

Sustainability

Sustainability-related risks and opportunities

Introduction

In FY26 the Group has started aligning its reporting approach with the ISSB framework in response to Stakeholder expectations and to enhance the consistency, comparability, and decision-usefulness of its disclosures.

The following section discusses the sustainability matters identified as material for the Group, excluding climate-related matters, which are addressed separately in the TCFD section.

Human and labour rights in the value chain

Overview

Foresight's investments have extensive and international value chains which span key sectors such as energy transition, transport, forestry and manufacturing. This broad spectrum means issues related to working conditions, equal treatment, opportunities for all and other work-related rights are material.

Our strategic response

Foresight and its investment divisions endeavour to positively influence their assets and portfolio companies by establishing standards that promote good working conditions, diverse and inclusive business practices among their suppliers and ensure equal opportunities for all Stakeholders.

Our commitment to respect human rights, including labour rights, and those of our value chain workers is outlined in Foresight's Sustainability Policy and detailed in Foresight's Human Rights Policy. Further information can also be found within our Modern Slavery Statement.

Progress during the year

During the year the Group completed its first human rights risk assessment in line with the UN Guiding Principles ("UNGPs"). The assessment covered Foresight Group's direct supply chain and, where appropriate, considered risks in the supply chains of assets held in the investment divisions. Foresight also participated in both a modern slavery statement peer analysis exercise and the Human Rights Business Accelerator programme, each hosted by the UN Global Compact. In addition, the organisation completed a Modern Slavery Act gap analysis, conducted in alignment with the UK Government's updated statutory guidance issued in March 2025.

Within Real Assets, Foresight has increased its direct engagement with solar and Battery Energy Storage System ("BESS") suppliers. These areas have been prioritised due to their increasingly complex supply chains, reliance on critical raw materials and growing regulatory and Stakeholder expectations. Find more information in our inaugural Stewardship Report on page 35.

Future plans

- Formalising Group-level risk indicators relating to Foresight's salient human rights risks
- Launching a Health and Safety Forum in Real Assets, to share best practice throughout our network of asset managers and operators
- Engaging collaboratively with organisations such as the Solar Stewardship Initiative ("SSI"), which is seeking to ensure that manufacturers and buyers of solar panels adhere to high standards of sourcing. Alongside this we will be preparing for a series of upcoming legislation requirements such as the EU Battery Passports
- Within our PE division, we are formulating a supplier due diligence help guide for our portfolio companies

Financial impact and metrics

Foresight currently measures a variety of asset and fund-level human rights metrics. These are integrated, where material, into fund-level risk registers and managed on an ongoing basis.

The outcome of the FY26 human rights risk assessment enhances oversight at a Group level by including a set of risk indicators covering Foresight's salient risks and setting out actions for strengthening our processes in FY27.

Sustainability

Sustainability-related risks and opportunities

Anti-corruption and bribery

Overview

The double materiality assessment refresh concluded that corruption and bribery constitutes a material topic for the Group. This topic encompasses both positive and negative impacts, reflecting the potential to create value through strong governance practices, as well as the risks arising from failures in controls or ethical standards.

Our strategic response

A key element of Foresight's approach to managing bribery and corruption risk is its comprehensive Anti-Bribery and Corruption Policy, which establishes the framework at the Group level. Aligned with regulatory expectations for authorised firms, the policy applies across all Foresight entities worldwide, promoting a consistent approach while accommodating more stringent local requirements where applicable.

To further mitigate these risks, Foresight provides regular anti-bribery and corruption training to its employees, ensuring a strong understanding of relevant policies and procedures.

Foresight embeds transparency of its oversight of bribery and corruption risks through reporting at subsidiary level. This involves providing detailed reports to the boards of the regulated entities, and Group-level consolidated reports to the Executive Committee and Foresight's Board summarising the material matters from across the Group.

Foresight recognises the material risks that bribery and corruption pose not only to the organisation but to its investments and supply chains as well, and is relevant over all time frames.

To manage these risks effectively, Foresight conducts regular assessments across its investments, considering factors such as organisational structure, the nature and scale of operations and overall risk exposure.

As part of our pre-investment processes, anti-bribery and corruption considerations are incorporated to identify assets with higher risk exposures to these issues. To address this risk, we require investments to implement essential policies within six months to adequately address corruption and bribery. Our annual assessments then evaluate the presence and effectiveness of such policies, ensuring adherence to high ethical standards. We also gather corruption and bribery data from third parties and make assessments of alignment with the UN Global Compact principles. This comprehensive data is then integrated into our investment divisions' risk management processes, allowing for proactive mitigation and safeguarding of the portfolio against adverse events.

Our Whistleblowing policy, which encompasses a broad range of potential issues, provides a safe avenue for reporting suspected misconduct. It serves as a minimum standard and local regulations may impose stricter requirements. In such cases, local regulations should take precedence.

The Company encourages all staff to promptly report any potential wrongdoing. Our staff have multiple channels for reporting concerns, and the policy also provides external options for those uncomfortable with internal reporting channels.

In addition, Foresight Group maintains a zero tolerance approach to retaliation against whistleblowers who raise concerns in good faith. The policy sets out clear and robust procedures to safeguard individuals throughout the reporting process, ensuring appropriate legal protections are in place. Regular training further supports this framework by equipping employees with a clear understanding of the Whistleblowing policy and the available reporting channels.

More on our whistleblowing principles can be found in our Group Code of Conduct, which is available on our [website](#).

Progress during the year

During the year, Foresight has reviewed and incorporated new regulatory requirements and industry best practices relating to anti-corruption and bribery. This includes updates aligned with new guidance on Politically Exposed Persons ("PEPs"), as well as relevant FCA Policy Statements and "Dear CEO" letters.

In response to these developments, Foresight has enhanced its compliance framework to ensure it remains fit for purpose and reflective of current regulatory expectations.

Future plans

Foresight will continue to monitor bribery and corruption risks across the organisation, ensuring its control environment remains robust and effective, as regulatory expectations and industry best practices evolve.

Financial impact and metrics

Foresight Group monitors risk indicators associated with corruption and bribery, recognising their potential financial and reputational impact on the business.

Metric	FY26
Number of convictions for violation of anti-corruption and anti-bribery laws	0
Amount of fines in £ for violation of anti-corruption and anti-bribery laws	0
Number of financial crime incidents	0

Sustainability

Sustainability-related risks and opportunities

Biodiversity and ecosystems

Overview

The double materiality analysis refresh concluded that biodiversity and ecosystems is a material topic for Foresight Group, reflecting the potential impacts certain investments, particularly in the Real Assets division, might have on nature and biodiversity. These impacts include development on greenfield land potentially leading to habitat loss as well as building on degraded land which allows for nature regeneration. The assessment also reflects the importance of this topic to our investors.

Our strategic response

Nature and biodiversity are increasingly material to investment decisions, as habitat and species degradation can create significant financial, operational and regulatory risks. Impacts such as deforestation, water scarcity and biodiversity loss can affect supply chains, asset performance and long-term resilience. At the same time, investments can either harm nature or support nature-positive outcomes. We therefore integrate nature-related considerations into our investment and portfolio management approaches where relevant, to mitigate risk and drive positive environmental impact.

Putting nature recovery at the heart of asset management



Across our Real Assets portfolio, we are committed to protecting and enhancing ecosystems. This not only strengthens the natural environments in which our assets operate, but also helps safeguard commercial value by mitigating local environmental risks.

At our Foresight Solar Fund Limited (“FSFL”) Lorca sites near Granada in southern Spain, we delivered biodiversity improvements during the year through the installation of ponds and bird nesting boxes, alongside wider habitat enhancements. These measures support both operational resilience and ecological value, with ponds helping to reduce dust during dry periods – improving solar panel efficiency and performance – while also creating habitats for local wildlife.



The introduction of nesting opportunities has delivered tangible benefits, particularly supporting the recovery of the lesser kestrel, a native falcon species that has faced significant population decline in recent years¹.

We are also advancing biodiversity initiatives across our Australian portfolio. During the year, we launched a revegetation project at the Hume hydropower plant in New South Wales. This includes installing water-saving devices and protective fencing, preparing planting sites, and targeted spot spraying to support growth. In a region increasingly exposed to climate-related risks such as floods, droughts and bushfires, these measures both strengthen asset resilience and protect the local ecosystem².

1. Source: BOU, “What’s driving Lesser Kestrel declines despite conservation efforts?”.

2. Source: LA Trobe University, “Climate change threatens billion-dollar industry”.

Sustainability

Sustainability-related risks and opportunities

Progress during the year

There has been a significant amount of progress during the year within Real Assets in developing our approach to biodiversity and ecosystems. Some key highlights include:

- Progress made towards developing a consistent, portfolio-wide approach to biodiversity baselining. During the year, Biodiversity Net Gain (“BNG”) assessments were carried out on 25 sites across the Foresight Solar Fund Limited (“FSFL”), Foresight Energy Infrastructure Partners (“FEIP”), Foresight Environmental Infrastructure (“FGEN”) and Inheritance Tax Solution (“ITS”) portfolios¹
- Progress in developing specific biodiversity and nature KPIs, with FGEN and FSFL both establishing biodiversity-linked targets within their individual Revolving Credit Facilities (“RCFs”). These targets are phased, with specific requirements over time. For example, the FGEN target requires an increased proportion of sites with biodiversity enhancements
- To further our understanding of new biodiversity monitoring techniques, such as acoustic monitoring, we have been working with universities to explore emerging ecological monitoring approaches
- Our geospatial platform which we have developed with Frontierra is proving effective at ensuring new investments are EU Taxonomy aligned, whilst supporting ongoing portfolio management through risk identification and analysis
- The Real Assets Team has also been actively engaged in collective engagement through the UKSIF Biodiversity Forum, which has informed enhancements to Foresight’s approach to nature and biodiversity stewardship

Future plans

We remain committed to actively managing biodiversity and ecosystems risks and exploring opportunities. In the coming year we plan to continue working on a number of focus areas:

- We intend to build upon the Nature Recovery Blueprint that was published by Foresight alongside the Eden Project in 2024 by developing standalone blueprints for Australia, the Nordics and the Mediterranean regions. Work towards an Australian Blueprint is the most advanced, with a third party progressing baseline development and risk and opportunity assessments. The development of the Nordic and Mediterranean Blueprints will contribute to a new fund-level nature strategy for our flagship FEIP funds
- We plan to build upon BNG assessments carried out this year across FSFL, FEIP, FGEN and ITS sites to deliver habitat enhancements, with a focus on those which have the potential to create BNG-eligible habitat units

Financial impact and metrics

Biodiversity and ecosystem impacts are not currently quantified for the Group due to the evolving nature of methodologies, data limitations and the absence of universally accepted measurement standards, which make it challenging to translate these impacts into comparable, decision-useful metrics. Foresight will continue to monitor emerging regulatory and market developments, including frameworks such as the Taskforce on Nature-related Financial Disclosures (“TNFD”) and evolving EU and UK guidance, to inform its approach over time.

Responsible marketing

Overview

Responsible marketing practices, such as providing clear, honest information in an accessible format to clients and customers, have been identified as material to Foresight Group. This includes transparent disclosure of risks and costs, clear, fair and not misleading communications, regulatory compliance and alignment with the Group’s sustainability commitments.

Our strategic response

At Foresight, we are committed to providing clear, fair and not misleading information to our investors. We recognise the importance of transparency in building trust and mitigating the risks related to misleading information and to potential exclusion of certain social groups.

Foresight Group engages with its clients and end users through multiple channels. These channels include financial advisers, as well as online and printed prospectuses and fund materials available on our website.

1. BNG assessments quantify the potential biodiversity uplift achievable through targeted interventions on individual sites, with this forming part of the mandatory planning requirements for specific new developments in the UK.

Sustainability

Sustainability-related risks and opportunities

Foresight will always aspire to provide clear, balanced and accessible disclosures about the risks and returns associated with our investment products and their sustainability outcomes where relevant. These are bespoke for each product, and each product has its set of reports and prospectuses available on our website. Additionally, the dedicated landing pages for funds and comprehensive investor guides help to provide clarity and accessible information. This is designed to help alleviate confusion and promote transparency on features, benefits and associated risks with our investment products. In recognising that many end clients, particularly within our consumer and financial adviser-focused funds, are often post-retirement age, we take deliberate steps to ensure our messaging is appropriate and accessible.

Group-wide anti-greenwashing guidance is available to all employees. Specific sustainability claims are reviewed on a case-by-case basis, taking into account the level of operational control and ownership stake.

Further detail on our approach can be found within our Sustainability Policy.

Progress during the year

This year, Foresight Group has enhanced its approach to reviewing claims made on sustainability for relevant funds and Group-level commitments. The internal guideline documents detail principles to be followed, and methods of escalation for approval when public-facing documents and claims are to be published. This is to ensure that we are taking steps to not mislead customers, whilst providing them with information that is clear and accurate on our products.

Future plans

Foresight will continue to make iterative enhancements to its approach to responsible marketing, always considering different ways to ensure that messaging is clear for consumers. Regulatory oversight in this domain has also been a focus, and continuing to align our approach with regulations and respective changes is an ongoing priority. This includes a commitment to a comprehensive training offering incorporating internal and external subject matter experts.

Financial impact and metrics

Foresight's goal is to continue to provide clear and informative public disclosures, while prioritising its responsibility to consumers and the wider market when making claims and carrying out broader marketing activities. Responsible marketing is not currently linked to any metrics. We will continue to monitor this area for development, and consider options for monitoring metrics in the future.

Cybersecurity and data governance

Overview

In an era where cyber threats are escalating with increasing sophistication, the integrity, confidentiality and availability of Foresight data is a paramount concern. Foresight takes information security very seriously and attaches the same importance to managing the risks to its technology and information as it does to managing its regulatory, financial and operational risks.

Our strategic response

Foresight has a risk management culture led by its Executive Committee, which reports to the Group Board and its Audit & Risk Committee. Supported by the Group's Risk Committees and IT Steering Committee, it encourages a culture of technological innovation whilst maintaining strict risk controls across the business, with cyber risk thoroughly integrated into the Group's risk management framework. This incorporates a strong focus on due diligence for third-party providers, which is conducted in proportion to the services provided and data which is processed.

For more information on our strategic response, please see the operational resilience and cybersecurity risk section on page 40.

Sustainability

Sustainability-related risks and opportunities

Progress during the year

Throughout the year Foresight has continued to evaluate its cybersecurity capabilities through leveraging industry frameworks such as COBIT and NIST¹, internal and external threat-led testing, and obtaining recognised certification including “Cyber Essentials Plus”.

We also reviewed our information security governance arrangements, including access controls and monitoring processes, to help ensure they remain proportionate to the risks faced by the business. This work supports our broader approach to responsible technology, data protection and digital ethics.

Training and awareness remained a core part of our approach to building a cyber-aware culture. We continued to focus on equipping employees and relevant partners with the knowledge to identify cyber risks, protect information and act as an additional line of defence against cyber attacks. 100% of employees completed annual cybersecurity training, and phishing simulations were carried out during the year to help reinforce awareness and reporting behaviours.

Future plans

Foresight will continue to monitor its internal and external cybersecurity environment and review the effectiveness of its cybersecurity tooling, controls and processes. As cyber threats evolve, we will continue to adapt our capabilities to prevent, detect, respond to and recover from cybersecurity incidents.

Consistent with practice across the financial services sector, Foresight will continue to review and refine its “assumed breach” approach, with a focus on improving detection, response and recovery capabilities.

We will also continue to evaluate the logs captured as part of our operations, ensuring that logging remains relevant, proportionate and effective. This supports both security monitoring and responsible resource use by reducing unnecessary storage and processing.

Financial impact and metrics

Cybersecurity is incorporated within overall operational resilience, which is one of Foresight Group’s principal risks, underlining the importance placed on managing cyber risk within our Group risk framework. The financial impact of this is modelled within scenario analyses which are managed by Foresight’s Group Financial Reporting and Risk teams and monitored within the Group Enterprise Risk Management (“ERM”) system.

No material cybersecurity incidents were identified during the reporting period.

AI ethics

Overview

AI ethics has been identified as a new material topic for Foresight, reflecting the rapid development and increasing use of AI technologies, which present both opportunities and risks for the business.

Our strategic response

Foresight has adopted a co-ordinated AI strategy which focuses on integrating the use of AI across our investment activities and operations to unlock productivity gains, alongside ensuring responsible governance and security.

We recognise that there are risks with the use of AI. This is reflected in AI being cited as an emerging risk to the Group (see page 40). Our Group AI Policy stresses that generative AI can be a powerful tool which also carries risks. All employees are required to comply with the Group’s AI Policy and Acceptable Use Policy and complete dedicated training and onboarding. The use of AI is always subject to human oversight. The Group also places restrictions on certain types of AI, with Microsoft Copilot currently serving as Foresight’s primary approved AI platform. Our approach to AI is supported by our bi-monthly AI forum, which includes representatives from teams across the business and helps to support a consistent approach in the use of AI. AI ethics has been integrated into the Group ERM following the double materiality analysis refresh and as a result it will form part of the regular risk reviews. The Sustainability team will inform the Board on any developments in this area as necessary.

Training is also a central part of our approach and is delivered by our T&D team, which lead sessions for employees across the business, and a specialist Copilot adoption partner. Their focus has been on ensuring that teams receive tailored support appropriate to their use of AI, with some teams receiving advanced or privileged access to AI tools which can support them in their roles.

1. Control Objectives for Information and Related Technologies, and National Institute of Standards and Technology.

Sustainability

Sustainability-related risks and opportunities

AI also presents investment opportunities for Foresight Group. This includes potential access to innovative SMEs leveraging AI through our Private Equity division and the potential benefits to our Real Assets division of increased demand for energy driven by AI.

Progress during the year

Throughout the year we have made significant progress in our responsible use of AI. Progress includes:

- Introduction of stronger internal controls on generative AI use and clearer employee guidance
- Focus on training with the launch of a digital learning zone on AI and delivery of multiple training sessions by the T&D team, and our adoption partner
- Embedding the use of AI into deal sourcing and due diligence
- Encouraging the controlled use of tailored AI agents across the business

Forward-looking plans

In the next financial year, we intend to focus increasingly on responsible AI. This will include a review of how responsible AI is integrated within our relevant policies and procedures.

Financial impact and metrics

In the reporting period, AI-related opportunities have supported productivity and improved efficiency across the business, helping us to re-allocate resources elsewhere. This has come alongside investment in AI, both through the purchase of AI tools as well as time commitment from our T&D team. While it is still too early to quantify the direct financial impact of AI at Foresight, we are developing metrics to capture this value.

Based on early signals and clear productivity gains, our expectation is that over the medium to long term AI will strengthen the resilience of the business. We also expect AI to create additional value for the Group through new investment opportunities.

We do not currently have quantitative metrics to track progress against AI ethics, but will keep this under review as our adoption of AI across the business increases.

Economic and social impact on local communities

Overview

Foresight works to build relationships with the communities surrounding its offices, assets and investments to underpin our role as a responsible corporate citizen and investor. Community and charitable partnerships create meaningful employee engagement and pride. Local engagement also contributes to investment performance and builds stronger relationships and trust with our investors. Embedding our people, assets and investments within the social fabric of local communities mitigates operational and reputational risks. It also boosts local business networks, supports long-term resilience, ensures indigenous communities are respected and enhances the social value of projects.

Our strategic response

At the corporate level, Foresight partners with charities and schools, alongside offering opportunities for employees to volunteer their time towards good causes. While Foresight's strategies for community engagement vary for each investment division, across the Group we aim to positively impact local communities and contribute to long-term social benefit.

Through this we deliver long-term sustainable value for clients while also supporting outcomes that benefit broader society, including local communities.

Progress during the year

- Continued to support a range of charities at a corporate level. This includes Svitlo Education, a charity that provides education and skills development to young Ukrainians affected by war, where members of the Foresight team have provided skills and career sessions. Foresight also welcomed 27 students from the Amos Bursary for a Summer Insights Day for a series of practical skills-focused workshops, with participation from Foresight teams across the business
- £2.7 million contributed to local communities in the UK across our Real Assets division. This money is used in a variety of ways by regional authorities to improve the lives of residents near our operational sites
- Earth Energy Education's collaboration with Foresight's Real Assets division continues to deliver positive outcomes. During the 2024-2025 academic year, the programme delivered 44 visits to solar and wind farms. A total of 40 Science, Technology, Engineering and Maths ("STEM") career sessions were also delivered in schools, where experts highlighted the diverse career paths available in the renewables sector
- An additional four participants funded by Foresight Natural Capital through the Foresight Tilhill Forestry Skills Training Programme, which provides fully funded, practical training to enable entry into forestry roles. To date, 26 candidates have completed the programme
- Within Private Equity, there was an increase in the number of jobs supported across the Regional Investment fund series from c.3,400 to nearly 5,000, over half of which are skilled roles¹

1. Foresight defines a skilled role as one earning over £30,000. Calculation does not account for Foresight ownership stake.

Sustainability

Sustainability-related risks and opportunities

Future plans

- Our Private Equity division is currently partnering with the Good Economy to develop a social impact assessment for our portfolio. This will involve quantifying both the direct and wider economic impacts of our investments, including employment quality, productivity and contribution to local economies
- We plan to focus on the implementation of RCF-linked metrics across a number of our Real Assets funds, a number of which are relevant to local communities. For example, FGEN has a specific performance metric related to community benefits. The target is that 53% of in-scope sites should receive voluntary community funding, up from a baseline of 38% in FY24

Financial impact and metrics

Where relevant, risks related to local communities are included within asset and fund-level risk management processes. When material, these risks also are integrated into scenario analyses which will include an analysis of financial impact.

Metrics relating to communities are also tracked as part of our core long-term Sustainability Strategy objectives. These can be seen on page 63.

CASE STUDY

Our approach to community engagement in Australia



Foresight's approach to community engagement in Australia demonstrates the meaningful value that can be created through strong, proactive outreach.

Through our local teams, we deliver community benefit funding and support initiatives such as sporting events, site visits and cultural heritage surveys. These activities across all of our Australian solar, hydropower and wind sites help build lasting relationships with local Stakeholders, support effective site operations and reinforce our social licence to operate. For example, the Kondinin wind farm – located in a community of approximately 300 people – has received strong local support for the project. Kondinin's Community Consultative Committee, made up of representatives from the local community, will oversee the annual community benefit fund of \$150,000 once the project is operational.



This ensures that funding is directed to where it is most needed and that local residents directly experience the benefits of Foresight's wind energy projects. This approach highlights the importance of close, meaningful engagement with Stakeholders, particularly in rural areas where strong relationships are essential to successful asset management.

"I genuinely believe renewable energy is an exciting growth opportunity for regional areas. It's one of those rare win-win situations: small communities share in the benefits through community funds; renewable energy development can progress; and the environment is better off too. In short, when nature thrives and communities grow, everyone wins, including our investors!"

Kyla Padfield

Community Liaison Lead, Foresight Australia