

Environment

Climate change

Material impact, risks and opportunities

The double materiality analysis concluded that the most material risks and opportunities for Foresight Group are climate change mitigation and adaptation, and the use and production of energy, which are relevant in the short, medium and long term. Results of the analysis for Foresight Group are presented below:

E1 – Climate change: Sub-topic	Material impact	Positive or negative	Risk or opportunity
Climate change adaptation	Yes	⊕	Risk and opportunity
Climate change mitigation	Yes	⊕ ⊖	Risk and opportunity
Energy	Yes	⊖	Risk

With a large focus on wind and solar assets in its Infrastructure Division Foresight contributes positively to climate change mitigation by supporting the transition to low-carbon energy systems. These technologies play a critical role in reducing carbon emissions and displacing fossil fuel-based electricity generation.

However, we recognise that our investments – whether in infrastructure assets, listed or private companies – can be associated with negative environmental impacts. These may include high energy use and emissions during the production and construction phases for infrastructure assets, as well as the reliance on virgin materials and resource-intensive processes across supply chains.

Further details on climate-related risks and opportunities can be found in the TCFD pages in this report.

Policies related to climate change

As previously communicated, Foresight has adopted several policies which highlight our commitment to progressively embed climate considerations in operations and investment decisions. Further details of these can be found under the Sustainability Governance section.

Sustainability Reporting: SMEs

In the Private Equity Division we have upgraded our sustainability reporting platform to enhance user experience and for the first time, enable the calculation of Scope 3 emissions. This upgrade introduces a dynamic dashboard, allowing our portfolio to easily track and monitor progress. Additionally, a resource library has been included to support continuous improvement for companies and provide training on sustainability topics. Impressively, 100% of the portfolio using the platform submitted data for Scope 1 and 2 emissions, although PCAF is still used for those not yet on the platform. While 51% of the portfolio on the platform fully completed Scope 3 emissions reporting, which was recommended but not mandatory, we aim to improve this with further engagement.



Construction of Kølvalden Wind Farm, Sweden, Part of Foresight's portfolio

Environment

Nature, pollution, water and the circular economy

Material impact, risks and opportunities

The double materiality analysis concluded that pollution, water, resource use and the circular economy are material topics for Foresight Group. This is primarily due to risks arising within the value chains of Foresight's Investment divisions, rather than from the Group's own operations.

Activities within the value chain include, among others, the use of products, services and materials derived from industries that emit large volumes of air pollutants, pose risks of soil contamination or require significant water inputs. Additionally, the use of non-renewable natural resources in the production of components and equipment presents a potential negative impact.

Resource outflows are material due to the financial risks associated with rising costs or reduced outputs, which could affect business performance. Waste generation is also a key topic. Significant volumes of waste are produced throughout the value chain during the extraction, processing, manufacturing, use and transportation of materials associated with Foresight's assets.

Furthermore, healthcare and medical properties generate various types of waste, including hazardous waste, sharps, infectious and pathological waste and pharmaceutical waste.

Nature ("biodiversity and ecosystems") has also been identified as a material topic in the double materiality analysis. As noted, some value chain activities contribute to pollution, which is a driver of global biodiversity loss. Infrastructure development may require building on undeveloped ("greenfield") land, potentially leading to habitat loss or species displacement.

Conversely, when renewable energy assets are developed on previously agricultural or degraded land, their passive nature can allow for natural regeneration. If managed properly, this creates opportunities for biodiversity enhancement.

We are in the early stages of integrating pollution, water and circular economy considerations into our investment decision-making and risk management frameworks. These areas – ranging from water scarcity and pollution impacts to resource efficiency and waste – represent increasing relevance to long-term value creation. As awareness and data availability continue to grow, we are exploring ways to better integrate these matters into our investment approaches.

In the following pages, we detail our approach to integrating nature and biodiversity considerations into our investment decision-making processes. This includes an overview of current initiatives, challenges and measures being taken to enhance how we identify, assess and manage nature-related risks and opportunities throughout our portfolios.

Material topics	Material impact	Positive or negative	Risk or opportunity
Pollution:			
Pollution of air	Yes	⊖	Neither
Pollution of water	Yes	⊖	Neither
Pollution of soil	Yes	⊖	Neither
Substances of concern	Yes	⊖	Neither
Substances of very high concern	Yes	⊖	Neither
Water and marine resources:			
Water	Yes	⊖	Neither
Biodiversity and ecosystems:			
Impacts on the extent and condition of ecosystems	Yes	⊖	Risk
Resource use and circular economy:			
Resources inflows, including resource use	Yes	⊖	Risk
Resource outflows related to products and services	No	⊖	Risk
Waste	Yes	⊖	Neither

Environment

Nature, pollution, water and the circular economy

Policies related to nature

Policies highlighting our commitment to progressively embed managing material topics into our own operations and investment decisions are described in the Policies section of this report.

Actions and resources related to nature

Nature and biodiversity are increasingly recognised as material factors in investment decision-making, as the degradation of ecosystems can pose significant financial, operational and regulatory risks across sectors.

Disruptions to natural systems – such as deforestation, water scarcity and biodiversity loss – can directly impact the value and resilience of investments by affecting supply chains, asset performance and long-term sustainability. At the same time, investments themselves can have a profound impact on nature, either by contributing to environmental harm or by supporting nature-positive outcomes through sustainable practices, innovation and responsible capital allocation. Recognising this dual relationship, we are committed to integrating nature-related considerations into our investment approach, where relevant, to both mitigate risk and drive positive environmental impact.

In 2025 we developed a Group Environmental Policy to formalise Foresight's commitment to managing environmental risks and opportunities across our operations and investment activities.

This policy provides a structured framework to guide our approach to responsible investing across all divisions, ensuring we identify, assess and manage environmental impacts and dependencies in our portfolios, while aligning with evolving regulatory expectations. Full implementation of the policy is still underway, and will remain a key area of focus in the coming years.

As part of our ongoing commitment in this area, we are strengthening our internal data capabilities and exploring potential alignment with the Taskforce on Nature-related Financial Disclosures ("TNFD") framework, in recognition of the increasing need for nature-related reporting in the future. This process will enhance our understanding of how our investments both depend on and impact natural ecosystems, and how exposed we are to areas of high biodiversity value.

Nature-related risks and opportunities are particularly significant for our Infrastructure Division due to the scale of our portfolio and the fundamental reliance of infrastructure assets on natural resources and ecosystems. FCM's substantial investment in infrastructure assets makes nature and biodiversity important considerations in stewardship and engagement efforts for this division. By contrast, nature-related issues are generally less relevant to our SME focused Private Equity division.



Beekeeping at Sandridge Solar Farm, UK, Part of Foresight's portfolio

Environment

Nature, pollution, water and the circular economy

Integrating nature and biodiversity in our investment approach

Foresight's Infrastructure portfolio recognises nature as a vital system to protect. The division invests primarily in low-polluting technologies and integrates nature-positive outcomes through active asset management. Project-specific commitments may include revegetation, grassland enhancement, tree planting to strengthen ecological corridors and facilitate wildlife movement, pond and wetland introduction, wildflower meadow, hedgerow and woodland buffer creation and restoration to improve biodiversity.

This not only helps with nature recovery but, in some cases, has meaningful operational benefits. For instance, in Spain, high temperatures during the summer and the Calima, the meteorological phenomenon that brings sand and dust from the Sahara, can have a direct impact on the electricity generation of our solar plants. The planting of vegetation and installation of ponds in Granada, where some of our assets are located, not only helps with nature recovery but lowers the risk of dust accumulation on panels, which can affect energy generation.

As nature-related regulations continue to evolve, including the implementation of biodiversity net gain ("BNG") requirements in the UK, we see these efforts as aligned with a broader shift toward integrating nature considerations into infrastructure planning and delivery. Our approach is also well positioned to support compliance with emerging standards while contributing positively to local ecosystems and long-term asset resilience.



Infrastructure: Measuring potential for biodiversity units at solar farms

The BNG legislation mandates new infrastructure projects need to deliver a minimum of 10% biodiversity net gain. Those that are not able to do so have to buy units to compensate, creating a mechanism like the already established carbon credit market.

In 2024, Foresight Solar started a baselining assessment to gauge the potential for creation of biodiversity net gain ("BNG") units across its UK projects.

The assessments began with a desktop review to identify locations with strong potential for biodiversity enhancements. Selected sites then underwent in-person ecological surveys to assess habitat quality, local connectivity and opportunities for nature improvement. With survey data in hand, planning is now underway to carry out works at the most appropriate time of year to maximise success and unit creation. This will be a thorough process, involving landowners, ecological experts and local authorities to secure approvals and allow the generation of tradeable biodiversity units.

Proposed enhancements focus on improving and connecting habitats through measures such as meadow creation, tree and hedgerow planting, and grassland and woodland restoration to support biodiversity.

The planned enhancements, supported by a robust assessment and Stakeholder engagement plan, position this baselining project as a model for integrating renewable energy development and operation with nature-positive recovery.

As implementation progresses, regular monitoring and adaptive management will be key to optimising ecological and financial outcomes.



Plug-planting at Solar Site, Cornwall, Part of Foresight's portfolio

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Integrating nature and biodiversity in our investment approach

Foresight's Infrastructure portfolio also sees nature as a valuable investment opportunity. This is reflected in our Forestry and Natural Capital portfolio ("FNC"), which shows how sustainable land management can deliver financial returns alongside clear environmental and social benefits.

FNC's portfolio consists mostly of afforestation (the planting of trees for new woodland creation) and established forestry assets. It makes a direct contribution to climate mitigation and biodiversity enhancement by promoting carbon sequestration and sustainable timber production. £27 million of fresh equity capital raised in early 2025 allows FNC to explore other natural capital opportunities such as biodiversity credits, peatland restoration and opportunities focused on regenerative agriculture.

FNC's assets cover a 13,245 hectare gross area, including 5,622 hectares in standing forest area expected to produce 1.3 million tonnes of sustainable timber over the next rotation. 5,819 hectares is committed to afforestation. Once fully planted, FNC's afforestation portfolio will be equivalent to around 28% of the total land in the UK that was used for afforestation in the year to March 2024.

Nature presents valuable opportunities for our Infrastructure portfolio, but we recognise that nature-related risks can have broad macroeconomic impacts and pose significant challenges. Depletion or disruption of natural resources, such as water and arable land, can lead to food scarcity, supply chain vulnerabilities and increased economic instability. Quantifying the portfolio exposure to nature-related risks is particularly complex due to their variability, feedback loops and the challenges of obtaining reliable data.

As part of this effort, Foresight Infrastructure has partnered with Frontierra to develop a platform that utilises satellite and geospatial data to assess nature and climate risks and opportunities, in line with reporting and disclosure frameworks such as The Taskforce on Nature-related Financial Disclosures ("TNFD"). In addition to climate, it assesses nature-related impacts, dependencies, risks and opportunities, and evaluates aspects such as biomes, biodiversity hotspots and critical habitats. The Infrastructure division will continue to refine and enhance the platform's capabilities as we begin gradual implementation across investment and portfolio management teams in FY26.

The integration of nature into investment decisions and risk management is a dynamic, ongoing process that reflects Foresight's growing understanding of the complex interdependencies between natural systems and financial performance.

As our capabilities mature and new tools, data sources and insights become available, our approach will continue to evolve. We view this as a long-term journey, with continuous improvement at its core.

Nature-related considerations will increasingly shape our understanding of both risks and opportunities, allowing us to make more informed decisions that support resilience and value creation across our divisions.

Ultimately, embedding nature into our investment and risk processes is not only about managing downside risk, it is about Foresight's resilience in a world where natural capital is increasingly recognised as a foundational element of economic and financial stability.

Foresight Capital Management: Biodiversity engagement

FCM, our listed Equity division, maintains substantial investments across the listed infrastructure and broader infrastructure sectors, reflecting a strong commitment to sustainable growth. With a portfolio that spans clean energy and essential infrastructure assets, FCM recognises the critical role that nature plays in supporting long-term value creation and resilience.

In FY25, FCM undertook a biodiversity engagement across FP Foresight UK Infrastructure Income Fund ("FIIF"), which represents approximately 20% of the division's AUM. As part of the engagement, all holdings in the Fund were assessed to evaluate the quality of their biodiversity-related initiatives and reporting. The majority of companies were found to report on biodiversity initiatives and processes, with two of the companies held in FIIF being TNFD early adopters. After the initial portfolio assessment, engagements were tailored to companies depending on the sophistication of their biodiversity-related reporting and initiatives. Engagement centred on requesting disclosure of biodiversity initiatives and transparency on supporting metrics, as well as alignment with TNFD recommendations.

Environment

Case Study: Tackling construction phase emissions at Kølvalen

Division: Infrastructure Fund: Foresight Energy Infrastructure Partners

At Kølvalen, a number of innovative measures were implemented during the design and construction phases, focusing on the use of local resources and careful procurement and management of materials. These efforts resulted in a **54% reduction in overall emissions** when compared with conventional methods of remote windfarm construction, and significantly reduced the environmental impact.

The emissions reductions were primarily achieved by:

- **Grid-sourced electricity:** Replacing conventional generators with grid-sourced electricity on a designated renewables tariff to reduce emissions
- **Electric arc furnace ("EAF") steel:** Using steel produced in an EAF with c.95% recycled content to further lower carbon footprint
- **Onsite quarrying:** Production of gravel and aggregate on site to minimise transport emissions
- **Onsite concrete batching:** Establishing onsite concrete batching to significantly reduce transport miles

	Total emissions (with mitigations) (tCO ₂ e)	Total emissions (without mitigations) (tCO ₂ e)	% CO ₂ emissions saved
Waste	119	119	0%
Fuel	2,209	2,209	0%
Power	0	10	100%
Cables	31	31	0%
Steel	2,307	8,516	73%
Aggregate	1,217	7,776	84%
Concrete	5,657	6,338	11%
Total	11,540	24,999	54%

Key insights



Onshore wind

Sweden

Ljusdals, 2022-25 in progress

54%

Reduction in emissions

277MW

Capacity

Members of the Foresight team