

SUSTAINABILITY AND ESG

At a glance⁽¹⁾



ESG performance 2022/23: half-year results



>654,500
MWh renewable energy generated by
our portfolio



>69,500
waste recycled (tonnes)



>351,500
waste diverted from landfill (tonnes)



>14.5bn
wastewater treated (litres)



4
new investments since 31 March 2022



19
SPV health and safety audits

(1) These statistics exclude FEIP.

Awards

Winner:

Better Society Network,
National Sustainability Awards 2022
Best Renewable Company of the Year



AIC Communication Awards 2022
Best ESG Communication

Shortlisted:

Investment Week,
Investment Company of the Year Awards 2022
Environmental and Renewables

Investment Week,
Sustainable Investment Awards 2022
Best Sustainable Specialist Fund



IR Society
Best Practice Awards 2022
Best Annual Report

SUSTAINABILITY AND ESG continued

Governance of ESG

JLEN continues to embed assessment and monitoring of its ESG KPIs into its business-as-usual activities. Regular monitoring of the portfolio against the ESG KPIs⁽¹⁾ occurs through monthly management team meetings, which discuss:

- the performance of the investment portfolio against the KPIs; and
- progress made in improving data collection and reporting.

Performance of 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 first mapped its portfolio against the SDGs in its 2021 Annual Report and an update on performance against the material SDGs is set out overleaf.



(1) jlen.com/sustainability

Updates in the period

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

In its 2022 Annual Report, JLEN voluntarily included a TCFD disclosure for the first time. TCFD is now a standing agenda point on the Board-level ESG sub-committee and the Investment Manager has been working with an external consultant to assess the portfolio's scope 3 GHG emissions.

Taskforce on Nature-related Financial Disclosures ("TNFD")

TNFD is rapidly moving up the agenda, with the launch of the third iteration of the TNFD beta framework at the beginning of November 2022, with publication of its final recommendations due in September 2023. In July this year the Task force also released its Nature-related Data Catalyst in addition to two new working groups tasked with developing specific guidance and the approach to scenario planning. A number of pilots of the TNFD framework are ongoing and JLEN continues to watch the progress with interest.

The development of TNFD is of particular relevance given Foresight's announcement, in June 2022, of its partnership with the Eden Project. This announcement launched a project to develop a blueprint for biodiversity protection and enhancement across Foresight's investment sites. Further information on how this is being applied to the JLEN portfolio of assets can be seen on page 38 of this report.

Foresight Sustainability Evaluation Tool ("SET")

Foresight's in-house SET facilitates the integration of sustainability and ESG factors into its investment management processes, and throughout an asset's lifecycle. The SET is made up of five criteria, which were described in detail in JLEN's 2022 Annual Report. One of the five criteria applied by the SET is the Sustainable Development Contribution criterion, which aims to capture the impact of an investment using the SDG framework. Aquaculture assets have recently been mapped against this criterion, which enables us to identify and track the SDGs that Rjukan is best aligned with.

SDG	Target	JLEN's performance
6 CLEAN WATER AND SANITATION 	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.	>14.5 billion litres of wastewater treated in the six-month period to 30 September 2022.
7 AFFORDABLE AND CLEAN ENERGY 	7.2 Increase substantially the share of renewable energy in the global energy mix.	359.5MW capacity renewable energy assets.
8 DECENT WORK AND ECONOMIC GROWTH 	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. As an example, by maximising the power produced by each turbine, JLEN ensures that its assets are operating as efficiently as they can. JLEN's KPI tracking jobs in the portfolio as full time equivalent ("FTE") informs this target which at 31 March 2022 was 370 FTE jobs supported.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	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 capacity contributing renewable energy to the local grid.
15 LIFE ON LAND 	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 has identified, through monitoring of the ESG KPIs, an opportunity to expand habitat management practices to a larger proportion of its portfolio assets. See the environmental case study on page 38 for more information.

ENVIRONMENTAL

Objective: Promote the efficient use of resources

Portfolio electricity performance

This year, JLEN's energy portfolio projects have generated >372.8GWh electricity, equivalent to the annual electricity demand of 128,546 households. Detailed information on portfolio energy performance is provided on page 29 of this report.

No new energy assets have been acquired during the period, therefore there are no GHG emissions reductions associated with new assets in the period.

Aligning JLEN and Foresight's carbon accounting methodologies

For the past four years, JLEN has commissioned GHG performance calculations from an external consultant. Since JLEN joined Foresight, the Investment Manager has been working with the wider Foresight team to identify how best to align the two separate methodologies to ensure consistency in calculation across the Foresight portfolio of funds. The aim is also to bring this calculation in-house, using a transparent approach so that asset-level and aggregated portfolio figures are available on demand.

In its Annual Report 2022, JLEN reported GHG emissions avoided that were aligned with the Foresight 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 GHG emissions avoided using country-specific grid emissions factors for the geography in which the asset is based. There are similarities between this method and the method used previously, although variances in results are anticipated. Meanwhile, as forecasts are not a reliable indicator of future performance, the focus will now be primarily on reporting the emissions avoided within the reporting period.

Case study

KPIs driving habitat management plans

JLEN has identified, through monitoring of the ESG KPIs, an opportunity to expand habitat management practices to a larger proportion of its portfolio assets. This opportunity is well aligned with Foresight's announcement, in June 2022, of its partnership with the Eden Project. The partnership is aiming to boost biodiversity across Foresight's sites, provide a blueprint for its assets and demonstrate how businesses can contribute to nature recovery efforts. Foresight's partnership with the Eden Project aims to Define, Demonstrate and Engage on biodiversity issues across its sites. In support of this goal, habitat management

plans have been developed for all solar assets in JLEN's portfolio that don't already have one, aiming to protect and enhance biodiversity. JLEN aspires to expand this to all other JLEN sites in future.

www.foresightgroup.eu/news/foresight-partners-with-the-eden-project-to-boost-biodiversity-across-its-sites

www.foresightgroup.eu/landing/the-eden-project-partnership

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;
- local social impact; and
- legal, employment and human rights compliance.

JLEN contributes upwards of £350k to community benefit funds in the areas in which it works, on an annual basis. During the period, particular attention has been paid to improving the accessibility of community benefit funds arising from the AD portfolio and, as a result, greater uptake of funds has been seen.

Case study

Local social impact: Meden Vale Football Club & Rugby Club



The Meden Vale Football Club & Rugby Club is located adjacent to Biogas Meden, which is operated by Future Biogas. Biogas Meden has operated a community funding scheme for four years and has developed a relationship with the Welbeck Colliery Miners Welfare Trust, a charity which administers the sports facilities and village hall, formerly part of Welbeck Colliery.

Community funding has helped the Welfare Trust to establish and support 21 football teams (including juniors and ladies), three rugby teams (two senior, one junior) and the village hall. Biogas Meden's support has helped to improve the facilities available to the teams, including:

- automatic LED lighting in the clubhouse and changing rooms;
- new sanitary facilities such as improved showers and washing machines, which allow club kit to be cleaned on site; and
- purchase of sports and ground maintenance equipment.

GOVERNANCE

Objective: Ensure effective, ethical governance across the portfolio

The Fund's principles and governance are aligned with the UK Corporate Governance Code (the "UK Code"), via the Company reporting against the Code of Corporate Governance, issued by the Association of Investment Companies (the "AIC Code"). The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code. Third-party service providers are required to provide confirmation that appropriate controls are in place to promote effective governance across the Fund's investments.

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 expects its third-party service providers to implement, and to regularly review, anti-bribery policies and practices for each asset within its portfolio.

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.

Additionally, JLEN commissions independent audits and reviews of core governance processes such as tax and health and safety management.

Case study

Cyber security and supply chain due diligence

JLEN is undertaking enhanced due diligence on its assets. It has engaged KryptoKloud to undertake cyber security checks on its portfolio assets. These checks include:

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

Any concerns raised by these due diligence exercises will be scrutinised further by the Investment Manager and further security measures will be implemented for any assets which receive a low score on these areas.

It has also engaged ethiXbase to undertake enhanced due diligence on the Tier 1 suppliers for each of its assets.

This due diligence will assess suppliers to the portfolio assets against the UN Global Compact's key themes including, but not limited to:

- company background;
- shareholders and management;
- sanctions, enforcements and watch lists;
- bribery and corruption;
- political exposure risk;
- human rights and modern slavery;
- environmental practices;
- labour practices; and
- health and safety.

Any concerns raised by these due diligence exercises will be scrutinised further by the JLEN team, to assess the level of risk to the asset and the portfolio.

ENVIRONMENTAL AND HEALTH AND SAFETY COMPLIANCE

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 reportable environmental and health and safety incidents in the JLEN portfolio in the half-year period 2022/23.

During the period under review, there have been no reportable health and safety events.

30 September 2022

Reportable H&S incidents	0
Reportable environmental incidents	0

Material, non-reportable health and safety and environmental incidents are logged in JLEN's asset management software and raised for discussion at monthly portfolio meetings.



19

health and safety audits have been carried out on JLEN's assets in the first half of the year

