



JLEN Environmental Assets Group Limited

Sustainability and ESG Report 2023



SUSTAINABILITY AND ESG

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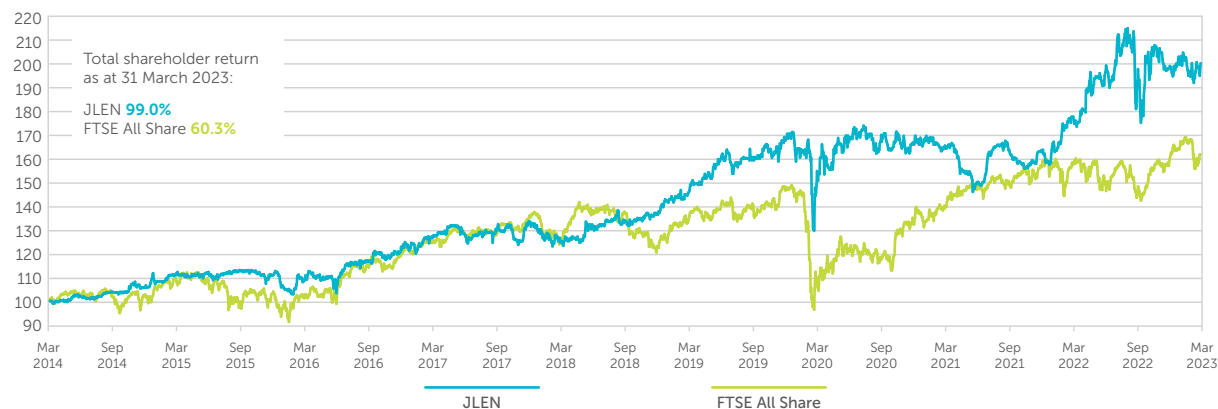
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OUR PURPOSE

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

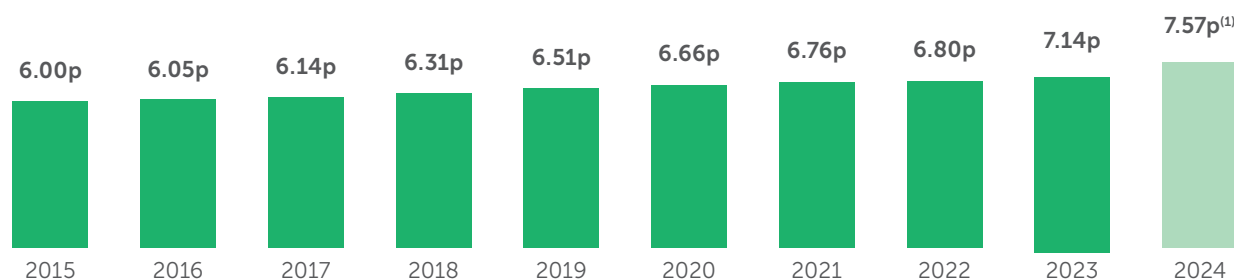
Total shareholder return since launch



Source: Morningstar

Note: Past performance cannot be relied on as a guide to future performance.

Dividend progression



■ Dividend declared ■ Target

(1) This is a target only, there can be no guarantee this target will be met.

FUND ESG OBJECTIVES

ESG 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 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

1,325GWh
2022: 1,314GWh

GHG emissions avoided

212,263 tCO₂e
2022: n/a

Tonnes of waste diverted from landfill

684,181
tonnes
2022: >695,000

Contributed to community funds

£432,756
2022: £418,000

FTE jobs supported

347
2022: 370

Number of SDGs⁽¹⁾ the portfolio aligns to

8
2022: 5

(1) Sustainable Development Goals.

ESG COMMITTEE CHAIR'S FOREWORD



"Sustainability and ESG considerations lie at the heart of the Investment Manager's ethos and operations. Foresight frequently assesses its approach to sustainability and ESG, seeking to emulate and drive best practice wherever possible."

Jo Harrison
Chair, ESG Committee

We see ESG criteria as critical to the management of our business activities in all areas and it is an integral part of our day-to-day activities at the Investment Manager level. Last year we set up a dedicated ESG Committee at the Board level and collected baseline data for the ESG KPIs. The Committee's focus on ESG ensures that JLEN is regularly debating ESG strategies at the highest level – and the outcomes of the meetings are formally reported to JLEN's Board for discussion and approval.

In 2022/23, the Company celebrated its first full year of data collection on the ESG KPIs and has been tracking them against the initial baseline metrics that were reported last year. We expect to continue to evolve and improve our processes and use the information collected in 2022 to drive meaningful change across all areas of sustainability and ESG.

Over the past year, the Committee has monitored progress against the ESG KPIs, received regulatory updates and overseen further development of JLEN's carbon footprint methodology. Development of biodiversity surveys and plans across JLEN's portfolio has been a key focus this year, as well as maximising the amount of community benefit funding available from our assets. We've also seen examples of biodiversity measures within our portfolio leading to long-term benefits to biodiversity, through studies of fish passes on our hydro assets on the River Aire. While JLEN did not install these passes, we recognise the importance of maintaining such measures, as well as the fact that there may be similar exciting opportunities across other assets.

Towards the end of the year, Foresight launched its Nature Recovery Ambition Statement, written in collaboration with its sustainability partner, the Eden Project. The statement will pave the way for a Nature Recovery Blueprint, which will be used to guide a best practice approach to biodiversity baselining and nature recovery throughout JLEN's portfolio.

We look forward to reviewing the results of the forthcoming biodiversity surveys and overseeing the resulting biodiversity improvement measures.

Our community funds have contributed to a broad range of projects this year. We are encouraged to see the range of benefits that the funds are supporting and will continue to monitor progress against this KPI going forward.

The Committee has overseen an external consultancy project to undertake TCFD scenario assessments, helping us to further understand the physical and transition risks and opportunities associated with our portfolio. The Committee reviews these risks and makes recommendations to the Board and to the Risk Committee where they may have a material impact on the Company.

ESG considerations lie at the heart of the Investment Manager's ethos and operations. Foresight frequently assesses its approach to sustainability and ESG, seeking to emulate and drive best practice wherever possible.

Also this year, JLEN has expanded its investment activities to other sustainability-focused technologies outside energy generation. In particular, we've seen investments into sustainable aquaculture, green hydrogen and development of a heat offtake model, all of which contribute towards furthering sustainability in areas such as food production and transport. JLEN intends to continue its expansion into these areas and the ESG Committee expects to oversee further evolution in the ESG strategy as we continue to analyse the risks and opportunities associated with these new investment themes.

Jo Harrison
Chair, ESG Committee
14 June 2023

AT A GLANCE

Environmental performance 2022/23



1,325

GWh renewable energy generated



212,263

tonnes CO₂e avoided⁽¹⁾



35.6

wastewater treated (billion litres)



684,181

waste diverted from landfill (tonnes)



129,114

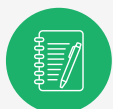
waste recycled (tonnes)



355,191

organic fertiliser produced (tonnes)

Governance performance 2022/23



36

health and safety audits



97%

assets alignment with EU Taxonomy



92%

primary suppliers underwent Ethixbase due diligence checks

Social performance 2022/23



£432,756

community funding



347

full-time equivalent jobs supported

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. The scorecard for Foresight Group's latest annual assessment is available via the PRI's assessment portal but, in summary, the Investment Manager achieved:

- 5-star rating for Infrastructure
- 5-star rating for Investment & Stewardship

The latest assessment transparency report is available on Foresight Group's website⁽²⁾ and on the UN PRI website.⁽³⁾



(1) New methodology – see page 13.

(2) <https://www.foresightgroup.eu/news/foresight-group-pri-scores-published>.

(3) <https://www.unpri.org/signatory-directory/foresight-group-llp/1223.article>.

JLEN'S ESG KPIs

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 2022/23, JLEN has continued to collect data to inform its ESG KPIs. This data is compared against the baseline data collected in 2021/22. JLEN's unassured performance against its KPIs is set out on pages 12, 16 and 21.

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 to the right sets out the full list of KPIs.

Collection of KPI data

Care has been taken to validate the data reported in this document 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. All percentages are calculated using the total number of SPVs as a denominator.

Environmental

> Read more on page 12

Renewable energy generated

GHG emissions avoided

Tonnes of waste treated

Litres of wastewater treatment

Environmental incidents

Purchased energy originating from renewable sources

Management of biodiversity

Assessment of major contractors against ESG criteria

Social

> Read more on page 16

Community funding

Health and safety incidents

Community engagement procedures

FTE jobs supported

Accessibility of community fund documents

Assessment of major contractors against ESG criteria

Governance

> Read more on page 21

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

Governance oversight

Assessment of major contractors against ESG criteria

PERFORMANCE AGAINST THE SDGs









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:



PERFORMANCE AGAINST THE SDGs continued

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

SDG	Target	JLEN's performance 2022/23
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Avoidance of: 932 tonnes NO _x (Nitrogen Oxides) 684 tonnes SO _x (Sulphur Dioxide) 16 tonnes PM ₁₀ (µm10 Particulate Matter) 7 tonnes PM _{2.5} (µm2.5 Particulate Matter)
	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.	35.6 billion litres of wastewater treated.
	7.2 Increase substantially the share of renewable energy in the global energy mix.	731GWh renewable electricity and 594GWh renewable heat produced enough to power 252,025 homes for a year (homes powered excludes AD portfolio).
	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.	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.
	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.	347 FTE jobs supported by JLEN's portfolio.
	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.	359.5MW renewable generation capacity added to the electricity grid.
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	684,181 tonnes of waste diverted from landfill. 129,114 tonnes of waste recycled.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Emissions avoidance of 212,263 tonnes CO ₂ e ⁽¹⁾ .
	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.	Avoiding an annual oil equivalent of 113,941 TOE ("Tonnes of Oil Equivalent"), contributing to the avoidance of fossil fuel use. 42% of JLEN's portfolio has active biodiversity management plans in place. Further information on the work to enhance biodiversity can be seen on page 15.

(1) New methodology see page 13.

JLEN'S APPROACH TO ESG

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. Information on how JLEN identifies, assesses and manages risk and opportunity is set out in detail in the TCFD disclosure on pages 49 to 69 of the annual report.

JLEN's approach to ESG is overseen by the Board's ESG Committee. The Committee's remit is described below.

ESG Committee

- Oversees ESG matters for JLEN
- Meets quarterly
- Responsible for setting the guiding principles and strategies of the Company in respect of ESG matters.
- Considers TCFD as a standing agenda point
- Where risks are identified by the Committee, these are referred to the Risk Committee for further consideration and inclusion in the risk register

Assess

JLEN undertakes due diligence on each of its asset acquisitions, including assessing a range of ESG criteria.

Each asset is evaluated in accordance with Foresight's Sustainability Evaluation Tool ("SET"). Further information on the SET and its underlying criteria is set out below. The assets are scored against the 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.

Monitor

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.

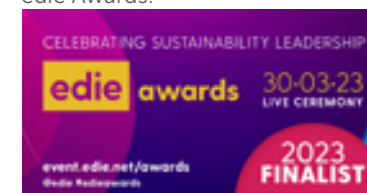
In 2021/22, JLEN collected baseline data on a series of ESG KPIs. In 2022/23, the KPIs continued to be monitored and performance is set out in this report. This ongoing monitoring is helping JLEN to track performance of individual assets and sectors against its ESG objectives which, in turn, is helping to drive decision making.

ESG updates are provided to the ESG Committee on a regular basis; these updates help to inform JLEN's risk management process.

Engage

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 32 to 37 of the annual report.

Reporting is an essential part of JLEN's stakeholder communication. This year, JLEN was proud to be a finalist in the Sustainability & Reporting Communications category for the edie Awards.



JLEN'S APPROACH TO ESG continued

Assess: The Foresight Sustainability Evaluation Tool ("SET")

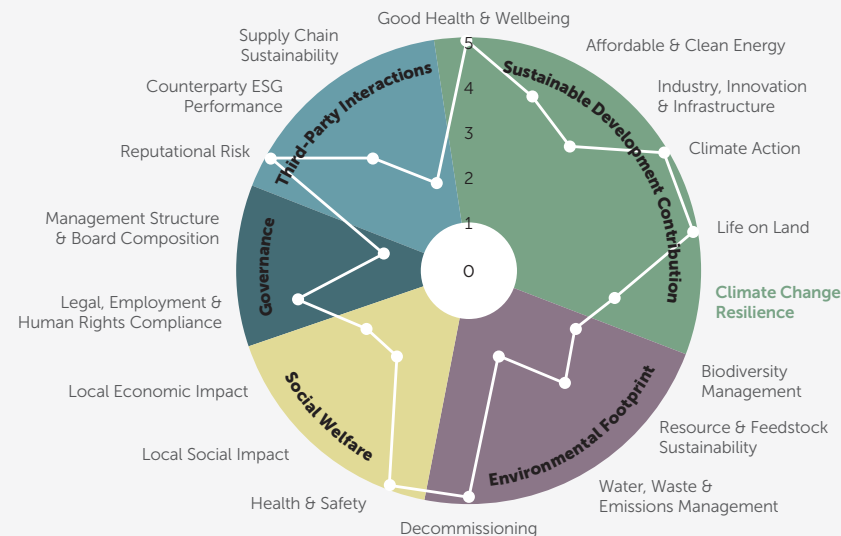
To ensure that all potential investments undertaken meet our definition of sustainable infrastructure, and that climate-related risks are systematically identified, assessed and subsequently managed, they are evaluated in accordance with Foresight's SET. The SET is made up of five criteria that cover 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. Further information on the Climate Change Resilience parameter is outlined in the TCFD disclosure on pages 64 and 65 of the annual report.



JLEN'S APPROACH TO ESG continued

Monitor: Reporting to the ESG Committee

A report is made to the ESG Committee's quarterly meetings, updating its members on a range of topics, including:

- progress against the ESG KPIs, including the level of data completeness across the portfolio;
- regulatory updates and reporting requirements;
- carbon emissions and net-zero updates;
- environmental progress and incidents;
- social progress and incidents;
- governance progress; and
- corporate social responsibility matters.

The ESG Committee will review and comment on the update report, taking it into account in progressing the ESG strategy.

Engage: Disclosures

JLEN discloses ESG and climate-related information in a range of ways, including in this ESG report. Additionally, JLEN makes the following disclosures.

Task Force on Climate-related Financial Disclosures ("TCFD")

JLEN has again included a TCFD disclosure this year on pages 49 to 69 of the annual report. As part of this year's disclosure, updates to JLEN's scenario analysis were undertaken by an external consultancy to assist in better understanding physical risks of climate change. Climate risks and opportunities are also assessed as part of the Foresight SET (more information on page 10).

Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation ("SFDR") is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.

JLEN is positioned under Article 9 of the SFDR, as it is a fund that has sustainable investment as its objective. Pursuant to Article 11 of the SFDR, certain periodic disclosures relating to the overall sustainability-related impact of the Company are set out in the disclosures linked below, and summarised here:

Sustainable investment objective of the Company

The Company has a climate change mitigation objective and supports 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 whilst generating a sustainable financial return.

The Company's activities will contribute materially towards the emissions reduction objectives set out under the Paris Climate Agreement. By way of example, JLEN has invested into a portfolio of diversified renewable energy assets, clean fuel distribution assets and other assets that contribute to decarbonising both the national energy mix and other emissions-intensive activities.

Performance of sustainability indicators

The indicators for the portfolio are reported in the SDG table on page 08.

Taxonomy regulation

JLEN commits that a minimum proportion of 80% of the Company's investments will be aligned with the EU Taxonomy (by value). The current alignment for the reporting period is 97%, as set out in the Annex V periodic disclosure available as an Annex to this report and on the Company's website⁽¹⁾.

SFDR RTS Website Disclosure, Annex III and Annex V

JLEN's Annex III Pre-Contractual Disclosure, RTS Website Disclosure and Article V Periodic Disclosure are all available on the Company's Website⁽¹⁾.

Engaging on future regulatory disclosures

The Investment Manager regularly engages on future regulation and disclosure requirements through training, market research and other external engagement. This approach is undertaken in order to ensure that the Investment Manager is anticipating and implementing methodologies, metrics and KPIs for future consideration and disclosure. In particular, the Investment Manager has this year been focused on the forthcoming requirements of the Sustainable Disclosure Requirements ("SDR") and the Taskforce on Nature-related Financial Disclosures ("TNFD").

(1) <https://jlen.com/investor-relations/publications/>.

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.

Following collection of baseline data in 2021/22, JLEN has continued to monitor its environmental KPIs through 2022/23. Performance against the KPIs is set out in this section.

- (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) The "new methodology" uses country-specific grid emissions factors for the geography in which the asset is based. It follows the International Financial Institutions ("IFI") Approach to GHG Accounting for Renewable Energy Projects and uses the Harmonised IFI Default Grid Factors for calculation. The "old methodology" used coal as the sole comparator. More information on the methodology can be found on page 13 and further information on the GHG avoided of each asset is available on the JLEN website. For consistency of reporting, both figures are presented for both this Annual Report and the subsequent Interim Report, after which the old methodology will cease to be used.
- (3) More information on environmental incidents can be found on page 20.
- (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.
- (5) The figure is lower in 2022/23 as the calculation has changed to exclude site specific parasitic loads.

Environmental KPI	Measurement	2022/23	2021/22 (Baseline)
Renewable energy generated	MWh renewable electricity ⁽¹⁾	730,871	742,331
	MWh renewable heat ⁽¹⁾	594,261	571,461
GHG emissions avoided	tCO ₂ e avoided – new methodology ⁽²⁾	212,263	n/a
	tCO ₂ e avoided – old methodology ⁽²⁾	962,218	905,906
Waste treatment	tonnes of waste recycled	129,114	135,203
	tonnes of waste diverted from landfill	684,181	695,498
Water treatment	litres of wastewater treated	35,586,057,000	35,620,619,000
Environmental incidents	reportable environmental incidents	3 ⁽³⁾	5
Purchased energy originating from renewable sources	% of total purchased energy ⁽⁴⁾ in the portfolio originating from renewable sources	21 ⁽⁵⁾	47
Management of biodiversity	% of assets with biodiversity plans	42	30
	% of assets engaged with on biodiversity issues	78	49

ENVIRONMENTAL continued

Environmental KPIs summary

Over the 2022/23 period JLEN worked on:

- expanding its investment activities to new technologies; and
- developing measurable approaches to biodiversity enhancement.

In 2023/24, the focus will be on undertaking biodiversity surveys across the portfolio and beginning to undertake biodiversity improvement measures in line with the survey recommendations. The Investment Manager aims to have a fund-wide biodiversity baseline score by next year, with the majority of the site surveys being undertaken this summer across the portfolio.

Portfolio electricity and carbon performance

A summary of the greenhouse gas benefits delivered by the portfolio is provided in the table below. The table shows the GHG emissions avoided using the new methodology, with totals from both methodologies shown in the table on the previous page.

Asset portfolio by sector	2022/23 GHG emissions avoided (new methodology) (tCO ₂ e)	2021/22 GHG emissions avoided (old methodology) (tCO ₂ e)
Wind	118,385	290,714
Solar (including rooftop)	20,725	59,917
AD	74,918	447,410
Hydro	752	4,233
Biomass	-1,859	97,101
Energy-from-waste	-659	6,531
Total (new methodology)	212,263	905,906

Methodology

- The Investment Manager has been undertaking a full review of the GHG emissions avoidance calculation methodology to reflect best practice and, going forward, intends to calculate them using country-specific grid emissions factors for the geography in which the asset is based ("new methodology"), rather than the previous approach of using coal as the sole comparator ("old methodology").
- This adjustment follows the International Financial Institutions ("IFI") Approach to GHG Accounting for Renewable Energy Projects and uses the Harmonised IFI Default Grid Factors for calculation. The modification will result in a lower number of avoided emissions being reported but they will be calculated using a more standardised approach to GHG accounting.
- In 2021/22, JLEN 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.

JLEN's portfolio delivered

730,871
MWh green electricity

And avoided emissions of

212,263
tonnes CO₂e
(new methodology)

Enough electricity to power

252,025
UK homes
(excludes AD portfolio)

ENVIRONMENTAL continued

Case study

New technologies – hydrogen and controlled environment

Investing in new technologies that focus on decarbonising existing processes, or which present a more sustainable way of delivering vital services, has been a key focus for JLEN in 2022/23. Examples of JLEN's support for infrastructure which provides more sustainable solutions include:

Enhancing existing assets

- JLEN routinely investigates opportunities for enhancing its existing assets and in 2022 the Company invested in a 2.1 hectare glasshouse which will be supplied with low carbon heat and power via private wire from a nearby AD plant that is also owned by JLEN. The AD plant will be upgraded in order to supply the Glasshouse – enhancing the value of an existing asset and creating an integrated ecosystem with the two assets benefiting each other.



Food production

- Food production represents a significant proportion of global GHG emissions. As the world's population increases, this will require an increase in food production far beyond current levels. The Rjukan Controlled Environment aquaculture project aims to deliver seafood in a controlled environment through onshore facilities. Onshore production helps to prevent the spread of parasites or chemicals into waterways or the ocean, which is a known and significant challenge in the offshore production industry. JLEN considers controlled environment projects to be a valuable part of a solution to the challenge of sustainable food production.

Sustainable fuels

- In 2022, JLEN invested in the Thierbach green hydrogen project, a large green hydrogen production plant near Borna in Germany, capable of producing over 200,000 MWh green hydrogen per year during the first phase. The hydrogen will be produced via electrolysis powered by renewable electricity and the project will integrate battery storage. Serving customers such as the chemicals industry and the transport sector including commercial air and road transport operators, the project is planned to expand to a full 1GW production in future. Green hydrogen is seen as an important element of decarbonising the energy and transport sectors.

ENVIRONMENTAL continued

Case study

Management of biodiversity: Delivering measurable biodiversity improvements

In June 2022, Foresight announced its partnership with the Eden Project. The partnership aims to Define, Demonstrate and Engage on biodiversity issues across its sites. Baseline biodiversity surveys are planned for 2023/24, to be implemented across the portfolio. These surveys will apply the Department for Environment Food and Rural Affairs ("Defra") Biodiversity metric to help quantify a biodiversity baseline. Each asset will benefit from a habitat management plan detailing biodiversity baseline and suggested enhancements, which will be implemented in line with the recommended timelines.

Baselining

In 2022 a quantitative assessment of biodiversity against the Defra metric was undertaken across JLEN's Future Biogas AD sites in Nottinghamshire, Yorkshire, Lincolnshire and Norfolk. Future Biogas partnered with an experienced environmental consultant to assess the AD sites' historic (via desktop study) and current (via site visit) biodiversity score and develop a pathway for improvement.

Upon completion of the biodiversity evaluations, a final report was produced which identified the environmental enhancements that would benefit biodiversity at the sites. For example, Grange Farm Energy Ltd will benefit from increased grassland and hedgerow establishment to encourage and support local habitat and connectivity.

Crucially, the Defra metric allows for measurable and continuous improvement to be quantified in future surveys so that the impact of each enhancement can be measured and its success fully understood.

Hydro projects fish monitoring

JLEN recognises that its assets are often in important areas for biodiversity connectivity. In 2022/23, as part of the Developing Natural Aire Project ("DNAire"), researchers from the University of Hull studied the impact of fish passes on fish populations along the River Aire. The study covered three fish passes on JLEN's Knottingley, Kirkthorpe and Thrybergh hydro facilities, which were installed in 2020/21 when the facilities were constructed and which JLEN is responsible for maintaining. Their research discovered that up to 100% more fish could travel up the river as a result of the fish passes, meaning many more fish were able to reach spawning, nursery and feeding habitats further up the catchment. In addition to species such as brown trout, chub and barbel, it is hoped that the passes on the River Aire will also enable the iconic Atlantic salmon to complete their migration from the sea to historic spawning habitat beyond Skipton and into the Yorkshire Dales, as well as help safeguard the endangered eel (which migrate to sea to spawn).

Wildflowers

Foresight's partnership with the Eden Project has already helped to enrich its knowledge of the biodiversity that exists on its assets and the potential opportunities that could be achieved through biodiversity enhancements. The National Wildflower Centre ("NWC") forms part of the Eden Project and aims to increase wildflower presence and diversity across the UK. Foresight will undertake harvesting and planting of wildflower seeds across its portfolio, including JLEN's assets, to create a Foresight Seed Bank which will help contribute to the NWC aims. To help with this, the Eden Project held a wildflower training session with the portfolio and asset managers to inform them on how and why wildflowers can be harvested and planted on sites. The session was attended by members of the JLEN team and will help kick-start the contribution to increasing wildflower biodiversity across JLEN's assets.



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.

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. Following collection of baseline data in 2021/22, social KPIs have continued to be monitored and performance against those KPIs is set out in this section.

Social KPI	Measurement	2022/23	2021/22 (Baseline)
Community funding	£ provided to community projects	£432,756	£418,000
Health and safety incidents	RIDDOR reportable accidents	3 ⁽¹⁾	3
Community engagement procedures	% of assets with formal stakeholder/community engagement policies and processes	80	14
	% of assets with a clear, easily accessible complaints handling mechanism in place	81	49
Jobs supported	number of "full-time equivalent" ("FTE") jobs supported ⁽²⁾	347	376 ⁽³⁾
Accessibility of community fund documents	% of community funds that are easily accessible and signposted for local communities	83	83

(1) An additional incident occurred that, had it been in the UK, would have qualified as RIDDOR. More information can be found on page 20.

(2) FTE jobs are calculated using total hours worked over the course of the year.

(3) In some instances in 2021/22, 12 months of data was not available and in that case, an average number of hours worked was estimated based on the data available.

SOCIAL continued

Social KPIs summary 2022/23

Over the year, JLEN focused on:

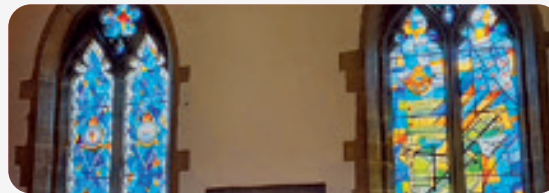
- increasing community funding contributions and recording more detail on the community projects that are supported;
- improving community engagement procedures;
- developing opportunities for the creation of skilled jobs in rural communities; and
- measuring social value as part of the wider portfolio management process.

Community funding

Over the year, JLEN's SPVs contributed £432,756 to local communities around its assets, £14,756 more than in the previous year. The increase was driven by targets set by JLEN to ensure that communities were achieving maximum benefit from the funds available to them. Projects supported by JLEN's community funds included:

Installation of a commemorative window for the Dambusters squadron

The Grange Farm Energy Community Fund Scheme provided £5,000 towards the cost of a stained glass window to be installed in Scampton Church. The installation coincided with the 80th anniversary of the formation of the 617 "Dambusters" squadron. Designed by celebrated glass artist Claire Williamson, the window was visited by a German congregation in March 2023 for a service to honour the window, representing a relationship of peace and reconciliation.



Play equipment at Wylve Valley Primary School

Codford Biogas provided £10,000 for the installation of new pirate ship play equipment at Wylve Valley Primary School. The pirate ship was installed by a local company over the Easter holidays, as a surprise for the children when they returned back to school. By providing opportunities for role play, the equipment supports valuable learning and development for the children including building confidence, creative communication, physical development and problem-solving.



Community planting and flowering project in Feltwell

The Warren Energy Community Fund Scheme provided £2,000 to Feltwell in Bloom in order to create planters and plant native English bulbs. Having identified a need to improve amenity and biodiversity in their local village and surrounding area during lockdown, Feltwell in Bloom successfully installed four planters, three ground-level beds and two rose beds as well as four "gateways", planted with 300 bulbs. The project will provide a long-term habitat for insects as well as improving the local environment for the village. Warren Energy has pledged to keep in touch with the Group to see how the project progresses.



New equipment for junior football teams

The Cramlington biomass project provided £3,260 towards kits, balls and equipment for the Ashington Town Patriots under 14s and Ellington Juniors FC teams. Both teams are based in nearby villages to the plant. Rural towns and villages often struggle to get sponsorship for junior grassroots football and parents often end up funding a lot of the expenditure. By helping to cover these costs, the teams are hoping to ensure that all local children get equal opportunities to play.



SOCIAL continued

Community engagement procedures

In 2022/23, JLEN focused on improving its community engagement processes and complaints handling mechanisms. This has been approached from two angles:

- first, the Investment Manager has undertaken a programme of updating portfolio company websites to ensure clarity on who to contact in the event of an issue, helping to improve the process of engaging with our communities; and
- second, the Investment Manager has worked internally to ensure that its portfolio database tracks engagements more effectively.

This allows for more efficient analysis of engagement across the portfolio and ensures that the Investment Manager can take engagements and feedback into account in decision making.

Jobs supported

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. This year, JLEN has worked directly with one of its operators to create apprenticeships. Further information is set out in the case study below.

Case study

Jobs supported: Recruiting apprentices through the AD portfolio

The Investment Manager has agreed an enhanced scope of service with Future Biogas, the operator on some of the AD plants. As part of this enhanced scope, budget has been allocated to hire four apprentices. This approach is one that JLEN considers to be important in order to provide skilled labour to the AD market. It also provides vital entry-level skilled roles in rural locations where such roles may otherwise be limited. Future Biogas are in discussion with local colleges and intend to recruit their first apprentices in September 2023.



Merlin Renewables AD plant
located in Hibaldstow, North Lincolnshire.

SOCIAL continued

Case study

Measuring the social value generated by the Company in financial terms

Social value looks to capture and quantify the additional positive value that a business creates. Historically, quantifying social value in financial terms has been difficult to do, but increased visibility of inequality and unrest has been a key factor in driving capital towards socially impactful and community-focused investment strategies. The growing awareness has meant a greater need for this type of assessment. In 2022, the Investment Manager conducted an exercise to quantify the social value attributable to the Company's portfolio using the themes, outcomes and measures ("TOMs") framework, managed by the Social Value Portal. This methodology ties specific measures to social outcomes, all of which have an associated monetary value, allowing for the calculation in sterling terms. Each monetary value is broken down and apportioned into three areas: benefit to individuals, benefit to the community and benefit to the government. The Investment Manager identified the commonalities between the TOMs framework and the metrics the Company reports, resulting in the calculation of the portfolio's total social value. The results are set out in this case study. The Investment Manager continues to consider the KPIs associated with the TOMs framework and is identifying additional KPIs for the future.

As integration of sustainability and ESG factors into investment and asset management processes continues to advance, social value potential may be included as a contributing factor to investment decision making to inform where capital can be best directed.

(1) Calculated using the metrics: production of electricity (metered), community benefits payments and training (total hours). Multipliers applied: emissions avoided: 0, donations to community projects: 1 and promote local skills: 101.86.

(2) Calculated using raw metrics: production of electricity (metered), community payments and training (total hours). Multipliers applied: emissions avoided: 244.63, donations to community projects: 0 and promote local skills: 0.

Benefit to the community

Donations/
contributions to local
community projects:

£432,756

Promotion of local skills
and employment worth:

£239,310

Total social value created for the community using
TOMs framework⁽¹⁾:

£672,066

Benefit to government

Avoidance of greenhouse gas emissions worth:

£52m

Total social value created for government using TOMs
framework⁽²⁾:

£52m

Total

£52.6m

ENVIRONMENTAL AND HEALTH AND SAFETY INCIDENTS

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 2022/23.

Reportable environmental and health and safety incidents

	2022/23	2021/22
H&S incidents (RIDDOR)	3	3
H&S incidents (other material)	1	0
Environmental incidents	3	5

The following RIDDOR reportable incidents were recorded for JLEN’s portfolio during 2022/23. All incidents occurred at one of JLEN’s waste plants.

- A Teletruck was driven over a sunken manhole cover, which was on a list to be repaired, and the driver suffered lower back pain as a result. The injured operative is now back at work.
- An operative working on the baler suffered an injury to his hand while changing a roll of wrap. The step arrangement on the wrappers has now been changed to mitigate an injury of this nature happening again.
- An operative leaving site in the morning slipped on black ice, breaking his arm.

Due to the nature of their operations, for example more operatives on site and more processes taking place, the waste assets carry a higher risk of health and safety incidents. The Investment Manager is focused on ensuring that those incidents are minimised and, where they do occur, are addressed swiftly with appropriate measures put in place to avoid them reoccurring where possible.

The other health and safety incident noted in the table would have been a RIDDOR reportable incident if it had occurred in the UK. This was an incident in Norway, where a subcontractor slipped onsite and fell, breaking his wrist. The slip was caused by icy conditions. Gravel and salt is provided onsite, however it is accepted that there will remain some risk of icy conditions at the site.

The following environmental incidents were recorded for JLEN’s portfolio during 2022/23:

- three environmental incidents where surface water samples have exceeded the revised Environmental Permit Parameters.
- The SPV board is considering appointing a third-party environmental consultant to ensure that the surface water samples do not continue to exceed the Environmental Permit parameter.

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 the Investment Manager, 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 2021/22, JLEN collected baseline data against a number of governance KPIs. Performance and improvements against these KPIs have been tracked through 2022/23 and their performance is identified in the table in this section.

Last year, JLEN mandated that all board agendas routinely include discussions around ESG matters. In 2022/23, this formal mechanism was used to help roll out decisions made by the ESG Committee across all assets. The mechanism provides consistency of approach and ESG engagement across JLEN's portfolio.

Governance KPI	Measurement	2022/23	2021/22 (Baseline)
Portfolio audits of health and safety practices	% of assets audited	84%	81%
Portfolio audits of tax and financial practices	% of assets externally audited	89%	98%
Diversity of SPV directors	% of assets with at least one female board member	7%	7%
Inclusion of ESG in SPV board agendas	% of assets with ESG embedded into board agendas	93%	93%
Governance oversight	% of assets which comply with a governance policy and associated documents, that are reviewed on a periodic basis	73% ⁽¹⁾	81%
Assessment of major contractors against ESG criteria	% of new and existing suppliers ⁽²⁾ assessed against ESG criteria	92%	49%

(1) This figure has reduced in 2022/23 as JLEN has altered the way it measures this KPI following the introduction and roll out of a new suite of policies.

(2) Refers to primary suppliers. A new process for screening suppliers using Ethixbase began this year. As a result the ESG criteria against which suppliers are assessed has changed since last year.

GOVERNANCE continued

Governance KPIs summary 2022/23

This year JLEN has focused efforts on the "Governance oversight" and "Assessment of major contractors against ESG criteria" KPIs. In order to progress this, the Investment Manager has:

- developed a suite of governance policies for rollout across the portfolio;
- rolled out a Supplier Code of Conduct to ensure that suppliers are adhering to the Investment Manager's ESG and sustainability requirements;
- assessed asset-level cyber security across its portfolio; and
- undertaken an in-depth review of its supply chain.

Further information on these projects is described below.

In 2023/24, the focus will be on analysing the ESG performance and credentials of asset managers during the supplier procurement and onboarding processes.

Governance oversight

Developing standardised policies across the portfolio

In 2022/23 a suite of Foresight approved policies was developed for roll out across the SPV portfolio, including:

- whistleblowing;
- modern slavery;
- anti-bribery;
- anti-money laundering;
- stakeholder engagement; and
- ESG.

This standardised approach to SPV governance provides valuable comparability across the portfolio. The policies are being rolled out and new ones are being developed to suit assets with direct employees.

Asset cyber security assessment

The Investment Manager carried out an assessment cyber security strength of each of JLEN's assets. A number of high or critical risks have been identified through this process and JLEN will work with specialist contractors to reduce these risks over 2023/24. Further information on this can be found on page 23.

Assessment of major contractors against ESG criteria Supplier Code of Conduct

In 2022/23 a Supplier Code of Conduct was implemented. Suppliers and potential suppliers received the Code of Conduct positively and it has opened up further avenues for engagement between JLEN and its suppliers. If a potential supplier identifies a requirement that they cannot comply with this is highlighted and discussed with the Investment Manager's sustainability team and any deviances, if deemed within acceptable risk tolerances, are highlighted in the supplier contract.

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⁽¹⁾. The statement sets out Foresight's approach to matters such as services and supply chain due diligence and training of employees, recruitment and welfare.

Human rights processes

JLEN is aware that the renewable energy value chain carries the risk of significant impacts on human rights, as discussed in a recent report by the Business and Human Rights Resource Centre⁽²⁾.

Following the OECD Guidelines for Multinational Enterprises, and with full consideration to the EU Taxonomy's Minimum Social Safeguards requirements, Foresight Group takes a multi-layered approach to mitigating supply chain risk as follows:

Internal activities

- The Fund specifically targets investment opportunities in European countries with strong regulatory frameworks around human rights and labour standards. This approach means that there are no investment activities in any countries named in the conflict affected and high-risk areas list⁽³⁾.
- Key counterparties' governance frameworks are assessed during due diligence as part of the Foresight Sustainability Evaluation Tool ("SET").
- Foresight Group has developed and issued a Supplier Code of Conduct which references the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.
- Foresight Group also undertakes direct engagement with suppliers where there are specific areas of concern.

External activities

- In 2022, Foresight Group engaged the Ethixbase platform to undertake a supply chain interrogation across regulatory and ESG risk criteria. This included an assessment of a supplier's capacity to scrutinise aspects such as Modern Slavery risk. Further detail on this review can be seen in the case study on page 24.
- Validation against the EU Taxonomy's Minimum Social Safeguards requirements.
- Enhanced due diligence, using specialist third parties, to conduct in-person audits of higher-risk counterparties and their facilities.
- Collaboration with industry partners (e.g. Solar Power Europe) and peers to deliver more effective engagement with key suppliers.

(1) <https://www.foresightgroup.eu/modern-slavery-statement>.

(2) <https://www.business-humanrights.org/en/from-us/briefings/tmt-2021/>.

(3) Conflict affected and high-risk areas list: <https://www.cahrastlist.net/>.

GOVERNANCE continued

Case study

Assessing cyber security across JLEN's assets

In 2022/23 the Investment Manager engaged KryptoKloud to determine the cyber security strength of each of JLEN's assets.

The assessment is a risk-led process that is designed to determine:

- legislative compliance;
- facility resilience;
- cyber resilience;
- risk reduction; and
- remediation planning.

Questionnaires were sent out to the operator or asset manager for each SPV for completion. Once populated a report was sent back outlining any vulnerabilities identified.

To date, 93% of the JLEN portfolio assets have completed the questionnaires and received reports back.

Three assets have not participated in the assessment. Due to the structure of these businesses the Investment Manager is engaging directly with the contractors that operate those assets and will rely on their cyber resilience tests.

To date, 18 of JLEN's assets have been found to display high or critical risks. The Investment Manager is now working with specialist contractors to enhance cyber security and minimise risks associated with cyber security.



GOVERNANCE continued

Case study

Supply chain review of human rights risks

The JLEN team has built up a database of 92% of its direct suppliers and is aiming to screen all direct suppliers whilst also building out the supplier database to include the indirect supply chain.

In 2022 Foresight engaged the specialist service provider Ethixbase⁽¹⁾ to conduct sustainability and ESG-focused due diligence ("DD") on its supply chain.

If any red flags are raised the severity of the risk will be identified and assessed and a decision will be made as to whether a more stringent DD investigation is required or whether the specific risk needs escalating.

If a risk is escalated, the Compliance team along with the Money Laundering Reporting Officer ("MLRO") will recommend the next steps to further mitigate the identified risk. Mitigation measures may include:

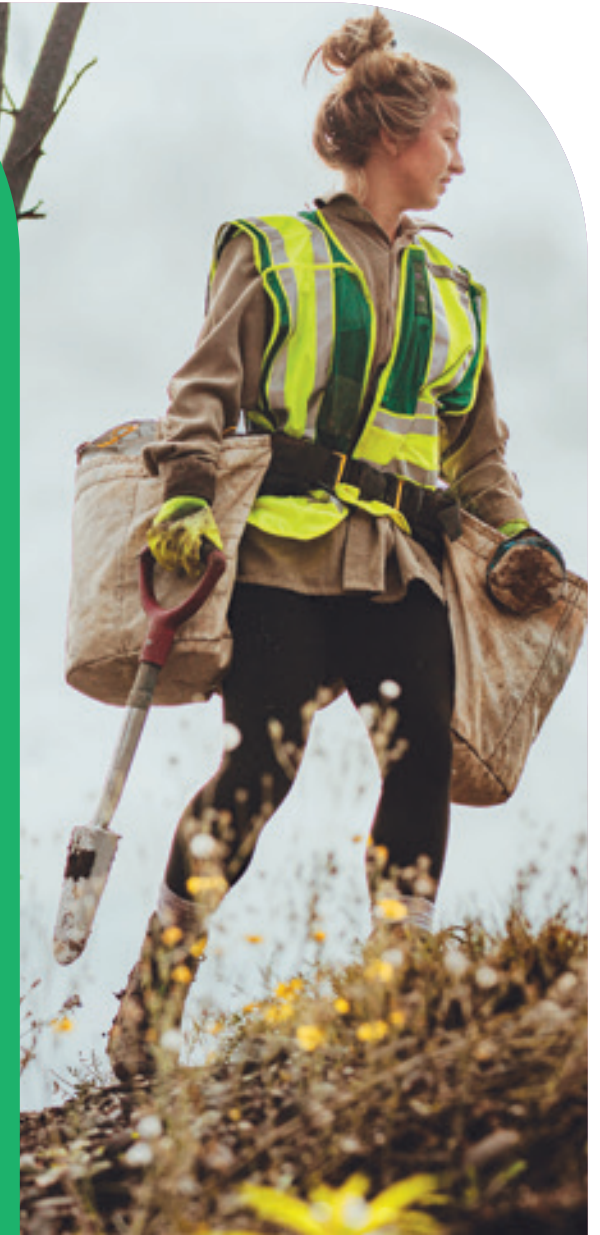
- specialist and enhanced DD;
- direct engagement with the supplier on the issues identified;
- ongoing monitoring of the supplier; and
- ceasing interaction with the supplier.

In total, 118 new suppliers have been assessed to date, of which 27 returned with risk alerts. To understand these risks in more detail a further screening stage was triggered which undertook additional checks against 800+ government, sanctions, enforcements and watchlists as well as politically exposed persons and adverse media checks, checking more than 10 million risk profiles. The supplier in question is saved on the system for ongoing daily monitoring.

The escalation process has helped to highlight suppliers that require further investigation to substantiate and mitigate material risks. If material risks are found, they are escalated to the Compliance team and further mitigation measures agreed.

JLEN understands that there is a lot of work to do to increase transparency in the Company's supply chain. The Investment Manager will continue to roll out further checks including in its indirect supply chain.

(1) <https://ethixbase360.com/>.





www.jlen.com

