

Audit & Risk Committee report



“The Committee has focused on strengthening the Group’s control environment and assurance framework, while maintaining oversight of the integrity of reporting and the effective management of risk as the business continues to grow.”

Geoffrey Gavey

Chair of the Audit & Risk Committee

Membership	Meetings attended
Geoffrey Gavey (Chair)	5/5
Alison Hutchinson	5/5
Mike Liston	5/5
John Le Poidevin ¹	—

1. John Le Poidevin was appointed and joined the Committee on 1 April 2026. Further detail can be found later in this report.

Purpose

The purpose of the Audit & Risk Committee is to monitor and review:

1. The integrity of the disclosures of the Group (including financial, non-financial and climate-related) within the Annual Report and Accounts, Half-year Report and other documents for publication
2. The adequacy and effectiveness of the internal control and risk management framework across the Group
3. The adequacy of the Group’s compliance, whistleblowing and anti-fraud framework
4. The independence and effectiveness of the External Auditor and review of requirement for an Internal Audit function
5. All governance matters with respect to the UK Corporate Governance Code
6. The policies and overall process for identifying and assessing business risks, including sustainability and climate-related risks (and opportunities), and managing their impact on the Group

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What the Committee reviewed during FY26

Financial and narrative reporting	Internal control, risk management and compliance	External/internal audit	Governance	Sustainability
<ul style="list-style-type: none"> Annual and Half-year Reports to ensure they were fair, balanced and understandable, including APMs and ESG disclosures Key accounting judgements and estimates Going concern and viability Classification and presentation of FCM as a discontinued operation under IFRS 5, including the separate presentation of results and restatement of prior year comparatives 	<ul style="list-style-type: none"> Reports from the Group’s Risk Committee (“RC”) Review of the viability statement and the supporting stress test scenarios Regular reviews of compliance with regulatory rules (including the FRC Minimum Standard) and compliance monitoring findings 	<ul style="list-style-type: none"> Audit reports from the External Auditor Confirmation of the External Auditor’s independence Policy and approval for non-audit fees FY26 audit plan, including significant audit risks External Auditor performance and effectiveness Internal Audit implementation timeline 	<ul style="list-style-type: none"> Reports from the Governance team Annual review of the Company’s compliance with the Corporate Governance Code and reporting to Shareholders Further consideration of the changes to Provision 29 of the Code which applies to financial years beginning on or after 1 January 2026 	<ul style="list-style-type: none"> Reports from the Group Sustainability team UK SDR and anti-greenwashing Data management and reporting Integrated Group Sustainability Report

internal control framework, which support the integrity of our financial and narrative reporting. We also monitor the adequacy of the processes that enable the Board to assess the level of principal risks the Group is prepared to take to achieve its long-term strategic goals.

Key areas of focus

One of the primary responsibilities of the Committee is to consider and report any significant issues that arise in relation to the audit of the financial statements. Further details on the areas of focus are provided later in my report, but I can confirm there were no significant issues to report to Shareholders in respect of the audit of the financial statements for the year ended 31 March 2026.

The Committee has continued to focus on developing the risk management function within the business. The Group’s Chief Risk Officer continues to evolve our systems and controls to support the growth and stability of the Group, with a continued focus on our sustainability risk management activities and our adoption of frontier technologies. Our risk framework continues to support our business and functions and ensures a dynamic exchange of information on risks across our regions.

The Committee continued to oversee management’s preparations for the requirements of Provision 29 of the 2024 UK Corporate Governance Code. The Committee reviewed progress on the identification and mapping of material controls, enhancements to control documentation and the implementation of supporting systems and workflows to strengthen the overall control environment and accountability for control performance. The Risk section contains a statement on the Group’s preparation for Provision 29.

Dear Shareholders,

I am pleased to present the Audit & Risk Committee report for the year ended 31 March 2026, which is intended to provide Shareholders with insights into the work we have done as a Committee to provide assurance on the integrity of the Annual Report and Accounts together with the effectiveness of the

Group’s risk management and internal controls framework. My report summarises the areas of focus and work conducted by the Committee over the course of the last year.

The Committee supports the Board by setting, reviewing and monitoring the Group’s policies and procedures to ensure the independence and effectiveness of the external audits and

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The Committee also considered the planned strengthening of assurance activities, including the development of an internal audit capability and a structured programme of control testing. A clear roadmap is in place to support the future Board declaration under Provision 29, including enhanced management attestations and regular reporting to the Committee. The Committee will continue to monitor progress to ensure the Group is appropriately prepared ahead of the FY27 requirements.

The Group's Internal Audit function is scheduled to commence in June 2026, representing a significant step in the continued development of the Group's governance and assurance framework. The function will operate with functional independence from management, with the Head of Internal Audit reporting to the Chair of the Audit & Risk Committee, alongside an administrative reporting line to the CEO. Internal Audit will provide the Board with independent assurance on the adequacy and effectiveness of the Group's governance, risk management and internal control framework.

The Committee also considered management's assessment of the proposed disposal of FCM and the resulting presentation of its results in the financial statements. In particular, the Committee reviewed whether FCM met the criteria under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations to be classified and presented as a discontinued operation, including whether it represented a separate and major part of the Group's operations. The Committee reviewed the proposed presentation in the consolidated income statement and the treatment of prior year comparatives on a consistent basis. The Committee was satisfied that the classification and related disclosures were appropriate and that the distinction between continuing and discontinued operations was clearly explained in the Annual Report.

Looking ahead, the Committee has begun to consider the implications of IFRS 18 Presentation and Disclosure in Financial Statements, which will become effective for reporting periods beginning on or after 1 January 2027. The Committee received updates on the expected impact of the new standard, including changes to the presentation of the income statement, enhanced aggregation and disaggregation requirements, and revised disclosures relating to management-defined performance measures. While IFRS 18 is not expected to affect the Group's underlying financial performance, the Committee will continue to oversee management's implementation plan, including system readiness, policy updates and investor communication, to ensure a smooth transition and high quality compliance.

The Committee continued to apply judgement in assessing the recognition of performance fees, given their inherently non-recurring nature and sensitivity to assumptions regarding future outcomes. During the year, the Committee reviewed management's ongoing assessment of this judgement, including the application of the Group's accounting policies, consistency with IFRS requirements and the disclosures provided. In particular, the Committee considered whether performance fees recognised during the year met the threshold that it is highly probable that a significant reversal will not occur. The Committee was satisfied that the judgements applied were appropriate and that the related disclosures were clear, balanced and consistent with prior periods.

Finally, the Committee reviewed whether any impairment assessments were required in respect of the Downing and ICG acquisitions made in recent years. The Committee concluded that no impairments were required, with further detail on these reviews provided later in this report.

Interaction with the Financial Reporting Council ("FRC")

During the year ended 31 March 2026, the Group had no direct interaction with the FRC. However, in the FRC's Annual Review of Corporate Governance Reporting, the Group's disclosure on cyber and information security risk was commended and is reflective of the Group's positive cybersecurity culture.

Composition and succession

The Committee was formed on 3 February 2021 as part of the preparation for the Company's Admission to the Main Market of the London Stock Exchange. Its members during FY26 were myself as Chair, alongside fellow independent NEDs Alison Hutchinson and Mike Liston.

The Committee comprises entirely independent Non-Executive Directors and includes members with recent and relevant financial experience. The Board is satisfied that the Committee, as a whole, has the appropriate competence and experience relevant to the Group's activities and sector, and therefore complies with the requirements of the UK Corporate Governance Code.

As previously announced, the Committee was strengthened by the appointment of John Le Poidevin as an Independent Non-Executive Director, with effect from 1 April 2026.

John is a Chartered Accountant with extensive audit and assurance experience, where until 2012 he was a senior audit partner at BDO LLP and led the firm's Consumer Markets practice.

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During his career, he acted as lead audit partner to a wide range of UK and international listed and private equity-backed businesses and advised on numerous flotations, transactions and refinancings, building deep expertise in audit, financial reporting, risk management and corporate governance.

I will retire from the Board at the conclusion of the 2026 Annual General Meeting. With effect from the conclusion of the AGM, John Le Poidevin will assume the role of Chair of the Audit & Risk Committee, providing continuity and further strengthening the Committee's oversight of audit, risk management and financial reporting.

Committee meetings

The Committee meets at least three times per year and at such other times as required. The Company's External Auditor or Chief Risk Officer ("CRO") may also request a meeting if they consider it necessary.

The Committee met on five occasions during the financial year under review. In addition to its scheduled meetings, the Chair maintained regular dialogue with management and the External Auditor. The Committee reviewed and discussed a range of matters throughout the year, with particular focus on material controls, audit planning, regulatory compliance, operational resilience, technology and cyber risk, sustainability reporting and the timelines for implementing an internal audit capability as the Group continues to scale.

Effectiveness and evaluation

The Committee's performance is reviewed annually as part of the internal Board Performance Review process (see page 124).

The assessment considered the Committee's effectiveness across its key responsibilities and the quality of oversight and challenge provided.

The Committee concluded that it continues to operate effectively.

A small number of actions were identified, including succession planning and a review of the skills matrix.

Responsibilities

The current Terms of Reference ("ToR") were amended and adopted in 2025 and can be found on the Group's website at <https://foresight.group/about-us/corporate-governance/> or obtained from the Company Secretary.

The Committee is principally responsible for the following:

- Monitoring the integrity of the Group's financial statements and related announcements
- Reviewing significant accounting policies, judgements and disclosures
- Assessing whether the Annual Report is fair, balanced and understandable
- Overseeing the effectiveness of the internal control and risk management framework
- Monitoring principal and emerging risks, and advising the Board on risk appetite and strategy
- Reviewing the Group's going concern and long-term viability assessments
- Overseeing arrangements for whistleblowing, fraud prevention and compliance
- Reviewing the effectiveness of the compliance and anti-financial crime frameworks
- Considering the need for an internal audit function and overseeing its effectiveness where applicable

- Overseeing the appointment, independence and effectiveness of the External Auditor
- Approving the audit plan and reviewing audit findings and management responses
- Monitoring the provision of non-audit services and auditor independence safeguards
- Overseeing the Group's corporate governance framework and compliance with the UK Corporate Governance Code
- Overseeing the identification and management of sustainability and climate-related risks
- Reviewing sustainability reporting and associated assurance arrangements
- Reporting to the Board on its activities and making recommendations for improvement

The Group complies with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. BDO have been engaged as the External Auditor for the Group since 2021 and have audited the principal trading business within the Group (Foresight Group LLP) since the year ended 31 March 2019, when the external audit was last tendered. The Committee continues to monitor audit quality and governance best practice; it intends to initiate a new tender process by 2029 reflecting its desire to align with UK listed-company governance expectations and external audit best practice.

(i) Significant financial reporting areas

The key areas of risk identified and considered by the Committee in relation to the business activities and financial statements of the Group for the year ended 31 March 2026 were as follows:

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Area of focus – Revenue recognition

Management and secretarial fees; marketing fees; directors' fees; arrangement fees; and performance fees

Comments and conclusions

Management fees

Revenue is recognised in line with the investment management or advisory agreements in place with the appropriate funds. These are typically based on the Net Asset Value ("NAV") or committed capital of Limited Partnership funds managed or advised by the Group. Where NAV is used, it is typically the last audited or publicly available NAV approved by the independent boards of the relevant companies.

Secretarial fees

Relate to services provided to funds Foresight manages (such as company secretarial, accounts preparation, administration, etc.) and are generally driven by Funds Under Management ("FUM") and calculated as a percentage of NAV or as a fixed fee depending on the terms of the individual contract agreements.

Marketing fees

These are fees recognised as a percentage of initial funds raised from the tax-based retail products.

Directors' and monitoring fees

Relate to services provided by Foresight staff where they are appointed as Directors on the boards of portfolio companies in which the Foresight funds invest. The fees are recognised in line with the contractual agreements between Foresight and the portfolio companies.

Arrangement fees

Earned by Foresight for its role in arranging certain deals (including capital deployments, fundraisings and refinancings), based on a percentage of the capital raised/deployed/refinanced.

Performance fees

Usually one-off in nature and earned from carried interest arrangements, performance fees are recognised only at the point in time when it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Along with performance fees recognised for VCTs and UK Limited Partnerships, the Group recognised performance fees in FY26 in Australia from the Diversified Infrastructure Trust.

Following discussions with management and review of the Group's controls and procedures as part of the meetings held throughout the year, the Committee is comfortable that revenue has been properly recognised in the financial statements in line with the Group's accounting policies and IFRS.

Area of focus – Impairment of goodwill and intangible assets (customer contracts)

Comments and conclusions

In addition to intangible assets (customer contracts), goodwill arising on acquisitions is capitalised and carried at cost less provision for impairment. An assessment is made at each year end for both intangible assets as to whether there is any indication that the assets may be impaired.

Goodwill is allocated to cash-generating units ("CGUs") and the valuation of these CGUs is then compared to the carrying value of goodwill to identify whether any impairment is required. Management have conducted valuations of these CGUs, which the Committee has reviewed and is satisfied that no impairment is required.

Management have also reviewed each intangible asset (customer contracts) for indicators of impairment. In FY24, indicators were identified for the two contracts acquired from Downing, Thames Ventures VCT 1 plc and Thames Ventures VCT 2 plc (merged as Foresight Ventures plc). This was due to the reduction in AUM seen in these VCTs since acquisition. The Committee is satisfied that no further indicators of impairment for Downing have arisen in FY26 and the carrying value recorded is appropriate.

As noted in the FY25 Financial review, actual redemptions on two of the contracts acquired through the Infrastructure Capital acquisition were identified as indicators of impairment. Management therefore performed an impairment review, updating the value in use calculations, including a reassessment of the remaining useful lives of the contracts, and recognised an appropriate impairment charge. The Committee is satisfied that no further indicators of impairment have arisen in FY26 and that the carrying values remain appropriate.

Area of focus – Classification of FCM as held for sale and discontinued operation

Comments and conclusions

Held for sale

Management assessed whether the sale of the FCM business was sufficiently advanced and committed at the reporting date to support classification as held for sale. This included a formal decision to exit the business, initiation of an active sale process, engagement with multiple parties and progression to a preferred bidder under exclusivity, with negotiations at an advanced stage at year end. Management also considered the subsequent agreement of the transaction in June 2026 as further supporting evidence of the status of the process at the reporting date. The Committee is satisfied that this assessment is appropriate and that FCM has been appropriately classified as held for sale.

Discontinued operation

Management also considered whether FCM represents a discontinued operation.

FCM is a clearly distinguishable component of the Group with separately identifiable operations and cash flows, and it is therefore appropriate for it to be presented as a discontinued operation with its results shown separately from continuing operations and comparatives restated accordingly.

The Committee is satisfied that FCM has been appropriately presented as a discontinued operation.

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(ii) Risk management and internal controls

Each business and functional area across the Group is responsible for identifying, monitoring, measuring and managing risks, as well as setting controls and assessing their efficacy. Oversight of risks and risk management activity remains with the Group's Risk Committee, with escalation to the Executive Committee and Audit & Risk Committee as required.

The Board of Directors is accountable for the risk management activities of the Group and is responsible for setting the tone for the Group's risk culture. The Board therefore has the ultimate responsibility for the effective management of risk, including determining the Group's risk appetite, identifying key strategic and emerging risks, and reviewing Foresight's risk management and internal control framework. For information on the Group's principal and material risks please refer to pages 39 to 43 of the Strategic Report.

The Committee devoted significant time during the year to reviewing the adequacy and effectiveness of the Group's internal control framework and the steps being taken to support future compliance with Provision 29 of the 2024 UK Corporate Governance Code, which applies to financial years beginning on or after 1 April 2026.

The Committee received updates on the identification of material risks and material controls, enhancements to control documentation, and the implementation of supporting systems and workflows. The Committee will continue to monitor progress in this area and oversee the development of appropriate assurance to support future Board declarations on the effectiveness of material controls.

In addition to the Group Risk Committee, the Audit & Risk Committee continues to rely on a number of different sources, including the production of the annual ISAE 3402 report which covers controls around the valuation of the Group's funds, as well as third parties providing additional support in specialist areas such as tax, risk, compliance and governance.

In my role as Chair of the Audit & Risk Committee, I attended a number of management meetings during the year to observe the discussions and challenge provided by Senior Management.

The Committee provided its confirmation to the Board that it has reviewed the effectiveness of the systems of internal control, including financial, operational and compliance controls, and risk management for the reporting period, as required under the provisions of the Code.

(iii) Internal audit

During the year, the Committee approved the commencement of an internal audit programme and received updates on the proposed scope, methodology and prioritisation of internal audit activity. Initial internal audit work commenced in the second half of the year, focusing on governance, data security and operational controls. The Committee will continue to oversee the development of the Internal Audit function and the reporting of findings to the Board.

Foresight prepares a controls report in accordance with International Standards on Assurance Engagements ("ISAE") 3402, which is also reviewed by BDO. This report describes the controls in place for processing investment transactions across the Group, including the procedures in place to deal with conflicts of interest. The most recent report was produced and audited for the 12-month period to 31 March 2025 with the audit for the 12-month period to 31 March 2026 ongoing. In addition, to ensure CASS rules are followed, a specific CASS audit is conducted.

(iv) External audit, including non-audit services

The Committee monitors and reviews the independence and objectivity of the External Auditor and reviews the effectiveness of the external audit process. The Committee also considers and makes recommendations to the Board, to be put to Shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the Group's External Auditor.

BDO is engaged as the Group External Auditor and has been since the year ended 31 March 2021. Elizabeth Hooper is the current audit partner, and this is her third year on the Foresight audit.

During the year, the Committee reviewed and approved the External Auditor's audit plan, including areas of significant audit risk, audit scope and materiality. The Committee also considered matters relating to audit quality, including updates on the Financial Reporting Council's Audit Quality Review findings and the actions being taken by the External Auditor to enhance audit quality and consistency across Public Interest Entity ('PIE') audits.

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The Committee received regular reports from the External Auditor and held private meetings without management present to review the audit scope, audit findings and to provide challenge and assess the depth of review provided by BDO.

The Committee remains satisfied with the independence, objectivity and effectiveness of the External Auditor as it continues to monitor audit quality closely.

As a result of this, I am satisfied with BDO's processes, capability of their staff and observations about management.

BDO confirmed its independence and objectivity from Foresight during the reporting period and both the Committee and the Board are satisfied that BDO has adequate policies and safeguards in place to ensure its objectivity and independence are maintained.

When assessing the independence of BDO, the Committee considered, amongst other things, the value of non-audit services provided by BDO and the relationship with them as a whole. The provision of non-audit services is considered by the Committee in the policy they have adopted on the independence and objectivity of external auditors. This policy is aligned to the recommendations of the UK Corporate Governance Code 2024 and the requirements of the FRC's Revised Ethical Standard (2024) (the "Ethical Standard"). An external audit firm will only be appointed to perform a non-audit service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier.

Details of the fees paid to BDO for audit and non-audit services are shown in note 6 of these financial statements. The non-audit services provided by BDO for the year ended 31 March 2026 related to an assurance report on the internal control environment of the Group in accordance with ISAE 3402 and the annual CASS audits.

The Group has a number of overseas subsidiaries, some of which require a local statutory audit. BDO has been used as component auditors in Guernsey, Australia and Ireland during the year.

As noted above, the Committee is responsible for recommending to the Board the appointment, reappointment and removal of the External Auditor. The Committee has recommended to the Board that, subject to Shareholder approval at the 2026 AGM, BDO be reappointed as External Auditor of the Group for the forthcoming year.

(v) Regulatory compliance and governance

The Committee received regular reports from the Group's Risk and Compliance functions, covering regulatory developments, compliance activity and risk management across the Group, as well as oversight of conflicts of interest, and compliance resourcing following structural changes within the Group. Additionally, company secretarial and governance reports covered matters including developments under the Economic Crime and Corporate Transparency Act.

The Committee was also kept informed on matters related to the closure of the Group's Luxembourg AIFM and the transition to a third-party service provider, noting the associated reduction in operational risk and improvement in operational resilience.

Compliance with the UK Corporate Governance Code ("Code")

During the year, the Company Secretary reported on the Company's compliance with the Code, which is monitored via the use of a compliance tracker that is shared with the Committee/Board annually. Actions to be taken to ensure compliance are spread across the year as appropriate to the Code requirement or guidance. There were three items of non-compliance, each of which is referred to in the Directors' report and an explanation provided.

Governance procedures

The Company's governance arrangements are periodically reviewed by the Company Secretary, with proposed changes highlighted to the Committee. The documented arrangements, including Terms of Reference, are published on the Company's website, so they are accessible at all times.

As a result of reviews undertaken during the year, changes were made to the Schedule of Matters Reserved for the Board and the Division of Responsibilities document, which now takes account of the CEO role following the appointment of Gary Fraser in June 2025. Also, as a result of the internal Board Performance Review undertaken by the Company Secretary, recommendations made in regard to governance matters were approved and have been implemented.

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More information regarding the BPR is provided in the Governance section on page 124 and the Nomination Committee report on pages 125 to 127. Also, as noted above, the areas of non-compliance with the Code are noted in the Directors' report and in the Governance section on page 111.

(vi) Sustainability

During the year, the Committee oversaw a range of sustainability-related initiatives, including the review of sustainability disclosures, ongoing climate risk monitoring, the development and initial reporting of sustainability Key Risk Indicators (KRIs), the completion of a Human Rights Risk Assessment, policy updates and the development of a Sustainability Accountability Framework.

In addition, the Committee considered the approach to internal and external assurance over sustainability-related information and will continue to monitor evolving regulatory requirements and investor expectations. It also reviewed the refreshed double materiality assessment, with the material topics identified reported within the FY26 Sustainability Disclosures, which are integrated into this Annual Report and Accounts.

(vii) Technology, cyber and AI risk

The Committee increased its focus on technology, cybersecurity and the use of artificial intelligence. This included consideration over the levels of cyber insurance coverage, progress in strengthening IT controls, developments in change management and third-party oversight, and enhancements to monitoring and governance across core systems.

The Committee received updates from Risk and Compliance on cyber resilience, emerging technology risks and the development of policies, controls and training to support the responsible use of AI. In particular, the Committee considered risks associated with data security, third-party dependencies and the evolving cyber threat landscape, and was satisfied that a structured programme of enhancements is in place, supported by ongoing oversight and regular reporting to the Committee.

On behalf of the Audit & Risk Committee

Geoffrey Gavey

Chair of the Audit & Risk Committee

26 June 2026