FORESIGHT GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Foresight

FOR A SMARTER FUTURE

OUR PURPOSE

At Foresight, we're investing for a smarter future.

Our world is changing, which means finding new ways to drive progress and seize opportunities. As a sustainable growth investor, we invest in innovation, back ambitious SMEs and make complex investment products accessible.

This is how we're creating a sustainable legacy.

OUR VALUES

Sustainable **impact**

Achieve with **ambition**

Relationships with **integrity**

Collective **success**

Shortlisted for Best ESG Materiality Reporting (small cap)

Foresight was awarded the Green Economy Mark at IPO. This recognises companies that derive 50% or more of their revenues from environmental solutions.

HIGHLIGHTS

An excellent year delivering significant progress across our strategic priorities to grow, diversify and expand.

£8.8bn
AUM[1]
(31 March 2021: £7.2bn)

23%
AUM growth[1]
(31 March 2021: 59%)

£6.7bn
FUM[1]
(31 March 2021: £5.1bn)

£1.3bn
Net organic fundraising[1]
(31 March 2021: £0.8bn)

£86.1m
Total revenue
(31 March 2021: £69.1m)

86.9%
Recurring revenues[1]
(31 March 2021: 90.3%)

£24.9m
Total comprehensive income
(31 March 2021: £14.9m)

£31.8m
Core EBITDA pre-SBP[1]
(31 March 2021: £23.9m)

83%
Overall staff engagement score

5.17TWh
Renewable energy generated

1. ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures ("APMs") have been included to better reflect the Group's underlying activities. Whilst appreciating that APMs are not considered to be a substitute for, or superior, to IFRS measures, the Group believes their selected use may provide stakeholders with additional information, which will assist in their understanding of the business. In particular, the Group believes Core EBITDA pre-SBP reflects the trading performance of the underlying business without distortion from the uncontrollable nature of the share-based payments charge. Recurring revenues % is recurring revenue divided by total revenue.

CONTENTS

EXECUTIVE CHAIRMAN'S STATEMENT

We delivered on the promises we made when we listed in February 2021.

Bernard Fairman
Executive Chairman

We aim to be a market leader in both renewable energy infrastructure and regional UK private equity

337
INFRASTRUCTURE ASSETS

131
PE PORTFOLIO COMPANIES

43%
FCM AUM GROWTH

Introduction

It is rarely the case that any business benefits from all its divisions performing strongly at the same time, with an accommodative policy background, but that is how we are positioned right now. The diversity of Foresight's offering, with over 35 retail and institutional solutions, also provides a high degree of resilience against changing market conditions and positions us well for continued success.

This was our first full year as a public company and I am delighted to report that it was highly successful, as we delivered on the promises we made when we listed in February 2021. Our financial performance was ahead of our expectations, reflecting the quality of our business, and we achieved strong growth in AUM.

We also made excellent progress with implementing our strategic objectives as we launched new funds, further diversified our investor base, successfully deployed significant amounts of capital into both infrastructure and private equity and expanded into new asset classes. Following the year end we also completed our first strategic acquisition post-IPO as described in Post year end events below.

To support our growth, it is important to align our people strategies with our strategic objectives. This year we have strengthened and expanded our executive leadership team by adding Ricardo Piñeiro (Co-Head of Infrastructure), Matt Smith and James Livingston (Co-Heads of Private Equity)[1].

These promotions reflect the key contributions and impact each of these individuals have made to our success to date and the depth of management strength we have built at Foresight over the past 38 years. Their contribution to the executive leadership team will enrich our business and shape the future of Foresight.

The Group is a key player in two markets that are growing rapidly: worldwide renewable energy infrastructure and UK-based regional private equity. Renewable energy infrastructure is being driven by favourable economics, as well as the heightened focus on energy security, following Russia's invasion of Ukraine.

This benefits both our infrastructure funds and our sustainability-orientated investment products within the Foresight Capital Management division.

1. Subject to FCA approval.

Growth that **powers change**

Delivering the opportunity

GREW GROUP AUM BY

£1.6bn

94

NEW EQUITY TRANSACTIONS ACROSS INFRASTRUCTURE AND PRIVATE EQUITY

In Private Equity, the economic impact of the pandemic has further increased the need for capital to flow to SMEs in the UK regions, and our work here aligns with the government's agenda to reduce regional inequalities and create new jobs. These macro trends will present opportunities for Foresight for many years to come.

Operational and financial highlights

The Group generated significant organic growth across our international footprint during the year, resulting in an improved competitive position. The substantial AUM growth we delivered during the year, at £1.6 billion, reflect our position as a player of increasing scale that is well positioned to take advantage of growing markets.

AUM rose by c.23% to £8.8 billion (31 March 2021: £7.2 billion), with FUM up 30% to £6.7 billion (31 March 2021: £5.1 billion).

Revenues increased by 25% to £86.1 million (31 March 2021: £69.1 million), largely driven by higher management fees as a result of the growth in FUM. Recurring revenues were 86.9% of the total, within our expected range of 85-90%. Total revenues include performance fees, principally from one of our private equity funds (Foresight Regional Investment Fund) which exceeded its performance hurdles and our expectations.

Core EBITDA pre share-based payments grew 33% to £31.8 million (31 March 2021: £23.9 million), reflecting the revenue increase and the operational gearing inherent in the business. This resulted in an associated margin of 37% (31 March 2021: 34.6%).

More information on our financial and operational performance can be found in the Financial Review and Business Review sections of this report.

Dividend

The Board targets a total dividend payout of 60% of profit after tax, paying approximately one-third of the total dividend for the year as an interim dividend and approximately two-thirds as a final dividend. In line with this policy, we have declared a final dividend of 9.8 pence per share. Combined with the interim dividend of 4.0 pence per share, this gives a total in respect of the year of 13.8 pence per share. The final dividend will be paid on 14 October 2022 based on an ex-dividend date of 18 August 2022, with a record date of 19 August 2022. Moving forward, the Board's intention is that the interim dividend will represent 30% of the prior year's total dividend.

People and culture

Foresight is a people business and we continue to build on our people strategies to attract, retain, develop and engage with the talented and ambitious people we employ. As we grow the business, we look to give people increased opportunity to make a sustainable impact, to achieve collective success working for one of the market leaders and create relationships based on integrity. This year, we have invested significant time in developing our employee value proposition, which is covered in more detail on page 16 within the investment case.

As the pandemic abated and allowed us to return to our offices, we were proud to achieve our highest-ever employee engagement score, at 83%. This reflects our focus on creating a sustainable culture, where everyone who joins us is given the opportunity to thrive.

We believe that sustainable businesses are better businesses and will deliver superior returns, particularly over the long term.

Sustainability

Our belief is that sustainability and economics are interlinked which means that first and foremost, the projects and companies we invest in must generate attractive returns for our investors. Only by achieving these returns will we be able to raise further capital and continue to deliver important benefits to society. At the same time, we believe that sustainable businesses are better businesses and will deliver superior returns, particularly over the long term. It is this combination of economics and sustainability that underpins the culture we are so proud of at Foresight.

Our Infrastructure investments are playing a key role in the transition to a low-carbon power system, while in Private Equity we have a rigorous approach to helping investee companies manage their approach to sustainability and ESG. We are also addressing our own environmental performance, having offset our scope 1, 2 and 3 emissions[1] this year and initiated a plan to reach net zero by 2050.

In addition, we agreed an innovative collaboration with the Eden Project in June 2022, which will start with the creation of a nature recovery approach for Foresight. This will define how businesses such as ours can respond to nature recovery, demonstrate tangible positive outcomes for nature through our portfolio of assets and engage with communities and stakeholders to create action.

Further details on this exciting new partnership for the Group can be found in our Sustainability section on pages 48 to 81, which also includes information on our continued support for the UN Global Compact.

Post year end events

Following the year end we had further significant success in our private equity fundraising activity with the launch of two new UK regional funds and our first non-UK fund in partnership with AIB in Ireland.

We were also able to announce our first strategic acquisition post-IPO with the acquisition of the investment mandates of Downing's ventures businesses. These provide an excellent strategic fit for Foresight, complementing our existing portfolio and adding scale. This transaction represents a significant strategic step and, in conjunction with the new funds, takes our private equity AUM to over £1.2 billion.

Outlook

We have excellent positions and proven expertise in sustainable infrastructure and UK regional private equity. The UK Government's levelling up agenda, supporting business growth in the regions and the growing demand for sustainable investments and OEIC products are just two examples of the long-term structural trends in our core markets that combine to create a rapidly growing opportunity for Foresight, as evidenced by the recent expansion in our private equity footprint.

In addition, we believe that the energy transition will affect many sectors in addition to energy itself, including industry and transport. We also expect increased appreciation of the importance of natural capital, from more sustainable farming practices to the critical role of forests, soil and oceans in tackling climate change and promoting biodiversity. We will be launching new funds to address these incredibly important markets soon.

While the decarbonisation of energy generation and the shift to a more sustainable society are accelerating, these changes cannot happen instantly and they present multi-year opportunities across our international footprint, which we remain committed to expanding. We are therefore confident that the outlook for the Group in the coming year and beyond continues to be very positive.

Bernard Fairman
Executive Chairman
11 July 2022

1. Excluding category 15, emissions from investments.

OVERVIEW

WHAT'S IN THIS SECTION

AT A GLANCE

Foresight Group, a leading, sustainability-led infrastructure and private equity manager.

We've been backing innovation that drives progress and supporting ambitious, entrepreneurial SMEs across different sectors since 1984.

We understand the role sustainable investing can play in evolving established markets, creating new ones and generating long-term value and impact.

200+
INSTITUTIONAL CLIENTS

21
INSTITUTIONAL SOLUTIONS

59%
INSTITUTIONAL AUM

c.29,000[1]
RETAIL INVESTORS

16[2]
RETAIL SOLUTIONS

41%
RETAIL AUM

1. This may include investors with more than one investment.
2. Retail funds include FSFL, JLEN and FSFC which are majority held by institutional investors but also available to retail investors.

Our businesses

INFRASTRUCTURE

£6.3bn

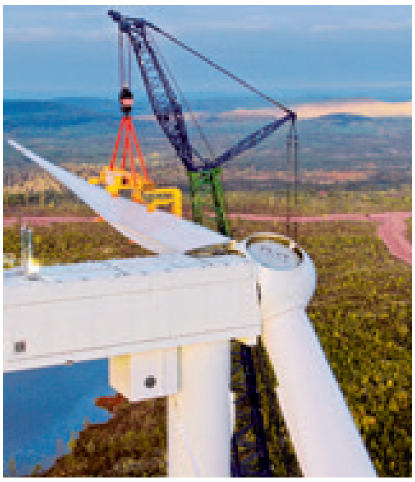
AUM 71%
(FY21: £5.4bn)

337

Assets
(FY21: 317)

Highlights

- FEIP reached final close, raising a total of €851.4 million across FY21 and FY22, 70% ahead of target
- IPO of Foresight Sustainable Forestry Company, raised £130 million – the first UK natural capital-focused investment trust listed on the main market of the London Stock Exchange



PRIVATE EQUITY

£930m

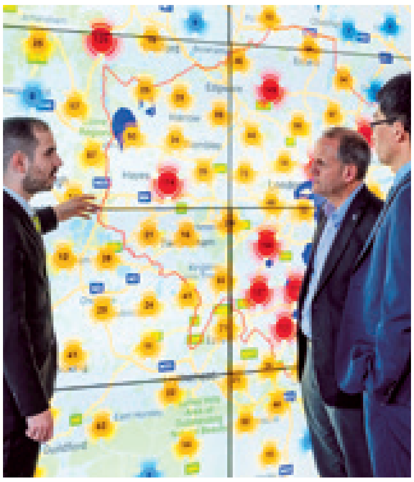
AUM 11%
(FY21: £714m)

131

Portfolio Companies
(FY21: 115)

Highlights

- First close of FRIF III cornerstoned by Greater Manchester Pension Fund, raised £65 million, increasing to £83 million post period end with a successful second close
- Performance of FRIF I exceeded expectations, generating a cash return of 1.8x after three exits with 14 portfolio companies remaining



FORESIGHT CAPITAL MANAGEMENT ("FCM")

£1.6bn

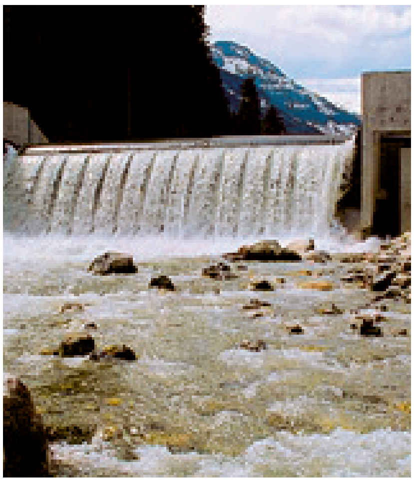
AUM 18%
(FY21: £1.1bn)

6

Investment vehicles
(FY21: 3)

Highlights

- Significant expansion of FCM offering:
  - VAM Global Listed Infrastructure, a sub-advisory mandate
  - GRIF Lux to access European capital and distribution networks
  - New investment strategy launched with the Foresight Sustainable Future Themes Fund



INVESTMENT CASE

Here are four compelling reasons to invest in Foresight.

1 | OUR RESPONSIBLE APPROACH TO INVESTMENT

For us, investing isn't just about backing companies and their progress. It's about the wider world and the positive impact we can have on it. As a sustainable growth investor, we invest in innovation, back promising smaller companies and make complex investment products accessible. This is how we're creating a sustainable legacy.

READ MORE
See pages 10 and 11

2 | DIVERSIFIED PORTFOLIO, GROWING MARKETS

Foresight consistently raises funds from a diverse investor base. More than 200 institutional and c.29,000 retail investors from across the globe choose Foresight, due to our strong track record of performance and proven access to quality investment opportunities in growing markets, across both private and public investment vehicles.

READ MORE
See pages 12 and 13

Investing for a smarter future is what we have been doing for more than 35 years.

3 | DELIVERING ON TARGETS

In our first year post-listing, we achieved our target AUM growth organically, delivered high-quality recurring revenues in line with our stated range, grew Core EBITDA pre-SBP by 33% and improved our Core EBITDA margin to 37%. Post period end we completed our first strategic acquisition, adding c.£275 million of AUM and pushing our Private Equity AUM through £1.2 billion.

READ MORE
See pages 14 and 15

4 | OUR CULTURE AND PEOPLE

Our people are our most important asset. They drive the business forward, powering our growth through their knowledge, experience and ambition. In our employee survey, our employees stated that the people are the best reason to work at Foresight and that the culture is one of the key reasons people stay with us.

READ MORE
See pages 16 and 17

1 | OUR RESPONSIBLE APPROACH TO INVESTMENT

We're contributing to the creation of a resilient, decarbonised world and aim to deliver high-quality jobs that will power tomorrow's economy.

We have a strong track record of sustainability and ESG-focused investment that is responsive to investor demand

100% of Infrastructure funds are Article 8 or Article 9 under SFDR.[1]

Foresight Infrastructure's investment strategies are focused on investment in, and management of, a range of assets in the renewable energy, energy transition, social and core infrastructure sectors.

These assets can be optimised, in terms of their operational and financial performance, and actively managed over the long term.

When considering such investment strategies, Foresight Infrastructure evaluates the assets against five criteria to ensure the investments meet the Group's values and approach to sustainable investing. See Business Review: Infrastructure on page 26 for more details.

A+, A+, A

PRI SCORES IN 2021[1]

eden project

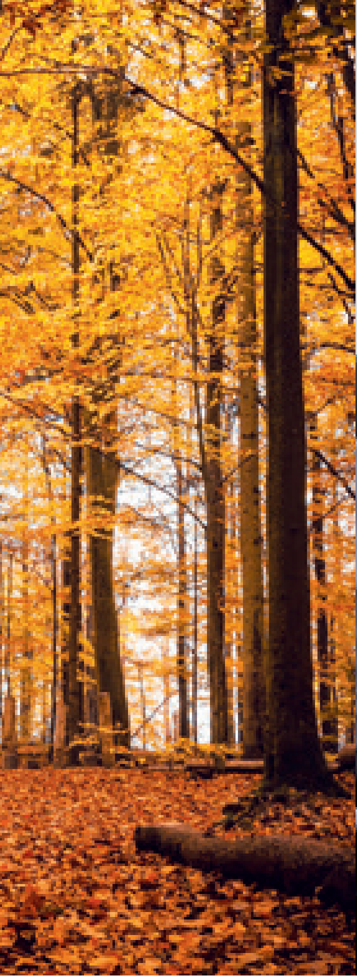
Foresight's Sustainability Partner

Bespoke sustainable investment policy

FCM has a specific objective to mobilise capital towards sustainable goals. The team's sustainable investment process is founded on research to maximise each fund's real-world climate impact. Sustainability is embedded into the investment research, capital allocation and day-to-day running of each fund.

FCM leverages the Group's existing private market sustainability expertise – as direct asset owners of forests, recycling plants, healthcare companies and renewable energy facilities, for example – providing the team with expert private market insight across the sustainable investment spectrum. The team also analyses prospective holdings through a double materiality lens, focusing on a company's operational footprint while also assessing the environmental and social impacts of the products and services that the company provides.

1. Correct as of June 2022.



Investment philosophy

We act **conscientiously**

We **invest responsibly**

We value **sustainable, attractive returns**

1,050+ jobs created across the Foresight Regional Investment Fund (“FRIF”) portfolio

Our regional private equity strategy allows us to play an active part in levelling the playing field across the UK economy, by empowering SMEs and supporting them with their growth ambitions. This way, the full potential of all regions across the UK can be realised.

Additionally, we actively encourage our portfolio companies to make positive local, societal impacts by adopting ESG strategies. We believe that taking this approach will deliver greater returns for our investors over the longer term and will create more successful, sustainable businesses.

Read more on pages 34 to 41

SUSTAINABLE DEVELOPMENT GOALS

PRI Principles for Responsible Investment

WE SUPPORT UN GLOBAL COMPACT

1. Based on internal assessments.

INVESTMENT CASE CONTINUED

2 | DIVERSIFIED PORTFOLIO, GROWING MARKETS

We align our investment strategies to the key themes shaping societies and the planet to benefit our investors and future generations.

Specialist investment capabilities in large and thematically growing, difficult-to-access markets

337
INFRASTRUCTURE ASSETS

131
PRIVATE EQUITY PORTFOLIO COMPANIES

35+
RETAIL AND INSTITUTIONAL SOLUTIONS

Diverse investor base

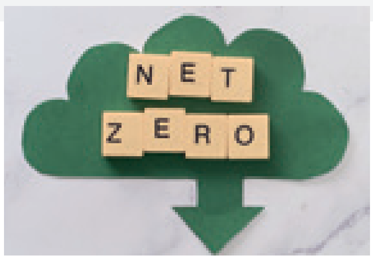
Foresight consistently raises funds from a diverse investor base, currently comprising 200+ institutional investors across 21 solutions and over 29,000 retail investors across 16 solutions. We have clients across the globe who choose Foresight due to our strong track record of performance and proven access to quality investment opportunities in growing markets through both private and public investment vehicles.

59%
INSTITUTIONAL AUM

41%
RETAIL AUM

Demand for net zero

The world is at a pivotal point in its history. Countries and companies are responding by transitioning to a carbon neutral way of working and living using innovative methods and technologies to find a better way to do things. This change is essential and valuable. As a sustainably led investor, Foresight is particularly well positioned to facilitate this change. For example, we anticipate that the demand for carbon credits will grow 100x by 2050, as UK corporates navigate their way to net zero. Our listed forestry fund, through its afforestation activity, will be a net creator of carbon credits.



Globalisation

Foresight invests across ten countries, with a physical presence in six. Every country is at a different stage on its energy transition journey and we utilise our experience and depth of market knowledge to invest in the right opportunities when they arise. This year we materially expanded our European investor base, driven by the successful FEIP fundraise, and launched our first non-UK PE fund post period end, with the sustainability-focused AIB Foresight Impact Fund.

We continue to actively seek further opportunities to expand our footprint and create additional access to international funds and assets for investors.

Levelling up

The UK Government remains supportive of driving investment in businesses throughout the UK regions, in partnership with institutions such as the British Business Bank. The Chancellor of the Exchequer has also encouraged local government pension schemes to invest more locally, creating meaningful macro tailwinds for our regional private equity strategy. Foresight has long recognised the potential of local SMEs, building a reputation for excellence and an extensive network in the regional business communities in which we operate. As a market leader in this space, Foresight is well positioned to capture its fair share of future funding opportunities.

Certified carbon neutral company

CERTIFIED CARBON NEUTRAL® company
CarbonNeutral.com

c.£50bn

In-year estimated UK capital investment by 2030 in the Balanced Net Zero Pathway

5x

increase in solar capacity by 2035
April 2022 UK Government energy security strategy

INVESTMENT CASE CONTINUED

3 | DELIVERING ON TARGETS

At Foresight, we understand that delivering the critical changes the planet needs doesn't mean having to compromise on financial performance.

Able to raise funds consistently from a diverse investor base

44%
THREE-YEAR AUM CAGR

GREW AUM BY
£1.6bn
IN FY22

In our first full year post-listing we met our target AUM growth organically.

We completed our largest-ever single fund institutional fundraise, closing 70% ahead of target with €851.4 million for Foresight Energy Infrastructure Partners ("FEIP").

We launched our first natural capital-focused investment trust on the LSE, Foresight Sustainable Forestry Company, raising gross proceeds of £130 million.

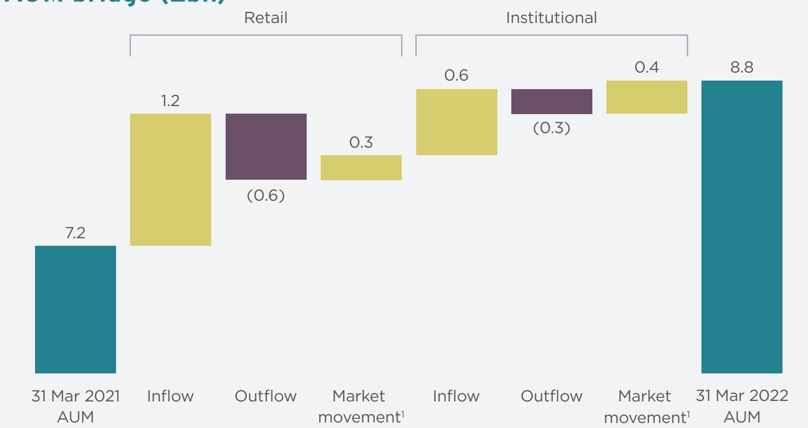
Net retail fundraising totalled £598 million, with OEICs reaching £1.6 billion AUM.

We delivered high-quality recurring revenues in line with our stated 85-90% target range.

The contribution from predictable Management, Secretarial and Directors' fees in FY22 was 86.9%.

Performance of the Group's first North West fund, Foresight Regional Investment Fund ("FRIF"), has exceeded expectations after three exits, delivering a cash return of 1.8x with 14 portfolio companies remaining. This has generated performance fees in H2 FY22 but does not change our target recurring revenue range.

AUM bridge (£bn)



Key: Retail includes OEICs and tax-advantaged products.

1. Includes dividend payments.

Recurring revenues and strong margins with low capital intensity

37.0%

CORE EBITDA PRE-SBP MARGIN

86.9%

RECURRING REVENUE

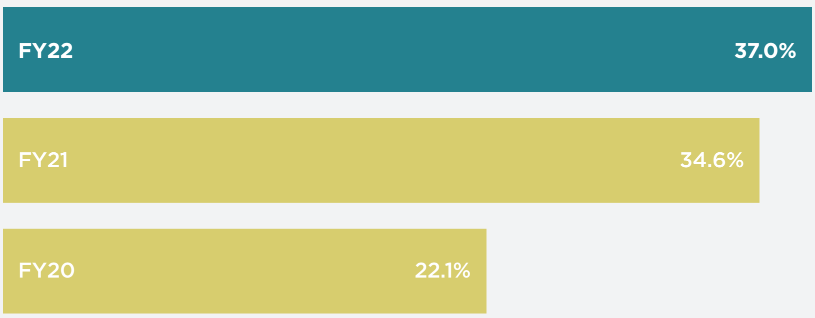
We grew Core EBITDA pre-SBP by 33% and improved our Core EBITDA margin to 37%.

Core EBITDA pre-SBP grew to £31.8 million, reflecting the growth of the business, maintenance of fee margins and careful management of the cost base.

We are continuing our journey to a targeted Core EBITDA pre-SBP margin of 43% over the medium term, benefiting from operational gearing and performance fees in the period.

Post period end we completed our first strategic acquisition, creating a market-leading ventures proposition and adding approximately £275 million of AUM increasing our Private Equity business to over £1.2 billion AUM.

Margin progression



Core EBITDA pre-SBP margin.

4 | OUR CULTURE AND PEOPLE

Foresight's culture supports our expertise, creating bright ideas and informed decision making.

An experienced specialist team delivering strong returns

c.150

INVESTMENT, PORTFOLIO AND TECHNICAL PROFESSIONALS

"The work is fast-paced, an entrepreneurial attitude is encouraged and there is a culture of working collegiately."

Chris Wardle,
Director, Private Equity

Our sustainable culture

Sustainability is at the core of Foresight's investment approach and it also drives how we think about our people, who are our biggest and most important asset.

Our team are innovative, passionate and look to challenge the norm and improve on what has been done before. We welcome that each employee can bring a unique perspective to the workplace. We aim to foster a collaborative culture, where everyone has a voice – from our most junior team members through to our Executive Committee.

"It is great to work within a team which encourages taking an entrepreneurial mindset and is always open to considering new ideas or approaches."

Anouska Morjaria,
Investment Manager

As we continue to grow, both organically and through acquisitions, we are focused on creating and maintaining a sustainable culture. This year, we worked with our employees to reimagine our Employee Value Proposition ("EVP"). We wanted to ensure we understood and were aligned with our people and their goals, as well as our stated strategic objectives.

Our EVP

Growth that lasts
The experience people get from making things happen here will last a lifetime

Impact that inspires
You can create a positive, tangible impact on society and the planet

Culture that empowers
You can take ownership of your ideas and turn them into results

Our values

The focus over the next 12 months will be to embed our four core values; Sustainable Impact, Achieve with Ambition, Relationships with Integrity, and Collective Success.

Connecting with our people

We recognise that effective communication is critical to our success and have developed several channels to allow open and honest communication.

We run Foresight Connect sessions throughout the year, which supplement the quarterly All Company Meetings ("ACMs") hosted by our Chairman. The ACMs also have speakers from around the business who share compelling stories, from fund launches to new investments and team successes that inspire employees across all departments, helping to build a feeling of collective success.

Our annual engagement survey provides us with qualitative and quantitative data, enabling us to work with our people to shape Foresight for future success.
In 2022 we achieved an overall engagement score of 83%, from an 86% participation rate, with 87% of staff saying that they were proud to work at Foresight. Additionally, we have an Employee Forum, chaired by our designated NED for workforce engagement and a Partner from the senior leadership team. This forum has a representative from each grade and area within the business and its purpose is to help cultivate and maintain the sustainable culture we are building at Foresight, with a direct line to the Board.

Leading our people

We lead with ambition from the senior leadership team right throughout the business. Our executive leadership coaching for the senior management team at Foresight continues to have a positive impact and ensures a consistent focus on the people at Foresight. It facilitates building relationships with integrity throughout the business.

Inclusive leadership training has been rolled out over the last year, which ensures that our leaders actively coach their teams and have the tools and skills to do this in an inclusive way.

Over the next 12 months, we will be working to develop our leadership pathway, to train and support managers over the course of their career at Foresight.

Sustainable impact	Achieve with ambition	Relationships with integrity	Collective success
Creating tangible impact that has long-term benefits and shared values	Executing, achieving our best and delivering results	Maintaining good relationships by earning and keeping trust	Getting there together

BUSINESS MODEL

In a changing world, we use innovative investment solutions to create a sustainable legacy.

What influences our approach

Our markets
See pages 24 to 47

Our assets
See pages 24 to 47

Our workforce
See pages 16 and 17

Our stakeholders' views
See pages 82 to 85

Our sustainability
See pages 48 to 81

Creating value across three business divisions

INFRASTRUCTURE

Our established infrastructure funds provide direct access to a broad range of infrastructure classes, from renewable energy to social infrastructure. Our experienced team continually assesses the landscape for investment opportunities in core and adjacent asset classes, to complement our existing infrastructure offering.

Our global investment team sources, develops, operates and manages these investments sustainably, on behalf of our clients.

Read more about Infrastructure See pages 26 to 33

PRIVATE EQUITY

Our Private Equity Team supports smaller UK companies as they grow, by providing both capital and management expertise.

Our regional network of UK offices invests in businesses within their communities, sourcing attractive opportunities which allow investors to support an underserved yet critical segment of the UK economy.

Read more about Private Equity See pages 34 to 41

FORESIGHT CAPITAL MANAGEMENT

Foresight Capital Management was established in 2017 to facilitate retail and institutional investors' access to real assets and sustainable investment opportunities, through actively managed open-ended funds which invest in listed securities. We are a sustainability-focused asset manager that applies private market expertise to opportunities in listed markets.

Read more about Foresight Capital Management See pages 42 to 47

Our purpose drives what we do

Foresight is a sustainable growth investor. We've been backing innovation that drives progress and supporting promising, entrepreneurial smaller companies across different sectors since 1984. From finding better ways to power the world's societies to partnering with dynamic businesses, we understand the role sustainable investing can play in evolving established markets, creating new ones and generating long-term value and impact. We use our insight, expertise and guidance to actively manage assets and create flexible and innovative investment solutions for some of the largest institutional investors, as well as individuals. We believe this is how we can help create a sustainable legacy for future generations.

At Foresight, we aren't just looking for short-term returns. Our purpose is to **invest for a smarter future**, providing institutional and private investors with access to hard-to-reach private markets, using sustainable, ESG-oriented strategies at the core of our investment process to enable our investors to meet their financial goals, while contributing to a more sustainable world.

Outcomes

Global infrastructure platform allows us to source high-quality, risk-adjusted returns across the world	Attractive **risk-adjusted** investor returns	Supporting global **decarbonisation** efforts
Full-service model from deal origination, including active asset management to optimise assets and investor returns	**4.1m tonnes CO_2** emissions avoided in FY22	Provided **5.17TWh** of renewable energy in FY22
Sustainability considerations embedded in processes throughout investment lifecycle	**A+** PRI assessment	**1.78m** UK homes provided with renewable energy
Careful management of project cash flows provides attractive income for investors		
Foresight Private Equity aim to be the provider of choice for £1 million – £5 million investments	**1,000+** jobs created	**A** PRI assessment
Regional model with strong local ties	Supporting **>130** UK SMEs	**Attractive** investor returns
Network and track record built over 38 years of investing in UK SMEs	**2,200+** business plans reviewed	**Local** economic growth
Significant added value for investee companies		
Sustainability-led investors	AUM grown to £1.6 billion in five years[1]	Mobilising capital towards sustainable goals
Four strategies across six investment vehicles	Sustainable Future Themes Fund launched March 2022	REF +25.67% total return since inception (June 2020)
Focused in-house team with access to Group expertise	FIIF +41.38% total return since inception (Dec 2017)	GRIF +47.14% total return since inception (June 2019)
Strong distribution capabilities through large, experienced retail sales team		

1. Since FIIF launch.

STRATEGIC PRIORITIES

Our strategic priorities are to scale our investment platform, diversify our investment offerings and attract new clients worldwide.

Grow

our existing investment platform

Goal:

- Develop pipeline of institutional fund launches, leveraging our existing capabilities
- Increase rate of deployment by Private Equity Team

Diversify

and develop new investment strategies

Goal:

- Diversify and deepen renewables investment and asset management footprint
- Increase contribution to green economy

Expand

our investor base

Goal:

- Expand investment strategies geographically
- Attract investors from across the globe

Progress:

- Final close of Foresight Energy Infrastructure Partners for €851.4 million
- Received follow-on investments from a number of institutions
- Leveraged capabilities into new regions, for example through solar deals in Iberia
- Infrastructure deployed £484 million (FY21: £595 million), with substantial future deployment rights of £427 million (FY21: £47 million)
- Increased Private Equity deployment at £81 million (FY21: £59 million) and secured lending by £47 million (FY21: £13 million)
- Private Equity won ESG Champion of the Year at the Growth Investor Awards
- Transformational year for FCM, with launch of new investment strategy and funds

Next steps:

- Leverage sustainable infrastructure expertise, to expand in our core areas
- Develop strong investment capabilities in adjacent areas, targeting the UK and international markets
- Build on Private Equity's market leadership in ESG
- Continue to optimise capital deployment processes across the business

Progress:

- Continued to invest in existing assets classes including regional broadband rollouts and low-carbon transport
- Further diversified into adjacent assets such as geothermal energy, pumped hydro, interconnectors and battery storage
- Successful IPO of our first dedicated forestry investment vehicle, raising £130 million

Next steps:

- Continue to mobilise significant amounts of capital, mainly in the UK and Europe, including the future deployment rights of FY22 deals completed
- Conclude further deals in newer areas such as geothermal energy, pumped hydro, batteries and interconnectors
- Assess areas to expand our capabilities, for example in natural capital

Progress:

- Positive progress with utilising our Luxembourg AIFM authorisation, including launch of a SICAV
- Launched VAM and the Sustainable Future Themes Fund
- Launched Irish Private Equity fund post year end, in conjunction with AIB
- Attracted further investment from international investors, particularly in central and northern Europe

Next steps:

- Continue to expand our investor reach, for example through:
  - Increased use of the Luxembourg AIFM authorisation, to deepen our EU and Nordic footprint
  - Launching further innovative products to attract retail funds
  - Exploring partnerships with large pension funds, family offices and ultra-high-net-worth investors outside the UK

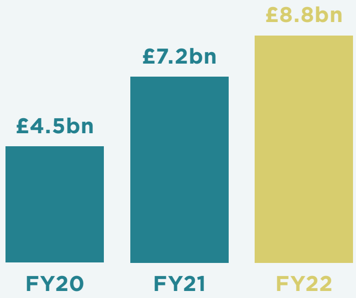
KEY PERFORMANCE INDICATORS

The successful implementation of our strategy resulted in excellent progress against our KPIs during the year.

AUM

£8.8bn

(FY21: £7.2bn)



£1.6bn (23%) increase year-on-year

- AUM is used to monitor the growth of our business and is a key KPI used within our industry which allows comparison with our peers
- It demonstrates strength of fundraising and future revenue potential

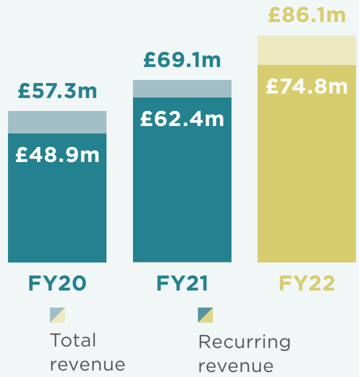
Strategic alignment

Grow Expand

Revenue

£86.1m

(FY21: £69.1m)



86.9% recurring revenue

(FY21: 90.3%)

- Revenue growth is a key KPI as it allows us to understand any underlying fee margin pressure that may arise when comparing with our rate of AUM growth
- Monitoring the balance between recurring and non-recurring revenue is important to ensure we maintain our high quality of earnings
- Our revenues are highly predictable as we continue to meet our target of 85%-90% recurring revenues

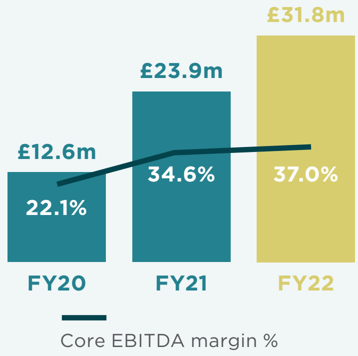
Strategic alignment

Grow Expand

Core EBITDA pre-SBP

£31.8m

(FY21: £23.9m)



2.4pts increase year-on-year

- This KPI is monitored to ensure we are growing the business efficiently, managing our cost base and maximising our operational leverage for the benefit of our Shareholders
- We view this as the profitability measure most relevant to the Group's recurring revenue model (i.e. a cash profit measure after taking out any one-off items, both positive and negative)

Strategic alignment

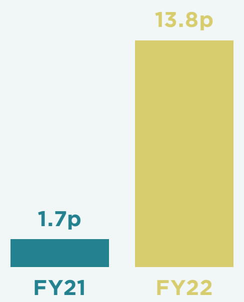
Grow Expand

The following KPIs are alternative performance measures:
Assets Under Management ("AUM") – Recurring revenue – Core EBITDA pre-SBP – Deployment – Staff engagement score

Dividend payout post-IPO

13.8p per share

(FY21: 1.7p per share[1])



60% payout ratio

(FY21: 60% payout ratio)[1]

- We monitor this KPI as it is linked to the cash generation of the business and our returns to Shareholders
- A balance is maintained between offering returns to Shareholders and retaining cash within the business for re-investment and M&A opportunities

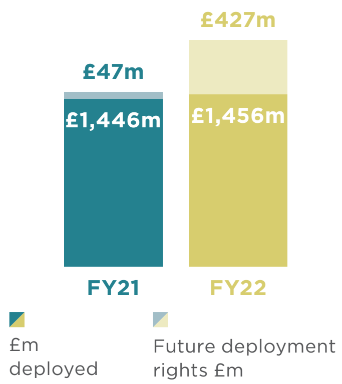
Strategic alignment

Grow

Deployment

£1,883m

(FY21: £1,493m)



26% increase year-on-year

- Our deployment metric includes 100% of gross inflows into the FCM division in addition to investments made in private markets across the Infrastructure and Private Equity divisions
- We track the rate of deployment of our funds as it provides a lead indicator of our competitive position within our areas of expertise
- It is critical for us to source attractive investment opportunities for us to deploy capital and ultimately generate returns for our underlying investors. Successful deployment creates a strong track record which is an important component in our ability to raise more funds in the future

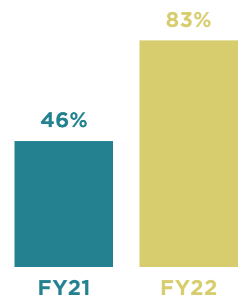
Strategic alignment

Diversify Expand

Staff engagement score

83%

(FY21: 46%)



86% participation rate

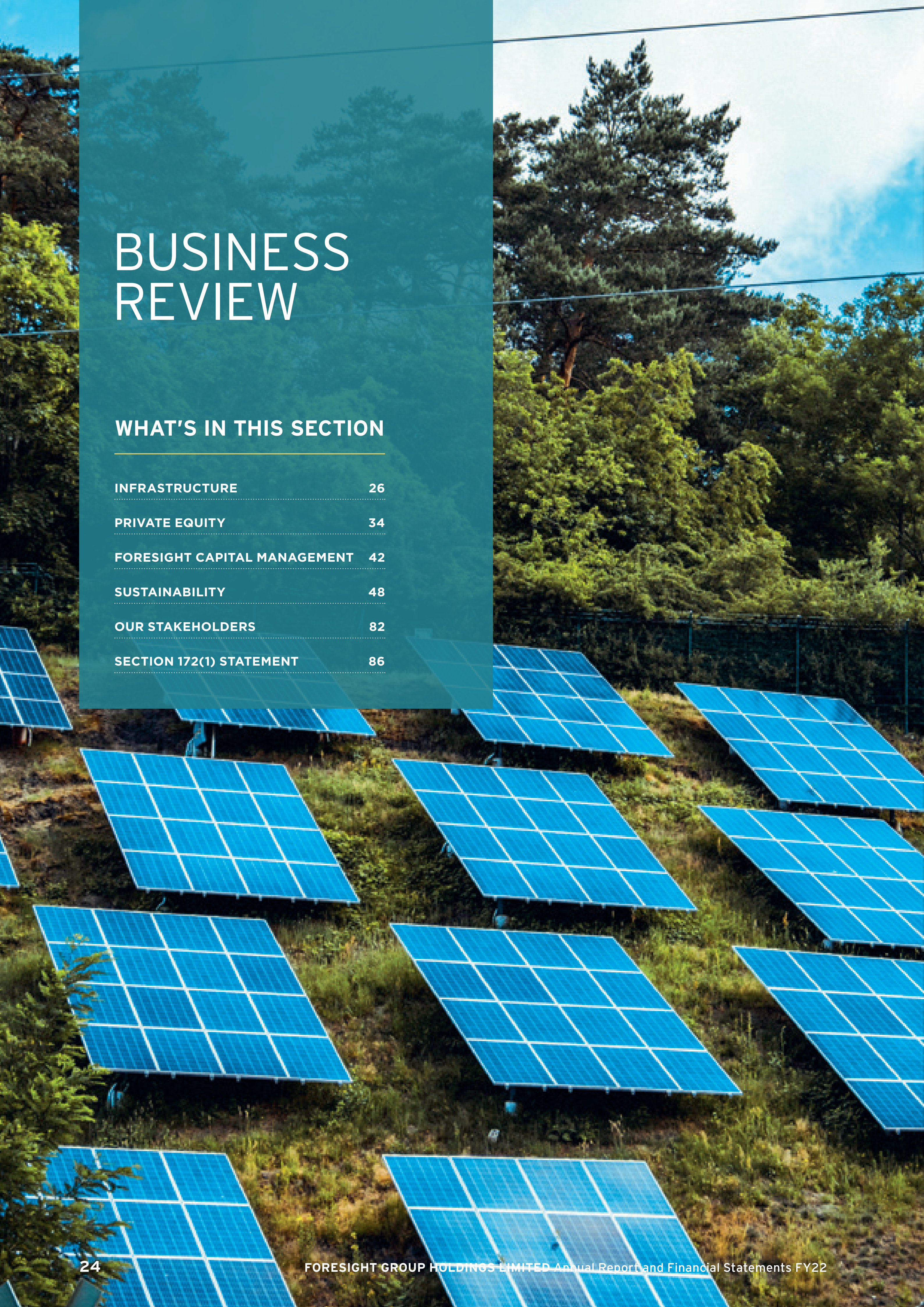
(FY21: 84%)

- Our Engagement Survey measures our employees' emotional connection working for Foresight, their plans to stay, and motivation to go the extra mile
- We ask four employee engagement questions, then take the average score across those questions which gives us the overall engagement score for the survey
- FY22 saw our highest ever engagement score and a material bounce-back from the scores achieved during the global pandemic

Strategic alignment

Grow

1. Pro-rated from date of IPO to year end.



BUSINESS REVIEW

WHAT'S IN THIS SECTION

BUSINESS REVIEW

Foresight's investment strategies are designed to generate long-term investment returns that have a positive impact on the world and create a sustainable legacy for future generations.

Investment

INFRASTRUCTURE

Foresight is one of Europe's most established real assets investors. Our infrastructure investment strategy focuses on all forms of renewable energy and waste projects, as well as batteries, reserve power and interconnectors. In addition, we invest in transport businesses, social infrastructure, broadband companies and natural capital.

71%
of AUM

59%
of revenue

PRIVATE EQUITY

Foresight is one of the most active UK regional SME investors, having supported nearly 300 companies through various economic cycles. We partner with promising SMEs across all sectors and deal stages, and work together to achieve long-term sustainable growth. Each year we review over 2,200 business plans and are currently supporting more than 120 SMEs.

11%
of AUM

28%
of revenue

FORESIGHT CAPITAL MANAGEMENT ("FCM")

Our FCM Team applies private market expertise to opportunities in listed markets. The FCM Team and investment approach were established in 2017 to facilitate retail and institutional investors accessing infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds investing in listed securities.

18%
of AUM

13%
of revenue

Distribution

INSTITUTIONAL

59%
Institutional AUM

RETAIL

41%
Retail AUM

INFRASTRUCTURE

AT A GLANCE

One of Europe's most established investors with sustainability at the heart of our investment process.

Total team of 110 investment, portfolio and technical professionals, including:

45 investment professionals, with broad infrastructure experience

55 asset management experts, who provide full lifecycle support from investment to exit

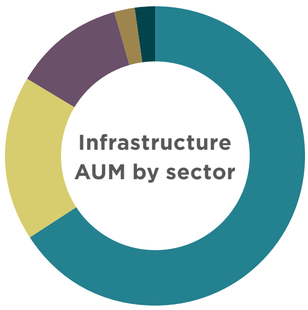
Foresight is one of Europe's most established real assets investors. Our sustainable investment strategies primarily focus on renewable energy generation; renewable energy enabling projects (such as flexible generation and battery storage); energy efficiency management solutions; social and core infrastructure projects; sustainable forestry assets; and decarbonisation technologies such as hydrogen.

337

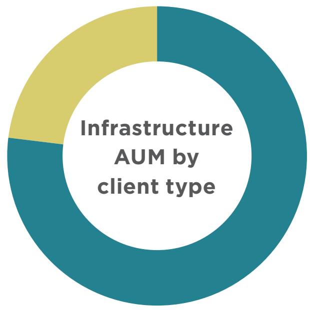
Assets managed

3.1GW

Total installed capacity



- Energy generating 66%
- Social and core infrastructure 18%
- Uncommitted 12%
- Low carbon and energy efficiency 2%
- Forestry 2%



- Institutional 77%
- Retail 23%

UK **242 assets**	Italy **58 assets**	Spain **23 assets**	Australia **5 assets**	Germany **2 assets**
Portugal **2 assets**	Netherlands **3 assets**	Finland **1 asset**	Sweden **1 asset**	

MARKET OPPORTUNITY

The infrastructure market is characterised by powerful long-term structural trends, in particular the transition to a low-carbon energy system. We are also seeing increasing emphasis on sustainable agriculture, aquaculture and natural capital, including the role of forests, soil and oceans in sequestering carbon and maintaining biodiversity.

- Strong global decarbonisation and green recovery agendas
- Energy security is a much greater priority for many governments, following Russia's invasion of Ukraine
- Sustainability-led investment is increasing across key markets
- Investors increasingly attracted to uncorrelated returns offered by sustainable infrastructure

Overview

As one of Europe's most established real assets investors, we provide a complete end-to-end solution for retail and institutional investors, from investment origination and execution, including sourcing and structuring the transaction, to the ongoing and active technical asset management of operating assets.

An important part of our approach is utilising our international presence to access the best available markets at any given time and originate new deals through established networks. Due to the Infrastructure Team's extensive experience and track record, Foresight is able to deploy and manage capital across a wide range of infrastructure sectors at various stages of an asset's life, from development, construction and operational. This creates further investment opportunities and generates strong returns on investment.

The asset management process focuses on operational performance, asset optimisation, commercial management and useful life enhancement, with the objective of generating sustainable long-term asset operations and associated economic benefits.

As at 31 March 2022, Foresight Infrastructure had AUM of £6.3 billion. The portfolio comprised 337 infrastructure assets across 15 asset classes, with a total installed capacity of 3.1GW. This included £4.0 billion of renewable generating assets in the UK, Europe and Australia, with 2.6GW of capacity, as well as 572MW of flexible generation and 11,385 hectares of forestry assets.

Sustainability at the heart of the investment process

To ensure that all Infrastructure investments meet our high standards of sustainability and ESG-related performance, we evaluate them using our Sustainability Evaluation Tool ("SET"). Our SET provides an objective view of sustainability credentials and performance through the use of recognised quantitative KPIs, guiding our team to the areas that require the most attention. The output from our SET forms an integral part of the investment approval process at Foresight.

We score investments against key assessment parameters, across five areas:

- Sustainable development contribution: contribution towards decarbonisation
- Environmental footprint: localised environmental impacts
- Social engagement: role in the local communities
- Governance: compliance with laws and regulations
- Third-party interactions: supply chain sustainability

All KPIs are weighted based on internal prioritisation and materiality assessments and scored from one to five. While we do not have a minimum score against each assessment parameter, we aim for all our assets to score at least an average of three out of five after mitigation and be consistent with the sustainability and ESG standards across the Foresight portfolio.

Once we have acquired an asset, our asset management team monitors performance and continually investigates ways to improve the asset's sustainability. During the year, we created a new module for sustainability KPIs within our management system. This allows us to centralise data on key environmental and social metrics and analyse our performance.

Capital deployment and fundraising

Foresight Infrastructure performed very well during the year. The team continues to position itself as a sustainability-led partner for projects in the low-carbon energy generation and enabling infrastructure, natural capital and social and core infrastructure sectors.

We invested across a wide range of funds and across multiple sectors and geographies. We invested further into our core asset classes, including solar, wind and forestry, continued our rollout of compressed natural gas fuelling stations and grew our footprint in biomass, which enables 24/7 energy generation. We also invested further in fibre networks in underserved communities, which will help people gain access to services and support economic levelling up.

The Infrastructure Team also expanded its investments into new asset classes, such as geothermal energy, pumped hydro, interconnectors and hydrogen, which are described in the case studies on pages 29, 31 and 33. These transactions have enabled us to develop platforms requiring development capital, while giving us access to large, long-term capital projects. As a result, we expect these asset classes to become part of our core business, as we add scale through diversification.

In total, we completed 41 transactions during the year, committing £484 million of capital.

The transactions also incorporate substantial future deployment rights totalling £427 million, to give a total potential investment secured in the year of £911 million. This is a significant increase on the total for FY21 of £642 million, which comprised £595 million of deployment and £47 million of future deployment rights, across 46 transactions.

85 DEGREES
GEOTHERMAL ENERGY AND DISTRICT HEATING PROJECT

In October 2021, FEIP invested in a joint venture in a Dutch geothermal heat pipeline. This technology extracts heat from high-temperature water in the sub-surface of the earth and distributes it to surrounding houses and industry.

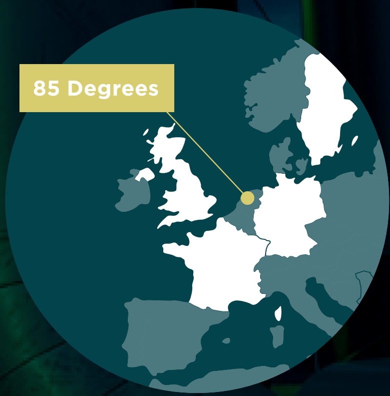
The investment includes the acquisition of operational wells and constructing new wells. There is also a significant pipeline of development projects, with a potential build out capacity of c.200MW.

Geothermal energy is a strategic priority for the Dutch government, because of the substantial role it can play in decarbonising domestic and industrial heating. The investment will also make a material social and economic contribution to local areas, by supplying price-competitive heat to farmers and residents within the vicinity of assets.

c.200MW

potential build out capacity

Significant pipeline of development projects



BUSINESS REVIEW CONTINUED

Capital deployment and fundraising continued

Fundraising was strong during the year. Foresight Energy Infrastructure Partners ("FEIP") completed its final close on 14 September 2021, securing total commitments of €851.4 million, 70% over the original €500 million target. Including co-investments to date of €170 million, this represents a total capital pool in excess of €1 billion for Foresight's energy transition strategy. Commitments were made by over 35 leading institutional investors from the UK, Europe and North America.

In November 2021, Foresight Sustainable Forestry Company Plc ("FSFC") successfully listed on the London Stock Exchange, raising gross proceeds of £130 million. This is the Group's first investment vehicle dedicated to forestry and offers a different economic profile to most listed funds, based on long-term capital growth and yield.

We also completed fundraises across a number of our existing funds, including strong additional fund flows from retail investors, who tend to generate relatively consistent inflows for us throughout the financial year.

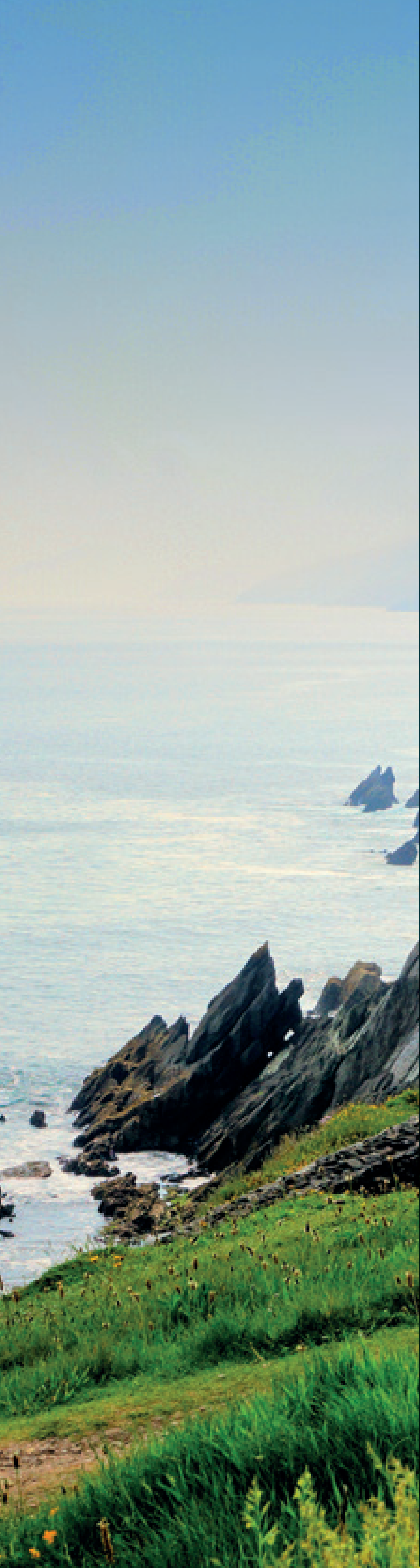
During the year we had one mandate transfer to another investment manager, representing less than 3% of Foresight's AUM.

Infrastructure market outlook

The sustainability transition

The overall transition to sustainable energy and infrastructure can be categorised into three distinct phases, which frame the wide range of opportunities resulting from it. These phases are shown in the table below. We provide our institutional and retail investors with access to investment opportunities that address these three phases, as well as the broader core and social infrastructure markets. As we leverage our expertise and grow the scale of our investments in phases 2 and 3, they will increasingly become part of our core asset classes, continuing our growth.

Phase 1: Initial power transition	Phase 2: Systemic power transition	Phase 3: Wider sustainable transition
Phase 1 was characterised almost entirely by renewables being added to power grids, with no particular need to upgrade systems to accommodate them. During this phase, renewables became a mature and highly popular asset class for institutional investors. Phase 1 continues to present significant investment opportunities for us over the coming years.	As power systems in Europe, North America, China and elsewhere increasingly decarbonise, there is more focus on taking a systemic view of electricity production. This particularly relates to energy storage and grid flexibility, and new power transmission and distribution infrastructure. This informs the strategy of funds such as FEIP.	In addition to energy, we need to address the c.70% of emissions from other segments of the global economy. Financing decarbonisation of these sectors is likely to be more complex than renewables but represents a large opportunity for investors.
Sectors of opportunity: • Solar • Onshore and offshore wind • Bioenergy • Hydro	**Sectors of opportunity:** • Battery storage • Offshore wind transmission links • Interconnector cables • Geothermal energy • Pumped hydro • Electric vehicle charging infrastructure	**Sectors of opportunity:** • Controlled environment food production (e.g. high-tech glasshouses, vertical farms or onshore fish farms) • Clean and advanced transport (e.g. sustainable biofuels and electric vehicles) • Industrial decarbonisation • Hydrogen



MARESCONNECT INTERCONNECTOR

In February 2022, FEIP bought a majority stake in MaresConnect Holdings Limited (Ireland), which will construct a 750MW high-voltage direct current interconnector between Bodelwyddan in North Wales and Dublin, Ireland. The project is in the development phase. When complete, the interconnector will comprise a 245-kilometre cable running under the Irish Sea.

Interconnectors will play an important role in the energy transition.

They connect the electricity systems of different countries so they can trade excess energy generated, for example from renewable sources, preventing waste and ensuring the power systems are more sustainable and efficient.

MaresConnect is considered one of Europe's most important energy infrastructure projects. It will form part of a system that is secure, sustainable and affordable, and that integrates Ireland's renewable energy, thereby providing an essential contribution to the European Green Deal.

245km

cable running under the sea

750MW

interconnector

Market developments in FY22

During the period, there were a number of government and other announcements that supported Foresight Infrastructure's aim to decarbonise the energy system. These are summarised below:

- In April 2021, the UK Government announced a more ambitious climate change target, to reduce emissions by 78% by 2035 compared to 1990 levels. This will take the UK more than three-quarters of the way to reaching net zero by 2050. In the Balanced Net Zero Pathway set out in the Carbon Budget, in-year capital investment increases significantly during the 2020s and early 2030s, from around £10 billion in 2020 to around £50 billion by 2030.
- In July 2021, the European Commission unveiled its plan to meet its target of reducing emissions by 55% by 2030, as a first step towards carbon neutrality in 2050. The Commission proposed to increase the binding target for renewable energy in the EU's energy mix to 40%. To fund this, it is estimated that annual investment in the European energy system will need to increase by around €350 billion in the decade to 2030.
- In November 2021, government officials from around the world met at COP26 in Glasgow to discuss plans for tackling the climate crisis. This included an agreement to end and reverse deforestation by 2030, signed by countries covering 85% of the world's forests. FSF intends to invest up to 10,000 hectares into afforestation projects in its first year, contributing c.1/3rd of the annual target of the UK Government.

More recently, Russia's invasion of Ukraine has caused a significant increase in governments' focus on energy security, particularly in Europe, where a number of countries are reliant on Russian fossil fuels. This has given even greater momentum to policy changes driving the transition to clean energy.

In April 2022, the UK Government published its energy security strategy. In addition to measures to improve energy efficiency and support investment in nuclear power and network infrastructure, this included, among other things:

- Increasing deployment of offshore wind by 25%, to deliver up to 50GW by 2030
- Targeting a five-fold increase in solar capacity by 2035
- Setting an ambition for 10GW of hydrogen production by 2030

In May 2022, the European Commission presented its REPowerEU plan, "to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition". Among a wide range of measures, this included:

- An EU Solar Strategy, to double solar photovoltaic capacity by 2025 and install 600GW by 2030
- Measures to integrate geothermal and solar thermal energy in modernised district and communal heating systems
- Tackling the slow and complex issue of permits for major renewable projects
- Targeting 10 million tonnes of domestic renewable hydrogen production by 2030, with additional funding of €200 million for research

Delivering the objectives of REPowerEU requires additional investment of €210 billion by 2027.

Elsewhere, the Australian general election in May 2022 is likely to lead to a material change in the country's energy policy. The victorious Labor Party's Powering Australia plan is intended to stimulate AUS€76 billion of investment to provide cheaper renewable energy. The plan targets an increase in the share of renewable electricity to 83% by 2030.

The combination of the requirement to decarbonise the power system, increase energy security and shift to a sustainable society more generally means that Foresight Infrastructure's offering has become even more valuable in the last year, across all the sectors that we invest in. These changes will require growing amounts of private capital to deliver public infrastructure projects and the outlook for Foresight Infrastructure is therefore highly positive.

GLENMUCKLOCH PUMPED STORAGE HYDRO

In February 2022, FEIP agreed to acquire[1] the total shareholding of a co-located Pumped Storage Hydro and Wind project in Argyle and Bute, Scotland.

Pumped storage hydro generates energy by allowing water to flow from a higher reservoir to a lower reservoir through turbines. Water is then pumped back to the higher reservoir at times of excess energy production, lower demand and lower prices. The system effectively acts as a long-duration store of energy, since power can be released as needed.

The Glenmuckloch project will have generating capacity of 210MW and storage capacity of 1,600MWh and also includes 33.6MW of wind generating capacity.

We anticipate the wind project will take two years to build and the total project will take five years to complete. The expected lifespan of the asset is up to 100 years, making it truly long-term infrastructure.

210MW

generating capacity

1,600MWh

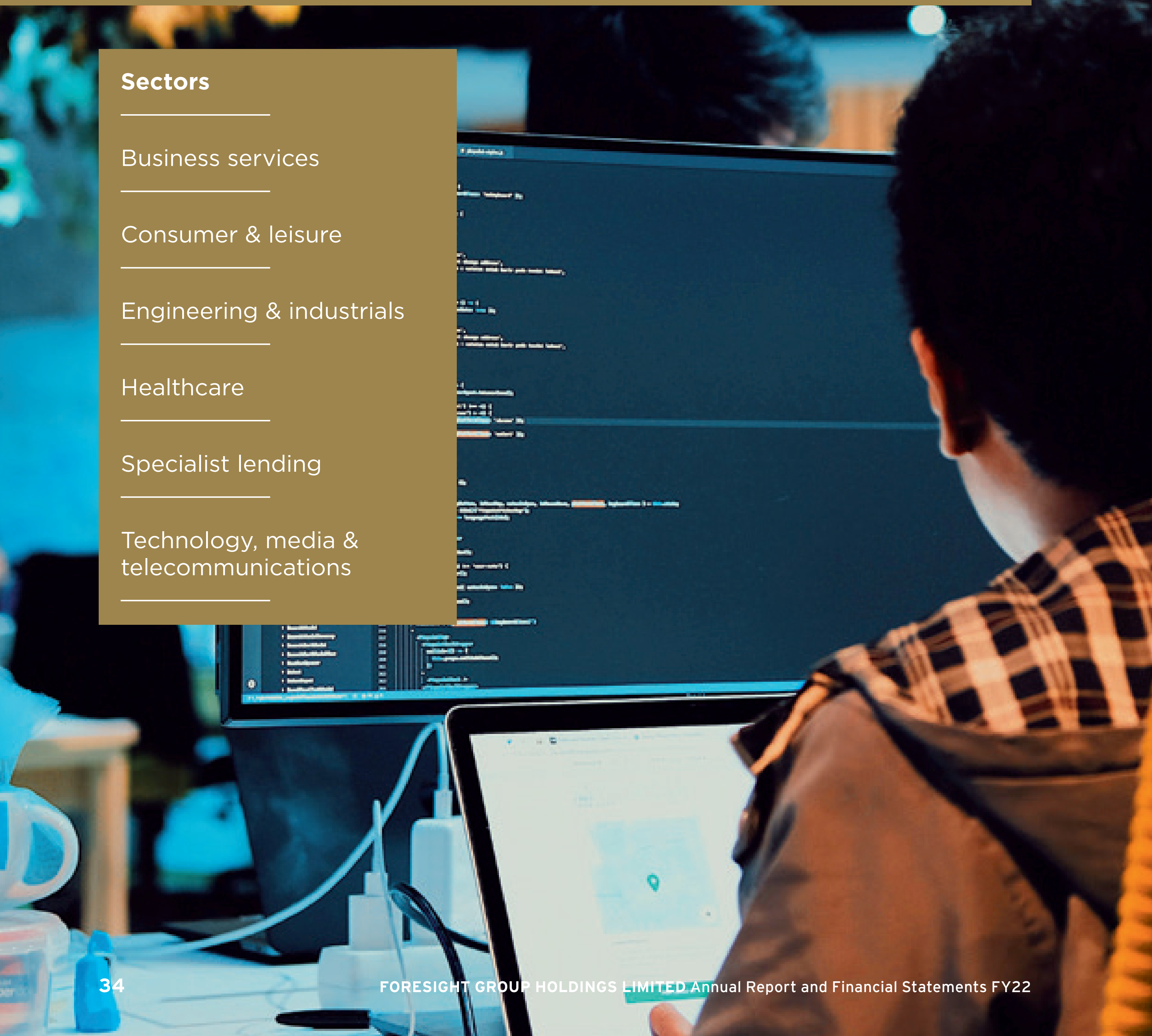
storage capacity

1. Subject to conditions being satisfied.

PRIVATE EQUITY

AT A GLANCE

We aim to be the provider of choice for sub-£5 million investments into UK SMEs, investing across a broad range of sectors.



Sectors

- Business services
- Consumer & leisure
- Engineering & industrials
- Healthcare
- Specialist lending
- Technology, media & telecommunications

Foresight Private Equity offers a variety of fund structures to facilitate investment from both institutional and retail investors. It provides venture, growth capital and replacement capital investments through its growing network of seven regional UK offices. In addition, Foresight Private Equity provides funding lines to specialist lending companies, the majority of which service the UK SME market.

£930m
AUM

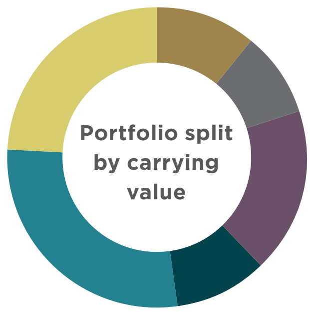
131
portfolio companies

2,200
business plans reviewed

13
investment vehicles

7
UK offices

30
investment professionals



- Business services 11%
- Consumer & leisure 9%
- Engineering & industrials 18%
- Healthcare 10%
- Specialist lending 28%
- Technology, media & telecommunications 24%

MARKET OPPORTUNITY

Foresight Private Equity has a UK regional focus, which we believe is a key strength and differentiator. We target investment in sectors with favourable long-term trends and structural growth drivers. Investments cover a range of maturity profiles, from early stage to more mature small companies. Annual revenues at portfolio companies are typically in the £2 million to £20 million range, although venture and seed investments can be into high tech, pre-revenue companies, which include university spin-outs.

- Our analysis shows that more than 80% of all UK SMEs are based outside London and the South East
- Foresight's regional focus aligns with the UK Government's agenda to invest in and grow regional economies outside London and the South East
- Foresight believes transactions requiring between £1 million and £5 million are the least competitive and most attractive in the UK private equity market, from a value creation perspective
- The funding gap for SMEs has further widened in the aftermath of COVID-19
- Opportunities are increasing in the specialist lending market, as SMEs look for alternatives to the high street banks for borrowing

BUSINESS REVIEW CONTINUED

Overview

Foresight Private Equity manages investments in 131 UK SMEs, across a range of sectors. AUM at 31 March 2022 stood at £930 million, up 30% from £714 million at 31 March 2021.

We use a broad mix of product types to facilitate fundraising from both institutional and retail investors, with 11 different investment vehicles including Venture Capital Trusts, regional institutional funds, Enterprise Investment Schemes and Inheritance Tax Solutions.

ESG considerations are core to Foresight's investment management approach. Our Private Equity Team makes sustainable growth investments into SMEs that have the potential to create broad, long-term ESG benefits through their operations and continuous improvement.

We understand that many SMEs struggle to adopt ESG best practices and we work in partnership with our portfolio companies to put ESG principles at the heart of their decision making. This improves performance, differentiates them from their competitors and drives real value at the time of exit.

The Private Equity Team's approach to ESG is under continuous review and development, with a view to making regular improvements reflecting market best practice. The Private Equity Team reviews investments across four Sustainable Development Goal aligned Themes, to understand where each investment may have the greatest impact:

- Health
- Research and Innovation
- Quality employment at scale
- Local infrastructure and the environment

The investment team then use five ESG principles to evaluate, monitor and encourage portfolio companies to make improvements:

1. Awareness: ESG/sustainability issues on the agenda at board meetings
2. Environmental: Environmental policies and track record
3. Social engagement: Community and stakeholder engagement
4. Governance: Policies and risk management
5. Third-party interactions: Supply chain transparency, including modern slavery

Foresight Private Equity received ESG Champion of the Year at the Growth Investor Awards 2021, reflecting its ongoing success with driving ESG performance.

Performance

The Private Equity Team had another active year, with SMEs more able to focus on their corporate strategies as the uncertainties created by COVID-19 eased. In total, the team deployed £81 million across 53 equity transactions (FY21: £59 million deployed across 39 businesses, through 41 equity transactions). Foresight Private Equity also significantly increased its provision of capital to specialist lenders to SMEs, investing £47 million in the year, up from £13 million in FY21.

The funds deployed come from 13 vehicles of which 11 continue to make new investments and cover a wide variety of sectors and investment types. All our funds are making good progress with deployment, investing capital at the rate we expected, and our strong exit returns track record was further enhanced. This supports both our earnings and our ability to raise further money in the future.

During the year, the Private Equity Team completed successful realisations from both retail and institutional funds. Notable examples include:

- Mologic, a health diagnostics company providing contract research services for clients and developing its own range of proprietary point-of-care diagnostics products. The company was sold to Global Access Health, a not-for-profit company financed by the Soros Economic Development Fund, returning 3.1x to Foresight funds, inclusive of expected deferred consideration.
- Poppy & Jacks, a nursery chain, was sold to national chain Kids Planet Day Nurseries, returning 2.5x the initial investment.
- DA Languages, a Manchester-based business providing translation and interpretation services.

Following the DA Languages disposal, and supported by the two previous strong exits, the Foresight Regional Investment Fund LP ("FRIF") has already delivered a gross cash return of 1.8x total fund cost, with 14 portfolio companies remaining. FRIF is based in the North West and was the first in a series of regional investment funds for Foresight, with different geographic remits across the UK (see Fundraising).

GROWTH
HOMELINK

In March 2022, Foresight made a £2.15 million investment into HomeLink Healthcare Limited (“HomeLink” or “the company”) from Foresight VCT plc and Foresight Enterprise VCT plc. Formed in 2015, HomeLink has provided Hospital-at-Home services since 2019. The company employs highly qualified and experienced nurses and rehabilitation teams to deliver contracts with the NHS to provide services to patients in their own homes. Services provided include wound care, intravenous therapies, physiotherapy and rehabilitation.

By delivering critical services to the NHS, HomeLink relieves pressure on the NHS, provides a better experience for patients at home, reduces hospital admissions and facilitates the efficient discharge of patients, thereby freeing up vital hospital bed space. Bed-blocking is an endemic issue across the NHS with significant delays in the discharge of patients and increasing hospital admissions due to a lack of viable alternatives, exacerbated by demographic shifts and the elective surgery backlog following the pandemic.

In the 12 months to March 2022, HomeLink delivered in excess of 30,000 appointments to 1,352 patients saving the NHS 38,000 bed days.

The investment aligns with Foresight’s ESG themes of health and quality employment at scale. The quality of service provided by HomeLink is evidenced by the fact that only one complaint has been received after 55,000 appointments. The company also provides an alternative route of employment for nurses from the NHS. In addition, by being dedicated to ongoing training, it provides paid leave for study and hopes to provide a wellness programme for staff in the near future. The superior work environment is demonstrated by the retention rate of HomeLink at over 95%, with only one departure in then 12 months prior to investment.

Foresight’s investment will support the scaling of the business by expanding the clinical team, allowing HomeLink to meet the demands of clients and prospects, whilst also investing in supportive technologies. HomeLink plans to expand outside its current client geography into new hospitals and regions. The company also aims to explore additional treatment pathways and grow its virtual ward offering which is a key pillar of NHS England’s strategy of delivering over 25,000 additional beds.

£2.15m

Investment

HomeLink Healthcare

BUSINESS REVIEW CONTINUED

During the year, portfolio companies have had to continue to adapt to challenges stemming from COVID-19 and the Brexit transition, including disruptions to supply chains which are leading to longer lead times for certain goods and inflationary pressures. At the same time, so far portfolio companies are generally proving able to maintain their gross margins through price increases, while some leisure and industrial companies are currently benefiting from the substantial pent-up demand caused by the COVID-19 shutdowns.

Our analysis of the portfolio has shown very limited direct impact of the Russia-Ukraine war on our portfolio companies. However, all businesses will face the indirect impact of increasing inflation, including energy costs, over the coming months.

As a result of these economic conditions, we have encouraged companies to closely monitor cost pressures in the supply chain and to implement long-term pricing strategies, ensuring they have plans to manage a variety of future inflation scenarios.

Fundraising

In the retail funds market, Foresight VCT plc and Foresight Enterprise VCT plc launched offers for subscription during the year. At the date of this report, these offers had raised approximately £24 million, with the Foresight Enterprise VCT offer for subscription remaining open.

In May 2021, Foresight held the first close of its latest regional private equity fund, the North West-focused Foresight Regional Investment Fund III LP. The Fund raised an initial £66 million from institutional investors, exceeding the size of the previous Foresight fund focused on this region, and increased to £83 million with a second close post year end. The Greater Manchester Pension Fund is the cornerstone investor, with support from Clwyd and Merseyside Pension Funds. Like its predecessor, the Fund is targeting investments in established SMEs valued at up to £30 million in North West England, North Wales and beyond. This is the third fund in the series of regional investment funds, following the initial North West fund and a second fund focused on the East of England.

Post period end

Since the end of the financial year, we have announced our appointment by Allied Irish Banks (“AIB”) to manage a new equity fund which will support SMEs across Ireland. AIB will be a cornerstone investor in the fund, which aims to stimulate job creation and deliver a more sustainable future. The fund will typically provide equity investments of €2 million to €5 million and should close imminently, subject to customary regulatory approvals.

AIB has signed an initial commitment of €30 million to the fund, which will target a total raise of €75 million over time. Foresight will shortly open an office in Dublin to support the delivery of the fund and is actively seeking investment opportunities. This is our first expansion into Ireland and the first fund outside the UK for the Private Equity Team. The fund is positioned to benefit from Foresight's breadth of experience across both private equity and infrastructure, leveraging their specialisms to deliver attractive risk-adjusted returns to its investors.

We had further significant success in our fundraising activity with the launch of two new UK regional funds covering the North East, Yorkshire and West Yorkshire regions. These strategically important funds will support the establishment of new offices in Leeds and Newcastle.

We were also able to announce the acquisition of the investment mandates of Downing's ventures businesses, which provide an excellent strategic fit for our business, complementing our existing ventures portfolio and adding scale. The transaction represents a significant strategic step and, in conjunction with the new funds, takes our private equity AUM to over £1.2 billion.

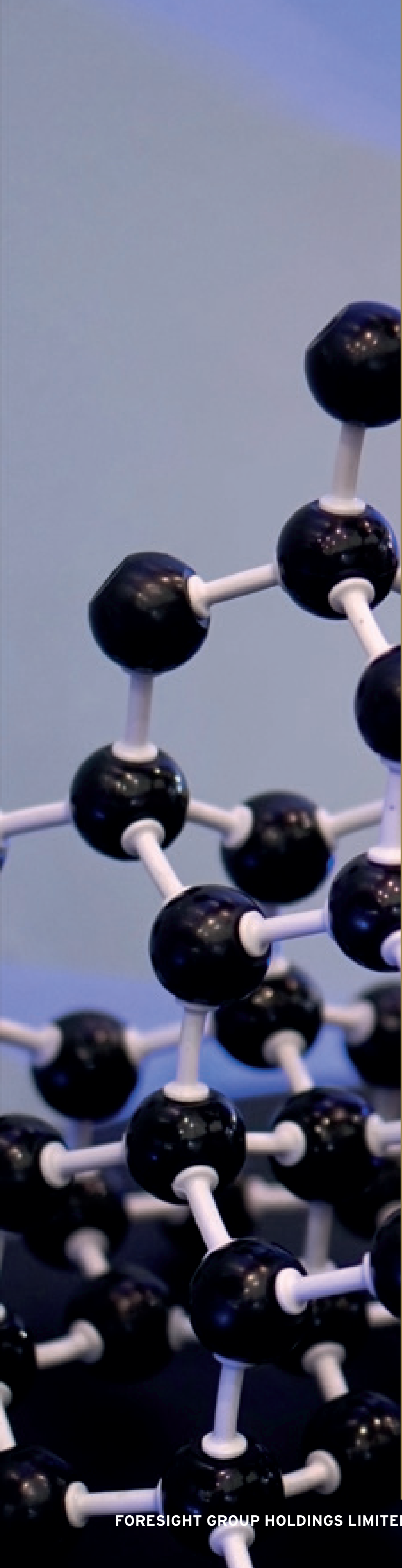
Private equity market outlook

The UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture. Our analysis shows that more than 80% of the UK’s SMEs are outside London and the South East, presenting a significant base of potential investments for us. The markets we target have varying levels of competition and we continue to be a leader in the provision of capital in those markets, particularly for sub-£5 million investments.

The government remains supportive of driving investment in businesses throughout the UK regions, through the British Business Bank among other mechanisms. The Chancellor of the Exchequer has also encouraged local government pension schemes to invest more locally, although it remains to be seen if this will lead to greater activity.

The equity gap we fill with our investments remains firmly in place and has only been increased by COVID-19. Forward-thinking companies that used government support during the pandemic, which was primarily in the form of debt, are now looking to raise equity to strengthen their balance sheets ahead of expansion. New investments will be well positioned to benefit from the growth phase of the next economic cycle. SMEs are also looking for alternatives to the high street banks for borrowing, increasing the potential for us in the specialist lending market.

We also see many corporates and large private equity investors looking to deploy capital. This means the M&A market for SMEs remains open and we have a promising pipeline of potential exits.



VENTURE
REFEYN

In January 2019, Foresight made an initial EIS investment of £1 million into Refeyn Limited ("Refeyn" or "the company") from its Foresight Williams Technology EIS fund. Refeyn was spun out of the University of Oxford in 2018 to commercialise its revolutionary patented technology, "Mass Photometry", which, building on a decade of cutting-edge academic research, is able to determine molecular mass, for instance of proteins, using light. Identifying and measuring protein molecules is an integral part of life sciences research, particularly in the development of new medicines. Refeyn's technology is disrupting this high value market.

The technology developed by Refeyn has now been packaged into a compact desktop instrument with a simple user interface. It can provide data within seconds, reducing the duration of biomolecule research projects or quality control checks by 40%.

The associated increase in productivity translates directly into cost savings which can lead to the acceleration of highly expensive drug development.

Foresight's investment into Refeyn is a good example of the collaborative and value-add nature of Foresight's partnership with Williams Advanced Engineering. Since the fund's initial investment, Refeyn has worked with the Williams team on product design and manufacture, and electrical systems design and development.

Refeyn has grown rapidly and has achieved many of the milestones laid out in the original business plan. The company has grown from a lab in Oxford with less than ten employees, to a business with an international footprint and a staff of 100+. It has also attracted two further rounds of funding led by international VCs, both of which were oversubscribed and at a significant uplift in valuation to the initial investment.

40%

reduction in the duration of biomolecule research projects

100+

staff

BUSINESS REVIEW CONTINUED

SPECIALIST LENDING **RETO**

In September 2021, Foresight provided a £15 million senior secured debt facility into Reto Finance Limited ("Reto" or "the company") from its Inheritance Tax Solutions Fund. Reto is a specialist lending business operating in the Channel Islands. The company was launched in 2019 following a buy-out from Shawbrook International. Reto has since served hundreds of consumer and SME borrowers across the Channel Islands and is increasingly seen as the "go-to" specialist lender offering a wider range of products to SMEs and consumers than many of its rivals.

Investment into lenders such as Reto Finance aligns with Foresight's regional approach to investing, offering support to local economies and businesses that are unable to access traditional forms of financing.

By providing capital to a range of consumers and SMEs that are typically underserved by mainstream lenders, Reto promotes financial inclusion and is focused on supporting its local economy, with all borrowers located in Jersey and Guernsey.

Similar to the UK, the region is facing a housing crisis as demand for housing far outweighs the supply of new homes. Foresight's investment was designed to expand Reto's product suite, allowing it to offer a development finance product to the region's SME property developers and increase the supply of homes in the region. Since investment, Reto has financed nine developments with 56 units either in the planning phase or under construction.

£15m

senior secured debt facility provided

9

developments financed

RETO FINANCE

PRIVATE EQUITY EXIT
DA LANGUAGES

In December 2021, Foresight completed the successful sale of language services provider DA Languages Limited ("DAL" or "the company") to IK Partners Small Cap Fund II, which typically invests in companies with enterprise values of between €50 million and €150 million. This was the third exit from the Foresight Regional Investment Fund which has returned c.1.8x gross cost to date, with 14 companies remaining in the portfolio. The average return for the first three exits is 9x.

Founded in 1998 and headquartered in Manchester, DAL is one of the fastest-growing language services providers in the UK, providing critical services to organisations communicating with non-English speakers. With a network of over 8,000 mother tongue interpreters and translators, DAL's offering spans face-to-face, video and telephone interpretation along with written translation services.

Over 450 languages and dialects are served, including sign language, enabling better outcomes for all stakeholders. Promoting inclusivity and equality is at the heart of DAL's operations, ensuring that language barriers are removed in critical situations, particularly in healthcare and legal settings.

Foresight originally invested in DAL in 2018. During Foresight's ownership, DAL strengthened its management team, moved into modern new offices, substantially grew its employee base from 55 to 150+ and developed a highly diverse client base of NHS trusts, charities, city councils and corporates, while building a strong reputation for quality provision. The business also invested significantly in technology and IT infrastructure to support its clients, including the acquisition of Miton Systems, an interpreting technology specialist, enabling DAL to offer its own proprietary video and telephone remote interpreting products.

450+

languages provided

9x

average return for first three exits (FRIF)

D.A. Languages Limited
Interpreting & Translation Services

FORESIGHT CAPITAL MANAGEMENT

AT A GLANCE

Providing access to real assets and sustainable investment opportunities in listed markets.

Investment strategies

- UK Infrastructure
- Global Infrastructure
- Sustainable Real Estate
- Sustainable Future Themes

FCM was established in 2017 to enable retail and institutional investors to access infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds, investing in listed securities.

£1.6bn
assets under management

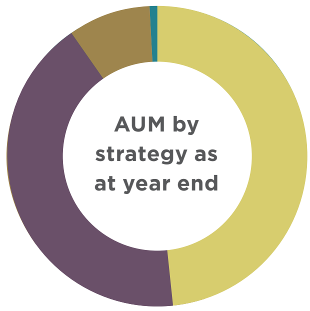
9
dedicated professionals

43%
FY22 AUM growth

1
institutional sub-advisory mandate secured

4
distinct investment strategies

6
investment vehicles



- UK Infrastructure Income £781m
- Global Real Infrastructure £679m
- Sustainable Real Estate £145m
- Sustainable Future Themes £10m

MARKET OPPORTUNITY

There is growing demand, both in the UK and internationally, for retail and institutional investors to be able to access sustainability-oriented investment products that hold listed securities. FCM has a differentiated approach to this market, being able to draw on the Group's experience in investing in private markets through Foresight's Infrastructure and Private Equity divisions, and apply those skills and knowledge to investing in public markets. This gives FCM capabilities that are hard to replicate.

- Raised net inflows into all our strategies, pointing to strong demand for our open ended funds
- International investors also increasingly demanding access to sustainable investment strategies
- Opportunity for FCM to launch further investment vehicles to provide access to its existing strategies
- FCM's platform is scalable and has significant capacity for further growth in AUM
- Potential to target a wider range of investors, in addition to the current focus on IFAs and wealth managers

BUSINESS REVIEW CONTINUED

Overview

FCM has a team of nine investment professionals, who follow an active, hands-on investment process. The team is highly focused on the underlying assets and regularly visits companies around the world, reflecting its global investment remit. As a sustainability-led investor, FCM has a clear view of the speeds at which different sectors in different geographies are addressing sustainability risks and opportunities. The investment approach is bottom-up and conviction-based, allowing FCM to invest in the best opportunities, wherever it finds them.

FCM primarily distributes its products through intermediaries, principally independent financial advisers ("IFAs"), wealth managers and private banks. The division works to develop strong relationships with these intermediaries, aiding capital retention and making these assets less volatile than is often seen with direct-to-consumer distribution.

At 31 March 2022, FCM had £1.6 billion of AUM, up 43% during the year (31 March 2021: £1.1 billion). This reflected robust inflows during the year and the benefit of investment performance.

FCM has dedicated internal resource focused on sustainability due diligence and analysis. Several of FCM's strategies are aligned with a bespoke sustainable investment policy, which alongside active engagement with investee management helps to ensure we vote in a manner that is consistent with widely accepted ESG practices. If an investment fails to meet our sustainable investment criteria and that company chooses not to engage, we will consider divestment.

Investment strategies and funds

FCM offers four investment strategies, which clients can access through five UK and one Luxembourg domiciled fund:

Strategy	Funds	Investment focus
Foresight UK Infrastructure	FP Foresight UK Infrastructure Income Fund ("FIIF")	Harnesses Foresight's infrastructure investment expertise and taps into the demand for low-volatility, predictable inflation-linked income. Launched in 2017, the strategy has grown to total net assets of £780.9 million at 31 March 2022. The portfolio comprises listed companies active across renewable energy, core infrastructure and real estate, with a UK focus.
Foresight Global Infrastructure	FP Foresight Global Real Infrastructure Fund ("GRIF") VAM Global Infrastructure Fund ("VAM") Foresight Global Real Infrastructure (Lux) Fund ("Foresight SICAV")	Invests in the publicly traded shares of companies located in developed economies, which own or operate real infrastructure or renewable energy assets anywhere in the world. With a growth-focused investment objective, the strategy was launched in June 2019 and has grown its total net assets to £679.3 million at 31 March 2022.
Foresight Sustainable Real Estate	FP Foresight Sustainable Real Estate Securities Fund ("REF")	This strategy was launched in June 2020 to provide investors with exposure to a highly liquid and globally diversified portfolio of Real Estate Investment Trusts. Given the lack of OEICs in the UK that are addressing both sustainability and real estate, REF is a highly differentiated strategy which has delivered both strong returns and low-risk characteristics since launch. As at 31 March 2022, the strategy's total net assets were £144.5 million.
Foresight Sustainable Future Themes	FP Foresight Sustainable Future Themes Fund	This strategy was launched in March 2022. More information can be found in the case study on page 45.

LAUNCHING SUSTAINABLE FUTURE THEMES

On 28 March 2022, FCM announced the launch of the FP Foresight Sustainable Future Themes Fund ("SFT"). The Fund will invest in a global portfolio of 20-40 scalable listed companies.

Potential investments are carefully selected based on our approach to "double materiality". First, companies can only qualify for investment if they have sustainable operations embedded into their long-term strategies. This means they need to be industry leading in areas such as their environmental impact and labour practices. Second, they need to offer innovative products and services that contribute to achieving a sustainable, decarbonised and socially inclusive world.

Companies that meet both these criteria are likely to be the winners as society and economies rapidly change in response to the need for sustainable development. This means they will deliver the best financial outcomes and the most tangible, real-world impact. The double materiality approach goes beyond the industry standard for sustainable investment funds and we see it as a key differentiator for SFT.

The Fund will provide capital to companies at the core of sustainable development across five sustainable future themes. Foresight has significant experience of managing private assets that align to these themes, giving us insight into how these industries work and their sustainability credentials.

The five themes are:

- Sustainable Energy: companies actively contributing to global decarbonisation through sustainable energy generation, storage and usage
- Sustainable Food, Land and Forestry: companies involved in the sustainable production of food, use of land, agriculture or forestry and those focused on protecting biodiversity
- Waste, Water and the Circular Economy: companies that are actively involved in delivering sustainable water and waste solutions and companies that meaningfully contribute to sustainable resource management
- Health and Education: companies that own assets or provide services that contribute towards the delivery of sustainable, high-quality and inclusive healthcare and education
- Digital World: companies that support the transition to a digital economy in a sustainable and socially inclusive way

Only companies which derive 80% or more of their revenue from activities that align with one or more of these themes will be considered for the portfolio. FCM has developed a proprietary sustainability-led research methodology to better identify investments that meet the Fund's objectives that would not be possible using only traditional third-party ratings agencies.

Engagement will play a key role in managing SFT's assets. FCM will regularly monitor and engage with management teams and exercise voting rights in a way that aligns to the UN Sustainable Development Goals applicable to each industry.

BUSINESS REVIEW CONTINUED

Performance

This was a transformational year for FCM. In addition to achieving a material increase in AUM, the division built a platform for future growth, with the launch of a new investment strategy and new funds, the diversification of its sources of capital through the sub-advisory mandate with VAM (see below) and investment in its team.

Against a backdrop of challenging markets, in which equity funds as an asset class saw net outflows, FCM achieved total net inflows and performance of £455 million, with net inflows across each of its funds. Retail fundraising delivered net inflows of £455 million and in addition £25 million was raised into VAM by its distribution team.

At the start of the year, FCM had three established UK OEICS – FIIF, GRIF and REF. All three remain on track to deliver their investment objectives, with positive total returns during the year and since inception.

Fund	Inception date	12-month TSR	TSR since inception
FIIF	4 December 2017	10.65%	41.38%
GRIF	3 June 2019	7.51%	47.14%
REF	15 June 2020	19.54%	25.67%

Investment performance during the year added £94 million to FCM's AUM, resulting in a total increase in AUM across the year of £455 million.

New fund launches

In June 2021, Foresight announced the launch of the VAM Global Infrastructure Fund, a Luxembourg UCITS V Fund, through a new partnership with VAM Funds, a Luxembourg-based fund management company. FCM has been appointed the fund's investment manager and the fund is being distributed in Europe, South Africa, Singapore and the Middle East, through VAM Funds' established global distribution platform. The fund gives investors in these geographies access to FCM's Global Infrastructure strategy. The partnership has already delivered positive net inflows of £24.7 million since launch. Investors in VAM have included clients in South Africa and the Middle East, where Foresight has not previously raised retail capital.

In November 2021, FCM launched a new Luxembourg-domiciled SICAV with UK tax reporting status. This will initially provide investors with access to the Global Infrastructure investment strategy. The medium-term growth strategy includes adding further strategies to the SICAV, such as Sustainable Real Estate Securities. The SICAV has generated inflows from international investors, following our initial focus on offshore jurisdictions such as the Channel Islands and the Isle of Man, and we are planning to target Europe and other geographies during FY23.

In March 2022, FCM launched a new investment strategy, Sustainable Future Themes, and a new UK OEIC, the FP Foresight Sustainable Future Themes Fund. More information can be found on page 45.

FCM market outlook

The outlook for FCM is highly positive. There is growing demand for OEICs in the UK and the launch of VAM and the Foresight SICAV during the year have opened up new international sources of institutional and retail investment. The business is highly scalable, with the Global Infrastructure, Sustainable Real Estate and Sustainable Future Themes strategies each having the potential to reach in excess of £1 billion of AUM. FCM has invested in its business during the year to ensure it has the capacity to successfully manage its growth, which it expects to lead to rising profit margins, reflecting the operational gearing in its business model.

FCM also has scope to broaden its distribution. Having to date focused on IFAs and wealth managers, we see good potential for distributing our funds through private banks and to family offices, as well as establishing a greater presence in direct-to-consumer sales, as the Foresight brand becomes increasingly recognised.

FCM EXPANDS INTO SUB-ADVISORY MARKET

In June 2021, following a competitive selection process, FCM was appointed as the Investment Adviser to the VAM Global Infrastructure Fund ("the VAM Fund"), a Luxembourg SICAV managed by global fund management group VAM Funds. The VAM Fund reflects FCM's Global Real Infrastructure strategy and receives the same investment resource and portfolio management resource as Foresight's UK-domiciled vehicle. The VAM Fund provides IFAs, wealth managers and other investors in global markets with the ability to allocate to a differentiated portfolio of real asset owning infrastructure, renewables and real estate companies. Multi-decade investment themes driving the energy transition, societal resilience and infrastructure renewal are all addressed through the VAM Fund, and strong early fundraising suggests appetite from investors.

VAM Funds is a Luxembourg-based fund manager with global distribution capabilities that have extended FCM's strategies into markets such as South Africa, Europe and Asia. As at 31 March 2022, the VAM Fund had grown to net assets of £33 million with strong potential for further growth as VAM Funds continue to expand their own distribution capability. Sub-advisory represents an efficient and scalable channel for FCM to further grow assets, particularly where distribution markets are unlocked in geographies where Foresight Group has not been historically active.

SUSTAINABILITY

Foresight's investments are focused on a future that depends on the continued drive and migration towards sustainability, renewable energy and technology.

A+

FOR STRATEGY & GOVERNANCE[1]

A+

FOR INFRASTRUCTURE[1]

A

FOR PRIVATE EQUITY[1]

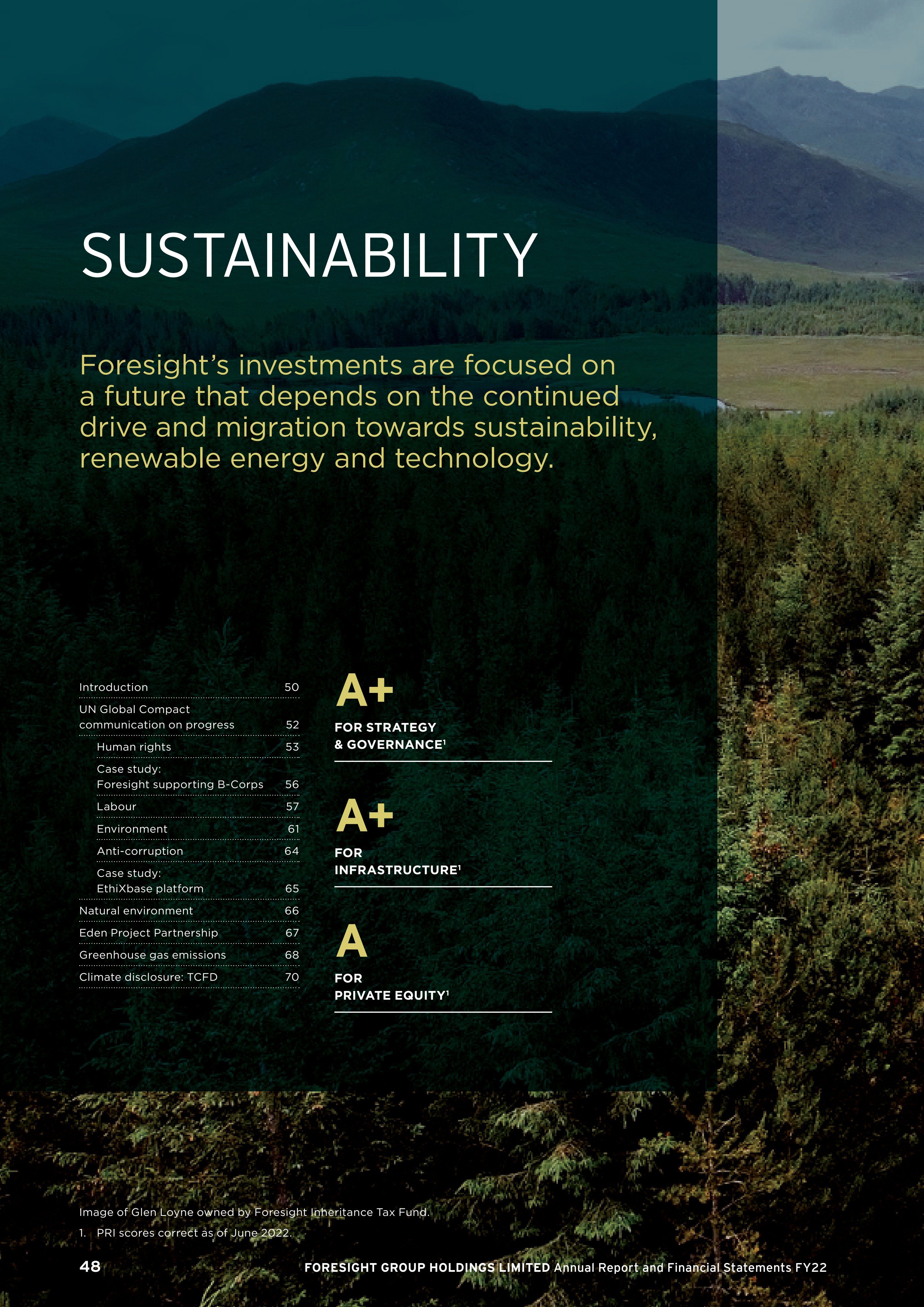
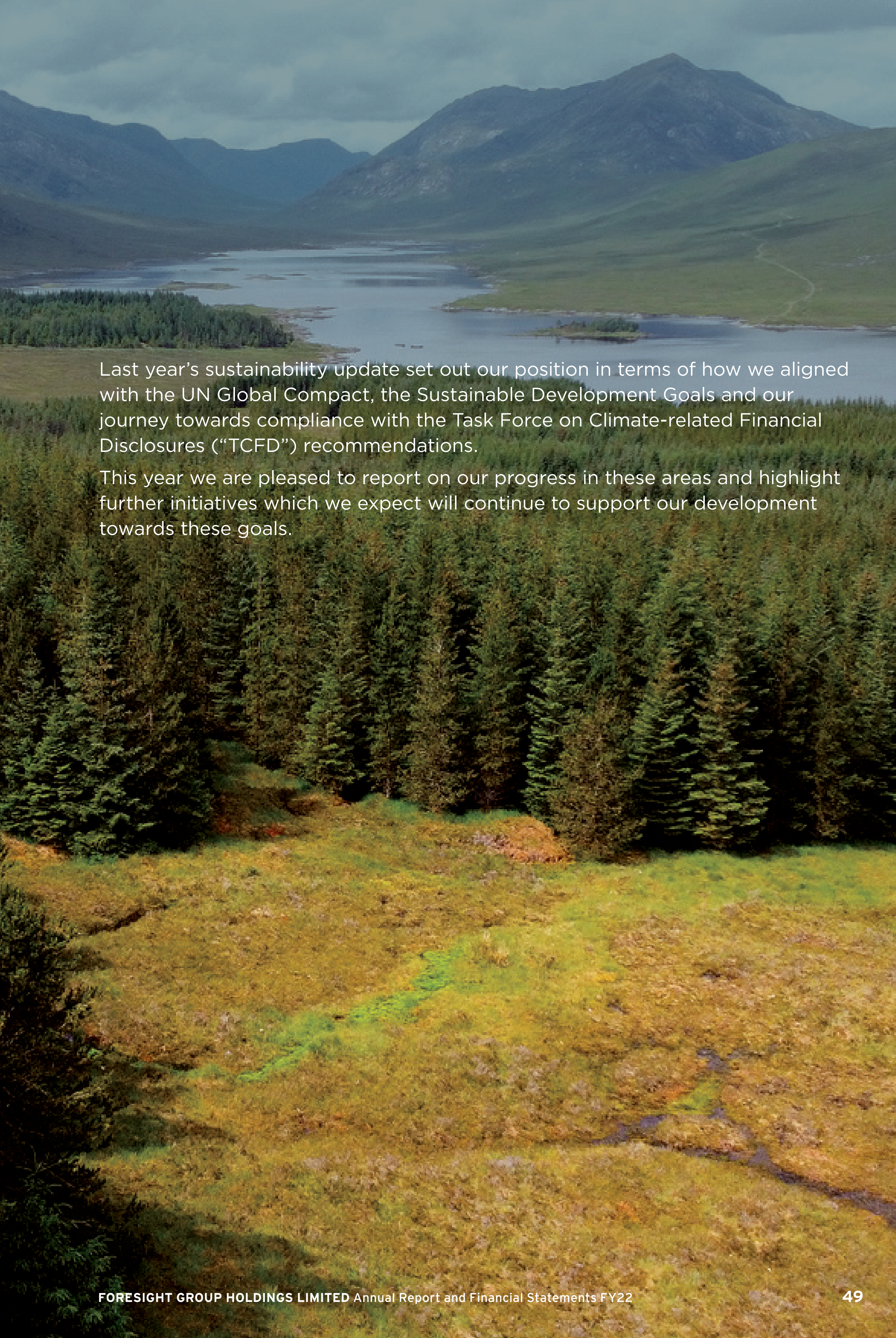


Image of Glen Loyne owned by Foresight Inheritance Tax Fund.

1. PRI scores correct as of June 2022.



Last year's sustainability update set out our position in terms of how we aligned with the UN Global Compact, the Sustainable Development Goals and our journey towards compliance with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

This year we are pleased to report on our progress in these areas and highlight further initiatives which we expect will continue to support our development towards these goals.

INTRODUCTION

We continue to be a transparent investor, with a strong focus on sustainability. We engage across all aspects of sustainability including nature recovery, climate change, waste recycling and community engagement. We seek to be a good corporate citizen and a model employer.

People work at Foresight because they want to be part of our forward-thinking business and to make a positive impact in the work they do.

Last year's Annual Report set out our alignment with the UN Global Compact and the Sustainable Development Goals, and our journey towards compliance with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

We are pleased to report on our progress in these areas and highlight further initiatives to continue our development.

Foresight has made progress in better understanding the impact of our business on the natural environment, communities, people and the transition to a greener economy. We often think of our business as having two key focus areas: how we operate our business and conduct ourselves (our conscience), and how we invest responsibly, with the future in mind.

Over the past year, we have looked to better express ourselves and define what we mean when we talk about sustainability and ESG. Sustainability is our ethos, an all-encompassing approach to being a responsible business with a conscience.

Over the years, there have been many definitions of sustainability, which often overlap with three key themes: social, environmental and economic.

ESG (environment, social and governance) is a framework that supports us in delivering sustainable outcomes for our business, in line with these themes. It helps us to organise our approach to sustainability and report in a way that is meaningful to our stakeholders.

Sustainability is therefore more complex than ESG alone. It lies at the heart of our business, from our investments through to how we run our business operations. It is about embedding responsible and ethical thinking into each business decision, as well as our investments. This is something we are working hard to achieve and demonstrate.

Eden Project partnership:
https://www.foresightgroup.eu/landing/the-eden-project-partnership

In 2021, we established a new role, Group Sustainability Lead, to focus on Group-wide sustainability and bring together the valuable work that our three investment streams are doing. This appointment enables Foresight to set its own global sustainability agenda, with a focus for the coming year on establishing our road to net zero. Following this appointment we established a sustainability partnership with the Eden Project in June 2022 (see page 67), neutralised our 2021 carbon emissions and committed to continuing to do so year-on-year.

We have also relaunched our Sustainability Committee with new Terms of Reference, establishing a number of key working groups to support the business in delivering sustainable outcomes across our offices, IT and improving social value and charitable work, as well as better co-ordinating our approach to governance.

The Sustainability Committee's aims include:

- Enhancing our data collection and analytics across our businesses, our Group functions and for all our strategies
- The continuing professional development of all staff in sustainability-focused topics
- Disclosing how we integrate sustainability into each strategy, as well as the broader Group
- Increasing the reporting of our portfolios' sustainability and climate characteristics
- Aligning our Group climate reporting with TCFD

With the leadership of our Group Sustainability Lead, our team of seven sustainability champions and the wider investment streams, sustainability is incorporated throughout the investment decision-making and investment management processes.

The following pages demonstrate the impact we have made this year, on people, our environment and the global transition to a greener economy and a just and equitable society.

Principles for Responsible Investment

Foresight is a signatory to the Principles for Responsible Investment ("PRI"), a set of voluntary guidelines that help companies to address social, ethical, environmental and corporate governance issues as part of the investment process. The PRI assessed Foresight's wider approach to its six responsible investment principles in 2021, for the year ended 31 December 2020. In summary, our results were:

A+ for Strategy & Governance

A+ for Infrastructure

A for Private Equity

The 2020 assessment transparency report is available on our website, or on the UN PRI website[1]. At the time of publication we are still awaiting our latest PRI scores.

1. https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Foresight%20Group%20LLP_2020.pdf

UN GLOBAL COMPACT

WE SUPPORT UN GLOBAL COMPACT

Communication on progress.

We’ve embedded our UNGC into the following section.

HUMAN RIGHTS	
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights.
PRINCIPLE 2	Make sure they are not complicit in human rights abuses.
LABOUR	
PRINCIPLE 3	Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.
PRINCIPLE 4	The elimination of all forms of forced and compulsory labour.
PRINCIPLE 5	The effective abolition of child labour.
PRINCIPLE 6	The elimination of discrimination in respect to employment and occupation.
ENVIRONMENT	
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges.
PRINCIPLE 8	Undertake initiatives to promote greater environmental responsibility.
PRINCIPLE 9	Encourage the development and diffusion of environmentally friendly technologies.
ANTI-CORRUPTION	
PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery.

HUMAN RIGHTS

PRINCIPLE 1:

BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2:

BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

1 NO POVERTY

2 ZERO HUNGER

Our commitment to human rights – UN Global Compact, communication on progress

As a business operating in multiple geographies, we take human rights and modern slavery risks very seriously. We endeavour to comply with the UK's Modern Slavery Act across all our businesses globally, including the supply chains to which we are party, and in 2021 we updated our Modern Slavery Statement with a further update scheduled for later this year. We are continually developing the measures we take to promote increased supply chain transparency in line with internationally recognised standards and to support wider industry efforts in that regard.

This includes increased engagement with manufacturers and contractors in our Infrastructure portfolio. We also recognise that collaboration with other asset managers and industry bodies will have greater impact when seeking to eradicate forced labour and other human rights abuses. Earlier this year, Foresight participated in the PRI roundtable on Human Rights in Private Markets Investing, with discussions centring on how to build an organisational approach to human rights, managing supply chain risk and empowering portfolio companies and assets.

Please see our EthiXbase platform case study on page 65.

Throughout the year, we have conducted assessments to better understand the supply chain risks Foresight could be exposed to, and the risk of involvement in any human rights abuses at a portfolio level. This year, our Foresight Regional Investment Fund conducted a material analysis of its Private Equity portfolio, with deep dives on companies that we felt required further clarification on their supply chain risks. These companies were predominantly in the apparel/consumer goods sector or imported goods from Asia. In line with our outcome-orientated approach, risks were determined on actual and potential negative outcomes.

Human rights due diligence is built into our investment processes and we request human rights policies or statements from key counterparties, in addition to the standard due diligence processes we undertake through World-Check. In particularly high-risk areas such as solar, where the supply chain can often be traced to regions with a heightened risk of modern slavery and human rights abuses, we now also use the EthiXbase due diligence platform. We remain members of Solar Energy UK's responsible sourcing working group and look to increase industry-wide leverage through collaborating with other actors who share our ambition to increase transparency in the supply chain.

Our FCM investment team specifically addresses the ten principles of the UN Global Compact as part of the investment process. The investment team regularly monitors the companies in which its funds invest against these criteria. If an investee company appears to no longer meet the criteria, FCM would not make further investments in the company and its position would be realised in an orderly fashion.

HUMAN RIGHTS CONTINUED

WE SUPPORT UN GLOBAL COMPACT

We have increasingly aligned our investment approach with the UN Sustainable Development Goals ("SDGs"), recognising that small businesses play a crucial role in delivering the targets set under these goals to bring about an end to poverty and protect the planet. More recently, we have further evolved our investment strategy to an outcome-orientated approach that identifies and measures the contribution our companies make to societal challenges based on the SDGs. This includes ensuring we proactively manage our risk of complicity in human rights abuses and other potential harms, for example by protecting people's right to breathe clean air by avoiding or reducing greenhouse gas emissions.

Our Infrastructure portfolio naturally avoids greenhouse gas emissions by producing green energy and facilitating the transition to a greener economy. Last year we were responsible for avoiding 3.4 million tonnes of CO_2e, as a result of the green energy we produce and enable, which we report against in line with SDG 3.

We have continued to engage with key stakeholders, including communities and charities in which investee companies participate, communities local to Foresight Group's offices and charities selected by our staff. Supporting those communities by ensuring investee companies recognise and uphold sustainability values and standards is achieved via our due diligence process and ongoing monitoring and reporting post-investment.

WE ARE DEVELOPING A FORESIGHT HUMAN RIGHTS POLICY

We are currently embedding key sustainability risks into our risk framework, including human rights, and we will develop a Human Rights Policy by the end of the next financial year. This will identify material human rights issues connected with Foresight's operations and value chain and outline the actions that we will follow.

Modern slavery

Foresight Group's Modern Slavery Statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and, in relation to the Group's Australian subsidiary, Foresight Group Australia Pty Ltd ("FG Australia"), Section 14 (1) (2) of the Australian Modern Slavery Act 2018. This is therefore a joint statement made in conformance with both Acts.

The scope of the statement covers all/any Group entities falling within scope of the above Acts, including the Group's principal operating subsidiary, Foresight Group LLP, which is a limited liability partnership operating in England and Wales, as well as FG Australia. The statement sets out actions that we take as a business to reduce the risk of exposure to forced labour, child labour and modern slavery, as a result of our business practices.

As part of our work with EthiXbase (see page 65), we have distributed a modern slavery questionnaire to all key counterparties across our solar portfolio.

WE TAKE DATA PROTECTION SERIOUSLY

Data

We take data protection seriously, including the personal data of our staff and information regarding our stakeholders. To support the security of our data, we have implemented a number of policies and procedures that cover data protection (see below) in addition to aligning with ISO27001 Information Security Management and holding Cyber Essentials Plus accreditation. Aligning and complying with these standards provides assurance on systems and processes related to the security of our data.

A selection of our data protection policies are shown below:

- Acceptable Use Policy
- Access Management Policy
- Change Management Policy
- Cryptography Policy
- Cyber Security Policy
- Information Security Incident Management Policy

Health and safety

Health and safety is a human rights issue. Everyone deserves to work in a safe place and to go home safely to their families. It is our responsibility to provide safe and healthy working conditions for our staff.

The health and safety of all employees and visitors is a number one priority and we have worked to provide COVID-secure workplaces and mental wellbeing to support staff in the transition to hybrid working and coming back into the office. We also encourage all of our portfolio companies to provide workplace benefits covering a range of areas such as medical cover and cycle to work schemes.

Our investment due diligence process also assesses evidence of health and safety policies and processes at the point of investment.

FORESIGHT SUPPORTING B-CORPS

B Corporation ("B-Corp") certification is a third-party certification standard issued by the non-profit B Lab, which is behind the B Corporation movement. The certification shows that a company has had its claims voluntarily investigated by a third party and has taken legal accountability for its impact on stakeholders.

In 2021, Foresight engaged with consultant Seismic to conduct an initial diagnostic, to better understand how we are performing across each of the five impact areas of the "B Impact Assessment". This assessment gave an indication of our performance and identified our areas of strength and opportunities to better inform our sustainability approach as we look to strengthen our sustainability strategy over the coming months.

As an example, one of our portfolio companies that has achieved B-Corp status is Suffolk-based financial services company Beckett Investment Management Group ("Beckett"). This is its journey:

Certified B Corporation

Nearly a year after an investment from the £100 million Foresight East of England Fund, Beckett has grown its assets under management from £775 million to £1.2 billion and expanded its team by 26 people. It is approaching 100 employees.

The B-Corp certification marks another landmark moment for Beckett. Its application was supported by its Social Impact Portfolio – launched in January 2016 – which invests predominantly in collective investment schemes which have a stated ESG objective and policy, or a stated Socially Responsible Investment ("SRI") objective and policy.

The certification demonstrates just how seriously Beckett takes sustainability:

- Beckett was an early signatory to HM Treasury's Women in Finance Charter
- Beckett has been granted the Bronze level of the Suffolk Carbon Charter, in recognition of the steps it has taken to reduce its carbon footprint
- Beckett was recognised with the Best Employer 2021 (medium company) award at the Best Employers Eastern Region Awards

LABOUR

PRINCIPLE 3:

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4:

THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5:

THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6:

THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

WE SUPPORT UN GLOBAL COMPACT

Our commitment to fair labour – UN Global Compact, communication on progress

Conversations around fair labour, inclusion and discrimination are being amplified on the global stage. Our priority is to empower individuals and contribute to generating similar attitudes in respect of equality, diversity, social mobility, flexible working and inclusion in our workplaces, investee companies and the wider community. As part of this, we are committed to better understanding our workforce and promoting fair employment conditions in our offices and throughout our supply chains, including developing a Human Rights & Labour Rights Policy, which will be in place by the end of the next financial year.

As part of our commitment to operational transparency, we carefully monitor Foresight's supply chains and subcontracting arrangements. We have also become more engaged in efforts to eliminate human and labour rights violations within the wider renewable infrastructure technologies manufacturing and procurement chains, which is the area where Foresight has the greatest exposure. For our solar portfolio, we are working with EthiXbase (see page 65), in evolving both our approach and the industry-wide response to issues related to these four UN Global Compact themes, including modern slavery.

Empowering our workforce: wellbeing and work-life balance

This year, we have continued with a variety of initiatives to empower our staff, broaden their skill set and establish an inclusive workplace culture. We encourage staff to undertake development training and run a successful internal mentor programme, with 35% of staff currently involved. In addition, we have extended our programme of Foresight Connect sessions – a series of internal, educational talks from staff across the business – to support knowledge building.

We recognise the need for flexible working. This year we have reviewed and updated our Flexible Working Policy and published a Sabbatical Policy, acknowledging that as the working landscape evolves, flexibility is not a set number of days in the office or at home, but about trust and communication. We encourage all our people to manage their work commitments to suit their personal situations and equip our managers to lead a flexible and adaptive workforce.

LABOUR CONTINUED

Staff wellbeing also remains a priority. To fully understand this, we have included questions focused on wellbeing in our employee engagement survey. These responses are translated into meaningful actions for our people. We have four mental health first aiders, and celebrate mental health awareness week with a wide variety of enlightening and engaging activities in support of holistic wellbeing.

We want to ensure the health of our employees is a priority and provide some certainty around their futures. We have therefore enhanced the cover provided for health care and increased how we match pension contributions. We are also supporting our employees by implementing an enhanced leave policy for miscarriages and stillbirths across all jurisdictions.

To help our employees engage with their benefits, UK employees will soon have access to an app which enables them to easily access all their benefits information and make any relevant changes.

Equal opportunities

We acknowledge that the financial sector does not reflect the diversity of wider society and as a proud Living Wage Employer we understand that cultural and socio-economic factors definitely should not be a barrier for candidates during the recruitment process.

We therefore have mechanisms in place to ensure our recruitment process is above industry standard. This starts with how we manage the recruitment process, through to the training offered to staff and initiatives introduced to better understand our workforce. Foresight's policies and procedures make qualifications, skills and experience the basis for the recruitment, placement, training and advancement of staff at all levels. To guide equal employment practices, this is the fourth year that we require hiring managers to undertake unconscious bias training. The Inclusion and Diversity ("I&D") Committee is responsible for equal employment issues.

Inclusion and diversity ("I&D")

Foresight's I&D Committee relaunched this year and is made up of the Heads of Department from across the business. As of 2022, each Head of Department is responsible for the role their department plays, taking ownership of their division's I&D statistics and what they mean. This will enable senior stakeholders to work with their teams, ensuring we not only meet, but surpass, our I&D commitments and ensure we have provided the necessary framework to build an inclusive culture. Further examples of how we address I&D are available on our website.

35%

STAFF ENROLLED ON THE MENTORSHIP PROGRAMME

1,050+

JOBS CREATED ACROSS THE FRIF PORTFOLIO

We are continuing to develop our inclusion and diversity practices, which is helped by a 93% completion rate of our People metrics. Our successful "Count me in" initiative supported this engagement. This demonstrated everyone's role in I&D at Foresight and the importance of having our own data set to reference and shape our approach.

We know an inclusive business system is good for all in society, which is why we have pledged our support for gender balance across financial services. Together, we are working towards creating an entrepreneurial ecosystem where women have the necessary tools and resources to successfully grow businesses and excel in the finance industry. Foresight is now a signatory to the Investing in Women Code and our commitment is outlined on our website.

With females currently representing 37% of our total workforce, we remain a signatory of HM Treasury's Women in Finance Charter and are working towards our five-year target of 30% of women in senior management roles by 2024.

We announced we were at 25% as of September 2021. This was also the first year of official Gender Pay Gap reporting.

As a long-term investment partner, we will continue to play our part in enabling financial inclusion and supporting the needs of growing promising UK businesses.

This year, Foresight Private Equity participated in Playfair Capital's Female Founders Office Hours initiative. Female founders had the opportunity to meet over 125 investors and engage in one-to-one mentoring sessions and pitch meetings.

In addition, team members support Fund Her North, an initiative to improve access to funding by creating a network of angel and institutional investors. This is visible in our flagship Foresight Regional Investment Fund. Within the private equity portfolio, 33% of businesses are female founded[1] and board diversity is improving, with 20% of the portfolio boards having female representation. As well as gender, Foresight is committed to improving racial diversity and has added KPIs to its annual reporting this year relating to racial and ethnic diversity at portfolio companies, both at a board level and across the workforce.

37%

FEMALE WORKFORCE

33%

OF BUSINESSES ARE FEMALE FOUNDED[1]

1. Within our Foresight Regional Investment Funds.

LABOUR CONTINUED

Empowering the future workforce

Since returning to a state of "new normal", we have been able to re-establish our community outreach initiatives. Given the nature of Foresight's business, we feel well equipped to offer careers guidance and financial skills training to children and young adults in the areas local to our offices.

- Staff involvement in the Finance Industry Programme with Amos Bursary, an organisation which helps young people of African and Caribbean heritage to excel in education and other opportunities, providing insights and an introduction to financial services to over 30 students.
- Hosting a careers day for A-Level business students from the Sacred Heart School in London Bridge. Our staff have also visited the school for business and careers talks.
- Partnering with Diversity VC on its Future VC programme, to offer paid internships to talented individuals from diverse backgrounds and provide them with hands-on experience that will help them succeed in their chosen careers.

In addition, Health and Education is one of five fundamental investment themes of the FP Foresight Sustainable Future Themes Fund which was launched in March 2022. It invests explicitly in companies that own assets or provide services that contribute towards the delivery of sustainable, high-quality and inclusive healthcare and education.

ENVIRONMENT

PRINCIPLE 7:

BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8:

UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9:

ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our commitment to the environment – UN Global Compact, communication on progress

We inherently contribute to sustainable development, as a business that supports local economies, finances sustainable infrastructure investments to facilitate the energy transition, protects and restores natural forest ecosystems and invests in companies that are actively delivering a sustainable future.

Understanding and reducing our environmental impact remain key considerations for Foresight Group at a corporate level. Be it through design, organisation or our behaviours, we are committed to minimising greenhouse gas ("GHG") emissions, water and paper waste, and to sustainable procurement. Our Sustainability and ESG Policy **https://www.foresightgroup.eu/about-us/sustainability** outlines our commitments.

The appointment of new Sustainability and Risk resources this year attests to the Group's desire to embed climate and sustainability considerations throughout the business. The newly relaunched Sustainability Committee will accelerate these ambitions and help us to disseminate best practice in environmental stewardship. Targets will be set later this year. Key working groups delivering environmental outcomes are as follows:

- Sustainable Offices
- Sustainability in Governance
- Charity & Social Value
- Sustainable Investment Streams

As part of our vision to demonstrate leadership in sustainable business, a priority this year has been to better understand our carbon footprint and, as of March 2022, Foresight was officially certified CarbonNeutral®.

This includes changing business activities such as purchasing to a more responsible and conscious approach, which can be as simple as moving our utility contracts to green energy tariffs where possible. At a Group level, we continue to analyse climate related risks and opportunities (read more in the TCFD section on pages 70 to 81) and will be looking to set science-based carbon reduction targets.

Sustainable investing in infrastructure

Reflecting the momentum behind the global decarbonisation agenda, this year our investment divisions have made demonstrable progress to support the transition and mobilise finance towards sustainable projects, especially within the energy transition and natural capital markets.

ENVIRONMENT
CONTINUED

All of Foresight's infrastructure funds have a sustainability theme. Our bespoke approach to infrastructure investing provides assurance to our investors that projects are making a genuine contribution to sustainability targets. There are effective management systems in place to integrate environmental and social principles, such as the Sustainability Evaluation Tool ("SET"), which was launched in October. Its methodology and application is outlined in our Sustainable Investing in Infrastructure paper – which was updated this year, reflecting the ever-evolving landscape.

Four of Foresight's infrastructure funds (FSFL, FSFC, ITS, JLEN) have been assessed internally using the EU Taxonomy framework. The assessment involves scrutinising each asset against the six Do No Significant Harm ("DNSH") criteria, to ensure that each asset meets the required standard. Separately, third-party validation (Aardvark) has been conducted for all FEIP assets, and at the time of assessment all were in the scope of the Taxonomy.

Efficiency and innovation

Energy efficiency is a critical issue. During our analysis of scope 2 emissions for the solar portfolio, a few sites had disproportionately higher energy consumption on a per MW basis. Further analysis verified these results and investigations are now underway to understand what we can do to reduce both energy consumption and the associated scope 2 emissions. Resolving this variance will result in both lower operational costs and a lower carbon footprint at the portfolio level. Possible solutions may include upgrades to equipment that has been identified as inefficient and too energy intensive.

Equally, to future-proof our operations, the lifecycles of investments and/or assets is evaluated during the investment process via our SET. They are considered with environmental and technological resilience in mind. Furthermore, to safeguard care for the communities and environments in which we operate, the SET factors in the decommissioning of assets at the end of their useful lives.

During the year ended 31 March 2022, our infrastructure investments have achieved the following:

4.1m

TONNES OF CO_2E AVOIDED (INFRA) VS COAL[1] (2020/21: 2,741,075 TONNES CO_2E)

+24.8%

INCREASE ON LAST YEAR

1.78m

EQUIVALENT HOMES SUPPLIED WITH GREEN ENERGY[2] (2020/21: 1.2m HOMES SUPPLIED)

+365,000 homes

INCREASE ON LAST YEAR

1. This year's figure relates not only to emissions avoided through renewable energy generation but also our CNG assets.
2. To calculate these figures, we use an average household electricity consumption figure from OFGEM, which is 2.9MWh per year.

Progress on environmental sustainability

Climate change is increasingly important internationally, with growing public momentum towards promoting change and securing a "sustainable" world. Some examples of Foresight's educational initiatives to promote greater environmental responsibility and the importance of sustainable investment include:

- October whitepaper, Directing the tide: UK advisers, **https://www.foresightgroup.eu/news/directing-the-tide-uk-advisers-role-in-driving-uk-wealth-towards-sustainable-investing** which explores the materiality of ESG issues for financial advisers and retail investors, based on research we conducted this year among UK IFAs
- Foresight Sustainability Week, **https://www.foresightgroup.eu/news/watch-on-demand-foresight-sustainability-week** a series of five virtual breakfast discussions, with leading industry experts sharing their insights into the challenges and opportunities that arise as the private sector mobilises behind the global sustainability agenda
- At COP26, Foresight helped to raise awareness amongst younger audiences about the impacts of their financial decisions and how they can use their pound to protect the environment, and hosted a panel with Make My Money Matter. **https://vimeo.com/644836552**
- EthiXbase Platform for Solar
- Creating a bespoke ITS and AITS sustainability calculator, for financial advisers to use to better understand the positive environmental impact of a client's investment
- Building out Sennen and integrating core sustainability metrics. Sennen is bespoke software that enables all staff to better understand and manage our infrastructure portfolio and their KPIs

ALL INFRASTRUCTURE FUNDS HAVE A SUSTAINABILITY THEME

INFRASTRUCTURE HAS 4 SFDR ARTICLE 9 FUNDS

- JLEN Environmental Assets Group Limited
- Foresight Solar Fund Limited
- Foresight Energy Infrastructure Partners
- Foresight Italian Green Bond Fund

INFRASTRUCTURE HAS 2 SFDR ARTICLE 8 FUNDS

- Foresight Solar Fund Limited
- Foresight Inheritance Tax Solution

ANTI-CORRUPTION

PRINCIPLE 10:

BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBERY

10 REDUCED INEQUALITIES

Our commitment to anti-corruption – UN Global Compact, communication on progress

Eliminating corruption and ensuring corporate integrity are crucial for any business. Foresight has a no-tolerance approach to corruption across our separate investment streams. We maintain detailed policies and procedures relating to Anti-Money Laundering, Anti-Bribery & Corruption, Conflicts of Interest and Whistleblowing, which are periodically assessed via our compliance and governance monitoring programmes. Our participation in the UN Global Compact and support for its Ten Principles, including anti-corruption, help to shape our investment activities and corporate behaviours.

Commitment to this approach comes from the Board, Foresight's Head of Risk and Governance, and our Compliance teams in each jurisdiction. They oversee the quality control measures and that all Foresight operations meet the relevant standards. Measures we continue to implement are:

- All transactions with counterparties are subject to a rigorous know-your-client verification that includes bribery and corruption risk assessments, checks against global sanctions lists and political exposure
- Counterparty risks are ranked according to factors such as operating jurisdiction, sector risk, transaction type and counterparty negative press
- External forensic due diligence experts are also engaged for certain higher-risk transactions, which determines whether the transactions will or will not proceed

Within the workplace, we continue to develop and embed measures that ensure all employees are equipped to handle any concerns. During this reporting cycle we have:

- Continued mandatory anti-money laundering and anti-terrorism online training modules for all employees. This year we intend to introduce specific mandatory anti-corruption and bribery training
- Launched a new intranet that hosts all of Foresight's policies and procedures
- Hosted a hybrid compliance training module, which reiterated the requirements around declaration of all gifts and hospitality given and received, with specific approval required for gifts and hospitality over a certain threshold
- Encouraged staff to report any issues of concern and continued to explore opportunities to improve internal communications around Foresight's Whistleblowing Policy

ETHIXBASE PLATFORM

To seek greater insight into the risks within our solar supply chain, Foresight engaged EthiXbase, a platform that offers a cost-effective and risk-based approach to third-party risk management. The organisation is a member of the UN Global Compact ("UNGC") and has developed a holistic solution and supply chain risk management programme, to identify risks across UNGC key themes.

EthiXbase's Enhanced Due Diligence ("EDD") reporting includes independent in-country investigation of the suppliers, covering detailed company registry records, directorship background searches, local language media searches and civil litigation, bankruptcy and criminality checks from across more than 800 databases. The approach followed by EthiXbase enhances our due diligence process, as we do not rely on the completion of questionnaires by third parties to gather data – all data is accessed online and through publicly available information.

The key areas of ESG-specific research are detailed below, with the EDD report providing red flag analysis on any identified areas of risk, enabling immediate focus on material areas of concern, such as:

- Company Background and Corporate Findings
- Shareholders and Management
- Sanctions, Enforcements and Watch Lists
- Political Exposure Risk
- Bribery and Corruption
- Human Rights and Modern Slavery
- Environmental Practices
- Labour Practices
- Health and Safety
- Information, Cyber Security and Privacy
- Fraud
- Money Laundering and Terrorism
- Regulatory Breaches and Anti-Competitive Behaviour
- Country Specific Risks

In addition, EthiXbase has also collaborated with global law firm Norton Rose Fulbright to design and distribute a supply chain modern slavery questionnaire, which includes a risk assessment enabling businesses to identify the potential for human rights abuses across their supply chains. Foresight prioritised its solar supply chain analysis across three key stakeholder groups: panel manufacturers, inverter manufacturers and O&M providers.

Any concerns that are raised will result in further scrutiny from the Foresight team, to assess whether the risk is relevant or material to business operations.

We are now looking at other supply chains across our portfolio, to determine where we will benefit from better understanding any risks identified through enhanced ESG due diligence.

NATURAL ENVIRONMENT

Towards a nature rich future: defining the role of business in nature recovery

We believe landowners and businesses have a vital role in preserving our natural environment for future generations. We therefore need to think differently and creatively about how we manage and make the most of the opportunities our land affords. As one of the UK's most active natural capital investors, and a significant landowner now with 11,200 hectares of forestry assets, Foresight is particularly engaged in the nature recovery discourse. This ranges from how we manage our land to the investments we make and the partnerships we pursue.

17 PARTNERSHIPS FOR THE GOALS

Natural capital investor

By prioritising the long-term enhancement and conservation of natural capital and the delicate ecosystems that support us, we are delivering value for the planet as well as our stakeholders. In November, Foresight Sustainable Forestry Company ("FSFC") listed on the London Stock Exchange ("LSE") as the LSE's first, and only, listed natural capital investment vehicle. Launched to make a direct contribution in the twin fights against climate change and biodiversity loss, through forestry and afforestation carbon sequestration initiatives, the IPO proceeds alone are expected to enable over 4 million tonnes of CO_2 sequestration. This is the equivalent of offsetting the entire carbon footprint of Edinburgh for a year.

Earlier that month, Foresight announced its membership of the Sustainable Market Initiative's Natural Capital Investment Alliance ("NCIA"), established in January 2021 by His Royal Highness The Prince of Wales. This will accelerate the development of natural capital as a mainstream investment theme and mobilise private capital efficiently and effectively for natural capital opportunities. Looking to the year ahead, we see Foresight's involvement as an opportunity to catalyse broader awareness of natural capital and the energy transition as investment themes and we are excited to be supporting a number of NCIA working streams.

EDEN PROJECT PARTNERSHIP

This year, we announced our sustainability partnership with the Eden Project, a UK based educational charity and social enterprise. Guided by a mutual understanding of the significance of a nature rich future, the partnership will demonstrate, and highlight the role of business in supporting UK nature recovery, as well as creating investment products with higher social and environmental value, both local to our assets and nationwide. As spearheads of a growing movement to build relationships between people and the natural world, it is a valuable opportunity to shape the wider debate around nature recovery.

The partnership holds huge potential. Initially it will focus on three key areas:

1. **Define.** Defining how a business like ours can respond to nature recovery
2. **Demonstrate.** Demonstrating tangible positive outcomes for nature through our portfolio of assets and engagement with communities
3. **Engage.** Engaging with our stakeholders, internally and externally, to educate others on nature recovery and what they can do to contribute

The UK is considered to be one of the most nature depleted countries in the world and the UK Nature Recovery Network has been established to deliver some of the key objectives of the UK Government's Environmental Plan.

This partnership will engage the public and communities in the movement, thinking holistically about green space and the benefits and opportunities it offers communities. We will deliver community benefits directly through Foresight's nature recovery plans.

Our first deliverable under the partnership is to produce a Nature Recovery approach for the Group that will help us to better frame these three key areas. Our business has three investment streams and they will all be able to offer different approaches to nature recovery and in time will be able to work with the Eden Project to deliver a variety of sustainable outcomes.

We are also launching the Foresight Seed Bank which will be housed at the Eden Project's national wildflower centre. Over time, we will build up the seed bank from seeds collected across our UK-based sites. We will then be able to plant these seeds across sites that require further wildflower planting and share the seeds with community groups, as part of our engagement and education around nature recovery.

We are delighted to partner with the Eden Project, a bastion of conservation. Together we will create and restore diverse, wildlife-rich and better connected habitats.

eden project
Foresight's Sustainability Partner

GHG EMISSIONS
OUR ROAD TO NET ZERO

It is incumbent upon businesses to show leadership in sustainability, make decisions that will ultimately bring us closer to net zero before 2050 and bring about a speedy recovery for nature. Reducing our carbon footprint is primarily about slowing climate change. However, there are many benefits to reducing our emissions, including better air quality, improved health and wellbeing and enhancing biodiversity.

We are carrying out further work to understand our wider emissions footprint and the ways it can be reduced. As noted in the TCFD section on pages 78 and 79, we have carried out a carbon assessment on our scope 1, 2 and 3 emissions (not including financed emissions) for calendar years 2019 and 2020. We have recently offset our 2020 emissions using verified carbon credits from ClimateCare and in March we announced that Foresight is an officially certified CarbonNeutral® company, in accordance with the CarbonNeutral Protocol.

Our commitment is to continue learning, improve how we understand and measure our emissions and to set ourselves a strategic approach to reducing our emissions across the Group.

Foresight's route to net zero and decarbonisation

We are taking action now to demonstrate our commitment to becoming a net zero business. "Neutralising" our current emissions is the first major step on this journey. This is an enduring commitment and we will continue to measure our footprint, focus on reducing our emissions and offset those that we cannot avoid year-on-year. Right now, we are working to better understand our emissions at fund level and set science-based targets accordingly – outlining when we expect to achieve "net zero".

Annual review

Every year we will collate our data and conduct the necessary calculations to understand and publish our emissions for the year. This will help us to understand our progress against the strategy and net zero plans we set across the business.

CERTIFIED CARBON NEUTRAL company CarbonNeutral.com

Foresight's route to net zero and decarbonisation

Step 1: Business emissions

A baseline carbon footprint for 2019 and 2020 has been calculated.

This includes all utilities, business travel, services and purchases made on behalf of Foresight Group but does not include our financed emissions at fund level. The area in which we generate the most emissions is through business travel – which accounted for 109.5 tonnes CO_2 emissions during 2019.

Step 2: Offsetting

Based on this information, Foresight has now purchased offsets for our 2020 emissions.

This work will then be done on an annual basis to "neutralise" Foresight's emissions following each financial year end. Equal emphasis will also be placed on further decarbonising Foresight's activities and lowering its overall footprint in order to become a "net zero" business.

Step 3: Financed emissions

Foresight works to better understand the emissions from its investments and to align with the Science Based Targets initiative ("SBTi"). Such targets are defined as "science-based" if they are developed in line with the scale of reductions required to keep global warming below 1.5°C (i.e. net zero by 2050).

Foresight aims to have aligned with science-based targets by the end of FY23.

Step 4: Set targets

With the support of a specialist, we will look to commit to and align with science-based targets, with the intention of submitting our targets for verification by the SBTi by the end of the current financial year.

Step 5: Strategy

Working with the Sustainability Committee and sub-committees, we will agree a net zero strategy for the business and each division.

Step 6: Ongoing reporting

Improving our reporting through better data collection, automation and a data management system. With the right tools, we can identify information gaps and improve data quality.

CLIMATE DISCLOSURE: TCFD

Foresight continues its journey to full alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”).

Statement

The TCFD summary should be read together with our stand-alone TCFD report which can be found on our website. The full TCFD report contains additional information on our exposure to Transition Risk and Physical Risk. The disclosures in this annual report are consistent with the recommendations setting out how the Group incorporates climate-related risks and opportunities into governance, strategy and risk management. The Group continues to develop its metrics and performance targets to better manage climate related risks and opportunities, and achieve full alignment with the TCFD recommendations. We expect this capability to be in place in the coming financial year (FY23).

Our stakeholders expect transparency on our climate-related risks and opportunities, and our reporting assists understanding of climate change implications for the Group.

Summary: FSB Task Force on Climate-related Financial Disclosures

Climate change will continue to be a defining driver of the global economy, financial markets and society in the future. Investors will be unable to avoid the impact of climate change but can support investment strategies intended to slow, halt and even reverse the rise of average global temperatures.

As the manager of funds invested in sustainable resources and technology, we are predominantly concerned with the indirect emissions from our investments and their potential impact on the environment.

We are committed to improving our analyses of climate-related risks and opportunities, in order to mitigate the risks and safeguard our clients’ investments. We are therefore a supporter of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (“TCFD”). TCFD seeks to provide investors with a common reference framework to assess the comparative approaches of investment firms to climate-related initiatives and reporting.

Governance	The Company's governance around climate-related risks and opportunities
Strategy	The actual and potential impacts of climate-related risks and opportunities on the Company's business divisions (Infrastructure, PE and FCM), strategy and financial planning
Risk Management	The processes used by the Company to identify, assess and manage climate-related risks
Metrics & Targets	The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017).

TCFD will increase awareness of climate-related risks and opportunities for investors and we support this objective across our operations.

This is the second year we have reported our progress towards the TCFD recommendations. The following pages summarise our full TCFD report, which can be accessed on our website.

TCFD disclosures for listed AIFs we manage can be found on their respective websites or in their most recent Annual Reports[1].

Governance: Describe the Board's oversight of climate-related risks and opportunities

Disclosure

The Board has overall responsibility for managing Foresight Group's climate-related risks and opportunities, by setting its strategies in that regard, reviewing reports from the business and authorising new initiatives, including launching products or initiating risk control measures. The Board receives a quarterly report on the Group's sustainability activities. Alison Hutchinson CBE is the Board member accountable for the Group's sustainability strategy and performance.

Governance: Describe management's role in assessing and managing climate-related risks and opportunities

Disclosure

The Board has tasked the Executive Committee with executing the Group's sustainability strategy. Ricardo Piñeiro is the nominated Executive Committee member responsible for sustainability and ESG matters. He is also a member of the Sustainability Committee ("SC"), which was established in 2018 as a sub-committee of the Executive Committee. Lily Crompton, the Group Sustainability Lead, chairs the SC. Further details of our governance structure are included on pages 98 and 99.

Alongside the work on investment risk considerations, the Risk function is also integrating climate models into the capital stress testing processes, to be reviewed by the Executive Committee as part of the regulatory capital assessment and reported in the Internal Capital Adequacy and Risk Assessment review.

The Chief Risk Officer ("CRO") leads the Group's overall risk strategy and delegates operational and prudential climate-related risk to the Head of Risk. The Head of Risk attends the SC working groups, which are responsible for implementing and supporting the Group's sustainability governance framework and policies. The Head of Risk chairs the Risk Committee, which oversees how our teams manage all risks, including climate and sustainability risks, within our businesses and across our shared functions.

A Regulatory Change Working Group was established in early 2022, to ensure compliance with current climate change regulations such as the Sustainable Finance Disclosure Regulation ("SFDR") and emerging regulations (for example, the UK Sustainable Disclosure Requirements, or SDR).

Strategy: Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Disclosure

The Group continues to analyse short, medium and long-term risks arising from climate change that could have a material financial impact on it. We consider the short term to be from zero to five years, the medium term to be between five and ten years, and the long term to be greater than ten years.

Climate-related risks and opportunities beyond 30 years are not considered.

The climate-related risks and opportunities are set out in the table on the following page.

1. JLEN's TCFD report can be found here: https://jlen.com/wp-content/uploads/2021/07/ESG_JLEN_2021.pdf

CLIMATE DISCLOSURE: TCFD CONTINUED

Summary: FSB Task Force on Climate-related Financial Disclosures continued

Impact of climate-related risks

Risk	Description	Risk category	Risk type
Changes to power prices	The risk of lower than forecast power prices due to warmer winters or increased renewables deployment. Increased power prices due to short-term shocks/ decreased energy supplies from low wind resource or problems in gas supply could lead to governments turning to less sustainable ways of generating energy that are available in the immediate or shorter term – e.g. coal.	Transition	Market Risk
Extreme weather-related events	Extreme weather-related events either chronic (e.g. changing wind patterns, heat stress, rising sea levels) or acute (e.g. storms, heat wave, drought, floods) causing damage to Company and/or Fund assets negatively impacting their production, significant disruption to operations and/or physical and information resources being disabled or inaccessible.	Physical	Acute, Chronic
Changes in regulation and government support	Changes to regulations covering activities and businesses in which the Group is already invested. An example could be where changes to farming regulation impact the Group's agricultural anaerobic digestion operations with the consequence that the projects would no longer meet all the criteria for inclusion in the EU Taxonomy. Government support for short-term energy solutions that negatively impact the transition to low-carbon future, e.g. support for coal, could increase as a matter of political expediency.	Transition	Governance, Regulation, Reputational
Displacement of existing assets with new or other technologies	As more resources and scientific research are dedicated to achieving net-zero goals, technologies could be developed that make current renewables or environmental infrastructure technologies obsolete. An example of this could be fusion power displacing all other forms of energy. Other technologies such as nuclear or coal may be prioritised in the short to medium term.	Transition	Technological

Likelihood	Horizon (years)	Impact	Response
Likely	0-10+ years	Strategy, Financial Planning	The majority of assets in the portfolio earn revenues that are not dependent on merchant power sales and various mechanisms are in place to help mitigate the risk of lower power prices (see principal risks). Trends towards less sustainable alternatives to manage short-term power price shocks are on the whole not supported by society, but continued pricing pressure arising from conflicts in countries that affect our energy supply may shift public opinion.
Likely	5-10+ years	Strategy, Company's investments	The physical risks to the portfolio (see pages 74 and 75) are largely localised and the impact of a single event or limited set of events is deemed to have a negligible impact on the overall portfolio; nevertheless, this is an area kept under close review by the Investment Manager.
Possible	0-10 years	Strategy, Financial Planning	Given the diversified nature of the assets across the Group's investments, the impact is likely to be limited to a small part of the portfolio. The passage of regulation provides opportunities for industry consultation and the Group keeps abreast of regulatory initiatives that have the potential to impact the profitability of the businesses. The risk over the long term is considered negligible as other avenues or solutions would be found for the asset or technology affected.
Unlikely	0-10+ years	Strategy, Financial Planning	It is likely that many new technologies will be developed and the Group is well positioned to invest in new energy solutions once they become proven at scale. It is unlikely that a single solution will be found for all energy needs and, if it were, this would necessitate considerable build out beyond the lifetime of the Group's current assets.

CLIMATE DISCLOSURE: TCFD CONTINUED

Summary: FSB Task Force on Climate-related Financial Disclosures continued

Impact of climate-related risks continued

Opportunity	Description	Risk category	Risk type
Increased demand for environmental infrastructure and businesses which support the transition to a low-carbon economy	Increased demand for infrastructure which helps to balance the intermittent generation profile of renewables – e.g. battery storage. Increased demand for shorter-term solutions to reach net zero by 2050, e.g. CNG refuelling stations as a low-carbon transport option while other solutions such as hydrogen power are further developed.	Transition	Market Risk
Increased governmental support for environmental infrastructure projects	Government policies aimed at facilitating the transition to a net zero carbon economy may subsidise certain technologies to increase their uptake or build out, creating further opportunities for the Group's investment teams.	Transition	Governance, Regulation, Reputational
Technological developments and build outs in the environmental infrastructure space	As new technologies become better developed, the Company is well positioned to invest in a diversified range of projects.	Transition	Technological
Changes in weather patterns leading to build out of certain types of environmental infrastructure or business	Changes in weather patterns could lead to opportunities for new types of infrastructure or further investment into existing categories. An example of this could be flood defence infrastructure in response to increased rainfall or sea level rise or controlled environment agriculture facilities in response to higher temperatures.	Physical	Physical

Likelihood	Horizon (years)	Impact	Response
Almost Certain	0-10+ years	Strategy, Financial Planning	Foresight is well positioned to invest further in environmental infrastructure sectors and emerging technologies that support the transition to a low-carbon economy. Please see the sections on Infrastructure and Private Equity for further details.
Likely	0-10+ years	Strategy, Financial Planning	Government support for emerging sectors can change the risk profile of certain opportunities and open up areas that would otherwise be unsuitable for investment.
Almost Certain	0-10 years	Strategy, Financial Planning	Attractiveness of investment opportunities will also depend on the business models as well as the proven nature of the technology.
Possible	0-10 years	Strategy, Financial Planning	Foresight has well-established relationships at research and development level and with early-stage investee firms focused on renewable alternatives. These relationships provide us with opportunities to invest or provide additional investment in the technologies that will contribute to meeting climate targets.

CLIMATE DISCLOSURE: TCFD CONTINUED

Summary: FSB Task Force on Climate-related Financial Disclosures continued

Strategy: Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Disclosure

The key factors we consider in formulating our approach include regulation, observed changes in climate and climate change impact on extreme weather patterns. We define a substantive financial impact as one that affects more than 5% of Group profit before tax. More details are available in the full TCFD document at **https://www.fsg-investors.com/corporate-governance**

Strategy: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Disclosure

We follow the evolving scenarios spectrum closely and have chosen to perform our analyses against the Intergovernmental Panel on Climate Change ("IPCC") Shared Socioeconomic Pathways ("SSPs"), which are scenarios for socioeconomic global changes up to the year 2100, developed in the IPCC's sixth Assessment Report ("AR6").

The SSPs can be combined with Representative Concentration Pathways ("RCPs") to model different climate scenarios. We continue to develop our approach to scenario analysis and are engaging with a consultancy to explore the following scenarios:

SSP	Scenario	Risk category	Estimated warming (2041–2060)
SSP1-1.9	**Very low GHG emissions:** CO_2 emissions cut to net zero around 2050. Considered best-case scenario if net zero targets are met.	Physical	1.6°C
SSP2-4.5	**Intermediate GHG emissions:** CO_2 emissions around current levels until 2050, then falling but not reaching net zero by 2100. Considered "middle of the road" scenario.	Physical	2.0°C
SSP5-8.5	**Very high GHG emissions:** CO_2 emissions triple by 2075. Considered worst-case scenario.	Physical	2.4°C
IEA SDS	Assumes a surge in clean energy policies and investment, with broad achievement of net-zero pledges, with significant near-term emissions reductions	Transition	2.0°C

Risk: Describe the organisation's processes for identifying and assessing climate-related risks

Disclosure

We have a comprehensive risk management framework overseen by the Risk Committee, which is responsible for overseeing our current and potential risk exposures and advising the Executive Committee. The Risk Committee has a particular focus on our key or material risks, and the controls in place to mitigate those risks, including climate-related risks.

The Risk Committee considers climate-related risks as a separate topic. The Sustainability Committee may also consider risks and opportunities associated with climate change as part of its remit, although it is primarily concerned with setting the Group's guiding principles and strategies in respect of sustainability matters.

Over the last year, we have been working to integrate climate risk into our Group risk frameworks and align with our Risk Taxonomy. The investment teams are working with a service provider to automate the analysis of climate risk for our portfolios and report these to the fund management teams and the relevant committees.

Risk: Describe the organisation's processes for managing climate-related risks

Disclosure

We are partnering with a specialist to model scenarios that quantify climate change risk and allow us to better understand its impact on the Group. Later this year, we expect to have completed our modelling of climate scenarios, demonstrating the likely impact of SSPs on the Group's income statement and balance sheet from physical risks. Transition risks are not expected to have such a significant impact on the Group, since revenues are predominantly generated via management fees from funds managing sustainable/renewable assets and SME private equity investments. We also do not anticipate the impact of transitional risk to be significant for our capital requirements, as we expect that our businesses will continue to be able to adjust to market repricing and the impact of changes in climate policy, technology and market sentiment over time.

Risk: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Disclosure

Our investment managers consider climate-related risks in their investment decisions as part of their due diligence and continuing asset management. This includes considering the effects of carbon pricing, substitution of existing products and services with lower-emission options and the risks of changes to customer behaviour.

Following our analysis and work throughout the year, we are now in a position to take the following steps in FY23:

- Approve our updates to the strategy and our approach to climate risk at Board level
- Finalise the integration of climate risks in our risk management framework
- Continue to support the investment managers with further tools and more training
- Disclose how the Group is integrating climate scenarios within investment management
- Ensure all relevant staff are trained on new policies and processes

CLIMATE DISCLOSURE: TCFD CONTINUED

Summary: FSB Task Force on Climate-related Financial Disclosures continued

Metrics and Targets: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Disclosure

This year we have worked closely with our asset managers and portfolio companies to further develop our wider sustainability and ESG reporting, with a focus on scope 1, 2 and 3 emissions. This has also involved internal and external educational projects to better understand the terminology and work required around emissions reporting. During the year, the Infrastructure division introduced a set of sustainability KPIs across the portfolio, engaged with asset managers and operations and maintenance contractors to further develop these KPIs and put in place a data management system to capture the relevant data.

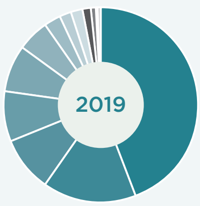
Metrics and Targets: Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas ("GHG") emissions, and the related risks

Disclosure

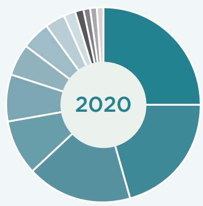
Our carbon footprint is calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Standard. We collect consumption-level data across all of our offices, which covers energy, waste, water, business travel, staff commuting habits, office and IT equipment, food and stationery.

In 2021, we completed a carbon assessment to gather baseline carbon data for the 2019 and 2020 calendar years. This did not include category 15 emissions from our investments as part of our scope 3 data, however this is something we plan to collate later this year. Therefore, the information below covers only the 2019 and 2020 calendar years.

Emissions by source



- Business travel: Air 44.4%
- Electricity 15.5%
- Food and drink 9.1%
- Business travel: Road 8.3%
- Employee commuting: Rail 7.7%
- Employee commuting: Road 5.5%
- Gas 2.7%
- Employee commuting: Air 2.0%
- Business travel: Rail 1.8%
- Hotel stay 1.6%
- Paper 0.6%
- Water 0.5%
- Other 0.3%



- Electricity 25.0%
- Business travel: Air 20.8%
- Home working 17.5%
- Food and drink 9.0%
- Gas 7.8%
- Business travel: Road 5.4%
- Employee commuting: Rail 4.5%
- Employee commuting: Road 3.5%
- Water 1.8%
- Paper 1.4%
- Business travel: Rail 1.3%
- Hotel stay 0.9%
- Other 1.1%

2019 Scope	Total (tCO_2e)	tCO_2e/£ million of revenue	tCO_2e/FTE
Scope 1	32	0.8	0.1
Scope 2	170	4.3	0.7
Scope 3	1,149	28.8	4.9
All scopes	**1,351**	**33.9**	**5.7**

2020 Scope	Total (tCO_2e)	tCO_2e/£ million of revenue	tCO_2e/FTE
Scope 1	46	1.1	0.2
Scope 2	136	3.3	0.6
Scope 3	491	12.1	2.1
All scopes	**673**	**16.5**	**2.9**

In 2020, there was a significant drop in scope 2 and 3 emissions, which was directly linked to the COVID-19 pandemic, with less business travel and minimal commuting and office use. However, our scope 1 emissions increased in 2020, which we attribute to gas used for home working purposes.

In the absence of data for Q4 of the 2020/21 financial year, we undertook an alignment exercise to extrapolate data for January to March. Please see our 2020/21 figures based on this exercise. Going forward, all carbon data will align to the financial year.

CLIMATE DISCLOSURE: TCFD CONTINUED

Summary: FSB Task Force on Climate-related Financial Disclosures continued

Metrics and Targets continued

Foresight Group Holdings Ltd GHG statements (tCO_2e), as follows:

	Foresight Group Holdings Ltd	
Reporting period	1 April 2020 to 31 March 2021	
	UK offices	Overseas offices
Annual energy consumption: (kWh)		
– Electricity	476,000	58,000
– Gas	271,000	—
– Transport fuel	48,000	14,000
Total	795,000	72,000
Annual GHG emissions (tCO_2e)		
Scope 1		
Emissions from combustion of gas	50	—
Emissions from combustion of fuel for transport purposes	—	—
Scope 2		
Emissions from purchased electricity – location based	110.6	20.3
Emissions from purchased electricity – market based	110.6	20.3
Scope 3		
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	15	4
Emissions from electricity upstream transportation and distribution losses and excavation and transport of fuels – location based	17	2
Emissions from upstream transport and distribution losses and excavation and transport of fuels – market based	17	2
Total tCO_2e emissions (location based)	193	27
Total tCO_2e emissions (market based)	193	27
Intensity (tCO_2e/FTE)		
Full Time Equivalent ("FTE") employees	191	18
Intensity ratio: total location based tonnes per FTE employee (tCO_2e / FTE)	1.0	1.5
Intensity ratio: total market based tonnes per FTE employee (tCO_2e / FTE)	1.0	1.5
Intensity (tCO_2e/£ million revenue)		
Revenue (£m)	69.1	
Intensity ratio: total location based tonnes per million revenue (tCO_2e/£m)	3.2	
Intensity ratio: total market based tonnes per million revenue (tCO_2e/£m)	3.2	
Methodology	GHG Protocol Corporate Accounting and Reporting Standard.	

In line with the UK Government's Streamlined Energy and Carbon Reporting ("SECR") guidance, Scope 3 emissions in the above table for FY21 include only business travel in rental or employee-owned vehicles.

Undertaking this carbon audit will enable us to set science-based carbon reduction targets, in line with the Paris Agreement and according to the Science Based Targets initiative ("SBTi") criteria. This means we will work to reduce our carbon emissions, in line with the IPCC's recommended cap of 1.5°C degrees above pre-industrial levels by 2050 with low or no overshoot, and thereby attain our target of science-based net zero carbon by 2050.

The Group already tracks and reports the greenhouse gas savings delivered by all clean energy investments assessed to be contributing significantly to climate change mitigation through net avoidance of carbon emissions and other pollutants.

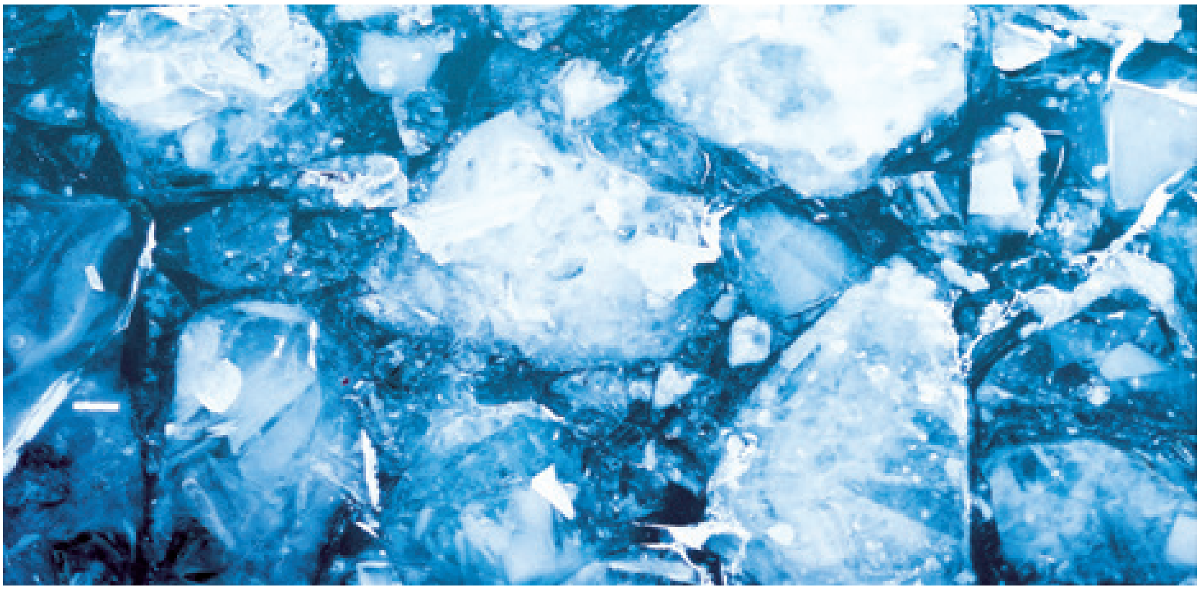
Metrics and Targets: Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Disclosure

We have appointed a carbon specialist to support us in calculating our scope 1, 2 and 3 emissions. This will, in future, include the emissions from our investments. This will be the first time we have conducted this exercise to include category 15 financed emissions. The process involves gathering a wide array of data and we are not yet in a position to set targets. However, we have the ambition to align targets with the SBTi. To support us in delivering these targets, we shall also publish a net zero strategy which demonstrates our plan to reduce our emissions across our business.

We continue to improve our risk planning for the Group. We have incorporated climate change into our Group-wide risk framework and we continue to evolve our understanding of how climate change will impact the Group and our investments.

Additionally we follow the SECR standard of reporting, details of which can be found here: **https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/streamlined-energy-and-carbon-reporting#definition-of-emission-scopes-and-their-minimum-reporting-requirements-under-ghg-protocol**



OUR STAKEHOLDERS

We are accountable to our stakeholders and aim to have constructive, two-way relationships with them, so we can consider their perspectives, insights and needs.

Our stakeholder relationships

We recognise the fundamental roles our stakeholders play in our continued success. By taking account of their views, we can ensure the outcomes of our operational, investment and strategic decisions are more robust and sustainable. It is important and appropriate that we keep our stakeholders well informed.

We aim to report clearly on our economic, environmental and social impacts, and to be transparent about our approach to sustainability considerations, both in our business activities and as a corporate entity.

The Executive Committee provides details of stakeholder feedback to the Board in various forms.

The Board also has the opportunity to access all main stakeholders directly. More information on how the Board engages can be found in the section 172(1) statement on page 86.

The table on the following pages summarises our stakeholder engagement in the year and the outcomes of that engagement:

CASE STUDY: LISTING FORESIGHT SUSTAINABLE FORESTRY

How the Company engaged with key stakeholders

Foresight Sustainable Forestry Company plc ("FSFC") is the first and only UK listed investment trust focused on UK forestry, afforestation and natural capital. Pre and post-IPO, extensive engagement with an extensive set of stakeholders took place:

The below illustrates the effects of Foresight's stakeholder considerations for long-term consequences of decisions, fostering relationships, maintaining reputation and community impact, as set out in our Section 172 statement (page 86).

Pre-IPO – extensive engagement programme with potential listed market investors and early market testing with c.10 leading institutional investors provided valuable feedback on the proposed strategy. More extensive 'pilot fishing' followed with over 100 institutional investors. This engagement resulted in Foresight adjusting the strategy to better meet investors requirements, including increasing the target allocation to afforestation and providing investors with a greater level of exposure to nascent voluntary carbon markets.

Post-IPO – series of stakeholder engagement sessions including:

- Local community meeting on proposed afforestation schemes
- Community planting days for schoolchildren to learn about biodiversity conservation, new silviculture skills, and the importance of healthy forests to the wider world
- Forestry skills training programme in Wales sponsoring members of the local farming community to receive training, mentoring and equipment to enable careers in forestry
- Promoting local tourism and job creation by working to install luxury glamping pods across several afforestation sites
- Engaging with several renewable energy developers to explore the co-location of renewable energy generation

Ongoing – FSFC is highly engaged with various industry and regulatory bodies including:

- the Woodland Carbon Code, who have been in consultation about making changes to the voluntary carbon credit additionally criteria, and
- the London Stock Exchange on its proposed Voluntary Carbon Market ("VCM") designation.

Strategic pillars

Stakeholders

SHAREHOLDERS

Institutions and individual investors who own shares in the Company.

Reason for engagement

Shareholders own Foresight Group and are entitled to timely and accurate information from the Board. Shareholders also have the right to vote on important Company matters at the Annual General Meeting ("AGM") and to be consulted on significant corporate actions.

Activities

We keep our Shareholders and the market appraised of important developments in the business via RNS announcements throughout the year. Any interested party can sign up to receive Foresight Group RNS alerts through our corporate website. We also run an extensive investor engagement programme that enables our Shareholders to meet our Executive Directors and Group Investor Relations Director at conferences, investor roadshows and on an ad hoc basis.

The Board receives verbatim feedback from our investor base at least twice annually following our results roadshows, which enables them to keep abreast of the areas of focus for this stakeholder group.

Outcomes of engagement

This engagement highlighted the growing interest in ESG among our investors. In response, we have initiated a plan to reach net zero by 2050 and offset our scope 1, 2 and 3 emissions. We are also in the process of introducing sustainability metrics into the long-term incentive plan.

STAFF

Staff, members and Partners of Foresight Group, who may also be Shareholders.

Reason for engagement

Our people are our most valuable asset. They hold the expertise, knowledge and talent on which the Group's success is built. Engagement helps us to understand their views of Foresight as an employer, helping us to attract, retain and develop the best people.

Activities

We share the results of our annual engagement survey with all staff. Heads of departments also receive their team results, along with individual managers. Their results are then considered so they can drive improvements where needed. Our Employee Forum was established in February 2022 and is chaired by our designated NED for workforce engagement and a Partner from the senior leadership team. It helps to shape the culture at Foresight and also provide direct employee feedback to the Board.

The HR team works with team heads on talent mapping, succession planning, career development, remuneration, appraisals and promotion. We also support professional qualifications.

Outcomes of engagement

As a result of listening to staff, we have been working on improving our benefits. This includes financial benefits, such as pensions, as well as non-financial aspects such as the ability to have greater interaction with charities and take part in community-led projects.

We have also understood the need for better communication. As such, we have embarked on our Employee Value Proposition and are committed to becoming better at communicating our people strategies.

CLIENTS, ADVISERS AND INVESTORS

We create funds for, and provide services to, pension funds and other institutions. We also offer retail funds, which we sell via advisers to retail investors.

Reason for engagement

Clients and investors are our lifeblood. We need to provide them with their expected risk-adjusted returns and a high-quality service, to ensure they continue to invest in our products. Financial advisers and wealth managers are key distribution channels for selling our products to retail investors.

Activities

The Investor Relations Teams (Institutional and Retail) ensure investors receive the reporting and support they need.

The Retail Sales Team works with financial advisers and wealth managers to educate and provide training on our products, and information and advice on the suitability of new products to target investor types.

Outcomes of engagement

Having engaged with clients, intermediaries and investors (via their advisers where appropriate) by video call during the pandemic, we have stepped up face-to-face meetings in recent months. Our engagement showed demand for self-service tools to improve efficiency, so we are introducing a client portal, which will enable these stakeholders to obtain information and reports when they need it.

OUR STAKEHOLDERS CONTINUED

COMMUNITIES AND CHARITIES

These include the communities in which investee companies operate, communities local to the Group's offices and charities selected by our staff.

Reason for engagement

We have a strong sustainability and ESG culture, which extends to the communities around our investee companies and office locations, and support for charities that are either relevant to our business or important to our people. Engagement helps us to create social value, which we recognise as an increasing demand on all businesses.

Activities

We support communities by ensuring investee companies recognise and uphold our ESG values and standards. This is enabled by our due diligence process and ongoing monitoring and reporting post-investment. Our activities also include charity days, with the Company providing a budget to support charitable projects.

Outcomes of engagement

Through the Future VC programme, we support people from backgrounds that are underrepresented in the investment industry by providing work placements.

We continue to work with the Sacred Heart High School and will be running a number of business breakfasts, skill-based workshops, mentoring sessions and placements for their students.

In FY22, the Group provided funding for charitable causes, as well as other support such as donations of computer equipment.

SUPPLIERS AND SERVICE PROVIDERS

This stakeholder group includes the suppliers of business critical services to companies within the Group and/or the Group's funds. We carefully select our service providers, as the services they provide are effectively an extension of our own, as they impact the service to our clients and to our business, and can therefore affect our reputation.

Reason for engagement

Certain areas of our operations rely on the support of third-party service providers. Engagement helps to ensure we continue to receive a high-quality and reliable service, in turn underpinning the quality and efficiency of our operations and that of our funds.

Activities

Our engagement with our largest and regulated service providers includes periodic due diligence visits. We also carry out appropriate due diligence when selecting suppliers and they may also conduct due diligence on us, for example where required to by regulation.

Outcomes of engagement

We have continued to enjoy good relationships and to receive appropriate standards of service from our key suppliers.

As a result of our ongoing due diligence programme for key/significant suppliers/service providers, we are able to ensure they provide the level of service required in accordance with the contracts and any service level agreements. This also allows us to manage service issues as/if they arise.

REGULATORS AND INDUSTRY BODIES

A number of the Group entities located in the UK, Luxembourg, Jersey and Guernsey carry out regulated activities and are therefore subject to regulatory oversight in these jurisdictions and the USA. Several of our funds utilise government tax incentives, subsidies and other initiatives. We also engage with a wide range of UK and global industry bodies and initiatives that are relevant to our business and industry.

Reason for engagement

To maintain our licences and authorities to carry out regulated activities, we need transparent and open relationships with regulators. The industry bodies and initiatives we align with often set standards for our businesses or represent the industry's views with governments and others.

Activities

Compliance teams in our regulated business locations ensure we comply with local regulations and make all required filings. The teams may also support regulatory consultations and thematic reviews.

We are active participants in bodies such as the CBI and the AIC and attended COP26 during the year.

Outcomes of engagement

We have maintained transparent relationships with regulators and ensured compliance with regulatory requirements.

Our work with industry bodies enables us to provide input to government policy initiatives, such as helping to formulate policy in relation to SME funding in the long term.

CASE STUDY: CONSIDERING EMPLOYEE INTERESTS

Background

The Board understands the critical importance of the Group's employees to its current and future success. The Directors regularly meet with senior management below Executive Committee level, to receive updates on specific parts of the business and to increase their insight into employee issues.

As a result of these meetings, the Directors determined that a formal channel for employee feedback would be valuable, resulting in the creation of the Employee Forum during the year. The Forum is chaired by Alison Hutchinson, who is our designated Non-Executive Director for workforce engagement.

The creation of the Forum has subsequently led to the Board commissioning an employee value proposition for the Group.

This has involved considerable staff engagement at all levels, to understand what sets Foresight apart as an employer, what staff expectations are and what changes our people would like to see. The output from this work will help the Group to attract and retain the talent we need and will be reviewed by the Executive Committee and recommended to the Board for approval when complete. For more information on the EVP, please refer to pages 16 and 17.

Impact of the decision

While the Group's employees have been the primary focus of this work ensuring that the Group retains talented people with high levels of job satisfaction, this is also crucial for all our stakeholders, including the returns and service quality our clients receive and the successful execution of our strategy on behalf of Shareholders. The creation of the Employee Forum and the employee value proposition are therefore expected to have important long-term benefits for the Group and its stakeholders.

SECTION 172(1) STATEMENT

Section 172(1) of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, Directors must have regard to the matters listed in the table below.

The Company is incorporated under Guernsey law, which does not have a statutory equivalent to section 172. However, the Directors are committed to complying with the UK Corporate Governance Code and have therefore provided a statement describing how they considered the matters set out in section 172, in line with Provision 5 of the Code.

Taking account of stakeholder interests

Section 172 requires the Board to understand and consider stakeholder interests in its decision-making. The Group's key stakeholders and its engagement with them are set out on pages 83 and 84. The Board receives reports from management on stakeholder interactions as part of its formal meetings and the Directors are satisfied that this mechanism has worked effectively during the year.

In addition, members of the Board engage directly with a number of important stakeholder groups, notably:

- The Executive Directors meet frequently with the Company's institutional Shareholders
- The CFO attends Board meetings for our largest funds
- The Senior Independent Director chairs the Employee Forum, providing a direct and independent channel for employee views to reach the Board
- The Executive Directors take part in industry consultations and initiatives, and are members of industry bodies such as the CBI and AIC

Please see the case study on page 82 that illustrates how stakeholder interests were considered in relation to the listing of our new forestry fund, FSFC.

Matters considered

The likely consequences of any decision in the long term

The Group has a rolling three year strategic plan and the Board considers any updates to the plan in terms of their impact in areas such as the Group's competitive position, its stakeholders and its projected financial performance.

The Board also considers the longer-term impact of individual decisions.

The interests of the Group's employees

The Board receives direct feedback from employees via the Employee Forum and indirectly through reports from management and the results of employee surveys. This has led the Board, for example, to commission work on an employee value proposition for the Group, as described in the case study on page 85.

The need to foster the Group's business relationships with suppliers, customers and others

The Group's engagement with suppliers, customers and other stakeholders, including how the Board is kept informed, is described on page 84. The Group's strategy, which is approved and monitored by the Board, relies on strong relationships with clients, advisers, investee companies and others, as the Group looks to broaden its capabilities and geographical reach, and reach new investors for its funds.

The impact of the Group's operations on the community and the environment

The Board believes that having a positive impact on communities and strong environmental credentials are key parts of the Group's culture. One example during the year was the decision to adjust the Group's plans for its forestry project in Frongoch, Wales. In response to community input, we agreed to plant trees on less of the land and to broaden the range of tree species, which will support biodiversity and enhance the visual appeal of the forest.

The desirability of the Group maintaining a reputation for high standards of business conduct

As a financial services business, a reputation for high standards of conduct is essential for the Group's continued success. The UK domiciled members of the Executive Committee are subject to the Senior Managers and Certification Regime, which includes mandatory training and competency assessments on an annual basis. The Board members have also undergone mandatory training programmes during the year. The Board also receives assurance on the Group's standards in certain functional areas through third-party reviews and audits. These include the Cyber Essentials accreditation in relation to IT security measures, and the ISAE 3402 report for the Group's operational arrangements in the UK. The Group also invites expert firms to undertake specific reviews and engages with them for training and advice, to ensure the Group's arrangements continue to meet regulatory, legal and best practice standards.

The need to act fairly as between members of the Company

Executive Chairman Bernard Fairman and parties associated with him control 29.9% of the Company's share capital. As described on page 137, the Company has entered into a relationship agreement with parties including the Executive Chairman and CFO. The relationship agreement ensures that the Executive Directors do not have undue influence on the Board's decisions, including any matters where there could be a potential conflict with the interests of the Company's other Shareholders. There is also a dual voting system at AGMs, to ensure that certain votes are only passed with a majority excluding the parties to the relationship agreement.

PERFORMANCE AND RISK

WHAT'S IN THIS SECTION

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2022

We had a successful first full year since IPO, continuing our recent growth trajectory and hitting our ambitious targets.

Gary Fraser
Chief Financial Officer

Building on the Group's enhanced profile following our IPO in February 2021, the business increased AUM, revenue and Core EBITDA year-on-year, in line with our expectations.

Key financial metrics

	31 March 2022	31 March 2021
Year-end AUM (£m)	**8,839**	7,193
Year-end FUM (£m)	**6,675**	5,132
Average AUM (£m)	**8,108**	6,547
Average FUM (£m)	**6,015**	4,691
Total revenue (£000)	**86,071**	69,098
Recurring revenue (£000)	**74,825**	62,379
Recurring revenue/total revenue (%)	**86.9%**	90.3%
Core EBITDA pre share-based payments (£000)	**31,825**	23,910
Core EBITDA pre share-based payments margin (%)	**37.0%**	34.6%

Highlights during the year

- May 2021 – Achieved first close on Foresight Regional Fund III at £66 million
- September 2021 – Reached final close on FEIP at €851.4 million, exceeding target by 70%
- November 2021 – Successful IPO of Foresight Sustainable Forestry Company
- December 2021 – Performance fee generated following successful first three exits from FRIF
- March 2022 – £0.6 billion of net retail inflows achieved, in line with prior year

Summary

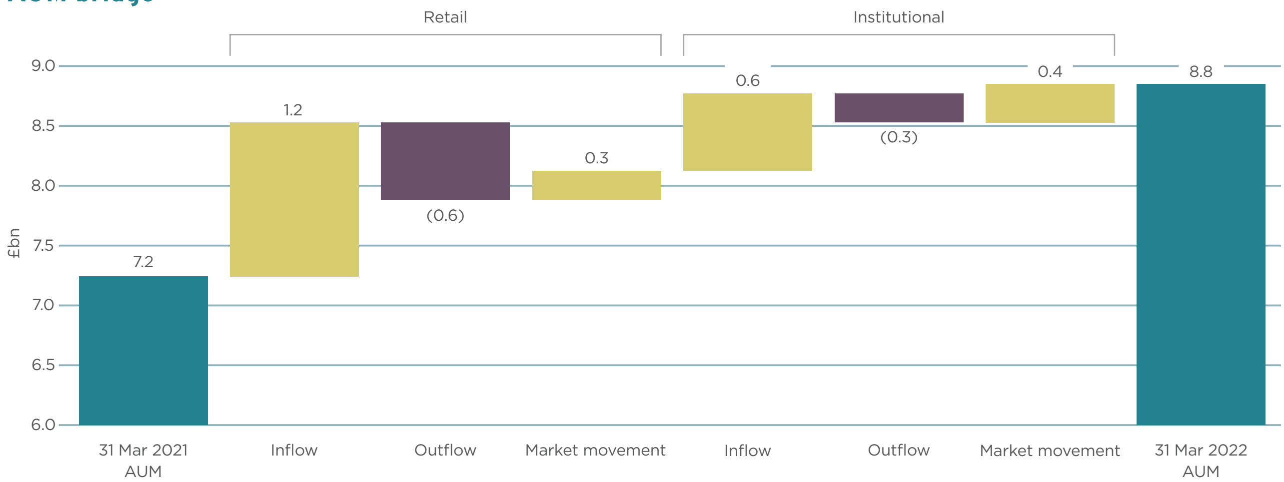
The year ended 31 March 2022 was another successful period for the Group. We achieved the AUM and recurring revenue targets we outlined at IPO; continued our progression towards our medium-term Core EBITDA pre share-based payment ("SBP") margin target; and, subject to Shareholder approval at the forthcoming AGM, will continue with the 60% dividend payout ratio established in last year's Annual Report.

Revenue for the year was £86.1 million (31 March 2021: £69.1 million) with total comprehensive income of £24.9 million (31 March 2021: £14.9 million), an increase of 68%. Further details on the key areas that have driven this financial performance are outlined on the following page.

Assets Under Management/Funds Under Management ("AUM/FUM")

AUM again grew significantly, from £7.2 billion at the start of the year to £8.8 billion at 31 March 2022, an increase of c.23% in the middle of our ambitious 20%-25% target range. We achieved this substantially through organic growth driven by net retail inflows of £0.6 billion, net institutional inflows of £0.3 billion and favourable fund performance of £0.7 billion.

AUM bridge



Key: Retail includes OEICs and tax-advantaged products.

Net inflows

Our Retail Sales Team, which distributes our VCT, EIS, Business Relief and OEIC products, had another successful year of fundraising, with total net inflows of £0.6 billion, of which £0.4 billion related to our OEIC products. Net inflows from our OEIC products were impacted in the final quarter of the year by wider macroeconomic factors resulting from the conflict in Ukraine, but our tax-based products mitigated this by performing strongly in the run-up to the tax year end, again demonstrating the advantage of managing a diverse pool of funds.

On the institutional side, we benefited from closes from our FEIP and FRIF III institutional funds in H1, as highlighted in our Half-year Report, as well as the IPO of our new Forestry fund in October 2021 (£0.1 billion) and the acquisition of the other 50% of our JV in Italy (£0.1 billion). This was offset by a non-strategic mandate moving to a different fund manager towards the end of the year (£0.2 billion).

Post year end, we announced the launch of the AIB Foresight Impact Fund, broadening our regional Private Equity strategy into a new geography, Ireland. This fund will provide equity investments of between €2 million and €5 million, supporting Irish businesses to contribute to a more sustainable, low carbon future. We also announced the first close of two further UK regional funds in the North East and Yorkshire regions, totalling £58 million.

FINANCIAL REVIEW CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

Summary Statement of Comprehensive Income

	31 March 2022 £000	31 March 2021 £000
Revenue	**86,071**	69,098
Cost of sales	**(5,106)**	(4,639)
Gross profit	**80,965**	64,459
Administrative expenses	**(54,398)**	(48,883)
Other operating income	**250**	394
Operating profit	**26,817**	15,970
Finance income and expense	**(651)**	(707)
Fair value gains on investments	**638**	192
Share of post-tax profits of equity accounted joint venture	**53**	26
Gain on business combination	**1,012**	174
Profit on ordinary activities before taxation	**27,869**	15,655
Tax on profit on ordinary activities	**(2,793)**	(481)
Profit	**25,076**	15,174
Other comprehensive income		
Translation differences on foreign subsidiaries	**(138)**	(293)
Total comprehensive income	**24,938**	14,881
Core EBITDA calculation		
Total comprehensive income	**24,938**	14,881
Adjustments:		
Non-operational staff costs	**728**	3,186
Non-operational legal costs	**—**	2,744
Profit on disposal of tangible fixed assets and gain on business combination	**(979)**	(344)
Other operating income	**(250)**	(394)
Finance income and expense	**651**	707
Tax on profit on ordinary activities	**2,793**	481
Depreciation and amortisation	**3,485**	2,649
Core EBITDA	**31,366**	23,910
Share-based payments	**459**	—
Core EBITDA pre share-based payments[1]	**31,825**	23,910

1. In line with previous periods, and for comparability, we continue to quote Core EBITDA pre-SBP to assess the financial performance of the business. This measure was introduced as our key performance measure because the Group believes this reflects the trading performance of the underlying business, without distortion from the uncontrollable nature of the share-based payments charge. This measure is a non-IFRS measure because it excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with IFRS. The specific items excluded are non-underlying items, which are defined as non-trading or one-off items where the quantum, nature or volatility of such items are considered by the Directors to otherwise distort the Group's underlying performance. While the Group appreciates that APMs are not considered to be a substitute for or superior to IFRS measures, we believe the selected use of these provides stakeholders with additional information which will assist their understanding of the business.

Segmental Core EBITDA pre share-based payments is set out below:

	31 March 2022 £000	31 March 2021 £000
Infrastructure	**17,805**	15,854
Private Equity	**11,376**	6,940
Foresight Capital Management	**2,644**	1,116
	31,825	23,910

Revenue

	31 March 2022 £000	31 March 2021 £000
Management fees	**70,906**	50,245
Secretarial fees	**1,413**	9,828
Directors' fees	**2,506**	2,306
Recurring fees	**74,825**	62,379
Marketing fees	**5,046**	2,841
Arrangement fees	**2,964**	3,858
Performance and other fees	**3,236**	20
Total	**86,071**	69,098

Total revenue increased by 25% year-on-year to £86.1 million (31 March 2021: £69.1 million) with recurring revenue increasing by 20% to £74.8 million (31 March 2021: £62.4 million). The Group has continued to focus on recurring revenue and remained within our 85%-95% target range, despite recognising some one-off performance fee income, which is covered in more detail below. The year finished with 86.9% of our revenue being classified as recurring.

As a result of FUM growth, the largest increase year-on-year was again from management fees. The growth in Foresight Capital Management ("FCM") FUM to £1.6 billion at year end (31 March 2021: £1.1 billion) generated an additional c.£4 million of gross revenue. NAV growth across our ITS, VCT, EIS and infrastructure investment trusts resulted in c.£11 million of additional management fees. The increase in ITS management fees was partly offset by lower secretarial fees as a result of the fee for that fund being restructured towards the end of FY21, as disclosed in last year's Annual Report. The further closes on our FEIP fund resulted in catch-up management fees of c.£1.7 million, while the annualised impact of the PiP acquisition in August 2020 contributed c.£1.1 million to the increase.

Marketing fees are the initial fees recognised as a percentage of funds raised on our tax-based retail products. The increase year-on-year reflects a return to business-as-usual for meetings between our Retail Sales Team, financial intermediaries and their clients.

Other fees in FY22 principally consisted of a performance fee generated from our first North West regional fund, following a successful exit from that portfolio during H2. As our Private Equity regional strategy begins to mature, we expect to generate further performance fees from successful exits in the medium term, whilst still maintaining our 85%-90% recurring revenue target.

Summary Statement of Comprehensive Income continued

Cost of sales

Cost of sales comprises insurance costs associated with our Accelerated ITS product and authorised corporate director costs payable to a third party in relation to our OEIC products. The increase reflects the continuing growth in FCM.

Administrative expenses

	31 March 2022 £000	31 March 2021 £000
Staff costs	**35,395**	33,751
Depreciation and amortisation	**3,485**	2,648
Legal & professional	**6,067**	5,984
Other administration costs	**9,451**	6,500[1]
	54,398	48,883

1. Adjusted for gain on business combination from PiP acquisition (now disclosed on a separate line in the primary statements).

Year-on-year, the overall cost base increased by c.11%. Our largest expense, staff costs, increased by c.£1.6 million, due to the annual pay review process, the implementation of the staff PSP scheme and an increase in FTE of 26.1. This increase in FTE was predominantly in the high-growth areas across the business: FCM as our net inflows continue to increase and we launch new funds; Infrastructure in line with our increase in AUM and the number of assets in the portfolio; and Retail Sales, where we have expanded the team to drive further inflows.

Legal & professional costs were in line with the prior year. While the comparative figure included c.£2.3 m of one-off IPO costs, this year included one-off costs of c.£2 million associated with developing and launching new funds, such as our listed Forestry fund which launched in November and the further closes on FEIP.

The largest increase year-on-year was in Other administration costs, which rose by c.£2.9 million primarily due to an increased irrecoverable VAT charge. As with most financial services businesses, we cannot recover all the VAT on our purchases because some of our revenue streams are VAT exempt. The management fees from FCM's OEIC funds are VAT exempt and their continued strong growth has driven the increase in the irrecoverable VAT charge. Also within Other administration costs, travel and entertainment costs rose by c.£0.5 million as the UK COVID-19 restrictions were relaxed, enabling our staff to return to face-to-face meetings with investors and portfolio companies.

Core EBITDA pre share-based payments

The Group uses Core EBITDA pre share-based payments as one of its key performance metrics, as it views this as the profitability number that is most comparable to the Group's recurring revenue model (i.e. a cash profit number after taking out any one-offs, both positive and negative).

Core EBITDA pre share-based payments increased 33% year-on-year to £31.8 million (31 March 2021: £23.9 million), with the margin percentage improving to 37.0% (31 March 2021: 34.6%) as we continue our progression towards our medium-term target of 43%. The margin percentage for the full year was slightly lower than the 38.3% reported at the half year, due to the timing of the FEIP catch-up fees recognised in H1, one-off costs incurred on the launch of our new Forestry investment trust and preparation of new fund launches in H2, and a full six months of salary costs in H2 for staff who joined us in H1.

The Group has determined that the following are non-underlying items for the purposes of calculating Core EBITDA pre share-based payments:

Non-operational staff costs

The non-operational staff costs in the year relate to retention payments made to key members of staff and a severance package for a leaver.

The equivalent cost in the prior year related to pre-IPO profit share for FY20. These distributions made to members were classified as remuneration expenses under IFRS but were considered to be equity transactions for the purposes of calculating Core EBITDA.

Non-operational legal costs

There were no costs of this nature in the year ended 31 March 2022. The prior year figure included c.£2.3 million of IPO costs, c.£0.2 million of redundancy costs and c.£0.2 million of legal transaction costs.

Profit on disposal of tangible fixed assets and gain on business combination

The Group had a 50% holding in FV Solar Lab SRL before it acquired the remaining 50% in January 2022. The Group fair valued the assets and liabilities of FV Solar Lab SRL on the date of acquisition using the acquisition method, which gave rise to a bargain purchase. This resulted in a credit being recognised in the Statement of Comprehensive Income. In the prior year, there was an equivalent gain on bargain purchase from the acquisition of PiP Manager Ltd.

Other operating income

In the year ended 31 March 2022, the other operating income arose from the final fee received in relation to the development of a reserve power plant in Shirebrook, Derbyshire, on behalf of the Foresight ITS product. This is considered non-core as it was a non-recurring transaction outside the normal course of business.

In the prior year, £46k related to grant income from the Coronavirus Job Retention Scheme, with the remainder relating to the first part of the development fee received from the Shirebrook project described above.

Interest, tax, depreciation and amortisation

The major variance in these line items year-on-year relates to tax. As noted in last year's Annual Report, historically, taxation on the Group's profits was generally the personal liability of the members of Foresight Group LLP, which generates the majority of the Group's profits. Following the IPO, more of the Group's profits are subject to corporation tax, as demonstrated by the charge recognised in the period.

Share-based payments

The share-based payments charge in FY22 relates to the SIP and PSP schemes implemented in the period. Please read more about our SIP and PSP schemes in the remuneration report on pages 126 to 136.

Summary Statement of Financial Position

	31 March 2022 £000	31 March 2021 £000
Assets		
Property, plant and equipment	**2,656**	3,012
Right-of-use assets	**8,260**	9,120
Intangible assets	**4,431**	3,012
Investments	**2,781**	2,326
Deferred tax asset	**615**	977
Contract costs	**4,555**	837
Trade and other receivables	**21,207**	19,881
Cash and cash equivalents	**54,289**	39,431
Net assets of disposal group classified as held for sale	**64**	64
Total assets	**98,858**	78,660
Liabilities		
Trade and other payables	**(24,042)**	(20,939)
Loans and borrowings	**(3,690)**	(4,324)
Lease liabilities	**(10,408)**	(12,019)
Deferred tax liability	**(1,198)**	(1,581)
Provisions	**(933)**	—
Total liabilities	**(40,271)**	(38,863)
Net assets	**58,587**	39,797

FINANCIAL REVIEW CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

Summary Statement of Financial Position continued

Key balance sheet items and their year-on-year movements are summarised below:

Intangible assets

This comprises capitalised software development costs and other intangibles recognised in relation to the management contract acquired as part of the PiP acquisition in August 2020 and the acquisition of the remainder of our JV with FV Solar Lab SRL in January 2022.

Investments

This contains the Group's co-investment positions across our LP funds, plus investments in joint ventures. The movement in the year has been driven by deployment across our LP funds and is broken down as follows:

	31 March 2022 £000	31 March 2021 £000
Investment in securities		
Foresight Energy Infrastructure Partners	**571**	423
Foresight VCT portfolio companies	**458**	296
Foresight Nottingham Fund	**435**	264
Italian Green Bond Fund	**421**	355
Foresight Regional Investment Fund	**292**	344
Midlands Engine Investment Fund	**274**	223
Foresight Regional Investment Fund II	**118**	76
Northern Ireland Opportunities Fund	**85**	23
Foresight Regional Investment Fund III	**33**	—
Northern Ireland Opportunities Fund II	**30**	—
Other	**64**	71
Investment in joint ventures		
FV Solar Lab JV	**—**	251
Total investments	**2,781**	2,326

Contract costs

The increase of £3.7 million is due to the incremental placement agency fees on the further closes of FEIP in the year (as explained further in note 18 to these accounts).

Cash and cash equivalents

The cash balance has increased due to positive cash generation from a strong trading performance. Operating cash flows generated cash of c.£29.1 million offset by tax payments of c.£3.4 million, interest on lease liabilities of £0.6 million, investing activities of c.£0.8 million and financing activities of c.£9.4 million.

Investing activities included further co-invest payments of c.£0.7 million although this was offset by proceeds of c.£0.7 million. There was an outflow of c.£0.5 million in relation to the acquisition of assets and the net cash outflow on the acquisition of FV Solar Lab SRL was c.£0.3 million.

Financing activities included c.£6.2 million of dividend payments, c.£2.1 million of lease repayments, c.£0.6 million of loan repayments and purchase of own shares of c.£0.5 million.

Loans and borrowings

This balance relates to founder loans taken on as part of the consideration for the PiP acquisition in August 2020. The movement in the year is due to the first annual payment made under that agreement.

Lease liabilities

This relates to the liabilities arising from IFRS 16 lease accounting. The year-on-year decrease is a result of lease repayments offset by an increase in liability in relation to our new office in Luxembourg.

Dividends

As noted in last year's Annual Report, the Board decided to increase and maintain the dividend payout ratio at 60% (versus the target of 50% moving to 60%, as outlined at IPO).

An interim dividend of 4.0 pence per share was paid on 25 March 2022, with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022.

As noted in the Executive Chairman's statement on pages 2 to 4, the Board has recommended a final dividend payment of 9.8 pence per share for approval by Shareholders at the upcoming AGM. If approved, the dividend will be paid on 14 October 2022, based on an ex-dividend date of 18 August 2022, with a record date of 19 August 2022.

Going forward, we intend to link interim dividends to the prior-year profits, paying out 30% of the total dividend from the prior year. These interim dividends will be paid in January each year. The balance of the 60% target will then be recommended to Shareholders each year at the AGM as a final dividend.

Going concern

The financial statements have been prepared on a going concern basis. In adopting this basis, the Directors have reviewed the financial processes and controls embedded across the business and examined the three-year plan. They have considered the business activities as set out on pages 24 to 47, and the principal risks and uncertainties disclosed within this report on pages 102 to 105, and concluded that the adoption of a going concern basis, covering a period of at least 12 months from the date of this report, is appropriate.

Outlook

The Group is well positioned to continue with further AUM, revenue and profit growth, as we progress towards our medium-term Core EBITDA pre-SBP margin target of 43%. Our strong balance sheet puts us in a good position to be able to capitalise on any future M&A opportunities that may arise, to supplement our recent strong organic growth.

Gary Fraser

Chief Financial Officer

11 July 2022

RISKS

Strong leadership and setting standards of conduct from the top are critical to ensuring that the Group has a healthy risk culture.

Risk governance

The Board of Directors is accountable for the Group's risk management activities and responsible for setting the risk culture. This culture is based on all staff having a sense of ownership and accountability for risk management. The Board of Directors is majority independent and the Audit & Risk Committee has complete independence.

The Group's governance arrangements provide a direct line of sight on the risk profile of the businesses and functions that comprise the operational areas. The Board delegates the risk management activities to the Executive Committee. Gary Fraser is the Chief Risk Officer and a member of both the Board and the Executive Committee. He is supported by the Head of Risk, Jonathan Parsons, who chairs the Risk Committee and is assuming responsibility for the Risk Management Framework ("RMF") across the Group.

The Group operates a three lines of defence model, as shown in the diagram below. Given the growth of the business, the Group is reviewing the requirement for an internal audit function to supplement the current external oversight arrangements, to provide additional independent assurance that the Group's governance and risk management activities are operating effectively.

Board of Foresight Group Holdings Limited (the "Group")

- Accountable for the overall adequacy and effectiveness of the Group-wide Risk Framework and the Group's risk culture
- Delegates responsibility to the Executive Committee

Executive Committee

- Responsible for the overall adequacy and effectiveness of the Group-wide Risk Framework
- Approves risk policies and procedures, risk roles and responsibilities
- Communicates "tone from the top" and establishes tangible risk appetite and strategy
- Monitors risk reporting and ensures actions are taken to mitigate risk

External oversight/assurance

- Verification of the adequacy of the Group Risk Framework
- Non-executive challenge of the overall adequacy and effectiveness of actions taken by the Risk Committee

Third line of defence

Risk Committee

- Periodic reviews of integrity and adequacy of risk reporting
- Independent review of adherence to risk policies/procedures
- Recommendations and verification of implementation for detailed process and control improvements
- Tracking and reporting of incidents, losses and breaches

Risk & Compliance

- Day-to-day responsibility for implementation of Risk Framework
- Risk identification, scoring and prioritisation with input from first line of defence
- Preparation of risk reporting
- Implement and monitor risk policies and procedures
- Advises on risk impact of regulatory issues/other external changes
- Loss/incident analysis
- Monitoring of investment limits

Second line of defence

Business Functions

- Primary responsibility for ensuring adequate control environment and adherence to risk policies and procedures
- Primary responsibility for managing investment risk in accordance with fund mandates
- Input into risk identification and scoring managed by Risk function
- Notification and escalation of losses and incidents
- Provision of data for risk reporting

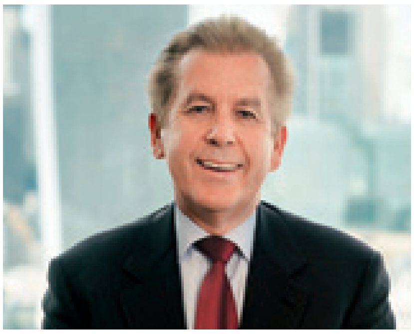
First line of defence

RISKS CONTINUED

Risk governance continued

Each business and function has a risk owner, who is responsible for identifying, assessing, monitoring and controlling its risks. The risk owners are key to ensuring clear lines of oversight from the Board to the business activities and represent the risk function at committee level, for example at the Investment Committee.

Board of Directors



Bernard Fairman
Executive Chairman

Board Committee membership

- **Market Disclosure**

Gary Fraser
Chief Financial Officer
and Chief Operating Officer

Board Committee membership

- Market Disclosure

Alison Hutchinson, CBE
Senior Independent
Non-Executive Director

Board Committee membership

- Market Disclosure
- Audit & Risk
- Remuneration
- Nomination

Geoffrey Gavey
Independent
Non-Executive Director

Board Committee membership

- **Audit & Risk**
- Remuneration
- Nomination

Michael Liston, OBE
Independent
Non-Executive Director

Board Committee membership

- Audit & Risk
- **Remuneration**
- **Nomination**

Note: Shading denotes chairmanship.

Executive Committee

Bernard Fairman
Non-voting member

Gary Fraser
Partner, CFO & COO

Operational responsibility
- Finance
- Governance Risk & Compliance
- People & Culture
- Investor Relations Corporate & Inst'l

David Hughes
Partner, Chief Investment Officer

Operational responsibility
- Foresight Capital Management
- Investor Relations Retail
- Marketing

Russell Healey
Private Equity

Operational responsibility
- Private Equity
- IT

Ricardo Piñeiro[1]
Partner, Co-Head of Infrastructure

Operational responsibility
- Infrastructure
- Product strategy and business development
- Sustainability

Nigel Aitchison
Partner, Co-Head of Infrastructure

Operational responsibility
- Infrastructure
- Product strategy and business development

Matthew Smith[2]
Partner, Co-Head of Private Equity

Operational responsibility
- Private Equity

James Livingston[2]
Partner, Co-Head of Private Equity

Operational responsibility
- Private Equity

Sub-committees

Risk	Sustainability	Information Security & Data Protection
Employee Remuneration	Inclusion & Diversity	Investment
Valuation	IT Steering	Health & Safety
	Weightings	

1. Ricardo Piñeiro was appointed 1 April 2022.
2. Matt Smith and James Livingston will replace Russell Healey on the Executive Committee on approval of the FCA.

Risk appetite

As a provider of regulated services, Foresight is required to document the risk appetite of the regulated entities within the Group. As Foresight's London office is the Group's principal office and the location of the Collective Portfolio Management Investment ("CPMI") firm, its risk appetite reflects the threshold appetite for the broader Group.

Foresight's risk appetite statement sets out the types and levels of risk that it is willing to assume, to achieve its strategic objectives and its business plan. The statement sets out hard risk limits and early warning indicators for each of the eight principal risk categories: strategic and business risk, market risk, credit risk, operational risk, legal and regulatory risk, financial crime risk, conduct risk and information security risk. The key risk indicators include regulatory capital, income diversity, compliance risk assessment findings, legal claims, staff turnover, data security breaches, suspicious activity reports and other measures calculated for the purposes of additional own-funds capital requirements. The risk appetite statement is reviewed annually, to ensure it remains aligned to the overall strategy and the business plan.

Role of the Alternative Investment Fund Manager ("AIFM")

Foresight is a full-scope AIFM in the UK and Luxembourg, regulated by the FCA and CSSF respectively. We are required to implement effective RMFs to allow us to identify, measure, monitor and manage the risks to which the AIFs we manage are or may be exposed. The Group reviews the RMFs and the efficacy of the systems annually.

Risk management

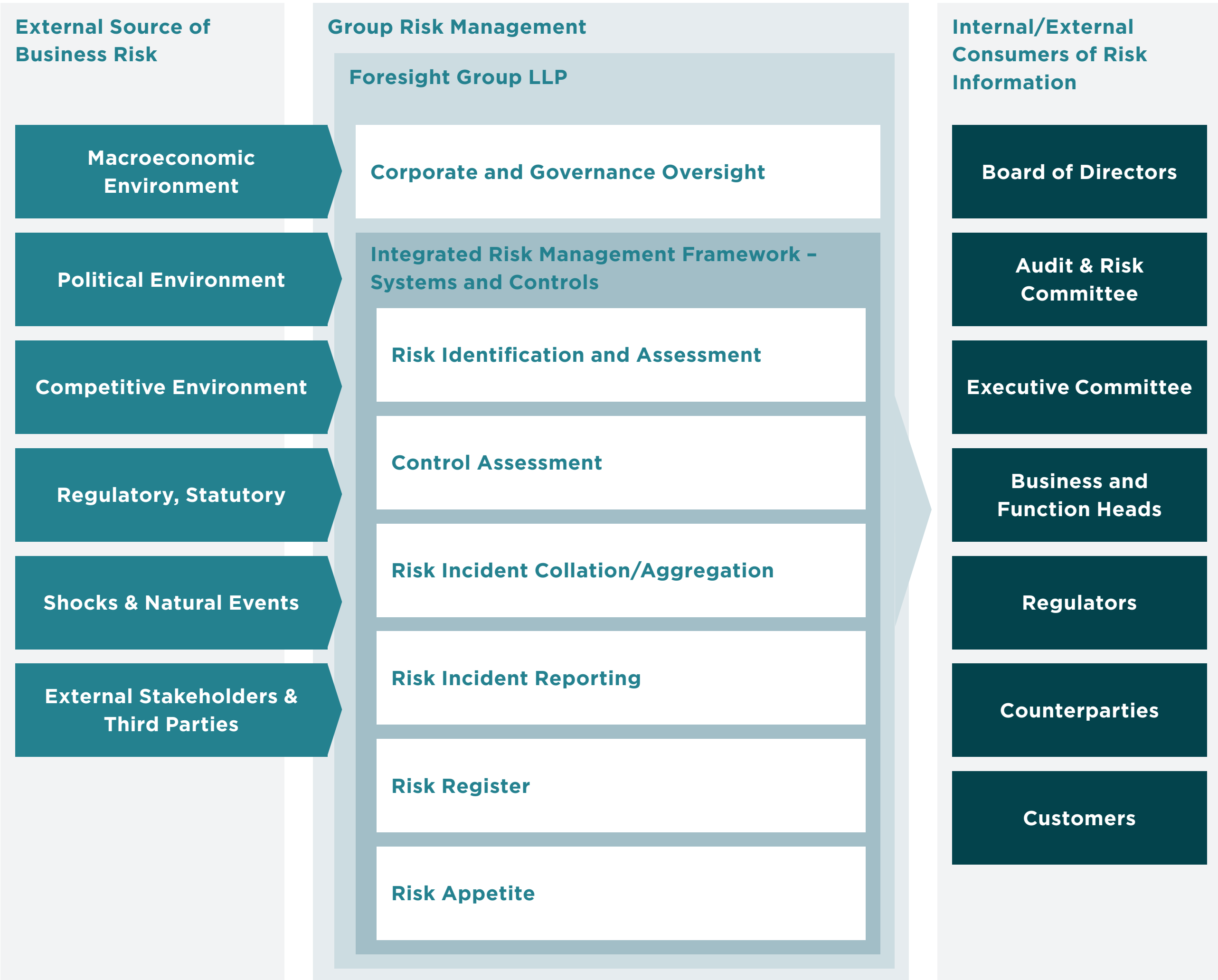
The Group's principal operations are based in the UK, with the London office operating the RMF and providing support services to all UK regional and global offices.

The Group's approach to risk management comprises interrelated processes set out in policies within the RMF, which is designed to meet the demands of a growing business, support decision-making at a strategic and operational level and protect the interests of stakeholders. The RMF comprises the policies and procedures that ensure current risks and emerging risks are identified, assessed, controlled, monitored and aligned with the Group risk taxonomy.

All investment decisions for all funds are made by the Investment Committee ("IC") (or a fund's board of directors, where applicable) after carefully considering the risks and other relevant aspects of any potential investments. The Foresight IC comprises the Chief Investment Officer, Co-Heads of Private Equity, Co-Heads of Infrastructure and investment team partners, as required for the investment deals.

The businesses and the shared functions are responsible for actively identifying the risks associated with their key business processes, business changes and external threats. The Risk Management function works in partnership with the businesses and shared functions to ensure that there is adequate understanding, assessment and accountability for all risks that relate to the Group.

The Group uses a Risk Control Self-Assessment ("RCSA") process to identify risks and assess the efficacy of the controls to mitigate them. The process is designed to minimise, or where possible obviate, harms to clients from operational errors or failures, potential financial losses arising from such errors, compliance breaches and reputational damage for the Group. The Group is implementing an Integrated Risk Management platform to centralise the RCSA process and enhance risk reporting. The platform will be used to maintain RCSAs, key risk indicators and tracking of operational risk events.



Emerging risks

Foresight tracks emerging risks. The Risk Committee considers topical, emerging and developing risks at each meeting and tracks the progress of key and emerging risk constituents, ensuring that the latest information is communicated to the Executive Committee. Risks on the emerging risk list could be reclassified as principal risks, depending on the scale of the risk and the extent to which the businesses mitigate that risk.

Third-party risk management

Foresight relies on third-party providers for some services. The Group seeks to reduce the risk of operational disruption and harm to clients by regularly assessing and effectively managing these providers. Foresight maps workflows, technology and the data necessary to deliver its critical and important business services, including people as well as third parties. As part of the RMF, Foresight seeks to understand the full extent of supplier risk to the regulated entities, and regularly assesses the risks and controls in place to maintain their operational resilience.

Cyber security

Although no significant or material breaches occurred in the financial year, the Group continues to track and report on attempts and remains at a heightened threat-level. This position is driven by several factors, including current geopolitical instability, the increased arsenal available to bad actors and the ease of deployment and the evidence of use by state-aligned agencies to improve the competitive standing of their national enterprises.

RISKS CONTINUED

Cyber security continued

The number of controls and level of oversight is proportionate to the type of asset and the sector it belongs to, the nature and volume of data held, the potential impact to Group revenues and the level of potential harm a security breach could have for our clients.

Reputational risk

Reputational risk is not a principal risk but it is an important consideration in assessing all current and emerging risks to the Group, since it could arise as a consequence of many individual risks or combinations of risks, such as poor conduct, weakness in systems and controls, or negligence. 82% of our senior management participate in a Share Investment Plan and/or Performance Share Plan scheme, further aligning employee interests with the Group's long-term reputation.

Conduct risk

Conduct risk is the risk of harm to our clients arising from misconduct by our employees or by third parties or other counterparties engaged by the Group. This risk is mitigated by promoting a strong compliance and risk culture through the firm. Identifying conduct risks inherent to our businesses is a prominent part of our RCSA activities and the Group provides training in conduct risk topics. Personal conduct in achieving objectives plays an important role in employees' performance assessments and remuneration reviews.

Financial crime risk

Foresight has policies and procedures in the over-arching RMF that it believes are both comprehensive and proportionate to the nature, scale and complexity of its activities. These include Anti-Money Laundering ("AML"), Anti-Bribery and Corruption and Anti-Market Abuse policies.

The Group expects these policies to reduce the chances of it knowingly or unwittingly being utilised by criminals or suffering reputational damage following investigation by regulators and law enforcement agencies. Foresight's AML framework embeds a risk-based approach, which applies more resources and scrutiny to higher-risk business relationships and clients, to minimise the residual risk. The Group has zero tolerance for breaches of legal and regulatory requirements or AML-related policies.

The Group has a risk-based monitoring programme to assess the effectiveness of its policies, processes and procedures, including those related to financial crime. The Group also annually provides training to employees on key financial crime areas.

Sustainability and ESG

The Group considers environmental, social and governance initiatives to be critical to the sustainability of our businesses and long-term strategic goals. The Group therefore integrates ESG risk factors into its risk management activities. The risk taxonomy supports risk management reporting across ESG categories, which include climate-related risks, inclusion and diversity risks and conduct and regulatory risks, as well as risks related to our frameworks and other governance activities. Like reputational risk, many risks in other categories may have a sustainability element to them that will be reflected in a key risk or key control indicator. These risks cover a broad agenda and the risk function is continuing to develop our capability to capture the Group's exposure to ESG-related risks and monitor our ability to effectively manage them.

Our approach to measuring and reporting our sustainability and ESG risks continues to evolve, and we are aligning our approach to the requirements of several upcoming regulatory initiatives.

In particular, given the long-term and potentially existential nature of climate risks, we are committed to aligning our reporting and disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The work required in this area continues to increase and the Group has made several key appointments in order to meet the potential challenges to implementing new regulations and standards.

Principal risks

Foresight Group's principal risk categories reflect the concentration of business activities and have changed little from last year, meaning that most of the principal risks remain and we are reporting on the evolution of the risks and controls. The Pandemic risk has moved off the list of principal risks, reflecting the significant advances in mitigating the risk at both national and Group level, where our robust business continuity planning arrangements supported our employees through one of the most volatile and uncertain periods in recent times.

The Group's businesses are focused on delivering sustainable outcomes through our investment strategies and business plan and we are well placed to deliver our return objectives for our clients within a framework that is flexible enough to support our businesses as they tackle the challenges of evolving risks.

We are strengthening our systems and controls to improve our oversight across our investments. Information and technology security is vital to delivering our investment strategy and reducing risks to our clients.

The principal risks facing the Group are considered to be:

1: CYBER

Risk description
Foresight employs various systems across its business to process and hold its business data. As a result, it is exposed to external and internal cyber-related risks. Included in these risks are information security and personal data risks. As IT solutions are increasingly used to improve efficiency for the business and the sophistication of attempted cyber-attacks increases, the risks increase.

Impact and mitigation
Foresight has engaged an external IT service provider to support its IT Team and to provide expert advice and assistance with the security, business continuity and architecture of its systems. Various policies are also employed across the business to ensure staff are aware of the measures to be taken to prevent cyber crime, protect Foresight's business data and prevent loss, misuse and corruption of its data. Foresight engages external experts to carry out tests and audits on its security measures (including penetration testing) within its UK operation, which serves as the IT hub for the Group.

Trend and outlook
As the incidence of cyber-crime increases, regulators and business stakeholders are increasingly concerned to ensure businesses employ robust security systems and measures to protect themselves. As the volume and sophistication of cyber threats continues to rise, it is important we keep up to date on protecting our systems by maintaining close engagement with cyber experts, with whom we have a 24x7 retainer and indemnity, so we can tackle unexpected events immediately as well as maintain relevant protection from this evolving risk. Foresight is committed to attain and improve on industry standards of cyber protection including SIEM and Cyber Essentials.

Opportunity
Membership of industry working groups in the cyber security space afford us an opportunity to contribute and learn from our peers, and be at the front of developments in combating cybercrime.

Movement in risk

Link to strategic priorities

Expand

2: INVESTMENT LANDSCAPE

Risk description
The opportunity for investment in the markets in which Foresight operates is highly competitive. Identifying and committing capital to investment opportunities involves a high degree of uncertainty. Competitors may compete more aggressively than Foresight and the number of available opportunities may fall, causing a higher proportion of Foresight funds' cash to be held for a longer-than-expected period.

Impact and mitigation
Foresight has developed a series of networks of reliable contacts over the years, which help source its investment opportunities. Foresight's reputation and track record is also a key factor in identifying Foresight as a counterparty of choice. Foresight has, and continues to, widen its investment focus both geographically and in terms of sectors to optimise its access to investment opportunities and meet its investment strategy/objectives. Foresight actively supports the communities impacted by the activities of its investments, promoting the importance of its core sustainability and ESG values.

Trend and outlook
Competition has increased in recent years, particularly in the infrastructure investment market, and is likely to increase further in the future, due in large part to the increased amount of capital raised by competitors in the Foresight Group's primary markets.

Opportunity
The outlook remains positive as companies and governments commit to net zero, and this on its own should deliver compound growth of around 20% per annum over the next ten years. In addition, the recent reaction to the sensitivity of the UK economy to energy price shocks should ensure continued support for investments in the renewable energy space that support energy independency.

Movement in risk

Link to strategic priorities

Grow Expand

Principal risks continued

3: PERSONNEL

Risk description

Foresight's continued success depends upon its ability to attract and retain highly skilled investment professionals and other key personnel and failure to retain its senior investment managers, senior management or other key employees, may:

- Trigger provisions in a number of Foresight's agreements, which might result in outflows from Foresight funds
- Hinder Foresight from winning new business and raising new funds, impacting related fee revenue and potentially hindering Foresight's growth strategy
- Result in Foresight's strategy not being executed effectively or at all, or could result in a decline in the standards of its management or business operation

Impact and mitigation

UK employees may take part in a Share Incentive Plan scheme. The 71% uptake (market average is 41%) is a strong indication that employees wish to develop careers with Foresight. Non-UK employees will be able to access an equivalent SIP scheme.

A large proportion of Foresight's Directors and Partners have five-year retention bonuses, with a decreasing leaver clawback. Also, some senior staff may participate in a Share Option Scheme, which will vest over three years, before a further two years' holding period prior to sale.

Future performance bonuses exceeding 50% of salary will be deferred until the following year to aid with retention.

Trend and outlook

The market for experienced and qualified investment, management and other professionals is extremely competitive and therefore such personnel are difficult to attract and replace. Although Foresight intends for overall compensation levels to remain competitive and attractive, there is no assurance its compensation model will be successful going forward.

Opportunity

The IPO last year has improved the visibility of Foresight. The strong growth in AUM and the Group's sustainable investment focus continue to attract exceptional talent. The Group investment proposition and our reputation remain strong drivers in attracting talent and will continue to do so for the foreseeable future.

Movement in risk

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Link to strategic priorities

Grow Expand Diversify

4: ENERGY PRICES

Risk description

We should expect increased price volatility and prepare for the possibility that difficult market conditions or a sustained recession could reverse the current elevated prices. The Group secures energy prices on the forward market over the short term to mitigate volatility in revenues and asset valuations, and adopts market expert forecasts in the medium to long term that currently demonstrate a material reduction in power price from their current values. We are therefore mindful of the extent to which a correction could happen and the rate at which it might.

Impact and mitigation

Foresight funds' exposure to reduced energy prices is mitigated in the following ways:

- Where a Foresight fund's investment policy permits, constructing a diversified portfolio with assets that generate revenues from sources other than the merchant sale of energy. For generation assets, this may include revenues from subsidies, from the sale of green certificates or through contracting with a private off-taker on a fixed price basis. Non-generation assets will typically have revenues that are uncorrelated with energy markets, removing the exposure altogether
- For generation assets that have material revenues from the merchant sale of energy, entering into arrangements that fix the price received for energy for an agreed period

Trend and outlook

Energy prices rebounded strongly in 2021 from their two-year lows. Prior to the Russia-Ukraine war, the price of natural gas was already relatively high (gas plants tend to be the price-setting generators on the UK network). The war has highlighted the risks of depending on a perception of mutual dependency to secure critical energy supplies. It is likely that the larger economies in Europe will seek to diversify their energy sources away from a dependency on any one nation. This will be expensive and it will take time.

Opportunity

Longer term in the UK, which is the Group's principal market, the outlook is still uncertain and is affected by factors such as the rate of deployment of low marginal cost wind and solar renewables, the speed and extent of electrification of major sectors such as transport and the appetite of government to drive decarbonisation through regulation such as carbon pricing.

Movement in risk

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Link to strategic priorities

Grow Expand Diversify

5: LEGAL/REGULATORY

Risk description
Foresight Group operates in a highly regulated industry and changes in laws or regulations may adversely affect its ability to conduct its business and may impact its results of operations. A failure to comply with applicable laws and regulations could result in material unanticipated losses.

Impact and mitigation
Foresight adheres to all relevant rules and regulations. It utilises the services of a regulatory consultant to provide expert advice and to provide Foresight and its compliance team with information on forthcoming regulatory changes and new rules and regulations. The consultant is also engaged to carry out periodic independent reviews of aspects of the Group's regulatory and risk arrangements to ensure they are relevant, up to date and meet current requirements.

Foresight also maintains relations with various legal firms specialising in the areas in which it operates as well as relevant industry bodies to ensure it is aware of and can manage the impact of new legal requirements.

Foresight employees also receive newsletters, attend seminars and round table discussions, take part in governmental consultations and utilise Foresight's network to ensure their knowledge base remains strong and relevant.

Trend and outlook
Foresight will continue to engage with legal and regulatory experts to ensure the business stays ahead of changes in legislation and regulation affecting its business. It continues to expand its UK compliance team and continues to monitor legal and regulatory resources elsewhere in the Group. It will also keep its legal and compliance resources under review.

Opportunity
Regulatory change is also discussed at the Risk Committee. New regulatory initiatives are communicated through the committee and working groups to the business divisions and functions in order to establish (with the assistance of our regulatory consultant) the potential gaps and opportunities for the Group, whether for example through new product initiatives or disclosure requirements.

Movement in risk

Link to strategic priorities

Expand

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have carried out a comprehensive and robust assessment of the Group's prospects and viability.

Process and period for assessing viability

The Directors have assessed the Group's viability over a three year period to 31 March 2025, taking account of the Group's current financial position and the potential impact of our principal risks.

The Group's long-term prospects are primarily assessed through the strategic and financial planning process. The main output of this process is the Group's three year plan, which is produced by the Finance Team with detailed input from Team Heads across each area of the business. The Executive Committee and Group Board review and challenge the plan.

The assessment of the Group's viability requires the Directors to consider the principal risks that could affect the Group, which are outlined on pages 102 to 105. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks, to maintain the Group's ongoing viability.

As part of the Internal Capital Adequacy and Risk Assessment process ("ICARA"), stress testing is performed on the Group's three year plan, which considers the impact of one or more of the key risks crystallising over the assessment period. Severe but plausible downside scenarios applied to the plan included:

- 50% lower fundraising
- 10% reduction in valuation of the funds managed by the Group
- 25% lower deployment
- A combination of the three scenarios above

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in each scenario and that the Group's ongoing viability would be sustained. The shift in recent years to a more recurring revenue model, with c.90% recurring revenues from evergreen or long-term funds, means the Group has a stable baseline profitability. Under all the scenarios above, the Group remains profitable and in the event of any of these happening, mitigating actions would be taken to increase this profitability further.

As of 31 March 2022, the Group balance sheet was strong. The cash balance at year end was £54.3 million and this financial position provides confidence that the Group has sufficient financial resources for the foreseeable future.

Viability statement

Based on the results described above, the Directors confirm they have a reasonable expectation that the Group is well positioned to manage its operations and meet its liabilities as they fall due, over the three year period they assessed.

The Directors also consider it appropriate to prepare the financial statements on the going concern basis.

Pages 5 to 106 constitute the Strategic Report, which was approved by the Board on 11 July 2022 and signed on its behalf by:

Jo-anna Nicolle
Company Secretary

GOVERNANCE

WHAT'S IN THIS SECTION

EXECUTIVE CHAIRMAN'S INTRODUCTION

The Board believes that strong and supportive corporate governance is the foundation of a successful business.

Bernard Fairman
Executive Chairman

The Board believes that strong and supportive corporate governance is the foundation of a successful business, providing a framework within which we can implement our strategy and benefit from our entrepreneurial culture. The Group also includes a number of regulated entities, which further increases the importance of a rigorous approach to governance and internal controls.

The Board is committed to complying with the UK Corporate Governance Code and information on our compliance can be found in the Directors' Report. As I am Executive Chairman, the Senior Independent Director has assumed more duties than would be typical. We have a clear understanding of our respective responsibilities, which are set out in a document adopted by the Board, entitled "Division of Responsibilities between the Executive Chair and the Senior Independent Director".

One of the Board's primary roles is to approve the Group's strategy and oversee its implementation. We have a rolling three year strategic plan, through which the Executive Committee sets out its goals for the business. The Board then holds an annual strategy meeting, during which we discuss and challenge this plan. We then receive reports on the implementation of the strategy at Board and committee meetings throughout the year. The non-executive Board members also have an open invitation to attend Executive Committee meetings and do so from time to time, to gain additional insight into the operation of the business and the execution of strategy. As I outline in my statement in the Strategic Report, we have made excellent progress with implementing the strategy, both during the year under review and subsequently.

Given the importance of our people to the Group's success, the non-executive Board members take a keen interest in meeting and gaining direct feedback from them. This has resulted in the creation of the Employee Forum during the year and the subsequent work to develop an employee value proposition, as described in the case study on page 85. The Senior Independent Director plays a key role here, as chair of the Forum and our designated Director for workforce engagement. The Board also carefully reviews the results of staff surveys, with this year's excellent results indicative of the strength of our culture.

As this was our first full year since IPO, we have continued to embed our governance processes, including establishing a regular meeting programme and agendas for the Board and its committees. The internally facilitated evaluation of the Board and the committees we conducted during the year showed that they are functioning effectively and to the standard that would be expected at this stage in our life as a public company. The information flow to the Board is appropriate and ensures we have the necessary background to make our decisions. More detail on the outcomes of the evaluation is set out on page 121.

Looking ahead, we will continue to focus on our commitment to continually develop and improve our governance framework as the business grows. I look forward to reporting on our progress in the next Annual Report.

Bernard Fairman
Executive Chairman

11 July 2022

UK Corporate Governance Code 2018 – Principles

01
BOARD LEADERSHIP AND COMPANY PURPOSE

See pages 108 to 112

02
DIVISION OF RESPONSIBILITIES

See page 113

03
COMPOSITION, SUCCESSION AND EVALUATION

See pages 118 to 121

04
AUDIT, RISK AND INTERNAL CONTROL

See pages 122 to 125

05
REMUNERATION

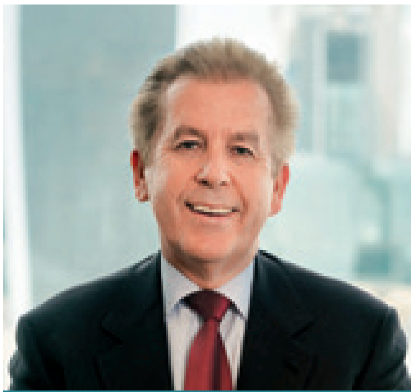
See pages 126 to 136

BOARD OF DIRECTORS

The Board is responsible for shaping the Group's strategy and seeks to encourage a culture of strong governance across the business.

Committee membership key

- A Audit & Risk Committee
- N Nomination Committee
- R Remuneration Committee
- M Market Disclosure Committee
- Chair



Bernard Fairman
Executive Chairman

Background

Bernard co-founded Foresight Group in 1984 to raise a new fund for investment in unquoted technology companies based in the UK, the United States and France. He is the executive chairman with over 40 years of private equity and infrastructure experience. Bernard is responsible for the strategic direction and management of the Group through organic growth and acquisitions to reach a leading position in the UK small cap private equity and international infrastructure markets.

Prior to founding Foresight Group, Bernard worked at 3i Ventures as an investment manager where he was responsible for sourcing, evaluating and negotiating investments.

Qualifications

BA in Applied Economics from the University of Nottingham.

External directorships

Beau Port Investments Limited.

M

Gary Fraser
Chief Financial Officer and Chief Operating Officer

Background

Gary joined Foresight in 2004 and is the Chief Financial Officer and Chief Operating Officer based in the London office. He has over 27 years of experience and is responsible for all financial and operational matters including providing and facilitating specialist financial input into corporate, portfolio and investment decisions.

Prior to joining Foresight, Gary worked at F&C Asset Management as a company secretary, where he focused on legal and tax compliance, financial compliance, technical and financial reporting and corporate finance. He has also worked at EY, focusing on audit and risk assurance, and corporate finance.

Qualifications

Chartered Fellow of the Securities Institute, Chartered Accountant, BAcc from the University of Stirling.

External directorships

None.

M

Alison Hutchinson, CBE
Senior Independent
Non-Executive Director

Background
Alison is CEO of fintech charity The Pennies Foundation (which she founded in 2009) working with retailers to enable digital giving, and serves as the senior independent non-executive director at DFS Furniture plc and Yorkshire Building Society.

Alison has a strong background in both IT and retail financial services, having started her career at IBM and becoming global director of online financial services before joining Barclays Bank and then specialist mortgage provider Kensington Group PLC as managing director and then group CEO.

In 2016, Alison was awarded a CBE for services to the economy and charities.

Qualifications
BSc in Technology & Business Studies from Strathclyde University.

External directorships
DFS Furniture plc, Yorkshire Building Society and Your Penny Limited.

A N R M

Geoffrey Gavey
Independent
Non-Executive Director

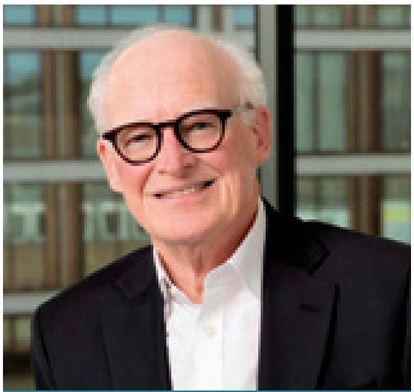
Background
Geoff joined the Foresight Group Board in 2015 as an Independent Non-Executive Director and sits on the Remuneration, Audit & Risk, and Nomination Committees. He is the managing director of FNB International Trustees Limited ("FNB") and deputy head of banking for FNB Channel Islands Bank. He is a member of the audit and risk committee of both FNB International Trustees Limited and FNB Channel Islands Bank.

He was formerly a director of Fairbairn Trust Company Limited, a subsidiary of Old Mutual, and worked for Lloyds Bank International in both Guernsey and Gibraltar.

Qualifications
Associate of the Chartered Institute of Bankers, Member of the Chartered Institute of Marketing, registered Trust and Estate Practitioner, BSc in Mining Engineering from University College, Cardiff.

External directorships
Ashburton Investments International Holdings Limited plus various directorships of companies serviced by FNB for its clients.

A N R



Michael Liston, OBE
Independent
Non-Executive Director

Background
Formerly Chief Executive of the electricity utility Jersey Electricity plc, Mike is the Non-Executive Chairman of JTC plc and has extensive experience across public and private sector businesses.

Mike has held a number of non-executive roles including Chairman of AIM-listed Renewable Energy Generation Limited and was formerly chairman of The Jersey Appointments Commission, established by the Government of Jersey to ensure probity in senior public sector appointments. He is a Fellow of the Royal Academy of Engineering.

In 2007, Mike was awarded an OBE for services to the electricity industry and charity. He was elected to the judiciary of the Royal Court of Jersey in 2012, retiring from this position in 2017.

External directorships
JTC plc chairman.

A N R

CORPORATE GOVERNANCE

Our Board

The Board has overseen the Group's corporate governance and business activities throughout the financial year.

As has been illustrated throughout this Report, significant progress has been made by the Group in meeting its targets and IPO promises and the Board has worked with senior management to ensure the Group's corporate governance standards are developed and improved to support the Group to achieve its goals for enabling revenue generation, operational resilience and growth for the long-term success of the Group for the benefit of its stakeholders and the wider society.

Area of focus	Board activities	Strategy
Purpose, values and strategy The Board receives regular updates from senior management on the Group's performance against strategy and targets through meetings and calls giving opportunity for questions and challenge	• Board meetings/Board reporting • Board strategy day(s) • Ad-hoc meetings and calls with senior management on key projects and key areas of the business • Attendance at employee engagement forums where strategy is a key value driver	Grow, Diversify, Expand
Overseeing operational performance against strategy The Board has open invitations to attend the key team and committee meetings across the business at their discretion	• Ad-hoc NED attendance at staff and team meetings • Annual NED meetings with specific team heads • Regular reporting from team heads • Engagement by the Chairs of the Board Committees directly with key personnel • Presentations by key personnel to the Board • KPI reviews	Grow, Diversify, Expand
Financial management and performance The Board oversees the financial management and performance of the Group via open communication channels with the finance staff, team heads and the auditor	• Regular liaison of finance staff with Chair of Audit and Risk Committee • Chair of Audit and Risk Committee meeting with auditor partner pre-reporting cycles • Management report generated by auditor • Updates on financial targets from team heads via team meetings and Board reporting • KPI and APM reviews	Grow, Diversify, Expand
Outcome of engagement with stakeholders Main focus has been on Shareholders and employees	• Regular meetings with institutional Shareholders and market analysts • Establishment of Employee Forum and Employee Value Proposition initiative • Attendance and participation in a variety of industry bodies to shape the investment management and related industries	Grow, Diversify, Expand

Grow Diversify Expand

Board roles

Board	Role overview
Executive Chairman	• Identify, develop and propose Group strategy, annual budget, business plans and commercial objectives • Oversight of the Executive Committee's management of the Group and execution of Group strategy • Promote appropriate standards of governance across the Group and ensure compliance with legal and regulatory responsibilities • Ensure timely flow of accurate and reliable information within the Group and with the Board • Health, safety and wellbeing of workforce and workforce engagement • Communication with workforce and ensuring Board awareness of staff views • Board evaluation oversight
CFO/COO	• Supports the Executive Chairman in developing Group strategy, annual budget, business plans and commercial objectives • Serves on the Executive Committee • Responsible for the Group's operations and operational strategy via the Executive Committee
Senior Independent Non-Executive Director	• Acts as a Non-Executive Director • Acts as intermediary for other Directors and the Shareholders to ensure views are communicated and understood • Leads the Board when the Executive Chairman is absent • Designated NED for workforce engagement • Ensures effective communication by the Group with its workforce and stakeholders • Leads on the appraisal of the Executive Chairman's performance and evaluates the same • Contributes to succession planning of the Executive Chairman, the other Directors and the Board's Committees
Non-Executive Directors	• Monitor the Group's delivery of strategy • Ensure internal controls are robust and that an external audit is carried out • Engage with internal and external stakeholders, providing feedback to the Board • Provide constructive input to the development of the Group's strategy • Have a key role in succession planning for the Board and senior management • Serve on the Board's Committees
Company Secretary	• Provides advice and support to the Board as necessary • Ensures timely and accurate information flows to the Board • Ensures compliance with the Company's Board and corporate governance policies • Keeps the Board updated on changes to applicable regulation, legislation and best practice standards • Tailors and carries out comprehensive inductions for new Directors • Provides support to the Chairman • Supports the Chairman with the Board evaluation

Our governance framework

The Board has adopted a formal document "Matters Reserved for the Board", which is available to view by writing to the Company Secretary at the registered office. It has also appointed four standing committees, as listed below, which make recommendations to the Board in specific areas.

The Board

The role of the Board is to collectively promote the long-term success of the Group. Also, to shape the Group's strategy, having regard to all stakeholders, while maintaining a balanced approach to risk within a framework of effective controls.

Audit & Risk Committee

Oversees financial reporting and monitors internal controls including risk management. Monitors the effectiveness of the external auditors.

See pages 115 and 122 to 125

Remuneration Committee

Sets, reviews and recommends the Group's overall remuneration policy and strategy and monitors their implementation.

See pages 115 and 126 to 136

Nomination Committee

Evaluates and makes recommendations regarding Board and Committee composition and succession planning.

See pages 115 and 118 to 121

Market Disclosure Committee

Oversees disclosure of information by Foresight Group Holdings Limited to meet its regulatory obligations.

See page 115

Executive Committee

The Board has authorised Foresight Group's Executive Committee to manage the Group on a day-to-day basis. The Committee meets at least weekly and receives regular reports on risks to major projects, financial and key business matters.

Board Independence

The independence of the NEDs was judged as part of the annual evaluation and they were all considered to remain independent.

Board meeting attendance

Meetings	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Bernard Fairman (Appointed: 22/02/2010)				
Geoff Gavey (Appointed: 31/05/2015)				
Alison Hutchinson (Appointed: 03/02/2021)				
Michael Liston (Appointed: 03/02/2021)				
Gary Fraser (Appointed: 03/02/2021)				

A description of the roles of each Committee is provided on page 115, and reports by each of the Audit & Risk Committee, Nomination Committee and Remuneration Committee are provided on pages 118 to 136.

Board evaluation

A board evaluation was carried out during the financial year, the results of which are noted in the Nomination Committee report on page 121.

Internal controls

The Board is responsible for the Group's system of internal controls. This includes its financial, operational and compliance controls and risk management, and also for reviewing the system's effectiveness. The Group's UK policies set the minimum best practice standard for all Group entities.

The Board takes advice from external advisers where considered necessary in all areas of the business. The Board is satisfied with the effectiveness of the internal controls but, by their very nature, these controls can provide reasonable, but not absolute, assurance against material misstatement or loss.

Board Committees

Audit & Risk Committee

The Audit & Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to external audits and internal controls and risk management. This includes annual financial statements and risk appetite, considering the scope of the annual audit and the extent of the non-audit work undertaken by the External Auditor, advising on the appointment of the External Auditor and reviewing the effectiveness of the internal control systems (including risk management processes) in place within the Group. The Audit & Risk Committee will normally meet not less than three times a year.

Nomination Committee

The Nomination Committee assists the Board in determining the composition and make-up of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need may arise. The Nomination Committee also determines succession plans for the Board. The Nomination Committee will normally meet not less than once a year.

Remuneration Committee

The Remuneration Committee provides the Board with recommendations as regards the remuneration policy for executive remuneration, levels of remuneration for each of the Directors as well as making recommendations in regard to and monitoring the remuneration of the Group's senior management. The Remuneration Committee will also prepare an annual remuneration report to be approved by the members of the Company at the Annual General Meeting ("AGM"). The Chair of the Remuneration Committee will be available at Annual General Meetings of the Company to respond to questions from Shareholders on the Remuneration Committee's activities. The Remuneration Committee will normally meet no less than twice a year.

Market Disclosure Committee

The Board has delegated to the Committee responsibility for overseeing the disclosure of information by the Company to meet its obligations under MAR. The Committee is required to maintain procedures, systems and controls for the identification, treatment and disclosure of inside information and for complying with the obligations falling on the Company and its Directors and employees under MAR. The Committee meets as necessary or appropriate as determined by its Chair, Bernard Fairman. It is authorised to investigate any matter within its Terms of Reference and to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to co-operate with any request made by the Committee.

The Committee will conduct an annual review of its work, membership and Terms of Reference to ensure it is operating at maximum effectiveness. It will also make recommendations about any changes it considers necessary to the Board.

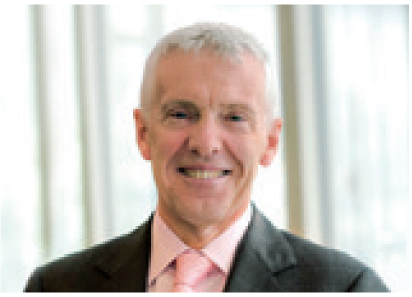
Executive Committee

The Executive Committee, under the oversight of the Group's Executive Chairman, and within the authority delegated by the Board, has been tasked with the management of the Group on a day-to-day basis; in particular, to pursue the Group's commercial objectives and execute and deliver Group strategy, as approved by the Board, and to provide periodic updates to the Board accordingly.

CORPORATE GOVERNANCE CONTINUED

Executive Committee continued

The Committee's membership includes Board members Bernard Fairman (Group Executive Chairman) and Gary Fraser (CFO/COO), together with:



David Hughes, Chief Investment Officer

- David joined the Group in 2004 and is the Group's Chief Investment Officer. He is based in the London office. He has over 45 years of experience and is responsible for the overall management of the Foresight Group investment portfolio through the complete investment cycle from initial investment to ultimate realisation.
- Prior to joining Foresight, David worked at Advent Venture Partners as a Principal in the VCT Unit, where he was responsible for managing Advent's two listed VCTs, comprising a portfolio of over 30 unquoted investments, mainly in technology companies. He also spent almost 20 years working at 3i, where he provided advice to public and private companies on corporate strategy, acquisitions, disposals, mergers and capital raising.
- David is a Fellow of the Chartered Association of Certified Accountants and holds a First Class BSc in Chemistry from the University of Bristol.

Nigel Aitchison, Co-Head of Infrastructure

- Nigel joined Foresight in September 2008 and is Co-Head of Infrastructure based in the London office. He has over 30 years of experience covering specific areas such as waste management, project finance and fund management.
- Prior to joining Foresight, Nigel was a director within Shanks Group where he was responsible for strategy and managing relationships with key stakeholders for the UK business. Prior to that he led the management of their PFI division both in terms of bidding and operational profit and loss responsibility.
- Nigel is a Chartered Environmentalist and a member of the Chartered Institute of Waste Management. He also holds a Diploma with Distinction in Environmental Science from Crewe and Alsager College.

Russell Healey, Private Equity

- Russell joined the Group in 2007 and is based in the London office. He has over 25 years of experience.
- Prior to joining Foresight Group, Russell worked at merchant bank Parkmead Group, where he was involved in a number of corporate and principal finance projects. Before that, he spent ten years in technology and marketing management positions, including four years with Thomson Financial, following its acquisition of a financial information company where he was CTO.
- Russell holds an MBA with Distinction from the London Business School, and a BA in Classics from the University of Exeter.

Ricardo Piñeiro, Co-Head of Infrastructure

- Ricardo joined Foresight in 2011 and is Co-Head of Infrastructure based in the London office. He has 17 years of experience in fund management, sustainable infrastructure investment and financing in the UK and internationally.
- Prior to joining Foresight, Ricardo worked at Espirito Santo Investment where he focused on lending and advisory for the energy infrastructure and transportation sectors.
- Ricardo holds a BA in Business Administration with Finance from the Universidade Católica Portuguesa.

James Livingston, Co-Head of Private Equity[1]

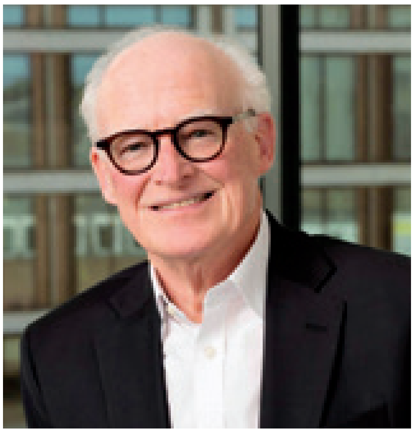
- James joined Foresight in 2007 and is Co-Head of Private Equity and based in the London office. James has 17 years of experience and is a member of the Investment Committee. James is responsible for originating, negotiating and managing growth and buyout investments in a variety of sectors.
- In 2016, James led the investment into Simulity, and nine months later its sale to ARM, generating 3x return and a 400% IRR. Other successfully exited investments include FFX and Channel Safety Systems.
- Prior to joining Foresight, James was in Deloitte's Strategy Consulting team. James holds a Master's degree in Natural Sciences and Management studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matthew Smith, Co-Head of Private Equity[1]

- Matt joined Foresight in 2010 and is Co-Head of Private Equity and based in the London office. Matt has 17 years of experience and is a member of the Investment Committee. Matt has a particular focus on ESG considerations and has helped develop Foresight's approach.
- Prior to joining Foresight, Matt worked for Rothschild, where he spent six years advising companies in a range of sectors on a variety of transaction types.
- Matt graduated from Oxford University with a Master's degree in Biological Sciences and a postgraduate degree in Physiology.

1. Following the promotions of James Livingston and Matthew Smith they will join the Executive Committee once approved by the FCA.

NOMINATION COMMITTEE REPORT



The Nomination Committee has focused its attention on acquiring deep and meaningful insight into the quality of leadership throughout the Company and has been very encouraged by the initiatives being taken by the Group, particularly for the benefit of employees.

Mike Liston OBE
Chair of the Nomination Committee

Dear Shareholders,

I am pleased to present the Nomination Committee report for the year ended 31 March 2022.

Our priorities

This was our first full year as a committee of the Board of Foresight Group Holdings Ltd, which listed in February 2021. We have focused therefore on acquiring deep and meaningful insight into the quality of leadership throughout the Company in the key areas of culture, purpose, values and behaviours to assess the adequacy of skills, knowledge and independence amongst members of the Board and senior management on which the Company's performance in these key areas depends.

We have been afforded commendably comprehensive, unfettered access to every function and forum of management activity and have regularly been present throughout management and staff meetings across the entire organisation.

In addition, the Senior Independent Director, Alison Hutchinson, helped establish the Employee Forum, which she now chairs, and which was set up during the year with members representing a broad cross-section of the business at all levels. Her considerable experience in such forums is already proving valuable in promoting candid discussion and her formal feedback to the Board at each of its meetings has been a valuable aid to its engagement with employees.

The work of the Employee Forum and other vehicles such as the independently managed annual engagement survey have paid particular attention to wellbeing, diversity and inclusion. Whilst the findings have been very encouraging, management is responding to identified opportunities for improvement in areas including employee empowerment, flexible working policies and the alignment of benefits across the business and its jurisdictions.

Among its other activities, the Nomination Committee agreed a succession plan for the most senior executive groups, agreed a policy for Board diversity and inclusion and undertook a structured evaluation of Board effectiveness.

Inclusion and diversity

The Group remains committed to inclusion and diversity and approved a Board Diversity Policy during the year, which will remain under review, particularly in view of the FCA's new listing rules for diversity and inclusion, which came into effect for financial years starting on or after 1 April 2022. As can be seen from the Directors' Report, only one of the Board's five members is female. This is not compliant with the FCA's rules at this time and is explained by the small size of the Board at IPO and the absence of any recognised need to increase its size in the near future.

The Committee keeps under constant review the adequacy of the Company's leadership resource, especially as the scale and complexity of the business increases, and it is entirely convinced by the evidence of enhanced effectiveness brought to Boards by diversity and inclusion. The Committee has found no existing cultural or structural barriers for women, ethnic and other under-represented groups and the Company's policy is to use best endeavours in all future appointments to make continuous progress in achieving the FCA targets. More details of the Group's approach to inclusion and diversity can be found on page 58.

Diversity of Board and Senior Management

The FCA published a Policy Statement in April 2022 setting out the changes to be made to the Listing Rules as concerns diversity and inclusion on Boards. While those new Listing Rules come into force for financial years ending on or after 1 April 2022, the Board has opted for early adoption as recommended by the FCA.

Sex/gender	Number of Board Members	Percentage of the Board[1]	Number of senior positions	Number in Executive Management	Percentage of Executive Management[2]
Men	4	80%	2	7	87.5%
Women	1	20%	1	1	12.5%
Total	**5**	**100%**	**3**	**8**	**100%**
Minority ethnic background[3]					
White British or other White	5	100%	3	8	100%
Total	**5**	**100%**	**3**	**8**	**100%**

1. Senior positions include CEO, CFO, SID and Chair.
2. For Foresight, Executive Management includes the members of the Executive Committee and the Company Secretary. See Glossary on page 210 for full definition.
3. See Glossary on page 211 for full definition.

Non-compliance

The Listing Rules will require that at least 40% of the individuals on a company's board are women, that at least one of the senior positions on its board is held by a woman and that at least one individual is from a minority ethnic background.

Foresight listed on 4 February 2021 with its current Board composition. It is considered that the current size of the Company does not warrant a Board of more than its current number of five members, two of which are Executive Directors. The three Non-Executive Directors were selected due to their knowledge and experience. The Board is of the opinion that to increase the number of Directors on its Board would not provide value to the Company and would result in additional expenses. Also, that to change the Board at such an early stage after its listing would not be beneficial to the Company or its stakeholders. The Board has agreed that it will keep its composition under review and in the event of a change, for whatever reason, diversity and inclusion will be a key consideration in identifying and recruiting any new member.

NOMINATION COMMITTEE REPORT CONTINUED

Nomination Committee

Members of the Committee are Alison Hutchinson, Geoffrey Gavey and Mike Liston (Chair). There have been no changes in composition during the year.

Composition

There have been no changes in the Committee's composition during the year, which remains as all the Non-Executive Directors, with me as Chairman. The composition of the Committee meets with the requirements of the Code, including in relation to independence, and the continued appointment of each member is subject to their re-election at the 2022 AGM.

Board appointments

In accordance with its Terms of Reference, the Committee will make recommendations to the Board for any new Director and when considering Board appointments and succession planning, the Committee will have regard to the composition and structure of the Board, as well as the Board's diversity, balance of skills and experience.

Succession planning

The succession plan approved during the year outlined the Group's approach for ensuring the identification and development of talent internally was being actively pursued to ensure preparedness for eventual succession, planned or otherwise, including attractiveness to talent outside the Group.

The succession planning has seen a change in composition of the Executive Committee during the year. Other members of senior management are also incentivised to encourage talent retention and personal/business development.

Responsibilities

The Committee is responsible for ensuring that skills are appropriately and continuously reassessed to meet the evolving strategic needs of the organisation, while embracing the underlying imperative to create, retain and protect value for the benefit of both its Shareholders and wider stakeholders.

Board independence

The Board regularly takes steps to monitor the independence of the Directors, including the Conflicts of Interest Register being reviewed at each full Board meeting to ensure the Board is aware of any changes or updates to its members' positions. A formal process would also be applied in the event a new external member was proposed for appointment to the Board. The Committee is satisfied that these processes appropriately inform the assessment of a non-executive Director's independence. Having undertaken a review of each of the non-executive Director's independence during the financial year, the Committee considers that all the non-executive Directors are independent and there are no circumstances or relationships which could affect their independent judgment. In particular, the Committee considered Geoffrey Gavey's tenure on the Board, as an Independent Non-Executive Director, prior to the Company's IPO in 2021. During the review, the Committee noted that Geoffrey has not been an employee of the Group and does not participate in the Group's pension schemes and the Committee, therefore, continues to consider that there are no relevant factors that would impact his independence. The Committee will continue to consider the independence of the Board as on ongoing objective.

Committee meetings

It remains the case that Committee meetings may be attended by the Executive Directors upon invitation. The only meeting the Executive Directors were not invited to was the meeting of 2 March 2022 to review the Board effectiveness evaluation. The Committee's activities aim to fulfil its Terms of Reference, which can be found on Foresight's website: **https://www.fsg-investors.com/corporate-governance**.

The number of Committee meetings held during the year exceeded the minimum required and attendance was as follows:

Member	3 December 2021	2 March 2022	25 March 2022
Mike Liston	✓	✓	✓
Alison Hutchinson	✓	✓	✓
Geoffrey Gavey	✓	✓	✓

Board effectiveness evaluation

During the year the Committee conducted a Board effectiveness evaluation by anonymous questionnaire, which tested Board performance in the key components of strategy, risk management and governance and whether it was properly leveraging the core drivers of process, conduct and talent. The findings were favourable overall and weaknesses, where observed, were administrative and not unusual in a company so new to the reporting rigours of a Premium LSE listing. At least one of the next two annual evaluations will be independently facilitated.

2021/2022 Internal Board effectiveness evaluation process

01 Initiate process	02 Collation of responses	03 Committee review	04 Report to Executive Chairman
The evaluation questionnaire was produced by the Chair of the Nomination Committee and Company Secretary with both scored and open text sections. This was circulated to the Board members for completion in January 2022.	The Company Secretary collated all responses on an anonymous basis into a single, consolidated document, which was then circulated to the Board members.	The Nomination Committee reviewed the results on 2 March 2022 and various points were highlighted for discussion with the Executive Chairman.	The Senior Independent Director met with the Executive Chairman in March 2022 to discuss the points highlighted.

Key findings

- Overall, the scored results were middle of the range, based on a scoring range of 1-4 with 1 being the lowest score and 4 being the highest
- It was acknowledged that the Board had worked together for one year and that the scores were considered to be in line with expectations for such a new Board
- It was noted that Board reporting was continually evolving with senior management responding to the Board's requirements
- The Board's interaction with senior management was also evolving with the introduction of an annual meeting with key team leaders and initiatives for connection with staff via the Senior Independent Director as the Board's workforce engagement representative
- No changes proposed to the current Board composition
- That an external evaluation will be sought in 2023-2024

Re-election of Directors

It is the Committee's recommendation, and in compliance with the Company's Articles of Association and the Code, that all Directors will retire at the forthcoming AGM and offer themselves for re-election. This recommendation was made following the Committee's consideration of the collective skills, knowledge and experience of the Board and of each Director's contribution towards achieving the Group's strategy and the creation of long-term value for stakeholders. All Directors have confirmed their willingness to be re-elected.

On behalf of the Nomination Committee

Mike Liston

Chair of the Nomination Committee

11 July 2022

AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Committee continues to play a key role in developing Foresight Group's risk management and governance framework whilst ensuring the integrity of its financial reporting and internal controls through the scrutiny, monitoring and review of its systems.

Geoffrey Gavey
Chair of the Audit & Risk Committee

Dear Shareholders,

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 March 2022.

Key areas of focus

Over the last 12 months the Committee has focused on monitoring the integrity of the Group's financial statements and evaluating the further development of its risk management function.

As noted in my report last year, the Group engaged an external regulatory and compliance adviser to conduct a thorough review of the Group's risk management processes. The Group hired a Head of Risk part way through this financial year to address the requirements highlighted in the report. The Committee was recently updated on the developments in this area and is satisfied with the progress.

Composition

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 are me as Chairman, alongside fellow independent NEDs Alison Hutchison and Mike Liston.

The UK Corporate Governance Code recommends that all members of the Audit & Risk Committee be Independent Non-Executive Directors, that one such member has recent and relevant financial experience and that the Committee as a whole shall have competence relevant to the sector in which the Company operates.

Whilst no member of the Audit & Risk Committee has an accounting or audit qualification, the Board considers that the Company complies with the requirements of the UK Corporate Governance Code, as I have recent and relevant financial experience, being a member of the Audit & Risk Committee at other companies. The absence of a member of the Audit & Risk Committee with an accounting and/or audit qualification will be kept under periodic review by the Board.

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 seven occasions during the financial year under review to discuss and approve both the Annual and Half-year Reports; plan for the audit for the year ended 31 March 2022; and discuss a number of other risk areas within the remit of the Committee.

Responsibilities

As part of the IPO in February 2021, Terms of Reference ("ToR") were defined and documented for the Committee, which reflect the current statutory requirements and best practice appropriate to a group of Foresight's size. The Committee is principally responsible for the following:

(i) Considering and reporting any significant issues that arise in relation to the audit of the financial statements

(ii) Reviewing the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems

(iii) Considering the need for an internal audit function

(iv) Reviewing the independence and effectiveness of the external audit process, including the provision of any non-audit services

A copy of the ToR can be found at **https://www.fsg-investors.com/corporate-governance#BoardCommittees**

(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 2022 were as follows:

Area of focus	Comments and conclusions
Revenue recognition (Management and Secretarial fees; Marketing fees; Directors' fees; Arrangement fees; and Performance fees)	**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' 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 the Group has certainty as to the receipt of such revenue, such that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. A performance fee was recognised during the year following successful exits from the Foresight Regional Investment Fund LP ("FRIF"). The revenue was recognised once the cash had been received by the Group. 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.
IFRS 2 – Performance Share Plan	The Group implemented a new IFRS 2 Performance Share Plan ("PSP") scheme during the year with the first grant of options in September 2021. The implementation of this plan involved management judgement and complex accounting in particular around the grant and vesting start date, and the fair value of the options including appropriate retention rates. Management engaged with a third-party firm specialising in IFRS 2 valuations to assist with the valuation in this area. Discussions were held between the firm and management who challenged the assumptions used and assessed their appropriateness. Following discussions with management and review of the output from the third-party firm, the Committee has concluded that the financial statements have been accurately presented in accordance with IFRS 2.

Responsibilities continued

(i) Significant financial reporting areas continued

Area of focus	Comments and conclusions
Placement fees	Following the further closes of the FEIP fund during the year, there was a large increase in placement fees, representing the costs of onboarding new investors into the fund. These placement fees were incremental to modifying the contract with the end customers and as a result were recognised as an asset and will be subsequently amortised on a systematic basis consistent with the pattern of transfer of the services to which the asset relates. Following discussions with management and review of the Group's accounting policies and procedures in this particular area, the Committee is comfortable that the accounting treatment and disclosures in the Annual Report are appropriate.
Recognition and measurement of intangible assets	The Group acquired the remaining 50% of the JV holding in FV Solar Lab SRL during the year. The acquisition was accounted for as a business combination under IFRS 3 and resulted in the recognition of an intangible asset of £1.7 million. Management engaged a third-party firm specialising in IFRS 3 valuations to assist with the accounting surrounding this transaction. The valuation of the intangible asset was determined by using a combination of a Multi period Excess Earnings Method ("MEEM") and Discounted Cash Flow ("DCF"). Following discussions with management and review of the report from the third-party firm, the Committee is comfortable that the transaction has been accounted for correctly under IFRS 3 and there are no indications of impairment at 31 March 2022.
Fair value of investments in underlying funds	The Group has various "co-investments" in underlying Limited Partnership funds. The fair value of these investments is based on the NAV of the respective funds. There is some element of judgement involved in arriving at the valuation of the investments held by these funds, but the Committee is comfortable with the processes and controls in place across the Group, as evidenced by the ISAE 3402 report produced for the 12 month period to 31 March 2022. Comfort was also obtained by the fact that these funds were externally audited during the year.

(ii) Risk management and internal controls

Each business and functional area across the Group identifies risks and assesses the risk and controls framework. Oversight of risks and risk management activity remains with the Group's Risk Committee, with some committee-relevant risks discussed at those committees as well, 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 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 102 to 105 of the Strategic Report.

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.

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

Taking account of the nature, scale and complexity of the Group's business, Foresight does not currently have a dedicated internal audit function. However, the Committee keeps this under constant review and is now expecting to implement an internal audit function in the near future as a result of the continued growth of the business. We also appointed a Head of Risk during the year to build on the development of our risk governance function.

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 2022. In addition, to ensure CASS rules are followed, an independent review is performed by the internal compliance function as part of its annual compliance monitoring plan.

(iv) External audit, including non-audit services

The Committee is responsible for ensuring that the External Auditor provides an effective audit of Foresight's financial statements, including overseeing the relationship, and evaluating the effectiveness of the service provided and its ongoing independence.

BDO are engaged as the External Auditor and have audited the principal trading business within the Group (Foresight Group LLP) since 2019 – Peter Smith has been BDO's senior statutory audit partner since then. The External Auditor is required to rotate its engagement partner at least every five years, and the audit partner will change in 2024 in line with these requirements.

In assessing the quality and effectiveness of the external audit, the Committee reviewed the audit team's demonstrated competence, experience, diligence, objectivity, professional scepticism, current knowledge and its relationship with the Executive Directors and senior management. In particular, the Committee met with the lead partner and senior members of the audit team to review the audit scope and audit findings, provide challenge and assess the depth of review provided by BDO over the significant judgements and estimates made by management. I also held private meetings with Peter Smith during the audit to understand BDO's processes, capability of their staff and observations about management, all of which I was satisfied with.

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 Financial Reporting Council's ("FRC's") Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019) (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 to these financial statements. The non-audit services provided by BDO for the year ended 31 March 2022 related to an assurance report on the internal controls environment of the Group in accordance with ISAE 3402; the interim review of the Group's Half-year Report; services in respect of offers for new shares in the VCTs the Group manages; and the annual CASS audits.

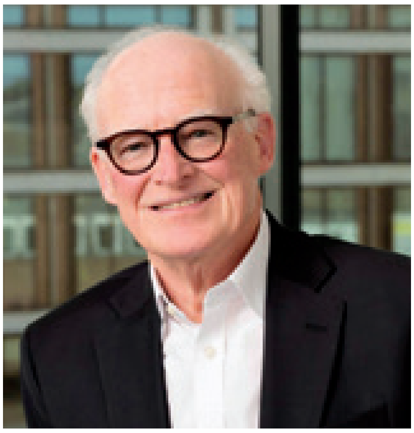
The Committee is also responsible for recommending to the Board the appointment, reappointment and removal of the External Auditor. The Committee has recommended to the Board that, subject to Shareholder approval at the 2022 AGM, BDO be reappointed as External Auditor of the Group for the forthcoming year.

On behalf of the Audit & Risk Committee

Geoffrey Gavey
Chair of the Audit & Risk Committee

11 July 2022

REMUNERATION COMMITTEE REPORT



The Remuneration Committee's aim is to maintain remuneration policies which promote long-term value creation through transparent alignment with the Board's corporate strategy.

Mike Liston, OBE
Chair of the Remuneration Committee

Dear Shareholders,

I am pleased to present the report of the Remuneration Committee for the year ended 31 March 2022, which sets out the current remuneration policy and the remuneration paid to the Directors during the year.

Our priorities

This was Foresight Group's first full year as a public company, so naturally the Committee's initial priority was to assess whether the remuneration policies and practices set at IPO remain appropriate for the future. Our assessment is that the current policy supports continuation of the strong executive performance evident in the Company throughout its history under private ownership and retains alignment with the Board's corporate strategy to create value for Shareholders and other stakeholders. It possesses strong features of transparency and simplicity, notably that the Executive Directors receive only fixed remuneration, having no entitlement to performance bonuses and having elected not to participate in the Company's Performance Share Plan which operates amongst the wider management group.

Powerful alignment with Shareholders' interests is very evident amongst the current Executive Directors who themselves have substantial shareholdings and whilst continuity in the benefits to the Company of a strong "owners' mentality" looks assured for the foreseeable future, the Committee has begun to examine mechanisms to future-proof remuneration policy so that a more market-aligned package can be offered to Executive Directors in future executive recruitment. Similarly, some structural improvements to current arrangements below Board level would improve consistency, cascade and alignment with Executive Directors whilst supporting the Company's culture of internal talent development and succession from within.

For the reasons I give above and in view of some Shareholder feedback at the August 2021 AGM regarding the merits of selected non-financial measures in performance pay, we have engaged a remuneration consultant, Korn Ferry, to assist in a "fit for the future" review. I will report on the outcomes of this review in due course and will consult with Shareholders before proposing any significant changes to our existing Remuneration Policy.

The Group's current Remuneration Policy, detailed later in my report, was approved by Shareholders at the AGM on 26 August 2021 and remains unchanged.

AGM Shareholder voting August 2021

Resolution	Votes for	Votes against	Votes withheld
That the Remuneration Committee's report for the financial year ended 31 March 2021 be approved	92,093,990	1,423,815	175
	98.48%	1.52%	
That the Remuneration Policy set out in the Remuneration Report contained in the Governance section of the Annual Report and Financial Statements for the financial year ended 31 March 2021 be approved.	91,703,711	1,814,094	175
	98.06%	1.94%	

Composition

The Committee was formed on 3 February 2021 as part of the preparations for the Company's IPO. Its membership comprises me as Chairman, alongside fellow Non-Executive Directors Alison Hutchinson and Geoffrey Gavey.

The UK Corporate Governance Code (the "Code") recommends that before appointment as Chair of the Remuneration Committee, the appointee should have served on a remuneration committee for at least 12 months. I fulfil this requirement, having served on the remuneration committee of JTC Group for in excess of 12 months.

Committee meetings

The Committee meets at least twice each year, inviting such attendees, in an advisory capacity, as are considered necessary and appropriate to the business to be discussed.

During the year ended 31 March 2022, the Committee met four times to discuss a number of areas including the implementation of the Group's Performance Share Plan ("PSP"); annual review of the Group's remuneration policy; and consideration of further non-financial KPIs to be included in future option allocations under the PSP.

Responsibilities

As part of the preparation for Admission, Terms of Reference ("ToR") were defined and documented for the Committee, which reflect the current statutory requirements and best practice appropriate to a group of Foresight's size. A copy of the ToR can be found at **https://www.fsg-investors.com/corporate-governance#BoardCommittees**

The Committee is principally responsible for determining, in accordance with the principles and provisions of the Code, the policy for the Directors' remuneration and setting remuneration for the Executive Chair of the Board, Executive Director(s) and senior management (as defined in the Code), being the Executive Committee and the Company Secretary (the "Executive Group"). No member of the Executive Group is involved in any decisions as to their own remuneration.

The Board itself, or, where required by the Articles of Incorporation, the Shareholders, determine the remuneration of the Non-Executive Directors, within the limits set in the Articles of Incorporation.

In determining the Executive Director remuneration policy and practices (including for the Executive Chair), the Committee ensures the following is addressed:

- **Clarity:** remuneration arrangements should be transparent and promote effective management with Shareholders and the workforce
- **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand
- **Risk:** remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated
- **Predictability:** the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy
- **Proportionality:** the link between individual rewards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance
- **Alignment to culture:** incentive schemes should drive behaviours consistent with Company purpose, values and strategy

The Executive remuneration for the year just ended and the year ahead is described in more detail later in this report, and the Committee is of the view that the current Executive remuneration packages address all the points outlined above.

The Committee also reviews (i) pay and employment conditions and remuneration trends across the Group, especially when determining annual salary increases; and (ii) the alignment of workforce incentives and rewards with culture.

REMUNERATION COMMITTEE REPORT CONTINUED

Remuneration policy

The remuneration policy below was approved by Shareholders at the Company's AGM on 26 August 2021. It became effective from that date and remains effective for three years.

The Remuneration Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable, although, as a Guernsey registered company, the Company is not technically required to do so. The UK remuneration reporting regulations contain provisions which make Shareholder approval of the policy of UK incorporated companies binding. As the Company is not UK incorporated those provisions have no legal effect. However, the Company will limit the power of the Committee so that it may only authorise payments to Directors that are consistent with the policy as approved by Shareholders. In that way the Company considers the vote of Shareholders on the policy to be binding in its application.

The policy explains the purpose and principles underlying the structure of remuneration packages and how the policy links remuneration to the achievement of sustained high performance and long-term value creation.

Overall remuneration is structured and set at levels to enable Foresight to recruit and retain high calibre colleagues necessary for business success whilst ensuring that:

- Our reward structure, performance measures and mix between fixed and variable elements is comparable with similar organisations
- Rewards are aligned to the strategy and aims of the business
- The approach is simple to communicate to participants and Shareholders
- Particular account has been taken of structures used within FTSE 350 companies and other comparable organisations
- The incentive structure for senior management does not raise ESG risks by inadvertently motivating irresponsible behaviour – the Committee is able to consider corporate performance on ESG issues when setting Executive Directors' remuneration

Executive Directors

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	Provides a set level of remuneration sufficient to attract and retain Executives with appropriate experience and expertise.	The Committee will consider a number of factors when setting and reviewing salaries, including: • Scope and responsibility of the role • Any changes to the scope or size of the role • Salary levels for similar roles within appropriate comparators • Value of the remuneration package as a whole	There is no maximum to salary levels or salary increases. Account will be taken of increases applied to the workforce as a whole when determining salary increases for Executive Directors. However, the Committee retains the discretion to award higher increases where it considers it appropriate, particularly where salary at the outset has been set at a relatively low level.
Pension	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	N/A – The Executive Directors have waived their entitlement to a pension.	N/A – The Executive Directors have waived their entitlement to a pension.
Benefits	Provides benefits sufficient to attract and retain Executives with the appropriate experience and expertise.	Executive Directors are currently entitled to the following benefits: • Partial private medical insurance • Certain de minimis benefits in kind Executive Directors may also be eligible to participate in the Group Performance Share Plan at the discretion of the Committee. However, the current Executive Directors have elected not to participate in the PSP for the foreseeable future.	The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Company strategy. The maximum will be set at the cost of providing the benefits described. One-off payments such as legal fees or outplacement costs may also be paid if it is considered appropriate.

Other employees

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary	Provides a set level of remuneration sufficient to attract and retain the most talented people with appropriate experience and expertise.	Base salaries are reviewed annually on 1 August. When conducting the annual salary review for all staff, account is taken of the external market (including market data provided by independent advisers) and individual performance.	When benchmarking roles against the external market, salary bands stating a minimum and maximum will be agreed for each role. Account will also be taken of increases applied to colleagues as a whole when determining salary increases across the business.	In addition to the benchmarking exercise, individual performance will also be considered, including financial, operational, strategic and individual goals set at the start of the year.
Pension	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	Staff below Partner grade are entitled to participate in the Group's pension scheme. As part of the government's pension auto-enrolment programme, all new starters (if eligible) are automatically enrolled into the scheme.	The Group contributes up to 8% of qualifying earnings into the pension scheme.	N/A
Annual bonus	Variable remuneration that rewards the achievement of annual financial, operational and individual objectives integral to the Group strategy.	Objectives are set annually based on the achievement of strategic goals. At the end of the year, the Committee meets to review performance against the agreed objectives and determines payout levels.	In the event that staff are in receipt of a bonus equating to more than 50% of their base salary then this additional amount (above 50%) will be deferred.	Awards are based on financial, operational, strategic and individual goals set at the start of the year. The Committee reserves the right to make an award of a different amount produced by achievement against the measures if it believes the outcome is not a fair reflection of Company performance. The split between these performance measures will be determined annually by the Committee.
Share Incentive Plan ("SIP") for UK employees[1]	The Company attaches considerable importance to the role of performance-based bonuses to drive profitability and business growth and to the importance of wider all-employee share and/or performance-based incentives to align employees' interests with the interests of Shareholders. The SIP has been adopted to further those aims.	UK employees of the Company and its subsidiaries will be eligible to be granted an award under the SIP at the discretion of the Committee. Executive Directors and senior managers are not eligible to participate in the SIP.	The SIP is an HMRC-approved scheme, whereby UK employees can purchase up to £1,800 of partnership shares per tax year, with the Group then awarding two free matching shares for each partnership share purchased.	Shares need to be held for three to five years to benefit from the advantageous HMRC tax treatment.

1. We intend to implement a similar scheme for our overseas staff shortly.

Remuneration policy continued

Other employees continued

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Performance Share Plan ("PSP")	Variable remuneration designed to incentivise and reward the achievement of long-term targets aligned with Shareholder interests. The PSP also provides flexibility in the retention and recruitment of Executive Directors.	Awards granted under the PSP vest subject to achievement of performance conditions measured over a three year period. PSP awards may be made as conditional share awards or in other forms (e.g. nil cost options) if it is considered appropriate. Accrued dividends may be paid in cash or shares, to the extent that awards vest. The Committee may adjust and amend awards in accordance with the PSP rules. Malus and clawback provisions may be applied in exceptional circumstances.	In any financial year, the total market value of shares over which awards can be made under the PSP to any participant cannot normally exceed 150% of their annual base salary, but the plan rules will allow the Remuneration Committee the discretion to award up to 300% of annual base salary in exceptional circumstances.	PSP options will vest depending on the Company's total shareholder return ("TSR") performance. The Committee has determined the percentage that would vest as set out on page 135.

Fixed elements of remuneration for Non-Executive Directors

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
Non-Executive Director fees	Fees are set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its Committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.	The fees paid to the Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as Chair of the Board's Audit & Risk Committee, Remuneration Committee and Nomination Committee.	Fee levels are set by reference to Non-Executive Director fees at other FTSE companies of similar size, sector and complexity and general increases for salaried employees within the Company.

Notes to the Policy table

As described in this Policy, the Committee may exercise its discretion to (i) determine the size of the annual bonus and PSP awards; (ii) set the performance measures and targets attaching to the annual bonus and PSP awards; (iii) amend those performance measures and targets during a year if they are no longer considered a fair measure of performance; (iv) override the formulaic outcomes of performance measures and targets (where applicable) to ensure that payments under the annual bonus plan reflect the underlying performance of the business or of the Executive Director concerned; (v) apply malus and clawback; (vi) adjust the shares subject to the SIP and PSP awards in the event of a variation of a corporate event by the Company; (vii) apply a holding period where appropriate; (viii) act within the terms of the Termination Policy; and (ix) act within the terms of the Recruitment Policy. Additionally, the Committee may exercise its discretion in order to make such other non-material decisions affecting the Executive Directors' awards in order to facilitate the administration of the annual bonus, PSP and SIP respectively. Any and all decisions will be made in compliance with the Company's policies and in accordance with the applicable plan rules. Use of discretion will be disclosed in the relevant Directors' Remuneration Report.

Legacy matters

The Committee reserves the right to make any remuneration payments where the terms of the payment were agreed (i) prior to the Company's IPO, or (ii) before the Policy came into effect, or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. This does not apply to pension contributions for new appointments to the Board. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Shareholder dialogue

The Committee is committed to ongoing dialogue with Shareholders and welcomes feedback on Executive Directors' remuneration. We will seek to engage with major Shareholders and their representative bodies on changes to our Policy. The Committee will also consider Shareholder feedback on remuneration-related resolutions following each year's Annual General Meeting. This, along with any additional feedback received (including on any updates to Shareholders' remuneration guidelines), will be considered as part of our annual review of our Remuneration Policy and its implementation. The Committee also actively monitors changes in the expectations of institutional investors and considers good practice guidelines from institutional Shareholders and Shareholder bodies.

Remuneration policy for other employees

As with the Executive Directors, salary for other employees is set at a level sufficient to attract and retain them, taking into account their experience and expertise. Remuneration packages comprise salaries plus cash bonuses and/or employee share awards.

The Group regards membership of its share plans as a key part of its reward strategy which also aligns with the interests of employees and other stakeholders. Most employees receive benefits such as a contribution towards private medical cover and life assurance.

Recruitment policy

Consistent with best practice, new senior management hires (including those promoted internally) will be offered packages in line with the Remuneration Policy in force at the time. It is the Committee's policy that no special arrangements will be made, and in the event that any deviation from standard policy is required to recruit a new hire, approval would be sought at the AGM.

The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer ("buyout awards"). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the incentives it is replacing.

Termination policy

In the event of termination, service contracts provide for payments of base salary and benefits only over the notice period.

There is no contractual right to any bonus payment in the event of termination although in certain "good leaver" circumstances the Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year.

The default treatment for any share-based entitlements under the share plans is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, or at the discretion of the Remuneration Committee, "good leaver" status can be applied. In these circumstances a participant's awards will, ordinarily, vest subject to the satisfaction of the relevant performance criteria and on a time pro-rata basis, with the balance of the awards lapsing.

Share ownership guidelines

In accordance with good practice and further aligning Executive Directors with the long-term interests of the Company, Executive Directors are required to build or maintain a shareholding equivalent to at least 150% of their annual base salary and after they have left the employment of the Group, they are required to retain a shareholding equivalent to 150% of their annual salary at the time of departure for at least two years after they have departed. Both Executive Directors hold a significant shareholding, as detailed on page 132.

Appointment of Directors

At every AGM, each of the Directors on the Board will retire. A Director who retires at an Annual General Meeting may be reappointed if they are willing to act as a Director.

Directors' emoluments (audited)

The Executive Directors' emoluments for the financial year to 31 March 2022 are summarised in the table below.

Total earnings (£000)	2022 Bernard Fairman	2022 Gary Fraser	2021 Bernard Fairman	2021 Gary Fraser
Salary/drawings[1]	**20**	**220**	—	220
Partnership profit share and dividends	**—**	**—**	9,329	766
Capital redemptions/buybacks	**—**	**—**	4,763	—
Private medical insurance	**4**	**2**	2	1
Other benefits[2]	**6**	**—**	1	—
Sub-total	**30**	**222**	14,095	987
% movement on prior year	**(100)%**	**(78)%**	(38)%	(57)%
IPO proceeds	**—**	**—**	93,058	14,711
Total	**30**	**222**	107,153	15,698
Amount fixed	**30**	**222**	553	221
Amount variable	**—**	**—**	106,600	15,477

1. As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman's favour immediately pre-Admission, so for the year ending 31 March 2022 he agreed to reduce his base salary to £20,000.
2. As disclosed in the pre-IPO Prospectus, Foresight Group LLP sold a long leasehold flat to Bernard Fairman's wife for a consideration of £450k, being the fair market value. Foresight Group LLP continues to pay council tax, utilities, service charges and rates payable in connection with the flat for as long as Bernard Fairman acts as Executive Chairman of FGHL.

Neither of the Executive Directors are entitled to any pension entitlement or additional benefits or special awards as they have elected not to participate in the Group's pension scheme. Last year (pre-Admission), the level of remuneration paid to the Executive Directors was reviewed and they proposed that their base pay would remain the same post-Admission at £550,000 for Bernard Fairman and £220,000 for Gary Fraser. This proposal was made on the basis that they had significant shareholdings (subject to lock-in arrangements), which they felt was sufficient incentive to continue to work to generate returns for Shareholders. As noted above, a distribution was made in Bernard Fairman's favour immediately pre-Admission and he therefore agreed to reduce his base pay to £20,000 for the year ending 31 March 2022. For the year ending 31 March 2023, Bernard Fairman's base pay will return to £550,000.

During the year ended 31 March 2022, the Committee reviewed the above arrangements and whilst acknowledging the intention to benefit Shareholders through this approach, the Committee agreed to appoint a remuneration consultant post year end to gain an independent view into the level of remuneration paid to the Executive Directors, NEDs and senior management to ensure the levels of remuneration are at least equal to the market norm and sufficient to retain the Executives and ensure alignment with the strategy and aims of the business.

The table below illustrates the current shareholdings of each Executive Director, based on the closing share price on 31 March 2022 (£3.70).

Executive Director	Number of shares at year end	Value of shareholding at year end
Bernard Fairman[1]	32,324,699	£119,601,386
Gary Fraser[2]	4,413,365	£16,329,450

1. Bernard Fairman holds his shares in the Company through Beau Port Investments Limited.
2. All held in the name of his wife, Susan Fraser.

There have been no changes to shareholdings of the Executive Directors between the year end and the date of this report.

Both Executive Directors are entitled to 30 days' holiday each year (in addition to the usual bank holidays) and their notice periods are 12 months and six months (by either party) for Bernard Fairman and Gary Fraser respectively.

Remuneration for the year ending 31 March 2023

From 1 April 2022 onwards, Bernard Fairman's remuneration has reverted to his previously agreed base pay of £550,000. Gary Fraser will receive a base salary of £220,000 for the year ending 31 March 2023. Both Executive Directors will benefit from a partial private medical insurance contribution and will be entitled to receive any dividends declared and paid by the Group in accordance with the number of shares held.

Notwithstanding that Foresight over-achieved against its performance targets for the year ending 31 March 2022, the Executive Directors have again elected not to benefit from the Group's Performance Share Plan.

CEO pay ratio

As a non-UK incorporated company with fewer than 250 UK employees, Foresight is not required to adhere to the CEO pay reporting regulations. However, as noted at the start of the Remuneration Policy earlier in my report, the Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable and so has chosen to make a voluntary disclosure of CEO pay ratios.

Year	Method	25th percentile ratio	Median pay ratio	75th percentile ratio
FY22[1]	Option A	0.6	0.3	0.2

Employee pay is calculated on the basis of the CEO single figure, which is "Option A" under the reporting requirements and the methodology the Committee believes to be the most comparable and robust. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2022, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant) and have used the earnings for FY22 of our Executive Chairman, Bernard Fairman.

Gender pay gap

As predicted through our talent mapping, we have seen women progress into senior roles. This is also considered when we are recruiting for senior vacancies we have within the business.

We are pleased to have increased the number of women in senior roles within the business, and this has positively impacted our gender pay gap, which is currently at 12%. Our median gender pay gap is 13%.

The data below shows we are still on our journey, but we are determined to make headway with the strategies we have in place to continue to have a sustainable impact on closing the gender pay gap.

	FY22	
	% of men	% of women
Upper Quartile	68	32
Upper Middle Quartile	72	28
Lower Middle Quartile	60	40
Lower Quartile	36	64
Mean Gender Pay Gap	12%	
Median Gender Pay Gap	13%	

1. If using Bernard Fairman's normalised base pay of £550,000, the ratios in the table above would be 11, 6 and 4 respectively.

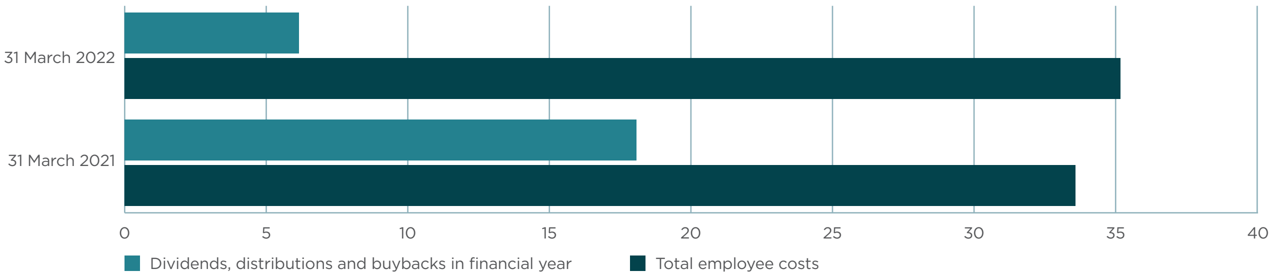
Relative spend on pay

The table and graph below show the amount of dividends, distributions and buybacks against employee costs for the last two financial years. These figures are underpinned by the amounts from the notes to the financial statements.

Pre-IPO, as the Group was an owner-managed business, dividends, distributions and buybacks were an important element of remuneration for Shareholders.

£m	**31 March 2022**	31 March 2021	% change
Total employee costs	**35.4**	33.8	5%
Dividends, distributions and buybacks in financial year	**6.2**	18.2	(66)%

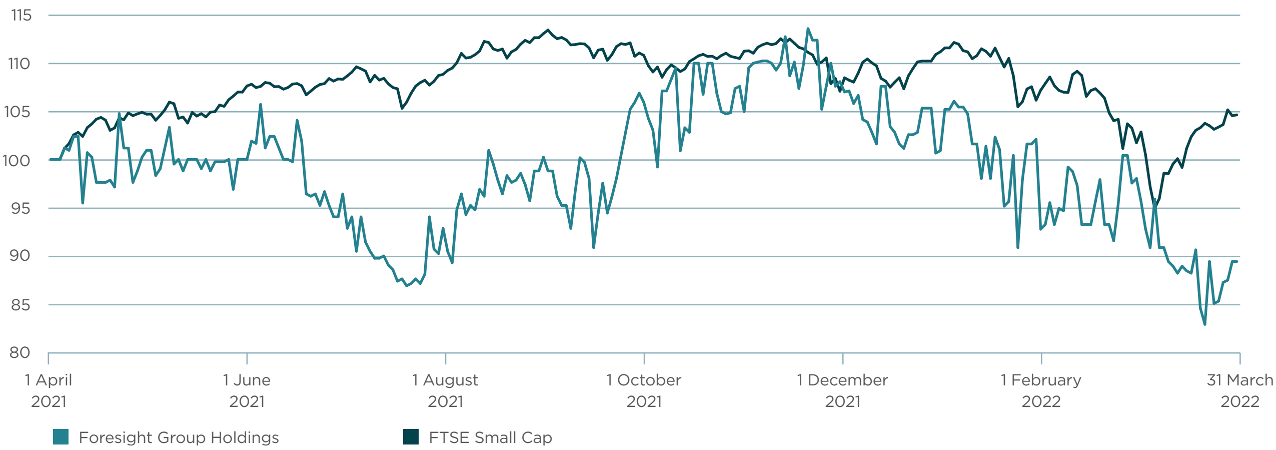
Relative importance of spend on pay (£m)



Total shareholder return performance

The graph below shows the value at 31 March 2022 of £100 invested in Foresight Group at the start of the financial year, compared to £100 invested in the FTSE Small Cap Index (both with dividends re-invested). The Group is a member of the Small Cap index and this is therefore deemed to be the most relevant benchmark to use.

Total shareholder return



Senior management

As noted in my prior year report, the Committee approved the implementation of a Group PSP this year. The first grant of options under the scheme was made on 6 September 2021. The scheme is linked to an absolute total shareholder return ("TSR") of 6% compound growth per annum over a three year period. The absolute TSR condition vests over a range as per the table below:

TSR growth over measurement period	Percentage of award that vests
6% TSR compound growth or more	100%
More than 3% but less than 6% TSR compound growth	Pro-rata between 25% and 100% (on a straight-line basis)
3% TSR compound growth	25%
Less than 3% TSR compound growth	Nil

When reviewing the first-year allocations, the Committee gave regard to succession planning, flight risk and recent personal performance. Neither of the Executive Directors participated in the PSP in the first year of allocations for the rationale detailed earlier in my report. No remuneration consultants were engaged in the year ended 31 March 2022, but, as noted earlier in my report, Korn Ferry was engaged post year end and has no other connection with the Company or individual directors.

Commitments under all-share schemes satisfied by newly issued shares must not exceed 10% of the issued share capital in any rolling ten year period, with flexibility on what can be used to satisfy options under executive share schemes. The Group's position against the dilution limits at 31 March 2022 since Admission was 1% across all schemes.

Wider Group workforce

The Committee reviews the ongoing appropriateness of the wider workforce remuneration and related policies. The remuneration package for staff is structured to be competitive in the market in which the Group operates in order to retain the most talented people. The package offered includes the following elements:

- Base salary
- Pension
- Annual bonus
- Other benefits (e.g. private medical insurance and life assurance)
- Share Incentive Plan ("SIP")
- Performance Share Plan ("PSP")

The Group seeks to promote and maintain good relations with staff as part of its broader staff engagement strategy. The Senior Independent Director has met with the Head of People on several occasions throughout the year and staff engagement has increased through the establishment of an Employee Forum. This initiative represents staff at all grades and departments across the business, with a primary focus on the culture at Foresight.

Non-Executive Directors ("NEDs")

At listing, all three NEDs entered into a three year contract, but each NED may be invited by the Company to serve for a further period or periods. In any event, each NED appointment is subject to annual re-election by Shareholders at each Annual General Meeting of the Company and a NED's appointment may be terminated at any time by either party giving the other one month's written notice or in accordance with the Articles of Incorporation. In the event Shareholders do not re-elect a NED, or he/she is retired from office under the Articles of Incorporation, the relevant appointment shall terminate automatically, with immediate effect and without compensation. On termination of appointment, NEDs are only entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

NEDs are not eligible to participate in any of the Group's long-term incentive, bonus or pension schemes. There were no payments made for loss of office during the year. Details of the policy on fees paid to our NEDs is set out overleaf.

Non-Executive Directors ("NEDs") continued

Fees

To attract and retain NEDs of the highest calibre with broad commercial experience relevant to the Group, fee levels are reviewed periodically by considering external advice on best practice and fee levels at other FTSE companies of broadly similar size and sector to Foresight. Time commitment and responsibility are also considered when reviewing fees.

The annual NED fees are outlined below. A base fee is agreed, with additional fees payable for chairing Board Committees:

NED fee type	Annual fee
Base fee for independent NEDs	£50,000
Additional fee for chairing a sub-committee	£5,000
Additional fee as Senior Independent Director	£10,000
Additional fee for acting as NED of a licensed subsidiary	£10,000

NED	Annual fee	Salary for year ended 31 March 2022	Salary for year ended 31 March 2021[2]	% movement on prior year	No. of shares held at year end	Value of shareholding at year end[4]
Alison Hutchinson (Senior Independent Director)	£60,000	£60,000	£8,218	630%	5,952	£22,022
Mike Liston (Chair of the Nomination and Remuneration Committees)	£60,000	£60,000	£8,218	630%	11,904	£44,045
Geoffrey Gavey (Chair of the Audit & Risk Committee)[1]	£65,000	£65,000	£32,534[3]	100%	11,904	£44,045

1. Geoffrey Gavey receives an additional £10,000 per annum for acting as NED of a licensed subsidiary within the Group.
2. Pro-rated as Company listed part way through the year.
3. Includes NED fees earned pre-Admission.
4. Based on closing share price of £3.70 on 31 March 2022.

Shareholder views

The Committee will consider any Shareholder views received throughout the year, as well as guidance from shareholder representative bodies more broadly. The Directors' Remuneration Policy will be kept under regular review, to ensure it aligns the interests of the Executive Directors with those of Shareholders. We will consult with Shareholders before making any significant changes to our Directors' Remuneration Policy.

On behalf of the Remuneration Committee

Mike Liston

Chair of the Remuneration Committee

11 July 2022

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

The Company

The Company, Foresight Group Holdings Limited, is a public company incorporated in Guernsey and is listed on the London Stock Exchange Main Market with a premium listing.

Subsidiary undertakings

The Company operates via its various subsidiary undertakings, which are domiciled in a number of jurisdictions globally. A list can be found in note 16 to the financial statements, which notes the domicile of each undertaking at the date of this report.

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

It is a requirement of Listing Rule 9.8.7R that the Company must comply with the Code, which is published by the Financial Reporting Council, or explain in its Annual Report and Financial Statements any areas of non-compliance and the Company's reasons for this. A copy of the Code can be found at **www.frc.org.uk**.

The Directors remain committed to comply with the Code, and it is intended that any areas of non-compliance must be justifiable. Those areas are noted below:

Provision	Explanation
9, 19	The Code recommends that the role of chairman and chief executive officer should not be exercised by the same individual. On and since Admission, Bernard Fairman has exercised the role of Executive Chairman, combining the role of chairman and chief executive officer, which does not comply with the UK Corporate Governance Code. He has also been on the Board longer than nine years. The Nomination Committee and the Board continue to consider that the role of an Executive Chairman is in the interests of Shareholders in order to utilise the proven leadership qualities and significant experience of Bernard Fairman to ensure the ongoing commercial success of the Group. Furthermore, Bernard Fairman was one of the founders of the Company in 1984 and can therefore provide stability and continuity through his detailed understanding of the Group's operations and the markets in which it operates.
26	Due to the size of Foresight Group, it has not been considered necessary to appoint an internal audit function; however, this matter will remain under constant review of the Board and Executive Committee.

Disclosure Guidance and Transparency Rules ("DTRs")

The Company complies with the corporate governance statement requirements of the FCA's DTRs by virtue of the information included in the Governance section of the Annual Report and Financial Statements.

Relationship Agreement – controlling Shareholder

As at 31 March 2022, Beau Port Investments Limited (the investment vehicle through which Bernard Fairman holds his shares) held, together with its concert parties, 44.9% of the Company's issued share capital. Consequently, under the Listing Rules, Bernard Fairman was, and continues to be, a controlling Shareholder of the Company.

Pursuant to Listing Rule 9.8.4, the Company has entered into a relationship agreement with Bernard Fairman, Beau Port Investments Limited and other parties with whom they are deemed to be acting in concert (the "Relationship Agreement"). Since the date of the Relationship Agreement, the Company has complied with the mandatory independence provisions in the Relationship Agreement and, as far as the Company is aware, Bernard Fairman, Beau Port Investments Limited and the other parties to the Relationship Agreement have also complied.

UK Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4 which have not been disclosed elsewhere in this Report. Details of long-term incentive plans can be found in the Remuneration Report.

Securities dealing code

In accordance with the UK Market Abuse Regulations, the Company has adopted a Securities Dealing Code and Securities Dealing Code Guidance that sets out their responsibilities for ensuring compliance when dealing in the Company's shares. The Code and Guidance have been shared with all persons named as insiders from time to time, including the Company's Directors, other PDMRs (persons discharging managerial responsibility), external parties and certain employees, and those documents are also available to all employees via the Foresight Governance and Compliance Library.

Results and dividends

The Consolidated Statement of Comprehensive Income is set out on page 151 and shows the results for the year ended 31 March 2022.

The Directors recommend that the Company pays a final dividend for the year ended 31 March 2022 of 9.8 pence per share, to be paid on 14 October 2022.

Principal activities, review of business and future developments

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

The review of the business and a summary of future developments are included in the Executive Chairman's statement on pages 2 to 4 and in the Strategic Report on pages 5 to 106.

Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging principal risks and uncertainties affecting the Group. These risks and uncertainties are explained in the Risks section on pages 96 to 105.

Directors

The names and details of the Directors serving at the date of this report are provided on pages 110 and 111. The Directors who served during the period under review were:

- Bernard Fairman, Executive Chairman
- Gary Fraser, CFO/COO
- Geoffrey Gavey, NED
- Alison Hutchinson, Senior Independent NED
- Mike Liston, NED

In accordance with the Company's Articles of Incorporation, all Directors will stand for re-election at the forthcoming Annual General Meeting of the Company. The Board believes that it is in the best interests of Shareholders that the Directors listed for re-election be re-elected.

Board diversity

See the Nomination Committee report for our update on Board diversity following the Listing Rules changes in April 2022.

Directors' indemnity

The Company has maintained a Directors' and Officers' liability insurance policy on behalf of the Directors, indemnifying them in respect of certain liabilities that may be incurred by them in connection with the activities of the Company. This policy does not provide cover for fraudulent or dishonest actions by the Directors.

Articles of Incorporation

The Company's Articles of Incorporation are available upon request from the Group Company Secretary and at the AGM. A copy has also been published in the Shareholder Centre on the Company's website: **https://www.fsg-investors.com/**

Share capital and voting rights

The Company's capital structure and details of share movements during the year are shown in note 27 to the financial statements.

No shares were issued during the year; as at 31 March 2022, there were 108,333,333 Ordinary Shares ("Shares") in issue of nil par value. The Shares are quoted on the Main Market of the London Stock Exchange.

Details of substantial shareholdings and control can be found in the table overleaf. Shareholder rights and entitlements are as follows:

- Shareholders are entitled to dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company
- On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share. Any Shareholder entitled to more than one vote need not cast all votes in the same way
- Shareholders are entitled to participate in any surplus assets in a winding up in proportion to their Shareholdings

Allotment of Shares

At the Company's AGM held in 2021 (the "2021 AGM"), the Shareholders have authorised the Directors to issue Shares in the Company's Share capital of up to two-thirds of the issued Share capital. It is the Directors' intention to seek the renewal of this authority by Shareholder resolution which will be set out in the notice of the forthcoming AGM (the "2022 AGM").

Also at the 2021 AGM, the Shareholders authorised the Directors to allot Shares without application of the pre-emption rights contained in Article 5.1 of the Company's Articles equivalent to approximately 5% of the Company's issued Share capital until the conclusion of the 2022 AGM.

The Directors will also seek to renew this extra authority by proposing a special resolution be passed at the 2022 AGM provided the extra 5% is used only in connection with the financing (or refinancing) of an acquisition or specified capital investment as contemplated by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in 2015.

Purchase of own Shares

At the 2021 AGM, the Company was authorised to buy back up to 10% of its own Shares by market purchase until the conclusion of the 2022 AGM. The Directors will seek to renew the authority to buy back up to 10% of its issued share capital at the 2022 AGM. This power will only be exercised if the Directors are satisfied that the purchase is in the interest of Shareholders and was not exercised during the year.

Relations with Shareholders

The Board recognises the importance of regular and effective communication with Shareholders, particularly the need for open communication on the Company's strategy. As a result, the Executive Directors and members of senior management have regular dialogue with the Company's major Shareholders to ensure that their views are communicated fully to the Board.

Other forms of communication typically include the annual and interim financial statements, announcements released to the London Stock Exchange, the AGM and regular face-to-face meetings with major Shareholders and management. These meetings enable the Executive Chairman and the CFO to update Shareholders on strategy and the Group's performance. The Company also has an ongoing programme of individual meetings with institutional Shareholders and analysts following the preliminary and half-year results presentations.

As soon as practicable following the conclusion of any general meeting, the results of the meeting are released through a regulatory news service and a copy of the announcements placed in the Shareholder Centre on the website **https://www.fsg-investors.com/shareholder-centre**. In the event that 20% or more of votes were cast against any resolution at a general meeting, an explanation of the actions proposed to be taken in response would be outlined.

The Shareholder Centre on the Company's website includes Annual and Half-year Reports, notices of meetings and other governance-related material, such as investor presentations and marketing materials.

DIRECTORS' REPORT CONTINUED

Substantial interests

At the Company's year end, 31 March 2022, and as at 11 July 2022, being the date this Annual Report and Financial Statements was finalised for publication, the following were the only substantial holdings representing 5% or more of the Company's total voting rights notified to the Company pursuant to DTR 5.

Beneficial Shareholder	Number of Shares	% of issued share capital
Beau Port Investments Limited[1]	32.32m	29.84%
Jupiter Fund Management PLC	7.90m	7.3%
Slater Investments Limited	6.00m	5.5%
Janus Henderson Group PLC	6.74m	6.2%
Liontrust Investment Partners LLP	5.49m	5.0%

1. A private company wholly and beneficially owned by Bernard Fairman, through which his Company shares are held.

Miscellaneous disclosures

- The Directors' powers are conferred on them by Guernsey company law and by the Articles of Incorporation.
- A statement showing the interests disclosed to the listed company in accordance with DTR 5 as at the end of the period under review and:
  (a) all interests disclosed to the listed company in accordance with DTR 5 that have occurred between the end of the period under review and a date not more than one month prior to the date of the notice of the annual general meeting; or
  (b) if no interests have been disclosed to the listed company in accordance with DTR 5 in the period described in (a), a statement that no changes have been disclosed to the listed company.
- The provisions concerning the appointment and replacement of Directors are contained in the Company's Articles of Incorporation (which in line with the UK Corporate Governance Code require the Directors to be subject to annual re-election) and the Companies (Guernsey) Law, 2008.
- The Company's Shares have been admitted to trading on the London Stock Exchange and may be traded through the CREST system.
- There are no restrictions on the transfer of the Company Shares other than those restrictions which may from time to time be imposed by law; for example, insider trading law.
- The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities and/or voting rights.
- With respect to the UK's Market Abuse Regulation, all Group employees are required to seek the approval of the Company to deal in its Shares.
- The Company's Articles of Incorporation may only be amended by special resolution at a general meeting of Shareholders. A copy of the Articles has been published in the Shareholder Centre on the Company's website: **https://www.fsg-investors.com/**
- The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.
- The Sustainability section of this Annual Report and Financial Statements sets out the Group's approach to greenhouse gas.
- The Company has no branches but certain of its subsidiaries have branches in the UK and elsewhere.
- Details of the financial instruments utilised by Foresight and the associated risks are described in note 30 to the financial statements.
- Likely future developments in the Group's activities are noted in the Strategic Report.
- Foresight has not conducted any activities in the field of research and development.

Engagement with stakeholders

The Directors are required to promote the success of the Company as a whole and, in doing so, have regard to a range of stakeholders. A list of the Group's key stakeholder groups is provided on pages 83 and 84 along with a brief description of the way in which the Group has engaged with them.

Financial risk management objectives

The Group's financial risk management objectives can be found in note 30 to the financial statements.

Website publication

The Board is responsible for publishing the audited Annual Report and Financial Statements on the Company's website in accordance with applicable legislation governing the preparation and dissemination of financial statements. The Board is responsible for the maintenance and integrity of the Company's website, as well as the information published therein, including the Company's financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor's right to information

So far as each of the Directors is aware, there is no relevant audit information (as defined by section 249 of The Companies (Guernsey) Law 2008) of which the Company's Auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Post-balance sheet events

On 13 June 2022, the Group announced the acquisition of the technology ventures division of Downing LLP, including the management of Downing's venture capital trusts, Downing ONE VCT Plc, Downing FOUR VCT Plc, and the Downing's Ventures Enterprise Investment Scheme, representing a combined AUM of c.£275 million. The Group will pay an initial consideration of c.£13.6 million, with a further consideration of up to £4.2 million payable over a three year period subject to the achievement of certain criteria, and an additional capped fee sharing arrangement in respect of future performance and other fees. The acquisition will be funded from existing financial resources and will diversify the Group's existing ventures offering.

Completion of the acquisition was on 4 July 2022.

Donations and political expenditure

As can be seen in Our Stakeholders on pages 83 and 84 Foresight supports charities and undertakes charitable initiatives as part of its engagement with staff and communities.

No donations of a political nature have been made during the year.

Going concern

After making enquiries, the Directors have formed a judgement that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing the Company's financial statements.

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

The Annual Report and Financial Statements complies with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and the UK Corporate Governance Code in respect of the requirements to produce annual financial accounts. The Annual Report and Financial Statements are the responsibility of, and have been approved by, the Directors. In that regard, the Directors confirm that to the best of their knowledge:

- The Annual Report and Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") for the year ended 31 March 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic Report (contained on pages 5 to 106) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Directors consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position, performance, business model and strategy

AGM

The Annual General Meeting will be held on 10 August 2022 at the below address. A copy of the Notice of Meeting can be found on the Company's website.

Voting at the AGM will be facilitated by proxies for those unable to attend. The registrar will provide proxies to each of the registered Shareholders and a blank copy will be available on the Company's website: **https://www.fsg-investors.com/**. Details of CREST voting are provided in the Notice of AGM, which will also be posted to registered Shareholders and be published on the Company's website. Shareholders are welcome to submit questions for the Board to the Company Secretary by 1.00 pm on 8 August 2022.

By Order of the Board

Jo-anna Nicolle
Company Secretary

11 July 2022

Ground Floor, Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

FINANCIAL STATEMENTS

WHAT'S IN THIS SECTION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

Opinion on the financial statements

In our opinion:

- the group financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Group financial statements have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Foresight Group Holdings Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board on 14 April 2021 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31 March 2021 to 31 March 2022. We remain independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or parent company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining Directors' cash flow forecasts for the Group for a period of at least 12 months from the date of approval of the financial statements that support the Directors' assessment and conclusion with respect to the going concern basis of preparation of the financial statements and performing the following:
  - Assessing the reasonableness of Directors' assumptions with respect to revenue growth and fundraising against historical performance and planned future fundraising activities;
  - Evaluating the reasonableness of Directors' downside scenario and the assumptions used, considering the impact on the expected receipt of cash from revenue streams and future expenditure as well as the likelihood of this scenario occurring;
  - Performing a highly stressed scenario where revenues are not forecast to increase from current levels but expenditure continues to rise in line with planned forecast to assess the available headroom; and
  - Assessing the overall group liquidity and sufficiency of the cash reserves to cover current liabilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the parent company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview			
Coverage	99% (2021: 94%) of Group profit before tax 94% (2021: 98%) of Group revenue 90% (2021: 96%) of Group total assets		
Key audit matters		**2022**	2021
	Revenue recognition	✓	✓
	Acquisition of PiP Manager Limited	✗	✓
	IFRS Conversion	✗	✓
	The acquisition of PIP Manager and the IFRS conversion are no longer considered to be key audit matters due to the fact that PIP Manager was a prior year transaction and the IFRS conversion was a one-off event.		
Materiality	**Group financial statements as a whole** £1,400,000 (2021: £880,000) based on 5% (2021: 5%) of Group Profit before Tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group consists of the parent company and a number of subsidiary undertakings. The Group audit engagement team carried out full scope audits for the parent company and four of the six significant components of the Group. The remaining two significant components were audited by BDO member firms based in Luxembourg and Guernsey. For non-significant components, the Group engagement team performed specific procedures over significant balances and classes of transactions, as well as analytical procedures, based on their individual financial significance to the Group with reference to their profit before tax, revenue and total assets.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Discussing with the component auditors the timing of their involvement and timeline for reporting;
- Discussing with the component auditors the risks identified at Group level and the risks that are relevant to the component entity;
- Sending detailed instructions, including the materiality thresholds to be applied in the testing of the component entity;
- Obtaining and assessing the results of their audit work performed; and
- Performing a review of their relevant working papers in order to ensure that appropriate audit evidence has been obtained.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition Note 4 Revenue is a key driver in demonstrating performance, therefore there is an incentive to overstate revenue. There is a risk that revenue may be misstated as a result of complex calculations, judgement in the Net Asset Values ("NAVs") of underlying funds, use of inappropriate accounting policies, or from an inappropriate use of judgments in calculating revenue. In terms of performance fees, there is also judgement around whether the performance conditions have been met and complex calculations that could give rise to management override.	**We performed the following procedures:** • We reviewed the Group's accounting policies and assessed whether it is in line with the requirements of the standards; and • We assessed the relevant management or service agreements and supporting fee calculations and ensured that managements calculations were in-line with the supporting agreements. **Management fees and Secretarial fees (84% of Group Revenue, including ITS and ATS fees discussed below):** • For a sample of management fee and secretarial fee arrangements, we obtained the relevant agreements and corroborated the fee rates used in the calculation and the calculation bases used for fee calculations to the relevant agreements. We recalculated the fees receivable for the year based on the relevant fee structure in accordance with the relevant agreement and the underlying fund commitments or net asset values ("NAVs") as applicable; • We vouched fund commitments and fund NAVs to underlying workings, agreed the NAVs used to RNS announcements on the LSE website where applicable (or investor reports) and commitments to relevant agreement/ investor documentation; • We reviewed the ISAE 3402 controls report which covers the controls over the production of NAVs which drives the majority of management fee and secretarial fee calculations to identify any issues which could affect the determination of the NAVs; • For fund NAVs (see 'NAV Testing' below), we vouched the NAV to audited accounts of the respective fund and reviewed the reasons for movements since the most recent audited accounts; and • The performance obligations are deemed to be correctly recognised over time for both management and secretarial fees in accordance with IFRS 15. This is also aligned with the accounting policy disclosed in the financial statements. **Inheritance Tax Solutions (ITS and AITS):** • We obtained calculations for ITS and AITS management fees and reviewed these for arithmetic accuracy; • We reviewed the prospectuses for these products and confirmed that the calculation of the ITS and AITS management fees were aligned to the terms of these documents; • We verified key inputs to the calculation on a sample basis, such as amounts invested and withdrawals, by agreeing to investor applications, withdrawal statements, encashment forms and other relevant supporting documentation; and • The performance obligation under IFRS 15 is deemed to be correctly recognised over time. This is also aligned with the accounting policy disclosed in the financial statements.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition continued Note 4	**Arrangement/advisory and marketing fees (9% of Group Revenue):** • For a sample of arrangement/advisory and marketing fees, we obtained the relevant sale purchase agreements, investment agreements or evidence of new investor commitments as appropriate and recalculated the fees in accordance with the terms of the contract; and • The performance obligation under IFRS 15 is the securing of funding and subsequent signing of the contracts. This is correctly deemed to be recognised at a point in time. **Directors' fees (3% of Group revenue):** • For a sample of Directors' fees which are fixed fees with annual Retail Price Index ("RPI") adjustments, we obtained agreements in order to support the existence of the fees; • We recalculated the annual RPI uplifts for accuracy and checked that it was time-apportioned correctly; • We agreed the Directors' existence to relevant payroll listing or Companies House. This fee is correctly deemed to be recognised over time and therefore aligned with the accounting policy disclosed in the financial statements; and • The performance obligation under IFRS 15 for Directors' fees is satisfied as the Directors perform their duties. **Performance Fees (4% of Group revenue):** • We have inspected the agreement to verify initial existence of the fee and summarised the background/basis of the fee; • We obtained supporting documentation to gain comfort over the existence and entitlement to this fee based on the crystallisation of gains; • We recalculated the fee based on the agreement to ensure accuracy; • We agreed the fee receipt to bank statements; and • The performance obligation under IFRS 15 is the expiry or sale of the fund. This is correctly deemed to be recognised at a point in time. **NAV Testing:** For a sample of NAVs used as the basis of the calculation of fee income: • We obtained a detailed understanding of the underlying asset valuation process; • For one quarter we requested all supporting process documentation and for the other quarters obtained the final valuation workbook and inspected the approval of valuations by the Valuations Committee; • We assessed the movements in the NAV values over the measurement period (quarterly) and documented the reasonableness of the movement; • We agreed the NAV to supporting documentation (e.g. RNS announcements) to confirm the accuracy of the NAV used in the fee calculation; and • Due to the fact that NAVs are a significant input into the fee calculation, the above procedures have been performed to provide further audit evidence around the accuracy of the fee revenue. **Key observations:** • Based on our procedures performed, we found the recognition of revenue to be appropriate and no evidence of management override in the calculations of the underlying fund values and subsequent revenue fee calculations.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2022 £	2021 £
Materiality	**1,400,000**	880,000
Basis for determining materiality	**5% of Group Profit Before Tax**	5% of Group Profit Before Tax adjusted for share issue costs
Rationale for the benchmark applied	**This was determined as the most appropriate benchmark given that profit before tax is an important measure for users of the financial statements in assessing the performance of the Group.**	This was determined as the most appropriate benchmark given that profit before tax is an important measure for users of the financial statements in assessing the performance of the Group. The calculation of materiality was adjusted for the distortive effect of IPO costs.
Performance materiality	**980,000**	570,000
Basis for determining performance materiality	**70% of materiality on the basis of our risk assessment, together with our assessment of the Group's overall control environment.**	65% of materiality on the basis of our risk assessment, together with our assessment of the Group's overall control environment.

Component materiality

We set materiality for each component of the Group based on the lower of their individual statutory materiality threshold and component materiality, which was determined in reference to a percentage of group materiality based on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £66,000 (2021: £13,000) to £1,296,000 (2021: £836,000). In the audit of each component, we further applied performance materiality levels of 70% (2021: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £70,000 (2021: £44,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 106; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 106.
Other Code provisions	• The Directors' statement on fair, balanced and understandable set out on page 141; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 96 to 105; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 96 to 105; and • The section describing the work of the Audit & Risk Committee set out on pages 122 to 125.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept by the parent company; or
- The Parent Company financial statements are not in agreement with the accounting records; or
- We have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Responsibility statement of the Directors in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Company and its subsidiaries which were contrary to applicable laws and regulations, including fraud;
- We considered the significant laws and regulations to be the Companies (Guernsey) Law, 2008, the FCA rules, the principles of the UK Corporate Governance Code and IFRS as adopted by the European Union;
- We considered compliance with these laws and regulations through discussions held with management, Directors and the Audit & Risk Committee and reviewed correspondence with regulators and reviewed minutes of Board meetings to assess how the Group is complying with these laws and regulations;
- We issued group audit instructions to component auditors to report any instances of fraud as part of their audit and reviewed their relevant working papers in this regard;
- We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the significant fraud risk areas to be revenue recognition which involves management judgement, and is therefore subject to bias and management override of controls. Our procedures included those set out in the Key audit matters section above, and in respect of management override, we have tested a risk-based sample of journals back to supporting documentation; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith

For and on behalf of BDO LLP, Chartered Accountants and Recognised Auditor
London, UK

11 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	31 March 2022 £000	31 March 2021 as restated £000
Revenue	4	**86,071**	69,098
Cost of sales		**(5,106)**	(4,639)
Gross profit		**80,965**	64,459
Administrative expenses	6	**(54,398)**	(48,883)
Other operating income	10	**250**	394
Operating profit		**26,817**	15,970
Finance income	11	**2**	3
Finance expense	11	**(653)**	(710)
Fair value gains on investments	16	**638**	192
Share of post-tax profits of equity accounted joint venture	17	**53**	26
Gain on business combination	31	**1,012**	174
Profit on ordinary activities before taxation		**27,869**	15,655
Tax on profit on ordinary activities	12	**(2,793)**	(481)
Profit for the period attributable to Ordinary Shareholders		**25,076**	15,174
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Translation differences on foreign subsidiaries		**(138)**	(293)
Total comprehensive income for the period		**24,938**	14,881
Earnings per share attributable to Ordinary Shareholders			
Profit or loss			
Basic (£)	13	**0.23**	0.15
Diluted (£)	13	**0.23**	0.15

The notes on pages 157 to 209 form part of this financial information.

Details of the restatement are provided in note 36.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	31 March 2022 £000	31 March 2021 as restated £000
Non-current assets			
Property, plant and equipment	14	**2,656**	3,012
Right-of-use assets	23	**8,260**	9,120
Intangible assets	15	**4,431**	3,012
Investments at FVTPL	16	**2,781**	2,075
Investments in equity accounted joint ventures	17	**—**	251
Deferred tax asset	25	**615**	977
Contract costs	18	**3,976**	712
Trade and other receivables	19	**3,260**	3,411
		25,979	22,570
Current assets			
Contract costs	18	**579**	125
Trade and other receivables	19	**17,947**	16,470
Cash and cash equivalents	20	**54,289**	39,431
		72,815	56,026
Assets and liabilities of disposal group classified as held for sale	32	**64**	64
Current liabilities			
Trade and other payables	21	**(23,978)**	(20,644)
Loans and borrowings	22	**(660)**	(688)
Lease liabilities	23	**(2,302)**	(2,157)
		(26,940)	(23,489)
Net current assets		**45,939**	32,601
Non-current liabilities			
Trade and other payables	21	**(64)**	(295)
Loans and borrowings	22	**(3,030)**	(3,636)
Lease liabilities	23	**(8,106)**	(9,862)
Provisions	24	**(933)**	—
Deferred tax liability	25	**(1,198)**	(1,581)
		(13,331)	(15,374)
Net assets		**58,587**	39,797

	Note	31 March 2022 £000	31 March 2021 as restated £000
Equity			
Share capital	27	**—**	—
Share premium	27	**32,040**	32,040
Own share reserve	27	**(454)**	—
Share-based payment reserve	27	**481**	—
Group reorganisation reserve	27	**30**	30
Retained earnings	27	**26,490**	7,727
Total equity		**58,587**	39,797

The financial statements were approved and authorised for issue by the Board of Directors on 11 July 2022 and were signed on its behalf by:

Gary Fraser
Chief Financial Officer

Geoffrey Gavey
Director

The notes on pages 157 to 209 form part of this financial information.

Details of the restatements are provided in note 36.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £000	Share premium £000	Own share reserve £000	Share-based payment reserve £000	Group re-organisation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2021	**—**	**32,040**	**—**	**—**	**30**	**7,727**	**39,797**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**25,076**	**25,076**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**(138)**	**(138)**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**24,938**	**24,938**
Contributions by and distributions to owners							
Dividends	**—**	**—**	**—**	**—**	**—**	**(6,175)**	**(6,175)**
Purchase of own shares	**—**	**—**	**(454)**	**—**	**—**	**—**	**(454)**
Share-based payments	**—**	**—**	**—**	**459**	**—**	**—**	**459**
Deferred tax	**—**	**—**	**—**	**22**	**—**	**—**	**22**
At 31 March 2022	**—**	**32,040**	**(454)**	**481**	**30**	**26,490**	**58,587**

	Share capital £000	Share premium £000	Own share reserve £000	Share-based payment reserve £000	Group re-organisation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2020	1	—	—	101	30	15,701	15,833
Profit for the period	—	—	—	—	—	15,174	15,174
Other comprehensive income	—	—	—	—	—	(293)	(293)
Total comprehensive income	—	—	—	—	—	14,881	14,881
Contributions by and distributions to owners							
Premium on issue of shares	—	35,000	—	—	—	—	35,000
Share issue costs	—	(2,960)	—	—	—	—	(2,960)
Dividends and distributions to equity members	—	—	—	—	—	(18,229)	(18,229)
Share-based payments	—	—	—	35	—	—	35
Share buyback (cancellation)	—	—	—	—	—	(10)	(10)
Transfer of share-based payments to retained earnings on vesting of Foresight Plans	—	—	—	(26)	—	26	—
Transfer of share-based payments to retained earnings on cessation of Foresight Plan	—	—	—	(110)	—	110	—
Premium on redemption of Preference Shares	—	—	—	—	—	(4,752)	(4,752)
Redemption of Preference Shares	(1)	—	—	—	—	—	(1)
At 31 March 2021	—	32,040	—	—	30	7,727	39,797

The notes on pages 157 to 209 form part of this financial information.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	31 March 2022 £000	31 March 2021 as restated £000
Cash generated from operations		**29,130**	17,268
Tax paid		**(3,399)**	(174)
Other interest paid	11	**(4)**	(7)
Loan interest paid		**(97)**	—
Interest on lease liabilities		**(564)**	(621)
Net cash from operating activities		**25,066**	16,466
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	**(398)**	(141)
Acquisition of intangible assets	15	**(171)**	(48)
Acquisition of investments at FVTPL	16	**(712)**	(881)
Sale of investments at FVTPL		**752**	230
Proceeds on disposal of fixed assets		**3**	450
Interest received	11	**2**	3
Proceeds on disposal of Group entities		**—**	819
Acquisition of subsidiaries	31	**(339)**	2,348
Net cash from investing activities		**(863)**	2,780
Cash flows from financing activities			
Dividends and distributions to equity members	28	**(6,175)**	(18,229)
Share buyback	28	**—**	(10)
Shareholder loan repaid		**—**	(750)
FGLLP members' capital contributions		**61**	1,455
Redemption and premium on redemption of Preference Shares	28	**—**	(4,753)
Purchase of own shares	27	**(454)**	—
Repayment of lease liabilities (principal)		**(2,155)**	(2,570)
Repayment of loan liabilities (principal)		**(622)**	—
Gross proceeds of IPO share issue	27	**—**	35,000
Costs of IPO share issue	27	**—**	(2,960)
Net cash from financing activities		**(9,345)**	7,183
Net increase in cash and cash equivalents		**14,858**	26,429
Cash and cash equivalents at beginning of period		**39,431**	13,002
Cash and cash equivalents at end of period		**54,289**	39,431

CONSOLIDATED CASH FLOW STATEMENT CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

	Note	31 March 2022 £000	31 March 2021 as restated £000
Reconciliation of profit before tax to cash generated from operations			
Profit before taxation		**27,869**	15,655
Gain on business combination		**(1,012)**	(174)
Profit from share in joint venture		**(53)**	(26)
Fair value gains on investments		**(638)**	(192)
Finance costs	11	**653**	710
Finance income	11	**(2)**	(3)
Share-based payment	8	**459**	35
Depreciation and amortisation		**3,485**	2,648
Loss/(profit) on disposal of tangible and intangible fixed assets		**33**	(170)
Gain on disposal of investments at FVTPL		**(108)**	—
Foreign currency losses		**(163)**	(295)
(Increase)/decrease in contract costs		**(3,718)**	19
Increase in trade and other receivables		**(222)**	(4,526)
Increase in trade and other payables		**2,547**	3,587
Total		**29,130**	17,268

The notes on pages 157 to 209 form part of this financial information.

Details of the restatements are provided in note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. Corporate information

Foresight Group Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Guernsey and whose shares are publicly traded on the Main Market of the London Stock Exchange. The registered office is located at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. The consolidated financial statements (the "Group financial statements") comprise the financial statements of the Company and its subsidiaries. Details of subsidiaries are disclosed in note 16.

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

Going concern

These financial statements have been prepared on the going concern basis.

The Directors of the Group have considered the resilience of the Group, taking into account its current financial position and the principal and emerging risks facing the business, including the impact of COVID-19 on global markets and potential implications for the Group's financial performance. The Board reviewed the Group's cash flow forecasts and trading budgets for a period of at least 12 months from the date of approval of these accounts, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the Group will have sufficient funds to pay its liabilities as they fall due for that period.

Taking into consideration the impact of COVID-19 on the wider economic environment, the forecasts have been stress tested to ensure that a robust assessment of the Group's working capital and cash requirements has been performed.

The stress test scenarios adopted involved severe but plausible downside scenarios with respect to the Group's trading performance. Downside scenarios included a material reduction in revenues through lower fundraising and deployment and lower valuations. Worst case scenarios included the loss of key management contracts and a terrorist attack on the Shard. Any mitigating actions available to protect working capital and strengthen the balance sheet, including deferring non-essential capital expenditure and increased cost control, were also taken into account.

In considering the above, the Directors have formed the view that the Group will generate sufficient cash to meet its ongoing liabilities as they fall due for at least the next 12 months; accordingly, the going concern basis of preparation has been adopted.

2a. Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Company has taken advantage of the exemption in section 244 of the Companies (Guernsey) Law, 2008 (as amended) not to present its own individual financial statements or related notes.

The Group did not implement the requirements of any other standards or interpretations that were in issue; these were not required to be adopted by the Group for the year ended 31 March 2022. No other standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for investments that have been measured at fair value.

The financial information is presented in sterling, which is the Company's functional currency. All information is given to the nearest thousand (except where specified otherwise).

2b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2b. Basis of consolidation continued

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. Accounting policies

This section sets out the accounting policies of the Group that relate to the financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.
The accounting policies have been applied consistently to all periods presented within the financial information.

This section also details new accounting standards that have been endorsed in the period and have either become effective for the financial period beginning on 1 April 2021 or will become effective in later periods.

New standards, interpretations and amendments adopted from 1 April 2021

There were no new standards adopted during the year.

New standards not yet implemented

There were no standards or interpretations that were in issue and required to be adopted by the Group as at the date of authorisation of these consolidated financial statements. No standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

A. Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The assets and liabilities of Group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with transactions translated at average monthly exchange rates. Resulting exchange differences are recognised as a separate component of other comprehensive income and are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

B. Use of judgements and estimates

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Statement of Financial Position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Where the estimate or judgement is specific to one note, the judgement is described in the note to which it relates.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows:

- Share-based payments – see note 8
- Recognition and measurement of intangible assets – see notes 15 and 31
- Valuation of investments – see note 16(a)

Key judgements

These are as follows:

- Consolidation of VCF Partners

  VCF Partners was a general partnership of which Gary Fraser and David Hughes were the sole members and was used to hold certain of Foresight Group's leasehold interests. Soon after the IPO, these leasehold interests, together with the other assets and liabilities of VCF Partners, were transferred to VCF II LLP.

  Despite it being a general partnership and not a subsidiary, VCF Partners was considered to meet the requirements for consolidation, on the basis that VCF Partners was judged to be effectively controlled by the Company and is therefore included in the consolidated financial statements. Following the transfer of assets and liabilities to VCF II LLP, VCF Partners has now been closed.
- Impairment of intangible assets – see note 15
- Contract costs – see note 18
- Deferred tax assets – see note 25
- IPO costs – see note 27

4. Revenue

Accounting policy:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group's revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of services provided during the period, exclusive of value added taxes. A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a customer and therefore before any revenue is recognised by the Group. Performance obligations are identified on a contract-by-contract basis; where contracts are entered into at the same time with the same customer at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The principal components of revenue comprise management fees, secretarial fees, Directors' fees, marketing fees, arrangement fees and performance incentive fees.

Management fees and most secretarial fees are generally based on a percentage of fund Net Asset Value ("NAV") or committed capital as defined in the funds' Prospectus and/or offering documents, with some secretarial fees being based on an agreed fixed rate. Directors' fees are based on a specified fixed fee agreed with the customer.

Management, secretarial and Directors' fees are recognised over time to the extent that it is probable that there will be economic benefit and income can be reliably measured. This revenue is recognised over time on the basis that the customer simultaneously receives and consumes the economic benefits of the provided asset as the Group performs its obligations.

Marketing fees are based on a rate agreed with the customer and recognised at the point in time when the related funds have been allotted.

Arrangement fees are based on a set rate agreed with the customer and recognised at the point in time when the related service obligations have been achieved.

Performance incentive fees are based on the returns achieved over a predetermined threshold as defined in the funds' Prospectus or offering documents and are recognised only at the point in time when management have certainty as to the receipt of such revenue, such that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Other income is based on the contract agreed before services are provided and is recognised in line with the delivery of the services provided.

	31 March 2022 £000	31 March 2021 £000
Management fees	**70,906**	50,245
Secretarial fees	**1,413**	9,828
Directors' fees	**2,506**	2,306
Recurring fees	**74,825**	62,379
Marketing fees	**5,046**	2,841
Arrangement fees	**2,964**	3,858
Performance incentive fees	**3,232**	—
Other income	**4**	20
	86,071	69,098

4. Revenue continued

The timing of revenue is as follows:

	31 March 2022 £000	31 March 2021 £000
Timing of transfer of goods and services:		
Point in time	**11,246**	6,719
Over time	**74,825**	62,379
	86,071	69,098

Contract balances are as follows:

	31 March 2022 Contract liabilities £000	31 March 2021 Contract liabilities £000
At beginning of period	**(541)**	(73)
Amounts included in contract liabilities that were recognised as revenue during the period	**541**	73
Cash received in advance of performance and not recognised as revenue during the period	**(134)**	(541)
At end of period	**(134)**	(541)

The timing of revenue recognition, billings and cash collections results in either trade receivables, accrued income or deferred income in the Statement of Financial Position. For recurring fees, amounts are billed either in advance or in arrears pursuant to a management or advisory agreement. The contract liabilities above reflect the deferred income in trade and other payables.

5. Business segments

Accounting policy:

Segment information is provided based on the operating segments which are reviewed by the Executive Committee (“Exco”), which is considered to be the Chief Operating Decision Maker. These operating segments, which comprise Infrastructure, Private Equity and Foresight Capital Management (“FCM”) are aggregated if they meet certain criteria. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. No disclosure is made for net assets/liabilities as these are not reported by segment to Exco.

Management monitors the performance and strategic priorities of the business from a business unit (“BU”) perspective, and in this regard has identified the following three key “reportable segments”: Infrastructure, Private Equity and FCM.

FCM had previously been included within Infrastructure but, as reported in the Business Review in the Annual Report for the year ended 31 March 2021, from FY22 onwards it is to be treated as a separate business unit. Accordingly, segmental revenue has been re-presented for the year ended 31 March 2021.

FCM commenced in 2017 and had FUM of £1.1 billion at 31 March 2021 which had grown further to £1.6 billion at 31 March 2022.

The Group’s senior management assesses the performance of the operating segments based on revenue.

Revenue is measured in a manner consistent with that in the income statement. Segmental revenue is set out below:

	31 March 2022 £000	31 March 2021 £000
Infrastructure	**50,753**	43,392
Private Equity	**23,874**	18,225
Foresight Capital Management	**11,444**	7,481
	86,071	69,098

Revenue by region is summarised below:

	31 March 2022 £000	31 March 2021 £000
United Kingdom	**78,562**	65,999
Italy	**778**	1,177
Luxembourg	**5,312**	676
Spain	**568**	533
Australia	**851**	713
	86,071	69,098

In accordance with IFRS 8 paragraph 34, the Group has a single customer with revenues which amount to 10% or more of Group revenue. Total revenues from this customer in FY22 were £23,555,000 of which £19,147,000 was attributable to Infrastructure, £3,225,000 to Private Equity and £1,183,00 to FCM.

Non-current assets (excluding deferred tax assets, contract costs and trade and other receivables) by region are summarised below:

	31 March 2022 £000	31 March 2021 £000
UK	**14,016**	15,397
Italy	**2,021**	808
Luxembourg	**1,521**	778
Spain	**566**	486
Australia	**4**	1
	18,128	17,470

The Statement of Financial Position is reported to the Board on a single segment basis. No further segmental information is provided as this would not aid strategic and financial management decisions.

6. Administrative expenses

Accounting policy:

The Group's administrative expenses are recognised as the services are received by the Group. Staff costs are the largest component of the Group's operating costs and include salaries and wages, together with the cost of other benefits provided to staff such as pensions and bonuses.

	31 March 2022 £000	2021 as restated £000
Staff costs	**35,395**	33,751
Depreciation and amortisation	**3,485**	2,648
Legal and professional	**6,067**	5,984
Other administration costs	**9,451**	6,500
	54,398	48,883

Details of the restatement are provided in note 36.

Other administrative costs mainly relate to irrecoverable VAT, computer maintenance, conferences, minor capital purchases written off, bank charges and sundries.

Specific administrative expenses are as follows:

	31 March 2022 £000	31 March 2021 £000
Auditor's remuneration	**587**	419
Net foreign exchange gains	**(222)**	(251)
Low-value and short-term lease expenses	**117**	241
Bad debt write-offs	**138**	112
Loss/(profit) on disposal of fixed assets	**33**	(170)

Auditor's remuneration is further disclosed as follows:

	31 March 2022 £000	31 March 2021 £000
Audit services		
Statutory audit – Company	**77**	124
– Subsidiaries	**238**	109
Total audit services	**315**	233
Non-audit services		
Regulatory assurance services	**34**	13
Other assurance services	**133**	196
Other services	**105**	35
Total non-audit services	**272**	244
Total audit and non-audit services	**587**	477

In FY21, total auditor's remuneration was £477,000 of which £419,000 was expensed in the Statement of Comprehensive Income and £57,500 was taken to share premium. This was due to the attribution of IPO costs between the issuing and listing of shares (see note 27) as £115,000 of auditor's remuneration related to interim audit services specifically for the IPO.

Non-audit services included the following:

- **Regulatory assurance services:** These services are for CASS assurance audits for Foresight Group LLP and PiP Manager Limited
- **Other assurance services:** These services are for the ISAE 3402 assurance report on the internal controls of Foresight Group LLP, in FY22 the interim review of the Half-year Report and in FY21 the interim non-statutory audit work in relation to the IPO
- **Other services:** These services are in respect of an offer for new shares in Foresight VCT plc, Foresight Enterprise VCT plc and Foresight Solar & Technology VCT (FY22 and FY21)

7. Staff costs and Directors' remuneration

The average number of employees was:

	31 March 2022 Number	31 March 2021 Number
Operations	**135**	135
Sales and Marketing	**46**	40
Administration	**70**	58
	251	233

Their aggregate remuneration comprised:

	31 March 2022 £000	31 March 2021 £000
Wages and salaries	**29,556**	26,666
Social security costs	**2,744**	2,380
Pension costs	**608**	601
Other staff costs	**2,028**	1,323
	34,936	30,970
Distributions	**—**	2,746
Share-based payments (see note 8)	**459**	35
Total staff costs	**35,395**	33,751

Details regarding the total remuneration paid to Directors is disclosed in the Remuneration Committee Report (see pages 126 to 136).

8. Share-based payments

Accounting policy:

The Group engages in share-based payment transactions in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices. These have been accounted for as equity-settled share-based payments.

The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period. The corresponding credit is recognised in retained earnings within total equity. The fair value of the awards is calculated using an option pricing model, the principal inputs being the market value on the date of award and an adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and the number of employees satisfying the relevant performance conditions. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

Estimation uncertainty and judgements:

The Group's Performance Share Plan allows for the grant of nil cost options with vesting dependent on the performance of the Group and continued service by the participant. The first grant of options under the plan was made on 6 September 2021 as approved by the Remuneration Committee. The number of options awarded totalled 1,071,830 and have been fair valued using a Monte-Carlo simulation and appropriate retention rate % based on historical evidence. The assumptions used in the Monte-Carlo simulation are described below.

	31 March 2022 £000	31 March 2021 £000
Performance Share Plan	299	—
Share Incentive Plan	160	—
Foresight Plan	—	35
	459	35

Performance Share Plan

The Remuneration Committee approved the implementation of the Performance Share Plan ("PSP") during the year. Options are granted under the plan for no consideration, carry no dividend or voting rights and are linked to an absolute total shareholder return ("TSR") of 6% compound growth per annum over a three year period. The absolute TSR condition vests over a range as set out in the Remuneration Committee Report. The exercise price is £nil.
The Group is allowed to issue new shares to satisfy the share schemes which must not exceed 10% of the issued share capital in any rolling ten year period. The Group's position against the dilution limits at 31 March 2022 since Admission was 1%.

Details of movements in the number of shares are as follows:

	31 March 2022		31 March 2021	
	Number of shares granted	Average exercise price per share option £000	Number of shares granted	Average exercise price per share option £000
At the beginning of period	—	—	—	—
Granted	1,071,830	—	—	—
Vested	—	—	—	—
Extinguished	—	—	—	—
Awards outstanding at end of period	1,071,830	—	—	—

No options expired during the periods covered by the above table.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 March 2022	Share options 31 March 2021
4 September 2022	31 July 2024	—	1,071,830	—
Weighted average remaining contractual life of options outstanding at end of period			2.33 years	—

Fair value of options granted

The assumptions used in the Monte-Carlo simulation were as follows:

- Starting share price of 378.4 pence (the three month average share price of the Company on the date of grant)
- Annual volatility of 40% (based on volatility of share price from IPO to grant date)
- Vesting period of three years
- Holding period of two years with associated 30% deduction for lack of marketability (based on empirical studies)
- Exercise price of 0 pence
- Risk-free rate of 1% per annum which has been used as a discount factor (based on government bond yields)
- Annual dividend of 14 pence per annum

The simulation based on these assumptions resulted in a fair value of 143.83 pence per option.

Share Incentive Plan

Under the Foresight Share Incentive Plan ("SIP"), for each one partnership share that an employee buys, Foresight offers two free matching shares. In each tax year, employees can buy up to £1,800 or 10% of salary (whichever is lower) of partnership shares from their pre-tax salary. If an employee leaves the Group, any matching shares held for less than three years will be withdrawn, i.e. the vesting period of the matching shares is three years with the performance condition of continuous service. The SIP shares are held in trust by Yorkshire Building Society (the SIP Trustee). Voting rights are exercised by the SIP Trustee on receipt of participants' instructions.

As the SIP options have a zero strike price and the participant is entitled to dividends during the vesting period, the fair value of the award is indistinguishable from the share price. Therefore, the share price on the award date is used when calculating the share-based payment expense.

At 31 March 2022, the number of matching shares purchased for £454,000 was 107,769. An additional 45,000 shares were transferred into trust from Foresight Guernsey Limited (see IPO Prospectus) so that the total matching shares held in trust was 152,769.

8. Share-based payments continued

Foresight Plan

The Foresight Plan was introduced in 2014 and provided for the grant of shares to members of staff. Shares granted under the Foresight Plan vested after the members of staff had reached an uninterrupted period of service of ten years with Foresight Group (or any of its subsidiaries). Shares granted under the Foresight Plan were accounted for as equity-settled. The Foresight Plan ceased in February 2021.

The equity-settled payments below represent the share-based payments related to the Foresight Plan. The valuation attributed to the payments was on an EBITDA market multiple basis; this did not take into consideration any future dividends or other features of equity instruments in determining this valuation.

Total expense for each year in which shares were granted (excluding national insurance) was as follows:

Year of grant	31 March 2022 £	31 March 2021 £
2014	–	–
2015	–	6,589
2016	–	–
2017	–	587
2018	–	5,721
2019	–	7,577
2020	–	14,752
2021	–	–
Total Foresight share-based payments expense reported in comprehensive income	–	35,226

Unvested shares outstanding under the Foresight Plan were as follows:

	31 March 2022		31 March 2021	
	Number of shares granted	Weighted average share price £	Number of shares granted	Weighted average share price £
At the beginning of period	–	–	45,605	6
Granted	–	–	11,654	4
Vested	–	–	(1,830)	(12)
Extinguished	–	–	(55,429)	(4)
Awards outstanding at end of period	–	–	–	–

9. Core EBITDA

The Group uses Core EBITDA and Core EBITDA pre share-based payments as two of its key metrics to measure performance because it views these as the closest profitability number comparable to the Group's recurring revenue model (i.e. a cash profit number after removing/adjusting for any one-offs, both positive and negative). Core EBITDA pre share-based payments is shown as the Group considers that there is no cash alternative to the share-based payments and due to their uncontrollable nature. Core EBITDA and Core EBITDA pre share-based payments may not be comparable to other similarly titled measures used by other companies and they have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

The specific items excluded from Core EBITDA and Core EBITDA pre share-based payments are non-underlying items. Non-underlying items are non-trading or one-off items disclosed separately below, where the quantum, nature or volatility of such items are considered by the Directors to otherwise distort the underlying performance of the Group. The Group has assessed that the following items are non-underlying items for the purposes of calculating Core EBITDA and Core EBITDA pre share-based payments:

- Non-operational legal costs. These are costs related to a series of proposed corporate transactions over the period and redundancy costs relating to a restructuring of the business. The corporate transaction costs relate to professional and other costs incurred in preparing the Group for an IPO and therefore are not considered to be related to the Group's ongoing business operations. Non-operational legal costs of £2.7 million in the financial year ended 31 March 2021 related to IPO costs
- Distributions made to members classified as remuneration expenses under IFRS have been added back as these are considered to be equity transactions. These expenses were related to distribution of the Group profit. They were variable as they were dependent on Group profit and also the timing of when the distributions were made
- Staff advances expensed have been added back as these are not deemed to reflect the core underlying performance of the business
- Other operating income as per note 10 below which is not expected to recur. This relates to Shirebrook development fees and grant income from a government support programme introduced in response to the COVID-19 global pandemic
- Profits or losses on disposal of fixed assets are added back as these are classed as non-recurring
- Profits or losses arising on acquisition of subsidiaries are added back as these are classed as non-recurring
- All depreciation and amortisation costs are added back
- All financing and taxation costs are added back

A reconciliation of retained profit to Core EBITDA and Core EBITDA pre share-based payments is set out below:

	31 March 2022 £000	31 March 2021 £000
Net profit after other comprehensive income	**24,938**	14,881
Add back depreciation and amortisation	**3,485**	2,649
Add back non-operational staff costs		
Distributions	**—**	2,746
Staff advances expensed	**580**	440
Other	**148**	—
Add back non-operational legal costs	**—**	2,744
Loss/(profit) on disposal of tangible and intangible fixed assets	**33**	(170)
Gain on business combination	**(1,012)**	(174)
Deduct other operating income	**(250)**	(394)
Add back financing	**651**	707
Add back tax	**2,793**	481
Core EBITDA	**31,366**	23,910
Share-based payments	**459**	—
Core EBITDA pre share-based payments	**31,825**	23,910

10. Other operating income

Accounting policy:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

	31 March 2022 £000	31 March 2021 £000
Fees arising from the Shirebrook development	**250**	348
Grant income	**—**	46
	250	394

Fees arising from the Shirebrook development

The Group is managing the development of a reserve power plant site in Shirebrook, Derbyshire on behalf of the Foresight ITS product. Development fees have been accounted for as other operating income when it is virtually certain that relevant contractual conditions have been met. At 31 March 2022, total fees of £2.4 million had been recognised, which reflects total contractual fees on the development.

Grant income

The Group applied for a government support programme introduced in response to the COVID-19 global pandemic in the year ended 31 March 2021. It related to the payroll of the Group's employees and the Group does not have any unfulfilled obligations relating to this programme.

11. Finance income and expense

Accounting policy:

Finance income

Finance income comprises interest receivable on cash deposits. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs

Finance costs comprise interest payable on leases, borrowings and direct issue costs and are expensed in the period in which they are incurred.

	31 March 2022 £000	31 March 2021 £000
Finance income		
Bank interest receivable	2	3
Total finance income	2	3
Finance expenses		
Other interest payable	4	7
Loan interest (accrued)	85	82
Interest on lease liabilities	564	621
Total finance expense on financial liabilities measured at amortised cost	653	710
Net finance expense recognised in the Statement of Comprehensive Income	(651)	(707)

The above finance income and expense includes the following in respect of assets (liabilities) not at fair value through profit or loss:

	31 March 2022 £000	31 March 2021 £000
Total finance income on financial assets	2	3
Total finance expense on financial liabilities	(653)	(710)
	(651)	(707)

12. Taxation

Accounting policy:

Current tax

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in the Statement of Other Comprehensive Income or directly in equity. See note 25.

	31 March 2022 £000	31 March 2021 £000
Current tax		
UK corporation tax	**3,098**	—
Foreign taxation	**66**	111
Adjustments in respect of prior periods (foreign tax)	**5**	134
Total current tax charge	**3,169**	245
Deferred tax		
Origination and reversal of temporary differences	**(376)**	236
Total deferred tax	**(376)**	236
Tax on profit on ordinary activities	**2,793**	481
Total tax expense		
From above	**2,793**	481
Share of tax expense of equity accounted joint ventures	**21**	14
	2,814	495

The effective tax rate has varied through the historical period, and is explained as:

	31 March 2022 £000	31 March 2021 £000
Profit for the year	25,076	15,174
Add back total tax	2,814	495
Profit before all tax	27,890	15,669
Profit before tax at 19%	5,299	2,977
Profits not assessable to corporation tax	(762)	(405)
Profit share allocation from partnership funds	654	(78)
Unrecognised deferred tax	350	(446)
Adjustments to previous periods	5	134
Differences on overseas tax rate	(4,126)	(2,213)
Remeasurement of deferred tax	150	—
Expenses not deductible for tax purposes	1,482	579
Other – share based payments	(46)	(20)
Gain on business combination	(192)	(33)
Total tax charge	2,814	495

The Company is resident for taxation purposes in Guernsey and its income is subject to income tax in Guernsey, presently at a rate of 0% per annum. The tax reconciliation for the Group has been prepared using the current UK corporation tax rate of 19%, as most of the Group's trading activities are carried out in the UK.

13. Earnings per share

Accounting policy:

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares in issue during the period less the weighted average number of own shares held (see note 27).

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares for the purposes of the basic earnings per share plus the weighted average number of shares that would be issued on the conversion of dilutive potential Ordinary Shares into Ordinary Shares (see note 8 for Performance Share Plan).

	31 March 2022 £000	31 March 2021 £000
Earnings		
Earnings for the purposes of basic earnings per share, being profit attributable to the owners of the parent company	**25,076**	15,174

	31 March 2022 '000	31 March 2021 '000
Number of shares		
Weighted average number of shares in issue during the period	**108,333**	101,780
Less time apportioned own shares held	**(133)**	–
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	**108,200**	101,780
Add back weighted average number of dilutive potential shares	**608**	–
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	**108,808**	101,780
Earnings per share Group (Basic) (£)	**0.23**	0.15
Earnings per share Group (Diluted) (£)	**0.23**	0.15

14. Property, plant and equipment

Accounting policy:

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Fixtures and fittings:
  - Office equipment over ten years
  - Computer equipment over five years
- Short leasehold property over term of lease
- Long leasehold flat over term of lease
- Motor vehicles over four years

The carrying values of items of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

	Fixtures, fittings and equipment £000	Short leasehold property £000	Long leasehold flat £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2021	**341**	**5,385**	**—**	**15**	**5,741**
Additions	**308**	**90**	**—**	**—**	**398**
Foreign exchange movement	**(2)**	**(1)**	**—**	**—**	**(3)**
Disposals	**(193)**	**—**	**—**	**—**	**(193)**
At 31 March 2022	**454**	**5,474**	**—**	**15**	**5,943**
Depreciation					
At 1 April 2021	**193**	**2,531**	**—**	**5**	**2,729**
Depreciation charge for the year	**172**	**576**	**—**	**3**	**751**
Disposals	**(191)**	**—**	**—**	**—**	**(191)**
Foreign exchange movement	**(1)**	**(1)**	**—**	**—**	**(2)**
At 31 March 2022	**173**	**3,106**	**—**	**8**	**3,287**
Net book value at 31 March 2022	**281**	**2,368**	**—**	**7**	**2,656**

	Fixtures, fittings and equipment £000	Short leasehold property £000	Long leasehold flat £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2020	322	5,364	326	15	6,027
Additions	113	28	—	—	141
Foreign exchange movement	—	(7)	—	—	(7)
Disposals	(94)	—	(326)	—	(420)
At 31 March 2021	341	5,385	—	15	5,741
Depreciation					
At 1 April 2020	139	1,960	20	2	2,121
Depreciation charge for the year	145	575	26	3	749
Disposals	(93)	—	(46)	—	(139)
Foreign exchange movement	2	(4)	—	—	(2)
At 31 March 2021	193	2,531	—	5	2,729
Net book value at 31 March 2021	148	2,854	—	10	3,012

15. Intangible assets

Accounting policy:

Intangible assets in respect of customer contracts (acquired) reflect the fair value of the investment management contracts obtained, which is equal to the present value of the earnings they are expected to generate. This is on the basis that it is probable that future economic benefits attributable to the investment management contracts will flow to the Group and the fair value of the intangible asset can be measured reliably.

Computer software (internally generated) represents software licences and development costs to bring software into use. Costs associated with developing or maintaining computer software programmes that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

Amortisation is provided, where material, at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Customer contracts over remaining term of investment management contract
- Computer software over three to four years

The carrying values of customer contracts (acquired) and computer software (internally generated) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.
An impairment loss is recognised as an expense in the Statement of Comprehensive Income immediately.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Comprehensive Income.

Estimation uncertainty and judgements:

Acquisition of FV Solar Lab S.R.L.

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a discounted profitability model, with reference to the projected profitability of the fund over three years based on internal forecasts and a weighted average cost of capital ("WACC") of 7% using various inputs to reflect the operations which are principally based in Italy.

A 1% increase in the WACC would result in a decrease in the intangible asset recognised by £26,000; likewise, a 1% decrease would result in an increase of £27,000. The intangible asset is amortised over three years. An impairment review was undertaken by reference to the ongoing revenue to which the investment management contracts relate. There were no indicators of impairment of the asset at the reporting date.

Acquisition of PiP Manager Limited

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a discounted profitability model, with reference to the projected profitability of the fund over 20 years based on internal forecasts and a weighted average cost of capital ("WACC") of 13.75% using various inputs to reflect the operations which are principally based in the UK.

A 1% increase in the WACC would result in a decrease in the intangible asset recognised by £123,000; likewise, a 1% decrease would result in an increase of £133,000. The intangible asset is amortised over 20 years. An impairment review was undertaken by reference to the AUM of the funds to which the investment management contracts relate. There were no indicators of impairment of the asset at the reporting date.

Impairment of intangible assets

In determining whether there are indicators of impairment of the Group's intangible assets, the Directors take into consideration various factors including the economic viability and expected future financial performance of the asset and, when it relates to the intangible assets arising from investment management contracts, the expected future performance of the contract acquired.

	Computer software £000	Customer contracts £000	Total £000
Cost			
At 1 April 2021	**479**	**2,914**	**3,393**
Additions	**171**	**—**	**171**
Business combinations	**—**	**1,679**	**1,679**
Disposals	**—**	**(35)**	**(35)**
At 31 March 2022	**650**	**4,558**	**5,208**
Amortisation/impairment			
At 1 April 2021	**289**	**92**	**381**
Charge for the year	**105**	**292**	**397**
Disposals	**—**	**(1)**	**(1)**
At 31 March 2022	**394**	**383**	**777**
Net book value at 31 March 2022	**256**	**4,175**	**4,431**

	Computer software £000	Customer contracts £000	Total £000
Cost			
At 1 April 2020	663	—	663
Additions	13	35	48
Business combinations	—	2,879	2,879
Disposals	(197)	—	(197)
At 31 March 2021	479	2,914	3,393
Amortisation/impairment			
At 1 April 2020	391	—	391
Charge for the year	95	92	187
Disposals	(197)	—	(197)
At 31 March 2021	289	92	381
Net book value at 31 March 2021	190	2,822	3,012

The table below shows the carrying amount assigned to each component of customer contracts and the remaining amortisation period.

	Carrying value £000	Remaining amortisation period
Acquisition of PiP Manager Limited (see note 31)	2,644	14 years
Acquisition of FV Solar Lab S.R.L. (see note 31)	1,531	2.5 years
	4,175	

The remaining element of intangible assets relates to capitalised software costs, which are amortised over five years. The amortisation charges above are recognised within administrative expenses in the Statement of Comprehensive Income.

16(a). Investments at FVTPL

Accounting policy:

Investments at FVTPL are recognised initially at fair value, which is normally the transaction price. Subsequent to initial recognition, investments at FVTPL are measured at fair value with changes recognised in the Statement of Comprehensive Income.

Estimation uncertainty and judgements:

Fair value is calculated as the share of net assets of the underlying fund to which the investment relates. The underlying fund values its investments in accordance with International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2018 and further COVID-19 guidance for March 2020) developed by the British Venture Capital Association and other organisations.

While valuations of investments are based on assumptions that the Directors consider are reasonable under the circumstances, the actual realised gains and losses will depend on, amongst other factors, future operating results, the value of the assets and market conditions at the time of disposal, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Further details on the key assumptions made and a sensitivity analysis are set out in note 30.

	31 March 2022 £000	31 March 2021 £000
At beginning of period	**2,075**	1,233
Additions	**712**	881
Fair value movements	**638**	192
Sales proceeds	**(617)**	(231)
Disposal	**(27)**	—
At end of period	**2,781**	2,075

Investments comprise investments in underlying funds which are measured at fair value.

16(b). Investments in subsidiaries

The Company has investments in the following undertakings:

Entity	Domicile	Type	Country of registration	Interest
Subsidiary undertakings				
Foresight Solar Australia (UK) Limited	UK	Company	England & Wales	100%
FGB S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Holdings (UK) Limited	UK	Company	England & Wales	100%
Foresight Asset Management Limited	UK	Company	England & Wales	100%
Foresight Fund Managers Limited	UK	Company	England & Wales	100%
Foresight Group (SK) Limited	UK	Company	England & Wales	100%
Pinecroft Corporate Services Limited	UK	Company	England & Wales	100%
Foresight Environmental GP Co. Limited	UK	Company	Scotland	100%
Foresight NF GP Limited	UK	Company	England & Wales	100%
Foresight Environmental FP GP Co. Limited	UK	Company	Scotland	100%
Foresight NF FP GP Limited	UK	Company	England & Wales	100%
Foresight Company 1 Limited	UK	Company	England & Wales	100%
Foresight Company 2 Limited	UK	Company	England & Wales	100%
Foresight Regional Investment General Partner LLP	UK	LLP	Scotland	100%
Foresight Impact Midlands Engine GP LLP	UK	LLP	Scotland	100%

Entity	Domicile	Type	Country of registration	Interest
Foresight Regional Investment II General Partner LLP	UK	LLP	Scotland	100%
Foresight Group Equity Finance (SGS) GP LLP	UK	LLP	Scotland	100%
NI Opportunities GP LLP	UK	LLP	Scotland	100%
Foresight Legolas Founder Partner GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment III General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact General Partner LLP	UK	LLP	Scotland	100%
Foresight West Yorkshire Business Accelerator General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact Fund GP Limited	Ireland	Company	Ireland	100%
Foresight Infra Hold Co Limited	UK	Company	England & Wales	100%
PiP Manager Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure (Scotland) Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure GP LLP	UK	LLP	England & Wales	100%
Foresight Group CI Limited	Guernsey	Company	Guernsey	100%
Foresight European Solar Fund GP Ltd	Jersey	Company	Jersey	100%
Foresight Holdco 2 Limited	UK	Company	England & Wales	100%
VCF II LLP	UK	LLP	England & Wales	100%
Foresight Group LLP	UK	LLP	England & Wales	100%
Foresight Group Promoter LLP	UK	LLP	England & Wales	100%
Foresight Investor LLP	UK	LLP	England & Wales	100%
Foresight Group S.R.L.	Italy	Company	Italy	100%
FV Solar Lab S.R.L.	Italy	Company	Italy	100%
Foresight Group Australia Pty Limited	Australia	Company	Australia	100%
FGA Ventures Pty Ltd	Australia	Company	Australia	100%
Above It Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Services Pty Limited	Australia	Company	Australia	100%
Foresight Group Iberia SL	Spain	Company	Spain	100%
Foresight Energy Infrastructure Partners GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Luxembourg S.A.	Luxembourg	Company	Luxembourg	100%
Foresight Solar LLP	UK	LLP	England & Wales	100%
Foresight European Solar Fund CIP GP Limited	UK	Company	Scotland	100%
Foresight 1 VCT Limited	UK	Company	England & Wales	100%
Foresight Energy VCT Limited	UK	Company	England & Wales	100%
In liquidation				
Foresight Metering Limited	UK	Company	England & Wales	100%

17. Investments in equity accounted joint ventures

Accounting policy:

Joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Statement of Comprehensive Income.

	31 March 2022 £000	31 March 2021 £000
At beginning of period	**251**	235
Share of post-tax profits	**53**	26
Foreign exchange movement	**–**	(10)
Disposal	**(304)**	–
At end of period	**–**	251

The investment in joint venture related to a joint venture entered into by Foresight Group S.R.L. which held a 50% holding in FV Solar Lab S.R.L.

Joint venture

FV Solar Lab S.R.L. is a separate structured vehicle incorporated and operating in Italy. It was set up by the Group and VEI Green on commencement of ForVEI II, an investment platform which specialises in acquiring solar assets in Italy. The platform was managed by the Group and VEI Green who shared equally in the assets and liabilities of FV Solar Lab S.R.L. and under IFRS 11 this joint arrangement was classified as a joint venture and was included in the consolidated financial statements using the equity method.

On 21 January 2022, the Group acquired VEI Green's 50% holding in FV Solar S.R.L.; see note 31 for business combinations. Consequently, FV Solar Lab S.R.L. ceased to be accounted for as a joint venture under IFRS 11 but as a subsidiary under IFRS 10.

Summarised financial information in relation to the joint venture is presented below up to 21 January 2022:

	31 March 2022 £000	31 March 2021 £000
Profit or loss	**53**	26
Other comprehensive income		
Translation differences on foreign subsidiaries	**–**	(10)
Total comprehensive income	**53**	16

18. Contract costs

Accounting policy:

The Group may enter into placement agency agreements with providers who will seek to raise investor monies. Where placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, these fees are capitalised and then amortised on a systematic basis consistent with the pattern of transfer of the services to which the asset relates. Where placement agency fees are not considered to be incremental, these are expensed as they are incurred. Capitalised placement fees are included within contract costs.

Retainer amounts paid to placement agents are recognised as an asset. Where the placement agent is successful in obtaining a contract with a customer, the retainer amounts are offset against the gross placement agency fees when incurred. If unsuccessful, the retainer amounts are expensed.

Estimation uncertainty and judgements:

When deciding whether placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, the Group must consider whether an individual investor is the customer or whether the fund that the investor is investing into is the customer. Where the individual investor is the customer, the fees will be incremental. Where the customer is the fund, the fees for the individual investor would not be incremental.

	31 March 2022 £000	31 March 2021 as restated £000
Incremental placement agency fees, of which:	**4,555**	837
Non-current assets	**3,976**	712
Current assets	**579**	125

Incremental placement agency fees have arisen from further interim and final closes of Foresight Energy Infrastructure Partners. See note 36 for explanation for adjustment to corresponding amounts.

19. Trade and other receivables

Accounting policy:

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. For trade receivables this is because they meet the criteria set out under IFRS 9, being assets held within a business model that give rise to contractual cash flows and are solely payments of principal and interest ("SPPI"). If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the receivables' current financial position, adjusted for factors that are specific to the receivable, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. This encompasses trade receivables and balances within other receivables such as recharges yet to be invoiced to funds and investee companies.

Additionally, when a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2021: £nil).

Amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense is recognised in the statement of profit or loss.

	31 March 2022 £000	31 March 2021 as restated £000
Trade receivables	**13,383**	10,988
Other receivables	**2,310**	4,255
Prepayments	**2,050**	1,958
Staff advances	**2,880**	2,680
Tax receivable	**584**	—
Less non-current assets:		
Trade receivables	**1,120**	1,471
Other receivables	**—**	—
Prepayments	**—**	—
Staff advances	**2,140**	1,940
Tax receivable	**—**	—
Current assets:		
Trade receivables	**12,263**	9,517
Other receivables	**2,310**	4,255
Prepayments	**2,050**	1,958
Staff advances	**740**	740
Tax receivable	**584**	—
	17,947	16,470

The Directors consider that the carrying value of trade and other receivables approximates to their fair value. Staff advances have been made in order to retain key staff and are expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individual leaves the Group. See note 36 for explanation for adjustment to corresponding amounts.

The ageing profile of the Group's trade receivables is as follows:

	31 March 2022 £000	31 March 2021 £000
Current	**7,254**	7,139
Overdue		
< 30 days	**705**	101
30-60 days	**449**	526
60-90 days	**81**	77
> 90 days	**4,894**	3,145
	13,383	10,988

19. Trade and other receivables continued

The movement in the impairment allowance for trade receivables is as follows:

	31 March 2022 £000	31 March 2021 £000
At beginning of period	232	532
Written off during the period as uncollectible	(159)	(355)
Increase during the period	140	55
At end of period	**213**	**232**

Trade receivables include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of trade receivables the Directors considered any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Such changes would include when one or more detrimental events have occurred, such as significant financial difficulty of the counterparty or it becoming probable that the counterparty will enter bankruptcy or other financial reorganisation. As the majority of trade receivables are fees settled directly from the assets of the respective funds, the credit risk is considered to be very low. When trade receivables are fees settled directly from investee companies, i.e. Directors' fees there is the possibility of financial difficulty, however these fees individually are not significant. See note 30 for management of credit risk.

20. Cash and cash equivalents

Accounting policy:

Cash and cash equivalents comprise cash on hand and cash at banks.

	31 March 2022 £000	31 March 2021 £000
Cash and cash equivalents per Statement of Financial Position	54,289	39,431
Cash and cash equivalents per Cash Flow Statement	54,289	39,431

21. Trade and other payables

Accounting policy:

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Amortised cost

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

	31 March 2022 £000	31 March 2021 £000
Trade payables	**1,322**	1,175
Accruals	**12,459**	8,697
Deferred income	**134**	541
Other payables	**4,716**	5,244
VAT and PAYE	**3,234**	3,520
Corporation tax	**497**	143
Partnership capital contributions	**1,680**	1,619
Less non-current liabilities:		
Trade payables	**—**	—
Accruals	**64**	295
Deferred income	**—**	—
Other payables	**—**	—
VAT and PAYE	**—**	—
Corporation tax	**—**	—
Partnership capital contributions	**—**	—
Current liabilities:		
Trade payables	**1,322**	1,175
Accruals	**12,395**	8,402
Deferred income	**134**	541
Other payables	**4,716**	5,244
VAT and PAYE	**3,234**	3,520
Corporation tax	**497**	143
Partnership capital contributions	**1,680**	1,619
	23,978	20,644

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider the carrying amount of trade and other payables approximates to their fair value when measured by discounting cash flows at market rates of interest as at the Statement of Financial Position date. Deferred income relates to fees received in advance. Partnership capital contributions relate to contributions by members to Foresight Group LLP. The main component of accruals are bonuses relating to the financial period but substantially settled in July in the following financial year.

22. Loans and borrowings

Accounting policy:

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Loans and borrowings are derecognised from the Statement of Financial Position when the obligation specified in the contract is discharged, is cancelled or expires.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance costs.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings arose from the acquisition of PiP Manager Limited in the year ended 31 March 2021 (seen note 31).

	31 March 2022 £000	31 March 2021 £000
Current liabilities		
Loans and borrowings	**660**	688
Non-current liabilities		
Loans and borrowings	**3,030**	3,636
	3,690	4,324

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**31 March 2022 Carrying amount[1] £000**
Unsecured loan	GBP	2%	2027	**3,690**

1. The carrying amount of these loans and borrowings equates to the fair value.

The movement on the above loans may be summarised as follows:

	31 March 2022 £000	31 March 2021 £000
At beginning of period	**4,324**	—
At acquisition	**—**	4,242
Interest	**85**	82
Repayment	**(719)**	—
At end of period	**3,690**	4,324

For more information about the Group's exposure to interest rate and foreign currency risk, see note 30.

23. Lease liabilities

Accounting policy:

Applying IFRS 16, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payment
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Cash Flow Statement

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The carrying value is also adjusted for any remeasurement of the lease liability. The entity has chosen to apply the practical expedient in C3 of IFRS 16 to not reassess whether a contract is, or contains, a lease at the date of initial application. The lease liability is measured in subsequent periods using the effective interest rate method and adjusted for lease payments.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.53 (c). This expense is presented within administrative expenses in the Statement of Comprehensive Income.

The cost of any contractual requirements to dismantle, remove or restore the leased asset, typically dilapidations, are to be included in the initial recognition of right-of-use assets.

Estimation uncertainty and judgements:

The Group cannot readily determine the interest rates implicit in the leases; therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when adjustments are required to reflect the underlying economic market where overseas subsidiaries are located).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's standalone credit rating).

23. Lease liabilities continued

Set out below are the carrying amounts of the right-of-use assets recognised and associated lease liabilities (included under current and non-current liabilities) together with their movements over the period. The leases all relate to the offices of the Group as follows:

VCF II LLP

- 23rd Floor Shard, London
- 18th Floor Shard, London
- Park Row, Nottingham 3rd Floor
- Park Row, Nottingham 4th Floor

Foresight Group LLP

- George Street, Edinburgh, Scotland
- Station Road, Cambridge
- King Street, Manchester

Foresight Group S.R.L.

- Piazza Barberini, Rome

Foresight Group Iberia SL

- Planta Tercera, Madrid

New lease in year ended 31 March 2022:

Foresight Group Luxembourg S.A.

- Europe Building, Allee Scheffer, Luxembourg

The leases are typically of ten years' duration.

	31 March 2022 £000	31 March 2021 £000
Right-of-use asset		
At beginning of period	**9,120**	10,346
Additions	**1,477**	486
Depreciation	**(2,337)**	(1,712)
At end of period	**8,260**	9,120
Lease liability		
At beginning of period	**12,019**	13,498
Current	**2,157**	1,945
Non-current	**9,862**	11,553
Additions	**544**	486
Lease payment	**(2,719)**	(2,570)
Interest	**564**	621
Foreign exchange	**—**	(16)
At end of period	**10,408**	12,019
Current	**2,302**	2,157
Non-current	**8,106**	9,862
	10,408	12,019

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments at 31 March 2022.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
11,634	2,799	2,800	5,172	863

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments at 31 March 2021.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
13,817	2,712	2,735	7,289	1,081

The following are the amounts recognised in the Statement of Comprehensive Income:

	31 March 2022 £000	31 March 2021 £000
Depreciation expense on right-of-use assets	**2,337**	1,712
Interest expense on lease liabilities	**564**	621
	2,901	2,333

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 4.79%.

In accordance with IFRS 16.53(c), (d) and (e) (in respect of short-term, low-value and variable lease expenses), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 for these items. This expense is presented within administrative expenses in the Statement of Comprehensive Income as follows and for the year ended 31 March 2022 was £117,000 (2021: 241,000).

In the financial period, the Group recognised dilapidation provisions on its offices of £933,000 as right-of-use assets and a depreciation charge of £528,000.

24. Provisions

Accounting policy:

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

	31 March 2022 £000	31 March 2021 £000
Dilapidations provisions	**933**	—

Dilapidations provision

As part of its operating lease agreement for its various premises, the Group has an obligation to pay for dilapidation costs at the end of the lease term. Independent surveyors carried out inspections during the period to assess the likely dilapidations which the Group has now included provisions for.

25. Deferred tax assets and liabilities

Accounting policy:

Deferred tax is recognised based on differences between the carrying value of assets and liabilities for accounting purposes and their tax values (see note 12). Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that the Group considers them to be recoverable, which is determined by reference to estimates that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Estimation uncertainty and judgements:

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted or substantively enacted at the Statement of Financial Position date.

The movement on the deferred tax account is as shown below:

	31 March 2022 £000	31 March 2021 £000
At beginning of period	**(604)**	20
Recognised in Statement of Comprehensive Income		
Tax expense	**376**	(236)
Foreign exchange	**26**	—
	402	(236)
Recognised in equity		
Share-based payment reserve	**22**	—
Arising on business combination		
Intangible asset (see note 31)	**(403)**	(547)
Other temporary and deductible differences	**—**	159
At end of period	**(583)**	(604)

The movements in deferred tax assets and liabilities during the period are shown below:

	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	(Charged)/ credited to profit or loss 2022 £000	(Charged)/ credited to equity 2022 £000
Other temporary and deductible differences	**615**	**(178)**	**437**	**582**	**22**
Business combinations – intangible asset	**—**	**(1,020)**	**(1,020)**	**(87)**	**—**
Business combinations – other temporary and deductible differences	**—**	**—**	**—**	**(119)**	**—**
	615	**(1,198)**	**(583)**	**376**	**22**

	Asset 2021 £000	Liability 2021 £000	Net 2021 £000	(Charged)/ credited to profit or loss 2021 £000	(Charged)/ credited to equity 2021 £000
Other temporary and deductible differences	858	(1,051)	(193)	(213)	—
Business combinations – intangible asset	—	(530)	(530)	17	—
Business combinations – other temporary and deductible differences	119	—	119	(40)	—
	977	(1,581)	(604)	(236)	—

26. Employee benefits

Accounting policy:

The Group operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The amounts charged to the Statement of Comprehensive Income in respect of these schemes represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution schemes for the year ended 31 March 2022 was £608,000 (2021: 601,000).

27. Share capital and other reserves

Accounting policy:

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Ordinary Shares and Preference Shares

	31 March 2022 £	31 March 2021 £
Share capital		
Ordinary Shares	–	–
Preference Shares at beginning of period	–	849
Preference Shares redeemed	–	(849)
Preference shares at end of period	–	–

Ordinary Shares

	31 March 2022 Number	31 March 2022 £	31 March 2021 Number	31 March 2021 £
Ordinary Shares of no par value				
In issue at start of the year	**108,333,333**	–	–	
Redesignated	–	–	1,000,000	–
Subdivided	–	–	99,000,000	–
Issued	–	–	8,333,333	–
In issue at end of the year	**108,333,333**	–	108,333,333	–
A shares of no par value				
In issue at start of the year	–	–	1	–
Cancelled during the year	–	–	(1)	–
In issue at end of the year	–	–	–	–
B shares of no par value				
In issue at start of the year	–	–	539,840	–
Issued during the year	–	–	464,215	–
Cancelled during the year	–	–	(4,055)	–
Redesignated during the year	–	–	(1,000,000)	–
In issue at end of the year	–	–	–	–
D shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
F shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–

	31 March 2022 Number	31 March 2022 £	31 March 2021 Number	31 March 2021 £
H shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
I shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
J shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
L shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
M shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
N shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
P shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
Q shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
R shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
S shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–

27. Share capital and other reserves continued

Ordinary Shares continued

	31 March 2022 Number	31 March 2022 £	31 March 2021 Number	31 March 2021 £
T shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
U shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
V shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
W shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
X shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
Y shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
Z shares of no par value				
In issue at start of the year	–	–	1,000	–
Cancelled during the year	–	–	(1,000)	–
In issue at end of the year	–	–	–	–
AA shares of no par value				
In issue at start of the year	–	–	500	–
Cancelled during the year	–	–	(500)	–
In issue at end of the year	–	–	–	–

Rights for each Ordinary Share class

Ordinary Shares

The rights attaching to the shares are uniform in all respects and they form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders are under general law entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Note that for all share classes discussed below in the following sub-section, these shares were cancelled at the date of the IPO and replaced with the new Ordinary Shares discussed above.

A shares

Rights:

Income – entitled to receive and participate in dividends or other distributions attributable to the A shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital – entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and solely in respect of amounts paid up on such A shares.

Voting – entitled to receive notice of and to attend general meetings of the Company but not vote at such meetings.

B shares

Rights:

Income – entitled to receive and participate in dividends or other distributions attributable to the B shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital – entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and in proportion to the number of B shares held by them.

Redemption – redeemable at the option of the Company upon the member ceasing to be an employee or ceasing to hold the shares for an employee.

Voting – entitled to receive notice of and to attend and vote at general meetings of the Company.

D to AA shares ("Alphabet shares" – each a separate share class)

Rights:

Income – entitled to receive and participate in dividends or other distributions attributable to the respective class of the Alphabet shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital – entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and solely in respect of amounts paid up on such Alphabet shares.

Voting – entitled to receive notice of and to attend general meetings of the Company but not vote at such meetings.

Dividends paid on the above shares are included in note 28 below.

Preference Shares

	31 March 2022 £	31 March 2021 £
Allotted, called up and fully paid		
Redeemable shares of no par value paid up at £1 per share		
At beginning of period	–	849
Fully redeemed and cancelled during the year	–	(849)
At end of period	**–**	–

27. Share capital and other reserves continued

Preference Shares continued

These were held in the books of Foresight Group CI Limited ("FGCI") for the benefit of Beau Port Investments Limited.

The redeemable shares were redeemable at the sole option of FGCI, had no par value and had no voting rights, save in respect of any resolution to change the rights attached to them.

The Articles of Association of FGCI gave it the power to issue an unlimited number of shares of no par value as permitted by law.

The redemptions of Preference Shares over the period are included in note 28 below.

The Preference Shares were fully redeemed during the year ended 31 March 2021 (pre-IPO).

Share premium

Accounting policy:

Ordinary Shares issued by the Group are recognised at the proceeds or fair value received, with the excess of the amount received over nominal value being credited to the share premium account (net of the direct costs of issue).

Estimation uncertainty and judgements

The costs incurred for the IPO have been accounted for under IAS 32 as follows:

Incremental costs that were directly attributable to the issuing of new shares have been taken to equity (share premium). Costs that relate to the listing, or are otherwise not incremental and directly attributable to issuing new shares, have been recorded as an expense in the Statement of Comprehensive Income.

Where costs relate to both share issuance and listing, these are required to be allocated on a rational and consistent basis between the two functions. The Directors considered that an appropriate allocation basis would be the objectives of the IPO where 50% of the objectives were for the benefit of the Group and have therefore allocated 50% of the costs to equity (share premium).

	31 March 2022 £000	31 March 2021 £000
At beginning of period	**32,040**	–
Cash on primary raise	**–**	35,000
Transaction costs of primary raise	**–**	(2,960)
At end of period	**32,040**	32,040

The total transaction costs relating to the IPO amounted to £5.275 million, of which £2.96 million was taken to the share premium account and £2.3 million was expensed through administrative expenses in the Statement of Comprehensive Income in the year ended 31 March 2021.

Own share reserve

The Group operates a Share Incentive Plan as per note 8. The Group operates a trust which holds shares that have not yet vested unconditionally to employees of the Group. These shares are recorded at cost and are classified as own shares.

At 31 March 2022, the total number of shares held in trust was 228,838 including 152,769 of matching shares. Of the 152,769 matching shares, 45,000 had been transferred from Foresight Guernsey Limited (see IPO Prospectus) and 107,769 shares had been purchased at a cost of £454,000.

Share-based payment reserve

The share-based payment reserve represents the cumulative cost of the Group's share-based remuneration schemes and associated deferred tax; see note 8.

Group reorganisation reserve

The Group reorganisation reserve consists of the Ordinary Share capital of FGCI. As there is no investment in FGCI held in the books of any holding companies (Foresight Group Holdings Limited) this balance is left as a Group reserve.

Retained earnings

Includes all current and prior period retained profits and losses.

28. Dividends and redemptions

Accounting policy:

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when they are paid. Final equity dividends are recognised when approved by the Shareholders. Redemptions of Preference Shares were recognised when approved by the Directors of Foresight Group CI Limited upon request from the Shareholder. Share buybacks are recognised in equity when approved by the Directors.

	31 March 2022 £000	31 March 2021 £000
Distributions subsequent to the IPO		
Interim dividend	4,303	—
Final dividend	1,872	—
Distributions prior to the IPO		
Dividends and distributions to equity members	—	18,229
Share buybacks	—	10
	6,175	18,239

Set out below are the details of all equity dividends, distributions and share buybacks for the year ended 31 March 2022 and year ended 31 March 2021. On IPO, there was a restructuring of the share capital of the Company so that dividends per share pre and post-IPO would be incomparable. Therefore, the disclosure of dividends per share has not been made for pre-IPO equity dividends as it would be both unhelpful and misleading and not reflective of future dividend policy.

Year ended 31 March 2022

Ordinary Shares

- A final dividend of 1.7 pence per share in respect of the year ended 31 March 2021 was paid on 24 September 2021 with an ex-dividend date of 9 September 2021 and a record date of 10 September 2021
- An interim dividend of 4.0 pence per share in respect of the year ended 31 March 2022 was paid on 25 March 2022 with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022

Year ended 31 March 2021

A shares

- On 22 May 2020, the Company declared dividends of £137,500 in respect of the Company's A shares
- On 21 August 2020, the Company declared dividends of £137,500 in respect of the Company's A shares
- On 26 November 2020, the Company declared dividends of £183,333 in respect of the Company's A shares
- On 1 February 2021, the Company declared dividends of £8,870,838 in respect of the Company's A shares

Alphabet shares

- On 1 February 2021, the Company paid dividends of £16,561 in respect of the Company's Alphabet shares

Distributions

- During the financial year, Foresight Group LLP paid distributions of £8,792,208 to its members
- During the financial year, VCF Partners paid distributions of £91,117 to its members

Share buyback

- On 9 February 2021, the Company enacted a share buyback of £10,000 per share, in respect of one of the Company's A shares

28. Dividends and redemptions continued

Preference Shares

Redemptions on Preference Shares were as follows:

	31 March 2022 £000	31 March 2021 £000
Redemption of Preference Shares	—	4,753

In terms of Preference Shares redemptions, these all took place prior to the IPO via arrangements in place between Beau Port Investments Limited ("BPIL") and Foresight Group CI Limited. These arrangements were all terminated before the date of the IPO and all Preference Shares were fully redeemed and cancelled.

Year ended 31 March 2021

- On 31 July 2020, Foresight Group CI Limited exercised its right to redeem one redeemable share for a total consideration of £2,750,000
- On 17 December 2020, Foresight Group CI Limited redeemed two redeemable shares for a total consideration of £2,003,191
- On 28 January 2021, Foresight Group CI Limited redeemed the remaining 846 redeemable shares for nil value and these were subsequently cancelled
- The value of these redemptions was determined by the Board of Directors of FGCI after taking into account FGCI's profits and working capital requirements

29. Commitments and contingencies

There were no capital commitments or contingencies at 31 March 2022 or 31 March 2021.

30. Financial instruments – classification and measurement

Financial assets

Financial assets comprise cash and cash equivalents, trade receivables and other receivables (at amortised cost) and investments at FVTPL, as follows:

	31 March 2022 £000	31 March 2021 £000
Trade and other receivables	**18,573**	17,923
Cash and cash equivalents	**54,289**	39,431
Investments at FVTPL	**2,781**	2,075
	75,643	59,429

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables, loans and borrowings and lease liabilities as follows:

	31 March 2022 £000	31 March 2021 as restated £000
Trade payables	**1,322**	1,175
Other payables	**6,396**	6,863
Loans and borrowings	**3,690**	4,324
Lease liabilities	**10,408**	12,019
	21,816	24,381

Financial liabilities for the year ended 31 March 2021 have been restated due to incorrect inclusion of statutory obligations and exclusion of loans and borrowings and lease liabilities.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk and credit risk. Risk management is carried out by the Board of Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

(a) Market risk

(i) Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements.

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Group to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The potential maximum exposure to market price risk, being the value of the investments as at 31 March 2022, was £2.8 million (2021: £2.1 million).

(ii) Interest rate risk

The Group has only £3.7 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see notes 22 and 31) with a fixed interest rate. As the interest rates on Shareholders' loans and lease contracts are also fixed, interest rate risk is considered to be very low. Cash and cash equivalents include an interest-bearing deposit account which earned interest at 0.05% per annum at 31 March 2022. As at 31 March 2022, if the interest rate increased or decreased by ten basis points the interest earned would increase or decrease by £7,000.

(iii) Foreign exchange risk

The Group is not exposed to significant foreign exchange transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore considered immaterial.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains significant liquid resources in the form of cash or cash deposits in order to meet working capital and regulatory needs. Foresight is predominantly financed through a combination of share capital, undistributed profits and cash.

The contractual maturities (representing undiscounted contractual cash flows) of financial liabilities are contained in the respective note for each category of liability as follows:

- Trade and other payables – see note 21
- Loans and borrowings – see note 22
- Lease liabilities – see note 23

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Group does not consider that there is any concentration of risk within either trade or other receivables.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

30. Financial instruments – classification and measurement continued

Capital risk management

The Group is predominantly equity funded and this makes up the capital structure of the business. Equity comprises share capital, share premium and retained profits and is equal to the amount shown as "Equity" in the balance sheet.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term
- Maintain regulatory capital
- Provide a reasonable expectation of future returns to Shareholders

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

During the year to 31 March 2022, the Group's strategy remained unchanged and all regulatory capital requirements of subsidiaries in the Group were complied with. Foresight Group LLP has documented its Pillar III disclosures required by the Financial Conduct Authority under BIPRU 11. These are available on the Foresight Group website or from its registered office.

Fair value hierarchy

Unquoted investments represents the Group's share of the value of the underlying investments held across various Funds Under Management. These unquoted investments are valued on a net asset basis by the Group. The actual underlying investments are valued in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines. When valuing an unquoted investment at fair value the following factors will be considered:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used

(ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:

  (a) an earnings multiple basis. The shares may be valued by applying a suitable multiple to that company's historic, current or forecast earnings before tax, interest, depreciation and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified compared to the sector including, inter alia, illiquidity); or

  (b) where a company's under-performance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Group assesses the portfolio for such investments and, after agreement with the relevant manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value

(iii) Premiums on loan investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be the application of a multiple to that company's historic, current or forecast turnover (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity)

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3)

As at 31 March 2022	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Unquoted investments	**—**	**—**	**2,781**	**2,781**
Net financial instruments	**—**	**—**	**2,781**	**2,781**

As at 31 March 2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unquoted investments	—	—	2,075	2,075
Net financial instruments	—	—	2,075	2,075

Transfers

During the period there were no transfers between Levels 1, 2 or 3.

The unobservable inputs may be summarised as follows:

Asset class and valuation	**31 March 2022 fair value £000**	Significant unobservable inputs	Range estimates	Sensitivity factor	Change in fair value £000
Net financial instruments	**2,781**	NAV	1x	+/-5%	+/- 139

As can be seen in the table above, the most significant unobservable input is in relation to the NAV of the relevant investments. A change of 5% to this assumption would increase or decrease the value of these investments by £139,000.

31. Business combinations

Accounting policy:

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred and included within administrative expenses in the Statement of Comprehensive Income.

Where applicable, the Group applies the optional concentration test to assess whether an acquired set of activities is not a business. If the concentration test is not met, the Group then determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate, or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost assessed for impairment at each reporting date and is subsequently measured at cost less any accumulated impairment losses. Any gain on bargain purchase is credited to administrative expenses in the Statement of Comprehensive Income in the year such gain on bargain purchase arises.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisitions in the year ended 31 March 2022

Details of the acquisition in the year ended 31 March 2022 are as follows:

Business	Country of incorporation	Nature of activity	Date of acquisition	Consideration £000	Percentage ownership
FV Solar Lab S.R.L.	Italy	Asset management and investment advisory services to ForVEI II	21 January 2022	557	100%

The entity was acquired via direct investment in the share capital of the target. The Group previously held 50% ownership as per note 17. The acquisition represented an opportunity for the Group to expand its Italian business by becoming the sole manager of ForVEI II which presented growth opportunities and secured additional recurring revenue. By completing the transaction, AUM increased by £0.1 billion.

The carrying amount of assets and liabilities in the books of the acquiree at the date of acquisition was as follows:

	£000
Trade and other receivables	520
Cash and cash equivalents	218
Trade and other payables	(141)
Total carrying value	**597**

Purchase consideration was £557,000 and there were no transaction costs.

The above acquisition is reflected in the Cash Flow Statement as follows:

	£000
Cash paid	(557)
	(557)
Cash acquired on acquisition of subsidiary	218
Total per Cash Flow Statement	**(339)**

The following intangible assets were recognised at acquisition:

	£000
Intangible asset – customer lists	**1,679**

The fair values of the assets and liabilities arising from the acquisition are as follows:

	£000
Intangible asset	1,679
Trade and other receivables	520
Cash and cash equivalents	218
Trade and other payables	(141)
Deferred tax liability – intangible asset	(403)
Total fair value	**1,873**

The fair value of the intangible asset above was derived from cash flow forecasts for the FV Solar Lab S.R.L. standalone business, being the fees arising from management contracts for ForVEI II using a 7% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over the remaining life of the ForVEI II contracts.

31. Business combinations continued
Acquisitions in the year ended 31 March 2022 continued

The gain on disposal of the Group's existing interest in FV Solar Lab S.R.L is as follows:

	£000
Fair value of investment in joint venture	937
Less carrying value of investment in joint venture (see note 17)	(304)
Gain on disposal of investment in joint venture	633

The gain on the acquisition of FV Solar Lab S.R.L. is as follows:

	£000
Fair value of net assets acquired	1,873
Less fair value of previously held investment in joint venture	(937)
Less consideration	(557)
Gain on bargain purchase	379

Total gain arising from business combination achieved in stages:

	£000
Gain on disposal of investment in joint venture	633
Gain on bargain purchase	379
Total gain	1,012

The Group has credited this total gain to the Statement of Comprehensive Income during the year ended 31 March 2022. Due to the materiality of the gain, this is shown as a separate line item in the Statement of Comprehensive Income.

Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	148
Profit before tax contribution	65

Had the acquisition occurred at the start of the period, the acquisition would have made the following contributions to both Group revenue and profit:

	£000
Revenue contribution	806
Profit before tax contribution	230

Acquisitions in the year ended 31 March 2021

Details of the acquisition in the year ended 31 March 2021 are as follows:

Business	Country of incorporation	Nature of activity	Date of acquisition	Consideration £000	Percentage ownership
PiP Manager Limited	UK	Asset management services to pension funds	18 August 2020	5,339	100%

The entity was acquired via direct investment in the share capital of the target. The following subsidiaries of PiP Manager Limited were also acquired:

- PiP Multi-Strategy Infrastructure Limited
- PiP Multi-Strategy Infrastructure (Scotland) Limited
- PiP RP-MA GP LLP
- PiP Multi-Strategy Infrastructure GP LLP
- PiP WM-MA GP LLP

The carrying amount of assets and liabilities in the books of the acquiree at the date of acquisition was as follows:

	£000
Trade and other receivables	377
Cash and cash equivalents	3,446
Trade and other payables	(362)
Non-current payables	(439)
Deferred tax asset	50
Total carrying value	3,072

Purchase consideration was £1.1 million of cash and £4.2 million of loans due to the vendors taken on by the Group at acquisition (further details of these loans are included in note 22 above). Transaction costs of £184,000 (which have been expensed) comprise adviser fees, including financial, tax and legal due diligence costs. Consideration is broken down as follows:

	£000
Cash paid	1,098
	1,098
Founder loans taken on	4,241
Total consideration	5,339

The above acquisition is reflected in the Cash Flow Statement as follows:

	£000
Cash paid	(1,098)
	(1,098)
Cash acquired on acquisition of subsidiary	3,446
Total per Cash Flow Statement	2,348

The following intangible assets were recognised at acquisition:

	£000
Intangible asset – customer lists	2,879

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

31. Business combinations continued

Acquisitions in the year ended 31 March 2021 continued

The fair values of the assets and liabilities arising from the acquisition are as follows:

	£000
Intangible asset	2,879
Trade and other receivables	377
Cash and cash equivalents	3,446
Trade and other payables	(362)
Non-current payables	(439)
Deferred taxation asset	159
Deferred taxation liability – intangible asset	(547)
Net assets acquired	5,513
Consideration	5,339
Gain on bargain purchase	(174)
Transaction costs	184

The fair value of the intangible asset above was derived from cash flow forecasts for the PiP standalone business, over a 20 year period using a 13.75% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over a useful life of 20 years.

The acquisition of PiP resulted in a small gain on bargain purchase as a result of the assessment of fair value of assets acquired and liabilities assumed marginally exceeding the total of the fair value of the purchase consideration. The Group has credited the gain on bargain purchase to the Statement of Comprehensive Income during the year ended 31 March 2021, as a separate line item in the Statement of Comprehensive Income within gain on business combination (due to the materiality of the gain in FY22).

Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	1,432
Profit before tax contribution	212

32. Assets and liabilities of disposal group as held for sale

Accounting policy:

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

The assets and liabilities of operations classified as a disposal group are as follows:

	31 March 2022 £000	31 March 2021 £000
Assets		
Current assets		
Cash	**65**	65
Total assets	**65**	65
Liabilities		
Current liabilities		
Trade and other payables	**(1)**	(1)
Total liabilities	**(1)**	(1)
Net assets and liabilities	**64**	64

The assets above at 31 March 2022 and 2021 relate to residual cash balances in Foresight Metering Limited. The liabilities at the same dates relate to accruals made for liquidator costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

33. Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with key management personnel

The Group considers the Executive Committee ("Exco") members as the key management personnel and the table below sets out all transactions with these personnel and the Directors:

	31 March 2022 £000	31 March 2021 £000
Emoluments	**1,240**	1,050
Partnership profit share	**–**	3,217
Equity dividends	**–**	9,319
Capital redemptions	**–**	4,763
Other benefits	**23**	25
IPO proceeds	**–**	148,070
Total	**1,263**	166,444

Staff advances

Accounting policy:

Advances to staff (including Partners of Foresight Group LLP) are accounted for as employee benefits under IAS 19. In line with IAS 19, the advance is initially recognised as a financial asset and then as an expense when services are provided, also taking into account the contractual terms of the advances.

Staff advances are made to various members of Foresight Group LLP or employees to be expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individuals leave the Group. During the year ended 31 March 2022, a further £1,000,000 (2021: £1,500,000) of advances were made by Foresight Group LLP and £580,000 (2021: £440,000) of the advances were expensed.

Disposal of long leasehold property

On 2 February 2021, the leasehold interest for Flat 18, Railway & Bicycle, 205 London Road, Sevenoaks was purchased from Foresight Group LLP by Julia Fairman, the wife of the Executive Chairman of the Group, for £450,000 (being the fair market value) resulting in a profit on disposal of £170,000. As part of this transaction, it was agreed that Foresight Group LLP will continue to pay any council tax, utilities, services charges and rates payable in connection with the flat for as long as Bernard Fairman acts as Executive Chairman of FGHL. These expenses are included above in other benefits and amount to £6,000 (2021: £1,000).

Other related party transactions

At 31 March 2021, the Company owed Beau Port Investments Limited, a privately owned company of Bernard Fairman, £530,000 in unpaid dividends. This balance was fully repaid by March 2022.

34. Ultimate holding company

Foresight Group Holdings Limited is the ultimate parent company of a group of companies that form the Group presented in this financial information. The Company is a company incorporated and domiciled in Guernsey.

35. Subsequent events

Subsidiaries

On 1 April 2022, FV Solar Lab S.R.L. merged with Foresight Group S.R.L..

Business combinations

On 13 June 2022, the Group announced the acquisition of the technology ventures division of Downing LLP, including the management of Downing's venture capital trusts, Downing ONE VCT Plc, Downing FOUR VCT Plc, and the Downing's Ventures Enterprise Investment Scheme, representing a combined AUM of c.£275 million. The Group paid an initial consideration of c.£13.6 million, with a further consideration of up to £4.2 million payable over a three year period subject to the achievement of certain criteria, and an additional capped fee sharing arrangement in respect of future performance and other fees. The acquisition will be funded from existing financial resources and will diversify the Group's existing ventures offering.

Completion of the acquisition was on 4 July 2022. Accordingly, at the date these consolidated financial statements were authorised for issue, it was impracticable to disclose all the information required by IFRS 3 Business Combinations as the Group has not completed its initial accounting of the business combination including the purchase price allocation. More specifically, the valuation of investment management contracts acquired, and valuation of the deferred consideration has not yet been finalised. The Group will provide this finalised information in its Half-year Report for the six months ended 30 September 2022.

The acquisition is expected to contribute £4.8 million and £1.6 million to Group revenue and profit respectively in the post-acquisition period to 31 March 2023. Annualised contribution to Group revenue and profit is expected to be £5.6 million and £2.1 million, respectively.

36. Restatement of corresponding amounts

Consolidated Statement of Comprehensive Income

	As restated 31 March 2021 £000	As reported 31 March 2021 £000	Change 31 March 2021 £000
Administrative expenses	(48,883)	(48,709)	(174)
Gain on business combination	174	—	174

Corresponding amounts in the Consolidated Statement of Comprehensive Income to 31 March 2021 have been restated due to reclassification of amounts presented in administrative expenses to a new line in the primary statement "Gain on business combination". In the annual financial statements for the year ended 31 March 2021, gain on business combination was included in administrative expenses as it was not material for separate disclosure.

Consolidated Statement of Financial Position

	As restated 31 March 2021 £000	As reported 31 March 2021 £000	Change 31 March 2021 £000
Non-current assets			
Contract costs – incremental placement agency fees	712	—	712
Trade and other receivables – trade receivables	1,471	—	1,471
Trade and other receivables – staff advances	1,940	—	1,940
Current assets			
Contract costs – incremental placement agency fees	125	—	125
Trade and other receivables – trade receivables	9,517	10,988	(1,471)
Trade and other receivables – prepayments	1,958	2,795	(837)
Trade and other receivables – staff advances	740	2,680	(1,940)

	As restated 31 March 2020 £000	As reported 31 March 2020 £000	Change 31 March 2020 £000
Non-current assets			
Contract costs – incremental placement agency fees	765	—	765
Trade and other receivables – trade receivables	573	—	573
Trade and other receivables – staff advances	1,280	—	1,280
Current assets			
Contract costs – incremental placement agency fees	91	—	91
Trade and other receivables – trade receivables	6,269	6,842	(573)
Trade and other receivables – prepayments	2,042	2,898	(856)
Trade and other receivables – staff advances	320	1,600	(1,280)

Corresponding amounts in the Consolidated Statement of Financial Position to 31 March 2021 have been restated due to reclassification of amounts presented in current assets to non-current assets and amounts presented in trade and other receivables to contract costs. These reclassifications are as follows:

- The adjustment to contract costs arises from the reclassification of capitalised incremental placement agency fees from trade and other receivables – prepayments. In the annual financial statements for the year ended 31 March 2021, capitalised incremental placement agency fees were included in trade and other receivables – prepayments as they were not material for disclosure as contract costs
- The adjustment to trade and other receivables – trade receivables from current to non-current arises as amounts were not expected to be recovered within 12 months of the reporting date in respect of Foresight Williams Technology EIS Fund management fees
- The adjustment to trade and other receivables – staff advances from current to non-current arises as the amounts were not expected to be released to the Statement of Comprehensive Income within 12 months of the reporting date

GLOSSARY

Absolute TSR	Share price appreciation plus dividends paid to show total return to a Shareholder, expressed as a percentage
AGM	Annual General Meeting
AIFM	Alternative Investment Fund Manager
AITS	Foresight's Accelerated Inheritance Tax Solution
AML	Anti-Money Laundering
AUM	Assets Under Management (FUM + DUM)
CAGR	Compound Annual Growth Rate
CASS	The Financial Conduct Authority's Client Assets Sourcebook
CFO	Chief Financial Officer of Foresight Group
Company	Foresight Group Holdings Limited
COO	Chief Operating Officer
Core EBITDA	Core earnings before interest, taxes, depreciation and amortisation. See explanation in note 9 of the financial statements
CRO	Chief Risk Officer of Foresight Group
DTRs	Disclosure Guidance and Transparency Rules
DUM	Debt Under Management
EDD	Enhanced Due Diligence
EIS	Enterprise Investment Scheme
EPS	Earnings per share
ESG	Environmental, Social and Governance
Ethical Standard	FRC's Revised Ethical Standard (2019)
Exco	Executive Committee
Executive Group	Executive Committee and the Company Secretary
Executive Management	Definition to be inserted into the FCA's Listing Rules under LR App 1, App 1.1: "the executive committee or most senior executive or managerial body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff"
EU	European Union
FCA	Financial Conduct Authority
FCM	Foresight Capital Management
FEIP	Foresight Energy Infrastructure Partners
FG Australia	Foresight Group Australia Pty Ltd
FGCI	Foresight Group CI Limited
FGLLP	Foresight Group LLP
FIIF	FP Foresight UK Infrastructure Income Fund
Foresight/ Foresight Group/Group	Foresight Group Holdings Limited together with its direct and indirect subsidiary undertakings
Foresight SICAV	Foresight Global Real Infrastructure (Lux) Fund
FRIF	Foresight Regional Investment Fund LP
FSFC	Foresight Sustainable Forestry Company plc
FSFL	Foresight Solar Fund Limited
FTE	Full-Time Equivalent
FUM	Funds Under Management
FVTPL	Fair value through profit and loss
FY20/21/22	Year ending 31 March 2020/21/22
GHGs	Greenhouse gases
GRIF	FP Foresight Global Real Infrastructure Fund
HR	Human Resources
IASB	International Accounting Standards Board
IBR	Incremental Borrowing Rate

IC	Investment Committee
I&D	Inclusion and Diversity
IFA	Independent financial advisers
IFRS	International Financial Reporting Standard(s)
IPEV	International Private Equity and Venture Capital
IPO	Initial Public Offering
ISAE 3402	International Standard on Assurance Engagements – 3402, Assurance Reports on Controls at a Service Organisation
ITS	Foresight's Inheritance Tax Solution
JLEN	JLEN Environmental Assets Group
LSE	London Stock Exchange
MAR	Market Abuse Regulation, being the UK version of Regulation (EU) No 596/2014 which has effect in English law by virtue of the European Union (Withdrawal) Act 2018
Minority ethnic background	Definition to be inserted into the FCA's Listing Rules under LR App 1, App 1.1: from one of the following categories of ethnic background, as set out in the tables in LR 9 Annex 2.1R(b) and LR 14 Annex 1.1R(b), excluding the category "White British or other White (including minority-white groups)"
NAV	Net Asset Value
NCIA	Sustainable Market Initiative's Natural Capital Investment Alliance
NEDs	Non-Executive Directors
OEIC	Open Ended Investment Company
O&M	Operations and maintenance
Parent Company	Foresight Group Holdings Limited
PiP	Pensions Infrastructure Platform
PRI	The UN's Principles for Responsible Investment
PSP	Performance Share Plan
RCSA	Risk Control Self-Assessment
Recurring revenue	Management, secretarial and Directors' fees
REF	FP Foresight Sustainable Real Estate Securities Fund
Relationship Agreement	Pursuant to Listing Rule 9.8.4, the Company has entered into a relationship agreement with Bernard Fairman, Beau Port Investments Limited and other parties with whom they are deemed to be acting in concert
RMF	Risk Management Framework
RPI	Retail Price Index
SBP	Share-based payment
SBTi	Science Based Targets initiative
SC	Sustainability Committee
SDGs	Sustainable Development Goals
SDR	UK Sustainable Disclosure Requirements
SECR	Streamlined Energy and Carbon Reporting
SET	Sustainability Evaluation Tool
SFDR	Sustainable Finance Disclosure Regulation
SFT	Sustainable Future Themes Fund
Shareholder	Holder of the Company's Ordinary Shares
SIP	Share Incentive Plan
SSPs	Shared Socioeconomic Pathways
TCFD	Task Force on Climate-related Financial Disclosures
the Code	The UK Corporate Governance Code
ToR	Terms of Reference
TSR	Total Shareholder Return
UNGC	UN Global Compact
VAM	VAM Global Infrastructure Fund
VCM	Voluntary Carbon Market
VCT	Venture Capital Trust
WACC	Weighted average cost of capital

CORPORATE INFORMATION

Registered number
51521

Directors
Bernard Fairman
(Executive Chairman)

Gary Fraser
(Chief Financial Officer
and Chief Operating Officer)

Alison Hutchinson, CBE
(Senior Independent Non-Executive Director)

Geoffrey Gavey
(Independent
Non-Executive Director)

Mike Liston, OBE
(Independent
Non-Executive Director)

Company Secretary
Jo-anna Nicolle

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Foresight

FOR A SMARTER FUTURE

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FOREGSIGHT GROUP HOLDINGS LIMITED Annual Report and Financial Statements 2022