FORESIGHT SUSTAINABLE FORESTRY COMPANY PLC

SUSTAINABILITY AND ESG REPORT 2023

Foresight
SUSTAINABLE
FORESTRY
COMPANY PLC

COMMITTED TO LONG-TERM VALUE CREATION

Foresight Sustainable Forestry Company Plc ("FSF", the "Fund" or the "Company") is the first and only UK-listed investment trust focused on UK forestry, afforestation and natural capital.

FSF was awarded the London Stock Exchange's Green Economy Mark at IPO. In 2022, FSF became the first fund to be accredited with the London Stock Exchange's Voluntary Carbon Market designation.

The Company invests in a portfolio of UK afforestation (woodland creation) and forestry assets to increase the UK's sustainable timber supply. The Company targets the generation of attractive risk-adjusted total returns through land capital appreciation, sustainable timber and carbon credits sales. The Company's newly planted trees additionally and permanently remove carbon dioxide from the atmosphere, making a direct contribution to the fight against climate change. The Company has a stated objective to protect and enhance biodiversity across its portfolio.

CONTENTS

01

AN INTRODUCTION FROM THE COMMITTEE CHAIR

AN INTRODUCTION FROM THE COMMITTEE CHAIR

Foresight Sustainable Forestry Company Plc ("FSF") is the London Stock Exchange's first and still only investment company focused on UK forestry, afforestation and natural capital.

On behalf of the Board, I am pleased to present the Company's second standalone Sustainability and ESG ("S&ESG") Report covering the year ended 30 September 2023. Our ambition is to provide our stakeholders with clear information on the Company's delivery of its S&ESG strategy.

We believe that our green credentials are at the forefront of the sector. The London Stock Exchange has awarded FSF its Green Economy Mark and its Voluntary Carbon Market designations; to date, we are the only company to have received this designation. We are also compliant with the EU's Sustainable Finance Disclosure Regulation ("SFDR") Article 9, considered to be the highest category of sustainable investment activity.

Last year, we made the case for sustainable timber in the UK and introduced our three S&ESG objectives. The focus of this report is on explaining the processes which underpin our strategy and on the metrics which are meaningful for delivery.

Key objective one - 'timber supply'

Woodland creation (afforestation) is a vital part of the UK Government's plans to achieve net zero and meet its wider biodiversity objectives. The Government has set a UK-wide target to create 30,000 hectares of new woodland every year[1]. Our forestry properties are all located in the UK and the products from our forests will be almost entirely used in the UK, meaning that we make a meaningful contribution towards planting targets while also providing timber to meet domestic demand.

Since the inception of the Company, we have planted 1.4 million trees, and in 2023, we achieved more than 35,000 tonnes of carbon dioxide ("tCO_2e") sequestration from the atmosphere, the equivalent to the annual carbon emissions of 3,500 UK individuals[2].

Key objective two - 'sustainable returns'

Forestry is an integral part of rural life in the UK and one of our ambitions is to deliver positive impacts for our local communities. Our planting portfolio is expected to create around 700 rural jobs. We have expanded the scale and scope of our Forestry Skills Training Programme from Wales to include Scotland. Land use change from livestock farming to forestry represents change in the rural environment and this year our priority has been on engagement, clear communication and building relationships with communities local to our woodland creation projects.

Key objective three - 'progressive industry leadership'

We are pleased to see the growing sophistication in sustainability reporting with the finalisation of the IFRS Sustainability Disclosure Standards. To demonstrate our commitment in this area, this year's TCFD report includes some extra disclosure which brings it closer in line with the IFRS S2 standard.

Looking ahead

Our afforestation portfolio is material in a national context which, once fully planted over 2024/2025, is on track to see c.9 million trees planted over c.4,500 hectares equivalent to one-third of the total area planted across the UK last year. We remain steadfast in the conviction that we can deliver a range of additional natural capital services that benefit society, in parallel to driving value for our Shareholders.

Josephine Bush
S&ESG Committee Chair

25 March 2024

1. https://publications.parliament.uk/pa/cm5803/cmselect/cmenvaud/637/report.html.
2. https://www.carbonindependent.org/23.html.

02

OUR STRATEGIC OUTCOMES

OUR VISION

FSF aims to generate sustainable financial returns for its Shareholders through investing in a diversified portfolio of UK forestry and afforestation assets.

Launched in our 2022 S&ESG Report, our key S&ESG objectives are aligned with our Company strategy. They are encapsulated in our corporate vision, and we are committed to delivering meaningful impact throughout our value chain and across our operations.

Our key S&ESG objectives

Key objective one – timber supply

To deliver and increase the supply of home-grown UK timber, in order to reduce the country's reliance on imports.

Outcomes

- Increase home supply of UK timber
- Sawlog-focused timber production
- Substitution of carbon-intensive materials
- Substitution of wasteful materials
- Increase standing forest carbon sinks
- Embodied carbon locked up in buildings
- Additional carbon sequestration
- Biodiversity protection and ecosystem services
- Flood protection
- Water quality

Key objective two – sustainable returns

To meet our objectives in a way that combines sustainable financial returns with carbon sequestration, biodiversity protection and other positive environmental and social impacts.

Outcomes

- Job creation
- Recreation
- Education
- Societal health
- Community engagement
- Communication and consultation
- Additional carbon sequestration
- Biodiversity protection and ecosystem services
- Flood protection
- Water quality

Key objective three – progressive industry leadership

To be a sustainability leader in the UK forestry industry whilst delivering both traditional commercial timber products and innovative natural capital services.

Outcomes

- Manager with sustainability ethos and expertise
- Experienced independent Board with S&ESG Committee
- Encouraging supply chain counterparties to comply with ethos
- Transparency, data and reporting
- Member of the Association of Investment Companies ("AIC") and ensure compliance with the AIC Code of Corporate Governance

SDG impact: UN Sustainable Development Goals

AT A GLANCE AS AT 30 SEPTEMBER 2023

ALL STATS AS AT 30 SEPTEMBER 2023 UNLESS STATED OTHERWISE

1,062,325m³
of standing commercial timber[1]
FY22: 866,349 m³

769 hectares
that are SSSI[2]/SAC[3]
FY22: 744 hectares

15
Full-time employees ("FTEs") across operations

28
public consultations held during the year
FY22: Two consultations

Wallacea Biodiversity Credits
pursued for specific sites

349km
of watercourses mapped and managed
FY22: 285km

35,081 tCO_2e
carbon sequestered
FY22: 28,873 tCO_2e

£2.7m
value ascribed to progress towards creation of carbon credits
FY22: £0.6m

36
new afforestation schemes with c.950,000 trees planted across four properties
FY22: 27 schemes with c.514,000+ trees planted

10
candidates enrolled on Forestry Skills Training Programme
FY22: Programme launched with four successful candidates

100%
existing forestry dual FSC and PEFC certified, in line with commitment to dual certify within 12 months
FY22: 100%

c.13,200
rare and critically endangered species planted
FY22: 5,900 planted

843 hectares
that are long-term, mixed broadleaf carbon sinks
FY22: 614 hectares

27
properties baselined using the HAB-CON Alpha biodiversity monitoring tool

£38.4m
invested during the year into sustainable UK forestry and afforestation

4
industry leadership initiatives instigated

1. Note: 1m³ of standing timber on average equates to 0.81 green tonnes of softwood.
2. Sites of Special Scientific Interest.
3. Special Area of Conservation.

Key:
Timber supply
Sustainable returns
Progressive industry leadership

ABOUT THE INVESTMENT MANAGER

FSF is managed by Foresight Group LLP ("Foresight", "Foresight Group" or the "Investment Manager"). It's an experienced team of investment, forestry and asset management professionals that can draw on the depth and breadth of Foresight's networks and resources, managing the Company's day-to-day activities.

Foresight Group

Foresight was founded in 1984 and is a leading listed infrastructure and private equity investment manager. With a long-established focus on ESG and sustainability-based strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets.

Investment Manager's sustainability highlights for the period[1]

- Hosted inaugural Foresight Sustainability Forum in May 2023 in partnership with the Eden Project
- Achieved 5* Principles for Responsible Investment ("PRI") ratings across the Group and Infrastructure
- Natural Capital Investment Alliance ("NCIA") membership
- Joined the UK Business & Biodiversity Forum ("UKBBF")

PRI Principles for Responsible Investment

eden project
Foresight's Sustainability Partner

1. Learn more on pages 26–30: https://foresight.group/sustainability-report-fy23.

Sustainability team

Henry Morgan
Infrastructure Sustainable Investment Lead

Sophie Warren
Portfolio Sustainability Manager

Molly Galloway
Sustainable Investment Associate

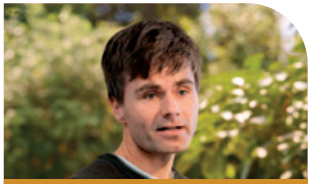
Olivia Bryant
Sustainable Investment Analyst

Lily Billings
Head of Group Sustainability

Johannes Wittig
Group Sustainability

Portfolio team

Julian Elsworth
Portfolio Director



Helge Hansen
Forestry Portfolio Manager

Murray Aitchison
Forestry Portfolio Associate

Fund Management

Robert Guest
Co-Lead, Foresight Sustainable Forestry Company

Richard Kelly
Co-Lead, Foresight Sustainable Forestry Company

Christian Tingsgaard Lassen
Investment Analyst

03

OUR STRATEGY

OUR STRATEGY

Integration of S&ESG considerations

Through mobilising capital to enhance FSF's natural resources and embedding progressive management practices into our business model, the value derived from our investments extends beyond the Fund's traditional commercial and financial drivers (primarily the sale of timber) and enhances the value of the portfolio overall and what it can deliver to stakeholders over time.

Our application of natural capital theory

Consideration of natural capital theory and development helps to shape our approach to portfolio management. By identifying the stocks of natural capital within the portfolio and where these are depleted, at risk of decline or where enhancement is possible, we look to deliver improved ecosystem services from our portfolio and commercialise them where possible. This approach can play a vital role in tackling climate change, protecting biodiversity and delivering positive impact for communities and society.

From cleaner air via carbon dioxide sequestration to improved societal access to nature, this approach enables FSF to deliver natural capital services to society in parallel with value to our Shareholders.

Pragmatic and evidence-based approach

Assess and plan

- FSF undertakes due diligence on each of its property acquisitions, including assessing a range of S&ESG criteria. FSF looks for investments that have the potential to make a positive impact.
- Each investment is evaluated in accordance with Foresight's Sustainability Evaluation Tool ("SET"). This includes scrutiny against the following five S&ESG principles:
  1. Sustainable development contribution
  2. Environmental footprint
  3. Social
  4. Governance
  5. Third-party interactions

Implement and engage

- Our portfolio team focuses on value enhancements, commercial and operational management, with the objective of generating sustainable long-term economic returns and associated social and environmental benefits.
- S&ESG updates are provided to the S&ESG Committee periodically. These updates help to inform FSF's risk management process. During the Committee's review process, they consider how the Company is progressing its S&ESG strategy or where further action is required.
- Certification with the Forest Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC").

Monitor and report

- FSF discloses S&ESG and climate-related information in a variety of ways. These include the following:
  - Comprehensive Task Force on Climate-related Financial Disclosures ("TCFD") and climate reporting. Learn more on pages 20 – 37.
  - SFDR periodic disclosures[1]. FSF is considered an Article 9 fund[2].
  - SDGs form part of the framework for FSF's investment approach and ongoing portfolio performance monitoring.
  - Transparent reporting, including documenting measurable performance, against the Company's S&ESG criteria throughout the holding period.

Quick links:

Learn more about the SET: **page 27**.
Learn more about natural capital investment theory and FSF: **https://media.umbraco.io/foresight/ar0gzg2h/sustainability-and-esg-report-2022.pdf**.
Learn more about FSF's governance structures: **page 12**.
Learn more about Board control and effectiveness: **page 22**.

1. Available on the Company's website here: https://fsfc.foresightgroup.eu/shareholder-centre.
2. The Company is excited to see the finalisation of the UK Sustainability Disclosure Requirements and is positioning itself for future reporting requirements.

04

OUR SUSTAINABLE IMPACT

PROGRESS TOWARDS OUR STRATEGY: ENVIRONMENT AND BIODIVERSITY

When managed responsibly, forestry and afforestation can provide a wide range of ecosystem services which are valuable to society and play a vital role in biodiversity. Across its portfolio, FSF seeks to actively preserve and enhance the environment and biodiversity.

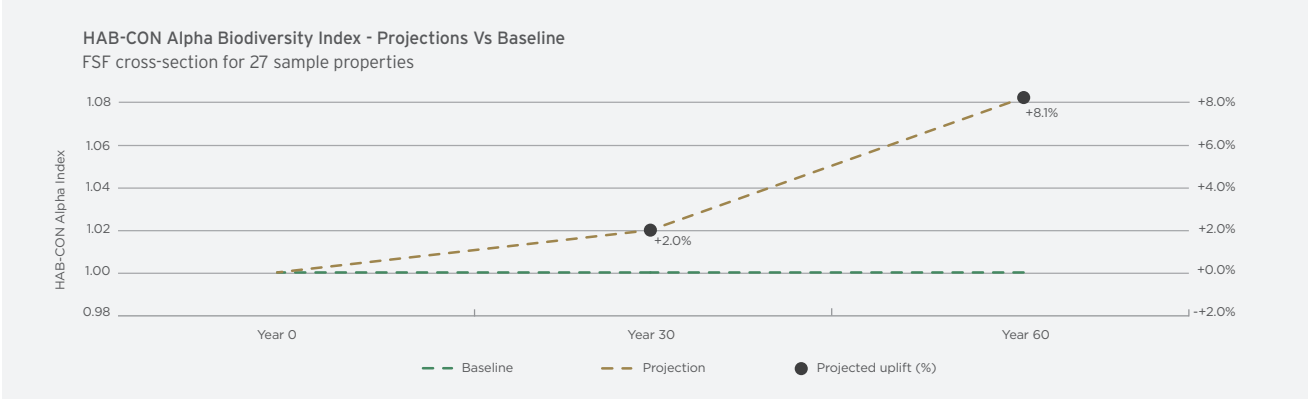
Biodiversity baselining update

Background

Over the past two years, FSF has been exploring biodiversity monitoring on two levels: high-level monitoring of the portfolio and detailed nature-positive biodiversity credits projects. It discovered that there was no widely accepted tool suitable for assessing biodiversity in UK upland forestry and afforestation and that the methodologies for biodiversity credits were nascent. However, unless baseline data was collected and measurement methodologies were identified prior to carrying out changes, such as new woodland creation, the Company would miss the opportunity to understand the impacts of its activities on biodiversity and to generate biodiversity credits.

Key:

Timber supply | Sustainable returns | Progressive industry leadership



Outcome – Portfolio monitoring tool HAB-CON Alpha biodiversity index

Biodiversity baselining has been completed on a representative cross-section of 27 FSF properties using the HAB-CON Alpha biodiversity index. The tool has also been used to generate a projection of the biodiversity change (measured against the baseline) that is anticipated as a result of the Company's planned land-use changes and management plans, forecasting positive biodiversity uplifts at year 30 and year 60.

The methodology for HAB-CON Alpha has been developed by qualified, specialist ecology experts from SLR Consulting, working in collaboration with the Investment Manager and is underpinned by the well-established and academically respected UK Habitats Classification system ("UK Hab")[1].

Unlike other available metrics, HAB-CON Alpha acknowledges the transitional habitat value that rotational woodland and forestry provide and extends the forward-looking assessment to 60 years, a realistic timeframe for woodland to reach good habitat conditions. This makes it more suitable for assessing biodiversity in managed forest and woodland, and the Investment Manager's goal is to use this to drive positive decision making for woodland creation at the design stage and for ongoing forest management.

The overall projected uplift for the dataset from the first 27 properties is shown in the chart to the left. The Company intends to incorporate more of its properties into the HAB-CON Alpha FSF portfolio index in future, with the goal of having all the properties included. The Investment Manager is looking forward to further refining the methodology with input from expert ecologists.

1. https://ukhab.org/

PROGRESS TOWARDS OUR STRATEGY: ENVIRONMENT AND BIODIVERSITY CONTINUED

Outcome – Wallacea Biodiversity Credits

The Company considers HAB-CON Alpha a useful tool for whole-portfolio monitoring but is conscious of the limitations of relying on a single biodiversity metric for site-specific monitoring. Therefore, on some properties in FSF's portfolio, where the potential to generate nature positive uplifts is considered particularly material, an enhanced biodiversity baselining exercise has been carried out.

At Fordie Estate, baseline data for the following seven metrics has been collected from across the property:

- UK Habitats,
- Higher plants,
- Breeding birds,
- Beetles, Spiders,
- Aquatic macro-invertebrates and
- Fungi.

A basket of five of the above metrics has been agreed under the Wallacea Trust Methodology[1] to provide a scoring system that gives a scientifically representative sample of the overall ecosystem health, species richness and abundance that is present at the site at a given point in time.

The Biodiversity Futures Initiative ("BFI"), an independent academic review body, will peer review and approve the methodology for the Fordie biodiversity claims. Once progress towards the claims (i.e. biodiversity uplift) has been verified as delivered in the future Wallacea Biodiversity Credits ("WBCs") will be issued as credits on a blockchain register.

For each 1% of biodiversity uplift per hectare that is delivered across the basket of five metrics, a WBC will be issued. Measurements of progress can be taken every circa five years for a period of 30 years or more. The number of WBCs that is forecast to be generated over the measurement period is informed by evidence from comparable reference sites and wider ecological databases.

The Investment Manager worked closely with the natural capital team at the property and the agribusiness firm Bidwells and the ecology team at SLR Consulting to scope and deliver the project for FSF.

Business case and commercial implications

As well as delivering on its Prospectus commitments, the Company believes that properties that deliver a combination of carbon sequestration and nature-positive outcomes are likely to be premium-value natural capital assets in the future, especially where these credentials are evidenced by scientific data and methodologies. Such properties are likely to be more resilient to the physical and regulatory risks from climate change and biodiversity loss, as well as being well positioned to take advantage of the related market opportunities.

The Company believes that positive biodiversity credentials could enhance the value of its carbon credits, as purchasers increasingly look for 'co-benefits' alongside the ability of the credits to help them achieve their Science Based Net Zero Target Initiative ("SBTi") net zero carbon ambitions. Meanwhile, and separately, such positive biodiversity credentials could also play a large role for corporates interested in achieving nature-related goals.

The market for biodiversity credits is evolving fast, representing an exciting potential future market opportunity.

1. https://wallaceatrust.org/wp-content/uploads/2022/12/Biodiversity-credit-methodology-V3.pdf.

PROGRESS TOWARDS OUR STRATEGY: GOVERNANCE

Good governance is one of the core tenets of FSF's investment processes and active management, helping to drive engagement, action, outcomes and responsibility at all levels of its corporate operations.

The past year introduced upcoming regulations around human rights and supply chains. A focus on corporate sustainability and good governance is necessary to deliver against our S&ESG objectives and is integral to FSF's forestry investments.

More information on the Company's governance structure and procedures can be found on page 22 within the Company's TCFD report.

Corporate sustainability, governance and leadership

FSF continues to take steps to better inform its due diligence processes and its engagement with its range of supply chains and forest managers. There is active engagement between the Committee, the Board and the Investment Manager throughout the year. The following chart illustrates how considerations are embedded throughout the Company's management structure.

Robust governance implementation

At the point of investment, FSF's investment process considers a range of governance criteria, such as:

- Anti-bribery and corruption
- Modern slavery
- Audit and tax practices
- Environmental impact
- Health and safety practices
- Board composition

Furthermore, FSF has full control over its investments and holds board positions across its subsidiary companies[1]. It is required that all subsidiary companies have in place appropriate governance policies covering themes, including:

- Sustainability and ESG
- Modern slavery
- Anti-bribery and corruption
- Health and safety ("H&S")

The contents of these policies have been informed by the Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Furthermore, on engaging counterparties, they are requested to agree to the Investment Manager's supplier code of conduct and uphold the same standards[2]. This specifically references adherence to internationally recognised frameworks, thus providing greater assurance of compliance across both FSF's subsidiary companies and its supplier base.

1. At the time of writing, the Company has four subsidiary companies.
2. Whilst it is impractical to expect smaller contractors to have in place their own policies, FSF does ensure that all contractors make a commitment to uphold those FSF policies in place whilst undertaking work across sites owned by the Fund.

PROGRESS TOWARDS OUR STRATEGY: GOVERNANCE CONTINUED

Compliance with environmental regulation

The Company prides itself on its holistic land management approach and seeks to comply with all environmental regulations. It works closely with its forest managers to ensure compliance in this area and any breaches or notices received are reported to the Investment Manager for monitoring and reporting purposes.

Event	Occurrence
Statutory Plant Health Notices	2
Other reportable environmental incidents	0

Statutory Plant Health Notices ("SPHNs")

FSF recognises within the forestry industry certain procedures are crucial to preserve biosecurity and forest health. These underpin standard UK forestry practice and are adhered to by the Company as a land manager.

For example, SPHNs are government-issued notices to land managers following the identification of diseased trees. SPHN's are issued for a range of incidents in the UK, including larch with phytophthora ramorum and spruce with eight-toothed European spruce bark beetle (Ips typographus).

Upon the receipt of an SPHN, FSF is given a period of time (usually a few months) to remove the affected trees and any trees potentially impacted within a buffer zone. Whilst the harvesting process of SPHN timber is very similar to a regular harvest, it must be kept separate at all times.

This step in the Company's operations protects the environmental and public benefits of a site as a whole and FSF will report on any SPHN triggers should they occur.

Key health, safety, quality and environment ("HSQE") initiatives

FSF continues to work on improving health and safety standards across the portfolio The Portfolio Manager's process can be outlined as follows:

- Working closely with its suppliers and EJD Forestry Limited ("EJDF"), our specialist forestry advisers on best-in-class practices.
- Commissioning an annual operational H&S review, including a site inspection by suitably qualified consultants. This reviews the practices and procedures in place, as well as being a comprehensive review of associated documentation. The review targets a different forest manager each year and complete coverage is anticipated by 2025.
- FSF has commissioned all forest managers to carry out a full review of all sites and consolidate a list of hazards that may be present. The forest managers have then been requested to draw up maps displaying the location of these hazards on the site.
- Where appropriate, training will be encouraged.

PROGRESS TOWARDS OUR STRATEGY: GOVERNANCE CONTINUED

Key health, safety, quality and environment ("HSQE") initiatives continued

All of FSF's 68 sites now have an up-to-date hazard map completed and the Investment Manager intends to work with the forest managers to identify how the related risks can be mitigated, carrying out work as required.

Event	Occurrence
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR") events	0
Near miss events	7

Near miss event reports are an essential part of good H&S management, helping operators to identify risks in their H&S procedures.

Many of the near misses seen across the portfolio are accidents and are difficult to mitigate, but following such events, contractors have been encouraged to review their training and update where appropriate, for example in the safe use of forestry equipment.

1. ISO 14001 sets the standard for an environmental management system ("EMS"). Please refer to key terms for full definitions.

CASE STUDY: ISO ACCREDITATION

During the year, FSF has actively engaged with its suppliers to encourage them to attain ISO accreditation or equivalent. ISOs are widely and highly recognised industry standards that demonstrate a company is satisfactorily delivering high-quality products and/or services in adherence with regulation and in a well-managed environment.

To date, a review has been completed in relation to the ISO 14001[1] standards to assess the current level of accreditation and identify gaps and opportunities for implementation. The findings this year have been:

- Larger forest managers, such as Tillhill and Scottish Woodlands, are accredited for both ISO 14001 and 9001 standards
- Medium-sized forest managers successfully completed their accreditation in 2023
- Smaller forest managers (<five people) are not currently considering accreditation
- EJDF also completed their accreditation in 2023

Where ISO standards might be unattainable for a forest manager due to resource constraints, FSF will work with them to explore alternative quality management systems. FSF believes it can achieve positive outcomes through its engagement with its supply chain and will continue to encourage its counterparties to comply with its policies.

PROGRESS TOWARDS OUR STRATEGY: STAKEHOLDER ENGAGEMENT

Recognising the importance of strong community engagement, FSF prides itself on playing an active role in its communities, from stewardship to training alongside leading responsible forest management.

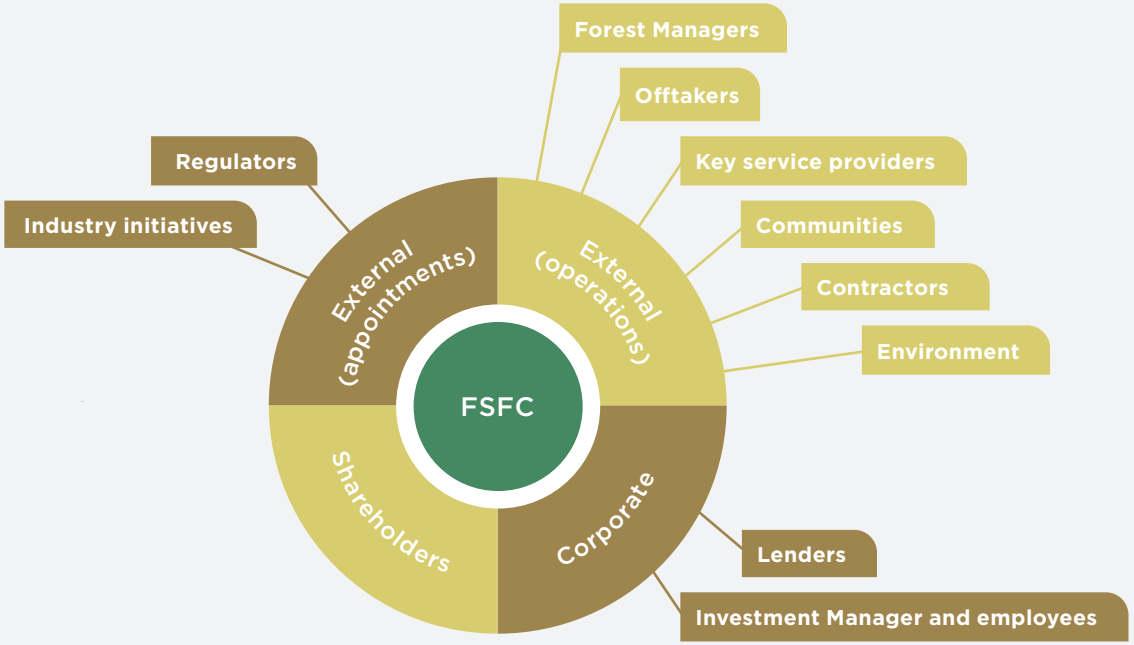
This underpins the Company's social licence to operate as a forest developer, manager and long-term investor.

A natural capital approach underpinned by our materiality-led strategy

As FSF grows on its corporate journey, we are constantly evaluating the current and emerging material issues for our business and our stakeholders. Last year, we launched our three key S&ESG objectives with the goal of bringing clearer focus and structure to our approach to management and reporting.

By mapping out the Company's stakeholders to understand their priorities and material issues, FSF is better placed to ensure it is meeting their needs. This framework helps to identify the Company's opportunities for advocacy, engagement and influence. Throughout this report we present examples of our stakeholder engagement priorities during the period.

Company's stakeholders



1. Learn more on pages 34–36: https://foresight.group/sustainability-report-fy23.

PROGRESS TOWARDS OUR STRATEGY: STAKEHOLDER ENGAGEMENT CONTINUED

Engagement with our communities

FSF aims to take a proactive approach to community engagement; going above and beyond the standard industry requirements and seeking to implement initiatives that enhance amenity value for the local community. In our 2022 S&ESG Report, we introduced our enhanced Afforestation Community Engagement Process. Over the year, we have made progress against our community goals, carrying out a total of 28 meetings.

Afforestation properties

FSF's main form of community engagement is in the approvals process for the woodland creation initiatives. Under the development rules, very little community engagement is required. The Investment Manager believes this is a limitation in the industry and has sought to address it.

FSF has increased the number of opportunities to foster and maintain a constructive dialogue with community members. FSF's ambition is to extend its role beyond what is required, and hold a community town hall for each development site with the option of follow-on meetings as required.

CASE STUDY: UPPER URR ENVIRONMENT TRUST

A meaningful example of the outcome from FSF's engagement process is at the Upper Barr planting site. Here, a 20-year lease to the local community group, the Upper Urr Environmental Trust ("UUET"), has been signed following discussions that have been ongoing over the previous two years. FSF purchased the site in March 2022 and has had a high level of positive community engagement throughout its ownership of the site.

This lease gives the community the opportunity to carry out development projects of their own. These are likely to include some riparian broadleaf planting, habitat restoration, peatland restoration, footpath creation and picnic area creation. Where possible, FSF intends to assist the UUET with the implementation of the projects by lending expertise at the design phase of any additional woodland or providing data that will help the UUET better understand the species that exist on the site.

Since the agreement was signed, two site meetings with representatives of FSF, Galloway Rivers Trust and UUET have taken place regarding plans for planting of riparian zones at Upper Barr and adjacent FSF property Waterhead and Craigenputtock, with a view to carrying out work by Spring 2024. There has also been one site meeting with representatives of FSF, the Crighton Carbon Centre and UUET regarding peatland restoration at Upper Barr.

The intention of this project is to prove that afforestation sites can be beneficial to communities whilst still meeting a financial objective. It is a model that FSF would like to see replicated elsewhere.

PROGRESS TOWARDS OUR STRATEGY: STAKEHOLDER ENGAGEMENT

Event	During the year to 30 Sep 2023	Post year end (1 Oct 2023 to 22 Feb 2024)
Number of first meetings held	14	4
Number of second meetings held	4	1
Number of follow-up meetings held (third, fourth etc.)	4	1
Number of additional/ conservator meetings	6	2
Total	**28**	**8**

The formal public engagement process is 28 days where the scheme sits on a public register and is open for comment.

Two FSF sites went on to the public register during the year; these were Auchensoul and Glen Burn & Red Craig, at the time of writing both have now completed planting. Post year end, ten sites (Allanton, Chatto Craigs, Chesterknowes, Droveroad Wood, Fordie Estate, Goukstane, High Auldgirth, Knocktall Wood, Newnoth Farm and Windylaws) have also gone on to the public register.

Engagement with our communities continued

Established forestry properties

One of the key elements of the management of FSF's established forestry properties is ensuring that cycle and walking paths, as well as access points, including gates and parking areas, remain clear and usable. Formally, all mature forestry sites go through a public consultation phase ahead of the commencement of clearfell harvesting.

FSF is often approached by local community groups with requests for collaborative projects. Where possible, FSF will work with the community to allow projects to take shape.

For example, at Bedehouse & East Bennachie, local archaeological groups have a keen interest in certain areas of the site and FSF is delighted to have been able to extend access for excavations to be undertaken.

Examples of issues raised	Examples of solutions found
Impacts on road and vehicle access	Explaining the existing requirements imposed by the local highways officer (e.g. limited vehicle movements on restricted routes) often provides comfort. Extra buffer between roads and forest edge can provide comfort that shade from trees won't increase ice on roads in winter (local knowledge of icy spots is very useful).
Impacts on private water supplies	Site visits with forestry experts to look at water supply infrastructure and to talk through the third-party water reports that have been commissioned typically resolves and provides comfort. Where hydrology reports indicate it is necessary, investment to ensure resident water rights are upheld takes place.
Visual impacts on residential properties	Site visits with forestry experts and/or 3D visual impact studies often provides comfort. Often minor design tweaks to widen or buffer key views and visual impacts resolves. On one property (Fordie Estate) tweaks were made to the area around and view from a historic stone circle in collaboration with local stakeholders.
Impacts on the adjacent livestock farming community	A land swap with a local farmer is in the process of being negotiated at one property and FSF hopes to report further on this in the 2024 S&ESG report. The FSF Forestry Skills Training Programme (often training members of the farming community in forestry) is now in its second year.
Concerns about concentration of commercial conifers in designs	Adjusting of woodland creation scheme designs on sites to take on board feedback. 20-Year Lease and management arrangement with Upper Urr Environment Trust.

PROGRESS TOWARDS OUR STRATEGY: STAKEHOLDER ENGAGEMENT CONTINUED

Engagement with the supply chain

Embodied carbon of timber products

The Company was pleased to see the recent report and data set (February 2024) released by Timber Development UK ("TDUK")[2]. The data set provides independently verified embodied carbon data for a selection of the main timber products that are used in the UK. These statistics are drawn from multiple underlying academic references and actual industry sources and will be updated periodically and made available on a free access basis on the TDUK website. The goal is to help architects, building designers and the construction industry to make more accurate assessments of the carbon impacts of their material choices. With accurate information with respect to the excellent carbon profile of timber products, the aim is that this will encourage increased use of timber (and less use of materials with a higher carbon intensity) in the UK construction and renovation sectors.

The Company is a member of TDUK and intends to engage with the organisation further, with a view to providing data on the parts of the timber supply chain in which FSF plays a role (i.e. the growing and harvesting of timber material and its transport to mills and other wood-processing facilities) to better inform the database going forward. The Company will also encourage others in its supply chain to do similarly.

FSF is also in discussions with one of its timber offtakers and their transport suppliers to run some trials where diesel timber wagons are replaced with electric wagons which will generate an improvement in the net carbon sequestration profile associated with the timber. Understanding the challenges and practicalities of making such a switch will be useful for the industry as it starts to plot its transition pathway.

1. For more information please refer to: https://timberdevelopment.uk/embodied-carbon-data-released/.

CONTRIBUTION TO RURAL JOBS AND ECONOMY

CASE STUDY: TRAINING THE FORESTERS OF THE FUTURE

Background

There is a widely recognised shortage of skilled labour in the UK forestry sector. A pilot of the Foresight Sustainable Forestry Skills Training Programme was launched in 2022. The pilot programme was aimed at helping young people in rural Wales to participate in new employment opportunities created in the forestry sector, through the provision of a fully funded three-week programme of training, certifications, health and safety equipment and mentoring.

Progress against our key objectives

Due to the 2022 pilot's success, with all four completing participants gaining employment into the forestry sector, the scale of the programme was more than doubled in 2023 to train ten further candidates. The scope of the programme was extended to also include Scotland.

The 2023 training programme is now completed. All ten candidates have completed the training and the majority have since been employed into the forestry sector, with several going on to work on FSF's properties. Completing candidates secured important qualifications in chainsaw operating, tractor driving, tree planting and much more. The training has enabled the next generation, who live locally to FSF's woodland creation and existing forestry properties, to directly participate in the jobs created to establish and then manage these forests.

The success of the 2023 programme helps to ensure that FSF is not just making direct contributions to the UK's twin fights against climate change and biodiversity loss through its afforestation programme, but is also doing so in a way that enables a just transition.

Outcomes

The programme has enabled FSF to significantly strengthen its relationships within the rural communities where its forestry properties are located. Good relationships with rural communities help to ensure that there is local support for afforestation-related land use change, which can be contentious. Strong relationships with rural communities help to ensure that FSF has a sustainable afforestation development business model, considered the engine room of FSF's returns.

More completing participants have helped ensure that FSF has access to a sufficient level of skilled labour, required to fulfil the c.700 jobs created by its 4,500 hectare national afforestation programme, equivalent to one-third of the total amount of tree planting that the entire UK achieved last year, and that will see over 9 million trees planted. Looking forward, FSF has started making preparations for the 2024 training programme.

"The intensive nature of the course provided a full-on learning experience which, although difficult at times, was very rewarding when you look back at the achievements at the end of the month."

Sean Hain, programme trainee candidate at SRUC

These participants will go on to employment on FSF sites.

05

TCFD REPORT

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING

The Company recognises that risks, traditionally considered to be non-financial, such as climate change, have the potential to impact upon long-term Shareholder returns across many sectors.

The Company seeks to adhere to sustainability reporting best practices and since IPO it has voluntarily committed to comply with the requirements of the EU Green Taxonomy and Article 9 of the SFDR. The UK has recently finalised its Sustainability Disclosure Requirements ("SDR") which includes its own labelling regime, disclosure requirements and 'anti-greenwashing' and marketing rules. Elements of the SDR are coming into force over the course of this year and the Company is expected to comply with them.

As of October 2023, the TCFD has been disbanded and the responsibility for climate-related disclosures now sits with the International Sustainability Standards Board ("ISSB").

The ISSB have developed a sustainability disclosure standard comprising IFRS S1 (focused on sustainability-related disclosures) and IFRS S2 (focused on climate-related disclosures) which was published in June 2023.

Incorporation of the ISSB standards is not yet mandatory and the UK Government is developing its own sustainability standard – UK Sustainability Disclosure Standards ("UK SDS"), which will be finalised later this year and expected to be mandatory. The UK SDS is expected to be closely aligned to the ISSB sustainability disclosure standard.

The Board believes that the Company's investments are making a meaningful contribution towards tackling climate change and simultaneously the Company is working with its Investment Manager to assess climate-related risks and opportunities within its portfolio. As a result, the Company is voluntarily reporting on the Task Force on Climate-related Financial Disclosures. This will continue to develop over time to identify and share both risks and opportunities the Company faces as a result of climate change.

The disclosures outlined over the following pages are true to FSF's understanding of the climate-related risks and opportunities at this time. The Company places great importance on this and on understanding not only the financial implications of climate change on its assets, but also the impact of its assets on the climate.

Risk management and natural capital

Several methodologies are being developed for natural capital accounting where companies may in future decide to report stock levels of environmental assets on its balance sheet. If such trends continue and there is wide-scale adoption, investors may use such tools to decide not to invest in companies that are reducing natural capital and/or proactively favour companies that increase it. This is a rapidly evolving area and the Investment Manager is monitoring all these aspects closely to ensure that the related risks and opportunities for FSF are appropriately managed.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

GOVERNANCE

Disclose the Company's governance around climate-related risks and opportunities.

- Describe the Company's governance around climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

Board governance

The Board assumes overall responsibility and accountability for the management of the Company's climate-related risks and opportunities. It also sets the risk appetite for new investments and provides oversight for the management of the existing portfolio where physical and other risks are monitored.

In conjunction with the Investment Manager, the Board shapes the Company's strategy, reviews performance reports and authorises new initiatives. A key aspect of the Board's role is to ensure that sustainability and ESG considerations, along with the frameworks to manage them, are incorporated within the Company's investment processes and the asset management activities are appropriate and ahead of current market practices.

The Company's Sustainability and ESG Committee is responsible for reviewing the Company's ESG strategy, and therefore climate-related risks and opportunities, and ensuring this is in line with the aims and objectives agreed by the Board and the Investment Manager.

Role of the Investment Manager

Foresight Group LLP ("Foresight") is the appointed Investment Manager for FSF and undertakes portfolio and risk management. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority, under firm reference number 198020. The Company's consideration of climate-related risks covers both the existing portfolio and the assessment of new investment opportunities.

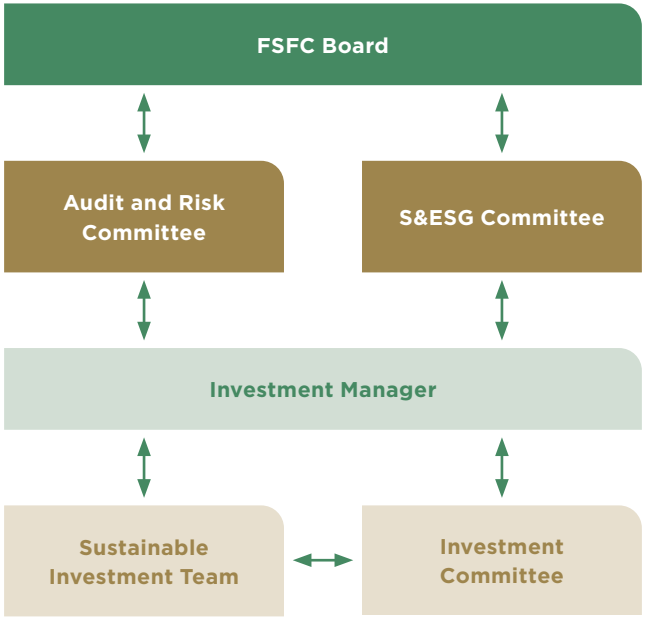
In targeting new investments, the Investment Committee ("IC") of the Investment Manager is ultimately responsible for considering the market, regulatory and physical issues pertaining to climate-related risks relevant to a given investment and the related opportunities open to that investment. The IC will formally assess each deal during a series of meetings that apply increasing scrutiny as a deal progresses towards completion.

It is the responsibility of the Investment Manager to track all sustainability and climate change-related issues and ensure that material sustainability and climate change-related issues are systematically integrated into the investment, asset management and reporting processes. It is the remit of the sustainability team to support these processes including due diligence for sub-contractors on new investments, and liaising as appropriate with third-party consultants to undertake supply chain auditing.

At the fund level, the designated fund management team are responsible for understanding, assessing and managing the risks to the portfolio with regard to climate change and other pertinent sustainability issues. The most material of these risks will be documented in the Fund's risk register and relayed to investors as appropriate.

In targeting investments under new or existing investment strategies, management is responsible for considering the policy, regulatory and physical environment pertaining to climate-related risks and opportunities that may be relevant to the given investment. Via the various processes, relevant issues will be reported to the Company's senior leadership, through which any updated thinking can be more effectively applied across the wider portfolio of assets.

To assist with fully assessing the sustainability impact of an investment and asset, the Investment Manager has developed its own in-house Sustainability Evaluation Tool ("SET").



GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where such information is material.

- Describe the climate-related risks and opportunities the Company has identified over the short, medium and long term
- Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning
- Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Reported sustainability disclosure topics and metrics[1]

Topic	Metric	Category	Unit of measure	Page number
Ecosystem services and impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	Quantitative	Hectares, percentage (%)	5
	Area of forestland with protected conservation status	Quantitative	Hectares	5
	Area of forestland in endangered species habitat	Quantitative	Hectares	N/A
	Description of approach to optimising opportunities from ecosystem services provided by forestlands	Discussion and analysis	N/A	8
Climate change adaptation	Description of strategy to manage opportunities and risks to forest management and timber production presented by climate change	Discussion and analysis	N/A	20 – 37

Activity metrics[2]

Topic	Category	Unit of measure	Value
Area of forestland owned, leased and/or managed by the entity	Quantitative	Hectares	12,545
Aggregate standing timber inventory	Quantitative	Cubic metres (m^3)	1,062,325
Timber harvest volume	Quantitative	Tonnes	17,000

1. Table of sustainability disclosure topics and metrics as shown in the IFRS-S2-IBG – Issued IFRS Standards.
2. Table of activity metrics as shown in the IFRS-S2-IBG – Issued IFRS Standards.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

STRATEGY continued

Impacts of climate-related risks and opportunities on the Company

The Company recognises that climate change presents both risks and opportunities for the Fund, its investments and asset managers and its investors. The Company's business objective is aligned with investing in the commercial aspects of UK forestry with the benefits of access to voluntary carbon credits, both fighting climate change and enhancing biodiversity.

The Company continues to analyse short, medium and long-term risks arising from climate change that could have a material financial impact. The table included as an appendix to this report presents a non-exhaustive list of the strategic climate-related opportunities and risks that the Company has identified.

Existing portfolio, strategy and financial planning

The Company targets investments that are aligned to meeting the Paris Climate Agreement's targets. The entirety of the Company's AUM to date has been invested in afforestation or forestry properties or properties with a mix of forestry and afforestation sites. There is increasing momentum behind nature-based solutions to achieving climate and biodiversity goals. The Company is well placed to benefit from this transformational shift.

The impact of climate-related changes and the energy transition presents both opportunities and challenges for the Company.

The impact of these will be periodically reviewed, analysed and quantified in order to shape the Company's future direction. The Board has confidence in the Investment Manager's strategy and approach to portfolio construction which prioritises diversification across geographies and an appropriate allocation split.

This makes the Company's portfolio inherently well protected in the case of climate-related market and technology risks that might create unfavourable conditions for investing in and managing forestry and afforestation schemes. Rather, the associated sustainable timber needs and carbon credit demands of future economies as they adapt to the pressures of changing climates complements the Fund's strategy and supports further deployment.

Analysis of climate-related scenarios on the Company's resilience

The Company adopts the following definition: "Resilience is the ability of a system, community or society exposed to hazards to resist, absorb, accommodate and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions".

The Investment Manager has carefully and deliberately constructed its target portfolio allocations after breaking down the various revenue and risk components of the different sub-sectors and setting allocations to deliver an appropriate risk/return profile. A multi-UK geographic approach adds a further layer of diversification to the portfolio. The diversified nature of the Company's portfolio ensures the Fund has built-in resilience against many of the identified climate-related risks, as discussed in the risks and opportunities matrix included as an appendix to this report.

Natural capital investing is predicated on the basis that real assets provide essential services to the economy and society. It is characterised as generating long-term, stable cash flows that are resilient to economic fluctuations. The link between stable revenues and the overall resilience of an asset cannot be understated. Ensuring stability within these revenue streams is a central tenet of the Company's strategic approach.

Simultaneously, as global capital is channelled at an increasing rate towards sustainable outcomes, the Company aims to make investments that are either consistent with limiting the global temperature increase to the Paris Agreement's target of 2.0°C, or actively contribute to the climate change mitigation goal of limiting warming to the lower target of 1.5°C. This strategic objective guides the Company's approach to ensuring resilience against climate-related transition risks.

External frameworks, such as the EU Taxonomy, are helpful in defining the sectors that form the backbone of climate change mitigation efforts. Using such frameworks to focus investment activity and refine new fund concepts provides added resilience at the strategic level. The build-out of sustainable timber and the carbon credit market, as defined within these frameworks, is seen as a fundamental part of climate transition pathways across all plausible climate scenarios. Whether 1.5°C, 2°C or 3°C+ above pre-industrial levels, the international focus on land use, climate change and biodiversity will ensure investment activities in these areas continue to be supported politically, financially and societally.

At an investment level, consideration of the Company's assets' sustainability credentials and their physical resilience to climate-related risks is undertaken in accordance with Foresight's SET, as outlined on page 27.

Given this integrated focus on climate resilience at the strategic and investment levels, the Company believes that its investment strategy is resilient to most plausible climate-related scenarios, and is currently formalising its evaluation of the resilience of its investment portfolio, which it expects to present in accordance with the mandated TCFD reporting timelines.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

RISK MANAGEMENT AND IDENTIFICATION OF OPPORTUNITIES

Disclose how the Company identifies, assesses and manages climate-related risks.

- Describe the Company's processes for identifying and assessing climate-related risks.
- Describe the Company's processes for managing climate-related risks.
- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management.

The Investment Manager is responsible for creating and managing the framework that ensures the systematic integration and assessment of climate-related risks and opportunities. The primary system for achieving this is Foresight's proprietary SET, which ensures that a given property's resilience to climate-related risk is considered from the earliest stages of due diligence during and also throughout the investment process. This is covered under the "Climate Change Resilience" parameter within the tool and is completed for all assets, both at the investment stage and during each asset's periodic review as part of ongoing asset management.

Additionally, the Investment Manager utilises the tool "Decision Focus" to manage its risk register. The risk register is reviewed and updated regularly by the Investment Manager and the Audit and Risk Committee as new risks emerge and existing risks change; Decision Focus integrates sustainability and climate-related risks and scores these in line with all Company risks. This provides a fair and holistic approach to risk management with sustainability and climate considerations firmly integrated into assessment and decision making.

Alongside its risk management, the Company and its Investment Manager regularly assess for sustainability and climate-related associated opportunities. These will also inform decision making.

As is industry standard, climate-related risk is grouped into two principal categories which might impact the portfolio returns and growth of the Fund; namely transition and physical risks.

1. Transition risks: Risks related to the transition to a lower-carbon economy. Such risks may include, but are not limited to:

	Policy and legal	Technology	Market	Reputation
Transition risks	• Increased pricing of GHG emissions • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services • Exposure to litigation	• Substitution of existing products and services with lower emissions options • Unsuccessful investment in new technologies • Costs to transition to lower emissions technology	• Changing customer behaviour • Uncertainty in market signals • Increased cost of raw materials	• Shifts in consumer preferences • Stigmatisation of sector • Increased stakeholder concern or negative stakeholder feedback

Table of potential transition climate risks as shown in the TCFD Final Recommendations Report.

2. Physical risks: Risks related to the physical impacts of climate change. Such risks may include, but are not limited to:

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	• Changing temperature • Heat stress • Temperature variability	• Changing wind patterns	• Changing precipitation • Water stress	• Soil degradation • Soil erosion • Solifluction
Acute	• Heatwave • Cold wave/frost • Wildfire	• Hurricane • Storm	• Drought • Heavy precipitation • Flood	• Landslide • Subsidence

Table of potential physical climate risks for the Company's current portfolio.

Physical risks that are identified as relevant are scored by the Investment Manager using a heatmap. A suite of tools can then be employed to assess the severity of an asset's susceptibility to the most material risks and to identify mitigation measures to reduce the overall risk score.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

RISK MANAGEMENT AND IDENTIFICATION OF OPPORTUNITIES continued

Analysis of climate-related scenarios on the Company's resilience

Overview

The Investment Manager has identified the S&P Global Climanomics platform as offering the most comprehensive analysis across four climate scenarios, integrating not only physical and transition risks, but also climate-related opportunities, to provide a single output that talks to the resilience of the portfolio under different climate futures.

The basis for Climanomics' analysis is the Shared Socioeconomic Pathways ("SSPs") generated by the Intergovernmental Panel on Climate Change ("IPCC"). The SSPs are an evolution of the earlier Representative

Concentration Pathways ("RCPs") and represent a range of possible outcomes not only in future anthropogenic greenhouse gas emissions and their effects on atmospheric concentrations of CO_2, but also their potential societal, demographical and economical impacts.
The scenarios are best summarised as:

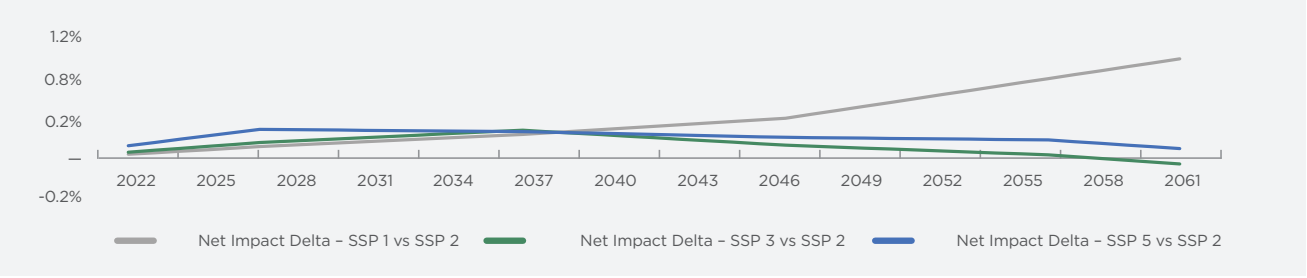
- **SSP 1/RCP 2.6** assumes aggressive mitigation and total GHG emissions reducing to Net Zero by 2050, resulting in a global average temperature increase of 1.3°C to 2.4°C by 2100.
- **SSP 2/RCP 4.5** implies aggressive mitigation with total GHG stabilising at current levels until 2050 and then declining to 2100. This results in a global average temperature increase of 2.1°C to 3.5°C by 2100.
- **SSP 3/RCP 7.0** estimates limited mitigation with total GHG emissions doubling by 2100 and global average temperatures increasing by 2.8°C to 4.6°C
- **SSP 5/RCP 8.5** assumes low mitigation, total GHG emissions tripling by 2075 and global average temperatures increasing by 3.3°C to 5.7°C

Climanomics integrates econometric assumptions driven by high resolution geographic, climate, socioeconomic, business and sector-specific data to 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 can then be applied to the Company's valuation models to estimate the financial impact over the four different scenarios.

Estimates

Assuming the SSP 2 as the most likely outcome due to the current global emissions trajectory, the below chart shows the assessed central case and the potential variations between the three remaining scenarios.

Applying these estimates to the Company's Net Asset Value ("NAV"), it is possible to make an assessment of the potential financial impact in each of the SSPs over the years until 2090:



SSP 1/RCP 2.6	SSP 2/RCP 4.5	SSP 3/RCP 7.0	SSP 5/RCP 8.5
+0.9p/share	Central case	-0.1p/share	no change/share

In terms of categorisation of risks and opportunities, the Climanomics platform fully aligns with the TCFD framework by assessing:

- **Physical risk –** Analysing atmospheric data related to acute and chronic climate hazards across temperature, precipitation, drought, wildfire, coastal flooding, tropical cyclones, water stress and fluvial-basin flooding to provide a rigorous estimate of risk under various conditions
- **Transition risk –** Incorporating modelling of hazards associated with a global transition to a low-carbon economy via litigation, reputational, technology and market risk
- **Opportunity modelling –** Calculating opportunities derived from resource efficiencies, energy sourcing, changing markets and resilience

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

RISK MANAGEMENT continued

Analysis of climate-related scenarios on the Company's resilience continued

Estimates continued

Climanomics' methodology estimates direct financial impacts that the hazards are expected to incur on each asset type. Each asset type's vulnerability is characterised by the specific ways in which it is likely to be impacted (i.e. "impact pathway") by a given climate-related variable. An asset type's overall "impact function" is comprised of these individual impact pathways. The platform has developed an extensive library of detailed impact functions for a wide variety of sectors, all of which are based on peer-reviewed and government-published research papers.

Managing climate risk

All potential investments are evaluated in accordance with the SET to ensure they meet the Investment Manager's definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed. The SET comprises five criteria that cover the key areas of sustainability and ESG considerations to be assessed:

- **Sustainable development contribution:** The contribution made towards the global sustainability agenda, including an assessment of its resilience to climate change-related risk and opportunity
- **Environmental footprint:** The environmental impacts of an investment
- **Social welfare:** The interaction with local communities and the welfare of employees
- **Governance:** The compliance with relevant laws and regulations
- **Third-party interactions:** The sustainability of key counterparties and the broader supply chain

The SET is an evolving tool. It has been designed with flexibility in mind, making it adaptable to new sectors, industry frameworks and impact standards as sustainability, ESG and climate change agendas continue to develop. The materiality of certain issues within each of these areas is subject to change, therefore a framework that can adapt easily to reflect these changes is important. The Investment Manager carries out regular in-house consultations to decide on the individual "weighting" for each KPI within parameters. The weighting dictates the materiality of the KPI in the overall asset score, which can be updated based on new information obtained.

The tool draws on IRIS+ indicators, which are an aggregation of several widely recognised sustainability and climate-related frameworks to measure, manage and optimise sustainability and climate-related performance.

These frameworks include the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), the UN SDGs, the Global Impact Investing Network ("GIIN") and Principles for Responsible Investment ("PRI").

The final SET assessment, and the asset's corresponding "sustainability web", are produced as part of investment due diligence and periodically reassessed.

Before any new investment proceeds, an assessment of both physical and transition climate-related risk is made in the Climate Change Resilience assessment parameter of the SET.

This parameter is made up of multiple KPIs, with each weighted based upon internal materiality assessments and scored in line with response bands corresponding to the five-point scale below:

- 5 = High performance
- 4 = Above average
- 3 = Average performance
- 2 = Below average
- 1 = Low performance

An average is then calculated to produce an overall score for the Climate Change Resilience parameter, which is reviewed and updated periodically by the asset management team to track an asset's sustainability performance. This is tabled at the Company's Board meetings to enable implementation of an asset-specific plan to manage any material risks as required.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

RISK MANAGEMENT continued

Managing climate risk continued

Every property the Company invests in must be justified as contributing to a set of measurable sustainability goals and must demonstrate how its resilience to climate change-related risk has been assessed. If the information required to complete the assessment is not readily available through project documentation, technical advisers may be tasked with conducting further investigation to address any sustainability or climate change-related specific queries.

The above-mentioned physical risks are assessed as part of the Climate Change Resilience assessment parameter. A climate risk heatmap is then produced which is used to identify the most material physical risks which the Company's assets face from climate-related extreme weather events, enabling further investigation to be conducted or mitigation measures to be put in place.

During the investment stage, it is the responsibility of the Investment Manager's deal team to complete the SET and use it to inform their understanding of a given asset's sustainability credentials, including its exposure to climate-related risks. Furthering this understanding may require augmenting the scope of a technical adviser during due diligence to comment on and assess specific risks.

Crucially, the sustainability credentials will need to be satisfactorily addressed in the final submission to the Investment Committee with an accompanying risk re-profiling or mitigation measures detailed as appropriate. Throughout, steps are taken to ensure issues are reported to the Investment Manager's senior leadership, through which any updated thinking can be more effectively applied across the wider portfolio of assets.

Once the investment has been made, the asset undergoes a comprehensive handover to the asset management team wherein the responsibility for identifying, monitoring and assessing climate-related risks and opportunities also transfers. This team ensures periodic updates of the SET are completed as a means of systematically reassessing the physical and transition risks to which the asset is exposed.

The Investment Manager is responsible for the periodic review of the portfolio assets' exposure to risk, ranging from health and safety to climate change. Material changes to the risk rating of any risk are considered in line with the periodic reassessment and, where possible, are mitigated accordingly.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

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 Company to assess climate-related risks and opportunities in line with its strategy and risk management process

TCFD core metrics

The Company's focus for quantitative reporting of exposure to climate-related risk is achieved using the universally accepted core metrics, as recommended by the TCFD. These include the following metrics, the calculation methodologies for which can be found here:

- Weighted average carbon intensity
- Total carbon emissions
- Carbon footprint
- Carbon intensity
- Exposure to carbon-related assets[1]

1. The Task Force suggests defining carbon-related assets as those assets tied to the energy and utilities sectors under the Global Industry Classification Standard, excluding water utilities and independent power and renewable electricity producer industries.

In line with current FCA guidance, the calculation of these metrics will be performed using Scope 1 and Scope 2 emissions only, with Scope 3 emissions to be incorporated in future reports. In using these core metrics, the Company is not only able to compare performance amongst its own assets, but also against those of its wider peer group, further incentivising the decarbonisation of the Company's portfolio.

Data drawn from the calculation of the core metrics will be used as an aid to driving decarbonisation across the portfolio and to highlight carbon hotspots in specific business areas as a means of influencing decision making.

For the Company, the results are as follows:

TCFD core metrics		
Weighted average carbon intensity (tCO_2e/£m revenue)	The portfolio's measure of carbon emissions normalised by revenues, expressed in tonnes CO_2e/£m revenue	149.7
Total carbon emissions (tCO_2e)	The absolute greenhouse gas emissions associated with the portfolio, expressed in tonnes CO_2e	349.8
Carbon footprint (tCO_2e/£m invested)	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO_2e/£m invested[1]	2.0
Carbon intensity (tCO_2e/£m revenue)	Volume of carbon emissions per £m of revenue (carbon efficiency of a portfolio), expressed in tonnes CO_2e/£m revenue	183.9
Exposure to carbon-related assets [1] (%)	The amount or percentage of carbon-related assets in the portfolio, expressed in £m or percentage of the current portfolio value	0

Calculation methodologies taken from TCFD website.

To meet the decarbonisation aspirations of both the Company and those of its stakeholders, the long-term goal is to drive continued reductions across the core metrics. Decarbonisation of the Company's business activities will require engagement with forest managers, service providers and employees across the portfolio to implement lower-carbon approaches to forest management and afforestation activities. Alongside its core metrics, the Company considers the carbon capture potential of its forests. Over the period, the Company achieved 35,081 tCO_2e annual arboreal sequestration within its portfolio. It should be acknowledged that the Company is in its early life. As FSF's operations grow, the carbon sequestration of the portfolio will further increase, but we are pleased with the progress from last year.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

METRICS AND TARGETS continued

EU Taxonomy alignment

The EU Taxonomy for sustainable activities defines the criteria that an investment must meet for it to be considered sustainable. By setting out transparent, science-based, industry-specific criteria to direct investment flows, the EU Taxonomy provides assurance for projects that are making a genuine contribution to climate change mitigation and global sustainability targets. Following internal review of the EU Taxonomy's performance thresholds, the Investment Manager has assessed 100% of FSF assets as being aligned with the EU Taxonomy at the point of investment[1].

1. An initial internal alignment assessment is undertaken at the investment stage which includes a review of whether the asset meets the Technical Screening Criteria of the EU Taxonomy for that particular activity.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks

The Greenhouse Gas Protocol separates emissions into the following categories:

Scope 1	Scope 2	Scope 3
• All direct emissions from the activities of an organisation under its control • Includes fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks	• Indirect emissions from electricity purchased and used by the organisation • Emissions are created during the production of the energy eventually used by the organisation	• All other indirect emissions, occurring from sources that are not owned or controlled • Includes purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, transportation, distribution and investments

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

METRICS AND TARGETS continued

EU Taxonomy alignment continued

The most important component of the Taxonomy's value is the focus it creates on the material issues that will determine the outcome of society's efforts to transition to a sustainable future, as opposed to those that are ultimately "ESG window dressing". Consequently, in an environment where greenwashing represents a significant and often irreparable reputational risk, it is hoped that this pioneering and transparent approach to Taxonomy assessment validation will be recognised by investors who are increasingly aware of best-in-class sustainability performance.

Details on the Company's Scope 1, 2 and 3 greenhouse gas emissions are shown in the table below

Absolute emissions

Scope 1	Scope 2	Scope 3
349.8 tCO_2e	**0** tCO_2e[1]	**863.5** tCO_2e

Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets

Asset level

The Company already tracks and reports the carbon sequestration delivered by the forestry portfolio, helping to mitigate climate change, which is reported on in greater detail above.

Meanwhile, a series of sustainability metrics are collected from across the portfolio on a monthly basis. This includes provision of data on both fuel use and electricity use at the individual sites, which flow through into accurate Scope 1 and 2 emissions calculations for the portfolio, again shown above, and which also feed into the calculation of the TCFD Core Metrics.

Finally, the Scope 3 emissions presented above have been calculated using the Partnership for Carbon Accounting Financials ("PCAF") methodology, a financial industry-led group that aims to develop and implement a harmonised approach to assess and disclose greenhouse gas emissions associated with investments and loans. The calculation is based on project-specific revenues and on the official statistical PCAF information that provides region and sector-specific average emissions factors.

As a result of these consistently tracked KPIs, the targets being considered include:

- Reduction in the overall Weighted Average Carbon Intensity ("WACI") of the portfolio and its investments
- Reduction in the portfolio's normalised carbon footprint
- For the Fund to be responsible for the sequestration of more carbon that it emits
- To establish Fund-specific Scope 3 emissions factors

1. Only one site in the portfolio uses purchased electricity and this site is on a renewable tariff. Other sites in the portfolio use onsite generators, as required during works and the emissions are captured under the Company's scope 1 emissions.

GOVERNANCE page 22
STRATEGY pages 23 and 24
RISK MANAGEMENT pages 25 to 28
METRICS AND TARGETS pages 29 to 31

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related risks

Risk/opportunity	Emission reporting obligations	Government commitment to net zero (mandates on existing products and services)
Description	• Climate action considered highest priority on policy agendas and stricter emissions reporting obligations introduced.	• UK Government changes its net zero strategy, leading to: less support for sustainable forestry and climate action; timber regulation changes in favour of only broadleaf afforestation schemes to achieve net zero action; fewer grants; commercial timber falls out of favour; WCC change carbon credit policy; and convoluted policy developments.
Risk	Policy and legal	Policy and legal
Likelihood	**High**	**Low**
Time period	S M L	S M
Estimated financial impact	Minor	Major
Investment Manager response	• FSF closely monitors developments but does not consider this a material risk given the low carbon intensity of the forestry industry. • Foresight as a manager is already well practised in producing emissions reporting data and closely monitors sustainability and ESG regulations such as this, to the benefit of FSF.	• Considered unlikely given the level of consensus and commitment to achieve UK net zero by 2050. Per hectare, planting commercial conifers make c.3x the climate contribution versus planting broadleaves. This is due to the much faster biological growth rate of conifers and due to carbon remaining locked up in timber-based products for decades in wood products. • FSF proactively engages with the market around this risk and will continue to educate around the dual benefits of sustainable forestry to tackle climate change and biodiversity loss. In particular, the argument against broadleaf afforestation sites and monoculture risks. • Changes to planting strategy would be considered if grants were no longer available and action taken if necessary.

S Short term, 0-3 years
M Medium term, 3-10 years
L Long term, 10+ years

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related risks continued

Risk/opportunity	Increased stakeholder concerns	Technology substitution – demand for carbon credits and removals
Description	• Social licence and local community support for afforestation comes under pressure and/or more land is required for domestic agriculture (and as a result regulatory changes are implemented). • Negative press and media coverage could negatively impact investor sentiment, ultimately impacting the ability to raise more capital.	• Technological advances lead to scalable carbon capture and storage – such as direct air capture. Scalable carbon and cost-competitive carbon capture technologies could increase the supply of voluntary carbon credits, reducing the value of FSF's carbon credits. • Technological advances could in the extreme see "unavoidable" emissions no longer unavoidable – undermining the need for voluntary carbon credits.
Risk	Reputational	Technology
Likelihood	**High**	**Very low**
Time period	S M L	M L
Estimated financial impact	Moderate	Minor
Investment Manager response	• During the due diligence phase of afforestation investments, the Manager commissions an independent community risk assessment. This element of due diligence is intended to ensure that afforestation only takes place in lower community risk areas, where tree planting is considered unlikely to be contentious and the expected likelihood of community resistance is considered low. • The Investment Manager has launched a Forestry Skills Training Programme that will directly enable rural farming communities to adapt to afforestation-related land use change, by providing local community members with the skills, training, qualifications, mentoring and safety equipment required to commence in the work and jobs created by the Company's afforestation schemes. Following a successful pilot in 2022 where four candidates completed the programme, 2023 will see the number of candidates receiving the training increase from four to ten, and the geographic scope increased from just Wales, to Wales and Scotland. • The Investment Manager is engaging with industry bodies such as Confor and Timber Development UK to promote the merits of increased sustainable UK timber supply. • The Company pursues community engagement plans and optionally conducts in-person community days to enable members of the local community to engage with and express their views about FSFC's afforestation development plans.	• A focused attention on potential technological impacts and enhancing other elements of business model/strategy. This all informs FSF's sale strategy and carbon pricing modelling in the medium to long term. • Nature-based carbon removals are closed-loop and truly sustainable, whereas carbon capture technology solutions need manufacture of energy-intensive machinery/infrastructure and finite places to store captured carbon (e.g. disused oil/gas wells) to function. Education about a transition towards nature-based carbon capture on the net zero path can increase the longevity and value of the market for FSF's carbon credits. • FSF balances merits of nature-positive removal; there will still be co-benefits of forestry beyond just carbon. These benefits can be quantified and demonstrated.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related risks continued

Risk/opportunity	Cost to transition to lower emissions technology	Changing weather patterns – more extreme weather events
Description	• Downstream timber sawmills and timber processors could face increased energy supply costs if biomass energy generation is phased out and with the cost of finding renewable alternatives. Increased costs could be passed on to FSF, in the form of lower prices willingly paid for FSF's timber. In addition, increased costs for FSF's downstream sawmills and timber processors could result in higher prices charged for downstream timber products, which would result in reduced timber demand.	• Changing local weather patterns (UK) and more extreme weather events cause direct damage to portfolios; e.g. direct damage from flooding or increased windblow from storms or increased sapling failure from extreme drought. • Market flooded with windblow timber and timber prices depreciate. • Forestry asset managers are forced to scale down or sell operations as operations no longer economically sustainable if always hit by storms. • Increased cost of insurance to mitigate the impact of extreme weather conditions.
Risk	Technology	Physical (acute)
Likelihood	**Medium**	**Very high**
Time period	S M	S M
Estimated financial impact	Moderate	Minor
Investment Manager response	• FSF is in a strong position where its product has a very low carbon intensity and a long time horizon (notably only processing and delivery costs with product going to mills every c.40 years). • FSF does not believe it will be possible to decarbonise forestry completely. • Downstream wood processors in Europe and North America (where the UK sources most of its imported wood from) are likely to follow a broadly similar energy transition pathway. So long as the UK keeps in step with its peer group, the risk to FSF is reduced. FSF can reduce this risk by proactively engaging with the UK wood processing industry to engage and consult with the UK Government on policies and incentive schemes. For example, FSF is a member of Timber Development UK, of which FSF Non-Executive Director Chris Sutton is Chairman.	• Wind is the material physical risk for FSF. FSF carefully reviews the felling profiles of sites to mitigate this risk (i.e. to avoid removing trees from the edge of forests and reduced levels of mid-rotation thinning). • Similarly, prudent acquisition strategy which favours more sheltered areas that are less exposed to wind. • FSF could in the future further bolster wind-throw insurance provisions, but acknowledging that cost of insurance is likely to increase. • Low geographical exposure: FSF's geographically diverse portfolio and business model mitigates against localised events that could impact operations. • The Company targets afforestation schemes in geographies less likely to be affected and carefully monitors trees at higher risk of suffering from drought. Contingency plans are in place to respond in such circumstances.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related risks continued

Risk/opportunity	Changing weather patterns – increased cost in raw materials	Stigmatisation of sector
Description	• Issues with sourcing saplings as climate change makes it harder to grow, plant and establish. Extended periods of drought in particular present a risk to newly planted and establishing saplings.	• Land use debate (public): climate-related/driven concerns on socio-economic issues, e.g. food security, becomes a greater priority for the public, while timber security becomes less of a priority. The growth of "nimbyism" results in forestry no longer considered part of the solution to net zero. • The credibility of carbon credits becomes stigmatised.
Risk	Physical (chronic)	Reputational
Likelihood	**High**	**Very low**
Time period	S M	S M
Estimated financial impact	Minor	Major
Investment Manager response	• FSF believes that technology will allow saplings to be grown in glass houses and vertical farms, so able to be transported to planting locations across the portfolio. • Management practices for drought-prone areas such as building water catchment lagoons, careful tree species choices and use of saplings selected for drought-resistant properties on sites can be utilised to reduce risk. In relative terms, the UK remains more drought-resistant than many other geographies on the global stage.	• FSF's dual strategy means the Fund's benefits extend far beyond simply sustainable timber. • FSF is engaged with industry and regulator debates around the importance of carbon credits and sustainable forestry and home-grown UK timber supply – building knowledge and sector credibility. In the medium term, this approach can create demand through education. • FSF continues to grow the Fund and diversify its investor base.

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related opportunities

Risk/opportunity	Legislative changes to renewable energy generation categorisation (biomass)	Technology – changing demand for timber products
Description	• Biomass is no longer considered a renewable source of energy generation (if public and market sentiments change) and alternative green energy sources emerge.	• Increased government support for timber as a low-carbon construction input, supporting a ten-point plan for decarbonising UK industries, leads to more, and better, processing facilities. Better for laminated timber ("CLT") and glulam production. Currently observable across Northern Europe (e.g. in Austria, Germany, the Nordics).
Risk	Policy and legal	Technology
Likelihood	Very high	High
Time period	S M	S M L
Estimated financial impact	Further revenue opportunities	Further revenue opportunities
Investment Manager response	• The energy transition means that the UK electricity grid is decarbonising rapidly and alternatives for heat energy production such as green hydrogen are emerging. This shift ultimately could create demand for carbon offsets, generating revenue opportunities.	• Through a campaign of education and engagement (at government level), FSF aims to contribute to five UN SDGs, including, but not limited to, demonstrating the sustainable value of home-grown timber and making direct contributions to the twin fights against climate change and biodiversity loss. • Once the value of CLT and glulam products is understood, incentive schemes could be put in place by the government to encourage sustainable transition. This would benefit the Company and be a positive outcome from FSF's engagement on the topic.

S Short term, 0-3 years
M Medium term, 3-10 years
L Long term, 10+ years

CLIMATE CHANGE AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") REPORTING CONTINUED

Climate-related opportunities continued

Risk/opportunity	Customer behaviour	Changing weather patterns – market impact and high-yielding timber
Description	• Circular economy models and policies drive an accelerated shift from single-use products towards greener products. A resulting rise in demand for timber and cardboard, especially recycled produce as virgin wood fibre supplies are constrained.	• The continental European and North American timber markets are believed to be more susceptible to climate-related physical risks. As a result, the UK could increase its market share and benefit from higher UK timber prices. • The UK is relatively well protected against physical climate risks and could benefit from being significantly less impacted than other countries. • FSF targets UK afforestation and forestry which is mainly focused on Scotland, Wales and Northern England. Its target areas are relatively drought-resistant. However, parts of England (South and East), Wales (South) and Scotland (East, South East) may be affected more acutely by drought in the future. This may benefit the timber price achieved from FSF's main timber growing areas (last man standing theory) but could serve to reduce the market size of viable forest land for FSF to purchase.
Risk	Market	Transition/Physical (chronic)
Likelihood	High	High
Time period	S M	M L
Estimated financial impact	Increased revenues/demand for product	Increased timber revenue and forest value appreciation
Investment Manager response	• FSF's strategy is well placed to capitalise on the current trajectory of growth for the sustainable and certified timber products market.	• Changing weather patterns in the UK (warmer temperatures in Northern Scotland) increase length of growing season which is beneficial for timber yield. • It would benefit FSF if other UK timber importing countries were more negatively impacted by the physical effects of climate change, in the form of more extreme weather (including droughts and forest fires) and the increased likelihood of forest-related pest (e.g. bark beetle) and disease outbreaks. • Management practices for drought-prone areas such as building water catchment lagoons, careful tree species choices and use of saplings selected for drought-resistant properties on sites can be utilised to reduce risk. In relative terms, the UK remains more drought-resistant than many other geographies on the global stage.

06

APPENDICES

INITIATIVES, MEMBERSHIPS AND ENGAGEMENTS

The below table details overall activity and outcomes of collaborative engagement undertaken by Fund Management and members of the Investment Manager's infrastructure and Group sustainability teams during the reporting year:

Organisation	Date	Type of activity	Details/Commitments
NATURAL CAPITAL INVESTOR ALLIANCE ("NCIA")	Nov-23	Industry engagement	Policy, industry and governance workstream
TIMBER DEVELOPMENT UK ("TDUK")	Ongoing	Industry engagement	Influential figure
CONFEDERATION OF FORESTRY INDUSTRIES ("CONFOR")	Ongoing	Member	Influential figure
CONFEDERATION OF BRITISH INDUSTRY	Ongoing	Industry engagement	Recognised for "Greening finance and accelerating finance into climate solutions"
GREEN FINANCE INSTITUTE	May-23	Industry engagement	TNFD framework asset management feedback session exploring integrating of the framework into existing operating models and reporting frameworks
PRINCIPLES FOR RESPONSIBLE INVESTMENT ("PRI")	Sep-23	Industry engagement	Investment Manager participation in Nature Reference Group – assessing implications of TNFD on investment and management activity
UKSIF	Mar-23	Lobbying	Green Taxonomy and Disclosures Working Group involvement
THE ALTERNATIVE INVESTMENT COMPANY ("AIC")	Ongoing	Industry engagement	Influential figure
THE LSE VCM SOLUTION DELIVERY GROUP	Ongoing	Founding member	Leading role in driving knowledge building of VCM
KINGS COLLEGE	Ongoing	Industry engagement	Engagement and policy paper published
THE WOODLAND CARBON CODE ("WCC")	Ongoing	Advisory Board member	Influential figure

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Highly commended

KEY TERMS

Natural capital

The stock of physical resources within the natural environment that can deliver economic, social and cultural value as ecosystem services, if managed in the right way. The concept of natural capital, when integrated into decision making and investment management, reconciles financial and environmental interests.

Biodiversity credits

A credit that can be quantified and verified, representing the restoration, conservation and/or enhancement of the biodiversity of a habitat.

Carbon credits

Tokens representing the additional and permanent avoidance or removal of greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent ("tCO_2e").

Ecosystem services

The range of ecosystem services can broadly be split into three categories:

- **Provisioning services** products and resources obtained from ecosystems
- **Cultural services** non-material but valuable societal benefits obtained from ecosystems
- **Regulating and provisioning services** valuable environmental benefits achieved through regulating and maintenance of ecosystem processes

Carbon offsetting

The purchasing of carbon credits from emissions reduction projects around the world. Carbon credits can be retired by companies with net zero pledges to offset unabatable emissions created within their businesses or indirectly within their supply chains.

ISO Standards

International Standards Organisations ("ISO") standards set out internationally recognised requirements or guidance to help organisations to manage their policies and processes to achieve specific objectives. They are considered to highlight best practice.

- **ISO 9001** sets the requirements for a company's quality management system ("QMS") to help work more efficiently and reduce product failures.
- **ISO 14001** sets the requirement for an organisation's environmental management system ("EMS") to help reduce environmental impacts, reduce waste and be more sustainable.

Near miss events

Near miss events are categorised as all H&S incidents that are not reportable under the RIDDOR framework.

Portfolio

The 68 assets in which FSF had a shareholding as at 30 September 2023.

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