

# Environmental Policy

Effective: 31 March 2025



Foresight

For the purposes of this document, references to “Foresight”, “Group” and “Foresight Group” shall mean Foresight Group Holdings Limited, together with all its direct and indirect subsidiary undertaking.

# Introduction

As part of the Group's commitment to Responsible Investing, Foresight Group is committed to integrating environmental considerations in our investment decisions to mitigate risks, promote sustainable growth and contribute to the well-being of our planet and future generations.

Material environmental issues include factors such as carbon emissions, water scarcity, and waste management, which can impact financial performance and operational stability of the portfolio through regulatory penalties, reputational damage and physical disruptions from extreme weather events.

As the energy transition gains momentum and the need to deliver on the European Green Deal and the UN's Sustainable Development Goals (SDGs) becomes increasingly urgent, we also recognise our role in investing in solutions to pressing environmental challenges and encouraging sustainable practices across the sectors in which we operate.

# 1 Purpose

The purpose of this policy is to outline the measures Foresight has adopted to manage environmental risks and opportunities within our investment processes and operations.

## 2 Scope

This policy applies to all the Group's employees<sup>1</sup> and to all our investment activities.

## 3 Our Policy

### 3.1 Operations

With regard to the operations of Foresight Group as a corporate entity, we will monitor emissions associated with our office buildings and business travel as the most material areas of our environmental footprint.

We are committed to implementing energy-efficient practices in our offices and employees are required to make all reasonable efforts to:

- Minimise waste through recycling and sustainable procurement,
- Reduce business travel by prioritising virtual meetings and encouraging low-carbon transportation options, and
- As a business, we are committed to reducing our operational footprint and will offset residual emissions, which we have done since 2021.

### 3.2 Investment Approach

Foresight Group's main exposure to environmental risks and opportunities is through our fund assets and portfolio companies.

Our investments support the energy transition and industry decarbonisation, but not all funds managed by the Group have formal sustainability credentials or dedicated sustainability objectives. All funds remain subject to applicable regulatory frameworks and risk management practices, ensuring responsible investment management regardless of their sustainability classification.

In 2024, Foresight conducted a Double Materiality Assessment (DMA) to identify how our operations and investment streams impact the natural environment (impact materiality) and how environmental

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<sup>1</sup> References to "employee(s)" throughout this document shall mean all Foresight full and part-time employees (regardless of business area or location), partners, fixed term contractors and temporary staff.

factors influence our financial performance and reputation (financial materiality). This identified the following as environmentally material topics at Group level:

- Climate change
- Pollution
- Water
- Biodiversity
- Resource use

This has enabled us to devise ways to integrate these topics into our overall risk framework, whilst also exploring opportunities to both mitigate and minimise negative impacts on the natural environment, focusing on:

Material topics					
Topic	Sub-topic	Group	Infra	Foresight Capital Management	Private Equity
E1 - Climate change	Climate change adaptation	Yes	Yes	Yes	Yes
	Climate change mitigation	Yes	Yes	Yes	Yes
	Energy	Yes	Yes	Yes	Yes
E2 - Pollution	Pollution of air	Yes	Yes	Yes	Yes
	Pollution of water	Yes	Yes	Yes	Yes
	Pollution of soil	Yes	Yes	Yes	Yes
	Substances of concern	Yes	Yes	Yes	Yes
	Substances of very high concern	Yes	Yes	Yes	Yes
E3 - Water and marine resources	Water	Yes	Yes	Yes	Yes
E4 - Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Yes	Yes	Yes	Yes
E5 - Resource use & circular economy	Resource inflows, including resource use	Yes	Yes	Yes	Yes
	Resource outflows related to products and services	Yes	Yes	Yes	No
	Waste	Yes	Yes	Yes	Yes

### 3.3 Measures

The following sections describe the measures employees are required to undertake across the various activities in relation to our investment processes.

Employees must understand that to ensure their compliance with this Policy, these processes will differ according to investment division/ asset class and that they must refer to the relevant division's operating guidelines, checklists, process templates and/ or other instructional document(s).

#### 3.3.1 Climate Change

Climate risks are among the most material to the performance and valuation of our investments. More frequent or severe weather events like flooding, droughts and storms may cause direct

damage to assets and disruptions to supply chains. Portfolio companies' financial performance may also be affected by chronic physical risks driven by longer-term shifts in climate patterns, such as changes in water availability and quality, rising sea levels, changing wind patterns and increasing mean temperatures.

Efforts to mitigate and adapt to climate change will also entail transition risks driven by policy, legal, technology and market changes. Depending on the nature and speed of these changes, transition risks may pose varying levels of financial and reputational risk to portfolio companies.

At the same time, delivering on a net zero economy creates numerous opportunities for growth, which Foresight can capitalise on.

Foresight recognises that efforts to mitigate and adapt to climate change involve a combination of measures. Each of our investment divisions will, where applicable:

- Embed climate change considerations in pre-acquisition and due diligence questionnaires and assess activities against our Exclusions Policy.
- Integrate climate change risks and opportunities in investment decisions and the Group's overall risk management framework.
- Regularly monitor portfolio companies and assess their exposure to physical and transition risks and opportunities, taking into consideration different climate-related scenarios.
- Implement a stewardship and engagement strategy that supports the low carbon transition.
- Engage portfolio companies to encourage proactive measures to reduce GHG emissions in line with the goals of the Paris Agreement, address climate-related risks, seize opportunities and support the transition to a sustainable, low-carbon economy.
- Develop and implement in-house tools to enable us to identify and report on the most critical areas for climate change risks and opportunities across our portfolio.
- Contribute to collaborative investor initiatives to accelerate action to tackle climate change.
- Additionally, as a Group, we will report annually on operational and financed emissions, as well as physical and transition risks and opportunities that could affect current and future investment returns, in line with the Task Force on Climate-Related Financial Disclosure (TCFD).

### 3.3.2 Pollution

Some Foresight investments can be dependent on products, services and materials derived from industries associated with air and soil pollution. High emissions from operations, including NOX, SO<sub>2</sub>, CH<sub>4</sub>, CO, particulate matter, dust and other chemicals, affect local air quality and contribute to climate change. Pollution of soil caused by leaching of chemicals and heavy metals through the incorrect storage and handling of raw materials or waste is also a concern, with impacts on health and food security.

The sourcing of raw materials can also be associated with the pollution of living organisms in areas such as mining and heavy industry processing such as steel, battery components and rare earth metals.

Companies that fail to address pollution-related issues may face fines, legal actions and stricter regulations, leading to increased costs and reduced profitability.

Where applicable, Foresight's investment divisions will:

- Ensure responsible practices and adherence to environmental laws on pollution, waste management and the remediation of contaminated land, including the handling, storing, and disposing of hazardous materials to prevent environmental harm.
- Include air, land and water pollution considerations in due diligence questionnaires, regular monitoring and engagement across all investment divisions.

### 3.3.3 Water

Although operations at Group level may have minimal reliance on water as a resource, a large portion of our investment streams have assets that rely on mining, raw material processing, electronics manufacturing and aluminium, which are all water intensive activities. We may also be involved in the construction phase of an asset that has water usage.

In water intensive sectors, pollution from non-sanctioned discharges of process water or chemicals to a waterbody are a risk, particularly in geographies with lower regulatory oversight.

In this regard, each of our investment divisions will, where applicable, embed water-related usage and pollution in due diligence questionnaires, regular monitoring and engagement with portfolio companies, ensuring high standards of regulatory compliance across the portfolio.

### 3.3.4 Nature

Nature, which includes the world's stocks and flows of natural assets, as well as all living things and their biodiversity, underpins the global economy and is essential for human life and societal well-being. Foresight recognises the inextricable link between a healthy planet and a thriving economy. The infrastructure sector, in particular, plays a crucial role in economic development but also poses significant challenges for biodiversity and ecosystem services conservation.

Foresight is committed to responsible land management practices, mitigating the environmental impact of material sourcing and production and the ecological disruption caused by construction activities of infrastructure assets. In this regard, where possible, Foresight's investment divisions will:

- Account for Nature-related considerations, including dependence on natural resources and impact on the natural environment, in pre-acquisition and due diligence questionnaires, regular monitoring and engagement.
- Integrate environmental enhancement, habitat restoration and nature recovery into ongoing site management strategies.

- Comply with existing and emerging legislation, regulations, rules and governmental initiatives in regard to biodiversity, including the Task Force on Nature-related Financial Disclosure (TNFD)<sup>2</sup>
- Develop and implement in-house tools to allow us to identify and report on the most critical areas for biodiversity and natural resources across our portfolio.
- Support initiatives across the business to monetise ecosystem services such as sustainable timber, carbon and biodiversity credits, and sustainable food in compliance with our natural capital strategy<sup>3</sup>.

### 3.3.5 Circular Economy

We are committed to continuous improvement in resource risk management and circular economy principles to ensure the long-term resilience and profitability of our portfolios. Fluctuations in the price of energy, metals, minerals and chemicals used in the production, operation and maintenance of assets within our portfolio can pose financially material risks.

To mitigate these risks and promote responsible resource management, Foresight employs a multifaceted strategy that involves the following, where possible:

- Diversification across sectors and asset classes to reduce concentrated exposure to any single resource or geographical region.
- Engagement with portfolio companies to set up energy, waste and water conservation strategies and encourage the development of products or services in line with circular economy principles.
- Improving our capabilities in data collection and analysis for effective resource management and to ensure compliance with regulations in this area.

## 4 Policy Compliance

### 4.1 Exceptions

Compliance with this Policy is required of all employees falling within its scope. Any questions concerning the content of this Policy or compliance with it should be raised with the Group Sustainability Team.

### 4.2 Non-Compliance

An employee found to have violated this Policy may be subject to disciplinary action, up to and including termination of employment.

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<sup>2</sup> [The Taskforce on Nature-related Financial Disclosures](#)

<sup>3</sup> [Natural Capital Strategy](#)



# Glossary

Terms	Definition
<b>Sustainability</b>	<p>Foresight Group defines sustainability as alignment with the UN Global Compact; this means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Doing so starts with a company’s value system and a principles-based approach to doing business.</p> <p>Please note this excludes cases where a different definition of sustainability is required by jurisdictional-level regulatory requirements, whereby the legal definition would prevail.</p>
<b>Sustainability risks</b>	<p>Is defined as a sustainability matter that triggers or could reasonably be expected to trigger material financial effects on the Group. This is the case when a sustainability matter generates risks or opportunities that have a material influence or could reasonably be expected to have a material influence, on the Group’s development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term.</p>
<b>Adverse sustainability impacts (or adverse impacts)</b>	<p>Refers to actual or potential negative impacts on sustainability factors, such as on people or the environment, over the short-, medium- or long-term which are caused by, contributed to, or directly linked to our business. These impacts include those connected with the undertaking’s own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. Business relationships include those in the undertaking’s upstream and downstream value chain and are not limited to direct contractual relationships.</p>
<b>Circular economy</b>	<p>A circular economy is based on the principles of avoid, reduce, reuse and recycle – this keeps products and materials in circulation rather than ending up as waste. This is distinct from the current global economy where materials are taken from the Earth, used, then disposed as waste – a linear process.</p>
<b>European Green Deal</b>	<p>Approved in 2020, the European Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making the European Union into a modern, resource-efficient and competitive economy while reaching climate neutrality by 2050.</p>

**Nature**

Nature, which includes the World’s stocks and flows of natural assets as well as all living things and their biodiversity, underpins the global economy.

**Responsible investing or ESG Integration**

Means incorporating financially material environmental, social and governance (ESG) factors when making investment decisions and influencing companies or assets (known as active ownership or stewardship).