

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) SUSTAINABILITY HIGHLIGHTS REPORT

Recent Activities  
April 1, 2023

## GENERAL

In the past year, Focus Financial Partners Inc. (“*Focus*”)<sup>1</sup> and its subsidiaries, including its partner firms, have continued their commitment to integrating environmental, social and governance (“*ESG*”) considerations into our business. This commitment is reflected in the policies, codes and procedures that govern how we operate. The approach to ESG management for Focus and its subsidiaries, including its partner firms, includes:

- Utilizing resources in an environmentally responsible way to support the long-term sustainability of Focus and the environment in which we, our employees, our partners and clients and our other stakeholders live and operate;
- Investing in our human capital, and cultivating and maintaining a preeminent work environment for our employees that is diverse and inclusive;
- Strengthening the communities in which we live and work;
- Maintaining ethical, responsible and sound governance systems, risk management and controls; and
- Integrating sustainability into our operations.

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<sup>1</sup> When we use the term “Focus” or the “Focus holding company” in this document, we mean Focus Financial Partners Inc. and other headquarters entities, including Focus Financial Partners, LLC and Focus Operating, LLC, and we specify where we intend to refer to our other subsidiaries, including our partner firms, where applicable.

Focus believes that managing ESG matters is fundamental to the business of Focus and its subsidiaries, including its partner firms, and is committed to continuing to improve in these areas because they are critical to our long-term success and our ability to continue to create long-term value for all of our stakeholders.

This is Focus' fourth ESG Sustainability Highlights Report (this "*Report*"). Focus is committed to regularly communicating with our stakeholders in a transparent way about how we are addressing ESG matters, and publishing this Report is one way for us to do so. ESG information is also available on Focus' website and in our various other reports and presentations, regulatory filings (as applicable), press releases and other publications from time to time. This Report is intended to provide highlights and summaries of our work in managing ESG issues. All information in this Report is as of the date of this Report as indicated above, unless otherwise noted.

## ENVIRONMENTAL STEWARDSHIP

### *Policy on Environmental Sustainability and Climate Change*

Focus believes that a healthy environment is necessary for the well-being of Focus and its subsidiaries, including its partner firms, and their employees, their business and their partners and clients, as well as our society. We are committed to environmental responsibility in the conduct of our business and to utilizing resources responsibly to support the long-term sustainability of our company and the environment in which we, our employees, our partners and clients and our other stakeholders live and operate. We are committed to providing a safe and healthful workplace, protecting the environment, and conserving energy and natural resources, and are committed to seeking approaches that reduce or offset the environmental impact of our corporate offices (including the reduction of greenhouse gas emissions) through advocating energy and waste management best practices and driving operating efficiencies. Accordingly, we have adopted a Policy on Environmental Sustainability and Climate Change to formalize our commitment. This commitment is also reflected in our Vendor Code of Conduct.

### *Carbon Credit Offsets*

In the first quarter of 2023, in an effort to neutralize the carbon impact of air travel by Focus holding company personnel for Focus business, Focus purchased carbon credits to offset 1,485 metric tons of carbon dioxide equivalent from Kinect Energy Green Services AS. The beneficiary of this purchase was a hydroelectric power plant project located in Tokat, Turkey. Focus made a similar purchase of carbon credits in 2022 as well.

### *Office Facilities*

Our headquarters office in New York City features a number of design elements focused on environmental sustainability, including the following:

- An energy-saving daylight harvesting system is provided along the entire perimeter of the space, combined with occupancy sensors in every room and office throughout the space;
- Over 90% of light fixtures are LED for low energy consumption, low maintenance, and long life span, with some fixtures having up to 70% recycled content;
- 80% of the full space contains pre-consumer recycled content carpet tiles, our conference center (approximately 30% of the full space) contains 52% pre-consumer recycled content, and our open offices and conference rooms (approximately 50% of the full space) contain 41% pre-consumer recycled content;
- Our open office workstations feature “ceiling baffle clouds,” which absorb sound, minimize noise levels and contain 50% recycled water- and soda-bottle products;
- Our reception area, elevator lobby and town hall spaces contain “wood ceiling clouds” made of 100% bamboo certified wood and rapidly renewable materials;
- Full height glass office front and doors along the perimeter of the floor plate provide for maximum daylight, and dividing walls with glass transoms and glass fins in each office allow additional sunlight for the interior space and create an open, bright and airy working environment for our employees; and
- Moss wall panels located at high-traffic areas, such as our reception and town hall spaces, foster our employees’ wellbeing and are 100% natural and preserved, do not require watering maintenance, and are 100% self-sustainable by absorbing air humidity to stay moist, helping the environment at the same time.

Our other offices also feature a number of similar or other features focused on environmental sustainability. For example, our new West Palm Beach office also has many of the features described above, as well as other sustainability-focused features such as low water-consumption fixtures and appliances. And the materials used for the furniture at our offices in New York, West Palm Beach, Los Angeles, Long Island and Austin, Texas contain a high content of recycled material, and the fabric of the guest chairs, workstation chairs and ancillary soft seating provides acoustical attenuation and helps absorb sound and minimize noise levels. Our offices also have state-of-the-art video conferencing capabilities that reduce the need for travel.

To date, Focus is not aware of any incidents of non-compliance with water quality or quantity permits, standards, or regulations.

### *Recycling, Electricity Use and Office IT Equipment*

We are committed to conserving natural resources by reusing and recycling materials, purchasing recycled materials and using recyclable packaging and other materials, including FSC (Forest Stewardship Council) and SFI (Sustainable Forestry Initiative) certified copy paper for our printers. We also maintain source-separated recycling at our offices, including for paper and cardboard, metal, glass, plastic and beverage cartons. In addition, we purchase electricity for office operations that includes electricity originating from renewable energy sources, such as solar and wind. We also procure office IT equipment that is certified to or in compliance with internationally acknowledged standards (such as ENERGY STAR Versions 5.0 or 6.0/1.2, EPEAT, ECMA 370/The Eco Declaration, TCO or similar standards).

## SOCIAL RESPONSIBILITY

### *Human Rights, Human Capital Development and Sustainability Policy*

Respect for human rights, the development of human capital and corporate social responsibility and sustainability are fundamental values of Focus. In accordance with the UN Guiding Principles on Business and Human Rights, Focus and its subsidiaries, including its partner firms, are committed to protecting and promoting the human rights of their existing and prospective employees through appropriate policies, including those related to non-harassment and equal employment opportunity. Accordingly, we have adopted a Human Rights, Human Capital Development and Sustainability Policy to formalize this commitment, which is also reflected in our Vendor Code of Conduct.

### *Community Service, Volunteering and Charitable Efforts*

Focus and its subsidiaries, including its partner firms, are committed to being actively involved in the communities in which we live and work. For example, the Focus holding company has undertaken a program to provide each Focus employee with two paid days off each year to volunteer for a community service activity of the employee's choice, with a particular focus on activities promoting ESG considerations. Focus' partner firms and their personnel also actively and regularly volunteer in community service activities in their local communities.

In addition, in 2022, Focus made donations to multiple charitable causes. In the first quarter of 2022, Focus was a Presenting Sponsor for the *Kids for Kids Cornhole Tournament* benefiting St. Jude Children's Research Hospital. In the spring of 2022, Focus sponsored tickets for employees to attend The Blue Party, an annual event hosted by The Junior Board of The New York Foundling, an organization that provides services to foster youth, their families and those at risk of entering the child welfare system. In the summer and fall of 2022, Focus employees provided charitable donations, which were matched by Focus, and also helped pack supplies for a Back-to-School Charity Drive sponsored by The New York

Foundling. Rajini Sundar Kodialam, our Chief Operating Officer and a member of Focus' Board of Directors (the "*Board*"), also mentored one of the finalists in the TiE Global Pitch Competition for Women. Ms. Kodialam also served as a judge for the DisrupTexas competition for undergraduate students at The University of Texas at Austin, which provides student founders with the opportunity to pitch their startups, gain feedback on their paths forward and build their professional networks. In addition, Ms. Kodialam also serves on the Advisory Board of the Wealth Management Program of The University of Texas at Austin McCombs School of Business, which aims to inspire, inform and train future leaders in wealth management. Focus is also a sponsor of the Wealth Management Program.

In addition, our Focus Client Solutions ("*FCS*") team also continued to provide Focus' partner firms and their clients (as well as charities they are involved with) with non-profit lending and cash management assistance. The FCS team has helped a number of non-profit entities obtain loans and non-purpose securities-backed and other operating financing lines, and has offered the FCS cash management programs to several non-profits in order to substantially increase the yield on those organizations' deposits and provide full FDIC protection on those balances. For example, in 2022 FCS helped arrange a working capital line of credit for Woodcraft Rangers, a 100-year old Los Angeles non-profit that offers learning opportunities to more than 14,000 students at over 73 sites each year through its afterschool and summer programs.

#### *Diversity and Inclusion; Women in Our Workforce and Our Communities*

We recognize that the diversity of the employees of Focus and its subsidiaries, including its partner firms, is a tremendous asset, and we will continue to prioritize and promote diversity and inclusion in our workforce and in our communities. Members of our team and our partner firms are frequent presenters and participants in industry and investor conferences, presentations and panel discussions, including those tailored to diversity and inclusion issues, such as women's executive and leadership events hosted or sponsored by Barron's, Envestnet, The Economic Club of New York, Kohlberg Kravis Roberts (which was previously one of Focus' private equity investors), and Stone Point Capital, Focus' current private equity investor. For example, Ms. Kodialam is a member of the Women's YPO Network, 100 Women in Finance and 100 Women Impact Collective, and the Women's Circle of Columbia Business School, and has been named by *Crain's New York Business* to its list of Notable Women in Financial Advice. We also aim to utilize our expertise and experience in the financial services industry to participate in and develop mentoring and educational programs in our communities.

In addition, a significant portion of the employees of Focus, including its subsidiaries, are women. As of December 31, 2022, over 50% of the 5,000+ employees of Focus and its subsidiaries were women, including our Chief Operating Officer, our Head of Investor Relations & Corporate Communications, and 25% of the Managing Directors on our M&A team. In addition, a quarter of our Board members are women, and seven of our partner firms are currently led or co-led by women.

Furthermore, our Chief Operating Officer, our Senior Managing Director & Head of M&A, and 50% of our Managing Directors are members of minority groups, as are two of the members of the Board.

### *Human Capital Development; Health, Safety and Wellness*

The vast majority of the employees of Focus and its subsidiaries are regular, full-time employees. As of December 31, 2022, the Focus holding company had approximately 120 employees and one additional contingent temporary worker (less than 1% of that number), who was engaged through a temporary staffing agency. In 2022, employee turnover was under 8% for the Focus holding company, and 12 Focus holding company employees received internal promotions.

Focus is committed to ensuring a healthy and safe environment and the wellness of its employees, and continues to offer a number of formal wellness programs to its employees. Our headquarters office in New York City continues to feature a complimentary in-house gym and game room for use by all employees at that office, and our offices feature dedicated lactation space. Focus also continues to provide complimentary drinks and healthy snacks to employees.

### *Training and Tuition Assistance*

Employees participate in regular onsite, offsite and remote training programs, including weekly and bi-weekly all-hands meetings focusing on a variety of relevant topics, including with respect to compliance and related matters, as well as specialized training programs provided by third parties in areas such as spreadsheet programs and accounting. In addition, managerial and leadership development training is provided to employees who we believe are future leaders of our company. Compliance and business ethics training is also provided to the employees of our partner firms, including at a minimum to the extent required by applicable SEC and other laws, rules and regulations. Under our Tuition Assistance Plan, we also provide tuition assistance benefits to eligible, selected employees to encourage them to maintain or improve skills required by their current or anticipated future positions at Focus. In 2022, the Focus holding company provided over \$185,000 in tuition assistance benefits under our Tuition Assistance Plan, and also spent nearly \$400,000 for training programs for employees as described above.

### *Anti-Bribery, Anti-Corruption and Anti-Money Laundering*

Pursuant to our Code of Business Conduct and Ethics, Focus requires its personnel to comply with all applicable anti-bribery, anti-corruption and anti-money laundering laws, rules and regulations, and Focus has adopted a Policy for Complaint Procedures for Accounting and Compliance Matters. Focus' General Counsel is responsible for oversight of Focus' compliance with these laws, rules and regulations. For the year ended December 31, 2022, Focus did not pay and was not required to pay any legal or regulatory fines or settlements associated with any violations of anti-bribery, anti-corruption or anti-money laundering laws, rules or regulations.

## RESPONSIBILITY FOR SUSTAINABILITY AND RISK MANAGEMENT

In 2020, we re-designated the Nominating and Governance Committee of our Board as the Nominating, Governance and Sustainability Committee, and the Board updated the Nominating, Governance and Sustainability Committee's charter to reflect its responsibility for assisting the Board in overseeing the Company's initiatives, strategies, policies, programs and associated risks relating to sustainability, including with respect to ESG matters. Each director on the Nominating, Governance and Sustainability Committee attended or participated in each meeting of that committee during the year ended December 31, 2022.

We also re-designated the Audit Committee of our Board as the Audit and Risk Committee to reflect and clarify the significance of that committee's responsibility for assisting the Board with oversight of enterprise risk generally, including cybersecurity, information technology and business continuity and resiliency. Each director on the Audit and Risk Committee attended or participated in each meeting of that committee during the year ended December 31, 2022.

In addition, as one part of its qualitative assessment of the performance of the Focus holding company's executive officers for purposes of determining the annual cash incentive awards to those executive officers, the Compensation Committee of our Board considers progress on environmental, governance and sustainability initiatives.

## ETHICAL AND SUSTAINABLE INVESTING

Focus encourages and facilitates the consideration of ESG factors by its partner firms in their investment decision processes. Focus' partner firms are comprised of fiduciary wealth management firms that retain their entrepreneurial culture and independence as part of the Focus partnership. Accordingly, Focus partner firms each establish their own investment decision-making processes. Focus, however, encourages its partner firms to consider ESG factors, such as the environment and climate change, human rights, human capital development, health and safety, social opportunity, corporate governance and ethics, along with other appropriate factors, to assess the expected performance and risk over time of the investments they manage for clients. This commitment is reflected in our Policy Regarding Ethical and Sustainable Investing.

As an example of this commitment, many of Focus' partner firms that are investment advisers have implemented investment policies to consider ESG factors in managing investments for clients, such as positive and negative screening for ESG criteria when investing client assets in equity and other securities, mutual funds and exchange-traded funds (ETFs), including investing in ESG-focused index funds.

As of December 31, 2022, nearly \$36.5 billion in individual equities held in accounts of Focus' partner firms clients had an MSCI ESG rating of "BB" or higher, and nearly \$25 billion had an MSCI ESG rating of "A" or higher. In addition, as of December 31, 2022, over \$1.9 billion of client assets were allocated by our partner firms to ESG-focused mutual funds and ETFs.



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Focus also has ESG experts deliver presentations to our partner firms on the importance of ESG considerations in investing and related matters, as well as recent ESG investment management trends and solutions. These experts are also available as resources for ESG matters to our partner firms generally. Focus has also made sustainable investing training sessions conducted by ESG experts available to interested partner firms.