



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 5

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Foresight Sustainable Forestry Company Plc

Legal entity identifier: 213800W5S9JG5JFGYO91

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainable investment objective

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<p><input checked="" type="checkbox"/> It made sustainable investments with an environmental objective: 100%</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It made sustainable investments with a social objective: ___%</p>	<p><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>

To what extent was the sustainable investment objective of this financial product met?

Foresight Sustainable Forestry Company Plc (“**FSF**” or the “**Company**”) is the first and only UK listed investment trust focused on UK forestry, afforestation and natural capital. FSF was awarded the London Stock Exchange’s Green Economy Mark at IPO. In December 2022, FSF became the first fund to be accredited with the London Stock Exchange’s Voluntary Carbon Market designation.

The Company has a climate change mitigation objective, seeking to make a direct contribution to the climate agenda through its forestry and afforestation carbon sequestration initiatives.

The Company’s investment objective stipulates the targeted sustainable impact it aims to

achieve by virtue of investing in, predominantly, sustainably managed forestry assets (including standing forests and afforestation properties).

During the reference period, from 01 October 2022 to 30 September 2023, the fund continued to meet its objective, wherein all investments made by the fund during the reference period can be classed as making a substantial contribution to the sustainable investment objective of the fund, its sustainable impact and its climate change mitigation capabilities.

The investments into standing forestry, afforestation and mixed (standing forestry and afforestation) properties make substantial contributions to the environmental objectives set out in Regulation (EU) 2020/852:

Climate change mitigation

- Strengthening land carbon sinks, including through avoiding deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation, and regenerative agriculture

Protection and restoration of biodiversity and ecosystems


- Sustainable forest management, including practices and uses of forests and forest land that contribute to enhancing biodiversity or to halting or preventing degradation of ecosystems, deforestation and habitat loss

As per the asset allocation planned for the fund, a maximum of 15% of investments will be categorised as “Not sustainable”. This allocation can be broken down into cash reserves (5%) and non-core holdings (10%). As at 30 September 2023, 0.7% of the fund’s current assets were categorised as cash and cash equivalent and 3.4% as non-core holdings.

As detailed below, cash reserves held by the fund are for portfolio management purposes, which help to deliver the fund’s sustainable investment objective.

● *How did the sustainability indicators perform?*





FSF has mapped its portfolio’s sustainable impact performance against the UN Sustainable Development Goals (“SDGs”) and their underlying targets. The below represents FSF’s contribution to the SDGs for the stipulated reference period of 01 October 2022 to 30 September 2023:

Goal	SDG Target	Contribution
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	446,600 kg of pollutants ¹ removed from the atmosphere including: Avoidance of: 5,180 kg of NOx (Nitrous Oxide) 11,655 kg of SOx (Sulphur Dioxide) 25,539 kg of PM₁₀ (µm10 Particulate Matter) 21,640 kg of PM_{2.5} (µm2.5 Particulate Matter) 16,259 kg of NH₃ (Ammonia)

¹ Based on 84.kg pollutant removal / hectare (Source from Office for National Statistics).

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

	<p>6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p>	<p>349² kilometers of sustainably managed watercourses</p>
	<p>12.2 Achieve the sustainable management and efficient use of natural resources.</p>	<p>1,062,325 m³ of sustainably grown, standing commercial timber 100% of existing commercial forestry projects dual FSC and PEFC certified</p>
	<p>13.3 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<p>Total annual arboreal sequestration of 35,081 tCO₂e² / annum Average annual sequestration of 2.8 tCO₂e / gross ha Average annual sequestration of 7.5 tCO₂e / stocked ha (commercial and non-commercial)</p>
	<p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>	<p>3,819 hectares of sustainably managed commercial forests of which: 843 hectares are long-term, mixed broadleaf carbon sinks; and 769 hectares are SSSIs³/SAC⁴</p>

...and compared to previous periods?

The Company’s previous periodic disclosures are available on its website. As FSF’s operations grow, the carbon sequestration and sustainable impact of the portfolio will increase further.

- **How did the sustainable investments not cause significant harm to any sustainable investment objective? How were the indicators for adverse impacts on sustainability factors taken into account?**

Overall responsibility for Sustainability and Environmental, Social and Governance (“ESG”) considerations resides with the Board of FSF, with analysis and reporting of ESG criteria advised on by Foresight as the Investment Manager.

FSF monitors both the attainment of its climate change mitigation objective and compliance with the “do no significant harm” test under the Sustainable Finance Disclosure Regulation. The fund achieves this through the integrated application of its ‘Sustainability Evaluation Tool’ (“SET”), which can be used to assess the sustainability and ESG performance of assets throughout their lifecycle. The SET consists of measurable indicators and is used in the evaluation of all investments.

² Includes all permanent water courses and larger drains whether wholly inside the property boundaries or located on the property boundary with a shared responsibility for watercourse management.

³ Sites of Special Scientific Interest.

⁴ Special Areas of Conservation.

From the perspective of EU Taxonomy aligned assets, the Do No Significant Harm (“DNSH”) criteria detailed within the Delegated Act feature within the SET and are assessed at the investment level.

Furthermore, for both EU Taxonomy aligned and non-aligned assets, the Investment Manager collects monthly, asset level sustainability and ESG data enabling reporting against the mandatory principal adverse impact (“PAIs”) indicators. For the stipulated reference period, the fund’s PAI update is shown below.

Table of fund Principle Adverse Impacts

			Impact*	Unit	
GHGs	1	GHG Emissions	Scope 1 GHG Emissions	349.8	tCO2e
			Scope 2 GHG Emissions	0	tCO2e
			Scope 3 GHG Emissions (from Jan 23)	863.5	tCO2e
			TOTAL GHG Emissions	1,213.3	tCO2e
	2	Carbon Footprint	Carbon Footprint	2.0	tCO2e/£m invested
	3	GHG intensity of Investee Companies	GHG intensity of Investee Companies	183.9	tCO2e/£m revenue
GHGs	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	%
	5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	0 0 100	% of operational assets have renewable tariffs % of total consumption is renewable % of total production is renewable
	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	GWh/£m revenue
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0	%
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	tonnes of emissions to water
Waste	9	Hazardous Waste Ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0	tonnes hazardous waste
Social and Employee Matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	known incidents
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprise	0	known investee companies
	12	Unadjusted Gender Pay Gap	Average unadjusted gender pay gap of investee companies	N/A	%
	13	Board Gender Diversity	Average ratio of female to male board members in investee companies	50 50	% female % male

14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	%
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As noted above, the Investment Manager’s ongoing portfolio monitoring requires monthly data to be collected and reported on a quarterly basis. This enables robust reporting against the PAI indicators on a regular basis. Performance against these indicators over time is monitored with a view to consistent improvement. Focused areas for improvement remain in line with those reported in the 2022 Annex V and at present are:

- Reduction in overall Carbon Footprint of the fund (PAI 2);
- Reduction in GHG intensity of Investee Companies (PAI 3); and
- Share of non-renewable energy consumption and production (PAI 5).

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

FSF’s investment process ensures that the projects have in place policies that cover topics such as Sustainability and ESG, Modern Slavery, Inclusion and Diversity, Anti-Bribery and Corruption, Health and Safety, Stakeholder Engagement, Whistleblowing, Cyber Security. The contents of these policies have been informed by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Furthermore, on engaging counterparties, they are requested to agree to the Investment Manager’s Supplier Code of Conduct, which specifically references adherence to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, thus providing greater assurance of compliance across both FSF’s SPVs and its supplier base.

As such, the investments made by the fund during the reference period comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Asset allocation describes the share of investments in specific assets.



How did this financial product consider principal adverse impacts on sustainability factors?

As noted above, the Investment Manager collects monthly, asset level sustainability and ESG data enabling reporting against the mandatory principal adverse impact indicators in Table 1 Annex 1 of the RTS. The PAI update for the stipulated reference period is provided in the table above.



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
<i>Fordie Estates</i>	<i>Forestry</i>	7.38%	UK
<i>Donside Collection</i>	<i>Forestry</i>	4.41%	UK
<i>Whiteburn</i>	<i>Forestry</i>	4.89%	UK
<i>Waterhead & Craigenputtock</i>	<i>Forestry</i>	4.61%	UK
<i>Shorthope</i>	<i>Forestry</i>	4.37%	UK

The above table provides details on the largest investments made by the fund during the reference period alongside the economic activity classification under the EU Taxonomy.

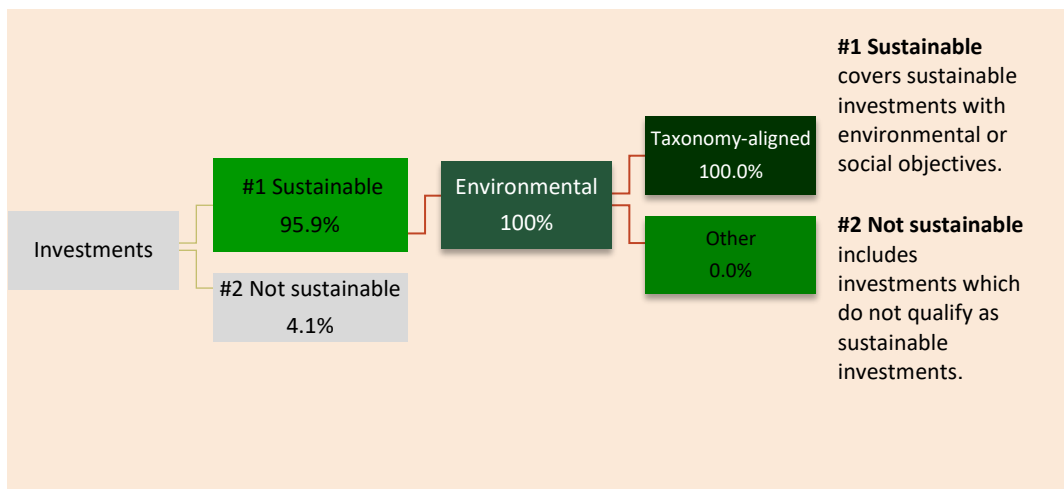


What was the proportion of sustainability-related investments?

What was the asset allocation?

FSF intends that all of the fund's assets will be used for the purpose of attaining the fund's sustainable investment objective. Notwithstanding, FSF may hold a cash reserve.

Therefore, for the purpose of disclosing in line with the expectations of Commission Delegated Regulation (EU) 2022/1288, FSF confirms that as at 30 September 2023 a proportion of 95.9% of the fund's assets were invested in alignment with the fund's sustainable investment objective. 4.1% of the fund's assets can be categorised as "#2 Not sustainable"; this allocation relates to the cash and cash equivalents of the fund and its non-core holdings (0.7% and 3.4% respectively).



The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: for the period from 01/10/2022 to 30/09/2023

(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were the investments made?

The above table of top investments details the classifications of the economic sectors the investments were made into in alignment with the economic activities detailed within the EU Taxonomy.

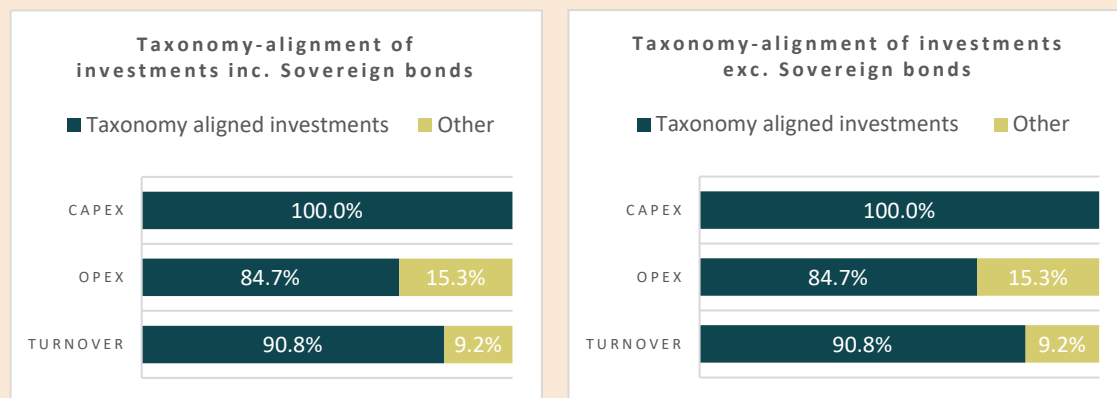


To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

During the reference period 100% of the Fund’s acquisitions both fulfilled the sustainable investment objective and were aligned with the EU Taxonomy.

For the year to 30 September 2023, 100% of the acquisitions made by the fund were assessed to be Forestry assets and in alignment with the EU Taxonomy’s Technical Screening Criteria for that sector. Some of these acquisitions included within them small proportions of non-core⁵ assets which have been accounted for in the above and below charts⁶ as “#2 Not sustainable”.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



**For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposure.*

What was the share of investments made in transitional and enabling activities?

All investments made during the reference period are deemed to make a significant contribution to the environmental objectives of (EU) 2020/852 as set out on pg 2 of this document. It is assessed that 0% of investments were made in transitional and enabling activities.

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

⁵ e.g. Residential land and buildings

⁶ At the time of investment. Based on internal assessment.

Previous communications surrounding SFDR-related disclosures are available on the Company's website or upon request.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

As at 30 September 2023, 95.9% of the fund's portfolio fulfilled the sustainable investment objective, of which 100% was EU Taxonomy aligned.



What was the share of socially sustainable investments?

N/A.



What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

As part of a transaction to acquire forestry assets, the Company may end up owning ancillary non-forestry related assets such as residential land and buildings and smallscale renewable energy assets. The Company classifies these as "non-core" and at any point these will account for no more than 10% of the Company's assets. Where appropriate and beneficial to the overall strategy, the Group will look to realise the value of any Non-Core Assets over time for the benefit of Shareholders. These assets are subject to the responsible management practices employed by the Company across its portfolio and by proxy, environmental and social safeguarding is taken into consideration.


In addition, the Company may hold cash reserve for the purposes of ancillary liquidity and ongoing portfolio management to enable the continued attainment of the sustainable investment objective. Given the purpose of this cash reserve, there are no minimum environmental and social safeguards applied to such assets. At any point, this cash reserve will account for no more than 5% of the Company's assets.

Therefore, for the purpose of disclosing in line with the expectations of Commission Delegated Regulation (EU) 2022/1288, FSF confirms that as at 30 September 2023 a proportion of 95.9% of the fund's assets were invested in alignment with the fund's sustainable investment objective. 4.1% of the fund's assets can be categorised as "#2 Not sustainable"; this allocation relates to the cash and cash equivalents of the fund and its non-core holdings (0.7% and 3.4% respectively).



What actions have been taken to attain the sustainable investment objective during the reference period?

As mentioned, FSF has continued to invest in line with its sustainable investment objective: sustainable timber provisioning alongside sustainable returns and a direct contribution to climate change mitigation through its forestry and afforestation carbon sequestration initiatives.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

This document has detailed the economic activities the fund has invested into and their level of alignment with the EU Taxonomy.

The fund has continued to quantify and disclose the positive sustainable impact its portfolio has achieved and will continue to do so as more and more of its investments become operational.

Finally, through robust quarterly reporting across the operational portfolio, it has continued to track the principle adverse impacts of its investment activity. These have also been disclosed in this periodic disclosure.

How did this financial product perform compared to the reference sustainable benchmark?

A specific index has not been designated as a reference benchmark for the fund.

- ***How did the reference benchmark differ from a broad market index?***

N/A.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A.

- ***How did this financial product perform compared with the reference benchmark?***

N/A.

- ***How did this financial product perform compared with the broad market index?***

N/A.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

