



FP FORESIGHT SUSTAINABLE FUTURE THEMES FUND ("SFT")

IMPACT REPORT SEPTEMBER 2022

Foresight
FOR A SMARTER FUTURE

TABLE OF CONTENTS

WHAT'S INSIDE

01 WHY WE MUST ADDRESS THE CLIMATE CRISIS	2
02 OUR STRATEGY	7
03 OUR INVESTMENT PROCESS	11
04 THE SUSTAINABLE FUTURE THEMES FUND IN ACTION	14
05 ACTIVE STEWARDSHIP	30

WHY WE MUST ADDRESS THE CLIMATE CRISIS

INTRODUCTION FROM NICK SCULLION



Climate change is here, its impacts are tangible, and the risks are global. Mainstream finance must be mobilised to decarbonise global society and deliver equitable, sustainable economic development.

Nick Scullion
Partner

Introduction

There are many reasons investors may choose to invest sustainably. Investors might simply want to make money. They may want their capital to fund something specific they believe in like clean energy or universal access to education. Investors may wish to combat something they are specifically against like unequal access to information or healthcare. Or they may simply not want to make personal gains from investing in companies that benefit from damage to society, the environment, or other communities. These are all valid objectives, but they are difficult to quantify and measure.

At Foresight Capital Management (FCM), we believe the broad-based term 'ESG' is not sufficiently nuanced to help investors make informed decisions about which companies can help to achieve their objectives most effectively. Instead, specific, sustainable investment themes can help to define and calibrate ways to deploy capital to the companies that most effectively support global decarbonisation and global sustainable development.

A word of caution before we begin, it is easy to fall into the trap of allowing perfection to be the enemy of the good. Let's be unequivocal. Trade-offs exist everywhere.

Everything we make, eat, move, and use has a carbon intensity. Operations of all entities including companies, governments, charities and NGOs demand fossil fuels and use resources mined in challenging places. There is no such thing as a universally ethical and unequivocally 'good' activity with no trade-offs, drawbacks or compromise. But there are companies, initiatives, and outcomes that are worth investing in and pursuing because they are on the right side of the trade-offs. Our job is to invest in companies that deliver the most for their cost both in financial and impact terms. That is our definition of sustainable investment. It goes far beyond the vague, siloed terms of Environmental, Social and Governance.

The summer of 2022 has borne witness to extreme weather events across the globe with parts of California, Pakistan, India, Europe, Africa, and China all suffering from the devastating physical impacts of climate change. Addressing climate change has become the defining issue of the era, with this sense of urgency further driven by warnings from UN scientists that the window to elude otherwise unavoidable emissions increases in multiple climate hazards is closing fast.



INTRODUCTION FROM NICK SCULLION CONTINUED

Climate change presents systematic risks to global economic structures and actors across all industries and sectors, with legal, regulatory, and consumer pressures on companies to achieve carbon neutrality by the middle of the century rapidly emerging. In this environment, it is FCM's view that the most successful future companies will be those that are positioned to succeed in both a decarbonising and a decarbonised global economy.

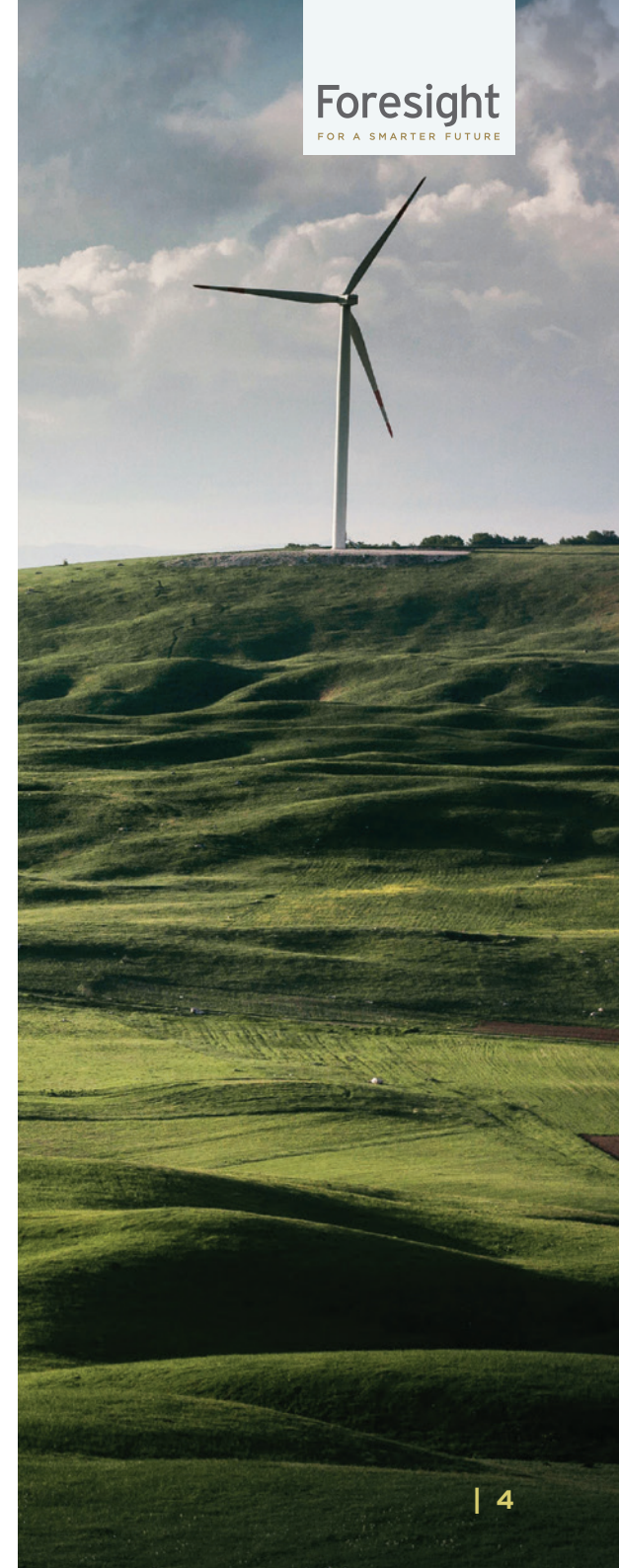
With many sustainable equity strategies constructing tech-heavy, third-party ratings-based portfolios, FCM has focused on the concept of 'double materiality'. This means assessing not only the sustainability of a company's business operations but also the impact of its goods and services on the environment as an important lens through which to analyse a company's suitability for sustainability-minded investors. The outcome has been the creation of a thematic sustainable investment strategy and the construction of a portfolio that has a deep grounding in climate science, overlays climate-analytical lenses on social issues, and looks to fundamentally impact the real economy through the products and services of underlying holdings. Focusing on its core mission of sustainable development and global decarbonisation, the FP Foresight Sustainable Future Themes Fund seeks to channel capital towards companies providing innovative solutions to these problems.

The window to act is finite and shrinking. To hit a 1.5°C objective we must halve emissions every ten years, if we wait another four years the challenge will be to halve them every year, and if we wait eight more years our carbon budget will be entirely gone. The consensus is clear: climate change is here, its impacts are tangible, and the risks are global. Mainstream finance must be mobilised to deal with the climate tragedy on the horizon and capital must be provided to companies focused on sustainable development and global decarbonisation.



Nick Scullion

Partner



THE ENVIRONMENTAL AND SOCIAL IMPACT OF GLOBAL WARMING

The Paris Agreement goals aim to limit global warming to well below 2°C and preferably to 1.5°C. The difference between a 2.0°C and 1.5°C temperature rise results in dramatically different outcomes¹.

Incidence	1.5°C	2°C	2°C Impacts
Extreme Heat Global population exposed to severe heat at least once every five years	14%	37%	2.6x worse
Sea Level Rise Amount of sea level rise by 2100	40cm	46cm	6cm worse
Permafrost Amount of Arctic permafrost that will thaw	4.8 million KM ²	6.6 million KM ²	38% worse
Crop Yields Reduction in maize harvests in tropics	3%	7%	2.3x worse
Coral Reefs Further decline in coral reefs	70-90%	99%	Up to 29% worse

Environmental Impact:

- More frequent and more severe droughts and destructive wildfires.
- Rising sea levels will result in the flooding of coastal areas and cities. 680 million people live in low-lying coastal regions susceptible to flooding².
- Permafrost in the northern hemisphere currently stores approximately twice the amount of carbon as in the Earth's atmosphere.
- Coral reefs hold more than 25% of all marine species and directly support over 500 million people worldwide³.

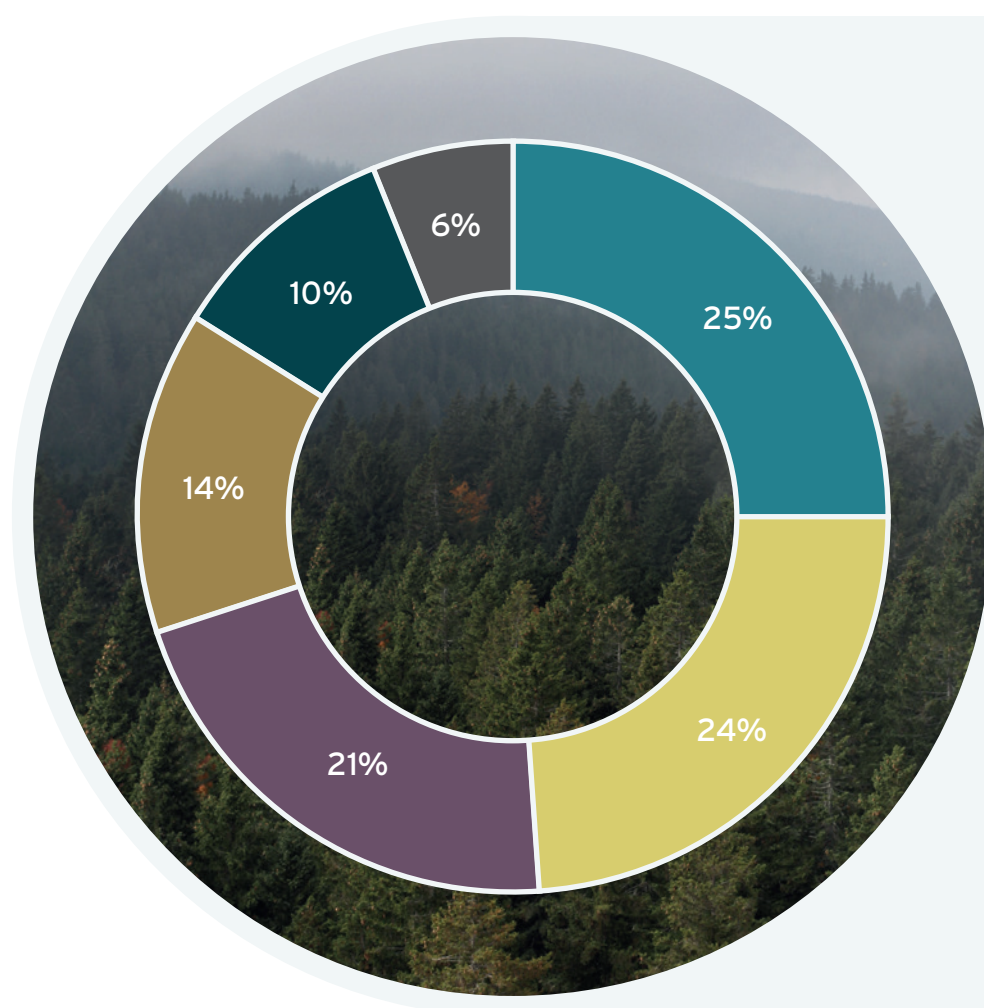
Social Impact:

- Reduced crop yields lead to food scarcity risking displacement, civil unrest and conflict.

1. World Resources Institute (2018). Half a Degree and a World Apart: The Difference in Climate Impacts Between 1.5°C and 2°C of Warming. Available at: <https://www.wri.org/insights/half-degree-and-world-apart-difference-climate-impacts-between-15c-and-2c-warming>
2. IPCC (2019). Special Report on the Ocean and Cryosphere in a Changing Climate. Available at: <https://www.ipcc.ch/srocc/chapter/summary-for-policymakers/>
3. Carney, M., 2021. Value(s): Climate, Credit, Covid and How We Focus on What Matters. 1st ed. London: Harper Collins, p.249

GREENHOUSE GAS EMISSIONS SOURCES

Virtually every activity in modern life – growing things, making things, getting from place to place – involves releasing greenhouse gases.



GLOBAL GREENHOUSE GAS EMISSIONS¹ (%)

- Electricity Production | 25%
- Food, Agriculture, and Land Use | 24%
- Industry | 21%
- Transportation | 14%
- Other Energy-related Emissions | 10%
- Buildings | 6%

- Emissions need to **fall by 7% year on year** over the next two decades. To put this into context, CO₂ emissions fell about 7% in 2020 when we had full scale lockdowns imposed due to COVID-19.
- Getting to zero **requires a broad approach**: zero-carbon ways to produce electricity, manufacture goods, grow food, keep buildings warm and cool, and move people and goods around the world.

1. Project Drawdown (2020). Available at: <https://drawdown.org/drawdown-review>

OUR STRATEGY

FP Foresight Sustainable Future Themes Fund Key features:

Aims to deliver growth by investing in the core themes of sustainable development & decarbonisation.

STRATEGY

Targeting attractive risk adjusted returns by investing in a **global** portfolio of scalable listed companies that address the core themes of **sustainable development and decarbonisation**.

PERFORMANCE OBJECTIVE

To **grow capital** over a **five-year** period by investing in companies which meet the manager's sustainability criteria for **positive environmental and/or social impact**.

INVESTMENT BASIS

Long-only,
active,
high-conviction

NUMBER OF STOCKS

30-40
companies

INCEPTION

28 March
2022

SUSTAINABLE FUTURE THEMES

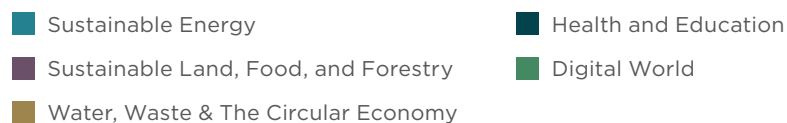
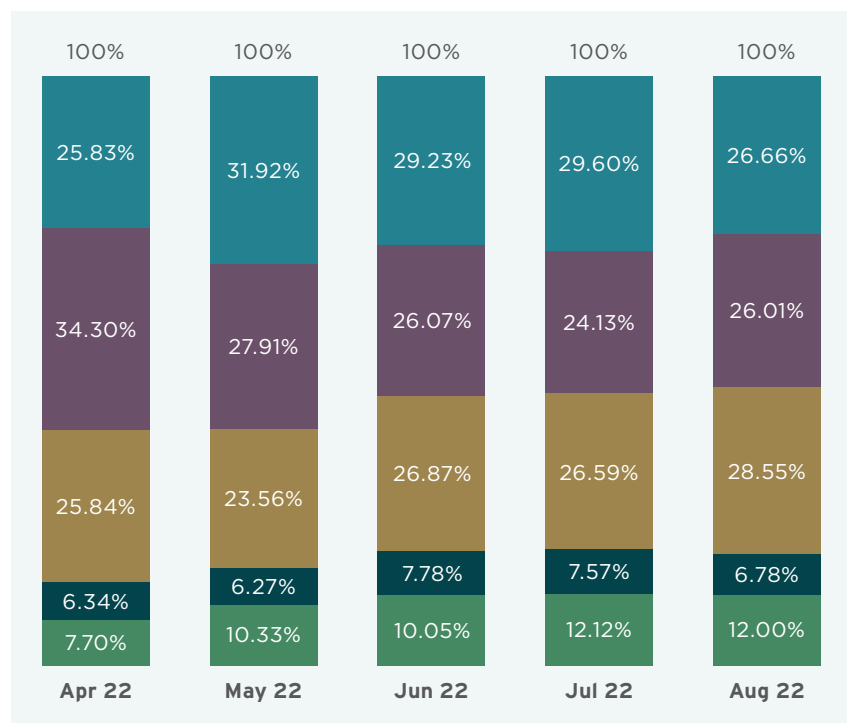
FCM identifies and provides capital to companies focusing on global decarbonisation and sustainable development.



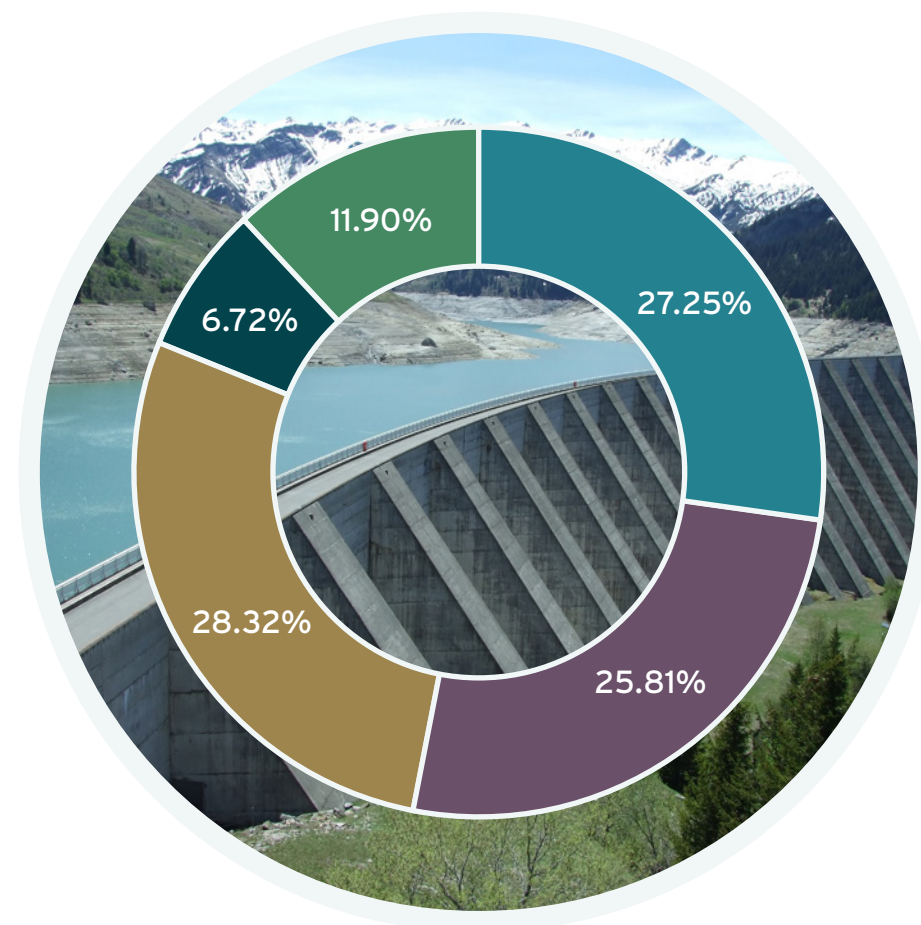
SUSTAINABLE INVESTMENT PILLAR WEIGHTINGS

SFT has diversified holdings across all of the fund's sustainable investment pillars.

Historic Sustainable Investment Pillar Portfolio Revenue Alignment As of 31/08/22:



Latest Sustainable Investment Pillar Portfolio Weighting Alignment:



FORESIGHT CAPITAL MANAGEMENT'S PRIVATE MARKET INSIGHT

FCM uses Foresight Group's in-house business segments to bring private market expertise to public market investing.

Sustainable future fund

<p>SUSTAINABLE ENERGY</p> <p>Private Market Insight</p> <p>Second-largest solar manager in Europe, operating over 1.9 GW.</p> <p>Portfolio of c.890 MW of onshore wind.</p> <p>One of the largest private sector investors into UK waste-to-energy sector.</p>	<p>SUSTAINABLE FOOD, LAND AND AGRICULTURE</p> <p>Private Market Insight</p> <p>Foresight Sustainable Forestry PLC listed in November 2021.</p> <p>Specializes in forestry and afforestation projects.</p> <p>Foresight Group has completed 16 sustainable forestry acquisitions.</p>	<p>WASTE, WATER AND THE CIRCULAR ECONOMY</p> <p>Private Market Insight</p> <p>Private investment focus on bioenergy and waste.</p> <p>High-level expertise across waste management value chain.</p> <p>Industry connections across metal recycling investment universe.</p>	<p>HEALTH AND EDUCATION</p> <p>Private Market Insight</p> <p>Foresight Group purposefully invest into companies and assets that contribute towards the delivery of sustainable, high-quality and inclusive healthcare and education.</p>	<p>DIGITAL WORLD</p> <p>Private Market Insight</p> <p>Foresight Group is partnering with specialist consultants to digitalise its sustainable infrastructure assets.</p> <p>Includes forestry, social projects and sustainable transport infrastructure.</p>
<p>Sustainability Insight</p> <p>Sustainability-led offerings integrated across investments.</p> <p>Developed Sustainability Evaluation Tool for integrated sustainability assessment monitoring.</p>	<p>Sustainability Insight</p> <p>Carbon credit market and afforestation.</p> <p>Leasing land to renewable energy developments.</p> <p>Afforestation grants to support planting.</p> <p>Third-party certification.</p>	<p>Sustainability Insight</p> <p>Foresight Group is a certified carbon neutral company and is setting science-based targets.</p> <p>Insight into processes and commitments for fund holdings to implement science-based targets.</p>	<p>Sustainability Insight</p> <p>Insight into how to evaluate, monitor, and report on impact across the healthcare and education sector.</p> <p>Bespoke sustainability methodologies used to assess investments.</p>	<p>Sustainability Insight</p> <p>Company specialism in digitalisation of sustainable infrastructure.</p> <p>Expertise in data management, efficient handling of assets, and supply chain risk management.</p>

OUR INVESTMENT PROCESS

Sustainable Investment Process

Considering the operational footprint and economic activity of a company is integral to transitioning to a decarbonised, more climate-resilient global economy.

1 |

SUSTAINABLE INVESTMENT PILLAR ALIGNMENT

The company's strategy, economic activity and fundamental purpose must be consistent with at least one of SFT's Sustainable Investment Pillars.

2 |

UN GLOBAL COMPACT ALIGNMENT

The company's strategy, economic activity and fundamental purpose must be consistent with all the 10 UN Global Compact Principles.

3 |

UN SDG ALIGNMENT

The company must make a demonstrable impact against a pre-defined list of Sustainable Development Goals Sustainable Development Goals.

4 |

REVENUE ALIGNMENT

At least 80% of the company's revenue must be derived from activities consistent with the Fund's Sustainable Investment Pillars.

5 |

QUALITATIVE ASSESSMENT

On the basis of detailed due diligence and technology assessment, sustainability is an embedded long-term focus of the company's strategy.

PRIORITISING DOUBLE MATERIALITY

Double materiality focuses on a company's operational footprint whilst also assessing the environmental and social impacts of the products and services that company provides.

Segment of Top 10 Common Holdings by GICS Sector¹

Name	GICS Sector	ESG Rating	# Funds (Top 20)	Average Weighting (%)
Alphabet Inc	Comm. Services	BB	12	1.93
Microsoft Corp	IT	AAA	9	5.09
Adobe Inc	IT	AA	8	1.25
Apple	IT	BBB	7	5.68
Nvidia	IT	AAA	7	1.67

Snapshot of SFT Holdings (April 2022)



The Largest ESG Funds - Under The Hood

Though most ESG funds are domiciled in Europe the geographic focus of these funds tends towards US equities. Sector exposures across the top 20 largest ESG funds show that information technology is the largest allocation in most funds whilst there is almost zero allocation to energy. Alphabet, Microsoft, Adobe, and Apple are some of the most widely held stocks, with these names some of the key reasons behind ESG fund outperformance as tech stocks rallied in 2020. Many of the holdings within the largest ESG funds would not pass SFT's sustainable investment criteria.

SFT - Focusing On Double Materiality

Double materiality is the critical lens through which all potential SFT holdings are assessed. Companies such as Adobe, Microsoft, and Apple have wide-reaching operational climate targets, but their products will not lead to the decarbonisation of the global economy. SFT's portfolio holdings are defined by their innovative products and services that seek to address the climate imperative whilst also having sustainable operations embedded into long-term strategies. SFT's holdings companies operate across diverse sectors of the global economy and without their products, services and sector leadership the world will not be able to limit global warming to 1.5°C or 2°C.

1. MSCI ESG Research LLC (April 2021). Available at: <https://www.msci.com/documents/1296102/24720517/Top-20-Largest-ESG-Funds.pdf>

MONITORING TOOL AND SCORING

FCM continuously track the operational performance of SFT's holdings with a specific focus on impact metrics, sustainability performance, and progress against targets and goals.

Scoring Methodology Overview

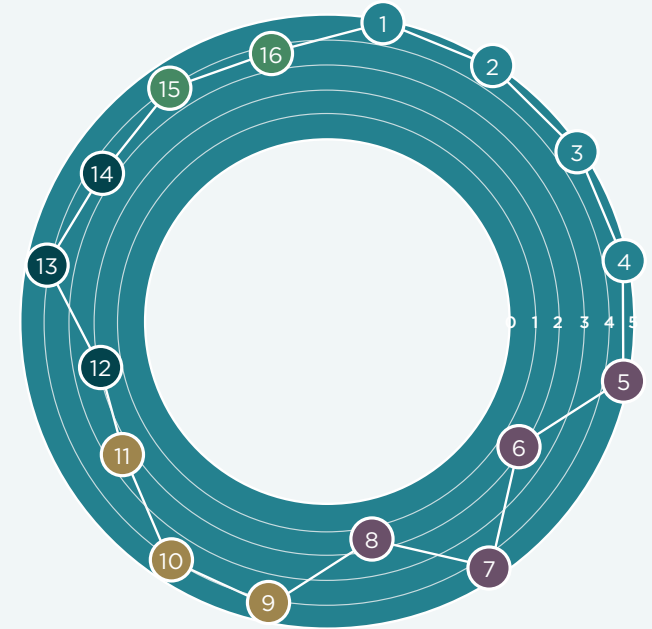
- FCM has developed a **proprietary scoring system** which evaluates holdings across **5 sustainable investment pillars** and **16 separate sustainability metrics**.
- The 16 separate sustainability metrics are supported by **68 individually weighted KPIs** that each holding is scored against.
- SFT holdings do not have minimum required scores necessary to be held within the fund portfolio.
- The sustainability web is primarily used as a tool through which highlight weaknesses and to **channel effective engagement with holdings**.

Sustainable Investment Pillar

Example KPIs Assessed

Sustainable Investment Criteria Alignment	Human Rights Policy, Supply Chain Modern Slavery Assessment, UN SDG Alignment.
Environmental Impact	Science-based Targets, Net Zero Policy, Emissions Intensities, Temperature Rise Alignment.
Governance	Independent Board Chair, % Independent Directors, Say on Pay Provisions.
Social Impact	Percentage of Women in Management, Supply Chain Management, Community Spending.
Third-Party Interactions	PRI Signatory, TCFD Signatory, Third-Party Ratings, SASB/GRI Reporting.

Sustainability web for Koninklijke DSM NV. July 2022.



Sustainable Investment Criteria

- 1 Sustainable Investment Pillar
- 2 UN SDG Alignment
- 3 UN Global Compact Alignment
- 4 Revenue Alignment

Environmental Impact

- 5 Climate and Impact Policy Alignment
- 6 Carbon Emissions (WACI)
- 7 Pollution, waste and natural capital
- 8 Environmental Opportunities

Governance

- 9 Independence
- 10 Diversity
- 11 Compensation

Social Impact

- 12 Human Capital
- 13 Community Impact
- 14 Product Responsibility

Third Party Interactions

- 15 Third Party Ratings
- 16 ESG Reporting Frameworks Used

THE SUSTAINABLE FUTURE THEMES FUND IN ACTION

SUSTAINABLE ENERGY

The investment into companies actively contributing to global decarbonisation through sustainable energy generation, storage, and usage.

UN Sustainable Development Goal Alignment¹

UN Sustainable Development Goals



SDG 7 – Affordable and Clean Energy



SDG 8 – Decent Work and Economic Growth



SDG 13 – Climate Action

Underlying Sectors

- Biomass Power
- Energy Efficiency
- Energy Storage
- Geothermal Power
- Micro-generation
- Hydroelectric Power
- Ocean Power
- Solar Power
- Wind Power



What is it?

- Sustainable energy can be **used again and again** without putting an energy source in danger of getting depleted, expired, or vanished.
- The energy transition refers to the global energy sector's **shift away from fossil fuel-based systems** of energy production and consumption towards renewable energy sources.

How will FCM investment positively impact sustainable development?

- The increasing penetration of **renewable energy into the energy supply mix, the onset of electrification, and improvements in energy storage** are all key drivers of decarbonisation.
- As the missing link between intermittent renewable power and constant energy, energy storage will help enable the decarbonisation of energy systems.
- Mass **introduction of electric transportation infrastructure and energy storage**, coupled with greater usage of technologies to improve energy efficiency are also key to this decarbonisation agenda.

Financial Investment Rationale

- The investment case is built on **strong demand for clean energy**, lower costs than traditional sources of power, and the need for new and improved infrastructure.
- New legislation and stiffer regulatory requirements are pushing companies to curtail pollution and protect the environment.
- The UK, US, and EU governments have implemented initiatives which **increase spending on renewable energy infrastructure** and establish clean energy mandates.
- The UK and EU are targeting **net zero by 2050 strategies** whilst the US has a 100% clean energy target by 2050.
- With these favourable tailwinds, there is strong opportunity for investors to participate in the global shift to clean energy.

1. Example list of potential SDGs, sectors and technologies. This list is neither definitive nor exhaustive.

ØRSTED A/S ("ØRSTED")

Ørsted A/S provides energy products to its customers and develops, constructs and operates wind farms, solar farms, energy storage facilities, and bioenergy plants.

Overview

- In 2021, Ørsted was **ranked by #1 by Corporate Knights** in its index of the Global 100 most sustainable corporations in the world.
- The Company is committed to taking a leading role in how the world produces and consumes energy.
- All Ørsted's work is informed by a **strategic commitment to the UN SDGs and the UN Global Compact**.
- Over the past decade, Ørsted has transformed itself from one of Europe's most carbon-intensive companies into a global green energy leader.
- The Company's carbon reduction targets are aligned with metrics necessary to limit the increase in global temperatures to 1.5°C. The Company is on track to be carbon neutral by 2025 and to have a net zero carbon footprint by 2040.
- Completing its emissions targets would see Ørsted become the **first major energy company** to transform from fossil fuels and reach net-zero emissions.

Technology Assessment

- Ørsted currently generates 90% of its energy from green sources and has an installed **renewable capacity of 11.3 GW** which has seen it avoid 13.1 million tonnes of CO₂.
- Ørsted has installed over 1,500 wind turbines and has a total wind capacity of 7.6 GW. They are well on track to have an installed onshore capacity of 15 GW by 2025.
- The Company has a **detailed Green Financing Framework**. 2.7 million tonnes of CO₂ emissions have been avoided from green bond allocations.
- Ørsted is looking to support the wider green energy transition. The Company has made a commitment to engage in the **development of green hydrogen technologies** and pursue storage projects to optimise their assets.
- The Company has entered an agreement for the development of a power-to-hydrogen facility aimed at decarbonising sectors in industry, heavy transport, and shipping.

All data provided from Ørsted 2021 Sustainability Report.




Available at: <https://orsted.com/en/sustainability/esg-ratings-and-reporting/sustainability-report>

Sustainable Investment Criteria Alignment

Investment Pillar Investment Pillar Alignment	Investment Universe
UN Global Compact	<ul style="list-style-type: none"> • Sustainable Energy • Ørsted is a signatory of the UN Global Compact.
UN SDG Alignment	<ul style="list-style-type: none"> • Alignment with SDGs 6, 7, 8, 9, 12, 13, 15

IMPACT SPOTLIGHT ON ØRSTED A/S

As a holding within SFT's 'Sustainable Energy' investment pillar ØRSTED must actively contribute to global decarbonisation through sustainable energy generation, storage or usage.

Reporting Period	Impact Metric	SDG Contribution	Stakeholder Impacted	Scale	Depth
FY21	Energy Capacity (PD3764)		Customers, businesses, local communities	<ul style="list-style-type: none"> Total installed renewable capacity of 12.9 GW. 	<ul style="list-style-type: none"> 15% year-on-year increase in installed renewable capacity.
FY21	Energy Capacity Added (PD3764)		Customers, businesses, local communities	<ul style="list-style-type: none"> Acquired and commissioned 996 MW new onshore wind capacity. Commissioned 647 MW of solar PV capacity. 	<ul style="list-style-type: none"> Total installed capacity up to 12.9 GW – a 15% year-on-year increase.
FY21	Greenhouse Gas Emissions Avoided (PI2764)		Customers, businesses, local communities	<ul style="list-style-type: none"> Avoided 15.1 MtCO₂e in FY21. 7.3 MtCO₂e avoided through offshore wind generation. 5.3 MtCO₂e avoided through onshore wind and solar PV generation. 2.4 MtCO₂e avoided from biomass-converted generation. 	<ul style="list-style-type: none"> 15% year-on-year increase in installed renewable capacity.

All data provided from Ørsted 2021 Sustainability Report. Available at: <https://orsted.com/en/sustainability/esg-ratings-and-reporting/sustainability-report>

SUSTAINABLE FOOD, LAND, AND AGRICULTURE

The investment into companies involved in the sustainable use of land, agriculture or forestry and those focused on the protection of biodiversity.

UN Sustainable Development Goal Alignment¹

UN Sustainable Development Goals



SDG 2 – Zero Hunger



SDG 13 – Climate Action



SDG 15 – Life on Land

Underlying Sectors

- Carbon Capture, Utilisation, and Storage
- Environmental Restoration and Protection
- Responsible Social Practices
- Sustainable Agriculture
- Sustainable Food Production
- Sustainable Forestry
- Sustainable Water Practices
- Waste-to-Energy Production



What is it?

- Changing land use, agricultural practices, and food systems offers multiple opportunities to **reduce GHG emissions, sequester atmospheric carbon, and address climate change**.
- It is possible to go beyond reducing GHG emissions from these sectors and turn many of these lands into **carbon sinks to capture and store** excess CO₂.

How will FCM investment positively impact sustainable development?

- Food, Agriculture, and Land Use (FALU) are amongst the biggest contributors to climate change with roughly **24% of GHG emissions stemming from FALU practices²**.
- Large quantities of **CO₂, methane, and nitrous oxide emissions are released** from land use practices.
- These practices include clearing forests to create new agricultural land, tending livestock and rice fields, and overuse of fertilisers.
- Roughly **30% of the world's food is lost after harvest**. This means that 30% of land, water, chemicals, and GHG emissions associated with food production isn't necessary³.
- The sustainable harvesting of forests provides significant opportunities for both carbon storage and climate change mitigation.

Financial Investment Rationale

- Consumers are more **focused on buying healthier, sustainable food**. Consequently, there is a large and growing number of companies active in the space and the cost-premium of alternative sustainable foods is falling.
- Attractive supply and demand dynamics in the timber markets create a compelling **capital appreciation opportunity** for forestry investors.
- Agriculture has benefitted from tremendous innovation (i.e. productivity gains) but no fundamental disruptions in the way food is produced; **land is still the essential** component for food production.

1. Example list of potential SDGs, sectors and technologies. This list is neither definitive nor exhaustive.

2. Project Drawdown (2020): Farming Our Way Out Of The Climate Crisis.

3. Project Drawdown (2020): Farming Our Way Out Of The Climate Crisis.

RAYONIER INC

Rayonier Inc (“RYN”) is a timberland REIT which owns, operates, and leases timberland. The Company owns approximately 2.7 million acres across the US and New Zealand¹.

Overview

- RYN **owns approximately 2.7 million acres of timberlands** based in the US South (1.73 million acres), the U.S. Pacific Northwest (500,000 acres), and New Zealand (400,000 acres).
- RYN’s forests grow timber which is primarily sold wholesale to wood product manufacturers and saw mills.
- RYN is committed to **responsible environmental stewardship** and takes careful measures to ensure the long-term sustainability of their timberlands and the ecosystems they contain.
- The Company has a progressive and proactive approach to community involvement and engages with the communities within which they live and operate.
- RYN’s 2.7 million acres of timberland are managed to **sustainable forestry certification standards**. This compliance is periodically evaluated.

Technology Assessment

- Sustainable harvesting of forests provides significant opportunities for:
 - 1. Carbon Sequestration** – Sustainable harvesting and replanting of timber maximises the carbon sequestration capacity of forests.
 - 2. Carbon Storage** – Harvesting and replanting transfers carbon stored in trees to wood products and increases carbon stores after each year.
 - 3. Climate Change Mitigation** – Wood products are substitutes for carbon-intensive materials.
- In 2020, RYN’s forests sequestered 14.5 metric tonnes of CO₂. This is comparable to taking **3.1 million vehicles off the road**.
- In 2020, RYN removed or transferred 9.2 metric tonnes of CO₂ through its harvesting activity.
- RYN’s forests can be **licensed for renewable energy projects**, including wind and solar.





1. All data provided from Rayonier 2020 Sustainability Report.

Sustainable Investment Criteria Alignment

Investment Pillar	Investment Universe
Investment Pillar Alignment	<ul style="list-style-type: none"> • Sustainable Food, Land, & Forestry
UN Global Compact	<ul style="list-style-type: none"> • RYN complies with all 10 of the UN Global Compact principles.
UN SDG Alignment	<ul style="list-style-type: none"> • Alignment with SDGs 3, 6, 7, 13, 15

IMPACT SPOTLIGHT ON RAYONIER

As a holding within SFT's 'Sustainable Food, Land and Forestry' investment pillar RYN must be involved in the sustainable stewardship of forestry.

Reporting Period	Impact Metric	SDG Contribution	Stakeholder Impacted	Scale	Depth
FY20	Land Directly Controlled: Sustainably Managed (OI6912)		Employees, customers, local communities, indigenous peoples	<ul style="list-style-type: none"> • RYN own, lease and/or manage 2.65 million acres of land. • 96% of this land is certified to third-party certification standard. 	<ul style="list-style-type: none"> • This represented a 2% year-on-year increase in land sustainably certified.
FY20	Protected Land Area: Permanent (PI3924)		Local biodiversity, local communities	<ul style="list-style-type: none"> • 12% of RYN's land has protected conservation status. 	<ul style="list-style-type: none"> • This represented a 1% increase year-on-year.
FY20	Ecosystem Services Provided – Cultural (PD8494)		Local communities	<ul style="list-style-type: none"> • 95% of RYN's land is leased for recreational purposes. 	<ul style="list-style-type: none"> • This represented an 11% year-on-year increase.
FY20	Greenhouse Gas Emissions Sequestered (PI9878)		Local communities, customers	<ul style="list-style-type: none"> • In FY20, RYN sequestered 14,528,018 MtCO₂e. 	<ul style="list-style-type: none"> • This represented a 3% year-on-year decline.

All data provided from Rayonier 2020 Sustainability Report.

WATER, WASTE, AND THE CIRCULAR ECONOMY

The investment into companies that are actively involved in delivering sustainable water and waste solutions and companies that meaningfully contribute to sustainable resource management.

UN Sustainable Development Goal Alignment¹

UN Sustainable Development Goals



SDG 6 – Clean Water and Sanitation



SDG 11 – Sustainable Cities and Communities



SDG 12 – Sustainable Consumption and Production Patterns

Underlying Sectors

- Carbon Capture, Utilisation, and Storage (CCUS)
- Energy Efficiency
- Sustainable Food Production
- Sustainable Materials
- Sustainable Real Estate
- Sustainable Transport
- Sustainable Water Practices
- Waste-to-Energy Production



What is it?

- The circular economy refers to a model of production and consumption which involves **sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials** and products for as long as possible.

How will FCM investment positively impact sustainable development?

- In high-income countries paper, plastic, glass, and metal comprise more than 50% of the waste stream – these are all prime candidates for recycling².
- Sustainable water and wastewater services are critical to **providing the public with clean and safe water**, and helping ensure the environmental, economic, and social sustainability of the communities these utilities serve.
- Sustainable water utilities providers will:
 - **Use energy and water-efficient practices** and technologies that foster reuse, resource recovery, and green infrastructure.
 - Become more **resilient to short-term disasters** and long-term climate related challenges.
- Sustainable materials do not deplete non-renewable sources and have limited impact on the environment when used. Reducing the carbon footprint of building materials enables substantial climate change mitigation.

Financial Investment Rationale

- With increased population growth and intensifying competition for water resources between industries, nations are set to **experience a 40% shortfall in water** by 2030³.
- As these demands for clean water increase, companies involved in water-related business services stand to grow in coming years.
- Demand for sustainable transport is surging due a combination of **policy support, improvements in battery technology and cost, and more charging infrastructure**. Electrification is spreading to road transport, setting the scene for huge advances ahead.
- Sustainable real estate companies that integrate impending climate change-related risks into their operations today will be at a clear advantage tomorrow.

1. Example list of potential SDGs, sectors and technologies. This list is neither definitive nor exhaustive.

2. Hawken, P., 2018. Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming. 1st ed. Penguin.

3. Spglobal.com. 2022. The Case for Investing in Water. Available at: <https://www.spglobal.com/en/research-insights/articles/the-case-for-investing-in-water>

STANTEC INC

Stantec Inc. (“STN”) is a Canadian global design and engineering company which specialises in sustainability-linked projects¹.

Overview

- In 2020, STN was rated by Corporate Knights as the #1 sustainable company in North America and the **5th most sustainable in the world** – the only engineering and design firm in the top 100.
- The Company helps its clients operate in a more sustainable manner and achieve their goals by **providing integrated expertise and services** across their entire lifecycle.
- The Company has pledged to achieve carbon neutrality by 2022 and **net-zero by 2030**.
- STN is a premium supporter of the UN Global Compact and has established mechanisms to **track their contributions to the UN SDGs**. Currently 50% of STN’s revenues are directly-linked to SDGs.
- STN releases regular sustainability-themed webinars, articles, and talks to educate its stakeholders on key ESG trends.

Technology Assessment

- STN’s design and engineering **projects fall across five separate streams**: infrastructure, building, water, environmental services, and energy and resources.
- STN’s long term focus on sustainability creates value by reducing carbon emissions, catalysing environmental and social benefits from their projects, and driving operational efficiencies.
- All four of STN’s strategic growth initiatives – coastal resilience, ecosystem restoration, smart cities & urban places, and energy transition – have **a direct connection to climate action**.
- It is vital that FCM’s underlying holdings explore **forward-looking technologies** that will provide solutions to future climate challenges.
- In 2021, STN launched Stantec.io, an **integrated digital services approach combining emerging technologies with subject matter expertise**. Technologies deployed include cloud computing, machine learning, blockchain, and the Internet of Things.

1. All data provided from Stantec 2021 Sustainability Report. Available at: <https://www.stantec.com/content/dam/stantec/files/PDFAssets/2021/stantec-sustainability-report-2021.pdf>





Sustainable Investment Criteria Alignment

Investment Pillar	Investment Universe
Investment Pillar Alignment	<ul style="list-style-type: none"> • Energy Transition • Sustainable Food, Land, & Forestry • Waste, Water, & The Circular Economy • Digital World
UN Global Compact	<ul style="list-style-type: none"> • STN is a signatory of the UN Global Compact.
UN SDG Alignment	<ul style="list-style-type: none"> • Alignment with SDGs 6, 7, 9, 11, 12, 15

Creating parking and charging stations for 120 zero-emission buses. Seattle, Washington.

IMPACT SPOTLIGHT ON STANTEC INC.

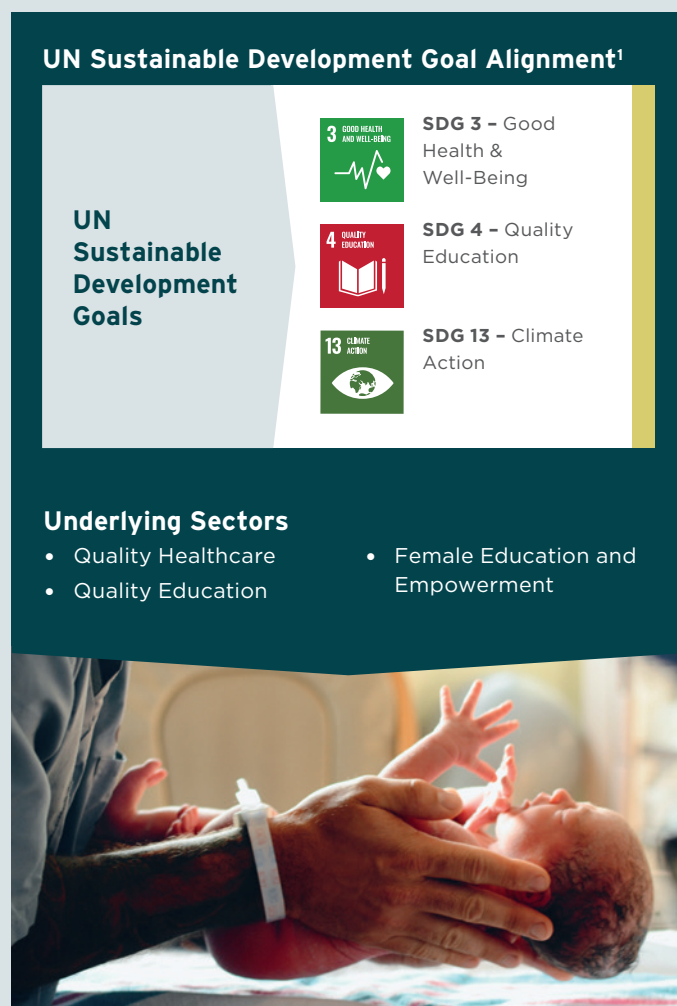
As a holding which aligns with multiple sustainable investment pillars STN must actively contribute to global decarbonisation through its sustainability-linked projects.

Reporting Period	Impact Metric	SDG Contribution	Stakeholder Impacted	Scale	Depth
FY21	Greenhouse Gas Emissions Mitigated (OI8237)		Customers, businesses, local communities, biodiversity	<ul style="list-style-type: none"> Set and validated a near-term SBT consistent with reduction to keep global warming to 1.5°C. 	<ul style="list-style-type: none"> Reduced absolute Scope 1 and 2 emissions by 50% from 2020 and by 65% against 2019 baseline.
FY21	Energy Capacity Added (PD3764)		Customers, businesses, local communities:	<ul style="list-style-type: none"> STN has delivered over 37GW of solar and wind renewable generation capacity. STN has delivered over 115GW of hydro renewable energy generation capacity. 	<ul style="list-style-type: none"> No data provided for year-on-year change.
FY21	Percent Revenue Generated from Social/ Environmental Products and Services		Customers, local communities	<ul style="list-style-type: none"> 53% of STN's gross revenue is directly connected to their core SDGs (6, 7, 9, 11, 13, 14 and 15). 	<ul style="list-style-type: none"> This represents a 4% year-on-year increase from FY19.
FY21	Length of Streams Restored (PI6885)		Local communities, local biodiversity, customers	<ul style="list-style-type: none"> STN has restored over 1000 miles of streams and rivers. 	<ul style="list-style-type: none"> No data provided on year-on-year change.

All data provided from Stantec 2021 Sustainability Report. Available at: <https://www.stantec.com/content/dam/stantec/files/PDFAssets/2021/stantec-sustainability-report-2021.pdf>

HEALTH AND EDUCATION

The investment into companies that own assets or provide services that contribute towards the delivery of sustainable, high-quality and inclusive healthcare and education.



What is it?

- Education is the most powerful lever available for **breaking intergenerational poverty**, whilst also mitigating emissions by **curbing population growth²**.
- The most effective and sustainable approaches to education concurrently **tackle access and quality issues**.
- Ensuring healthy lives and promoting well-being is **essential to sustainable development**.

How will FCM investment positively impact sustainable development?

- By focusing on providing more efficient funding of health systems, improved sanitation and hygiene, and increased access to doctors, significant progress can be made in helping **save the lives of millions**.
- Securing the fundamental right to **voluntary, high-quality family planning services** around the world would have powerful positive impacts on the health, welfare, and life expectancy of both women and children, as well as GHG emissions.
- Women with more years of education have **fewer, healthier children**, and actively manage their reproductive health³.
- Given **the link between girls' education and climate change**, funds for climate mitigation and adaptation could be channelled to this sector and help scale solutions rapidly.

Financial Investment Rationale

- The COVID pandemic has seen an unprecedented experiment in the rapid adoption of online learning and enormous investment in hardware, software, content, and training.
- The pandemic will continue to rapidly drive the growth of a sector that has already started to develop and will **dramatically increase investment into the EdTech** space.
- The prospects for the global healthcare sector are buoyed by **strong secular demand tailwinds**.
- The healthcare sector is witnessing more patients coupled with increasing innovation leading to more cures, treatments, technologies and drugs, and higher levels of spending by governments as a % of GDP³.
- Care home demand is driven by demographics and care needs with a shortage of quality care homes outlining strong investment demand in years to come.

1. Example list of potential SDGs, sectors and technologies. This list is neither definitive nor exhaustive.
2. Hawken, P., 2018. Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming. 1st ed. Penguin
3. Ons.gov.uk. 2022. Healthcare expenditure, UK Health Accounts provisional estimates - Office for National Statistics. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/bulletins/healthcareexpenditureukhealthaccountsprovisionalestimates/2020>

BRIGHT HORIZONS FAMILY SOLUTIONS

Bright Horizons Family Solutions (“BFAM”) focuses on providing childcare and early childhood education services through employer sponsored partnerships across the US and Europe.

Overview

- BFAM operates approximately **1000 early education and childcare centres** across the US and Europe and serves more than **1,300 of the world’s leading employers**¹.
- The Company’s early education and childcare centres, back-up child and elder care, and workforce education programmes help employees succeed at each life and career stage.
- BFAM impacts against SDGs 4 and 8 through its **provision of high-quality educational centres** for children at all levels of their education, with its centres, back-up care, and enhanced family support services also ensuring that primary carers (which are overwhelmingly women) can **stay in their corporate jobs**.

Technology Assessment

- During the COVID-19 pandemic **women exited the US labour force at twice the rate of men**; It is estimated that about one-third of all mothers in the US workforce have scaled back or left their jobs since March 2020².
- Women’s workforce participation rate has been declining steadily since the 2008 financial crisis³.
- Childcare has always been among the primary culprits. Lack of investment in the care economy has forced women to **choose between jobs and childcare solutions**.
- This loss of women from the paid workforce makes families less prosperous, leading to worse outcomes for households over the long term, whilst it can also make **women feel less equal, less powerful, and less fulfilled** in their individual lives.
- BFAM has also established and operates the Bright Horizons Foundation for Children which provides free childcare and early education services to those families that are **underprivileged or experiencing homelessness**.

1. Bright Horizons Family Solutions 2021 Annual Report. Available at: https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_BFAM_2021.pdf

2. The Guardian. 2022. Part of the ‘great resignation’ is actually just mothers forced to leave their jobs | Moira Donegan. Available at: <https://www.theguardian.com/commentisfree/2021/nov/19/great-resignation-mothers-forced-to-leave-jobs>




3. Chon, G., 2022. Reuters. Available at: <https://www.reuters.com/article/us-health-coronavirus-usa-breakingviews-idUKKCN24S2IJ>

Sustainable Investment Criteria Alignment

Investment Pillar	Investment Universe
Investment Pillar Alignment	<ul style="list-style-type: none"> • Health and Education
UN Global Compact	<ul style="list-style-type: none"> • BFAM complies with all 10 principles of the UN Global Compact
UN SDG Alignment	<ul style="list-style-type: none"> • Alignment with SDGs 4 and 8.
Qualitative Review	<ul style="list-style-type: none"> • Please see ‘Overview’ and ‘Technology Assessment’.

IMPACT SPOTLIGHT ON BRIGHT HORIZONS FAMILY SOLUTIONS

As a holding within SFT's 'Health and Education' sustainable investment pillar BFAM must own assets or provide services that contribute towards the delivery of sustainable, high-quality and inclusive education.

Reporting Period	Impact Metric	SDG Contribution	Stakeholder Impacted	Scale	Depth
FY21	School Enrolment: Total (PI2389)		Customers, local community	<ul style="list-style-type: none"> Total school enrolment capacity is 114,500 places. 	<ul style="list-style-type: none"> 3.5% year-on-year increase in enrolment capacity.
FY21	Board of Directors: Female (OI8118)		Customers, employees	<ul style="list-style-type: none"> 50% of BFAM's Board of Directors are female. 20% of BFAM's Board of Directors are from racially diverse backgrounds. 	<ul style="list-style-type: none"> 4% year-on-year decrease in percentage of Board that is female. 5% year-on-year increase in percentage of Board from racially diverse backgrounds.
FY21	Product targeted to Women (PD5677)		Customers, local community	<ul style="list-style-type: none"> BFAM's family solution programmes enable primary carers to remain in and build careers after starting families. BFAM has 1,019 early education and childcare centres. 	<ul style="list-style-type: none"> BFAM partners with over 1,350 client organisations.

All data provided from Bright Horizons Family Solutions 2021 Annual Report. Available at: https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_BFAM_2021.pdf

DIGITAL WORLD

The investment into companies that support the transition to a digital economy in a sustainable and socially inclusive way.



What is it?

- The digital economy is the **economic activity that results from billions of everyday online connections** among people, businesses, devices, data, and processes.
- The backbone of the digital economy is **hyperconnectivity which has resulted in the growing interconnectedness** of people, organisations, and machines that results from the internet, mobile technology, and the internet of things¹.

How will FCM investment positively impact sustainable development?

- Without the proper development and deployment of digital technology, the world will **fall short of achieving the 2030 SDGs**.
- Digital technologies will **contribute significantly to the fulfilment of every SDG**.
- Digital technologies provide the means to deliver high-quality goods and services in healthcare, education, finance, agriculture, and other vital areas.
- These technologies will help reduce poverty and hunger, boost health, create new jobs, help mitigate climate change, improve energy efficiency, and make cities and communities more sustainable.
- Almost half of the world's population does **not currently have access to the internet**². Digital technologies have accelerated development for many but lack of access and capabilities will leave behind many more.
- The COVID-19 pandemic starkly outlined how access to digital technologies is central to maintaining employment, education, and access. **Digital divides reflect and amplify existing social, cultural, and economic inequalities**.

Financial Investment Rationale

- Data is one of the **fastest growing sectors** from a structural growth perspective.
- A significant opportunity exists in the digital infrastructure market owing to **exponentially increasing internet requirements** and demand for data as well as limited supply.
- The popularity of digital platforms for remote working during the pandemic and the widespread trend towards digital transformation has increased the **economy's reliance on data**. Long-term trends such as autonomous cars and AI also depend on these technologies.

1. Example list of potential SDGs, sectors and technologies. This list is neither definitive nor exhaustive.

2. Deloitte. 2022. What is digital economy? | Deloitte Malta | Technology. Available at: <<https://www2.deloitte.com/mt/en/pages/technology/articles/mt-what-is-digital-economy.html>>

3. Press.un.org. 2022. With Almost Half of World's Population Still Offline, Digital Divide Risks Becoming 'New Face of Inequality', Deputy Secretary-General Warns General Assembly | UN Press. Available at: <<https://press.un.org/en/2021/dsgsm1579.doc.htm>>

EQUINIX INC.

Equinix Inc (“EQIX”) owns a global portfolio of data centres consisting of over 200 assets spread across 26 countries and 5 continents¹.

Overview

- EQIX has best-in-class sustainability credentials:
- Achieving more than **90% renewable coverage** for global data centre energy consumption.
- Pursuing **Science-based Targets**.
- **Issuing green bonds** committing funds to green buildings, energy efficiency, and water consumption.
- EQIX **designs, builds, and operates sustainable data centres** planned holistically to reduce their consumption of all resources.
- Since 2011, the Company has **invested more than \$130 million** in energy efficiency upgrades, retrofits and improvements, with other capital allocated to reducing energy consumption within data centres.

Technology Assessment

- With businesses increasingly dependent on the internet, data centres are a vital component of a developing global economy.
- The COVID-19 pandemic has resulted in many more individuals working from home, and the **acceleration towards an application-centric society**.
- Data centres **enhance the digital capacity for Big Data usage** and will be vital components if trends which began in 2019-2020 will continue to develop.
- Increased digital capacity for Big Data will have a flow-on effect in areas such as digital media, mobile computing, virtual learning, e-commerce, e-health, and other e-government services.
- Progress in technology is a **key driver of productivity improvements** and is often the catalyst for significant leaps forward.
- Data centres will **drive multifold productivity increases** by enhancing the speed, reach, and types of communication channels between individuals, businesses, and governments.





1. All data provided from Equinix 2021 Sustainability Report. Available at: <https://www.equinix.com/resources/infopapers/2021-corporate-sustainability-report>

Sustainable Investment Criteria Alignment

Investment Pillar	Investment Universe
Investment Pillar Alignment	<ul style="list-style-type: none"> • Digital World
UN Global Compact	<ul style="list-style-type: none"> • EQIX complies with all 10 principles of the UN Global Compact
UN SDG Alignment	<ul style="list-style-type: none"> • Alignment with SDGs 6, 7, 9, 12, and 13.

IMPACT SPOTLIGHT ON EQUINIX INC.

As a holding within SFT's 'Digital World' sustainable investment pillar EQIX must support the transition to a digital economy in a sustainable and socially inclusive way.

Reporting Period	Impact Metric	SDG Contribution	Stakeholder Impacted	Scale	Depth
FY21	Energy Purchased: Renewable (OI3324)		Customers	<ul style="list-style-type: none"> 95% of EQIX's energy consumption is provided by renewable power. 	<ul style="list-style-type: none"> Fourth year in a row to have +90% renewable energy.
FY21	Green Building Practices (OI6765)		Customers, local community	<ul style="list-style-type: none"> 17.7 million sq. ft of total data centre area is green certified. 	<ul style="list-style-type: none"> 10 million sq.ft certified to LEED certifications.
FY21	Capital Expenditure (FP9573)		Customers	<ul style="list-style-type: none"> \$25 million invested in energy efficiency initiatives in 2021. 	<ul style="list-style-type: none"> PUE ratio reduced 5% year-over-year.
FY21	Value of Commercial Infrastructure Financed (PI5983)		Customers	<ul style="list-style-type: none"> \$4.9bn in green bonds issued since 2020. 	<ul style="list-style-type: none"> \$2.9bn allocated towards green buildings, renewable energy and efficiency projects.

All data provided from Equinix 2021 Sustainability Report. Available at: <https://www.equinix.com/resources/infopapers/2021-corporate-sustainability-report>

ACTIVE STEWARDSHIP

FCM Stewardship

Companies held within FCM funds are continuously monitored and evaluated on their ability to generate long-term value and provide sustainable benefits for the economy, the environment, and society.

1

VOTING

- FCM vote procedurally using internal analysis derived from FCM's company/sector due diligence.
- To compliment this, FCM utilise voting research provided by a global proxy adviser.
- Given FCM's focus on sustainable investments, the team has elected to specifically align with the proxy adviser's bespoke ESG policy.
- These ESG guidelines include an additional level of analysis for investors seeking to vote in a manner that is consistent with widely-accepted environmental, social, and governance practices.

2

ENGAGEMENT

- FCM engages with its investee companies over management of opportunities and risks associated with sustainability challenges.
- To ensure that capital is allocated to create sustainable long-term value FCM look to improve a company's processes, culture and behaviour around environmental, social, and corporate governance issues.
- FCM's primary method of influencing change will be by direct engagement with the investee company however they will also seek to constructively collaborate with other shareholders with similar interests to drive change.

ENGAGEMENT ACTIVITY

FCM primarily follows a bottom-up approach to identify company-specific matters and actively engages with companies regarding these issues as part of management and monitoring of risks.

Engagement Approach

- Engagement along sustainability grounds will normally split across two separate streams: a **normative engagement** and an **SDG engagement**.
- Normative engagement will focus on company adherence to areas such as **human rights, labour, environment, and anti-corruption** amongst others.
- SDG engagement will ensure that FCM can evidence that the company makes a demonstrable impact against one or more pre-defined UN Sustainable Development Goals.

Interim Period Update

Since inception FCM has **actively engaged** with SFT's underlying holdings – typically through formal one-on-one meetings but also through group events.

Examples of informal engagements include FCM's visit to a **Sims Ltd's** scrap yard in Bristol in June 2022. During this site visit in-depth discussions were had with the Company's **executive management team** in relation to continued electrification and the procurement of biofuels to power onsite equipment.

FCM also approached a prospective holding within the agriculture sector outlining what day-to-day operations and reporting standards were expected to be a top performer within the sustainable equity universe. FCM emphasised its **in-house focus on double materiality, global decarbonisation, and formalised social policies**. Off the back of these discussions the holding has hired an ESG consultant and committed to releasing a detailed decarbonisation agenda.



CHARITIES AND PARTNERSHIPS

Foresight Group engage across all aspects of sustainability including nature recovery, climate change, waste recycling, and community engagement.

Frameworks For Responsible Investment

Principles For Responsible Investment

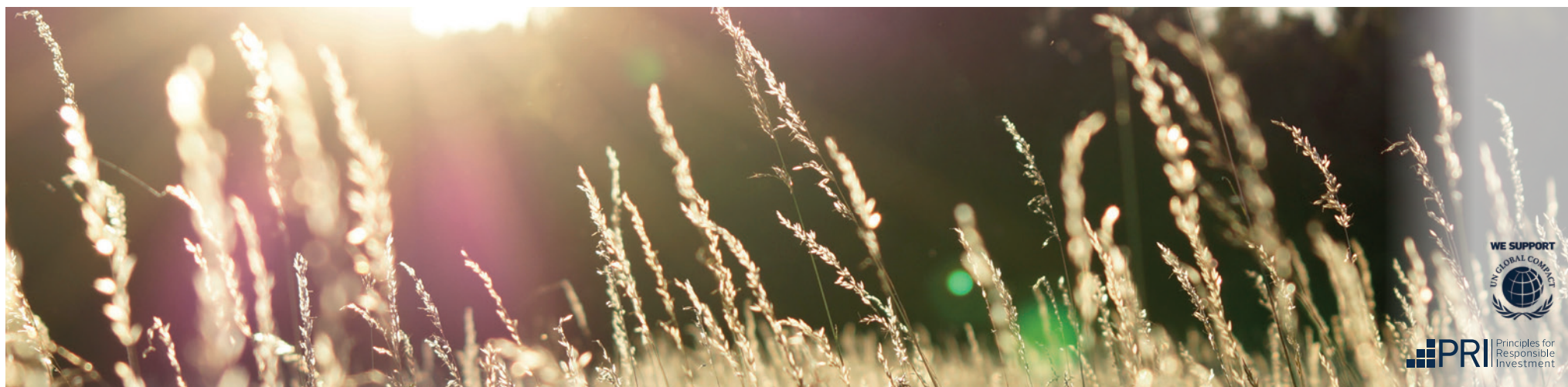
- Foresight Group is a **signatory to the PRI** and was most recently assessed in 2021.
- **Foresight Group** – 5 star rating.
 - **Infrastructure** – 5 star rating.
 - **Private Equity** – 5 star rating
 - **Foresight Capital Management** – 4 star rating.

UN Global Compact

- Foresight Group has been a participant to the UN Global Compact since **2019**.
- The Company released its most recent **Communication on Progress** in 2022.

Task Force on Climate-Related Financial Disclosures

- The Company follows the recommendations of and released its most recent **TCFD report in 2022**.
- The Company continues to **develop its metrics and performance targets** to better manage its climate related risks and opportunities.





Disclaimer

The value of an investment in the Fund, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Past performance is not a reliable indicator of future results. This has been approved as a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Foresight Group LLP ("Foresight Group"). Foresight Group is authorised and regulated by the Financial Conduct Authority (FRN 198020). Its registered office is The Shard, London SE1 9SG. FundRock Partners Limited is the authorised corporate director of the Foresight Sustainable Future Themes Fund and Foresight Group is the investment manager and promoter of the fund.

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