Building a sustainable *future*

Foresight Group Holdings Limited

Sustainability Report FY24

Foresight

FOR A SMARTER FUTURE

Our purpose

We *invest* to build a sustainable future and *grow* thriving economies.

With decades of experience, our strategies offer investors access to compelling opportunities at the forefront of change. Every day, we are actively building and growing our investments to support the energy transition, decarbonise industry, enhance nature recovery and realise the economic potential of ambitious companies.

Investing in our *future*.

It takes Foresight.

Our employee values

Sustainable **impact**

Achieve with **ambition**

Relationships with **integrity**

Collective **success**

Company credentials

A FTSE 250 Company

Foresight was awarded the Green Economy Mark at IPO. This recognises companies that derive 50% or more of their revenues from environmental solutions.

Front cover: Nature Recovery Blueprint Launch: Plug planting at Branden Victoria Solar Farm, UK, Cornwall, part of Foresight's JLEN portfolio

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www.foresightgroup.eu

Branden Victoria solar site, Cornwall, UK, part of JLEN Environmental Assets portfolio

Chair and CFO's statement

"We remain steadfast in our dedication to ESG due diligence, risk monitoring and client engagement. Together with cross-sector collaboration and partnerships, we are building cleaner energy systems and growing thriving economies."

Foresight[1] sits at the nexus of major industrial development and growth, investing at the forefront of change. As the energy transition gains momentum and the need to support global sustainability targets becomes increasingly urgent, we recognise our integral role in building sustainable solutions and growing better practices across the sectors in which we operate. Our investments play an important role in reducing the world's carbon emissions, improving social infrastructure for businesses and communities, and supporting the long-term growth of ambitious companies, and we are therefore committed to building strong sustainability practice from within the heart of our business.

In no previous reporting cycle have we seen so many references to terms such as "ESG", "sustainability" and "impact" in reports from all of our peers. We have also seen the emergence of frameworks such as the UK SDR, SRS, and EU SFDR, which reflects a collective commitment by the regulators to standardise these concepts.

We welcome this evolution, recognising the importance of standardised reporting to enable comparison, provide for better informed investment decisions, curb greenwashing and foster transparency.

In terms of our own internal evolution, in FY24 we conducted our inaugural double materiality assessment, aligning with global reporting standards.

Our decision to undertake this early assessment was driven by our desire to re-align and scrutinise our sustainability data, to help improve our product disclosures and documentation and thereby empower our investors to make meaningful choices to drive positive change.

Despite the challenges ahead, we believe that adversity often brings blue-sky thinking and innovation. It is estimated that global investment levels must triple to $4.8 trillion annually by 2030 to achieve net-zero targets[2]. With the right frameworks in place, we believe that Foresight is well positioned to facilitate such opportunities, bringing them to the markets that need them the most.

Nearly two decades have passed since Foresight's first investments into solar energy, allowing us to develop extensive expertise in the solar market. Today, our European and Australian teams leverage this knowledge to provide valuable insights into renewable energy systems, green hydrogen, clean technology and natural capital. These efforts contribute to advancing our journey towards a greener economy.

Bernard Fairman
Executive Chairman

Gary Fraser
Chief Financial Officer

80%
of our assets are in investments aligned with the Multilateral Development Banks ("MDBs") list of activities considered universally aligned with the Paris Agreement's mitigation goals.

See more here

1. References throughout this document to "Foresight", "Foresight Group", "Group", "we", "us" and "our" are to Foresight Group Holdings Limited together with all its subsidiary undertakings.
2. Per the Bloomberg NEF "Energy Transition Investment Trends 2024" report published on 30 January 2024.

Business review

Foresight's investment strategies are designed to generate long-term investment returns

Investment

Infrastructure

Our Infrastructure division is one of Europe's and Australia's most established real assets investors, with an investment strategy which focuses on the energy transition, which includes renewable generation, grid infrastructure and hydrogen, and also natural capital, social, transport and digital infrastructure.

£9.8bn

81%
of AUM

60%
of revenue

See more on pages 12 to 13

Foresight Capital Management

Our Foresight Capital Management ("FCM") division applies private market expertise to opportunities in listed markets. The FCM Team and investment approach were established in 2017 to facilitate retail and institutional investors accessing infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds investing in listed securities.

£0.7bn

6%
of AUM

7%
of revenue

See more on pages 14 to 15

Private Equity

Our Private Equity division is one of the most active UK regional SME investors, supporting companies through their own and economic cycles. We partner with promising SMEs across all sectors and deal stages. Each year we review over 3,000 business plans and are currently supporting more than 250 SMEs.

£1.6bn

13%
of AUM

33%
of revenue

See more on pages 16 to 17

Distribution

69%
Institutional AUM

31%
Retail AUM

Office locations

Australia:
- Melbourne
- Sydney

Ireland:
- Dublin

Italy:
- Rome

Luxembourg:
- Luxembourg

Spain:
- Madrid

United Kingdom:
- Cambridge
- Cardiff
- Edinburgh
- Leeds
- London
- Manchester
- Newcastle
- Nottingham

Sustainability at Foresight

Highlights of FY24

As we reflect on the past year, we are pleased to share the key sustainability highlights that underscore our commitment to responsible and sustainable growth.

Foresight Sustainability Forum

In May 2023, Foresight hosted its inaugural Sustainability Forum. Taking place at the Eden Project in Cornwall, the event forms a key part of our sustainability partnership with Eden.

International leaders and experts in sustainability, came together to explore pathways for optimising capital towards the net-zero journey, the cascading effects of the energy transition and how technology can help avert a global food crisis.

Showcasing the importance of cross-sector collaboration, the event highlighted how businesses like ours can better support global climate and biodiversity targets.

Key speakers included Chris Skidmore MP, Lord Deben (Chair of the Climate Change Committee), and Jamie Burrows (Founder and CEO of Vertical Future). With positive feedback and strong industry engagement Foresight is looking forward to hosting its next Forum in October this year.

Read more about the Sustainability Forum:

See more here

Foresight's Sustainability Forum 2023 at the Eden Project, Cornwall, UK

Sustainability at Foresight continued

Highlights of FY24 continued

Amos Bursary – Internship programme supporting a diverse workforce

In August 2023, we introduced Foresight's first departmental internship programme with the Retail Sales team and The Amos Bursary ("AB"). The AB is a charity that supports talented students of African and Caribbean heritage who attend state schools, with academic and professional opportunities. The aim of the initiative was to connect Foresight with skilled university leavers who we might not necessarily have been put in contact with through our traditional recruitment channels, providing a more diverse pool of candidates. This opportunity therefore aligned with Foresight's Employee Value Proposition "Succeed Today, Shape Tomorrow" and core business values, as well as our commitment to driving DE&I across the business, and the Retail Sales team's vision to create positive change in the community.

Munye Abrar, our selected intern, worked with the Retail Sales team for 12 weeks over the summer period. Following a successful few months at Foresight, we were delighted to offer him a permanent Business Development Associate role. The Retail Sales team is implementing this internship model again in summer 2024, this time offering the opportunity to undergraduate students looking to gain work experience in the investment management sector.

UK SDR working group

In FY24, we put focus on developing our products and services to comply with the upcoming UK Sustainability Disclosure Regulation ("SDR"). This internal working group is chaired by the Group Head of Sustainability and includes functions such as Compliance, Risk, Governance, Marketing, IR, all investment streams and Retail Sales. The working group has provided training on the anti-greenwashing rule, labelling, and naming and marketing rules.

It has also conducted an anti-greenwashing verification exercise to check all retail funds and related marketing material to ensure compliance with the incoming regulations.

Development of Foresight Nature Recovery Blueprint

In collaboration with our Sustainability Partner, the Eden Project, we launched a Nature Recovery Blueprint. This initiative aims to guide land managers, developers, asset managers and operators in implementing nature-positive management practices. While initially focusing on solar sites, the blueprint is designed to be applicable across various asset types, including wind, forestry and pumped-storage hydro. By providing actionable insights, we hope industry peers will use this guidebook to enhance the monitoring, management and implementation of biodiversity actions across the renewables sector.

The initiative began in 2023, with Eden identifying a suitable Foresight solar site to pilot the scheme. To celebrate the blueprint's launch, we revisited this site and participated in Natural England's pioneering butterfly conservation initiative. This event brought together 18 individuals from the public and private sectors to create vital habitat corridors for the endangered Marsh Fritillary butterfly.

Working with Eden we hope to put the blueprint into action across more of Foresight's global asset types.

To find out more or download the blueprint click here

Founding member of Place Based Impact Investment Network

In September 2023, Foresight Private Equity became a founding member of the Place Based Impact Investment ("PBII") Network, set up by The Good Economy ("TGE"), the Impact Investing Institute and Pensions for Purpose.

The PBII's purpose is to collaborate between local authorities and institutional investors to find financing solutions to help places across the UK. During the year, Foresight Private Equity attended regular member events to discuss how the group can work together to understand each other's needs to support successful place-based investing.

Participation included contributing towards the TGE's report (commissioned by the Greater Manchester Pension Fund) on the efficacy of their impact investment portfolio. TGE featured several case studies on the positive outcomes Foresight's regional companies, ABL Health and Argyle, have delivered. This industry engagement shows Foresight's determination to foster regional responsible growth.

Release of FCM's Stewardship Framework

FY24 saw FCM work diligently to expand our stewardship approach. Highlights of FY24 included the formal release of FCM's Stewardship Framework, which outlined the team's approach to voting and engagement, and the onboarding of new engagement software enabling FCM to track, monitor and report these engagements. Importantly, the team will also soon be releasing its inaugural Stewardship Report, detailing its active ownership throughout FY24. Furthermore, FY24 saw FCM proactively engage beyond its investee companies to drive positive outcomes across the sustainable investment sector. These engagements included participating in industry working groups on SDR and writing letters to HM Treasury over regulations governing fee disclosure. Pleasingly, the increased sophistication of FCM's stewardship processes was recognised by independent entities including the UN PRI. In Foresight Group's 2021 UN PRI assessment, FCM scored 3/5 stars for our voting and engagement processes. By contrast, in Foresight Group's most recent 2023 assessment, the team was delighted to see our progress reflected in the Company's 5-star score across the "Policy, Governance and Strategy" sector.

Sustainability at Foresight continued

"During FY24, we have become more sophisticated in how we manage sustainability from both Group reporting and within investment processes. We have conducted a double materiality analysis based on ESRS and ISSB which will be our stepping board in how we assess, manage and monitor sustainability impacts, risks and opportunities. We look forward to the coming year of accelerating our work in sustainability in pace with the continuously changing landscape."

Åse Bergstedt
Acting Head of Sustainability, Foresight Group

Our commitments

During the year, we conducted a double materiality analysis, highlighting the most material sustainability topics for us as a Group and also at a divisional level. We have further driven sustainability initiatives at a Group and investment division level, on topics ranging from People and Culture to Biodiversity (read more about these in "Highlights of FY24"). We are committed to continue taking the actions needed to decrease negative impact, mitigate risks and capture opportunities, while staying up to date with developing sustainability regulations.

During FY25, Foresight will:

- Review and enhance processes for ESG due diligence, monitoring and engagement across the investment streams, reflecting Foresight's material sustainability topics and broader regulatory requirements.
- Enhance the Group Enterprise Risk Management ("ERM") framework by integrating identified risks from the double materiality analysis.
- Enhance our Group Sustainability team function, ensuring we have the skillsets and resources in place to meet the evolving regulations and business needs.
- Identify which of our funds require a sustainability label and ensure those funds secure the appropriate sustainability label.
- Ensure all our communications referring to sustainability are in line with the SDR anti-greenwashing rules.
- Continue to review and enhance disclosures and reporting for all our funds falling under SFDR and SDR.
- Continue to work towards our stated objectives on diversity and inclusion within our own workforce, confirming that our disclosures are in line with the FCA consultation paper on diversity and inclusion.
- Publish an overarching Group Code of Conduct.
- Apply the updated UK Corporate Governance Code 2024 at Group level.
- Publish fund-level TCFD reports for applicable funds.
- Advance Group-level TCFD reporting by expanding the scenario analysis to include Private Equity and Foresight Capital Management divisions.
- Develop carbon reduction targets/climate transition plans for relevant funds or portfolios of investments.
- Continue to evaluate the feasibility of a Group-level carbon reduction/transition plan.
- Continue to evaluate whether to include climate-related KPIs for employees as part of the remuneration strategy.
- Further develop the Group-level exclusion list for investments to be aligned with Foresight's sustainability focus.
- Initiate Group-level human rights due diligence process, and review and enhance existing processes at the investment division level where needed, to align with OECD Guidelines and UN Guiding Principles.

For the report for FY25, we intend to integrate the Sustainability Report in the Annual Report, and report and enhance data collection to align with ISSB and upcoming UK Sustainability Reporting Standards ("SRS"). Over the medium term we aim to advance our reporting to meet the Corporate Sustainability Reporting Directive ("CRSD") by using the European Sustainability Reporting Standards ("ESRS").

Sustainability at Foresight continued

"In my role at Foresight I am responsible for the Group's sustainability strategy and performance. Through this I am able to draw upon my current experience as CEO of fintech charity, The Pennies Foundation, and my broad experience in executive and non-executive roles in retail, IT and financial services."

Alison Hutchinson, CBE
Senior Independent Non-Executive Director

An interview with Foresight's Senior Independent Non-Executive Director, Alison Hutchinson, CBE

Alison shares her perspective of how Foresight is adapting to maintain its leadership position in driving the sustainability transition through its investment strategies, people and culture.

Can you tell us about your role at Foresight?

In my role at Foresight I am responsible for the Group's sustainability strategy and performance, as well as Chairing the Group's Employee Forum. Through this I am able to draw upon my current experience as CEO of a fintech charity, The Pennies Foundation, and my broad experience in executive and non-executive roles in retail, IT and financial services.

Over the course of your career as a CEO and as an independent director of various companies, how have you seen conversations around sustainability and non-executive Board members' engagement with stakeholders evolve?

ESG has been around for 20 years but it has really only become a boardroom topic in the last five years. During that time, "ESG" has been increasingly reframed as "Sustainability". Conversations in the boardroom initially leaned somewhat more towards the "E" with environmental impact the dominant focus. Today, we are very much focusing our conversation across the full ESG spectrum with our own corporate governance and social impact seen as core to the health and future of the organisation.

As both a CEO and independent director, I have seen these discussions ascend the priority list, and they keep on rising. It's becoming imperative for companies to communicate transparently with stakeholders on their sustainability objectives, regulatory compliance and progress in these areas along with an increasing need for NEDs to be available to directly engage with the stakeholders involved.

Where else do you focus your time with the business and where are you seeing greatest change at Foresight?

As the Employee Representative on the Board, an important part of my role is ensuring that I am well-versed in the dynamics of Foresight's people and culture. This year marked a significant milestone for Foresight Group with the development of its DE&I strategy, Thrive. This strategy serves as a blueprint, both internally and externally, explaining the objectives and methodologies for achieving them.

On International Women's Day, I participated in an internal panel alongside Gary Fraser (CFO) and Claire Alvarez (PE Partner). Together, we shed light on the approach to gender-related challenges, lived experiences, and showcased initiatives such as Elevate, Foresight's bespoke internal women in leadership programme. The positive feedback received to date on Elevate underscores the programme's efficacy as we embark on the second cohort's journey.

Looking ahead, what do you perceive to be the key changes, if any, that Foresight needs to deliver in the short term?

An organisation has to continually evolve to remain relevant and competitive. We are committed to building new governance processes around sustainability at both Group and jurisdictional levels to enable us to better communicate our strengths in this area to investors and Shareholders alike, as well as our other stakeholders. Board diversity is a challenge in many long-established companies, and the small size of our Board adds to that challenge. It's something that we discuss regularly and is wholly integrated into ongoing succession planning discussions.

Sustainability at Foresight continued

Our double materiality analysis: a compass for sustainable business

A double materiality analysis is an essential tool for Foresight to navigate the complex world of sustainability.

It is a two-sided analysis that examines how a company's operations impact the environment and society (impact materiality), while simultaneously considering how environmental and social factors can influence the company's financial performance and reputation (financial materiality). The analysis was completed for each of the investment streams separately, as well as the Foresight Group level.

Foresight's investors show increasing interest in and demand for sustainability-related topics, a majority of which consider financial materiality of ESG risks for investments. Our double materiality analysis highlights the key sustainability topics most relevant for both our portfolio companies and assets and their value chains, but also for our investors. The analysis allows us to prioritise how to mitigate risks, capture opportunities and manage our impact.

Our double materiality analysis approach is based on both the International Sustainability Standards Board ("ISSB") as well as the European Sustainability Reporting Standards ("ESRS"). The ISSB is likely to be incorporated upcoming UK Sustainability Reporting Standards (endorsement decision yet to be made), and the ESRS is important for many of our European investors and stakeholders.

The first step of the double materiality analysis involved mapping our value chain and identifying our key stakeholders, such as investors and employees. With support from an independent third party, we conducted dialogues and surveys with key stakeholders to comprehend their perspective on sustainability. Understanding the concerns and priorities of our stakeholders is important for determining which ESG factors are the most material. The stakeholder dialogues were performed in accordance with the AA1000 Stakeholder Engagement Standard (SES).

We have assessed the environmental and social impacts based on both Foresight's internal operations as well as the geographical and sectorial exposure of our portfolio companies and assets, and their value chains. It involved analysing energy consumption, waste generation, greenhouse gas emissions, labour practices and community relations. The next step involved evaluating the financial implications of ESG factors. This included assessing the potential risks associated with, among others, climate change, resource scarcity, value chain workers or regulatory changes related to sustainability. It also involved identifying opportunities to improve efficiency, reduce costs and gain a competitive advantage through sustainable practices. After analysing both internal and external factors, we could then prioritise the most material ESG issues. This paved the way for developing an action plan with defined strategies to mitigate risks and capitalise on opportunities. The stakeholder dialogues were performed in accordance with the AA1000 Stakeholder Engagement Standard (SES).

Financial materiality

Foresight's double materiality analysis shed light on a range of ESG risks and opportunities that could impact our business, and investor confidence. The analysis highlighted how ESG risks and Foresight's management of these could directly affect investors' demand for Foresight's financial products.

The analysis highlighted both risks and opportunities within climate change mitigation and adaptation, and the use and production of energy. The risks relate to some portfolio companies reliant on carbon-intensive industries, in the event of significant increase in carbon pricing. Another risk is extreme weather events caused by climate change affecting portfolio assets. The production of renewable energy serves as an opportunity for Foresight in the transition towards a greener economy. Overall, we see great opportunities to contribute to a low-carbon economy and a world less reliant on fossil fuels.

We do recognise other environmental risks in our value chain, such as reliance on virgin materials and their potential cost increase. We intend to follow these risks closely by integrating them in our overall risk framework.

The analysis also examined the social and governance aspects of Foresight's business. A key social risk is our dependence on raw materials sourced from regions with potential human rights concerns. The analysis also highlighted the importance of investing in our employees' wellbeing. Not doing so poses a risk of high employee turnover which could lead to increased costs and limit our ability to innovate and develop as a company.

Sustainability at Foresight continued

Financial materiality continued

The analysis confirmed the importance of transparency in Foresight's financial products – misleading investors about the true sustainability of the products poses a greenwashing risk. Additionally, any violation or regulatory breach surrounding ESG issues could damage Foresight's reputation. By providing accurate and comparable information, we can build trustworthy relationships with our investors.

Addressing these risks will safeguard the Company's assets and portfolio companies and enable future growth.

Impact materiality

Foresight's double materiality analysis identified a range of environmental, social and governance ("ESG") impacts.

The analysis highlighted several key environmental areas where Foresight has positive and/or negative impact. Through our investments, we support the transition away from fossil fuels and the adaptation to climate change. With a large focus on wind and solar assets, we aim to decrease dependency on non-renewable energy sources and thus contribute positively to climate change mitigation. We do however recognise the potential negative environmental impact associated with renewable energy technologies. For instance, the high use of energy during production and construction phase. The analysis also identified the probable use of virgin and high climate impact materials in the value chain of infrastructure projects. Other potential impacts include water, air and soil pollution as well as impact on biodiversity, and the challenge of waste management and responsible end-of-life treatment for materials used in projects.

Foresight intends to reduce potential negative impacts as much as possible throughout our value chain and will continue to facilitate the positive impacts made by our assets in mitigating and adapting to climate change.

The analysis encompassed social and governance aspects as well. Potential health and safety issues for workers, gender inequality in traditionally male-dominated industries, and potential violations of human and labour rights in high-risk areas of assets' value chains were identified as key concerns.

The analysis also recognised the potential impact on indigenous peoples and the importance of protecting their rights. On the other hand, the analysis also acknowledged our investments' contribution to economic development and support for communities where there is a structural gap in the provision of finance. Additionally emphasised the importance of fair and healthy working conditions for Foresight's workforce and the desire for greater gender diversity, particularly in leadership positions.

Finally, the analysis recognised the importance of strong corporate governance to mitigate the risks associated with corruption, bribery and unethical behaviour. While Foresight as an entity does have robust policies and internal processes in place, we need to continue to oversee this area and ensure responsible business practices, protect potential whistleblowers and battle any kind of corruption or bribery. We frequently engage in dialogue with and report to investors and clients and see it as our responsibility to keep them well-informed.

Transparency, comparability and accuracy become increasingly important with upcoming regulations, and we will continue to work mindfully to ensure best practice in communications to stakeholders. Addressing the impacts Foresight has, positive or negative, will not only benefit the environment and society but also enhance Foresight's reputation and attract investors.

By conducting a double materiality analysis, Foresight gained valuable insights that will guide our sustainability journey. The analysis revealed not only the impact of our business on the environment and society but also the potential financial consequences of not addressing these issues. This comprehensive understanding thus enables us to make informed decisions that benefit both Foresight and the world around us.

Following ISSB standards for our Sustainability Report FY24, we have used the results from the financial materiality (and not the impact materiality) to structure the content. Nonetheless, Foresight continues to work with sustainability from both an impact and financial perspective, and the mitigating actions often coincide.

Sustainability at Foresight continued

Financial materiality

Likelihood	Major	Severe	Critical
Very high	• Own workforce – Equal treatment and opportunities for all	• Climate change adaptation • Climate change mitigation • Energy	
High	• Resource outflow	• Resource inflow • Social inclusion of consumers and/or end-users	
Medium	• Impact on biodiversity and ecosystems • Own workforce – Working conditions. Worker in the value chain – Working conditions • Communities' economic, social and cultural rights	• Workers in the value chain – Other work-related rights • Information-related impacts for consumers and/or end-users	
Low		• Corporate culture • Protection of whistleblowers • Corruption and bribery	
Very low			

Magnitude of financial effect

Impact materiality

Likelihood		Medium	High	Very high
Actual impacts	Definite	• Climate change adaptation • Rights of indigenous people	• Climate change mitigation • Own workforce – Equal treatment and opportunities for all	
Potential impacts	Very high		• Energy • Pollution of water • Own workforce – Working conditions • Workers in the value chain – Equal treatment and opportunities for all • Workers in the value chain – Working conditions	
	High	• Waste • Corporate culture • Protection of whistleblowers	• Pollution of air • Substances of concern. Substances of very high concern • Water. Impact on extent and conditions of ecosystems • Resource inflows • Communities' economic, social and political rights	
	Medium	• Pollution of living organisms • Social inclusion of consumers and/or end-users • Corruption and bribery	• Pollution of soil • Workers in the value chain – Other work-related rights • Information-related impacts for consumers and end-users	

Severity (based on scale, scope and type of impact)

Material sustainability topics from an impact and financial perspective are visualised in the matrices above.

Responsible investment

Foresight Group's commitment to PRI

Foresight is committed to conducting responsible investment throughout all its investment streams across the Group. We have committed to the Principles for Responsible Investment ("PRI"), which outlines six principles that we adhere to:

01. Foresight incorporates ESG issues into investment analysis and decision-making processes.

02. Foresight is an active owner and incorporates ESG issues into our ownership policies and practices.

03. Foresight seeks appropriate disclosure on ESG issues by the entities in which we invest.

04. Foresight promotes acceptance and implementation of the principles within the investment industry.

05. Foresight works together to enhance our effectiveness in implementing the principles.

06. Foresight reports on our activities and progress towards implementing the principles.

In December 2023, Foresight received 5 out of 5 stars on all PRI modules we reported on, demonstrating our dedication towards the principles.

Modules	Star score
Policy Governance and Strategy – Group	★★★★★
Direct – Listed Equity – Active Fundamental	★★★★★
Direct – Private Equity	★★★★★
Direct – Infrastructure	★★★★★
Confidence Building Measures – Group	★★★★★

The results are a sign of ongoing improvement of how we manage sustainability within Foresight. Foresight has been a signatory to the PRI since 2013 and we will continue to respond to the annual signatory reporting schedule.

Please find our full PRI transparency report here.

How Foresight works with responsible investment as a Group is further described in our Sustainability Policy and Approach, found here.

In addition to our common approach to responsible investment, each investment stream has its own process and policy, and the approach to stewardship varies depending on these.

Responsible investment continued

"The successful first close of FEIP II demonstrates the quality and demand for our flagship energy transition strategy. It marked a significant milestone for the business, as we aim to raise multiple institutional infrastructure funds across a range of low carbon strategies, removing bottlenecks and facilitating the deployment of renewables to achieve net-zero goals."

Ricardo Piñeiro
Partner, Head of Infrastructure

Infrastructure

Foresight's Sustainable Investing in Infrastructure paper (available here), developed and originally implemented in September 2018, acts as the Infrastructure Sustainable Investing and ESG Policy, and outlines the systematic approach the Infrastructure division takes to identify and manage ESG factors in the investment and portfolio management process through use of its Sustainability Evaluation Tool ("SET"), among other processes. The Foresight Infrastructure Sustainability team updates the paper periodically to ensure it is up to date with the rapidly evolving rules and regulations within the sustainability and ESG space. In our Infrastructure sustainable investment process, we take ESG into account in five different steps.

1. Sourcing and screening, which involves an initial assessment of the potential assets, including high-level sustainability screening and identifying alignment with UN SDG metrics.
2. Due diligence, evaluating the asset using our SET, assessing sustainability performance as well as risks and opportunities. The SET is a tool with a set of questions and pre-defined sustainability areas on which we collect data, which we use for sustainability risk, opportunity and impact assessment. Any identified risks and opportunities are then presented to the Investment Committee.
3. Execution, policy compliance and risk mitigation are considered before final investment decision. If a decision is then taken by the Investment Committee to proceed, the process continues to step 4.
4. Monitoring and reporting during ownership, ensuring suitability of policy coverage, integrated metrics in quarterly reporting and delivery of improvements on sustainability performance.
5. Exit procedures include environmental permits and permissions being extended and/or decommissioning assessments.

Skaftåsen wind farm, Sweden, part of Foresight Energy Infrastructure Partners portfolio

Responsible investment continued

Foresight Infrastructure typically takes majority positions in the investments it makes and, accordingly, is afforded controlling interests in the management of the assets within its portfolio.

Foresight Infrastructure uses its Sustainability Evaluation Tool to identify and address areas for engagement and continued stewardship across both its asset base and its network of counterparties.

This specifically includes screening the latter against a comprehensive array of ESG-focused questions including, but not limited to, human rights, forced labour, diversity and inclusion, and stakeholder engagement.

Sourcing and Screening	Due Diligence	Execution	Monitoring and Reporting	Exit and Divestment
• Leveraging long-term industry relationships to originate a high level of bilateral deal flow • Pipeline prospects assessed at weekly pipeline meetings	• Prior to full DD commencing, thorough internal analysis undertaken • Third-party, legal, financial, technical DD engaged • Investment Committee ("IC") memo prepared and presented to IC	• Pre-completion memo presented to IC for final approval • IC opines on compliance of investment with goals of fund and allocation policy • Project onboarded	• Hands-on active management to maximise value creation • Oversight of construction, detailed monitoring for portfolio operational issues • Financial and operational optimisation	• Thorough exit approval process challenged by IC • Utilising significant experience in preparing investments for exit • Range of exit options assessed including direct asset sales, refinancings and public offerings
• New sector analysis and research to identify SDG-aligned impact metrics • Initial project-level review, including high-level sustainability and ESG screening • Present case for continued due diligence to IC – any sustainability and ESG risks identified	• Projects evaluated using SET • Sustainability and ESG performance assessed and scored, with any red flags identified • Technical advisers scoped to identify project-specific sustainability and ESG-focused risks and opportunities • Key risks and opportunities table completed and included in IC meeting	• Policy compliance and risk mitigation considered before Final Investment Decision • Post-completion notification of material updates to IC • Includes the satisfaction of Conditions Precedent, and resolution of due diligence questions	• Portfolio managers and SPV boards ensure suitability of policy coverage, with sustainability and ESG as a standing agenda item • Portfolio sustainability metrics integrated and aligned with quarterly reporting, providing month-to-month data • Delivery of improvements in project-level sustainability performance	• Environmental permits and permissions extended • Decommissioning assessment reassessed to ensure no lasting adverse environmental and social impact

Skaftåsen wind farm, Sweden, part of Foresight Energy Infrastructure Partners portfolio

Responsible investment continued

"FY24 saw FCM complete its inaugural Stewardship Report and achieve a 5-star score in the UN PRI assessment for Policy, Governance and Strategy, reflecting significant advancements in our sustainable investment and stewardship activities. Additionally, our proactive engagements, including contributions to industry working groups on SDR and regulatory discussions with HM Treasury, underscored our commitment to driving positive outcomes across the sector."

Nick Scullion

Partner, Head of Foresight Capital Management

Foresight Capital Management

Foresight Capital Management ("FCM") incorporates responsible investment principles across its entire suite of Open-ended investment companies. With the team's investment products set to fall under the SDR requirements in mid-2024, each OEIC will have a sustainability objective incorporated into its investment policy. For now, three out of four of FCM's products already have formal sustainable investment processes incorporated into their investment mandate (GRIF, REF, SFT).

The current sustainable investment processes of GRIF, REF and SFT all involve 1) ensuring alignment with the Ten Principles of the UN Global Compact, and 2) a qualitative assessment of the business' sustainability practices and strategy.

In addition, both REF and SFT assess alignment to a pre-defined set of SDGs. The SFT process goes further to also ensure alignment to one of the Fund's five sustainability pillars.

FCM's qualitative assessments are created through in-house sustainability reports. These reports include issues such as thematic alignment with decarbonisation or sustainable development aims, industry recognitions and accreditations, the quality of the Company's sustainability reporting, UNGC and UN SDG alignment, management oversight of sustainability considerations, technology assessments, and third-party proxy analysis.

Suns Steam Solar PV Park, Arizona, USA. Owned by Infratil, a Foresight Capital Management portfolio company

Responsible investment continued

FCM Stewardship approach

FCM utilises third-party proxy research and advisory services which complement internal governance research. Third-party research is provided by Glass, Lewis & Co, a leading independent provider of global governance services.

Voting forms an important part of FCM's Stewardship Framework and responsibilities to underlying investors. FCM's primary aim with all voting decisions is the long-term interests of underlying investors which includes ensuring high standards of corporate governance and the adoption of sustainable investment practices which should limit negative externalities.

FCM votes procedurally using proprietary analysis derived from FCM's company and sector due diligence, supported by third-party proxy research where appropriate.

FCM also maintains quarterly voting records, which are published on the Foresight Group website and provide an overview of the most significant votes of each quarter, explaining how and why we voted in a certain manner.

FCM engages with its investee companies to hold constructive dialogue over their management of opportunities, strategy and risks while placing emphasis on sustainability considerations.

Foresight Capital Management's sustainable investment processes

Considering the operational footprint and economic activity of a company is integral to transitioning to a decarbonised, more climate-resilient global economy.

01.	02.	03.	04.	05.
Sustainable Investment Pillar Alignment	UN Global Compact Alignment	UN SDG Alignment	Revenue Alignment	Qualitative Assessment
Strategy, economic activity and fundamental purpose must be consistent with SFT's Sustainable Investment Pillars.	Strategy, economic activity and fundamental purpose must be consistent with the UN Global Compact Principles.	The Company must make a demonstrable impact to pre-defined Sustainable Development Goals.	At least 80% of the Company's revenue must be derived from activities consistent with the Fund's Sustainable Investment Pillars.	Detailed due diligence to assess whether sustainability is an embedded long-term focus of the Company's strategy.
Funds: SFT	Funds: GRIF, REF, SFT	Funds: REF, SFT	Funds: SFT	Funds: GRIF, REF, SFT

La Citadelle wind farm, Lyon, France, part of Boralex a Foresight Capital Management portfolio company

Responsible investment continued

"We are proud of the progress we have made this year. We launched a new software platform to help collect sustainability and impact oriented data alongside tracking emissions. There has been some great progress at individual portfolio companies and both our portfolio and the Private Equity Team have won a number of sustainability awards. However, there is more to do, and we will make further progress over the coming 12 months."

Matthew Smith
Partner, Co-Head of Private Equity

Private Equity

Private Equity ("PE") manages three different investment strategies – Venture Capital, Growth Private Equity and Private Credit. Our sustainability approach was implemented in 2018 and has continued to evolve. As our approach has developed, changes have not been retrospectively applied to existing investments reflecting the nature of the investments we make. The Venture Capital funds include three funds that were acquired in 2022. Our approach has not been retrospectively applied to the investee companies that formed part of this acquisition.

Foresight has a different stewardship approach for the Venture Capital and Private Credit investments given the nature of the investments (which typically take minority equity positions or provide debt facilities) and the associated limits on our ability to influence these companies. The initial ESG due diligence ("ESG DD") process is the same for all new investments across all the funds, however the ongoing monitoring differs for the investee companies in the Venture Capital and Private Credit investments.

For new Growth Private Equity investments made today, there are five key areas which we evaluate, monitor and seek to improve: strategy and awareness, environmental, social, governance and third-party interactions. The evaluation of each area is supported by quantitative and qualitative data. The potential for any individual investee company to improve in one of these areas is an important part of the evaluation on initial investment.

In addition, we also review if and how a company aligns to one of our four impact themes (Quality employment at scale; Health, Research and Innovation; Sustainable, Inclusive, Local Infrastructure; and the Environment). Each investment manager ("IM") is responsible for conducting ESG due diligence on a potential investment. Our ESG DD involves mapping risks with help of the SASB industry mapping. Depending on the outcome of the ESG DD and the alignment towards our impact themes, the IM selects metrics on which the portfolio companies will be measured over the life of the investment. This evaluation is coupled with an ongoing evaluation of the Company's ESG progress according to the five principles approach.

Within the initial assessment of the investment, for relevant companies we conduct a questionnaire. Responses give input to an ESG maturity score which is compared to a Foresight SME benchmark. The matrix is reported to the Investment Committee alongside narrative summary, proposed impact metrics and three actions against each of the five principles which form part of the 100-day review. For Growth Private Equity investments, the legal agreements include adherence to ESG best practice.

As standard practice, each company should have environmental, anti-bribery and corruption, and diversity and inclusion policies in place within six months and this is included within the 100-day plan. This should be coupled with upgrading employment contracts and the Company's employee handbook to the latest best practice.

Responsible investment continued

PE Stewardship approach

Foresight holds a non-executive directorship position on most company boards in the Growth Private Equity investment portfolio and will typically hold an observer position on the remaining investee companies in the venture and private credit strategies. For the portfolio companies where we hold a non-executive directorship, ESG is a standing agenda item on all Board meetings and discussed with PE Partners as part of the quarterly portfolio review for each company.

Each Growth Private Equity investment is subject to annual assessment where the ESG questionnaire is completed, and summary evaluation matrix updated to show progress since investment. Further, all investee companies report on their impact metrics annually. Outcomes of annual assessments are reported to investors for all of the Foresight regional investment series.

Our overall approach to ESG: Improvement-focused principles

Embedding in our investment lifecycle, particularly Growth Private Equity investments

01. Due Diligence

The initial ESG due diligence process is the same for all new investments across all the funds.

- Targeting broad alignment with one of our four impact themes
- Screening against exclusion list
- Opportunities to make improvements core part of evaluation
- Company deep dive aided by ESG due diligence questionnaire
- Conducted by investment executive – leveraging extensive third-party diligence

02. Investment Committee

- Investment Committee submission includes ESG assessment and ESG maturity score compared to a Foresight SME benchmark
- Analysis of risks and opportunities with help of the SASB industry mapping
- Proposed metrics
- Actions against each of the five principles
- Supported by qualitive and quantitative data

03. Ownership

Engagement:

- ESG is part of the 100-day post-investment review
- Addressing material risks with appropriate solutions
- Team buy-in, agreeing link to value
- Establish committees: risk, audit, remuneration
- Agree continuous improvement and monitoring process
- Part of standard legal agreements since 2020 for Growth Private Equity investments

Monitoring:

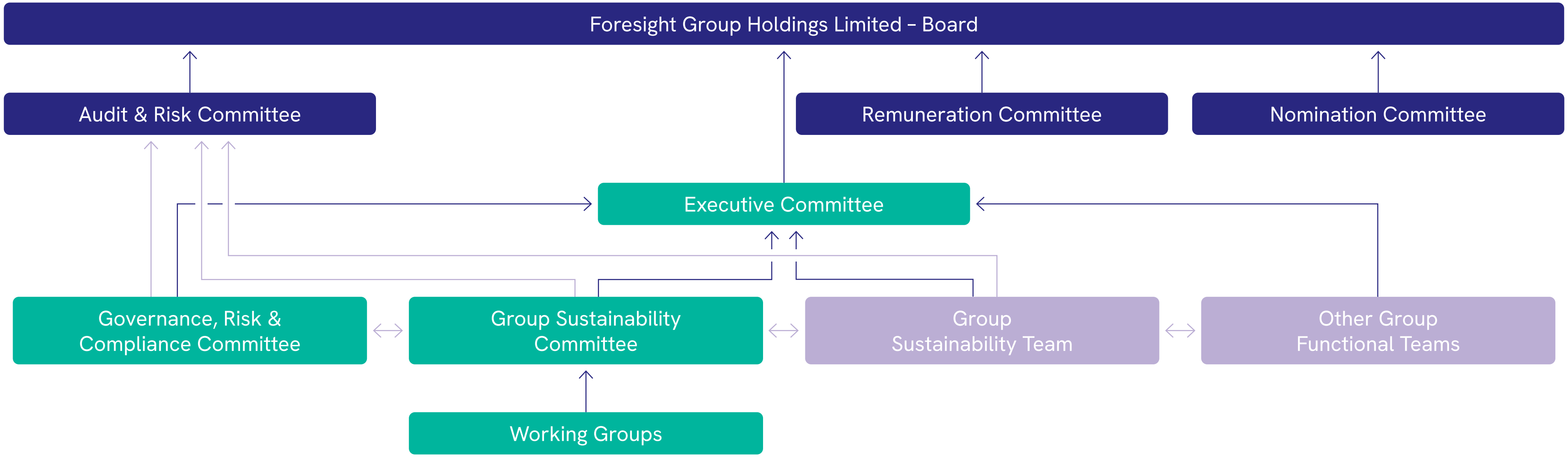
Where Foresight holds a non-executive directorship:

- ESG standing item on board agenda
- Continuous qualitative evaluation – risks and opportunities
- Annual quantitative and qualitative data collection and review
- Summary evaluation matrix updated to show progress since investment
- All investee companies across all funds annually report on their impact metrics

04. Exit

- Companies with well-embedded policies tend to be "exit ready"
- Also more valuable, all else being equal
- ESG framework encourages long-term outlook, which is well received on exit
- Both trade and increasingly private equity buyers are ESG focused

Sustainability governance



Key

⟶ Reports to / owned by

⟶ Exchanges information with / secondary report to

Board / Board Committee

Executive Committee / Functional Committee appointed by Executive Committee

Group Functional Teams undertaking Foresight's business and Group business support

Sustainability governance continued

Sustainability-related policies

Foresight Group implements various IT and governance policies at Group level which are cascaded down to the various international jurisdictions in which it operates. These policies are reviewed and updated periodically to ensure they remain relevant to the business and reflect up-to-date regulations, law and best practice. Our over-arching Code is based on the ten principles of the UN Global Compact. The Code was developed at the start of FY25, reflecting topics raised in the double materiality analysis, and will be implemented during the year. Group-level policies are approved by the Executive Committee (as described below).

Governance in the sustainability area is constantly evolving and policy management will be centrally co-ordinated by Group Governance in collaboration with the Executive Committee and the jurisdictional Governance, Risk and Compliance ("GRC") teams and governing bodies.

Group Board and Board Committees

Board

Foresight Group Holdings Limited ("FGHL") is Foresight Group's parent entity. It was listed on the Main Market of the London Stock Exchange in February 2021 and as such is subject to the FCA's Listing Rules. It is also required to comply with the FRC's Code of Corporate Governance (as amended/updated from time to time) or explain instances of non-compliance in its Annual Reports.

FGHL's board ("Board") is responsible to the FGHL Shareholders and the wider Group's key stakeholders for the overall performance of the Group and its leadership, promotion of the long-term sustainable success of the Group and creation of value for Shareholders.

This includes responsibility for the sustainability strategy and targets and oversight of key sustainability initiatives implemented by the various functional teams. The Board receives updates from senior management via periodic Board reporting (including in-person presentations) by Group Sustainability and functional teams, as well as via the Board's sustainability representative Alison Hutchinson. Board reporting is presented to each full, scheduled Board meeting and minutes of the Employee Forum meetings are included in the Board/Committee reporting. Since March 2024, the Board increased the remit of the Audit & Risk Committee to include aspects of sustainability and, as a result, its terms of reference were updated (see Audit & Risk Committee on page 20).

The members of the Board are:

Bernard Fairman
Executive Chairman & Co-Founder

Gary Fraser
Partner, CFO & COO

Alison Hutchinson CBE
Senior Independent Non-Executive Director

Geoffrey Gavey
Independent Non-Executive Director

Michael Liston OBE
Independent Non-Executive Director

Sustainability governance continued

Nomination Committee

The Nomination Committee's key responsibilities include Board composition, succession, diversity and performance evaluation.

As noted in the FY23 Annual Report, succession planning was a key focus during the year, to ensure the Company has plans in place for the short to longer term. The Committee acknowledges that the Board composition does not currently meet the requirements of the FCA's new diversity rules announced in 2022. However, the Committee (and the Board) have given their undertaking to ensure that in the event that a new Board member is recruited, those rules will be considered. The Board Diversity & Inclusion policy may be summarised as follows:

- Our aim is to seek to ensure our Board composition is such that the Board as a whole has the right skillset, knowledge and experience we believe is required for us to achieve the Group's targets and strategies and bring value to our Shareholders and other stakeholders
- We will promote and support diversity and will ensure diversity is a key consideration when recruiting new Board members
- We will seek to comply with the rules and requirements of our regulators and the industry bodies we engage with as regards diversity and to fully explain any areas of non-compliance
- We will review the skillsets, knowledge and experience of Board members regularly to ensure alignment with the Company's purpose, objectives and culture, demonstrating diversity where possible

Remuneration Committee

The Remuneration Committee is principally responsible for determining the policy for the Directors' remuneration in accordance with the principles and provisions of the Code, as well as setting remuneration for Executive Directors and senior management (being the Executive Committee and the Company Secretary).

A revised remuneration policy for the Executive Directors will be put to Shareholders for approval at the 2024 AGM. It was drafted in consultation with external advisers, Korn Ferry, and our People and Sustainable Culture team ("PSC"), with input from the Committee.

The Committee also oversees the overall remuneration for the Group's employees to ensure proposed remuneration is in line with the market and to work towards our gender pay gap targets.

Audit & Risk Committee

The Audit & Risk Committee is principally responsible for Foresight's external audit, internal controls and risk management. In March 2024, the Board agreed to extend the Committee's terms of reference to include responsibilities related to governance and sustainability. From a governance perspective, this is mainly concerned with ensuring the Company's compliance with the Code. For sustainability, the responsibilities are concerned with the review of policies, risk monitoring, reporting and internal/external assurance of sustainability matters. As a result, for sustainability, Group Sustainability will provide reporting to the Committee and will be invited to present directly to the Committee as needed. The Chair and members of the Committee will also be invited to attend Sustainability Committee meetings should they wish to do so from time to time. A similar invitation is already extended by the UK Risk Committee.


La Citadelle wind farm, Lyon, France, part of Boralex a Foresight Capital Management portfolio company

Sustainability governance continued

Operational committee

Executive Committee

The Executive Committee was appointed by the Foresight Group Holdings Limited Board to which it has delegated authority to undertake the management of the Group on a day-to-day basis and, in particular, to pursue the Group's commercial objectives through the execution and delivery of Group strategy, providing periodic updates to the Board.

The delegated authority includes sustainability and enables the Executive Committee to form the Sustainability Committee (see below) and approve its terms of reference. The updates cover progress on meeting the Group's sustainability objectives and strategy, as well as managing sustainability-related risks, opportunities and impacts.

The members of the Executive Committee are:

Bernard Fairman
Executive Chairman & Co-Founder

Gary Fraser
Partner, CFO & COO

David Hughes
Partner, Chief Investment Officer

Ricardo Piñeiro
Partner, Head of Infrastructure

Matthew Smith
Partner, Co-Head of Private Equity

James Livingston
Partner, Co-Head of Private Equity

Other committees

Investment committees

Foresight has three investment divisions and, until May 2024, the Private Equity and the Infrastructure divisions were served by one investment committee (the "IC") appointed by the Foresight Group LLP Members Board, through which all final decisions on potential investments were taken. The IC comprised two sets of members: "quorum members", being the Chief Investment Officer and the three division heads, with "other members" comprising employees of partner grade within the same two investment divisions. Quorum members are required to attend for a meeting to be quorate, and their approval was required for a transaction to be approved, which also then required unanimous approval by all members present (quorum and other members).

For FCM, a Weightings Committee ("WC") was appointed by the IC as a sub-committee. The WC composition included an external party to ensure independence in the decision making.

Following the year end, a decision was taken to replace the IC and create three separate investment committees, one for each division.

The investment committees are jurisdictional and as such are appointed by the governing body in the jurisdiction concerned. There is no specific investment committee at Group level; the Board and Executive Committee work together to determine the overall investment strategies and objectives.

Sustainability governance continued

Other committees continued

Investment committees continued

Sustainability is an important part of the investment process and is managed and monitored by each investment division as well as the Sustainability team (see page 24). The membership of the FCM and Infrastructure ICs includes the Sustainability team so that sustainability matters can be discussed as appropriate prior to review by the relevant IC. The Sustainability team also provides reports to the ICs and approval of a transaction cannot be given unless all matters arising have been addressed.

Sustainability Committee and working groups

Committee

The Sustainability Committee (the "Committee") was established and authorised by the Executive Committee. Since the year end, this Committee has been re-structured so that it now comprises as follows:

- Chair: Group CFO, Gary Fraser
- Vice Chair: Group CIO, David Hughes
- Head of Infrastructure
- Co-Head of Private Equity
- Head of FCM
- Group Head of Governance
- Group Head of Sustainability
- Group Head of Risk
- Group Head of People and Sustainable Culture ("PSC")

The Committee's terms of reference have also been updated to reflect its responsibilities for leading the implementation of Foresight Group's sustainability strategy including both corporate sustainability for the Group and guidance on the approach to sustainability in investment processes. The Committee is further responsible for identifying Foresight's areas of sustainability focus in consultation with the Executive Committee; helping plan the Group's activities accordingly; overseeing the performance of key activities for impact evaluation as well as reporting; and improving internal communications on sustainability initiatives and performance.

The Committee aims to promote inclusivity in all activities, ensuring input is collated from regional and international offices in relation to proposing and delivering the sustainability strategy and initiatives.

A key objective of the Committee for the coming year is to define Sustainability labels across relevant funds in accordance with Group statements on sustainability. The Committee will further have an information line to the Group Risk Committee ("GRC") to ensure Sustainability and Risk work closely together.

It is worth noting that Foresight's Diversity, Equity & Inclusion Committee was integrated into the Sustainability Committee during the year. This was to ensure alignment of processes and decision-making between all sustainability matters, and a good deal of the work undertaken by that committee will be handled via the Social – Own workforce working group (see below).

Working groups

The Committee will act by itself and also through the working groups it establishes from time to time, including the following permanent working groups:

- Environmental – chaired by the Group Head of Sustainability in relation to the activities of the investment divisions
- Social – Own workforce – chaired by the Group Head of PSC in relation to employees
- Social – Human rights & labour rights in the value chain – chaired by the Group Head of Sustainability in relation to the activities of the investment divisions
- Corporate Governance – chaired by the Group Head of Governance in relation to the Group's own corporate governance
- Governance within investment portfolio – chaired by the Group Head of Sustainability in relation to the activities of the investment divisions
- Sustainability reporting and regulations – chaired by the Group Head of Sustainability in relation to requirements from new laws and regulations, including requirements on sustainability communication

As with the above, all working groups will be chaired by a member of the Committee and the group will be comprised of a diverse set of representatives from the business areas across the Group as relevant to the matter(s) to be considered. They will report to the Sustainability Committee via their chair.

Sustainability governance continued

Group Sustainability team

Responsibilities and activities

The Group Sustainability team is responsible for co-ordinating the strategic and operational sustainability work within Foresight Group. This entails both ensuring compliance with relevant sustainability regulation and reporting, as well as developing Foresight's sustainability strategy, policies and processes. The Group Head of Sustainability is responsible for progress on all of these matters.

Co-ordinating strategic and operational sustainability work entails tasks such as conducting materiality analyses, mitigating identified sustainability risks, identifying relevant sustainability data points, collecting and verifying data for reporting, and communicating on sustainability to external stakeholders. To ensure the outcome of this work is fully implemented, Group Sustainability is further responsible for developing sustainability strategies, goals and policies, as well as ensuring relevant processes are implemented in the organisation.

Group Sustainability is further responsible for ensuring material sustainability risks are integrated in the Group Enterprise Risk Management ("ERM") system. This is conducted in conjunction with the Group's Risk functions.

Reporting lines

The Group Head of Sustainability ultimately reports to the Group's Chief Financial Officer. To ensure sustainability matters are integrated into Foresight's investment processes, the Group Head of Sustainability has a dotted line to the Chief Investment Officer as well as Alison Hutchinson (Senior Independent Director and Board Sustainability representative) and the Audit & Risk Committee. As sustainability is becoming a key requirement for investors, retail and institutional, and is being increasingly integrated into national and regional legislation, the Group Head of Sustainability is required to report on progress to the Sustainability Committee, Executive Committee and Board at each full, scheduled Board meeting. With effect from March 2024, reporting to the Audit & Risk Committee is also required primarily in relation to the regulatory sustainability reporting.

Resources

At the time of this report, the Group Sustainability team comprises nine permanent roles. This includes dedicated team members for each of the investment divisions, with responsibilities covering the co-ordination of the processes for identifying, monitoring and managing sustainability risks, opportunities and impacts, and following up on the progress of actions required of portfolio companies and/or assets.

Principal Group operating entity

Overview

FGHL has various direct and indirect subsidiary undertakings and various Group entities, including those that employ staff and operate under a regulatory licence. Of those, Foresight Group LLP ("FGLLP") is the Group's principal operating entity as it manages the majority of Foresight Group's funds and generates most of the net revenue. It is also the Group's largest operating subsidiary undertaking.

FGLLP is regulated by the FCA in the UK and, due to the development of its business in the US, the Securities and Exchange Commission.

The three investment divisions operate from FGLLP, which also provides support services and centralised functions for all of the Group entities in areas such as people, sustainability, finance, governance, risk and compliance.

Its governing body, the Members Board, comprises Gary Fraser, David Hughes, Matt Smith, Ricardo Piñeiro and James Livingston, who are all members of the Executive Committee, with Gary Fraser a Board member. That dual membership, together with FGLLP's principal role in the Group, helps to ensure that the sustainability strategy and targets are integrated into all aspects of the Group's operations and the UK jurisdictional committees, including the ICs, Risk Committee and Health and Safety Committee.

Meet the team

Lily Billings
Head of Sustainability | Foresight Group

Åse Bergstedt
Interim Head of Sustainability | Foresight Group

Johannes Wittig
Sustainability Analyst | Foresight Group

Henry Morgan
Sustainability Investment Lead | Infrastructure

Sophie Warren
Portfolio Sustainability Manager | Infrastructure

Molly Galloway
Sustainable Investment Associate | Infrastructure

Olivia Bryant
Sustainable Investment Analyst | Infrastructure

Fiona Hatch
Senior Investment Manager and Sustainability Lead | Private Equity

Louis Bromfield
Lead Sustainable Investment Manager | Foresight Capital Management

Anna Elliott
Sustainability Analyst | Foresight Capital Management

Environment

Investing *to power* change.

Nature Recovery Blueprint Launch: Plug planting at Branden Victoria Solar Farm, UK, Cornwall, part of Foresight's JLEN portfolio

Climate – TCFD report

A. Governance and oversight

Foresight Group follows an integrated approach to monitor, manage and oversee its sustainability-related risks and opportunities, as described in the Sustainability governance section of the report on page 18. The Board of Foresight Group Holdings Limited has historically monitored our climate and sustainability-related activities through data captured on our emissions. This coming financial year, the Risk Appetite Statement will include indicators that allow the Board to track progress towards our goals and targets more closely and assess the risks of not meeting them. This report will be presented by the Risk function when the Board convenes. Foresight does not yet have any climate-related KPIs included in its remuneration strategy. We plan to evaluate whether any such KPIs would be relevant to include in Board and/or Executive Committee compensation criteria during FY25.

B. Strategy

Climate-related risks and opportunities (relevant to business model and value chain)

Physical risks

Foresight Group is subject to physical climate-related risks relating to our own operations. More frequent extreme weather events increase the likelihood of damage to Foresight Group's offices, the offices of our suppliers (including critical business services) and the transportation networks which our employees use. Although the likelihood of physical climate risks threatening our offices is currently low, major adverse weather events are expected to increase, particularly exposing our offices at low elevations and close proximity to coastal areas. Sea level rises elevates coastal flooding risk, particularly in London and Sydney.

Foresight Group's main exposure to physical climate risks, however, is through our fund assets and portfolio companies. These risks include extreme weather events, either chronic (e.g. changing wind patterns, heat stress, rising sea levels) or acute (e.g. storms, heatwaves, drought, floods). These risks can manifest as a reduction of yield in some sectors, or as uncertainty with respect to expected earnings or planned yield in others. In turn, it poses a risk to Foresight through our investments.


Skatfasen wind farm, Sweden, part of Foresight Energy Infrastructure Partners portfolio

Climate – TCFD report continued

B. Strategy continued

Physical risks continued

In particular, the following key physical risks and opportunities have been identified for each investment stream:

Infrastructure

Physical risks			
Key physical risks	Which investments (geography, sector) are impacted?	Time horizon	How the risk impacts Foresight/investments
Extreme weather-related events	All assets	Medium term	Extreme weather-related events, either chronic (e.g. changing wind patterns, heat stress, rising sea levels) or acute (e.g. storms, heatwaves, drought, floods), causing damage to infrastructure and real assets within Infrastructure's portfolio, potentially impacting their performance negatively. Having conducted a review of the physical risks to the portfolio, the physical risks pertaining to extreme weather-related events are assessed to be localised, with the impact of a single event or limited set of events being deemed to have a negligible impact to the overall portfolio. Nevertheless, this is kept under close review. Further details are available in the "Climate resilience" section.
Climate and weather-related resource	Renewable energy assets	Short and medium term	High levels of investment into renewable energy generation assets results in exposure to changing climate and weather patterns that could result in low resource availability, affecting operational output. This may both directly affect performance of individual assets and the associated impact on the volatility of localised power grids. It may also push governments to incentivise more conventional, less sustainable forms of energy generation. Diversification of both geography and technology across the Infrastructure division's renewables portfolio appropriately mitigates exposure to the risk of diminished generation capacity. Meanwhile, close monitoring of the policy landscape across geographies suggests continued political support for the build-out of low carbon energy systems in the short to medium term.

Climate – TCFD report continued

B. Strategy continued

Physical risks continued

Foresight Capital Management

Physical risks			
Key physical risks	**Which investments (geography, sector) are impacted?**	**Time horizon**	**How the risk impacts Foresight/investments**
Extreme weather-related events	Physical risks are concentrated in FCM's exposure to real assets across different asset classes including clean energy infrastructure, real estate assets, and core infrastructure assets including bridges, toll roads and hospitals, amongst other assets. FCM's exposure to these real assets is geographically diversified across Europe, the UK, the US and the Asia-Pacific ("APAC") region.	Short term	Given the diversification of investments with respect to sector and geography, aggregate impact on returns at Group level is not expected to be significant.

Private Equity

The Private Equity Team invests in a variety of companies across a range of sectors. 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 the investee companies' boards.

There are some physical risks that PE investments are exposed to but there is no significant concentration of exposures. The nature of venture capital and private equity investments means that investments are typically made at the early stages of their growth cycle, where most of the value is in the Intellectual Property Rights and the entrepreneurs, innovators and support staff themselves.

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities

Foresight Group

Foresight Group is exposed to transitional climate risks and opportunities both at Group level and through its investments.

At Group level, the following key transitional risks have been identified:

Transitional risks			
Key transitional risks	Category of transitional risk	Time horizon	How the risk impacts Foresight
Changes in regulation and greenwashing	Policy and legal	Short to long term	Foresight Group has been anticipating the additional requirements around sustainability claims since its first TCFD report in 2022. Foresight Group derives much of its fee-related earnings from sustainability-related investments which has necessitated the strengthening of controls around communications in respect to its sustainability activities.


Fordie Estate, Scotland, part of Foresight Sustainable Forestry Company Plc's portfolio

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities continued

At investment stream level, the following key transitional risks and opportunities have been identified:

Infrastructure

Transitional risks				
Key transitional risks	Category of transitional risk	Which investments (geography, sector) are impacted?	Time horizon	How the risk impacts Foresight
Changes in regulation and government support	Policy and legal	All Infrastructure assets	Short to medium term	As the sustainability transition progresses, and scientific knowledge regarding the consequences of particular courses of action increases, there is a risk that activities and assets that were once classified as "sustainable" become reclassified as "unsustainable" with potential consequences for the Infrastructure funds' ownership of such assets. The diversified nature of Foresight's Infrastructure portfolio protects the Fund against overexposure to any one sector. The Infrastructure division assumes an active role in policy discussions and remains abreast of sustainable investment changes and reviews its strategies accordingly.
Displacement of existing assets with new or other technologies	Technology	Energy transition assets	Medium to long term	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 less effective. An example might be fusion power displacing all other forms of energy, or where other technologies such as nuclear or coal may be prioritised in the short to medium term to meet energy demand.
Power price volatility	Market changes	All Infrastructure assets	Short to medium term	Power price volatility due to short-term shocks creating uncertainty around the perceived investment case for renewables and energy-intensive infrastructure may affect capital inflows. Proactive use of power price forecasting alongside a diversified approach to energy offtake and procurement (PPAs, merchant, subsidy support, etc) across the Infrastructure portfolio limits over-exposure.

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities continued

Infrastructure continued

Transitional opportunities				
Key transitional opportunities	Category of transitional opportunity	Which investments (geography, sector) are impacted?	Time horizon	How the opportunity impacts Foresight
Increased demand for environmental infrastructure and businesses which support the transition to a low-carbon economy	Shifts in consumer and investor sentiment	Energy transition assets	Short to medium term	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 refuelling stations as a low-carbon transport option while other solutions such as hydrogen power are further developed.
Increased governmental support for environmental infrastructure projects	Policy and legal	Energy transition assets	Short to medium term	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 infrastructure investment team.
Technological developments and buildouts in the environmental infrastructure space	Technological	All infrastructure assets	Medium to long term	As new technologies become better developed, Foresight's funds are well positioned to invest in a diversified range of projects.

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities continued

Foresight Capital Management

Transitional risks				
Key transitional risks	Category of transitional risk	Which investments (geography, sector) are impacted?	Time horizon	How the risk impacts Foresight
Displacement of existing assets with new or other technologies	Technological	All assets	Medium to long term	The portfolios are invested in highly liquid shares, and the fund managers are constantly evaluating the relative strengths of incumbent portfolio positions against sector peers. Technology is one of many factors that the fund managers consider. This ensures that the risk impact on a fund's performance remains minimal.
Changes in regulation and government support	Policy and legal	All developed markets	Medium to long term	Most portfolios are overweight in terms of exposure to power generation renewables relative to the MSCI AC World Index. A rejection of the renewable energy theses by world leaders would depress the valuations of these equities and lead to market under-performance.
Enhanced emissions-reporting obligations	Policy and legal	All developed markets	Medium to long term	Companies' profitability may be impaired at the margin over the short term with increased costs of compliance. Over the medium to long term, competition in the currently specialised sustainability space should drive down costs.
Technological developments and buildouts in the environmental infrastructure space	Technological	All Infrastructure assets	Medium to long term	As new technologies become better developed, Foresight's funds are well positioned to invest in a diversified range of projects.

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities continued

Foresight Capital Management continued

Transitional opportunities				
Key transitional opportunity	Category of transitional opportunity	Which investments (geography, sector) are impacted?	Time horizon	How the risk impacts Foresight
Increased demand for real estate which supports the transition to a low-carbon economy	Market changes	Real estate assets	Medium to long term	The funds are well placed to take advantage of a sustained market movement to real estate that supports a low-carbon economy.
Creation of stringent carbon-pricing mechanisms	Policy and legal	All developed markets	Medium to long term	Stringent carbon-pricing mechanisms, if implemented securely, should be a net benefit to our portfolios since we are overweight in our exposure to power generation renewables relative to a broad market index.
Expansion in demand for low-emission goods and services	Market changes	All developed markets	Medium to long term	Currently, the assets FCM are invested in are being helped by positive policy tailwinds improving the economics of investing into specific renewable assets (for example, the impact of the American Inflation Reduction Act ("IRA") on clean energy assets in the US). If these positive policy tailwinds were to be taken aware of, where FCM has assets (the US, the UK, the EU above all), this could potentially beneficially impact the valuations of the assets.

Climate – TCFD report continued

B. Strategy continued

Transition risks and opportunities continued

Private Equity

Transitional climate risks				
Key transitional risks	Category of transitional risk	Which investments (geography, sector) are impacted?	Time-horizon	How the risk impacts Foresight/investments
Displacement of existing assets with new or other technologies	Technology	TMT, healthcare	Medium to long term	Investments in these sectors can have relatively high emissions in their upstream, through data centres, industrial inputs etc. The emergence of cleaner alternatives that can be deployed quickly at scale could negatively impact revenues or, at the extreme, create with stranded assets.
Creation of stringent carbon-pricing mechanisms and increase in carbo/fuel taxes	Policy and legal	Electrical componentry and medical equipment	Medium to long term	The operating costs of companies with intensive energy inputs/ demands could increase. Increases in carbon and fuel taxes/fees could drive higher costs for transportation of raw materials and products as well as an increase in base energy prices, which will impact the net profits of those investee companies.
Changes to power prices	Market changes	All markets	Short to medium term	Increased power prices due to short-term shocks/decreased energy supplies could increase operating costs of energy-intensive portfolio companies.

Transitional climate opportunities				
Key transitional opportunities	Category of transitional opportunity	Which investments (geography, sector) are impacted?	Time horizon	How the opportunity impacts Foresight
Displacement of existing assets with new or other technologies	Technology	TMT, healthcare	Medium to long term	Investments in technology companies at the earliest stages in their growth cycle provide the team with opportunities to support technologies that are clean and potentially disruptive.

Climate – TCFD report continued

B. Strategy continued

Strategy and decision making

Foresight Group considers that at the portfolio investment level, events arising from the physical risks above are relatively slow in their conception and provide investee companies and our investments managers with sufficient time and opportunity to address the emergence or evolution of a particular threat. Even considering the relatively long lives and immovable nature of many renewable energy assets, Foresight Group considers that there is sufficient time to either adjust the renewable asset mix or, upon the end of their useful lives, invest in new locations. Nevertheless, we are exposed to sudden and unexpected climate-related events and although these can be partly mitigated through insurance arrangements, they can be expensive and damaging to our investment returns. Natural catastrophe insurance can be expensive – in the EU, only one quarter of natural catastrophe losses were insured between 1980 and 2020 and the European Insurance and Occupation Pensions Authority ("EIOPA") expects this gap to widen[1].

The reputational risk Foresight Group faces in respect of greenwashing is higher than those of its peers without a focus on sustainability mandates. Foresight's investment focus on renewable energy and sustainable investment has inevitably necessitated the deployment of additional resources in terms of processes and controls around our digital and print media commentary and our record-keeping.

Overall, we believe that Foresight Group is relatively well positioned for transition risks. The infrastructure assets will be direct beneficiaries of a societal shift towards renewable energy and energy security. The materials and technology used by the portfolio companies in our Private Equity funds are direct or tangential beneficiaries of this same momentum.

A move away from renewable energy and an increased dependency in Europe and Australia on fossil fuels would have a significant negative impact on the future commercial attractiveness of our core investment proposal, even if the effects on our existing assets were negligible. Alternative energy resources that are sustainable in nature satisfy requirements for energy security demanded by European politicians. Rise in geopolitical tensions is typically accompanied by rises in energy commodity prices. Much of the world's natural resources of fossil fuels are located in regions governed by autocratic political regimes with approaches to property rights, human rights and rule of law that differ from those of the United Kingdom. Foreign policy positions can be correlated to the price or the expected price of oil and gas. While prices for oil and natural gas are high, domestic renewable energy offers a credible, economically viable alternative to energy created from imported fossil fuels. While prices for oil and natural gas are lower, governments should be investing in renewable energy sources (and the technology to improve generation and capacity) to secure a long-term energy supply that is less sensitive to the prices of fossil fuels and the caprices of autocratic regimes.

While no specific targets have been set in relation to the climate-related risks and opportunities, actions have been taken, where relevant, by investment streams to address the related climate risks and opportunities. To address the sustainability risks and opportunities arising from investments, Foresight's investments streams have implemented following strategies:

1. Policy measures to reduce climate-related insurance protection gaps – European Union (europa.eu)

Skaftåsen wind farm, Sweden, part of Foresight Energy Infrastructure Partners portfolio

Climate – TCFD report continued

B. Strategy continued

Strategy and decision making continued

Infrastructure

Infrastructure manages the climate risks and opportunities related to its investments through:

01.

ESG due diligence pre and post investment

The physical risks are assessed as part of the climate change resilience parameter. This parameter is made up of multiple metrics, with each weighted based on internal materiality assessments and scored in line with a pre-determined scoring matrix. A climate risk heatmap is then produced and used to identify the most material physical risks that the assets face from climate-related extreme weather events. This enables further investigation to be conducted or mitigation measures to be put in place. During the investment stage, it is the responsibility of the fund management team to complete the Sustainability Evaluation Tool ("SET") and use it to inform their understanding of a given asset's sustainability credentials, including its exposure to climate-related risks.

Once the investment has been made, the asset undergoes a handover to the asset management team, who are responsible for identifying and assessing climate-related risks and opportunities transfers. It is the role of that team to ensure periodic updates of the SET are completed.

Effects of climate risks are monitored and tracked across the portfolios and the various funds and operational impacts of these events, e.g. monitoring of dust soiling on solar PV panels. Identifying these issues at an early stage can help to safeguard assets and enhance fund performance. Foresight, as the Investment Manager, works closely with the site operators to identify these events and how they impact the asset production. The monitoring helps to track these event trends, to highlight the worst impacted geographies and to identify where mitigations measures should and can be implemented. For the abovementioned example, the mitigation measures could include additional planting which can help reduce dust soiling and/or implement additional cleaning of the panels. If these risks and events continue and the mitigation measures are not adequate to meet the requirements, consideration for divestment may be made.

02.

Investing in assets with favourable ESG risk/opportunities characteristics

Overall, the Infrastructure division only invests in sectors and geographies that Foresight believes manifest favourable ESG risk/opportunities characteristics by seeking to avoid what Foresight perceives to be high-ESG risk sectors, such as investing in assets relating to coal or other forms of fossil fuel generation, and what it perceives to be high-ESG risk geographies, i.e. countries that have less robust regulatory frameworks or poor track records of human rights, within the infrastructure investment portfolio. The Infrastructure division's investment mandates proactively target sustainable infrastructure and therefore largely negate the need for an exclusionary policy.

03.

Aligning with policies and standards

Foresight has specifically tailored its strategy in order to maximise alignment to supranational (e.g. EU), national and local level policies, and has a demonstrable track record of doing so.

As an example, Foresight Energy Infrastructure Partners SCSp ("FEIP"), alongside its targeting of energy transition investments, has also made minimum commitments to invest in alignment with the EU Taxonomy.

Meanwhile, the Infrastructure division is using the Transition Plan Taskforce's ("TPT") disclosure framework to produce fund-level Transition Plans. It is assessed that JLEN will be the first fund to release its TPT-aligned Transition Plan, targeting publication before the end of FY25.

Climate – TCFD report continued

B. Strategy continued

Strategy and decision making continued

Foresight Capital Management

FCM manages the climate risks and opportunities related to its investments through:

ESG due diligence pre and post investment

The ESG analysis on all investee companies is performed prior to submission to the Investment Committee, or upon significant company and/or sector-specific events to ensure that the company still aligns with the Fund's investment mandate. This analysis reduces the risk of material changes to the perceived climate opportunities and reduces the likelihood of investment mandate breaches. FCM's UK-domiciled Funds (FIIF, GRIF, REF and SFT) must generate TCFD reports – these reports quantify physical and transitional risks as they apply to the portfolios and are drafted by the Authorised Corporate Director ("ACD") and are available upon request.

In the context of climate-related risks and opportunities, the Portfolio Manager assesses the impact of climate factors on various asset classes, industries, and the overall fund performance. This includes considerations on data on climate metrics and making strategic decisions that account for both short-term and long-term climate-related dynamics. The Lead Sustainable Investment Manager focuses specifically on integrating sustainability principles into each Fund's investment process and collaborates with the Portfolio Manager to ensure that climate considerations are systematically incorporated into investment decisions. The Lead Sustainable Investment Manager engages with investee companies to encourage sustainable practices, advocates for improved disclosure of climate-related information, and assesses each Fund's exposure to climate risks and opportunities.

In particular, the climate risk assessment involves the following:

Physical climate risks

- A review of company locations (and those of key suppliers).
- An assessment of the proportion of company assets exposed to physical climate risks.
- A review of an investee company's activities (planned and in progress) to improve physical climate risk resilience.

Transition climate risks

- A review of an investee company's public disclosures, including an assessment of the quality of their reporting of climate risk exposure and management, including transparency in carbon emissions reporting.
- An analysis of the climate management frameworks followed, and investment levels into energy efficiency and renewable energy investment initiatives.
- An analysis of management compensation, noting if it is tied to sustainable outcomes.
- A review of ESG targets set, how an investee company is tracking their commitments, and whether these are externally verified.

The methodology for monitoring climate risks and opportunities will be expanded in 2024 to include scenario analysis.

Climate – TCFD report continued

B. Strategy continued

Strategy and decision making continued

Private Equity

As PE invests in SMEs, climate risks are not considered highly relevant; however, certain processes are in place to address the climate risks and opportunities to an extent. PE manages the climate risks and opportunities related to its investments through:

01.

ESG due diligence pre and post investment

Climate risk assessments are incorporated into the overall investment process. This includes due diligence and ongoing monitoring. The Investment Manager is responsible for conducting ESG due diligence on a potential investment including assessing the impact of climate-related risks and opportunities. Foresight holds a non-executive directorship position on most company boards in the Growth Private Equity investment portfolio and will typically hold an observer position on the remaining investee companies for the portfolio companies where we hold a non-executive directorship, the Investment Managers are responsible for engaging with portfolio companies to encourage the adoption of sustainable practices, address actions identified and disclosure of climate-related risks and opportunities. The investment submission to IC for final approval to proceed with the investment previously only included a narrative summary of the initial ESG assessment. This reporting period, the template has been updated and requires specific actions to be included and reported against the 100-day plan and on portfolio review.

The principal areas of focus (products and services, supply chain, R&D investment, physical location of operational facilities) are evaluated regularly; however, climate-related risks are typically viewed through the lens of indirect impacts that will affect most investee companies (supply chain, global economic environment etc.). We will continue to analyse potential changes to the direct and indirect climate-related risks as part of our portfolio monitoring programme. The methodology for monitoring changes will be expanded in 2024 to include scenario analysis.

02.

Promoting environmental best practices

PE continues to promote environmental best practice at each of our portfolio companies and, where climate change is a material risk to a company's operations, work with management teams to put together an action plan e.g. to manage emission reductions. We will continue to roll out our sustainability platform to the portfolio companies to assist with accurately assessing carbon footprint and with setting action plans accordingly.

Group operation level

At Group operation level, The Shard received a rating of "excellent" in its Building Research Establishment Environmental Assessment Method ("BREEAM") sustainability assessment[1]. All regional offices are in shared buildings where energy efficiency measures are centrally managed and largely out of Foresight's control. We are monitoring our Group emissions across Scope 1, Scope 2 (emissions relating to electricity consumption) and Scope 3 (predominantly business travel).

Actions planned for next year

In the upcoming year, the following actions will be undertaken:

- Climate change KPI inclusion into remuneration strategy:

Foresight has not yet set any climate-related KPIs into its remuneration strategy. We plan to evaluate whether any such KPIs would be relevant to include in FGHL Board and/or Executive Committee compensation criteria during FY25.

- Mapping specific climate risks/exposures to assets:

During the year, we have conducted climate risk analyses for selected infrastructure portfolio assets. During FY25, we will conduct climate risk assessments and scenario analyses for our PE and FCM portfolios. This will be in conjunction with the fund-specific TCFD reports.

- Climate transition plan

Foresight is working with climate risks as well as impact and plan to get in place climate transition plans for selected portfolios during FY25. The plans will also align with upcoming requirements from the Transition Plan Taskforce (part of SRS).

1. 23 facts about the Shard | The Shard | The Guardian

Climate – TCFD report
continued

B. Strategy continued

Financial position, financial performance and cash flows

Given the positioning of our asset classes, we expect Foresight's financial position to improve alongside the transition to a global economy with decreased carbon footprint. Moving alongside the transition away from fossil fuel dependency, we expect that demands for investments in renewables will increase, and subsequently our ability to fundraise. There are no plans to diversify into carbon-intensive sectors as it would oppose our strategy. There is a risk that a rejection of climate science set out in government policy or statute would have negative consequences for the profitability of our renewable energy assets in the UK, Europe and Australia. This could potentially affect our ability to raise funds in the private markets and reduce our ability to implement our strategy.

Furthermore, sustainability and climate-related risks are currently considered at a high level for the Group. Accounting judgements and estimates, therefore, have a fairly wide range. The climate-related risk framework, expected to be implemented during FY25, should deliver the necessary model to report clearly on the sensitivities of different business lines to a range of scenarios and, with that, a clearer narrative on the aggregated exposure for the Group, stressing the financial performance of Foresight Group, starting with revenues and operating costs. Complications may arise from extrapolation of financial data and modelling sensitivities over the long term.

Climate resilience

Foresight undertakes independent scenario modelling of its infrastructure portfolio in order to measure and assess the physical and transition risks associated with its assets, as well the financial impact of these sensitivities. The platform we use is called Climanomics, and it uses the Shared Socioeconomic Pathways ("SSPs") generated by the Intergovernmental Panel on Climate Change ("IPCC") as the basis for its analysis (updated from the Representative Concentration Pathways ("RCPs") in line with the IPCC). Climanomics integrates econometric assumptions driven by high resolution geographic, climate, socioeconomic, business and sector-specific data with the SSPs to quantify climate risk. The models assess both the risks and the opportunities associated with each scenario and generate outputs dependent on asset type. These outputs are then applied to the funds' valuation models to estimate the financial impact through potential pence per share impact in the four different SSPs scenarios (shown in the table below).

The majority of the climate data underpinning Climanomics® is derived from the Coupled Model Intercomparison Project (CMIP) run by the World Climate Research Programme. The CMIP6 models were developed in support of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6).

The Climanomics® vulnerability methodology models direct financial impacts that each hazard is expected to have on each asset type. Each asset type's vulnerability is characterised based on the specific ways ("impact pathways") in which a particular asset type is impacted by a given climate hazard. Impact functions, composed of impact pathways, are assigned to model the risk based on the hazard and vulnerability. Impact functions estimate the financial losses - including revenue, operating expenses, and capital expenditures - that a hazard of varying intensity would cause to a specific class of asset. Find more detail on the methodology here.

Scenario	Description
SSP1 – 2.6 (Low Climate Change Scenario)	Aggressive mitigation in which total GHG emissions reduce to net zero by 2050, resulting in a global average temperature increase of 1.3 – 2.4°C by 2100. This is consistent with the goals of the Paris Agreement.
SSP2 – 4.5 (Medium Climate Change Scenario)	Aggressive mitigation in which total GHG emissions stabilise at current levels until 2050 and then decline to 2100, resulting in a global average temperature increase of 2.1 – 3.5°C by 2100.
SSP3 – 7.0 (Medium-High Climate Change Scenario)	Limited mitigation scenario in which total GHG emissions double by 2100, resulting in a global average temperature increase of 2.8 – 4.6°C (this averages to 3.6°C).
SSP5 – 8.5 (High Climate Change Scenario)	Low mitigation scenario in which total GHG emissions triple by 2075 and global average temperatures increase by 3.3 – 5.7°C. It is generally thought that this scenario is highly unlikely but is worthwhile considering as a "worst-case" scenario.

Climate – TCFD report continued

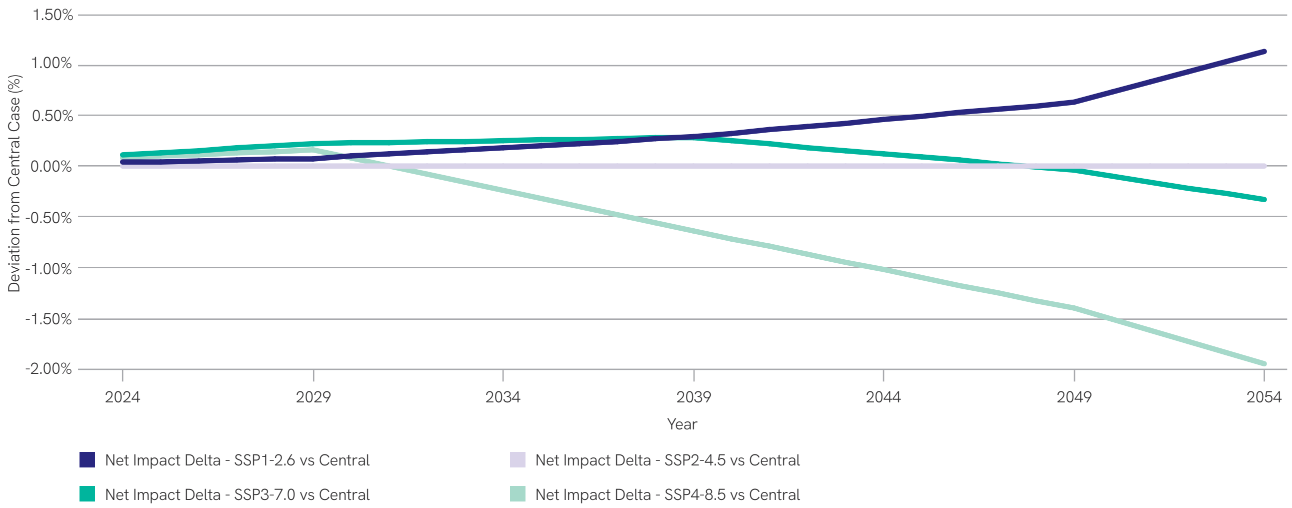
B. Strategy continued

Climate resilience continued

Scenario analysis results

The SSP2 - 4.5 scenario is assessed as the most likely outcome due to the current global emissions trajectory and is used as the ”central case” within this analysis. The results show the assessed central case and the potential variations between the three remaining scenarios.

Scenario analysis results



Scenario	Impact on NAV
SSP1 - 2.6	1.13%
SSP2 - 4.5	Central case
SSP3 - 7.0	-0.33%
SSP4 - 8.5	-1.95%

Climanomics uses the following thresholds for the combined percentage of risk when considering materiality within this analysis:

- 0-5% – Minimal/Immaterial
- 5-10% – Moderate
- >10% – Material

The analysis shows that the Foresight Infrastructure portfolio climate risk, even under the most extreme climate scenarios, is considered minimal. Foresight agrees with Climanomics' approach and considers the results show a minimal combined percentage of risk to the portfolio.

Although the scenario analysis is a high-level assessment, results from the scenario analysis can indicate whether assets and funds are at greater risk of physical and transitional risks. Based on the results from this analysis, the investment team can then prioritise conducting more detailed and specific analysis pertaining to a specific risk. For example, if one of the sites is identified at a particular risk of flooding by the scenario analysis, then a site-specific Flood Risk Assessment can be commissioned to understand the risks in more detail and preventative actions can be implemented. The analysis can ensure that the fund is more resilient by highlighting any potential issues and enabling the fund/asset manager to take appropriate risk mitigation measures.

Climate – TCFD report continued

C. Risk management

Foresight operates a "three lines of defence" (see page 57 of the Annual Report) governance model for the risk and control framework. This model supports Fund-level risk management, where the first line of defence risk management activities are performed. The first line of defence comprises of the systems, processes and people (with the relevant skills and experience) involved in the management of risks and opportunities on a daily basis.

Infrastructure

Climate risks and opportunities are identified, assessed, prioritised and monitored based on the data collected pre-investment and post-investment in the SET. Climate-related scenario analysis is conducted with the help of Climanomics (methodology explained in the previous section).

Foresight Capital Management

Climate risks and opportunities are identified, assessed, prioritised and monitored based on the data collected pre-investment and post-investment through, amongst other sources, Bloomberg's portal.

Private Equity

Climate risks and opportunities are identified, assessed, prioritised and monitored, only if considered material. As most of its assets are Small and Medium-sized Enterprises ("SMEs") located in UK, no in-depth analysis is conducted in relation to climate risks and opportunities. Climate-related scenario analysis is not currently conducted.

The investment divisions are currently working on their respective investment processes to incorporate the DMA methodology (as used in FY24) and results to assess nature, likelihood and magnitude of the effects of the ESG (including climate) risks and opportunities.

The second line of defence is responsible for the risk management framework across Foresight Group and is responsible for the oversight of risk management practices and control assessments.

With respect to the risks arising from compliance requirements with evolving climate-related regulation and related codes and best practice, our Compliance and Risk teams oversee the regulatory change programmes that set out the business requirements and expectations of our regulators. The potential impact of a poor control framework around our sustainability-focused communications, both from direct sanction and corollary reputational damage, could be significant, with different levels of potential impact over short, medium and long-term horizons. The analysis considers, among other factors, the redemption windows across our range of products and the cessation fee-related earnings derived from those products. Foresight Group is currently developing these scenarios in addition to working on a KPI/KRI Dashboard with OneRisk, an external consultancy specialising in climate change and enterprise risk management.

Climate-related (and other ESG) risks are monitored at an enterprise level. Many risks in different categories of our risk taxonomy are ESG risks and, in this sense, ESG risks are a "transversal" category. Ownership (identification, measurement, monitoring and management) of ESG risks is therefore not the preserve of the Group sustainability function, but is a responsibility shared across the wider Group.

1. Plug planting at Branden Victoria Solar Farm, UK, Cornwall, part of Foresight's JLEN portfolio

Climate – TCFD report continued

D. Metrics and targets

Foresight's emissions data

Scope 1, 2 and 3 emissions for Foresight Group's carbon footprint are 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 2024, we completed a carbon assessment to gather carbon data for the financial year. Emissions data (excluding Scope 3 financed emissions) are audited with limited assurance by an accredited third party.

The Scope 1, 2 and 3 emissions (excluding Scope 3 financed emissions) breakdown and comparison of the FY23 and FY24 footprints are outlined in the table below.

	2023			2024		
Scope	Total carbon emissions (tCO_2e)	Carbon footprint (tCO_2e/£m invested)	Weighted Average Carbon Intensity ("WACI") (tCO_2e/£m revenue)	Total carbon emissions (tCO_2e)	Carbon footprint (tCO_2e/£m invested)	Weighted Average Carbon Intensity ("WACI") (tCO_2e/£m revenue)
Scope[1]	7.1	0.0006	0.06	13.6	0.0011	0.09
Scope (location based)	265	0.022	2.22	158	0.013	1.10
Scope (market based)	183	0.015	1.54	113	0.009	0.79
Scope[1] (excluding 3.15 – Investments)	908	0.075	7.62	1,116	0.092	7.79
Scope[1] (including 3.15 – Investments)[2]	2,165,843	178	18,177	1,999,366	165	13,948
Total emissions (Scope 1 + Scope 2 (location based) + Scope 3 (with 3.15 Investments)	2,166,941	178	18,186	1,999,538	165	13,949

1. Energy consumption used to calculate emissions for FY2024 is: Gas - 74226 kWh; Electricity - 722044 kWh; Distance travelled of personal and rental cars - 228637 km.
Energy consumption used to calculate emissions for FY2023 is: Gas - 39160 kWh; Electricity - 594406 kWh; Distance travelled of personal and rental cars - 291936 km.
2. Note that Scope 3.15 Investments is the sum of total Financed emissions Scope 1 + Financed emissions Scope 2 reported in the section "Foresight's Financed emissions"

Climate – TCFD report continued

D. Metrics and targets continued

Foresight's emissions data continued

The following table provides further breakdown of the emissions data reported for FY24.

Scope	Category	Subcategory	tCO_2e
1	Stationary sources	Gas consumption	13.6
	Mobile sources		0.0
2	Location-based	Electricity consumption	158.3
	Market-based		112.7
3	1. Purchased goods & services	Water supply	0.5
	2. Capital goods		228.0
	3. Fuel & energy (not Scope 1 or 2)	T&D losses	15.3
	5. Waste	Wastewater and other waste	16.5
	6. Business travel	Transport – air, ground, rental cars and hotels	676.6
	7. Employee commuting	Employee transport and home working	178.8
	15. Financed emissions		1,998,250

We are continuously working on improving the data quality with emission factors updated to reflect the latest assumptions. In addition to this, flight data is now included as a class of travel, hence the upswing in business travel by 146% despite a distance increase of only 14%. This is part of a continued effort to improve the quality of our data as well as how we present it.

The reduction in Scope 2 emissions is due to the purchase of renewable energy contracts by our Melbourne and Sydney offices, whereas we have seen more accurate emission factors and a reduction in energy consumption (kWh) in our large London office of 13%.

Turley have audited the Scope 1, 2 and 3 emissions (excluding category 15 financed emissions) with limited assurance. Turley is an external consultancy specialising in carbon accounting referred to Foresight by Climate Impact Partners, who manage our Carbon Neutral Certification status and our carbon offsets.

While Foresight does not have any specific emission reduction targets, Foresight renews its "Carbon Neutral Certification" by offsetting our Scope 1, Scope 2 and Scope 3 (excluding financed emissions) emissions. In September 2023, Foresight purchased a mix of 86% avoidance and 14% removal offsets through Climate Impact Partners to renew our Carbon Neutral Certification.

Climate – TCFD report continued

D. Metrics and targets continued

Foresight financed emissions

Scope 1 – Financed emissions	Data tCO_2e	% AUM covered in this data	AUM covered in this data (£m)	% data based on reported data	% data based on estimation
Infrastructure's Scope 1[1] – Financed emissions	1,793,903	The financed emissions calculation considers Infrastructure's operational assets only; portfolio assets that are not operational do not feature as part of the emissions calculations at this stage.	9,807 This represents Infrastructure division's total AUM, please see reasoning in the left-side column.	69	31
FCM's Scope 1[2] – Financed emissions	(Only Scope 1 and Scope 2 total available) – 16,161	51.4	377	80	20
PE's Scope 1[3] – Financed emissions	46,576	100	1,603	8	92
Scope 2 – Financed emissions	**Data tCO_2e**	**% AUM covered in this data**	**AUM covered in this data (£m)**	**% data based on reported data**	**% data based on estimation**
Infrastructure's Scope 2[1] – Financed emissions	109,501	The financed emissions calculation considers Infrastructure's operational assets only; portfolio assets that are not operational do not feature as part of the emissions calculations at this stage.	9,807 This represents Infrastructure division's total AUM, please see reasoning in the left-side column.	73	27
FCM's Scope 2[2] – Financed emissions	(Only Scope 1 and Scope 2 total available) – 16,161	51.4	377	80	20
PE's Scope 2[3] – Financed emissions	32,109	100	1,603	8	92

1. Operational data has primarily been used to calculate the emissions. Where operational data has been unavailable, Partnership for Carbon Accounting Financials ("PCAF") emissions factors have been used to estimate sector-specific emissions for each individual asset. The methodology used by PCAF to estimate the financed emissions can be found here. 24 of Foresight Infrastructure AUM, and the associated emissions, have been subject to some level of external assessment or assurance as a result of fund reporting processes. Where fund financial years and reporting timelines do not align with FGHL, the publicly reported emissions have been used within this calculation.
2. Emissions data is calculated by Fund Rock (FCM's ACD) which uses MSCI data for Scopes 1, 2 and 3. For Scope 1 and 2 where there is reported data, that is used. Otherwise, the MSCI model uses estimates for Scopes 1, 2 and all of 3. The methodology can be found here.
3. Emissions data is calculated based on reported data (where available) and PCAF estimations for the rest of the portfolio. The methodology used by PCAF to estimate the financed emissions can be found here.

Climate – TCFD report continued

D. Metrics and targets continued

Foresight financed emissions continued

Scope 3 – Financed emissions	Data tCO_2e	% AUM covered in this data	AUM covered in this data (£m)	% data based on reported data	% data based on estimation
Infrastructure's Scope 3[1] – Financed emissions	805,931	The financed emissions calculation considers Infrastructure's operational assets only; portfolio assets that are not operational do not feature as part of the emissions calculations at this stage.	9,807 This represents Infrastructure division's total AUM, please see reasoning in the left-side column.	0	100
FCM's Scope 3[2] – Financed emissions	33,825	51	377	0	100
PE's Scope 3[3] – Financed emissions	75,511	100	1,603	0	100

Foresight has measured its carbon footprint in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

1. PCAF emissions factors have been used to estimate sector-specific emissions for each individual asset. The methodology used by PCAF to estimate the financed emissions can be found here. 24 of Foresight Infrastructure AUM, and the associated emissions, have been subject to some level of external assessment or assurance as a result of fund reporting processes. Where fund financial years and reporting timelines do not align with FGHL, the publicly reported emissions have been used within this calculation.
2. Emissions data is calculated by Fund Rock (FCM's ACD) which uses MSCI data for Scopes 1, 2 and 3. The MSCI model uses estimates for Scopes 1, 2 and all of 3. The methodology can be found here.
3. Emissions data is calculated based on PCAF estimations. The methodology used by PCAF to estimate the financed emissions can be found here.

Climate – TCFD report continued

D. Metrics and targets continued

Climate risk and opportunity metrics

The following metrics are taken from KPIs required in the SASB standards for asset managers. The metrics are also specified in Table A2.1 from the TCFD Appendix (on page 69). Note that given this is the first year of reporting of the following data for Foresight's investments, no comparative data is available.

Description	Infrastructure investment stream – Data	FCM investment stream – Data	PE investment stream – Data
Climate-related transition risks – the amount and percentage of assets or business activities vulnerable to climate-related transition risks	100%[1] Amount of assets – 9,807 (£m) All Infrastructure assets are vulnerable to some extent to climate-related transition risks. The scenario analysis disclosed on page 40 shows the assessed resilience of the portfolio under all different scenarios incorporating both transition and physical risks.	Reliable and quality data is available for assets within our FCM portfolio. FCM intends to relevant collect relevant data in relation to these metrics in the next reporting year.	Reliable and quality data is available for assets within our PE portfolio. PE intends to collect relevant data in relation to these metrics in the next reporting year.
Climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks	100%[1] Amount of assets – 9,807 (£m) All Infrastructure assets are vulnerable to some extent to climate-related physical risks. The scenario analysis disclosed on page 40 shows the assessed resilience of the portfolio under all different scenarios incorporating both physical and transition risks.		

1. All assets have a degree of vulnerability to climate-related transition and physical risks and exposure to climate-related opportunity. The Climanomics platform that is used for assessment of climate-related risk and opportunity across the Infrastructure portfolio identifies and assesses individual assets' level of exposure to these risks and opportunities. This results in an impact output that demonstrates an individual asset or portfolio's level of exposure to climate-related risk or opportunity under different climate scenarios that can be aggregated to provide an informed view of anticipated portfolio performance across different climate futures.

Climate – TCFD report continued

D. Metrics and targets continued

Climate risk and opportunity metrics continued

The following metrics are taken from KPIs required in the SASB standards for asset managers:

Description	Infrastructure investment stream – Data	FCM investment stream – Data	PE investment stream – Data
Climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities	85%[1] Amount of assets – £7,486 (£m)	As above	As above
Capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Not currently tracked[2].	As above	As above

In addition to the above, the Infrastructure division's investments' energy consumption intensity per high impact climate sector has been calculated as 0.12 GWh/EUR million of revenue. The KPI is based on Principal Adverse Impact ("PAI") indicator identified in the EU SFDR regulation. Calculation conducted using available operational data on energy consumption across the portfolio. Where data has not been available or deemed inaccurate, proxy assets have been used to estimate energy consumption statistics.

1. This figure represents the Infrastructure portfolio's AUM that is assessed to come under the "List of activities considered universally aligned with the Paris Agreement's mitigation goals". Classification can be found here
2. Information on capital deployments over the period into infrastructure that contributes towards climate change mitigation is available within the documentation of Foresight's individual infrastructure funds but is not yet calculated at an aggregated level.

Biodiversity and ecosystem

Risks

Infrastructure development forms the backbone of modern society, providing essential services such as energy, transportation, healthcare infrastructure or communication services. However, the very processes that build and maintain this vital network pose significant challenges to biodiversity. One key concern lies in the environmental impact of material sourcing and production. The construction and maintenance of infrastructure assets relies on a complex supply chain encompassing activities like mining, steelmaking, electronics manufacturing and production. These processes generate a variety of pollution and emissions, and is part of the cause of declining global biodiversity. Foresight's assets, independent of their geographical locations, require these materials and processes. New infrastructure often necessitates building on undeveloped ("greenfield") areas, leading to habitat destruction and displacement of species. This concern extends even to seemingly clean technologies such as solar power as the materials used in solar technologies may be processed in regions with lax environmental regulations, potentially leading to higher biodiversity impacts in those areas. Moreover, projects often require changes in existing land use, impacting the local area, water bodies and recreational areas. These modifications can disrupt established ecosystems and displace wildlife. However, by acknowledging these challenges and actively seeking solutions, we can build the infrastructure we need for the future while safeguarding the health of our planet and all its inhabitants. Further, through our collaboration with actors such as the Eden Project, we can use our position as asset manager as an opportunity to improve the biodiversity. The risks and opportunities related to biodiversity and ecosystems are relevant in medium and long term.

Strategy

Ensuring the sustainability of infrastructure development requires a multifaceted approach. Foresight is committed to minimising the environmental impact of material sourcing and production, while also mitigating the ecological disruption caused by construction activities of its assets. Foresight's commitment to nature recovery goes beyond simply leading by example. Through our Supplier Code of Conduct, Foresight ensures that our suppliers share Foresight's beliefs in acting conscientiously as a corporate entity and are motivated to develop and monitor both their own sustainability performance, and that of their supply chain.

Foresight considers biodiversity and ecosystems in our due diligence process. One of the key criteria in the Sustainability Evaluation Tool ("SET") is "Environmental Footprint", which considers biodiversity:

- Habitat/biodiversity management plan or equivalent completed? (Y/N)
- Percentage of total site area that can be construed as some form of natural habitat (%)
- Percentage of habitat lost as a result of construction/operation (%)

Moreover, to address the nature crisis, Foresight has formed a partnership with the Eden Project, a leader in environmental education, to deliver positive sustainable impacts across the Foresight Group portfolio with a focus on nature recovery. This partnership will combine Foresight's investment and land management experience with the Eden Project's expertise in creating connections between people and the natural world.

Through this initiative, we will actively demonstrate how businesses can be a driving force in this critical effort to ensure the protection of our biodiversity.

This includes aligning our actions with global goals such as the UN SDGs for climate action (SDG13) and protecting life on land (SDG15), while also advocating for nature-positive practices across our land management and investment networks. Recognising the importance of collaboration, we will work with both large and small businesses to share knowledge and support their contributions to nature recovery. Furthermore, we believe cross-sector collaboration is key to tackling the climate emergency and will drive innovation through partnerships to develop new solutions. We will create practical guides for implementing nature recovery across our assets while facilitating investment in natural capital to demonstrate the financial viability of sustainable practices. We will establish a strong foundation for progress by measuring biodiversity baselines across our holdings, and then actively manage these lands to create and restore habitats, ultimately maximising biodiversity.

This commitment extends beyond our portfolio, as we will foster the creation of jobs and promote environmental benefits such as carbon sequestration and flood risk reduction. Indeed, regenerating natural forest ecosystems will be crucial in restoring biodiversity, balancing global timber dynamics and turning the tide on climate change through carbon sequestration. Foresight shapes its investment strategies around these long-term changes and believes it can leverage its expertise in the development of sustainable infrastructure within the sustainable land and food sectors. With the Eden Project, Foresight recognises the inextricable link between a healthy planet and a thriving business and we believe that integrating nature recovery into our investment strategies will contribute to building a more resilient future.

For more information on the Eden Project and our nature recovery ambition statement:

See more here

Biodiversity and ecosystem continued

Strategy continued

The promotion of biodiversity is supported by Foresight's forestry strategy. Foresight's forestry management approach focuses on environmental and social sustainability, aligning with several key UN Sustainable Development Goals. These goals include protecting natural environments, enhancing biodiversity, mitigating climate change through carbon sequestration, and supporting the wellbeing of rural communities. Our forestry projects throughout Scotland, Wales and England actively contribute to the fight against climate change and biodiversity loss. We are committed to responsible land management practices. This includes ongoing consultation with local communities to address concerns and ensure any land-use changes are conducted thoughtfully and with minimal disruption. Planting schemes utilise a diverse mix of commercially viable conifers alongside native broadleaf trees. We actively seek opportunities to support and introduce rare or endangered tree species where possible.

Furthermore, all our schemes involve the protection and creation of open natural habitats adjacent to forested areas, creating a mosaic of ecosystems that benefit a wide range of species. Arable land is rarely used for forestry projects, further minimising environmental impact. To ensure adherence to the highest sustainability standards, Foresight's forestry practices not only meet but often exceed national and regional regulations. We are actively pursuing double certification from both the Forest Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC") on all our sites. This dual certification demonstrates our commitment to responsible forestry practices that meet the most rigorous environmental and social criteria.

Through this comprehensive approach, Foresight's sustainable forestry practices contribute to a healthier planet, support rural communities, and ensure the long-term viability of our forestry investments.

For more information on the Eden Project and how we are working with sustainable forestry, please visit this link.

Moreover, for our JLEN fund, we are implementing a habitat management plan and biodiversity enhancement on the future biogas sites for the 28 operational assets operating in renewable generation, wastewater and waste management activities in the UK and Europe.

Metrics and targets

Foresight Group is working on baselining our infrastructure portfolio with 83% of our sites' geospatial "shapefiles" produced. These files are digital definitions of the sites' geographic locations and overall footprint, alongside the attributes that sit within it. These files can then be used in conjunction with up-to-date satellite imagery to assess a given site's impacts and dependencies on the natural environment that surrounds it. Additionally, multiple biodiversity surveys on several sites are feeding into the baselining on a more granular level. This will help us implement appropriate metrics and targets for biodiversity across the various funds.

Biodiversity's challenge regarding metrics is something Foresight is working actively to solve. Details of these can be found in our nature recovery ambition statement here.


The Eden Project, Cornwall, UK, Foresight's Sustainability Partner

Resource use and circular economy

Risks

To build resilient and sustainable portfolios, Foresight's approach to resource use, including risk management and strategy across our investment streams, recognises the importance of resource security and efficient use for both environmental and financial reasons in the short to long term.

A key risk identified across our portfolios is the potential for rising costs and availability issues related to non-renewable resources. This includes fluctuations in the price of energy, metals, minerals and chemicals used in the production, operation and maintenance of assets within our portfolio companies. Disruptions to energy supply can also significantly impact operations and profitability. On the other side, Foresight has the opportunity to engage with our portfolio companies to investigate if their output material may be used as resource input in any other sector. The risks and opportunities related to resource inflows and outflows are relevant in the short, medium and long term.

Strategy

We employ a multifaceted strategy to mitigate these risks and promote responsible resource management. Diversification across sectors and asset classes is a cornerstone of our approach, aiming to reduce concentrated exposure to any single resource or geographic region.

Data collection and analysis are crucial for effective resource management. We are actively improving our capabilities in this area. Foresight's sustainability data platform, known internally as PACT: "Platform Advancing Change Together" is being implemented to facilitate data capture on resource use and circular economy metrics across our portfolio companies. For some funds, we utilise existing reporting frameworks such as the Principal Adverse Impact ("PAI") indicators of the SFDR reports to gather data on resource use. These PAIs include reference to resource use and circular economy metrics such as exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, activities negatively affecting biodiversity sensitive areas, hazardous waste as well as radioactive waste ratio.

Encouraging sustainable practices within our portfolio companies is a key element of our strategy to meet resource use risks. Within our private equity portfolio, we engage with our companies to promote resource efficiency and the adoption of circular economy principles. This includes supporting portfolio companies to set up energy, waste and water conservation strategies and assess whether their products or services contribute to the circular economy.

Finally, risks related to resource use are considered alongside the investment due diligence process, as part of our Sustainability Evaluation Tool ("SET"). The following questions related to "Resource and Feedstock Sustainability" are assessed within the SET:

- Has an LCA (Life Cycle Assessment) been completed for the asset? (Y/N)
- If yes, what are lifecycle emissions associated with asset? (tCO_2e)
- What percentage of site/asset materials are recyclable and/or repurposable? (%)
- Locality of feedstock supply (km from site)

Effective resource management offers a range of benefits for our portfolios and investors. Improved resource efficiency can lead to lower operating costs for our portfolio companies, ultimately increasing their profitability. Additionally, sustainable resource practices can enhance brand reputation and investor appeal, attracting environmentally conscious investors. A diversified portfolio with a focus on resource efficiency is also more resilient to fluctuations in resource prices and potential disruptions. Furthermore, proactive resource management helps us comply with evolving regulations and reporting requirements on sustainability.

We are committed to continuous improvement in resource risk management. By enhancing data collection, and further integrating resource considerations into the investment process, we can strengthen our approach to sustainability and ensure the long-term resilience and profitability of our portfolios.

Resource use and circular economy continued

Metrics and targets

Foresight Infrastructure

Description	Metric	Methodology
Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	17.58 tonnes / million EUR invested	Calculation conducted using available operational data on waste generation and disposal.

We continue to take steps to improve on our establishment, measurement and reporting on KPIs related to resource use and circular economy to better measure the effectiveness of the steps we are taking to assess and manage this risk.

Social

Growing *thriving* communities.

Wildflower seed collection day at Fordie Estate, Scotland, part of Foresight Sustainable Forestry Company Plc

Our people

"I am incredibly proud that Foresight Group has launched its first comprehensive DE&I strategy, Thrive, and is actively sharing it with external stakeholders. This initiative demonstrates our commitment to transparency and accountability in driving ongoing positive progress in diversity, equity and inclusion."

Suzie Ruffley
Head of PSC

We recognise that our people are the cornerstone of our continued success, holding invaluable knowledge and crucial client relationships. We have a highly engaged workforce, as demonstrated by our annual engagement score of 81%. However, we recognise that the loss of our top talent would not only disrupt operations but also incur significant time and expenses in finding replacements. We have therefore committed to nurturing our talent pool to provide ample opportunities for advancement to the highest grades within Foresight Group. Our internal talent mapping and succession planning processes are instrumental in maintaining a resilient workforce, thereby minimising disruptions in the event of senior staff turnover. The risks and opportunities identified within own workforce are relevant in the short, medium and long term.

Effective recruitment is crucial for Foresight Group. We focus on building a team structure with well-defined roles and responsibilities to ensure smooth operations. We are dedicated to attracting talent that aligns with our Diversity, Equity and Inclusion ("DE&I") goals and ensures a positive workplace culture. The risk of a poorly selected workforce can manifest in the short term, potentially leading to an inability to meet business objectives, loss of investor confidence, and missed opportunities. To mitigate these risks, we have unconscious bias training for all hiring managers, as well as ensuring our recruitment agencies are fully aware of our culture and our DE&I strategy. Over the course of FY25 we will be sharing inclusive line manager training, and training around neurodiversity. By focusing on these areas, we can build a diverse and talented workforce well-positioned to drive long-term success.

We also recognise the importance of offering competitive compensation packages to attract, retain and motivate top talent. We conduct regular benchmarking exercises to ensure our total compensation packages, including base salary, short-term incentives ("STI"), and long-term incentives ("LTI"), remain competitive. We operate a UK Share Incentive Plan ("SIP") Scheme for all Pay As You Earn ("PAYE") employees and have a Phantom SIP Scheme to mirror this for our other European and Australian employees. These schemes ensure increased engagement and alignment of interests in terms of long-term success and growth. We also utilise retention bonuses and a comprehensive benefits package to further enhance the employee value propositions.

Our People and Sustainable Culture ("PSC") team sets the people strategy and frameworks to align with that of the organisation's key objectives, of growth and diversification. The ultimate aim is to cultivate an environment where employees can thrive professionally, making significant contributions to the organisation's success.

Learning and personal development

Our commitment to a skilled workforce extends beyond the financial and reputational risks associated with lack of training and competences. In the short term, neglecting training could disincentivise and disengage employees. By not investing in our employees, we could in turn damage our employer brand, making it difficult to attract and retain top talent. However, by investing in comprehensive training programmes that address both on-the-job specific skills and DE&I competencies, we can cultivate a highly skilled and engaged workforce. Furthermore, by training our employees in sustainability and creating a robust competence base, we can demonstrate a genuine commitment to sustainability and thereby avoid the risk of greenwashing. In addition to avoiding risks, our internal training strategy encourages innovation and puts us in a better position to become a market leader.

Our people continued

Learning and personal development continued

Empowering our employees to make informed decisions that align with our sustainability commitments can further lead to more effective ESG due diligence in investment processes, improved governance practices, and a greater focus on material ESG areas. Ultimately, these factors contribute to improved operational efficiency and better decision-making, enhancing our culture, brand image and visibility in the marketplace.

Foresight conducts annual benefits reviews and appraisals to assess performance, with input provided by respective managers, and we also encourage 360-degree feedback. Mid-year appraisals are also held to ensure our people are on track and receive the necessary support and training from the business to achieve their goals. Additionally, we offer continual training for both employees and managers on effective appraisal approaches, resilience in giving and receiving feedback, and inclusive leadership. We have also refreshed our scheme, which has over 30% of people currently engaged in the scheme. This ensures our employees are fully supported.

Diversity, Equity and Inclusion

Foresight Group currently employs 395 individuals, with women making up 40% of our workforce. Our Executive Management team is currently all male, a legacy challenge stemming from tenure within the organisation. To address this, we are leveraging our talent mapping and succession planning initiatives, and we are committed to appointing a female Executive Committee member within the 2024 calendar year.

Foresight promotes gender equality and equal pay through its DE&I strategy, THRIVE, which includes targets and training. To encourage women into leadership positions, we have further developed Elevate, our bespoke Women in Leadership programme, which is currently being rolled out to our second cohort. Foresight also provides training and skills development promoting diversity and inclusion and has a programme of training scheduled across FY25.

During the year, we have also conducted workshops on DE&I and had interactive talks with a Paralympian representative of the LGBTQ+ community organised by the Foresight Pride Network which launched in December 2022.

Employee wellbeing and work-life balance

Foresight acknowledges the risks of mental health issues caused by long periods of stress and busy periods that may impact our employee population. To address this issue, employees at Foresight have access to our Employee Assistance Programme ("EAP") Health Assured, offering 24/7 support on various subjects from health to private finance.

Foresight employees are also encouraged to express positive feedback as well as concerns or issues through annual employee surveys and quarterly employee forums. This year we had an 87% response rate and are proud to have achieved an 81% engagement score. This is up from 76% the year before. The questions asked centre around themes such as general engagement, communication, DE&I, wellbeing and sustainability.

Through this, wellbeing is continuously monitored, and assessed. Foresight carries out wellbeing initiatives as a result of the feedback provided and over FY24 allocated wellbeing bonuses of £500 (or the equivalent of) to 92% of employees who applied for it. In the upcoming year, we will continue our focus on wellbeing by bringing in our EAP providers to explain more about what the support looks like, highlighting mental health first aiders' role in the business, and rolling out sessions on digital wellbeing.

Work-life balance is a challenge for the financial services industry and making sure family life is supported is one way Foresight is tackling this. We offer several types of leave such as parental leave, miscarriage leave and fertility leave, all aimed at contributing to employee wellbeing. We recognise the value of offering comprehensive parental leave policies. This not only enhances our ability to attract and retain top talent but also enhances a culture of psychological safety, leading to improved planning and collaboration within teams. We acknowledge the associated costs of implementing an enhanced parental leave programme. There is a short-term financial impact to consider, balanced against the potential cost of losing talented individuals due to inadequate support during this life stage, or being able to attract new top talent with expectations of parental leave support. Furthermore, a lack of such support can contribute to higher turnover rates among employees of child-rearing age. To achieve a sustainable approach, we are committed to finding a balance that allows us to attract and retain a diverse and talented workforce, ultimately contributing to our long-term success. This year we are pleased to announce we have increased our enhanced paid maternity leave and will continue to review our offering.

Our people continued

Metrics and targets

As at 31 March 2024

Headcount by gender and location

Location	Number of women	% women	Number of men	% men	Total	% of total workforce
Australia	18	4.4	41	10.1	59	14.5
Channel Islands	1	0.2	1	0.2	2	0.5
England	130	32.0	171	42.1	302	74.1
Ireland	1	0.2	2	0.5	3	0.7
Italy	5	1.2	3	0.7	8	2.0
Luxembourg	3	0.7	1	0.2	4	1.0
Scotland	2	0.5	8	2.0	10	2.5
Spain	6	1.5	9	2.2	15	3.7
Wales	2	0.5	2	0.5	4	1.0
Total	**168**	**41.4**	**238**	**58.4**	**406**	**100**

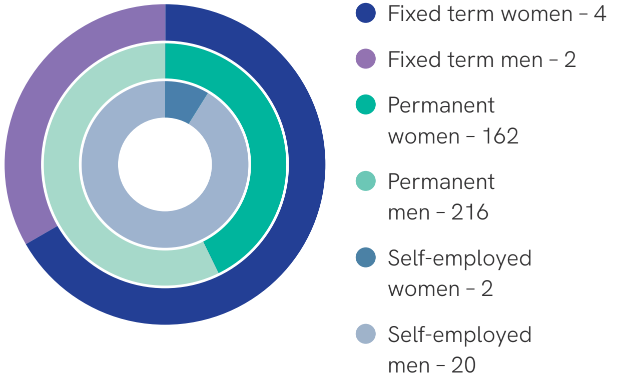
Members of the Foresight team

Our people continued

Headcount by employment type and gender

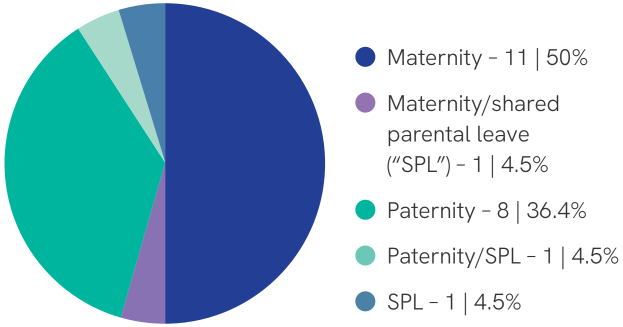
Fixed term employees are employees who are here for a fixed period of time and therefore have an end date on their contract.

Permanent employees are those employees who do not have a fixed end date.



Family leave

All employees are entitled to family leave. 5.43% of total employees took family leave.



DE&I data

Board level

The FGHL Board is made up of four male Board members and one female Board member, all with White British ethnicity and no disability.


Member of the Foresight team

Our people continued

Senior leadership

Gender

	Number	(%)
Male	11	78.6
Female	3	21.4
Total	14	100

Religion

	Number	(%)
Atheist	5	35.7
Christianity	3	21.4
None	2	14.3
Not specified	4	28.6
Total	14	100

Foresight Group defines senior leadership as a Partner or Managing Director who are a head of department.

The annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) is 5:1.

Ethnic origin

	Number	(%)
Black or Black British – Caribbean	1	7.1
White – British	9	64.3
White – Other White background	1	7.1
Not specified	3	21.4
Total	14	100

Sexual orientation

	Number	(%)
Heterosexual	10	71.4
Not specified	4	28.6
Total	14	100

Disabled

	Number	(%)
Yes	1	7.1
Not specified	13	92.9
Total	14	100

Our people continued

Group employees

Gender

	Number	(%)
Male	238	58.6
Female	168	41.4
Total	406	100

Religion

	Number	(%)
Atheist	42	10.3
Buddhism	2	0.5
Christianity	87	21.4
Hinduism	9	2.2
Jewish	2	0.5
Muslim	9	2.2
Sikhism	1	0.2
None	99	24.4
Not specified	147	36.2
Other	8	2.0
Total	406	100

Ethnic origin

	Number	(%)
BAME	41	10.1
White – British	184	45.3
White other	51	12.6
Not specified	30	7.4
Total	406	100

Sexual orientation

	Number	(%)
Bisexual	3	0.7
Gay	2	0.5
Heterosexual	263	64.8
Not specified	138	34.0
Total	406	100

Disabled

	Number	(%)
No	269	66.3
Yes	6	1.5
Not specified	131	32.2
Total	406	100

Our people continued

Targets

Gender split targets

Gender	FY24 (%)	FY25 (%)	FY26 (%)	FY27 (%)
Male	60	56	53	48
Female	40	43	45	48
Other	—	1	2	4

Women in Finance Charter targets

	FY24 (%)	FY25 (%)	FY26 (%)	FY27 (%)
% Senior[1] females	26	27	28	30

Gender pay gap targets

	FY24 (%)	FY25 (%)	FY26 (%)	FY27 (%)
Gender pay gap (mean)	34	33	31	28

Gender pay gap reporting[2, 3]

34%
FY23: 30%
Mean average gender pay gap for hourly pay

40%
FY23: 44%
Median gender pay gap for hourly pay

50%
FY23: 49%
Mean gender pay gap for bonus pay

60%
FY23: 65%
Median gender pay gap for bonus pay

1. Foresight defines senior management as Senior Manager, Associate Director, Managing Director and Partner.
2. The FY23 previously reported mean gender pay gap has been restated from 26% to 30% and the median gender pay gap has changed from 38% to 44%. This was due to an error in the calculation that was subsequently identified.
3. The gender pay gap widened in FY24 due to a number of men having been hired into upper quartile pay bracket roles. Additionally, the calculation excludes women who are not on full pay from the data set, which has further negatively impacted our figures.

Members of the Foresight team

Workers in the value chain

Risks

At Foresight, we recognise the importance of responsible labour practices throughout our investment value chain. Violations of worker rights within our value chain could lead to a range of negative outcomes, including supply chain disruptions, legal actions, reputational damage and consequent employee turnover and difficulty accessing talent and fostering innovation. Conversely, investing in companies with strong labour practices can create long-term value and contribute to a more sustainable future. The risk and opportunities identified within workers in the value chain are relevant in the short, medium and long term.

Strategy

Our commitment to responsible investment extends to the human rights practices throughout our portfolio companies' supply chains. We recognise that complex, international supply chains present a heightened risk of human rights violations, particularly in industries such as renewable energy, where allegations of forced labour have emerged (e.g. Xinxiang province).

Our approach to worker rights within the value chain of our assets focuses on mitigating risks while identifying opportunities for positive impact. A key element of our risk management strategy is portfolio diversification across asset classes, geographic areas and regulatory regimes. This diversification helps minimise the potential impact of labour issues within any single holding.

We also leverage the UN Global Compact as a framework for assessing human rights and labour practices within our portfolio companies. All holdings across the Global Real Infrastructure Fund ("GRIF"), the Sustainable Real Estate Securities Fund ("REF"), and the Sustainable Future Themes Fund ("SFT") are assessed against the principles of the UN Global Compact. This encompasses the assessment of internal processes and policies including human rights policies and supplier code of conduct within investee companies. Alignment with these principles encourages adherence to labour standards and helps companies identify and address potential risks within their supply chains.

We also actively engage with our portfolio companies to promote responsible practices. Many have high-quality processes in place to protect themselves against human rights violations, however we encourage them to improve further e.g. to become signatories to the UN Global Compact. Between March 2023 and March 2024, we have successfully engaged with six companies on this issue.

To mitigate value chain risks for workers, we also look to companies such as, FCM investee company, Scatec as models for effective supply chain management. Scatec demonstrates strong practices through supplier due diligence, a robust supplier code of conduct, contractual obligations for ethical behaviour, and ongoing monitoring and auditing. Additionally, capacity building for suppliers and stakeholder engagement are crucial elements of Scatec's approach.

Within our Infrastructure ESG due diligence process pre-investment, we evaluate a number of human and labour rights facts, such as if there is an anti-modern slavery policy in place, if the Company has a supplier screening policy and a supply chain engagement programme. These questions are part of our Sustainability Evaluation Tool ("SET") and the outcomes give us a high-level overview of the Company's/asset's maturity within human and labour rights.

While we strive for comprehensive data on labour practices, data quality remains a challenge. We gather information from various sources including company policies, Bloomberg data, and qualitative assessments based on the UN Global Compact principles. However, we recognise the limitations of these sources, particularly for companies with complex or geographically dispersed supply chains.

Building a sustainable and resilient investment portfolio requires a focus not only on financial performance but also on environmental and governance factors. Responsible labour practices are a key component of ESG investing. By integrating labour rights considerations into our investment process, we aim to mitigate risks, promote positive social impact, and generate long-term value for our investors.

Foresight is continuing its journey to build resilience for human rights and intends to start implementing a human rights due diligence process in accordance with the six steps of the UN Guiding Principles and OECD guidelines, during FY25.

Workers in the value chain continued

Metrics and targets

In Foresight's September 2023 Modern Slavery Statement update, we disclosed the following KPIs:

Training is a mandated requirement for Foresight Group. We use Astute to provide third-party training, which includes a module on modern slavery. This is rolled out as standard to all employees and had a 96% completion in FY24.

Our overall performance is measured in numerous ways, such as training and our continued rollout of Ethixbase's due diligence platform across our Infrastructure funds (93% of FSFL and 92% of JLEN). Further Infrastructure metrics are as follows:

Metrics	Answer	Data methodology
Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms of geographic areas and/or the type of operation	18%	This figure represents the AUM associated with the sectors, industries and associated supply chains assessed to be at greatest risk of forced or compulsory labour incidents. In this instance, 18% represents the AUM associated with the solar industry, in which the Infrastructure division is active across all of its current geographies.
Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	18%	This figure represents the AUM associated with the sectors, industries and associated supply chains assessed to be at greatest risk of child labour incidents. In this instance, 18% represents the AUM associated with the solar industry, in which the Infrastructure division is active across all of its current geographies.
Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0	Using the Ethixbase platform, ongoing monitoring of the primary suppliers to the Infrastructure division's solar investments gave rise to no known cases of severe human rights issues.
Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	Investee companies and the correlating SPVs do not typically have a supplier code of conduct as they are not the organisation responsible for the selection and appointment of suppliers. The Investment Manager, which has overall responsibility for management of the individual assets and their suppliers, has a Supplier Code of Conduct that is used with primary suppliers and key counterparties.	N/A

We continue to take steps to improve on our establishment, measurement and reporting on KPIs related to modern slavery and human trafficking training and our due diligence processes to better measure the effectiveness of the steps we are taking to assess and manage this risk.

Affected communities

Risks

At Foresight, we are committed to balancing our local impact with our local contribution. Foresight's infrastructure projects have the potential to impact local communities' economic, social and cultural rights. While our projects in renewable energy and natural resources can bring economic benefits such as job creation and local economic dynamism, they could also pose risks to the life quality and social fabric of the communities involved, e.g. by restricting access to land. One of many mitigation methods is to engage with the local community through school visits (JLEN), church hall renovations (FSFL), the Foresight Sustainable Forestry Skills Training Programme (FSFC), and many more. There are risks of local communities' land being restricted, changes of scenery or disturbances from construction and traffic. For Foresight it is essential to mitigate these risks, to make sure our projects operate in a responsible way and to have a good relationship with the communities in which we operate. We believe this will in turn generate a better project development and business performance for our assets, and thus is an opportunity for us to support local communities and our assets' development simultaneously. The risk and opportunities identified within affected communities are relevant in the short, medium and long term.

Strategy

We employ a multi-layered approach to identify, assess and mitigate risks posed to local communities. The initial step occurs during the investment screening and due diligence process. A series of questions are included in our Sustainability Evaluation Tool ("SET") to understand a project's potential local impact. These questions delve into three key areas:

- Health and safety: We prioritise the safety of project workers and the surrounding community.
- Local social impact: The SET assesses existing policies for community engagement, including grievance procedures, and reports on past community interactions. It also evaluates financial remuneration provided to communities and the accessibility of relevant documentation.
- Local economic impact: We analyse job creation, training provided and local spending associated with the project.

Periodic updates to the SET provide insights into progress on these issues throughout the project lifecycle. Any decline in scores is reviewed and appropriate measures implemented in order to improve the asset's overall performance. Additionally, our operational management system (Sennen) allows for real-time tracking of events that might impact local communities. This includes health and safety incidents, community engagement activities, complaints, environmental events (both positive and negative), and media coverage. Sennen also monitors adherence to the Community and Stakeholder Engagement policy.

Foresight, however, recognises that some risks lie outside its direct control, such as those within the project's value chain. The SET incorporates questions to assess a key counterparty's approach to modern slavery and forced labour, supplier screening, and adherence to their own code of conduct. Furthermore, Foresight's Supplier Code of Conduct holds its primary suppliers accountable for social and community-focused issues such as human rights, labour rights, child labour, fair treatment of workers, and workplace health and safety. The categories of operational monitoring within Sennen are also used to capture similar information from across the value chain, whenever possible.

By proactively identifying and managing these risks, Foresight ensures that its infrastructure investments contribute positively to local communities while minimising potential negative impacts. This focus on responsible investment not only benefits communities but also helps us mitigate risks and build trust with our stakeholders.

Metrics and targets

Foresight regularly engages with communities throughout the Group, but currently does not have metrics and targets for communities. In the upcoming year, we will review if we can adopt new KPIs and/or qualitative metrics to follow up on.

Consumers and end-users

Risks

At Foresight, we are committed to providing clear, fair and not misleading information to our investors, particularly regarding our approach to sustainable investment. Our investment strategies have established clear sustainability objectives integrating environmental, social and governance considerations into investment analysis. This allows us to identify and manage sustainability risks and opportunities for our investors. We recognise the importance of transparency in building trust and mitigating the risk of greenwashing.

Greenwashing is a serious risk that could erode investor trust and damage our reputation. It could hinder our capacity to raise and deploy future funds in the short term. Indeed, a misrepresentation of Foresight's portfolio companies would harm our reputation as a strategic partner. Greenwashing is not just an ethical concern, but also a financial risk. Failing to disclose relevant information would damage credibility, harming investor relations and limiting the firm's ability to attract new capital.

Furthermore, greenwashing exposes us to potential reputational and litigation risks and financial penalties from regulatory bodies. By proactively mitigating greenwashing risks, Foresight protects its reputation, safeguards investor trust, and ensures long-term financial sustainability. This risk is relevant in the short, medium and long term.

Strategy

The cornerstone of our mitigation approach lies in well-defined sustainability objectives and mandates for each investment strategy. These clear frameworks ensure that our investment decisions consistently align with our stated goals. We establish specific criteria for what constitutes a "sustainable" investment within each strategy, providing transparency and focus within our investment process. As part of the annual assessment, we ask for feedback from several customers where they can detail the community engagement activities, helping us understand the social benefits of our products or services. Guidance on how complaints can be made to Foresight can be found in a variety of materials provided and made available in the public domain.

We have established a dedicated anti-greenwashing working group to spearhead a risk-based verification exercise. This exercise ensures all consumer-facing materials adhere to the "fair, clear and not misleading" standard, in alignment with the UK's Sustainability Disclosure Regulation ("SDR"). This multi-step process involves investor relations teams within each investment stream and the marketing team conducting initial verification, followed by reviews from sustainability leads and Group Sustainability, ensuring a comprehensive approach. Foresight has robust processes for the review of materials by our jurisdictional compliance teams. Moreover, the materials provided to investors are typically subject to multiple reviews, sign-offs and audits of information.

Greenwashing is also recognised as a significant risk within our comprehensive risk management framework. This framework not only assigns a likelihood and impact rating to greenwashing risk but also considers the potential reputational damage it could cause. By designating Group Sustainability as the risk owner for greenwashing, we ensure that mitigation efforts are undertaken to address this risk. Moreover, through active ownership, we engage with the companies we invest in to promote best practices. This engagement includes encouraging them to substantiate their sustainability claims and fostering a more transparent and responsible investment environment.

To mitigate the potential impact of risks within a specific holding, such as risks related to climate change risks, regulatory changes, social impact, or supply chain vulnerabilities, we diversify our assets across various sustainable investment strategies. This diversification helps to reduce our exposure to any single sustainability risk. Furthermore, the Risk team is currently building out a Key Risk Indicator ("KRI") dashboard for the Group in collaboration with OneRisk Consulting. This dashboard will encompass KRIs for a variety of sustainability risks, including greenwashing.

Foresight has established robust monitoring systems to not only track progress towards our sustainability goals but also to regularly review our portfolios. These reviews ensure continued alignment with our sustainability criteria. Furthermore, we provide transparent reporting to investors, covering sustainability performance, risk exposure and the impact of our sustainability initiatives. Notably, this reporting includes disclosing any instances where we may have identified potential greenwashing concerns within our investee companies.

Consumers and end-users continued

Strategy continued

Staying ahead of regulatory developments is a priority. We are actively implementing regulations such as the UK Sustainable Disclosure Requirements ("SDR") to further enhance transparency for our investors. This includes aligning our fund labels with the SDR requirements and developing appropriate Key Performance Indicators ("KPIs"). These KPIs will track alignment with sustainability goals and assess exposure to climate risks and opportunities. Some potential factors we may consider for KPIs include alignment with the UN Global Compact principles, Board gender diversity, exposure to fossil-fuel sectors and greenhouse gas emission intensity. Moreover, the implementation of our PACT platform will provide transparency of data. TCFD reports at the fund level can also be provided upon request.

Finally, the Group Sustainability and Compliance teams have conducted multiple sustainability training sessions across the organisation, focusing on areas such as sustainability reporting, greenwashing itself and the UK SDR. This ensures employees understand their roles in maintaining transparency and avoiding greenwashing.

By prioritising clear and responsible communication, we aim to empower our investors to make informed decisions aligned with their values. We believe this approach not only mitigates greenwashing risks but also strengthens investor confidence and drives long-term value creation.

Metrics and targets

Foresight currently does not have metrics and targets for consumers and end-users. In the upcoming year, we will review if we can adopt new KPIs and/or qualitative metrics to follow up on.

Foresight's school visit during the launch of Skaftasen Wind Farm, Sweden

Business conduct

Building *successful* investment strategies.

Members of the Foresight team

Corruption and bribery

Risks

At Foresight, we acknowledge the significant threat that corruption and bribery could pose to our investments. Illegal activities can trigger a cascade of negative consequences. In the short and medium term, legal repercussions associated with corruption can be financially detrimental through penalties, fines and potentially costly litigation processes. In the long term, these financial burdens could also hinder our ability to invest in innovation, develop new products, and grow. Recognising the potential negative impacts of bribery and corruption, we conduct regular risk assessments of our investments. These assessments consider a variety of factors, including the size and structure of the companies we invest in, the nature and scale of their activities, and the risk profiles of specific jurisdictions, industries, transactions and business relationships, particularly those involving public officials. In our pre-investment processes, we integrate anti-bribery and corruption considerations to identify companies with heightened risk profiles.

Incidents of corruption or bribery could severely damage our reputation. Eroded investor confidence could lead to a decline in share price, hindering future fundraising efforts and jeopardising our ability to attract and retain top talent. This risk is relevant in the short, medium and long term. To address this risk, our investment divisions require portfolio companies to implement essential policies within a six-month timeframe. These policies cover environment, anti-bribery and corruption, and diversity and inclusion. Our annual assessments then evaluate the presence and effectiveness of such policies, ensuring adherence to high ethical standards. This not only safeguards our portfolio companies and assets, but also promotes responsible business conduct.

Ultimately, corruption and bribery could negatively affect the profitability of our assets. Companies engaged in such activities may be diverting resources away from productive capital and operational expenditures, leading to a decline in overall efficiency and operational performance. This decline in profitability could translate into a decrease in the Net Asset Value ("NAV") of our funds, directly impacting funds' revenue streams and potentially hindering returns generated to investors. To mitigate this risk, we gather corruption and bribery risk data from a variety of sources, including company policies, Bloomberg data, and assessments of alignment with the UN Global Compact principles, specifically those related to anti-bribery. This comprehensive data is then integrated into our investment divisions' risk management processes, allowing for proactive mitigation, and safeguarding of the portfolio against adverse events.

Strategy

A cornerstone of Foresight's mitigation strategy against corruption and bribery is our comprehensive Anti-Bribery and Corruption policy, which applies to all Foresight entities worldwide, including all UK and overseas subsidiaries. This policy serves as a minimum standard, ensuring consistency across the Group while adhering to stricter local regulations where applicable.

To mitigate risks related to corruption and bribery, Foresight equips its staff with regular anti-bribery and corruption training, ensuring that the workforce is aware of the relevant policies and procedures. Furthermore, regulated firms within the Group have implemented risk-based compliance monitoring programmes.

Foresight fosters a culture of transparency through its reporting practice. Foresight Group LLP receives periodic reports on both bribery and corruption risks, and the outcomes of the compliance monitoring efforts. Overseas subsidiaries follow a similar model, reporting to designated compliance officers and local governing bodies.

This focus on risk assessment, staff training, compliance monitoring and transparent reporting demonstrates Foresight Group's commitment to preventing bribery and corruption within its business operations. By proactively addressing these risks, Foresight safeguards its reputation, protects its investments, and contributes to a more ethical and sustainable business environment.

Corruption and bribery continued

Whistleblowing

Foresight prioritises conducting business with the highest ethical standards. Our Whistleblowing policy safeguards a safe and transparent method for reporting of suspected misconduct.

The Company encourages all staff to report promptly any potential wrongdoing. Foresight Group Risk oversees the process, with regional teams adhering to their respective jurisdictional policies and compliance requirements. A Key Risk Indicator ("KRI") dashboard tracks whistleblower incidents for ongoing monitoring and improvement. This risk is relevant in the short, medium and long term.

Our staff have multiple channels for reporting concerns, including their line manager, the Compliance Officer and/or the Group Finance Director. The policy also provides external reporting options for those uncomfortable with internal reporting channels. These external organisations include whistleblowing charity Protect, the Serious Fraud Office and the Financial Conduct Authority.

The policy aims to:

- Encourage openness and confirm that we will support whistleblowers who raise genuine concerns under this policy, even if they turn out to be mistaken
- Provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace
- Convey the seriousness and importance that we attach to identifying and remedying wrongdoing
- Confirm that concerns will be taken seriously, investigated appropriately and that the whistleblower's confidentiality will be protected wherever possible
- Reassure employees that they can raise a genuine concern if they believe disclosure is in the public interest

The policy encompasses a broad range of potential issues, such as bribery, fraud, miscarriages of justice, health and safety risks, environmental damage, and breaches of legal or regulatory obligations.

The Whistleblowing policy applies to all Foresight Group entities, including subsidiaries worldwide. It serves as a minimum standard, and local regulations may impose stricter requirements. In such cases, such local regulations should take precedence.

Foresight Group has zero tolerance for retaliation against whistleblowers who raise genuine concerns. The policy outlines robust procedures to ensure the legal protection of whistleblowers throughout the reporting process.

Regular training equips staff with knowledge of the Whistleblowing policy as well as reporting procedures.

At Foresight, senior leadership and governing bodies are informed of all whistleblower reports. Overseas subsidiaries follow a similar model, with reports directed to designated contacts and local governing bodies. The report concludes by stating that no whistleblower reports have been made to date.

Metrics and targets on business conduct

Foresight has zero (0) licensed employees or identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.

Foresight has had one (1) incident of fraud at an Italian subsidiary in October 2023 which was reported to Italian and Hong Kong authorities which involved an immaterial sum. There have been no other monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

Foresight has had zero (0) convictions or fines for violation of anti-corruption and anti-bribery laws.

Foresight has no targets connected to business conduct KPIs.

Indices

Nature Recovery Blueprint Launch: Plug planting at
Branden Victoria Solar Farm, UK, Cornwall, part of Foresight's JLEN portfolio

TCFD index

Thematic area	Recommended disclosure	Location	Gaps and explanation, if any
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities Describe management's role in assessing and managing climate-related risks and opportunities	Section: Sustainability governance (pages 18 to 26)	Sustainability-related performance metrics are not currently included in remuneration policies. However, Foresight plans to evaluate whether any climate-related KPIs would be relevant to include in Board and/or Executive Committee compensation criteria during FY25.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Section: Climate/TCFD: Strategy – Climate risks and opportunities (pages 26 to 34)	Definition of short, medium and long term used: Short-term: 0-5 years; Medium-term: 5-10 years; Long-term: more than 10 years. These definitions differ from Foresight's overall ERM time frames, as they take into consideration the long-term nature of climate-related risks.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Section: Climate/TCFD: Strategy – Strategy and decision making (pages 35 to 39)	Foresight has not yet quantified the climate-related risks' and opportunities' effect on our financial performance, financial position and cash flows. For full reasoning, please see the ISSB index, under "Strategy".
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Section: Climate/TCFD: Strategy – Climate resilience (pages 39 to 40)	Foresight does not yet conduct scenario analysis for its FCM and PE portfolios; however, we will conduct climate risk and scenario analyses assessments for our PE and FCM portfolios during FY25.

TCFD index continued

Thematic area	Recommended disclosure	Location	Gaps and explanation, if any
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks	Section: Climate/TCFD: Risk management (page 41)	—
	Describe the organisation's processes for managing climate-related risks	Section: Climate/TCFD: Risk management (page 41) Section: Climate/TCFD: Strategy – Strategy and decision making (pages 35 to 39)	—
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Section: Climate/TCFD: Risk management (page 41)	—

TCFD index continued

Thematic area	Recommended disclosure	Location	Gaps and explanation, if any
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Section: Climate/TCFD: Metrics	Foresight does not yet have any climate-related KPIs included in its remuneration strategy. We do plan to evaluate whether any such KPIs would be relevant to include in Board and/or Executive Committee compensation criteria during FY25.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Section: Climate/TCFD: Metrics and targets Includes Foresight's Scope 1, Scope 2 and Scope 3 data and investments' Scope 1, Scope 2 and Scope 3 as financed emissions. (pages 42 to 47)	—
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Section: Climate/TCFD: Metrics and targets (pages 42 to 47)	Currently, no climate-related targets in place. However, Foresight renews our "Carbon Neutral Certification" by offsetting our Scope 1, Scope 2 and Scope 3 (excluding financed emissions) emissions. In September 2023, Foresight purchased a mix of 86% avoidance and 14% removal offsets through Climate Impact Partners to renew our Carbon Neutral Certification. As specified in the Section: "Sustainability at Foresight", Foresight intends to evaluate feasibility of Group-level carbon reduction/transition plan and develop climate carbon reduction/transition plans for selected portfolios in the upcoming year. The reported climate-related metrics/KPIs are derived from the IFRS S2, SASB standards for asset managers and PAI SFDR. No company-specific metric has been reported.

ISSB index

Disclosure category	Sub-category	Disclosure covered	Section in the report	Comments
Governance To understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.	—	IFRS S1: 27 a) – b) IFRS S2: 6 a) – b)	Sustainability governance	—
Strategy To understand an entity's strategy for managing sustainability-related risks and opportunities.	Sustainability-related risks and opportunities	IFRS S1: 30 a) – c) IFRS S2: 10 a) – d)	Our double materiality analysis: a compass for sustainable business – Financial materiality Climate physical and transition risks Biodiversity – Risks Resource use and circular economy – Risks Our people Workers in the value chain – Risks Affected communities – Risks Consumers and end-users – Risks Business conduct – Risks	Definition of short, medium and long term used: Short term: 1 fiscal year Medium term: 1-3 years Long term: more than 3 years This is aligned with Foresight Group's ERM.
	Business model and value chain	IFRS S1: 32 a) – b) IFRS S2: 13 a) – b)		

ISSB index continued

Disclosure category	Sub-category	Disclosure covered	Section in the report	Comments
Strategy continued To understand an entity's strategy for managing sustainability-related risks and opportunities.	Strategy and decision making	IFRS S1: 33 a) – c) IFRS S2: 14 a) – c)	Sustainability at Foresight Climate change – Strategy and decision making Biodiversity – Strategy Resource use and circular economy – Strategy Our people Workers in the value chain – Strategy Affected communities – Strategy Consumers and end-users – Strategy Business conduct – Strategy	Climate change: Climate transition plan, climate targets and resource allocation for related activities are not in place. However, Foresight intends to evaluate the feasibility of a Group-level carbon reduction/transition plan and develop climate carbon reduction/transition plans for selected funds in the upcoming year. Additionally, see the section "Sustainability at Foresight" for the overall steps planned to be taken in the upcoming year to manage Foresight's material risks and opportunities.

ISSB index continued

Disclosure category	Sub-category	Disclosure covered	Section in the report	Comments
Strategy continued To understand an entity's strategy for managing sustainability-related risks and opportunities.	Financial position, financial performance and cash flows	IFRS S1: 35 a) – d) 40 a) – c) IFRS S2: 16 a) – d) 21 a) – c)	Climate change – Financial position, financial performance and cash flows	As part of the financial materiality analysis, we have assessed the impact of risks/opportunities on Foresight's financial performance, financial position and cash flows. As most of the sustainability risks stem from Foresight's investments, we believe that negative/positive impact on asset valuation, if any risk/opportunity realises, could affect Foresight's financial position and performance. Investors' demand for our products, which can be affected by sustainability risks and opportunities, can also affect Foresight's financial performance and cash flows. Foresight's financial performance and cash flows can further be affected by risks and opportunities related to our own workforce. Foresight is responsible for 438 infrastructure assets and over 250 venture capital and private equity portfolio companies. The programme through which Foresight will measure sustainability risk and opportunity at the level of the individual asset and portfolio company is ongoing and at an early stage. This risk programme will deliver quantitative insights into the impacts on Foresight's financial position, performance and cash flows arising from sustainability risks and opportunities at the asset level. This is the first year that Foresight has conducted double materiality analysis for our sustainability risks and opportunities. Historically, impact has been measured against Environmental, Social and Governance risks at an organisational level. In the upcoming year we aim to improve on this analysis, by expanding the financial materiality analysis on the Group ERM platform.

ISSB index continued

Disclosure category	Sub-category	Disclosure covered	Section in the report	Comments
Strategy continued To understand an entity's strategy for managing sustainability-related risks and opportunities.	Resilience	IFRS S1: 41 IFRS S2: 22 a) – b)	Climate change – Strategy – Climate resilience Biodiversity – Strategy Resource use and circular economy – Strategy Our people Workers in the value chain – Strategy Affected communities – Strategy Consumers and end-users – Strategy Business conduct – Strategy	For climate change: Foresight has not yet conducted climate risk and scenario analysis for the fund investments within FCM and PE. However, we intend to conduct such analyses for FCM and PE investments during FY25.
Risk management To understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process and to assess the entity's overall risk profile and its overall risk management process.		IFRS S1: 44 a) – c) IFRS S2: 25 a) – c)	Climate change – Risk management Our double materiality analysis: a compass for sustainable business – Financial materiality	

ISSB index continued

Disclosure category	Sub-category	Disclosure covered	Section in the report	Comments
Metrics and targets To understand an entity's performance in relation to its sustainability-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	Metrics	IFRS S1: 46 a) – b) 49 IFRS S2: 28 a) – c) 29 a) – g)	Climate change – Metrics Biodiversity – Metrics Resource use and circular economy – Metrics Our people – Metrics Workers in the value chain – Metrics Affected communities – Metrics Consumers and end-users – Metrics Business conduct – Metrics	Source for metrics reported in the sections: • IFRS S2 • SASB standards for asset managers • Principal Adverse Impact ("PAI") Indicators (EU Sustainable Finance Disclosure Requirements) • European Sustainability Reporting Standards • FCA diversity and inclusion consultation paper No internal carbon pricing is currently in place.
	Targets	IFRS S1: 51 a) – g) IFRS S2 33 a) – h) 34 a) – d) 36 a) – e)	Our people – Targets	Own workforce: Currently, targets are in place only for own workforce related KPIs. The target KPIs are gender split among employees, % senior female employees and gender pay gap. Climate change: See TCFD index

Foresight

FOR A SMARTER FUTURE

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