

NOMINATION COMMITTEE REPORT



The Nomination Committee has focused its attention on acquiring deep and meaningful insight into the quality of leadership throughout the Company and has been very encouraged by the initiatives being taken by the Group, particularly for the benefit of employees.

Mike Liston OBE

Chair of the Nomination Committee

Dear Shareholders,

I am pleased to present the Nomination Committee report for the year ended 31 March 2022.

Our priorities

This was our first full year as a committee of the Board of Foresight Group Holdings Ltd, which listed in February 2021. We have focused therefore on acquiring deep and meaningful insight into the quality of leadership throughout the Company in the key areas of culture, purpose, values and behaviours to assess the adequacy of skills, knowledge and independence amongst members of the Board and senior management on which the Company's performance in these key areas depends.

We have been afforded commendably comprehensive, unfettered access to every function and forum of management activity and have regularly been present throughout management and staff meetings across the entire organisation.

In addition, the Senior Independent Director, Alison Hutchinson, helped establish the Employee Forum, which she now chairs, and which was set up during the year with members representing a broad cross-section of the business at all levels. Her considerable experience in such forums is already proving valuable in promoting candid discussion and her formal feedback to the Board at each of its meetings has been a valuable aid to its engagement with employees.

The work of the Employee Forum and other vehicles such as the independently managed annual engagement survey have paid particular attention to wellbeing, diversity and inclusion. Whilst the findings have been very encouraging, management is responding to identified opportunities for improvement in areas including employee empowerment, flexible working policies and the alignment of benefits across the business and its jurisdictions.

Among its other activities, the Nomination Committee agreed a succession plan for the most senior executive groups, agreed a policy for Board diversity and inclusion and undertook a structured evaluation of Board effectiveness.

Inclusion and diversity

The Group remains committed to inclusion and diversity and approved a Board Diversity Policy during the year, which will remain under review, particularly in view of the FCA's new listing rules for diversity and inclusion, which came into effect for financial years starting on or after 1 April 2022. As can be seen from the Directors' Report, only one of the Board's five members is female. This is not compliant with the FCA's rules at this time and is explained by the small size of the Board at IPO and the absence of any recognised need to increase its size in the near future.

The Committee keeps under constant review the adequacy of the Company's leadership resource, especially as the scale and complexity of the business increases, and it is entirely convinced by the evidence of enhanced effectiveness brought to Boards by diversity and inclusion. The Committee has found no existing cultural or structural barriers for women, ethnic and other under-represented groups and the Company's policy is to use best endeavours in all future appointments to make continuous progress in achieving the FCA targets. More details of the Group's approach to inclusion and diversity can be found on page 58.

Diversity of Board and Senior Management

The FCA published a Policy Statement in April 2022 setting out the changes to be made to the Listing Rules as concerns diversity and inclusion on Boards. While those new Listing Rules come into force for financial years ending on or after 1 April 2022, the Board has opted for early adoption as recommended by the FCA.

Sex/gender	Number of Board Members	Percentage of the Board ¹	Number of senior positions	Number in Executive Management	Percentage of Executive Management ²
Men	4	80%	2	7	87.5%
Women	1	20%	1	1	12.5%
Total	5	100%	3	8	100%
Minority ethnic background ³					
White British or other White	5	100%	3	8	100%
Total	5	100%	3	8	100%

1. Senior positions include CEO, CFO, SID and Chair.

2. For Foresight, Executive Management includes the members of the Executive Committee and the Company Secretary. See Glossary on page 210 for full definition.

3. See Glossary on page 211 for full definition.

Non-compliance

The Listing Rules will require that at least 40% of the individuals on a company's board are women, that at least one of the senior positions on its board is held by a woman and that at least one individual is from a minority ethnic background.

Foresight listed on 4 February 2021 with its current Board composition. It is considered that the current size of the Company does not warrant a Board of more than its current number of five members, two of which are Executive Directors. The three Non-Executive Directors were selected due to their knowledge and experience. The Board is of the opinion that to increase the number of Directors on its Board would not provide value to the Company and would result in additional expenses. Also, that to change the Board at such an early stage after its listing would not be beneficial to the Company or its stakeholders. The Board has agreed that it will keep its composition under review and in the event of a change, for whatever reason, diversity and inclusion will be a key consideration in identifying and recruiting any new member.

NOMINATION COMMITTEE REPORT CONTINUED

Nomination Committee

Members of the Committee are Alison Hutchinson, Geoffrey Gavey and Mike Liston (Chair). There have been no changes in composition during the year.

Composition

There have been no changes in the Committee's composition during the year, which remains as all the Non-Executive Directors, with me as Chairman. The composition of the Committee meets with the requirements of the Code, including in relation to independence, and the continued appointment of each member is subject to their re-election at the 2022 AGM.

Board appointments

In accordance with its Terms of Reference, the Committee will make recommendations to the Board for any new Director and when considering Board appointments and succession planning, the Committee will have regard to the composition and structure of the Board, as well as the Board's diversity, balance of skills and experience.

Succession planning

The succession plan approved during the year outlined the Group's approach for ensuring the identification and development of talent internally was being actively pursued to ensure preparedness for eventual succession, planned or otherwise, including attractiveness to talent outside the Group.

The succession planning has seen a change in composition of the Executive Committee during the year. Other members of senior management are also incentivised to encourage talent retention and personal/business development.

Responsibilities

The Committee is responsible for ensuring that skills are appropriately and continuously reassessed to meet the evolving strategic needs of the organisation, while embracing the underlying imperative to create, retain and protect value for the benefit of both its Shareholders and wider stakeholders.

Board independence

The Board regularly takes steps to monitor the independence of the Directors, including the Conflicts of Interest Register being reviewed at each full Board meeting to ensure the Board is aware of any changes or updates to its members' positions. A formal process would also be applied in the event a new external member was proposed for appointment to the Board. The Committee is satisfied that these processes appropriately inform the assessment of a non-executive Director's independence. Having undertaken a review of each of the non-executive Director's independence during the financial year, the Committee considers that all the non-executive Directors are independent and there are no circumstances or relationships which could affect their independent judgment. In particular, the Committee considered Geoffrey Gavey's tenure on the Board, as an Independent Non-Executive Director, prior to the Company's IPO in 2021. During the review, the Committee noted that Geoffrey has not been an employee of the Group and does not participate in the Group's pension schemes and the Committee, therefore, continues to consider that there are no relevant factors that would impact his independence. The Committee will continue to consider the independence of the Board as an ongoing objective.

Committee meetings

It remains the case that Committee meetings may be attended by the Executive Directors upon invitation. The only meeting the Executive Directors were not invited to was the meeting of 2 March 2022 to review the Board effectiveness evaluation. The Committee's activities aim to fulfil its Terms of Reference, which can be found on Foresight's website: <https://www.fsg-investors.com/corporate-governance>.

The number of Committee meetings held during the year exceeded the minimum required and attendance was as follows:

Member	3 December 2021	2 March 2022	25 March 2022
Mike Liston	✓	✓	✓
Alison Hutchinson	✓	✓	✓
Geoffrey Gavey	✓	✓	✓

Board effectiveness evaluation

During the year the Committee conducted a Board effectiveness evaluation by anonymous questionnaire, which tested Board performance in the key components of strategy, risk management and governance and whether it was properly leveraging the core drivers of process, conduct and talent. The findings were favourable overall and weaknesses, where observed, were administrative and not unusual in a company so new to the reporting rigours of a Premium LSE listing. At least one of the next two annual evaluations will be independently facilitated.

2021/2022 Internal Board effectiveness evaluation process

01 Initiate process	02 Collation of responses	03 Committee review	04 Report to Executive Chairman
The evaluation questionnaire was produced by the Chair of the Nomination Committee and Company Secretary with both scored and open text sections. This was circulated to the Board members for completion in January 2022.	The Company Secretary collated all responses on an anonymous basis into a single, consolidated document, which was then circulated to the Board members.	The Nomination Committee reviewed the results on 2 March 2022 and various points were highlighted for discussion with the Executive Chairman.	The Senior Independent Director met with the Executive Chairman in March 2022 to discuss the points highlighted.

Key findings

- Overall, the scored results were middle of the range, based on a scoring range of 1-4 with 1 being the lowest score and 4 being the highest
- It was acknowledged that the Board had worked together for one year and that the scores were considered to be in line with expectations for such a new Board
- It was noted that Board reporting was continually evolving with senior management responding to the Board's requirements
- The Board's interaction with senior management was also evolving with the introduction of an annual meeting with key team leaders and initiatives for connection with staff via the Senior Independent Director as the Board's workforce engagement representative
- No changes proposed to the current Board composition
- That an external evaluation will be sought in 2023-2024

Re-election of Directors

It is the Committee's recommendation, and in compliance with the Company's Articles of Association and the Code, that all Directors will retire at the forthcoming AGM and offer themselves for re-election. This recommendation was made following the Committee's consideration of the collective skills, knowledge and experience of the Board and of each Director's contribution towards achieving the Group's strategy and the creation of long-term value for stakeholders. All Directors have confirmed their willingness to be re-elected.

On behalf of the Nomination Committee

Mike Liston

Chair of the Nomination Committee

11 July 2022