

UK SUSTAINABILITY-RELATED DISCLOSURES – CONSUMER-FACING DISCLOSURE

- Manager: Foresight Group LLP ("Foresight" or the "Investment Manager")
- Product name: Foresight Environmental Infrastructure Limited (the "Company" or "FGEN")
- Legal entity identifier: GG00BJL5FH87
- Date of disclosure: 12 Aug 2024

1. Introduction

- 1.1 In November 2023, the UK's Financial Conduct Authority ("FCA") published the final rules on Sustainability Disclosure Requirements ("SDR") and investment labels, with the first requirement, the FCA's anti-greenwashing rule, taking effect from 31 May 2024. The SDR enable in-scope UK-domiciled funds to apply the FCA's sustainability investment labels from 31 July 2024. At present, the SDR and investment labels will only apply 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 Q3 2024.
- 1.2 Although Foresight Environmental Infrastructure Limited (the "Company" or "FGEN"), as a Guernsey company, does not fall within the scope of the SDR and investment labels, the Board and Foresight Group LLP (the "Investment Manager") believe that the nature of FGEN's business and strategy is intrinsically aligned to the goal of a greener and less carbon intensive future. FGEN is already disclosing under Article 9 of the EU's Sustainable Finance Disclosure Regulation ("SFDR"), as a fund that has sustainable investment as an objective. The Board and Investment Manager consider that the FCA's SDR is a key step to enable UK investors to have better confidence with respect to sustainable investment products. As a result, FGEN is voluntarily seeking to demonstrate alignment with the SDR's Sustainability Focus investment label (a fund that invests mainly in assets that focus on sustainability for people or the planet) as a matter of best practice. FGEN has therefore made available certain disclosures in accordance with chapter 5.2 of the FCA's ESG Sourcebook.

2. Sustainability Goal

- 2.1 FGEN aims to invest in a diversified portfolio of environmental infrastructure projects that support more environmentally friendly approaches to economic activity whilst generating a sustainable financial return. FGEN has a climate change mitigation objective and supports the transition to a low carbon economy by virtue of investing in a diversified portfolio of environmental infrastructure.
- 2.2 In respect of any material negative environmental and/or social outcomes that may arise when pursuing FGEN's sustainability objective, FGEN monitors its assets through the integrated application of its 'Sustainability Evaluation Tool' ("SET"), which can be used to assess the sustainability and ESG performance of assets throughout their lifecycle. Performance against principal adverse impact indicators over time is monitored and reported on with a view to consistent improvement. Focused areas for improvement at present are:
- Reduction in overall Carbon Footprint;
 - Reduction in GHG intensity of Investee Companies; and
 - Reduction in the share of non-renewable energy consumption and production.








3. Sustainability Approach

- 3.1 FGEN defines environmental infrastructure as assets, projects and asset-backed businesses that utilise natural or waste resources or support more environmentally friendly approaches to economic activity, support the transition to a low carbon economy or which mitigate climate change. The Company's activities will contribute materially towards the emissions reduction objectives set out under the Paris Climate Agreement. By way of example, FGEN has invested into a portfolio of diversified renewable energy assets, clean fuel distribution assets and other assets that contribute to decarbonising both the national energy mix and other emissions-intensive activities.
- 3.2 The Company's investment interests in environmental infrastructure may include partnership equity, partnership loans, membership interests, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the Company invests or may invest. Sustainability considerations are embedded throughout FGEN's investment process and asset management procedures, from initial investment screening through due diligence and into ongoing monitoring and reporting. Overall responsibility for Sustainability and ESG considerations resides with the Board of FGEN, with analysis and reporting of Sustainability and ESG criteria advised on by Foresight.
- 3.3 By and large, FGEN makes direct investments, often acquiring 100% of the project companies or taking majority stakes in the projects it invests into, limiting barriers to effective stewardship of assets. Given that it has direct control over the majority of its investments, FGEN has authority to direct activities consistent with improving the sustainability and ESG performance of its portfolio. Therefore, the stewardship it undertakes on behalf of its investors relates more to the interactions the Company has with its third party service providers and broader stakeholder groups. In these interactions, FGEN makes clear its requirements and expectations around sustainability and ESG factors, stewarding its value chain towards better performance in these areas. While the nature of the environmental infrastructure investments largely substantiates achievement of the Company's sustainable investment objective, good management of sustainability and ESG factors has the capacity to further enhance the environmental benefits the portfolio provides. At a broader industry level, the Investment Manager, is a signatory to the Principles for Responsible Investment ("PRI") and has achieved a 5-star rating within the Infrastructure and Investment & Stewardship modules. Foresight believes that good governance is essential for FGEN's portfolio to achieve its targeted returns (both financial and sustainability-related) in the interest of its investors.

3.4 FGEN intends that all of the Company's assets will be used for the purpose of attaining the Company's sustainable investment objective. Notwithstanding that, the Company may hold cash reserve for the purposes of ancillary liquidity and ongoing portfolio management to enable the continued attainment of the Company's sustainable investment objective. At any point, this cash reserve will account for no more than 5% of the Company's assets. In addition, the Company commits that a minimum proportion of 80% (by value) of the Company's investments will be aligned with the specific standards and criteria for "environmentally sustainable activities" under the EU Taxonomy.

4. Sustainability Metrics

4.1 As noted above, overall responsibility for Sustainability and ESG considerations resides with the Board of FGEN, with analysis and reporting of ESG criteria advised on by Foresight as the Investment Manager. The specific indicators used for the FGEN portfolio are:

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.	Avoidance of: kg of NO _x (Nitrous Oxide) kg of SO _x (Sulphur Dioxide) kg of PM ₁₀ (µm10 Particulate Matter) kg of PM _{2.5} (µm2.5 Particulate Matter)
	6.3 Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	Billion litres of wastewater treated
	7.2 Increase substantially the share of renewable energy in the global energy mix.	GWh of renewable energy produced GWh renewable heat produced Number of homes powered by renewable energy per year (excludes AD portfolio)
	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.	Total MW generation capacity
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Tonnes of waste diverted from landfill Tonnes of waste recycled
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Greenhouse gas emissions avoided (tCO ₂ e)
	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	Annual avoidance of fossil fuels (tonnes oil equivalent, TOE) Active biodiversity management plans in place (%)

5. Further information

5.1 Further information regarding the sustainability performance of the Company can be found as follows:

- (a) FGEN's sustainability-related [pre-contractual disclosures for SDR](#) and [SFDR](#); and
- (b) FGEN's [Annual Report 2024](#).

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

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