

# E&P Financial Group Sustainability Overview 2022



Image: US Solar Fund PLC  
*Davis Lane Solar Plant (7MWDC)*

# About Us

E&P Financial Group is a financial services business with a history spanning more than 30 years. We provide high-quality, market-leading financial advice for private, institutional, and corporate clients.

We are focused on delivering long-term value to all stakeholders, including our clients, our people, and our shareholders. We recognise the importance of sustainability in meeting these objectives and seek to ensure our business operations and investment services are aligned accordingly.

This document is our first sustainability overview, and reports on our material environmental, social and governance (ESG) issues and initiatives for the financial year ending 30 June 2022. It also offers a snapshot of our future ambitions.

# FY22 Highlights



**8,000+ clients and families**  
provided with financial advice



**40% women on E&P board and Investment Committee**  
39% across all staff



**Operational GHG emissions footprint measured<sup>1</sup>**  
with the intention to reduce and compensate in FY23



**Responsible Investment Association of Australasia**  
joined in 2022



**AFR Top 100 Graduate Employer and AAGE Top 40 Intern Program<sup>2</sup>**



**1GW<sub>dc</sub> of solar assets managed**  
through New Energy Solar and US Solar Fund<sup>3</sup>



**\$270 million+**  
in client FUA across our sustainable investment product suite



**\$160,000+ raised for community organisations**  
through E&P and staff



**1.69 tonnes of paper saved**  
through introduction of electronic signatures

Note: All data unaudited, as at 30 June 2022

<sup>1</sup> Operational (Scope 1 and 2) greenhouse gas emissions only

<sup>2</sup> Australian Financial Review Top 100 Graduate Employers, Australian Association of Graduate Employers Top 40 Intern Program

<sup>3</sup> Includes combined portfolio of plants that are wholly or partly owned by New Energy Solar Fund and US Solar Fund

# Foreword

We are pleased to bring our clients, people, and shareholders our inaugural sustainability overview. This document highlights the ESG expertise, initiatives, and client offerings that we have developed over recent years. It also details our performance for the 2022 financial year and offers a snapshot of our future ambitions.

As a leading diversified financial services group, we have long recognised the importance of integrating prudential management of ESG risks and opportunities across all businesses. In recent years, we have also built capacity to support our clients' thematic and impact-oriented sustainable investing goals. This continues to be a strong focus for the firm, in step with meeting changing client expectations. Beyond the ongoing development of our investment solutions, throughout FY22 we initiated the development of our own corporate sustainability program and made several key appointments to increase our ESG expertise.

This year we were pleased to have Sally McCutchan (Non-Executive Director), and Tony Johnson (Executive Director) join the E&P Financial Group board. Sally brings valuable experience in funds management and social impact, as the CEO of Bridges Australia, Executive Director and previous CEO of Impact Investing Australia and a non-executive director to Indigenous Business Australia Asset Management and Oxfam Australia. Tony brings strong executive expertise in the financial services sector, having enjoyed a successful 34-year career with EY, most recently as CEO and Managing Partner of EY Oceania. Each will play important roles in overseeing strong governance and supporting our corporate sustainability initiatives.

We were also pleased to welcome Rose Clark as Chief People Officer, who brings a great deal of expertise to our firm-wide people and culture ambitions. Our dedicated Sustainable Investing team also continues to grow, with the appointment of additional resources in 2022. These appointments reflect the evolution and growing depth of our ESG practices.

In 2022 we have carried out considerable work to progress our ESG framework, program, and reporting. While the business has continued to address legacy issues, systematic change management initiatives are now substantially progressed and we are focused on continually improving outcomes for impacted clients. Having a sound ESG framework that supports our decision-making forms part of this response. To that end, this report forms a small part of our concerted effort to improve organisational transparency and build stakeholder trust.

As always, we value the contribution that all stakeholders make to the long-term success of our organisation. We welcome your feedback and thank you for your ongoing support.



David Evans  
Non-Executive Chairman



Peter Anderson  
Chief Executive Officer

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# Our framework and material ESG issues

This year we undertook a firm-wide review of our corporate sustainability practices to formalise an ESG reporting framework. Through industry analysis and stakeholder engagement, we identified six ESG topic areas material to E&P’s ongoing success. These span governance and conduct, social and natural capital.

**E&P MATERIAL ISSUES**



**Business ethics and integrity**

How we use culture, governance, accountability, processes, and controls to conduct our operations.



**Client experience**

How we meet our objectives of delivering client-first outcomes. This includes investment performance, complaints, and data and privacy protection.



**Human capital management**

How we attract, develop and retain the skills and talent of our people.



**Community engagement**

How we create value for communities through philanthropic activities and partnerships.



**Sustainable investment**

How we consider environmental, social and governance (ESG) factors in our investments and advisory activities.

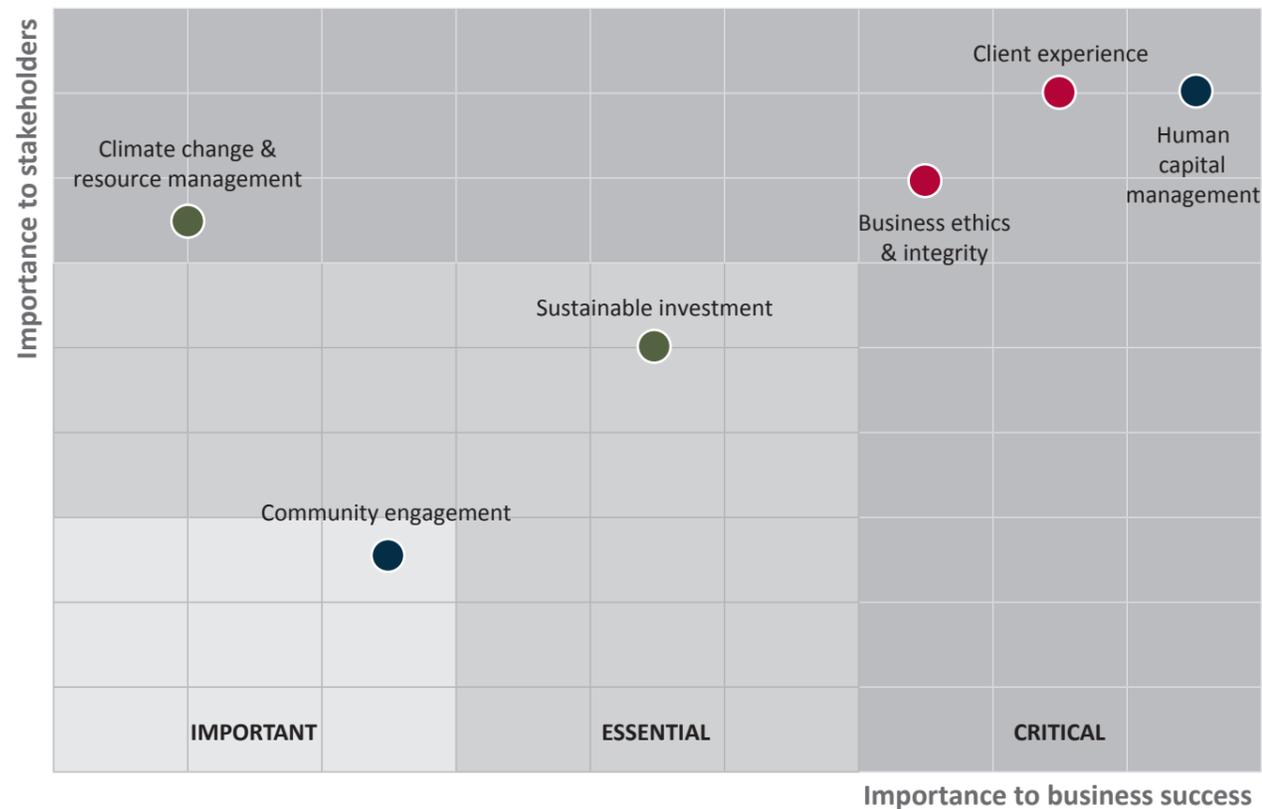


**Climate change and resource management**

How we manage the risks and opportunities presented by climate change and reduce the environmental impact of our operational activities.

Our ESG framework and reporting approach is informed by materiality. This ensures our program and approach addresses the sustainability topics of greatest importance to the business and our stakeholders. The materiality map below categorises our material ESG issues via their relative importance to both stakeholder and business success.

### E&P MATERIALITY MATRIX



To ensure that our framework and initiatives have adequate oversight, additional governance practices are being established. Cross-divisional line-managers have been given initial responsibility for measurement, monitoring, and reporting of sustainability metrics across each key topic area – with progress reported to the Executive team and Board on a periodic basis.

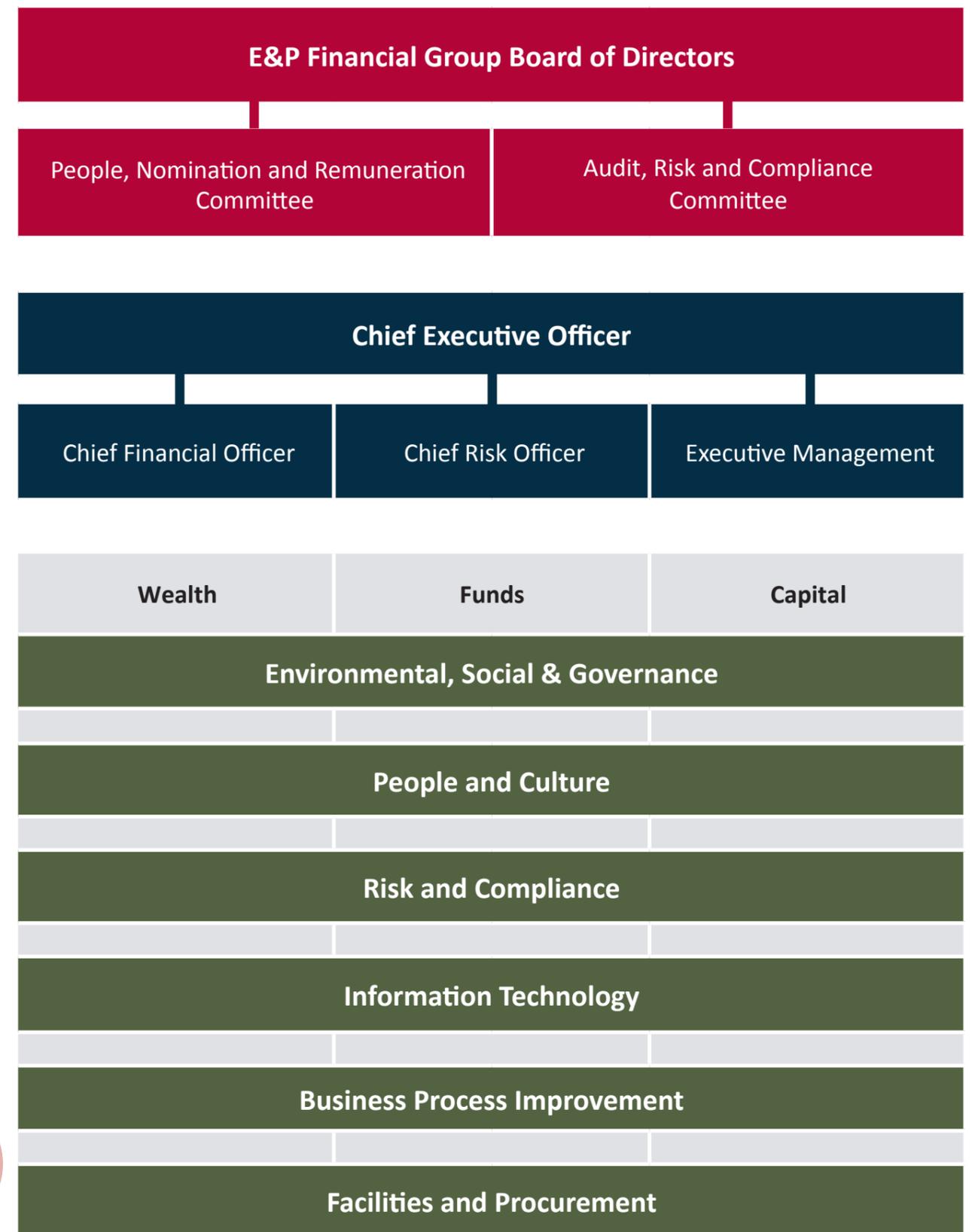
As our processes develop, we will seek to introduce targets and additional internal controls to manage data quality. Further, we will seek to align reporting with larger scale frameworks including the Global Reporting Initiative (GRI) and Sustainable Accounting Standards Board (SASB).

### HOW DO WE DETERMINE MATERIALITY?

To determine materiality, we considered the priorities of key stakeholder groups including clients, investors, employees, and regulators. We also undertook detailed industry, sector and peer analysis. In addition, we reviewed the expectations and guidance of global ESG rating agencies as well as public frameworks including GRI and SASB.



### E&P GOVERNANCE FRAMEWORK



# Business ethics and integrity

How we use culture, governance, accountability, processes and controls to conduct our operations. This includes ensuring our employees and advisers act professionally and ethically to deliver services to a high professional standard.

**B**usiness ethics and integrity are critical in realising outstanding service and rewarding investment outcomes. E&P's core values are embedded in the way we act, and in our culture and policies. These ethical standards are set out in the Group's Code of Conduct, which outlines the expectations for all employees.

There are numerous mechanisms in place to track, monitor and manage risks that may result in client or shareholder detriment, due to our conduct or that of third parties. Policies and procedures that foster a culture of high ethical accountability include:

- Risk Management Framework
- Incident and Breach Management Policy
- Whistleblowing Policy
- Fraud and Corruption Policy
- Conflicts Management Policy
- Information Barriers Policy
- Code of Conduct
- Securities Trading Policy
- Consequence Management Policy

## SELECTED PERFORMANCE METRICS

FOR THE PERIOD ENDED	FY21	FY22
<b>Governance and oversight</b>		
E&P Financial Group Board: independent directors (%) <sup>1</sup>	80	40
E&P Investment Committee: independent members (%)	25	40
E&P Funds FUM with external or majority independent responsible entity	62	100
<b>Professional integrity</b>		
Employees completing mandatory training (%) <sup>2</sup>	100	100
Advisers completed National Adviser Exam (number)	87	84
Advisers completed National Adviser Exam (%)	90	99
<b>Conduct</b>		
Whistleblowing reports (total number received and upheld)	0	0
AML/CTF breaches (number of reportable breaches)	0	0
Internal fraud events (number of material events)	0	0

<sup>1</sup> David Evans reverted to Non-Executive Chairman from 1 July 2022 but is included as a non-independent director for the purposes of this calculation  
<sup>2</sup> Employees completing statutory continuous professional development (CPD) requirements

E&P also employs a Modern Slavery risk management framework with several initiatives having been introduced over the last two years. This includes establishment of a supplier code of conduct, enhanced supplier and investment due diligence, and additional staff training. Our approach and performance are detailed in our annual Modern Slavery Statement.

Our trusted people are employed based on their integrity and values and are expected to remain up to date on risk and compliance requirements, stakeholder expectations and industry best practice. Employees must complete mandatory training and policy attestations to ensure they are continually aware of E&P's high standards. Furthermore, our advisers and associates undertake regular ethics training through their Professional Development (CPD) requirements.

## DEVELOPING A STRONG RISK CULTURE

In FY22 we implemented several initiatives focused on driving a strong risk culture, to improve governance, accountability and promote ethical behaviour of all staff. These initiatives included:

- Introduction of a firm-wide risk culture survey
- Development of additional policies, procedures and risk frameworks, including:
  - a Third-Party Risk Management Framework
  - a Project Management Framework, and
  - a New Business/Change Management Policy
- Implementation of additional training and communication programs including the introduction of a firm-wide, quarterly newsletter from the Chief Risk Officer
- Development of a Governance, Risk and Compliance tool
- Centralisation and completion of Risk Control Self Assessments group wide.



# Client experience

How we meet our objectives of delivering client-first outcomes. This includes investment performance and related outcomes, the processes we have in place to assist clients, manage complaints, and protect data and privacy.

At E&P, our primary activity is to provide high-quality, market-leading financial services for private, institutional and corporate clients. We strive to maintain long-term relationships, by providing exceptional service, rewarding investment outcomes, and a high degree of trust and integrity.

## INVESTMENT PERFORMANCE

FY22 saw robust performance for the E&P Funds strategies in challenging market conditions. Since inception returns remain solid across the E&P Funds product suite with ~65 per cent of funds under management (FUM) either ahead of benchmark or generating a positive net asset value return.

Pleasingly, several core equities strategies received external recognition for performance through research houses and rating agencies during the year:

- Claremont Global Fund was upgraded to a 'Recommended' rating from Lonsec and Zenith
- the Orca Global Fund and Orca Global Disruption Fund each received 'Investment Grade' ratings from Lonsec.

E&P Funds also focused on several value realisation initiatives to provide desired liquidity. In FY22, more than \$700 million was returned via buy-backs and capital returns. This included:

- the FSREC Property Fund completed \$425 million in withdrawal offers, with an additional \$96 million withdrawal offer that closed in July 2022
- the US Residential Property Fund asset sale progressed, with US\$200 million of sales since initiation and proceeds utilised for debt reductions and buy-backs
- New Energy Solar completed Australian asset sales of \$288 million with proceeds utilised for debt reductions and buy-backs
- CD Private Equity Funds announced returns of \$86 million to investors during FY22.

## CLIENT SATISFACTION

At E&P we are focused on delivering client-first outcomes and generating strong levels of satisfaction. The value provided to clients and quality of our E&P Capital team was demonstrated through the excellent results achieved in the Peter Lee Associates Australian Equity Investors Report.

### PETER LEE ASSOCIATES AUSTRALIAN EQUITY INVESTORS SURVEY RESULTS 2021

<b>Sales</b>	#2 in sales team capability
<b>Research</b>	Top 3 ranked analysts in three sectors Top 5 ranked analysts in five sectors
<b>Trading</b>	#2 ranked for execution (small caps)

Within E&P Wealth, the business continues to focus on improving client outcomes recognising the historic issues related to the legacy Dixon Advisory and Superannuation Services (DASS) business – which entered voluntary administration (VA) on 19 January 2022. Part of the objective of the VA is to provide an appropriate framework that ensures all client creditors are treated equitably.

While a range of major structural change initiatives have been progressed to date, the business remains focused on value and liquidity realisation for impacted clients. Following the VA of DASS, it was pleasing to see approximately three-quarters of clients choosing to transition to the Evans and Partners service – which as a separate advice entity continues to deliver strong client-orientated performance and outcomes.

### E&P WEALTH CLIENT COMPLAINTS RECEIVED

FOR THE PERIOD ENDED	FY21	FY22
Dixon Advisory (number)	95	92
Evans and Partners (number)	4	2

## PERFORMANCE OF E&P FUNDS UNDER MANAGEMENT (FUM) VIA ASSET CLASS

SINCE INCEPTION TOTAL RETURNS (TO 30 JUNE 2022)	FUM (\$M) <sup>3</sup>	INCEPTION DATE	UNIT PRICE	
			RETURN (P.A.) <sup>4</sup>	VS INDEX
<b>Core Equities</b>				
Orca Global Fund <sup>1</sup>	72	6 Jul 18	8.9%	0.4%
Orca Asia Fund <sup>1</sup>	52	14 May 18	2.7%	1.0%
Orca Global Disruption Fund <sup>1</sup>	157	25 Jul 17	9.0%	(0.6%)
Evans & Partners Global Disruption Portfolio <sup>1,2</sup>	159	1 Sep 16	11.5%	1.5%
Claremont Global Fund <sup>1</sup>	81	18 Feb 14	13.3%	3.0%
Claremont Global Fund (Hedged) <sup>1</sup>	137	18 Feb 14	11.0%	2.9%
Evans & Partners International Focus Portfolio <sup>1,2</sup>	639	20 May 11	15.3%	3.7%
Evans & Partners Australian Equities Growth Portfolio <sup>1,2</sup>	234	16 Mar 11	10.7%	1.5%
Evans & Partners Australian Equities Income Portfolio <sup>1,2</sup>	23	16 Mar 11	10.1%	0.9%
Evans & Partners Australian Focus Ex-20 Portfolio <sup>1,2</sup>	12	1 Mar 21	(5.4%)	(5.1%)
Evans & Partners Global Healthcare Portfolio <sup>1,2</sup>	17	8 Nov 18	4.5%	(6.6%)
<b>Fixed Income</b>				
Evans & Partners Diversified Income Portfolio <sup>1,2</sup>	47	14 Jun 11	4.0%	1.7%
Evans & Partners Defensive Plus Portfolio <sup>1,2</sup>	4	19 Oct 15	1.6%	0.3%

SINCE INCEPTION TOTAL RETURNS (TO 30 JUNE 2022)	FUM (\$M) <sup>3</sup>	INCEPTION DATE	RETURN (P.A.)	
			UNIT PRICE (P.A.) <sup>4</sup>	NTA
<b>Real Assets</b>				
New Energy Solar Fund (ASX: NEW)	824	31 Mar 16	(6.5%)	(0.3%)
US Solar Fund plc (LSE: USF)	754 <sup>6</sup>	16 Apr 19	(0.5%)	2.7%
US Masters Residential Property Fund (ASX: URF)	1014	28 Jun 11	(12.0%)	(4.5%)
FSREC Property Fund <sup>1,7</sup>	712	23 Dec 20	N/A	14.9%
<b>Private Investments</b>				
CD Private Equity Fund I (ASX: CD1)	55	13 Aug 12	11.8%	14.6%
CD Private Equity Fund II (ASX: CD2)	119	5 Apr 13	10.5%	13.6%
CD Private Equity Fund III (ASX: CD3)	188	26 Jul 16	10.4%	16.6%
CD Private Equity Fund IV <sup>1</sup>	296	30 Apr 18	N/A	19.1%
CVC Emerging Companies Fund I <sup>1</sup>	40	1 May 19	N/A	12.5%
Venture Capital Opportunities Fund (Square Peg) <sup>1</sup>	36	17 Jul 18	N/A	22.2%

1 Unlisted funds or managed account portfolio.

2 Illustrative performance of a \$10,000 investment after fees since inception with dividends reinvested.

3 Gross funds under management, unaudited as at 30 June 2022. Past performance is not a reliable indicator of future financial performance.

4 All returns are total returns (annualised if beyond one year), inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to 30 June 2022 and exit unit price from this date, if applicable.

5 Unit price and NTA provided for listed registered managed investment schemes only.

6 Represents Australian dollar equivalent gross assets.

7 On 23 December 2020, FSREC Fund I acquired Fund IV and the series completed a restructure and scheme of arrangement to form a stapled group known as the FSREC Property Fund. On 4 February 2022, the management entity of FSREC Property Fund was sold (E&P Investments Limited remains the Responsible Entity).

## DATA SECURITY AND CLIENT PRIVACY

We manage cyber security and uphold client privacy through a framework of rigorous internal controls and the utilisation of high-quality, third-party providers. Our Privacy Policy is designed to provide information about how we collect, store, use and disclose personal information. We take appropriate steps to protect the personal information of our clients and staff - from interference, misuse, loss, unauthorised access, modification or disclosure.

Security measures adopted to protect client data include:

- employing a dedicated Director of Cyber Security to oversee data protection
- educating our staff and taking appropriate disciplinary action for breaches
- reasonably restricting access to personal information
- confidentiality requirements of our employees
- electronic security systems, including firewalls, data encryption and database password management
- office security systems, including restricted access and secure storage
- use of document shredders for the disposal of written information.

In FY22, we undertook several additional steps to improve data and privacy protection programs, including:

- embedding a Line 2 privacy supervision and monitoring program
- enhancements to privacy impact assessment as part of the Project Management Framework and New Business Change Policy
- standardisation of privacy assessments for third parties
- the expansion of our ongoing data security training program, including completion of monthly security awareness training modules

- the completion of multiple internal 'phishing' campaigns to educate and test staff responsiveness to cyber threats
- the appointment of Parafire as a 24/7 security-as-a-service vendor.

### SECURITY AND PRIVACY METRICS

FOR THE PERIOD ENDED	FY22
Attempted data breaches (total number detected) <sup>1</sup>	5,669
Successful data breaches (number of material events)	0
Successful data breaches (% total detected)	0%
Privacy breaches (number of reportable incidents) <sup>2</sup>	0

1 Includes impersonation attacks, malware and malicious attachments detected  
2 Incidents reportable to the Office of the Australian Information Commissioner

## IMPROVING OUR E&P WEALTH CLIENT EXPERIENCE

In FY22, E&P Wealth continued to invest in business improvement initiatives to enhance client experience and service provision. Key initiatives included:

- the introduction of ESG data management and systems
- additional investment in advice regulation technology
- ongoing transition of primary platform provider to HUB24
- ongoing transition of key third-party SMSF technology partner to BGL 360
- the introduction of a monthly insights and investment ideas program
- scaling of dedicated retail wealth advice and family investment office services.

## EVANS AND PARTNERS ESG DATA ADDITIONS TO CLIENT PORTAL

The screenshot displays the ESG Profile for BHP Group Limited (BHP.ASX) within the Evans & Partners client portal. The interface includes a navigation menu on the left with options like Dashboard, Portfolio, Messages, Reports, Watchlists, Research, Markets & News, Knowledge Centre, Forms, and My Details. The main content area is titled 'ESG Profile' and features a 'Back' button. The profile overview shows an Overall ESG Rating of 3 stars, ESG Momentum as 'Improving' with an upward arrow, and Controversy Involvement as 'High' with a red warning icon. Below this is a 'Qualitative Commentary' section. The 'ESG Overview' section provides a breakdown of ESG risk ratings (Negligible, Low, Medium, High, Severe) and exposure (Low, Medium, High), along with risk management levels (Weak, Average, Strong). It also displays global, industry, and sub-industry ranks. The 'Carbon Overview' section shows carbon risk ratings and exposure, along with specific metrics like Scope 1 and 2 emissions (14,700,000 tCO2e), carbon intensity (297.5 tCO2e/\$USm sales), and a comparison to the sub-industry average (-63% vs sub-industry average). The 'Material ESG Issues' section features a bar chart comparing various issues against a global average, with a prominent red bar indicating a significant negative issue.

# Human capital management

How we attract, develop and retain the skills and talent of our people. Human capital management is focused on talent attraction, retention, performance, learning and development, diversity and inclusion, culture and wellbeing.

As our greatest asset, our people are the largest contributor to client satisfaction and business success. Human capital management shapes our ability to service clients, remain relevant to our stakeholders and operate as a high-performing and efficient business. As such, we recognise the ongoing necessity to support, retain and diversify human capital, to ensure long-term business success.

This year we appointed a dedicated Chief People Officer. This has materially improved our talent management, learning and development, and career frameworks, and enhanced our ability to meet the career and workplace expectations of our people.

## EXTERNAL RECOGNITION FOR GRADUATE AND INTERN PROGRAM (2022)



AFR Top 100 Graduate Employers



AAGE Top 75 Graduate Employers



AAGE Top 40 Intern Programs

## HEALTH & WELLBEING

E&P is continually enhancing our strategic wellbeing initiatives, addressing physical, mental and emotional health domains, and actively supporting financial and social wellbeing. We understand that market-leading productivity and client outcomes are only possible if our people are healthy, happy and engaged. Initiatives to support staff wellbeing include:

- \$500 annual fitness rebate per full-time staff member
- COVID specific mental health and wellbeing program during FY22
- annual flu vaccination program
- a full-service Employee Assistance program, with offerings in career, conflict, nutrition and lifestyle, financial, family, and legal assistance
- a balance of team connection and flexible working options.

COVID challenges have also reinforced the value of meaningful social connections. In FY22 E&P established the E&P Social Club to facilitate cross-functional networking, including charity fundraisers, professional development, sporting activities and larger social events – ultimately supporting a vibrant and collaborative company culture.

## GEOGRAPHIC LOCATION OF E&P EMPLOYEES



## EMPLOYEES BY LOCATION<sup>1</sup>

AS AT PERIOD ENDED	FY21	FY22
Employees by location: Australia (number)	462	405
Employees by location: International (US/Hong Kong) (number)	18	20

<sup>1</sup> Includes full time, part-time and casual employees

## LEARNING & DEVELOPMENT

E&P is committed to having a highly trained, skilled and motivated workforce and recognises that providing learning and development opportunities plays an important role in the employee experience.

In FY22 the E&P Firmwide Learning Framework was established and implemented, providing structure and clear development progression for our employees.

Our people undertake both mandatory and voluntary training which is overseen by our dedicated Learning & Development team. Training is delivered via our internal training platforms, through Kaplan 'Ontrack' and via in-person sessions. In FY22, 100 per cent of CPD targets were met, with E&P staff completing over 6,400 hours of accredited training. Additionally, our employees created and engaged in over 2,500 hours of internally developed content.

E&P also has several other initiatives to support employees with additional learning, development and career progression opportunities.

- Financial and paid study leave support – in FY22, 34 employees accessed approximately 880 hours of supported study leave. Two employees successfully completed their Professional Year with a further eight underway.
- Staff progression pathways - in FY22 we continued development of both our graduate and adviser mentorship programs in line with graduate recruitment and talent retention efforts.

## DIVERSITY & INCLUSION

We believe that a diverse workforce is critical to the firm's success. We also recognise diversity is a prevalent challenge within the broader financial services industry and an issue that our organisation must continue to address. The Group is committed to supporting diversity of gender, age, ethnicity, sexual orientation and religious beliefs, as outlined in our Diversity Policy. Our people deserve to be treated based on their merits and performance and have a right to enjoy a workplace free of discrimination, as outlined in our Anti-Discrimination in the Workplace Policy.

We endeavour to provide a flexible and supportive working environment for our staff, with a range of leave, work and support options, including carers leave, parental leave (provided on top of the Federal Government's paid parental leave scheme where relevant), flexible hours of work, remote working and additional purchased and unpaid leave. E&P maintains a Domestic and Family Violence Leave Policy to support employees experiencing violence outside of work.

## DIVERSITY METRICS<sup>1</sup>

AS AT PERIOD ENDED	FY21			FY22		
	Male	Female	Total Staff	Male	Female	Total Staff
<b>Representation per role</b>						
E&P Financial Group Board <sup>2</sup>	60%	40%	5	60%	40%	5
E&P Investment Committee <sup>2</sup>	100%	0%	4	60%	40%	5
Key management personnel <sup>3</sup>	100%	0%	3	100%	0%	2
Other executives & managers <sup>4</sup>	75%	25%	106	72%	28%	111
All other employees	55%	45%	363	57%	43%	304
<b>Representation per age cohort</b>						
<30 years	51%	49%	199	53%	47%	162
30-49 years	66%	34%	240	67%	33%	222
50+ years	69%	31%	42	63%	37%	43
<b>Representation per tenure</b>						
<2 years	55%	45%	129	53%	47%	143
2-5 years	59%	41%	133	62%	38%	81
5-10 years	63%	38%	136	69%	31%	118
10+ years	65%	35%	83	64%	36%	85

1 Includes full time, part-time and casual employees

2 Includes non-employee contractors

3 Key Management Personnel excluding E&P Financial Group Board Directors

4 Other executives and managers excluding Key Management Personnel

## DIVERSITY TARGETS AND INDUSTRY STANDARDS

As required by the Group's Diversity Policy, the Board is required to set measurable objectives to allow it to achieve diversity. In FY22, the People, Nomination and Remuneration Committee and Board scheduled working sessions to consider industry diversity issues and agree an appropriate set of objectives encompassing senior executives and our workforce generally. The Board agreed to introduce an expanded range of targets related to diversity for the year to 30 June 2022:

OBJECTIVE	FY22 PERFORMANCE
■ to not have less than 30 per cent of each gender on the E&P Financial Group Board at all times	■ at least 40 per cent of each gender on the E&P Financial Group Board at all times
■ to make offers of employment to women under the Graduate and Intern Programs which on a rolling three-year basis average ~50 per cent of the total number of offers made	■ rolling three-year average of 52 per cent of offers made to women (under the Graduate and Intern Programs), compared to 23 per cent of applications received
■ in the medium term, to target overall gender ratios consistent with or better than industry metrics (subject to the availability of data)	■ reliable industry data not available; overall ratio of 39 : 61 females : male



# Community engagement

How we create value for communities through philanthropic activities and engage employees with fundraising and volunteering opportunities.

E&P seeks to make a positive contribution to the communities in which we operate through philanthropic, fundraising, volunteering and community engagement activities. This includes corporate initiatives, as well as supporting our clients to realise their own community engagement and philanthropy goals.

In FY22, E&P supported a diverse range of important community causes, with contributions made via both E&P and staff to over 30 unique organisations, representing in excess of \$160,000.

## THE SMITH FAMILY

The Smith Family is an independent children's charity. They help disadvantaged Australian children get the most out of their education and create better futures for themselves. Team E&P participated in the Smith Family Challenge – navigating 100 km via foot, bike and on water –

to raise funds that provide children with practical essentials such as schoolbooks, shoes, bags, and uniforms.

## FARESHARE

FareShare rescue surplus and otherwise wasted food from supermarkets, farmers and other businesses, to cook free, nutritious meals for people doing it tough. FareShare's meals are distributed free to hundreds of frontline charities supporting people unable to afford or cook nutritious food.

In FY22, E&P staff participated in the FareShare FootSteps Challenge, completing over 7,061 kms in a drive to 'move for meals'. All three E&P teams raised funds that placed them within the top 15 contributors to the program, with the Melbourne team being the third largest challenge contributor.

Team E&P participating in the Smith Family Challenge 2022



## COMMUNITY CONTRIBUTION

FOR THE PERIOD ENDED	FY22
E&P Financial Group direct giving (\$,000)	66
Employee giving and fundraising (\$,000)	95
Total community contribution (\$,000)	161
Total community contribution (\$,000/underlying NPATA)	1.6%

## ORGANISATIONS SUPPORTED IN FY22 INCLUDED:



## IMPROVING OUR COMMUNITY ENGAGEMENT PROGRAM

In FY23, E&P is committed to enhancing its community-based engagement with the intention to launch a co-ordinated firm-wide program to augment the fundraising and volunteering work already completed by our staff. Building upon long-term community-based initiatives - such as the Evans and Partners staff donation matching program - our ambition is to provide benefits beyond financial contributions, to establish meaningful partnerships with a series of local and national based organisations.

# Sustainable investment

How we consider ESG factors in our investment and advisory activities.

Today's societal and environmental challenges cannot be alleviated without the broader financial system and investor community playing an important role. We are proud to offer solutions for clients seeking to invest sustainably – with a dedicated team responsible for the development of the firm's sustainable investment capability, providing ESG research and data insights and curating investment opportunities.

## INDUSTRY MEMBERSHIPS

Signatory of:



Demonstrating our commitment to the sustainable investing sector, E&P Financial Group - and its asset management teams - are signatories to the United Nations Principles for Responsible Investment (UNPRI).

In 2022, E&P Financial Group also became a member of the Responsible Investment Association of Australasia (RIAA).

## INCORPORATION OF ESG IN INVESTMENT MANAGEMENT

AS AT 30 JUNE 2022	\$M
E&P Funds FUM that employs ESG integration and/or negative screening	1,776
E&P Funds FUM that employs sustainability themed investing	1,578

Core strategies within E&P Funds have detailed ESG policies and frameworks which outline their respective approaches to:

- the integration of material ESG considerations into investment decisions
- investment exclusions, detailing positions against both tobacco and controversial weapons for our core equities funds
- stewardship through voting and engagement with companies where we make a commitment to vote on all proxies, when possible.

Individual details and ESG-focused statistics can be found on the respective fund websites (where available).

In 2015, E&P Funds established New Energy Solar Fund, a large-scale owner of utility-scale solar plants backed by long-term offtake agreements. Today, the asset base of New Energy Solar Limited and US Solar Fund PLC has grown to over \$1 billion – displacing an estimated 1.4 million tonnes of CO2 per annum.

## NEW ENERGY SOLAR AND US SOLAR FUND COMBINED PORTFOLIO METRICS



55 solar power plants



3million+ solar panels



2GWh+ electricity generated p.a.<sup>1</sup>



1.4million+ tonnes of displaced CO2<sup>2,3</sup>



305,700 equivalent US and Australian cars displaced<sup>2,4</sup>



236,500 ...or US and Australian equivalent homes powered<sup>2,5</sup>

As at 30 September 2021.

1 includes combined portfolio of plants that are wholly or partly owned by New Energy Solar Fund and US Solar Fund

2 Estimates use the first year of each plant's electricity production once operational or acquired by the Investment Manager.

3 US CO2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (AVERT).

4 Calculated using data from the US Environmental Protection Agency.

5 Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System).

## RESEARCH AND DATA

We provide clients with accurate, timely and relevant ESG information to empower their investment decisions. Throughout FY22, the firm continued to invest in, and expand our ESG-focused research and data initiatives:

- we made enhancements to our client portal, introducing a suite of ESG data and metrics against investment holdings. This data includes ESG and carbon ratings, material issue performance and controversial activity involvement. We are investing to expand this offering further in FY23

- we expanded our research product offering through the launch of our Green Shoots publication. Green Shoots provides dedicated ESG research across sustainable investment themes and market developments
- we held numerous client events and seminars focused on sustainability topic areas. In FY22, clients had access to experts covering; decarbonisation and associated investment opportunities; impact investments with a focus on impact start-ups and the emerging specialist disability accommodation market; and regulatory developments across social and environmental issues, such as modern slavery.

## INVESTMENT OPPORTUNITIES

E&P Wealth clients have access to a growing range of multi-asset class sustainable investment solutions. These cover fixed income, equities, real assets, and alternatives – with over 30 unique investment options now available via platform and direct – representing in excess of \$270 million in FUA. In FY22, our clients supported several impact-focused opportunities in a diverse range of areas such as specialist disability accommodation, solar infrastructure, and carbon markets.

## LAUNCH OF GREEN SHOOTS ESG EQUITY STRATEGY RESEARCH IN FY22



## SELECTED IMPACT FUNDS SUPPORTED BY E&P WEALTH CLIENTS IN FY22

The  
**Impact  
Fund**



GiantLeap

## IMPACT INVESTING: A CASE STUDY

Evans and Partners and its clients supported the initial capital raising for Giant Leap Fund II, an impact-focused venture capital fund dedicated to investing in Australian impact start-ups.

Giant Leap Fund II invests in companies like Who Gives A Crap – an Australian-based social enterprise that sells ethical toilet paper, tissues, and kitchen towels. The company aims to change consumption patterns of customers, and while also donating fifty per cent of profits towards water, sanitation and hygiene (WASH) projects in developing countries.

Approximately 2 billion people globally do not have access to toilets or adequate sanitation, with roughly 289,000 children under five dying each year from diarrhoeal diseases. Since its inception, Who Gives A Crap has donated more than \$10 million to in-country partners. They have also saved tens of thousands of trees, millions of litres of water, and thousands of tons of carbon emissions through their environmentally friendly products.



# Climate change & resource management

How we manage the risks and opportunities presented by climate change. This includes how we manage climate related risk in our investments and reduce the environmental impact of our operational activities.

**E**&P regards climate change and resource management issues as important to stakeholders and long-term business success. This includes not only how we manage climate related risk in our investments, but also how we reduce the environmental impact of our operational activities.

## CARBON FOOTPRINT AND CLIMATE CHANGE MANAGEMENT

In FY22, E&P measured detailed operational greenhouse gas (GHG) emissions for the first time. While our initial measurement has included Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) emissions only, future measurement will be expanded to include additional indirect exposures (Scope 3).

Recognising the importance of climate change mitigation, for society and our key stakeholders, we are currently exploring avenues to reduce and compensate for our organisation's operational emissions footprint. We expect to introduce additional initiatives around this area in FY23.

### OPERATIONAL EMISSIONS FOOTPRINT<sup>1</sup>

FOR THE PERIOD ENDED	FY22
Scope 1+2 GHG emissions (tCO2-e)	383.8
Scope 1+2 GHG emissions intensity (tCO2-e/\$m revenue)	1.9
Scope 1+2 GHG emissions intensity (tCO2-e/employee)	0.9

### CARBON INTENSITY OF INVESTMENT PORTFOLIOS (SELECTED CORE EQUITIES)

AS AT 30 JUNE 2022	Fund	Benchmark
Claremont Global Fund (tCO2-e/\$USm sales) <sup>1</sup>	13.4	166.3 <sup>2</sup>
Evans & Partners Global Disruption Fund (tCO2-e/\$USm sales) <sup>1</sup>	31.6	167.8 <sup>3</sup>

1 Source: MSCI ESG, E&P  
 2 MSCI ACWI Ex Australia Index  
 3 MSCI ACWI Index

### FACILITIES AND RESOURCE USE

We are proud to occupy several offices with high performing sustainability credentials, helping to reduce our environmental footprint, and maximise our energy and resource efficiency.

In FY22, E&P made significant enhancements to our resource efficiency with the implementation of electronic signature software.

- Through FY22 electronic signature software was utilised across the majority of our administration operations including for audit, applications, transfer and accounts signing
- 8,736 digital 'envelopes' were provided to clients with digital forms, equivalent to over 339,000 pages of content
- We estimate that the adoption of electronic signatures cumulatively saved over 1.69 tonnes of paper use during FY22. Additional resource efficiencies (not quantified) are understood to include envelope usage, postage and transportation



## SUSTAINABILITY IN THE BUILT ENVIRONMENT

E&P Financial Group's primary Melbourne office is located in the Mayfair Building at 171 Collins Street (171).

With sustainability outcomes deeply embedded throughout the office design, 171 is a leader in sustainable workplaces that deliver positive environmental outcomes.

- The base building (services, common areas, and amenities, separate to E&P's tenancy) is serviced by renewable energy and is certified as Carbon Neutral under the Climate Active standard.
- 171 was the first building in Australia to achieve 6-Star rating for National Australian Built Environment Ratings System (NABERS) Energy, Indoor Environment and Waste categories. It also has industry leading credentials across:
  - 6-Star Green Star Design and As Built
  - 5-Star Green Star performance
  - 5.5-Star NABERS Water usage

In 2019, 171 was the first office tower in Australia to achieve a 6-Star NABERS Waste rating, with a recycling rate of 74 per cent, prior to COVID. We are proud to have supported and worked with the asset management team to implement a variety of innovative waste measures to continually improve our waste footprint.



## **SYDNEY**

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## **MELBOURNE**

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## **CANBERRA**

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## **BRISBANE**

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## **HONG KONG**

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