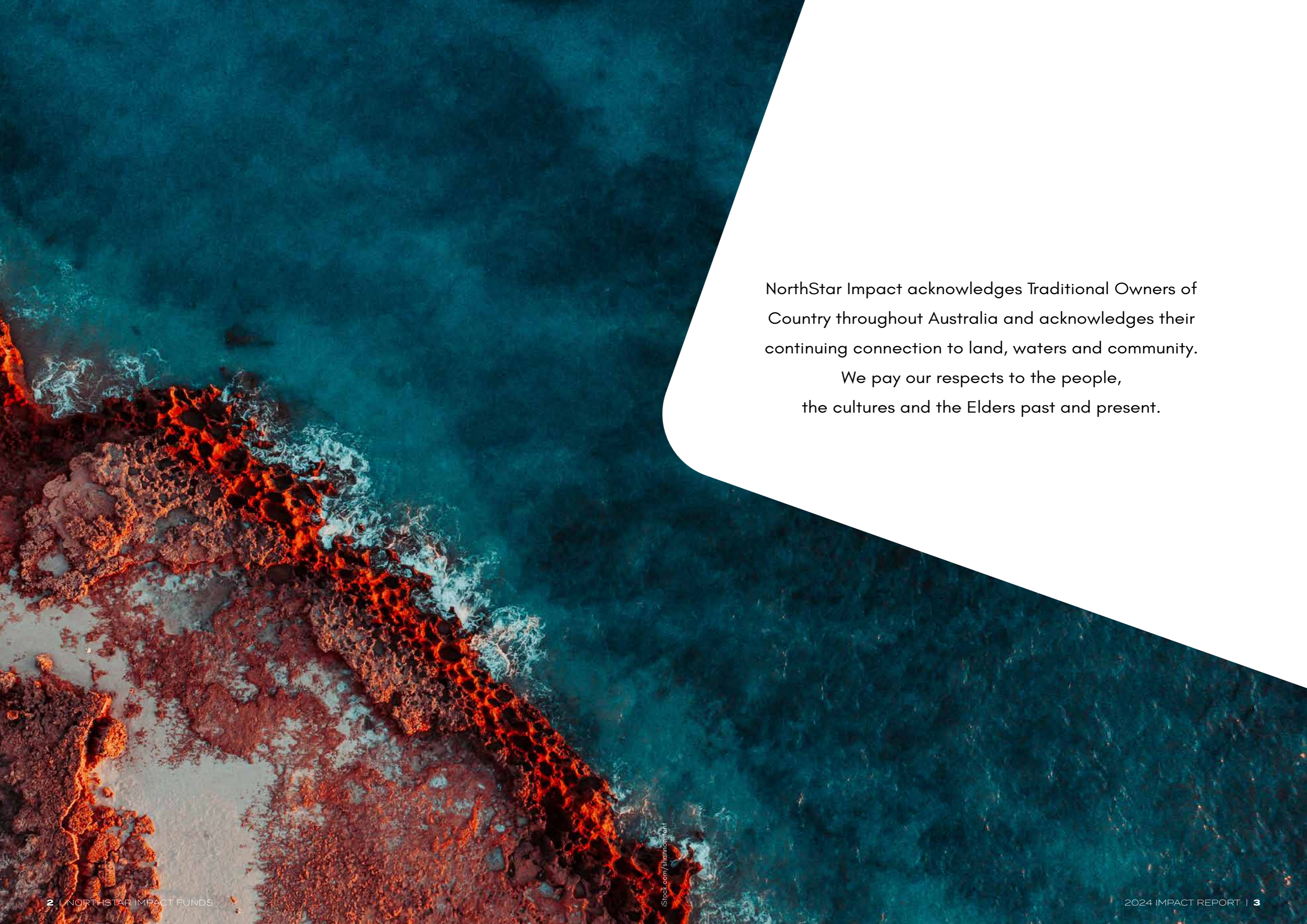




IMPACT REPORT 2024





NorthStar Impact acknowledges Traditional Owners of Country throughout Australia and acknowledges their continuing connection to land, waters and community.

We pay our respects to the people,
the cultures and the Elders past and present.

About us

NorthStar Impact is a leading positive impact fund investing in listed equities. We invest only in companies whose core business is helping to solve environmental and social problems. We adopt a system-wide approach to engagement and look to work with our portfolio companies to help them grow and scale their business and positive impact. This gives us a unique understanding of issues and solutions. We manage the only Australian equities impact fund certified by the Responsible Investment Association of Australasia (RIAA).



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Reading this report

This is our full Impact Report. It builds on our Highlights report, released earlier in 2024. For all 10 of our impact focus areas, we provide a NorthStar Theory of Change. Our theories of change include

our own assessment of the issues we're working to solve, key opportunities and our subsequent impact strategy. They guide our investments, projects, engagement and impact measurement. We also provide the impact journeys of all our portfolio companies.

Guest writers

We believe a core part of our role as impact investors is connecting people, companies and resources. This year, we've invited some of the people we've worked with throughout the year to contribute to our impact report. You'll find four guest contributions in this report, all experts in their field.

How we measure impact

Our impact report demonstrates our approach to impact measurement. We are consistently working to improve our ability to measure and report on impact, and engage with our portfolio companies to help them do the same.

We measure the impact of our portfolio companies using the Logic Model:

- **INPUT:** Resources used by the business through its operations.
- **OUTPUT:** Products or services delivered by the business.
- **OUTCOMES:** Immediate effects or changes as a result of the outputs.
- **IMPACT:** Long-term, broader effects on the environment or community.

Given the challenges in measuring Outcomes and Impact, we are often required to make estimates based on data provided by our companies. We will provide the assumptions used in making these estimates to ensure that the basis of our impact metrics is clear. Impact data shown relates to total company impact and not NorthStar's attributable share of those impacts.

All dollar figures in this report are in \$AUD

A message from our Founder



Kerry Series

Founder and Chief Investment Officer,
NorthStar Impact Funds

Dear Reader,

Thank you for taking the time to read our 8th annual impact report. This report is our opportunity to showcase the positive impacts achieved by our portfolio companies over the last financial year.

At the time of writing, the total amount of funds managed by NorthStar Impact is just over \$100m, up from around \$68m at the end of June 2023. As our funds under management increases, we can play a larger role in providing new capital to our companies and we are becoming more significant shareholders.

As impact investors in listed equities, we seek to invest in companies that provide solutions to social and environmental challenges from their core business. Our strategy is to be long-term, supportive and aligned shareholders to help the companies scale their solutions. Where

possible, we connect our companies with other stakeholders in our networks as part of this strategy.

I would like to use this letter to encourage you to connect with us regarding any areas that are being addressed by our portfolio companies. We have exposure in the following areas:

- **Climate and Environment** – renewable energy infrastructure; advanced materials for battery efficiency; circular economy (recycle, reuse, repurpose); water management and treatment; PFAS clean up technology; and sustainable mining for critical minerals.
- **Communities** – affordable housing; inclusion (disability services and technology); and childcare services and real estate.
- **Education** – tutoring (school age); vocational and higher education; and edtech.
- **Healthcare** – drug development, manufacturing, and distribution; medical devices; and healthcare services.

You can find a full list of our portfolio companies on the NorthStar Impact website.

There were many positive developments across our portfolio in financial year 2024, with notable examples being:

AI Media provide captioning and transcription services ensuring inclusive access to information. Their captions are seen by hundreds of millions of people, including at the NSW and UK parliaments. In FY24, the number of minutes of content captioned by AI Media's LEXI service increased to 53.3 million from 39.2 million in FY23. We are keen to see the further extension of their services into underserved communities over coming years.

Clarity Pharmaceuticals are developing the next generation of radiopharmaceuticals to improve treatment outcomes for children and adults with cancer. During FY24, the company announced encouraging results from their trial for patients with metastatic prostate cancer. In their single dose trials, up to 78% of patients showed >35% reductions in PSA (the key marker for prostate cancer) and up to 44% showed >80% reduction. The first patient to receive a double dose has undetectable PSA levels 12 months after the first dose. We are excited to see additional clinical data in FY25 as the company progresses their treatments towards regulatory approval.

Kip McGrath offers tutoring services to school-age children with a primary focus on remedial tutoring. In FY24, their Centre Lesson Numbers increased to 1.938 million from 1.907 million in FY23. Kip McGrath's vision is "To deliver measurable improvement and change the lives of as many students as possible around the world" and this growth in numbers is the key metric to demonstrate the success in delivering on their vision. We expect to see further growth in FY25.

SciDev are working to solve the growing global PFAS ("forever chemicals") issue. Their Fluorofix solution has treated over 7 billion litres of PFAS-contaminated water and they have successfully completed 10 PFAS projects across Australia. In FY24, SciDev developed Fluorofix pilot plants in Europe and North America to extend the reach of their solution. We view the global rollout of SciDev's PFAS clean up solution as important for both environmental and human health.

Our strategy sets us apart from other listed equity funds and we manage the only Australian equities impact fund certified by the Responsible Investment Association of Australasia (RIAA) – a certification which was renewed this year. RIAA also rated the Fund as Sustainability Plus which is their highest Sustainability Rating and NorthStar Impact was named one of RIAA's Responsible Investment Leaders for 2024.

This recognition is important to achieving our goals of wanting to move more capital to the solutions to social and environmental challenges and wanting to actively support the scaling of those solutions.

Encouragingly, we saw a noticeable increase in interest in impact investing strategies by Australian foundations in 2024 and this was reflected by more foundations investing in the NorthStar Impact fund. This enables greater alignment of the investing strategy and their mission. For us, this is an exciting development as we see real potential for meaningful collaboration between foundations and our portfolio companies.

Achieving our goals is only possible with the support of all our investors, so once again, I thank you for your support in 2024. The outlook for delivering positive financial outcomes alongside the positive social and environmental impacts of our portfolio companies looks strong for 2025. I look forward to staying connected with you in the year ahead.

Kerry Series

Founder and Chief Investment Officer,
NorthStar Impact Funds

IMPACT HEADLINES

NorthStar Impact Australian Equities Fund Portfolio



9 COMPANIES
AVOIDED
110
million tonnes
of CO2
emissions



\$4.3bn
invested in
PP&E and R&D
in environmental
outcomes across
15
companies



7 companies
helped
5,391,394
of patients
receive a variety
of healthcare
products



\$3.7 BILLION
was invested in
PP&E and R&D
for healthcare
outcomes across
21 companies



36,739 GWh
of renewable energy
generated and supplied by
4 companies



**1.3 MILLION
TONNES**
of waste was diverted
from landfill by
3 companies



\$481mn
invested in
R&D and assets by
3 companies
to build a
circular economy



5 companies
provided
110,326
children with
childcare access



314 BILLION
litres of water
was treated by
3 companies



3 companies
helped
107,046
students receive
higher education
and vocational
training

Data relates to total impact by the stated number of portfolio companies and not NorthStar's attributable share of those impacts. Data includes NorthStar and Company estimates

iStock.com/Fahroni

A message from our Co-Portfolio Manager



Claudia Kwan
Co-Portfolio Manager,
NorthStar Impact Funds

During FY24, we focused on a number of key thematics where we saw the opportunity for capital and social and environmental returns. Circular economy solutions underpinned by corporate and government sustainability and waste targets; healthcare innovation; and affordable housing needs as populations age; sustainable mining as the energy transition accelerates; accessible quality childcare as affordability decreased; water and soil remediation to remove contaminants including PFAS; renewable energy demand and storage to reduce carbon emissions.

We are in a transition as industrialisation attempts to migrate away from China and

companies and governments are required to measure their carbon usage. As always, change creates opportunity and the opportunity for Australia is to drive capital towards companies who have services and products that can solve these challenges.

Australia's economic complexity ranks at just 93rd in the world, between Uganda and Pakistan. Australia has the highest dependency on manufactured imports and the lowest level of manufacturing self-sufficiency of any OECD country. The balance between increasing Australia's economic complexity while simultaneously ensuring a financial return is a key challenge.

It is clear however, for future Australians, there is a requirement to increase Australia's economic complexity. This would require Australia to utilise the local capital base to mandate opportunities for capital allocators to lean into future-facing industries where Australia's competitiveness could be realised. In the very least, capital allocators could be mandated to invest in industries and models that have been solving problems for other nations, in order for Australia to achieve its social and environmental targets.

Integral to Australia's success in seizing today's opportunities is the need to increase board diversity. **Real** diversity, not only of race, gender and age, but diversity in thought and vision as well.

During this financial year we saw an increasing number of companies move beyond reporting on their output to include impact metrics. Halma UK went a step further to report on both the economic value as well as the social value of the organisation's impact.

We are honoured to invest in many standout leaders. Jason Dixon at the Environmental Group is solving problems for industrials in Australia as he deals with the changing nature of power distribution, waste disposal and contaminants. James Clement, CEO of Vysarn, is delivering on the vision to create Australia's best water solutions provider and a truly inclusive economic model.

Jay Weatherill from the Minderoo Foundation's Thrive by Five Campaign, alongside 100 contributors, has been effective in getting Childcare reform on the political agenda.

Throughout the year we conducted numerous company meetings, participated in campaign and non-profit meetings, hosted webinars with broader stakeholders, participated in capital placements, and hosted a number of discussions that focus on triple bottom line return.

We see ample return opportunities underpinned by structural trends that continue to drive company earnings and real-world positive impact.

Claudia Kwan
Co-Portfolio Manager, NorthStar Impact Funds

Guest Writer

NorthStar Impact has been inspired by The Snow Foundation and their work encouraging social change throughout Australia. They are implementing innovative approaches to philanthropy. It has been great to work with Bhanvi & The Snow Foundation to support their impact objective goals.

The Snow Foundation is a family philanthropic organisation dedicated to creating a more just and inclusive world. We see impact investing as a powerful tool to drive positive social change while generating financial returns, fostering opportunities and resilience for communities in need. Recognising the link between social wellbeing and economic growth, we've expanded our focus on impact investing and added resourcing within our team to manage our growing portfolio.

Investing in listed equities for impact investing has been compelling due to their scalability, accessibility, and liquidity. They allow a wide range of investors to participate and provide opportunities to engage with companies to drive positive change. The transparency of public companies helps investors make informed decisions, and impact investing

in listed equities can achieve competitive financial returns while generating positive social and environmental outcomes. As such, the NorthStar Fund is a strategic investment that aligns with our impact goals. This fund focuses on listed equities addressing critical social issues like affordable housing, education, and healthcare. By investing in companies making a positive difference in these areas, we aim to contribute to a more equitable and sustainable society. We commend the fund manager for prioritising Australian companies with strong responsible investment credentials and their commitment to improving industry standards through comprehensive impact reporting and advocacy.

As we continue our impact investing journey, we are eager to enhance our approach, particularly in gender equity and Indigenous self-determination. We believe that investing in such organisations can foster self-determination, economic independence, and a more inclusive, caring, and prosperous future.

Bhanvi Anand

Portfolio and Partnerships Manager,
Snow Foundation

istock.com/Ariastasia Shvashyna



Guest Writer

NorthStar has worked with Dave Rae for many years now. We appreciate his genuine and intentional approach to ethical investing and advising. Dave is a leader in educating clients and the advice industry on impact investing and recently started Unless Financial, financial advice for climate conscious Australians.

Over the past year, Australia's ethical and impact investing landscape has experienced significant growth. An increasing number of investors are seeking not only alignment with their values but also measurable social and environmental outcomes. A key development has been the rise in interest around catalytic impact investing. These investments drive deeper, systemic change by addressing root issues and pioneering new models in areas such as renewable energy, climate resilience, and affordable housing. Catalytic impact investing differs from traditional impact investing by focusing on transformative, long-term solutions that can stimulate additional capital and inspire new approaches.

Alongside this shift, the market has expanded, offering a broader range of products and frameworks to support values-driven portfolios. The availability of impact-focused funds has made it easier for advisers to structure diversified portfolios that balance ethical criteria with strong financial potential. More

Australians are now viewing their investments as a means to create substantial positive change, driving demand for innovative solutions.

Looking ahead, this momentum is expected to continue, with more investors motivated to achieve both financial returns and meaningful impact. This past year has underscored a shift toward more active, transformative approaches to ethical investing in Australia. As advisers, we are committed to guiding clients in making impactful, lasting contributions through their portfolios.

In the context of public equities, there is a growing interest in understanding how investments contribute to positive outcomes. Communicating these outcomes to investors at both a portfolio and individual company level is becoming increasingly important. This transparency not only helps investors see the tangible impact of their investments but also fosters greater trust and engagement in the ethical investing process. As we move forward, the focus will remain on achieving both financial returns and meaningful, measurable impact, ensuring that investments contribute to a better future for all.

Dave Rae,
Financial Adviser,
Unless Financial

ENVIRONMENT



17
PORTFOLIO
companies



WORKING ACROSS:
Renewable Energy,
Land & Resource
Management,
Circular Economy



\$4 BILLION
investment in
**RENEWABLE
ENERGY**
assets and
infrastructure



29,845 GWH
of **RENEWABLE
ENERGY**
generated
and supplied by
3 companies



103.7
tonnes
of CO2-e
AVOIDED by
8 companies



30%
of **NORTHSTAR'S
PORTFOLIO**
invested in
Environment



**7 BILLION
LITRES**
of PFAS
contaminated
liquids
treated



**187
BILLION
LITRES**
of water
treated by
2 companies



**403,500
TONNES**
of waste
diverted by
2 companies

*Impact outputs relate to total company impact of some or all of selected companies and not NorthStar's attributable share of those impacts. Full impact data can be found in the appendix.



NorthStar Theory of Change: Land & Resource Management

The challenge

Australia is home to 1,168 operational landfills that collectively receive 20 million tonnes of waste each year.¹ In 2023, the country generated a staggering 75.8 million tonnes (Mt) of waste.² To address this, the government has committed \$188.9 million to improve recycling outcomes and aims to keep over 600,000 tonnes of waste out of landfills.

Challenges remain, particularly with hard-to-abate waste such as plastics, e-waste, and food waste. Currently, only 13% of plastic waste is recovered, while 84% ends up in landfills, with an alarming 130,000 tonnes leaking into the marine environment annually.³

In 2019, the Australian Government set out a series of targets in a “National Waste Policy Action Plan” to guide action and investment efforts in these areas.

Targets include:

- reducing the total waste generated in Australia by 10% per person by 2030.
- achieving an 80% average recovery rate from all waste streams by 2030.
- significantly increasing the use of recycled content by governments and industry.
- phasing out problematic and unnecessary plastics by 2025.
- halving the amount of organic waste sent to landfill by 2030.⁴

The largest challenges and opportunities are the recycling and reuse of the construction and demolition waste, which is responsible for 45% of Australia’s waste; Hazardous waste (including e-waste); as well as the existence of Per- and polyfluorinated alkyl substances. These substances, also known as PFAS, or

Forever Chemicals, are a large chemical family of over 10,000 highly persistent chemicals that don’t occur in nature and have been found to be damaging to both human health and the environment.

Recent developments

We have seen significant developments in the fight against Polyfluoroalkyl substances, PFAS. In March 2023, the Biden-Harris Administration in the US announced the first-ever national drinking water standard for PFAS. The bipartisan Infrastructure Law will invest \$9 billion over five years to help communities that are on the frontline of PFAS and other contamination. The EPA will require public water systems to monitor for six PFAS chemicals, notify the public if the levels of these PFAS exceed the proposed regulatory standards, and take action to reduce the level of PFAS in the water supply. EPA anticipates that if fully implemented, the rule will prevent thousands of deaths and reduce tens of thousands of serious PFAS-attributable illnesses.⁵ One report by the Centers for Disease Control and Prevention, found PFAS in the blood of 97% of Americans.⁶

In November 2023, The World Health Organisation initiated the development of the Guidelines for drinking-water quality (GDWQ) on PFAS in drinking-water.

In Australia, media coverage increased with headlines including: “Australia will dramatically cut forever chemicals in tap water but it will mean a big clean up”; “New “forever chemical” tests zero in contamination source”; “Australia’s tap water clean-up could cost billions”; “New limits on forever chemicals levels is overdue good news for water supplies”; “PFAS chemicals found in Sydney’s drinking water”.

Impact strategy

NorthStar's strategy is to invest and support companies that have a purpose of:

1. Increasing circularity through the collection, capture, reuse and repurpose of materials.
2. Offering waste management services and products.
3. Undertaking services that can remediate water and soil.

We allocate capital to:

- Increase collection and sorting infrastructure to increase waste recovery and circularity.
- Increase e-waste drop off points and circular systems to increase content that is reused and repurposed avoiding toxic and hazardous disposal outcomes.
- Encourage alternatives to landfills for hard-to-abate waste to increase circularity outcomes.
- Test and remediate PFAS.

Portfolio companies

- Cleanaway
- Close the Loop
- Scidev
- The Environmental Group

Engagement for Impact

In FY24, we had 110 one-on-one and group meetings focused on the Environment. Meetings were conducted with our portfolio companies, lawyers, fire fighters and PFAS specialists as well as company site visits. Our engagement strategy was focused on key challenges impacting circularity and resource management.

We focused on:

- Increasing awareness, understanding on the urgency for PFAS testing and remediation.
- Engaging on PFAS litigation history and potential to catalyse legislation.
- Understanding regulatory policy.
- Key circularity issues in e-waste and reuse.
- Encouraging multiple stakeholders to enact regulatory requirements on circularity and land & resource management.

An example is our active lead on the PFAS problem in Australia. NorthStar engaged with key PFAS litigator, Oliver Gayner from Williams Roberts Lawyers. This provided us with a better understanding of the litigation history, hurdles and potential pathway forward. We then introduced EGL and Scidev to Oliver Gayner to help the companies increase their understanding of the litigation momentum and to share some industry understandings and contacts.

Along with Oliver, Jason Dixon (CEO, EGL) and Sean Halpin (CEO, Scidev), NorthStar hosted a webinar with the objective of informing our network of the problem, the market opportunity, the solutions and the key levers that will catalyse the adoption of the solution and cleaning up of PFAS in water and soil. Claudia Kwan, Co-Portfolio Manager at NorthStar also joined Sean Halpin on Ausbiz to discuss the market opportunity for Scidev and its ability to support the community in cleaning up PFAS.

1. <https://www.re-source.au/blog/australia-landfill-statistics>
2. <https://www.re-source.au/blog/australia-landfill-statistics#:~:text=In%202023%2C%20Australia%20generates%20a,concern%20that%20requires%20our%20attention>
3. <https://www.re-source.au/blog/australia-landfill-statistics>
4. <https://www.dcceew.gov.au/environment/protection/waste/publications/national-waste-policy-action-plan>
5. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/14/fact-sheet-biden-harris-administration-takes-new-action-to-protect-communities-from-pfas-pollution/>
6. <https://factor.niehs.nih.gov/2024/9/science-highlights/niceatm>

istock.com/jehizhe





Cleaning up “Forever Chemicals”

Polyfluoroalkyl substances (PFAS), best known as “forever chemicals” have been around since the 1940s. They are man-made chemicals that have been used in industry with multiple properties including non-stick, water-repellent and stain resistant. They are found in firefighting foam, non-stick cooking ware, waterproof clothing to name a few. NorthStar has been aware of the PFAS “problem” and via our investment in The Environmental Group (EGL AU), we have been tracking the development of their PFAS remediation technology.

A new light was shone on the issue when, in March 2023, the Biden-Harris Administration in the US announced the first-ever national drinking water standard for PFAS. The bipartisan Infrastructure Law invests \$9 billion over five years to help communities that are on the frontlines of PFAS and other contamination to reduce levels in drinking water. On April 9, 2024, the University of NSW-led international study assessed the levels of PFAS contamination in surface and ground water around the globe, finding that much of the global source water has PFAS levels that exceed safe drinking limits.

These developments as well as our position in The Environmental Group led us to further investigate the PFAS investment opportunity. We then learnt about Scidev and their PFAS remediation technology. EGL and Scidev have different PFAS remediation technologies that we see playing a meaningful role in Australia and globally. PFAS has no borders due to the nature of the chemical and has been found in landfills, sewage systems, waterways and construction sites around the world. **The expected market opportunity for PFAS remediation is multi-billion dollars and EGL and Scidev are two Australian listed companies that have commercial PFAS remediation technology and the potential to capture a portion of this opportunity.**

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Impact Journeys: Environment

Scidev (ASX: SDV)

The company offers advanced chemistry and water treatment technologies, enabling clients to reuse water, enhance operational efficiency, and reduce environmental footprints.

7,000,000,000 litres of water treated

- » **Input:** \$8.394mn spent in investing activities, including \$4.113mn in payments for property, plant and equipment. Scidev also paid \$3.6mn for deferred consideration in relation to the acquisition of Haldon Industries.
- » **Output:**
 - Awarded an Operation and Maintenance contract for 98 remote water quality monitoring units across multiple mines in WA and a total 140 remote WQMS (water quality management systems).
 - Delivered ten PFAS Treatment projects throughout 2023.
 - Delivered two Design and Construct (D&C) packaged drinking water plants for the Queensland Government Obuild Public Works Division with a total contract value >\$500k.
- » **Outcome:** Provide bespoke chemistry and water treatment technology as environmental solutions for complex water-intensive industries & environmental remediation.
- » **Impact:** Improving the quality of life for the community and quality of the environment by applying innovative technologies and strategies regarding water treatment and chemical services. Removing contaminants including PFAS.
 - Water quality monitoring systems reduce mine and stream water contamination.
 - Chemicals supporting water overflow increases water recyclability.
 - Proprietary PFAS remediation technology treated >7 billion liters of water to non-detect.
 - Increased water return.
 - Improved water quality.
 - Efficiency processing time.

iStock.com/Paul Hartley



Environmental Group (ASX: EGL)

EGL is an environmental services company specialising in waste management, recycling, and sustainable resource recovery solutions in Australia.

400,000 tonnes of waste diverted from landfill

» **Input:** \$503,000 invested in plant and equipment.

» **Output:**

- Air: 151 air pollution reduction systems delivered and installed.
- Noise Reduction: 8x silencers for exhaust systems delivered.
- PFAS: installed one PFAS system removing harmful organic compounds from the environment.
- Serviced ~740 boilers.

Waste: Over 0.5mt diverted from landfill per year.

» **Outcome:** Waste & Air solutions supporting carbon abatement outcomes, health outcomes, and cleaner living environments.

» **Impact:**

- Est. 400,000 tonnes of waste diverted from landfill.
- Prevented 66 t/h of Particulate matter from being released into the environment.
- Abated: → 2400 kg/h of SO₂, → 2900 kg/h of H₂SO₄, → 30 kg/h of HF.
- Gas boiler increased safety and efficiency and noise reduction.



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Guest Writer

NorthStar Impact has been invested in The Environmental Group (EGL) since November 2022. Jason has been CEO of EGL since early 2021. EGL has significantly grown revenue and earnings under his direction.

Jason Dixon reflects on FY24:

At the Environmental Group Limited we are “engineering a sustainable future”, with environmental sustainability as our core value, but also building a business which is sustainable through an attractive workplace for our staff, risk controls for business improvement, and strong financial returns.

Australia is a vast land which has undoubtedly had an impact on the way we have treated the environment, we currently have 1,168 active landfills supporting a population of just 27 million people. A great example of this is using the holes in the ground created by extractive industries to dispose of our waste rather than viewing waste as a resource. We are no doubt on the journey of changing our thinking and our policies to make change, but we need to embrace new technologies to protect our vast but

fragile environment. Bringing leading European recycling technologies to Australia means we can now achieve 96% resource recovery from many of our waste streams.

We believe in Financial Year 2024 we significantly strengthened our position, becoming the house of premium technology and intellectual property in the sectors we operate in, by developing or adopting new technologies to reduce environmental impact, while recognising we need economical and practical solutions for the economy. The commercialisation of our PFAS separation technology is an excellent example of developing IP to have a significant environmental impact at very low capital and operating cost.

To achieve these outcomes it takes determination, time and money to create better pathways for the environment.

NorthStar Impact supported EGL by participating in a capital raising to pursue “engineering a sustainable future” while enjoying substantial shareholder returns.



NorthStar Theory of Change: Renewable Energy

The challenge

“Stopping climate change requires a phase-out of oil and gas, alongside coal. In a breakthrough at the 28th United Nations Climate Change Conference (COP 28) in late 2023, 198 governments officially recognized the imperative of “transitioning away from fossil fuels in energy systems.” – The International Institute for Sustainable Development.¹

Oil and gas no longer escape the global scrutiny of climate action that previously focused predominantly on coal. However, producers continue to expand exploration and drill for resources.

Governments collectively expect to produce 29% more oil and 82% more gas by 2030 than is consistent with a 1.5°C global warming pathway.² The gap widens by 2050, to 260% for oil and 210% for gas.³ The existing oil and gas production needs to fall by at least 65% by 2050 based on Intergovernmental Panel on Climate Change [IPCC] 1.5°C scenarios. These scenarios include feasible and sustainable amounts of carbon dioxide removal and carbon capture and storage.⁴

The International Energy Agency (IEA), forecast that grid-scale storage is now the fastest-growing of all energy technologies.⁵ The IEA estimate that 80 gigawatts of new grid-scale energy storage will be added globally, equivalent to an 8x increase from 2021. The IEA predict that in 2025 the combination of solar PV generation and battery storage will be cheaper than the cost of coal-fired power in China and new gas-fired plants in America.

Australian context

Renewable energy provided 39.4% of Australia’s total energy generation in 2023, a 9.7% increase from 35.9% in 2022.⁶ This is still far below the Federal Government’s target of 82% renewables by 2030. The Draft Integrated Systems Plan, released in late 2023 by the Australian Energy Market Operator, indicated Australia would need to bring on at least 6 GW of new utility scale capacity in the National Electricity Market each year in order to meet the Government’s 82% target. Of the 5.9 GW of large and small scale renewable capacity deployed in 2023, 2.8 GW came from utility scale projects coming online and 3.1GW from rooftop solar.⁷

1. <https://www.iisd.org/system/files/2024-05/transitioning-away-from-oil-gas.pdf>
2. <https://www.unep.org/news-and-stories/press-release/governments-plan-produce-double-fossil-fuels-2030-15degc-warming>
3. <https://www.unep.org/news-and-stories/press-release/governments-plan-produce-double-fossil-fuels-2030-15degc-warming>
4. <https://www.ipcc.ch/sr15/>
5. <https://www.iea.org/energy-system/electricity/grid-scale-storage>
6. <https://assets.cleanenergycouncil.org.au/documents/resources/reports/clean-energy-australia/Clean-Energy-Australia-2024.pdf>
7. The Draft Integrated Systems Plan, released in late 2023 by the Australian Energy Market Operator, indicated Australia would need to bring on at least 6 GW of new utility scale capacity in the National Electricity Market each year in order to meet the Government’s 82% target. Of the 5.9 GW of large and small scale renewable capacity deployed in 2023, 2.8 GW came from utility scale projects coming online and 3.1GW from rooftop solar.

Australia's electricity generation mix in 2023 (fuel types by MWh)



Source: <https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-2024.pdf>

In 2023, new financial commitments to utility scale generation capacity fell to \$1.5 billion, significantly below the \$6.5 billion committed in 2022. This is a result of an uncertain policy environment. The key challenges facing the deployment of renewable energy infrastructure are the approval processes, regulation and ensuring sufficient, reliable grid interconnections.

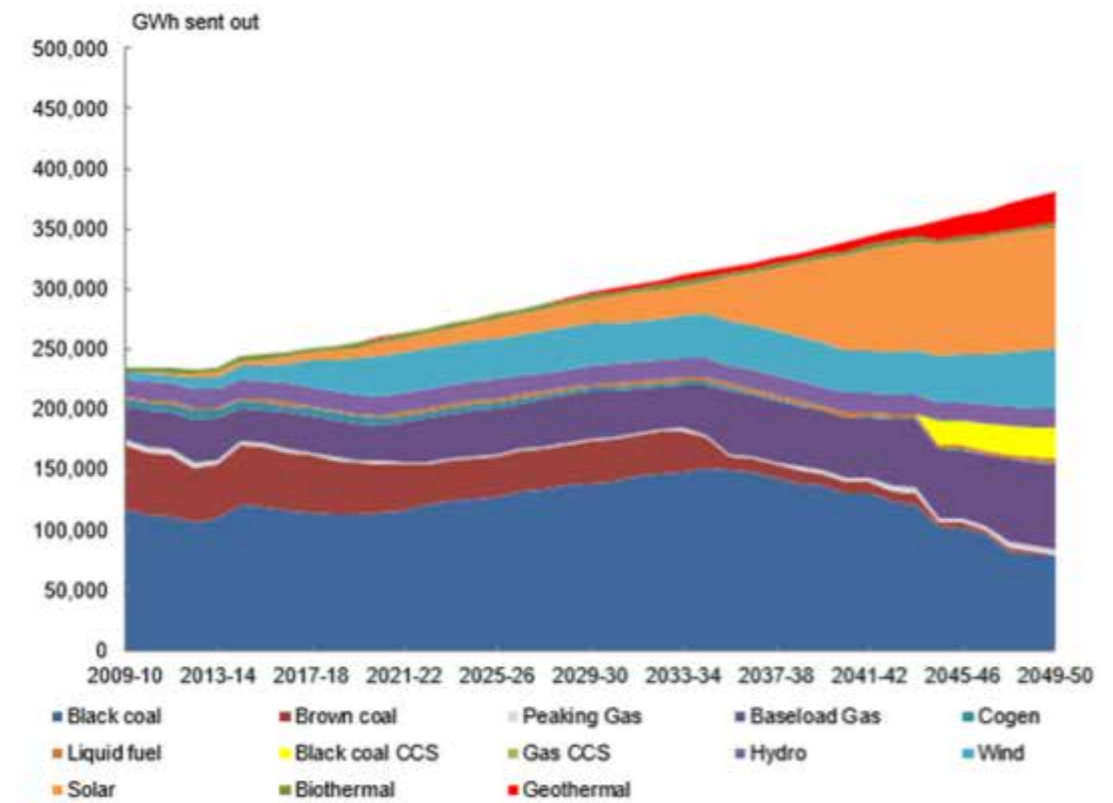
Key impact opportunities

- Ensuring all Australians have access to clean energy sources via distributed energy systems.
- Ensuring Australia's industrial economy has access to clean energy supply in order to reach their decarbonisation targets and growth targets.
- Enabling battery storage proliferation to ensure reliability, capture and distribution of renewable energy.





The Climate Change Authority modelling of fuel generation “central policy scenario” shows solar as the largest supplier of energy, followed by baseload gas.



Source: ACIL Allen Consulting

Source: <https://www.climatechangeauthority.gov.au/targets-and-progress-review-electricity-sector-emissions-to-2050>

The Australian Government has a new economic plan called a Future Made in Australia. This plan will support Australia’s transition to a net zero economy by deploying \$22.7 billion in key areas including:

- Skills and training to build Australia’s future workforce.
- Renewable energy.
- Supporting investment in Australia.
- Utilising natural resources and critical minerals.
- Industrial innovation and technology.¹

Distributed energy systems

Distributed energy is the key solution to rapid decarbonisation. 3.7 million Australian

households have rooftop solar PV systems installed. 337,498 new solar systems were installed across Australia in 2023, up from 315,499 in 2022.² According to SunWiz figures, roughly 56,000 household storage units were installed in 2023, up from around 43,000 in 2022 and 37,000 in 2021.³

Rooftop solar PV generation is the largest energy generator in Australia. Distributed energy is a key component to achieving Australia’s decarbonisation targets and continues to be a significant opportunity with relatively fewer hurdles to an accelerated roll-out.

1. https://futuremadeinaustralia.gov.au/?gad_source=1&gclid=Cj0KCQIA4fi7BhC5ARIsAEVYIbG9Y3aL4dFLpZNMN68I-9iffCma54zknc_SxIRRjCwCH9S9gPVQQaAiGsEALw_wcB&gclid=aw.ds
 2. <https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-2024.pdf>
 3. <https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-2024.pdf>

Enabling battery storage proliferation

Batteries are an energy storage technology that use chemicals to absorb and release energy on demand. They are a key pillar to supporting Australia's electricity transition. In 2023, there were \$4.9 billion in new financial commitments to large-scale storage. 27 large-scale batteries were under construction at the end of 2023 for a capacity of 5 GW/11GWh. The largest utility scale storage project currently under construction is the 850 MW / 1,680 MWh Waratah Super Battery in New South Wales.¹

Large Scale Renewables

Medium and large-scale renewable energy projects account for 7% of Australia's energy sources. Of 22 projects completed in 2023, 15 were solar farms and seven were wind farms, with the two largest being Neoen's 400 MW Western Downs Green Power Hub solar farm in Queensland, and ACEN Australia's 400 MW New England Solar Farm Stage 1, in New South Wales.²

Our impact strategy

NorthStar's strategy is to invest in companies across the renewable energy eco-system; in battery and other storage; and energy-efficiency technology and systems to reduce the reliance on fossil fuel energy and thereby avoid CO2 emissions. We invest with the aim of supporting:

- Electricity infrastructure to ensure universal access to affordable, reliable and modern energy services.

- Renewable energy supply to increase renewables share of total energy output.
- Renewable energy access – networks and grids, micro grids, and community-based energy systems.
- Renewable energy efficiency – systems and technologies that increase output.
- Renewable energy storage – batteries and pumped hydro.
- Critical supply chain components of these sectors – inverters (solar panel energy conversion from DC to AC) & thin film photovoltaic modules.
- Funding of renewables investment.

Our positive impact investments

- Umweltbank (UBK.DE) – Germany's "green" bank.
- Mercury (ASX: MCY), Meridian (ASX:MEZ) – Reduction in CO2e through renewable energy generation.
- Frontier Energy (ASX: FHE) – Renewable electricity generation and storage.
- Neoen (FP: NEOEN) – Increased renewable energy generation and storage through solar, wind and batteries.
- Enphase (ENPH.US) – Technology and devices (inverters) to support renewable energy production & distribution.

This NorthStar Theory of Change addresses UN SDG 7 "Affordable and Clean Energy" with a focus on Targets:

- 7.1
- 7.2
- 7.3

1. <https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-2024.pdf>
2. <https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-report-2024.pdf>





Impact Journeys: Environment

Mercury (ASX: MCY)

Mercury New Zealand generates electricity from 100% renewable sources – hydro, geothermal and wind. Mercury is committed to investing in a more sustainable future, with its 100% renewable generation complemented by moves to convert its vehicle fleet to electric or plug-in hybrid.

- » **Input:** \$69mn investment in and advances to associates and joint ventures. \$153mn of growth capital for new renewable generation; capital expenditure of \$142mn.
- » **Output:** 4,096 GWh Hydro generation; 6,669 GWh physical sales; 2,622 GWh geo generation, and 2,062 GWh wind generation via 33 partnerships and 19 power stations.
- » **Outcome:** Renewable energy power that does not emit climate warming emissions.
- » **Impact:** Approximately 6.416mn tonnes of CO2 equivalent emissions avoided (estimation from GWh generation numbers).

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COMMUNITY



22%
of NORTHSTAR'S
PORTFOLIO
invested in
Community



WORKING ACROSS:
Affordable and
social housing,
Childcare, Inclusion



CHILDCARE
for over
110,326
children



70 new
EARLY LEARNING
CENTRES
Developed (ELCs)



\$49.5
MILLION
invested in
PROPERTY
(including
construction,
refurbishment,
and acquisitions of
existing homes)



62,200
people
supported for
FINANCIAL
WELLBEING



489
EARLY LEARNING
CENTRES Acquired
(ELCs)



9
PORTFOLIO
companies



\$5.5
MILLION
VIEWERS
receiving
TRANSLATED
and captioned
material



Over
6,300
people living
in affordable
housing



\$53
MILLION
invested in
improving
existing
EARLY LEARNING
CENTRES (ELCs)

*Impact outputs relate to total company impact of some or all companies and not NorthStar's attributable share of those impacts. Full impact data can be found in the appendix.



NorthStar Theory of Change: Childcare

The Challenge

Affordability and accessibility continue to be the main challenges for the Australian childcare sector. Current policy, which includes an Activity Test, has created a system that fails to support children in lower socio-economic areas and childcare deserts – areas lacking childcare services – mean that 500,000 Australians live without access to these services. Rising cost-of-living pressures have made childcare even less affordable. Australia now ranks as the 7th most expensive country for childcare services globally, with families spending 26% of their average earnings or 20% of their net family income on early learning.¹

Recent developments

FY24 has brought several significant changes to the Australian childcare sector. The Australian Competition and Consumer Commission (ACCC), after examining childcare costs, found that the current market dynamics of the Early Childhood Education and Care (ECEC) system allow those with the highest ability to pay to access the highest quality services. In February 2023, the government tasked the Productivity Commission with investigating the feasibility of creating an “affordable, accessible, equitable, and high-quality” childcare system. The report found that capping childcare fees at \$10 a day could allow 61,900 more children to benefit from early years education and enable 7,300 more parents to enter the workforce. It also recommended abolishing the Activity Test and establishing a new funding model for Aboriginal community-controlled services.²

In August 2024, the Federal Government announced a 15% wage increase for childcare workers over two years. This significant change is expected to address supply-side challenges and is seen as a precursor to possible further reforms aimed at improving affordability.

Between 2020 and 2024, the number of childcare places in Australia increased by around 70,000, with the highest growth in metropolitan and major regional areas. However, remote areas saw minimal growth, and in some very remote regions, access to childcare even declined.

The latest report from the Mitchell Institute, *International Childcare Report: Mapping the Deserts (2024)*, confirmed that access to ECEC has not significantly improved in regional, rural, and remote areas. Many communities remain in ‘childcare deserts,’ where there are three or more children for every available spot within a 20-minute radius.³

Impact Strategy

NorthStar’s strategy is to invest in high-quality developers of childcare centres and operators of childcare services. We allocate capital to:

- Ensure sufficient supply to meet growing demand.
- Direct capital to providers delivering superior quality.
- Improve affordability for low-income households.
- Enhance accessibility in underserved areas.
- Support better wage outcomes for childcare educators.
- Encourage measurement and reporting of wellbeing and developmental outcomes.

1. https://www.theparenthood.org.au/new_oecd_data

2. <https://www.pc.gov.au/inquiries/completed/childhood/report/childhood-volume1-report.pdf>

3. <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>

Portfolio companies

- Arena REIT
- G8 Education
- Mayfield
- Nido

Engagement for Impact

In FY24, we had 46 meetings focused on Childcare, which included our portfolio companies, other private companies and suppliers, not-for-profits and policy think tanks. Our engagement strategy was focused on achieving accessible, quality, affordable childcare for all Australian children by:

- Ensuring our providers meet or exceed national quality standards across all centres.
- Engaging with the sector on policy settings to improve accessibility, especially in underserved areas.
- Advocating for affordable childcare.
- Pushing for complete inclusion by abolishing the Activity Test.
- Advocating for wage increases for childcare educators.
- Encouraging collaboration between providers, not-for-profits, government and other stakeholders.

An example is our active participation in the Minderoo Foundation's Thrive by Five campaign, which involves weekly meetings with stakeholders advocating for affordable and accessible childcare. This campaign is supported by over 100 organisations and, as the only fund manager in the campaign, we have focused on bringing our portfolio companies, Thrive by Five members and other stakeholders together to foster meaningful dialogue on the changes needed. We also made a submission to Jobs and Skills Australia, emphasising that a well-paid, well-trained, and well-supported workforce is essential to building the ECEC system that Australia's children need and deserve.

As part of our Impact Alpha Webinar Series we hosted Jay Weatherill from Thrive by Five and Matthew Edwards, MD of Nido Early Learning, to discuss key reform changes and outcomes - this webinar was open to all.



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Impact Journeys: Childcare

G8 Education (ASX: GEM)

GEM is an Australian provider of early childhood education and care services, operating childcare centres nationwide. G8 Education supports families by delivering quality early learning environments that foster child development and well-being.

45,000 children in childcare

- » **Input:** \$43 mn invested in tangible assets; \$1.05 mn intangible assets.
- » **Output:** 414 total centres with 35,000 children per week.
- » **Outcome:** Provides a safe and secure environment for children to be cared for and educated.
- » **Impact:** 40,000 children in care services, helping brain development, higher cognitive functions and early language skills; supporting the transition into primary school; increasing participation of parents in the workforce.

Arena REIT (ASX: ARF)

ARF is a real estate investment trust (REIT) specialising in social infrastructure properties, particularly childcare centres and healthcare facilities across Australia. Arena REIT focuses on long-term leases with high-quality tenants, supporting essential community services.

20,826 children in childcare

- » **Input:** \$10mn in acquisitions, \$4mn in capex on operating activities, \$49mn on development capex on a total asset base as at June 2024 of \$1.62bn.
- » **Output:** Seven ELC developments completed, 142 new ELC (Early Learning Centres) development projects acquired.
- » **Outcome:** Early development and socialisation outcomes for children; Childcare availability to allow for parent employment.
- » **Impact:** 267 operating ELC properties offering an estimated 25,098 licensed places across Australia, equivalent to an estimated 20,826 children receiving early learning childcare benefits per day. 9 healthcare assets providing community-based healthcare and specialist disability accommodation.

Nido Education (ASX: NDO)

NDO is an Australian early childhood education provider focused on high-quality childcare and early learning services. Nido Education operates centres with a Reggio Emilia-inspired approach, fostering creativity, exploration, and personal growth in young children.

- » **Input:** 24 acquired learning centre, bringing its portfolio to 52. \$2.5mn invested in property, plant & equipment.
- » **Output:** 4,614 licensed places across 52 learning centres; 1,821 employees.
- » **Outcome:** Provides a safe and secure environment for children to be cared for and educated.
- » **Impact:** >6,000 children developing basic cognitive and language skills supporting their learnings outcomes during primary school.

istock.com/mmpile



Guest Writer

NorthStar has been a member of the Thrive by Five Campaign since mid-2023. This campaign, headed up by Jay Weatherill AO, advocates for a high-quality, universally accessible and affordable early learning system. Jay was the 45th Premier of South Australia and the longest continuous serving Minister of the South Australian Labor Party.

Jay comments on the current early childhood landscape:

The long-awaited Productivity Commission report into Australia's early childhood education and care system has backed Thrive by Five's vision of a universally accessible and affordable system.

Australia's early education and care system is at a crossroads.

The average family with two children in early learning spends 16 per cent of their income on fees. Last year's increase to the childcare subsidy was a positive step, but the savings parents initially saw have been eaten up by fee rises

At the same time, many families struggle to find a place, with 24 per cent of Australia considered a "childcare desert", where there are at least three children for every available spot.

ECEC affordability and access challenges have led to Australia having some of the highest rates of women working part-time, among comparable countries.

The Activity Test prevents children of families that experience disadvantage from accessing

the life-changing benefits of ECEC, including children of single mothers, First Nations families and families on low incomes.

Our campaign is calling for universal ECEC, including a legislated entitlement to early childhood education that is free for low income families or fixed at \$10 a day for other parents.

Without this, costs to parents will continue to skyrocket, and too many children and families will continue to miss out.

Early childhood education and care helps set children up for life. Children who have the opportunity to attend high quality ECEC are more likely to start school ready, to finish school and go on to further education and eventually participate in the workforce. They have better health and wellbeing outcomes and are less likely to come into contact with the justice system.

Early childhood campaigners and stakeholders were thrilled to hear the Prime Minister declare that universal early childhood education and care would be a legacy of his government, sitting alongside great Australian economic and social achievements like Medicare and compulsory superannuation.

To deliver this legacy, the Federal Government must take bold steps towards reform and we look forward to working with the sector and with the government to deliver a system that will work for every child.

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NorthStar Theory of Change: Affordable Housing

Access to good quality, affordable housing is fundamental to wellbeing. It can help reduce poverty and enhance equality of opportunity, social inclusion and mobility. Many factors influence the supply, demand and cost of housing across the country, including Australia’s growing and ageing population and government policies, especially related to supply of affordable and social housing.

The Challenge Affordable Housing Supply

The National Housing Finance & Investment Corporation review estimated that an additional 30,000 social housing and 15,000 affordable housing dwellings will be needed per annum over the next 20 years, requiring an investment of \$290 billion. According to their data, less than 10% of rental stock in Australia is available at rents that the bottom 40% of household renters (by income) can afford.¹

Affordability

According to The Conversation, Australia’s 30-year housing affordability decline has been among the worst in the developed world. They concluded that in Australia over 1 million people have been pushed into poverty by high prices and high rents and shortages of rentable accommodation.²

House prices have risen across Australia over the decade to 2024. The median transfer price for established houses in capital cities increased substantially, with the median real house transfer price in Sydney increasing from around \$615,000 in the first quarter of 2013 to around \$1.3 million at the end of 2023 (ABS 2024a).³

The PropTrack Housing Affordability Report, shows that in 2023–2024, a median-income household earning \$112,000 could afford only 14 per cent of homes sold—marking the lowest share since records began in 1995.⁴ Median dwelling value to income ratio is up to 8.0, from a 20-year average of 6.7.⁵

FIGURE 1: NATIONAL - HOUSING AFFORDABILITY MEASURES AS OF SEPTEMBER 2024



- <https://udiansw.com.au/wp-content/uploads/UDIA-National-Growing-Affordable-Housing-Supply-Policy-Document.pdf>
- <https://theconversation.com/our-housing-system-is-broken-and-the-poorest-australians-are-being-hardest-hit-228511>
- <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>
- <https://www.sbs.com.au/news/article/critical-issue-record-low-housing-affordability-and-the-australians-all-but-locked-out/6mn2x7ly5>
- <https://www.corelogic.com.au/news-research/reports/housing-affordability>

Renters

Around one-third (31%) of households in Australia were renting in 2019-20 (ABS 2022). The cost of private rental accommodation has increased substantially over recent years, especially after the COVID-19 pandemic. Across Australia, renters also saw increases and paid 7.8% more from the first quarter of 2024 compared with the first quarter of 2023 (ABS 2024b). These increases significantly impact the 4 million households in Australia that have total income of less than \$90,000 p.a.

Seniors Accommodation & Affordability

Within this ageing population there is increasing demand for affordable housing for seniors. 82% of seniors own their own homes without

mortgages, but 80% have less than \$100,000 in superannuation. ASFA analysis shows that a couple requires \$60,843 a year to fund a comfortable retirement but the age pension is only \$31,995. To fund this shortfall, seniors often need to release capital from their home.

Older Australians often prefer to remain in their existing home and community as they age. This can be a challenge, as modifications may be needed to adapt to their changing health and mobility needs.

Lower Income Disproportionately Impacted

Housing stress is typically described as lower-income households that spend more than 30% of gross income on housing costs:

% of gross household income spent on housing	2007-08 %	2013-14 %	2019-20 %
>50	5.2	5.7	5.7
30-50	10.2	12.0	10.5
25-30	6.4	7.2	7.2
<25	78.2	75.1	76.6

Source: ABS 2022 (note: excludes households with nil or negative income)

Around 1.0 million low-income households were in financial housing stress in 2019-20, spending more than 30% of their income on housing (ABS 2022). More than half (58%) of low income households in the private rental market were in housing stress, compared with homeowners with a mortgage (37%).

Research published by Housing All Australians, a private-sector association concerned with housing inequity in Australia, found that the national average benefit-cost ratio for Australia in providing adequate social and affordable housing infrastructure is 2:1. **In other words, for every \$1 invested to induce delivery of public, social and affordable housing, the Australian community saves \$2 in future costs (Housing All Australians, 2023).¹**

1. <https://nhsac.gov.au/sites/nhsac.gov.au/files/2024-05/state-of-the-housing-system-2024.pdf>





Key Impact Opportunities

Increased supply of new affordable housing

In 2023, the Federal Govt. established the Housing Australia Future Fund, a \$10 billion fund, the returns of which will go towards building 30,000 new social and affordable homes over the next five years, as well as maintenance and upgrades. The Greens negotiated a further \$1 billion in direct investment in housing, and a guarantee that the minimum annual spend on housing would be \$500 million. This comes on top of \$2 billion negotiated earlier for social housing.

The Federal Treasurer, Jim Chalmers, announced the National Housing Accord in October 2022 with the aim to build one million new homes over 5 years from 2024. He established the Treasurer's Investor Roundtable to explore collaboration between the big four banks and the largest superannuation and investment funds with a focus on social and affordable housing.

Innovations in senior collaborative housing

Affordable alternative housing solutions can be made available to support independence, connect seniors to their community, and reduce the need for formal care. Collaborative housing offers potential to make buying or renting a home cheaper, providing similar privacy and autonomy to conventional housing within a community. Being part of a supportive community also improves physical, emotional and mental health, reducing the risk of social isolation and loneliness.

Innovative lease and ownership housing models are evolving across the market.

Public - Private - Partnerships (PPPs) is one way forward to start to resolve some of these

challenges, with public and private landholders releasing land for development with capital provided by public (National Housing Finance and Investment Corporation (NHIFIC) and private funders, for private developers to develop this housing stock.

Our impact strategy

Our strategy is to invest in developers of greenfield and brownfield (redevelopment / refurbishment) affordable housing and developers / operators of senior living accommodation with the aim of:

- Increasing supply of affordable housing supported by both public sector capital funding and private sector capital.
- Increasing housing options for seniors that not only provide an affordable living option but can connect community, privacy and autonomy.
- Advocating for creative and new ownership structures that support positive home ownership

Our positive impact investments

- Apsen (ASX: APZ) offering affordable accommodation options to approximately 40% of Australian households with an annual income of less than \$90,000.
- Eureka Group (ASX: EGH) senior community living specialists providing quality and affordable rental accommodation for independent seniors and disability pensioners within a comfortable community environment.

This NorthStar Theory of Change addresses UN SDG 11 "Make cities and human settlements inclusive, safe, resilient and sustainable" with a focus on Targets:

- 11.1

Impact Journeys: Affordable Housing

Eureka Group (ASX: EGH)

Eureka Group Holdings focuses on providing quality and affordable rental accommodation for independent seniors and disability pensioners within a comfortable community environment.

- » **Input:** \$16.97mn invested in property. \$9mn invested in associates. \$42,000 invested in PP&E.
- » **Output:** Investments in Eureka Villages WA Fund which acquired 6 villages (321) units for \$44mn, with an overall portfolio occupancy of 98% as at 30 June 2024. Acquired 14 units in managed villages as part of the individual unit acquisition strategy. Acquired land in Gladstone, Qld for a greenfield development adjacent to the existing managed village.
- » **Outcome:** Provides affordable independent seniors rental accommodation.
- » **Impact:** >2800 people living in affordable, quality housing with resident satisfaction of greater than 83%.





NorthStar Theory of Change: Inclusion

Inclusive societies afford all individuals and groups regardless of age, gender, sexual orientation, ethnicity, race, ability, immigration status, and socioeconomic status access to and full participation in society.

Research suggests that the existence of a diverse labour force and gender equality contribute to greater economic growth.¹ Other studies compiled by the Governance and Social Development Research Centre indicate there is a positive economic impact when individuals with disabilities are included in education and the workforce and are provided with access to healthcare.²

Inclusive Australia publishes an annual Social Inclusion Index for Australia.³ At the end of 2020, the Inclusive Australia Social Inclusion Index score was 61 out of 100 which was two points lower than the previous year. Although this score was the equal lowest score that has been recorded, it did not decline by as much as many may have expected given the global COVID-19 pandemic.

Inclusive Australia surveys show every day and major discrimination was most common among Aboriginal or Torres Strait Islanders who identify as LGBTQ+ and young people with a disability. Similarly, experiences of major discrimination were most common among Aboriginal or Torres Strait Islanders who identify as LGBTQ+ and young people with a disability. Wellbeing was lowest among people on low incomes with a disability.

The challenge is to improve social inclusion, particularly for people experiencing the poorest outcomes. This is a multi-faceted issue and requires tackling the root causes of a lack of social inclusion and discrimination, including barriers formed by socio-economic status, language, disability, and financial insecurity.

Key impact opportunities

Financial inclusion

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.⁴ It includes ensuring access to a transaction account, access to responsible credit and strong financial literacy. The World Bank Group considers financial inclusion a key enabler to reducing extreme poverty and boosting shared prosperity and has identified financial inclusion as an enabler for seven of the 17 United Nations Sustainable Development Goals.

The ANZ Roy Morgan Financial Wellbeing Indicator (FWBI) is a useful measure of how people are faring in their financial lives in the changing economic environment. The decline in financial wellbeing since December 2021 has led to an increase in the size of the struggling segment. The most recent report showed that 21.0% of the Australian population were considered struggling with their financial wellbeing. The proportion of those struggling continued to be higher for several groups in the community as shown in the chart below.

1. Ward, J., Lee, B., Baptist, S. and Jackson, H. "Evidence For Action: Gender Equality and Economic Growth", Chatham House, The Royal Institute for International Affairs, September 2010. <https://eige.europa.eu/resources/0910gender.pdf>

2. Rohwerder, B. "Impact of Disability Inclusion", GDSRC, November 2015. <https://gsdrc.org/topic-guides/disability-inclusion/impact-of-disability-inclusion/>

3. "Inclusive Australia's Social Inclusion Index: 2020-21 Report", Inclusive Australia, 2021. <https://www.inclusiveaustralia.com.au/resources/the-inclusive-australia-social-inclusion-index-2020-21-report-1>

4. "Financial Inclusion: Overview", World Bank, March 2022. <https://www.worldbank.org/en/topic/financialinclusion/overview>



Source: ANZ9115M-Financial-Wellbeing-Quarterly-Report-Dec-2024.pdf¹

More broadly however, the trend is consistent that the financial wellbeing of Australians is falling.



Source: ANZ9115M-Financial-Wellbeing-Quarterly-Report-Dec-2024.pdf²

1. <https://www.anz.com.au/content/dam/anzcomau/about-us/ANZ9115M-Financial-Wellbeing-Quarterly-Report-Dec-2024.pdf>
 2. <https://www.anz.com.au/content/dam/anzcomau/about-us/ANZ9115M-Financial-Wellbeing-Quarterly-Report-Dec-2024.pdf>

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Financial stress levels in Australia are at their highest point in 10 years, according to AMP's latest Financial Wellness report¹. In the 2024 report, only one in three working Australians indicated they were financially secure in this year's report, down from half of working Australians in 2020. With rising financial pressures and people focused on meeting major short-term expenses, the report concluded that long-term planning is being compromised with one in three saying they are never or are rarely planning for their financial futures.²

The most recent Household, Income and Labour Dynamics (HILDA³) study has shown a decrease in financial literacy from 2016 to 2020, and a widening financial literacy gap between the genders, with men markedly outperforming women, as well as Indigenous Australians scoring lower than non-Indigenous Australians.⁴ While many solutions for easing systemic financial inequality need government-funded solutions, improving Australians' financial literacy is a crucial step when it comes to tackling social and financial inequality.

New business models utilising e-commerce data can provide consumers with more agency over their choices, and more flexible, equitable and affordable financing options. Digital platforms can provide resources to educate consumers on their choices to promote responsible, sustainable financial systems and support stronger financial inclusion outcomes for all.

Disability

Compared with people without disability, people with disability generally have:

- lower rates of labour force participation
- higher rates of unemployment
- greater reliance on government pensions or benefits as their main source of income.⁵

Access to information via media sources is a key tool of inclusion and video media is a significant communication channel. By providing captioning and transcription services to allow hearing impaired people to have better access to information (especially in regard to education), participation of the hearing-impaired community increases.

Translation

Providing translation and transcription services allows people with English as a second language to have better access to information, increasing awareness of support services and other opportunities. In Australia, 22.8% of people used a language other than English at home in 2021.⁶ Media that is only communicated in English excludes a significant portion of the Australian population. This is particularly evident during crisis situations, such as the Covid-19 pandemic, when local rules and regulations were being altered frequently. Translation services support inclusion outcomes and a recognition of the diverse community living in Australia.

Our impact strategy

NorthStar's strategy is to allocate capital to companies working to improve inclusion to create a more just and equitable world, and to deliver the economic benefits that come from opportunities for shared prosperity. This includes access to information for the hearing impaired and people with language challenges and better access to financial literacy tools and education. Our impact strategy is to invest with the aim of:

- Increasing the number of people that have access to information through transcription and translation services.
- Increasing the number of people accessing financial literacy tools and education, as well as fairer financial products.

Our positive impact investments

- Wisr (ASX: WZR) – a non-bank lender for consumer loans, committed to providing products, apps and services to help Australians make smarter decisions with their money.
- Ai-Media Technologies (ASX: AIM) – the biggest captioning provider in the Australian market, providing live and recorded captioning and translation services combining artificial intelligence and human expertise.

This NorthStar Theory of Change addresses UN SDG 8 “Decent work and economic growth” and UN SDG 10 “Reduced inequalities” with a focus on Targets:

- 8.10
- 10.2

1. <https://www.anz.com.au/content/dam/anzcomau/about-us/ANZ9115M-Financial-Wellbeing-Quarterly-Report-Dec-2024.pdf>

2. <https://corporate.amp.com.au/newsroom/2024/october/financial-stress-among-working-australians-at--decade-highs--#:~:text=Now%20in%20its%2010th%20year,of%20working%20Australians%20in%202020.>

3. “Household, Income and Labour Dynamics in Australia (HILDA) Survey”, Melbourne Institute: Applied Economic & Social Research, 2023. <https://melbourneinstitute.unimelb.edu.au/hilda>

4. “The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 20”, Melbourne Institute: Applied Economic & Social Research, The University of Melbourne, 2022. https://melbourneinstitute.unimelb.edu.au/___data/assets/pdf_file/0011/4382057/HILDA_Statistical_Report_2022.pdf

5. “People with disability in Australia: Disability Discrimination”, Australian Institute of Health and Welfare, 2022. <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/justice-and-safety/disability-discrimination>

6. “Cultural diversity of Australia”, Australian Bureau of Statistics, September 2022. <https://www.abs.gov.au/articles/cultural-diversity-australia#language>



Impact Journey: Inclusion

AI Media (ASX: AIM)

- » **Input:** \$900,000 invested in PP&E, \$300,000 invested in intangibles and \$8.1mn paid on acquisitions.
- » **Output:** 116.8mn minutes of iCap network usage, 53.3mn minutes of LEXI usage.
- » **Outcome:** AI Media works with the largest global broadcasters with the most amount of reach. In the US, AI Media works with the top 6 largest broadcasters who collectively in 2023 had an average of 19M viewers (most watched TV networks in the U.S. 2023 | Statista) along with major sports leagues (NBA, NFL, MLB and MLS). In Australia, AI Media provides captions for Channel 7, Channel 9 and Foxtel.
- » **Impact:** Estimates that AI Media reaches approximately 5.5 million viewers (50% of the 11mn US hearing impaired) in the US and 500,000 (28mn x 3.6% x 50%) people in Australia.

istock.com/janierobos

HEALTHCARE



38%
of NORTHSTAR'S
PORTFOLIO



WORKING ACROSS:
Healthcare
Services,
Medical Devices,
Pharmaceuticals
and Healthy Living



Over **\$2.6
BILLION**
spent in R&D by
12 companies



19
PORTFOLIO
companies



Over
5 MILLION
patients
treated by
7 companies



**110
MILLION**
influenza
vaccine
doses
distributed by
1 company



88 ACTIVE
CLINICAL
TRIALS/STUDIES
done by
8 companies

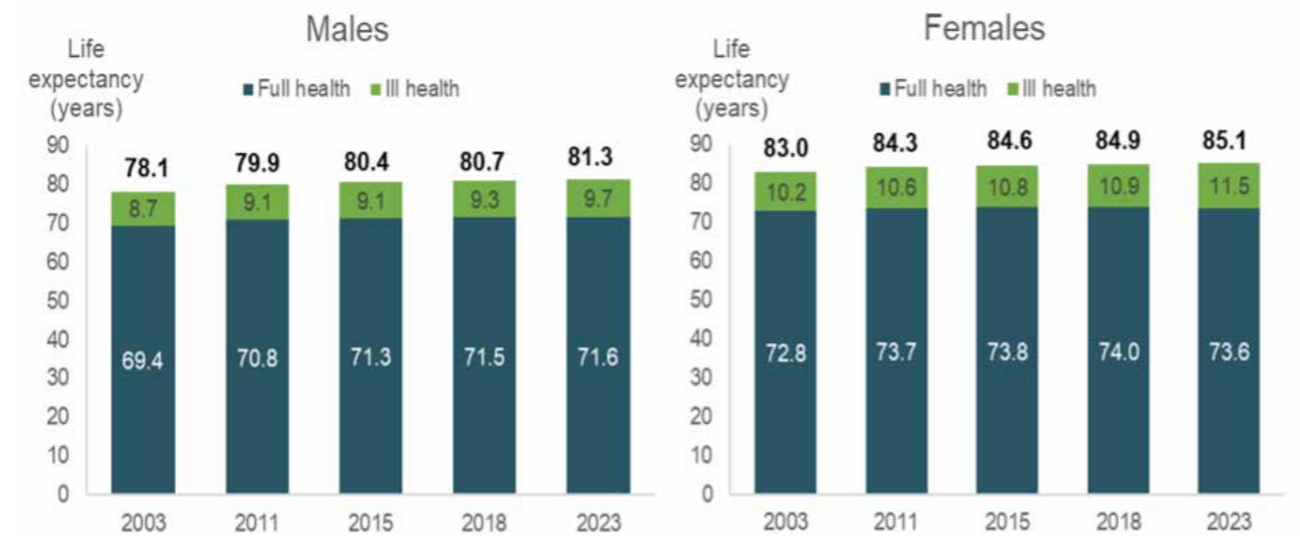
Impact outputs relate to total company impact of some or all of selected companies and not NorthStar's attributable share of those impacts. Full impact data can be found in the appendix.



NorthStar Theory of Change: Pharma

The Challenge

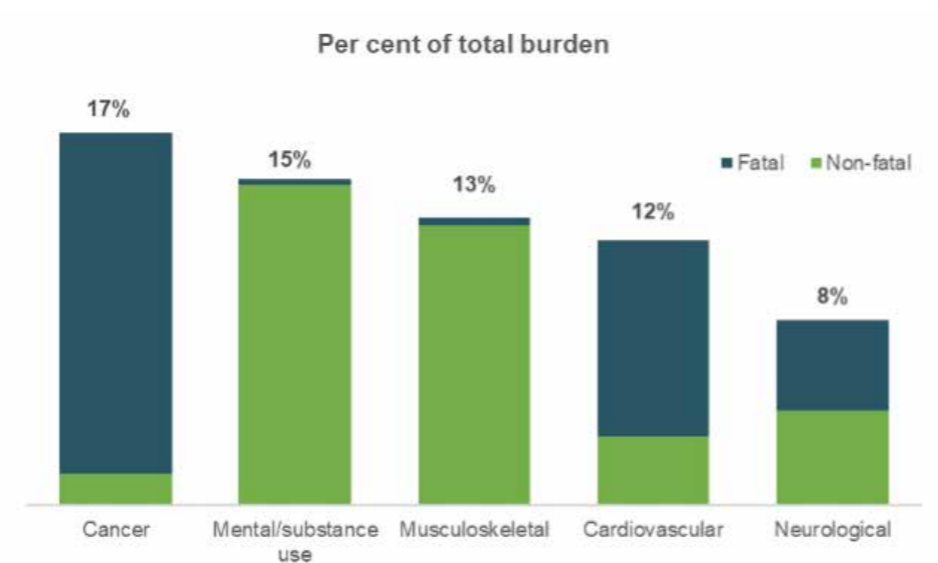
Although Australians have enjoyed an increase in life expectancy over recent decades, the proportion of our lives that we are spending in good health has slightly declined. This means that although we are living longer, we are also sick for longer¹, which has led to increased pressures on our medical systems. There is greater need for new treatments, as well as innovation and efficiency in healthcare, to address this trend and deliver better patient outcomes.



[1] (Source: AIHW Australian Burden of Disease Study 2023)

Recent developments

In 2023, the 5 disease groups causing the most burden of disease (i.e. lost years of healthy living, both fatal and non-fatal) were cancer, mental health conditions and substance use disorders, musculoskeletal conditions, cardiovascular diseases and neurological conditions:



(Source: AIHW Australian Burden of Disease Study 2023)

Recent advancements in the application of radiopharmaceuticals have led to improvements in efficacy over existing standards of care for both the diagnosis and treatment of a range of cancers, with excitement around theranostics. This enables the identification of tumors with a higher degree of accuracy and at an earlier stage to be combined with treatment using the same pharmaceutical. Pluvicto, a treatment of metastatic castration-resistant prostate cancer, is already available and Novartis has achieved close to US\$1bn in sales in the last full year.

NorthStar invested in Clarity Pharmaceuticals at IPO in 2021 and participated in another capital raise in FY24. As described below, Clarity is a radiopharmaceutical company in the clinical trial phase.

Impact Strategy

NorthStar's strategy is to invest in drug development and commercialisation companies to:

1. Provide funding for clinical trials to bring new treatments to market.
2. Support commercialisation of new treatments.
3. Improve treatment outcomes for patients.
4. Reduce the burden on the healthcare system.
5. Extend life expectancy and the proportion of healthy living years.
6. Encourage measurement and reporting of development and commercialisation outcomes.

Portfolio companies

- Botanix
- Clarity Pharma
- CSL
- Dimerix
- Mayne Pharma
- Neuren Pharmaceuticals
- Neurotech
- Opthea
- Radiopharm



iStock.com / zorazhuang

Impact Journeys: Pharmaceuticals

Clarity Pharmaceuticals (ASX: CU6)

CU6 is a clinical-stage radiopharmaceutical company specializing in precision treatments for serious diseases, particularly cancer. Clarity's targeted therapies aim to enhance diagnostic accuracy and treatment efficacy, offering potential improvements in patient outcomes. Their work contributes to advancing oncology care with more focused and effective treatment options.

\$42,000,000 of Research and Development towards the improvement of diagnostic and treatment outcomes for children and adults with cancer

» **Input:** \$45.8mn in research and development expenditure, including patent costs. The Company completed a capital raising of \$121mn in April 2024 and received \$10mn in non-dilutive cash funding through R&D Tax Incentive in June 2024.

» **Output:**

THERAPY

- SECURE trial with ^{67}Cu -SAR-bisPSMA in metastatic castrate-resistant prostate cancer (mCRPC):
- Successfully completed cohort 2 at the 8GBq dose level and cohort 3 at the 12GBq dose level. Commenced the first multi-dose cohort, cohort 4, with up to 4 cycles of ^{67}Cu -SAR-bisPSMA in the SECURE trial.
- The first patient ever to be dosed with two cycles of ^{67}Cu -SAR-bisPSMA at 8GBq achieved a complete response to treatment based on RECIST v1.1 criteria. Prior to ^{67}Cu -SAR-bisPSMA, the patient had failed multiple lines of treatment, including hormone therapy, an investigational agent and chemotherapy.

DIAGNOSTICS:

- Clarity safely dosed its first participant with ^{64}Cu -SAR-bisPSMA in the diagnostic registrational Phase III trial, CLARIFY, and recruitment is ongoing
- COBRA Phase II ^{64}Cu -SAR-bisPSMA trial in patients with biochemical recurrence (BCR) of prostate cancer: Initial data from Clarity's diagnostic Phase I/II trial, COBRA, confirmed ^{64}Cu -SAR-bisPSMA is safe and highly effective in detecting prostate cancer lesions in patients with BCR.
- Targeted Alpha-particle Therapy program with ^{225}Ac -bisPSMA that focused on identifying a lead compound from a number of different analogues.
- Added exclusive license from Memorial Sloan Kettering Cancer Center for intellectual property that enables antibody 'pre-targeting' for the diagnosis and treatment of cancer.
- Entered into a clinical supply agreement with Northstar to produce ^{67}Cu -SAR-bisPSMA drug product for Clarity's Phase I/II and Phase III trials

» **Outcome:** The improvement of diagnostic and treatment outcomes for children and adults with cancer.

» **Impact:** ^{64}Cu -SAR-bisPSMA was found to be safe and highly effective in detecting prostate cancer lesions in patients prior to radical prostatectomy and BCR of prostate cancer in Phase I and Phase II trials.



Opthea (ASX: OPT)

OPT is a clinical-stage biopharmaceutical company focused on developing treatments for eye diseases, particularly wet age-related macular degeneration (AMD) and diabetic macular edema (DME). Their innovative therapies target unmet medical needs, aiming to improve vision and quality of life for patients with serious retinal conditions, thereby contributing to advancements in eye health globally.

2,000 patients

» **Input:** US\$176m R&D spend; US\$33,489 invested in the purchase of equipment. Successful completion of two equity capital raises totaling A\$317mn to advance sozinibercept to Phase 3.

» **Output:** Completed enrollment of all patients in phase 3 pivotal clinical trial.

» **Outcome:** Developing novel therapies to treat highly prevalent and progressive retinal diseases.

» **Impact:** Treated 998 patients in COAST trial and 986 patients in ShORe trial respectively.



NorthStar Theory of Change: Healthcare - Services

In 2022-23, total healthcare expenditure (Government and private) in Australia was \$252.5 billion (\$9,597 per person), ~ 9.9% of GDP¹. Government spending as a percentage of GDP was 4.2% but is expected to increase to 6.2% by 2063 to meet the demands of an ageing population.² The number of people aged 65 and over will more than double and the number aged 85 and over will more than triple. Population ageing will be an ongoing economic and fiscal challenge.

Although Australians have enjoyed an increase in life expectancy over recent decades, the proportion of our lives that we are spending in good health has not materially changed over the past two decades, which means that although we are living longer, we are also sick for longer.³ This has led to increased pressures on our medical systems, and there is greater need for innovation and efficiency in our health care systems to meet these changing demands.

These demands include rising costs driven by increasing incidence of chronic diseases, an ageing population, inequitable access to services, and gaps in workforce and infrastructure. In addition, changing customer expectations are driving a need for more personalised, digital, seamless and integrated care experiences.

Key impact opportunities

- Meeting the demands of changing healthcare needs
- Accessibility and the socioeconomic healthcare outcomes gap
- Diagnostic testing, prevention and early intervention

Changing Healthcare Needs

As the Australian population ages, we are becoming sicker for longer. In 2023, Australians lost 5.6 million years of healthy life to illness or premature death.⁴

In the two decades to 2023, there has been a shift in the profile of how Australians experience illness, with more years of healthy life now lost due to living with illness than to dying prematurely. While fewer people dying early is on its face a good outcome, this shift has increased the strain on Australian healthcare systems, as those living with disease require increased ongoing care, often with more complex and chronic disease.

Chronic conditions contributed to 92% of all deaths in 2022 with 61% of Australians suffering from at least one long term health condition and 38% suffering from two or more⁵.

Accessibility and the Healthcare Outcomes Gap

The types and number of diseases that Australians live with varies with socioeconomic disadvantage, with the likelihood of a person having one or more chronic conditions increasing from 56% in the most privileged to 63% in the lowest socioeconomic areas in 2022⁶

As well as inequities in disease prevalence and health outcomes across socio-economic groups, there are large gaps between Australia's Indigenous and non-Indigenous population. Indigenous Australians have a life expectancy almost 10 years less than non-indigenous Australians, and suffer higher incidences of child mortality, chronic disease, and hospitalisation, driven in part by lack of access to healthcare.

Similar trends are evident in the 30% of the Australian population that live outside major cities, who face significantly poorer health outcomes, due to a combination of exhibiting higher risk factors of disease, such as smoking, and having poorer access to healthcare facilities.⁷

Diagnostic Testing, Prevention and Early Intervention

As reported in the AIHW study, the average Australian born in 2024 can expect to live 11 years of their life in ill-health. A large portion of Australia's disease burden comes from non-communicable chronic diseases, with nine out of ten preventable deaths in Australia linked to chronic disease, and yet our spending on preventative healthcare remains low compared to other OECD nations, standing at less than 2% of overall healthcare spend.⁸

Pathology and diagnostic tests are one method of tackling this challenge. Australia's pathology workforce consists of about 24,000 people who collect, process and report on approximately 500 million pathology tests each year. These tests play a vital role in more than 70% of medical diagnoses and inform many of the clinical decisions related to patient care.⁹

Pathology and diagnostic imaging will continue to play an increased role in our medical landscape as Australia's population ages, with the latest available data showing 97% of people aged 65 and over had at least one pathology service in 2022-23, compared with 67% of people aged 16-64 and 40% of people aged 15 and under.¹⁰

Our impact strategy

Our strategy is to invest in healthcare companies that have a demonstrable positive impact on improving the health of society and reducing demands on the healthcare system, through improving efficiency and providing better affordability. Within healthcare services, this includes pathology, diagnostic imaging, dental,

health care data, and digital healthcare solutions. Through our investment, we aim to:

- Fund the growth of healthcare products, services and facilities that have a positive impact on people's health and wellbeing.
- Improve accessibility of services both physically and digitally.
- Improve equality of access to services among different regional, cultural, and socioeconomic groups.
- Work to reduce financial and physical healthcare costs to Australians through early diagnosis and intervention.
- Improve Australians' overall life and health-spans and increase quality of life through improved access, timeliness, and affordability of services.

Our positive impact investments

- Beamtree (ASX:BMT) - a health data provider focusing on data collection and analysis to provide clinical decision support and improve quality of patient care.
- Capitol Health (ASX:CAJ) - a provider of diagnostic imaging services to patients across Australia.
- Healius (ASX:HLS) - provides pathology testing and diagnostic imaging services, as well as running medical centres, specialist GPs, as well as dental, IVF clinics and day hospitals.
- Integral Diagnostics (ASX:IDX) - a provider of diagnostic imaging services to patients across Australia and New Zealand.
- Pacific Smiles (ASX:PSQ) - an independent operator of dental clinics and the largest branded Dental Service Organisation in Australia.

This NorthStar Theory of Change addresses UN SDG 3 "Good Health and Wellbeing" with a focus on Targets:

3.3, 3.4, 3.8, 3b,3d

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NorthStar Theory of Change: Healthcare – Medical Devices

Medical devices underpin our healthcare ecosystem, with examples ranging from diagnostic devices such as imaging equipment and therapeutic devices for the treatment of specific diseases or disabilities, to devices used in sterilisation and medical consumables. There are an estimated 2 million different kinds of medical devices on the market globally.¹

In Australia, over 2.5 million patients per year are served with medical technology, consumables and devices, adding \$5.4 billion to GDP and supporting over 51,000 total jobs. Additionally, the industry exports \$1.95 billion overseas, contributes to over 4,000 manufacturing jobs, and has been experiencing revenue and employment growth, which is projected to continue.²

Australia, despite being a small market, ranks highly as a developer of medical devices on the world stage, ranked as the 13th largest by total market value.³

NorthStar's key impact focus areas from investment into medical device companies are:

- Improving the early detection of diseases and conditions
- Better treatment of existing diseases and conditions
- Enabling people to enjoy better quality of life
- Reducing costs to the healthcare system and improving efficiency and productivity

Medical procedures

As the industry has advanced, we have reached a point where all clinical procedures and

surgeries in Australia are now reliant on the use of medical devices. Globally, advances in medical technology have been a key factor in the 30% decline in annual mortality we have seen over the last 20 years, and the 56% reduction in hospital bed days over the last 15 years.⁴

Disability

Medical devices play a key role in allowing people living with disability to improve their daily functioning and increase independence. In Australia, it is estimated that of the 4.4 million Australians (18% of the population) living with disability, over half use assistive devices.⁵ Over 1 in 4 Australians with disability rely on a communication aid, such as cochlear implants, hearing aids, or speaking aids, and an estimated 1 in 5 people with disability used devices or equipment to manage their medical conditions.⁶

Chronic disease

In 2022, 61% of Australians suffered from at least one long term health condition and 38% suffered from two or more⁷, many of which require the use of assistive medical devices in their daily management of their condition, such as blood pressure monitors or continuous glucose monitors for diabetes. Ensuring equitable access to and funding for medical devices and assistive technologies to allow Australians with disabilities and long term health conditions to live independently with a high quality of life is a key challenge that can be addressed through greater funding for and innovation in the medical technology sector.

Our impact strategy

Our impact strategy is to invest in a range of medical technology and medical device companies across many diseases and conditions.

As impact investors, we allocate capital to medical device companies in order to:

- Scale investment in medical device innovation and development
- Promote equality and inclusivity through access to assistive medical devices
- Encourage international expansion to include underserved communities
- Facilitate greater awareness and faster adoption of medical devices

We hold the following positive impact investments:

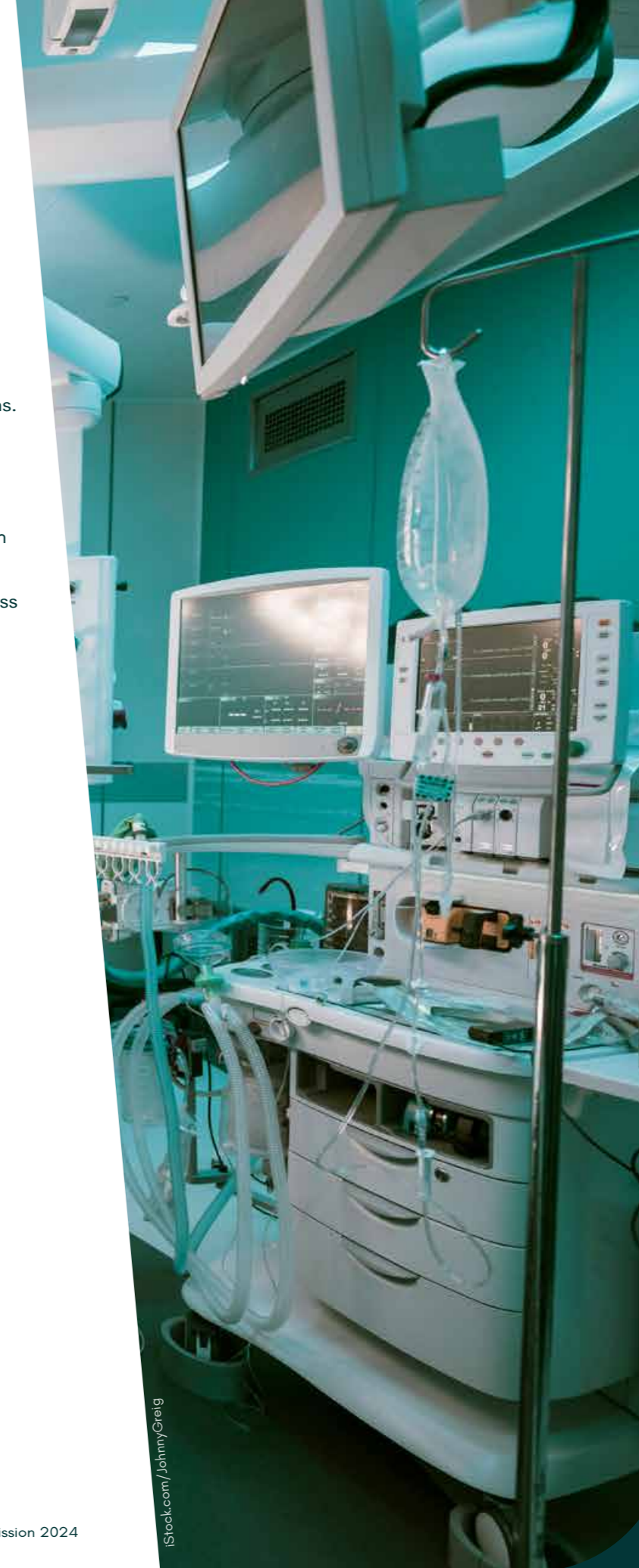
Proteomics (ASX:PIQ) – a medical technology company specialising in the area of proteomics, the industrial scale study of the structure and function of proteins, with applications in predictive diagnostics and bio-analytical services.

SDI (ASX:SDI) – a company focused on the research and development, manufacturing and marketing of specialist dental materials.

This NorthStar Theory of Change addresses UN SDG 3 with a focus on Targets:

3.1, 3.2, 3.3, 3.4, 3.8, 3b, 3d

1. WHO, Medical Devices
2. MTAA Pre-budget submission 2024
3. Worldwide Medical Devices Factbook, MTAA Pre-budget submission 2024
4. MTAA Pre-budget submission 2022/23
5. ABS Disability Ageing and Carers Summary of Findings 2018
6. ABS Disability Ageing and Carers Summary of Findings 2015
7. AIHW Australia's health 2024 in brief





Impact Journeys: Healthcare

Pacific Smiles (ASX: PSQ)

PSQ operates dental centres across Australia, providing accessible and high-quality dental care to local communities. Through their network of clinics, they enhance oral health services, promoting preventative care and improving patient outcomes.

450,000 patients treated

- » **Input:** \$3.8 million invested in dental centre relocations, expansions and refurbishments, as well as technology upgrades and dental centre equipment replacement.
- » **Output:** 128 centres, 543 dental chairs, 764 active dentists.
- » **Outcome:** Better dental health for the community.
- » **Impact:** 538,000 people treated in FY24.

Capitol Health (ASX: CAJ)

- » **Input:** \$17.7mn investment on PP&E and \$1.3mn on software projects; Acquired the remaining 30% minority interest in Lime Avenue Radiology for \$0.9mn and spent \$19mn in capex.
- » **Output:** Replaced 4 MRI's to improve and expand clinical capabilities; 13 radiologist recruitment appointments and graduation of 14 trainee sonographers.
- » **Outcome:** Detection of diseases and conditions to provide a pathway to treatment.
- » **Impact:** Improved health outcomes for patients.

EDUCATION



4%

of **NORTHSTAR'S**
PORTFOLIO



\$107.8
MILLION
invested in
PRODUCT
DEVELOPMENT,
teaching materials,
technology,
PP&E,
intangible assets
and investments



30,000
STUDENTS
benefiting
from access to
HIGHER
EDUCATION,
VOCATIONAL
TRAINING
and **English**
language courses



Over
180
HIGHER
EDUCATION
and
VOCATIONAL
TRAINING
courses
offered



107,046
STUDENTS
placed in
courses of
HIGHER
EDUCATION
GLOBALLY



6
PORTFOLIO
companies



500
YEARS
of
ACADEMIC
PROGRESS



2.1
MILLION
LESSONS
delivered in
small group
tutoring
formats

Impact outputs shown relate to total company impact of all companies and not NorthStar's attributable share of those impacts. Full impact data can be found in the appendix.

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NorthStar Theory of Change: Education

By directing more capital towards the provision of quality education across all age groups, we contribute to better outcomes for students and for society.

“A fundamental promise of an education system is that almost every child who goes to school will learn how to read. Yet recent evidence shows about one in three Australian school students are not mastering the reading skills they need. Australia is failing these children.” - *Grattan Institute Feb 2024*¹

The Challenge

Participation

According to UNESCO data released in 2024, the number of out-of-school children and youth remains at 251 million.² The global out-of-school population has reduced by only 1% in nearly ten years. Globally, completion rates have increased to 87% for primary education and 58% for secondary education. In Australia, the secondary education completion rate is 88% with a target of 96% by 2025 or 96% by 2030.

In 2023 in Australia, 4,086,998 students were enrolled in schools, an increase of 44,486 students (1.1%) compared with 2022.³

Proficiency levels

Despite progress on completion rates, more than half of children and adolescents worldwide (617 million) do not meet minimum proficiency standards in reading and mathematics (UNESCO 2021 data).

In Australia:

- approximately 44% of adults read at literacy level 1 to 2 (a low level)
- 38% of adults read at level 3
- about 15% read at level 4 to 5 (the highest level).⁴

A Grattan Institute report says one-third of Australia’s 4 million school children are being failed by the education system. Students lacking reading skills are more likely to fall behind, disrupt class and end up unemployed or jailed, costing the economy an estimated \$40 billion over their lifetimes.⁵

1. <https://grattan.edu.au/education/>

2. <https://news.un.org/en/story/2024/10/1156366#:~:text=251%20million%20children%20still%20out%20of%20school%20worldwide%2C%20UNESCO%20reports,-31%20October%202024&text=Despite%20decades%20of%20educational%20progress,Monitoring%20Report%20revealed%20on%20Thursday.>

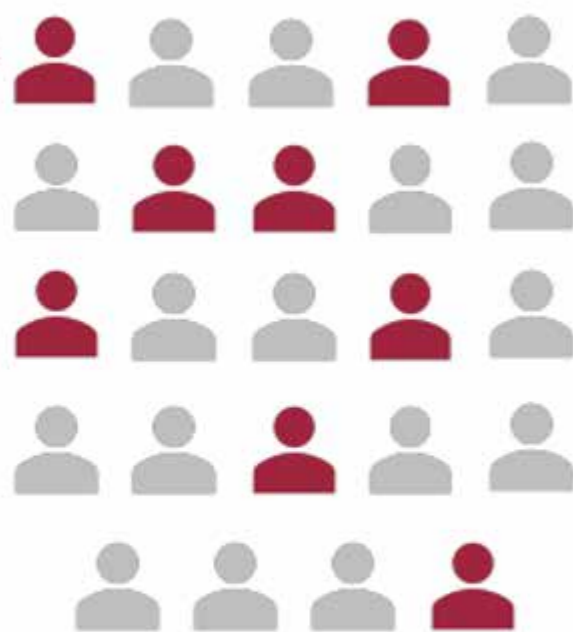
3. <https://www.abs.gov.au/statistics/people/education/schools/2023>

4. <https://www.stylemanual.gov.au/accessible-and-inclusive-content/literacy-and-access>, Sources: Reading level statistics are from ABS (2013). Australian school-level equivalents for each OECD classification level are from ABS et al. (2017).

5. <https://grattan.edu.au/education/>

Figure 1.1: One in three Australian students are not proficient readers
The proportion of Australian Year 3, 5, 7, and 9 students who are **not proficient** in reading, NAPLAN 2023

In the typical Australian classroom of 24 students, **eight** will not be proficient at reading



Notes: Not being proficient includes students who fall within the 'needs additional support' and 'developing' NAPLAN proficiency categories (see Box 1 on the preceding page). Australian primary school classrooms have 24 students on average: OECD (2019).

Source: Grattan analysis of ACARA (2023b)

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Key impact opportunities

Teachers, Skills & Literacy

There should be a strong focus on phonics-based decoding skills in the early years as evidenced by results from England and Ireland.¹ It will require many teachers to stop using familiar but less effective practices, and adopt new, more effective ones.

The Grattan Institute is calling for a commitment to deliver on an objective to teach all Australian children how to read.² It suggests that Australia’s governments, and Catholic and independent school sector leaders, should commit to a 10-year ‘Reading Guarantee’ strategy to meet the reading challenge.

The strategy should include six steps.

- First, they should commit publicly to ensuring that at least 90 per cent of Australian students learn to read proficiently at school.
- Second, they should give schools and teachers specific, practical guidelines on the best way to teach reading.
- Third, they should ensure schools have well-sequenced, knowledge rich curriculum materials and effective assessment tools.
- Fourth, they should require schools to do universal screening of reading skills and help struggling students to catch-up.
- Fifth, they should ensure teachers are equipped to teach according to the evidence through training, new quality-assured micro-credentials, and by creating specialist literacy roles.
- Sixth, they should improve system monitoring and accountability by mandating a nationally consistent Year 1 Phonics Screening Check for all students, and strengthen school and principal reviews.³

Investment

Based on 2021 Census data, there are around 6mn Australians undertaking education and training as follows:

TYPE OF EDUCATION / TRAINING	NUMBER OF PEOPLE
Preschool	484,185
Primary school	2,075,224
Secondary school	1,629,624
University / Higher Ed	1,185,450
Vocational education	601,901

1. <https://grattan.edu.au/education/>

2. <https://grattan.edu.au/education/>

3. <https://grattan.edu.au/wp-content/uploads/2024/02/The-Reading-Guarantee-Grattan-Institute-Report.pdf>

The total sector revenue is \$144.8 billion across 34,111 businesses employing 805,000 people. The growth rate has been only 0.2% p.a. over the past 5 years with significant negative impact from the Covid pandemic. Previously, the sector had been growing at around 3% p.a.

There are opportunities to invest across the sector including preschool operators (see Childcare -Theory of Change), providers of services (i.e. tutoring) and products (educational software) for school-age students, to companies offering access to higher ed and vocational courses.

Small group tutoring

In January 2023, the Grattan Institute published a comprehensive report on the benefits of small group tutoring. Their summary statement is that “high-quality small group tutoring should be embedded in all Australian schools as part of a national drive to close the learning gap between struggling and high-achieving students”.

The key findings in the report include:

- Highly focused sessions delivered about three times a week over at least 10 weeks are the most effective learning interventions available.
- Delivered well, it can add on average an extra four months of learning over a year.
- Evidence suggests small-group tuition is effective for both literacy and maths, and all grade levels.
- If one-in-five students received high-quality small-group tuition in 2023, they would collectively earn an extra \$6 billion over their lifetimes – about six times the annual cost of tutoring programs.

A 2020 review of 96 ‘gold standard’ randomised controlled trials in the US found consistently large, positive results from catch-up tuition on maths and reading across grade levels and a 2017 systematic review examined a range of interventions that

aimed to improve educational outcomes for students from low-socioeconomic backgrounds. Of all the interventions examined, one-on-one and small-group tuition was the most effective.

*Source: Tackling under-achievement: Why Australia should embed high-quality small-group tuition in schools (Grattan Institute, January 2023)*¹

Our impact strategy

NorthStar’s strategy is to invest in companies providing quality education products and services with the aim of:

- Encouraging investment in product development and expansion of geographical coverage.
- Extending the offering of products and services to under-served communities.
- Reducing the number of students in Australia with literacy and numeracy skills below the national minimum standard.

Positive impact investments:

- Kip McGrath (ASX: KME) – Expanding small group tutoring for school-age students, especially those falling behind their peers.
- IDP Education (ASX: IDP) – Providing easier access to higher education and universities.
- Academies Australasia (ASX: AKG) and Nexted (ASX: NXD) – Increased supply of vocational training.
- Schrole (ASX: SCL) – Delivers innovative, HR management software and training solutions for the international and domestic education sector.
- Readcloud (ASX: RCL) – an educational technology offering content to support learning outcomes.

This NorthStar Theory of Change addresses UN SDG 4 “Quality Education” with a focus on Targets:

4.a, 4.b, 4.1, 4.3, 4.4, 4.6

1. <https://grattan.edu.au/education/>



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Impact Journeys: Inclusion, Affordable Housing, Education and Healthcare

AI Media (ASX: AIM)

AIM is a digital media company specialising in creating accessible content through captioning, transcription, and translation services. They enhance communication inclusivity, particularly for deaf and hard-of-hearing individuals, across education, government, and corporate sectors. AI Media's solutions help bridge accessibility gaps, promoting equal access to information and media.

5,500,000 viewers included into entertainment, news and other sources of information delivered via video media

- » **Input:** \$900k invested in property, plant and equipment, \$300k invested in intangibles.
- » **Output:** 116.8mn minutes of iCap network usage, 53.3mn minutes of LEXI usage.
- » **Outcome:** AIM works with the largest global broadcasters with the most amount of reach. In the US, AIM works with the top 6 largest broadcasters who collectively in 2023 had an average of 19m viewers (Most watched TV networks in the U.S. 2023 | Statista) along with major sports leagues; NBA, NFL, MLB and MLS. In Australia, AIM provides captions for Channel 7, Channel 9 and Foxtel.
- » **Impact:** Estimates that AIM reaches approximately 5.5 million viewers (50% of the 11mn US hearing impaired) in the US and 500,000 (28mn x 3.6% x 50%) people in Australia.

Aspen Group (ASX: APZ)

APZ is a property investment and management company specialising in affordable accommodation solutions across Australia. They focus on delivering quality, budget-friendly housing options, from residential communities to holiday parks, supporting diverse needs.

More than 500 people gaining access to good quality, affordable homes, and low average rents maintained for all tenants.

- » **Input:** \$73mn spent on acquiring, refurbishing and developing affordable accommodation.
- » **Output:** Acquisition of 5 new properties: Sierra Lifestyle Village WA (\$4.00 million), an apartment complex at 26 Treatts Road Lindfield NSW (\$3.40 million), 81 apartments at Burwood VIC (\$8.11 million), land in Normanville SA (\$2.56 million), land adjoining Aspen's Highway 1 Park SA (\$1.32 million). Refurbishment of 223 dwellings. Development and sale of 97 new Lifestyle houses and residential land lots. Increased portfolio scale to 5,107 dwellings and sites with an average rent of only \$317 per week.
- » **Outcome:** Provision of additional quality rental accommodation on affordable and competitive terms to low-to-middle income households.
- » **Impact:** Existing buildings reused / recycled, avoiding the waste of demolition and building new. Creation of new small houses that consume less resources. More than 500 people gaining access to good quality, affordable homes, and low average rents maintained for all tenants.

Kip McGrath (ASX: KME)

KME delivers tutoring services across Australia, specialising in small-group and personal tutoring for students who need extra support. With a focus on literacy and numeracy, their tailored programs boost student confidence and academic performance, bridging educational gaps and empowering young learners to achieve their potential.

489 learning centres delivering small group tutoring and improved learning outcomes for students

- » **Input:** \$4.437mn used in investing activities.
- » **Output:** 1.938mn lessons delivered across 489 physical centres and many more online lessons. Average of 75.8 weekly lesson numbers across centres.
- » **Outcome:** Learning outcomes for students delivered by small group tutoring.
- » **Impact:** Over 4,341.37 years of academic progress (assumption from YOY change from FY2023).

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APPENDIX

Additional Impact Journeys from the NorthStar Impact Australian Equities Fund FY24 Portfolio

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Environment

Anteotech

- » **Input:** \$1.1mn invested in PP&E, \$6.3mn R&D.
- » **Output:** Undertook trials with major European car manufacturers for the development of next generation batteries; completed 1,000 charge / discharge cycles of anodes with over 70% energy retention; provided chemical compounds to the world's largest vaccine manufacturer.
- » **Outcome:** Significant improvement in lithium-ion battery cycle life and anode performance.
- » **Impact:** Enabling the development of the next generation of batteries with better performance to accelerate the adoption of EVs.

Close The Loop

- » **Input:** \$9.5mn investment in acquisitions of businesses, including the acquisition of ISP Tek Services. \$10.1mn invested in PP&E.
- » **Output:** Acquisition of feedstock from OEMs and ITAD reducing customer concentration; 260,000 collection points worldwide for inkjet cartridges; tonerplac production.
- » **Outcome:** Positive land and resource outcomes by developing safe and innovative battery collection and recycling solutions.
- » **Impact:** Est. 3,500 tonnes of waste diverted from landfill.

For every million cartridges recycled, 6-8m pounds of waste is kept out of landfill Note: the average laser printer cartridge can be remanufactured 3-4 times, which is estimated to keep 2 pounds of waste out of landfills.

(Data sourced from: <https://ewingrecycles.org/printer-cartridges/>)

Cleanaway

- » **Input:** \$460mn invested, including \$370mn in PP&E . This includes \$160.6mn invested in growth capital expenditure & \$285mn in maintenance capex. Announced the acquisition of Citywide's service solutions waste and recycling business for \$110mn.
- » **Output:** 208kt of containers processed via CDS, 430kt of paper and cardboard recycled, 104ML of waste oil recovered and 23kt of plastics recycled, 245kt of composted organics, 31kt steel and aluminium, 937 Kt waste diverted & 225 GWh generated.
- » **Outcome:** Positive land & resource outcomes and global heating reduction resulting from increased resource recovery, methane capture and renewable energy generated.
- » **Impact:** Total adjusted Gross Scope 1 and 2 CO2 emissions reduced by 65Kt to 1,122kt & 937,000 tonnes of waste diverted.

De Mem

- » **Input:** \$1.55mn invested in PP&E.
- » **Output:** \$1.6mn contract award for the supply of a membrane-based water treatment plant to South 32. Three Build, Own, Operate contracts with Givaudan (Singapore) to supply and operate membrane-based industrial waste water treatment plants worth \$2.1mn, \$800k and \$1.7mn respectively; \$1mn Build, Own, Operate contract with the Selwyn Snow Resort (Australia) to supply and monitor a membrane based waste water treatment and plant, \$2mn Build, Own, Operate contract with an industrial customer in Australia to supply and operate an industrial waste water treatment plant.
- » **Outcome:** Wastewater treatment, regulatory compliance, water/wastewater treatment with a reduction in chemicals and energy usage.
- » **Impact:** Given revenue has increased 19.2% yoy to \$23.407 mn, we can estimate that $25,316\text{kg} \times 1.192 = 30176.672$ of CO2 abated

Envirosuite

- » **Input:** \$2.7mn in PP&E, including investment in revenue generating assets, and monitors and sensors. \$5.4mn cash used in the acquisition of intangible assets, which consists of capitalised product development costs across EVS Aviation and EVS Industrial. Consolidation of EVS water products under the EVS industrial portfolio. \$13.9mn invested in R&D.
- » **Output:** EVS aviation signed 10 new airport sites. However, the number of total sites stayed constant at 188. EVS industrial had 247 total sites, with the addition of 40 new sites.
- » **Outcome:** operational efficiencies that improve the social license of businesses in relation to noise, vibration, odour, dust, air quality and water management.
- » **Impact:** Improved air and water quality; reduced noise, odour, dust, and vibration for hundreds of millions of people in communities near the world's major airports, mines and other industrial hubs. Operate in all the world's major airports and over 1/3 of the worlds airports impacting hundreds of millions of people.

Frontier Energy

- » **Input:** Acquisition of Waroona Energy, a renewable energy project in WA. Initial CAPEX expenditure of \$304 mn.
- » **Output:** Completed Stage One (DFS) for a 120MW solar with 80MW 4-hour battery, including the forecast for future revenue inputs provided by independent energy forecaster, Aurora Energy Research.
- » **Outcome:** Will allow for revenue generation from electricity sales, reserve capacity credits and other essential services in WA's Wholesale Electricity Market, as well as large-scale generation certificates (LGCs) for renewable energy.
- » **Impact:** investment for future fossil fuel energy abatement.

Fluence

- » **Input:** \$200,000 R&D, \$400,000 fixed assets.
- » **Output:** An estimated 32 new MABR units and 12 other major SPS installations (e.g. Nirobox, anaerobic digester, other filtration) on a R12M basis (FLC presentations).
- » **Outcome:** sustainable water, wastewater, and reuse solutions support water preservation and better outcomes for the ecosystem.
- » **Impact:** 173100 ton of CO2 avoided; 245 GWh energy saving per annum; 53bn litres of water recycled; 230bn litres of drinking water produced and 127bn litres of wastewater treated per annum.

Enphase

- » **Input:** \$227mn US invested in R&D, \$15mn USD invested in acquisitions.
- » **Output:** Enphase has shipped approximately 76.3 million microinverters, and over 4.3 million Enphase-based systems have been deployed in more than 150 countries.
- » **Outcome:** Renewable energy solutions to provide solar energy conversion and storage.
- » **Impact:** Est. 56mn metric tons of CO2 prevented from entering the atmosphere.

Mercury

- » **Input:** \$69mn investment in and advances to associates and joint ventures. \$153mn of growth capital for new renewable generation; capital expenditure of \$142mn.
- » **Output:** 4,096 GWh Hydro generation; 6,669 GWh physical sales; 2,622 GWh geo generation, and 2,062 GWh wind generation via 33 partnerships and 19 power stations.
- » **Outcome:** Renewable energy power that does not emit climate warming emissions.
- » **Impact:** Approximately 6.416mn tonnes of CO2 equivalent emissions avoided (estimation from GWh generation numbers).

Meridan

- » **Input:** NZ\$281m investment into PP&E and software assets; \$40mn invested in intangible assets.
- » **Output:** 12,125 GWh of hydro energy generated; 1,440 GWh of wind energy generated; 100% renewable energy generation from wind, water and sun (7 hydro stations, 6 wind farms, and 1 grid-scale solar array underway); 370,000 customer connections, 450,000 trees planted in forever forests.
- » **Outcome:** Hydro, wind and solar energy available for retail usage, decreasing the reliance on fossil-fuel based energy sources, resulting in lower CO2 emissions.
- » **Impact:** ~8.86mn tonnes of CO2 equivalent avoided.

Neoen

- » **Input:** 1,078 M€ used in investing activities, driven by investments in new projects in Australia, Canada, Portugal, Finland, Sweden and France.
- » **Output:** Launched 1.4 GW of new constructions; Electricity generation totalled 7.5 TWh.
- » **Outcome:** Wind, Solar and Storage output that reduces the reliance on fossil-fuel generated energy sources.
- » **Impact:** ~3.26mn tonnes of CO₂-e avoided.

Umwelt Bank

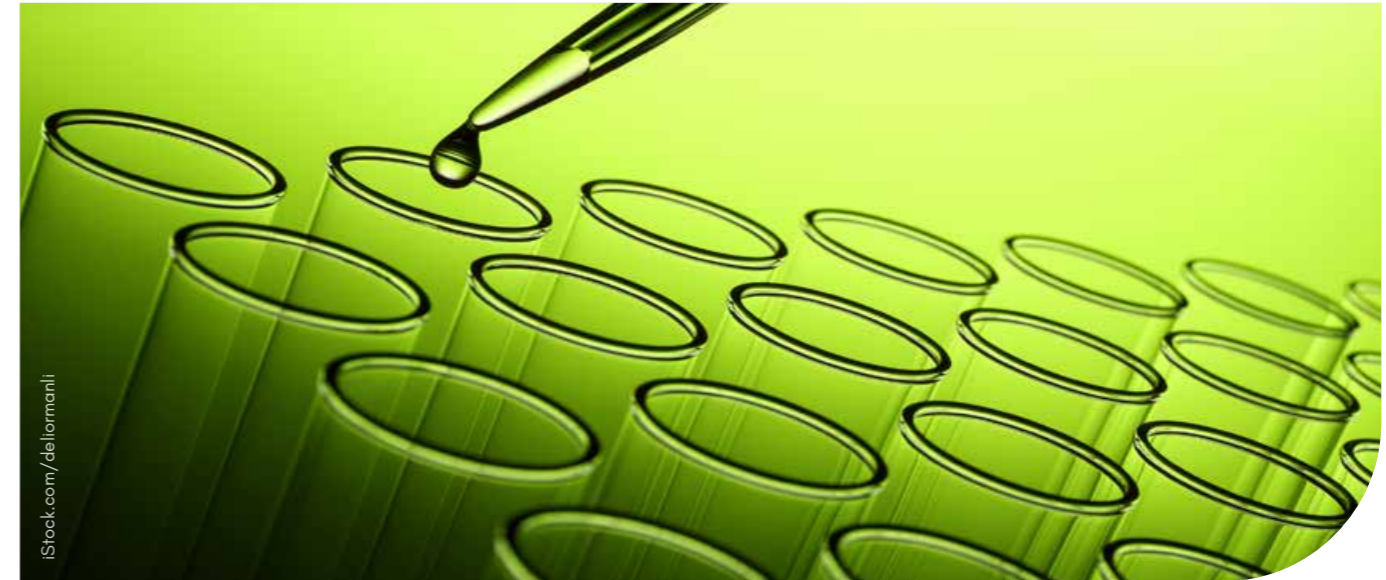
- » **Input:** 3.7bn euro of loans granted in total.
- » **Output:** Funded around 175 sustainable projects with over 450m Euro of new lending capital deployed.
- » **Outcome:** 38,3% ecological and social (private/commercial) real estate, 34,6% solar energy financing and 21,6% in wind power projects and 5.5% in other projects.
- » **Impact:** In 2023, UmweltBank contributed to avoiding over 1,340,493 tonnes of CO₂ in 2023, financed affordable and ecological homes for over 500 people & created 80 care places in schools, daycare centres and nursing facilities. In 2023 the total capacity of renewable energy projects financed was 475 MW. In over 25 years, the bank has financed more than 13,000 solar and 400 wind projects with an installed capacity of over 3 GW.

Vysarn

- » **Input:** \$7.3mn spent in investing activities, including the acquisition of Project Engineering Pty Ltd, provider of managed aquifer recharge systems.
- » **Output:** The removal of a drill rig from the field to receive a compliance upgrade; second Pentium Test Pumping rig contributing earnings from mid-September; executed a successful injection trial setting the business unit up for an expanded service offering in aquifer injection testing. An increase in MAR unit production output by Project Engineering and Execution of large-scale pipeline scoping study by Pentium Water.
- » **Outcome:** Provide end-to-end water management from extraction to disposal, including hydrogeological drilling and dewatering and hydraulic engineering solutions.
- » **Impact:** Improving the quality of life for the community by applying innovative technologies and strategies regarding water management. Currently managing up to 180GL per annum.

Yadea

- » **Input:** \$253mn spent in R&D, \$284mn of fixed asset investment and \$3.9mn invested in intangible assets.
- » **Output:** 16.5 million units of electric scooters and bicycles sold.
- » **Outcome:** Reduction in kilometres past of fossil fuel powered transportation.
- » **Impact:** Estimated greater than ~30mn tons of CO₂ abated from unit sales.



Healthcare

4D Medical

- » **Input:** \$39mn spent on acquisitions, \$156,000 spent on PP&E and \$147,000 spent on purchase of intangibles. This includes the acquisition of Imbio, a leading medical image AI company after a capital raise of \$35mn and \$16.1mn spent in R&D.
- » **Output:** Signing of a teaming agreement with Philips for the commercialised expansion of XV technology within the US Department of Veteran Affairs. US FDA granting clearance for CT LVAS, expanding patient accessibility to 4D Medical's XV Technology.
- » **Outcome:** Increased efficiency and understanding of lung function within patients diagnosed with respiratory diseases.
- » **Impact:** \$54 million investment in PP&E for healthcare outcomes.

Beamtree

- » **Input:** \$67,000 spent on PP&E. \$4mn spent on intangibles.
- » **Output:** Secured their first contract with private hospital sector in Saudi Arabia and four hospital coding contracts in Canada; Launched new digital platform for a Health Roundtable; AI-based deterioration index live in 3 hospitals in Australia and 1 in Hong Kong; working with the UK NHS to explore the formation of an NHS analytics and knowledge network.
- » **Outcome:** Leverages AI and advanced data analytics to increase efficiency and reduce errors in the healthcare industry.
- » **Impact:** Improved clinical outcomes including a reduction in Hospital Acquired Complications (HACS).

Botanix

- » **Input:** \$112,700 spent on PP&E and \$18mn spent on payments for intangibles.
- » **Output:** Two phase 3 clinical studies completed successfully, enrolling more than 700 patients.
- » **Outcome:** Improved health outcomes for adults and children suffering from hyperhidrosis.
- » **Impact:** New treatment available to 10mn people in the US who suffer from primary axillary hyperhidrosis, of which 3.7mn are actively seeking treatment.

Capitol Health

- » **Input:** \$17.7mn investment on PP&E and \$1.3mn on software projects; Acquired the remaining 30% minority interest in Lime Avenue Radiology for \$0.9mn and spent \$19mn in capex.
- » **Output:** Replaced 4 MRI's to improve and expand clinical capabilities; 13 radiologist recruitment appointments and graduation of 14 trainee sonographers.
- » **Outcome:** Detection of diseases and conditions to provide a pathway to treatment.
- » **Impact:** Improved health outcomes for patients.

Clover

- » **Input:** Invested \$2.3mn in PPE, \$2.5mn R&D
- » **Output:** Operates a manufacturing plant for tuna oils and related products in order to deliver encapsulated ingredients for use in infant formula, nutraceuticals, pharmaceuticals, and sports nutrition market; filed for IP of its unique choline powder, which is used in prenatal products and is a required ingredient in infant formula; launched Gelphorm which enables the addition of DHA to milk and plant-based drinks; completed 12-month safety trial for Premneo.
- » **Outcome:** Produced encapsulated products with a proprietary process developed by the CSIRO to enable the addition of omega-3 to infant formula, nutraceuticals, and pharmaceuticals.
- » **Impact:** Improved health outcomes for infants and adults.

CSL

- » **Input:** US\$1,430 in R&D spend. US\$849mn in payments for PP&E. \$409mn in payments for intangible assets.
- » **Output:** Distributed 110 million influenza vaccine doses during FY24. CSL Behring: Rika rollout in 84 centres. CSL Seqirus: FLUCELVAX 6-month + age extension approved in EU, UK, Australia and New Zealand. FLUAD 50-year + age extension approved in the EU. UK Advance Purchase Agreement awarded solely to CSL Seqirus. CSL Vifor: VELTASSA paediatric indication approved in US and EU.

- » **Outcome:** Provides lifesaving therapies to patients in over 100 countries. It Develops develops and delivers innovative medicines that help people with serious and life-threatening conditions live full lives.
- » **Impact:** Saving and/or improving the quality of life of hundreds and thousands of people with rare and serious diseases. >100mn IUs of coagulation factor donated. >5,500 people with bleeding disorders treated, >1600 people with bleeding disorder on prophylaxis, >5,500 acute bleeds treated and 5,500 surgeries supported.

Dimerix

- » **Input:** \$21.1mn in R&D spend.
- » **Output:** Advanced Phase 3 clinical trial for DMX-200, a focal segmental glomerulosclerosis (FSGS) drug; entered into two license agreements for DMX-200.
- » **Outcome:** Interim analysis demonstrated effectiveness of DMX-200 relative to placebo
- » **Impact:** Development of a treatment for FSGS, a disease which can cause kidney failure, with the potential if successful to add years of life to the kidney of the patients and delay dialysis and/or kidney transplant.

Genetic Signatures

- » **Input:** \$1.98mn investment in PP&E, \$3.375m in R&D spend and \$2.81mn in payments for intangible assets.
- » **Output:** FDA Clearance for EasyScreen Gastrointestinal Parasite Detection Kit.
- » **Outcome:** Research and development into the commercialisation of molecular diagnostic tests to aid in the diagnosis of infectious diseases.
- » **Impact:** Timely and accurate diagnosis to limit the spread of the disease; early diagnosis can result in better outcomes and increase accuracy of treatments.

Healius

- » **Input:** Maintenance capex of \$28mn, primarily site refurbishments for ACC's and imaging sites and replacement of aged equipment. Growth capex of \$36mn with targeted spend on site expansions, and higher value modalities.
- » **Output:** 2 new greenfield sites; 4 new MRI services; 2 new hospital sites; 30 new radiologists recruited. Thousands of collection centres; hundreds of pathologists; millions of pathology samples and radiology examinations.
- » **Outcome:** Around 70% of all medical decisions are dependent on pathology, so it is a crucial part of the healthcare ecosystem. It enables detection of diseases and conditions to provide a pathway to treatment and supports clinical decisions across the healthcare system.
- » **Impact:** Improved health outcomes for patients, including in rural and remote areas, with the majority of services bulk-billed through Medicare to ensure access for all.

Integral Diagnostics

- » **Input:** Capital Expenditure of \$23.9mn, with \$9.3mn relating to growth initiatives including \$1mn in the Smith Street expansion at South Coast Radiology.
- » **Output:** Performed over 2.5mn exams.
- » **Outcome:** Improving patient outcomes with non-invasive imaging technology.
- » **Impact:** Achieved Patient NPS (Net Promoter Score) of 84+ in Australia; Served over 1,000,000 patients helping them to access appropriate treatment.

Mayne Pharma

- » **Input:** Completed asset purchase agreement to acquire the global rights to RHOFAGE from Novan, Inc and Epi Health, LLC. \$20mn spent in R&D; \$46.7m in PPE and \$568.6mn in intangibles.
- » **Output:** Five dermatology product launches including the launch of Kapanol 200mg in FY24.
- » **Outcome:** Progress in the development and commercialisation of new pharmaceuticals, offering patients better, safe, and more accessible medicines.
- » **Impact:** 150,000 total patients including 25,601 patients on Anovera, 75,802 patients on Nextstellis, 23,412 patients on Bijuva, 25,261 patients on Imvexxy.

Neuren

- » **Input:** \$33.6mn in R&D.
- » **Output:** 10 clinical trials of commercial and last-stage pipeline for neurodevelopmental disorders; Rett completed to commercial rights; 3 other drugs achieved positive phase 2 results.
- » **Outcome:** Potential solutions for treatment for PMS, PTHS and AS.
- » **Impact:** Over 1,300 initiated and 862 active patients on Daybue therapy to treat Rett Syndrome.

Neurotech

- » **Input:** \$5.2mn spent on R&D.
- » **Output:** Recruited 54 patients with level 2 and Level 3 Autism Spectrum Disorders in a Phase 2/3 clinical trial. Recruited 14 female paediatric patients in a Phase 1/2 clinical trial investigating the use of NTI164 in Rett Syndrome. Recruited 15 paediatric patients a Phase 1/2 PANDAS/PANS trial correct - all reported statistically significant, and clinically meaningful results in FY24.
- » **Outcome:** Develops and delivers innovative medicine for young children so that they can live fulfilling lives.
- » **Impact:** 94 paediatric patients treated with NTI164.

Paragon Care

- » **Input:** Merger with CH2 Holdings and acquired Orbone Health Supplies and Central Healthcare Services. Invested \$6.8mn in PPE & \$12.5mn in intangibles.
- » **Output:** Consolidating to 8 warehouse locations in Australia and expanding New Zealand and Asia. New Mount Waverly facility as a purpose-built manufacturing location for both domestic and export markets.
- » **Outcome:** Aggregated solution to access range of medical devices for healthcare customers across 8 countries in Asia.
- » **Impact:** Safer blood transfusions and better access to medical devices.

Proteomics

- » **Input:** \$400,000 invested in PP&E.
- » **Output:** Appointment of Eurobio Scientific to distribute its PromarkerD predictive test in France. Appointment of sales agency Growth Medics to assist with the identification and selection of EU alliance partners for PromarkerD. Ongoing development of pipeline for novel blood tests for endometriosis, asthma and COPD, oesophageal cancer, diabetic retinopathy and oxidative stress.
- » **Outcome:** Access to a predictive test for diabetic kidney disease which means that early treatment can avoid irreversible kidney damage.
- » **Impact:** Reduce the total cost (\$372bn, 2022) and impacts of chronic kidney disease.

Radiopharm

- » **Input:** \$23mn in R&D,
- » **Output:** Five therapeutic products and two imaging molecules. This includes a first participant dosed in Phase 1 pancreatic imaging study of RAD301, a first patient dose with PD-L1 nanobody in Phase 1 therapeutic Non-Small Cell Lung Cancer trial, and a pilot study in prostate cancer validating RAD's development of first-in-class Terbium-161 radiotherapeutics.
- » **Outcome:** Developing radiopharmaceutical products for both diagnostic and therapeutic uses in areas of high unmet medical needs.
- » **Impact:** Development of advanced cancer treatments if successful.

SDI

- » **Input:** \$1.1mn in R&D. \$10.3mn investment in PP&E and intangibles.
- » **Output:** Secured registration with the European Union Medical Device Regulation ensuring product sales in Europe. Manufactured 11 different categories of dental products.
- » **Outcome:** Innovative dental products resulting in multiple product awards from Dental Advisor.
- » **Impact:** Enable dentists to deliver better health outcomes and improve patient lives.



Community

Academies Australasia

- » **Input:** \$117,000 spent on the purchase of intangible assets, \$160,000 spent on investing in PP&E.
- » **Output:** 18 colleges operated across Australia and Singapore, offering over 180 higher education and vocational training courses.
- » **Outcome:** Vocational and higher educational training for students.
- » **Impact:** "Over 5,000* students benefitting from access to higher education and vocational training courses.

Charter Hall Infrastructure REIT

- » **Input:** During FY24, contracted to acquire a further 2 childcare properties for a combined value of \$10.8mn.
- » **Output:** A social infrastructure portfolio totalling \$2.2 billion including 347 childcare properties (100% occupied) with a value of \$1.7 billion. Achieved an +81 Net Promoter Score, up from +52 and Customer Engagement Index improved to 92, up from 87.
- » **Outcome:** Early development and socialisation outcomes for children; Childcare availability to allow for parent employment.
- » **Impact:** 34,700 (100*347) children gaining early learning education and development; a range of social and healthcare outcomes derived from the life science, emergency services, healthcare, higher education and transport infrastructure. [Contributed to the Goodstart Early Learning Fund which delivered fee-free learning for over 40 disadvantaged families].

Eureka Group

- » **Input:** \$16.97mn invested in property. \$9mn invested in associates, \$42,000 invested in PP&E.
- » **Output:** Investments in Eureka Villages WA Fund which acquired 6 villages (321) units for \$44mn, with an overall portfolio occupancy of 98% as at 30 June 2024. Acquired 14 units in managed villages as part of the individual unit acquisition strategy. Acquired land in Gladstone, Qld for a greenfield development adjacent to the existing managed village.
- » **Outcome:** Provides affordable independent seniors rental accommodation.
- » **Impact:** >2800 people living in affordable, quality housing with resident satisfaction of greater than 83%.

Halma

- » **Input:** 292mn pounds in acquisitions; 107mn pounds in R&D investment
- » **Output:** Eight acquisitions in 2024. One acquisition in the Safety Sector, four in the Environmental & Analysis Sector and three in the Healthcare Sector.
- » **Outcome:** Delivered diagnostic products for cancer, eye health, blood pressure and vital signs monitoring; protected buildings from fire risks; protected lives via the gas sensors; supported eye surgeries; supported worker safety via interlock products; conducted water tests.
- » **Impact:** 50 million diagnostic products per year; 15 million surgeries; Monitor >100,000km of water pipelines; >250mn water tests; >5mn water quality tests; Fire detection products cover >6000 square kilometers of property; gas sensor products protect the safety of >300,000 per per day; 42,000 facilities gain safety from Halma products.

IDP Education

- » **Input:** \$54.2m invested in PP&E, product development and intangible assets. \$21.5mn for acquisition of a subsidiary; \$13.5mn for other investments.
- » **Output:** 1.58m Internationals English Language Testing System (IELTS) tests administered; 98,900 students placed in higher education courses globally, including 40,700 into Australian courses.
- » **Outcome:** Students gaining access to higher education courses.
- » **Impact:** 98,900 students benefitting from access to higher education.

Mayfield Childcare Centres

- » **Input:** \$1.9mn invested in PP&E and business acquisitions.
- » **Output:** 4 centre acquisitions to expand to 39 early learning centres. Over 3000+ registered places.
- » **Outcome:** Provides a safe and secure environment for children to be cared for and educated.
- » **Impact:** Over 3000 children developing basic cognitive and language skills supporting their learnings outcomes.

Nexted

- » **Input:** Investing cash outflows of \$11.4mn, with \$10.9mn investing in the fitting out of new campus facilities.
- » **Output:** Launching 3 high demand international student vocational healthcare courses (aged care, individual support and community services). Launching a substantial Adelaide campus for both domestic and international student operations.
- » **Outcome:** Vocational and higher educational training for students.
- » **Impact:** Educate and inspire more than 25,000 students per year across English language, vocational and higher education sectors.

Readcloud

- » **Input:** \$600,000 spent on the acquisition of intangibles.
- » **Output:** Retention rate of 93% across eBooks and VET-in-schools; 12 new Australian schools onboarded for 3books and 39 new schools for VET-in-schools; launch of training course pilot in Indonesia; 54 enrolments per month for industry training courses; Industry Partnerships established in Childcare sector

- » **Outcome:** Enhanced learning through their eLearning platforms and tailored training solutions; offering Australia's largest range of secondary school vocational training programs across 6 states and territories; achieved high student satisfaction rating with 91% NCVET Student Outcomes score.
- » **Impact:** Better access to learning tools and courses and vocational pathways, including for students in remote and regional locations.

Wisr

- » **Input:** Loan book value of \$770mn; \$2mn invested in plant, equipment and technology assets.
- » **Output:** \$210m in new loan origination; 57% increase in monthly active users of WISR App (North Star estimates >30,000).
- » **Outcome:** More people accessing fairer loan terms and improving their financial literacy and behaviours.
- » **Impact:** 62,200 customers supported, with over 30,000 are 17% ahead of their loan repayments.

If you'd like to discuss anything in this document further, please reach out to Lucy Hames, Head of Investor Relations on lucy.hames@northstarimpact.com.au

Contributions to this document were made by Kerry Series, Claudia Kwan, Lucy Hames, Oliver Chen, Bhanvi Anand, Dave Rae, Jason Dixon and Jay Weatherill.

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The Fund's Target Market Determination is available here: **[NorthStar-Target-Market-Determination.pdf](#)**. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

