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impact report

february 2023





creating a regenerative economy is the challenge of the century

At ep group we believe that every organisation has an important role to play in building a sustainable and regenerative future.

By leveraging our international experience in consultancy, project design and development, finance and transaction services, we enable businesses, investors and governments to move towards a net zero and regenerative world.

This report, part of a broadening consideration of ep's impact, presents some of the impact of our work over the last 18 months.

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A letter from the founder on ep today

It's ten years since I founded EnergyPro, the first company in what is now ep group. Since then we have combined leading-edge thinking about how to accelerate investment into energy efficiency and catalysing investment in a unique way.

In a world where many companies attempt to add impact to their existing operations, our impact is our work, and we are pleased that our impact is growing both in the UK and internationally. Our 'ESCO-in-a-box'® business model, which enables organisations to start an energy services company focused on their geographical area or market segment, is now being applied in the UK, Kenya, the USA and the Philippines.

Our expansion into new activities, notably our sustainable architecture and design practice, ep projects, is also multiplying our impact. As well as efficient new buildings that take into account environmental and social factors, ep projects has undertaken a number of refurbishment projects that have breathed new life into old buildings, creating social assets, as well as strong examples of regenerative construction.

Through ep impact we have also helped deliver a number of investments into energy transition and sustainability driven businesses. In ep asset management we have also worked with our investee company Edina to drive the commercialisation of a Battery Energy Storage System solution so that the company can offer hybrid Combined Heat Power and Storage systems.

In our last impact report we talked about our transition to steward-ownership and we have carried that process forward into 2022. We believe that addressing enterprise design is fundamental to building a regenerative economy. Moving forward we intend to grow the group both organically and by moving into other areas of sustainability through mergers and acquisitions, while remaining true to our steward-ownership model and values.



Dr Steven Fawkes, ep group Chief Executive Officer

our mission

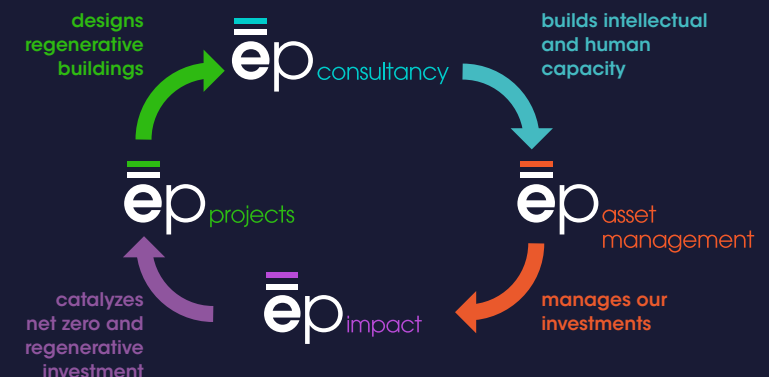
ep group is an impact driven organisation, designed to accelerate the vital shift toward a net-zero and regenerative economy

We aim to achieve positive impact by:

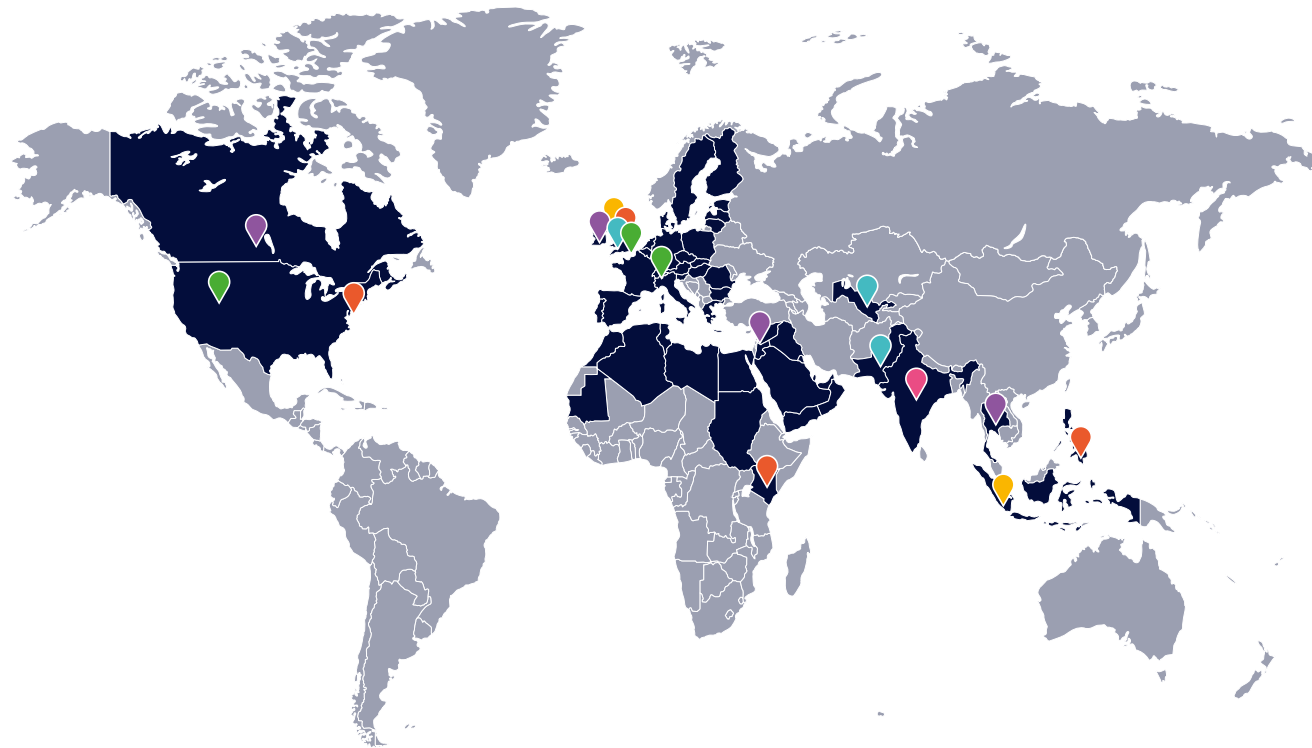
- a. building capacity amongst decision makers across business, finance, the public sector, governments and multilateral institutions
- b. enabling the shift of investment flows towards high-performance projects, programmes and companies that support the transition to a net zero and regenerative economy, and
- c. designing and delivering high impact projects and programmes that help organisations make the transition







We deliver these impacts through three core services: consultancy and R&D, asset management, and project design/development.

Energy efficiency and productivity remains at the core of a lot of our work. However, since our last impact report we have expanded our knowledge and our practice, delivering projects on ESG systems, biodiversity, circularity, and regeneration, while welcoming new companies, clients and colleagues to the group.



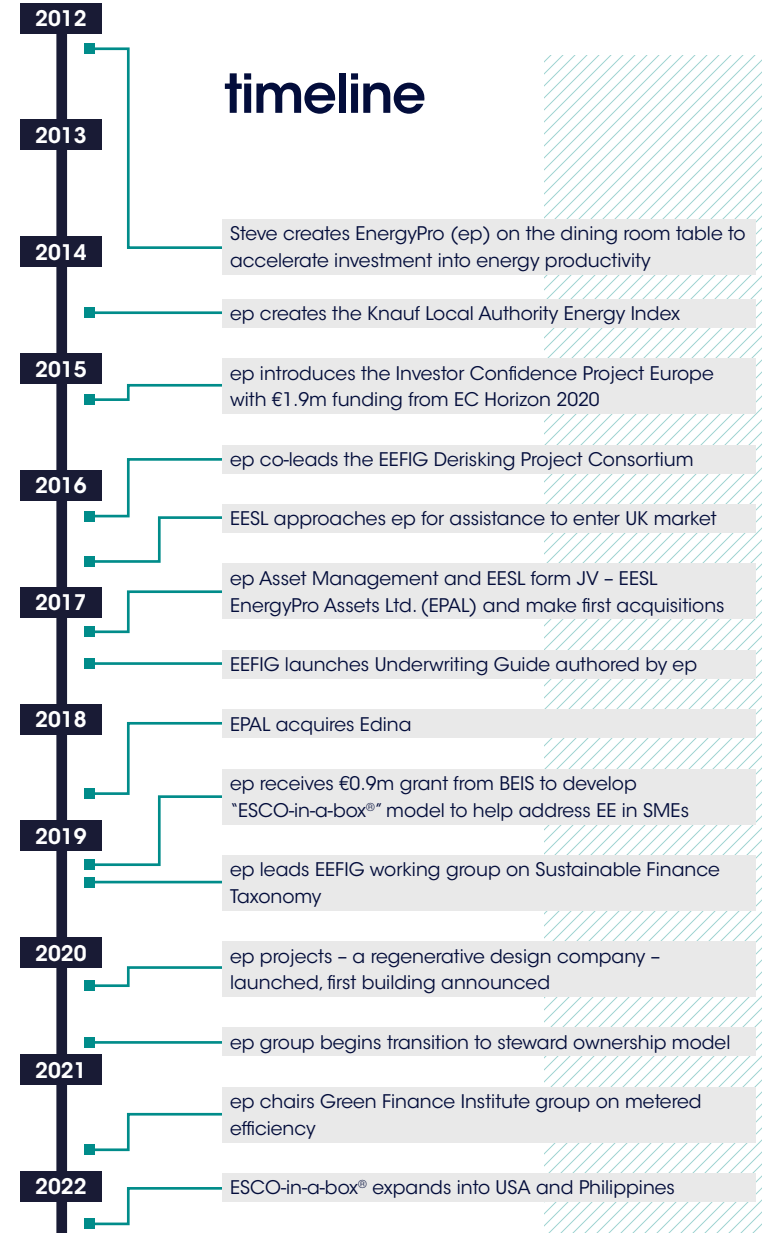
our expanding impact



-  ESCO-in-a-box®
-  Advisory work on energy efficiency financing
-  Energy efficiency policy reviews
-  Architecture and design
-  Due diligence and transaction services
-  Advisory work on new business models

*ep group's work alongside the EU, and UNESCWA is shown in all applicable member states

timeline



toward a regenerative economy

what do we mean by a regenerative economy?

There has been significant progress in embedding ideas about sustainability into many areas of the economy, however there is still a long way to go and we must accelerate progress wherever we can. At the same time, it is clear that much of sustainability is currently about doing less harm. We must move beyond this to building a regenerative economy, where companies, projects and infrastructure work to regenerate all of the six different types of capital which underpin our wellbeing: natural capital; social and relationship capital; human capital; intellectual capital; manufactured capital and financial capital.

the difference between impact and ESG

ESG investment is growing rapidly but not without controversy. ESG is a tool to allow business to monitor specific categories of risk using a common language but true ESG led investing and management is more than mere reporting, it requires engagement and leadership. Impact investment and management is a broader and bolder strategy. While ESG analysis can form the basis of an impact strategy, impact requires a proactive approach and intention to create a material, additional, and measurable positive effect.

moving toward measurement

Measuring our impact is essential. As the old adage goes: "if it isn't measured, it can't be managed". We are currently implementing impact management systems based on the Impact Management Programme framework and using these assessments as part of our ongoing management process, as well as our decision-making strategy on which projects to undertake. In future we will be seeking an accreditation of our systems.

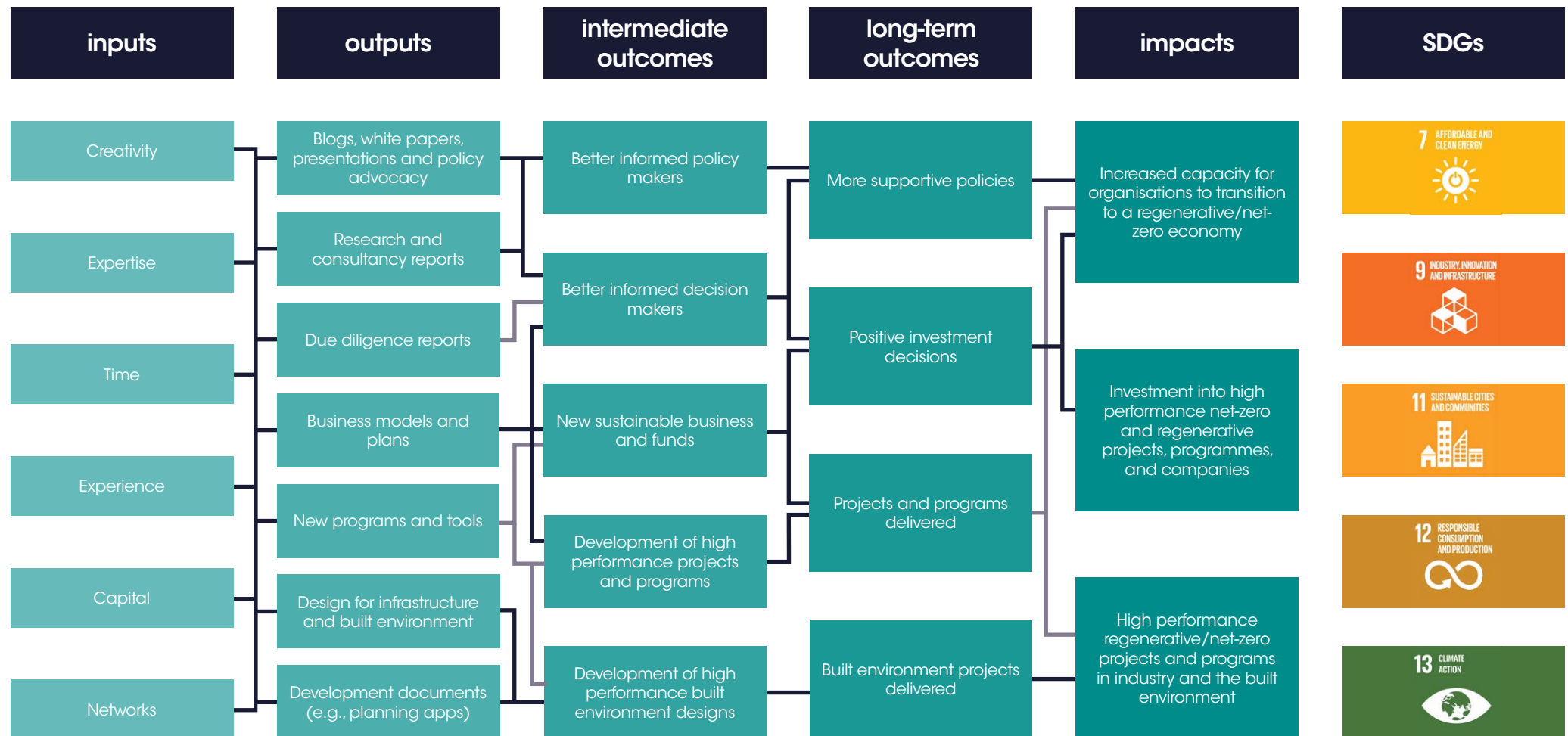
our transparency priorities

In developing our system, we have identified three key areas of measurement we feel would best enable us to understand our impact and channel it in the most positive direction. They are: (1) emissions & abatement data for current and prospective consulting projects, (2) standardised ESG analysis for all investments, (3) material use, emissions, and abatement figures for built environment projects.



theory of change

A Theory of Change is a strategic tool for identifying and strengthening the links between an organisation's activities and positive social outcomes. At ep group all our operations are designed to create a maximum sustainable impact and our ToC bonds them to specific long-term objectives (particularly the UN SDGs), tracing the channels along which our impact can be expanded. While our work is most directly related to SDGs 7, 9, 11, 12, and 13, many of our projects have important supplementary effects on other goals, especially energy efficiency in relation to Good Health and Wellbeing (SDG 3), and Gender Equality (SDG 5).



building the strategic, financial and human capacity to drive the transition

Addressing the challenges of moving to a net zero and regenerative economy requires a varied set of tools, combining old and new techniques.

Across our businesses, we develop and apply sustainable solutions, channeling resources to the highest performing projects and applications to generate a growing positive impact.



CHANGE STARTS WITH PEOPLE —
IS THERE ENERGY IN YOUR NETWORK?

consultancy

ep consultancy is a specialist consulting firm on a mission to accelerate investment in the net zero transition.

We do this by offering clients confidence and actionable insight based on deep pools of subject matter knowledge. Services include research and analysis, advice on sustainable finance, commercial strategies for investments and new ventures, and planning and delivering net zero strategies.

We are known for our innovative, agenda-setting work in energy efficiency finance. For the last 12 months we have been commercialising our ESCO-in-a-box® platform, which transforms our know-how into a solution for delivering energy-saving programmes.



Alex Rathmell, ep consultancy - managing director

recent innovations

ESCO-in-a-box®

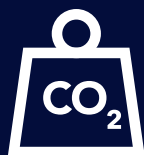
Our flagship solution is equipping UK regions and international clients to deliver impactful business energy-saving programmes that pay for themselves.

Metered energy savings

We have been leading the development of methods for evaluating home retrofits using smart meter data, which will unlock new green finance products.

Practice-based Scope 3 analysis

A new technique to help clients understand, quantify and abate their Scope 3 emissions by examining key workplace practices.



7,130 tonnes

Expected annual abatement from ESCO projects



24%

Typical energy reduction for ESCO-in-a-box® clients



20+

Active energy efficiency projects in 2022



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"The appeal of working with EP... was their proven track record, their experience and their financial and energy saving projections, which made a very compelling case."

Polly Frost,
Economy Team Manager,
Economic Infrastructure & Strategic
Intelligence,
Devon County Council

The challenge:

Many organisations cannot access energy efficiency services, particularly financed solutions. They are too small for mainstream Energy Service Companies (ESCOs).

The response:

ep developed 'ESCO-in-a-box®' which allows SMEs and local agencies to create and run their own specialised, local Energy Services Company, providing financed energy efficiency projects.

The outcome:

Under-served market segments and geographical areas are able to realize the financial and operational benefits of energy efficiency, reducing costs and emissions, as well as delivering other benefits.

ESCO-in-a-box®...



...helps cities and regions support businesses with net zero projects



...helps energy services companies to scale up their impact



...reduces business energy costs

7 AFFORDABLE AND CLEAN ENERGY



Case Study: UK

Oxford's Low Carbon Hub worked with ep to develop ESCO-in-a-box® with the help of a grant from UK government. Energy Solutions Oxfordshire (ESOX) is now a one-stop-shop for Oxfordshire businesses to undertake energy efficiency improvements with assured savings. Several other UK regions are developing similar services based on ESCO-in-a-box®, including Birmingham, Devon, East Anglia and Mid Wales.

Case Study: Southeast Asia

In partnership with Clime Capital, ep is developing a regional 'Super-ESCO' for Southeast Asia that will support a network of ESCOs via ESCO-in-a-box® and provide finance for projects via a dedicated fund. The first stage of the programme is focusing on the Philippines, funded by UNOPS Energy Transition Partnership.

Case Study: Kenya

Local energy consultancy EEnovators became the first ESCO-in-a-box® licensee outside the UK and have used the system to develop some \$20m of projects. These projects, primarily in the food and agriculture supply chain, are now moving forward into financing. EEnovators also used the system to train Young Energy Efficiency Professionals as part of a programme funded by GIZ.

Case Study: US

NuWorld Energy became the first ESCO-in-a-box® licensee in North America and is using the system to develop financed energy efficiency solutions for businesses in New York and New Jersey. NuWorld is also the first independent startup to use ESCO-in-a-box®, which has helped it attract investment and form strategic partnerships.

case study: NZDV

Working with the Greater Southeast Net Zero Hub and an alliance of local authorities in the southeast of England, ep consultancy is developing a 'Net Zero Delivery Vehicle' that will channel private finance and investment into local net zero programmes.

We have worked with local authority partners to evaluate the capital required to reach net zero. The scale of the challenge – and the opportunity – is vast, with an estimated £35 billion required across the three participating authorities. This figure includes projects that create a financial return on investment, as well as those that do not.

Recognising that local authorities have a key role to play in driving and coordinating net zero action, the NZDV solution allows them to remain in the driving seat, while bringing in specialist external expertise to develop, finance and deliver projects.

case study: CREATORS

CREATORS is pan-European project funded by the European Commission, developing a new way for businesses, municipalities and citizens to collaborate in forming 'energy communities'.

By clustering in this way, community members can efficiently allocate excess energy resources, improve energy infrastructure, access support in times of shortage and collectively negotiate more advantageous energy pricing.

Using ESCO-in-a-box® as a platform, we are working with consortium partners to develop a solution for rapid development of community energy systems that involve myriad combinations of participants, assets, regulations, geographical and system constraints.

CREATORS is supporting several pilot energy communities, currently abating 1,905 tonnes of CO₂ annually, with many other communities seeking to join.

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement number 957815.

Key outcomes:

1. De-risking and credit enhancement for net zero asset classes
2. Access to private sector skills and finance
3. Public sector leadership, governance and coordination



Key outcomes:

1. Maximise clean energy utilisation
2. Smart, responsive energy systems that reduce the need for grid upgrades
3. International collaboration



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transformation through engagement: ep & edina



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In 2018 our joint venture with EESL acquired Edina, a leading supplier of gas engine Combined Heat and Power, and stationary power systems.

Working closely with the company, we have helped to put Edina onto a transition pathway and the company is now selling its own Battery Energy Storage Systems (BESS) alongside gas engines, as well as hybrid solutions. The next step is to form a partnership with an industrial and commercial heat pump supplier.

This broadening of the offering utilises Edina's EPC and system packaging skills to support customers in making the energy transition, whatever technology they choose. Furthermore, all Edina's MWM engine systems are hydrogen ready.



"With ep group's assistance and input, Edina have developed a competitive BESS system that is now gaining traction in the market – helping Edina transition away from dependence on gas-based technology."

Hugh Richmond,
CEO, Edina

The challenge:

Although gas engine flexible generation is likely necessary for many years to come, the company's dependence on fossil fuel technology needed to be addressed. The company's skills in EPC and system integration could be highly valuable when applied to other technologies.

The response:

Starting with strategy workshops ep group helped the company review different options and then carried out market research on the battery market. The company then embarked on the technical development of a Battery Energy Storage System.

The outcome:

Edina has a competitive BESS which is attractive to existing and new clients and has built a large pipeline of projects. By building skills and experience in the battery arena the company's transition has begun in earnest.



investment shapes the future



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Ensuring more investment flows into the growing net zero and regenerative economy is a vital task and the ep group does this in several ways.

Firstly, the partners invest their own funds via the ep Group SSAS into energy transition companies and impact driven businesses, as well as providing catalytic capital for the development of a 22,000sqft Building with Nature accredited scheme in Hampshire.

Secondly, through ep impact and our partnership with progressive investment bank Cameron Barney, we have assisted several firms directly involved in the energy transition to raise funds including a grid-scale developer of compressed air and hydrogen energy storage projects, and a developer of private wire solar projects.

Thirdly we are embarking on a strategy of acquiring businesses operating in adjacent areas of sustainability and bringing them into our impact-led, steward owned platform. We believe this will create network effects that will help all the companies in the group to grow.

We look for companies that have:



Operational synergy



Positive impact on key sustainability areas



Similar values

projects

ep projects are experts in the architecture of well-being, creating places and spaces that make life better by design.

Our team provides sector-leading advice and experience and has been involved in the design and delivery of some of the most sustainable, award-winning buildings in the UK.

Our whole-life value approach to investment, design and development delivers high-impact projects with multiple benefits – community, social and environmental.

Human and Natural Capital directly influence the positive impact of our projects and along with biophilic and passivhaus principles, form an evolving and responsive direction for our work.



Gary Wilburn, ep projects - managing director

our developing approach

efficiency

Our buildings incorporate the latest in energy management systems, passive & natural temperature regulation, on-site renewable generation and other proactive practices to create economical, carbon neutral structures.

regeneration

ep projects seeks to rejuvenate instead of replace, wherever possible. Our projects are deeply embedded in their local and natural context, and built with low impact, or even on-site materials. This allows us to preserve historic architecture, and community bonds, within a built environment capable of meeting modern challenges.

engagement

Our mission extends far beyond emissions, and we design spaces to be functional in a way that engages all who use them in a socially, environmentally sustainable experience. Many of our projects are multipurposed, with intergenerational and educational spaces. They are also built to be replicated allowing our impact to scale far beyond our community.



350,000+m²

of sustainable spaces in outline and delivery



100%

Net-zero alignment in current designs



6

Community oriented projects in advanced stages

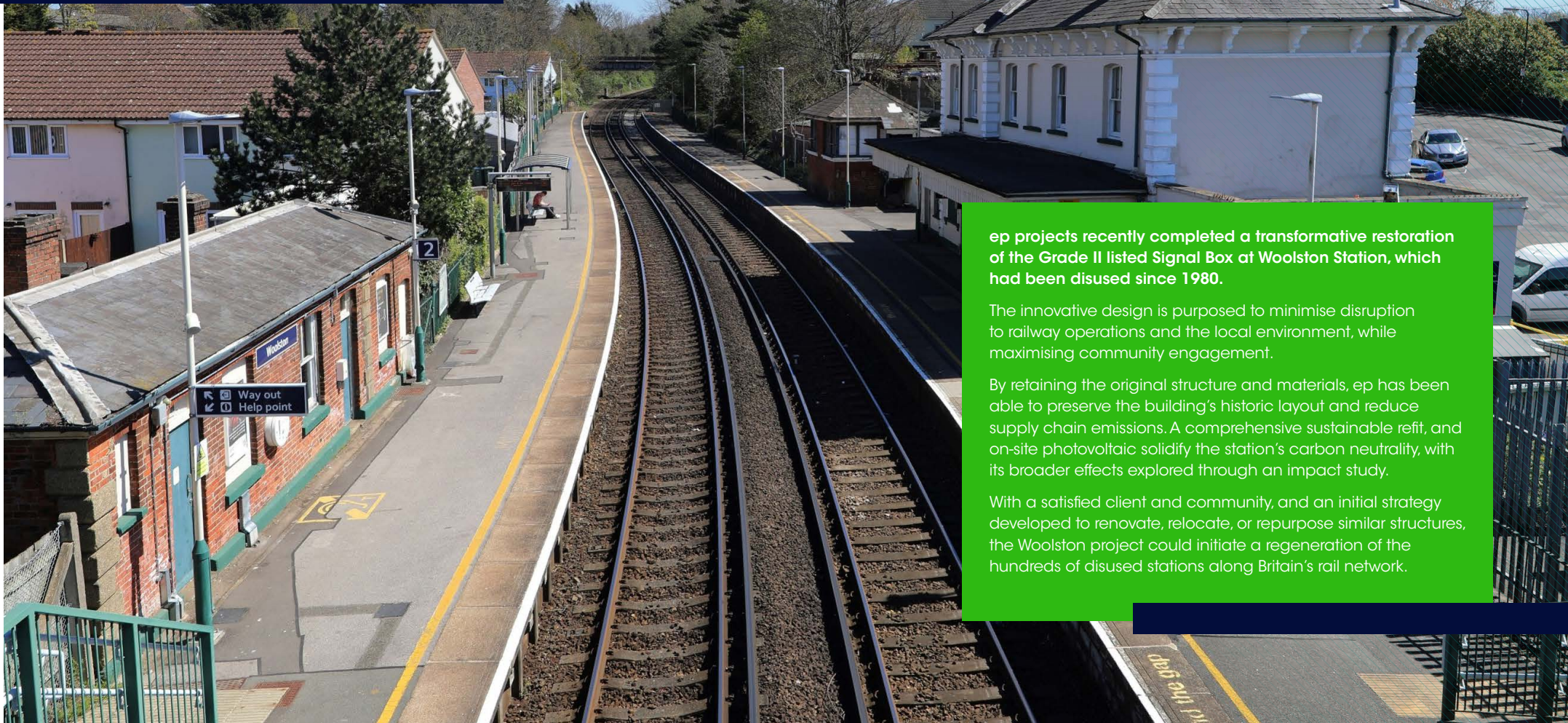


“Your approach to the scheme, understanding the sensitivities of the building and working within the Railway industry, whilst embracing modern ideas and techniques regarding sustainable construction and energy use, has been a real eye-opener to us at the Partnership. I look forward to the next phase on this exciting project and working with ep projects on future projects as well.”

Nick Farthing,

Chair,
Three Rivers Community Rail Partnership

woolston signal station



ep projects recently completed a transformative restoration of the Grade II listed Signal Box at Woolston Station, which had been disused since 1980.

The innovative design is purposed to minimise disruption to railway operations and the local environment, while maximising community engagement.

By retaining the original structure and materials, ep has been able to preserve the building's historic layout and reduce supply chain emissions. A comprehensive sustainable refit, and on-site photovoltaic solidify the station's carbon neutrality, with its broader effects explored through an impact study.

With a satisfied client and community, and an initial strategy developed to renovate, relocate, or repurpose similar structures, the Woolston project could initiate a regeneration of the hundreds of disused stations along Britain's rail network.



underway

azure

An innovative commercial, educational and community space, world of water is carefully incorporated into Romsey's Fishlake Meadows. With its green roof, living walls, EV infrastructure, and vegetable gardens Wow promises to expand local access to nature in an effort recognised with the living building design award.

white cottage

In this renovation of a deteriorating property in the picturesque Hampshire countryside, ep projects has demonstrated some of the most exciting developments in regenerative architecture. The design works closely with the natural context, grown on-site and recycled materials, as well as passive and electrified temperature regulation to build a uniquely sustainable residence.

on the horizon

the lagoon

A multipurpose sustainable sport & leisure facility built around a 20,000m² surf lagoon, 1,000m² climbing centre, and extensive retail space, the lagoon integrates natural design elements and resilience features to deliver a low-impact sporting experience.

canford magna

An exciting proposal to create a walkable, self-sufficient new community hub in Canford Magna Garden Village. With sustainable urban planning at its heart, the intergenerational development will include 1,300 new residences (built along passivhaus guidelines) a new primary school and retirement home, sports pitches and parks, anchored by a mixed use village centre. Its solar farm, embedded meadows, scrub habitat, ponds and swales, neatly align it with a biodiversity net gain and a 1.5°C climate target.

looking ahead

Making the shift to a net-zero, sustainable, and ultimately regenerative society is a generational opportunity.

The green shoots of a regenerative economy can be seen everywhere but getting there is not inevitable and requires urgency, ingenuity and effort. We believe, however, that it can be achieved and we are committed to playing our small part. The transition represents the best prospect of building a cleaner, fairer world as well as a massive opportunity for business.

We will continue to grow our impact and value by:

- developing innovative new services and sustainable business models
- growing our existing businesses organically
- expanding our solutions globally
- integrating more complementary businesses into the group
- building a larger impact investor network
- continuing to invest in projects and companies that support the transition to a net zero and regenerative economy

we look forward to collaborating with you

in the future.

Photo credits

Page 7: Oxford Low Carbon Hub

Page 8: premiercottages.co.uk

Page 10: www.creators4you.energy

Page 11: Edina

Page 13: Nick Farthing, Three Rivers Community Rail Partnership

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