

Foresight Capital Management Shareholder Engagement Policy

March 2024

Foresight

1. Introduction

Foresight Group is authorised by the FCA, which is a regulatory body established under the Financial Services Act 2012 (FSA). The FSA is a key law that, together with the Financial Services and Markets Act 2000 (FSMA), sets out the regulatory framework for much of the UK financial sector. As an investment manager, Foresight is part of the UK financial sector and must be authorised to conduct its activities.

Foresight Group LLP ("Foresight") is an investment manager, specialising in renewable energy, infrastructure and private equity in both listed markets and direct investments. It is regulated by the Financial Conduct Authority.

Foresight's investment strategies are underpinned by a strong environmental, social & governance ("ESG") focus, which increasingly meets the demands of today's investors and ensures we are consistently working towards creating a sustainable legacy for future generations.

As UK authorised investment manager, Foresight is required to develop and publish a shareholder engagement policy under the Shareholder Rights Directive II (the "Directive") in respect of any shares that are listed on a regulated market that are owned by any Foresight managed fund. Our Shareholder Engagement Policy is designed to meet that requirement.

2. Scope and Application of the Policy

The vast majority of Foresight's investments are in unlisted private equity and infrastructure assets. However, the funds managed by Foresight Capital Management 1 ("FCM") invest in shares of companies that are listed on a regulated market. Until such time as any other Foresight team manages funds investing in listed securities, this policy shall apply to FCM only and references to Foresight contained in the Policy and the Policy Approach shall effectively be to FCM.

Foresight shall:

- Incorporate engagement with investee companies as a key part of Foresight's investment process in such a way as to have a beneficial impact on the performance of the company and/ or their standards of ESG reporting;
- develop and execute compelling investment strategies for the long term;
- invest in a manner that supports sustainable economic and social development conscious of the contribution Foresight makes to society;
- monitor and assess monitor the overall performance of each investee companies covering factors such as financial performance, operational performance, strategy, key management personnel and stock market specific factors such as volatility, liquidity, dividend yield and correlations to ensure the that the investment remains an attractive proposition, is still in compliance with the relevant Fund's investment policy and has the ability to contribute towards the fund achieving its investment objective;
- to ensure each investment is assessed to ensure that it continues to comply with the ESG and sustainability considerations that were part of the initial investment process;
- take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, manage, monitor and disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Funds and their investors, and to ensure that the Funds are fairly treated;
- utilising Foresight's right to vote as shareholders to support improvements and drive change;

¹ FCM is one of Foresight's investment teams.

- collaborate with other shareholders when is deemed that the outcome of collaborating will have more of an impact than acting individually; and
- disclose on an annual basis how the Policy has been implemented and the effect it has had. The disclosure to include a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors.

3. Approach to Implementation

Foresight's Approach to ESG and Sustainable Investing

Foresight is focused on investing for a smarter future, which means spotting opportunities first, being flexible and innovative, adopting a clear and transparent approach and applying the expertise of our people.

Foresight's mission is to develop and execute compelling investment strategies for the long term. It aims to invest in a manner that supports sustainable economic and social development and are conscious of the contribution it makes to society.

Foresight Group is a signatory to the Principles for Responsible Investment. As a signatory to this voluntary framework, which is backed by the United Nations, Foresight Group submits an annual report on its responsible investment activities.

Engaging with investee companies

Foresight sees engagement with companies as a key part of its investment process and believes that it will be instrumental in improving ESG standards. Foresight will typically meet investee companies face to face, primarily during a one-on-one meeting but also as part of group events. Dialogue will take place over email and phone where necessary.

The level of engagement between Foresight and the investee company will vary depending on many factors. Meetings to carry out periodic monitoring will be the primary driver of engagement. Where Foresight feels that its engagement will have a beneficial impact on the performance of the company or the standards of their ESG reporting for example, it may increase its engagement with the management team and, where necessary, the board.

Monitoring of investee companies

Foresight will continually monitor the overall performance of each individual Fund holding. This will cover factors such as financial performance, operational performance, strategy, key management personnel and stock market specific factors such as volatility, liquidity, dividend yield and correlations.

The purpose of the assessment is to ensure that the investment remains an attractive proposition, is still in compliance with the relevant Fund's investment policy and has the ability to contribute towards the fund achieving its investment objective. Assessment is primarily based on data presented in or by: company financial results, company presentations, third party data providers and third-party research providers.

Furthermore, each investment will be assessed to ensure that it continues to comply with the ESG and sustainability considerations that were part of the initial investment process. All holdings must comply on an ongoing basis to be included with the relevant Fund's portfolio.

Exercising of voting and other relevant rights pertinent to our shareholding

Foresight's primary method of influencing change will be by direct engagement with the investee company through shareholder meetings. However, where necessary, Foresight will actively use its right to vote as shareholders to support improvements and drive change.

Liaising with other shareholders

Given active management is a core part of Foresight's investment process, it will typically interact directly with the management team and board. Foresight will collaborate with other shareholders when is deemed that the outcome of collaborating will have more of an impact than acting individually. This is assessed on a case-by-case basis and must be compliant with the Shareholder Engagement Policy, competition law and the relevant investment policy.

Significant votes / Annual disclosure

Foresight is required to make an annual disclosure in respect of the Shareholder Engagement Policy's application and implementation. This disclosure will be made following the first year of operation of the Shareholder Engagement Policy.