



# JLEN

Wind



Anaerobic  
digestion



Solar



Waste &  
wastewater



Hydro



Low carbon  
& energy  
efficiency



**JLEN Environmental Assets Group Limited**

Sustainability and ESG Report 2021

# SUSTAINABILITY AND ESG

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# OUR PURPOSE

JLEN aims to invest in a diversified portfolio of environmental infrastructure projects 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.

# ABOUT US

JLEN Environmental Assets Group Limited ("JLEN" or the "Company") is an environmental infrastructure investment fund which aims to provide shareholders with a sustainable, progressive dividend, paid quarterly, and to preserve the capital value of its portfolio on a real basis over the long term through the reinvestment of cash flows not required for the payment of dividends.

## Investment policy

JLEN's investment policy is to invest in a diversified portfolio of Environmental Infrastructure. Environmental Infrastructure is defined by the Company as infrastructure assets, projects and asset-backed businesses that utilise natural or waste resources or support more environmentally friendly approaches to economic activity, support the transition to a low carbon economy or which mitigate the effects of climate change. Such investments will typically feature one or more of the following characteristics:

- long-term, predictable cash flows, which may be wholly or partially inflation-linked cash flows;
- long-term contracts or stable and well-proven regulatory and legal frameworks; or
- well-established technologies, and demonstrable operational performance.

Wind



Anaerobic digestion



Solar




Waste & wastewater



Hydro



Low carbon & energy efficiency



# FUND ESG OBJECTIVES

JLEN has developed ESG KPIs to measure their performance over time against their 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 the year we have agreed a set of ESG KPIs against which we intend to track the ESG performance of our investments over time. Metrics against these KPIs will be reported in full in the Annual Report 2022.

> Read more about the development of the JLEN ESG KPIs on page 07



CHAIRMAN’S FOREWORD



Last year, for the first time, we articulated a set of ESG objectives which were integrated into the Fund’s objectives. This year, we have agreed a set of ESG KPIs against which we intend to track performance of our investments over time.

Richard Morse  
Chairman

Last year, for the first time, we articulated a set of ESG objectives which were integrated into the Fund’s objectives, with the stated intention that we would use 2020 to develop and test a range of key performance indicators (“KPIs”) to inform them.

This year, JLEN contracted an ESG consultant to help identify performance metrics that aligned with best practice standards and ESG guidance from a number of industry bodies. The consultant facilitated a workshop with the JLEN team to identify a range of ESG metrics that apply to the Fund’s investments, from which a list of ESG KPIs was identified.

This report articulates our agreed ESG KPIs, which will provide a consistent framework against which we can track the ESG performance of our portfolio over time. During 2021 we will benchmark performance of our investments against these KPIs and will use this to help us set targets for improvement in future.

In the run-up to COP26 there is more scrutiny than ever on investors, with increasing calls for investment mandates to align with the Paris Climate Change Agreement. JLEN’s Fund is well aligned with the objectives of the Paris Agreement and we are proud of JLEN’s ESG approach, which we will continue to refine and improve over time.

This year JLEN was recognised for its ESG efforts to date through the IR Society Best Practice Awards and the Investment Week Sustainability and ESG Investment Awards. This includes negotiation of a sustainability-linked loan in 2021.

We continue to see ESG criteria as essential to maintaining and understanding the resilience of our investments to significant risks, as well as being crucial to addressing the recommendations of the Task Force on Climate-related Financial Disclosures. We also continue to see ESG as a journey for JLEN – we expect to continually evolve and improve our processes and we welcome stakeholder engagement as we develop our KPIs and performance monitoring going forward.

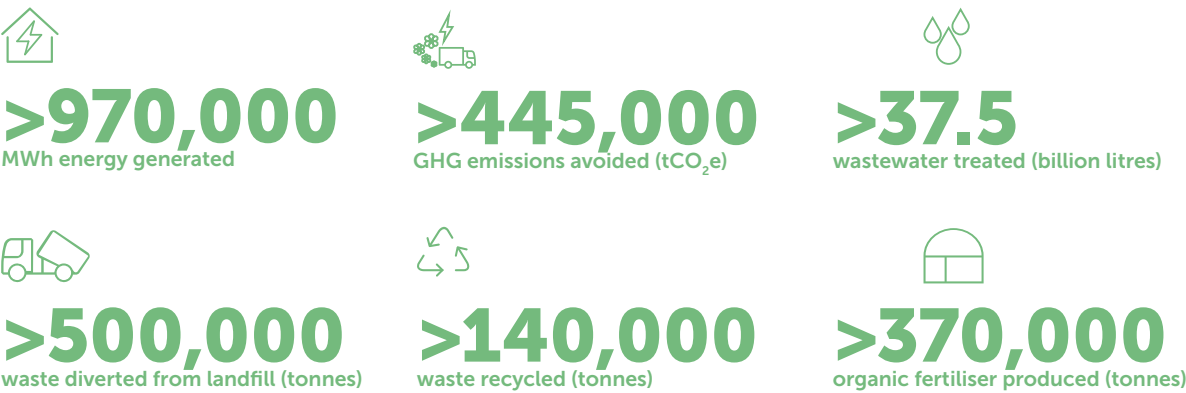
R. Morse

Richard Morse  
Chairman

9 June 2021

AT A GLANCE

Environmental performance 2020/21



Social performance 2020/21



Governance performance 2020/21



Awards

- IR Society Best Practice Award 2020 for “Best communication of ESG” in the FTSE 250 category
- Investment Week Sustainability and ESG Investment Awards for “Best Sustainable & ESG Alternative Asset Fund”



PROGRESSING 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. Over 2020/21 JLEN has focused on advancing its approach to “Monitor” by developing KPIs to inform the objectives that were published in last year’s report.

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

Driven by its environmental focus, JLEN’s reporting to date has been dominated by environmental metrics. This year’s work has aimed at redressing the balance of metrics that are reported to enhance the visibility of social and governance performance of JLEN’s investments.

The list of agreed KPIs is set out below and on page 03, with new KPIs highlighted. Some of the indicators are ones that were tracked already by Foresight’s internal governance processes, while others have been identified as relevant to the performance of JLEN’s investments and which JLEN now intends to track more closely with the aim of monitoring performance over time.

Each KPI has a direct or indirect link to performance of the investment and the Investment Adviser 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 <sup>(1)</sup>
Tonnes of waste treatment	Community engagement procedures <sup>(1)</sup>	Portfolio audits of tax and financial practices <sup>(1)</sup>
Litres of wastewater treatment	FTE jobs supported <sup>(1)</sup>	Inclusion of ESG in SPV board agendas <sup>(1)</sup>
Environmental incidents	Accessibility of community fund documents <sup>(1)</sup>	Governance oversight <sup>(1)</sup>
Purchased energy originating from renewable sources <sup>(1)</sup>	Assessment of major contractors against ESG criteria <sup>(1)</sup>	Assessment of major contractors against ESG criteria <sup>(1)</sup>
Management of biodiversity <sup>(1)</sup>		
Assessment of major contractors against ESG criteria <sup>(1)</sup>		

Over 2021/22 the Investment Adviser intends to collect baseline data to inform these KPIs, to help with tracking and reporting going forward.

(1) New KPI for 2021.

Case studies

Developing JLEN’s ESG KPIs

This year JLEN contracted an ESG consultant to help identify performance metrics that aligned with best practice standards and ESG guidance from a number of industry ESG bodies.

In developing the KPIs, the JLEN team considered the principal issues that arise in investment and asset management activities, such as:

- the top issues that frequently arise;
- the principal drivers of performance;
- which issues typically take the most time to resolve;
- the material risks that the team is seeing more frequently now than they have in the past; and
- the key opportunities that the team is seeing more frequently now than they have in the past.

Alongside this, the consultant analysed the recommended indicators associated with a broad range of global, regional and national standards including, but not limited to:

- UN Principles for Responsible Investment;
- UN Sustainable Development Goals;
- TCFD recommendations;
- Global Compact;
- Climate Disclosure Standards Board (“CDSB”);
- CDP (formerly known as Carbon Disclosure Project);
- Global Reporting Initiative;
- Sustainability Accounting Standards Board (“SASB”);
- EU Sustainable Finance package of Regulations;
- EU Guidelines on Non-Financial Reporting; and
- UK Stewardship Code.

This analysis identified over 500 indicators that could be considered. The Fund was mapped against the indicators and it was determined that over 200 of the indicators had either direct or indirect applicability to the Fund’s investment activities. These indicators fell into the following categories:

Environmental	Social	Governance
Carbon	Diversity	Risk management
Water	Skills	Policies and procedures
Natural capital	Health, safety and wellbeing	
Energy	Community engagement	
Other emissions	Employment and work practices	
Waste	Supply chain	

The consultant hosted a workshop with the JLEN team to ascertain which of the indicators would be most relevant to the Fund and its stated ESG objectives and a longlist of indicators was developed following the workshop.

The JLEN team reviewed the longlist and narrowed it down by considering a range of factors, including the time and resources needed to track them versus the benefit of that particular metric to providing better oversight of the portfolio.

The final list of KPIs is set out on page 06 and in the following sections.

PROGRESSING JLEN’S APPROACH TO ESG continued

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:



SDG



Target

**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.

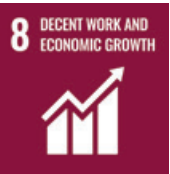
JLEN’s performance

>37.5 billion litres of wastewater treated in 2020/21.



**7.2** Increase substantially the share of renewable energy in the global energy mix.

310.7MW capacity renewable energy assets.



**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.

**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.

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.



**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.

310.7MW capacity contributing renewable energy to the local grid.



**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.

JLEN’s KPI tracking biodiversity management plans across its portfolio will inform this target going forward.

# PROGRESSING JLEN'S APPROACH TO ESG continued

## 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 Adviser, Foresight.

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>During Covid-19, health and safety audits and third-party visits were not disrupted. Site visits were undertaken in accordance with the government guidance in effect at the time of each visit.</p> <p>This year, JLEN has 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.</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 30 to 34 of the annual report.</p> <p>This year, JLEN won two awards in recognition of their ESG credentials and communications:</p> <ul style="list-style-type: none"><li>• IR Society Best Practice Award 2020 for "Best communication of ESG" in the FTSE 250 category ; and</li><li>• Investment Week Sustainability and ESG Investment Awards for "Best Sustainable &amp; ESG Alternative Asset Fund".</li></ul>

JLEN's ESG approach is also articulated in their Sustainable Finance Disclosure Regulation document, which can be found on their website [www.jlen.com](http://www.jlen.com).

## Going forward

Over the next year JLEN will work with Foresight to implement the ESG KPIs and create a comprehensive baseline of performance across the investment portfolio. The Investment Adviser will also use this time to test the relevance and robustness of the proposed KPIs. Where a KPI doesn't provide the anticipated support in understanding the ESG performance of the Fund, that KPI will be reconsidered and, if appropriate, revised.

Also in 2021/22, JLEN's focus is on aligning with the reporting requirements of the TCFD. Further information, including JLEN's roadmap to disclosure, can be found on page 15.



# CLIMATE RISK AND TCFD

**Climate risk and Task Force on Climate-related Financial Disclosures (“TCFD”)** reporting In December 2020, the FCA published a policy statement confirming a new rule for companies with a UK premium listing requiring them to make disclosures consistent with the recommendations of the TCFD in their annual reports or to explain why they have not done so.

The rule comes into force for those with accounting periods starting after 1 January 2021. While the Company is a closed-ended investment company and therefore not in scope of this regulation, the Company intends to provide full climate-related disclosures in its Annual Report published in June 2022.



## 1: Governance

### Board

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 risk.

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.

It is the responsibility of the Risk Committee to advise the Board on the overall risk appetite, tolerance and strategy of the Company, and to oversee the Company’s current risk exposures and the controls in place to mitigate those risks, including climate risk.

While the underlying JLEN portfolio of environmental infrastructure assets is not immune to the effects of climate change, the Company’s purpose and investment policy are aligned to reducing further climate change.

### Investment Adviser

The identification, assessment and management of risk are integral aspects of the Investment Adviser’s and Administrator’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 Adviser and Administrator have established internal controls to manage risks and they review and consider 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.

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 Criteria. 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 its website.

## 2: Strategy

The Company’s strategic focus is on environmental infrastructure. This is intrinsically linked to matters of climate change; the recently updated investment policy refers to environmental infrastructure being those assets which “support the transition to a low carbon economy or which mitigate the effects of climate change”.

The Board and the Investment Adviser are of the view that the imperative to take steps to mitigate climate change felt by governments and societies around the world has provided and will continue to provide a rich environment for investment for the Company. In recent times the focus has been primarily on the adoption of renewable energy technologies such as wind and solar as governments seek to decarbonise their power sectors. The near future is likely to feature more investment opportunities prompted by the need to address other major carbon-emitting sectors of the economy such as transport, agriculture and manufacturing and construction. Longer term, opportunities will depend in part upon the path that the world finds itself on in terms of the extent of global warming and the nature of the technical solutions required to cope with that path.

In the short term, the immediate effects of climate change on the asset portfolio are well understood. Monthly variability in weather resources and the associated seasonality in production expected in a portfolio of intermittent renewables projects are reduced by the overall technology diversification in JLEN’s portfolio. Although agricultural AD plants have some indirect exposure to weather patterns through the yield of harvests (feedstock), it is very unlikely to impact on their gas volumes. The environmental processing assets, apart from Tay, have revenues independent of weather and all have revenues that vary little with changes in volume of waste and wastewater processed. The Company now separates the sensitivities illustrating the effect of different levels of wind and solar resource on the portfolio valuation as there is no indication that these weather resources are correlated.

Longer term, the risks to the asset portfolio derive from climatic conditions changing significantly and permanently from those assessed at the time of acquiring an asset, making the original expectations of the performance of that asset invalid. Such changes may not always be negative; hotter, drier conditions in the UK may be detrimental to wastewater and hydro plants for example, but are generally beneficial for solar plants. JLEN’s strategy of portfolio diversification gives some protection against such long-term changes.

# CLIMATE RISK AND TCFD continued

Aligning with the recommendations of the Task Force on Climate-related Financial Disclosures continued



## 3: Risk management

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

- the probability of each identified risk materialising; and
- the impact it 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.

By the very nature of environmental infrastructure projects, their financial performance is dependent on the volume of resource available, be it solar irradiation, wind, feedstock yields, waste or water. These are factors outside the control of JLEN or the projects themselves, with the risk of a significant effect on performance if the outcome is significantly different from the assumptions made in forecasting revenue and costs and hence returns to JLEN.

- For renewable energy projects there is a degree of protection from this 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.
- In addition, the waste & 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.
- 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.
- For anaerobic digestion 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.

## 4: Metrics and targets

JLEN will disclose scope 1, 2 and, if appropriate, scope 3 emissions in line with the timetable for adopting TCFD for the Annual Report 2022.

JLEN also records a range of other metrics that help to develop an understanding of the direct and indirect environmental characteristics of the portfolio.

These include waste diverted from landfill, wastewater treated, fertiliser produced and green energy generated by the portfolio. More information can be found in the sustainability and ESG section of this report on page 05.

The portfolio also generates a substantial amount of green energy through its wind, solar, AD and hydro facilities.

### Our roadmap to full disclosure in 2021/22

#### Ongoing progress

##### Governance

Increased oversight of the JLEN Risk Committee on climate-related risks.

##### Strategy and metrics

JLEN relies on the Investment Adviser, and Foresight are in the process of developing their approach to climate analysis. Foresight have been developing their in-house capabilities and are in the process of appointing a consultant to assist with TCFD reporting requirements.

Over the course of 2020/21 JLEN has developed ESG KPIs; more information on page 07.

#### 2021/22

##### Governance

Ongoing monitoring by the JLEN Risk Committee.

##### Strategy and metrics

Over the coming year, Foresight will continue to develop their in-house approach to climate analysis. JLEN aims to make a full TCFD disclosure in their 2021/22 Annual Report.

# 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 Adviser, Foresight, 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
Renewable energy generated	<ul style="list-style-type: none"><li>• MWh renewable electricity</li><li>• MWh renewable heat</li></ul>
GHG emissions avoided	<ul style="list-style-type: none"><li>• tCO<sub>2</sub>e avoided for each investment</li></ul>
Waste treatment	<ul style="list-style-type: none"><li>• (t) waste recycled</li><li>• (t) waste diverted from landfill</li></ul>
Water treatment	<ul style="list-style-type: none"><li>• (l) wastewater treated</li></ul>
Environmental incidents	<ul style="list-style-type: none"><li>• Reportable environmental incidents</li></ul>
Purchased energy originating from renewable sources <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of total purchased energy in the portfolio originating from renewable sources</li></ul>
Management of biodiversity <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of assets with biodiversity plans</li><li>• number of assets engaged with on biodiversity issues</li></ul>
Assessment of major contractors against ESG criteria <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of major new and existing suppliers assessed against environmental criteria</li></ul>

(1) New KPI for 2021.



### Impact

Figures for JLEN’s 2020/21 environmental performance are set out on page 05. 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.

This year JLEN has articulated three new KPIs, in addition to the four that have been reported since 2019, that the Investment Adviser will be monitoring on behalf of the Fund. 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. From 2021 JLEN will be monitoring the % of total purchased energy in its portfolio originating from renewable sources.

Biodiversity, or habitat management, plans have always been implemented as part of JLEN’s asset management activities where required by planning, however the Investment Adviser recognises that more can be done to promote the protection and enhancement of life on land and below water. As such, JLEN will be monitoring the percentage of assets with biodiversity plans and will be engaging with assets on biodiversity issues, taking a more proactive approach to biodiversity enhancement.

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. From 2021, the Investment Adviser will step up that engagement to communicate the levels of environmental performance that are expected and over time as contracts are renewed it is anticipated that these standards will become more formal obligations.

### Portfolio electricity and carbon performance<sup>(1)</sup>

In 2020/21, the wind, solar and hydro assets generated over 515.9GWhe, which equates to the average annual electricity usage of over 138,000 households. Detailed information on portfolio energy performance is provided on page 68 of the annual report.

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

Asset portfolio by sector	Greenhouse gas emissions reduction (tCO <sub>2</sub> e)		
	Emissions avoided to date	Average annual emissions avoided	Lifetime emissions avoided
Wind assets	720,350	119,390	2,946,000
Solar assets	147,480	21,630	476,820
AD assets	314,460	50,350	998,130

(1) Greenhouse gas emissions calculations, household and car equivalents are aggregated from the Aardvark reports, accessed on JLEN’s website.

JLEN’s portfolio is forecast to deliver, per year

>580,000 MWh electricity

And

>345,000 MWh biomethane

And avoid emissions of

>445,000 tCO<sub>2</sub>e avoided

Equivalent to

>200,000 cars off the road

ENVIRONMENTAL continued

Case study

Bio-CNG

HGVs account for 1.3% of vehicles on the road yet produce 17% of transport emissions and are therefore a key sector for decarbonisation. CNG Foresight owns and operates CNG refuelling infrastructure and sources a 100% renewable biomethane product for dispensing at its stations. The associated biomethane is typically sourced from food waste or animal slurry and is independently verified and approved by the Department for Transport’s Renewable Transport Fuel Obligation (“RTFO”).

Biomethane can result in up to 84% reduction in well-to-wheel GHG emissions, and has low NOx and particulate emissions compared with diesel. Vehicles fuelled with biomethane are up to 50% quieter than diesel vehicles.

CNG Foresight currently has four public access CNG fuel stations, with three under construction and a further 10 planned. A number of private sector organisations use CNG Foresight stations to help reduce the impact of their HGV fleets, including companies like Waitrose and John Lewis Partnership.

Further information on this can be found at <https://cngfuels.com/learn-more/>

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 new indicators and metrics that it is starting to track. 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. This year, JLEN has started to formalise many of its existing community engagement processes so that each investment has a recognisable, consistent approach to relationship management which promotes visibility of engagement procedures and makes it simple for communities to find information and connect with the asset managers when they need to.

Social KPI	Measurement
Community funding	<ul style="list-style-type: none"><li>• £ provided to community projects</li></ul>
Health and safety incidents	<ul style="list-style-type: none"><li>• RIDDOR reportable accidents</li></ul>
Community engagement procedures <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of assets with formal stakeholder/community engagement policies and processes</li><li>• % of assets with a clear, easily accessible complaints handling mechanism in place</li></ul>
Jobs supported <sup>(1)</sup>	<ul style="list-style-type: none"><li>• number of “full time equivalent” (“FTE”) jobs supported</li></ul>
Accessibility of community fund documents <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of community funds that are easily accessible and signposted for local communities</li></ul>
Assessment of major contractors against ESG criteria <sup>(1)</sup>	<ul style="list-style-type: none"><li>• % of major new and existing suppliers assessed against social criteria</li></ul>

(1) New KPI for 2021.



SOCIAL continued

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 identified a new KPI to gain a better understanding of 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 developed new 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.

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 – with a preference for projects which promote sustainability.

This year JLEN has been working to make information about these community funds more accessible, and this work is continuing over the coming year. Further information on how this is being achieved is described later in this section.

Covid-19 has hit communities hard, making support from local community funds even more important than we have seen in previous years. This year, JLEN’s assets responded in a range of ways to the pandemic, including:

- tailoring grant support to help those directly impacted by Covid-19;
- increasing the amount that could be awarded for individual projects to achieve higher impact; and
- directing funds to support the ongoing existence of local sports clubs to ensure their continued existence.

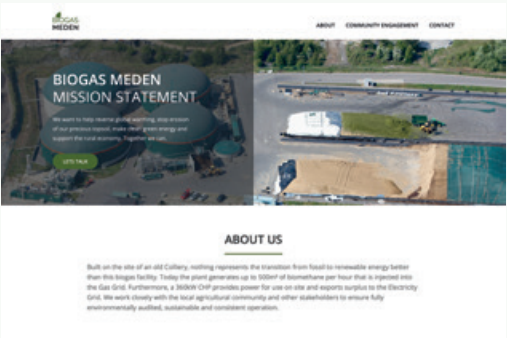
Projects supported by JLEN’s community funds include:

- ongoing support for a local village shop including maintenance and refurbishment of the facility to provide a vital service for a rural community;
- supporting interpretation signage, accessible paths, outdoor furniture and other resources in a local community woodland;
- purchase of a community woodland;
- purchase of sports equipment and play equipment for local communities and schools;
- purchase of equipment to reduce incidents of rural crime and associated damage to farmland, livestock and wildlife;
- support to Scout and Girl Guide groups; and
- a memorial for RAF servicemen.

Case studies

Making information more accessible

https://www.biogasmeden.com/



Contribution to ESG indicators:

- community engagement procedures; and
- accessibility of community fund documents.

In order to support JLEN’s stated objective of developing positive relationships with the communities in which JLEN operates, this year a number of changes have been made to increase the availability of information online and to make it easier for communities to contact the asset managers to address questions or concerns. So far, JLEN’s AD portfolio now has a series of project websites that local communities can view to see more about the project itself as well as contact details and information on available community funding.

Next steps

JLEN is working to ensure that each project has an online presence to help it connect with the local community. JLEN intends to host information about each of these projects centrally through its own website, making it easier for communities to access grievance procedures, contact the asset managers and apply for community funding for local projects.

Mawnan Parish/Higher Tregarne Solar Grant Fund

The Higher Tregarne solar plant contributes an annual sum to the Mawnan Parish community fund. Due to Covid-19, the Higher Tregarne Solar Grant Fund received minimal grant applications prior to autumn 2020, resulting in larger grants being allocated which will deliver larger community benefit.

The two main projects supported in 2020/21 were:



Clean Ocean Sailing

£5,000

Clearing an area of the Upper Helford River of non-organic abandoned boats such as kayaks and tenders. All of the retrieved boats will be recycled in Newham in Truro. This grant achieved match funding, allowing new marine-based signage, information boards, CCTV and monitoring to be installed to prevent future problems arising.



New play equipment

£6,580

Replacement of ageing play equipment with a bespoke piece designed by a local company and consulted on with parents, the local school, Brownies and other younger users. The Parish will provide additional funds separately to provide new fencing, and mending and restoring gates and surfaces.

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 2020/21.

Reportable environmental and health and safety incidents

	2020/21
H&S incidents	3
Environmental incidents	1

The following reportable incidents were recorded for JLEN's portfolio during 2020/21:

- waste plant reportable injuries:
  - a sub-contractor tripped while on site and sustained broken bones to his hand;
  - an operator fell, resulting in a swollen knee and requiring a short period off work; and
  - during a delivery, a piece of equipment fell from the delivery vehicle onto an operative's foot, resulting in broken bones.
- AD plant environmental incident:
  - a small digestate spillage was recorded and reported to the Environment Agency. The operator took immediate steps to clean up the spillage and undertook a root cause analysis to prevent it from occurring again.

In July 2019, a member of the public accessed the site at Kirkthorpe Hydro (a site included in the Company's Yorkshire Hydropower portfolio), having crossed the adjacent weir from land on the far side of the river. Once on site, the individual circumvented safety features and barriers associated with an outlet pool and then slipped and tragically drowned. A Coroner's Inquest in April 2021 reached the conclusion of "death by misadventure". The JLEN Board would like to take this opportunity to express its deepest sympathy to the family of the deceased and confirms its support of the actions being taken by the management of Yorkshire Hydropower to minimise the risk of further unauthorised access and to prevent further accidents being suffered by members of the public.

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 Adviser 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 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 Adviser'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.

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; 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
Portfolio audits of health and safety practices	<ul style="list-style-type: none"><li>% of assets audited</li></ul>
Portfolio audits of tax and financial practices <sup>(1)</sup>	<ul style="list-style-type: none"><li>% of assets audited</li></ul>
Diversity of SPV directors <sup>(1)</sup>	<ul style="list-style-type: none"><li>Female board members/directors as a % of total board members, per investment</li></ul>
Inclusion of ESG in SPV board agendas <sup>(1)</sup>	<ul style="list-style-type: none"><li>% of assets with ESG embedded into board agendas</li></ul>
Governance oversight <sup>(1)</sup>	<ul style="list-style-type: none"><li>% of assets which comply with a governance policy and associated documents, that are reviewed on a periodic basis</li></ul>
Assessment of major contractors against ESG criteria <sup>(1)</sup>	<ul style="list-style-type: none"><li>% of major new and existing suppliers assessed against governance criteria</li></ul>

(1) New KPI for 2021.

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 will be 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.

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 largely been driven by incident reporting and has therefore been principally a reactive mechanism. 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.

Case studies

Engaging on ESG with contractors

Many of JLEN’s assets are managed by third parties. As a result, in order to deliver on its ESG commitments, JLEN’s Investment Adviser needs to work closely with its third-party asset managers. During the KPI workshop held this year JLEN identified a need to formally engage with asset managers on ESG performance and has drafted a letter, to be sent to existing managers, which sets out JLEN’s commitments and expectations with regard to management of ESG performance across its investments.

The letter formalises existing approaches taken by JLEN and its third-party asset managers. It identifies key metrics that the Investment Adviser requires its asset managers to consider and report on going forward, including the frequency of reporting. These include:

- environmental metrics:
  - reporting approaches to management of biodiversity and actions taken over the period; and
  - reporting purchase and usage of renewable energy.
- social metrics:
  - providing copies of diversity and equality policies and community engagement policies and reviewing annually;
  - providing information on procedures and website links and reporting complaints immediately; and
  - reporting the number of full time equivalent jobs supported and number of part-time roles supported.

- governance metrics:
  - providing copies of health and safety, sustainability, whistleblowing, modern slavery, Bribery Act and anti-money laundering policies and reviewing annually; and
  - reporting breaches of regulations and permits as part of standard reporting packs.

In addition to the above metrics, the letter also sets out a number of “desirable behaviours” including, but not limited to, commitments to Living Wage, Working Time Regulations, employment of local contractors, reduction of fuel use, recycling and waste management efforts, reduction of water use and reduction of herbicide use.

This letter is being issued to third-party asset managers over the 2021/22 financial year and will promote engagement on ESG issues across JLEN’s investments.

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 Adviser, Foresight. As Investment Adviser 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 weekly 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.

Raising money for charity during lockdown

Foresight supports Beam, a charity that crowdfunds new career opportunities for homeless men and women. The charity provides them with a support network, from support specialists to funding. Foresight Group has supported Beam since February 2019 and in that time has supported 113 people. You can read more about the people that Foresight has supported here:

<https://beam.org/foresightgroup>

Over the last year, fundraising for Beam has been harder than usual due to Covid-19 restrictions. Last May, Foresight undertook the Most Miles in May Challenge, challenging staff to build teams and use their daily exercise to run or cycle the most miles to win a small cash prize. Each person paid an entry fee directly to Beam in order to participate. The decision was taken to exclude miles undertaken on running machines, turbo trainers and other indoor equipment as a way to make the competition more fair, more fun, and to help staff to take their daily exercise outdoors instead of indoors.

By the end of the month the 15 teams competing had walked or cycled close to 15,000 miles and raised over £1,000 for Beam.

Charitable giving days

In 2019, Foresight launched an initiative that means employees can use a working day to volunteer for their chosen charity. They encourage all employees to utilise this day to give back to their communities and give their time to causes that are close to their heart.

This year, Jen, Institutional Investor Relations Associate in the JLEN team, used her charitable giving day to search for a missing man with London Search and Rescue.



