Foresight

FOR A SMARTER FUTURE

SUSTAINABILITY REPORT 2023

SUPERCHARGING THE
SUSTAINABILITY TRANSITION

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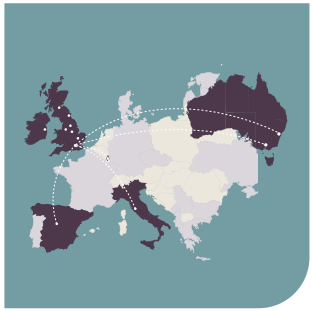

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GROUP OVERVIEW

AT A GLANCE

We are a sustainability-led alternative assets and UK SME investment manager.

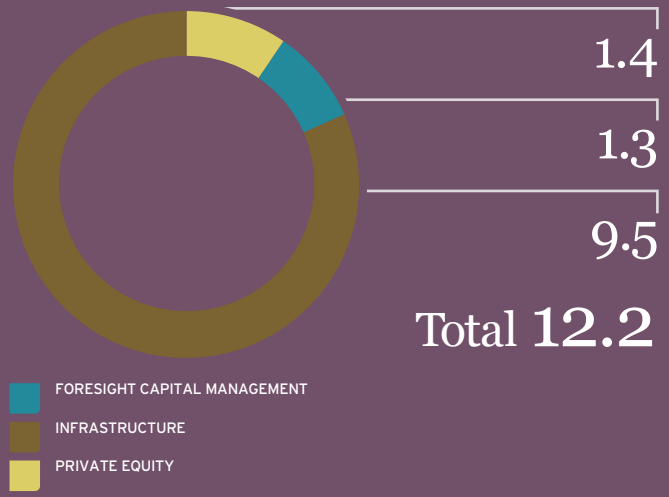
Our investment strategies are aligned with key themes shaping society and the planet, contributing to a resilient decarbonised world and creating high quality, sustainable jobs that will power tomorrow's economy.

We challenge the norm and understand the role sustainable investing can play in evolving established markets, creating new ones and generating long-term value and impact.

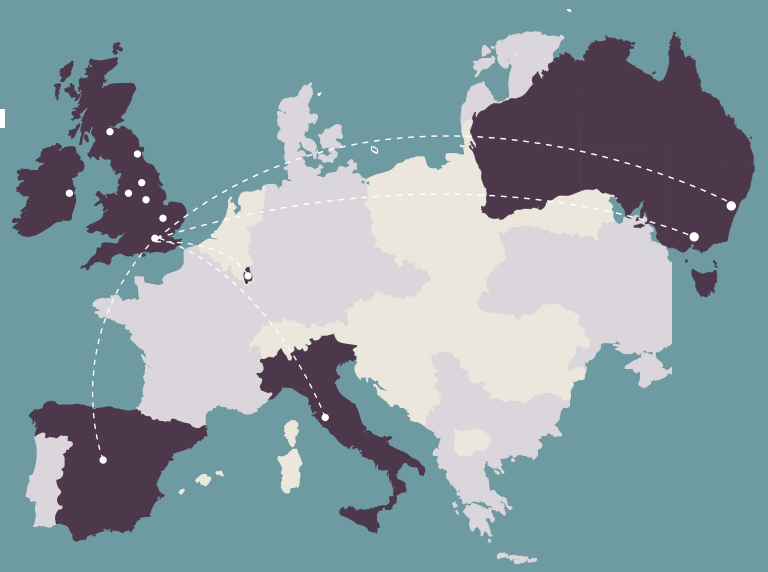
We use our insight, expertise and experience to actively manage assets, create flexible and innovative investment solutions for some of the largest institutional investors, and make previously inaccessible markets available to qualified retail investors.

At Foresight, we aren't just looking for short-term returns. We're investing for a smarter future.

Assets under management ("AUM") by investment division (£ billion)



The Group has a total of 13 offices, the most recent addition in Newcastle, UK which has opened as a result of our growing Private Equity business:



- Cambridge
- Dublin
- Edinburgh
- Leeds
- London
- Luxembourg
- Manchester
- Nottingham
- Madrid
- Rome
- Sydney
- Melbourne
- Newcastle

Number of employees: 313 FTE *(FY23 average)*

THE YEAR IN SUMMARY

Bending our world towards sustainability – and in particular addressing the climate crisis – is the great challenge of our time. It will remain the dominant global theme for decades to come and sets the context to Foresight's long-term investment programmes. But we are also mindful of our own actions as an organisation and the impacts these have on all our stakeholders. This is the essence of a long-term, sustainable business strategy within investment management.

Foresight Group has had a strong year with key acquisitions and natural growth and our AUM has grown by 37%. Key acquisitions for us over the period were Infrastructure Capital Group which has now become Foresight Australia and the Private Equity Downing portfolio.

Our corporate business has continued to progress its approach to sustainability reporting and commitments. Without data, we realise we cannot set meaningful goals either for our investments or the Group, so this year we have developed a new sustainability data management platform, "PACT" which features later in the report, supporting both the corporate business and our private equity portfolio of SMEs. Our Private Equity division has launched its first impact fund supporting Irish SMEs.

New investment streams this year demonstrate our commitment to transition the wider economy and not the energy industry alone. Whilst we've continued to invest in renewable energy projects and enabling projects such as battery storage, we have also invested in geothermal and hydrogen as well as food production from vertical farms to sustainable on-land fisheries.

In June 2022 Foresight officially partnered with the Eden Project to deliver nature recovery across our portfolio and support us in the work we do to engage positively with the natural environment. Since then, we launched our Nature Recovery Ambition Statement, a collaboratively written document which calls businesses to action and sets out the approach Foresight will take in tackling the nature crisis through the land that we manage and our engagement with communities.

We expect the coming year to bring new challenges, particularly in relation to upcoming regulations. One key area that has had fast gained considerable traction this past year is human rights. Foresight Group has recently published its Human Rights Policy and we plan to build on this over the coming years to better inform our due diligence processes and our engagement with our supply chains.

Awards

The team has been nominated for a number of sustainability and Environmental, Social and Governance ("ESG") focused awards, which validates Foresight's commitment to sustainability across its investment portfolio. Some of the awards and shortlists we have received over the past year include:

What sustainability means to us

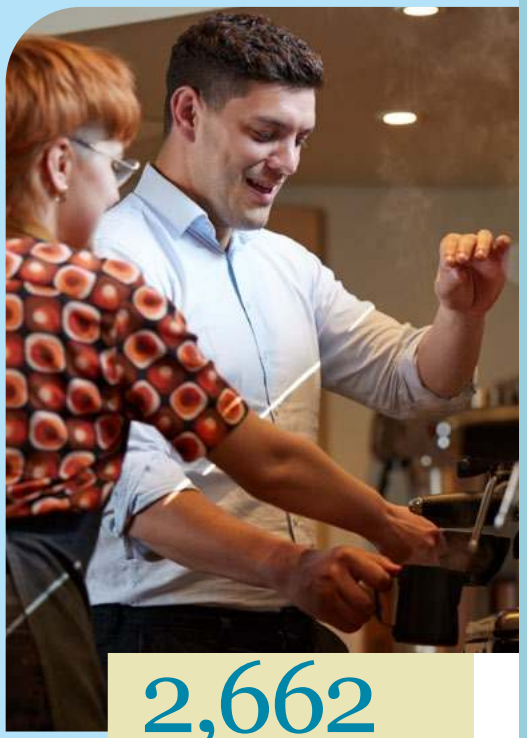
Sustainability lies at the heart of Foresight's strategy because we recognise that our ability to succeed today is dependent upon our ability to positively enhance the world for both current and future generations.

In all aspects of executing our business plan we seek to behave with the long term in mind, whether it be making investments, building trusted relationships with investors, or creating environments where we, as people, can flourish and contribute year-after-year.

OUR INVESTMENT DIVISIONS

Foresight Capital Management

Foresight Capital Management ("FCM") is a specialist real asset and sustainability focused team providing actively managed open-ended funds investing in listed securities. FCM has a total AUM of £1.3 billion across its product suite with sustainable investment considerations embedded across the investment process of all of FCM's strategies. Just as Foresight Group is a signatory of the UN Global Compact ("UNGC"), companies within FCM's product portfolios are assessed against the UNGC principles to ensure alignment with FCM's sustainable investment objectives. For example, around a third of the FP Foresight Sustainable Future Themes Fund's ("SFT") portfolio consists of UNGC signatories, which is an important issue engaged by FCM across their strategies. FCM also follows a framework-driven approach aligning with standards like the UN Sustainable Development Goals ("SDGs") and Science-based Targets Initiative ("SBTi"). Sustainability as a long-term focus is fundamental for each FCM strategy. Active engagement is an important part of FCM's stewardship activities, outlined in their Stewardship Framework in this report. For more information on FCM strategies, please contact the team.



2,662

JOBS CREATED BY FORESIGHT'S REGIONAL FUNDS SINCE INVESTMENT

>17%

OF OUR PORTFOLIO COMPANIES ARE FEMALE FOUNDED WHILST LESS THAN 5% OF OPPORTUNITIES RECEIVED ARE FEMALE FOUNDED

Infrastructure

Foresight invests in infrastructure and other real assets that are driving the global sustainability transition. This includes traditional renewable energy, other forms of energy infrastructure required to catalyse the transition to low-carbon power systems, and, more broadly, economy-wide decarbonisation of sectors such as industry, transport, and agriculture. In addition to physical infrastructure we invest in natural capital – in particular in forests and soil – in order to assist the recovery of nature and rehabilitation of ecosystems.

Foresight's Infrastructure division is one of Europe and Australia's most established real assets investors and the largest investment division within Foresight Group. Our investments have outsized impacts, and create multiplier effects in the energy transition which in turn is core to the wider sustainability transition. Long Duration Energy Storage and Interconnectors are great examples of this.

As at 31 March 2023, we managed 406 infrastructure assets across a number of infrastructure sectors, including assets with 4.4GW of total green energy technology capacity. We have continued to thoughtfully expand the team in FY24, reflecting our commitment to growing and strengthening our infrastructure capabilities for investors. Foresight's infrastructure division uses the Sennen platform to manage portfolio performance as well as sustainability reporting. To better understand Infrastructure's approach to responsible investing, their paper on 'Sustainable Investing in Infrastructure' is available on the Foresight Group website.

Private Equity

The Foresight Private Equity Team manages a portfolio of companies 270 strong, reviews over 2,500 business plans per annum manages 18 investment vehicles and has over 50 investment professionals.

Foresight's investment processes are tailored for regional, impact investing. When Foresight raises a new regional fund, it opens a local office and builds a local team to deploy the fund; two new regional offices opened in 2022 with another opening in 2023. The local knowledge of advisers ensures deeper coverage of the local business ecosystem ensuring that funding reaches companies that suffer from the lower mid-market equity gap. This origination process provides a platform for further investment in the regions from our national regionally agnostic funds. Our VCT funds have deployed over 75% of their capital in companies headquartered outside London and the Thames Valley, whilst market average remains under 25%.

SUPPORTING THE SDGS

Using the SDGs to form the framework for our investment approaches and ongoing performance monitoring is important to Foresight Group to enable us to demonstrate our commitment to sustainable development as well as align with stakeholder expectations.

The SDGs act as a useful framework against which Foresight can track its funds' contribution to global sustainability outcomes. We view the scale of our impact through an SDG lens, to ensure we can track progress against our goal of advancing the global sustainability agenda.

232%

INCREASE IN CAPACITY ADDED TO THE GRID SINCE FY22

24%

AVERAGE % OF NET ZERO PLANS ACROSS OUR FCM FUNDS

2,000+

JOBS CREATED BY FORESIGHT'S NORTH WEST REGIONAL FUNDS SINCE INVESTMENT

INFRASTRUCTURE

Creating innovative, future-focused solutions

- **Harmful emissions avoidance**
- **Affordable, clean energy**
- **Innovative solutions**

We innovate, invest and develop sustainable, infrastructure to improve lives and support a just transition.

FORESIGHT CAPITAL MANAGEMENT

Investing across global decarbonisation megatrends

- **Clean energy**
- **Sustainable infrastructure**
- **Decarbonising technologies**

We prioritise investment for significant positive environmental and social impact, whilst also seeking financial returns for our investors.

PRIVATE EQUITY

Supporting funding gaps for UK SMEs

- **Reduce unemployment**
- **Economic development**
- **Encourage start-ups**

Regionally-focused strategies designed to support underserved markets and enable financial inclusion.

All three divisions also have schemes that contribute to further SDGs.

INVESTMENTS

Foresight Group invests with a variety of sustainably mandated funds which are SFDR aligned.

Foresight Group's infrastructure funds consist of 4 Article 9 aligned SFDR funds, and a further 3 deemed to meet its requirements.

Six out of seven of FCM's funds have sustainable investment considerations explicitly embedded within their investment process.

64% of Foresight Group's £AUM is assessed to meet Article 8 or 9 SFDR requirements in having a sustainable investment objective. This includes all of our infrastructure funds (bar Energy Infrastructure Trust ("EIT") and Diversified Infrastructure Trust ("DIT") and also includes the AIB Foresight Impact fund from Private Equity.

73% of Foresight Group's £AUM is marketed as having ESG/Sustainability characteristics. This includes all of our infrastructure funds (bar EIT and DIT), all Private Equity funds and six out of the seven FCM funds. The outstanding fund, FIIF, has sustainability principles in its investment process but doesn't include them in its investor prospectus.

Infrastructure highlights

1.3m tCO_2e
EMISSIONS AVOIDED VS. GRID FY23[2]

4.2m tCO_2e
EMISSIONS AVOIDED VS. COAL FY23[2]

13 CLIMATE ACTION

As demonstrated, Foresight tracks and reports on the tonnes of CO_2e[1] emissions avoided as a result of its Infrastructure investments. Foresight has been undertaking a full review of the greenhouse gas ("GHG") emissions avoidance calculation methodologies to reflect best practice and, going forward, intends to calculate them using country specific grid emissions factors for the geography in which the asset is based, rather than the previous approach of using coal as the sole comparator.

478,000
TONNES OF OIL EQUIVALENT (TOE) AVOIDED FY23[2]

15 LIFE ON LAND

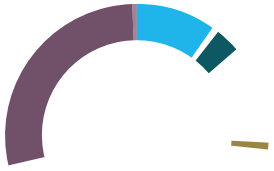
This adjustment follows the International Financial Institutions ("IFI") Approach to GHG Accounting for Renewable Energy Projects and uses the Harmonised IFI Default Grid Factors for calculation. The modification will result in a lower number of avoided emissions being reported but they will be calculated using a more standardised approach to GHG accounting.

(1) CO_2e, or carbon dioxide equivalent, is a standard unit for measuring carbon footprints that uses CO_2 equivalencies for all GHGs to enable a single figure for emissions reporting.

(2) Emissions avoided calculated from Foresight's energy generation assets.

Proportion of energy generation per technology
from Infrastructure investments

- AD
- AD - ELECTRIC ONLY
- BIOMASS
- ENERGY FROM WASTE
- HYDRO
- OFFSHORE WIND
- ONSHORE WIND
- SOLAR
- SOLAR ROOFTOP



5,562
GWH RENEWABLE ENERGY GENERATED FY23

1.91m
APPROXIMATE NUMBER OF UK HOMES POWERED IN FY23

PARTNER INSIGHT

Skaftåsen wind farm, Sweden

FEIP INVESTMENT INFRASTRUCTURE

"From up here the quietness gives you the clarity to reflect on everything that it took to be standing here, literally on a solution to one of the worlds' most challenging problems.

I count myself extremely fortunate every day to be able to contribute in some way to this task as part of an extraordinary and ever-growing global community of people who have dedicated their careers to sustainability and sustainable investing."

DAN WELLS | PARTNER
SKAFTÅSEN WIND FARM

At Foresight, we have the privilege of working at the cutting edge of the sustainability transition. All of the technology we need to carry out the transition we already have, and we are developing the new technologies we require to address the "harder to abate" sectors to reach deep decarbonisation. Globally, need a massive application of physical resources, financial capital and human effort in order to deploy this. This is where Foresight comes into play, the sustainability transition is our investment opportunity landscape.

The energy revolution lies at the heart of achieving net zero and clean energy is now changing the world in ways we previously would not have thought possible. As we look to the future, one example area of great interest is sustainable food production.

We have started to make investments into regenerative forms of agriculture that nourish and restore soil while growing food and are evaluating the role that controlled environment food production may have in producing food from infrastructure. These may allow vast tracts of previously agricultural land to be returned to nature, and rehabilitation of ecosystems worldwide.

Standing on top of the largest onshore wind turbine in the world, what strikes you most is the tranquillity. Over 100 metres tall, people down below appear reduced to ants. The other turbines perform their continuous static cartwheels with a silent grace, the trees around them look like a grass lawn at their feet.

OVER
100m
TALL

MEET THE TEAM

This year the sustainability team has grown, we now have eight staff members working on sustainability across the business, thus supporting our leading sustainability position and growing AUM.

HEAD OF SUSTAINABILITY FORESIGHT GROUP | LILY BILLINGS

SUSTAINABILITY LEAD INFRASTRUCTURE | HENRY MORGAN

SUSTAINABILITY LEAD PRIVATE EQUITY | FIONA HATCH

SUSTAINABILITY LEAD FORESIGHT CAPITAL MANAGEMENT | LOUIS BROMFIELD

GROUP SUSTAINABILITY | JOHANNES WITTIG

INFRASTRUCTURE SUSTAINABILITY | MOLLY GALLOWAY

INFRASTRUCTURE SUSTAINABILITY | OLIVIA BRYANT

INFRASTRUCTURE SUSTAINABILITY | SOPHIE WARREN

01 SUSTAINABILITY AT FORESIGHT

SUSTAINABILITY STRATEGY

Sustainability lies at the heart of Foresight's strategy and business because we recognise that our ability to succeed today is dependent upon our ability to positively enhance the world for both current and future generations.

Sustainability is the strategic direction and ESG is the framework used to implement sustainability into all aspects of Foresight Group.

Foresight believes that acting conscientiously as a corporate entity and investing responsibly by seeking to achieve positive social and environmental outcomes are critical to the long-term success of both Foresight and the funds it manages.

Foresight Group's sustainability strategy builds upon the Principles for Responsible Investment ("PRI") and UN Global Compact ("UNGC") frameworks, to which we have been signatories since 2013 and 2019 respectively.

Sustainability and ESG is the framework used to implement sustainability into all aspects of Foresight Group. This is translated into our investment processes ensuring that sustainability considerations are one of the key matters we consider when making investments and raising a fund. It is not an afterthought. Sustainability has been embedded into our business for at least the last decade and will remain there for decades to come.

SUSTAINABILITY STRATEGY CONTINUED

PRI

Foresight has always worked hard to implement and instil the PRI's six principles into our business activities and we look forward to working on them again for the next round of reporting this summer.

The latest PRI scores were released in 2022 and showed Foresight's position in relation to its performance for the years 2020 and 2021.

Our Group strategy scored an impressive 5 stars alongside two of our investment divisions. Since this PRI reporting period, our Foresight Capital Management team has further developed a process including our Stewardship Framework which will support their upcoming PRI submission for the FY23.

GROUP	★★★★★
INFRASTRUCTURE	★★★★★
PRIVATE EQUITY	★★★★★
FORESIGHT CAPITAL MANAGEMENT	★★★★ x2 ★★★ x2

PRI Principles for Responsible Investment

UNGC Climate Ambition Accelerator

In 2023, Foresight Group took part in the UN Global Compact's (UNGC) Climate Ambition Accelerator programme, which builds on the UNGC's work to develop and promote the Science Based Targets initiative, its net-zero standards and contribute to initiatives such as the Race to Zero campaign. The Climate Ambition Accelerator is a six-month accelerator programme for companies participating in the United Nations Global Compact which are looking to make progress towards setting science-based emissions targets and create a clear path to address their organization's transition to net-zero.

This programme supported Foresight in working alongside Rio ESG (third-party environmental consultants) when gathering our emissions data across our investment streams and corporate businesses as well as helping us to set short and medium term goals for our emissions categories.

Industry recognition

While the PRI and UNGC provide excellent frameworks for universal assessment across the financial services space, recognition through sector-specific industry awards plays an important role in validating our market-leading sustainable investment approach.

An example of some of the awards our funds have won are:

INFRASTRUCTURE

Sustainable Investment Awards
- Most Innovative Sustainable Fund Launch – FSF

National Sustainability Awards
- Renewable Investment Company of the Year – JLEN

National Sustainability Awards
- Infrastructure Finance Initiative of the Year – FSF

PRIVATE EQUITY

Real Deals Awards
- Private Equity Awards 2023, UK Small-cap House of the Year – Private Equity division
- Real Deals Future 40 ESG Innovators – Private Equity division

Finance Dublin Deals of the Year Awards 2023
- Equity Capital Markets – SME Equity – AIB Foresight SME Impact Limited Partnership

FCM

ESG Clarity Awards
- Most Innovative Fund Launch – SFT

National Sustainability Awards
- Real Estate Fund of the Year – REF

SUSTAINABILITY REPORTING: PACT

In 2022, Foresight Group made the decision to enhance sustainability reporting across the corporate business and the Private Equity portfolio through the use of an online platform, we have named our sustainability platform, PACT.

PLATFORM
ADVANCING
CHANGE
TOGETHER

PACT by its definition means 'an agreement between individuals or parties'

and therefore this platform demonstrates our commitment to supporting our business and portfolio companies in achieving their sustainability ambitions.

Utilising PACT enables us to support the move towards a net zero emissions economy and the numerous initiatives many of our SMEs are involved in, the platform will allow us to better track sustainability metrics across our global offices, and our private equity SME investments. Foresight's ambition is to **create a positive imPACT** across our investments and in the way that we manage our corporate business.

Data is knowledge: it informs strategic decision making and enables us to demonstrate the impact that we're making. With improved data, we can set more meaningful targets and action plans across the full sustainability spectrum. We can set goals for improving data quality so that our emissions reporting becomes more consistent.

Our chosen solution combined the Salesforce application, NetZero Cloud, with PwC acting as our delivery partner to build the platform and incorporate bespoke elements tailored to our needs. This was done in early 2023.

The platform:
PACT will be able to capture emissions data produced by the Group (Scope 1, 2 and 3), in line with the GHG protocol.

Inputs will include energy consumption, waste production, IT, and food and drink procurement, business travel, commuting, and remote work. PACT will also enable us to measure social metrics such as Diversity, Equity, and Inclusion ("DE&I") data, charitable giving and engagement — all of which will be explored over the coming year.

The Private Equity division will provide their portfolio companies with direct access to the platform where they can accurately capture Scope 1, 2, and 3 emissions as well as map their progress across environmental, social and governance improvements.

Small businesses are often at the beginning of their journey for sustainability and have limited time to gather data as well as scale their operations. However, capturing this data is powerful, not only in identifying opportunities and risks for the business but also help with other areas, such as in attracting and retaining staff and clients, for marketing and for building a reputation that is backed by solid evidence.

As an example, without accurate data and relying on the Partnership for Carbon Accounting Financials ("PCAF") emission factor database to fill the gaps for carbon emissions, a study by RIO ESG (discussed in our 2022 TCFD) determined that ten PE companies had 2.6 times their actual emissions. This new platform is a pioneering way of helping small businesses capture their data efficiently and accurately and in turn make good decisions based on good data as they grow. We see this as synergistic with sustainable value creation.

A Salesforce administrator has been hired to manage and extract maximum value from of our Salesforce software. This will include optimising the user interface, data inputs, and reporting and dashboarding capabilities of PACT (Net Zero Cloud).

"For us, sustainable IT is essential to our business if we want to reduce our operational emissions and ensure we're responsibly sourcing our products. We aim to minimise the impact our IT has on the environment from the design, sourcing, operation and disposal of technology.

Examples include sourcing laptops and phones from local suppliers in each location, selecting technology products that rate highly from a sustainable manufacturing perspective and operating technology efficiently by maximising power saving features."

TOM LAVERY | CTO

GOVERNANCE

It is becoming significantly more important to ensure good governance within our sustainability practices and we continue to streamline our approach throughout Foresight. ESG regulations across the financial sector and the sectors that we invest into are continually emerging and developing, requiring enhanced due diligence processes and disclosures. The evolution of reporting requirements has led Foresight to invest its time and resources into the development of a new sustainability reporting platform, "PACT".

Sustainability Committee

The Sustainability Committee (the "Committee") has been established and authorised by the Group's Executive Committee to inform it on sustainability, climate and wider ESG matters. Responsibility for Group sustainability has been assigned to Ricardo Pineiro, who is an Executive Committee member and sits on the Sustainability Committee. The Sustainability Committee is chaired by the Head of Sustainability with members across the business including four Partners. The Committee's meetings are also attended by members of senior management from time to time.

The Committee is responsible for leading the implementation of Foresight Group's sustainability strategy including providing guidance on the approach to sustainable investing (also known as "responsible investment") and corporate social responsibility (also known as "responsible business").

Its purpose is to identify Foresight's areas of focus in consultation with the Executive Committee and plan the Group's activities accordingly, monitoring performance of key activities for impact evaluation and reporting as well as improving internal communications in regard to sustainability initiatives and performance.

The Committee aims to promote inclusivity in all activities, ensuring those working in regional and international offices are considered when delivering the sustainability strategy and initiatives and the Committee's strategic recommendations. One objective of the Committee for the coming year is to clarify key sustainability terminology to ensure all staff and key stakeholders are aligned with our approach to sustainability matters.

Our governance structure for sustainability

Documents & Directives

Key policies that underpin our approach to sustainability are publicly available on the Foresight Group website. Whilst this list is not exhaustive, it provides a sample of the key sustainability policies and documents the Group has adopted to date to ensure best practice across the Group.

- SUSTAINABILITY & ESG POLICY
- HEALTH & SAFETY POLICY
- HUMAN & LABOUR RIGHTS POLICY
- STEWARDSHIP FRAMEWORK
- MODERN SLAVERY STATEMENT

GOVERNANCE CONTINUED

RISK

"We are keenly anticipating the Sustainability Disclosure Requirements ("SDR") policy statement from the FCA in Q3 this year. As mentioned in the risk section of Foresight Group's FY23 Annual Report, we have seen enforcement action from regulators against firms who have been exaggerating their sustainability credentials. Environmentalist groups are flexing their muscles in the same space, with executives and directors being targeted individually.

Despite clear consumer preferences for sustainable products and operations we may see more 'green-hushing' where firms minimise or completely avoid discussion of their environmentally-friendly practices and initiatives."

JONATHAN PARSONS
HEAD OF RISK

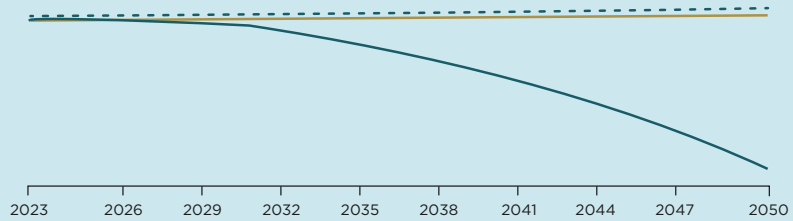
MANAGING CLIMATE RISK

In 2022 Foresight Group 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. Climanomics is a risk analytics platform that calculates the financial impact of climate risk on physical assets or real estate investments and aggregates up to the portfolio level. Analysis spans across eight decades for four emissions scenarios and covers any location on the planet.

The basis for Climanomics' analysis is the Representative Concentration Pathways ("RCPs") generated by the Intergovernmental Panel on Climate Change ("IPCC"). The RCPs represent a wide range of possible changes in future anthropogenic GHG emissions and their impact on atmospheric concentrations of CO_2.

Climanomics integrates econometric assumptions driven by high resolution geographic, climate, socioeconomic, business and sector specific data to the RCPs 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 a company's valuation model to estimate the potential financial impact in the four different scenarios.

Scenario Analysis of FSFL



Applying these estimates to the Fund's Net Asset Value ("NAV"), it is possible to make an assessment of the potential financial impact in each of the RCPs over the years until 2050:

+0.16p/ share	Central case	+0.13p/ share	-2.1p/ share
RCP 2.6	RCP 4.5	RCP 6.0	RCP 8.5

Estimates for Foresight Solar Fund Limited ("FSFL")

Assuming the RCP 4.5 scenario as the most likely outcome due to the current global emissions trajectory, the above chart shows the assessed central case and the potential variations between the three remaining scenarios for our solar fund.

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.

More detail can be found within the FSFL 2022 Annual Report.

GOVERNANCE CONTINUED

Foresight's Stewardship Framework

In 2023, Foresight Group formalised and updated our Stewardship Framework for areas that engage with proxy voting namely Foresight Capital Management. We are an active owner, upholding our fiduciary responsibilities through maintaining an active approach to stewardship with robust management and governance structures in place.

We have devised the Framework to ensure our activities are conducted in a manner that is aligned to the principles of the FRC's Stewardship Code. Our active ownership approach includes engaging on matters considered relevant and material to OEIC strategies as well as utilising shareholder rights of voting on resolutions at company meetings. Voting forms an important part of our engagement, especially within our Foresight Capital Management division.

The primary aim with all voting decisions is the long-term interests of underlying investors which includes ensuring high standards of corporate governance and the adoption of sustainable investment practices that should limit negative externalities. Voting Activity Summaries are produced on a quarterly basis and published on Foresight's website (since Q4 of 2021). We uphold our stewardship and fiduciary responsibilities by seeking to vote, at every meeting held by investee companies, in line with the relevant sustainable investment criteria and the best interests of the underlying shareholders of the relevant Fund. This framework applies to all current and future Funds we manage.

Our approach to voting on shareholder proposals: environmental and social issues

To ensure that capital is allocated to create sustainable long-term value, we seek to understand, monitor and engage with all investee companies in regard to its processes, culture and behaviour around environmental and social and corporate governance issues. This includes meeting investee companies face-to-face or via video call at least twice a year, primarily during formal one-on-one meetings but also as part of corporate events held for the investor communications and maintains ongoing informal communications via email.

Additionally, we assess a range of criteria when considering environmental, social and governance matters and if companies do not meet the required standards, we will refrain from investing in the company or divest from the company if there has been changes to the strategy during the holding period. Factors assessed include, but are not limited to, corporate governance, corporate strategic direction, financing and investment activities, regulatory policy adherence, resource use, environmental impact and the overall impact on the communities within which the companies operate.

20%
OF SFT HOLDINGS ARE RATED 'AAA' BY MSCI

83%
OF FIIF'S HOLDINGS HAVE MORE THAN 30% WOMEN ON THEIR BOARDS

Engagement: driving improved sustainable outcomes

We have a relationship with UK Sustainable Investment and Finance Association ("UKSIF") and engage on roundtables with the organisation focusing on sustainable investment policy and regulation. UKSIF aims to bring together the UK's sustainable finance and investment community and expand, enhance and promote the sector. UKSIF have been hugely active in efforts to promote the sustainable finance agenda and work closely with policymakers and others to find new ways to overcome the barriers to the growth of sustainability and deliver progress towards decarbonisation of the economy. We align strongly with this agenda and hence provide our constructive feedback to accelerating sustainability in financial markets.

GOVERNANCE CONTINUED

SUPPLY CHAIN: DUE DILIGENCE

As part of the ongoing work to provide greater transparency through Foresight Infrastructure's supply chain, work has been ongoing to progress due diligence and contract requirements for suppliers.

In last year's Annual Report we introduced the use of an enhanced due diligence platform "Ethixbase". This last year Infrastructure's JLEN and FSFL funds have progressed the use of the platform covering their key suppliers.

On this page are some details of what has been done over the last year and the results of this process.

SUPPLY CHAIN

FSFL

Committed to use Ethixbase platform to conduct enhanced due diligence on its primary suppliers for solar panels, inverters and Operations & Maintenance ("O&M") service provision. This obligation also forms part of the FSFL's sustainability-linked revolving credit facility. During 2022, Foresight Solar conducted enhanced due diligence reporting on 93% of the contractors in the above mentioned groups.

If any new suppliers are to be used for FSFL these suppliers are screened through the Ethixbase platform. Solar waste processors have also been added to the list of supplier categories screened on the platform with two waste processors being uploaded in this category.

Results:

The Enhanced Due Diligence ("EDD") reports for the FSFL's existing suppliers contained no material red flags.

Having proactively submitted prospective suppliers through the same EDD reporting process, two solar panel manufacturers were identified as having enhanced levels of human rights risk. These findings were sent to Foresight Group's compliance team for review. They deemed that until these suppliers could demonstrate that satisfactory measures were in place to address these red flags, they would need to proactively engage with Foresight on EDD and be subject to ongoing monitoring if they wished to be considered for any future transaction.

Direct engagement activity with these suppliers has taken place and, since then, the points discussed have been remedied, showing the willingness of providers to address what has become an ever-increasing concern for investors and investment managers.

JLEN

A database has been built up, 92% of which have been captured.

These suppliers have been run through the Ethixbase Instant Due Diligence ("IDD") stage, of which 27 were returned with risk alerts. To understand these risks further the IDD+ screening stage was then triggered to find out more information on these risk alerts.

The IDD+ screening methodology: An instant screening process that includes additional checks on third parties carried out against 800+ government sanctions, enforcements and watch lists. There are also politically exposed persons and adverse media checks, checking ten million+ risk profiles. A report is produced with due diligence findings. Once uploaded the supplier is saved on the system for ongoing daily monitoring.

The escalation process has helped to highlight suppliers that require further investigation to first substantiate and mitigate material risks. As with FSFL, if material risks are found the risks will be escalated to the Compliance Team and further steps agreed.

We understand that there is much work to be done to increase transparency in our supply chains and we will continue to roll out further checks further down our supply chains for FSFL and JLEN with the intention to roll out the checks for other infrastructure funds in the future.

02 CLIMATE

Climate change has moved from being just a risk to becoming a fact of life for people the world over and poses a risk to humanity at a global level. The science identifying human activity as being the principal driver of current climate change is unequivocal.

This is apparent in our own lives. Our teams in Europe experience heatwaves with a regularity that has become a pronounced fact of life in the last year – ranging from profound oddities in London, to a feeling of being near the "front line" of climate change for our teams in Spain. But we recognise that these are trivial in comparison to the effects being felt elsewhere in the world where people's livelihoods and indeed lives are threatened in a multitude of ways, such as catastrophic flooding in Pakistan to waves of drought in Sub Saharan Africa.

Through our broad sustainability efforts and contribution, we aim to help counter this by maximising the beneficial climate impact of our investment programmes. This includes focusing on areas of outsized sustainability impact when it comes to climate – an example would be long duration energy storage, where every unit of investment has a multiplier effect in terms of the number of units of extra renewable energy that can be utilised as a consequence. While clean energy is at the heart of this because decarbonisation of the power system remains the single most important climate objective, our strategies go well beyond this as we invest into sustainable infrastructure and natural capital with a very broad view.

CARBON REDUCTION PLAN

It is the responsibility of all businesses and individuals to reduce emissions and mitigate the impacts of climate change to help ensure a sustainable future for us all.

Over the last four years, Foresight Group has been measuring our corporate carbon footprint covering Scope 1 and 2 emissions and material Scope 3 categories, including travel. In FY22 we worked with a third party to calculate our emissions for our investment portfolio for the first time.

Over the past year we have been working with PwC to implement PACT, Salesforce's Net Zero Cloud platform to support us in improving the reporting of our emissions data alongside wider sustainability metrics, covering the corporate business and our private equity SME portfolio.

FY19
measured corporate carbon emissions, scope 1, 2 and 3 (excluding financed emissions) using a consultant

FY20
measured corporate carbon emissions, scope 1, 2 and 3 (excluding financed emissions) using a consultant

FY20
gained carbon neutral status

FY21
measured corporate carbon emissions, scope 1, 2 and 3 (excluding financed emissions) maintained carbon neutral status

FY22
measured corporate carbon emissions, scope 1, 2 and 3

FY22
scope 1 and 2 metrics rolled out to the infrastructure portfolio

FY22
assessed the emissions of our investment portfolio using a consultant

FY23
developed and implemented a platform to monitor corporate and private equity portfolio scope 1, 2 and 3 emissions

FY23
measured corporate carbon emissions, scope 1, 2 and 3 – also assessed the emissions of our investment portfolio

FY23
corporate emissions verified through a third party

MAINTAINED CARBON NEUTRAL STATUS

CARBON

CARBON REDUCTION PLAN CONTINUED

Emissions category	Short-term goals	Medium-term goals
Energy: gas and electricity Scope 1 and 2	Energy efficiency policy. Work with leased offices to establish green tariffs. Behavioural change programme.	Install metering across leased offices. IT to upgrade IT infrastructure to reduce energy consumption.
Business travel Scope 3	Inform employees using travel provider of "emissions per travel option". Work with travel provider to improve data quality. Green travel policies.	Offer flightless alternatives where possible. Travel provider to make clear the carbon emissions of each travel choice in comparison. Incentivisation programme for business travel and accommodation.
Commuting (air travel/rail, road, bus, ferry) Scope 3	Green car scheme. (Completed in the UK.) Improve granularity data.	Incentivisation of commuting using lower carbon methods. Investigate cycle buying schemes.
Accommodation Scope 3	Improve travel provider visibility of environmental standard/ green certification of hotels.	Include accommodation within business travel policy. Mandate minimum environmental standard/green certification.
Water use Scope 3	Install efficient fittings throughout offices. Behavioural change programme.	Water efficiency policy. Install metering across offices.
Waste Scope 3	Improve granularity of data. Report on waste per FTE and floor area. Employee engagement: zero waste to landfill. Reduce packaging from office suppliers. Monitor printers to plan for digitalisation.	Responsible sourcing policy (IT, food and drink, stationery). Reduce quantity of waste per FTE. Increase recycling/diversion from landfill percentage. Implement better digital options for staff to reduce reliance on printing.
Materials Scope 3	Sustainable IT policy. Improve data quality through finance expense systems.	Responsible sourcing policy (for IT, food and drink, stationery).
Homeworking Scope 3	Improve data quality and collection methodology.	Incentivise staff to adopt a green energy tariff at home.
Finance (emissions) Scope 3 (category 15 emissions)	Improve data quality across the three investment streams. Provide training and stewardship across the asset managers and portfolio companies in regards decarbonisation. Exercise voting rights to influence net zero targets – better monitor our engagement.	All investment staff to receive dedicated training in regards to carbon emissions and reporting in addition to wider sustainability and ESG training.

LONG-TERM GOALS

Achieve net zero emissions

Utilise carbon sequestration to offset residual emissions

Intertwine nature positive interventions into our overall climate strategy

CARBON REDUCTION PLAN CONTINUED

Foresight Group leases 13 offices across the UK, Europe and Australia.

This means that we are reliant on the performance and engagement of the building management teams at each location. We are working with our Office Managers to work alongside these management teams to improve the quality of reporting and the building efficiencies.

We are often one of many building tenants and therefore we are not always in a position to influence a change in energy tariff for example. This is something we will continue to work on.

Further commitments we make as part of our de-carbonisation journey are below:

CarbonNeutral®

In 2021, Foresight Group committed to neutralising our corporate carbon footprint (excluding financed emissions) annually whilst we worked on our carbon reduction plan with the ultimate goal to achieve net zero emissions across the business. Following the calculation of our emissions every year, we work with Climate Impact Partners to select offsets with a focus both on renewable energy avoidance projects and carbon sequestration projects through natural capital investments.

As outlined in the Institute of International Finance's ("IIF's") document "Calling for a High Ambition Path to Net Zero", a healthy offsetting portfolio should include both project types on the path to net zero.

All projects are independently verified to ensure emissions reductions are occurring. This ensures the highest environmental integrity in our work to have an immediate, positive impact on the climate.

Further commitments	Actions
Sustainability data	Improve environmental and social data quality through enhancing our existing data management platforms.
Climate and emissions training	Implement a training programme for all staff across all locations to ensure all staff have a minimum level of carbon literacy.
Carbon neutral	Continue to offset our emissions utilising a third party. Explore opportunities of utilising Foresight forestry assets to offset our emissions.

Foresight Capital Management Investment

3i Infrastructure (5.16% of Foresight Global Real Infrastructure Fund "GRIF") is a closed-ended investment company that aims to build a diversified portfolio of equity investments in entities owning infrastructure businesses and assets. 3i Infrastructure's underlying business ESVAGT is an innovative operator in the offshore wind sector, with its highly specialised vessels providing maintenance support. In 2023, ESVAGT JV signed its first contract in the North American offshore wind market. The contract is amongst the very largest in ESVAGT's history, and fits squarely into ESVAGT's strategy of supporting its customers' growth ambitions in offshore wind internationally.

PRIVATE EQUITY INVESTMENT

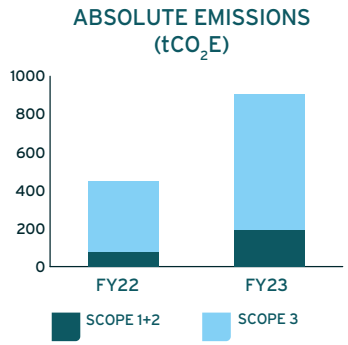
Sprint Electric (VCT Funds: 30.7% ownership) has designed a new matrix converter to replace conventional AC-to-AC power converters. It increases energy efficiency as it is able to regenerate energy fed back by the motor in the same way hybrid cars are able to recharge when braking, saving 40% of energy in motors.

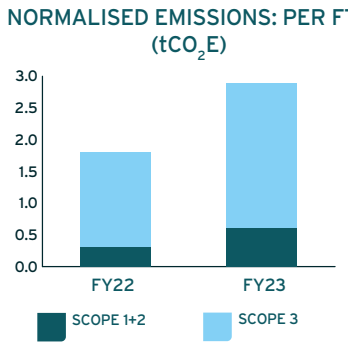
40%

OF ENERGY IN MOTORS SAVED

OUR FY23 EMISSIONS

Our FY23 emissions, gathered through PACT, as verified by external sustainability consultants, Turley.





From FY22 to FY23 our total Scope 1 and 2 emissions have increased from 74 tCO_2e to 190 tCO_2e. This increase is matched by a 1.1 increase in tCO_2e per year average number of FTEs. Some of the reasons for this are discussed below.

In action this year:

- Improve accuracy of reporting data through region specific emission factors, ongoing collaboration with third parties (i.e. building managers, travel providers).
- Refine and embed our PACT platform across the corporate business function and Private Equity investment division for consistent emissions reporting.
- Continue to adopt best practice through third-party verification of our corporate business emissions (aside from investment emissions at present) alongside PACT.

In the financial year 2023, there was a rise in all emissions, however, the figures shown have differences arising from scope boundaries and estimation methodologies which means they cannot be directly compared. Our transition to Foresight PACT in FY23 has evolved and matured our emissions calculation methodology from the previously utilised third-party consultancies.

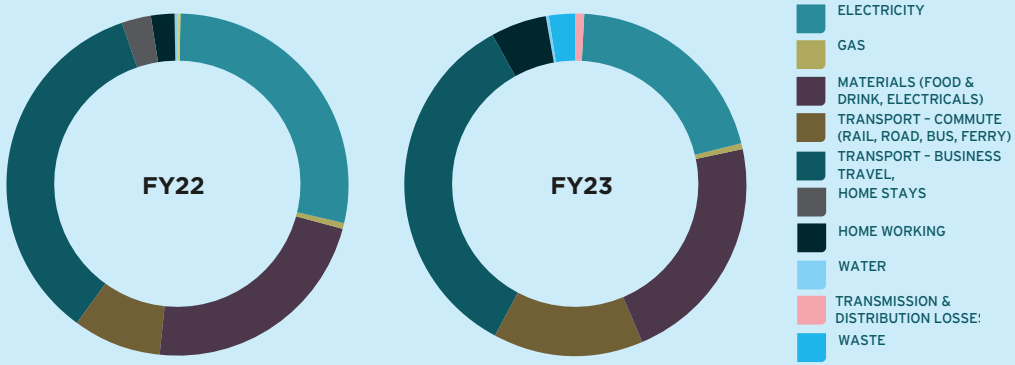
A notable rise in emissions can be attributed to the acquisition of ICG, resulting in increased international business travel and two new offices in Sydney and Melbourne as well as the newly opened Private Equity office in Dublin. Commuting looks to have rebounded to pre-pandemic levels (seen in the increase of commuting as a share of our emissions by source), and an increase in business.

The higher emission per FTE for Scope 2 emissions can be partly attributed to a smaller window for office data gathering and hence more estimations were used. For example, due to the lack of energy consumption data for 75% of our offices, we used the US Environmentally Extended Input-Output ("USEEIO") 2018 Building Intensity data set from Net Zero Cloud to fill the gaps. Poorer data quality is harsher than true values (in general) and hence it is something we will address by gathering better data from our offices on a quarterly basis.

Due to the nature of our business, corporate emissions represent a small percentage of our total financed emissions. Using Partnership for Carbon Accounting Financials ("PCAF") and Bloomberg emissions data we estimate that our financed emissions make up for 99.96% of our total emissions.

This year, we obtained third-party verification of our operational emissions data. Turley, a sustainability specialist, were appointed to review our newly launched PACT platform, data, and assumptions. They confirmed that GHG emissions presented by Foresight Group are fairly stated and free from material error or omission.

A Comparison: Corporate Carbon Emissions by Source



CLIMATE DISCLOSURE

Foresight Group has provided TCFD compliant reporting for three consecutive years, and a selection of our Infrastructure funds (FSFC, FSFL and JLEN) now also publish climate disclosures.

These can be found on the respective Group and Fund websites. The Group reports against TCFD because it is the market leading climate disclosure framework providing investors with a common outline to assess the comparative approaches of investment firms to climate-related initiatives and reporting.

As our Funds continue to move towards climate disclosure and advanced emissions reporting, we are working to establish TCFD templates for fund level reporting obligations. This work will future-proof us for market disclosure norms and coincide with the SDR's investment product labelling regulations. The disclosures will be facilitated by Infrastructure's Sennen platform and PACT for Private Equity to collect the metrics required to monitor our emissions. We will act as a Group to ensure all our Funds integrate the TCFD framework as required.

Integrating climatic considerations into the governance, strategy and risk management of the Group and, now, our Funds, is a core component of how Foresight operates. This is a journey where we will continue to strive to integrate TCFD recommendations further. Enhancing our investment processes with climate modelling allows us to make the most of the opportunities and mitigate the risks of climate change and the energy transition.

Our significant investment in renewables and other climate positive opportunities has resulted in the Infrastructure division's assets avoiding 1.3 million tCO_2e when compared to the UK national grid. This is a statistic that we are proud of and will continue to monitor as the renewable parts of our infrastructure portfolio expand.

1.3m tCO_2e

EMISSIONS AVOIDED VS GRID FY23[1]

(1) Emissions avoided calculated from Foresight's energy generation assets.

In December 2022, we updated our climate disclosure to reflect the large emissions project we undertook with Rio ESG whereby our financed emissions were assessed alongside our corporate emissions. We continue to use the PCAF and Bloomberg data sources to measure our financed emissions for FY23.

Our climate disclosure can be found on our website with a summary found within the FY23 Annual Report.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

ENERGY TRANSITION

Decarbonisation of the economy is now established as an almost universal goal internationally. We have seen this building up in three distinct but interconnected layers.

The first layer, which dates back to the establishment of our Infrastructure programme, was initially the emergence of solar and wind power as new technologies playing a scaled role in energy generation, and subsequently, as established, mature infrastructure sub-asset classes in their own right.

The second layer was established as we moved into the "mid" energy transition, with a systemic upheaval in power systems, resulting in investment opportunities in the 'enabling' infrastructure, including energy storage.

The third layer – which we are entering now – is the economy-wide decarbonisation towards net zero, where clean energy and other innovations are catalysing massive emissions reductions in sectors such as industry, transport and agriculture.

Hydrogen

Hydrogen presents a viable solution for decarbonising sectors that are challenging to electrify directly, such as heavy industry, transportation and heating. Foresight sees hydrogen playing a critical role in the energy transition, particularly in areas where direct electrification is impractical or hard to achieve. At Foresight Group, we are actively engaged in supporting the development and deployment of hydrogen solutions, such as our green hydrogen electrolysis plant investments, recognising its immense potential in the energy transition.

Foresight has invested in two hydrogen development platforms to date. In the UK we have established the Grenian joint venture alongside Progressive Energy and Statkraft. Grenian is developing green hydrogen production projects for industrial decarbonisation purposes. In Germany we have invested in HH2E, a leading developer of green hydrogen projects across the country. As part of this investment we signed a development funding agreement that gives Foresight priority rights to fund the development of up to five projects.

Green hydrogen:

Also called renewable hydrogen, green hydrogen is obtained by electrolysis of water. Critically the process needs to be powered by renewable energy in order for it to generate no polluting emissions and hence becoming the cleanest and most sustainable hydrogen.

In January 2023, Foresight alongside consortium partners HH2E AG and HydrogenOne Capital Growth plc, announced the development of a green hydrogen electrolysis plant to produce around 6,000 tonnes (over 200,000 MWh) of green hydrogen per year during the first 100MW phase. This will include high-capacity battery storage.

Located in Borna, Germany, further expansion is planned to increase the capacity of the plant to over 1GW with an annual production of over 60,000 tonnes of green hydrogen.

"Foresight has long recognised the important role green hydrogen can play in the energy transition through enabling hard-to-abate industries and heavy transport to benefit from renewable energy. Harnessing battery storage technology for hydrogen production demonstrates how forward thinking the teams are."

JOE DAVIS | ASSOCIATE DIRECTOR
FORESIGHT GROUP

INFRASTRUCTURE INVESTMENT

A core pillar of **Tas Gas "(Tasmania, Australia)"** strategy is to support industrial, commercial, and residential customers in reducing their emissions through the provision of "green gas". To deliver this strategy, Tas Gas has been working with Countrywide Hydrogen to develop the Brighton Industrial Hub which presents the most promising near-term opportunity for domestic hydrogen delivery to customers. Tas Gas has now completed the laying of a twinned network pipe in Brighton that allows for the conversion of customers to 100% hydrogen when a proposed local electrolyser has been installed in the area (subject to technical, regulatory, safety and commercial arrangements). Tas Gas has sponsorships and community working group supporting various community initiatives, including Mind Games for Mental Health, Relay for Life for Cancer Council and Sally's Ride for youth suicide prevention. Tas Gas received its GRESB results for 2022, improving its score by 51% to 73 out of 100.

ENERGY TRANSITION CONTINUED

Battery storage

Battery storage is critical in the progression of the energy transition due to its ability to address key challenges associated with renewable energy integration and grid stability.

As we shift towards a more sustainable and decarbonised energy system, battery storage plays a critical role in effectively harnessing intermittent renewable sources like solar and wind power.

By storing excess energy during high production periods and releasing it during times of low production or high demand, batteries ensure a reliable and consistent energy supply. They also contribute to grid stability by balancing electricity supply and demand, responding quickly to fluctuations and helping to prevent blackouts or disruptions.

Furthermore, battery storage supports peak demand management, energy time shifting, decentralised energy systems, and the electrification of transportation, all of which are essential components of a successful energy transition towards a cleaner and more sustainable future.

INFRASTRUCTURE INVESTMENTS

BATTERY STORAGE

Foresight is one of the few established energy infrastructure investors with a substantial proven track record in the Battery Energy Storage Systems ("BESS") and flexibility sector. Foresight made its first battery storage investment in 2017 following the launch of National Grid's Enhanced Frequency Response service. **Foresight-managed funds have acquired the development rights for c.445MW of standalone UK battery storage projects,** including c.256MW of acquisitions in FY23 that included both distribution and transmission connected projects in England and Scotland. Foresight-managed funds have exclusivity over an additional c.100MW of battery storage on which it is currently transacting, further demonstrating its increasing activity in the sector. To date, all of Foresight's battery storage acquisitions have been standalone projects that import and export electricity from the grid directly.

Foresight is actively reviewing opportunities to co-locate battery storage with renewable energy generation assets, such as solar or wind.

GEOTHERMAL ENERGY

In October 2021, Foresight Energy Infrastructure Partners fund ("FEIP") entered into a joint venture **investment into geothermal energy in the Netherlands.** The joint venture entailed both the acquisition of operational wells, and the development and construction of a significant pipeline of projects representing a potential build out capacity of c.200MW.

Geothermal heat energy is supported by the Dutch government as a strategic priority, given it will contribute to the country's national emission reduction objectives by decarbonising domestic and industrial heat. Studies of geothermal heat provision have demonstrated that geothermal heat can achieve carbon savings in excess of 90% by displacing the need for fossil fuel usage.

The investment will also make a material social and economic contribution to local areas by supplying price-competitive heat to farmers and residents within the vicinity of assets.

TRANSPORT TRANSITION

Transport is an important element of the energy transition because it accounts for a significant portion of global energy consumption and greenhouse gas emissions, making the adoption of sustainable and low-carbon transportation solutions fundamental in achieving climate and environmental goals.

Investments in clean mobility are crucial to addressing the key contributor of pollutants that transport is. Electrifying transport systems will allow new green energy capacity to be utilised and help the push away from a system reliant on fossil fuels. Our investment in Kinetic is a demonstration of how our investment is aiding the company's transition to an electric fleet.

INFRASTRUCTURE INVESTMENT

Kinetic is the largest privately-owned bus operator in Australasia and a leader in the provision of essential bus transit services in the region. Kinetic's ESG strategy has been developed through an established framework which responds to the changing needs of its communities and helps to achieve sustainable transport solutions for the future. Kinetic currently operates a number of electric bus routes across Australia and New Zealand, with further electric buses roll out planned in 2023.

	2022	2023 onwards	Community support
Australia	Launched five battery electric buses into operations in Cairns.	A further 76 electric buses will be rolled out in Melbourne and Queensland.	Kinetic's involvement with the Victorian Women in Transport Mentoring programmes has been very successful and $170,000 funding has been secured to support training for 150 female drivers. Kinetic has also donated a converted bus to be a Foodbank. The bus resembles a mobile supermarket. Kinetic's employees provide a weekly bus load of food to eligible people in Victoria.
New Zealand	Launched 24 battery electric buses into operations.	A further 152 electric buses will be rolled out over the next four years in New Zealand.	Kinetic continues to provide support to a number of Aboriginal communities, including Rekindling the Spirit, Wicking House and the Cabbage Tree Island Aboriginal Primary.

Kinetic was the innovator award winner for the 2022 Financial Review Sustainability Leaders – Logistics & Transport Category. The Financial Review is Australia's premier financial daily press. The award recognised the launch of the AirportLink bus service in South Auckland (NZ), the first fully electric public bus service in Australasia. At the time of the award in July 2022, the AirportLink initiative had replaced the equivalent of 460,000 car trips with zero emission bus transport services.

TRANSPORT TRANSITION

03 NATURE

In the face of the nature crisis, Foresight is thinking differently and creatively about how we manage, and make the most of, the opportunities our land and waterways afford. In future, we intend to expand the areas of nature we invest in by looking beyond forestry into other areas such as soil and oceans.

Nature recovery is also about people and their relationship with the planet. If nature prospers, so will business. Foresight is in a strong position to take action in an organised way, through utilising the land owned by the funds we manage and our contacts to deliver nature recovery and meaningful biodiversity enhancements.

Foresight's Nature Recovery Ambition Statement sets out our ambition to drive nature recovery and deliver biodiversity enhancements across its portfolio.

BEE KEEPING AT SANDRIDGE SOLAR SITE, UK INFRASTRUCTURE: FSFL

FORESTRY

Foresight invests in forestry and afforestation schemes, with Foresight Sustainable Forestry Company Plc ("FSF") providing investors with the opportunity for real returns and capital appreciation driven by the prevailing global imbalance between supply and demand for timber, the inflation-protection qualities of UK land freeholds, and biological tree growth of 3% to 4% not correlated to financial markets.

FSF manages its forests with a strong sustainability ethos providing investors with access to carbon units related to carbon sequestration from new afforestation planting. Foresight's approach to sustainable forestry is closely aligned with five of the UN's Sustainable Development Goals and encompasses protecting the natural environment, enhancing biodiversity, contributing to carbon sequestration, and supporting rural communities.

Our forestry schemes in Scotland, Wales and England are playing an important role in both the battle against climate change and in the fight against biodiversity loss.

FSF have commenced a portfolio-wide biodiversity baselining exercise so that they can begin to demonstrate enhancements made across forestry assets over time and are making plans to protect and enhance biodiversity across the portfolio. FSF has now planted c.1.5 million trees since IPO.

Voluntary Carbon Market

FSF is the London Stock Exchange's ("LSE") only listed natural capital investment company and the first and only Voluntary Carbon Market ("VCM") designated fund. The VCM refers to the global trade in carbon credits that takes place outside the scope of legally mandated instruments. Credits represent reductions or avoidance of ongoing greenhouse gas emissions, or removals of past emissions from the atmosphere.

The LSE's VCM and FSF's Carbon Credit Offering revolutionises how companies can offset their unabatable emissions. It transforms offsetting from a one-way cost, into a positively contributing investment that can deliver an attractive risk-adjusted return on investment. It enables companies to:

- Secure a rare future supply of high-integrity voluntary carbon credits today.
- Hedge against rapidly rising voluntary carbon credit prices.
- Flexibility to adjust future carbon credit yield requirements intra-day.

FORESIGHT CAPITAL MANAGEMENT INVESTMENT

UPM-Kymmene Oyj (4.44% of FP Foresight Sustainable Future Themes Fund "SFT") SFT holding UPM-Kymmene Oyj is a Finnish forestry company which runs climate-positive forestry operations, produces innovative and sustainable fibre and paper products, and offers alternative solutions to fossil fuels such as wood-based renewable diesel and renewable naphtha. All UPM-owned forests are certified or in the process of certification if recently acquired. UPM also promotes forest certification to private forest owners. UPM implement biodiversity actions as part of everyday forestry operations. Indicators assessed include: Tree Species, Forest Age, Forest Structure, Protected Areas, Valuable Habitats, Habitat Restoration, Species and Habitat Projects, Indicator Development.

REGENERATIVE SYSTEMS

Driven by a growing global population and an expanding middle class, the world faces an increasing demand for quality protein amid limited resources of usable land and water.

With concerns growing about the security and sustainability of food systems, new farming methods are needed to reduce the negative environmental impacts of food production, including supply chain emissions, land and water use, and soil degradation.

Future of food

Investing in future food is something Foresight is doing to support sustainable and environmentally friendly food production. Future food can help:

- Address long-term global food security
- Reduce environmental impacts and improve resource efficiency
- Mitigate the risk of disease
- Minimise waste
- Meet changing consumer demands
- Promote innovation and provide access to new technologies and opportunities

Foresight has invested in a Norwegian based aquaculture project and a London based vertical farming company, with the abundant number of benefits of future food in mind.

FORESIGHT CAPITAL MANAGEMENT INVESTMENT

DSM (3.51% of SFT) looks to support customers to enable healthy and affordable food and nutrition through solutions such as the sustainable production of animal proteins, plant-based protein foods, fortified staples and public health supplements, immunity-supporting solutions, and food and beverage solutions. DSM aims to help fill the micronutrient gap of 800 million people by 2030 through fortified staple foods and health supplements that deliver a proven and cost-effective method of combating malnutrition, as well as empowering consumers to achieve healthier diets.

FUTURE OF FOOD CONTINUED

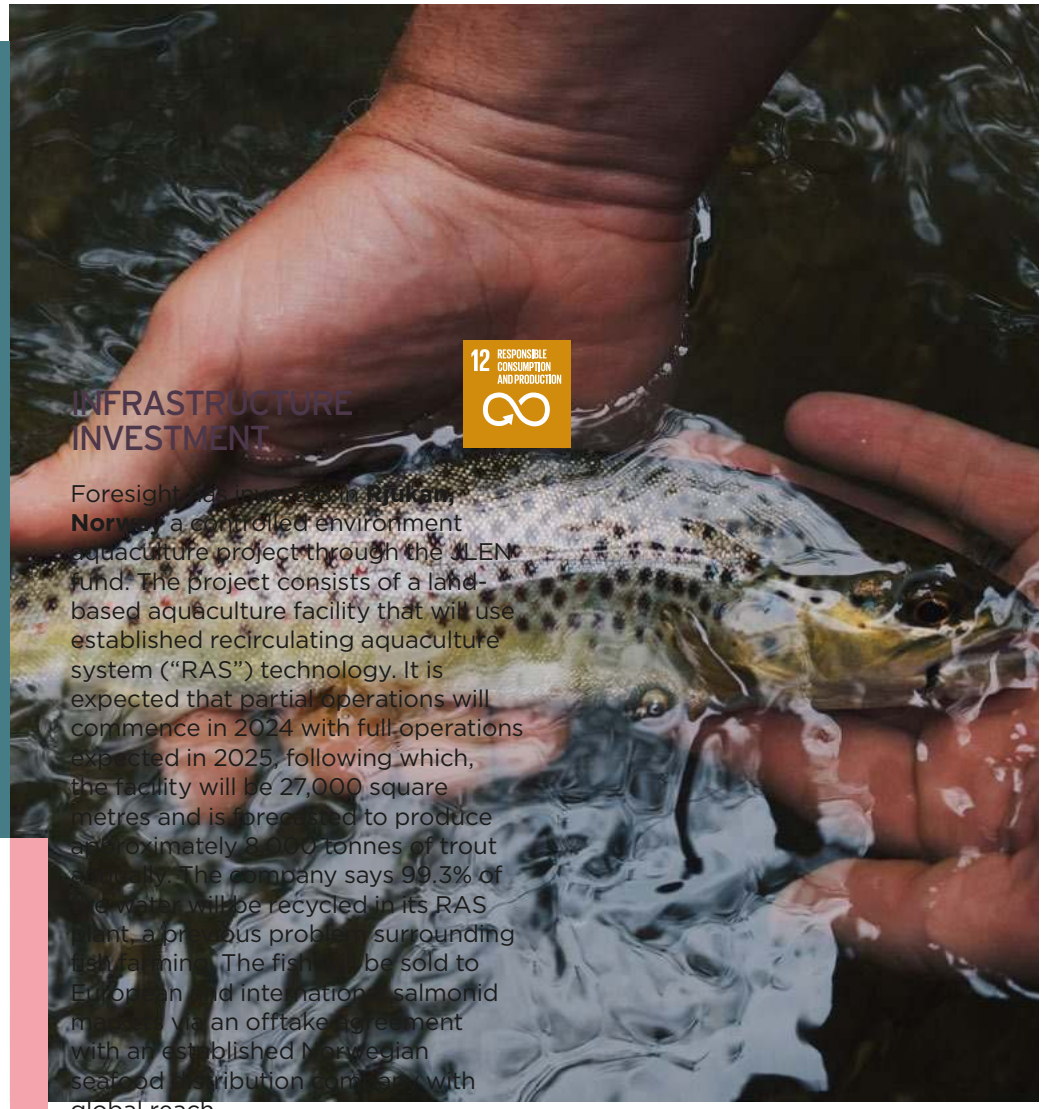
AQUACULTURE

Fish, including salmonids such as salmon and trout, is considered one of the most efficient sources of high-quality animal protein due to the rate at which it converts feed into edible mass, its high protein retention and high rate of edible meat per kilogramme, as well as various nutritional benefits. Land-based aquaculture, such as the RAS based facility being built in Rjukan, can provide a range of benefits compared with alternative methods of aquaculture such as improved fish mortality rates, less local environmental degradation and a lower use of antibiotics and other chemicals to control disease and parasites.

FORESIGHT CAPITAL MANAGEMENT INVESTMENT

6 CLEAN WATER AND SANITATION

Evoqua Water Technologies (3.82% of SFT) is a leading provider of mission-critical water and wastewater treatment solutions. Evoqua transforms approximately 100 billion gallons of water every day with their products and services. This is over 4.5 times the amount of water flowing over Niagara Falls every single day. Evoqua provide products and services to support disinfection and sanitisation, which are critical to maintaining safe operations in hospitals, laboratories, food processing, and aquatic facilities by removing common and emerging contaminants



INFRASTRUCTURE INVESTMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Foresight [illegible] in Rjukan, **Norway**, a controlled environment aquaculture project through the JLEN fund. The project consists of a land-based aquaculture facility that will use established recirculating aquaculture system ("RAS") technology. It is expected that partial operations will commence in 2024 with full operations expected in 2025, following which, the facility will be 27,000 square metres and is forecasted to produce approximately 8,000 tonnes of trout annually. The company says 99.3% of the water will be recycled in its RAS plant, a previous problem surrounding fish farming. The fish will be sold to European and international salmonid markets via an offtake agreement with an established Norwegian seafood distribution company with global reach.

"We are pleased to make our first investment into land-based aquaculture, contributing to the sustainable supply of trout to meet rising consumer demand. We consider that this investment will deliver environmental benefits to the food system and offer a product to suit today's consumer needs."

ED WARNER | CHAIRMAN OF JLEN

FUTURE FOOD

FUTURE OF FOOD CONTINUED

INFRASTRUCTURE INVESTMENT

VERTICAL FARMING

In March 2023 Foresight Group announced it had reached an agreement with Harvest London, a UK-based controlled environment agriculture company, to aid the expansion of the vertical farming industry.

Founded in 2017, Harvest London has so far built two farms, grown over 100 different crops using hydroponic vertical farming techniques, and partnered with brands including Pizza Pilgrims and Compass Group. Expansion of **Harvest London's production capacity, supported by Foresight, is driven by the increasing need for locally grown produce** and strong positive feedback from Harvest London's existing customers. It will allow the grower to expand into key retail markets.

The investment in Harvest London follows investments by Foresight in greenhouses in the UK and a land-based sustainable aquaculture farm in Norway.

Harvest London's indoor vertical farming approach delivers crops all year round of a consistently high quality, using no chemical pesticides, significantly reducing the amount of fertiliser needed, avoiding agricultural pollution of rivers, and dramatically shortening supply chains. This reduces the emissions from the transportation, processing, and refrigeration of food, whilst increasing the shelf life and reducing wastage. Vertical farms are controlled environments which help to reduce negative environmental impacts whilst improving productivity per square metre compared to traditional agriculture, strengthening food security of the UK.

> "Foresight is delighted to be working with Harvest London, a dynamic and growing company that will help the vital push towards a greener future for food production. This approach to farming will play a pivotal role in shaping a more sustainable future and meeting the country's food needs. The next phase of expansion will positively impact job creation and stimulate the local economy."
>
> MATT HAMMOND, PARTNER AT FORESIGHT

EDEN PROJECT PARTNERSHIP

It has been one year since we launched our partnership with the Eden Project and it is even more evident now, just how essential it is that businesses collaborate to deliver benefits to nature that support climate change mitigation.

By working together, businesses can pool their resources, foster innovation, create market demand, and take collective action to promote sustainability and mitigate the impacts of climate change on the natural world. Our partnership with the Eden Project combines both partner's diverse skills and strengths to help create new opportunities for nature to thrive.

eden project

Foresight's Sustainability Partner

Jun 22
partnership launched

Aug 22
Eden delivered wildflower seed collection training to Foresight stakeholders

Sep 22
seed collection across two Foresight forestry sites

Nov 22
Nature Recovery Ambition Statement launched

Jan 23
work begins on the Solar Nature Recovery Blueprint

Feb 23
podcast with a friend of Eden Project, Mark Nason, "Why soil is so vital for people and planet health"

May 23
Foresight Sustainability Forum hosted at the Eden Project

Coming up
launch of the Foresight Nature Recovery Blueprint for Solar and further wildflower seed collections for the Foresight seed bank

EDEN PROJECT PARTNERSHIP CONTINUED

Foresight's Nature Recovery Ambition Statement sets out our ambition to drive nature recovery and deliver biodiversity enhancements across its portfolio. One of the larger initiatives underway with the Eden Project is the composition of a "Nature Recovery Blueprint," which will seek to guide land managers on the practical actions they can take to measure, manage and improve nature and biodiversity across their land holdings.

FSFL's solar portfolio is acting as the basis for this blueprint, and specific sites have been selected as potential pilot projects, where targeted approaches to sustainable land management and proactive, nature-focused interventions will be applied to try and maximise biodiversity gain. Sandridge solar farm is the first of these projects.

As one of FSFL's larger sites, it offers huge potential for the implementation of nature recovery interventions that have the ability to create meaningful change to the site's biodiversity.

One new project we are working on with the Eden Project is a trial installation of acoustic monitors on solar sites to assess asset biodiversity levels and ecosystem functionality. Continuous acoustic monitoring helps to obtain large swathes of evidence across a great area to inform on species presence, population density, population and community structures, species interactions and ecosystem functionality.

Ecoacoustic monitoring provides an innovative way to assess biodiversity on sites at a larger scale and will help Foresight to design site appropriate biodiversity enhancements.

eden project
Foresight's Sustainability Partner

15 LIFE ON LAND

FORESIGHT SEED BANK

Housed at the Eden Project's National Wildflower Centre, seed collection began in summer 2022 with further collections scheduled for summer 2023 across the infrastructure portfolio land under management. The seed bank will continue to build up its seed collection from across Foresight's UK sites.

The long-term intention is to redistribute these seeds for planting across Foresight's sites and they will be shared with community groups as part of the partnership's engagement and education around nature recovery.

WILDFLOWER SEED HARVESTING AT UPPER BAR FOREST (FSF INVESTMENT, INFRASTRUCTURE)

Here are some of the varieties of wildflower seeds we have harvested so far:

Whorled Caraway Carum verticillatum

Within Scotland, this species is only locally common in the West. This site provides an important stronghold population.

Tormentil Potentilla erecta

Common and easily identifiable, this species is often still in flower late-season.

Meadow Buttercup Ranunculus acris

An easy to identify species with large seeds, it was chosen to enable a wide range of ages to participate in the activity.

Harebell/Scottish Bluebell Campanula rotundifolia

Valuable species with a dust-like seed, though its seedheads can be difficult to spot.

Lady's Bedstraw Galium verum

A common and easily identifiable species with a sweet scent and wide-ranging uses.

04 SUSTAINABLE CULTURE

Foresight recognises that its people are its most important asset – indeed, Foresight is its people.

Foresight's long-term success is contingent upon providing an environment where we can flourish and feel the right balance of satisfaction and challenge, such that we can achieve extraordinary things. Part of this is a recognition that people are at their best in the long term when they are happy, and that happiness is contingent on feeling valued. Feeling valued in turn is a consequence of feeling that we have meaningful contributions to make.

We recognise that decisions – most certainly including investment decisions – are best made through open and constructive dialogue involving a diversity of viewpoints. And we believe that leadership within our organisation is most effective when it empowers the teams and networks within Foresight to do what they do best, to collectively solve problems and find new ways of working. We also extend these values to all of the external stakeholders in our business: our investors, our suppliers, the local communities within which our offices and investments are located and everyone else critical to our long-term viability. This is the way by which we seek to build a truly sustainable investment management firm.

SOCIAL VALUE

Measuring social value

Foresight Infrastructure division conducted an exercise to quantify the social value attributable to its entire portfolio using the Themes, Outcomes and Measures ("TOMs") framework. The National TOMs framework is widely recognised in the UK as the best standard for measuring and reporting on social value.

This methodology is now built in to their sustainability reporting tool allowing each Fund to have a view of their own contribution to social value. The social value metric ties specific measures to social outcomes, all of which have an associated monetary value, allowing for the calculation in monetary terms. Each monetary value is broken down and apportioned into three areas: benefit to individuals, benefit to the community and benefit to the government.

In the below instance, Foresight identified the commonalities between the TOMs framework and the metrics that it currently reports, resulting in the calculation of the JLEN portfolio's total social value.

- **Avoidance of greenhouse gas emissions worth: £52m**
- **Donations/contributions to local community projects: £432,756**
- **Promotion of local skills and employment worth: £239,310**
- **Total £52.6m**

This social value metric is now available to all infrastructure funds and as the integration of sustainability factors into investment and asset management processes continues to advance, social value potential may be included as a contributing factor to investment decision-making to inform where capital can be best directed.

More information can be found in JLEN's FY23 Annual Report.

PRIVATE EQUITY INVESTMENT

8 DECENT WORK AND ECONOMIC GROWTH

Fieldway Group (52.5% owned by regional buyout funds – North West and Nottingham funds) is an established contractor specialising in fire safety and electrical services throughout the UK, primarily to the Housing Association sector. The company offers 11 apprenticeships, with all completed apprenticeships resulting in full-time employment. Fieldway also offers work experience for disadvantaged individuals and hired a full-time employee who was classed as NEET (Not in Education, Employment, or Training). The engineers have all completed the Level 1 Safeguarding Vulnerable Adults training, which provides crucial skills for working with vulnerable adults within the social housing setting.

INFRASTRUCTURE FUND

The UK is experiencing a skills shortage as it looks to meet ambitious targets to plant more trees to combat climate change and satisfy a growing need for home-grown timber. Targets cannot be met without upskilling and expanding the forestry contractor workforce.

FSF in partnership with Tilhill Forestry Limited, the UK's leading forest management, timber harvesting and landscaping company, **launched its Skills Training Programme in the summer of 2022** to help young people within rural Wales gain employment in forestry within their local Welsh community.

Initially focused in Wales, FSF has now extended the programme into Scotland, with potential for further expansion into England in due course. The initiative aims to enable 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 seek employment in the forestry sector.

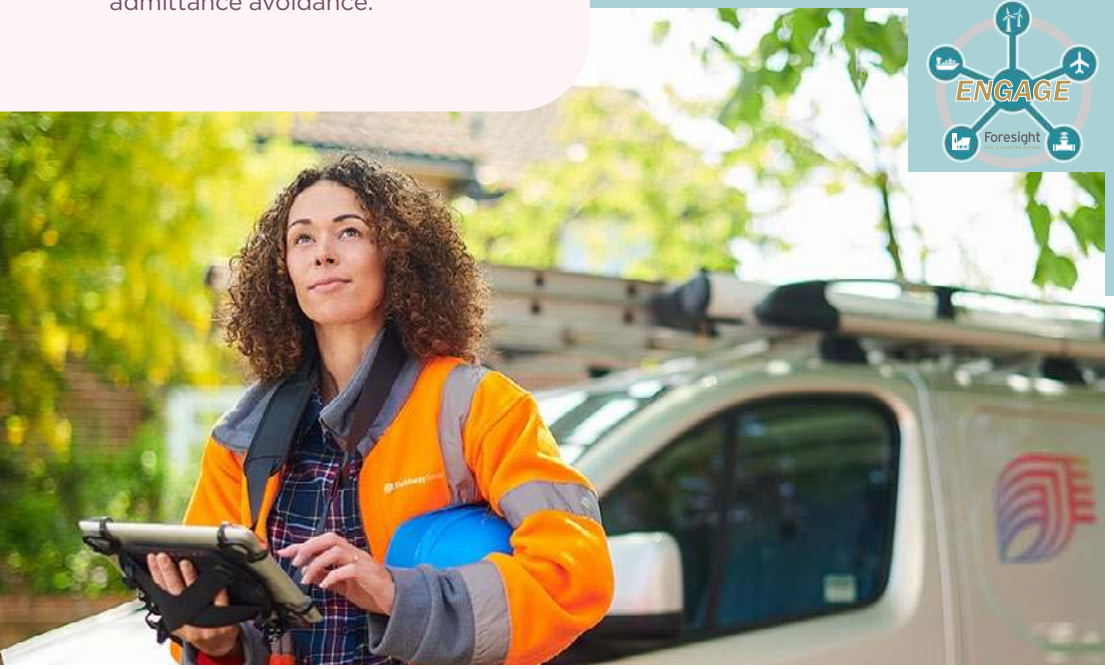
Over 50 applicants applied for the programme in 2022 and the four selected trainees have now completed their training over three separate weeks at Coleg Cambria Llysfasi, securing important qualifications in tree planting, chainsaw operating, tractor driving and much more. The costs of the course were fully funded by FSF.

The four trainees came from across Wales and from a variety of backgrounds. The skills, qualifications and safety equipment that the training has provided means they are now well-placed to work as contractors across the forestry industry and FSF looks forward to welcoming them to its sites in Wales, Two of these candidates have gone on to undertake paid work on FSF's Frongoch afforestation site.

COMMUNITIES

PRIVATE EQUITY INVESTMENT

Improving hospital at home and community care services as well as virtual ward technologies to the NHS, HomeLink provides a key service to an under-pressure NHS. The services **HomeLink** (VCT Funds 22.6% ownership) is focused on addressing issues around bed blocking, waitlist times and admittance avoidance.



Foresight ENGAGE

A forum to enhance portfolio value by activating shared resource knowledge across Group companies in our Australia region.

In 2021, Foresight established Foresight ENGAGE (formerly ICG CONNECT), a community that links portfolio companies together with the objective of enhancing business performance across the Group through knowledge sharing and collaboration. Foresight ENGAGE now has two established communities covering sustainability and health and safety, comprised of over 30 representatives from 17 portfolio companies. The intention is to role this out to other regions outside of Australia.

In its first year, its activities have included:

Presentations on mental health, safety culture, climate change impact on projects, supply chain innovation and sustainability value enhancement.

Sustainability workshops to extract learnings from GRESB benchmarking survey and identify focus areas for continuous improvement.

Asset peer reviews, site visits and working group to develop a best practice health and safety policy.

Over the last year, **Foresight ENGAGE** conducted workshops to improve sustainability across Group companies. Common areas of lower performance were identified as well as companies that had achieved strong performance in the same areas. Companies were encouraged to learn from each other and conduct peer reviews of their activities. **Ten out of twelve assets improved their ESG performance with the average GRESB score improvement a very material 29%. In one year!**

SMEs

As the backbone of Western economies, SME businesses are not only vital to a healthy economy, they are also a huge provider of employment, accounting for 61% of all jobs in the private sector. With investment from Foresight, coupled with our expertise, these companies demonstrate more resilience, more efficiency and a stronger impact over the long term, which leads to growth and job creation. By helping small business owners with their growth ambitions, to date Foresight has supported the creation of over 2,000 jobs across the North West of England alone. Moreover, we recognise that every employee at our portfolio companies is a strategic asset and we work with our management teams to foster inclusive and engaged workplaces.

AIB FORESIGHT IMPACT FUND

In July 2022, Foresight Group were appointed to manage a new SME equity fund in Ireland. The "AIB Foresight SME Impact Fund" backs businesses that are helping to accelerate Ireland's transition towards a low-carbon economy. AIB provided a cornerstone investment of €30 million to the Fund which aims to raise €75 million to stimulate job creation and ensure a greener future across Ireland.

AIB's initial investment was a 32.7% stake into Etag (investment stake matched also by Foresight's East of England Fund), a leading fast-growing building products distributor operating across Ireland and the South East of England. Etag is committed to promoting sustainable urbanisation and reducing the adverse environmental impact of cities. During Foresight's investment, Etag will seek to expand its range of environmentally friendly and sustainable building products, in addition to affordable insulation which will significantly improve building energy efficiency and reduce carbon.

PEOPLE AND SUSTAINABLE CULTURE TEAM

Foresight's HR Department, in partnership with the Executive Committee, has undertaken a rebranding initiative to reflect our commitment to our people and sustainable culture.

We are proud to introduce the People and Sustainable Culture Team, or PSC for short. PSC's mission is to create a sustainable culture that fosters employee growth, engagement and wellbeing, while also promoting sustainable business practices. That mission enables us to more closely align with our approach to responsible investing. We formulated a framework through research, ongoing engagement surveys, strategy meetings and workshops to formulate our Employee Value Proposition. That is a factor in attracting top talent and world-class levels of engagement, shown by our annual survey results. To maintain our focus on delivering the best possible employee experience we have doubled the size of our PSC team over the past year, with dedicated positions for Australia and Europe.

This shows commitment to a global mindset that allows our teams strategies to incorporate the cultural nuances of all our jurisdictions into a Foresight approach.

Employee values

Foresight is resolute in its dedication to enhancing the employee experience and support. We consistently search for innovative approaches to safeguard our strategies and frameworks for the future, ensuring that our staff feel appreciated and supported in all aspects of their work. Our objective is to maintain an inclusive and sustainable work environment that empowers our employees to prosper both personally and professionally. In 2022 Foresight Group established four employee value pillars that guide our culture and principles.

These four employee value pillars reflect Foresight Group's commitment to sustainability, ambition, integrity, and collective success, shaping the Company's culture and guiding its employees in making a meaningful and positive impact.

Reflecting on a successful year of embedding our Company values. Our commitment to **"Sustainable Impact"** has been particularly noteworthy, with colleagues nominating each other for demonstrating sustainable impact, and sharing numerous examples of positive behaviours and actions that reflect that as our core value.

The **"Achieving with Ambition"** initiative was equally successful. Team leaders highlighted the significant accomplishments of the past 12 months, while acknowledging the challenges that teams faced. The Retail Investor Relation Team was recognised by the Employee Forum panel as fully embodying our values and was awarded a cash prize for their outstanding achievements.

We continue to prioritise building **"Relationships with Integrity"** and to support this, our experienced sales team is rolling out a training session to teach the theory and steps behind creating such relationships throughout the organisation. In another example, the executive team members are taking part in a reverse mentoring scheme to better understand our diverse population as we continue to grow.

We are proud of our progress and remain committed to building on these successes to celebrate our fourth core value of **"Collective Success".**

Employee engagement survey

We are thrilled to share the results of this year's engagement survey, which achieved an outstanding participation rate of **86%** and overall Company engagement score of **76%**. These results not only place us above many of our peers, but also reflects a world class level of engagement, a great achievement as we acknowledge the two acquisitions we made last year.

In the annual employee engagement survey we have added new questions on charity and sustainability providing us with valuable insights into what we are doing well and where we can improve. We are committed to using this feedback to further enhance our employee experience and drive positive change in our business practices.

In the sustainability section we scored an average of 71. With the **top score, of 78**, in response to a question on our Company's sustainability efforts having a positive impact on the community and environment. Work will soon begin on how we can improve these scores year-on-year to ensure we build a sustainable culture that our employees can continue to be proud of.

LOOKING OUT FOR OUR PEOPLE

Adding the 'E' to I&D

We are pleased to announce that our commitment to Inclusion and Diversity ("I&D") now formally incorporates equity, a crucial component in addressing systemic barriers and disparities to foster a supportive and inclusive workplace culture for all employees at Foresight.

As part of this commitment, we are proud to launch our comprehensive DE&I Policy and I&D strategy this year, alongside a range of impactful initiatives designed to achieve our targets. Notably, our efforts to promote gender equality in both our gender split and have seen progress in our Women in Finance target, with 26% representation in senior leadership roles and bespoke Women in Leadership courses sponsored by our Chairman and with our CFO serving as Executive Committee sponsor.

Moreover, we have doubled our enhanced paid paternity leave and eliminated all barriers to taking paid maternity, paternity, or shared parental leave. These actions form part of our broader efforts to create a supportive and inclusive workplace where everyone can thrive.

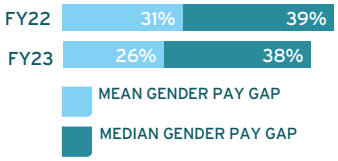
Foresight Group is proud to share the launch of our Pride Network on 8 December 2022.

From a three-person PSC team, we have grown to an 11-strong group across five offices in four countries, providing support and advocacy to the LGBTQ+ community at Foresight. Our successful LGBTQ+ History Month in February highlighted the challenges facing the community and promoted icons from our country offices. We are now making plans for Pride Month in June this year, with workstreams on allyship, governance and online content to ensure we are a global group.

26%

OF FEMALES IN SENIOR POSITIONS
(TARGET IS 30% BY 2030)

We are pleased to report our advancements in achieving gender equality, evident in our ongoing efforts to address both the gender split and the gender pay gap at Foresight. Our commitment to narrowing this gap remains steadfast as we strive for a more inclusive and equitable future. To reinforce this objective, we are actively developing a comprehensive DE&I framework that will serve as a solid foundation. Additionally, we are excited to introduce the Women in Leadership Programme – Elevate, which will be implemented throughout FY24



Employee wellbeing

We value the wellbeing of our employees and are dedicated to providing them with the necessary resources to thrive. We continue to prioritise their wellbeing and work towards creating a positive and supportive environment.

In light of the global impact of rising living costs on employees, we have launched a podcast series that provides support for mental, physical, sustainable and financial wellbeing. Our aim is to raise awareness and encourage our employees to prioritise their wellbeing, especially during these challenging times.

Additionally, Foresight sponsors all employees to have one Charity day per year to allow them to undertake an activity in support of a charity of their choice. Employees are encouraged to utilise those days, whether individually or as a group.

To further demonstrate our commitment to employee wellbeing, we are providing an additional payment of £500 (or equivalent currency) to each employee over the next year. We believe that this support will help our employees to stay healthy, motivated, and productive in their personal and professional lives.

LEARNING AND DEVELOPMENT

The PSC team is continually working on improving the employee offering in areas such as training, mentoring, and the new secondment programme.

Our internal line manager training course demonstrates a successful track record of enhancing leadership skills and knowledge of DE&I concepts. An enhanced course is being developed to rolled out to middle management, ensuring management of the highest standard is operating within Foresight, making ours a more skilled and equitable business.

Currently Foresight employees based in the UK receive mandatory training on a number of areas covering FCA requirements as well as other areas such as data protection, modern slavery and unconscious bias. In future, we will extend the mandatory training to other areas of the Group, as appropriate, and incorporate climate and wider sustainability related modules to ensure our service remains market leading. Proving our expertise when it comes to handling sustainability mandated, principled, and marketed funds is important to us to be able demonstrate and evidence.

In March 2023, a team of ESG specialist consultants from PwC gave the Foresight Board alongside the wider senior leadership team, a training session on climate and ESG regulations. The Foresight Board, together with members of Foresight's Executive committee and representatives from across the business, attended a training session focussed on climate and ESG regulations. The session was delivered by PwC and all attendees actively engaged with them. We intend to hold similar sessions over the coming year.

Additionally, the Infrastructure Sustainability team ran a Scoped Emissions training session for the JLEN board in February 2023. The aim of the session was to give the board an overview of scoped emissions and to develop an understanding of methodologies and challenges in capturing accurate scoped emissions data. The session will help JLEN get support from its board to undertake activities to improve accuracy of the fund scoped emissions data.

Human and labour rights

As we take action to address the risks of modern slavery, forced labour and human trafficking across our business operations, it has been an important target of ours to have a human and labour rights policy covering Foresight Group. This policy was written with the support and expertise of Ardea International, a consultancy specialising in sustainability, business, and human rights. In drafting the policy, we liaised with all business areas to understand current processes and set a precedent for improvement. The policy is significant due to the importance of the issue and to ensure we hold ourselves accountable.

Ardea International will also be working with us to address our approach to modern slavery across the UK, Europe and Australia.

THE YEAR AHEAD

"No doubt it will be another big year for investment managers in making it our ambition to financially facilitate the move to a sustainable economy with nature-based disclosures on the horizon alongside further mandated emissions reporting and embedding climate and sustainability risk into valuations among other areas.

I also expect to see further strides relating to human rights with mandatory HRDD (human rights due diligence) becoming further regulated across more jurisdictions and frameworks such as the PRI now incorporating it within their reporting requirements.

Our half year report will update you on the successes and content from our Sustainability Forum hosted in May 2023 at the Eden Project in Cornwall. A poll conducted at the end of that forum asked what dominant sustainability theme we may see over the coming year. Out of four options over half voted for scaling up the infrastructure needed to address climate and nature related challenges.

We're really proud of the work we've undertaken to develop a sustainability tool allowing our corporate business and the private equity portfolio to improve their sustainability reporting. This will position us to make better informed strategic decisions across Foresight particularly in relation to our carbon reduction plan and allow portfolio companies to truly demonstrate the value they create through their business models. We're looking forward to receiving the first round of data from our portfolio companies and supporting them on their journeys to take steps towards becoming more sustainable and better understanding their impact.

With improved data, Foresight Group can better inform and develop our Group sustainability strategy. This coming year we intend to undertake a materiality assessment to support our strategic ambitions across our investment streams and the corporate business."

Lily Billings,
Head of Sustainability,
Foresight Group

"Foresight Group have made great progress this year across all strands of sustainability and this is something we're incredibly proud of."

Foresight

FOR A SMARTER FUTURE

Foresight Group
The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu

THE DATA CONTAINED IN THIS REPORT, PRESENTS FORESIGHT'S VIEW AS AT 31 MARCH 2023. WHERE SUCH DATA WAS NOT EXTERNALLY VERIFIED, WE HAVE TAKEN MEASURES WE BELIEVE REASONABLE TO ENSURE THE DATA'S ACCURACY.