



GOOD CORPORATE CITIZENSHIP AND GOVERNANCE

Our organisation is dedicated to good corporate citizenship through an ESG strategy grounded in the King IV™ governance framework, which fosters ethical culture, effective control and stakeholder trust.

We conduct regular materiality assessments to prioritise sustainability issues, implement a green lease programme to promote environmental practices and embed good corporate governance across our operations through comprehensive policies on cybersecurity, data protection and anti-fraud measures. We prioritise the careful handling of confidential information and ensure our management team is accountable for driving our ESG objectives.

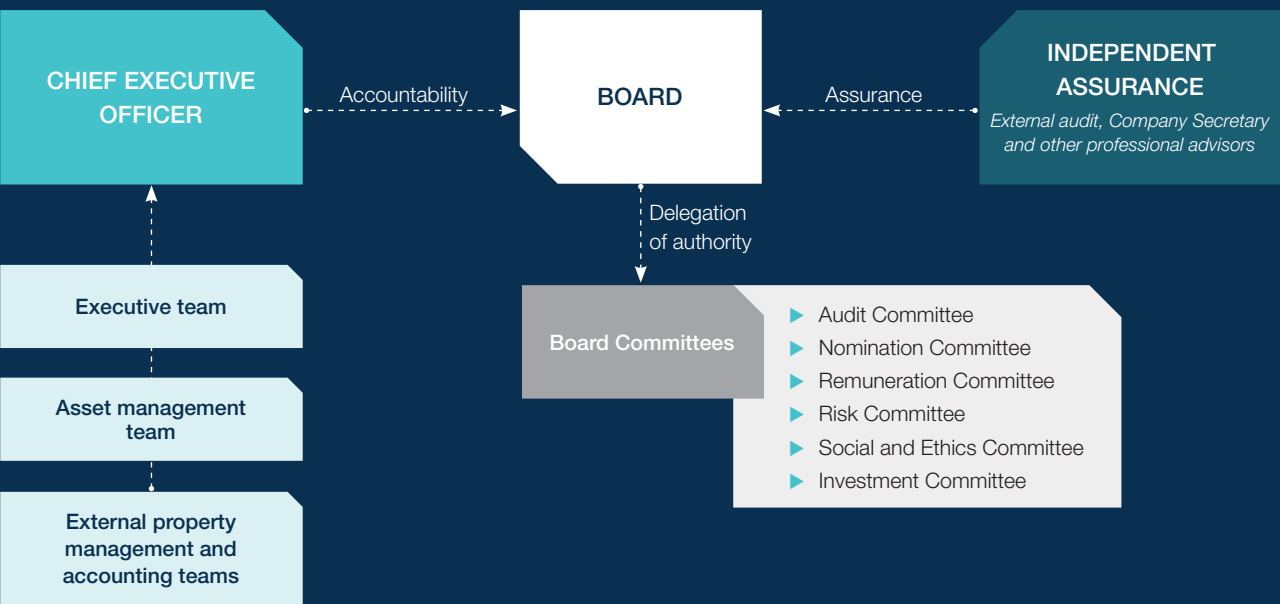
Our commitment includes investing in employee training, adhering to responsible procurement practices and enforcing a supplier code of conduct. We promote diversity and inclusion in our workforce while maintaining a safe working environment for all employees and contractors. By actively engaging with stakeholders, we share our ESG ambitions to foster collaboration and alignment. Through these initiatives, we strive to create positive change and position ourselves as a responsible leader dedicated to a sustainable future for our communities.

GOVERNANCE STRUCTURE

Good governance is crucial to Lighthouse's value creation and builds trust with stakeholders. This chapter details our governance approach, which emphasises adherence to King IV™ principles for transparency, accountability and ethical conduct. The Board of Directors plays a pivotal role as the custodian of governance, approving processes and policies to ensure strategic oversight.

To uphold a robust governance structure, the Board regularly reviews its delegation authority, clarifying roles among itself, its committees and executive management, which promotes balanced decision-making and reduces conflicts of interest. The Board also integrates governance practices into Lighthouse's core values to foster ethical behaviour throughout the organisation.

In summary, our governance framework supports effective management and reinforces our commitment to transparency and sustainability. This enhances our performance and maintains Lighthouse's reputation as a responsible industry leader.



KING IV™ APPLICATION

EXPLANATION OF THE APPLICATION OF KING IV™

Governance outcome one: Ethical culture

Principle 1

The Board leads ethically and effectively.

The Directors hold one another accountable for decision-making and behave ethically. The Chairperson is tasked to monitor this as part of his duties. In accordance with the Board Charter ("Board Charter") and the Code of Ethical Conduct (the "Code"), members of the Board are individually and collectively required to possess the relevant characteristics and exhibit them in their conduct.

Ultimate control of the Company and Group rests with the Board while executive management is responsible for the proper management of the Company and Group. The Board has approved a statement of accountabilities in this regard. The Board is transparent in the way it exercises its governance roles and responsibilities.

Principle 2

The Board governs the ethics of Lighthouse in a way that supports the establishment of an ethical culture.


The Board is the primary body responsible for the corporate governance values of the Group and has accepted responsibility for ensuring that management activity cultivates a culture of ethical conduct. While control is delegated to management in the day-to-day management of the Group, the Board retains full and effective control over the Group.

A formal Board Charter has been adopted. All Directors subscribe to the Code which provides guidance to ensure Directors act with honesty and integrity and always act in the best interest of the Group.

Principle 3

The Board ensures that Lighthouse is, and is seen to be, a responsible corporate citizen.

The Board is the guardian of the values and ethics of the Group and ensures that it is seen as a responsible corporate citizen. The responsibility for monitoring the overall corporate citizenship performance of the organisation is delegated to the Social and Ethics Committee by the Board.

Refer to the report of the Social and Ethics Committee on the Lighthouse website at  <https://www.lighthouse.mt/the-company/#policies> for more information on how Lighthouse addresses responsible citizenship.

Governance outcome two: Performance and value creation

Principle 4

The Board appreciates that Lighthouse's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The Board's primary responsibility is to ensure that Lighthouse creates value for its shareholders. In so doing, it considers the legitimate interests and expectations of stakeholders, which include present and potential future investors in Lighthouse.

Lighthouse sets and achieves its strategic initiatives with reference to its risks and opportunities.

The Board assesses the positive and negative outcomes resulting from its business model continuously and responds to them.

Principle 5

The Board ensures that reports issued by Lighthouse enable stakeholders to make informed assessments of Lighthouse's performance and its short-, medium- and long-term prospects.

The Board is responsible for formulating its communication policy which includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders in its Interim and Integrated Reports to stakeholders.

Lighthouse details its historical performance and an assessment of the organisation's financial, ESG performance and outlook. This, together with other communication, enables stakeholders to make informed assessments of Lighthouse's prospects.

Governance outcome three: Adequate and effective control

Principle 6

The Board serves as the focal point and custodian of corporate governance in Lighthouse.

The Board's role and responsibilities and the way it executes its duties and decision-making are documented and set out in the Board Charter.

At its meetings, the Board considers financial and non-financial, or qualitative, information that might have an impact on stakeholders.

Principle 7

The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board, with the assistance of the Nomination Committee, considers its composition annually. The Board is satisfied there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities.

The Board is committed to actively managing diversity as a means of enhancing the Group's performance by utilising the contribution of the diverse skills and talents of its Directors. The Board has an approved policy on diversity at Board level which requires the Nomination Committee to consider a broad and diverse pool of talent when considering Board appointments.

The Board has not established a target for diversity on the Board. The policy will be reviewed annually to ensure it appropriately facilitates diversity at Board level.

The Board comprises three Executive Directors, one Non-Independent Non-Executive Director and five Independent Non-Executive Directors. Directors serve for a maximum period of three years and are subject to retirement by rotation at the end of their tenure. Directors will then become eligible for re-election by shareholders in a general meeting.

Lighthouse believes that all Board members are suitably qualified and that the composition of the Board is in the best interest of all stakeholders without prejudice to them.

The Directors are individuals of high calibre with diverse backgrounds and expertise that facilitate independent judgement and broad deliberations in the decision-making process.

The Board has established six sub-committees to assist the Directors in fulfilling their duties and responsibilities. Each committee has a formal charter and reports to the Board at regular intervals.

The charters, which set out the objectives, authority, composition and responsibilities of each committee, have been approved by the Board and are reviewed at least annually.

The composition of the sub-committees and the distribution of authority between the Chairperson and other Directors is balanced and does not lead to instances where individual(s) dominate decision-making.

Principle 8

The Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Board assumes the responsibilities for the induction of new Directors to the Board.

The Board of Directors' independence from the executive management team is ensured by the following:

- ▶ Separation of the roles of Chairperson and Chief Executive Officer with the Chairperson being independent
- ▶ The Board being dominated by Independent Non-Executive Directors
- ▶ The Audit, Investment, Nomination, Remuneration, Risk and Social and Ethics Committees having a majority of Independent Non-Executive Directors
- ▶ Non-Executive Directors not holding service contracts
- ▶ All Directors having access to the advice and services of the Company Secretary
- ▶ With prior agreement from the Chairperson, all Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense.

The Audit Committee is satisfied that the auditor is independent as non-assurance services are limited and the audit firm has been appointed with the designated partner having oversight of the audit.

The Chief Financial Officer is the head of the finance function and has financial managers reporting to him. Internal audit is fully outsourced and the Chief Financial Officer is responsible for overseeing and coordinating the effective functioning of the outsourcing arrangement as and when applicable.

An assessment of the effectiveness of the Chief Financial Officer function is performed annually by the Audit Committee.

Principle 9

The Board ensures that the evaluation of its own performance and that of its committees, its Chair and its individual members, support continued improvement in its performance and effectiveness.

After evaluating their performance internally in terms of their respective charters, the Directors are of the opinion that the Board and the sub-committees have discharged all their responsibilities.

Assessments of the performance of the Chief Executive Officer and Company Secretary are conducted annually and no major issues or concerns have been identified.

The Company Secretary maintains an interests register and is available for consultation to shareholders upon written request to the Company Secretary.

All conflicts of interest and related party transactions have been conducted in accordance with the conflict of interest and related party transactions policy and the Code.

Principle 10

The Board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

In terms of the Board Charter, the Board's responsibilities include the appointment of the Chief Executive Officer and the approval of corporate strategy, risk management and corporate governance. The Board reviews and approves the business plans and monitors the financial performance of the Group and implementation of the strategies.

Board members have full and unrestricted access to management and all Group information and property.

A detailed delegation of authority policy and framework indicate matters reserved for the Board and those delegated to management. The Board is satisfied that Lighthouse is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.

The Board has considered the competence, qualifications and experience of the Company Secretary, Stonehage Fleming Malta Limited ("Stonehage") and deemed it fit to continue in the role as Company Secretary for Lighthouse. Stonehage is independent of Lighthouse and the relationship with the Board has been assessed and is considered to be at arm's length.

Principle 11

The Board governs risk in a way that supports Lighthouse in setting and achieving its strategic objectives.

The Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of Lighthouse. The Risk Committee implements a process where risks to the sustainability of the Company's business are identified and managed within acceptable parameters.

The Risk Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing and ever-changing risk profile of Lighthouse's operating environment. Mitigation controls are formulated to address risks, and the Board is kept up to date on progress of the risk management plan.

Principle 12

The Board governs technology and information in a way that supports Lighthouse in setting and achieving its strategic objectives.

The Risk Committee assists the Board with the governance of IT. The Board is aware of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of Lighthouse. The Board is ultimately responsible for IT governance.

The Lighthouse IT function is outsourced to a third-party service provider and is governed by a service-level agreement.

The risks and controls over IT assets and data are considered by the Risk Committee.

Principle 13

The Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Lighthouse being ethical and a good corporate citizen.

A framework of financial reporting, internal and operating controls has been established by the Board to ensure reasonable assurance on the accurate and timely reporting of business information, safeguarding of Group assets, compliance with laws and regulations, financial information and general operations.

The Board reviewed and was satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of legal governance compliance in the Group.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

Principle 14

The Board ensures that Lighthouse remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Lighthouse remunerates fairly, responsibly and transparently to promote the creation of value in a sustainable manner.

The individual Directors' remuneration is disclosed. Lighthouse believes that this disclosure is sufficient and appropriately demonstrates alignment between remuneration and shareholders' returns.

Principle 15

The Board ensures that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of Lighthouse's external reports.

The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.

External audit

The external auditor is required to assess periodically, in its professional judgement, whether it is independent of the Group.

The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditor.

The Audit Committee assesses the performance of the auditor and has satisfied itself on the suitability of the external auditor for reappointment for the ensuing year.

The current auditor, PricewaterhouseCoopers Malta, was reappointed during 2024 (2023: PricewaterhouseCoopers Malta).

Internal audit

The Group does not have a formalised internal audit department. This is primarily due to the majority of property management, brokerage and custodian functions being outsourced to external property managers, brokers and custodians who are subject to periodic external audits and quality assessments.

Governance outcome four: Trust, good reputation and legitimacy

Principle 16

In the execution of its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of Lighthouse over time.

Lighthouse has identified its stakeholder groups and actively balances their legitimate and reasonable needs, interests and expectations.

Lighthouse is committed to ensuring timely, effective and transparent communication with shareholders and other stakeholders.

Responsibility for the implementation and execution of effective stakeholder relationship management is delegated to management subject to Board oversight.

Principle 17

The Board ensures that responsible investment is practised by Lighthouse to promote good governance and the creation of value by the companies in which it invests.

Lighthouse ensures, through active participation and representation, that it exercises its rights and obligations regarding its investee companies.

Sustainability is a key focus area of the Board and is managed in the context of the Group's various investments.

► Additional Corporate Governance documents are available on our website at

 <https://www.lighthouse.mt/the-company/#policies>

► A framework of financial reporting, internal and operating controls has been established by the Board

► The Board confirms that Lighthouse has complied with the provisions of its Memorandum and Articles of Association.