

Executive Chairman's introduction



“Corporate governance is the foundation of a successful business in a competitive and regulated arena.”

Bernard Fairman
Executive Chairman

I am pleased to introduce Foresight Group's (the "Group") Corporate Governance Report on behalf of the Board for the year ended 31 March 2024.

This year brought with it a number of new regulations in the UK and EU, including in sustainability, which is an area of particular importance to the Group ethos. In recognition of that, and before the requirement to do so becomes mandatory, we engaged an external firm of specialists to conduct a double materiality assessment on the Group's activities. The purpose of the assessment is to identify the sustainability matters most material to Foresight and our stakeholders by evaluating their impact on environmental and social factors and how these factors influence our business performance.

It is our view that undertaking this double materiality assessment early will put us in a stronger position to deliver the long-term success of the Group, generate value for Shareholders and positively impact the way in which we look after our people and other stakeholders. The actions arising from the assessment will be implemented over the course of FY25 to ensure that we not only meet regulatory deadlines, but strengthen and future-proof our processes and corporate structure in the promotion of a sustainable culture.

A key to achieving a sustainable culture is to ensure we provide a positive, diverse and inclusive workplace. Our commitment to our people includes ensuring that our governance arrangements promote diversity, equity and inclusion across the Group's locations, which we seek to achieve by our Governance Team working closely with our Sustainability and People & Sustainable Culture ("PSC") Teams, taking on board feedback received from the Employee Forum, appraisal process and the results of the annual Employee Survey, details of which can be found on page 40. That collaboration and feedback also helps to ensure we are meeting all training and development needs.

As regards our other stakeholders, please see the Stakeholders section on pages 36 to 41 for details of our engagement over the course of the year. This includes our engagement with the Shareholders who voted against the two resolutions at the 2023 AGM that received >20% dissenting votes. It is worth noting that while those who responded acknowledged that we had provided sufficient information and transparency in the matters concerned, voting against those resolutions did not affect their support of Foresight or their continued shareholding but simply reflected their internal policies.

Lastly, to the Board. As noted in the Directors' Report on pages 106 to 112, the Board has aimed to comply with the requirements of the Corporate Governance Code throughout FY24 and remains committed to doing so. There are a few exceptions, including in regard to Board composition where we are not yet fully compliant, and I would direct you to the Nomination Committee report on pages 81 to 82 where this is further discussed and explained. Worthy of note is that we will establish an internal audit function during FY25, which will further complement the Company's corporate structure (see below).

The Nomination Committee report also notes the results of our third internal Board evaluation undertaken in the last quarter of FY24, with its results provided on pages 77 to 78. I am pleased to note that the results were in line with expectations, with no material concerns arising. As promised previously, our first external evaluation will be undertaken in FY25, and we are in the process of identifying a suitable third party to undertake that work.

Executive Chairman’s introduction continued

Also, to strengthen the Company’s corporate structure, in FY24 the Board decided to extend the remit of the Audit & Risk Committee (“ARC”) to include Governance and Sustainability in recognition of their importance to the Group’s activities. This decision will mean that the ARC will oversee those two functions, resulting in increased accountability and focus on their activities. The amended ARC Terms of Reference can be found on the website <https://media.umbraco.io/foresight/h14kevet/2024-03-08-audit-risk-committee-terms-of-reference-final.pdf>. These changes will benefit from the restructuring of the Group’s Sustainability Committee and the creation of a Group-level Governance, Risk & Compliance Committee, both of which will take place in FY25.

I trust that in reading the Governance sections of this Annual Report for FY24, our commitment to conducting our business responsibly and maintaining high standards of corporate governance is shown to be in keeping with our belief that corporate governance is the foundation of a successful business in a competitive and regulated arena.

I look forward to reporting to you on our progress in the next Annual Report.

Bernard Fairman
Executive Chairman

26 June 2024

Our compliance with the Code

With the exception of the areas of non-compliance noted below, the Company has applied the principles and complied in full with the provisions of the UK Corporate Governance Code (the “Code”) during the year:

Provision	Explanation
9 & 19	<p>The Code recommends that the role of chairman and chief executive officer should not be exercised by the same individual. Since Admission, Bernard Fairman, who co-founded the Group in 1984, has exercised the role of Executive Chairman, combining those two roles.</p> <p>The Nomination Committee independently considers the role as part of the annual Board evaluation process and also as part of their review of the Company’s succession planning. As a result, it is their belief that in undertaking the role, Bernard Fairman does meet the interests of the Shareholders through his proven leadership qualities and significant experience to ensure the Company’s ongoing commercial success. Furthermore, it is considered that Bernard Fairman provides stability and continuity through his detailed understanding of the Group’s operations, both past and present, and the markets in which it operates. These qualities are considered to be of particular importance given the Company’s growth ambitions and relatively recent listing.</p> <p>Additionally, to ensure sufficient Board independence, certain additional duties are undertaken by the Senior Independent Director. These are set out in the document “Division of Responsibilities between the Executive Director and the Senior Independent Director”.</p>
26	<p>During the year, the Audit & Risk Committee approved a proposal to implement an internal audit function at Group level and steps are being taken to do so during FY25.</p>

1. The responsibilities of the Executive Chair and SID are detailed in the document “Division of Responsibilities between the Executive Chair and the Senior Independent Director”.

Examples of how the Company has complied with the Code can be found in the pages listed below:

Board Leadership and Company Purpose	Pages
<ul style="list-style-type: none"> Effective and entrepreneurial board Company’s value, purpose and strategy 	68, 69, 76 and 77 Inside front cover, 5 to 11
<ul style="list-style-type: none"> Risk management Stakeholder engagement Workforce policies (remuneration) 	55 to 63 36 to 41 91 to 101
Division of Responsibilities	
<ul style="list-style-type: none"> Responsibilities of the Chair and the SID¹ Executive versus Non-Executive Directors Time commitment Board effectiveness and efficiency 	73 73 76 77 and 78
Composition, Succession and Evaluation	
<ul style="list-style-type: none"> Appointments and succession Skillset, knowledge and experience Evaluation 	80 to 81 68 to 69 76 and 77
Audit, Risk and Internal Control	
<ul style="list-style-type: none"> Independence and effectiveness of audit functions and integrity of the financial statements Fair, balanced and understandable assessment of the Company’s position and prospects Risks and internal controls 	83 to 90 83 to 90 83 to 90
Remuneration	
<ul style="list-style-type: none"> Remuneration policies and practices Formal and transparent procedure for executive and senior management remuneration policies Exercise independent judgement and discretion 	91 to 105 91 to 105 91 to 105