nature hubs that offer connections to rivers, lakes, mountains and valleys. Continuing to allow staff the chance to reap the benefits of a change in working environment and the creativity and mental health benefits that comes from closeness to nature.

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I always leave the nature hub feeling relaxed, re-energized, and refocused on what's important. It's a wonderful place to escape the hustle and bustle of the city for a night or two.

RAJA JAMAL
Project Director





END OF YEAR CELEBRATION

After a year of uncertainty, lockdowns, and working from home, we took our Sydney staff and their families on a weekend away to raise the energy and unite the team.

Spending the weekend away together was a wonderful way to get to know everyone beyond their roles, seeing Fund Managers dealing with daughters instead of investors and analysts looking after their partners rather than spreadsheets.

Meals and even a sunset harbour cruise were shared as the team reflected on the year that had passed and the year ahead amidst this wonderfully weird EG culture.

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It was so wonderful to meet everyone's partners and children and see them in that family mode instead of just being at work.

CLAUDIA READETT
Office Coordinator



COMMUNITY ENRICHMENT

EG aims to create urban regeneration projects that enhance existing communities, providing more connected, engaged and well resources neighborhoods.

40%

of EG's profits

went to the Summer Hill Little Big House in 2021

74

events

have been held since inception in 2020 (despite lockdowns)

15

volunteers

are donating their time and efforts to make the program a success

40k+

moments

of connections have been created



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I recently moved to Summer Hill and we find this community so helpful and welcoming. I've booked the Little BIG House for my son's birthday party and now I want to volunteer because I want to be a part of it all and give something in return.

**SUMMER HILL
COMMUNITY MEMBER**
Taken from Volunteer
Application Form



The Little BIG Foundation

The Summer Hill's Little BIG House is a dedicated community hub that is free for any community member to use to offer an event or host an activity that's good for the 'hood'. Managed by a team of volunteers and event hosts with the support of foundation staff, the space creates opportunities for social connection that drives a bigger vision of a happier, healthier and kinder community.

In 2021 the community at Summer Hill launched:

- **Summer Hill Safe Space** – where locals feeling lonely or at risk of suicide or depression can drop by and speak with volunteers with lived experience.
- **Circle of Chai** – learning the art of mindful chai tea preparation followed by a social connection and community.
- **\$20 Club** – a community run program to give back to those in need by donating \$20 worth of groceries a month and gathering as a group to create arts and crafts for refugee families.
- **Youth Games Night** – monthly evening of games and programs aimed at teenagers run by an inter-faith NFP youth organisation.
- **Self-care Workshops** – run by a local community member and offering techniques to better care for your mental and physical health.

ENVIRONMENTAL OPTIMISATION

EG is committed to improving the environmental performance of our assets, retaining and enhancing investment value, attracting tenants and continuing to mitigate the transitional and physical risks as posed by climate change.

SOLAR AT MASCOT POLICE STATION

The flat, unshaded roof on the Mascot Police Station is the ideal site for rooftop solar. The 100kW array is the optimal size for the tenant, expected to generate approximately 125MWh annually, powering the police station and saving an estimated \$17,750 annually in energy costs.

On-site solar is crucial to reducing the carbon footprint of EG's portfolio, with the estimated 112 t.CO₂ in annual carbon savings cutting the site's energy related carbon emissions by ~20%, the equivalent of taking 29 cars – or should we say, police cars – off the road each year.

EG continues to investigate opportunities for rooftop solar across its portfolio, with on-site solar generation one of the most cost-effective ways to reduce an asset's carbon footprint whilst simultaneously future-proofing EG's portfolio as we transition to a zero carbon economy.

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Solar panels are a great example of a win/win for tenants and investors, with a reduction in carbon emissions matched by reduced energy costs for tenants.

RONI KARIKA
Asset Manager





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EG's Delta Fund seeks to address climate risk in an area of the market that is traditionally ignored. 2050's net zero cities won't solely be premium grade assets, and there lies our opportunity for action.

LINH PHAM

EG Delta Fund Manager

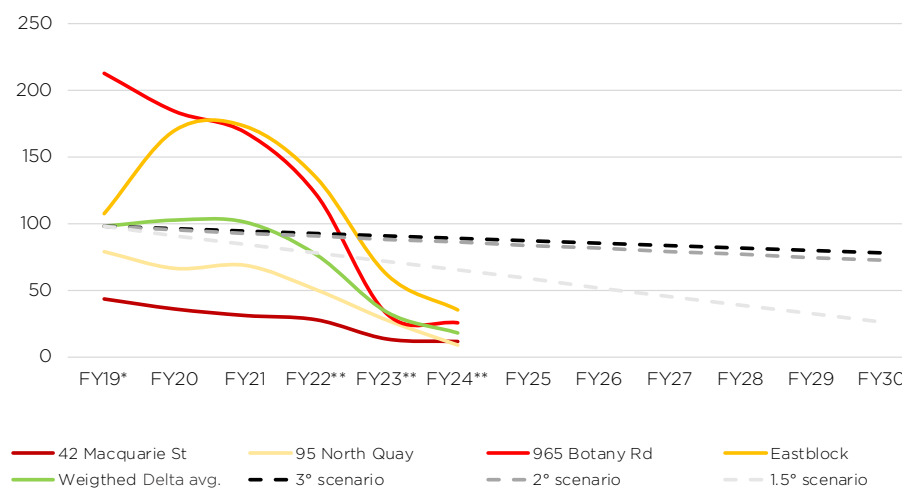
TOWARDS ZERO EMISSIONS

EG's progress towards zero emissions is exemplified by the EG Delta Fund, which operates under the maxim that 'the greenest building is the one that's already standing'. Rather than investing in new-builds, the Fund recognises the biggest opportunity for impact at scale is improving underperforming non-premium buildings, which emit 2.7m t.CO₂ every year and aren't equipped to be carbon neutral by 2050.

Given these assets will be part of carbon neutral cities, there is an imperative to improve their energy efficiency and carbon performance via the installation of solar power where appropriate, and other low-carbon technologies as they relate to smart energy management, efficiency and storage.

Carbon projections for the four assets are consistent with the reductions needed to avoid a 1.5°C future, the temperature goal of the Paris Agreement. Initiatives including on-site solar generation, installation of energy efficient LED lights, HVAC optimisation and sensor upgrades will take place across the Fund, which is aiming to expand the portfolio and sphere of influence in FY23.

Carbon intensity (kg.CO₂/sqm/yr)

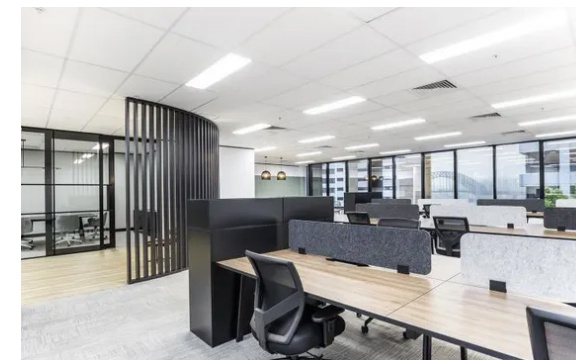


5 STARS FOR 32 WALKER STREET

32 Walker Street in North Sydney became the first building in New South Wales and second in Australia to achieve a 5-star NABERS Rating for waste management.

NABERS, the National Australian Built Environment Rating System, assesses buildings on waste generation, recycling and resource recovery and supply chain management. The 5-star NABERS Rating redefines leadership on waste management in Sydney and reduces the environmental footprint of the building by limiting the amount of waste being sent to landfill.

Reducing waste to landfill and investing in the circular economy is part of EG's commitment to building in good for a more equitable future. The Rating is indicative of the extensive tenant engagement EG undertakes as part of our approach to asset management, partnering with all our stakeholders in our commitment to environmental stewardship.



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The 5-star NABERS Waste Rating achievement at 32 Walker Street sets an exciting example that will encourage others to follow, it's energising to see EG driving improved environmental efficiencies in waste management to support a more sustainable built environment.

LEIGH BURRELL
NABERS Acting Director



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*We choose to be
defined by the way
we do business
as much as by the
business we do.*

**DR MICHAEL
EASSON AM**

CHAIRMAN AND FOUNDING DIRECTOR





A BETTER PATH TO BETTER RETURNS.

EG is a disciplined, data-driven investment manager and developer with over \$5.1 billion in assets under management.

We are committed to investing in property technology, keeping super funds and private wealth clients ahead in both rising and falling markets.

Our success is underpinned by B.I.G. Thinking™. We uncover what's truly best for both communities and investors.

We build in good, so you can build in growth.

