



ESG REPORT

2022



LETTER FROM THE CEO

2022 was a year of new beginnings for EG, with the business embarking on long journeys towards Real Zero carbon, Remembrance and Reconciliation. We also furthered existing programs seeking to build a better future for our investors, tenants, staff and the broader community.

I'm proud of EG's commitment to Real Zero carbon. When we embarked on this journey we wanted to establish EG as a leader, re-defining what it means to be carbon zero in the built environment. Had we wanted to be 'net zero' today, we would have lent on existing market mechanisms and purchased enough carbon offsets and Renewable Energy Certificates to 'net' off EG's emissions at zero.

Instead, we sought to set a new benchmark for the sector, one that cannot be bought.

And in targeting Real Zero carbon by 2030 I believe we have done exactly that.

That we could set a new direction for carbon zero targets, whilst staying true to EG's desire for sophisticated, data-driven solutions is a particularly sweet bonus. We aspire to be a 'light on the hill' for others by operating at the intersection of technology, climate change and property. We are turning towards electrification, demand management, load shifting and 24/7 renewable energy procurement rather than

offsetting fossil fuel use with carbon credits and offsets. In doing so, we are playing a part in the decarbonisation of this sector, and the transition of the Australian energy grid to 100% renewable energy. Lastly, since we are not purchasing additional certificates and credits, we are realising tangible emissions reductions at a reduced cost, aligning environmental and economic outcomes, and delivering better returns for our investors.

To me that is impact at scale, and a target worth investing in.

Other new projects include the sponsorship of the Australian Remembrance Foundation and starting EG's first Reconciliation Action Plan (RAP) Working Group. I hope that by next year's ESG Report I am writing about the success of EG's first RAP. Remembrance and Reconciliation represent long journeys ahead, not just for EG, but for society more broadly. Journeys we are thrilled to make active contributions to.

You will find in this report more stories about EG's "weirdness" and how we made 2022 a stand-out year. From our Hobby Program to our remote working sites and cultural events, we've continued to foster a uniquely special culture at EG whilst continuing to achieve business goals.

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



ADAM GEHA
CEO

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.



EG'S 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 to 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.

The stories that follow represent a fraction of the work conducted in 2022.

TABLE OF CONTENTS

ENVIRONMENTAL OPTIMISATION	6
RESPONSIBLE INVESTMENT	14
PEOPLE AND CULTURE	17
COMMUNITY ENRICHMENT	19

ENVIRONMENTAL OPTIMISATION



REAL ZERO CARBON

With 'net zero' targets becoming commonplace in the property sector, it begs the question, "what comes next, could we be doing more?"

In 2022 EG launched its Real Zero carbon target, aiming to lead the industry beyond 'net zero.'

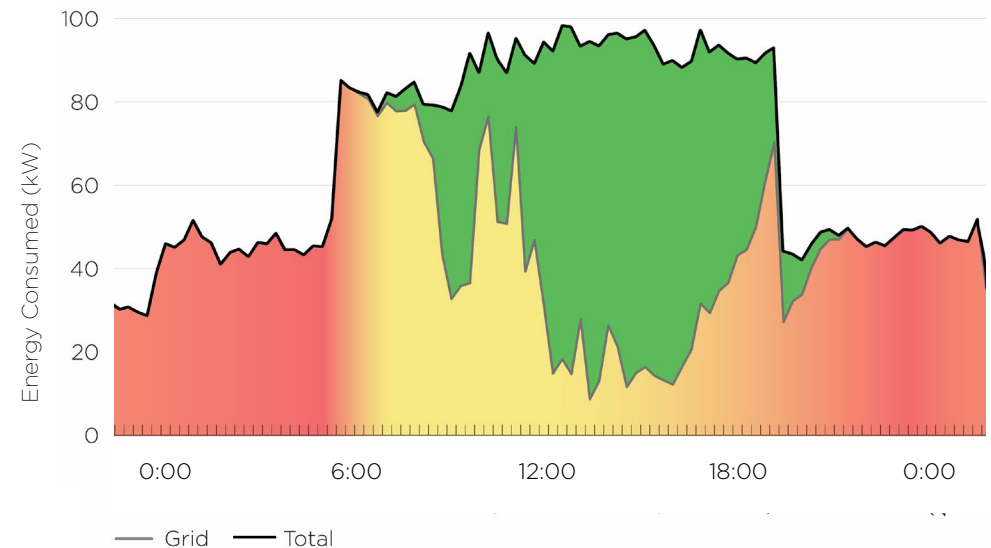
Taking a more granular approach to carbon accounting allows us to understand how our buildings are emitting carbon every minute of every day, rather than performing retrospective calculations which depend on Government estimates for carbon intensity.

This 24-hour approach allows EG to move beyond carbon offsets, not needing to 'net off' total emissions at zero, but rather reaching Real Zero through a combination of energy efficiency, electrification, demand management, load shifting and renewable energy. All levers which are enabled and improved by this more sophisticated approach.

Understanding *when* our buildings are using energy is just as important as understanding *how much* energy they are using. If we can identify times during the day when on-site solar is not generating power and there is limited renewable energy in the grid, we can have the biggest bang for our buck when it comes to reducing emissions.

This means we don't need to rely on annual figures, instead understanding the 24-hour carbon profiles of our assets every day.

SAMPLE DAY WITH SOLAR



100% FOSSIL FUELS

100% RENEWABLE ENERGY

Above is a sample of how we're starting to see our assets' 24-hour operation cycle. Understanding when our buildings are running on solar energy that's generated on site and when we're drawing energy from the grid. And crucially, just how carbon intensive that grid energy is.

Matching the lowest carbon intense energy to the highest use is the key to our strategy, aimed

at maximising building efficiency and production whilst reducing carbon emissions, and eliminating fossil fuel use, rather than offsetting it.

For more information on our Real Zero target, allow us to present an array of options, ranging from too much information to too little, and perhaps, a 'just right' mid-point.



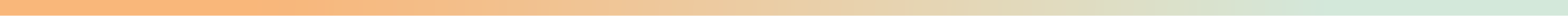
Real Zero
White Paper



Link to blog

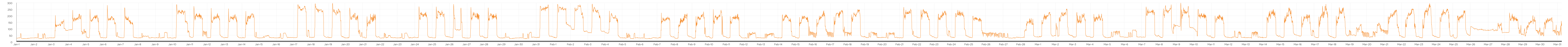


Link to video



95 NORTH QUAY GHG EMISSIONS (JAN-MAR 2022)

Monitoring the live carbon emissions of our buildings gives us a far more granular level of understanding of our buildings' carbon footprints. This is 25% of the carbon footprint of one asset. It's a lot but it's needed.

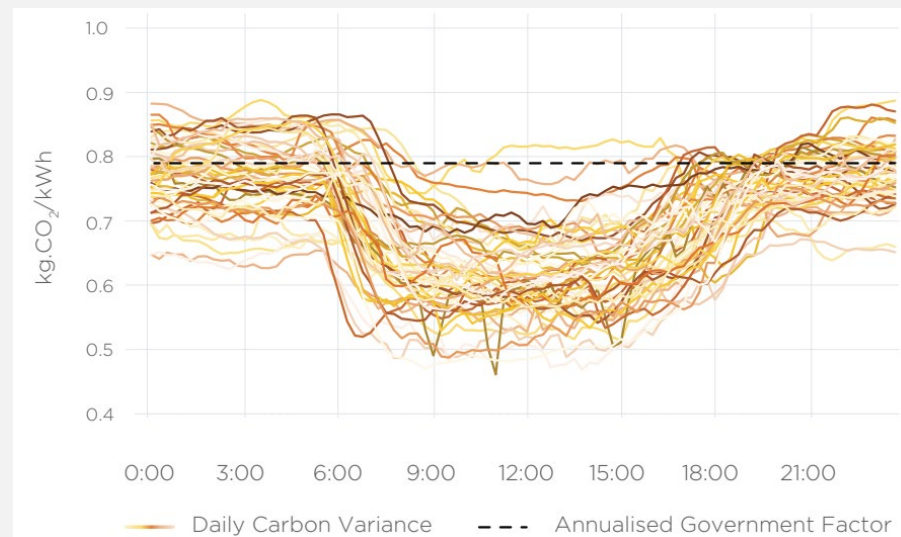


REAL ZERO CARBON

So what does Real Zero look like in reality?

When considering a live carbon footprint, real assets tend to report a lower carbon footprint than when using the Government assigned NGA carbon intensity factors. This is because buildings are operational during daylight hours when there is more solar in the grid, and therefore the carbon intensity is lower.

CARBON INTENSITY OF THE NSW GRID



Considering the daily carbon variance therefore provides a carbon emissions total lower than the emissions footprint calculated via the Government's NGA Factor. Note we do not consider this a reduction in emissions, but rather a reflection of the matched load shape of our buildings against the solar generation in the grid.

Hence a key principle of our Real Zero Strategy being the matching of these curves to limit energy use when there is no solar in the grid, and use more energy when solar is abundant, and carbon and wholesale prices are low.



REAL ZERO CARBON

Our baseline, for the assets in our Delta and ACE portfolios is 8,489.66 t.CO₂ in 2022.

EG's scope 1 and 2 emissions, CY-22. Methods to capture and calculate scope 3 emissions – primarily from on-site tenant electricity are ongoing and we hope to have these to report next year.

	SCOPE 1 EMISSIONS (T.CO ₂)	SCOPE 2 EMISSIONS (T.CO ₂)	
		REAL CARBON	GOVERNMENT DERIVED CARBON
32 WALKER ST, NSW	-	272.61	303.17
50 CARRINGTON ST, NSW	17.94	313.58	345.65
60 CARRINGTON ST, NSW	65.31	732.47	802.29
2 MILL ST, WA	-	619.02	558.93
81 BEAUCHAMP RD, NSW	-	41.83	47.33
965 BOTANY RD, NSW	-	324.42	350.89
42 MACQUARIE ST, ACT	24.97	63.77	71.28
EAST BLOCK, ACT	183.99	419.59	456.15
95 NORTH QUAY, QLD	-	621.97	646.38
GRAND PLAZA, QLD	-	4,788.19	5,047.33
TOTAL	292.21	8,197.45	8,629.39

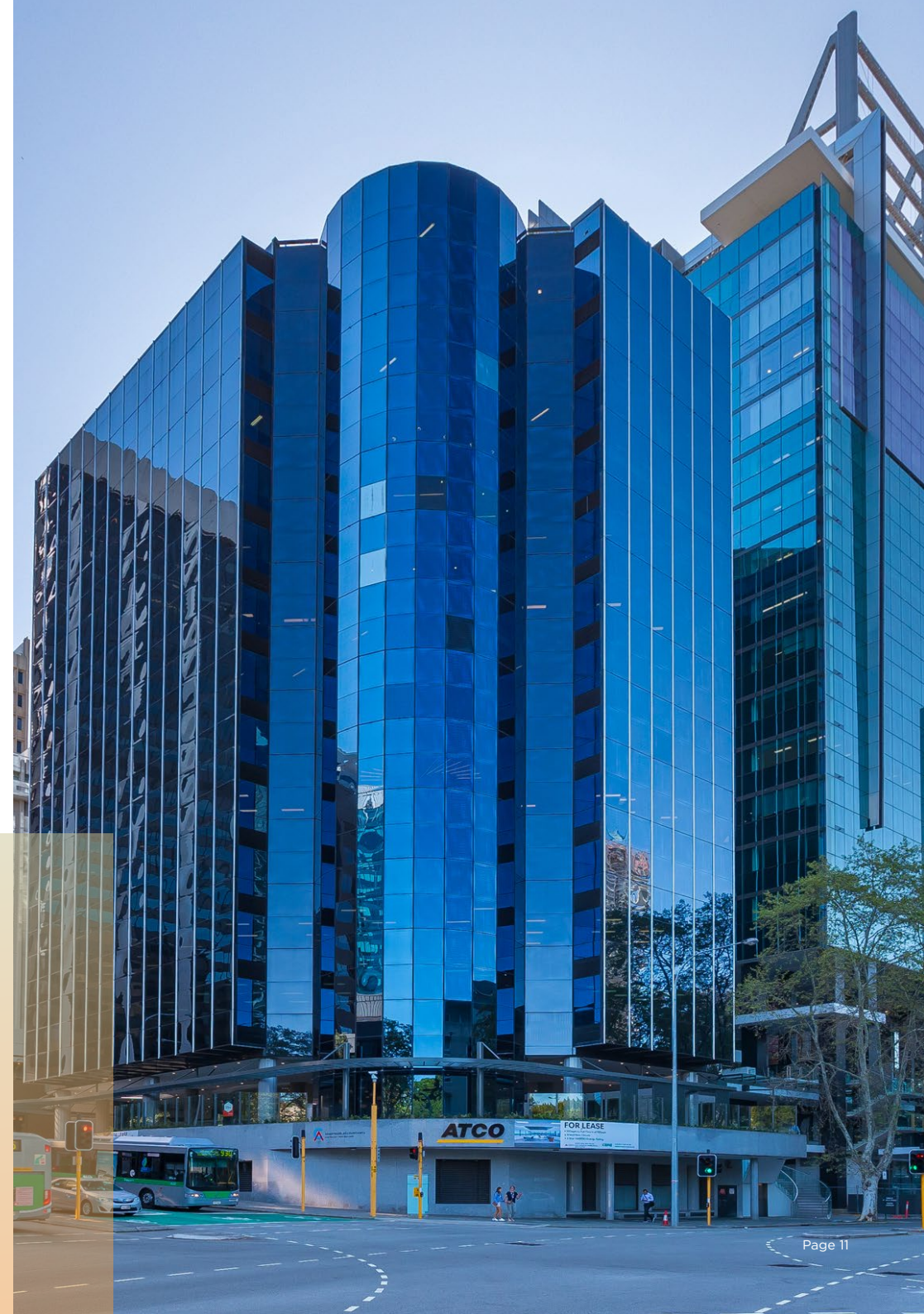
GRESB IMPROVEMENTS

EG continues to report to GRESB with all reporting funds realising an uplift in scores in the 2022 survey.

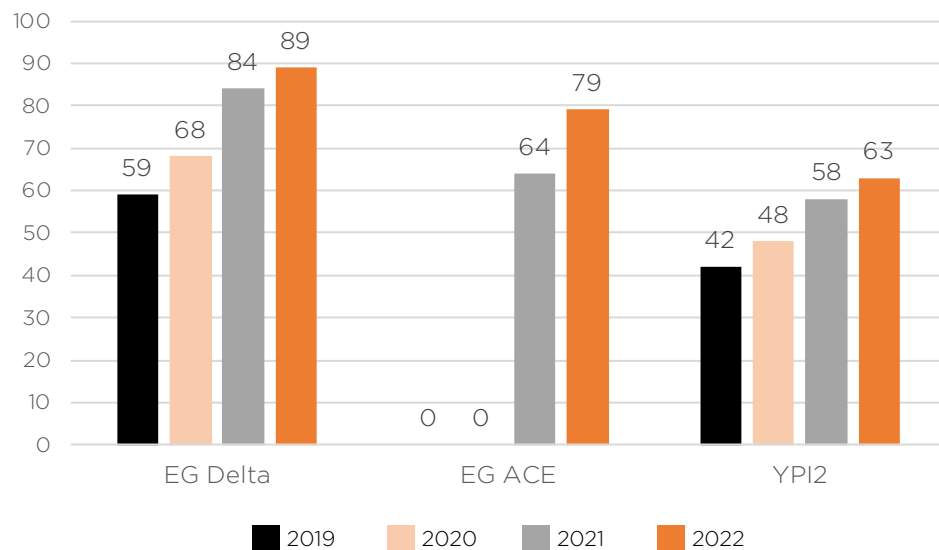
With over 1,800 entities participating internationally, the Global Real Estate Sustainability Benchmark (GRESB) plays a crucial role in standardising ESG performance amongst global real estate peers. With EG's funds' continued improvement showcasing the old truism that "you can't manage what you don't measure."

Whilst our funds don't lead their categories, their scores speak to the level of performance funds comprising older, non-premium grade assets can achieve. Approximately 80% of the buildings that will comprise 2050's 'net zero' cities are already standing today, so achieving high levels of environmental performance with existing stock – while avoiding the embodied carbon associated with building brand new, high performing assets – is crucial to tomorrow's net zero economy.

EG will report to GRESB again in 2023 and is confident of further uplift in scores.



ANNUAL GRESB SCORES (/100)



*note the EG ACE Fund did not exist prior to 2021 and hence did not report to GRESB



“We’re excited to see EG’s continued improvement in the GRESB Assessment, with higher scores reflecting the important work they’ve done improving their environmental performance, as well as aligning with social and governance best practices.”

Ruben Langbroek

Head of Asia Pacific, GRESB



AVANI JOINS EG'S TECHNOLOGY HUB, EGX

EGX – EG's technology hub and tech innovation incubator – acquired leading smart building technology company Avani in 2022.

The company offers a market-leading integrated systems platform (ISP) which helps reduce the environmental impact of commercial real estate.

The Avani platform connects with, and provides instruction to, any digital device within new and existing buildings. This capacity to 'read and write' data is what makes Avani unique and is why EG is so excited to be working with Avani along the path to Real Zero emissions.

Avani's technology is already deployed in more than 250 buildings across Australia and New Zealand, with the team working with leading Australian building owners and occupiers including ISPT, HOYTS, and ALDI.

EG is excited to work at the intersection of technology, data, and carbon. We see innovation in these spaces as crucial to realising a zero-carbon economy and limiting global warming to 1.5°C above pre-industrial levels, the temperature goal of the Paris Agreement.



The Avani platform has been a critical part of our energy reduction strategy over the past five years, and we continue to see improvements as a result of our relationship with the company.

Mark Seymour

Head of Facilities Management and Strategic Initiatives, HOYTS

If you'd like to learn more about the wonderful work Avani does, please visit avanisolutions.com

THE AVANI WAY



Access Data

Data from any building sensor in any building at any time



Change Behaviour

Turn your sustainability ambition into real actions



Track Improvements

Demonstrate you're hitting your sustainability and financial goals

RESPONSIBLE INVESTMENT



EG strives to be renowned as a highly trusted 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.

COMMITTEE MEMBERSHIP DRIVING COLLABORATIVE ACTION



EG's Head of ESG, Ian Lieblich, sits on the United Nations Principles for Responsible Investment's Global Real Estate Advisory Board, representing the Asia-Pacific region. Ian's involvement in UNPRI ensures EG has a seat at the table amongst a panel of international ESG experts, contributing to a wide range of workstreams including climate risk disclosure, ESG taxonomy, zero carbon, sustainable debt, ESG reporting, and benchmarking.

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.

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.

Other ESG peer groups EG staff sit on include the Investor Group on Climate Change's Policy & Advisory Working Group and the ANREV Sustainability Committee.

Lastly, this year EG joined the United Nations Carbon Free Energy Compact. The Compact includes energy buyers, suppliers, system operators,

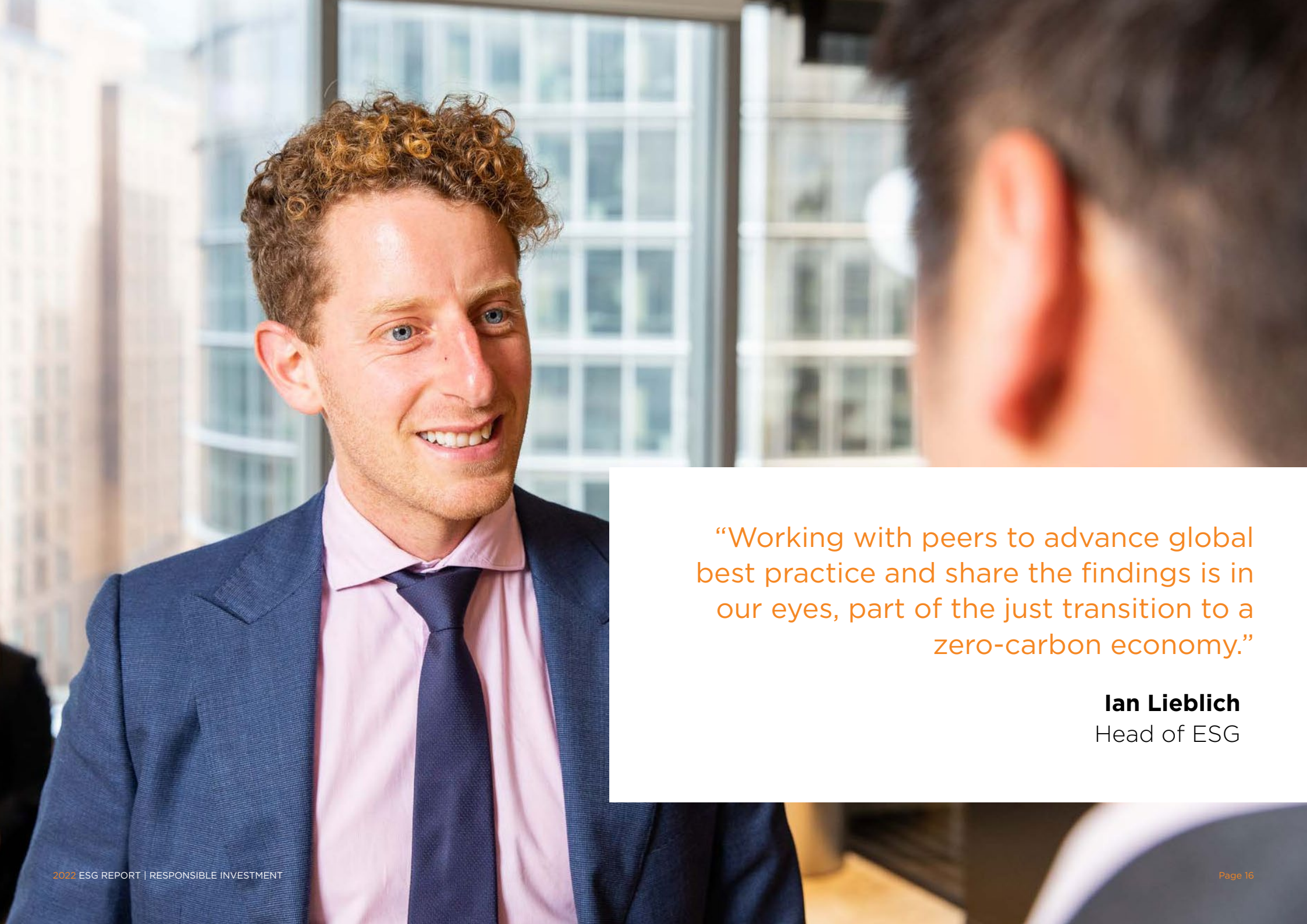
investors and governments committed to advancing 24/7 Carbon Free Energy. This Compact allows EG to further our Real Zero goals, collaborating with global leaders to match 24/7 renewable energy rather than retrospectively purchasing renewable energy certificates to offset historic fossil fuel powered energy.

ENERGY
COMPACTS



ANREV





“Working with peers to advance global best practice and share the findings is in our eyes, part of the just transition 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.



BUNDEENA NATURE HUB

Our Bundeena Nature Hub continues to invite staff to escape the concrete CBD and reconnect with nature. Employees work remotely from the edge of Jibbon Beach in the gorgeous Royal National Park, an hour south of Sydney.

Workshops and conferences may continue to be interrupted by bushwalks, cycling, kayaking and ocean swims. However, mental and physical health benefits ensure staff productivity is bolstered by creativity and innovation unlocked by nature.



HOBBY PROGRAM

EG's Hobby Program continued this year, allowing staff to take up a new cultural or sporting endeavor. EG contributes 70% of the cost and provides an additional ten days' of leave.

This year staff embarked on a wide range of activities including art classes, burrata making, philosophy, micro urban farming, meditation, clay making, sushi making and free diving.




EG GROW BREAKFASTS

'EG Grow' is a monthly breakfast that allows staff members to present on topics of interest including mindfulness, deep breathing, productivity and kindness.

Ian Lieblich, EG's Head of ESG, presented on climate change during COP27 in Egypt. The session ensured staff were not only engaged, but understood the global movements, trends and environmental policies to achieve the best outcomes for carbon reductions and climate resilience across our portfolio.

COMMUNITY ENRICHMENT





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



THE LITTLE BIG FOUNDATION

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

SOME 2022 HIGHLIGHTS;

1

Achieved Tax Deductibility Status with the Australian Charities & Not-for-Profits Commission

2

Hosted at least one event every single day since May-22, at least two events per day since Aug-22.

3

Launched programs dedicated to key groups at risk of loneliness including: seniors and retirees, stay at home parents and office workers unable to return to a workplace

4

Ran 142 different programs and hosted 1,875 individual events

5

This work generated 22,183 Little BIG Moments, community interactions that would not have been possible without the Little BIG Foundation.

6

29 volunteers donated their time to run community programs.

7

Completed our benchmarking community survey which indicated the need to persist with this work in the community.

“My favourite thing about the Little BIG House is that it brings together people from all walks of life and is reviving the culture of connected neighbourhoods.”

Sanjeev

Volunteer & Event Host



CASE STUDY: BOARD GAMES NIGHT

A local community member identified that his passion for board games could be the conduit to bring people together in a safe and welcoming way. Playing board games strengthens relationships, improves communication skills, reduces stress and can help you meet new people. The event started with one or two attendees, but now boasts 10-20 attendees at each event. The “G-Spot” games nights were called out in the survey as an example of where people have made new friends.

“What I like most about tabletop games is that they scratch the strategic and competitive itch whilst being a vessel for human interaction. The final moments of a game can reveal a lot about the person/s you are playing with.”

Board Games Night Host





EG's B.I.G. thinking is our unique approach to generating both outstanding returns and lasting positive impact.

We are here to do more than just create value. EG recognised the opportunity to leave a legacy, we purposefully Build In Good (B.I.G.) and return good to all.

Returning good to all extends to philanthropic ventures, with donations to a wide range of charities during 2022. Our aim is touch and impact communities across Australia and the world. Our list of partner organisations is a reflection of EG's continued commitment to enriching our communities.



PROJECT ROZANA



THE AUSTRALIAN REMEMBRANCE FOUNDATION

In January 2022, EG became a Founding Partner of The Australian Remembrance Foundation.

EG's vision is to leave a legacy by building in good and returning good to all. The Australian Remembrance Foundation supports veterans and honours the families of the fallen to bring us greater perspective.

Australia's fallen, returned, and current servicemen and women were honoured at the "Lest We Forget: An Anzac Day Tribute". The event took place at Sydney Town Hall, and televised on Channel 7, to allow the Foundation's message to resonate with a larger audience.

The "Lest We Forget Tribute" brought together over 100 military, veteran and civilian artists to honour the fallen. This very special commemoration also featured a tribute to Dennis Davis, a "Rat of Tobruk" and one of Australia's oldest veterans from World War II. Dennis sadly passed away, four months after Anzac Day 2022, aged 102.

By reflecting on our shared history and amplifying servicemen and women's legacies, EG is hopeful of bringing Australians together, creating a brighter future through reflecting on the past.

To donate to the associated charities or watch Channel 7's full coverage of the 2022 event please visit www.lestweforget.org.au

More information on The Australian Remembrance Foundation can also be found at www.remembrance.org.au





SYDNEY

Governor Phillip Tower
Level 21, 1 Farrer Place
Sydney NSW 2000
Australia

MANILA

Level 10, North Tower,
Rockwell Business Center Sheridan, Sheridan
corner United Street, Mandaluyong City, 1550
Philippines

T. +61 2 9220 7000
E. contact@eg.com.au
www.eg.com.au