Foresight Group S.C.A. SICAV-SIF

Sustainability-related disclosures

25/10/2023

Foresight

1 SUMMARY

Foresight Group S.C.A. SICAV-SIF ("IGB" or "the Fund") will invest in small and medium sized renewable energy and energy efficiency projects in Italy through senior secured, fully amortising, listed green bonds.

IGB is considered to be an Article 9 product for the purposes of the Sustainable Finance Disclosure Regulation.

2 NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

IGB will both monitor the attainment of its climate change mitigation objective and compliance with the "do no significant harm" test under the Sustainable Finance Disclosure Regulation. The Fund achieves this at the point of investment through assessment of the sustainability and ESG performance of assets prior to investment. This evaluation is carried out for all projects and includes measurable indicators that are monitored on an ongoing basis throughout the asset lifecycle, described in more detail below.

From the perspective of EU Taxonomy aligned assets, the DNSH criteria detailed within the Delegated Act are assessed at the project level prior to investment and, to the extent possible for a Green Loan, post-investment.

Furthermore, for both EU Taxonomy aligned and non-aligned assets, Foresight Group LLP (the "Investment Manager") collects monthly, asset level sustainability and ESG data enabling reporting against the mandatory principal adverse impact indicators.

The Fund's PAI are shown below.

GHGs	1	GHG Emissions	Scope 1 GHG Emissions
			Scope 2 GHG Emissions
			Scope 3 GHG Emissions (from Jan 23)
			TOTAL GHG Emissions
	2	Carbon Footprint	Carbon Footprint
	3	GHG intensity of Investee Companies	GHG intensity of Investee Companies
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage.
	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity- sensitive areas where activities of those investee companies negatively affect those areas
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Waste	9	Hazardous Waste Ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
Social and Employee Matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprise
	12	Unadjusted Gender Pay Gap	Average unadjusted gender pay gap of investee companies
	13	Board Gender Diversity	Average ratio of female to male board members in investee company
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Performance against these indicators over time will be monitored with a view to consistent improvement.

3 SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

The Fund has a climate change mitigation objective by virtue of financing renewable energy and energy efficiency projects.

4 INVESTMENT STRATEGY

The Fund implements a direct lending strategy by underwriting Bonds issued by portfolio companies. The proceeds of the bonds are used to by the portfolio companies to finance or refinance the construction of energy infrastructure projects in the solar PV, onshore wind and energy efficiency sectors in Italy (the Projects). The portfolio companies are the sole owners of the projects.

5 PROPORTION OF INVESTMENTS

We expect all of the investments in the Fund to be environmentally sustainable investments in accordance with the Taxonomy Regulation. However, the Taxonomy Regulation does not yet have finalised technical screening criteria for all six of its environmental objectives. Given the diversity of projects that the Fund invests in, the proportion of investments that will qualify as environmentally sustainable under the EU Taxonomy will be reviewed once the technical screening criteria have been complete.

The investments require Green Bond Certification under the Green Bond Principles. The criteria against which a Bond is reviewed are grouped under four Principles:

- Principle One: Use of Proceeds. The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- Principle Two: Process for Project Evaluation and Selection. The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- Principle Three: Management of Proceeds. The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- Principle Four: Reporting. The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Metrics used to assess, measure and monitor the environmental characteristics of investments include:

INDICATOR	METRIC
Employment during construction - temporary jobs	Person years
Employment during operation -permanent jobs	Full-time equivalents
Baseline GHG emissions (e.g. reference scenario without investment implementation)	kt CO2e/a
Absolute GHG emissions (e.g. after investment implementation)	kt CO2e/a
GHG emissions saved or avoided	kt CO2e/a
Electricity generation capacity from renewable energy sources	MW
Electricity generation capacity from conventional energy sources	MW
Electricity produced from renewable energy sources	GWh/yr
Electricity produced from conventional energy sources	GWh/yr
Thermal produced from renewable energy sources	GWh/yr
Households which could be supplied with the energy generated by the project	No. of households
Electrical Energy Efficiency achieved	%
Thermal Energy Efficiency achieved	%

6 METHODOLOGIES

The Fund monitors the attainment of its climate change mitigation objective by assessing investment performance against measurable Sustainability Indicators. This assessment is carried out for all projects and is monitored on an ongoing basis throughout the asset lifecycle, providing a basis for comparison of performance and creating a system that enables more accurate reporting, leading to enhanced data quality.

Calculation methodologies for the Sustainability Indicators in Article 43 of this document can be provided on request.

7 DATA SOURCES AND PROCESSING

As mentioned above, performance data is collected and monitored throughout the asset lifecycle, to allow for ongoing assessment of the portfolio's overall sustainability performance and enable concise reporting of this information to the relevant stakeholders.

The data used is collected from the assets directly as a formalised requirement of operational monitoring. Where possible, this data collection is automated and flows directly into Foresight's data management platform. Where data flow cannot be automated, they are collected from the assets and based on real values. Acknowledging the fact that there is a reliance on the assets to provide accurate data, the Investment Manager screens for anomalies and addresses these through either engagement with the assets, or the use of estimates.

Estimates will always be established using proxy data from like assets or will be based on widely accepted market standards. The proportion of estimated data is assessed to be no greater than 10% for any given reporting period.

8 LIMITATIONS TO METHODOLOGIES AND DATA

As noted above, data accuracy and completeness are dependent on the cooperation of the asset. In recognition of the fact that data gaps do occasionally exist, a data estimation engine is being developed. This will ensure any gaps in data can be automatically filled with accurate data estimations, as well as driving focus on where information flow can be improved. The Fund endeavours that none of these limitations will negatively affect the attainment of its sustainable investment objective. However, where deemed necessary, the Fund or the Investment Manager may commission assessments by third party providers to provide a detailed qualitative and quantitative assessment of how the Fund has performed against its stated environmental or social objectives. Meanwhile, the Investment Manager is motivated to continually increase the accuracy and efficiency of the data collection process across the portfolio and will address any further shortcomings as and when they become evident.

9 DUE DILIGENCE

At an investment level, IGB ensures that all potential investments undertaken meet the Company's definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed through evaluation in accordance with Foresight's sustainable investment processes.

Where necessary, third party advisers are appointed by IGB to undertake Due Diligence on sustainability and ESG related areas prior to investment.

10 ENGAGEMENT POLICIES

Following the successful completion of an investment, Foresight adopts an active and hands-on approach to the asset management of all projects in order to maximise long-term value creation. This includes oversight of construction progress; detailed portfolio monitoring to ensure any operational issues are highlighted and addressed expediently; oversight of continual preventative maintenance; and identification of opportunities to enhance performance or upgrade assets from a financial and sustainability point of view.

11 ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

The Fund does not use an EU Climate Transition or Paris-aligned benchmark as a reference. Nonetheless, it is clear that in order to achieve the targets agreed under the Paris Climate Agreement, further renewables growth will be required.