

Risks

Risk management protects profitability

The Board is responsible for establishing and maintaining the Group's risk management and internal control framework and for determining the nature and extent of principal risks that the Group is willing to accept in pursuit of its strategic objectives. The Group's approach to risk management is intended to support long-term sustainable growth, protect Stakeholder interests and promote effective decision-making across the business.

The Group operates within a diversified private markets platform focused principally on infrastructure, renewable energy and private equity investment strategies. The nature of these activities exposes the Group to a broad range of strategic, operational, financial, regulatory and reputational risks. Effective identification, assessment and management of these risks remain central to the delivery of the Group's strategy and the preservation and enhancement of Shareholder value.

Risk management is embedded within the Group's governance framework and business operations through an Enterprise Risk Management ("ERM") framework, supported by formal policies, defined accountabilities and ongoing monitoring processes. The framework is designed to promote consistent risk assessment and escalation across the Group while supporting informed commercial decision-making.

During the year, the Group continued to enhance its risk management framework in response to the evolving external environment, regulatory developments and the increasing operational complexity associated with a growing international platform. Particular focus was placed on operational resilience, cybersecurity, third party oversight, sustainability-related risks, data governance and geopolitical developments.

The Board, supported by the Audit & Risk Committee and Executive Committee, continued to review the effectiveness of the Group's risk management and internal control arrangements throughout the year. Management reporting to the Board included regular updates on principal and emerging risks, operational incidents, compliance developments, cyber and information security matters and business continuity preparedness.

In line with evolving regulatory and governance expectations, the Group also continued preparations relating to the UK Corporate Governance Code Provision 29 requirements concerning risk management and material controls. This included further development of controls mapping, risk ownership, governance reporting and assurance activities across key business processes.

Risk governance

The Group maintains a three lines defence governance model to support effective oversight and accountability for risk management activities.

The first line of defence comprises the business operations and functional teams, which are responsible for identifying, assessing and managing risks arising from day-to-day activities.

The second line of defence comprises the Risk, Compliance and related oversight functions, which are responsible for establishing risk management policies and frameworks, providing challenge and oversight, monitoring adherence to risk appetite and supporting escalation processes across the Group.

The third line of defence is provided by Internal Audit, which delivers independent assurance over the effectiveness of the Group's governance, risk management and internal control arrangements.

A Head of Internal Audit was appointed and the team started in June 2026, in line with our stated objectives to strengthen governance and oversight across the Group.

The Board retains overall responsibility for the Group's system of risk management and internal control. The Audit & Risk Committee supports the Board through oversight of the effectiveness of the Group's control environment, risk management framework and assurance activities. The Executive Committee is responsible for implementing the Group's risk management framework and embedding risk management practices across business activities.

The Group's risk governance arrangements continued to evolve during the year in order to support increasing operational scale, regulatory expectations and the expansion of the Group's investment platform.

Principal risks and uncertainties

The Group's principal risks represent those risks that could materially impact the achievement of its strategic objectives, operational performance, financial condition, reputation or long-term prospects.

Principal risks are reviewed regularly by management, the Executive Committee and the Board, taking into account changes in the external environment, strategic priorities, regulatory developments and business activities.

The Group recognises that the external risk environment remains highly dynamic, driven by continued macroeconomic uncertainty, geopolitical tensions, evolving regulatory expectations, technological change and increasing operational interconnectivity across financial markets and infrastructure assets.

The principal risks identified by the Group are interconnected and may crystallise individually or collectively.

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Emerging/evolving risks

The Group monitors emerging risks which may, over time, develop into material threats or opportunities for the business model, operating environment or strategic objectives.

Emerging risks are inherently uncertain and may be characterised by limited historical data, evolving regulatory frameworks or uncertain likelihood and impact profiles. The Group's emerging risk assessment process is intended to support early identification, monitoring and escalation of relevant developments.

Key emerging risks monitored during the year included:

- Geopolitical instability and market fragmentation
- Evolving cybersecurity and artificial intelligence threats
- Sustainability and climate related transition risks
- Increasing regulatory complexity
- Supply chain and critical third-party dependency risks
- Changing investor expectations relating to sustainability, governance and transparency

Of these, cybersecurity and regulatory complexity are considered the most likely to evolve into principal risks in the medium term. The Board and Senior Management continue to assess the potential implications of these developments for the Group's operations, investment strategies and long-term resilience.

Operational resilience and cybersecurity

The Group continued to enhance its operational resilience framework during the year, recognising the increasing importance of resilient operations, technology infrastructure and third-party service provision across the financial services sector.

The Group's operational resilience activities focus on maintaining the continuity of critical business services, strengthening incident response capabilities and reducing the potential impact of operational disruptions on clients, portfolio investments and Stakeholders.

Cybersecurity and information security remain areas of ongoing management focus given the evolving threat landscape and increasing sophistication of cyber threats targeting financial institutions and infrastructure related businesses.

The Group maintains a range of technical, procedural and governance controls intended to support the confidentiality, integrity and availability of systems and information assets. These include ongoing monitoring activities, user awareness initiatives, incident response processes, third party oversight and periodic testing exercises.

The Board receives regular reporting on cybersecurity, operational resilience and technology-related risks, including updates on threat developments, control enhancements, incidents and remediation activities.

Artificial Intelligence and emerging technologies

Foresight is working on potential opportunities to utilise artificial intelligence and related technologies across its investment management activities. These technologies have already proven their potential to support operational efficiency, data analysis, decision-making processes and service delivery across our business functions.

Adoption of AI technologies introduces a range of operational, regulatory, information security, legal, conduct and reputational considerations. The pace of technological development, evolving regulatory expectations and increasing use of third party AI-enabled solutions all contribute to a dynamic risk environment which requires well-calibrated controls.

Foresight's approach is therefore focused on the considered, proportionate and controlled adoption of AI-related technologies, supported by governance, oversight and risk management processes intended to align usage with the Group's risk appetite, regulatory obligations and operational requirements.






Foresight maintains Artificial Intelligence policies alongside associated long-established governance processes intended to support the responsible use of AI technologies across our business activities. These arrangements include oversight relating to data usage, confidentiality, cybersecurity, third-party service providers, regulatory considerations and appropriate human review.






The second line Risk and Compliance functions continue to play an important role in supporting the development of governance frameworks, providing challenge and oversight, monitoring emerging regulatory developments and assessing the effectiveness of associated controls. This includes ongoing engagement with operational and business teams in relation to the introduction and use of AI-enabled tools and services.

Foresight continues to monitor developments relating to AI governance, regulatory expectations and industry practices in order to support the sustainable and responsible adoption of emerging technologies across the business.






Risks

Principal risks 2026

Title	Description	Consequences	How we manage this risk
<p>1 Business Risk – Fundraising</p> <p> Business Risk – Fundraising</p>	Our ability to raise funds effectively is essential for business growth and meeting strategic objectives. Fundraising risks involve challenges in attracting investor capital due to economic uncertainty, market volatility, shifts in investor preferences, performance or competition.	Inability to raise sufficient capital may result in missed investment opportunities, reduced market competitiveness, and could potentially impact our long-term financial viability.	Fundraising risk is managed through diversified capital-raising channels, formal product approval and prioritisation processes and regular pipeline oversight by the Members' Board and the Executive Committee. Investor sentiment and fundraising progress are monitored via a formal management information process, with strategy adjusted as required.
<p>2 Business Disruption and System Failure</p> <p> Business Disruption and System Failure</p>	This risk involves interruptions to our critical business systems, technology infrastructure and operational capabilities, potentially due to cyberattacks, IT system failures or physical disruptions.	Operational downtime, compromised client services, financial loss and reputational damage could occur.	We have robust business continuity plans, cybersecurity defences, regular system testing and in-built redundancies. Incident management processes and dedicated response teams are established to rapidly restore operations, with Business Continuity Plan testing conducted on a regular basis, including full tests on an annual cycle.
<p>3 Geopolitical and Macroeconomic Risk</p> <p> Strategic Risk – Asset Concentration</p>	Geopolitical risk pertains to uncertainties resulting from global political tensions, conflicts, trade disputes and changes in international relationships.	Heightened geopolitical risks can lead to market volatility, operational disruptions, asset impairment and adverse impacts on global investment portfolios.	We conduct regular geopolitical risk assessments, scenario planning and proactive portfolio diversification. Our teams closely monitor geopolitical developments and adjust investment strategies to mitigate impacts through regular macro and geopolitical risk assessment embedded into portfolio reviews and Investment Committee decision-making, supported by scenario analysis.
<p>4 Strategic Risk</p> <p> Regulatory Compliance</p>	The firm has a number of flagship products, the loss of any one of which could have a material impact on the Group's revenues.	Market downturns in concentrated areas could significantly impact overall investment performance, asset values, and revenue, resulting in additional margin pressure and the loss of key mandates.	Strategic risk is managed through regular monitoring of revenue concentration by product, diversification of the product range over time and Senior Management oversight of product dependency metrics. Product sensitivity to key risk factors is assessed as part of the product approval process.
<p>5 Regulatory Compliance</p> <p> Operational Resilience</p>	Regulatory compliance risk involves failure to adhere to laws, regulations and industry standards, potentially due to evolving regulatory environments, complexity in cross-border activities or ineffective internal controls.	Non-compliance could lead to fines, legal action, regulatory scrutiny, reputational harm and operational disruptions.	We maintain a robust compliance framework, regular training, compliance monitoring programmes, and proactive engagement with regulators. Dedicated compliance teams ensure adherence and swiftly adopt and address regulatory changes.

Key:  Increase  Trending up  No change  Decrease  Trending down

Risks

Title	Description	Consequences	How we manage this risk
6 Reputational Risk People 	Reputational risk is the risk arising from negative perception on the part of our Stakeholders and can arise at asset, fund, department or legal entity level from matters such as internal failures, regulatory breaches or controversies involving counterparties.	Harder for Foresight to maintain existing business relationships and forge new ones. Reputational risk can also affect the Firm's access to sources of funding. Impacts can be severe and long lived, necessitating robust preventative controls.	We undertake extensive due diligence on counterparties and product proposals and regularly review our conduct risk (internal) and enhanced due diligence arrangements in place for client relationships or counterparties that are deemed to have higher risk factors (external). Our compliance framework reduces the risk of reputational damage arising from non-compliance with regulatory requirements.
7 People and Culture Sustainability 	People risk concerns the ability to attract, retain and develop skilled and motivated employees, essential for delivering strategic goals and maintaining business continuity.	Talent shortages, low morale or high turnover rates can disrupt operations, impact business performance and impair service quality.	People and culture risk is managed through structured engagement programmes, formal succession planning for key roles and regular monitoring of retention and talent metrics reported to Senior Management. There are also employee engagement initiatives, development programmes and competitive compensation strategies to support career growth.
8 Business Risk – Products Conduct and culture 	This is the risk that the Firm is unable to develop new products that sufficiently diversify the offering to investors across a range of liquidity requirements.	Without sufficiently diversifying revenue sources, the Firm's risk profile becomes concentrated and increasingly exposed.	Product diversification risk is managed through a structured product development and approval process, strategic review of the product pipeline and Senior Management oversight to ensure alignment with investor demand and liquidity requirements.
9 Business Risk – Performance Geopolitical risk 	This is the risk that our financial products underperform those of our peers and the broader market.	If the Firm cannot deliver strong returns to investors, fee revenues will be reduced and the risk of losing mandates increases while reducing our capability to raise new funds.	Performance risk is managed through performance monitoring versus benchmarks, challenge through the Investment Committee, Investment Manager review processes and active investment management.
10 People – Succession Planning Third Party Risks 	The Firm depends to varying extents on specific portfolio managers, leadership and Senior Management team members, and client or investor-facing executives to support our strategic growth objectives.	Departure of one or more key persons in some areas could materially affect performance, client relationships, fundraising, or strategic continuity.	Key person dependency is managed through succession planning for key roles, regular talent review processes and oversight by the Executive Committee and the Board.

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Risks

Risk culture

The Risk function is responsible for developing and maintaining a strong risk culture at the behest of the Board. A strong risk culture helps Foresight Group to proactively identify, assess and manage risks, which can enhance opportunities for growth. By fostering a strong risk culture, Foresight's businesses can seize opportunities, mitigate threats and create a sustainable path for long-term success.

Result	Explanation	Opportunity
1 Enhanced decision-making	A strong risk culture fosters informed decision-making by ensuring that risk considerations are an integral part of strategic planning, investment decisions and operational management.	This can lead to better business outcomes and improved financial performance.
2 Improved resilience and adaptability	Organisations with a robust risk culture can better anticipate and respond to emerging risks, disruptions or changes in the market environment.	This increased resilience can help Foresight's businesses adapt to new challenges and maintain a competitive edge.
3 Regulatory compliance and reduced legal exposure	Companies with a strong risk culture are more likely to comply with relevant regulations and laws, reducing the likelihood of penalties, fines or legal actions.	Foresight's forward-looking Risk and Compliance culture protects the Group's reputation and helps avoid costly litigation or regulatory enforcement actions.
4 Increased Stakeholder confidence	Demonstrating a robust risk culture can boost the confidence of Stakeholders, such as investors, customers, suppliers and regulators.	This can lead to increased investment, customer loyalty and market credibility, positively impacting the Company's overall performance.
5 Attraction and retention of talent	A robust risk culture can create a positive work environment that values transparency, accountability and continuous improvement.	Foresight is committed to attracting and retaining high-quality employees who are motivated to contribute to our success.
6 Innovation and growth	By embracing a strong risk culture, Foresight can identify and seize opportunities for innovation and growth, while effectively managing the associated risks.	This helps Foresight develop new products and services and supports our expansion and increased profitability.
7 Enhanced reputation and brand value	Foresight is committed to successfully managing risks and demonstrating a commitment to ethical conduct.	This enhances our reputation and brand value, leading to increased customer loyalty, Stakeholder trust and market share.
8 Better access to capital	Our risk culture can make a business more attractive to investors and lenders.	This can lead to better access to capital for investors worldwide and potentially lower borrowing costs.