

GROWING TOWARDS A SUSTAINABLE FUTURE



LAGUNA BAY

About Laguna Bay

Laguna Bay is an investment company established within the food and agriculture value chain. Over the past 13 years, Laguna Bay has developed into one of Australia's pre-eminent food and agriculture investors, led by a team of industry executives with a track record of success.

Our proven research-driven, value-based investment strategy builds scalable and sustainable food and agribusinesses for the benefit of all stakeholders. Our focus on ESG and climate change is intrinsic to our commitment to our investors. With each investment, we seek to achieve sustainability through enhancing ecological and social value.

Company Overview

Established in 2010, Laguna Bay is currently raising capital for its third investment vehicle in the food and agribusiness sector. We aim to invest in a diversified portfolio of companies that operate sustainably within the supply chain, achieve superior returns, and create positive ESG impacts.

Laguna Bay has a broad investment mandate with a focus on primary production and processing assets, but is open to investing across upstream, midstream, downstream and integrated operations where value is identified. Sectors considered for investment include, but are not limited to, permanent crops, row crops, livestock, dairy, water, protein and aquaculture.

Reporting on Sustainability

This Sustainability Report has been developed to inform our stakeholders of our actions and performance on material topics from 1 July 2022 to 30 June 2023 (the reporting period), except where otherwise indicated.



Acknowledgement

In the spirit of reconciliation, Laguna Bay acknowledges the Traditional Owners of Country throughout Australia and their continuing connections to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to their Elders past and present.

A Letter from the Founder

In our pursuit of sustainability and environmental responsibility, we took several important steps within our organisation this year, including completion of emissions baselining, incorporation of ESG metrics into our asset due diligence process, and rolling out meaningful sustainability initiatives tailored to our portfolio assets. Amidst these endeavours, we also recognised the broader global context. The world is currently experiencing inflation for the first time in many decades and the costs are disproportionately being felt by those with the least. As economies grapple with rising inflation, the issue of hunger becomes ever more urgent, emphasising the critical need for global expansion of cost-effective and sustainable food production, with Australia poised to play a significant role.

Current market conditions support food and agriculture investment in Australia. Our government has set an ambitious objective to increase agricultural output to \$100 billion in 2030 (from \$66 billion in 2019-20). The increasing pace of climate change and demand for sustainability in food and agricultural enterprises is requiring a significant shift in approach. To achieve the desired growth while reducing greenhouse gas emission intensity, accelerating carbon sequestration, and improving sustainability generally, the sector will need innovative equity-based funding, which Laguna Bay is positioned to provide.

Australian farming faces intergenerational challenges with many Australian farmers nearing retirement. Ensuring a seamless transition to younger generations and harnessing economies of scale is not just a necessity, but a paramount imperative for closing the knowledge and skills gap and shifting to broad adoption of modern agricultural technologies. The implementation of innovative solutions such as precision farming, automation, and data-driven decision-making, are crucial for improving both productivity and sustainability in agriculture. Laguna Bay is actively working towards this transition by joint venturing with the next generation of talented operators to promote sustainable, long-term growth across Australia and New Zealand.

As noted above, one of our significant accomplishments in the past 12 months is the successful completion of emissions baselining for all assets in Fund 1, with Fund 2 asset baselining well advanced. This comprehensive assessment provides us with valuable insights into the carbon footprint associated with our investments. By understanding baseline emissions, we are better equipped to manage and reduce our environmental impact moving forward. Development of climate and environment action strategies for each asset is underway and aligns with our commitment to environmental sustainability.

We have also taken steps to elevate the importance of ESG metrics in the analysis of potential investments. Evaluating environmental characteristics, together with potential impacts and opportunities, is vital to ensuring sustainable and responsible stewardship. Our due diligence process includes environmental assessment, and subject to asset type, includes assessing soil quality, water sources, pesticide use, and the potential for erosion, pollution, or habitat destruction. Understanding these factors helps to mitigate environmental risks and identify areas to make measurable improvements, unlocking climate-impact mitigation opportunities.

Additionally, we have developed a variety of sustainability initiatives across our assets. Projects actively underway across the portfolio include soil health monitoring, deploying precision agriculture technology, and recycling and waste treatment initiatives. We have numerous other initiatives under development including feed supplement trials, renewable energy installations and biotechnology crop projects.

Our FY23 sustainability journey has been marked by a deepened commitment to environmental responsibility and sustainability. As we move forward, we remain dedicated to driving positive change, promoting responsible investment practices, and playing our part in ensuring a more sustainable, equitable and food secure future for all.



Tim McGavin
Managing Director, Founder
30 November 2023

Sustainability Highlights



~150,000 tonnes of CO2-e sequestered from carbon reporting commencement.¹



~330 full time equivalents across portfolio



Female representation exists on 57% of boards within Laguna Bay Fund 1 & Fund 2 assets



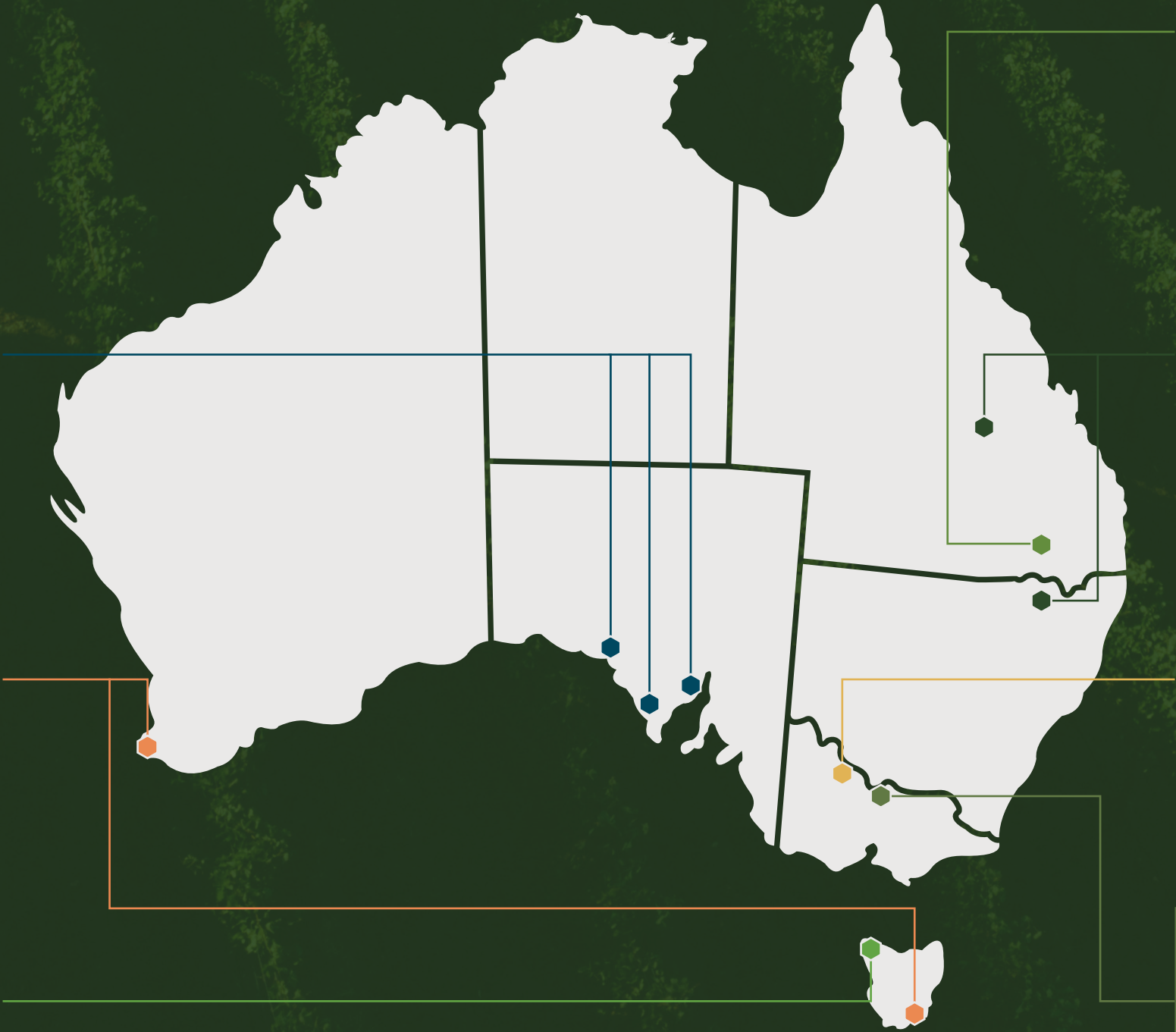
46% females in Senior Management roles at Laguna Bay



All Fund 1 controlled assets have completed a baseline emissions assessment in accordance with ISO 14064-2:2019 standards.

1. Quantifying, monitoring and reporting of carbon sequestration activities were assessed in compliance with ISO 14064-2:2019 standards.

Laguna Bay’s investment portfolio comprises



Investor 2023 - Present
Instant turf Echuca VIC
Coolabah Turf, an award winning and premium
turf supplier operating in Echuca, Victoria¹

1. Laguna Bay acquired Coolabah Turf into Fund 2 on 30 June 2023.

Laguna Bay’s approach to ESG and Responsible Investment

Laguna Bay is a high conviction active asset manager. Sustainability is a key priority in our screening, evaluation, due diligence, and asset management activities. In our experience, proactive management of ESG factors leads to strong, resilient operating performance.

Laguna Bay’s dedication to promoting responsible agricultural investment is underpinned by the principles outlined in the *PRI Guidelines for Responsible Investment in Farmland*. Our Responsible Investment Policy¹ has been designed to reflect the core values and objectives established by the PRI. This alignment is evident in our commitment to four foundational pillars: Climate & Environment, People & Communities, Livestock & Wildlife, and Governance & Standards².



These pillars underscore our decision-making framework, enabling our team to make well-informed and socially responsible investment decisions. By adhering to these pillars, we place an emphasis on sustainable land management, the conservation of biodiversity, fostering relationships with local communities, upholding rigorous governance standards, and implementing tailored sustainability initiatives across our portfolio. At Laguna Bay we proudly advocate for a more sustainable and equitable agricultural future.

Along with aligning our framework with the principles set by the PRI, Laguna Bay is also a signatory to the UNPRI, and supports the UN Sustainability Development Goals, Paris Agreement, and the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). By adopting this approach to responsible investment, we are able to contribute to more sustainable agricultural assets across Australia.

Certifications and Regulatory Alignment

Taskforce on Climate-related Financial Disclosures (TCFD)

At Laguna Bay, we support the Taskforce on Climate-related Financial Disclosures, recognising that integrating climate related considerations into financial reporting and decision-making helps deliver sustainable and profitable outcomes for stakeholders. We also welcome the proposed mandatory climate reporting regime to be rolled out in Australia from 2024-25. This regime is intended to be aligned with the International Sustainability Standards Board’s standard *IFRS S2 Climate-related Disclosures* (ISSB Climate Standard) which in turn is based on the TCFD recommendations.

Throughout the reporting period, Laguna Bay has been progressive in our role as a steward of our assets, focusing on the development of climate and environment action strategies across our diverse asset portfolio. These strategies underpin our commitment to TCFD recommendations by providing transparent, comprehensive and consistent information, with a particular focus on sustainability initiatives and key climate indicators.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) serve as a comprehensive blueprint for global sustainability, with a view to ending poverty, protecting the planet and ensuring prosperity for all. Laguna Bay’s investments can improve food security, mitigate environmental impacts, and advance regional communities. Relevant Sustainable Development Goals include:



Laguna Bay has been a signatory to the Principles for Responsible Investment (PRI) since 2017, which reinforces its longstanding commitment to responsible investment and ESG best practice. It continues to demonstrate its commitment to those Principles by:

	applying our ESG screening framework, aligned to relevant global sustainability frameworks and standards, in investment analysis and decision-making		implementing a sustainability reporting framework for portfolio assets, based on key performance indicators identified for each investment
	actively working with our asset operators on their management approach to key ESG issues, and monitoring these through risk management processes		ensuring responsible investment training is undertaken by management and investment team members

1. Laguna Bay Responsible Investment Policy
2. Refer to the 'Our Sustainability Framework' section of this report for further details.

Our Sustainability Framework

Laguna Bay's Sustainability Framework represents our commitment to responsible investment and environmental stewardship. Built on four pillars, each pillar serves as a guiding principle to inform and shape our sustainable practices, underlining our commitment to both financial returns and a sustainable outcome. Throughout the reporting period, Laguna Bay built on our existing sustainability framework to achieve our mission of leaving assets in a better condition than when we acquired them.

Climate and Environment



Our assets are managed with a long-term objective of reducing impact on climate and natural resources.

Our Goals

- Practice environmental stewardship across our assets.
- Account for greenhouse gas emissions and reduce emissions intensity.
- Efficient use of resources across assets.

Our Progress Updates

- Climate and Environment Action Strategies have been developed for each controlled asset in Fund 1 and Fund 2. These plans include:
 - Physical climate risk assessments specific to location, risk treatments and opportunities for adaptation actions.
 - Strategies to address key emission sources, opportunities for efficiencies and reduction in resources and emissions.
 - Alignment with Sustainable Development Goals.
- GHG emissions assessments have been completed for all Fund 1 controlled assets in accordance with ISO14064-2:2019 standard across the reporting period¹.

People and Communities



Our employees and local communities are engaged and respected.

Our Goals

- Lead our industry in health and safety in terms of standards, practices and results to keep our people safe.
- Support local communities through health initiatives to better social wellbeing around our assets.
- Provide opportunities for local communities to benefit from our investment.

Our Progress Updates

- Laguna Bay engages GreenSquare Solutions to provide infrastructure and plant & equipment auditing, policy guidance, management of incident investigations and implementation of an integrated safety management system via a customised online platform, across all Fund assets.
- Leading and lagging indicators are reported to asset boards.
- Each asset measures age and gender diversity metrics.
- Examples of the Social and Local Community activities which have been implemented across the portfolio are: Fogarty Wine Group Cape to Cape Walk Track and the Cutri Fruit Food Recovery Program.

Governance and Standards



Our investors, partners and employees have confidence in our commitment to sustainability.

Our Goals

- Incorporation of sustainability and ESG risks, opportunities and impacts in investment process.
- Implementation of measurable targets aligned with objectives.
- Transparent reporting to all stakeholders through disclosure of ESG metrics and targets.

Our Progress Updates

- Sustainability & ESG risks, opportunities and impacts are considered in deal sourcing, due diligence and ongoing asset management and are integral to our Responsible Investment strategy.
- Environmental and social metrics have been designed, collected and included in this report for the first time this year.

Livestock and Wildlife



We meet and look beyond our legal obligations and social expectations.

Our Goals

- Prioritisation of animal welfare through continual improvement of current asset practices.
- Promoting sustainable management systems to enhance local biodiversity.

Our Progress Updates

- The following animal welfare and sustainable management practices have been implemented across the portfolio: Flip Farms at Angel Seafood, shade systems covering feedlot pens at Allied Beef and 'Cow Watch' collars installed for early health issue detection at 40 South Dairies.
- Enhancing biodiversity is included in the Climate and Environment Action Strategies for each asset. One example is at 40 South Dairies where exclusion fencing has been widely installed to protect native fauna from agricultural and pest management operations.

1. Further details are provided in the Fund 1 section of this report

Environmental Indicators

To aid transparent trend reporting, Laguna Bay has developed the following indicators to ensure accountability and focus on key environmental and social issues. Within our portfolio, controlled assets are required to track, measure and report progress, with support from third-party resources and to align with goals within our sustainability framework.

Laguna Bay monitors and reports on environmental indicators. Our portfolio assets track, assess, and measure progress for specific cross industry indicators. Within these, we utilise specific environmental indicators to quantify our portfolio's carbon emissions¹ and sustainability performance:

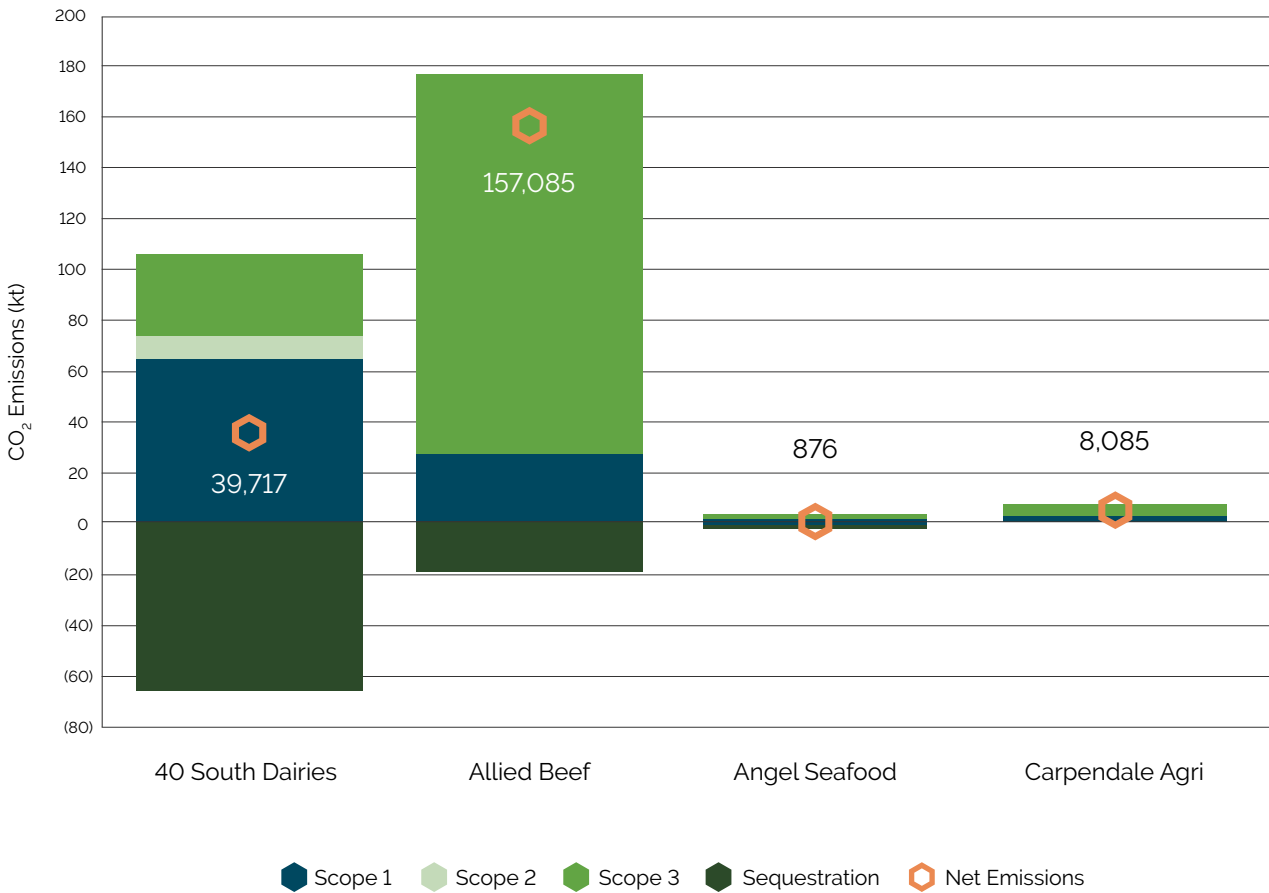
Environmental Indicators measured across various assets:

Measures	Definitions
Net Emissions Intensity (kg CO ₂ -e per kg product) ²	Ratio of GHG emissions per unit of product output
Scope 1 (tCO ₂ e)	Direct emissions from sources owned by the company measured in tonnes of carbon dioxide equivalent gas
Scope 2 (tCO ₂ e)	Indirect emissions from purchased electricity measured in tonnes of carbon dioxide equivalent gas
Total Fuel Use (Litres)	Fuel consumption used for farming measured in litres of diesel
Fuel Intensity (Litres per kg product)	Ratio of fuel per kg of product output
Electricity Usage (kWh)	Energy used on site (either direct from onsite generation or indirect from National Energy Market (NEM) measured in kilowatt hours
Electricity Intensity (kWh per kg product)	Ratio of electricity per kg of product output

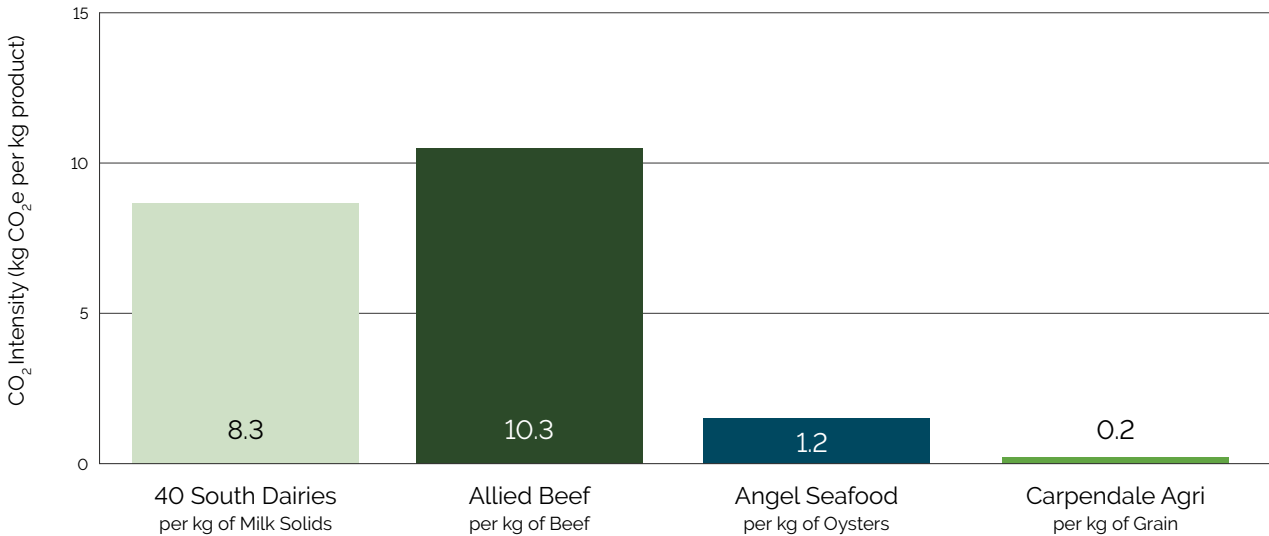
1. GHG emission assessments are conducted by an independent external expert with production systems and project boundaries defined in accordance with Section 6.13 of ISO 14064-2:2019 standard and GHG Protocol Corporate standard.

2. Emissions Intensity indicators were calculated with Scope 1, Scope 2 and material Scope 3 categories included in the assessment, in line with Section 6.13 of ISO 14064-2:2019 standard and GHG Protocol Corporate standard. This figure includes emission sources and sinks identified within the project boundary across the GHG emissions reporting period.

Total CO₂ Emissions & Sequestration of Operation by Scope



Emissions Intensity of Product Output



Emissions Intensity were calculated with Scope 1, Scope 2 and material Scope 3 categories included in the assessment, in line with Section 6.13 of ISO 14064-2:2019 standard and GHG Protocol Corporate standard. This graph includes emission sources and sinks identified within the project boundary across the GHG emissions reporting period.

The emissions intensity indicator is the rate of greenhouse gas emissions and pollutants relative to a kg of product sold. To calculate the emissions intensity indicator, all material GHG emission sources and sinks are analysed within the production system boundaries, excluding emissions related to changes in land use. This data is used to compare the greenhouse gas impacts associated with sources of scope emissions across the portfolio.

Social Indicators

Along with collecting important environmental data at each asset, we also collect a range of social data extending to community, social and HSE. By tracking key social elements and indicators, assets gain valuable insights into social performance, which can inform decision-making and help drive positive change.

Laguna Bay adopts a proactive approach to managing and monitoring HSE & AW performance and generates monthly reports for each asset which include leading and lagging indicators. This reporting practice ensures all assets continue to strive to keep their people safe and, where applicable, their animals well cared for.

Laguna Bay engages GreenSquare Solutions, a leading agricultural health and safety advisory firm, to advise and assist in complying with relevant HSE obligations for its controlled assets and building a strong safety culture. GreenSquare provides asset auditing, policy guidance, management of incident investigations and implementation of an integrated safety management system via a customised online platform, across our controlled assets¹.

As well as reporting at the asset level, Laguna Bay compares indexed performance metrics across the portfolio, and externally benchmarks safety results against our peers, via the Corporate Ag Group benchmark, for the leading indicator of Lost Time Injury Frequency Rate.

Social Indicators measured:

Measures	Definitions
Number of permanent employees	Count of people employed in a long term full or part time capacity
Number of casual and fixed term contractors	Count of people directly employed on a short term basis
Gender Split	Count of number of females vs males
Employee age	Count of people in given age brackets
HSE Framework Implementation rate	Percentage of HSE implementation tasks completed
Safe Work Practices and Training rate ²	Percentage of all scheduled safe work practice tasks and training completed
Infrastructure, Plant and Equipment Audit rate ³	Percentage of all infrastructure, plant and equipment audit action items resolved
Scheduled Tasks rate ⁴	Percentage of all scheduled tasks completed

1.

Angel Seafood and Cutri Fruit began the implementation of the Laguna Bay HSE Framework in FY23, therefore only part year reporting was collected. Allied Beef reported several lost time injuries in the last two quarters of the year causing a steep rise in its LTIFR above the corporate agricultural average. HSE alerts were re-distributed as reminders to workers.

2.

Safe Work Practices are directions on how a task is to be carried out safely, they identify hazards and clarify what must be done to eliminate or minimise risks. Additional HSE & AW formal and informal training may be internal or external.

3.

Each new asset's infrastructure, plant and equipment is audited against legal and industry standards. All non-compliances are documented with actions to address. This audit is repeated annually.

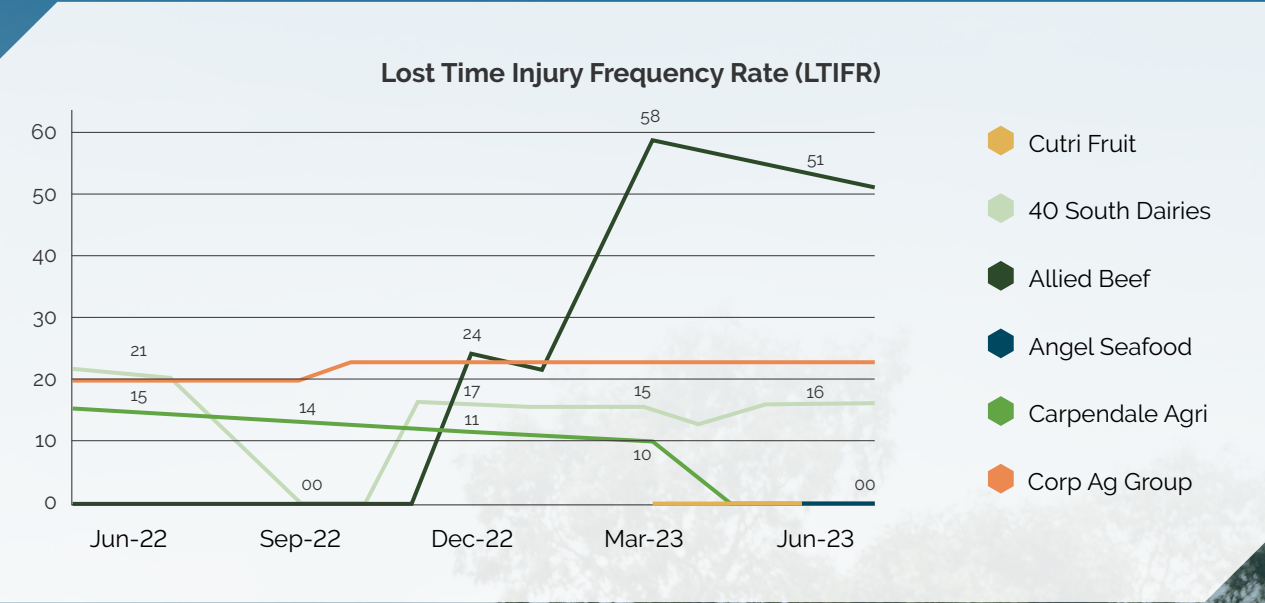
4.

Scheduled tasks are periodic activities such as pre-start checklists, workplace checklists, first aid and fire equipment checks.

Portfolio stats ¹	Definitions
Number of permanent employees ²	333
Number of casual and fixed term contractors	312
Gender Split	Male: 66% Female: 34%
Employee age	< 30 Years: 38% 30 – 50 years: 43% > 50 years: 19%

Lost Time Injury Frequency Rate

The Lost Time Injury Frequency Rate (**LTIFR**) measures the number of lost time injuries per million hours worked during the reporting period. For reporting purposes, a lost time injury is one that resulted in time lost from work of either one day or one shift. Laguna Bay tracks this metric across the portfolio for controlled assets, outlined below.



1.

Portfolio data collected at the end of the reporting period (June 2023).

2.

Permanent employee figures include Laguna Bay Pastoral Company employees

Governance and Standards

Laguna Bay is committed to good governance practices that extend across its investment practices and diverse portfolio of assets to deliver a high standard of responsible investment and foster trust and integrity across its asset portfolio.

Risk Management Framework

Laguna Bay's Risk Management Policy and Procedures provide the framework upon which Laguna Bay meets its regulatory risk management obligations under its Australian Financial Services Licence (**AFSL**). The risk management framework adopted by Laguna Bay assists it to integrate risk management into its governance and decision-making activities.

Licencing

Laguna Bay holds an AFSL which authorises it to provide certain financial services, including issuing interests in and managing investment funds. Each investment fund has appointed a Fund Manager (a wholly-owned subsidiary of Laguna Bay Group) to manage that fund in accordance with the fund's investment guidelines. Each Fund Manager is an authorised representative of the Laguna Bay AFSL holder.

Board and Audit & Compliance Committee

Laguna Bay's parent company, Laguna Bay Group Pty Ltd, holds regular Board meetings and has established an Audit & Compliance Committee (**ACC**). The ACC meets quarterly to review and make recommendations to the Board on audit and compliance matters, including reviewing the effectiveness of Laguna Bay's internal control environment, oversight of risk management, and monitoring compliance with all applicable laws, regulations, industry practices and internal policies and procedures.

Investment Committee (IC)

Each Fund Manager has established an IC whose overall responsibility is to assist the Fund Manager to implement investment strategy and monitor investment and portfolio performance across the investment funds.

Asset Management Committee (AMC)

Each Fund Manager has established an AMC whose responsibilities include: monitoring performance and operations at each fund's assets; overseeing the preparation and approval of valuations and budgets at each asset; and appointing Laguna Bay representatives to each asset's board of directors.

Investor Advisory Committee (IAC)

Each investment fund is governed by an Investors' Deed which requires establishment of an IAC - a committee of investor representatives which meets annually, or as required, for the purpose of considering and determining certain reserved matters.

Governance Framework



Fund 1

Fund 2



40 South Dairies

FUND 1

40 South Dairies is a large dairy producer, with output of ~5 million kg of milk solids annually from over 11,500 milking cows. Aggregated by Laguna Bay over a period of 7 years, the business now spans 12 dairy farms, complemented by 3 runoff blocks which accommodate an additional 4,500 animals in the innovative dairy beef program. Situated in the premium dairy production region of northwest Tasmania, the portfolio benefits from consistently high rainfall ensuring year-round pasture vitality, access to water for irrigation, and highly fertile soil.

Environmental Indicators

Data Type	2019	2021	2022	
Net Emissions Intensity of Product Output (tCO2e)	17.10	7.42	8.31	
Scope 1 (tCO2e)	59,931	76,717	71,350	
Scope 2 (tCO2e)	469	338	579	
Carbon Sequestration (tCO2e)	-	(43,161)	(66,522)	
Energy Use	2019	2021	2022	2023
Fuels (Petrol/Diesel) (litres)	235,723	212,154	199,064	197,690
Fuel Intensity (litres per kg Milk Solids)	0.077	0.042	0.042	0.040
Electricity (kWh)	2,778,791	2,279,578	3,442,110	4,171,128
Electricity Intensity (kWh per kg Milk Solids)	0.91	0.45	0.72	0.85

Environmental Indicators – Notes

The initial GHG emissions assessment was completed in FY21 with a FY19 base year selected. The FY22 result is based on a revised methodology compared to the baseline emissions assessment in FY21.

The average net GHG emission intensity (CO2-e per kg of MS) decreased from 17.10kg in the FY19 baseline year to 8.31kg in FY22. Soil carbon sequestration increased across the FY22 reporting period, however due to challenging seasonal conditions, additional fertiliser inputs were required which contributed to increased emission intensity per milk solid unit produced from FY21. The FY22 result calculated includes the Illawong Plains run-off block as part of the dairy systems boundary. This property was previously excluded from the FY19 and FY21 GHG emissions assessment system boundaries.

1. Employee age figures include casuals and fixed term contractors.

Sustainability Highlights

Behaviour Detection Technology

"Cow Watch" collars have been fitted to each milking cow at 40 South Dairies, collecting real-time data on individual cow movement, eating patterns, behaviour and productivity. This precision technology produces data which enables operators to augment feed allocation, quickly detect health issues and optimise breeding programs. The integration of sensor technology helps to enhance the wellbeing of the herd and increases production efficiency, in support of 40 South Dairies' commitment to sustainable, data-driven farming practices and best practice animal welfare.

Dairy Beef Innovation

40 South Dairies has committed significant resources to drive its pioneering dairy beef program, centralising the rearing of non-replacement dairy calves for high quality beef production. State of the art calf rearing sheds have been constructed to house 4,500 calves, with plans to turn off 6,000 head per annum at full production. The dairy beef enterprise comprises animals valued for their provenance, offering opportunities for processing and offtake partnerships, including an inter-asset arrangement between 40 South Dairies and Allied Beef.

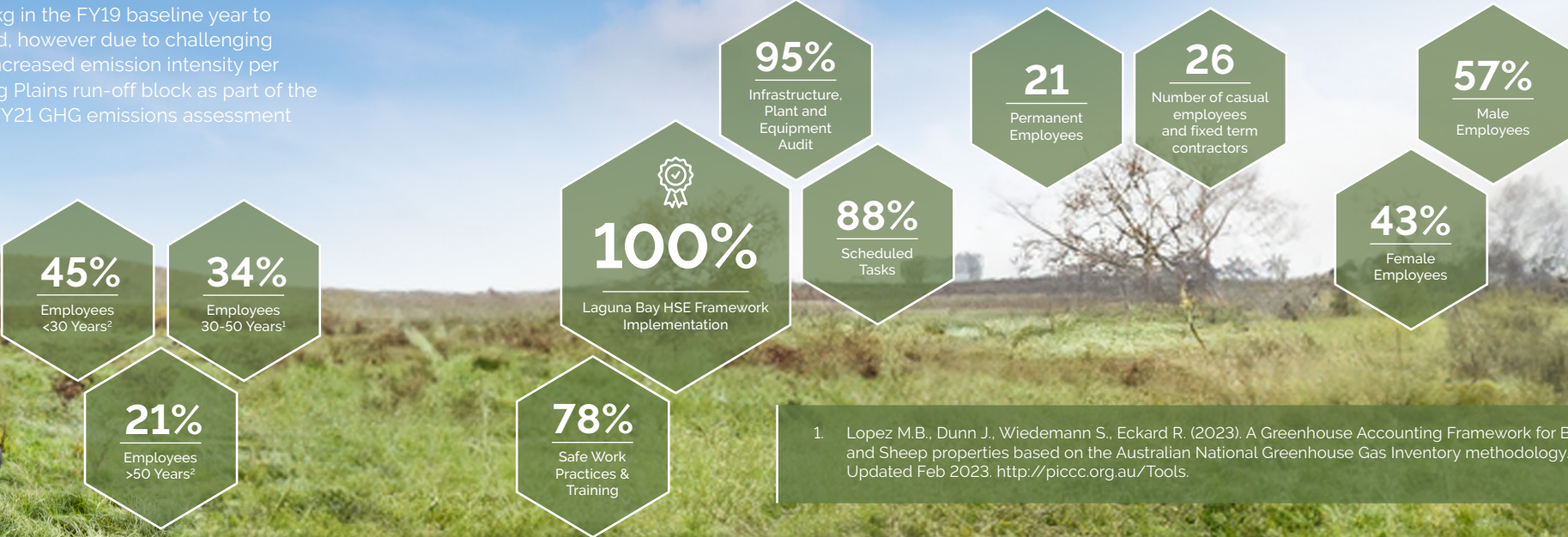
The dairy beef program is key to our sustainability agenda, providing an animal welfare solution for dairy calves, creating local job opportunities, and contributing to the broader beef supply chain as a lower emissions beef product. The emissions associated with the production of dairy beef are up to 62% lower than conventional beef purchased from the supply chain for backgrounding from the Tasmanian region, highlighting the positive environmental impact of dairy beef to the beef sector¹.

Regenerative Grazing Practices

40 South Dairies has implemented a rotational grazing approach across their systems, which promotes healthier pastures that are more resilient to environmental stresses. Shorter grazing intervals prevent overgrazing, ensuring a balance between forage consumption and sufficient time for plant recovery. This results in increased biodiversity, improved soil health, and enhanced water retention, contributing to the long term sustainability of the farming operations.

Carbon Neutrality

40 South Dairies GHG (greenhouse gas) assessment includes measuring GHG emissions and removals. Through soil carbon sequestration, three of the twelve dairies within the 40 South Dairies portfolio achieved net zero carbon status meaning total GHG reductions and removals were in excess of total emissions for FY22.





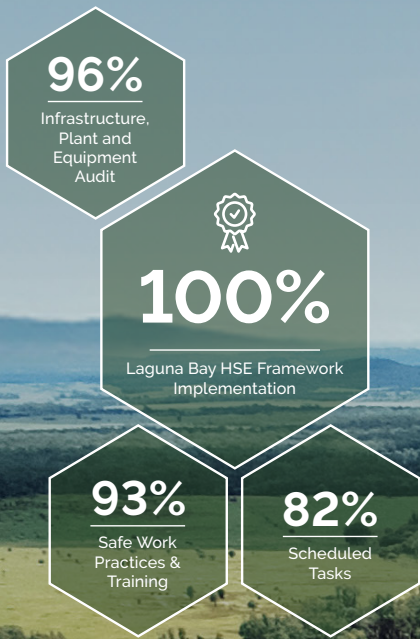
Allied Beef

FUND 1

Established in 2007, Allied Beef specialises in the management and production of selected beef cattle grown on company owned properties throughout the eastern states of Australia. Driven by investment from Laguna Bay in 2021, Allied Beef is a large accumulator, producer and supplier of cattle to premium beef cattle markets throughout Australia.

Environmental Indicators

Data Type	2022	
Net Emissions Intensity of Product Output (tCO2e)	10.28	
Scope 1 (tCO2e)	26,255	
Scope 2 (tCO2e)	174	
Carbon Sequestration (tCO2e)	(20,047)	
Energy Use	2022	2023
Fuels (Petrol/Diesel) (litres)	283,019	389,655
Fuel Intensity (litre per kg of beef)	0.019	0.019
Electricity (kWh)	215,230	420,893
Electricity Intensity (kWh per kg of beef)	0.01	0.02



Sustainability Highlights

Shade Systems

The investment in installation of shade systems covering pens at Allied's Queensland feedlot, and the planned rollout of shade across the NSW feedlot, shows Allied's commitment to sustainable and positive animal welfare practices. Shade systems provide relief from the heat and create a more comfortable and humane environment for the cattle. By mitigating the risk of heat stress and reducing exposure to harsh weather conditions, this initiative not only enhances animal quality of life but also has the potential to improve feed conversion rates and overall productivity.

Manure Recycling

Allied Beef re-uses approximately 75% of the manure produced in its beef enterprise across its ~4,000 hectares of cropping land. This recycles nutrients back into the land and reduces the need for synthetic fertilisers. The remaining manure is sold to neighbouring farms. Manure improves soil fertility, enhancing its structure and nutrient holding capacity, leading to healthier pastures and improved crop yields. Overall input costs are reduced, waste disposal costs significantly lowered and energy efficiency increased, with the combined effect being a reduction in the overall carbon footprint of the business.

Carbon Sequestration Activities

Sequestration activities occurred across both feedlots throughout the reporting period. The sequestration occurred through biomass carbon accumulation and native vegetation sequestration, accounting for ~20,000 tonnes of carbon dioxide sequestered throughout the FY22 GHG reporting period.

Additionally, a line of dairy beef from 40 South Dairies were purchased and backgrounded through the period, resulting in a lower overall emissions intensity per unit of beef produced for this line.

Locally Sourced Grain Supply

By choosing locally sourced grain for feed, Allied Beef significantly reduces their Scope 3 emissions associated with transportation and distribution. The shorter distances for transporting the grain from regional properties result in lower emissions from fuel consumption. This approach not only supports the regional economy but also promotes sustainable and environmentally friendly practices.



1. Employee age figures include casuals and fixed term contractors.

Angel Seafood

FUND 1

Angel Seafood is the world's only certified sustainable and organic oyster producer. With its origins as a family run enterprise, Angel Seafood has become a multi-award winner and one of Australia's largest producers of premium Coffin Bay Oysters. The business runs a multi-bay strategy in South Australia with operations in Coffin Bay, Franklin Harbour and Haslam.

Environmental Indicators

Data Type	2022	
Net Emissions Intensity of Product Output (tCO2e)	1.04	
Scope 1 (tCO2e)	539	
Scope 2 (tCO2e)	41	
Carbon Sequestration (tCO2e)	(313)	
Energy Use	2022	2023
Fuels (Petrol/Diesel) (litres)	206,511	287,542
Fuel Intensity (litres per doz. Oysters)	0.239	0.227
Electricity (kWh)	95,925	112,660
Electricity Intensity (kWh per doz. Oysters)	0.11	0.09

Throughout an oyster's life cycle, these remarkable bivalves continuously absorb and store carbon dioxide in the form of calcium carbonate, which is used to build and strengthen their shells.

1. Employee age figures include casuals and fixed term contractors.

Sustainability Highlights

Flip Farms

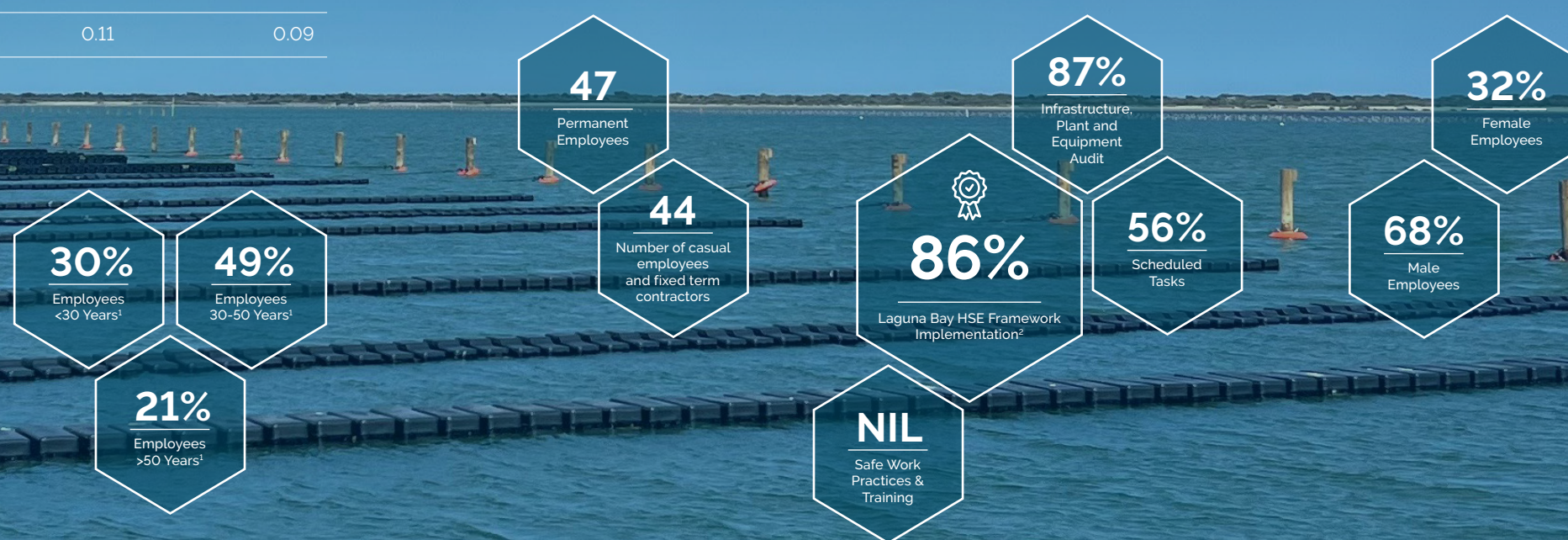
Founder and operator, Zac Halman, has long been recognised as a driving force of innovation in the oyster industry. A prime example of this is the transition from the traditional long line infrastructure system to the broad adoption of FlipFarm technology across the Angel Seafood business. FlipFarm is a semi-automated oyster growing system with oysters grown in containers that are periodically rotated to encourage oyster growth through improved water circulation. This method of oyster farming is revolutionary, reducing labour costs, improving worker safety and providing an efficient technique to harvest at scale. FlipFarms also promote sustainability by having only limited interaction with the sea floor, reducing the disturbance of infrastructure on the natural marine environment and promoting seaweed growth on the seabed.

Oyster Carbon Sequestration

Throughout an oyster's life cycle, these remarkable bivalves continuously absorb and store carbon dioxide in the form of calcium carbonate, which is used to build and strengthen their shells. Approximately 12% of an oyster shell is carbon¹. Accounting for this additional carbon within the shell, Angel Seafood's oysters sequestered an estimated 313 tonnes of carbon dioxide across the GHG emissions reporting period.

Oyster Road Base Material

Angel Seafood has embarked on an innovative initiative to repurpose seafood shells as road base material. By utilising the shells, which were previously considered waste, for road construction, Angel Seafood is not only reducing its environmental footprint but also contributing to the development of eco-friendly infrastructure. Seafood shells are rich in calcium and can be crushed and processed into a durable roadbase material that provides excellent drainage properties and helps enhance the quality of road surfaces.



1. Marshall RM, NineSquared Pty Ltd, 2022, Opportunities and associated value in carbon neutral certification and environmental accounts, Strategic report for the Australian oyster industry, Brisbane.
2. Angel Seafood commenced HSE framework implementation during FY23 which impacted completion rates. It is expected completion rates will improve in FY24.

Carpendale Agri

FUND 1

Queensland-based Carpendale Agri's farming enterprise comprises 18,750 hectares of farming land, producing annual crops of wheat, barley, canola and sorghum. Precision farming (such as the methods described in the case studies below), observing, measuring and responding to soil variability is used in a holistic approach to achieve a higher yield while maintaining soil health and ensuring farming longevity.

Environmental Indicators

Data Type	2022	2023
Net Emissions Intensity of Product Output (tCO2e)	0.25	
Scope 1 (tCO2e)	4,314	
Scope 2 (tCO2e)	28	
Energy Use		
Fuels (Petrol/Diesel) (litres)	946,425	767,821
Fuel Intensity (litres per tonne of grain)	29.03	13.55
Electricity (kWh)	33,951	26,000
Electricity Intensity (kWh per tonne of grain)	1.04	0.46

Environmental Indicators – Notes

For reporting purposes, only the Carpendale Agri farming production system boundary is included for the emissions outlined above. The post farmgate activities of grain storage, handling and logistics are excluded.

Sustainability Highlights

Optical Spraying Technology

Weed-it, a weed detection and elimination optical spraying technology, has been adopted by Carpendale Agri to significantly reduce the use of chemicals across their broadacre cropping program. By employing advanced optical sensors and real time analysis, Weed-it can detect and selectively target weeds with precision. This technology allows Carpendale Agri to optimise their spraying processes, ensuring that herbicides are applied only where required, reducing environmental impact and resource wastage associated with traditional spraying methods.

Minimum Tillage Practices

Minimum tillage practices are embedded at Carpendale Agri, reducing soil disturbance during planting and harvesting. These practices include using precision machinery (such as an air seeder) during planting to minimise disturbance, retention of post-harvest stubble as a cover crop and replanting between stubble rows to maximise water retention and soil microbe health. Preserving stubble as ground cover gradually enhances the accumulation of soil organic matter, leading to improved soil structure and increased stability of aggregates.

The adoption of minimum tillage practices, in conjunction with ground cover preservation, also brings economic advantages to the business, as it reduces machinery hours, labour costs and fuel consumption, leading to significant cost savings.



Fogarty Wine Group

FUND 1

Fogarty Wine Group (FWG), founded by Peter Fogarty, is a prominent player in the Australian wine industry. The company has its roots in Western Australia's Margaret River region, known for its high-quality wine production, with the portfolio now spanning six distinct growing regions across four states. FWG's portfolio of premium, award-winning brands includes Lake's Folly, Deep Woods Estate, Lowestoft and Dalwhinnie. FWG are actively involved in various aspects of the wine supply chain, from grape growing and winemaking to marketing and distribution, with an emphasis on selection of terroir which produces world-class wine.

Environmental Indicators

Scope 1, 2 and 3 data for non-controlled assets was not collected across the reporting period.

Health and Safety Indicators

Health and safety data for this non-controlled asset is managed and reported under a separate program.



1. Employee age figures include casual employees and fixed term contractors

Sustainability Highlights

Sustainable Vineyard Practices

FWG takes a proactive approach to sustainable vineyard management. Trials are currently underway at vineyard sites to reduce the width of herbicide application and actively promote the growth of clover, with the intention of reducing herbicide usage, suppressing weed growth and developing low plant ground cover. The promotion of clover cover assists in nitrogen fixation to enhance soil health and overall vineyard productivity.

Inter-row cover cropping has been introduced in the vineyards to naturally increase the nitrogen component in the soil, provide natural mulch and encourage the presence of beneficial microbes. A natural bug program has been introduced to reduce damage to the vines from aphids, through deploying ladybirds and other beneficial insects into the ecosystem.

Cape to Cape Walk Track

As part of FWG's commitment to community engagement and environmental stewardship, the company has joined with "Friends of the Cape to Cape Track" to assist in the maintenance and development of one of Australia's most magnificent coastal walking tracks. The Cape Track spans 123 kilometers along Australia's southwest edge through forests, vineyards and beaches. FWG have "adopted" a section of the track near Yallingup, providing funds to assist with pruning, replacement of posts and markers, erosion control, bush rehabilitation and litter collection. Through its sponsorship, FWG is actively contributing to the preservation and enhancement of this iconic experience for the benefit of current and future generations.

No Waste Mondays

The restaurant industry generates a substantial amount of waste in the form of food waste, with restaurants typically throwing away significant amounts of food due to over-ordering and food spoilage. Fogarty Wine Group incorporate a farm-to-table approach at their Millbrook Winery. The Millbrook Winery Estate includes a one-acre garden and an orchard which produces almost all the produce for the restaurant. On Mondays, the restaurant serves a no-waste meal – a multicourse meal made up of the ingredients remaining after the weekend service. There is no menu, and dishes vary from table to table to use everything the kitchen has on hand.

Cutri Fruit

FUND 2

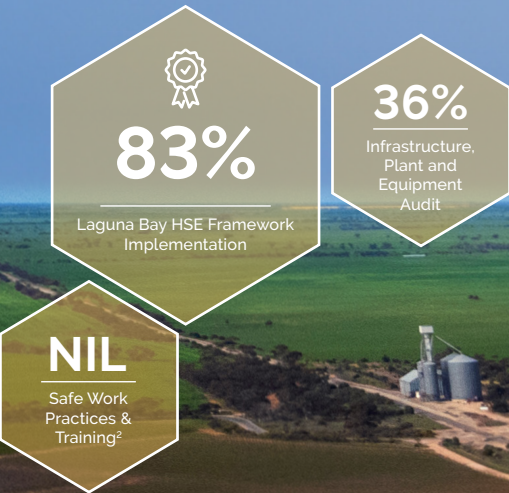
Cutri Fruit is a grower, packer and marketer of an array of premium stone fruits, including nectarines, peaches, plums, and apricots from its orchards in Swan Hill, Victoria. The Cutri business benefits from the unique microclimate of the region recognised for abundant sunshine and fertile soils, resulting in exceptional fruits which are sold domestically and internationally.

Environmental Indicators

Energy Use	2023
Fuels (Petrol/Diesel) (litres)	232,672
Electricity (kWh)	2,088,588
Electricity – Renewable Energy (kWh) ¹	79,393

Environmental Indicators – Notes

Please note due to the timing of acquiring Cutri Fruit, emissions data has yet to be finalised and audited. Additionally, Fuel and Electricity intensity data was not available.



1. Renewable Energy was generated on site via solar facilities.

Sustainability Highlights

Food Recovery Program

Cutri Fruit has partnered with Second Bite, Australia's largest food recovery program, as a solution for some waste fruit which falls outside the stringent requirements of major supermarkets. Second Bite provides food relief to those in need by distributing "rescued" food to over 1,400 charities and community organisations. As a donation partner, Cutri is helping address the issue of food wastage and giving back to the community in which it operates.

Renewable Energy Production

Cutri Fruit has installed a solar PV array, marking a significant step toward reducing reliance on the grid for energy. By harnessing solar energy, Cutri Fruit is reducing energy costs and minimising its carbon footprint. Furthermore, Cutri Fruit's 95kWh solar energy facility is an eligible electricity source for the generation of Large-Scale Generation Certificates (certificates awarded for renewable energy production by the Australian Government Clean Energy Regulator).

Sustainable Practices

Cutri Fruit employs inter-row cropping practices to assist in naturally increasing the soil's nitrogen content. This also encourages beneficial insects through the orchard reducing foliar pesticides applications. Cutri Fruit also integrates the use of organic supplements, such as worm tea, to their programs, reducing the use of synthetic fertilisers and promoting soil health.



1. Employee age figures include casual employees and fixed term contractors

2023 Progress on Sustainability Targets from Laguna Bay's 2022 ESG Report

Targets (as outlined in Laguna Bay's 2022 ESG Report)	Timeframes committed	Asset Selected	Progress	
Complete baseline GHG emissions assessment for all the existing portfolio assets by end of FY23	End of FY23	All assets	Completed	●
Develop a Climate Action Strategy including an emissions reduction and removal roadmap for each then existing portfolio asset by end of FY24	End of FY24	All assets	In Progress	●
Review portfolio asset water strategies, to consider availability, usage and efficiency opportunities and resilience to drought by FY24	End of FY24	All assets	Yet to begin	●
HSE compliance audit undertaken by all portfolio assets each year and resolution of non-compliances remedied within defined timeframe	Ongoing	All assets	Completed	●
Safety culture survey conducted across portfolio assets following implementation of health and safety management systems (establish baseline to track improvement)	Ongoing	All assets	In Progress	●
Develop a Diversity & Inclusion Policy for the Group	N/A	All assets	In Progress	●
Develop a Community Investment Policy	N/A	All assets	In Progress	●
Expansion of Dairy Beef program	N/A	40 South Dairies	In Progress	●
Identify native vegetation enhancement opportunities at each asset to improve habitat for native wildlife	Ongoing	All assets	In Progress	●



Definitions

AW	Animal Welfare
Corporate Ag Group	Group of corporate owned food and agriculture companies who submit data for health and safety annual benchmarking
CO ₂	Carbon Dioxide
CO ₂ -e	Carbon Dioxide equivalent
ESG	Environment, Social and Governance
Funds	The diversified funds launched and managed by Laguna Bay
GHG	Greenhouse Gases
HSE	Health Safety & Environment
Laguna Bay, the Company, the Group, we, our, us	A reference to Laguna Bay is a reference to Laguna Bay Group Pty Ltd, and all its subsidiaries, as asset manager
NEM	National Energy Market
NRDC	Non-Replacement Dairy Calves
Reporting Period	1 July 2022 to 30 June 2023 (FY23)
Senior Management	Managers who report directly to a managing director
SDG	Sustainable Development Goals
Scope 1 Emissions	Direct emissions from sources owned by the company measured in tonnes of carbon dioxide equivalent gas
Scope 2 Emissions	Indirect emissions from purchased electricity measured in tonnes of carbon dioxide equivalent gas
Scope 3 Emissions	Indirect emissions (not included in Scope 2), including both upstream and downstream value chain emissions measured in tonnes of carbon dioxide equivalent gas
SWP	Safe Work Practice
TCFD	Taskforce on Climate-related Financial Disclosures
Worker	Employees, share farmers and contractors
LTI	Lost Time Injury
LTIFR	Lost Time Injury frequency rate (LTIFR)



Disclaimer

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If you have any questions please contact one of our team.

+61 7 3062 2514

investors@lagunabay.com.au

Level 1, 69 Robertson Street, Fortitude Valley QLD 4006

PO Box 2007, New Farm QLD 4005

www.lagunabay.com.au