



FY 2022–23 Lighthouse Sustainability Report



**Lighthouse Infrastructure acknowledges
Aboriginal and Torres Strait Islander peoples
as the First Peoples of Australia.**

**We pay our respects to their Elders
past, present and emerging.**

Emerald Solar Park (pictured) is on Gayiri country



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Managing Director's message

On behalf of the Board, I am pleased to present the Lighthouse Infrastructure Sustainability Report for the period from 1 July 2021 to 30 June 2023 (Period). The report provides an overview of some of the highlights of our sustainability achievements during the Period across our portfolio of real assets. Lighthouse Infrastructure specialises in the unlisted renewable energy and social infrastructure sectors and our focus is on finding investments that deliver competitive, sustainable returns alongside positive social and/or environmental outcomes.

Lighthouse believes that returns for investors in real assets will be maximised over the long term on the basis that environmental, social, and economic utility is sustained. The activities we have undertaken with our partners in the two years to 30 June 2023 further integrated ESG factors into our operations.

During the Period Lighthouse's solar assets generated 572.64 GWh of clean electricity for supply into the National Electricity Market. This represents the powering of an equivalent of 105,750 homes by the solar farm investments, and the avoidance of 407,750 tCO₂-e of emissions. The Emerald Solar Farm has separately replaced around 200 panels and has sought information from multiple companies specialising in solar panel recycling, with the intention of maximising the percentage of material recovered from the solar panels being replaced.

The innovative Lighthouse Affordable Housing Investments (LARI) model has been designed to deliver social impact through the provision of affordable rental housing to key workers in the health, education, and emergency services sectors in locations close to key health and education precincts in major cities. In November 2021, in partnership with St George Community Housing (SGCH) Lighthouse invested approximately \$60 million to fund the acquisition of 85 new strata titled residential apartments in Westmead, Sydney. In November 2022, a further \$58 million was invested to fund the acquisition of 76 apartments in Parramatta, Sydney. Using the LARI model, as at 30 June 2023 Lighthouse provided affordable rental accommodation to 250 residents in the Westmead and Parramatta properties, of which 159 were essential key workers or other underserved members of the community (with the remainder being partners or family members).

During the Period, additional solar panels were installed and commissioned in each of our Specialist Disability Accommodation (SDA) properties in the Home4Life portfolio, as well as the installation of two trial battery facilities. This equates to a total of 819.5kW (266.75kW existing and 552.7kW new) in solar systems, batteries, and monitoring devices.

We have also maintained our engagement with specialist consultants to assist in the measurement and ultimate certification of our greenhouse gas (GHG) emissions, and to perform ESG due diligence for structuring and origination processes related to new investments.

Going forward we plan to further embed our sustainability principles and relevant ESG reporting frameworks into our policies and procedures. This forms part of our aim to provide market leadership as a differentiated sustainable real asset investment manager.



MITCHELL KING

Managing Director

Climate change and net-zero

Our commitment to addressing climate change

It is now more pressing than ever that the urgent challenges of climate change and the decarbonisation of the economy are addressed. Lighthouse continues to work with a specialist climate change and sustainability consultant to help measure both our corporate and investment portfolio carbon footprints to align to the Paris Agreement. We have identified our scope 1, 2 and 3 emissions for the financial years of 2022 and 2023. All new investments and activities engaged in by Lighthouse will be assessed for their scope 1 and 2 emissions and included in the measurement process going forward.

Lighthouse has committed to, and achieved, 'carbon neutrality' at a corporate level, defined as removing carbon from the atmosphere and permanently storing it to counterbalance the impact of emissions that remain unabated. In recognising the complex nature of implementing a net-zero carbon strategy at a portfolio level, we continue to investigate the pathway to net-zero, defined as reducing scope 1, 2, and 3 emissions to zero or to a residual level aligned with a 1.5°C scenario and neutralising any residual emissions using carbon credits or other carbon removal measures.

To this end, we have established the following objectives:

→ During the Period we measured the GHG emissions of our investment portfolio in line with the Partnership for Carbon Accounting Financials (PCAF) framework and have reported on our climate impact. We plan to continue reporting on our climate impact going forward.

→ We achieved carbon neutrality across our corporate operations in FY22 and FY23 and will continue to do so for FY24. We also achieved Climate Active certification in FY22 and FY23 under the Carbon Neutral Organisation Standard.

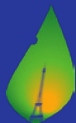


→ We are committed to the development of a net zero pathway to align our investment activities with the Paris Agreement and the Sustainable Development Goals (SDGs), including the Affordable and Clean Energy and Climate Action goals.

→ We have prioritised reductions in our own value chain over an offset strategy and intend to continue to identify and implement strategies using existing and emerging technologies and techniques to reduce emissions. During FY22 and FY23 these initiatives have included adding further solar panels, battery facilities and energy monitoring devices to our SDA assets. We are separately contemplating the creation of a minimum energy efficiency standard for new developments which ensures that no new gas appliances are used in new homes. In relation to our solar assets, we are separately contemplating investing in the addition of further renewable energy generation and storage capacity at our solar sites and generating land-based carbon removals where feasible.

→ Where emissions are unavoidable, we may mitigate our impact through the purchase and retirement of accredited carbon credits.

As noted above, we continue to measure the GHG emissions created by our investment portfolio assets in line with the framework of the Global GHG Accounting and Reporting Standard for the Financial Industry developed by PCAF. This is the first global initiative created by the financial sector that enables financial institutions to measure and disclose the GHG emissions created by their associated loans and investments. PCAF is one of the partners that will be integrating its work as part of the Net Zero Investment Framework developed by the Institutional Investors Group on Climate Change (IIGCC) and is considered the leading framework to support investors in net-zero target setting and implementation.



The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its overarching goal is to hold "the increase in global average temperature increase to 1.5°C above pre-industrial levels."

To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline 43% by 2030.

The Paris Agreement is a landmark in the multilateral climate change process because, for the first time, a binding agreement brings all nations together to combat climate change and adapt to its effects.

Source: [UN Climate Change, The Paris Agreement](#)

Overview of Lighthouse funds and future opportunities

Lighthouse managed the following three investment funds during the Period:

The Lighthouse Energy Alternatives Fund (“LEAF”)

LEAF has been created to capture prospective investment opportunities from the transition to renewable energy arising from the global decarbonisation of economies in response to climate change. LEAF is an evergreen fund, which has a mandate to invest in renewable energy generation, storage, transportation, and related energy infrastructure assets.

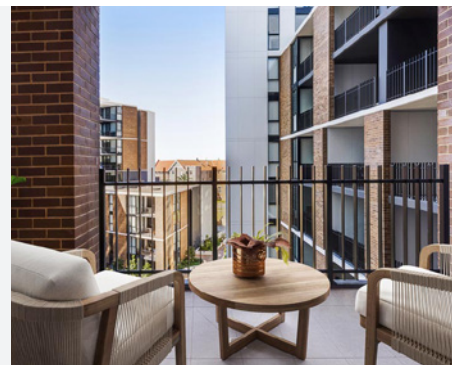


Australian Disability Accommodation Projects Trust 2 (“ADAPT2”)

ADAPT2 is an evergreen fund exclusively focused on investment in Australian SDA.

The Lighthouse Infrastructure Fund Trust (“LIFT”)

LIFT has a mandate to invest in small to mid-market socially responsible infrastructure. LIFT currently invests in a portfolio of key worker accommodation assets.



Overview of Lighthouse funds and future opportunities (cont'd)

We expect to grow and diversify our fund portfolios over time across a number of opportunities generated by the following key ESG-related trends and themes.



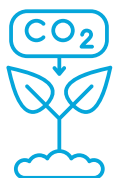
Aging population:

Like many western economies, Australia has an aging population. This demographic change will require material investment in healthcare and wellbeing related facilities to maintain adequate standards of care. Lighthouse might also investigate opportunities in the aged care sector; however, any such prospects will require a careful examination of the associated regulatory framework.



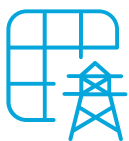
Transportation technological advances:

Significant changes in the transportation sector are envisaged via automation and electric vehicles, and the associated productivity benefits which can be achieved. Investment in assets to capture this productivity benefit is expected.



Lowering carbon emissions:

Australia has long relied on coal for power generation. Consistent with global trends, Australia is seeking to reduce its carbon emissions and power generation is one of the largest contributors to Australia's carbon footprint. Substantial investment will be required in new renewable and low emission generation assets. Investment in battery and storage assets (thermal and other) will also be required to transition Australia's energy sector from fossil fuels to more sustainable forms of power generation.



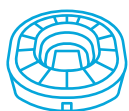
Last mile electrification:

As Australia continues to undertake the decarbonisation of its economy, the progressive electrification of fossil fuel powered business and household activities will require more than just the replacement of the carbon emitting power generation sector. Investment will also be required to link remote communities or households to the grid.



Reduced housing affordability:

The growing lack of housing affordability in Australia has resulted in low to middle income key workers increasingly not being able to afford to live near where they work. This situation was highlighted during the COVID-19 pandemic, when the nation was reliant upon its frontline essential workers to respond to the community's heightened health service requirements. Today Australia's essential workers are called on to provide key services at a time when property affordability in some Australian capital cities is amongst the lowest in the world. During the Period, LIFT completed investments in the provision of key worker affordable housing that meets the risk/return objectives of the fund. Lighthouse has purposely developed an affordable housing investment model for institutional investors that is scalable, sustainable and which can deliver competitive returns.



Purpose-built sporting infrastructure:

With the ongoing growth of female participation, and the increasing economic significance of sport in Australia, Lighthouse anticipates that there will be increasing demand for purpose-built sporting, training and education facilities. This would extend to accommodation for athletes, educators and trainers. An increasing development of such facilities may result in opportunities for private sector investors in infrastructure-like cash flows.

Our purpose, values and ESG governance structures

Our purpose

To create sustainable economic value for our investors and to foster inclusive social benefits for our stakeholders by engaging our team and investment partnerships through collaborative innovation.



Our values

Our values represent the beliefs, philosophies and principles that drive our business. They impact the relationships we develop with our clients, partners, and other stakeholders, and for our team members, they represent “the way we do things”. Our six core values are set out below:



Authenticity: we are true to our words and intentions and engage with integrity, passion and purpose.

Collaboration: embedded approach across our teams, investors & stakeholders to deliver the best investment outcomes.

Respect: at all times we treat everyone with courtesy and respect, and we have no tolerance for alternative approaches.

Integrity: we always strive to do the right thing and act in the best interests of all our clients.

Diligence: fit for purpose, detail-oriented approach to mitigate risk and capture compelling opportunities.

Innovation: fostered by a dynamic investment process and guided by the organisational culture to create value for our investors.

How ESG is incorporated into our risk management framework

- The Lighthouse Board is responsible for managing, assessing, and overseeing Lighthouse's risk management framework including emerging ESG-related risks and opportunities and action and treatment plans for identified ESG risks at the operating asset level.
- On an ongoing basis the Board undertakes a risk review process and performs monitoring of Lighthouse's progress against ESG factors which includes an assessment of GHG emissions reduction.
- Any significant changes to ESG-related risks and new and emerging strategic and material risks associated with underlying investments are reported and escalated via our investment committee and board reporting frameworks.
- Following new asset development or acquisition, Lighthouse actively manages its underlying assets through regular formal board meetings, interaction with asset management teams and engagement with the annual strategic business and budget planning process for each asset group. ESG initiatives are driven through focused work streams which arise from initiatives presented by Lighthouse or their partners.



Our approach to sustainability and our commitment to responsible investment

Our sustainable investment philosophy

Lighthouse believes that returns for investors in real assets will be maximised over the long term on the basis that environmental, social, and economic utility is sustained and underpinned by a robust and appropriate governance regime.

Sustainability is the ability to maintain a given level of activity. Lighthouse relates this capacity to its investment and asset management activities by strongly believing in:



Environmental sensitivity

Humanity is challenged by resource depletion and climate change. For the investments we make to be sustainable, they must efficiently utilise our scarce resources and care for the environment.



Social responsibility

Infrastructure assets provide essential services to the communities they serve and inform and contribute to the public good. For their activities to be sustainable, investors and asset managers must provide access to essential services in a fair and an efficient manner.



Economic productivity

For any activity to be sustainable it must be productive. Investment activity must provide mutual benefits to users and to owners.



Our sustainability actions

Environmental, social and economic utility drive investment returns which are achieved through the alignment of these factors. We ethically manage and are responsible stewards of our assets for the long-term performance of our clients. Sustainable value can be created over longer term periods through the active management of opportunities and the control and mitigation of risks over the life cycle of the assets. Lighthouse achieves these outcomes through the application of its sustainable investment philosophy.

Lighthouse utilises a strong and appropriate governance framework, with initial and ongoing governance of an investment requiring an active approach to maintain broad stakeholder alignment, accountability, and stewardship.

Our Sustainable Development Goals integration journey

United Nations (UN) Sustainable Development Goals (SDGs)

The UN SDGs are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”.

The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. Whilst many of the specific targets underlying the goals relate specifically to improving conditions in developing countries, a significant number of the targets have application within developed nations and the UN is encouraging not only governments, but also the corporate and social services sectors to contribute to the goals at a localised level. Included alongside are the 17 interlinked global UN SDGs.

Lighthouse considers the UN SDGs to be an effective framework to help guide our investment selection process for our discretionary-managed funds. There is a strong link between many of the UN SDGs, our sustainable investment philosophy and the social and environmental outcomes which are ultimately generated by the operation and usage of the infrastructure and social accommodation assets we are responsible for managing on behalf of our investors.

In late 2021, Lighthouse team members completed a United Nations Institute for Training and Research (UNITAR) training course on SDG implementation. In 2021 the Lighthouse Team reviewed and revised its purpose statement and its corporate values, which are key components of the Lighthouse Infrastructure Value Chain. Our Value Chain illustrates the inputs into our business, the transformation and value creation processes we undertake, the outputs and outcomes we ultimately deliver and those we aspire to achieve.

SUSTAINABLE DEVELOPMENT GOALS



Lighthouse value chain

Inputs

Aligned partnerships:

Alignment of principles and philosophies

Technology and data:

Proactive adoption of technology and smart utilisation of associated data

Employees and advisors:

Attracting a diversity of talent, ideas and innovation

Investors:

Diverse base and scalable for growth

Regulatory environment:

Robust governance, compliance and regulatory framework

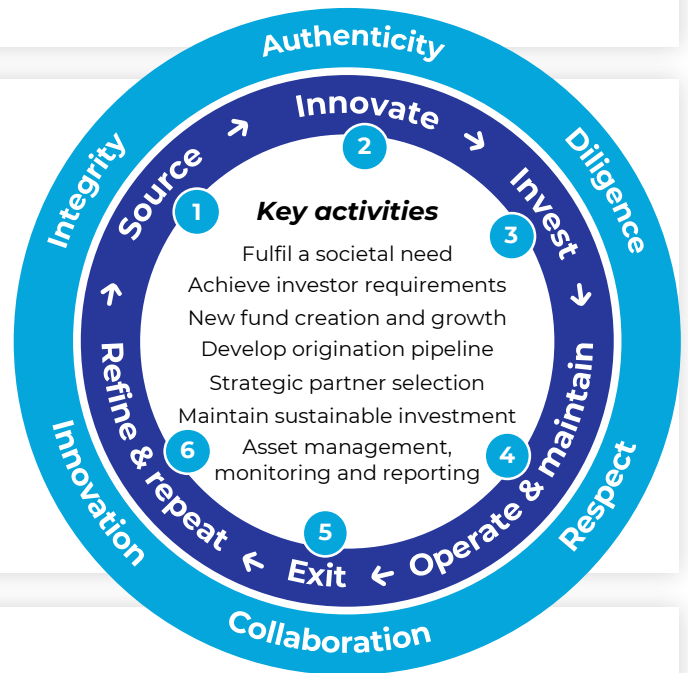
Capital:

Long term sustainable investment

Value creation process

Our purpose

“To create sustainable economic value for our investors and to foster inclusive social benefits for our stakeholders, by engaging our team and infrastructure investment partnerships through collaborative innovation.”



Outcomes and target outcomes



Increase positive outcomes – Decrease negative outcomes

Improved environmental outcomes

Move toward carbon neutral status

Improved social outcomes

Enhanced livelihoods
Equal opportunities
Community initiatives

Partnerships for success

Meaningful connections with investors, governments, partners, advisors and employees

Better economic outcomes

Maximise risk-adjusted sustainable returns
Fund future investments

Technology and innovation

Deployment

Summary of outputs FY 2022–23

407,750
(tCO₂-e) tonnes of carbon abated¹

A\$690
million in assets managed

105,750
homes powered²

3
investment funds

584 SDA and affordable housing tenants

1. Using the June 2022 Carbon Dioxide Equivalent Intensity Index (CDEII) for Queensland of 0.7471 and the June 2023 CDEII for Queensland of 0.6552.

2. Based on AEMC annual consumption of representative Queensland customer (AER benchmark values) from the most recently published Residential Electricity Price Trends 2021 report – published 25 November 2021.

SDG selection and integration

The six key SDGs identified as most relevant to Lighthouse, which are also incorporated into our Value Chain



As an organisation we have undertaken a series of discovery workshops and associated activities to map the SDGs into the Value Chain we developed by considering how our core competencies, technologies and investment funds currently and potentially can contribute to the SDGs.

As part of the process, we established five key areas where we consider our capabilities and actual and potential outputs to be well-placed to create value for multiple stakeholders being our investors, employees, partners, those who use the services created by our infrastructure assets and those who are affected by their operation.

The five key areas we have identified are:



Better economic outcomes:

For any activity to be sustainable it must be productive. Investment activity must provide mutual benefits to users and to owners. Careful asset selection with aligned ESG principles, embedding further ESG integration and reporting, can produce a lower cost of capital for assets we invest in, creating additional value for our investors.



Partnerships for success:

Development and fostering of meaningful relationships with investors, partners, advisors, policy makers and employees will be required to deliver genuinely sustainable outcomes through the provision of essential services on real assets.



Technology and innovation:

We value innovation, encouraging and supporting our team members to complete research, think creatively and devise new investment and support solutions which generate financial value for our investors. We aim to use technology to optimise the performance of existing and new assets to increase gains of financial returns, asset efficiency, safety, security, and sustainability performance.



Improved environmental outcomes:

Humanity is challenged by resource depletion and climate change. For the investments we make to be sustainable, they must efficiently utilise our scarce resources and care for the environment. This includes working to drive down greenhouse gas emissions across our investment portfolios and at a corporate level.



Improved social outcomes:

Infrastructure assets provide essential services to communities they serve and contribute to the public good. For their activities to be sustainable, investors and asset managers must provide access to essential services in a fair and efficient manner. We look to support our service providers, other key stakeholders, and the communities where we invest.

We continue to work towards identifying specific areas of improvement focus which we can measure and report progress against going forward. As an organisation, we remain energised by our ability and potential to create positive financial, social and environmental outcomes for our stakeholders and look forward to reporting these activities to our investors.

SGCH Keys investment case study – Highline and Lennox

In this section we provide a summary of the application of Lighthouse’s unique sustainable investment approach to our firm’s first Key Worker affordable housing investment, SGCH Keys, which is included in our LIFT fund. The SGCH Keys investment was featured in an article published in the Australian Financial Review on 15 November 2022 titled [‘How Lighthouse, St George make affordable housing stack up’](#).

SGCH Keys project background

‘Key Worker’ usually refers to employees working in services essential to a city’s functioning but who earn low to moderate incomes. In cities and regions with high housing costs, this makes access to appropriate and affordable housing in reasonable proximity to work difficult for Key Workers.

Proximity to work is particularly important in healthcare, emergency services, and some community and welfare support roles for workers to cover shifts, quickly respond to increases in service demand and attend to emergencies.

A study completed by the University of Sydney for Hope Housing in 2023 into housing Key Workers³ found that:

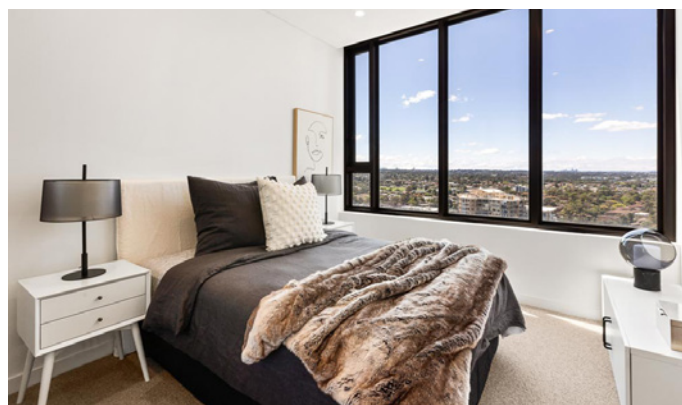
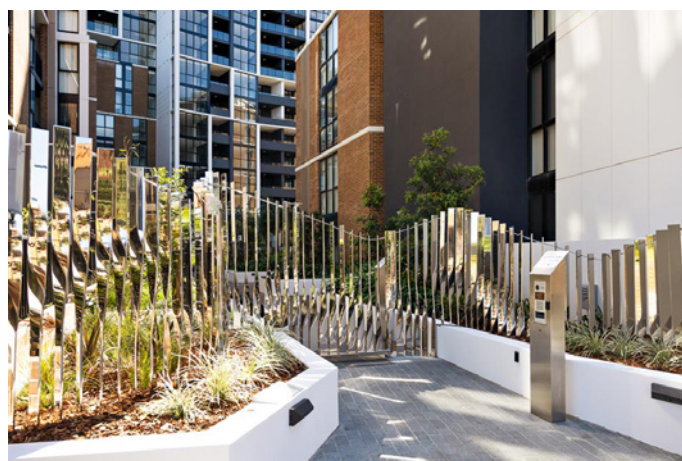
- Median purchase prices and rents are largely unaffordable to Key Workers across Sydney and Melbourne.
- Approximately 36,000 Key Workers across Sydney and 22,000 across Melbourne are living in overcrowded homes.
- Key Workers are more likely than the general labour force to reside in outer suburbs and satellite cities and to commute more than 15kms to work.

Existing structural shortfalls in affordable housing were exacerbated by the impact of the COVID-19 pandemic and the resulting surge in rental rates as the economy reopened. Therefore, at the same time as the importance to society of Key Workers such as nurses, paramedics, teachers, and retail employees was being highlighted by the pandemic, these workers were finding it increasingly difficult to find accommodation close to their places of work.

To address this challenge Lighthouse created the Lighthouse Affordable Rental Investment or “LARI” model.

The innovative LARI model is designed to deliver:

- **Social impact:** by providing affordable rental housing for Key Workers in the health, education, and emergency services sectors in locations close to key health or education precincts in major cities.
- **Scale:** through institutional access to the Australian rental housing market via a cost efficient and repeatable implementation model, in partnership with Community Housing Providers (CHPs).
- **Competitive returns:** compared to equivalent market property, but with a lower risk profile and no development risk.



3. Gilbert, C, Nasreen, Z, and Gurran, N. (2023) Tracking the housing situation, commuting patterns and affordability challenges of essential workers: a report prepared for HOPE Housing, Sydney. The University of Sydney and HOPE Housing.

SGCH Keys investment case study – Highline and Lennox (cont'd)

St George Community Housing partnership

In implementing the LARI model, Lighthouse has partnered with SGCH Keys, a subsidiary of the CHP St George Community Housing (SGCH) to deliver affordable housing to Key Workers on low-to-moderate incomes.

The partnership leverages SGCH's expertise and experience as a regulated CHP bringing together capital and capability to create more homes and opportunities for people and communities. SGCH applies the benefits of scale from managing a portfolio of over 7,000 homes across Sydney, as well as the charitable status of SGCH Keys, to access unique and efficient financing that enables Key Workers to rent a new, high-quality, affordable home at a discount to market.

Access requirements

To participate in the scheme residents must fall within the range of very low to moderate income households, with this range defined as a household that earns less than 50%, to up to 120% of the relevant median household income for Sydney.

Qualifying residents are offered a minimum of a 25.1% discount to equivalent market rent on the properties. Market rents are assessed annually by an independent third-party valuer, with the discounted rent being scaled up or down accordingly.

SGCH Keys investments

In November 2021, LIFT invested approximately \$60 million in SGCH Keys to fund the acquisition of 85 new strata titled residential apartments in the Highline development in Westmead, Sydney. The apartments comprise a range of studios, one-bedroom and two-bedroom offerings and are located within the 5 building, 555 apartment development.

The Highline is located within the greater Westmead Health Precinct, the largest Health Precinct in the southern hemisphere including 4 hospitals, 2 medical university campuses, 2 research institutes, and NSW's largest pathology service.

Highline was developed by Deicorp who have delivered over 8,000 apartments in the Sydney market since 1999.

In November 2022, a further \$58 million was invested to fund the acquisition of 76 apartments at the Lennox development in Parramatta, Sydney.

The Lennox development is located by the Parramatta River, and is walking distance from Parramatta Westfield, Parramatta train station, the Parramatta Tram line and multiple bus stops. It also has good access to higher education facilities in the area, with the Universities of New England, Western Sydney, and Swinburne all within 1km.

The apartments are situated within the Lennox development completed by leading Sydney developer, Aoyuan International and builder, EQ Constructions.

Social sustainability

At 30 June 2023, the SGCH Keys investments provided affordable rental accommodation to 250 residents, including Key Workers providing essential services to communities in Sydney.

These residents benefit from reduced rental expenses, allowing them to retain more income to put towards the achievement of their longer-term aspirations.

The residents also benefit from reduced commute times, leading to a better quality of life. Their proximity to their workplaces also enables better retention of these workers within critical sectors, promoting greater sustainability and effectiveness of essential services.

Environmental sustainability

The Highline apartments have an average NatHERS rating of 4.8 stars.

The Lennox apartments have an average NatHERS rating of 5 stars.

LED lighting has been used throughout the Lennox development.

Upon acquisition of both the Highline and the Lennox units, Lighthouse invested further monies for the installation of blinds in all apartments. These investments were to support tenants with enhanced privacy, and with the additional sustainability benefits of improved insulation in the properties.

Average NatHERS rating:

Highline apartments ★★★★★

Lennox apartments ★★★★★

Home4Life investment case study – SDA Solar Systems

In this section we provide a summary of the practical implementation of Lighthouse’s sustainable investment approach to the stewardship of the SDA assets, which are included in our ADAPT2 fund.

Background

During the design and construction phase of the Home4Life project, Lighthouse worked within its capacity as a member of the project consortium to challenge the environmental sustainability of the homes under development and were pleased to be able to drive commitments to higher than legislated energy efficiency ratings.

Implementation

During the Period, additional solar panels were installed and commissioned in each home within the Home4Life portfolio, as well as the installation of two trial battery facilities. The purpose of the trial battery facilities is to investigate the efficacy of onsite energy storage and whether the facilities can be rolled out across the broader portfolio. This equates to a total of 819.5kW (266.75kW existing and 552.7Kw new) in solar systems, two new batteries and monitoring devices supplied for all new and existing systems.

Impact

The installation of extra solar systems has had a direct and significant impact on the energy efficiency of homes. The Building Sustainability Index (BASIX) rating achieved across the 118 dwellings has improved from 76 to 92 for energy usage since the additional solar capacity was implemented. This means that the homes are now designed to achieve a 93% reduction in the energy usage relative to NSW Government benchmarks. Further, 10 of the homes were able to produce a score of 100% and are now carbon neutral.

At this time, the BASIX scoring does not have a provision to factor in the impact of battery storage, therefore Lighthouse estimates the sustainability benefits associated with the initiative to be even greater than what is reflected in the BASIX ratings.



**BASIX rating
increased to** →

92

... achieving a **92%** reduction in the energy usage relative to NSW Government benchmarks.

76



ESG highlights



Climate impact:

407,750 tCO₂-e of emissions avoided by solar energy generation during the Period⁴.



Clean energy generation:

572.64 GWh of solar-generated electricity for supply into the National Electricity Market during the Period.



Equivalent homes powered:

105,750 homes powered by our solar farm investments during the Period⁵.



Health and safety:

Operational and Continuity Plans were established at both solar projects following the emergence of the COVID-19 pandemic.

Both sites undertook Health, Safety, and Environment (HSE) audits in 2023, with both finding no major or minor nonconformances. On site HSE culture was noted to be positive and open. The HSE performance was also noted to be significantly improved since the previous audit in 2020.

Lost Time Injury Frequency Rate = 0 for the solar assets.



Residents:

334 individuals living in Lighthouse's Specialist Disability Accommodation as at 30 June 2023.

250 individuals living in Lighthouse's Affordable Housing Accommodation as at 30 June 2023.



Sustainability:

Additional rooftop solar installations, trial batteries, and energy monitoring devices for the Home4Life portfolio were installed and commissioned in 2023.

BASIX certificates were updated in 2023 with the average rating increasing from 76 to 92 for the 118 dwellings. 10 homes in the Home4Life portfolio are now carbon neutral.



Education:

We have had ownership of solar systems at three schools, which formed part of their sustainable energy education program.

In November 2022 Emerald hosted a site tour for Emerald North State School's Robotics Team. Three students and two teachers requested a site tour of the solar farm to learn about the technologies, and to assist the team in participating in an annual robotics competition.



Workers:

As at 30 June 2023, 8 full-time staff were employed across the two solar farms, as well as indirectly supporting the employment of additional contractors and other staff engaged in other major works on site during the Period.

4. Using the June 2022 Carbon Dioxide Equivalent Intensity Index (CDEII) for Queensland of 0.7471 and the June 2023 CDEII for Queensland of 0.6552.

5. Based on AEMC annual consumption of representative Queensland customer (AER benchmark values) from the most recently published Residential Electricity Price Trends 2021 report – published 25 November 2021.

Stakeholder engagement highlights

Reduction in behavioural challenges of residents

During the Period, a number of improvements have been identified relating to the social impact of the Home4Life homes on the residents who live there.

Three Home4Life residents have had a meaningful reduction in their behavioural challenges as a result of medication changes, consistent support, education and Home4Life investment into environmental modifications. The impact these changes have had are far reaching – not only do the individual residents have more freedom to participate in their local communities, but the homes themselves benefit from a shift away from 'restrictive practices', resulting in warmer and more welcoming environments for all residents through well placed furniture and home comforts. These types of benefits are not able to be enjoyed by residents who have a 'restrictive practice' plan, or their fellow tenants, so these changes represent real improvements in living conditions for residents and demonstrate the value and efficacy of high-quality support.

Active COVID-19 management in SDA homes

Lighthouse and their operating partners are acutely aware of the vulnerability of the cohort residing in their SDA properties and the associated duty of care owed to these tenants. While COVID-19 related practices have now relaxed in the community, SDA homes still have COVID-safe practices implemented in order to ensure resident and worker safety. This includes record keeping of all visitors to homes, temperature testing upon arrival, masks, gloves (where required), and/or hand sanitisation.

All key contractors/partners have COVID-19 continuity plans that include measures aimed at preserving the health of workers and residents including restrictions on who may enter a site or a home (such as visitors, maintenance providers and support workers), tracing of people entering homes, use of appropriate equipment (such as face masks, hand sanitiser and gloves), temperature testing of people residing in or otherwise entering homes, and acceleration of immunisation for residents, staff and contractors.

Solar panel recycling

Emerald Solar Farm (ESF) has replaced around 200 defective panels following an aerial thermographic survey conducted in June 2023. ESF has subsequently sought information from multiple companies specialising in panel recycling in Australia.

The recycling facilities investigated by ESF are located in QLD, NSW and VIC. The project has indicated its preference to utilise recycling facilities in QLD. Local recycling has several benefits, including reduced emissions related to transportation of the defective panels and contributing to the ongoing development of the local and state economy.

The project is seeking further information on the recycling outcomes, such as the expected percentage of material that can be recovered. In addition to preferencing local facilities, the project will also seek to preference facilities that maximise the amount of material recycled.

Engagement of Wolff Power as O&M contractor for Emerald

Lighthouse appointed Wolff Power as the Operations and Maintenance contractor for the Emerald Solar Farm (ESF) in June 2022.

In response to the heightened risk of fire for the 2023 bushfire season, ESF worked with Wolff Power to implement supplementary measures and controls to address risk of fire caused by, or at, the solar farm. This included a review of the Environmental Management Plan and Heat Stress Management procedures.

Separately, Wolff Power carried out monthly Health and Safety Focus events with the wider Emerald team, discussing a range of topics each month including men's health, lifestyle and self-focus, environment, quality, legal and communication, and collaboration in the workplace.

Other sustainability initiatives

Clean Energy Investor Group

During the Period, Lighthouse continued to support the Clean Energy Investor Group (CEIG) in achieving structural reforms and more acceptable investment risk profiles for investors in the renewable energy market. Lighthouse accepted the invitation to nominate Mitch King as one of the inaugural directors of the CEIG.

Lighthouse continues to be an active member of the CEIG, and has supported a range of initiatives, including:

- the launch of the Clean Energy Investor Principles;
- a submission on the NSW’s Government’s Long Term Energy Service Agreement design consultation process; and
- a response to the Australian Energy Market Commission’s draft determination on integrating storage in the NEM.

Submission to the NDIS 2023 Specialist Disability Accommodation (SDA) Price Review

As an early participant and one of the largest investors in the SDA sector, Lighthouse Infrastructure made a submission to the NDIS 2023 SDA Pricing Review in December 2022.

Critical to the success of the SDA program is the development of the market, as envisaged in the 2016 report by the NDIS, and participation by institutional investors in the funding of SDA. It is critical that the market has confidence in the framework underpinning investment in the sector, including related policy stability and intent.

Institutional investors have extensive opportunities to allocate capital across infrastructure sectors throughout Australia and offshore. The 2023 Pricing Review presented an important opportunity for the NDIS to reinforce the investment efficacy and social importance of investment in SDA. A copy of the submission is available for viewing on the Lighthouse Infrastructure website at the Research & Innovation page.

The following future sustainability initiatives are also being considered and assessed for future adoption and incorporation by the Lighthouse Group. This assessment will determine how we could potentially commit to these activities and then track and articulate ongoing progress as part of our continued sustainability journey during FY24 and beyond.



Announce a public statement for the Paris Agreement



Development of a GHG emissions neutrality roadmap for applicable investors



Promulgation of a net zero statement



Implementation of Modern Slavery policy in 2024



Assessment of the Global ESG Benchmark for Real Assets (GRESB) reporting frameworks

Memberships and supported initiatives

Lighthouse is committed to sustainable investments and supports the following initiatives:



United Nations Principles for Responsible Investment (UNPRI)

Lighthouse is a signatory to the UNPRI. The six Principles for Responsible Investment are a voluntary and an aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practices. In implementing them, signatories contribute to developing a more sustainable global financial system.



Investor Group for Climate Change (IGCC)

Lighthouse is a member of the IGCC and has been an active contributor to a number of initiatives over the years including participation on a number of working sub-committees.



Clean Energy Investor Group (CEIG)

Lighthouse is a founding member of the CEIG. Across regulation and policy arenas the CEIG initiates, investigates, and responds to consultations and national electricity rule changes that impact institutional investors' interests in the renewable energy sector.



Pension Governance and Innovation Forum & "Infrastructure Matters" Initiative – Harvard Alumni Entrepreneurs

In 2019, Lighthouse created the Infrastructure Matters initiative as part of the Harvard Alumni Entrepreneurs, a cross-faculty group of the University Alumni. The purpose of the initiative is to advance work on pensions and capital stewardship, on the nature of infrastructure, on the relevance of infrastructure-related enterprises as objects of investment by pension funds and other investors, including Islamic investors, on the roles and responsibilities of government and the private sector in this connection, and on the impact on and import of any such investments on the lives and livelihoods of those affected.

The Harvard Alumni Entrepreneurs Pension Governance and Innovation Forum (Innovation Forum) was formed in 2021 to apprise, to focus, to educate workers, scholars, policymakers, researchers, and pension fund, infrastructure investment, and other practitioners on issues such as fiduciary duty and pension fund governance, management, and investment, especially as they bear upon plan members gaining financial security in retirement.

Lighthouse has remained active in each of the Infrastructure Matters initiative and the Innovation Forum during the Period.



About Lighthouse Infrastructure

Lighthouse Infrastructure is an independent, sustainable real asset fund manager, that combines innovation and experience to deliver high quality investment outcomes to institutional investors.

Lighthouse Infrastructure specialises in the unlisted renewable energy and social infrastructure sectors. Our focus is on finding investments that deliver competitive, sustainable returns alongside positive social and/or environmental outcomes. The United Nations Sustainable Development Goals help guide our investment selection process, which is overseen by our team of highly experienced infrastructure specialists.

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