

UK SUSTAINABILITY-RELATED DISCLOSURES – CONSUMER-FACING DISCLOSURE

- Manager: Foresight Group LLP ("Foresight" or the "Investment Manager")
- Product name: Foresight Solar Fund Limited (the "Company" or "FSFL")
- International Securities Identification Number (ISIN): JE00BD3QJR55
- Date of disclosure: [18 September] 2024

1. Introduction

- 1.1 In November 2023, the UK's Financial Conduct Authority ("FCA") published its final rules on Sustainability Disclosure Requirements ("SDR") and investment labels. The SDR enables in-scope UK-domiciled funds to use the FCA's sustainability investment labels from 31 July 2024. At present, the SDR and investment labels regime only applies to UK-domiciled funds. However, the UK government has confirmed its intention to consult on how the regime can be extended to apply to overseas-domiciled funds in 2025.
- 1.2 Foresight Solar Fund Limited (the "Company" or "FSFL"), as a self-managed overseas (Jersey) company, is not, therefore, subject to SDR and so neither FSFL nor Foresight Group LLP (the "Investment Manager"), as its delegated investment manager, are permitted to formally adopt any of the SDR's investment labels.
- 1.3 Nonetheless, FSFL's Board and the Investment Manager believe that the nature of FSFL's business and investment strategy are intrinsically aligned to the goal of a greener and less carbon intensive future. The Company's investments in ground-based solar power farms and battery storage systems have been generating renewable energy since its launch in 2013.
- 1.4 The Board and the Investment Manager also consider that the SDR are a key step to enable UK investors to have greater confidence in sustainable investment products. Accordingly, despite the Company not being within the scope of the regime, the Board and the Investment Manager are voluntarily seeking to demonstrate FSFL's alignment with the SDR's Sustainability Focus investment label. This label is for funds that invest mainly in assets that focus on sustainability for people or the planet. The Investment Manager is, therefore, publishing the following disclosures in respect of FSFL in alignment with the provisions of chapter 5.2 of the FCA's ESG Sourcebook.

2. Sustainability Goal

- 2.1 The Company's investment objective is to provide investors with a sustainable, progressive quarterly dividend and enhanced capital value, whilst facilitating climate change mitigation and the transition to a lower carbon economy.
- 2.2 The Company pursues its investment objective by investing in a diversified portfolio of ground-based, solar power plants and utility-scale battery energy storage systems ("BESS") predominantly located in the UK, contributing to the growth of renewable energy generation capacity available and the production of more clean power over the long term.

3. Sustainability Approach

- 3.1 At a strategic level, the Company's investment mandate and policy limits its investment activity solely to investing in a diversified portfolio of ground-based, solar generation and battery storage projects predominantly located in the UK, contributing to the growth of renewable energy generation capacity available and the production of more clean power over the long term.
- 3.2 The Company's aim is to build a diversified portfolio with majority or minority ownership. When investing in a stake of less than 100%, the Company secures its rights through shareholder agreements and other legal transaction documents. Investments may be made in equity, debt or intermediate instruments but not in securities traded on an investment exchange. To optimise returns, the Company is permitted to invest money held for working capital in cash deposits, gilts and money market funds.
- 3.3 By and large, FSFL makes direct investments, often acquiring 100% of project companies or taking majority stakes in projects, limiting barriers to effective stewardship of assets. Given that it has direct control over most of its investments, the Company has authority to direct activities consistent with improving the sustainability performance of its portfolio. Therefore, the stewardship it undertakes on behalf of its investors relates more to the interactions it has with third-party service providers and broader stakeholder groups.
- 3.4 Operationally, each solar power plant in the portfolio enters into a power purchase agreement ("PPA") with a creditworthy offtaker.
- 3.5 To diversify its portfolio and spread risk, there are limitations, contained within the investment policy, on the Company's investment universe and approach:
- (a) Geography: Investments outside the UK are limited to 25% of the Company's gross asset value ("GAV").
 - (b) Leverage: Gearing, calculated as overall Company borrowing as a percentage of GAV, will not exceed 50% at the time of drawdown. The Board intends to limit long-term gearing, calculated as overall Company borrowings excluding intra-Group loans and revolving credit facilities, to 40% of GAV.
 - (c) Portfolio composition: No single asset shall exceed 30% of GAV post-acquisition. If the investment is an additional stake in an existing asset, the combined value should not exceed 30%.
 - (d) Stage: The Company is allowed to deploy no more than 5% of GAV in development-stage projects. These assets are characterised as solar or BESS opportunities that are pre-construction and may not have secured grid connection rights or planning consent on the date of investment. Similarly, projects under construction are limited to 25% of GAV.
 - (e) Technology: The Company may only invest in utility-scale battery storage systems up to a limit of 10% of GAV.






3.6 In light of the Company's investment policy and the way it has invested since its launch in 2013, the Board and the Investment Manager believe that Foresight Solar's investment activities and corresponding portfolio already meet the qualifying criteria under the FCA's Sustainability Focus investment label. Going forward, Foresight Solar will ensure that its disclosures continue to meet the requirements of a Sustainability Focus-labelled product. As a result, the Board and the Investment Manager do not foresee that aligning with the Sustainability Focus label will have any material effect on the Company's investment universe, risk profile or the way it manages its assets (and so the financial risk and return of the Company).

4. Sustainability Metrics

4.1 Overall responsibility for sustainability considerations resides with the Board, with the Investment Manager advising on the analysis and reporting of sustainability criteria. The specific indicators used for the FSFL portfolio during the past financial year were:

Company	
Maintain a minimum 70% alignment with an authoritative taxonomy which will demonstrate the sustainability of the underlying assets.	100%

Portfolio	
Operational (total renewable energy capacity added)	1,018MW
Developed (total renewable energy capacity enabled)	0MW

Goal	SDG Target	Contribution
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Achieved through the reduction of pollution and emissions by the installation and management of clean energy generation assets. Key performance indicators ("KPIs"): 286,254kg of NOx avoided vs energy generated from gas 209,920kg of Sox avoided 4,982kg of PM ₁₀ avoided 2,279kg of PM _{2.5} avoided
	7.2 Increase substantially the share of renewable energy in the global energy mix.	Achieved by reducing reliance on fossil fuels via investment in renewable energy generation. KPIs: 530GWh of renewable energy produced Enough electricity to power the equivalent of 196,332 UK homes for a year
	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Achieved by future-proofing energy systems through investment in generation assets using the latest technologies to maximise electrical output. KPI: 969MW of renewable generation capacity added to the electricity grid.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Achieved by raising awareness and improving institutional capacity on climate change mitigation. KPI: Emissions avoidance of 185,290 tonnes of CO _{2e} vs national grid comparator
	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Achieved by preserving the integrity of land through investment in low-polluting technologies, and introducing environmental initiatives through active asset management that supports biodiversity. KPI: Saving an annual oil equivalent of 45,580 TOE (tonnes of oil equivalent), contributing to the avoidance of fossil fuel use

5. Further information

5.1 Further details regarding the Company's sustainability performance and non-sustainability-related information (including in relation to costs and charges) can be found at:

- (a) FSFL's sustainability-related [pre-contractual disclosures](#) in connection with SDR
- (b) FSFL's [key information document](#) ("KID")
- (c) [FSFL's Annual Report](#).

5.2 The Company will also voluntarily make available product-level sustainability reports on an annual basis in accordance with chapter 5.5 of the FCA's ESG Sourcebook, which will be included as part of the Company's annual report (linked above).

Disclaimer

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