



JLEN



Wind



Anaerobic digestion



Solar



Waste & bioenergy



Hydro



Low carbon & energy efficiency



JLEN Environmental Assets Group Limited

Sustainability and ESG Report 2022

SUSTAINABILITY AND ESG

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This is an extract from the JLEN Annual Report 2022, further information on sustainability, ESG and climate change considerations can be found in the JLEN Annual Report 2022, found here: <https://jlen.com/investor-relations/publications/>

OUR PURPOSE

JLEN aims to invest in a **diversified portfolio** of environmental infrastructure that support more environmentally friendly approaches to economic activity whilst generating a **sustainable financial return**. It seeks to integrate consideration of sustainability and **environmental, social and governance** ("ESG") management into its activities, which help to manage risks and identify opportunities.



diversified portfolio



sustainable financial return



environmental, social and governance



www.jlen.com

FUND ESG OBJECTIVES

JLEN has developed ESG KPIs to measure its performance over time against its stated ESG objectives.

Environmental, social and governance objectives

Promote the efficient use of resources

To invest into projects that manage the availability of natural resources, whether through utilisation of renewable resources, increasing resource or energy efficiency, or reusing or recovering waste.



Develop positive relationships with the communities in which JLEN works

To encourage positive relationship-building between portfolio assets and the communities in which they sit.



Ensure effective, ethical governance across the portfolio

To manage portfolio assets in a way that promotes ethical, effective governance.



ESG KPIs

- Renewable energy generated
- GHG emissions avoided
- Volume of waste treatment
- Volume of water treatment
- Environmental incidents
- Purchased energy originating from renewable sources
- Management of biodiversity
- Assessment of major contractors against ESG criteria

- Community funding
- Health and safety incidents
- Community engagement procedures
- FTE jobs supported
- Accessibility of community fund documents
- Assessment of major contractors against ESG criteria

- Portfolio audits of health and safety practices
- Diversity of SPV directors
- Portfolio audits of tax and financial practices
- Inclusion of ESG in SPV board agendas
- Assessment of major contractors against ESG criteria

Over 2021/22 JLEN has focused on advancing its approach to ESG by collecting baseline data against the ESG KPIs that were first agreed in 2020/21. JLEN's KPIs are set out on pages 06 to 41.

- > Read more about TCFD on pages 13 to 31
- > Read more about JLEN's ESG KPIs on pages 06 to 41

CHAIRMAN'S FOREWORD



JLEN's approach to ESG is continually evolving and improving. This year the focus has been on collecting baseline data against the ESG KPIs that we announced in our 2021 Annual Report.

Richard Morse
Chairman

ESG has been at the heart of JLEN's ethos and operations from the outset, long before the concept of ESG became an accepted acronym. Our assets all fall within the top two tiers of the EU's sustainability hierarchy; we have always had regard to social responsibility and good governance; and we were the first environmental asset fund to establish an ESG sub-committee of the Board. JLEN frequently assesses its approach to ESG, seeking to emulate and drive best practice wherever possible. In 2020, for the first time, we articulated a set of ESG objectives which were integrated into the Fund's objectives. In 2021 we announced that we had developed and tested a range of ESG key performance indicators ("KPIs").

This year the focus has been on collecting baseline data against these KPIs which we hope will provide a consistent framework against which we can track the ESG performance of our portfolio over time and help us to set ESG performance benchmarks.

Also this year, a dedicated ESG Committee at the Board level has been set up to sit alongside and complement the work already done in this area by the Risk and Audit Committees. We are proud of the ongoing work that occurs to improve our ESG practices and that the Company's investment activities are contributing to the transition to a net-zero economy. We are conscious that our assets may not be perfect from a sustainability perspective, but we are confident that they will see improvement in this area under our stewardship.

This year, JLEN was recognised for its ESG communication efforts through the AIC Communication Awards 2022, winning the award for "Best Communication of ESG".

We continue to see ESG criteria as critical to the management of our business activities in all areas and is an integral part of our day-to-day activities at the Investment Manager level. This year, significant work has been done to address the recommendations of the Task Force on Climate-related Financial Disclosures and we present our analysis in this area on pages 13 to 31 of this report. Our approach to both sustainability and ESG is progressing, but it is also well established in its key themes and workstreams. We expect to continue to evolve and improve our processes and use the KPI data that we have collected this year to drive meaningful improvements across all areas of ESG.

Richard Morse
Chairman

15 June 2022

AT A GLANCE

Environmental performance 2021/22



c.1,314,000
MWh energy generated



>905,500
GHG emissions avoided (tCO₂e)



>35.6bn
wastewater treated (billion litres)



>695,000
waste diverted from landfill (tonnes)



>135,000
waste recycled (tonnes)



>473,000
organic fertiliser produced (tonnes)

Social performance 2021/22



>£418,000
community funding



35
health and safety audits



>370
full time equivalent jobs supported

Governance performance 2021/22

Awards

- AIC Communication Awards 2022 – Best Communication of ESG



Investment Manager PRI scores

- Foresight Group 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. Foresight's wider approach to the PRI's six responsible investment principles were assessed in 2021 by the PRI for the year ending 31 December 2020 and a summary of the results are:
 - 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⁾

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

JLEN'S APPROACH TO ESG

JLEN's approach to ESG is based on three core principles: Assess, Monitor and Engage. Since the publication of the Fund's first ESG report, JLEN has been focused on progressing each of these principles in order to maintain a robust ESG framework. JLEN's three ESG objectives are:

ESG objectives

- Promote the efficient use of resources
- Develop positive relationships with the communities in which JLEN works
- Ensure effective, ethical governance across the portfolio

ESG KPIs

Over 2021/22 JLEN has focused on advancing its approach to "Monitor" and "Engage" by collecting baseline data against the ESG KPIs that were first agreed in 2020/21. JLEN's KPIs are set out below and on page 25 of the Annual Report.

Each KPI has a direct or indirect link to performance of the investment and the Investment Manager considers these to be important metrics in understanding the resilience of the portfolio going forward. Each KPI feeds back to the ESG objectives, allowing JLEN to quantify, where practicable, the ESG performance of its investments. The table below sets out the full list of KPIs.

Environmental	Social	Governance
Renewable energy generated	Community funding	Portfolio audits of health and safety practices
GHG emissions avoided	Health and safety incidents	Diversity of SPV directors
Tonnes of waste treated	Community engagement procedures	Portfolio audits of tax and financial practices
Litres of wastewater treatment	FTE jobs supported	Inclusion of ESG in SPV board agendas
Environmental incidents	Accessibility of community fund documents	Governance oversight
Purchased energy originating from renewable sources	Assessment of major contractors against ESG criteria	Assessment of major contractors against ESG criteria
Management of biodiversity		
Assessment of major contractors against ESG criteria		

Collection of KPI data

This was the first full year that the Investment Manager has collected the extended set of ESG data. Care has been taken to validate this data and it is accurate to the best of the Investment Manager's knowledge, however, as methodologies for collecting or considering the data progress, it is conceivable that the data will not be completely comparable year-on-year. In some instances 12-month data was not available and in these cases, an average was calculated from the data available. All percentages are calculated using the total number of SPVs as a denominator.

Mapping JLEN's portfolio against the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals ("SDGs") are a set of 17 goals for sustainable development.

To be achieved by 2030, they recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection. JLEN has mapped its portfolio against the SDGs and the results of this analysis are set out below and overleaf:



JLEN'S APPROACH TO ESG continued

SDG	Target	JLEN's performance
 <p>6 CLEAN WATER AND SANITATION</p>	<p>6.3 Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	<p>>35.6 billion litres of wastewater treated in 2021/22.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2 Increase substantially the share of renewable energy in the global energy mix.</p>	<p>359.5MW capacity renewable energy assets.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.4 Improve progressively global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p> <p>8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>JLEN's portfolio is optimised to make the most of naturally available resources such as wind power. By maximising the power produced by each turbine, JLEN ensures that its assets are operating as efficiently as they can.</p> <p>JLEN's KPI tracking jobs in the portfolio as full time equivalent ("FTE") informs this target.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.</p>	<p>359.5MW capacity contributing renewable energy to the local grid.</p>
 <p>15 LIFE ON LAND</p>	<p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</p>	<p>JLEN's KPI tracking biodiversity management plans and engagement across its portfolio informs this target.</p>

SUMMARY OF JLEN'S ESG APPROACH

Sustainability considerations are embedded throughout the JLEN investment process and asset management procedures, from initial investment screening through due diligence and into ongoing monitoring and reporting. Overall responsibility for ESG resides with the Board of JLEN, with analysis and reporting against ESG criteria provided by the Fund's Investment Manager.

Assess	Monitor	Engage
<p>JLEN undertakes due diligence on each of its asset acquisitions, including assessing a range of ESG criteria. These criteria will now incorporate the ESG KPIs as set out in this report.</p> <p>Each asset is assessed against a range of sustainability evaluation criteria. Assets are scored against these criteria, providing an overall picture of ESG performance. Foresight has minimum thresholds for ESG performance, ensuring that, where necessary, post-investment improvement plans are implemented.</p>	<p>Third-party service providers, sometimes with the assistance of technical advisers, monitor and manage the ongoing performance of each asset in the JLEN portfolio. Site visits are undertaken to ensure that the asset's day-to-day running and ESG performance is as expected, and there are a range of environmental, governance and health and safety audits undertaken by third parties to maintain visibility over ESG performance in the portfolio.</p> <p>Last year, JLEN developed a series of ESG KPIs to help inform this principle and help to track the performance of individual assets, investment sectors and the entire portfolio over time. This year JLEN has collected baseline data to inform these KPIs.</p>	<p>Stakeholder engagement is an important part of JLEN's approach. Engagement with stakeholders occurs through a combination of formal (e.g. contractual obligations or industry events) and informal channels (e.g. ongoing meetings and discussions). Further information on stakeholder engagement can be found on pages 31 to 37 of the Annual Report.</p> <p>This year, JLEN won the AIC's Communication Award 2022 for "Best Communication of ESG".</p>

SUMMARY OF JLEN'S ESG APPROACH continued

Task Force on Climate-related Financial Disclosures

This year, for the first time, JLEN has included a TCFD disclosure (found on pages 13 to 31 of this report). As part of this exercise, an initiative was undertaken to better map the portfolio's exposure to climate-related physical risks. Climate risks and opportunities are also assessed as part of the Foresight SET (more information overleaf).

Sustainable Finance Disclosure Regulation

JLEN is categorised as an Article 9 product for the purposes of the EU Sustainable Finance Disclosure Regulation ("SFDR"). Pursuant to Article 11 of the SFDR, certain disclosures relating to the overall sustainability-related impact of the Company by means of relevant sustainability indicators are set out below.

Sustainable investment objective of the Company

During the period 2021/22, the Company has maintained a climate change mitigation objective and supported the transition to a low carbon economy by investing in a diversified portfolio of environmental infrastructure, including infrastructure assets, projects and asset-backed businesses that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

Due to the inherent nature of JLEN's environmental infrastructure assets, the Company's activities have contributed materially towards the emissions reduction objectives set out under the Paris Climate Agreement.

Performance of sustainability indicators

During the period 2021/22, Foresight Group LLP (the "AIFM") has been using its Sustainability Evaluation Tool ("SET") to assess the sustainability credentials of new investments. Information to complete these assessments was gathered during due diligence. On occasion, technical advisers were required to provide feedback on pertinent questions relating to sustainability, while project counterparties were required to have in place policies that cover topics such as modern slavery, diversity promotion, employee growth and corporate social responsibility.

Information around sustainability and ESG performance is available on pages 05 to 41 of this report.

Taxonomy regulation

The Company has made investments in infrastructure assets that contribute to the climate change mitigation objective. 97% of investments by value are made into environmentally sustainable economic activities (as defined in Article 3 of the Taxonomy Regulation).

Article 11 Periodic Disclosure

An article 11 SFDR Periodic Disclosure is available on the Company website www.jlen.com and on request.

The Foresight Sustainability Evaluation Tool ("SET") and climate risk

To ensure that all potential investments undertaken meet our definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed, they are evaluated in accordance with Foresight's SET. The SET is made up of five criteria that cover the key areas of sustainability and ESG considerations to be assessed:

- **Sustainable Development Contribution:** The contribution made towards the global sustainability agenda, including an assessment of its resilience to climate change-related risk and opportunity
- **Environmental Footprint:** The environmental impacts of an investment
- **Social Welfare:** The interaction with local communities and the welfare of employees
- **Governance:** The compliance with relevant laws and regulations
- **Third-Party Interactions:** The sustainability of key counterparties and the broader supply chain

The SET is an evolving tool and has been designed with flexibility in mind, making it adaptable to new sectors, industry frameworks and impact standards as the level of sophistication around climate-related risk grows. Moreover, the materiality of certain issues within each of these areas can be subject to frequent change, therefore a framework that can adapt easily to reflect these changes is important. The Sustainability team carry out regular in-house consultation to decide on the individual "weighting" for each KPI within each Climate Change Resilience parameter. The weighting dictates the materiality of the KPI in the overall asset score, which can be easily updated and amended based on new information obtained.

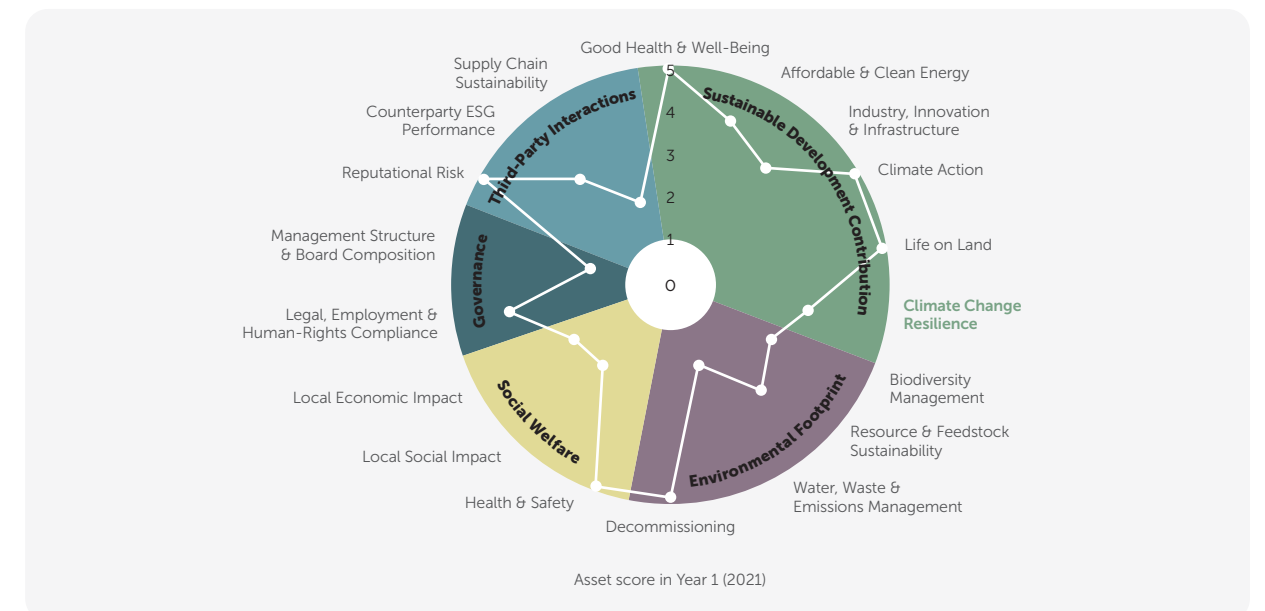
The tool draws on IRIS+ indicators, which are an aggregation of a number of widely recognised sustainability and climate-related frameworks to measure, manage and optimise sustainability and climate-related performance. These frameworks include GRESB, the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), the UN SDGs, the Global Impact Investing Network ("GIIN") and Principles for Responsible Investment ("PRI").

The final SET assessment, and the asset's corresponding "Sustainability Web", are produced as part of investment due diligence. An example of this web is shown below, with the "Climate Change Resilience" parameter being highlighted.

Before any investment goes ahead, an assessment of both physical and transition climate-related risk is made in the Climate Change Resilience assessment parameter of the SET. This parameter is made up of multiple KPIs, each of which is weighted based on internal priority and materiality assessments and scored in line with response bands corresponding to the five-point scale below:

- 5 = High performance
- 4 = Above average
- 3 = Average performance
- 2 = Below average
- 1 = Low performance

An assessment of both physical and transition climate-related risk is made in the Climate Change Resilience assessment parameter of the SET. This parameter is made up of multiple KPIs, each is weighted based on internal priority and materiality assessments and scored in line with response bands corresponding to a five-point scale below.



SUMMARY OF JLEN'S ESG APPROACH continued

The Foresight Sustainability Evaluation Tool ("SET") and climate risk continued

The KPIs include:

- EU Taxonomy alignment assessment (the Taxonomy itself includes a review of physical climate resilience);
- risk heatmap for a number of physical risks using Carbon Brief scenarios to inform future weather patterns;
- liability to pay carbon tax throughout asset life;
- whether a documented stranded asset risk assessment has been made; and
- consideration of climate-related market-risks.

An average is then calculated to produce an overall score for the Climate Change Resilience assessment parameter, which is reviewed and updated annually by the Asset Management team. This quantitative KPI-based approach to assessing a project's exposure to climate risk helps to standardise the quality of climate-related assessment applied across the portfolio and also helps to guide and focus Investment and Asset Management team resource on the areas that require the most attention.

The output and identified action areas of each assessment parameter of the SET – including Climate Change Resilience – are tabled at the asset companies' board meetings to enable implementation of an asset-specific plan to manage any material risks as required.

If the information required to complete the assessment is not readily available through project documentation, technical advisers may be tasked with conducting further investigation to address any sustainability or climate change-related specific queries. Examples may include an enhanced focus on flood risk under different climate scenarios, or the transitional risk presented by changing market dynamics.

The above-mentioned physical risks are assessed as part of the Climate Change Resilience assessment parameter. A Climate Risk Heatmap is then produced which is used to identify the most material physical risks an asset faces from climate-related extreme weather events, allowing for further investigation to be conducted or mitigation measures to be put in place.

Alongside the assessment of the physical risks, the above-mentioned transition risks are also incorporated to the SET's Climate Change Resilience parameter.

CLIMATE RISK AND TCFD

TCFD report

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The Task Force on Climate-related Financial Disclosures ("TCFD") was developed in 2015 by the Financial Stability Board to help public companies and other organisations more effectively and consistently report on climate-related risks and opportunities.

This year, it has become mandatory for commercial companies with a premium listing on the London Stock Exchange to report against the TCFD recommendations on a comply or explain basis⁽¹⁾. It is expected that from 1 January 2022 all companies with a standard listing will also be required to include a TCFD disclosure on a comply or explain basis.

JLEN as an investment company, is not required under the Listing Rules to include a full TCFD disclosure; however, the Board and the Investment Manager believe that the nature of JLEN's business and strategy is intrinsically aligned to the goal of a greener and less carbon intensive future. Initiatives such as the TCFD are therefore seen as a positive step in this direction. JLEN has voluntarily included climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures in these financial statements with the following exception:

In respect to recommended disclosure 4C (found in the metrics and targets section on pages 30 and 31) to describe the targets used by JLEN to manage climate-related risks and opportunities and performance against these targets, while baseline data has been collected for climate-related metrics for 2022, JLEN plans to set targets against these in 2023.

Limitations of the disclosure

Both the Investment Manager and the Board of JLEN are fully supportive of the TCFD's goals in bringing climate change considerations into mainstream reporting. However, analytical frameworks for evaluating the complex impacts that climate change will have on the markets in which JLEN operates are still in their infancy.

The Board and the Investment Manager recognise the importance for stakeholders of the Company to understand the climate change risks and opportunities and how these are managed by the Company, but it should be noted that there is no standardised way yet of assessing these risks.

The Investment Manager believes that in time, across JLEN's peer group and the market generally, a more sophisticated approach to considering the climate risks specific to the Company's business will be developed. In this first report, JLEN has endeavoured to make disclosures against the TCFD recommendations that are true to its understanding of the risks at this time and also relevant and digestible for its range of stakeholders.

(1) The regulations were made on 17 January 2022 and apply to reporting for financial years starting on or after 6 April 2022, with guidance provided here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056085/mandatory-climate-related-financial-disclosures-publicly-quoted-private-cos-llps.pdf.




TCFD report continued



Governance

▶ See pages 16 and 17



Description:
Disclose the organisation's governance around climate-related issues and opportunities.

Disclosure:

- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

Where reported:
Pages 16 and 17

Key initiatives in 2021/22:

- Enhanced the Company's oversight procedures in this area with the setting up of a separate ESG Committee to sit alongside the Risk and Audit Committees
- Welcomed Jo Harrison to the Board of Directors. Jo has specialist knowledge in areas of sustainability and ESG
- Included TCFD training as part of JLEN's training and strategy day

Planned initiatives in 2022/23:

- Further training on climate-related topics for both the Board and the Investment Manager

Strategy

▶ See pages 18 to 27



Description:
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material.

Disclosure:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Where reported:
Pages 18 to 27

Key initiatives in 2021/22:

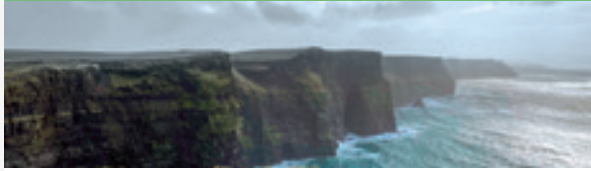
- Developed the internal and external approach to reporting on and assessing climate-related risks and opportunities
- Started to develop climate scenario modelling capabilities using in-house resources and external expertise
- Increased engagement with key counterparties at the asset level on the subject of sustainability
- Streamlined the approach to asset-specific assessments for TCFD and EU taxonomy reporting

Planned initiatives in 2022/23:

- Continue to develop scenario modelling capabilities and measure and assess the financial impact of these sensitivities

Risk management

▶ See pages 28 and 29



Description:
Disclose how the organisation identifies, assesses and manages climate-related risks.

Disclosure:

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

Where reported:
Pages 28 and 29

Key initiatives in 2021/22:

- Reviewed and enhanced the approach to climate risk reporting within the JLEN risk framework
- Undertook an exercise with Foresight's portfolio managers to review physical risks to the assets in the portfolio
- Further developed the JLEN reporting framework by classifying principal risks that have a climate change aspect. Included a risk heat map that also shows climate change risk

Planned initiatives in 2022/23:

- The Investment Manager's Head of Risk is conducting a comprehensive review of the risk management framework, which is planned to include significant climate risk analytics

Metrics and targets

▶ See pages 30 and 31



Description:
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Disclosure:

- Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emissions, and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Where reported:
Pages 30 and 31

Key initiatives in 2021/22:

- Collected scope 1 and 2 emissions data in portfolio management software tool
- Worked with portfolio data management software developer to tailor software specific to Foresight's ESG and sustainability requirements
- Collected data against climate-related metrics as part of the ESG metrics announced in the Annual Report 2021
- Continued to develop approach to collect scope 3 emissions data

Planned initiatives in 2022/23:

- Collect scope 3 emissions data
- Continue to develop the approach to ESG KPIs and set targets against them

TCFD report continued

Governance

➤ See pages 16 and 17

Strategy

➤ See pages 18 to 27

Risk management

➤ See pages 28 and 29

Metrics and targets

➤ See pages 30 and 31

- TCFD recommended disclosures:**
- a) Describe the Board’s oversight of climate-related risks and opportunities.
 - b) Describe management’s role in assessing and managing climate-related risks and opportunities.

a) Describe the Board’s oversight of climate-related risks and opportunities

JLEN has a comprehensive risk management framework overseen by the Risk Committee, comprising independent non-executive Directors, which is responsible for overseeing and advising the Board on the current and potential risk exposures of the Fund, with particular focus on the Group’s principal risks, being those with the greatest potential to influence shareholders’ economic decisions, and the controls in place to mitigate those risks, including climate-related risk. The Group’s risk register treats climate-related physical risk as a principal risk and identifies various other risks that have a direct relevance to the Company that are part of transition risk, such as changing power prices and the extent of government support.

The Risk Committee meets on a quarterly basis and the duties of the Risk Committee include the identification, measurement, management and monitoring appropriately and regularly of all risks relevant to the Company’s investment strategy and to which the Company is, or may be, exposed, including climate-related risks.

The ESG Committee also meets on a quarterly basis and considers TCFD as a standing agenda point. The ESG Committee is primarily concerned with setting the guiding principles and strategies of the Company in respect of ESG matters and TCFD falls under this remit for the purposes of the Committee. Where risks are identified by the ESG Committee, these will be referred to the Risk Committee for further consideration and inclusion in the risk register.

Over the financial year just passed, an update from the Investment Manager on progress against TCFD reporting was delivered at the Board’s annual strategy and training day. Post the year end, in May 2022, a training session hosted by a specialist consultant was delivered to the Board and further training over the year is being planned.

While JLEN’s portfolio of environmental infrastructure assets is not immune to the effects of climate change on an individual asset basis, the Company’s purpose and investment policy is to reduce the rate of further climate change by seeking to invest in assets that support more environmentally friendly approaches to economic activity, support the transition to a low carbon economy or which mitigate the effects of climate change.



Climate change-related training and informational sessions:

January 2022 – TCFD included as a topic at the JLEN strategy and training day

May 2022 – Climate change training session with external consultant

b) Describe management’s role in assessing and managing climate-related risks and opportunities

Assessing and managing climate-related risks

The identification, assessment and management of risks are integral aspects of the Investment Manager’s work in both managing the existing portfolio on a day-to-day basis and pursuing new investment opportunities (though the Board has ultimate responsibility for the risk management activities of the Group). The Investment Manager has established internal controls to manage risks and reviews and considers the Group’s key risks, with the Risk Committee, on a quarterly basis, including climate risks, new risks arising and/or changes in the likelihood of any particular risk occurring.

Assessing and managing climate-related opportunities

There are two key opportunities that the Investment Manager considers holistically on a regular basis:

Sector opportunities – the Investment Manager frequently evaluates opportunities for investments that reduce CO₂ emissions and enhance the move to a low carbon economy.

Value-enhancing opportunities – the Investment Manager frequently assesses the assets for opportunities to enhance climate-related performance.

At an investment level, the consideration of the sustainability credentials of environmental infrastructure opportunities and their physical resilience to climate-related risks is undertaken in accordance with a set of sector-specific assessment parameters underlying the five key areas of Foresight’s proprietary Sustainability Evaluation Tool. Transition risks are considered by the Investment Manager’s valuation team and these risks are then escalated to the Company’s risk register and the Board, if appropriate. Transition opportunities are considered more holistically by the Investment Committee and as part of the Company’s strategy. Further details of Foresight’s approach to sustainability and how this is carried through practically to assessing climate-related risks and opportunities is set out on pages 10 to 12.



TCFD report continued

Governance

➤ See pages 16 and 17

Strategy

➤ See pages 18 to 27

Risk management

➤ See pages 28 and 29

Metrics and targets

➤ See pages 30 and 31

TCFD recommended disclosures:

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Broadly, the TCFD climate-related risks and opportunities can be split into two categories:

Transition risks:

These are risks related to the transition to a net zero or low carbon future. These risks fall into four categories: policy and legal risk, technological risk, market risk and reputational risk. See page 27.

Physical risks:

These are the potential physical impacts of both **acute** and **chronic** extreme weather events or changes to climate patterns. In this report the physical risks as set out in the EU taxonomy were considered; more information is set out on pages 25 and 26.

Opportunities

The Investment Manager considers that aspects of physical and transition risks may represent opportunities for the portfolio. By virtue of its investment policy, JLEN aims to make a significant contribution to reducing CO₂ and climate change.

Impact

The potential for climate-related risks to impact investments is considered as part of acquisition due diligence and is subsequently monitored on an ongoing basis.

While climate-related risks are being considered separately in this section, they are not considered to pose a greater risk than those listed in the principal risk register found on pages 42 to 48 of the Annual Report and in some cases are duplicated.

The risks and opportunities and processes of assessment are considered in more detail on pages 20 to 23.



TCFD report continued



Governance

➤ See pages 16 and 17

Strategy

➤ See pages 18 to 27

Risk management

➤ See pages 28 and 29

Metrics and targets

➤ See pages 30 and 31

Risk register key:

- 3 Acquisitions and pipeline
- 7 Volume of wind, solar and rainfall resource
- 8 Volume and cost of feedstock resource
- 9 Power prices
- 13 Changes in regulation and government support
- 15 Climate change

➤ See more in our risks section on pages 42 to 48 of the Annual Report

Top climate-related risks for the Company

Risks				
	Changes to power prices as a result of climate change	Extreme weather-related events	Changes in regulation and government support	Displacement of existing assets with new or other technologies
Description	<ul style="list-style-type: none"> 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 the gas network could lead to governments turning to less sustainable ways of generating energy that are available in the shorter term – e.g. coal 	<ul style="list-style-type: none"> 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 assets or negatively impacting their production 	<ul style="list-style-type: none"> Changes in regulation to sectors in which JLEN is already invested e.g. energy-from-waste not meeting criteria to be considered aligned to the EU taxonomy Changes in farming regulation which impact the agri AD portfolio Government support for short-term energy solutions that negatively impact the transition to a low carbon future e.g. support of coal 	<ul style="list-style-type: none"> As more resource and scientific-backed research is 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 being prioritised in the short to medium term
Probability	Likely	Likely	Possible	Unlikely
Level of residual risk	Moderate	Negligible	Negligible	Minor
Time period	S M L	M L	S M	M L
Physical or transition risk/opportunity	Transition (market)	Physical (acute, chronic)	Transition (policy and regulation, reputational)	Transition (technological)
Investment Manager response	<ul style="list-style-type: none"> 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 on pages 42 to 48 of the Annual Report) Arguments for supporting less sustainable alternatives to manage short-term power price shocks are, on the whole, not supported by society although sometimes short-term pragmatism overrides this 	<ul style="list-style-type: none"> Having conducted a review of the physical risks to the portfolio (see pages 25 and 26), the physical risks are largely localised and the impact of a single event or limited set of events is deemed to have a negligible impact to the overall portfolio; nevertheless, this is kept under close review by the Investment Manager Further information on the mitigations considered against volume of resource can be found in the risk management section on pages 44 and 45 of the Annual Report 	<ul style="list-style-type: none"> Given the diversified nature of the assets, the impact is likely to be limited to a single asset or small part of the portfolio The risk over the long term is considered negligible as other avenues or solutions would be found for the asset or technology affected, such as selling an asset or finding alternative sources of feedstock 	<ul style="list-style-type: none"> It is considered more likely that new technologies would be developed and JLEN is well positioned to invest in new energy solutions once they become proven at scale. It is unlikely that a single solution would be found for all the energy needs, but if it were, this would necessitate considerable buildout beyond the lifetime of JLEN's assets
Impact	S F C	S C	S F	S F
Risk register	9 7 8 15	7 8 15	13 15	3 15

Time period key:

S Short term (0-5 years) M Medium term (5-10 years) L Long term (10+ years)

Impact key:

S Strategy F Financial planning C Company's investments

TCFD report continued



Governance

➤ See pages 16 and 17

Strategy

➤ See pages 18 to 27

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➤ See pages 28 and 29

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➤ See pages 30 and 31

Top climate-related opportunities for the Company

Opportunities				
	Increased demand for environmental infrastructure and businesses which support the transition to a low-carbon economy	Increased governmental support for environmental infrastructure projects	Technological developments and buildouts in environmental infrastructure	Changes in weather patterns leading to buildout of certain types of environmental infrastructure or business
Description	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Government policies aimed at facilitating the transition to a net zero carbon economy may subsidise certain technologies to increase their uptake or buildout, creating further opportunities for investment by JLEN 	<ul style="list-style-type: none"> As new technologies become better developed, the Company is well positioned to invest in a diversified range of projects 	<ul style="list-style-type: none"> 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
Level of opportunity	High	Medium	Medium	High
Time period	S M L	S M L	S M	M L
Physical or transition risk/opportunity	Transition (market)	Transition (policy and legal)	Transition (technological)	Physical
Investment Manager response	<ul style="list-style-type: none"> JLEN is already well positioned to invest in environmental infrastructure sectors that support the transition to a low carbon economy, as can be demonstrated in the market and opportunities section on pages 10 and 11 of the Annual Report 	<ul style="list-style-type: none"> Government support of emerging sectors will change the risk profile and may open up areas that would otherwise be insufficiently attractive for JLEN investment 	<ul style="list-style-type: none"> Attractiveness of investment opportunities will also depend on the business models as well as the proven nature of the technology 	<ul style="list-style-type: none"> The Investment Manager reviews c.500 deals a year in the environmental infrastructure space which allows it to take advantage of these opportunities as they arise
Impact	S F	S F	S F	S F C

Time period key:

S Short term (0-5 years) M Medium term (5-10 years) L Long term (10+ years)

Impact key:

S Strategy F Financial planning C Company's investments

TCFD report continued



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Resilience

JLEN believes that resilience is supported by owning a portfolio that is diversified by location, technology, resource use and revenue make-up. At the business level, the Investment Manager engages with a range of specialists across different areas of expertise and levels of the business to help drive and maintain a resilient portfolio. Risks and opportunities are also assessed within the framework discussed on page 29 and on an ad hoc, day-to-day basis.

For the purposes of this report, JLEN considers climate change scenarios that have been developed by the United Nations ("UN") Intergovernmental Panel on Climate Change ("IPCC") in their Sixth Assessment Report.

In order to understand JLEN's physical climate risk, it considered low, medium and high GHG emission scenarios as set out by the IPCC in their Sixth Assessment Report.

Climate change risk assessment methodology

What are climate change scenarios?

"Scenarios are alternative images of how the future might unfold and are an appropriate tool with which to analyse how driving forces may influence future emission outcomes and to assess the associated uncertainties."

Source: The IPCC

Scenario	Estimated warming (2041-2060) ⁽¹⁾	IPCC scenario
Very low GHG emissions: CO ₂ emissions cut to net zero around 2050. Considered best case scenario if net-zero targets are met.	1.6°C	Net zero, broadly equivalent to SSP1-1.9 ⁽²⁾
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.	2.1°C	SSP2-4.5
Very high GHG emissions: CO ₂ emissions triple by 2075. Considered worst case scenario.	2.5°C	SSP5-8.5

(1) Relative to pre-industrial levels, all regions.

(2) Analysis received regarding power price scenarios does not explicitly map to specific IPCC scenarios.

Physical risk assessment

Methodology

Physical risks have always been considered as part of due diligence when acquiring an asset and on an ongoing monitoring basis.

This year an exercise was undertaken to review these risks through the lens of specific climate-related risks. Initially, these risks were considered as part of an exercise to review the portfolio's compliance with the EU taxonomy (more information on page 10). The EU taxonomy recognises a non-exhaustive list of climate-related physical risks and this list was adapted for the JLEN portfolio.

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	Changing temperature (air, fresh water, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Soil degradation
	Heat stress		Precipitation or hydrological variability	Soil erosion
	Temperature variability		Sea level rise Water stress	
Acute	Heat wave	Storm (including blizzards, dust and sandstorms)	Drought	Landslide
	Cold wave/frost		Heavy precipitation (rain, hail, snow/ice)	Subsidence
	Wildfire		Flood (coastal, fluvial, pluvial, ground water)	

The Investment Manager conducted an interview with each of its portfolio or asset managers to determine the impact of each of the risks identified above on the Company's assets.

These risks were then considered, where possible, using the IPCC's interactive atlas set to the following parameters:

- region: Northern Europe (apart from ETA energy-from-waste plant which is located in Southern Italy);
- climate change scenario model: SSP2-4.5;
- time frame: 2021-2040;
- baseline: 1995-2014; and
- mask: land.⁽¹⁾

For more information, please refer to the IPCC interactive atlas tool, found here: <https://interactive-atlas.ipcc.ch/>

(1) Mask refers to a parameter of the IPCC atlas tool where the choices are land, sea or mountains.

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Physical risk assessment continued

Limitations of the assessment

Top climate-related physical risks (assuming methodology considered on page 25)

Risk	Description	Mitigation
Heat stress	Heat stress causes some loss of generation capacity within the solar portfolio; the bioenergy and AD portfolios also experience some loss in efficiency at higher temperatures. Increased stress on components is expected to lead to a higher incidence of equipment failure.	The main mitigation is through the diversification of the portfolio. Loss of production from the solar sites is marginal and technical solutions on the bioenergy and AD assets are available to help mitigate heat stress. Spare equipment is often stockpiled to quickly fix failures.
Drought	Drought can be an issue for the feedstock of the AD portfolio. Drought is a possible risk given rising temperature expectations; however, Northern Europe is forecast to have more rain as a result of climate change and consecutive dry days are expected to only increase by 0.3 days.	In times of drought, alternative feedstocks can be sourced and substituted with only a marginal loss of production and/or increase in the cost of feedstock.
Storms	It is difficult to calculate whether storms will increase as a result of climate change; however, it is reasonable to think that storms will increase in occurrence and strength as climatic conditions undergo changes.	Damage to sites from storms is more often limited to one site and not a risk to the whole portfolio. Risk from storm damage is mitigated through the management of the site – experienced counterparties, reliable supply chains and a ready stock of components that are likely to fail or be damaged can all help to mitigate the risk.

Future climate scenarios

High physical risk scenario using SSP5-8.5 (2.5°C warming globally, in the near term)

The IPCC pathway SSP5-8.5 was used to assess a high physical risk scenario on the JLEN portfolio. The assessment was conducted using the methodology described on page 25.

96% of the JLEN portfolio is situated in the UK and the median remaining asset life of the portfolio is 17.1 years. The assessment was therefore made through the lens of land-based climate changes in the IPCC’s Northern Europe region in the period from 2021-2040.

In this scenario, mean temperatures in Northern Europe increase by 1.2°C (median). Frost and snow decrease while mean precipitation increases 3.1% (median). Consecutive dry days increase by 0.3 days (median) and surface wind decreases by 0.5% (median). Sea level rises by 0.1 metres (median).

Therefore, the climate-related risks to the portfolio do not change significantly from those assessed in the physical climate-related risk assessment on a 2°C or lower scenario as detailed on page 26.

The financial impact of this has not yet been modelled but, given the current holdings, the portfolio is not expected to have material sensitivity to this scenario.

High transition risk scenario using SSP1-1.9 (1.5°C to 2°C temperature change)

As is standard market practice, long-term gas and power price projections used in JLEN’s portfolio valuation are informed by curves provided by independent market forecasters that most closely represent a pathway between 2°C and 4°C.

In order to assess the potential long-term impact from climate change in a high transition risk scenario, the Investment Manager has obtained price projections produced under a net zero assumption that successful efforts are made globally to limit warming to 2°C – which is broadly equivalent to SSP1-1.9, under the United Nations IPCC scenarios.

It is important to note there are many different pathways to net zero, and different choices could have very different implications for market prices and revenues; not least such as government policy, technological advancement and societal change. However, for the purposes of this scenario, we assume decarbonisation targets are achieved such that negative emissions are reached in the UK power sector by 2035 and economy-wide emission targets are met in 2050.

Whilst the Investment Manager will continue to refine its approach to climate change modelling as both the policy and market landscape evolves, the current projections suggest one potential outcome is to see reductions in forecast annual baseload prices being driven by the accelerated roll out of low marginal cost intermittent renewables and their associated impact on the merit order price setting mechanism.

Based on current independent projections, the impact of this scenario has been estimated as a reduction in portfolio value of approximately £52 million, equivalent to 6.6% of the portfolio or 7.9 pence per share of Net Asset Value, although the true impact is expected to be softened by a combination of operational, technological and market developments in the coming years, which would at least partially offset the cannibalisation effect currently projected in this scenario.

Limitations of the assessment

It should be noted that there is low model agreement across some areas of the IPCC atlas tool. This could mean that some of their assessments change in future.

While every effort was made to assess the probability and impact of the physical risk correctly and accurately, it is anticipated that sophistication in this area will increase over time as more data and different methods of assessment are developed. It should be noted that there is low model agreement across some areas of the IPCC atlas tool. This could mean that some of their assessments change in future.

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TCFD recommended disclosures:

- a) Describe the organisation’s processes for identifying and assessing climate-related risk.
- b) Describe the organisation’s processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.

a) Describe the organisation’s processes for identifying and assessing climate-related risk

JLEN has a comprehensive risk management framework and risk register that assesses:

- a measure of the probability of each identified risk materialising; and
- the potential impact that risk event may have on JLEN. Mitigation actions have been developed with respect to each risk so as first to reduce the likelihood of such risk occurring and secondly to minimise the severity of its impact in the case that it does occur.

b) Describe the organisation’s processes for managing climate-related risks

The financial performance of environmental infrastructure projects is dependent on the volume of resources available, be it solar irradiation, wind, feedstock yields, waste or water. These resources represent factors outside the control of JLEN or the projects themselves. If assumptions made in forecasting revenue and costs, and hence returns to JLEN, are incorrect, there is a risk of a significant negative effect on performance. However, JLEN considers the following mitigating factors for different parts of the portfolio will ameliorate potential impacts:

Variability of weather resource

- For renewable energy projects there is a degree of protection from variability in weather resource from portfolio diversification, as solar is more productive in the summer and wind more productive in the winter, with the absolute level of resource being weakly negatively correlated.

Falling volumes of resource on the waste and wastewater projects

- In addition, the waste and wastewater projects benefit from “banded” volumetric payment arrangements that mean the projects are relatively insensitive to falling volumes. The projects also benefit from contractual exclusivity over the available waste or water stream and, in the case of the waste projects, minimum guaranteed volumes, further mitigating this risk.

Assumptions made regarding resource

- On all projects, technical consultants are employed to advise on the assumptions which should be made regarding volume and its impact on performance for each individual asset.

Feedstock resource

- For AD sites, it is common to agree feedstock contracts that adjust for the dry matter content in the biomaterial and relate pricing to that energy content and volume which is delivered. Should a shortfall be likely, for instance due to a poor harvest, substitute feedstocks are widely available.

Further information on the Company’s processes for managing climate-related risks can be found on pages 38 and 39 of the Annual Report and further information on the Company’s climate-related risks can be found on pages 26 and 27.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management

All potential investments are evaluated in accordance with Foresight’s proprietary in-house tool – the Foresight Sustainability Evaluation Tool (“Foresight SET”) – to ensure that they meet the Investment Manager’s definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed. The process is shown in the diagram to the right.

More information about the Risk Committee and process for managing the climate-related risks and opportunities can be found on pages 38 and 39 of the Annual Report.



TCFD report continued



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➤ See pages 18 to 27

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➤ See pages 28 and 29

Metrics and targets

➤ See pages 30 and 31

TCFD recommended disclosures:

- a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities.
- b) Disclose scope 1, scope 2 and scope 3 greenhouse gas emissions and the related risks.
- c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities

To ensure that all potential investments meet our definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed, they are evaluated in accordance with Foresight’s Sustainability Evaluation Tool (“SET”). The SET is made up of five criteria that cover the key areas of sustainability and ESG considerations to be assessed and there is a specific climate-change resilience parameter comprising 30-40 sub-criteria.

The Sustainability team carry out regular in-house consultation to decide on the individual “weighting” for each KPI within each climate change resilience parameter. The weighting dictates the materiality of the KPI in the overall asset score, which can be easily updated and amended based on new information obtained.

The physical risks are assessed as part of the climate change resilience assessment parameter of the SET. Alongside the assessment of the physical risks, transition risks are also incorporated to the SET’s climate change resilience parameter.

More information on the Foresight SET can be found on pages 10 to 12.

b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions, and the related risks

What are scope 1, 2 and 3 emissions?

The Greenhouse Gas (“GHG”) Protocol categorises greenhouse gas emissions into three groups, or “scopes”:

Scope 1: direct emissions from owned or controlled sources.

Scope 2: indirect emissions from the generation of purchased energy.

Scope 3: indirect emissions (not included in scope 2) that occur in the value chain of the reporting company.

The Company’s focus for quantitative reporting of exposure to climate-related risk is achieved using the universally accepted core metrics, as recommended by the TCFD (shown overleaf).

TCFD core metrics

Weighted average carbon intensity (tCO ₂ e/£m revenue) ⁽¹⁾	Total carbon emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m invested)	Carbon intensity (tCO ₂ e/£m revenue) ⁽¹⁾	Exposure to carbon-related assets (%)
Portfolio’s exposure to carbon-intensive assets, expressed in tonnes CO ₂ e/£m revenue.	The absolute greenhouse gas emissions associated with the portfolio, expressed in tonnes CO ₂ e.	Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO ₂ e/£m invested	Volume of carbon emissions per million pounds of revenue (carbon efficiency of a portfolio), expressed in tonnes CO ₂ e/£m revenue	The amount or percentage of carbon-related assets in the portfolio, expressed in £m or percentage of the current portfolio value
To be calculated in 2023	75,166	99	To be calculated in 2023	16%

At present, the calculation of these metrics is performed using scope 1 and scope 2 emissions only, with scope 3 emissions to be incorporated in future reports as the Investment Manager’s sophistication in this area advances. An update on this will be provided in the Annual Report 2023.

Scope	tCO ₂ e in 2021/22
Scope 1 Emissions (tCO ₂ e)	68,368
Scope 2 Emissions (tCO ₂ e)	6,798
Scope 3 Emissions (tCO ₂ e)	—
Total	75,166

Caveats to the data:

- where it has not been possible to collect data, assumptions have been made using proxy technologies, sites and time periods to provide as accurate as possible data;
- Scope 1 emissions do not yet include fugitive emissions from AD sites (i.e. leaks, flaring, venting). There is work in progress to better understand this aspect of the portfolio and will be reported going forward;
- where assets have renewables tariffs in place, this is deemed to nullify their Scope 2 emissions; and
- for vehicles operating at the PFI sites, these are owned and operated by third-party contractors, who should account for the vehicles’ fuel use in their own Scope 1 emissions.

Data sources:

Calculation methodologies available at TCFD Hub

(1) The Investment Manager continues to work with third-party MSA providers to define a consistent methodology for collation of this data.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

JLEN’s business is inherently linked to matters of climate change. JLEN’s ESG-linked loan facility includes a target against generation of clean energy which can be directly linked to tonnes of CO₂ avoided. During 2021/22 JLEN produced 1,314GWh of clean energy, which equates to 905,906 tCO₂e avoided (compared with burning coal to produce energy). Further information and methodology can be found on page 33.

A workstream is currently underway to develop methodologies to calculate the carbon footprints of the Company’s assets, which will help to further inform the portfolio decision-making and target-setting processes.

JLEN records a range of other metrics that help to develop an understanding of the direct and indirect environmental characteristics of the portfolio. These can be found on pages 32 to 40.

ENVIRONMENTAL

Objective: Promote the efficient use of resources.

Environmental criteria are embedded in the structure of JLEN's investment and portfolio management activities. With its Investment Manager, JLEN considers the following key environmental criteria during due diligence of a potential acquisition and thereafter the ongoing monitoring of its assets:

- resource management;
- life on land/below water; and
- climate change and resilience.

In order to inform its environmental objective, JLEN intends to consider the following environmental KPIs and associated measurements.

Environmental KPI	Measurement	Baseline data 2021/22
Renewable energy generated	MWh renewable electricity MWh renewable heat	742,331MWh ⁽¹⁾ 571,461MWh ⁽¹⁾
GHG emissions avoided	tCO ₂ e avoided ⁽²⁾	905,906 tonnes CO ₂ avoided
Waste treatment	(t) waste recycled (t) waste diverted from landfill	135,203 tonnes 695,498 tonnes
Water treatment	(l) wastewater treated	35,620,619,000 litres
Environmental incidents	Reportable environmental incidents	5 ⁽³⁾
Purchased energy originating from renewable sources	% of total purchased energy ⁽⁴⁾ in the portfolio originating from renewable sources	47%
Management of biodiversity	% of assets with biodiversity plans number of assets engaged with on biodiversity issues	30% 49%

(1) For assets which have a dual generation profile of both electricity and heat, energy is converted and measured in the energy profile that is predominant.

(2) Further information on the GHG avoided of each asset is available on the JLEN website.

(3) More information on environmental incidents can be found on page 39.

(4) Purchased energy refers to the fact that all assets have their own energy requirements and where these requirements are not met in full by an asset's own generation, energy is purchased from energy suppliers for delivery via the grid.

Environmental KPIs summary

Over the 2021/22 period JLEN has increased the number of assets in the portfolio which has led to an increase in renewable energy generation and further GHG emissions avoided. This year the Investment Manager has worked on implementing an enhanced ESG mandate on its AD portfolio which has led to greater engagement on various areas, including biodiversity. A workstream has also been ongoing on the solar portfolio to implement landscape ecological management plans. This work will be further expanded on in the coming year.

JLEN has expressed a preference for renewable energy suppliers to its SPV operators, however, some assets are tied into long-term contracts with other suppliers. The expectation is that energy purchased from renewable sources will increase over time as energy supply contracts run out and are renewed.

Impact

In order to quantify some of the benefits being delivered by its portfolio, JLEN works with Aardvark Certification Ltd to undertake an independent, third-party assessment of the carbon impact of its assets. Individual reports for each asset, as well as a portfolio summary report, are published on the Fund's website.

JLEN considers that, in order to align with the goals of the Paris Agreement on Climate Change, its assets should be minimising the carbon footprint of their purchased energy. This year JLEN has been monitoring the percentage of total purchased energy in its portfolio originating from renewable sources. At present 47% of the portfolio assets purchase energy from renewable sources and the Investment Manager is monitoring this to see where improvements can be made when energy purchase contracts become available for renewal.

Biodiversity, or habitat management, plans have always been implemented as part of JLEN's asset management activities where required by planning. This year the Investment Manager has asked its asset managers to consider and document biodiversity enhancement activities on its portfolio.

Finally, a significant mechanism by which JLEN is able to influence environmental performance of the portfolio is through engagement with, and expectations of, service providers to the portfolio. This year, the Investment Manager has stepped up that engagement to communicate the levels of environmental performance and this has resulted in enhanced initiatives being undertaken on the AD portfolio, where its operator has an enhanced scope of service to include more comprehensive ESG-focused management.

Portfolio electricity and carbon performance

A summary of the greenhouse gas benefits delivered by the portfolio is provided in the table below.

Asset portfolio by sector	2021/22 annual greenhouse gas emissions avoidance (tCO ₂ e)
Wind	290,714
Solar (including rooftop)	59,917
AD	447,410
Hydro	4,233
Biomass	97,101
Energy-from-waste	6,531
Total	905,906

Methodology

- This calculation works on the premise that the marginal fuel type being displaced is coal.
- The calculations draw on the data presented in the IPCC's (Intergovernmental Panel on Climate Change) Special Report on Renewable Energy ("SRREN"), which uses a wide variety of peer-reviewed research papers to establish median figures for the lifecycle CO₂ intensities of different renewable energy technologies. These are measured in gCO₂e/kWh. AD and EfW are not included in this report and have had their lifecycle intensities informed by either third-party studies or EU directives. These can be provided on request.

- The carbon savings of a given technology are calculated by multiplying its total generation (in MWh) by the IPCC listed CO₂ intensity for that technology. This figure is then subtracted from the CO₂ emissions that would be generated by an equivalent amount of coal-powered generation.
- This therefore acknowledges the fact that there is still a CO₂ footprint associated with the production, transportation, installation and operation of all renewable energy asset classes, whilst simultaneously demonstrating the net benefit that technology provides to the global decarbonisation agenda.
- JLEN has moved from using an external consultant to provide the total CO₂ avoided numbers and is now using the Investment Manager's in house ESG team and management software for these calculations.

ENVIRONMENTAL continued

Case study

Biodiversity on JLEN's solar portfolio

Ecological condition assessments were undertaken in 2021 for all solar sites and Landscape Ecological Management Plans were updated, highlighting compliance issues, recommendations for management and enhancement measures.

Additional biodiversity quantitative assessment activities were performed on a trial basis across three sites including biodiversity net gain calculations, species surveys and soil testing.

Key findings at the Higher Tregarne solar site:

- a Biodiversity Net Gain ("BNG") score of 110.18% was calculated and showed that the retention and creation of valuable habitats as part of the development plan has contributed significantly to the general ecological value of the site. This score is extremely high (as the mandatory gain to be introduced is 10% for developments) and shows that solar farms have an important part to play in restoring ecological habitats;
- a different management regime will be introduced to further diversify the grassland and it is anticipated that the BNG score could be increased further; and
- a soil analysis has shown that nutrient levels are still moderately high and this may be preventing a more diverse grassland from becoming established. Consideration will be given to ways of removing grass cuttings from the land and composting on the site.

JLEN's portfolio delivered

1,314

GWh green energy

And avoid emissions of

>905,906

tCO₂e

Enough electricity to power

>255,000

UK homes

SOCIAL

Objective: Develop positive relationships with the communities in which JLEN works.

The following social criteria are typically considered during due diligence and ongoing monitoring of assets:

- health and wellbeing;
- local economic impact – job creation;
- local social impact; and
- community engagement and benefit.

In order to inform its social objective, JLEN has identified a number of indicators and metrics, as seen below. The Fund's investments are often situated in rural areas where there is potential for both community benefit as well as community disruption during construction and asset operation activities.

Social KPI	Measurement	Baseline data 2021/22
Community funding	£ provided to community projects	£418,000
Health and safety incidents	RIDDOR reportable accidents	3 ⁽¹⁾
Community engagement procedures	% of assets with formal stakeholder/community engagement policies and processes	14%
	% of assets with a clear, easily accessible complaints handling mechanism in place	49%
Jobs supported	number of "full time equivalent" ("FTE") jobs supported	376 jobs ⁽²⁾
Accessibility of community fund documents	% of community funds that are easily accessible and signposted for local communities	83%

(1) More information can be found on page 39.

(2) FTE jobs were calculated using total hours worked over the course of the year. In some instances, 12 months of data was not available and in that case, an average number of hours worked was calculated from the data available.

SOCIAL

Social KPIs summary 2021/22

Over the year, JLEN's SPVs contributed £418,000 to the communities in which they operate, £38,000 more than in the previous year. The increase was due to acquiring new assets and an increase in the community benefit funds available from the AD portfolio. Further to this JLEN has endeavoured to make community fund information more readily available by publishing this information on its website and rolling out websites across the wind portfolio with clear sign-posting to community benefit fund information. The work of rolling out websites is continuing across the portfolio to provide clear, accessible information about the SPVs, any associated community benefit funds and to provide a contact for the asset.

In the year 2022/23, the focus will be on improving community engagement processes and complaints handling mechanisms. Many of the assets already have informal processes in place that can be articulated but work will be undertaken to formalise these processes. This work has already started on the AD portfolio.

The number of FTE jobs supported is expected to grow as the portfolio grows and this measure is important to JLEN, showing the wider benefit of employment that JLEN's portfolio provides and livelihoods it supports.

Skilled labour

Many of JLEN's assets are situated in rural areas, providing vital skilled roles in smaller rural communities. A strong base of qualified engineers is required in order to run the Fund's environmental assets in the long term and to support increased capacity for environmental assets, both in the UK and abroad. As a specialist investor into environmental assets, JLEN is committed to ensuring that those assets are managed and maintained by skilled teams.

In order to support this, JLEN has collected data on the number of jobs directly supported by the investment portfolio through its third-party asset managers and other major contractors.

Community relationships

This year JLEN has tracked against its KPIs related to developing positive relationships with the communities in which it works. These KPIs relate to engagement procedures – ensuring that clear, formal stakeholder engagement processes are in place for each investment. If problems do arise during construction and operation of the projects that impact the local community, JLEN is committed to ensuring that local communities have access to a clear, easily accessible complaints handling mechanism so that complaints can be addressed as soon as possible. The data has revealed that this is an area for improvement and JLEN is working on improving this over the course of this year.

Most of JLEN's assets have a community fund associated with them. Some of these are triggered by planning conditions, while others have been put in place by JLEN in order to drive good practice in community engagement. Community funds are often managed by local bodies such as parish councils, with funds allocated to projects designed to benefit the local community.

This year JLEN has been working to make information about these community funds more accessible; community fund information was added to the JLEN website to make it more readily accessible and this year an exercise was undertaken to build websites for each of the wind SPVs so that local communities have a readily available landing spot to find information about community funds associated with an asset and have a means of contacting the site in case of an issue. This work had already been undertaken on the AD portfolio and most of the AD sites have a website and community fund in place.

Projects supported by JLEN's community funds include:

- donation to a local bird conservation group;
- funding of local care home specialising in dementia;
- donation to a local food bank;
- purchase of sports equipment and play equipment for various parks;
- restoration of a parish church and contribution to repair of another church;
- wildflower planting in village; and
- redevelopment of educational and social outreach centre.

Case study

Training to upskill operatives at the ELWA waste processing plant

In the financial year just passed, the ELWA waste plant, which provides more than 190 full time equivalent jobs across its plants, has provided over 4,000 hours of training. This included a wide range of training from the management team through to operators and maintenance teams. It also included both new starter inductions and refresher training along with training provided to upskill operatives and the management team and/or train operators/maintenance teams on new equipment that has been installed.

This programme of training helps to keep ELWA's workforce skilled in the various areas of the business and also helps to prevent health and safety and environmental incidents from occurring.

Case study

Community fund that is supporting biodiversity

Egmore AD plant in North Norfolk contributes an annual sum of £7,500 to its community benefit fund which is disbursed to a range of different local projects. This year, one of the projects that Egmore has contributed to is the North West Norfolk Ringing Group (“NWNRG”) which supports the British Trust for Ornithology (“BTO”), to undertake original ornithological research projects and contribute to the national bird ringing scheme.

Recently, barn owls have been at the forefront of the group’s conservation work. To monitor numbers, the NWNRG tag any young owlets with leg rings issued by the BTO.

The NWNRG and Holkham estate donated a barn owl box to Egmore Energy (pictured below). Previously, the owl box at Egmore has been inhabited and it is hoped that now the box has been redesigned it will become another barn owl home very soon.



JLEN takes its environmental and health and safety responsibilities very seriously and seeks to ensure effective management of these issues in both its own operations and in its investment portfolio. JLEN aims to manage risks and incidents in a fair and transparent manner with appropriate action to reduce risk wherever possible.

This report identifies the material environmental and health and safety incidents in the JLEN portfolio in 2021/22.

Reportable environmental and health and safety incidents

	2021/22
H&S incidents	3
Environmental incidents	5

The following reportable incidents were recorded for JLEN’s portfolio during 2021/22:

- Waste & bioenergy plant reportable injuries:
 - An operator at one of JLEN’s waste plants required time off work when an improperly secured lever struck him on the head.
 - A sub-contractor working on a fixed ladder at the site fell through one of the floors at the plant, necessitating an overnight stay in hospital.
 - An employee had a needle pierce through the of their safety boot which caused a puncture wound to their foot.
- Waste & bioenergy environmental incidents:
 - At a waste plant, testing of surface water showed that a sample exceeded the newly imposed Emission Limit Value (“ELV”) for phosphorus, that is included in the revised Environmental Permit issued by the Environment Agency on 2 November 2021. The operator is monitoring phosphorus levels and subsequent samples are within the ELV.
 - Over the course of the year there were four incidences of a waste plant exceeding its emissions limit, the root cause of this has been investigated and the incident has been closed.

Health, safety and environmental incident recording and reporting

Third-party asset managers are responsible for the day-to-day management of HSE issues and are required to report incidents to Foresight, which are recorded through their portfolio management software. Depending on the requirement, the software can deliver either a high degree of granularity on individual assets or an aggregated snapshot of the portfolio’s performance as a whole. This allows the Investment Manager to monitor and report individual asset performance as well as sector and portfolio level performance to a range of internal stakeholders.

Foresight periodically contracts third parties to conduct comprehensive health and safety audits of each site. This serves both to encourage best possible working practices and acts as a means of highlighting areas for development. Foresight staff also perform spot auditing and reporting functions on selected assets on an ongoing basis. Any recommendations from the audits are allocated to the Investment Manager’s asset management team, which then becomes responsible for ensuring the recommendations are actioned as necessary. These tasks are tracked through Foresight’s portfolio management software and monitored to ensure they have been resolved in a timely manner. All audit results, shortfalls and recommendations are included on the agenda of the asset’s board meetings.

GOVERNANCE

Objective: Ensure effective, ethical governance across the portfolio.

Good governance is essential for JLEN's portfolio to achieve its targeted returns and to minimise downside risk.

JLEN holds Board positions for each of its assets, which are fulfilled by Foresight on its behalf. The Board members work to promote good governance as part of the Fund's active engagement with projects.

JLEN typically considers the following governance criteria during due diligence and ongoing monitoring of assets:

- anti-bribery and corruption;
- modern slavery;
- audit and tax practices;
- environmental impact;
- health and safety practices; and
- Board composition.

In order to inform its governance objective, JLEN is formalising the reporting of a number of governance indicators and has added some further indicators to help promote improved performance over time.

Governance KPI	Measurement	Baseline data 2021/22
Portfolio audits of health and safety practices	% of assets audited	81%
Portfolio audits of tax and financial practices	% of assets audited	98%
Diversity of SPV directors	% of assets with at least one female board member	7%
Inclusion of ESG in SPV board agendas	% of assets with ESG embedded into board agendas	93%
Governance oversight	% of assets which comply with a governance policy and associated documents, that are reviewed on a periodic basis	81%
Assessment of major contractors against ESG criteria	% of new and existing suppliers assessed against ESG criteria	49%

Governance KPIs summary 2021/22

Overall, governance across the JLEN portfolio SPVs is well established and this area receives a lot of oversight from asset managers, both to adhere to best practice and to ensure the smooth running of operations. All SPVs have regular board meetings, usually on a quarterly basis and at least one Foresight employee is a director of each SPV company. Health, Safety and Environment issues are well documented and best practice solutions are shared across the whole portfolio at monthly portfolio meetings attended by Foresight asset managers.

JLEN mainly acquires operational assets which already have governance processes in place, and it can take some time to embed Foresight processes at the asset level. Work is continually undertaken to standardise these processes and also in the course of this, improve this process.

This year work has been undertaken and is ongoing to install an improved suite of policies at the SPV level, with a focus on installing voluntary slavery and human trafficking statements at the SPV level.

Diversity of SPV directors

JLEN recognises that lack of gender diversity is a known issue in the financial services industry. In order to drive progress and increase gender diversity, JLEN has started tracking gender diversity of SPV directors across all of its investments with the intention of proactively increasing the proportion of female board members over time. The Investment Manager has implemented the following mechanisms and initiatives to improve performance in this area:

- Equal opportunities
 - To guide equal employment practices, this is the third year that Foresight requires hiring managers to undertake Unconscious Bias Training
 - Foresight's Inclusion & Diversity Committee which develops and monitors Foresight's policies and procedures to ensure qualifications, skill and experience from the basis for the recruitment, placement, training and advancement of staff at all levels
- Gender equality
 - Foresight is a signatory to the Investing in Women Code, its commitment is outlined on Foresight's website www.foresightgroup.eu/about-us/diversity-inclusion
 - Foresight is a signatory of the HM Treasury's Women In Finance Charter

- Foresight is proactively working towards its five-year target of 30% of women in senior management roles by 2024 and as at 30 September 2021 is at 25%

Inclusion of ESG in SPV board agendas

While HSE reporting has been formally included in all board agendas for some time, and wider ESG issues have been regularly included, this has historically been done reactively. In order to support its stated ESG objectives, JLEN is now mandating that all board agendas routinely include discussions around ESG matters across each of its investments as a way to drive proactive approaches to ESG going forward.

Modern slavery and human trafficking

As part of Foresight Group, JLEN's policy and practices in relation to modern slavery and human trafficking are included in the Group's Modern Slavery Act statement. The statement sets out Foresight's approach to matters such as services and supply chain due diligence and training of employees, recruitment and welfare.

Over the year, the Investment Manager participated in the PRI roundtable: Human Rights in Private Market Investing, with discussions centring on how to build an organisational approach to human rights, managing supply chain risk, and empowering portfolio companies and assets.

Case study

Enhanced scope of management operations on the AD portfolio

This year, the largest operator on JLEN's AD portfolio has been contracted for an enhanced scope of service to improve ESG monitoring and implementation of ESG initiatives; as part of this, a specialist ESG coordinator has been employed by the operator. Some key areas of the enhanced scope include:

- environment;
- biodiversity;
- greener farming;
- health and safety reporting;
- community engagement; and
- employee engagement.

This enhanced scope of activities is particularly beneficial on the AD portfolio which has close ties with the area in which it works and local farming communities.

Q&A WITH JO HARRISON, ESG COMMITTEE CHAIR



Q Tell us about your background

A My professional career has been spent chiefly working in the water industry. I have worked at United Utilities for 24 years and before joining United Utilities I worked in environmental consultancy. My professional focus has mainly been on leading environmental strategy and asset management activities, so the long-term environmental impact on our water supply and management systems is something I'm very interested in. My current main role is Director of Environment Planning and Innovation at United Utilities, so I investigate and plan for long-term requirements facing the water industry – for example, meeting net-zero goals, climate change adaptation and making sure we can meet ongoing sustainability targets in the future as they become more stringent over time.

Q What have been your highlights over your first year as a Director of JLEN?

A It has been fascinating to witness from the inside how JLEN drives a financial return from delivering environmental benefits and I clearly see the similarities with United Utilities as well as the differences. JLEN's sole focus is operating environmental assets effectively and efficiently so there have been many parallels – for example, both JLEN and United Utilities operate anaerobic digester assets as well as some solar generators. There is a specific business dynamic which comes from a more commercial mindset and whilst I have found my time here educational, I have also been able to contribute a counterpoint perspective and see that contribution make an impact – which is what being a Board Director is all about.

Q How do you perceive the importance of Sustainability & ESG?

A Looking at the topic from a top-down perspective, it is important for JLEN (and other businesses) to ensure there is a clear overview of the environmental benefits that our assets deliver – for ourselves as well as our customers – because the assets JLEN manages have their own ESG footprint which needs to be monitored. We are lucky to work in an organisation which understands this need, taking proactive action to analyse and manage the efficiency of assets and make consistent improvements to demonstrate that we are living by our own environmental values. ESG data should be used to drive business development as a matter of routine as well as helping businesses identify the different opportunities that exist to drive the push towards sustainability.

Q How do you see your role evolving over time?

A I'm looking forward to advancing JLEN's reporting on ESG criteria over the next 12-18 months. Impact measurement is at different stages of maturity depending on whether you are talking about the E, the S, or the G, so there is a lot of room to make a meaningful difference in this area. Six months ago we established a formal ESG committee within JLEN and had our first meeting as part and parcel of a normal Board process – this is important if we are to establish business practices which prioritise ESG management as part of everyday operations. Having launched our suite of ESG KPIs in 2021, I want to use that data to learn and make continual improvements in our ESG reporting as well as day-to-day decision making – particularly in how we report our carbon emissions.

CORPORATE SOCIAL RESPONSIBILITY

While JLEN does not have direct employees, it does have a corporate culture which is guided by JLEN's Board of Directors and the Investment Manager, Foresight. As Investment Manager to JLEN, Foresight believes an engaged and empowered workforce supports the Company's purpose. Foresight seeks to co-ordinate and manage its corporate practices to maximise positive social and economic contributions and minimise the environmental impact of its business operations. The JLEN Board and Foresight typically meet informally on a fortnightly basis and this ensures good communication between these two key stakeholders. Engagement with key clients, employees, community, environmental stakeholders, regulators, business partners and suppliers is central to Foresight's approach.

Foresight divides its commitment to CSR into four segments:

1. marketplace – how they work with their customers and counterparties;
2. workplace – where they work, how they recruit and how they work with their staff;
3. environment – how they reduce their environmental impact; and
4. community – how they engage with the community.

Empowering the workforce of the future:

Since returning to a state of 'new normal', post the Covid-19 health crisis. The Investment Manager has been able to re-establish its community outreach initiatives. This is aimed at providing guidance and financial skills training for children and young adults in the areas local to Foresight's offices. Some initiative that Foresight has engaged on over the course of the year include:

- Foresight staff involvement in the Finance Industry Programme with AmosBursary, 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. Foresight staff have also visited the school for business and careers talks; and
- partnering with Diversity VC on their 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.





JLEN

