

**BUSINESS REVIEW** CONTINUED

# SUSTAINABILITY

Summary of sustainability and climate disclosure

**SUSTAINABILITY**  
**SUSTAINABILITY REPORT 2023**

**CLIMATE DISCLOSURE SUMMARY:**  
**TCFD**  
**CLIMATE DISCLOSURE 2023**

**MORE DETAIL**

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>

## SUSTAINABILITY

### Sustainability summary

Sustainability underpins all our investment and business decisions, with our key focus areas continuing to centre around nature, climate, emissions and our culture. This year we have published our inaugural Sustainability Report alongside our Annual Report, which provides the full detail on all that is included in this section.

As a Group, we have continued to progress our approach to sustainability reporting and our commitments to making a positive impact. Without data, we cannot set meaningful goals for our investments or for the wider Group, and so this year we have worked with PwC to develop our own sustainability management platform, “PACT” using Salesforce’s Net Zero Cloud application. This will support both the corporate business and our private equity portfolio of SMEs including the Private Equity division’s new impact fund, which supports Irish SMEs.

New investment streams in the year demonstrated our commitment to transition the wider economy, not just the energy industry alone.

Whilst we continue to invest in renewable energy generation and enabling projects such as battery storage, we have also invested into geothermal and hydrogen, as well as regenerative farming and sustainable on-land fisheries. To further support our progress. We have created three new sustainability-focused roles, helping us maintain our leading sustainability position and growing AUM.

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 have launched our Nature Recovery Ambition Statement, a collaboratively written document which calls businesses to action, setting 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 significant 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.



**FORESIGHT SUSTAINABILITY FORUM 2023**  
hosted at the Eden Project, sustainability partner to Foresight.

#### MORE DETAIL

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>



**United Nations**  
Global Compact

## SUSTAINABILITY CONTINUED

### Our definition of sustainability

Sustainability lies at the heart of Foresight’s strategy, and 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 retain a focus on the long term, whether it is making investments, building trusted relationships with investors, or creating environments where our employees can flourish and contribute year after year.

The United Nations Brundtland Commission defined sustainability over 35 years ago and the definition has stood the test of time. It is important to keep this in mind as this is the staple definition upon which we base our sustainability approach: “meeting the needs of the present without compromising the ability of future generations to meet their own needs”.

We consider sustainability to be the strategic direction and ESG as the framework used to implement sustainability into all we do. We believe that acting conscientiously as a business, and investing responsibly to achieve positive social and environmental outcomes, are critical to the long-term success of both Foresight and the funds we manage. The Group’s sustainability strategy builds upon the Principles for Responsible Investment (“PRI”) and UN Global Compact (“UNGC”) frameworks, of which we have been signatories since 2013 and 2019 respectively.

In 2022 we received our latest set of PRI scores:

Division	Star scoring (out of 5)
Group	★★★★★
Infrastructure	★★★★★
Private Equity	★★★★★
Foresight Capital Management	★★★★ X2 ★★★ X2

We set ourselves apart from others by the integral role sustainability has in our business model. It is wholly embedded into the investment process ensuring that sustainability considerations are one of the first things that we consider when investing or fundraising and not something we try to implement as an afterthought. It has been at the heart of our business since our creation and will remain there for decades to come.

### Carbon reduction plan

It is the responsibility of all businesses and individuals to reduce emissions to mitigate the impacts of climate change and ensure a sustainable future for us all. Over the last four years, we have 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.

Data is knowledge – it will inform strategic decision making and enable 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. This is particularly important when measuring our emissions and we can set goals for improving data quality so that our emissions reporting becomes more consistent.

#### MORE DETAIL

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## SUSTAINABILITY CONTINUED

### CarbonNeutral® certification

In 2021, the 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 annually 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.

### Stewardship Framework

In 2023, we formalised and updated our Stewardship Framework for areas that engage with proxy voting. We are an active owner that upholds its fiduciary responsibilities through maintaining an active approach to stewardship with robust management and governance structures in place.

We published our Stewardship Framework to disclose the processes maintained and oversight in place to ensure that capital is allocated to the areas that create sustainable long-term value for Shareholders. 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.



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### Energy transition

The “just” energy transition is a critical aspect of addressing the global climate crisis. As an investment manager, Foresight Group recognises the urgent need to transition to a low-carbon economy that is both sustainable and equitable. The transition must not leave any individuals or communities behind, especially those who are most vulnerable to the impacts of climate change.

**Hydrogen** - We are actively engaged in supporting the development and deployment of hydrogen solutions, such as our green hydrogen electrolysis plant investment, recognising its immense potential in the energy transition.

**Battery storage** - We are one of the few established energy infrastructure investors with a substantial proven track record in the battery storage and flexibility sector. To date, Foresight-managed funds have acquired the development rights for c.400MW of standalone UK battery energy storage system (“BESS”) projects, including c.256MW of acquisitions in FY23 that included both distribution and transmission connected projects in England and Scotland.

### 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 will invest in beyond forestry, for example into 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, by utilising the land and our contacts to deliver nature recovery and meaningful biodiversity enhancements.

### Eden Project partnership

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

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



## SUSTAINABILITY CONTINUED

### Adding the “E” to I&D

Foresight is resolute in its dedication to enhancing the employee experience and level of 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. Additionally, we understand the significance of sustainability and are committed to integrating it into every employee’s interaction throughout their Foresight career. Our objective is to foster an inclusive and sustainable work environment that empowers our personnel to prosper both personally and professionally.

We are pleased to announce that our commitment to Inclusion and Diversity (“I&D”) now 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 were proud to launch our comprehensive DE&I Policy and strategy in FY23, alongside a range of impactful initiatives designed to achieve our targets. Notably, our efforts to promote gender equality 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 with our CFO serving as Executive Committee sponsor.



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### Learning and development

In March 2023, ESG specialist consultants from PwC delivered a training session to the Board and wider senior leadership team at Foresight Group covering “climate and ESG regulation awareness”. The presentation was well attended and actively engaged with by members of Foresight’s Board, compliance team, Head of Risk, Head of PSC, Head of IR and leaders of the different investment streams. We will continue to deliver similar sessions to our leadership teams on a regular basis.

Additionally, the Foresight Infrastructure Sustainability team ran a scoped emissions training session for JLEN’s Board in February 2023. The aim of the session was to give the Board an overview of emissions categories and to develop an understanding of methodologies and challenges in capturing accurate scoped emissions data. The session will help the fund gain further support from the Board to undertake activities to improve the accuracy of the funds’ scoped emissions data.



## CLIMATE DISCLOSURE SUMMARY: TCFD



The TCFD summary should be read together with our standalone Climate Disclosure which can be found on our website. The full Climate Disclosure contains additional information on our exposure to transition risk and physical risk. The disclosures in this Annual Report are consistent with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations setting out how the Group incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets. The Group continues to develop its metrics and performance targets to better manage climate-related risks and opportunities on its path toward full compliance with the TCFD recommendations.

In the past year, significant progress has been made in strategy through our scenario analysis work with Climonomics and in emission tracking due to the launching of our own Corporate and Private Equity level sustainability platform, “PACT”.

Further work will take place in developing scenario analysis beyond our Infrastructure division and into our investment process, as well as improving the data quality flowing into our platform which will facilitate compliance readiness for anticipated ESG regulatory requirements across all our Private Equity portfolio companies and funds.

Our stakeholders expect transparency on our climate-related risks and opportunities, and our reporting assists the understanding of climate change implications for the Group. Climate change will continue to be a defining driver of the global economy, financial markets and society in the future. Investors will be unable to avoid the impact of climate change but can support investment strategies intended to slow, halt and even reverse the rise of average global temperatures.

As a manager of funds invested in sustainable resources and technology, we are predominantly concerned with the indirect emissions from our investments and their potential impact on the environment.

We are committed to improving our analyses of climate-related risks and opportunities, in order to mitigate the risks and safeguard our clients’ investments. The TCFD seeks to provide investors with a common reference framework to assess the comparative approaches of investment firms to climate-related initiatives and reporting.



### MORE DETAIL

can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Governance

Our Governance structures have remained consistent throughout FY23 with Board and Executive Committee level oversight of climate-related risks and opportunities, and sustainability representatives at all levels. The Executive Committee is committed to ensuring there will be sufficient ongoing training and guidance for the Board.

In March 2023, PwC’s ESG specialists delivered training to the Board and the senior leadership team on climate and ESG regulations. The session was attended by members of Foresight Group’s Board, compliance team, Head of Risk, Head of PSC, Head of IR and leaders of the different investment streams. Additionally, we conducted a training session on scoped emissions for JLEN’s Board in February 2023, led by the Foresight Infrastructure Sustainability team.

These sessions demonstrate our commitment to training and guidance at all levels across the Group. In future, we will incorporate climate-related mandatory training modules to ensure our service remains market leading. Proving our expertise when it comes to handling sustainability mandated, principled and marketed funds is something we feel we must do.

The Sustainability Committee, which is chaired by the Head of Group Sustainability Lily Billings, continues to meet on a monthly basis to implement the sustainability strategy through the Committee and supporting working groups. 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.

We will continue to refine our governance processes to ensure Foresight has sustainable processes and oversight in all areas of the business, to ensure the sustainable strategy is executed consistently.

### Strategy

As part of our ongoing development of integrating climate considerations into our business processes, we continue to monitor our progress under the Strategy pillar of the TCFD framework. We have and will continue to conduct a scenario analysis of our infrastructure portfolio, integrating both physical and transition risks and opportunities. This part of our business was prioritised due to the asset types being more susceptible to a broader array of climate-related risks. The S&P Global Climonomics platform offers market-leading analysis across the four Representative Concentration Pathway (“RCP”) scenarios, generating a Net Asset Value (“NAV”) and the resulting share price change.

For the FY23 Infrastructure portfolio, the analysis found:

Scenario	Impact on NAV
<b>RCP 2.6</b> Assumes that emissions peak early and then fall due to the active removal of GHGs from the atmosphere. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 0.9 to 2.3°C.	<b>+0.80%</b>
<b>RCP 4.5</b> Implies co-ordinated action to limit GHG emissions to achieve a global temperature warming limit of approximately 2°C, wherein global emissions peak around 2040 and then decline by 2045.	<b>Central case</b>
<b>RCP 6.0</b> Assumes a high GHG emission rate with radiative forcing stabilisation only after 2100. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 2.0 to 3.7°C.	<b>+0.72%</b>
<b>RCP 8.5</b> Assumes that no major global effort to limit GHG emissions will be brought into effect. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 3.2 to 5.4°C.	<b>-1.97%</b>

**MORE DETAIL**  
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## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Strategy continued

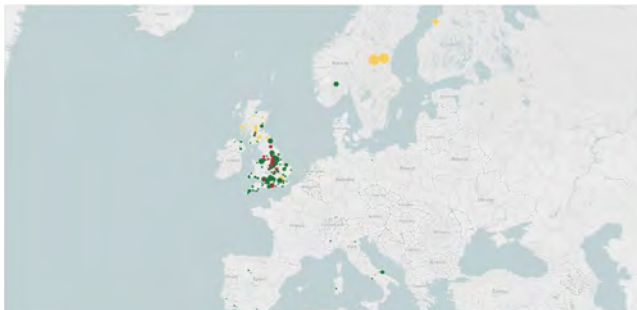
#### Physical risk summary by location



Climanomics' analysis highlighted that temperature extremes form the most material risk across the portfolio but the overall physical risk to the whole portfolio of this risk is low. The only significant transition risk impact is likely to be carbon pricing. However, the impacts of carbon pricing are more pertinent in more stringent emissions scenarios.

The landscape of scenario analysis is evolving quickly, and current assessments are made with the most credible existing frameworks and input data available. Given the very nature of this analysis, limitations remain. However, Foresight Group is committed to using best-in-class methodologies to accurately estimate its performance under different climate futures and will continue making the necessary adjustments as the methodologies progress to incorporate the findings into our investment process. In future we are also looking to extend scenario analysis to the wider Foresight Group and investment streams.

#### Transition risk summary by location



**MORE DETAIL**  
can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>



## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Risk management

Developments in Group risk include the use of a new risk management platform to monitor risks and the effectiveness of our control framework. Foresight’s risk taxonomy looks at the ESG risks on an individual basis but also considers ESG factors as they contribute to other risks across the Group. The platform plays a significant role in raising awareness about climate change sensitivities across the businesses and Group functions, fostering a culture of sustainability.

The risks and opportunities set out in our past climate disclosures still apply. We continue to analyse the risks arising from climate change that could have a material financial impact on the Group.

Beyond our scenario analysis, we have begun implementing Group-wide mitigation programmes to extreme weather-related events with our project that is looking to enhance biodiversity across the land that we manage. Nature and planting methodologies can be used to reduce flood risk, enhance resilience to fire and reduce the impact of localised temperature increases. The Infrastructure Team has been working with the Eden Project to develop a “Nature Recovery Blueprint”. The Blueprint 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.

Foresight Group has also made progress reducing its regulatory risk by following, with the support of external consultants, the progress of the ESG Rulebook, which formalised TCFD and will shortly include rules and guidance for the UK Sustainability Disclosure Requirements (“SDR”).

We will continue to assess various mitigation techniques and monitor regulatory changes through internal projects and external collaborations to ensure the effective management of our sustainability risks for the Group going forward.

#### MORE DETAIL

can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED

### Metrics and targets

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

Scope	FY22				FY23			
	Total (tCO <sub>2</sub> e)	tCO <sub>2</sub> e/£ million revenue	tCO <sub>2</sub> e/FTE (End of year 260.5)	tCO <sub>2</sub> e/FTE (Year average 250.3)	Total (tCO <sub>2</sub> e)	tCO <sub>2</sub> e/£ million revenue	tCO <sub>2</sub> e/FTE (End of year 361.1)	tCO <sub>2</sub> e/FTE (Year average 313.5)
Scope 1	2.3	0.03	0.01	0.01	<b>7.1</b>	<b>0.06</b>	<b>0.02</b>	<b>0.02</b>
Scope 2	72	0.8	0.3	0.3	<b>183</b>	<b>1.5</b>	<b>0.5</b>	<b>0.6</b>
Scope 3	372	4.3	1.4	1.5	<b>725</b>	<b>6.1</b>	<b>2.0</b>	<b>2.3</b>
Scope 1+2	74	0.8	0.3	0.3	<b>190</b>	<b>1.6</b>	<b>0.5</b>	<b>0.6</b>
All scopes	447	5.2	1.7	1.8	<b>908</b>	<b>7.6</b>	<b>2.5</b>	<b>2.9</b>

In the financial year 2023, there was a rise in all scope emissions. The figures have differences arising from scope boundaries and estimation methodologies which means they cannot be directly compared. However, some notable changes can be attributed to the increase of overall emissions arising from the acquisition of ICG, three new offices (Dublin, Sydney and Melbourne), commuting emissions continuing to rebound to pre-pandemic levels, and an increase in business travel due to the distance of Foresight’s new Australian business from our other operations.

The higher emission per employee for scope 2 emissions can be attributed in part to a smaller window for office data gathering and an increase in our use of estimates. 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 has resulted in harsher values (in general) which we will remediate by gathering better data from our offices on a quarterly basis.

In future, Foresight will continue to use our PACT platform across the corporate business function and Private Equity investment division for emissions reporting. We will continue to adopt best practice through third-party verification of our corporate business emissions (aside from investment emissions at present).

Our data verification this year was supported by a list of recommendations and corrective actions for our platform to enact in the ongoing year. We will support the upgrades with ongoing collaboration with our office managers and travel company data providers to improve their data quality, with an update to be given in our next disclosure. This, in turn, will improve the overall accuracy of our emissions data.

We are not yet fully compliant with the recommendation to align climate-related key performance indicators to remuneration practice, but we are engaged in the analysis phase of the process.

### Our Scope 3 Category 15 financed emissions:

The total operational carbon footprint of 908 tCO<sub>2</sub>e is dwarfed by our financed emissions due to the nature of our business. Using Partnership for Carbon Accounting Financials (“PCAF”) and Bloomberg emissions data for the three investment streams, we estimate that our financed emissions make up 99.96% of our total emissions. Please refer to the full Climate Disclosure for more detail.

For context, our significant investment in renewables and other climate-positive opportunities has resulted in the Infrastructure division’s assets avoiding 1.3 million tCO<sub>2</sub>e 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.

Please find the link to our full Climate Disclosure for FY23 on our website, here: <https://foresight.group/climatedisclosure-fy23>

**MORE DETAIL**  
can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>