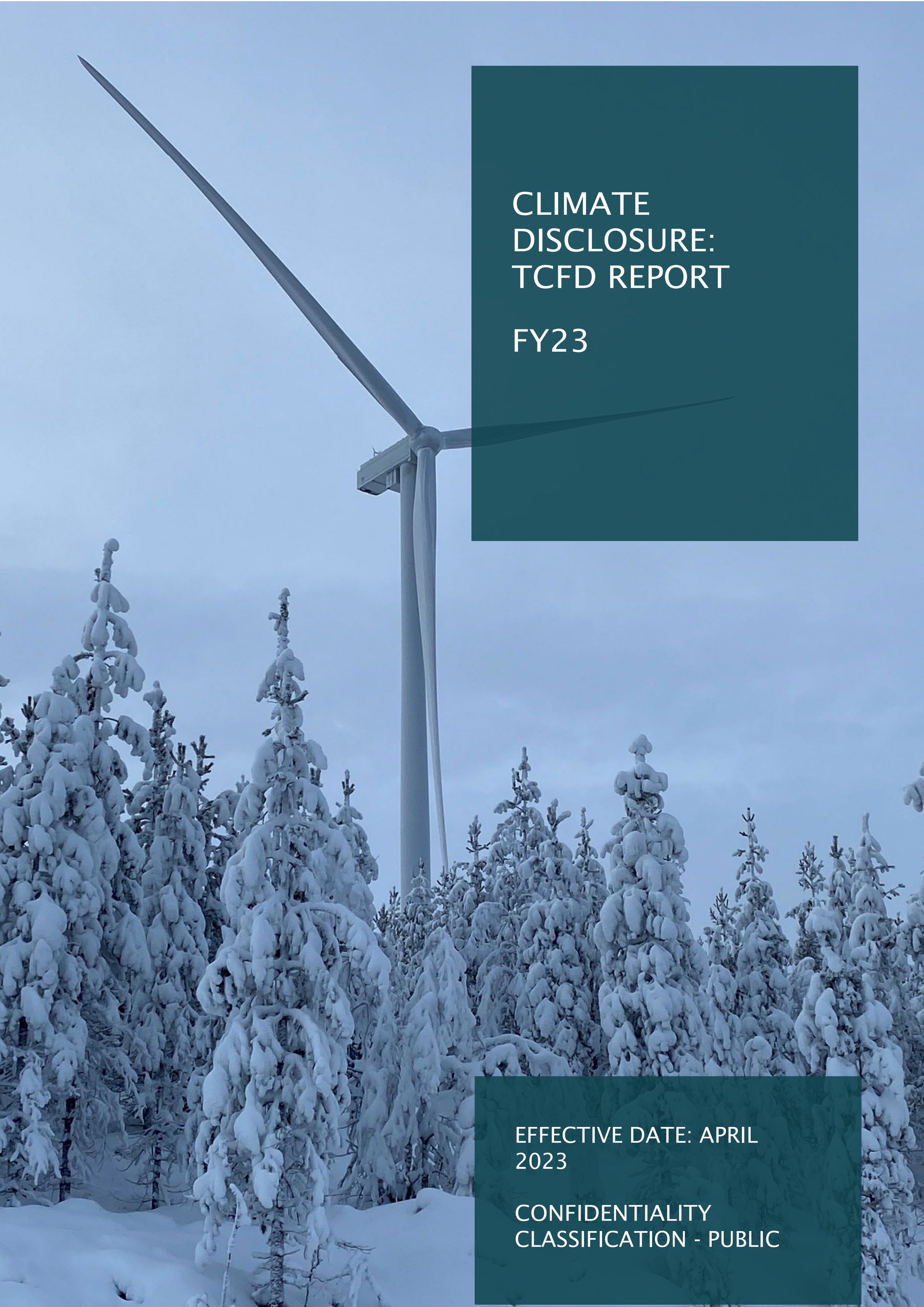


CLIMATE DISCLOSURE: TCFD REPORT

FY23

EFFECTIVE DATE: APRIL 2023

CONFIDENTIALITY CLASSIFICATION - PUBLIC

Contents

Task Force on Climate-related Financial Disclosure (TCFD)

Compliance Statement

The disclosures in our FY23 Annual Report are consistent with the recommendations setting out how Foresight Group Holdings Limited ('Foresight Group', 'Foresight', 'Group') incorporates climate-related risks and opportunities into governance, strategy and risk management. The TCFD summary in the FY23 Annual Report should be read together with this stand-alone Climate Disclosure.

This Climate Disclosure contains additional information on our exposure to transition risk and physical risk. The Group continues to develop its metrics and performance targets to better manage climate related risks and opportunities and achieve full alignment with the TCFD framework. This is an ongoing process that we will continue to strengthen in the coming financial year (FY24). This year was the first time we sought external verification of our internally calculated emissions data, which we will continue to do going forward.

Background

Foresight continues its journey to full alignment with the recommendations of the TCFD. Our stakeholders expect transparency on our climate related risks and opportunities, and our reporting assists understanding of climate change implications for the Group.

This is the third year Foresight have reported progress against the TCFD recommendations and we have structured this update to provide additional insight into governance, strategy, risk management and metrics and targets related to climate change. We report on how we address climate change risks across our businesses and shared services as well as climate change risks in our investment portfolios.

Climate Disclosures for listed AIFs managed by Foresight Group LLP can be found on their respective websites or in their most recent annual reports.[1,2,3].

[1] https://jlen.com/

[2] https://fsfl.foresightgroup.eu/

[3] https://fsfc.foresightgroup.eu/

Summary of the TCFD Requirements

Climate change will continue to be a defining issue for the global economy, financial markets and society in future. Investors will be unable to avoid the impact of climate change but can align their resources to support investment strategies intended to slow, halt and even reverse the rise of average global temperatures.

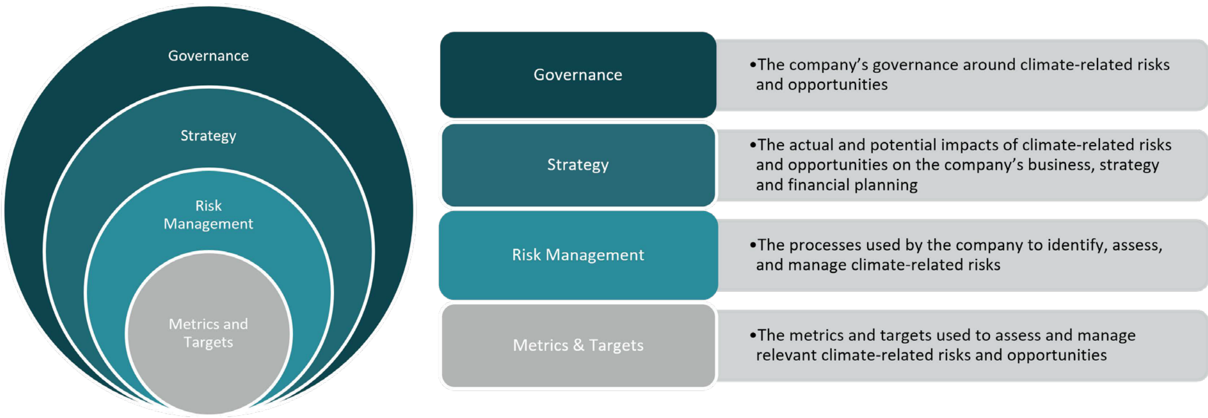
As an asset manager of funds invested in sustainable resources and technology, we are principally concerned with the indirect emissions from our investments and their potential impact on the environment.

We are committed to improving our analyses of climate-related risks and opportunities in order to mitigate the risks and safeguard our clients' investments. The TCFD seeks to provide investors with a common reference framework to assess the comparative approaches of investment firms to climate-related initiatives and reporting.

Climate Disclosures will increase awareness of climate-related risks and opportunities for investors and we support this objective across our operations.

We have also begun to explore how we can utilise the Task Force on Nature-related Financial Disclosures[4] (TNFD) to address the crisis engulfing nature. Measurement and mitigation of nature risk are pillars we are looking to make progress on in the upcoming year. In November 2022 we launched our Nature Recovery Ambition Statement[4] in collaboration with the Eden Project which goes some way to demonstrate our intentions to put nature at the forefront of how we manage our sites and land.

Core Elements of Recommended Climate-Related Financial Disclosures



Source: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)

4 https://media.umbraco.io/foresight/upjf4mww/foresight-nature-recovery-ambition-statement.pdf

Governance

Oversight

The Board of Foresight Group Holdings Limited (the 'Board') continues to assume overall responsibility and accountability for the management of Foresight Group's climate-related risks and opportunities by setting its strategies in that regard, reviewing reports from the business and authorising new initiatives including launching new products or initiating new risk control measures. The Board keeps these reporting obligations under review and receives a regular quarterly report on the company's Sustainability activities. Alison Hutchinson CBE is the board member accountable for the Group's sustainability strategy and performance.

The Board has tasked the Executive Committee with executing and delivering that strategy. Ricardo Piñeiro is the nominated Executive Committee member responsible for Sustainability and ESG matters.

The Executive Committee regularly discusses the potential impact of climate change on our business model and our strategy. The Executive Committee considers climate-related issues when reviewing and guiding significant new business projects, business plans, annual budgets, performance objectives (and monitoring thereof) and when overseeing major capital expenditures, acquisitions and divestments. Our ability to deliver long- term outperformance depends on the climate-related risks and opportunities arising for the investments made on behalf of our clients.

Our governance structure for sustainability

Management Role

Alongside the work on investment risk considerations, Foresight's Risk function is also integrating climate models into the capital stress testing processes, to be reviewed by the Executive Committee as part of the regulatory capital assessment and reported in the Internal Capital Adequacy and Risk Assessment review.

Lily Billings, Head of Group Sustainability, chairs the Sustainability Committee ('SC') which was established in 2018 as a sub-committee of the Executive Committee. Further details of our governance structure are available in both the FY23 Annual Report and our inaugural Sustainability Report, published in July '23.

The Head of Group Sustainability updates the Executive Committee on a monthly basis. The Executive Committee co-ordinates the implementation of the sustainability strategy through the Sustainability Committee and its supporting working groups. The Head of Group Sustainability is responsible for oversight of the Sustainability & ESG Policy.

The nominated Executive Committee member sits as a member of the SC. The Chief Risk Officer ('CRO') leads the Group's overall risk strategy and delegates operational and prudential climate-related risk to the Head of Risk. The Head of Risk attends the SC working groups, which are responsible for the implementation and support of the Group's governance framework and policies.

The Head of Risk chairs the Risk Committee which is responsible for overseeing how our teams manage all risks including climate and ESG risks within our businesses and across our shared functions.

A Regulatory Change Working Group ensures compliance with current climate change regulations such as the Sustainable Finance Disclosure Regulation ('SFDR') and emerging regulations (for example, the TNFD recommendations and the UK Sustainable Disclosure Requirements, or 'SDR'.)

Strategy

Identified Climate-related Risk and Opportunities

The TCFD recommendations set out guidance for review of risks and opportunities arising from climate-related issues. Please find our key climate-related risk and opportunities on the following two pages.

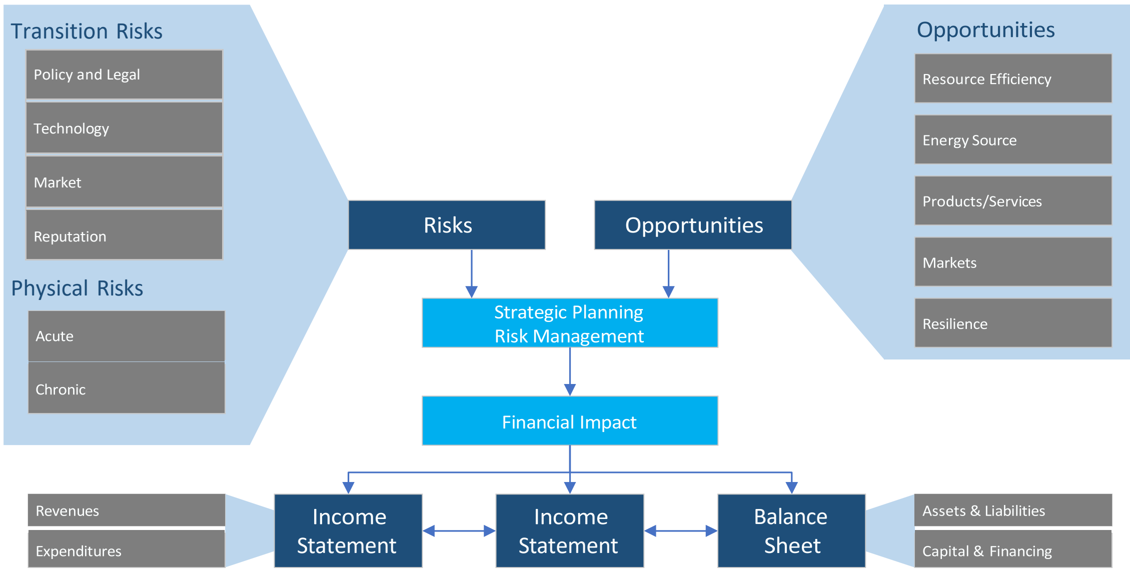
Risk	Description	Risk Category Risk	Risk Type	Likelihood	Horizon	Impact	Response
Changes to power prices	The risk of lower than forecast power prices due to warmer winters or increased renewables deployment. Increased power prices due to short term shocks/ decreased energy supplies from low wind resource or problems in gas supply could lead to governments turning to less sustainable ways of generating energy that are available in the immediate or shorter term e.g. coal	Transition	Market Risk	Likely	0-10+	Strategy, Financial Planning	The majority of assets in the portfolio earn revenues that are not dependent on merchant power sales and various mechanisms are in place to help mitigate the risk of lower power prices. Trends towards less sustainable alternatives to manage short-term power price shocks are on the whole not supported by society, but continued pricing pressure arising from conflicts in countries that affect our energy supply may shift public opinion.
Extreme weather-related events	Extreme weather-related events either chronic (e.g. changing wind patterns, heat stress, rising sea levels) or acute (e.g. storms, heat wave, drought, floods) causing damage to Company and/or Fund assets or negatively impacting their production, significant disruption to operations and/or physical and information resources being disabled or inaccessible.	Physical	Acute, Chronic	Likely	5-10+	Strategy, Company's investments	The physical risks to the portfolio are largely localised and the impact of a single event or limited set of events is deemed to have a negligible impact on the overall portfolio; nevertheless, this is an area kept under close review by Foresight Group. Across some Infrastructure assets, we are looking at how planting methodologies can support with climate resilience (e.g. reducing wild fires during periods of drought, flood resilience etc.) Our continued work to improve our approach to scenario analysis will help us to identify high risk locations and develop localized approaches to extreme weather.
Changes in regulation and government support	Changes to regulations covering activities and businesses in which the Group is already invested. An Example could be where changes to farming regulation impact the Group's agricultural anaerobic digestion operations with the consequence that the projects would no longer meet all the criteria for inclusion in the EU Taxonomy. Government support for short-term energy solutions that negatively impacts the transition to low-carbon future e.g. support for coal, could increase as a matter of political expediency.	Transition	Governance, Regulation, Reputational	Possible	0-10	Strategy, Financial Planning	Given the diversified nature of the assets across the Group's investments, the impact is likely to be limited to a small part of the portfolio. The passage of regulation provides opportunities for industry consultation and the Group keeps abreast of regulatory initiatives that have the potential to impact the profitability of the businesses. The risk over the long term is considered negligible as other avenues or solutions would be found for the asset or technology affected.
Displacement of existing assets with new or other technologies.	As more resources and scientific research are dedicated to achieving net zero goals, technologies could be developed that make current renewables or environmental infrastructure technologies obsolete. An example of this could be fusion power displacing all other forms of energy. Other technologies like nuclear or coal may be prioritised in the short to medium-term.	Transition	Technological	Unlikely	0-10+	Strategy, Financial Planning	It is likely that many new technologies will be developed and the Group is well positioned to invest in new energy solutions once they become proven at scale. It is unlikely that a single solution will be found for all energy needs and if it were, this would necessitate considerable buildout beyond the lifetime of the Group's current assets.

Opportunity	Description	Opportunity Category	Opportunity Type	Likelihood	Horizon	Impact	Response
Increased demand for environmental infrastructure and businesses which support the transition to a low-carbon economy.	Increased demand for infrastructure which helps to balance the intermittent generation profile of renewables – e.g. battery storage. Increased demand for shorter term solutions to reach net-zero by 2050, e.g. CNG refueling stations as a low carbon transport option while other solutions such as hydrogen power are further developed.	Transition	Market Risk	Almost Certain	0-10+	Strategy, Financial Planning	Foresight is well positioned to invest further in environmental infrastructure sectors and emerging technologies that support the transition to a low carbon economy. Please see the sections on Infrastructure and Private Equity for further details.
Increased Governmental support for environmental infrastructure projects	Government policies aimed at facilitating the transition to a net zero carbon economy may subsidise certain technologies to increase their uptake or buildout, creating further opportunities for the Group's investment teams	Transition	Governance, Regulation, Reputational	Likely	0-10+	Strategy, Financial Planning	Government support for emerging sectors can change the risk profile of certain opportunities and open up areas that would otherwise be unsuitable for investment. Our strategy is supported by surveillance of emerging opportunities for investments aligned with opportunities supported by Government policy
Technological developments and buildouts in the environmental infrastructure space	As new technologies become better developed, the Company is well positioned to invest in a diversified range of projects	Transition	Technological	Almost Certain	0-10	Strategy, Financial Planning	Attractiveness of investment opportunities will also depend on the business models as well as the proven nature of the technology. Our strategy is supported by assessment of the emerging opportunities for investments arising from technological innovations
Changes in weather patterns leading to buildout of certain types of environmental infrastructure or business.	Changes in weather patterns could lead to opportunities for new types of infrastructure or further investment into existing categories. An example of this could be flood defence infrastructure in response to increased rainfall or sea-level rise or controlled environment agriculture facilities in response to higher temperatures.	Physical	Physical	Possible	0-10	Strategy, Financial Planning	Foresight has well established relationships at research and development level and with early-stage investee firms focused on renewable alternatives. These relationships provide us with opportunities to invest or provide additional investment in the technologies that will contribute to meeting climate targets.

Analysis Horizons

Foresight continues to analyse short, medium and long-term risks arising from climate change that could have a material financial impact on the Group. Foresight considers short term to be from 0 to 5 years, medium term between 5 and 10 years, and long term to be greater than 10 years. Analysis of climate-related risks and opportunities beyond 30 years is not considered. An exception being the Foresight Sustainable Forestry Company (FSF) which considers a 40 year growing cycle due to the nature of their business.

Climate-Related Risks, Opportunities, and Financial Impact



Source: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)

The key factors that Foresight considers in formulating our approach include regulation, observed changes in climate and climate change impact on extreme weather patterns. Foresight defines a substantive financial impact as one that affects more than 5% of Group Profit Before Tax.

Since 2018, the Group established Executive Committee-level oversight of sustainability, developed an implementation plan and aligned the governance structures around delivery of this plan. The Executive Committee is committed to ensuring there will be sufficient ongoing training and guidance for the Board.

In March 2023, PwC's ESG specialists delivered training to the Board and the Senior Leadership Team on climate and ESG regulations. The session was well attended and actively engaged on by members of Foresight's board, compliance team, head of risk, head of PSC, head of IR and leaders of the different investment streams. Additionally, we delivered training sessions and updates to the boards of Foresight's listed and private Infrastructure funds throughout FY 23, led by the Foresight Infrastructure Sustainability team. Topics including scoped emissions, TCFD and the developing area of sustainability-focused regulation.

These sessions demonstrate our commitment to training and guidance at the highest levels. In future, we will incorporate climate related modules to ensure our service remains market leading.

Currently Foresight staff based in the UK receive mandatory training on a number of areas covering Financial Conduct Authority (FCA) requirements as well as data protection, modern slavery and unconscious bias. In future, we will expand this globally and incorporate climate and wider sustainability related modules to ensure our service remains market leading. Proving our expertise when it comes to handling sustainability mandated, principled, and marketed funds is something we feel we must do.

Impact of Climate-related Risks

Foresight follows the evolving scenarios spectrum closely and was chosen to perform our analyses against the Intergovernmental Panel on Climate Change ('IPCC') Shared Socioeconomic Pathways ('SSP') which are scenarios for socioeconomic global changes up to the year 2100, developed in their sixth Assessment Report ('AR6').

The SSPs are the IPCC's development of the well-known Representative Concentration Pathways ('RCP') to model different climate scenarios. We continue to develop our approach to scenario analysis and are engaging with a consultancy to explore the following scenarios:

SSP	Scenario	Risk Category	Estimated warming (2041–2060)
SSP1-1.9 very low GHG emissions:	CO_2 emissions cut to net zero around 2050. Considered best case scenario if net-zero targets are met.	Physical	1.6 °C
SSP2-4.5 intermediate GHG emissions:	CO2 emissions around current levels until 2050, then falling but not reaching net zero by 2100. Considered 'middle of the road' scenario.	Physical	2.0 °C
SSP5-8.5 very high GHG emissions:	CO2 emissions triple by 2075. Considered worst case scenario.	Physical	2.4 °C
IEA SDS	Assumes a surge in clean energy policies and investment, with broad achievement of net zero pledges, with significant near-term emissions reductions.	Transition	2.0 °C

Transition Risks

Current and Emerging regulation

The newly emerging area of climate-related disclosures is changing rapidly as understanding of what constitutes best practice evolves. There is a risk that Foresight fails to disclose properly against the new requirements or that investors consider disclosures to be insufficient. Compliance team internal working groups are established with respect to new regulatory initiatives in a timely manner.

New and emerging ESG regulations are monitored by our compliance team on an ongoing basis, with additional input provided by the Sustainability Committee and Head of Risk. Our process starts with the requirements from the proposed or finalised regulations and is followed by a gap analysis, planning for measures to address these gaps, and ensuring that the Group decision makers are up to date on how these regulations could impact strategic planning in the future. This area is becoming increasingly important as there is a significant body of ESG and climate-related regulation for financial services. For example, Foresight has followed the progress of the ESG Rulebook, which formalised TCFD and will shortly include rules and guidance for SDR. The SDR guidance was written with the support of external consultants.

It is likely that many of these regulations will impact the asset classes and industries in which we invest. We expect the direct and indirect costs of compliance with emerging ESG-related regulation to be significant for some firms and pose a medium to longer term risk. We believe that the benefits from opportunities for our Group significantly outweigh the costs.

Climate-related risks and other developments relating to current regulation are discussed at the Risk Committee as well as the Sustainability Committee. Findings and recommendations are communicated to the Executive Committee. This ensures that any emerging regulatory issues are communicated to the Board on a regular basis.

The Group engages professional advisers with the relevant skills and experience to assist the Group in their tracking of upcoming regulatory initiatives, in order to support or challenge our own analyses. Failing to address these issues could result in the failure to address meet the needs of our clients in the medium to long term, particularly with respect to their expected returns and volatility, as well as the protection of their underlying capital. This is particularly true of smaller companies, which previously were not expected to report on their environmental impact.

Technology

The Group uses a risk management platform to monitor risks and improve efficacy. Foresight's risk taxonomy looks at the interspecific ESG risks but also considers ESG factors as they contribute to other risks across the Group. Technology can be a significant mitigant against the broader impact of climate-related risks, for example through climate risk assessment tools and better models to assess and price climate risk. Our platform plays a significant role in raising awareness about climate change across the businesses and Group functions, fostering a culture of sustainability.

Renewable-supported technologies

Most of our data-processing requirements and our storage depend on our Cloud service. The service provides us with carbon emissions data, both on our assets and the systems the provider uses to support us. The trend in our data processing carbon emissions is downward, with Virtual Machines and Storage representing the bulk of our emissions. The Cloud service itself is predominantly powered by renewable energy sources (without RECs) and has set a 2025 target for a 100% supply of renewable energy.

Company and Investee Engagement

The group engages with investee companies and assets through active management and stewardship, which often includes board representation, extensive legal rights and by receiving regular management information. Engagement includes, for example, Foresight Capital Management's liaison with management teams and quarterly (proxy) voting disclosures, to applying Infrastructure's Sustainable Investing in Infrastructure paper (SIIP) and also Private Equity's ESG approach and practical guide for its investment managers. Foresight operates through diversified portfolios that spread transition risks and consider the opportunities arising from technological change.

Policy and Legal

Foresight recognises the increased risk of climate change litigation, particularly with respect to those cases that link human rights to poor environmental practices.

Green-washing

In the FCA's 2022 to 2025 Strategy[5], five ESG Key Performance Indicators were set out, including the monitoring of the incidence of misleading marketing for ESG products and a metric relating to enforcement and financial crime, fraud and mis-selling of ESG-related products. The reputational risk associated with non-compliance is significant, given that sustainability is a core pillar of our firm's investment strategy.

Litigation

Litigation arising from environmental damage or negligence is considered to be relatively low. As part of our business model, our ongoing operations are actively committed to understanding, addressing and reducing our emissions on a Group-wide basis. As mentioned above in the section on current and emerging regulation, we ensure compliance with existing regulation as part of our general environmental policy and have a working group to consider new regulations as they arise. The Compliance and Risk functions monitor developments, both in the UK and globally, to ensure that we have a firm understanding of the current and emerging legal issues related to climate change.

[5] https://www.fca.org.uk/data/fca-outcomes-metrics#lf-chapter-id-measuring-the-outcomes-of-our-commitments-our-environmental-social-and-governance-esg-priorities Section 4.9

Market

Events associated with climate change are likely to have a negative impact on market stability, precipitating higher earnings volatility and costs for our investee firms. Shifting supply and demand dynamics for climate- related investment products and services could also be a factor with negative impacts on the Group's earnings.

Supply and Demand	Overall, Foresight considers that the shift in consumer preferences for renewable products and services due to climate change considerations continues to represent an opportunity, particularly as we anticipate that these consumer preferences for climate-friendly products will increase over time.
Price Volatility	Increased costs in investee companies and assets arising from climate-risk mitigation or rapidly changing input prices (for example in energy inputs) arising from climate-event related disruptions to the supply chain can materially affect the valuations of our assets and investee companies.
Sector Concentration	The focus of our investments towards sustainability means that Foresight Group has a natural sector concentration relative to the broader market. Although Foresight's investment universe represents more than a 'pure-play' in renewables and sustainable technologies, we are aware that our exposure to a set of factors (e.g., energy prices, regulatory changes) is more concentrated. Our risk policies and procedures ensure that we consider such factors and make balanced and informed decisions regarding potential concentration risk.

Although the investee companies across Foresight's portfolios are often industry-leading in renewable energy and technology, Foresight continues to engage with the higher carbon-emitting companies to encourage further transition to a low carbon business model.

Reputation

Climate change initiatives are core to our Group strategy. Foresight conducts its business in accordance with ESG principles and is public in this aim. Our compliance with the spirit of guidance and recommendations goes beyond our minimum regulatory requirements. The ESG landscape is changing rapidly and there is increased scrutiny of businesses' claims in this area. Our clients expect Foresight to address climate change issues and remain at the forefront of investment leadership in this space. Loss of reputation can have a significant impact on our business, and a failure to integrate climate change risk into our risk framework could have a significant impact on our reputation.

Negative Stakeholder feedback	Overall, Foresight considers that the shift in consumer preferences for renewable products and services due to climate change considerations continues to present opportunities, particularly as we anticipate that these consumer preferences for climate-friendly products will increase over time.
Third Party Relationships	The Risk Management framework highlights the key reputational risks to management and the Board. One of the biggest reputational risks for us as a Group is being associated with investee companies that are perceived or come to be perceived as being undesirable due to sectoral, environmental, political or societal factors. Our third-party due diligence processes are under review with Critical and Important Business Services being assessed annually.

Where appropriate, the investment teams have access to Bloomberg for ESG ratings, carbon analytic reports and controversies reporting.

Materiality for climate-related risks is determined by business and function risk owners. The scale of impact will vary across operational areas and many of the businesses are well-positioned ahead of the expected continued transition to a sustainable investment environment.

The Private Equity Team invest in a variety of companies across a range of sectors. These companies typically have revenues of less than £30m. Whilst Climate Change will have an impact on the operations and services provided by these companies, it will be one of many factors influencing the decision-making and strategy considered by Foresight Groups' board. The principal areas (products and services, supply chain, R&D investment, physical location of operational facilities) are evaluated regularly, however climate related risks will typically be lower than other risks facing the companies, and it will commonly be the indirect impact of climate related risks that will most affect investee companies (supply chain, global economic environment etc.)

Companies which have a positive impact on the environment are considered well-aligned with the "Local Infrastructure and Environment" ESG theme, under the policy and practical guide that frames the Team's overall approach to ESG. Funds managed by the Team are generalist in nature and consider a company's ability to support the transition to a low carbon economy as a positive consideration in the investment thesis.

Physical Risks

Foresight is regularly engaging with external service providers to understand how best to further integrate these risks into our investment processes.

Acute physical:

Climate change is already impacting many industries, through more extreme weather patterns and storm events. This can manifest as a reduction of yield in some sectors or as uncertainty with respect to expected earnings or planned yield for others. Both of these could present a risk to Foresight in their investments.

Foresight is engaging with a consultancy to analyse how extreme weather could affect our prudential risks. Our existing or potential assets could be impacted by discrete extreme weather events or rising sea levels resulting from climate change. This could impact the valuation of our investment assets.

Chronic physical:

Sea level rise due to climate change represents one of the most pervasive chronic physical risks to coastal areas globally. Some of the invested assets of Foresight are located in areas that are considered vulnerable to physical risks such as Sea Level Rise ('SLR') due to climate change.

Another chronic physical risk that is relevant to continuing operations for both us and investee companies is Global Heating. Permanent changes in temperature can impact, impede or impair the ability of our assets to operate on an ongoing basis. For example, changes in average temperature or more volatile temperatures throughout the year could require an increase the use of heating or cooling capacity at our offices, leading to increased power use or other potentially negative impacts on our ability to continue operations. Likewise, these same impacts will be felt by many of our investee companies, resulting in decreased profitability.

Scenario Analysis: Transition and Physical Risks

Foresight has conducted scenario analysis of its Infrastructure portfolio. The investment division was deemed to be the most material risk area of the Group, due to the nature of the assets and physical land coverage. Scenario analysis allows us to understand and quantify the risks and uncertainties our business may face under different hypothetical climate futures. For the analysis Foresight used the S&P Global Climanomics risk analytics platform.

The S&P Global Climanomics platform is a market leading service that offers a comprehensive climate scenario analysis with asset level granularity. It calculates sector and geography specific physical and transition risks, and climate-related opportunities, across four climate scenarios by:

1. *Integrating terabytes of climate and socioeconomic data on climate-related hazards*
2. *Driving econometric models with hazard inputs and business data*
3. *Translating risk into financial terms to provide decision-relevant insights*

The methodology is publicly available allowing for transparency and accountability[6].

For Foresight the analysis is used to generate a Net Asset Value (NAV) Impact for its Infrastructure portfolio. The asset level outputs can be aggregated by fund, sector or geography, in order to determine decision useful insights to enhance mitigation against climate risks and maximise climate opportunities.

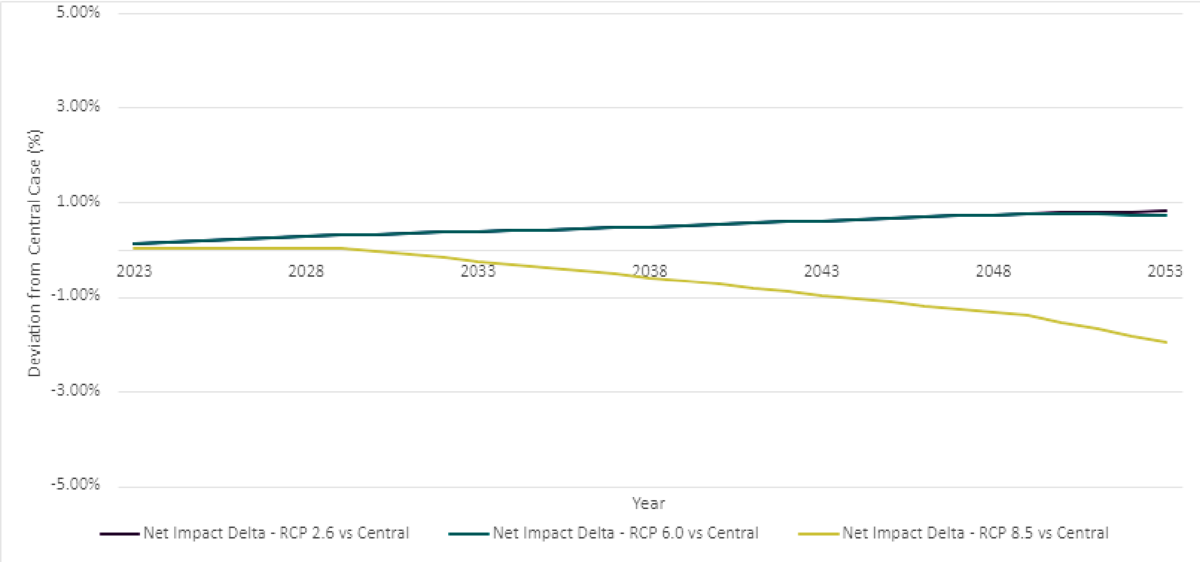
The basis for Climanomics' analysis is the Representative Concentration Pathways ("RCPs") generated by the Intergovernmental Panel on Climate Change ("IPCC"). The RCPs represent a wide range of possible changes in future anthropogenic greenhouse gas emissions ("GHGs") and their impact on atmospheric concentrations of CO2. The RCPs are set pathways for greenhouse gas concentrations and, effectively, the amount of warming that could occur by the end of the century. Whereas the SSPs, mentioned previously, set the stage on which reductions in emissions will – or will not – be achieved. The RCP scenarios are best summarised as:

RCP	Scenario
2.5	assumes that emissions peak early and then fall due to the active removal of GHGs from the atmosphere. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 0.9 to 2.3°C.
4.5	implies coordinated action to limit GHG emissions to achieve a global temperature warming limit of approximately 2°C, wherein global emissions peak around 2040 and then decline by 2045.
6.0	assumes a high GHG emission rate with radiative forcing stabilisation only after 2100. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 2.0 to 3.7°C.
8.5	assumes that no major global effort to limit GHG emissions will be brought into effect. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 3.2 to 5.4°C.

[6] https://assets.marketplace.spglobal.com/SupportLinks/Climanomics_Methodology_Document-598c6ba1-490b-4dcc-89d9-8432228cb57c.pdf

Results:

It was assumed that the RCP 4.5 scenario is the most likely outcome due to the current global emissions trajectory. The below chart shows the assessed potential variations between the central case and the three remaining scenarios:

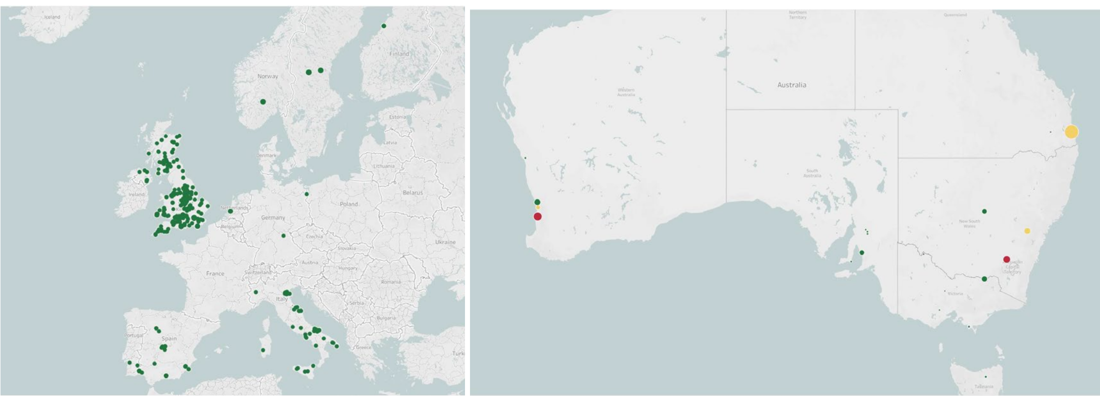


Applying these estimates is assessed to have the following impacts on the Infrastructure division's Net Asset Value ("NAV"), thus informing financial decision making.

RCP 2.6	RCP 4.5	RCP 6.0	RCP 8.5
+0.80% impact on NAV	**Central case**	**+0.72% impact on NAV**	**-1.97% impact on NAV**

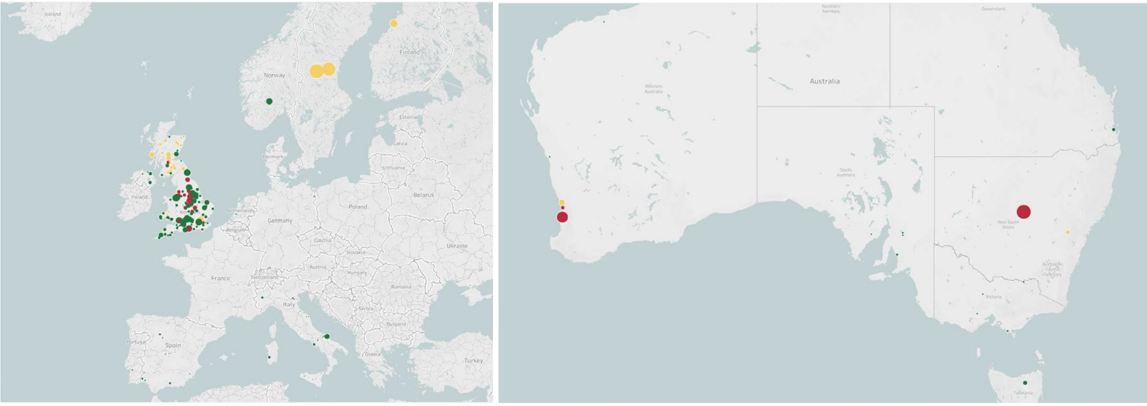
In the RCP 2.6 case the percentage change is positive mainly due to less physical risk, compared with the central case, that our assets face. In the RCP 6.0 case the positive change is influenced largely by opportunities for our current portfolio compared with the central case. Comparing to a central likely case allows us to normalise the findings. We are also able to display this information geographically:

Physical Risk Summary by Location



This map shows expected Physical Risk by asset by 2050 under RCP 4.5 scenario. The size of the circle shows change in absolute value. The shading shows the change in relative risk. Green is <5% (minimal/immaterial), amber is 5-10% (moderate), and red is >15% (material)

Transition Risk Summary by Location



This map shows expected Transition Risk by asset by 2050 under RCP 4.5 scenario. The size of the circle shows change in absolute value. The shading shows the change in relative risk. Green is <5% (minimal/immaterial), amber is 5-10% (moderate), and red is >15% (material).

Climanomics' analysis highlighted that Water Stress exacerbated by Drought and Temperature Extremes has a high potential to cause significant impact to some Australian assets. In addition, Temperature Extremes form the most material risk across the portfolio but the overall Physical Risk to the whole portfolio this risk is low. Regarding Transition Risks, the only significant impact is likely to be Carbon Pricing. However, the impacts of Carbon Pricing is present in more stringent emissions scenarios where the size of the physical risk is lower. Since the IPCC's latest report has confirmed the effectiveness of using regulatory instruments to reduce emissions, there may be increased pressure to implement further Carbon Pricing measures and hence the lower scenarios, where more transition risks are present, may be more likely.

The outputs of the analysis have not led to any strategic planning or yielded any actions yet. This is an element we are working on. The landscape of scenario analysis is evolving quickly, and current assessments are made with the most credible existing frameworks and input data available. Given the very nature of this analysis, limitations remain. However, Foresight Group is committed to using best-in-class methodologies to accurately estimate its performance under different climate futures and will continue making the necessary adjustments as the methodologies progress.

Risk Management

Processes for Identification, Measurement, Management

Foresight has a comprehensive risk management framework overseen by the Risk Committee, which is responsible for overseeing current and potential risk exposures of the Firm and advising the Executive Committee. The Risk Committee has a particular focus on the Firm's key or material risks, and the controls in place to mitigate those risks, including climate-related risks.

The Risk Committee meets on a monthly basis and the duties of the Risk Committee include the oversight of the identification, measurement, management and monitoring of risks and controls. The Risk Committee regularly reviews risks relevant to the Company's investment strategy and to which the Company is, or may be, exposed.

Climate-related risks are considered as a separate topic at the Risk Committee. The Sustainability Committee may also consider risks and opportunities associated with climate change as part of its remit, although it is primarily concerned with setting the guiding principles and strategies of the Company in respect of sustainability matters.

The Board discuss the potential impact of climate change on our business and our future strategy. Key climate change factors include increasing climate change regulation as well as the changes in climate and its impact on forestry, water and extreme weather.

Over the last year, we have made significant progress on the integration of climate risk into our Group risk frameworks and alignment with our Risk Taxonomy.

Climate-Risk Management Processes

Modelling financial risk from climate changes that have broad and far-reaching impacts on the global economy and that may only materialise over long-time horizons is complex. Estimating the potential impact of these risks involves assessing the effect of multiple potential climate pathways and the efforts of reducing carbon emissions over several decades. Foresight has partnered with a specialist to model scenarios that quantify climate change risk and allow us to better understand its impact on its infrastructure funds.

To assess the impact of climate risk for Foresight, internal calculations provide an estimate of the potential financial impact to the Group's capital position if a risk event (or a series of risk events) occurred. Consideration of corollary risk events is important, since it is rarely one event that impacts us; for example, a risk event with a small discrete monetary impact could have significant corollary reputational risk which might affect our ability to raise capital or subscriptions for our funds.

We have partnered with Climanomics to model scenarios that quantify climate change risk and allow us to better understand its impact on the Group. The modelling demonstrated an estimated impact to the Infrastructure division's Net Asset Value ("NAV"). From this analysis we are able to track our key physical and transition risks and opportunities and act accordingly. Integrating these results in our investment process is a potential next step. Continued analysis will be done to monitor changes and Climanomic's methodology will be explored with the Private Equity division to ensure we cover more of Foresight Group's businesses with market leading scenario analysis.

We also do not anticipate the impact of transitional risk to be significant for our capital requirements, as we expect that our businesses will continue to be able to adjust to market repricing and the impact of changes in climate policy, technology and market sentiment over time.

Integration into Group Risk Management Processes

Our investment managers consider climate-related risks in their investment decision making as part of their due diligence and continuing asset management. This includes consideration of the effects of carbon pricing, substitution of existing products and services with lower emissions options and the risks of changes to customer behaviour.

More of our third-party research providers are integrating ESG analysis on a company or sectoral basis, which provides our teams with a wider appreciation of the risks and opportunities in our investments.

Following our analysis and work throughout the year, we are now in a position to take the following steps in the financial year 2024:

- approve our updates to the strategy and our approach towards climate risk at Board level;
- consider further roll out of the in-depth scenario analysis modelling for the wider Group in line with the Infrastructure division's approach;
- finalise the integration of climate risks in Foresight's Risk Management Framework;
- continue to support the investment managers with further tools and more training;
- disclose how the Group is integrating climate scenarios within investment management; and
- ensure all relevant staff are trained on new policies and processes

Metrics and Targets

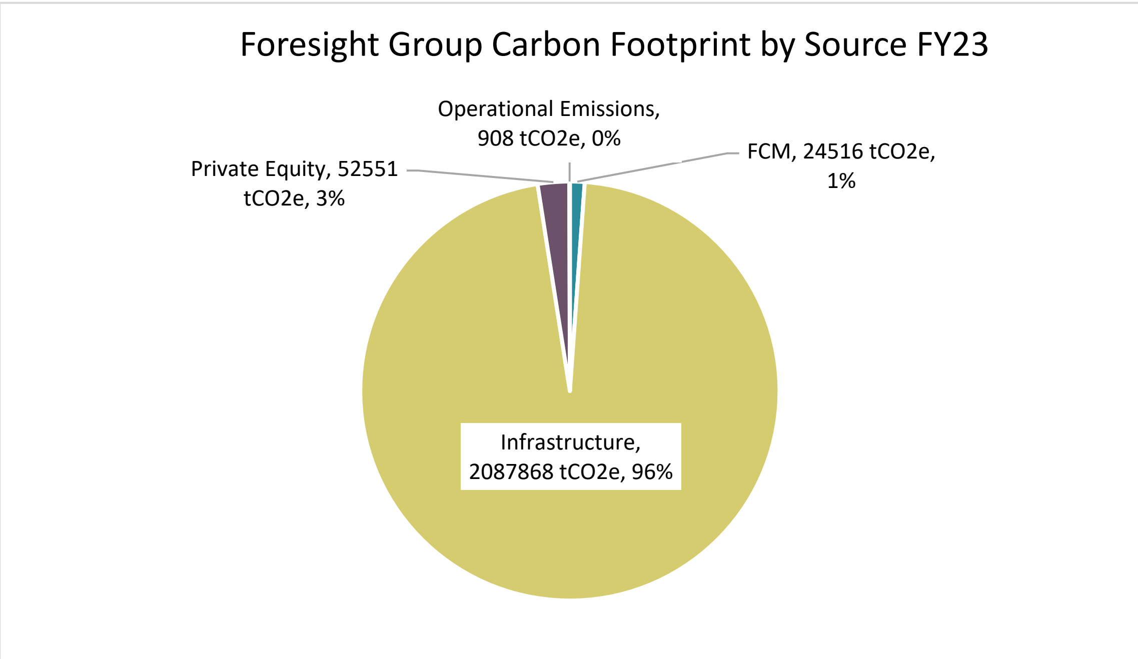
Metric Disclosure

Foresight Group continues to develop our framework for assessing climate-related risks throughout our businesses and the investment portfolios.

This year the Infrastructure division has continued to work with asset managers and portfolio companies to improve sustainability and ESG reporting with a focus on scope 1, 2 and 3 emissions. This has also involved continued internal and external educational projects to better understand the terminology and work required around emissions reporting, emphasising the importance of data accuracy from across the operational portfolio when it comes to Scope 1 and 2 inputs.

At a corporate level, Foresight Group launched our new data management system, PACT in April 2023 to enable us to effectively capture and analyse sustainability data for enhanced reporting, measuring and tracking on an ongoing basis. This same platform is being rolled out for use across the Private Equity division's portfolio companies to support them in understanding their wider sustainability impact and readying them for upcoming emissions reporting regulations and decarbonisation commitments.

In 2023, we continue to disclose our estimated financed emissions using a combination of operational data, PCAF emissions factors and Bloomberg data to summarise our total carbon footprint.



The pie chart outlines Foresight's emissions by source for the financial year 1st Apr 2022- 31st March 2023. We are continuously working on enhancing the accuracy of our financed emissions data. Foresight Capital Management (FCM) uses Bloomberg portfolio updates (which are becoming more accurate with time, such as a significant improvement in October 2022). Private equity will be covered by a combination of PACT (our new data platform) and Partnership for Carbon Accounting Financials (PCAF) data. Infrastructure will continue to use its data management platform Sennen to capture operational data that feed directly into Scope 1 and 2 emissions calculations, meanwhile using PCAF to enable reporting on Scope 3 emissions. The graph shows that financed emissions are by far the most significant source of emissions for Foresight, with corporate emissions representing less <0.1% of financed emissions.

Foresight will continue to monitor financed emissions, improve granular data capture, and look to set achievable and ambitious near, medium and long-term targets.

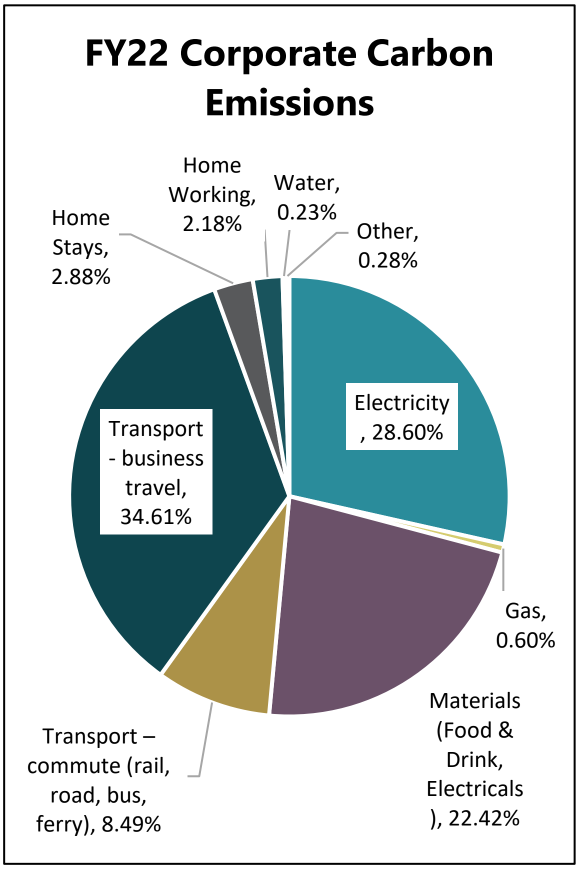
For context, Foresight's Infrastructure Division also measures the emissions avoided by its energy generation assets. In FY23, they recorded 1.3 million tCO2e emissions avoided vs grid and 4.2 million tCO2e emissions avoided vs coal.

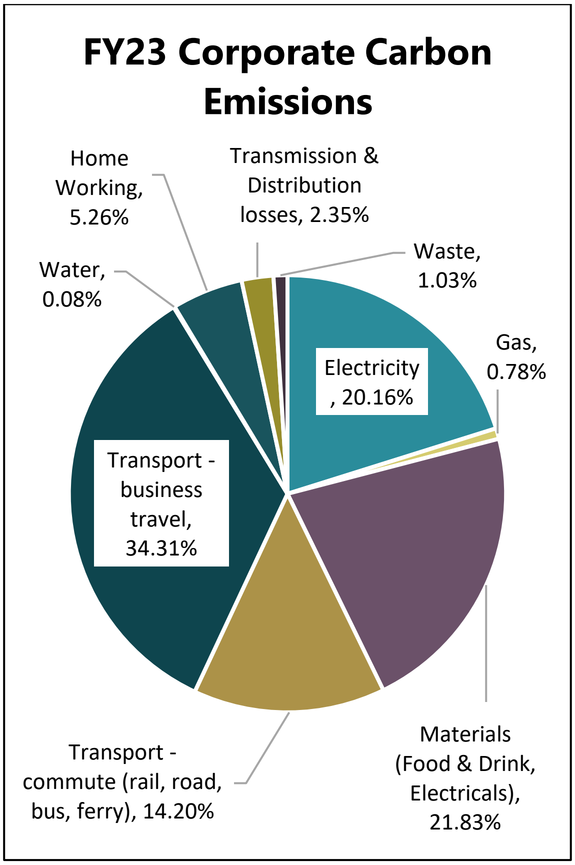
Scope 1,2,3 emissions

Foresight Group's carbon footprint is calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Standard. We collect consumption level data across all our offices which covers energy, waste, water, business travel, staff commuting habits, office and IT equipment, food and office furniture.

In 2023, we completed a carbon assessment to gather carbon data for the financial year. The scope 1,2,3 emission breakdown and comparison of the FY22 and FY23 footprints are outlined in the pie charts and tables below.

Emissions by source





FY22

Scope	Total (tCO_2e)	tCO_2e / £ million revenue	tCO_2e / FTE (End of year 260.5)	tCO_2e / FTE (Year average 250.3)
Scope 1	2.3	0.03	0.01	0.01
Scope 2	72	0.8	0.3	0.3
Scope 3	372	4.3	1.4	1.5
Scope 1+2	74	0.8	0.3	0.3
All Scopes	447	5.2	1.7	1.8

FY23

Scope	Total (tCO_2e)	tCO_2e / £ million revenue	tCO_2e / FTE (End of year 361.1)	tCO_2e / FTE (Year average 313.5)
Scope 1	7.1	0.06	0.02	0.02
Scope 2	183	1.5	0.5	0.6
Scope 3	725	6.1	2.0	2.3
Scope 1+2	190	1.6	0.5	0.6
All Scopes	908	7.6	2.5	2.9

In the financial year 2023, there was a rise in all scope emissions. Partly due to a change in consultancy providers from Rio ESG to our internal platform, the figures have differences arising from scope boundaries and estimation methodologies which mean they cannot be directly compared. However, increase of overall emissions can be attributed to some notable changes, such as the acquisition of ICG Australia, three new offices (Dublin, Sydney and Melbourne), commuting emissions continuing to rebound to pre-pandemic levels, and an increase in business travel due to the distance of Foresight's new Australian business from our other operations as well as a Covid recovery effect in travel.

The higher emission per employee for scope 2 emissions can be partially attributed to a smaller window for office data gathering and hence more estimations were used. For example, due to the lack of energy consumption data for 75% of our offices, we used the US Environmentally Extended Input-Output (USEEIO) 2018 Building Intensity data set from Net Zero Cloud to fill the gaps. This generalised data is less accurate and often overstates the true values and hence it is something we will address by gathering better data from our offices on a quarterly basis.

In future Foresight will continue to use our PACT platform across the Corporate business function and Private Equity investment division for emissions reporting. We will continue to adopt best practice through third party verification of our corporate business emissions (aside from investment emissions at present).

Our data verification this year was supported by a list of recommendations and corrective actions for our platform to enact in the ongoing year. We will combine the upgrades with our ongoing collaboration with our office managers and travel company data providers to improve their data quality. This in turn will improve the overall accuracy of our emissions data.

PACT: Our Data Platform for Group and Private Equity level Sustainability data

In January 2023 we chose Salesforce's Net Zero Cloud, working with PwC as our delivery partner, to build a platform with bespoke elements. The platform facilitates emissions reporting and tracking at both a Group and Private Equity level.

The name PACT means:

- **P**latform
- **A**dvancing
- **C**hange
- **T**ogether

Foresight Group has been able to capture emissions data produced by the Group (scope 1,2, and 3), in line with the GHG protocol. This will ensure a consistent set of assumptions and greater understanding from internal users when setting sustainability targets.

The Private Equity division will provide their portfolio companies with direct access to the platform where the company can capture scope 1,2, and 3 emissions alongside their bespoke fund and company-level metrics. The outcomes are that Foresight will be future-proofing itself for fund-level TCFD disclosures, and the data will be exposed to SMEs by PACT in the form of dashboards.

The summary of the Private Equity emissions will allow the Group to be more accurate on its Scope 3 Financed emissions and hence be able to set targets and track progress against them. We will be gathering data for this output throughout the year.

The platform will be continuously evolving. Initial areas of focus will be incorporating water-based emissions, transmission and distribution losses in the fuel and energy related activities and working on refining our emission factor selection from the Net Zero Cloud defaults to more specific factors using the guidance of Turley.

Foresight Group Holdings Ltd GHG statements (tCO_2e), as follows:

	Foresight Group Holdings Ltd
Reporting Period	**01/04/2022 to 31/03/2023**
Annual GHG emissions (tCO_2e)	
Scope 1	
Emissions from combustion of gas	7.1
Emissions from combustion of fuel for transport purposes	N.A.
Scope 2	
Emissions from purchased electricity - location based	264.8
Emissions from purchased electricity - market based	182.7
Scope 3	
Category 1: Purchased goods and services	197.8
Category 3: Fuel and energy-related activities	21.3
Category 5: Waste generated in operations	10.6
Category 6: Business travel	310.9
Category 7: Employee commuting	176.4
Total tCO_2e emissions (location based)	**989.6**
Total tCO_2e emissions (market based)	**907.4**
Intensity (tCO_2e / FTE)	
Full Time Equivalent (FTE) Employees	**313.1**
Intensity ratio: total location-based tonnes per FTE employee (tCO_2e / FTE)	**3.2**
Intensity ratio: total market-based tonnes per FTE employee (tCO_2e / FTE)	**2.9**
Intensity (tCO_2e / £ million revenue)	
Revenue (£m)	**119.2**
Intensity ratio: total location-based tonnes per million revenue (tCO_2e / £m)	**8.3**
Intensity ratio: total market-based tonnes per million revenue (tCO_2e / £m)	**7.6**
Methodology	**The GHG Protocol**: - A Corporate Accounting and Reporting Standard (Revised Edition) - Scope 2 Guidance - Technical Guidance for Calculating Scope 3 Emissions (v1.0) **ISO 14064 (2019) Part 3 Specification** with guidance for the verification and validation of GHG statements; Annex A: Limited level of assurance verifications **Climate Impact Partners' CarbonNeutral Protocol** (January 2023)

The Group continues to track and report the greenhouse gas savings delivered by all clean energy investments assessed to be contributing significantly to climate change mitigation through net avoidance of carbon emissions and other pollutants.

Targets used by the organisation to manage climate related risks and opportunities and performance against targets

We have appointed a sustainability specialist, Turley, to verify our scope 1, 2 and 3 emissions (excluding category 15, financed emissions). They reviewed our emissions data for FY23 and will ensure we continue our CarbonNeutral ®company certification with Climate Impact Partners.

Turley reviewed our newly launched PACT platform, data, and assumptions as of 2nd June 2023. They confirmed that GHG emissions presented by Foresight Group "are fairly stated and free from material error or omission". Where there was room for improvement this was collated into a report. We will look to incorporate Turley's recommendations and corrective actions, to continually improve the way we collect and report our emissions data.

We are working on producing a Carbon Reduction Plan that we have outlined in our Sustainability Report 2023[7] and appendix B. This will cover short-, medium- and long-term emission goals on energy consumption in our offices, business travel, commuting, accommodation, water use, waste management, material procurement, home working and financed emissions. PACT will help us measure and track these areas to set meaningful and achievable targets.

Regarding category 15 (financed) emissions, in the short term, we will improve data quality across all the investment streams, provide training and stewardship across the asset managers and portfolio companies regarding decarbonization through board representation and by exercising voting rights to influence net zero targets. In the medium term we will look to enhance training further, and in the long term we will expect to achieve net zero emissions, utilize carbon sequestration as a means to offset residual emissions, and further intertwine nature positive interventions and ambition within our overall climate strategy.

We continue to improve our long-term risk planning for the Group. We have incorporated climate change into our group-wide risk framework, and we continue to evolve our understanding of how climate change will impact the Group and our investments through scenario analysis.

[7] https://foresight.group/sustainability-report-fy23

Appendices

Appendix A

The table below is the output from Turley's data verification process conducted on Foresight Group's corporate footprint. This attestation form will allow us to renew our CarbonNeutral ®company certification with Climate Impact Partners.

Scope	Emissions Source Category	Required?	Originally included?	tCO_2e	Notes
1	Direct emissions from owned, leased or directly controlled stationary sources	✓	×	7.1	Gas consumption for Luxembourg not reported so estimated using CIBSE Guide F factor for standard a/c office (178 kWh/sqm)
1	Direct emissions from owned, leased or directly controlled mobile sources	✓	N/a	--	Foresight Group has no owned or leased company vehicles
2	**Location based** emissions from the generation of purchased electricity, heat, steam or cooling	✓	✓	264.8	Recalculated for offices with data gaps (incorrect calculations from floor areas and intensity benchmarks). Dublin electricity supply included (not confirmed to be 100% renewable) but London supply confirmed as 100% renewable
2	**Market-based** emissions from the generation of purchased electricity, heat, steam or cooling	✓	✓	182.7	Recalculated using residual grid mix factors, London electricity zero rated (100% renewable)
3	1 Purchased goods & services	●	×	0.7	Water consumption reported but associated emissions not calculated, now included.
3	2 Capital goods	●	✓	197.8	Recalculated using UK Gov supply chain factors
3	3 Fuel and energy-related activities (not included in Scopes 1 or 2) – 3a Upstream emissions of purchased fuels	●	×	--	
3	3 Fuel and energy-related activities (not included in Scopes 1 or 2) – 3b Upstream emissions of purchased electricity	●	×	--	
3	3 Fuel and energy-related activities (not included in Scopes 1 or 2) – 3c Transmission & distribution (T&D) losses	✓	×	21.3	Not previously reported, now included.
3	4 Upstream transportation & distribution – Outbound courier deliveries of packages	●	×		
3	4 Upstream transportation & distribution – Third-party transport & storage of inbound production-related goods	●	×		
3	5 Waste generated – Wastewater	●	×	1.3	Not previously reported.
3	5 Waste generated – Other waste	✓	✓	9.3	Recalculated using UK Gov emission factors
3	6 Business travel – All transport by air, public transport, rented / leased vehicle and taxi	✓	✓	298.8	Recalculated using UK Gov emission factors and applying AIF=1.6.
3	6 Business travel – Hotel accommodation	●	×	12.1	
3	7 Employee commuting – Employee transport between home and places of work	●	✓	128.7	
3	7 Employee commuting – Emissions arising from employee homeworking and remote work	✓	✓	47.7	
3	9 Downstream transportation & distribution – Third-party transportation & storage of sold products	✓	N/a	--	
3	11 Use of sold products	●	×	--	
TOTAL (tCO_2e) – Scope 2 location-based				**989.6**	
TOTAL (tCO_2e) – Scope 2 market-based				**907.4**	
TOTAL EMISSIONS REQUIRING OFFSETTING				**908**	

Legend: ✓ Required ● Recommended × Not reported N/a Not applicable

Appendix B

The following table is a concise version of our upcoming Carbon Reduction Plan for Foresight Group.

Emissions Category	Short term goals	Medium term goals	Long term goals
Energy: gas & electricity Scope 1 and 2	Energy efficiency policy. Work with leased offices to establish green tariffs. Behavioural change programme.	Install metering across leased offices. IT to upgrade IT infrastructure to reduce energy consumption.	Achieve net zero emissions Utilise carbon sequestration as a means to offset residual emissions Further intertwine nature positive interventions and ambition within our overall climate strategy
Business Travel Scope 3	Inform employees using travel provider of “emissions per travel option”. Work with travel provider to improve data quality. ‘Green Travel Policies	Offer flightless alternatives where possible. Travel provider to make clear the carbon emissions of each travel choice in comparison. Incentivisation programme for business travel and accommodation.	
Commuting (air travel/rail, road, bus, ferry) Scope 3	Green car scheme. (Completed in the UK) Improve data granularity.	Incentivisation of commuting using lower carbon methods. Investigate cycle buying schemes.	
Accommodation Scope 3	Improve travel provider visibility of environmental standard / green certification of hotels.	Include accommodation within business travel policy. Mandate minimum environmental standard / green certification.	
Water use Scope 3	Install efficient fittings throughout offices. Behavioural change programme.	Water efficiency policy. Install metering across offices.	

Emissions Category	Short term goals	Medium term goals	Long term goals
Waste **Scope 3**	Improve granularity of data. Report on waste per FTE and floor area. Employee engagement / 0 waste to landfill. Reduce packaging from office suppliers. Monitor printers to plan for digitalisation.	Responsible sourcing policy (IT, food and drink, stationary). Reduce quantity of waste per FTE. Increase recycling / diversion from landfill percentage. Implement better digital options for staff to reduce reliance on printing.	Achieve net zero emissions Utilise carbon sequestration as a means to offset residual emissions Further intertwine nature positive interventions and ambition within our overall climate strategy
Materials **Scope 3**	Sustainable IT policy. Improve data quality through finance expense systems.	Responsible sourcing policy (for IT, food and drink, stationary).	
Home Working **Scope 3**	Improve data quality and collection methodology.	Incentivise staff to adopt a green energy tariff at home.	
Financed emissions **Scope 3** **(*Category 15 emissions*)**	Improve data quality across the x3 investment streams. Provide training and stewardship across the asset managers and portfolio companies in regards decarbonisation. Exercise voting rights to influence net zero targets – better monitor our engagement.	All investment staff to receive dedicated training in regards to carbon emissions and reporting in addition to wider sustainability and ESG training.	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

FOR A SMARTER FUTURE

FOR A SMARTER FUTURE

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