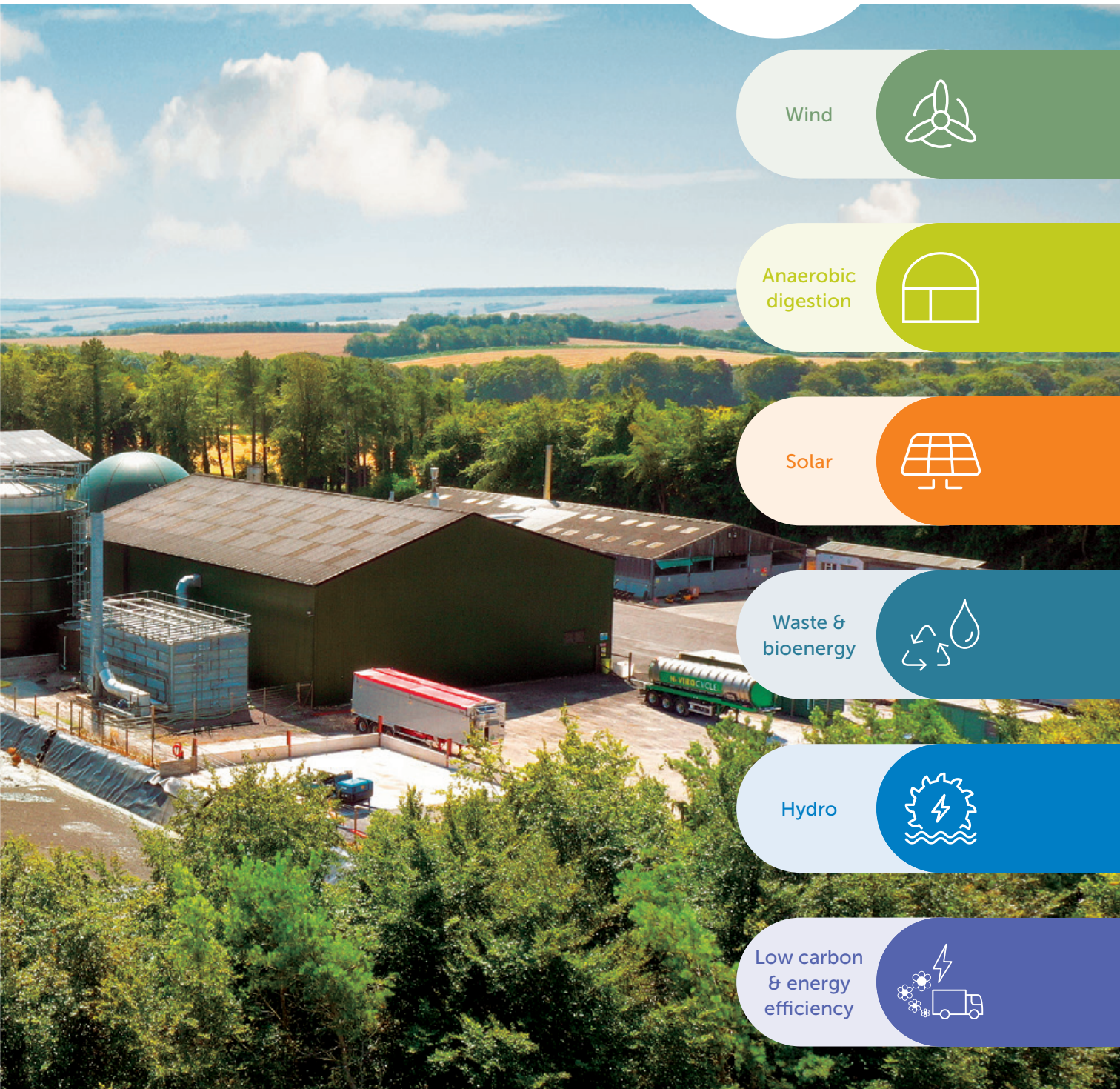




JLEN



Wind



Anaerobic digestion



Solar



Waste & bioenergy



Hydro



Low carbon & energy efficiency



JLEN Environmental Assets Group Limited

Annual Report 2022

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OUR PURPOSE

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



diversified portfolio

➤ Read more on pages 06 to 09



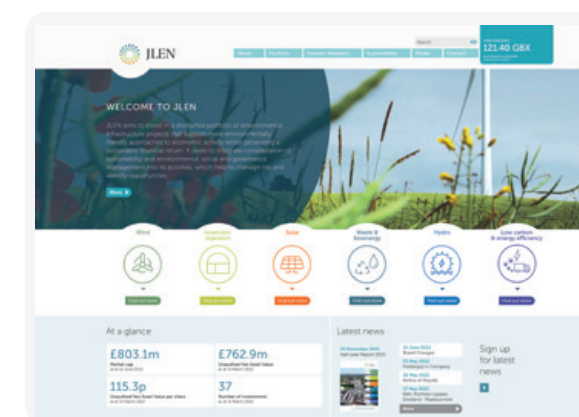
sustainable financial return

➤ Read more on pages 04 and 05



environmental, social and governance

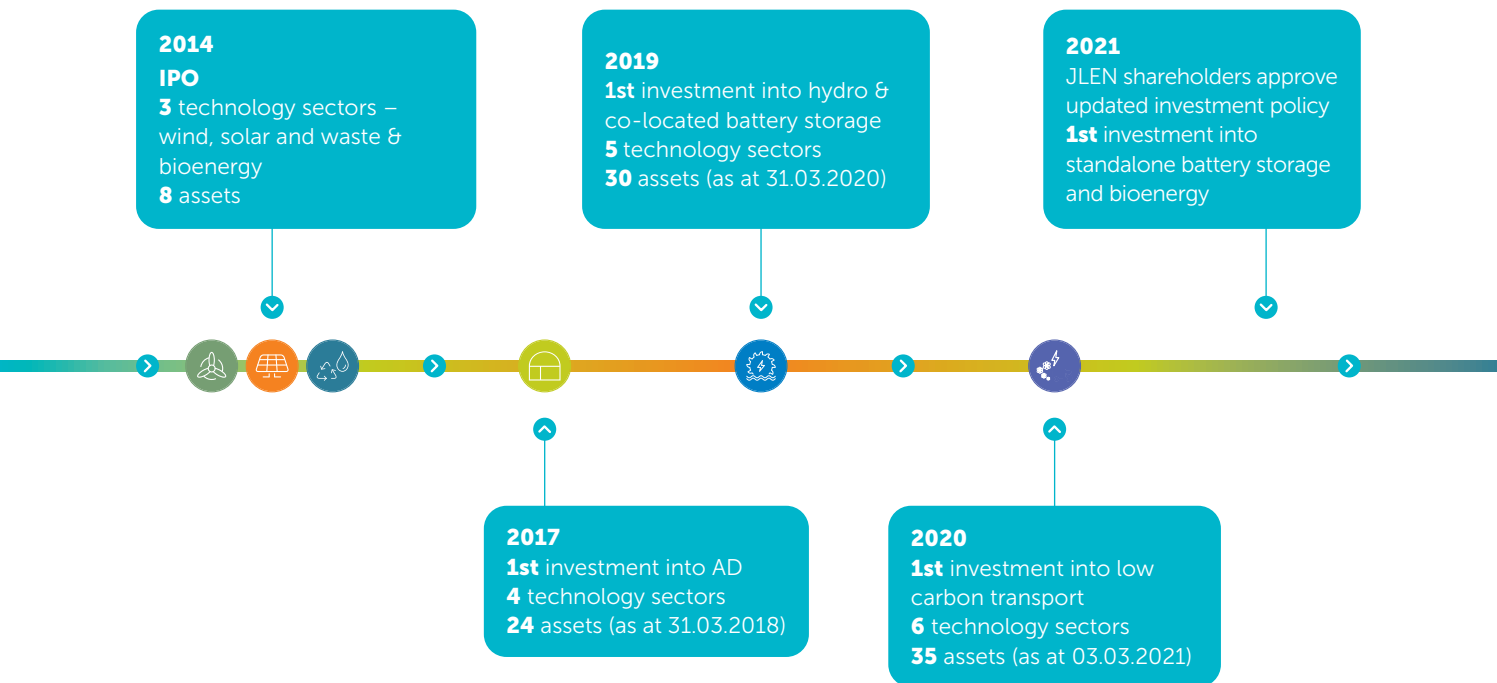
➤ Read more on pages 97 to 115



www.jlen.com

ABOUT JLEN

JLEN launched in March 2014 with a portfolio of eight seed assets, raising £160 million at IPO. The Company now has a portfolio value of £795.4 million.



Investment Manager

Foresight Group is a leading infrastructure and private equity investment manager with a highly experienced global infrastructure team supported by an in-house asset management team.



Investment attractions

- Investment in renewable energy projects is supported by a global commitment to the transition to a low carbon economy
- The markets in which JLEN operates continue to evolve as the buildout of sustainable infrastructure takes on new forms. JLEN's broad investment policy allows it to continue building a resilient and diversified portfolio of assets that have a range of operating models that are not dependent on a single market or set of climatic conditions
- Potential upside to asset value comes from active management of the existing projects



diversified portfolio

Environmental infrastructure is 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.

The current portfolio includes 37 onshore wind, PV solar, waste, wastewater processing, hydro, anaerobic digestion, bioenergy, battery storage and low carbon refuelling projects in the UK and Europe.



environmental, social and governance

JLEN has a strong commitment to ESG and sustainable investing with transparent monitoring and reporting processes.



AT A GLANCE

Our results for the full year ended 31 March 2022.

Market capitalisation⁽¹⁾ £746.2m <small>2021</small> £612.3m +22%	Share price 112.8p <small>2021</small> 112.0p +1%	Annual dividend declared per share 6.80p <small>2021</small> 6.76p +1%	Net Asset Value £762.9m <small>2021</small> £504.2m +51%
Net Asset Value per share⁽¹⁾ 115.3p <small>2021</small> 92.2p +25%	Portfolio value £795.4m <small>2021</small> £571.4m +39%	Dividend cover⁽²⁾ 1.10x <small>2021</small> 1.07x	Total shareholder return⁽¹⁾ 77.4% <small>(7.42% annualised)</small> <small>2021</small> 65.3%
Renewable energy generated 1,314GWh <small>(6% below target)</small> <small>2021</small> 977GWh	GHG emissions avoided >905,500 tCO₂e⁽³⁾ <small>2021</small> >445,000 tCO ₂ e ⁽³⁾	Tonnes of waste diverted from landfill >695,000 <small>2021</small> >500,000	Acquisitions in the period 3 <small>2021</small> 6
Contributed to community funds £418,000 <small>2021</small> >£380,000	FTE jobs supported >370 jobs	Portfolio generating capacity 359.5MW <small>2021</small> 310.7MW	Diversified portfolio 37 assets <small>2021</small> 36 assets

(1) The market capitalisation, total shareholder return, Net Asset Value per share and dividend cover are alternative performance measures ("APMs"). The APMs within the accounts are defined on page 193.

(2) On a paid basis.

(3) Methodology for calculating GHG emissions avoided has been refreshed for 2022, please see page 106 for further details.

Highlights

Investments in the period



Over 2021/22 JLEN invested in three new assets, two of which were in new sub-sectors – biomass CHP and energy-from-waste. The Company also allocated £13.3 million in follow on investments.

French wind divestment



In January 2022, JLEN announced the value-accretive divestment of its two operational French wind farms – Parc Éolien Le Placis Vert and Energie Eolienne de Plouguernevel.

Oversubscribed fundraises



Over the year under review, JLEN raised £118 million across two oversubscribed fundraises. In JLEN's most recent fundraising in January 2022, the retail Offer for Subscription portion of the fundraising was also significantly oversubscribed.

sustainable financial return

JLEN aims to provide investors with a sustainable, progressive dividend, paid quarterly, and to preserve the capital value of its portfolio over the long term on a real basis.

Total shareholder return since launch



Source: Morningstar

PORTFOLIO AT A GLANCE

At 31 March 2022, the portfolio included onshore wind, PV solar, anaerobic digestion, hydro, battery storage and waste and bioenergy processing projects, and low carbon transport.

Assets by location

- Wind
- Anaerobic digestion
- Solar
- Waste & bioenergy
- Hydro
- Low carbon & energy efficiency



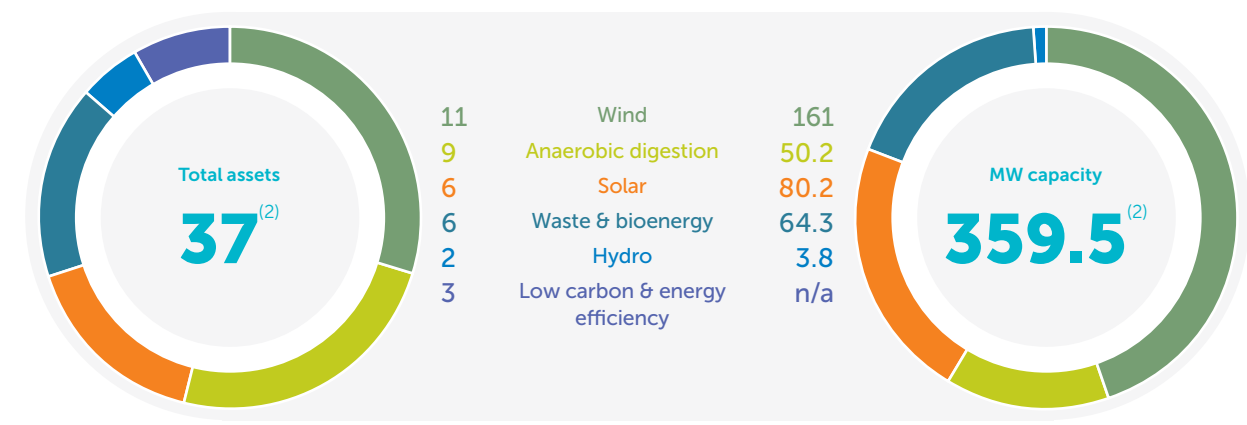
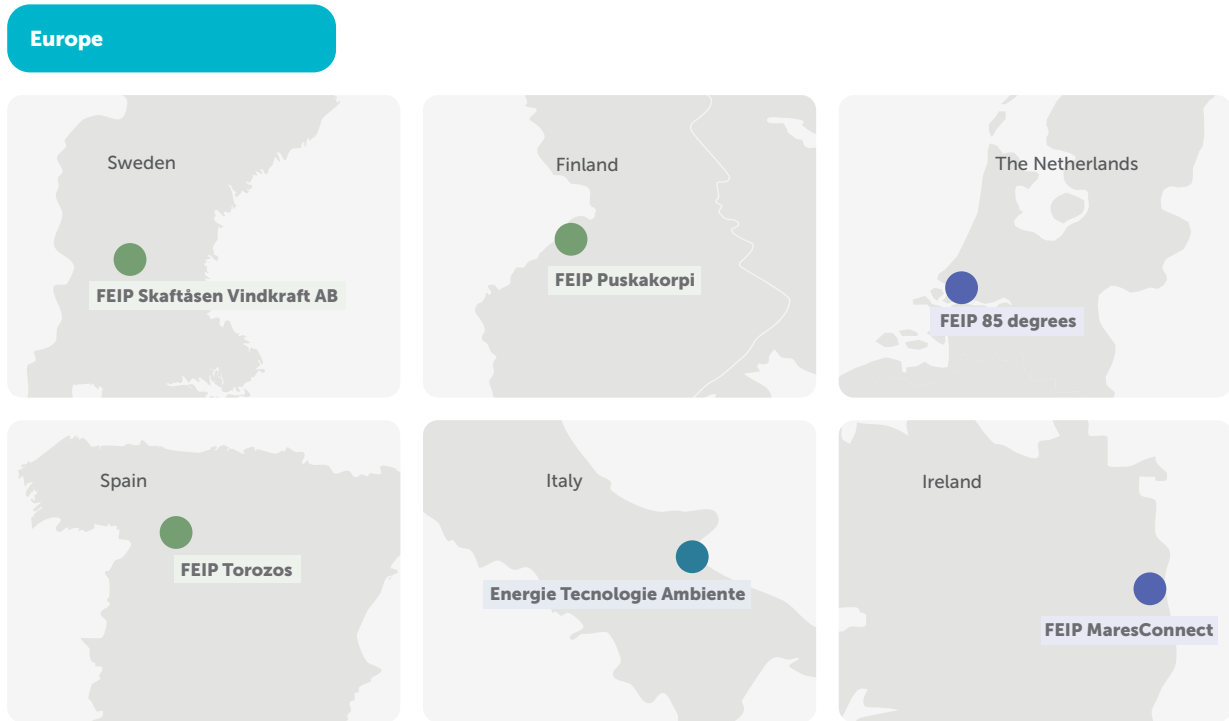
See our website for more information: www.jlen.com/portfolio

Acquisitions in the period

1 Cramlington Renewable Energy Developments ("CRED")
CRED owns a biomass combined heat and power plant ("CHP Plant") and its underlying contracts and is located in Cramlington, UK. The plant has a 26MW electrical capacity and 6MW of heat capacity.
Ownership interest: 100%

2 Energie Technologie Ambiente ("ETA")
ETA is a 16.8MW energy-from-waste ("EfW") power plant which processes refuse derived fuel, located in the municipality of Manfredonia in the Apulia region of southern Italy.
Ownership interest: 45%⁽¹⁾

3 Sandridge Battery Storage Limited ("SBSL")
SBSL holds the development rights to construct the Sandridge Battery Storage project, a 50MW lithium-ion battery energy storage plant based in Melksham in Wiltshire, UK.
Ownership interest: 50%



(1) Does not include indirect minority ownership via investment into Foresight Energy Infrastructure Partners SCSp ("FEIP").
(2) Does not include investment into FEIP.

PORTFOLIO AT A GLANCE continued

Wind



Bilsthorpe 10.2MW 1.0 ROC wind farm. Five MM82 Senvion turbines. Ownership interest **100%**

Burton Wold Extension 14.4MW 0.9 ROC wind farm. Nine General Electric 1.6MW-100 turbines. Ownership interest **100%**

Carscreugh 15.3MW 0.9 ROC wind farm. 18 Gamesa G52 turbines. Ownership interest **100%**

Castle Pill 3.2MW 1.0 ROC wind farm. Three 900kW EWT and one 0.5MW Nordtank turbines. Ownership interest **100%**

Dungavel 26MW 0.9 ROC wind farm. 13 Vestas 2MW V80 turbines. Ownership interest **100%**

Ferndale 6.4MW 1.0 ROC wind farm. Eight 800kW Enercon turbines. Ownership interest **100%**

Hall Farm 24.6MW 1.0 ROC wind farm. 18 MM82 Senvion turbines. Ownership interest **100%**

Llynfi Afan 24MW 0.9 ROC wind farm. 12 Gamesa 2MW G80 turbines. Ownership interest **100%**

Moel Moelogan 14.3MW wind farm. Nine Siemens SWT-62-1.3MW and two Bonus-1.3MW turbines. 1.0 ROC on both turbine types. Ownership interest **100%**

New Albion 14.4MW 0.9 ROC wind farm. Seven MM92 Senvion turbines. Ownership interest **100%**

Wear Point 8.2MW 0.9 ROC wind farm. Four Senvion MM82 turbines. Ownership interest **100%**

Waste & bioenergy



Bio Collectors The Bio Collectors food waste anaerobic digestion plant processes around 100,000 tonnes of food waste each year. The Bio Collectors waste collection business collects food waste from in and around Greater London. Ownership interest **70%**

Codford Biogas Codford Biogas is a 100,000 tonnes per annum food waste permitted anaerobic digestion plant based in Wiltshire, UK. Ownership interest **100%**

Cramlington Renewable Developments The asset comprises of a biomass combined heat and power plant and its underlying contracts. The plant has a 26MW electrical capacity and 6MW heat capacity. Ownership interest **100%**

Energie Technologie Ambiente 16.8MW energy-from-waste power plant which processes refuse derived fuel. Ownership interest **45%**⁽⁴⁾

ELWA The ELWA project processes around 440,000 tonnes of household waste each year from four London boroughs. Ownership interest **80%**

Tay The Tay wastewater treatment project services the equivalent of around 250,000 people from the Dundee and Arbroath areas. Ownership interest **33%**

Anaerobic digestion



Biogas Meden Biogas-to-grid anaerobic digestion plant. Accredited under both the Renewable Heat Incentive ("RHI") and Feed-in Tariff ("FiT"), c.5MWth and 0.4MWe. Ownership interest **100%**

Egmere Energy Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe. Ownership interest **100%**

Grange Farm Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe. Ownership interest **100%**

Icknield Farm⁽²⁾ Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.4MWe. Ownership interest **53%**

Merlin Renewables Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe. Ownership interest **100%**

Peacehill Farm Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.25MWe. Ownership interest **49%**

Rainworth Energy Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.2.2MWe. Ownership interest **100%**

Vulcan Renewables Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe. Ownership interest **100%**

Warren Energy Agricultural biogas-to-grid anaerobic digestion plant. Accredited under both the RHI and FiT, c.5MWth and 0.5MWe. Ownership interest **100%**

Solar



Amber 9.8MW comprising two separate sites: Five Oaks (4.8MW) and Fryingdown (5MW). Both accredited under the pre-August 2011 UK FiT regime. Ownership interest **100%**

Branden 14.7MW comprising two separate sites: Luxulyan & Tredinnick (8.9MW) and Victoria (5.8MW), both accredited for two ROCs. Ownership interest **100%**

CSGH 33.5MW combined capacity comprising four sites: Higher Tregarne (4.9MW) accredited for 1.6 ROCs, Crug Mawr (7.5MW), Golden Hill (6.3MW) and Shoals Hook (14.8MW) accredited for 1.4 ROCs. Ownership interest **100%**

Monksham Total generating capacity of 10.7MW. Accredited for 1.6 ROCs. Ownership interest **100%**

Panther – small-scale solar portfolio 6.5MW portfolio of 1,099 systems of domestic rooftop, commercial rooftop and ground mount solar installations, distributed across England, Scotland and Wales. Accredited under the UK FiT regime. Ownership interest **100%**

Pylle Southern Total generating capacity of 5MW. Accredited under the UK FiT regime. Ownership interest **100%**

Low carbon & energy efficiency



CNG Foresight Portfolio of CNG refuelling stations located in the UK. Ownership interest **25%**⁽³⁾

Sandridge Battery Storage Construction stage battery storage asset with a 50MW storage capacity. Ownership interest **50%**

West Gourdie Construction stage battery storage asset with a 50MW storage capacity. Ownership interest **100%**

Hydro



Northern Hydropower Two run-of-river hydro plants and an operational battery storage system. Both hydro plants accredited under FiT; combined capacity between both hydro plants and the battery storage system is 1.8MW. Ownership interest **100%**

Yorkshire Hydropower Two run-of-river hydro plants and an operational battery storage system. Both hydro plants accredited under FiT; combined capacity between both hydro plants and the battery storage system is 2MW. Ownership interest **100%**

FEIP⁽⁴⁾

FEIP Skaftåsen Vindkraft AB 35-turbine wind farm under construction.

FEIP Torozos 94MW wind farm, which comprises 27 SGRE 132m, 3.5MW wind turbines spread across two sites.

FEIP Puskakorpi Construction stage 88MW wind farm.

FEIP 85 Degrees Portfolio of operational and construction stage geothermal heating and district heating plants with a 45MW capacity.

FEIP MaresConnect Development and construction stage project that will comprise two high voltage direct current interconnector cables under the Irish Sea.

FEIP Carna Construction stage co-located pumped storage hydro and two co-located wind turbines with a combined capacity of 243.6MW.

In January 2020, JLEN made a commitment to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle. Through this investment JLEN has exposure to a portfolio of European assets.

(1) Not including FEIP's ownership.

(2) JLEN also provides a senior secured loan facility to the project.

(3) JLEN holds 25% of the "A" shares. "A" shares have a different economic entitlement than "B" shares, including a priority return.

(4) Not including FEIP's 45% ownership of ETA.

MARKET AND OPPORTUNITIES

Recent global events have placed energy supply security and the desire to decarbonise these sources at the forefront of European energy policy.

The European Commission's REPowerEU plan calls for joint European action to provide more affordable, secure and sustainable energy.

Reducing dependence on natural gas requires growth and development in several environmental infrastructure sectors from solar and wind through to biogas and hydrogen, including the networks that seek to harness these new or enlarged energy sources.

Furthermore, as populations grow and demand for affordable food and clean water increases, an emphasis on how countries can meet these requirements in a sustainable and cost-efficient way has become an important consideration. The use of controlled environments, such as glasshouses, vertical farms and aquaculture, present sustainable, energy efficient and low carbon solutions.

Investment policy

The Company invests in environmental infrastructure such 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.

Market developments

Factors including increasing global population, rising living standards, increasing urbanisation and greater scientific, public and political focus on the effects of climate change have all served to increase the importance and scale of the environmental infrastructure market globally.

Generation of renewable energy

Global investment in the energy infrastructure market has been significant, with Bloomberg calculating investment into energy transition in 2021 totalling \$755 billion (up 27% on the prior year). Zero or low carbon emission energy generation capacity has been and continues to be central to European carbon targets and is a key requirement of the global decarbonisation agenda. Renewable energy is clean by nature and due to a combination of reductions in capital costs and close-to-zero marginal operating costs, is now increasingly able to outcompete other sources of new build generation.

Low carbon & energy efficiency

Building an efficient energy system that can harness the benefits brought by high penetration of renewable generation will be key to delivering a low carbon environment.

Supply and treatment of water and processing of waste

COP26 called for a reduction in methane emissions, one contributor to this being landfilling of biodegradable waste. Infrastructure that promotes recycling and where there are no alternatives to landfilling using energy-from-waste facilities will aid this transition. Value-enhancing carbon capture and storage ("CCS") installations on these waste facilities can aid in reducing emissions.

Geographic spread of investments

The challenge of addressing climate change is a truly global one, evidenced by COP26 last year. The commitment to invest into environmental infrastructure as a means to decarbonising economies is demonstrable by those countries providing sustained and additional regulatory and financial support to this sector.

As environmental infrastructure assets that draw on knowledge of renewable electricity, renewable heat and water treatment, we feel it is a market sector that is well suited to JLEN's portfolio.

As a diversified environmental infrastructure fund, JLEN expects these trends to create an attractive backdrop for further investment into these markets, in the UK and Europe.

Investment outlook



The Institutional Investors Group on Climate Change ("IIGCC") estimate the scale up in capital required in Europe to meet the goals of the Paris Agreement within electricity generation alone would be \$2.0 trillion during the 2020s.

The UK Energy Strategy published in April 2022 sets out an acceleration of plans to secure clean energy, including producing more electricity from offshore wind in 2030 (40GW) than it produced from gas in any year in history. The UK government is supporting onshore wind development through its inclusion in Contracts for Difference ("CfD") auctions and undertaking a review of planning systems. Other forms of renewable energy generation present investment opportunities including the rapidly maturing sector of hydrogen production.

Greater levels of flexibility in the form of battery storage, electric vehicles, pumped hydropower and hydrogen all play an important role alongside improved system coordination and low carbon transport infrastructure such as biofuels.

Across Europe, new and established energy-from-waste facilities can provide investment opportunities. These assets can be in the form of combustion plants creating power and heat, or anaerobic digestion plants creating a valuable biogas. In the UK, expected legislation on food waste collections will create investment activity for new plants and owners of existing ones with expansion potential.

JLEN's mandate supports geographic diversification, reducing its exposure to the UK power market, regulatory framework and weather systems. The Investment Manager can take advantage of in-country presence across Europe and Australia to generate investment opportunities outside of the UK.



YEAR AT A GLANCE

The Company has had another good year, with two oversubscribed placings in the period and the announcement of its first asset divestments.



May 2021

- Acquisition of a 50% stake in Sandridge Battery Storage Limited, a construction stage 50MW battery storage project located in Wiltshire, UK
- Acquisition of a 45% stake in Energie Technologie Ambiente, a 16.8MW energy-from-waste power plant located in Manfredonia, Italy
- Announced a new ESG-linked £170 million revolving credit facility expiring in May 2024
- Raised £56.9 million in an oversubscribed placing

September 2021

- JLEN annual general meeting
- Announced the resignation of Peter Neville as non-executive Director
- Paid a dividend of 1.70 pence per share (relating to the three-month period ended 30 June 2021)



January 2022

- The Fund raised £60.7 million in an oversubscribed placing and offer for subscription
- Announced the divestment of two French wind assets – Le Placis Vert and Plouguernevel

May 2022

- The Company rejoined the FTSE 250

March 2021

- Paid a dividend of 1.69 pence per share (relating to the three-month period ended 31 December 2020)

June 2021

- Paid a dividend of 1.69 pence per share (relating to the three-month period ended 31 March 2021)
- Announced the appointment of Alan Bates and Jo Harrison as non-executive Directors
- Acquisition of a 100% stake in Cramlington Renewable Energy Developments Ltd, a biomass combined heat and power plant located in Cramlington, UK

December 2021

- Paid a dividend of 1.70 pence per share (relating to the three-month period ended 30 September 2021)

March 2022

- Paid a dividend of 1.70 pence per share (relating to the three-month period ended 31 December 2021)



CHAIRMAN'S STATEMENT



The Company has had an outstanding year, with NAV per share appreciation of 25%, £118 million raised through two oversubscribed equity issues, investments into new sectors including biomass CHP and energy-from-waste, as well as a value-accretive divestment of our French wind assets. The Company has also announced an increase in the target dividend for the upcoming financial year of 5% to 7.14 pence per share⁽¹⁾ for the financial year to 31 March 2023.

Richard Morse
Chairman

On behalf of the Board, I am pleased to present the Annual Report of the Company for the year ended 31 March 2022.

Results

Last year I started my Chairman's statement with an acknowledgement of the difficult and, for some, tragic challenges of the Covid-19 pandemic. This year, I have to start with the sombre backdrop of Russia's war in Ukraine and the sharp increase in the cost of living that is severely affecting many families and households. In such uncertain times, our thoughts are with those less fortunate than ourselves, even as we remain focused on navigating this uncertainty for the benefit of the Company, its investors and all its stakeholders.

The Net Asset Value ("NAV") per share at 31 March 2022 was 115.3 pence, up from 92.2 pence at 31 March 2021. This uplift is primarily due to a very substantial increase in current and short-term power prices and inflation expectations in addition to gains from moving the Cramlington biomass and ETA energy-from-waste assets from the acquisition cost paid during the year to a discounted cash flow ("DCF") valuation basis at the end of the year, in accordance with JLEN's established valuation policy.

Current geopolitical events, most notably the war in Ukraine and its resulting impact on energy markets have placed energy security of supply and the desire to decarbonise energy sources at the forefront of the political agenda. Climate change prevention and mitigation strategies remain some of the most pressing issues of our time. In November 2021, COP26 focused on how pledges and targets to reach net zero can be met.

This year, JLEN has continued to support the decarbonisation agenda through its investments in a diversified portfolio of 37 operational solar, onshore wind, waste and wastewater, hydro, battery, anaerobic digestion, bioenergy and low carbon transport projects based in the UK and Europe, representing a total capacity of 359.5MW. The green energy producing part of the portfolio generated over one million MWh of energy, enough to power more than 255,000 homes with electricity. The waste assets have avoided more than 695,000 tonnes of waste going to landfill and the JLEN portfolio, particularly through its investment in CNG, has also contributed to the decarbonisation of the UK road network.

JLEN's profit after tax for the year was £185.0 million (2021: £8.1 million) resulting in earnings per share of 30.6 pence (2021: earnings per share of 1.5 pence). Removing unrealised movements on investments at fair value, the adjusted profit before tax is £42.2 million (2021: £37.0 million), equivalent to 7.0 pence per share (2021: 6.8 pence).

Cash received from the portfolio assets by way of distributions, which includes interest, loan repayments and dividends, was £56.5 million during the year (2021: £48.2 million). After operating and finance costs, cash flow from operations of the Group was £46.2 million, covering the cash dividends paid during the year of 6.79 pence per share by 1.10x on a paid basis.

In January 2022, the Board appointed Foresight Group LLP ("Foresight") as its alternative investment fund manager ("AIFM"). This had been prompted by the increasing size and complexity of the portfolio and the need for more effective and efficient ways of working. Given the Company's scale, it was no longer appropriate for the Company to remain as a self-managed alternative investment fund (with Foresight as the Investment Adviser) and the revised management structure is widely adopted across the market. The fees payable by the Company to Foresight under the new Investment Management Agreement ("IMA") remain unchanged.

As AIFM, Foresight will have discretionary management authority, however, it will remain subject to the Company's published investment policy and the supervision of the Board. The Board also retains overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy. In addition, in accordance with the terms of the IMA, certain investment decisions are reserved to the Board, including in respect of very large investments, those which would involve taking the Company near to the limits of its available borrowing facilities, those involving the Company investing in new geographies or technologies and those which may cause reputational risk to the Company.

(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

CHAIRMAN'S STATEMENT continued

Dividends and returns

The Company has delivered a dividend for the year covered 1.10x (2021: 1.07x), in line with our progressive dividend policy. Including profit from the sale of the French wind assets, the dividend cover is 1.12x.

During the year, the Company paid a final dividend for the period ended 31 March 2021 of 1.69 pence per share (£10.2 million). Dividends of 1.70 pence per share for the period ended 30 June 2021 were paid in September 2021 (£10.2 million). Interim dividends of 1.70 pence per share were paid in December 2021 (£10.2 million) and 1.70 pence per share paid in March 2022 (£11.2 million).

The Board is pleased to confirm the dividend in respect of the quarter to 31 March 2022 of 1.70 pence per share which was approved on 16 May 2022 and will be paid on 24 June 2022, bringing the total to the target of 6.80 pence per share for the full year.

The Board has decided to increase the Company's dividend target to 7.14 pence per share for the year to 31 March 2023, in line with the Company's progressive dividend policy. The outlook for cash generation from the portfolio is very positive in the short term due to higher power prices and the levels of price fixes that we have been able to achieve in the market for merchant revenue streams. As a result, we are confident of the Company's ability to meet this target.

Over the 12-month period to 31 March 2022, shareholders saw a share price total return of 7.4%.

Following on from the success this year, the raised dividend target for next year is projected to be strongly covered in excess of 1.5x. The additional headroom from the current year is largely driven by:

- first full year's contribution from assets acquired part way through the year to 31 March 2022;
- continuation of high power price and inflationary market environment;
- yield forecasts from construction assets reaching operational status; and
- continued roll out of asset enhancement opportunities.

The portfolio currently has price fixes secured over 77% for Summer 2022 and 74% for Winter 2022 seasons, reducing exposure to price volatility. Illustrating this, if merchant prices were to fall by 50%, dividend cover is projected to move by less than 20 basis points – therefore still maintaining significant headroom in the cover ratio.

Acquisitions and divestments

During the year under review, the Company announced investments in three new projects:

- a 50% stake in Sandridge Battery Storage Limited, a 50MW construction stage battery storage project located in the UK;
- a 45% stake in Energie Technologie Ambiente S.r.l., a 16.8MW energy-from-waste plant located in Southern Italy; and
- a 100% stake in Cramlington Renewable Energy Developments, a biomass combined heat and power plant located in Cramlington, UK. The plant has a 26MW electrical capacity and 6MW heat capacity.

The new acquisitions bring the total MW capacity of the portfolio to 359.5MW and bring further diversification to the portfolio both by technology type and geography.

The Company also made its first divestments, selling its two French onshore wind farms, Parc Éolien Le Placis Vert and Energie Eolienne de Plouguernevel for a total consideration of €5.9 million. These divestments were at a significant uplift to the pre-sales process valuation. Competition for the types of assets in the Company's portfolio remains strong, reinforcing the valuations that underpin our Net Asset Value.

Portfolio performance and value enhancement activities

During the year, overall generation from the renewable energy portfolio was 1,314GWh, 6% below generation targets.

Low wind resource was the primary driver, as areas of the UK during the summer saw their lowest wind speeds for 20 years. Wind resource improved towards the end of the year but the wind portfolio ended the year 16% below its generation target. Excluding the wind portfolio, generation from the rest of the portfolio was 2% below budget, with Agri AD exceeding its generation target for the fourth consecutive year and solar also meeting its generation target.

The waste & bioenergy sub-sector, now the second largest contributor to generation in the portfolio, was below target as the Investment Manager made progress on legacy issues on the two newly acquired assets and worked on installing upgrades and enhancements.

Both concession-based waste and wastewater projects have continued to perform in line with expectations and both projects continue to perform well financially.

The portfolio of CNG refuelling stations performed extremely well over the financial year and 16% more CNG was dispensed than was targeted for the year. Also during the period, two further refuelling stations were successfully completed, giving a total of eight stations.

The construction stage battery assets have fallen behind their completion schedule due to supply chain issues and completion of the two projects is now expected to occur in 2023. The batteries are currently held at cost and the financial consequences of delay are expected to be offset by changes in market assumptions when the valuation method changes to DCF.

Index power prices increased to unprecedented levels in the last half of the year due to a combination of low renewables contribution to the grid, a natural gas shortage and rising carbon prices. The Investment Manager took this opportunity to fix future seasons' outputs at prices above previous assumptions across the portfolio.

Debt facilities

In May 2021, the Fund renewed its revolving credit facility ("RCF") that had been due to reach maturity in June 2022. The new facility remains at a committed level of £170 million for three years, expiring in May 2024. National Australia Bank and Royal Bank of Scotland International have joined incumbent lenders ING, HSBC and NIBC, broadening JLEN's banking relationships. The headline margin is 200 bps over SONIA, with an adjustment of +/- 5 bps depending on performance against ESG metrics including quantity of renewable energy produced and contributions to community funds.

The RCF gives JLEN a committed source of flexible funding outside of equity raisings at a low cost. The facility is periodically paid down from the proceeds of equity issuance which then enables JLEN to make new investments with the certainty of funding and on a timely basis, reducing the performance drag associated with holding excess cash.

Share capital

In May 2021, the Company raised £56.9 million via an institutional placing, making full use of its tap issuance facility of 10% of issued share capital. This was at a price of 104 pence per share, a 12.8% premium to NAV, achieved via a book-building process.

A further placing and offer for subscription in January 2022 raised £60.7 million at a price of 101 pence per share at a 2.6% premium to NAV. Both placings and the offer for subscription were significantly oversubscribed.

The proceeds have been used to pay down amounts outstanding under the revolving credit facility and fund new environmental infrastructure opportunities.

Sustainability and ESG

The investment world has now widely embraced ESG, a concept which JLEN has adopted and actively promoted for many years. JLEN has produced an ESG report since 2019 and has continued to progress in this area, recently setting up a dedicated ESG committee of the Board to oversee the work done in this area. The investment community is still developing its preferred approach to ESG impact metrics and measurement. The Board believes that helping stakeholders to be informed on JLEN's ESG performance in a manner which is consistent and that tracks performance over time is an important part of its stakeholder communication.

CHAIRMAN'S STATEMENT continued

Sustainability and ESG continued

JLEN has been proactively tracking metrics such as carbon emissions avoided, renewable energy generated and waste recycled for several years, and continually seeks ways to improve its reporting and transparency for investors. Last year, this was expanded by developing a suite of more than 15 ESG metrics that were felt relevant to the Fund and that we have reported against for the first time this year. Details of these KPIs can be found on pages 99 to 112.

Furthermore, last year our ESG performance was voluntarily linked to a revolving credit facility, which incurs a higher or lower interest rate depending on the Fund's ESG performance against select ESG metrics. Further information can be found on page 90.

This year we have also included our first Task Force on Climate-related Financial Disclosures ("TCFD") recommended disclosure and this can be found on pages 49 to 67.

Post the period end in May 2021, the Company's efforts to communicate its approach to ESG matters have been recognised by the Association of Investment Companies ("AIC"), winning the Best Communication of ESG award in their annual Communication Awards.

Valuation

The Net Asset Value at 31 March 2022 was £762.9 million, comprising £795.4 million portfolio valuation, £18.0 million of cash held by the Group, less £53.6 million drawn on the Company's (immediate subsidiary's) revolving credit facility, together with positive working capital balances of £3.1 million.

The Investment Manager has prepared a fair market valuation of the portfolio as at 31 March 2022. This valuation is based on a discounted cash flow analysis of the future expected equity and loan note cash flows accruing to the Group from each portfolio investment. This valuation uses key assumptions which are recommended by the Investment Manager using its experience and judgement, having taken into account available comparable market transactions and financial market data in order to arrive at a fair market value.

To provide assurance to the Board with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by Foresight is performed by a leading accountancy firm and an opinion is provided to the Directors. The Directors have satisfied themselves as to the methodology used and the assumptions adopted and have approved the valuation of £795.4 million for the portfolio as at 31 March 2022 and a Net Asset Value per share of 115.3 pence.

Risks and uncertainties

The Board notes investors' recent appetite for the Company's shares and the relative resilience of the renewables sector in terms of valuations and the ability to maintain dividends compared to other investment sectors in the face of extreme shocks such as the Covid-19 pandemic and geopolitical upheaval.

The greatest risk the Company faces is to changes in short and medium-term gas and electricity prices where the risk is that the actual prices received vary significantly from the model assumptions, leading (in adverse circumstances) to a shortfall in anticipated revenues to JLEN. The opposite is also true and is the case in the year under review. To minimise any short-term uncertainty, the Company's policy is to fix prices on a high proportion of generation for future seasons to insulate the Fund from short-term power price changes.

A summary of the principal risks and uncertainties facing the Company is included on pages 42 to 48 of the strategic report.

Outlook

As countries seek to move on from the damaging impact that coronavirus has had on economies and livelihoods, governments are reinforcing foundations for growth across green technologies. By focusing on support to industry, job creation and innovation it is anticipated that countries can address the lack of economic growth over recent years in conjunction with addressing climate change and commitments to achieving net zero. This mantra has been clearly set out in the UK where the government's "Ten Point Plan for a Green Industrial Revolution" demonstrates their commitment to tackling climate change whilst delivering jobs and growth across the country.

This is an exciting time for an environmental infrastructure fund as it looks to the future with a rapid increase in renewable energy generation, low carbon transport and the charging/fuelling network needed to support this, carbon capture, hydrogen and sustainable alternatives such as controlled environments and opportunities in hard-to-abate sectors like agriculture and construction. JLEN is well placed to capture investment opportunities in these evolving asset classes with its broad investment mandate and the expertise of its Investment Manager, Foresight.

Indeed, over the last year JLEN has further diversified its portfolio through investments into a biomass to heat and power plant and an energy recovery from municipal waste facility. Both these projects contribute positively to the environment through the creation of renewable energy and the reduction of waste to landfill, respectively. From a financial viewpoint, they both benefit from government-backed revenues providing a source of stable, inflation-linked dividends to JLEN, underpinning our own progressive dividend policy for our shareholders.

Annual general meeting

The annual general meeting will be held on 1 September 2022 at 10.00am at the Company's registered office in Guernsey. Shareholders are encouraged to submit their votes by proxy in advance of the meeting and may provide details of any questions they may have to the Company Secretary in advance of the meeting. Responses to any queries will be made available on the Company's website following the meeting.

Board matters

Peter Neville, who successively chaired our Risk Committee and Audit Committee, stood down in September 2021 – he was a hugely valued member of the Board and we wish him well in his retirement. Jo Harrison, who chairs the ESG sub-committee, and Alan Bates have joined during the year, further strengthening the breadth of experience of the Board. I am immensely grateful to all our Directors for their dedication, hard work and collegiality.

Finally, this is my last Chairman's statement before stepping down, having been with JLEN since its IPO in 2014. I have had the privilege of helping to oversee the Company's modest beginnings as a late entrant to the newly emerging sector of "renewable infrastructure", to its present status as a veteran of the sector with a market capitalisation of £746.2 million and a diversified mandate for environmental infrastructure that differentiates it from its peers. Our recruitment process is well advanced and I am confident that JLEN is in good hands and I wish the Company every success for the future.



Richard Morse
Chairman

15 June 2022

STRATEGIC REPORT

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INVESTMENT OBJECTIVES

Our key objectives are set out in the following pages.

The Company aims to provide its investors with a sustainable, progressive dividend per share, paid quarterly. It aims to preserve, and where possible enhance, the capital value of its portfolio on a real basis through the reinvestment of cash flows not required for the payment of dividends.

The dividend for the year ended 31 March 2022 is 6.80 pence per share (on a declared basis). Over the longer term, the Company targets an IRR of 7.5% to 8.5% (net of fees and expenses) on the IPO issue price of 100 pence per share, through investment in a diversified portfolio of environmental infrastructure.⁽¹⁾

The Company seeks to maintain strong relationships with all its stakeholders and those of its investments, including investors, funders, key contractors, strategic partners, national and local government and local communities.

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; and/or
- long-term contracts or stable and well-proven regulatory and legal frameworks; and/or
- well-established technologies, and demonstrable operational performance.

(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

FUND OBJECTIVES

The Fund's key objectives and the measures against which they are assessed are summarised below:

Financial objectives

Predictable income growth for shareholders



Provide investors with a dividend of 7.14 pence per share for the year to 31 March 2023.

Preservation of capital over the longer term



To preserve the capital value of the portfolio over the long term on a real basis through active management of the portfolio and the reinvestment of cash flows not required for the payment of dividends.

Investment, growth and diversification



To invest in 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.

Principal risks

- Volume of resource available
- Power prices
- Inflation
- Changes in the legislative and regulatory framework that affect environmental infrastructure
- Operational risks in the portfolio

- Valuation risks (volume/energy prices/inflation/feedstock costs/operational performance)
- Lack of future pipeline and/or funding
- Increased competition
- Changes in the legislative and regulatory framework that affect the environmental infrastructure market

- Lack of future pipeline and/or funding
- Increased competition
- Changes in the legislative and regulatory framework that affect the environmental infrastructure market

KPIs as at 31 March 2022

6.80p

dividend declared for the year, in line with target

- Target dividend for the next financial year 7.14 pence⁽¹⁾, up 5% from 2022

£762.9m

Net Asset Value

115.3p

Net Asset Value per share

- NAV £762.9 million, up from £504.2 million at 31 March 2021
- Net Asset Value per share 115.3 pence, up 23.1 pence against 92.2 pence at 31 March 2021

37

asset investments

£795.4m

portfolio value

359.5MW

total diversified capacity

- Portfolio value £795.4 million, up 39% from £571.4 million at 31 March 2021
- Predominantly UK portfolio balanced by sector: 29% wind, 22% AD, 17% solar, 28% waste & bioenergy, 3% low carbon & energy efficiency and 1% hydro

Outlook for 2023

- High near-term power prices provides support for dividend target, as do inflationary increases in contracted revenues
- Latest fixed price arrangements in place covering 77% of the portfolio by generation for Summer 2022 and 74% of the portfolio for Winter 2022 also restricts volatility

- Construction stage assets have potential for capital growth as they become operational
- Higher out-turn inflation beneficial to portfolio valuation

- Potential for further opportunities to co-invest with other investors in larger deals
- Likely continued emphasis on less competitive and evolving areas of environmental infrastructure
- Further scope to invest in European jurisdictions

(1) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

FUND OBJECTIVES continued

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

Environmental, social and governance objectives

Promote the efficient use of resources

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



Develop positive relationships with the communities in which JLEN works

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



Ensure effective, ethical governance across the portfolio

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



ESG KPIs

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

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

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

Over 2021/22 JLEN has focused on advancing its approach to ESG by collecting baseline data against the ESG KPIs that were first agreed in 2020/21. JLEN's KPIs are set out on pages 99 to 112.

> Read more about TCFD on pages 49 to 67

> Read more about JLEN's ESG KPIs on pages 99 to 112

BUSINESS MODEL

JLEN invests in a diversified portfolio of environmental infrastructure that support more environmentally friendly approaches to economic activity whilst generating a sustainable financial return.

Competitive advantage

Investment Manager – Foresight has a strong track record of managing assets in the sector and has access to an extensive pipeline of new projects.

Broad investment mandate/policy – allows for investment across a diversified range of technology sub-sectors and geographies, helping to reduce risks within the portfolio and providing a broader base of assets to consider at the acquisition stage.

Existing portfolio – well-established portfolio of assets which have the benefit of strong operational track records and predictable, wholly or partially inflation-linked cash flows supported by long-term contracts.

Sustainability – investment mandate is limited to investment in projects and assets which support a more environmentally friendly approach to economic activity and JLEN invests in assets with long project lives of up to 35 years.

Operating model

1



Acquire

The Investment Manager uses its network of relationships to originate environmental infrastructure opportunities. These are screened for suitability and attractive opportunities are subject to a full due diligence process to assess risks, valuation assumptions and ESG considerations. Investment approval is multi-level and culminates in a decision of the Company's Investment Committee.

ESG considerations

Read more about ESG on pages 97 to 115

ESG criteria are an integral element of the investment assessment at the acquisition stage. The Investment Manager undertakes a thorough rating analysis against a pre-determined minimum threshold for that asset class.

2



Maintain

Active asset management is employed by the Investment Manager to maintain consistent performance and asset condition across the portfolio, identifying and, where possible, mitigating risks. Strong communications between the JLEN Board, the Investment Manager and external asset managers and other operational and corporate counterparties aid in the management of the assets.

ESG considerations

Read more about ESG on pages 97 to 115

Third-party service providers, sometimes with the assistance of technical advisers, monitor and manage the ongoing performance of each asset in the JLEN portfolio and these third parties are regularly assessed by Foresight.

3



Enhance

All assets are included in a programme of enhancement initiatives to increase operational and financial performance and to better meet ESG objectives. Where appropriate, the Investment Manager identifies where value can be realised to enhance the valuation of the portfolio to the benefit of all stakeholders.

ESG considerations

Read more about ESG on pages 97 to 115

The Investment Manager continually seeks to improve all areas of ESG across the portfolio and new assets are assessed to see where improvements to ESG matters can be made over the tenure of ownership. ESG KPIs help to monitor progress in this area.

4



Hold/exit

JLEN's strategy is to hold its assets over the long term in order to receive ongoing cash yield to support JLEN's dividend targets. However, it will consider opportunities to generate value for shareholders through the divestment of certain assets as they arise. These opportunities will be evaluated against the Company's strategy of diversification and the ability of the asset to generate stable financial returns.

ESG considerations

Read more about ESG on pages 97 to 115

Typically, the proceeds from divestments will be used to repay amounts outstanding under the Company's RCF and provide further headroom to invest in new assets that provide an attractive risk-adjusted return for investors and that are consistent with JLEN's ESG objectives.

Our business activities result in

Income for shareholders

6.80p

Dividends of 6.80p declared for the year to 31 March 2022

Environmental benefits

1,314GWh

of green energy produced during the period

Enough electricity to power more than 255,000 UK homes

Social benefits

Over £418,000

provided to local communities in the year under review

Supporting government net zero carbon emissions targets with a portfolio of 37 assets that support environmentally friendly approaches to economic activity

Read more on pages 97 to 115

Underpinned by

Risk management

Read more about risk management on pages 38 to 67

Strong governance

Read more about strong governance on pages 120 to 152

Financial management

Read more about financial management on pages 116 to 119

Portfolio sectors



Wind



Anaerobic digestion



Solar



Waste & bioenergy



Hydro



Low carbon & energy efficiency

Read more about **our portfolio** on pages 06 to 09

FUND STRUCTURE

Guernsey-registered investment company with a premium listing on the London Stock Exchange.

Introduction

The Company is a Guernsey-registered investment company with a premium listing on the London Stock Exchange. The Company makes its investments via a Group structure involving JLEN Environmental Assets Group (UK) Limited ("UK HoldCo"), an English limited company and wholly owned subsidiary of the Company, and additional intermediate holding companies for certain projects (the Company and UK HoldCo, together with their wholly owned intermediate holding companies, the "Group"). Through the Group structure, at 31 March 2022 the Company owns a portfolio of 37 environmental infrastructure investments in the UK, Spain, Finland, Holland, Italy, Ireland and Sweden. The Company has a 31 March financial year end, announces half-year results in November and full-year results in June. The Company pays dividends quarterly, targeting payments in June, September, December and March each year.

The Company is an externally managed Alternative Investment Fund under the European Union's Alternative Investment Fund Managers Directive.

In January 2022, Foresight Group was appointed Alternative Investment Fund Manager ("AIFM"), pursuant to an investment management and AIFM agreement (the "Investment Management Agreement") in substitution for, and on materially the same commercial terms as, the previous Investment Advisory Agreement between the Company and Foresight Group, which has now been terminated.

As Investment Manager, Foresight Group LLP takes investment management decisions on behalf of the Company, subject to the terms of the Investment Management Agreement. Foresight Group is subject to the Company's published investment policy and the supervision of the Company's Board of Directors.

In connection with Foresight Group's appointment as AIFM, the Company appointed NatWest Trustee and Depository Services Limited ("NatWest") as its depository. NatWest performs the functions required of a depository of an alternative investment fund that is incorporated outside the European Economic Area, such as the Company, which has an EEA entity, such as Foresight, as its AIFM.

The Company has a Board of six independent non-executive Directors (details of whom can be found on pages 122 and 123) whose role is to manage the governance of the Company in the interests of shareholders and other stakeholders.

The Board retains overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy. In addition, in accordance with the terms of the Investment Management Agreement, certain investment decisions are reserved to the Board, including in respect of very large investments, those which would involve taking the Company near to the limits of its available borrowing facilities, those involving the Company investing in new geographies or technologies and those which may cause reputational risk to the Company. The Board also scrutinises the performance of the Investment Manager, approves and monitors adherence to the investment policy, determines the risk appetite of the Group, and sets Group policies.

The Board meets a minimum of four times per year for regular Board meetings and there are several ad hoc meetings dependent upon business needs. In addition, the Board has four committees covering Audit, Risk, ESG and Nomination. Investment decisions are delegated to an Investment Committee comprising all members of the Board. The Board fulfils the responsibilities typically undertaken by a remuneration committee.

The Board as a whole also fulfils the functions of an investment management engagement committee. The Board will review and make recommendations on any proposed amendment to the Investment Management Agreement, keep under review the performance of the Investment Manager and will manage the risks of the delegation of certain activities to the Investment Manager. The Board also performs a review of the performance of the other key service providers to the Fund and meets to conduct these reviews at least once a year.

The key tasks of Foresight Group under the Investment Management Agreement are as follows:

- monitoring financial performance against Group targets and forecasts;
- advising the Board on investment strategy and portfolio composition to achieve the desired target returns within the agreed risk appetite;
- sourcing, evaluating and implementing the pipeline of new investments for the portfolio;
- monitoring the operational management of, and managing the investment cash flows from, the Group's investments;
- minimising cash drag (having uninvested cash on the balance sheet) and improving cash efficiency generally;
- managing the process and analysis for quarterly NAV updates and semi-annual valuations of the Group's portfolio submitted to the Board for approval;
- ensuring good financial management of the Group, having regard to accounting, tax and debt covenants;
- if required, hedging non-sterling investments; and
- managing the Company's investor reporting and investor relations activities.

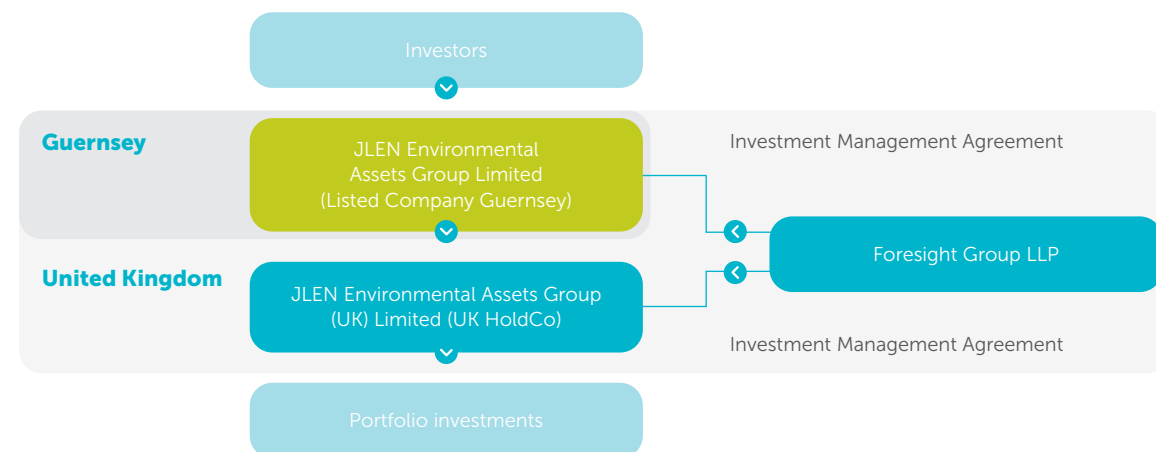
Further details on the Investment Manager are set out on page 68 and in note 15 to the financial statements on page 181 with respect to fees.

Sanne Fund Services Limited is Company Secretary and Administrator to the Fund. Other key service providers to the JLEN Group include Winterflood Securities as corporate broker, SEC Newgate as financial public relations advisers, Mourant Ozannes as legal advisers as to Guernsey law, Hogan Lovells as legal advisers as to English law, Link Registrars as registrars, Deloitte LLP as auditor, and NIBC, NAB, ING, RBSI and HSBC as lenders to the Group via the new £170 million revolving credit facility.

The Board formally reviews the performance of all key service providers on an annual basis.

Group structure

JLEN's Group structure is illustrated below.⁽¹⁾



(1) The diagram is a representative diagram showing the principal investment advisory relationships. It is not intended to (and does not) show all of the contractual and other relationships in respect of the Fund.

FUND STRUCTURE continued

Acquisitions

The Fund will seek to acquire further investments going forward sourced via the Investment Manager's extensive deal-sourcing capabilities across the geographies in which the Fund is permitted to invest. In selecting the projects to acquire, the Investment Manager and the Directors will be obliged to ensure that these projects meet the Company's investment policy.

The Investment Manager will be subject to the overall supervision of the Board, following appointment of Foresight Group as AIFM some investment decisions have been delegated to Foresight Group. Approvals for large investments or investments into sectors new to JLEN are reserved for the Board, all of whom are independent of the Investment Manager.

Potential disposal of investments

Whilst the Directors may elect to retain investment interests in the portfolio of investments that the Fund acquires and any other further investments made by the Fund over the long term, the Investment Manager will regularly monitor the valuations of such investments and any secondary market opportunities to dispose of investment interests and report to the Directors accordingly. The Directors only intend to dispose of investments where they consider that appropriate value can be realised for the Fund or where they otherwise believe that it is appropriate to do so. Proceeds from the disposal of investment interests may be reinvested or distributed at the discretion of the Directors.



STAKEHOLDER ENGAGEMENT

The Board is committed to promoting the long-term sustainable success of the Company whilst conducting business in a fair, ethical and transparent manner.

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in Section 172 of the Companies Act 2006 are reported upon. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process.

As an investment company, the Company does not have any direct employees and conducts its core activities through third-party service providers. Each provider has an established track record and through regulatory oversight is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, and employ corporate governance best practice.

The Board strongly believes that fostering healthy and constructive relationships with its broad range of stakeholders and taking into consideration their respective interests as part of its decision-making process should result in increased shareholder value over the long term.

JLEN's principal stakeholders comprise of shareholders, the Investment Manager, commercial service providers, asset-level counterparties, local communities and debt providers. Pages 35 to 37 explains why and how the Company engages with these stakeholders and the actions taken by it to ensure their interests are understood and considered in the Board's strategic decision making. These relationships are considered fundamental to the Company's sustainability and are monitored carefully by the Board.

JLEN recognises that community engagement at our sites is an ongoing process and that at times problems can arise before we can address them; however, it is our stated objective to develop positive relationships with the communities in which we work.

Improving our communications, complaints handling processes and access to relevant information for local residents is an ongoing process, and these goals have formed part of our ESG KPIs. More information can be found on pages 108 to 110.

Appointment of Foresight as Alternative Investment Fund Manager

In January 2022, the Company announced the appointment of Foresight as its external alternative investment fund manager, or AIFM, with discretionary investment management authority for the Company.

Since launch, the Company had been a self-managed alternative investment fund which took its own investment management decisions on the basis of advice from its Investment Adviser. The decision to amend Foresight's mandate was taken in response to the enlarged scale of the Company's portfolio, the volume of environmental infrastructure propositions under consideration by Foresight and consequently the frequency of routine decisions which required Board approval.

To streamline the decision-making process for routine and less significant investment transactions and to provide a framework better suited for the ongoing growth of the investment portfolio, the Board consulted extensively with Foresight and with external advisers to define matters where Board decision-making would be reserved from those where authority would be delegated to Foresight, and agreeing other relevant circumstances where a matter would require escalation to the Board.

Circumstances where an investment transaction would require Board approval include those where:

- the price represents more than 5% of the Net Asset Value of the Company immediately post-acquisition;
- would result in the Company's outstanding borrowings being equal to more than 75% of the amount which the Company is able to borrow at the relevant time;
- if completed, would reasonably be expected to be detrimental to the Company's dividend coverage and;
- would result in the Company being invested in environmental infrastructure that is either reliant on nascent technologies, based in a country or market where the Company was not yet invested, is any way risking being inconsistent with the investment policy, or could be expected to result in adverse publicity for, or otherwise prejudice the reputation of the Company.

The Directors are pleased with Foresight's implementation of the AIFM arrangements to date and believe the revised structure has achieved the desired operational efficiencies, whilst retaining control and oversight over the activities of the Investment Manager.

STAKEHOLDER ENGAGEMENT continued

Implementation of ESG-linked revolving credit facility

In May 2021 the Company agreed terms for a new three-year facilities agreement which provides for a committed multi-currency credit facility of £170 million and an uncommitted accordion facility of up to £30 million.

The facility provides a clear linkage between JLEN's key sustainability metrics and its ESG KPIs and provides for JLEN to incur a premium or benefit from a discount to its margin and commitment fee based on performance against defined ESG targets, including:

- Environmental: increase in the volume of clean energy produced
- Social: the value of contributions to community funds
- Governance: maintaining a low number of work-related accidents, as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences ("RIDDOR") by the Health and Safety Executive

Performance against the targets will be measured annually, beginning in the year ended 31 March 2022, with the cost of the RCF being amended in the following financial year. If successful in achieving these KPIs, the benefits provided throughout the year to a wide audience of stakeholders will in turn benefit the Company and its shareholders with a reduced cost of funding.

For more information on the KPI targets in 2021/22 please see page 90.

Retail share issue

The Board recognises the high level of demand for the Company's shares, evidenced in past issues of new shares, and particularly the growing attention from the retail segment in investment opportunities such as the Company.

In May 2021 the Board announced that the Company had raised £59.6 million pursuant to an oversubscribed placing of new ordinary shares. The May 2021 placing was undertaken largely as an institutional offer and, acting in consultation with the Company's advisers and in response to market feedback, the Board decided as part of the subsequent issue in January 2022 to include an offer for subscription option through which retail investors could subscribe directly for new shares.

The January 2022 issue was significantly oversubscribed, including the offer for subscription which received an exceptionally high level of demand from retail investors. The Board was pleased with the results of the January 2022 issue, particularly through satisfying the apparent demand in the retail investor market, and from such participation by retail investors diversifying the investor base across a broader investor demographic and creating additional liquidity for existing shareholders.

Section 172

The considerations and activities undertaken by the Directors in complying with Section 172(1), (1) to (6), the stakeholder groups concerned and how the Directors have formed their opinion are set out below.

The Board's annual cycle includes four scheduled meetings between the Board and the Investment Manager where the agenda includes updates on matters relevant to items (1)-(6). The reports provided support the decisions taken to meet the objectives for each of the foregoing sections. Supplementing the quarterly meeting schedule are bi-weekly operational meetings between the Board, the Investment Manager and relevant portfolio managers.

The Risk Committee receives a quarterly report on the Company's key counterparty exposures, and relationships with the Company's suppliers, customers and others forms part of the quarterly operational review provided to the Board. A separate agenda item is dedicated each quarter to matters concerning shareholder engagement and sentiment, corporate broking activity, investor profile and media engagement.

The investment vetting process adopted by the Investment Manager in conjunction with the Risk Committee's oversight of the risk management framework ensures consideration is given to items relevant to the Section 172 statement.

Certain key stakeholder groups interface with the Company primarily through the Investment Manager who is responsible for communicating stakeholder concerns and receiving Board input on the actions proposed to achieve a positive outcome through effective engagement.

Annually, the Board meets with the Investment Manager and other key advisers to review the strategic position of the Company, to consider the longer-term factors relevant to the Board's decision making and how such factors may affect the communities and the local environments in which the Company operates.

Section 172

Long-term decisions



Interests of employees



Fostering relationships with suppliers, customers and others



Acting fairly between Company members



Impact on the community and environment



Maintaining high standards of business conduct



Commentary

The Board considers the likely long-term consequences on all stakeholders as a routine part of its decision-making process. In addition, learning gained over the life of the Company provides evidence on which the effectiveness of past decisions can be assessed and is considered as part of the annual strategy day.

Please see pages 21 to 25 – investment objectives, and 26 and 27 – business model.

As an investment company, at a corporate level, the Company does not have any direct employees. However, certain underlying projects of the Company do have employees and their interests are managed at board level by the respective project company and by third-party asset-level counterparties.

Please see pages 112 and 113 – governance KPIs, and page 115 corporate social responsibility.

The Board believes that building effective business relationships with suppliers, customers and other key counterparties is crucial to preserving long-term shareholder value.

Excluding the Investment Manager, at the corporate level, these stakeholders include the Administrator and Company Secretary, Corporate Broker, Legal Counsel, public relations agency and the Auditor and tax advisers. At the operational level, this includes asset-level counterparties, local communities and debt providers.

Please see pages 36 and 37 – stakeholder engagement.

Each decision taken by the Board considers the interests of shareholders as a whole and safeguards are in place to avoid conflicts of interest.

Please see pages 32 and 35 – stakeholder engagement, and pages 130 and 131 – relations with shareholders.

This topic is extensively covered in the Company's Sustainability and ESG Report.

Please see pages 34 and 37 – stakeholder engagement and pages 97 to 115 – sustainability and ESG

The Board strives to meet or exceed the standards expected of a public company owning and investing in renewable infrastructure assets. Examples include the development of the Company's ESG KPIs, implementing an ESG-linked revolving credit facility and adopting and reporting against the TCFD requirements.

Please see pages 49 to 67 – TCFD report, and pages 97 to 115 sustainability and ESG.

STAKEHOLDER ENGAGEMENT continued

Stakeholder engagement on the topics of sustainability and climate change

During the year under review, efforts have been made to engage more proactively with key stakeholders on topics relating to sustainability and climate change.

The Investment Manager engaged with its key counterparties – external asset managers and operations and maintenance providers – on a wide range of sustainability topics, including biodiversity initiatives, scope 2 emissions, health and safety initiatives and community engagement procedures.

This resulted in increased uptake of biodiversity initiatives across the solar portfolio and websites being developed for some of the assets that did not have them in the wind and solar portfolios, to help drive community engagement. Conversations around switching to renewable energy providers were also undertaken and scope 2 emissions data was collected for the first time as part of the Company's TCFD disclosure, which can be found on pages 49 to 67.

Further engagement was undertaken by the Investment Manager internally, with several best practice sessions on the collection of ESG KPIs held for the asset managers. Individual sessions on climate-related risks to the Company's assets were held between each portfolio asset manager and members of the sustainability team to identify climate-related risks and mitigation strategies. The outcome of this engagement can be found in the Strategy and Risk section of the TCFD disclosure on pages 54 to 65.

Stakeholder group

Topics covered

Key counterparties

- Biodiversity initiatives
- "Green" energy suppliers
- Scope 2 emissions
- Community engagement procedures

Investment Manager

- Climate risks and management
- JLEN's suite of ESG KPIs

JLEN Board

- TCFD training, training on AD sustainability credentials, health and safety training, strategy day with ESG and climate change topics covered

Stakeholder engagement metrics

During the period under review, the Company recorded the following stakeholder engagement metrics:

39

meetings attended with institutional shareholders

1

AGM held

produced **four** factsheets, **one** Annual Report, **one** Half-year Report, **one** ESG Report

2

analyst briefings held

3

training sessions attended by the Board and 1 strategy day

50

site visits attended by the Investment Manager

Shareholders

Rationale

Providers of equity finance and recipients of income distributions.

Key stakeholders

- Retail investors
- Institutional investors
- Private client and wealth managers
- Investor platforms
- Pensions and insurance providers
- Proxy voting organisations

How has JLEN communicated and engaged?

- Annual general meeting
- Regular market announcements
- Investor communications including quarterly factsheets
- Dedicated JLEN website
- Investor roadshows hosted via video conference
- Views and feedback sought from institutional shareholders via corporate broker
- Investor research notes produced by QuotedData and frequent articles across traditional print and social media

Key strategic decisions impacting stakeholder group during period

- Declared an increased dividend target of 6.80 pence in line with investment objective, continuing to position JLEN as an attractive proposition for investors seeking income
- Made three portfolio acquisitions which further diversified the portfolio and should prove accretive to NAV in the long term
- Successful completion of the first asset divestment since launch, achieving a marked uplift to the last internal valuation
- Formation of a dedicated ESG Committee to develop and monitor the Company's sustainability and ESG strategies

Investment Manager

Rationale

Key counterparty responsible for delivering the Board's strategy.

Key stakeholders

- Foresight Group
- Foresight Group employees

How has JLEN communicated and engaged?

- Regular Board meetings in Guernsey and via video conference during the period attended by key investment personnel
- Comprehensive assessment of the contractual relationship with the Investment Manager and their performance
- Consulting on proposals and the parameters for delegated authority to take investment decisions
- Monitoring and assessing JLEN's strategic position within the growing environmental infrastructure market and the expected future development of the market
- Fortnightly calls with the Investment Manager to discuss operational matters and investment opportunities under consideration

Key strategic decisions impacting stakeholder group during period

- Determination that the Investment Manager maintains a robust internal control environment, and that the continued appointment of the Investment Manager is in the best interests of shareholders as a whole
- Agreed the framework for Foresight's discretionary investment mandate and the relevant criteria for escalation, creating an efficient decision-making framework better suited to the continued growth of the portfolio and the ongoing relationship with Foresight

STAKEHOLDER ENGAGEMENT continued

Commercial service providers

Rationale

Providers of essential business support services.

Key stakeholders

- Administrator & Company Secretary
- Auditor and tax advisers
- Corporate broker
- Independent valuation specialists
- Legal advisers
- Public relations agency

How has JLEN communicated and engaged?

- Regular scheduled update calls as well as specific interactions on corporate actions and new portfolio acquisitions
- Collaboration with multiple service providers in publication of annual and interim reports
- Annual service provider performance review
- Consulting on regulatory, governance, accounting and taxation matters

Key strategic decisions impacting stakeholder group during period

- Key service providers retained, providing continuity of service and familiarity with the objectives of the Company

Asset-level counterparties

Rationale

Asset-level technical and operational management service providers.

Key stakeholders

- Operations & Maintenance ("O&M") contractors
- Supply chain counterparties
- External management services ("MSA") providers
- Landowners

How has JLEN communicated and engaged?

- Regular update calls with O&M and MSA providers to ensure adequate oversight of portfolio operations
- Focused engagement on value enhancement opportunities, including rationalisation of service provision for cost savings and/or improved services
- Increased scrutiny of, and resource allocation to, emerging risks identified
- Increased emphasis on the internal control framework, to ensure that controls are both robust and effective

Key strategic decisions impacting stakeholder group during period

- Consolidation of insurance services at SPV level across parts of the portfolio
- Acquired three new assets during the period, increasing ongoing servicing requirements from O&M counterparties
- Entered a number of new technology types over the period, including standalone battery storage and low carbon transport
- Successful further upgrade of capacity at Vulcan AD site resulted in increased revenue

Local communities

Rationale

Members of society living in proximity to an asset of the Company, where the operations of that asset may have an impact, whether positive or negative.

Key stakeholders

- Local authorities and agencies
- Local environment
- Community funds
- Local residents
- Landowners

How has JLEN communicated and engaged?

- Frequent engagement with local authorities and other regulators to ensure safe and compliant operation of our assets
- Actively engage with local authorities on construction planning and obtaining necessary planning permissions
- Regular interaction between the owners of land on which our assets operate and the Investment Manager's asset management team
- Conduct educational site visits for local community schools and colleges

Key strategic decisions impacting stakeholder group during period

- JLEN donated over £418k to local community funds over the period, helping to address local needs and promote long-term sustainable and prosperous communities
- Implemented a programme of engagement with a local community, in response to concerns raised by local residents near to one of our sites

Debt providers

Rationale

Providers of long-term debt to finance assets within the portfolio. Providers of short to medium-term debt facilities ("RCF") to finance the acquisition of investment opportunities.

Key stakeholders

- Banks
- Lenders
- RCF agent

How has JLEN communicated and engaged?

- Regular updates provided on covenant compliance and current positioning
- Consulted on the incorporation of ESG metrics into the interest margin and commitment fee payable on the revolving credit facility

Key strategic decisions impacting stakeholder group during period

- Debt remained a key component of funding strategy during the period and the portfolio has utilised revolving debt facilities throughout
- New debt facilities were arranged that included an element of sustainability and ESG linkage; more information on page 90

RISKS AND RISK MANAGEMENT

JLEN has a comprehensive risk management framework overseen by the Risk Committee, comprising independent non-executive Directors.

Risk is the potential for events to occur that may result in damage, liability or loss. Such occurrences could adversely impact the Company's business model, reputation or financial standing. Alternatively, under a well-formed risk management framework, potential risks can be identified in advance and can either be mitigated or possibly even converted into opportunities.

Pages 41 to 48 of this report detail the principal risks that the Directors consider are material which potentially could occur in an environmental infrastructure project such as those invested in by the Company.

Given that the Company delegates certain activities to the Investment Manager and Administrator, reliance is also placed on the controls of the Group's service providers.

In the normal course of business, each project will have developed a rigorous risk management framework including a comprehensive risk register that is reviewed and updated regularly and approved by its Board. The purpose of JLEN's risk management policies and procedures is not to eliminate risk completely, as this is neither possible nor commercially viable. Rather, it is to reduce the likelihood of occurrence and to ensure that JLEN is adequately prepared to deal with risks so as to minimise their impact should they materialise.

Risk identification and monitoring

JLEN has a separate Risk Committee, comprising four 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.

The identification, assessment and management of risk are integral aspects of the Investment Manager'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 Manager and Administrator have established internal controls to manage these risks and they review and consider the Group's key risks with the Risk Committee on a quarterly basis, including new risks arising and/or changes in the likelihood of any particular risk occurring. In the case of new and emerging risks, assessment occurs outside of the quarterly cycle. These systems of internal control were in place for the year under review and continue to be in operation.

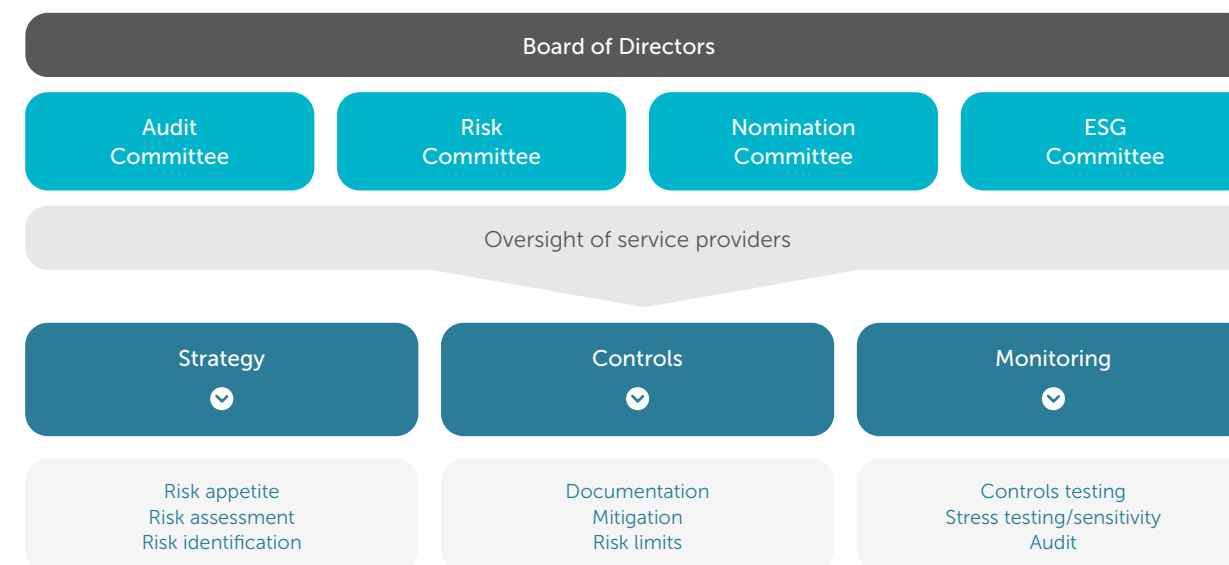
The Board reviews the performance of the Investment Manager and Administrator, as well as other key service providers, annually.

JLEN has a comprehensive risk management framework and risk register that assesses: a) the probability of each identified risk materialising; and b) 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.

The risk register is a "live" document that is reviewed and updated regularly by the Risk Committee as new risks emerge and existing risks change. The principal risks faced by the Group are formally reviewed by the Risk Committee at each quarterly meeting and a report from the Committee is presented to the Board for consideration and approval. Each of the underlying projects is overseen by an experienced general or contracts manager who reports to their individual project board. The general and contract managers maintain strong relationships between clients, sub-contractors and other stakeholders. This ensures effective management of potential risks.

Risk management framework



Emerging risks and risks relevant to the year under review

Covid-19

Since the start of the first lockdown in March 2020, the Company has experience of how the assets have performed considering the challenges presented by the Covid-19 pandemic. Operationally, the portfolio has proven to be resilient, with only the Bio Collectors food waste plant experiencing first-order consequences from lockdown measures through a reduction in food waste volumes from hospitality and commercial customers. This risk is now understood and factored into the valuation. Now, as Covid-19 restrictions are no longer enforced, risks lie more with supply chains that have been disrupted during Covid-19 and are taking time to become re-established. This is further exacerbated by the Russian invasion of Ukraine, which impacts flows of some goods and commodities that are important in the global economy.

Power prices

With the ending of the strict Covid-19 lockdowns and the associated reduction in economic activity that drove down power prices, wholesale electricity and gas prices have rebounded extremely strongly. Existing high prices at the start of 2022 were then pushed even higher by Russia's invasion of Ukraine and the sanctions on Russian fossil fuels that followed.

JLEN's exposure to wholesale power prices is mitigated by the practice of having a substantial proportion of generation for both electricity and gas on fixed price arrangements for durations ranging from six months out to three years. This provides protection in the event that power prices retreat from their current levels, but it also means that portfolio generation assets may not always be free to capture the very highest prices that are available from time to time. JLEN currently has fixes in place for more than 53% of the portfolio to the end of March 2024.

The energy price situation has also raised the risk of energy suppliers that provide PPAs to renewable generators becoming insolvent. During the period, some portfolio companies had an exposure to Bulb Energy, a supplier that was put into Special Administration in November 2021. These exposures have been resolved and resulted in an improvement in JLEN's financial position due to securing improved terms with replacement PPA providers. The Investment Manager continues to monitor the market carefully as it contemplates new PPAs and undertakes to assess the counterparty risk on existing energy suppliers.

RISKS AND RISK MANAGEMENT continued

Emerging risks and risks relevant to the year under review continued

Brexit – legal and regulatory risk

On 31 January 2020, the UK ceased to be a member of the European Union, entering a limited transition period until 31 December 2020. 95% of JLEN's portfolio is located in the UK and none of JLEN's existing assets has experienced legal or regulatory issues stemming from Brexit. The Investment Manager expects the European component of the portfolio to increase in the medium term. Due diligence is conducted on all new acquisitions, including an assessment of legal and regulatory risks whether impacted by Brexit or not, and so the Investment Manager does not expect this aspect of Brexit to be a material risk for the portfolio in the future. Brexit is creating some second-order issues for portfolio companies due to supply chain disruption and this is included as one of the Company's principal risks (see below).

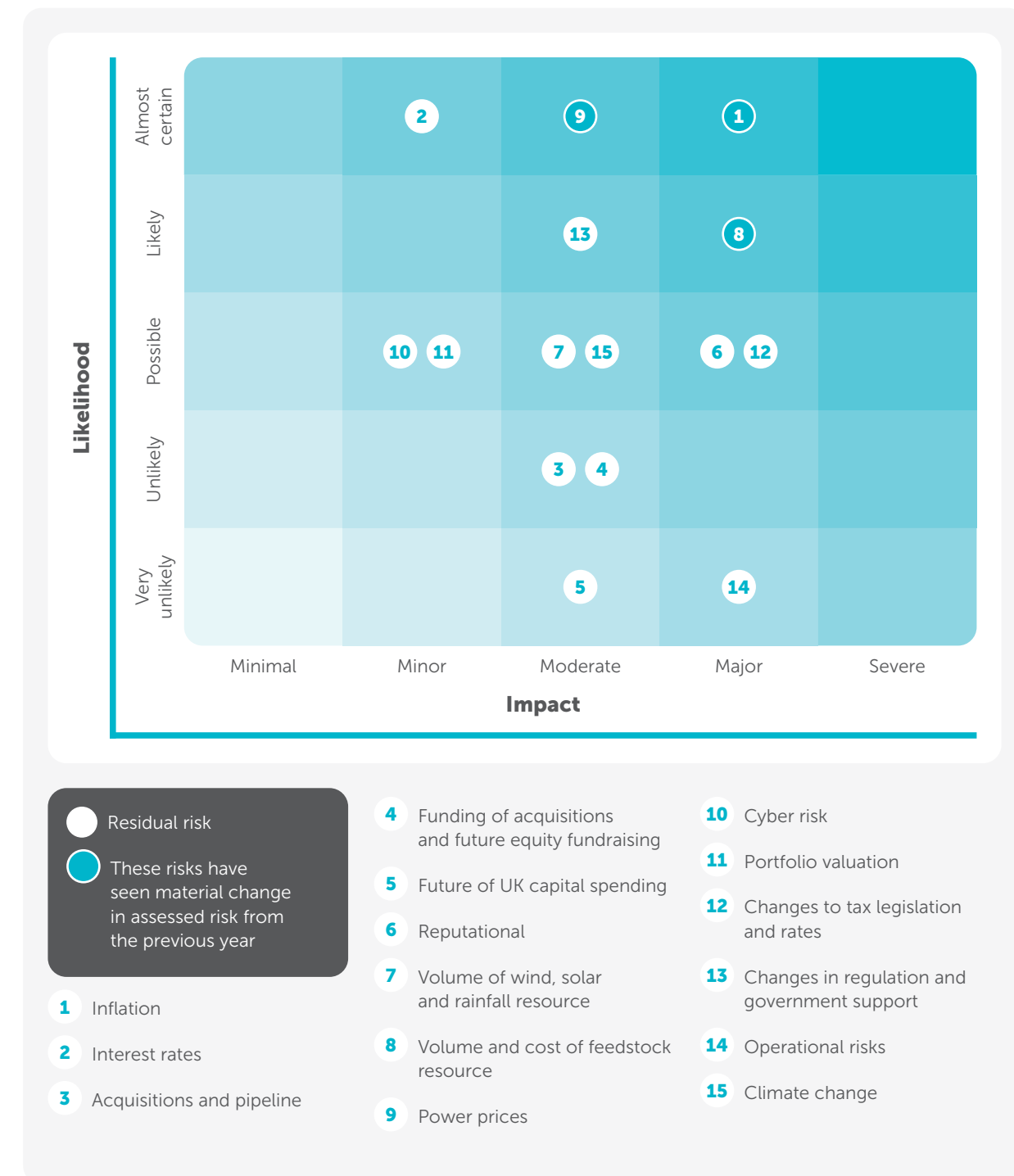
Change of AIFM

In January 2022, JLEN appointed its Investment Manager, Foresight Group, as its external alternative investment fund manager ("AIFM") (more information can be found on page 68). Prior to this, the Company was a self-managed Alternative Investment Fund ("AIF") and Foresight Group was the Investment Adviser. The contract terms remain materially unchanged; however, the AIFM takes more of the day-to-day responsibility for the Fund and it could be considered that there is an increased risk of reliance on the Investment Manager. The risk is mitigated by the relationship that has already been formed with the Investment Manager, including periodic performance assessments and by the Investment Manager's experience in the markets in which JLEN operates.

Cost of living and risk of a windfall tax

With rising electricity and gas prices, there is a risk that governments take action against parties, like the Company, that benefit from these higher prices in order to mitigate the impact on ordinary families. In the UK, the government has recently announced an 'Energy Profits Levy' that imposes a temporary higher rate of tax on UK oil and gas producers. While this Levy does not apply to the electricity generation sector at this time, the government has said that it is aware that the sector has made elevated profits and that it plans to evaluate what steps to take. The emergence of this specific risk has been factored into our current assessment of the principal risk around 'changes to tax legislation and rates'.

This risk map shows our assessment of each area of principal risk after mitigation.



RISKS AND RISK MANAGEMENT continued

JLEN's risk register covers six main areas of risk:



➤ See more in our TCFD report on pages 49 to 67

Each of these areas, together with the principal risks within that category, are summarised in the table below, followed by a detailed discussion of the mitigating factors.

Strategic, economic and political

Risk	Potential impact	Mitigation
<p>1 Inflation</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ (Upward arrow icon)</p> <p>Residual risk: Major</p>	<ul style="list-style-type: none"> The underlying assets in the portfolio, and therefore the returns expected from them, have some exposure to inflation. This ranges from direct exposure such as subsidies and service contracts that increase in line with RPI annually to other revenue and cost items where the link to inflation is not contractual and its effect must be estimated. Nominal discount rates are used in the DCF valuation methodology used to value portfolio assets. There is a risk that discount rates increase in a high inflation environment, impacting valuations. 	<ul style="list-style-type: none"> Returns from the assets in the portfolio are highly correlated with inflation due to revenues from PFI assets, green benefits for renewable energy assets and most operational costs being directly linked to an inflation index. This results in a "natural hedge", removing the need for the use of derivatives to mitigate inflation risk. The change of dividend policy from "inflation-linked" to "progressive" gives the Company additional flexibility to set dividend targets at a sustainable level. In the current high inflation environment, there is greater uncertainty than previously about how long future high inflation will last. JLEN has adopted an assumption of 5% RPI inflation for the current year, dropping to 3% until 2030. Continue to monitor and seek advice from the Company's independent valuation specialist.
<p>2 Interest rates</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ (Upward arrow icon)</p> <p>Residual risk: Moderate</p>	<ul style="list-style-type: none"> The Company has some relatively limited interest rate exposure, through its own cash deposits and bank funding (UK HoldCo revolving credit facility) and deposits and funding within the projects themselves. Interest rates have risen during the year under review and are forecast to rise further to combat inflation. 	<ul style="list-style-type: none"> Through the use of interest rate swaps and fixed rate loans, finance costs are fixed at the time of the contract being signed, substantially reducing interest rate risk. The revolving credit facility has a floating interest charge over SONIA but this is mitigated as the facility provides short-term finance prior to being repaid with capital raise proceeds.

Strategic, economic and political continued

Risk	Potential impact	Mitigation
<p>3 Acquisitions and pipeline</p> <p>Link to Fund objectives</p> <p>Change in year: ↓ (Downward arrow icon)</p> <p>Residual risk: Moderate</p> <p>Links to TCFD</p>	<ul style="list-style-type: none"> JLEN's intention is to grow the portfolio through the acquisition of further environmental infrastructure. However, there is a risk that a pipeline of acquisitions does not materialise or that JLEN is uncompetitive and fails to acquire the desired assets. There is a risk that due diligence carried out on acquisition targets is insufficient and does not reveal all the facts that are relevant to the acquisition, leading to JLEN overpaying. 	<ul style="list-style-type: none"> The Investment Manager continually receives and seeks opportunities from the wider secondary market and developers, both in the UK and overseas, assessing over 500 deals in a typical year for suitability. It has a well-established presence within the market. JLEN's broad environmental infrastructure mandate captures a wider range of potential investments that reaches beyond renewable energy to include assets that support the transition to a low carbon economy or which mitigate the effects of climate change. Recent examples include low carbon transport and storage assets. The Investment Manager commissions a suite of due diligence from suitable consultants that are experts in their fields for every acquisition. The Investment Manager has significant experience of environmental infrastructure assets and the risk areas to address through due diligence. In the event that a consultant fails to identify a risk item within their scope, JLEN can seek to recover any loss it has suffered up to the consultant's liability cap.
<p>4 Funding of acquisitions and future equity fundraising</p> <p>Link to Fund objectives</p> <p>Change in year: ↓ (Downward arrow icon)</p> <p>Residual risk: Moderate</p>	<ul style="list-style-type: none"> There is a risk that JLEN is unable to achieve its stated ambition of growing the portfolio by acquiring new assets due to a lack of funding, both from corporate debt and equity capital from investors. 	<ul style="list-style-type: none"> JLEN raised capital in January 2022, in an oversubscribed equity issue. Since then, the renewable infrastructure sector has performed very well, emphasising its non-correlated nature with mainstream markets that have been negatively impacted by increasing market uncertainties and Russia's invasion of Ukraine. JLEN has two years remaining on its three-year £170 million revolving credit facility and can request a further £30 million uncommitted accordion. This provides flexible short-term finance to pursue acquisitions prior to raising capital, mitigating the risk of inadequate funding affecting growth.

RISKS AND RISK MANAGEMENT continued

Strategic, economic and political continued

Risk	Potential impact	Mitigation
<p>5 Future of UK capital spending and other target geographies</p> <p>Link to Fund objectives</p> <p>Change in year: ↓ Residual risk: Minor</p>	<ul style="list-style-type: none"> Under its investment policy, JLEN is required to hold at least 50% of its portfolio by value in UK assets. JLEN therefore has a significant interest in the future of UK infrastructure spending. There is a risk that spending is either reduced or stopped altogether or that the model used to procure environmental infrastructure and/or renewable energy projects carries a risk profile that would not allow JLEN to invest under its investment policy. 	<ul style="list-style-type: none"> The UK government's adoption of a legally binding commitment to "net zero" carbon emissions by 2050 underpins its support for environmental infrastructure. In addition, JLEN has the ability to mitigate the impact of a slowdown in UK deal flow through overseas acquisitions in order to diversify the portfolio and reduce its reliance on the UK for investment opportunities. Russia's invasion of Ukraine has forced all Western governments to consider the dependence of their energy systems on Russian oil and gas and is leading to accelerated plans for decarbonisation together with increased focus on alternative energy sources like biomethane and hydrogen that would fall within JLEN's investment policy.
<p>6 Reputational</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ Residual risk: Moderate</p>	<ul style="list-style-type: none"> JLEN's activities span a range of environmental infrastructure sectors with multiple touch-points with local stakeholders, regulators, contractual counterparties and other parties who are active in the areas in which JLEN operates. As JLEN grows and its operations become more complex, the risk that JLEN is considered to have acted improperly increases, leading to reputational damage and investors avoiding the Company's shares. JLEN aims to conduct its business in accordance with ESG principles and is public in this aim. The ESG landscape is changing rapidly and there is increased scrutiny of businesses' claims in this area. JLEN could suffer reputational damage if it is considered to be "greenwashing", leading to investors avoiding the Company's shares. 	<ul style="list-style-type: none"> The Company and the Investment Manager endeavour to keep abreast of best practice in this area and emerging issues from the portfolio with the capacity to damage the Company's reputation are elevated to the Board. The Board has set up an ESG Committee chaired by Jo Harrison to focus on this. The Investment Manager has incorporated ESG assessments into its investment processes that are intended to highlight potential weaknesses in target assets' ESG credentials before JLEN invests. JLEN has stated its ESG objectives publicly and has reported on a richer set of ESG metrics to try to measure objective performance towards these objectives.

Operational, business, processes and resourcing

Risk	Potential impact	Mitigation
<p>7 Volume of wind, solar and rainfall resource</p> <p>Link to Fund objectives</p> <p>Change in year: = Residual risk: Moderate</p> <p>Links to TCFD</p>	<ul style="list-style-type: none"> By the very nature of wind, solar and water-related environmental infrastructure projects, their financial performance is dependent on the volume of weather resource available over time, whether measured through wind speeds, irradiance or millimetres of rainfall. 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. 	<ul style="list-style-type: none"> 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. 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. Risks in this area diminish over time as operational track record provides a stronger base for forecasts than consultants' estimates.


Operational, business, processes and resourcing continued

Risk	Potential impact	Mitigation
<p>8 Volume and cost of feedstock resource</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ Residual risk: Major</p> <p>Links to TCFD</p>	<ul style="list-style-type: none"> For environmental infrastructure assets that need to source feedstock or analogous resources, there are risks associated with the volume of feedstock available and the costs or revenues associated with it. If sufficient feedstock is not available for an asset to operate at its optimum level, or feedstock is only available at a cost that is more expensive than the investment case, then JLEN's returns can be materially affected. 	<ul style="list-style-type: none"> The assets in JLEN's portfolio that rely on supplies of feedstock benefit from dedicated staff (whether employed by service providers or directly by the asset) who work to source suitable feedstock at the best price available. For agri-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.
<p>9 Power prices</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ Residual risk: Major</p> <p>Links to TCFD</p>	<ul style="list-style-type: none"> The revenues of the renewable energy generating assets are dependent to some extent on the market price of electricity and natural gas, which is out of the control of JLEN. There is a risk that the actual prices received vary significantly from the model assumptions, leading to a shortfall in anticipated revenues to JLEN. 	<ul style="list-style-type: none"> The risk of exposure to variations in electricity and gas prices from assumptions made is mitigated by JLEN in the following ways: i) short-term PPAs are used to fix electricity and gas prices for between one and three years ahead depending on market conditions and many have floor prices; ii) forward prices based on market rates are used for the first two years where no fix is in place; and iii) quarterly reports from independent established market consultants are used to inform the electricity prices over the longer term used in the financial models. JLEN blends forecasts from three consultants to reduce volatility in assumed prices from period to period. JLEN invests in a diversified portfolio of environmental infrastructure assets that earn revenues that do not depend on merchant power sales. At the year end, 71% of the portfolio's underlying revenues were not related to merchant sales.
<p>10 Cyber risk</p> <p>Link to Fund objectives</p> <p>Change in year: ↑ Residual risk: Moderate</p>	<ul style="list-style-type: none"> There exists a threat of cyber-attack in which a hacker or computer virus may attempt to access the IT systems of the Group, the Investment Manager, the Administrator or one of the project companies and attempt to destroy or use the data for malicious purposes. While JLEN considers that it is unlikely to be the deliberate target of a cyber-attack, there is the possibility that it could be targeted as part of a random or general act. 	<ul style="list-style-type: none"> JLEN has no dedicated IT systems and it relies on those of its service providers, principally the Investment Manager and Administrator, which have procedures in place to mitigate cyber-attacks and have robust business continuity plans in place. Renewables assets are also susceptible to cyber attack, for example if the control systems of wind turbines are targeted, and the Investment Manager is working to understand weaknesses in this area better in order to continue to improve controls to increase security.


Predictable income growth for shareholders Preservation of capital over the longer term Investment, growth and diversification

RISKS AND RISK MANAGEMENT continued


Financial and taxation

Risk	Potential impact	Mitigation
<p>11 Portfolio valuation</p> <p>Link to Fund objectives</p>  <p>Change in year ↑</p> <p>Residual risk Moderate</p>	<ul style="list-style-type: none"> The discount rates used in the valuation exercise represent the Investment Manager's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. Increased underlying interest rates or expectations of prolonged high inflation may lead to increased discount rates being applied by the market and a consequential decrease in the portfolio value. Asset values may not run in parallel to evolving forecasts for future electricity and gas prices and investors should expect some variation in asset valuation from period to period, as and when a material movement from prior expectations is identified. This risk is elevated during the current period of volatility in power markets. 	<ul style="list-style-type: none"> The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics. The gas and electricity generating assets have entered into short-term fixed price arrangements to remove some of the risk associated with changes in power prices. Latest power prices are fixed for 77% of generation for the current summer season and 74% for the upcoming winter 2022 season. A premium has been added to the discount rate for the Cramlington biomass asset as it presents the most material risk to the portfolio valuation from changing merchant power prices. Recent market transactions have supported the view that attractive infrastructure assets remain in high demand with institutional investors. To provide additional assurance to both the Board and JLEN's shareholders with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by Foresight is performed by a leading accountancy firm and an opinion provided to the Directors on a semi-annual basis.


Compliance and legal

Risk	Potential impact	Mitigation
<p>12 Changes to tax legislation and rates</p> <p>Link to Fund objectives</p>  <p>Change in year ↑</p> <p>Residual risk Moderate</p>	<ul style="list-style-type: none"> JLEN values its portfolio based on current enacted corporation tax rates and tax rules in the jurisdictions in which it operates. Changes to these rates or rules in the future could impact the valuation of the portfolio and the level of distributions received from the portfolio. JLEN works closely with expert tax advisers and adopts tax positions which are based on industry practice and in line with the wider Group strategy. However, other than participating in industry consultation processes, there is little within the power of the Company that is able to mitigate changes in corporation tax rates and tax legislation. The UK government has imposed a "windfall tax" on North Sea oil and gas producers in light of the high cost of energy and the extraordinary profits such producers are making. The government has also put the electricity generation sector on notice that it is considering whether such a tax should be extended to include them. If this occurs, it is likely to capture JLEN's renewable electricity generation assets such as wind and solar projects, although it is not possible to quantify the impact of such a move without seeing the detail of how the tax will be levied. 	<ul style="list-style-type: none"> JLEN continues to monitor and participate in any relevant consultation processes with UK HMRC and to assess the impact of any additional changes which may result from the introduction of differing legislation. The increase in the UK corporation tax rate from 19% to 25% from 2023, assumed to remain at that level for the remaining portfolio life, is factored into the valuation. While this risk has now crystallised, there are other possible avenues for government to increase revenues, and so the general risk remains elevated while government deficits remain large. The Investment Manager maintains membership of various trade bodies and participates in lobbying efforts and calls for evidence to support the interests of the renewable energy sector.

Compliance and legal continued

Risk	Potential impact	Mitigation
<p>13 Changes in regulation and government support</p> <p>Link to Fund objectives</p>  <p>Change in year =</p> <p>Residual risk Moderate</p> <p>Links to TCFD</p>	<ul style="list-style-type: none"> JLEN is required to comply with certain regulations, being a Guernsey company listed on the London Stock Exchange, including those under the Alternative Investment Fund Managers Directive ("AIFMD") and the Foreign Account Tax Compliance Act ("FATCA"). There is a risk that failure to comply with any of the relevant rules could result in a negative reputational or financial impact on the Company. The newly emerging area of climate-related disclosures is changing rapidly as understanding of what constitutes best practice evolves. There is a risk that JLEN fails to disclose properly against the new requirements or that investors consider disclosures to be insufficient. 	<ul style="list-style-type: none"> Through a comprehensive compliance monitoring programme, JLEN ensures that it remains well informed as to the legislation, regulation and guidance relevant to both the Company itself as well as the project entities in which it invests. The Board monitors compliance information provided by the Administrator, Company Secretary, Investment Manager and legal counsel and monitors ongoing compliance developments relevant to a Guernsey company listed on the London Stock Exchange. JLEN has voluntarily addressed the requirements of the Task Force on Climate-related Finance Disclosures ("TCFD") in a separate section of this Annual Report.

Asset specific

Risk	Potential impact	Mitigation
<p>14 Operational risks</p> <p>Link to Fund objectives</p>  <p>Change in year =</p> <p>Residual risk Moderate</p>	<ul style="list-style-type: none"> There is a risk that a health and safety event at a JLEN owned site could lead to increased costs at the site to prevent further occurrences. JLEN's reputation could be adversely affected by publicity generated by a health and safety event. There is a risk that poor performance by sub-contractors, or in the event of having to replace a sub-contractor, that a replacement may only be found at a higher cost, could adversely affect project cash flows. In the event of a single project suffering from a material issue, distributions to the Fund could possibly be impacted absolutely or for a period of time whilst the issue is resolved. This includes grid outages and constraints resulting in a project being unable to export power and earn associated revenues. 	<ul style="list-style-type: none"> The portfolio is constantly monitored by the Investment Manager to address risks as they are identified. The use of a diverse range of service providers supplying management, operational and maintenance services ensures any failure of a single service provider has a minimal impact on the portfolio as a whole. This risk is mitigated in part by the diversification represented by JLEN's portfolio of assets. The portfolio has material damage and business interruption insurance policies in place to cover against potential losses, although these do not typically cover grid outages. Asset managers mitigate the impact of this by maintaining a dialogue with network operators and influencing when such outages occur. The Board has in place a regime, overseen by the Audit Committee, which provides the necessary comfort that the internal control systems at the Investment Manager, the Administrator and the operating companies are effective. Each of the project assets have health and safety policies that are adopted and monitored by the project board of directors. Health and safety is a standing item on board agendas, and reporting on accidents and RIDDORs is received at every board meeting. Regular health and safety audits on the projects are carried out by independent specialists.

RISKS AND RISK MANAGEMENT continued

ESG

Risk

15 Climate change

Link to Fund objectives

Change in year: Residual risk: Moderate

Potential impact

Climate change risk has been assessed as part of JLEN's TCFD report. For more information, see pages 49 to 67.

Mitigation

Climate change risk has been assessed as part of JLEN's TCFD report. For more information, see pages 64 and 65 for mitigations.

TCFD report



Introduction

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

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

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

In respect to recommended disclosure 4C (found in the metrics and targets section on pages 66 and 67) to describe the targets used by JLEN to manage climate-related risks and opportunities and performance against these targets, while baseline data has been collected for climate-related metrics for 2022, JLEN plans to set targets against these in 2023.

Limitations of the disclosure

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

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

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

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



RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

▶ See pages 52 and 53



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

- Disclosure:**
- a. Describe the Board's oversight of climate-related risks and opportunities.
 - b. Describe management's role in assessing and managing climate-related risks and opportunities.

Where reported:
Pages 52 and 53

- Key initiatives in 2021/22:**
- Enhanced the Company's oversight procedures in this area with the setting up of a separate ESG Committee to sit alongside the Risk and Audit Committees
 - Welcomed Jo Harrison to the Board of Directors. Jo has specialist knowledge in areas of sustainability and ESG
 - Included TCFD training as part of JLEN's training and strategy day

- Planned initiatives in 2022/23:**
- Further training on climate-related topics for both the Board and the Investment Manager

Strategy

▶ See pages 54 to 63



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

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

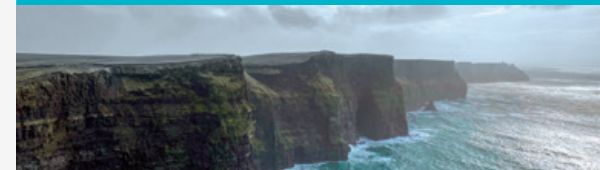
Where reported:
Pages 54 to 63

- Key initiatives in 2021/22:**
- Developed the internal and external approach to reporting on and assessing climate-related risks and opportunities
 - Started to develop climate scenario modelling capabilities using in-house resources and external expertise
 - Increased engagement with key counterparties at the asset level on the subject of sustainability
 - Streamlined the approach to asset-specific assessments for TCFD and EU taxonomy reporting

- Planned initiatives in 2022/23:**
- Continue to develop scenario modelling capabilities and measure and assess the financial impact of these sensitivities

Risk management

▶ See pages 64 and 65



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

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

Where reported:
Pages 64 and 65

- Key initiatives in 2021/22:**
- Reviewed and enhanced the approach to climate risk reporting within the JLEN risk framework
 - Undertook an exercise with Foresight's portfolio managers to review physical risks to the assets in the portfolio
 - Further developed the JLEN reporting framework by classifying principal risks that have a climate change aspect. Included a risk heat map that also shows climate change risk

- Planned initiatives in 2022/23:**
- The Investment Manager's Head of Risk is conducting a comprehensive review of the risk management framework, which is planned to include significant climate risk analytics

Metrics and targets

▶ See pages 66 and 67



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

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

Where reported:
Pages 66 and 67

- Key initiatives in 2021/22:**
- Collected scope 1 and 2 emissions data in portfolio management software tool
 - Worked with portfolio data management software developer to tailor software specific to Foresight's ESG and sustainability requirements
 - Collected data against climate-related metrics as part of the ESG metrics announced in the Annual Report 2021
 - Continued to develop approach to collect scope 3 emissions data

- Planned initiatives in 2022/23:**
- Collect scope 3 emissions data
 - Continue to develop the approach to ESG KPIs and set targets against them

RISKS AND RISK MANAGEMENT continued

TCFD report continued

Governance

▶ See pages 52 and 53

Strategy

▶ See pages 54 to 63

Risk management

▶ See pages 64 and 65

Metrics and targets

▶ See pages 66 and 67

TCFD recommended disclosures:

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

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

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

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

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

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

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



Climate change-related training and informational sessions:

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

May 2022 – Climate change training session with external consultant

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

Assessing and managing climate-related risks

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

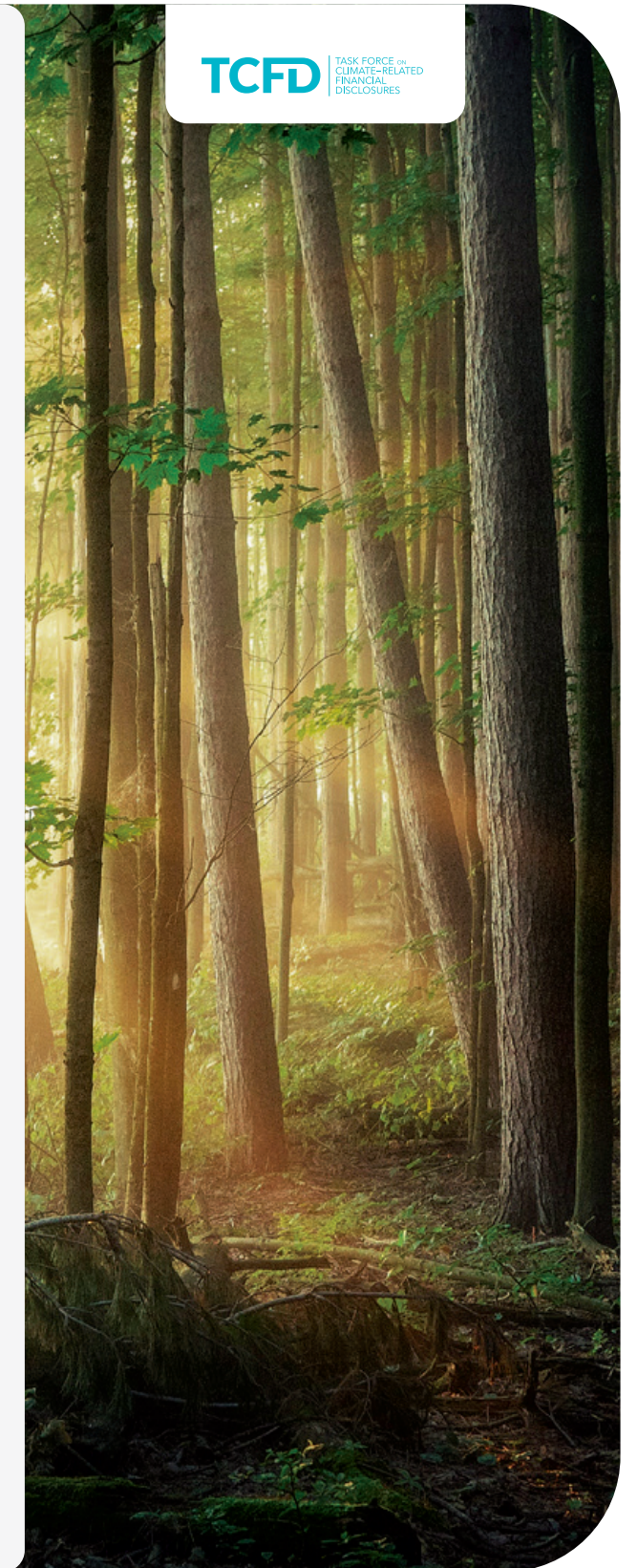
Assessing and managing climate-related opportunities

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

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

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

At an investment level, the consideration of the sustainability credentials of environmental infrastructure opportunities and their physical resilience to climate-related risks is undertaken in accordance with a set of sector-specific assessment parameters underlying the five key areas of Foresight's proprietary Sustainability Evaluation Tool. Transition risks are considered by the Investment Manager's valuation team and these risks are then escalated to the Company's risk register and the Board, if appropriate. Transition opportunities are considered more holistically by the Investment Committee and as part of the Company's strategy. Further details of Foresight's approach to sustainability and how this is carried through practically to assessing climate-related risks and opportunities is set out on pages 103 and 104.



RISKS AND RISK MANAGEMENT continued

TCFD report continued

Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

TCFD recommended disclosures:

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

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

Transition risks:

These are risks related to the transition to a net zero or low carbon future. These risks fall into four categories: policy and legal risk, technological risk, market risk and reputational risk. See page 63.

Physical risks:

These are the potential physical impacts of both **acute** and **chronic** extreme weather events or changes to climate patterns. In this report the physical risks as set out in the EU taxonomy were considered; more information is set out on pages 61 and 62.

Opportunities

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

Impact

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

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

The risks and opportunities and processes of assessment are considered in more detail on pages 56 to 59.



RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

Risk register key:

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

➤ See more in our risks section on pages 42 to 48

Top climate-related risks for the Company

Risks				
	Changes to power prices as a result of climate change	Extreme weather-related events	Changes in regulation and government support	Displacement of existing assets with new or other technologies
Description	<ul style="list-style-type: none"> Lower than forecast power prices due to warmer winters or increased renewables deployment Increased power prices due to short-term shocks/decreased energy supplies from low wind resource or problems in the gas network could lead to governments turning to less sustainable ways of generating energy that are available in the shorter term – e.g. coal 	<ul style="list-style-type: none"> Extreme weather-related events, either chronic (e.g. changing wind patterns, heat stress, rising sea levels) or acute (e.g. storms, heat wave, drought, floods), causing damage to Company assets or negatively impacting their production 	<ul style="list-style-type: none"> Changes in regulation to sectors in which JLEN is already invested e.g. energy-from-waste not meeting criteria to be considered aligned to the EU taxonomy Changes in farming regulation which impact the agri AD portfolio Government support for short-term energy solutions that negatively impact the transition to a low carbon future e.g. support of coal 	<ul style="list-style-type: none"> As more resource and scientific-backed research is dedicated to achieving net-zero goals, technologies could be developed that make current renewables or environmental infrastructure technologies obsolete. An example of this could be fusion power displacing all other forms of energy Other technologies such as nuclear or coal being prioritised in the short to medium term
Probability	Likely	Likely	Possible	Unlikely
Level of residual risk	Moderate	Negligible	Negligible	Minor
Time period	S M L	M L	S M	M L
Physical or transition risk/opportunity	Transition (market)	Physical (acute, chronic)	Transition (policy and regulation, reputational)	Transition (technological)
Investment Manager response	<ul style="list-style-type: none"> The majority of assets in the portfolio earn revenues that are not dependent on merchant power sales and various mechanisms are in place to help mitigate the risk of lower power prices (see principal risks on pages 42 to 48) Arguments for supporting less sustainable alternatives to manage short-term power price shocks are, on the whole, not supported by society although sometimes short-term pragmatism overrides this 	<ul style="list-style-type: none"> Having conducted a review of the physical risks to the portfolio (see pages 61 and 62), the physical risks are largely localised and the impact of a single event or limited set of events is deemed to have a negligible impact to the overall portfolio; nevertheless, this is kept under close review by the Investment Manager Further information on the mitigations considered against volume of resource can be found in the risk management section on pages 44 and 45 	<ul style="list-style-type: none"> Given the diversified nature of the assets, the impact is likely to be limited to a single asset or small part of the portfolio The risk over the long term is considered negligible as other avenues or solutions would be found for the asset or technology affected, such as selling an asset or finding alternative sources of feedstock 	<ul style="list-style-type: none"> It is considered more likely that new technologies would be developed and JLEN is well positioned to invest in new energy solutions once they become proven at scale. It is unlikely that a single solution would be found for all the energy needs, but if it were, this would necessitate considerable buildout beyond the lifetime of JLEN's assets
Impact	S F C	S C	S F	S F
Risk register	9 7 8 15	7 8 15	13 15	3 15

Time period key:

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

Impact key:

S Strategy F Financial planning C Company's investments

RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

Top climate-related opportunities for the Company

Opportunities				
	Increased demand for environmental infrastructure and businesses which support the transition to a low-carbon economy	Increased governmental support for environmental infrastructure projects	Technological developments and buildouts in environmental infrastructure	Changes in weather patterns leading to buildout of certain types of environmental infrastructure or business
Description	<ul style="list-style-type: none"> Increased demand for infrastructure which helps to balance the intermittent generation profile of renewables – e.g. battery storage Increased demand for shorter-term solutions to reach net zero by 2050, e.g. CNG refuelling stations as a low carbon transport option while other solutions such as hydrogen power are further developed 	<ul style="list-style-type: none"> Government policies aimed at facilitating the transition to a net zero carbon economy may subsidise certain technologies to increase their uptake or buildout, creating further opportunities for investment by JLEN 	<ul style="list-style-type: none"> As new technologies become better developed, the Company is well positioned to invest in a diversified range of projects 	<ul style="list-style-type: none"> Changes in weather patterns could lead to opportunities for new types of infrastructure or further investment into existing categories. An example of this could be flood defence infrastructure in response to increased rainfall or sea level rise or controlled environment agriculture facilities in response to higher temperatures
Level of opportunity	High	Medium	Medium	High
Time period	S M L	S M L	S M	M L
Physical or transition risk/opportunity	Transition (market)	Transition (policy and legal)	Transition (technological)	Physical
Investment Manager response	<ul style="list-style-type: none"> JLEN is already well positioned to invest in environmental infrastructure sectors that support the transition to a low carbon economy, as can be demonstrated in the market and opportunities section on pages 10 and 11 	<ul style="list-style-type: none"> Government support of emerging sectors will change the risk profile and may open up areas that would otherwise be insufficiently attractive for JLEN investment 	<ul style="list-style-type: none"> Attractiveness of investment opportunities will also depend on the business models as well as the proven nature of the technology 	<ul style="list-style-type: none"> The Investment Manager reviews c.500 deals a year in the environmental infrastructure space which allows it to take advantage of these opportunities as they arise
Impact	S F	S F	S F	S F C

Time period key:

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

Impact key:

S Strategy F Financial planning C Company's investments

RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

Resilience

JLEN believes that resilience is supported by owning a portfolio that is diversified by location, technology, resource use and revenue make-up. At the business level, the Investment Manager engages with a range of specialists across different areas of expertise and levels of the business to help drive and maintain a resilient portfolio. Risks and opportunities are also assessed within the framework discussed on page 65 and on an ad hoc, day-to-day basis.

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

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

Scenario	Estimated warming (2041–2060) ⁽¹⁾	IPCC scenario
Very low GHG emissions: CO ₂ emissions cut to net zero around 2050. Considered best case scenario if net-zero targets are met.	1.6°C	Net zero, broadly equivalent to SSP1-1.9 ⁽²⁾
Intermediate GHG emissions: CO ₂ emissions around current levels until 2050, then falling but not reaching net zero by 2100. Considered "middle of the road" scenario.	2.1°C	SSP2-4.5
Very high GHG emissions: CO ₂ emissions triple by 2075. Considered worst case scenario.	2.5°C	SSP5-8.5

Climate change risk assessment methodology

What are climate change scenarios?

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

Source: The IPCC

Physical risk assessment

Methodology

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

This year an exercise was undertaken to review these risks through the lens of specific climate-related risks. Initially, these risks were considered as part of an exercise to review the portfolio's compliance with the EU taxonomy (more information on page 103). The EU taxonomy recognises a non-exhaustive list of climate-related physical risks and this list was adapted for the JLEN portfolio.

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

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

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

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

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

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

RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

Physical risk assessment continued

Limitations of the assessment

Top climate-related physical risks (assuming methodology considered on page 61)

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

Future climate scenarios

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

The IPCC pathway SSP5-8.5 was used to assess a high physical risk scenario on the JLEN portfolio. The assessment was conducted using the methodology described on page 61.

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

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

Therefore, the climate-related risks to the portfolio do not change significantly from those assessed in the physical climate-related risk assessment on a 2°C or lower scenario as detailed on page 62.

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

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

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

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

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

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

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

Limitations of the assessment

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

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

RISKS AND RISK MANAGEMENT continued

TCFD report continued

Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67



TCFD recommended disclosures:

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

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

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

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

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

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

Variability of weather resource

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

Falling volumes of resource on the waste and wastewater projects

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

Assumptions made regarding resource

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

Feedstock resource

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

Further information on the Company's processes for managing climate-related risks can be found on pages 38 and 39 and further information on the Company's climate-related risks can be found on pages 62 and 63.

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

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

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

Review by Foresight Head of Risk

Risks reviewed at asset level

Investment management team
Asset management team
Key external counterparties

Sustainability risks identified

Assessment and collation of sustainability strengths, weaknesses and risks to the investment input into the Foresight SET (more information on page 103)

Identified risks added to the JLEN risk register

Risks identified in the SET are reviewed by Co-lead Investment Managers
Mitigation strategies identified

Review of risk register by JLEN Board

Risks presented to the JLEN Risk Committee and ESG Committee to discuss mitigations and also monitor potential improvements

Risks and mitigation strategy

Risks reviewed and mitigation strategies agreed by the JLEN Board and the Investment Manager

Implementation of risk mitigation strategies

RISKS AND RISK MANAGEMENT continued

TCFD report continued



Governance

➤ See pages 52 and 53

Strategy

➤ See pages 54 to 63

Risk management

➤ See pages 64 and 65

Metrics and targets

➤ See pages 66 and 67

TCFD recommended disclosures:

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

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

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

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

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

More information on the Foresight SET can be found on pages 103 and 104.

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

What are scope 1, 2 and 3 emissions?

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

Scope 1: direct emissions from owned or controlled sources.

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

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

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

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

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

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

Caveats to the data:

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

Data sources:

Calculation methodologies available at TCFD Hub

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

JLEN's business is inherently linked to matters of climate change. JLEN's ESG-linked loan facility includes a target against generation of clean energy which can be directly linked to tonnes of CO₂ avoided. During 2021/22 JLEN produced 1,314GWh of clean energy, which equates to 905,906 tCO₂e avoided (compared with burning coal to produce energy). Further information and methodology can be found on page 106.

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

JLEN records a range of other metrics that help to develop an understanding of the direct and indirect environmental characteristics of the portfolio. These can be found on pages 105 to 112.

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

THE INVESTMENT MANAGER

JLEN is managed by Foresight Group LLP, an alternative investment fund manager with over £8.7 billion of assets under management and over 300 infrastructure assets.



Chris Tanner

Co-lead Investment Manager

Chris has been the co-lead Investment Manager to JLEN since IPO.

He joined Foresight in 2019 as a Partner and currently works in the London office. He has over 23 years of industry experience.

Chris is a Member of the Institute of Chartered Accountants in England and Wales and has an MA in Politics, Philosophy and Economics from Oxford University.

About Foresight Group

Foresight Group was founded in 1984 and is a leading infrastructure and private equity investment manager. With a long-established focus on ESG and sustainability-led strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets. Foresight manages over 300 infrastructure assets with a focus on solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects, energy efficiency management solutions, social and core infrastructure projects and sustainable forestry assets. Its private equity team manages eight regionally focused investment funds across the UK and a SME impact fund supporting Irish SMEs. This team reviews close to 2,500 business plans each year and currently supports more than 130 SMEs. Foresight Capital Management manages four strategies across six investment vehicles with an AUM of over £1.6 billion.



Chris Holmes

Co-lead Investment Manager

Chris has been co-lead Investment Manager to JLEN since January 2018.

He joined Foresight in 2019 as a Partner in the London office. He has over 24 years' experience in infrastructure investment and financing in PFI/PPP and renewable energy projects.

Chris has a BA (Hons) in Business Economics from the University of Durham.

Foresight operates from 12 offices across six countries in Europe and Australia with AUM of £8.7 billion as at 31 March 2022. Foresight Group Holdings Limited listed on the Main Market of the London Stock Exchange in February 2021 www.fsg-investors.com/

Updates over the period

In January 2022, JLEN appointed its Investment Manager, Foresight Group LLP, as its external alternative investment fund manager ("AIFM") with discretionary investment management authority for the Company. For more information, please see page 31.

Q&A WITH LILY CROMPTON, GROUP SUSTAINABILITY LEAD

Q What have been your highlights over the last year working at Foresight?

A I am now the Group Sustainability Lead at Foresight Group – I joined the business last year originally to support the infrastructure division in driving sustainability performance improvements across the portfolio. In that role I developed a suite of sustainability KPIs for our assets under management, working with asset managers and operations and maintenance contractors to establish how best to report against these new metrics. The end goal being to enable us to demonstrate continual improvement, identify inefficiencies and establish improvement plans for our assets from construction, into operation and through to disposal. The development of these KPIs has been a real highlight for me and I was able to use the good work that JLEN had already started on in this area to drive a wider approach for the whole Group.

Q Tell us about your background

A My background is very much as a sustainability professional, I've been working in the sustainability field for over 13 years. I've worked on delivering sustainable outcomes across major infrastructure projects such as Crossrail and Thameslink in London, as well as working on new office buildings in Canary Wharf under strict sustainability assessment methodologies. My work to date has spanned rail, the built environment, infrastructure, including offshore wind farms, and even a small amount of work on a proposed space port up in Scotland. My work has also led me to create and deliver sustainability strategies which is what my role at Foresight entails.

At university I studied Environmental Management and my career started off with a heavy focus on the environment and quickly developed into the more holistic approach to sustainability. I was always passionate about conserving nature, managing resources better and being an efficient business through better management of materials and money – however the shift towards sustainability really opened my eyes to the social side of sustainability too and this continues to be a big driver in everything that I do.

Q What is your vision for Sustainability at Foresight?

A I will be spending some time later this year to put in place a formal sustainability mission statement for the business which will lead to a set of objectives that we can all support. My personal objective is for everyone in our business to understand what their role is in delivering sustainable outcomes, whatever their business function – we are all accountable and we can all make a positive contribution to the company's sustainability outcomes. I want to build a work environment that makes it obvious from the minute a new member of staff or visitor walks into one of our offices that we make every decision with sustainability in mind. Sustainability isn't just about investing in the "right" products, it is about embedding it into the little things too – I think a lot of us are switched on to being relatively sustainable but there are always more things we can do to assist in this when we have the proper frameworks in place.

INVESTMENT POLICY

The Company seeks to achieve its objectives by investing in a diversified portfolio of environmental infrastructure.

JLEN defines environmental infrastructure 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.

Environmental infrastructure that the Company invests in typically has one or more of the following characteristics:

- they have the benefit of long-term, predictable cash flows, which may be wholly or partially inflation-linked; and/or

- they are supported by long-term contracts or stable and well-proven regulatory and legal frameworks; and/or

- they feature well-established technologies, and demonstrable operational performance.

Environmental infrastructure is defined by the Company as infrastructure assets, projects and asset-backed businesses that:

Utilise natural or waste resources

Support more environmentally friendly approaches to economic activity

Support the transition to a low carbon energy

Mitigate the effects of climate control



Wind



Anaerobic digestion



Solar



Waste & bioenergy



Low carbon & energy efficiency



Hydro

Further diversification

Agriculture/bioengineering supply chain businesses

Low carbon transport

Controlled environment agriculture/aquaculture

Waste to fuels

Smart cities/energy efficiency

Hydrogen economy

The Company will invest in environmental infrastructure either directly or through holding structures that give the Company an investment exposure to environmental infrastructure. The Company's investment interests in environmental infrastructure may include partnership equity, partnership loans, membership interests, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the Company invests or may invest.

Whilst there are no restrictions on the amount of the Company's assets that may be invested in any individual type of environmental infrastructure, the Company will, over the long term, seek to invest in a diversified spread of investments both geographically (although the UK will represent a minimum of 50% of the portfolio by value) and across different types of environmental infrastructure in order to achieve a broad spread of risk in the Company's portfolio.

The Company will also ensure that its investment portfolio comprises a minimum of five investments at any given time, save that this requirement shall not apply when the Company is being wound up or dissolved.

As technologies and the markets in which they contract develop and become established, future investments may differ from those currently within the portfolio. These assets may incorporate new technologies that have a demonstrable track record or traditional infrastructure projects with features such as greater exposure to merchant markets in feedstock or by-products.

Investment restrictions

With the objective of achieving a spread of risk, the following investment restrictions will apply to the acquisition of investment interests in the portfolio:

- the substantial majority of investments in the portfolio by value and number will be operational. The Company will not acquire investment interests in any investment if, as a result of such investment, 25% or more of the NAV is attributable to projects that are in construction and are not yet fully operational;
- at least 50% of the portfolio (by value) will be based in the UK and the Company will only invest in environmental infrastructure located in the UK, member states of the European Union or OECD countries and, accordingly, the Company will not make any investment if, as a result of such investment, more than 50% of the Net Asset Value immediately post-acquisition would be attributable to investments that are not based in the UK; and
- it is intended that interests in any single investment acquired will not have an acquisition price (aggregated with the value of any existing investment in the relevant project, asset or business if relevant) greater than 25% of the Net Asset Value immediately post-acquisition. In no circumstances will a new acquisition exceed a maximum limit of 30% of the Net Asset Value immediately post-acquisition.

INVESTMENT POLICY continued

Borrowing and gearing

The Company intends to make use of short-term debt financing to facilitate the acquisition of investments (either by itself or by one of its subsidiaries). Borrowing may be secured against the assets within the portfolio. It is intended that such debt will be repaid periodically by the raising of new equity finance by the Company. The level of such debt is limited to 30% of the Company's Net Asset Value immediately after the acquisition of any further investment. Such debt will not include (and will be subordinate to) any project-level gearing or borrowings by assets or businesses in which the Company may invest which shall be in addition to any borrowing at Company level.

The Company may acquire investment interests in respect of projects that have non-recourse project finance in place at the project entity level. The Company will target aggregate non-recourse financing attributable to renewable energy generation projects not exceeding 65% of the aggregate gross project value of such projects. The Company will target aggregate non-recourse financing attributable to projects structured as PFI/PPP projects not exceeding 85% of the aggregate gross project value of such projects. The Company will not invest in any project that would cause the Company to be in breach of the targeted limits set out in this paragraph if the Directors do not reasonably believe that the relevant target leverage limit can be achieved within six months of the date of investment in that project. It is therefore possible that the Company may exceed the targeted gearing limits set out in this paragraph, but only in circumstances where the Directors reasonably believe that such breach can be cured (by achieving the relevant target leverage limit) within six months of the date of investment in the relevant project.

Hedging

Where investments are made in currencies other than pounds sterling, the Company will consider whether to hedge currency risk in accordance with the Company's currency and hedging policy as determined from time to time by the Directors. Interest rate hedging may be carried out to provide protection against increasing costs of servicing debt drawn down by the Company to finance investments.

This may involve the use of interest rate derivatives and similar derivative instruments. Hedging against inflation may also be carried out where appropriate and this may involve the use of RPI swaps and similar derivative instruments. The currency, interest rate and any inflationary hedging policies will be reviewed by the Directors on a regular basis to ensure that the risks associated with movements in foreign exchange rates, interest rates and inflation are being appropriately managed.

Any hedging transactions (if carried out) will only be undertaken for the purpose of efficient portfolio management to enhance returns from the portfolio and will not be carried out for speculative purposes. The execution of hedging transactions is at the discretion of the Investment Manager, subject to the policies set by and the overall supervision of the Directors.

Cash balances

Pending reinvestment or distribution of cash receipts or repayments of any outstanding indebtedness, cash received by the Company will be invested in cash, cash equivalents, near-cash instruments, money market instruments and money market funds and cash funds. The Company may also hold derivative or other financial instruments designed for efficient portfolio management or to hedge interest, inflation or currency rate risks. The Company and any other member of the Group may also lend cash which it holds as part of its cash management policy.

Origination of further investments

Each of the investments comprising the portfolio comply with the Company's investment policy and further investments will only be acquired if they comply with the Company's investment policy.

Subject to due diligence and agreement on price, the Fund will seek to acquire those investments that fit the investment objectives and investment policy of the Company. If, in the opinion of the Directors, the risk characteristics, valuation and price of the prospective investment are acceptable and consistent with the Company's investment objective and investment policy, then (subject to the Fund having sufficient sources of capital) an offer will be made (without seeking the prior approval of shareholders) and, if successful, the investment will be acquired by the Fund.

The Investment Manager will be subject to the overall supervision of the Board, following appointment of Foresight Group as AIFM some investment decisions have been delegated to Foresight Group. Approvals for large investments or investments into sectors new to JLEN are reserved for the Board, all of whom are independent of the Investment Manager.

Potential disposal of investments

Whilst the Directors may elect to retain investment interests in the portfolio of investments that the Company acquires, and any other further investments made by the Company over the long term, the Investment Manager will regularly monitor the valuations of such investments and any secondary market opportunities to dispose of investments and report to the Directors accordingly. The Directors only intend to dispose of investments where they consider that appropriate value can be realised for the Company or where they otherwise believe that it is appropriate to do so. Proceeds from the disposal of investments may be reinvested or distributed at the discretion of the Directors.

Amendments to and compliance with the investment policy

Material changes to the investment policy of the Company may only be made in accordance with the approval of the shareholders by way of ordinary resolution and (for so long as the ordinary shares are listed on the official list maintained by the Financial Conduct Authority) in accordance with the Listing Rules. Minor changes to the investment policy must be approved by the Directors.

The investment restrictions detailed above apply at the time of the acquisition of investment interests and the values of existing investment interests shall be as at the date of the most recently published NAV of the Company, unless the Directors believe that such valuation materially misrepresents the value of the Fund's investment interests at the time of the relevant acquisition. The Fund will not be required to dispose of investment interests and to rebalance its portfolio as a result of a change in the respective valuations of investment interests.






In conjunction with the Investment Manager, the Board is considering whether to amend the investment policy to allow the Company to deploy a limited amount of capital into projects that are at a pre-construction stage. This is in response to developments in the market for environmental infrastructure assets where investors interested in long-term ownership of assets provide capital to developers at an earlier stage in order to secure privileged access to pipeline and potentially enhanced returns.


INVESTMENT PORTFOLIO AND VALUATION

Portfolio value increased to £795.4 million at 31 March 2022 from £571.4 million at 31 March 2021.

Investment portfolio

At 31 March 2022, the Group's investment portfolio comprised interests in 37 project vehicles and investments into several European projects through its investment in FEIP.

Type	Asset	Location	Type	Ownership	Capacity (MW)	Commercial operations date
	Bilsthorpe	UK (Eng)	Wind	100%	10.2	Mar 2013
	Burton Wold Extension	UK (Eng)	Wind	100%	14.4	Sep 2014
	Carscreugh	UK (Scot)	Wind	100%	15.3	Jun 2014
	Castle Pill	UK (Wal)	Wind	100%	3.2	Oct 2009
	Dungavel	UK (Scot)	Wind	100%	26.0	Oct 2015
	Ferndale	UK (Wal)	Wind	100%	6.4	Sep 2011
	Hall Farm	UK (Eng)	Wind	100%	24.6	Apr 2013
	Llynfi Afan	UK (Wal)	Wind	100%	24.0	Mar 2017
	Moel Moelogan	UK (Wal)	Wind	100%	14.3	Jan 2003 & Sep 2008
	New Albion	UK (Eng)	Wind	100%	14.4	Jan 2016
Wear Point	UK (Wal)	Wind	100%	8.2	Jun 2014	
	Biogas Meden	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽¹⁾	Mar 2016
	Egmere Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Nov 2014
	Grange Farm	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Sep 2014
	Icknield Farm	UK (Eng)	Anaerobic digestion	53%	5.0 ⁽¹⁾	Dec 2014
	Merlin Renewables	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2013
	Peacehill Farm	UK (Scot)	Anaerobic digestion	49%	5.0 ⁽³⁾	Dec 2015
	Rainworth Energy	UK (Eng)	Anaerobic digestion	100%	2.2 ⁽⁴⁾	Sep 2016
	Vulcan Renewables	UK (Eng)	Anaerobic digestion	100%	13 ⁽²⁾	Oct 2013
	Warren Energy	UK (Eng)	Anaerobic digestion	100%	5.0 ⁽²⁾	Dec 2015
		Amber	UK (Eng)	Solar	100%	9.8
Branden		UK (Eng)	Solar	100%	14.7	Jun 2013
CSGH		UK (Eng)	Solar	100%	33.5	Mar 2014 & Mar 2015
Monksham		UK (Eng)	Solar	100%	10.7	Mar 2014
Panther		UK (Eng)	Solar	100%	6.5	2011-2014
Pylle Southern		UK (Eng)	Solar	100%	5.0	Dec 2015
	Bio Collectors	UK (Eng)	Waste management	70%	11.7 ⁽⁵⁾	Dec 2013
	Codford Biogas	UK (Eng)	Waste management	100%	3.8 ⁽⁴⁾	2014
	Cramlington Renewable Energy Developments	UK (Eng)	Biomass combined heat and power	100%	32.0 ⁽⁶⁾	2018
	ELWA	UK (Eng)	Waste management	80%	n/a	2006
	Energie Technologie Ambiente ("ETA")	Italy	Energy-from-waste	45% ⁽⁷⁾	16.8	2012
	Tay	UK (Scot)	Wastewater	33%	n/a	Nov 2001
	Northern Hydropower	UK (Eng)	Hydropower	100%	1.8 ⁽⁸⁾	Oct 2011 & Oct 2017
	Yorkshire Hydropower	UK (Eng)	Hydropower	100%	2.0 ⁽⁸⁾	Oct 2015 & Nov 2016

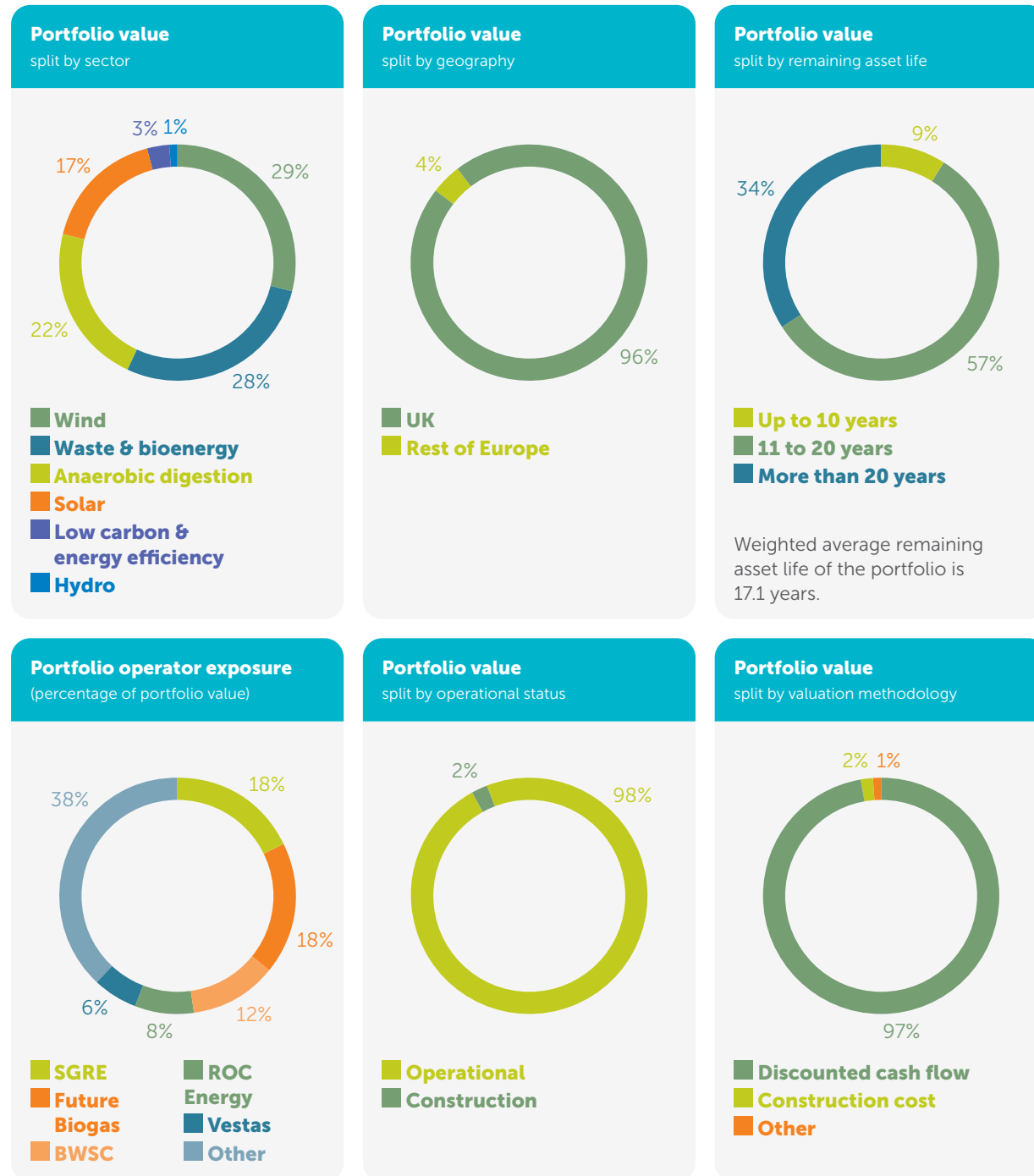
Type	Asset	Location	Type	Ownership	Capacity (MW)	Commercial operations date
	CNG Foresight	UK (Eng)	Low carbon transport	25% ⁽⁹⁾	n/a	Various
	Sandridge Battery Storage	UK (Eng)	Battery storage	50%	n/a	Under construction
	West Gourdie	UK (Eng)	Battery storage	100%	n/a	Under construction
FEIP JLEN has a 2.5% allocation to FEIP.	Skaftåsen Vindkraft AB	Sweden	Wind	n/a	n/a	Under construction
	Torozos	Spain	Wind	n/a	n/a	Dec 2019
	Puskakorpi	Finland	Wind	n/a	n/a	Under construction
	85 Degrees	Netherlands	Portfolio of geothermal heat	n/a ⁽¹⁰⁾	n/a	Operational/under construction
	MaresConnect	Republic of Ireland	High voltage direct current interconnectors	n/a	n/a	Development and under construction
	Carna	Scotland	Pumped storage hydro and co-located wind	n/a	n/a	Under construction
Total					359.5	

- (1) MWth (thermal) and an additional 0.4MWe CHP engine for on-site power provision.
- (2) MWth (thermal) and an additional 0.5MWe CHP engine for on-site power provision.
- (3) MWth (thermal) and an additional 0.25MWe CHP engine for on-site power provision.
- (4) Electrical exporting plant measured as MWe.
- (5) 10MWth and an additional 1.7MWe capacity through two CHP engines.
- (6) 26MWe (electrical) and 6MWth (thermal).
- (7) Not including FEIP's ownership.
- (8) Includes a 1.2MW battery storage.
- (9) JLEN holds 25% of the "A" shares. "A" shares have a different economic entitlement than "B" shares, including a priority return.
- (10) JLEN has committed €20 million to FEIP.

INVESTMENT PORTFOLIO AND VALUATION continued

Investment portfolio continued

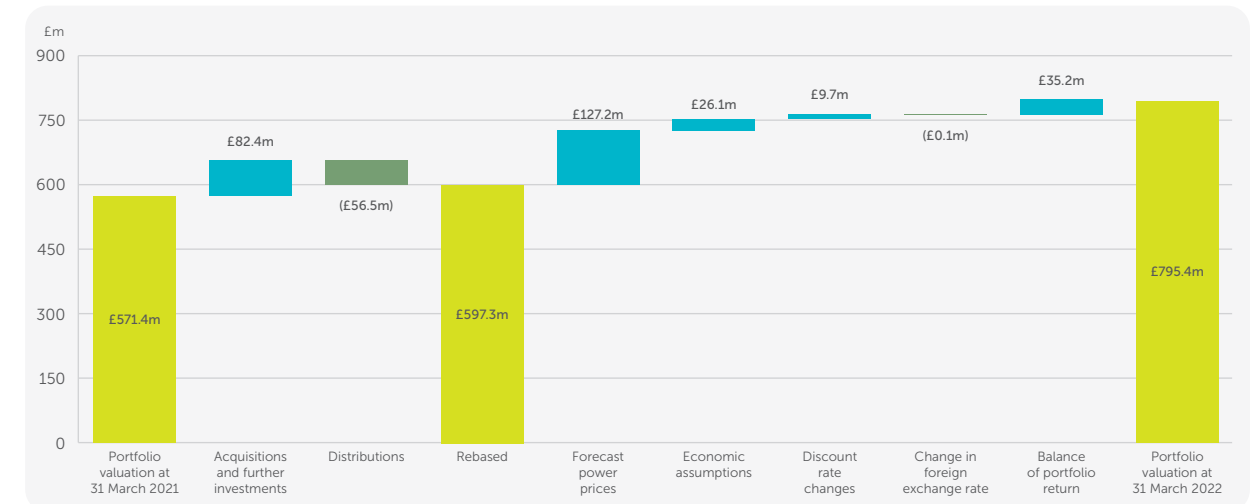
The JLEN portfolio comprises a diversified range of assets across different geographies, sectors, technologies and revenue types, as illustrated in the analysis below as at 31 March 2022 (by portfolio value and distributions from projects):



Portfolio valuation

The Investment Manager is responsible for carrying out the fair market valuation of the Company's investments, which is presented to the Directors for their approval and adoption. The valuation is carried out on a quarterly basis as at 30 June, 30 September, 31 December and 31 March each year.

The Directors' valuation of the portfolio at 31 March 2022 was £795.4 million, compared to £571.4 million at 31 March 2021. The increase of £224.0 million is the net impact of new acquisitions, cash received from investments, changes in macroeconomic (including corporation tax rate), power price and discount rate assumptions, and underlying growth in the portfolio. A reconciliation of the factors contributing to the growth in the portfolio during the year is shown in the chart below.



The movement in value of investments during the year ended 31 March 2022 is shown in the table below:

	2022 £m	2021 £m
Valuation of portfolio at opening balance	571.4	537.1
Acquisitions in the year (including post-acquisition adjustments and deferred consideration)	82.4	62.9
Cash distributions from portfolio	(56.5)	(48.2)
Rebased opening valuation of portfolio	597.3	551.8
Changes in forecast power prices	127.2	(15.2)
Changes in economic assumptions	26.1	(26.0)
Changes in discount rates	9.7	11.0
Changes in exchange rates	(0.1)	(0.1)
Balance of portfolio return	35.2	49.9
Valuation of portfolio at 31 March	795.4	571.4
Fair value of intermediate holding companies	(32.5)	(67.3)
Investments at fair value through profit or loss	762.9	504.1

Allowing for investments of £82.4 million (including post-acquisition adjustments, deferred consideration and disposals) and cash receipts from investments of £56.5 million, the rebased valuation is £597.3 million. The portfolio valuation at 31 March 2022 is £795.4 million (2021: £571.4 million), representing an increase over the rebased valuation of 33% over the year (2021: 3.5%).

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation assumptions

As at the valuation date, 97% of the investments in JLEN's portfolio are valued by discounting the future cash flows forecast from the underlying assets' financial models, with the remaining portfolio valued at cost.

Each movement between the rebased valuation and the 31 March 2022 valuation is considered below:

Forecast power prices

The project cash flows used in the portfolio valuation at 31 March 2022 reflect contractual fixed price arrangements under PPAs, where they exist, and short-term market forward prices for the next two years where they do not. The Company maintains a programme of rolling price fixes for its energy generating projects, typically having the majority of projects on fixed price arrangements for the next six to 12 months in order to reduce the revenue risk from price volatility.

Where generating projects in the portfolio do not have a fixed price under their PPAs, JLEN has reflected the prices in the table below, along with the comparable from last year in brackets (gross of PPA discounts):

Avg. £/MWh	Summer	Winter
Electricity	132 (52)	129 (61)
Gas	78 (14)	74 (17)

At 31 March 2022, 76% of the renewable energy portfolio's electricity and gas price exposure was subject to fixed prices for the summer 2022 season and 64% for the winter season 2022/23.

After the initial two-year period, for the UK portfolio, the project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from three established market consultants, adjusted by the Investment Manager for project-specific arrangements and price cannibalisation as required.

For the Italian portfolio, project cash flows assume future electricity prices informed by a leading independent market consultant's long-term projections.

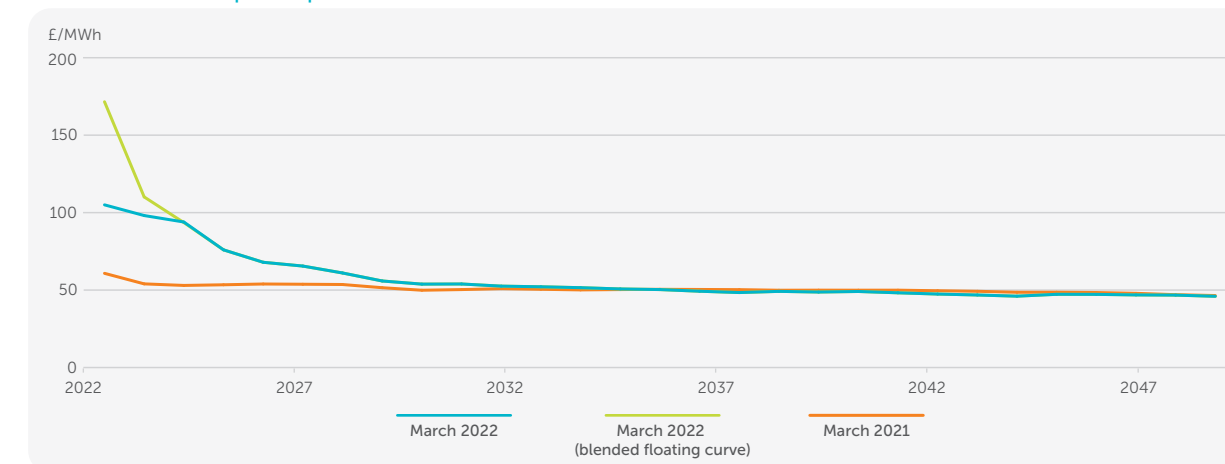
Short-term wholesale electricity and gas prices have increased significantly over the year. Prices for the current summer 2022 season for electricity increased by close to 200% from April 2021 to March 2022. Gas prices were even more volatile, with an increase of more than 400% from April 2021 to the peak during March 2022, before falling back in April 2022 to a level still more than 200% higher than a year earlier. Increases in prices across the wind, solar and anaerobic digestion assets, including from the effect of replacing expiring PPAs with new fixed price arrangements, have increased the NAV by 5.6 pence.

In addition to this, a further 8.4 pence has been generated from changes in electricity price assumptions at two bioenergy projects that were previously held at acquisition cost in the 31 December 2021 valuation. These assets, ETA energy-from-waste in Italy and Cramlington biomass CHP in the UK, were acquired in the summer of 2021 and prior to the invasion of Ukraine that has contributed significantly to the subsequent volatility in power markets. Both are baseload generators and had limited fixed price contracts in place at the time of acquisition, making them well-placed to benefit from recent rises.

The overall change in forecasts for future electricity and gas prices compared to forecasts at 31 March 2021 has increased the valuation of the portfolio by £127.2 million.

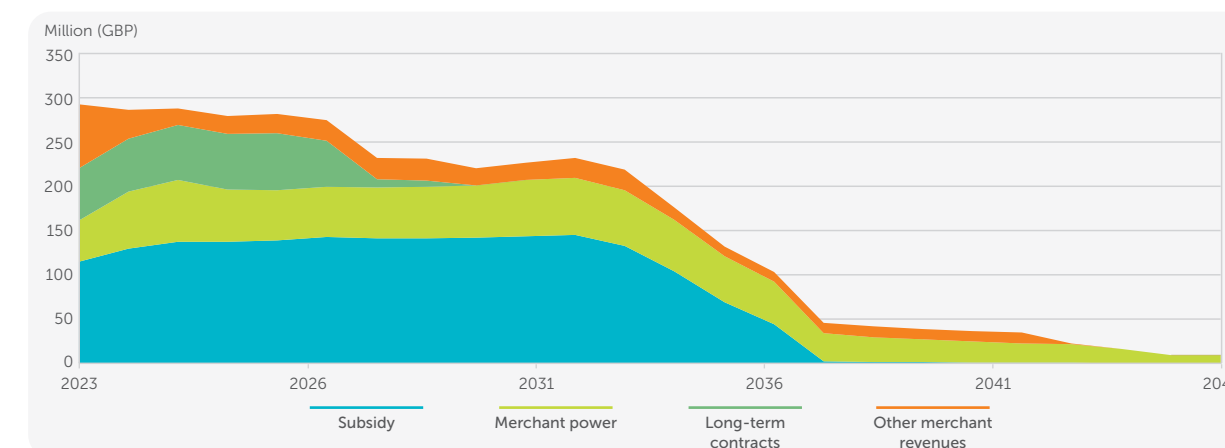
The graph below represents the blended weighted power curve used by the Company, reflecting the forecast of three leading market consultants, adjusted by the Investment Manager to reflect its judgement of capture discounts and a normalised view across the portfolio of expectations of future price cannibalisation resulting from increased penetration of low marginal cost, intermittent generators on the GB network. The curve is presented both with and without short-term PPA pricing secured under fixed contract arrangements to illustrate the scale of variance between weighted average pricing that the portfolio is expecting to achieve versus the pricing available for a 100% floating project. Short-term fixes have been secured at levels significantly above the valuation assumptions forecast last year, which has both contributed an uplift in Net Asset Value as well as serving to mitigate exposure to the risk of prices falling from their current levels, but it also means that the portfolio may not always be free to capture the very highest prices that are available from time to time.

Illustrative blended power price curve



Revenue analysis

The graph below shows the way in which the revenue mix of the renewables portfolio changes over time, given the assumptions made regarding future power prices set out above. As one would expect, merchant power revenues increase in later years as the subsidies that projects currently enjoy expire.



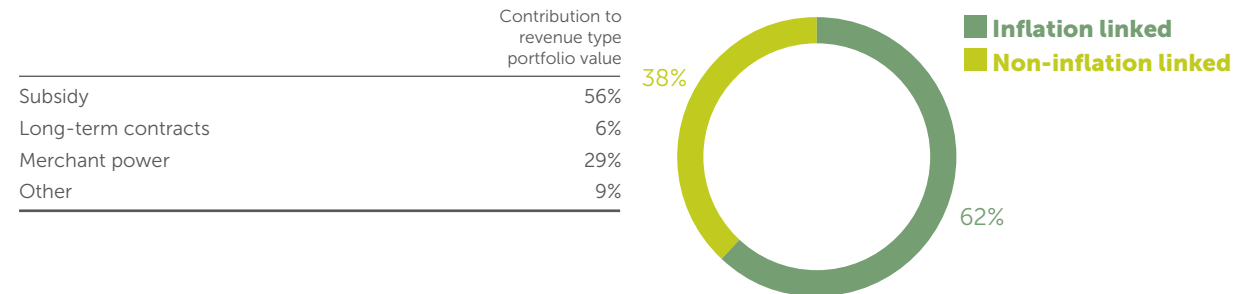
INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation assumptions continued

Revenue analysis continued

On an NPV basis (using the discount rate applicable to each project), the relative significance of each revenue category (including PFI) is as follows:



The proportion of Fund revenues that come from the sale of wholesale electricity and gas is 25% and 4% respectively. Despite recent uplifts in energy prices, merchant power revenue remains a low proportion and reflects the broader diversification of JLEN's portfolio.

Economic assumptions

The 31 March 2022 valuation reflects an uplift in inflation assumptions based on a combination of actual historic inflation and recent independent economic forecasts.

Short-term RPI inflation rates (being the key index referenced in subsidy and contractual mechanisms in JLEN's portfolio) assumed in the valuation reflect an increased 2022 rate of 5% (2021: 3%) before reverting to the established assumption of 3% until 2030, reducing to 2.25% from 2031 onwards (31 March 2021: 3% until 2030, reducing to 2.25% from 2031 onwards), whilst CPI inflation rates assumed in the valuation at 31 March 2022 are 2.25% across all years (31 March 2021: 2.25%) for UK assets and 1.3% for 2022, stepping to 2% from 2025, for Italian assets (31 March 2021: not applicable).

In light of the current economic environment, near-term actual inflation may vary from assumptions applied within the portfolio valuation, therefore the Investment Manager will continue to monitor developments in this area. For illustrative purposes, where inflation is higher than JLEN's valuation assumption by 3% for the next three years, NAV would be expected to increase by 7.5 pence per share.

Near-term UK corporation tax rates remain unchanged at 19%, stepping up to 25% from April 2023 (31 March 2021: 19%, stepping up to 25% from April 2023). The equivalent Italian assumption applies the national rate of 24% plus applicable regional premiums (31 March 2021: not applicable).

UK deposit rates assumed in the valuation also remain unchanged at 0.25% to 2024 and 1% thereafter (31 March 2021: 0.25% to 2024 and 1% thereafter). Italian deposit rates are presently assumed at 0% (31 March 2021: not applicable).

The euro/sterling exchange rate used to value euro-denominated investments was €1.18/£1 at 31 March 2022 (€1.17/£1 at 31 March 2021).

The overall uplift in value resulting from changes to economic assumptions in the year is £26.0 million.

Discount rates

The discount rates used in the valuations represent the Investment Manager's and Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed on a regular basis and updated to reflect changes in the market and in the project risk characteristics.

During the year since 31 March 2021, there has continued to be strong demand for income-producing infrastructure assets. The Investment Manager, based on its experience of bidding in the secondary market, has proposed a reduction in the discount rate used for valuing UK solar assets of 50 basis points and 75 basis points for UK wind assets. This reduction reflects market discount rate observations. In addition to this, the discount rate for JLEN's investment in low carbon refuelling infrastructure has also been reduced as the rollout of new sites has continued satisfactorily.

A risk premium has been added to the discount rate for Cramlington biomass CHP, as Cramlington is the asset most sensitive to changes in near-term electricity prices. It is expected that the premium will be removed progressively as uncertainty around actual prices captured reduces.

The discount rate used for asset cash flows which have received lease extensions beyond the initial investment period of 25 years retains a premium of 1% for subsequent years, reflecting the merchant risk of the expected cash flows beyond the initial 25-year period.

The overall increase in value resulting from changes to discount rates in the year is £9.7 million.

Taking the above into account and reflecting the change in mix of the portfolio during the year, the overall weighted average discount rate ("WADR") of the portfolio was 7.3% at 31 March 2022 (31 March 2021: 7.3%).

Balance of portfolio return

This represents the balance of valuation movements in the year excluding the factors noted above. The balance of the portfolio return mostly reflects the impact on the rebased portfolio value, all other measures remaining constant, of the effect of the discount rate unwinding and also some additional valuation adjustments from updates to individual project revenue assumptions. The total represents an uplift of £35.2 million.

Valuation sensitivities

The Net Asset Value of the Company is the sum of the discounted value of the future cash flows of the underlying asset financial models, the cash balances of the Company and UK HoldCo, and the other assets and liabilities of the Group less Group debt.

The portfolio valuation is the largest component of the Net Asset Value and the key sensitivities are considered to be the discount rate applied in the valuation of future cash flows and the principal assumptions used in respect of future revenues and costs.

A broad range of assumptions is used in our valuation models. These assumptions are based on long-term forecasts, whether economic or technical. The Investment Manager exercises its judgement in assessing both the expected future cash flows from each investment based on the project's life and the financial models produced by each project company and the appropriate discount rate to apply.

The key assumptions are as follows:

Discount rate

The WADR of the portfolio at 31 March 2022 was 7.3% (31 March 2021: 7.3%). A variance of plus or minus 0.5% is considered to be a reasonable range of alternative assumptions for discount rates.

An increase in the discount rate of 0.5% would result in a downward movement in the portfolio valuation of £21.0 million (3.2 pence per share) compared to an uplift in value of £22.0 million (3.3 pence per share) if discount rates were reduced by the same amount.

INVESTMENT PORTFOLIO AND VALUATION continued

Portfolio valuation continued

Valuation sensitivities continued

Volumes

Base case forecasts for intermittent renewable energy projects assume a "P50" level of electricity output based on reports by technical consultants. The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being underachieved. Hence the P50 is the expected level of generation over the long term.

The P90 (90% probability of exceedance over a 10-year period) and P10 (10% probability of exceedance over a 10-year period) sensitivities reflect the future variability of wind, hydropower and solar irradiation and the uncertainty associated with the long-term data source being representative of the long-term mean.

Separate P10 and P90 sensitivities are determined for each asset and historically the results presented on the basis they are applied in full to all wind, hydro and solar assets. This implies individual project uncertainties are completely dependent on one another; however, a recent Portfolio Uncertainty Benefit analysis performed by a third-party technical adviser identified a positive portfolio effect from investing in a diversified asset base. That is to say that the lack of correlation between wind, hydro and solar variability means P10 and P90 sensitivity results should be considered independent. Therefore, whilst the overall P90 sensitivity decreases NAV by 6.0 pence per share, the impact from solar, wind and hydro separately is only 1.3 pence per share, 4.4 pence per share and 0.3 pence per share respectively, as shown in the chart overleaf.

Agricultural anaerobic digestion facilities do not suffer from similar deviations as their feedstock input volumes (and consequently biogas production) are controlled by the site operator.

For the waste and wastewater processing projects, forecasts are based on projections of future flows and are informed by both the client authorities' own business plans and forecasts and independent studies where appropriate. Revenues in the PPP projects are generally not very sensitive to changes in volumes due to the nature of their payment mechanisms.

Electricity and gas prices

Electricity and gas price assumptions are based on the following: for the first two years, cash flows for each project use forward electricity and gas prices based on market rates unless a contractual fixed price exists, in which case the model reflects the fixed price followed by the forward price for the remainder of the two-year period. For the remainder of the project life, a long-term blend of central case forecasts from three established market consultants and other relevant information is used, and adjusted by the Investment Manager for project-specific arrangements and price cannibalisation.

The sensitivity assumes a 10% increase or decrease in power prices relative to the base case for each year of the asset life after the first two-year period. While power markets can experience movements in excess of +/-10% on a short-term basis, the sensitivity is intended to provide insight into the effect on the NAV of persistently higher or lower power prices over the whole life of the portfolio. The Directors feel that +/-10% remains a realistic range of outcomes over this very long time horizon, notwithstanding that significant movements will occur from time to time.

An increase in electricity and gas prices of 10% would result in an uplift in the portfolio valuation of £43.6 million (6.6 pence per share) compared to a downward movement in value of £44.3 million (6.7 pence per share) if prices were reduced by the same amount.

Feedstock prices

Feedstock accounts for over half of the operating costs of running an AD plant. As feedstocks used for AD are predominantly crops grown within existing farming rotation, they are exposed to the same growing risks as any agricultural product. The sensitivity assumes a 10% increase or decrease in feedstock prices relative to the base case for each year of the asset life.

An increase in the feedstock prices of 10% would result in a downward movement in the portfolio valuation of £9.0 million (1.4 pence per share) compared to an uplift in value of £9.0 million (1.4 pence per share) if prices were reduced by the same amount.

Inflation

Most projects in the portfolio receives a revenue stream which is either fully or partially inflation-linked. The inflation assumptions are described in the macroeconomic section on page 80. The sensitivity assumes a 0.5% increase or decrease in inflation relative to the base case for each year of the asset life.

An increase in the inflation rates of 0.5% would result in an uplift in the portfolio valuation of £19.4 million (2.9 pence per share) compared to a decrease in value of £19.0 million (2.9 pence per share) if rates were reduced by the same amount.

In light of the current economic environment, near-term actual inflation may vary from assumptions applied within the portfolio valuation, therefore the Investment Manager will continue to monitor developments in this area. For illustrative purposes, where inflation is higher than JLEN's valuation assumption by 3% for the next three years, NAV would be expected to increase by 7.5 pence per share.

Euro/sterling exchange rates

As the proportion of the portfolio assets with cash flows denominated in euros represented approximately less than 5% of the portfolio value at 31 March 2022, the Directors consider the sensitivity to changes in euro/sterling exchange rates to be insignificant.

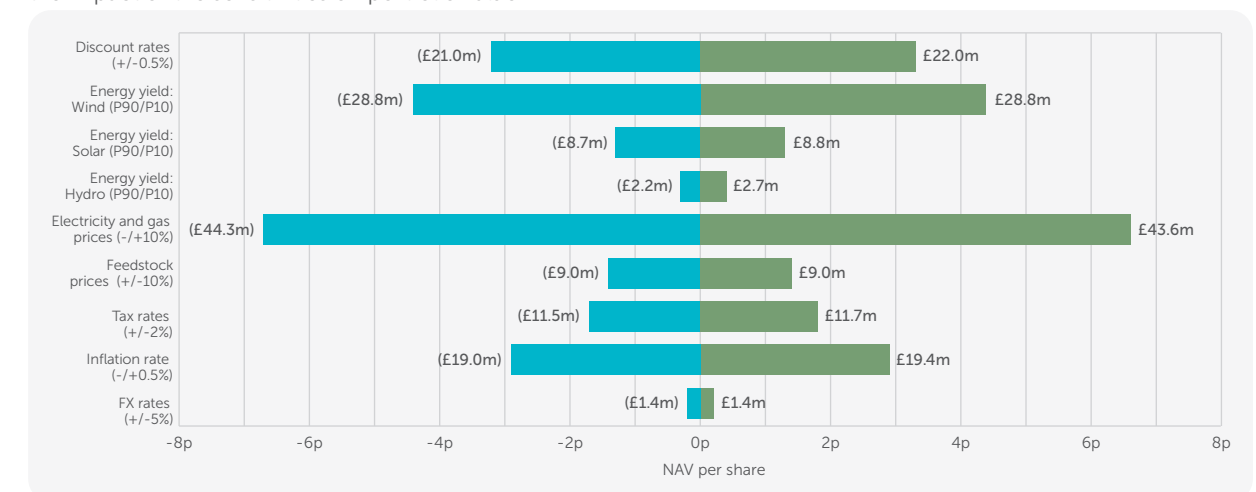
Corporation tax

The UK corporation tax assumptions applied in the portfolio valuation are outlined in the notes to the accounts on page 185. The sensitivity below assumes a 2% increase or decrease in the rate of UK corporation tax relative to the base case for each year of the asset life.

An increase in the UK corporation tax rates of 2% would result in a downward movement in the portfolio valuation of £11.5 million (1.7 pence per share) compared to an uplift in value of £11.7 million (1.8 pence per share) if rates were reduced by the same amount.

Sensitivities – impact on NAV at 31 March 2022

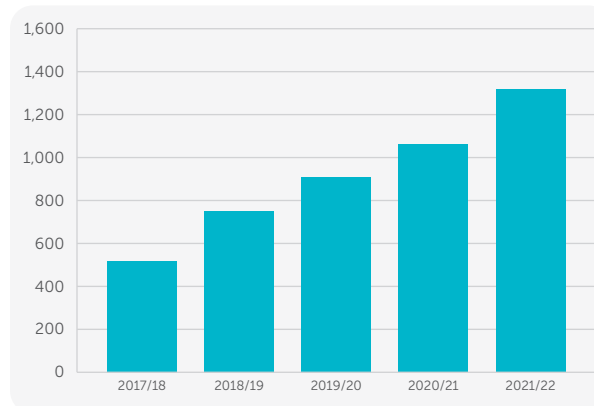
The following chart shows the impact of the key sensitivities on Net Asset Value per share, with the £ labels indicating the impact of the sensitivities on portfolio value.



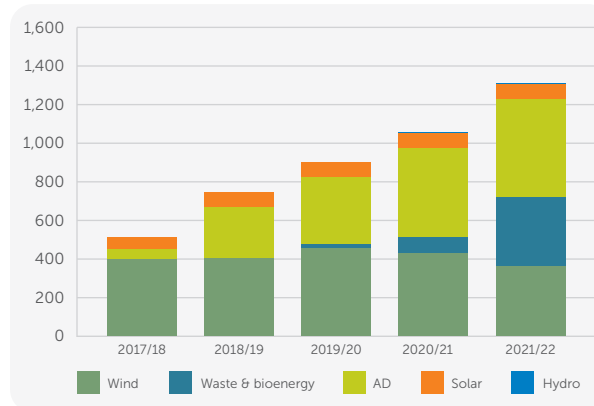
OPERATIONAL REVIEW

JLEN's portfolio generated more than 1.3 million MWh of green energy and also contributed to a greener economy through its waste and wastewater processing plants and low carbon transport facilities.

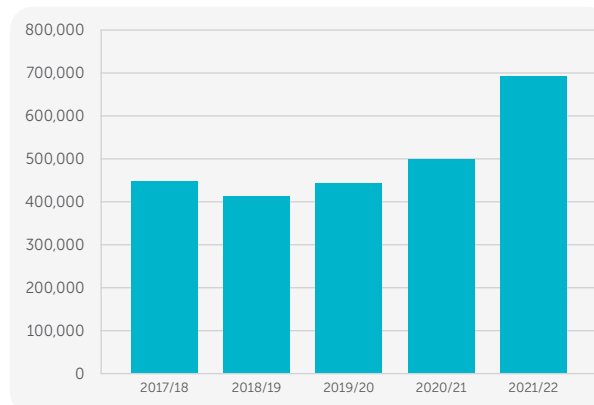
Total MW generation of green energy



MW generation by technology type



Waste diverted from landfill



Portfolio performance

Operating performance of the environmental infrastructure portfolio during the year ended 31 March 2022 was stable with no material issues experienced. The renewables segment of the portfolio produced 1,314GWh (2021: 977GWh) of green energy, 6% below budget, primarily due to very low wind speeds experienced over the year. The concession-based waste and wastewater projects performed in line with their targets and the CNG portfolio of refuelling stations outperformed against its fuel dispensed target.

Index power prices increased to unprecedented levels over the year under review. Initial market volatility arose due to a combination of low renewables contribution to the grid, a natural gas shortage and rising carbon prices. This was then exacerbated at the end of the financial year by the invasion of Ukraine and the implications for global power markets given the importance of Russian oil and gas. While high prices had a relatively modest effect upon the year under review due to the presence of earlier price fixes on much of the portfolio's generation, the outlook for captured prices in 2022/23 has increased significantly.

Renewable energy generating assets

Anaerobic digestion

The AD portfolio is the largest producer of energy on a GWh basis and generated 39% of the GWh energy produced by the JLEN portfolio. Gas generation (measured in GWh energy generated) was 508GWh, 3.1% ahead of target (2021 variance was 2.1% favourable).

Seven of the nine plants outperformed or reached their generation targets and notably strong performances came from Icknield and Peacehill, which both performed >10% above their generation targets.

The Vulcan plant, which underwent expansion and upgrade works in the previous financial year, performed in line with its new generation target. During the period under review, the plant successfully installed further hardware upgrades which will improve biogas production and operations on site.

Wholesale gas prices have been at unprecedented levels in the latter part of the financial year. At 31 March 2022, the Investment Manager has hedged gas volumes for future winter and summer periods with 75% of capacity hedged until March 2023 tapering down to 60% in summer 2023 and 41% in winter 2023.

The Investment Manager has seen an increase in demand for both crop and waste-based green gas certificates and has been able to secure short to medium-term contracts at favourable rates.

Waste & bioenergy

The renewable energy generating segment of the waste & bioenergy portfolio is now the second largest producer of energy on a GWh basis and generated 28% of the GWh energy produced by the JLEN portfolio. The waste & bioenergy portfolio generated 363GWh over the year to 31 March 2022, 9.3% below target.

The assets suffered no material issues over the year but did experience some short-term technical issues which led to downtime in the period. The Investment Manager has been working with asset operators to remedy these issues and improve resilience for the future.

Highlights from the year include Codford successfully winning its first municipal food waste tender in 2022; this represents a long-term food waste contract and a consistent supply of feedstock for the plant.

The Cramlington biomass plant, which was bought out of administration with an identified list of operational matters to address, has made good progress during the year, with scope for further process improvements in periods to come.

Portfolio performance to 31 March 2022



1,314GWh

green energy produced



16%

above CNG fuel dispensed target



>695,000

waste diverted from landfill (tonnes)



>35.6 billion

litres of wastewater treated

OPERATIONAL REVIEW continued

Portfolio performance continued

Renewable energy generating assets continued Wind

The wind portfolio generated 359GWh over the year ended 31 March 2022 (27% by GWh energy generated), 15.6% below target. The negative variance in production was primarily the result of significantly lower wind resource. Monthly average wind speeds were below long-term average through most of the period under review; the only exception was February 2022, which saw the portfolio generate 43% more electricity than anticipated.

The assets continued to perform well with turbine availability 1% above warranted levels for the year. However, overall availability was down 2% on expectations, largely due to grid outages and some intermittent issues with data coverage.

Power prices were substantially fixed across the portfolio during the year and revenues were not impacted by the market volatility in the period.

Value enhancements were ongoing over the year; the previously reported aftermarket software and hardware upgrades which were installed at Carscreugh were tested and proved a total uplift of 3.2% for the site's generation. Additionally, aerodynamic enhancement hardware was installed at Burton Wold. The impact will be quantified independently in the coming financial year and the Investment Manager anticipates the impact to be c.2% uplift in generation.

Solar

The solar portfolio performed well and overall availability was in line with expectations. Generation from the solar assets (which represent 6% of the portfolio energy generation for the year) at 78GWh was 0.7% above target (2021: 1.8% above budget) primarily due to higher than forecast irradiance levels.

Power prices were substantially fixed across the portfolio during the year and revenues were not impacted by the market volatility in the period.

Hydro

The hydro assets performed 16.4% below generation target over the course of the year. Although the measured annual rainfall was marginally below the long-term average, the distribution of rainfall had a negative impact on production. Periods of heavy rain were followed by extended dry spells, both of which are detrimental to the production capacity of the hydro assets. Despite this, the assets continued to perform well with virtually no mechanical downtime over the year.



Portfolio generation	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total since IPO
Wind portfolio actual generation (GWhe)	82	184	217	399	406	458	432	359	2,537
Variation from budget ⁽¹⁾	-7%	+11%	-15%	0%	-9%	+4%	-1%	-16%	-5%
AD portfolio actual generation (GWth/GWhe)	—	—	—	51	262	352	461	508	1,634
Variation from budget	—	—	—	+8%	+4%	+4%	+2%	+3%	+3%
Solar portfolio actual generation (GWhe)	10	30	40	64	79	75	79	78	455
Variation from budget ⁽¹⁾	-1%	-2%	-12%	-9%	+2%	-3%	+2%	+1%	-3%
Waste & bioenergy actual generation (GWhe)	—	—	—	—	—	—	—	363	363 ⁽²⁾
Variation from budget	—	—	—	—	—	—	—	-9%	-9%
Hydro portfolio actual generation (GWhe) ⁽³⁾	—	—	—	—	—	3	5	5	13
Variation from budget	—	—	—	—	—	-17%	-15%	-16%	-16%

The average all-in price received by the differing technology classes in the UK for their energy volumes generated in the year ended 31 March 2022 is shown in the table below:

Average all-in energy price	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Onshore wind	£99.64 per MWhe	£84.26 per MWhe
AD electric	£81.19 per MWhe	—
AD gas-to-grid	£109.69 per MWth	£101.0 per MWth
Biomass	£147.27 per MWhe	—
Energy-from-waste	£173.75 per MWhe	—
Solar	£267.0 per MWhe	£196.8 per MWhe ⁽⁴⁾
Hydro	£232.65 per MWhe	£222.56 per MWhe

The effects of monthly variability and seasonality in production expected in a portfolio of intermittent renewables projects are reduced by the extent of 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 positively correlated.

(1) Budgets adjusted to reflect operational energy yield assessments carried out under contracted true-up mechanisms post IPO.

(2) Does not include generation in 2020/21.

(3) Includes generation from Northern Hydropower Limited from 31 March 2020.

(4) Does not include the Panther rooftop portfolio.

OPERATIONAL REVIEW continued

Portfolio performance continued

Assets which support the transition to a lower carbon future

Waste & bioenergy concessions

The ELWA waste project and the Tay wastewater project continue to meet their contractual targets and operational performance has been stable while the financial performance of both projects has been in line with expectations.

For the ELWA waste project, financial performance has been better than expected and operational performance and compliance with contractual targets were also exceeded or met. Operational performance targets were again exceeded with diversion from landfill at 99.98%, substantially ahead of the 67% contract target, and recycling at 29.8%, also ahead of the 22% contract target, and ELWA was able to pay higher distributions than were budgeted.

The Tay wastewater project has performed well over the year and flows were in line with expectations. As a result, distributions from the project were in line with its budget.

Low carbon transport

The portfolio of CNG refuelling stations performed well over the financial year, with 16% more CNG dispensed than budgeted for the year although delays to new vehicle deliveries caused by global supply chain issues led to this growth being lower than its full potential.

The stations are used by a range of national hauliers including Amazon and Royal Mail.

During the period, the refuelling stations at Avonmouth and Eurocentral were successfully completed, in line with the construction programme, and these sites are now operational. A further refuelling station – Castleford – is due to be completed in August 2022.

Battery storage assets

Operational assets

The operational batteries that are co-located at two of the Company's hydro assets were traded exclusively in Firm Frequency Response over the period, receipts for which were in line with expectations.

The nature of the metering arrangements at both sites precluded offering any of the new suite of grid support services being gradually introduced by National Grid. With Firm Frequency Response being phased out in 2022, the Investment Manager is exploring options to install new metering hardware to maximise the trading flexibility of the assets.

Development assets

JLEN owns two construction stage 50MW battery storage assets in the UK: West Gourdie and Sandridge. Both sites have experienced delays to their construction times due to increased lead times for battery components. West Gourdie is expected to commence operations towards the end of 2022. Sandridge is also faced with potential delays to the grid connection which means it will likely commence operations in 2023. The effect of delayed operations is expected to be offset by the improved market outlook for large-scale battery assets.

Other investments

FEIP

In January 2020, JLEN announced a commitment of €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle. At 31 March 2022, the Fund has invested in seven projects – two construction stage onshore wind projects located in Sweden and Finland respectively, an operational 94MW wind farm located in Spain, a portfolio of geothermal heat and district heating assets located in the Netherlands, a construction stage interconnector cable to England located in Ireland and a construction stage pumped storage hydro facility located in Scotland. FEIP also owns a 45% stake in ETA, in which JLEN is also an investor. As at 31 March 2022 €4.8 million has been invested in the vehicle.

CNG Foresight investment

JLEN invested £3.8 million into CNG Foresight during the period under review.

Power price hedging

JLEN's exposure to wholesale power prices is mitigated by the practice of having a substantial proportion of generation for both electricity and gas on fixed price arrangements for durations ranging from six months out to three years. Following a continuation of this programme post year end, the latest extent of generation subject to fixes is as follows:

	Summer 2022	Winter 2022	Summer 2023	Winter 2023
Wind	87%	77%	85%	85%
Solar	100%	100%	100%	100%
Thermal	56%	56%	—	—
AD – electric	100%	100%	26%	26%
AD – gas	77%	77%	60%	61%

Acquisitions

Sandridge Battery Storage

In May 2021, JLEN acquired a 50% equity stake in Sandridge Battery Storage Limited, which holds the development rights to construct the Sandridge Battery Storage project, a 50MW lithium-ion battery energy storage plant based in Melksham in Wiltshire, UK.

Energie Technologie Ambiente

In May 2021, JLEN acquired a 45% equity stake in Energie Technologie Ambiente S.r.l ("ETA"), a 16.8MW energy-from-waste power plant which processes refuse derived fuel, located in the municipality of Manfredonia in the Apulia region of southern Italy. The investment has been made alongside FEIP, which also acquired a 45% equity stake. ETA was owned by Marcegaglia Investments S.r.l. which retained a 10% equity stake in the EfW plant.

Cramlington Biomass

In June 2021, JLEN acquired a 100% equity stake in Cramlington Renewable Energy Developments Ltd, which owns a biomass CHP Plant and its underlying contracts. The CHP Plant is located to the north west of the town of Cramlington in Northumberland and utilises proven technology to process a diversified biomass fuel mix, creating up to 26MW of electrical power and 6MW of heat for export via private wire to industrial customers and the grid.

Divestments

In January 2022, JLEN announced the sale of its two French onshore wind farms, Parc Éolien Le Placis Vert and Energie Eolienne de Plouguernével for a total consideration of €5.9 million.

Acquisitions and divestments

3

acquisitions made in the period

48.8MW

capacity added to the portfolio

2

new technology sub-sectors

2

asset divestments

OPERATIONAL REVIEW continued

Financing

On 21 May 2021, JLEN announced that it had signed a new revolving credit facility with a three-year facility agreement which provides for a committed multi-currency revolving credit facility of £170 million and an uncommitted accordion facility of up to £30 million.

The RCF provides an increased source of flexible funding outside of equity raisings, with both sterling and euro drawdowns available at lower rates than the existing facility. The agreement includes an uncommitted option to extend for a further year and will be used to make future acquisitions of environmental infrastructure to add to the current portfolio, as well as covering any working capital requirements.

The interest charged in respect of the renewed RCF is linked to the Company's ESG performance, with JLEN incurring a premium or discount to its margin and commitment fee based on performance against defined targets. Those targets include:

- environmental: increase in the volume of clean energy produced;
- social: the value of contributions to community funds; and
- governance: maintaining a low number of work-related accidents, as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences ("RIDDOR") by the Health and Safety Executive.

Performance against these targets will be measured annually with the cost of the RCF being amended in the following financial year. Lenders to the facility include three of the four previous lenders (HSBC, ING and NIBC) plus two new participants (National Australia Bank and Royal Bank of Scotland International). The margin can vary between 195 bps and 205 bps over SONIA ("Sterling Overnight Index Average") for sterling drawings and EURIBOR for euro drawings, depending on performance against the ESG targets.

The Board is pleased to advise that two of the three KPI targets were successfully achieved in the first year of implementation of this facility, and the Board remains committed to delivering all three KPI targets prior to the end of the facility agreement period.

In addition to the revolving credit facility, several of the projects have underlying project-level debt which is not reflected in these financial statements. There is an additional gearing limit in respect of such debt of 85% of the aggregate gross project value (being the fair market value of such portfolio companies increased by the amount of any financing held within the projects) for PFI/PPP projects and 65% for renewable energy generation projects.

As at 31 March 2022, drawings under the RCF were £53.6 million. Under its investment policy, JLEN may borrow up to 30% of its NAV.

The project-level gearing at 31 March 2022 across the portfolio was 19.9% (31 March 2021: 28.4%), being 16.3% (31 March 2021: 25.1%) for the renewable energy assets and 50.6% (31 March 2021: 51.2%) for the PFI processing assets. Taking into account the amount drawn down under the revolving credit facility of £53.6 million, the overall fund gearing at 31 March 2022 was 23.7% (31 March 2021: 36.1%).

As at 31 March 2022, the Group, which comprises the Company and the intermediate holding companies, had cash balances of £18.0 million (31 March 2021: £13.5 million).

Financing

£53.6m

drawn on RCF

23.7%

fund gearing⁽¹⁾

(1) Gearing is an alternative performance measure ("APM"). The APMS within the accounts are defined on page 193.

VALUE ENHANCEMENT

The Investment Manager has achieved various operational and financial enhancements to projects over the period.

Power price fixes

Index power prices increased to unprecedented levels in the last half of the year due to a combination of low renewables contribution to the grid, a natural gas shortage and rising carbon prices. The Investment Manager took this opportunity to fix future seasons at prices above previous assumptions across the portfolio. This was particularly beneficial to the Cramlington biomass plant which has entered into a fix at a price that is more than double the fees for the summer season 2022 than it had been previously receiving in summer 2021.

Technical optimisations on the wind portfolio

Aerodynamic enhancement hardware was installed at Burton Wold. The impact will be quantified independently in the coming financial year; however, the Investment Manager expects an uplift of c.2%. Other software upgrades have been identified to boost performance on some sites and discussions are ongoing to implement these upgrades.

Plant upgrades and technical optimisation on the waste & bioenergy assets

Over the period a fuel preparation area was completed at Cramlington; the area will be used to streamline the incoming fuel process and will be leased to an external biomass supplier. This allows for efficiencies and cost savings in the biomass supply chain. Other upgrades are planned in the coming year to reduce inefficiencies at the plant caused by known equipment problems. Meanwhile, at ETA, technical optimisations to improve the disposal of waste ashes from the plant are being explored.

General AD upgrades/improvements

An area of focus for the AD portfolio has been on improving resilience to risks associated with digestate storage and removal. Across the portfolio new digestate storage tanks and lagoons are being planned or have already been installed.



CASE STUDY

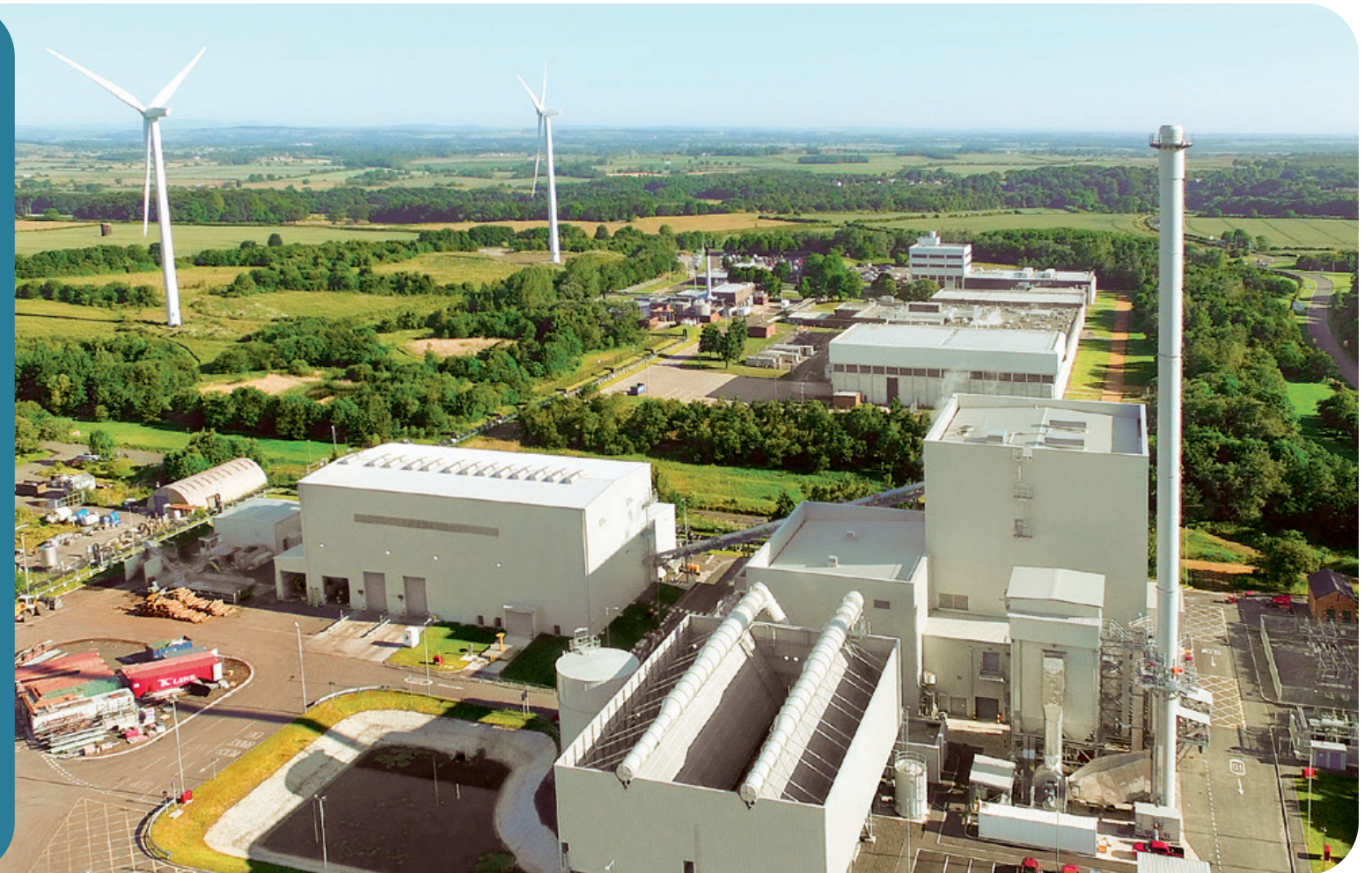
environmental, social and governance

Cramlington Renewable Energy Developments Limited



In June 2021, JLEN acquired a 100% stake in Cramlington Renewable Energy Developments Limited ("Cramlington") which owns a biomass combined heat and power plant and its underlying contracts.

The plant uses proven technology to process a diversified biomass fuel mix, creating up to 26MW of electrical power and up to 6MW of heat for export via private wire to industrial customers and the grid.



Cramlington	
Project description	Operational biomass combined heat and power plant
Acquisition date	June 2021
Location	Northumberland, UK
Ownership	100%
Commercial operations date	2018
Accreditation	ROCs, RHI

Project information

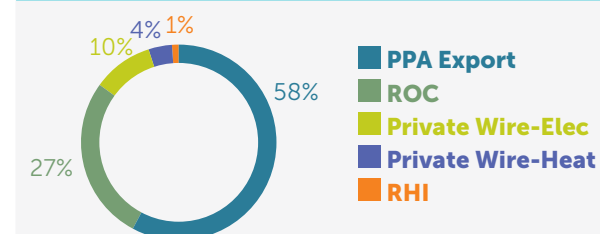
The biomass cogeneration plant has a capacity to deliver 26MW of electricity and 6MW of heat through combustion of c.245ktpa of biomass residues and waste wood feedstock.

The project currently exports 21GWh of heat and 23GWh of electricity to two neighbouring pharmaceutical companies.

What is biomass combined heat and power ("CHP")?

A CHP plant creates both electricity and heat from its fuel source, which in Cramlington's case is a blend of woody biomass. The fuel is mixed, screened and then fed onto a vibrating grate for combustion. This process produces a hot flue gas which in turn raises water temperature inside a boiler to produce superheated steam. This steam is then used in a turbine to generate electricity and heat. All heat is exported along with some electricity to adjacent industrial customers with the remaining electricity production exported to the national grid.

Revenue sources (12 month outlook at 31 March 2022)



Sustainability

Biomass CHP contributes to a net-zero economy as the biomass wood used to fuel the plant comes from trees which have in turn absorbed carbon dioxide from the atmosphere. This carbon dioxide is released during the combustion process but will be reabsorbed provided the feedstock source is managed in line with sustainable forest management standards. A proportion of Cramlington's feedstock comes from waste-wood which could otherwise end up in landfill. Meanwhile, the wood ash produced as a by-product of the process can be used as a valuable fertiliser for crops. Cramlington's bottom ash has been used to directly replace artificial or mined sources of potash and lime as a soil conditioner on agricultural land in North East England. This provides a significant cost saving to local farmers.

Biomass CHP also falls within the EU taxonomy which provides that subject to prescribed calculations, a bioenergy asset must offer >80% GHG savings when compared to a fossil fuel comparator in order to contribute substantially to climate change mitigation.⁽¹⁾ Cramlington achieves 92.4% GHG savings on heat and 88.8% savings on electricity. The sustainability of generation depends on both the material used and the distance from where that material is sourced, with EU regulation stating this should be within 500km. Cramlington sources material from within 500km of the plant and uses a blend of clean, recycled wood, forestry residues and small roundwood, all of which contribute to meeting sustainability criteria.

(1) Contributing substantially to climate change mitigation is one of the criteria prescribed for establishing whether an economic activity may be classified as environmentally sustainable under the EU Taxonomy.

CASE STUDY

 diversified portfolio

Foresight Energy Infrastructure Partners ("FEIP")

In January 2020, JLEN announced a commitment of €25 million to Foresight Energy Infrastructure Partners SCSp, a Luxembourg limited partnership investment vehicle.

FEIP's strategy is to invest in 10-15 opportunities created by the transformational change underway in global energy markets. FEIP is targeting a diversified portfolio of high-quality energy infrastructure assets with strong sustainability characteristics across the following sub-sectors:

- i) renewable generation;
- ii) renewable enabling infrastructure (e.g. energy storage); and
- iii) transmission & distribution.



FEIP

Project description	FEIP is a fund investing in energy infrastructure assets with strong sustainability characteristics
Geography	Europe (80%), Northern America and Australia
JLEN investment	€25 million
Total commitments to FEIP as at 31 March 2022	€4.83 million

JLEN's investment benefits

JLEN and FEIP's investment strategy are broadly aligned. JLEN benefits from its investment in FEIP through an increased exposure to European and construction stage assets.

The investment in FEIP allows JLEN to further diversify its geographic and technology exposure, while also gaining an allocation to construction stage assets which are expected to enhance returns. Given construction stage assets can only represent a small part of the Company's portfolio, the FEIP investment allows a greater level of diversification than would be possible with direct investments, providing for a more attractive risk-adjusted return profile.

JLEN's commitment to FEIP has opened the possibility of selective, co-investment opportunities such as the joint investment into ETA Manfredonia.

FEIP's portfolio of assets as at 31 March 2022

Investment	Date of acquisition	Ownership	Country	Technology	MW capacity	Stage
Skafträsen	April 2020	20.98%	Sweden	Onshore wind	231	Construction
Torozos	August 2020	100%	Spain	Onshore wind	94	Operational
Puskakorpi	May 2021	100%	Finland	Onshore wind	88	Construction
ETA Manfredonia	May 2021	45%	Italy	EfW	16.8	Operational
85 Degrees	October 2021	51%	Netherlands	Portfolio of geothermal heat	45	Operational/construction
MaresConnect	February 2022	81.2%	Republic of Ireland	High voltage direct current interconnectors	750	Development and construction
Carna	February 2022	100%	Scotland	Pumped storage hydro and co-located wind	210 pumped storage hydro + 33.6 wind	Construction

SUSTAINABILITY AND ESG

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CHAIRMAN'S FOREWORD



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

Richard Morse
Chairman

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

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

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

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

We continue to see ESG criteria as critical to the management of our business activities in all areas and is an integral part of our day-to-day activities at the Investment Manager level. This year, significant work has been done to address the recommendations of the Task Force on Climate-related Financial Disclosures and we present our analysis in this area on pages 49 to 67. Our approach to both sustainability and ESG is progressing, but it is also well established in its key themes and workstreams. We expect to continue to evolve and improve our processes and use the KPI data that we have collected this year to drive meaningful improvements across all areas of ESG.

Richard Morse
Chairman

15 June 2022

AT A GLANCE

Environmental performance 2021/22



c.1,314,000
MWh energy generated



>905,500
GHG emissions avoided (tCO₂e)



>35.6bn
wastewater treated (billion litres)



>695,000
waste diverted from landfill (tonnes)



>135,000
waste recycled (tonnes)



>473,000
organic fertiliser produced (tonnes)

Social performance 2021/22



>£418,000
community funding



35
health and safety audits



>370
full time equivalent jobs supported

Governance performance 2021/22

Awards

- AIC Communication Awards 2022 – Best Communication of ESG



Investment Manager PRI scores

- Foresight Group is a signatory to the Principles for Responsible Investment (PRI), a set of voluntary guidelines that help companies to address social, ethical, environmental and corporate governance issues as part of the investment process. Foresight's wider approach to the PRI's six responsible investment principles were assessed in 2021 by the PRI for the year ending 31 December 2020 and a summary of the results are:
 - A+ for Strategy & Governance
 - A+ for Infrastructure
 - A for Private Equity
 - The 2020 assessment transparency report is available on our website, or on the UN PRI website⁽¹⁾

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

JLEN'S APPROACH TO ESG

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

ESG objectives

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

ESG KPIs

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

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

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

Collection of KPI data

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

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 and overleaf:



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.

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

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.

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.

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 performance

>35.6 billion litres of wastewater treated in 2021/22.

359.5MW capacity renewable energy assets.

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.

JLEN's KPI tracking jobs in the portfolio as full time equivalent ("FTE") informs this target.

359.5MW capacity contributing renewable energy to the local grid.

JLEN's KPI tracking biodiversity management plans and engagement across its portfolio informs this target.

SUMMARY OF JLEN'S ESG APPROACH

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

Assess

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.

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.

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.

Last year, JLEN developed a series of ESG KPIs to help inform this principle and help to track the performance of individual assets, investment sectors and the entire portfolio over time. This year JLEN has collected baseline data to inform these KPIs.

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 31 to 37.

This year, JLEN won the AIC's Communication Award 2022 for "Best Communication of ESG".

Task Force on Climate-related Financial Disclosures

This year, for the first time, JLEN has included a TCFD disclosure (found on pages 49 to 67). As part of this exercise, an initiative was undertaken to better map the portfolio's exposure to climate-related physical risks. Climate risks and opportunities are also assessed as part of the Foresight SET (more information overleaf).

Sustainable Finance Disclosure Regulation

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

Sustainable investment objective of the Company

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

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

Performance of sustainability indicators

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

Information around sustainability and ESG performance is available in the Annual Report on pages 98 to 113.

Taxonomy regulation

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

Article 11 Periodic Disclosure

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

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

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

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

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

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

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

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

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

SUMMARY OF JLEN'S ESG APPROACH continued

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

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

The KPIs include:

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

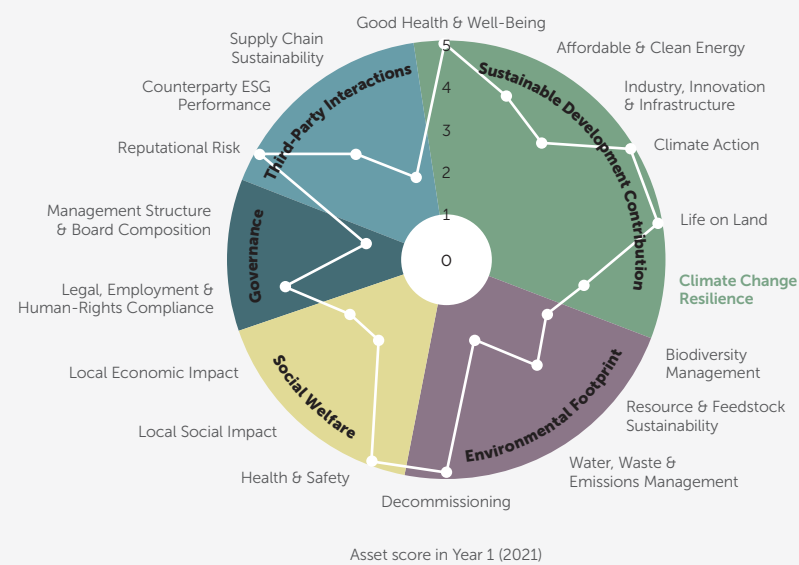
An average is then calculated to produce an overall score for the Climate Change Resilience assessment parameter, which is reviewed and updated annually by the Asset Management team. This quantitative KPI-based approach to assessing a project's exposure to climate risk helps to standardise the quality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

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

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

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

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



ENVIRONMENTAL

Objective: Promote the efficient use of resources.

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

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

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

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

(1) For assets which have a dual generation profile of both electricity and heat, energy is converted and measured in the energy profile that is predominant.
 (2) Further information on the GHG avoided of each asset is available on the JLEN website.
 (3) More information on environmental incidents can be found on page 111.
 (4) Purchased energy refers to the fact that all assets have their own energy requirements and where these requirements are not met in full by an asset's own generation, energy is purchased from energy suppliers for delivery via the grid.

Environmental KPIs summary

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

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

ENVIRONMENTAL continued

Impact

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

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

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

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

Portfolio electricity and carbon performance

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

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

Methodology

- This calculation works on the premise that the marginal fuel type being displaced is coal.
- The calculations draw on the data presented in the IPCC's (Intergovernmental Panel on Climate Change) Special Report on Renewable Energy ("SRREN"), which uses a wide variety of peer-reviewed research papers to establish median figures for the lifecycle CO₂ intensities of different renewable energy technologies. These are measured in gCO₂e/kWh. AD and EfW are not included in this report and have had their lifecycle intensities informed by either third-party studies or EU directives. These can be provided on request.
- The carbon savings of a given technology are calculated by multiplying its total generation (in MWh) by the IPCC listed CO₂ intensity for that technology. This figure is then subtracted from the CO₂ emissions that would be generated by an equivalent amount of coal-powered generation.
- This therefore acknowledges the fact that there is still a CO₂ footprint associated with the production, transportation, installation and operation of all renewable energy asset classes, whilst simultaneously demonstrating the net benefit that technology provides to the global decarbonisation agenda.
- JLEN has moved from using an external consultant to provide the total CO₂ avoided numbers and is now using the Investment Manager's in house ESG team and management software for these calculations.

Case study

Biodiversity on JLEN's solar portfolio

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

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

Key findings at the Higher Tregarne solar site:

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

JLEN's portfolio delivered

1,314
GWh green energy

And avoid emissions of

>905,906
tCO₂e

Enough electricity to power

>255,000
UK homes

SOCIAL

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

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

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

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

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

(1) More information can be found on page 111.

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

Social KPIs summary 2021/22

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

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

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

Skilled labour

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

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

Community relationships

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

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

Case study

Training to upskill operatives at the ELWA waste processing plant

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

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

SOCIAL continued

Community relationships continued

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

Projects supported by JLEN's community funds include:

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

Case study

Community fund that is supporting biodiversity

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

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

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



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 2021/22.

Reportable environmental and health and safety incidents

	2021/22
H&S incidents	3
Environmental incidents	5

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

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

Health, safety and environmental incident recording and reporting

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

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

GOVERNANCE

Objective: Ensure effective, ethical governance across the portfolio.

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

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

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

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

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

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

Governance KPIs summary 2021/22

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

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

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

Diversity of SPV directors

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

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

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

Inclusion of ESG in SPV board agendas

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

Modern slavery and human trafficking

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

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

Case study

Enhanced scope of management operations on the AD portfolio

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

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

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

Q&A WITH JO HARRISON, ESG COMMITTEE CHAIR



Q Tell us about your background

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

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

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

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

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

Q How do you see your role evolving over time?

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

CORPORATE SOCIAL RESPONSIBILITY

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

Foresight divides its commitment to CSR into four segments:

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

Empowering the workforce of the future:

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

- Foresight staff involvement in the Finance Industry Programme with AmosBursary, an organisation which helps young people of African and Caribbean heritage to excel in education and other opportunities, providing insights and an introduction to financial services to over 30 students;
- hosting a Careers Day for A-Level business students from the Sacred Heart School in London Bridge. Foresight staff have also visited the school for business and careers talks; and
- partnering with Diversity VC on their Future VC programme to offer paid internships to talented individuals from diverse backgrounds and provide them with hands-on experience that will help them succeed in their chosen careers.



FINANCIAL REVIEW

Analysis of financial results

The financial statements of the Company for the year ended 31 March 2022 are set out on pages 164 to 191.

The Company prepared the financial statements for the year ended 31 March 2022 in accordance with UK adopted international accounting standards as applicable to companies reporting under those standards. In order to continue providing useful and relevant information to its investors, the financial statements also refer to the "Group", which comprises the Company, its wholly owned subsidiary (JLEN Environmental Assets Group (UK) Limited ("UK HoldCo")) and the indirectly held wholly owned subsidiary HWT Limited (which holds the investment interest in the Tay project).

Basis of accounting

The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28, which states that investment entities should measure all their subsidiaries that are themselves investment entities at fair value. The Company accounts for its interest in its wholly owned direct subsidiary JLEN Environmental Assets Group (UK) Limited as an investment at fair value through profit or loss.

The primary impact of this application, in comparison to consolidating subsidiaries, is that the cash balances, the working capital balances and borrowings in the intermediate holding companies are presented as part of the Company's fair value of investments.

The Company's intermediate holding companies provide services that relate to the Company's investment activities on behalf of the parent which are incidental to the management of the portfolio. These companies are recognised in the financial statements at their fair value, which is equivalent to their net assets.

The Group holds investments in the 37 portfolio assets which make distributions comprising returns on investments (interest on loans and dividends on equity) together with repayments of investments (loan repayments and equity redemptions).

Results for the year ended 31 March 2022

All amounts presented in £million (except as noted)	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Net assets ⁽¹⁾	762.9	504.2
Portfolio value ⁽²⁾	795.4	571.4
Operating income and gains/(losses) on fair value of investments	192.9	14.8
Net assets per share	115.3p	92.2p
Distributions, repayments and fees from portfolio	56.5	48.2
Profit before tax	185.0	8.1

(1) Also referred to as Net Asset Value or "NAV".

(2) Classified as investments at fair value through profit or loss on the statement of financial position.

Net assets

Net assets increased from £504.2 million at 31 March 2021 to £762.9 million at 31 March 2022, primarily driven by acquisitions, the effect on the portfolio value of the increase in long-term power price and short-term inflation forecasts, partially offset by the increase of the long-term corporation tax rate.

The net assets of £762.9 million comprise £795.4 million portfolio value of environmental infrastructure investments and the Company's cash balances of £2.0 million, partially offset by £32.5 million of intermediate holding companies' net liabilities and other net liabilities of £2.0 million.

The intermediate holding companies' net liabilities of £32.5 million comprises a £53.6 million credit facility loan, partially offset by cash balances of £16.0 million and other net assets of £5.1 million.

Analysis of the Group's net assets at 31 March 2022

All amounts presented in £million (except as noted)	At 31 Mar 2022	At 31 Mar 2021
Portfolio value	795.4	571.4
Intermediate holding companies' cash	16.0	11.6
Intermediate holding companies' revolving credit facility	(53.6)	(82.0)
Intermediate holding companies' other assets	5.1	3.1
Fair value of the Company's investment in UK HoldCo	762.9	504.1
Company's cash	2.0	1.9
Company's other liabilities	(2.0)	(1.8)
Net Asset Value at 31 March	762.9	504.2
Number of shares	661,531,229	546,720,025
Net Asset Value per share	115.3p	92.2p

At 31 March 2022, the Group (the Company plus intermediate holding companies) had a total cash balance of £18.0 million (31 March 2021: £13.5 million), including £2.0 million in the Company's balance sheet (31 March 2021: £1.9 million) and £16.0 million in the intermediate holding companies (31 March 2021: £11.6 million), which is included in the Company's balance sheet within "investments at fair value through profit or loss".

At 31 March 2022, UK HoldCo had drawn £53.6 million of its revolving credit facility (31 March 2021: £82.0 million), which is included in the Company's balance sheet within "investments at fair value through profit or loss".

The movement in the portfolio value from 31 March 2021 to 31 March 2022 is summarised as follows:

All amounts presented in £million (except as noted)	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Portfolio value at start of the year	571.4	537.1
Acquisitions and further investment (net of post-acquisition price adjustments)	88.0	62.9
Disposal of assets	(5.6)	—
Distributions received from investments	(56.5)	(48.2)
Growth in value of portfolio	198.1	19.6
Portfolio value at 31 March	795.4	571.4

Further details on the portfolio valuation and an analysis of movements during the year are provided in the investment portfolio and valuation section on pages 74 to 83.

Income

The Company's profit before tax for the year ended 31 March 2022 is £185.0 million, generating earnings of 30.6 pence per share (year ended 31 Mar 2021: 1.5 pence per share), driven by the gains on fair value of investments attributable to the increase in long-term power price and short-term inflation forecasts.

All amounts presented in £million (except as noted)	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Interest received on UK HoldCo loan notes	28.8	28.7
Dividend received from UK HoldCo	21.3	14.9
Net gains/(losses) on investments at fair value	142.8	(28.8)
Operating income and gains/(losses) on fair value of investments	192.9	14.8
Operating expenses	(7.9)	(6.7)
Profit before tax	185.0	8.1
Earnings per share	30.6p	1.5p

FINANCIAL REVIEW continued

Income continued

In the year to 31 March 2022, the operating income and gains/(losses) on fair value of investments was £192.9 million, including the receipt of £28.8 million of interest on the UK HoldCo loan notes, £21.3 million of dividends also received from UK HoldCo and net gains on investments at fair value of £142.8 million.

The operating expenses included in the income statement for the year were £7.9 million, in line with expectations. These comprise £6.6 million Investment Manager fees and £1.3 million operating expenses. The details on how the Investment Manager fees are charged are set out in note 15 to the financial statements.

Ongoing charges

The "ongoing charges" ratio is an indicator of the costs incurred in the day-to-day management of the Fund. JLEN uses the AIC-recommended methodology for calculating this ratio, which is an annual figure.

The ongoing charges percentage for the year to 31 March 2022 was 1.19% (year ended 31 March 2021: 1.24%). The ongoing charges have been calculated, in accordance with AIC guidance, as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted Net Asset Value in the period. The ongoing charges percentage has been calculated on the consolidated basis and therefore takes into consideration the expenses of UK HoldCo as well as the Company. Adjusting for the impact of the drawdown amount under the revolving credit facility, the ongoing charges ratio would have been 1.03% (31 March 2021: 1.13%). Foresight believes this to be competitive for the market in which JLEN operates and the stage of development and size of the Fund, demonstrating that management of the Fund is efficient with minimal expenses incurred in its ordinary operation.

Cash flow

The Company had a total cash balance at 31 March 2022 of £2.0 million (31 March 2021: £1.9 million). The breakdown of the movements in cash during the year is shown below.

Cash flows of the Company for the year (£million):

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Cash balance at 1 April	1.9	1.8
Net proceeds from share issues	115.7	(0.2)
Investment in UK HoldCo (equity and loan notes)	(116.0)	–
Interest on loan notes received from UK HoldCo	28.8	28.7
Dividends received from UK HoldCo	21.3	14.9
Directors' fees and expenses	(0.3)	(0.3)
Investment Manager fees	(6.3)	(5.5)
Administrative expenses	(1.2)	(0.7)
Dividends paid in cash to shareholders	(41.9)	(36.8)
Company cash balance at 31 March	2.0	1.9

The Group had a total cash balance at 31 March 2022 of £18.0 million (31 March 2021: £13.5 million) and borrowings under the revolving credit facility of £53.6 million (31 March 2021: £82.0 million). The breakdown of the movements in cash during the year is shown overleaf.

Cash flows of the Group for the year (£million):

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Cash distributions from environmental infrastructure investments	56.5	48.2
Administrative expenses	(1.1)	(1.1)
Directors' fees and expenses	(0.3)	(0.3)
Investment Manager fees	(6.3)	(5.5)
Financing costs (net of interest income)	(2.6)	(1.8)
Cash flow from operations⁽¹⁾	46.2	39.5
Net proceeds from share issues	115.7	(0.2)
Debt arrangement fee cost	(2.2)	–
Acquisition of investment assets and further investment	(86.1)	(63.0)
Disposal of assets	3.7	–
Acquisition costs (including stamp duty)	(3.0)	(1.4)
Short-term projects debtors	–	0.4
(Repayment)/drawdowns under the revolving credit facility	(27.9)	53.0
Dividends paid in cash to shareholders	(41.9)	(36.8)
Cash movement in the year	4.5	(8.5)
Opening cash balance	13.5	22.0
Group cash balance at 31 March	18.0	13.5

During the year, the Group received cash distributions of £56.5 million from its environmental infrastructure investments, an increase of 17.2% compared to 2021.

Cash received from investments in the year covers the operating and administrative expenses and financing costs, as well as the dividends declared to shareholders in respect of the year ended 31 March 2022. Cash flow from operations of the Group of £46.2 million covers dividends paid in the year to 31 March 2022 of £41.9 million by 1.10x.

The Group anticipates that future revenues from its environmental infrastructure investments will continue to be in line with expectations and therefore will continue to cover fully future costs as well as planned dividends payable to its shareholders.⁽²⁾

Dividends

During the year, the Company paid a final dividend of 1.69 pence per share in June 2021 (£10.2 million) in respect of the quarter to 31 March 2021.

Interim dividends of 1.70 pence per share were paid in September 2021 (£10.2 million) in respect of the quarter to 30 June 2021, of 1.70 pence per share in December 2021 (£10.2 million) in respect of the quarter to 30 September 2021, and of 1.70 pence per share in March 2022 (£11.2 million) in respect of the quarter to 31 December 2021. On 17 May 2022, the Company declared a final dividend of 1.70 pence per share in respect of the quarter ended 31 March 2022 (£11.2 million), which is payable on 24 June 2022.

The target dividend for the year to 31 March 2023 is 7.14 pence per share, a 5.0% increase from the dividend declared in respect of the year to 31 March 2022.⁽²⁾

(1) "Cash flow from operations" is an alternative performance measure ("APM"). The APMs within the accounts are defined on page 193.

(2) These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

GOVERNANCE

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CHAIRMAN'S INTRODUCTION

The Board believes that a strong corporate governance culture is essential for the Company to achieve its investment objectives, to mitigate downside risk, and to take account of the interests of key stakeholders as part of its decision-making process.

Introduction

The Listing Rules and the Disclosure Guidance and Transparency Rules ("Disclosure Rules") of the FCA require listed companies to disclose how they have applied the principles and complied with the provisions of the Corporate Governance Code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code"), issued by the Association of Investment Companies ("AIC") provides specific corporate governance guidelines to investment companies. The AIC issued their revised code for member companies in February 2019 and this applies to accounting periods beginning on or after 1 January 2019. 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 and the associated disclosure requirements of the Disclosure Rules. The AIC Code can be viewed at www.theaic.co.uk.

The Guernsey Financial Services Commission ("GFSC") has issued a Finance Sector Code of Corporate Governance. The Code comprises Principles and Guidance and provides a formal expression of good corporate practice against which shareholders, boards and the GFSC can better assess the governance exercised over companies in Guernsey's finance sector. Companies which report against the UK Code or the AIC Code are also deemed to meet the Guernsey Code.

Statement of compliance with the AIC Code and Guide

The Board recognises the importance of a strong corporate governance culture that meets the Listing Rules of the FCA. The Board has put in place a framework for corporate governance that reflects the scale, nature and complexity of the Company and its operations. All Directors contribute in a meaningful way to Board discussions and debates. The Board believes in providing as much transparency on the Company's activities for stakeholders as is reasonably possible. It should be noted that most of the Company's day-to-day responsibilities are delegated to third parties and the Company has no employees.

The Company is a member of the AIC and is classified within the renewable energy infrastructure sector. The Company currently complies (except as set out in the next paragraph) with the principles and provisions of good governance contained in the AIC Code (which complements the UK Code and provides a framework of best practice for listed investment companies) and in accordance with the AIC Code, the Company will be meeting its obligations in relation to the UK Code and associated disclosure requirements of the Listing Rules.

The UK Code includes provisions relating to the role of the Chief Executive, executive Directors' remuneration and the need for an internal audit function. The Board considers these provisions are not relevant to the position of the Company, as all of the Company's day-to-day management and administrative functions are outsourced to third parties and it has no executive Directors, employees or internal operations. The independent compliance functions and internal control frameworks in place by service providers undertaking the Company's critical business functions, principally the Investment Manager and the Administrator, provides comfort that the activities which would otherwise have been undertaken by an internal audit function have been effectively addressed through other means. Therefore, no further reporting has been provided in respect of these provisions.

The functions which would typically be carried out by a management engagement committee are performed by the Company's Board as a whole and the Board has not considered it necessary to appoint a separate remuneration committee.

BOARD OF DIRECTORS

Members of JLEN's Board of Directors, all of whom are non-executive and independent of the Investment Manager, are listed below.



Richard Morse
Chairman

Richard has more than 34 years' experience in energy and infrastructure, including environmental energy. He is a partner at Opus Corporate Finance, where he is a leader in the environmental energy practice. His current boardroom experience includes Bazalgette Tunnel Limited (Deputy Chairman and Chairman of the Audit & Treasury Committee), The Woodard Corporation (Chairman), and Heathrow Southern Railway Limited (non-executive director).

Past experience

Richard trained as an investment banker, becoming Deputy Head of Corporate Finance and head of the utilities and energy team at Dresdner Kleinwort Wasserstein, before taking up senior roles in the energy and utilities practices at Goldman Sachs and Greenhill International, and a Senior Adviser role at Matrix Corporate Capital.

Committee memberships

NC EC



Richard Ramsay
Senior Independent Director

Richard is a chartered accountant with considerable experience of the energy sector and the closed-end fund industry. He is currently Chairman of Momentum Multi Asset Value Trust plc, an investment trust.

Past experience

Richard's previous energy sector experience includes: leading the Barclays de Zoete Wedd team that privatised the Scottish electricity industry; a period at Ofgem as Managing Director Finance and Regulation; working as director of the Shareholder Executive, principally involved with government businesses in the nuclear sector; and chairman of Northcourt Ltd, a provider globally of nuclear insurance. At Ivory & Sime, Barclays de Zoete Wedd and latterly at Intelli Corporate Finance, he has worked as a corporate adviser in the closed-end funds sector, completing over £2.5 billion of transactions. He has also previously been a director of two investment trusts and one venture capital trust.

Committee memberships

AC



Stephanie Coxon
Director

Stephanie is a Fellow of the Institute of Chartered Accountants in England and Wales and is a non-executive director of several London listed companies.

Past experience

Prior to becoming a non-executive director, Stephanie led the investment trust capital markets team at PwC for the UK and Channel Islands. During her time at PwC, Stephanie specialised in advising FTSE 250 and premium London listed companies on accounting, corporate governance, risk management and strategic matters.

Committee memberships

AC RC NC



Hans Joern Rieks
Director

Hans has over 26 years' experience within the global wind industry and has previously worked for Siemens Gamesa and Vestas Central Europe. He is highly regarded in the energy sector and has successfully led growth agendas and international strategies. An engineer by background, Hans has a strong technical grounding and excellent operational experience of how to manage the constantly evolving renewables landscape.

Past experience

Hans formerly led the Siemens wind business in EMEA, crafting and implementing a growth strategy, as well as being directly involved in the merger with Gamesa. Prior to this, he was President and CEO of Vestas Central Europe and member of the Group Management of Vestas Wind Systems A/S.

Committee memberships

RC NC EC



Alan Bates
Director

Alan has over 31 years' experience in the energy and infrastructure sectors including electricity, gas and water utilities. He has extensive experience in infrastructure operations and has excellent strategic and commercial skills. He has developed a broad understanding of the dynamics behind the energy transition and has assisted the Government of Guernsey in developing its energy policy. Alan has been the CEO of Guernsey Electricity since 2010 and is a Director of the Channel Islands Electricity Grid and Alderney Electricity Limited.

Alan is a Chartered Engineer, Fellow of the Institute of Mechanical Engineers and a Member of the Institute of Engineering Technology.

Past experience

Alan commenced his career with P&O and Princess Cruises as a Marine Engineering Officer, followed by 19 years in the oil and gas industry working for Mobil Oil/BP Oil and then International Energy Group before becoming the Managing Director of Manx Gas in the Isle of Man.

Committee memberships

AC RC



Jo Harrison
Director

Jo has over 23 years' experience working in the water industry and is the Director of Environment, Planning and Innovation at United Utilities, where she is accountable for leading the approach to environmental and long-term planning; including developing and strengthening the approach to all aspects of the environment, climate change and carbon, asset management, risk and resilience. Jo is a chartered member of the Institute of Water and Environmental Managers and is a Chartered Environmentalist. She is also a trustee of the Rivers Trust.

Past experience

Jo has worked for United Utilities since 1998 and has a BSc in Geography and Ecology from the University of Sheffield and an MSc in Pollution and Environmental Control from Manchester University. Jo was also previously a trustee of the Community Forest Trust.

Committee memberships

EC RC

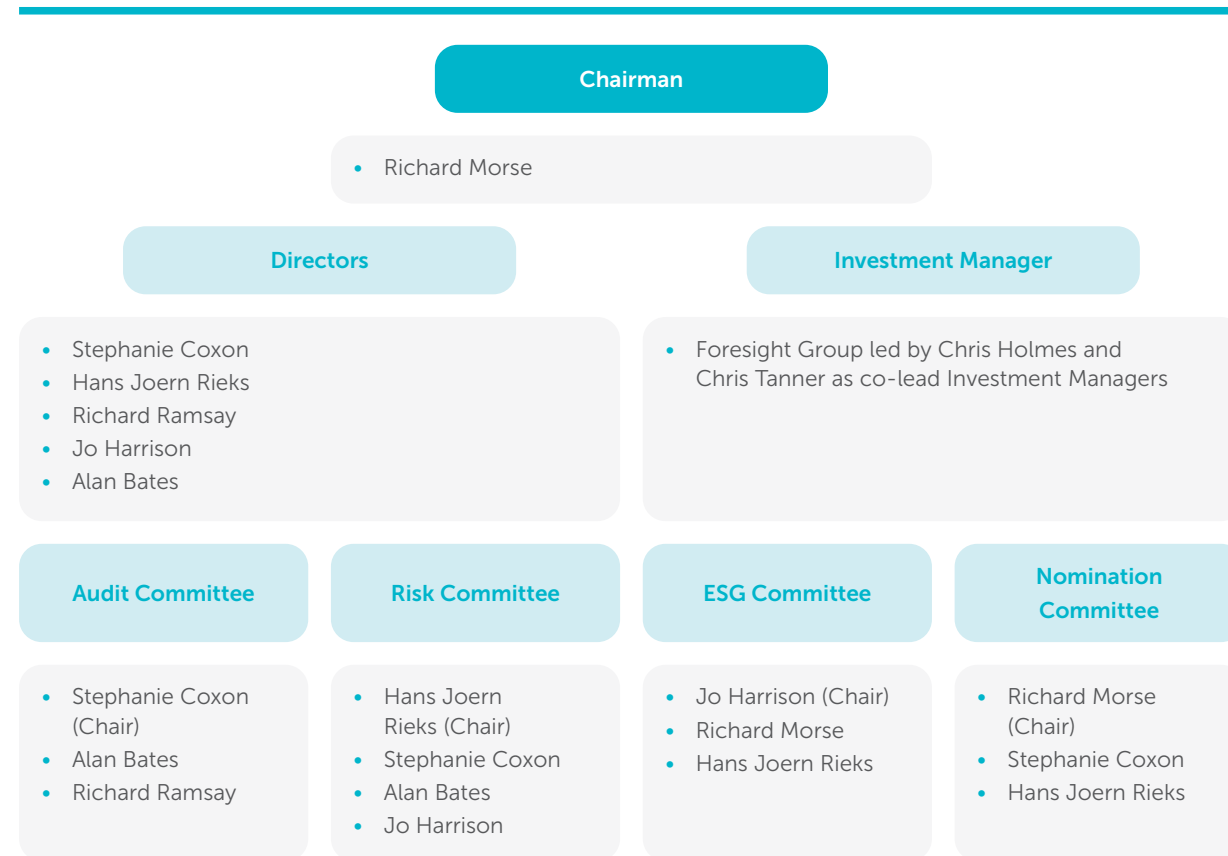
Key

- AC Audit Committee
- NC Nomination Committee
- RC Risk Committee
- EC ESG Committee
- Chair

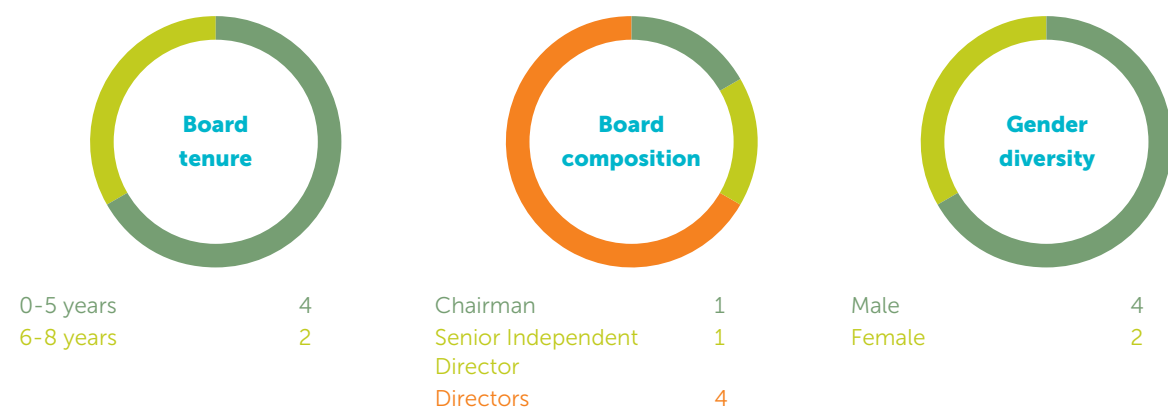
GOVERNANCE AT A GLANCE

The corporate governance and Board structure is outlined below.

Corporate governance framework



Board structure as at 31 March 2022



Board activities in 2022

Strategy

Monitoring the evolution of the business development pipeline following the changes introduced in March 2021 to the Company's investment policy, particularly the relevance of emerging low carbon and energy efficiency, agriculture and aquaculture technologies.

Divestment of two French onshore wind farms in January 2022, being the Company's first divestment since launch, achieving an uplift to the valuation prior to the receipt of firm bids and taking the opportunity to recycle capital on a value-accretive basis for shareholders.

Ongoing assessment of the appropriateness of overseas markets and opportunities to gain exposure through co-investment with other Foresight-managed products.

Governance

Formation of a dedicated ESG Committee of the Board with delegated responsibility for overseeing the development and implementation of the Company's ESG strategy, which sets out the guiding principles, objectives, strategic actions and policies with respect to ESG matters.

Appointment of Foresight Group as AIFM with delegated authority for taking certain investment decisions and items of expenditure falling within the parameters set by the Board.

Independent remuneration policy review to ensure the Board's practices remain fair and reasonable in the context of the Company, reflect accepted market convention, whilst providing a competitive basis for recruiting high-quality candidates for Board succession.

Risk management

Monitoring of the impact from Brexit and the Ukraine crisis and rising inflation to the supply chain, particularly where delays in the procurement of spare parts or cost increases may be experienced.

Careful monitoring of macroeconomic factors creating market disruption, assessing the impact of rising interest rates, inflation and volatile short-term power prices on the Company's ability to maintain its target dividend.

Operational

Several milestones within the operational initiatives programme, including risk mitigation programmes across certain AD sites to secure additional long-term digestate storage facilities, technical enhancements implemented across several solar sites increasing yield, and early-stage investigations into carbon off-take proposals involving the liquification and storage of carbon dioxide AD plants.

Continued progress with the Group's value enhancement programme from successful hardware upgrades on certain wind assets, and software upgrades which enhanced the analytical and performance monitoring feedback, identifying potential repairs earlier and reducing project downtime.

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained throughout the Group.

Duties and responsibilities

The Board's annual cycle includes at least six scheduled meetings per year and, should the nature of the activity of the Company require it, additional meetings may be scheduled, some at short notice. Between meetings there is regular contact with the Investment Manager and the Administrator and the Board requires information to be supplied in a timely manner by the Investment Manager, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties, and in a timely manner to enable full and proper consideration to be given to the relevant issues. Outside of the formal meeting schedule, informal sessions are held between the Board and an annual strategy day is held by the Board with key advisers.

The Board has overall responsibility for the management of the Company's affairs. Whilst discretionary management authority has been delegated to the Investment Manager, the Board has adopted a set of reserved powers which set out the particular areas where the Board wishes to retain control. Such reserved powers include decisions relating to the determination of investment policy and approval of certain investment transactions, strategy, capital raising, statutory obligations and public disclosure, financial reporting, entering into any material contracts by the Company and overseeing the Company's sustainability strategy.

The Board actively promotes a culture of openness, constructive challenge and debate in the boardroom, underpinned by robust internal controls and governance frameworks. Assessment of the personality types of Board Directors and their cognitive and interpersonal skills forms part of the Board's consideration of the expected future leadership needs of the Company. In considering these needs, the Board seeks to ensure that the practices and behaviour throughout the Company's operations remain aligned with the Company's purpose, values and strategy. No corrective actions were taken during the year in response to matters arising which did not meet the Board's expected standards.

An Investment Management Agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has delegated authority, including monitoring and managing the existing investment portfolio, risk management, taking investment decisions within the agreed parameters and also the limits on cost and expenditure above which Board approval must be sought. All other matters are reserved for approval by the Board of Directors.

In contributing to the delivery of the Company's strategy, the Board maintains a high level of engagement with the Investment Manager and seeks to work in a collegiate and co-operative manner, whilst encouraging open discussion, challenge and debate of all significant matters relevant to the Investment Manager's delegated authority. In addition to the Board's cycle of scheduled meetings, members of the Board regularly attend fortnightly operational update meetings hosted by the investment management team.

The Directors are expected to devote such time as is necessary to enable them to discharge their duties. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008, as amended. It is the Board's responsibility to present a fair, balanced and understandable assessment, which extends to interim and other price-sensitive public reports.

Board operation

The overall management of the Company is the responsibility of the Board, which exercises all the powers of the Company subject to the relevant statutes, the Company's Articles of Incorporation, and any directions given by resolutions passed by shareholders. The Articles empower the Board to allot, grant options, warrants or other rights over or otherwise dispose of the Company's shares as the Board determines. The law permits the Company to make market purchases of its own shares if the purchase has first been authorised by a resolution of the Company.

Shareholders authorised the renewal of the Board's authority to allot ordinary shares at the 2021 AGM and, subject to certain terms and conditions, to repurchase ordinary shares on behalf of the Company. Similar authorities are being sought at the forthcoming AGM and details are set out in the notice of AGM.

The Board's annual cycle includes quarterly meetings where the Directors follow a formal agenda which is fixed in advance and standing agenda items at each quarterly meeting cover each area where the Board has reserved decision-making power, in addition to receiving reports from key service providers on portfolio performance, asset valuations and enhancements, operational matters, business development and capital allocation, ESG matters, risk management, peer group information, regulatory and industry developments. The Board actively monitors the environment in which the Company operates to ensure any developments which may affect the Company are considered. Strategy sessions are held at least annually and are co-ordinated by the Investment Manager and key advisers, which include site visits and technical briefings. The Board's annual cycle also includes a dividend policy review session and setting the target for the next financial year.

In order to discharge their duties and to operate effectively as a Board, the Directors have full and timely access to all relevant information concerning the Company.

The principal matters considered by the Board during the year (including attending to matters formally reserved for its decision making) included:

- the appointment of Foresight as AIFM and the parameters of their revised mandate;
- the strategic direction of the Company and the compatibility of emerging technologies within the revised investment policy;

- composition of the Board, diversity and succession planning;
- the Annual Report and audited financial statements and the Half-year Report;
- the dividend policy;
- the activities of the Board's formally constituted committees, including the formation of the ESG Committee;
- the valuation policy, the recognition of value enhancements, the inclusion of capture discounts and the ongoing appropriateness of the blended power curve; and
- the risk management framework and the principal risks facing the Company.

Committees of the Board

The Board has not deemed it necessary to appoint a separate remuneration committee as, being comprised of six Directors, it considers that such matters may be considered by the Board as a whole. At the launch of the Fund, the remuneration of the Board was fixed after consultation with independent external advisers and in subsequent years the Board has reviewed the remuneration levels for the Company and received industry comparison information from advisers in respect of Directors' remuneration. The Company's remuneration policy was last subject to a full independent review in May 2022. As noted in the Directors' remuneration report on pages 145 and 146, an external review of remuneration levels was undertaken subsequent to the financial year end and recommendations for fee levels to apply from the financial year commencing April 2022 will be proposed to shareholders as part of the remuneration policy at the 2022 annual general meeting.

Following Foresight's appoint as AIFM, the Board will meet to consider any investment proposals which fall outside of Foresight's delegated authority (explained in further detail on page 31). The Board ensures compliance with the terms of the investment policy of the Company and will consider and decide on any changes to the investment policy (subject to obtaining the relevant shareholder approvals), including geographical and sectorial spread of investments, risk profile, investment restrictions and the approach to project selection.

BOARD LEADERSHIP AND COMPANY PURPOSE continued

Committees of the Board continued

Prior to January 2022 the Board was responsible for making discretionary management decisions in respect of the investment portfolio (with reference as necessary to advice provided by Foresight Group, which at that time acted as the Company's Investment Adviser). In connection with Foresight's appointment as discretionary Investment Manager, the Board and Foresight agreed specific delegation parameters against which investment proposals are to be assessed. In cases where the parameters are exceeded, the transaction qualifies as a "Board Approval Transaction", therefore falling outside the scope of Foresight's delegated authority. Further details of Foresight's delegated authority are set out on page 31.

The Board as a whole also fulfils the functions typically carried out by a management engagement committee. The Board reviews and makes recommendations on any proposed amendment to the Investment Management Agreement and keeps under review the performance of the Investment Manager. The Board also performs a review of the performance of other key service providers to the Fund and meets at least once a year to undertake a qualitative performance review. In the case of each service provider, the review seeks to ensure that:

- the terms of engagement remain fair and reasonable in the context of the Company and the market;
- their objectives remain aligned with those of the Company;
- they have not been subject to any adverse event which may present additional risk to the Company;
- they remain appropriately incentivised to perform their duties to a high standard; and
- their continued engagement remains in the best interests of the Company as a whole.

The Board notes the supporting guidance provided under provision 17 of the 2019 edition of the AIC Code on means by which investment companies may assess the relationship with the manager. During 2021, the Board reviewed the Company's position against each of the suggested considerations and concluded that the relationship was operating effectively, that the duties of the Investment Manager remained aligned with the objectives of the Company and that the continued retention of the Investment Manager's services remained in the best interests of the Company.

Audit Committee

The Company has established an Audit Committee, chaired by Stephanie Coxon, which operates within clearly defined terms of reference and comprises three non-executive Directors: Stephanie Coxon, Alan Bates and Richard Ramsay, whose qualifications and experience are noted on pages 122 and 123. All members of the Audit Committee are independent Directors and have no connections with the external auditor. The Audit Committee meets at least three times a year, at times appropriate to the financial reporting calendar.

Further details of the membership and activities of the Audit Committee are described in this report on pages 139 to 142.

Audit Committee performance evaluation

For the financial year ended 31 March 2022, the Board is undertaking an internal evaluation of the performance of the Audit Committee. The evaluation process will include feedback from all Committee members on the Committee's discharge of the duties delegated under its terms of reference, and on the performance and effectiveness of the Audit Committee Chair.

External audit

The Audit Committee is satisfied with the quality effectiveness and independence of the audit process, and the effectiveness of the recent audit and the performance of the external auditor is reviewed annually. The review process includes receiving feedback from all key personnel involved in the audit process and in the production of the annual financial statements. Any findings from the audit effectiveness review are communicated to the external auditor in advance of their next engagement and considered as part of the subsequent audit planning process.

The Directors are not aware of any circumstances which would affect the recommendation that Deloitte be reappointed as external auditor for the year ending 31 March 2023, expected to be confirmed by the Board in the notice of the 2022 annual general meeting. The Audit Committee also recommends the role of the external auditor is retendered every 10 years, with the audit partner changing every five years.

Risk Committee

The Company has also established a Risk Committee, which is chaired by Hans Joern Rieks and comprises four non-executive Directors: Hans Joern Rieks, Alan Bates, Jo Harrison and Stephanie Coxon. The duties of the Risk Committee include the identification, measurement, management and monitoring of all risks relevant to the Company's investment strategy and to which the Company is or may be exposed. Drawing from this, the Risk Committee is responsible for determining the principal risks to which the Company is exposed, being those most likely to threaten the business model, future performance, solvency or liquidity. 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. The Risk Committee meets at least four times per year.

Nomination Committee

The Nomination Committee, chaired by Richard Morse, comprises three non-executive Directors: Richard Morse, Hans Joern Rieks and Stephanie Coxon. The Nomination Committee's main function is to regularly review the structure, size and composition of the Board and to consider succession planning for Directors. The Nomination Committee meets at least twice per year.

Directors' attendance

The attendance record of Directors for the year to 31 March 2022 is set out below.

	Board meeting	Audit Committee	Risk Committee	Nomination Committee	ESG Committee ⁽¹⁾
Number of meetings held	4	5	4	2	2
Richard Morse	4	—	—	2	2
Stephanie Coxon	4	5	4	— ⁽²⁾	—
Peter Neville (resigned on 2 September 2021)	2	3	2	2	—
Richard Ramsay	4	5	—	—	—
Hans Joern Rieks	4	—	4	1	2
Alan Bates (appointed on 10 June 2021)	3	3 ⁽³⁾	3 ⁽⁴⁾	—	—
Jo Harrison (appointed on 10 June 2021)	3	—	3 ⁽⁵⁾	—	2

(1) Jo Harrison, Hans Joern Rieks and Richard Morse were members of the ESG Committee from its formation on 2 September 2021.

(2) Stephanie Coxon was a member of the Nomination Committee from 2 September 2021.

(3) Alan Bates was a member of the Audit Committee from 2 September 2021.

(4) Alan Bates was a member of the Risk Committee from 2 September 2021.

(5) Jo Harrison was a member of the Risk Committee from 2 September 2021.

A total of 18 other unscheduled Board meetings were held during the year for specific purposes, which were attended by some, but not all, of the Directors.

RELATIONS WITH SHAREHOLDERS

The Board encourages active engagement with shareholders and the investment community.

Dialogue with shareholders

The Company welcomes the views of all shareholders and places great importance on effective communication with its shareholders through a variety of channels. The Investment Manager produces a quarterly factsheet which is available on the Company's website. The Chairman and senior members of the Investment Manager make themselves available, as practicable, to meet with principal shareholders, key sector analysts or other key stakeholders. Meetings between institutional investors and the Investment Manager are arranged periodically by the Company's broker and representatives of the Company are open to meeting with all investors, on request.

Feedback from these meetings is provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Company's financial PR agency, as well as receiving relevant updates from the Investment Manager and the Company's broker.

Investor publications

All shareholders can address any feedback or queries concerning the Company in writing at its registered address via the Company Secretary.

The Chairman or the Senior Independent Director are willing to meet with major shareholders to discuss any particular items of concern or to understand their views on governance and the performance of the Company, and the annual general meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Investment Manager.

Company website

The Company's website, www.jlen.com, is regularly updated with new information, research, videos and quarterly publications. The Company's Prospectus, Key Information Document and Investor Disclosure Document are all available for download. The Company also maintains an issuer services page with the London Stock Exchange, providing details of key contacts and corporate events over the financial year.

Stakeholders, business relationships and socially responsible investment

Section 172 statement

Whilst not directly applicable to companies incorporated outside the UK, the Board recognises the intention of the AIC Code that matters set out in Section 172 of the Companies Act 2006 are reported.

The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. Additionally, the Board promotes the success of the Company for the benefit of our members as a whole as well as a broad range of stakeholders that we recognise are material to the long-term success of the business. We set out below the detail of how the Board has complied with its duty under Section 172.

As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers. Each provider has an established track record and through regulatory oversight is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, treat shareholders fairly and employ corporate governance best practice. The stakeholders which the Board has identified as being key are the Company's shareholders, the Investment Manager, commercial service providers, asset-level counterparties, local communities and debt providers. Understanding the needs of each stakeholder group and ensuring the Company's operations are conducted in a manner which recognises their interests is crucial for ensuring the Company's long-term sustainable success.

Further information on how the Company engages with stakeholders can be found on pages 31 to 37.

The Board's commitment to maintaining high standards of corporate governance, combined with the Directors' duties enshrined in company law, the constitutive documents, the Disclosure Guidance and Transparency Rules, and the UK version of the Market Abuse Regulation, provides shareholders with regular and detailed announcements concerning the Company and its activities sufficient for investors to make informed decisions concerning their shareholding. A significant amount of time is dedicated at each scheduled meeting to risk management and how effectively the Company can preserve value for shareholders over the long term through mitigating downside risk. Regular dialogue with the Investment Manager and the corporate broker ensures the Board is aware of the investment strategy and the views of major shareholders and for these to be taken into consideration as part of the Board's decision-making process.

Representatives of the Investment Manager are involved in the governance framework of each project. This reinforces the effective flow of relevant information to the Board on the activities of the Company's significant counterparty exposures involved in operating each project, and provides a communication channel through which community stakeholders' views can be shared, considered at each scheduled meeting of the Directors, and to ensure their interests remain aligned with the objectives of the Company.

DIVISION OF RESPONSIBILITIES

The Board has overall responsibility for the management of the Company's affairs.

Chairman

As Chairman, Richard Morse is responsible for leading the Board and for ensuring its effectiveness in all aspects of its role. Specific duties of the Chairman include demonstrating ethical leadership, objective judgement, promoting the highest standards of integrity, probity and a culture of openness and debate. The Chairman sets the Board's agenda and ensures the Board has a clear understanding of the views of those who provide the Company's capital and that effective decision-making processes are in place, supported by high-quality information, that take into consideration the interests of all the Company's key stakeholders.

The Chairman leads the annual performance evaluation of the Board, with support from the Senior Independent Director, and acts as appropriate on the results. One-on-one meetings are held between the Chairman and the Directors each year, which provides an additional forum through which any potential training needs are identified, experiences of the Company are shared, or other relevant Board matters are addressed.

Senior Independent Director

Richard Ramsay is the Senior Independent Director and provides support to the Chairman on matters of Board effectiveness, governance, and acting as an intermediary for the Directors, shareholders and other key stakeholders. The Senior Independent Director also provides an additional channel of communication through which stakeholders may voice concerns, works annually with the other Directors on reviewing the performance of the Chairman, and is responsible for leading the succession planning arrangements for the Chairman.

Non-executive Directors

Including the Chairman and the Senior Independent Director, the Company currently has six independent non-executive Directors.

The Company Secretary

The Directors have access to the advice and services of Sanne Fund Services (Guernsey) Limited, the Company Secretary and Administrator, which is responsible to the Board for ensuring that Board procedures are followed and that it complies with Guernsey law and applicable rules and regulations of the Guernsey Financial Services Commission and the London Stock Exchange. The Company Secretary is also responsible for the timely delivery of information to the Board and ensuring that statutory obligations are met.

Market Abuse Regulation

The Board has formally adopted procedures in relation to the Company's obligations under the UK version of the Market Abuse Regulation ("MAR"), including procedures for the identification, management and disclosure of price sensitive information, share dealing by persons discharging managerial responsibility and their persons closely associated. The Board is responsible for overseeing the Company's compliance with MAR, and ensuring compliance with MAR by the Directors.

AIFM Directive

The Company is categorised as an externally managed non-EEA AIF for the purposes of the Alternative Investment Fund Managers Regulations 2013 and the AIFM Directive. The Investment Manager has received authorisation from the FCA to act as AIFM to the Company. The Board has delegated responsibility for the Company's risk management and portfolio management functions to the Investment Manager, subject to specific delegation parameters described in the Investment Management Agreement.

Although the Board delegates discretionary management authority to the Investment Manager, it actively and continuously supervises the Investment Manager in the performance of its functions and reserves the right to take decisions in relation to the overall investment and risk management policies and strategies of the Company or to terminate the appointment of the Investment Manager (subject to the terms of the Investment Management Agreement). The Board has the right to request additional information or updates from the Investment Manager in respect of all delegated matters, including in relation to the identity of any sub-delegates and their sphere of operation.

AIFM Directive disclosures

The Company is required, pursuant to Regulation 597(2) of the Alternative Investment Fund Managers Regulations 2013 and Article 42(1)(a) of the AIFM Directive, to make certain specified disclosures to prospective investors prior to their investment in the Company, in accordance with the FCA's Investment Funds sourcebook and Article 23 of the AIFM Directive (the "Article 23 Disclosures"). The Company has published an investor disclosure document on its website (www.jlen.com) for the purposes of making the Article 23 Disclosures available to prospective investors prior to their investment in the Company.

During the financial year ended 31 March 2022, there was one material change to the Article 23 Disclosures made available on the Company's website, when the Company appointed Foresight as Investment Manager on 11 January 2022, as detailed further in this report.

AIFM Remuneration

The Investment Manager is categorised by the FCA as a Collective Portfolio Management Investment ("CPMI") firm and is accordingly subject to certain provisions of the FCA's AIFM Remuneration Code and MIFIDPRU Remuneration Code for its MiFID business (the "Remuneration Code").

The Investment Manager's Remuneration Policy (the "Policy") applies to all staff whose professional activities have a material impact on the risk profiles of the Investment Manager or of the funds it manages, including the Company. This includes senior management, risk takers, control functions and any employee/member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The Manager's Remuneration Code Staff have been identified as:

- partners as members of the management body, of those responsible for the prevention of money laundering and terrorist financing and managerial responsibility for business units, departments and teams; and

- Directors/Heads of Teams, including senior staff responsible for investment management, IT, risk management and those with authority to take decisions on the introduction of new products.

The Investment Manager ensures that the Policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the funds it manages, including the Company. The Manager recognises the importance of an effective remuneration policy in order to attract, motivate and retain individuals of the necessary ability and experience and to reward individuals both on an annual basis and over the long term for their contributions to the success of the Investment Manager, the Company and the Company's portfolio of assets.

The Investment Manager ensures that where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the Company (as an AIF) and of the Investment Manager's overall results. When assessing individual performance, financial and non-financial criteria are considered. Variable remuneration consists of bonus payments of employees.

The Investment Manager has an established Employee Remuneration Committee to oversee the implementation of its remuneration policies and practices established under the Remuneration Codes.

The Company does not have any employees. The services in this regard are provided by staff members of the Investment Manager in its role as AIFM.

In accordance with the Alternative Investment Fund Managers Regulations 2013 and related FCA rules, the Manager is required to make certain remuneration disclosures available to investors and the FCA. In accordance with these obligations, the Investment Manager's Policy and the numerical remuneration disclosures in respect to the relevant reporting period are available from the Investment Manager on request.

DIVISION OF RESPONSIBILITIES continued

Non-mainstream pooled investments

The Board notes the rules of the UK FCA on the promotion of non-mainstream pooled investments.

The Board confirms that it conducts the Company's affairs, and intends to continue to do so, in order that the Company's shares will be excluded securities under the FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom. Therefore, the Company's shares will not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

Significant voting rights

Details of shareholders with notifiable interests in the voting rights of the Company can be found on page 149.

Share repurchase

Subject to the provisions of the law and the Company's Articles of Incorporation, the Company may purchase all or any of its shares of any class, including any redeemable shares, and may hold such shares as treasury shares or cancel them. During the year no shares were acquired by the Company.

Amendment to the Company's Articles of Incorporation

Subject to the provisions of the law and the Company's Articles of Incorporation, the Company's Articles can be amended by special resolution.

COMPOSITION, SUCCESSION AND EVALUATION

Nomination Committee report



The Board ensures it has the appropriate balance of skills, experience, diversity and knowledge to operate effectively.

Richard Morse
Chair of the Nomination Committee

Committee members

Richard Morse
Chair of the Nomination Committee

Hans Joern Rieks
Director

Stephanie Coxon
Director

The Board of Directors has established a Nomination Committee from the non-executive Directors of the Company. The Nomination Committee, chaired by Richard Morse, operates within clearly defined terms of reference which are considered and are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

The main roles and responsibilities of the Nomination Committee are to:

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes, based on merit and objective criteria (including skills, knowledge and experience, and promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths);
- give full consideration to succession planning for Directors, ensuring effective plans are in place for orderly succession to the Board and to oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company; and
- lead the process for appointments and be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

COMPOSITION, SUCCESSION AND EVALUATION continued

Nomination Committee report continued

The Nomination Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities. The Committee typically meets at least twice a year and at such other times as the Nomination Committee Chair shall require. Other Directors and third parties may be invited by the Nomination Committee to attend meetings as and when appropriate.

The initial and all subsequent members of the Board are selected following a comprehensive recruitment exercise with the aim of establishing a Board with the skills, knowledge, experience and diversity necessary for providing effective leadership and maintaining a governance framework suitable for the nature, scale and complexity of the Company.

The Nomination Committee met twice during the financial year. Matters considered by the Committee during the year included, but were not limited to:

- the Company's policy on diversity, ensuring this remained aligned with the Company's strategy and objectives;
- Director succession planning;
- Director training;
- the time requirements and independence of Directors; and
- consideration and agreement of the terms of reference of the Nomination Committee for approval by the Board.

Four meetings of the Nomination Committee were held during the previous financial year, which achieved significant progress in implementing the Board's succession plans, notably the appointments of Alan Bates and Jo Harrison in September 2021, broadening the operational, utilities industry and environmental skill sets represented on the Board whilst also broadening its diversity.

In early 2022, the Nomination Committee was notified of the intention of Richard Morse to retire from the Board, having served as Chairman since the Company's inception and in December 2022 would be reaching his ninth year on the Board. In accordance with the Board's succession plan, the Committee engaged a third party, Savannah Partners Limited, to support a comprehensive recruitment exercise to identify potential candidates to succeed Richard as Board Chairman. The process is in advanced stages and the Committee looks forward to announcing the outcome of the recruitment exercise in due course.

Richard Ramsay has also indicated that, in line with the Company's succession planning, he will be retiring from the Board by the end of the calendar year. Savannah Partners have also been retained to identify potential candidates to succeed him.

Savannah Partners Limited has no other connections with the Company or its individual Directors.

A further meeting of the Nomination Committee was held subsequent to the financial year end to receive and consider the findings of the Board evaluation concerning the size, structure and composition of the Board and the appropriateness of the current mix of skills, knowledge and experience for its current activities, and how effectively members of the Board work together to achieve their objectives. No material areas for improvement or matters requiring further attention were identified in the findings from the Board's internal performance evaluation.

The Nomination Committee continues to maintain and develop the Board's succession planning arrangements to ensure the arrangements remain effective, and that a diverse pipeline for succession is maintained which remains aligned with the Company's strategy and future leadership needs. The Board is committed to maintaining at least 40% female representation, and having at least one Board member from an ethnic minority background before the December 2024 target.

Board succession timeline 2022

31 March 2022

At the year end, the Board consisted of six non-executive Directors:

- Chairman – Richard Morse;
- SID – Richard Ramsay;
- Stephanie Coxon;
- Alan Bates;
- Jo Harrison; and
- Hans Joern Rieks.

31 July 2022

During July 2022 the Board expects to announce the outcome of the Board's recruitment exercise and the successor to Richard Morse.

1 September 2022

At the Company's AGM on 1 September 2022, Richard Ramsay will retire from the Board, and will not stand for re-election. All other Directors will stand for re-election at the AGM.

Board independence and composition

The Board consists of six Directors, all of whom are non-executive and independent of the Company's Investment Manager and other key service providers. Board independence is formally reviewed annually against the factors suggested in the AIC Code as likely to impair, or could appear to impair, independence, in addition to any other relevant considerations. The Board considers all of the Directors, including the Chairman, to be independent. The Directors' details are contained on pages 122 and 123 and set out the range of investment, financial and business skills and experience represented. Richard Morse has been appointed Chairman and Richard Ramsay Senior Independent Director.

The Board believes that the Directors provide the appropriate balance of skills, knowledge and diversity necessary to manage the affairs of the Company and to operate effectively as a Board. Biographical details of the Directors are provided on pages 122 and 123. The composition of the Board is formally reviewed annually by the Nomination Committee with the objective of ensuring that it meets the current and expected future leadership needs of the Company. The Board's formal performance evaluation also provides feedback from the Directors on aspects of the Board's operation where greater effectiveness may be achieved.

Tenure, succession planning and induction

The tenure of all Directors, including the Chairman, is expected not to exceed nine years unless exceptional circumstances warrant, such as to allow for phased Board appointments and retirements and to ensure that the Board remains well balanced and that the skills, knowledge and experience of the Board is refreshed at appropriate intervals.

In 2019 the Board began the implementation of its succession plan which involved a staged process of rotating the Directors first appointed at the Company's launch. In accordance with corporate governance best practice as set out in the AIC Code, each Director will be subject to annual re-election by shareholders at the annual general meeting. The Board maintains a succession roadmap which documents the plans in place for a gradual phasing of the Board and to avoid any undue disruption which may arise if more than one Director were to retire within a short space of time.

On appointment to the Board, new Directors will be provided with an induction pack by the Company Secretary containing all relevant information regarding the Company, its history, operations, key relationships, and their duties and responsibilities as Directors. New appointees meet with each of the Directors and with representatives of the Investment Manager. The Chairman is responsible for agreeing the programme of induction training with new appointees, and that any training needs of the existing Directors are addressed.

COMPOSITION, SUCCESSION AND EVALUATION continued

Nomination Committee report continued

Tenure, succession planning and induction continued

The Nomination Committee is responsible for ensuring that a diverse pipeline for succession is maintained, relevant to the future leadership needs of the Company.

Board diversity

The Board supports the recommendations issued by the FTSE Women Leaders Review (building on the work of the former Hampton-Alexander and Davies Reviews) and the Listing Rule requirement introduced in April 2022 requiring listed companies to target at least 40% female board representation. The Board further notes the recommendations of the Parker Review to have at least one member of the Board from an ethnic minority background by December 2024.

The Board considers diversity in all its forms as part of its succession planning and the Directors are committed to maintaining a gender-balanced board, in addition to achieving the recommendations of the Parker Review in advance of December 2024. Acting on the findings from the Nomination Committee's review of the size, structure and composition of the Board, the Directors were pleased to announce the appointments of Alan Bates and Jo Harrison in June 2021.

No Director has a service contract with the Company and the terms and conditions of appointment for each of the Directors are set out in writing between each individual and the Company. Copies of the relevant appointment letters are available for inspection at the Company's registered office.

Conflicts of interest

The Directors have undertaken to notify the Company Secretary as soon as they become aware of any actual or potential new conflict of interest. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. Other business relationships, including those that conflict or may potentially conflict with the interests of the Company, are taken into account when appointing Board members and are monitored on a regular basis. The terms of each Director's appointment letter with the Company requires that they seek prior approval from the Board before taking up any additional external appointments. The Board recognises the holdings of ordinary shares in the Company held by each of Richard Morse, Richard Ramsay, Stephanie Coxon and Hans Joern Rieks, details of which are set out on page 150.

The Board considers these interests at each scheduled meeting and remains satisfied that they do not affect the ability of the Directors to exercise independent judgement or their objectivity.

Performance and evaluation

The JLEN Board has adopted a process to review its performance on a regular basis and such reviews are carried out internally on an annual basis, with externally facilitated evaluation expected to take place every three years. The annual evaluation of the Board and the performance of its committees has taken the form of questionnaires and discussion to assess Board effectiveness and individual Director performance in various areas. The review of the Chairman's performance is led by the Senior Independent Director.

The last externally facilitated performance evaluation was undertaken by Aspida Advisory Services Limited in respect of the financial year ended 31 March 2020. The findings from the external review were generally satisfactory and no material deficiencies were identified. The next externally facilitated Board evaluation will take place in 2023.

For the financial year ended 31 March 2022, the Directors undertook an internal evaluation of the Board. The evaluation process covered the composition of the Board and meeting process, Board information, training and development, Board dynamics, accountability and effectiveness.

Additional reviews were undertaken in respect of the performance and effectiveness of the Chairman, and of the Audit Committee. Certain points identified during the assessment which we have agreed to take forward in the coming year include:

- broadening the diversity of the Board with the objective of meeting the targets set by the Parker Review before December 2024;
- implementing a remuneration policy which better reflects market practice and the time commitment and demands placed on the Directors (as further explained in the Directors' Remuneration report); and
- certain enhancements to the Company's induction programme for new Directors, based on the learning gained during stages of the pandemic lockdown.

AUDIT, RISK AND INTERNAL CONTROL

Audit Committee report



Stephanie Coxon, Chair of the Audit Committee, is pleased to present the Audit Committee report for the year ended 31 March 2022.

Stephanie Coxon
Chair of the Audit Committee

Committee members

Stephanie Coxon
Chair of the Audit Committee

Alan Bates
Director

Richard Ramsay
Director

Summary of the roles and responsibilities of the Audit Committee

The main roles and responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reporting to the Board on significant financial reporting issues and judgements contained therein;
- reviewing the content of the Half-year and Annual Reports and financial statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- agreeing with the external auditor the audit plan and reviewing the auditor's report related to the Half-year Report and the Annual Report and financial statements;
- maintaining the Company's policy on the provision of non-audit services by the external auditor;
- reviewing and recommending for approval the audit, audit-related and non-audit fees payable to the external auditor and the terms of their engagement;

The Audit Committee is appointed by the Board from the non-executive Directors of the Company. The Audit Committee, chaired by Stephanie Coxon, operates within clearly defined terms of reference and includes all matters indicated by Disclosure Guidance and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference are considered by the Audit Committee at each meeting and any changes are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

AUDIT, RISK AND INTERNAL CONTROL continued

Audit Committee report continued

Summary of the roles and responsibilities of the Audit Committee continued

- taking into account the principal risks, reviewing the long-term viability and going concern statements, including the underlying documentation prepared by the Investment Manager;
- reviewing, in conjunction with the Risk Committee, the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- reviewing the adequacy and security of the Company's arrangements for regulatory compliance, whistleblowing and fraud, recognising that responsibilities for whistleblowing arrangements reside with the Board as a whole;
- making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor; and
- assessing annually the effectiveness of the audit process and the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and the effectiveness of the audit process.

The Audit Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities.

Meetings

The Audit Committee meets at least three times a year and at such other times as the Audit Committee Chair shall require.

In addition to the Audit Committee meeting formally with the external auditor, the Chair of the Audit Committee has met them informally on six further occasions and the independent valuations specialists three times.

These informal meetings have been held to ensure the Audit Committee Chair is kept up-to-date with the progress of their work and that their formal reporting meets the Audit Committee's needs. Any member of the Audit Committee may request that a meeting be convened by the Company Secretary.

The external auditor may request that a meeting be convened if it is deemed necessary.

Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Annual general meeting

The Audit Committee Chair attends the annual general meeting to answer shareholder questions on the Committee's activities.

Significant issues

The Audit Committee considered the following significant issues during the year and in relation to the financial statements:

Valuation of investments

The Company is required to calculate the fair value of its investments. Whilst a relatively high volume of transactions for investments of this nature take place, there is not a suitable listed or other public market in these investments against which their value can be benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IFRS 13 Fair Value Measurement.

The calculation of the fair value of the investments carries elements of risk, mainly in relation to the assumptions and factors such as:

- the determination of the appropriate macroeconomic assumptions underlying the forecast investment cash flows;
- the determination of the appropriate assumptions regarding future power prices, inflation forecasts, energy generation and volumes underlying the forecast investment cash flows;
- the determination of appropriate sensitivities to apply to meet the required disclosures;
- the impact of project-specific matters on the forecast cash flows for each investment;
- the determination of the appropriate discount rate for each investment that is reflective of current market conditions;
- the tax deductibility of interest expense under the Base Erosion and Profit Shifting ("BEPS") legislation;
- the underlying project financial models may not reflect the underlying performance of the investment;

- terms and costs of the future refinancing of senior debt on certain projects;
- the cash flows from the underlying financial models may not take into account current known issues; and
- the updates performed on the underlying financial models may result in errors in forecasting.

The Audit Committee is satisfied that the Investment Manager's assumptions have been reviewed and challenged for:

- the macroeconomic assumptions, including inflation and the comparison of these assumptions to observable market data, actual results and prior year comparatives;
- the electricity price, gas price, energy generation and volume assumptions, including the comparison of these assumptions to observable market data, actual results and prior year comparatives; and
- the build-up of the discount rates for consistency and reasonableness, benchmarking against market data and peers and project-specific items.

The Audit Committee is also satisfied that the portfolio valuation and associated disclosures have been audited for mechanical accuracy, ensuring that the investments are brought on balance sheet at fair value and that the independent valuation carried out by an independent firm has been reviewed and challenged by the Audit Committee, Board, and by the auditor.

Internal audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function specific to the Company, given that there are no employees in the Company and the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures in place in relation to the Company and its subsidiaries, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained.

External audit

Deloitte LLP has been the Company's auditor since incorporation on 12 December 2013 and this is the eighth set of financial statements on which it has expressed an audit opinion.

The Audit Committee has assessed the quality and the effectiveness of the audit process. To draw its conclusions, the Audit Committee reviewed:

- the scope of the audit, the audit fee and the external auditor's fulfilment of the agreed audit plan;
- the degree of diligence demonstrated by them in the course of their interaction with the Board, the Audit Committee and the Administrator and Investment Manager;
- the external auditor's assessment of the Group's principal risks; and
- the report highlighting the matters that arose during the course of the audit and the recommendations made by the external auditor.

The Audit Committee has noted the recommendations under the UK Code and the AIC Code to put the external audit out to tender every five to 10 years. The Audit Committee has also noted the requirements of the Competition and Markets Authority with respect to external auditor services and retendering. This is the eighth year of Deloitte's appointment as the Company's auditor.

The Audit Committee is satisfied with the quality, effectiveness and independence of the audit process and it is recommended to the Board that Deloitte LLP be reappointed as external auditor for the year ending 31 March 2023. Following this year's audits, a detailed auditor evaluation of the external auditor will be undertaken. This evaluation will include obtaining feedback from senior finance personnel who were exposed to the audit process to obtain their input on the effectiveness of the external audit process.

Non-audit services

The Audit Committee considered the extent of non-audit services provided by the external auditor. The Company has adopted a formal policy in relation to the provision of non-audit services, pursuant to which the external auditor's objectivity and independence is safeguarded through limiting non-audit services to their role as reporting accountants for capital raising services and in relation to the half-year interim review, subject to a cap.

The Company paid £37,432 during the year for non-audit services to Deloitte LLP, all in relation to the half-year interim review.

AUDIT, RISK AND INTERNAL CONTROL continued

Audit Committee report continued

Internal control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, and the Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based on a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Investment Manager, Administrator and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise and mitigate those risks and the risks at the operating companies. The Audit Committee works in close co-operation with the Risk Committee, with the prime responsibility of the Audit Committee being the review of internal financial controls and processes, and of the Risk Committee being the principal risks and uncertainties facing the Company. A separate report on the activities of the Risk Committee is set out on pages 143 and 144.

Activities of the Audit Committee

The Audit Committee met on five occasions during the year ended 31 March 2022. Matters considered at these meetings included, but were not limited to:

- reviewing the independent internal controls assurance process put in place by the Investment Manager;
- meeting with the independent valuation provider and with the external auditor without representatives of the Investment Manager present to receive their views in relation to the half-year and year-end valuation and the appropriateness and implementation of the Company's asset valuation methodology;
- monitoring the ongoing appropriateness of the Company's blended power price curve and capture price discounts;
- reviewing the reappointment of the external auditor;
- reviewing the effectiveness of the external auditor and the external audit process;
- considering the short and long-term implications to asset valuations and cash flows from the significant dislocation in energy markets, rising inflation and interest rates;

- reviewing the long-term viability and going concern statements, including the underlying documentation;
- approving the external audit fees;
- considering and agreeing the terms of reference of the Audit Committee for approval by the Board;
- reviewing the proposed accounting policies and format of the financial statements;
- reviewing the audit plan and timetable for the preparation of the Annual Report and financial statements;
- reviewing the Company's asset valuation methodology;
- reviewing the independent valuation report; and
- reviewing the 2022 Annual Report and financial statements and the 2021 Half-year Report.

No areas of significant disagreement or concern were highlighted during the Audit Committee's activities during the year which necessitated further action being taken outside of the Committee's routine duties.

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference.

Approval

On behalf of the Audit Committee:



Stephanie Coxon

Chair of the Audit Committee

15 June 2022

Risk Committee report



We are pleased to present the Risk Committee report for the year ended 31 March 2022.

Hans Joern Rieks

Chair of the Risk Committee

Committee members

Hans Joern Rieks

Chair of the Risk Committee

Stephanie Coxon

Director

Alan Bates

Director

Jo Harrison

Director

The terms of reference are considered at least annually by the Risk Committee and are then referred to the Board for approval. A copy of the terms of reference is available on the Company's website or upon request from the Company Secretary.

The main roles and responsibilities of the Risk Committee are to:

- when requested to do so, advise the Board on the overall risk appetite, tolerance and strategy of the Fund, taking account of the extent to which the risk profile of the Company corresponds to the size, structure and objectives of the Company, in addition to the current and prospective macroeconomic, financial and regulatory environment, including relevant stakeholder issues;
- oversee and advise the Board on the current risk exposures of the Fund with particular focus on the Fund's principal risks, being those which could influence shareholders' economic decisions, and the controls in place to mitigate those risks;

The Board of Directors has established a Risk Committee from the non-executive Directors of the Company. The Risk Committee, chaired by Hans Joern Rieks, operates within clearly defined terms of reference and works closely with the Audit Committee in monitoring the internal controls and risk management of the Company.

AUDIT, RISK AND INTERNAL CONTROL continued

Risk Committee report continued

- keep under review the Fund's overall risk identification and assessment processes and, in conjunction with the Audit Committee, review the adequacy and effectiveness of the risk management systems;
- in conjunction with the Audit Committee, ensure that a framework of strong corporate governance and best practice is in place, which enables the Company to comply with the main requirements of the Guernsey Code, UK Code or the AIC Code where considered appropriate;
- in conjunction with the ESG Committee, ensure the effective integration of climate risk into the Company's risk management framework;
- when requested to do so, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Fund, and taking independent external advice where appropriate and available; and
- oversee the remit of the risk management function, its resources, access to information and independence.

The Risk Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and how it has discharged its responsibilities. The Committee must meet at least four times a year and at such other times as the Risk Committee Chair shall require. Other Directors and third parties may be invited by the Risk Committee to attend meetings as and when appropriate. The Risk Committee met four times in the year.

In order to assist it in fulfilling its role on behalf of the Board, the Committee has established, in conjunction with the Investment Manager, an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed. This is a risk-based approach through the maintenance of a register which identifies the key risk areas faced by the Company and the controls employed to minimise and mitigate those risks. Scoring based on a traffic light system for likelihood and impact is used to assess the significance to the Fund of each individual risk. The register is updated quarterly and the Committee considers all material changes to the risk ratings and the action which has been, or is being, taken. By their nature, these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

Activities of the Risk Committee

The Risk Committee met on four occasions during the year ended 31 March 2022. Matters considered at these meetings included, but were not limited to:

- challenging the Investment Manager's views on risk movements during the period,
- considering and agreeing the Company's principal risks;
- monitoring developments with the Company's major counterparty exposures;
- considering changes to the risk profile of the portfolio arising from proposed investments in new asset classes or geographies;
- monitoring the development of emerging risks and assessing their impact on the Company;
- agreeing the elevation of certain ESG-related risks into the risk management framework;
- reviewing the effectiveness of the risk management function;
- considering and agreeing the risk management responsibilities transferring to Foresight on their appointment as AIFM; and
- considering the regulatory risks associated with the implementation of the TCFD and SFDR requirements.

REMUNERATION

Directors' remuneration report

Introduction

The Board has established separate Risk, Audit, ESG and Nomination Committees to effectively oversee the activities of the Group.

The Board has not deemed it necessary to appoint a remuneration committee as, being comprised of six Directors, it considers that such matters may be considered by the whole Board, provided that no Director is involved in deciding their own remuneration.

The Board determines and agrees the policy for the remuneration of the Directors of the Company, including the approval of any ad hoc payments in respect of exceptional work required. No Director is involved in determining his or her own remuneration.

As all Directors of the Company are non-executive, they receive an annual fee appropriate for their responsibilities and time commitment, but no other incentive programmes or performance-related emoluments.

At IPO, the remuneration of the Board was fixed after consultation with independent external advisers. The remuneration policy is reviewed annually by the Directors to ensure it remains appropriate in the context of the activities of the Company, that the practices continue to support strategy and promote the Company's long-term sustainable success, and that they reflect the time commitment and responsibility of the role.

In 2022 an external review of the Company's remuneration policy was carried out by Trust Associates and their recommendations were considered by the Board as a whole prior to determining the policy to apply for the financial year commencing 1 April 2022. Internal remuneration policy reviews are undertaken annually by the Directors for each year intervening an externally facilitated review of remuneration.

The external remuneration review included a desktop benchmarking exercise, comparing the Company's remuneration practices against the broader listed investment company sector, companies based in the Channel Islands, in addition to a selected peer group comparison. Account was taken for the time, complexity and level of risk involved for Directors, which was assessed based on the findings of questionnaires and calls held with each Director, in addition to comments received from the Investment Manager, corporate brokers and the Company Secretary.

The findings confirmed that the Board continued to be highly responsive to Company demands, demonstrated by the attendance record at scheduled and ad hoc meetings held during the financial year. It was also acknowledged that the Board had adopted a conservative approach to reviewing its own remuneration by applying only an inflationary increase in the 2019/20 financial year, then retaining those fee levels for 2020/21 in light of the ongoing uncertainty and market volatility caused by the Covid-19 pandemic.

The Directors are mindful of maintaining remuneration levels at a level broadly consistent with market expectations to avoid fees being a limiting factor by prospective Board candidates, whilst also taking account of the time requirement expected for each Board position and any additional responsibilities. In considering the findings of the external remuneration review, relevant factors included the Company remaining competitive against peers, the additional scrutiny placed on FTSE 250 constituents, and to avoid the need for substantial fee increases over future years as inflation levels remain high. Having considered the recommendations of the external review, the Board has agreed to adopt each recommendation, without variation, conditional on ratification by shareholders at the 2022 annual general meeting. The proposed remuneration policy applicable for the financial year ending 31 March 2023 is set out on the following page.

REMUNERATION continued

Directors' remuneration report continued

Remuneration policy

Each Director receives a fixed fee per annum based on their role and responsibility within the Company and the time commitment required. It is not considered appropriate that Directors' remuneration should be performance related and none of the Directors are eligible for pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. Shares held by the Directors are disclosed in the report of the Directors. The total remuneration of non-executive Directors has not exceeded the £300,000 per annum limit set out in the Articles of Incorporation of the Company (subsequently increased to £400,000 at the EGM held on 8 March 2021).

The Company's Articles of Incorporation empower the Board to award additional remuneration where any Director has been engaged in exceptional work on a time spent basis to compensate for the additional time spent over their expected time commitment.

All of the Directors have been provided with letters of appointment which stipulate that their initial term shall be for three years, subject to annual re-election. The Articles of Incorporation provide that Directors retire and offer themselves for re-election at the first annual general meeting after their appointment and at least every three years thereafter. Pursuant to the AIC Code, each Director retires and offers themselves for re-election at each annual general meeting. A Director's appointment may at any time be terminated by, and at the discretion of, either party upon three months' written notice.

A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances.

The terms and conditions of appointment of non-executive Directors are available for inspection at the Company's registered office.

Details of individual remuneration

For comparative purposes, the table below sets out the Directors' remuneration approved and actually paid for the year to 31 March 2022, as well as that proposed for the year ending 31 March 2023.

Director	Role	Annual base proposed for 2022/23	Paid 2021/22
Richard Morse	Chairman and Nomination Committee Chair	£75,000	£67,250
Richard Ramsay	Senior Independent Director	£50,600	£49,000
Hans Joern Rieks	Risk Committee Chair	£48,000	£42,500
Stephanie Coxon	Audit Committee Chair (from 3 September 2021)	£55,000	£46,696
Jo Harrison (appointed 10 June 2021)	ESG Committee Chair	£48,000	£34,327
Alan Bates (appointed 10 June 2021)		£46,000	£34,327
Peter Neville (resigned 2 September 2021)		—	£21,196
Total			£295,295

Where the Company requires Directors to work on specific corporate actions, an additional fee may be appropriately determined. No additional fees were paid to the Directors for the year ended 31 March 2022.

Directors are entitled to claim reasonable expenses which they incur attending meetings or otherwise in performance of their duties relating to the Company.

The total amount of Directors' expenses paid for the year ended 31 March 2022 was £1,653 (31 March 2021: £356).

Approval of report

The Board will seek approval at the annual general meeting on 1 September 2022 for both the remuneration policy and the annual Directors' fees for routine business for the year ended 31 March 2023, as set out above.

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report and the audited financial statements of the Company for the year ended 31 March 2022.

Principal activities

JLEN Environmental Assets Group Limited is a company incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008. The Company was incorporated on 12 December 2013 with the Company registered number 57682.

At 31 March 2022, the total number of ordinary shares of the Company in issue was 661,531,229 following two oversubscribed equity issues, 54,672,002 and 60,139,202 new ordinary shares were issued in May 2021 and January 2022 respectively.

The Company is a registered fund under the Registered Collective Investment Scheme Rules and Guidance, 2021 and is regulated by the Guernsey Financial Services Commission and, during the year, its principal activity was as an investor in environmental infrastructure that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

Business review

The Company is required to present a fair review of its business during the year ended 31 March 2022, its position at the year end and a description of the principal risks and uncertainties it faces.

This information is contained within the strategic report on pages 21 to 119.

Disclosure of information under Listing Rule 9.8.4

The Company is required to disclose information on any contract of significance subsisting during the period under review:

- to which the Company, or one of its subsidiary undertakings, is a party and in which a Director of the Company is or was materially interested; and
- between the Company, or one of its subsidiary undertakings, and a controlling shareholder.

Details can be found in note 15 to the financial statements.

The Directors note that no shareholder has waived or agreed to waive any dividends.

Results and dividends

The results for the year are set out in the financial statements on pages 164 to 191. On 17 May 2022, the Directors declared a dividend in respect of the period 1 January 2022 to 31 March 2022 of 1.70 pence per share to shareholders on the register as at the close of business on 6 June 2022, payable on 24 June 2022.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and prospects, are set out in the strategic report. The financial position of the Company, its cash flows and its liquidity position are also described in the strategic report. In particular, the current economic conditions, including the impact of the ongoing Ukraine crisis on electricity and gas prices, have created a number of risks and uncertainties for the Company and these are set out in the risks and risk management section on pages 38 to 67. As part of the going concern assessment, the Directors have also reviewed the results of the reverse stress test and downside case which includes significant reduction in projects' cash flows under severe negative power price and generation volume assumptions. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 16 to the financial statements.

The Company continues to meet its requirements and day-to-day liquidity needs through both its own cash resources and those of its investment entities, to which it has full recourse.

As a result the Company forecasts to meet all RCF covenants requirements.

REPORT OF THE DIRECTORS continued

Going concern continued

At 31 March 2022, the Company had net current assets of £0.1 million (31 March 2021: £0.1 million), including a cash balance of £2.0 million (31 March 2021: £1.9 million). At UK HoldCo level, the £170 million revolving credit facility was drawn to a level of £53.6 million (31 March 2021: £82.0 million), with the balance available for future acquisitions and working capital. JLEN has sufficient cash balances to meet other current obligations as they fall due, while all key financial covenants are forecast to continue to be complied with.

Since 21 May 2021, JLEN has benefited from a £170 million multi-currency revolving credit facility with accordion facility of up to £30 million with ING, HSBC, NIBC, RBSI and NAB. This revolving credit facility expires in May 2024. In addition, the Company raised £56.9 million equity in May 2021 and £60.7 million equity in January 2022.

The Directors have reviewed Company forecasts and projections which cover a period of not less than 12 months from the date of the Annual Report, taking into account reasonably likely changes in investment and trading performance, which show that the Company has sufficient financial resources.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Long-term viability statement

The Directors have assessed the viability of the Group over the three-year period to June 2025, taking account of the Group's current position and the potential impact of the principal risks documented in the strategic report. Based on this robust assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to June 2025.

In making this statement, the Directors have considered and challenged the reports of the Investment Manager in relation to the resilience of the Group, taking into account its current position, the principal risks facing it in severe but reasonable scenarios, the effectiveness of any mitigating actions and the Group's risk appetite. Sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period. In particular, this has considered the achievement of budgeted energy yields, the level of future power prices in this very volatile market, continued government support for renewable energy subsidy payments and the impact of a proportion of the portfolio not yielding.

The Directors have determined that a three-year look forward to June 2025 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in economic and other medium-term forecasts regularly prepared for the Board by the Investment Manager and the discussion of any new strategies undertaken by the Board in its normal course of business. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third-party funds and invest capital, or mitigating actions taken, such as a reduction of dividends paid to shareholders or utilisation of additional borrowings available under the RCF.

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 38 to 67 of the strategic report and the ongoing work of the Audit and Risk Committees in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Share capital

The Company has one class of ordinary shares which carry no rights to fixed income. On a show of hands, each member present in person or by proxy has the right to one vote at general meetings. On a poll, each member is entitled to one vote for every share held.

Major interests in shares and voting rights

As at 31 March 2022, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following interests in 5% or more of the voting rights as a shareholder in the Company.

Shareholder	Percentage of voting rights and issued share capital	Number of ordinary shares
Gravis Capital Management	7.46%	49,320,619
Newton Investment Management Limited	7.11%	47,036,377
Smith & Williamson Wealth Management	5.48%	36,257,959

The issued nominal value of the ordinary shares represents 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation, which are incorporated into this report by reference.

Authority to purchase own shares

A resolution to provide the Company with authority to purchase its own shares will be tabled at the annual general meeting on 1 September 2022. This shareholder authority was last renewed at the 2021 annual general meeting.

REPORT OF THE DIRECTORS continued

Board of Directors

The Board members that served during the year and up until the date of this report, all of whom are non-executive Directors and independent of the Investment Manager, are listed below. Their biographical details are shown on pages 122 and 123.

Name	Function
Richard Morse	Chairman
Peter Neville (resigned 2 September 2021)	Director
Richard Ramsay	Senior Independent Director
Hans Joern Rieks	Director
Stephanie Coxon	Director
Alan Bates (appointed 10 June 2021)	Director
Jo Harrison (appointed 10 June 2021)	Director

Re-election of Directors

At the first annual general meeting of the Company on 14 August 2014, all of the Directors offered themselves for re-election and were duly re-elected. In compliance with the provisions of the AIC Code of Corporate Governance, all of the Directors will stand for re-election at each annual general meeting. Having considered the results of the internal performance evaluation for the year ended 31 March 2022, the Directors are satisfied that the Board continues to perform effectively, and that each Director continues to demonstrate commitment to their roles. Each of the Directors has a letter of appointment rather than a service contract.

Directors' interests

Directors who held office during the year and had interests in the shares of the Company as at 31 March 2022 were:

	Ordinary shares of no par value each held at 31 Mar 2022	Ordinary shares of no par value each held at 31 Mar 2021
Richard Morse	103,535	103,535
Stephanie Coxon	15,000	—
Peter Neville (resigned 2 September 2021)	n/a	29,896
Richard Ramsay	53,813	53,813
Hans Joern Rieks	95,000	—
Alan Bates	—	—
Jo Harrison	—	—

There have been no changes in the Directors' interests from 31 March 2022 to the date of this report.

Annual general meeting

The Company's annual general meeting will be held at 10.00am on 1 September 2022 at Sarnia House, Le Truchot, St Peter Port, Guernsey, Channel Islands. Details of the business to be conducted are contained in the notice of annual general meeting.

Appointment of the Investment Manager

On 1 July 2019, the Company changed Investment Adviser from John Laing Capital Management Limited to Foresight Group. The existing team that had been providing investment advice since JLEN's launch in 2014 transferred to Foresight to continue working with the Company. In January 2022, the former Investment Advisory Agreement was terminated and the Company entered into a new Investment Management Agreement with Foresight. Save for the addition of certain additional regulatory obligations in connection with their role as Alternative Investment Fund Manager and the delegation of discretionary decision-making authority in relation to routine investment transactions, the material terms, fees and provisions of the Investment Management Agreement with Foresight Group are the same as the previous Investment Advisory Agreement. It is the Directors' opinion that the appointment of Foresight Group on the agreed terms is in the best interests of the shareholders as a whole.

Auditor

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company and its subsidiaries and joint ventures, which includes monitoring use of the auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the auditor, a resolution will be proposed at the 2022 annual general meeting to reappoint Deloitte LLP.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Each has taken all the steps necessary, as a Director, to be aware of any relevant audit information and to establish that Deloitte LLP is made aware of any pertinent information. This confirmation is given, and should be interpreted in accordance with, the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

By order of the Board



Richard Morse
Chairman

15 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with UK adopted international accounting standards and the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings taken as a whole, together with a description of the principal risks and uncertainties that we face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board



Richard Morse
Chairman

15 June 2022

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of JLEN Environmental Assets Group Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the valuation of investments at fair value.
Materiality	The materiality that we used in the current year was £15.2 million which was determined on the basis of 2% of the net assets as at 31 March 2022.
Scoping	As the Company is an investment entity under IFRS 10, its subsidiaries are measured at fair value rather than consolidated on a line-by-line basis and therefore the Company has been accounted for as one component. There has been no change in approach for the current year.
Significant changes in our approach	There were no significant changes in our approach from the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's going concern paper, identifying the assumptions applied in the going concern assessment and testing the mechanical accuracy of the underlying forecasts;
- assessing the reasonableness of assumptions used in the forecasts including the impact of Covid-19 and energy market disruption;
- checking consistency of the forecast assumptions applied in the going concern assessment with other forecasts, including investment valuation assumptions;
- reviewing the historical accuracy of forecasts prepared by management;
- assessing the financing facilities including nature of facilities, repayment terms and covenants and evaluating whether any covenants are likely to be breached;
- evaluating management's sensitivity analysis on the key assumptions applied to understand those that could give rise to a material uncertainty related to going concern under a reasonable worst case scenario;
- assessing the liquidity position of the Company by assessing the Company's reverse stress test to determine the point at which a material uncertainty related to going concern may arise and evaluating the likelihood of such an event occurring;
- challenging the appropriateness of the sensitivities performed;
- reviewing the future commitments of the Company and assessing the Company's ability to fulfil these commitments; and
- assessing the adequacy of the financial statement disclosures in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities, and the responsibilities of the Directors, with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of investments at fair value

Key audit matter description

The Company's principal activity is to act as an investor for environmental infrastructure assets, and has direct and indirect interests in wind farms, solar farms, anaerobic digestion, hydro, waste & bioenergy and low carbon & energy efficiency projects. As described in the significant accounting policies in note 2 to the financial statements, the fair value of the Company's investment in the underlying subsidiaries is determined using the Net Asset Value of those subsidiaries at the reporting date which mainly consist of investment projects that are determined using a discounted cash flow methodology as there is no liquid market for these projects. These investments are valued at £762.9 million as at 31 March 2022 (2021: £504.1 million). Note 9 to the financial statements provides a breakdown of the movement in these investments in the financial year.

The complexity of the valuation methodology, as well as a number of significant estimates, means that the fair value of the investments will be sensitive to the assumptions made (as described in the sensitivity disclosures in note 16 and the "investment portfolio and valuation" section of the Annual Report) and may not be appropriate. There is also judgement associated with inflation and power prices given the current geopolitical and macroeconomic environment.

The key assumptions included in the valuation are:

- discount rates – the determination of the appropriate discount rate for each investment with regards to risk free rates, operational risk, and recent market transactions, where applicable; there is also potential for fraud through manipulation of this assumption;
- gas and power prices – including considering the forward prices and capture price discounts, impact of Covid-19 and the recent energy market disruption;
- inflation rates – both short-term and long-term forecasts, including the increased near-term inflation expectations; and
- operational assumptions – including generation outputs, acquisition values and value enhancements.

Management engages an expert as an independent source to review their valuation and form an opinion on the appropriateness of the valuation.

5.1. Valuation of investments at fair value continued

How the scope of our audit responded to the key audit matter

Our audit procedures were designed to allow us to obtain appropriate evidence to challenge the assumptions adopted in the discounted cash flow models. Our audit procedures included:

- obtaining an understanding of the relevant controls in respect of updates to the valuation models used at 31 March 2022;
- challenging the discount rates applied to the different asset types (solar, wind, anaerobic digestion, waste & bioenergy and low carbon & energy efficiency assets) by working with our internal valuation specialist to calculate an independent appropriate range, holding discussions with the Company's expert to challenge assumptions further and benchmarking the discount rates against those used by comparable market participants and those indicated by recent market transactions;
- assessing the competence, capability and objectivity of the Company's expert;
- with the assistance of our internal specialists: challenging the macroeconomic assumptions, such as inflation, by reference to observable market data and expert forecasts to independently determine an acceptable range;
- assessing the electricity and gas curves used with reference to data supplied by market consultants to determine if the assumptions used are reasonable;
- benchmarking electricity and gas price assumptions against other competitors, including the application of capture price discounts and consideration of the recent energy market disruption;
- disaggregating investments based on our risk assessment with detailed model reviews performed on new material assets during the period and on higher risk investments and performing analytical reviews on the investments in order to challenge significant movements in the valuations;
- evaluating the adjustments made to the projected cash flows and economic assumptions as a result of the Covid-19 pandemic and subsequent economic recovery, which included lower generation outputs on certain projects;
- assessing changes to operational assumptions in the underlying models, in particular movements from generation outputs, acquisition values and value enhancements made, through reference to third-party support where required;
- testing the mechanical accuracy for a sample of the valuation models including performing model integrity tests; and
- reviewing the adequacy of the disclosures made in the financial statements including the sensitivities applied; challenging whether these reflect the increased reasonable possible changes in key assumptions given the energy market disruption and the effects of the current geopolitical and macroeconomic environment.

Key observations

Based on the audit procedures performed, and our benchmarking of assumptions, we identified that some areas of the valuation had become more conservative, including a higher discount rate in respect of one of the Company's investments, offset by certain power price assumptions, which had become more optimistic. We concluded that the assumptions and judgements in aggregate were appropriate and that the valuation of the Fund was therefore reasonable.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

6. Our application of materiality

6.1. Materiality

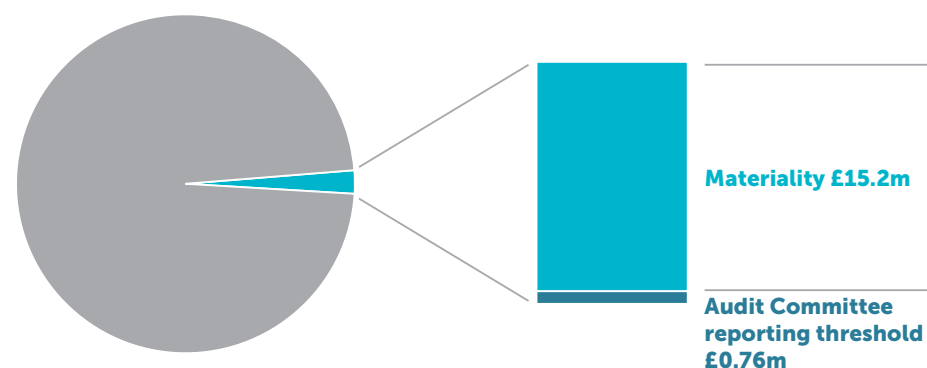
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£15.2 million (2021: £10.0 million)
Basis for determining materiality	2% of net assets as at 31 March 2022 (2021: 2% of net assets)
Rationale for the benchmark applied	The Company's investment objective is to achieve long-term capital appreciation from its environmental infrastructure investments. We therefore evaluated the Company's net assets as the most appropriate benchmark as it is one of the principal considerations for members of the Company in assessing financial performance and represents total shareholders' interest.

Net assets £762.9m

■ Net assets
■ Materiality



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the quality of the control environment and the low number of misstatements identified in previous audits.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £760,000 (2021: £500,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As the Company is an investment entity under IFRS 10, its subsidiaries are measured at fair value rather than consolidated on a line-by-line basis and therefore the Company has been accounted for as one component. There has been no change in approach for the current year.

7.2. Our consideration of the control environment

We have obtained an understanding of the control environment and the relevant controls to address our significant risks.

7.3. Our consideration of climate-related risks

We reviewed the management's climate change risk assessment including transition and physical risks and how these are incorporated into the principal risks and uncertainties facing the Company. These risks have been focused on the assumptions underlying the valuation of the investments and include gas and power price forecasts, variability of weather resource and feedstock resource. This is consistent with our evaluation of the climate-related risks facing the Company. With the involvement of our ESG Centre of Excellence, we have evaluated the appropriateness of disclosures included in the financial statements and we have read the annual report to consider whether the disclosures are materially consistent with the financial statements and our knowledge obtained in the audit, including consideration of the net zero power and gas curves used to assess the impact of certain transition risks on the valuation of the portfolio.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on the audit of the financial statements continued

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investments at fair value. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, the Listing Rules, the Alternative Investment Fund Managers ("AIFM") Directive, the Association of Investment Companies ("AIC") Code of Corporate Governance and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's regulatory licences under The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of investments at fair value as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT continued

to the members of JLEN Environmental Assets Group Limited

Report on other legal and regulatory requirements

12. Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 147 and 148;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 147 and 148;
- the Directors' statement on fair, balanced and understandable set out on page 152;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 149;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 149; and
- the section describing the work of the Audit Committee set out on page 139.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board on 12 September 2013 to audit the financial statements for the year ending 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 2015 to 2022.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Becker

For and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands

15 June 2022

INCOME STATEMENT

for the year ended 31 March 2022

	Notes	2022 £'000s	2021 £'000s
Operating income and gains on fair value of investments	9	192,890	14,753
Operating expenses	5	(7,883)	(6,649)
Operating profit		185,007	8,104
Profit before tax		185,007	8,104
Tax	6	—	—
Profit for the year		185,007	8,104
Earnings per share			
Basic and diluted (pence)	8	30.6	1.5

The accompanying notes form an integral part of the financial statements.

All results are derived from continuing operations.

There is no other comprehensive income in either the current year or the preceding year, other than the profit for the year, and therefore no separate statement of comprehensive income has been presented.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Notes	2022 £'000s	2021 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	762,855	504,093
Total non-current assets		762,855	504,093
Current assets			
Trade and other receivables	10	219	14
Cash and cash equivalents		2,022	1,874
Total current assets		2,241	1,888
Total assets		765,096	505,981
Current liabilities			
Trade and other payables	11	(2,191)	(1,780)
Total current liabilities		(2,191)	(1,780)
Total liabilities		(2,191)	(1,780)
Net assets		762,905	504,201
Equity			
Share capital account	13	664,401	548,848
Retained earnings	14	98,504	(44,647)
Equity attributable to owners of the Company		762,905	504,201
Net assets per share (pence per share)		115.3	92.2

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2022.

They were signed on its behalf by:



Richard Morse
Chairman



Stephanie Coxon
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Year ended 31 March 2022			
	Notes	Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2021		548,848	(44,647)	504,201
Profit for the year		—	185,007	185,007
Profit and total comprehensive income for the year		—	185,007	185,007
Issue of share capital	13	117,599	—	117,599
Expenses of issue of equity shares	13	(2,046)	—	(2,046)
Dividends paid	7	—	(41,856)	(41,856)
Balance at 31 March 2022		664,401	98,504	762,905
	Year ended 31 March 2021			
	Notes	Share capital account £'000s	Retained earnings £'000s	Total £'000s
Balance at 1 April 2020		548,943	(15,929)	533,014
Profit for the year		—	8,104	8,104
Profit and total comprehensive income for the year		—	8,104	8,104
Expenses of issue of equity shares	13	(95)	—	(95)
Dividends paid	7	—	(36,822)	(36,822)
Balance at 31 March 2021		548,848	(44,647)	504,201

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

for the year ended 31 March 2022

	Notes	2022 £'000s	2021 £'000s
Profit from operations		185,007	8,104
Adjustments for:			
Investment interest		(28,827)	(28,701)
Dividends received		(21,300)	(14,900)
Net (gain)/loss on investments at fair value through profit or loss		(142,763)	28,848
Operating cash flows before movements in working capital		(7,883)	(6,649)
(Increase)/decrease in receivables		(204)	17
Increase in payables		411	60
Net cash outflow used in operating activities		(7,676)	(6,572)
Investing activities			
Investments in subsidiaries		(116,000)	—
Investment interest		28,827	28,701
Dividends received		21,300	14,900
Net cash (used in)/from investing activities		(65,873)	43,601
Financing activities			
Proceeds on issue of share capital	13	117,599	—
Expenses relating to issue of shares	13	(2,046)	(95)
Dividends paid	7	(41,856)	(36,822)
Net cash from/(used in) financing activities		73,697	(36,917)
Net increase in cash and cash equivalents		148	112
Cash and cash equivalents at beginning of the year		1,874	1,762
Cash and cash equivalents at end of the year		2,022	1,874

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. General information

JLEN Environmental Assets Group Limited (the "Company" or "JLEN") is a closed-ended investment company domiciled and incorporated in Guernsey, Channel Islands, under Section 20 of the Companies (Guernsey) Law, 2008. The shares are publicly traded on the London Stock Exchange under a premium listing. The audited financial statements of the Company are for the year ended 31 March 2022 and have been prepared on the basis of the accounting policies set out below. The financial statements comprise only the results of the Company, as its investment in JLEN Environmental Assets Group (UK) Limited ("UK HoldCo") is measured at fair value as detailed in the key accounting policies below. The Company and its subsidiaries invest in environmental infrastructure that utilise natural or waste resources or support more environmentally friendly approaches to economic activity.

2. Significant accounting policies

(a) Basis of preparation

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2022. The set of financial statements included in this financial report has been prepared in accordance with UK adopted international accounting standards as applicable to companies reporting under those standards.

IFRS as adopted by the European Union was brought into the UK law and became UK adopted international accounting standards effective 31 December 2020, with future changes being subject to endorsement by the UK Endorsement Board. As such, the transition of the Group and the Company to UK adopted international accounting standards took place on 1 April 2021. There was no impact or changes in accounting from the transition.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 28 first adopted in the Company's Annual Report to 31 March 2015, the Company is required to hold its subsidiaries that provide investment services at fair value, in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement. The Company accounts for its investment in its wholly owned direct subsidiary UK HoldCo at fair value. The Company, together with its wholly owned direct subsidiary UK HoldCo and the intermediate holding subsidiary HWT Limited, comprise the Group (the "Group") investing in environmental infrastructure assets.

The net assets of the intermediate holding companies (comprising UK HoldCo and HWT Limited), which at 31 March 2022 principally comprise working capital balances, the revolving credit facility and investments in projects, are required to be included at fair value in the carrying value of investments.

Consequently, the Company does not consolidate its subsidiaries or apply IFRS 3 Business Combinations when it obtains control of another entity as it is considered to be an investment entity under IFRS. Instead, the Company measures its investment in its subsidiary at fair value through profit or loss.

The financial statements incorporate the financial statements of the Company only.

UK HoldCo is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in UK HoldCo.

Each investment indirectly held has a finite life. For the PPP assets, the shareholder debt will mature towards the end of the concession, and at the end of the concession the investment will be dissolved. In the case of renewable energy assets, the life of the project is based on the expected asset life and the land lease term, after which the investment will also be dissolved. The exit strategy is that investments will normally be held to the end of the concession, unless the Company sees an opportunity in the market to dispose of investments. Foresight Group, the Company's Investment Manager, and the Company's Board regularly consider whether any disposals should be made.

The Directors continue to consider that the Company demonstrates the characteristics and meets the requirements to be considered as an investment entity.

The following standards which have not been applied in these financial statements were in issue but not yet effective:

- Reference to the Conceptual Framework – Amendments to IFRS 3 (applicable for annual periods beginning on or after 1 January 2022);
- Property, Plant and Equipment: Proceeds Before Intended Use – Amendments to IAS 16 (applicable for annual periods beginning on or after 1 January 2022);
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (applicable for annual periods beginning on or after 1 January 2022);
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter (applicable for annual periods beginning on or after 1 January 2022);
- AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" Test for Derecognition of Financial Liabilities (applicable for annual periods beginning on or after 1 January 2022);
- AIP IAS 41 Agriculture – Taxation in Fair Value Measurements (applicable for annual periods beginning on or after 1 January 2022);
- Annual improvements to IFRS standards 2018-2020 Cycle (effective for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023);
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (applicable for annual periods beginning on or after 1 January 2023);
- Definition of Accounting Estimates – Amendments to IAS 8 (applicable for annual periods beginning on or after 1 January 2023);
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (applicable for annual periods beginning on or after 1 January 2023); and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (applicable for annual periods beginning on or after 1 January 2023).

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

The following standards became effective during the year and did not have a material impact on the Company's reported results:

- Covid-19-Related Rent Concessions – Amendment to IFRS 16 (applicable for annual periods beginning on or after 1 June 2020);
- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 (applicable for annual periods beginning on or after 1 April 2021); and
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (applicable for annual periods beginning on or after 1 January 2021).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2. Significant accounting policies continued

(b) Going concern

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Company's Investment Manager, Foresight Group, which are based on prudent market data, a reasonable worst case and a stress test scenario and believe, based on those forecasts and an assessment of the Company's subsidiary's banking facilities, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

In arriving at their conclusion, the Directors assessed the impact of the Covid-19 pandemic on operations, the potential risks of the recent energy market disruption that has led to very high energy prices and the risk of energy suppliers that provide PPAs to renewable generators becoming insolvent. The Investment Manager has reviewed the portfolio's exposure to this risk and has concluded that it is currently not material to the Fund, although it continues to monitor the market attentively.

The Directors also considered that the Company has adequate financial resources, and were mindful that the Group had unrestricted cash of £18.0 million (including £2.0 million in the Company) as at 31 March 2022 and a revolving credit facility (available for investment in new or existing projects and working capital) of £170 million. As at 31 March 2022, the Company's wholly owned subsidiary UK HoldCo had borrowed £53.6 million under the facility, and as such £116.4 million is available to draw. All key financial covenants under this facility are forecast to continue to be complied with for at least 12 months from the date of signing the annual financial statements.

The Directors are satisfied that the Company has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparation of these financial statements.

Refer to the report of the Directors for further information.

(c) Revenue recognition – Operating income and gains/(losses) on fair value of investments

Operating income and gains/(losses) on fair value of investments in the income statement represents gains or losses that arise from the movement in the fair value of the Company's investment in UK HoldCo, dividend income and interest received from UK HoldCo. Dividends from UK HoldCo are recognised when the Company's right to receive payment has been established. Interest income is accrued by reference to the loan principal outstanding, applicable interest rate, and in accordance with the loan note agreement. Refer to note 9 for details.

(d) Taxation

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Company may be subject to withholding tax imposed in the country of origin of such income. The underlying intermediate holding companies and project companies in which the Company invests provide for and pay taxation at the appropriate rates in the countries in which they operate. This is taken into account when assessing the fair value of the Company's investments.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statements. Deposits held with original maturities of greater than three months are included in other financial assets.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 Financial Instruments.

l) Financial assets

The Company classifies its financial assets as either investments at fair value through profit or loss or financial assets at amortised cost. The classification depends on the results of the "solely payments of principal and interest" and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how management are compensated. Monitoring is part of the Company's continuous assessment of whether the business model, for which the remaining financial assets are held, continues to be appropriate and, if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

i) Investments at fair value through profit or loss

Investments at fair value through profit or loss are recognised upon initial recognition as financial assets at fair value through profit or loss in accordance with IFRS 10. In these financial statements, investments at fair value through profit or loss is the fair value of the Company's subsidiary, UK HoldCo, which comprises the fair value of UK HoldCo and HWT Limited and the environmental infrastructure investments.

The intermediate holding companies' net assets (UK HoldCo and HWT Limited) are mainly composed of cash, working capital balances and borrowings under the Company's wholly owned direct subsidiary's revolving credit facility, and are recognised at fair value, which is equivalent to their net assets. Although the working capital and the revolving credit facility outstanding balance are measured at amortised cost, their fair values do not materially differ from their amortised costs.

The Company's investment in UK HoldCo comprises both equity and loan notes. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value, the Board considered observable market transactions and has measured fair value using assumptions that market participants would use when pricing the asset, including assumptions regarding risk. The loan notes and equity are considered to have the same risk characteristics. As such, the debt and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

ii) Financial assets at amortised cost

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as "loans and other receivables". Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the reporting date, in which case they are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

The loan notes issued by the Company's wholly owned subsidiary UK HoldCo are held at fair value, which is included in the balance of the investments at fair value through profit or loss in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2. Significant accounting policies continued

(f) Financial instruments continued

II) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

i) Equity instruments

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares that would otherwise have been avoided are written off against the balance of the share capital account as permitted by Companies (Guernsey) Law, 2008.

ii) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising:

- loans and borrowings which are recognised initially at the fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and
- other non-derivative financial instruments, including trade and other payables, which are measured at amortised cost using the effective interest method less any impairment losses.

In accordance with IFRS 9, financial guarantee contracts are recognised as a financial liability. The liability is measured at fair value and subsequently in accordance with the expected credit loss model under IFRS 9. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between contracted payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

III) Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

IV) Fair value estimation for investments at fair value

The Company's investments at fair value are not traded in active markets.

Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), shareholder and inter-company loans (interest and repayments). The discount rates used in the valuation exercise represent the Investment Manager's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics. The discount rates that have been applied to the financial assets at 31 March 2022 were in the range 5% to 10% (31 March 2021: 5.5% to 13%). Refer to note 9 for details of the areas of estimation in the calculation of the fair value.

For subsidiaries which provide management/investment-related services, the fair value is estimated to be the net assets of the relevant companies, which principally comprise cash, loans and working capital balances.

(g) Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in environmental infrastructure to generate investment returns while preserving capital. The financial information used by the Board to allocate resources and manage the Company presents the business as a single segment comprising a homogeneous portfolio.

(h) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 the Company is a registered closed-ended investment scheme. As a registered scheme, the Company is subject to certain ongoing obligations to the Guernsey Financial Services Commission, and is governed by the Companies (Guernsey) Law, 2008 as amended.

3. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments at fair value through profit or loss

The fair value of environmental infrastructure investments is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), shareholder and inter-company loans (interest and repayments). Estimates such as the cash flows are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the fair value of assets not readily available from other sources. Actual results may differ from these estimates.

Discount rates used in the valuation represent the Investment Manager's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rate is deemed to be one of the most significant unobservable inputs and any change could have a material impact on the fair value of investments. Underlying assumptions and discount rates are disclosed in note 9 and sensitivity analysis is disclosed in note 16.

We have recently seen a sharp increase in power prices arising from a combination of worldwide events, evidenced by a c.250% uplift in the average monthly day ahead auction prices versus the prior year. Since the year end, wholesale market forward prices continue to demonstrate significant levels of volatility, however the Investment Manager does not anticipate that this scale of fluctuation is likely to be repeated and the following steps have been taken to partially mitigate the portfolio's exposure to further movement: i) short-term PPAs are used to fix prices for between one and three years ahead depending on market conditions; ii) where there is no fix in place, forward prices based on market rates are used for the first two years following the valuation date; and iii) quarterly reports from independent established market consultants are used to inform prices over the longer term. The net result being that current elevated prices are forecast to normalise before the end of the decade, as shown in the illustrative blended power curves on page 79, with the curve applied to 31 March 2022 valuations being on average 16% higher per annum than the comparable curve applied at 31 March 2021.

Therefore while power markets can experience unexpected short-term movements, the Directors believe reporting a +/-10% sensitivity remains appropriate to provide insight into the effect on the NAV of persistently higher or lower power prices over the whole life of the portfolio. The sensitivity is also consistent with that shown in previous reports and with that shown by the Company's listed environmental infrastructure peers, allowing for comparisons to be determined.

Information on the sensitivity of the portfolio valuation to movements in power price is disclosed in note 16.

Due to the current economic environment, the Investment Manager and the Board believe that the rate of inflation should also be considered a key source of estimation uncertainty. Information on the sensitivity of the portfolio valuation to movements in inflation rate is disclosed in note 16.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

3. Critical accounting judgements, estimates and assumptions continued

Critical accounting judgements

Equity and debt investment in UK HoldCo

In applying their judgement, the Directors have satisfied themselves that the equity and debt investments in UK HoldCo share the same investment characteristics and, as such, constitute a single asset class for IFRS 7 disclosure purposes. Please refer to the accounting policies in note 2 for further detail.

Investment entities

The Directors consider that the Company demonstrates the characteristics and meets the requirements to be considered as an investment entity. Please refer to the accounting policies in note 2 for further detail.

4. Seasonality

Neither operating income nor profit are impacted significantly by seasonality. While meteorological conditions resulting in fluctuation in the levels of wind and sunlight can affect revenues of the Company's environmental infrastructure projects, due to the diversified mix of projects, these fluctuations do not materially affect the Company's operating income or profit.

5. Operating expenses

	Year ended 31 Mar 2022 £'000s	Year ended 31 Mar 2021 £'000s
Investment management/advisory fees	6,644	5,563
Directors' fees and expenses	297	264
Administration fee	110	112
Other expenses	832	710
	7,883	6,649

The Company had no employees during the year (31 March 2021: nil). There was no Directors' remuneration for the year other than Directors' fees as detailed in note 15 (31 March 2021: nil).

Included within other expenses is an amount of £120,000 to Deloitte LLP for the audit of the Company for the year ended 31 March 2022 (year ended 31 March 2021: £105,000).

The Company paid £37,432 during the year for non-audit services to Deloitte LLP, all in relation to the half-year interim review (year ended 31 March 2021: £30,100 paid to Deloitte LLP).

6. Tax

Income tax expense

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. JLEN is charged an annual exemption fee of £1,200.

The income from its investments is therefore not subject to any further tax in Guernsey, although the investments provide for and pay taxation at the appropriate rates in the countries in which they operate. The underlying tax within the subsidiaries and environmental infrastructure assets, which are held as investments at fair value through profit or loss, are included in the estimate of the fair value of these investments.

7. Dividends

	Year ended 31 Mar 2022 £'000s	Year ended 31 Mar 2021 £'000s
Amounts recognised as distributions to equity holders during the year (pence per share):		
Final dividend for the year ended 31 March 2021 of 1.69 (31 March 2020: 1.665)	10,164	9,103
Interim dividend for the quarter ended 30 June 2021 of 1.70 (30 June 2020: 1.69)	10,224	9,240
Interim dividend for the quarter ended 30 September 2021 of 1.70 (30 September 2020: 1.69)	10,224	9,240
Interim dividend for the quarter ended 31 December 2021 of 1.70 (31 December 2020: 1.69)	11,246	9,240
	41,857⁽¹⁾	36,822 ⁽¹⁾

(1) Total may not cast due to rounding.

A dividend for the quarter ended 31 March 2022 of 1.70 pence per share was approved by the Board on 16 May 2022 and is payable on 24 June 2022.

8. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the time weighted average number of ordinary shares in issue during the year:

	Year ended 31 Mar 2022 £'000s	Year ended 31 Mar 2021 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being net profit attributable to owners of the Company	185,007	8,104
Number of shares		
Time weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	604,222,988	546,720,025

The denominator for the purposes of calculating both basic and diluted earnings per share is the same, as the Company has not issued any share options or other instruments that would cause dilution.

	Pence	Pence
Basic and diluted earnings per share	30.6	1.5

9. Investments at fair value through profit or loss

As set out in note 2, the Company accounts for its interest in its 100% owned subsidiary UK HoldCo as an investment at fair value through profit or loss. UK HoldCo in turn owns investments in intermediate holding companies and environmental infrastructure projects.

The table below shows the movement in the Company's investment in UK HoldCo as recorded on the Company's statement of financial position:

	31 Mar 2022 £'000s	31 Mar 2021 £'000s
Fair value of environmental infrastructure investments	795,408	571,414
Fair value of intermediate holding companies	(32,553)	(67,321)
Total fair value of investments	762,855	504,093

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9. Investments at fair value through profit or loss continued

Reconciliation of movement in fair value of portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of environmental infrastructure assets. These assets are held through other intermediate holding companies. The table also presents a reconciliation of the fair value of the asset portfolio to the Company's statement of financial position as at 31 March 2022, by incorporating the fair value of these intermediate holding companies.

	Portfolio value 31 Mar 2022 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2022 £'000s	Total 31 Mar 2022 £'000s	Portfolio value 31 Mar 2021 £'000s	Cash, working capital and debt in intermediate holdings 31 Mar 2021 £'000s	Total 31 Mar 2021 £'000s
Opening balance	571,414	(67,321)	504,093	537,094	(4,153)	532,941
Acquisitions						
Portfolio of assets acquired	87,972	—	87,972	62,962	—	62,962
Disposal of assets	(5,559)	—	(5,559)	—	—	—
	82,413	—	82,413	62,962	—	62,962
Growth in portfolio⁽¹⁾	198,129	—	198,129	19,588	—	19,588
Yields from portfolio to intermediate holding companies	(56,548)	56,548	—	(48,230)	48,230	—
Yields from intermediate holding companies						
Interest on loan notes ⁽¹⁾	—	(28,827)	(28,827)	—	(28,701)	(28,701)
Dividend payments from UK HoldCo to the Company ⁽¹⁾	—	(21,300)	(21,300)	—	(14,900)	(14,900)
	—	(50,127)	(50,127)	—	(43,601)	(43,601)
Other movements						
Movement in working capital in UK HoldCo	—	5,189	5,189	—	(10,327)	(10,327)
Expenses borne by intermediate holding companies ⁽¹⁾	—	(5,239)	(5,239)	—	(4,835)	(4,835)
Repayment/(drawdown) of UK HoldCo revolving credit facility borrowings	—	28,397	28,397	—	(52,635)	(52,635)
Fair value of the Company's investment in UK HoldCo	795,408	(32,553)	762,855	571,414	(67,321)	504,093

(1) The net gain on investments at fair value through profit or loss for the year ended 31 March 2022 is £142,763,000 (31 March 2021: net loss of £28,848,000). This, together with interest received on loan notes of £28,827,000 (31 March 2021: £28,701,000) and dividend income of £21,300,000 (31 March 2021: £14,900,000) comprises operating income and gains/(losses) on fair value of investments in the income statement.

The balances in the table above represent the total net movement in the fair value of the Company's investment. The "cash, working capital and debt in intermediate holding companies" balances reflect investment in, distributions from or movements in working capital and are not value generating.

Fair value of portfolio of assets

The Investment Manager has carried out fair market valuations of the investments as at 31 March 2022. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation. Investments are all investments in environmental infrastructure projects and are valued using a discounted cash flow methodology, being the most relevant and most commonly used method in the market to value similar assets to the Company's. The Company's holding of its investment in UK HoldCo represents its interest in both the equity and debt instruments. The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date.

The valuation techniques and methodologies have been applied consistently with the valuations performed since the launch of the Fund in March 2014.

Discount rates applied to the portfolio of assets range from 5% to 10% (31 March 2021: 5.5% to 13.0%). The weighted average discount rate of the portfolio at 31 March 2022 is 7.3% (31 March 2021: 7.3%).

The following economic assumptions have been used in the discounted cash flow valuations:

	31 Mar 2022	31 Mar 2021
UK – inflation rates	5% for 2022, decreasing to 3% until 2030, decreasing to 2.25% from 2031	3% for 2021, decreasing to 2.25% from 2031
Italy – inflation rates	1.3% for 2022, stepping to 2% from 2025	n/a
UK – deposit interest rates	0.25% for 2022, rising to 1% from 2025	0.25% for 2021, rising to 1% from 2025
Italy – deposit rates	0%	n/a
UK – corporation tax rates	19% to April 2023, increasing to 25% thereafter	n/a
Italy – corporation tax rates	National rate of 24%, plus applicable regional premiums	n/a
Euro/sterling exchange rate	1.18	1.17

Refer to note 16 for details of the sensitivity of the portfolio to movements in the discount rate and economic assumptions.

The assets in the intermediate holding companies substantially comprise working capital, cash balances and the outstanding revolving credit facility debt; therefore, the Directors consider the fair value to be equal to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9. Investments at fair value through profit or loss continued

Fair value of portfolio of assets continued

Details of environmental infrastructure project investments were as follows:

Project name	% holding at 31 Mar 2022		% holding at 31 Mar 2021	
	Equity	Shareholder loan	Equity	Shareholder loan
Amber	100%	100%	100%	100%
Bilsthorpe	100%	100%	100%	100%
Bio Collectors	70%	100%	70%	100%
Branden	100%	100%	100%	100%
Burton Wold Extension	100%	100%	100%	100%
Carscreugh	100%	100%	100%	100%
Castle Pill	100%	100%	100%	100%
CNG Foresight	25%	25%	25%	25%
Codford	100%	n/a	100%	n/a
Cramlington	100%	100%	n/a	n/a
CSGH	100%	100%	100%	100%
Dungavel	100%	100%	100%	100%
Egmere Energy	100%	100%	100%	100%
ELWA	80%	80%	80%	80%
ETA Manfredonia	45%	45%	n/a	n/a
Ferndale	100%	100%	100%	100%
Grange Farm	100%	100%	100%	100%
Hall Farm	100%	100%	100%	100%
Icknield	53%	100%	53%	100%
Le Placis Vert ⁽¹⁾	n/a	n/a	100%	100%
Llynfi	100%	100%	100%	100%
Biogas Meden	100%	100%	100%	100%
Merlin Renewables	100%	100%	100%	100%
Moel Moelogan	100%	100%	100%	100%
Monksham	100%	100%	100%	100%
New Albion Wind Farm	100%	100%	100%	100%
Northern Hydro	100%	n/a	100%	n/a
Panther	100%	100%	100%	100%
Peacehill	49%	100%	49%	100%
Plouguernevel ⁽¹⁾	n/a	n/a	100%	100%
Pylle Southern	100%	100%	100%	100%
Rainworth	100%	100%	100%	100%
Sandridge	50%	50%	n/a	n/a
Tay	33%	33%	33%	33%
Vulcan	100%	100%	100%	100%
Warren	100%	100%	100%	100%
Wear Point	100%	100%	100%	100%
West Gourdie	100%	n/a	100%	n/a
Yorkshire Hydro	100%	n/a	100%	n/a

(1) Assets were disposed of in January 2022.

Additionally, the fair value of the portfolio of assets includes the Fund's investment into FEIP, details of which can be found on page 88 of this report.

Details of investments made during the year

In May 2021, the Group acquired a 50% equity stake in Sandridge Battery Storage Limited, which holds the development rights to construct a 50MW lithium-ion battery energy storage plant based in Wiltshire, UK. Total amount invested as at 31 March 2022 was £3.1 million.

In May 2021, the Group acquired a 45% equity stake in Energie Technologie Ambiente S.r.l. ("ETA"). ETA is a 16.8MW energy-from-waste power plant which processes refuse derived fuel, located in the municipality of Manfredonia, Italy. The total consideration paid was €27.5 million.

In June 2021, the Group acquired a 100% equity stake in Cramlington Renewable Energy Developments Limited, a biomass combined heat and power plant project, based in Northumberland, UK.

During the period, £4.4 million was injected into CNG Foresight Limited. The portfolio holds eight natural gas refuelling stations, of which one is in construction phase.

The Group invested €0.4 million into Foresight Energy Infrastructure Partners SCSp ("FEIP") during the period.

The Group also invested £1.0 million into the Vulcan Renewables upgrade, £3.9 million into the FS West Gourdie construction asset and £1.9 million to various projects for value enhancement initiatives.

10. Trade and other receivables

	31 Mar 2022 £'000s	31 Mar 2021 £'000s
Prepayments	219	14
Balance at 31 March	219	14

11. Trade and other payables

	31 Mar 2022 £'000s	31 Mar 2021 £'000s
Accruals	2,191	1,780
Balance at 31 March	2,191	1,780

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

12. Loans and borrowings

The Company had no outstanding loans or borrowings at 31 March 2022 (31 March 2021: Nil), as shown in the Company's statement of financial position.

As at 31 March 2022, the Company held loan notes of £348.9 million which were issued by UK HoldCo (31 March 2021: outstanding amount of £318.9 million).

On 21 May 2021, UK HoldCo successfully refinanced its revolving credit facility with a three-year agreement with ING, HSBC, RBSI, NAB and NIBC which provides for a committed facility of £170 million. The consortium of lenders includes three existing lenders (ING, HSBC and NIBC) and two new participants (RBSI and NAB). The margin can vary between 195 bps and 205 bps over SONIA ("Sterling Overnight Index Average") for sterling drawings, and over EURIBOR for euro drawings, depending on the Company's performance against pre-defined ESG targets. The facility will be used to finance the acquisitions of environmental infrastructure projects and to cover working capital requirements.

As at 31 March 2022, UK HoldCo had an outstanding balance of £53.6 million under the facility (31 March 2021: £82.0 million). The loan bears interest of SONIA + 195 to 205 bps and is intended to be repaid by proceeds from future capital raises.

There were no other outstanding loans and borrowings in either the Company, UK HoldCo or HWT at 31 March 2022.

13. Share capital account

	Number of shares	31 Mar 2022 £'000s	31 Mar 2021 £'000s
Opening balance at 1 April 2021	546,720,025	548,848	548,943
Shares issued in the year	114,811,204	117,599	—
Expenses of issue of equity shares	—	(2,046)	(95)
Balance at 31 March 2022	661,531,229	664,401	548,848

In May 2021, the Company raised gross proceeds of £56.9 million by way of issuing a total of 54,672,002 new ordinary shares at 104 pence per new ordinary share.

In January 2022, the Company raised gross proceeds of £60.7 million by way of issuing a total of 60,139,202 new ordinary shares at 101 pence per new ordinary share.

Following these issuances, at 31 March 2022, the Company's share capital is comprised of 661,531,229 fully paid-up ordinary shares of no par value.

All new shares issued rank pari passu and include the right to receive all future dividends and distributions declared, made or paid.

14. Retained earnings

	31 Mar 2022 £'000s	31 Mar 2021 £'000s
Opening balance	(44,647)	(15,929)
Profit for the year	185,007	8,104
Dividends paid	(41,856)	(36,822)
Balance at 31 March	98,504	(44,647)

15. Transactions with Investment Manager and related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, are fair valued and are disclosed within note 9. Details of transactions between the Company and related parties are disclosed below. This note also details the terms of the Company's engagement with Foresight Group as Investment Manager.

Transactions with the Investment Manager

In January 2022, Foresight Group was appointed AIFM, pursuant to an investment management and AIFM agreement in substitution for, and on materially the same commercial terms as, the previous Investment Advisory Agreement between the Company and Foresight Group, which has now been terminated.

Foresight Group is the Company's Investment Manager. Foresight's appointment as Investment Manager is governed by an Investment Management Agreement.

Foresight Group is entitled to a base fee equal to:

- 1.0% per annum of the Adjusted Portfolio Value⁽¹⁾ of the Fund⁽²⁾ up to and including £500 million; and
- 0.8% per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million.

The total Investment Manager fee charged to the income statement for the year ended 31 March 2022 was £6,644,000 (31 March 2021: £5,563,054), of which £1,734,909 remained payable as at 31 March 2022 (31 March 2021: £1,440,832).

(1) "Adjusted Portfolio Value" is defined in the Investment Management Agreement as:

- the fair value of the investment portfolio; plus
- any cash owned by or held to the order of the Fund; plus
- the aggregate amount of payments made to shareholders by way of dividend in the quarterly period ending on the relevant valuation day, less
 - any other liabilities of the Fund (excluding borrowings); and
 - any uninvested cash.

(2) "Fund" means the Company and JLEN Environmental Assets Group (UK) Limited together with their wholly owned subsidiaries or subsidiary undertakings (including companies or other entities wholly owned by them together, individually or in any combination, as appropriate) but excluding project entities.

Transactions with related parties

During the year, the Directors of the Company, who are considered to be key management, received fees of £295,295 (31 March 2021: £263,754) for their services. The Directors of the Company were also paid £1,653 of expenses (31 March 2021: £355).

The Directors held the following shares:

	Ordinary shares of no par value each held at 31 Mar 2022	Ordinary shares of no par value each held at 31 Mar 2021
Richard Morse	103,535	103,535
Peter Neville (resigned 2 September 2021)	n/a	29,896
Richard Ramsay	53,813	53,813
Hans Joern Rieks	95,000	—
Stephanie Coxon	15,000	—
Alan Bates	—	—
Joanne Harrison	—	—

All of the above transactions were undertaken on an arm's length basis.

The Directors were paid dividends in the year of £14,929 (31 March 2021: £13,696).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16. Financial instruments

Financial instruments by category

The Company held the following financial instruments at 31 March 2022. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	31 Mar 2022				Total £'000s
	Cash and bank balances £'000s	Financial assets held at amortised cost £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	762,855	—	762,855
Current assets					
Trade and other receivables	—	219	—	—	219
Cash and cash equivalents	2,022	—	—	—	2,022
Total financial assets	2,022	219	762,855	—	765,096
Current liabilities					
Trade and other payables	—	—	—	(2,191)	(2,191)
Total financial liabilities	—	—	—	(2,191)	(2,191)
Net financial instruments	2,022	219	762,855	(2,191)	762,905

	31 Mar 2021				Total £'000s
	Cash and bank balances £'000s	Financial assets held at amortised cost £'000s	Financial assets at fair value through profit or loss £'000s	Financial liabilities at amortised cost £'000s	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	—	—	504,093	—	504,093
Current assets					
Trade and other receivables	—	14	—	—	14
Cash and cash equivalents	1,874	—	—	—	1,874
Total financial assets	1,874	14	504,093	—	505,981
Current liabilities					
Trade and other payables	—	—	—	(1,780)	(1,780)
Total financial liabilities	—	—	—	(1,780)	(1,780)
Net financial instruments	1,874	14	504,093	(1,780)	504,201

The Company's investments at fair value through profit or loss are classified at Level 3 within the IFRS fair value hierarchy.

The Level 3 fair value measurements derive from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

In the tables above, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening and closing balances of the investments at fair value through profit or loss is given in note 9.

The fair value of the investments at fair value through profit or loss includes the use of Level 3 inputs. Please refer to note 9 for details of the valuation methodology.

Sensitivity analysis of the portfolio

The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.

The sensitivity of the portfolio to movements in the discount rate is as follows:

31 March 2022			
Discount rate	Minus 0.5%	Base 7.3%	Plus 0.5%
Change in portfolio valuation	Increases £22.0m	£795.4m	Decreases £21.0m
Change in NAV per share	Increases 3.3p	115.3p	Decreases 3.2p

31 March 2021			
Discount rate	Minus 0.5%	Base 7.3%	Plus 0.5%
Change in portfolio valuation	Increases £18.8m	£571.4m	Decreases £17.8m
Change in NAV per share	Increases 3.4p	92.2p	Decreases 3.3p

The sensitivity of the portfolio to movements in long-term inflation rates is as follows:

In light of the current economic environment, near-term actual inflation may vary from assumptions applied within the portfolio valuation, therefore the Investment Manager will continue to monitor developments in this area. For illustrative purposes, where inflation is higher than JLEN's valuation assumption by 3% for the next three years, NAV would be expected to increase by 7.5 pence per share.

31 March 2022			
Inflation rates	Minus 0.5%	Base 5% (2022), then 3% to 2030, then 2.25%	Plus 0.5%
Change in portfolio valuation	Decreases £19.0m	£795.4m	Increases £19.4m
Change in NAV per share	Decreases 2.9p	115.3p	Increases 2.9p

31 March 2021			
Inflation rates	Minus 0.5%	Base 3% then 2.25%	Plus 0.5%
Change in portfolio valuation	Decreases £19.0m	£571.4m	Increases £19.7m
Change in NAV per share	Decreases 3.5p	92.2p	Increases 3.6p

The fair value of the investments is based on a "P50" level of electricity generation for the renewable energy assets, being the expected level of generation over the long term.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16. Financial instruments continued

Sensitivity analysis of the portfolio continued

Wind, solar and hydro assets are subject to electricity generation risks. The sensitivities of the investments to movements in the level of electricity output are as follows:

The sensitivity of the portfolio to movements in energy yields based on an assumed "P90" level of electricity generation (i.e. a level of generation that is below the "P50", with a 90% probability of being exceeded) and an assumed "P10" level of electricity generation (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) is as follows:

31 March 2022

Energy yield: wind	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £28.8m	£795.4m	Increases £28.8m
Change in NAV per share	Decreases 4.4p	115.3p	Increases 4.4p

Energy yield: solar	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £8.7m	£795.4m	Increases £8.8m
Change in NAV per share	Decreases 1.3p	115.3p	Increases 1.3p

Energy yield: hydro	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £2.2m	£795.4m	Increases £2.7m
Change in NAV per share	Decreases 0.3p	115.3p	Increases 0.4p

31 March 2021

Energy yield: wind	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £24.4m	£571.4m	Increases £25.0m
Change in NAV per share	Decreases 4.5p	92.2p	Increases 4.6p

Energy yield: solar	P90 (10 year)	Base P50	P10 (10 year)
Change in portfolio valuation	Decreases £6.4m	£571.4m	Increases £7.1m
Change in NAV per share	Decreases 1.2p	92.2p	Increases 1.3p

Project cash flows used in the portfolio valuation reflect contractual fixed price arrangements under PPAs, where they exist, and short-term market forward prices for the next two years following the valuation date where they do not.

After the initial two-year period, project cash flows assume future electricity and gas prices in line with a blended curve informed by the central forecasts from three established market consultants, adjusted by the Investment Manager for project-specific arrangements and price cannibalisation as required.

The sensitivity of the portfolio to movements in electricity and gas prices is as follows:

The Directors have assessed that a reasonable possible long-term movement of energy prices continues to be +/-10% given the long-term nature of the portfolio, notwithstanding that significant short-term energy price movements have occurred in the period due to the recent energy market disruption.

31 March 2022

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £44.3m	£795.4m	Increases £43.6m
Change in NAV per share	Decreases 6.7p	115.3p	Increases 6.6p

31 March 2021

Energy prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Decreases £24.8m	£571.4m	Increases £25.0m
Change in NAV per share	Decreases 4.5p	92.2p	Increases 4.6p

Waste & bioenergy assets (excluding Bio Collectors) do not have significant volume and price risks and therefore are not included in the above volume and price sensitivities.

The sensitivity of the portfolio to movements in corporation tax rate is as follows:

31 March 2022

Corporation tax	Minus 2%	Base 19% then 25%	Plus 2%
Change in portfolio valuation	Increases £11.7m	£795.4m	Decreases £11.5m
Change in NAV per share	Increases 1.8p	115.3p	Decreases 1.7p

31 March 2021

Corporation tax	Minus 2%	Base 19% then 25%	Plus 2%
Change in portfolio valuation	Increases £8.4m	£571.4m	Decreases £8.3m
Change in NAV per share	Increases 1.5p	92.2p	Decreases 1.5p

The sensitivity of the portfolio to movements in AD feedstock prices is as follows:

31 March 2022

Feedstock prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Increases £9.0m	£795.4m	Decreases £9.0m
Change in NAV per share	Increases 1.4p	115.3p	Decreases 1.4p

31 March 2021

Feedstock prices	Minus 10%	Base	Plus 10%
Change in portfolio valuation	Increases £8.9m	£571.4m	Decreases £9.3m
Change in NAV per share	Increases 1.6p	92.2p	Decreases 1.7p

Euro/sterling exchange rate sensitivity

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 5% of the portfolio value at 31 March 2022, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16. Financial instruments continued

Capital risk management

Capital management

The Group, which comprises the Company and its non-consolidated subsidiaries, manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group principally consists of the share capital account and retained earnings as detailed in notes 13 and 14, and debt as detailed in note 12. The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments.

Gearing ratio

The Company's Investment Manager reviews the capital structure of the Company and the Group on a semi-annual basis. The Company and its subsidiaries intend to make prudent use of leverage for financing acquisitions of investments and working capital purposes. Under the Company's Articles, and in accordance with the Company's investment policy, the Company's outstanding borrowings, excluding the debts of underlying assets, will be limited to 30% of the Company's Net Asset Value.

As at 31 March 2022, the Company had no outstanding debt. However, as set out in note 12, the Company's subsidiary UK HoldCo has a £170 million revolving credit facility, which was drawn by £53.6 million at 31 March 2022.

Financial risk management

The Group's activities expose it to a variety of financial risks: capital risk, liquidity risk, market risk (including interest rate risk, inflation risk and power price risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

For the Company and the intermediate holding companies, financial risks are managed by the Investment Manager, which operates within the Board-approved policies. For the environmental infrastructure investments, due to the nature of the investments, certain financial risks (typically interest rate and inflation risks) are hedged at the inception of a project. All risks continue to be managed by the Investment Manager. The various types of financial risk are managed as follows:

Financial risk management – Company only

The Company accounts for its investments in its subsidiaries at fair value. Accordingly, to the extent there are changes as a result of the risks set out below, these may impact the fair value of the Company's investments.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity only (refer to the statement of changes in equity). As at 31 March 2022, the Company had no recourse debt, although as set out in note 17, the Company is a guarantor for the revolving credit facility of UK HoldCo.

Liquidity risk

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets necessary to meet these. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

The Company was in a net cash position and had no outstanding debt at the balance sheet date. At the balance sheet date, the Group had debt of £53.6 million, being the amount drawn on the revolving credit facility.

Market risk – foreign currency exchange rate risk

As the proportion of the portfolio assets with cash flows denominated in euros represented less than 5% of the portfolio value at 31 March 2022, the Directors consider the sensitivity to changes in the euro/sterling exchange rate to be insignificant.

Where investments are made in currencies other than pounds sterling, the Company will consider whether to hedge currency risk in accordance with the Company's currency and hedging policy as determined from time to time by the Directors. A portion of the Company's underlying investments may be denominated in currencies other than pounds sterling. However, any dividends or distributions in respect of the ordinary shares will be made in pounds sterling and the market prices and Net Asset Value of the ordinary shares will be reported in pounds sterling.

Currency hedging may be carried out to seek to provide some protection for the level of pounds sterling dividends and other distributions that the Company aims to pay on the ordinary shares, and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. Such currency hedging may include the use of foreign currency borrowings to finance foreign currency assets and forward foreign exchange contracts.

Financial risk management – Company and non-consolidated subsidiaries

The following risks impact the Company's subsidiaries and in turn may impact the fair value of investments held by the Company.

Market risk – interest rate risk

Interest rate risk arises in the Company's subsidiaries on the revolving credit facility borrowings and floating rate deposits. Borrowings issued at variable rates expose those entities to variability of interest payment cash flows. Interest rate hedging may be carried out to seek to provide protection against increasing costs of servicing debt drawn down by UK HoldCo as part of its revolving credit facility. This may involve the use of interest rate derivatives and similar derivative instruments.

Each infrastructure investment hedges their interest rate risk at the inception of a project. This will either be done by issuing fixed rate debt or variable rate debt which will be swapped into fixed rate by the use of interest rate swaps.

Market risk – inflation risk

Some of the Company's investments will have part of their revenue and some of their costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk.

Market risk – power price risk

The wholesale market price of electricity and gas is volatile and is affected by a variety of factors, including market demand for electricity and gas, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange. Whilst some of the Company's renewable energy projects benefit from fixed prices, others have revenue which is in part based on wholesale electricity and gas prices.

A decrease and/or prolonged deterioration in economic activity in the UK, for any reason, could result in a decrease in demand for electricity and gas in the market. Short-term and seasonal fluctuations in electricity and gas demand will also impact the price at which the investments can sell electricity and gas. The supply of electricity and gas also impacts wholesale electricity and gas prices. Supply of electricity and gas can be affected by new entrants to the wholesale power market, the generation mix of power plants in the UK, government support for various generation technologies, as well as the market price for fuel commodities.

Volume risk – electricity generation risk

Meteorological conditions poorer than forecast can result in generation of lower electricity volumes and lower revenues than anticipated.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16. Financial instruments continued

Financial risk management – Company and non-consolidated subsidiaries continued

Credit risk

Credit risk is the risk that a counterparty of the Company or its subsidiaries will default on its contractual obligations it entered into with the Company or its subsidiaries. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. The Company and its subsidiaries mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies.

The Company's infrastructure investments receive regular, long-term, partly or wholly index-linked revenue from government departments, local authorities or clients under the Renewables Obligation and Feed-in Tariff regimes. The Directors believe that the Group is not significantly exposed to the risk that the customers of its investments do not fulfil their regular payment obligations because of the Company's policy to invest in jurisdictions with satisfactory credit ratings.

Given the above factors, the Board does not consider it appropriate to present a detailed analysis of credit risk.

The Company's maximum exposure to credit risk is the £348.9 million owed by HoldCo, detailed in note 12.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group adopts a prudent approach to liquidity management by ensuring it maintains adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets required to meet its obligations. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Group.

Debt raised by asset investments from third parties is without recourse to the Group.

17. Guarantees and other commitments

As at 31 March 2022, the Company has provided a guarantee over the Company's wholly owned subsidiary UK HoldCo's obligations under the £170 million RCF signed on 21 May 2021.

On 28 January 2020, the Group committed €25 million to Foresight Energy Infrastructure Partners SCSp ("FEIP"), a Luxembourg limited partnership investment vehicle, of which €4.8 million has been invested at the balance sheet date (equivalent to £4.1 million at the 31 March 2022 prevailing exchange rate).

On 4 December 2020, the Group committed up to £20 million to CNG Foresight Limited, to fund the construction of a further pipeline of CNG refuelling stations as part of a national network. A total of £11.1 million has been invested at the balance sheet date (£6.6 million as at 31 March 2021).

The Company had no other commitments or guarantees.

18. Subsidiaries

The following subsidiaries have not been consolidated in these financial statements as a result of applying the requirements of "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 27)":

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
JLEN Environmental Assets Group (UK) Limited ⁽¹⁾	Intermediate holding	UK	A	100%	100%
HWT Limited	Intermediate holding	UK	B	100%	100%
JLEAG Solar 1 Limited	Operating subsidiary	UK	C	100%	100%
Croft Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Cross Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Domestic Solar Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Ecossol Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Hill Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Share Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Tor Solar PV Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Residential PV Trading Limited	Operating subsidiary (dormant)	UK	C	100%	100%
South-Western Farms Solar Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Angel Solar Limited	Operating subsidiary (dormant)	UK	C	100%	100%
Easton PV Limited	Project holding company	UK	D	100%	100%
Pytle Solar Limited	Project holding company	UK	D	100%	100%
Second Energy Limited	Operating subsidiary	UK	D	100%	100%
ELWA Holdings Limited	Project holding company	UK	E	80%	80%
ELWA Limited ⁽²⁾	Operating subsidiary	UK	E	80%	81% ⁽²⁾
JLEAG Wind Holdings Limited	Project holding company	UK	A	100%	100%
JLEAG Wind Limited	Project holding company	UK	A	100%	100%
Amber Solar Parks (Holdings) Limited	Project holding company	UK	D	100%	100%
Amber Solar Park Limited	Operating subsidiary	UK	D	100%	100%
Fryingdown Solar Park Limited	Operating subsidiary (dormant)	UK	D	100%	100%
Five Oaks Solar Parks Limited	Operating subsidiary (dormant)	UK	D	100%	100%
Bilthorpe Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Ferndale Wind Limited	Project holding company	UK	F	100%	100%
Castle Pill Wind Limited	Project holding company	UK	F	100%	100%
Wind Assets LLP	Operating subsidiary	UK	F	100%	100%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	D	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	D	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	D	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	D	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	F	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	F	100%	100%
Monksham Power Ltd	Project holding company	UK	D	100%	100%
Frome Solar Limited	Operating subsidiary	UK	D	100%	100%
BL Wind Limited	Operating subsidiary	UK	F	100%	100%
Burton Wold Extension Limited	Operating subsidiary	UK	F	100%	100%

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

18. Subsidiaries continued

Name	Category	Place of business	Registered office	Ownership interest	Voting rights
New Albion Wind Limited	Operating subsidiary	UK	F	100%	100%
Dreachmhor Wind Farm Limited	Operating subsidiary	UK	F	100%	100%
France Wind GP Germany GmbH ⁽¹⁾	Project holding company	DE	G	100%	100%
France Wind Germany GmbH & Co. KG ⁽²⁾	Project holding company	DE	G	100%	100%
CSGH Solar Limited	Project holding company	UK	A	100%	100%
CSGH Solar (1) Limited	Project holding company	UK	A	100%	100%
sPower Holdco 1 (UK) Limited	Project holding company	UK	D	100%	100%
sPower Finco 1 (UK) Limited	Project holding company	UK	D	100%	100%
Higher Tregarne Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
Crug Mawr Solar Farm Limited	Operating subsidiary	UK	D	100%	100%
Golden Hill Solar (UK) Limited	Project holding company	UK	D	100%	100%
Golden Hill Solar Limited	Operating subsidiary	UK	D	100%	100%
Shoals Hook Solar (UK) Limited	Operating subsidiary	UK	D	100%	100%
CGT Investment Limited	Project holding company	UK	H	100%	100%
CWMNI GWYNT TEG CYF	Operating subsidiary	UK	H	100%	100%
Moelogan 2 (Holdings) Cyfyngedig	Project holding company	UK	H	100%	100%
Moelogan 2 C.C.C.	Operating subsidiary	UK	H	100%	100%
Vulcan Renewables Limited	Operating subsidiary	UK	I	100%	100%
Llynfi Afan Renewable Energy Park (Holdings) Limited	Project holding company	UK	A	100%	100%
Llynfi Afan Renewable Energy Park Limited	Operating subsidiary	UK	A	100%	100%
Green Gas Oxon Limited	Project holding company	UK	J	52.6%	52.6%
Icknield Gas Limited	Operating subsidiary	UK	J	52.6%	52.6%
Egmere Energy Limited	Operating subsidiary	UK	I	100%	100%
Grange Farm Energy Limited	Operating subsidiary	UK	I	100%	100%
Merlin Renewables Limited	Operating subsidiary	UK	I	100%	100%
Biogas Meden Limited	Operating subsidiary	UK	I	100%	100%
Yorkshire Hydropower Holdings Limited	Project holding company	UK	F	100%	100%
Yorkshire Hydropower Limited	Operating subsidiary	UK	F	100%	100%
Warren Power Limited	Project holding company	UK	I	100%	100%
Warren Energy Limited	Operating subsidiary	UK	I	100%	100%
Northern Hydropower Holdings Limited	Project holding company	UK	F	100%	100%
Northern Hydropower Limited	Operating subsidiary	UK	F	100%	100%
Codford Biogas Limited	Operating subsidiary	UK	K	100%	100%
FS West Gourdie Limited	Operating subsidiary	UK	D	100%	100%
Rainworth Energy Limited	Operating subsidiary	UK	L	100%	100%
Bio Collectors Holdings Limited	Project holding company	UK	M	70%	70%
Bio Collectors Limited	Operating subsidiary	UK	M	70%	70%
Riverside Bio Limited	Operating subsidiary	UK	M	70%	70%
Riverside AD Limited	Operating subsidiary	UK	M	70%	70%
Spruce Bioenergy Limited	Project holding company	UK	A	100%	100%
Cramlington Renewable Energy Developments Limited	Operating subsidiary	UK	N	100%	100%

(1) JLEN Environmental Assets Group (UK) Limited is the only entity directly held by the Company.

(2) ELWA Holdings Limited holds 81% of the voting rights and a 100% share of the economic benefits in ELWA Limited.

(3) Underlying French Wind Assets were disposed of in January 2022.

Registered offices

- A. The Shard, 32 London Bridge Street, London SE1 9SG
- B. 50 Lothian Road, Festival Square, Edinburgh, Midlothian EH3 9WJ
- C. 1 Filament Walk, Suite 203, Wandsworth, London SW18
- D. Long Barn, Manor Farm, Stratton-on-the-Fosse, Radstock BA3 4QF
- E. Dunedin House, Auckland Park, Mount Farm, Milton Keynes MK1 1BU
- F. C/O Res White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR
- G. Steinweg 3-5, Frankfurt am Main, 60313, Germany
- H. Cae Sgubor Ffordd Pennant, Eglwysbach, Colwyn Bay, Conwy LL28 5UN
- I. 10-12 Frederick Sanger Road, Guildford, Surrey GU2 7YD
- J. Friars Ford, Manor Road, Goring, Reading RG8 9EL
- K. Upton Wold, Moreton-in-Marsh, Gloucestershire GL56 9TR
- L. C/O Material Change, The Watering Farm, Creeting St. Mary, Ipswich, Suffolk IP6 8ND
- M. 10 Osier Way, Mitcham, Surrey CR4 4NF
- N. 8 White Oak Square, London Road, Swanley BR8 7AG

19. Events after balance sheet date

A dividend for the quarter ended 31 March 2022 of 1.70 pence per share, amounting to £11.2 million, was approved by the Board on 16 May 2022 for payment on 24 June 2022.

GLOSSARY OF KEY TERMS

AD

anaerobic digestion

agri AD

anaerobic digestion plant that accepts agricultural feedstocks such as grain and/or animal manure

AIFM Directive

the EU Alternative Investment Fund Managers Directive (No. 2011/61/EU)

APMs

alternative performance measures are financial measures that are not currently defined or specified in the applicable financial reporting framework

bps

basis points

Brexit

the UK referendum on 23 June 2016 in which a majority of voters voted to exit the EU

CfD

Contracts for Difference

CHP plant

combined heat and power plant

the Company or JLEN or the Fund

JLEN Environmental Assets Group Limited

CPI

Consumer Price Index

DCF

discounted cash flow

EU

European Union

FiT

the Feed-in Tariff

gross project value

the fair market value of the investment interests held in a project as increased by the amount of any financing in the relevant project entity

Group

JLEN Environmental Assets Group Limited and its intermediate holding companies UK HoldCo and HWT Limited

GWh

gigawatt hour

intermediate holding companies

companies within the Group which are used as pass-through vehicles to invest in underlying environmental infrastructure assets, namely UK HoldCo and HWT Limited

Investment Manager or Foresight

Foresight Group LLP

IPO

Initial Public Offering

IRR

internal rate of return

MWe

megawatt electric

MWh

megawatt hour

MWth

megawatt thermal

NAV

Net Asset Value

OECD

Organisation for Economic Co-operation and Development

portfolio

the 37 assets in which JLEN had a shareholding as at 31 March 2022

portfolio valuation

the sum of all the individual investments' net present values

PPAs

Power Purchase Agreements

PPP/PFI

the Public Private Partnership procurement model

price cannibalisation

the depressive influence on the wholesale power price at timings of high output from intermittent weather-driven generation such as solar and wind

PV

photovoltaic

RCF

revolving credit facility

RHI

Renewable Heat Incentive

RPI

Retail Price Index

ROCs

Renewables Obligation Certificates

SPV

special purpose vehicle

UK HoldCo

JLEN Environmental Assets Group (UK) Limited, wholly owned subsidiary of JLEN Environmental Assets Group Limited

WADR

the weighted average discount rate

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

APM	Purpose	Calculation
Total shareholder return (since IPO & annualised)	Measure of financial performance, indicating the amount an investor reaps from investing since IPO and expressed as a percentage (annualised or total since IPO of the Fund)	Since IPO: closing share price as at 31 March 2022 plus all dividends since IPO assumed reinvested, divided by the share price at IPO, expressed as a percentage Annualised: closing share price as at 31 March 2022 plus all dividends since IPO assumed reinvested, divided by the share price at IPO, to the power of 1 over the number of years since IPO, expressed as a percentage
Net Asset Value per share	Allows investors to gauge whether shares are trading at premium or a discount by comparing the Net Asset Value per share with the share price	The net assets divided by the number of ordinary shares in issuance
Market capitalisation	Provides an indication of the size of the Company	Closing share price as at 31 March 2022 multiplied by closing number of ordinary shares in issuance
Gearing	Ascertain financial risk in the Group's balance sheet	Total debt in the Company and its Group as a % of the sum of the Company's and its Group net asset + debt
Cash flow from operations	Gauge operating revenues and expenses of the Group	Cash flow of the Group. Breakdown can be observed on page 119 (financial review)
Cash dividend cover	Investors can gauge the ability of the Group to generate cash surplus after payment of dividend	Cash flow from operations of the Group (refer to page 119) divided by dividend paid within the reporting period (2021/22: 1.10x) Cash dividend cover on a declared basis for 2021/22 is 1.08x

COMPANY SUMMARY

Below are the Company key facts, advisers and other information.

Company information	JLEN Environmental Assets Group Limited is a Guernsey-registered closed-ended investment company (registered number 57682) with a premium listing on the London Stock Exchange
Registered address	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR
Ticker/SEDOL	JLEN/BJL5FH8
Company year end	31 March
Dividend payments	Quarterly in March, June, September and December
Investment Manager	Foresight Group LLP, No OC300878, registered in England and Wales and authorised and regulated by the Financial Conduct Authority
Company Secretary and Administrator	Sanne Fund Services Limited, a company incorporated in Guernsey on 13 April 2005 (registered number 43046)
Market capitalisation	£746.2 million at 31 March 2022
Investment Manager fees	1.0% per annum of the Adjusted Portfolio Value of the investments up to £0.5 billion, falling to 0.8% per annum for investments above £0.5 billion. No performance or acquisitions fees
Investment Manager term	Rolling one-year notice
ISA, PEP and SIPP status	The ordinary shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits) provided that they have been acquired in the market, and they are permissible assets for SIPPs
AIFMD status	The Company is classed as an externally managed Alternative Investment Fund under the Alternative Investment Fund Managers Regulations 2013 and the European Union's Alternative Investment Fund Managers Directive
Non-mainstream pooled investment status	The Board conducts the Company's affairs, and intends to continue to conduct the Company's affairs, such that the Company would qualify for approval as an investment trust if it were resident in the United Kingdom. It is the Board's intention that the Company will continue to conduct its affairs in such a manner and that independent financial advisers should therefore be able to recommend its ordinary shares to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products
FATCA	The Company has registered for FATCA and has a GIIN number 2BN95W.99999.SL.831
Investment policy	The Company's investment policy is set out on pages 70 to 73
Website	www.jlen.com

DIRECTORS AND ADVISERS

Directors

Richard Morse (Chairman)
 Alan Bates
 (appointed on 10 June 2021)
 Stephanie Coxon
 Jo Harrison
 (appointed on 10 June 2021)
 Peter Neville
 (resigned 2 September 2021)
 Richard Ramsay
 Hans Joern Rieks

Administrator to the Company, Company Secretary and registered office

Sanne Fund Services Limited (formerly Praxis Fund Services)
 Sarnia House
 Le Truchot
 St Peter Port
 Guernsey GY1 1GR
 Channel Islands

Registrar

Link Registrars (Guernsey) Limited
 Mont Crevelt House
 Bulwer Avenue
 St Sampson
 Guernsey GY2 4LH
 Channel Islands

UK transfer agent

Link Asset Services
 The Registry
 34 Beckenham Road
 Beckenham
 Kent B43 4TU
 United Kingdom

Auditor

Deloitte LLP
 Regency Court
 Glategny Esplanade
 St Peter Port
 Guernsey GY1 3HW
 Channel Islands

Investment Manager

Foresight Group LLP
 The Shard
 32 London Bridge Street
 London SE1 9SG
 United Kingdom

Public relations

SEC Newgate
 14 Greville Street
 London EC1N 8SB
 United Kingdom

Corporate broker

Winterflood Securities Limited
 The Atrium Building
 Cannon Bridge House
 25 Dowgate Hill
 London EC4R 2GA
 United Kingdom

Corporate bankers

HSBC
 PO Box 31
 St Peter Port
 Guernsey GY1 3AT
 Channel Islands

Public company directorships

Richard Morse
 JLEN Environmental Assets
 Group Limited

Alan Bates

JLEN Environmental Assets
 Group Limited

Stephanie Coxon

JLEN Environmental Assets
 Group Limited
 Apax Global Alpha Limited
 International Public Partnerships
 Limited
 PPHE Hotels Group Limited
 PraxisIFM Group Limited

Jo Harrison

JLEN Environmental Assets
 Group Limited

Richard Ramsay

JLEN Environmental Assets
 Group Limited
 Momentum Multi Asset Value
 Trust plc

Hans Joern Rieks

JLEN Environmental Assets
 Group Limited

CAUTIONARY STATEMENT

Pages 01 to 117 of this report, including our purpose, about us, at a glance, portfolio at a glance, market opportunities, year at a glance, the Chairman's statement, investment objectives, fund objectives, business model, fund structure, stakeholder engagement, risks and risk management, the Investment Manager, investment policy, investment portfolio and valuation, operational review, value enhancement, case studies, sustainability and ESG, and financial review (together, the review section) have been prepared solely to provide additional information to shareholders to assess JLEN's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The review section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, opportunities and distribution policy of the Company and the markets in which it invests.

These forward-looking statements reflect current expectations regarding future events and performance and speak only as at the date of this report. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance or results and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this report.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the review section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This Annual Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to JLEN Environmental Assets Group Limited and its subsidiary undertakings when viewed as a whole.



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