

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

The Company

The Company, Foresight Group Holdings Limited, is a public company incorporated in Guernsey and is listed on the London Stock Exchange Main Market with a premium listing.

Subsidiary undertakings

The Company operates via its various subsidiary undertakings, which are domiciled in a number of jurisdictions globally. A list can be found in note 16 to the financial statements, which notes the domicile of each undertaking at the date of this report.

Compliance with the UK Corporate Governance Code (the "Code")

It is a requirement of Listing Rule 9.8.7R that the Company must comply with the Code, which is published by the Financial Reporting Council, or explain in its Annual Report and Financial Statements any areas of non-compliance and the Company's reasons for this. A copy of the Code can be found at www.frc.org.uk.

The Directors remain committed to comply with the Code, and it is intended that any areas of non-compliance must be justifiable. Those areas are noted below:

Provision	Explanation
9, 19	The Code recommends that the role of chairman and chief executive officer should not be exercised by the same individual. On and since Admission, Bernard Fairman has exercised the role of Executive Chairman, combining the role of chairman and chief executive officer, which does not comply with the UK Corporate Governance Code. He has also been on the Board longer than nine years. The Nomination Committee and the Board continue to consider that the role of an Executive Chairman is in the interests of Shareholders in order to utilise the proven leadership qualities and significant experience of Bernard Fairman to ensure the ongoing commercial success of the Group. Furthermore, Bernard Fairman was one of the founders of the Company in 1984 and can therefore provide stability and continuity through his detailed understanding of the Group's operations and the markets in which it operates.
26	Due to the size of Foresight Group, it has not been considered necessary to appoint an internal audit function; however, this matter will remain under constant review of the Board and Executive Committee.

Disclosure Guidance and Transparency Rules ("DTRs")

The Company complies with the corporate governance statement requirements of the FCA's DTRs by virtue of the information included in the Governance section of the Annual Report and Financial Statements.

Relationship Agreement - controlling Shareholder

As at 31 March 2022, Beau Port Investments Limited (the investment vehicle through which Bernard Fairman holds his shares) held, together with its concert parties, 44.9% of the Company's issued share capital. Consequently, under the Listing Rules, Bernard Fairman was, and continues to be, a controlling Shareholder of the Company.

Pursuant to Listing Rule 9.8.4, the Company has entered into a relationship agreement with Bernard Fairman, Beau Port Investments Limited and other parties with whom they are deemed to be acting in concert (the "Relationship Agreement"). Since the date of the Relationship Agreement, the Company has complied with the mandatory independence provisions in the Relationship Agreement and, as far as the Company is aware, Bernard Fairman, Beau Port Investments Limited and the other parties to the Relationship Agreement have also complied.

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UK Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4 which have not been disclosed elsewhere in this Report. Details of long-term incentive plans can be found in the Remuneration Report.

Securities dealing code

In accordance with the UK Market Abuse Regulations, the Company has adopted a Securities Dealing Code and Securities Dealing Code Guidance that sets out their responsibilities for ensuring compliance when dealing in the Company's shares. The Code and Guidance have been shared with all persons named as insiders from time to time, including the Company's Directors, other PDMRs (persons discharging managerial responsibility), external parties and certain employees, and those documents are also available to all employees via the Foresight Governance and Compliance Library.

Results and dividends

The Consolidated Statement of Comprehensive Income is set out on page 151 and shows the results for the year ended 31 March 2022.

The Directors recommend that the Company pays a final dividend for the year ended 31 March 2022 of 9.8 pence per share, to be paid on 14 October 2022.

Principal activities, review of business and future developments

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

The review of the business and a summary of future developments are included in the Executive Chairman's statement on pages 2 to 4 and in the Strategic Report on pages 5 to 106.

Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging principal risks and uncertainties affecting the Group. These risks and uncertainties are explained in the Risks section on pages 96 to 105.

Directors

The names and details of the Directors serving at the date of this report are provided on pages 110 and 111. The Directors who served during the period under review were:

- Bernard Fairman, Executive Chairman
- Gary Fraser, CFO/COO
- Geoffrey Gavey, NED
- Alison Hutchinson, Senior Independent NED
- Mike Liston, NED

In accordance with the Company's Articles of Incorporation, all Directors will stand for re-election at the forthcoming Annual General Meeting of the Company. The Board believes that it is in the best interests of Shareholders that the Directors listed for re-election be re-elected.

Board diversity

See the Nomination Committee report for our update on Board diversity following the Listing Rules changes in April 2022.

Directors' indemnity

The Company has maintained a Directors' and Officers' liability insurance policy on behalf of the Directors, indemnifying them in respect of certain liabilities that may be incurred by them in connection with the activities of the Company. This policy does not provide cover for fraudulent or dishonest actions by the Directors.

Articles of Incorporation

The Company's Articles of Incorporation are available upon request from the Group Company Secretary and at the AGM. A copy has also been published in the Shareholder Centre on the Company's website: <https://www.fsg-investors.com/>

Share capital and voting rights

The Company's capital structure and details of share movements during the year are shown in note 27 to the financial statements.

No shares were issued during the year; as at 31 March 2022, there were 108,333,333 Ordinary Shares ("Shares") in issue of nil par value. The Shares are quoted on the Main Market of the London Stock Exchange.

Details of substantial shareholdings and control can be found in the table overleaf. Shareholder rights and entitlements are as follows:

- Shareholders are entitled to dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company
- On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share. Any Shareholder entitled to more than one vote need not cast all votes in the same way
- Shareholders are entitled to participate in any surplus assets in a winding up in proportion to their Shareholdings

Allotment of Shares

At the Company's AGM held in 2021 (the "2021 AGM"), the Shareholders have authorised the Directors to issue Shares in the Company's Share capital of up to two-thirds of the issued Share capital. It is the Directors' intention to seek the renewal of this authority by Shareholder resolution which will be set out in the notice of the forthcoming AGM (the "2022 AGM").

Also at the 2021 AGM, the Shareholders authorised the Directors to allot Shares without application of the pre-emption rights contained in Article 5.1 of the Company's Articles equivalent to approximately 5% of the Company's issued Share capital until the conclusion of the 2022 AGM.

The Directors will also seek to renew this extra authority by proposing a special resolution be passed at the 2022 AGM provided the extra 5% is used only in connection with the financing (or refinancing) of an acquisition or specified capital investment as contemplated by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in 2015.

Purchase of own Shares

At the 2021 AGM, the Company was authorised to buy back up to 10% of its own Shares by market purchase until the conclusion of the 2022 AGM. The Directors will seek to renew the authority to buy back up to 10% of its issued share capital at the 2022 AGM. This power will only be exercised if the Directors are satisfied that the purchase is in the interest of Shareholders and was not exercised during the year.

Relations with Shareholders

The Board recognises the importance of regular and effective communication with Shareholders, particularly the need for open communication on the Company's strategy. As a result, the Executive Directors and members of senior management have regular dialogue with the Company's major Shareholders to ensure that their views are communicated fully to the Board.

Other forms of communication typically include the annual and interim financial statements, announcements released to the London Stock Exchange, the AGM and regular face-to-face meetings with major Shareholders and management. These meetings enable the Executive Chairman and the CFO to update Shareholders on strategy and the Group's performance. The Company also has an ongoing programme of individual meetings with institutional Shareholders and analysts following the preliminary and half-year results presentations.

As soon as practicable following the conclusion of any general meeting, the results of the meeting are released through a regulatory news service and a copy of the announcements placed in the Shareholder Centre on the website <https://www.fsg-investors.com/shareholder-centre>. In the event that 20% or more of votes were cast against any resolution at a general meeting, an explanation of the actions proposed to be taken in response would be outlined.

The Shareholder Centre on the Company's website includes Annual and Half-year Reports, notices of meetings and other governance-related material, such as investor presentations and marketing materials.

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Substantial interests

At the Company's year end, 31 March 2022, and as at 11 July 2022, being the date this Annual Report and Financial Statements was finalised for publication, the following were the only substantial holdings representing 5% or more of the Company's total voting rights notified to the Company pursuant to DTR 5.

Beneficial Shareholder	Number of Shares	% of issued share capital
Beau Port Investments Limited ¹	32.32m	29.84%
Jupiter Fund Management PLC	7.90m	7.3%
Slater Investments Limited	6.00m	5.5%
Janus Henderson Group PLC	6.74m	6.2%
Liontrust Investment Partners LLP	5.49m	5.0%

1. A private company wholly and beneficially owned by Bernard Fairman, through which his Company shares are held.

Miscellaneous disclosures

- The Directors' powers are conferred on them by Guernsey company law and by the Articles of Incorporation.
- A statement showing the interests disclosed to the listed company in accordance with DTR 5 as at the end of the period under review and:
 - all interests disclosed to the listed company in accordance with DTR 5 that have occurred between the end of the period under review and a date not more than one month prior to the date of the notice of the annual general meeting; or
 - if no interests have been disclosed to the listed company in accordance with DTR 5 in the period described in (a), a statement that no changes have been disclosed to the listed company.
- The provisions concerning the appointment and replacement of Directors are contained in the Company's Articles of Incorporation (which in line with the UK Corporate Governance Code require the Directors to be subject to annual re-election) and the Companies (Guernsey) Law, 2008.
- The Company's Shares have been admitted to trading on the London Stock Exchange and may be traded through the CREST system.

- There are no restrictions on the transfer of the Company Shares other than those restrictions which may from time to time be imposed by law; for example, insider trading law.
- The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities and/or voting rights.
- With respect to the UK's Market Abuse Regulation, all Group employees are required to seek the approval of the Company to deal in its Shares.
- The Company's Articles of Incorporation may only be amended by special resolution at a general meeting of Shareholders. A copy of the Articles has been published in the Shareholder Centre on the Company's website: <https://www.fsg-investors.com/>
- The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.
- The Sustainability section of this Annual Report and Financial Statements sets out the Group's approach to greenhouse gas.
- The Company has no branches but certain of its subsidiaries have branches in the UK and elsewhere.
- Details of the financial instruments utilised by Foresight and the associated risks are described in note 30 to the financial statements.

- Likely future developments in the Group's activities are noted in the Strategic Report.
- Foresight has not conducted any activities in the field of research and development.

Engagement with stakeholders

The Directors are required to promote the success of the Company as a whole and, in doing so, have regard to a range of stakeholders. A list of the Group's key stakeholder groups is provided on pages 83 and 84 along with a brief description of the way in which the Group has engaged with them.

Financial risk management objectives

The Group's financial risk management objectives can be found in note 30 to the financial statements.

Website publication

The Board is responsible for publishing the audited Annual Report and Financial Statements on the Company's website in accordance with applicable legislation governing the preparation and dissemination of financial statements. The Board is responsible for the maintenance and integrity of the Company's website, as well as the information published therein, including the Company's financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor's right to information

So far as each of the Directors is aware, there is no relevant audit information (as defined by section 249 of The Companies (Guernsey) Law 2008) of which the Company's Auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Post-balance sheet events

On 13 June 2022, the Group announced the acquisition of the technology ventures division of Downing LLP, including the management of Downing's venture capital trusts, Downing ONE VCT Plc, Downing FOUR VCT Plc, and the Downing's Ventures Enterprise Investment Scheme, representing a combined AUM of c.£275 million. The Group will pay an initial consideration of c.£13.6 million, with a further consideration of up to £4.2 million payable over a three year period subject to the achievement of certain criteria, and an additional capped fee sharing arrangement in respect of future performance and other fees. The acquisition will be funded from existing financial resources and will diversify the Group's existing ventures offering.

Completion of the acquisition was on 4 July 2022.

Donations and political expenditure

As can be seen in Our Stakeholders on pages 83 and 84 Foresight supports charities and undertakes charitable initiatives as part of its engagement with staff and communities.

No donations of a political nature have been made during the year.

Going concern

After making enquiries, the Directors have formed a judgement that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing the Company's financial statements.

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

The Annual Report and Financial Statements complies with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code in respect of the requirements to produce annual financial accounts. The Annual Report and Financial Statements are the responsibility of, and have been approved by, the Directors. In that regard, the Directors confirm that to the best of their knowledge:

- The Annual Report and Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") for the year ended 31 March 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole

- The Strategic Report (contained on pages 5 to 106) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Directors consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position, performance, business model and strategy

AGM

The Annual General Meeting will be held on 10 August 2022 at the below address. A copy of the Notice of Meeting can be found on the Company's website.

Voting at the AGM will be facilitated by proxies for those unable to attend. The registrar will provide proxies to each of the registered Shareholders and a blank copy will be available on the Company's website: <https://www.fsg-investors.com/>. Details of CREST voting are provided in the Notice of AGM, which will also be posted to registered Shareholders and be published on the Company's website. Shareholders are welcome to submit questions for the Board to the Company Secretary by 1.00 pm on 8 August 2022.

By Order of the Board

Jo-anna Nicolle

Company Secretary

11 July 2022

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