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**Foresight Sustainable Forestry Company Plc
("the Company")**

FSF becomes the first company to receive LSE Voluntary Carbon Market designation

Foresight Sustainable Forestry Company Plc, an investment company that invests in UK forestry and afforestation assets, is pleased to announce that the Company has today become the first company to officially receive the London Stock Exchange's Voluntary Carbon Market ("VCM") designation.

The VCM was launched by the London Stock Exchange on 10 October 2022 and has been created to facilitate financing at scale into projects that mitigate climate change. The VCM designation will be applied to funds or operating companies that are admitted to the London Stock Exchange's Main Market or AIM and which are intent on investing into climate change mitigation projects that are expected to yield voluntary carbon credits. The VCM aims to leverage the power of capital markets to channel capital from corporates and institutions with net zero pledges, into listed companies that are creating high integrity voluntary carbon credits. A video explaining the VCM can be found here:

Richard Davidson, Chairman of Foresight Sustainable Forestry Company, commented:

"To be the first ever company to receive LSE Voluntary Carbon Market designation is a hugely proud and significant moment for Foresight Sustainable Forestry. By connecting investors with net zero ambitions to entities such as FSF that generate voluntary carbon credits, the launch of the VCM is a major milestone in the UK's fight against climate change. VCM designation means that the ever-growing number of climate-minded investors can easily and confidently identify sustainable solutions - investors know that, through FSF, they are investing in climate mitigation projects that make a real difference. We have a strong UK afforestation pipeline and the potential of our current capital base alone is expected to create up to 5 million carbon credits by 2050, equivalent to offsetting the entire annual carbon footprint of Glasgow."

Julia Hoggett, CEO, the London Stock Exchange plc, said:

"We congratulate Foresight Sustainable Forestry on becoming the first London-listed issuer to obtain our new Voluntary Carbon Market designation. The public markets are uniquely positioned to help scale the voluntary carbon market, whilst driving greater transparency and providing access to a wider range of investors. We continue to see a strong pipeline and hope to see more new issuers receiving the VCM designation and raising new capital for investment in climate mitigation projects in 2023."

Eligible issuers, such as the Company, will be seeking to finance projects directly or indirectly and may issue carbon credits as a distribution "in kind", retire or sell the carbon credits. This will provide a new solution for corporate investors seeking access to a long-term supply of carbon credits to augment their decarbonisation strategies.

The overall objective of the Company in obtaining VCM designation is to attract new investment from a large and growing pool of companies which have made net zero pledges. For these companies, the Company's "in-kind" carbon credit distribution investment proposition will enable them to:

- secure a supply of voluntary carbon credits for their net zero commitments (to be used for their unabatable emissions) and/or trading purposes;

- hedge against rapidly rising voluntary carbon credit prices; and
- generate an attractive risk adjusted return from otherwise uninvested balance sheet cash, with flexibility to adjust carbon credit yield requirements in a daily traded manner.

The Company's current portfolio consists of approximately 9,700 hectares of UK standing forestry and afforestation assets. The carbon sequestered by the Company's 27 afforestation sites is expected to equate to approximately 800,000 voluntary carbon credits accredited by the Woodland Carbon Code. Once FSF's current total available capital is deployed, it is anticipated that the Company will create approximately 1,000,000 voluntary carbon credits in its first wave of afforestation deployment. The Company's strategy with afforestation assets is to successfully develop afforestation assets, exit these young established forests and recycle the capital into new waves of afforestation development. By 2050, the Company and Foresight Group LLP (as the Company's investment manager) estimate that the current capital base will have been recycled five times with the anticipation that this will yield, in aggregate, 5,000,000 voluntary carbon credits, and they acknowledge that this is a long-term ambition and is subject to ongoing market conditions and factors outside of the Company's control.

Carbon credits created in relation to the Company's afforestation projects will mature over time, turning from Pending Issuance Units ("PIUs") into verified Woodland Carbon Units ("WCUs") that can be retired for offsetting purposes. The majority of the 1,000,000 PIUs that are expected to be created from the Company's first wave of afforestation deployment, are expected to mature into WCUs between 2030 and 2050, enabling shareholders to pursue their net zero ambitions. It is not currently the intention to commence the sale or distribution of any voluntary carbon credits in advance of 2030. It is expected that all voluntary carbon credits created from FSF's first wave of afforestation deployment will be sold or distributed "in kind" by 2050.

Save where the sale of carbon credits is required to meet the working capital needs of the group, the Company intends to realise the value of carbon credits for the direct benefit of shareholders. Generally, the Company intends, when appropriate, to sell carbon credits and make aperiodic distributions to shareholders of the net proceeds of such sales. As an alternative to receiving a cash distribution, the Company intends, where practicable, to offer shareholders the option to elect to receive distributions "in kind" of carbon credits. The method and process for the distribution of any carbon credits "in kind" will be determined by the Board from time to time.

The VCM designation requires issuers to produce additional disclosures relating to the projects they are directly or indirectly financing, including but not limited to; the qualifying bodies whose standards will be applied to the projects, project types, expected carbon credit yield and the extent to which they are expecting to meet the United Nations Sustainable Development Goals ("UN SDGs"). The Designation Circular produced by the Company, which sets out these additional mandatory disclosures in compliance with the VCM requirements is available for inspection on the Company's website at fsfc.foresightgroup.eu.

To ensure that funds or operating companies are having a net positive impact on the environment, the VCM eligibility requirements require that all other activity and investments must be mapped to FTSE Russell's Green Revenues Classification System (Tier 1 and Tier 2 sectors), which recognises the sectors contributing to the green economy.

The London Stock Exchange has granted the VCM designation to the Company on the basis that it will make changes to its existing investment policy to ensure the Company complies with the eligibility requirements of the VCM, specifically; to confirm (i) that the group will operate with a view to generating carbon credits where commercially available; (ii) what will be done with carbon credits generated by the Company's assets in particular clarifying that there will be an ability to receive distributions "in kind" of carbon credits; and, (iii) that the Company will invest its cash and cash equivalents in a manner that is compatible with the principle of climate change mitigation.

The Company announces that it will today publish and post (or otherwise make available) to shareholders a Notice of General Meeting with related explanatory circular (together the "GM Notice and Circular") and form of proxy. The GM Notice and Circular contains resolutions to: (i) amend

the Company's existing investment policy to implement the changes required for the purposes of the VCM designation (as summarised above), and (ii) make certain technical amendments to the Company's existing articles of association to facilitate the process for the future distribution of carbon credits "in kind" to electing shareholders.

Copies of the proposed new articles of association and the proposed amended investment policy (the "Amended Investment Policy") are available on the Company's website, www.fsfc.foresightgroup.eu, and will be made available for inspection at the Company's registered office, The Shard, 32 London Bridge Street, London SE1 9SG during normal business hours until the conclusion of the General Meeting.

The General Meeting will be held at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG at 12.30 p.m. on 21 December 2022. Please refer to the GM Notice and Circular for details on how to vote by proxy.

The Directors consider the resolutions to be proposed at the General Meeting to be in the best interests of the Company and the shareholders as a whole. Consequently, the Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial interests amounting, in aggregate, to 168,000 Ordinary Shares representing 0.10 per cent. of the Ordinary Shares.

In accordance with Listing Rule 9.6.1, a copy of the GM Notice and Circular has been submitted to the National Storage Mechanism and will shortly be available to view at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website at fsfc.foresightgroup.eu.

In the event that the Amended Investment Policy is not approved by shareholders, the Company's continued eligibility for the VCM designation will be subject to review by the London Stock Exchange and, in such circumstance, there can be no assurance that such designation will not be revoked.

About the Company

Foresight Sustainable Forestry Company Plc ("**the Company**") is an externally managed investment company investing in a diversified portfolio of UK forestry and afforestation assets. Targeting a net total return of more than CPI +5%, the Company provides investors with the opportunity for real returns and capital appreciation driven by the prevailing global imbalance between supply and demand for timber; the inflation-protection qualities of UK land freeholds; and biological tree growth of 3% to 4% not correlated to financial markets. It also offers outstanding sustainability and ESG attributes and access to carbon units related to carbon sequestration from new afforestation planting. The Company targets value creation as the afforestation projects successfully achieve development milestones in the process of converting open ground into established commercial forest and woodland areas. The Company is seeking to make a direct contribution in the fight against climate change through forestry and afforestation carbon sequestration initiatives and to preserve and proactively enhance natural capital and biodiversity across its portfolio. It is managed by Foresight Group LLP, the leading listed infrastructure and private equity investment manager listed on the Main Market of the London Stock Exchange (www.fsg-investors.com)

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The information in this announcement may include forward-looking statements, which are based on the current expectations and projections about future events and in certain cases can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "believe" (or the negatives thereon) or other variations thereon or comparable terminology. These forward-looking statements, as well as those included in any related materials, are subject to risks, uncertainties and assumptions about the Company, including, among other things, the development of its business, trends in its operating industry, and future capital expenditures and acquisitions. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur.

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