

REMUNERATION COMMITTEE REPORT



The Remuneration Committee's aim is to establish and maintain appropriate remuneration policies which promote long, term value for Shareholders through transparent alignment with the Board's corporate strategy.

Mike Liston OBE

Chair of the Remuneration Committee

Dear Shareholders,

I am pleased to share the report of the Remuneration Committee for the year ended 31 March 2023, which includes a summary of findings of the Committee's review of our existing remuneration policy and details the remuneration received by the Directors during the year and our implementation of the policy for the year ahead.

Executive Director policy review

In my 2022 report, I announced our appointment of remuneration consultants, Korn Ferry, to assist the Committee's thorough review of the Company's remuneration policy. This policy had been formulated at the time of IPO in 2021 and whilst compatible with the UK Corporate Governance Code it implied a heavy dependence on the historical shareholdings of the Executive Directors for their remuneration post-IPO. Whilst it is commendable that those Directors have continued to exhibit under public ownership the same extraordinary "owners' mentality" that has driven the Company's success since founding, misalignment with market salary norms and performance incentives threatens, in the Committee's view, the Company's ability to attract new leadership talent to provide for ongoing rapid growth and eventual succession. In addition, the Committee is keen to ensure that its current Executive Directors are appropriately incentivised and rewarded for their post-IPO roles.

The purpose of the review was to establish the policy's adequacy to support the delivery of the Board's strategic objectives and in this respect its remit extended also to the level immediately below the Board, where legacy remuneration arrangements posed a number of strategic risks.

This undertaking was our primary focus in the period and involved close engagement with senior management across all business units as well as the Executive Directors. I am grateful for the goodwill, candour and integrity which has been shown by all involved. The review concluded that whilst changes to the current remuneration policy are needed to address some anomalies to align with market norms and to support the delivery of business strategy, these changes are more important than urgent and can wait until the next triennial vote by Shareholders when the remuneration policy is put to the Company's 2024 AGM. It is envisaged that the principal change to be proposed at that AGM will be the introduction of an annual bonus opportunity. This short-term performance incentive will complement the longer-term Performance Share Plan which is already in place for senior management but to which the Executive Directors have hitherto not participated. The Committee regards its highest priority now as the development of appropriate financial and non-financial performance criteria to calibrate both these incentive mechanisms against the achievement of the Foresight business strategy. I will engage with key Shareholders ahead of the 2024 AGM to seek feedback on the proposed introduction of an annual incentive plan and these performance criteria and other features of the proposed policy changes.

Review of senior management remuneration

As mentioned above, we extended the policy review to include below-Board senior management remuneration and we have implemented a number of changes for FY24, which we consider important for the future recruitment and retention of key managerial talent. Monitoring the effectiveness of these changes will be an important part of our work described above, given our aim to achieve alignment of Executive Director and senior management remuneration to support our business strategy and the Company's long-established aim of succession from within.

REMUNERATION COMMITTEE REPORT CONTINUED

Operation of the policy for FY24

The Committee believes that the Executive Directors should receive a fair and appropriate level of remuneration for their roles, reflecting their skills, responsibilities, experience and contribution to the business and that their personal shareholdings should not be considered when determining their remuneration. The Executive Directors do not currently receive any incentive pay, nor pension contributions, and whilst these matters will be considered in the policy proposals being brought to the 2024 AGM, a more immediate anomaly concerning fixed pay for our CFO/COO, Gary Fraser, has been addressed within the terms of the current policy.

The policy review confirmed that whilst the Executive Chairman's total remuneration is substantially below market (largely because of the absence of incentive pay) its salary ranks at median amongst a peer group of FTSE Small Cap companies of comparable size. Accordingly, that salary will remain unchanged at £550k for the year ending 31 March 2024. However, the CFO/COO's remuneration is significantly below market in both salary and total remuneration. The Committee is alert to investor concerns regarding increases in fixed pay and the preference for any increases to be made gradually in several tranches. However, the magnitude of the gap to market is so profound that the Committee decided to correct the historical anomaly with a single salary increase to £350k for FY24. That is still below the fixed pay median of the peer group of CFOs and it is also noted that the CFO at Foresight Group also fulfils the role of COO.

When reviewing the CFO/COO's base salary the Committee also noted investor preference for increases in remuneration to be made through incentives rather than fixed pay. It is not currently possible for the Executive Directors to participate in the Group's Performance Share Plan because of restrictions put in place as part of a concert party agreement on IPO. This matter will be considered alongside annual bonus participation as part of the policy changes to be brought to the 2024 AGM. While noting the benefits of introducing an element of performance-related pay, the Committee's firm view, and one that it believes investors will understand and support, is that the Executive Directors must also receive an appropriate level of fixed pay.

There are no other changes to the operation of the policy for FY24.

Shareholder views

I have reached out to our largest Shareholders to explain the remuneration decisions that the Committee has made for FY24 and thank those investors that have provided feedback. Should you have any questions or wish to provide feedback on our approach, please reach out to the Company Secretary. I look forward to further engaging with you as we prepare our new remuneration policy for approval at our 2024 AGM.

Conclusion

Our commitment to cultivating a culture of fairness and transparency is reflected in our steadfast approach to remuneration practices. We recognise the importance of continually monitoring and evaluating our strategies to ensure they remain aligned with the ever-evolving dynamics of the market.

I look forward to receiving your support for the Shareholder resolution to approve our 2023 Remuneration Report. Your invaluable backing enables us to further our commitment to fair and transparent remuneration practices, driving sustained growth and maximising Shareholder value.

On behalf of the Remuneration Committee

Mike Liston

Chair of the Remuneration Committee

3 July 2023

REMUNERATION COMMITTEE REPORT CONTINUED

Committee governance Composition

The Committee was formed on 3 February 2021 as part of the preparations for the Company's IPO. Its membership comprises three Non-Executive Directors: Mike Liston (Chair), Alison Hutchinson and Geoffrey Gavey.

The UK Corporate Governance Code recommends that before appointment as Chair of the Remuneration Committee, the appointee should have served on a remuneration committee for at least 12 months. Mike Liston fulfils this requirement, having served on the Remuneration Committee of JTC plc for several years.

Committee meetings

The Committee meets at least twice each year, inviting such attendees, in an advisory capacity, as are considered necessary and appropriate to the business to be discussed.

During the year ended 31 March 2023, the Committee met four times. The Committee reviewed the Executive Directors' and wider Group remuneration policy as well as implementation of the policy for FY24 for both the Executive Directors and other members of the senior management team, including the annual bonus and Performance Share Plan awards for participants below the Executive Director level.

Responsibilities

As part of the preparation for Admission, Terms of Reference ("ToR") were defined and documented for the Committee, which reflect the current statutory requirements and best practice appropriate to a Company of Foresight's size. A copy of the ToR can be found at <https://foresight.group/corporate-governance?tab=Board%20Responsibilities>

The Committee is principally responsible for determining, in accordance with the principles and provisions of the Code, the policy for the Directors' remuneration and setting remuneration for Executive Director(s) and senior management (as defined in the Code), being the Executive Committee and the Company Secretary (the "Executive Group"). No member of the Executive Group is involved in any decisions as to their own remuneration.

The Board itself, or, where required by the Articles of Incorporation, the Shareholders, determine the remuneration of the Non-Executive Directors, within the limits set in the Articles of Incorporation.

Advice provided to the Committee

During FY23, Korn Ferry provided external remuneration advice to the Remuneration Committee. Korn Ferry is a signatory of the Remuneration Consultants Group Code of Conduct which requires it to provide objective and impartial advice.

Directors' Remuneration Policy

In determining the Executive Director remuneration policy and practices (including for the Executive Chairman), the Committee ensures the following is addressed:

- **Clarity:** remuneration arrangements should be transparent and promote effective management with Shareholders and the workforce
- **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand
- **Risk:** remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified, and mitigated

- **Predictability:** the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy
- **Proportionality:** the link between individual rewards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance
- **Alignment to culture:** incentive schemes should drive behaviours consistent with Company purpose, values and strategy

The Executive remuneration for the year just ended and the year ahead is described in more detail later in this report and the Committee is of the view that the current Executive remuneration packages address all the points outlined above.

The Committee also reviews: (i) pay and employment conditions and remuneration trends across the Group, especially when determining annual salary increases; and (ii) the alignment of workforce incentives and rewards with culture.

The remuneration policy below was approved by Shareholders at the Company's AGM on 26 August 2021. It became effective from that date and remains effective for three years.

The Remuneration Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable, although, as a Guernsey registered company, the Company is not required to do so. The UK remuneration reporting regulations contain provisions which make Shareholder approval of the policy of UK incorporated companies binding.

REMUNERATION COMMITTEE REPORT CONTINUED

Directors' Remuneration Policy continued

As the Company is not UK incorporated those provisions have no legal effect. However, the Company will limit the power of the Committee so that it may only authorise payments to Directors that are consistent with the policy as approved by Shareholders. In that way the Company considers the vote of Shareholders on the policy to be binding in its application.

The policy explains the purpose and principles underlying the structure of remuneration packages and how the policy links remuneration to the achievement of sustained high performance and long-term value creation.

Overall remuneration is structured and set at levels to enable Foresight to recruit and retain high-calibre colleagues necessary for business success whilst ensuring that:

- Our reward structure, performance measures and mix between fixed and variable elements is comparable with similar organisations
- Rewards are aligned to the strategy and aims of the business
- The approach is simple to communicate to participants and Shareholders
- Particular account has been taken of structures used within FTSE 350 companies and other comparable organisations
- The incentive structure for senior management does not raise ESG risks by inadvertently motivating irresponsible behaviour - the Committee is able to consider corporate performance on ESG issues when setting Executive Directors' remuneration

Executive Directors' Remuneration Policy table

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	Provides a set level of remuneration sufficient to attract and retain Executives with appropriate experience and expertise.	The Committee will consider a number of factors when setting and reviewing salaries, including: <ul style="list-style-type: none"> • Scope and responsibility of the role • Any changes to the scope or size of the role • Salary levels for similar roles within appropriate comparators • Value of the remuneration package as a whole 	There is no maximum to salary levels or salary increases. Account will be taken of increases applied to the workforce as a whole when determining salary increases for Executive Directors. However, the Committee retains the discretion to award higher increases where it considers it appropriate, particularly where salary at the outset has been set at a relatively low level.
Pension	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	N/A - The Executive Directors have waived their entitlement to a pension.	N/A - The Executive Directors have waived their entitlement to a pension.
Benefits	Provides benefits sufficient to attract and retain Executives with the appropriate experience and expertise.	Executive Directors are currently entitled to the following benefits: <ul style="list-style-type: none"> • Partial private medical insurance • Certain de minimis benefits in kind Executive Directors may also be eligible to participate in the Group Performance Share Plan at the discretion of the Committee. However, the current Executive Directors have thus far elected each year not to participate in the PSP.	The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Company strategy. The maximum will be set at the cost of providing the benefits described. One-off payments such as legal fees or outplacement costs may also be paid if it is considered appropriate.

REMUNERATION COMMITTEE REPORT CONTINUED

Wider workforce remuneration policy table

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary	Provides a set level of remuneration sufficient to attract and retain the most talented people with appropriate experience and expertise.	Base salaries are reviewed annually on 1 August. When conducting the annual salary review for all staff, account is taken of the external market (including market data provided by independent advisers) and individual performance.	When benchmarking roles against the external market, salary bands stating a minimum and maximum will be agreed for each role. Account will also be taken of increases applied to colleagues as a whole when determining salary increases across the business.	In addition to the benchmarking exercise, individual performance will also be considered, including financial, operational, strategic and individual goals set at the start of the year.
Pension	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	Staff below Partner grade are entitled to participate in the Group's pension scheme. As part of the government's pension auto-enrolment programme, all new starters (if eligible) are automatically enrolled into the scheme.	The Group contributes up to 8% of base earnings (up to £100k) into the pension scheme.	N/A
Annual bonus	Variable remuneration that rewards the achievement of annual financial, operational and individual objectives integral to the Group strategy.	Objectives are set annually based on the achievement of strategic goals. At the end of the year, the Committee meets to review performance against the agreed objectives and determines payout levels.	In the event that staff are in receipt of a bonus equating to more than 50% of their base salary then the additional amount above 50% will be deferred.	Awards are based on financial, operational, strategic and individual goals set at the start of the year. The Committee reserves the right to make an award of a different amount produced by achievement against the measures if it believes the outcome is not a fair reflection of Company performance. The split between these performance measures will be determined annually by the Committee.

REMUNERATION COMMITTEE REPORT CONTINUED

Wider workforce remuneration policy table continued

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Share Incentive Plan (“SIP”) for UK employees¹	The Company attaches considerable importance to the role of performance-based bonuses to drive profitability and business growth and to the importance of wider all-employee share and/or performance-based incentives to align employees’ interests with the interests of Shareholders. The SIP has been adopted to further those aims.	UK employees of the Company and its subsidiaries will be eligible to be granted an award under the SIP at the discretion of the Committee. Executive Directors and senior managers are not eligible to participate in the SIP.	The SIP is an HMRC approved scheme, whereby UK employees can purchase up to £1,800 of Partnership Shares per tax year, with the Group then awarding two free matching shares for each Partnership Share purchased.	Shares need to be held for three to five years to benefit from the advantageous HMRC tax treatment.
Performance Share Plan (“PSP”)	Variable remuneration designed to incentivise and reward the achievement of long-term targets aligned with Shareholder interests. The PSP also provides flexibility in the retention and recruitment of Executive Directors.	Awards granted under the PSP vest subject to achievement of performance conditions measured over a three year period. PSP awards may be made as conditional share awards or in other forms (e.g. nil cost options) if it is considered appropriate. Accrued dividends may be paid in cash or shares, to the extent that awards vest. The Committee may adjust and amend awards in accordance with the PSP rules. Malus and clawback provisions may be applied in exceptional circumstances.	In any financial year, the total market value of shares over which awards can be made under the PSP to any participant cannot normally exceed 150% of their annual base salary, but the plan rules will allow the Remuneration Committee the discretion to award up to 300% of annual base salary in exceptional circumstances.	PSP options will vest depending on the Company’s total shareholder return (“TSR”) performance.

1. We have implemented similar schemes in our overseas jurisdictions during the year, mirroring the terms of the UK scheme where possible.

REMUNERATION COMMITTEE REPORT CONTINUED

Non-Executive Director fees

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
<p>Non-Executive Director fees</p>	<p>Fees are set at a level to reflect the amount of time and level of involvement required in order to perform their duties as members of the Board and its Committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.</p>	<p>The fees paid to the Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as Chair of the Board's Audit & Risk Committee, Remuneration Committee and Nomination Committee.</p>	<p>Fee levels are set by reference to Non-Executive Director fees at other FTSE companies of similar size, sector and complexity and general increases for salaried employees within the Company.</p>

Notes to the Policy table

As described in this Policy, the Committee may exercise its discretion to: (i) determine the size of the annual bonus and PSP awards; (ii) set the performance measures and targets attaching to the annual bonus and PSP awards; (iii) amend those performance measures and targets during a year if they are no longer considered a fair measure of performance; (iv) override the formulaic outcomes of performance measures and targets (where applicable) to ensure that payments under the annual bonus plan reflect the underlying performance of the business or of the employee concerned; (v) apply malus and clawback; (vi) adjust the shares subject to the SIP and PSP awards in the event of a variation of a corporate event by the Company; (vii) apply a holding period where appropriate; (viii) act within the terms of the Termination Policy; and (ix) act within the terms of the Recruitment Policy. Additionally, the Committee may exercise its discretion in order to make such other non-material decisions affecting the Executive Directors' awards in order to facilitate the administration of the annual bonus, PSP and SIP respectively. Any and all decisions will be made in compliance with the Company's policies and in accordance with the applicable plan rules. Use of discretion will be disclosed in the relevant Directors' Remuneration Report.

Legacy matters

The Committee reserves the right to make any remuneration payments where the terms of the payment were agreed (i) prior to the Company's IPO, or (ii) before the Policy came into effect, or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Shareholder dialogue

The Committee is committed to ongoing dialogue with Shareholders and welcomes feedback on Executive Directors' remuneration. We will seek to engage with major Shareholders and their representative bodies on changes to our Policy. The Committee will also consider Shareholder feedback on remuneration-related resolutions following each year's Annual General Meeting. This, along with any additional feedback received (including on any updates to Shareholders' remuneration guidelines), will be considered as part of our annual review of our remuneration policy and its implementation. The Committee also actively monitors changes in the expectations of institutional investors and considers good practice guidelines from institutional Shareholders and Shareholder bodies.

Recruitment policy

Consistent with best practice, new senior management hires (including those promoted internally) will be offered packages in line with the remuneration policy in force at the time. It is the Committee's policy that no special arrangements will be made, and in the event that any deviation from standard policy is required to recruit a new hire, approval would be sought at the AGM.

The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer ("buyout awards"). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the incentives it is replacing.

REMUNERATION COMMITTEE REPORT CONTINUED

Termination policy

In the event of termination, service contracts provide for payments of base salary and benefits only over the notice period.

There is no contractual right to any bonus payment in the event of termination although in certain “good leaver” circumstances the Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year.

The default treatment for any share-based entitlements under the share plans is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, or at the discretion of the Remuneration Committee, “good leaver” status can be applied. In these circumstances a participant’s awards will, ordinarily, vest subject to the satisfaction of the relevant performance criteria and on a time pro-rata basis, with the balance of the awards lapsing.

Share ownership guidelines

In accordance with good practice and further aligning Executive Directors with the long-term interests of the Company, Executive Directors are required to build or maintain a shareholding equivalent to at least 150% of their annual base salary and after they have left the employment of the Group, they are required to retain a shareholding equivalent to 150% of their annual salary at the time of departure for at least two years after they have departed. Both Executive Directors hold a significant shareholding, as detailed on page 117.

Appointment of Directors

At every AGM, each of the Directors on the Board will retire. A Director who retires at an Annual General Meeting may be reappointed if they are willing to act as a Director.

The notice period of Bernard Fairman is 12 months and for Gary Fraser is six months, by either party.

Wider workforce remuneration policy

As with the Executive Directors, salary for other employees is set at a level sufficient to attract and retain them, considering their experience and expertise. Remuneration packages comprise salaries plus cash bonuses and/or employee share awards.

The Group regards membership of its share plans as a key part of its reward strategy which also aligns with the interests of employees and other stakeholders. Most employees receive benefits such as a contribution towards private medical cover and life assurance.

Implementation of the Directors’ Remuneration Policy in FY23 Directors’ emoluments (audited)

The Executive Directors’ emoluments for the financial year to 31 March 2023 are summarised in the table below.

	2023		2022	
	Bernard Fairman	Gary Fraser	Bernard Fairman	Gary Fraser
Total earnings (£000)				
Salary ¹	550	220	20	220
Benefits ^{2,3}	12	3	10	2
Pension ⁴	—	—	—	—
Short-term variable remuneration	—	—	—	—
Long-term variable remuneration	—	—	—	—
Total	562	223	30	222
Amount fixed	562	223	30	222
Amount variable	—	—	—	—

- As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman’s favour immediately pre-Admission, so for the year ended 31 March 2022 he agreed to reduce his base salary to £20,000.
- As disclosed in the pre-IPO Prospectus, Foresight Group LLP sold a long leasehold flat to Bernard Fairman’s wife for a consideration of £450k, being the fair market value. Foresight Group LLP continues to pay council tax, utilities, service charges and rates payable in connection with the flat for as long as Bernard Fairman acts as Executive Chairman of FGHL.
- Other benefits for the Executive Directors solely comprise medical insurance.
- Neither of the Executive Directors receive any pension benefit as they have elected not to participate in the Group’s pension scheme.

REMUNERATION COMMITTEE REPORT CONTINUED

Implementation of the Directors' Remuneration Policy in FY23 continued Directors' emoluments (audited) continued

Last year the salaries for the Executive Directors were reviewed and the Committee agreed that they would remain the same at £550,000 for Bernard Fairman and £220,000 for Gary Fraser for the year ended 31 March 2023. The Committee noted as part of its decision on salaries that it would be undertaking a broader review of the Executive Directors' remuneration during the year. Neither Executive Director was eligible to receive variable pay in respect of the year ended 31 March 2023 and as a result there was no requirement to consider the exercise of discretion during the year.

No share awards were made to the Executive Directors during the year.

Directors' shareholdings and share interests (audited)

The table below illustrates the current shareholdings of each Executive Director, based on the closing share price on 31 March 2023 (£3.94).

Executive Director	Number of shares at year end	Value of shareholding at year end	Shareholding requirement (% of base salary)	% of base salary at year end
Bernard Fairman ¹	32,324,699	£127,359,314	150%	23,156%
Gary Fraser ²	4,413,365	£17,388,658	150%	7,904%

- Bernard Fairman holds his shares in the Company through Beau Port Investments Limited.
- All held in the name of his wife, Susan Fraser.

There have been no changes to shareholdings of the Executive Directors between the year end and the date of this report.

Both Executive Directors are entitled to 30 days' holiday each year (in addition to the usual bank holidays) and their notice periods are 12 months and six months (by either party) for Bernard Fairman and Gary Fraser respectively.

CEO pay ratio

As a non-UK incorporated company, Foresight is not required to adhere to the CEO pay reporting regulations. However, as noted in my annual statement, the Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable and so has chosen to make a voluntary disclosure of CEO pay ratios.

The table below sets out the salary and total pay and benefits for the three identified quartile employees.

Year		25th percentile ratio	Median pay ratio	75th percentile ratio
FY23	Salary	11.3	6.0	3.8
	Total Pay and benefits	11.5	6.1	3.9
FY22	Salary	0.4	0.2	0.2
	Total Pay and benefits ¹	0.6	0.3	0.2

- If using Bernard Fairman's Total Pay and benefits as of £550,000, the ratios in the table above for FY22 would be 11.2, 6.4 and 4.3 respectively.

Employee pay is calculated on the basis of the CEO single figure, which is "Option A" under the reporting requirements and the methodology the Committee believes to be the most comparable and robust. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2022 and 31 March 2023, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant) and have used the earnings for FY22 and FY23 of our Executive Chairman, Bernard Fairman.

REMUNERATION COMMITTEE REPORT CONTINUED

Gender pay gap

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 Diversity, Equity and Inclusion (“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 FY 2024. These initiatives demonstrate our dedication to fostering a diverse and empowered workforce.

	FY23		FY22	
	% of men	% of women	% of men	% of women
Upper quartile	69	31	68	32
Upper middle quartile	73	27	72	28
Lower middle quartile	54	46	60	40
Lower quartile	35	65	36	64
Mean gender pay gap	26%		31% ¹	
Median gender pay gap	38%		39% ¹	

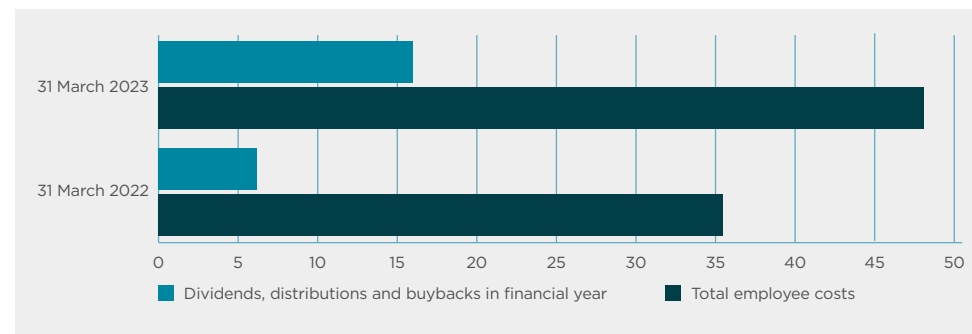
1. Restated compared with prior year.

Relative spend on pay

The table and graph below show the amount of dividends, distributions and buybacks against employee costs for the last two financial years. These figures are underpinned by the amounts from the notes to the financial statements.

Year		25th percentile ratio	Median pay ratio	75th percentile ratio
FY23	Salary	11.3	6.0	3.8
	Total Pay and benefits	11.5	6.1	3.9
FY23	Salary	0.4	0.2	0.2
	Total Pay and benefits ¹	0.6	0.3	0.2

Relative importance of spend on pay (£m)

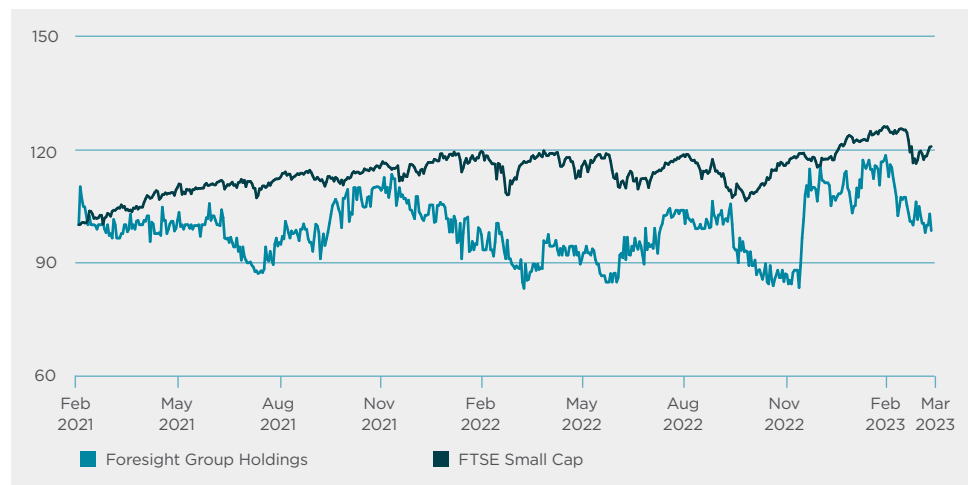


REMUNERATION COMMITTEE REPORT CONTINUED

Total shareholder return performance

The graph below shows the value at 31 March 2023 of £100 invested in Foresight Group at IPO, compared to £100 invested in the FTSE Small Cap Index (both with dividends re-invested). The Group is a member of the FTSE Small Cap Index and this is therefore deemed to be the most relevant benchmark to use.

Total shareholder return



Executive Chairman remuneration

The table below provides a summary of the Executive Chairman’s total remuneration for FY22 and FY23. FY21 is not included as the Company was only listed for a short period that year and the remuneration packages pre-IPO were structured significantly differently. Therefore those figures would not be a useful comparison for readers of the accounts.

	FY23	FY22
Total remuneration (£’000)	562	30 ¹
Annual Incentive (as a % of maximum)	N/A	N/A
Long-term Incentive (as a % of maximum)	N/A	N/A

1. As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman’s favour immediately pre-Admission, so for the year ended 31 March 2022 it was agreed his base salary would be reduced to £20,000.

Share scheme dilution

Commitments under our share schemes satisfied by newly issued shares must not exceed 10% of the issued share capital in any rolling ten year period. The Group’s position against the dilution limits at 31 March 2023 since Admission is 1% across all schemes.

Wider Group workforce

The Committee diligently assesses the continued suitability of our broader workforce remuneration policies. Our objective is to design a remuneration package that remains competitive within the market landscape where our Group operates, ensuring the retention of exceptional talent. This comprehensive package comprises the following key elements:

- Base salary
- Performance bonus
- Pension
- Benefits package (e.g. private medical insurance and life assurance)
- Share Incentive Plan (“SIP”)
- Performance Share Plan (“PSP”)
- Professional development

By strategically combining these elements, we strive to provide a comprehensive remuneration package that attracts, motivates and retains top talent, empowering them to contribute to the Group’s ongoing success. The Committee remains vigilant in its oversight, regularly reviewing and adapting these policies to ensure their continued appropriateness and alignment with our strategic goals.

In addition to the above, as part of the ICG acquisition during the year (and as approved by Shareholders at last year’s AGM), a number of ICG’s senior management team who are now Foresight employees are party to a Management Incentive Plan (“MIP”).

The Group seeks to promote and maintain good relations with staff as part of its broader staff engagement strategy. The Senior Independent Director has met with the Head of People & Sustainable Culture on several occasions throughout the year and staff engagement has increased through the establishment of an Employee Forum. This initiative represents staff at all grades and departments across the business, with a primary focus on the culture at Foresight.

REMUNERATION COMMITTEE REPORT CONTINUED

Non-Executive Directors (“NEDs”)

Each of the three NEDs is currently serving under a three year contract, with the current year marking the final year of their respective contracts. Following the initial contract period, each NED has the potential to be reappointed for an additional term. However, it is important to note that irrespective of the term, the appointment of any NED is subject to annual re-election by the Shareholders at each Annual General Meeting of the Company.

Both the Company and the NEDs have the right to terminate the appointment by providing one month’s written notice, or in accordance with the provisions outlined in the Articles of Incorporation. In the event that a NED is not re-elected by the Shareholders, the Articles of Incorporation stipulate that they will be retired from office and their appointment will be terminated immediately and without any compensation. Upon termination of appointment, NEDs are only entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

NEDs are not eligible to participate in any of the Group’s long-term incentive, bonus or pension schemes. Detail regarding the fees paid to our NEDs is set out below.

NED	Fees for year ended 31 March 2023	Fees for year ended 31 March 2022	No. of shares held at year end	Value of shareholding at year end ²
Alison Hutchinson (Senior Independent Director)	£60,000	£60,000	5,952	£23,451
Mike Liston (Chair of the Nomination and Remuneration Committees)	£60,000	£60,000	11,904	£46,902
Geoffrey Gavey (Chair of the Audit & Risk Committee) ¹	£65,000	£65,000	11,904	£46,902

1. Geoffrey Gavey receives an additional £10,000 per annum for acting as NED of a licensed subsidiary within the Group.

2. Based on closing share price of £3.94 on 31 March 2023.

REMUNERATION COMMITTEE REPORT CONTINUED

Annual percentage change in the remuneration of the directors and employees

The table below shows the percentage year-on-year change in salary, benefits and bonus in FY23 for the directors compared with the average Foresight employee. Previous years are not shown as the remuneration packages pre-IPO (FY21 and earlier) were structured significantly differently. Therefore those figures would not be a useful comparison for readers of the accounts.

	Salary	Benefits	Annual bonus
Executive directors			
Bernard Fairman	2,650% ¹	20%	n/a
Gary Fraser	0%	50%	n/a
Non-executive directors			
Alison Hutchison	0%	n/a	n/a
Mike Liston	0%	n/a	n/a
Geoffrey Gavey	0%	n/a	n/a
Average pay based on Foresight UK employees	6%	38%	12%

1. As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman's favour immediately pre-Admission, so for the year ended 31 March 2022 it was agreed his base salary would be reduced to £20,000.

Implementation of the Directors' Remuneration Policy in FY24

Base salary

As noted earlier in my report, Gary Fraser's base salary increased to £350,000 with effect from 1 April 2023 to reflect the market rate for this role. Bernard Fairman's base salary remains at £550,000.

There is no change to benefits provided in FY24.

Variable remuneration

The Executive Directors will continue to not participate in variable incentive arrangements for the year ending 31 March 2024.

Non-Executive Director fees (audited)

The annual NED fees are outlined below. A base fee is agreed, with additional fees payable for chairing Board Committees:

NED fee type	Annual fee
Base fee for Independent NEDs	£50,000
Additional fee for chairing a sub-committee	£5,000
Additional fee as Senior Independent Director	£10,000
Additional fee for acting as NED of a licensed subsidiary	£10,000

Payments for loss of office

There were no payments made to Directors for loss of office during the year.

Payments to past directors

There were no payments made to past directors during the year.

AGM Shareholder voting

Resolution	Votes for	Votes against	Votes withheld
Approval of the Directors' Remuneration Report (2022 AGM)	87,997,852 92.51%	7,125,557 7.49%	175 —
Approval of the Directors' Remuneration Policy (2021 AGM)	91,703,711 98.06%	1,814,094 1.94%	175 —

Mike Liston

Chair of the Remuneration Committee

3 July 2023