



Foresight

FOR A SMARTER FUTURE

Sustainable Finance Disclosure Regulation ("SFDR")

SUMMARY

No consideration of sustainability adverse impacts.

Sustainability and consideration of Environmental, Social and Governance (“ESG”) factors lie at the heart of Foresight’s business. We believe that acting conscientiously and investing responsibly are critical to the long-term success of our business and society as a whole. In order to promote market-leading sustainability practices the Infrastructure and Private Equity investment teams have each developed a tailored approach to tracking, measuring and reporting sustainability performance. More about Foresight’s approach to Sustainability in Infrastructure and Foresight’s ESG approach to Private Equity can be found at the links.

For many of its funds, Foresight Group tracks and reports a number of the Principal Adverse Impact (PAI) metrics detailed within the EU Sustainable Finance Disclosure Regulation, meanwhile work is being undertaken to establish how best to report against the remaining PAIs.

PRIVATE EQUITY

ESG assessments are undertaken during due diligence on any new investment. Each initial investment submission to the Investment Committee includes a summary of the ESG due diligence conducted, with a description of any risks and opportunities identified. The private equity team has adopted a five-principle framework, which has been identified by Foresight as the main areas where it is possible to evaluate, monitor and encourage portfolio companies to develop their ESG standards. Over the last couple of years, we have increasingly aligned our investment approach with the UN Sustainability Development Goals (“SDGs”), recognising that small businesses play a crucial role in delivering the targets set under these goals to bring about an end to poverty and protect the planet. More recently, we have evolved our investment strategy further to an outcome-orientated approach that identifies and measures the contribution our companies have towards four systemic challenges based on the SDGs: quality employment at scale, health, research and development, and sustainable, inclusive, local infrastructure and the environment.

For each material risk identified during due diligence, the Investment Manager formulates a mitigation plan and these actions form part of the portfolio company’s “100-day” plan post-investment. Analysis of ESG issues is incorporated into the regular monitoring of all investments. Monitoring includes a particular focus on areas of weakness identified in due diligence.

Foresight takes an active role in improving awareness at its portfolio companies through regular attendance at Board meetings. Foresight holds a non-executive directorship position on the majority of portfolio company boards to influence, support and, where necessary, challenge management to ensure ESG values are maintained.

INFRASTRUCTURE

Investments made by our Infrastructure team support the global decarbonisation agenda and in particular the energy transition. Before any investment is made, and throughout the investment cycle, we evaluate and score the project’s sustainability credentials against a number of sector-specific assessment parameters underlying five predetermined criteria, as part of Foresight’s proprietary Sustainability Evaluation Criteria (“SEC”), which takes into account a wide variety of Sustainability and ESG factors.

We map the sustainability impacts of our energy infrastructure investments against the following SDGs:



Sustainability monitoring and optimisation of our investments is continuous throughout their life. The monitoring processes begin with regular site visits, which are conducted by members of Foresight's Asset Management team and frequently include Board representatives. These visits help ensure an asset's day-to-day performance and sustainability performance are as expected and prepare the asset for the third party environmental, governance and health and safety audits that Foresight conducts annually. Additionally, sustainability KPIs and any incidents are recorded and regularly reviewed against targets set in line with industry standards and best practice.

The parameters used during pre-investment as part of scoring against the Sustainability Evaluation Criteria are re-assessed on an annual basis as a means of monitoring the performance of an asset. Any decline in scores is reviewed and remedial measures implemented in order to bring the asset's overall Sustainability and ESG performance either equal to or above the minimum threshold and, at the very least, in line with the pre-investment scoring.

FORESIGHT GROUP'S REMUNERATION DISCLOSURE

Foresight Group has adopted a remuneration policy designed to ensure that our remuneration practices are consistent with and promote effective risk management. The policy is designed to ensure our remuneration practices do not encourage excessive risk taking with respect to each mandate. As part of this, all risks taken on behalf of investors are considered when making remuneration decisions, including long-term sustainability risks.

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