

OUR STAKEHOLDERS

We are accountable to our stakeholders and aim to have constructive, two-way relationships with them, so we can consider their perspectives, insights and needs.

Our stakeholder relationships

We recognise the fundamental roles our stakeholders play in our continued success. By taking account of their views, we can ensure the outcomes of our operational, investment and strategic decisions are more robust and sustainable. It is important and appropriate that we keep our stakeholders well informed.

We aim to report clearly on our economic, environmental and social impacts, and to be transparent about our approach to sustainability considerations, both in our business activities and as a corporate entity.

The Executive Committee provides details of stakeholder feedback to the Board in various forms.

The Board also has the opportunity to access all main stakeholders directly. More information on how the Board engages can be found in the section 172(1) statement on page 86.

The table on the following pages summarises our stakeholder engagement in the year and the outcomes of that engagement:

CASE STUDY: LISTING FORESIGHT SUSTAINABLE FORESTRY

How the Company engaged with key stakeholders

Foresight Sustainable Forestry Company plc (“FSFC”) is the first and only UK listed investment trust focused on UK forestry, afforestation and natural capital. Pre and post-IPO, extensive engagement with an extensive set of stakeholders took place:

The below illustrates the effects of Foresight’s stakeholder considerations for long-term consequences of decisions, fostering relationships, maintaining reputation and community impact, as set out in our Section 172 statement (page 86).

Pre-IPO – extensive engagement programme with potential listed market investors and early market testing with c.10 leading institutional investors provided valuable feedback on the proposed strategy. More extensive ‘pilot fishing’ followed with over 100 institutional investors. This engagement resulted in Foresight adjusting the strategy to better meet investors requirements, including increasing the target allocation to afforestation and providing investors with a greater level of exposure to nascent voluntary carbon markets.

Post-IPO – series of stakeholder engagement sessions including:

- Local community meeting on proposed afforestation schemes
- Community planting days for schoolchildren to learn about biodiversity conservation, new silviculture skills, and the importance of healthy forests to the wider world
- Forestry skills training programme in Wales sponsoring members of the local farming community to receive training, mentoring and equipment to enable careers in forestry
- Promoting local tourism and job creation by working to install luxury glamping pods across several afforestation sites
- Engaging with several renewable energy developers to explore the co-location of renewable energy generation

Ongoing – FSFC is highly engaged with various industry and regulatory bodies including:

- the Woodland Carbon Code, who have been in consultation about making changes to the voluntary carbon credit additional criteria, and
- the London Stock Exchange on its proposed Voluntary Carbon Market (“VCM”) designation.

Strategic pillars



Stakeholders





SHAREHOLDERS



Institutions and individual investors who own shares in the Company.

Reason for engagement

Shareholders own Foresight Group and are entitled to timely and accurate information from the Board. Shareholders also have the right to vote on important Company matters at the Annual General Meeting (“AGM”) and to be consulted on significant corporate actions.

Activities

We keep our Shareholders and the market apprised of important developments in the business via RNS announcements throughout the year. Any interested party can sign up to receive Foresight Group RNS alerts through our corporate website. We also run an extensive investor engagement programme that enables our Shareholders to meet our Executive Directors and Group Investor Relations Director at conferences, investor roadshows and on an ad hoc basis.

The Board receives verbatim feedback from our investor base at least twice annually following our results roadshows, which enables them to keep abreast of the areas of focus for this stakeholder group.

Outcomes of engagement

This engagement highlighted the growing interest in ESG among our investors. In response, we have initiated a plan to reach net zero by 2050 and offset our scope 1, 2 and 3 emissions. We are also in the process of introducing sustainability metrics into the long-term incentive plan.



STAFF



Staff, members and Partners of Foresight Group, who may also be Shareholders.

Reason for engagement

Our people are our most valuable asset. They hold the expertise, knowledge and talent on which the Group’s success is built. Engagement helps us to understand their views of Foresight as an employer, helping us to attract, retain and develop the best people.

Activities

We share the results of our annual engagement survey with all staff. Heads of departments also receive their team results, along with individual managers. Their results are then considered so they can drive improvements where needed. Our Employee Forum was established in February 2022 and is chaired by our designated NED for workforce engagement and a Partner from the senior leadership team. It helps to shape the culture at Foresight and also provide direct employee feedback to the Board.

The HR team works with team heads on talent mapping, succession planning, career development, remuneration, appraisals and promotion. We also support professional qualifications.

Outcomes of engagement

As a result of listening to staff, we have been working on improving our benefits. This includes financial benefits, such as pensions, as well as non-financial aspects such as the ability to have greater interaction with charities and take part in community-led projects.

We have also understood the need for better communication. As such, we have embarked on our Employee Value Proposition and are committed to becoming better at communicating our people strategies.



CLIENTS, ADVISERS AND INVESTORS



We create funds for, and provide services to, pension funds and other institutions. We also offer retail funds, which we sell via advisers to retail investors.

Reason for engagement

Clients and investors are our lifeblood. We need to provide them with their expected risk-adjusted returns and a high-quality service, to ensure they continue to invest in our products. Financial advisers and wealth managers are key distribution channels for selling our products to retail investors.

Activities

The Investor Relations Teams (Institutional and Retail) ensure investors receive the reporting and support they need.

The Retail Sales Team works with financial advisers and wealth managers to educate and provide training on our products, and information and advice on the suitability of new products to target investor types.

Outcomes of engagement

Having engaged with clients, intermediaries and investors (via their advisers where appropriate) by video call during the pandemic, we have stepped up face-to-face meetings in recent months. Our engagement showed demand for self-service tools to improve efficiency, so we are introducing a client portal, which will enable these stakeholders to obtain information and reports when they need it.

OUR STAKEHOLDERS CONTINUED



COMMUNITIES AND CHARITIES



These include the communities in which investee companies operate, communities local to the Group's offices and charities selected by our staff.

Reason for engagement

We have a strong sustainability and ESG culture, which extends to the communities around our investee companies and office locations, and support for charities that are either relevant to our business or important to our people. Engagement helps us to create social value, which we recognise as an increasing demand on all businesses.

Activities

We support communities by ensuring investee companies recognise and uphold our ESG values and standards. This is enabled by our due diligence process and ongoing monitoring and reporting post-investment. Our activities also include charity days, with the Company providing a budget to support charitable projects.

Outcomes of engagement

Through the Future VC programme, we support people from backgrounds that are underrepresented in the investment industry by providing work placements.

We continue to work with the Sacred Heart High School and will be running a number of business breakfasts, skill-based workshops, mentoring sessions and placements for their students.

In FY22, the Group provided funding for charitable causes, as well as other support such as donations of computer equipment.



SUPPLIERS AND SERVICE PROVIDERS



This stakeholder group includes the suppliers of business critical services to companies within the Group and/or the Group's funds. We carefully select our service providers, as the services they provide are effectively an extension of our own, as they impact the service to our clients and to our business, and can therefore affect our reputation.

Reason for engagement

Certain areas of our operations rely on the support of third-party service providers. Engagement helps to ensure we continue to receive a high-quality and reliable service, in turn underpinning the quality and efficiency of our operations and that of our funds.

Activities

Our engagement with our largest and regulated service providers includes periodic due diligence visits. We also carry out appropriate due diligence when selecting suppliers and they may also conduct due diligence on us, for example where required to by regulation.

Outcomes of engagement

We have continued to enjoy good relationships and to receive appropriate standards of service from our key suppliers.

As a result of our ongoing due diligence programme for key/significant suppliers/service providers, we are able to ensure they provide the level of service required in accordance with the contracts and any service level agreements. This also allows us to manage service issues as/if they arise.



REGULATORS AND INDUSTRY BODIES



A number of the Group entities located in the UK, Luxembourg, Jersey and Guernsey carry out regulated activities and are therefore subject to regulatory oversight in these jurisdictions and the USA. Several of our funds utilise government tax incentives, subsidies and other initiatives. We also engage with a wide range of UK and global industry bodies and initiatives that are relevant to our business and industry.

Reason for engagement

To maintain our licences and authorities to carry out regulated activities, we need transparent and open relationships with regulators. The industry bodies and initiatives we align with often set standards for our businesses or represent the industry's views with governments and others.

Activities

Compliance teams in our regulated business locations ensure we comply with local regulations and make all required filings. The teams may also support regulatory consultations and thematic reviews.

We are active participants in bodies such as the CBI and the AIC and attended COP26 during the year.

Outcomes of engagement

We have maintained transparent relationships with regulators and ensured compliance with regulatory requirements.

Our work with industry bodies enables us to provide input to government policy initiatives, such as helping to formulate policy in relation to SME funding in the long term.

CASE STUDY: CONSIDERING EMPLOYEE INTERESTS

Background

The Board understands the critical importance of the Group's employees to its current and future success. The Directors regularly meet with senior management below Executive Committee level, to receive updates on specific parts of the business and to increase their insight into employee issues.

As a result of these meetings, the Directors determined that a formal channel for employee feedback would be valuable, resulting in the creation of the Employee Forum during the year. The Forum is chaired by Alison Hutchinson, who is our designated Non-Executive Director for workforce engagement.

The creation of the Forum has subsequently led to the Board commissioning an employee value proposition for the Group.

This has involved considerable staff engagement at all levels, to understand what sets Foresight apart as an employer, what staff expectations are and what changes our people would like to see. The output from this work will help the Group to attract and retain the talent we need and will be reviewed by the Executive Committee and recommended to the Board for approval when complete. For more information on the EVP, please refer to pages 16 and 17.

Impact of the decision

While the Group's employees have been the primary focus of this work ensuring that the Group retains talented people with high levels of job satisfaction, this is also crucial for all our stakeholders, including the returns and service quality our clients receive and the successful execution of our strategy on behalf of Shareholders. The creation of the Employee Forum and the employee value proposition are therefore expected to have important long-term benefits for the Group and its stakeholders.